ProSiebenSat.1 Media SE

Annual Report 2018

WE LOVE TO

ENTERTAIN CREATE WIN

KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	2018	2017
Revenues	4,009	4,078
Revenue margin before income taxes (in %)	8.6	15.8
Total costs	3,710	3,590
Operating costs[1]	3,027	3,053
Consumption of programming assets	1,319	1,145
Adjusted EBITDA[2]	1,013	1,050
Adjusted EBITDA margin (in %)	25.3	25.8
EBITDA	570	1,084
Reconciling items[3]	-443	34
Operating result (EBIT)	348	820
Financial result	-4	-174
Result before income taxes	344	646
Net result attributable to shareholders of ProSiebenSat.1 Media SE	248	471
Adjusted net income[4]	541	550
Adjusted earnings per share (in EUR)	2.36	2.40[5]
Payments for the acquisition of programming assets	1,070	1,048
Free cash flow	-78	728
Cash flow from investing activities	-468	-894
Free cash flow before M&A	244	468
	12/31/2018	12/31/2017
Programming assets	1,113	1,198
Equity	1,070	1,252
Equity ratio (in %)	16.5	19.1
Cash and cash equivalents	1,031	1,552
Financial debt	3,194	3,185
Leverage ratio[6]	2.1	1.6[7]
Net financial debt	2,163	1,632[7]
Employees[8]	6,583	6,483

[1] Total costs excl. expense adjustments, depreciation, amortization and impairments.
[2] EBITDA before reconciling items.
[3] Expense adjustments less income adjustments.
[4] Net result attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put-options and earn-out liabilities, as well as valuation effects from interest rate hedging transactions. Moreover, the tax effects resulting from such adjustments are also adjusted.
[5] 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.
[6] Ratio net financial debt to adjusted EBITDA in the last twelve months.
[7] After reclassification of cash and cash equivalents of Tropo.
[8] Full-time equivalent positions as of reporting date.

WE LOVE TO

ENTERTAIN. CREATE. WIN.

ANNUAL REPORT 2018

Our viewers and consumers are the focus of what we do. That's because the biggest thrill for us is thrilling people — wherever and whenever. So what does it take? The best entertainment across all channels. And commerce platforms that deliver what our customers need. From this point of departure, we aim to pursue sustainable and profitable growth, expanding our company into a diversified digital group. Each and every day, some 6,500 ProSiebenSat.1 employees worldwide devote great passion and creativity to making all this happen.

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

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FOCUS ON ORGANIC GROWTH AND CONSUMER NEEDS

INTERVIEW WITH
MAX CONZE

IN THIS INTERVIEW, CEO MAX CONZE TALKS ABOUT PROSIEBENSAT.1'S STRENGTHS, THE PRIORITIES IN THE THREE BUSINESS AREAS AND THE VISION HE HAS FOR DRIVING SUSTAINABLE GROWTH IN THE COMPANY.

●●● MAX, YOU HAVE BEEN CEO OF PROSIEBENSAT.1 SINCE JUNE 2018. WHAT IS YOUR VIEW ON THE COMPANY — WHAT STRENGTHS AND CHALLENGES ARE YOU SEEING?

First and foremost, it excites me that ProSiebenSat.1 combines strong entertainment brands with equally strong e-commerce platforms. That is fairly unique. Almost everyone in the German-speaking countries is familiar with our brands and products — whether in the form of our stations, stars, programs or NuCom companies — associating them with emotions: entertainment that people love, products and services they need. And I am confident that this combination will generate a lot of value for ProSiebenSat.1 in the future. At present, our greatest challenge is the massive change in the media industry, thus the rapid digital transformation that faces us not only with new business models but also with new competitors. Nevertheless, I see this not as a threat but rather as a fantastic opportunity to transform ProSiebenSat.1 into a truly digital, diversified group that continues to grow sustainably.

MAX CONZE

With live shows, news and sports, Max Conze is increasingly opting for local and relevant content on the ProSiebenSat.1 channels.

●●● THIS IS WHY YOU FINE-TUNED THE THREE-PILLAR STRATEGY TOGETHER WITH THE EXECUTIVE TEAM AT THE END OF 2018. WHAT IS YOUR VISION FOR LEADING THE COMPANY INTO THE FUTURE?

We put consumers first in everything we do. It is our credo to consistently take the consumer's perspective into account in every decision. On the one hand, that means for us that we aim to delight our audiences with content on every platform they choose to view our programs on. To do so, we want to make even better use of the creative power of our own Red Arrow Studios production network. On the other hand, we have focused our commerce business on four major consumer needs so that NuCom Group can grow in an even more targeted way. Our mid-term goal is thus to increase revenues from EUR 4 billion to EUR 6 billion and adjusted EBITDA from EUR 1 billion to EUR 1.5 billion, with digital business contributing at least half of the revenues. In this way, we also want to reduce our dependency on advertising.

»

PROSIEBENSAT.1 OFFERS A UNIQUE COMBINATION OF STRONG ENTERTAINMENT BRANDS AND EQUALLY STRONG E-COMMERCE PLATFORMS.

»

WE PUT CONSUMERS FIRST IN EVERYTHING WE DO.

Thus, we are capitalizing on dynamically growing revenues at Red Arrow Studios, NuCom Group and non-advertising business such as distribution and the ad-tech segment.

●●● WHAT AREAS IS PROSIEBENSAT.1 FOCUSING ON IN ITS ENTERTAINMENT BUSINESS TO COMPETE AGAINST GLOBAL PROVIDERS?

It is important to me that everyone understands what great business entertainment continues to be and what enormous potential there is. The video market – which is the sum of all moving pictures content consumed on both linear and digital platforms – is growing. To make the most of this development, we are investing in a modern entertainment business as well as focusing on local and relevant content, including live shows, news and sports. In this way, we also retain the rights to those kinds of programs, which allows us to exploit the content in the best possible way on linear and digital platforms. We can distribute it on our own websites, apps as well as third-party platforms, and extend it with exclusive, additional digital content. For proof that this is the right strategy, look at our increasing TV audience shares and video views – our content is delighting audiences across all channels. The importance of this topic for our Group is also evident in the concerted effort that we all are currently putting into the market launch of our new streaming platform together with Discovery Communications. We are combining Discovery's and our channels, our SVoD service maxdome as well as the Discovery Eurosport Player into one new product – an aggregation platform where German users can enjoy entertainment from news to top-notch shows and sports from a single source. What's more, we explicitly welcome other content providers and have already won over German TV channel ZDF, among others. I am convinced that this platform will change the German entertainment market. To achieve that, the user experience has to be spot-on in every respect – we will offer usability combined with compelling technology and unique content. This is our top priority in 2019.

●●● LINEAR REACH IS DECLINING AND VISIBILITY IN THE TV ADVERTISING MARKET REMAINS LOW. HOW DO YOU INTEND TO GENERATE GROWTH IN THIS AREA DESPITE THAT?

At the moment, we cannot yet completely measure total reach across all devices, but this should be the case in the first half of 2019. To this end, we are also working closely with the AGF video research institute. Being able to measure total reach – how many people are actually consuming our programs across all channels – will mark a major milestone for our industry, because then we can also market our total reach to advertising clients. After all, in order to spread their message, they continue to demand high-quality content and maximum reach. "Germany's next Topmodel by Heidi Klum" is a very good example of the digital strength of our brands. This format generates in average over 1.5 m video views each day across all digital channels. The next step for us is then to make our reach smart. That means developing advertising products that offer our clients additional addressable reach. This lets them place advertising selectively – for instance according to socio-demographic criteria – and target customers more accurately. We will launch more addressable TV products in 2019 and see great potential to generate additional revenues besides the traditional advertising business. In the mid-term, we expect 25% of our entertainment revenues to come from this "smart-reach" business.

●●● THE COMMERCE BUSINESS WITH NUCOM GROUP IS THE BIGGEST GROWTH DRIVER FOR PROSIEBENSAT.1. HOW DO YOU PLAN TO DEVELOP THIS BUSINESS SUSTAINABLY?

NuCom Group's revenue growth was in the double-digits in 2018 – and this pace is set to continue in 2019. Which is why we and our partner General Atlantic are putting a lot of effort into further developing operationally each commerce company to ensure their long-term organic growth. In this regard, we are also pushing ahead on synergies with the Entertainment segment: NuCom Group benefits from the latter's brand power, marketing expertise and new smart advertising products, while the Entertainment segment learns from NuCom's customer focus and can make use of the generated data for advertising technologies. At the same time, we aim to strengthen and powerfully expand the Commerce portfolio through selective acquisitions. Purchasing US matchmaking provider eharmony – which is the ideal complement to our PARSHIP Elite Group – is a very good example for this approach. On this basis, NuCom Group will already generate revenues of around EUR 1 bn in 2019. This is an incredible achievement, especially considering that this business in this composition has only been a part of the Group for five years.

» I SEE THE RAPID DIGITAL TRANSFORMATION OF THE MEDIA INDUSTRY AS A GREAT OPPORTUNITY.

●●● A NEW EXECUTIVE BOARD AS WELL AS A NEW HOLDING STRUCTURE WILL BE INTRODUCED AT PROSIEBENSAT.1 FROM APRIL 1, 2019. HOW DO YOU BELIEVE THIS WILL SERVE THE GROUP'S DEVELOPMENT?

I am convinced that we can lead this company most successfully into the future with an extended Executive Board. This is why, starting from April, we will have an efficient holding structure and the three pillars of Entertainment, Red Arrow Studios and NuCom Group will be led by two co-CEOs respectively. In this way, we set up the Group significantly more agile, give the operational business greater autonomy and can accelerate our transformation. Moreover, we are implementing the three-pillar structure even more consistently and in a clearer way in this set-up. The new Executive Board will comprise the three holding executives (CEO, CFO and Deputy CEO), the six co-CEOs as well as selected key functional leader (see p. 10/11). I am sure that with this set-up we have created an excellent basis for our future development, in which we will be able to tackle the challenges ahead in 2019 in a more targeted and effective way.

OUR EXECUTIVE BOARD 2018

CONRAD ALBERT

Deputy CEO; Group General Counsel

MAX CONZE

CEO

SABINE ECKHARDT

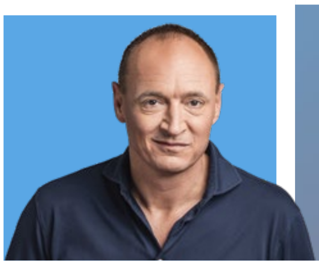
Executive Board Member
Sales & Marketing
(until April 30, 2019)

DR. JAN KEMPER

CFO; Executive Board Member
Commerce
(until March 31, 2019)

EXECUTIVE BOARD 2019

EXECUTIVE COMMITTEE



MAX CONZE
CEO

ENTERTAINMENT

MICHAELA TOD[2]
Co-CEO Entertainment

WOLFGANG LINK
Co-CEO Entertainment

RED ARROW STUDIOS

JAMES BAKER
Co-CEO Red Arrow Studios

MARKUS BREITENECKER
CEO
ProSiebenSat.1 PULS 4

RALF PETER GIERIG
Deputy CFO

[1] from July 2019
[2] from April 2019
[3] from June 2019

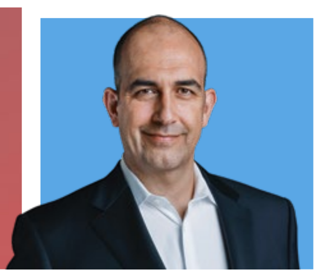
RAINER BEAUJEAN[1]

CFO

CONRAD ALBERT

Deputy CEO;
Group General Counsel

NUCOM GROUP



REZA IZAD

Co-CEO Red Arrow Studios

CLAAS VAN DELDEN

Co-CEO NuCom Group

FLORIAN TAPPEINER

Co-CEO NuCom Group

CHRISTINE SCHEFFLER

Chief Human Resources Officer

NICK THEXTON[3]

Chief Technology Officer

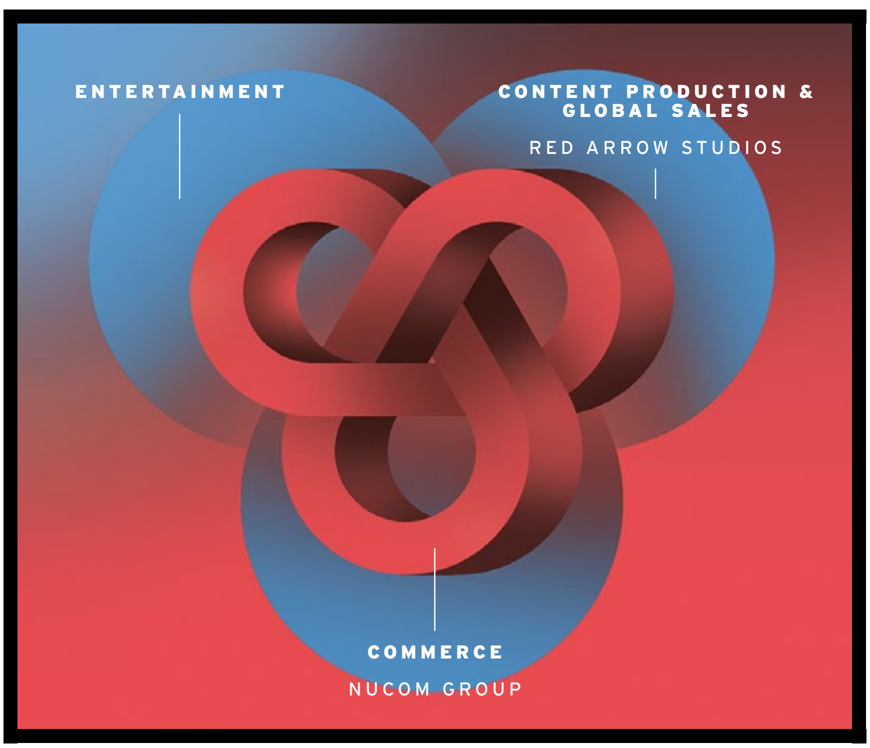
STEFANIE RUPP-MENEDETTER

Head of Communications

OUR STRATEGY

CREATE A CONSUMER CENTRIC ENTERTAINMENT AND COMMERCE CHAMPION

TODAY, WE ARE ALREADY INITIATING THE CHANGES AND INVESTMENTS NEEDED TO TURN PROSIEBENSAT.1 INTO A DIVERSIFIED AND FAST-GROWING COMPANY. WE ARE FOCUSING IN PARTICULAR ON LOCAL AND DIGITAL CONTENT AS WELL AS ADDRESSABLE REACH. AND TRAINING THE SPOTLIGHT ON OUR CUSTOMERS EVERY TIME, ZEROING IN ON ENTERTAINMENT THAT EXCITES VIEWERS AND COMMERCE OFFERINGS THAT CONSUMERS NEED. ADDITIONALLY, WE ARE GROWING BOTH THE NUCOM GROUP AND THE RED ARROW STUDIOS BUSINESS SYSTEMATICALLY, SWIFTLY AND SUSTAINABLY. IN ORDER TO ACHIEVE THESE GOALS AND MAKE OUR COMPANY FIT FOR THE FUTURE, OUR BUSINESS HAS BEEN STRUCTURED ACCORDING TO THREE STRONG PILLARS SINCE JANUARY 2018:



»

WE WANT TO TRANSFORM PROSIEBENSAT.1 INTO A TRULY DIGITAL, DIVERSIFIED GROUP.

MAX CONZE, CEO

ENTERTAINMENT

Entertainment is and always will be our core business: Our passion for entertaining people has made ProSiebenSat.1 one of Europe's most successful media companies. Now our task is to align the Entertainment business even more closely with viewers' needs, which will help set us apart from the competition. Specifically, our focus is on local and digital content, live shows, sports and news, which we distribute on as many channels as possible in order to maximize our total reach. To make this possible, we are increasing investments in digital platforms for the 360-degree availability of our offerings. The next step involves making total reach addressable and easier to monetize by providing advertising that is optimally tailored to each viewer. That is why a major focus of our investments in the Entertainment pillar is data and advertising technology.

COMMERCE

ProSiebenSat.1's successful Commerce activities are bundled in the NuCom Group. NuCom Group's goal is to grow the leading market position of each of its portfolio companies. In pursuit of that, we are targeting four strong consumer needs: consumer advice, matchmaking, experience and gift vouchers, and beauty and lifestyle. ProSiebenSat.1 is banking on both organic growth and complementary selective acquisitions to further accelerate NuCom Group's dynamic growth. At the same time, the NuCom Group and the ProSiebenSat.1 Entertainment business are increasingly leveraging their mutual synergies, especially in terms of data, technology and brand building. In 2018, we also entered into a partnership with the growth investor General Atlantic, whose tasks include helping NuCom further step up the operating performance of the Commerce companies.

CONTENT PRODUCTION & GLOBAL SALES

The Content Production & Global Sales pillar comprises our production and distribution network Red Arrow Studios and our digital studio Studio71. Red Arrow Studios produces successful content for ProSiebenSat.1 channels as well as for third-party providers. Going forward, we aim to harness even more of Red Arrow's strengths for our own entertainment platforms: The percentage of Red Arrow productions on our own channels is to grow significantly in the coming years. At the same time, Red Arrow's international production network will continue its successful expansion, focusing on the US and UK core markets. In the digital video business, we want to build Studio71 into a leading provider with content chiefly targeting young digital natives.

In every business area, we are taking the right steps to keep driving ProSiebenSat.1's transformation forward as well as to strengthen our position as Europe's leading entertainment and commerce company. As we pursue a strategy that revolves around creating synergies and meeting our viewers' and customers' needs, our mid-term target is to increase revenues from EUR 4 billion to EUR 6 billion and adjusted EBITDA from EUR 1 million to EUR 1.5 million. In around five years' time, 50 percent of our revenues should come from digital.

CREATE MORE LIVE, MORE LOCAL, MORE DIGITAL

WE CREATE ENTERTAINMENT THAT EXCITES – THAT'S LOCAL, ON ALL CHANNELS, WITH MORE ADRESSABLE TOTAL REACH AND IMPROVED MONETIZATION.

* selection

ProSiebenSat.1 and Discovery Communications are working together to establish a streaming platform for Germany, and are aiming to attract ten million users within the first two years.

The joint venture has its sights set on creating a provider-independent OTT platform that offers a comprehensive entertainment package with live streaming, media libraries including high-caliber German offerings, and the best from Hollywood as well as high-quality sports content. As a result, the platform will take digital entertainment to a new level, customized to deliver what viewers want – whether that means an extensive, advertising-financed basic offering or an extra paid package with access to exclusive sports broadcasts and movies. The streaming platform makes content available among others from the ProSiebenSat.1 and Discovery channels, along with the programs of SPORT1, WELT, N24 Doku, ZDF, ZDF info and ZDF neo, with additional partners to follow. The video-on-demand portal maxdome as well as Eurosport Player will also be integrated into the paid platform. ProSiebenSat.1 and Discovery are developing custom content for the platform, including a series co-produced with ProSieben by Klaas Heufer-Umlauf, who will also feature in the show. A team of over 200 experts is working flat out to achieve a successful launch in the summer of 2019.

GERMANY'S ENTERTAINMENT MARKET

2023

+4

Billion Euro

2017

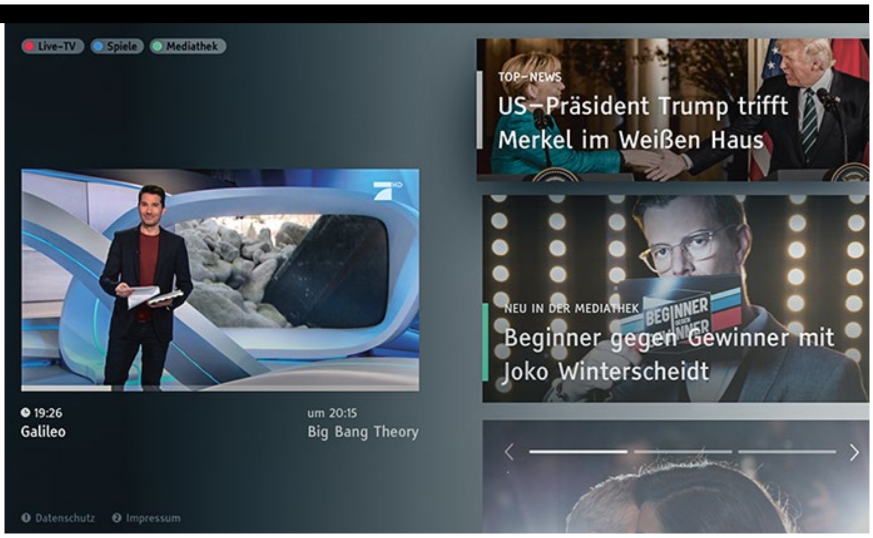
Consumers in Germany spent EUR 36 billion on entertainment in 2017 – and that number is on the rise. In the coming years, it is predicted to grow to EUR 40 billion.

» **WE HAVE CONTINUED TO EXPAND OUR COMEDY OFFERINGS OVER THE PAST FEW YEARS SO THAT SAT.1 IS NOW THE PREMIER STATION FOR GERMAN COMEDY.**

Kaspar Pflüger

Managing Director SAT.1

"Featuring a great comedy lineup of Luke Mockridge, Bülent Ceylan, Martina Hill, Hugo Egon Balder, Hella von Sinnen, Wigald Boning, Paul Panzer and Atze Schröder, SAT.1 has succeeded re-establishing its 'Fun Friday' concept and establishing it as a regular part of its TV program. Above all, Luke Mockridge is an audience favorite with his prime time shows: 'LUKE! Die Schule und ich' (LUKE! School and me) achieved a 14.6 percent market share among 14- to 49-year-olds, while 'LUKE! die 2000er und ich' (LUKE! The noughties and me) also impressed with 13.7 percent. His first outing as a producer on 'CATCH! Der grosse SAT.1 Fang-Freitag' (CATCH! SAT.1's big catch Friday) was not only a hit with viewers but also won a Grimme Award nomination. The show will air regularly starting this spring. Having increased the number of comedy formats produced in-house almost nine-fold in the last three years, we aim to further strengthen the value chain around this genre – among other things, with new digital spin-offs."



RED BUTTON

SMART ENTERTAINMENT AT THE TOUCH OF A BUTTON

The red button on TV remotes now unlocks a whole new world of entertainment. It offers viewers direct access to additional program-related content, including entertainment on demand as well as interactive news and background information. All the while the current show remains on screen.

MONTHLY MARKET SHARE AUGUST 2018

> 30 %

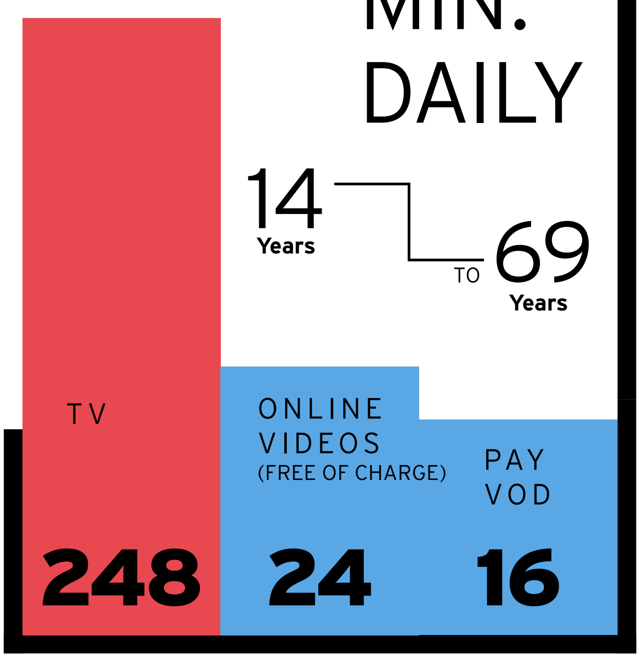
The ProSiebenSat.1 stations thus delivered their best monthly result in three years. The stations put in a strong performance in 2018 as a whole, with an average market share of 27.8 percent and linear growth of 0.8 percentage points compared to 2017.

VIDEO USAGE IN GERMANY AT A GLANCE

The group of 14- to 69-year-olds in Germany currently consumes an average of around five hours of video content per day. This represents a 12 percent increase compared to 2015. Linear TV is by far the most dominant medium, accounting for around four hours per day. This is in spite of the ever-increasing range of available options, with more and more viewers live-streaming TV content or accessing it through media libraries and other video platforms.

Ø MIN. DAILY

14 Years TO 69 Years

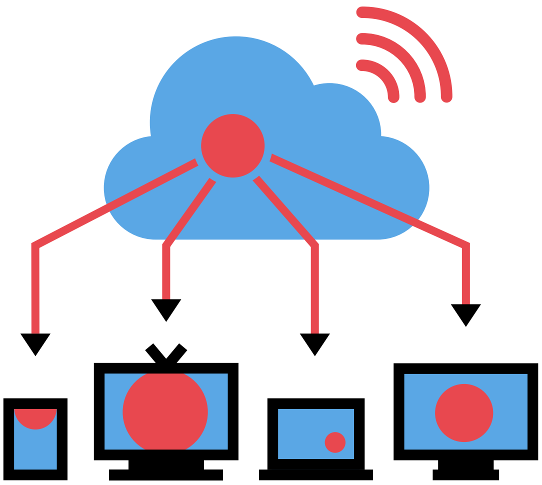


The new red button portal focuses primarily on dual consumption: Users can continue watching TV while while navigating the portal. In the process, they can browse through all of ProSiebenSat.1 stations' media libraries, selecting full episodes and content tied to the TV formats or dipping into the interactive entertainment feed with its video and text updates and services. What's more, there are topic channels that bundle content from the media libraries into different playlists. On certain shows, the red button also allows audiences to guess or vote on outcomes live. To use the portal, viewers need a smart TV set that supports the HbbTV standard and is connected to the Internet. ProSiebenSat.1's HbbTV portals are currently called up by around three million viewers a month, potential reach is roughly 12 million. Research shows that the red button function increases the time viewers spend watching linear TV. When consuming the additional portal content in tandem with TV, the audience remains within the ProSiebenSat.1 universe. In this way, the red button function meets viewers' desire for supplementary entertainment while simultaneously opening up additional marketing opportunities for ProSiebenSat.1.

> 80 M VIDEO VIEWS

ON ALL DIGITAL PLATFORMS

ALL IN ONE



ONE HOUSEHOLD, ONE ADVERTISING MESSAGE – ACROSS ALL DIGITAL ENTERTAINMENT DEVICES.

SevenOne Media's cross-device bridge combines TV advertising with digital offerings, creating new, cross-genre opportunities for advertisers.

Advertising messages can now be selectively targeted at various end devices within a household. Thanks to the cross-device bridge, campaigns can be finely targeted, optimally calibrated and perfectly coordinated across both TV (e.g. via addressable TV) and mobile devices (e.g. smartphones and tablets). For advertisers, this not only opens the door to new storytelling options but, above all, also allows for advertising exposures to be fine-tuned at a household level. Starting in 2019, advertisers can book the cross-device bridge – which is built on ProSiebenSat.1 Advertising Platform Solutions' programmatic technologies – on a regular basis. This new form of household targeting represents another major step toward smart reach, but it is just one of many advertising technologies in which ProSiebenSat.1 is increasing its investments in 2019 in order to better monetize reach. In the medium term, the Group aims to grow addressable advertising's revenue share of the entertainment segment to 25 percent.

THE VOICE OF GERMANY

In 2018, "The Voice of Germany" was more digital than ever before: Exclusive, online-only content more than doubled compared with the previous year. Along with talent performances and exclusive sneak previews, the music show's eighth season also featured a podcast, exciting coach stories and the #TVOG Unplugged series. This helped boost the show's performance across all digital channels by 30 percent compared with 2017.

MORE RELEVANT CONTENT FROM WITHIN.

●●● ProSiebenSat.1 is strengthening the Group's expertise in the information field and expanding production activities here. Why is this new focus so important?

This move emphasizes our objective of sharpening our journalistic profile and producing more socially relevant and opinion-forming formats in-house. As with the successful reportage series "Uncovered", we want to present information programs in a modern way and tell stories so that we reach above all young target groups – after all, they are tomorrow's multipliers!

●●● What measures have already been taken and how are they reflected in programming?

From mid-2019, SAT.1 will produce the magazine "akte" in-house. My colleague Heiko Knauthe and I are currently setting up an internal editing department in Unterföhring. Alongside successful formats like "Galileo", "taff" and "Abenteuer Leben", we also intend to develop, conceptualize and produce further programs in-house going forward.

Sven Pietsch

Chairman of the Editors-in-Chief of ProSiebenSat.1 TV Deutschland GmbH

JUNG, BLOND, TOT

ProSiebenSat.1 PULS4

2.72 MILLION VIEWERS

watched the thriller "Jung, blond, tot – Julia Durant ermittelt" in December 2018, which marked the premiere of the new SAT.1 series based on Andreas Franz's best-selling novels. In 2019, the station intends to maintain its focus on powerful film series based on German fiction. In addition to Frankfurt-based Inspector Julia Durant's story, successful true-crime thriller "Zersetzt – Ein Fall für Dr. Abel" is also being continued.

NO.1

>28 %

MARKET SHARE

This market share makes 2018 the most successful year in the history of ProSiebenSat.1 PULS 4. ATV and ATV2 contributed to this success with their best combined result since the two stations were launched, as did PULS 4, Austria's leading private TV station, which achieved its highest ever annual market share on its tenth anniversary.

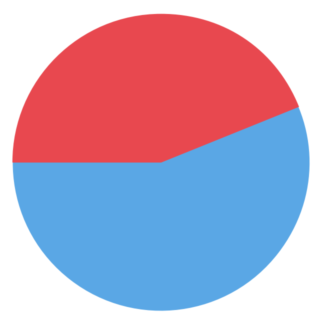
DUELL UM DIE WELT

"TEAM JOKO GEGEN TEAM KLAAS" (DUEL AROUND THE WORLD – TEAM JOKO VS. TEAM KLAAS) IS SUCCESSFUL ON ALL PLATFORMS

TV chef Tim Mälzer's appearance on "Duell um die Welt", the ProSieben show where Joko's and Klaas' teams go head to head, was making headlines even before it had been aired. Mälzer's task was to serve up a truly explosive dish. During a challenge, he was accidentally engulfed in a fireball but fortunately made a speedy recovery. Even before the show was televised, the ProSieben editorial, communications and Buzzroom teams posted video material exclusively on the ProSiebenSat.1 video marketplace glomex as well as on the ProSieben digital channels. On the day of the broadcast, the Buzzroom clip had already generated an exceptional 405,946 video views. To date, the video has been watched more than 750,000 times, making it the most successful glomex clip in recent years. On TV, "Duell um die Welt" achieved an impressive 14.6 percent market share among 14- to 49-year-olds. A record achievement in terms of total reach!

SHARE OF LOCAL PRODUCTIONS IN 2018

44 %



To ensure a modern and future-oriented entertainment business, ProSiebenSat.1 is placing a stronger emphasis on local content across all channels. This will allow it to achieve a high total reach and monetize even better. In the future, the share of local productions is expected to increase to more than 50 percent. However, the right mix is key: Licensing packages with US studios continue to ensure the best possible terms for the latest US series and blockbusters.

THREE QUESTIONS FOR EUN-KYUNG PARK

CHIEF DIGITAL OFFICER ENTERTAINMENT

are
usinesses
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s all

s to
more
revenue

ENTER

JUNG,

2.72 MILLION
VIEWERS

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DUELL DIE WE

"TEAM JOKO GEGEN TEAM KLAAS" (DUEL AROUND THE WORLD – TEAM JOKO VS. TEAM KLAAS) IS SUCCESSFUL ON ALL PLATFORMS

TV chef Tim Mälzer's appearance on "Duell um die Welt", the ProSieben show where Joko's and Klaas' teams go head to

?

»

1. IN THE NEWLY CREATED POSITION AS CHIEF DIGITAL OFFICER ENTERTAINMENT, YOUR GOAL IS TO CLOSELY CONNECT THE GROUP'S DIGITAL AND LINEAR CONTENT OFFERINGS. WHAT DOES THAT EXACTLY MEAN?

The goal for our Entertainment business is clearly ONE Entertainment. In other words, we are systematically integrating our TV and digital offerings. All our efforts are motivated by our desire to delight audiences. And to do that, we have to be on all the platforms viewers frequent. Our show "Promi Big Brother" is a case in point: For a number of years now, we have not only aired the show on TV, but also on our own apps and websites. With the most recent season, we even went a step further and also made the content available on YouTube, Instagram and similar channels. Initial fears of cannibalization were ultimately never borne out. Quite the contrary, the sixth season of the show captured an impressive market share of 16.8 percent among 14- to 49-year-olds, making it the most successful since 2015. And that wasn't just true of TV: The more than 25 million video views recorded across all digital platforms represent an increase of 143 percent over the previous year.

2. WHAT IS BEHIND THE IDEA OF "TOTAL REACH"?

The name says it all: It refers to the overall reach of our shows. At the end of the day, it does not matter whether audiences view our content on TV or online – just that they are tuning in. All viewers are equally valuable, irrespective of whether they are watching on their TVs at home or on a smartphone in the subway. Essentially, total reach means we no longer measure success in solely linear terms; instead, we look at reach across all channels. Our successful format, "Germany's Next Topmodel" shows that audiences already access up to 25 percent of this content via digital channels.

3. IN WHICH WAY THE ONLINE INVENTORY OF PROSIEBENSAT.1 WILL BE EXPANDED?

Our online inventory developed far beyond expectations in 2018. We increased our digital reach by 60 percent – a real achievement! Which is not to say we plan to stop there. We have a lot in store for 2019. Firstly, we aim to extend our TV content's reach even more systematically in the digital world. On top of that, we have set out to produce additional content for young target groups as well as products that are completely independent of the TV universe. Our new live quiz app Quipp is a good example of this. Quiz fans can use it to put their knowledge to the test. One of our biggest projects in 2019 will, of course, be the joint venture with Discovery Communications: Together, we are launching a station-independent, aggregated video platform with offerings that cannot be found in this form anywhere else in Germany.

VIDEO INTERVIEW WITH EUN-KYUNG PARK
▶ **WWW.PROSIEBENSAT1.COM/EN/ENTERTAINMENT**

«

OUR FOCUS POINTS:

- **We live ONE Entertainment,** which is why we are systematically integrating our TV and digital businesses and have a presence on all platforms used by our audiences.

- **We focus on local and digital content,** striving to delight audiences with the best entertainment and user experience, irrespective of where they view our program.

- **We are establishing total reach,** which means we no longer measure success solely in linear terms but instead aim to monetarize our reach across all channels.

- **We are making our total reach smart:** Thanks to addressable advertising, commercials are even more relevant to viewers and we tap into additional revenue sources.

STRENGTHEN SYNERGIES & LOCAL FOOTPRINT

MORE LOCAL, MORE DIGITAL – IS THE AMBITION FOR OUR TV PRODUCTION BUSINESS AS WELL AS FOR OUR DIGITAL STUDIO STUDIO71. RED ARROW STUDIOS IS ALSO CONTINUING TO EXPAND ON THE INTERNATIONAL STAGE.

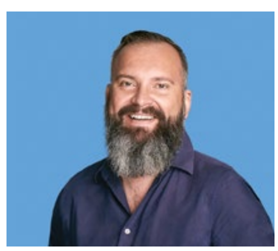
LEFLOID VS. THE WORLD

"TRAVEL THE WORLD, UNDERSTAND THE WORLD, CHANGE THE WORLD"

This quote sums up what "LeFloid vs. The World" is all about. In the eight-part docutainment format produced by Studio71, one of Germany's best known YouTubers travels the globe to find answers to important questions for the younger generation: "What is real love?," "How easy is it to lose perspective in an era of self-staging on Instagram and other social media?", "Who decides what is or isn't regarded as beautiful?." On this quest, he meets a diverse range of internationally renowned figures, including IMF chief Christine Lagarde, supermodel Toni Garrn and musician Ice-T. The interviews cover everything from money, politics, education and fame to bullying – all issues affecting young people today. LeFloid aims to break down preconceptions and demonstrate that changes in society impact everyone. "LeFloid vs. The World" is one of three German in-house productions presented by YouTube to launch its premium offering in Germany in 2018.

FORMATS: WHAT'S HOT?

"We have seen a renewed interest in unscripted content following the scripted boom of recent years. Broadcasters are looking for long running, returnable shows that attract family viewing and are sponsor friendly, such as our shows 'Married at First Sight' and 'My Restaurants Rocks'. Also short-run, high-profile big event formats are in demand, because they can be channel-defining for a broadcaster and generate lots of press and social media buzz. Social experiments are also of huge interest, and we have a number of shows in our portfolio that feed this demand, such as 'Old People's Home for 4 Year Olds' and 'Don't stop the Music'. The latter show is our brand new social experiment about the power of music to change the lives of kids."



Bo Stehmeier

President Red Arrow Studios International

James Baker

Co-CEO Red Arrow Studios

GROW OUR LOCAL AND INTERNATIONAL FOOTPRINT

"We are fully committed to our international production business – investing in it, expanding it and managing it carefully to ensure its continued success and growth. That commitment includes increasing the amount of content Red Arrow Studios production companies supply to ProSiebenSat.1's entertainment channels. At the same time, we are finding more opportunities for collaboration and synergies across the group, as we continue to produce and distribute content that audiences, channels and brands love."

CONTENT PRODUCTION & GLOBAL SALES

INTERVIEW WITH THE CREATOR OF "BOSCH"

Michael Connelly

Bestselling US crime author, whose TV adaptation of his "Bosch" crime novels has recently been ordered for a sixth season by Amazon.

●●● What makes Fabrik Entertainment and Red Arrow the best partners for Amazon's TV adaption of "Bosch"?

Being partners with Red Arrow and Fabrik has been a great experience and it continues to be so. I think it's because of two things: One is freedom – their trusting of the creators, writers and everyone involved in the production of "Bosch". The other aspect is: I have not run across a single person at these companies that doesn't sincerely treasure the character of Harry Bosch as much as I do. The first day I met Fabrik's CEO Henrik Bastin, he had such a knowledge of the character that I knew this is my kind of partner. That was six or seven years ago and it hasn't changed. The dedication to what I've done in my books and bringing that to the screen has been fantastic. I've never had a single moment of regret that I've created this and been part of this creative partnership.

You can continue to read here: www.prosiebensat1.com/en/interview_connelly

MORE LOCAL PROGRAMS FROM WITHIN THE GROUP

30%

16%

In the Entertainment segment, the share of Red Arrow Studios productions in locally commissioned content is planned to increase from currently 16 percent to more than 30 percent over the next around five years.

The Weekly

THE NEW YORK TIMES MOVES INTO TV WITH US

The New York Times is known throughout the world for the excellence of its journalism, with more than 1,550 journalists filing 2,500 stories a week, while reporting on the ground in 160 countries each year. "The Weekly" is a landmark new narrative series from The New York Times, bringing the newspaper's unparalleled journalism and insight to the TV screen for the first time. Delivering compelling US and international stories, "The Weekly" will go beyond the news to reveal the workings of one of the world's great news organizations. The first episodes will initially air in 2019 on US channel FX and then on Hulu's SVoD service. Left/Right, a Red Arrow Studios production company, is producing the series together with The New York Times, further underpinning its position as one of the most acclaimed unscripted producers in the US.

STUDIO

71

N°2

AMONG THE GLOBAL MULTI-PLATFORM NETWORKS

9 BN

VIDEO VIEWS PER MONTH

1,400 **WEB CHANNELS**

THREE QUESTIONS FOR JOBST BENTHUES

CEO OF REDSEVEN ENTERTAINMENT

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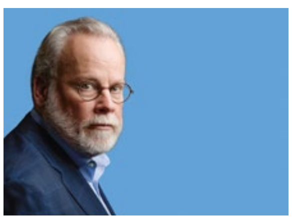
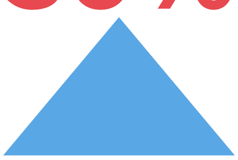


Michael Connelly

Bestselling US crime author, whose TV adaptation of his "Bosch" crime novels has recently been ordered for a sixth season by Amazon.

MORE LOCAL PROGRAMS FROM WITHIN THE GROUP

30%



16%

In the Entertainment segment, the share of Red Arrow Studios productions in locally commissioned content is planned to increase from currently 16 percent to more than 30 percent over the next around five years.

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1.

PROSIEBENSAT.1 PLANS TO EXPAND ITS SHARE OF LOCAL PRODUCTIONS. WHICH ROLE DOES REDSEVEN PLAY IN THIS CONTEXT?

As a wholly owned subsidiary of ProSiebenSat.1, we have an in-depth understanding of the stations' needs and requirements for new formats. Strategically speaking, it makes sense to tap into expertise within the Group and produce more content ourselves. Just how successful these collaborations can be is evident in hit formats such as "The Biggest Loser", "Galileo Big Pictures" and "Hochzeit auf den ersten Blick" (Married at First Sight). We have already produced the fifth season of the latter for SAT.1. At the same time, it is very important to us to prove ourselves as a successful independent producer on the open market.

2.

WHAT ARE THE ADVANTAGES OF BEING PART OF THE PRODUCTION AND DISTRIBUTION NETWORK OF RED ARROW STUDIOS?

It gives us access to the Red Arrow production companies' international formats and ideas network. As a result, we keep abreast of global trends and have the option of adapting our international colleagues' high-quality formats for German-speaking countries. It is always great when you can build on other countries' expertise and experience in producing a format. That helps not only to continue evolving the production and format with fresh inspiration but also to keep in tune with the times. Last but not least, it gives us great pleasure, of course, to be part of an idea that is a success across the globe.

3.

REDSEVEN CELEBRATED ITS TENTH ANNIVERSARY IN 2018. WHAT DO YOU SEE AS YOUR BIGGEST ACHIEVEMENTS AND AMBITIONS FOR THE NEXT TEN YEARS?

We are very proud of how far we have come. While our focus was initially almost exclusively on shows, we have significantly expanded our repertoire over time. Today, our 300-strong team based in two locations produces branded entertainment, event live streaming and editorials alongside traditional TV formats. Furthermore, we are increasingly moving into scripted. Our vision for the future is to continue producing high-quality content in various genres and serving as a reliable partner to stations, platform operators and companies.

VIDEO INTERVIEW WITH JOBST BENTHUES
WWW.PROSIEBENSAT1.COM/EN/CONTENT_PRODUCTION

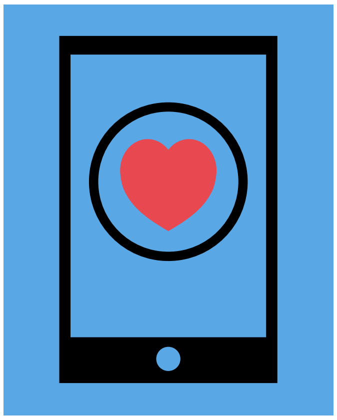
OUR FOCUS POINTS:

- **We are benefiting even further from the creative power of the Red Arrow Studios network.** That is why we plan to significantly increase the share of Red Arrow productions in our entertainment lineup.
- **We continue to bank on high-caliber international productions.** Our US and UK production companies provide top-notch content to well-known stations and platforms around the world.
- **We provide a home for content creators.** With our web productions and digital extensions of our TV formats, we are growing Studio71 into the leading provider in the digital video business.
- **We offer a customized advertising experience.** Thanks to our extensive portfolio of prominent social influencers, we are the ideal partner for branded entertainment.

FOCUS ON ORGANIC GROWTH AND CONSUMER NEEDS

COMMERCE

PROSIEBENSAT.1 BUNDLES ITS SUCCESSFUL COMMERCE PORTFOLIO IN THE NUCOM GROUP AND FOCUSES ON STRONG CUSTOMER NEEDS.



BRINGING THESE TWO BRANDS TOGETHER WILL IMMEDIATELY CREA-TE A WORLD LEADING ONLINE MATCHMAKING COMPANY.

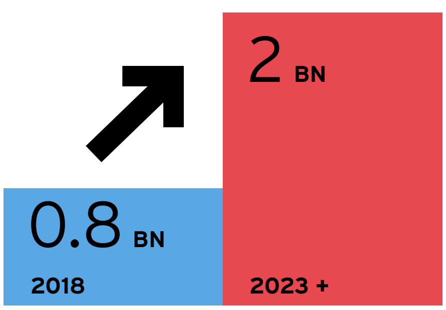
MAX CONZE, CEO

Both the PARSHIP ELITE Group in Europe and US company eharmony are all about helping singles find happiness. One of the global pioneers in online matchmaking, eharmony was added to the NuCom Group's dating portfolio in November 2018. Thanks to this acquisition, the PARSHIP ELITE Group now also offers matchmaking services in the US, Canada and Australia.

1.8 BN EURO

With its ten market-leading and predominantly digital commerce platforms, the NuCom Group is valued at EUR 1.8 billion.

REVENUE TARGET



ProSiebenSat.1 intends to more than double its commerce revenues over the next about five years, driven by its core brands Verivox, PARSHIP ELITE Group, Jochen Schweizer mydays and Flaconi.

COMMERCE MARKET VOLUME

2023

89

BN Euro

2017

60

The German e-commerce market continues its dynamic growth, experts predict a significant increase on market volumes by 2023.

GENERAL ATLANTIC

Why did General Atlantic decide to acquire a stake in NuCom Group in 2018?
NuCom Group unites ten exciting companies under one roof – all of which have tremendous growth potential. This investment enabled us to take a stake in the full portfolio through one single transaction. And just as important, we value ProSiebenSat.1 as a partner whose TV reach is key to brand-building and has already gained experience in successfully managing growth companies.

What can you contribute to NuCom Group's growth?
The NuCom companies have already proven that there is an attractive market for their offerings. Now it is the right time to enable those companies to take the step to the next level. Striking the balance of entrepreneurship and increasing institutionalization that fits the size of the company is essential. That's where our expertise comes in, because as a growth investor we have deep experience putting together teams that can do just that.

You can continue to read here: www. prosiebensat1.com/ en/interview_nikolay

Jörn Nikolay

Managing Director and Head of General Atlantic Germany

Verivox

Verivox has already saved its clients over

2.1 BN Euro

Since its launch 20 years ago, over eight million consumers have used the Verivox comparison site to get the best deals on everything from energy and telecommunications through insurance and finance to vehicles and property.

flaconi

>40K products on offer

>600 brands

>1.3M active customers in the past 12 months

> 12× the revenue since 2014

Flaconi continues to grow. In the last year alone, the premium online shop for beauty products boosted its revenues by 40 percent. Additionally, the company branched out onto the international market for the first time: As of fall 2018, Flaconi is also represented in Austria. Next steps for further international expansion are already planned.

>80% brand awareness*

PARSHIP ELITE Group is synonymous with bringing people together. With its strong brands Parship and ElitePartner, the Group is a leading provider** of online matchmaking services in German-speaking countries and successfully helps people find long-term partners year in, year out. The Group currently offers its services in 13 countries.

* Aided brand awareness on the German market (18- to 65-year-olds): Parship 81 percent; ElitePartner 80 percent. Market research by Kantar TNS Germany in July 2017

** Based on revenue for 2018

PARSHIP ELITE Group

>1 M people

per year enjoy unforgettable experiences and extraordinary adventures thanks to Jochen Schweizer mydays.

Jochen Schweizer and mydays have the perfect experience for everyone, whether adrenaline junky or spa fan. Ranked number one and two on the market, both companies are market leaders in gift experiences.

mydays

JOCHEN SCHWEIZER
Du bist, was du erlebst.

THREE QUESTIONS FOR CLAAS VAN DELDEN

CO-CEO NUCOM GROUP

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Verivox

Verivox has already saved its c

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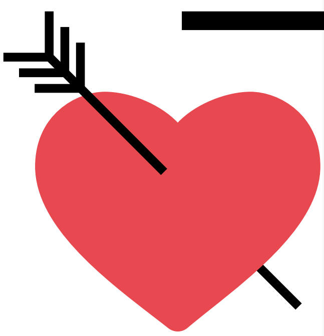

>80%

brand awareness*

* Aided brand awareness on the German market (18- to 65-year-olds): Parship 81 percent; ElitePartner 80 percent. Market research by Kantar TNS Germany in July 2017

** Based on revenue for 2018

P

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1. WHAT ARE THE ADVANTAGES OF BEING PART OF PROSIEBENSAT.1? IS IT POSSIBLE TO FURTHER STRENGTHEN THE SYNERGIES?

The key to our success is that our ten portfolio companies continue to strengthen their brands while further raising their profiles. We benefit substantially from belonging to the ProSiebenSat.1 Group with its tremendous TV and online reach. As the biggest client of SevenOne Media – the ProSiebenSat.1 sales subsidiary – we can buy a lot of media services as a bundle on very attractive terms. At the same time, being able to tap into expertise in placing and optimizing commercials is a big plus. But synergies are never one-sided – both parties end up better off. That's why we will be expanding our collaboration with ProSiebenSat.1. We regard notably online marketing as a source of significant potential for tapping into the Group's offerings – whether in the form of influencer tools or social media activities. That's because, even when selling products, it is increasingly important today to tell a story and dramatize content. And who better to do that than ProSiebenSat.1?

2. WHAT HAS CHANGED FOR NUCOM GROUP THROUGH PARTNERING WITH GENERAL ATLANTIC?

Strong, longstanding partnerships are based above all on trust. As part of our initial investment in Aroundhome (formerly Käuferportal), we have been cooperating with General Atlantic on a smaller scale since October 2016. Back then, we could already see that things were working well and that added value was being created. We don't just need a financial partner but also one who can take our operations to the next level. General Atlantic currently supports us in many respects – with strategic expertise, in weighing up technology investments, as well as in evaluating potential new acquisitions. What's more, we plan our portfolio companies' developmental phases together. General Atlantic is now also one of the main engines behind recruiting for NuCom: The successful alliance between ProSiebenSat.1 and such a prestigious growth investor has proven a real talent magnet and is a big advantage in attracting high-caliber employees.

3. WHAT IS YOUR VISION FOR NUCOM GROUP AND WHAT ARE YOUR PRIORITIES FOR 2019?

Our aim is to become the No. 1 consumer Internet platform in Europe. We intend to achieve this by fully tailoring our portfolio's products and services to the consumer needs that they serve. In 2019, our enlarged team will be working even more closely with our companies to harness their full potential, promote growth and further raise their profiles. We aim for NuCom Group to achieve organic growth of between 10 and 15%. At the same time, we plan to expand our stable with additional acquisitions. Overall, we want to achieve the EUR 1 billion revenue mark as early as 2019.

VIDEO INTERVIEW WITH CLAAS VAN DELDEN
WWW.PROSIEBENSAT1.COM/EN/COMMERCE

OUR FOCUS POINTS:

- **We are developing NuCom Group into the No. 1 consumer Internet platform in Europe.** To this end, our portfolio is focused on four strong consumer needs.
- **We are strengthening the market leadership positions of our companies.** To do this, we are harnessing our brand-building power and exchanging expertise with our partner General Atlantic.
- **We aim to more than double our Commerce revenues by around 2023** by capitalizing on both organic growth and complementary acquisitions.
- **We are intensifying synergies between Entertainment and Commerce.** Whether through testing smart advertising products or valuable data exchanges, both sides benefit from the cooperation.

THE YEAR AT A GLANCE

2018

Q1

JAN

PROSIEBENSAT.1 EXPANDS AD-TECH PORTFOLIO WITH KAIRION

kairion

ProSiebenSat.1 Group further strengthens its activities in the ad-tech sector by acquiring the e-commerce marketer Kairion. Focusing on retail media, the company aggregates the advertising environments and data of over 80 online shops. As part of our Advertising Platform Solutions, Kairion helps advertising clients to tailor and target their messages to what the shoppers are actually interested in buying.

FEB

MAX CONZE BECOMES NEW CEO

The Supervisory Board of ProSiebenSat.1 Group appoints Max Conze as new CEO with effect from June 1, 2018. He takes over from long-time CEO Thomas Ebeling, who left the company on February 22. Max Conze previously has been CEO of UK technology company Dyson for six years.

MAR

LAUNCH OF THE "EUROPEAN NETID FOUNDATION"

netID

ProSiebenSat.1, Mediengruppe RTL and United Internet establish the "European netID Foundation", which provides the open login standard "netID". As a result, any website in Europe is able to offer its users a secure login that conforms with data protection regulations. The product launched in October. netID alliance partners include media houses Süddeutsche Zeitung, SPIEGEL Group, Gruner + Jahr in addition to e-commerce retailers Zalando, Otto Group and Douglas, among others.

Q2

APR

NUCOM GROUP PARTNERS WITH GENERAL ATLANTIC

ProSiebenSat.1 wins General Atlantic (GA) as investor. The global growth equity investor acquires a 25.1% stake in NuCom Group. In this way, the Group advances the further strategic development of its commerce business with the aim to becoming Europe's premier consumer Internet growth platform. At the start of 2019, GA also exchanges its shares in portfolio company Aroundhome for an increased stake of 28.4% in NuCom Group.

⟶ **Read more about the partnership, page 25**

JUN

PROSIEBENSAT.1 AND DISCOVERY BUILD A LOCAL STREAMING PLATFORM

⟶ **Read more about 7TV, page 15**

Q3

AUG

PROSIEBENSAT.1 SELLS TOUR OPERATOR TROPO

tropo

After completing the strategic review of its travel segment and having already divested travel portal weg.de and online travel agency Etraveli in 2017, ProSiebenSat.1 now sells its entire stake in Tropo. The tour operator is acquired by dnata, which is part of the Emirates Group.

SEP

START OF CONSTRUCTIONS WORKS FOR "NEW CAMPUS"

With a symbolic turn of the sod, construction of the ProSiebenSat.1 Group's New Campus in Unterföhring gets underway. On an area of around 26,000 square meters, four studios equipped with cutting-edge production and broadcast technology as well as 1,700 workplaces will be created. The New Campus premises are scheduled for completion in mid-2023.

The official turn of the sod for the new ProSiebenSat.1 campus took place in September.

Q4

OCT

PARSHIP ELITE GROUP ACQUIRES US ONLINE MATCHMAKING PIONEER EHARMONY

⟶ **Read more about eharmony, page 27**

NOV

STUDIO71 LAUNCHES VERT

VERT

Digital studio Studio71 establishes a new business unit, VERT – The Vertical Content Division, which specializes in vertical mobile content. VERT offers brands a full-service range for executing influencer campaigns on Instagram and harnesses the extensive reach of the Studio71 influencer portfolio.

DEC

PROSIEBENSAT.1 DIGITAL LAUNCHES LIVE QUIZ APP

Quipp

The live quiz app QUIPP is the first digital application by ProSiebenSat.1 Digital that relies on live streaming. Available as a German and an Austrian version, the free app allows quiz enthusiasts to test their knowledge in various categories at 8pm daily. With QUIPP, ProSiebenSat.1 heralds its entry into the mobile live entertainment segment and is expanding the Group's digital reach.

7SPORTS FORMS JOINT VENTURE WITH ESPORTS.COM

ProSiebenSat.1 significantly expands its e-sports activities: 7Sports forms a joint venture with the internationally positioned eSports.com AG. The eponymous news platform covers all aspects of the topic and targets all prospective e-sports enthusiasts. Together, the partners aim to jointly grow the leading e-sports portal in Germany, Austria and Switzerland.

TO OUR SHAREHOLDERS

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

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The media industry is changing increasingly swiftly, the year 2018 was thus characterized by change at ProSiebenSat.1 as well. The Executive Board and Supervisory Board dealt in depth with the Group structure, the business units and, in association, with their future direction. In doing so, the Executive Board came to the conclusion that a strategic realignment of the Company is required in order to meet the current challenges.

The Supervisory Board expressly supports the Group's new strategy. We are convinced that it forms the basis for further sustainable growth in the Company's value and the total shareholder return. ProSiebenSat.1's most important strategic goal is to continue actively shaping the digital transformation and promoting it throughout the Group.

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 2018, 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 (GCGC) (Deutscher Corporate Governance Kodex — DCGK).

In financial year 2018, 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 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 me as the Chairman of the Supervisory Board. In addition, I maintained an ongoing and close one-on-one dialog with the Company's CEO 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 2018, the Supervisory Board dealt with the Company's business and financial situation, fundamental questions of corporate policy and strategy, the general personnel situation, and specific investment projects.

ProSiebenSat.1 set the course for the further digital transformation of the entire Group in 2018. An important step was the realignment of the Group on the basis of a three-pillar strategy, including the fusion of the linear TV business with the Digital Entertainment segment. At the same time, the Group reinforced its digital production expertise by integrating Studio71 into the Content Production & Global Sales segment. The third segment comprises the Commerce portfolio with the core brands of NuCom Group, namely Verivox, Parship Elite Group, Jochen Schweizer mydays, and Flaconi. The Group will continue to expand its portfolio through M&A measures here. However, ProSiebenSat.1 is also now focusing more sharply on business areas with organic growth potential such as local content, digital platforms, improved monetization of reach and the establishment of in-house technologies, especially with regard to data and marketing. The Group is thus laying the foundation for further growth and creating added value for employees and shareholders. In addition, the strategic realignment also includes the adjustment of the dividend policy and the share buyback program adopted in this context.

The ProSiebenSat.1 management team orchestrated all areas of the strategic realignment with the Supervisory Board, especially at the strategy meeting on September 11, 2018. In addition, the Supervisory Board dealt intensively in 2018 with succession planning for the longstanding Chairman of the Executive Board Thomas Ebeling. 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. Conrad Albert temporarily assumed the position of CEO until Max Conze took office and thus ensured continuity for the company.

All in all, the Supervisory Board of ProSiebenSat.1 Media SE held five regular, in-person meetings, eight extraordinary teleconferences, and one full-day session in 2018. For a few exceptions, all members of the Supervisory Board 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 41.

- At an extraordinary meeting held by teleconference on February 11, 2018, the Executive Board informed us of General Atlantic's planned investment in NuCom Group of 25.1%. We were given a comprehensive insight into the strategic significance of the transaction, the further steps planned and the intended timetable. The Supervisory Board approved the transaction at a second extraordinary meeting on February 21, 2018.

  With General Atlantic as a partner, ProSiebenSat.1 is laying the foundation for further growth of NuCom Group and the expansion of the enterprise into a leading commerce provider in Europe. In a first joint transaction, NuCom Group acquired shares in Verivox and Parship Elite Group held by Oakley Capital and other investors, which increased its shareholdings to nearly 100% and around 94% respectively. In addition, NuCom Group acquired the remaining minority shares in SilverTours GmbH (billiger-mietwagen.de) and now owns 100% of the company. With these joint acquisitions, ProSiebenSat.1 and General Atlantic are showing the strategic direction for the years to come: Ownership and control structures are to be simplified and the earnings base consolidated.

»The Supervisory Board expressly supports the Group's new strategy. We are convinced that it forms the basis for further sustainable growth in the Company's value and the total shareholder return.«

DR. WERNER BRANDT
CHAIRMAN OF THE SUPERVISORY BOARD

- At the financial statements meeting held on March 12, 2018, 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 2017 as well as the 2017 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 2018. We also approved the agenda for the Annual General Meeting on May 16, 2018, 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 2017 as well as settlement of the 2014 Group Share Plan and the amounts of the related cash disbursements. The implementation of a new compensation system for members of the Executive Board was unanimously approved. We also extensively discussed and approved the individual targets for the Executive Board members for the financial year. In addition, it was announced that the Presiding and Nominating Committee dealt with potential succession planning for the Supervisory Board member Antoinette P. Aris at its meeting on March 9, 2018. At the financial statements meeting, we were moreover supplied with a detailed overview of the Company's current performance and were informed about possible M&A transactions.

- At an extraordinary meeting on March 23, 2018, the Supervisory Board resolved to nominate Ms. Marjorie Kaplan as successor to the departing Supervisory Board member Antoinette P. Aris for election at the Annual General Meeting in May 2018. The meeting was held by teleconference.

- Max Conze introduced himself to the shareholders as the new Chairman of the Executive Board at the Annual General Meeting on May 16, 2018. Another regular Supervisory Board meeting was held after the Annual General Meeting. This was also the first meeting attended by the new Supervisory Board member Marjorie Kaplan, who took over Antoinette P. Aris' seat on the Supervisory Board effective May 16, 2018. Antoinette P. Aris was replaced in the respective committees by Angelika Gifford (Audit and Finance Committee) and Prof. Dr. Rolf Nonnenmacher (Compensation Committee). At this meeting, we were thoroughly informed about the development in the individual business areas and possible M&A transactions. These included the potential partnership with Discovery Communications with the aim of establishing a shared local streaming platform for Germany. Another topic at this Supervisory Board meeting was the planned implementation of the new EU General Data Protection Regulation, which came into force on May 25, 2018. Furthermore, we were given an insight into the processes for budget planning in 2019 and the long-term strategy plan for 2019 – 2023. In this meeting I also informed the Board that I had spoken with Mr. Christof Wahl about the need to discontinue the responsibilities of his Executive Board position arising from the pending reorganization of the Entertainment segment in connection with the three-pillar strategy and about an early termination of his employment contract. The Supervisory Board then authorized me to conduct further talks with Christof Wahl.

- The Company's annual strategy meeting was held on June 20, 2018. Here, Max Conze told us about his first impressions since taking office as CEO of ProSiebenSat.1 Media SE and the Group's planned strategic development. The objective is to continue the growth in a sustainable manner while increasingly focusing on important investment areas such as the maximization of reach and attractive programming. In this context, the status and the further development of the joint venture with Discovery Communications regarding the online-streaming and catch-up platform "7TV" were also discussed again. Together with Discovery, ProSiebenSat.1 is expanding 7TV into a central and cross-provider streaming platform in the German market. The Group is thus responding to altered media usage interests.

- On July 21, 2018, an extraordinary meeting was held by teleconference. At this meeting, we were informed about the Group's financial performance in the third quarter of 2018 and the associated capital market communication.

- At a regular Supervisory Board meeting on September 11 and 12, 2018, the Executive Board informed us about the planned update to the allocation of responsibilities in the rules of procedure. This update ensures that the three-pillar strategy is rigorously reflected in the rules of procedure and in the operating and managerial responsibilities within the Company. We were also informed about potential upcoming M&A transactions, such as a potential acquisition of the online matchmaking site eharmony. At this meeting, the Supervisory Board, having regard to the recommendation of the Audit and Finance Committee, decided to propose the audit firm Ernst & Young to the next Annual General Meeting on June 12, 2019, for election as the statutory auditor for financial year 2019; the Audit and Finance Committee's recommendation and the Supervisory Board's decision constituted an appropriate selection procedure in accordance with Art. 16 of Regulation (EU) No. 537/2014 on specific requirements regarding statutory audit of public-interest entities (statutory auditor regulation). In addition, we approved the appointment of Conrad Albert, Deputy CEO of ProSiebenSat.1 Media SE, as a member of the Supervisory Board at Orange Ocean UG. The non-profit organization Orange Ocean campaigns for the protection of the world's oceans.

- Another teleconference on October 31, 2018, was devoted to preparations for Capital Markets Day on November 14, 2018, and the evaluation of the current business situation. The Executive Board provided us with extensive information on the Company's financial performance.

- At an extraordinary Supervisory Board meeting held by teleconference on November 7, 2018, we were informed about the successful conclusion of the contract negotiations with the American film and television company Warner Bros. Entertainment and granted our approval. We also approved a share buyback program with a total volume of up to EUR 250 million and a total term of 12 to 24 months on the recommendation of the Audit and Finance Committee. At the current valuation level, the Group uses share buybacks as an instrument to improve its capital efficiency. The Supervisory Board also dealt with an adjustment of the dividend policy, which it also approved at the recommendation of the Audit and Finance Committee. Finally, the Supervisory Board agreed that the contract of Jan David Frouman, Chairman & CEO of Red Arrow

Studios and Executive Board member of ProSiebenSat.1 Media SE, which has a term until February 28, 2019, will not be extended. Jan David Frouman has worked for the Company in various roles since 2004. He established Red Arrow Studios from 2010 and was a member of the Executive Board of ProSiebenSat.1 Media SE from March 1, 2016.

Following the meeting on November 7, 2018, the Group informed the capital market of the adjustment of the financial outlook for full-year 2018 and the results of the strategy update. In addition to the announcement of the above-mentioned share buyback program, this included the adjustment of the dividend policy. At the same time, ProSiebenSat.1 will invest additionally in local content, the expansion of digital platforms and an improved monetization of reach from 2019 for a modern and even more relevant entertainment business in the future. An important component is the enhancement of the joint venture 7TV as an alternative to the offers of the global Internet corporations and the many compartmentalized in-house distributors of local competitors.

- At the regular Supervisory Board meeting on December 6, 2018, the provisional budget for 2019 and the provisional long-term strategy plan for 2019 – 2023 for ProSiebenSat.1 Group were presented to us. We were also informed in full detail about the economic performance of the key business areas. In addition, we were given a comprehensive insight into the business area and the business performance of the investments Studio71, BuzzBird and Amorelie. The other agenda items at this meeting were planned M&A transactions and a review of Capital Markets Day on November 14, 2018.

- Another extraordinary Supervisory Board meeting was held by teleconference at the beginning of the new financial year on February 18, 2019. The meeting dealt with the enhancement of the Executive Board and holding structure with the aim of speeding up the transformation process. The Group's Executive Board is to be streamlined to three core tasks – the CEO role, the Finance department (CFO) and the function of Group General Counsel & Deputy CEO (Executive Committee). In parallel, the Company will establish a new Executive Board on holding level from April 2019, on which the CEO, CFO and Deputy CEO/Group General Counsel will sit as well as the respective Co-CEOs, who lead the subordinate pillars – Entertainment, Red Arrow Studios and NuCom Group. The transfer of operational decision-making processes to the individual pillars will make the Group much more agile and effective in the future. Sabine Eckhardt and Dr. Jan Kemper are leaving the ProSiebenSat.1 Executive Board by mutual consent. The Supervisory Board consented to this in this meeting.

In addition, the Supervisory Board – after extensive discussion at the regular Supervisory Board meetings – adopted seven resolutions by way of written circular vote in 2018, including on the following topics: In May, the Supervisory Board approved the appointment of Conrad Albert as a member of the Supervisory Board of Bavaria Studios & Production Services GmbH. In June, the Supervisory Board approved the termination of Christof Wahl's employment contract as a member on the Executive Board of ProSiebenSat.1 Media SE. In August, the Supervisory Board followed the recommendation of the Compensation Committee and approved the terms and conditions of the new Performance Share Plan and the performance targets for the members of the Executive Board for financial year 2018. In October, the Board granted its approval for the 100% acquisition of the online matchmaking service eharmony by Parship Elite Group.

REPORT ON THE WORK OF THE COMMITTEES

The Supervisory Board of the Company has formed various committees to support it in its work. In 2018, 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 41 of the Annual Report.

The **Presiding and Nominating Committee** met five times by teleconference in 2018. It passed a total of two 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.

In 2018, one of the priorities of the discussions in the Presiding and Nominating Committee was the succession of the Supervisory Board member Antoinette P. Aris. Antoinette P. Aris had been a member of the Supervisory Board of ProSiebenSat.1 Media SE since June 26, 2014, and left the Board at her own request with effect as of the end of the Annual General Meeting on May 16, 2018. The succession was first discussed at an extraordinary meeting by teleconference on March 9, 2018; the topic was also the subject of an extraordinary meeting on March 14, 2018, and another extraordinary meeting on March 16, 2018. At an extraordinary meeting on March 20, 2018, all members of the committee voted for the candidate Marjorie Kaplan to succeed the member of the Supervisory Board Antoinette P. Aris.

The **Compensation Committee** prepares resolutions on personnel-related Executive Board matters for plenary sessions of the Supervisory Board. This committee held one meeting in person and six meetings by teleconference in 2018. At an initial meeting on January 11, 2018, the committee addressed the implementation of a new compensation system for the members of the Executive Board; another meeting on January 16, 2018, dealt with the Executive Board members' target achievement under the 2014 Group Share Plan. At the meeting on January 23, 2018, the Executive Board members' individual degrees of target achievement for the 2017 performance bonus were presented and approved. The new compensation system for the members of the Executive Board was discussed again at another meeting, which was held by teleconference on February 2, 2018. At an extraordinary meeting on February 28, 2018, the committee also dealt in detail with the performance bonus targets for the individual Board members for financial year 2018 and agreed on a corresponding recommendation to the full Supervisory Board. The meeting on June 8, 2018, addressed the adjustment of the Executive Board contracts in connection with the new compensation system and the definition of the degree of target achievement in the Mid-Term Incentive Plan.

Another resolution was also adopted by circular vote: In July 2018, the committee approved the final terms and conditions of the new Performance Share Plan and the 2018 performance bonus targets for each Executive Board member.

The **Audit and Finance Committee** held five meetings in the period under review, 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 quarterly statements 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. It is also the Audit and Finance Committee's task to prepare the Supervisory Board's review of the Company's non-financial reporting.

In the period under review, monitoring of the financial reporting focused on the potential impairment of goodwill and other intangible assets, the measurement of programming 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 for financial year 2018 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 was involved in the selection procedure in accordance with Art. 16 of Regulation (EU) No. 537/2014 (statutory auditor regulation) with regard to the appointment of the auditor for financial year 2019 and, as a result of the selection procedure, submitted an appropriate recommendation of candidates, including a preference for the audit firm Ernst & Young, to the Supervisory Board.

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 ("non-audit services") and ensured that the auditor and the Executive Board informed it at each meeting about corresponding contracts and the fees incurred in this context, which it approved.

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. This was partly done at another meeting in person in December.

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.

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. In financial year 2018, a Capital Markets Committee meeting was held on July 15, 2018. Besides capital market communication, this meeting dealt with ideas regarding a possible share buyback program and a potential adjustment of dividend policy. The agenda also included possible M&A transactions in the second quarter of the financial year.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2018

The Annual and Consolidated Financial Statements of ProSiebenSat.1 Media SE and the Combined Management Report for financial year 2018 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 25, 2019.

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 Statement 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 0.4 million (previous year: EUR 0.5 million), tax advisory services amounting to EUR 0.0 million (previous year: EUR 0.1 million), and other services amounting to EUR 0.1 million (previous year: EUR 0.3 million). Details of the services provided by the auditors and the amounts remunerated are presented in Note 35 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.

In accordance with Section 111(2) Sentence 4 of the German Stock Corporation Act (Aktiengesetz — AktG), the Supervisory Board commissioned an external review of the content of the Combined Non-Financial Statement from KPMG. KPMG issued an unqualified audit opinion in this regard. This means that, according to the assessment by KPMG, the Combined Non-Financial Statement of ProSiebenSat.1 Media SE was prepared in compliance with Sections 315b and 315c in conjunction with Sections 289b to 289e HGB in all material respects. In its review, which was also based on 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 Statement.

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 2018, 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. She rejoined the meetings only after the discussions had been completed or the relevant resolutions adopted.

- Angelika Gifford has been on the Supervisory Board of TUI AG since February 2016. She likewise absented herself from the meetings of the ProSiebenSat.1 Media SE Supervisory Board as a precautionary measure before any discussion of the travel portfolio took place and 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 and in the Annual Report from → page 41.

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

On February 21, 2018, we appointed Max Conze as the new Chairman of the Executive Board of ProSiebenSat.1 Media SE. He took over from Thomas Ebeling as of June 1, 2018. 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 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. 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 Deputy CEO of ProSiebenSat.1 Media SE and the Company's General Counsel, was appointed as Deputy chairman of the Executive Board with immediate effect as of November 19, 2017, and assumed the position of CEO until Max Conze took office.

Christof Wahl, Chief Operating Officer Entertainment of ProSiebenSat.1 Media SE, left the Group by mutual agreement on July 31, 2018. Following the pooling of the Entertainment portfolio activities in a single segment, Christof Wahl's areas of responsibility relating to digital entertainment were bundled in this segment in order to achieve closer cooperation between traditional and digital offerings.

In addition, Jan David Frouman, Chairman & CEO Red Arrow Studios and member of the Executive Board of ProSiebenSat.1 Media SE, left the Company at the end of his contract on February 28, 2019. He established Red Arrow Studios from 2010 and was a member of the Executive Board of ProSiebenSat.1 Media SE from March 1, 2016.

In February 2019, the Group announced further changes to the Executive Board and established a new management structure: After 15 years, Sabine Eckhardt, Executive Board Member Sales & Marketing, has decided to leave ProSiebenSat.1 Group by mutual consent as of April 30, 2019. Michaela Tod will take over Sabine Eckhardt's responsibilities from April 2019. She will manage the new Entertainment pillar as Co-CEO Entertainment together with Wolfgang Link.

After nearly two years as CFO, Dr. Jan Kemper is also leaving the Executive Board by mutual consent as of March 31, 2019. His successor Rainer Beaujean, currently CFO of the listed packaging manufacturer Gerresheimer AG, will take office as ProSiebenSat.1 CFO on July 1, 2019. During the transition period, Ralf Peter Gierig, the long-standing Deputy CFO of ProSiebenSat.1 Group, will take over as interim CFO reporting to Max Conze.

In the future, the Group will be managed by an Executive Committee comprising the CEO, CFO and Deputy CEO/Group General Counsel. At the same time, the Company will introduce a new Executive Board at holding level as of April 1, 2019, on which the two co-CEOs of the respective segments will also be represented. This new holding structure is the logical continuation of the three-pillar strategy: More independence and autonomy in operational business will help ProSiebenSat.1 to transform its business model.

The composition of the Company's Supervisory Board changed as follows in financial year 2018:

Antoinette P. Aris, member of the Supervisory Board and of the Compensation and Audit and Finance Committees, left the Supervisory Board of ProSiebenSat.1 Media SE with effect from the end of the Annual General Meeting on May 16, 2018. She was succeeded at the end of the Annual General Meeting on May 16, 2018, by Marjorie Kaplan. Ms. Kaplan, who lives in London, is a self-employed entrepreneur and member of the Supervisory Board of The Grierson Trust.

THANK YOU FROM THE SUPERVISORY BOARD

On behalf of the Supervisory Board, I would like to wholeheartedly thank the members of the Executive Board. I would expressly like to thank Conrad Albert on behalf of the entire Supervisory Board; he managed the Company as CEO until the summer of 2018 and massively advanced the implementation of the three-pillar strategy during that time. He proved himself as a very distinctive and experienced businessman in the German media industry.

I also sincerely thank Antoinette P. Aris. She was a member of the Supervisory Board from June 2014 to May 2018 and crucially supported our committee work with her expertise and engagement.

I would also like to take this opportunity to especially thank all employees for their great commitment in financial year 2018. 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. 2018 was a challenging year, but the course has been set for growth.

Unterföhring, March 2019
On behalf of the Supervisory Board

DR. WERNER BRANDT
CHAIRMAN

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), Siemens AG (non-executive)
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), British American Tobacco LTD (non-executive), Heineken N.V. (non-executive), Siemens Healthineers (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 Reverb Advisors (Managing Partner)	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 from May 21, 2015 until May 16, 2018 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), Randstad N.V. (non-executive), Rabobank (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 Independent Entrepreneur	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG and ProSiebenSat.1 Media SE since May 21, 2015 Several non-executive roles in other companies	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 Consultant	Mandates: none
Marjorie Kaplan	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 16, 2018 Independent Entrepreneur	Mandates: The Grierson Trust, Petersborough/UK (non-executive)
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 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 been standard practice at ProSiebenSat.1 for a long time.

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 information on relevant corporate governance practices and the compliance management system (CMS), 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.

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 2018 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 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 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.

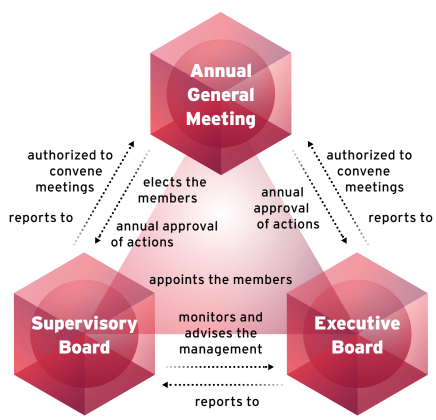
ProSiebenSat.1 Group has implemented a compliance management system (CMS) to monitor compliance with the law. The main objective of the CMS is to ensure that all employees always think and act with integrity and in accordance with the law and thus to prevent law- and rule-breaking from the start. In 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. → Sustainability, page 88

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 viewed online 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 Regulation), the SE Regulation 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.

002 / CORPORATE GOVERNANCE STRUCTURE 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. → Fig. 002 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.

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, 2018, the Executive Board of ProSiebenSat.1 Media SE had five members (previous year: six 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 254, → Compensation Report, page 50, → Takeover-Related Disclosures, page 71

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, 2018. 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 255

TARGETS FOR EXECUTIVE BOARD COMPOSITION

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. With Sabine Eckhardt as a member of the Executive Board of ProSiebenSat.1 Media SE, this target was met for the equal participation of women in the Executive Board during the reporting period.

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.

TARGETS FOR SUPERVISORY BOARD COMPOSITION

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 GCGC;
- 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 considers all Supervisory Board members independent for financial year 2018. Supervisory Board members Antoinette P. Aris and Angelika Gifford had evidence of conflicts of interest mentioned in the Report of the Supervisory Board. → Report of the Supervisory Board, page 31

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.

SKILLS PROFILE FOR THE SUPERVISORY BOARD

In light of the adjusted recommendation of the 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 the skills profile described below 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 Nominating 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 and 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 GCGC) 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 who can commit the time expected to be required 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 2018 is available in the Report of the Supervisory Board.

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. The chairman of the Supervisory Board talks to investors about Supervisory Board-specific topics, within reasonable limits, and participated in the Company's Capital Markets Day in November 2018, among other things. 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 Nominating 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 AND MEETING ATTENDANCE

The Executive Board has not formed any committees; the Supervisory Board established four committees in financial year 2018. 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, 2018

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 GCGC), Angelika Gifford, Dr. Marion Helmes

COMPENSATION COMMITTEE
Dr. Werner Brandt (chairman), Angelika Gifford, Dr. Marion Helmes, Prof. Dr. Rolf Nonnenmacher

CAPITAL MARKETS COMMITTEE
Dr. Werner Brandt (chairman), 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 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 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.

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 2018

	Meeting participation	Attendance in %
FULL SUPERVISORY BOARD		
Dr. Werner Brandt, Chairman (since June 26, 2014)	14/14	100
Dr. Marion Helmes, Vice Chairwoman (since June 26, 2014, Vice Chairwoman since May 21, 2015)	13/14	93
Lawrence Aidem (since June 26, 2014)	14/14	100
Antoinette (Annet) P. Aris (from June 26, 2014, to May 16, 2018)	6/6	100
Adam Cahan (since June 26, 2014)	13/14	93
Angelika Gifford (since May 21, 2015)	13/14	93
Erik Adrianus Hubertus Huggers (since June 26, 2014)	14/14	100
Marjorie Kaplan (since May 16, 2018)	9/9	100
Ketan Mehta (since November 24, 2015)	14/14	100
Prof. Dr. Rolf Nonnenmacher (since May 21, 2015)	14/14	100
PRESIDING AND NOMINATING COMMITTEE		
Dr. Werner Brandt, Co-Chairman (since June 26, 2014)	5/5	100
Dr. Marion Helmes, Co-Chairwoman (since May 21, 2015)	3/5	60
Lawrence Aidem (since June 26, 2014)	4/5	80
Ketan Mehta (since June 30, 2016)	5/5	100
AUDIT AND FINANCE COMMITTEE		
Prof. Dr. Rolf Nonnenmacher, Chairman (since May 21, 2015)	6/7	86
Antoinette (Annet) P. Aris (from June 26, 2014, to May 16, 2018)	3/3	100
Dr. Marion Helmes (since June 26, 2014)	7/7	100
Angelika Gifford[1] (since May 16, 2018)	6/7	86
COMPENSATION COMMITTEE		
Dr. Werner Brandt, Chairman (since June 26, 2014)	7/7	100
Antoinette (Annet) P. Aris (from June 26, 2014, to May 16, 2018)	5/5	100
Angelika Gifford (since May 21, 2015)	6/7	86
Dr. Marion Helmes (since May 21, 2015)	7/7	100
Prof. Dr. Rolf Nonnenmacher (since May 16, 2018)	6/7	86
CAPITAL MARKETS COMMITTEE		
Dr. Werner Brandt, Chairman (since September 7, 2016)	1/1	100
Dr. Marion Helmes (since September 7, 2016)	1/1	100
Ketan Mehta (since September 7, 2016)	0/1	0
Prof. Dr. Rolf Nonnenmacher (since September 7, 2016)	1/1	100

[1] Angelika Gifford had already attended meetings as a guest before her membership of the Audit and Finance Committee.

COMMUNICATION AND 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.

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 in the 2018 Annual Report → page 275.

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 in connection with 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.

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 2018, 23 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.

As of December 31, 2018, members of the Executive Board held a total of 187,783 shares (previous year: 64,450) and members of the Supervisory Board a total of 63,543 shares (previous year: 26,180) in ProSiebenSat.1 Media SE. Max Conze has invested EUR 3,508,442 in the purchase of ProSiebenSat.1 shares, Conrad Albert EUR 438,081 at the year-end 2018. → Fig. 005

005 / INDIVIDUALIZED SHAREHOLDINGS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD AS OF DECEMBER 31, 2018

	Number of shares
EXECUTIVE BOARD	
Max Conze	164,283
Conrad Albert	16,500
Sabine Eckhardt	4,000
Jan David Frouman	3,000
Dr. Jan Kemper	0
SUPERVISORY BOARD	
Dr. Werner Brandt	23,750
Dr. Marion Helmes	5,655
Lawrence Aidem	3,494
Adam Cahan	2,105
Angelika Gifford	3,449
Erik Adrianus Hubertus Huggers	3,369
Marjorie Kaplan	757
Ketan Mehta	15,000
Prof. Dr. Rolf Nonnenmacher	5,964

Last year's Annual General Meeting on May 16, 2018, approved the revised Executive Board compensation system. As part of the new Executive Board compensation, the Executive Board members receive share-based payment in the form of the Performance Share Plan, under which the first allocation was made in financial year 2018; the Performance Share Plan replaces the previous Group Share Plan, under which allocations were last made for financial year 2017. The Performance Share Plan is designed as multi-year variable compensation in the form of virtual shares (performance share units or PSUs). Tranches are granted annually, each with a four-year performance period. Payout occurs in cash in year five, the year following the end of the respective performance period. Instead of a payout in cash, the Company reserves the right to alternatively choose a settlement with own shares and to deliver a corresponding number of shares in the Company.

The payout depends on the development of ProSiebenSat.1 Media SE's share price as well as on the Company's internal and external performance. The latter is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR – shareholder return for ProSiebenSat.1 Media SE shares compared to shareholder return for companies in STOXX Europe 600 Media), each with a weighting of 50%. In financial year 2018, Executive Board members held a total of 417,311 PSUs; this includes the PSUs granted under the new Performance Share Plan for financial year 2018 and the PSUs granted previously under the Group Share Plan. → Notes, Note 33 "Share-based payments", page 220

Share-based plans and similar securities-based incentive systems

Further information on ProSiebenSat.1 Media SE's share-based payment plans (Performance Share Plan and Group Share Plan), the Mid Term Incentive Plan (MTI) to be paid out in cash, and the employee stock option plan (MyShares) can be found in the Notes to the Consolidated Financial Statements and in the Management Report. → Compensation Report, page 50, → Notes, Note 25 "Shareholders' equity", page 195

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 2018 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 25, 2019. Haiko Schmidt has worked with the Company since financial year 2012 as lead auditor at KPMG. The ProSiebenSat.1 Media SE Supervisory Board will propose the audit firm Ernst & Young to the next Annual General Meeting on June 12, 2019, for election as the statutory auditor for financial year 2019. → Report of the Supervisory Board, page 31

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. → Annual Report 2018, from page 41

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 or 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 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. Furthermore, on the basis of a works agreement concluded in December 2018, employees and third parties also have the opportunity to anonymously report legal violations via an external ombudsperson.

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 first exception mentioned above.

March 2019
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, page 41.

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 254 et seq. of the Annual Report 2018; the composition of the Supervisory Board and its committees is shown on → page 40 and → page 255 of the Annual Report 2018 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.

STIPULATIONS ON THE EQUAL PARTICIPATION OF WOMEN IN MANAGEMENT POSITIONS

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 targets — to be reached by June 30, 2022 — for the proportion of women at the two management levels below Executive Board level:

- Management Level 1: 15%
- 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 42.9% (previous year: 13.8%). At the second management level, the percentage of women was 38.6% (previous year: 25.7%).

COMPENSATION REPORT[1]

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 2018. It explains the structure and level of compensation of the individual members of the Executive Board and Supervisory Board. The Executive Board compensation system for the financial years from 2018 was fundamentally revised by the Supervisory Board of ProSiebenSat.1 Media SE and presented for approval to the Annual General Meeting in May 2018, which granted its approval by a broad majority of 93%. All Executive Board employment contracts were converted to the new Executive Board compensation system, which has therefore applied retroactively since January 1, 2018.

This 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 (GCGC) 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 31

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 SE, ITV plc and RTL Group SA. 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 by an international and independent compensation consulting firm when the compensation system for the financial years from 2018 was adjusted.

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 Media SE 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.

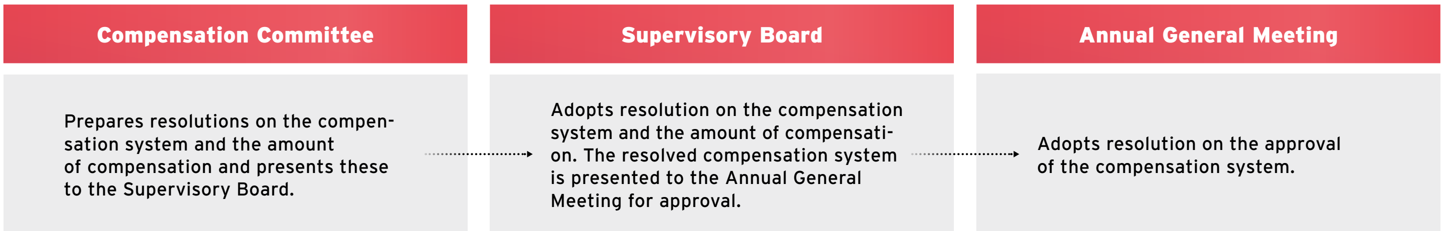
Structure and Components of Executive Board Compensation from Financial Year 2018

The elements of the new Executive Board compensation system and changes compared to the previous system are described in detail below.

The new Executive Board compensation system now comprises just three instead of four components: a fixed base salary, an annual and a multi-year variable compensation component. In order to reduce the complexity of the compensation system, the expiring Mid-Term Incentive Plan will not be reinstituted. While the amount of the target compensation is largely unchanged, the compensation structure in the revised system is 35 : 30 : 35 (fixed base salary to annual variable

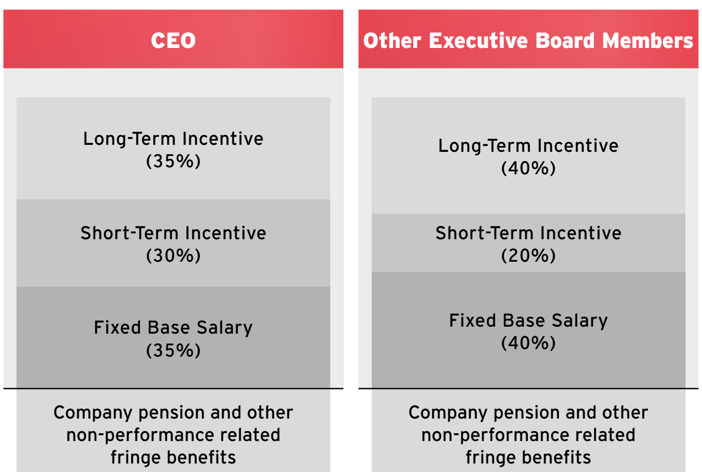
[1] This section is part of the audited Combined Management Report.

007 / PROCEDURE FOR DETERMINING EXECUTIVE BOARD COMPENSATION



compensation to multi-year variable compensation) for the chairman of the Executive Board and 40 : 20 : 40 for the other Executive Board members. → Fig. 008 The weighting for Jan David Frouman is slightly different at 41 : 20 : 39, as he receives a higher fixed base salary to compensate trips home. This higher compensation was already part of his previous Executive Board compensation.

008 / STRUCTURE OF THE NEW COMPENSATION SYSTEM



Regardless of this, the Company pension for Executive Board members remains unchanged. The Company's annual contribution to the Company pension still amounts to 20% of the fixed base salary. In addition, Executive Board members continue to receive fringe benefits.

FIXED BASE SALARY

The structure of the fixed base salary remains unchanged. The base salary is paid in twelve equal installments at the end of each month. If the employment contract begins or ends during a financial year, the base salary for this financial year is granted pro rata temporis.

VARIABLE COMPENSATION

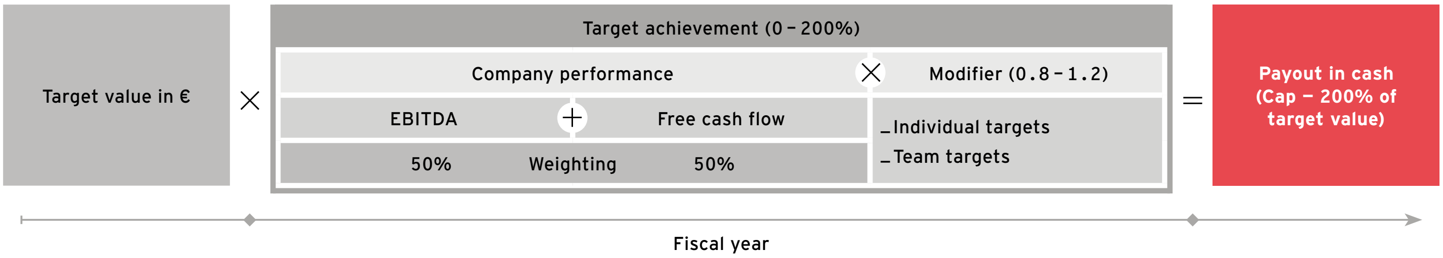
In the future, variable compensation will comprise only two elements: annual variable compensation (Short Term Incentive) in the form of an annual bonus payment (performance bonus) and multi-year variable compensation (Long Term Incentive) in the form of virtual shares in ProSiebenSat.1 Media SE (Performance Share Plan).

SHORT TERM INCENTIVE (PERFORMANCE BONUS)

The Short Term Incentive continues to depend on ProSiebenSat.1 Group's business performance in the past financial year. It is calculated on the basis of the target achievement (0% – 200%) identified for the financial year for EBITDA (earnings before interest, taxes, depreciation and amortization) and FCF (free cash flow), both at Group level, and a modifier (0.8 to 1.2) for the assessment of the individual and collective performance of the Executive Board members. The final payment is capped at a maximum of 200% of the individual target amount agreed in each employment contract. → Fig. 009

The Supervisory Board has identified the two key financial figures EBITDA and FCF as relevant target parameters. EBITDA is an industry-standard and frequently used measure of operating earnings, which allows a high degree of comparability with other businesses in the media industry and is also regularly used on the capital market for enterprise valuations on a multiplier basis. For shareholders, FCF is also an important measure of the cash and cash equivalents generated with operating business and after the deduction of investments, which are available for debt service or distributions to shareholders. Equally, FCF is an important indicator for measuring the cash return on investments and a common basis for the calculation of cash-flow-based enterprise valuations. ProSiebenSat.1 Media SE reports both key financial figures, EBITDA and FCF, in the regular financial reporting for ProSiebenSat.1 Group.

009 / HOW THE SHORT TERM INCENTIVE WORKS



EBITDA AT GROUP LEVEL

EBITDA at Group level is included in the Short Term Incentive with a weighting of 50% for the purposes of determining target achievement.

The EBITDA target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

Where necessary, to determine the target achievement, the actual Group EBITDA reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards, from unplanned effects from M&A transactions conducted within the reporting period, and from measurements of Group-wide, multi-year variable compensation plans. This allows the Supervisory Board to correct potential distortions in target achievement. No further adjustment is provided for.

To measure the target achievement, the actual EBITDA as reported in the relevant audited and approved consolidated financial statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target value for the respective financial year.

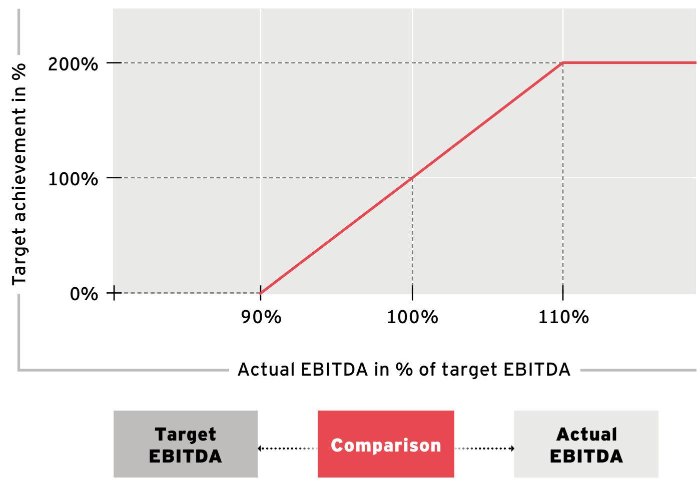
If the actual EBITDA corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target EBITDA of 10% or more. To reach the maximum target achievement of 200%, the actual EBITDA must exceed target EBITDA by 10% or more. Intermediate values will be linearly interpolated. The EBITDA target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly. → Fig. 010

FREE CASH FLOW (FCF) AT GROUP LEVEL

FCF at Group level is likewise included in the Short Term Incentive with a weighting of 50% for the purposes of determining target achievement.

The FCF target value is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

010 / REPORTED EBITDA TARGET ACHIEVEMENT CURVE

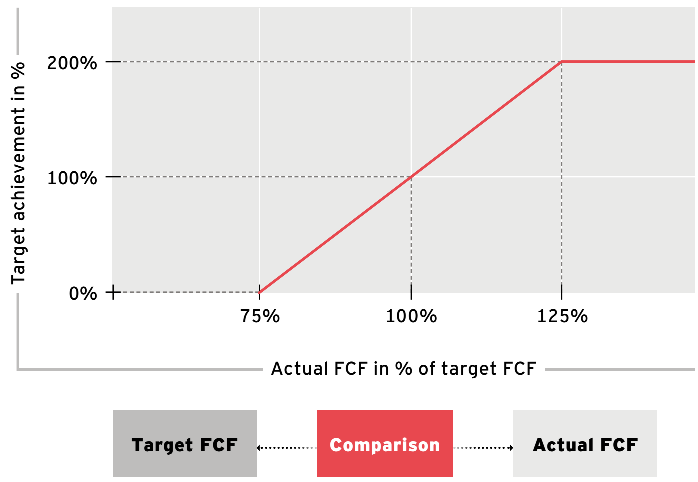


Where necessary, to determine the target achievement, the actual Group FCF reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards and from M&A transactions. This allows the Supervisory Board to correct potential distortions in target achievement. No further adjustment is provided for.

To measure the target achievement, the actual FCF as reported in the relevant audited and approved consolidated financial statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target FCF for the respective financial year.

If the actual FCF corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target FCF of 25% or more. To reach the maximum target achievement of 200%, the actual FCF must exceed target FCF by 25% or more. Intermediate values will be linearly interpolated. The FCF target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly. → Fig. 011

011 / REPORTED FREE CASH FLOW (FCF) TARGET ACHIEVEMENT CURVE



MODIFIER

To determine the individual and collective performance of the Executive Board members, the Supervisory Board assessed both the achievement of individual targets and the Executive Board members' contribution to the fulfillment of collective targets on the basis of criteria defined in advanced. Examples of relevant criteria include customer satisfaction, corporate social responsibility, corporate governance and strategic projects, but also other key financial figures of the Group or segments. If targets 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. The resulting modifier for adjusting the size of the Short Term Incentive can range between 0.8 and 1.2. The modifier therefore has a bonus/penalty effect. The individual and collective targets are agreed annually in advance in a target agreement between the Supervisory Board and Executive Board, with a maximum of five targets being defined each year.

PAYMENT DATE

The Short Term Incentive is payable in the following year within a month of the audited and approved Consolidated Financial Statements for the financial year in question becoming available and is paid out with the next monthly salary.

LONG TERM INCENTIVE (PERFORMANCE SHARE PLAN)

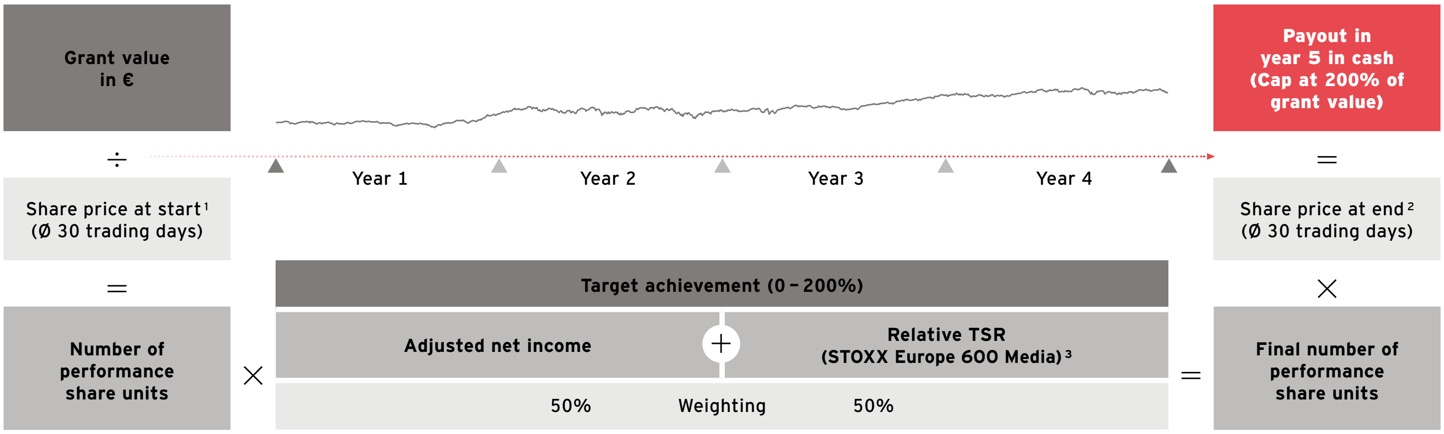
The Long-Term Incentive is designed as multi-year variable compensation in the form of virtual shares (performance share units). Tranches are granted annually, each with a four-year performance period. Payout occurs in cash in year five, the year following the end of the performance period. Instead of a payout in cash, the Company reserves the right to alternatively choose a settlement with own shares and to deliver a corresponding number of shares in the Company. However, in the interests of its shareholders, the Company will likely only make use of this option if the currently unfavorable tax treatment at the Company level for equity settlement is repealed.

The payout depends on the development of ProSiebenSat.1 Media SE's share price as well as on the Company's internal and external performance. The Company's performance is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR – shareholder return for ProSiebenSat.1 Media SE shares compared to shareholder return for companies in the selected comparison index), each with a weighting of 50%. The Performance Share Plan is issued in annual tranches, each with a performance period of four years.

The company performance is on the one hand based on the metric adjusted net income. This is an important performance indicator for the Group and serves, among other functions, as the metric that underlies the dividend policy and the resulting amounts that are distributed to shareholders. ProSiebenSat.1 Media SE publishes the adjusted net income as part of the regular financial reporting for the ProSiebenSat.1 Group. On the other hand, the company performance is determined using relative TSR, as this performance metric compares shareholder return for ProSiebenSat.1 Media SE shares with the shareholder return for a relevant peer group. The relative TSR takes account of the share price development and dividends paid to shareholders over the four-year performance period.

An individual assignment value is defined in the employment contract for each member of the Executive Board. A number of performance share units (PSUs) corresponding to the assignment value is granted on the first day of a financial year, usually on the basis of the volume-weighted average XETRA closing price of the ProSiebenSat.1 Media SE share over the preceding thirty trading days (in deviation from this general rule and in light of the fact that the Performance Share Plan was first instituted during 2018, the assignment date for the 2018 Performance Share Plan is June 29, 2018). Following the end of the four-year performance period, the granted performance share units are converted into a final number of performance share units according to a conversion factor, which is determined according to the weighted target achievement for adjusted net income and the relative TSR. The payout amount for each performance share unit is equal to the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the performance period, plus cumulative dividend payments over the performance period on the ProSiebenSat.1 Media SE share. This amount is limited per tranche to a maximum of 200% of the individual grant value (Cap). In case of a settlement in own shares, the payout amount will be converted, based on the average share price noted above, into a corresponding number of shares in the Company and delivered to the beneficiary.→ Fig. 012

012 / **HOW THE PERFORMANCE SHARE PLAN WORKS**



[1] Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the start of the performance period, rounded down to two decimal places.
[2] Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the performance period, rounded down to two decimal places, plus cumulative dividend payments on each share in ProSiebenSat.1 Media SE.
[3] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison to STOXX Europe 600 Media companies.

ADJUSTED NET INCOME AT GROUP LEVEL

With a weighting of 50%, the Group adjusted net income determines the target achievement in the Performance Share Plan. That is, 50% of the final number of performance share units are dependent on the average target achievement for the Group adjusted net income over the four-year performance period.

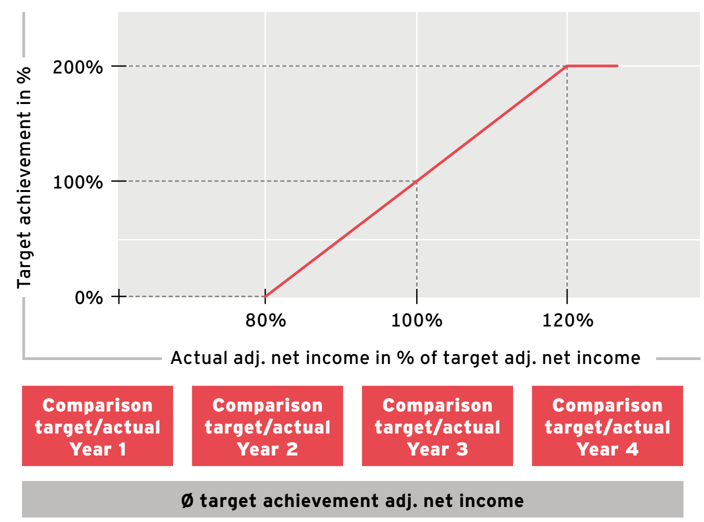
The average annual adjusted net income target achievement over the four-year performance period is used to determine the target achievement for the Group adjusted net income at the end of a tranche. The adjusted net income target value for each of the financial years within the performance period is set annually by the Supervisory Board in EUR and is derived from budget planning for ProSiebenSat.1 Group.

Where necessary, to determine the target achievement, the actual Group adjusted net income reported by ProSiebenSat.1 Media SE will be adjusted for effects arising from significant changes in IFRS accounting standards and unplanned effects from M&A transactions conducted within the reporting period (alongside related financing effects).

To measure the target achievement, the actual adjusted net income as reported in the relevant audited and approved Consolidated Financial Statements of ProSiebenSat.1 Media SE, subject to the above adjustments, is compared with the target adjusted net income for the respective financial year.

If the actual adjusted net income corresponds to the target value, the target achievement is equal to 100%. The target achievement is equal to 0% if there is a negative deviation from the target adjusted net income of 20% or more. To reach the maximum target achievement of 200%, the actual adjusted net income must exceed target adjusted net income by 20% or more. Intermediate values will be linearly interpolated. The adjusted net income target achievement curve is symmetrically designed, meaning that an over- or underachievement of the target will be reflected evenly. → Fig. 013

013 / **ADJUSTED NET INCOME TARGET ACHIEVEMENT CURVE**

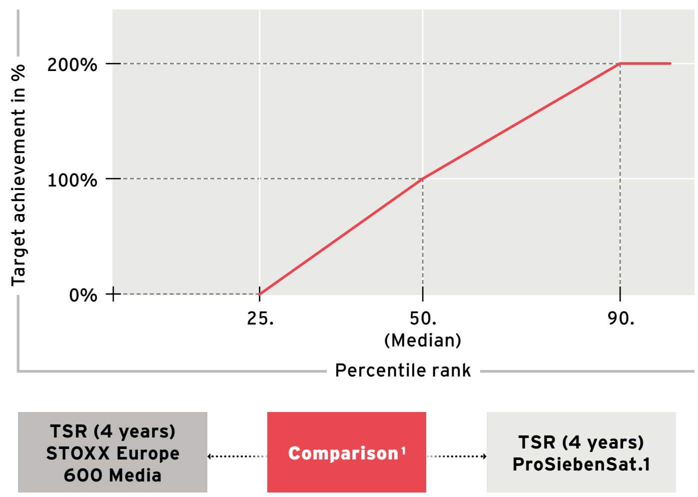


RELATIVE TOTAL SHAREHOLDER RETURN (TSR)

In addition, 50% of the final number of performance share units are dependent on the relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period, compared with STOXX Europe 600 Media companies. In terms of the TSR performance metric, this index represents the relevant benchmark for ranking the shareholder return of ProSiebenSat.1 Media SE's shares relative to the shareholder return of companies in the selected index. To determine this, the TSR of ProSiebenSat.1 Media SE's shares and those of the peer companies' shares are placed in rank order, whereby ProSiebenSat.1 Media SE's relative positioning is expressed in terms of the achieved percentile rank.

If the relative TSR achieved by ProSiebenSat.1 Media SE corresponds to the median (50th percentile) of the peer group, the target achievement is equal to 100%. If the positioning is at or lower than the 25th percentile, the target achievement is equal to 0%. To reach the maximum target achievement of 200%, at least the 90th percentile needs to be achieved. Intermediate values will be linearly interpolated for both positive and negative deviations. → Fig. 014

014 / RELATIVE TSR TARGET ACHIEVEMENT CURVE



[1] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

PAYMENT DATE

Each respective tranche of the Long Term Incentive is paid out or settled, as the case may be, in the following year, after the audited and approved Consolidated Financial Statements for the final financial year of the four-year performance period become available.

Further information on the Performance Share Plan can be found in the → Notes, Note 33 "Share-based payments", page 220.

OBLIGATIONS TO ACQUIRE AND HOLD SHARES IN THE COMPANY (SHARE OWNERSHIP GUIDELINES)

In order to strengthen the equity culture and bring the interests of the Executive Board and shareholders into even greater alignment, obligations to acquire and hold shares in the Company are being introduced for the members of the Executive Board. Each Executive Board member is obliged to acquire shares in ProSiebenSat.1 Media SE with a value totaling 200% (chairman of the Executive Board) or 100% (other Executive Board members) of the annual fixed gross basic salary and to hold these shares at least until the end of their appointment as a member of the Executive Board. Until the required levels are reached, the Executive Board members are obliged to invest at least 25% of the annual payout from the Short Term Incentive (performance bonus) and the Long Term Incentive (Performance Share Plan) in ProSiebenSat.1 Media SE shares; payments from the variable compensation elements of the previous compensation system (former performance bonus, Mid-Term Incentive and Group Share Plan) are not subject to the investment obligation. This will therefore apply for the first time when the 2018 performance bonus is paid out in financial year 2019. Further information on shares in the Company held by the Executive Board can be found in the → Corporate Governance Report on page 41.

COMPANY PENSION

The configuration of the Company pension remains unchanged. 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 Max Conze, Dr. Jan Kemper, Sabine Eckhardt, Jan David Frouman and Christof Wahl, 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).

CLAWBACK

In the new compensation system, all variable compensation components for Executive Board members are still forward-looking and are not paid out until after the end of the plan term. Until then, they also reflect negative value risks at the expense of the variable compensation.

Moreover, the respective employment contracts clearly state that potential claims on the part of the Company against Executive Board members from Section 93 (2) of the Stock Corporation Act are unaffected. According to this provision, Executive Board members who neglect their duties are obliged to compensate the resulting damage as joint and several debtors.

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.

ONGOING COMPENSATION ELEMENTS FROM THE REPLACED COMPENSATION SYSTEM UP TO 2017

The compensation system for the Executive Board members of ProSiebenSat.1 Media SE in place until the end of 2017 contained two multi-year variable compensation components, which have effects beyond the 2017 performance period.

GROUP SHARE PLAN

The Group Share Plan was granted to the Executive Board members for the last time in financial year 2017. It was a multi-year variable compensation instrument similar to the Performance Share Plan issued since 2018, in which virtual shares were issued to the Executive Board members in annual tranches each with a four-year performance period. Please refer to the 2017 Compensation Report for more details.

As of the end of 2018, the Group Share Plans 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 105% for financial year 2015 (Group Share Plan 2015), likewise 105% for financial year 2016 (Group Share Plans 2015 – 2016), and 78% for financial year 2017 (Group Share Plans 2015 – 2017). For financial year 2018, the annual conversion factor is 56% (Group Share Plans 2015 – 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 2015 thus comes to 86% now. The PSU conversion factors for the respective four-year performance periods of the Group Share Plans 2016 and 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 2014 for the completed four-year performance period was 100%.

Further information on the Group Share Plan can be found in the → Notes, Note 33 "Share-based payments", page 220.

MID-TERM INCENTIVE PLAN

The Mid-Term Incentive Plan (MTI) had a three-year plan term from financial year 2016 to the end of financial year 2018 (MTI 2016 – 2018). It was a medium-term compensation instrument, payable in cash to members of the Executive Board as well as selected other executives. The Mid-Term Incentive Plan had a three-year plan term starting in the financial year 2016. Please refer to the 2017 Compensation Report for more details.

The MTI was the second multi-year compensation component and was canceled without replacement as part of the redesign of Executive Board compensation, so it will not be reinstituted. For this reason, the MTI 2016 – 2018 is to be settled in cash. To this end, it was agreed that each Executive Board member would receive a payment of 104% of the respective MTI 2016 – 2018 target bonus. The payment will be made in May 2019 in accordance with the terms and conditions of the plan.

In the summary below, the new compensation system in place since the revision in financial year 2018 is compared to the system valid until the end of 2017: → Fig. 015

015 / CHANGES IN COMPENSATION SYSTEM

	Previous compensation system	Redesigned compensation system
BASE SALARY		
	Fixed Base Salary	**Fixed Base Salary**
Scope	Oriented toward the respective area of competence and responsibility of the Executive Board member.	Oriented toward the respective area of competence and responsibility of the Executive Board member.
Payment date	In monthly installments.	In monthly installments.
VARIABLE COMPENSATION		
Annual variable compensation		
	Short-Term Incentive (Performance Bonus)	**Short-Term Incentive (Performance Bonus)**
Target compensation	Target amount contractually fixed.	Target amount contractually fixed.
Cap	Cap: 200% of the target amount.	Cap: 200% of the target amount.
Missing of targets	Complete forfeiture possible if targets not met.	Complete forfeiture possible if targets not met.
Target parameters	Determination of target parameters and performance target levels at the discretion of the Supervisory Board. Target parameters are typically Group EBITDA and Group Net Debt as well as further financial and non-financial targets.	Financial target parameters (equally weighted): _ Group EBITDA _ Group Free cash flow
		Modifier (+/-20%) serving as a bonus/malus, based on: _ Individual targets _ Team targets
Payment date	Within one month after the audited and approved consolidated financial statements for the relevant fiscal year are available.	Within one month after the audited and approved consolidated financial statements for the relevant fiscal year are available.
Multi-year variable compensation		
	Long-Term Incentive (Group Share Plan) (share-based compensation component)	**Long-Term Incentive (Performance Share Plan)** (share-based compensation component)
Term	Term of each tranche: 4 years (Performance period).	Term of each tranche: 4 years (Performance period).
Grant value	Contractually agreed annual grant value.	Contractually agreed annual grant value.
Cap	Cap: _ 150% target achievement _ +/-25% adjustment range (In the event of extraordinary developments) _ Max. 200% increase in share price _ = 525% overall cap	Cap: 200% of the target value.
Missing targets	Complete forfeiture possible if targets not met.	Complete forfeiture possible if targets not met.
Target parameters	Annual group EBITDA targets during the term of each respective tranche.	_ Annual adjusted Group net income targets during the term of the respective tranche (50% weighting) _ Relative positioning of Total Shareholder Return compared with STOXX Europe 600 Media companies during the term of the respective tranche (50% weighting).
Grant	Grant of so-called Performance Share Units (PSUs) in annual tranches.	Grant of so-called Performance Share Units (PSUs) in annual tranches.
	Determination of the number of PSUs according to the grant value, based on the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days before the day on which the respective tranche was granted.	Determination of the number of PSUs according to the grant value, based on the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days before the beginning of the term (January 1) of the respective tranche. In deviation from this general rule and in light of the fact that the Performance Share Plan was first instituted during 2018, the assignment date for the 2018 Performance Share Plan is June 29, 2018.
Determination of payout amount	Determination of the final number of Performance Share Units at the end of the term of a tranche by multiplying PSUs by a performance-based conversion factor.	Determination of the final number of Performance Share Units at the end of the term of a tranche by multiplying PSUs by a performance-based conversion factor. In deviation from this general rule and in light of the fact that the Performance Share Plan was first instituted during 2018, the assignment date for the 2018 Performance Share Plan is June 29, 2018.

	Previous compensation system	Redesigned compensation system
Determination of payout amount (continuation)	The conversion factor depends on the achievement of annual EBITDA targets during the term of the respective tranche.	The conversion factor depends _ To 50% on the achievement of annual adjusted net income targets during the term of the respective tranche and _ To 50% on the relative Total Shareholder Return (TSR) positioning against the STOXX Europe 600 Media companies during the term of the respective tranche.
	Option to retroactively adjust the conversion factor by up to 25 percentage points in the event of extraordinary developments, taking individual performance of the respective members of the Executive Board into account. Further, the annual target achievement can be adjusted discretionarily within certain limits.	No option to retroactively adjust the conversion factor or undertake discretionary adjustments to target achievement.
	The payout amount per Performance Share Unit corresponds to the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the date on which the conversion rate is ultimately determined.	The payout amount per Performance Share Unit corresponds to the volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the term of the respective tranche, plus cumulative dividend payments on each share during the term of the tranche.
	In the event of settlement in shares, the participant receives one share for each Performance Share Unit.	In the event of settlement in shares, the payout amount will be converted into treasury shares using the share price cited above.
Dividend payments	Dividend payments accounted for through a corresponding increase in the number of PSUs, only to the extent that dividend distributions per share for a fiscal year exceed 100% of the group adjusted net income per share for the relevant fiscal year.	All dividend payments during the term of the tranche are accounted for through inclusion of cumulative dividend payments per share in the payout amount.
Vesting	1/4 of the PSUs granted vest at the end of each year of the term of the respective tranche, if certain Group Net Income thresholds for the relevant year are achieved.	1/12 of the PSUs granted vest at the end of each month of the first year of the term of a respective tranche. If the employment commences during the first fiscal year of the plan term the grant value will be on a pro rata temporis basis, but with full vesting of such pro rata temporis portion until the end of the first fiscal year of the plan term.
Payout	Payout in cash or through delivery of a corresponding number of own shares.	Payout generally in cash or, if decided by the Company, through delivery of a corresponding number of own shares.
Payment date	The respective long-term incentive tranche is paid out or settled, as the case may be, after the audited and approved consolidated financial statements for the final fiscal year of the four-year performance period are available.	The respective long-term incentive tranche is paid out or settled, as the case may be, after the audited and approved consolidated financial statements for the final fiscal year of the four-year performance period are available.
	Mid-Term Incentive Plan	**(repealed)**
	Term: 3 years Contractually agreed target value Cap: 250% of the target value	
	Complete forfeiture possible if targets not met.	
	Payout dependent on the achieved Recurring EBITDA 2018 (henceforth Adjusted EBITDA) of the ProSiebenSat.1 Group as well as the achievement of certain threshold values for revenue and Recurring EBITDA (henceforth Adjusted EBITDA) during the term.	
	Payout in cash.	

PURCHASE AND HOLDING OBLIGATIONS

	Previous compensation system	Redesigned compensation system
	No regulations.	Until the prescribed levels are reached, obligation to invest at least 25% of the annual payouts from annual and multi-year variable compensation in ProSiebenSat.1 Media SE shares.
		Shares must be held at least until the end of an Executive Board member's appointment.
		Volume: _ CEO: 200% of fixed gross base salary _ Other members of the Executive Board: 100% of fixed gross base salary

EXECUTIVE BOARD COMPENSATION FOR THE FINANCIAL YEAR 2018

Variable compensation – degree of target achievement
The Supervisory Board has taken the desire for transparency regarding compensation decisions on board and has decided to report an overview of the degree of target achievement.

Performance bonus
The performance bonus is calculated on the basis of the target achievement (0% - 200%) identified for the financial year for EBITDA and FCF, both at Group level, and a modifier (0.8 to 1.2) for the assessment of the individual and collective performance of the Executive Board members. The final payment is capped at a maximum of 200% of the individual target amount agreed in each employment contract.

The Supervisory Board has determined the following target achievement for financial year 2018 with regard to EBITDA and FCF, each with a weighting of 50%: → Fig. 016

016 / TARGET PARAMETERS in EUR m

	Weighting	100% target value	Actual value in FY 2018 (before adjustment)	Actual value in FY 2018 (adjusted)	Target achievement
EBITDA at Group level	50%	983.5	570.2	550.4	0%
Free cash flow (FCF) at Group level	50%	269.4	243.5	288.2	128%
Weighted target achievement	**100%**				**64%**

To calculate target attainment for financial year 2018 in the target parameters of EBITDA at Group level and FCF at Group level, the Supervisory Board primarily adjusted for material reconciling items from M&A activities.

For the modifier in financial year 2018, the Supervisory Board agreed collective targets with the Executive Board members, namely the development of a corporate social responsibility strategy and the redefinition of the corporate culture as part of the reorganization in 2018. The Executive Board members' individual targets for the modifier include amongst others the definition and implementation of saving measures as part of the reorganization and the achievement of revenue and EBITDA targets of the respective Executive Board areas.

Based on the overall assessment of the individual and collective performance of the Executive Board members, the Supervisory Board assessed the modifier for adjusting the performance bonus as follows: Conrad Albert 1.2 and Jan David Frouman 0.8.

Taking the target achievement for EBITDA and FCF and the respective modifiers into account results in the following overall target achievement for the performance bonus in financial year 2018: Conrad Albert 76.8% and Jan David Frouman 53.9%.

Max Conze is receiving a pro rata, non-performance-based performance bonus as annual variable compensation for financial year 2018. To satisfy the entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper and Sabine Eckhardt, departing as of March 31, 2019 respectively April 30, 2019, receive a payment which is fixed in their individual termination agreements (for further information please refer to → "Notes on the Compensation of Departed or Departing Executive Board Members", page 61).

PERFORMANCE SHARE PLAN

The Performance Share Plan was granted to the Executive Board members for the first time in financial year 2018 and replaced the Group Share Plan, which previously acted as the Long Term Incentive. Target achievement is measured based on adjusted net income at Group level as well as the relative total shareholder return (TSR), each with a weighting of 50%. The target achievement for adjusted net income equals the average annual target achievement for the four financial years of the respective plan term. For the Performance Share Plan 2018 the target achievement average is relevant for 2018 to 2021. For financial year 2018, target achievement in relation to adjusted net income was 88%.

The relative TSR takes account of the share price development over the four-year performance period and is measured only at the end of the four-year performance period. If target achievement had been measured at the end of the first twelve months, it would have been 0%.

The final target achievement with regard to adjusted net income at Group level and TSR for the four-year performance period of the 2018 Performance Share Plan can therefore not be calculated until after the end of the final financial year of the four-year performance period.

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR FINANCIAL YEAR 2018 UNDER GAS 17

The following total compensation for Executive Board members in office in the financial year 2018 was determined under GAS 17: → Fig. 017

017 / COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR THE FINANCIAL YEAR 2018 IN ACCORDANCE WITH GAS 17 in EUR thousand

	Max Conze[5] Chairman of the Executive Board since 06/01/2018		Conrad Albert Deputy Chairman of the Executive Board and Group General Counsel since 10/01/2011		Dr. Jan Kemper[6] Group CFO and Executive Board Member Commerce until 03/31/2019		Sabine Eckhardt[7] Member of the Executive Board for Sales & Marketing until 04/30/2019		Jan David Frouman Executive Board Member Content Production & Global Sales until 02/28/2019	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Fixed compensation	857.5	–	1,100.0	725.0	980.0	379.2	810.0	510.0	855.0	555.0
Fringe benefits[1]	47.6	–	9.7	9.8	53.0	29.7	8.2	8.7	9.7	9.7
Total fixed compensation	**905.1**	**–**	**1,109.7**	**734.8**	**1,033.0**	**408.9**	**818.2**	**518.7**	**864.7**	**564.7**
Annual variable compensation	735.0	–	422.4	396.8	423.0	341.3	321.0	331.9	215.6	162.5
Multi-year variable compensation										
Mid-Term Incentive Plan (2016–2018)[2]	–	–	1,040.0	–	692.6	–	693.3	–	1,040.0	–
Group Share Plan (2017–2020)	–	–	–	800.0	–	800.0	–	800.0	–	800.0
Performance Share Plan (2018–2021)	857.5	–	1,100.0	–	980.0	–	810.0	–	810.0	–
Other[3]	3,000.0	–	73.0	–	–	2,000.0	–	–	–	–
Total variable compensation	**4,592.5**	**–**	**2,635.4**	**1,196.8**	**2,095.6**	**3,141.3**	**1,824.3**	**1,131.9**	**2,065.6**	**962.5**
Total compensation	**5,497.6**	**–**	**3,745.1**	**1,931.6**	**3,128.6**	**3,550.2**	**2,642.5**	**1,650.6**	**2,930.3**	**1,527.2**
Increase of pension obligation (DBO)	142.9	–	777.4	493.5	172.6	59.1	175.2	85.0	211.4	291.7
thereof entitlements from deferred compensation	–	–	358.2	352.3	–	–	–	–	-2.9	194.0
Amount of pension obligation (DBO)[4]	142.9	–	2,387.2	1,609.8	231.7	59.1	260.2	85.0	622.1	410.7
thereof entitlements from deferred compensation	–	–	1,172.6	814.4	–	–	–	–	235.3	238.2

	Thomas Ebeling[8] Group CEO until 02/22/2018		Christof Wahl[9] COO Entertainment until 07/31/2018		Dr. Gunnar Wiedenfels[10] Group CFO until 03/31/2017		Dr. Ralf Schremper[11] Chief Investment Officer – CIO until 07/31/2017		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Fixed compensation	166.7	1,000.0	297.5	510.0	–	127.5	–	297.5	5,066.7	4,104.2
Fringe benefits[1]	11.0	120.2	5.5	8.0	–	4.2	–	7.1	144.7	197.4
Total fixed compensation	**177.7**	**1,120.2**	**303.0**	**518.0**	**–**	**131.7**	**–**	**304.6**	**5,211.4**	**4,301.6**
Annual variable compensation	–	832.0	–	322.4	–	81.3	–	0.0	2,117.0	2,468.2
Multi-year variable compensation										
Mid-Term Incentive Plan (2016–2018)[2]	1,500.0	–	1,000.0	–	–	–	–	–	5,966.0	–
Group Share Plan (2017–2020)	–	–	–	800.0	–	–	–	–		4,000.0
Performance Share Plan (2018–2021)	–	–	–	–	–	–	–	–	4,557.5	–
Other[3]	–	–	–	–	–	–	–	–	3,073.0	2,000.0
Total variable compensation	**1,500.0**	**832.0**	**1,000.0**	**1,122.4**	**–**	**81.3**	**–**	**0.0**	**15,713.5**	**8,468.2**
Total compensation	**1,677.7**	**1,952.2**	**1,303.0**	**1,640.4**	**–**	**213.0**	**–**	**304.6**	**20,924.8**	**12,769.7**
Increase of pension obligation (DBO)	1,404.1	503.3	141.7	94.2	–	-139.2	–	187.2	3,025.3	1,574.8
thereof entitlements from deferred compensation	1,024.1	253.7	–	–	–	5.3	–	–	1,379.4	805.3
Amount of pension obligation (DBO)[4]	11,279.3	9,875.2	293.4	151.7	–	328.1	–	340.6	15,216.9	12,860.3
thereof entitlements from deferred compensation	9,009.0	7,984.9	–	–	–	328.1	–	–	10,416.9	9,365.6

[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. Max Conze's fringe benefits include additional benefits for the maintenance of two households and relocation costs. In Dr. Jan Kemper's case, they include additional benefits for the maintenance of two households.
[2] The Mid-Term Incentive Plan will be settled at 104% of the target bonus; the payment will be made in May 2019 in accordance with the terms and conditions of the plan.
[3] Max Conze receives a one-time sign-on bonus of EUR 3 million and is obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million. Conrad Albert receives one-time compensation for his special services in connection with the CEO transition phase in financial year 2018. In financial year 2017, Dr. Jan Kemper received 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 period under review.
5 Max Conze receives a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
6 Dr. Jan Kemper will leave the Executive Board as of March 31, 2019. The termination of his employment contract also takes effect on March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper receives a payment of EUR 423,000.
7 Sabine Eckhardt will leave the Executive Board as of April 30, 2019. The termination of her employment contract also takes effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt receives a payment of EUR 321,000.
8 Thomas Ebeling left the Executive Board effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relates to January to February 2018; in accordance with the termination agreement, the pension obligations relate to the period up to and including June 2019. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million.
9 Christof Wahl left the Executive Board effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relates to January to July 2018; in accordance with the termination agreement, the pension obligations relate to the period up to and including April 2019. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.0 million.
10 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 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.
11 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 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.

NOTES ON THE COMPENSATION OF DEPARTED OR DEPARTING EXECUTIVE BOARD MEMBERS

Thomas Ebeling left the Executive Board as of February 22, 2018. His employment contract, which would have been effective until June 30, 2019, also ended effective February 22, 2018. In accordance with the termination agreement, Thomas Ebeling's contractual compensation continued to be paid unchanged until the termination date. His compensation entitlements for the remaining term of the employment contract were 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 was granted up to and including February 2018 and a total of EUR 1.3 million paid as a severance payment for the remaining term of the employment contract (March 2018 to June 2019). The performance bonus was 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 was instead 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 was paid out as severance. The contractual remuneration of the pension agreement continued unchanged for the remaining term of the contract; pension contributions of EUR 266,666.67 were attributed to the period from March 2018 up to and including June 2019. Thomas Ebeling's multi-year compensation components were settled in cash following the termination date in accordance with the termination agreement, provided the plan term had 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 was paid off at the allocated amount of EUR 1.5 million with a plan term from 2016 to 2018. In accordance with his employment contract, Thomas Ebeling was 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, were settled normally. The PSUs allocated in 2015 and 2016 were settled at the allocated amount; the allocated amount was 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 assumed the continuation of the employment contract for the remaining term until June 2019. Accordingly, a settlement was only paid if the corresponding PSUs were to become vested by then. This gave 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 compensated Thomas Ebeling's handover work for a transitional period of three months after the termination date, in which he remained available to the Company to an appropriate extent for information and other handover and consulting tasks associated with his previous work. Furthermore, this also compensated Thomas Ebeling's post-contractual non-competition clause agreed for the period up to and including June 2019, so the Company did not have to pay a separate waiting allowance for this.

Christof Wahl stepped down from the Executive Board as of July 31, 2018. His employment contract, which would have had been effective until April 30, 2019, also ended effective July 31, 2018. In accordance with his termination agreement, Christof Wahl received a severance payment of EUR 2.6 million, which was made up of the following elements: fixed remuneration of EUR 382,500 for the months from August 2018 to April 2019, performance bonus of EUR 433,333 for the months from January 2018 to April 2019 (assuming 100% target achievement), and EUR 200,000 as compensation for the non-participation in the Long Term Incentive Plan for 2018, which were payable on the termination date. Christof Wahl's participation in the Mid-Term Incentive Plan was paid off at the allocated amount of EUR 1.0 million with a plan term from 2016 to 2018. Concerning the Group Share Plan, the termination agreement stipulates that Christof Wahl 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 April 30, 2019. Accordingly, the PSUs allocated under GSP 2016 were 75% vested on his departure, the PSUs allocated under GSP 2017 50%; a provision of EUR 474,712 was recognized for this. All PSUs that were not vested upon departure expired without compensation. For 2018, there was no further entitlement to allocation of PSUs under the Long Term Incentive Plan. In addition, Christof Wahl still received pension contributions of EUR 76,500 for August 2018 to April 2019, whereby for the purposes of the provisions of the pension agreement with regard to vesting Christof Wahl was treated as if the employment relationship had not ended until the regular end of the contract on April 30, 2019. It was also 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 July 31, 2018, to the end of April 30, 2019, and that the waiting allowance is settled by the severance payment.

Jan David Frouman will leave the Executive Board as of February 28, 2019. His employment contract, which has a term until February 28, 2019, will also end effective February 28, 2019, and will not be extended. Jan David Frouman is to receive no severance payment. The performance bonus for 2018 is calculated and paid out based on the actual targets achieved in accordance with the provisions contained in his employment contract. Jan David Frouman will receive a non-performance-based pro rata amount worth 2/12 of the target bonus for the performance bonus (EUR 66,667) as a performance bonus for 2019. The target bonus is based on the assumption that 100% of the target for the performance bonus has been achieved and a modifier of 1. The PSUs issued to Jan David Frouman under the Group Share Plan (GSP) in 2016 and 2017 and the PSUs issued from the Performance Share Plan (PSP) in 2018 will be vested at 75% (GSP 2016), 50% (GSP 2017) and 100% (PSP 2018) when he leaves the Company and will be settled as planned after the end of the respective four-year performance period. All PSUs that are not vested upon departure will expire without compensation. In accordance with his employment contract, Jan David Frouman will receive an allocation from the Performance Share Plan in financial year 2019, which will be vested at 2/12 upon his departure. All PSUs that are not vested upon departure will expire without compensation. The Mid-Term Incentive Plan will be settled at 104% of the MTI target bonus, i.e. EUR 1.04 million. In addition, the Company will waive the post-contractual non-competition clause, so Jan David Frouman will be owed a waiting allowance totaling EUR 0.3 million for the months of March and April 2019.

Dr. Jan Kemper will leave the Executive Board as of March 31, 2019. The termination of his employment contract, with a remaining term until May 31, 2020, also takes effect on March 31, 2019. According to the termination agreement, in addition to the regular fixed compensation up to and including March 2019, Dr. Jan Kemper receives further payments totaling EUR 3.5 million, which are made up as follows: The regular fixed compensation for the remaining term of the employment contract (April 2019 to May 2020) of EUR 1.1 million will be granted as severance payment. To satisfy his entitlement to the performance bonus for financial year 2018 Dr. Jan Kemper receives a payment of EUR 0.4 million. For the full year 2019 and pro rata temporis for the period up to and including May 2020, the performance bonus will be paid on the basis of assumed target achievement of 100% and a modifier of 1 as severance totaling EUR 0.7 million. In addition, Dr. Jan Kemper still receives pension contributions of EUR 228,667 for April 2019 to May 2020, whereby for the purposes of the provisions of the pension agreement with regard to vesting Dr. Jan Kemper is treated as if the employment relationship had not ended until the regular end of the contract on May 31, 2020. In respect to the multi-year compensation components of Dr. Jan Kemper, the following was agreed: Concerning the Group Share Plan, the termination agreement stipulates that Dr. Jan Kemper still participates 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 May 31, 2020. Accordingly, the PSUs allocated under GSP 2017 were 75% vested on his departure; a provision of EUR 97,295 was recognized for this. All PSUs that were not vested upon departure expire without compensation. In accordance with the employment contract, Dr. Jan Kemper is owed an annual allocation of PSUs worth EUR 1.0 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 are 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2019 – and pro rata temporis until the end of May 31, 2020 – the allocated amount is paid for 2020. With regard to the provisions on vesting, which provide for one twelfth vesting at the end of each month of the first year of the four-year performance period, the measurement of the PSUs assumes the continuation of the employment contract for the remaining term until May 2020. Accordingly, a settlement is only paid if the corresponding PSUs are to become vested by then. This gives a settlement amount totaling EUR 1.4 million for allocation entitlements of the years 2019 and 2020. The severance entitlement agreed in the employment contract of Dr. Jan Kemper in the Mid-Term Incentive Plan with a plan term from 2016 to 2018 at 104% of the MTI target bonus, i.e. EUR 0.7 million is not impacted by the termination agreement. It was also agreed that the post-contractual non-competition clause applies for one year for the period from the termination date at the end of March 31, 2019, and that the waiting allowance is settled by the severance payment.

Sabine Eckhardt will leave the Executive Board as of April 30, 2019. The termination of her employment contract, with a remaining term until December 31, 2019, also takes effect on April 30, 2019. According to the termination agreement, in addition to the regular fixed compensation up to and including April 2019, Sabine Eckhardt receives further payments totaling EUR 2.0 million, which are made up as follows: The regular fixed compensation will be granted up to and including April 2019 and for the remaining term of the employment contract (May 2019 to December 2019) of EUR 0.5 million is granted as severance payment. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt receives a payment of EUR 0.3 million. For the full year 2019, the performance bonus will be paid on the basis of assumed target achievement of 100% and a modifier of 1 as severance totaling EUR 0.4 million. In addition, Sabine Eckhardt still receives pension contributions of EUR 108,000 for May 2019 to December 2019, whereby for the purposes of the provisions of the pension agreement with regard to vesting Sabine Eckhardt was treated as if the employment relationship had not ended until the regular end of the contract on December 31, 2019. In respect to the multi-year compensation components of Sabine

Eckhardt the following was agreed: Concerning the Group Share Plan, the termination agreement stipulates that Sabine Eckhardt still participates 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, 2019. Accordingly, the PSUs allocated under GSP 2015 and 2016, which she has from work performed before she joined the Executive Board were 100% vested on her departure; a provision of EUR 9,464 was recognized for this. The PSUs allocated under GSP 2017, which she received in her function as member of the Executive Board, are 75% vested on her departure; a provision of EUR 97,295 was recognized for this. All PSUs that were not vested upon departure expire without compensation. In accordance with this employment contract, Sabine Eckhardt is owed an annual allocation of PSUs worth EUR 0.8 million, each with a four-year performance period, under the Performance Share Plan. The PSUs issued in 2018 are 100% vested and will be settled after the end of the four-year performance period. Instead of the outstanding allocation for 2019, the allocated amount is paid. With regard to the provisions on vesting, which provide for one twelfth vesting at the end of each month of the first year of the four-year performance period, the measurement of the PSUs assumes the continuation of the employment contract for the remaining term until December 2019. Accordingly, a settlement is only paid if the corresponding PSUs are to become vested by then. This gives a settlement amount totaling EUR 0.8 million for allocation entitlements for 2019. The severance entitlement agreed in the employment contract of Sabine Eckhardt in the Mid-Term Incentive Plan with a plan term from 2016 to 2018 at 104% of the MTI target bonus, i.e. EUR 0.7 million is not impacted by the termination agreement. It was also agreed that the

018 / ADDITIONAL DISCLOSURES ON SHARE-BASED PAYMENTS INSTRUMENTS

		Group Share Plan/Performance Share Plan[3]						
		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	Performance share units exercised in the financial year	Outstanding performance share units at the end of the financial year	Total cost for share-based payment[4]
		Number	Number	Fair value of the grant in EUR	Number	Number	Number	in EUR
	2018	**0**	**34,438**	**857,500**	**0**	**0**	**34,438**	**45,623**
Max Conze	2017	–	–	–	–	–	–	–
	2018	**95,639**	**44,177**	**1,100,000**	**0**	**25,658**	**114,158**	**-86,591**
Conrad Albert	2017	90,849	30,019	800,000	0	25,229	95,639	451,938
	2018	**30,019**	**39,358**	**980,000**	**0**	**0**	**69,377**	**63,343**
Dr. Jan Kemper	2017	0	30,019	800,000	0	0	30,019	382,556
	2018	**30,019**	**32,531**	**810,000**	**0**	**0**	**62,550**	**49,454**
Sabine Eckhardt[1]	2017	0	30,019	800,000	0	0	30,019	382,556
	2018	**53,577**	**32,531**	**810,000**	**0**	**0**	**86,108**	**119,065**
Jan David Frouman	2017	23,558	30,019	800,000	0	0	53,577	468,226
	2018	**82,024**	**0**	**0**	**49,952**	**32,072**	**0**	**86,717**
Thomas Ebeling[2]	2017	113,560	0	0	0	31,536	82,024	3,425
	2018	**77,577**	**0**	**0**	**26,897**	**0**	**50,680**	**-252,937**
Christof Wahl[2]	2017	47,558	30,019	800,000	0	0	77,577	555,506
	2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dr. Gunnar Wiedenfels[1]	2017	39,962	0	0	25,870	14,092	0	38,303
	2018	–	–	–	–	–	–	–
Dr. Ralf Schremper[1]	2017	39,962	0	0	15,879	0	24,083	-11,643
	2018	**368,855**	**183,035**	**4,557,500**	**76,849**	**57,730**	**417,311**	**24,673**
Total	2017	355,449	150,095	4,000,000	41,749	70,857	392,938	2,270,867

[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. Dr. Gunnar Wiedenfels left the Executive Board effective March 31, 2017 and Dr. Ralf Schremper effective July 31, 2017. Information on share-based payment instruments in their case can be found in the chapter regarding total compensation of former members of the Executive Board.

[2] Thomas Ebeling left the Executive Board as of February 22, 2018, and Christof Wahl as of July 31, 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".

[3] Nominal amounts of PSUs when granted. PSUs from the Group Share Plan were granted for the last time in financial year 2017; in financial year 2018, they were granted under the new Performance Share Plan.

[4] The total cost in the financial year 2018 includes an adjustment of the conversion factor for the performance share units granted (86%) for the Group Share Plan 2015 and was measured as of December 31, 2018. No adjustments were made due to anti-dilution protection or an individual increase by the Supervisory Board. The total cost in the financial year 2017 includes an adjustment of the conversion factor for the performance share units granted (100%) for the Group Share Plan 2014 and was measured as of December 31, 2017. The total cost for Conrad Albert and Christof Wahl is negative due to declines in the share price in financial year 2018; the total cost for Dr. Ralf Schremper is negative due to declines in the share price in financial year 2017.

post-contractual non-competition clause applies not for one year but for the period from the termination date at the end of April 30, 2019, to the end of December 31, 2019, and that the waiting allowance is settled by the severance payment.

Additional disclosures on share-based payment instruments (Group Share Plan and Performance 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 2018: → Fig. 018

In the financial year 2018, 57,730 performance share units from the Group Share Plan were exercised and 76,849 performance share units from the Group Share Plan expired. For more information on the performance share units granted for the financial year 2018 from the Performance Share Plan, please refer to → Note 33 in the Note "Share-based payments".

Further information on shares in the Company held by the Executive Board can be found in the → Corporate Governance Report on page 41.

Other compensation components
The Company has granted neither loans nor provided guarantees or warranties to the members of the Executive Board. Conrad Albert receives one-time compensation of EUR 73,000 for his special services in connection with the CEO transition phase in financial year 2018.

COMPENSATION OF EXECUTIVE BOARD MEMBERS FOR THE FINANCIAL YEAR 2018 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 2018, including fringe benefits and the minimum and maximum compensation achievable in the financial year 2018 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. 019–027

019 / BENEFITS GRANTED in EUR thousand

	Max Conze Chairman of the Executive Board since 06/01/2018			
	2018	**2018 (min.)**	**2018 (max.)**	**2017**
Fixed compensation	857.5	857.5	857.5	–
Fringe benefits[1]	47.6	47.6	47.6	–
Total fixed compensation	**905.1**	**905.1**	**905.1**	**–**
Annual variable compensation[2]	735.0	735.0	735.0	–
Multi-year variable compensation				
Performance Share Plan (2018–2021)	857.5	0.0	1,715.0	–
Other[3]	3,000.0	3,000.0	3,000.0	–
Total variable compensation	**4,592.5**	**3,735.0**	**5,450.0**	**–**
Pension cost[4]	142.9	142.9	142.9	–
Total compensation (GCGC)	**5,640.5**	**4,783.0**	**6,498.0**	**–**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). Max Conze's fringe benefits include additional benefits for the maintenance of two households and relocation costs.
[2] Max Conze receives a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
[3] Max Conze receives a one-time sign-on bonus of EUR 3 million and is obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million.
[4] Pension cost comprises service cost in accordance with IAS 19. In the case of Max Conze, this comprises past service costs for 2018 as a result of pension commitments granted during the year.

020 / BENEFITS GRANTED in EUR thousand

	Conrad Albert Deputy Chairman of the Executive Board and Group General Counsel – since 10/01/2011			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	1,100.0	1,100.0	1,100.0	725.0
Fringe benefits[1]	9.7	9.7	9.7	9.8
Total fixed compensation	**1,109.7**	**1,109.7**	**1,109.7**	**734.8**
Annual variable compensation	550.0	0.0	1,100.0	400.0
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)[2]	373.4	373.4	373.4	333.3
Group Share Plan (2017-2020)	–	–	–	800.0
Performance Share Plan (2018-2021)	1,100.0	0.0	2,200.0	–
Other[3]	73.0	73.0	73.0	–
Total variable compensation	**2,096.4**	**446.4**	**3,746.4**	**1,533.3**
Pension cost[4]	129.7	129.7	129.7	127.0
Total compensation (GCGC)	**3,335.8**	**1,685.8**	**4,985.8**	**2,395.1**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). / [2] The Mid-Term Incentive Plan will be settled at 104% of the target bonus, i.e. EUR 1.04 million; the payment will be made in May 2019 in accordance with the terms and conditions of the plan. / [3] Conrad Albert receives one-time compensation for his special services in connection with the CEO transition phase in financial year 2018. / [4] Pension cost comprises service cost in accordance with IAS 19.

021 / BENEFITS GRANTED in EUR thousand

	Dr. Jan Kemper Group CFO and Executive Board Member Commerce – until 03/31/2019			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	980.0	980.0	980.0	379.2
Fringe benefits[1]	53.0	53.0	53.0	29.7
Total fixed compensation	**1,033.0**	**1,033.0**	**1,033.0**	**408.9**
Annual variable compensation[2]	423.0	423.0	423.0	379.2
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)[3]	359.6	359.6	359.6	333.0
Group Share Plan (2017-2020)	–	–	–	800.0
Performance Share Plan (2018-2021)	980.0	0.0	1,960.0	–
Other[4]	–	–	–	2,000.0
Total variable compensation	**1,762.6**	**782.6**	**2,742.6**	**3,512.2**
Pension cost[5]	103.4	103.4	103.4	59.1
Total compensation (GCGC)	**2,899.0**	**1,919.0**	**3,879.0**	**3,980.1**

[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 will leave the Executive Board as of March 31, 2019. The termination of his employment contract also takes effect on March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper receives a payment of EUR 423,000. / [3] The Mid-Term Incentive Plan will be settled at 104% of the target bonus, i.e. EUR 0.7 million; the payment will be made in May 2019 in accordance with the terms and conditions of the plan. / [4] In financial year 2017, Dr. Jan Kemper received a compensation payment for forfeited entitlements from the stock option program of his previous employer. / [5] 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.

022 / BENEFITS GRANTED in EUR thousand

	Sabine Eckhardt Member of the Executive Board for Sales & Marketing – until 04/30/2019			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	810.0	810.0	810.0	510.0
Fringe benefits[1]	8.2	8.2	8.2	8.7
Total fixed compensation	**818.2**	**818.2**	**818.2**	**518.7**
Annual variable compensation[2]	321.0	321.0	321.0	375.0
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)[3]	360.0	360.0	360.0	333.3
Group Share Plan (2017-2020)	–	–	–	800.0
Performance Share Plan (2018-2021)	810.0	0.0	1,620.0	–
Total variable compensation	**1,491.0**	**681.0**	**2,301.0**	**1,508.3**
Pension cost[4]	86.8	86.8	86.8	85.0
Total compensation (GCGC)	**2,396.0**	**1,586.0**	**3,206.0**	**2,112.0**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). / [2] Sabine Eckhardt will leave the Executive Board as of April 30, 2019. The termination of her employment contract also takes effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt receives a payment of EUR 321,000. / [3] The Mid-Term Incentive Plan will be settled at 104% of the target bonus, i.e. EUR 0.7 million; the payment will be made in May 2019 in accordance with the terms and conditions of the plan. / [4] 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.

023 / BENEFITS GRANTED in EUR thousand

	Jan David Frouman Executive Board Member Content Production & Global Sales until 02/28/2019			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	855.0	855.0	855.0	555.0
Fringe benefits[1]	9.7	9.7	9.7	9.7
Total fixed compensation	**864.7**	**864.7**	**864.7**	**564.7**
Annual variable compensation	400.0	0.0	800.0	325.0
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)[2]	373.4	373.4	373.4	333.3
Group Share Plan (2017-2020)	–	–	–	800.0
Performance Share Plan (2018-2021)	810.0	0.0	1,620.0	–
Total variable compensation	**1,583.4**	**373.4**	**2,793.4**	**1,458.3**
Pension cost[3]	96.0	96.0	96.0	91.6
Total compensation (GCGC)	**2,544.1**	**1,334.1**	**3,754.1**	**2,114.6**

[1] Includes lease payments for use of company car and insurance premiums (excluding D&O). / [2] The Mid-Term Incentive Plan will be settled at 104% of the target bonus, i.e. EUR 1.04 million; the payment will be made in May 2019 in accordance with the terms and conditions of the plan. / [3] Pension cost comprises service cost in accordance with IAS 19.

024 / BENEFITS GRANTED in EUR thousand

	Thomas Ebeling[1] Group CEO – until 02/22/2018			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	166.7	166.7	166.7	1,000.0
Fringe benefits[2]	11.0	11.0	11.0	120.2
Total fixed compensation	**177.7**	**177.7**	**177.7**	**1,120.2**
Annual variable compensation	–	–	–	1,000.0
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)	500.0	0.0	1,250.0	500.0
Group Share Plan (2017-2020)	–	–	–	–
Performance Share Plan (2018-2021)	–	–	–	–
Total variable compensation	**500.0**	**0.0**	**1,250.0**	**1,500.0**
Pension cost[3]	213.0	213.0	213.0	209.2
Total compensation (GCGC)	**890.7**	**390.7**	**1,640.7**	**2,829.4**

[1] Thomas Ebeling left the Executive Board effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relates to January to February 2018; the pension cost relates to the financial year 2018 as a whole. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.5 million. / [2] 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. / [3] Pension cost comprises service cost in accordance with IAS 19.

025 / BENEFITS GRANTED in EUR thousand

	Christof Wahl[1] COO Entertainment – until 07/31/2018			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	297.5	297.5	297.5	510.0
Fringe benefits[2]	5.5	5.5	5.5	8.0
Total fixed compensation	**303.0**	**303.0**	**303.0**	**518.0**
Annual variable compensation	–	–	–	325.0
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)	333.3	0.0	833.3	333.3
Group Share Plan (2017-2020)	–	–	–	800.0
Performance Share Plan (2018-2021)	–	–	–	–
Total variable compensation	**333.3**	**0.0**	**833.3**	**1,458.3**
Pension cost[3]	92.9	92.9	92.9	88.0
Total compensation (GCGC)	**729.2**	**395.9**	**1,229.2**	**2,064.3**

[1] Christof Wahl left the Executive Board effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relates to January to July 2018; the pension cost relates to the financial year 2018 as a whole. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment. The Mid-Term Incentive Plan was settled prematurely for the plan years 2016 to 2018 via a payment equal to the target value, i.e. EUR 1.0 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.

026 / BENEFITS GRANTED in EUR thousand

	Dr. Gunnar Wiedenfels[1] Group CFO – until 03/31/2017			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	–	–	–	127.5
Fringe benefits[2]	–	–	–	4.2
Total fixed compensation	**–**	**–**	**–**	**131.7**
Annual variable compensation	–	–	–	81.3
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)	–	–	–	–
Group Share Plan (2017-2020)	–	–	–	–
Performance Share Plan (2018-2021)	–	–	–	–
Total variable compensation	**–**	**–**	**–**	**81.3**
Pension cost[3]	–	–	–	84.2
Total compensation (GCGC)	**–**	**–**	**–**	**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.

027 / BENEFITS GRANTED in EUR thousand

	Dr. Ralf Schremper[1] Chief Investment Officer – CIO – until 07/31/2017			
	2018	2018 (min.)	2018 (max.)	2017
Fixed compensation	–	–	–	297.5
Fringe benefits[2]	–	–	–	7.1
Total fixed compensation	**–**	**–**	**–**	**304.6**
Annual variable compensation	–	–	–	0.0
Multi-year variable compensation				
Mid-Term Incentive Plan (2016-2018)	–	–	–	333.3
Group Share Plan (2017-2020)	–	–	–	–
Performance Share Plan (2018-2021)	–	–	–	–
Total variable compensation	**–**	**–**	**–**	**333.3**
Pension cost[3]	–	–	–	89.4
Total compensation (GCGC)	**–**	**–**	**–**	**727.4**

[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.

For information on the termination agreements of Thomas Ebeling, Christof Wahl, Dr. Jan Kemper and Sabine Eckhardt as well as on the departure of Jan David Frouman, please refer to → "Notes on the Compensation of Departed or Departing Executive Board Members", page 61.

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.

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. For information relating to departed respectively departing Executive Board members please refer to → "Notes on the Compensation of Departed or Departing Executive Board Members", page 61.

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. → Fig. 028 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.

028 / WAITING ALLOWANCE in EUR thousand

	Duration of the contract	Net present value of the waiting allowance[1]
Max Conze	05/31/2021	3,094.7
Conrad Albert	04/30/2021	2,028.1
Total		**5,122.8**

[1] The following discount rates according to IAS 19 were used for this calculation: Max Conze 0.74% and Conrad Albert 0.72%.

TOTAL COMPENSATION OF FORMER EXECUTIVE BOARD MEMBERS

Total compensation of EUR 14.5 million was paid to former members of the Executive Board in the financial year 2018 (previous year: EUR 4.7 million). This includes the payment of 109,046 performance share units from the Group Share Plan 2014 amounting to EUR 2.5 million (previous year: EUR 2.6 million), the severance payment for Thomas Ebeling of EUR 6.9 million payable on the termination date (February 22, 2018), and the severance payment for Christof Wahl of EUR 2.0 million payable on the termination date (July 31, 2018). In accordance with the termination agreement, a provision of EUR 0.5 million was recognized for Christof Wahl's participation in the Group Share Plan. In addition, Christof Wahl still received pension contributions of EUR 0.1 million and Thomas Ebeling of EUR 0.3 million. In addition, pension benefits of EUR 2.3 million (previous year: EUR 0.4 million) were paid to former Executive Board members. As of December 31, 2018, pension provisions for former members of the Executive Board in accordance with IFRS amounted to EUR 12.8 million (previous year: EUR 14.4 million). The provisions for Thomas Ebeling and Christof Wahl are shown in the table on total compensation of the Executive Board under GAS 17.

PROVISIONS FOR PENSIONS

In the financial year 2018, there were additions to pension provisions for active and former Executive Board members in accordance with IFRS. These amounted to EUR 0.8 million in total (previous year: EUR 1.5 million). EUR 0.7 million of this amount is attributable to current service costs (previous year: EUR 0.7 million), while EUR 0.5 million is attributable to interest expenses (previous year: EUR 0.5 million). EUR 0.5 million of this amount is attributable to actuarial losses (previous year: actuarial gains of EUR 0.04 million) while minus EUR 2.3 million is attributable to pension payments (previous year:

029 / RECEIPT in EUR thousand

	Max Conze[8] Chairman of the Executive Board since 06/01/2018		Conrad Albert Deputy Chairman of the Executive Board and Group General Counsel since 10/01/2011		Dr. Jan Kemper[9] Group CFO and Executive Board Member Commerce until 03/31/2019		Sabine Eckhardt[10] Member of the Executive Board for Sales & Marketing until 04/30/2019	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed compensation	857.5	–	1,100.0	725.0	980.0	379.2	810.0	510.0
Fringe benefits[1]	47.6	–	9.7	9.8	53.0	29.7	8.2	8.7
Total fixed compensation	**905.1**	**–**	**1,109.7**	**734.8**	**1,033.0**	**408.9**	**818.2**	**518.7**
Annual variable compensation	735.0	–	422.4	396.8	423.0	341.3	321.0	331.9
Multi-year variable compensation[2]								
Mid-Term Incentive Plan (2016-2018)[3]	–	–	1,040.0	–	692.6	–	693.3	–
Group Share Plan (2013-2016)[4]	–	–	–	1,048.3	–	–	–	–
Group Share Plan (2014-2017)[5]	–	–	774.9	–	–	–	–	–
Group Share Plan (2015-2018)	–	–	–	–	–	–	–	–
Group Share Plan (2016-2019)	–	–	–	–	–	–	–	–
Other[6]	3,000.0	–	73.0	–	–	2,000.0	–	–
Total variable compensation	**3,735.0**	**–**	**2,310.3**	**1,445.1**	**1,115.6**	**2,341.3**	**1,014.3**	**331.9**
Pension cost[7]	142.9	–	129.7	127.0	103.4	59.1	86.8	85.0
Total compensation (GCGC)	**4,783.0**	**–**	**3,549.7**	**2,306.9**	**2,252.0**	**2,809.3**	**1,919.3**	**935.6**

	Jan David Frouman Executive Board Member Content Production & Global Sales until 02/28/2019		Thomas Ebeling[11] Group CEO until 02/22/2018		Christof Wahl[12] COO Entertainment until 07/31/2018		Dr. Gunnar Wiedenfels[13] Group CFO until 03/31/2017		Dr. Ralf Schremper[14] Chief Investment Officer – CIO until 07/31/2017	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Fixed compensation	855.0	555.0	166.7	1,000.0	297.5	510.0	–	127.5	–	297.5
Fringe benefits[1]	9.7	9.7	11.0	120.2	5.5	8.0	–	4.2	–	7.1
Total fixed compensation	**864.7**	**564.7**	**177.7**	**1,120.2**	**303.0**	**518.0**	**–**	**131.7**	**–**	**304.6**
Annual variable compensation	215.6	162.5	–	832.0	–	322.4	–	81.3	–	0.0
Multi-year variable compensation[2]										
Mid-Term Incentive Plan (2016-2018)[3]	1,040.0	–	–	–	–	–	–	–	–	–
Group Share Plan (2013-2016)[4]	–	–	–	1,310.4	–	–	–	–	–	–
Group Share Plan (2014-2017)[5]	–	–	–	–	–	–	–	–	–	–
Group Share Plan (2015-2018)	–	–	–	–	–	–	–	319.9	–	–
Group Share Plan (2016-2019)	–	–	–	–	–	–	–	200.0	–	–
Other[6]	–	–	–	–	–	–	–	–	–	–
Total variable compensation	**1,255.6**	**162.5**	**0.0**	**2,142.4**	**0.0**	**322.4**	**–**	**601.2**	**–**	**0.0**
Pension cost[7]	96.0	91.6	213.0	209.2	92.9	88.0	–	84.2	–	89.4
Total compensation (GCGC)	**2,216.3**	**818.8**	**390.7**	**3,471.8**	**395.9**	**928.4**	**–**	**817.1**	**–**	**394.0**

[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. Max Conze's fringe benefits include additional benefits for the maintenance of two households and relocation costs. 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 years 2017 and 2018 due to rights from the period before commencing their work as Executive Board members.
[3] The Mid-Term Incentive Plan will be settled at 104% of the target bonus; the payment will be made in May 2019 in accordance with the terms and conditions of the plan.
[4] The payment for the Group Share Plan 2013 includes an adjustment of the conversion factor for the performance share units granted (108%) 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] The payment for the Group Share Plan 2014 includes an adjustment of the conversion factor for the performance share units granted (100%) 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.
[6] Max Conze receives a one-time sign-on bonus of EUR 3 million and is obliged to use the net amount of the sign-on bonus, less the statutory deductions, to acquire shares in the Company worth EUR 1.5 million. Conrad Albert receives one-time compensation for his special services in connection with the CEO transition phase in financial year 2018. In financial year 2017, Dr. Jan Kemper received a compensation payment for forfeited entitlements from the stock option program of his previous employer.

[7] Pension cost comprises service cost in accordance with IAS 19. In the case of Sabine Eckhardt and Dr. Jan Kemper for 2017 and Max Conze for 2018, this comprises past service costs as a result of pension commitments granted during the year.
[8] Max Conze receives a pro rata, non-performance-based amount of EUR 735,000 as annual variable compensation for financial year 2018.
[9] Dr. Jan Kemper will leave the Executive Board as of March 31, 2019. The termination of his employment contract also takes effect on March 31, 2019. To satisfy his entitlement to the performance bonus for financial year 2018, Dr. Jan Kemper receives a payment of EUR 423,000.
[10] Sabine Eckhardt will leave the Executive Board as of April 30, 2019. The termination of her employment contract also takes effect on April 30, 2019. To satisfy her entitlement to the performance bonus for financial year 2018, Sabine Eckhardt receives a payment of EUR 321,000.
[11] Thomas Ebeling left the Executive Board effective February 22, 2018; his employment contract ended effective February 22, 2018. The fixed and annual variable compensation shown relates to January to February 2018; the pension cost relates to the financial year 2018 as a whole. Thomas Ebeling's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment.
[12] Christof Wahl left the Executive Board effective July 31, 2018; his employment contract ended effective July 31, 2018. The fixed and annual variable compensation shown relates to January to July 2018; the pension cost relates to the financial year 2018 as a whole. Christof Wahl's entitlement to the annual variable compensation (performance bonus) for financial year 2018 was satisfied in full with the severance payment.
[13] 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.
[14] 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.

minus EUR 0.4 million). Furthermore, deferred compensation in the amount of EUR 1.2 million (previous year: EUR 0.6 million) has been made in the past financial year. As of December 31, 2018, pension provisions for active and former Executive Board members totaled EUR 28.0 million (previous year: EUR 27.2 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 Media SE 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 41.

The Supervisory Board members received the following compensation for the financial year 2018: → Fig. 030

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.

Compensation or benefits for services rendered in person, in particular for advisory and agency services, were not granted to Supervisory Board members in the 2018 financial year, with the exception mentioned below. In the fourth quarter of 2018, Erik Adrianus Hubertus Huggers worked as a consultant for 7TV Joint Venture GmbH, Munich ("7TV"). In this period, 7TV Joint Venture GmbH received consultancy services amounting to EUR 150,000 on a contractual basis from Erik Adrianus Hubertus Huggers. The contractual agreement was concluded for the fourth quarter of 2018 and ended on December 31, 2018. The Company has granted no loans to members of the Supervisory Board.

030 / COMPENSATION PAID TO THE SUPERVISORY BOARD FOR THE FINANCIAL YEAR 2018 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	**2018**	**250.0**	**30.0**	**0.0**	**30.0**	**81.0**	**391.0**
	2017	250.0	30.0	0.0	30.0	48.0	358.0
Dr. Marion Helmes Vice Chairwoman	**2018**	**150.0**	**30.0**	**7.5**	**7.5**	**52.0**	**247.0**
	2017	150.0	30.0	7.5	7.5	38.0	233.0
Lawrence A. Aidem	**2018**	**100.0**	**7.5**	**0.0**	**0.0**	**36.0**	**143.5**
	2017	100.0	7.5	0.0	0.0	26.0	133.5
Antoinette (Annet) P. Aris[1]	**2018**	**37.7**	**0.0**	**2.8**	**2.8**	**22.0**	**65.3**
	2017	100.0	0.0	7.5	7.5	32.0	147.0
Adam Cahan	**2018**	**100.0**	**0.0**	**0.0**	**0.0**	**26.0**	**126.0**
	2017	100.0	0.0	0.0	0.0	22.0	122.0
Angelika Gifford	**2018**	**100.0**	**0.0**	**4.7**	**7.5**	**44.0**	**156.2**
	2017	100.0	0.0	0.0	7.5	24.0	131.5
Erik Adrianus Hubertus Huggers	**2018**	**100.0**	**0.0**	**0.0**	**0.0**	**28.0**	**128.0**
	2017	100.0	0.0	0.0	0.0	22.0	122.0
Marjorie Kaplan[2]	**2018**	**62.7**	**0.0**	**0.0**	**0.0**	**18.0**	**80.7**
	2017	0.0	0.0	0.0	0.0	0.0	0.0
Ketan Mehta	**2018**	**100.0**	**7.5**	**0.0**	**0.0**	**38.0**	**145.5**
	2017	100.0	7.5	0.0	0.0	28.0	135.5
Prof. Dr. Rolf Nonnenmacher	**2018**	**100.0**	**0.0**	**50.0**	**4.7**	**52.0**	**206.7**
	2017	100.0	0.0	50.0	0.0	38.0	188.0
Total	**2018**	**1,100.4**	**75.0**	**65.0**	**52.5**	**397.0**	**1,689.9**
	2017	1,100.0	75.0	65.0	52.5	278.0	1,570.5

[1] Member of the Supervisory Board until May 16, 2018.
[2] Member of the Supervisory Board since May 16, 2018.

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) or Section 2 (11) of the German Securities Trading Act, 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, 2018, 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 79

As of December 31, 2018, the total number of treasury shares held by the Company was 6,919,513; this corresponds to 3.0% of the share capital. → Analysis of Assets and Capital Structure, page 117

RESTRICTIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES, SHAREHOLDINGS THAT EXCEED 10% OF THE VOTING RIGHTS

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).

On the basis of the voting rights notifications according to Sections 33 and 34 of the German Securities Trading Act (WpHG) received by the Company by December 31, 2018, there are no investments in the Company that exceed 10% of the voting rights.

SHARES WITH SPECIAL RIGHTS THAT CONFER CONTROLLING POWERS AND VOTING CONTROL IF EMPLOYEES HOLD A CAPITAL SHARE

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

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

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).

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

AMENDMENTS OF THE ARTICLES OF INCORPORATION

The Annual General Meeting must decide on changes to the articles of incorporation (Article 59 (1) SE Regulation). In the case of 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. On the basis of this authorization, in November 2018 the Company launched a buyback program for its own shares amounting to EUR 250 million and with a total term of 12 to 24 months. The first tranche for the period from November 9, 2018, to January 17, 2019, amounted to a total volume of up to EUR 50 million and up to 4 million treasury shares. In the first tranche, a total of 2,906,226 treasury shares were purchased via the stock exchange up to and including December 31, 2018, which equates to around 1.25% of the Company's share capital. The buyback is therefore completed. Including the treasury shares already held by the Company before this buyback, the Company's treasury shares numbered 6,919,513 as of December 31, 2018, which equates to 3.0% of the share capital.

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, 2018, 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 113

- 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 113

- 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 50

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 MEDIA SE SHARE[1]

DEVELOPMENT OF STOCK MARKETS

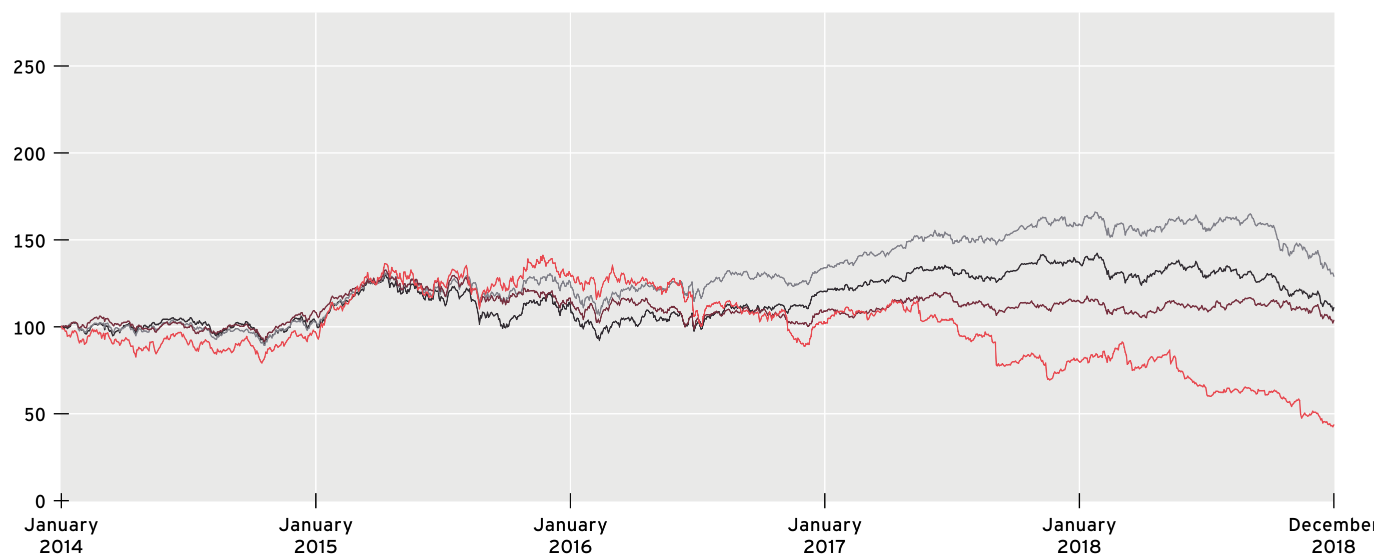
The 2018 trading year was characterized by high volatility. It was a patchy year for investments, due in particular to the geopolitical uncertainties caused by the trade conflict between the USA and China, the concern about the UK exiting the European Union without a deal and the threat of a debt crisis in Italy. Against this back-drop, the German leading index, the DAX, closed the 2018 trading year at 10,559 points, representing a decrease of 18%. The DAX peaked in January at 13,560 points. The MDAX developed virtually in parallel: It closed at 21,588 points, down 18% against the final trading day of 2017. The relevant sector index for European media stocks, the EURO STOXX Media, closed at 209 points, representing a decrease of 9%. → Economic Development, page 98

PROSIEBENSAT.1 MEDIA SE ON THE CAPITAL MARKET

The ProSiebenSat.1 Media SE share (ISIN: DE000PSM7770; WKN: PSM777) ended the year 2018 at EUR 15.55 and was thus below the level (–46%) achieved on the last day of trading in 2017 (December 29, 2017: EUR 28.71). At the end of 2018, the weighting in the MDAX was 1.7%. → Fig. 031

In particular, the lower valuation of the entire European media sector influenced the performance of the ProSiebenSat.1 Group share in 2018. Due to changing media usage and the general uncertainty regarding the TV advertising business, some analysts regarded the stock more critically than in the previous year. → Group Environment, page 98

031 / **PRICE PERFORMANCE OF THE PROSIEBENSAT.1 MEDIA SE SHARE**



— ProSiebenSat.1 — Euro Stoxx Media — MDAX — DAX / Basis: Xetra closing quotes, an index of 100 = last trading day 2013; Source: Reuters.

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

Although the ProSiebenSat.1 Media SE share performed well in the first two months of 2018, it was characterized by a significant downward trend from the start of March onwards. On March 6, Deutsche Börse AG announced that it would be replacing the ProSiebenSat.1 Media SE share with Covestro AG with effect from March 19 and consequently removing it from the leading index, the DAX. The associated adjustments in index funds influenced the share's price performance and trading volume. In addition, the short attack by the Viceroy Research Group took effect on the same day and resulted in a substantial decline in the share price. ProSiebenSat.1 Group responded in detail to the allegations published in Viceroy Research's report and rejected the note as false and misleading. The Munich public prosecution department has opened preliminary investigations on suspicion of market manipulation and the German financial supervisory authority BaFin is also examining whether this is a case of illegal market manipulation.

i Deutsche Börse AG regularly reviews the composition of the stock market indices every September on the basis of the quantitative criteria of market capitalization and liquidity. Four times a year, there is also the chance of a fast entry or exit if certain rankings in terms of these criteria are achieved or not achieved. One of these review dates was March 5, 2018. On this date, Covestro AG was ranked 25 among the largest stocks listed on the German stock exchange in terms of both the criteria of market capitalization and liquidity and was therefore added to the DAX. ProSiebenSat.1 Media SE was the weakest stock in terms of market capitalization on this date and was removed from the DAX with effect as of March 19, 2018, and is now represented on the MDAX.

On May 9, 2018, ProSiebenSat.1 Group published its figures for the first quarter. The announced shift of earnings contributions into the fourth quarter was a factor which led to reluctance on the capital market. The ex-dividend of EUR 1.93 on May 16, 2018, also had a negative impact on the share price performance.

At the start of November, ProSiebenSat.1 Group adjusted the financial outlook for full-year 2018, announced an investment program for the next approximately five years, and said that it would reduce the pay-out ratio to 50% of adjusted net income from 2019. This, along with the publication of the financial figures for the third quarter, resulted in further price losses. In contrast, the stock received some slight support from the strategy update presented on Capital Markets Day (CMD) on November 14, 2018, and the announcement of a share buyback program of up to EUR 250 million with a term of 12 to 24 months. The buyback program started on November 9 and until its conclusion on December 11 comprised 6 tranches with a total volume of EUR 50 million. → Analysis of Assets and Capital Structure, page 117

At the end of the period under review, a total of 21 brokerage firms and financial institutions actively analyzed the ProSiebenSat.1 Media SE share and published research reports. At the end of 2018, 29% of

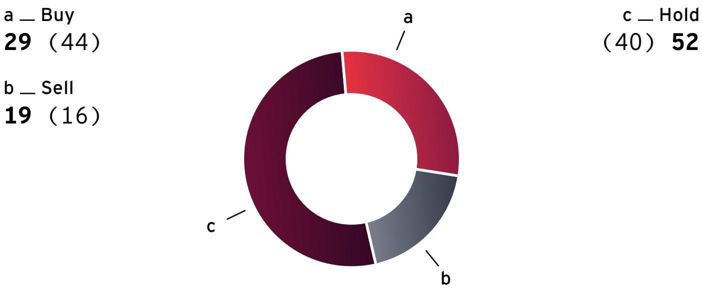
032 / KEY FIGURES FOR THE PROSIEBENSAT.1 MEDIA SE SHARE[1]

		2018	2017	2016	2015	2014
Share capital at closing date	EUR	233,000,000	233,000,000	233,000,000	218,797,200	218,797,200
Number of shares as of closing date	Shares	233,000,000[2]	233,000,000[2]	233,000,000[2]	218,797,200[2]	218,797,200[2]
Free float market capitalization at end of financial year (according to Deutsche Börse)	EUR m	3,734	6,502	8,149	10,214	7,271
Close at end of financial year (XETRA)	EUR	15.55	28.71	36.61	46.77	34.83
High (XETRA)	EUR	32.78	41.51	48.66	50.70	35.55
Low (XETRA)	EUR	15.16	24.28	31.80	33.31	28.35
Dividend per entitled share	EUR	-/-[3]	1.93	1.90	1.80	1.60
Total dividend	EUR m	-/-[3]	442	435	386	341.9
Adjusted earnings per share (from continuing operations)	EUR	2.36	2.40[4]	2.47[4]	2.18[5]	1.96[5]
Adjusted net income[6]	EUR m	541	550	536	466	419
Weighted average number of shares issued	Shares	228,702,815	228,854,304	216,755,645	213,776,180	213,315,036
Dividend yield per share on basis of closing price	Percent	-/-[3]	6.7	5.2	3.8	4.6
Total XETRA trading volume	Million shares	357.4	348.0	231.2	158.9	179.9

[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 Media SE 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 138.
[4] For the financial year 2017, 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 reporting and accounting policies is contained in the Strategy and Management System section of the Annual Report.
[5] The calculation is based on underlying net income from continuing operations.
[6] Underlying net income renamed as adjusted net income since January 1, 2017.

analysts recommended the ProSiebenSat.1 Media SE share as a buy, while 52% were in favor of holding the share and 19% issued a sell recommendation. The analysts' median price target was EUR 21. → Fig. 033

033 / **ANALYSTS' RECOMMENDATIONS** in %



As of December 31, 2018.

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2017

The Annual General Meeting of ProSiebenSat.1 Media SE for the financial year 2017 took place on May 16, 2018. Around 870 participants attended the Annual General Meeting. Attendance was approximately 64% of share capital.

The shareholders resolved on a dividend payment of EUR 1.93 per dividend entitled share for the financial year 2017 (previous year: EUR 1.90). The total dividend pay-out amounts to approximately EUR 442 million, resulting in a pay-out ratio of 80.3% of adjusted net income. The dividend was paid on May 22, 2018. In addition, the Annual General Meeting approved the new remuneration system for Executive Board members by a clear majority. Another item on the agenda was the supplementary Supervisory Board elections. The shareholders elected Marjorie Kaplan, a self-employed entrepreneur and member of the Supervisory Board of The Grierson Trust, to the Supervisory Board of ProSiebenSat.1 Media SE. Marjorie Kaplan is taking over from Antoinette (Annet) P. Aris, who resigned with effect from the end of the Annual General Meeting. The Annual General Meeting also granted discharge to the Executive Board and Supervisory Board for the financial year 2017.

The designated CEO Max Conze appeared before the shareholders for the first time at the Annual General Meeting in order to introduce himself. Max Conze officially assumed the role of Chairman of the Executive Board of ProSiebenSat.1 Group as of June 1. He followed Thomas Ebeling, who had left the Group on February 22. → Analysis of Liquidity and Capital Expenditure, page 114 → Report of the Supervisory Board, page 31

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA SE

The shareholder structure is relatively unchanged compared to December 31, 2017. The shares are mostly held by institutional investors in the US, the UK and Germany. 23.2% of the shares are held by private shareholders. In total, 97.0% were held in free float as of December 31, 2018 (December 31, 2017: 98.3%). The remaining 3.0% are held by the Group (December 31, 2017: 1.7%).

COMBINED MANAGEMENT REPORT

ORGANIZATION AND GROUP STRUCTURE

BUSINESS ACTIVITIES AND SEGMENTS

Corporate Profile and Market Position

ProSiebenSat.1 Group is one of the most successful and most diversified media companies in Europe. Advertising-financed free TV is ProSiebenSat.1 Group's core business. Here, the Group is a leading player on the German TV market. At the same time, ProSiebenSat.1 Group is one of Germany's leading video marketers on the Internet and one of the most successful providers of digital entertainment in German-speaking Europe.

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 influencing and increasing video use. Instead, the Internet is now firmly integrated into our everyday lives and has changed our entire behavior as consumers. This is why ProSiebenSat.1 Group has invested in leading digital commerce platforms in recent years, which are suitable for marketing on our channels. This entertainment and commerce portfolio is supplemented by an international production and distribution network under the umbrella of Red Arrow Studios. Red Arrow Studios produces entertainment content for TV broadcasters and digital platforms around the world, both for the ProSiebenSat.1 stations and for third-party providers.

On this basis, ProSiebenSat.1 Group will continue to make selective investments – in the Group's programming, in expanding our data activities and in digital platforms. In doing so, we aim to strengthen our position as one of Europe's leading entertainment and commerce companies and to remain the number one choice for our audiences and clients going forward.

i ProSiebenSat.1 Group'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 Studios is internationally established; an overview of the production and distribution network with all relevant sales markets and locations can be found on page 80 and 256.

Segments and Brand Portfolio

The digital transformation is under way at a rapid pace and offers us new growth opportunities for all of our segments. ProSiebenSat.1 Group is therefore promoting digitalization throughout the Group and diversifying the portfolio with commerce offerings that complement the entertainment profile. Part of this strategy is the dovetailing of the business areas. We laid the foundation for strong Group synergies in 2018 by bundling TV and digital entertainment offerings in one segment. Since then, the Group has reported in the three segments of Entertainment, Content Production & Global Sales and Commerce. → Fig. 034

Entertainment segment: ProSiebenSat.1 Group offers best entertainment – whenever, wherever and on any device. We are able to reach 45 million TV households in Germany, Austria and Switzerland with our 14 free and pay TV stations. At the same time, the Group has a monthly reach of around 34 million unique users with its marketed online offerings.

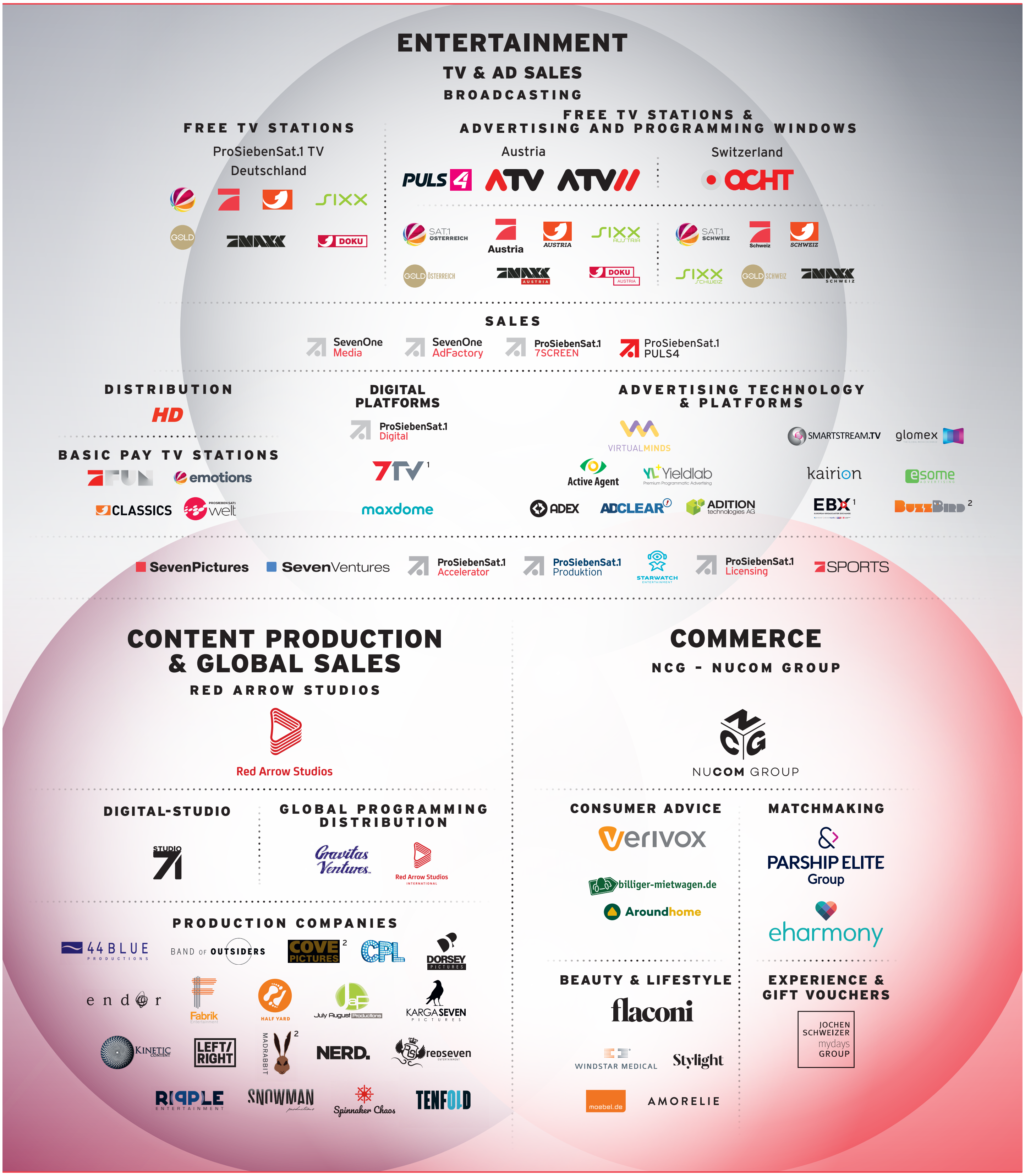
Shows such as "Germany's next Topmodel" and "The Voice of Germany" are successful formats with which we delight audiences on TV and via digital offerings. At the same time, the Company is investing in the fields of AdTech and data in order to generate additional revenues with innovative, data-driven offerings and to customize advertising ever more precisely. ProSiebenSat.1 Group thus offers the advertising industry added value. The two sales subsidiaries SevenOne Media GmbH and SevenOne AdFactory GmbH support advertising customers and agencies by finding ideas and concepts and implementing them across platforms on TV, online and via mobile devices.

This range is also reflected in the Entertainment segment, which includes the TV Broadcasting, TV and Online Marketing, Distribution, Advertising Platform Solutions (AdTech), SevenVentures and Digital Platforms businesses. → Development of Media Consumption and Advertising Impact, page 98 → Opportunity Report, page 132

Content Production & Global Sales segment: In this segment, ProSiebenSat.1 Group combines the international TV production and distribution business with the global digital studio Studio71 under the umbrella of Red Arrow Studios. Thanks to this tight bundling of know-how in the areas of program distribution and production, the Group benefits from synergies and has access to talents as well as platforms in the digital sector via digital studio Studio71. This is an important competitive advantage to meet the growing demand for content on all channels. In 2018, Studio71 achieved an average of 9.2 billion video views per month. → Production market, page 102

Shows such as "Bosch", "Married at First Sight" and "Germany's next Topmodel" are examples of successful productions from Red Arrow Studios. In order to increase the proportion of local programming on its own stations, the Group intends to significantly increase Red Arrow Studios' share in the content commissioned locally by the Entertainment segment.

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



As of February 2019 / [1] Joint venture / [2] Associated company

Commerce segment: The Group bundles the Commerce business in NCG – NUCOM GROUP SE, Unterföhring ("NuCom Group"). This comprises eleven market-leading and overwhelmingly digital commerce platforms in the fields of consumer advice (e.g. Verivox, Aroundhome), matchmaking (Parship Elite Group, eHarmony), experience & gift vouchers (Jochen Schweizer mydays Group), and beauty & lifestyle (e.g. Flaconi).

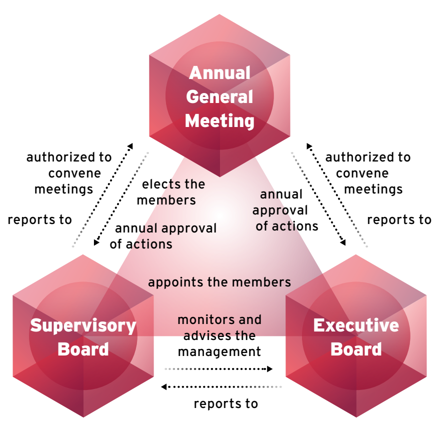
Commerce business is the Group's biggest growth driver, making a significant contribution to the expansion of digital revenue sources. At the same time, the expansion of our commerce portfolio reflects the Group's high potential for synergy: Thanks to advertising on our stations, we are boosting the growth of our commerce brands while these in turn generate valuable customer information for targeted advertising products on TV and digital platforms. We aim to establish NuCom Group as a leading European omnichannel platform for consumer services and lifestyle brands.

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 2018, 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). ProSiebenSat.1 Media SE has three governing bodies (as did ProSiebenSat.1 Media AG until it was converted into an SE in 2015): 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. → Fig. 035

035 / CORPORATE GOVERNANCE STRUCTURE OF PROSIEBENSAT.1 MEDIA SE AS OF DECEMBER 31, 2018



- 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 Media SE Share, page 74

- 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 business purpose. 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, 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 50 → Report of the Supervisory Board, page 31

i We do not report on personnel changes in the Executive Board in this management report. However, further information is contained in the Report of the Supervisory Board from page 31.

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. → Notes, Note 3 "Scope of consolidation", page 155

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 Group and the pay TV channels (ProSiebenSat.1 Pay TV GmbH) work usnder its umbrella. ProSiebenSat.1 Media SE 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. The global film and TV distribution companies and the international television production companies both belong to Red Arrow Studios GmbH as a wholly owned subsidiary of ProSiebenSat.1 Media SE.

As of December 31, 2018, General Atlantic PD GmbH, Munich ("General Atlantic"), a globally leading growth investor, held a 25.1% stake in NuCom Group. Its companies benefit from the considerable TV reach of the parent company and of mutual synergies, for example in the areas of data and technology.

A detailed overview of the shareholding structure in ProSiebenSat.1 Group can be found in the Notes from page 256.

STRATEGY AND MANAGEMENT SYSTEM

STRATEGY AND OBJECTIVES

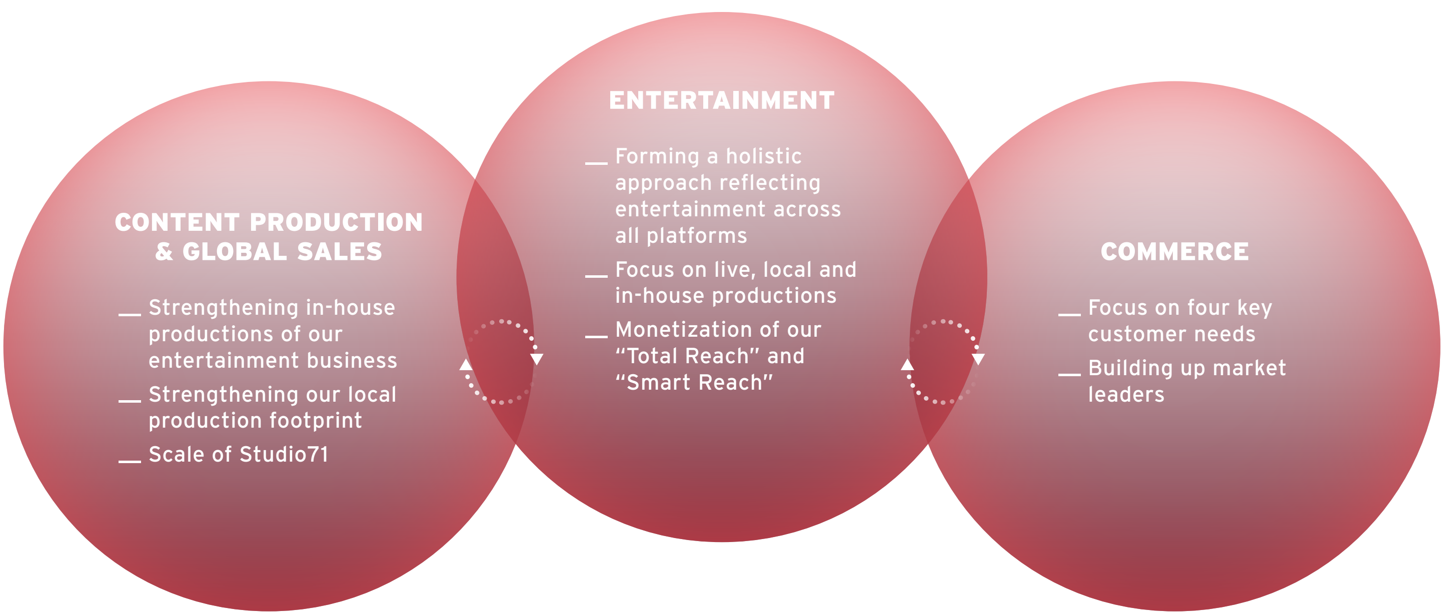
Our industry is characterized by constant change: The digital development and the growing significance of the Internet have changed consumer behavior. This is also true with regard to media usage. Entire business models are being tested and new opportunities for addressing target groups are always emerging. We updated our Group strategy in 2018 in order to benefit from these opportunities and actively promote the change. In addition, we have defined clear priorities and will make our businesses even marge interconnected. → Fig. 036 We presented the update of the Group strategy and our mid-term growth targets at the Capital Markets Day on November 14, 2018.

Our activities center on the best entertainment that people love and commerce offerings that people need. In everything we do, we want to be as close to the consumers as possible and to delight people – with the right offers at the right time, no matter where. The Group is already one of the world's most diversified media companies. In order to make our organization even more agile and to sharpen the focus on customers, the Group implemented a three-pillar structure at the start of the year. An important step was to anchor TV and digital entertainment activities in one segment. Only by bundling our market expertise we can offer our viewers or users fascinating content that they can consume on their choice of platform. The same goes for advertising clients, who benefit from our marketing innovations across all channels and from better addressed advertising thanks to data-based offerings. For this reason, the Group will invest additionally in local content, the expansion of digital platforms and an improved monetization of reach in 2019. The objective is to further improve the Company's competitiveness through these investments and to accelerate revenues and earnings growth in the mid-term. → Opportunity Report, page 132

Around the next five years, ProSiebenSat.1 Group intends to increase revenues to EUR 6 billion (2018: EUR 4,009 million) and adjusted EBITDA to EUR 1.5 billion (2018: EUR 1,013 million). Therefore the revenue shares of non-advertising business (2018: 44%, target 2023+: 50%), of digital business (2018: 29%, target 2023+: 50%) as well as of addressable advertising (2018: 6%, target 2023+: 25%) should be significantly increased.

The financial targets reflect our strategy of expanding the entire Group into a diversified and fast-growing digital company. At the same time, the Group aims to generate an average annual total shareholder

036 / **STRATEGIC PRIORITIES ACROSS OUR THREE PILLARS**



return of between 10% and 15%. The Group is thus underscoring its future focus on total shareholder return along various components, which particularly include an increase in earnings per share growth as well as an attractive dividend yield. The Group intends to pay out 50% of adjusted net income as a dividend (previously 80% to 90%) for the first time in the financial year 2018 (to be paid in 2019). ProSiebenSat.1 Group will use the funds thus released primarily for earnings-increasing investments in organic and inorganic growth.

i In the interest of reporting efficiency, ProSiebenSat.1 Group 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 mid and long term and on changes in the objectives and strategies since the previous year can be found in the Annual Report from page 12.

PLANNING AND MANAGEMENT

ProSiebenSat.1 Group's management system based on key figures forms the basis for all of the Company's 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. 037 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 123

Intragroup Management System

The performance indicators specific to ProSiebenSat.1 Group are aligned to the interests of the capital providers and cover financial planning as well as aspects of comprehensive revenue and earnings management. → Annual Report 2017, page 168

037 / OVERVIEW OF RELEVANT KEY PERFORMANCE INDICATORS AS OF DECEMBER 31, 2018

NON-FINANCIAL PERFORMANCE INDICATORS

Entertainment segment

- Audience shares

FINANCIAL PERFORMANCE INDICATORS

Group

- Revenues
- Adjusted EBITDA
- Adjusted net income
- Leverage ratio
- Free cash flow before M&A

Segments

- External revenues
- Adjusted EBITDA

- **Non-financial performance indicators:** The development of audience shares is a key criterion in programming and media planning in the advertising-financed TV business. 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. In Germany, TV usage data is collected by GfK Fernsehforschung on behalf of Arbeitsgemeinschaft Fernsehforschung (AGF). ProSiebenSat.1 Group analyses viewer ratings that have been empirically collected by the institutions on a daily basis. In addition to this data on linear TV consumption, we also analyse digital reach figures and KPIs relating to our data-based business models. → Development of ProSiebenSat.1 Group's Relevant Business and Market Environments, page 100

- **Financial performance indicators**: 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.

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. the adjusted EBITDA 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. In addition, free cash flow before M&A was added to the list of most important financial performance indicators for 2018 because of changes in the Executive Board compensation system and management system. This key figure is defined as 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, the purchase and sale of investments accounted for using the equity method and other investments with the exception of media-for-equity investments. → Compensation Report, page 50, → Analysis of Liquidity and Capital Expenditure, page 114

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 Group'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 Group's strengths while driving innovation. We are therefore systematically investing in human rescources' 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 also serves 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. Adjusted net income, EBITDA (where necessary, adjusted for effects arising from significant changes in IFRS accounting standards, from unplanned effects from M&A transactions conducted within the reporting period, and from measurements of Group-wide, multi-year variable compensation plans), free cash flow before M&A and for the first time relative total shareholder return (TSR) served as a variable basis for determining the Executive Board's compensation in the financial year 2018. → Compensation Report, page 50

038 / 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 (reconciling items). These reconciling items include:

- M&A-related expenses include consulting expenses and other expenses for ongoing, closed or cancelled M&A transactions.
- Reorganization expenses 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.
- Expenses for legal claims include fines, penalties, repayment claims and consulting costs in connection with significant ongoing or expected legal claims.
- Fair value adjustments of share based payments include the portion of the changes in the fair value of cash-settled 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.
- Results from changes in scope of consolidation include income and expenses in the context of mergers, demergers, acquisitions or disposals of Group entities.
- Results from other material one-time items include transactions approved by the Group Chief Financial Officer but not connected to current operating performance. In this context, ProSiebenSat.1 Grop considers transactions of at least EUR 0.5 million to be significant.
- Valuation effects relating to strategic realignments of business units primarily comprise largely expenses incurred in the context of changes in the underlying business objective or strategy of the unit in question.

ADJUSTED NET INCOME

Adjusted net income is the net result attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations, adjusted for the reconciling items as outlined above as well as additional reconciling items. These include valuation effects recognized in other financial result, valuation effects of put-options and earn-out liabilities, as well as valuation effects from interest rate hedging transactions. Moreover, the tax effects resulting from such adjustments are also adjusted.

039 / **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 107 onwards.

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.

ACCOUNTING OF SHARE-BASED PAYMENTS FROM THE PERFORMANCE / GROUP SHARE PLANS

ProSiebenSat.1 Group involves its employees in the Company's success with performance-based compensation. This also includes share-based payment plans (Performance- and 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 Media SE 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 closing date.

VALUATION OF PUT OPTIONS AND EARN-OUT-OBLIGATIONS

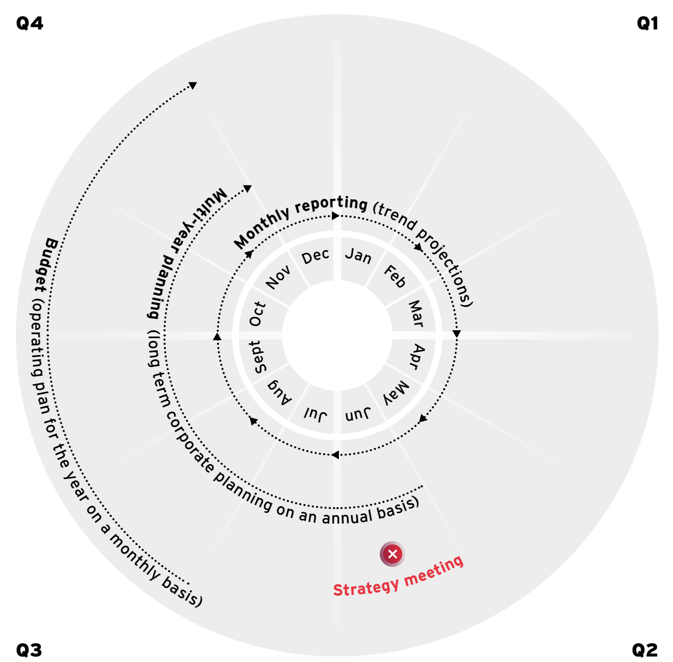
Due to the Company's continuous M&A activities and the current investment strategy, the obligations from put options and earn-outs have steadily increased as ProSiebenSat.1 Group acquires further shares in connection with the acquisition of the ability to control these entities. ProSiebenSat.1 Media 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. Group 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 2018. The different levels in the planning process build on each other and are closely linked to our risk management.

040 / **PLANNING CALENDAR 2018**



- **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. This took place in June 2018 and involved discussion of the Group's planned strategic development. In addition, an update on the three-pillar strategy was carried out in September. → Report of the Supervisory Board, page 31

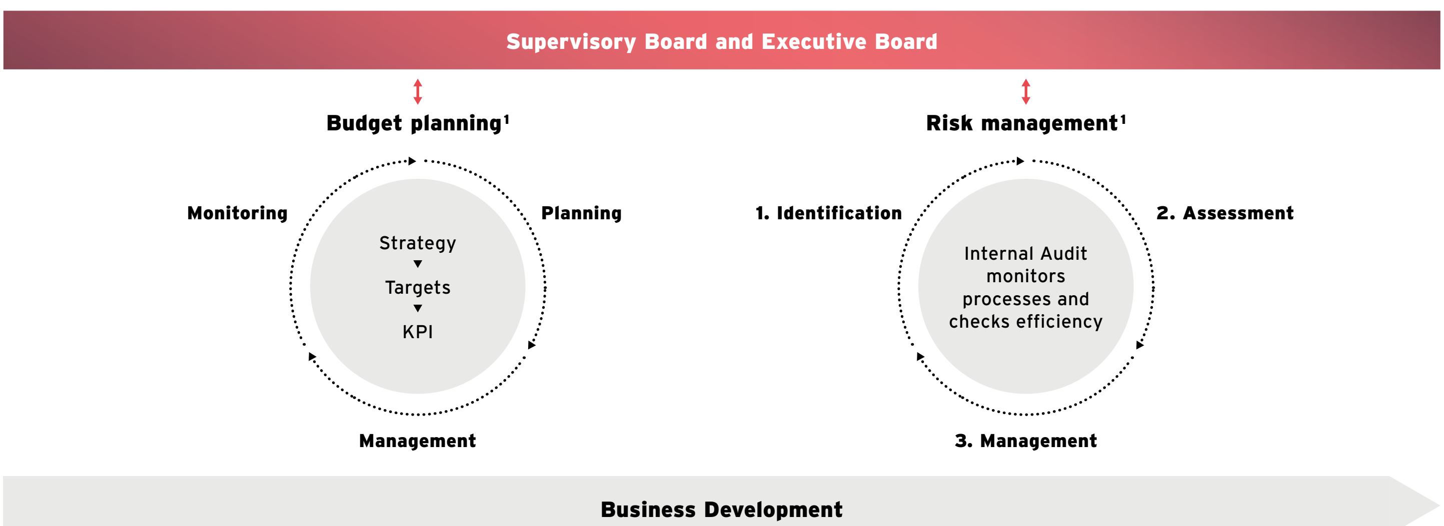
- **Multi-year planning** (long-term corporate planning on an annual basis)**:** Multi-year planning constitutes a detailed quantitative depiction of strategic planning. This is done on an annual basis and contains targets for a five-year period. The relevant key financial figures from the income statement, statement of financial position and cash flow statement 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 2018, 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 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. 041

041 / **BUDGET PLANNING AND RISK MANAGEMENT AT PROSIEBENSAT.1 GROUP**



[1] Also refer to Annual Report 2018 starting on page 123.

SUSTAINABILITY
(NON-FINANCIAL GROUP STATEMENT IN ACCORDANCE WITH SECTIONS 315B, 315C AND SECTIONS 289B TO 289E HGB)

We are aware of our corporate and social responsibility and perceive this as a comprehensive challenge. For ProSiebenSat.1 Group, success not only means sustainably increasing our financial results. It also implies consistently enhancing the Group's sustainability and non-financial performance and harmonizing the interests of our target groups, especially employees, shareholders, audiences, users and customers. In this context, the Group defines sustainable entrepreneurial activity as an integrated approach for ensuring both the economic as well as the environmental and social performance of our Group.

i Non-financial aspects, indicators of sustainability performance, and ESG (environment, social, governance) information at ProSiebenSat.1 Group are the particular responsibility of the Deputy CEO of the Executive Board and Group General Counsel, whose portfolio includes the Legal Affairs, Public Affairs, and Compliance departments, and of the CFO.

In this Non-Financial Group Statement in accordance with section 289b and sections 315b, 315c of the German Commercial Code (HGB) for the financial year 2018, ProSiebenSat.1 Group reports on the main 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. 042 Significant risks for individual non-financial aspects were not determined 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.

- As a media company, ProSiebenSat.1 Group 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 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.

  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.

- In the present NFS, we also forgo providing further information on the prevention human rights abuses in accordance with section 289c (3) and (4) HGB, such as combating child and forced or compulsory labor and assessing suppliers in terms of their compliance with human rights. In light of our industry-specific value chain and its potential impacts on our business activities, we do not define respect for human rights as a significant non-financial aspect for the Group as defined by the law.

042 / **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**
▸ Recruitment/ employer branding ▸ People Development ▸ Work-life balance ▸ Diversity management	▸ Opinion forming ▸ Media skills ▸ Dissemination of information ▸ Employee engagement (Corporate Volunteering) ▸ Donations and sponsorship	▸ Data protection ▸ Media law (advertising guidelines, journalistic independence, protection of young people)	▸ Anti-corruption ▸ Antitrust law

However, the Group is a prominent anti-discrimination campaigner and promotes a corporate culture that especially forbids any kind of sexual violence or abuse of power. With our compliance guidelines, we took up a clear position against such behavior even before the #metoo debate. In 2018, among other things, we initiated the establishment of an Ombuds Office for reporting legal violations. In the programming that we distribute, we also advocate the human right of freedom of opinion and information, for example.

ProSiebenSat.1 Group uses the Global Reporting Initiative's GRI Standards as a basis when preparing the NFS. In accordance with section 317 (2) sentence 4 HGB, the auditor checked that the NFS was presented in line with the legal requirements. The Supervisory Board also commissioned the auditing company KPMG to audit the content of the NFS with reasonable assurance. The audit opinion dated February 22, 2019, 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. 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 reasonable assurance with regard to the legally required disclosures in accordance with sections 315b and 315c in conjunction with sections 289b to 289e HGB.

As part of a materiality analysis, which was conducted in 2017 and reviewed in 2018, we identified four non-financial aspects for ProSiebenSat.1 Group 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. 043 For the required information on the business model in accordance with section 289c (1) HGB, please 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 2018. 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 79

043 / 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. The distinction of the scope of consolidation follow the control principle of IFRS 10.

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 are indicated accordingly in the information on the aspects.

- **Employees and Diversity**
  In particular, the companies in the 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 from Unterföhring or are not implemented in this form at some individual investments due to the relatively small number of employees. ProSiebenSat.1 Group also performs a dynamic portfolio management, meaning that changes in the scope of consolidation are continually 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 Group's sustainability-related business activities in the TV program (Entertainment segment). The concepts described also include public value measures that are implemented by employees at the Unterföhring site.

- **Product Responsibility and Compliance**
  With the compliance management system (CMS), ProSiebenSat.1 Group 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 GmbH and SevenOne AdFactory GmbH. For key figures relating to aspects of product responsibility and compliance, companies acquired by ProSiebenSat.1 Group 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

Personnel strategy and number of employees

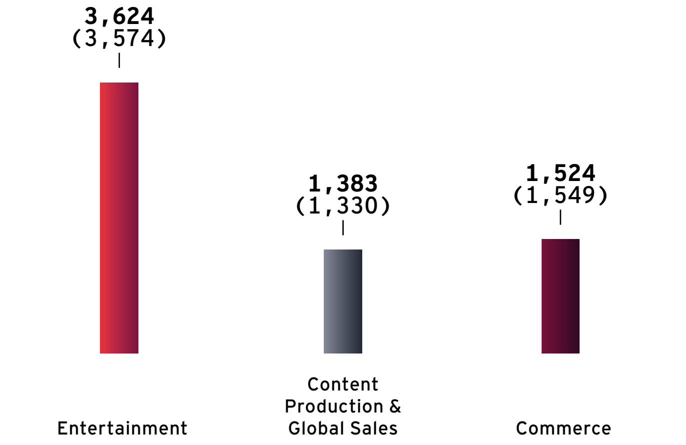
ProSiebenSat.1 Group thrives on the creativity and fast pace of innovation of its staff. Our "Fascinating People" are our most important asset. We can only fascinate others if we are fascinated ourselves. At the same time, digitalization is confronting us with new challenges. The media industry is being transformed by the digital trend more rapidly than many other industries. For this reason, our corporate culture is characterized by constant willingness to change. It therefore 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. With an attractive overall offer, which includes compensation based on the market standard, additional company benefits, personal development opportunities and a pleasant working environment, we want to acquire and retain dedicated and qualified employees for ProSiebenSat.1 Group and to motivate them to put in their top performance.

Managers who have an entrepreneurial spirit and encourage their employees to be innovative are also important for the Group's development. New measures and concepts are submitted to the Executive Board member responsible for Human Resources for decision-making and presented to the Executive Board as a whole before being implemented. Human Resources are the responsibility of the Chief Human Resources Officer, who reports directly to the CEO. There are independent organizational units for individual subject areas such as recruitment and employer branding or people development.

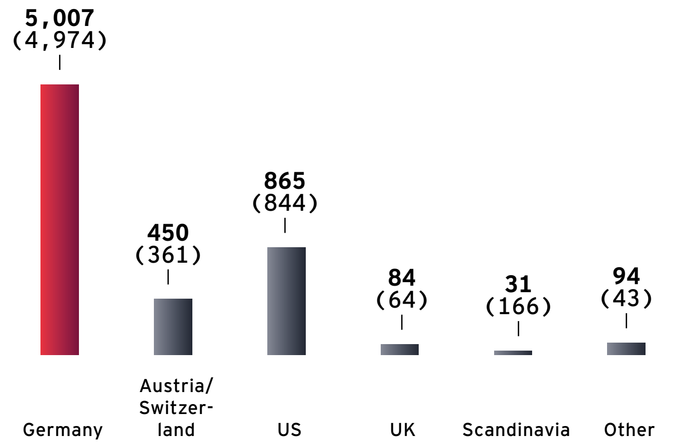
The number of employees remained virtually unchanged in 2018 compared to the previous year. In December 2018, the Group had 6,583 employees (previous year: 6,483), calculated on the basis of full-time equivalents. The average number of full-time equivalents in the period under review was likewise on a par with the previous year at 6,532 (previous year: 6,452). In 2018, an average of 609 people (previous year: 696) were employed at ProSiebenSat.1 Media SE. In Germany, Austria, and Switzerland, the Group had an average of 5,458 full-time equivalents in the reporting period (previous year: 5,335). → Fig. 045 This equates to 84% of the Group as a whole (previous year: 83%).

i The personnel expenses reported in the cost of sales, selling expenses and administrative expenses increased to EUR 679 million in the financial year 2018. This equates to growth of 3% or EUR 19 million compared to the previous year and reflects, among other things, payments in connection with the reorganization in the Entertainment segment.

044 / **EMPLOYEES BY SEGMENT** average full-time equivalents (FTEs), 2017 figures in parentheses



045 / **EMPLOYEES BY REGION** average full-time equivalents (FTEs), 2017 figures in parentheses



As in the previous year, the average duration of employment was 6.1 years. The turnover rate in the Group was 15.4% in the financial year 2018 (previous year: 12.8%).

i For the calculation of the turnover rate, the number of former employees who left in the reporting period is divided by the number of employees as of December 31. 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.

Recruitment and employer branding

We set high standards in recruitment and use various instruments. The central platform is the careers page → www.karriere.prosiebensat1.com/en, which officially went live at the end of January 2019 after an extensive relaunch in 2018. Since 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. Additionally, ProSiebenSat.1 Group uses other sourcing channels such as social media, direct contact, and university marketing. Group Recruiting recorded a total of around 33,700 applications (previous year: around 28,600). 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. → Fig. 046

046 / **SELECTED EMPLOYER RANKINGS**

POTENTIALPARK
10th place (previous year: 13th place)

TRENDENCE SCHOOL STUDENT BAROMETER
Overall: 10th place (previous year: 8th place)

TRENDENCE YOUNG PROFESSIONALS
Overall: 50th place (previous year: 42nd place)

TRENDENCE YOUNG PROFESSIONALS
Media/advertising
2nd place (previous year: –)

People development

We continually train 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 2018, 168 employees (previous year: 158) were supported by our Young Talents department, of which around three quarters were retained upon completion. Objective is to counter skills shortage on the labor market and to support the diversification strategy of ProSiebenSat.1 Group by adapting appropriate apprenticeship formats in our company.

Besides initial training, unlocking potential and continuing development are also key elements of ProSiebenSat.1 Group's HR strategy. Our employees are responsible for their own professional and personal development. They are supported by their manager as a sparring partner and a wide range of development offers. Employees and managers discuss the selection of suitable measures in target and development meetings. 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.

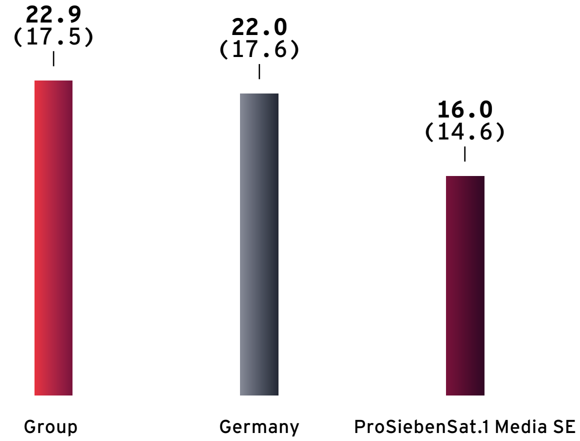
Furthermore, the ProSiebenSat.1 Academy offers a wide-ranging portfolio of technical and personal training. In 2018, a total of 596 events (with 7,560 participants) were held in the Academy (previous year: 596 and 6,266), including 87 manager training courses with 758 participants (previous year: 60 and 568). 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 the Group. ProSiebenSat.1 Group invested around EUR 3.5 million in its education and training programs in 2018 (previous year: EUR 3.1 million). Part of this was attributable to the courses offered by the ProSiebenSat.1 Academy.

Through our talent management, we systematically support the development of our employees. As a talent initiative there is, for example, a mentoring programme. Through job rotations ProSiebenSat.1 employees also have the option to gain experience in other departments and to apply this experience to their own area of responsibility. Especially for managers are stimulated by the P7S1 Center of Leadership for everyday management life and information on supporting instruments such as 360 degree feedback or coaching.

Work-life balance

Our employees' desired working hours differ according to stage of life, personal life plan and working situation. For this reason, we offer a variety of flexible modules for personalizing working hours and location, in order to support the best possible compatibility of career and private life. Our works agreements therefore aim to promote an appropriate work-life balance. This is supported by teleworking jobs, part-time work, and sabbatical models at the corporate headquarters in Unterföhring and other locations. → Fig. 047 The FlexTime working hours model takes account of the increased requirements in day-to-day work, makes it easier to balance family, free time and work, and offers employees of the Group more flexibility overall when it comes to organizing their working hours.

047 / **PROPORTION OF PART-TIME EMPLOYEES** average employees by head (HDC) in percent; 2017 figures in parentheses



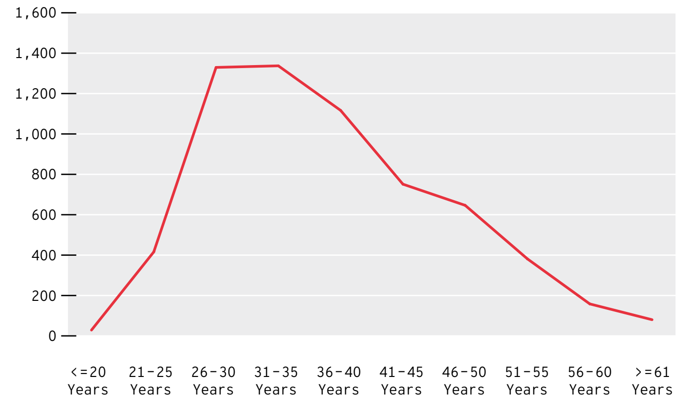
Not including international investments in the Content Production & Global Sales segment.

At the same time, our staff benefits from several social security and fringe benefits. At the headquarters in Unterföhring, for example, we run an in-house daycare center. There is also a focus on health and sport. We cover a wide range of work-life standards for modern employers with an in-house restaurant, diverse sport and health offerings, a company doctor at the corporate headquarters, company integration management, and more. Since the start of 2018, employees can also make use of an external family service, including childcare, home and elderly care as well as life coaching. We offer these services to all employees, regardless of whether they work part-time or full-time or are on a temporary contract.

Diversity management

Our corporate culture should be defined by openness and respect. ProSiebenSat.1 Group 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.

048 / **AGING STRUCTURE OF EMPLOYEES AS OF DECEMBER 31, 2018**

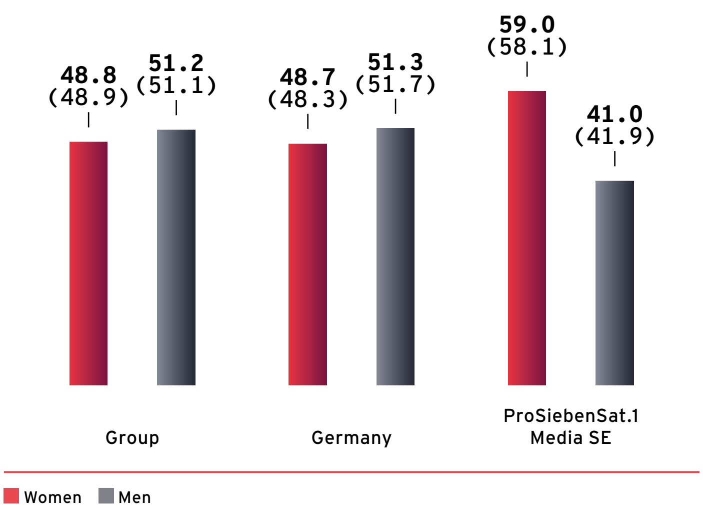


Not including international investments in the Content Production & Global Sales segment.

i The average age of ProSiebenSat.1 Group employees as of December 31, 2018, was 37.1 years (previous year: 36.8 years).

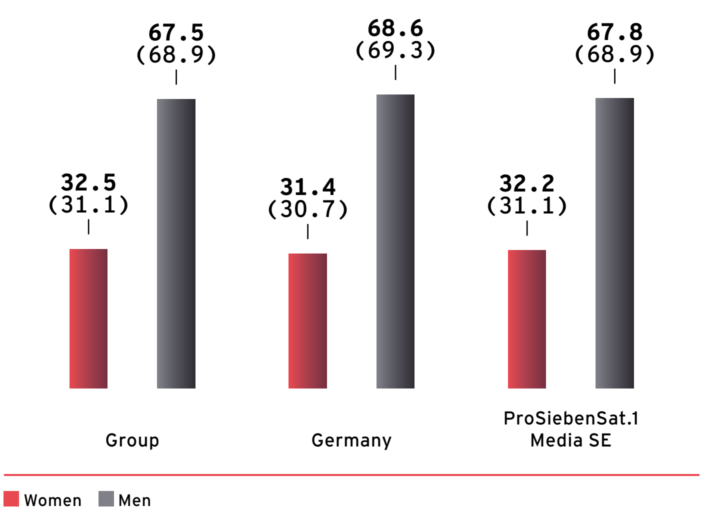
We hire employees entirely on the basis of objective criteria at all hierarchy levels and promote staff based on their skills alone. Other factors like background and culture, age, gender, sexual orientation and identity, disability, religion, or ideology do not play any role here. → Fig. 048 Diversity is aided by a balanced relationship of men and women at the Company and in management positions. → Fig. 049 In 2018, 48.8% (previous year: 48.9%) of employees in the Group were female; at ProSiebenSat.1 Media SE, the percentage was 59.0% (previous year: 58.1%). → Fig. 050 In order to give schoolgirls an insight into occupations that girls only rarely consider in the careers guidance process, we participated in the Germany-wide Girls' Day in 2018 for the fourth time. Among other things, the participants gained insights into various technical areas, such as tech lab, post production, studios, and control rooms.

049 / PROPORTION OF MEN AND WOMEN IN THE WORKFORCE average employees by head (HDC) in percent; 2017 figures in parentheses



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

050 / PROPORTION OF MEN AND WOMEN IN MANAGEMENT POSITIONS average employees by head (HDC) in percent; 2017 figures in parentheses



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

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. Disclosures regarding diversity on the Executive Board and the Supervisory Board can be found in the Corporate Governance Report

ProSiebenSat.1 Group signed the Diversity Charter 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 are also encouraged to report discrimination or violations of other principles set out in the Code of Conduct to the Company's Compliance Officers, for example. In addition, we provide the workforce with mandatory training on the German General Act on Equal Treatment (AGG). Moreover, based on a company agreement conclude in December 2018, employees and third parties now have the opportunity to report legal violations anonymously via an ombudsperson as part of the pre-existing reporting system. → Compliance, page 96

SOCIAL RESPONSIBILITY (PUBLIC VALUE)

ProSiebenSat.1 Group can reach around 45 million TV households with its stations in its TV markets in the DACH region; at the end of 2018 the digital offerings managed by SevenOne Media GmbH, ProSiebenSat.1 Group's marketer had a monthly reach of around 34 million unique users (aged 16 or over). In addition, ProSiebenSat.1 Group's global digital studio Studio71 generated an average of 9.2 billion video views a month with its web channels in 2018.

Sources for reach key figures: Television households (D: AGF in cooperation with GfK, TV Scope 6.1; AT: AGTT/GfK TELETEST, Evogenius; CH: Mediapulse television panel (Instar Analytics)), Unique User (AGOF), Video Views (Google/YouTube)

The distributed content contributes to pluralism and the diversity of information and helps to shape the opinions of viewers and users. This is a great privilege but also a special responsibility for ProSiebenSat.1 Group. As a media group, our reach gives us significant social and journalistic responsibility. We therefore try to use our media offerings to focus on important ecological, societal and sociopolitical matters and to appeal to young people in particular, in order to make a valuable contribution to society (public value) as a company. We are committed to a free and democratic order as laid down in the constitution (Grundgesetz) of the Federal Republic of Germany and 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. This means that, due to the large number of available free TV and pay TV stations, social engagement in the ProSiebenSat.1 Group station family is also a tool for brand management and loyalty. In the media industry, being a strong brand means not only having a high profile but also a enjoying a high degree of trust and credibility. Another important reason for dealing with sustainability issues 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 Group.

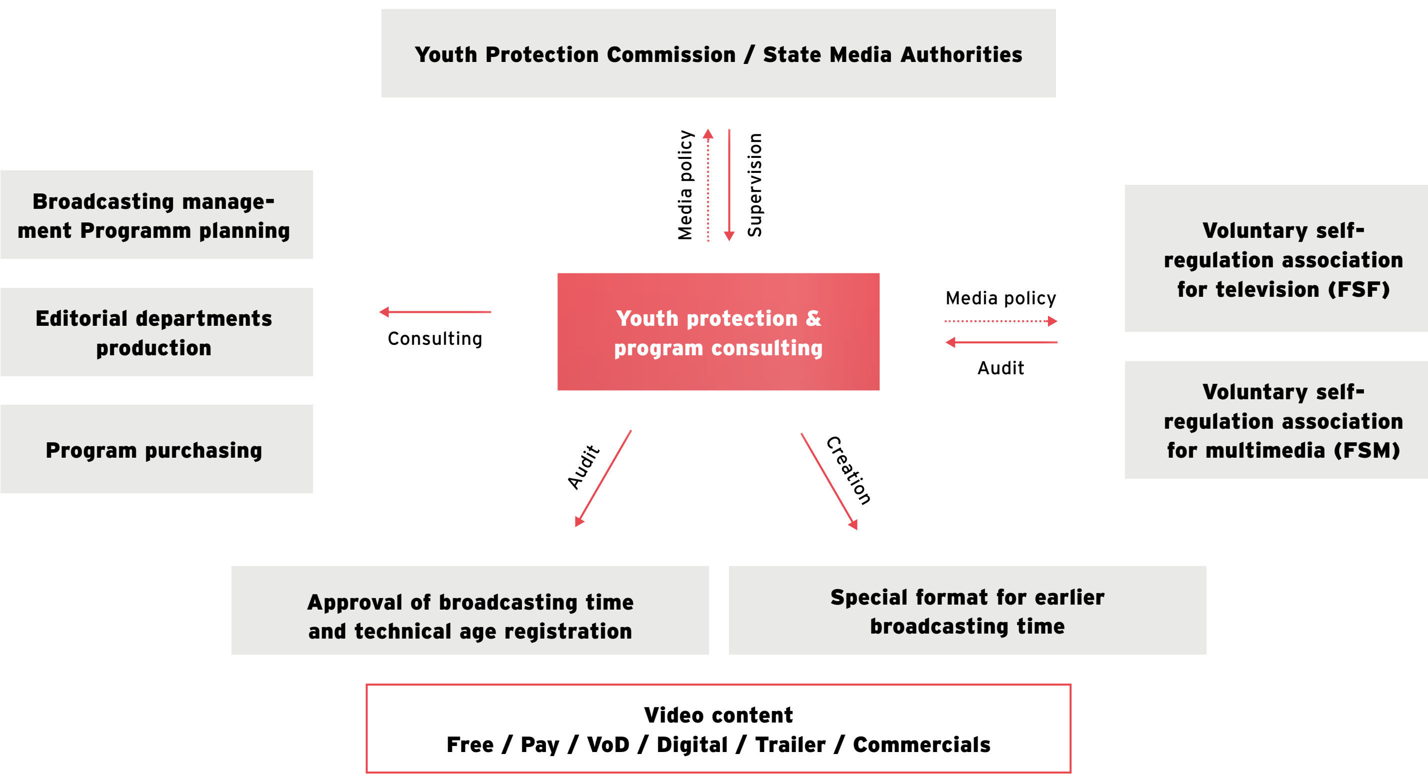
When it comes to sustainability, ProSiebenSat.1 Group has defined priority areas such as opinion forming, media skills, dissemination of information, employee engagement (corporate volunteering), and donations and sponsorship. When selecting, implementing, and supporting projects, we pursue four strategic 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 Group 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. We already measure the success of our measures quantitatively in some cases, for example based on TV formats' audience shares, employee involvement in projects such startsocial, or funds raised in the RED NOSE DAY campaigns.

When choosing our measures, we focus on topical, socially significant issues that affect young target groups in particular. For example, relevant content is identified by the editorial teams of the TV stations as part of their journalistic work and corresponding formats and program environments are developed for it. One example is the sustainability brand "Green Seven": The broadcast of the annual "Green Seven" documentary on a specific environmental topic (2018: "Save the Future – How to Prevent Gridlock") on ProSieben is supported by the same thematic focus in magazines and other programs. In addition, ideas for supporting social projects or implementing internal initiatives at the Company also come directly from the workforce, such as the refugee aid project "WE HELP." An example of an initiative with external partners is the "Wir stärken Kinder" (We support children) campaign, which was set up by Sportdeutschland.TV, ProSiebenSat.1 Group's digital sports channel, in cooperation with the charity SOS-Kinderdorf e.V. three years ago. Top-tier athletes from various disciplines invite kids from the SOS Children's Villages to sporting events or run sports activities for them as a way of boosting community spirit and imparting important values. The ProSiebenSat.1 Group subsidiary 7Sports thus uses the reach of its digital platform Sportdeutschland.TV in order to get athletes interested in the campaign and to raise additional donations.

052 / PROSIEBENSAT.1 ADVISORY BOARD

Since 2011, the Group has 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 2018, the Advisory Board met twice. Members of the Executive Board as well as other decision-makers in the Group participated in these events.

051 / YOUTH PROTECTION AT THE PROSIEBENSAT.1 GROUP



PRODUCT RESPONSIBILITY

Key sustainability issues for ProSiebenSat.1 Group, such as anti-corruption, antitrust law, data protection, and media law, are covered organizationally by the compliance management system (CMS). We combine data protection and media law under the non-financial aspect of product responsibility. We see product responsibility not only as a legal requirement but also as an important competitive factor with a lasting impact on trust in ProSiebenSat.1 Group's products, offerings and brands and thus also on the economic success of the Group.

Compliance with data protection is to be ensured on the basis of a risk-oriented data protection management system (DPMS). We also take precautions to protect personal and other sensitive data from loss, destruction, unauthorized access, or unauthorized use, processing, or disclosure. At the companies of ProSiebenSat.1 Group in Germany, there were 13 cases of data leaks and data theft or loss in the reporting year, of which only seven were subject to mandatory reporting. → Fig. 053

053 / DATA PROTECTION PROCESSES AT PROSIEBENSAT.1 GROUP

Data protection compliance	Performance of an initial risk analysis including a compliance check in the context of introducing/changing automated procedures for processing personal data in order to meet the requirements of data protection law (Articles 5, 6 GDPR).
Commissioned processing	Process for legally compliant preparation of agreements under data protection law in order to meet the requirements of Articles 26, 28 GDPR.
Information to public authorities	Process for legally compliant disclosure of personal data to public authorities.
Information to be provided and rights of the data subject	Legally compliant information and processing of data subjects' requests for the fulfillment of articles: ▸ Transparent information (Articles 12 et seq. GDPR) ▸ Rights of access (Article 15 GDPR) ▸ Right to rectification and erasure (Article 16 GDPR) ▸ Right to erasure (Article 17 GDPR) ▸ Data portability (Article 20 GDPR) ▸ Rights to object (Article 21 GDPR)
Data breach notification	Process for legally compliant reporting of data breaches (= third parties unlawfully obtaining personal data) in accordance with Articles 33, 34 GDPR.

The media law provisions of the compliance management system (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. Individual issues also form part of the Code of Conduct. For 2018, we have identified a total of 17 violations of program principles and journalistic due diligence as well as provisions for the protection of minors. → Fig. 051

- ProSiebenSat.1 Group is committed to differentiating between editorial reporting and broadcasts for advertising purposes. At corresponding compliance events, those responsible, such as TV editors, are trained on the bans in place and the legal consequences in the event of violations. In substantiated individual cases where the use of surreptitious advertising is suspected, an ad-hoc supervisory committee can take 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 also 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.

054 / PROSIEBENSAT.1 GROUP ADVERTISING GUIDELINES

The ProSiebenSat.1 Group guidelines on the separation of advertising and programming 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. For the TV stations in Austria and Switzerland, the respective national legal provisions apply.

- To ensure journalistic independence and comply with fundamental media regulations, the Group formulated guidelines 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. In accordance with internal guidelines, journalists and editors working for ProSiebenSat.1 Group must follow the International Federation of Journalists' Principles on the Conduct of Journalists. According to these principles, they are essentially free to report as they see fit independently of social, economic or political interest groups. As a media company, political independence is of the utmost importance to us. 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.

- 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 the Group'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, for example Freiwillige Selbstkontrolle Fernsehen (German Association for Voluntary Self-Regulation of Television, FSF) and Freiwillige Selbstkontrolle Multimedia-Diensteanbieter (German Association for Voluntary Self-Regulation of Digital Media Service Providers, FSM).

COMPLIANCE

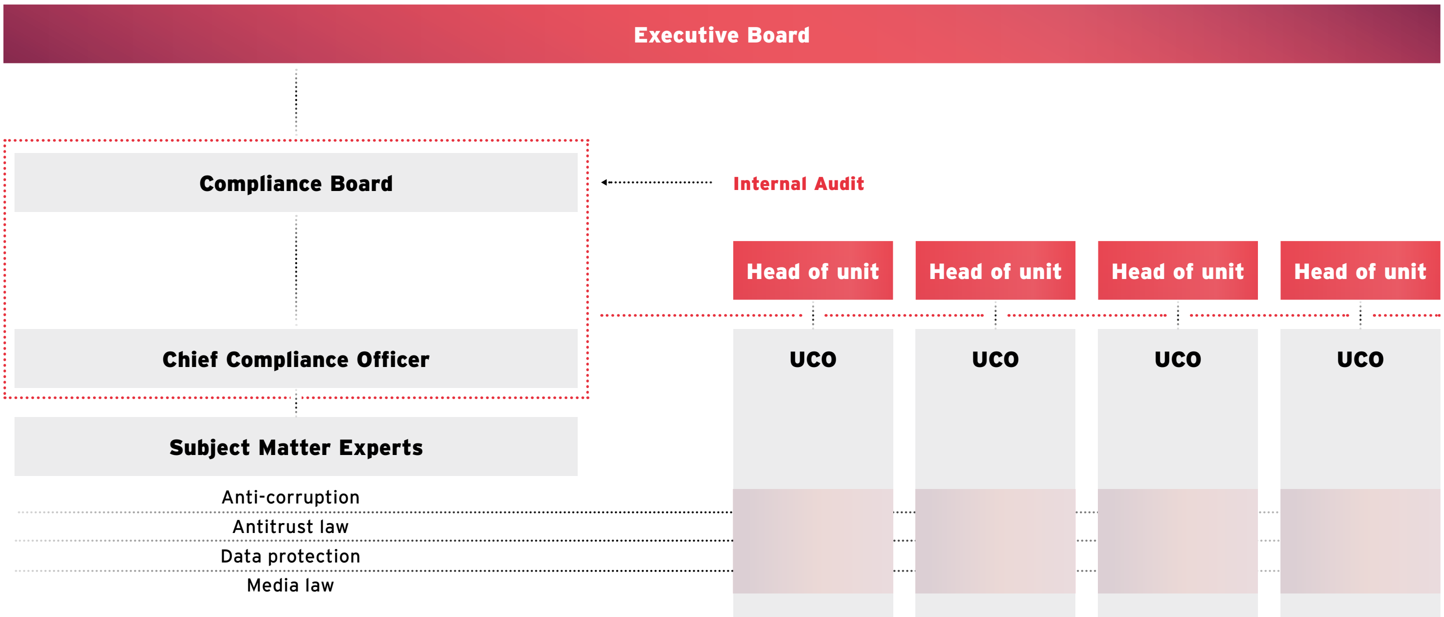
ProSiebenSat.1 Group believes that sustained economic success in a competitive environment can only be achieved by ensuring that all action taken is in compliance with the applicable laws. Therefore, preventing corruption and violations of antitrust law are — alongside the topic areas of media law provisions and data protection compliance — 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 therefore among the main non-financial aspects for the Group.

ProSiebenSat.1 Group has implemented a compliance management system (CMS) for this reason. → Fig. 055 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. Overall responsibility for the CMS lies with the Executive Board of ProSiebenSat.1 Media SE as the parent company of ProSiebenSat.1 Group. The Executive Board is supported in the implementation, monitoring, and updating of the CMS by the Compliance Board and the Group Chief Compliance Officer (CCO). 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, Unit Compliance Officers (UCOs) have been appointed who are responsible for the CMS at Group entities. The CMS is audited by Internal Audit; in 2017, there was also an external audit. The Executive Board also informs the Supervisory Board of the status of the CMS on an ongoing basis. → Corporate Governance Report, page 41

ProSiebenSat.1 Group has defined standards for conduct in business, legal and ethical matters in its Code of Conduct. They serve as a binding reference and regulatory framework for dealing with each other and with external stakeholders. The Code of Conduct explicitly calls on employees to go to their supervisors, the Unit Compliance Officers or the Chief Compliance Officer with questions, concerns, or tip-offs. The Code explicitly assures potential whistleblowers that tip-offs given in good faith will not be sanctioned even if the suspicion of a compliance violation later proves to be unfounded. Whistleblowers are additionally protected because the Code was not just imposed unilaterally by the employer, but was enacted as a works agreement with the works council. In addition, since December 2018 employees and third parties have had the opportunity to report legal violations anonymously via an external Ombuds Office. At ProSiebenSat.1 Group, comprehensive training is also offered on compliance issues. Moreover, the Group carries out mandatory, all-day compliance seminars for the managers of affiliated companies. → Management Declaration, page 48

The CMS extends to the prevention of corruption offenses and antitrust law violations and to the guarantee of data protection and compliance with the media law provisions of the German Interstate Broadcasting Treaty (Rundfunkstaatsvertrag). In the period under review, no investigations became known against the Group, its subsidiaries or employees of ProSiebenSat.1 Group for antitrust violations or corruption offences. No fines or penalties were imposed. Since 2008, a civil law dispute has been pending with RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG for damages. → Risk Report, page 123

055 / **CENTRAL COMPLIANCE ORGANIZATION**

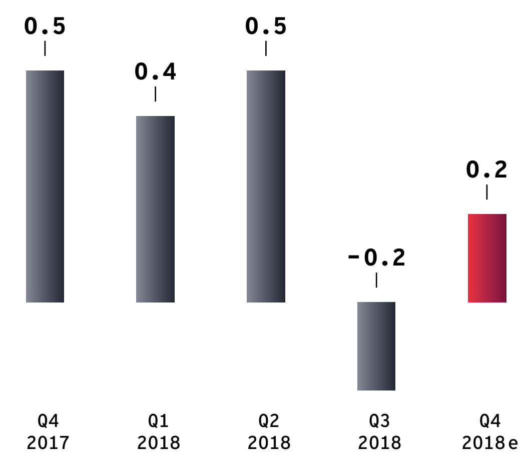


GROUP ENVIRONMENT

ECONOMIC DEVELOPMENT

In 2018, the German economy is estimated to have grown by 1.5% in real terms compared to the previous year (previous year: 2.2%). After gross domestic product (GDP) declined in the third quarter due to fluctuations in the automotive sector and a general slowdown in the global economy, the Institute for Economic Research (ifo) is expecting a slight economic growth again in the fourth quarter, albeit with somewhat less momentum than in previous years. → Fig. 056

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



Adjusted for price, seasonal and calendar effects.
Source: Destatis, ifo economic forecast from winter 2018, December 20, 2018 / **e:** estimate.

The economic growth has been mainly driven by the domestic economy and by private consumption, which was benefiting from a strong increase in employment and substantial wage increases. According to Federal Statistical Office retail revenues grew between 1.4 and 1.5% in real terms in 2018; they account for around a third of private consumption. The online and mail order business developed particularly dynamically (January to November +5.9% in real terms). In addition, the German economy was supported by construction as well as equipment investments and government spending. → Future Business and Industry Environment, page 135

DEVELOPMENT OF MEDIA CONSUMPTION AND ADVERTISING IMPACT

In the last few years, digitalization has extended the range of media usage and changed usage habits. The once strong ties between content and end devices are increasingly coming 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. In addition to traditional, linear viewing via the TV set, this is giving rise to new forms of usage such as catch-up television via apps on mobile devices. Television is also becoming ever more diverse thanks to powerful consumer electronics and innovations inside TV sets themselves: Examples include digital television in high definition (HD/UHD) 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. 057

057 / TV HOUSEHOLDS IN GERMANY BY DELIVERY TECHNOLOGY Number of TV households

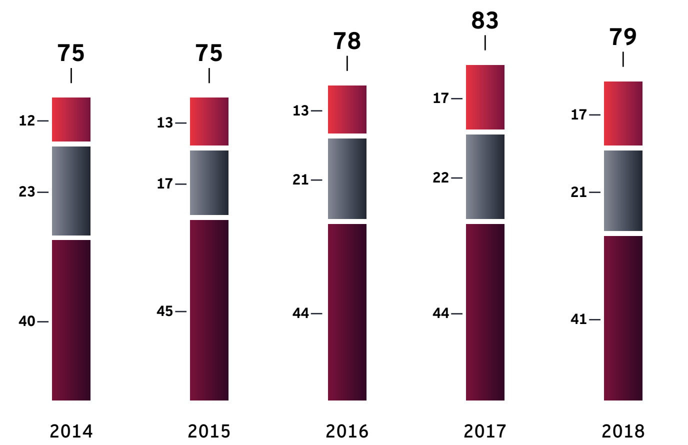
	2018[1]	2017[2]
Potential in millions (analog + digital)	**38.80**	38.32
Terrestrial	**1.30**	1.28
Cabel	**15.77**	15.97
Satellite	**17.14**	17.61
IPTV	**4.59**	3.45

[1] Information as of December 1, 2018. / [2] Information as of December 1, 2017.
Source: AGF in cooperation with GfK/ marketstandard TV / VideoSCOPE 1.1 / households.

In Germany, the traditional TV set is still by far the most widely used and wide-spread media device (2018: 94% of households owned one, adults aged 14 - 69). 93% of Germans aged between 14 and 69 watch linear television at least occasionally (previous year: 95%, 2014: 95%). Alongside reach, usage time also plays a crucial role in comparison to other media. Television is in the lead here, too, generating the highest daily usage of 213 minutes (adults aged 14 - 69) according to AGF.

i AGF Videoforschung's television panel measures the daily TV usage time in Germany. AGF is currently working on a market standard that reveals how many people in total consume an entertainment offering – regardless of which device they use. To this end, AGF Videoforschung has introduced a new license model that integrates TV and streaming data in one system for the purpose of unified convergence measurement; regular statistics on video usage across all channels, resulting therefrom are scheduled for 2019.

058 / **PARALLEL USAGE TV/INTERNET** in %



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

A detailed insight into media usage behavior in Germany is also provided by the findings of the "Media Activity Guide 2018" and "View-Time Report 2018": Germans use media and media transmission channels for an average of 586 minutes every day (previous year: 580 minutes). People aged between 14 and 69 spend 248 minutes or 42% of their daily media use on TV (previous year: 248 minutes or 43%), both linear and via alternative transmission channels. Radio follows in second place, with 109 minutes of daily usage (previous year: 102 minutes). Content-driven Internet usage accounts for 97 minutes or 16% of this time frame (previous year: 89 minutes or 15%). Reading newspapers and magazines accounts for 23 minutes every day (previous year: 31 minutes). The amount of time spent consuming media has therefore increased; TV reliably accounts for the highest usage time. The following trends can be observed here:

- The expectation to be able to consume entertainment everywhere, at any time, on any device and in high quality is rising, as is demand for personalized content and the willingness to pay for suitable offerings.

- Users of all age groups are increasingly consuming conventional media content in digital form. Young viewers in particular are increasingly watching TV content online (adults aged 14 – 29).

- At the same time, the parallel usage of different screen media, known as second screens, is increasing continuously: While the proportion of parallel users aged between 14 and 49 was only 75% four years ago, 79% of those surveyed went online while watching television at least occasionally in 2018. → Fig. 058 Second-screen users also have a stronger interest in TV content and watch 214 minutes of TV a day, 29 minutes more than the average in their age group (adults aged 14 – 49).

The way in which people consume entertainment has changed. This applies to different target groups: 56% of video use by 14- to 29-year-olds is attributable to television; this rises to 84% among 14- to 69-year-olds. 31% of younger people and 14% of older people (adults aged 14 – 69) consume online videos via PCs and laptops. 50% of 14- to 29-year-olds and 24% of 14- to 69-year-old viewers use video offerings via smartphone or tablet. Free online videos are among the most popular content online. Monthly reach and usage time have increased continually in the last four years, both among the 14 to 29 year old and the 14 to 69 year old target groups. The same applies to paid streaming services – although at a somewhat lower level. In contrast, monthly reach and usage time of linear TV programming have declined at a high level recently. Germans aged between 14 and 69 years also use social networks for 14 minutes a day when all services are taken together – including professional offerings like Xing and LinkedIn and online dating sites. Facebook remains the most prevalent offering; nearly half of 14- to 69-year-olds use the social network. However, users have not tended to watch a lot of videos in this extent so far: Facebook videos have a reach of 37%.

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 Group advertising sales company SevenOne Media GmbH. Germans' media usage behavior was surveyed in telephone interviews from February 26 to March 25, 2018; the data analyzed relate to the first quarter of 2018. In addition to the annual Media Activity Guide and likewise in cooperation with forsa, we examine all forms of video and social media usage on a quarterly basis in the "ViewTime Report".
→ www.sevenonemedia.de/service/research

The studies show that digitalization is increasingly opening new doors to media use. Television is benefiting from the increasing use of media in Germany and remains the most important mass medium. TV is also the number one medium in terms of advertising impact:

- TV is the most important and effective advertising medium thanks to its high reach. 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."

- Linear television is now independent of the TV set. The same content is consumed via various channels on different devices; entertainment devices like smartphones and tablets are used in addition to the TV set. In parallel, new cross-media advertising spaces are emerging, which coupled with the impulses of parallel usage is resulting in greater viewer retention. This is increasing TV's relevance in marketing: For example, one-quarter (26%) of people have been motivated by TV content to directly purchase something on the Internet.

i The "ROI Analyzer" is an instrument jointly published by SevenOne Media GmbH, 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. The study is now being continued by Screenforce. The findings on various sectors confirm TV advertising's

high sales impact. According to the latest iteration of the ROI Analyzer in 2018, a TV campaign for fast-moving consumer goods (FMCG) will pay for itself after just one year, with an average return on investment (ROI) of 1.13. This figure increases to 2.57 after five years.

DEVELOPMENT OF PROSIEBENSAT.1 GROUP'S RELEVANT BUSINESS AND MARKET ENVIRONMENTS

Advancing digitalization and growing use of the Internet have changed media usage and consumer behavior as a whole. This is resulting in additional growth areas for ProSiebenSat.1 Group as well as new opportunities for addressing target groups and marketing. The Group has strong consumer brands – in both the entertainment and commerce businesses – and is consistently expanding its portfolio. At the same time, it is increasingly connecting its TV offering with digital offerings in order to respond to new competitors and the changes in user behavior in general.

Entertainment

Never before have people around the world had the opportunity to consume entertainment via such a wide range of channels as they do in the digital era. These days, content is available no longer just as linear programming on TV or the radio or in traditional print products such as magazines and books, but also in digital form. New forms of use such as streaming services, e-books, live video via the Internet or on-demand, via smart TVs, smartphones, tablets and many more are firmly integrated into our everyday lives. According to PricewaterhouseCoopers GmbH, the volume of the entertainment market in Germany totaled around EUR 37 billion in 2018 (previous year: EUR 36 billion); of which EUR 30 billion was attributable to the traditional and EUR 7 billion to the digital entertainment market (previous year: EUR 30 billion and EUR 6 billion, respectively). ProSiebenSat.1 Group achieved a market share of less than 1% here.

In order to translate this market potential into growth and generate additional revenues, the Group is diversifying its entertainment offerings. The aim is to make our entertainment business more digital, local and live. To this end, the Group is increasingly investing in digital platforms in order to expand programming out from the starting point of television, the number one medium, and to make content available via as many channels as possible. By connecting the TV and online realms, ProSiebenSat.1 Group is achieving higher overall reach while increasing the advertising impact of campaigns. → Development of Media Consumption and Advertising Impact, page 98

ProSiebenSat.1 Group's biggest revenue market is Germany, where the Group holds the leading position in the TV market. In addition, the Group offers a complementary portfolio of advertising-financed free TV stations in Austria and Switzerland: The Group has launched four new special interest stations in Germany since 2010, namely sixx, SAT.1 Gold, ProSieben MAXX and kabel eins Doku. Today, ProSiebenSat.1 Group's station profile in the principal revenue market of Germany comprises seven brands that complement each other and address different viewer groups. The smaller stations have strengthened our position in the audience market.

In 2018, the Group increased its combined audience share in Germany by a significant 0.8 percentage points to 27.8 percentage points among 14- to 49-year-olds despite the major sporting events broadcast on the public stations. The market share increased to 28.8% in the fourth quarter (previous year: 27.8%). The stations marketed by IP Deutschland (RTL, VOX, n-tv, Super RTL, NITRO, RTLplus) had a market share of 24.3% in the year as a whole (previous year: 25.4%) and 24.7% in the fourth quarter (previous year: 24.8%). → Fig. 059

The Austrian broadcasting group ProSiebenSat.1 PULS 4 GmbH achieved a combined market share of 28.6% among viewers aged between 12 and 49 years in 2018 (previous year: 27.5%). → Fig. 060 ProSiebenSat.1 Group thus also strengthened its market position in Austria and is the leading private broadcasting group in that country by some distance. The TV family in Switzerland achieved a combined market share of 17.7% among 15- to 49-year-olds (previous year: 17.8%). → Fig. 061

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

Target group 14–49 years	Q4 2018	Q4 2017	2018	2017
ProSiebenSat.1 Group	**28.8**	27.8	**27.8**	27.0
SAT.1	**8.0**	8.7	**8.1**	8.4
ProSieben	**10.0**	9.6	**9.5**	9.5
kabel eins	**5.2**	4.7	**5.0**	4.8
sixx	**1.3**	1.2	**1.4**	1.2
SAT.1 Gold	**1.5**	1.7	**1.6**	1.5
ProSieben MAXX	**1.8**	1.5	**1.6**	1.3
kabel eins Doku	**0.9**	0.4	**0.7**	0.3

Relevant target groups [1]	Q4 2018	Q4 2017	2018	2017
SAT.1	**7.8**	8.4	**8.0**	8.3
ProSieben	**13.4**	12.5	**12.5**	12.6
kabel eins	**5.2**	4.7	**5.0**	4.8
sixx	**1.7**	1.6	**1.9**	1.7
SAT.1 Gold	**2.7**	2.7	**2.8**	2.5
ProSieben MAXX	**3.1**	2.9	**2.7**	2.7
kabel eins Doku	**0.7**	0.6	**0.6**	0.4

[1] Relevant target groups: SAT.1: adults aged 14–59 / ProSieben: adults aged 14–39 / kabel eins: adults aged 14–49 / sixx: female aged 14–39 / SAT.1 Gold: female aged 40–64 / ProSieben MAXX: male aged 14–39 / kabel eins Doku: male aged 40–64
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/videoSCOPE 1.1/marketstandard TV/71m/Committees Representation.

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

Target group 12–49 years	Q4 2018	Q4 2017	2018	2017
ProSiebenSat.1 PULS 4	**29.5**	28.8	**28.6**	27.9
SAT.1 Österreich	**5.0**	4.8	**4.5**	4.4
ProSieben Austria	**7.7**	7.4	**7.5**	7.6
kabel eins Austria	**2.9**	2.9	**2.8**	2.9
PULS 4	**4.7**	4.2	**4.5**	4.2
sixx Austria	**1.1**	1.4	**1.2**	1.4
SAT.1 Gold Österreich	**0.7**	0.9	**0.8**	0.8
ProSieben MAXX Austria	**1.0**	1.2	**1.0**	1.0
kabel eins Doku Austria	**0.8**	0.6	**0.7**	0.5
ATV	**4.7**	4.3	**4.3**	4.0
ATV2	**1.1**	1.1	**1.1**	1.1

Austria: A 12–49; SAT.1 Österreich, ProSieben Austria, kabel eins Austria, PULS 4, sixx Austria, ProSieben MAXX Austria, SAT.1 Gold Österreich, kabel eins Doku Österreich, ATV + ATV 2 (since 07.04.2017 at ProSiebenSat.1 PULS 4, before that an independent group; source: AGTT/GfK TELETEST; Evogenius Reporting; 01.01.2017–31.12.2018; weighted for number of people; including VOSDAL/timeshift; standard.

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

Target group 15–49 years	Q4 2018	Q4 2017	2018	2017
ProSiebenSat.1 Group	**19.2**	19.0	**17.7**	17.8
SAT.1 Schweiz	**5.7**	5.5	**5.1**	4.9
ProSieben Schweiz	**6.7**	7.5	**6.2**	7.0
kabel eins Schweiz	**2.7**	2.2	**2.5**	2.4
sixx Schweiz	**1.1**	1.1	**1.1**	1.1
SAT.1 Gold Schweiz	**0.9**	0.6	**1.0**	0.7
ProSieben MAXX Schweiz	**1.0**	0.9	**0.8**	0.8
Puls 8	**1.1**	1.0	**1.0**	0.9

SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, sixx Schweiz, SAT.1 Gold Schweiz, ProSieben MAXX Schweiz, Puls 8 (since October 8, 2015); German-speaking Switzerland, A 15–49 incl. guests, 24h Mon–Sun, all platforms, overnight +7, total signal; source: Mediapulse TV Panel.

In addition to increasingly specific, targeted approaches to viewers and the sale of advertising spots, ongoing digitalization is opening up new revenue models for the TV business. The distribution of programs in high definition (HD) is one example. 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 9.5 million users in 2018 (previous year: 8.8 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 expanding reach. Against this backdrop, the Company again concluded numerous new distribution agreements in 2018, including with Deutsche Telekom, freenet.tv, M7 (Diveo) and 1&1. In addition, the first shows were broadcasted in the new UHD standard. In line with its digital entertainment strategy, ProSiebenSat.1 Group also founded the joint venture 7TV together with Discovery Communications in the third quarter of 2017 and expanded it this year. The aim is to establish a cross-provider streaming platform in Germany that offers a comprehensive entertainment package with live streaming, a media library and sports broadcasts. To this end, the VoD portal maxdome and the Eurosport Player will also be integrated in this service. Around 3.5 million people already use the 7TV app (launched in 2017), maxdome and the Eurosport Player. → Changes in the Scope of Consolidation, page 105

A further essential component of ProSiebenSat.1 Group's portfolio is the global digital studio Studio71. It pools the broadcasting group's digital content offerings and distributes them via digital platforms. In 2018, digital studio Studio71 achieved over 9.2 billion video views a month (previous year: 7.4 billion video views).

As well as reach and market shares, awards are an indicator of the popularity of our brands and programs; in 2018, the Group won awards including the German Television Award for "The Voice of Germany". → Fig. 062

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

BAMBI
- **Mark Forster** Best National Music
- **Michael Schulte (The Voice of Germany)** People's choice award

BAVARIAN TV AWARDS
- **"Das Nebelhaus"** (Claudia Garde in the "Best Director" category)

BROADCAST AWARDS
- **"Old People's Home for 4 Year Olds"** (CPL Productions in the "Best Original Programme" category)

DANISH TV AWARDS
- **"A League of Their Own"** (Snowman Productions, created by CPL Productions, in the "Best Game Show" category)
- **"Buying Blind"** (Snowman Productions, created by Kinetic Content, LLC, in the "Best Original Programme" category)

GERMAN COMEDY AWARD
- **"jerks."** ("Best Comedy Series")
- **Luke Mockridge:** Most Successful Live Act
- **"Luke! Die Woche und ich"** ("Best Comedy Show")

GERMAN TV AWARDS
- **"The Voice of Germany"** ("Best Prime-Time Entertainment")
- **"Germany's next Topmodel – Das Finale"** (Mark Achterberg in the "Best Creative Achievement in Entertainment" category)
- **"LUKE! – Die Woche und ich"** (Best Late-Night Entertainment)

GERMAN CRIME TV AWARDS
- **"Keine zweite Chance"** (Petra Schmidt-Schaller in the "Best Actress" category)

EDINBURGH TV AWARDS
- **"Old People's Home for 4 Year Olds"** (CPL Productions in the "Best Popular Factual Series" category)
- **CPL Productions:** Production Company of the Year

GOLDENE KAMERA

"Keine zweite Chance" (Petra Schmidt-Schaller in the "Best German Actress" category)

GRIERSON AWARDS

"Old People's Home for 4 Year Olds" (CPL Productions in the "Constructed Documentary" category)

INTERNATIONAL FORMAT AWARDS

"Old People's Home for 4 Year Olds" (CPL Productions in the "Best Factual Entertainment Format" category)

"Old People's Home for 4 Year Olds" (CPL Productions in the "Best Brand Driven Format" category)

JUPITER AWARD

"Fack Ju Göhte 3" ("Best German Film")[1]

Elyas M'Barek: ("Best German Actor")[1]

ROYAL TELEVISION SOCIETY CRAFT AWARDS

"Deep State" (Endor Productions in the "Design – Titles" category)

TBI CONTENT INNOVATION AWARDS

"Old People's Home for 4 Year Olds" (CPL Productions in the "Factual Program of the Year" category)

TELEVISUAL BULLDOG AWARDS

"Old People's Home for 4 Year Olds" (CPL Productions in the "Factual Entertainment" category)

[1] Co-financing

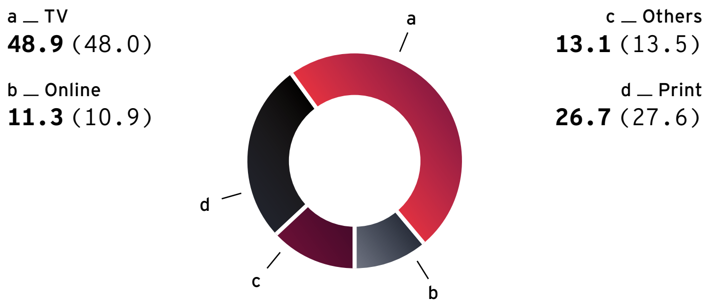
Production market

The proportion of local programming on the Company's own stations has become a particular strategic focus. In the next approximately five years, Red Arrow Studios' share in the content commissioned locally by the Entertainment segment is to be increased from 13% today to over 30%. The aim is to set ourselves apart from the competition and further hone our brand profiles with our own productions. 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 Studios' potential customer group in the US and the German-speaking region has become considerably larger.

Advertising

According to Nielsen Media Research, gross TV advertising investment in Germany rose by 3.7% to EUR 15.90 billion in 2018 (previous year: EUR 15.33 billion). In the fourth quarter of 2018, there was a 3.8% increase to EUR 5.37 billion (previous year: EUR 5.18 billion). TV has the greatest relevance in comparison to other media. In 2018 as a whole, 48.9% of gross advertising investment went on TV advertising (previous year: 48.0%). → Fig. 063 This figure was 52.3% in the fourth quarter (previous year: 51.1%).

063 / MEDIA MIX GERMAN GROSS ADVERTISING MARKET in %, 2017 figures in parentheses



Source: Nielsen Media Research.

Data from Nielsen Media Research are important indicators for assessing the advertising market's development. However, they are collected on a gross revenue basis, meaning that they do not take account of discounts, self-promotion or agency commission. In addition, the figures also include TV spots from media-for-revenue-share and media-for-equity transactions. Furthermore, major digital players from the US (such as Google and Facebook) are not reflected in the Nielsen figures and therefore they do not represent the entire market.

In ProSiebenSat.1 Group's view, the TV advertising market fell short of the previous year on a net basis in 2018; there are similar assessments from experts from the Organization of Advertisers in the German Brands Association (Organisation Werbetreibende im Markenverband – OWM). After the German net TV advertising market grew only slightly and was characterized by greater volatility in 2017, the market continued to benefit less from macroeconomic development in 2018. This was attributable to sector-specific effects, such as increasing consolidation of important sectors for the TV advertising market, which represent developments whose duration and impact cannot yet be conclusively assessed. The slowdown affected not only the German TV market, but the entire European advertising industry. Official data on the net TV advertising market for 2018 will be published by the German Advertising Federation (Zentralverband der deutschen Werbewirtschaft – ZAW) in May 2019. → Economic Development, page 98

Against the backdrop of the mentioned developments, the agency forecasts for 2018 vary considerably: The forecasts for the German TV advertising market range between +0.4% (Magna Global) and +3.6% (ZenithOptimedia). For the German advertising market as a whole, Magna Global anticipates net growth of +2.7%; ZenithOptimedia forecasts growth of 2.0%. In-stream video advertising is likely to continue its dynamic development and drive growth on the online advertising market. Here, the research institutes anticipate a plus of 8.8% or 10.5% (Magna Global) respectively.

According to Nielsen Media Research, ProSiebenSat.1 Group is the market leader in the German TV advertising market and generated gross TV advertising revenues of EUR 6.42 billion in 2018 (previous year: EUR 6.38 billion). In the fourth quarter of 2018, revenues increased by 1.9% to EUR 2.25 billion (previous year: EUR 2.21 billion). For the full year of 2018, this resulted in a market share of 40.4%; in the fourth quarter, ProSiebenSat.1 Group achieved a market share of 41.9% (same periods of the previous year: 41.6% and 42.7% respectively). → Fig. 064, Fig. 065 The development of the market share is partly due to the emergence of new market participants: As of the beginning of 2018, Nielsen Media Research added numerous channels of the pay TV broadcaster Sky to its analysis, as well as kabel eins Doku, RTLplus, MTV, and Servus TV.

064 / MARKET SHARES GERMAN GROSS TV ADVERTISING MARKET in %, 2017 figures in parentheses

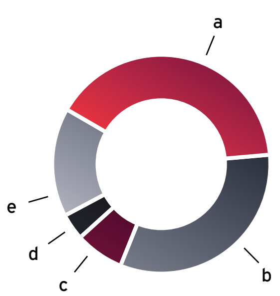
a _ SevenOne Media
40.4 (41.6)

b _ IP Deutschland
32.6 (33.9)

c _ EL-Cartel
7.2 (7.3)

d _ Public Stations
3.9 (3.8)

e _ Others
15.9 (13.3)



Source: Nielsen Media Research.

By selling in-stream video ads, which are shown online before, after or during a video stream, ProSiebenSat.1 Group generated gross revenues of EUR 293.8 million in the full year of 2018 (previous year: EUR 304.6 million). This corresponds to a year-on-year decrease of 3.6% compared to the previous year. Nevertheless, the market share increased to 46.7% (previous year: 44.8%). In the fourth quarter, the Group generated EUR 107.2 million (previous year: EUR 119.0 million) from their sale; this results in an advertising market share of 48.1% (previous year: 49.4%). The market volume for advertising budgets for in-stream video ads in Germany decreased by 7.6% to EUR 628.8 million in 2018 (previous year: EUR 680.5 million), and by 7.5% to EUR 222.8 million in the fourth quarter (previous year: EUR 240.7 million). Overall, investments in online forms of advertising rose by 5.0% to EUR 3.66 billion in 2018 (previous year: EUR 3.49 billion). In the fourth quarter, they amounted to EUR 1.15 billion (previous year: EUR 1.13 billion). With these investments, ProSiebenSat.1 Group generated revenues of EUR 378.1 million in the year as a whole (-4.7%) and of EUR 125 million in the fourth quarter (-15.6%). In addition to in-stream videos, the online advertising market also includes display ads such as traditional banners and buttons.

i Nielsen Media Research designates gross figures for the online advertising market in Germany. They do not comprise data from Google/YouTube and Facebook, among others, and therefore they do not represent the entire market. For the overall online video market, it can be assumed that it has grown.

Commerce

Overall, e-commerce on all digital devices in Germany is expected to have grown by around 10% to a market volume of EUR 63 billion in 2018. As such, e-commerce probably accounted for 10% of total retail in 2018. 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 around EUR 31 billion (previous year: around EUR 24 billion). This corresponds to 48% of online revenues in Germany overall. The individual e-commerce areas differ in terms of their dynamics. Relevant markets for ProSiebenSat.1 Group 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 162 million in 2018 (previous year: EUR 155 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 66% of total revenues. Recent studies by ElitePartner highlight the market's growth potential: Close to 31% of Germans are single.

065 / TV ADVERTISING MARKETS IN GERMANY, AUSTRIA AND SWITZERLAND ON A GROSS BASIS in %

	Development of the TV advertising market in Q4 2018 (Change against previous year)	Development of the TV advertising market in 2018 (Change against previous year)
Germany	**+1.2**	**+0.9**
Austria	**+2.2**	**+2.7**
Switzerland	**+1.0**	**+0.2**

	Market shares ProSiebenSat.1 Q4 2018	Market shares ProSiebenSat.1 Q4 2017	Market shares ProSiebenSat.1 2018	Market shares ProSiebenSat.1 2017
Germany	**41.9**	42.7	**40.4**	41.6
Austria	**43.5**	40.8	**43.2**	40.4
Switzerland	**26.6**	27.8	**26.4**	28.2

Germany: January–December, gross, Nielsen Media. / **Austria:** January–November, gross, Media Focus.
Switzerland: January–November, the market shares relate to the German-speaking part of Switzerland, gross, Media Focus.

- **Online price comparison.** The market volume of online comparison portals in the fields of energy, telecommunication, car insurance and consumer loans in Germany is expected to come to approximately EUR 721 million in 2018 (previous year: EUR 634 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 cites a volume of around EUR 2.8 billion for the experiences market in Germany in 2018. An examination of purchasing behavior throughout Germany in the 2017 gift experiences report showed that an average of around EUR 109 was spent per gift experience. → Future Business and Industry Environmnent, page 135

066 / 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 2018, expenses for Group-wide market research activities amounted to EUR 9 million (previous year: EUR 10 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.

CHANGES IN THE SCOPE OF CONSOLIDATION

ProSiebenSat.1 Group regularly analyzes its portfolio and assesses possible growth and synergy potential. Strategic portfolio expansions and investments in promising growth areas are a significant part of this M&A strategy. Against this backdrop, the Company particularly strengthened the Entertainment and Commerce segments in the reporting period:

ProSiebenSat.1 Group founded the joint venture 7TV Joint Venture GmbH, Munich ("7TV") together with the media company Discovery Communications Inc. in third quarter 2017 and expanded it in 2018. The aim is to establish a cross-provider streaming platform in Germany that offers a comprehensive entertainment package with live streaming, a media library and sports broadcasts. The streaming platform will make content available from the TV stations ProSieben, SAT.1, kabel eins, sixx, ProSieben MAXX, SAT.1 Gold, kabel eins Doku, DMAX, TLC, SPORT1, WELT, and N24 Doku, as well as selected content from Eurosport and the programming of ZDF, ZDF info and ZDF neo. In addition, the video-on-demand (VoD) portal maxdome and the Eurosport Player will be integrated in this service. Against this backdrop, the VoD portal maxdome was deconsolidated at the end of July 2018; ProSiebenSat.1 Group continues to include maxdome in its consolidated financial statements using the equity method for consolidation of 7TV.

ProSiebenSat.1 Group developed another future area in the Entertainment segment in 2018, namely the AdTech business. For example, the Group acquired Kairion GmbH, Frankfurt am Main ("Kairion") (100%) in January 2018, a media marketing provider in the e-commerce sector. In April 2018, ProSiebenSat.1 Group acquired a 90.0% stake in esome advertising technologies GmbH, Hamburg ("esome"), the leading social advertising provider in the DACH region. AdTech serves as the foundation for the automated and customized buying, selling and selective configuration of advertising space in real time. The aim is to develop an ecosystem of leading technology providers and platforms in order to offer advertisers, agencies, and publishers an independent alternative to global players and thereby generate additional revenues.

Back in 2017, ProSiebenSat.1 Group restructured the commerce portfolio under the umbrella of NuCom Group, in order to establish a leading European omnichannel network for consumer services and lifestyle brands. One important step in this is the partnership with General Atlantic that ProSiebenSat.1 Group agreed for NuCom Group in February 2018 and implemented in April. General Atlantic is one of the world's leading growth capital investors and holds a 25.1% stake in the portfolio of NuCom Group. The transaction was based on an enterprise value of EUR 1.8 billion. In NuCom Group, ProSiebenSat.1 Group bundles strategic investments in largely digital commerce platforms, including Verivox, Parship, Elite Partner, Jochen Schweizer, mydays and Flaconi.

In a first joint acquisition, NuCom Group acquired additional shares in PARSHIP ELITE Group, Hamburg ("Parship Elite Group") and Verivox Holding GmbH, Unterföhring ("Verivox Holding") in the second quarter of 2018, which increased its shareholding to 94.2% and 100% respectively. NuCom Group also acquired the online cancellation service Aboalarm GmbH, Munich ("Aboalarm"), which offers cancellation services for consumer contracts in the areas of Internet, mobile communications, insurance, dating and fitness, in the first quarter of 2018, and the remaining minority shares in SilverTours GmbH, Freiburg im Breisgau ("SilverTours") in the second quarter of 2018. In another joint transaction with General Atlantic, NuCom Group acquired 100% of eHarmony, Inc., Los Angeles, USA ("eHarmony Group") one of the leading online dating services in the US, in October 2018. The merger creates one of the world's leading online dating services, which gives the companies attractive potential for growth and synergy. For example, eHarmony Group will adopt Parship Elite Group's technical platform, which already provided the basis of the successful integration of ElitePartner. This will allow eHarmony Group to offer its customers a significantly more attractive service on its online platforms in future.

ProSiebenSat.1 Group practices active portfolio management in order to leverage the biggest possible synergies by connecting TV and digital offerings. Company disposals are also part of this portfolio strategy. → Fig. 067 Against this backdrop, the Group concluded the strategic review of the travel segment in the third quarter of 2018 and sold all shares in the tour operator Tropo GmbH, Hamburg ("Tropo") to dnata (Dubai National Air Transport Association), Dubai, an Emirates Group company. It was deconsolidated at the end of September 2018. ProSiebenSat.1 Group held a majority stake in Tropo since 2012. In these six years, the tour operator significantly increased the awareness of its brand by using TV advertising. The company managed to defend its position even in the difficult market environment of the past several years. However, further synergy potential for the Group was limited.

In addition, ProSiebenSat.1 Group sold 7NXT GmbH, Berlin ("7NXT") in financial year 2018; it was deconsolidated at the end of July. The provider of online sports programs operates both the fitness platform Gymondo GmbH, Berlin and 7NXT Health. ProSiebenSat.1 Group remains indirectly invested in 7NXT as a fund investor. The majority owner of the fund is Lexington Partners, a leading US private equity firm. → Strategy and Management System, page 83 → Opportunity Report, page 132

067 / SELECTED PORTFOLIO MEASURES AND CHANGES IN THE SCOPE OF CONSOLIDATION

ENTERTAINMENT SEGMENT

_ Acquisition of 100.0% of the shares in Kairion, a media marketing provider in the e-commerce sector.
  > Fully consolidated since January 2018
_ Acquisition of 90.0% of the shares in esome, the leading social-advertising provider in the DACH region.
  > Fully consolidated since April 2018
_ Sale of 100.0% of the shares in 7NXT, operator of online sports programs, to Crosslantic Fund I GmbH & Co. KG.
  > Deconsolidated since the end of July 2018
_ Sale of maxdome to the joint venture 7TV.
  > Deconsolidated at the end of July 2018

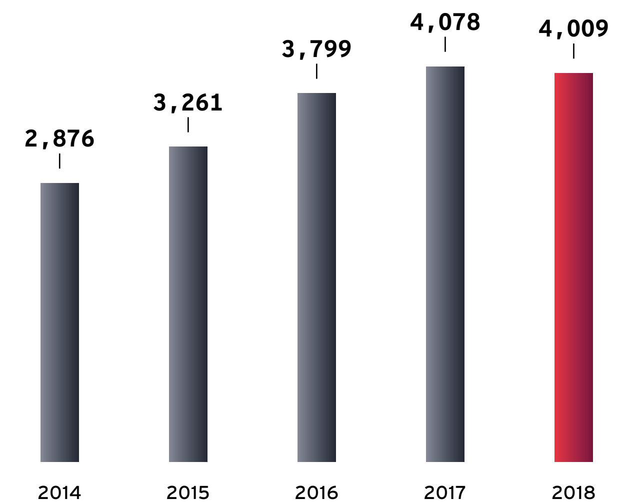
COMMERCE SEGMENT

_ Acquisition of 100.0% of the shares in Aboalarm, an online cancellation service.
  > Fully consolidated since January 2018
_ Acquisition of the business under the Zirkulin brand.
  > Execution in April 2018
_ Sale of 25.1% of NuCom Group shares to General Atlantic, a leading global growth capital investor.
  > Execution in April 2018
_ Acquisition of 44.2% of shares in Parship Elite Group.
  > Execution in April 2018
_ Acquisition of 25.1% in SilverTours (billiger-mietwagen.de).
  > Execution in April 2018
_ Acquisition of 20.6% of the shares in Verivox Holding.
  > Execution in April 2018
_ Sale of the tour operator Tropo to dnata, Hamburg, an Emirates Group company.
  > Deconsolidated at the end of September 2018
_ Acquisition of 100.0% of the shares in eHarmony Group, a premium online dating service in North America.
  > Fully consolidated since end of October 2018

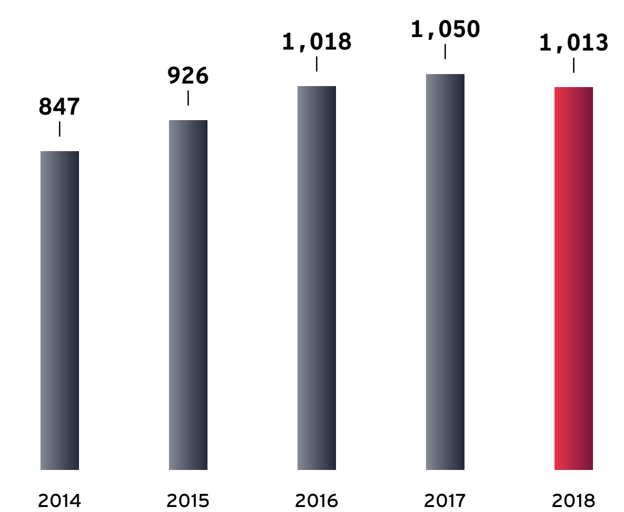
→ Notes, Note 3 "Scope of consolidation", page 155 → Notes, Note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation", page 156
→ Notes, Note 37 "Events after the reporting period", page 228

GROUP EARNINGS

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



069 / **MULTI-YEAR COMPARISON OF ADJUSTED EBITDA[1]** in EUR m

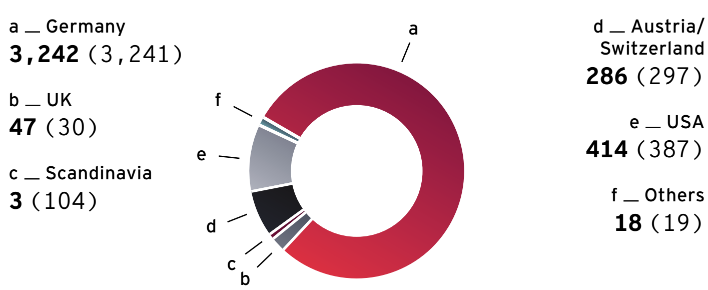


[1] Since January 1, 2017 renaming of recurring EBITDA in adjusted EBITDA.

In 2018, ProSiebenSat.1 Group's revenue development was characterized by portfolio changes and currency effects. The deconsolidation of the online travel agency eTRAVELi Holding AB ("Etraveli") in the third quarter of 2017 and the video-on-demand portal maxdome and the tour operator Tropo in 2018 had a significant impact here. Moreover, advertising revenues were below last year's figures. Against this backdrop, **revenues** amounted to EUR 4,009 million and were therefore slightly lower than in the previous year, as expected (-2% or EUR -69 million year-on-year). → Fig. 068 Adjusted for portfolio and currency effects, ProSiebenSat.1 Group achieved a slight increase in revenues of 1%. The Group generated 81% of its revenues in Germany (previous year: 79%). → Changes in the Scope of Consolidation, page 105 → Analysis of Liquidity and Capital Expenditure, page 114

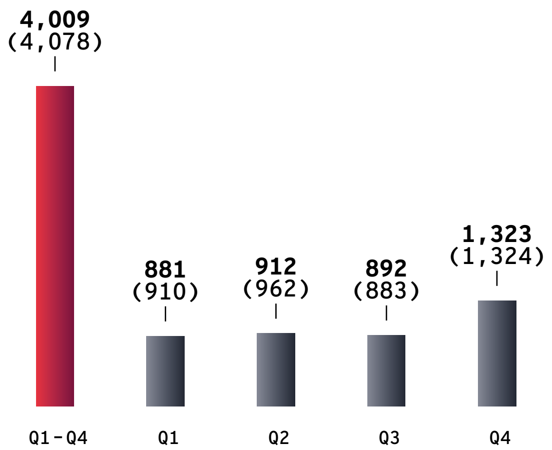
i ProSiebenSat.1 Group generates the majority of its revenues in Germany and thus in the eurozone. → Fig. 070 **The remaining share of revenues is mainly attributable to the US with the production business of Red Arrow Studios and digital studio Studio71 based there. This is why currency effects could impact on the business performance. Exchange rate fluctuations in the reporting period resulted primarily from the translation of USD into Euro.**

070 / **REVENUES BY REGION** in EUR m, 2017 figures in parentheses

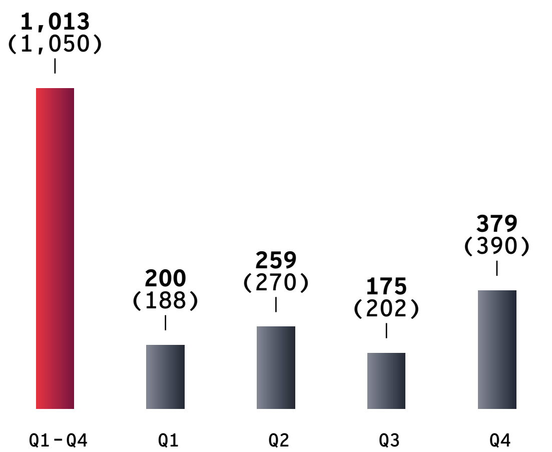


While revenues in the Entertainment segment declined by 4% year-on-year to EUR 2,626 million (previous year: EUR 2,737 million), both the Content Production & Global Sales (+6%) and the Commerce (+2%) segment made a positive contribution to revenues. ProSiebenSat.1 Group's objective is to generate additional revenues beyond the traditional TV advertising business and above all to successively increase the share of the digital business. The TV advertising business is very profitable, but like all consumer-related industries it is economically sensitive and highly seasonal. Against this backdrop, the Group generates approximately a third of its annual revenues in the fourth quarter. → Fig. 071 Adjusted for portfolio changes, this also holds true for the past financial year. → Business Development of the Segments, page 111

071 / REVENUES BY QUARTER in EUR m, 2017 figures in parentheses

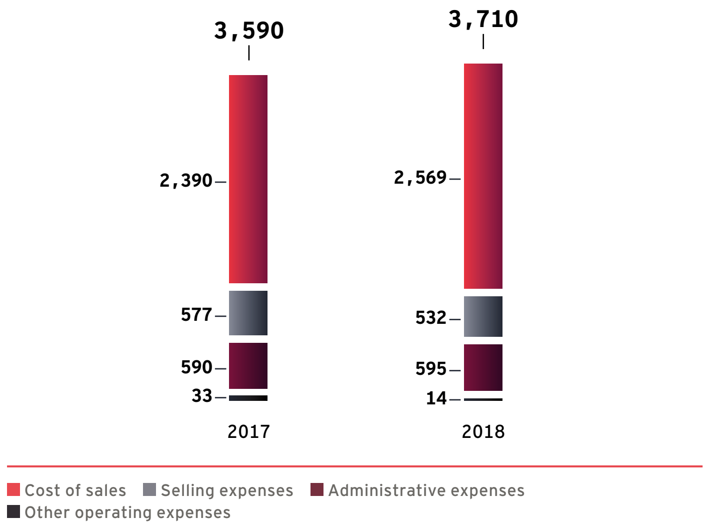


072 / ADJUSTED EBITDA BY QUARTER in EUR m, 2017 figures in parentheses



Other operating income amounted to EUR 50 million (previous year: EUR 332 million), including income from the sale of maxdome. The large difference is primarily the result of the gross proceeds from the sale of Etraveli amounting to EUR 302 million.

073 / TOTAL COSTS in EUR m



Total costs increased by 3% or EUR 120 million and amounted to EUR 3,710 million. The cost increase is mainly due to higher consumption of programming assets of EUR 1,319 million (previous year: EUR 1,145 million), which is included in the cost of sales.

The increase in consumption compared to the previous year is based on the further development of the Group's programming strategy since 2017. That means, that ProSiebenSat.1 Group will increasingly focus on local content in the future. In parallel, the Group has reviewed its commitments from existing US studio contracts. ProSiebenSat.1 Group particularly considered the exploitability of the US products in light of the changed viewer behavior driven in part by video-on-demand platforms. In this context, ProSiebenSat.1 Group identified beyond the common impairment test, a need to impair programming assets by EUR 354 million in 2018. Total expenses amounting to EUR 170 million were recorded in the previous year that were related to the strategic realignment undertaken by the Executive Board in the third quarter of 2017.

The depreciation and amortization likewise recognized in total costs declined 16% or EUR 41 million to EUR 222 million. This development is based primarily on lower impairments on other intangible assets.

i The ProSiebenSat.1 Group is operating in a challenging environment on the television market. Reach has been declining for some time, particularly for selected US titles. One of the reasons is that these program titles are aligned primarily for the specific requirements of the US television market. Another factor is that from the perspective of the ProSiebenSat.1 Group, the average quality of the titles acquired in the framework of the US studio agreements developed less strongly than anticipated. Furthermore, the US program titles are generally not available on a exclusive basis to the ProSiebenSat.1 Group stations. Moreover, only limited utilization is possible on a digital basis, while competing video-on-demand portals are making progress in gaining users. To counter this trend, the ProSiebenSat.1 Group aims increasingly to buy local content or to produce local content itself, reducing the

share of US program titles in the free TV channel programing on a sustained basis.

Against this backdrop, in the fourth quarter of 2018 the ProSiebenSat.1 Group made the strategic decision to sub-license some of its US titles to 7TV, and not to broadcast them itself any longer. This is a portfolio of program titles which are already available and also those which will be received in the future from the US licensors. 7TV will use the programs to make its platform more attractive for users. In addition, as part of this strategic realignment, the ProSiebenSat.1 Group management decided to stop broadcasting certain US program titles.

In the context of the above strategic measures in the fourth quarter, impairment of EUR 178 million was recognized (EUR 122 million of which came from the transaction with 7TV). Furthermore, for onerous contracts in connection with the future acceptance of programming assets, provisions for onerous contracts of EUR 176 million were recognized (EUR 168 million of which from transaction with 7TV). The total effect from the change in the programming strategy therefore amounts to minus EUR 354 million. → Risk Report, page 123

Operating costs amounted to EUR 3,027 million (–1% or EUR 26 million) and were thus down slightly on the previous year. This decline was attributable to consolidation effects and efficient cost management. It reflects the initial effects of cost savings in line with the three-pillar strategy. The aim is to leverage synergies and pool resources more efficiently by making the portfolio more closely interconnected. Operating costs are the relevant cost item for calculating adjusted EBITDA. The reconciliation breaks down as follows: → Fig. 074 → Changes in the Scope of Consolidation, page 105

074 / RECONCILIATION OF OPERATING COSTS

in EUR m

	2018	2017
Total costs	3,710	3,590
Expense adjustments	462	274
Depreciation, amortization and impairments[1]	222	263
Total costs	**3,027**	**3,053**

[1] Of other intangible and tangible assets.

Adjusted EBITDA declined by 4% or EUR 37 million to EUR 1,013 million. → Fig. 069, Fig. 075 The **adjusted EBITDA margin** was 25.3% and thus – like operating costs – nearly stable at the previous year's level (previous year: 25.8%).

EBITDA decreased by 47% to EUR 570 million (previous year: EUR 1,084 million). This figure is characterized by reconciling items of minus EUR 443 million (previous year: EUR 34 million), including the total effect from the further development of the programming strategy of minus EUR 354 million (previous year: EUR –170 million). → Fig. 077 In addition to this high reconciling item with a negative impact on earnings, there were expenses in 2018 relating to reorganizations, especially in connection with the alignment of the Group portfolio on the basis of the new three-pillar strategy. The reconciling items from reorganizations totaled minus EUR 68 million (previous year: EUR –45 million). Costs in the amount of EUR 34 million also resulted from M&A projects (previous year: EUR 32 million), which were likewise mainly attributable to the Entertainment segment. Other EBITDA effects amounted to EUR 13 million (previous year: EUR –21 million). This particularly includes positive effects from the deconsolidation of maxdome. In addition, this item includes fair value adjustments of share-based payments of EUR 8 million (previous year: EUR 4 million). Expenses from other material one-time items of EUR 14 million (previous year: EUR 22 million) had an opposite effect.

075 / RECONCILIATION OF ADJUSTED EBITDA

in EUR m

	2018	2017
Result before income taxes	344	646
Financial result	–4	–174
Operating result (EBIT)	**348**	**820**
Depreciation, amortization and impairments[1]	–222	–263
thereof from purchase price allocations	–50	–84
EBITDA	**570**	**1,084**
Reconciling items[2]	–443	34
Adjusted EBITDA	**1,013**	**1,050**

[1] Of other intangible and tangible assets. / [2] Expense adjustments of EUR 462 million (previous year: EUR 274 million) less income adjustments of EUR 19 million (previous year: EUR 307 million).

The **financial result** amounted to minus EUR 4 million (previous year: EUR –174 million). The improvement in the financial result is based primarily on the positive development of the **other financial result**. It amounted to EUR 72 million (previous year: EUR –82 million) and is characterized by the following opposite effects: In 2018 the Group recognized impairments and reversals of impairment on financial assets of EUR 86 million (net) (previous year: EUR –77 million). EUR 69 million of this (previous year: EUR –59 million) are related to the reassessment of put options; the largest individual item was the reassessment of shares in digital studio Studio71, that reflects the change in expectation for the future cash outflows. This was offset by valuation effects from earn-out liabilities of minus EUR 11 million (previous year: EUR 0 million). The impairments on financial investments amounted to EUR 13 million (previous year: EUR 23 million).

The **interest result** improved and amounted to minus EUR 63 million (previous year: EUR –83 million). The change compared to the previous year is primarily due to the lower addition of provisions for interest on taxes in 2018. The result from investments accounted for using the equity method, also recognized in the financial result, amounted to minus EUR 13 million. In 2017, this figure came to minus EUR 10 million. → Notes, Notes 11–12 "Interest result", "Result from investments accounted for using the equity method and other financial result", page 174–176

Pre-tax profit amounted to EUR 344 million. This corresponds to a decline of 47% or EUR 302 million compared to the previous year, which reflects the reconciling item in connection with the altered programming strategy described above. The figure for the previous year predominantly contains the gross proceeds from the sale of the online travel agency Etraveli.

Income tax expenses decreased by EUR 71 million to EUR 94 million with a tax rate of 27.4% (previous year: 25.5%). The lower tax rate in 2017 was due in particular to the sale of Etraveli.

The developments described resulted in a decline in the **net result** of 48% to EUR 250 million (previous year: EUR 481 million). At the same time, the net result attributable to shareholders of ProSiebenSat.1 Media SE fell to EUR 248 million (previous year: EUR 471 million).

Adjusted net income fell by 2% to EUR 541 million (previous year: EUR 550 million). This item is adjusted by the above reconciling items and presented in the reconciliation. → Fig. 076 Basic adjusted earnings per share amounted to EUR 2.36 (previous year: EUR 2.40). → Notes, Note 13 "Income taxes", page 176 → Notes, Note 14 "Earnings per share", page 178

076 / RECONCILIATION OF ADJUSTED NET INCOME FROM CONTINUING OPERATIONS in EUR m

	2018	2017
Net result attributable to shareholders of ProSiebenSat.1 Media SE	248	471
Deconsolidation of Etraveli	-/-	-302
Valuation effects relating to strategic realignments of business units	354	170
Other EBITDA adjustments	89	98
Depreciation, amortization and impairments from purchase price allocations[1]	52	89
Impairments on other financial assets	24	41
Reassessment of interests accounted for using the equity method in connection with initial consolidations	-8	0
Valuation effects of put-options and earn-out liabilities	-54	56
Valuation effects from interest rate hedging transactions	-2	0
Reassessment of tax risks	6	11
Other effects[2]	-35	15
Tax effects	-133	-94
Minority interests	-1	-5
Adjusted net income	**541**	**550**

[1] Incl. effects on associates consolidated using the equity method. / [2] Other effects include impairments on leasehold improvements and other intangible assets of EUR 8 million (previous year: EUR 42 million) and valuation effects of long time securities of minus EUR 21 million (previous year: EUR 0 million) and valuation effects of current financial assets of minus EUR 9 million (previous year: EUR 0 million).

077 / RECONCILIATION OF THE INCOME STATEMENT FOR THE FINANCIAL YEAR 2018 in EUR m

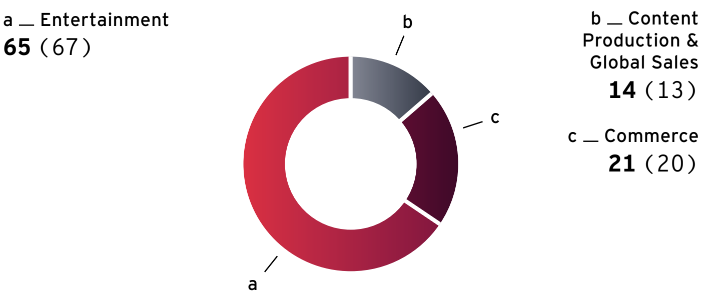
	2018 IFRS	Adjustments	2018 Adjusted
Revenues	4,009	-/-	4,009
Total costs	-3,710	-520	-3,190
thereof operating costs	-3,027	-/-	-3,027
thereof depreciation, amortization and impairments	-222	-59	-163
Other operating income	50	19	31
Operating result (EBIT)	**348**	**-502**	**850**
Financial result	-4	76	-80
Result before income taxes	344	-426	770
Income taxes	-94	133	-227
NET RESULT	**250**	**-293**	**542**
Net result attributable to shareholders of ProSiebenSat.1 Media SE	248	-292	541
Net result attributable to non-controlling interests	1	-1	2
Result before income taxes	344	-426	770
Financial result	-4	76	-80
Operating result (EBIT)	**348**	**-502**	**850**
Depreciation, amortization and impairments	-222	-59	-163
thereof from purchase price allocations	-50	-50	-/-
EBITDA	**570**	**-443**	**1,013**

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 Group 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. See Annual Report 2017, page 137.

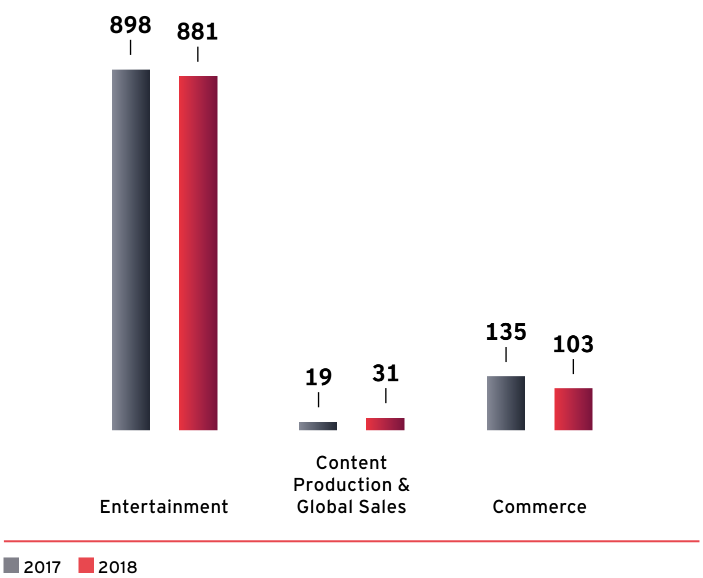
i Further information on ProSiebenSat.1 Group's revenue and earnings figures for 2018 can be found in the section → Information, page 263.

BUSINESS DEVELOPMENT OF THE SEGMENTS

078 / **REVENUE SHARE BY SEGMENT**
in %, 2017 figures in parentheses



079 / **ADJUSTED EBITDA BY SEGMENT** in EUR m



ENTERTAINMENT SEGMENT

In 2018, the Entertainment segment's **external revenues** amounted to EUR 2,626 million. This is a revenue decline of 4% or EUR 112 million, which is attributable firstly to the development of revenues in the advertising business: Especially at the end of the year, economic indicators had had a negative effect on the entire German TV advertising market. Secondly, the revenue decline reflects the deconsolidations of maxdome and 7NXT. In contrast, the areas of sports and distribution, which are independent of the advertising market, performed positively and strengthened the revenue base. → Development of ProSiebenSat.1 Group´s relevant Business and Market Environments, page 100

i As with all consumer-related markets, the advertising industry often reacts very sensitively to macroeconomic developments. In addition, revenue and earnings performance is characterized by seasonal effects and above all the importance of the fourth quarter. As both propensity to spend and television use increase significantly in the run-up to Christmas, the Company usually generates a far greater share of its annual revenues in the final quarter. → Group Earnings, page 107

Adjusted EBITDA fell by 2% or EUR 17 million year-on-year to EUR 881 million. The revenue decline was partially compensated by efficient cost management. The **adjusted EBITDA margin** was therefore slightly higher than the previous year at a high level and amounted to 32.4% (previous year: 32.1%). **EBITDA** declined to EUR 461 million (previous year: EUR 651 million). → Fig. 080 This figure is shaped by reconciling items of minus EUR 420 million (previous year: EUR -247 million), including the total effect from the change in programming strategy of minus EUR 354 million and expenses relating to reorganizations of EUR 62 million. → Group Earnings, page 107

080 / **KEY FIGURES ENTERTAINMENT SEGMENT** in EUR m

	2018	2017
Segment revenues	**2,718**	2,798
External revenues	**2,626**	2,737
Internal revenues	**92**	61
EBITDA	**461**	651
Adjusted EBITDA	**881**	898
Adjusted EBITDA margin[1] (in%)	**32.4**	32.1

[1] Based on segment revenues.

CONTENT PRODUCTION & GLOBAL SALES SEGMENT

In the Content Production & Global Sales segment, **external revenues** increased by 6% year-on-year to EUR 552 million (previous year: EUR 523 million). In 2018, the significant growth driver was the digital studio Studio71, which picked up a lot of momentum in the fourth quarter in particular. In addition, the production business again made a substantial contribution to organic revenue growth in the fourth quarter of 2018. Revenues in the global sales business also increased, with the initial consolidation of the US film distributor Gravitas Ventures, LLC, Wilmington, USA („Gravitas") since November 2017 having an impact. → Notes, Note 5 "Revenues", page 168

Adjusted EBITDA increased to EUR 31 million (previous year: EUR 19 million). This increase of 66% is primarily the result of economies of scale at the digital studio Studio71 and thus of an enhanced profitability. Also the profit situation in production business improved. The **adjusted EBITDA margin** amounted to 5.1% (previous year: 3.1%) and reflects the different margin structures of the individual business models. **EBITDA** likewise increased considerably, amounting to EUR 26 million (previous year: EUR 8 million). → Fig. 081

081 / KEY FIGURES CONTENT PRODUCTION & GLOBAL SALES SEGMENT in EUR m

	2018	2017
Segment revenues	**608**	594
External revenues	**552**	523
Internal revenues	**55**	71
EBITDA	**26**	8
Adjusted EBITDA	**31**	19
Adjusted EBITDA margin[1] (in%)	**5.1**	3.1

[1] Based on segment revenues.

COMMERCE SEGMENT

External revenues in the Commerce segment slightly increased on the previous year to EUR 831 million (previous year: EUR 818 million) and were influenced by contrasting portfolio effects: Growth momentum was characterized by the deconsolidations of the online tour operator Etraveli in the third quarter of 2017 and of COMVEL GmbH in the fourth quarter of 2017, as well as by the sale of the tour operator Tropo in the third quarter of 2018. By contrast, the initial consolidations of Jochen Schweizer GmbH in October 2017 and of eHarmony Group in November 2018 had a particularly positive impact. Adjusted for the portfolio measures mentioned, the segment recorded double-digit revenue growth of 16%. The online perfume store Flaconi GmbH, the online comparison portal Verivox Holding and the OTC provider WindStar Medical GmbH, Wehrheim made substantial contributions to organic revenues here. → Notes, Note 2 "Segment reporting", page 150

Due to the above-mentioned deconsolidation effects, **adjusted EBITDA** was down year-on-year. In addition, cost development was influenced in particular by higher intragroup marketing expenses for the expansion of strategically important growth areas, so **adjusted EBITDA** fell by 24% to EUR 103 million (previous year: EUR 135 million). The **adjusted EBITDA margin** amounted to 12.3% (previous year: 16.5%); its decline reflects the different margin structures and growth momentums of the individual business models. At the same time, **EBITDA** fell to EUR 84 million (previous year: EUR 464 million). → Fig. 082 The comparatively high EBITDA of the previous year contains the gross proceeds from the sale of the online travel agency Etraveli of EUR 302 million.

082 / KEY FIGURES COMMERCE SEGMENT in EUR m

	2018	2017
Segment revenues	**831**	820
External revenues	**831**	818
Internal revenues	**0**	2
EBITDA	**84**	464
Adjusted EBITDA	**103**	135
Adjusted EBITDA margin[1] (in%)	**12.3**	16.5

[1] Based on segment revenues.

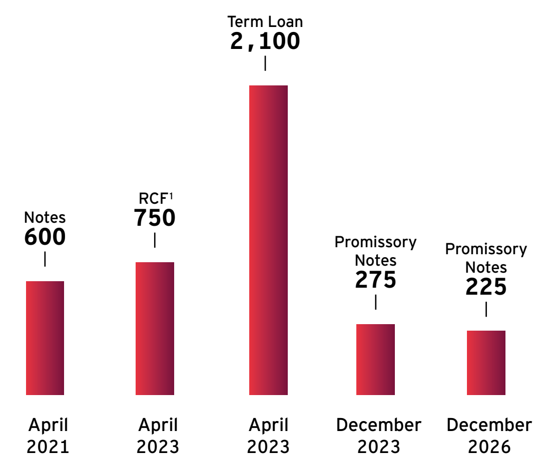
GROUP FINANCIAL POSITION AND PERFORMANCE

BORROWINGS AND FINANCING STRUCTURE

ProSiebenSat.1 Group uses various financing instruments and practices active financial management. As of December 31, 2018, **debt** accounted for 83% of total equity and liabilities (December 31, 2017: 81%). At EUR 3,194 million or 59%, the majority was attributable to the Group's non-current and current financial debt (December 31, 2017: 60%). → Analysis of Assets and Capital Structure, page 117

The Group continuously monitors and assesses developments on the money and capital markets. In March 2018, ProSiebenSat.1 Group extended the duration of the syndicated term loan and the syndicated revolving credit facility (RCF) by one year at a time. In addition, ProSiebenSat.1 Group 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. Since 2016, the Group's portfolio has also included 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). → Fig. 083

083 / **DEBT FINANCING INSTRUMENTS AND MATURITIES AS OF DECEMBER 31, 2018** in EUR m



[1] Not drawn.

i Rating agencies do not take ProSiebenSat.1 Group's loan agreement or notes into account in their credit ratings. For this reason, no corresponding statements are made here.

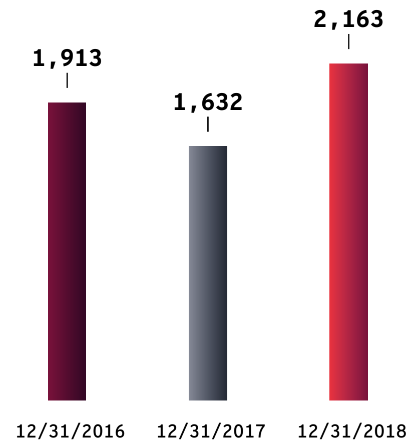
Interest payable on the term loan and the RCF is variable and based on Euribor money market rates plus an additional credit margin. The Group uses derivative financial instruments in the form of interest rate swaps and interest rate options to hedge against interest rate changes caused by the market. As of December 31, 2018, the proportion of fixed interest was approximately 98% of the entire long-term financing portfolio. The average fixed rate of the interest rate swaps was 0.5% per annum; the average interest rate cap was 1%. In 2018, the Group entered into interest hedges in the amount of EUR 1,000 million to hedge against interest rate risks in the period from 2020 to 2023. → Analysis of Assets and Capital Structure, page 117, → Notes 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7", page 206

FINANCING ANALYSIS

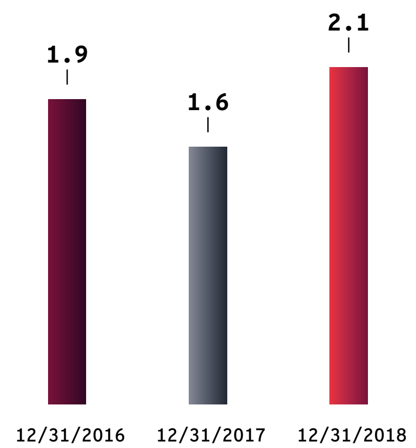
The leverage ratio is a key indicator for Group-wide financial and investment planning. It reflects the ratio of net financial debt to adjusted EBITDA over the last twelve months (LTM adjusted EBITDA). The target is a ratio between 1.5 and 2.5 at the end of the relevant year. The target range may be exceeded for a short period of time as a result of fluctuations during the year. The leverage ratio was 2.1 as of December 31, 2018 (December 31, 2017: 1.6) with net financial debt of EUR 2,163 million (December 31, 2017: EUR 1,632 million). → Fig. 084, Fig. 085 The higher net financial debt reflects the development of the cash flows, characterized among other things by earnings performance, payments for the repurchase of own shares, the acquisition of eHarmony Group and higher tax payments. → Analysis of Liquidity and Capital Expenditure, page 114

i As of December 31, 2018, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16. They amounted to EUR 155 million. Also not included are real estate liabilities of EUR 22 million. In the comparative period, the liabilities for finance leases under IAS 17 of EUR 65 million are likewise not included.

084 / **NET FINANCIAL DEBT**[1] in EUR m



085 / **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).

086 / 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 on the net result 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 Group 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 interest rate and currency management activities.

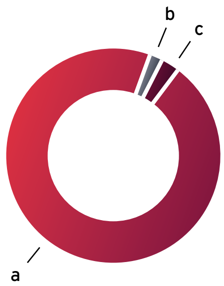
ANALYSIS OF LIQUIDITY AND CAPITAL EXPENDITURE

In the financial year 2018, ProSiebenSat.1 Group generated a **cash flow from operating activities** of EUR 1,459 million (previous year: EUR 1,621 million). The decline primarily reflects the earnings performance. In addition, higher tax payments had an impact. The development of working capital was in line with the previous year. → Group Earnings, page 107

087 / INVESTMENTS BY SEGMENT[1]

in %, 2017 figures in parentheses

a _ Entertainment
97 (98)



b _ Content Production & Global Sales
1 (1)

c _ Commerce
2 (1)

[1] Investments by segment before M&A activities.

i Detailed information on off-balance-sheet investment obligations can be found in the → Notes, Note 31 "Other financial obligations", page 205.

The cash flows from investing activities resulted in an **cash flow from investing activities** of minus EUR 1,536 million for the financial year 2018 (EUR -894 million). → Fig. 088 The increase in cash outflow of 72% or EUR 643 million primarily reflects the Group's M&A activities:

- Cash outflow from additions to the scope of consolidation amounted to EUR 302 million (previous year: EUR 197 million) in 2018 and mainly reflects purchase price payments for the acquisition of eHarmony Group, Zirkulin, esome, Aboalarm, and Kairion as well as deferred purchase price payments for Verivox Holding, Virtual Minds AG, Freiburg im Breisgau and the US production companies Fabrik Entertainment, LLC and Kinetic Content, LLC. The value for 2017 includes purchase price payments for Jochen Schweizer GmbH, the film distributor Gravitas, and ATV.

i Assets resulting from initial consolidations are not reported as segment-specific investments. Cash and cash equivalents used for the acquisition of the initially consolidated entities are shown as "cash outflow from additions to the scope of consolidation."

- Cash inflow from the sale of consolidated subsidiaries fell by EUR 467 million year-on-year and amounted to EUR 6 million (previous year: EUR 473 million). In 2018, maxdome, 7NXT and Tropo were deconsolidated, and purchase price payments were received for disposals made in previous years. In 2017, the Group conducted an extensive review process of its travel portfolio and realized the sale of Etraveli, among other things.

- The cash outflow for the acquisition of programming rights amounted to EUR 1,070 million. This is an increase of 2% or EUR 23 million compared to 2017. 100% of the programming investments were made in the Entertainment segment (previous year: 100%). 56% went on licensed programs (previous year: 62%) and 42% on commissioned productions (previous year: 38%). → Group Earnings, page 107

i Programming investments are a focal point in investing activities. In addition to the purchasing of licensed formats and commissioned productions, in-house 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 increased to EUR 55 million (+26% or EUR -12 million year-on-year). Most of this was also attributable to the Entertainment segment at 81% (previous year: 75%) and was related to technical facilities and leasehold improvements at the Unterföhring site. EUR 106 million also went on other intangible assets (-5% or EUR +6 million year-on-year). At 68%, the Group invested in other intangible assets primarily in the Entertainment segment (previous year: 82%).

088 / CASH FLOW STATEMENT in EUR m

	Q4 2018	Q4 2017	2018	2017
Net result	**-33**	**167**	**250**	**481**
Cash flow from operating activities	**550**	**665**	**1,459**	**1,621**
Cash flow from investing activities	**-487**	**-422**	**-1,536**	**-894**
Free cash flow	**63**	**243**	**-78**	**728**
Cash flow from financing activities	**-40**	**-12**	**-468**	**-426**
Effect of foreign exchange rate changes on cash and cash equivalents	8	-5	17	-14
Change in cash and cash equivalents	31	226	-528	288
Cash and cash equivalents at beginning of reporting period	1,000	1,333[1]	1,559[1]	1,271
Cash and cash equivalents classified under assets held for sale at end of reporting period	-/-	7	-/-	7
Cash and cash equivalents at end of reporting period[2]	**1,031**	**1,552**	**1,031**	**1,552**

[1] Includes the cash and cash equivalents of the companies held for sale.
[2] The cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents reported in the statement of financial position as of the respective closing date.

The developments described resulted in a **free cash flow** of minus EUR 78 million for 2018 (previous year: EUR 728 million). → Fig. 089

M&A cash flow amounted to minus EUR 321 million, after EUR 260 million in 2017. The previous year's figure is shaped by the net cash inflow from the sale of Etraveli; the cash outflows for additions to the scope of consolidation had an opposite effect.

The **free cash flow before M&A** amounted to EUR 244 million (previous year: EUR 468 million) and was therefore also down on the previous year. This equates to a decrease of 48%, which is primarily based on the earnings performance and higher cash outflow for the acquisition of programming rights. → Group Earnings, page 107

i 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, the purchase and sale of investments accounted for using the equity method and other investments with the exception of media-for-equity investments.

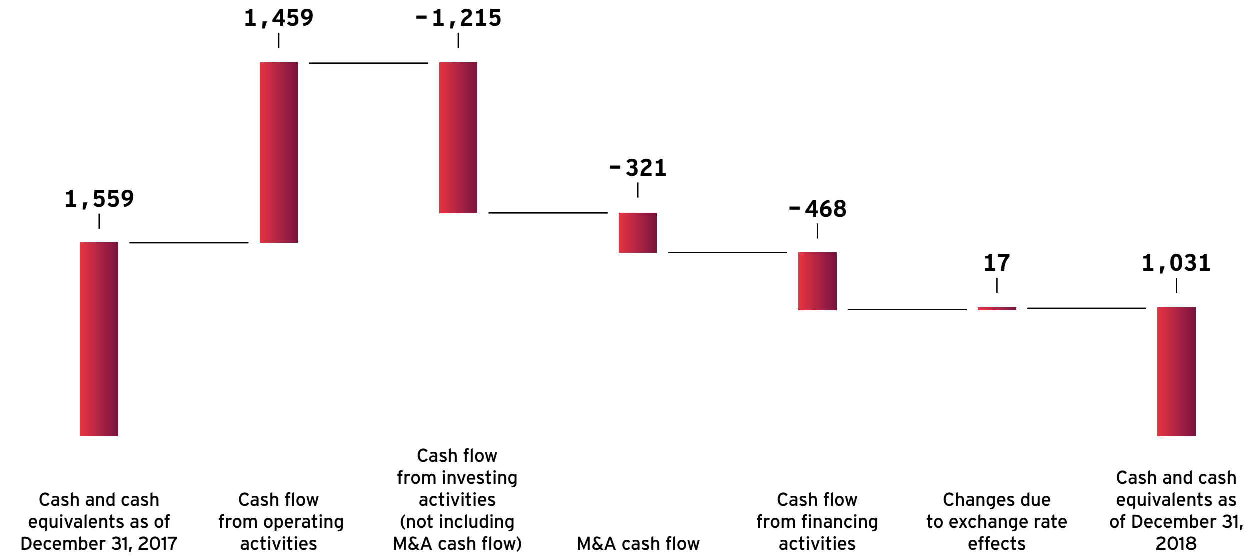
Cash flow from financing activities amounted to minus EUR 468 million (previous year: EUR –426 million). This figure is characterized by various contrary developments: The sale of shares in the NuCom Group to General Atlantic resulted in an inflow of EUR 286 million in the reporting period. In contrast, cash outflow of EUR 221 million resulted from purchase price payments for additional shares in Parship Elite Group and the acquisition of additional shares in SilverTours and Sonoma Internet GmbH, Berlin operator of the platform Amorelie. There was also a cash outflow due to the dividend payment in May 2018 in the amount of EUR 442 million (previous year: EUR 435 million). The repurchase of treasury shares resulted in a cash outflow of EUR 50 million. At the same time, payments for lease liabilities increased by EUR 24 million to EUR 40 million as a result of the initial application of IFRS 16. Under IAS 17, payments for "leases classified as operating leases" were reported under cash flow from operating activities in previous years.

The cash flows described resulted in a decrease in **cash and cash equivalents** of 34% or EUR 521 million year-on-year to EUR 1,031 million. The Group thus has a comfortable level of liquidity despite this decline. → Fig. 090

089 / RECONCILIATION OF FREE CASH FLOW BEFORE M&A MEASURES in EUR m

	Total cash flow	M&A cash flow	Cash flow before M&A
Cash flow from operating activities	**1,459**	**-/-**	**1,459**
Proceeds from disposal of non-current assets	31	29	2
Payments for the acquisition of other intangible and tangible assets	–161	-/-	–161
Payments for the acquisition of financial assets	–44	–42	–2
Proceeds from disposal of programming assets	17	-/-	17
Payments for the acquisition of programming assets	–1,070	-/-	–1,070
Payments for the issuance of loan receivables to external parties	–7	–7	-/-
Proceeds from the repayment of loan receivables from external parties	-/-	-/-	-/-
Payments for the issuance of loan receivables to financial assets	–7	–7	-/-
Proceeds from the repayment of loan receivables from financial assets	1	1	-/-
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	–302	–302	-/-
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	6	6	-/-
Cash flow from investing activities	**–1,536**	**–321**	**–1,215**
Free cash flow	**–78**	**–321**	**244**

090 / **CHANGE IN CASH AND CASH EQUIVALENTS** in EUR m



ANALYSIS OF ASSETS AND CAPITAL STRUCTURE

Total assets amounted to EUR 6,468 million as of December 31, 2018 (–2% or EUR –101 million). The decline in cash and cash equivalents was mainly offset by higher intangible assets and property, plant and equipment, so total assets changed only marginally overall year-on-year. With an equity ratio of 17% (December 31, 2017: 19%), ProSiebenSat.1 Group has a solid asset and capital structure. The key items in the statement of financial position are described in more detail below: → Fig. 091

_ **Current and non-current assets:** As of December 31, 2018, goodwill increased by 7% to EUR 1,962 million (December 31, 2017: EUR 1,831 million); its share in total assets was 30% (December 31, 2017: 28%). Other intangible assets increased by 11% to EUR 824 million (December 31, 2017: EUR 745 million). This development was driven by the initial consolidations in 2018, primarily of esome and eHarmony Group. Property, plant and equipment rose by 60% or EUR 122 million to EUR 327 million. This was due to the capitalization of leased property, plant and equipment as a result of applying the new reporting standard IFRS 16 for the first time as of January 2018. → Notes, Note 16 "Goodwill", page 180

Other non-current financial and non-financial assets grew by 39% amounting to EUR 249 million (December 31, 2017: EUR 179 million). This increase was primarily due to new media-for-equity and fund investments and positive valuation effects on these investments. Other current financial and non-financial assets increased to EUR 122 million (December 31, 2017: EUR 105 million). This was partly attributable to the positive development of currency hedging instruments. In addition, current trade receivables increased by EUR 27 million or 5% to EUR 529 million (December 31, 2017: EUR 501 million).

Programming assets decreased by 7% year-on-year and amounted to EUR 1,113 million (December 31, 2017: EUR 1,198 million). This decline compared to December 31, 2017, primarily results from the realignment of the programming strategy described under "Group Earnings." Program acquisitions of EUR 1,070 million had an opposite effect. Programming assets made up 17% of total assets (December 31, 2017: 18%) and comprise non-current and current programming assets. → Notes, Note 21 "Programming assets", page 190

Cash and cash equivalents amounted to EUR 1,031 million. This equates to a decline of 34% or EUR 521 million compared to December 31, 2017, which was primarily due to earnings performance, the acquisition of eHarmony Group, the repurchase of own shares, and higher tax payments.

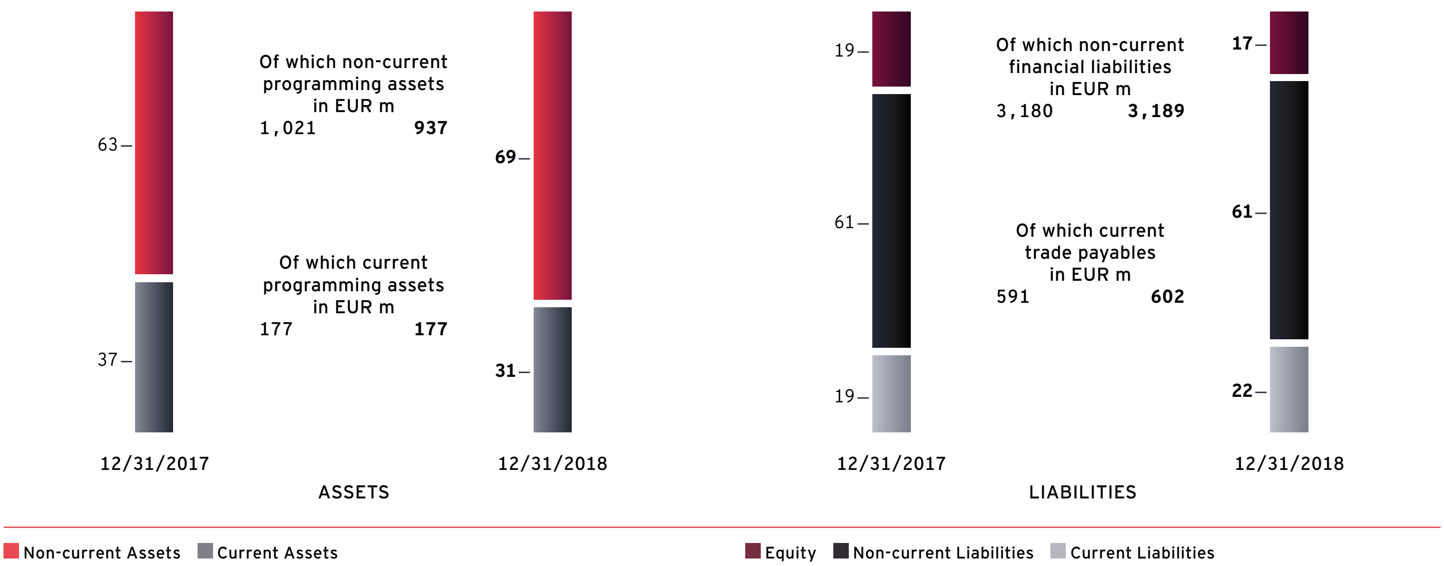
i Employee potential, organizational advantages, own brands or long-term customer relationships are important success factors, which are largely non-financial. On the other hand, we capitalize certain internally generated intangible assets to a limited extent. Further information can be found in the Notes in the → "Summary of Key Accounting Principles", page 230.

_ **Equity:** Despite the positive net result, equity declined by 15% or EUR 182 million to EUR 1,070 million. The development of equity firstly reflects the dividend pay-out of EUR 442 million in May 2018 (previous year: EUR 435 million). Secondly, the share buyback had an effect amounting to EUR 50 million in the fourth quarter of 2018. The corresponding equity ratio was 17% (December 31, 2017: 19%).

As part of the share buyback program, a first tranche totaling 2,906,226 of the Company's own shares was acquired via the stock exchange in the period from November 9, 2018, to December 11, 2018, inclusively, at an average price of EUR 17.2044 (total amount: EUR 49,999,999.46), without restriction on the use of the treasury shares acquired; they can therefore be used by the Company for all legally permissible purposes or retired. The treasury shares thus acquired comprise EUR 2,906,226.00 or around 1.25% of the share capital.

- **Current and non-current liabilities:** Debt increased slightly compared to the closing date in 2017. Overall, liabilities and provisions went up by 2% to EUR 5,398 million compared to December 31, 2017 (EUR 5,317 million). This is due primarily to the increase in provisions for onerous contracts as a result of the refocusing of the programming strategy and to higher lease liabilities as a result of the first-time application of IFRS 16. Payments and positive valuation effects from put option liabilities had an opposite effect. Non-current and current financial debt reported in debt totaled nearly unchanged EUR 3,194 million (December 31, 2017: EUR 3,185 million).

091 / STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION in %



092 / OVERALL ASSESSMENT OF THE BUSINESS PERFORMANCE – MANAGEMENT VIEW

2018 was a challenging year in which we partially adjusted our initial growth forecasts and further developed our strategy. Our relevant financial and non-financial performance indicators developed in line with the most recently published guidance in 2018: Revenues were below the previous year at EUR 4,009 million (previous year: EUR 4,078 million). Adjusted EBITDA and adjusted net income declined by 4% to EUR 1,013 million (previous year: EUR 1,050 million) and by 2% to EUR 541 million (previous year: EUR 550 million), respectively. Adjusted for currency and portfolio effects, ProSiebenSat.1 Group nevertheless posted slight revenue growth year-on-year. At the same time, the share of the non-advertising business increased to 44% (previous year: 43%) despite the deconsolidation of the online travel portfolio.

Advancing digitalization and the associated changes in media usage entail both major opportunities and new challenges for us. This is reflected in the revenue performance of the financial year 2018: While revenues in the Commerce and Content Production & Global Sales segments grew, revenues in the Entertainment segment were below the previous year. The TV advertising market performed unexpectedly weakly and was very volatile. However, we increased our viewer ratings in the German market. → Fig. 093

ProSiebenSat.1 Group pursues a digital entertainment strategy in order to serve various media usage interests. We are also responding to the change in viewer behavior with a sharper focus on local programming. For this reason, we reviewed the commitments from existing contracts with US studios and their exploitability in the fourth quarter of 2018. In this context, we identified expenses in programming assets of EUR 354 million, which reduced the net result in the financial year 2018. With this programming strategy, we have laid an important foundation for a modern and forward-looking entertainment business.

093 / COMPARISON OF ACTUAL AND EXPECTED BUSINESS PERFORMANCE

	Actual Figures 2017	Forecasts 2018 (March 2018)	Forecasts 2018 (November 2018)	Actual Figures 2018
Revenues (in EUR m)	4,078	Increase in the low to mid single-digit percentage range	Decrease in the low single-digit percentage range	4,009 (–2%)
Adjusted EBITDA margin (in %)	25.8	Mid 20 percent range	Mid 20 percent range	25.3
Adjusted net income (conversion rate of adjusted EBITDA to adjusted net income in %)	52	~50%	~50%	53
Leverage ratio (net financial debt/LTM adjusted EBITDA)	1.6×	1.5×–2.5×	1.5×–2.5×	2.1×
Entertainment				
External revenues	2,737	Low increase	–	2,626
Adjusted EBITDA	898	Low increase	–	881
Content Production & Global Sales				
External revenues	523	Significant increase	–	552
Adjusted EBITDA	19	Significant increase	–	31
Commerce[1]				
External revenues	818	Low decrease	–	831
Adjusted EBITDA	135	Medium decrease	–	103
German TV audience market[2]	27.0%	Leading market position at a high level	–	27.8%

The ProSiebenSat.1 Group published its company outlook for 2018 on February 22, 2018 at the Annual Press Conference as well as on March 15, 2018 in the Annual Report 2017. The company partially adjusted its financial targets in November 2018.
[1] Including deconsolidation effects from the travel business.
[2] Relevant target group of 14- to 49-year-olds.

PROSIEBENSAT.1 MEDIA SE
(DISCLOSURES UNDER HGB)

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.

ProSiebenSat.1 Media SE is not controlled through individual performance indicators but integrated in the Groups overall control.

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 98

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 under section 289 (4) HGB, are presented in the Risk Report. → Risk Report, page 123

The Management Declaration according to section 289a HGB is publicly available on the Company's website and can be viewed in this Annual Report from → page 48.

SIGNIFICANT EVENTS IN 2018

At the Annual General Meeting of ProSiebenSat.1 Media SE on May 16, 2018, the shareholders resolved to allocate EUR 200 million of the distributable profit for financial year 2017 to other retained earnings. They also resolved on a dividend payment of EUR 1.93 per eligible share, with the total payout amounting to EUR 442 million.

At the beginning of the year, the Group restructured its portfolio on the basis of a three-pillar strategy. The aim is to leverage additional synergies, pool resources and increase the efficiency of the Group. These reorganization measures involved personnel adjustments, so the number of employees at ProSiebenSat.1 Media SE also declined.

The Group also refocused its programming strategy. For a modern and future-ready entertainment-business, ProSiebenSat.1 Group will among other things invest additionally in local content. In parallel to an increased local focus in the programming strategy, the Group has reviewed its existing US studio contracts. As a result of this review ProSiebenSat.1 Media SE as the purchasing agent for programming assets recognized provisions for onerous contracts of EUR 176 million as of December 31, 2018.

ProSiebenSat.1 Group practices active portfolio management. Another step toward the enhancement of the commerce business in 2018 was the partnership with General Atlantic. General Atlantic acquired a 25.1% stake in NCG - NUCOM Group SE, Unterföhring and is one of the world's leading growth capital investors. The gain on disposal from the transaction for ProSiebenSat.1 Media SE amounted to EUR 108 million. In NuCom Group, ProSiebenSat.1 Group bundles strategic investments in largely digital commerce platforms, including Verivox Holding, Parship Elite Group and Jochen Schweizer mydays Group.

In August 2018, ProSiebenSat.1 Media SE concluded a long-term lease for the new "Campus West." The lease runs until 2038 and results in a significant increase in off-balance-sheet obligations.

EARNINGS OF PROSIEBENSAT.1 MEDIA SE

094 / INCOME STATEMENT (CONDENSED) UNDER HGB
in EUR m

	2018	2017
Revenues	102	116
Other operating income	181	82
Programming and material expenses	226	62
Personnel expenses	97	100
Depreciation	14	15
Other operating expenses	151	141
Operating expenses	488	319
Investment income	521	871
Financial result	– 56	– 77
Taxes	138	160
Income after taxes	**122**	**513**
Other taxes	0	0
Profit of the year	**122**	**513**

ProSiebenSat.1 Media SE's **revenues** decreased by EUR 14 million to EUR 102 million in financial year 2018. This development resulted primarily from declining revenues from the sale of ancillary programming rights and from lower revenues from barter transactions.

Other operating income rose by EUR 99 million year-on-year to EUR 181 million. This was due in particular to the income from the sale of shares in NCG - NUCOM Group SE to General Atlantic in April 2018.

Operating expenses amounted to EUR 488 million (previous year: EUR 319 million). The sharp rise in programming and material expenses was caused by the recognition of provisions for onerous contracts in connection with the change of strategy for programming assets. In contrast, personnel expenses decreased slightly because the performance-based compensation components declined significantly. The increase in other operating expenses is due in particular to higher legal and consulting costs in connection with the reorganization and an increase in expenses for IT services.

The **investment result**, consisting of income from profit transfer agreements and investment income less expenses from loss absorption, decreased by 40% or EUR 350 million to EUR 521 million. Income from profit transfer agreements of EUR 530 million (previous year: EUR 912 million) and investment income of EUR 14 million (previous year: EUR 0 million) was partly offset by expenses from loss absorption of EUR 23 million (previous year: EUR 42 million). The prior year figure was strongly influenced by a high disposal gain from the sale of Etraveli.

In financial year 2018, the **financial result**, consisting of interest income netted against interest expenses including write-down of financial assets, improved by EUR 21 million to minus EUR 56 million (previous year: EUR –77 million).

Tax expenses amounted to EUR 138 million compared to EUR 160 million in the previous year.

In financial year 2018, the developments described resulted in **profit for the year** of EUR 122 million. This represents a year-on-year decrease of 76% or EUR 391 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 under the German Commercial Code (HGB). These contracts will expire in 2019 at the earliest and 2038 at the latest.

NET ASSETS OF PROSIEBENSAT.1 MEDIA SE

095 / BALANCE SHEET (CONDENSED) UNDER HGB

in EUR m

	12/31/2018	12/31/2017
ASSETS		
Intangible assets	3	7
Property, plant and equipment	50	55
Financial assets	7,578	7,364
Non-current assets	**7,631**	**7,425**
Receivables and other current assets	946	1,328
Cash, cash at banks	731	1,277
Current assets	**1,677**	**2,605**
Prepaid expenses	3	3
Active difference resulting from offsetting	1	0
TOTAL ASSETS	**9,311**	**10,034**
LIABILITIES AND EQUITY		
Equity	2,928	3,297
Provisions	365	218
Liabilities	6,018	6,489
Deferred tax liabilities	0	29
TOTAL LIABILITIES AND EQUITY	**9,311**	**10,034**

As of December 31, 2018, the **total assets** of ProSiebenSat.1 Media SE decreased by 7% or EUR 723 million to EUR 9,311 million.

Fixed assets increased by 3% or EUR 206 million year-on-year to EUR 7,631 million. The increase primarily resulted from the capital increases at direct subsidiaries in the period under review.

Current assets decreased by 36% or EUR 928 million to EUR 1,677 million. This decline is firstly attributable to the EUR 444 million drop in receivables from affiliated companies which is mainly due to the lower profit transfers. Secondly, cash and cash equivalents fell by EUR 546 million because of the dividend payment of EUR 442 million as well as the share buyback of EUR 50 million. Other assets developed in the opposite direction, increasing by EUR 60 million due to a EUR 46 million increase in tax receivables.

As of December 31, 2018, the **equity** of ProSiebenSat.1 Media SE decreased by 11% or EUR 369 million to EUR 2,928 million. The equity ratio was therefore 31% (previous year: 33%). The lower equity base resulted from the dividend distribution in May 2018 of EUR 442 million (previous year: EUR 435 million) and the share buyback of EUR 50 million (previous year: EUR 0 million). In contrast, the profit for the year of EUR 122 million generated in the financial year 2018 had an opposite effect.

Provisions increased by EUR 147 million to EUR 365 million. This was due to the recognition of provisions for onerous contracts for the future acquisition of programming assets.

Amounting to EUR 6,018 million as of December 31, 2018, **liabilities** were EUR 471 million lower than the previous year's figure of

EUR 6,489 million. This development primarily reflects the lower intragroup liabilities from cash pooling.

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 ProSiebenSat.1 Group as a whole affect the liquidity of ProSiebenSat.1 Media SE to a large degree. → Group Financial Position and Performance, page 113

For Group companies, especially the German TV stations, ProSiebenSat.1 Media SE acts as purchasing agent for programming assets. In financial year 2018, EUR 564 million (previous year: EUR 594 million) was spent on **investments in programming assets**. In the past financial year, the inflow from the internal transfer of programming assets to Group companies amounted to EUR 561 million (previous year: EUR 541 million). As of December 31, 2018, the total future financial obligations from programming purchase agreements already concluded amounted to EUR 2,295 million (previous year: EUR 2,345 million).

In the period under review, **cash outflows for purchases of tangible fixed assets** at ProSiebenSat.1 Media SE amounted to EUR 11 million. This represents a year-on-year decrease of EUR 15 million.

A total net amount of EUR 118 million (previous year: EUR 270 million) was spent on contributions to the capital reserve at direct subsidiaries and on company acquisitions and company disposals in financial year 2018.

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 2018, an average of 697 people were employed at ProSiebenSat.1 Media SE, comprising 609 employees and 88 apprentices, trainees and interns. In the previous year, on average 790 people were employed at ProSiebenSat.1 Media SE, 94 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 123

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. The control through performance indicators takes place on Group level. 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 137

RISK REPORT

PROCESS MANAGEMENT

ProSiebenSat.1 Group has an effective risk management system, which covers all activities, products, processes, departments, investments, and subsidiaries that could have an adverse impact on our Company's business performance. The traditional risk management process is structured into four phases: → Fig. 096

1. Identification: The basis is to identify material risks by means of a target/actual comparison. The decentralized risk managers are responsible for this. They use early warning indicators defined for relevant circumstances and key figures. For example, the development of audience shares is an important early warning indicator. → Intragroup Management System, page 84

2. Assessment: The relevant risks are assessed on the basis of a matrix → Fig. 099. 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. → Opportunity Report, page 132

3. Management: Using appropriate measures, ProSiebenSat.1 Group 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 exceeds a certain tolerance limit.

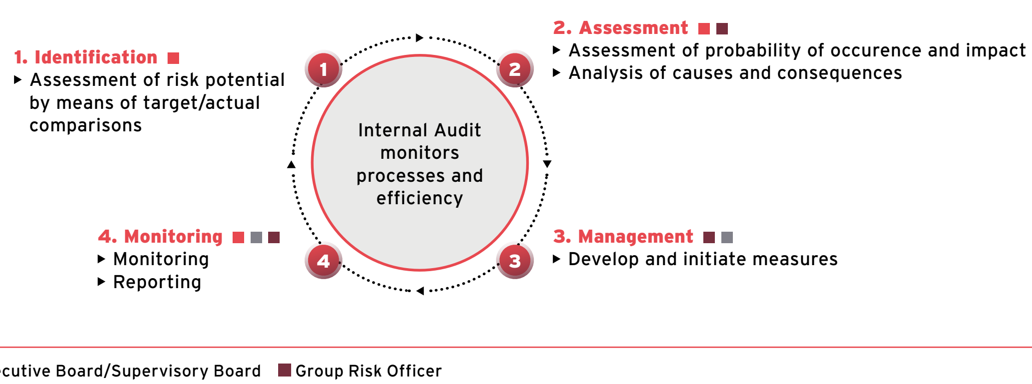
4. Monitoring: Risk monitoring and risk reporting round off the risk management process. The aim is to monitor changes and review the effectiveness of the management measures taken. Monitoring also includes documentation, which ensures that all hierarchy levels relevant to decision-making have adequate information on risks.

i 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, 2018, therefore do not come under this definition and are consequently not explained in this Risk Report.

In addition to a structured 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 Group 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. 097:

- **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.

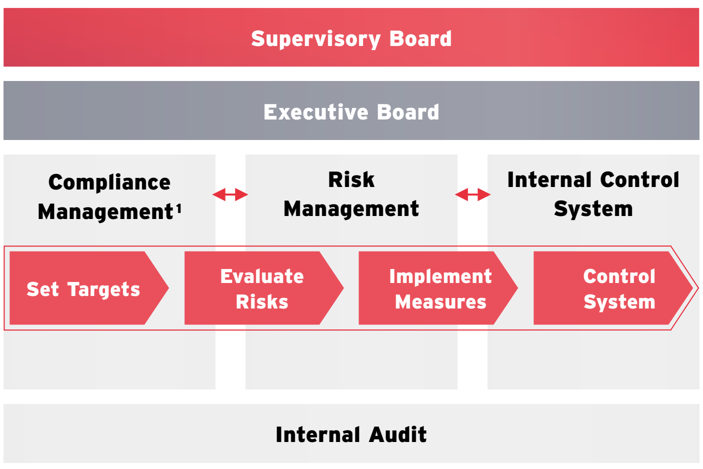
096 / RISK MANAGEMENT PROCESS



- **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.

097 / **RISK MANAGEMENT SYSTEM**



¹For further information, please refer to the chapter "Sustainability" from page 88.

In 2018, 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

The categorization of risks was updated in 2018 in connection with the Group's strategic realignment on the basis of the three-pillar strategy; in addition, non-financial risks were considered as a separate category at the end of the year. Since then, the Group has reported the risks at segment and Group level in the "operating risks", "finance risks", "compliance risks", "strategic risks" and "non-financial risks" categories. Due to their thematic diversity, ProSiebenSat.1 Group also subdivides the respective "operating risks" into the following risk clusters: "External risks", "sales risks", "content risks", "technological risks", "personnel risks", "investment risks" and "other risks". The risk clusters in turn comprise various different 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.

We monitor all relevant risks as part of the risk management process; however, this Risk Report focuses only on risks classified as having medium or high significance overall and describes the respective change compared to the previous year. → Fig. 098 Contingent liabilities from possible compliance risks are described in → Note 30 "Contingent liabilities", page 204.

ℹ ProSiebenSat.1 Media SE has implemented a comprehensive risk management system to systematically identify, assess, manage and monitor 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, in 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 compared to the risk situation published in the Annual Report 2017 itself. The evaluation of probability of occurrence and risk impact and the general Group thresholds are unchanged compared to the previous period.

The Annual Report 2017 is published at → www.prosiebensat1.com/en/, which contains the Risk Report from page 123 onwards.

We estimate that there are currently 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. Nevertheless, our overall risk situation has increased compared to the previous year. This development is attributable to the fact that the general sector risks in the Entertainment segment but also the sales risks in the Entertainment and Content Production and Global Sales segments have increased since December 31, 2017. Furthermore, macroeconomic and compliance risks are slightly increased at the Group level. All other risks and risk clusters – if not explicitly mentioned – are either unchanged or have decreased. → Fig. 099 Our overall risk situation therefore remains limited.

ℹ Overall risk situation: To assess the overall risk situation, ProSiebenSat.1 Group 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 Group weights the clusters according to their significance for the Group. The assessment of the overall risk situation is thus the result of an aggregate analysis of the main risk categories of the Group and its three segments Entertainment, Content Production & Global Sales and Commerce, whereas no medium or high risks were detected in the Commerce segment.

098 / **OVERVIEW OF THE RELEVANT RISKS**

Category	Cluster	Risk	Change compared to previous year	Possible Impact	Probability	Overall Risk
Segment Entertainment						
Operating	External	General sector risks (e.g consumer trends)	Increased	Very High	Possible	High
	Sales	Entertainment reach (TV and digital)	Unchanged	High	Possible	Medium
		Entertainment sales (TV and digital)	Increased	Very High	Likely	High
	Content	Risk re: licensed content/negotiating position with studios and independents (incl. quality of the content)	Decreased	Medium	Unlikely	Low
Compliance		Third party lawsuits in connection with the antitrust matter of 2007[1]	Unchanged	Medium	Possible	Medium
		Bestseller-clause § 32a UrhG (focus on Non Fiction)[1]	Unchanged	Cannot be evaluated	Possible	Medium
Segment Content Production & Global Sales						
Operating	Sales	Content production	Increased	High	Possible	Medium
Group						
Operating	External	General economic risks	Slightly increased	High	Possible	Medium
	Other	Security Risks	Unchanged	Medium	Possible	Medium
Finance		Counterparty risk	Unchanged	Very High	Unlikely	Medium
Compliance		General compliance (statutory reporting obligations, antitrust, litigation, data protection)	Slightly increased	High	Possible	Medium
		Regulatory (incl. media law/broadcasting licenses)	Unchanged	Medium	Possible	Medium
Overall risk situation						

unchanged slightly decreased slightly increased decreased increased

[1] For further information please refer to the Notes, Note 30 "Contingent liabilities", page 204.

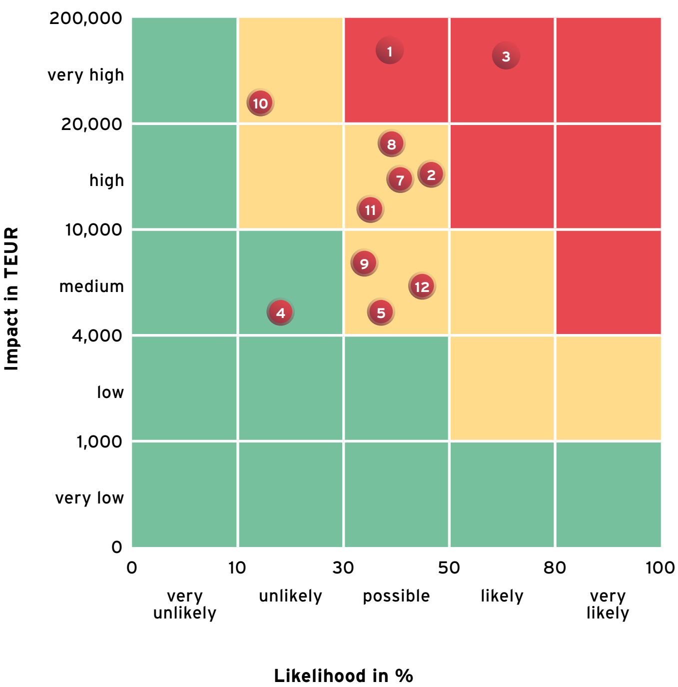
ENTERTAINMENT SEGMENT
Operating Risks: External Risks

General sector risks (incl. media usage behavior): We believe that the risks from a change in video usage have increased and now see their occurrence as possible (2017: unlikely). In the event of a fundamental change, we cannot completely rule out a very high impact. We therefore rate this as a high risk overall.

The digital transformation, and particularly the growing use of the Internet, have changed media usage behavior. For a long time now, TV content has been used not only linearly and on conventional TV sets but also via mobile devices such as laptops and smartphones. These forms of use are becoming increasingly popular, especially among younger viewers. Today, around 23% of all TV use by 14- to 29-year-olds is not via a TV set but on devices such as smartphones, tablets and PCs/laptops.

Together with radio, free TV has been the medium with the furthest reach in Germany for over 50 years. In Germany, the viewing time calculated by AGF Videoforschung has been around 3.5 hours per day (target group 14 – 69) for years. Traditional television will continue to dominate video usage in Germany in the future. Although TV usage on non-mobile devices is likely to continue to decline slightly, it will still remain in first place. At the same time, the popularity of web-based offers will increase. Streaming platforms with own content are therefore gaining in importance. We have made this the focus of our strategy and expectations. We extend our portfolio with digital offers

099 / RISK MATRIX



Category	Cluster	Risk
Segment Entertainment		
Operating	External	1 ▸ General sector risks (e.g consumer trends)
	Sales	2 ▸ Entertainment reach (TV and digital) 3 ▸ Entertainment sales (TV and digital)
	Content	4 ▸ Risk re: licensed content/negotiating position with studios and independents (incl. quality of the content)
Compliance		5 ▸ Third party lawsuits in connection with the antitrust matter of 2007[1] 6 ▸ Bestseller-clause § 32a UrhG (focus on Non Fiction)[1,2] (Not in matrix)[1,2]
Segment Content Production & Global Sales		
Operating	Sales	7 ▸ Content production
Group		
Operating	External	8 ▸ General economic risks
	Other	9 ▸ Security Risks
Finance		10 ▸ Counterparty risk
Compliance		11 ▸ General compliance (statutory reporting obligations, antitrust, litigation, data protection) 12 ▸ Regulatory (incl. media law/broadcasting licenses)

Low risk Medium risk High risk

[1] For further information please refer to the Notes, Note 30 "Contingent liabilities", page 204.
[2] 6 is not represented in the matrix because it cannot be evaluated. Further information can be found in the Annual Report 2018 from page 204.

in a purposeful manner. We do this through our own products as well as through partnerships with other platform providers. An example of this is our Joint Venture with 7TV, in which ProSiebenSat.1 Group owns 50%.

In line with our strategy, we bracket these various forms of use, i.e. the use of TV, catch-up and other online video content, together as video usage. This is reflected in particular by the planned reporting of comprehensive, overall reach for all these forms of use under the name "total reach". → Opportunity report, page 132, → Risks from reach development (TV and digital), page 126.

i As a Joint Venture, 7TV and its activities are not considered in the revenues and costs of the Group. However, the results of the joint venture are consolidated in the Group Profit and Loss statement at equity.

Operating Risks: Sales Risks

ProSiebenSat.1 Group itself is actively advancing the digital development in the media industry and diversifying and linking up its portfolio. This includes strengthening its own digital platforms in order to generate additional reach for channel homepages and 7TV, as well as for online video providers. Despite important market share successes, the Group's sales risks have increased year-on-year.

The development of sales risks is influenced by a number of factors. In addition to measurements of reach, macroeconomic data and sector-specific trends such as the general development of the advertising market and the distribution of advertising budgets among the media mix are relevant. In this context, there is considerable risk potential in reallocating budgets to online media, possibly going hand-in-hand with a declining TV share in the media mix or a negative trend in the revenue volume of the net TV advertising market.

Risks from reach development (TV and digital): The risks from reach development have not changed: We continue to classify this risk category as possible; the potential effects would be high. On the whole, we consider it a medium risk.

ProSiebenSat.1 Group has implemented an early warning system in order to keep a close eye on short, medium and long-term developments in reach. Audience market shares, which ProSiebenSat.1 Group analyzes daily on the basis of data from Arbeitsgemeinschaft

Fernsehforschung (AGF, Working Group of Television Research), are an important indicator here. In 2018, we successfully increased the audience market shares in the important revenue market of Germany while extending our reach on digital platforms. Thereby, a shift of the total reach from TV to digital offers was observed. → Development of Media Consumption and Advertising Impact, page 98

Our objective is to offer entertainment – whenever, wherever and on any device. In this context, the Group consolidated its entertainment activities in the TV and digital sectors into one segment in 2018. This will allow us to make use of synergies, to compensate for fluctuations in reach within the portfolios and simultaneously to react to the change in media usage habits resulting from the growing attractiveness of web-based offerings. This objective is also reflected in the enhancement of our early warning system: In 2018, ProSiebenSat.1 Group expanded its risk definition for reach development to the digital sector. In the medium term, the total reach of TV and digital (including 7TV) is to be expressed in standardized KPIs ("Total reach") and advertising is to be more precisely addressable ("Smart reach"). "Total reach" allows overlaps between the various forms of use to be presented, e.g. joint viewers of the TV broadcast of a show and the accompanying catch-up offering. "Smart reach" will also give us the opportunity to show more relevant and individual advertising for users, enabling an improved offer for advertising customers to address their target groups. These new indicators will adequately reflect the change in usage of the traditional TV and the digital entertainment offering. → Development of Media Consumption and Advertising Impact, page 98, → Opportunity Report, page 132

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 is a process whose success depends to a significant degree on the subjective opinion of our viewers. Moreover, competition will remain fierce, both within the German market and with regard to international digital corporations.

Ad sales risk (TV and digital): ProSiebenSat.1 Group considers the convergence of media not only in terms of the reach development, but also in enhancing its risk management system in the sales area. Therefore, a number of risks, that were identified in this context, were aggregated into an overall risk for TV and Digital Ad sales in 2018 (risk categorization in 2017: Ad sales, Convergence and Online Ads (incl. adblocker)).

TV has benefited from digitalization in recent years and gained in relevance over print media in particular. However, competition with global digital providers has since become more intensive. The transition from traditional linear television to streaming and catch-up video offerings is constantly accelerating. This entails the risk for ProSiebenSat.1 Group that advertising customers could be less willing to invest or prices for TV advertising could fall. We cannot therefore rule out very high effects on our revenue development in the TV advertising market, although we are pursuing a digital entertainment strategy.

Success depends, also in the digital sector, on several factors like attractiveness of products through which the content is reproduced, but also on the content as well as their reach and monetization. In addition, adblockers represent a further sales risk in the sale of online advertising. These plug-ins, which are offered for browsers or 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).

For the reasons given, the probability of occurrence and thus the ad sales risk increased overall year-on-year (2018: likely; previous year: possible). The potential impact on revenue performance would be very high, so we categorize the risk overall as high.

Operating Risks: 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 has increased 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. For this reason, ProSiebenSat.1 Group wants to make greater use of in-house and local content in the future. → Strategy and Management System, page 83

Licensed programming/negotiating position with major and independent studios (incl. program quality): In the light of the growing market presence of global streaming services, competitive pressure on European media companies has increased. This is also true with regard to exploiting rights. Here, ProSiebenSat.1 Group cannot maintain its past successes in licensed US TV programming. In addition, viewer interests can develop differently from country to country. Formats that are a hit on the other side of the Atlantic are no longer necessarily met with the same response in Germany. Programs that viewers can connect with at a local level are increasingly becoming a competitive advantage. Therefore, the Group has developed its content strategy and focusses more heavily on broadcasting local programming apart from strengthening its exploitation of digital sales opportunities. At the same time, the Group has reviewed its existing contracts with US studios. This process was completed in the fourth quarter of 2018, so that the risk is now classified overall as low. At the end of 2017, this matter was still reported as a medium risk with a possible probability of occurrence. Further information about this as well as its financial implications are described in chapter Group Earnings. → Group Earnings, page 107

CONTENT PRODUCTION & GLOBAL SALES SEGMENT
Operating Risks: Sales Risks

Program productions: In the US, cable television providers in particular are increasingly competing with subscription video-on-demand (SVOD) services. For Red Arrow Studios, the market consolidation still anticipated means not just opportunities – such as new customer groups – but risks as well. Classic cable TV especially is one of our key commissioners in the US. We consider the probability of occurrence of risks in connection with productions for the US market to be possible, and the financial impact on revenue development in the Content Production & Global Sales segment to be high. The overall risk has therefore increased compared to the end of 2017 and is rated by ProSiebenSat.1 Group as a medium risk category.

RISKS AT GROUP LEVEL
Operating Risks: External Risks

External risks slightly increased in 2018; visibility in the advertising market is limited. ProSiebenSat.1 Group therefore aims to increase its independence from the highly profitable but economically sensitive free TV business and thus further diversify the risk profile.

Macroeconomic risks: After a solid first half of the year, the German economy's growth lost momentum significantly in the third quarter of 2018, due among other things to the slowdown in the global economy and reconciling items in the automotive industry. Although at least a slight recovery can be expected in the final quarter of 2018, the growth momentum seen in 2017 will not be achieved again. The future prospects are also characterized by growing uncertainty, particularly in relation to foreign trade. We therefore consider economic risks to be slightly increased compared to the end of 2017. We classify this external risk as a medium risk (previous: medium) with high negative effects and we see the occurrence of it now as possible (previous year: unlikely). → Future Business and Industry Environment, page 135

Security risks: 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 Group 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 Group has also reacted to this by implementing an information security management system. 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 Group'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. 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. In view of the preventive measures taken, we classify the security risks as medium overall.

Finance Risks

The Group is exposed to various finance risks in its operating and financing activities. These include financing risk, counterparty risk, interest 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 113

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 Group on this basis, and regularly assesses the risk situation. The measures required are defined in close cooperation with the Group's Executive Board. Principles, tasks, and responsibilities are defined on a Group-wide 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 Group limits the probability of occurrence of counterparty risks through a broad diversification of its counterparties. The conditions for concluding finance and treasury transactions are regulated in standardized Group guidelines. We continue to rate the occurrence of counterparty risk unchanged as unlikely. However, as lenders' defaults could have a very high impact on our earnings performance and financial position, we classify the risk as medium overall.

i Derivative financial instruments are usually recognized as cash flow hedges as part of hedge accounting. More information can be found in the → Notes, Note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7", page 206**. ProSiebenSat.1 Group does not deploy derivative financial instruments for trading purposes, but only to hedge existing risk positions.** → Financing Analysis, page 113 **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 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7", page 206**.**

Compliance Risks

Digitalization has fundamentally changed consumer behavior. This poses new challenges not only for the media industry but also for legislators in particular. They have the task of adapting legal regulations from the analog era to meet the requirements of a fully digitalized world. One important step in this context was the General Data

Protection Regulation. As a result of this change in the law, potential compliance risks for ProSiebenSat.1 Group have increased slightly.

General compliance (incl. statutory reporting obligations, antitrust, litigation): The General Data Protection Regulation came into force in May 2018. ProSiebenSat.1 Group has taken measures at an early stage to implement this throughout the Group. This also includes adequate data protection in targeted online advertising, which can be tailored more precisely the better we know users' interests.

Modern data protection on the Internet is essential, both for users and for publishers and the advertising industry. However, the impact of the General Data Protection Regulation on the advertising industry cannot yet be fully predicted. This is especially true in the context of the controversially debated positioning of the German data protection authorities in April 2018. It is unclear whether the implicit or even explicit consent of the user will need to be obtained from a certain point in the future when developing profiles.

In March 2018, we established our Log-in Alliance netID in order to create the infrastructure for potentially expanded permissions management in accordance with the General Data Protection Regulation. We are thus also anticipating potential requirements of a future ePrivacy Regulation for targeted advertising on the Internet. Irrespective of this, ProSiebenSat.1 Group is also continuing to monitor the current developments closely, in particular with regard to the General Data Protection Regulation, and is preparing to be able to react appropriately to expected and unexpected conditions and thereby minimize the financial risk. To the extent that there have been isolated incidents so far, no fines have been imposed. Nonetheless, we classify general compliance risks as slightly increased and in this context we cannot completely rule out high negative effects on the Group's earnings performance and consider their occurrence to be possible (previously: unlikely). We still classify the overall risk as a medium risk.

Regulatory risks (including media law and broadcasting licenses): Changes to the regulatory or legal environment could have an impact on individual business activities. This is especially true for stricter provisions or the interpretation of legal provisions on distribution, advertising or broadcasting licenses. The 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. We therefore consider regulatory risks to be unchanged. We cannot completely rule out a medium negative impact on the Group's earnings performance. We therefore rate this issue as a medium risk overall and consider the occurrence of this risk as possible.

The legislative process for the State Media Treaty is currently underway, with a draft released for public debate in 2018. ProSiebenSat.1 Group has actively participated in this process and issued a statement. The effects of a possible revision of the treaty, for example in relation to addressable advertising via HbbTV, cannot currently be foreseen for ProSiebenSat.1 Group. We welcome the Broadcasting Commission's approach of initiating a broad-based dialog about the creation of a State Media Treaty with all involved and interested parties. The aim is to bring about a comprehensive and fundamental overhaul of regulation in Germany and Europe. A first step in this direction has been taken at European level with the Audiovisual Media Services Regulation (2018), which now has to be implemented in national law by fall 2020. In this context, ProSiebenSat.1 Group is arguing for the Directive's provisions to be implemented in a way that does not use the possibility of discrimination against domestic companies, under which legislators would make domestic media providers subject to stricter regulations than those stipulated by EU law and therefore would not create a level playing field.

A level playing field, and thus a market environment in which the same regulations apply to all media providers, forms the basis for a fair and sustainable competitive situation. This particularly applies in view of the growing significance of global platform providers that are establishing monopolistic market positions by virtue of their financial strength and are not bound by the strict German or European regulations. For this reason, the EU legislative process "Satellite and Cable Online Directive", should also be viewed in a differentiated way. The directive carries the danger of unequal competitive conditions for market participants and that the balance of power will shift further in favor of US market participants, because we as a broadcasting company would have to pass along parts of our content at fixed conditions. This is justified by the need for the harmonization of Online TV broadcasting to conventional TV broadcasting. After the law is finally enacted, the German Government has two years to implement the rules of the directive into national law. Within the legislative process, ProSiebenSat.1 Group will stand up to protect the interests of the channels.

Customers of PE Digital GmbH are currently bringing several first-instance or appeal actions before various courts to examine withheld compensation from premium memberships. Members of the online dating sites operated by PE Digital GmbH can cancel their contracts without explanation within a period of fourteen days. Within this period, PE Digital GmbH reimburses its members the fee for their premium membership, but reserves the right to claim compensation for the service provided that it deems appropriate. The outcome of these proceedings and the resulting financial impact cannot be reliably forecast. Sufficient provisions have been recognized for proceedings pending as of December 31, 2018.

In the past few weeks, the press reported further regulations of comparison portals. In the context of the possible insolvency of an energy provider, who was approved by the Federal Network Agency, the business practice of comparison portals is under scrutiny. We see ourselves as representatives of consumer interests and are therefore obliged to a high level of transparency. That is why we proceed on the basis that efforts to further regulate this matter is not a material risk for us.

For further information on compliance risks, please refer to the Notes.
→ Notes, Note 30–31 "Contingent liabilities", "Other financial obligations", page 204–206

100 / DISCLOSURES ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (CONSOLIDATED) REPORTING PROCESS

(section 289 (4) and section 315 (4) 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.

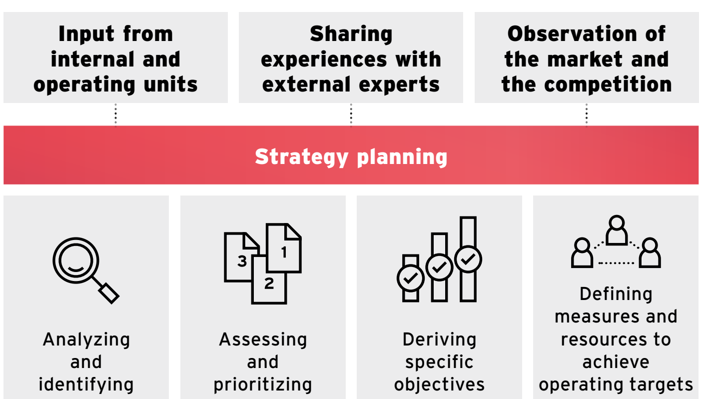
OPPORTUNITY REPORT

OPPORTUNITY MANAGEMENT

Growth opportunities are identified as part of the Group's opportunity management and are specified in the planning process. Over the next around five years, ProSiebenSat.1 Group intends to increase revenues to EUR 6 billion (2018: EUR 4,009 million) and adjusted EBITDA to EUR 1.5 billion (2018: EUR 1,013 million). 50% of revenues are to come from the digital business (2018: 29%). Further portfolio measures and in particular larger bolt-on acquisitions offer additional potential.

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 & Business Development" 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. 101 → Strategy and Management System, page 83

101 / **OPPORTUNITY MANAGEMENT**



EXPLANATORY NOTES ON KEY OPPORTUNITIES

We have incorporated opportunities that we consider to be likely in our forecast for 2019 and in our planning until 2023. 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. In the section below, we report on these opportunities if they are material and important for the planning period until 2023. → Company Outlook, page 137

The media industry is in the midst of digital transformation. New competitors and technologies have emerged, altering both revenue models and media usage itself. 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 linking its segments and business areas increasingly closely, using digital technologies, and tapping into additional markets with acquisitions or strategic partnerships.

Leveraging synergies by networking business areas: In order to remain competitive going forward and continue growing profitably, ProSiebenSat.1 Group's portfolio has been organized into three segments since January 2018. Bringing together the linear TV business and digital entertainment was an important step here. At the same time, the Group reinforced its digital production expertise by integrating digital studio Studio71 into the Content Production & Global Sales segment. By dovetailing 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 through synergy.

These days, television content is accessed regardless of time and place and watched not only on TV screens but also other devices such as smartphones and tablets. One example of this is the ProSieben format "Germany's next Topmodel by Heidi Klum": The show reached an average of around 8.8 million viewers on TV in 2018 (viewers aged 3 and above) and another approximately 1.0 million users via digital platforms such as the station's website. By disseminating content via as many channels as possible, the Group is serving addition media usage interests and especially the growing popularity of digital media among young target groups. At the same time, cross-media marketing offers allow ProSiebenSat.1 Group to better monetize reach. This development is being driven by broadband Internet access with fast data transfer rates. → Group Environment, page 98

Concurrently, commerce and entertainment are stimulated by each other. The Internet has changed not only media usage, but all facets of consumer behavior. It is firmly integrated into our everyday lives, so purchase decisions are increasingly being made online. This applies to consumer goods and services alike. For example, 26% of 14- to 69-year-olds have already bought a product online as a direct result of TV advertising. TV's stimulation of online searches is particularly significant for brands that have their own online store. ProSiebenSat.1 Group brings strong brands in the entertainment and commerce sector together under one roof, so we benefit doubly from our networking potential here.

Firstly, ProSiebenSat.1 Group offers its customers coordinated campaigns across all platforms, including TV, online, mobile, and social media. Secondly, we can use our e-commerce portals and digital entertainment offerings to build up extensive knowledge of consumers. Advertising will be customizable in a more targeted manner in the future, allowing it to be adapted to context or even personalized. Conversely, the commerce portfolio is benefiting from our strong reach: We are raising the awareness of consumer brands with advertising on TV and digital entertainment platforms. This synergy potential and the clear consumer focus of our commerce and entertainment portfolios give rise to opportunities for ProSiebenSat.1 Group that have not yet been fully budgeted for. The Institute of Retail Research in Cologne put the volume of the e-commerce market in Germany alone at around EUR 63 billion in 2018; ProSiebenSat.1 Group had a share of less than 1% in this market.

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 total reach in this way. As the next step, this reach is to be made addressable so that advertising can be tailored to the respective viewers in an optimum manner (smart reach). In the next approximately five years, the Group is aiming for 25% of revenues in the Entertainment segment to come from addressable advertising (2018: 6%). ProSiebenSat.1 Group is looking to new technologies to achieve this. For instance, we were the first TV group in Germany to broadcast addressable TV spots with the hybrid broadcast broadband TV (HbbTV) technological standard. In 2018, around 394 addressable TV campaigns were booked in total, 25 of which were spot campaigns. 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 users in a more personalized way. We see high potential here in the field of ad-technology (AdTech), 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 gets valuable insights into different target groups — 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 Group 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.

Entry into business areas with strong growth and expansion through portfolio enhancements: The successful M&A strategy has sustainably strengthened the Group's growth. One focus of investment is the dynamically growing commerce sector with NuCom Group. Products and services that add value via the mass medium of TV are particularly relevant for ProSiebenSat.1 Group 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. New investments must meet major customer requirements and also link in particularly well with the existing digital portfolio. This results in revenue and cost synergies. Over the next around five years, ProSiebenSat.1 Group aims to increase commerce revenues to EUR 2 billion (2018: EUR 831 million), driven by the core NuCom brands Verivox, Parship Elite Group, Jochen Schweizer mydays and Flaconi. Other portfolio measures offer additional opportunities. The same applies to the Content Production & Global Sales segment. In this segment, ProSiebenSat.1 Group will continue to consider strategic partnerships if they boost the growth of the production business. The focus is on Red Arrow Studios' core markets in the US and UK. At the same time, the Company will make increasing use of synergies from the interconnection of the Entertainment and Content Production & Global Sales segments.

The Group is also expanding its portfolio through partnerships in the Entertainment segment. In 2018, ProSiebenSat.1 Group repositioned its OTT platform 7TV as part of a joint venture with Discovery Communications. It will undergo an extensive relaunch in 2019 with the addition and involvement of further partners. The aim is to establish 7TV as a competitor in the platform market with strong content — and thus to develop it further both as an alternative to global platforms and as a central port of call beyond various isolated industry initiatives. The platform is expected to draw around 10 million users in the first two years. Around 3.5 million people already use the 7TV app (launched in 2017), maxdome and the Eurosport Player. The entertainment market promises enormous growth potential for ProSiebenSat.1 Group. According to PricewaterhouseCoopers GmbH, the market volume in Germany totaled around EUR 37 billion in 2018 (previous year: EUR 36 billion); of which EUR 30 billion was attributable to the traditional (previous year: EUR 30 billion) and EUR 7 billion to the digital entertainment market (previous year: EUR 6 billion). ProSiebenSat.1 Group achieved a market share of less than 1% here.

102 / OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY SITUATION – MANAGEMENT VIEW

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 Group 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 the medium term, ProSiebenSat.1 Group intends to increase revenues to EUR 6 billion and adjusted EBITDA to EUR 1.5 billion.

The digital development opens up new growth markets for all of our segments. But there are also risks. Social, technological and economic areas have significantly changed as a result of digitalization. This trend will continue and gather pace in the years to come. Therefore, the identification and management of potential opportunities is just as important for our Group as the recognition and controlling of potential risks. We have implemented an effective risk management system that integrates all relevant business units and was systematically enhanced in 2018. This also includes the adjustment of the risk matrix to the three-pillar strategy and the sharper focus on interconnecting the Entertainment, Content Production & Global Sales, and Commerce segments.

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. Against this backdrop, the Executive Board still considers the overall risk situation to be limited as of the date this report was prepared, although the overall risk has increased compared to the previous year. The opportunity situation has not changed. Acquisitions are part of our strategy, with which we are promoting our transformation from a TV to a digital corporation.

FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

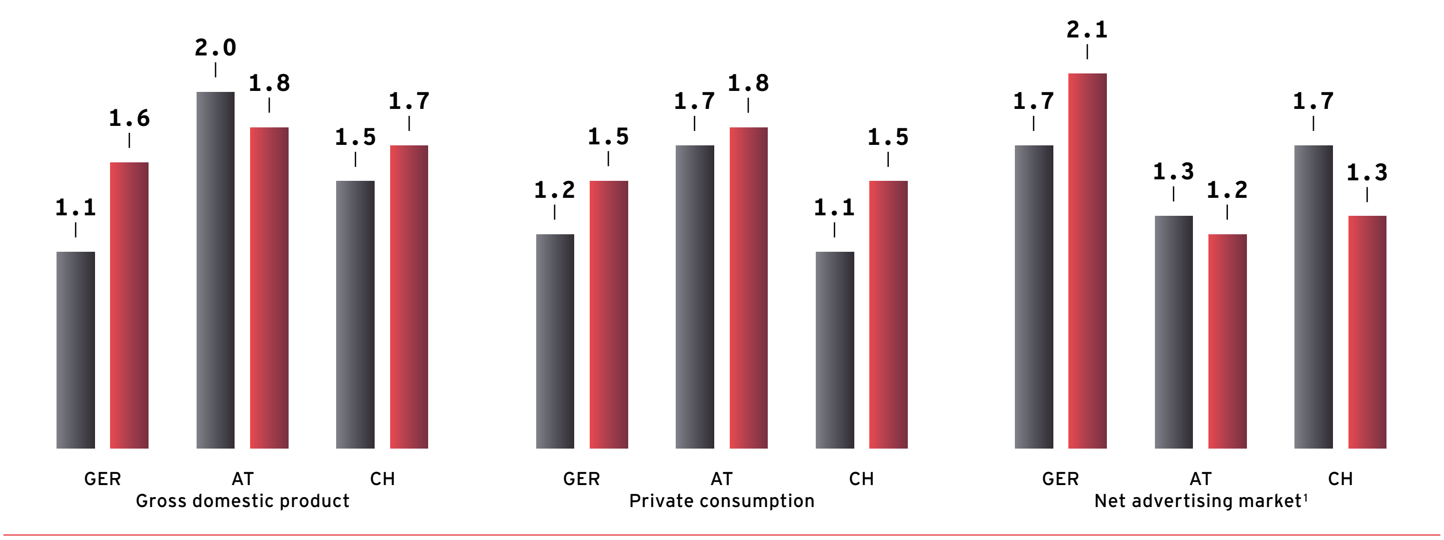
In an increasingly difficult global environment, the International Monetary Fund (IMF) lowered its growth forecasts for the global economy and the euro zone at the start of the year: For 2019, real growth of 3.5% (previous year: +3.7%) and 1.6% (previous year: +1.8%), respectively, is expected. The forecasts for German gross domestic product, at plus 1.1% (ifo) and plus 1.8% (IfW), are also lower than the most recent figure from the Joint Economic Forecast (+1.9%). Nevertheless, an upward trend is set to continue, driven mainly by the robust domestic economy. For example, the research institutes expect the growth of private consumption to speed up compared to 2018 given persistently positive employment and income prospects. The forecasts range between plus 1.2%(ifo) and plus 1.9% (IfW). However, there are significant forecast uncertainties, due in particular to the growing number of trade restrictions and conflicts, the UK's potentially disorderly exit from the EU, and the strained budget situation in Italy. → Economic Development, page 98

The German net TV advertising market proved volatile in 2018, and the agency groups' forecasts for 2019 also vary. This is related to the advertising industry, which responds quickly and often procyclically to the general economic situation. An important indicator here is private consumption, but economic forecasts naturally involve uncertainties. It therefore remains to be seen whether and what implications macroeconomic risks will have for the advertising market. There are also sector-specific developments that are reducing visibility. Expectations for the German TV advertising market currently diverge between minus 1.6% (Magna Global) and an optimistic plus 2% (ZenithOptimedia). → Risk Report, page 123

In contrast, in-stream video advertising is likely to continue its dynamic development and drive growth on the online advertising market. The research institutes anticipate a net plus of 7% (ZenithOptimedia) or 10.4% (Magna Global). For the German advertising market as a whole, Magna Global anticipates net growth of plus 2.4%; ZenithOptimedia forecasts growth of 1.7% for 2019. → Fig. 103 → Development of ProSiebenSat.1 Group's relevant Business and Market Environments, page 100

The German e-commerce market is expected to have a market volume of around EUR 87 billion by 2022. According to the Institut für Handelsforschung (IFH) in Cologne, the average annual growth

103 / **FORECAST FOR GROSS DOMESTIC PRODUCT, PRIVATE CONSUMPTION AND NET ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP** in %, change vs. previous year



Source: **GER:** Destatis, ifo Economic Forecast Winter 2018. / **AT:** Austrian Institute for Economic Research (WiFO), press release of December 20, 2018. / **CH:** Swiss Federal Statistical Office (BFS), State Secretariat Economic Affairs (SECO), press release of December 18, 2018.

[1] ZenithOptimedia, Advertising Expenditure Forecasts December 2018, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.

between 2017 and 2022 is likely to amount to 8.5%. Online retail's share in retail is expected to increase to 13.4% in 2022. Mobile shopping is set to increase to 65% of online revenues; this would equate to online mobile revenues of around EUR 57 billion by 2022.

The relevant sectors for ProSiebenSat.1 Group are developing as follows here: 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 895 million by 2020. This equates to an increase of 24% since 2018. According to Statista's Digital Market Outlook, the online dating market is likely to grow by 8% by 2020. OC&C Strategy Consultants forecasts annual growth rates for the experiences market of approximately 5% to 7% until 2022.

COMPANY OUTLOOK

FORECAST FOR 2019

In accordance with the outlook for 2019 which the ProSiebenSat.1 Group presented at the Capital Markets Day in November 2018, the Group still aims for revenue growth in the mid single-digit percentage range and an adjusted EBITDA margin between 22% and 25% on a whole-year basis. → Fig. 105 This target includes at least stable or only slightly declining TV advertising revenues in the Entertainment segment and is based on a stable macro environment. Should the general conditions deteriorate beyond the assumptions made, this would have a negative impact on profitability in the Entertainment segment and at Group level.

As already announced at the Capital Markets Day, the planned investments recognized as expense in the Entertainment segment will impact the Group's profitability and earnings performance on a full-year basis. These investments will be spread primarily across the first three quarters, with a focus on the second and third quarter, and will lead to declines in earnings in each case. Provided stable to only slightly declining TV advertising revenues in the Entertainment segment, as already communicated, the ProSiebenSat.1 Group still anticipates that the impact of the planned investments recognized as expense on adjusted EBITDA of the Group in the full-year 2019 will restrict to a mid double-digit million EUR amount compared to the previous year. In addition, the investments in the joint streaming platform with Discovery Communications will burden the financial and net result.

At segment level on a full-year basis, the ProSiebenSat.1 Group anticipates the revenues in the Entertainment segment to be approximately in line with those of the previous year, provided stable to only slightly declining TV advertising revenues as well as an offsetting positive development of other Entertainment revenues. In the Content Production & Global Sales segment as well as in the Commerce segment, the Group anticipates a dynamic growth (both reported and organic) in each case. The Commerce segment is even expected to achieve significant double-digit percentage revenue growth on a full-year basis. The Group will benefit here accordingly from the initial consolidation of the matchmaking provider eHarmony and of Aroundhome. → Fig. 106

104 / EXPLANATORY NOTES ON THE FORECAST

Due to adjustments in the target parameters of Executive Board compensation and changes in the management system, free cash flow before M&A has been taken up compared to previous year new in the catalogue of most important financial performance indicators. The information provided refers to the plans adopted by the Executive Board and Supervisory Board. Our statements are also based on current general economic and sector-specific data at the time this report was prepared. → Strategy and Management System, page 83 → Future Business and Industry Environment, page 135 → Notes, "Changes in the Reporting Standards", page 243

The leverage ratio, i.e. the ratio of net financial liabilities to LTM adjusted EBITDA of the Group, should be within the range of 1.5 and 2.5 at the year-end of 2019. At the year-end of 2018, the leverage ratio was 2.1 (previous year: 1.6).

105 / EXPECTED GROUP KEY FIGURES IN 2019

	2018	Forecast for 2019
Revenues (in EUR m)	4,009	Increase in mid single-digit percentage range
Adjusted EBITDA margin (in %)	25.3%	22–25%
Adjusted net income (conversion rate of adjusted EBITDA to adjusted net income in %)	53.4%	~50%
Leverage ratio (net financial liabilities/LTM adjusted EBITDA)	2.1x	1.5–2.5x
Free cash flow before M&A[1] (in EUR m)	244	Stable

[1] In comparison to the Annual Report 2017 newly included figure; see Strategy and Management System, page 83.

106 / EXPECTED SEGMENT KEY FIGURES IN 2019

in EUR m

	2018	Forecast for 2019
Entertainment[1]		
External revenues	2,626	Stable
Adjusted EBITDA	881	Significant decrease
Content Production & Global Sales		
External revenues	552	Significant increase
Adjusted EBITDA	31	Significant increase
Commerce		
External revenues	831	Significant increase
Adjusted EBITDA	103	Significant increase

[1] Under the condition of stable or only slightly declining TV advertising revenues as well as a contrary positive development of other Entertainment revenues.

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.

DIVIDEND PROPOSAL

In November 2018, ProSiebenSat.1 Group presented a "Total Shareholder Return" concept (based on the average annual shareholder return). In this context, the Group presented an adjustment of its dividend policy: From financial year 2018, we will pay out 50% of adjusted net income as a dividend (previously 80% to 90%). The Group will primarily use the funds thus released for earnings-increasing investments in organic and inorganic growth. The Executive Board is therefore advising the Supervisory Board to propose a dividend of the amount of 50% of adjusted net income or respectively of EUR 1.19 per share (previous year: EUR 1.93) to the Annual General Meeting for the financial year 2018. This corresponds to a dividend yield of 8% (previous year: 6.7%) of the closing price of the ProSiebenSat.1 Media SE share at the end of 2018. → Analysis of Assets and Capital Structure, page 117

MID-TERM FINANCIAL TARGETS

Over the next around five years, the ProSiebenSat.1 Group intends to increase revenues to EUR 6 billion (2018: EUR 4,009 million) and adjusted EBITDA to EUR 1.5 billion (2018: EUR 1,013 million). We want to increase the share of revenues of the non-advertising business (2018: 44%) and the digital business (2018: 29%) each to over 50%. The financial targets reflect our strategy of expanding the entire Group into a diversified and fast-growing digital corporation. → Strategy and Management System, page 83

107 / 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 forecast 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 37 "Events after the reporting period", page 228. The publication date of the Annual Report 2018 is March 21, 2019.

108 / OVERALL ASSESSMENT OF FUTURE DEVELOPMENT – MANAGEMENT VIEW

Last year, we gave the starting signal for the realignment of the ProSiebenSat.1 Group. In 2019, our full focus is to position our Entertainment business on a more local, more digital and more synergetic basis, to grow organically, and especially to strengthen our Commerce portfolio with acquisitions. For the full year, the Group anticipates revenue growth in the mid single-digit percentage range and an adjusted EBITDA margin between 22% and 25%. Over the next around five years, the ProSiebenSat.1 Group intends to increase revenues to EUR 6 billion (2018: EUR 4,009 million) and adjusted EBITDA to EUR 1.5 billion (2018: EUR 1,013 million).

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NOTES

INCOME STATEMENT

109 / **INCOME STATEMENT OF PROSIEBENSAT.1 GROUP** in EUR m

			2018	2017
1.	Revenues	[5]	4,009	4,078
2.	Cost of sales	[6]	-2,569	-2,390
3.	**Gross profit**		**1,440**	**1,688**
4.	Selling expenses	[7]	-532	-577
5.	Administrative expenses	[8]	-595	-590
6.	Other operating expenses	[9]	-14	-33
7.	Other operating income	[10]	50	332
8.	**Operating result**		**348**	**820**
9.	Interest and similar income		7	2
10.	Interest and similar expenses		-70	-85
11.	Interest result	[11]	-63	-83
12.	Result from investments accounted for using the equity method	[12]	-13	-10
13.	Other financial result	[12]	72	-82
14.	**Financial result**		**-4**	**-174**
15.	**Result before income taxes**		**344**	**646**
16.	Income taxes	[13]	-94	-165
NET RESULT			**250**	**481**
	Net result attributable to shareholders of ProSiebenSat.1 Media SE		248	471
	Net result attributable to non-controlling interests		1	10
in EUR				
	Earnings per share			
	Basic earnings per share	[14]	1.09	2.06
	Diluted earnings per share	[14]	1.06	2.04

STATEMENT OF COMPREHENSIVE INCOME

110 / **STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP** in EUR m

	2018	2017
Net result	**250**	**481**
Items subsequently reclassified to profit or loss		
Change in foreign currency translation adjustment[1]	17	– 43
Changes in fair value of cash flow hedges	48	– 215
Deferred tax on other comprehensive income	– 13	60
Deconsolidation reclassifications	–/–	8
Items subsequently not reclassified to profit or loss		
Effects from valuation of pension obligations	– 1	0
Deferred tax on effects from valuation of pension obligations	0	0
Other comprehensive income	**51**	**– 189**
Total comprehensive income	**301**	**292**
Attributable to shareholders of ProSiebenSat.1 Media SE	300	284
Attributable to non-controlling interests	1	8

[1] Includes non-controlling interests from change in foreign currency translation adjustment in 2018 of EUR 0 million (2017: EUR –3 million).

STATEMENT OF FINANCIAL POSITION

111 / STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP in EUR m

			12/31/2018	12/31/2017
A.	**Non-current assets**			
I.	Goodwill	[16]	1,962	1,831
II.	Other intangible assets	[17]	824	745
III.	Property, plant and equipment	[18]	327	205
IV.	Investments accounted for using the equity method	[20]	77	108
V.	Non-current financial assets	[22]	244	175
VI.	Programming assets	[21]	937	1,021
VII.	Other receivables and non-current assets	[23]	4	4
VIII.	Deferred tax assets	[13]	95	34
			4,470	**4,123**
B.	**Current assets**			
I.	Programming assets	[21]	177	177
II.	Inventories		42	39
III.	Current financial assets	[22]	69	52
IV.	Trade receivables	[22]	529	501
V.	Current tax assets		98	41
VI.	Other receivables and current assets	[23]	53	53
VII.	Cash and cash equivalents	[24]	1,031	1,552
VIII.	Assets held for sale	[4]	-/-	32
			1,998	**2,446**
	Total assets		**6,468**	**6,569**

112 / **STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP** in EUR m

			12/31/2018	12/31/2017
A.	**Equity**	[25]		
I.	Subscribed capital		233	233
II.	Capital reserves		1,043	1,055
III.	Consolidated equity generated		-119	79
IV.	Treasury shares		-64	-13
V.	Accumulated other comprehensive income		36	-16
VI.	Other equity		-362	-113
	Total equity attributable to shareholders of ProSiebenSat.1 Media SE		766	1,225
VII.	Non-controlling interests		303	26
			1,070	**1,252**
B.	**Non-current liabilities**			
I.	Non-current financial debt	[28]	3,189	3,180
II.	Other non-current financial liabilities	[28]	349	473
III.	Trade payables	[28]	53	50
IV.	Other non-current liabilities	[29]	6	7
V.	Provisions for pensions	[26]	28	27
VI.	Other non-current provisions	[27]	111	46
VII.	Deferred tax liabilities	[13]	239	253
			3,974	**4,036**
C.	**Current liabilities**			
I.	Current financial debt	[28]	5	4
II.	Other current financial liabilities	[28]	200	145
III.	Trade payables	[28]	550	541
IV.	Other current liabilities	[29]	362	357
V.	Provisions for taxes	[13]	109	120
VI.	Other current provisions	[27]	198	107
VII.	Liabilities associated with assets held for sale	[4]	-/-	6
			1,424	**1,281**
	Total equity and liabilities		**6,468**	**6,569**

CASH FLOW STATEMENT

113 / **CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP** in EUR m

	2018	2017
Net result	**250**	**481**
Income taxes	94	165
Financial result	4	174
Depreciation, amortization and impairments of other intangible and tangible assets	222	263
Consumption/reversal of impairment of programming assets	1,131	1,140
Change in provisions for pensions and other provisions	173	4
Gain/loss on the sale of assets	-20	-303
Other non-cash income/expenses	-3	4
Change in working capital	-84	-88
Dividends received	7	6
Income tax paid	-256	-164
Interest paid	-63	-65
Interest received	4	3
Cash flow from operating activities	**1,459**	**1,621**
Proceeds from disposal of non-current assets	31	38
Payments for the acquisition of other intangible and tangible assets	-161	-156
Payments for the acquisition of financial assets	-44	-28
Proceeds from disposal of programming assets	17	23
Payments for the acquisition of programming assets	-1,070	-1,048
Payments for the issuance of loan receivables to external parties	-7	0
Proceeds from the repayment of loan receivables from external parties	-/-	1
Payments for the issuance of loan receivables to financial assets	-7	-/-
Proceeds from the repayment of loan receivables from financial assets	1	1
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	-302	-197
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	6	473
Cash flow from investing activities	**-1,536**	**-894**
Free cash flow	**-78**	**728**
Dividends paid	-442	-435
Repayment of interest-bearing liabilities	-1	-9
Proceeds from issuance of interest-bearing liabilities	10	7
Repayment of lease liabilities	-40	-16
Proceeds from the sale of treasury shares	-/-	2
Repurchase of treasury shares	-50	-/-
Proceeds from the sale of shares in other entities without change in control	289	52
Payments for shares in other entities without change in control	-222	-9
Proceeds from non-controlling interests	15	1
Payments in connection with refinancing measures	-/-	-5
Dividend payments to non-controlling interests	-26	-15
Cash flow from financing activities	**-468**	**-426**
Effect of foreign exchange rate changes on cash and cash equivalents	17	-14
Change in cash and cash equivalents	**-528**	**288**
Cash and cash equivalents at beginning of reporting period	1,559[1]	1,271
Cash and cash equivalents at end of reporting period	**1,031**	**1,559**
Cash and cash equivalents classified under assets held for sale at end of reporting period	-/-	7
Cash and cash equivalents at end of reporting period (statement of financial position)	**1,031**	**1,552**

[1] Includes cash and cash equivalents from held for sale entities.

STATEMENT OF CHANGES IN EQUITY

114 / STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP 2017 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, 2016	233	1,054	42	-14	18	221	-9	-59	-79	1,408	24	1,432
Net result	-/-	-/-	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**

115 / STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP 2018 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, 2017	233	1,055	79	-13	-14	7	-9	1	-113	1,225	26	1,252
Change in reporting standards	-/-	-/-	-5	-/-	-/-	-/-	-/-	-/-	-/-	-5	-/-	-5
January 1, 2018	**233**	**1,055**	**74**	**-13**	**-14**	**7**	**-9**	**1**	**-113**	**1,221**	**26**	**1,247**
Net result	-/-	-/-	248	-/-	-/-	-/-	-/-	-/-	-/-	248	1	250
Other comprehensive income	-/-	-/-	-/-	-/-	17	48	-1	-13	-/-	51	0	51
Total comprehensive income	**-/-**	**-/-**	**248**	**-/-**	**17**	**48**	**-1**	**-13**	**-/-**	**300**	**1**	**301**
Dividends	-/-	-/-	-442	-/-	-/-	-/-	-/-	-/-	-/-	-442	-26	-468
Share-based payments	-/-	-14	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-14	-/-	-14
Other changes	-/-	1	0	-50	-/-	-/-	-/-	-/-	-249	-299	302	3
December 31, 2018	**233**	**1,043**	**-119**	**-64**	**4**	**54**	**-10**	**-13**	**-362**	**766**	**303**	**1,070**

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, 2018, 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 315e 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 reflect changes 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 valuation 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 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7.")) (note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation"),
- Assessment of goodwill (note 16 "Goodwill") and of intangible assets with indefinite useful lives, in particular 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"),
- Valuation of receivables and required value adjustments (note 22 "Financial receivables and assets")
- Recongnition and valuation of programming assets (note 21 "Programming assets),

- Valuation of financial assets and liabilities (note 22 “Financial receivables and assets”, note 28 “Financial liabilities” as well as note 32 “Further notes on financial risk management and financial instruments in accordance with IFRS 7”),
- Valuation of lease liabilities (note 19 “Leasing”)
- Recognition and valuation of provisions (note 27 “Other provisions”) and
- Assessment of future tax relief and uncertain tax positions (note 13 “Income taxes”)

2 / Segment reporting

Pursuant to IFRS 8, reportable operating segments need to be defined based on internal management and reporting. The organizational and reporting structure of ProSiebenSat.1 Group is based on management by business segments. Relying on the reporting system established by it, the Company’s Executive Board as chief operating decision maker assesses the performance of the various segments and the allocation of resources.

Following a review of the Group’s segment structure as at December 31, 2017, since January 1, 2018, the Group has been divided into the three operative reporting segments “Entertainment”, “Content Production & Global Sales” and “Commerce”.

The new segment Entertainment consists principally of the previous “Broadcasting German-speaking” segment, i.e. ProSiebenSat.1 Media SE as holding company and the German Free TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX and Free TV station kabel eins Doku, which are brought together under the umbrella of ProSiebenSat.1 TV Deutschland GmbH. It also includes the stations of our group subsidiaries in Austria and Switzerland, the marketing companies SevenOne Media GmbH and SevenOne AdFactory GmbH and ProSiebenSat.1 Produktion GmbH.

Furthermore, the technical connection fees generated by cable, satellite and IPTV providers from distributing ProSiebenSat.1 HD stations are allocated to this segment, and the activities of the SAT.1 regional companies as well as the Pay TV business are also reported in it.

Finally, the segment Entertainment includes AdTech and online advertising, music, event and athlete marketing, and SevenVentures, and also included the video-on-demand platform maxdome until its deconsolidation on July 31, 2018. → See note 4 “Acquisitions, disposals and other transactions affecting the scope of consolidation”

The Content Production & Global Sales segment bundles all production activities and global sales of programming content under the umbrella of Red Arrow Studios.

The Commerce segment principally consists of the Consumer Advice, Matchmaking, Experience & Gift Vouchers and Beauty & Lifestyle businesses which previously had been reported as part of the Digital Ventures & Commerce segment.

The following table contains the segment information of ProSiebenSat.1 Group. The previous-year figures have been adjusted to reflect the new segmentation. The figures for the reporting period include the effects of the first-time application of IFRS 9 “Financial Instruments”, IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 “Leases”.

The following table contains segment information about ProSiebenSat.1 Group:

116 / SEGMENT INFORMATION 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Others/ Eliminations	Total consolidated financial statements
Revenues	2,718	608	831	4,156	-148	4,009
External revenues	2,626	552	831	4,009	-/-	4,009
Internal revenues	92	55	0	148	-148	-/-
Adjusted EBITDA	881	31	103	1,014	-1	1,013
Adjusted EBITDA margin	32.4%	5.1%	12.3%	n/a	n/a	25.3%
EBITDA[1]	461	26	84	571	-1	570
Income from investments accounted for using the equity method[1]	-8	-1	-5	-13	-/-	-13
Interest and similar income[1]	8	0	1	9	-3	7
Interest and similar expenses[1]	65	5	3	72	-3	70
Income taxes[1]	81	1	12	94	0	94
Depreciation and amortization	121	31	55	207	0	207
Impairments	11	3	0	15	-/-	15
Other non-cash expenses (-) and income (+)	-1,601	0	-29	-1,630	11	-1,619
Segment assets[1]	2,765	634	1,478	4,877	-33	4,844
thereof goodwill	882	355	725	1,962	0	1,962
Segment investments	1,198	20	25	1,243	-11	1,232
Segment free cash flow[1]	203	-9	-270	-77	-1	-78
Investments accounted for using the equity method[1]	39	7	31	77	0	77
Segment liabilities[1]	2,388	-53	-99	2,237	-74	2,163

[1] This information is provided on a voluntary basis as part of segment reporting.

117 / SEGMENT INFORMATION 2017 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Others/ Eliminations	Total consolidated financial statements
Revenues	2,798	594	820	4,212	-134	4,078
External revenues	2,737	523	818	4,078	-/-	4,078
Internal revenues	61	71	2	134	-134	-/-
Adjusted EBITDA	898	19	135	1,051	-1	1,050
Adjusted EBITDA margin	32.1%	3.1%	16.5%	n/a	n/a	25.8%
EBITDA[1]	651	8	464	1,123	-39	1,084
Income from investments accounted for using the equity method[1]	-5	0	-5	-10	-/-	-10
Interest and similar income[1]	7	0	0	7	-5	2
Interest and similar expenses[1]	81	4	4	90	-5	85
Income taxes[1]	139	0	26	165	0	165
Depreciation and amortization	135	19	43	196	0	196
Impairments	26	4	37	67	-/-	67
Other non-cash expenses (-) and income (+)	-1,222	-10	-17	-1,249	13	-1,236
Segment assets[1]	2,776	583	1,282	4,641	-71	4,570
thereof goodwill	826	341	665	1,831	0	1,831
Segment investments	1,192	4	21	1,217	-13	1,203
Segment free cash flow[1]	989	-121	-140	728	0	728
Investments accounted for using the equity method[1]	65	7	36	108	0	108
Segment liabilities[1]	1,854	-35	-254	1,564	68	1,632

[1] This information is provided on a voluntary basis as part of segment reporting.

The Executive Board as chief operating decision maker measures segment performance based on a segment profit measure, which in internal control and reporting is called "adjusted EBITDA".

DEFINITION ADJUSTED EBITDA

The earnings indicator "adjusted EBITDA" stands for adjusted earnings before interest, taxes, depreciation and amortization. It describes the operating result (earnings before interest, taxes, depreciation and amortization), adjusted for certain special effects (reconciling items) so as to provide the Executive Board, as the chief operating decision maker, with an appropriate performance measure for assessing the operating earnings power of the Group and its segments.

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 and other taxes, and net of current financial assets and cash and cash equivalents. Segment assets do not belong to the key indicators used for internal management and reporting purposed, but are nevertheless reported on a voluntary basis as part of the Group's 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 reported for a segment is attributable to the assets allocated to that segment. A distinction is made between scheduled depreciation or amortization on the one hand and impairments on the other.

Impairments of programming assets, financial investments or current financial assets are not allocated to the individual segment.

Other non-cash expenses and income mainly include the consumption of programming assets, additions to provisions, expenses related share-based payment schemes and impairments of receivables. Such expenses are offset against income from the reversal of provisions.

Segment liabilities reflect the segment's net debt which is equal to the segment's loan liabilities (excluding lease liabilities) less its cash and cash equivalents and its current financial assets. As debt (or net debt) is not managed at segment level by the chief operating decision makers, it does not figure in the regular internal management reports for the segments. Rather, debt is managed at Group level. Thus, segment liabilities are reported as additional information on a voluntary basis.

The reconciliation between the segment values and the consolidated values is shown below:

118 / RECONCILIATION OF SEGMENT INFORMATION in EUR m

	2018	2017
REVENUES		
Revenues from reportable segments	4,156	4,212
Eliminations and other reconciling items	-148	-134
Revenues of the Group	**4,009**	**4,078**
ADJUSTED EBITDA		
Adjusted EBITDA of reportable segments	1,014	1,051
Eliminations and other reconciling items	-1	-1
Adjusted EBITDA of the Group	**1,013**	**1,050**
Reconciling items	-443	34
Financial result	-4	-174
Depreciation and amortization	-207	-196
Impairments	-15	-67
Result before income taxes	**344**	**646**
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	1,630	1,249
Eliminations and other reconciling items	-11	-13
Other Group non-cash income/expenses	**1,619**	**1,236**
thereof consumption of programming assets	1,319	1,145
ASSETS		
Total assets of reportable segments	4,877	4,641
Eliminations and other reconciling items	-33	-71
Group's segment assets	**4,844**	**4,570**
Investments accounted for using the equity method	77	108
Non-current financial assets	244	175
Deferred tax assets	95	34
Current financial assets	69	52
Other interest-bearing assets	4	5
Current tax assets	103	41
Cash and cash equivalents	1,031	1,552
Group assets	**6,468**	**6,537**
INVESTMENTS		
Investments of reportable segments	1,243	1,217
Eliminations and other reconciling items	-11	-13
Group's investments	**1,232**	**1,203**
thereof investments in programming assets	1,070	1,048
thereof investments in property, plant and equipment	55	44
thereof investments in other intangible assets	106	112
NET FINANCIAL LIABILITIES		
Total liabilities of reportable segments	2,237	1,564
Eliminations and other reconciling items	-74	68
Group's segment liabilities	**2,163**	**1,632**
less current financial assets	-69	-52
Group's net financial liabilities	**2,094**	**1,581**

The reconciliations include the elimination of business transactions between segments as well as certain reclassifications and adjustments for divers issues that management considers should not be allocated to the segments. Business transactions between the segments are conducted on an arms' length basis.

The items not considered in adjusted EBITDA may be broken down into the following categories:

119 / PRESENTATION OF THE RECONCILING ITEMS in EUR m

	2018	2017
Income from changes in scope of consolidation	18	304
Income from changes in measurement	–/–	0
Income from other material one-time items	1	3
Income adjustments	**19**	**307**
M&A-related expenses	– 34	– 32
Reorganization expenses	– 68	– 45
Expenses for legal claims	1	– 9
Fair value adjustments of share-based payments	8	4
Expenses from changes in scope of consolidation	0	–/–
Expenses from other material one-time items	– 14	– 22
Valuation effects relating to strategic realignments of business units	– 354	– 170
EBITDA expense adjustments	**– 462**	**– 274**
Reconciling items	**– 443**	**34**

Entity-wide disclosures for ProSiebenSat.1 Group provide a breakdown of certain key indicators by geographical area. Separate information is provided for Germany (GER), the United States (US), for Austria (AT) and Switzerland (CH), the United Kingdom (UK), Scandinavia (SK) and others.

120 / ENTITY-WIDE DISCLOSURES in EUR m

Geographical breakdown	GER		US		AT/CH		UK		SK		Other		Total consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
External revenues	3,242	3,241	414	387	286	297	47	30	3	104	18	19	**4,009**	**4,078**
Non-current assets	3,426	3,353	536	374	53	43	26	25	1	1	7	7	**4,049**	**3,802**
Investments	1,201	1,177	9	7	21	17	0	0	0	2	0	0	**1,232**	**1,203**

Revenues are attributed to the country, in which the entity that has provided the service is located.

Non-current assets reported as part of the entity-wide disclosures include goodwill, other intangible assets, property, plant and equipment and non-current programming assets.

The portion of non-current segment assets attributable to Germany amounted to 84.6% in 2018 (previous year: 88.2%).

As in the previous year, more than 10.0% of Group revenues were generated from business activities with one customer. In 2018 EUR 523 million (previous year: EUR 593 million) of revenues, fully allocable to the Entertainment segment, were derived from this one customer, which is an agency association with affiliated various media agencies.

The following table provides an overview of the cash flows in the segments:

121 / CASH FLOWS PER SEGMENT 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Others/ Eliminations	Total consolidated financial statements
Cash flow from operating activities	1,444	-26	3	1,420	38	1,459
Cash flow from investing activities	-1,241	17	-273	-1,497	-39	-1,536
Free cash flow[1]	203	-9	-270	-77	-1	-78
Net cash from financing activities[2]	-287	60	201	-26	-441	-468

[1] Free cash flow equals the sum of the cash flow from operating activities and the cash flow from investing activities.
[2] Dividends paid by ProSiebenSat.1 Media SE are disclosed in column „Others/Elimination".

122 / CASH FLOWS PER SEGMENT 2017 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Others/ Eliminations	Total consolidated financial statements
Cash flow from operating activities	1,531	-87	88	1,532	89	1,621
Cash flow from investing activities	-542	-34	-228	-804	-90	-894
Free cash flow[1]	989	-121	-140	728	0	728
Net cash from financing activities[2]	-1,024	130	902	8	-434	-426

[1] Free cash flow equals the sum of the cash flow from operating activities and the cash flow from investing activities.
[2] Dividends paid by ProSiebenSat.1 Media SE are disclosed in column „Others/Elimination".

3 / Scope of consolidation

The number of subsidiaries included in the Consolidated Financial Statements by way of full consolidation has changed as follows in the financial year 2018:

123 / FULLY CONSOLIDATED SUBSIDIARIES

	Germany	Other countries	Total
Included at December 31, 2017	117	121	238
Additions	5	13	18
Disposals[1]	-20	-7	-27
Included at December 31, 2018	**102**	**127**	**229**

[1] including merger

The additions in financial year 2018 include new companies as well as the acquisitions discussed in → note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

In addition to the fully consolidated companies, 20 (previous year: 26) associated companies and five (previous year: 4) joint ventures accounted for using the equity method are included in the Consolidated Financial Statements (→ see Note 20 "Investments accounted for using the equity method").

Shareholdings are specified in the notes to the Consolidated Financial Statements pursuant to section 313 (2) HGB. The schedule of shareholdings includes an exhaustive list of all subsidiaries that meet the conditions of section 264 (3) HGB and apply the exemptions available in that section with regard to the preparation, audit and publication of the Annual Financial Statements or the management report.

4 / Acquisitions, disposals and other transactions affecting the scope of consolidation

A) ACQUISITIONS

The following acquisitions that are material for the Consolidated Financial Statements were made in financial year 2018:

124 / SIGNIFICANT ACQUISITIONS 2018

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
Aboalarm GmbH	Online cancellation service provider	100.0%	01/02/2018
Kairion GmbH	E-Commerce marketer for media campaigns	100.0%	01/09/2018
InQpharm Ltd/Zaluvida AG	Development of products in health care sector	Asset Deal	03/28/2018
Zirkulin/roha Arzneimittel GmbH	Development of products in health care sector	Asset Deal	04/01/2018
esome advertising technologies GmbH	Social-advertising provider	90.0%	04/26/2018
eHarmony, Inc.	Online dating service	100.0%	10/31/2018

Acquisition of 100% of the shares in Aboalarm GmbH

By agreement of November 9, 2017 and with economic effect of January 2, 2018, ProSiebenSat.1 Group acquired 100.0% of the shares in Aboalarm GmbH, Munich ("Aboalarm"), thereby gaining control. Aboalarm is an online cancellation service provider for consumer contracts in the areas of Internet, mobile communications, insurance, dating and fitness. The Company is allocated to the segment "Commerce" (→ see note 2 "Segment reporting").

The purchase price according to IFRS 3 amounts to EUR 10 million and is comprised of a base purchase price in the amount of EUR 10 million and a contractually agreed earn-out component in an amount of 0 million.

125 / ABOALARM – PURCHASE PRICE PER IFRS 3 in EUR m

Cash purchase price	10
Variable purchase price component – Earn-Out	0
Purchase price per IFRS 3	**10**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the time of acquisition:

126 / ACQUISITION ABOALARM in EUR m

	Fair value at acquisition
Other intangible assets	5
Thereof identified in the purchase price allocation	5
Property, plant and equipment	0
Non-current assets	**5**
Trade receivables	0
Other current receivables and other assets	0
Cash and cash equivalents	0
Current assets	**1**
Deferred tax liabilities	2
Non-current liabilities and provisions	**2**
Trade payables	0
Other provisions	0
Other liabilities	0
Current liabilities and provisions	**0**
Total net assets	**4**
Purchase price per IFRS 3	10
Goodwill	**7**

The identified goodwill nearly exclusively represents strategic synergies and development potential in the "Commerce" segment and hence is allocated to the cash-generating unit "Commerce", → see note 2 "Segment reporting". The goodwill is not tax-deductible and is denominated in the functional currency EUR.

127 / PURCHASE PRICE ALLOCATION ABOALARM

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	2	15
Customer relationships	1	8
Technology	1	5 – 8

In the context of the final purchase price allocation, a brand with a specific useful life of 15 years and a fair value of EUR 2 million, a customer base with a definite useful life of 8 years and a fair value of EUR 1 million and two types of technology (software) with a definite useful life of 5 and 8 years, respectively, and a combined fair value of EUR 1 million, were recognized separately from the goodwill. Deferred tax liabilities of EUR 2 million relate to differences between the fair values recognized for the identified assets and their tax bases.

For reasons of materiality and because the acquisition almost coincided with the beginning of the financial year, no disclosure of the effects on the Group's assets, liabilities, financial position and profit or loss from the beginning of the financial year until its initial consolidation on January 2, was made. Between the initial consolidation and December 31, 2018, the Company has contributed revenues of EUR 5 million and earnings after taxes in the amount of EUR 0 million to the consolidated net profit.

Acquisition of 100% of the shares in Kairion GmbH
By agreement of December 19, 2017 and with economic effect of January 9, 2018, ProSiebenSat.1 Group acquired 100.0% of the shares in Kairion GmbH ("Kairion"), Frankfurt/Main, thereby gaining control. The company specializes in media marketing in the e-commerce sector. The Company is allocated to the segment "Entertainment" (→ see note 2 "Segment reporting").

The purchase price according to IFRS 3 amounts to EUR 10 million and is comprised of a base purchase price in the amount of EUR 6 million, a contractually agreed earn-out component in the amount of EUR 2 million, payable in four tranches between 2018 and 2021, and a second variable purchase price adjustment in the amount of EUR 2 million, depending on the "ePrivacy Regulation" (Regulation on Privacy and Electronic Communications). Unless this EU regulation – which has yet to enter into force – has a negative impact on the future operating business of Kairion, ProSiebenSat.1 Group will be obliged to pay the former shareholders in 2020 a deferred purchase price payment in the amount of EUR 2 million. The management of ProSiebenSat.1 Group currently does not expect any future negative impact from the ePricacy Regulation on the operating business of Kairion.

128 / KAIRION – PURCHASE PRICE PER IFRS 3 in EUR m

Cash purchase price	6
Variable purchase price component – Earn-Out	2
Variable purchase price component – ePrivacy	2
Purchase price per IFRS 3	**10**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the time of acquisition:

129 / ACQUISITION KAIRION in EUR m

	Fair value at acquisition
Other intangible assets	3
Thereof identified in the purchase price allocation	1
Property, plant and equipment	0
Non-current assets	**3**
Trade receivables	1
Other current receivables and other assets	0
Cash and cash equivalents	0
Current assets	**1**
Deferred tax liabilities	0
Non-current liabilities and provisions	**0**
Trade payables	4
Other liabilities	0
Current liabilities and provisions	**4**
Total net assets	**0**
Purchase price per IFRS 3	10
Goodwill	**10**

The identified goodwill nearly exclusively represents strategic synergies and development potential in the Entertainment segment and hence is allocated to the cash-generating unit Entertainment, → see note 2 "Segment reporting". The goodwill is not tax-deductible and is denominated in the functional currency EUR.

130 / PURCHASE PRICE ALLOCATION KAIRION

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Customer relationships	1	8
Technology	2	5

In the context of the final purchase price allocation, a customer base with a useful life of 8 years and a fair value of EUR 1 million was recognized separately from the goodwill. In addition, software amounting to EUR 2 million was recognized separately from goodwill. At the time of acquisition, EUR 2 million of the fair value of the technology had already been capitalized in the Statement of Financial Position. Deferred tax liabilities of EUR 0 million relate to differences between the fair values recognized for the identified assets and their tax bases.

For reasons of materiality and because the acquisition almost coincided with the beginning of the financial year, no disclosure of the effects on the Group's assets, liabilities, financial position and profit or loss from the beginning of the financial year until its initial consolidation on January 9, was made. Between the initial consolidation and December 31, 2018, the Company has contributed revenues of EUR 2 million and earnings after taxes in the amount of minus EUR 1 million to the consolidated net profit.

Acquisition of Intangible Assets from InQpharm Group (Zaluvida Corporate AG) as part of a Business Combination

By agreement and with economic effect as of March 28, 2018, ProSiebenSat.1 Group acquired through its subsidiary WindStar Medical GmbH, Wehrheim selected intangible assets from InQpharm Group Sdn Bhd, Kuala Lumpur, Malaysia ("InQpharm Group"). The InQpharm Group is a subsidiary of Zaluvida Corporate AG, Rolle, Switzerland, a global life sciences company focused on bioactive compounds with pharmacological action for use in therapies, the treatment of allergies and the development of technologies in the area of obesity, antibiotic resistance and greenhouse gas emissions. The acquired assets consist of six certified medical products in the field of allergy and gastrointestinal diseases, comprising know-how, patents, trademarks and the associated supplier, production, distribution and customer relations. A research project was acquired as well. The intangible assets are acquired by WindStar Medical GmbH and allocated to the segment "Commerce", → see note 2 "Segment reporting". The acquisition of these assets constitutes a business combination pursuant to IFRS 3.3.

The purchase price according to IFRS 3 amounts to EUR 4 million and is comprised of a base purchase price in the amount of EUR 3 million and a contractually agreed earn-out component in an amount of EUR 1 million, with payment dates of 2020 and 2021. In the context of the final purchase price allocation, a customer base with a useful life of 8 years and a fair value of EUR 2 million and further intangible assets with a useful life of 10 years and a fair value of EUR 1 million were recognized separately from the goodwill. For reasons of materiality, no detailed goodwill derivation is presented. The identified goodwill in the amount of EUR 1 million exclusively represents strategic synergies and development potential in the "Commerce" segment and hence is allocated to the cash-generating unit "Commerce". The goodwill is tax-deductible over 15 years and is denominated in the functional currency EUR.

Acquisition of the business under the Brand Zirkulin (roha Arzneimittel GmbH)

By agreement of December 29, 2017 and with economic effect of April 1, 2018, ProSiebenSat.1 Group through group subsidiary DISTRICON GmbH, Wehrheim, acquired selected intangible assets from roha arzneimittel GmbH, Bremen, a manufacturer of natural medicines and dietary supplements. The acquired assets consist of all intangible assets related to the health brand "Zirkulin". These include the existing Zirkulin business, including the associated customer base, industrial property rights, drug approvals, the product portfolio as well as other technical, regulatory and commercial know-how. In addition to the transfer of the Zirkulin business, both parties have entered into a supply agreement to ensure continued production. The acquired intangible assets of the Zirkulin brand are allocated to the "Commerce" segment, → see note 2 "Segment reporting". The acquisition of the assets was accounted for as a business combination in accordance with IFRS 3.3, as a production process was acquired.

The purchase price according to IFRS 3 is comprised of a cash purchase price in the amount of EUR 32 million.

131 / ZIRKULIN – PURCHASE PRICE PER IFRS 3 in EUR m

Cash purchase price	32
Purchase price per IFRS 3	**32**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the time of acquisition:

132 / ACQUISITION ZIRKULIN in EUR m

	Fair value at acquisition
Other intangible assets	22
Thereof identified in the purchase price allocation	22
Total net assets	**22**
Purchase price per IFRS 3	32
Goodwill	**10**

The identified goodwill exclusively represents strategic synergies and development potential in the "Commerce" segment and hence is allocated to the cash-generating unit "Commerce", → see note 2 "Segment reporting". The goodwill is tax-deductible over 15 years and is denominated in the functional currency EUR.

133 / PURCHASE PRICE ALLOCATION ZIRKULIN

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Customer relationships	12	8
Others	10	15

In the context of the final purchase price allocation, a customer base with a useful life of 8 years and a fair value of EUR 12 million was recognized separately from the goodwill. In addition, other intangible assets with a useful life of 15 years in connection with the Zirkulin business were recognized separately from goodwill in an amount of EUR 10 million.

Acquisition of 90.0% of the shares in esome advertising technologies GmbH
By agreement dated December 1, 2017 and with economic effect from April 26, 2018, ProSiebenSat.1 Group acquired a 90.0% stake in esome advertising technologies GmbH, Hamburg ("esome"). The business purpose of esome is to provide technology for the placement of advertising campaigns in the social media sector, in particular the purchase, sale or brokerage of social media services, the use of target group information in the social media sector for the optimization of online advertising campaigns, the creation, licensing and marketing of technical systems for campaign control, as well as all services in connection with advertising activities in the social media sector. The Company is allocated to the segment "Entertainment" (→ see note 2 "Segment reporting").

The purchase price according to IFRS 3 is comprised of a cash purchase price in the amount of EUR 28 million and two contractually agreed earn-out components totaling EUR 26 million. In addition, a put option in the amount of EUR 10 million was agreed with the existing shareholders regarding the acquisition of a further 10.0% of the shares, with earliest possible exercise in 2019. Since ProSiebenSat.1 Group is under the unconditional obligation to acquire the shares upon option exercise, application of the anticipated acquisition method as of April 26, 2018 results in a consolidation ratio of 100%.

134 / ESOME – PURCHASE PRICE PER IFRS 3 in EUR m

Cash purchase price	28
Contingent consideration – Put-options	10
Variable purchase price component – Earn-out	26
Purchase price per IFRS 3	**63**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the time of acquisition:

135 / ACQUISITION ESOME in EUR m

	Fair value at acquisition
Other intangible assets	20
Thereof identified in the purchase price allocation	17
Property, plant and equipment	2
Non-current assets	**22**
Trade receivables	13
Other current receivables and other assets	0
Cash and cash equivalents	2
Current assets	**16**
Deferred tax liabilities	6
Non-Current liabilities and provisions	**6**
Trade payables	10
Other provisions	0
Other liabilities	1
Current liabilities and provisions	**11**
Total net assets	**20**
Purchase price per IFRS 3	63
Goodwill	**43**

The identified goodwill almost exclusively represents strategic synergies and development potential in the Entertainment segment and hence is allocated to the cash-generating unit Entertainment, → see note 2 "Segment reporting". The goodwill is not tax-deductible and is denominated in the functional currency EUR.

136 / PURCHASE PRICE ALLOCATION ESOME

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	2	10
Customer relationships	11	10
Technology	7	5

In the context of the final purchase price allocation, a brand with a useful life of 10 years and a fair value of EUR 2 million and customer relations with a useful life of 10 years and a fair value of EUR 11 million were recognized separately from the goodwill. In addition, technology amounting to EUR 7 million was recognized separately from goodwill. At the time of acquisition, EUR 3 million of the fair value of the technology had already been capitalized in the balance sheet. Deferred tax liabilities of EUR 6 million relate to differences between the fair values recognized for the identified assets and their tax bases.

Including the companies from the start of the financial year until initial consolidation in April 2018 would have had the following effect on the assets, liabilities, financial position and profit or loss of ProSiebenSat.1 Group: Additional revenues of EUR 4 million and earnings after taxes in the amount of EUR 0 million. Between the initial consolidation and December 31, 2018, the companies have contributed revenues of EUR 11 million and earnings after taxes in the amount of EUR 0 million to the consolidated net profit.

Acquisition of 100.0% of the shares in eHarmony Group
By agreement of October 24, 2018 and with economic effect from October 31, 2018, ProSiebenSat.1 Group through NCG – NUCOM GROUP SE, Unterföhring ("NuCom Group") and PARSHIP ELITE Group GmbH, Hamburg ("Parship Elite Group"), has acquired 100.0% of the shares in eHarmony, Inc., Los Angeles, USA and its subsidiaries ("eHarmony Group"). The eHarmony Group includes the 100%-owned eHarmony, Inc, eHarmony UK Limited, London, Great Britain, eHarmony Australia Pty Limited, Sydney, Australia, Jazzed Inc., Los Angeles, USA, EKHO LLC, Los Angeles, USA and a minority interest of 5.3% in Candidate.Guru Inc., Dover, USA. The eHarmony Group operates a premium online dating service primarily in the USA, Canada, Great Britain and Australia. The Company is allocated to the segment "Commerce" (→ see note 2 "Segment reporting").

The purchase price per IFRS 3 is comprised of a cash purchase price of EUR 76 million (USD 86 million). In addition, the Parship Elite Group granted a loan of EUR 7 million to the eHarmony Group prior to the closing of the transaction.

137 / EHARMONY – PURCHASE PRICE PER IFRS 3 in EUR m

Cash purchase price	76
Purchase price per IFRS 3	**76**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the time of acquisition:

138 / ACQUISITION EHARMONY in EUR m

	Fair value at acquisition
Other intangible assets	63
Thereof identified in the purchase price allocation	62
Property, plant and equipment	14
Investments	0
Deferred tax assets	7
Non-current assets	**85**
Trade receivables	2
Other current receivables and other assets	8
Cash and cash equivalents	10
Current assets	**21**
Provisions	0
Non-current liabilities	23
Deferred tax liabilities	16
Non-current liabilities and provisions	**40**
Trade payables	5
Other liabilities	28
Current liabilities and provisions	**33**
Total net assets	**33**
Purchase price per IFRS 3	76
Goodwill	**42**

The identified goodwill almost exclusively represents strategic synergies and development potential in the "Commerce" segment and hence is allocated to the cash-generating unit "Commerce", → see note 2 "Segment reporting" The goodwill is not tax-deductible and is denominated in the functional currency USD.

139 / PURCHASE PRICE ALLOCATION EHARMONY

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	56	indefinite
Customer relationships	1	2
Technology	1	1
Other	4	2

In the context of the provisional purchase price allocation, a brand with an indefinite useful life and a fair value of EUR 56 million and customer relations with a useful life of two years and a fair value of EUR 1 million were recognized separately from the goodwill. In addition, a technology with a useful life of one year amounting to EUR 1 million and other assets with a useful life of two years amounting to EUR 4 million were recognized separately from goodwill. Deferred tax liabilities of EUR 16 million relate to differences between the fair values recognized for the identified assets and their tax bases.

Including the eHarmony Group from the start of the financial year until initial consolidation in October 2018 would have had the following effect on the assets, liabilities, financial position and profit or loss of ProSiebenSat.1 Group: Additional revenues of EUR 68 million and earnings after taxes in the amount of minus EUR 17 million. Between the initial consolidation and December 31, 2018, the companies have contributed revenues of EUR 12 million and earnings after taxes in the amount of minus EUR 6 million to the consolidated profit.

140 / KEY 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

For more information on the companies acquired in financial year 2017, we refer to the published Annual Report as of December 31, 2017.

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. Specifically, assumptions are used in determining the fair value of assets acquired and liabilities assumed 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 fair value. 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) OTHER TRANSACTIONS

The acquisitions of additional shares in already controlled and thus fully consolidated companies described below are accounted for as equity transactions in accordance with IFRS 10. If put options on the acquisition of non-controlling interests existed at the time of initial consolidation, the payment for the acquisition of these shares is reported in cash flow from investing activities; in all other cases, it is reported in cash flow from financing activities.

Acquisition of 22.8% in Sonoma Internet GmbH (Amorelie)
By agreement and with economic effect of March 19, 2018, ProSiebenSat.1 Group has acquired through the NuCom Group the minority shares in Sonoma Internet GmbH, Berlin ("Sonoma"), following the exercise of a call option. The company operates an online lifestyle shop for love live products via the Internet portal "amorelie.de". The shareholding of the NuCom Group in Sonoma now is 97.8%. In January 2014, ProSiebenSat.1 Group made its first investment in the company (23.2%) and in March 2015 increased its stake by 51.8% to 75.0%. The purchase price for the acquired shares amounts to EUR 21 million. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Sonoma was recognized in cash flow from financing activities.

Acquisition of the remaining 25.1% in SilverTours GmbH
By agreement of February 19, 2018 and with economic effect of April 6, 2018, ProSiebenSat.1 Group acquired via the NuCom Group 25.1% of the remaining shares in SilverTours GmbH, Freiburg im Breisgau ("SilverTours"), for a purchase price of EUR 59 million. SilverTours was established in 2003 and operates product comparison platforms for hire cars (e.g. www.billiger-mietwagen.de). In June 2013, ProSiebenSat.1 Group had made a first investment in the company (74.9%) and with the current transaction has acquired the remaining shares in the company. The NuCom Group now owns 100% of the shares in SilverTours. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled SilverTours was recognized in cash flow from financing activities.

Acquisition of 20.6% of the shares in Verivox Holding GmbH
By agreement of February 21, 2018 and with economic effect of April 5, 2018, ProSiebenSat.1 Group acquired via the NuCom Group 20.6% of the shares in Verivox Holding GmbH, Unterföhring ("Verivox Holding"), for a purchase price of EUR 112 million. The company operates the largest independent consumer portal for energy in Germany and also offers comparisons in the areas of telecommunications, insurance, finance, vehicles and commission-free real estate. In June 2015, ProSiebenSat.1 Group invested in the company for the first time (80.0%). Since March 31, 2018, NuCom Group now owns 100% of the shares in Verivox Holding. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Verivox Holding was recognized in the investing cash flow.

Acquisition of 44.2% in the Shares in 7Love Holding GmbH (Parship Elite Group)
By agreement of February 21, 2018 and with economic effect of April 5, 2018, ProSiebenSat.1 Group acquired via the NuCom Group 44.2% of the shares in 7Love GmbH, Heidelberg ("7Love"), for a purchase price of EUR 162 million. 7Love operates online dating services primarily in German-speaking countries. ProSiebenSat.1 Group made its first investment in the company in October 2016 (50.0%). The NuCom Group now owns 94.2% of the shares in 7Love. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled 7Love was recognized in cash flow from financing activities.

Acquisition of 23.9% in Virtual Minds AG
With the exercise declaration dated May 29, 2018 and economic effect from June 8, 2018, the ProSiebenSat.1 Group exercised a call option on outstanding minority interests. Virtual Minds AG, Freiburg im Breisgau ("Virtual Minds") is a media holding company, with specialized companies from the fields of media technologies, digital advertising and hosting. In June 2015, ProSiebenSat.1 Group invested in the company for the first time (51%). For an option purchase price of EUR 33 million, ProSiebenSat.1 Group, through ProSiebenSat.1 Digital GmbH, is increasing its stake from 51% to 75%. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Virtual Minds was recognized in the investing cash flow.

Completed Purchase Price Allocation – Acquisition of 62.5% of the shares in Gravitas Ventures, LLC
The preliminary purchase price allocation of Gravitas Ventures, LLC, Wilmington, USA ("Gravitas") as of December 31, 2017, as defined by IFRS 3.45 ff. was completed as of June 30, 2018. A variable purchase price adjustment in the amount of EUR 1 million (USD 1 million) results in a final purchase price according to IFRS 3 in the amount of EUR 51 million (USD 61 million) and a goodwill in the amount of EUR 31 million (USD 37 million).

New construction Unterföhring Campus
In the third quarter of 2018, ProSiebenSat.1 Media SE, via a real estate leasing entity, entered into a financing agreement with an external finance consortium for the construction of a new corporate campus in Unterföhring. As part of the financing arrangement, ProSiebenSat.1 Media SE (as a lessee) entered into a real estate lease with the leasing entity. The lease has a basic lease term until 2038 and includes a purchase option that may be exercised at the end of the basic lease term. If the purchase option is not exercised, the lease is extended by another ten years. The land covered by the agreement, the existing buildings and the buildings yet to be erected are held by the real estate leasing entity, which is a structured entity fully to be consolidated into the consolidated group of ProSiebenSat.1 Media SE in accordance with IFRS 10 "Consolidated Financial Statements". Consolidation is required because ProSiebenSat.1 Group can determine the relevant activities of the real estate leasing entity. Since ProSiebenSat.1 Media SE does not receive a reporting package from the leasing entity, consolidation is based on the information available from the leasing agreement.

As of the reporting date of December 31, 2018, the carrying amounts of the underlying properties amounted to EUR 43 million and the corresponding liabilities to EUR 22 million.

C) DISPOSALS OF SHARES IN SUBSIDIARIES

Sale of 25.1% of the shares in NuCom Group to General Atlantic PD GmbH
By agreement of February 21, 2018 and with economic effect of April 4, 2018, General Atlantic PD GmbH, Munich ("General Atlantic"), acquired a 25.1% stake in NuCom Group for a purchase price of EUR 286 million. NuCom Group was founded on January 1, 2018 in order to pool all the business activities undertaken by the Commerce segment; → see note 2 "Segment reporting". The sale of shares in NuCom Group to General Atlantic and the acquisition of the remaining shares in Silvertours and 7Love, make up in the major portion of other changes to other equity of minus EUR 204 million as of December 31, 2018.

Disposal of maxdome GmbH to the 50%/50% Joint Venture 7TV Joint Venture GmbH
By agreement dated June 22, 2018, ProSiebenSat.1 Group sold maxdome GmbH, Unterföhring ("maxdome") to 50%/50% joint venture 7TV Joint Venture GmbH, Munich ("7TV"). The company was allocated to the segment "Entertainment" (→ see note 2 "Segment reporting"). In return, the joint venture Partner, Discovery, Inc, Silver Spring, USA, contributes its Eurosport Player App to the joint venture 7TV. ProSiebenSat.1 Group and Discovery are pursuing the joint development of a leading streaming platform for Germany, which will integrate maxdome and the Eurosport Player App. The sale transaction was formally and legally completed on July 31, 2018 after approval by the German Federal Cartel Office. Due to the loss of control associated with the transaction, the relevant entity was deconsolidated at that date. The disposal had the following effects on the Group's assets, liabilities, financial position and profit or loss:

141 / **EFFECTS OF DECONSOLIDATION ON THE GROUP** in EUR m

	Carrying amounts at the date of sale
Purchase price	**6**
Purchase price (cash)	6
Costs to sell	0
Purchase price less cost to sell	**6**
Purchase price (cash)	**6**
Cash and cash equivalents disposed	0
Net cash inflow on sale	**6**
Goodwill	0
Intangible assets	0
Property, plant and equipment	0
Other assets, including deferred taxes	24
Cash and cash equivalents	0
Provisions	1
Deferred tax liabilities	0
Other liabilities	39
Net Assets	**–14**
Result from deconsolidation 100%	**21**
At Equity Share	50%
Result from deconsolidation 50%	**10**

Due to the 50% interest in the share capital of the Joint Venture 7TV, 50% of the recorded deconsolidation gain of EUR 21 million was eliminated. The profit attributable to the shareholders of ProSiebenSat.1 Media SE hence amounts to EUR 10 million.

Disposal of 7NXT GmbH

By agreement of May 17, 2018, ProSiebenSat.1 Group sold all shares of the online sports program provider 7NXT GmbH, Berlin, ("7NXT") to the fund Crosslantic Fund I GmbH & Co. KG, Bochum. The sale of shares also included 100% of the shares of outgoing 7NXT subsidiaries 7NXT Health GmbH, Berlin, and Gymondo GmbH, Berlin. The companies had been reported as part of the segment "Entertainment" (→ see note 2 "Segment reporting"). The sale transaction was formally and legally completed on July 31, 2018 after approval by the German Federal Cartel Office. Due to the loss of control associated with the transaction, the relevant entity was deconsolidated at that date. The disposal had the following effects on the Group's assets, liabilities, financial position and profit or loss:

142 / **EFFECTS OF DECONSOLIDATION ON THE GROUP** in EUR m

	Carrying amounts at the date of sale
Purchase price	**5**
Purchase price (cash)	5
Costs to sell	0
Purchase price less cost to sell	**5**
Purchase price (cash)	**5**
Cash and cash equivalents disposed	− 3
Net cash inflow on sale	**2**
Goodwill	0
Intangible assets	1
Property, plant and equipment	0
Other assets, including deferred taxes	4
Cash and cash equivalents	3
Provisions	0
Deferred tax liabilities	0
Other liabilities	10
Net Assets	**− 1**
Result from deconsolidation	**6**

The recognized deconsolidation gain from the sale of 7NXT and its subsidiaries amounts to EUR 6 million and is fully attributable to the shareholders of ProSiebenSat.1 Media SE.

Disposal of Tropo GmbH

By agreement of August 8, 2018, ProSiebenSat.1 Group sold all shares in tour operator Tropo GmbH, Hamburg, ("Tropo") to dnata (Dubai National Air Transport Association), Dubai, a company of the Emirates Group. The company had been reported as part of the segment "Commerce" (→ see note 2 "Segment reporting"). ProSiebenSat.1 thus completes the strategic portfolio streamlining of the travel division that began in 2017. The sale transaction was formally and legally completed on September 27, 2018 after approval by the German Federal Cartel Office. Due to the loss of control associated with the transaction, the entity was deconsolidated at that date. The disposal had the following effects on the Group's assets, liabilities, financial position and profit or loss:

143 / EFFECTS OF DECONSOLIDATION ON THE GROUP in EUR m

	Carrying amounts at the date of sale
Purchase price	**6**
Purchase price (cash)	6
Costs to sell	0
Purchase price less cost to sell	**6**
Purchase price (cash)	**6**
Cash and cash equivalents disposed	−9
Net cash outflow on sale	**−3**
Goodwill	1
Intangible assets	1
Property, plant and equipment	0
Other assets, including deferred taxes	6
Cash and cash equivalents	9
Provisions	0
Deferred tax liabilities	0
Other liabilities	12
Net Assets	**5**
Result from deconsolidation	**1**

The recognized deconsolidation gain from the sale of Tropo amounts to EUR 1 million and is fully attributable to the shareholders of ProSiebenSat.1 Media SE.

NOTES TO THE INCOME STATEMENT

5 / Revenues

144 / REVENUES ACCORDING TO IFRS 15 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total
Advertising revenues	2,238	-/-	-/-	2,238
Digital services[1]	-/-	-/-	509	509
Production revenues	-/-	293	-/-	293
Revenues from the sales of goods	-/-	-/-	280	280
Digital studio revenues	-/-	195	-/-	195
Distribution revenues	141	-/-	-/-	141
Program sales	47	56	-/-	103
Others	200	8	42	249
Total	**2,626**	**552**	**831**	**4,009**
Timing of revenue				
Point in time	2,454	259	755	3,468
Over time	171	293	76	540
Total	**2,626**	**552**	**831**	**4,009**

[1] This item primarily contains revenues from online agency services and matchmaking as well as event vouchers and miscellaneous online market places.

As permitted by the transition guidance of IFRS 15, previous-year figures have not been restated.

145 / CONTRACT ASSETS AND LIABILITIES in EUR m

	12/31/2018	01/01/2018
Contract Assets	28	19
Contract Liabilities	189	203

Contract assets primarily relate to the Group's claims for consideration resulting from commissioned productions that have been completed but are yet to be invoiced as of the reporting date. Contract assets are reclassified trade receivables upon invoicing.

In financial year 2018, contract assets increased by EUR 0 million as a result of business combinations. Impairments for expected losses were insignificant.

Contract liabilities primarily relate to advance payments received in connection with the sale of event vouchers and commissioned productions and to deferred income from online dating services and the sale of program rights as well as from media services not yet rendered.

In financial year 2018, contract liabilities increased by EUR 18 million as a result of business combinations. On the other hand, disposals of contract liabilities in the context of deconsolidations amounted to EUR 9 million. Of the contrac liabilities existing as of January 1, 2018, EUR 196 million were recognised as revenues in financial year 2018.

In financial year 2018, no material revenues were generated from performance obligations fulfilled (or partially fulfilled) in prior periods.

As permitted under IFRS 15, no disclosures are made with regard to the remaining performance obligations at December 31, 2018 that have an original expected duration of one year or less. There are no material performance obligations with an original expected duration extending beyond the period of more than one year after December 31, 2018.

ESSENTIAL BUSINESS MODELS AND REVENUE RECOGNITION METHODS

ProSiebenSat.1 Group revenues mainly consist of 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:

REALIZATION DATE OF SALES REVENUES

Revenues	Business model	Timing of recognition
Advertising revenues		
TV advertising revenues	Broadcasting of advertising spots in Free TV	Broadcasting of advertising spots (point in time)
Media-for-Revenue-Share	Broadcasting of residual advertising times for a fixed consideration and a variable revenue share	Broadcasting of advertising spots; Variable parts on receipt of necessary target achievement documentation from the contract partner (point in time)
Media-for-equity	Broadcasting of remaining advertising time in return for equity interests in the contractual partner	Broadcast of advertising spot (point in time)
Marketing of digital offerings of external providers	Marketing of external websites via sale of online advertising	Sale of advertising space (point in time)
Marketing of own digital products	Marketing of Group-owned websites by selling online advertising	Delivery of advertising (point in time)
Digital services	Arrangement of contracts between primary service providers and end customers in the areas of car rental, travel, events, insurance, energy supply, mobile communications and financial services via online portals	Transmission of customer data/start of performance by the partner (point in time)
	Operation of ad-financed search engines in the field of fashion and furnishing	Access-based using “cost-per-click” method (point in time)
	Online dating services: operation of online dating platforms	Multi-component business: at a point time for components with delivery character, over time for subscription payments over the contract term
Production revenues	Production of programming content such as TV formats and serial programmes	Percentage-of-completion method (over time)
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 return rights (point in time)
Digital studio revenues	Multi-channel network marketing of web-video and/or social media artists	Rendering of marketing service (point in time)
TV distribution		
Technical activation fees (SD/HD/Pay)	Distribution of Free and Pay TV content by ProSiebenSat.1 Group via cable, satellite and IPTV	Provision of the TV signal (over time)
Program sales	Sale/licensing of programming assets for certain license areas, individual broadcastings and broadcasting windows	beginning of license term and delivery of broadcast-ready material (point in time)
Other revenues		
Travel operations	Organization of holidays and rendering of holiday-related services for end customers	Rendering of performance; upon departure (point in time)
Video-on-Demand revenues	Transmission of programming content via digital platforms as subscription and transaction business	Subscription model: Over the subscription term (over time) Transaction model: Provision of content (point in time)
Merchandising license sales	Licensing of trademarks of ProSiebenSat.1 Group	Depending on the contract terms, over license term (over time) or at start of licence term (point in time)

In addition to the sales revenue categories shown above, the item “Other revenues” also contains various business models; however at this time, they are not considered essential for the Group’s earnings position.

The payment terms are mostly short term (usually up to 30 days). For the sale of program rights, digital studio revenues and travel service revenues payment terms of up to 90 days are agreed. In case of commissioned production, payments usually are due shortly after the contractually agreed milestones have been reached; the number of agreed milestone payments varies according to the individual contract. There are no significant financing components as defined by IFRS 15.

The transaction price is generally determined by the contractually agreed conditions.

Special features arise in connection with television advertising revenues, media-for-equity transactions, customer referral, event agency and online dating services in the Digital Services segment as well as in connection with commissioned productions and the sale of program rights.

- Typically, fixed fees are agreed for revenues from TV advertising. Any advertising services to be provided free of charge are treated as separate performance obligations. When the free spot is aired, the pro-rata share of revenue attributable to that obligation is recognized.

- In case of media-for-equity transactions, the shares received at the beginning of the contract are recognized at fair value and the deferred income for the provision of media services is recognized accordingly. The fair value of the shares received is determined in accordance with IFRS 13 by means of prices derived from recent market transactions or valuation reports provided by independent appraisers.

- Within the price comparison business, the expected cancellations based on historical cancellation quota are deducted from revenues.

- When event vouchers (Jochen Schweizer MyDays Group) are sold, payments received from the end customer are initially recognized as a liability. When the vouchers are made available to the customer for use, sales revenues are recognized in the amount of the commission agreed with the organizer. Payments for vouchers that are not expected to be redeemed (based on historical experience) are recognized in full as revenue if a future reversal of the recognized revenues is unlikely. In 2018, the Commerce segment of MyDays GmbH, Munich, standardized the Group-wide procedure for assessing the amount of non-redeemed vouchers. Under the new standard procedure the assessment to is to be based on historical non-redemption rates experienced over the last three years (instead of over the over the last five years as was previously the case). This change in an accounting-related estimate resulted in an increase in Group and segment sales of EUR 10 million.

- In the case of online dating services, the total transaction price is allocated to the individual performance obligations in accordance with relative stand-alone selling prices.

- In the context of production contracts, in some cases the payments include – apart from a fixed component –a variable component which is based on the proceeds realized by the customer.

- When program rights are sold, the total consideration received comprises fixed payments as well as variable transaction-related and time-of-usage-related components.

6 / Cost of sales

146 / **COST OF SALES** in EUR m

	2018	2017
Consumption of programming assets (incl. impairments)	1,319	1,145
Operating expenses	716	691
Personnel expenses	309	282
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	93	133
IT operations	39	34
Expenses from the disposal of programming assets	12	16
Other	80	89
Total	**2,569**	**2,390**

Consumption of programming assets includes depreciation and impairments.

The ProSiebenSat.1 Group is operating in a challenging environment on the television market. Reach has been declining for some time, particularly for selected US titles. One of the reasons is that these program titles are aligned primarily for the specific requirements of the US television market. Another factor is that from the perspective of the ProSiebenSat.1 Group, the average quality of the titles acquired in the framework of the US studio agreements developed less strongly than anticipated. Furthermore, the US program titles are generally not available on a exclusive basis to the ProSiebenSat.1 Group stations. Moreover, only limited utilization is possible on a digital basis, while competing video-on-demand portals are making progress in gaining users.

To counter this trend, the ProSiebenSat.1 Group aims increasingly to buy local content or to produce local content itself, reducing the share of US program titles in the free TV channel programing on a sustained basis.

Against this backdrop, in the fourth quarter of 2018 the ProSiebenSat.1 Group made the strategic decision to sub-license some of its US titles to 7TV, and not to broadcast them itself any longer. This is a portfolio of program titles which are already available and also those which will be received in the future from the US licensors. 7TV will use the programs to make its platform more attractive for users. In addition, as part of this strategic realignment, the ProSiebenSat.1 Group management decided to stop broadcasting certain US program titles. In the context of the above strategic measures, impairment of EUR 178 million was recognized (EUR 122 million of which came from the transaction with 7TV).

Furthermore, for onerous contracts in connection with the future acceptance of programming assets, provisions for onerous contracts of EUR 176 million were recognized (EUR 168 million of which from transaction with 7TV). The overall effect of the change in program strategy thus amounts to minus EUR 354 million → see notes 21 "Programming assets" and → 27 "Other provisions". In the previous year, EUR 170 million were recorded in connection with the strategic realignment undertaken by the Executive Board in the third quarter of 2017.

Operating expenses primarily include production-related external services, merchandise used in commerce, license expenses and copyright fees. Personnel expenses include wages and salaries of employees in production, including performance-related bonus entitlements, redundancy payments as well as social security contributions. Depreciation and impairments on property, plant and equipment as well as other intangible assets primarily relate to depreciation on 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" mainly includes production-related marketing and travel expenses.

7 / Selling expenses

147 / SELLING EXPENSES in EUR m

	2018	2017
Marketing and marketing-related expenses	227	250
Personnel expenses	113	121
Distribution	65	83
Thereof satellite services	35	37
Thereof distribution fees	30	36
Operating expenses	45	35
Sales comissions	39	45
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	13	10
IT operations	12	10
Other	18	22
Total	**532**	**577**

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. Depreciation and impairments relate almost exclusively to other intangible assets in sales.

8 / Administrative expenses

148 / ADMINISTRATIVE EXPENSES in EUR m

	2018	2017
Personnel expenses	257	257
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	116	104
Consultancy fees	64	55
IT operations	34	38
Use of buildings	23	39
Marketing expenses	19	20
Other personnel-related expenses	14	12
Corporate hospitality and travel	10	10
Ancillary operating expenses	6	6
Automobile expenses	3	6
Other	49	45
Total	**595**	**590**

Personnel expenses include wages and salaries of employees in administration, including performance-related bonus entitlements, redundancy payments as well as social security contributions. Depreciation and impairments of 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 costs of legal advice. Use of buildings mainly includes expenses for rent, ancillary and maintenance costs.

9 / Other operating expenses

Other operating expenses in the amount of EUR 14 million (previous year: EUR 33 million) mainly include derecognition of receivables from previous years in the amount of EUR 12 million (previous year: EUR 14 million).

10 / Other operating income

Other operating income amounts to EUR 50 million in the financial year 2018 (previous year: EUR 332 million). It mainly includes deconsolidation gains in the amount of EUR 18 million (previous year: EUR 304 million) → see note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation". In addition, the item includes out-of-period income in the amount of EUR 11 million (previous year: EUR 7 million) resulting from a large number of individual effects.

11 / Interest result

149 / INTEREST RESULT in EUR m

	2018	2017
Interest and similar income	7	2
Interest and similar expenses	– 70	– 85
Thereof from financial liabilities at amortized cost	– 47	– 45
Thereof from hedging derivatives	– 10	– 19
Thereof other interest and similar expenses	– 13	– 21
Interest result	**– 63**	**– 83**

Interest and similar income in the amount of EUR 7 million (previous year: EUR 2 million) was received by using the effective interest method.

Interest on financial liabilities at amortized cost primarily includes interest on drawn loans → see note 28 "Financial liabilities". In addition, EUR 4 million in interest expenses from lease liabilities in the current financial year are included → see note 19 "Leasing".

Interest and similar expenses from hedge derivatives include expenses for hedging instruments in connection with interest rate risks → see note 32 "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 put-option and earn-out liabilities, pension obligations as well as additions to the provisions for interest on taxes.

12 / Result from investments accounted for using the equity method and other financial result

150 / RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER FINANCIAL RESULT in EUR m

	2018	2017
Share of result from joint ventures	– 9	– 1
Share of result from associates	– 5	– 9
Result from investments accounted for using the equity method	**– 13**	**– 10**
Changes in put-option and earn-out liabilities (financial liabilities at fair value through profit or loss)	59	– 59
Valuation effects of financial instruments	25	– 21
Thereof from financial assets at fair value through profit or loss	27	11
Thereof from investments accounted for using the equity method	– 4	– 28
Thereof from financial assets at amortized cost[1]	2	– 4
Foreign currency translation gains/losses	– 5	6
Thereof from cash and cash equivalents	14	– 4
Thereof from other financial assets[2]	3	– 7
Thereof from financial liabilities at amortized cost	– 13	32
Thereof from put-options and earn-out liabilities[3]	– 5	10
Thereof from other financial assets and liabilities at fair value through profit or loss[4]	– 5	– 24
Thereof from other[5]	0	– 1
Remeasurement of investments previously measured using the equity method	0	0
Other effects from valuation of financial investments (financial asset at fair value through profit or loss)	0	0
Financing costs	– 7	– 10
Other	– 1	– 1
Other financial result	**72**	**– 82**

[1] In the last year's report, valuation effects from these instruments were shown as "thereof from others".
[2] In the last year's report, currency effects from these instruments were shown as "thereof from loans and receivables".
[3] In the last year's report, currency effects from put-option and earn-out liabilities were shown under "thereof from others".
[4] In the last year's report, currency effects from this instrument were shown as "thereof from financial assets and liabilities held for trading".
[5] In the last year's report, this item also included currency effects from put-option and earn-out liabilities.

The changes in put-option and earn-out liabilities in the amount of 59 million (previous year: –59 million) resulted from valuation adjustments to the put-option and earn-out agreements concluded in connection with business combinations. In accordance with IFRS 3, these agreements are recognized as liabilities as at the respective acquisition date and valued at fair value; changes in value after acquisition are recognized through profit or loss → also see note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation" and → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

The exchange rate losses (previous year: exchange rate losses) from other financial assets and liabilities that are recognized at fair value through profit or loss are the result of the valuation of currency hedging transactions. Exchange rate losses from financial liabilities at amortized cost in the amount of EUR 13 million (previous year: exchange rate gains in the amount of EUR 32 million) relate to the valuation of liabilities for programming assets.

The valuation effects from investments accounted for using the equity method include essentially impairments in the amount of EUR 4 million on the shares in Vitafy GmbH, Munich and in the amount of EUR 3 million on the shares of Sportority Germany GmbH, Munich. The valuation effect of Pluto, Inc. of Los Angeles/Wilmington had the opposite effect. This resulted in a write-up in the amount of EUR 7 million.

In addition to ongoing bank charges, financing costs also include deferred charges relating to non-current-loans → see note 28 "Financial liabilities" as well as commitment fees in respect to the revolving credit facility that have not yet been drawn. Additional explanations regarding the syndicated credit agreement of ProSiebenSat.1 Group are also included in → note 28 "Financial liabilities".

13 / Income taxes

151 / INCOME TAX EXPENSES in EUR m

	2018	2017
Current income tax expenses – Germany	191	188
Current income tax expenses – other countries	6	4
Current tax expenses	**197**	**192**
Deferred income tax income – Germany	– 101	– 25
Deferred income tax income – other countries	– 1	– 2
Deferred income tax income	**– 103**	**– 27**
Total income tax expenses	**94**	**165**

Current income tax expenses include any domestic and foreign tax on taxable income for 2018 (corporation tax, trade tax and corresponding foreign tax) as well as income tax expenses for previous years in the amount of EUR 37 million (previous year: EUR 20 million). Tax losses or temporary differences not previously recognized in earlier periods led to a reduction in current income tax expenses in financial year 2018 in the amount of EUR 4 million (previous year: EUR 1 million).

The deferred tax income in the amount of EUR 103 million in financial year 2018 (previous year: EUR 27 million) includes deferred tax income in the amount of EUR 53 million (previous year: EUR 35 million), resulting from ongoing changes in temporary differences. It also includes EUR 44 million (previous year: EUR 6 million) relating to previously unrecognized temporary differences in previous periods. In addition, deferred tax income of EUR 5 million (previous year: EUR 7 million deferred tax expense) results from the ongoing change in deferred taxes on losses carried forward.

In financial year 2018, deferred tax assets on temporary differences led to deferred tax expense in an amount of EUR 5 million (previous year: EUR 0 million) and the valuation allowances on deferred tax assets on losses carried forward increased by EUR 1 million (previous year: EUR 7 million). As in the previous year, deferred tax assets on losses carried forward were reversed in the amount of EUR 1 million.

The tax rates to be applied for the calculation of deferred taxes were adjusted for changes in legislation. While changes in tax rates – in particular those introduced by the tax reform in the USA – gave rise to deferred tax expenses in the amount of EUR 7 million in the previous year, changes in tax laws had no significant impact on deferred taxes in 2018.

Like in the previous year, the corporate income tax rate for 2018 in Germany was 15.0% plus the solidary surcharge of 5.5%. Including trade tax at an average basis factor of 343.2% (previous year: 341.8%), the total tax rate in 2018 was 28.0% (rounded; previous year: 28.0%).

The tax rates for foreign companies ranged between 12.0% and 33.99% (previous year: between 12.3% and 42.3%).

The Group's Relevant nominal tax rate is 28.0%. The expected tax expense can be reconciled to the actual tax expense as follows:

152 / RECONCILIATION OF TAX EXPENSES in EUR m

	2018	2017
Profit before taxes	**344**	**646**
Applicable group tax rate (in percent)	28	28
Expected income tax expense	96	181
Adjustments to the expected income tax expense:		
Tax deviations		
Effects due to foreign tax rate differences	1	− 1
Effects due to domestic tax rate differences	1	− 1
Effects due to changes in statutory tax rates	0	7
Effects from deviation in taxable base		
Non-deductible interest expenses	3	6
Other non-deductible operating expenses	23	51
Tax-free income	− 33	− 24
Non-taxable disposal effects	− 5	− 85
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	12	14
Other effects		
Taxes from previous years	− 7	14
Investments accounted for using the equity method	4	3
Other	0	0
Total Income tax expenses	**94**	**165**

As of December 31, 2018, no deferred tax assets were recognized for corporate tax losses carried forward in the amount of 187 million (previous year: EUR 177 million) and on trade tax losses carried forward in the amount of EUR 72 million (previous year: EUR 82 million). Of the above, losses carried forward in the amount of EUR 10 million (previous year: EUR 9 million) will expire within the next six to nine years, unless they are used.

The deferred tax assets not recognized for corporation tax losses carried forward hence amount to EUR 36 million (previous year: EUR 33 million). As in the previous year, the deferred tax assets not recognized for trade tax losses amount to EUR 11 million.

For companies suffering losses in the current or previous financial year, deferred tax assets in excess of deferred tax liabilities were recognized in an amount of EUR 1 million as at December 31, 2018. Based on current tax planning, such deferred tax assets presumably may be used over the next five years. In the previous year, such excess deferred tax assets were recognized in an insignificant amount.

The recognized deferred tax assets and liabilities result from the following items:

153 / ALLOCATION/ORIGIN OF DEFERRED TAXES in EUR m

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Goodwill	7	63	5	64
Other intangible assets	5	189	6	172
Property, plant and equipment	0	57	0	26
Financial assets	8	6	8	5
Programming assets	48	1	5	1
Inventories and other assets	10	27	6	25
Provision for pensions	1	0	2	0
Other provisions	62	6	15	6
Liabilities	71	51	56	56
Tax loss carryforwards	43	−/−	33	−/−
Netting	− 161	− 161	− 102	− 102
Total	**95**	**239**	**34**	**253**

With regard to the netting of deferred tax assets and liabilities, → see section "Summary of significant accounting and valuation principles".

For information on deferred taxes from the first-time application of IFRS 9, 15 and 16, we refer to → section "Changes in accounting principles".

For investments in subsidiaries, a deferred tax liability in the amount of EUR 4 million (previous year: EUR 3 million) recognized for was recognized for outside basis differences relating to planned future distributions. Additional temporary differences resulting from outside basis differences exist in the amount of EUR 14 million (previous year: EUR 12 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 25 "Shareholders' equity".

14 / Earnings per share

154 / PROFIT MEASURES INCLUDED IN CALCULATING EARNINGS PER SHARE in EUR m

	2018	2017
Net result attributable to the shareholders of ProSiebenSat.1 Media SE (basic)	248	471
Valuation effects of share-based payments after taxes	– 6	– 3
Net result attributable to the shareholders of ProSiebenSat.1 Media SE (diluted)	243	468

155 / NUMBERS OF SHARES INCLUDED IN CALCUALTING EARNINGS PER SHARE Shares

	2018	2017
Weighted average number of shares outstanding (basic)	228,702,815	228,854,304
Dilution effect based on stock options and rights to shares	549,065	613,397
Weighted average number of shares outstanding (diluted)	229,251,880	229,467,701

Regarding the type of settlement, the Share Plans → see note 33 "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 or selected employees, 549,065 (previous year: 613,397) 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 33 "Share-based payment") for common shares and potentially issued common shares results in a dilutive effect of EUR 0.03 (previous year: EUR 0.02) per share.

15 / Other disclosures

PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES

Cost of sales, selling and administrative expenses include the following personnel expenses:

156 / PERSONNEL EXPENSES in EUR m

	2018	2017
Wages and salaries	600	581
Social security contributions and expenses for pensions and other employee benefits	79	79
Total	**679**	**660**

In the financial year 2018, expenses for pensions amount to EUR 1 million (previous year: EUR 2 million).

On average, the group's employee numbers in the financial year were as follows:

157 / NUMBER OF EMPLOYEES

	2018	2017
Female employees	3,188	3,161
Male employees	3,344	3,291
Total	**6,532**	**6,452**

Part-time job positions have been included as full-time equivalents.

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

Depreciation, amortization and impairments of other intangible assets as well as property, plant and equipment that are included in cost of sales, selling and administrative expenses and in other operating expenses consist of the following:

158 / DEPRECIATION, AMORTIZATION AND IMPAIRMENTS in EUR m

	2018	2017
Amortization of other intangible assets	131	138
Depreciation of property, plant and equipment	76	58
Impairment of other intangible assets	13	48
Impairments of other intangible assets from purchase price allocations	1	17
Impairment of property, plant and equipment	1	2
Total	**222**	**263**

Consumption and impairment of programming assets in the amount of EUR 1,319 million (previous year: EUR 1,145 million) is shown as cost of sales and has been deducted when arriving at EBITDA.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16 / Goodwill

159 / STATEMENT OF CHANGES IN GOODWILL in EUR m

	2018	2017
COST		
Opening balance as of January 1	**1,924**	**1,953**
Exchange rate differences	13	– 36
Additions	119	162
Disposals	– 2	– 155
Closing balance as of December 31	**2,055**	**1,924**
IMPAIRMENT		
Opening balance as of January 1 / Closing balance as of December 31	**93**	**93**
Carrying amount as of December 31	**1,962**	**1,831**

For further information regarding additions and disposals please refer to → note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

As a result of the resegmentation on January 1, 2018, goodwill was reallocated to the new segments in accordance with the relative fair value method. The goodwill is allocated to the individual segments as follows, following this reallocation:

160 / ALLOCATION OF GOODWILL TO SEGMENTS in EUR m

Name of segment	Entertainment	Content Production & Global Sales	Commerce	Total
Name of cash generating unit	**Entertainment**	**Content Production & Global Sales**	**Commerce**	
Carrying amounts of goodwill December 31, 2017	826	341	665	1,831
Carrying amounts of goodwill December 31, 2018	882	355	725	1,962

In the financial and comparison year, non-controlling interests are valued at the date of acquisition at their respective share in the acquired company'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 financial year 2018 and in the previous year, the carrying amounts are recoverable. Thus, no impairments were recognized. As in the previous year, the impairment test was carried out as at the valuation date, December 31, 2018.

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, 2018). Due to the resegmentation on January 1, 2018 no values for the previous year are available:

161 / DISCLOSURES ON IMPAIRMENT TESTING OF GOODWILL

Name of segment	Entertainment	Content Production & Global Sales	Commerce
Name of cash generating unit[1]	**Entertainment**	**Content Production & Global Sales**	**Commerce**
Revenues growth p.a. in the projection period (CAGR)	3.3%	17.8%	17.5%
Ø EBITDA margin p.a. in the projection period	29.0%	7.2%	18.6%
Duration of projection period	5 years	5 years	5 years
Revenues growth p.a. at the end of projection period	1.5%	1.5%	1.5%
EBITDA margin p.a. at the end of projection period	29.7%	8.0%	22.4%
Ø Discount rate	11.1%	10.1%	16.0%

[1] The groups of cash-generating units correspond to the operating segments (see Note 2 "Segment reporting").

The estimated recoverable amount of the cash-generating unit Content Productions & Global Sales exceeds its carrying amount by EUR 147 million. The Executive Board has determined that a possible change in two key assumptions could result in the carrying amount of the cash-generating unit Content Production & Global Sales exceeding its recoverable amount. The following table shows the amount by which these two assumptions would have to change in order for the estimated recoverable amount to be equal to the carrying amount, assuming that the other parameters remain unchanged.

162 / SENSITIVITY OF ASSUMPTIONS TAKEN

Name of segment	Content Production & Global Sales
Name of cash generating unit[1]	**Content Production & Global Sales**
EBITDA margin p.a. at the end of projection period (change in percentage points)	–1.3
Ø Discount rate (change in percentage points)	2.0

[1] The groups of cash-generating units correspond to the operating segments (see Note 2 "Segment reporting").

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 1.0% that is equivalent to the term (previous year: 1.25%) as well as a market risk premium of 7.0% (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.

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

163 / 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, 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/ January 1, 2018	**429**	**204**	**612**	**51**	**1,295**
Exchange rate differences	0	4	2	0	6
Additions due to change in scope of consolidation	61	28	30	0	118
Additions	–/–	–/–	89	32	121
Reclassifications	–/–	–/–	27	– 27	–/–
Disposals due to change in scope of consolidation	– 2	– 1	– 33	– 5	– 40
Disposals	– 1	–/–	– 82	– 1	– 85
Balance as of December 31, 2018	**486**	**234**	**645**	**50**	**1,415**
AMORTIZATION					
Balance as of 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/ January 1, 2018	**39**	**61**	**435**	**15**	**550**
Exchange rate differences	0	1	2	–/–	3
Additions[2]	6	24	113	2	145
Disposals due to change in scope of consolidation	– 2	– 1	– 31	– 5	– 37
Disposals	– 1	0	– 67	– 1	– 69
Balance as of December 31, 2018	**43**	**85**	**452**	**11**	**591**
Carrying amount December 31, 2018	**443**	**149**	**193**	**39**	**824**
Carrying amount December 31, 2017	**390**	**143**	**177**	**36**	**745**

[1] Including brands with indefinite useful lifes with a carrying amount of EUR 374 million (previous year: EUR 319 million).
[2] Of the impairments recognized in this position amounting to EUR 14 million (previous year: EUR 65 million), EUR 8 million (previous year: EUR 43 million) are presented in cost of sales and EUR 5 million (previous year: EUR 5 million) in administrative expenses.

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 57 million (previous year: EUR 46 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:

164 / ALLOCATION OF BRANDS WITH INDEFINITE USEFUL LIFE TO SEGMENTS in EUR m

Name of segment	Entertainment	Content Production & Global Sales	Commerce	Total
Carrying amount of brands at December 31, 2017	17	-/-	301	319
Carrying amount of brands at December 31, 2018	16	-/-	357	374

All intangible assets with indefinite useful lives undergo an annual impairment test pursuant to IAS 36, based on the recoverable amount, → see section "Summary of key accounting principles". As in the previous year, the impairment test was carried out as at the valuation date, December 31, 2018.

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:

165 / DISCLOSURE ON IMPAIRMENT TEST OF SIGNIFICANT BRANDS WITH INDEFINITE USEFUL LIFE

Name of cash generating unit	Verivox	PARSHIP ELITE Group
Revenues growth p.a. in the projection period (CAGR)	18.6%	9.0%
EBITDA margin p.a. in the projection period and at the end of the projection period	24.8% (32.6%)	32.9% (33.6%)
Duration of projection period	5 years	5 years
Revenues growth p.a. at the end of projection period	1.5%	1.5%
Ø Discount rate	16.4%	14.8%
Valuation date	December 31, 2018	December 31, 2018
Carrying amount of brands with indefinite useful life December 31, 2018 (EUR m)	107	141

i 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	1 – 8
Licenses and other property rights	10 or term of the license agreements

In deviation from the above, intangible assets with finite useful lives acquired in the context of company mergers may have other periods of use:

USEFUL LIVES OF INTANGIBLE ASSETS WITH DEFINITE USEFUL LIVES

	Years
Customer relations	2 – 15
Trademarks with definite useful lives	10 – 15

The useful lives and depreciation 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 impairment 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

166 / STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT in EUR m

	Buildings	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of 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**
Change in reporting standards	101	1	5	–/–	107
Balance as of January 1, 2018	**377**	**194**	**79**	**14**	**663**
Exchange rate differences	1	1	0	–/–	2
Additions due to change in scope of consolidation	15	0	2	–/–	16
Additions	28	21	10	18	78
Reclassifications	0	2	1	– 3	–/–
Disposals due to change in scope of consolidation	0	– 1	– 2	–/–	– 3
Disposals	– 30	– 52	– 3	0	– 85
Reclassification to assets held for sale	–/–	0	0	–/–	0
Balance as of December 31, 2018	**391**	**165**	**87**	**29**	**671**
DEPRECIATION AND AMORTIZATION					
Balance as of 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/ Balance as of January 1, 2018	**146**	**155**	**51**	**–/–**	**352**
Exchange rate differences	0	0	0	–/–	1
Additions	44	21	12	–/–	77
Disposals due to change in scope of consolidation	0	– 1	– 1	–/–	– 2
Disposals	– 29	– 51	– 3	–/–	– 82
Balance as of December 31, 2018	**162**	**125**	**59**	**–/–**	**345**
Carrying amount December 31, 2018	**229**	**40**	**28**	**29**	**327**
Carrying amount December 31, 2017	**130**	**38**	**23**	**14**	**205**

Buildings include the land and buildings at the Unterföhring site held by a real estate leasing company, which is fully consolidated into the scope of consolidation of ProSiebenSat.1 Media SE pursuant to IFRS 10 "Consolidated Financial Statements" (→ see note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation").

The following economic useful lives are used as a basis:

167 / USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Years
Buildings	3 – 50
Technical facilities	2 – 10
Office furniture and equipment	3 – 20

19 / Leasing

ProSiebenSat.1 Group has applied the new standard IFRS 16 "Leases" since January 1, 2018. For information on the effects of the first-time application of IFRS 16 on the Group's earnings, financial position & performance as at the date of first-time application as well as in financial year 2018, we refer to → section "Changes in accounting standards".

The breakdown of property, plant and equipment owned and leased is as follows:

168 / BREAKDOWN BETWEEN OWNED AND LEASED PROPERTY, PLANT AND EQUIPMENT in EUR m

	Real Estate	Technical facilities	Office furniture and equipment	Cars	Total
Owned property, plant and equipment	73	34	24	0	131
Leased property, plant and equipment	156	6	0	4	166
Carrying amount as of December 31, 2018	**229**	**40**	**24**	**4**	**297**

Depreciation, additions and other changes in leased property, plant and equipment are broken down by asset class as follows:

169 / ADDITIONS, DEPRECIATION AND OTHER CHANGES AT LEASED PROPERTY, PLANT AND EQUIPMENT in EUR m

	Real Estate	Technical facilities	Office furniture and equipment	Cars	Total
Carrying amount of leased property, plant and equipment as of January 1, 2018	**186**	**6**	**0**	**5**	**197**
Additions in 2018	17	4	–	2	23
Depreciation in 2018	– 32	– 5	0	– 3	– 40
Other changes in 2018	– 14	0	0	0	– 14
Carrying amount of leased property, plant and equipment as of December 31, 2018	**156**	**6**	**0**	**4**	**166**

The breakdown of discounted and undiscounted lease liabilities by maturities is shown in the following tables:

170 / LEASING LIABILITIES DISCOUNTED AND UNDISCOUNTED in EUR m

	Discounted leasing liabilities as of December 31, 2018	Undiscounted leasing liabilities as of December 31, 2018
Remaining term 1 year or less	63	66
Remaining term 1 to 5 years	68	73
Remaining term over 5 years	23	24
Total	**155**	**163**

The amounts in the Income Statement attributable to the leases are shown in the following table:

171 / LEASING ITEMS IN INCOME STATEMENT in EUR m

	2018
Depreciation	40
Interest expenses	4
Variable lease payments	4
Short-term lease payments with a term of 12 months or less	2
Payments for leases of low-value assets	0

The amounts in the Cash Flow Statement attributable to the leases are shown in the following table:

172 / LEASING ITEMS IN CASH FLOW STATEMENT in EUR m

	2018
Variable lease payments, short-term lease payments with a term of 12 months or less and payments for leases of low-value assets	6
Repayment of lease liabilities	40
Interest expenses	4
Total cash outflow for leases	**49**

The following future leasing-related payments are not included in the valuation of lease liabilities due to IFRS 16 regulations:

173 / FUTURE CASH OUTFLOWS NOT REFLECTED IN THE MEASUREMENT OF LEASE LIABILITIES in EUR m

	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term over 5 years	Total
Future variable lease payments	4	9	3	16
Future payments for not reasonably certain extension options	0	13	18	31
Future payments for not reasonably certain termination options	2	-/-	-/-	2

In addition, there are future payments from residual value guarantees, from leases that have not yet commenced but where the relevant contracts have already been concluded as well as for short-term leases with a term of 12 months or less and for leases of low-value assets which, however, are immaterial from the perspective of ProSiebenSat.1 Group.

The relative ratio between fixed and variable lease payments is shown in the following table:

174 / RATIO OF FIXED AND VARIABLE LEASE PAYMENTS in EUR m

	2018
Fixed lease payments	45
Variable lease payments	4
Ratio	8%

The variable lease payments primarily relate to operating costs within the framework of property lease agreements.

As ProSiebenSat.1 Group is mainly operating in the media and digital sectors, physical assets under leasing agreements only have a supporting function for business operations. The concluded leases mainly relate to the renting of office space, IT equipment, other operating and office equipment as well as vehicles for selected employees.

ProSiebenSat.1 Group has a number of leasing agreements in place where Group companies act as lessors or carry out sale-and-lease-back transactions; however, ProSiebenSat.1 Group does not consider them to be material.

No covenants exist within the framework of the financing instruments. In addition, lease liabilities are not part of the net financial debt parameter used for capital market reporting purposes.

20 / Investments accounted for using the equity method

ASSOCIATES

One material associate exists that is accounted for using the equity method.

ProSiebenSat.1 Group holds 41.6% of the capital of Marketplace GmbH, Berlin (previous year: 41.6%). Said company in turn holds 100.0% of the shares in Beko Käuferportal GmbH, Berlin ("Käuferportal"). Käuferportal is a leading online portal in Germany for the procurement of complex products and services. In the reporting period, ProSiebenSat.1 Group received no dividends from Marketplace GmbH.

The following overview shows the aggregated financial information as well as a reconciliation of the summarized financial information to the carrying amounts of the Group's shares in the associate. The figures were derived from the last available financial statement. The company's closing date is December 31. Said company is not listed. Further details on the acquisition of further shares in Marketplace GmbH can be found in → note 37 "Events after the reporting period".

175 / FINANCIAL INFORMATION FOR MATERIAL ASSOCIATE in EUR m

	Marketplace GmbH (Käuferportal)	
	12/31/2018	12/31/2017
ProSiebenSat.1 Group´s share (in %)	**41.6%**	**41.6%**
Non-current assets	42	56
Current assets	23	15
Non-current liabilities	15	24
Current liabilities	27	12
Net assets (100%)	**23**	**36**
ProSiebenSat.1 Group´s share of net assets	10	15
Goodwill	20	20
Carrying amount of interest in associate	**29**	**34**
Revenues	68	63
Profit or loss for the period (100%)	– 12	– 12
ProSiebenSat.1 Group´s share of profit or loss	**– 5**	**– 5**

ProSiebenSat.1 Group holds additional investments in associates that are of minor importance to the Group. The following overview shows summarized financial information regarding such investments:

176 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL ASSOCIATES in EUR m

	12/31/2018	12/31/2017[1]
Carrying amount of interests in associates	45	66
Profit share	1	– 4

[1] gamigo AG, Hamburg, which in the previous year was reported as a material associate, was considered minor in the reporting period. The previous year has therefore been amended for reasons of reconciliation and completeness.

JOINT VENTURES

One material joint venture exists that is accounted for using the equity method.

ProSiebenSat.1 Group holds a 50.0% share in 7TV (previous year: 50.0%). 7TV is a cooperation between ProSiebenSat.1 Group and Discovery and is the first cross-channel online media library on the German market to be developed into the leading local streaming platform for Germany. In July 2018, maxdome was incorporated into 7TV to expand the range of offered entertainment content. In the reporting period, ProSiebenSat.1 Group received no dividends from 7TV.

The following overview shows a summary of financial information regarding the material joint ventures as well as a reconciliation of the summarized financial information to the carrying amounts of the Group’s shares in the joint ventures. The information can be derived from the last available financial statement as at December 31, 2018. The reconciliation of 7TV in the previous year was based on the figures as of November 30, 2017.

177 / FINANCIAL INFORMATION FOR MATERIAL JOINT VENTURE in EUR m

	7TV Joint Venture GmbH	
	12/31/2018	12/31/2017
ProSiebenSat.1 Group´s share (in %)	**50.0%**	**50.0%**
Non-current assets	32	7
Current assets	34	10
incl. cash and cash equivalents	11	8
Non-current liabilities	0	-/-
incl. non-current financial liabilities (excl. trade and other payables and provisions)	-/-	-/-
Current liabilities	55	2
incl. current financial liabilities (excl. trade and other payables and provisions)	0	-/-
Net assets (100%)	**10**	**14**
ProSiebenSat.1 Group´s share of net assets	5	7
Adjustment of the carrying amount due to the sale of maxdome GmbH	-10	-/-
Carrying amount of interest in joint venture	**0**	**7**
Revenues	43	0
Depreciation and amortisation	-6	-2
Interest income	0	-/-
Interest expense	0	-/-
Income tax expense	-/-	-/-
Profit or loss for the period (100%)	-26	-2
ProSiebenSat.1 Group´s share of profit or loss	**-13**	**-1**

With regard to the details of the adjustment of the carrying amount from the sale of maxdome GmbH, reference is made to → note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

ProSiebenSat.1 Group holds additional investments in joint ventures that are of minor importance to the Group. The following overview shows summarized financial information regarding such investments:

178 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL JOINT VENTURES in EUR m

	12/31/2018	12/31/2017[1]
Carrying amount of interests in joint ventures	3	1
Profit share	0	0

[1] 7TV, which in the previous year was reported as a minor joint venture, was considered a material joint venture in the reporting period. The previous year has therefore been amended for reasons of reconciliation and completeness.

21 / 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 on 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 balance sheet.

179 / STATEMENT OF CHANGES IN PROGRAMMING ASSETS in EUR m

	Capitalized rights	Advances paid	Total
Carrying amount January 1, 2017	**1,196**	**117**	**1,312**
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 and January 1, 2018	**1,053**	**145**	**1,198**
thereof non-current programming assets			1,021
thereof current programming assets			177
Exchange rate differences	0	0	0
Additions	983	88	1,070
Disposals due to change in scope of consolidation	-1	0	-1
Disposals	-14	-/-	-14
Reclassifications	91	-91	-/-
Consumption[1]	-1,141	-/-	-1,141
thereof scheduled			-868
thereof impairment			-272
Carrying amount December 31, 2018	**972**	**142**	**1,113**
thereof non-current programming assets			937
thereof current programming assets			177

[1] Consumption including provisions for onerous contracts from prior periods of EUR 9 million (previous year: EUR 1 million).

The capitalized rights include primarily Free TV rights in the amount of EUR 968 million (previous year: EUR 1,048 million) as well as other rights such as Pay TV, video-on-demand and mobile TV rights in the amount of EUR 4 million (previous year: EUR 5 million).

The ProSiebenSat.1 Group is operating in a challenging environment on the television market. Reach has been declining for some time, particularly for selected US titles. One of the reasons is that these program titles are aligned primarily for the specific requirements of the US television market. Another factor is that from the perspective of the ProSiebenSat.1 Group, the average quality of the titles acquired in the framework of the US studio agreements developed less strongly than anticipated. Furthermore, the US program titles are generally not available on a exclusive basis to the ProSiebenSat.1 Group stations. Moreover, only limited utilization is possible on a digital basis, while competing video-on-demand portals are making progress in gaining users.

To counter this trend, the ProSiebenSat.1 Group aims increasingly to buy local content or to produce local content itself, reducing the share of US program titles in the free TV channel programing on a sustained basis.

Against this backdrop, in the fourth quarter of 2018 the ProSiebenSat.1 Group made the strategic decision to sub-license some of its US titles to 7TV, and not to broadcast them itself any longer. This is a portfolio of program titles which are already available and also those which will be received in the future from the US licensors. 7TV will use the programs to make its platform more attractive for users. In addition, as part of this strategic realignment, the ProSiebenSat.1 Group management decided to stop broadcasting certain US program titles. In the context of the above strategic measures, impairment of EUR 178 million was recognized (EUR 122 million of which came from the transaction with 7TV).

Furthermore, for onerous contracts in connection with the future acceptance of programming assets, provisions for onerous contracts of EUR 176 million were recognized (EUR 168 million of which from transaction with 7TV). → see note 27 "Other provisions". The total effect due to the change of program strategy therefore amounts to EUR 354 million. In the previous year, total impairments of EUR 170 million were recorded in connection with the Board's strategic reassessment in the third quarter of 2017.

i 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 by 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.

22 / Financial receivables and assets

180 / FINANCIAL RECEIVABLES AND ASSETS in EUR m

	12/31/2018			12/31/2017		
	Current	Non-current	Total	Current	Non-current	Total
Contract assets from content production contracts	27	-/-	27	18	-/-	18
Trade accounts receivable	502	10	511	483	9	492
Total receivables	**529**	**10**	**538**	**501**	**9**	**510**
Derivatives	47	41	89	37	41	78
Investments	-/-	101	101	-/-	66	66
Securities	-/-	81	81	-/-	45	45
Other financial assets	22	12	34	15	15	29
Total financial assets	**69**	**234**	**304**	**52**	**167**	**218**
Total	**598**	**244**	**842**	**553**	**175**	**728**

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 contract asset if the costs incurred and the profits recognized, minus recognized losses, exceed advance payments received. Otherwise, commissioned productions result in contract liabilities. Trade receivables also include receivables from related parties. → see note 34 "Related party transactions"

181 / NET POSITION FOR ONGOING PRODUCTION CONTRACTS in EUR m

	12/31/2018	12/31/2017
Contract assets from content production contracts[1]	27	18
Contract liabilitis from content production contracts[1]	16	9
net position	**11**	**9**

[1] The previous year's figures comply with the requirements of IAS 11, which has been replaced by IFRS 15. However, there were no material changes in the accounting of commissioned productions as a result of this changes in reporting standards.

The net position relates to the following items:

	12/31/2018	12/31/2017
Aggregate costs incurred and recognised profits (less recognised losses) to date	359	370
Less progress billings	347	361
	11	**9**

The "Content production & global sales" segment still includes a number of commissioned projects in work. In financial year 2018, they generated a result of EUR 84 million (previous year: EUR 89 million), while at the same time, the relevant costs of project progress amounted to EUR 275 million (previous year: EUR 282 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"). → see note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

Investments include, inter alia, the minority interests acquired by the Group in the context of its "Media for Equity" strategy. → see note 32 "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 56 million (previous year: EUR 22 million). In addition, this position also reports EUR 25 million (previous year: EUR 23 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:

182 / CHANGES IN CREDIT ALLOWANCES 2018 in EUR m

	Individual Credit Allowance	Expected Loss
Credit allowances at the beginning of the reporting period	36	–/–
Changes in reporting standards	– 9	10
Additions	23	8
Release	– 8	– 1
Usage	– 6	– 9
Foreign currency effects	0	0
Changes to the scope of consolidation	– 1	0
Credit allowances at the end of the reporting period	**36**	**8**

183 / **CHANGES IN CREDIT ALLOWANCES 2017** in EUR m

	Individual Credit Allowance
Credit allowances at the beginning of the reporting period	33
Additions	24
Release	– 12
Usage	– 7
Foreign currency effects	0
Changes to the scope of consolidation	– 1
Reclassification to assets held for sale	– 2
Credit allowances at the end of the reporting period	**36**

The outstanding contractual value of financial assets written off during the reporting period where enforcement proceedings are still ongoing, is EUR 4 million.

23 / Other receivables and assets

184 / **OTHER RECEIVABLES AND ASSETS** in EUR m

	12/31/2018			12/31/2017		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	11	–/–	11	9	–/–	9
Accrued items	22	–/–	22	22	0	22
Other	20	4	25	22	3	25
Total other receivables and assets	**53**	**4**	**57**	**53**	**4**	**57**

The item "Other" includes, inter alia, transaction costs of the credit facilities that are to be released throughout the entire term, → see note 28 "Financial liabilities", other tax receivables as well as a large number of minor individual items.

24 / Cash and cash equivalents

Cash and cash equivalents include the categories shown in the following table, with the bank balances maturing within up to three months at the time of acquisition.

185 / **CASH AND CASH EQUIVALENTS** in EUR m

	12/31/2018	12/31/2017
Cheques	–/–	1
Cash in Bank	1,030	1,077
Other cash equivalents	–/–	473
Cash on hand	1	0
Cash in transit	0	0
Total cash and cash equivalents	**1,031**	**1,552**

As of December 31, 2017, "Other cash equivalents" included overnight deposits and term deposits held in different currencies with maturities of up to three months. Given the current interest rate environment, no such overnight and term deposits were held by the Group as of December 31, 2018.

The development of cash and non-cash changes to financial liabilities and related assets is shown in the following table:

186 / CHANGES IN FINANCIAL LIABILITIES in EUR m

	01/01/2018	Cash changes	Non-cash changes			Other	12/31/2018
			Business combinations	Fair value changes	FX changes		
LIABILITIES							
Non-current financial debt	3,180	7	0	1	0	0	3,189
Current financial debt	4	1	0	–/–	0	–/–	5
Lease liabilities[1]	174	– 40	20	0	0	– 1	155
Real estate liabilities	–/–	1	–/–	–/–	–/–	22	22
Interest rate derivatives	13	0	–/–	– 3	–/–	–/–	11
RECEIVABLES							
Financing expenses RCF	5	–/–	–/–	– 1	–/–	–/–	4
Interest rate derivatives	0	–/–	–/–	0	–/–	–/–	0
Total	**3,367**	**– 31**	**21**	**0**	**1**	**21**	**3,379**

[1] The adjustment resulting from the first-time application of IFRS 16 – Leases was already taken into account in the value as at January 1, 2018 (see section "Changes in accounting standards")

	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
Interest rate derivatives	32	–/–	–/–	– 19	–/–	0	13
RECEIVABLES							
Financing expenses RCF	5	1	–/–	– 1	–/–	–/–	5
Interest rate derivatives	2	–/–	–/–	– 2	–/–	–/–	0
Total	**3,281**	**– 22**	**9**	**– 10**	**– 1**	**1**	**3,258**

25 / Shareholders' equity

As of December 31, 2018, 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, 2018, 233,000,000 common shares were outstanding (previous year: 233,000,000 shares), with the Company holding 6,919,513 thereof (previous year: 4,050,518 shares) in its own portfolio (→ see "Treasury shares").

The capital reserve amounts to EUR 1,043 million (previous year: EUR 1,055 million). It is largely comprised of the premium from shares issued in financial year 2016 and the capital increases in financial years 2004 and 1997.

Moreover, in financial year 2018, EUR minus 14 million (previous year: EUR 3 million) were recognized with respect to share-based payments in the capital reserve (→ see note 33 "Share-based payments").

The accumulated other comprehensive income of ProSiebenSat.1 Group in the amount of 36 million (previous year: EUR –16 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 directly in equity. The reduction compared to the previous year is due to valuation effects from cash flow hedge accounting and pertains to currency hedge transactions with a fair value in the amount of EUR 61 million (previous year: EUR 14 million) and interest rate hedging transactions in the amount of EUR minus 7 million (previous year: EUR –8 million), before deducting the relevant applicable deferred taxes. The deferred tax liabilities pertain to currency hedging transactions in the amount of EUR 17 million (previous year: EUR 4 million). The deferred tax liabilities pertain to interest hedging transactions in the amount of EUR 2 million (previous year: EUR 2 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 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

In the context of valuating pension obligations, actuarial losses of EUR minus 10 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 4 million (previous year: EUR –14 million).

Accordingly, the results recognized in the accumulated other comprehensive income throughout financial year 2018 are comprised of the following:

187 / CHANGES OF ACCUMULATED OTHER COMPREHENSIVE INCOME in EUR m

	2018			2017		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Currency translation ProSiebenSat.1 Media SE foreign subsidiaries	17	-/-	17	-40	-/-	-40
Currency translation non-controlling interests of foreign subsidiaries	0	-/-	0	-3	-/-	-3
Currency translation effects recognised in other comprehensive income	17	-/-	17	-43	-/-	-43
Deconsolidation effects	-/-	-/-	-/-	8	-/-	8
Effect from foreign currency translation	**17**	**-/-**	**17**	**-35**	**-/-**	**-35**
Currency hedges	47	-13	34	-231	65	-166
Interest rate hedges	1	0	1	16	-4	12
Effects from cash flow hedge accounting recognised in other comprehensive income	48	-13	34	-215	60	-155
Recognition of cash flow hedges	**48**	**-13**	**34**	**-215**	**60**	**-155**
Valuation effects of provisions for pensions recognised in other comprehensive income	**-1**	**0**	**0**	**0**	**0**	**0**
Total other comprehensive income/loss for the period	**64**	**-13**	**51**	**-250**	**60**	**-189**

NON-CONTROLLING INTERESTS

Besides to ProSiebenSat.1 Group, no other shareholders hold any significant investments in the fully consolidated subsidiaries except for NCG-NUCOM GROUP SE, Unterföhrung. The NuCom Group is reported in the segment "Commerce". Since April 4, 2018, General Atlantic has held a non-controlling interest of 25.1%. In Q1 2019, this proportion increases (→ see note 37 "Events after the reporting period"). The summarized financial information is presented below in accordance with IFRS. This presentation is based on figures before intra-group elimination:

188 / FINANCIAL INFORMATION OF SIGNIFICANT NON-CONTROLLING INTERESTS in EUR m

	12/31/2018
Non-current assets	1,362
Current assets	297
Non-current liabilities	312
Current liabilities	289
Net assets (100%)	**1,057**
Net assets attributable to non-controlling interests	**293**
	04/01/-12/31/2018
Revenue	626
Profit before tax	27
Net result	**16**
Net result attributable to non-controlling interests	0
Net result attributable to Shareholders of ProSiebenSat.1 Media SE	16
Other comprehensive income	0
Total comprehensive income	**15**
Total comprehensive income attributable to non-contolling interests	0
Total comprehensive income attributable to Shareholders of ProSiebenSat.1 Media SE	16
Change in cash and cash equivalents total	**-56**

Due to the fact that ProSiebenSat.1 Group holds one preference share in NCG-NUCOM GROUP SE, net assets and net result for the period are split disproportionately to the share of capital.

As of December 31, 2018, other shareholders held shares in fully consolidated subsidiaries in the amount of EUR 303 million (previous year: EUR 26 million). EUR 293 million of the above pertains to the shares of General Atlantic PD GmbH in NuCom Group. The remaining value of EUR 10 million 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.

OTHER EQUITY

As of December 31, 2018, other equity amounted to EUR minus 362 million (previous year: EUR –113 million). In connection with the above-mentioned sale of a non-controlling interest in the NuCom Group to General Atlantic and the acquisition of non-controlling interests in SilverTours and 7Love, which were accounted for as equity transactions in accordance with IFRS 10, EUR minus 204 million were recognized in other equity in financial year 2018.

In addition, executives of Group companies acquired shares in subsidiaries at fair value for cash. Put call options for the acquired shares were stipulated by the parties under the corresponding contracts. The resulting obligations were carried as liabilities in the Consolidated Financial Statements. The transactions are also reported as equity transactions in the Consolidated Financial Statements of ProSiebenSat.1 Group. The balance sheet consolidation ratio of the relevant Group companies does not change as a result of the transactions. The amount recognized in other equity in this connection amounts to EUR minus 38 million.

ALLOCATION OF PROFITS

In the past financial year, the annual general meeting on May 16, 2018 resolved the distribution of a dividend for the financial year 2017 in the amount of EUR 1.93 per common share. The total dividend payment amounted to EUR 442 million and was disbursed on May 22, 2018.

Under the German Stock Corporation Act, the dividends payable to shareholders are calculated based on the balance sheet profit disclosed in the commercial Annual Financial Statements of ProSiebenSat.1 Media SE. It is planned to use the balance sheet profit of ProSiebenSat.1 Media SE of financial year 2018 in the amount of EUR 621 million as follows:

189 / PROPOSED ALLOCATION OF PROFIT in EUR

Distribution of a dividend of EUR 1.19 per bearer share of preferred stock	269,035,779.53
Allocation to retained earnings	200,000,000.00
Balance to be carried forward to the next accounting period	152,335,603.24
ProSiebenSat.1 Media SE distributable profit	**621,371,382.77**

The distribution is subject to the approval of the Annual General Meeting on June 12, 2019. 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 section 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 treasury 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.

Applying said authorization, the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE on November 7, 2018 decided on a buy back program for treasury shares of up to EUR 250 million with a total term of 12 to 24 months.

On the same basis, the Executive Board of ProSiebenSat.1 Media SE on November 7, 2018 also decided to buy back a first tranche of the Company's treasury shares on the stock exchange. The buy-back within the framework of the first tranche comprises the purchase of the Company's treasury registered shares with a total value of up to EUR 50,000,000.00 (purchase price on the stock exchange, excluding transaction costs). The acquisition is furthermore limited to a maximum of 4,000,000 treasury shares of the Company; this corresponds to approximately 1.7% of the Company's share capital.

The buy-back will be without any restrictions on the use of the acquired treasury shares which thus may be used or withdrawn by the Company for any legally permissible purposes. In the context of the buy-back of the first tranche, a total of 2,906,226 of the Company's treasury shares were acquired in the period between November 9, 2018 and December 11, 2018 (including); no other treasury shares of the Company were acquired in the financial year. The incidental acquisition costs incurred amounted to EUR 0.4 million.

In addition, 37,231 treasury shares were issued in the 2018 financial year as part of the "myShares" employee share program. In total, the number of treasury shares increased from 4,050,518 as of December 31, 2017 to 6,919,513 as of December 31, 2018.

CAPITAL MANAGEMENT INFORMATION
In principle, equity measures, dividend payments to shareholders, share buy-backs and debt financing measures 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 and 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 debt are not assessed by international rating agencies.

The capital structure ProSiebenSat.1 Group as at the closing date is as follows:

190 / **CAPITAL STRUCTURE** in EUR m

	12/31/2018	12/31/2017
Shareholders' equity	**1,070**	**1,252**
Share of total capital	16.5%	19.1%
Financial debt	**3,194**	**3,185**
Share of total capital	49.4%	48.5%
Leverage	**2.1**	**1.6**
Total Capital (total equity and liabilities)	**6,468**	**6,569**

For further information about the financial management of ProSiebenSat.1 Group, please refer to the chapter → "Borrowings and Financing Structure" in the Combined Management Report.

26 / Provisions for pensions

The provisions for pensions were recognized for obligations vis-à-vis active and former members of the ProSiebenSat.1 Media SE Executive Board and their surviving dependents. The 2018 Heubeck mortality tables were used for the calculation. The pension agreements provide for benefits after reaching the contractual age limit, in case of permanent incapacity for work or in case of 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:

191 / PRESENT VALUE OF OBLIGATION in EUR m

	2018	2017
Present value of obligation at January 1	**27**	**26**
Current service cost	1	1
Past service cost[1]	1	1
Interest cost	1	1
Total amount recognized in profit or loss	**3**	**2**
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	0	0
Actuarial losses/(gains) arising from experience losses/(gains)	1	0
Total amount recognized in other comprehensive income	**1**	**0**
Pension payments	2	0
Present value of obligation at December 31	**28**	**27**

[1] The past service cost mainly comprises deferred compensation from bonus entitlements to pension entitlements.

The following parameters were used for this calculation:

192 / OVERVIEW ACTUARIAL PARAMETERS

	2018	2017
Discount rate	2,3%	2,0%
Salary growth rate	0,0%	0,0%
Pension growth rate	1,0%	1,0%

One of the main factors influencing the amount of pension obligations at the end of the period is the discount rate used as the basis. A reasonably possible change of +/- 0.5% as of the reporting date would not lead to any material change in the pension obligation recognized in the Statement of Financial Position or in the amounts recognized in the Income Statement.

In financial year 2018, pension payments were made to former Executive Board members with pension entitlements in a total amount of EUR 2.3 million (previous year: EUR 0.4 million). This includes pension payments in the amount of EUR 0.7 million (previous year: EUR 0.2 million) that result from deferred compensation from bonus entitlements to pension entitlements. The payments include a payment of EUR 1.9 million to the former Executive Board member Guillaume de Posch, fully settling his claims. The payments anticipated for subsequent years are shown in the table below.

193 / EXPECTED PENSION PAYMENTS in EUR m

	2019	2020	2021	2022	2023
Expected pension payments	2	1	1	1	2
thereof deferred compensation	1	0	0	0	0

The payments expected in the financial year 2019 for the acquisition of shares in investment funds to cover the pension obligations amount to EUR 1 million for the defined benefit plans. These investment funds held do not qualify as plan assets for offsetting against the pension obligations, but are reported separately as financial assets and valued at fair value through profit or loss pursuant to IFRS 9 (→ see note 22 "Financial receivables assets").

Due to Thomas Ebeling leaving the Executive Board as of February 22, 2018 and Christof Wahl as of July 31, 2018 pension commitments in insignificant amounts expired in the current year. In the previous year, pension commitment in an insignificant amount expired because Dr. Gunnar Wiedenfels left as of March 31, 2017 (→ see note 34 "Related party transactions").

MAIN ASSUMPTIONS AND ESTIMATES:

Actuarial valuations are based on key assumptions, including discount rates, expected salary and pension trends and mortality rates. The discount rates applied are determined on the basis of the yields achieved at the end of the reporting period for high-quality corporate bonds with corresponding terms and currencies. If such yields 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.

27 / Other provisions

194 / **OTHER PROVISION** in EUR m

	As of 01/01/2018	Exchange rate differences	Additions	Usage	Release	Changes in scope of con-solidation	Reclassifi-cation under IFRS 5	As of 12/31/2018
Provisions for onerous contracts	**20**	**-/-**	**188**	**-13**	**-1**	**-/-**	**-/-**	**195**
thereof current provisions	9							98
Provisions for business operations	**23**	**-/-**	**24**	**-14**	**-10**	**-1**	**-/-**	**23**
thereof current provisions	23							23
Provision for employee benefits	**43**	**0**	**5**	**-11**	**-11**	**-/-**	**-/-**	**26**
thereof current provisions	9							13
Other provisions	**67**	**0**	**86**	**-66**	**-22**	**0**	**0**	**66**
thereof current provisions	66							64
Total	**153**	**0**	**303**	**-104**	**-43**	**-1**	**0**	**309**

Provisions are comprised of current provisions in the amount of EUR 198 million (previous year: EUR 107 million) and non-current provisions in the amount of EUR 111 million (previous year: EUR 46 million).

ProSiebenSat.1 Group expects that the vast majority of the non-current provisions should become cash-effective within the next five years.

The provisions for onerous contracts in the amount of EUR 186 million (previous year: EUR 8 million) pertain to programming assets. The current reporting period mainly includes provisions for onerous contracts in connection with the strategic realignment of the programming assets (→ see note 21 "Programming assets").As part of this strategic realignment, a provision for onerous contracts of EUR 176 million (thereof EUR 168 million from the transaction with 7TV) was recognized in the fourth quarter of 2018 in relation to the future purchase of programming assets, which, by resolution of the Management Board on December 18, 2018, were sublicensed to 7TV or will no longer be used (→ see note 21 "Programming assets").

In addition, provisions for onerous contracts in the amount of EUR 7 million (previous year: EUR 9 million) have been built for the costs of HD transmission in Austria. 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 7 million (previous year: EUR 19 million).

The other provisions as of December 31, 2018 as well as of the closing date for the previous year are comprised as follows:

195 / MISCELLANEOUS OTHER PROVISIONS in EUR m

	12/31/2018	12/31/2017
Provisions for VAT	6	12
Provisions for interest from tax liability	31	28
Provisions for legal costs	3	2
Provisions for additional payments to bestseller beneficiaries	10	12
Other	16	13
Total	**66**	**67**

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.

28 / Financial liabilities

196 / FINANCIAL LIABILITIES in EUR m

	Current	Non-current	Total 12/31/2018
Loans and borrowings	5	2,093	2,098
Notes	-/-	598	598
Promissory note	-/-	499	499
Financial debt	**5**	**3,189**	**3,194**
Trade payables	**550**	**53**	**602**
Accrued interest	14	-/-	14
Lease liabilities	63	91	155
Real estate liabilities	1	22	22
Liabilities from derivatives	5	19	23
Put-options and earn-out liabilities and deferred purchase price liabilities	95	217	312
Accrued media authority liabilities	13	-/-	13
Various other liabilities	9	-/-	9
Total other financial liabilities	**200**	**349**	**548**
Total financial liabilities	**755**	**3,590**	**4,345**

	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
Put-options and earn-out liabilities 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**

Non-current loans and borrowings include a term loan with a nominal volume of EUR 2.100 billion as of December 31, 2018 (previous year: EUR 2.100 billion). The valuation of said financial debt at amortized costs using the effective interest rate method results in a carrying amount of EUR 2.084 billion as of December 31, 2018 (previous year: EUR 2.084 billion).

The loan agreement also includes a revolving credit facility (RCF) with a facility of EUR 750 million (previous year: EUR 750 million), which – as was the case at the previous year's reporting date – has not been drawn as of December 31, 2018. Loan and credit facility have a term until April 2023 (→ also see note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

There also are unsecured loans 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) (→ also see note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"). The valuation of said financial liabilities at amortized costs using the effective interest method results in a carrying amount of EUR 598 million as of December 31, 2018 (previous year: EUR 597 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) (→ also see note 32 "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 trade payables also include amounts owed to related parties. (→ see note 34 "Related party transactions")

The put-options and earn-out liabilities and deferred purchase price liabilities result from acquisitions made during the financial year and previous years (→ see note 32 "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.

29 / Other liabilities

197187 / **OTHER LIABILITIES** in EUR m

	12/31/2018		12/31/2017	
	current	non-current	current	non-current
Accrued items and advance payments received	167	-/-	168	-/-
Liabilities to employees	79	-/-	63	-/-
Liabilities from VAT	41	-/-	52	-/-
Liabilities from other taxes	20	-/-	16	-/-
Vacation payment accruals	16	-/-	15	-/-
Liabilities from rebates	14	-/-	12	-/-
Liabilities from outstanding advertising services	7	-/-	14	5
Accruals from social security payments	2	-/-	3	-/-
Contract liabilities from licensing business	1	2	-/-	-/-
Other	16	4	15	2
Total	**362**	**6**	**357**	**7**

Accrued items and advance payments received primarily consist of advance payments received as well as accruals for marketing rights, amounts owed to media agencies and other accruals.

The advance payments received include advance payments in the amount of EUR 16 million (previous year: EUR 9 million) that have been received for projects in progress in the area of commissioned productions of programming content and that are yet to be offset against claims (→ see note 22 "Financial receivables and assets").

ADDITIONAL NOTES

30 / 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 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH as well as broadcasters Sat.1 SatellitenFernsehen GmbH, ProSiebenSat.1 TV Deutschland GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group), pending before the Regional Court of Düsseldorf 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 damages 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 available to ProSiebenSat.1 Group since February 2018. The expert has arrived at the conclusion that there are no statistically substantiated indications of a positive probability of damage. We consider this finding to be correct and the action thus ready for dismissal. The plaintiffs have filed a motion to disqualify the expert on grounds of bias and disputed his conclusions. The court has yet to rule, and in addition, a decision could be appealed. The outcome of the proceedings therefore remains unpredictable. In so far, no provision has been created as of December 31, 2018.

- **Claims for payment of further compensation for bestsellers against companies of ProSiebenSat.1 Group:** Authors of highly successful TV shows may assert claims against companies 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" (section 36 UrhG) with five associations (directing, camera, scriptwriters and cut), providing for the payment of additional compensation to directors, camera operators, screenwriters, actors and film editors, once TV movies or TV series reach certain audience numbers.
  As of December 31, 2018, a total of EUR 10 million (previous year: EUR 12 million) were recognized as provisions 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 levels of negotiations. The amount of provisions 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 UrhG, which are not covered by said "joint compensation rules" (e.g. for other program genres as well). A reliable estimate of the effects on our earnings development is not possible at this time.

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.

31 / 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.

198 / OTHER FINANCIAL OBLIGATIONS in EUR m

	12/31/2018	12/31/2017
Remaining term 1 year or less	718	539
Remaining term 1 to 5 years	1,769	1,952
Remaining term over 5 years	444	296
Purchase commitments for programming assets	**2,931**	**2,787**
Remaining term 1 year or less	63	66
Remaining term 1 to 5 years	127	136
Remaining term over 5 years	13	25
Distribution	**204**	**227**
Remaining term 1 year or less	4	33
Remaining term 1 to 5 years	9	67
Remaining term over 5 years	3	7
Leasing and long-term rental commitments	**16**	**107**
Remaining term 1 year or less	126	171
Remaining term 1 to 5 years	42	109
Remaining term over 5 years	5	0
Other financial obligations	**173**	**281**
Total	**3,325**	**3,402**

The purchase obligation for programming assets is based on agreements concluded before December 31, 2018 regarding the acquisition of licenses for films and series as well as commissioned productions. A majority of said agreements have been concluded in US dollars. Of the EUR 2,931 million shown, EUR 176 million has already been recognized as provisions for onerous contracts (→ see note 27 "Other provisions").

Distribution includes financial obligations for satellite services, obligations under contracts for terrestrial transmission facilities and cable feed charges. Expenses of EUR 35 million (previous year: EUR 38 million) incurred in financial year 2018. The underlying agreements are not leases within the meaning of IFRS 16.

The decline in off-balance sheet leasing and rental obligations from EUR 107 million to EUR 16 million reflects the first-time application of IFRS 16 "Leases". With regard to the presentation of the impact of the first-time application of IFRS 16, we refer to → section "Changes in accounting standards".

32 / 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. ProsiebenSat.1 Group largely uses hedge accounting to provide a meaningful and economically appropriate representation of the earnings effects of interest rate and currency hedging measures.

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 is not 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 the variable-rate nature of most of its financial liabilities, ProSiebenSat.1 Group is exposed to an interest rate risk. The group's variable-rate debt includes a term loan with a nominal volume of EUR 2.100 billion (previous year: EUR 2.100 billion) as of December 31, 2018 and a revolving credit facility (RCF) with a credit line of EUR 750 million as of the reporting date (previous year: EUR 750 million). In April 2018, ProSiebenSat.1 Group extended the term of the syndicated credit agreement by one year to April 2023. The RCF was not drawn in financial year 2018. Both term loan and RCF bear variable interest at Euribor money market rates plus a credit margin. In addition, ProSiebenSat.1 Group has issued three syndicated promissory note loans with a total volume of EUR 500 million (→ see note 28 "Financial liabilities"), one tranche of EUR 50 million bearing interest at a variable rate.

ProSiebenSat.1 Group hedges the interest rate risk arising from variable-rate liabilities by way of interest rate swaps and interest rate options. In the case of interest rate swaps, variable interest payments are swapped for fixed interest payments. As a result, the uncertain amounts of future variable interest payments on the debt are compensated and replaced with fixed interest payments. The fair value of interest rate swaps is determined by discounting the expected future cash flows. As for the interest rate options, ProSiebenSat.1 Group as buyer has the right, but not the obligation to swap future variable interest payments for fixed interest payments. The future variable interest payments are thus compensated and replaced with fixed interest payments if this is beneficial for ProSiebenSat.1 Group. This right usually requires payment of an option premium. The fair value of the interest rate options is calculated using standard option pricing model. The use of other valuation methods may give different results. Since the interest rate derivatives are used exclusively for hedging the existing interest rate risk, there is no intention to close them out early.

Insofar as it can be expected that the interest rate swaps will be highly effective in offsetting the interest rate-induced changes in the cash flows from the variable-rate over their term, they are designated as hedging instruments in a cash flow hedge. The effectiveness is measured using the hypothetical derivative method, under which the changes in the fair value of the hedging instrument are compared with the changes in the fair value of a "perfect", a hypothetical derivative that would fully offset the interest rate-induced changes in cash flows. Since the hedging instruments and the hedged interest payments match in terms of notional amounts, hedged interest rates, maturities and payment dates, hedge ineffectiveness can only arise from credit risk changes in the hedging instrument. If the change in fair value of the hedging instrument (including the change in credit risk) is greater than the change in fair value of the hypothetical derivative, the excess is immediately recognized in profit or loss as hedge ineffectiveness. The remaining effective portion is transferred to the cash flow hedge reserve in equity and only recognized in profit or loss when the hedged interest payment affects the income statement.

The interest rate options are accounted for as free-standing derivatives and hedge accounting is not applied to them.

As of December 31, 2018, the Group´s hedge included interest rate swaps in the amount of EUR 500 million and interest rate options in the amount of EUR 1,600 million that are used to hedge the interest rate risk until 2020. The interest rate swaps and interest rate options held at the end of the previous year EUR 850 million and EUR 1,250 million, respectively expired in 2018. As of December 31, 2018, ProSiebenSat.1 Group held further interest rate options with a nominal volume of EUR 500 million (previous year: EUR 500 million) to limit the risk from the prevailing negative interest rates over the period up to 2020. In addition, ProSiebenSat.1 Group entered into further interest rate swaps with a total nominal volume of EUR 1,000 million in the financial year 2018 to limit the interest rate risk in the subsequent period from 2020 to 2023 and designated them as hedging instruments in a cash flow hedge. Similar to the hedged underlying transactions, these interest rate swaps contain an interest rate floor that limits the risk from the prevailing negative interest rates. As of December 31, 2018, the hedging ratio or the fixed interest portion of the financial liabilities was unchanged at approximately 98%. As of December 31, 2018, the average fixed interest rate for interest rate swaps is 0.50% per annum (previous year: 1.9%). As of December 31, 2018, the average interest cap is 1.0% per annum (previous year: 0.0%).

For the year under review, these transactions resulted in interest expenses of EUR 10 million (previous year: EUR 19 million). As a result of interest rates moving into negative territory in 2016 and because of the associated higher hedge ineffectiveness, the interest rate swaps in the portfolio at that time no longer qualified as hedging instruments under IAS 39 and hence hedge accounting for these swaps was discontinued. As at December 31, 2018, EUR 500 million of these swaps are still included in the portfolio. As a consequence, the valuation loss from these instruments accumulated in the cash flow hedge reserve at the date of the hedge de-designation is amortized over the original term, and the former hedging instruments are henceforth measured at fair value through profit or loss. The amortization loss reclassified from the cash flow hedge reserve to other financial result amounts to minus EUR 7 million in 2018 (previous year: EUR -16 million). Conversely, the valuation of the former hedging instruments at fair value through profit or loss resulted in a gain of EUR 9 million (previous year: EUR 19 million), also reported under other financial result. The net earnings effect in other financial result in 2018 thus amounted to EUR 2 million (previous year: EUR 3 million). Over the entire term of the original hedging relationships, the follow-on effects from the de-designation will offset each other in financial result.

As of December 31, 2018, the fair value of all interest rate swaps held by ProSiebenSat.1 Group amounted to minus EUR 11 million (previous year: EUR –13 million).

The remaining variable interest rate risk arises from the unhedged portion of the term loan, and would increase, at least temporarily in case of cash drawdown under the revolving credit facility. As at the end of the previous year, no amounts were drawn under the credit facility, as of December 31, 2018.

The interest rate risk understood as the risk of changes in fair value is not considered relevant because the financial debt of ProSiebenSat.1 Group are not held for trading purposes or other transfers to third parties.

The interest rate risk position is regularly evaluated based on current market data and existing risks are quantified by way of sensitivity analyses. The table below shows – the changes of the interest result arising from an increase (decrease) of the relevant interest rates by one percentage point.

If interest rates increased by one percentage point, the change in the fair value of interest rate hedges would improve the financial result by EUR 5 million and the cash flow hedge reserve by EUR 23 million. If interest rates decreased by one percentage point, this would create a loss of EUR 4 million in the financial result and loss of EUR 9 million in the cash flow hedge reserve.

199 / **INTEREST RATE RISKS** in EUR m

	Interest	2018	2017
Cash and cash equivalents	variable	1,031	1,552
Liabilities to banks	variable	-2,084	-2,084
Promissory note	variable	-50	-50
Promissory note	fix	-448	-448
Notes	fix	-598	-597
Gross exposure - variable		**-1,103**	**-582**
Gross exposure - fix		**-1,046**	**-1,045**
Interest rate hedges (for Hedging the interest rate risks inherent in the variable-interest financial liabilities)[1]		2,100	2,100
Hedge ratio[2]		98.4%	98.4%
Net exposure variable		**997**	**1,518**
Sensitivity analysis based on variable net exposure			
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point)[3]		0	4
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point)[3]		-14	-15

[1] Thereof EUR 500 million interest rate swaps and EUR 1,600 million interest rate caps.
[2] Calculated as the ratio of interest rate hedges by total variable-rate debt.
[3] Due to the negative interest rate environment and existing lower interest rate limits there is no symmetry of the effects.

As of the reporting date, December 31, 2018, ProSiebenSat.1 Group had the following interest rate hedging instruments:

	Year of maturity			notional amount	average hedged interest rate		Fair Value	
	2019 Mio US-Dollar	**2020-2023 Mio US-Dollar**	**2024 or later Mio US-Dollar**	**12/31/2018 in EUR m**	**12/31/2018**	**12/31/2017**	**12/31/2018 in EUR m**	**12/31/2017 in EUR m**
interest-rate risk								
interest-rate swap	0	1,500	0	1,500	0.38% - 0.76%	0.50% - 1.95%	**-11**	-13
thereof within cash flow hedges[1]	0	1,000	0	1,000	0.38% - 0.76%	n/a	**-6**	0
interest-rate options[2]	0	1,600	0	1,600	1.0%	0.0% - 1.0%	**0**	0
thereof within cash flow hedges	0	0	0	0	n/a	n/a	**0**	0

[1] As explained above, the interest rate swaps designated as hedging instruments in a cash flow hedge contain an interest rate floor.
[2] To the extent interest rate options have been entered into to reduce the risk of negative interest rates until 2020 (see explanation in the body of the text), they hedge the same risk as the interest rate swaps of the same maturity and are not considered in this table in order to avoid double accounting.

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 settles 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 arising from transactions unrelated to programming rights purchases 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 strategic hedge horizon of seven years. ProSiebenSat.1 Group applies a range of derivatives and non-derivative financial instruments to hedge against currency fluctuations. They include currency forward contracts, foreign currency options and foreign currency cash positions in US dollars. Foreign currency forwards are unconditional, contractual agreements for the exchange of two currencies, the applicable nominal volume, exchange rate and due date being fixed at contract inception. With currency options ProSiebenSat.1 Group acts as the buyer and as such has the right, but not the obligation, to purchase a specified currency at a specific time and at a price determined at contract inception. This right usually requires payment of an option premium by ProSiebenSat.1 Group.

The majority of the currency derivatives is designated as hedging instruments in a cash flow hedge of future license payments in US dollars. The designation is based on forward rates. In the case of foreign currency forwards, as in the case of interest rate hedges, effectiveness is determined using the hypothetical derivative method and the changes in the fair value of the hedging instruments are compared with the changes in the fair value of a "perfect" forward contract, which fully offsets the changes in the counter-value in Euro of the future US dollar payment induced by exchange rate changes. In the case of currency options, only the change in the intrinsic value is designated as a hedging instrument, so that the change in the time value of the option is excluded from hedge accounting and recognized immediately in the financial result. The effectiveness of currency options is measured by comparing the intrinsic value of the currency option with the intrinsic value of a perfect hypothetical currency option.

Because the nominal amounts, currencies and maturities involved match, any hedge ineffectiveness can only result from changes in credit risk. If the change in fair value of the hedging instrument (including the change in credit risk) is greater than the change in fair value of the hypothetical derivative, the excess is immediately recognized in profit or loss as hedge ineffectiveness. The remaining effective portion is transferred to the cash flow hedge reserve in equity and only recognized in profit or loss when the hedged underlying transaction affects the income statement as a result of the amortization of the corresponding programming rights.

With respect to these programming rights, approx. 74% (previous year: approx. 86%) of the total foreign currency risk arising from the future US dollar payment obligations under existing contracts was hedged.

In addition, ProSiebenSat.1 Group occasionally holds derivatives that hedge US dollar liabilities from license agreements that have already been recognized on the balance sheet. Since both the changes in the fair value of the hedging instruments and the currency effects from the measurement of liabilities from license agreements are recognized immediately in the financial result, their effects on the income statement largely offet each other even without hedge accounting in the income statement. ProSiebenSat.1 Group therefore does not apply hedge accounting to these derivatives.

As of December 31, 2018, the hedge portfolio of ProSiebenSat.1 Group includes currency forward contracts in a nominal volume of US$ 1,686 million (previous year: US$ 2,102 million) and currency options in a nominal value of US$ 10 million (previous year: US$ 30 million) that are used to hedge the financial obligations arising from programming rights purchases. The fair values of the currency hedging transactions are determined using quoted forward exchange rates. The valuation was based on market data (mid-rates) as of December 31, 2018. As of December 31, 2018, the US dollar cash position amounted to US$ 317 million (previous year: US$ 256 million). The calculation of the market values of the currency options is based on a standard option pricing model.

200 / CURRENCY-RELATED TRANSACTIONS AND BALANCES

	Year of maturity			Nominal amount	averaged hedged exchange rate		Fair Value	
	2019 USD m	2020-2023 USD m	from 2024 USD m	12/31/2018 USD m	short-term USD/EUR	long-term USD/EUR	12/31/2018 EUR m	12/31/2017 EUR m
Currency forwards	410	1,171	105	1,686	1.1467 - 1.4525	1.1586 - 1.3915	**61**	9
thereof within cash flow hedges	410	1,171	105	1,686	1.1467 - 1.4525	1.1586 - 1.3915	**61**	14
Currency options	10	-/-	-/-	10	1.1650 - 1.1675	n/a	**0**	0
thereof within cash flow hedges	10	-/-	-/-	10	1.1650 - 1.1675	n/a	**0**	0
Currency holdings	317	n/a	n/a	317	n/a	n/a	**277**	213

The US dollar risk position is regularly evaluated based on current market data and existing risks are quantified by way of sensitivity analyses. The following table shows the effects of a 10% appreciation and depreciation of the US dollar on the Euro equivalent of future payments made 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.

201 / CURRENCY RISKS in Mio US-Dollar

	12/31/2018	12/31/2017
Gross foreign currency exposure	**-2,727**	**-2,789**
Currency hedges	2,013	2,388
thereof hedge accounting	1,696	2,005
thereof held for trading	0	127
thereof currency holdings	317	256
Net exposure	**-714**	**-401**
Hedge Ratio	73.8%	85.6%
Spot rate	1.1453	1.1988
US Dollar increase by 10%	1.0308	1.0789
US Dollar decrease by 10%	1.2598	1.3187
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	- 69	- 37
Change in future payments resulting from a 10% decrease in the US dollar	57	30

From an accounting perspective, the exchange rate effects from license liabilities, the currency cash position and the currency derivatives not accounted for as part of a hedging relationship, as well as the changes in the time values of currency options accounted for as part of a hedging relationship, impact profit or loss. A fall (rise) of the US dollar by 10.0% would have an effect of EUR 4 million (EUR -5 million) on the currency result.

With respect to the foreign currency contracts designated as hedging instruments in a cash flow hedge, a foreign exchange impact of minus EUR 134 million resulting from a 10.0% fall of the US dollar and of plus EUR 165 million in the event of a 10.0% rise of the US dollar would be recognized in accumulated other comprehensive income in equity.

The reporting currency of ProSiebenSat.1 Group is the Euro. The financial statements of subsidiaries domiciled outside the Euro zone are translated into Euro for the Consolidated Financial Statements. In the context of foreign currency management, investments in such companies are in principle considered long-term commitments. ProSiebenSat.1 Group therefore does not hedge the translation risk.

Effects of Hedging Relationships on the Financial Statements

Since the hedging instruments used by ProSieben Sat.1 Group in hedge accounting are closely tailored to the underlying transactions to be hedged, the primary source of potential hedge ineffectiveness is counterparty credit risk. Pursuant to internal risk management guidelines, this risk is largely reduced by limiting the eligible derivative contract partners to those with high credit ratings and by entering into netting and offsetting agreements with them that take immediate effect in the event of a breach of contract.

When measuring fair values and determining ineffectiveness, the counterparty credit risk of the hedging instruments is taken into account in the form of credit value adjustments and debit value adjustments.

The hedging instruments designated in hedging relationships by ProSiebenSat.1 Group have the following effects on the balance sheet as of December 31, 2018:

in EUR m

	Nominal amount of hedging instrument	Carrying amount of the hedging instrument		Balance sheet line item where the hedging instrument is located	Change in fair value used for calculating hedge ineffectiveness for the reporting period
		assets	liabilities		
coverage of interest-rate risks	1,000	0	6	financial assets/ other financial liabilities	– 6
coverage of foreign exchange risks	1,333	69	8	financial assets/ other financial liabilities	83

As of December 31, 2018, the underlying hedge transactions have the following effects on the cash flow hedge reserve in equity:

in EUR m

	Change in the value of the hedged item used for calculating hedge ineffectiveness for the reporting period	Cash flow hedge reserve
coverage of interest-rate risks	6	– 7
completed hedging relationship	0	– 1
coverage of foreign exchange risk	– 84	61
completed hedging relationship	0	0

For the financial year 2018, the hedge transactions have the following effects on the profit or loss and the other comprehensive income:

in mio

	Change in the value of the heding instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassfied from the Cash flow hedge reserve (OCI) to profit or loss or acquisition cost	Line item affected in profit or loss because of the reclassification
coverage of interest-rate risks	– 6	0	other financial result	7	interest result/ other financial result
coverage of foreign exchange risk	83	0	other financial result	-36	cost of sales

The movements of the cash flow hedge reserve during the period have been as followed:

202 / CASH FLOW HEDGE RESERVE in EUR m

	interest-rate risks	currency risks
As at December 31, 2017	−8	14
Adjustment of previous year figures	0	0
As of January 1, 2018	**−8**	**14**
Changes due to effective hedging relationship	−6	83
Transfer to the acquisition cost of the underlying hedged transaction	−/−	−36
Reclassification to profit or loss	7	−/−
Amounts reclassified because the hedged item has affected profit or loss	7	0
Amounts reclassified because the hedged future cash flows are no longer expected to occur	0	0
Deferred tax	2	−17
As at December 31, 2018	**-5**	**44**

CREDIT AND DEFAULT RISKS

ProSiebenSat.1 Group is exposed to credit default risks, primarily arising from its operating activities, and to a lesser extent from derivative financial instruments and investment activities.

The maximum default risk – without taking into account any collateral or netting agreements, as exist in particular for derivative transactions – corresponds to the carrying amounts.

In the case of trade receivables – and contract assets from commissioned production – the carrying amount includes a loss allowance for lifetime expected credit losses; in the case of all other financial assets measured at amortized cost, it includes a loss allowance for expected credit losses resulting from possible default events within the next twelve months after the closing date.

To minimize credit default risks, ProSiebenSat.1 Group aims to enter into financial transactions and derivative transactions only with contracting partners having investment grade credit ratings. The credit risks of financial instruments are regularly monitored and analyzed. The credit default risk for all financial assets held by ProSiebenSat.1 Group is considered as low.

When measuring derivative financial instruments at fair value, the risk of default of the counterparty is taken into account in the form of credit value adjustments and the the group's own default risk in the form of debit value adjustments. The credit risk that is taken into account in the valuation is determined, for each counterparty and maturity, by way of multiplication of the relevant default probability by the discounted expected net cash flows of the derivative financial instruments. As of December 31, 2018, debit value adjustments of EUR 0.2 million (previous year: debit value adjustments of EUR 1.0 million) were recognized. There is no significant concentration of default risk with respect to a business partner or a clearly distinguishable ProSiebenSat.1 Group of business partners. As of the reporting date, there were no material agreements in place limiting the maximum default risk apart from netting and offsetting agreements customary in the market for derivative transactions. The fair value of derivative financial instruments, for which ProSiebenSat.1 Group reports a net positive fair value per business partner, totaled EUR 53 million as of December 31, 2018 (previous year: EUR 13 million), excluding credit value adjustments.

With respect to its operating business, i.e. for trade receivables and contract assets from commissioned production, ProSiebenSat.1 Group recognizes loss allowances in accordance with the simplified model of IFRS 9 in the amount of the present value of lifetime expected credit losses. The lifetime expected losses are calculated on the basis of historical default rates using a provision matrix which differentiates between customer groups and the age of the outstanding receivables.

The historical default rates used are adjusted at regular intervals to reflect current information and expectations regarding future developments. In particular, recent changes in default rates are taken into account and upward or downward adjustments applied if changes in the market environment or macroeconomic factors indicate a higher or lower probability of default than in the past.

Default rates are calculated separately for (i) non past due receivables and contract assets, (ii) receivables up to 90 days past due and (iii) receivables more than 90 days past due. Receivables that are more than 90 days past due are deemed to be in default and for the not-past-due and more-than-90-days-past-due-receivables the probability is taken into account that they will also become more than 90 days past due in the end.

The provision matrix as at December 31, 2018 is as follows:

203 / PROVISION MATRIX in EUR m

	Carrying amount trade receivables			
	Total	Not due	<90 days past due	>90 days past due
Cluster				
Media agencies	109	101	9	0
Other advertising agencies	108	87	18	3
Distribution customers B2B	14	13	0	1
Other B2B customers	209	158	37	13
B2C Customers	32	23	8	1
Sum	**472**	**382**	**71**	**19**

	Expected loss			
	Total	Not due	<90 days past due	>90 days past due
Cluster				
Media agencies	0	0	0	0
Other advertising agencies	0	0	0	0
Distribution customers B2B	0	0	0	0
Other B2B customers	- 1	0	0	0
B2C Customers	0	0	0	0
Sum	**- 1**	**- 1**	**0**	**0**

	Expected loss in relation to carring amount			
	Total	Not due	<90 days past due	>90 days past due
Cluster				
Media agencies	- 0.0%	- 0.0%	- 0.0%	- 1.4%
Other advertising agencies	- 0.2%	- 0.2%	- 0.3%	- 1.5%
Distribution customers B2B	- 0.2%	- 0.1%	- 0.1%	- 1.5%
Other B2B customers	- 0.4%	- 0.3%	- 0.3%	- 1.6%
B2C Customers	- 0.1%	- 0.0%	- 0.1%	- 1.3%
Sum	**- 0.2%**	**- 0.2%**	**- 0.2%**	**- 1.5%**

Receivables more than 90 days past due are considered "objectively impaired" and accounted for according to Step 3; other receivables are accounted for according to Step 2.

ProSiebenSat.1 Group considers that it will be able to collect the full amount of receivables that are past due but not impaired.

As regards the trade receivables and other financial assets, there have been no indications of material payment defaults as of the reporting date.

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 million), the notes (EUR 600 million), the promissory notes of EUR 500 million (→ see note 28 "Financial liabilities") and the RCF (EUR 750 million) are the key components of Group-wide corporate financing. The ProSiebenSat.1 Group may use the RCF flexibly for general operating purposes. As at December 31, 2018, there was no utilization of the RCF (previous year: no utilization). In addition, there was no drawing on guarantees, so that as at December 31, 2018, EUR 750 million (previous year: EUR 750 million) were available under the RCF. Both the term loan and the RCF mature April 2023, the notes in April 2021 and the promissory notes in December 2023 (EUR 275 million) and December 2026 (EUR 225 million), respectively.

In addition, as of December 31, 2018, ProSiebenSat.1 Group has cash and cash equivalents in the amount of EUR 1,031 million (previous year: EUR 1,552 million) and therefore has liquid funds and undrawn RCF in a total amount of EUR 1,781 million as of December 31, 2018 (previous year: EUR 2.302 million).

As 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, and the previous financial year to the following maturity ranges:

204 / FINANCIAL LIABILITIES BY MATURITY in EUR m

	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2018
Notes	16	632	-/-	647
Loans and borrowings	19	2,177	-/-	2,197
Promissory note	7	304	237	547
Liabilities from finance leases	66	73	24	163
Trade accounts payable	550	53	-/-	602
Non-derivative financial liabilities	**657**	**3,238**	**261**	**4,156**
Interest rate swaps	4	12	-/-	16
Currency forwards	0	7	1	8
Embedded foreign currency derivatives	5	0	-/-	5
Put options and earn-outs	105	227	-/-	332
Derivative financial liabilities	**113**	**246**	**1**	**360**
Total	**770**	**3,484**	**262**	**4,516**

	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**

INFORMATION ABOUT 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 valuation and are structured as follows:

- prices quoted (unadjusted) in active markets for identical assets or liabilities (level 1),
- input data observed for the asset or liability, either directly (as prices) or indirectly (derived from prices), that do not constitute quoted prices as per 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).

205 / **CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS 12/31/2018** in EUR m

			Categories under IFRS 9				Fair Value			
	Presented in the Statement of Financial Position as	**Car-rying amount**	**At fair value through profit and loss**	**Hedging instru-ments**	**Assets measured at amortized cost**	**Liabilities measured at amortized cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets										
Measured as fair value										
Fund units to finance pension obligations	Non-current financial assets	**25**	25	-/-	-/-	-/-	25	-/-	-/-	**25**
Other equity instruments	Non-current financial assets	**156**	156	-/-	-/-	-/-	-/-	-/-	156	**156**
Derivatives for which hedge accounting is not applied	Current and non-current financial assets	**20**	20	-/-	-/-	-/-	-/-	1	19	**20**
Hedge derivatives	Current and non-current financial assets	**69**	-/-	69	-/-	-/-	-/-	69	-/-	**69**
Not measured at fair value										
Cash and cash equivalents[1]	Cash and cash equivalents	**1,031**	-/-	-/-	1,031	-/-				
Loans and receivables[1]	Current and non-current financial assets	**567**	-/-	-/-	567	-/-				
Other Financial assets at cost[1]	Current and non-current financial assets	**6**	-/-	-/-	6	-/-				
Total		**1,873**	**201**	**69**	**1,603**	**-/-**	**25**	**70**	**175**	**270**
Financial liabilities										
Measured at fair value										
Liabilities from put options and earn-outs	Other financial liabilities	**312**	312	-/-	-/-	-/-	-/-	-/-	312	**312**
Derivatives for which hedge accounting is not applied	Other financial liabilities	**9**	9	-/-	-/-	-/-	-/-	9	-/-	**9**
Hedge derivatives	Other financial liabilities	**14**	-/-	14	-/-	-/-	-/-	14	-/-	**14**
Not measured at fair value										
Term Loan and other borrowings	Financial debt	**2,098**	-/-	-/-	-/-	2,098	-/-	2,107	-/-	**2,107**
Notes	Financial debt	**598**	-/-	-/-	-/-	598	625	-/-	-/-	**625**
Promissory note	Financial debt	**499**	-/-	-/-	-/-	499	-/-	494	-/-	**494**
Real estate financing	Other financial liabilities	**22**	-/-	-/-	-/-	22	-/-	27	-/-	**27**
Other Financial liabilities at (amortised) cost[1]	Other financial liabilities and trade payables	**639**	-/-	-/-	-/-	639				
Lease liabilities	Other financial liabilities	**155**								
Total		**4,345**	**321**	**14**	**-/-**	**3,856**	**625**	**2,651**	**312**	**3,587**

[1] The carrying amount is a reasonable proxy of fair value.

206 / **CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS 12/31/2017** in EUR m

	Presented in the Statement of Financial Position as	Carrying amount	Category under IAS 39: At fair value through profit and loss	Hedging instruments	Loans and receivables	Other financial liabilities	Fair Value: Level 1	Level 2	Level 3	Total
Financial assets										
Measured as fair value										
Financial assets designated at fair value[1]	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	11	**11**
Hedge derivatives	Current and non-current financial assets	**68**	-/-	68		-/-	-/-	68	-/-	**68**
Not measured at fair value										
Cash and cash equivalents[2]	Cash and cash equivalents	**1,552**	-/-	-/-	1,552	-/-				
Loans and receivables[2]	Current and non-current financial assets	**532**	-/-	-/-	532	-/-				
Other Financial assets at cost[1]	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**
Lease liabilities	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] This line item comprises shares in investment funds that are held to cover pension obligation but do not qualify as plan assets under IAS 19. Under IFRS 9 these shares have to be recognised at fair value because of their equity characteristics.
[2] The carrying amount is a reasonable proxy of fair value.

The Other equity instruments mainly consist of minority interests in other companies, which ProSiebenSat.1 Group in some instances acquire as part of its "media-for-equity" strategy. These investments are measured at fair value through profit or loss. If available, observable prices from recent financing rounds are used to calculate the fair value; otherwise, fair values are determined based on present value techniques using risk-adjusted discount rates.

Other equity instruments also include option agreements for such minority interests. For these agreements, fair values are determined using binomial models or Monte Carlo simulations.

In 2018, ProSiebenSat.1 Group further increased its stake in the minority interest ABOUT YOU GmbH, Hamburg, which it acquired in the previous year as part of its "Media for Equity" strategy, and as of December 31, 2018 held shares totaling EUR 27 million. A put/call agreement for the retransfer of the acquired shares had been reached with the seller already in 2016. The fair values were determined using a binomial model. In the event that ProSiebenSat.1 Group exercises the put option, the indirect majority shareholder of ABOUT YOU GmbH will guarantee that the exercise price will be paid in favor of ProSiebenSat.1 Group.

All Other equity instruments are measured on the basis of input data that cannot be derived either directly or indirectly from the market and therefore belong to fair value hierarchy level 3.

Derivatives that are not subject to hedge accounting pertain to a warrant agreement that ProSiebenSat.1 Group entered in 2014 with Odyssey Music Group S.A., Paris, (Deezer). The warrant agreement constitutes a financial derivative. In financial year 2017, ProSiebenSat.1 Group received planning information and, as a result, changed its valuation method to a net present value method, the input parameters of which are largely unobservable on the market. As of December 31, 2018, the fair value measurement included the price achieved in the equity financing round at Deezer in 2018. As of December 31, 2018, the fair value of the financial derivative amounted to Eur 15 million (previous year: EUR 6 million). The derivative is classified at level 3.

Financial derivatives held for hedging purposes with positive fair values are reported as financial assets, those with negative fair values as other financial liabilities. The valuation relies on present value models based on risk-free discount rates or standard option pricing models (Black model or Black-Scholes model).

The fair values of cash and cash equivalents, of trade receivables and payables, financial liabilities measured at amortized cost and other short-term financial liabilities are approximately equivalent to their carrying amounts. This is principally due to the short term nature of such instruments. No fair value is reported.

The financial liabilities measured at fair value comprise liabilities from put options, relating to non-controlling interests in already acquired affiliated entities and from earn-out agreements variable, usually performance-based, deferred purchase price payments).

MAIN ASSUMPTIONS AND ESTIMATES:

Contingent purchase price components in business combinations in the form of put options on shares held by non-controlling interests are measured at fair value as of the acquisition date and in subsequent periods. Measurement is performed on a transaction-by-transaction basis and largely draws on input data which is not observable on the market. In general, market multiples methods or the income approach are used for the calculation. The cash flows expected at the date the options are exercised are discounted to the valuation date, using a risk-adjusted rate of matching tenor. An increase (reduction) of 5.0% in the underlying earnings figures, which largely determine the nominal amount, would increase (decrease) the fair value by EUR 11 million (EUR 11 million) as of the reporting date. In addition, a change in the interest rate by one percentage point would result in the fair value of these financial liabilities falling by EUR 23 million or increasing by EUR 30 million. These liabilities are classified as level 3 financial instruments.

The fair values of loans and borrowings, and of notes and promissory note loans 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:

207 / RECONCILIATION OF LEVEL 3 FAIR VALUES in EUR m

	Other equity instruments	Derivatives, for which hedge accounting is not applied	Liabilities from put options and earn-outs
January 1, 2018	**88**	**10**	**448**
Results included in the income statement[1]	24	9	– 48
Additions from acquisitions	29	–/–	95
Disposals/Payments	– 7	–/–	– 187
Other changes	23	0	3
December 31, 2018	**156**	**19**	**312**

[1] This line item includes unrealised gains on Other equity instruments of EUR 19 million, unrealised gains on Derivative, nor which hedge accounting is not applied, of 9 million and unrealised gains on liabilities form put options and earn-outs of EUR 41 million.

The item "Other changes" primarily includes effects from changes in shareholdings and currency effects from translating the financial statements of US dollar functional currency entities into Euro.

Apart from compounding effects, which are recognized in interest result, any gains or losses on instruments assigned to level 3 are reported in Other financial result.

In the financial years 2018 and 2017, there were neither transfers between Level 1 and Level 2 nor into or out of Level 3 of the fair value hierarchy.

NETTING OF FINANCIAL INSTRUMENTS

All derivative transactions entered into with banks are subject to the German Master Agreement for Financial Derivatives as is customary for such transactions in the industry. As a result, these derivatives are subject to contractual netting agreements in the event that one of the parties to the contract fails to meet its payment obligations. However, they do not satisfy the IAS 32 offset criteria and are therefore shown gross in the statement of financial position. Otherwise, ProSiebenSat.1 Group does not have any contractual rights for settling financial assets and financial liabilities on a net basis.

The following table contains the information required by IFRS 7 for the netting of financial instruments. The figures shown are fair values that have been determined without taking into account credit value adjustments:

208 / **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 12/31/2018	69	0	69	-16	53
Derivative financial instruments 12/31/2017	68	-/-	68	-55	13

	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 12/31/2018	19	0	19	-16	2
Derivative financial instruments 12/31/2017	74	-/-	74	-55	19

33 / Share-based payments

ProSiebenSat.1 Group has a number of programs that are governed by the provisions of IFRS 2.

PERFORMANCE SHARE PLAN (LONG-TERM INCENTIVE)

At last year's Annual General Meeting on May 16, 2018, the revision of the Executive Board remuneration system was announced (see agenda item 5 of the Annual General Meeting of ProSiebenSat.1 Media SE on May 16, 2018). In connection with the revision of the Executive Board remuneration system, the existing Long Term Incentive Program Group Share Plan (GSP) was also replaced by the Performance Share Plan (PSP). The PSP is a long-term compensation instrument, which ProSiebenSat.1 Media SE developed for members of its Executive Board as well as other selected executives and employees of ProSiebenSat.1 Group. The beneficiaries and the number of PSUs granted were determined by the Executive Board of ProSiebenSat.1 Media SE with the approval of the Supervisory Board or – if pertaining to Executive Board members – by the Supervisory Board. The terms of the plan and the key performance indicators of the PSP are explained below.

Terms of the plan

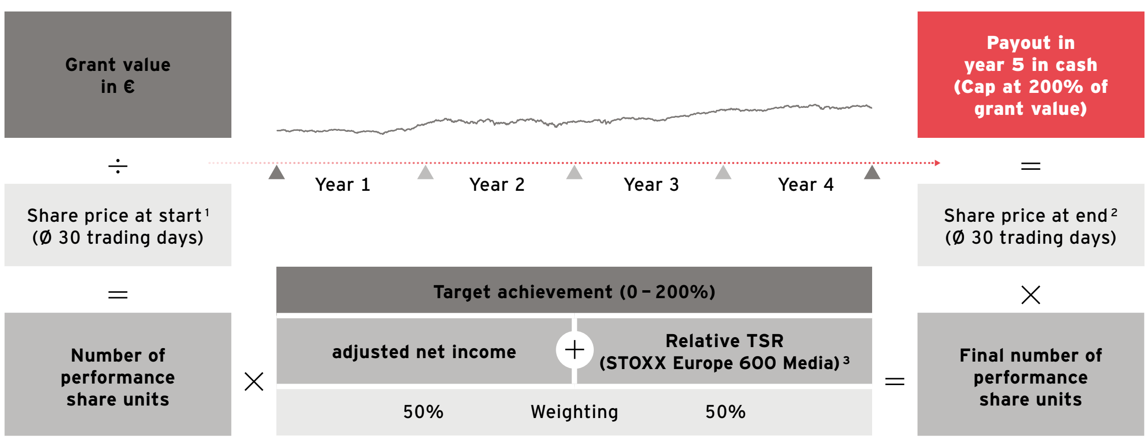
The PSP is structured as a multi-year variable remuneration in the form of virtual shares (performance shares). To this end, they are allocated in annual tranches, each with a four-year performance period. Payment is made in cash in year five, the year after the end of the performance period. The Company has the right, instead of cash payment, to alternatively choose a settlement in own shares and to deliver a corresponding number of shares of the Company for this purpose. However, the Company will use this option probably only in the interests of its shareholders if the current tax disadvantageous treatment of a settlement at company level is reversed by issuing own shares.

Performance shares are measured at fair value and depend on the share price performance of ProSiebenSat.1 Media SE and the achievement of targets based on internal and external company performance. The company's performance for the Performance Share Plan is determined at a rate of 50% each by the adjusted net income at Group level and the relative total shareholder return (TSR – return on ProSiebenSat.1 Media SE shares relative to the return on shares of STOXX Europe 600 Media companies). The Performance Share Plan is issued in annual tranches with a performance period of four years each.

The calculation of corporate performance is on the one hand based on the parameter adjusted net income. This is an important performance indicator for the Group and serves, among other things, as a basic indicator for the dividend policy and the resulting distribution amounts. It is reported by ProSiebenSat.1 Media SE as part of the Group's regular financial reporting. On the other hand, the company's performance is determined with the help of the relative TSR, since this ratio compares the return on ProSiebenSat.1 Media SE shares with the return on shares of a relevant group of peer companies and sets them into context. The relative TSR takes into account share price performance and dividends to shareholders over the four-year performance period.

An individual allocation value is specified in the service contract for each member of the Executive Board. On the first day of a financial year, a number of Performance Share Units (PSUs) corresponding to the allotment value will be granted on the basis of the volume-weighted average XETRA closing price of the ProSiebenSat.1 Media SE share over the preceding thirty trading days. Contrary to this general rule and in view of the fact that the Performance Share Plan was launched during the year 2018, the grant date for the Performance Share Plan 2018 is June 29, 2018. At the end of the four-year performance period, the PSUs granted are converted into a final number of PSUs using a conversion factor based on the weighted target achievement of adjusted net income and relative TSR. The payout amount per PSU then corresponds to the volume-weighted average XETRA closing price of the ProSiebenSat.1 Media SE share over the thirty trading days preceding the end of the performance period, plus the accumulated dividend payments on the ProSiebenSat.1 Media SE share during the performance period. It is limited to a maximum of 200% of the individual allotment value per tranche (cap). In the case of a settlement in treasury shares, the amount paid out is converted into a corresponding number of treasury shares of the Company issued to the beneficiary on the basis of the above average price.

209 / **FUNCTION PERFORMANCE SHARE PLAN**



[1] Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the start of the performance period, rounded down to two decimal places.
[2] Volume-weighted average XETRA closing price of ProSiebenSat.1 Media SE's shares over the 30 trading days preceding the end of the performance period, rounded down to two decimal places, plus cumulative dividend payments on each share in ProSiebenSat.1 Media SE.
[3] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison to STOXX Europe 600 Media companies.

Parameter adjusted net income on Group level

The adjusted net income at Group level is taken into account with a weighting of 50% for the purpose of determining target achievement in the Performance Share Plan. Thus, 50% of the final number of performance share units depends on the average achievement of the Group's adjusted net income target during the four-year performance period.

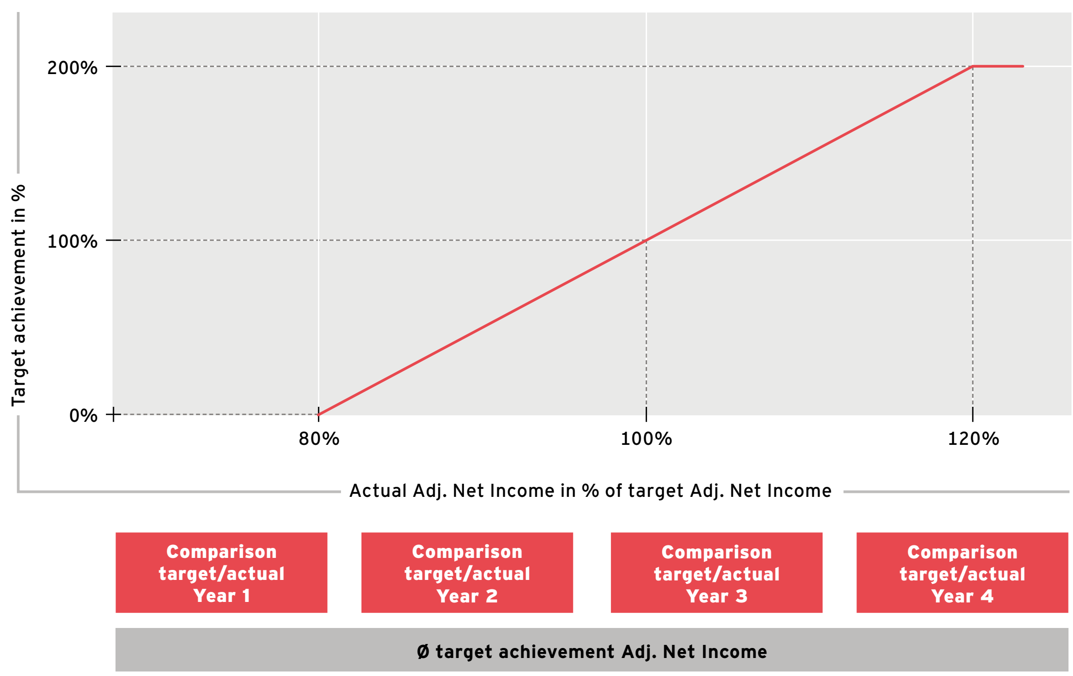
The average annual target achievement of the adjusted net income of the four-year performance period is used to determine the target achievement for the Group's adjusted net income at the end of the term of a tranche. The target value for each financial year of the performance period for the adjusted net income is determined annually in EUR by the Supervisory Board and is derived from the budget planning for the Group.

If required, the Group's actual adjusted net income reported by ProSiebenSat.1 Media SE is adjusted to determine target achievement, e.g. for effects from significant changes in IFRS accounting and from the effects of M&A transactions (including related financing effects) carried out during the reporting period that are not included in the planning.

To measure target achievement, the actual adjusted net income actually achieved according to the approved consolidated financial statements of ProSiebenSat.1 Media SE is compared with the target adjusted net income for the respective fiscal year after the adjustment mentioned above. The target achievement is published subsequently in the remuneration report.

If the actual adjusted net income corresponds to the target value, the target achievement is 100%. In case of a negative deviation of 20% or more from the target adjusted net income, the target achievement is 0%. For the maximum target achievement of 200%, the actual adjusted net income must exceed the target adjusted net income by 20% or more. Intermediate values are interpolated in a straight line. The adjusted net income target achievement curve is symmetrical, which means that any underachievement or overachievement of the target is equally taken into account.

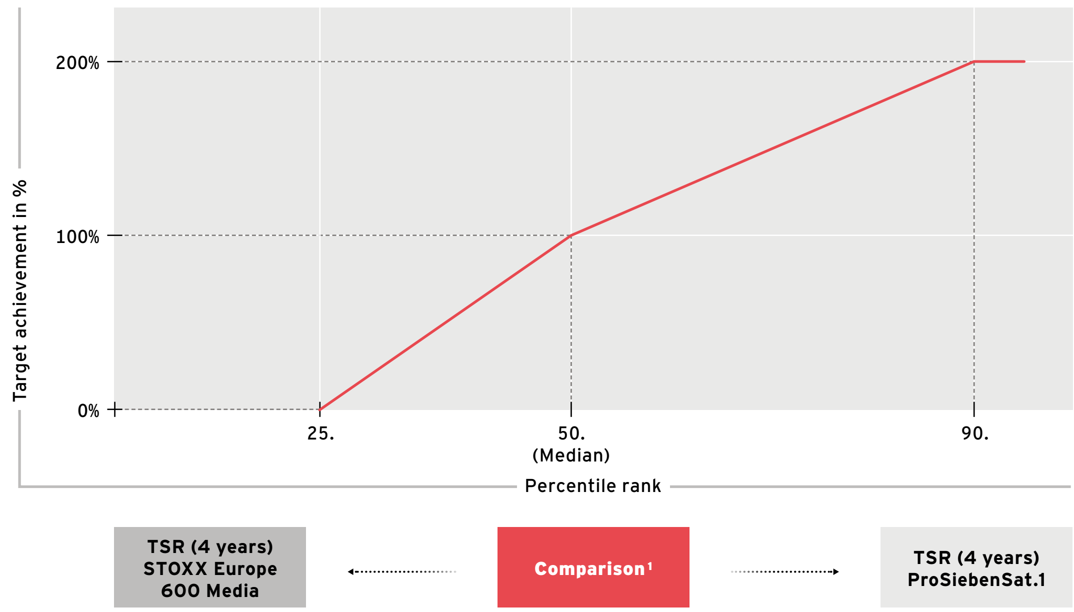
210 / TARGET ACHIEVEMENT CURVE ADJUSTED NET INCOME



Parameter Relative Total Shareholder Return (TSR)
In addition, 50% of the final number of performance share units depends on the relative TSR of ProSiebenSat.1 Media SE share over the four-year performance period compared to the STOXX Europe 600 Media companies. The companies in this index represent the relevant comparative values for the purpose of classifying the stock return of ProSiebenSat.1 Media SE share relative to the stock return of these companies in the selected comparative index. The TSR of the ProSiebenSat.1 Media SE share and the shares of the peer companies are ranked and the relative positioning of ProSiebenSat.1 Media SE is expressed on the basis of the percentile rank achieved. The target achievement is published subsequently in the remuneration report.

If the relative TSR achieved by ProSiebenSat.1 Media SE corresponds to the median (50th percentile) of the peer group, the target achievement is 100%. When positioned at or below the 25th percentile, the target achievement is 0%. Maximum target achievement of 200% requires that at least the 90th percentile is reached. Intermediate values are interpolated in a straight line in case of both positive or negative deviations.

211 / TARGET ACHIEVEMENT CURVE OF RELATIVE TSR



[1] Relative TSR of ProSiebenSat.1 Media SE's shares over the four-year performance period in comparison with STOXX Europe 600 Media companies.

The following table shows the main information about the Performance Share Plan of ProSiebenSat.1 Group:

212 / PERFORMANCE SHARE PLAN

	PSP 2018
Performance Share Units as of January 01, 2018	0
Performance Share Units granted in 2018	288,160
Performance Share Units forfeited in 2018	-/-
Performance Share Units settled in 2018	-/-
Performance Share Units as of December 31, 2018	288,160
Grant date	June 29, 2018
Vesting period	2018 until 2021

The personnel expenses attributable to financial year 2018 from the issued Performance Share Units for the Performance Share Plan amount to EUR 1 million (previous year: EUR 0 million).

The other short-term provision for the Performance Share Plan as of December 31, 2018, amounted to EUR 0 million (previous year: EUR 0 million). The other long-term provision for the Performance Share Plan as of December 31, 2018, amounted to EUR 1 million (previous year: EUR 0 million) (→ see note 27 "Other provisions").

Once the audited and approved consolidated financial statements for the last financial year of the four-year performance period of the respective tranche are published, the respective tranche of the Performance Share Plan is paid out resp. settled in the following year.

GROUP SHARE PLAN

As of December 31, 2018, ProSiebenSat.1 Media SE still maintained a total of three ongoing programs – the Group Share Plans 2015 to 2017 – which entitle their beneficiaries to acquire PSUs after a plan period of four years (holding period). They are long-term compensation instruments, which ProSiebenSat.1 Media SE developed for members of its Executive Board as well as 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 beneficiaries and the number of PSUs granted were determined by the Executive Board of ProSiebenSat.1 Media SE with the approval of the Supervisory Board or – if pertaining to Executive Board members – by the Supervisory Board.

Since the structure of the plans is largely identical, below they are referred to as one plan. Any differences, however, will be explained separately. In each instance this is a stock bonus, where 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 has exercised said option and resolved to settle the Group Share Plans in cash. Accordingly, in the first quarter of 2016, accounting for the Group Share Plans was changed from "equity settlement" to "cash settlement", and the amounts that previously had been recognized in the capital reserve for the Group Share Plans 2012 to 2015 were transferred to the other long-term provisions or to the other current liabilities. The Group Share Plan 2014 was fully paid out in the second quarter of 2018.

Evaluation, Minimum Hurdles and Performance Target

PSUs are valued at their fair value. In principle, this corresponds to the market value of the underlying stocks. The conversion factor used to convert the PSUs into cash upon expiry of the holding period depends on whether pre-defined EBITDA and net income performance targets that have been defined in advance based on the terms of the plan are achieved and may range from 0 to 150% (performance-related cap). If the share price at the time of determining the exchange ratio exceeds the share price at the time of allocation by more than 200%, the conversion factor is furthermore reduced such that any price increase exceeding the 200% threshold will not lead to any further increase in the value of the PSUs (price-related cap). In the absence of any rights to dividends during the term of the plan, the fair value is reduced by the fair value of the dividends expected. The relevant dividend deductions were derived from the previous dividend history of ProSiebenSat.1 Group. After the end of each year of the holding period, one quarter of the granted PSUs is vested.

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:

213 / GROUP SHARE PLANS in EUR m

	GSP 2014	GSP 2015	GSP 2016	GSP 2017
Performance Share Units as of January 1, 2018	324,461	119,417	237,518	260,442
Performance Share Units granted in 2018	-/-	-/-	-/-	-/-
Performance Share Units forfeited in 2018	240	21,447	47,539	26,075
Performance Share Units superseded in the context of other incentive programs	-/-	411	3,403	8,447
Performance Share Units settled in 2018	324,221	-/-	-/-	-/-
Performance Share Units as of December 31, 2018	-/-	97,559	186,576	225,920
Grant date	September 15, 2014	December 1, 2015	December 15, 2016	December 15, 2017
Vesting period	2014 until 2017	2015 until 2018	2016 until 2019	2017 until 2020

Due to the share price performance in financial year 2018, an offsetting income of EUR 2 million was recognized in personnel expenses as part of the PSU valuation (previous year: EUR 1 million personnel expenses).

The other short-term provision for the Group Share Plans as of December 31, 2018, amounted to EUR 2 million (previous year: EUR 9 million). The other long-term provision for the Group Share Plans as of December 31, 2018, amounted to EUR 5 million (previous year: EUR 10 million) (→ see note 27 "Other provisions").

Once the audited and approved consolidated financial statements for the last financial year of the four-year plan term of the respective tranche are published, the respective tranche of the Group Share Plan is paid out resp. settled in the following year.

OTHER SHARE-BASED COMPENSATION MODELS

The Group furthermore maintains additional share-based compensation models, such as the "myshares" employee share program; however, ProSiebenSat.1 Group does not consider its compensation component to be significant.

34 / 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 Board of ProSiebenSat.1 Media SE and associate companies or joint ventures of ProSiebenSat.1 Group were defined as related parties.

EXECUTIVE AND SUPERVISORY BOARD

The members of the Executive 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 Board is explained in more detail in the → "Compensation report" section of the summarized Management Report.

Thomas Ebeling, the former Chief Executive Officer (CEO) of ProSiebenSat.1 Media SE, left the Executive Board of ProSiebenSat.1 Media SE as of February 22, 2018. His service contract, which originally would have ended on June 30, 2019, also terminated on February 22, 2018. A severance payment of EUR 7.1 million was agreed in the termination agreement, which was paid after the termination date or in the case of contractual pension contributions, continued respectively.

Christof Wahl, Chief Operating Officer of ProSiebenSat.1 Media SE, left the company by mutual agreement on July 31, 2018. A termination agreement with a severance payment of EUR 2.6 million was agreed on, with EUR 2.0 million already paid out on July 31, 2018.

Jan David Frouman, member of the Executive Board of ProSiebenSat.1 Media SE and Chairman & CEO Red Arrow Studios until November 19, 2018, will leave the company at the end of his contract, which expires on February 28, 2019. In connection with his departure, the company will pay Jan David Frouman compensation in the amount of EUR 0.3 million for the period of prohibition of competition.

With effect from July 7, 2016, SevenVentures GmbH, a subsidiary of ProSiebenSat.1 Media SE, and Heilpflanzenwohl AG, Pfäffikon, Switzerland, entered into a master agreement effective July 7, 2016 regarding the provision of paid advertising services to Heilpflanzenwohl AG. The former Chief Executive Officer of ProSiebenSat.1 Media SE, Thomas Ebeling, and his family members hold a total of 38.0% in Heilpflanzenwohl AG. Thomas Ebeling holds a 30.0% 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. Delivery of the paid advertising services will be based on individual agreements, which must be concluded by December 31, 2019, and which each will have a term of up to three years. As of the reporting date, December 31, 2018, one individual agreement has been concluded. In financial year 2018, advertising services with a gross media volume in the amount of EUR 9 million (previous year: EUR 12 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.

Erik Huggers, member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015, worked as a consultant for 7TV Joint Venture GmbH in the fourth quarter of 2018. During this period, 7TV Joint Venture GmbH received consulting services on a contractual basis amounting to EUR 150,000. The contractual agreement was concluded for the fourth quarter of 2018 and ended on December 31, 2018.

In financial year 2018, the Supervisory Board members acquired 38,703 no-par shares in the Company. In financial year 2018, the Executive Board members acquired 172,283 no-par shares in the Company. The associated transactions were published in accordance with Art. 19 MAR on the ProSiebenSat.1 Group website → www.prosiebensat1.com.

As part of the new Performance Share Plan ("PSP"), so-called Performance Share Units ("PSUs", "virtual shares") are issued to the members of the Executive Board → see note 33 "Share-based payments". At the end of financial year 2018, the members of the Executive Board hold a total of 183,035 PSUs under the Performance Share Plan.

As part of the expired Group Share Plan ("GSP") → see note 33 "Share-based payments", the members of the Executive Board still hold a total of 135,086 PSUs under the Group Share Plan 2017, 82,786 PSUs under the Group Share Plan 2016 and 16,404 PSUs under the Group Share Plan 2015.

The Mid Term Incentive Plan was abolished in 2018 as part of the revision of the Executive Board compensation system. For details, please refer to the section "Structure and components of Executive Board compensation since January 2018" in the Compensation Report.

For pension commitments to members of the Executive Board in office in financial year 2018, ProSiebenSat.1 Media SE has created pension provisions in a total amount of EUR 15.2 million (previous year: EUR 12.9 million). This includes pension provisions in the amount of EUR 10.4 million (previous year: EUR 9.4 million). Pension commitments to former Executive Board members as of December 31, 2018 amounted to EUR 12.8 million (previous year: EUR 14.4 million). This includes pension provisions in the amount of EUR 5.2 million (previous year: EUR 5.5 million).

The total entitlement of Executive Board members in office in financial year 2018 to pension benefits that have accrued as of December 31, 2018, amounts to EUR 16.2 million (previous year: EUR 14.1 million). This includes claims from deferred compensation in the amount of EUR 10.8 million (previous year: EUR 10.0 million). The equivalent claim of Executive Board members in office in financial year 2018 to annual pension benefits amounts to EUR 0.7 million (previous year: EUR 0.6 million). This includes claims from deferred compensation in the amount of EUR 0.4 million (previous year: EUR 0.4 million).

The total entitlement of former Executive Board members amounts to EUR 7.5 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 0.7 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 financial year 2018, 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 financial year 2018 amounts to EUR 20.9 million (previous year: EUR 12.8 million). Such compensation includes variable components in the amount of EUR 15.7 million (previous year: EUR 8.5 million) and fringe benefits in the amount of EUR 0.1 million (previous year: EUR 0.2 million). The variable compensation includes one-year and multi-year variable compensation payments.

In financial year 2018, the total emoluments of former Executive Board members amounted to EUR 14.5 million. In the previous year payments in the amount of EUR 4.7 million were made to former Executive Board members.

Benefits to the Executive Board are all due on short notice – except for GSP, PSP and pension entitlements.

In the year under review, expenses for the Supervisory Board of ProSiebenSat.1 Media SE amounted to EUR 1.7 million (previous year: EUR 1.6 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 financial year 2018, no compensation or benefits were paid to Supervisory Board members for services rendered in person – in particular for advisory and agency services – except for the compensation for said consulting services by Erik Huggers.

As of December 31, 2018, the current Executive and Supervisory Board members directly hold a total of 251,326 shares in ProSiebenSat.1 Media SE (previous year: 90,630). This is equivalent to a percentage share of 0.1% 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 is part of the summarized management report.

ASSOCIATED COMPANIES AND JOINT VENTURES

ProSiebenSat.1 Group maintains relationships with some of its joint ventures and associated companies in the ordinary course of business. In so doing, the company generally buys and sells products and services on market terms.

In financial year 2018, deliveries and services in a total amount of EUR 136 million (previous year: EUR 132 million) were rendered to associated companies. As of December 31, 2018, the receivables due from the associated companies amounted to EUR 27 million (December 31, 2017: EUR 38 million). In financial year 2018, the Group received deliveries and services from its associated companies, for which it recorded expenses in the amount of EUR 36 million (previous year: EUR 34 million). The amounts owed to associated companies as of December 31, 2018 totaled EUR 5 million (December 31, 2017: EUR 9 million).

In financial year 2018, significant transactions were carried out with the joint venture 7TV. Deliveries and other performances in a total amount of EUR 20 million (previous year: EUR 4 million) were rendered. As of December 31, 2018, the receivables due from 7TV amounted to EUR 6 million (December 31, 2017: EUR 0 million). In financial year 2018, the Group received deliveries and services from 7TV, for which it recorded expenses in the amount of EUR 2 million (previous year: EUR 0 million). The amounts owed to 7TV as of December 31, 2018 totaled EUR 1 million (December 31, 2017: EUR 7 million). The transactions with other joint ventures as of December 31, 2018 are of only minor importance for the Group.

35 / Professional fees of the independent auditor

The professional fees for services provided by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 4.3 million for financial year 2018 (previous year: EUR 3.8 million). Of that total, EUR 3.9 million relates to audit services for the financial statements (previous year: EUR 2.9 million), and EUR 0.4 million to other attestation services (previous year: EUR 0.5 million), EUR 0.0 million to tax advisory services (previous year: EUR 0.1 million) and EUR 0.1 million to other services (previous year: EUR 0.3 million). These disclosures relate exclusively to the legally independent entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft.

36 / Corporate governance

In March 2018, Executive and Supervisory Board of ProSiebenSat.1 Media SE jointly issued the annual compliance declaration regarding German Corporate Governance Code as required pursuant to section 161 of the German Stock Corporation Act (AktG) and made it permanently accessible to the public on the ProSiebenSat.1 Group website → www.prosiebensat1.com.

37 / Events after the reporting period

SHARE SWAP BETWEEN PROSIEBENSAT.1 GROUP AND GENERAL ATLANTIC AND ACQUISITION OF 10.6% OF THE MINORITY INTERESTS IN MARKETPLACE GMBH

By agreement of December 17, 2018 and with economic effect of February 21, 2019, General Atlantic has contributed its 41.6% stake in Marketplace GmbH, Berlin to NuCom Group by way of a capital increase. General Atlantic's stake in NCG-NUCOM GROUP SE thus increased from 25.1% to 28.4%. At the same time, NuCom Group acquired 10.5% of the shares in Marketplace GmbH from other shareholders. The overall transaction is based on an enterprise value of about EUR 140 million.

Following the completion of the overall transaction, NuCom Group and ProSiebenSat.1 Group respectively, hold 94.0% of the voting shares in Marketplace GmbH (now trading as Aroundhome) and 80.0% of the company's and have thus gained control. Due to existing put options on outstanding shares, the consolidation ratio will amount to 90.0%. Previously, Marketplace GmbH used equity method accounting because of the significant influence (41.6%) → see note 20 "Shares valued at-equity". The company is still allocated to the Commerce segment. Due to the proximity of the transaction to the reporting date, the initial recognition is not yet complete at this point in time. The disclosures pursuant to IFRS 3.B64 in conjunction with IFRS 3.B66 therefore cannot be made at present yet.

PLANNED SALE OF 11.8% OF THE SHARES IN PLUTO INC

By agreement of January 18, 2019, ProSiebenSat.1 Group has co-sold 11.8% of its shares in Pluto Inc., Delaware, USA ("Pluto") to Viacom Inc., New York, USA ("Viacom"). This was done due to an existing drag-along right. Pluto operates a global video service and free OTT television service in the USA. ProSiebenSat.1 Group participated for the first time in September 2016. Since the acquisition of the shares, Pluto was included in the consolidated financial statements of ProSiebenSat.1 Group as an associated company, using at-equity accounting pursuant to IAS 28, because in addition to financial investment, the Group was also represented in Pluto's management body, affording it considerable influence. The investment was allocated to the segment "Entertainment". The initiative for the transaction came from Viacom or the previous majority shareholder. ProSiebenSat.1 Group did not have a general intention to sell as of the reporting date. The investment therefore continues to be accounted for in the present consolidated financial statements, using the equity method. The transaction is based on an enterprise value of EUR 288 million (US$ 340 million), the economic effect is yet to come. The inflow of cash from the sale of preference shares and common shares for ProSiebenSat.1 Group as of the reporting date is expected to amount to the equivalent of EUR 37.4 million (US$ 44.2 million), which is expected to result in a realized capital gain of EUR 24.8 million (US$ 29.3 million).

MEDIA-FOR-EQUITY-TRANSACTION BETWEEN SEVENVENTURES GMBH AND FRIDAY INSURANCE S.A., LUXEMBOURG

By agreement of February 18, 2019 and with economic effect from February 22, 2019, SevenVentures GmbH, Unterföhring, a subsidiary allocated to the Entertainment segment, acquired approximately 14% of the voting shares in Friday Insurance S.A., Luxembourg ("Friday") for a total purchase price of EUR 30 million as part of a "Media-for-Equity" transaction. As an independent company with a European insurance license, FRIDAY offers innovative insurance products in Germany. As part of the transaction, the Group will provide advertising services for Friday over a period ending December 31, 2021. The shares are classified as financial assets at fair value through profit or loss pursuant to IFRS 9.

CHANGES IN THE EXECUTIVE BOARD

Dr. Jan Kemper, CFO and Executive Board Member Commerce, and Sabine Eckhardt, Executive Board Member Sales & Marketing, have agreed with the Supervisory Board to terminate their contracts. Dr. Jan Kemper will leave the company on March 31, 2019 and receive a severance payment of EUR 3.5 million. Sabine Eckhardt will leave the company on April 30, 2019 and receive a compensation of EUR 2.0 million.

Rainer Beaujean will succeeds Dr. Jan Kemper as CFO and take over the Finance Department on July 1, 2019. During the transition period between April 1, 2019 and June 30, 2019, the Finance Department will be headed by Deputy Chief Financial Officer Ralf Gierig.

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 2018 and the date of the release of this report for publication.

RELEASE DATE OF THE PUBLICATION

The Consolidated Financial Statements will be released on February 25, 2019 by the Company's Executive Board for publication and for forwarding to the Supervisory Board. The Consolidated Financial Statements will be submitted to the Supervisory Board for approval on March 5, 2019. It will be published on March 21, 2019.

February 25, 2019
The Executive Board

SUMMARY OF KEY ACCOUNTING PRINCIPLES

A) BASES

The recognition, measurement and presentation policies as well as the explanatory notes and disclosures for the Consolidated Financial Statements for the financial year 2018 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 acquisition and production costs, with the exception of items that are reported at fair value, in particular certain financial instruments.

Currency Conversion

Transactions in foreign currencies are converted at the relevant foreign exchange rates in effect at the transaction date. In subsequent periods, monetary assets and liabilities are remeasured at the closing date rate and the revaluation differences are recognized in profit or loss. Non-monetary items that are acquired in a foreign currency and are accounted for at historical acquisition or production costs (less impairment), are not remeasured for changes in foreign currency rates and hence reflect the exchange rate in effect at the original date of the transaction.

The financial statements of subsidiaries and of entities 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 closing date rate 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 at each reporting 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 loss.

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 shown in the functional currency of the required entity, non-controlling interests are valued at the date of acquisition at their respective share in the acquired company's identifiable net assets. Changes to the Group's interest in a subsidiary that do not result in a loss of control are reported 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 Entertainment, Commerce as well as 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 distributed according to relative values among the leaving or remaining units.

When determining the fair value of any assets identified in the context as part of the purchase price allocation, the following methods are primarily used. Unless specified otherwise, the carrying amount of the respective assets largely corresponds to the fair value.

214 / DETERMINATION OF FAIR VALUE IN THE CONTEXT OF THE PURCHASE PRICE ALLOCATION

Intangible assets	**Measurement method**
Brand	Relief from Royalty Method
Customer & contracts relationships	Multi-period Excess Earnings Method
Prohibition of competition	Excess profit method
Technologies	Reproduction cost method and Relief from Royalty Method
Order Backlog	Multi-period Excess Earnings Method
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.

Shares in companies, where ProSiebenSat.1 Group exerts or is able to exert significant influence on their business policy ("associated companies") or which are jointly controlled together with other investors ("joint ventures") must be accounted for using the equity method pursuant to IAS 28 "Investments in Associates and Joint Ventures." The equity method is discontinued from the date the significant influence or joint control ceases. In case of relevant indicators, the carrying amount of the investment undergoes an impairment test and if required, an impairment is recognized at the lower realizable amount. 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 companies is the calendar year.

C) INDIVIDUAL ACCOUNTING AND VALUATION PRINCIPLES

215 / 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
At fair value through profit or loss	At fair value through profit or loss
Held for trading/derivatives	At fair value through profit or 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 the majority of its revenues 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 rebates as well as sales tax. TV advertising revenues are considered realized once the underlying commercials have been broadcast.

Advertising revenues also include revenues from marketing digital offers from external providers. To do so, ProSiebenSat.1 Group acquires usage rights to advertising licenses to market digital offers from external providers, such as Internet advertising spaces. Revenues are 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 Group first needs the contracting partner's required target realization documentation to realize the variable component as revenue.

Barter transactions are primarily entered into by ProSiebenSat.1 Group as counter transactions in the context of advertising time marketing. As a rule, revenues from such transactions generally are measured at the fair value of the consideration received, provided that this can be reliably measured. Otherwise, revenues are determined on the basis of the individual selling prices of the goods or services provided, for example, advertising time.

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 financial instruments as defined by IFRS 9 "Financial Instruments" and are accounted for at fair value.

Revenues from online brokerage services rendered by the Group in the segment "Commerce" in the areas of rental cars, insurance, events, energy supply, mobile communications, broadband telephony or HD television via "online price comparison portals" are realized pursuant to IFRS 15 once performed, if it is possible to reliably determine the amount of revenue and the associated costs and if it is likely that the Group will receive the economic benefits generated through the transaction. Since the affected Group companies here act as agents within the meaning of IFRS 15, only their commissions are realized as revenues. The relevant transactions are subject to legal and voluntary cancellation or withdrawal regulations. If reliable information is available about cancellation or withdrawal rates, and if it thus is highly probable that there will be no significant future reversal of the cumulative revenue recognized, 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 or at the beginning of the contract.

As regards the production programming content (segment "Content production & Global Sales"), revenues are determined over time using the percentage-of-completion method if it is possible to reliably estimate the planned sales. 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 according to the planned ratio. If it is not possible to reliably estimate the total anticipated revenues, revenues are realized in the amount of the incurred contract costs. Contract costs are always recognized as expenses in the period in which they have been incurred. If it is foreseeable that the total contract costs will exceed the budgeted sales revenues, the expected losses are immediately recognized as expenses.

In the financial year 2017, revenues were recognized under the requirements of IAS 18 "Revenue" and IAS 11 "Construction Contracts" respectively. For detailed information regarding revenue recognition in the financial year 2017 please refer to Note 5 "Revenues" on p. 196f. of the Annual Report 2017 as well as the section "Summary of key accounting principles" (p. 246f.)

For further information regarding revenue recognition in the financial year 2018 please refer to → note 5 "Revenues". The information on the financial effects of the first-time application of IFRS 15 are shown in → section "Changes in Reporting Standards".

Operating Expenses

Operating expenses by type are generally attributed to the individual functions according to the functional area of the respective cost centers. Depreciation 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

The taxes levied on taxable profits in the individual countries as well as the changes in deferred taxes are recognized as income taxes. 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. Deferred taxes are recognized pursuant to IAS 12 for tax-deductible or taxable temporary differences between the carrying amounts of assets and liabilities in the IFRS and tax balance sheets as well as for consolidation measures and for tax reduction claims from losses carried forwards, that will probably be realized in subsequent years. Goodwill is not included. The calculation is based on the tax rates expected in the individual countries at the time of realization. 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.

For the purpose of assessing the recoverability of deferred tax assets, the effect on earnings of the reversal of taxable temporary differences, the planned results from operating activities and possible tax strategies are taken into account. The planned results are based on internal forecasts on the future earnings situation of the respective Group company with a planning horizon 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 relevant tax deferrals are subject to ongoing reviews regarding 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. Deferred tax assets and liabilities are generally reported undiscounted and under non-current assets or liabilities. 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, we refer to → note 13 "Income taxes" and → note 25 "Equity".

Earnings per Share

The earnings per share corresponds to the consolidated net income attributable to the shareholders of ProSiebenSat.1 Media SE, divided by the weighted average number of shares outstanding during the financial year.

The average number of issued shares is adjusted by the number of all potentially dilutive shares to determine the diluted earnings per share. In ProSiebenSat.1 Group, such dilution effects are caused by the issue of rights to ordinary shares (→ see note 33 "Share-based payment"). The diluted earnings per share is calculated based on the assumption that all potentially dilutive shares and share-based incentive plans that are "in the money" are exercised.

Intangible Assets and Goodwill

The acquired goodwill is shown at acquisition costs minus accumulated impairment costs.

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. At this time, there are no economic or legal restrictions on the use of acquired intangible assets with an indefinite useful life. 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 shown at acquisition or production cost, minus use-related scheduled depreciation and possibly, minus necessary impairments. The costs of internally produced property, plant and equipment comprise direct costs as well as any portion of the overheads that are directly attributable to such production. Borrowing costs are capitalized in case of qualifying assets according to IAS 23.

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

Pursuant to IFRS 16, a lease is an agreement, where the lessor against one payment or a series of payments transfers to the lessee the right to use an asset for a stipulated period of time.

Initially, the rights of use to the leased assets are capitalized, and a corresponding lease liability is also recognized. Typically, scheduled depreciation of right-of-use assets is made on a straight-line basis over the anticipated useful life or the shorter contract term. Payment obligations resulting from leases are recognized as financial liabilities and subsequently valued at amortized costs, using the effective interest method.

Lease payments from short-term lease arrangements, lease arrangements for low-value assets as well as variable lease payments are recorded as expenses in the functional costs of the income statement on an accrual basis.

In the financial year 2017, ProSiebenSat.1 Group accounted for existing leases under the requirements of IAS 17 "Leases." Based on a risks-and-rewards-approach, these provisions required the classification of leases in so-called finance leases and operating leases. Under a finance lease, the lessee, as beneficial owner of the leased asset had to capitalize the leased asset and to depreciate it using applicable IFRS guidance (e.g. IAS 16 "Property, Plant and Equipment") as well as to recognize a corresponding liability towards the lessor and to subsequently allocate the contractual payments between interest and principal components. By contrast, under operating leases, the lessor was the beneficial owner of the leased asset, thus the lessee only had to recognize the lease payments as operating expenses. For further information please refer to the section "Summary of key accounting principles" in the Annual Report of ProSiebenSat.1 Group for the financial year 2017 (p.279).

For further information regarding the accounting for leases in the financial year 2018, please refer to → notes 18 "Property, plant and equipment", → 19 "Leasing", → 28 "Financial liabilities" and → 31 "Other financial commitments". The information on the first-time application of IFRS 16 are shown in → section "Changes in Reporting Standards".

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 proportional 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 20 "Shares valued at equity".

Programming Assets

Feature films and series are capitalized at the start of the contractual license term, commissioned productions are capitalized once accepted as programming assets that can be broadcast. Sports rights are included in the advance payments made until their broadcast. They are initially reported at acquisition or production costs.

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.

Programming assets are fully impaired in case of any indications of impairment, if broadcasts no longer meet the requirements of an asset or if their use is restricted. An impairment is also recognized in full or a corresponding provision for onerous contracts is recognized if the Executive Board of ProSiebenSat.1 Media SE decides, as part of a strategic realignment, that programming assets that have already been acquired or will be acquired in the future under a concluded contract will no longer be broadcasted.

Impairment testing of the remaining programming assets takes place at the level of genre-based programming groups. If their carrying amount exceeds the potential revenue, an impairment is recognized in the relevant amount. A genre in this sense is the unit where cash flows are generated independent from other programming assets, since the individual genres are tailored for the target audience groups and since advertising customers make their bookings for promoting their products in the environment of certain genres.

For further information we refer to → note 21 "Programming assets".

Impairments of other non-financial assets

Under IAS 36, a company is required to perform an impairment test for assets with finite useful lives if there are any indications of a potential impairment. In addition, other intangible assets with an indefinite useful life, other intangible assets that are not yet ready for use or relevant advance payments, and acquired goodwill have to undergo an annual impairment test. Tests are also conducted in certain situations if events or circumstances occur that indicate a potential impairment.

In case of impairment, the difference between the carrying amount and the lower recoverable amount is recognized as an expense. Impairments are allocated to the relevant functional costs. Impairments on goodwill resulting from purchase price allocations are recognized as other operating expenses. The same applies to impairments of other intangible assets resulting from purchase price allocations, unless it is not possible to properly allocate them to the functional costs. Once there are indications that the reasons for impairment have ceased, write-ups are made – except in the case of goodwill. They must not exceed the amortized costs.

In principle, 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.

In principle, the company determines the realizable amount using valuation methods based on discounted cash flows. For cash-generating units, ProSiebenSat.1 Group first determines the respective realizable amount as the value in use and compares it with the relevant carrying amounts, in the case of impairment tests for goodwill, including the allocated goodwill, and in the case of impairment tests for trademarks with indefinite useful life, including the allocated trademarks. Such discounted cash flows are based on five-year forecasts which in turn are based on financial plans approved by management. Cash flows outside the planning period are extrapolated using individual growth rates; however, these do not exceed the expected inflation for the respective units. The main assumptions which the change in value in use is based on include assumptions about future cash flows, estimated growth rates, tax rates and weighted average costs of capital.

For further information, please refer to → note 16 "Goodwill", → note 17 "Other intangible assets" und → note 18 "Property, plant and equipment".

Financial Instruments

Standard purchases and sales of non-derivative financial assets are recognized using the settlement date accounting, and derivative transactions using trade date accounting.

Financial assets are derecognized once the contractual rights to the cash flows from the asset expire or the Group transfers the rights to receipt of the cash flows in a transaction, where substantially all the risks and opportunities associated with ownership of such financial asset are transferred as well. Any differences arising on derecognition are recognized in profit or loss.

Financial liabilities are derecognized once the obligation specified in the contract is discharged, canceled or expired. When contract terms are changed or terms renegotiated, the Group examines whether these are substantial modifications within the meaning of IFRS 9. If this is the case, the adjustments or extensions of terms result in the original liability being derecognized and a new liability being recognized. Any difference between the carrying amount of the original liability and the fair value of the new liability as well as any processing and other transaction costs are recognized immediately in profit or loss.

If amendments to the terms of the contract do not result in the derecognition of a financial instrument measured at amortized cost (whether a financial asset or financial debt), the new carrying amount is determined using the original effective interest rate as the present value of the renegotiated or modified cash flows and any difference to the original carrying amount is recognized in profit or loss. Processing or other transaction costs result in an adjustment to the carrying amount and are subsequently amortized.

Financial assets are offset against financial liabilities and recognized as a net value in the balance sheet if the Group has a current legal claim to offset the recognized amounts against each other and if it intends to either settle on a net basis or to use the relevant asset to settle the corresponding liability. → Note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" includes further detailed explanations.

Measurements of Financial Instruments

The initial recognition of financial assets – with the exception of trade receivables – is at fair value. Trade receivables are shown at the transaction price, i.e. generally at their nominal value. Where financial assets subsequently are not recognized at fair value through profit or loss, the transaction costs attributable to the acquisition are also capitalized on initial recognition. Where financial assets subsequently are recognized at fair value through profit or loss, the transaction costs are recognized directly in profit or loss in the period of accrual.

In case of the financial instruments held by ProSiebenSat.1 Group, financial assets subsequently are accounted for at amortized cost or fair value. The type of subsequent accounting is based on the business models used by ProSiebenSat.1 Group to manage financial assets and the characteristics of the contractually stipulated cash flows.

Instruments held by the Group with the aim of collecting the contractual cash flows, where the contractual terms provide solely for payments constituting interest and principal payments, are carried at amortized cost after initial recognition. This currently applies to loans and receivables held by the Group (including trade receivables) and also to cash and cash equivalents.

Subsequent to initial recognition, instruments where cash flows do not solely represent interest and principal payments as a rule are recognized at fair value through profit or loss. This includes primarily shares in other entities where the Group does not exercise control, joint control nor significant influence, and shares in investment funds and derivative financial instruments that do not qualify as hedging transactions within the scope of hedge accounting.

In the previous year, ProSiebenSat.1 Group accounted for its financial assets in accordance with the classification and measurement requirements of IAS 39. Again, only the categories measured at fair value through profit or loss and measured at amortized cost were used. A classification at amortized cost was made only for financial assets with fixed or determinable payments that are not listed in an active market. This primarily concerned cash and cash equivalents and trade receivables.

The fair value of a financial instrument reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value generally corresponds to the market or stock exchange value. In the absence of an active market, the fair value is determined by way of actuarial methods (for example, by discounting the future cash flows at the market interest rate).

The fair values are determined depending on type and on the marketability of the instrument, based on a three-level valuation hierarchy, which is explained in more detail in → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

Pursuant to IFRS 9, a provision in the amount of the expected credit losses is recognized for financial assets measured at amortized cost that are subject to the standard's impairment model (in the case of ProSiebenSat.1 Group, primarily trade receivables and contract production assets to be recognized pursuant to IFRS 15). Due to the recognition of expected credit losses, risk provisions are recognized before an actual incurred loss.

Below, further information will be provided on recognition and measurement for the loans and receivables, financial liabilities and derivatives held by ProSiebenSat.1 Group.

LOANS AND RECEIVABLES

Financial assets that have been classified as loans and receivables are valued at amortized cost, using the effective interest method, minus impairments. Impairment losses on trade receivables and contract assets from contract production are recognized in separate allowance accounts.

Impairments of trade receivables and contract assets from commissioned production are recognized using the so-called simplified approach, whereby the expected credit losses are recognized as lifetime expected credit losses. Impairments are made based on historical and forward-looking information on the basis of impairment matrices where customers are grouped according to risk clusters. → Note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" includes further detailed explanations on the approach taken to determine impairments.

For all other financial assets falling within the scope of the impairment provisions of IFRS 9, an impairment in the amount of the twelve-month expected credit losses is initially recognized when the assets are initially recognized. In case of significant deterioration in the credit quality of the assets after initial recognition, the impairment is adjusted and the expected credit losses over the entire contractual term are recognized.

ProSiebenSat.1 Group makes use of the option in IFRS 9 to exclude a significant deterioration in credit quality for counterparties with high credit ratings when calculating expected credit losses if the instrument in question has a low default risk at the reporting date.

Otherwise, an increased default risk is assumed if any amount is overdue by more than 30 days or if ProSiebenSat.1 Group has any other indications that creditworthiness has declined significantly, such as information about a significant downgrade of the credit rating or signs of a significant increase in debt or a sharp decline in operating results.

For risk provisions, including the assessment of whether the default risk has increased significantly, a default is deemed to have occurred if the counterparty is unlikely to receive full payment due to limited solvency or if a receivable is more than 90 days overdue.

In the previous year, ProSiebenSat.1 Group applied the "incurred loss" method of IAS 39 for the recognition of impairments, under which financial assets are not impaired until there is objective evidence of impairment.

In particular, ProSiebenSat.1 Group considers the actual or probable occurrence of insolvency or the obtaining of reliable information about significant financial difficulties of the contractual partner objective indications of impairment.

Estimates and assessments of individual receivables and necessary value adjustments are made taking into account the creditworthiness of the respective contractual partner or – as far as the risk margin for trade receivables or active contract items from contract production is concerned – taking into account the risk characteristics of certain customer groups. If available for the respective counterparty, credit default swap spreads appropriate to the maturity are used to assess the default risk.

Overdue trade receivables with objective indications of defaults or any other breach of contract are individually impaired, taking into account empirical values regarding their collectability.

Impairments are recognized in the income statement and are subject to regular review. If the reasons for impairments no longer apply, a reversal of the impairment takes place accordingly. If there are such indications of a final non-recoverability, the corresponding receivable is derecognized, possibly against previously created provisions.

For further information on impairments of financial assets as required by IFRS 7 "Financial Instruments: Disclosures", we refer to → note 22 "Financial receivables and assets" and → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

FINANCIAL LIABILITIES

Financial liabilities are measured at acquisition cost, with the exception of derivative financial instruments with negative market values and contingent acquisition costs in the context of business combinations (liabilities under put options or earn-out clauses), using the effective interest method. Bullet loans are recognized at their nominal volume at acquisition cost less issuing and financing costs. Such costs are distributed over the term of the liability in accordance with the effective interest method. Contingent acquisition costs in the context of business combinations are recognized at their fair value upon initial consolidation. Thereafter, such liabilities are also measured at fair value, with changes recognized in profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

ProSiebenSat.1 Group uses derivative financial instruments in the form of interest rate swaps and interest rate option transactions (interest rate caps) as well as forward exchange transactions and currency options to hedge against interest rate and currency risks. While interest rate risks arise from variable-interest liabilities, currency risks arise in particular from license payments for programming assets denominated in US dollars.

Derivative financial instruments are recognized in the Statement of Financial Position as financial assets or financial liabilities at their fair values, regardless of the purpose or intention they were entered into. The fair value of derivative financial instruments is determined by discounting the future cash flows at the market interest rate as well as by using other recognized actuarial methods, such as option price models. The derivative financial instruments are accounted for on the day of trading. The fair value of interest rate swaps and currency forward transactions is generally zero upon initial recognition, and in case of interest rate and currency options it is equal to the value of the option premium paid. The fair values of all derivative financial instruments are reported in the balance sheet as financial assets or other financial debt. Counterparty-specific credit risks are taken into account in the context of the measurement of derivative financial instruments. For additional information, please refer to → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

If it is possible to demonstrate and document a clear hedging relationship, it is accounted for pursuant to the provisions regarding hedge accounting. In exercising the option in IFRS 9 "Financial Instruments", the Group continues to apply the provisions of IAS 39 "Financial Instruments: Recognition and Measurement".

In hedge accounting, changes in the market value of derivatives are recognized depending on the type of hedging relationship. ProSiebenSat.1 Group currently uses hedging derivatives exclusively in connection with cash flow hedges to hedge future cash flows. Accordingly, changes in the fair value of the effective portion of the derivative are initially recognized separately in accumulated other equity and only in profit or loss when the underlying transaction affects profit or loss. The ineffective part is recognized immediately in profit or loss.

The hedging of future license payments against currency risks has the further peculiarity that the profits or losses from the hedging instrument that are recognized in equity, are transferred when the license commences, i.e. when the underlying transaction is capitalized, and their acquisition costs – and subsequently the depreciation expenses – increase or reduce accordingly.

ProSiebenSat.1 Group combines and manages identified underlying and hedging transactions in so-called hedge books. The effectiveness of the hedging relationship is measured at regular intervals and the hedging relationship is adjusted, if required. If a hedging relationship does not or no longer meet the requirements of IAS 39, hedge accounting is terminated. After termination of a hedging relationship, the amounts recognized in the other accumulated comprehensive income or as adjustment to acquisition costs are recognized in profit or loss once the underlying transaction is recognized in profit or loss.

Further information on the financial instruments held by the Group and on the determination of fair values and amortized cost can be found in → notes 22 "Financial receivables and assets", → 23 "Other receivables and assets", → 25 "Equity", → 28 "Financial liabilities" and → 32 "Other disclosures under IFRS 7 on financial risk management and financial instruments".

Cash and Cash Equivalents
Cash and cash equivalents are short-term, highly liquid financial investments that can be converted into cash and cash equivalents at any time and that are subject to minor fluctuation risks only. Cash and cash equivalents are measured at acquisition cost, foreign currency balances are translated at the respective closing rate.

Provisions for pensions
Deviations between assumptions made a nd actual developments as well as changes in actuarial assumptions regarding the valuation of defined benefit plans lead to actuarial gains and losses. Such revaluation effects are recognized directly in accumulated other comprehensive income in the period of accrual, taking into account of deferred taxes. The Statement of Financial Position therefore shows the full extent of the obligations, avoiding fluctuations in the results that may arise in particular in case of changes to the calculation parameters. Actuarial gains and losses recognized in the respective reporting period are presented separately in the comprehensive income statement. There is no transfer to the income statement in subsequent periods.

For further information please refer to → note 26 "Provisions for pensions".

Share-based Payments
The share-based payments of ProSiebenSat.1 Group (essentially stock options and rights to shares or to future disbursements based on share values) exclusively constitute compensation plans which include an option for ProSiebenSat.1 Media SE regarding the type of settlement to pay them through shares or cash settlement, which is exercised according to the intended compensation. Equity-settled share-based payment plans are measured at fair value as at the grant date. The fair value of the obligation is recognized as functional cost throughout the vesting period as personnel expense; the counter entry is made in in capital reserves. The fair value of cash-settled compensation plans is recognized as liability throughout the vesting period as a personnel expense. The liability is revalued on each reporting date as well as on the settlement date based on the fair value and the changes are recognized in profit or loss.

For further information, please refer to note → 25 "Equity" and → 33 "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 recognizes provisions for onerous contracts at the lower amount of the expected costs of performing the contract and the expected costs upon termination of the contract, minus any revenues potentially expected under 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 closing 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 27 “Other provisions”.

Cash Flow Statement

The cash flow statement shows origin and use of the cash flows. Pursuant to IAS 7, a distinction is made between cash flows from operating activities and from investing 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.

The cash flows from investing and financing activities are determined on the basis of payments. In contrast, the cash flow from operating activities is derived indirectly from the consolidated net profit. As part of the indirect determination, the included changes in balance sheet items in connection with operating activities are adjusted for effects from currency translation and changes in the scope of consolidation. It is therefore not possible to reconcile the changes in the relevant balance sheet items with the corresponding values of the consolidated balance sheet and the segment parameters.

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 ACCOUNTING STANDARDS AFFECTING THE GROUP IN FINANCIAL YEAR 2018

On January 1, 2018, ProSiebenSat.1 Group is adopted the following standards, as issued by the IASB and endorsed by the into European Commission, for the first time:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenues from Contracts with Customers"
- IFRS 16 "Leases"

The effects of the first-time application of these provisions on the Consolidated Financial Statements of ProSiebenSat.1 Group are presented below.

IFRS 9 "Financial Instruments"

The IASB published the final version of IFRS 9 "Financial Instruments" in July 2014. This version replaces the previous standard IAS 39 "Financial Instruments: Recognition and Measurement" as well as all previous versions of IFRS 9 and was adopted into European law on November 29, 2016.

ProSiebenSat.1 Group applied IFRS 9 "Financial Instruments" for the first time in the reporting year. The first-time application led to changes in the accounting principles and methodology as well as to adjustments in the carrying amounts of financial instruments in the Group's accounting. Pursuant to the transitional provisions in IFRS 9, use was made of the option not to adjust prior-year figures. IFRS 9 replaces the provisions of IAS 39 relating to the recognition, classification, measurement, derecognition and impairment of financial assets and financial liabilities and to hedge accounting.

In addition, the first-time application of IFRS 9 has resulted in changes to other provisions dealing with financial instruments, in particular IFRS 7 "Financial Instruments: Disclosures". In this context, we refer to → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

ProSiebenSat.1 Group classifies financial assets into the measurement categories at fair value through profit or loss and at amortized cost. Allocation to these categories is based on the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial assets to be measured. Financial assets that qualify for the category measured at amortized cost are those that are held as part of a business model whose objective is the collection of the contractual cash flows ("business model criterion"). In addition, to be classified in this category, the contractual terms of the financial asset must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("solely-payments of principal and interest" or "SPPI" criterion). Financial assets that do not meet the SPPI criterion are measured at fair value.

On first-time application on January 1, 2018, ProSiebenSat.1 Group made an assessment of the business models used for managing the various financial assets it holds. The Group does not hold any debt instruments that would be required to be measured at fair value through equity on the basis of the business model and the SPPI criterion. In addition, no use was made of the option to measure equity instruments at fair value through other comprehensive income. Thus only two IFRS 9 categories are relevant for the Group's financial instruments: measured at fair value through profit or loss and measured at amortized cost.

In the comparative period, the classification rules of IAS 39 were applied and financial instruments were held as measured at fair value through profit or loss and as loans and receivables (ie measured at amortized cost). With the exception of a few financial instruments that were reclassified from loans and receivables to the fair value through profit or loss category as a result of the first-time application of IFRS 9, the classification and measurement of the financial instruments held by the Group under IFRS 9 has not changed.

The reclassification effects from the first-time application of IFRS 9 are hence minor and are shown together with the revaluation effects in the following table:

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				IFRS 9 Categories			
	Carrying amount of IAS 39 12/31/2017	reclassification	remeasurement	Fair Value through profit or loss		amortised cost	Hedge derivates
				as per classification criteria	designated at initial application	as per classification criteria	
Financial Assets							
financial asset at fair value through profit or loss	121	-/-	-/-	121	-/-	-/-	-/-
Fund units to finance pension obligations[1]	23	-/-	-/-	23	-/-	-/-	-/-
Other equity instruments	88	0	-/-	88	-/-	-/-	-/-
Derivatives (for which hedge accounting is not applied)	11	-/-	-/-	11	-/-	-/-	-/-
Hedge derivatives[2]	68	-/-	-/-	-/-	-/-	-/-	68
financial asset at amortised cost	2,091	-/-	-1	-/-	-/-	2,090	-/-
Loans and receivables	532	-/-	-1	-/-	-/-	531	-/-
Cash and cash equivalents	1,552	-/-	-/-	-/-	-/-	1,552	-/-
other financial assets at amortised cost	7	0	-/-	-/-	-/-	7	-/-

[1] Under IAS 39 these financial instruments were measured at fair value through profit or loss under the fair value option. Under IFRS 9, they must now be measured at fair value through profit or loss because they do not meet the SPPI criterion. Hence, the fair value option no longer applies nor is needed any longer.
[2] Hedge derivatives are accounted for according to the hedge accounting guidance in IAS 39 and hence are not assigned to any IFRS 9 category.

The classification of financial instruments in accordance with IFRS 9 did not affect the equity of ProSiebenSat.1 Group, with the exception of the increase in impairments on trade receivables due to the first-time application of the so-called expected loss model as described below. After the first-time application, newly acquired financial instruments are allocated to one of the IFRS 9 categories when they are first recognized.

In addition to the aforementioned financial instruments, ProSiebenSat.1 Group also uses interest rate and currency derivatives, which are used for hedging purposes and are designated as cash flow hedges in a hedge relationship. Although these instruments meet the definition of financial assets or financial liabilities, they do not constitute a separate IFRS 9 category nor are they assigned to any of the categories of the standard. For further information, we refer to → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7".

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 provides that expected credit losses must be recognized for all instruments within the scope of the impairment provisions (so-called "expected loss model"). The amount of expected losses as well as the amount of interest recognized on a specific financial instrument generally will depend on its credit quality or the "stage of credit deterioration" to which it belongs:

Stage 1: In general, all financial instruments are assigned to Stage 1 at initial recognition. At the reporting date a loss allowance is recognized for the present value of "12-month expected credit losses", i.e. the present value of the portion of lifetime expected credit losses that represent the expected credit losses resulting from default events that are possible within the 12 months after the reporting date. Interest is recognized based on the gross carrying amount, i.e. interest is calculated based on the carrying amount before loss allowance.

Stage 2: Stage 2 applies to instruments for which credit risk has significantly increased since initial recognition. Expected losses to be recognized for these instruments at the reporting date reflect, on a present value basis, all cash shortfalls expected to occur during the full lifetime of the instrument ("lifetime expected credit losses"). Interest is recognized in the same way as for level 1.

Level 3: If a financial instrument is "credit-impaired", ie if there is objective evidence of impairment in addition to a significant increase in the default risk as at the reporting date, the allowance for losses on loans and advances is also measured based on the present value of the expected credit losses over the full lifetime of the instrument. However, interest income is henceforth to be recognized based on the net carrying amount, i.e. based on the carrying amount adjusted for the loss allowance.

At ProSiebenSat.1 Group, mainly cash and cash equivalents as well as trade receivables and contract assets from commissioned production are subject to the new impairment guidance.

Pursuant to internal risk management guidelines, cash and cash equivalents are only held with counterparties of investment grade rating. The expected credit losses from such instruments are hence not material, especially in light of the short terms not exceeding three months.

If financial assets exist vis-à-vis counterparties with an external investment grade credit rating, ProSiebenSat.1 Group makes use of the practical expedient in IFRS 9 of assuming that the credit risk has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

With respect to most trade receivables and contract assets from commissioned production, IFRS 9 provides the option of using a simplified model, under which loss allowances are always measured at an amount equal to lifetime credit losses, irrespective of the credit quality. Accordingly, in the simplified model, trade receivables and contract assets are assigned to Stage 2, immediately upon initial recognition. However, as in the general model, a transfer to Stage 3 is required if there is objective evidence of impairment.

In the context of the first-time application of IFRS 9, the Group has revised its impairment methodology. In principle, the new model results in impairments being recognized earlier than before.

Accordingly, on first application the loss allowance for trade receivables increased by EUR 1 million to reach EUR 37 million. For cash and cash equivalents, the amount of credit loss adjustment was insignificant. The effect on first-time adoption was recognized directly in equity as of January 1, 2018.

The new approach for determining impairments is explained in more detail in → note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" and in → section "Summary of key accounting principles".

HEDGE ACCOUNTING

As permitted by IFRS 9, ProSiebenSat.1 Group will continue to apply the hedge accounting requirements of IAS 39 upon adoption of IFRS 9. The relevant accounting policies are set out in → section "Summary of key accounting principles".

IFRS 15 "Revenues from Contracts with Customers"

Given the publication of IFRS 15 "Revenues from Contracts with Customers" in May 2014, the IASB will in the future provide new rules as to when and to what extent revenues are to be recognized. The standard replaces the previous provisions of IAS 18 "Revenues", IAS 11 "Construction Contracts" as well a number of revenue-related interpretations. The scope of IFRS 15 excludes leases, financial instruments and insurance contracts.

According to IFRS 15, the recognition of revenues should reflect the transfer of promised goods or services to the customer in the amount corresponding to the consideration that the company expects to receive in exchange for such goods or services. Revenues are realized once the customer obtains the power of disposal of the goods or services.

In April 2016, the IASB published clarifying amendments to IFRS 15, which are also to be applied for financial years commencing on or after January 1, 2018. In addition to clarifying various provisions of the standard, the amendments also include further transitional relief. The clarifying amendments to IFRS 15 were implemented into European law took on November 9, 2017.

The standard has based revenue recognition on a "five-step model", which the company first has to apply to identify whether or not a contract with a customer within the meaning of the standard has been concluded. The company's performance obligations, which have been defined explicitly or implicitly in the contract, have to be identified separately and the transaction price to be received from the customer has to be distributed among such performance obligations. Upon the transfer of the power of disposal, revenues have to be realized either in relative to time or period.

The provisions of IFRS 15 are applied as of January 1, 2018 based on a modified retrospective approach. The previous-year figures are not adjusted in line with the standard's transitional provisions. ProSiebenSat.1 Group uses the exemption under IFRS 15.C7 and does not reevaluate any contracts that were performed prior to the date of first-time application (January 1, 2018).

ProSiebenSat.1 Group has analyzed the impact of the first-time application of IFRS 15 in a Group-wide project, including existing processes, systems and contracts. With the exception of the adjustment described below, the first-time application of IFRS 15 has not had any effects on the earnings, financial position and performance of the Group.

As for license revenues, IFRS 15 distinguishes between "rights to access" and "rights to use". For the former, the customer regularly has a right or expectation from the licensor to undertake significant activities that affect the form and functionality of the underlying rights during the contract period. As a result, the recognition of revenues is period-related. On the other hand, revenues are recognized time-related when the rights of use are granted.

Accordingly, in contrast to the previous accounting treatment under IAS 18, certain license revenues of ProSiebenSat.1 Group must be recognized on a period-related basis. The first-time accounting according to IFRS 15 as of January 1 resulted in an increase in passive contract balances by EUR 5 million (EUR 2 million thereof long-term) and in deferred tax assets by EUR 1 million and correspondingly in a reduction in Group equity by EUR 4 million as of the initial day of application on January 1, 2018. As a result of the reversal of passive contract balances, revenues in financial year 2018 increased by EUR 2 million compared with the previous accounting treatment in accordance with IAS 18. The net effect on earnings, taking deferred taxes into account, amounted to EUR 2 million. The passive contract balances are reported in the balance sheet item of other liabilities.

IFRS 16 "Leases"

In January 2016, the IASB published the accounting standard IFRS 16 "Leases", which was implemented into European law on November 9, 2017. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Assessing the substance of transactions in the legal form of leases".

IFRS 16 provides that in general, all leases and the associated contractual rights and duties must be reflected in the lessee's balance sheet, unless the term does not exceed 12 months or it constitutes a low-value asset. This classification required under IAS 17 into operating or finance leases therefore does not apply to the lessee. As for leases, the lessee recognizes a liability for lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which in principle is equivalent to the present value of the future lease payments plus directly attributable costs and is amortized over the useful life.

IFRS 16 is required to be applied for the first time for financial years commencing on or after January 1, 2019. ProSiebenSat.1 Group has exercised the option of early adoption of the standard and has applied IFRS 16 for the first time as of January 1, 2018, using the modified retrospective approach. First-time application within ProSiebenSat.1 Group to date has affected leases that previously had been classified as operating leases. Short-term leases with a term not exceeding 12 months (and no purchase option) as well as leases where the underlying asset is of minor value, were not accounted for according to the option under IFRS 16.5 and not under IFRS 16. In addition, the ProSiebenSat.1 Group is using the option under IFRS 16.15 and recognizes all lease and non-lease components according to IFRS 16. Moreover, the Group has applied the relief provisions of IFRS 16.C3(b) when transitioning to IFRS 16, and has not reviewed contracts, which pursuant to IAS 17 "Leases" in conjunction with IFRIC 4 "Determining whether an Arrangement contains a Lease" are not classified as leases, based on the definition of a lease in IFRS 16.

For the first-time application of IFRS 16 on operating leases, the right to use the leased asset was in principle valued at the amount of the lease liability, using the interest rate at the time of the first-time application (IFRS 16. C8 (b) (i)). The average interest rate as of January 1, 2018 was approx. 2%. In case of short-term lease liabilities, the right of use was adjusted pursuant to IFRS 16.C10 (c) (ii) by the relevant amount. For the valuation of the right of use at the time of first-time application, the initial direct costs according to IFRS 16.C10 (d) were not taken into account. The financial information for the financial year 2017 were not adjusted in financial year 2018 pursuant to IFRS 16.C7.

ProSiebenSat.1 Group has analyzed the impact of the first-time application of IFRS 16 in a Group-wide project, including existing processes, systems and contracts. The following categories of leases were identified, where as a consequence of the change to IFRS 16 as of January 1, 2018, contracts that previously had been recognized as operating leases, now qualify as leases within the meaning of the new standard: real estate, technical equipment, vehicles and others leased assets. The first-time application resulted in recording usage rights in the amount of EUR 107 million and lease liabilities in the amount of EUR 109 million in the Consolidated Balance Sheet as of and for the period ended January 1, 2018; the difference in the amount of EUR 2 million between the two balance sheet items relates to the adjustment of current lease liabilities pursuant to IFRS 16.C10 (c) (ii).

The off-balance sheet lease obligations as of December 31, 2017 are reconciled as follows to the recognized lease liabilities as of January 1, 2018:

217 / TRANSITION LEASE LIABILITIES in EUR m

	01/01/2018
Off-balance lease obligation as of December 31, 2017	**107**
Current leases with a lease term of 12 months or less (short-term leases)	– 1
Leases of low-value-assets (low-value leases)	0
Variable lease payments	– 14
Other	– 2
Operating lease obligations as of January 1, 2018 (gross, without discounting)	89
Operating lease obligations as of January 1, 2018 (net, discounted)	**84**
Reasonably certain extension or termination options	24
Residual value guarantees	0
Non-lease-components	1
Lease liabilities due to initial application of IFRS 16 as of January 1, 2018	**109**
Lease liabilities from finance leases as of January 1, 2018	65
Total lease liabilities as of January 1, 2018	**174**

The quantitative impact of the first-time application of IFRS 9, 15 and 16 on the consolidated balance sheet as of December 31, 2017 or January 1, 2018 is shown in the following table:

218 / BALANCE SHEET in EUR m

		Prospective application		Modified retrospective application		
Item	**12/31/2017 before application of new IFRS**	**Adjustments IFRS 9 (Class & Meas)**	**Adjustments IFRS 9 (Impairment)**	**Adjustments IFRS 15**	**Adjustments IFRS 16**	**01/01/2018 after application of new IFRS**
Property, plant and equipment	205	–/–	–/–	–/–	107	311
Deferred tax assets	34	–/–	0	1	–/–	36
Trade receivables	501	–/–	– 1	–/–	–/–	500
Other financial liabilities (current and non-current)	618	–/–	–/–	–/–	109	727
Accrued lease liabilities	2	–/–	–/–	–/–	– 2	–/–
Contract liabilities	0	–/–	–/–	5	–/–	5
Consolidated equity generated	**79**	**–/–**	**– 1**	**– 4**	**0**	**74**

The impact of the application of the new IFRS standards on the Income Statement in financial year 2018 is illustrated below:

219 / INCOME STATEMENT in EUR m

	2018 before application of new IFRS	Adjustments IFRS 9	Adjustments IFRS 15	Adjustments IFRS 16	2018 after application of new IFRS
Revenues	4,006	-/-	2	-/-	4,009
Operating costs[1]	- 3,058	0	-/-	31	- 3,027
Adjusted EBITDA	982	-/-	-/-	31	1,013
EBITDA	539	-/-	-/-	31	570
Depreciation, amortization and impairments	- 192	-/-	-/-	- 30	- 222
Financial Result	- 6	4	-/-	- 2	- 4
Income Taxes	- 93	- 1	- 1	-/-	- 94
Adjusted net income	537	3	2	- 1	541
Net result	**246**	**3**	**2**	**- 1**	**250**

[1] Operating costs comprise cost of sales, selling expenses, administrative expenses and other operating expenses less adjustments for depreciation and amortization.

The adjustment from the first-time application of IFRS 9 to the other financial result of EUR 4 million and to the tax result of minus EUR 1 million reflects the effects of the extension of non-current financial debt in March 2018 to be recognized in profit or loss in accordance with IFRS 9.B5.4.5ff. (→ see also note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"). The effects of the first-time application of the new impairment model of IFRS 9 in financial year 2018, however, were not material.

Due to the period-related recognition of certain license revenues, revenues increased by EUR 2 million in financial year 2018; the net effect after tax effects also amounted to EUR 2 million.

Pursuant to IAS 17, the expenses for leases classified as operating leases were reported as functional costs. In contrast, rights of use under leases are depreciated on schedule pursuant to IFRS 16. The interest expense related to lease liabilities is reported in the financial result. This change in reporting resulted in a reduction of EUR 31 million in adjusted EBITDA and EBITDA in financial year 2018.

The impact of the application of the new IFRS standards on the Group Balance Sheet as of and for the period ended December 31, 2018 is illustrated below:

220 / **BALANCE SHEET** in EUR m

Item	12/31/2018 before application of new IFRS	Prospective application: Adjustments IFRS 9 (Class & Meas)	Prospective application: Adjustments IFRS 9 (Impairment)	Modified retrospective application: Adjustments IFRS 15	Modified retrospective application: Adjustments IFRS 16	12/31/2018 after application of new IFRS
Property, plant and equipment	215	-/-	-/-	-/-	111	327
Deferred tax assets	96	-/-	0	-1	-/-	95
Trade receivables	529	-/-	-1	-/-	-/-	529
Non-current financial debt	3,193	-4	-/-	-/-	-/-	3,189
Other financial liabilities (current and non-current)	426	-/-	-/-	-/-	122	548
Provisions for taxes	108	1	-/-	-/-	-/-	109
Accrued lease liabilities	11	-/-	-/-	-/-	-11	0
Contract liabilities[1]	5	-/-	-/-	-2	-/-	3
Consolidated equity generated	**-123**	**3**	**-1**	**2**	**0**	**-119**

[1] The value of the contractual liabilities as of December 31, 2018 prior to the application of new IFRS represents the amount recognized on the date of the first-time adoption of IFRS 15 (January 1, 2018). In financial year 2018, EUR 2 million were realized from this item as revenues pursuant to IFRS 15.

The adjustment due to the first-time application of the provisions regarding classification and measurement of financial instruments under IFRS 9 can be attributed to the extension by one year until April 2023 of the funds from the syndicated loan agreement in the amount of EUR 2.1 billion reported under non-current financial debt, as was carried out in March. Pursuant to IFRS 9.B5.4.5ff., the effects of such transactions must be recognized in profit or loss. The counter entry was made in the other financial result. Moreover, the first-time application of IFRS 9 has not had any significant effects on the earnings, financial position and performance of the Group.

The recognition of certain license revenues pursuant to IFRS 15, which now is period-related, resulted in a decrease in passive contract balances of EUR 2 million and, after taking into account deferred taxes of EUR 1 million, in an increase in the Group's generated equity in the amount of EUR 2 million.

The increase in property, plant and equipment and other financial debt reflects the first-time application of IFRS 16 to leases that under previous legislation had been classified as operating leases. The difference in the amount of EUR 11 million between the two items in the financial statements relates to the adjustment of current lease liabilities and is attributable on the one hand to the first-time application of IFRS 16 as of January 1, 2019 and on the other to the first-time consolidation of eHarmony Group as of October 31, 2018.

Because of the first-time application of IFRS 9, 15 and 16, the consolidated net income used as the starting value for determining the cash flow from operating activities based on the indirect method changed by EUR 4 million in financial year 2018 in the statement of cash flows.

The payments from the repayment of lease liabilities shown in cash flow from financing activities increased by EUR 29 million as a result of the introduction of IFRS 16 in financial year 2018. Other than the described effects, the application of the new IFRS standards did not have any significant impact on the Group's earnings, financial position and performance.

B) RECENTLY IMPLEMENTED ACCOUNTING STANDARDS NOT AFFECTING THE GROUP

The changes to accounting principles and interpretations described below are applicable for the first time in the financial year ended December 31, 2018 and were applied by ProSiebenSat.1 Group for the first time. The implementation had no effect on the Group's earnings, financial position & performance.

IFRS 2 Classification and Measurement of Share-based Payment Transactions

The changes deal with individual issues relating to the accounting treatment of cash-settled share-based payments. The most significant change is the introduction of new rules for determining the fair value of obligations arising from share-based payments. The changes were implemented into European law on February 27, 2018.

IFRS 4: Application of IFRS 9 "Financing Instruments", together with IFRS 4 "Insurance Contracts"

The aim of the changes is to reduce the effects of different dates of first-time adoption of IFRS 9 and the future standard on accounting for insurance contracts (IFRS 17 "Insurance Contracts"), especially for companies with extensive insurance activities. The changes were implemented into European law on November 9, 2018.

IFRIC 22: Foreign Currency Transactions and Consideration Paid or Received in Advance

This interpretation regulates the accounting treatment of transactions involving the receipt or payment of consideration in foreign currencies. The interpretation was implemented in European law on April 3, 2018.

IAS 40: Transfers of Investment Properties

The changes mainly clarify whether real properties under construction or in development which initially were classified as inventories can be reclassified as "investment properties" if there has been an obvious change in use. The changes were implemented into European law on March 15, 2018. The Group currently does not have any investment properties within the meaning of IAS 40.

Annual Improvement Project 2014 – 2016: Changes to IAS 28

The changes make clear that the option to measure an investment in an associated company or in a joint venture held by a venture capital company or other qualifying entity at fair value through profit or loss is available individually for each such investment upon first-time recognition. The changes were implemented into European law on February 8, 2018. The Group accounts for its investments in associate companies and joint ventures at-equity.

C) ACCOUNTING STANDARDS YET TO BE IMPLEMENTED

The changes to accounting standards and interpretations issued by the IASB as described below are not applicable in financial year 2018 and were not applied early by the Group. ProSiebenSat.1 Group is currently analyzing the possible effects, but does not at this time expect any material effects on the Group's earnings, financial position & performance.

IFRIC 23: Uncertainty regarding Income Tax Treatment

IFRIC 23 clarifies the accounting treatment of uncertainties relating to income taxes within the meaning of IAS 12. Companies have to make a judgment call as to whether tax uncertainties are assessed individually for each issue or collectively for more than one. Here it must be expected that the competent tax authorities will exercise their right to review reported tax amounts and have full knowledge of all relevant information.

If it is probable that the tax authorities will accept the tax treatment chosen by the company, it must determine the tax amounts based on the amounts reported in the tax return. If the company concludes that the tax authorities will not accept the tax treatment, the resulting tax amounts must be recognized at the most probable amount or at the one expected.

The interpretation was implemented in European law on October 24, 2018 and is applicable to financial years beginning on or after January 1, 2019.

IAS 28: Long-term Shares in Associated Companies and Joint Ventures
The changes make it clear that companies are obligated to apply IFRS 9, including its impairment provisions, to non-current investments in associated companies or in joint ventures which are substantially part of the net investment in the associated company or joint venture and are not accounted for using the equity method. The changes are applicable to financial years beginning on or after January 1, 2019. The amendements were endorsed by the European Commission on February 11, 2019. ProSiebenSat.1 Group reports all shares in associated companies and joint ventures using the equity method.

IFRS 9: Early Repayment Arrangements with Negative Compensation Payment
The changes relate to financial assets with so-called symmetrical termination rights in order to enable them to be measured at amortized cost or at fair value with no effect on income. In addition, the changes clarify how modifications to financial debt that does not result in derecognition should be accounted for. The changes are applicable to financial years beginning on or after January 1, 2019 and were implemented in European law on March 26, 2018.

Annual Improvement Project 2015 – 2017: Changes to IFRS 3, IFRS 11, IAS 12 and IAS 23
The changes to IFRS 3 make clear that a company upon gaining control of a joint venture business reassesses its shares held previously in such business. The changes to IFRS 11 make clear that a company upon gaining joint control of a joint venture business does not reassess its shares held previously in such business.

The changes to IAS 12 make it clear that the provisions in the previous margin number 52B (Recognition of Income Tax Effects of Dividends, where the transactions and events giving rise to the distributed profits are recognized as well) apply to all income tax effects of dividends due to the next margin number 52A, which pertains only to situations with different interest rates for distributed and undistributed profits.

The changes to IAS 23 make it clear that when an asset is ready for its intended use or sale, a company treats any remaining borrowings that have been specifically taken out to maintain such asset, are treated as part of the generally incurred borrowing when calculating the general borrowing capitalization rate.

The changes are applicable to financial years beginning on or after January 1, 2019. They have yet to be implemented into European law.

IAS 19: Plan Changes, Reductions, or Settlement
As a result of said changes, in future, it will be mandatory to recalculate current service cost and net interest for the remainder of the financial year when a performance-based benefit plan is changed, reduced or settled, using the current actuarial assumptions that were used to reassess the net liability (asset). Similarly, it is also made clear how such matters affect the so-called asset ceiling. The changes are applicable to financial years beginning on or after January 1, 2019. They have yet to be implemented into European law.

IFRS 3: Definition of Business
The change adapts the definition of a business as this frequently was problematic in practice and since this decision has accounting consequences for the recognition of assets, goodwill and deferred taxes. The changes are applicable to financial years beginning on or after January 1, 2020. They have yet to be implemented into European law.

IAS 1 and IAS 8: Definition of Materiality
These are limited changes to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", intended to clarify and standardize the definition of materiality. The changes are applicable to financial years beginning on or after January 1, 2020. They have yet to be implemented into European law.

IFRS 17: Insurance Contracts
IFRS 17 regulates the accounting of insurance contracts anew and will replace the previously valid standard IFRS 4 "Insurance Contracts". According to IFRS 17, as a rule, insurance contracts are valued according to a general model. The initial recognition of a group of insurance contracts is based on the settlement value and contractual service margin. The reference value of the underlying parameters determines the subsequent balancing. The standard is applicable to financial years beginning on or after January 1, 2021. They have yet to be implemented into European law.

MEMBERS OF THE EXECUTIVE BOARD

221 / **MEMBERS OF THE EXECUTIVE BOARD OF PROSIEBENSAT.1 MEDIA SE**

Max Conze, CEO	CEO since June 1, 2018	Responsibilities: Entertainment, Red Arrow Studios, NuCom Group, Human Resources, Corporate Communication, Group Strategy
Thomas Ebeling, CEO	CEO from March 1, 2009 until February 22, 2018	Responsibilities: PMO & Strategy, Corporate Communication, Human Resources, Wellbeing, Special Projects
Conrad Albert, Deputy CEO, Group General Counsel	Member of the Executive Board since October 1, 2011 Deputy CEO since November 19, 2017 Interim CEO from February 23, 2018 until May 31, 2018	Responsibilities: Legal Affairs, Public Affairs, Compliance, Corporate Affairs, Corporate Security, Corporate Office, Group Data, Group Content Acquisition & Sales, Distribution, International Business Development, 7Sports, Group Special Projects
Dr. Jan Kemper, CFO and Executive Board Member Commerce	CFO from June 1, 2017 until March 31, 2019 Executive Board Member Commerce from February 23, 2018 until March 31,2019	Responsibilities: Tech & IT, Group Finance & Investor Relations, Group Procurement & Real Estate, Mergers & Acquisitions, Group Controlling, Accounting, Taxes, Internal Audit, Transformation Office
Sabine Eckhardt, Executive Board Member Sales & Marketing	Member of the Executive Board from January 1, 2017 until April 30, 2019	Responsibilities: SevenOne Media, SevenOne AdFactory, 7Ventures, Marketing, AdTech
Jan David Frouman, Executive Board Member	Member of the Executive Board since March 1, 2016 until Februrary 28, 2019	Responsibilities: Red Arrow Studios including: Red Arrow Studios International, Studio 71 (worldwide) (until November 19, 2018)
Christof Wahl, COO	Member of the Executive Board from May 1, 2016 until July 31, 2018	Responsibilities: Group Data, Digital Publishing Platforms & Distribution, International Business Development, Advertising Platform Solutions, 7Sports, 7NXT, Group Special Projects, AdVoD/ AdTech

MEMBERS OF THE SUPERVISORY BOARD

222 / 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), Siemens AG (non-executive)
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), British American Tobacco LTD (non-executive), Heineken N.V. (non-executive), Siemens Healthineers (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 Reverb Advisors (Managing Partner)	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 until May 16, 2018 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), Randstad N.V. (non-executive), Rabobank (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 Independent Entrepreneur	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG and ProSiebenSat.1 Media SE since May 21, 2015 Several non-executive roles in other companies	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 Consultant	Mandates: none
Marjorie Kaplan	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 16, 2018 Independent Entrepreneur	Mandates: The Grierson Trust, Peterborough/UK (non-executive)
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 Auditor	Mandates: Continental AG (non-executive), Covestro AG (non-executive), Covestro Deutschland AG (non-executive)

LIST OF AFFILIATED COMPANIES AND INVESTMENTS

223 / **LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE**

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
1	ProSiebenSat.1 Media SE	Unterföhring			EUR	3,297,473	512,654
	AFFILIATED COMPANIES						
	Germany						
2	7Love Holding GmbH	Unterföhring	94.23	36	EUR	299,028	-198
3	7Screen GmbH[1]	Unterföhring	100.00	51	EUR	225[3]	0
4	9Live Fernsehen GmbH	Unterföhring	100.00	1	EUR	517	-3
5	Aboalarm GmbH	Munich	100.00	91	EUR	576	260
6	Active Agent AG	Freiburg im Breisgau	100.00	94	EUR	739	209
7	AdClear GmbH	Berlin	87.39	94	EUR	-40	-223
8	ADITION technologies AG	Düsseldorf	100.00	94	EUR	687[3]	0
9	AdTech S8 GmbH	Unterföhring	100.00	45	EUR	40,883	-11,075
10	Advopedia GmbH	Unterföhring	100.00	49	EUR	245	-27
11	Allmedica Arzneimittel GmbH	Wehrheim	100.00	100	EUR	16	-4
12	DISTRICON GmbH	Wehrheim	100.00	100	EUR	2,753[3]	0
13	DOSB New Media GmbH	Unterföhring	57.50	60	EUR	-303	-304
14	Dr. Kleine Pharma GmbH	Bielefeld	100.00	100	EUR	3,303[3]	0
15	EBS European Booking Solutions Holding GmbH	Munich	100.00	25	EUR	-/-[4]	-/-
16	esome advertising technologies GmbH	Hamburg	90.00	45	EUR	8,184	3,038
17	Fem Media GmbH	Unterföhring	100.00	49	EUR	859	459
18	Flaconi GmbH	Berlin	100.00	36	EUR	6,406	1,293
19	Glomex GmbH[1]	Unterföhring	100.00	51	EUR	18,905[3]	0
20	Good Vita GmbH	Wehrheim	100.00	100	EUR	-152[3]	0
21	Hip Trips GmbH	Munich	74.90	24	EUR	-634	-308
22	i12 GmbH	Linden	100.00	91	EUR	121[3]	0
23	Jochen Schweizer GmbH	Munich	100.00	25	EUR	-82,000	-4,913
24	Jochen Schweizer Leisure & Travel Holding GmbH	Munich	100.00	23	EUR	2,642	-11
25	Jochen Schweizer mydays Holding GmbH	Munich	89.90	35	EUR	166,044	14
26	Jochen Schweizer Technology Solutions GmbH	Munich	100.00	23	EUR	25[3]	0
27	Kairion GmbH	Frankfurt am Main	100.00	45	EUR	-536	-712
28	marktguru Deutschland GmbH	Munich	90.00	75	EUR	3,828	1,087
29	Maximilian Online Media GmbH	Linden	100.00	91	EUR	191[3]	0
30	MMP Event GmbH	Cologne	60.00	60	EUR	753	724
31	moebel.de Einrichten & Wohnen AG	Hamburg	50.10	36	EUR	6,677	573
32	mydays Event GmbH	Munich	100.00	33	EUR	-35	3
33	mydays GmbH	Munich	100.00	25	EUR	-33,246	245
34	myLoc managed IT AG	Düsseldorf	100.00	94	EUR	4,239[3]	0
35	NCG - NUCOM GROUP SE	Unterföhring	74.90	1	EUR	937,120	0
36	NCG Commerce GmbH	Unterföhring	100.00	35	EUR	569,662[3]	0
37	P7S1 SBS Holding GmbH[1]	Unterföhring	100.00	1	EUR	538,950[3]	0
38	PARSHIP ELITE Group GmbH	Hamburg	100.00	86	EUR	124,185	20,474
39	PARSHIP ELITE Service GmbH	Hamburg	100.00	38	EUR	95[3]	0
40	PE Digital GmbH	Hamburg	100.00	38	EUR	25,000[3]	0
41	PEG Management GmbH & Co. KG	Unterföhring	0.00	55	EUR	-/-[4]	-/-
42	Preis24.de GmbH	Düsseldorf	100.00	91	EUR	-213	-2,966
43	ProSiebenSat.1 Accelerator GmbH[1]	Unterföhring	100.00	51	EUR	2,720[3]	1
44	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	26[3]	0

223 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
45	ProSiebenSat.1 Advertising Platform Solutions GmbH[1]	Unterföhring	100.00	51	EUR	56,244[3]	0
46	ProSiebenSat.1 Digital Beteiligungs GmbH	Unterföhring	100.00	49	EUR	1,564	339
47	ProSiebenSat.1 Digital Content GmbH	Unterföhring	100.00	51	EUR	121,189	874
48	ProSiebenSat.1 Digital Data GmbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
49	ProSiebenSat.1 Digital GmbH[1]	Unterföhring	100.00	51	EUR	157,226[3]	0
50	ProSiebenSat.1 Einundzwanzigste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
51	ProSiebenSat.1 Entertainment GmbH[1]	Unterföhring	100.00	1	EUR	1,507,009[3]	0
52	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
53	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
54	ProSiebenSat.1 GP GmbH	Heidelberg	100.00	36	EUR	33	-21
55	ProSiebenSat.1 GP II GmbH	Unterföhring	100.00	36	EUR	50	-16
56	ProSiebenSat.1 Neunzehnte Verwaltungsgesellschaft mbH[1]	Unterföhring	100.00	1	EUR	25[3]	0
57	ProSiebenSat.1 Pay TV GmbH[1]	Unterföhring	100.00	62	EUR	5,225[3]	0
58	ProSiebenSat.1 Produktion GmbH[1]	Unterföhring	100.00	51	EUR	37,978[3]	0
59	ProSiebenSat.1 Services GmbH	Unterföhring	100.00	49	EUR	623	237
60	ProSiebenSat.1 Sports GmbH[1]	Unterföhring	100.00	1	EUR	35,812[3]	0
61	ProSiebenSat.1 Tech Solutions GmbH[1]	Unterföhring	100.00	51	EUR	53,025[3]	0
62	ProSiebenSat.1 TV Deutschland GmbH	Unterföhring	100.00	1	EUR	982,035[3]	0
63	ProSiebenSat.1 Warehouse GmbH	Unterföhring	100.00	36	EUR	888	-7
64	ProSiebenSat.1 Welt GmbH[1]	Unterföhring	100.00	51	EUR	123[3]	23
65	PS Event GmbH	Cologne	100.00	66	EUR	110	-241
66	PSH Entertainment GmbH	Unterföhring	100.00	73	EUR	2,773	-152
67	Red Arrow Studios GmbH[1]	Unterföhring	100.00	1	EUR	262,295[3]	0
68	Red Arrow Studios International GmbH[1]	Unterföhring	100.00	67	EUR	125[3]	0
69	RedSeven Entertainment GmbH[1]	Unterföhring	100.00	67	EUR	25[3]	0
70	SAM Sports - Starwatch Artist Management GmbH	Hamburg	100.00	60	EUR	-167	433
71	Sat.1 Norddeutschland GmbH[1]	Hannover	100.00	72	EUR	25[3]	0
72	SAT.1 Satelliten Fernsehen GmbH[1]	Unterföhring	100.00	62	EUR	443,610[3]	0
73	SevenOne AdFactory GmbH[1]	Unterföhring	100.00	51	EUR	14,921[3]	0
74	SevenOne Capital (Holding) GmbH[1]	Unterföhring	100.00	51	EUR	49,954[3]	0
75	SevenOne Media GmbH[1]	Unterföhring	100.00	51	EUR	5,772[3]	0
76	SevenPictures Film GmbH[1]	Unterföhring	100.00	62	EUR	2,268[3]	0
77	SevenVentures GmbH[1]	Unterföhring	100.00	51	EUR	25,536[3]	0
78	SilverTours GmbH	Freiburg im Breisgau	100.00	35	EUR	13,595	9,749
79	SMARTSTREAM.TV GmbH	Munich	91.00	115	EUR	9,861	4,145
80	Sonoma Internet GmbH	Berlin	97.82	36	EUR	5,040	9,566
81	Spontacts GmbH	Munich	100.00	24	EUR	-6,092	-597
82	Studio 71 GmbH	Berlin	100.00	156	EUR	-275	-3,532
83	Stylight GmbH	Munich	100.00	36	EUR	7,577	1,046
84	The ADEX GmbH	Berlin	83.43	94	EUR	901	-1,508
85	THMMS Holding GmbH	Hamburg	100.00	2	EUR	104,602	-10
86	THMMS MidCo GmbH	Hamburg	100.00	85	EUR	103,149	-796
87	Toptarif Internet GmbH	Berlin	100.00	91	EUR	7,585	1,131
88	tv weiss-blau Rundfunkprogrammanbieter GmbH[1]	Unterföhring	100.00	72	EUR	1,027[3]	0
89	TVRL GmbH	Berlin	100.00	49	EUR	1,032	14
90	Verivox Finanzvergleich GmbH	Heidelberg	100.00	91	EUR	-771	-415
91	Verivox GmbH	Heidelberg	100.00	92	EUR	36,713	-2,660
92	Verivox Holding GmbH	Unterföhring	100.00	36; 96	EUR	213,772	-104
93	Verivox Versicherungsvergleich GmbH	Heidelberg	100.00	91	EUR	5,046	1,675
94	Virtual Minds AG	Freiburg im Breisgau	74.90	49	EUR	12,876	2,715
95	VITALIA Vertriebs GmbH	Würzburg	100.00	100	EUR	5,752[3]	0

223 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
96	VVX Co-Investor GmbH & Co. KG	Heidelberg	70.87	63	EUR	–/–[4]	–/–
97	VX Sales Solutions GmbH	Heidelberg	100.00	91	EUR	4,738	1,362
98	wer-weiss-was GmbH[1]	Unterföhring	100.00	49	EUR	6,566[3]	0
99	wetter.com GmbH[1]	Konstanz	100.00	51	EUR	6,111[3]	0
100	WindStar Medical GmbH	Wehrheim	100.00	101	EUR	5,886[3]	0
101	WSM Holding GmbH	Wehrheim	92.00	35	EUR	43,553	3,812
102	WSM Immo GmbH	Wehrheim	100.00	101	EUR	-23	-43
103	yieldlab AG	Hamburg	100.00	94	EUR	1,860	858
	Armenia						
104	Marktguru LLC	Yerevan	100.00	128	AMD	38,608	5,405
	Australia						
105	eHarmony Australia Pty Limited	Sydney	100.00	186	AUD	426	60
	Belgium						
106	Sultan Sushi BVBA, in vereffening	Gent	100.00	67; 68	EUR	–/–[4]	–/–
	Denmark						
107	Snowman Productions ApS	Copenhagen	100.00	130	DKK	15,419	1,578
	Hong Kong						
108	Red Arrow Studios International Limited	Hong Kong	100.00	67	HKD	250	40
	Israel						
109	July August Communications and Productions Ltd.	Tel Aviv	100.00	67	ILS	3,416	3,415
110	The Band's Visit LP	Tel Aviv	55.00	109	ILS	–/–[4]	–/–
	Italy						
111	Studio71 Italia S.r.l.	Cologno Monzese (MI)	51.00	157	EUR	1,187	-313
	Jersey						
112	Scandinavian Broadcasting System (Jersey) Limited	Saint Helier	100.00	113	EUR	300	-18
	The Netherlands						
113	P7S1 Broadcasting Europe B.V.	Amsterdam	100.00	114	EUR	44,609	-81
114	P7S1 Broadcasting Holding I B.V.	Amsterdam	100.00	37	EUR	2,397	-189
115	SNDC8 B.V.	Amsterdam	100.00	9	EUR	–/–[4]	–/–
	Norway						
116	Snowman Productions AS under avvikling	Oslo	100.00	130	NOK	-204	-2,290
	Austria						
117	ATV Privat TV GmbH	Vienna	100.00	122	EUR	28	-4
118	ATV Privat TV GmbH & Co KG	Vienna	100.00	122	EUR	4,474	2
119	Austria 9 TV GmbH	Vienna	100.00	122	EUR	13	1
120	AUSTRIA 9 TV GmbH & Co KG	Vienna	100.00	122	EUR	-1,609	1,859
121	ProSieben Austria GmbH	Vienna	100.00	122	EUR	40	0
122	ProSiebenSat.1Puls 4 GmbH	Vienna	100.00	51	EUR	27,679	344
123	Puls 4 TV GmbH	Vienna	100.00	122	EUR	34	0
124	PULS 4 TV GmbH & Co KG	Vienna	100.00	122	EUR	2,600	2,126
125	PULS4 Shopping GmbH	Vienna	67.00	127	EUR	413	-16
126	SAT.1 Privatrundfunk und Programmgesellschaft m.b.H	Vienna	51.00	72	EUR	6,314	6,022
127	SevenVentures Austria GmbH	Vienna	100.00	77	EUR	2,116	1,528
128	Visivo Consulting GmbH	Vienna	51.05	127	EUR	184	-8
	Romania						
129	MyVideo Broadband S.R.L.	Bucharest	100.00	89	RON	2,260	1,000
	Sweden						
130	Snowman Productions AB	Stockholm	100.00	67	SEK	7,243	-190
131	Snowman Scripted AB	Stockholm	100.00	130	SEK	216	-1
	Switzerland						
132	ADITION Schweiz GmbH	Locarno	100.00	94	CHF	815	70
133	Jochen Schweizer mydays CH AG	Küsnacht ZH	100.00	25	CHF	84	-41

223 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
134	ProSieben Puls 8 TV AG	Zurich	100.00	136	CHF	968	-181
135	Sat.1 (Schweiz) AG	Küsnacht ZH	100.00	72	CHF	5,067	3,829
136	SevenOne Media (Schweiz) AG	Küsnacht ZH	100.00	51	CHF	19,074	18,611
137	SevenVentures (Schweiz) AG	Küsnacht ZH	100.00	77	CHF	5,071	2,402
138	Verivox Schweiz AG	Luzern	100.00	91	CHF	1,614	-2,480
	Serbia						
139	esome advertising technologies d.o.o. Beograd	Belgrade	100.00	16	EUR	15,040	3,347
	Turkey						
140	Karga Seven Pictures Yapım Anonim Şirketi	Istanbul	100.00	197	TRY	-10,000	-10,050
	Ukraine						
141	Glomex TOV	Kiev	100.00	19; 153	UAH	-/-[4]	-/-
	United Kingdom						
142	ADITION UK Limited	Cullompton	74.00	94	EUR	0	-7
143	CPL Good Vibrations Limited	London	100.00	144	GBP	-/-[4]	-/-
144	CPL Productions Limited	London	100.00	154	GBP	1,056	542
145	eHarmony UK Limited	London	100.00	186	GBP	-1,155	354
146	Endor (DS2) Limited	London	100.00	152	GBP	-/-[4]	-/-
147	Endor (Esio Trot) Limited	London	100.00	152	GBP	284	6
148	Endor (Max) Limited	London	100.00	152	GBP	0	0
149	Endor (T&T) Limited	London	100.00	152	GBP	0	0
150	Endor (TDO) Limited	London	100.00	152	GBP	-/-[4]	-/-
151	Endor (Vienna) Limited	London	100.00	152	GBP	-/-[4]	-/-
152	Endor Productions Limited	London	51.00	158	GBP	-781	196
153	Glomex Limited	Birmingham	100.00	19	GBP	-/-[4]	-/-
154	LHB Limited	London	84.13	158	GBP	458	815
155	P7S1 Broadcasting (UK) Limited	London	100.00	113	EUR	4,279	-301
156	ProSiebenSat.1 Digital Content GP Limited	London	69.40	47; 221	GBP	-/-[4]	-/-
157	ProSiebenSat.1 Digital Content LP	London	68.80	47; 156; 221	GBP	195,376	-759
158	Red Arrow Studios Limited	London	100.00	67	GBP	-632	-3,015
159	Studio 71 UK Limited	London	100.00	156	GBP	876	67
	United States of America						
160	44 Blue Productions, LLC	Wilmington, DE	100.00	161	USD	-/-[4]	-/-
161	44 Blue Studios, LLC	Dover, DE	65.00	221	USD	25,730	303
162	8383 Productions, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
163	95 Ends, LLC	New York, NY	100.00	205	USD	-/-[4]	-/-
164	ASM Inc.	Littleton, CO	100.00	183	USD	-/-[4]	-/-
165	Boxcar Studios, LLC	Los Angeles, CA	100.00	201	USD	-/-[4]	-/-
166	Brady 44, LLC	Los Angeles, CA	100.00	161	USD	-/-[4]	-/-
167	By Dint Productions, LLC	New York, NY	100.00	163	USD	-/-[4]	-/-
168	Champ 44 Music Publishing, LLC	Dover, DE	100.00	161	USD	-/-[4]	-/-
169	Code D TV, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
170	Collective Digital Studio GP, LLC	Wilmington, DE	100.00	157	USD	-/-[4]	-/-
171	Crow Magnon, LLC	Wilmington, DE	62.40	221	USD	3,470	-846
172	Delirium TV, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
173	Digital Air, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
174	Digital Atoms, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
175	Digital Bytes, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
176	Digital Cacophony, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
177	Digital Demand, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
178	Digital Diffusion, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
179	Digital Echo, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
180	Digital Fire, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-

223 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
181	Dorsey Entertainment, LLC	Littleton, CO	100.00	183	USD	-/-[4]	-/-
182	Dorsey Multimedia, LLC	Littleton, CO	100.00	183	USD	-/-[4]	-/-
183	Dorsey Pictures, LLC	Dover, DE	60.00	221	USD	2,416	-3,056
184	Driving Force TV, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
185	eHarmony Holding, Inc.	Wilmington, DE	100.00	38	USD	-/-[4]	-/-
186	eHarmony, Inc.	Wilmington, DE	100.00	185	USD	-8,257	-13,651
187	EKHO, LLC	Dover, DE	100.00	186	USD	-/-[4]	-/-
188	Fabrik Entertainment, LLC	Wilmington, DE	87.75	221	USD	12,925	5,611
189	Fortitude Production Services, LLC	Dover, DE	100.00	205	USD	-/-[4]	-/-
190	Fourteenth Hour Productions, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
191	Gravitas Ventures LLC	Wilmington, DE	62.50	221	USD	6,833	3,885
192	GTG Production Services, LLC	Los Angeles, CA	100.00	171	USD	-/-[4]	-/-
193	Half Yard Productions, LLC	Wilmington, DE	65.00	221	USD	4,704	1,728
194	HB Television Development, LLC	Wilmington, DE	100.00	188	USD	-/-[4]	-/-
195	Hold Fast Productions, LLC	Wilmington, DE	100.00	188	USD	-/-[4]	-/-
196	Jazzed, Inc.	Dover, DE	100.00	186	USD	-8,832	-/-
197	Karga Seven Pictures, LLC	Los Angeles, CA	100.00	171	USD	-/-[4]	-/-
198	Keep it Down Music Publishing, LLC	Los Angeles, CA	100.00	201	USD	-/-[4]	-/-
199	Kenilworth Productions, Inc.	Wilmington, DE	100.00	163	USD	-/-[4]	-/-
200	Kinetic Content Publishing, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
201	Kinetic Content, LLC	Wilmington, DE	100.00	221	USD	0	5,514
202	Kinetic Operations, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
203	KinPro Music Publishing, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
204	Kinpro, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
205	Left/Right Holdings, LLC	Dover, DE	80.00	221	USD	5,819	10,279
206	Left/Right, LLC	Dover, DE	100.00	205	USD	-/-[4]	-/-
207	Move Along Music Publishing, LLC	Los Angeles, CA	100.00	201	USD	-/-[4]	-/-
208	Moving TV, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
209	NAR Pictures, LLC	Los Angeles, CA	100.00	171	USD	-/-[4]	-/-
210	New Picture Perfect, LLC	Wilmington, DE	100.00	161	USD	-/-[4]	-/-
211	Next of Kin TV, LLC	Los Angeles, CA	100.00	201	USD	-/-[4]	-/-
212	Node Productions, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
213	Ovrture, LLC	Los Angeles, CA	100.00	161	USD	-/-[4]	-/-
214	Pacific View TV, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
215	Pave Network, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
216	PBP, LLC	Baton Rouge, LA	100.00	161	USD	-/-[4]	-/-
217	Prank Film, LLC	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
218	Presidio Post, LLC	Wilmington, DE	100.00	160	USD	-/-[4]	-/-
219	Production Connection, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
220	Ranger Media, LLC	Wilmington, DE	100.00	161	USD	-/-[4]	-/-
221	Red Arrow Studios International, Inc.	Wilmington, DE	100.00	67	USD	-/-[4]	-/-
222	Ripple Entertainment, LLC	Wilmington, DE	100.00	221	USD	-/-[4]	-/-
223	Studio 71 (Canada), Inc.	Beverly Hills, CA	100.00	224	USD	-/-[4]	-/-
224	Studio 71, LP	Wilmington, DE	100.00	157	USD	-/-[4]	-/-
225	Stylight, Inc.	Wilmington, DE	100.00	83	USD	-1,342	477
226	The Fred Channel, LLC	Beverly Hills, CA	70.00	224	USD	-/-[4]	-/-
227	The Weekly, LLC	New York, NY	100.00	163	USD	-/-[4]	-/-
228	Third Voice Productions, Inc.	Dover, DE	100.00	163	USD	-/-[4]	-/-
229	Three Tables Music, LLC	Wilmington, DE	100.00	201	USD	-/-[4]	-/-
230	WDSP, LLC	New York, NY	100.00	163	USD	-/-[4]	-/-
	ASSOCIATES						
	Germany						
231	AGF Videoforschung GmbH	Frankfurt am Main	17.65	1	EUR	2,759	486

223 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
232	Batch Media GmbH	Berlin	45.00	94	EUR	-/-[4]	-/-
233	BuzzBird Beteiligungsgesellschaft mbH	Berlin	42.92	45	EUR	-/-[4]	-/-
234	eFashion Boulevard GmbH	Georgsmarienhütte	30.00	77	EUR	-/-[4]	-/-
235	gamigo AG	Hamburg	33.00	49	EUR	-/-[4]	-/-
236	koakult GmbH	Berlin	33.33	77	EUR	-/-[4]	-/-
237	Marketplace GmbH	Berlin	41.58	36	EUR	-/-[4]	-/-
238	Regiondo GmbH	Munich	30.40	24	EUR	-/-[4]	-/-
239	Sportority Germany GmbH	Munich	40.00	60	EUR	-/-[4]	-/-
240	TEATOX GmbH	Berlin	45.95	77	EUR	-/-[4]	-/-
241	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH	Berlin	27.66	51	EUR	-/-[4]	-/-
	France						
242	Finder Studios SAS	Boulogne-Billancourt	49.00	156	EUR	197	-324
	Canada						
243	Mad Rabbit Productions, Inc.	Toronto	25.00	67	CAD	-/-[4]	-/-
	Switzerland						
244	Goldbach Audience (Switzerland) AG	Küsnacht ZH	24.95	136	CHF	-/-[4]	-/-
245	Goldbach Media (Switzerland) AG	Küsnacht ZH	22.96	136	CHF	-/-[4]	-/-
246	Swiss Radioworld AG	Zurich	22.96	136	CHF	-/-[4]	-/-
	United Kingdom						
247	Cove Pictures Limited	London	25.00	158	GBP	-/-[4]	-/-
	United States of America						
248	JFE, LLC	Venice, CA	20.00	221	USD	1,773	-699
249	Pluto, Inc.	Wilmington, DE	14.50	89	USD	-/-[4]	-/-
250	Remagine Media Ventures, L.P.	Wilmington, DE	37.15	45	USD	-/-[4]	-/-
	JOINT VENTURES						
	Germany						
251	7TV Joint Venture GmbH	Munich	50.00	49	EUR	-/-[4]	-/-
252	AdAudience GmbH	Munich	16.67	75	EUR	-/-[4]	-/-
253	esports.com GSA GmbH	Frankfurt am Main	50.00	60	EUR	-/-[4]	-/-
	United Kingdom						
254	European Broadcaster Exchange (EBX) Limited	London	25.00	75	GBP	-/-[4]	-/-
255	Nit Television Limited	London	50.01	144	GBP	-/-[4]	-/-
	OTHER MATERIAL INVESTMENTS						
	Germany						
256	Appscend Video Solutions GmbH	Berlin	5.00	43	EUR	-/-[4]	-/-
257	Atlantic Food Labs GmbH	Berlin	13.00	77	EUR	-/-[4]	-/-
258	auxmedia GmbH	Jena	5.36	43	EUR	-/-[4]	-/-
259	circle concepts GmbH	Berlin	5.00	43	EUR	-/-[4]	-/-
260	Crosslantic Fund I GmbH & Co. KG	Bochum	24.45	77	EUR	46,459[5]	-4,421
261	Deutscher Fernsehpreis GmbH	Cologne	25.00	51	EUR	-/-[4]	-/-
262	DREAMA MEDIA UG (haftungsbeschränkt)	Unterföhring	5.03	43	EUR	-/-[4]	-/-
263	Evolution Internet Fund GmbH	Munich	15.00	77	EUR	-/-[4]	-/-
264	FilmFernsehFonds Bayern GmbH, Gesellschaft zur Förderung der Medien in Bayern (FFF Bayern)	Munich	6.59	62	EUR	-/-[4]	-/-
265	HC Hellocare GmbH	Bad Aibling	5.00	43	EUR	-/-[4]	-/-
266	Home3sixty GmbH	Berlin	6.32	77	EUR	-/-[4]	-/-
267	Little Postman GmbH	Munich	5.00	43	EUR	-/-[4]	-/-
268	onbelle GmbH	Cologne	5.00	43	EUR	-/-[4]	-/-
269	Privatfernsehen in Bayern GmbH & Co. KG	Munich	10.00	88	EUR	-/-[4]	-/-
270	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	10.00	88	EUR	-/-[4]	-/-
271	Prolupin GmbH	Grimmen	12.83	77	EUR	-/-[4]	-/-
272	Screenforce Gattungsmarketing GmbH	Berlin	5.88	75	EUR	-/-[4]	-/-

223 / LIST OF AFFILIATED COMPANIES AND INVESTMENTS OF PROSIEBENSAT.1 MEDIA SE

No.	Company	Location	Share in %	Held via	Currency[2]	Equity in thousands[6]	Net result[6]
273	Shoe-Com GmbH	Munich	8.23	43	EUR	-/-[4]	-/-
274	Storyfeed GmbH	Berlin	5.00	43	EUR	-/-[4]	-/-
275	tink GmbH	Berlin	12.39	77	EUR	-/-[4]	-/-
276	VELUVIA GmbH	Hamburg	19.00	77	EUR	-/-[4]	-/-
277	videostream360 GmbH	Leipzig	5.85	43	EUR	-/-[4]	-/-
278	WERK1.Bayern GmbH	Munich	6.09	51	EUR	-/-[4]	-/-
	Israel						
279	Seven Days LP	Tel Aviv	50.00	109	ILS	-/-[4]	-/-
	Liechtenstein						
280	frooggies AG	Triesen	9.34	43	CHF	-/-[4]	-/-
	Austria						
281	expressFlow GmbH	Vienna	5.00	43	EUR	-/-[4]	-/-
282	Rublys GmbH	Vienna	13.18	127	EUR	-/-[4]	-/-
283	Speedinvest X GmbH & Co KG	Vienna	9.47	122	EUR	-/-[4]	-/-
	United Kingdom						
284	Kastr Limited	Birmingham	5.83	49	GBP	-/-[4]	-/-
	United States of America						
285	Candidate.Guru, Inc.	Dover, DE	5.26	186	USD	-/-[4]	-/-
286	Talenthouse, Inc.	Dover, DE	8.06	60	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 Net result 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 2018 or in liquidation.
5 Shortened the financial year from July 5, 2017 to December 31, 2017.
6 The figures for Equity and Net result refer to financial year 2017 and partly reflect local accounting rules which do not necessarily correspond to IFRS.

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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 289a (1) and Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) and the chapter entitled "The ProSiebenSat.1 Media SE 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 29

224 / 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 PERFORMANCE, FINANCIAL POSITION AND EARNINGS

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 135 → Risk and Opportunity Report, page 123

Significant events after the end of the reporting period are explained in the Notes, → Note 37 "Events after the reporting period", page 228. The publication date of the Annual Report 2018 is March 21, 2019.

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, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the Group Management Report 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 25, 2019

Max Conze
Chairman of the Executive Board

Conrad Albert
Deputy Chairman of the Executive Board,
Group General Counsel

Dr. Jan Kemper
Member of the Executive Board,
Finance & Commerce

Sabine Eckhardt
Member of the Executive Board,
Chief Sales & Marketing Officer

Jan David Frouman
Member of the Executive Board

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, 2018, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow for the financial year January 1, 2018 until December 31, 2018, 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, 2018 to December 31, 2018. 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, 2018 and its results of operations for the financial year from January 1, 2018 to December 31, 2018 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, 2018 to December 31, 2018. 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.

VALUATION OF THE EXISTING PROGRAMMING ASSETS AND ONEROUS CONTRACTS FROM THE ACQUISITION OF PROGRAMMING ASSETS.

For the accounting and valuation principles applied, please refer to the summary of the key accounting policies 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 on onerous contracts from the acquisition of programming assets are described in notes 6, 21 and 27. For the explanation of the strategic realignment and its financial effects we refer to the section 'group earnings' in the combined management report.

The Financial Statement Risk

Programming assets totalling EUR 1,114 million are reported in the Consolidated Financial Statements of ProSiebenSat.1 Media SE as of December 31, 2018, which corresponds to an 17.2 per cent share of total assets. Provisions for onerous contracts for the acquisition of programming assets amount to EUR 186 million in the Consolidated Financial Statements.

The programming assets are examined in 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 include for example 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 or a group of program titles will be broadcast on account of a lack of marketability or a 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. If the recoverable amount is less than the carrying amount, an impairment is carried out. 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.

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 or from another utilization, e. g. sub-licensing, will not be sufficient to cover the expected acquisition costs.

In the 4th quarter 2018 the Executive Board decided to force the program strategy initiated in 2017. On the basis of this decision, program assets have been identified which will be sub-licensed to the joint venture 7TV GmbH or no longer used in the future. The impairment on programming assets totaling EUR 178 million, thereof EUR 122 million are caused by the sub-licensing contract to 7TV from the fourth quarter, and additions to provisions for onerous contracts totaling EUR 176 million.

In the financial year 2018, the company recorded impairments for programming assets in the amount of EUR 272 million in the cost of sales and a net addition to the provisions for onerous contracts from contractual obligations for programming assets in the amount of EUR 186 million.

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 a future economic benefit 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. To this end, we examined in particular whether program titles that have been impaired in the past were used again in 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 this with the expected acquisition costs.

In order to audit the impairments performed and provisions created for onerous contracts as a result of the strategic realignment, we discussed with key management the reasons for and consequences arising from the strategic realignment. We checked for selected programming asset titles that the relevant impaired programming asset contents and anticipated losses were selected and appropriately impaired using the parameters for the strategic realignment, defined by the Executive Board. For the programming assets that have been sold as well as the payment obligations arising from the purchase of future programming assets which are sub-licensed to 7TV we inspected the underlying contracts. We evaluated the appropriateness of the purchase price by means of a report from an independent expert consultant and got assurance about his competence, skills and objectivity.

Our Conclusions

The assumptions underlying the assessment of the impairment of the existing programming assets and the provisions for onerous contracts from the acquisition of programming assets are appropriate on the whole.

RECOVERABILITY OF THE GOODWILL OF THE SEGMENT CONTENT PRODUCTION & GLOBAL SALES.

For the accounting and valuation principles applied, please refer to the summary of the key accounting policies in the Notes. The key assumptions and other information on the impairment of the goodwill are presented in Note 16. For the business performance in the Content Production & Global Sales segment, please refer to the Combined Management Report in the chapter Business Performance of the Segments.

The Financial Statement Risk

The goodwill in the Content Production & Global Sales segment amounts to EUR 355 million as of December 31, 2018.

Goodwill in the Content Production & Global Sales segment was tested for impairment at the level of the operating segment in accordance with IAS 36 as of December 31, 2018.

For the Content Production & Global Sales segment, the carrying amount was thereby compared with the recoverable amount of the operating segment. If the carrying amount exceeds the recoverable amount, an impairment is recorded. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the operating segment. To carry out the impairment test in the Content Production & Global Sales segment, the Company determined the recoverable amount on the basis of the value in use.

The goodwill impairment test is complex and based on a number of judgmental assumptions. These include the expected business and earnings development of the segment for the upcoming five years, the assumed long-term growth rates, and the discount rate used. The premises can exert a considerable influence on the relevant values and ultimately on the level of any possible impairment of goodwill.

On the basis of the impairment test carried out, the Company has not identified the need for the recording of an impairment of the goodwill in the Content Production & Global Sales segment. The sensitivity analysis of the Company has however shown that reasonably possible changes in the EBITDA margin after the end of the projection period and the discount rate would result in an impairment of the goodwill in the segment.

There is the risk for the Consolidated Financial Statements that the required impairments in the Content Production & Global Sales segment were not sufficiently recorded There is furthermore the risk that the disclosures in the notes associated herewith are not appropriate.

Our Methodology in the Audit

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation model. This included a discussion of the expected development of the business and results as well as of the assumed underlying long-term growth rates with those responsible for the planning process. In addition, reconciliations were made with other internally available forecasts e. g. the corporate planning drawn up by the Executive Board. Furthermore, we assessed the consistency of the assumptions with external market assessments.

We also assessed the Company's planning accuracy by comparing projections for previous financial years with the actual results realized and analyzed deviations. As small changes in the discount rate can have a substantial impact on the results of the impairment test in the Content Production & Global Sales segment, we have compared the assumptions and parameters underlying the discount rate — in particular the risk-free rate, the market risk premium and the beta factor — with own assumptions and publicly available information.

To provide for the mathematical accuracy of the valuation model utilized, we recalculated the Company's calculations on the basis of elements selected in a risk-orientated manner.

To reflect the existing uncertainty with respect to forecasts, we have assessed reasonably possible changes of the discount rate and the EBITDA margin after the end of the projection period on the recoverable amount in the Content Production & Global Sales segment by calculating alternative scenarios and comparing these with the Company's valuation results.

Finally, we assessed whether the disclosures in the notes with respect to the recoverability of the carrying amount of the goodwill in the Content Production & Global Sales segment are appropriate. This also included an assessment as to the appropriateness of the disclosures in the notes pursuant to IAS 36.134(f) with respect to sensitivities resulting from reasonably possible changes of key assumptions underlying the valuation.

Our Conclusions

The underlying valuation model used in the impairment test of goodwill in the Content Production & Global Sales segment is appropriate and consistent with the applicable accounting principles. The Company's assumptions and parameters underlying the valuation are within an acceptable bandwidth and are, on the whole, balanced. The disclosures in the notes associated herewith are appropriate.

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 22, 2019.

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 16, 2018. We were engaged by the Supervisory Board on June 22, 2018. 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 Tax-Compliance-System at subsidiaries as well as value-added and income tax advisory services. Further services rendered relate to advisory services during the preparation of new IT-systems 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 25, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Sailer
Wirtschaftsprüfer
[German Public Auditor]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

225 / GROUP KEY FIGURES: MULTI-YEAR OVERVIEW in EUR m

	Q4 2018	Q4 2017	Q4 2016	Q4 2015	Q4 2014
Revenues	**1,323**	1,324	1,254	1,087	966
Adjusted EBITDA[1]	**379**	390	392	357	325
Adjusted EBITDA margin (in %)	**28.6**	29.4	31.2	32.9	33.7
EBITDA	**20**	382	375	343	317
Operating result (EBIT)	**-44**	333	307	289	282
Result before income taxes	**-63**	238	257	212	253
Net result attributable to shareholders of ProSiebenSat.1 Media SE	**-31**	167	174	142	149
Adjusted net income[2]	**236**	219	225[6]	194[8]	180
Adjusted earnings per share	**1.04**	0.96	1.01[6]	0.91[8]	0.84
Payments for the acquisition of programming assets	**359**	274	234	210	183
Free cash flow before M&A	**138**	351	334	242	310
Free cash flow	**63**	243	16	77	297
Cash flow from investing activities	**-487**	-422	-602	-419	-228

	2018	2017	2016	2015	2014
Revenues	**4,009**	4,078	3,799	3,261	2,876
Adjusted EBITDA[1]	**1,013**	1,050	1,018	926	847
Adjusted EBITDA margin (in %)	**25.3**	25.8	26.8	28.4	29.5
EBITDA	**570**	1,084	982	881	818
Operating result (EBIT)	**348**	820	777	730	695
Result before income taxes	**344**	646	658	604	560
Net result attributable to shareholders of ProSiebenSat.1 Media SE	**248**	471	402	391	346
Adjusted net income[2]	**541**	550	536[6]	466[8]	419
Adjusted earnings per share	**2.36**	2.40	2.47[6]	2.18[8]	1.96
Payments for the acquisition of programming assets	**1,070**	1,048	992	944	890
Free cash flow before M&A	**244**	468	485	470	444
Free cash flow	**-78**	728	-4	-1	277
Cash flow from investing activities	**-1,536**	-894	-1,623	-1,522	-1,148

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Programming assets	**1,113**	1,198	1,312	1,252	1,212
Equity	**1,070**	1,252	1,432	943	754
Equity ratio (in %)	**16.5**	19.1	21.7	17.8	19.3
Cash and cash equivalents	**1,031**	1,552	1,271	734	471
Financial debt	**3,194**	3,185	3,185	2,675	1,973
Leverage ratio[3]	**2.1**	1.6[7]	1.9	2.1	1.8[5]
Net financial debt	**2,163**	1,632[7]	1,913	1,940	1,502
Employees[4]	**6,583**	6,483	6,565	5,584	4,210

1 EBITDA before reconciling items.
2 Net result attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations, adjusted for the reconciling items.
3 Ratio net financial debt to adjusted EBITDA in the last twelve months.
4 Full-time equivalent positions as of reporting date.
5 Adjusted for the LTM adjusted EBITDA contribution of Eastern European operations.
6 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.
7 After reclassification of cash and cash equivalents of assets held for sale.
8 Adjustment due to retrospective adjustment of changes in the fair value of put-options and earn-out liabilities in the second quarter of 2016.

226 / SEGMENT KEY FIGURES: MULTI-YEAR OVERVIEW in EUR m

	2018	2017	2016
Entertainment			
External revenues	**2,626**	2,737	2,694
Adjusted EBITDA[1]	**881**	898	898
Adjusted EBITDA margin (in %)[2]	**32.4**	32.1	32.9
EBITDA	**461**	651	884
Content Production & Global Sales			
External revenues	**552**	523	495
Adjusted EBITDA[1]	**31**	19	34
Adjusted EBITDA margin (in %)[2]	**5.1**	3.1	6.2
EBITDA	**26**	8	25
Commerce			
External revenues	**831**	818	610
Adjusted EBITDA[1]	**103**	135	86
Adjusted EBITDA margin (in %)[2]	**12.3**	16.5	14.0
EBITDA	**84**	464	79

[1] EBITDA before reconciling items.
[2] Based on total segment revenues, see Note 2 "Segment reporting".

Explanatory Notes on Reporting Principles:
The values shown until the financial year 2016 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 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 2019

Date	Event
07/03/2019	**Press Conference/Conference Call with analysts on figures 2018**
21/03/2019	**Publication of the Annual Report 2018**
09/05/2019	**Publication of the Quarterly Statement for the First Quarter of 2019**
12/06/2019	**Annual General Meeting 2019**
07/08/2019	**Publication of the Half-Yearly Financial Report of 2019**
07/11/2019	**Publication of the Quarterly Statement for the Third Quarter of 2019**

EDITORIAL INFORMATION

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