
Press Release



ProSiebenSat.1 Reports Recurring EBITDA of EUR 675 million

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- Recurring EBITDA Margin at 22.1 percent
- SBS goodwill impairment of EUR 180.0 million leads to preliminary net loss for year
- Q4 2008: Proactive cost management has positive impact on Group's operating profit
- Proposed dividend reduction to EUR 0.02 per preferred share
- Major strategic goals achieved: Reorganization of German Free TV and German Sales House; European playout center built; technical outsourcing, C More sold
- TV audience shares rise in Germany and many other international markets
- Very challenging market environment, international business also feels hit by economic downswing in fourth quarter

Munich, March 4, 2009. On the basis of preliminary figures for 2008, the ProSiebenSat.1 Group's consolidated revenues came to EUR 3.054 billion. Recurring EBITDA (EBITDA adjusted for one-time effects) reached EUR 674.5 million. Reflecting the first full-year consolidation of SBS, revenue growth is equivalent to 12.7 percent (2007: EUR 2.710 billion). This calculation includes the SBS business for the full year, with a contribution of EUR 1.076 billion in revenues (July-December 2007: EUR 547.0 million). Recurring EBITDA increased 1.7 percent (2007: EUR 662.9 million). Referring to pro forma figures for 2007 (with SBS consolidated as of January 2007), consolidated revenues were down 5.7 percent, or EUR 183.0 million (2007 pro forma: EUR 3.237 billion). The revenue decline in the TV business was mitigated somewhat by the cost-cutting measures implemented during the year. Recurring EBITDA was down EUR 109.7 million against the 2007 pro forma figure of EUR 784.2 million (-14.0 percent); EBITDA was down only EUR 9.9 million, or 1.6 percent (2007: pro forma: EUR 628.2 million). The reduction in revenue is the result of problems with acceptance levels after the launch of a new sales model for the German TV advertising market. In addition, the economic uncertainty significantly reduced advertisers' willingness to invest during the second half of the year, both in Germany – the Group's core market – and in the rest of Europe.

"I am taking office as CEO of a company that has shown great strength in difficult situations during 2008. Far-sighted business decisions have been made, and important operating and strategic goals have been achieved. The German family of stations increased its audience share significantly, in spite of the Olympics and the European Soccer Championships. The reorganization of German Free TV and the German Sales House will be completed successfully by mid-2009," said Thomas Ebeling, CEO of ProSiebenSat.1 Media AG.

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“ProSiebenSat.1 staff has performed extremely well in a year of difficult market conditions. I’m looking forward to working with these dedicated, capable and loyal colleagues. With energy, optimism and team spirit, we will continue to make good television yet again in 2009 and advance further in every one of our markets. We will work to strengthen the Group’s financial position so that we can maximize our creativity and growth prospects.”

Axel Salzmann, CFO of ProSiebenSat.1 Media AG added: “Subject to the approval of the appropriate governing bodies, the Executive Board will recommend that the Supervisory Board submits a resolution at the shareholders’ meeting for a dividend of EUR 0.02 per preferred share – or a total of EUR 2.2 million. This recommendation takes account of the net result from 2008 and the uncertain outlook for 2009. We will continue to remain vigilant of our costs going forward; the cost-cutting measures we implemented last year have already had a positive effect on our fourth quarter figures. Apart from improving our cost structures, another key priority will be to reduce our net financial debt. At year end, net financial debt came to about EUR 3.4 billion, as expected.”

The ProSiebenSat.1 Group has recognized a goodwill impairment of EUR 180.0 million on SBS. This impairment has no cash effect, but it will cause the Group to show a net loss of EUR 129.1 million for the year. Aside from the SBS impairment, another adverse influence on the result for the period was larger foreign exchange effects – likewise non-cash in nature – of EUR 81.7 million. The ProSiebenSat.1 Group will release its final annual financial statements for 2008 on March 30, 2009.

Total expenses before the SBS impairment were down EUR 132.8 million from the pro forma figures for 2007, to EUR 2.671 billion (–4.7 percent). This figure includes depreciation and amortization of EUR 171.8 million. It also includes non-recurring effects of EUR 86.1 million, most of which resulted from measures to reorganize functions at the ProSiebenSat.1 holding company and the German Sales unit, and from the relocation of Sat.1. Other non-recurring expenses were incurred for outsourcing IT services. The Group had non-recurring expenses of EUR 157.1 million in fiscal 2007. That total primarily includes EUR 120.0 million for a fine imposed by the German Federal Cartel Office.

Q4 2008: Proactive cost management has positive impact on Group’s operating profit

Cost cuts had particularly positive effects on earnings in the fourth quarter of 2008. Consolidated revenues for Q4 2008 decreased EUR 112.5 million, or 11.4 percent, to EUR 876.8 million, but recurring EBITDA was down only 6.0 percent from the prior year level, to EUR 279.3 million (Q4 2007: EUR 297.0 million). EBITDA decreased EUR 29.4 million, to EUR 251.7 million (–10.5 percent). Despite large non-recurring expenses of EUR 49.3 million (Q4 2007: EUR 15.9 million) for the strategic reorganization now in progress within the German TV Group, total costs before the SBS impairment were down EUR 36.4 million, or 4.7 percent, to EUR 735.8 million.



Free TV in German-Speaking Europe segment: Audience share up in German core market / Difficulties in German TV advertising market hold revenues back

External revenues of the Free TV segment in Germany, Austria and Switzerland for fiscal 2008 came to EUR 1.736 billion, down EUR 172.0 million from the prior-year figure. This is equivalent to a revenue decrease of 9.0 percent, the consequence of lower advertising revenues in Germany. Revenues in the German TV business were reduced by difficulties following the market launch of the new ad sales model. The sales model was revised over the course of the year, but most advertisers had already planned their budgets for the full year during the first half. Additionally, the deteriorating economic environment in the second half significantly reduced the German advertising industry's willingness to invest. Although the German Free TV stations got off to a good start in the second half and attracted a very good audience share of 29.4 percent (2007: 29.0 percent), they saw further revenue decreases over the remainder of the year. Part of the decline in revenues in the German market was compensated for by cost savings realized over the year as a whole. Recurring EBITDA was down EUR 78.8 million, to EUR 406.6 million (-16.2 percent). EBITDA was down EUR 18.2 million against the prior year, to EUR 329.2 million (-5.2 percent).

Free TV International segment: Economic crisis also affects international TV business in Q4

The uncertain economic conditions also had an impact on the advertising revenues of the Free TV International segment. TV advertising revenues were down in Q4 2008 in the Netherlands and Belgium particularly, as well as Denmark and Norway. But for the year as a whole, the segment's revenues were up slightly, by EUR 10.8 million, to EUR 797.3 million (+1.4 percent). Apart from an increase in advertising revenues in the first three quarters of the year, the revenue growth also resulted from higher distribution revenues and the positive performance of new free TV stations. Recurring EBITDA was EUR 193.5 million, down EUR 18.4 million, or 8.7 percent, from the pro forma figure for the year before. Part of the decrease in earnings came from startup costs for the new stations, and from higher costs for programming and marketing. Conversely, EBITDA increased 11.5 percent to reach EUR 215.0 million. The prior-year figure of EUR 192.9 million includes non-recurring expenses for the integration of ProSiebenSat.1 and SBS. By contrast, divestments yielded positive non-recurring effects in fiscal 2008.

Diversification segment: Online business in Germany and international radio network both stronger

The Diversification segment's external revenues were EUR 521.2 million. Thus revenues here were down 4.0 percent from the comparable pro forma figure of EUR 543.0 million for 2007. Most of the fiscal 2008 revenue decrease resulted on the one hand in consequence of the deconsolidation of C More in December 2008, and on the other hand due to lower revenues at 9Live in its core business, call TV in Germany. Revenues from the pay TV business under the C More brand are included until November in the 2008 figures, at EUR 132.0



million (2007 pro forma: EUR 146.0 million). However, revenues were up substantially in the international radio business. The most important revenue driver in the German-speaking market was the online business. Recurring EBITDA, at EUR 73.9 million, was down EUR 13.0 million, or 15.0 percent, from the pro forma figure from the year before. C More's contribution to recurring EBITDA was EUR 16.4 million (2007: EUR 9.7 million). EBITDA declined comparably, to EUR 74.4 million, as against EUR 88.1 million (–15.6 percent).

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Outlook: Low market visibility does not allow for reliable earnings forecasts

Fiscal 2009 as a whole will be shaped by a very difficult economic environment. Hence an important requirement for the ProSiebenSat.1 Group's profitability will be to monitor costs strictly. The realignment of the TV group in Germany is expected to yield particularly substantial reductions in operating costs. Both of these factors will have a positive effect on recurring EBITDA. Since economic conditions are so difficult to assess at the moment, it is too early for any precise forecasts for fiscal 2009.

“We face a challenging year again in 2009, with a declining market in TV ad sales. It must be our goal to regain a larger share of the German TV advertising market, and to capitalize on our media performance at favourable prices. New orders for January and February so far show that we are on track,” says CEO Thomas Ebeling. “We will strengthen our competitive position through efficiency measures, cost management and organizational improvements. The quality of our programming assets remains at the heart of a successful TV and media company. This is where we are aiming for successful innovation.”



Key figures from the Consolidated Income Statement for fiscal 2008

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(in EUR m)	2008	Pro forma figures 2007 ⁽¹⁾	GAAP actual figures 2007 ⁽¹⁾
Revenues	3,054.2	3,237.2	2,710.4
Total expenses	2,851.0	2,803.8	2,341.9
Recurring EBITDA ⁽²⁾	674.5	784.2	662.9
EBITDA	618.3	628.2	522.3
Financial income ⁽³⁾	-334.9	-263.4	-135.5
Consolidated profit / loss ⁽⁴⁾	-129.1	35.8	89.4
Net financial debt	3,406.7	3,328.4	3,328.4
Leverage ⁽⁵⁾	5.05x	4.24x	-/-

Figures 2008 preliminary and unaudited. Scandinavian pay TV unit C More deconsolidated in December 2008.

Key figures from the Consolidated Income Statement for Q4 2008

(in EUR m)	Q4 2008	Q4 2007
Revenues	876.8	989.3
Total expenses	915.8	772.2
Recurring EBITDA ⁽²⁾	279.3	297.0
EBITDA	251.7	281.1
Financial income ⁽³⁾	-133.3	-79.6
Consolidated profit / loss ⁽⁴⁾	-170.0	39.5

Figures 2008 preliminary and unaudited. Scandinavian pay TV unit C More deconsolidated in December 2008.

(1) Pro forma figures for 2007: SBS consolidated as of January 2007. GAAP consolidation: SBS consolidated as of July 2007. (2) Recurring EBITDA = Adjusted EBITDA prior to one-time, non-recurring effects. (3) Includes EUR 81.7 million (previous year: EUR 10.0 million) in non-cash foreign exchange translation expense. (4) After minority interests (5) Ratio of net financial debt to pro forma recurring EBITDA.

External revenues by segment (pro forma)

(in EUR m)	2008	2007	Q4 2008	Q4 2007
Free TV in German-Speaking Europe	1,735.7	1,907.7	522.1	595.1
Free TV International	797.3	786.5	232.2	246.6
Diversification	521.2	543.0	122.5	147.6

Figures 2008 preliminary and unaudited. Scandinavian pay TV unit C More deconsolidated in December 2008.