ProSiebenSat.1 Media AG

Report for Q3 2004

ProSiebenSat.1 Group: Revenues Grow and Earnings Improve In the First Three Quarters 2004

Report for Q3 2004

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Key Figures for the ProSiebenSat.1 Group for Q1-Q3 2004 (IFRS)

		09/30/2004	09/30/2003	Change
Key balance sheet figures for the ProSiebenSat.1 Group				
Total assets	(EUR m)	2,010.9	1,968.9	2%
Shareholders´equity	(EUR m)	960.2	572.6	68%
Liabilities	(EUR m)	962.7	1,338.4	-28%
Equity ratio		48%	29%	66%
Pre-tax return on equity		13%	-1%	- / -
Programming assets	(EUR m)	1,185.4	1,231.7	-4%
Programming assets of total assets		59%	63%	-6%
Net financial debt incl. bond	(Euro m)	444.1	837.6	-47%
		Q1-Q3 2004	**Q1-Q3 2003**	**Change**
Key cash flow figures for the ProSiebenSat.1 Group				
Cash flow	(EUR m)	817.7	762.5	7%
Cash flow from operating activities	(EUR m)	693.4	804.6	-14%
Cash flow from investing activities	(EUR m)	-737.3	-894.8	18%
Cash flow from financing activities	(EUR m)	114.2	69.2	65%
		Q1-Q3 2004	**Q1-Q3 2003**	**Change**
Key figures for the ProSiebenSat.1 Group				
Revenues	(EUR m)	1,294.3	1,240.8	4%
Gross profit	(EUR m)	396.2	302.3	31%
Operating profit	(EUR m)	181.3	52.4	246%
Financial loss	(EUR m)	-59.7	-55.6	-7%
Pre-tax profit/loss	(EUR m)	121.6	-3.2	- / -
Consolidated profit/loss	(EUR m)	75.3	-1.9	- / -
EBITDA	(EUR m)	209.1	83.6	150%
EBIT	(EUR m)	180.5	51.6	250%
Pre-tax profit margin		9%	-0.3%	- / -
Programming investments	(EUR m)	724.2	901.4	-20%
Depreciation and amortization of intangible assets and property, plant and equipment	(EUR m)	27.8	31.2	-11%
Personnel expenses	(EUR m)	152.2	155.6	-2%
Employees*		2,695	2,878	-6%
Key figures by stations		**Q1-Q3 2004**	**Q1-Q3 2003**	**Change**
Sat.1				
Total revenues	(EUR m)	548.9	523.1	5%
Pre-tax profit/loss	(EUR m)	60.3	-7.9	863%
EBITDA	(EUR m)	65.8	2.9	2169%
Employees*		230	225	2%
ProSieben				
Total revenues	(EUR m)	527.1	480.2	10%
Pre-tax profit	(EUR m)	115.5	82.0	41%
EBITDA	(EUR m)	116.3	80.2	45%
Employees*		245	273	-10%
Kabel 1				
Total revenues	(EUR m)	134.0	132.8	1%
Pre-tax profit	(EUR m)	13.9	4.4	216%
EBITDA	(EUR m)	13.3	3.9	241%
Employees*		45	48	-6%
N24				
Total revenues	(EUR m)	52.0	50.8	2%
Pre-tax loss	(EUR m)	-1.4	-15.2	91%
EBITDA	(EUR m)	-0.5	-13.7	96%
Employees*		157	176	-11%
Key figures for SevenOne Intermedia		**Q1-Q3 2004**	**Q1-Q3 2003**	**Change**
Total revenues	(EUR m)	43.4	40.9	6%
Pre-tax profit	(EUR m)	7.4	1.7	335%
EBITDA	(EUR m)	9.5	4.3	121%
Employees*		110	103	7%
Key figures for Merchandising		**Q1-Q3 2004**	**Q1-Q3 2003**	**Change**
Total revenues	(EUR m)	36.4	40.8	-11%
Operating profit	(EUR m)	5.0	3.6	39%
EBITDA	(EUR m)	5.1	3.8	34%
Employees*		94	104	-10%

* Full-time equivalent jobs as of September 30

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Key Figures for the ProSiebenSat.1 Group for Q3 2004 (IFRS)

		09/30/2004	09/30/2003	Change
Key balance sheet figures for the ProSiebenSat.1 Group				
Total assets	(EUR m)	2,010.9	1,968.9	2%
Shareholders´equity	(EUR m)	960.2	572.6	68%
Liabilities	(EUR m)	962.7	1,338.4	-28%
Equity ratio		48%	29%	66%
Pre-tax return on equity		0.4%	-2%	120%
Programming assets	(EUR m)	1,185.4	1,231.7	-4%
Programming assets of total assets		59%	63%	-6%
Net financial debt incl. bond	(EUR m)	444.1	837.6	-47%
		Q3 2004	**Q3 2003**	**Change**
Key cash flow figures for the ProSiebenSat.1 Group				
Cash flow	(EUR m)	216.6	212.2	2%
Cash flow from operating activities	(EUR m)	203.4	217.6	-7%
Cash flow from investing activities	(EUR m)	-221.6	-252.0	12%
Cash flow from financing activities	(EUR m)	-7.1	45.0	-116%
		Q3 2004	**Q3 2003**	**Change**
Key figures for the ProSiebenSat.1 Group				
Revenues	(EUR m)	362.1	362.7	- / -
Gross profit	(EUR m)	84.3	97.3	-13%
Operating profit	(EUR m)	11.7	9.2	27%
Financial loss	(EUR m)	-7.3	-17.9	59%
Pre-tax profit/loss	(EUR m)	4.3	-8.7	149%
Consolidated profit/loss	(EUR m)	2.6	-6.0	143%
EBITDA	(EUR m)	21.7	18.9	15%
EBIT	(EUR m)	10.8	8.9	21%
Pre-tax profit margin		1.2%	-2.4%	150%
Programming investments	(EUR m)	193.4	253.4	-24%
Depreciation and amortization of intangible assets and property, plant and equipment	(EUR m)	10.0	9.8	2%
Personnel expenses	(EUR m)	50.3	49.3	2%
Employees*		2,695	2,878	-6%
Key figures by stations		**Q3 2004**	**Q3 2003**	**Change**
Sat.1				
Total revenues	(EUR m)	152.0	149.9	1%
Pre-tax loss	(EUR m)	-2.1	-2.9	28%
EBITDA	(EUR m)	0.6	0.6	- / -
Employees*		230	225	2%
ProSieben				
Total revenues	(EUR m)	147.4	138.9	6%
Pre-tax profit	(EUR m)	17.6	19.4	-9%
EBITDA	(EUR m)	18.3	19.2	-5%
Employees*		245	273	-10%
Kabel 1				
Total revenues	(EUR m)	39.0	38.5	1%
Pre-tax profit/loss	(EUR m)	1.5	-1.9	179%
EBITDA	(EUR m)	1.3	-2.1	162%
Employees*		45	48	-6%
N24				
Total revenues	(EUR m)	17.2	17.8	-3%
Pre-tax loss	(EUR m)	-1.6	-2.0	20%
EBITDA	(EUR m)	-1.4	-1.6	13%
Employees*		157	176	-11%
Key figures for SevenOne Intermedia		**Q3 2004**	**Q3 2003**	**Change**
Total revenues	(EUR m)	15.9	13.8	15%
Pre-tax profit/loss	(EUR m)	2.6	-1.7	253%
EBITDA	(EUR m)	3.7	-0.6	717%
Employees*		110	103	7%
Key figures for Merchandising		**Q3 2004**	**Q3 2003**	**Change**
Total revenues	(EUR m)	11.4	13.5	-16%
Operating profit	(EUR m)	1.0	1.9	-47%
EBITDA	(EUR m)	1.1	2.0	-45%
Employees*		94	104	-10%

* Full-time equivalent jobs as of September 30

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Key Figures for the ProSiebenSat.1 Group - Comparison of Q1, Q2, Q3 2004 (IFRS)

		09/30/2004	06/30/2004	03/31/2004
Key balance sheet figures for the ProSiebenSat.1 Group				
Total assets	(EUR m)	2,010.9	1,997.4	1,910.3
Shareholders´equity	(EUR m)	960.2	959.7	632.9
Liabilities	(EUR m)	962.7	949.3	1,211.2
Equity ratio		48%	48%	33%
Pre-tax return on equity		0.4%	8%	7%
Programming assets	(EUR m)	1,185.4	1,176.8	1,209.1
Programming assets of total assets		59%	59%	63%
Net financial debt incl. bond	(Euro m)	444.1	423.3	793.6
		Q3 2004	Q2 2004	Q1 2004
Key cash flow figures for the ProSiebenSat.1 Group				
Cash flow	(EUR m)	216.6	320.6	280.5
Cash flow from operating activities	(EUR m)	203.4	311.9	178.1
Cash flow from investing activities	(EUR m)	-221.6	-211.9	-303.8
Cash flow from financing activities	(EUR m)	-7.1	50.7	70.6
		Q3 2004	Q2 2004	Q1 2004
Key figures for the ProSiebenSat.1 Group				
Revenues	(EUR m)	362.1	496.0	436.2
Gross profit	(EUR m)	84.3	178.4	133.5
Operating profit	(EUR m)	11.7	109.3	60.3
Financial loss	(EUR m)	-7.3	-35.5	-16.9
Pre-tax profit	(EUR m)	4.3	73.8	43.5
Consolidated profit	(EUR m)	2.6	47.6	25.1
EBITDA	(EUR m)	21.7	118.3	69.1
EBIT	(EUR m)	10.8	109.3	60.4
Pre-tax profit margin		1.2%	14.9%	10.0%
Programming investments	(EUR m)	193.4	227.6	303.2
Depreciation and amortization of intangible assets and property, plant and equipment	(EUR m)	10.0	9.1	8.7
Personnel expenses	(EUR m)	50.3	52.0	49.9
Employees*		2,695	2,698	2,773
Key figures by stations		**Q3 2004**	**Q2 2004**	**Q1 2004**
Sat.1				
Total revenues	(EUR m)	152.0	204.2	192.7
Pre-tax profit/loss	(EUR m)	-2.1	38.7	23.7
EBITDA	(EUR m)	0.6	40.5	24.7
Employees*		230	223	222
ProSieben				
Total revenues	(EUR m)	147.4	205.2	174.5
Pre-tax profit	(EUR m)	17.6	63.1	34.8
EBITDA	(EUR m)	18.3	63.2	34.8
Employees*		245	254	261
Kabel 1				
Total revenues	(EUR m)	39.0	48.5	46.5
Pre-tax profit	(EUR m)	1.5	9.6	2.8
EBITDA	(EUR m)	1.3	9.4	2.6
Employees*		45	46	49
N24				
Total revenues	(EUR m)	17.2	17.4	17.4
Pre-tax profit/loss	(EUR m)	-1.6	0.1	0.1
EBITDA	(EUR m)	-1.4	0.4	0.5
Employees*		157	156	151
Key figures for SevenOne Intermedia		**Q3 2004**	**Q2 2004**	**Q1 2004**
Total revenues	(EUR m)	15.9	14.1	13.4
Pre-tax profit	(EUR m)	2.6	2.5	2.3
EBITDA	(EUR m)	3.7	3.0	2.8
Employees*		110	106	109
Key figures for Merchandising		**Q3 2004**	**Q2 2004**	**Q1 2004**
Total revenues	(EUR m)	11.4	12.6	12.4
Operating profit	(EUR m)	1.0	1.8	2.2
EBITDA	(EUR m)	1.1	1.9	2.1
Employees*		94	95	93

* Full-time equivalent jobs as of September 30, June 30, March 31

1Q-3Q 2004: ProSiebenSat.1 Group increases profits significantly

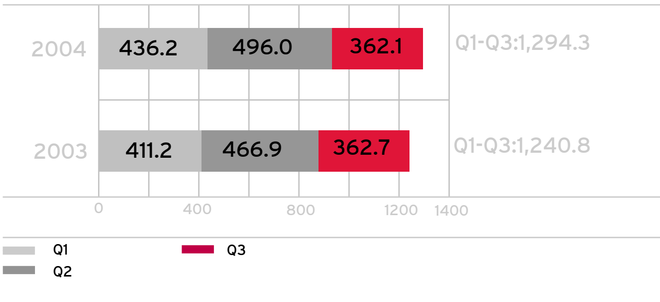
Report for Q3 2004

The ProSiebenSat.1 Group performed well in every regard from January through September of 2004. The Group was able to optimize its structures, improve its performance, boost revenues and significantly increase profits. All three full-service stations are showing a pre-tax profit. N24's earnings have improved significantly, and the station is not far from breaking even.

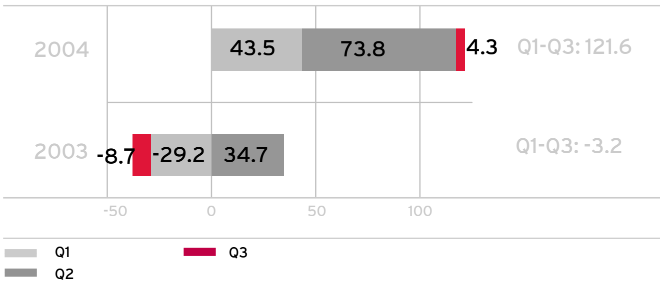
The key figures for the first three quarters, compared against the same period last year, were:

- Group revenues were up 4 percent to EUR 1.294 billion, compared to the previous year's EUR 1.241 billion.
- The consolidated net profit soared from EUR –1.9 million to EUR 75.3 million.
- EBITDA grew from EUR 83.6 million to EUR 209.1 million, a gain of 150 percent.
- For the first time in its history, Sat.1 showed a pre-tax profit on the first three quarters, at EUR 60.3 million (prior year: a loss of EUR 7.9 million).
- ProSieben boosted its revenues 10 percent, to EUR 527.1 million. Its 22 percent profit margin still makes it one of the most profitable stations in the entire German television market.
- Pre-tax profits at Kabel 1 more than tripled, to EUR 13.9 million (a 216 percent gain from the prior year's EUR 4.4 million).
- N24 boosted its pre-tax earnings from EUR –15.2 million to EUR –1.4 million, an improvement of 91 percent.
- Debt was cut nearly one-third (–28 percent), from EUR 1.338 billion to EUR 962.7 million.
- Net financial debt was down by nearly half, to EUR 444.1 million (2003: EUR 837.6 million).

ProSiebenSat.1 Group: Revenue development
(EUR m)



ProSiebenSat.1 Group: Consolidated pre-tax profit
(EUR m)



Economic conditions and the television market

Economic revival still uncertain

The German economy stabilized appreciably in the first half. But the economic revival was small compared to previous upswings, and lost momentum in the third quarter. As for the world economy, which had hitherto furnished most of the momentum for Germany, the vigorous upswing has lost some power since the spring. As before, extremely weak domestic demand remains the major problem in the German market. Consumer spending has been stagnant for some three years now, and no recovery is in sight. Experts assume that growth will slow down further in the second half, because domestic demand is not strong enough to make up for flagging demand from abroad.

ProSiebenSat.1 Group strengthens position in the advertising market

In their latest expert assessment from the fall of this year, Germany's leading economic research institutions projected that gross domestic product will grow 1.8 percent in 2004, and 1.5 percent in 2005. These six leading institutes present an expert opinion on Germany's economic situation every spring and every fall. Along with the annual assessments by the German Council of Economic Experts, these reports are among the most important assessments of the German economy.

Gross advertising market performing better

According to the Nielsen Media Research market research institute, the overall advertising market improved over the year. Total advertising revenues in conventional media between January and September 2004 were up EUR 701.1 million, to EUR 12.7 billion. That is equivalent to a 5.8 percent growth rate (Q1-Q3 2003: EUR 12.0 billion). The advertising statistics reflect the dynamics of the economy as a whole. The growth rate for the third quarter, at 4.5 percent, was well below the 6.4 percent that Nielsen Media Research reported for the first half.

Among conventional media, television remains the medium with the highest revenues. German TV stations brought in EUR 5.3 billion in income from advertising. That is a 3.7 percent gain over the same period last year (Q1-Q3 2003: EUR 5.1 billion), and represents a 41.6 percent share of the total advertising market. But it must be borne in mind that the gross figures from Nielsen Media Research are not a precise indicator of actual advertising revenues, because these figures include not only bulk discounts but also self-promotion and agency commissions.

ProSiebenSat.1 Group boosts advertising market share

The ProSiebenSat.1 Group further expanded its share of the German TV advertising market. In all, the Group's gross revenues climbed 4.8 percent, to EUR 2.3 billion, giving the family of stations a 42.8 percent share of the gross TV advertising market for the first nine months. The gain against the same period last year is 0.5 percentage points. Within the Group, Sat.1 achieved the highest growth, adding 0.5 percentage points to last year's figure to earn an advertising market share of 19.0 percent. ProSieben added 0.1 percentage point to its share, to reach 18.3 percent. Kabel 1 had a share of 5.0 percent. N24 added 0.1 percentage point, to reach 0.5 percent as of the end of September. All together, the stations marketed by IP – RTL, Vox, Super RTL and n-tv – lost 2.3 percentage points, to end the third quarter with a combined share of 37.3 percent. RTL had the marketing group's biggest loss, falling 2.5 percentage points behind the same period last year. RTL 2, as an independently marketed station, earned a 6.2 percent share.

The traditionally weak third quarter was less dynamic in the TV market as well. Although gross revenues were up 4.1 percent in the first half, growth from July through September was only 2.6 percent. With growth of 5.1 percent at the end of the half and 3.9 percent in the third quarter, the ProSiebenSat.1 Group's performance was clearly above average, even despite the Olympics in August.

ProSiebenSat.1 Group significantly increases viewer ratings

The growth of advertising revenues is a reflection of the Group's improved performance this year. In the first nine months, Sat.1, ProSieben, Kabel 1 and N24 significantly increased their combined audience share by a total of 0.4 percentage points. In the commercially decisive viewer group between ages 14 and 49, the Group earned a share of 29.1 percent. Thus, the Group expanded its lead over the stations marketed by IP – RTL, Vox, Super RTL and n-tv. By contrast, RTL stations lost 1.2 percentage points against last year, achieving a combined 25.1 percent audience share.

Sat.1 ended the first nine months of the year with an 11.4 percent audience share, an improvement of 0.1 percentage point against 2003. The station garnered above-average shares on such programming as the UEFA Champions League. At its peak, the first knockout round between Real Madrid and Bayern München drew more than 15 million viewers. Among 14 to 49-year-olds, this represented an average share of 37.5 percent. Other ratings successes included such series as "Edel & Starck" and "Der Bulle von Tölz," Sat.1 TV movie productions "Das Zimmer-

Viewer market and economic situation

mädchen und der Millionär" (24.3%), blockbusters like "Pretty Woman" (26.0%) and "Indiana Jones and the Last Crusade" (28.0%), along with the popular show "Die Hit Giganten" (as high as 23.7%).

ProSieben added 0.2 percentage points against the same period last year to earn a 12.1 percent share of the age group from 14 to 49. The cornerstones for success were such feature film hits as "Final Fantasy: The Spirits Within," with a 23.2 percent share, and above all the ProSieben co-production "Der Schuh des Manitu." With an average share of 51.9 percent of the 14-to-49 audience, the hit film from ProSieben comedian Michael "Bully" Herbig was the most successful broadcast ProSieben has ever shown. No feature film on German private TV has ever reached a bigger audience.

Kabel 1 also remained on a growth track. The station picked up 0.2 percentage points against the same period last year, to earn a 5.1 percent audience share. Its best ratings came from such film hits as the James Bond classic "Never Say Never" (12.2%) and "Doc Hollywood" (10.9%). News channel N24 ended the first nine months of 2004 with an 0.5 percent share, making it even with its competitor n-tv.

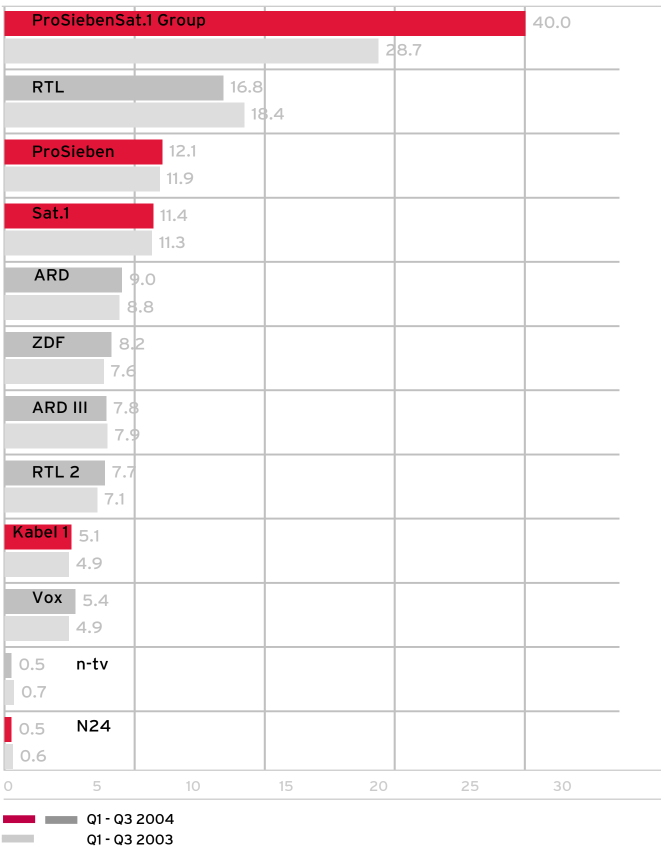
Revenues and earnings

Revenues and earnings up significantly for the first nine months

The ProSiebenSat.1 Group was able to boost revenues and earnings significantly in the first nine months. One crucial factor in this performance was the strong showing in television operations during the first half of the year. But efficiency improvements throughout the ProSiebenSat.1 Group were also an important factor. Total revenues were up 4 percent to EUR 1.294 billion, compared to EUR 1.241 billion for Q1-Q3 2003. Gross profits were also up substantially, climbing from EUR 302.3 million in the prior-year period to EUR 396.2 million in the current year, representing an increase over the prior year of 31 percent. Operating earnings climbed from the prior-year period's EUR 52.4 million to EUR 181.3 million between January and September of the current year. Consolidated income from ordinary business activities rose from EUR -3.2 million to EUR +121.6 million. That yields a consolidated net profit of EUR 75.3 million for the ProSiebenSat.1 Group. The comparable period last year was still showing a loss of EUR -1.9 million.

The Group's positive performance is also reflected in the other key figures. EBITDA improved from EUR 83.6 million to EUR 209.1 million, a 150 percent gain. At the same time, EBIT rose from EUR 51.6 million to EUR 180.5 million, a 250 percent gain. Earnings per preferred share, both undiluted and diluted, improved from EUR 0.00 in the first three quarters of 2003 to EUR 0.37 in the equivalent period of 2004.

Market share viewers 14 - 49
(in %)



Source: AGF/GfK Fernsehforschung / pc#tv aktuell / SevenOne Media Marketing & Research (own calculations)

Significant increase in earnings per share

Earnings per share		Q1-Q3 2004	Q1-Q3 2003
Profit for the period	EUR k	72,282	-1,890
Common stock			
Profit attributable to common stock	EUR k	37,641	-945
Weighted average number of outstanding common stock	in thousands	104,163.8	97,243.2
Earnings per share of common stock	EUR	0.36	-0.01
Preferred stock			
Profit attributable to preferred stock	EUR k	37,641	-945
Weighted average number of outstanding preferred stock	in thousands	104,163.8	97,243.2
Earnings per share of preferred stock	EUR	0.37	0.00

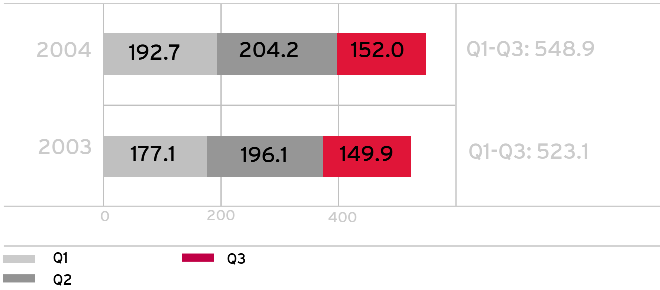
In calculating the earnings per preferred share, the advance distribution (additional dividend) of EUR 0.02 per preferred share was spread proportionally among the quarters of the applicable fiscal year. Earnings per share were not diluted in either the current period or the equivalent period of last year.

Q3 2004: Earnings up significantly on stable revenues

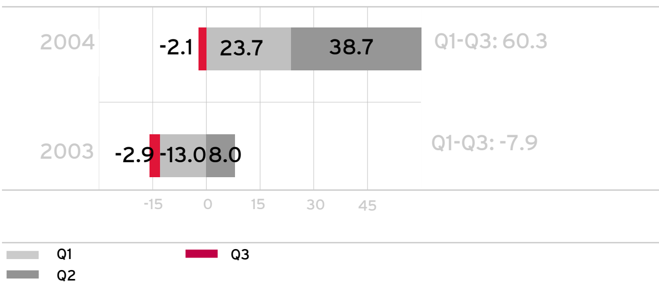
The ProSiebenSat.1 Group boosted its profit significantly in the third quarter of fiscal 2004. The pre-tax profit rose a very substantial 149 percent to EUR 4.3 million (Q3 2003: EUR -8.7 million). The net profit on the period rose 143 percent, to EUR 2.6 million (Q3 2003: EUR -6.0 million). EBITDA at the Group level improved 15 percent against the prior-year quarter, to EUR 21.7 million (Q3 2003: EUR 18.9 million). Quarter-on-quarter, EBIT climbed 21 percent to EUR 10.8 million (Q3 2003: EUR 8.9 million). Earnings per preferred share, both undiluted and diluted, increased 150 percent, from EUR -0.02 in the third quarter of 2003 to EUR 0.01 in the third quarter of 2004.

Guarantee for success: Hugo Egon Balder and the comedy panellists of „Genial daneben“ achieved market shares of up to 29.1% in 3Q 2004

Sat.1: Revenue development
(EUR m)



Sat.1: Pre-tax-profit
(EUR m)



All four channels increase revenues

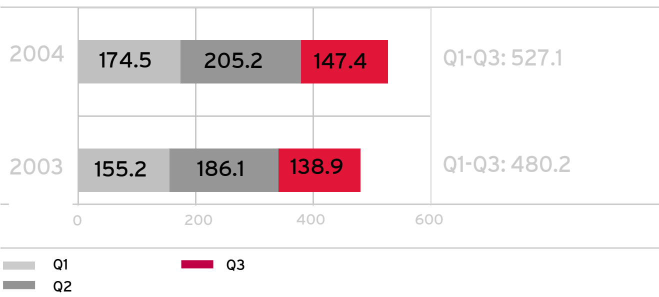
Although the third quarter was dominated by the public broadcasters' coverage of sport, the Group's revenues maintained the same level as the prior year, at EUR 362.1 million (Q3 2003: EUR 362.7 million). The third quarter is traditionally the weakest period in the seasonal television business. Last year, the third quarter contributed only about 20 percent of the year's total revenues. The fourth quarter, by contrast, contributed around 31 percent.

„Carrie and Co." continue success story on ProSieben. The final episodes of the cult series „Sex and the City" to be shown on ProSieben this Fall

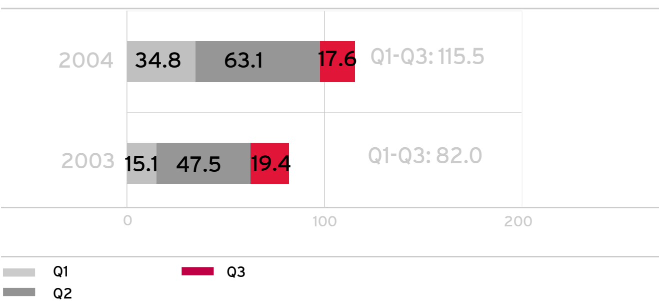
Television: Every station a success

The rising audience shares also had a positive impact on the business results for the entire Group. All four stations boosted their revenues in the first nine months of the year. All three full-service stations showed a profit. News station N24 increased its earnings significantly against the year before, and will reach profitability in 2005, as planned.

ProSieben: Revenue development
(EUR m)



ProSieben: Pre-tax profit
(EUR m)



Sat.1: First pre-tax profit on nine months

Sat.1's business performance improved substantially. For the first time in its history, the station showed a pre-tax profit on the first three quarters. While pre-tax earnings for the prior-year period were still EUR -7.9 million, the figure for the current year was a substantial EUR +60.3 million. In other words, profits grew significantly. The station's total revenues climbed from EUR 523.1 million to EUR 548.9 million, a gain of 5 percent. This is equivalent to a return on revenue of 11 percent (Q1-Q3 2003: -2%). Apart from revenue growth, more efficient programming cost structures were also a primary factor in improving profits. Programming costs were lower mainly because the station discontinued its Bundesliga Soccer coverage in the first quarter, but also by optimization measures in Animation and Fiction operations.

Quarter-on-quarter, revenues climbed 1 percent to EUR 152.0 million (Q3 2003: EUR 149.9 million). The pre-tax loss on the third quarter improved from EUR -2.9 million in 2003 to EUR -2.1 million in 2004.

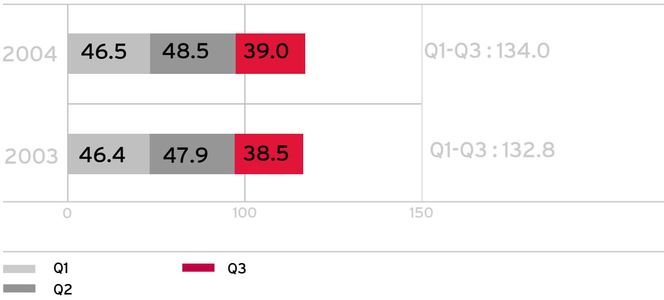
All full-service stations in the black

Kabel 1 remains the top address for film classics. Coming soon: „The Best Movies of All Times - The Show“

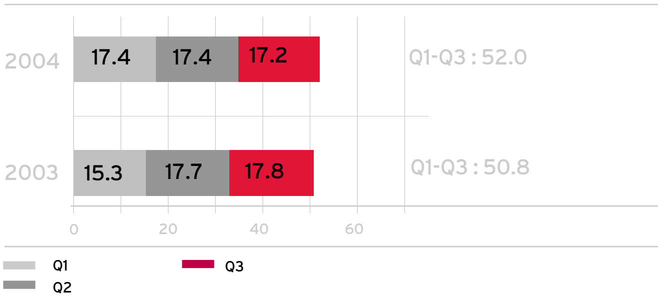
ProSieben: Biggest revenue gain of the four stations

The year thus far has been a very good one for ProSieben, which achieved the highest revenue gains of all the four stations. In the first nine months, the station gained 10 percent, to reach EUR 527.1 million (Q1-Q3 2003: EUR 480.2 million). For the period from January to September, pre-tax profits climbed from EUR 82.0 million in 2003 to EUR 115.5 million in 2004, a 41 percent gain. With a return on revenues of some 22 percent, ProSieben is easily one of Germany's most profitable TV stations. In the third quarter, revenues grew 6 percent, to EUR 147.4 million (Q3 2003: EUR 138.9 million). Pre-tax income was down, from EUR 19.4 million to EUR 17.6 million (a 9% drop). The decline was mainly the result of higher consumption of programming assets, due to new entertainment programs.

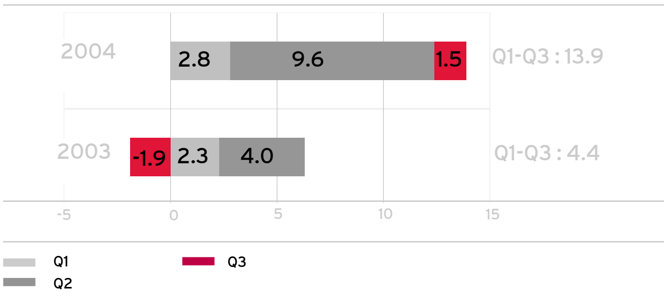
Kabel 1: Revenue development
(EUR m)



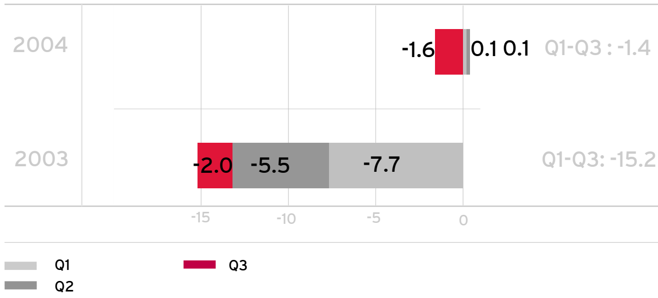
N24: Revenue development
(EUR m)



Kabel 1: Pre-tax profit
(EUR m)



N24: Pre-tax profit
(EUR m)



Merchandising and multimedia activities consolidated in Diversification unit

Kabel 1: Revenues and earnings grow

Kabel 1 remains on a growth track. Pre-tax profits for the first nine months were EUR 13.9 million, a gain of 216 percent against the prior year's figure (Q1-Q3 2003: EUR 4.4 million). Earnings improved even more than revenues. Efficient cost management is clearly evident in the station's return on revenues, which rose significantly from 3 percent in Q1-Q3 2003 to 10 percent in Q1-Q3 2004. The station's total revenues were EUR 134.0 million, following EUR 132.8 million in the prior-year period (a 1% increase). The pre-tax profit on the third quarter improved from EUR -1.9 million to EUR 1.5 million (up 179%). Revenues for July through September were EUR 39.0 million (Q3 2003: EUR 38.5 million). A major factor in the good results was lower programming costs.

Claudia Eberl and Thomas Klug update viewers on current events on „N24 Morgenreport"

N24 turns in a positive performance

Station N24, which serves as the central news service provider for Sat.1, ProSieben and Kabel 1, has performed very well this year. In the first nine months, N24 generated a pre-tax loss of EUR -1.4 million, and is thus approaching profitability. The improvement comes to 91 percent. The figure for the comparable period of 2003 was still EUR -15.2 million. Pre-tax income for the third quarter improved 20 percent from EUR -2.0 million to EUR -1.6 million. Revenues on the first three quarters increased from EUR 50.8 million in 2003 to EUR 52.0 million in 2004, a gain of about 2 percent. Lower internal revenues - N24 has transferred sports coverage to Sat.1 - pulled third-quarter revenues down to EUR 17.2 million from the Q3 2003 figure of EUR 17.8 million (down 3%). Without that factor, the news station's revenues would have been slightly above the prior-year quarter (up 1%). N24 will reach profitability in 2005.

New Diversification segment

The ProSiebenSat.1 Group has pooled its merchandising and multimedia operations in a new Diversification segment. The restructuring has two main goals. The first is to boost non-TV revenues so as to make the Group less dependent on the advertising market. The second is to improve collaboration between the two companies SevenOne Intermedia and MM MerchandisingMedia, and improve their efficiency.

Both Merchandising and SevenOne Intermedia have already been showing rising profits this year. Merchandising's operating earnings rose from EUR 3.6 million to EUR 5.0 million, a gain of 39 percent. Quarter-on-quarter, operating earnings were down from EUR 1.9 million in Q3 2003 to EUR 1.0 million in Q3 2004. Revenues for the first nine months of 2004 amounted to EUR 36.4 million, after EUR 40.8 million in the prior-year period. Third-quarter revenues declined from EUR 13.5 million to EUR 11.4 million. The decrease in revenue was entirely due to a change in the accounting method used for posting media purchases and allocating intra-Group TV advertising revenues, so that such entries will now have no net effect on income or expenses.

SevenOne Intermedia closed out the third quarter with a very positive result. The company's revenues and earnings were both up significantly for the first nine months. Pre-tax profits grew from EUR 1.7 million to EUR 7.4 million. That means that this figure has more than quadrupled within a year. Revenues on the period were up from EUR 40.9 million to EUR 43.4 million (a 6% gain). The return on revenue was 17 percent. In the third quarter, the company's revenues came to EUR 15.9 million, following

Cost base significantly reduced

EUR 13.8 million a year earlier (up 15%). Pre-tax profits for the third quarter climbed from EUR –1.7 million to EUR +2.6 million.

The new Diversification segment expands the duties of the two subsidiaries. MM MerchandisingMedia, formerly in charge of licensing and merchandising, will now also handle the Group's teleshopping activities. SevenOne Intermedia, formerly responsible for online, teletext, mobile services, and audiotex, will now also take charge of interactive and digital television, as well as customer loyalty management.

A new addition to the Group portfolio of the Diversification segment is the subsidiary SevenOne International. This company was founded in September 2004 with the task of marketing broadcasting rights internationally for the ProSiebenSat.1 Group's TV productions. As the company that commissions the largest number of new TV productions in Germany, the ProSiebenSat.1 Group is thus making the most of the chance to market its own content worldwide.

Financial position, net worth, and results of operations

Significant cuts in expenses

In the first nine months of 2004, the ProSiebenSat.1 Group was able to reduce important expense items and thus enhance its efficiency still further. The savings effect is clearest in the cost of sales. During the first three quarters, this item was pared back from EUR 938.5 million in 2003 to EUR 898.2 million in 2004 – a 4 percent reduction. The most important component of the cost of sales is the consumption of programming assets, which decreased 4 percent in the first nine months, to EUR 678.4 million (Q1-Q3 2003: EUR 706.2 million). Scheduled consumption decreased from EUR 664.3 million to EUR 642.1 million (down 3%). Unscheduled consumption came to EUR 36.3 million, following EUR 41.8 million in the prior-year period (down 13%). In addition, administrative and selling costs were also substantially lower. Broad-based cost savings cut administrative costs alone by 22 percent, to EUR 95.3 million (Q1-Q3 2003: EUR 122.4 million). Selling costs were down 12 percent, to EUR 135.8 million (Q1-Q3 2003: EUR 155.1 million). This decrease was due to advertising expenses in particular.

Refinancing has positive impact

The net interest result was down substantially, from EUR 53.9 million in the first nine months of 2003 to EUR 45.0 million in the current-year period (a 17% improvement). The key factor here was a refinancing concept that was implemented in the second quarter of 2004, with the goal of reducing net financial debt and improving the maturity profile for outstanding financial debt. In addition to a capital increase that resulted in gross proceeds of EUR 282 million, the concept also included:

- a new syndicated loan in an amount of EUR 325 million,
- the tender of a bond due in 2006, in an amount of EUR 298 million (total par value EUR 338 million), and
- issuance of a new EUR 150 million bond that will be due in 2009.

Refinancing has positive effect on balance sheet

ProSiebenSat.1 Group earns good credit rating

In the third quarter, the rating agencies upgraded the credit ratings of ProSiebenSat.1 Group. On September 28, Moody's Investor Service raised its rating from Ba2, outlook positive, to Ba1, outlook stable. On August 13, Fitch Ratings raised its rating from BB+, outlook stable, to BB+ outlook positive.

Due to the refinancing, the item of other finance expenses increased from EUR 5.6 million to EUR 21.1 million, and net financial expenses overall increased from EUR 55.6 million to EUR 59.7 million. This is equivalent to a decline of 7 percent from the prior-year period.

Cash and equivalents, and cash flow

At September 30, 2003, the ProSiebenSat.1 Group's cash and equivalents came to EUR 132.2 million, compared to EUR 46.4 million a year earlier. The rise of 185 percent was mainly the result of higher cash balances held at banks. The increased bank balances were the result of the refinancing in the second quarter of 2004.

Despite higher revenues, the cash flow from ordinary operating activities in the first nine months of 2004 was less than for the same period last year, falling from EUR 804.6 million to EUR 693.4 million (down 14%). The chief reason for the decline was a decrease in non-interest-bearing liabilities, especially trade accounts payable.

The cash flow from investing activities was down from EUR 894.8 million for the comparable period to EUR 737.3 million in 2004 (down 18%). The main reason for the decline was lower capital expenditures on programming assets. Last year, the ProSiebenSat.1 Group signed major film agreements to acquire a secure supply of programming.

The cash flow from financing activities grew from EUR 69.2 million for January-September 2003 to EUR 114.2 million for January-September 2004 (up 65%). The critical factor here was the net inflow of funds from refinancing.

Balance sheet ratios improve further

Total assets were up 2 percent against September 30, 2003, to EUR 2.011 billion (9/30/2003: EUR 1.969 billion). The improvement in balance sheet ratios reflects both the refinancing operations associated with the capital increase and the restructuring of bond debt.

Primarily because of the funds furnished by the capital increase and the increase in profits, equity increased 68 percent to EUR 960.2 million (9/30/2003: EUR 572.6 million). Thus the equity ratio came to 48 percent (9/30/2003: 29%). The return on equity rose from –0.6 percent to +13 percent.

Capital reserves were up 79 percent against September 30, 2003, to EUR 578.4 million (9/30/2003: EUR 322.3 million). This significant rise results from the proceeds of the capital increase. The costs of the capital increase were charged to the capital reserves. New stock issues boosted subscribed capital 12 percent, to EUR 218.8 million (9/30/2003: EUR 194.5 million).

Net financial debt cut in half

Net financial debt was cut 47 percent to EUR 444.1 million (Q1-Q3 2003: EUR 837.6 million), mainly due to optimized financing structures. Total debt was down 28 percent, to EUR 962.7 million (9/30/2003: EUR 1.338 billion). Provisions were up by just under half, to EUR 87.2 million, primarily because of significant increases in profits and the associated larger tax reserves (9/30/2003: EUR 58.3 million).

The increase in total assets was primarily the consequence of a 4 percent increase in current assets to EUR 1.523 billion (9/3/2003: EUR 1.461 billion). The critical factor was the substantial rise in cash and equivalents from EUR 46.4 million to EUR 132.2 million, that resulted from the refinancing.

Representing 59 percent of total assets, programming assets are the most important asset item. At EUR 1.185 billion on-balance-sheet programming assets were 4 percent below the level from last year (9/30/2003: EUR 1.232 billion). These assets consist of feature films and series, along with commissioned productions intended for one-time or multiple airings as well as advance

Program content key asset

payments. Feature films and series for which the license terms have not yet begun are not included in the programming investments stated on the balance sheet. At EUR 724.2 million, programming assets at September 30, 2004, were down 20 percent from the same date last year (EUR 901.4 million). The significantly higher value from last year resulted from the signing of numerous major film agreements to help safeguard the programming supply for the long term. The ProSiebenSat.1 Group has a very good supply of high-quality feature films and series, and has contracts with almost every major U.S. film studio.

Employees
Personnel expenses down 2 percent

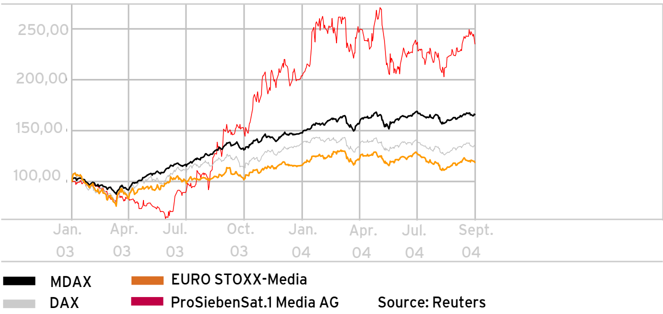
As of September 30, 2004, the ProSiebenSat.1 Group had a total of 2,695 employees, down about six percent from a year earlier. Most of the decrease resulted from restructuring within the Group as a whole. The changes included cancellation of some programs and outsourcing of others. As of September 30, 2004, Sat.1 had 230 employees (vs. 225) and ProSieben had 245 (vs. 273). As of the same date, Kabel 1 had 45 employees (vs. 48) and N24 had 157 (vs. 176). The Diversification segment had 204 employees (vs. 207). With 912 employees (vs. 917), ProSiebenSat.1 Produktion was the unit with the largest staff. ProSiebenSat.1 Media AG had 347 employees (vs. 370); 386 employees (vs. 377) were in marketing (SevenOne Media and SevenOne Interactive).

Personnel expenses for the first nine months were EUR 152.2 million. This is equivalent to a decline of about 2 percent from the figure of EUR 155.6 million for the same period last year.

ProSiebenSat.1 stock
Share price up 15.4 percent since start of year

The rise in the price of oil caused the stock market's mood to sour in the third quarter. These high prices pulled down world markets and stoked new anxieties among investors. Domestic stock exchanges were unable to escape the trend. The most important index, the DAX or Deutsche Aktienindex, lost ground in the third quarter, closing at 3,892.9 points – down 1.8 percent from the beginning of the year. Apart from worries about the world economy, problems in the German market also increasingly troubled the DAX. Investors showed a lack of confidence in the German economy.

ProSiebenSat.1 stock:
Share price performance Jan. 1, 2003 – Sept. 30, 2004



Source: Reuters

Only the MDAX has escaped the trend so far. Over the last nine months the MDAX rose 12.2 percent, to close at 5,014.36 on September 30. Experts view the rise as a renaissance of standard stock. Many cyclical MDAX companies profited substantially from the economic recovery of the first two quarters.

Over the year, ProSiebenSat.1 stock has significantly out-performed both the DAX and the MDAX. As of September 30, it was up 15.4 percent from the beginning of the year, to EUR 14.84. The price started off the third quarter on the downside. By the time the first half results were announced on August 13, the stock had fallen back to its price at the beginning of the year. But the share price gained a lot of ground on the good figures of the first half, and had almost returned to the first half closing price by the

P7S1 Holding increases stake in ProSiebenSat.1 Media AG

end of the quarter. The ProSiebenSat.1 stock also outperformed its European peer group as a whole. While the stock picked up 15.4 percent year-on-year, the Euro-Stoxx-Media index gained only 2.2 percent.

Change in shareholder structure

The ongoing implementation of the insolvency plan for KirchMedia GmbH & Co. KGaA (Taurus TV GmbH) has caused another change in the shareholder structure of ProSiebenSat.1 Media AG. In September, KirchMedia sold its remaining stake in ProSiebenSat.1 Media AG to P7S1 Holding L.P. and Axel Springer AG. As a result, P7S1 Holding L.P. increased its holdings of capital stock from 37.5 percent to 50.5 percent. Axel Springer AG's holdings of capital stock rose from 10.2 percent to 12.0 percent. KirchMedia GmbH & Co. KGaA no longer holds an interest in ProSiebenSat.1 Media AG. The free float remains unchanged at 37.5 percent.

Staff changes

At the beginning of October, Hubertus Meyer-Burckhardt took full responsibility for media policy and regulation on the Executive Board. He had formerly shared these responsibilities with Jürgen Doetz. Mr. Doetz resigned from active service on the Executive Board upon reaching the retirement age of 60 stipulated for the Board. But he will remain associated with the ProSiebenSat.1 Group in an advisory capacity.

The Supervisory Board of ProSiebenSat.1 Media AG also underwent changes. Ynon Kreiz has been a member of the board since October 25. Mr. Kreiz, a media businessman residing in London, succeeded Michael Jaffé as an alternate member elected by the shareholders' meeting. Mr. Jaffé resigned once KirchMedia sold its remaining stake in ProSiebenSat.1 Media AG.

Research and development

Ongoing research and market analysis is a top priority for the ProSiebenSat.1 Group. The results of research on audiences and the advertising market, and in new technologies, furnish important information for the Company's strategic orientation.

Field test for interactive TV

In September, the ProSiebenSat.1 Group began a field test on its stations for a concept that is unique in the world. The core element of "Betty" technology is a new generation of TV remote controls. Unlike all previous interactive TV concepts, Betty works with existing televisions. It does not need a set-top box and can be used with both analog and digital TV reception. Using a wireless feedback channel to the telephone jack, Betty enables viewers to use such added-value services as gaming, voting and shopping, and to call up information. The ProSiebenSat.1 Group's partners in the project are Betty Mitmach TV GmbH and Serviceplan Agenturgruppe für innovative Kommunikation.

ProSiebenSat.1 Group is holding firm to its profit expectation

Events subsequent to the reporting date
ProSiebenSat.1 Group has best October in 4 years

The ProSiebenSat.1 Group's stations got off to a successful start into the economically vital fourth quarter, with the best October in four years. The Group earned an audience share of 30.9 percent. The gain means that Sat.1, ProSieben, Kabel 1 and N24 picked up 0.6 percentage points against the same month last year among the commercially decisive target group of 14 to 49 year old viewers. The Group had 30.3 percent in October 2003, 29.1 percent in October 2002, and 29.3 percent in October 2001. The broadcasting corporation also gained further ground in comparison to its successful September figures, picking up 0.5 percentage points.

Sat.1 logged a gain of 0.3 percentage points to its October 2003 ratings, to reach 12.2 percent. The station's showing in comparison to September was even better, a gain of 0.4 percentage points. An important contributing factor here was the new fall schedule, including such shows as "Mein grosser dicker peinlicher Verlobter" (as high as 23.9%) and "Schillerstrasse" (as high as 21.7%), as well as the UEFA Champions League.

ProSieben, at 12.9 percent in October, had its second-strongest audience share of the year (March 2004: 13.0%). This was an increase of 0.3 percentage points over both September's figure and October of last year. Among the ratings highlights were two blockbusters – "The Fifth Element" (23.4%) and "Save the Last Dance" (19.4%) – as well as "Sex and the City" (as high as 20.3%) and "Popstars" (as high as 15.1%).

Kabel 1 logged 5.3 percent in October, remaining stable against October of 2003. The station's share in September of this year was 5.5 percent. News station N24, with a share of 0.5 percent, pulled ahead of competitor n-tv for the first time in the monthly figures; the competing station lost 0.1 percentage points, to 0.4 percent.

Among 14 to 49-year-olds, RTL earned a share of 17.7 percent in October, following 17.6 percent in September. The new figure represents a drop of 0.6 percentage points against October 2003 for the station. Vox at 6.0 percent was nearly at the same level as September, when the station reached 6.1 percent. Super RTL earned 2.6 percent, compared to 2.5 percent in September and 2.4 percent in October of 2003. The October 2003 figure for n-tv was 0.5 percent. RTL 2 lost 1.0 percentage point from September, to earn a 7.3 percent share – the same as it had in October 2003.

Upcoming station highlights

Sat.1 started out the fall with a new slogan and a new design. "Sat.1 shows 'em all" stands for the station's new self-confidence and innovative strength. Sat.1 will be showing off both charactristics in the economically vital fourth quarter. The international co-production "Die Nibelungen" by hit director Uli Edel continues Sat.1's string of outstanding event productions. Other ratings bulwarks are the station's other in-house productions: from successful Sat.1 Movies on Tuesdays to the crime series "Der Bulle von Tölz." In light entertainment, the station's performance is reinforced with variety and comedy programs like "Die Hit Giganten," "Genial daneben" and "Schillerstrasse." Major films, like the Oscar-winning "Nowhere in Africa" or "The Others," with Nicole Kidman, show promise of attracting exceptional viewer interest. The UEFA Champions League rounds out Sat.1's broad range of programming.

ProSieben began the vital fourth quarter with the best October showing in four years among the 14-to-49 viewer group that advertisers prize. In the next few weeks, the No. 1 movie station will be showing such blockbusters as "Rat Race," "40 Days and 40 Nights" and the comedy "Zoolander." Additionally, ProSieben shows some of the biggest international TV series, including the final episodes of the cult hit "Sex and the City" and the U.S. hit "NIP/Tuck." It is also strengthening its in-house production operations, under the "made by ProSieben" label. With "Das Blut der Templer," the station is also promoting high-quality event television. Other programming highlights are the BBC documentary "Space Odyssey – Mission to the Planets" and an expanded version of the successful show series "Die 100 nervigsten ... ."

Kabel 1 will remain the place to go for film classics. In a Forsa survey, 20.7 percent of the 14-to-49 audience recently rated the station tops in "best classic films." Kabel 1 is responding by extending "Die Besten Filme aller Zeiten – Die Show," an established programming brand in the entertainment segment. The Group's very good supply of licensed programming is one of the cornerstones of the station's expansion of its core competence in feature films. In the next few weeks Kabel 1 will be showing timeless quality films from Hollywood, with "Groundhog Day," the Mafia epic "GoodFellas" and "Mary Shelley's Frankenstein."

With its new slogan "We get down to business," N24 devotes the next few weeks to informative programming with a strong opinion content. The new weekly magazine show "Der Aktionär TV" extensively explores the current week on the stock exchange, provides information on the domestic and international stock market, and analyzes individual sectors. Host Michel Friedman also provides strong opinions and strong talk on current issues in his "Studio Friedman" program.

Outlook

Visibility in the advertising market remains as low as ever, and is clowded by advertisers' predilection to book on short notice. Conditions in the advertising business are still affected by adverse consumer attitudes in Germany. At the moment there are no indications that consumer confidence will improve. Instead, the rising price of oil and the disuccions about at the Karstadt and Opel conglomerates spark concerns that consumers will remain unforthcoming.

Because of this uncertainty it is very difficult to make any predictions about the TV advertising market. The ProSiebenSat.1 Group continues to assume that the television advertising market will close out 2004 with growth. The ZAW – the German advertising association – expects a gain of 2 percent. The World Advertising Research Center (WARC) anticipates growth of 1.8 percent. But the RTL Group, the ProSiebenSat.1 Group's major competitor, apparently takes a far dimmer view of the market, and projects zero growth. In the wake of a very good first half and a significantly less dynamic second half, the ProSiebenSat.1 Group now expects that the net television advertising market will show a growth rate between 0 and 2 percent in 2004. The Group itself will finish out the year with above-average growth rates in revenues, and a significant improvement in earnings. The ProSiebenSat.1 Group is holding firm to its profit expectations, even if revenues fail to grow in the second half. The Group also expects to achieve its cost-cutting targets for the year as a whole.

Explanatory note

The report for Q1-Q3 and the third quarter of 2004 has been prepared in accordance with International Accounting Standard IAS 34, in conjunction with IFRS 1.

The financial statements for the first quarter of 2004 were the first that the ProSiebenSat.1 Group has presented under International Financial Reporting Standards (IFRS). On June 6, 2002, the Council of the European Union issued a decision that requires all companies oriented on the capital markets to prepare their consolidated financial statements under IFRS for fiscal years beginning after December 31, 2004. The ProSiebenSat.1 Group already began the transition last year. This report for for Q1-Q3 and third quarter of 2004 employs the same reporting and valuation methods as were used in the ProSiebenSat.1 Group's IFRS annual financial statements as of December 31, 2003.

German accounting principles differ in a number of regards from IFRS. In the case of the ProSiebenSat.1 Group, for example, differences appear in the reporting of leased assets and deferred taxes.

Reconciliation under IFRS 1

The following reconciliations of equity and profit or loss for the reporting period reflect all changes that result from the differences in accounting principles between IFRS and the German Commercial Code (HGB). The major items are explained below.

Business combinations

Under IFRS 3, goodwill and separable intangible assets with an indeterminate useful life expectancy are not to be amortized, but instead must be reviewed annually for impairment, which is known as the impairment-only approach. The ProSieben-

Explanatory note and reconciliation

Reconciliation Shareholders´ equity as of Dec 31, 2002	EUR m
Equity per German Commercial Code (HGB)	617.4
Discount on Euvia loan	-51.8
Valuation of provisions and liabilities	-16.8
Reporting/Valuation of bonds	7.8
Leases	-6.1
Valuation at equity Euvia	-4.7
Reporting/Valuation of derivatives	-1.7
Deferred taxes	35.9
Miscellaneous	0.8
Equity per IFRS	580.8

Reconciliation Shareholders´ equity as of Dec 31, 2003	EUR m
Equity per German Commercial Code (HGB)	656.7
Discount on Euvia loan	-50.6
Reporting/Valuation of derivatives	-29.8
Valuation of provisions and liabilities	-14.6
Reporting/Valuation of bonds	6.1
Leases	-5.9
Impairment-only approach for Kabel 1 goodwill	2.9
Deferred taxes	36.3
Miscellaneous	0.1
Equity per IFRS	601.2

Reconciliation Shareholders´ equity as of Sept 30, 2003	EUR m
Equity per German Commercial Code (HGB)	606.4
Discount on Euvia loan	-50.9
Valuation of provisions and liabilities	-14.7
Reporting/Valuation of bonds	6.5
Leases	-6.0
Valuation at equity Euvia	-5.2
Reporting/Valuation of derivatives	-5.2
Impairment-only approach for Kabel 1 goodwill	2.1
Deferred taxes (incl. adjustment to tax rate for full year)	38.0
Miscellaneous	1.6
Equity per IFRS	572.6

Reconciliation Group net profit for 2003	EUR m
Group net profit per German Commercial Code (HGB)	45.0
Reporting/Valuation of derivatives	-5.9
Valuation at equity Euvia	4.5
Impairment-only approach for Kabel 1 goodwill	2.9
Reporting/Valuation of bonds	-1.7
Addition to Euvia loan	1.2
Deferred taxes	-7.5
Miscellaneous	0.9
Group net profit per IFRS	39.4

Explanatory note and reconciliation

Reconciliation
Group net loss for Q1-Q3 of 2003

	EUR m
Group net profit per German Commercial Code (HGB)	-7.6
Valuation Receivables	2.1
Impairment-only approach for Kabel 1 goodwill	2.1
Reporting/Valuation of bonds	-1.3
Valuation at equity Euvia	0.1
Addition to Euvia loan	0.9
Leases	0.1
Deferred taxes (incl. adjustment to tax rate for full year)	2.1
Miscellaneous	-0.4
Group net loss IFRS	-1.9

Reconciliation
Group net loss for Q3 of 2003

	EUR m
Group net profit per German Commercial Code (HGB)	-6.8
Valuation Receivables	0.6
Impairment-only approach for Kabel 1 goodwill	0.7
Reporting/Valuation of bonds	-0.5
Valuation at equity Euvia	-0.5
Addition to Euvia loan	0,4
Leases	0.3
Deferred taxes (incl. adjustment to tax rate for full year)	0.5
Miscellaneous	-0.7
Group net loss per IFRS	-6.0

Sat.1 Group has already applied IFRS 3 retroactively for fiscal 2003. By contrast, under the German Commercial Code, goodwill undergoes scheduled depreciation over either its useful life expectancy or four years.

Leases

IFRS defines a finance lease as a lease under which substantially all risks and benefits deriving from title to an asset are transferred to the lessee. An operating lease is defined as any lease that is not a finance lease. Under IFRS, lessees must report finance leases, in equal amounts, as both an asset and a liability. The amount to be employed is either the fair value of the leased property as of the commencement of the lease, or the net present value of minimum lease payments, if the latter value is lower. Finance leases give rise to a depreciation expense for depreciable assets, and a financial expense. The lease payments for an operating lease are reported as an expense in the income statement.

In the treatment of leases under the German Commercial Code, leased property was not capitalized, in accordance with the requirements of German tax regulations. But in adherence to IFRS, a number of existing leases have now been classified as finance leases. Accordingly, the ProSiebenSat.1 Group has reported its leased assets and lease liabilities for the most part under “property, plant and equipment“ or “other liabilities.“
This treatment of finance leases under IFRS has also caused a difference in the way the rent expenses resulting from these leases are treated and reported in the income statement.

Long-term loans

Under IFRS, at the time they are first reported, financial assets bearing low or no interest are to be discounted at the market interest rate for comparable assets if the discounting effect is material. Economic advantages that counteract low or nil interest rates can be shown as assets in the balance sheet only if they comply with the recognition criteria for an asset.

In 2001, the Company granted a low-interest loan for the original amount of EUR 112.0 million to Euvia Media AG & Co. KG. Under IFRS, in contrast to the German Commercial Code, the associated advantages cannot be taken into account in determining the

Explanatory note and reconciliation

value of the low-interest loan to Euvia Media. Hence the loan to Euvia Media has been discounted under IFRS.

Borrowing costs

Under German accounting standards, costs incurred in direct connection with borrowings (for example, through bonds) represent an immediate expense for the period in question. Under IFRS, borrowing costs are charged as expenses spread over the life of the loan.

Other provisions

German accounting principles require provisions to be set aside for doubtful debts and potential losses on pending transactions. Such provisions may also be formed for internal costs – for example maintenance costs incurred during the first three months of the subsequent year, or for other defined expenses. Provisions are to be accrued under IFRS if a present external obligation exists; if it is probable that an outflow of resources will be necessary in order to fulfill that obligation; and if a reliable estimate can be made of the amount of the obligation. Provisions are formed according to the best-estimate method, and discounted to present value if they are maintained for the long term and if the discounting effect is material. The terms under which the present external obligation may be reduced by income directly or indirectly associated with that obligation may differ under IFRS from the terms under the German Commercial Code.

Deferred taxes

Under German accounting principles, a deferred tax item must be formed for differences between the consolidated income statement and income as calculated for tax purposes, if those differences are likely to net out against one another in the future. Under IFRS, deferred tax assets and liabilities are to be recognized for temporary differences between the value of an asset or liability as carried in the balance sheet, and the assessment basis on which that item will be taxed, except for goodwill (unless amortization of goodwill is tax-deductible) and certain transactions that do not affect either the taxable profit or the accounting profit. Additionally, IFRS requires deferred tax assets to be reported for tax loss carry-forwards, if there is an adequate probability that these tax loss carry-forwards will be applied against taxable profit in the future.

The differences in carrying values for deferred taxes at the ProSiebenSat.1 Group are largely the consequence of capitalizing deferred taxes that result in part from differences between IFRS and German tax reporting principles, and in part from tax loss carry-forwards.

Derivative financial instruments

Under German accounting standards, derivative financial instruments are reported as anticipated transactions in the balance sheet only if their valuation as of the reporting date indicates a potential loss, and if they cannot be allocated to a compensatory valuation unit that combines both the derivative and the underlying transaction, in a procedure that is roughly equivalent to hedge accounting under IAS. Unrealized gains do not appear in the income statement because of the principle that gains are not to be shown until they have been realized through a sale.

Under IFRS, reporting for financial instruments is governed by IAS 32 and IAS 39, which require derivatives to be reported in the balance sheet at their fair value. Changes in fair value are normally applied to the income statement. Hedge accounting may be applied under certain narrowly defined conditions. In those cases, there are regular subsequent revaluations of the derivative with no impact on the income statement.

The ProSiebenSat.1 Group has hedges against interest-rate risks and foreign-currency risks. Interest-rate risks arise from liabilities with variable interest rates. The Company uses interest-rate swaps to hedge these risks. Some financial statements have included euro-denominated interest-rate swaps for which hedge accounting could not be applied under IFRS. Accordingly, these swaps were reported at fair value as "other liabilities." Consequently, subsequent changes in the current market value of these interest-rate swaps will be entered without effect on income or expense.

The ProSiebenSat.1 Group incurs foreign-currency risks primarily through license payments denominated in US dollars. The Company hedges these risks by entering into forward exchange deals

Explanatory note and reconciliation

and currency options. Its expectation is that most of the derivative financial instruments used for foreign-exchange management will meet the requirements for hedge accounting under IFRS. Under IFRS those forward-exchange transactions that meet the requirements for hedging are reported at fair value under equity and under "other liabilities," with no net impact on profits. Forward-exchange transactions that do not qualify for hedging are reported at fair value in the balance sheet, with an impact on profits. Under IFRS, currency options are capitalized as "other assets" for the amount of their option premium. In subsequent valuations, any changes in fair value are charged to the income statement.

Consolidated Income Statement for ProSiebenSat.1 Media AG for Q1 - Q3 2004 (IFRS)

Consolidated Income Statement for ProSiebenSat.1 Media AG for Q1-Q3 2004 (IFRS)

		Q1-Q3 2004 EUR k	Q1-Q3 2003 EUR k	Change EUR k	Change in percent
1.	Revenues	1,294,344	1,240,822	53,522	4%
2.	Cost of sales	-898,151	-938,479	-40,328	-4%
3.	**Gross profit**	396,193	302,343	93,850	31%
4.	Selling expenses	-135,794	-155,122	-19,328	-12%
5.	Administrative expenses	-95,338	-122,361	-27,023	-22%
6.	Other operating income	16,281	27,522	-11,241	-41%
7.	**Operating profit**	181,342	52,382	128,960	246%
8.	Income from companies in which equity investments are held	51	50	1	2%
9.	Income from other securities and from loans of financial assets	5,179	4,004	1,175	29%
10.	Income from associated companies	2,020	611	1,409	231%
11.	Write-downs of financial assets and marketable securities	-877	-750	127	17%
12.	Net interest result	-44,960	-53,875	8,915	17%
13.	Other financial expenses	-21,119	-5,597	15,522	277%
14.	**Financial loss**	-59,706	-55,557	-4,149	-7%
15.	**Income from ordinary business activities**	121,636	-3,175	124,811	- / -
16.	Income taxes	-46,199	1,024	47,223	- / -
17.	**Profit/loss**	75,437	-2,151	77,588	- / -
18.	Minority interests	-155	261	-416	-159%
19.	**Consolidated profit/loss**	75,282	-1,890	77,172	- / -

	Q1-Q3 2004 EUR	Q1-Q3 2003 EUR	Change EUR	Change in percent
Basic and diluted earnings per share of common stock according to IAS 33	0.36	-0.01	0.37	- / -
Basic and diluted earnings per share of preferred stock according to IAS 33	0.37	0.00	0.37	- / -

Consolidated Income Statement for ProSiebenSat.1 Media AG for Q3 2004 (IFRS)

Consolidated Income Statement for ProSiebenSat.1 Media AG for Q3 2004 (IFRS)

		Q3 2004 EUR k	Q3 2003 EUR k	Change EUR k	Change in percent
1.	Revenues	362,053	362,659	-606	- / -
2.	Cost of sales	-277,719	-265,327	12,392	5%
3.	**Gross profit**	84,334	97,332	-12,998	-13%
4.	Selling expenses	-48,845	-53,739	-4,894	-9%
5.	Administrative expenses	-29,670	-41,162	-11,492	-28%
6.	Other operating income	5,847	6,745	-898	-13%
7.	**Operating profit**	11,666	9,176	2,490	27%
8.	Income from companies in which equity investments are held	51	50	1	2%
9.	Income from other securities and from loans of financial assets	2,016	1,375	641	47%
10.	Income from associated companies	793	132	661	501%
11.	Write-downs of financial assets and marketable securities	-877	-250	627	251%
12.	Net interest result	-13,258	-17,399	4,141	24%
13.	Other financial expenses	3,953	-1,770	-5,723	-323%
14.	**Financial loss**	-7,322	-17,862	10,540	59%
15.	**Income from ordninary business activities**	4,344	-8,686	13,030	150%
16.	Income taxes	-1,656	2,801	4,457	159%
17.	**Profit/loss**	2,688	-5,885	8,573	146%
18.	Minority interests	-84	-80	-4	-5%
19.	**Consolidated profit/loss**	2,604	-5,965	8,569	144%

	Q3 2004 EUR	Q3 2003 EUR	Change EUR	Change in percent
Basic and diluted earnings per share of common stock according to IAS 33	0.01	-0.03	0.04	133%
Basic and diluted earnings per share of preferred stock according to IAS 33	0.01	-0.02	0.03	150%

Consolidated Balance Sheet of ProSiebenSat.1 Media AG as of Sept. 30, 2004 (IFRS)

Consolidated Balance Sheet of ProSiebenSat.1 Media AG as of Sept. 30, 2004 (IFRS)

Assets	09/30/2004 EUR k	09/30/2003 EUR k	Change EUR k	12/31/2003 EUR k	Chang EUR
A. Noncurrent assets					
I. Intangible assets	62,228	61,807	421	60,583	1,64
II. Property, plant and equipment	242,639	262,298	-19,659	258,639	-16,00
III. Financial assets	147,315	136,993	10,322	145,727	1,58
	452,182	461,098	-8,916	464,949	-12,76
B. Current assets					
I. Programming assets	1,185,434	1,231,664	-46,230	1,148,177	37,25
II. Inventories	5,756	5,352	404	5,777	-2
III. Accounts receivable and other assets	198,758	177,014	21,744	172,557	26,2
IV. Marketable securities	615	945	-330	921	-30
V. Cash, cash at bank	132,164	46,364	85,800	61,862	70,30
	1,522,727	1,461,339	61,388	1,389,294	133,43
C. Deferred taxes	35,953	46,448	-10,495	43,613	-7,66
Total assets	**2,010,862**	**1,968,885**	**41,977**	**1,897,856**	**113,00**

Liabilities and shareholders' equity	09/30/2004 EUR k	09/30/2003 EUR k	Change EUR k	12/31/2003 EUR k	Chang EUR
A. Shareholders' equity					
I. Subscribed capital	218,797	194,486	24,311	194,486	24,3
II. Capital reserves	578,421	322,319	256,102	322,319	256,10
III. Group equity generated	170,842	59,403	111,439	97,505	73,33
IV. Accumulated other Group equity	-7,902	-3,606	-4,296	-13,160	5,25
	960,158	572,602	387,556	601,150	359,00
B. Minority interests	780	-398	1,178	625	15
C. Provisions	87,195	58,322	28,873	65,397	21,79
D. Liabilities (1)	962,729	1,338,359	-375,630	1,230,684	-267,95
Total liabilities and shareholders' equity	**2,010,862**	**1,968,885**	**41,977**	**1,897,856**	**113,00**

(1) Sept. 30, 2004: including interest-bearing liabilities EUR m 702 (remaining term 1 year or less: EUR m 142; remaining term 1 to 5 years: EUR m 64; remaining term > 5 years: EUR m 496)
Sept. 30, 2003: including interest-bearing liabilities EUR m 1,024 (remaining term 1 year or less: EUR m 174; remaining term 1 to 5 years: EUR m 494; remaining term > 5 years EUR m 356)
Dec. 31, 2003: including interest-bearing liabilities EUR m 866 (remaining term 1 year or less: EUR m 146; remaining term 1 to 5 years: EUR m 366; remaining term > 5 years EUR m 354)

Statement of Changes in Shareholders' Equity

Statement of Changes in Shareholders' Equity of the ProSiebenSat.1 Group for Q1-Q3 2003 (IFRS)

	Subscribed capital	Capital reserves	Group equity generated	Accumulated other Group equity		Shareholders' equity
				Foreign currency translation adjustment	Other transactions not recognized in the income statement, incl. OCI	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
December 31, 2002	194,486	322,319	63,238	526	228	580,797
Dividends paid	- / -	- / -	-1,945	- / -	- / -	-1,945
Hedge accounting	- / -	- / -	- / -	- / -	-3,381	-3,381
Other changes	- / -	- / -	- / -	-979	- / -	-979
Consolidated loss	- / -	- / -	-1,890	- / -	- / -	-1,890
September 30, 2003	194,486	322,319	59,403	-453	-3,153	572,602

Statement of Changes in Shareholders' Equity of the ProSiebenSat.1 Group for Q1-Q3 2004 (IFRS)

	Subscribed capital	Capital reserves	Group equity generated	Accumulated other Group equity		Shareholders' equity
				Foreign currency translation adjustment	Other transactions not recognized in the income statement, incl. OCI	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
December 31, 2003	194,486	322,319	97,505	-234	-12,926	601,150
Capital increase	24,311	256,102	- / -	- / -	- / -	280,413
Dividends paid	- / -	- / -	-1,945	- / -	- / -	-1,945
Hedge accounting	- / -	- / -	- / -	- / -	5,258	5,258
Consolidated profit	- / -	- / -	75,282	- / -	- / -	75,282
September 30, 2004	218,797	578,421	170,842	-234	-7,668	960,158

Cash Flow Statement as of September 30, 2004 (IFRS)

ProSiebenSat.1 Group Cash Flow Statement for Q1-Q3 2004 (IFRS)

	Q1-Q3 2004 EUR k	Q1-Q3 2003 EUR k
Consolidated profit/loss	**75,282**	**-1,890**
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	28,632	32,199
Consumption/write-ups of programming assets	678,414	705,984
Change in tax provisions (incl. change in deferred tax assets)	35,255	7,349
Change in other provisions	17	14,406
Profit from sale of programming assets	-/-	4,159
Profit from sale of fixed assets	101	311
Cash flow	**817,701**	**762,518**
Change in inventories	21	-394
Change in non-interest-bearing receivables and other assets	-25,895	26,979
Change in non-interest-bearing liabilities	-98,460	15,544
Cash flow from operating activities	**693,367**	**804,647**
Proceeds from disposal of noncurrent assets	7,463	4,191
Expenditures for intangible assets and property, plant and equipment	-13,973	-8,139
Expenditures for purchase of financial assets	-9,454	-4,178
Proceeds from disposal of programming assets	2,682	14,724
Expenditures for programming assets	-724,167	-901,364
Effects of changes in scope of consolidation and other changes in equity	153	-45
Cash flow from investing activities	**-737,296**	**-894,811**
Free cash flow	**-43,929**	**-90,164**
Dividend	-1,945	-1,945
Change of interest-bearing liabilities	-164,237	71,182
Net admission from capital increase	280,413	-/-
Cash flow from financing activities	**114,231**	**69,237**
Change in cash and cash equivalents	**70,302**	**-20,927**
Cash and cash equivalents at beginning of year	61,862	67,291
Cash and cash equivalents as of September 30, 2004	**132,164**	**46,364**

	Q1-Q3 2004 EUR k	Q1-Q3 2003 EUR k
The cash flow from operating activities includes the following receipts and payments according to IAS 7:		
Cash flow from income taxes	**-39,696**	**36,146**
Cash flow from interest expenses	**-57,844**	**-60,959**
Cash flow from interest income	**1,873**	**977**