



# Quarterly Report Q1/2005

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# Key Figures

## Key figures for the ProSiebenSat.1 Group

### Key balance sheet figures for the ProSiebenSat.1 Group

		03/31/2005	03/31/2004	Change
Total assets	[Eur m]	1,896.7	1,910.3	-1%
Shareholders equity	[Eur m]	1,040.6	633.7	64%
Liabilities	[Eur m]	785.3	1,211.2	-35%
Equity ratio		55%	33%	67%
Pre-tax return on equity		5%	7%	-29%
Programming assets	[Eur m]	1,104.5	1,209.1	-9%
Programming assets of total assets		58%	63%	-8%
Net financial debt incl. bond	[Eur m]	310.8	792.8	-61%

### Key cash flow figures for the ProSiebenSat.1 Group

		Q1 2005	Q1 2004	Change
Cash flow	[Eur m]	274.2	278.7	-2%
Free cash flow	[Eur m]	-31.4	-125.8	75%
Cash flow from operating activities	[Eur m]	198.5	176.3	13%
Cash flow from investing activities	[Eur m]	-229.9	-302.1	24%
Cash flow from financing activities	[Eur m]	-175.2	70.6	-348%

## Key figures for the ProSiebenSat.1 Group

		Q1 2005	Q1 2004	Change
Revenues	[Eur m]	430.0	436.3	-1%
Gross profit	[Eur m]	130.7	133.4	-2%
Operating profit	[Eur m]	57.1	60.4	-5%
Financial loss	[Eur m]	-10.1	-16.9	40%
Pre-tax profit	[Eur m]	47.1	43.5	8%
Consolidated profit	[Eur m]	28.7	25.1	14%
EBITDA	[Eur m]	64.2	69.1	-7%
EBIT	[Eur m]	56.8	60.4	-6%
Pre-tax profit margin		11%	10%	10%
Programming investments	[Eur m]	223.0	303.2	-26%
Depreciation and amortization of intangible assets, property, plant and equipment	[Eur m]	7.1	8.7	-18%
Personnel expenses	[Eur m]	50.8	49.9	2%
Employees*		2,699	2,746	-2%

\* Averaging full-time equivalent jobs

**Key figures for the ProSiebenSat.1 Group**

**Key figures by stations**

		<b>Q1 2005</b>	<b>Q1 2004</b>	Change
<b>Sat.1</b>				
Total revenues	[Eur m]	186.9	192.7	-3%
Pre-tax profit	[Eur m]	19.5	23.7	-18%
EBITDA	[Eur m]	21.3	24.7	-14%
Employees*		219	219	- / -

**ProSieben**

Total revenues	[Eur m]	192.4	174.5	10%
Pre-tax profit	[Eur m]	25.9	34.8	-26%
EBITDA	[Eur m]	25.3	34.8	-27%
Employees*		258	261	-1%

**kabel eins**

Total revenues	[Eur m]	49.1	46.5	6%
Pre-tax profit	[Eur m]	8.7	2.8	211%
EBITDA	[Eur m]	8.5	2.6	227%
Employees*		45	48	-6%

**N24**

Total revenues	[Eur m]	19.9	17.4	14%
Pre-tax profit	[Eur m]	2.5	0.1	- / -
EBITDA	[Eur m]	2.7	0.5	440%
Employees*		158	149	6%

**Key figures for SevenOne Intermedia**

Total revenues	[Eur m]	20.7	13.4	54%
Pre-tax profit	[Eur m]	1.8	2.3	-22%
EBITDA	[Eur m]	2.7	2.8	-4%
Employees*		126	104	21%

**Key figures for MerchandisingMedia**

Total revenues	[Eur m]	6.7	11.7	-43%
Pre-tax profit	[Eur m]	0.6	2.1	-71%
EBITDA	[Eur m]	2.0	2.2	-9%
Employees*		50	88	-43%

# Despite slightly lower revenues because of the receding TV market, the ProSiebenSat.1 Group increased its pre-tax profit once again in the first quarter of 2005

- The pre-tax profit grew 8.3 percent, from EUR 43.5 million to EUR 47.1 million
- Consolidated profit improved 14.3 percent, from EUR 25.1 million to EUR 28.7 million
- EBITDA decreased by 7.1 percent to EUR 64.2 million
- Revenues were down 1.4 percent, from EUR 436.3 million to EUR 430.0 million
- All four stations showed a pre-tax profit
- kabel eins and N24 improved their return on revenues significantly
- The Group's stations earned a 30.0 percent share of the key demographic between the ages of 14 and 49
- Sat.1's "That's Life" telenovela is a smash success in prime access slot
- Strong earnings improvement at kabel eins, audience share up 0.4 percent
- Dynamic earnings at N24



With the successful Sat.1 show „Nur die Liebe zählt“, Kai Pflaume brings the most beautiful love stories to the audience at home.

## Business Conditions

### Economic conditions and the advertising market

#### Economy remains slack

The German economy did not show the signs of an upswing that had been hoped for in the first quarter of 2005. The doldrums from the end of 2004 carried over into the new year instead. Key factors were a slower expansion of the global economy and the higher value of the euro. Domestic drivers were still weak and unable to compensate for less dynamic exports.

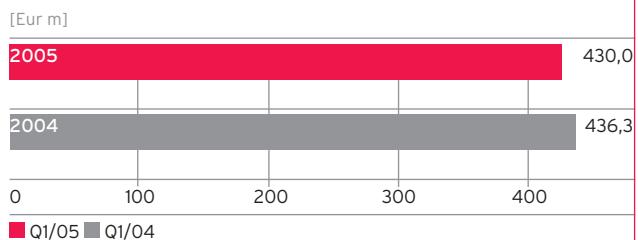
The TV advertising market also suffers from these economic developments. In particular, the failed improvements in consumer spending indicates correctly that the net TV advertising market did not perform to the expectations of the market participants in the first quarter of 2005.

#### The industry

The gross revenue statistics released by the Nielsen Media Research institute indicate that advertising revenues in conventional media grew 4.0 percent, to EUR 4.3 billion.

Among the conventional medias, television remains the leader, with a share of 41.4 percent. Nevertheless, although TV stations' gross revenues gained 2.6 percent to reach EUR 1.8 billion in the first quarter, they grew proportionately less than the advertising market

#### Group revenues



#### Pre-tax profit



as a whole. In March, traditionally the quarter's most revenue-intensive month by far, and thus the most significant month in the quarter, gross TV advertising revenues were up 4.3 percent.

The gross data from Nielsen Media Research generally offers no real foothold for direct conclusions about actual advertising revenues, since the figures include not only bulk discounts and self-promotion, but agency commissions also. The gross statistics are not indicative for the first quarter. On a net basis, the TV advertising market closed out the quarter with a revenue decline.



Smash hit in the early evening on Sat.1: The telenovela „That's Life“ has been a sensation since its February start.

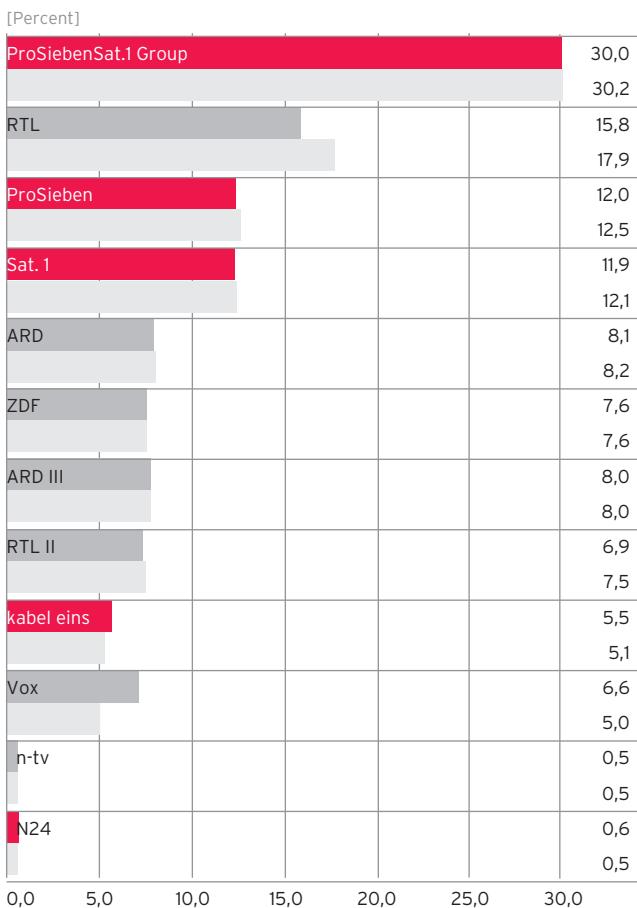
### Group's gross advertising revenues rise

In Q1 2005, the ProSiebenSat.1 Group generated gross revenues of EUR 766.5 million, picking up 0.7 percent against the same period last year. Thus the Group's advertising market share came to 42.9 percent, compared to the average of 42.5 percent for 2004. Within the Group, N24 made the best showing, with earnings up slightly less than 40 percent. After a very strong March, Sat.1 closed out the quarter with a gross increase of 1.9 percent. kabel eins gained 0.7 percent during the period. ProSieben closed out the quarter down 1.8 percent. Thus SevenOne Media, the ProSiebenSat.1 Group's marketer for advertising time, maintained its lead over IP Deutschland, which represents the stations RTL, Vox, Super RTL and n-tv. IP Deutschland's market share was 36.8 percent. El Cartel, which markets station RTL2, had 6.8 percent.

### Stations' audience shares perform well

The ProSiebenSat.1 Group's stations performed well in audience shares. In Q1 2005 the four channels earned a combined share of 30.0 percent among the 14-to-49 target audience, and the share rose from month to month. After 29.7 percent in January and 29.9 percent in February, the Group brought in 30.8 percent in March.

### Audience share



■ Q1/05 ■ Q1/04

Basis: All television households [Panel D+EU], viewers 14 to 49;  
 Source: AGF/GFK Fernsehforschung/pc#tv aktuell/SevenOne Media



„Lost“ - The US hit series started strong in April on ProSieben and has since impressed German audiences.

## Group Performance

### Revenues and earnings

Despite the adverse TV advertising market, the ProSiebenSat.1 Group sustained only a modest revenue dip. Revenues came to EUR 430.0 million, compared to EUR 436.3 million for the first quarter of 2004. The decline was 1.4 percent.

EBITDA, at EUR 64.2 million, was down 7.1 percent from last year's comparable figure, because additional savings on costs were unable to compensate entirely for the lower revenues. Nevertheless, the Group was able to increase its pre-tax profit significantly, by 8.3 percent, to EUR 47.1 million. Here, the positive impact of the net financial result is evident, which improved because of lower interest expenses and the sharp rise in income contributed from associated companies, especially Euvia Media. The consolidated net profit for the first quarter was EUR 28.7 million, compared to EUR 25.1 million for the equivalent period last year. The increase was 14.3 percent.

The pre-tax return on revenues improved 1 percentage point, to 11 percent. Earnings per share were EUR 0.13 for Q1 2005, as they were for Q1 2004. But here one must bear in mind that the number of shares outstanding is now 12.5 percent higher, as a consequence of the 2004 capital increase.

### Expenses

The ProSiebenSat.1 Group's expenses were down only slightly in the first quarter. Costs overall were cut by somewhat under EUR 4.0 million, a 1 percent reduction.

The cost of sales was down slightly, by EUR 3.6 million, to EUR 299.2 million. Consumption of programming assets accounted for EUR 224.8 million of this figure, following the equivalent quarter's EUR 236.0 million. Scheduled consumption for Q1 2005 came to EUR 210.4 million, compared to EUR 225.5 million in Q1 2004. Unscheduled consumption grew EUR 3.9 million, from EUR 10.5 million to EUR 14.4 million. Purchased services grew around EUR 9.0 million during the quarter. On balance, selling expenses and administrative expenses remained almost unchanged at EUR 46.4 million and EUR 31.4 million, respectively.

### Cash and equivalents, and cash flow

Cash and equivalents as of March 31 came to EUR 88.1 million in 2005, compared to EUR 6.7 million on March 31, 2004, and EUR 294.7 million on December 31, 2004. The cash flow from operating activities rose 12.6 percent to EUR 198.5 million, compared to EUR 176.3 million for the first three months of 2004. The cash flow from investing activities was EUR -229.9 million for Q1 2005, a decline of EUR 72.2 million from the comparable period. The change is primarily a result of lower investments for programming assets. The amounts reported under "programming assets" are subject to certain fluctuations. Nevertheless, the availability of high-quality programming material for the entire broadcast family is assured both in 2005 and far beyond.

### Improved balance sheet ratios

The ProSiebenSat.1 Group's total assets as of March 31, 2005, decreased slightly against the comparable quarter, to EUR 1,897 billion. The reduction against December 31, 2004 was EUR 162.5 million, and came primarily from the retirement of financial debt.



The show on „Best Films of All Times“ on kabel eins. For Kai Böcking and his guests it is all about action films.

The 2004 capital increase boosted equity more than 60 percent (March 31, 2004, compared to March 31, 2005) so that the figure at the end of Q1 2005 was EUR 1.041 billion, giving the Group an equity ratio of 55.0 percent. The equity ratio a year earlier was 33.2 percent.

### Net financial debt down further

Interest-bearing financial debt was slashed during the period against the end-of-first-quarter figures 2004. Net financial debt (incl. bonds) was cut by EUR 482.0 million from EUR 792.8 to EUR 310.8 million at the end of the first quarter in 2005.

ProSiebenSat.1 Media AG's first bond issue, dating from 1998, was duly repaid in March 2005. The bond's par volume was DM 250 million (equivalent to EUR 127.8 million). Moreover, the EUR 40.125 million outstanding at year's end on a bond issue that was originally to mature in March 2006 was repaid early and in full, in compliance with the bond terms. The bond, which carried an interest rate of 5.875 percent, was paid back at par.

### Credit rating positive

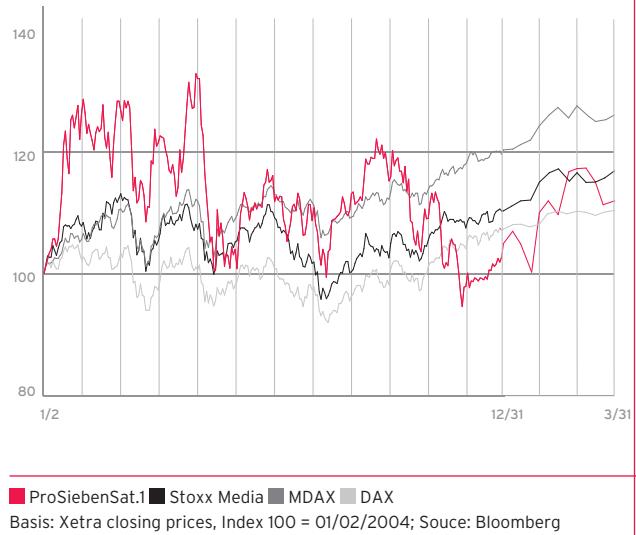
Moody's Investor Services and Fitch Ratings did not change their ratings of ProSiebenSat.1 Media AG in Q1 2005. Since September 28, 2004, Moody's has rated the TV corporation Ba1, outlook stable. At the beginning of the second quarter, on April 8, 2005, Fitch Ratings upgraded the ProSiebenSat.1 Group to BBB-, outlook stable, after the former BB+, outlook positive. Thus the Group reached investment grade.

### Stock performs well

The stock markets have been stagnant since the year began, showing no clear trends in any direction. The still-rising price of oil continues to keep the market

### ProSiebenSat.1 stock: Price performance

[Index]



■ ProSiebenSat.1 ■ Stoxx Media ■ MDAX ■ DAX

Basis: Xetra closing prices, Index 100 = 01/02/2004; Source: Bloomberg

from recovering. The DAX, Germany's primary index, gained 2.2 percent on balance for the first quarter, closing at 4,349 on March 31, compared to 4,256 at the end of last year. But the MDAX (+5.9 percent) and the Euro Stoxx Media 50 (+7.1 percent) performed significantly better.

ProSiebenSat.1 stock gained 5.8 percent during the quarter, and thus outperformed the DAX. It closed at EUR 14.46 on March 31. The high came on February 28, at EUR 15.76, with high trading volume (847,000 shares), in response to an upgrade from Deutsche Bank. The stock reached its low of EUR 12.65 for the quarter in January. During the quarter, 28.5 million shares of ProSiebenSat.1 Media AG traded on the XETRA trading system - an average daily trading volume of around 460,000 shares.



With exciting experiments, Wigald Boning explains in „Clever! The Quiz Show that makes Fun.“ the phenomena of everyday life.

## Employees

### Group has 2,699 employees

The ProSiebenSat.1 Group had a workforce averaging 2,699 employees in Q1 2005. The figure for the equivalent quarter of 2004 was 2,746. Personnel expenses remained essentially stable, at EUR 50.8 million compared to EUR 49.9 million in 2004. The slight increase was caused by a salary adjustment of about 2 percent.

Sat.1's staff size remained unchanged for the quarter at 219. The figure at ProSieben was down by three, to 258. The staff at N24 grew from 149 to 158 employees, while the figure at kabel eins was down from 48 to 45. Employment at the Group's most personnel-intensive subsidiary, ProSiebenSat.1 Produktion, was down 4 percent, from 1,003 to 963 employees. ProSiebenSat.1 Media AG had 333 employees, compared to 368 a year earlier - a decrease of more than 9 percent. Staff was also down in the Diversification segment, by just less than 9 percent, to 182. In 2004 the segment had 199 employees. The Group's marketers, SevenOne Media and SevenOne Interactive, had 380 employees in Q1 2005, compared to 342 in 2004.

## Research and Development

Ongoing research and market analysis is a top priority for the ProSiebenSat.1 Group. Results from research on audiences and the advertising market and on new technologies provide important information for the Group's strategic orientation.

### Sat.1 and ProSieben go live on the cell phone

At CeBIT this year, SevenOne Intermedia, the ProSiebenSat.1 Group's multimedia firm, presented new services in its ongoing cooperative arrangement with mobile network operator Vodafone for mobile television via UMTS. The existing channels, including N24 mobile, have been increased with Sat.1 mobile and ProSieben mobile. Sat.1 mobile programming includes "That's Life," magazine shows and the "Sat.1 Film Film." ProSieben mobile shows selected movies, general-interest magazine shows, advice shows and comedies.

### Video-on-demand cooperation with T-Online

Since March 2005, SevenOne Intermedia has been working with T-Online, whose customers will now be able to download a large number of in-house productions from ProSiebenSat.1 via video on demand. In other words, T-Online services will include television. With T-Online, an established market player with a large clientele in Germany, there is an interesting possibility for distributing TV content to a large potential target audience while ensuring high technical quality.



Success on Saturday evening: The Sat.1 production „Ghost of Canterville“ attracted over 26 percent audience market share (14 to 49 year olds).

## Stations' Performance

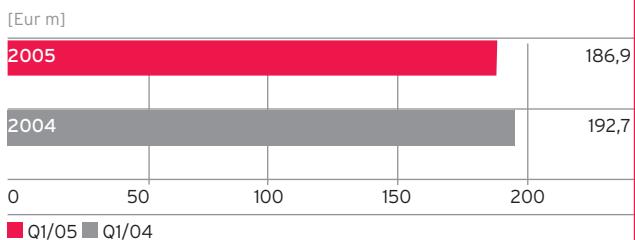
### Sat.1: "That's Life" is a smash success in prime access slot

The difficult conditions in the advertising market also made themselves felt at individual stations. Sat.1 had Q1 revenues of EUR 186.9 million, a 3.0 percent decline. The quarter's pre-tax profit was EUR 19.5 million, compared to EUR 23.7 million a year earlier. The decrease was 17.7 percent. Most of the revenue decline of EUR 5.8 million was countered by savings on the cost of sales, so that EBITDA, at EUR 21.3 million, was down only EUR 3.4 million (-13.8 percent) from the prior year's equivalent of EUR 24.7 million.

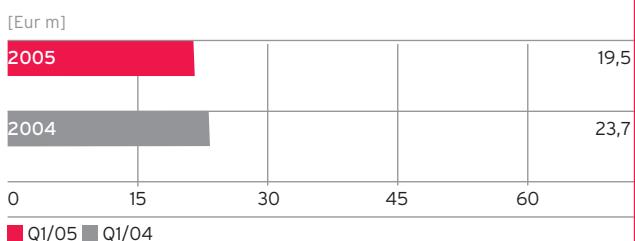
Sat.1 earned an average audience share (age 14-49) of 11.9 percent in Q1 2005, compared to 12.1 percent a year earlier. The station's biggest successes were its live coverage of the UEFA Champions League and its in-house productions and comedy series. The first knock-out round between FC Bayern München and Arsenal London was watched by 3.81 million soccer fans in the 14-to-49 audience, a 30.6 percent share of that key demographic. The last season of "Edel & Starck - Partners in Law" (as high as 20.8 percent in April) and smash series like "Der Bulle von Tölz" (as high as 19.6 percent) also contributed to the station's good performance.

The sensational hit "That's Life" did not affect the ratings until the end of February. This series makes Sat.1 the first private TV station to establish the telenovela format in the German television market. Consistently high shares for "That's Life" (up to 23.4 percent)

### Sat. 1: Revenue development



### Sat.1: Pre-tax profit



have solidly improved audience response to the entire prime access segment on Sat.1. Additionally, Sat.1 continued to prove its strength in comedy, with such series as "Schiller Street" (up to 18.5 percent), "Clueless Genius" (up to 21.7 percent), "The Shameless Three" (up to 19.5 percent) and "Mensch Markus" (up to 18.1 percent).



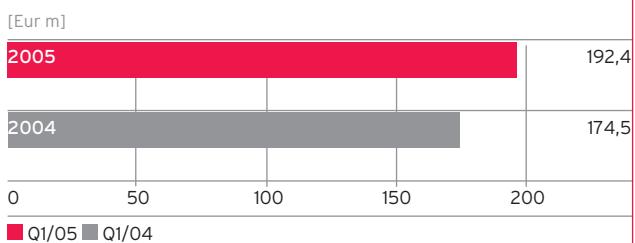
Pure enthusiasm at the „Bundesvision Song Contest:“ Annette Frier and Stefan Raab celebrate the victory of band Juli („Geile Zeit“) from Hessen in the Arena Oberhausen.

## ProSieben - Two different factors affect earnings

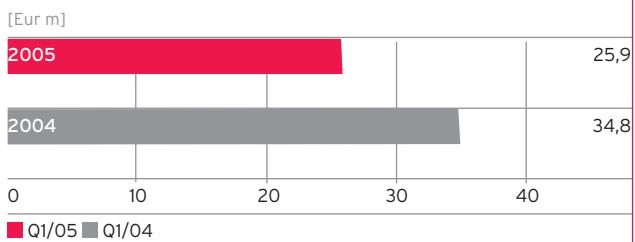
The receding advertising market also affected earnings at ProSieben. The station did increase its revenues from EUR 174.5 million to EUR 192.4 million during the quarter, a 10.3 percent gain. But the increase resulted entirely from larger programming sales within the Group. After adjustment for in-Group programming sales, revenues were down slightly. The sharp decrease in net income is due in part to these lower revenues, but also in part to a rise in the cost of sales. The station's pre-tax profits were down 25.6 percent in the first quarter of 2005, to EUR 25.9 million instead of the equivalent quarter's EUR 34.8 million. EBITDA dropped 27.3 percent, from EUR 34.8 million to EUR 25.3 million.

ProSieben earned an average Q1 share of 12.0 percent (Q1 2004: 12.5 percent) of the 14-to-49 target audience. The station's share grew from month to month (January: 11.6 percent; February: 12.2 percent; March: 12.3 percent). Thanks to its excellent supply of top international feature films and high-quality series, ProSieben again had strong peak audience shares. The station's Q1 broadcast premiere of the Hollywood blockbuster "Spider-Man" earned the biggest reach of any German TV broadcaster in the 14-to-49 segment. An audience of 5.8 million watched the action hit with Tobey Maguire, equivalent to a 36.8 percent share of the key demographic. Other ratings highlights were "Signs" (29.4 percent) and "Independence Day" (28.8 percent), with well over 4 million viewers each, as well as "Cast Away" (24.8 percent). The ProSieben brand stands for high-quality licensed

### ProSieben: Revenue development



### ProSieben: Pre-tax profit



programming from American makers, successful in-house and commissioned productions like the ProSieben movie "Popp Dich schlank" (19.4 percent), comedies, and ratings-enhancing event shows. Stefan Raab's "Wok Racing Championships" drew 25.8 percent of the 14-to-49 audience in March, and the "Bundesvision Song Contest" came to 21.2 percent.



Christopher Lambert as „Highlander“ took with him 2,17 million younger kabel eins audience members (14 to 49 year olds) on his travel through time.

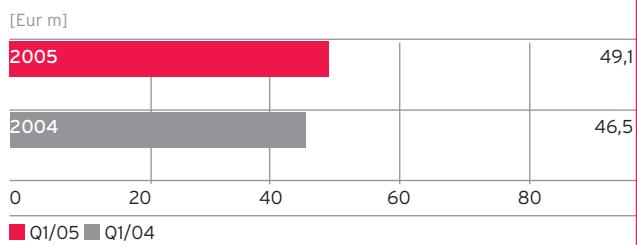
## Earnings triple at kabel eins

kabel eins performed very nicely in the first quarter of 2005, expanding revenues again and boosting earnings even more than revenues. The station's revenues for the period were EUR 49.1 million (Q1 2004: EUR 46.5 million). Both earnings before taxes and EBITDA more than tripled, to EUR 8.7 million and EUR 8.5 million, respectively. The return on revenue was thus 17.7 percent.

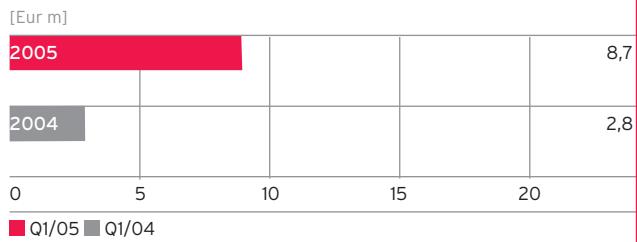
kabel eins significantly increased its share of the 14-to-49 audience during the quarter. Its new share of 5.5 percent is up 0.4 percentage points from the comparable period last year, and represents the second-best quarterly figure in the station's history. The success relied mainly on "Best Films of All Times," the excellent performance of the station's information programming, and top ratings for brand new runs of series on Crime Friday.

"Eine Frage der Ehre" earned an 11.1 percent share, and "Highlander" brought in 10.9 percent. "K1 Reportage" drew up to 10.7 percent, and the "Abenteuer Leben" knowledge magazine drew up to 9.0 percent of the key 14-to-49 demographic. The latest seasons of the U.S. series "Cold Case," "Without a Trace" and "Missing" earned respective shares as high as 7.9 percent, 8.4 percent and 9.1 percent in the first quarter.

### kabel eins: Revenue development



### kabel eins: Pre-tax profit





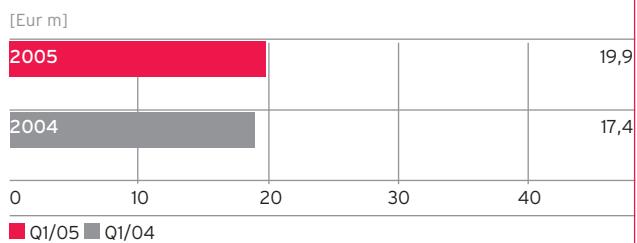
„Was Erlauben Strunz“ moderator Claus Strunz discusses the theme of the week openly and directly with guests from politics, business, and society.

## Earnings up significantly at N24

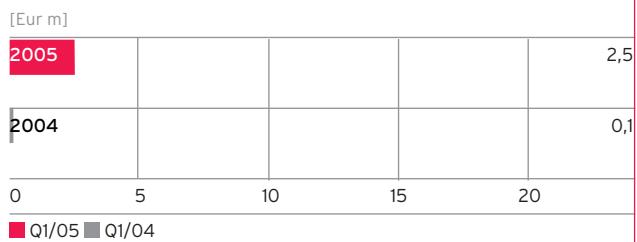
N24, the ProSiebenSat.1 Group's news station, got off to a successful start for the year. After breaking even ahead of schedule in 2004, the station earned Q1 figures that confirmed its capabilities. It bucked the market trend to boost revenues 14.4 percent, to EUR 19.9 million. EBITDA came to EUR 2.7 million, and earnings before taxes were EUR 2.5 million (Q1 2004: EUR 0.5 million and EUR 0.1 million). In other words, the Berlin station has already earned as much in the first quarter of this year as it did in all of last year. Experience indicates that in the seasonal TV business, the first quarter is one of the most sought-after periods of the year.

N24 continued to grow in popularity with audiences. In the first quarter, the ProSiebenSat.1 Group's news station drew an audience share of 0.6 percent (14-to-49 target audience), a gain of 0.1 percentage point against the comparable period last year. So N24 is once again Number 1 among German news stations. Cologne competitor n-tv was unable to expand its audience against the comparable period. N24's audience gains can be attributed to an extensive revision of its schedule in 2004. The station significantly strengthened its up-to-the-minute morning news coverage in its early-morning and mid-morning reports. Additionally, the station successfully established talk shows with a focus on social issues, like "Was erlauben Strunz" and "Studio Friedman."

### N24: Revenue development



### N24: Pre-tax profit





The US hit series „Desperate Housewives“ has tackled the legend of the happy suburban family and in doing so achieved dream ratings since its April start on ProSieben.

## Diversification

### Performance varies

The Diversification segment, which combines all the ProSiebenSat.1 Group's merchandising and multimedia activities, performed variably during the quarter.

### SevenOne Intermedia

SevenOne Intermedia's EBITDA remained almost constant for the first quarter, at EUR 2.7 million (Q1 2004: EUR 2.8 million). Revenues grew from EUR 13.4 million to EUR 20.7 million. This above-proportional increase is partly the result of higher revenues from new services like audiotex and mobile services. It is also based in part on revenue deferrals between SevenOne Intermedia and MM MerchandisingMedia because of the re-organization of the diversification business unit.

### MM MerchandisingMedia

These deferrals are also responsible for the changes in revenues at the Group's merchandising subsidiary, MM MerchandisingMedia. Revenues for the first three months of 2005 totaled EUR 6.7 million (Q1 2004: EUR 11.7 million). EBITDA declined slightly to EUR 2.0 million (Q1 2004: EUR 2.2 million). MerchandisingMedia's top management underwent a change during the quarter. Sabine Eckhardt has been succeeding Bettina Köckler as the new managing director.

## Euvia Media AG

On March 22, 2005, ProSiebenSat.1 Media AG announced that it was set to acquire an additional 51.6 percent of Euvia Media AG & Co. KG, thus increasing its holdings in the company to 100 percent. The TV group will acquire 48.6 percent from H.O.T. Networks GmbH i.L., and 3.0 percent from Euvia Media CEO Christiane zu Salm. Euvia Media will advance the ProSiebenSat.1 Group's expansion in the growth market of transaction television.

Euvia Media AG operates two stations: 9Live, which specializes in interactive entertainment and was Germany's first quiz station, and the travel sales station sonnenklar TV. It was Euvia Media that successfully established the transaction television segment on German TV. Stations in this segment are financed primarily through audience participation. The Group's full takeover is consistent with its strategic objective of increasing its Diversification income and reducing its dependency on conditions in the advertising industry. While the Group generated some 7 percent of its 2004 revenues outside TV advertising, that percentage is targeted to double by 2007-08.

Euvia Media is a profitable firm. The takeover of the remainder of the company will enable the ProSiebenSat.1 Group to fully consolidate this subsidiary. Additionally, Euvia Media will give the Group its own service provider for such interactive TV platforms as call TV and t-commerce. The takeover is still subject to approval by the Austrian antitrust authorities. The transaction is expected to be finalized before July.

## Events Subsequent to the Reporting Period

### April 2005 - Group earns highest audience share in its history

The ProSiebenSat.1 Group expanded its audience share substantially in April 2005. According to weighted preliminary figures, Sat.1, ProSieben, kabel eins and N24 increased their combined audience share 2.4 percentage points, to 31.5 percent (April 2004: 29.1 percent). The four stations were also up sharply from March 2005, gaining 0.7 percentage points in the coveted target demographic between ages 14 and 49. This is the most successful month in the Group's history, and also the most successful since GfK began tracking audience shares from all four Group stations.

The clear winner in audience share for April was Sat.1, which picked up 1.8 percentage points against the prior year to reach 12.8 percent (April 2004: 11.0 percent), its best April showing in five years. The station's share was also up significantly against March 2005, gaining 0.7 percentage points in the 14-to-49 demographic. Sat.1's April gains were the biggest of any TV station in Germany. Major contributors here were live coverage of the UEFA Champions League matches (up to 28.9 percent), the telenovela "That's Life" (up to 24.7 percent), the "Die Sat.1 Familienpackung" prime time feature film slot on Saturday (up to 26.1 percent), comedy shows and hit series like "Der Bulle von Tölz" (up to 17.3 percent), and the grand finale of "Edel & Starck - Partners in Law" (20.8 percent).

ProSieben also made significant gains in April. The station picked up 0.4 percentage points against the previous April, to 12.6 percent. It also gained 0.3 percentage points against the previous month among the target audience advertisers prize. The Free TV premiere of "Men in Black II" drew ProSieben's strongest reach in April: 5.39 million viewers between 14 and 49 watched the Will Smith blockbuster. The two new U.S. series "Lost" and "Desperate Housewives" got off to a very strong start, with respective shares as high as 20.2 percent and 19.9 percent.

N24 likewise improved its position again in April. The news and information station maintained its lead over its main competitor, n-tv, and gained 0.3 percentage points to reach 0.8 percent. The gain against March

was 0.1 percentage point. kabel eins drew a 5.3 percent share in April, compared to 5.4 percent a year earlier (March 2005: 5.7 percent).

The overall result is that the ProSiebenSat.1 Group again expanded its lead against the stations marketed by IP. All together, RTL, Vox, Super RTL and n-tv earned a 25.6 percent share. RTL II brought in 6.2 percent.

## Outlook

### Company outlook

It is difficult to forecast where the television advertising market will go for the rest of this year. Economic experts now believe that the economy will perform significantly less well in 2005 than had originally been expected. Most projections for gross domestic product have been revised downward in the past few weeks. In their spring assessment, the six leading German economic institutions cut their 2005 estimate for real GDP growth in half. They now expect a gain of 0.7 percentage points, where in the autumn of 2004, these experts had predicted a growth rate of 1.5 percent. The German government has also downgraded their previous GDP growth estimation from 1.6 to 1.0 percent.

Other indicators also took a turn for the worse. The GfK consumer confidence index declined in May. This Nuremberg market research institute also lowered its projection for private consumer spending from 0.8 percent to 0.4 percent. The six economic institutions' spring assessment likewise assumes that private consumption will rise only slightly, by 0.4 percent, since conditions in the job market will continue to exercise a restraining influence on spending.

The deteriorating development of the worldwide economy has negative effects on the advertising market. There is also no indication that consumption will increase. The ProSiebenSat.1 group also no longer assumes that domestic demand will improve this year. As long as the economy, especially consumer confidence, does not budge, the TV advertising market will not make any progress.

The ProSiebenSat.1 Group will, however, increase revenues and improve results under these circumstances.

In response to the quarter's lower revenues, the Group has identified further potential for savings. In 2005, a decrease in costs of at least EUR 60 million is planned. This will become apparent in the second half of the year. EUR 30 million are related to EBITDA and the remaining savings will come out of the finance division.

The ProSiebenSat.1 Group expects to achieve above average advertising revenues. The stagflation of the prices for TV advertising and increased efficiency by the stations are two factors that will make this possible. Additionally, the consolidation of Euvia Media will have a positive affect on total revenues as well as the achievements of the Group.

## Programming outlook

### **Sat.1: "That's Life" and "The Airlift"**

April 2005 was Sat.1's most successful April in five years, with a 12.8 percent audience share. The combination of established comedy brands like "Schiller Street," popular fiction like "That's Life," "Ghost of Canterville," and "Der Bulle von Tölz," as well as major sports events has proved to be a successful programming strategy. Audience shares for the new telenovela "That's Life" have consistently been far above average ever since it made its debut. In the next few months, Sat.1 will continue this record of successes with a wide range of attractive feature films, series, variety shows and sports highlights. On May 25, the station will carry the UEFA Champions League finals live from Istanbul. Newcomers to the Sat.1 schedule are two light entertainment shows, "Die Comedy-Falle" and "Der grosse Haustier-Test," with Kai Pflaume. With a new season, the family show „Clever! - The Quiz Show that makes Science Fun" is in the Sat.1 program. In autumn, Sat.1 is bringing the new series „Nicht salonfähig" (working title) on air and is continuing its run of successful, high-quality event productions, with the two-part "The Airlift." The film starring Heino Ferch and Bettina Zimmermann unfolds a moving story with the blockade of West Berlin in 1948 as the background.

### **ProSieben: "Desperate Housewives," "Lost," "Minority Report" and "Catch Me if You Can"**

With "Desperate Housewives" in April, ProSieben launched yet another hit U.S. series on German TV. And the new adventure-mystery series "Lost" got off to just as strong a start. These two premium series, which have consistently had above-average audience shares since their debuts, are proving to be two big draws for ProSieben. In the next few months the station will be show-

wing additional top titles, such as "Black Hawk Down," "The Four Feathers," and "Bend It Like Beckham." ProSieben is also full of fresh ideas for light entertainment and variety shows. Stefan Raab, who brought in high audience shares in past years with his unconventional sports events like the Wok Racing Championships, will be presenting "Die grosse TV total Stock Car Crash Challenge" in May from the "Arena AufSchalke." ProSieben has also signed Michael "Bully" Herbig to an extended exclusive contract, ensuring that the station will have access rights for the next theatrical releases and other shows from this hit producer. Premium feature film highlights, such as the Free TV premieres of "Minority Report" and "Catch Me If You Can" will impressively help ProSieben maintain its standing as number one in feature films this fall.

### **kabel eins: Clint Eastwood Series, film genre series**

#### **"Best...Films of All Times" and "Dune"**

kabel eins will be carrying plenty of film classics, beloved series and light shows this summer. May will see the launch of the seventh season of "King of Queens," and the sixth season of "Everybody Loves Raymond." Both are being shown for the first time on German TV. Last year, kabel eins drew large audience shares with theme-specific event evenings. The concept will continue in the coming months with a "Cleopatra" event and a "Clint Eastwood" event. In honor of Eastwood's 75th birthday, the station will carry a documentary and several of the Hollywood icon's best films, including "Dirty Harry" and "Every Which Way but Loose." Following the runaway success of the two "Best of" shows - "Best Film Songs of All Times" and "Best Films of All Times" - in May kabel eins will launch a seven-part film genre series, "Best...Films of All Times," with Kai Böcking. And as a June film highlight, the station will be showing the three part "Dune."

### **N24: "Kronzuckers Kosmos"**

Over the past few months N24 has established itself among news stations as the place to go for serious information. The Group's news and information station will improve this lead further. N24 will continue to display its skills at covering major events, as it did with the tsunami catastrophe in Asia and the election of the new Pope. The station will supplement its in-depth, up-to-date reporting on such shows as the "Morgenreport" with political talk programs like "Studio Friedman" and the first German showings of high-quality documentaries. In "Kronzuckers Kosmos," Dieter Kronzucker will present a new knowledge magazine on N24. In four to six segments per show, the renowned journalist and

N24 correspondent will explore exciting topics in technology, science and nature, bringing N24 viewers a little closer to the wonders of our Earth.

### Explanatory Note

#### Notes to the Q1/2005 interim report of

#### ProSiebenSat.1 Media AG

The consolidated interim report was prepared in compliance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) that were in effect on the reporting date, March 31, 2005. All applicable readings and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) up to that date have been applied, as has IAS 34 ("Interim Financial Reporting").

During the period covered by this interim report there were no changes in accounting principles from those applied in the annual financial statements as of December 31, 2004.

This report contains forward-looking statements that reflect the current views of the management of ProSiebenSat.1 Media AG regarding future events. These forward-looking statements include any statement that reproduces or is founded upon intentions, expectations or predictions (as well as the underlying assumptions) of the company. These statements are based on plans, estimates and projections currently available to the management of ProSiebenSat.1 Media AG. Therefore, they refer only to the date on which they are made. Forward-looking statements are inherently subject to risks and uncertainties (for example, owing to future developments in the German advertising market) that may cause actual outcomes to differ materially from such forward-looking statements or the results they imply. ProSiebenSat.1 Media AG assumes no obligation to update such statements to reflect new information or future events, nor does it intend to supply such updates.

## Financial Statements

### Consolidated income statement for ProSiebenSat.1 Group

EUR k	Q1 2005	Q1 2004	Change	Change in %
1. Revenues	429,957	436,262	-6,305	-1%
2. Cost of sales	-299,244	-302,850	-3,606	-1%
<b>3. Gross profit</b>	<b>130,713</b>	<b>133,412</b>	<b>-2,699</b>	<b>-2%</b>
4. Selling expenses	-46,363	-46,205	158	- / -
5. Administrative expenses	-31,433	-31,788	-355	-1%
6. Other operating income	4,224	4,974	-750	-15%
<b>7. Operating profit</b>	<b>57,141</b>	<b>60,393</b>	<b>-3,252</b>	<b>-5%</b>
8. Income from securities and loans of financial assets	1,491	1,648	-157	-10%
9. Income from equity interests in associated companies	3,056	283	2,773	980%
10. Write-downs of financial assets and current securities	-367	- / -	367	- / -
11. Net interest result	-13,479	-17,185	3,706	22%
12. Other financial expenses	-756	-1,668	-912	-55%
<b>13. Financial loss</b>	<b>-10,055</b>	<b>-16,922</b>	<b>6,867</b>	<b>41%</b>
<b>14. Income from ordinary business activities</b>	<b>47,086</b>	<b>43,471</b>	<b>3,615</b>	<b>8%</b>
15. Income taxes	-18,126	-18,269	-143	-1%
<b>16. Profit</b>	<b>28,960</b>	<b>25,202</b>	<b>3,758</b>	<b>15%</b>
17. Minority interests	-274	-91	-183	-201%
<b>18. Consolidated profit</b>	<b>28,686</b>	<b>25,111</b>	<b>3,575</b>	<b>14%</b>
Basic and diluted earnings per share of common stock according to IAS 33* (EUR)	0.13	0.13	- / -	- / -
Basic and diluted earnings per share of preferred stock according to IAS 33* (EUR)	0.13	0.13	- / -	- / -

\* thereby accounted for net profit for the period: 28,7 EUR m [previous period: 25,1 EUR m];  
 thereby accounted for number of common and preferred shares: 218,797 thousand [previous period: 194,486 thousand]

**Consolidated balance sheet of ProSiebenSat.1 Group**

**ASSETS**

EUR k	03/31/2005	03/31/2004	Change	12/31/2004	Change
<b>A. Noncurrent assets</b>					
I. Intangible assets	63,387	60,647	2,740	62,919	468
II. Property, plant and equipment	239,735	253,350	-13,615	242,538	-2,803
III. Financial assets	156,365	145,983	10,382	152,520	3,845
IV. Accounts receivable and other long-term assets	4,713	440	4,273	8,976	-4,263
V. Deferred taxes	34,076	36,372	-2,296	36,365	-2,289
	<b>498,276</b>	<b>496,792</b>	<b>1,484</b>	<b>503,318</b>	<b>-5,042</b>
<b>B. Current assets</b>					
I. Programming assets	1,104,497	1,209,128	-104,631	1,109,863	-5,366
II. Inventories	6,149	6,087	62	4,963	1,186
III. Accounts receivable and other short-term assets	199,191	190,828	8,363	145,807	53,384
IV. Marketable securities	492	818	-326	491	1
V. Cash, cash at bank	88,092	6,691	81,401	294,735	-206,643
	<b>1,398,421</b>	<b>1,413,552</b>	<b>-15,131</b>	<b>1,555,859</b>	<b>-157,438</b>
<b>Total assets</b>	<b>1,896,697</b>	<b>1,910,344</b>	<b>-13,647</b>	<b>2,059,177</b>	<b>-162,480</b>

LIABILITIES AND SHAREHOLDERS' EQUITY					
EUR k	03/31/2005	03/31/2004	Change	12/31/2004	Change
<b>A. Shareholders' equity</b>					
I. Subscribed capital	218,797	194,486	24,311	218,797	- / -
II. Capital reserves	578,421	322,319	256,102	578,421	- / -
III. Group equity generated	257,876	122,751	135,125	229,190	28,686
IV. Accumulated other Group equity	-13,521	-6,617	-6,904	-23,639	10,118
V. Minority interests	-996	716	-1,712	1,334	-2,330
	<b>1,040,577</b>	<b>633,655</b>	<b>406,922</b>	<b>1,004,103</b>	<b>36,474</b>
<b>B. Noncurrent liabilities</b>					
I. Long-term financial liabilities	385,053	596,990	-211,937	438,430	-53,377
II. Provisions	19,030	21,287	-2,257	21,252	-2,222
III. Other liabilities	128,669	141,036	-12,367	131,357	-2,688
	<b>532,752</b>	<b>759,313</b>	<b>-226,561</b>	<b>591,039</b>	<b>-58,287</b>
<b>C. Current liabilities</b>					
I. Short-term financial liabilities	14,378	203,305	-188,927	135,501	-121,123
II. Provisions	51,817	44,175	7,642	38,150	13,667
III. Other liabilities	257,173	269,896	-12,723	290,384	-33,211
	<b>323,368</b>	<b>517,376</b>	<b>-194,008</b>	<b>464,035</b>	<b>-140,667</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,896,697</b>	<b>1,910,344</b>	<b>-13,647</b>	<b>2,059,177</b>	<b>-162,480</b>

<b>Cash flow statement of ProSiebenSat.1 Group</b>			
EUR k	Q1 2005	Q1 2004	
<b>Consolidated profit</b>	<b>28,686</b>	<b>25,111</b>	
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	7,472	8,715	
Consumption/write-ups of programming assets	224,757	236,015	
Change in tax provisions [incl. change in deferred tax assets]	16,169	9,982	
Change in other provisions	361	626	
Result from equity accounting and other noncash relevant changes within financial assets	-3,221	-1,754	
Profit from sale of fixed assets	17	40	
<b>Cash flow</b>	<b>274,241</b>	<b>278,735</b>	
Change in inventories	-1,186	-310	
Change in non-interest-bearing receivables and other assets	-49,489	-18,608	
Change in non-interest-bearing liabilities	-25,048	-83,517	
<b>Cash flow from operating activities</b>	<b>198,518</b>	<b>176,300</b>	
Proceeds from disposal of noncurrent assets	565	1,624	
Expenditures for intangible assets and property, plant and equipment	-4,912	-3,652	
Expenditures for purchase of financial assets	-1,064	-4	
Proceeds from disposal of programming assets	809	2,938	
Expenditures for programming assets	-222,996	-303,206	
Effects of changes in scope of consolidation and other changes in equity	-2,347	232	
<b>Cash flow from investing activities</b>	<b>-229,945</b>	<b>-302,068</b>	
<b>Free cash flow</b>	<b>-31,427</b>	<b>-125,768</b>	
Change of interest-bearing liabilities	-175,216	70,597	
<b>Cash flow from financing activities</b>	<b>-175,216</b>	<b>70,597</b>	
<b>Change in cash and cash equivalents</b>	<b>-206,643</b>	<b>-55,171</b>	
Cash and cash equivalents at beginning of year	294,735	61,862	
<b>Cash and cash equivalents as of March 31</b>	<b>88,092</b>	<b>6,691</b>	
<b>The cash flow from operating activities includes the following receipts and payments according to IAS 7:</b>			
Cash flow from income taxes	-12,342	-12,398	
Cash flow from interest expenses	-21,868	-40,787	
Cash flow from interest income	981	216	

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for Q1 2004							
EUR k	Subscribed capital	Capital reserves	Group equity generated	Accumulated other Group equity		Minority interests	Shareholders' equity
				Foreign currency translation adjustment	Valuation from cash flow-hedges		
December 31, 2003	194,486	322,319	97,505	-234	-12,926	625	601,775
Other changes	- / -	- / -	135	6	6,537	- / -	6,678
Consolidated profit	- / -	- / -	25,111	- / -	- / -	91	25,202
<b>March 31, 2004</b>	<b>194,486</b>	<b>322,319</b>	<b>122,751</b>	<b>-228</b>	<b>-6,389</b>	<b>716</b>	<b>633,655</b>

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for Q1 2005							
EUR k	Subscribed capital	Capital reserves	Group equity generated	Accumulated other Group equity		Minority interests	Shareholders' equity
				Foreign currency translation adjustment	Valuation from cash flow-hedges		
December 31, 2004	218,797	578,421	229,190	-135	-23,504	1,334	1,004,103
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	-2,604	-2,604
Other changes	- / -	- / -	- / -	-17	10,135	- / -	10,118
Consolidated profit	- / -	- / -	28,686	- / -	- / -	274	28,960
<b>March 31, 2005</b>	<b>218,797</b>	<b>578,421</b>	<b>257,876</b>	<b>-152</b>	<b>-13,369</b>	<b>-996</b>	<b>1,040,577</b>

## Financial Calendar

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### **May 13, 2005**

Annual Meeting of Shareholders  
and Quarterly Report Q1 2005

### **August 11, 2005**

Quarterly Report Q2 2005

### **November 10, 2005**

Quarterly Report Q3 2005

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