



Quarterly Report Q3 2007

January 1, 2007 to September 30, 2007

ProSiebenSat.1 Group: Key figures Q3

	Q3 2007 ⁽¹⁾	Q3 2006	Change
	Euro m	Euro m	
Revenues	668.4	431.3	55%
Recurring EBITDA ⁽²⁾	124.8	59.5	110%
EBITDA	0.4	58.7	-99%
EBIT	-57.2	48.9	-217%
Financial loss	-46.5	-27.2	-71%
Loss / profit before taxes	-103.7	21.7	-578%
Consolidated net loss / profit	-77.9	13.1	-695%
Underlying net income ⁽³⁾	68.4	14.1	385%
Earnings per share of preferred stock (in EUR)	-0.35	0.06	-683%
Underlying earnings per share of preferred stock (in EUR)	0.32	0.07	357%
Cash flow from operating activities	319.8	160.8	99%
Cash flow from investing activities	-2,359.6	-242.9	- / -
Free Cash-flow	-2,039.6	-82.0	- / -
	9/30/2007 ⁽¹⁾	9/30/2006	Change
Total assets	5,896.1	1,960.8	201%
Shareholders' equity	1,074.0	1,132.0	-5%
Equity ratio	18%	58%	-69%
Programming assets	1,319.0	1,054.4	25%
Net financial debt	3,541.5	311.6	- / -
Employees ⁽⁴⁾	6,063	3,000	102%

ProSiebenSat.1 Group: Key figures Q1-Q3

	Q1-Q3 2007 ⁽¹⁾	Q1-Q3 2006	Change
	Euro m	Euro m	
Revenues	1,721.2	1,447.4	19%
Recurring EBITDA ⁽²⁾	366.0	286.2	28%
EBITDA	241.2	284.1	-15%
EBIT	163.2	254.9	-36%
Financial loss	-55.9	-46.6	-20%
Profit before taxes	107.3	208.3	-48%
Consolidated net profit	49.9	127.3	-61%
Underlying net income ⁽³⁾	197.5	130.4	51%
Earnings per share of preferred stock (in EUR)	0.24	0.59	-59%
Underlying earnings per share of preferred stock (in EUR)	0.91	0.61	49%
Cash flow from operating activities	950.5	813.4	17%
Cash flow from investing activities	-2,839.8	-711.6	- / -
Free Cash-flow	-1,889.3	101.8	- / -
	9/30/2007 ⁽¹⁾	9/30/2006	Change
Total assets	5,896.1	1,960.8	201%
Shareholders' equity	1,074.0	1,132.0	-5%
Equity ratio	18%	58%	-69%
Programming assets	1,319.0	1,054.4	25%
Net financial debt	3,541.5	311.6	- / -

(1) First-time consolidation of SBS since July 2007

(2) Recurring EBITDA: EBITDA before non-recurring (exceptional) items

(3) Underlying net income: Consolidated net income before effects from purchase price allocation accounting and (in 2007 only) fine from the Federal Cartel Office

(4) Averaging full-time equivalent jobs

Content

Group Management Report

- 4 Group and Business Conditions
- 7 Revenues and Earnings Performance, Financial Position and Net Worth
- 17 Segment Report
- 19 Risk Report
- 20 Subsequent Events
- 21 Outlook Report

Financial Statements

- 24 Quarterly Financial Statements
- 29 Notes

Additional Information

- 35 Financial Calendar
- 35 Production Credits

Q3 2007: Growing together


- Q3 data significantly influenced by first-time consolidation of SBS, segment reporting aligned with new Group structure
- Earnings affected by fine of the Federal Cartel Office and first-time amortization of purchase price allocation
- EBITDA affected by one-off charge, recurring EBITDA up 110 percent
- New advertising sales model implemented in Germany
- Integration process on track

Group and Business Conditions

ProSiebenSat.1 Media AG acquires SBS Broadcasting Group: Launch of a pan-European TV group

In June 2007, ProSiebenSat.1 Media AG acquired all of the SBS Broadcasting Group. The share purchase agreement was signed on June 27 and closed on July 3. Since then, the Group has been present in 13 European countries. In addition to its previous activities in Germany, Austria and Switzerland, the corporation now also operates in Belgium, Bulgaria, Denmark, Finland, Greece, the Netherlands, Norway, Romania, Sweden and Hungary. SBS is a perfect fit for ProSiebenSat.1 not just geographically, but also in terms of corporate culture and strategic focus. 

The perfect fit


 Strategy for the future development of the Group

Lines of business and organizational structure

Reporting structure adapted to new operations

Since July 2007, SBS and its subsidiaries have been included and fully consolidated in the ProSiebenSat.1 Group's consolidated financial statements. As part of the initial consolidation of SBS, the ProSiebenSat.1 Group has also restructured its segments. In addition to the segments for Free TV in the German-speaking region and Free TV International, a Diversification segment has been created. In simplified form, the new reporting structure looks as follows:

- The four German stations (Sat.1, ProSieben, kabel eins and N24) are consolidated into the Free TV in German-speaking region segment. This segment also includes the Sat.1 regional companies, the marketing company SevenOne Media, the subsidiary ProSiebenSat.1 Produktion, and the Group's subsidiaries in Austria and Switzerland.
- The Free TV International segment includes advertising-financed TV channels in the Netherlands, Belgium, Denmark, Finland, Norway, Sweden, Romania, Bulgaria and Hungary.
- The Diversification segment includes all subsidiaries that rely only indirectly or not at all on conventional TV advertising to generate their revenues. The Group's diversification activities range from Pay TV, multimedia, Internet, merchandising and radio to related print products.

The segments will continue to be grouped in two business units, Free TV and Diversification. The Group applies its new reporting structure for the first time in this quarterly report. 

 Notes on the reporting approach

Change in the Executive Board

After the transaction was consummated, the structure of the Executive Board was expanded to fit the larger group. On July 23, 2007, Patrick Tillieux, formerly acting Chief Executive Officer of SBS, was appointed to the Executive Board of ProSiebenSat.1 Media AG. He joins the formerly four-member board chaired by Guillaume de Posch, and as Chief Operating Officer is responsible for the new area of International TV, Radio, Print and Group Operations. As CEO, Guillaume de Posch is in charge of the Group Content, German TV and Corporate areas. Lothar Lanz, as Chief Financial Officer, is in charge of Group Controlling, Finance/Investor Relations, Legal Affairs, Human Resources, Regulatory Affairs and Administration. As the board member in charge of Sales & Marketing, Peter Christmann is responsible for sales in Germany, Austria and Switzerland, and also for International Sales. The board member for New Media, Dr. Marcus Englert, is in charge of New Media & Diversification, Transaction TV and Business Development.

The ProSiebenSat.1 Group: The power of television

Business activities and market position

The ProSiebenSat.1 Group is a leading pan-European media corporation. The media group offers 26 Free TV stations, 24 Pay TV channels and 22 radio networks in 13 European countries. The Corporation's core business is Free TV, financed through advertising. Its

TV programming reaches more than 200 million viewers. In addition to classic distribution channels, the ProSiebenSat.1 Group also makes significant use of interactive technologies and new media.

Nordic region

No.1 premium Pay TV provider in the Nordic region
No.2 commercial Free TV operator in Norway and Sweden
No.2 radio operator in Nordic region
No.3 commercial Free TV operator in Denmark

Netherlands/Belgium

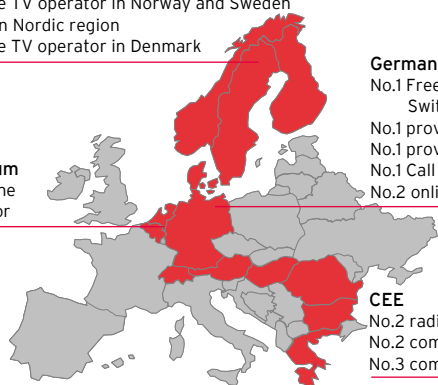
No.1 Print TV magazine
No.2 Free TV operator

German-speaking region

No.1 Free TV provider in Germany, Austria and Switzerland
No.1 provider of Mobile TV in Germany
No.1 provider of video on demand in Germany
No.1 Call TV operator in Germany
No.2 online network in Germany

CEE

No.2 radio operator in CEE
No.2 commercial Free TV operator in Hungary
No.3 commercial Free TV operator in Romania



Its station brands Sat.1, ProSieben, kabel eins and N24 make it the largest commercial Free TV corporation in Germany. It also has strong market positions in Free TV in its other countries: in the Netherlands with Veronica, Net 5 and SBS 6, in Belgium with VT4 and VIJFtv, in Sweden with Kanal 5 and Kanal 9, in Norway with TVNORGE, FEM and The Voice TV, in Finland with The Voice TV, in Denmark with Kanal 4, Kanal 5, SBS Net and The Voice TV, in Hungary with TV2, in Bulgaria with The Voice TV and in Romania with Prima TV and Kiss TV. Its CMore/Canal+ service has made ProSiebenSat.1 the market leader in premium Pay TV in Northern Europe. The Company also operates one of Europe's largest radio networks. The ProSiebenSat.1 network is Germany's second biggest online network. maxdome, Germany's largest video on demand portal, and interests in innovative Internet services like MyVideo and lokalisten are among the activities with which the Group has increasingly been diversifying its sources of revenue.

The Group's activities are pooled under ProSiebenSat.1 Media AG. The company, which is included in the MDAX, headquartered in the Munich suburb of Unterföhring. The ProSiebenSat.1 Group has some 6,000 employees throughout Europe.

Strategic focus

The ProSiebenSat.1 Group has quickly seized the opportunities open to it as a new pan-European TV group, and has adapted its strategy to the expanded growth possibilities. The Group is concentrating its capacities on systematically taking advantage of growth potential, enhancing profitability, and consolidating its strong market positions. The strategy is built around three key aims:


■ Strengthening core business and developing content

The ProSiebenSat.1 Group is Europe's only genuine family of broadcasting channels. The Group reaps advantages from its stations' complementary programming and the broad bandwidth of their target audiences. Expanding the core business Free TV remains the most important strategic objective. This activity is founded on attractive content.

Positioning as „Content-Powerhouse“


■ Diversifying and expanding in new media

Attractive content and strong TV brands are the foundation for expanding the value chain and diversifying sources of revenue. The Group's motto, "The power of television," continues to represent an agenda for the future: The ProSiebenSat.1 Group is a lea-

ding pan-European Broadcasting Group. We provide people with first-class entertainment and comprehensive information - whenever they need it, wherever they are. Putting content and brands to work in multiple ways enables the Group to make substantially more efficient use of its resources, and to earn additional revenue. 

 Outlook Report

■ Creating a leading operational platform

The ProSiebenSat.1 Group also intends to be a technology leader in Europe. It is currently reviewing all options for setting up the European Group so that it will have the latest technological platform at its disposal. The Group's plans also call for making N24 Europe's most up-to-date news station, equipping it with an innovative technological platform. Roughly EUR 10 million is to be invested in the new technology. 

 Outlook Report

Business Conditions

Business prospects within the Eurozone (EZ 13) have felt the impact of the turbulence in the financial markets associated with the U.S. mortgage crisis this summer. The impact of this crisis cannot be fully assessed as yet. Eurostat, the statistics office of the European Community, has not yet published economic data on the third quarter of the current year. In the third quarter, real growth against the same quarter last year was 2.6 percent (Q1 2007: 3.2%; as estimation by Eurostat in November 2007), somewhat better than the second-quarter gain of 2.5 percent.

Economic growth remains strong in the European Union's new Eastern European and Baltic member states. Expansion is currently being driven primarily by domestic demand. Consumer spending has been growing, thanks to declining unemployment and rising incomes. Private investment is also expanding briskly. Experience to date indicates that real third-quarter growth in the expanded EU (EU 27) will be somewhat greater than growth in the Eurozone (EZ 13).

Impetus from foreign trade and lively business conditions for industry have set economic growth in Germany on a broad foundation. The GDP (gross domestic product) witnessed a 0.7 percent rise in the third quarter, compared to the previous quarter (as estimated by the Federal Statistical Office in November 2007). The upward trend of the German economy has thus gained momentum during the third quarter. In parallel, unemployment in Germany is declining. In September, the number of persons unemployed decreased to 3.54 million, the lowest figure in nearly twelve years.

Although the German economy remains on an uptrend, corporate sentiment cooled significantly in the third quarter because of the turbulence in the financial markets. The effect is evident in the downward revisions in the Ifo business climate index and the ZEW's economic expectations. Due to the financial crisis, growth prospects of the U.S. economy and a record oil price uncertainty has increased since August. Consumer sentiment is also suffering the effects of the skeptical voices in business circles. Further factors are higher costs for basic food, petroleum products and energy, which impacted private households' real income. The monthly consumer confidence indicator published by the GfK consumer research society has been trending downward since August. Retail sales also lag behind expectations.

Advertising market

Overall, the gross TV advertising figures in the new markets of the ProSiebenSat.1 Group have developed nicely in the first three quarters of 2007, stretching from a stable Hungarian market and growing Scandinavian markets (Denmark +1.3%, Sweden +4.1% and Norway +8%) to an exceptionally dynamic Eastern European market (Romania +50%). Also in Flanders, home to the Free TV stations VT4 and VIJFtv, the advertising market proves strong growing at 10%. The combined gross advertising market in the Netherlands witnesses a slight decrease of 2%. Net investments in advertisement have experienced moderate gains in single-digit percentages.

With gross advertising spends totaling EUR 6.0 billion, German TV stations' bookings were up 6.4 percent from a year earlier. The main growth drivers in the TV market from January to September were retail and shipping (+35.6%), finances (+15.4%), tourism (+13.0%) as well as healthcare and pharmaceuticals (+11.9%).

With a market share of 43.2 percent, the ProSiebenSat.1 Group expanded its lead in the German TV advertising market once again from January through September 2007 (Q1-Q3 2006: 42.7 percent). SevenOne Media, the Group's TV advertising marketer, generated gross revenues of EUR 2.588 billion for the Group's stations in the first nine months. The stations marketed by IP Deutschland - RTL, Vox, Super RTL and n-tv - generated EUR 2.236 billion for the period, a decline of 0.8 percentage points in advertising market share, to 37.3 percent. The share of RTL2 marketer El Cartel was also down against a year earlier, to 5.4 percent or EUR 325.4 million (comparable period of 2006: 5.6 percent).

Revenues and Earnings Performance, Financial Position and Net Worth

Notes on the reporting approach

This interim report reflects the new segment structure of the ProSiebenSat.1 Group. The SBS Broadcasting Group and its subsidiaries have been included in ProSiebenSat.1's consolidated financial statements since July 2007. The figures for the current fiscal year include SBS's acquired business for the period from July 3 through September 30, 2007. Since SBS was not part of the ProSiebenSat.1 Group in fiscal 2006, these figures are not included in the comparable figures, unless noted otherwise.

Business units and segments of the new ProSiebenSat.1 Group

Business Unit	Free TV		Diversification
Segment	Free TV German-speaking region	Free TV International	Diversification
Region	<ul style="list-style-type: none"> Germany/Austria/Switzerland 	<ul style="list-style-type: none"> NL/Belgium Nordic CEE 	<ul style="list-style-type: none"> Germany/Austria/Switzerland NL/Belgium Nordic CEE
contains: brands/ business activities	<ul style="list-style-type: none"> Sat.1 ProSieben kabel eins N24 PULS TV SevenOne Media ProSiebenSat.1 Produktion 	<ul style="list-style-type: none"> SBS 6 Net 5 Veronica Kanal 5 (DK) Kanal 5 (SWE) Kanal 4 The Voice TV SBS NET TVNORGE FEM Kanal 9 VT4 VIJFtv TV2 Prima TV Kiss TV 	<ul style="list-style-type: none"> Pay TV CMore/Canal+ SevenSenses Online Multimedia Radio Print Transaction TV 9Live 9Live International Merchandising/Licensing Music SevenOne International

Main legal entities/activities

Overall assessment of the business situation: SBS acquisition lends additional momentum to ProSiebenSat.1

The current fiscal year has been strongly marked by the acquisition and integration of SBS. The SBS Broadcasting Group acquisition has been the biggest in the Corporation's history. The leap from a domestic to a pan-European media corporation has been the Group's most important strategic move since ProSieben and Sat.1 merged to form ProSiebenSat.1 Media AG in 2000. The merger with SBS to form a leading pan-European media group has substantially strengthened the core business Free TV. The acquisition has

lent the company additional momentum and spurred lively revenue growth. At the same time, the Corporation has continued the systematic pursuit of its diversification strategy, and has been generating additional growth internationally.

However, the Group's profit performance was subject to a variety of exceptional effects in the third quarter 2007 as a consequence of the first consolidation of SBS and the financing for the transaction, as well as a fine imposed by the Federal Cartel Office. [Z](#)

Federal Cartel Office proceedings end, new discount and fee model introduced

[Z](#) Subsequent Report

Group revenue and earnings performance

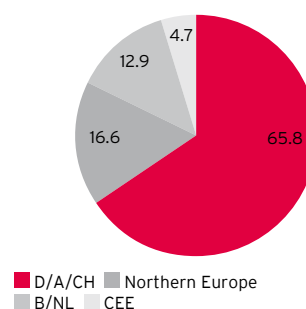
Business developments in the third quarter of 2007

The ProSiebenSat.1 Group's revenues increased by EUR 237.1 million in the third quarter, to reach EUR 668.4 million. Most of the 55.0 percent leap in revenues resulted from the first-time consolidation of SBS.

The ProSiebenSat.1 Group's revenues rose in all business units. The two segments of the Free TV business unit contributed a total of EUR 535.6 million to Group revenues (Q3 2006: EUR 377.9 million). The Diversification unit's revenues came to EUR 132.8 million, equivalent to a 19.9 percent share of the Group's revenues. The contribution for the third quarter of 2006 was 12.4 percent, or EUR 53.4 million.

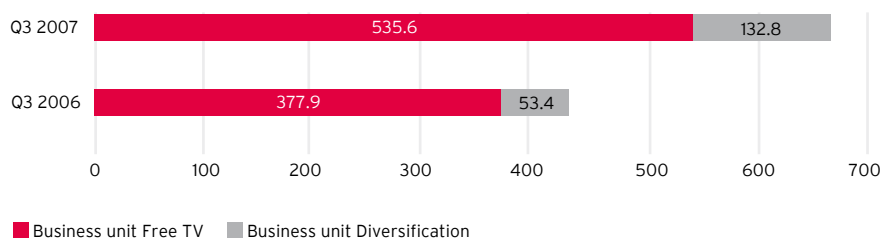
German-speaking Europe is the Group's strongest revenue-generating region, at 65.8 percent, followed by the Nordic region, at 16.6 percent, and the Netherlands/Belgium, with 12.9 percent. Before adding SBS, the ProSiebenSat.1 Group generated its prior-year revenues entirely in Germany, Austria and Switzerland. [Z](#)

Revenues Q3 2007 by region
In percent



[Z](#) Segment business performance

Revenues by business units
In EUR m



Operating costs, consisting of cost of sales, selling expenses and administrative expenses, rose EUR 345.2 million in the third quarter of 2007, to EUR 730.3 million. The 89.6 percent increase in costs resulted in part from the first consolidation of SBS. In addition, for the first time, effects from amortization of capitalized intangible assets of the SBS acquisition of EUR 38.4 million were taken. The cost increase also resulted in a one-off effect due to a provision of EUR 120.0 million in connection with the fine to be paid.

Depreciation and amortization, which is reflected in the cost of sales, selling expenses and administrative expenses, increased by EUR 47.9 million to a total of EUR 57.6 million. The figure includes amortizations of EUR 38.4 million taken for Q3 2007 due to purchase price allocation for SBS. All amortizations due to purchase price allocations totaled EUR 40.2 million, compared to EUR 1.7 million in the prior-year period. Consumption of programming assets increased by EUR 66.6 million, to EUR 271.4 million. Personnel expenses included in the cost of sales, selling expenses and administrative expenses rose from EUR 62.1 million to EUR 95.7 million in the third quarter of 2007, primarily because of the consolidation of SBS.

SBS Broadcasting Group [Z](#)

Transaction totaled	3.3 EUR bn
PPA amortization SBS in Q3	38.4 EUR m
Goodwill (fair value)	2.4 EUR bn
Intangible assets (step up fair value)	876 EUR m


[Z](#) Notes p. 30

Against the background of higher amortizations due to the purchase price allocation, costs of sales and administrative expenses in particular have increased for July through September 2007. Cost of sales increased by EUR 131.3 million to EUR 418.8 million. Selling expenses rose from EUR 59.2 million in the third quarter of 2006 to EUR 125.5 million in Q3 2007.

PPA amortization Group

In EUR m

	Q3 2007	Q3 2006
Cost of sales	3.1	-/-
Selling expenses	37.1	1.7
	<u>40.2</u>	<u>1.7</u>

The Group had to absorb a non-deductible fine of EUR 120.0 million resulting from a settlement with Germany's Federal Cartel Office. An appropriate provision has been formed for this purpose.  The resulting significant increase in administrative expenses came to EUR 147.7 million, resulting in a total of EUR 186.0 million.

 Financial position and net worth

This one-time charge represents the background for the EUR 58.3 million decline in EBITDA to EUR 0.4 million. The Group's EBITDA adjusted for non-recurring items (recurring EBITDA) grew 109.7 percent, or EUR 65.3 million, to reach EUR 124.8 million. The SBS acquisition played a major role in the growth of recurring EBITDA.

Reconciliation Recurring EBITDA

In EUR m

	Q3 2007	Q3 2006
Pre-tax profit	-103.7	21.7
Financial income	46.5	27.2
Operating result	-57.2	48.9
Depreciation and amortization	57.6	9.8
(thereof PPA)	40.2	1.7)
EBITDA	0.4	58.7
Fine from the Federal Cartel Office	120.0	-/-
Other non-recurring items	4.4	0.8
Recurring EBITDA	124.8	59.5

The net interest result for the third quarter was EUR -44.7 million, or a decrease of EUR 34.7 million from the figure a year earlier. The change was primarily caused by higher interest expenses associated with the financing of the SBS acquisition. Interest expenses for the third quarter rose EUR 53.9 million, to EUR 65.0 million. Only part of this increase was compensated by the decline in other financing expenses and by the interest income generated by the termination of interest-rate swaps. As a result, the financial income decreased from EUR -27.2 million to EUR -46.5 million.

For the above reasons, the pre-tax profit for the period decreased by EUR 125.4 million, to EUR -103.7 million.

The average corporate tax rate rose because of a non-deductible fine from the Federal Cartel Office. The acquisition of SBS Broadcasting Group reduced the average corporate tax rate. The adjustment of the average corporate tax rate from 38 percent to 49,9 per-

cent resulted in income tax expenses of EUR 25,1 million. Due to losses in the third quarter 2007, income tax revenue of EUR 51,8 million arose. The accumulated income tax revenues came to EUR 26,7 million in the third quarter 2007.

The Group reported a net loss (after minority interests) of EUR 77.9 million for the period from July through September, compared to a consolidated profit of EUR 13.1 million in the third quarter of 2006. For the third quarter 2007 the Group shows amortizations of capitalized intangible assets of EUR 40.2 million as a consequence of the purchase price allocation. The underlying net income came to EUR 68.4 million, compared to EUR 14.1 million for the same quarter a year earlier.

Business development SBS standalone: Pro forma figures

In EUR m

	Q3 2007	Q3 2006	Q1-Q3 2007	Q1-Q3 2006
Revenues	228.3	215.3	752.9	699.8
Total costs	223.9	190.1	716.9	623.6
Recurring EBITDA	52.3	46.3	171.4	138.0
EBITDA	51.2	45.1	153.6	134.0

Reconciliation Underlying net income

In EUR m

	Q3 2007
Net income after minority interests	-77.9
Amortization of purchase price allocation (after taxes)	26.3
Fine from the Federal Cartel Office	120.0
Underlying net income	68.4

Business developments in the first nine months of 2007

The ProSiebenSat.1 Group improved its operating performance even further in the first nine months of 2007, generating a substantial increase in revenues. Revenues for the first three quarters of the current year were up EUR 273.8 million, or 18.9 percent, to EUR 1.721 billion. This growth was supported by both business units, and the consolidation of SBS made a major contribution.


The exceptional effects for the third quarter of 2007, as explained above, also affected the nine-month period:

The ProSiebenSat.1 Group's total costs climbed EUR 368.8 million, or 30.7 percent, for January through September 2007, to reach EUR 1.570 billion. After adjustment for the third quarter's costs for the purchase price allocation, the consolidation of SBS, and expenses for forming the provision, operating costs were up only 2.1 percent, or EUR 24.8 million, against the prior-year equivalent of EUR 1.201 billion.

Allowing for the EUR 120.0 million provision for the Cartel Office proceedings, EBITDA declined from EUR 284.1 million to EUR 241.2 million (down 15.1 percent). EBITDA before non-recurring items (recurring EBITDA) was EUR 366.0 million, up 27.9 percent from the equivalent figure last year.

The financial income includes a net interest result of EUR -51.9 million (Q1-Q3 2006: EUR -29.6 million) that particularly reflects the higher interest expenses since the acquisition of SBS. Interest expenses came to EUR 75.2 million, exceeding the prior-year figure by EUR 42.1 million. The financial income was down EUR 9.3 million to EUR -55.9 million for the first nine months of 2007.

The effects described for the third quarter caused the pre-tax profit to decline 48.5 percent, to EUR 107.3 million (Q1-Q3 2006: EUR 208.3 million).


The consolidated profit (after minority interests) on the period was EUR 49.9 million, compared to the prior year's EUR 127.3 million. The underlying net income  was EUR 197.5 million. This figure does not include neither the amortizations taken as part of the purchase price allocation, nor the one-time expenses for the fine from the Federal Cartel Office.

 Underlying net income reconciliation

Financial position and net worth

Investments and acquisitions

ProSiebenSat.1 Media AG acquires SBS Broadcasting Group


On June 27, 2007, ProSiebenSat.1 Media AG signed a share purchase agreement to acquire all of the SBS Broadcasting Group. The agreement was consummated on July 3. The transaction value totaled EUR 3.3 billion. SBS represents the biggest acquisition in the Group's history. More information on the SBS acquisition and on setting up the integrated Group appears below and on pages 4 to 6. 

The Notes include additional information on acquisitions on pages 30 to 32.

**ProSiebenSat.1 Media AG acquires SBS:
Launch of pan-European TV Group**

 Group and business conditions

Acquisition of Austrian Free TV station PULS TV

In July 2007 ProSiebenSat.1 Media AG acquired all of Austrian station PULS TV, and in August it incorporated the new station into the consolidated financial statements, with the consent of the fine from the Federal Cartel Office. The acquisition of the Free TV station optimizes the Group's portfolio of brands and programming in Austria. PULS TV also serves as a producer for the stations ProSieben Austria, Sat.1 Österreich, and kabel eins austria. 


**PULS TV to be expanded into nationwide
Free TV Channel**

 Outlook

Online operations continue expanding with strategic acquisitions

Back at the beginning of the current fiscal year, the ProSiebenSat.1 Group acquired a majority interest in solute GmbH, which operates the online price search engine billiger.de. In July, the Group signed a contract to purchase the remaining shares of Magic Internet Holding GmbH. This additional purchase is another step in the Group's efforts to expand its online services. Magic Internet Holding GmbH operates MyVideo, the largest German-speaking video community on the Internet. In August 2007, the ProSiebenSat.1 Group also acquired a majority interest in the wer-weiss-was advice platform. This expert information service is Germany's leading portal for knowledge sharing on the Internet.

Programming purchases and expenditures for programming assets


The success of the ProSiebenSat.1 Group hinges most of all on its long-term expenditures in expanding and renewing its programming assets. The Group consistently develops new programming and invests continuously in attractive programming rights. Besides acquiring new license rights, another emphasis is on commissioned and in-house productions. Programming expenditures are paid for out of operating cash flow. From January through September 2007, the Group invested EUR 809.8 million in acquiring programming rights alone, compared to EUR 693.9 million the year before. 

Attractive programing investments

 Company outlook

Financial position


Principles and objectives of financial management

Safeguarding liquidity and enhancing financial strength are the primary goals of financial management at the ProSiebenSat.1 Group. The Group's broad financing leeway is ensured with a revolving syndicated credit facility of a total of EUR 600 million. Additionally, the Group's profile of maturity dates includes a large proportion of long-term financing instruments. Managing financial risk is a further important goal of financial management. The tools that the ProSiebenSat.1 Group applies to limit this risk include derivative financial instruments. 

 Risk Report


Financing measures for the SBS acquisition

New syndicated senior secured credit facility is agreed

The transaction value of the acquisition of SBS totaled EUR 3.3 billion, including the acquired Group's net financial liabilities. The transaction was fully debt-financed through new senior secured syndicated credit facilities. 

The higher debt level leaves enough financial leeway for the Group's further strategic and operational expansion

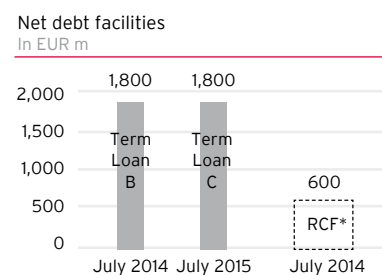
 Company outlook

The loan of EUR 3.6 billion was provided by banks and institutional investors, and covers not only the purchase price and related transaction costs, but refinancing for the SBS's financial liabilities still outstanding at the time of purchase, as well as the early retirement of the outstanding ProSiebenSat.1 notes. The ProSiebenSat.1 Group has hedged some 80 percent of its variable-interest exposure by way of interest-rate swaps. 

Interest-rate risk hedged by interest-rate swaps

 Risk Report

The facilities agreement comprises a number of term loans totaling EUR 1.8 billion, with a term of seven years (**Term Loan B**) and loans for a total of another EUR 1.8 billion with a term of eight years (**Term Loan C**). The facility agreement also includes a **new revolving credit facility** with a term of seven years and a total facility amount of EUR 600 million. It may be drawn in varying amounts. The new revolving credit facility replaced a syndicated credit facility entered into in 2006 with a facility amount of EUR 500 million.



*Revolving Credit Facility

EUR 150 million notes issue retired early

A EUR 150 million notes issue from ProSiebenSat.1 Media AG was retired early as of August 1, 2007. The notes, issued in 2004, had a fixed yield of 6.25 percent and were originally due for repayment in 2009. The redemption price was 101.858 percent of par.

Borrowings

Net financial facilities

At September 30, 2007, the Group had net financial debt of EUR 3.541 billion, compared to EUR 311.6 million a year earlier. Net financial debt is the total of bonds and other financial liabilities, less cash, cash equivalents and current securities. The Group's financial liabilities grew substantially, primarily because of the financing of the SBS acquisition, from EUR 341.2 million to EUR 3.705 billion. Long-term financial liabilities with a remaining term of more than one year was EUR 3.583 billion (September 30, 2006: EUR 184.3 million).

Credit facilities

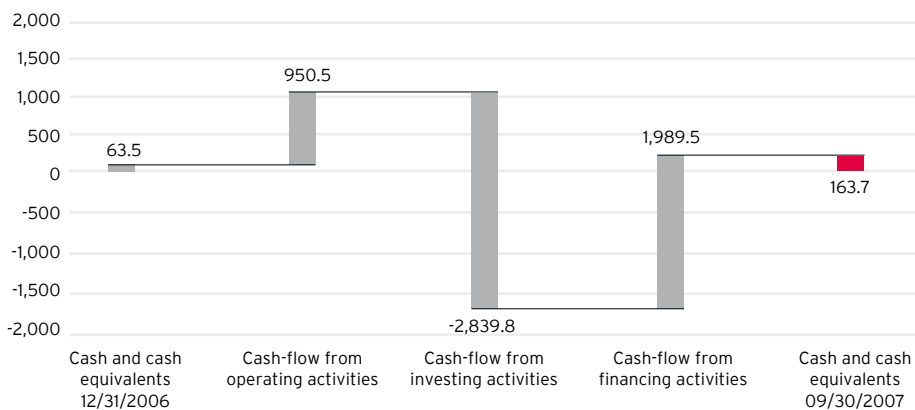
At September 30, 2007, the Group had an undrawn amount of EUR 438 million available under the revolving credit facility. Additionally, the Group had cash and cash equivalents of EUR 163.7 million.

Cash and cash equivalents, and cash flow

The Group's cash flow statement shows the sources and uses of cash flows. It distinguishes among cash flow from operating activities, investing activities and financing activities. The cash flow from operating activities is derived indirectly from the Group's profit for the period. The cash and cash equivalents in the cash flow statement are equivalent to the "cash and cash at bank" shown in the balance sheet as of the reporting date.

Net cash generated from working capital (non-interest-bearing receivables less non-interest-bearing liabilities) increased by EUR 115.2 million against January through September 2006, to EUR 19.0 million, with a positive effect on operating cash flow. Consequently cash flow from operating activities as of September 30, 2007, was up by EUR 137.1 million to EUR 950.5 million.

Change in cash and cash equivalents
In EUR m



As part of investing activities, a total of EUR 2.840 billion was spent during the period, compared to EUR 711.6 million a year earlier. Most of the new figure was for payments relating to the SBS acquisition, including the purchase price of some EUR 2.1 billion. Additionally, the ProSiebenSat.1 Group acquired a majority interest in various Web portals during the period. Apart from expenditures related to acquisitions, investments in programming assets, which grew EUR 115.9 million to EUR 809.8 million, also increased the cash flow for investments. Because of the investing activities, free cash flow decreased from EUR 101.8 million to a negative EUR -1.889 billion.

Financing activities yielded a net inflow of EUR 1.990 billion for the first three quarters, compared to an outflow of EUR 230.0 million in Q1-Q3 2006. The inflow resulted primarily from the new credit facilities signed in connection with financing the SBS transaction which included related refinancings. A total of EUR 192.5 million was paid for dividends (Q1-Q3 2006: EUR 181.6 million).

At the end of the period on September 30, 2007, the Group had cash and cash equivalents of EUR 163.7 million, compared to EUR 29.3 million a year earlier.

Continuing expansion of network through strategic investments

Investments and acquisitions

Financing activities of SBS acquisition

The ProSiebenSat.1 share

Assets and capital ratios

SBS acquisition affects balance sheet items

As of September 30, 2007, consolidated total assets had risen by EUR 3.964 billion against December 31 of 2006, to EUR 5.896 billion. Most of the increase of more than 200 percent in total assets came from the acquisition of SBS. The balance sheet as of September 30, 2007, includes the fair valued assets and liabilities of SBS for the first time. Additionally, it shows the capitalized goodwill that derived from the first consolidation of SBS at July 3, 2007. The SBS acquisition was fully debt-financed. As a consequence, the following material changes appear on the assets and liability sides of the balance sheet compared to December 31, 2006:

Noncurrent and current assets

Long-term assets grew from EUR 3.506 billion to EUR 4.858 billion. This figure includes the intangible assets of SBS - including license rights and brands - for EUR 883.2 million,

which were fair valued as part of the preliminary purchase price allocation. Goodwill of EUR 2.389 billion was also capitalized as part of the first consolidation of SBS.

As of September 30, 2007, short-term assets had risen by EUR 458.4 million against December 31 of 2006, to EUR 1.038 billion. Most of this increase was in programming assets, trade receivables, and cash and equivalents added as part of the first consolidation of SBS. In this connection, short-term programming assets as of September 30, 2007, were substantially higher, at EUR 424.3 million - up EUR 149.1 million from the prior-year figure. In all, short-term and long-term programming assets increased by EUR 262.7 million, to EUR 1.319 billion.

Shareholders' equity

Equity decreased EUR 166.5 million against December 31, 2006, to EUR 1.074 billion. One factor reflected in this figure is the dividend payment in the third quarter of 2007, which was higher than in the previous year. The equity ratio at September 30, 2007, was 18.2 percent (December 31, 2006: 64.2 percent), as the SBS acquisition was fully debt-financed.

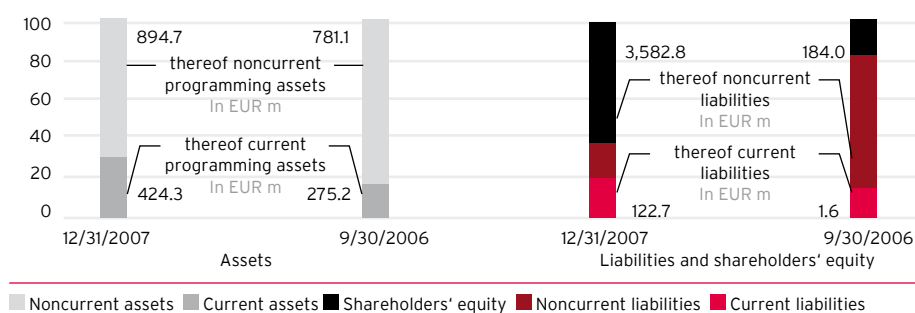
Noncurrent and current liabilities

The Group's financial liabilities (long-term and short-term interest-bearing liabilities) rose by EUR 3.520 billion against December 31 of 2006, to EUR 3.705 billion. The change resulted from the increase in long-term interest-bearing liabilities associated with the financing of the SBS acquisition. Long-term financial liabilities rose to EUR 3.583 billion, up EUR 3.399 billion from the comparable figure on December 31, 2006. Short-term financial liabilities increased by EUR 121.1 million against December 31 of 2006, to EUR 122.7 million.

Financing of SBS acquisition

The increase in short-term financial liabilities against the prior year resulted from a draw of EUR 120.0 million from the revolving credit facility. In all, short-term liabilities at September 30, 2007, came to EUR 931.9 million (December 31, 2006: EUR 384.0 million). In addition to higher short-term financial liabilities, higher provisions also increased short-term liabilities. Among others, provisions of EUR 120.0 million were formed because of the proceedings before the Federal Cartel Office.

Consolidated balance sheet
In percent



Employees

SBS consolidation increases number of employees

As of September 30, 2007, the ProSiebenSat.1 Group had 5,996 employees (average full-time equivalents) throughout Europe. The increase of 3,053 against September 30, 2006, was primarily the result of the full consolidation of SBS since July 2007. Not including the recently acquired SBS subsidiaries, the ProSiebenSat.1 Group had an average of 3,095 employees in Germany, Austria and Switzerland as of September 30, 2007 (September 30, 2006: 2,943).

Another contribution to the increase came from the new hires that 9Live and Seven-Senses took on to handle their expanded business operations. Additional increase came from employees who are being reported for the first time since the first consolidation of solute in February 2007 and PULS TV and MyVideo in August 2007.

The breakdown of employees by segment is as follows:

	Free TV Segment German-speaking region	Free TV Segment International	Diversification Segment
9/30/2007	2,678	1,896	1,422
9/30/2006	2,573	-/-	370

Average full-time equivalent positions

Intranet relaunch marks important step in integrating SBS and ProSiebenSat.1

In September 2007, the ProSiebenSat.1 Group's intranet was thoroughly revised and re-launched on a platform that uses state-of-the-art technology. The new platform combines information capabilities with interactive Web 2.0 components. The core of the intranet, which runs in both German and English, is a content management system that can be used on both a centralized and decentralized basis. Every employee of the integrated Group has access to this internal communication platform. The pan-European networking of Group employees on a shared communication platform is an important step on the way toward combining ProSiebenSat.1 and SBS.

Research and development

The ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees growth potential. However, market research activities do not fit the definition of research and development under IAS 38.8.

ProSiebenSat.1 Share

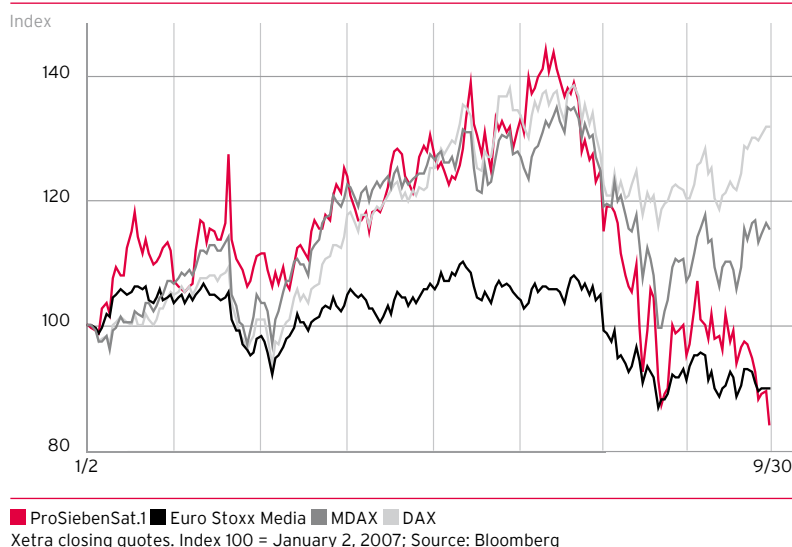
ProSiebenSat.1 stock on the share exchange

The ProSiebenSat.1 stock had a weaker showing at the end of the first nine months than the indices of relevance, closing at EUR 22.04, down 8.9 percent from the beginning of the year. After its strong performance in the first half, the stock came under pressure in the third quarter. The share price was affected not only by the dividend payment in July, but by the subprime crisis. In particular hedge funds, which were especially hard hit, were forced to reduce their positions. After the end of August, when the company released Q2 2007 figures that were slightly above expectations, some analysts upgraded their recommendation on the ProSiebenSat.1 stock. During the period a total of 133,520,776 shares were traded over the Xetra trading system, equivalent to an average trading volume of about 702,741 shares per day.

The ProSiebenSat.1 share in trade

	1/1/2007-9/30/2007
XETRA high close (EUR)	30.10
XETRA low close (EUR)	22.04
XETRA close (EUR)	22.04
XETRA trading volume (average per day) (units)	702,741

ProSiebenSat.1 Share: Price performance



Ownership structure of ProSiebenSat.1 Media AG

In May 2007, Lavena Holding 4 GmbH had contributed most of its stake in ProSiebenSat.1 Media AG to a newly founded subsidiary, Lavena Holding 5 GmbH. At the beginning of July, this interest, which was mostly held indirectly, was simplified further by eliminating P7S1 Holding L.P. and P7S1 Holding II S.à.r.l., which until then had functioned as intermediate holding companies. Consequently Lavena Holding 5 GmbH now directly holds 75.1 percent of the common stock and 0.1 percent of the preferred stock. In addition, after adjustment for other interests, Lavena Holding 5 GmbH indirectly holds 12.9 percent of both the common stock and preferred stock through SAT.1 Beteiligungs GmbH, a joint venture with Axel Springer AG.

More information on the ownership structure on our homepage
http://en.prosiebensat1.com/investor_relations/aktionaersstruktur/

Shareholders' meeting for fiscal 2006

The annual general meeting of the shareholders of ProSiebenSat.1 Media AG was held in Munich on July 17, 2007. With about 200 shareholders attending, some 64 percent of the Company's registered capital stock was present. A full 100 percent of the voting share capital was represented, and about 27 percent of the preferred share capital.

More information on the shareholders meeting on our homepage
http://en.prosiebensat1.com/investor_relations/hauptversammlung

All proposals by the Executive Board and Supervisory Board for decisions requiring shareholder consent were approved unanimously. Among other resolutions, the shareholders approved the proposed dividend payment for fiscal 2006 of EUR 0.87 per share of common stock (2006: EUR 0.82) and EUR 0.89 per share of preferred stock (2006: EUR 0.84). Thus 80 percent of ProSiebenSat.1 Media AG's consolidated net profit for fiscal 2006 was distributed (2006: 82 percent). In all, ProSiebenSat.1 Media AG distributed EUR 192.5 million (2006: EUR 181.6 million) to the holders of its common and preferred stock. The dividend was paid out as of July 18, 2007, the day after the meeting.


Dividend payment for 2006

Additionally, the meeting approved the supplementary nominees to the Supervisory Board. Marinus Maria Petrus van Lent, President International of Telegraaf Media Groep, N.V., Heinz-Joachim Neubürger, Managing Director and Senior Advisor at Kohlberg Kravis Roberts & Co. Ltd, Adrianus Johannes Swartjes, Chairman of the Board of Telegraaf Media Groep, N.V., and Katrin Wehr-Seiter, a Principal at Permira Beteiligungsberatung GmbH, were elected new members of the Supervisory Board. The other members elected in the supplemental elections had already sat on the Supervisory Board since March 7 as court-appointed members. Following the shareholders' meeting, the newly constituted Supervisory Board reconfirmed Götz Mäuser, a Partner at Permira, and Lord Clive Hollick, a Partner at KKR, as the Board's Chairman and Vice-Chairman.

Find additional information on the Supervisory Board on our homepage
<http://en.prosiebensat1.com/unternehmen/aufsichtsrat>

Segment Report

Notes about segment reporting

The activities of the former SBS Broadcasting Group are included as part of the new Free TV International and Diversification segments. SBS has been fully consolidated since July 2007, and is proportionally included in the nine-month figures for fiscal 2007. Since SBS was not part of the ProSiebenSat.1 Group in fiscal 2006, its prior-year figures are not included in the ProSiebenSat.1 consolidated financial statements. However, in order to provide a commentary on the performance of business operations in the Free TV International segment for the third quarter of 2007, this report refers back to SBS's prior-year figures. 

Free TV Segment German-speaking region

As part of the consolidation of SBS, the segment structure of the ProSiebenSat.1 Group has been revised. The former Free TV segment has now been renamed the "Free TV in German-speaking region" segment. In addition to the Group's stations - Sat.1, ProSieben, kabel eins, and N24 - in Germany, the segment's highest-revenue region, this segment also includes the Group's subsidiaries in Austria and Switzerland.

Profit performance of the Free TV in German-speaking region segment affected by one-time expenses

During the third quarter of 2007, there were signs that consumer spending would not pick up as expected. The revenues of Sat.1, ProSieben, kabel eins and N24 felt the impact in the period from July through September. Additionally, because of the seasonality of the German TV market, the third quarter is traditionally by far the weakest quarter of the year. Apart from low consumer confidence, the business performance of Sat.1 also held back revenue growth. The weaker performance of its audience share affected this Free TV station's advertising revenues. Revenues came to EUR 378.3 million and were thus slightly higher than the prior year's equivalent (EUR 377.9 million). However, for the first nine months of the year, the segment's advertising revenues grew much better. Revenues grew 1.9 percent, to EUR 1.313 billion (Q1-Q3 2006: EUR 1.288 billion). The Free TV stations ProSieben and kabel eins made a particularly good contribution because of higher advertising revenues.

The segment's earnings performance was affected by the one-time expenses that have already been explained, resulting from the fine of EUR 120.0 million. Consequently, EBITDA for Q3 2007 decreased EUR 111.5 million, to EUR -63.3 million (down 231.3 percent). But EBITDA adjusted for non-recurring items (recurring EBITDA) grew EUR 10.7 million, to EUR 59.7 million, particularly thanks to lower marketing expenses. EBITDA for the first nine months of the year was EUR 155.1 million, down EUR 89.0 million or 36.5 percent from the equivalent figure last year because of the adverse exceptional effect. Recurring EBITDA grew EUR 33.4 million, or 13.6 percent, to reach EUR 279.6 million.

Free TV Segment International

The acquisition of SBS brought the Group a number of Free TV stations in Northern and Eastern Europe and in the Netherlands and Belgium, which are combined as the new Free TV International segment.

New Free TV International segment develops very positively

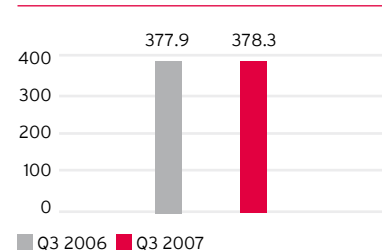
In the third quarter of 2007, the Free TV International segment, which was consolidated for the first time, enjoyed strong revenue and earnings growth. Revenues grew EUR 15.1 million, or 10.6 percent, to EUR 157.3 million. Revenues were up substantially at the segment's advertising-financed stations in every region, with Norway (+18.4 percent), the Netherlands (+13.4 percent) and the Eastern European stations (+13.0 percent) in the lead.

Reporting structure fitted to new Free TV International and Diversification segments

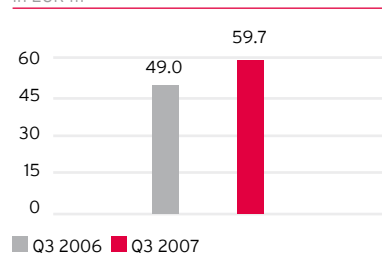
 Group

With its acquisition of Austria's metropolitan Free TV channel PULS TV, the ProSiebenSat.1 Group has strengthened its core business Free TV and increased its business activity in Austria. The channel has been fully consolidated since August 2007.

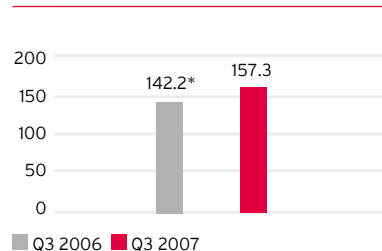
Revenues Free TV D/A/CH
In EUR m



Recurring EBITDA Free TV D/A/CH
In EUR m



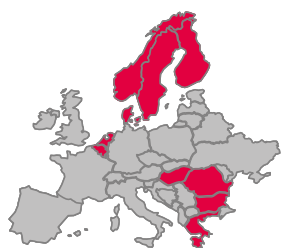
Revenues Free TV International
In EUR m



*Pro forma

The dynamic revenue performance – most of which came from higher advertising revenues – also improved the results of operations further in the third quarter. EBITDA was up 19.5 percent, to EUR 34.3 million (Q3 2006: EUR 28.7 million). Recurring EBITDA rose 17.6 percent, to EUR 35.4 million.

Highlights Q3 2007



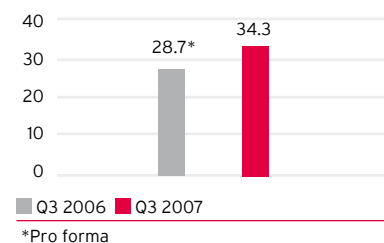
Launch of FEM TV

With the launch of the new Free TV channel FEM, the ProSiebenSat.1 Group is expanding in Norway. FEM targets a predominantly female audience from ages 20 - 49. Together with FEM, the Group operates three Free TV channels and one Pay TV channel in Norway.

The Voice TV ahead of MTV

For the first time, the Finnish music channel The Voice TV has had more viewers than its competitor MTV. This makes The Voice TV the top music channel in Finland.

EBITDA Free TV International
In EUR m



Diversification Segment

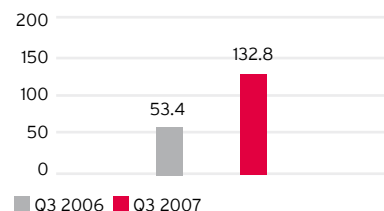
Diversification activities that were added with SBS, such as radio, print and the premium Pay TV services of CMore/Canal+, are included together with the Group's previous diversification activities in the Diversification unit. The former Transaction TV and Other Diversification segments have also been incorporated into the new segment.

Diversification segment grows both organically and through acquisitions

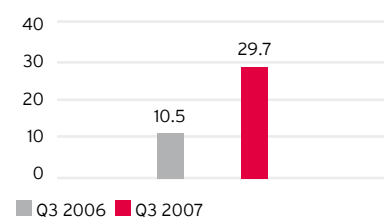
The Diversification segment's revenue and earnings performance picked up speed in the third quarter of 2007. Revenues more than doubled in the third quarter, climbing EUR 79.5 million to reach EUR 132.8 million (149.2 percent). Most of the increase resulted from the effects of the first consolidation of SBS. The segment was also strengthened by the full consolidation of MyVideo since August and wer-weiss-was.de since September. Revenue growth was furthermore driven by the extremely good performance of existing operations. Organic growth of revenues reached 15.9 percent. EBITDA increased by EUR 19.2 million, to reach EUR 29.7 million (182.9 percent). Recurring EBITDA was up 184.8 percent, to reach EUR 29.9 million.

The nine-month comparison likewise is very good. In the first nine months of the year, the revenues grew EUR 91.6 million, or 57.4 percent, to reach EUR 251.2 million. The increase in revenues derived from effects of the first consolidation of SBS in July through September, as well as the very good performance of existing business. Important drivers of organic growth included online, games, music and basic Pay TV operations, as well as the expansion of 9Live International and the Group's worldwide programming sales company, SevenOne International. EBITDA also showed a growth rate in the high double digits, increasing 28.3 percent to reach EUR 52.1 million (Q1-Q3 2006: EUR 40.6 million). Recurring EBITDA grew 26.4 percent, to EUR 51.3 million.

Revenues Diversification
In EUR m




EBITDA Diversification
In EUR m




SBS standalone (pro forma figures)


Risk Report

Like every company, the ProSiebenSat.1 Group faces a variety of risks that may have a material effect on its operations and its assets, liabilities, financial position and profit or loss. Our risk management system enables us to identify, analyze and assess current and future potential risks at an early point, and supports efficient management of those risks. The Group-wide risk control system is attuned to the Group's special circumstances, and is based on the principle of including every subsidiary in the process of risk management.

The 2006 annual report of the ProSiebenSat.1 Group includes a detailed discussion of business risks, together with a description of the Group's risk management system. 


 http://en.prosiebensat1.com/investor_relations/finanzberichte/

Overall risk for the Group remains manageable


As of the end of September 2007, no further risk groups have been added to the risks in the five categories discussed in detail in the 2006 annual report – general external risks from the environment and business sectors, performance risks, financial risks, organizational risks, and other risks. The Company's overall risk remains limited. There is no basis, nor has there been any basis in the past, for risks that individually or in combination might have jeopardized the survival of the Company during the period. In fact, the Executive Board assumes that with its current portfolio and the products and programming now under development, the Group is well positioned for the future. Additionally, the merger with SBS has significantly improved the Corporation's risk and opportunity profile. Risk for the integrated Group is spread more broadly among a variety of revenue models and markets. 

Opportunity and risk profile improved
 Strategic opportunities

The following points were of particular relevance during the period:


- **Risks deriving from the SBS Broadcasting Group:** Because of the acquired entity's magnitude, integrating the SBS Broadcasting Group with its subsidiaries represents a major challenge for the ProSiebenSat.1 Group. Acquiring new companies and integrating them into a corporation are always associated with risks. The ProSiebenSat.1 Group takes account of these risks with extensive steps to support the acquisition process. It has set up inter-company project teams whose task is to establish structures that will result in a rapid integration of the two corporate groups, and that will handle the organizational coordination of corporate operations like content, sales and marketing, and administration.  The Group-wide risk management system will be adjusted to the specific environments of the new subsidiaries and units. Additionally, procedures will be developed for an international management of processes.

 Outlook Report

The new Group's highly diversified media portfolio and broad positioning in 13 European countries make it even less dependent on the fluctuations of individual markets. Consequently, the Diversification unit's contribution to revenues has risen substantially since SBS was first consolidated in July 2007. The breakdown of revenues by region also reflects greater risk diversification. In the third quarter of 2007, the combined Group generated some 70 percent of its total revenues within the German-speaking part of Europe. In the third quarter of 2006, the ProSiebenSat.1 Group earned 100 percent of its revenues in Germany, Austria and Switzerland. 


 Earnings situation

- **The economy:** The ProSiebenSat.1 Group's business operations depend to a large degree on overall economic conditions and developments in the markets where our advertising clients operate. A general weakening of the economy, especially in the core market in Germany, could have a material effect on the ProSiebenSat.1 Group's business performance. Despite the recent turbulence in the financial market, the upswing in Germany has proved to be essentially stable. The leading economic research institutes assume that the upswing in the German economy will also be buoyed up by an increase in consumer spending during the coming year. But these institutes' expert reports

always point out that a substantial portion of their projections is always subject to the risk of misjudgment. 

 Outlook Report

Reviewing and assessing orders on hand will remain an important component of risk management. Total orders are analyzed continuously by extensive methods that extrapolate advertising revenues for the year from the level of advertising bookings. Monthly reports submitted to the Executive Board list actual and projected values, as well as the previous year's advertising revenues, and provide a detailed picture of revenue developments. The Company's analyses also include the position of competitors and developments within the economy and the advertising industry.


- **Proceedings before the Federal Cartel Office:** The Federal Cartel Office is currently pursuing proceedings against ProSiebenSat.1 Media AG und its advertising sales subsidiary SevenOne Media GmbH, which it also brought against other segments of the TV advertising market. The Federal Cartel Office considers the conclusion of so-called „share-of-advertising“ contracts between ProSiebenSat.1 Media AG and media agencies as vertical restraints of competition. 


 Subsequent Events

- **Financial risks:** The acquisition of the SBS Broadcasting Group was financed entirely with new senior secured credit facilities with bullet repayment and maturities of seven and eight years. Given the variable-interest basis of the loans, the ProSiebenSat.1 Group is exposed to an increased interest-rate risk. For that reason, given the expected risk of higher interest rates, the ProSiebenSat.1 Group has hedged a large portion of its borrowings by way of interest-rate swaps. These hedges are being used to compensate for the uncertain variable-rate interest-rate cash flows on borrowings by replacing those cash flows with fixed-rate interest-rate cash flows.

Subsequent Events

Federal Cartel Office proceedings end, new sales model introduced

Germany's Federal Cartel Office has terminated its proceedings against the ProSiebenSat.1 Media AG and SevenOne Media in return for payment of a fine. The proceedings were part of an industry-wide investigation against marketers of advertising time and media agencies in Germany. In essence, the Cartel Office regards agreements on the "share of advertising" discounts customary in the industry as a vertical restraint of competition. In determining the amount of the fine, for the first time the Federal Cartel Office applied the new provisions of the seventh amended version of the antitrust laws in conjunction with the Office's own guidelines on fines. The new provisions have significantly increased fines compared to similar cases under the old laws. To avert a wearisome court battle and adverse effects on its business activities, the ProSiebenSat.1 Group accepted the fine of EUR 120.0 million. A provision for this purpose  has been formed. Immediately after the termination of the proceedings, the advertising marketing company SevenOne Media presented a new discount and fee model. ProSiebenSat.1 Media AG assumes that this new model will still enable it to achieve its corporate objectives.

 Earnings situation, financial position and net worth


The new model complies with the Federal Cartel Office's requirements for discounting systems. In the future, it will offer "incremental" volume discounts. These will apply only to the volume spent above each discount threshold, and will not be granted for the total volume as before. Thus the discounts formerly accorded under "share of advertising" agreements will also be eliminated. Furthermore, discounts will only be offered in exchange in the case of clearly defined cost advantages and efficiency effects on behalf of ProSiebenSat.1 Media AG („functional discounts“). Another important criterion that SevenOne Media has built into its new discount model is the principle of equal treatment. This calls for all companies with the same spending practices to get the same discount. By complying with these criteria and more, the SevenOne model also satisfies the requirements of transparency and neutrality of the Code of Conduct promulgated by the OWM, a major German advertisers' organization.

Outlook Report

Opportunities

Strategic opportunities of the ProSiebenSat.1 Group

Digital developments pose new challenges for a content provider like the ProSiebenSat.1 Group. At the same time, they offer substantial opportunities for growth. Digitization is creating new distribution channels for content. In parallel, media usage habits are also changing. The interests of the Internet and mobile-phone generation in particular have been causing demand for interactive services to grow. With its extensive know-how, its extensive network of relationships with the advertising industry, and its strong TV brands, the ProSiebenSat.1 Group has many opportunities to provide new services for new usage habits, attract new audience groups, and develop innovative concepts for the advertising industry. These approaches will strengthen the Group's already strong lead in the TV advertising market, while at the same time reinforcing its presence in the digital world.

The acquisition of the SBS Broadcasting Group significantly expanded the ProSiebenSat.1 Group's potential for coping with these challenges, and opened up additional opportunities for further growth in Europe. SBS and ProSiebenSat.1 complement one another in terms of geography, content and strategy to form a leading pan-European media corporation. By diversifying its business operations, the Group is expanding into new markets and tapping additional revenue sources. At the same time, its well-balanced geographical presence and accelerating diversification will reduce its vulnerability to fluctuations in individual markets. 

 Strategic direction of the Group

Strategy of the ProSiebenSat.1 Group

1 Develop content and strengthen Free TV
2 Expand New Media and Diversification
3 Create a leading operational platform

Growth

■ Further increase in revenues and earnings coupled with continued cost control and integration effects

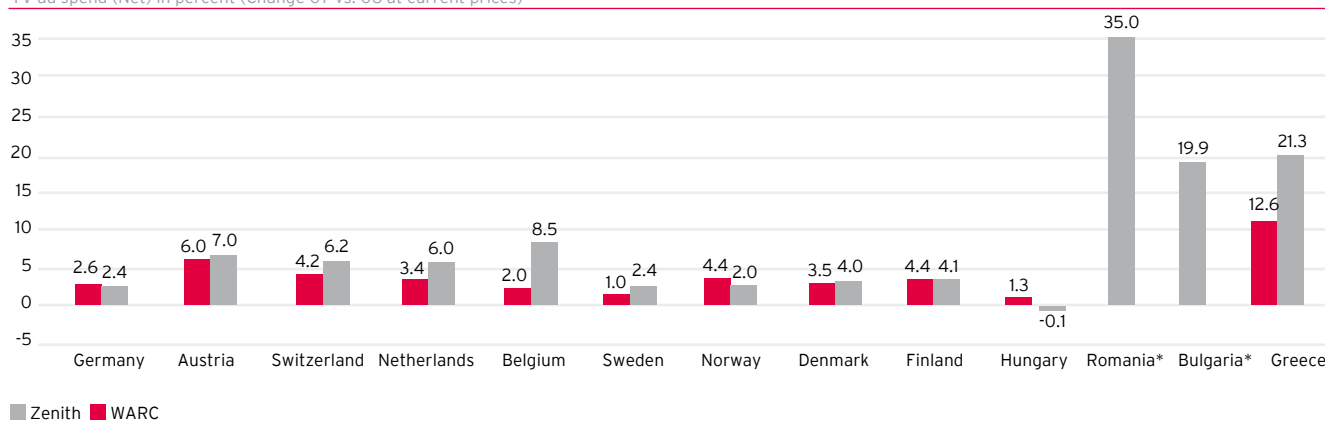
Market opportunities

The German-speaking part of Europe is the Group's strongest market. Until recently, the Company has earned 100 percent of its revenues in Germany, Austria and Switzerland. The merged Group will still generate some 70 percent of its revenues here. The integrated Group operates in 13 countries of Northern, Central and Eastern Europe.

Growth is expected to continue within the Eurozone to the end of the year. Because businesses' capacity is already heavily utilized, strong capital spending is expected to continue. The somewhat greater increase in disposable income is likely to have positive effects on consumer spending. In 2008, the slackening global economy and growing finance costs for businesses are likely to slow expansion somewhat. The projected development of the gross domestic product (GDP) and consumer spending reflects, for the most part, the expected dynamic of each country's advertising market. ZenithOptimedia therefore projects an above-average rate of growth for the advertising investments in positive outperformers such as Romania and Bulgaria. Most of the advertising markets important to the ProSiebenSat.1 Group are developing nicely and more robustly as compared to the German market. Overall, however, the visibility of the advertising market is currently somewhat low across Europe, and in several countries the projections for the advertising market exhibit a wide spectrum.

Development of TV advertising market in countries central to the ProSiebenSat.1 Group

TV ad spend (Net) in percent (Change 07 vs. 06 at current prices)



*WARC forecast not available for Romania and Bulgaria.

Sources: WARC, ZenithOptimedia, figures extensively harmonized on a net base, but still several methodical differences between countries and sources.

In Germany, the Group's core market, consumer spending has lagged behind expectations so far in 2007 in contrast to the flourishing conditions in industry. Researchers are optimistic about 2008, and expect consumer spending to grow 1.9 percent.

Gross spends for TV advertising in the first nine months of 2007 remained on the rise, at 4 percent. However, the ZAW, a principal association of the German advertising industry, has revised its May projection for the full year downward because of lower consumer confidence. The ZAW now assumes that the media's net advertising revenues will grow 1.4 percent this year, instead of the roughly 2 percent it had still expected in May. In October, ZenithOptimedia retained its June projection for the German advertising market unchanged; it continues to expect growth of 2.8 percent. It also still expects the TV segment of the advertising market to increase 2.4 percent.

Company Outlook


Advancing integration between companies, pooling expertise

The Corporation's top priority is to successfully integrate SBS and ProSiebenSat.1. The integrated group is being organized along the lines of thinking locally, and acting globally. This should allow the subsidiaries to operate largely autonomously within their own markets. At the same time, all companies and units can benefit from the skills and resources of the Group as a whole. Pooling resources centrally will enable the Company to make optimum use of its potential for synergy, and achieve economies of scale. International project teams have been formed to keep the integration of the two companies moving forward briskly and to realize synergies of EUR 80 million to EUR 90 million with full effect as of 2010.

Think local, act global

The Group realizes synergy potential

Capital spending and finance

The acquisition of the SBS Broadcasting Group was the largest acquisition in the ProSiebenSat.1 Group's history. The acquisition was fully debt-financed. The higher debt level still leaves enough financial flexibility for the Group's further strategic and operational expansion. The ProSiebenSat.1 Group is constantly developing new programming concepts and investing in attractive licensed programming. In fiscal 2007 it will spend some EUR 1.1 billion on programming for its German-language chain of stations. About EUR 650 million will be spent on the Group's own productions, and about EUR 450 million on licenses and film rights. In all, the Group will spend some EUR 1.6 billion on its programming throughout Europe. 


 Financial position and investments

The Group will review its options for expanding further, including acquisitions. With the credit facilities available to it, the ProSiebenSat.1 Group has adequate borrowing capacity. It especially sees potential for expansion in the growing Eastern European market, and in online operations. However, there are no plans for major corporate acquisitions that would result in an additional need for capital. The ProSiebenSat.1 Group is seeking to lower the debt it assumed to finance the SBS acquisition.

Expected developments in segments and business units

The Group is seeking to increase revenues and profits in both of its business units. By expanding existing business models and through strategic investments it expects to continue to grow in both units.

A clear focus on programming will strengthen the Group's core business in Free TV, and at the same time lay the cornerstone for further diversification. In the next few months, the Group will be launching a number of new programs that will further improve the quality of its stations' schedule lineups. Additionally, PULS TV, a Vienna-oriented station acquired in July, will be expanded into an Austria-wide Free TV channel. The new Austrian channel PULS 4 will go on the air in February 2008, becoming the country's fourth nationwide full-service channel, alongside ORF1, ORF2 and ATV. The premium Pay TV service Canal+ which operates in Northern Europe will also expand its range of programming. By investing in programming quality and restructuring its channels, Canal+ will come even closer to the viewer and strengthen its position as Northern Europe's leading Pay TV brand.


Besides expansions in programming, the ProSiebenSat.1 Group also intends to be a technology leader.  The Group is currently working on plans for further investments in technology. Berlin news channel N24 is to be expanded into Europe's most up-to-date news station, and get established as a multimedia news brand. For that purpose, the Group will set up this Free TV station on an entirely new, modern technical platform, and TV and multimedia will be networked together even more closely.

 Strategic outlook

Many of the ProSiebenSat.1 Group's brands have the potential for successful geographic expansion. Among the projects that the Group is currently reviewing is the introduction of a "German version" of the successful Scandinavian music channel The Voice. Plans also call for distributing various TV concepts on different channels of the international Group, including ProSieben's new show "The Successor" and the knowledge magazine "Galileo." The Diversification division also seizes opportunities for an international roll-out. Over the next few months, for example, the MyVideo online platform will be launched in several SBS countries. SevenOne Intermedia, the ProSiebenSat.1 Group's multimedia company, will also expand its activities, launching the international gaming platform SevenGames.com in December.

Group revenues and earnings to increase

For this year, the Company continues to expect higher revenues and earnings, predominantly caused by the initial consolidation of SBS. As in previous years, recurring EBITDA is expected to rise faster than revenues again this year. Revenue growth combined with ongoing rigorous cost management will be the principal driver for rising profits. The core business of advertising-financed television will remain the major growth driver for the future. In the German market a new advertising sales model has been implemented that is in line with cartel law. The Group is confident that it will be able to reach its targets under the new sales model. The strong markets in the European countries of the former SBS Broadcasting Group will drive the Group's growth in Free TV operations again in the fourth quarter. The diversified media portfolio will also help propel the Group's organic growth. A clear focus on programming will strengthen the Group's core business in Free TV, and at the same time lay the cornerstone for further diversification.

Under IFRS accounting principles, when companies merge, acquired assets and liabilities such as brands, contracts and customer bases must be fair valued, and so must provisions. As far as limited-use assets are concerned, the depreciation of the fixed capital caused by the purchase price allocation must be accounted for in the final figures. They have no impact on the ProSiebenSat.1 Group's EBITDA or free cash flow performance. The fine from the Federal Cartel Office is expected to be paid in 2008. 

 Subsequent events

Financial Statements

Consolidated income statement for ProSiebenSat.1 Group

	Q3 2007	Q3 2006	Change	Change in %
EUR k				
1. Revenues	668,376	431,279	237,097	55%
2. Cost of sales	-418,805	-287,525	131,280	46%
3. Gross profit	249,571	143,754	105,817	74%
4. Selling expenses	-125,480	-59,227	66,253	112%
5. Administrative expenses	-185,972	-38,315	147,657	385%
6. Other operating income	4,663	2,710	1,953	72%
7. Operating loss / profit	-57,218	48,922	-106,140	-217%
8. Income from equity interests in associated companies	303	-4	307	- / -
9. Other financial income	-236	116	-352	-303%
10. Net interest and similar income	20,368	1,093	19,275	- / -
11. Net interest and other expenses	-65,040	-11,077	53,963	487%
12. Net interest result	-44,672	-9,984	-34,688	-347%
13. Other financial expenses	-1,923	-17,330	-15,407	-89%
14. Financial income	-46,528	-27,202	-19,326	-71%
15. Loss / profit before taxes	-103,746	21,720	-125,466	-578%
16. Income taxes	26,662	-8,199	34,861	425%
17. Consolidated loss / profit	-77,084	13,521	-90,605	-670%
attributable to				
Shareholders of ProSiebenSat.1 Media AG	-77,856	13,108	-90,964	-694%
Minorities	772	413	359	87%
EUR				
Basic and diluted earnings per share of common stock according to IAS 33 *	-0.36	0.05	-0.41	-820%
Basic and diluted earnings per share of preferred stock according to IAS 33 *	-0.35	0.06	-0.41	-683%

* thereby accounted for net profit for the period: EUR -77.9 m [previous period: EUR 13.1 m];

thereby accounted for number of common and preferred shares: 218,797 thousand [previous year: 218,797 thousand]

Consolidated income statement for ProSiebenSat.1 Group

	Q1-Q3 2007	Q1-Q3 2006	Change	Change in %
EUR k				
1. Revenues	1,721,170	1,447,420	273,750	19%
2. Cost of sales	-1,073,416	-935,270	138,146	15%
3. Gross profit	647,754	512,150	135,604	26%
4. Selling expenses	-233,996	-162,177	71,819	44%
5. Administrative expenses	-262,219	-103,323	158,896	154%
6. Other operating income	11,684	8,222	3,462	42%
7. Operating loss / profit	163,223	254,872	-91,649	-36%
8. Income from equity interests in associated companies	1,931	1,536	395	26%
9. Other financial income	137	159	-22	-14%
10. Net interest and similar income	23,268	3,504	19,764	564%
11. Net interest and other expenses	-75,200	-33,111	42,089	127%
12. Net interest result	-51,932	-29,607	-22,325	-75%
13. Other financial expenses	-6,010	-18,640	-12,630	-68%
14. Financial income	-55,874	-46,552	-9,322	-20%
15. Profit before taxes	107,349	208,320	-100,971	-48%
16. Income taxes	-53,555	-79,161	25,606	32%
17. Consolidated profit	53,794	129,159	-75,365	-58%
attributable to				
Shareholders of ProSiebenSat.1 Media AG	49,939	127,269	-77,330	-61%
Minorities	3,855	1,890	1,965	104%
EUR				
Basic and diluted earnings per share of common stock according to IAS 33 *	0.22	0.57	-0.35	-61%
Basic and diluted earnings per share of preferred stock according to IAS 33 *	0.24	0.59	-0.35	-59%

* thereby accounted for net profit for the period: EUR 49.9 m [previous period: EUR 127.3 m];

thereby accounted for number of common and preferred shares: 218,797 thousand [previous year: 218,797 thousand]

Consolidated balance sheet of ProSiebenSat.1 Group

ASSETS	9/30/2007	9/30/2006	Change	12/31/2006	Change
EUR k					
A. Noncurrent assets					
I. Intangible assets	3,614,471	327,554	3,286,917	327,557	3,286,914
II. Property, plant and equipment	270,790	228,100	42,690	228,646	42,144
III. Financial assets	60,429	8,379	52,050	13,348	47,081
IV. Programming assets	894,749	707,245	187,504	781,082	113,667
V. Accounts receivable and other long-term assets	8,356	1,884	6,472	1,560	6,796
VI. Deferred taxes	9,057	2,089	6,968	- / -	9,057
	4,857,852	1,275,251	3,582,601	1,352,193	3,505,659
B. Current assets					
I. Programming assets	424,298	347,145	77,153	275,235	149,063
II. Inventories	4,939	5,188	-249	4,306	633
III. Accounts receivable and other short-term assets	445,073	303,621	141,452	236,615	208,458
IV. Marketable securities	245	257	-12	252	-7
V. Cash, cash at bank	163,730	29,304	134,426	63,540	100,190
	1,038,285	685,515	352,770	579,948	458,337
Total assets	5,896,137	1,960,766	3,935,371	1,932,141	3,963,996
LIABILITIES AND SHAREHOLDERS' EQUITY					
EUR k					
A. Shareholders' equity					
I. Subscribed capital	218,797	218,797	- / -	218,797	- / -
II. Capital reserves	574,758	583,455	-8,697	584,537	-9,779
III. Group equity generated	303,140	332,345	-29,205	445,743	-142,603
IV. Accumulated other Group equity	-30,216	-2,370	-27,846	-9,602	-20,614
V. Minority interests	7,525	-252	7,777	1,049	6,476
	1,074,004	1,131,975	-57,971	1,240,524	-166,520
B. Noncurrent liabilities					
I. Long-term financial liabilities	3,582,753	184,253	3,398,500	183,959	3,398,794
II. Provisions	7,700	5,185	2,515	5,970	1,730
III. Other liabilities	147,896	117,628	30,268	116,875	31,021
IV. Deferred taxes	151,873	- / -	151,873	789	151,084
	3,890,222	307,066	3,583,156	307,593	3,582,629
C. Current liabilities					
I. Short-term financial liabilities	122,696	156,916	-34,220	1,602	121,094
II. Provisions	212,950	110,937	102,013	93,349	119,601
III. Other liabilities	596,265	253,872	342,393	289,073	307,192
	931,911	521,725	410,186	384,024	547,887
Total liabilities and shareholders' equity	5,896,137	1,960,766	3,935,371	1,932,141	3,963,996

ProSiebenSat.1 Group cash flow statement

EUR k	Q1-Q3 2007	Q1-Q3 2006
Consolidated profit	49,939	127,269
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	77,995	29,257
Consumption/write-ups of programming assets	762,548	682,382
Change in tax provisions (incl. change in deferred taxes)	-64,483	64,600
Change in other provisions	119,604	923
Result from equity accounting and other noncash relevant changes within financial assets	867	1,616
Result from sale of fixed assets	324	31
Unrealised currency differences of fixed assets	-5,491	- / -
Other noncash income/expenses	-9,779	3,490
Cash flow	931,524	909,568
Change in inventories	-632	-715
Change in non-interest-bearing receivables and other assets	4,818	-77,999
Change in non-interest-bearing liabilities	14,785	-17,498
Cash flow from operating activities	950,495	813,356
Proceeds from disposal of noncurrent assets	3,862	542
Expenditures for intangible assets and property, plant and equipment	-22,181	-18,223
Expenditures for purchase of financial assets	-4,627	-3,222
Proceeds from disposal of programming assets	9,876	6,417
Expenditures for programming assets	-809,766	-693,866
Effects of changes in scope of consolidation (aquisition)	-2,027,669	-4,734
Effects of changes in scope of consolidation (divestiture)	4,264	- / -
Other changes in equity	6,421	1,495
Cash flow from investing activities	-2,839,820	-711,591
Free cash flow	-1,889,325	101,765
Dividend	-192,542	-181,602
Reduction of interest-bearing liabilities	-1,486,699	-195,268
Allocation of interest-bearing liabilities	3,668,756	146,853
Cash flow from financing activities	1,989,515	-230,017
Change in cash and cash equivalents	100,190	-128,252
Cash and cash equivalents at beginning of year	63,540	157,556
Cash and cash equivalents as of September 30	163,730	29,304
The cash flow from operating activities includes the following receipts and payments according to IAS 7:		
Cash flow from income taxes	-112,704	-92,367
Cash flow from interest expenses	-42,403	-30,306
Cash flow from interest income	4,180	3,350

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for Q1-Q3 2006

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, 2005	218,797	579,965	386,678	-250	4,474	-1,915	1,187,749
Dividends paid	- / -	- / -	-181,602	- / -	- / -	- / -	-181,602
Stock option plan	- / -	3,490	- / -	- / -	- / -	- / -	3,490
Statement of recognised income and expense	- / -	- / -	- / -	-167	-6,427	-227	-6,821
Consolidated profit	- / -	- / -	127,269	- / -	- / -	1,890	129,159
September 30, 2006	218,797	583,455	332,345	-417	-1,953	-252	1,131,975

Statement of changes in shareholders' equity of the ProSiebenSat.1 Group for Q1-Q3 2007

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 and interest rate swaps		
December 31, 2006	218,797	584,537	445,743	-458	-9,144	1,049	1,240,524
Dividends paid	- / -	- / -	-192,542	- / -	- / -	- / -	-192,542
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	2,650	2,650
Stock option plan	- / -	-9,779	- / -	- / -	- / -	- / -	-9,779
Statement of recognised income and expense	- / -	- / -	- / -	2,345	-22,959	-29	-20,643
Consolidated profit	- / -	- / -	49,939	- / -	- / -	3,855	53,794
September 30, 2007	218,797	574,758	303,140	1,887	-32,103	7,525	1,074,004

Notes

Basis and Methodology

As a listed company, ProSiebenSat.1 Media AG has prepared its shortened consolidated interim financial statements as of September 30, 2007, in accordance with International Financial Reporting Standards (IFRS) in the form applicable in the EU.

The consolidated interim financial statements as of September 30, 2007 were prepared in accordance with IAS 34 'Interim financial reporting'. Both the accounting principles applied and the explanations and information for the consolidated financial statements for first three quarters of 2007 are generally based on the same accounting policies as the consolidated financial statements for fiscal 2006.

As part of the integration of the acquired SBS Broadcasting Group, in July 2007 the disclosure of the maturity of programming assets and the segment structure are reorganized. The amended disclosure of programming assets improve the 'substance over form' regarding the maturity. The changing of the previous reporting period is to eliminate from following table:

EUR k	9/30/2007		9/30/2006		12/31/2006	
	Disclosure after restatement	Disclosure before restatement	Disclosure after restatement	Disclosure before restatement	Disclosure after restatement	Disclosure before restatement
Programming assets noncurrent	894,749	391,554	707,245	256,134	781,082	300,196
Programming assets current	424,298	927,493	347,145	798,256	275,235	756,121
Programming assets total	1,319,047	1,319,047	1,054,390	1,054,390	1,056,317	1,056,317

To provide a clearer picture of the income statement the line items Income from securities and loans of financial assets and Income from companies in which equity investments are held combined in the quarterly report. An item-by-item explanation is provided in the notes.

For further information about the applied accounting policies, please refer to the consolidated financial statements as of December 31, 2006, which form the basis for the present quarterly report.

Scope of consolidation

The number of subsidiaries included in the consolidated financial statements in the first three quarters of fiscal 2007 changed as follows:

	Domestic market	Foreign market	Total
Included at 12/31/2006	36	5	41
Newly founded/consolidated companies	10	125	135
Merged/deconsolidated companies	-1	- / -	-1
Included at 9/30/2007	45	130	175

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights in these companies. Eighteen (as of December 31, 2006: eight) associated companies are reported at equity.

Acquisition of SBS Broadcasting Group

The ProSiebenSat.1 Group acquired the SBS Broadcasting Group from funds which are advised by KKR and Permira, and from the Telegraaf Group. The purchase agreement was signed on June 27, 2007. The share purchase agreement was consummated on July 3. The transaction totaled EUR 3.3 billion thereof approximately EUR 2.1 billion are attributable to the purchase price which was completely paid in cash. Due to the acquisition of SBS Broadcasting Group the ProSiebenSat.1 Group received cash and cash equivalents in the amount of EUR 96.5 million. The purchase price allocation ('step-up') process begun upon consummation of the purchase agreement early in July, and had not been entirely completed by reporting date for the quarter, September 30, 2007. The assets and liabilities of the ProSiebenSat.1 Group incorporate the acquisition of the SBS Broadcasting at the following provisional values:

SBS Broadcasting Group: Fair value			
EUR m	SBS	Step Up	Fair value
Intangible assets	7	876	883
Goodwill	- / -	2,389	2,389
Property, plant and equipment	52	- / -	52
Financial assets	1	50	51
Programming assets	231	- / -	231
Current assets incl. deferred Taxes	212	- / -	212
Cash, cash at bank	96	- / -	96
Provisions	-19	-21	-40
Liabilities incl. deferred Taxes	-1,702	-97	-1,799
Total			2,075
Purchase price of SBS			2,075
Total			2,075

The step-up (purchase price allocation) takes account of the differences between the residual carrying values recognized in the seller's books and the fair value to the buyer. The identified capitalized intangible assets are primarily brands and trademarks, rights under broadcasting licenses, trademark license agreements, client relationships, and orders on hand. The financial investments include the current fair value of a nine percent interest in Zenimax Media Inc. (USA).

The step-up identified not only intangible assets to be capitalized, but also assets that cannot be measured separately from goodwill. This may be the case, for example, when the goods involved are not scarce, or if no future benefit can be expected, or if the capitalized value already reflects the fair value, or if capitalization is out of the question because of the asset's minor value. Assets that were identified but not recognized separately from goodwill included Internet domains, client lists, software produced in-house, leases, and contracts with call TV service providers. Differences between recognized residual carrying amounts and fair values for acquired property, plant and equipment were identified, but were deemed immaterial and therefore were not capitalized additionally.

The SBS Broadcasting Group operates in Northern, Central and Eastern Europe, and runs a pan-European broadcasting chain of 19 free TV and 20 pay TV channels, as well as numerous radio networks. The media group is also a leader in the print sector in the Netherlands.

The SBS Broadcasting Group's revenues for the first three quarters of 2007 came to EUR 752.9 million. The consolidated net loss for the first nine months of 2007 was EUR 34.7 million; the consolidated net profit of the SBS Broadcasting Group since it has belonged to the ProSiebenSat.1 Group is EUR 39.9 million.

If the acquisition of the SBS Broadcasting Group had already taken place on January 1, total group revenues for the first three quarters would amount to EUR 2,246 million and total group consolidated loss would amount to EUR 24.6 million.

Acquisition of solute GmbH

Effective February 1, 2007, SevenOne Intermedia GmbH, an indirect wholly-owned subsidiary of ProSiebenSat.1 Media AG, acquired 74.8 percent of solute GmbH, based in Karlsruhe. The total purchase price for the acquired ownership interest was EUR 3,554 thousand. This amount is divided into a cash purchase price of EUR 2,800 thousand, costs directly allocable to the acquisition of EUR 84 thousand and an earn-out clause stipulated in the purchase agreement for an additional purchase price payment of EUR 670 thousand, due in fiscal year 2010 and 2011. This additional payment is contingent on certain profit targets for fiscal 2009 and 2010. It is considered very probable that these targets will be met.

The company was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of February 1, 2007.

solute GmbH is an Internet service provider, and in particular operates a price search engine on the Internet called billiger.de.

The assets and liabilities of the ProSiebenSat.1 Group reflect the acquisition of solute GmbH as follows:

solute GmbH: Fair value			
EUR k	solute GmbH	Step Up	Fair value
Intangible assets	135	2,826	2,961
Goodwill	- / -	1,159	1,159
Noncurrent assets	241	- / -	241
Current assets	2,615	- / -	2,615
Provisions and liabilities	-2,615	- / -	-2,615
Total			4,361
Purchase price of solute GmbH			3,554
Minority Interests			807
Total			4,361

The step-up (purchase price allocation) identified intangible assets that were not measured separately from goodwill. This may be the case, for example, when the goods involved are not scarce, or if no future benefit can be expected, or if the capitalized value already reflects the fair value, or if capitalization is out of the question because of the asset's minor value. The assets concerned are the 'shop relationships' on the billiger.de Web site. solute GmbH had three quarter revenues of EUR 8,072 thousand in 2007; the net profit for the first three quarters was EUR 698 thousand, of which EUR 496 thousand applies to the period for which the company was consolidated.

Acquisition of Sat.1 Privatrundfunk und -programmgesellschaft m.b.H.

Effective February 1, 2007, Sat.1 Satelliten Fernsehen GmbH acquired a further 17.7 percent of Sat.1 Privatrundfunk und -programmgesellschaft m.b.H., of Vienna (Austria), which had previously been reported at equity. The purchaser consequently holds a total of 51.0 percent of the acquired company, which has been fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG as of February 1, 2007. The total purchase price for the additional ownership interest was EUR 3,000 thousand. Due to the acquisition of Sat.1 Privatrundfunk und -programmgesellschaft mbH the ProSiebenSat.1 Group received cash and cash equivalents in the amount of EUR 9,787 thousand. Sat.1 Privatrundfunk und -programmgesellschaft m.b.H. broadcasts TV programming

produced by Sat.1 Satelliten Fernsehen GmbH, as a nationally syndicated programm in Austria.

The assets and liabilities of the ProSiebenSat.1 Group reflect the acquisition of Sat.1 Privatrundfunk und -programmgesellschaft m.b.H. as follows:

EUR k	Sat.1 Privatrund- funk -und -programm- gesellschaft m.b.H.	Step Up	Fair value
Intangible assets	4	- / -	4
Goodwill	- / -	2,151	2,151
Noncurrent assets	11	- / -	11
Current assets	15,518	- / -	15,518
Provisions and liabilities	-8,119	- / -	-8,119
Total			9,565
Purchase price of Sat.1 Austria			3,000
Equity-value Sat.1 Privatrundfunk und -programmgesellschaft m.b.H. at 01/31/2007			2,932
Minority Interests			3,633
Total			9,565

The step-up revealed no intangible assets or other unreported reserves or charges that should be recognized separately from goodwill. Sat.1 Privatrundfunk und -programmgesellschaft m.b.H. has nine month revenues of EUR 14,856 thousand in 2007; the net profit for the first nine month was EUR 4,785 thousand, of which EUR 2,440 thousand, after adjustment for minority interests, applies to the period during which the company was consolidated.

Acquisition of PULS CITY TV GmbH

On July 4, 2007, SevenOne Media Austria GmbH acquired all of PULS CITY TV GmbH, headquartered in Vienna. The acquisition took effect in August, once the antitrust and media regulators had granted their consent on August 9. The purchase price was EUR 2,180 thousand. PULS CITY TV is a broadcaster for the Vienna metropolitan area, and also produces content for ProSieben Austria and Sat.1 Österreich. PULS CITY TV had revenues of EUR 5,827 thousand for the first three quarters of 2007; the net loss for the same period was EUR -592 thousand, of which EUR -187 thousand applies to the period for which the company was consolidated.

No further information under IFRS 3 can be provided at the moment, since the step-up was begun only upon consummation of the purchase agreement and had not been completed as of the reporting date.

Complete acquisition of Magic Internet Holding GmbH

With purchase agreement on July 16, 2007, SevenOne Intermedia GmbH, an indirect wholly-owned subsidiary of ProSiebenSat.1 Media AG, acquired all remaining shares of Magic Internet Holding GmbH, Cologne, which had previously been consolidated at equity. The complete acquisition of Magic Internet Holding GmbH also includes its 100 percent subsidiaries S.C. MyVideo Broadband SRL, Bucharest [Romania], and Magic Internet GmbH, Cologne.

The total purchase price for the acquired remaining 69.95 percent was EUR 19 million. The ProSiebenSat.1 Group received totally EUR 343 thousand cash and cash equivalents from the acquisition of the Magic Internet Group.

The assets and liabilities of the ProSiebenSat.1 Group incorporate the acquisition of Magic Internet Holding GmbH and its subsidiaries at the following values:

Magic Internet Holding GmbH: Fair value			
EUR k	Magic Internet	Step Up	Fair value
Intangible assets	14	3,465	3,479
Goodwill	- / -	17,639	17,639
Noncurrent assets	31	- / -	31
Current assets	3,247	- / -	3,247
Provisions and liabilities	-3,243	- / -	-3,243
Total			21,153
Purchase price of Magic Internet			19,000
Equity-value SevenOne Intermedia GmbH at 08/01/2007			2,153
Total			21,153

MyVideo.de is the largest video community established in Germany. At www.myvideo.de, private individuals swap their home-made short films, music clips and vacation videos. Magic Internet Holding GmbH and its subsidiaries had revenues of EUR 2,614 thousand for the first three quarters of 2007; the net loss for the same period was EUR -1,626 thousand, of which a profit of EUR 32 thousand applies to the period for which the company was consolidated.

Acquisition of wer-weiss-was GmbH

Effective September 4, 2007, SevenOne Intermedia GmbH acquired 74.8 percent of wer-weiss-was GmbH. The costs for the acquired ownership interest were EUR 9,024 thousand.

The assets and liabilities of the ProSiebenSat.1 Group reflect the acquisition of wer-weiss-was GmbH at the following values:

wer-weiss-was GmbH: Fair value			
EUR k	wer-weiss-was	Step Up	Fair value
Intangible assets	- / -	4,110	4,110
Goodwill	- / -	7,404	7,404
Current assets	500	- / -	500
Total			12,014
Purchase price of wer-weiss-was			9,024
Minority Interests			2,990
Total			12,014

Other financial income

The other financial income comprise the following:

EUR k	Q3 2007	Q3 2006	Q1 - Q3 2007	Q1 - Q3 2006
Income from securities and loans of financial assets	-270	36	103	79
Income from companies in which equity investments are held	34	80	34	80
Other financial income	-236	116	137	159

Income taxes

The reduction of the corporate income tax rate in Germany from 25 percent to 15 percent as of 2008 has already led to a remeasurement of deferred taxes under IAS 12 for 2007. The result for 2007 is a deferred tax figure of EUR 2,540 thousand.

The Group's tax rate increased from 38.0 percent to 49.9 percent against the half-yearly financial statements for 2007. This increase in the tax rate is primarily the result of the fact that the fine of EUR 120 million imposed by the Federal Cartel Office is not tax-deductible. The purchase of the SBS Broadcasting Group and the comparatively low tax rates in other European countries have resulted in a reduction in the Group's tax rate.

Segment Reporting

In accordance with IFRS 8 ('Operating Segments'), certain figures in the interim financial statements must be presented separately by business segments and geographical segments. The basis of segmentation has to be Company's own internal reporting, which permits a reliable assessment of the group's risks and earnings. Segmentation is intended to provide transparency as to the profitability and prospects for success of the group's individual activities. Consistently with its internal management practices, the ProSiebenSat.1 Group adopts business segments as the basis for its primary segment reporting.

The ProSiebenSat.1 Group has two business units, Free TV and Diversification. The Free TV unit is divided into two segments, Free TV German-speaking and Free TV International. The Free TV German-speaking segment includes essentially Group's four channels Sat.1, ProSieben, kabel eins and N24, as well as the Sat.1 regional companies, the marketing company SevenOne Media, the subsidiary ProSiebenSat.1 Produktion, and the Group's subsidiaries in Austria and Switzerland. The Free TV International segment includes advertising-financed TV channels in the Netherlands, Belgium, Denmark, Finland, Norway, Sweden, Romania, Bulgaria and Hungary. The Diversification segment pools all subsidiaries that do not generate their income directly from classic TV advertising revenues; their activities include Pay TV, Call TV, multimedia, merchandising and radio operations, as well as related print products.

With the acquisition of the SBS Broadcasting Group, the Corporation will also report for the first time by geographical segment in its secondary segment reporting. Here distinctions are made among the German-speaking region (Germany, Austria, Switzerland), "NL/B" (the Netherlands and Belgium), Nordic (Denmark, Finland, Norway, Sweden), and CEE (Bulgaria, Greece, Romania, Hungary). No comparison figures are shown from the prior year, since revenues for the 2006 comparison period were generated solely in the German-speaking region.

Segment reporting of the ProSiebenSat.1 Group						
EUR k	Free TV			Segment Diversification	Transitions	Total consolidated financial statement Q1-Q3 2007
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*			
Revenues	1,359,194	158,343	1,517,537	256,611	-52,978	1,721,170
External revenues	1,312,648	157,312	1,469,960	251,210	- / -	1,721,170
Internal revenues	46,546	1,031	47,577	5,401	-52,978	- / -
EBITDA	155,107	34,180	189,287	52,138	-207	241,218
EBITDA Recurring	279,595	35,317	314,912	51,315	-207	366,020

Geographical allocation

* consolidated

	German Speaking	NL/B	Nordic	CEE	Transitions	Total consolidated financial statement Q1-Q3 2007
Revenues	1,544,306	86,236	111,732	30,955	-52,059	1,721,170
External revenues	1,492,832	86,236	111,147	30,955	- / -	1,721,170
Internal revenues	51,474	- / -	585	- / -	-52,059	- / -

Segment reporting of the ProSiebenSat.1 Group

EUR k	Free TV			Segment Diversification	Transitions	Total consolidated financial statement Q1-Q3 2006
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*			
Revenues	1,328,114	- / -	1,328,114	163,280	-43,974	1,447,420
External revenues	1,287,831	- / -	1,287,831	159,589	- / -	1,447,420
Internal revenues	40,283	- / -	40,283	3,691	-43,974	- / -
EBITDA	244,075	- / -	244,075	40,577	-523	284,129
EBITDA Recurring	246,183	- / -	246,183	40,577	-523	286,237

* consolidated

Related party transactions

Apart from the subsidiaries included in the consolidated interim financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In ordinary business activities, all transactions with companies not included in the scope of consolidation were conducted on normal market terms and conditions, which are also customary with third parties unrelated to the Group.

The ProSiebenSat.1 Group acquired the SBS Broadcasting Group from funds which are advised by KKR and Permira, and from the Telegraaf Group. The purchase agreement was signed on June 27, 2007.

During the period under review Buchagentur Intermedien-GmbH, a formerly fully consolidated and indirectly wholly-owned subsidiary of ProSiebenSat.1 Media AG, was sold to Lavena Holding 1 GmbH with a gain of about EUR 1 million. The cash received corresponds to the market value of Buchagentur Intermedien-GmbH. Lavena Holding 1 GmbH holds indirectly the majority of voting rights in ProSiebenSat.1 Media AG GmbH.

Mr. Harry Evans Sloan is a Member of the Supervisory Board of ProSiebenSat.1 Media AG and Chairman of Board of Directors and CEO at Metro-Goldwyn-Mayer (MGM). During the reporting period several licence agreements were closed under normal market terms between MGM and ProSiebenSat.1 Media AG. The contract conforms to prevailing market terms.

There were no material reportable transactions with related parties pursuant to IAS 24 during the reporting period.

Dates

Financial Calendar

Press conference/IR conference on preliminary figures for 2007	March 4, 2008
2007 Annual Report	March 28, 2008
Quarterly Report for Q1 2008	May 14, 2008
2008 Annual General Meeting	June 10, 2008
Quarterly Report for Q2 2008	August 6, 2008
Quarterly Report for Q3 2008	November 6, 2008

Production Credits

Press

ProSiebenSat.1 Media AG
Corporate Office
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 - 11 64
Fax +49 [89] 95 07 - 911 64

Investor Relations

ProSiebenSat.1 Media AG
Investor Relations
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 - 15 02
Fax +49 [89] 95 07 - 15 21

Share Information

ProSiebenSat.1 Media AG
Medienallee 7
85774 Unterföhring
Tel. +49 [0] 8000 777 117
Fax +49 [89] 95 07 - 15 21
E-mail: aktie@ProSiebenSat1.com

The ProSiebenSat.1 Group on the Internet

You can find additional information on the ProSiebenSat.1 Group on our homepage <http://en.prosiebensat1.com/>. An updated version of the financial calendar is also available.

Forward-looking statements of this Quarterly Report

The report contains forward-looking statements about expected developments. These statements are based on current estimations and involve natural risks and uncertainties. Real events may differ from statements published in this report.

Published by

Herausgeber
ProSiebenSat.1 Media AG
Medienallee 7
85774 Unterföhring
Tel. +49 [89] 95 07 - 10
Fax +49 [89] 95 07 - 11 22
www.prosiebensat1.com
HRB 124 169 AG München

Content and Design

ProSiebenSat.1 Media AG
Corporate Office
Katja Pichler
Julian Geist
Katrin Schneider
Julia Sauerland
Steffen Schiefer