ProSiebenSat.1 Group
The power of television

# Quarterly Report Q1 2010

January 1, 2010 to March 31, 2010

# Key Figures

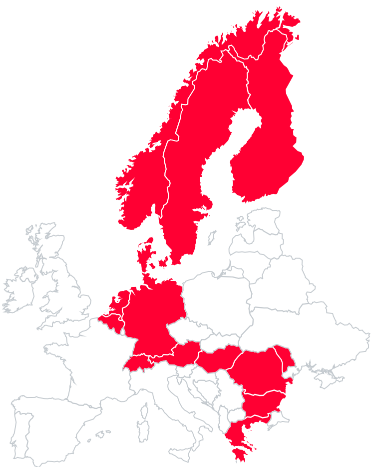
Key Figures of the ProSiebenSat.1 Group

| In EURm | Q1 2010 | Q1 2009 | Q1 2008 | Q1 2007 [7] | Q1 2006 |
|---|---|---|---|---|---|
| Revenue | 658.4 | 627.0 | 729.1 | 501.2 | 465.3 |
| Total expenses | 574.2 | 577.6 | 682.7 | 432.2 | 407.0 |
| Recurring costs[1] | 532.2 | 536.3 | 644.1 | 422.1 | 397.4 |
| Consumption of programming assets | 278.4 | 278.2 | 353.8 | 248.0 | 241.0 |
| Recurring EBITDA[2] | 128.6 | 93.8 | 88.5 | 82.1 | - / - |
| Recurring EBITDA margin (in percent) | 19.5 | 15.0 | 12.1 | 16.4 | - / - |
| EBITDA | 119.2 | 90.4 | 84.8 | 82.0 | 70.6 |
| Non-recurring items[3] | -9.4 | -3.4 | -3.7 | -0.1 | - / - |
| EBIT | 86.6 | 59.0 | 49.9 | 71.9 | 61.1 |
| Financial result | -55.4 | -66.2 | -58.4 | -4.4 | -11.0 |
| Profit/loss before income taxes | 31.2 | -7.0 | -8.5 | 67.5 | 50.1 |
| Consolidated net income (after non-controlling interests)[4] | 21.2 | -1.7 | -7.9 | 40.6 | 30,7 |
| Underlying net income[5] | 31.8 | 11.6 | 6.1 | 41.7 | - / - |
| Investments in programming assets | 397.8 | 380.0 | 351.6 | 269.9 | 249.1 |

| In EURm | 03/31/2010 | 03/31/2009 | 03/31/2008 | 03/31/2007 | 03/31/2006 |
|---|---|---|---|---|---|
| Programming assets | 1,638.8 | 1,460.0 | 1,290.4 | 1,066.8 | 1,061.4 |
| Shareholders' equity | 630.2 | 415.7 | 984.4 | 1,293.6 | 1,214.8 |
| Equity ratio (in percent) | 10.2 | 7.0 | 16.3 | 63.7 | 59.5 |
| Cash and cash equivalents | 604.1 | 509.0 | 296.4 | 95.5 | 129.7 |
| Net financial debt | 3,430.7 | 3,512.4 | 3,414.8 | 90.0 | 254.6 |
| Employees[6] | 4,801 | 5,460 | 5,985 | 3,062 | 2,885 |

[1] Total costs excl. D&A and non-recurring expenses. [2] EBITDA before non-recurring (exceptional) items. [3] Non-recurring expenses netted against non-recurring income. [4] Consolidated net income attributable to Shareholders of ProSiebenSat.1 Media AG. [5] The consolidated profit for the period, before the effects of purchase price allocations and non-cash currency valuation effects. [6] Full-time equivalent positions. [7] Consolidation of SBS Broadcasting Group in July 2007.

# ProSiebenSat.1 Group at a glance



The ProSiebenSat.1 Group is a leading European media company. We offer today's audience first-class entertainment and up-to-date information – whenever they need it, wherever they are. That's ensured by the knowledge and experience of about 5,000 employees in 14 countries throughout Europe.

The Group's core business is free TV, financed through advertising: ProSiebenSat.1 is the second-largest broadcasting group in Europe, with a reach of more than 78 million households using TV. The Group's portfolio also includes numerous Internet brands and interests in various companies in radio, print and new media. In addition, the Group operates in related lines of business, including music, event management and artist management.

The ProSiebenSat.1 Group is a listed stock corporation, headquartered in Munich/Unterföhring.

> **The first quarter of 2010.** The ProSiebenSat.1 Group had a good start into the new financial year – as the key figures for Q1 2010 show. In fact, some of them have improved substantially from a year ago.

Consolidated revenues were up 5.0 percent, to EUR 658.4 million. Recurring EBITDA grew, at almost stable costs, by 37.1 percent, to EUR 128.6 million. Net financial debt was down EUR 81.7 million compared to the prior year, at EUR 3.431 billion. In Germany, the Group's core revenue market, TV advertising revenues and operating profits were both substantially higher. The German stations' audience shares picked up 0.6 percentage points, to 29.7 percent. Profitability was also higher in the Group's other two segments, Free TV International and Diversification.

> **Our goals for 2010.** Early 2010 saw a continuation of the moderate recovery that already had a positive effect on advertisers' bookings in the second half of 2009, yielding to revenue growth in Germany especially. It cannot be predicted at present whether this trend is sustainable.

Regardless of these economic conditions, our tasks for 2010 will remain the same: to manage cost efficiently, to improve our audience performance, and to keep tapping additional revenue sources.

## Contents

# The Group and its Environment

## IMPORTANT EVENTS

**Investments in new programming:** The primary focus of the ProSiebenSat.1 Group's investing activities is programming acquisitions. See page 13 for information about programming investments in Q1 2010.

Free TV German-speaking segment, page 15.

**Red Arrow founded, majority stake in Belgian production company Sultan Sushi acquired.** Since January 2010, the ProSiebenSat.1 Group has pooled its production, development and distribution activities in the Red Arrow Entertainment Group GmbH. This enables the Group to use resources more efficiently, capitalize better on its programming inventory, and generate additional revenues. Apart from the economic advantages of pooling all the Group's content expertise in a centralized unit, founding the new holding is a strategically important step in expanding the Group's value chain: Red Arrow will not only develop and produce TV content for the Group's own stations, but offer its knowledge to external clients as well.

The Red Arrow Entertainment Group includes the production companies Producers at Work, Magic Flight Film, and Redseven Entertainment, the talent agency Redseven Artists, and the international program sales house SevenOne International. The portfolio is to be expanded gradually with acquisitions and cooperations. In Q1 2010, Red Arrow signed a multi-year partnership agreement with Omri Marcus, a creative talent in the international television industry, and acquired a majority interest (51 percent) in the Belgian production company Sultan Sushi CVBA. Sultan Sushi has long been a partner of the ProSiebenSat.1 Group's Belgian TV stations, and additionally has successfully diversified its revenue sources in marketing and event management.

See page 4 ff for changes in audience shares.

**Starwatch:** Starwatch was founded in 2005 by MM MerchandisingMedia, the ProSiebenSat.1 Group's licensing, music and commerce firm, together with Warner Music Germany. Its major-name artists under contract include Udo Lindenberg, Chris de Burgh and Roger Cicero. ProSiebenSat.1 has also founded other new labels over the past two years: WE LOVE MUSIC (with Universal Music), Columbia SevenOne Music (with SonyBMG) and EMI 7 MUSIC (with EMI Music). So far 11 of its artists reached gold and platinum status, some of them several times.

**Portfolio of European stations expanded, sixx GmbH founded.** Launching new stations enables the ProSiebenSat.1 Group to make better use of its programming inventory and to tap new markets. Following the launch of FEM3 in Hungary at the beginning of 2010, the German family of stations will also expand with the station sixx, whose program is specially tailored to the female audience. The station's marketing concept is particularly directed to companies that have not advertised on TV before. sixx will go on air in digital format on German free TV on May 7, 2010.

**Starwatch moves into artist and event management.** In 2010, Starwatch Entertainment GmbH has not only signed up several top artists – the Scorpions, Kim Wilde, and Katherine Jenkins – but the ProSiebenSat.1 Group's music label is also moving into organizing major events. One example is that for the first time, Starwatch will be cooperating with Warner Music to organize the finals for the next POPSTARS season. Marketing artists is another step toward diversifying the revenue portfolio further and getting into adjacent business fields. For that purpose, the Group's activities have been pooled into the new talent management agency (tma), which will market not only outside actors, musicians and media hosts like Michael Mittermeier, but also well-known faces from ProSiebenSat.1. tma is a strategic cooperative venture between Starwatch and the communications agency PerformancePlus.

## ECONOMIC AND INDUSTRY ENVIRONMENT

### Economic Environment

The **global economy** is currently recovering faster from the recession than was originally expected. The emerging economies in Asia are providing especially strong momentum for growth. This uptrend is supported in part by exports, but increasingly also by rising domestic consumption.

Economic performance in the industrialized nations is also slowly turning around, although the recovery is more moderate than in the developing growth regions. Some countries in the Euro Zone, like Spain and Greece, are still contending with the consequences of the financial crisis. For that reason, the experts at the Ifo Institute expect only slight quarter-on-quarter growth of 0.2 percent for the **Euro Zone** in Q1 2010.

Future business conditions, page 21.

By comparison, the outlook for the export-oriented **German economy** is relatively good for 2010 as a whole. Nevertheless, projections for Q1 2010 indicate a more stable or downward movement. For example, first-quarter growth projections from economists like the Handelsblatt-Barclays-Indicator are around zero.

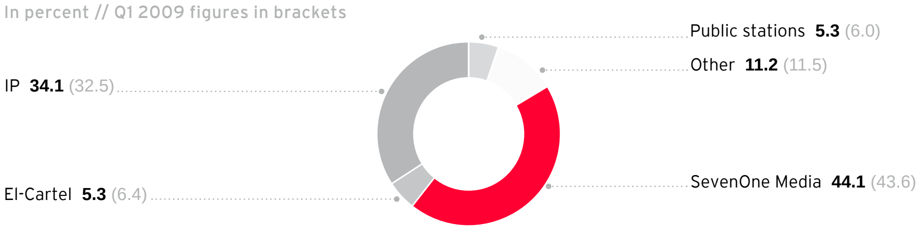
### Development of the advertising market

Advertising markets are fundamentally sensitive to the economy in general. Even though the German economy's growth rates are likely to be only moderate, that in itself is already a substantial accomplishment so soon after the most severe recession in postwar history. Companies are steadily taking a more positive view of the overall situation, as the change in the Ifo business climate index shows. Though the growth trend in winter 2009/2010 has been modest and economic risks like government debt are impossible to overlook, sentiment in German economy is brightening.

The performance of the German TV advertising market reflects that situation: According to the gross figures for the German market released by Nielsen Media Research, TV advertising spends increased by 16.4 percent in Q1 2010 compared to the prior-year figure, to EUR 2.36 billion.

German Gross TV advertising market share Q1 2010

In percent // Q1 2009 figures in brackets




Source: Nielsen Media Research, gross. The gross figures do not fully reflect net changes.

SevenOne Media GmbH maintained its leading position, with a gross advertising market share of 44.1 percent (previous year: 43.6 percent). The ProSiebenSat.1 sales company's gross advertising revenues for the core market in Germany grew 17.6 percent, to EUR 1.04 billion. At the same time, the company's principal competitor, IP Deutschland, increased its market share by 1.6 percentage points, to 34.1 percent.

Gross advertising investments for Q1 2010 also rose in most of the ProSiebenSat.1 Group's international TV advertising markets. However, on a net basis, some markets were down against the year before:

Development of the TV advertising market in the ProSiebenSat.1 Group's countries

| | Q1 2010<br>Change from Q1 2009 in percent |
|---|---|
| Germany | 16.4 |
| Austria | 11.6 |
| Switzerland | 22.2 |
| Netherlands | 1.1 |
| Belgium | 3.1 |
| Norway | 1.3 |
| Sweden | 2.2 |
| Denmark | -10.9 |
| Finland | 1.3 |
| Hungary | 0.3 |
| Romania | -13.5 |

It should be kept in mind that some of the data are based on gross figures, and therefore give only a limited idea of what the associated net figures will prove to be. **Germany:** gross, Nielsen Media Research. **Austria:** gross, Media Focus. **Switzerland:** gross, Media Focus / exchange rate CHF 1.503054. **Netherlands:** net, SPOT organization. **Belgium:** net, CIM MDB, March based on expectations. **Norway:** net, IRM, Q1 2010 based on expectations. **Sweden:** net, IRM, March based on expectations. **Denmark:** net, DRRB, March based on expectations. **Finland:** net, TNS Media Intelligence. **Hungary:** net, own calculations. **Romania:** net, company information.

### Development of audience shares

In some European countries, the ProSiebenSat.1 Group's TV stations significantly improved their market position, in an intensely competitive environment. In the German market, SAT.1, ProSieben, kabel eins and N24 increased their combined share of the 14-to-49 key demographic to 29.7 percent in the first quarter of 2010 – a 0.6 percentage point gain against the previous year, despite the public broadcasters' coverage of the Winter Olympics. Complementary programming among the German stations enables the ProSiebenSat.1 Group to serve a variety of viewer interests.

The Olympics from February 12 to 28, 2010 were a major event that attracted many viewers to competing stations. Audience shares in Sweden and the Netherlands reflect this effect: the Swedish audience share fell by 0.9 percentage points to 13.2 percent, and the Dutch share decreased by 1.7 percentage points to 24.7 percent.

Internationally, ProSiebenSat.1 relies on a "multi-channel strategy" as well. By launching new stations, the TV group can appeal to additional target audiences and thus offer an larger platform for its advertising clients. One successful example in this regard is Denmark, where station 6'eren, founded in 2009, is aimed at a male target audience in the 15-to-50 age group. It supplements the Danish portfolio of stations, where Kanal 5 targets the entire family and Kanal 4 focuses primarily on women. This strategy enabled the Danish stations as a whole to increase their Q1 2010 audience share by 1.4 percentage points, to 16.6 percent. First-quarter audience shares also developed especially well in Belgium (+1.2 percentage points, to 16.1 percent), and Austria (+1.1 percentage points, to 17.6 percent).

The ProSiebenSat.1 Group has also started reaching out to a broader audience in Hungary this year: Women's station FEM3 went on air in January, and is already reaching about a million Hungarian households. The new station's Q1 audience share has already grown to 0.2 percent. Although FEM3 is off to a good start, the ProSiebenSat.1 Group's audience share in Hungary decreased by a total of 2.2 percentage points against the first quarter of the previous year, to 21.2 percent, because of the lower share at TV2. The ongoing fragmentation of the market, with additional small stations entering the field, had an impact here.

Audience shares of the ProSiebenSat.1 Group by country

| In percent | Q1 2010 | Q1 2009 |
|---|---|---|
| Germany | **29.7** | 29.1 |
| Austria | **17.6** | 16.5 |
| Switzerland | **17.0** | 16.2 |
| Netherlands | **24.7** | 26.4 |
| Belgium | **16.1** | 14.9 |
| Norway | **12.9** | 12.1 |
| Sweden | **13.2** | 14.1 |
| Denmark | **16.6** | 15.2 |
| Finland | **2.6** | 1.9 |
| Hungary | **21.2** | 23.4 |
| Romania | **7.8** | 7.6 |

Figures for Germany, Austria and Switzerland are based on 24 hours (Mon-Sun). Audience shares in the other countries are based on extended prime time (NL, RO, FI: 6 pm-midnight / BE, SE, NO, DK, HU: 5 pm-midnight). **Germany:** SAT.1, ProSieben, kabel eins, N24; key demographic age 14-49. **Austria:** SAT.1 Österreich, ProSieben Austria, kabel eins Austria, PULS 4; key demographic age 12-49. **Switzerland:** SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz; key demographic age 15-49. **Netherlands:** SBS6, Net5, Veronica; key demographic age 20-49. **Belgium:** VT4, vijfTV; key demographic age 15-44. Belgian figures refer to the region of Flanders. **Norway:** TV Norge, FEM, The Voice; key demographic age 12-44. **Sweden:** Kanal 5, Kanal 9; key demographic age 15-44. **Denmark:** Kanal 4, Kanal 5, 6'eren, The Voice; key demographic age 15-50; based on 14 commercial TV stations. **Finland:** The Voice / TV Viisi; key demographic age 15-44. **Hungary:** TV2, FEM3 since January 2010; key demographic age 18-49. **Romania:** Prima TV, Kiss TV; key demographic age 15-44. Romanian figures are based on the urban population.

# TV Highlights in Q1 2010

**Blockbuster.** With a 40.2 percent market share in the target demographic, in March 2010 Hollywood blockbuster **"Pirates of the Caribbean – At World's End"** became the most successful film of the past six years on ProSieben. Since January 31, 2010 programs on the channels SAT.1, ProSieben and kabel eins have also been broadcast in High Definition (HD+), in addition to standard resolution.

**Olympic spirit.** In February, Swedish channel Kanal 5 captivated an average 25.7 percent of viewers with its own Olympic show games **"Vinterspelen Åre 2010."** One of Kanal 5's most successful programs has Swedish celebs competing in offbeat sporting events.

**Guaranteed ratings.** In Hungary, **"Desperate Housewives"** regularly wins the ratings race in Prime Time with an audience share of up to 32.7 percent in the first quarter. In Germany and Sweden an average of 15.8 and 24.2 percent of viewers respectively looked behind the perfect façade of Wisteria Lane during the same period.

**Soccer – a guaranteed winner.** The SAT.1 show **"ran UEFA Champions League"** gained a 24.7 percent market share in the target demographic in late March, with the quarter-final game of FC Bayern München against Manchester United.

**Crime-time.** On "Crime Sunday" with "NCIS" and **"The Mentalist,"** SAT.1 gained market shares of up to 17.9 percent and up to 16.3 percent respectively. In Belgium up to 19.9 percent of advertising target viewers followed "The Mentalist" star Simon Baker with bated breath as he solved crime cases on VT4.

**Award-winning humor.** The Romanian comedy show **"Cronica Carcotasilor"** has won several awards and brought a smile to Prima TV viewers' faces for ten years. In the first quarter of 2010, audience share was an average 10.3 percent in the target demographic.

**Hungry for home cooking.** In Belgium, channel VT4 gained viewers in the first quarter with its own productions, such as the cooking show **"Komen Eten"** (average 18.7% viewer market share), "Huizenjacht" (average 8,5% viewer market share) and "Wat een Leven" (average 6.5% viewer market share). With its strategy of an increased appeal to Flemish viewers through original formats, VT4 has succeeding in gaining 70 percent more viewers in the early evening so-called Access Prime Time.

**Star appeal.** The semi-final of Stefan Raab's music show **"Unser Star für Oslo"** on ProSieben gained a viewer market share of 14.3 percent, cementing the channels image as one of the top adresses for music on German free TV through the chart success of winner Lena Meyer-Landrut.

**Original productions do well.** SAT.1 again thrilled viewers in the first quarter of 2010 with its own productions in the "German Movies" category, like the two-part event **"Die Grenze"** with a 16.4 percent viewer market share.

**Fight the pounds.** Up to 7.1 percent of viewers between ages 14 and 49 supported the candidates of kabel eins show **"The Biggest Loser – Abspecken im Doppelpack"** as they lost weight. The show also made points online and mobile: 120,000 times episodes were watched online through the end of March – making first place on the kabel eins website. The i-Phone-App was downloaded 40,000 times by the end of March, winning second place in Lifestyle & Fitness Apps.

# Group Earnings, Financial Position and Performance

## GROUP EARNINGS

### REVENUE PERFORMANCE

The ProSiebenSat.1 Group's consolidated revenues for the first quarter of 2010 grew 5.0 percent, to EUR 658.4 million (previous year: EUR 627.0 million). Growth came primarily from higher TV advertising revenues in Germany, the Group's most important single market for revenues.

Key figures for the first quarter of 2010

| EURm | Q1 2010 | Q1 2009 |
|---|---|---|
| Consolidated revenues | 658.4 | 627.0 |
| Total costs | 574.2 | 577.6 |
| Cost of sales | 414.0 | 407.8 |
| Selling expenses | 90.8 | 102.8 |
| Administrative expenses | 69.4 | 67.0 |
| Recurring costs | 532.2 | 536.3 |
| Consumption of programming assets | 278.4 | 278.2 |
| Recurring EBITDA (1) | 128.6 | 93.8 |
| Non-recurring items (net) (2) | -9.4 | -3.4 |
| EBITDA | 119.2 | 90.4 |

(1) Recurring EBITDA: EBITDA before non-recurring items.
(2) Non-recurring expenses netted against non-recurring income.

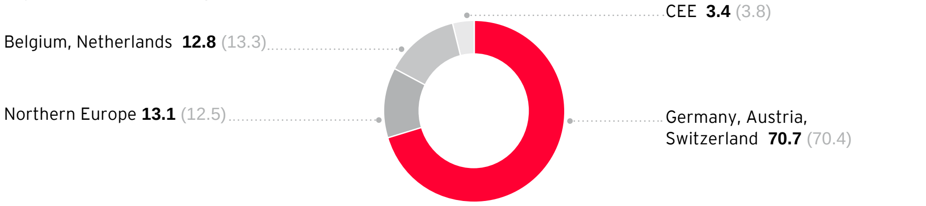
Segments and markets:
The ProSiebenSat.1 Group reports in three segments, all of which are closely linked strategically and economically. The Group's four German stations (SAT.1, ProSieben, kabel eins and N24) are consolidated in the Free TV German-speaking segment. This segment also includes the sales company SevenOne Media, ProSiebenSat.1 Produktion, the SAT.1 regional companies, the Red Arrow Entertainment Group, and the ProSiebenSat.1 Group's subsidiaries in Austria and Switzerland. The commercial TV stations in the Benelux countries (Netherlands and Belgium), Northern Europe (Denmark, Finland, Norway and Sweden) and the CEE region (Bulgaria, Hungary and Romania) constitute the Free TV International segment. Diversification activities – meaning all revenue models not directly dependent on the TV advertising market, such as online, basic pay TV, call TV, video on demand, music, licensing/merchandising, radio and print – are combined in the Diversification segment. Further information appears in the segment reporting on page 15.

- **Revenues by segments and regions.** The ratio between revenue sources (the Free TV German-speaking segment and the Free TV International segment, on the one hand, and the Diversification segment, on the other) has not changed significantly since a year ago. The Group's core business, commercial free TV, accounted for 87.7 percent of total revenues (previous year: 86.6 percent). The Diversification Segment contributed 12.3 percent of revenues (previous year: 13.4 percent).

  The share of revenues from operations in German-speaking Europe, which not only includes Germany but the Austrian and Swiss markets, came to 70.7 percent (previous year: 70.4 percent). The Group generated 12.8 percent of its revenues in the Netherlands and Belgium (previous year: 13.3 percent), 13.1 percent in Northern Europe (previous year: 12.5 percent), and 3.4 percent in the Central and Eastern European markets (previous year: 3.8 percent).

Revenues by region

In percent // Q1 2009 figures in brackets

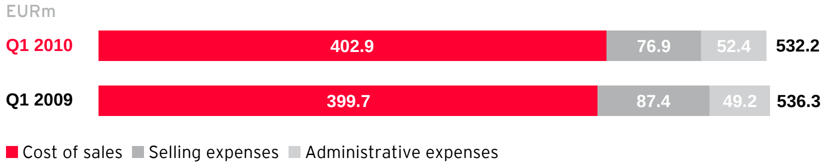



### INCOME AND EXPENSES

**Other operating income.** Other operating income came to EUR 2.4 million, compared to EUR 9.8 million in the first quarter of 2009. Last year's figure includes non-recurring income of EUR 6.7 million, primarily from the sale of solute GmbH in January 2009.

**Total costs.** The Group recognized total costs of EUR 574.2 million for Q1 2010. Total costs for Q1 2009 – comprising cost of sales, selling expenses and administrative expenses – came to EUR 577.6 million (–0.6 percent). Cost of sales includes consumption of programming assets, usually the Group's largest expense item, which came to EUR 278.4 million, compared to EUR 278.2 million a year ago. Recurring costs – meaning total costs less non-recurring expenses, depreciation and amortization – were almost on last year's level as well, at EUR 532.2 million (previous year: EUR 536.3 million). Last year the ProSiebenSat.1 Group took extensive steps to cut costs and organize its processes more efficiently. In Germany especially, operating costs were saved by moving large parts of the Group's Berlin offices and by introducing a cross-function matrix organization in the Free TV operations. These steps sustainably improved the Group's cost structure.

Recurring costs[1]




[1] Adjusted for non-recurring expenses and depreciation and amortization.

- **Depreciation and amortization.** Depreciation and amortization increased EUR 1.4 million against Q1 2009, or 4.5 percent, to 32.6 million. Amortization for purchase price allocations, which is included in this figure, decreased EUR 2.2 million, to EUR 13.6 million (–13.9 percent).

- **Non-recurring costs.** The non-recurring costs included in total costs came to EUR 9.4 million, compared to EUR 10.1 million a year ago (–6.9 percent).

## DEVELOPMENT OF EARNINGS

**Recurring EBITDA.** The Group's revenue growth (EUR +31.4 million) yielded a substantial increase in earnings for the first quarter: EBITDA before non-recurring items (recurring EBITDA) grew EUR 34.8 million, or 37.1 percent, to EUR 128.6 million. EBITDA – earnings before interest, taxes, depreciation and amortization, including non-recurring effects – was EUR 119.2 million, compared to EUR 90.4 million for last year (+31.9 percent). The substantial increase in recurring EBITDA went hand in hand with a 4.5 percentage-point improvement in operating margin, to 19.5 percent.

The following table shows a reconciliation of EBITDA after and before non-recurring costs:

Reconciliation of recurring EBITDA

| EURm | Q1 2010 | Q1 2009 |
|---|---|---|
| Profit/ loss before income taxes | 31.2 | -7.0 |
| Financial result | 55.4 | 66.2 |
| **Operating profit** | **86.6** | **59.2** |
| Depreciation and amortization [1] | 32.6 | 31.2 |
| (thereof: from purchase price allocations) | 13.6 | 15.8 |
| **EBITDA** | **119.2** | **90.4** |
| Non-recurring items (net) [2] | 9.4 | 3.4 |
| **Recurring EBITDA** | **128.6** | **93.8** |

[1] Amortization of intangible assets and depreciation of property, plant and equipment
[2] Non-recurring expenses of EUR 9.4 million (Q1 2009: EUR 10.1 million) less non-recurring income of EUR 0.0 million (Q1 2009: EUR 6.7 million).

**Financial result.** The financial result comprises the net interest result, the other financial result and the profit or loss from investments accounted at equity. It came to EUR –55.4 million for Q1 2010 – an improvement of EUR 10.8 million, or 16.3 percent, against a year

Net financial debt, page 11.

ago, mainly due to lower interest expenses. Most of the decrease in interest expenses resulted from more favorable interest rates. A further positive effect came from the Group's lower average debt. In total, the net interest result improved EUR 6.1 million against last year, to EUR -54.5 million (+10.1 percent).

A further reason for the improvement in the financial result was the increase of the other financial result, which rose by EUR 4.2 million, to minus EUR 0.5 million, particularly because of changes in exchange rates (+89.4 percent).

**Consolidated profit attributable to Shareholders of ProSiebenSat.1 Media AG.** The profit before income taxes also improved, growing by EUR 38.2 million, to EUR 31.2 million. Net income after taxes and non-controlling interests increased to EUR 21.2 million (previous year: minus EUR 1.7 million). Consequently earnings per preference share came to EUR 0.10 (previous year: EUR 0.00).

## GROUP FINANCIAL POSITION AND PERFORMANCE

### DEBT FINANCING AND FINANCING STRUCTURE

The principles and objectives of financial management are explained on pages 71 and 72 of the ProSiebenSat.1 Annual Report for 2009.

**Rating of the ProSiebenSat.1 Group:** Credit ratings represent an independent assessment of a company's creditworthiness. However, the rating agencies do not take the ProSiebenSat.1 Group's term loans into account in their credit ratings. Consequently there are no official ratings at present.

As of the reporting date, the ProSiebenSat.1 Group's financial debt comprised 63.2 percent non-current loans and borrowings (March 31, 2009: 64.1 percent) and 9.1 percent current loans and borrowings (March 31, 2009: 9.1 percent).

**Secured syndicated facilities agreement.** Part of ProSiebenSat.1 Group's funding comprises various secured term loans with maturities in July 2014 **(Term Loan B)** and July 2015 **(Term Loan C)**. In the fourth quarter of 2009, a portion of Term Loan B was redenominated from Swedish Kronas to Euros, thus reducing Term Loan B from the original EUR 1.800 billion to EUR 1.771 billion. Additionally, the secured syndicated facilities agreement includes a revolving credit facility with a facility amount of EUR 600.0 million and a maturity in July 2014. The default of certain lenders due to the financial crisis reduced the available facility amount of revolving credit facility to EUR 567.3 million as of the fall of 2008. The ProSiebenSat.1 Group entered into the secured syndicated credit arrangement for an original total of EUR 4.200 billion (now EUR 4.171 billion) in connection with the financing of the SBS acquisition in June 2007.

78 percent of the variable interest of the term loans are hedged by a variety of **interest-rate swaps**. The interest rates payable on the unhedged portions of the term loans and on the amounts drawn down under the RCF are variable.

Including the utilization of bank guarantees totalling EUR 46.6 million , EUR 543.8 million of the **revolving credit facility** had been drawn on March 31, 2010. The figure on December 31, 2009, was EUR 528.0 million (including bank guarantees of EUR 30.8 million); on March 31, 2009, the figure was EUR 536.3 million (including bank guarantees of EUR 39.0 million).

**Off-balance-sheet financial instruments:** The ProSiebenSat.1 Group had no significant off-balance-sheet financial instruments during the period. Information about **leasing** appears on page 74 of the 2009 Annual Report.

## GROUP-WIDE FINANCING

The secured syndicated facilities agreement for Term Loans B and C and for the revolving credit facility requires ProSiebenSat.1 Group to comply with certain financial key figures (financial covenants). Further details can be found on page 74 of the 2009 Annual Report.

The ProSiebenSat.1 Group continued to comply with the terms of the agreement also in Q1 2010.

Non-compliance with the agreed financial figures would give cause for early termination. However, the ProSiebenSat.1 Group's facilities agreement also allows the Group to prevent impending breaches of the key financial figures requirements, or to cure existing ones, by contributing equity or equity-like funds in the form of subordinated loans ("equity cure") within certain periods. For the purpose of such an equity cure of the financial figures, the majority shareholders (through an associated company) of ProSiebenSat.1 Media AG have committed on April 1, 2010, to make available a loan facility which is subordinated to the syndicated facilities agreement should this be required for purposes of an equity cure. In such a case, the ProSiebenSat.1 Group would be able to draw on subordinated loans for up to EUR 150 million until September 2011. The Group will thus be able to respond flexibly to a negative change in trading conditions. However, there is no contractual obligation to make use of the subordinated credit facility.

## FINANCING ANALYSIS

**Net financial debt.** Net financial debt – defined as total loans and borrowings minus cash and cash equivalents and current financial assets – decreased EUR 81.7 million against last year's reporting date, to EUR 3.431 billion. Most of the decrease is a consequence of higher cash and cash equivalents compared to March 31, 2009. These increased by EUR 95.1 million against a year ago, to EUR 604.1 million. The Group's improved earnings performance had a positive effect on liquidity.

On December 31, 2009, the Group had net financial debt of EUR 3.295 billion. For seasonal reasons, cash and cash equivalents on March 31, 2010, were EUR 133.3 million less than the figure of EUR 737.4 million on December 31, 2009.

Net financial debt


(1) In June 2007, the ProSiebenSat.1 Group carried out the acquisition of SBS – the largest acquisition in its history. The transaction was financed entirely out of a secured syndicated credit facility, which originally totaled EUR 4.2 bn.

**Leverage.** The Group's leverage (ratio of net financial debt to recurring EBITDA for the last twelve months) had improved to 4.7 times at the end of Q1 2010. The figure a year earlier was 5.2 times recurring EBITDA. The figure improved in part because of the lower net financial debt compared to Q1 2009, and in part because of the Group's higher earnings. The figure was unchanged in comparison to December 31, 2009.

## ANALYSIS OF LIQUIDITY AND CAPITAL EXPENDITURE

### Cash flow statement

Cash flow statement

| EURm | Q1 2010 | Q1 2009 |
|---|---|---|
| Profit/loss for the period | 22.5 | -4.2 |
| Cash flow | 385.1 | 354.1 |
| Change in working capital | -20.6 | 28.4 |
| Income tax paid | -47.3 | -36.1 |
| Interest paid | -56.1 | -69.0 |
| Interest received | 0.6 | 2.2 |
| **Cash flow from operating activities** | **261.7** | **279.6** |
| **Cash flow from investing activities** | **-400.7** | **-383.0** |
| **Free cash flow** | **-139.0** | **-103.4** |
| **Cash flow from financing activities** | **-2.1** | **-20.5** |
| Effect of foreign exchange rate changes on cash and cash equivalents | 7.8 | - / - |
| Change in cash and cash equivalents | -133.3 | -123.9 |
| Cash and cash equivalents at beginning of period | 737.4 | 632.9 |
| **Cash and cash equivalents at end of reporting period** | **604.1** | **509.0** |

**Cash flow from operating activities.** Operating cash flow for January through March 2010 came to EUR 261.7 million, compared to EUR 279.6 million for Q1 2009 (–6.4 percent). The lower cash inflow from operating activities largely resulted from changes in working capital, which came to EUR –20.6 million at March 31, 2010 (previous year: EUR +28.4 million). The larger amount of cash tied up in working capital was primarily the result of lower non-interest-bearing liabilities (EUR –44.8 million), particularly due to the acquisition of programming assets.

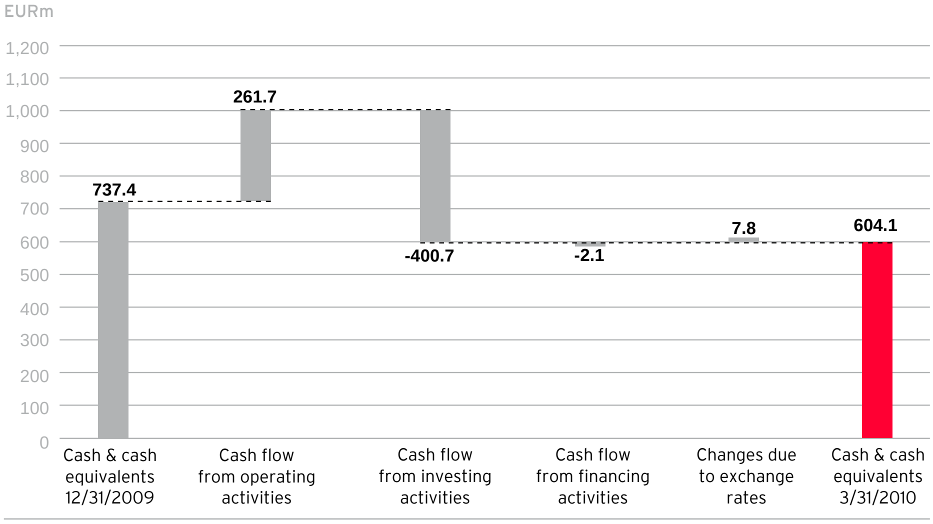
**Cash flow from investing activities.** Cash used in investing activities increased EUR 17.7 million, or 4.6 percent, against a year ago, to EUR 400.7 million. The larger amount of cash used was primarily the result of higher investments in programming assets (EUR +17.8 million), which came to EUR 397.8 million. These were countered by programming sales for EUR 14.9 million (previous year: EUR 7.9 million). As in previous years, in comparison to the figure for the full year net investments in programming assets were disproportionately high in the first quarter.

The above developments yielded a **free cash flow** of EUR –139.0 million, compared to EUR –103.4 million in Q1 2009.

**Mortgage loans.** Various mortgage loans to finance buildings in Berlin, for a total of EUR 30.5 million, were repaid in full in financial year 2009. The outstanding amount from these loans at March 31, 2009, came to EUR 11.6 million.

**Cash flow from financing activities.** Cash used in financing activities in the first quarter of the current year came to EUR 2.1 million (previous year: EUR 20.5 million). In connection with SAT.1's move to Munich, the ProSiebenSat.1 Group repaid EUR 18.9 million of a EUR 30.5 million mortgage loan in the first quarter of last year. This led to a reduced cash outflow of EUR 18.4 million in financing activities compared to the last quarter.

Change in cash and cash equivalents




**Cash and cash equivalents.** The cash flows described above resulted in an increase of EUR 95.1 million, or 18.7 percent, in cash and cash equivalents on March 31, 2010 against the previous year's comparative date, to EUR 604.1 million.

**In-house productions and commissioned productions:** The cash flow from investing activities includes investments for outside productions and commissioned productions, as well as license acquisitions. By contrast, expenses for in-house productions are included in the Group's overall costs.

## Investments in programming

The ProSiebenSat.1 Group's investing activities focus primarily on acquiring programming by purchasing licenses and commissioned productions. Programming investments for Q1 2010 came to EUR 397.8 million, an increase of EUR 17.8 million, or 4.7 percent, against the first quarter of 2009. The German-speaking region accounted for EUR 300.9 million, or 75.6 percent, of total programming investments (previous year: 72.5 percent).

**Cooperation with programming suppliers expanded, new license packages acquired.** In Q1 2010, the Group signed a multi-year license agreement with Constantin Film for the Group's German-language stations. At the international level as well, the ProSiebenSat.1 Group invested in high-quality new programming, including the rights for the Group's Danish stations to carry live coverage of matches from England's Premier League through 2013. License agreements with Warner Brothers International for the Group's Belgian stations, and with Monarchy Enterprises for the Dutch stations, expanded the Group's repertoire of exclusive Hollywood programming.

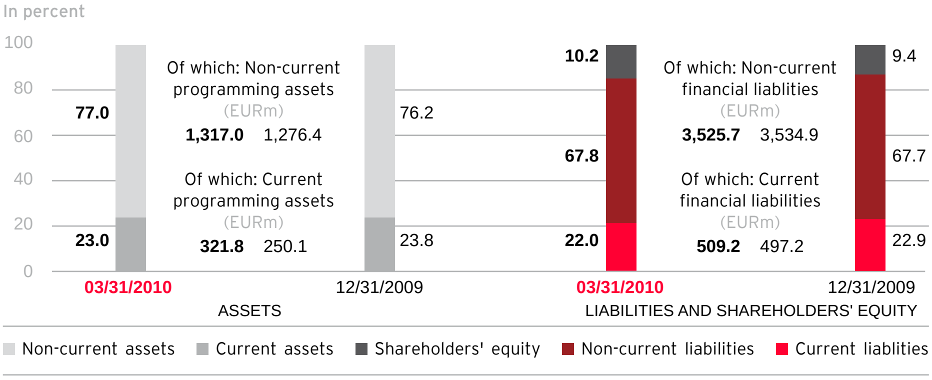
Red Arrow, page 2.

Investments in commissioned and third party productions serve as a complement to licensing rights. Unlike license programming, these shows can be produced daily or weekly over extended periods. Original productions also strengthen the station brand recognition, because they are specially designed for the individual stations. In further developing the Group-wide content strategy, the Red Arrow Entertainment Group acquired the Belgian production company Sultan Sushi in Q1 2010, and entered into a multi-year cooperation agreement with TV format developer Omri Marcus.

## ANALYSIS OF ASSETS AND CAPITAL STRUCTURE

Total assets as at March 31 of this year came to EUR 6.207 billion (March 31, 2009: EUR 5.911 billion; December 31, 2009: EUR 6.175 billion). There had been no material structural changes in the consolidated statement of financial position compared to March 31, 2009 or December 31, 2009.

Balance sheet ratio




**Intangible assets:**
The intangible assets particularly include the goodwill capitalized as part of the first-time consolidation of SBS, as well as the intangible assets of SBS – including licenses and brands – recognized by way of purchase price allocations or in revaluation. Further information appears in the section on "Non-financial performance indicators," page 19.

**Non-current and current assets.** Most of the increase in total assets against March 31 and December 31, 2009 came from higher programming assets. Programming assets as at the reporting date totaled EUR 1.639 billion, an increase of EUR 112.3 million against December 31, 2009 and EUR 178.8 million against the carrying amount on March 31, 2009. Non-current programming assets on March 31, 2010, came to EUR 1.317 billion (December 31, 2009: EUR 1.276 billion; March 31, 2009: EUR 1.160 billion).

In addition to its programming assets, representing 26.4 percent of total assets (December 31, 2009: 24.7 percent; March 31, 2009: 24.7 percent), the intangible assets are the Group's most important asset. Intangible assets as of March 31, 2010, showed an increase to EUR 3.037 billion, primarily as a consequence of changes in foreign exchange rates. Intangible assets came to EUR 3.015 billion as at December 31, 2009, and EUR 2.994 billion as at March 31, 2009.

**Shareholders' Equity.** The improvement in the Group's earnings performance, together with positive foreign currency translation effects from the conversion of financial statements in foreign currencies to the Group's reporting currency, strengthened the equity base. Equity increased by EUR 49.4 million against December 31, 2009, to EUR 630.2 million. Equity was also higher than on March 31, 2009 (EUR +214.5 million). The equity ratio increased to 10.2 percent (December 31, 2009: 9.4 percent; March 31, 2009: 7.0 percent).

**Non-current and current liabilities.** Non-current loans and borrowings on March 31, 2010, came to EUR 3.526 billion (December 31, 2009: EUR 3.535 billion), current loans and borrowings came to EUR 509.2 million (December 31, 2009: EUR 497.2 million). The Group thus had total current and non-current loans and borrowings of EUR 4.035 billion (December 31, 2009: EUR 4.032 billion; March 31, 2009: EUR 4.022 billion).

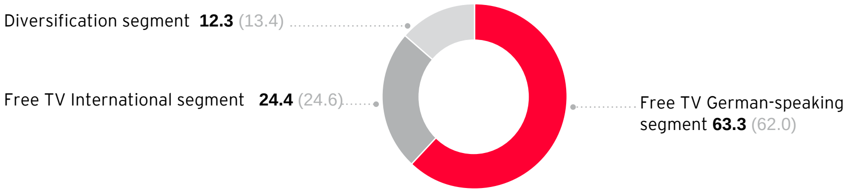
Other non-current financial liabilities increased to EUR 436.6 million as a consequence of valuation effects from hedging instruments (December 31, 2009: EUR 406.0 million, March 31, 2009: EUR 398.1 million).

Current liabilities came to EUR 1.370 billion (December 31, 2009: EUR 1.415 billion; March 31, 2009: EUR 1.289 billion).

# Segment Reporting

Revenues by segment

In percent // Q1 2009 figures in brackets




## FREE TV GERMAN-SPEAKING SEGMENT

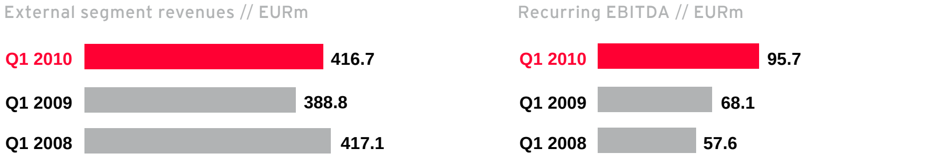
The segment's external revenues for Q1 2010 improved 7.2 percent against last year, to EUR 416.7 million (previous year: EUR 388.8 million).

Changes in audience shares and advertising market shares, page 3 ff.

- The moderate recovery of business conditions in the German TV advertising market during the last quarter of 2009 continued in the first quarter of 2010. ProSiebenSat.1 Group stations' good audience shares also contributed toward new bookings for TV advertising, both in the German core market and in Austria and Switzerland. Another reason for revenue growth in the first quarter of 2010 was higher programming sales.

The segment's operating profit (EBITDA before non-recurring items) grew EUR 27.6 million, to EUR 95.7 million. EBITDA also increased substantially against a year ago, to EUR 90.9 million, an increase of EUR 30.0 million, or 49.3 percent.

Key figures: Free TV German-speaking segment




As part of the first-time consolidation of SBS in June of 2007, the ProSiebenSat.1 Group's segment reporting was revised to better address the Group's expanded international business operations. Hence, we provide no multi-year comparison taking account of the years before SBS was consolidated. The former Free TV segment has been renamed the Free TV German-speaking segment.

## FREE TV INTERNATIONAL SEGMENT

The Free TV International segment, which includes the TV markets in the Netherlands, Belgium, and the Northern and Eastern European regions, began 2010 by growing revenues 4.5 percent, to EUR 160.8 million (previous year: EUR 153.9 million).

**New stations in Hungary and Germany:** Hungarian women's station FEM3 went on air in January 2010. Another TV station for the female target audience, "sixx," will follow in Germany on May 7, 2010.

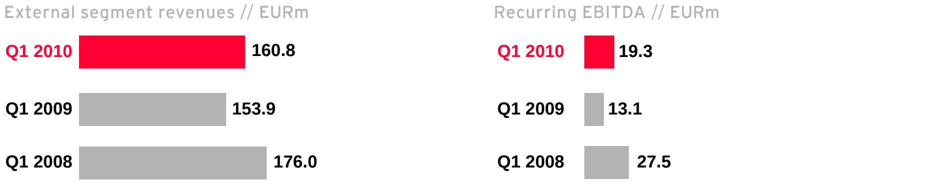
- Most of this revenue growth came from higher distribution income, especially in the Scandinavian markets. In contrast to Germany, distributors like cable operators in most of the ProSiebenSat.1 Groups international markets do not merely provide technical distribution for programming. They put together individual programming packages for viewers. Consequently, in addition to advertising income, TV stations earn financing from distribution royalties.

Changes in audience shares and advertising market shares, page 3 ff.

- TV advertising revenues of ProSiebenSat.1 stations stayed below last year's revenues in the Netherlands and the Eastern European markets. Apart from lower advertising revenues due to economic conditions, the intensely competitive market environment also affected bookings for TV spots. Among other factors, coverage of the Winter Olympics on competing channels affected audience shares, and thus advertisers' bookings, in the first quarter.

The segment's recurring EBITDA grew EUR 6.2 million, or 47.3 percent, to EUR 19.3 million. EBITDA rose by 43.1 percent, to EUR 17.6 million (previous year: EUR 12.3 million).

Key figures: Free TV International segment




As part of the first-time consolidation of SBS in June of 2007, the ProSiebenSat.1 Group's segment reporting was revised to better address the Group's expanded international business operations. Hence, we provide no multi-year comparison taking account of the years before SBS was consolidated. The acquisition of the SBS Broadcasting Group 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 Free TV International segment.

## DIVERSIFICATION SEGMENT

External revenues in the Diversification segment came to EUR 80.9 million, a decrease of EUR 3.4 million, or 4.0 percent, against the first quarter of 2009. A primary cause here was lower income from call TV (9Live).

- 9Live generates most of its income from charges on telephone calls. Here, the regulatory changes in gaming regulations resulted in a revenue decrease in the German market. The State Media Agencies' new gaming regulations, which took effect in March of last year, have established additional requirements for information and evidence while a program is on the air, and caused caller volumes at 9Live to decrease against the first quarter of 2009.

- Income from radio advertising, the Diversification segment's largest contributor to revenues after call TV, was in line with last year.

- The ProSiebenSat.1 Group saw substantial revenue growth in its online video advertising business. Online advertising revenues were also higher than last year in the classic Internet business in form of display advertising. Apart from higher advertising revenues in its online business, the Group also generated its first contributions to revenues from its new "media for revenue share" business model, under which companies that have not advertised on TV before receive broadcasting time for their advertising spots in return for granting the ProSiebenSat.1 Group a share of their revenues.

In total, the segment's recurring EBITDA grew EUR 1.2 million, or 9.7 percent, against Q1 2009, to EUR 13.6 million. Earnings growth here was based on sustained cost management. EBITDA was EUR 10.7 million, EUR 6.3 million or 37.1 percent lower than the equivalent figure a year ago. However EBITDA for Q1 2009 included non-recurring income from the sale of solute GmbH, which operates the billiger.de Web portal.

Key figures Diversification segment


As part of the first-time consolidation of SBS in June of 2007, the ProSiebenSat.1 Group's segment reporting was revised to better address the Group's expanded international business operations. The diversification activities (especially radio and print) brought in with SBS are shown together with diversification operations that existed previously. The former Transaction TV (call TV) and Other Diversification (including online, basic pay TV, merchandising/licensing and music) segments were also incorporated into the new Diversification segment. We provide no multi-year comparison taking account of the years before SBS was consolidated.
(1) Including the pay TV unit CMore that was deconsolidated in November of 2008.

# Employees

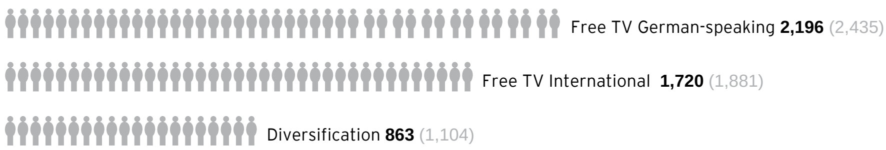
**Key figures on employees.** The number of employees remained largely constant in Q1 2010, in comparison with the end of 2009. In 2009, in the course of cost-cutting programs and the move of large parts of the Berlin site to Munich, 225 jobs were reduced in Germany. Personnel was also reduced in the international markets last year. This change is reflected in the quarter-on-quarter comparisons for January through March. The ProSiebenSat.1 Group had 4,801 employees (full-time equivalent) on March 31 of this year, compared to 5,460 on March 31, 2009, and 4,814 on December 31, 2009. The average number of employees for Q1 2010 was 4,779 full-time equivalents (Q1 2009: 5,420; FY 2009: 4,980). Personnel expenses came to EUR 93.3 million, compared to EUR 95.7 million in Q1 2009 (–2.5 percent).

Employees by region

Figures for prior year in brackets


Employees by segment

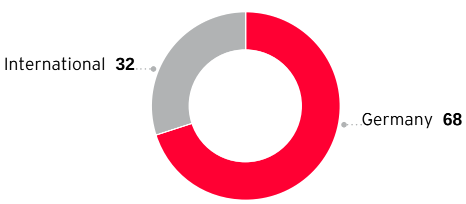
Figures for prior year in brackets



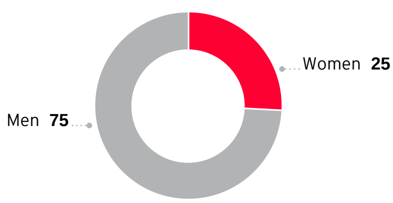

**New performance management model.** ProSiebenSat.1 honors top performers among its employees. In addition to the performance-based compensation system that was already in place, at the beginning of 2010 the Group introduced its Performance Development program. The goal of the program is to enhance staff members' contributions to performance throughout the Company, and to make those contributions more transparent. For that purpose, the measurement criteria for the existing bonus systems – achievement of personal goals and corporate results – were expanded to include important aspects of successful management work. The new incentive scheme permits a one-time payment of up to 200 percent of the individual target bonus. Thus the program combines performance assessment with encouragement of talent. This will make it possible to fill key positions within the Company even better in the future. The program was initiated at the beginning of the year with a pilot group of 185 executives.

"Performance Development" pilot group

Participants in the "Performance Development" pilot group in Germany and internationally // In percent




Percentage of men and women in the "Performance Development" pilot group // In percent



# The ProSiebenSat.1 Share

ProSiebenSat.1 AG share, which is listed in the German stock index MDAX, continued its uptrend in the first quarter of 2010, beginning the year with share price gains. After the release of the preliminary figures for the financial year 2009, the stock climbed 16.2 percent to trade at EUR 10.46 on February 10, 2010. In subsequent weeks analysts raised the target price by an average of EUR 2.52, to EUR 12.31, leading to additional momentum for gains. The stock closed at EUR 12.50 on the last trading day of Q1 2010. Thus its value has increased more than ten-fold against the same quarter last year (March 31, 2009: EUR 1.20).

## The ProSiebenSat.1 share: Price performance

ProSiebenSat.1
Euro Stoxx Media
MDAX
DAX
Basis: Xetra closing quotes.
An index of 100 = January 2005.
Source: Reuters


| | | **01/02-03/31/2010** | 01/02-03/31/2009 | 01/02-03/31/2008 | 01/02-03/31/2007 | 01/02-31/03/2006 |
|---|---|---|---|---|---|---|
| Highest closing price XETRA | EUR | 12.69 | 2.40 | 16.62 | 27.86 | 22.15 |
| Lowest closing price XETRA | EUR | 8.13 | 0.90 | 11.85 | 24.00 | 16.02 |
| Closing price XETRA | EUR | 12.50 | 1.20 | 13.70 | 26.43 | 21.50 |
| Total XETRA trading volume | Units | 57,355,408 | 55,082,297 | 62,987,793 | 50,429,753 | 40,655,474 |
| Xetra trading volume (average daily volume) | Units | 910,403 | 874,322 | 1,015,932 | 787,965 | 625,469 |

## The ProSiebenSat.1 share: Key data

| | | **2010** | **2009** | **2008** | **2007** | **2006** |
|---|---|---|---|---|---|---|
| Share capital at reporting date | Units | 218,797,200 | 218,797,200 | 218,797,200 | 218,797,200 | 218,797,200 |
| Number of preferred shares at reporting date (1) | Units | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 |
| Number of common shares at reporting date (unlisted) | Units | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 | 109,398,600 |
| Dividend per preferred share (2) | EUR | | 0.02 (2) | 0.02 | 1.25 | 0,89 |
| Total dividend | EURm | | 2.1 (2) | 2.1 | 269.9 | 192,5 |

(1) Before reduction of 6,027,500 treasury shares. (2) The annual shareholders' meeting for the financial year will take place on June 29, 2010. The dividend proposal was published in the 2009 annual report 2009. The Executive and Supervisory Boards will propose a dividend of EUR 0.02 per dividend-entitled no-par preferred share at the annual shareholders' meeting.

# Non-Financial Performance Indicators

A variety of important assets are not recognized on the ProSiebenSat.1 Group's balance sheet. These include intangible assets like the value of some station brands, the broad reach of ProSiebenSat.1 stations, and organizational advantages that result from the various stations' complementary programming.

**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, and therefore these figures are omitted from the management report.

**Strong brands in Europe.** The values of the brands acquired as part of the SBS acquisition in 2007 are recognized as intangible assets in the consolidated balance sheet. However, SAT.1 and ProSieben, as "own brands," are not recognized there. For that reason they count among the Group's especially important non-financial performance indicators. For several years now, the two brands have stood for Germany's most popular, most successful TV stations.

- The brands' value is reflected in numerous major awards. For example, the in-house production "Karawane der Hoffnung" won the 2010 Adolf Grimme Award end of March, in the Information and Culture category. The show was broadcast as a "Galileo-Spezial" on ProSieben. Dutch station SBS 6 was named the Netherlands' most important "media brand" by the well-known "Magazine for Marketing" in Q1 2010. The criteria were the brand's economic strength, its benefit to consumers, and its experiential value.

**Principles we consider self-evident:**
As a content provider, we know that the credibility of our programming content is an important factor for success. For that reason, apart from its commitment to journalistic and media-policy principles, the ProSiebenSat.1 Group also sets a high priority on distributing socially relevant content through its broadcasts, in an honest and authentic way. For additional information see: http://en.prosiebensat1.com/unternehmen/Corporate_Responsibility/.

**Public value – Sustainability as a factor for success.** The ProSiebenSat.1 Group uses its public impact to support good ideas, to provide information about current events, and to draw broad public attention to important topics. At ProSiebenSat.1, doing business sustainably first and foremost means contributing toward public opinion-making with professional content. And that applies not just to news programs, but also to the Group's knowledge magazine shows, light entertainment shows, advice shows and talent shows.

- In March of 2010, the ProSiebenSat.1 Group took action in favor of protecting our climate and the environment, with "GreenSeven Day." In documentaries, feature films and series, ProSieben put its reach to work to alert viewers about how to sustainably address climatic and environmental issues (audience share, age 14-49, prime time: 16.3 percent). ProSiebenSat.1 Group stations also take responsible action internationally. For example, Swedish channel Kanal 5 carried George Clooney's "Hope for Haiti" charity event in January – a fund-raising gala for Haitian earthquake victims.

- One example of how ProSiebenSat.1 provides a stage for young artists was "Unser Star für Oslo." For the semifinals on March 9 on ProSieben, up to 14.3 percent of the audience between ages 14 and 49 watched as Stefan Raab joined a high-profile jury to decide on the German semifinalists for the 2010 Eurovision Song Contest. The single from new-generation singer Lena Meyer-Landrut is available only from the specially founded label USFO, a cooperative venture between Universal Music, RAAB TV/Brainpool, and the ProSiebenSat.1 label "We Love Music."

- However, the ProSiebenSat.1 Group has achieved high coverage not only on TV but also online. With 10 Internet platforms in Germany, the Group reaches an average of 19 million unique users per month. The Grand Prix song "Satellite" now has attracted some 800,000 clicks on MyVideo alone.

For further information about non-financial performance indicators and their significance to the ProSiebenSat.1 Group's competitive strength, see pages 88-92 of the 2009 Annual Report.

# Events after the Reporting Date

From the end of the first quarter of 2010 to May 4, 2010, the date when this report was released for publication and forwarded to the Supervisory Board, no reportable events occurred that are of material significance for the earnings, financial position and performance of the ProSiebenSat.1 Group or ProSiebenSat.1 Media AG.

# Risk and Opportunity Report

The ProSiebenSat.1 Group's business approach focuses on recognizing and making use of opportunities as they become available, and on detecting, analyzing and minimizing risks to the extent permitted by circumstances. In this context, risk is defined as a conceivable event that might adversely affect the achievement of the Company's goals or the implementation of its strategy.

**Risk management at ProSiebenSat.1:** The ProSiebenSat.1 Group's overall risk situation is analyzed and managed by way of a Group-wide risk management system. The situation is derived from a detailed analysis of the most significant individual risks and a consolidated examination of the Group's principal risk groups (external risks, content risks, technology risks, sales risks, organizational and financial risks, compliance risks). The 2009 Annual Report contains a detailed discussion of risk categories, as well as a description of the risk management system, on pages 93 through 102.

**Overall assessment of the Group's risk situation – Management's view.** There has been no fundamental change in the risk situation compared to December 31, 2009. As of the date of the preparation of this management report, in the Executive Board's opinion the overall risk situation remained limited and manageable. At that date, no risks were evident which, individually or in combination with other risks, would have a material adverse effect on the ProSiebenSat.1 Group's earnings, financial position or performance. Based on the outcome in the planning process, we also do not anticipate material changes that might pose a threat to the ability of the ProSiebenSat.1 Group to continue as a going concern. However, it still cannot be ruled out that the overall risk position might be adversely affected by a slow recovery or a further deterioration of the overall economic environment.

Risks that might result from a recessive change in the advertising market are identified by the Group-wide risk detection system, and are incorporated into the budgeting process as much as possible. On the other hand, where our assumptions and estimates prove to be too conservative, opportunities may arise. Information about future economic conditions is included in the Outlook on page 21. Opportunities relating to business performance and corporate strategy were described in detail in the 2009 Annual Report, starting on page 108. No other material opportunities have been identified since then.

# Outlook

## FUTURE BUSINESS CONDITIONS

Economic and industry environment, page 3 ff.

The global economy recovered faster in the first quarter of 2010 than initially expected. The emerging Asian economies in particular provided strong impetus for growth, while development was less dynamic in the industrialized nations. This trend is likely to continue for the rest of the year, at least in the European region. In that regard, the International Monetary Fund expects the global economy to show real economic growth of marginal 4 percent in 2010, while according to EU Commission projections the **European economy** (the EU27 and the Euro Zone) will only pick up 0.7 percent in the same period.

The recovery of the **German economy** slightly stagnated in the last quarter of 2009 and the first quarter of 2010. Construction spending and consumer spending grew slowly; however, future prospects are still quite positive. As global trade recovers, it should revive exports, and consequently also corporate capital spending. Important indicators like new orders and the Ifo business climate currently support this hope. Prospects for consumer spending, on the other hand, are still uncertain. It is not impossible that the propensity to spend may decline against last year. The consensus of German economic institutes projects real GDP growth of 1.5 percent for 2010, but a decline of 0.4 percent in consumer spending.

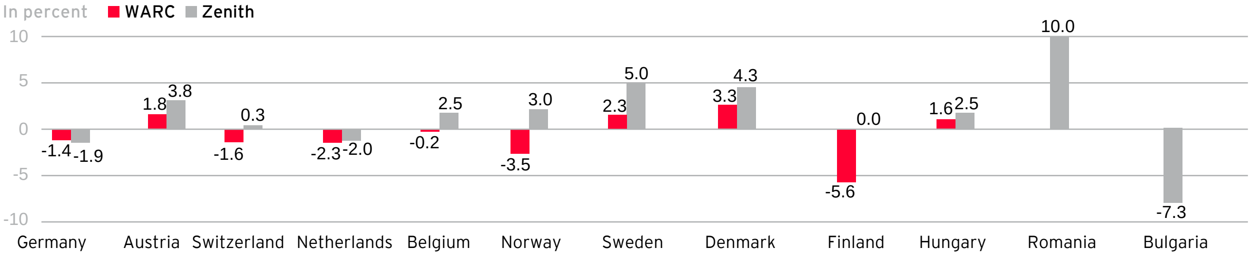
Company outlook, page 22.

The performance of the advertising markets is closely related to general economic conditions, and in some cases reflects increases and decreases in the various countries' GDP after a time lag. Here consumer spending in particular provides important indications about how the advertising market will develop; after all, consumers are the primary recipients of advertising messages. In its projection from the beginning of December 2009, Germany's ZAW advertising industry association currently assumes that the **net German advertising market** will decline 3 percent in 2010. ZenithOptimedia currently expects a net decline of 1.9 percent in the TV advertising market in 2010 (as of March 2010); the WARC projection from December 2009 was –1.4 percent for 2010.

However, the observable performance of TV advertising spendings in Q1 2010 showed a positive difference from these forecasts. The first quarter can be assumed to have been positive for the German TV advertising market.

**Internationally,** projections for the TV advertising markets where the ProSiebenSat.1 Group does business are mostly positive. The net TV advertising spendings in important revenue markets such as Sweden and Hungary are expected to perform significantly better than in 2009. ZenithOptimedia expects growth of 5.0 percent in Sweden and 2.5 percent in Hungary; WARC projects a 2.3 percent gain in Sweden and 1.6 percent in Hungary. However, for the Netherlands ZenithOptimedia projects –2.0 percent and WARC projects –2.3 percent. Whatever the case, since the economic picture still remains weak, new uncertainties have appeared at the financial markets because of the difficult situation of Greece, and visibility in the advertising markets is limited, these forecasts must be treated with a degree of caution.

Development of TV advertising markets in ProSiebenSat.1's major countries, change 2010 compared to 2009




Source: World Advertising Research Center (12/2009)/ZenithOptimedia (03/2010), figures extensivelly harmonized on a net basis, but methodological differences between different countries and sources persist.

## COMPANY OUTLOOK

The current uptrend in the advertising market makes us more optimistic about 2010 as a whole now than at the beginning of the year. An improvement in the economic situation was already evident in the fourth quarter of 2009 and continues to advance at present, especially in Germany. In the first quarter the ProSiebenSat.1 Group generated substantial revenue gains in Germany, its principal market, which accounts for about 66 percent of the Group's total revenues. Bookings for April 2010 are likewise up against the year before in this core market.

**Seasonality:** Although visibility in the TV advertising market as a whole is limited, the ProSiebenSat.1 Group's business shows a certain seasonality. Seasonal fluctuations are largely reflected in audience shares – i.e., the reach of TV programs and thus of their advertising spots. Since both television use and propensity to spend grow during the Christmas shopping season, the ProSiebenSat.1 Group recognizes a large share of its TV advertising revenues in the fourth quarter. Each year a total of about 30 percent of revenues, and about 40 percent of recurring EBITDA, are generated in the fourth quarter.

Segment reporting, page 15.

How far this trend is sustainable cannot be predicted at present. Moreover, from a full-year perspective, ProSiebenSat.1 Group's strong performance at the end of the second half of 2009 needs to be considered. In the important fourth quarter of 2009, the Group's revenues grew. Consequently, it will be more demanding to outperform the comparable figures in the second half of the current year.

The ProSiebenSat.1 Group budget planning is based on various scenarios, ranging from a stabilization of the German net TV advertising market against 2009, to slight growth in net TV advertising investments in German markets. However, a decrease in its advertising share in the German core market over the course of the year cannot be ruled out. But at the same time, TV advertising's share of the total German gross advertising market should continue to grow in 2010.

Our goal for financial year 2010 is to continue last year's earnings growth while keeping costs stable. If the economic conditions for 2010 as a whole prevent revenue growth, the Group plans to reduce operating costs further. The Group has identified a cost reduction potential of between EUR 20 and 50 million in 2010. Apart from cost efficiency, the Group's future profitable growth will also be founded on capitalizing on its performance with audiences at appropriate prices, and by further diversifying revenue sources.

In the past few months, the ProSiebenSat.1 Group has adopted broad measures for generating additional revenue sources. The Group has expanded its programming sales, launched new stations, and set up new revenue models, including the new business model that exchanges advertising time for a share of revenues. These strategic initiatives should contribute to future revenue growth.

## Income statement for ProSiebenSat.1 Group

| In EURm | | Q1 2010 | Q1 2009 | Change | Change in % |
|---|---|---|---|---|---|
| 1. | Revenue | 658.4 | 627.0 | 31.4 | 5.0% |
| 2. | Cost of sales | -414.0 | -407.8 | 6.2 | 1.5% |
| 3. | **Gross profit** | **244.4** | **219.2** | **25.2** | **11.5%** |
| 4. | Selling expenses | -90.8 | -102.8 | -12.0 | -11.7% |
| 5. | Administrative expenses | -69.4 | -67.0 | 2.4 | 3.6% |
| 6. | Other operating income | 2.4 | 9.8 | -7.4 | -75.5% |
| 7. | **Operating profit** | **86.6** | **59.2** | **27.4** | **46.3%** |
| 8. | Income from investments accounted for using the equity method | -0.4 | -0.9 | 0.5 | 55.6% |
| 9. | Interest and similar income | 1.2 | 2.6 | -1.4 | -53.8% |
| 10. | Interest and similar expenses | -55.7 | -63.2 | -7.5 | -11.9% |
| 11. | Interest result | -54.5 | -60.6 | 6.1 | 10.1% |
| 12. | Other financial result | -0.5 | -4.7 | 4.2 | 89.4% |
| 13. | **Financial result** | **-55.4** | **-66.2** | **10.8** | **16.3%** |
| 14. | **Profit/loss before income taxes** | **31.2** | **-7.0** | **38.2** | **- / -** |
| 15. | Income taxes | -8.7 | 2.8 | -11.5 | - / - |
| 16. | **Profit/loss for the period** | **22.5** | **-4.2** | **26.7** | **- / -** |
| | | | | | |
| | attributable to | | | | |
| | Shareholders of ProSiebenSat.1 Media AG | 21.2 | -1.7 | 22.9 | - / - |
| | Non-controlling interests | 1.3 | -2.5 | 3.8 | - / - |
| | | | | | |
| EUR | | | | | |
| | Basic earnings per share of common stock | 0.10 | -0.02 | 0.12 | - / - |
| | Basic earnings per share of preferred stock | 0.10 | 0.00 | 0.10 | - / - |

## Statement of comprehensive income of ProSiebenSat.1 Group

| In EURm | Q1 2010 | Q1 2009 | Change | Change in % |
|---|---|---|---|---|
| **Profit/loss for the period** | **22.5** | **-4.2** | **26.7** | **- / -** |
| Change in foreign currency translation adjustment * | 35.0 | -17.8 | 52.8 | - / - |
| Changes in fair value of cash flow hedges | -13.0 | -55.4 | 42.4 | 76.5% |
| Deferred tax on other comprehensive income | 3.5 | 15.3 | -11.8 | -77.1% |
| **Other comprehensive income/loss for the period** | **25.5** | **-57.9** | **83.4** | **- / -** |
| **Total comprehensive income/loss for the period** | **48.0** | **-62.1** | **110.1** | **- / -** |
| | | | | |
| attributable to | | | | |
| Shareholders of ProSiebenSat.1 Media AG | 46.6 | -58.3 | 104.9 | - / - |
| Non-controlling interests | 1.4 | -3.8 | 5.2 | - / - |

* Includes non-controlling interests from change in foreign currency translation adjustment in Q1 2010 of 0.1 EUR m (Q1 2009: -1.4 EUR m)

## Statement of financial position of ProSiebenSat.1 Group

| In EURm | | 03/31/10 | 12/31/09 | 03/31/09 |
|---|---|---|---|---|
| **A.** | **Non-current assets** | | | |
| I. | Intangible assets | 3,036.6 | 3,015.1 | 2,993.7 |
| II. | Property, plant and equipment | 252.5 | 256.6 | 241.8 |
| III. | Investments accounted for using the equity method | 2.0 | 2.1 | 6.0 |
| IV. | Non-current financial assets | 61.2 | 61.0 | 59.1 |
| V. | Programming assets | 1,317.0 | 1,276.4 | 1,159.7 |
| VI. | Trade receivables | 1.8 | 1.0 | 1.2 |
| VII. | Non-current tax assets | 2.2 | - / - | - / - |
| VIII. | Other receivables and non-current assets | 4.8 | 5.0 | 6.3 |
| IX. | Deferred tax assets | 99.2 | 90.1 | 113.3 |
| | | **4,777.3** | **4,707.3** | **4,581.1** |
| **B.** | **Current assets** | | | |
| I. | Programming assets | 321.8 | 250.1 | 300.3 |
| II. | Inventories | 1.4 | 2.3 | 6.9 |
| III. | Current financial assets | 0.1 | 0.1 | 0.2 |
| IV. | Trade receivables | 294.6 | 310.9 | 269.6 |
| V. | Current tax assets | 52.0 | 45.2 | 71.9 |
| VI. | Other receivables and current assets | 155.2 | 121.4 | 172.4 |
| VII. | Cash and cash equivalents | 604.1 | 737.4 | 509.0 |
| | | **1,429.2** | **1,467.4** | **1,330.3** |
| **Total assets** | | **6,206.5** | **6,174.7** | **5,911.4** |

| In EURm | | 03/31/10 | 12/31/09 | 03/31/09 |
|---|---|---|---|---|
| **A.** | **Equity** | | | |
| I. | Subscribed capital | 218.8 | 218.8 | 218.8 |
| II. | Capital reserves | 553.0 | 552.5 | 547.1 |
| III. | Retained earnings | 96.7 | 75.5 | -58.1 |
| IV. | Treasury shares | -30.5 | -30.5 | -15.1 |
| V. | Accumulated other comprehensive income | -217.8 | -243.2 | -290.6 |
| | Total equity attributable to shareholders of ProSiebenSat.1 Media AG | 620.2 | 573.1 | 402.1 |
| VI. | Non-controlling interests | 10.0 | 7.7 | 13.6 |
| | | **630.2** | **580.8** | **415.7** |
| **B.** | **Non-current liabilities** | | | |
| I. | Non-current loans and borrowings | 3,525.7 | 3,534.9 | 3,523.7 |
| II. | Other non-current financial liabilities | 436.6 | 406.0 | 398.1 |
| III. | Trade payables | 47.8 | 49.2 | 37.2 |
| IV. | Other non-current liabilities | 1.9 | 1.8 | 40.7 |
| V. | Provision for pensions | 8.0 | 8.0 | 7.1 |
| VI. | Other non-current provisions | 12.2 | 12.3 | 0.8 |
| VII. | Deferred tax liabilities | 174.1 | 167.1 | 199.3 |
| | | **4,206.3** | **4,179.3** | **4,206.9** |
| **C.** | **Current liabilities** | | | |
| I. | Current loans and borrowings | 509.2 | 497.2 | 497.9 |
| II. | Other current financial liabilities | 36.0 | 44.5 | 34.8 |
| III. | Trade payables | 426.9 | 432.1 | 374.3 |
| IV. | Other current liabilities | 252.4 | 265.6 | 235.3 |
| V. | Provision for taxes | 63.8 | 93.9 | 58.4 |
| VI. | Other current provisions | 81.7 | 81.3 | 88.1 |
| | | **1,370.0** | **1,414.6** | **1,288.8** |
| **Total equity and liabilities** | | **6,206.5** | **6,174.7** | **5,911.4** |

## Cash flow statement of ProSiebenSat. 1 Group

| In EURm | Q1 2010 | Q1 2009 |
|---|---|---|
| **Profit/loss for the period** | **22.5** | **-4.2** |
| Income taxes | 8.7 | -2.8 |
| Financial result | 55.4 | 66.2 |
| Depreciation/amortization and impairment of intangible and tangible assets | 32.6 | 31.2 |
| Consumption/write-up of programming assets | 273.1 | 278.2 |
| Change in provision for pensions and other provisions | 7.3 | 2.0 |
| Result from sale of assets | -5.5 | -6.7 |
| Other noncash income/expenses | -9.0 | -9.8 |
| **Cash flow** | **385.1** | **354.1** |
| Change in working capital | -20.6 | 28.4 |
| Income tax paid | -47.3 | -36.1 |
| Interest paid | -56.1 | -69.0 |
| Interest received | 0.6 | 2.2 |
| **Cash flow from operating activities** | **261.7** | **279.6** |
| Proceeds from disposal of non-current assets | 0.4 | 2.4 |
| Expenditures for intangible and tangible assets | -15.6 | -16.3 |
| Expenditures for purchase of financial assets | -0.4 | -1.2 |
| Proceeds from disposal of programming assets | 14,9 | 7.9 |
| Expenditures for programming assets | -397.8 | -380.0 |
| Effects of changes in scope of consolidation (acquisitions) | -2.2 | -1.3 |
| Effects of changes in scope of consolidation (disposals) | - / - | 5.5 |
| **Cash flow from investing activities** | **-400.7** | **-383.0** |
| **Free Cash flow** | **-139.0** | **-103.4** |
| Repayment of interest-bearing liabilities | - / - | -19.0 |
| Proceeds from issuance of interest bearing liabilities | 0.5 | - / - |
| Payment of finance lease liabilities | -2.6 | -1.5 |
| **Cash flow from financing activities** | **-2.1** | **-20.5** |
| Effect of foreign exchange rate changes on cash and cash equivalents | 7.8 | - / - |
| **Change in cash and cash equivalents** | **-133.3** | **-123.9** |
| Cash and cash equivalents at beginning of reporting period | 737.4 | 632.9 |
| **Cash and cash equivalents at end of reporting period** | **604.1** | **509.0** |

## Statement of changes in equity of ProSiebenSat.1 Group for Q1 2009

| In EURm | Subscribed capital | Capital reserves | Retained earnings | Treasury shares | Accumulated other comprehensive income | | | Total equity attributable to shareholders of ProSiebenSat.1 Media AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Foreign currency translation adjustment | Fair value changes of Cash Flow Hedges | Deferred taxes | | | |
| **December 31, 2008** | **218.8** | **547.1** | **-56.4** | **-15.1** | **-96.6** | **-185.2** | **47.7** | **460.3** | **18.6** | **478.9** |
| Profit/loss for the period | - / - | - / - | -1.7 | - / - | - / - | - / - | - / - | -1.7 | -2.5 | -4.2 |
| Other comprehensive income/ loss | - / - | - / - | - / - | - / - | -16.3 | -55.5 | 15.3 | -56.5 | -1.4 | -57.9 |
| **Total comprehensive income** | **- / -** | **- / -** | **-1.7** | **- / -** | **-16.3** | **-55.5** | **15.3** | **-58.2** | **-3.9** | **-62.1** |
| Other changes | - / - | - / - | - / - | - / - | - / - | - / - | - / - | - / - | -1.1 | -1.1 |
| **March 31, 2009** | **218.8** | **547.1** | **-58.1** | **-15.1** | **-112.9** | **-240.7** | **63.0** | **402.1** | **13.6** | **415.7** |

## Statement of changes in equity of ProSiebenSat.1 Group for Q1 2010

| In EURm | Subscribed capital | Capital reserves | Retained earnings | Treasury shares | Accumulated other comprehensive income | | | Total equity attributable to shareholders of ProSiebenSat.1 Media AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Foreign currency translation adjustment | Fair value changes of Cash Flow Hedges | Deferred taxes | | | |
| **December 31, 2009** | **218.8** | **552.5** | **75.5** | **-30.5** | **-71.4** | **-235.9** | **64.1** | **573.1** | **7.7** | **580.8** |
| Profit/loss for the period | - / - | - / - | 21.2 | - / - | - / - | - / - | - / - | 21.2 | 1.3 | 22.5 |
| Other comprehensive income/ loss | - / - | - / - | - / - | - / - | 34.9 | -13.0 | 3.5 | 25.4 | 0.1 | 25.5 |
| **Total comprehensive income** | **- / -** | **- / -** | **21.2** | **- / -** | **34.9** | **-13.0** | **3.5** | **46.6** | **1.4** | **48.0** |
| Stock option plan | - / - | 0.5 | - / - | - / - | - / - | - / - | - / - | 0.5 | - / - | 0.5 |
| Other changes | - / - | - / - | - / - | - / - | - / - | - / - | - / - | - / - | 0.9 | 0.9 |
| **March 31, 2010** | **218.8** | **553.0** | **96.7** | **-30.5** | **-36.5** | **-248.9** | **67.6** | **620.2** | **10.0** | **630.2** |

# Notes to the Interim Financial Statements of ProSiebenSat.1 Group

## GENERAL INFORMATION

ProSiebenSat.1 Media AG, the ultimate parent company of the Group, is registered under the name ProSiebenSat.1 Media AG with the Munich District Court, Germany (HRB 124 169). Its address is: ProSiebenSat.1 Media AG, Medienallee 7, 85774 Unterföhring, Deutschland.

The ProSiebenSat.1 Group is one of Europe's leading media companies. Beyond its core business television, the portfolio of the Group includes numerous Internet brands, stakes in radio stations, print and new media companies, as well as activities in music business, live events and artist management.

## ACCOUNTING PRINCIPLES

The interim consolidated financial statements of ProSiebenSat.1 Media AG and its subsidiaries (the „Company", the „ProSiebenSat.1 Group") at March 31, 2010, were prepared in accordance with IAS 34 „Interim Financial Reporting".

The interim consolidated financial statements have been prepared in Euro, in compliance with International Financial Reporting Standards for interim financial reports as adopted by the European Union. Unless specifically indicated otherwise, all amounts are in million of Euro (EUR m). The income statement is presented using the cost of sales method.

The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements under IFRS at December 31, 2009, and the associated explanatory notes, as released by ProSiebenSat.1 Media AG on March 30, 2010.

Management believes the interim consolidated financial statements include all customary and current adjustments required to convey a fair picture of the Company's performance during the period. The earnings for the first quarter of the financial year 2010 do not necessarily permit predictions as to future business performance.

The preparation of the interim consolidated financial statements involved assumptions and estimates that affect the recognition of assets and liabilities and of income and expenses. In some cases, actual values may differ from these assumptions and estimates.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the interim consolidated financial statements for the period ended March 31, 2010, are generally based on the same accounting policies as the consolidated financial statements for the financial year 2009 except for the changes explained in this note. For further information about the applied accounting policies, we refer to the consolidated annual report as of December 31, 2009, (pages 121 – 127) which form the basis for the interim financial statements.

ProSiebenSat.1 Group has applied all new accounting pronouncements or changes to existing accounting pronouncements issued by the IASB that were required to be applied from financial year 2010 onwards. Most important were the changes regarding IFRS 3 („Business Combinations") and IAS 27 („Consolidated and separate financial statements").

The application of new or revised accounting pronouncements as well as changes resulting from the „Annual Improvement Project" had no material impact on the interim financial statements of the ProSiebenSat.1 Group.

In addition to the changes mentioned above, new or revised accounting pronouncements have been issued by the IASB and IFRIC. These have not been applied in the interim financial statements as they are either not yet mandatory or have not yet been adopted by the European Commission. The impact of these accounting pronouncements which have not been applied on the presentation of the net assets, financial position and results of operations of the ProSiebenSat.1 Group is not expected to be significant overall.

## SCOPE OF CONSOLIDATION

The number of subsidiaries included in the consolidated financial statements changed as follows in the first quarter of the financial year 2010:

| | Germany | Other countries | Total |
|---|---|---|---|
| Included at 12/31/2009 | 55 | 101 | 156 |
| Additions | 2 | 2 | 4 |
| Disposals | - / - | -1 | -1 |
| **Included at 03/31/2010** | **57** | **102** | **159** |

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights of these entities or can otherwise control them. In addition to the fully consolidated entities, 16 (as of December 31, 2009: 15) associates and joint ventures were consolidated using the equity method. Joint ventures are companies that are jointly controlled in cooperation with other entities. Associates are companies over which ProSiebenSat.1 Media AG has a significant influence, but which are neither subsidiaries nor joint ventures.

### Acquisition of Sultan Sushi BVBA

On 4 March 2010, the ProSiebenSat.1 Group acquired 51 percent of the Belgian production company Sultan Sushi BVBA through Red Arrow Entertainment Group for a cash consideration of EUR 1.0 million. The purchase price allocation began only upon consummation of the purchase agreement and had not been completed as of the reporting date. The acquisition of Sultan Sushi BVBA had no material impact on the net assets, financial position or results of the ProSiebenSat.1 Group.

No other significant acquisitions or disposals took place in Q1 2010.

The changes in the scope of consolidation had no material impact on the net assets, financial position or results of the ProSiebenSat.1 Group.

## SEGMENT REPORTING

In accordance with IFRS 8, operating segments must be defined on the basis of the Company's own internal management. The organizational and reporting structure is based on management by business segments. On the basis of the reporting system, the Executive Board as the chief operating decision maker evaluates the performance of the various segments and the allocation of resources.

The ProSiebenSat.1 Group reports in three operating segments: Free TV in German-speaking Europe, Free TV International and Diversification.
The Free TV German-speaking segment essentially comprises the Group's four channels SAT.1, ProSieben, kabel eins and N24, as well as the SAT.1 regional companies, the marketing company SevenOne Media and the Group's subsidiaries in Austria and Switzerland.

The Free TV International segment includes advertising-financed TV channels in the Benelux countries (Netherlands and Belgium), in Northern Europe (Denmark, Finland, Norway and Sweden) and in the CEE region (Romania, Bulgaria and Hungary).

The Diversification segment includes activities in the field of video on demand, call TV, multimedia and merchandising. These activities are presented together with international radio and print operations.

Segment information Q1 2010

| EURm | Free TV German-speaking | Free TV International | Diversification | Subtotal Segments | Eliminations | Group Q1 2010 |
|---|---|---|---|---|---|---|
| Revenues | 432.0 | 161.5 | 81.8 | 675.3 | -16.9 | **658.4** |
| External revenues | 416.7 | 160.8 | 80.9 | 658.4 | - / - | **658.4** |
| Internal revenues | 15.3 | 0.7 | 0.9 | 16.9 | -16.9 | **- / -** |
| Recurring EBITDA | 95.7 | 19.3 | 13.6 | 128.6 | 0.0 | **128.6** |

Segment information Q1 2009

| EURm | Free TV German-speaking | Free TV International | Diversification | Subtotal Segments | Eliminations | Group Q1 2009 |
|---|---|---|---|---|---|---|
| Revenues | 400.5 | 154.6 | 87.5 | 642.6 | -15.6 | **627.0** |
| External revenues | 388.8 | 153.9 | 84.3 | 627.0 | - / - | **627.0** |
| Internal revenues | 11.7 | 0.7 | 3.2 | 15.6 | -15.6 | **- / -** |
| Recurring EBITDA | 68.1 | 13.1 | 12.4 | 93.6 | 0.2 | **93.8** |

The reconciliation from the segment values to the consolidated values is shown below:

## Reconciliation of segment information

| EURm | Q1 2010 | Q1 2009 |
|---|---|---|
| **Recurring EBITDA** | | |
| Recurring EBITDA of reportable segments | 128.6 | 93.6 |
| Consolidation | 0.0 | 0.2 |
| **Group recurring EBITDA** | **128.6** | **93.8** |
| Non-recurring result | -9.4 | -3.4 |
| Financial result | -55.4 | -66.2 |
| Depreciation and amortization | -32.4 | -31.2 |
| Impairment | -0.2 | 0.0 |
| **Consolidated profit/loss before taxes** | **31.2** | **-7.0** |

Entity-wide disclosures for the ProSiebenSat.1 Group are provided below. Distinctions are made between the German-speaking region (Germany, Austria, Switzerland), B/NL (Belgium and Netherlands), Nordic (Denmark, Finland, Norway and Sweden) and CEE (Bulgaria, Greece, Romania and Hungary).

## Entity-wide disclosures

| Geographical breakdown | German-speaking | | B/NL | | Nordic | | CEE | | Total Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| EURm | Q1 2010 | Q1 2009 | Q1 2010 | Q1 2009 | Q1 2010 | Q1 2009 | Q1 2010 | Q1 2009 | Q1 2010 | Q1 2009 |
| External revenues | 466.0 | 441.6 | 84.1 | 83.1 | 86.2 | 78.3 | 22.1 | 24.0 | 658.4 | 627.0 |

## CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

As of March 31, 2010, there had been no material changes in the ProSiebenSat.1 Group's contingent liabilities or other financial obligations since their description in the 2009 Annual Report.

## RELATED PARTY TRANSACTIONS

The related party transactions described in the notes to the consolidated financial statements for financial year 2009 still apply unchanged. In the normal course of business, all transactions with companies which were not fully consolidated were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group.

## MATERIAL EVENTS AFTER THE INTERIM REPORTING PERIOD

No event with significance to the ProSiebenSat.1 Media Group occurred from the end of the reporting period, March 31, 2010, to the date of release of the interim consolidated financial statements.

May 4, 2010

**The Executive Board**

# Financial calendar

| | |
|---|---|
| March 4, 2010 | Annual Press conference / IR conference on preliminary figures for 2009 |
| March 30, 2010 | 2009 Annual Report |
| May 6, 2010 | Quarterly Report for Q1 2010 |
| June 29, 2010 | 2010 Annual Shareholders' Meeting |
| August 5, 2010 | Half-year Report for H1 2010 |
| November 11, 2010 | Quarterly Report for Q3 2010 |

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ProSiebenSat.1 Group

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