ProSiebenSat.1 Media SE

Half-Yearly Financial Report 2019

WE
LOVE
TO
ENTERTAIN
CREATE
WIN

KEY FIGURES OF PROSIEBENSAT.1 GROUP

in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Revenues	**947**	912	**1,860**	1,794
Revenue margin before income taxes (in %)	**13.8**	20.2	**16.6**	12.8
Total costs	**812**	742	**1,605**	1,550
Operating costs[1]	**743**	661	**1,475**	1,350
Consumption of programming assets	**217**	207	**449**	452
Adjusted EBITDA[2]	**213**	259	**403**	459
Adjusted EBITDA margin (in %)	**22.5**	28.4	**21.7**	25.6
EBITDA	**204**	230	**384**	363
Reconciling items[3]	**-9**	-28	**-19**	-96
Operating result (EBIT)	**144**	178	**273**	260
Financial result	**-13**	6	**36**	-30
Result before income taxes	**131**	184	**309**	230
Adjusted net income[4]	**85**	136	**179**	230
Net income	**94**	125	**215**	155
Net income attributable to shareholders of ProSiebenSat.1 Media SE	**93**	126	**215**	153
Net income attributable to non-controlling interests	**1**	-1	**-1**	2
Adjusted earnings per share (in EUR)	**0.37**	0.60	**0.79**	1.00
Payments for the acquisition of programming assets	**275**	236	**578**	463
Free cash flow	**-25**	-199	**-79**	-143
Cash flow from investing activities	**-429**	-466	**-766**	-751
Free cash flow before M&A	**76**	-3	**15**	83

	06/30/2019	12/31/2018	06/30/2018
Employees[5]	**7,318**	6,583	6,512
Programming assets	**1,212**	1,113	1,208
Equity	**1,080**	1,070	1,041
Equity ratio (in %)	**17.2**	16.5	16.8
Cash and cash equivalents	**685**	1,031	990
Financial debt	**3,200**	3,194	3,189
Leverage ratio[6]	**2.6**	2.1	2.1[7]
Net financial debt	**2,514**	2,163	2,199[7]

[1] Total costs excl. EBITDA expense adjustments, depreciation, amortization, and impairments.
[2] EBITDA before reconciling items.
[3] EBITDA expense adjustments less income adjustments.
[4] Net income attributable to shareholders of ProSiebenSat.1 Media SE before the amortization and impairments from purchase price allocations, adjusted for the reconciling items. These include valuation effects recognized in other financial result, valuation effects of put-options and earn-out liabilities, as well as valuation effects from interest rate hedging transactions. Moreover, the tax effects resulting from such adjustments are also adjusted. Annual Report 2018, page 85.
[5] Full-time equivalent positions as of reporting date.
[6] Ratio net financial debt to adjusted EBITDA in the last twelve months.
[7] After reclassification of cash and cash equivalents of assets held for sale.

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GROUP INTERIM MANAGEMENT REPORT

AT A GLANCE

- **Revenues increase by 4% to EUR 947 million in the second quarter, with growth of 28% at Red Arrow Studios, 18% in Commerce and 26% in digital and smart advertising business, thereby more than compensating the 3% decline in the TV core advertising revenues**
- **Adjusted EBITDA and adjusted net income decline as expected due to investments recognized as expense making the Entertainment business fit for the future**
- **Focus on local content is starting to pay off: best Q2 TV audience share in four years at 28.4% (+1.2 pp)**
- **Successful market launch of our streaming platform Joyn**
- **In the first half of the year growth of revenues (+4%), EBITDA (+6%) and net income (+38%)**
- **Group confirms financial targets for full-year 2019**

ProSiebenSat.1 Group is driving the digital transformation forward emphatically and uniting leading entertainment brands with a globally successful production and distribution business and a high-growth commerce business under one roof. ProSiebenSat.1 Group is increasingly taking advantage of synergies within the Group by systematically connecting the business areas with one another. For example, programs for the Entertainment business are increasingly being produced by the Content Production & Global Sales segment, while the Entertainment and Commerce segments each benefit from the reach, the attractive programming and advertising environment and the data portfolio of the other business area. The Group's revenue base is therefore widely diversified. Over the next around five years, ProSiebenSat.1 Group intends to further increase the digital business's share in revenues to 50% (Q2 2018: 27%; Q2 2019: 31%; H1 2018: 26%; H1 2019: 31%).

ProSiebenSat.1 Group is continuing its revenue growth, with revenues rising by 4% to EUR 947 million in the second quarter of 2019 (previous year: EUR 912 million). Revenues also posted growth of 4% in the first half of 2019, increasing to EUR 1,860 million (previous year: EUR 1,794 million). Both in the second quarter and in the first half of the year, revenues in the Content Production & Global Sales and Commerce segments posted double-digit percentage growth, thereby more than compensating for the decline in revenues in the Entertainment segment. As expected, the Group's adjusted EBITDA saw a decline in both periods, which particularly reflected investments recognized as expense in the Entertainment business in the second quarter, primarily in local content, digital platforms and an improved monetization of reach, as well as lower advertising revenues. EBITDA and net income both increased in the first half year. For full-year 2019 the Group is confirming its financial targets.

At the core of its activities, the Group will continue to provide top entertainment that people love and commerce offerings that people need. In everything it does, ProSiebenSat.1 Group wants to be as close to the consumers as possible and to delight people — with the right offers at the right time, no matter where. This success is decisively shaped by the Group's employees. As of June 30, 2019, ProSiebenSat.1 Group had 7,318 employees (previous year: 6,512), calculated on the basis of full-time equivalents. The higher number of employees mainly results from acquisitions and the expansion of the digital portfolio.

SIGNIFICANT EVENTS

ProSiebenSat.1 Group regularly analyzes its portfolio and assesses possible growth and synergy potential. This strategy includes portfolio expansions, company disposals and investments in promising growth areas. In this context, the following events were significant in the first half of 2019:

- Effective as of February 21, 2019, General Atlantic PD GmbH, Munich ("General Atlantic"), contributed its 41.6% stake in Marketplace GmbH, Berlin ("Marketplace"), to NCG – NUCOM GROUP SE, Unterföhring ("NuCom Group"), by way of a capital increase. General Atlantic has been a growth investor in NuCom Group since 2018; as of the closing date on December 31, 2018, NuCom Group also held a 41.6% interest in Marketplace. At the same time, NuCom Group acquired 10.5% of the shares from other shareholders of Marketplace. The newly resulting total stake of NuCom Group and the shares held by the remaining minority shareholders were contributed effective as of February 21, 2019 to the newly founded be Around Holding GmbH, Berlin ("be Around"). After this contribution, 94.0% of the voting rights and 80.0% of the capital of be Around are attributed to NuCom Group. The overall transaction is based on a purchase price of about EUR 130 million. General Atlantic's stake in NuCom Group thus increased from 25.1% to 28.4%. be Around operates Aroundhome (formerly Käuferportal), Germany's largest online broker for products and services related to the home. Further information on events in the first quarter can be found in → Notes, Note 3 "Acquisitions, disposals and other transactions affecting the scope of consolidation," page 34.

- In the second quarter of 2019, the Group extended the maturities for most of the syndicated credit agreement consisting of a term loan and a revolving credit facility until April 2024. No further reportable events materially impacting the financial position and performance of ProSiebenSat.1 Group occurred in this period. → Borrowings and Financing Structure, page 14

In the first half of 2019, ProSiebenSat.1 Group further developed its Executive Committee and holding structure with the aim of speeding up the Group's transformation process. Further information can be found in the → Annual Report 2018 from page 31.

BUSINESS PERFORMANCE OF PROSIEBENSAT.1 GROUP

GROUP ENVIRONMENT

Economic Development

In the first quarter of 2019, the German economy grew by 0.4% in real terms compared to the previous quarter. However, this increase was exaggerated by various one-off factors such as the favorable development of the construction industry and consumer-friendly fiscal measures.

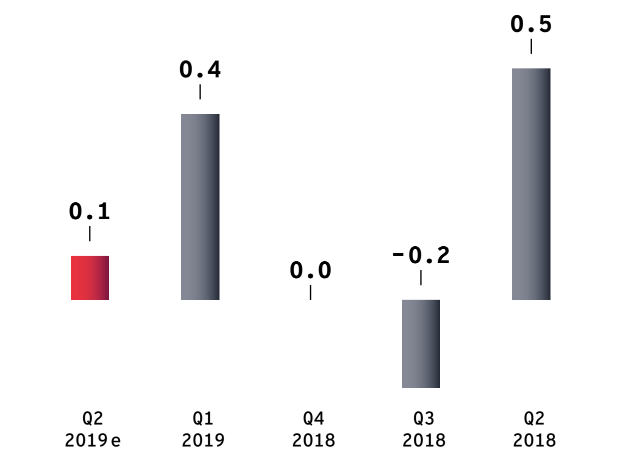
The export-driven German economy is still suffering due to several political uncertainties and trade conflicts, the slowing global economy, and risks within the European Union. The pace of growth in its gross domestic product (GDP) is therefore likely to remain limited overall. According to the German Institute for Economic Research (DIW), weak growth can accordingly be expected in the second quarter.

Currently, positive impetus is mainly coming from the domestic economy. The construction industry is experiencing a boom, while private consumer spending is expanding thanks to the favorable labor market situation and substantial rises in income. According to preliminary information from the German Federal Statistical Office, revenues in retail, which accounts for around one-third of private consumer spending, increased by 2.8% in real terms from January to May 2019. The online and mail order business developed particularly dynamically (+7.1% in real terms). → Fig. 01 → Risk and Opportunity Report, page 21

Sector-Specific Development

ProSiebenSat.1 Group is consistently linking its television business to digital entertainment media and thus expanding its total reach. Together with AGF Videoforschung, ProSiebenSat.1 Group is currently working on the market launch of a convergent total reach metric for TV and digital with daily data. These new indicators will account for altered media usage, as digitalization has extended the range of media usage in recent years and the lines between different media are increasingly blurring. The same content is consumed via various channels on different devices. The associated overlaps between the various forms of use can be presented with the reach metric "total reach." As the next step, this reach is to be made addressable so that advertising can be tailored to the respective viewers in an optimum manner ("smart reach"). In this context, ProSiebenSat.1 Group announced in June 2019 that it would be founding the joint venture "d-force" together with Mediengruppe RTL Deutschland GmbH ("Mediengruppe RTL Deutschland") – with the aim of establishing a cross-marketer platform for booking addressable TV and online video in order to create additional growth opportunities in this area. The plan is subject to the approval of the German Federal Cartel Office. → Annual Report 2018, page 99ff and page 126ff

01 / DEVELOPMENT OF GROSS DOMESTIC PRODUCT IN GERMANY in %, change vs. previous quarter



Adjusted for price, seasonal and calendar effects.
Sources: Destatis, DIW Economic Barometer from June 26, 2019. / **e:** estimate

Development of the Advertising Market

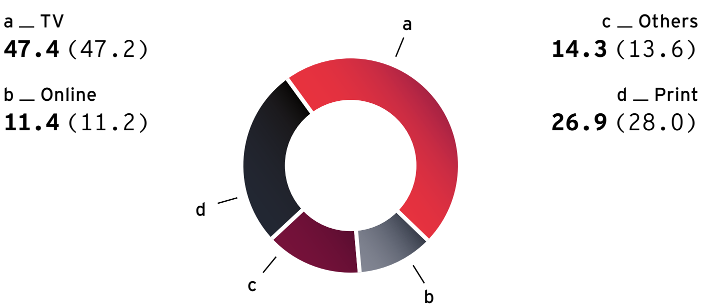
According to Nielsen Media Research, gross TV advertising investment in Germany rose slightly by 0.5% to EUR 3.70 billion in the second quarter of 2019 (previous year: EUR 3.68 billion). From January to June 2019, it decreased by 0.8% to EUR 7.29 billion (previous year: EUR 7.34 billion). At the same time, TV still has the greatest relevance in comparison to other media, accounting for 47.4% of gross advertising investment in the second quarter (previous year: 47.2%) and 47.9% from January to June (previous year: 48.1%). Online advertising accounted for 11.4% in the second quarter (previous year: 11.2%) and also 11.4% in the first half of the year (previous year: 11.0%). → Fig. 02

ProSiebenSat.1 Group is the market leader in the German TV advertising market. According to Nielsen Media Research, the Group achieved a market share of 38.4% in the second quarter of 2019 (previous year: 38.1%). This equated to gross TV advertising revenues of EUR 1.42 billion (previous year: EUR 1.40 billion). From January to June 2019, revenues amounted to EUR 2.77 billion (previous year: EUR 2.83 billion). ProSiebenSat.1 Group thus achieved a market share of 38.1% (previous year: 38.5%). → Fig. 03 → Fig. 04 → Fig. 05

Nielsen Media Research provides important indicators for assessing the advertising market's development. However, the data are collected on a gross basis, meaning that they do not take account of discounts, self-promotion or agency commission. In addition, the data also include TV spots from media-for-revenue-share and media-for-equity transactions. Furthermore, the advertising revenues of major digital players from the US such as Google LLC ("Google") and Facebook Inc. ("Facebook") are not reflected in the Nielsen figures and therefore do not represent the entire gross market.

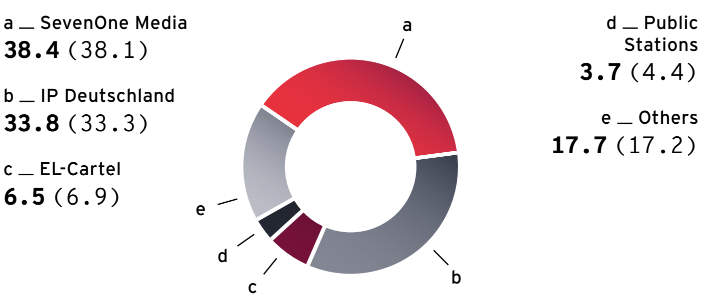
From ProSiebenSat.1 Group's perspective, the TV advertising market developed noticeably below the previous year's level on a net basis in the second quarter of 2019. In addition to structural changes, the dimmer general economic outlook is also likely to have influenced TV advertising investment. → Future Business and Industry Environment, page 22

02 / MEDIA MIX GERMAN GROSS ADVERTISING MARKET in %, Q2 2018 figures in parentheses



Source: Nielsen Media Research.

03 / MARKET SHARES GERMAN GROSS ADVERTISING MARKET in %, Q2 2018 figures in parentheses



Source: Nielsen Media Research.

04 / TV ADVERTISING MARKETS IN GERMANY, AUSTRIA AND SWITZERLAND ON A GROSS BASIS in %

	Development of the TV advertising market in Q2 2019 (Change against previous year)	Market shares ProSiebenSat.1 Group Q2 2019	Market shares ProSiebenSat.1 Group Q2 2018
Germany	0.5	38.4	38.1
Austria	3.3	44.5	43.3
Switzerland	-7.2	29.0	28.5

Germany: Gross, Nielsen Media. / **Austria:** Gross, Media Focus, April–May.
Switzerland : The market shares relate to the German-speaking part of Switzerland, gross, Media Focus.

05 / TV ADVERTISING MARKETS IN GERMANY, AUSTRIA AND SWITZERLAND ON A GROSS BASIS in %

	Development of the TV advertising market in H1 2019 (Change against previous year)	Market shares ProSiebenSat.1 Group H1 2019	Market shares ProSiebenSat.1 Group H1 2018
Germany	-0.8	38,1	38.5
Austria	-0.1	44,9	43.3
Switzerland	-2.4	27,8	29.0

Germany: Gross, Nielsen Media. / **Austria:** Gross, Media Focus, January–May.
Switzerland : The market shares relate to the German-speaking part of Switzerland, gross, Media Focus.

Advertising budgets for in-stream video ads developed dynamically: The gross market volume in Germany increased by 31.3% to EUR 183.8 million in the second quarter of 2019 (previous year: EUR 140.0 million) and amounted to EUR 337.9 million in the first half of the year (previous year: EUR 261.7 million). By selling in-stream video ads, which are shown online before, after or during a video stream, ProSiebenSat.1 Group generated gross revenues of EUR 92.0 million in the second quarter of 2019 (previous year: EUR 66.3 million). This corresponds to a year-on-year increase of 38.8%. The market share therefore, rose from 47.4% to 50.1%. Over the six-month period, the gross revenues of the ProSiebenSat.1 Group rose by 37.2% to EUR 165.2 million (previous year: EUR 120.4 million). This resulted in a market share of 48.9% (previous year: 46.0%).

Overall, investments in online forms of advertising rose by 2.2% to EUR 890.6 million in the second quarter of 2019 (previous year: EUR 871.8 million), allowing the Group to increase its gross revenues by 21.9% to EUR 110.7 million (previous year: EUR 90.8 million). In the six-month period, the investments amounted to EUR 1.73 billion (previous year: EUR 1.67 billion). ProSiebenSat.1 Group thus generated gross revenues of EUR 199.1 million in the first half of the year (+19.9%). In addition to in-stream videos, the online advertising market also includes display ads such as traditional banners and buttons. The official Nielsen Media Research online advertising statistics only include advertisement that is displayed on the websites of the Circle of Online Marketers (OVK). No data is available for advertising on digital platforms such as Google/YouTube, Facebook, or Amazon Inc. ("Amazon"), as these providers do not report their gross revenues to Nielsen Media Research.

In ProSiebenSat.1 Group's view, the online advertising market on a net basis developed above previous year's level in the second quarter of 2019. This is particularly attributable to the growing in-stream market.

Development of Audience Shares and User Numbers

ProSiebenSat.1 Group has further increased its audience share in Germany: In the second quarter of 2019, the Group's seven German free TV stations achieved a joint market share of 28.4% (previous year: 27.1%) among viewers aged between 14 and 49 years. This was the best second-quarter result in four years and corresponded to a year-on-year increase of 1.2 percentage points. There was also a positive development in the first half of the year: In the first six months, the Group posted a market share of 28.1% (previous year: 26.9%), the highest level for the first half of a year since 2016. The increase in ProSiebenSat.1 Group's audience share is particularly attributable to growth in the stations ProSieben, kabel eins and ProSieben MAXX. The latter station posted its best half-year result since it was established in 2013. The stations marketed by IP Deutschland had a market share of 25.2% in the second quarter of 2019 (previous year: 23.0%). In the first half of the year, their share came to 25.8% (previous year: 24.5%). → Fig. 06

06 / AUDIENCE SHARES OF PROSIEBENSAT.1 GROUP

in %

	Q2 2019	Q2 2018	H1 2019	H1 2018
Germany	**28.4**	27.1	**28.1**	26.9
Austria	**28.2**	27.9	**27.5**	28.1
Switzerland	**17.7**	16.7	**17.9**	17.1

Germany: ProSiebenSat.1 Group: SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX, kabel eins Doku; AGF in cooperation with GfK | videoSCOPE 1.2 | market standard: TV | prepared on July 4, 2019; target group: 14–49.
Austria: AGTT/GfK TELETEST; Evogenius Reporting; January 1, 2019–June 30, 2019; weighted for number of people; including VOSDAL/time-shift; standard, target group: 12–49.
Switzerland: Figures are based on 24 hours (Mon–Sun). SAT.1 Schweiz, ProSieben Schweiz, kabel eins Schweiz, sixx Schweiz, SAT.1 Gold Schweiz, ProSieben MAXX Schweiz, Puls 8; advertising-relevant target group 15–49; market shares relate to the German-speaking part of Switzerland; total signal. Source: Mediapulse TV Panel.

With sixx, SAT.1 GOLD, ProSieben MAXX and kabel eins Doku, the Group has launched four new special-interest stations in Germany in the past few years, thereby extending its lead in the audience market. Today, ProSiebenSat.1 Group has seven brands in its principal revenue market, which complement each other synergistically and address different target groups. In addition, ProSiebenSat.1 Group has a complementary profile with various advertising-financed free TV stations in Austria and Switzerland.

In addition to increasingly specific, targeted approaches to viewers and the sale of advertising spots, ongoing digitalization is opening up new revenue models for the TV business. For instance, in the free TV business, ProSiebenSat.1 Group participates in the technical service fees that end customers pay to the respective providers for programs in HD quality. In Germany, ProSiebenSat.1 HD stations were able to increase the number of users to 9.8 million in the second quarter of 2019 (previous year: 9.1 million)[1]. The Group also broadcasts its programs in HD quality in Austria and Switzerland.

In addition, the Company develops offers that incorporate various platforms based on the main medium of TV. In June 2019, ProSiebenSat.1 Group launched its streaming platform Joyn GmbH ("Joyn") in cooperation with Discovery Inc. ("Discovery"). In the first week after its launch on June 18, 2019, Joyn already recorded over 1 million users in Germany.

A further essential component of ProSiebenSat.1 Group's portfolio is the digital studio Studio71, which pools the Group's digital content offerings and distributes them via digital platforms. In the second quarter of 2019, digital studio Studio71 generated over 9.7 billion video views per month worldwide (previous year: 8.9 billion video views). In the first half of 2019, 9.9 billion video views per month were achieved (previous year: 8.6 billion video views).

Due to the 26% growth of its digital viewtime in the second quarter of 2019 as well as the rising audience market shares, ProSiebenSat.1 Group recorded a total video viewtime of 257,043 million minutes in the second quarter (previous year: 256,400 million minutes), meaning the total number of minutes viewed on the linear channels and digital entertainment platforms of the Group. This is a growth of 0.3% compared to the previous year.

[1] As of May 31, 2019 (and May 31, 2018)

GROUP EARNINGS

Revenue and Earnings Performance in the Second Quarter of 2019

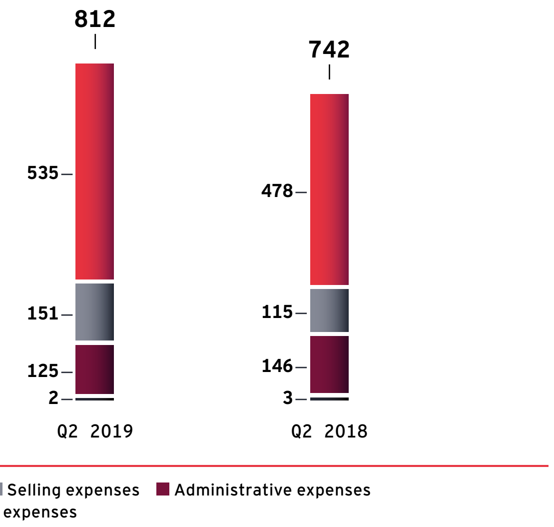
07 / **SELECTED KEY FIGURES OF PROSIEBENSAT.1 GROUP** in EUR m

	Q2 2019	Q2 2018
Revenues	947	912
Total costs	– 812	– 742
Operating costs	– 743	– 661
Operating result (EBIT)	144	178
Adjusted EBITDA	213	259
Reconciling items	– 9	– 28
EBITDA	204	230
Financial result	– 13	6
Result before income taxes	131	184
Income taxes	– 37	– 59
Net income	94	125
Net income attributable to shareholders of ProSiebenSat.1 Media SE	93	126
Adjusted net income	85	136

ProSiebenSat.1 Group's **revenues** amounted to EUR 947 million in the second quarter of 2019, up 4% or EUR 35 million year-on-year (previous year: EUR 912 million). Adjusted for consolidation and currency effects, the increase in revenues also was 4%. The Content Production & Global Sales and Commerce segments both increased their revenues, thereby more than compensating for the decline in the Entertainment segment. → Business Development of the Segments, page 12

Besides the deconsolidation of the video-on-demand (VoD) portal maxdome and the online sports program operator 7NXT, the decline in revenues in the Entertainment segment was mainly due to the development of the TV core advertising revenues, which were below the previous year's level. At the same time, the share of the non-advertising business increased to 45% at Group level in the second quarter of 2019 (previous year: 42%). Here, ProSiebenSat.1 Group grew both organically and as a result of acquisitions to expand the digital portfolio. ProSiebenSat.1 Group's objective is to generate additional revenues beyond the traditional TV advertising business and above all to successively increase the share of the digital business.

08 / **TOTAL COSTS** in EUR m



Total costs rose by 9% to EUR 812 million (previous year: EUR 742 million). The rise in the cost of sales resulted on the one hand from increased revenues, particularly in the Content Production & Global Sales and Commerce segments, and on the other hand from higher consumption of programming assets of EUR 217 million (previous year: EUR 207 million). The increase in selling expenses was particularly due to consolidation effects. In contrast administrative expenses decreased by 15%. The high figure for the previous year was primarily influenced by costs in connection with M&A transactions.

Adjusted EBITDA decreased by 18% or EUR 46 million to EUR 213 million. This is due to higher operating costs, which amounted to EUR 743 million (+12% or EUR 82 million). As announced, in addition to a revenue-driven cost increase in the Content Production & Global Sales and Commerce segments, this year-on-year increase is attributable partly to investments recognized as expense, especially in the Entertainment segment. These investments recognized as expense included investments in local content, the expansion of digital platforms and improved monetization of reach. The **adjusted EBITDA margin** was 22.5% (previous year: 28.4%). The development of the adjusted EBITDA margin is characterized by different cost and earnings structures of the individual segments.

09 / **RECONCILIATION OF OPERATING COSTS** in EUR m

	Q2 2019	Q2 2018
Total costs	812	742
EBITDA expense adjustments	10	29
Depreciation, amortization and impairments[1]	59	52
Operating costs	**743**	**661**

[1] Of other intangible and tangible assets.

EBITDA declined by 12% or EUR 27 million to EUR 204 million in the second quarter of 2019. This figure was influenced by reconciling items of minus EUR 9 million (previous year: EUR –28 million), which comprised the following: Expenses in connection with reorganization increased by EUR 6 million to EUR 8 million. Expenses of EUR 2 million resulted from M&A projects in the second quarter of 2019 (previous year: EUR 20 million), which were primarily attributable to the Entertainment segment. Other EBITDA effects amounted to EUR 0 million (previous year: EUR –6 million). This item mainly includes fair value adjustments of share-based payments amounted to EUR 1 million (previous year: EUR 2 million). The expenses from other material one-time items of minus EUR 2 million (previous year: EUR –10 million) had an opposite effect.

10 / RECONCILIATION OF ADJUSTED EBITDA in EUR m

	Q2 2019	Q2 2018
Result before income taxes	131	184
Financial result	–13	6
Operating result (EBIT)	**144**	**178**
Depreciation, amortization and impairments[1]	–59	–52
thereof from purchase price allocations	–13	–12
EBITDA	**204**	**230**
Reconciling items[2]	–9	–28
Adjusted EBITDA	**213**	**259**

[1] Of other intangible and tangible assets.
[2] EBITDA expense adjustments of minus EUR 10 million (previous year: EUR –29 million) less income adjustments of EUR 0 million (previous year: EUR 1 million).

The **financial result** totaled minus EUR 13 million (previous year: EUR 6 million). This is mainly attributable to the negative development of the result from investments accounted for using the equity method, which amounted to minus EUR 12 million (previous year: EUR –2 million). As expected, this was due to the planned investments in the joint venture with Discovery, which operates the streaming platform Joyn. Joyn was successfully launched on June 18, 2019. Less than 24 hours after its start, the app was already number 1 in the download charts in Germany. Joyn offers livestreams from over 50 TV channels and an extensive on-demand offer of series produced in-house, shows and exclusive previews. The **other financial result** totaled EUR 13 million (previous year: EUR 25 million) and comprised the following: Impairments and reversals of impairment on financial assets amounted to EUR 24 million in the second quarter of 2019 (previous year: EUR 29 million). EUR 23 million of this was attributable to the reassessment of put-options (previous year: EUR 33 million) and EUR 7 million to earn-out liabilities (previous year: EUR 0 million). The two biggest items were the valuation of shares in the US film distributor Gravitas Ventures, LLC ("Gravitas Ventures") as a result of the changed expectations for future cash inflows and the valuation of shares in digital studio Studio71. Other financing costs of minus EUR 5 million (previous year: 0 million) and results of currency conversion of minus EUR 6 million (previous year: –5 million) had an opposite effect. The **interest result** amounted to minus EUR 14 million (previous year: EUR –17 million).

The developments described resulted in a decline in the **result before income taxes** to EUR 131 million (previous year: EUR 184 million).

Income taxes amounted to EUR 37 million (previous year: EUR 59 million) with a tax rate of 28.5% (previous year: 32.0%).

The **net income** decreased by EUR 32 million to EUR 94 million (previous year: EUR 125 million). The net income attributable to shareholders of ProSiebenSat.1 Media SE fell by EUR 33 million to EUR 93 million.

11 / RECONCILIATION OF ADJUSTED NET INCOME
in EUR m

	Q2 2019	Q2 2018
Net income attributable to shareholders of ProSiebenSat.1 Media SE	93	126
Valuation effects relating to strategic realignments of business units	–1	–/–
Other EBITDA adjustments	10	28
Depreciation, amortization and impairments from purchase price allocations[1]	13	13
Impairments on other financial assets	11	5
Reversal of impairment, reassessment and income from the sale accounted for using the equity method	–4	–/–
Valuation effects of put-options and earn-out liabilities	–30	–28
Subsequent valuation effects relating to strategic realignments of business units in the financial result	5	–/–
Valuation effects from interest rate hedging transactions	–1	–/–
Reassessment of tax risks	–/–	–1
Other effects	–2	–2
Tax effects	–6	–1
Minority interests	–5	–4
Adjusted net income	**85**	**136**

[1] Including effects on associates consolidated using the equity method.

The **adjusted net income** was down 38% year-on-year and amounted to EUR 85 million (previous year: EUR 136 million). This item is adjusted by the mentioned reconciling items and presented in the reconciliation. These include the effects recognized in the other financial result as well as the expenses resulting from restructuring and portfolio measures. Basic adjusted earnings per share amounted to EUR 0.37 (previous year: EUR 0.60).

12 / RECONCILIATION OF THE INCOME STATEMENT
in EUR m

	Q2 2019 IFRS	Adjust-ments	Q2 2019 adjusted
Revenues	947	-/-	947
Total costs	-812	-24	-788
thereof operating costs	-743	-/-	-743
thereof depreciation, amortization and impairments	-59	-14	-46
Other operating income	9	0	9
Operating result (EBIT)	**144**	**-23**	**168**
Financial result	-13	21	-35
Result before income taxes	131	-2	133
Income taxes	-37	6	-43
NET INCOME	**94**	**4**	**90**
Net income attributable to shareholders of ProSiebenSat.1 Media SE	93	9	85
Net income attributable to non-controlling interests	1	-5	5
Result before income taxes	131	-2	133
Financial result	-13	21	-35
Operating result (EBIT)	**144**	**-23**	**168**
Depreciation, amortization and impairments	-59	-14	-46
thereof from purchase price allocations	-13	-13	-/-
EBITDA	**204**	**-9**	**213**

ProSiebenSat.1 Group also uses non-IFRS figures in the form of adjusted net income (1) and adjusted EBITDA (2). This publication takes into account the development of reporting practices for non-IFRS figures and more stringent regulatory transparency requirements in this area.

Revenue and Earnings Performance in the First Half of 2019

13 / SELECTED KEY FIGURES OF PROSIEBENSAT.1 GROUP in EUR m

	H1 2019	H1 2018
Revenues	1,860	1,794
Total costs	-1,605	-1,550
Operating costs	-1,475	-1,350
Operating result (EBIT)	273	260
Adjusted EBITDA	403	459
Reconciling items	-19	-96
EBITDA	384	363
Financial result	36	-30
Result before income taxes	309	230
Income taxes	-94	-75
Net income	215	155
Net income attributable to shareholders of ProSiebenSat.1 Media SE	215	153
Adjusted net income	179	230

ProSiebenSat.1 Group's **revenues** rose by 4% or EUR 66 million to EUR 1,860 million. Adjusted for consolidation and currency effects, the increase in revenues also was 4%. → Business Development of the Segments, page 12

Operating costs rose by 9% or EUR 125 million to EUR 1,475 million. This led to an **adjusted EBITDA** of EUR 403 million, after EUR 459 million in the previous year. The corresponding **adjusted EBITDA margin** was 21.7% (previous year: 25.6%). The margin declined because of the different cost and earnings structures of the individual segments.

The **EBITDA** increased by 6% or EUR 21 million to EUR 384 million in the first half of 2019. EBITDA included reconciling items of minus EUR 19 million (previous year: EUR -96 million), which primarily were attributable to the reorganization in the Entertainment segment in the amount of minus EUR 16 million (previous year: EUR -63 million). At the beginning of the previous year, the Group restructured its portfolio on the basis of a three-pillar strategy. This new structure is intended to strengthen growth and efficiency in the Entertainment, Content Production & Global Sales, and Commerce segments. M&A projects resulted in costs of EUR 4 million in the first half of the year (previous year: EUR 24 million). Other EBITDA effects amounted to EUR 1 million (previous year: EUR -9 million). This included expenses from other material one-time items of minus EUR 2 million (previous year: EUR -11 million). The previous year's figure was impacted by expenses of other accounting periods in the Entertainment and Commerce segments. Fair value adjustments of share-based payments of EUR 3 million (previous year: EUR 0 million) had the opposite effect.

14 / RECONCILIATION OF ADJUSTED EBITDA in EUR m

	H1 2019	H1 2018
Result before income taxes	309	230
Financial result	36	-30
Operating result (EBIT)	**273**	**260**
Depreciation, amortization and impairments[1]	-110	-103
thereof from purchase price allocations	-25	-24
EBITDA	**384**	**363**
Reconciling items[2]	-19	-96
Adjusted EBITDA	**403**	**459**

[1] Of other intangible and tangible assets.
[2] EBITDA expense adjustments of EUR 20 million (previous year: EUR 97 million) less income adjustments of EUR 0 million (previous year: EUR 1 million).

The **financial result** improved to EUR 36 million, compared to minus EUR 30 million in the previous year. This is mainly attributable to the positive development of the **other financial result**, which amounted to EUR 80 million (previous year: EUR 15 million). It includes impairments and reversals of impairment as well as income from the reassessment of financial assets, which increased by EUR 81 million to EUR 101 million in the first half of 2019 (previous year: EUR 20 million). These result in particular from the sale of shares in the global video service Pluto Inc. ("Pluto") in the amount of EUR 22 million and from the reassessment of the former shares in Marketplace (EUR 27 million) in connection with the increase in the share and full consolidation of the newly founded be Around. The reassessment of put options accounted for EUR 39 million (previous year: EUR 24 million).

In addition, the valuation effects from earn-out liabilities increased to EUR 20 million (previous year: EUR 0 million). Results of currency conversion of minus EUR 14 million (previous year: −3 million) and other financing costs of minus EUR 7 million (previous year: −2 million) had also an opposite effect in the half year. → Notes, Note 3 "Acquisitions, disposals and other transactions affecting the scope of consolidation", page 34
→ Note 7 "Financial instruments", page 39

The developments described resulted in an increase in the **result before income taxes** of 34% or EUR 79 million to EUR 309 million. The **net income** attributable to shareholders of ProSiebenSat.1 Media SE increased to EUR 215 million (previous year: EUR 153 million).

15 / RECONCILIATION OF ADJUSTED NET INCOME

in EUR m

	H1 2019	H1 2018
Net income attributable to shareholders of ProSiebenSat.1 Media SE	215	153
Valuation effects relating to strategic realignments of business units	−1	−/−
Other EBITDA adjustments	20	96
Depreciation, amortization and impairments from purchase price allocations[1]	26	24
Impairments on other financial assets	14	11
Reversal of impairment, reassessment and income from the sale accounted for using the equity method	−53	0
Valuation effects of put-options and earn-out liabilities	−56	−22
Subsequent valuation effects relating to strategic realignments of business units in the financial result	5	−/−
Valuation effects from interest rate hedging transactions	−1	0
Reassessment of tax risks	−/−	5
Other effects	2	−4
Tax effects	8	−27
Minority interests	0	−6
Adjusted net income	**179**	**230**

[1] Including effects on associates consolidated using the equity method.

Adjusted net income amounted to EUR 179 million (previous year: EUR 230 million). Reconciling items can influence or even overshadow operating performance; figures adjusted for such items therefore offer supplementary information for the assessment of the Company's operating performance.

16 / RECONCILIATION OF THE INCOME STATEMENT

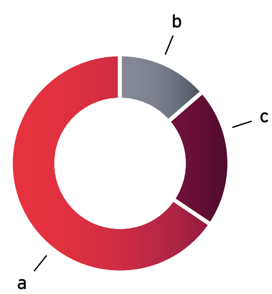
in EUR m

	H1 2019 IFRS	Adjust-ments	H1 2019 adjusted
Revenues	1,860	−/−	1,860
Total costs	−1,605	−46	−1,559
thereof operating costs	−1,475	−/−	−1,475
thereof depreciation, amortization and impairments	−110	−26	−84
Other operating income	18	0	17
Operating result (EBIT)	**273**	**−45**	**319**
Financial result	36	90	−54
Result before income taxes	309	45	264
Income taxes	−94	−8	−86
NET INCOME	**215**	**36**	**178**
Net income attributable to shareholders of ProSiebenSat.1 Media SE	215	37	179
Net income attributable to non-controlling interests	−1	0	0
Result before income taxes	309	45	264
Financial result	36	90	−54
Operating result (EBIT)	**273**	**−45**	**319**
Depreciation, amortization and impairments	−110	−26	−84
thereof from purchase price allocations	−25	−25	−/−
EBITDA	**384**	**−19**	**403**

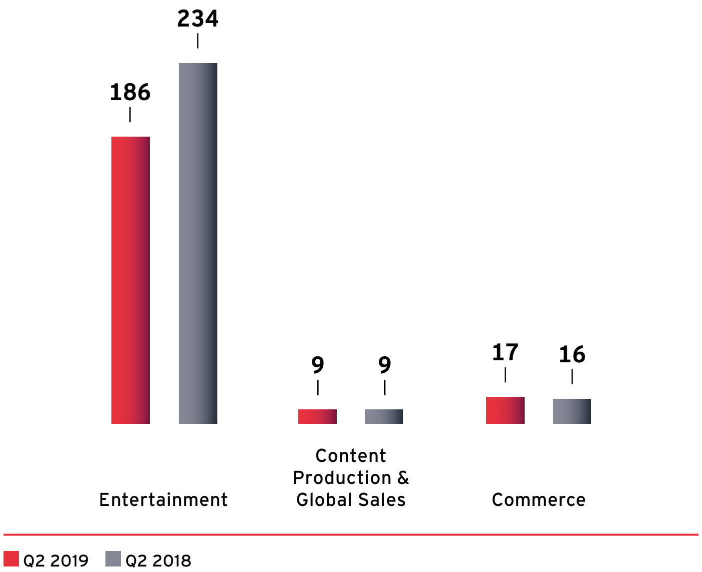
ProSiebenSat.1 Group also uses non-IFRS figures in the form of adjusted net income (1) and adjusted EBITDA (2). This publication takes into account the development of reporting practices for non-IFRS figures and more stringent regulatory transparency requirements in this area.

BUSINESS DEVELOPMENT OF THE SEGMENTS

17 / REVENUE SHARE BY SEGMENT IN Q2 2019 in %, Q2 2018 figures in parentheses



18 / ADJUSTED EBITDA BY SEGMENT in EUR m



Entertainment Segment

REVENUE AND EARNINGS PERFORMANCE IN THE SECOND QUARTER OF 2019

The Entertainment segment's **external revenues** amounted to EUR 601 million in the second quarter of 2019. In addition to the deconsolidation of maxdome and 7NXT in July 2018, this decline of 4% or EUR 27 million is primarily attributable to the weaker performance of the advertising business. Adjusted for consolidation and currency effects, the decline amounted to 1%. The dynamic growth of 26% in the digital and smart advertising business did not fully compensate for the decline in the TV core advertising revenues, with the effect that the total advertising revenues fell slightly by 2% in the second quarter of 2019, primarily reflecting the general market development. By contrast, distribution revenues continued to develop positively. → Economic Development, page 6 → Development of the Advertising Market, page 6

The **adjusted EBITDA** fell by 20% or EUR 47 million year-on-year to EUR 186 million. The development of earnings is on the one hand due to declining revenues and on the other hand to investments recognized as expense, particularly in local content. The **adjusted EBITDA margin** was 30.5% (previous year: 36.2%). **EBITDA** posted a decline of 16% to EUR 180 million (previous year: EUR 215 million). → Group Earnings, page 9

REVENUE AND EARNINGS PERFORMANCE IN THE FIRST HALF OF 2019

In the first half of the year, too, the above-mentioned deconsolidation effects and the weaker development of the advertising market were the main factors behind the development of revenues and earnings: **External revenues** were down 6% or EUR 72 million year-on-year (previous year: EUR 1,252 million). Adjusted for consolidation and currency effects, the decline amounted to 2%. In addition to the revenue development described above, investments recognized as expense in local content and in the expansion of digital platforms as well as costs related to improved monetization of reach in particular led to a decline in **adjusted EBITDA** of 16% or EUR 68 million to EUR 349 million. The **adjusted EBITDA margin** fell to 29.0% (previous year: 32.4%). The **EBITDA** increased by 2% to EUR 339 million (previous year: EUR 332 million). The previous year's figure is dominated in particular by expenses related to reorganization measures.

19 / KEY FIGURES ENTERTAINMENT SEGMENT in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Segment revenues	**612**	646	**1,204**	1,288
External revenues	**601**	628	**1,180**	1,252
Internal revenues	**12**	18	**24**	36
EBITDA	**180**	215	**339**	332
Adjusted EBITDA	**186**	234	**349**	417
Adjusted EBITDA margin[1] (in %)	**30.5**	36.2	**29.0**	32.4

[1] Based on segment revenues.

Content Production & Global Sales Segment

REVENUE AND EARNINGS PERFORMANCE IN THE SECOND QUARTER OF 2019

In the Content Production & Global Sales segment, **external revenues** increased significantly by 28% to EUR 148 million in the second quarter of 2019 (previous year: EUR 116 million). Adjusted for consolidation and currency effects, revenues grew by 21%. Both digital studio Studio71 and the production business posted sustained dynamic growth.

Adjusted EBITDA was on par with the previous year at EUR 9 million; the corresponding **adjusted EBITDA margin** amounted to 5.3% (previous year: 7.3%) and reflects the different margin structures of the individual business models. **EBITDA** increased by EUR 2 million to EUR 10 million.

REVENUE AND EARNINGS PERFORMANCE IN THE FIRST HALF OF 2019

In the first half of the year, **external revenues** in the Content Production & Global Sales segment rose significantly by 33% to EUR 283 million (previous year: EUR 214 million) as a result of the developments described above. Adjusted for consolidation and currency effects, the increase in revenues was 26%. The **adjusted EBITDA** increased by 28% to EUR 17 million (previous year: EUR 13 million) while the adjusted EBITDA margin amounted to 5.4% (previous year: 5.6%). The **EBITDA** grew by 48% and amounted to EUR 18 million (previous year: EUR 12 million).

20 / KEY FIGURES CONTENT PRODUCTION & GLOBAL SALES in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Segment revenues	**171**	130	**319**	239
External revenues	**148**	116	**283**	214
Internal revenues	**23**	14	**36**	26
EBITDA	**10**	8	**18**	12
Adjusted EBITDA	**9**	9	**17**	13
Adjusted EBITDA margin[1] (in %)	**5.3**	7.3	**5.4**	5.6

[1] Based on segment revenues.

Commerce Segment

REVENUE AND EARNINGS PERFORMANCE IN THE SECOND QUARTER OF 2019

External revenues in the Commerce segment rose by 18% and amounted to EUR 198 million in the second quarter of 2019 (previous year: EUR 168 million). The growth was positively influenced by the initial consolidation of eHarmony Inc. ("eHarmony Group") in November 2018 and of be Around in March 2019. Adjusted for consolidation and currency effects, the increase in revenues was 7%. Flaconi GmbH ("Flaconi") and WindStar Medical GmbH ("WindStar Medical") in particular generated substantial growth, whereas Verivox Holding GmbH ("Verivox Holding") and SilverTours GmbH ("SilverTours") were impacted by a challenging market and competitive environment in the second quarter of 2019.

The **adjusted EBITDA** increased by 8% to EUR 17 million (previous year: EUR 16 million); the **adjusted EBITDA margin** amounted to 8.7% (previous year: 9.5%). **EBITDA** increased by 66% to EUR 13 million (previous year: EUR 8 million). EBITDA includes reconciling items of EUR 4 million after EUR 8 million in the previous year. In the second quarter of 2019, reconciling items resulted in particular from expenses related to reorganizations, especially in connection with the integration of eHarmony Group in PARSHIP Group GmbH ("Parship Group").

REVENUE AND EARNINGS PERFORMANCE IN THE FIRST HALF OF 2019

The effects in the second quarter also characterized the development in the first half of the year: **External revenues** rose by 21% to EUR 397 million (previous year: EUR 328 million). Adjusted for consolidation and currency effects, the increase in revenues was 11%. **Adjusted EBITDA** increased by 24% to EUR 36 million (previous year: EUR 29 million) while the **adjusted EBITDA margin** amounted to 9.1% (previous year: 8.9%). **EBITDA** rose by 36% or EUR 7 million to EUR 28 million.

21 / KEY FIGURES COMMERCE in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Segment revenues	**198**	168	**397**	328
External revenues	**198**	168	**397**	328
Internal revenues	**0**	0	**0**	0
EBITDA	**13**	8	**28**	20
Adjusted EBITDA	**17**	16	**36**	29
Adjusted EBITDA margin[1] (in %)	**8.7**	9.5	**9.1**	8.9

[1] Based on segment revenues.

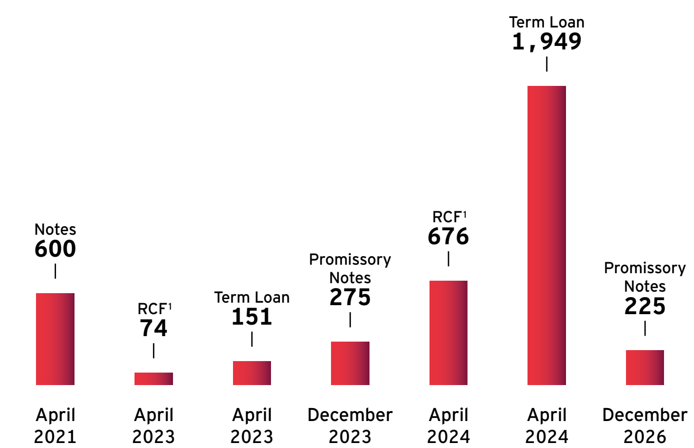
GROUP FINANCIAL POSITION AND PERFORMANCE

Borrowings and Financing Structure

ProSiebenSat.1 Group uses various financing instruments and practices active financial management. As of June 30, 2019, debt accounted for an 83% share of total equity and liabilities (December 31, 2018, and June 30, 2018: 83%). The majority of this, at EUR 3,200 million or 61% (December 31, 2018: 59%; June 30, 2018: 62%), was attributable to current and non-current financial debt.

The Group continuously monitors and assesses developments on the money and capital markets. In April 2019, ProSiebenSat.1 Group extended the maturities for most of the syndicated credit agreement consisting of a term loan and a syndicated revolving credit facility until April 2024. Further information on the financing instruments can be found on → pages 113 and 114 of the Annual Report 2018.

22 / DEBT FINANCING INSTRUMENTS AND MATURITIES AS OF JUNE 30, 2019 in EUR m



[1] Not drawn.

Rating agencies do not take ProSiebenSat.1 Group's loan agreement, notes and promissory notes into account in their credit ratings. For this reason, no corresponding statements are made here.

Interest payable on the syndicated term loan and the syndicated revolving credit facility (RCF) is variable and based on Euribor money market rates plus an additional credit margin. The Group uses derivative financial instruments in the form of interest rate swaps and interest rate options to hedge against interest rate changes caused by the market. As of June 30, 2019, the proportion of fixed interest was approximately 98% of the entire long-term financing portfolio (December 31, 2018, and June 30, 2018: approx. 98%). The average fixed rate of the interest rate swaps was 0.5% per annum; the average interest rate cap was 1.0%. → Analysis of Assets and Capital Structure, page 18

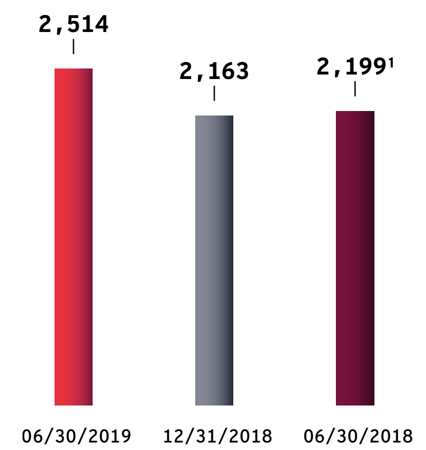
Financing Analysis

The leverage ratio is a key indicator for Group-wide financial and investment planning. It reflects the ratio of net financial debt to adjusted EBITDA over the last twelve months (LTM adjusted EBITDA). The target is a ratio between 1.5 and 2.5 at the end of the relevant year; the target range may be exceeded for a short period of time as a result of fluctuations during the year.

As of June 30, 2019, the leverage ratio was 2.6 (December 31, 2018: 2.1; June 30, 2018: 2.1) with net financial debt of EUR 2,514 million (December 31, 2018: EUR 2,163 million; June 30, 2018: EUR 2,199 million). This higher net financial debt reflects the development of cash flow. → Analysis of Liquidity and Capital Expenditure, page 16

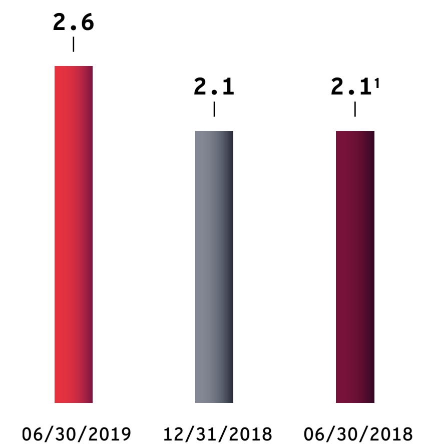
As of June 30, 2019, the definition of ProSiebenSat.1 Group's net financial debt does not include lease liabilities according to IFRS 16, which amounted to EUR 164 million (December 31, 2018: EUR 155 million; June 30, 2018: EUR 165 million). Also not included are real estate liabilities of EUR 42 million (December 31, 2018: EUR 22 million; June 30, 2018: EUR 0 million).

23 / **NET FINANCIAL DEBT** in EUR m



[1] After reclassification of cash and cash equivalents of assets held for sale. Net financial debt is defined as financial debt minus cash and cash equivalents and certain current financial assets. The leverage ratio is derived by calculating the ratio of net financial debt to adjusted EBITDA of the last twelve months (LTM adjusted EBITDA).

24 / **LEVERAGE RATIO**



[1] After reclassification of cash and cash equivalents of assets held for sale. Net financial debt is defined as financial debt minus cash and cash equivalents and certain current financial assets. The leverage ratio is derived by calculating the ratio of net financial debt to adjusted EBITDA of the last twelve months (LTM adjusted EBITDA).

Analysis of Liquidity and Capital Expenditure

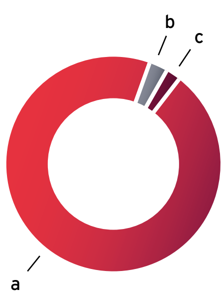
25 / CASH FLOW STATEMENT in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Net income	**94**	**125**	**215**	**155**
Cash flow from operating activities	**404**	**266**	**687**	**607**
Cash flow from investing activities	**-429**	**-466**	**-766**	**-751**
Free cash flow	**-25**	**-199**	**-79**	**-143**
Cash flow from financing activities	**-277**	**-382**	**-269**	**-414**
Effect of foreign exchange rate changes on cash and cash equivalents	-2	20	3	12
Change in cash and cash equivalents	-304	-562	-346	-545
Cash and cash equivalents at beginning of reporting period	989	1,576[1]	1,031	1,559[1]
Cash and cash equivalents classified under assets held for sale at end of reporting period	-/-	24	-/-	24
Cash and cash equivalents at end of reporting period[2]	**685**	**990**	**685**	**990**

[1] Includes cash and cash equivalents from assets held for sale.
[2] The cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents reported in the statement of financial position as of the respective closing date.

In the second quarter of 2019, ProSiebenSat.1 Group generated **cash flow from operating activities** of EUR 404 million (previous year: EUR 266 million). The increase primarily reflects the change in working capital. The main reason for this is an increase in liabilities, slightly offset by higher receivables. In addition, there was a positive impact from a tax refund. Cash flow from operating activities amounted to EUR 687 million in the first half of 2019 (previous year: EUR 607 million). Here, too, the increase was mainly attributable to the change in working capital and the stated tax refund.

26 / INVESTMENTS BY SEGMENT IN Q2 2019[1] in %, previous year''s Q2 2018 figures in parentheses



[1] Investments by segment before M&A activities.

For the second quarter of 2019, the Group reports a **cash flow from investing activities** of minus EUR 429 million. This corresponds to a decrease in the cash outflow of 8% or EUR 36 million. This reflects lower payments for additions to the scope of consolidation, while the opposite effect resulted from higher payments for programming investments and increased investments in property, plant and equipment and other intangible assets. The cash outflow in the first half of 2019 amounted to EUR 766 million (previous year: EUR 751 million). The increase resulted from higher payments for programming investments and higher investments in property, plant and equipment and other intangible assets, while lower payments for additions to the scope of consolidation had the opposite effect.

- The cash outflow for additions to the scope of consolidation amounted to EUR 85 million in the second quarter of 2019 (previous year: EUR 205 million) and mainly reflected deferred purchase price payments for Virtual Minds AG ("Virtual Minds"), digital studio Studio71 and the US production company Kinetic Content, LLC ("Kinetic Content"). The comparatively high figure for the previous year included purchase price payments for the health brand Zirkulin and the social advertising provider esome advertising technologies GmbH ("esome"), as well as deferred purchase price payments for Verivox Holding and Virtual Minds. In the first half of 2019, the cash outflow for additions to the scope of consolidation amounted to EUR 94 million (previous year: EUR 230 million). The figure for the first half of 2019 also included the purchase price payment for the acquisition of be Around. In the first half of 2018, the figure included purchase price payments for the online cancellation service Aboalarm GmbH ("Aboalarm") and the e-commerce marketer Kairion GmbH ("Kairon") and deferred purchase price payments for the US production companies Kinetic Content and Fabrik Entertainment, LLC ("Fabrik Entertainment").
→ Significant Events, page 5

i Assets resulting from initial consolidations are not reported as segment-specific investments. Cash and cash equivalents used for the acquisition of the initially consolidated entities are shown as "cash flow from obtaining control ob subsidiaries or other businesses".

- The cash outflow for the acquisition of programming rights amounted to EUR 275 million. This is an increase of 17% or EUR 39 million compared to the previous year. As in the previous year, almost all of the programming investments were made in the Entertainment segment. 55% went on licensed programs (Q2 2018: 60%) and 44% on commissioned productions (Q2 2018: 39%). In the first half of the year, cash outflows increased by 25% to EUR 578 million (previous year: EUR 463 million). 53% went on licensed programs (H1 2018: 58%) and 46% on commissioned productions (H1 2018: 41%).

i Programming investments are a focal point in investing activities. In addition to the purchasing of licensed formats and commissioned productions, in-house formats secure the Group's programming supply. They are based on the development and implementation of own ideas and, unlike commissioned productions, are produced primarily for broadcasting in the near future. For this reason, they are recognized immediately as an expense in cost of sales and are not considered as an investment.

- Investments in property, plant and equipment also increased, amounting to EUR 13 million in the second quarter of 2019 (previous year: EUR 11 million) and EUR 22 million in the first half of 2019 (previous year: EUR 19 million). Here, too, the Entertainment segment accounted for the majority of these investments at 71% in the second quarter of 2019 and 68% in the first half of 2019 (Q2 2018: 84%; H1 2018 85%). Besides technical facilities and leasehold improvements, they related to the new campus at the Unterföhring site. EUR 46 million (previous year: EUR 23 million) was invested in other intangible assets in the second quarter of 2019 and EUR 79 million (previous year: EUR 48 million) in the first half of 2019. At 73% in both the second quarter and the first half of 2019, the Group's investments in other intangible assets mainly related to the Entertainment segment (Q2 2018: 82%; H1 2018: 74%).

The developments described resulted in **free cash flow** of minus EUR 25 million for the second quarter of 2019 (previous year: EUR −199 million) and minus EUR 79 million for the first half of 2019 (previous year: EUR −143 million). → Fig. 27 → Fig. 28

M&A cash flow amounted to minus EUR 101 million in the second quarter of 2019, after minus EUR 196 million in the previous year (H1 2019: EUR −94 million; H1 2018: EUR −226 million). In both the second quarter and the first half of 2019, there were lower cash outflows for additions to the scope of consolidation.

The **free cash flow before M&A** amounted to EUR 76 million in the second quarter of 2019 (previous year: EUR −3 million). This equates to an increase of EUR 80 million, which is based both on the change in working capital and on a tax refund. These factors were partly offset by a higher cash outflow for the acquisition of programming rights. In the first half of the year, free cash flow before M&A activities amounted to EUR 15 million, after EUR 83 million in the previous year.

i Free cash flow: Total cash and cash equivalents generated in operating business less the balance of cash used and generated in the context of investing activities. Free cash flow before M&A: Free cash flow adjusted for cash used and generated by M&A transactions (excl. transaction costs) related to majority acquisitions that are carried out and planned, the purchase and sale of investments accounted for using the equity method and other investments with the exception of media-for-equity investments.

Cash flow from financing activities amounted to minus EUR 277 million in the second quarter of 2019 (previous year: EUR −382 million). The dividend totaling EUR 269 million (previous year: EUR 442 million) was paid in June. In the previous year, there was a cash inflow from the sale of shares in NuCom Group to General Atlantic in the amount of EUR 286 million in the second quarter. The previous year's figure also included a cash outflow of EUR 200 million for the purchase price payment for additional shares in Parship Group, which was already controlled, and for the acquisition of additional shares in SilverTours. In the first half of the year, cash flow from financing activities amounted to minus EUR 269 million, after minus EUR 414 million in the previous year. The cash inflow in the first half of 2019 was attributable to proceeds from non-controlling interests in the amount of EUR 7 million. In addition to the changes mentioned above, the purchase price for additional shares in Sonoma Internet GmbH ("Sonoma Internet"), which was already controlled, resulted in a cash outflow in the first half of 2018.

The Group has a comfortable level of liquidity, although the cash flows described resulted in a decline in cash and cash equivalents of EUR 346 million compared to December 31, 2018, to EUR 685 million. → Fig. 29

27 / RECONCILIATION OF FREE CASH FLOW BEFORE M&A MEASURES IN Q2 2019 in EUR m

	Total cash flow	M&A cash flow	Cash flow before M&A
Cash flow from operating activities	**404**	**-/-**	**404**
Proceeds from disposal of other intangible assets, property, plant and equipment, and financial assets	2	2	0
Payments for the acquisition of other intangible assets and property, plant and equipment	−59	-/-	−59
Payments for the acquisition of financial assets	−19	−19	0
Proceeds from disposal of programming assets	6	-/-	6
Payments for the acquisition of programming assets	−275	-/-	−275
Payments for the issuance of loan receivables to external parties	−1	−1	-/-
Proceeds from the repayment of loans to external parties	0	0	-/-
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	−85	−85	-/-
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	2	2	-/-
Cash flow from investing activities	**−429**	**−101**	**−328**
Free cash flow	**−25**	**−101**	**76**

28 / RECONCILIATION OF FREE CASH FLOW BEFORE M&A MEASURES IN H1 2019 in EUR m

	Total cash flow	M&A cash flow	Cash flow before M&A
Cash flow from operating activities	**687**	**-/-**	**687**
Proceeds from disposal of other intangible assets, property, plant and equipment, and financial assets	34	32	2
Payments for the acquisition of other intangible assets and property, plant and equipment	-101	-/-	-101
Payments for the acquisition of financial assets	-35	-33	-2
Proceeds from disposal of programming assets	7	-/-	7
Payments for the acquisition of programming assets	-578	-/-	-578
Payments for the issuance of loan receivables to external parties	-2	-2	-/-
Proceeds from the repayment of loans to external parties	0	0	-/-
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	-94	-94	-/-
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	2	2	-/-
Cash flow from investing activities	**-766**	**-94**	**-672**
Free cash flow	**-79**	**-94**	**15**

Analysis of Assets and Capital Structure

Total assets decreased by 3%, amounting to EUR 6,286 million as of June 30, 2019 (December 31, 2018: EUR 6,468 million). The most important items in the statement of financial position are described in more detail below. → Fig. 30

_ **Current and non-current assets:** As of June 30, 2019, goodwill increased by 7% to EUR 2,101 million (December 31, 2018: EUR 1,962 million); its share in total assets was 33% (December 31, 2018: 30%). Other intangible assets increased by 4% to EUR 854 million (December 31, 2018: EUR 824 million). These developments are mainly influenced by the initial consolidation of be Around. Property, plant, and equipment increased by 3% to EUR 337 million (December 31, 2018: EUR 327 million). → Significant Events, page 5

Other non-current financial and non-financial assets grew by 25% to EUR 310 million (December 31, 2018: EUR 249 million). This increase was primarily due to new media-for-equity investments and the positive development of long-term foreign currency hedges. Other current financial and non-financial assets fell by 14% to EUR 105 million (December 31, 2018: EUR 122 million), primarily due to the negative development of short-term foreign currency hedges. In addition, current trade receivables decreased by 14% to EUR 452 million (December 31, 2018: EUR 529 million).

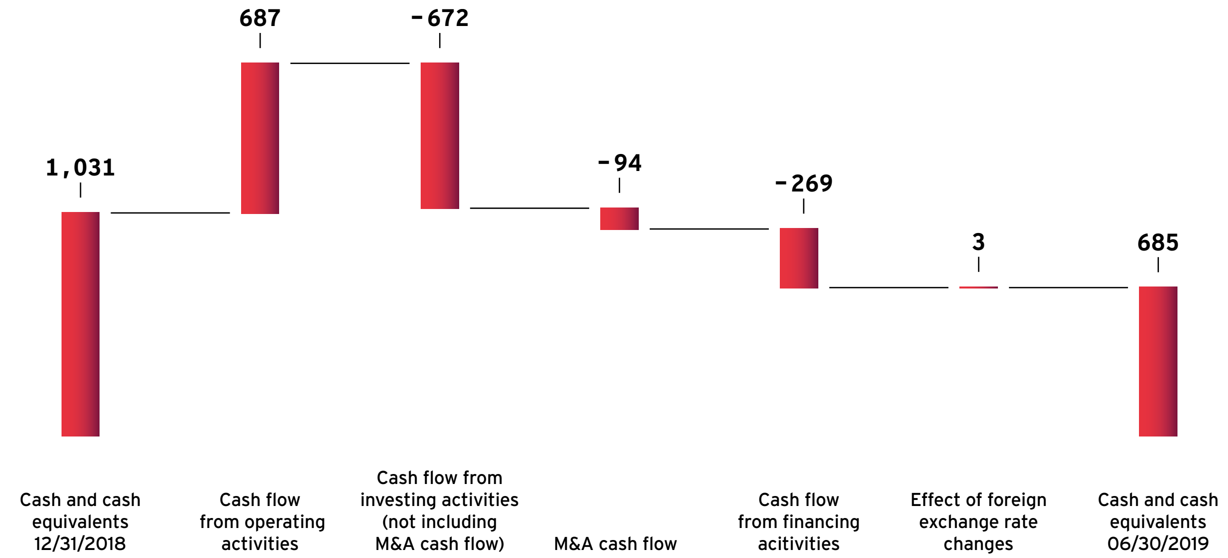
Programming assets increased by 9% year-on-year and amounted to EUR 1,212 million (December 31, 2018: EUR 1,113 million). Programming assets made up 19% of total assets (December 31, 2018: 17%) and comprise non-current and current programming assets.

Cash and cash equivalents amounted to EUR 685 million. This equates to a decline of 34% or EUR 346 million compared to December 31, 2018, and reflects the development of cash flows. → Analysis of Liquidity and Capital Expenditure, page 16

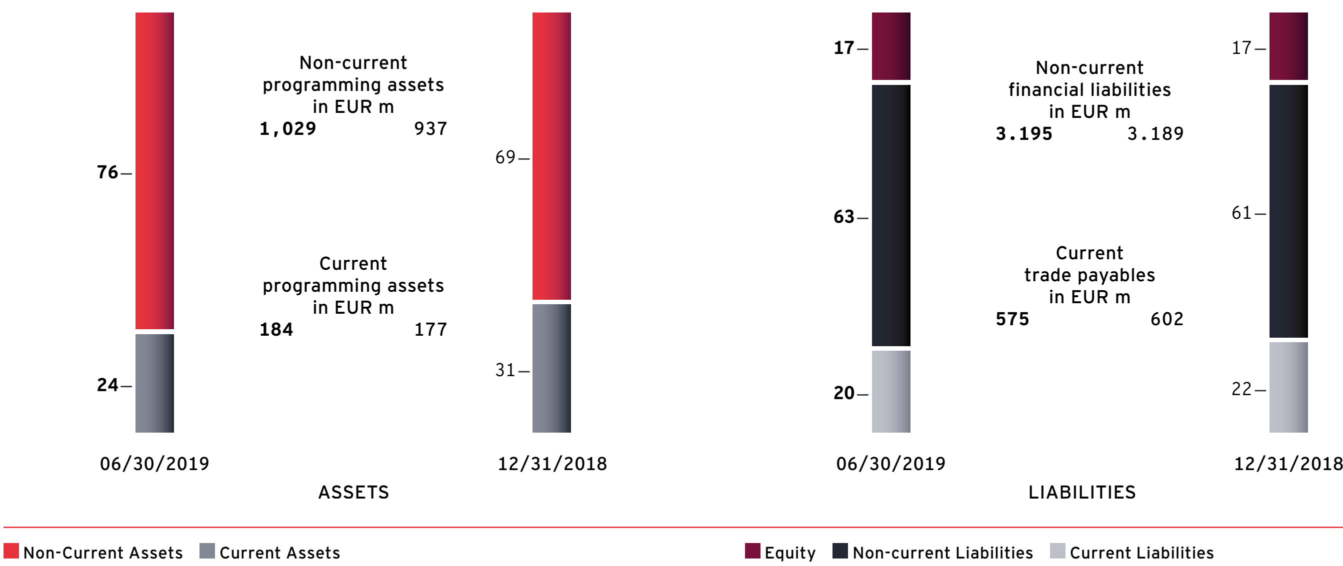
_ **Equity:** Equity increased slightly by 1% or EUR 10 million to EUR 1,080 million. This development is based on the positive net income and the contribution of the shares in Marketplace by General Atlantic, which led to the increase in non-controlling interests. This was offset by the dividend payment for 2018 in the amount of EUR 269 million (previous year: EUR 442 million). The corresponding equity ratio remained at 17%. → The ProSiebenSat.1 Media SE Share, page 20

_ **Current and non-current liabilities:** Debt decreased compared to the closing date in 2018; overall, liabilities and provisions fell by 4% compared to December 31, 2018, to EUR 5,206 million (December 31, 2018: EUR 5,398 million). This was mainly due to payments and positive valuation effects from put-option liabilities and to the decrease in provisions for onerous contracts and trade payables. New media-for-equity liabilities had an opposite effect. Non-current and current financial debt reported in debt was virtually unchanged at EUR 3,200 million (December 31, 2018: EUR 3,194 million).

29 / CHANGE IN CASH AND CASH EQUIVALENTS in EUR m



30 / STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION in %



THE PROSIEBENSAT.1 MEDIA SE SHARE

PROSIEBENSAT.1 MEDIA SE ON THE CAPITAL MARKET

Driven by the central banks' more expansionary monetary policy, the stock markets developed positively in the first half of 2019 in spite of the ongoing trade conflict between the US and China, the Brexit discussions and the weak economic and company data in some cases.

The German leading index, the DAX, thus closed the first six months of 2019 with an increase of 17.4%, while the MDAX rose by 18.7%. In comparison, the relevant sector index for European media stocks, the EURO STOXX Media, which, apart from TV companies also includes other types of media, rose at a lower rate of 7.3%. This reflected the weak performance of the TV companies included in the index – which form the relevant reference group for ProSiebenSat.1 Group.

In this environment, ProSiebenSat.1 Media SE recorded an about stable share price performance – after adjusting for the ex-dividend markdown of EUR 1.19 on June 13, 2019. Based on the closing price of EUR 15.54 on June 12, 2019, the date of the Annual General Meeting, this corresponds to a dividend yield of 7.7%. The share closed the first half of 2019 at EUR 13.82 (December 31, 2018: EUR 15.55).

Among other factors, the publication of the Company's results for the first quarter on May 9, 2019, had a positive impact on the share price performance. The capital market rewarded the confirmation of the outlook for 2019, the mid-term growth targets and progress in implementing the Group strategy. In addition to the positive factors mentioned above, the performance of the ProSiebenSat.1 Media SE share was also impacted in the first half of 2019 by a lower valuation of the entire European broadcasting sector as a result of changing media usage and the associated intensification of competition with US digital companies. Some analysts are thus rating the ProSiebenSat.1 Media SE share and media stocks in general more conservatively now than in the previous year.

At the end of the half-year period, a total of 23 brokerage houses and financial institutions actively valued the ProSiebenSat.1 Media SE share and published research reports. At the end of the first half of 2019, 31.0% of analysts recommended the share as a buy, while 52.0% were in favor of holding it and 17.0% issued a sell recommendation. The analysts' median price target was EUR 16.00.

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2018

The Annual General Meeting of ProSiebenSat.1 Media SE for the financial year 2018 took place in Munich on June 12, 2019. Around 1,000 participants attended the Annual General Meeting. Approximately 51.4 percent of the capital stock was represented. The shareholders resolved on a dividend payment of EUR 1.19 per dividend entitled share for the financial year 2018 (previous year: EUR 1.93). The total dividend pay-out amounts to approximately EUR 269 million, resulting in a pay-out ratio of around 50% of adjusted net income. The dividend was paid on June 17, 2019.

In addition, the Annual General Meeting resolved to re-elect the entire Supervisory Board. The shareholders confirmed the mandates of all nine Supervisory Board members by a clear majority (93% on average). The Annual General Meeting also granted discharge to the Executive Committee and Supervisory Board for the financial year 2018. In addition, all other proposed resolutions requiring approval were accepted by a clear majority.

SHAREHOLDER STRUCTURE OF PROSIEBENSAT.1 MEDIA SE

The shares are mostly held by institutional investors in the US, the UK and Germany. On May 29, 2019, the Group was notified that Mediaset S.p.A. headquartered in Milan, had acquired 9.6% of the shares and 9.9% of the voting rights in ProSiebenSat.1 Group.

In total, 97.0% of the shares were held in free float as of June 30, 2019 (December 31, 2018: 97.0%). The remaining 3.0% are held by the Group (December 31, 2018: 3.0%).

RISK AND OPPORTUNITY REPORT

ProSiebenSat.1 Group's opportunity situation has not changed fundamentally compared to the end of 2018. In addition, we estimate that there are currently no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the financial position and performance. The identified risks pose no threat to the Company as a going concern, even looking into the future. Nevertheless, the Group's overall risk situation increased compared to the end of 2018, due to macroeconomic developments and risks related to in-house and comissioned productions in the first quarter of 2019 as well as due to sales risks in the Commerce segment in the second quarter of 2019. Risks that increased compared to the end of 2018, are described in more detail below.

i ProSiebenSat.1 Media SE has implemented a comprehensive risk management system to systematically identify, assess, manage and monitor risks. Risks reported as part of this system are summarized into categories and clusters. All relevant individual risks are examined in detail and managed as part of regular reporting. We monitor all relevant risks as part of the risk management process; in this risk report, however, we focus only on changes in those risks which have been classified as medium or high in their overall significance.

MACROECONOMIC RISKS

At the start of 2019, the weakening of the global economic output continued. According to the latest forecast by the European Commission, global Gross Domestic Product (GDP) growth will fall from real 3.6% in 2018 to 3.2% in 2019 in real terms. The German economy started off with a good first quarter (+0.4% q-o-q). However, this performance was exaggerated by extraordinary effects such as the favorable development of the construction industry, consumer-friendly fiscal measures and a backlog of automobile purchases, meaning that opposite effects can be expected in the second quarter. Overall, however, the slight growth trend is likely to have continued in the first half of the year.

Due to the robust domestic economy and solid private consumer spending, a lasting recession is not expected in Germany at present. Nonetheless, the strains on the export-oriented German economy are increasing, and therefore so is the risk that the unfavorable external conditions could spread to the domestic economy in the mid-term. While the Joint Economic Forecast issued in spring 2019 anticipated real growth of 0.8% after previously forecasting 1.9% in fall 2018, the Institute for Economic Research (ifo) is expecting an increase of 0.6% in mid-year.

We, too, consider the economic risks to be higher than at the end of 2018. As companies' advertising expenditure and other investment decisions are influenced by the general economic situation and sentiment, we see this external risk as a high risk (previously: medium) with a very high impact on earnings performance (previously: high). We continue to classify the probability of occurrence as possible.

SUCCESS OF IN-HOUSE AND COMMISSIONED PRODUCTIONS AND LOCAL CONTENT STRATEGY

Programs that viewers can connect with at a local level are increasingly becoming a competitive advantage over global streaming services. Therefore, ProSiebenSat.1 Group has further developed its content strategy and is focusing more heavily on broadcasting live and local formats in addition to opportunities for digital exploitation. Due to the associated increase in the proportion of in-house and commissioned productions in programming as a whole, the effect of the risk has now risen from low to moderate. The probability of occurrence remains possible. The resulting risk has therefore increased, and we now categorize its significance as medium overall.

SALES RISKS IN THE COMMERCE SEGMENT

The portfolio companies in the Commerce segment are structured in four core areas. Developments in the market structure and intensified activities on the part of competitors are increasingly affecting sales in the Commerce segment. To counter these developments, ProSiebenSat.1 Group is constantly working to improve its products and services and is therefore systematically pressing ahead with the digitalization and growth strategy of its portfolio, including by way of necessary investments. We now consider the occurrence of this risk to be possible. Due to its high impact, we categorize the significance of the risk as medium overall (previously: impact: medium; possibility of occurrence: unlikely).

i The risks identified as medium or high and significant opportunities are described in the Annual Report 2018 from page 123. The organizational requirements for risk and opportunity management are also explained here. The Annual Report was published on March 21, 2019, and is available at → https://www.prosiebensat1.com/en/investor-relations/publications/annual-reports.

OUTLOOK

FUTURE BUSINESS AND INDUSTRY ENVIRONMENT

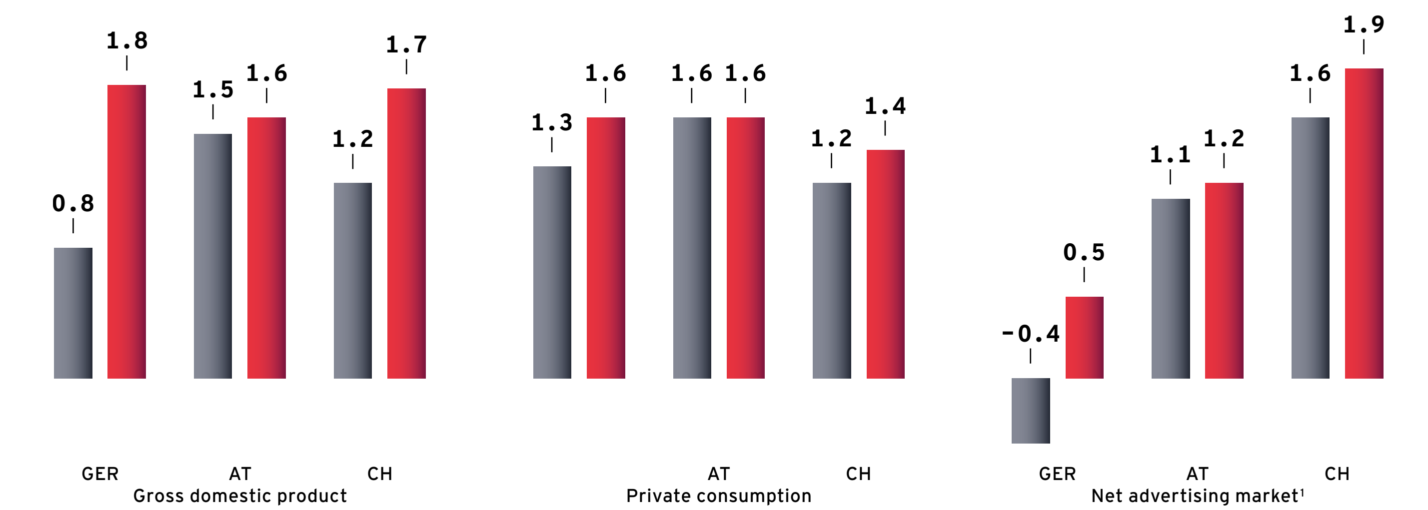
In fall 2018, the leading German research institutes had still been forecasting an increase in gross domestic product of a solid 1.9% in real terms in their Joint Economic Forecast for 2019. In spring 2019, this forecast had to be scaled back to an increase of 0.8% due to the significant economic slowdown. The Institute for Economic Research (ifo) forecast growth of 0.6% for the current financial year in June 2019. Negative effects on the German economy are mainly arising from the global economic development, trade disputes – particularly between the US and China – and various risks within Europe and the eurozone, such as Brexit and the budget situation in Italy.

The German economy is currently supported in particular by the domestic construction industry and private consumer spending. A robust labor market development and significant increases in income and transfer payments can be expected in 2019, too. In this context, the current forecasts for private consumer spending indicate growth between 1.4% (ifo) and 1.9% (RWI) in real terms, thus exceeding the expectations of the Joint Economic Forecast from spring 2019. → Economic Development, page 6 → Risk and Opportunity Report, page 21

In view of the weaker economic development and continuing structural changes in the advertising market, current forecasts anticipate a slight net decline for the TV advertising market again in 2019. The expectations vary between minus 1.8% (ZenithOptimedia) and minus 2.1% (Magna Global). According to ProSiebenSat.1 Group, the first half of the year was below Magna Global's forecast.

In contrast, in-stream video advertising is likely to continue its dynamic development and drive growth on the online advertising market. The expectations here range between a net increase of 6.9% (ZenithOptimedia) and 10.0% (Magna Global). For the German advertising market as a whole, Magna Global anticipates net growth of 2.1%, whereas ZenithOptimedia forecasts a decline of 0.4% for 2019. It remains to be seen whether and which effects the growing macroeconomic risks will have on the advertising industry and in particular on the TV advertising market. → Fig. 31 → Development of the Advertising Market, page 6

31 / FORECAST FOR GDP, PRIVATE CONSUMPTION AND NET ADVERTISING MARKET IN COUNTRIES IMPORTANT FOR PROSIEBENSAT.1 GROUP in %, change vs. previous year



■ 2019e ■ 2020e

Sources: **GER:** Joint Economic Forecast Spring 2019. / **AT:** European Commission, European Economic Forecast, spring 2019.
CH: Swiss Federal Statistical Office (BFS), State Secretariat Economic Affairs (SECO), press release of June 16, 2019.
[1] ZenithOptimedia, Advertising Expenditure Forecasts June 2019, figures adjusted on a net basis, nonetheless methodological differences between different countries and sources.
e: estimate

COMPANY OUTLOOK

Despite the TV advertising market performing weaker than expected, the business performance in the first half of the year was in line with the 2019 full-year targets for revenues and earnings that were presented by the Group at the Annual Press Conference in March.

As also announced at the Annual Press Conference, ProSiebenSat.1 Group has decided to invest consistently in the future of its Entertainment business, especially in local content. The emphasis on local content is already starting to pay off as the Group posts an increasing Total Video Viewtime with audience market shares as well as digital view time rising. The focus of these investments recognized as expense is in the second and third quarters. The Group has already considered their earning impact on the full-year in its full-year outlook. ProSiebenSat.1 Group is also continuously expanding the business of NuCom Group. In this context, the Group has decided to further accelerate and strengthen the competitive position in the online beauty business through additional investments recognized as expense in the portfolio company Flaconi. Besides, the Group continues to work on cost improvements in its core business also in the second half of the year.

In the TV advertising market, visibility is expected to remain low also in the second half of the year. Regardless of the stated growth investments and subject to the development of the macroeconomic environment and the TV advertising market in the second half of the year, ProSiebenSat.1 Group continues to aim for a revenue increase in the mid-single-digit percentage range and an adjusted EBITDA margin between 22% and 25% for full-year 2019 and is thus confirming its full-year targets.

i The Company has published detailed explanatory notes on the forecast and the anticipated Group and segment key figures on → pages 137 and 138 of the Annual Report 2018.

32 / PREDICTIVE STATEMENTS

Forecasts are based on current assessments of future developments. In this context, we draw on our budget planning and comprehensive market and competitive analyses. The forecasted values are calculated in accordance with the reporting principles used in the financial statements and are consistent with the adjustments described in the Management Report. However, forecasts naturally entail some uncertainties that could lead to positive or negative deviations from planning. If imponderables occur or if the assumptions on which the predictive statements are made no longer apply, actual results may deviate materially from the statements made or the results implicitly expressed. Developments that could negatively impact this forecast include, for example, lower economic momentum than expected at the time this report was prepared. These and other factors are explained in detail in the Risk and Opportunity Report. There we also report on additional growth potential; opportunities that we have not yet or not fully budgeted for could arise from corporate strategy decisions, for example. Potential risks are accounted for regularly and systematically as part of the Group-wide risk management process. Significant events after the end of the reporting period are explained in the → Notes, Note 10, "Events after the interim reporting period" on page 43. The publication date of the Half-Yearly Financial Report 2019 is August 7, 2019.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

33 / INCOME STATEMENT OF PROSIEBENSAT.1 GROUP in EUR m

		Q2 2019	Q2 2018	H1 2019	H1 2018
1.	Revenues	947	912	1,860	1,794
2.	Cost of sales	-535	-478	-1,057	-968
3.	**Gross profit**	**413**	**434**	**803**	**826**
4.	Selling expenses	-151	-115	-292	-234
5.	Administrative expenses	-125	-146	-252	-342
6.	Other operating expenses	-2	-3	-4	-6
7.	Other operating income	9	8	18	16
8.	**Operating result**	**144**	**178**	**273**	**260**
9.	Interest and similar income	0	3	1	3
10.	Interest and similar expenses	-15	-20	-25	-43
11.	Interest result	-14	-17	-24	-40
12.	Result from investments accounted for using the equity method	-12	-2	-20	-5
13.	Other financial result	13	25	80	15
14.	**Financial result**	**-13**	**6**	**36**	**-30**
15.	**Result before income taxes**	**131**	**184**	**309**	**230**
16.	Income taxes	-37	-59	-94	-75
NET INCOME		**94**	**125**	**215**	**155**
	Net income attributable to shareholders of ProSiebenSat.1 Media SE	93	126	215	153
	Net income attributable to non-controlling interests	1	-1	-1	2
in EUR					
	Earnings per share				
	Basic earnings per share	0.41	0.55	0.95	0.67
	Diluted earnings per share	0.41	0.54	0.94	0.67

STATEMENT OF COMPREHENSIVE INCOME

34 / **STATEMENT OF COMPREHENSIVE INCOME OF PROSIEBENSAT.1 GROUP** in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Net income	**94**	**125**	**215**	**155**
Items subsequently reclassified to profit or loss				
Change in foreign currency translation adjustment	−5	23	4	11
Changes in fair value of cash flow hedges	−12	87	−1	31
Deferred tax on other comprehensive income	3	−24	0	−9
Other comprehensive income	**−14**	**85**	**4**	**34**
Total comprehensive income	**80**	**210**	**218**	**189**
Total comprehensive income attributable to Shareholders of ProSiebenSat.1 Media SE	79	211	219	187
Total comprehensive income attributable to non-controlling interests	1	−1	0	2

STATEMENT OF FINANCIAL POSITION

35 / **STATEMENT OF FINANCIAL POSITION OF PROSIEBENSAT.1 GROUP** in EUR m

		06/30/2019	12/31/2018 adjusted[1]
A.	**Non-current assets**		
I.	Goodwill	2,101	1,962
II.	Other intangible assets	854	824
III.	Property, plant and equipment	337	327
IV.	Investments accounted for using the equity method	39	77
V.	Non-current financial assets	305	244
VI.	Programming assets	1,029	937
VII.	Other receivables and non-current assets	5	4
VIII.	Deferred tax assets	100	95
		4,769	**4,470**
B.	**Current assets**		
I.	Programming assets	184	177
II.	Inventories	51	42
III.	Current financial assets	48	69
IV.	Trade receivables	452	529
V.	Current tax assets	40	98
VI.	Other receivables and current assets	56	53
VII.	Cash and cash equivalents	685	1,031
		1,517	**1,998**
	Total assets	**6,286**	**6,468**

		06/30/2019	12/31/2018 adjusted[1]
A.	**Equity**		
I.	Subscribed capital	233	233
II.	Capital reserves	1,044	1,043
III.	Consolidated equity generated	–173	–119
IV.	Treasury shares	–64	–64
V.	Accumulated other comprehensive income	39	36
VI.	Other equity	–233	–246
	Total equity attributable to shareholders of ProSiebenSat.1 Media SE	848	883
VII.	Non-controlling interests	232	187
		1,080	**1,070**
B.	**Non-current liabilities**		
I.	Non-current financial debt	3,195	3,189
II.	Other non-current financial liabilities	310	349
III.	Trade payables	45	53
IV.	Other non-current liabilities	26	6
V.	Provisions for pensions	26	28
VI.	Other non-current provisions	81	111
VII.	Deferred tax liabilities	254	239
		3,938	**3,974**
C.	**Current liabilities**		
I.	Current financial debt	5	5
II.	Other current financial liabilities	136	200
III.	Trade payables	530	550
IV.	Other current liabilities	326	362
V.	Provisions for taxes	86	109
VI.	Other current provisions	186	198
		1,268	**1,424**
	Total equity and liabilities	**6,286**	**6,468**

[1] Adjustment previous year see Notes, Note 1 "General information"

CASH FLOW STATEMENT

36 / **CASH FLOW STATEMENT OF PROSIEBENSAT.1 GROUP** in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Net income	**94**	**125**	**215**	**155**
Income taxes	37	59	94	75
Financial result	13	-6	-36	30
Depreciation, amortization and impairments of other intangible assets and property, plant and equipment	59	52	110	103
Consumption/reversal of impairment of programming assets	217	206	449	446
Change in provisions for pensions and other provisions	-17	-31	-20	33
Gain/loss on the sale of assets	-1	-1	-1	-3
Other non-cash income/expenses	-2	0	-3	1
Change in working capital	30	-53	-47	-97
Dividends received	1	0	7	6
Income tax paid	-4	-60	-52	-107
Interest paid	-23	-27	-30	-38
Interest received	0	1	2	2
Cash flow from operating activities	**404**	**266**	**687**	**607**
Proceeds from disposal of other intangible assets, property, plant and equipment and financial assets	2	17	34	28
Payments for the acquisition of other intangible assets and property, plant and equipment	-59	-34	-101	-68
Payments for the acquisition of financial assets	-19	-9	-35	-27
Proceeds from disposal of programming assets	6	3	7	8
Payments for the acquisition of programming assets	-275	-236	-578	-463
Payments for the issuance of loan receivables to external parties	-1	-/-	-2	-/-
Proceeds from the repayment of loan receivables from external parties	0	-/-	0	-/-
Payments for the issuance of loan receivables to financial assets	-/-	-3	-/-	-3
Proceeds from the repayment of loan receivables from financial assets	-/-	1	-/-	1
Cash flow from obtaining control of subsidiaries or other businesses (net of cash and cash equivalents acquired)	-85	-205	-94	-230
Cash flow from losing control of subsidiaries or other businesses (net of cash and cash equivalents disposed of)	2	-/-	2	2
Cash flow from investing activities	**-429**	**-466**	**-766**	**-751**
Free cash flow	**-25**	**-199**	**-79**	**-143**
Dividend paid	-269	-442	-269	-442
Repayment of interest-bearing liabilities	-2	0	-5	-1
Proceeds from issuance of interest-bearing liabilities	6	5	21	6
Repayment of lease liabilities	-11	-10	-20	-20
Proceeds from the sale of shares in other entities without change in control	-/-	286	-/-	286
Payments for shares in other entities without change in control	-1	-200	-1	-221
Proceeds from non-controlling interests	-/-	1	7	1
Dividend payments to non-controlling interests	-1	-23	-2	-23
Cash flow from financing activities	**-277**	**-382**	**-269**	**-414**
Effect of foreign exchange rate changes on cash and cash equivalents	-2	20	3	12
Change in cash and cash equivalents	**-304**	**-562**	**-346**	**-545**
Cash and cash equivalents at beginning of reporting period	989	1,576[1]	1,031	1,559[1]
Cash and cash equivalents at end of reporting period	**685**	**1,014[1]**	**685**	**1,014[1]**
Cash and cash equivalents classified under assets held for sale at end of reporting period	-/-	24	-/-	24
Cash and cash equivalents at end of reporting period (statement of financial position)	**685**	**990**	**685**	**990**

[1] Includes cash and cash equivalents from held for sale entities.

STATEMENT OF CHANGES IN EQUITY

37 / STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP H1 2018 in EUR m

					Accumulated other comprehensive income							
	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Foreign currency translation adjustment	Fair value changes of cash flow hedges	Valuation of provisions for pensions	Deferred taxes	Other equity	Total equity attributable to shareholders of ProSiebenSat.1 Media SE	Non-controlling interests	Total equity
December 31, 2017	233	1,055	79	-13	-14	7	-9	1	-113	1,225	26	1,252
Change in reporting standards	-/-	-/-	-5	-/-	-/-	-/-	-/-	-/-	-/-	-5	-/-	-5
January 1, 2018	**233**	**1,055**	**74**	**-13**	**-14**	**7**	**-9**	**1**	**-113**	**1,221**	**26**	**1,247**
Net income	-/-	-/-	153	-/-	-/-	-/-	-/-	-/-	-/-	153	2	155
Other comprehensive income	-/-	-/-	-/-	-/-	11	31	-/-	-9	-/-	34	0	34
Total comprehensive income	**-/-**	**-/-**	**153**	**-/-**	**11**	**31**	**-/-**	**-9**	**-/-**	**187**	**2**	**189**
Dividends	-/-	-/-	-442	-/-	-/-	-/-	-/-	-/-	-/-	-442	-23	-465
Share-based payments	-/-	-17	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-17	-/-	-17
Other changes	-/-	0	0	-/-	-/-	-/-	-/-	-/-	-99	-99	186	88
June 30, 2018[1] adjusted	**233**	**1,038**	**-214**	**-13**	**-2**	**37**	**-9**	**-8**	**-212**	**850**	**192**	**1,041**

38 / STATEMENT OF CHANGES IN EQUITY OF PROSIEBENSAT.1 GROUP H1 2019 in EUR m

					Accumulated other comprehensive income							
	Subscribed capital	Capital reserves	Consolidated equity generated	Treasury shares	Foreign currency translation adjustment	Fair value changes of cash flow hedges	Valuation of provisions for pensions	Deferred taxes	Other equity	Total equity attributable to shareholders of ProSiebenSat.1 Media SE	Non-controlling interests	Total equity
December 31, 2018[1] adjusted	**233**	**1,043**	**-119**	**-64**	**4**	**54**	**-10**	**-13**	**-246**	**883**	**187**	**1,070**
Net income	-/-	-/-	215	-/-	-/-	-/-	-/-	-/-	-/-	215	-1	215
Other comprehensive income	-/-	-/-	-/-	-/-	4	-1	-/-	0	-/-	3	0	4
Total comprehensive income	**-/-**	**-/-**	**215**	**-/-**	**4**	**-1**	**-/-**	**0**	**-/-**	**219**	**0**	**218**
Dividends	-/-	-/-	-269	-/-	-/-	-/-	-/-	-/-	-/-	-269	-2	-271
Other changes	-/-	1	0	-/-	-/-	-/-	-/-	-/-	13	15	48	63
June 30, 2019	**233**	**1,044**	**-173**	**-64**	**8**	**53**	**-10**	**-12**	**-233**	**848**	**232**	**1,080**

[1] Adjustment previous year see Notes , Note 1 "General information"

NOTES TO THE INTERIM FINANCIAL STATEMENT OF PROSIEBENSAT.1 GROUP AT JUNE 30, 2019

1 / General information

The interim consolidated financial statements of ProSiebenSat.1 Media SE and its subsidiaries (together "the Company", "the Group" or "ProSiebenSat.1 Group") as of June 30, 2019, were prepared in accordance with the IFRS applicable to interim reporting as published by the IASB and applicable in the EU and should be read in conjunction with the consolidated financial statements as of December 31, 2018.

On January 1, 2019, ProSiebenSat.1 Group adopted the following standards and interpretations, as issued by the IASB and endorsed by the European Commission, for the first time:

- IAS 19 "Plan Amendment, Curtailment or Settlement"
- IAS 28 "Long-term Interests in Associates and Joint Ventures"
- IFRS 9 "Prepayment Features with Negative Compensation"
- Annual Improvement Project 2015 – 2017: "Amendments to IFRS 3, IFRS 11, IAS 12, IAS 23"
- IFRIC 23 "Uncertainty Over Income Tax Treatments"

In addition, the Group implemented the agenda decision of the IFRS Interpretations Committee (IFRS IC) "Customer's Right to Receive Access to the Supplier's Software Hosted on the Cloud" from March 2019. This agenda decision stipulates that software-as-a-service contracts that solely grant access to software operated in the cloud by the software provider are not to be capitalized as intangible assets. As a result of the clarification, certain software-as-a-service contracts and individual contract components will be treated as service contracts in the future.

The application of the above pronouncements had no material effect on the Group's earnings, financial position and performance.

Other than this, the accounting principles applied to the interim consolidated financial statements as of June 30, 2019, are the same as for the consolidated financial statements for the financial year 2018.

The Group's core business is subject to significant seasonal fluctuations. The results for the first six months of the financial year 2019 therefore do not necessarily permit predictions as to future business performance.

As of June 30, 2018, and December 31, 2018, amounts were reclassified between the equity items "Other equity" and "Non-controlling interests" due to a necessary adjustment identified in the first quarter of 2019 in relation to the effects of General Atlantic's entry in 2018. The reclassification amounts to EUR 19 million as of June 30, 2018. Consequently, "Non-controlling interests" increased by EUR 19 million while "Other equity" decreased by EUR 19 million as of June 30, 2018, compared to the amounts previously reported. As of December 31, 2018, the reclassification amounted to EUR 116 million, with "Non-controlling interests" being reported as EUR 116 million lower and "Other equity" as EUR 116 million higher after the adjustment.

The Annual General Meeting of ProSiebenSat.1 Media SE on June 12, 2019, resolved the allocation to retained earnings in the amount of EUR 200 million and the distribution of a dividend in the amount of EUR 1.19 per share for the financial year 2018. The total dividend payment amounted to EUR 269 million and was disbursed on June 17, 2019.

Due to rounding, it is possible that individual figures in these interim consolidated financial statements do not add exactly to the totals shown and that the percentage figures presented do not reflect exactly the absolute figures they relate to.

2 / Segment reporting

Pursuant to IFRS 8, reportable operating segments need to be defined based on internal management and reporting. The organizational and reporting structure of ProSiebenSat.1 Group is based on management by business segments. Relying on the reporting system established by it, the Executive Committee as chief operating decision maker assesses the performance of the various segments and the allocation of resources.

The following table contains the segment information of ProSiebenSat.1 Group.

39 / SEGMENT INFORMATION OF PROSIEBENSAT.1 GROUP Q2 2019 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Other/ Eliminations	Total consolidated interim financial statements
Revenues	612	171	198	982	-34	947
External revenues	601	148	198	947	-/-	947
Internal revenues	12	23	0	34	-34	-/-
EBITDA[1]	180	10	13	203	0	204
Adjusted EBITDA	186	9	17	213	0	213

[1] This information is provided on a voluntary basis as part of segment reporting.

40 / SEGMENT INFORMATION OF PROSIEBENSAT.1 GROUP Q2 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Other/ Eliminations	Total consolidated interim financial statements
Revenues	646	130	168	944	-32	912
External revenues	628	116	168	912	-/-	912
Internal revenues	18	14	0	32	-32	-/-
EBITDA[1]	215	8	8	231	0	230
Adjusted EBITDA	234	9	16	259	0	259

[1] This information is provided on a voluntary basis as part of segment reporting.

41 / SEGMENT INFORMATION OF PROSIEBENSAT.1 GROUP H1 2019 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Other/ Eliminations	Total consolidated interim financial statements
Revenues	1,204	319	397	1,920	-60	1,860
External revenues	1,180	283	397	1,860	-/-	1,860
Internal revenues	24	36	0	60	-60	-/-
EBITDA[1]	339	18	28	384	0	384
Adjusted EBITDA	349	17	36	403	0	403

[1] This information is provided on a voluntary basis as part of segment reporting.

42 / SEGMENT INFORMATION OF PROSIEBENSAT.1 GROUP H1 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total Segments	Other/ Eliminations	Total consolidated interim financial statements
Revenues	1,288	239	328	1,855	-62	1,794
External revenues	1,252	214	328	1,794	-/-	1,794
Internal revenues	36	26	0	62	-62	-/-
EBITDA[1]	332	12	20	364	-1	363
Adjusted EBITDA	417	13	29	460	-1	459

[1] This information is provided on a voluntary basis as part of segment reporting.

The Executive Committee as chief operating decision maker measures segment performance based on a segment profit measure, which in internal control and reporting is called "adjusted EBITDA".

The reconciliation of segment values to the corresponding group values is shown below:

43 / RECONCILIATION OF SEGMENT INFORMATION in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
ADJUSTED EBITDA				
Adjusted EBITDA of reportable segments	213	259	403	460
Other/Eliminations	0	0	0	-1
Adjusted EBITDA of the Group	**213**	**259**	**403**	**459**
Reconciling Items	-9	-28	-19	-96
Financial result	-13	6	36	-30
Depreciation and amortization	-58	-52	-108	-101
Impairments	-1	0	-2	-2
Result before income taxes	**131**	**184**	**309**	**230**

The reconciling items adjusted in arriving at adjusted EBITDA are distributed among the following categories:

44 / PRESENTATION OF THE RECONCILING ITEMS in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Income from changes in scope of consolidation	0	-/-	0	-/-
Income from other material one-time items	-/-	1	-/-	1
Income adjustments	**0**	**1**	**0**	**1**
M&A related expenses	-2	-20	-4	-24
Reorganization expenses	-8	-3	-16	-63
Expenses for legal claims	0	1	0	1
Fair value adjustments of share-based payments	1	2	3	0
Expenses from changes in scope of consolidation	0	-/-	0	-/-
Expenses for other material one-time items	-2	-10	-2	-11
Valuation effects relating to strategic realignments of business units	1	-/-	1	-/-
EBITDA expense adjustments	**-10**	**-29**	**-20**	**-97**
Reconciling items	**-9**	**-28**	**-19**	**-96**

Entity-wide disclosures for ProSiebenSat.1 Group are provided below:

45 / ENTITY-WIDE DISCLOSURES Q2 in EUR m

Geographical breakdown	GER		US		AT/CH		UK		Other		Total consolidated interim financial statements	
	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
External Revenues	731	741	122	84	74	73	16	8	5	7	**947**	**912**

46 / ENTITY-WIDE DISCLOSURES H1 in EUR m

Geographical breakdown	GER		US		AT/CH		UK		Other		Total consolidated interim financial statements	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
External Revenues	1,458	1,483	231	153	135	134	29	13	7	11	**1,860**	**1,794**

In the second quarter and in the first six months, revenues under IFRS 15 are broken down by segment as follows:

47 / REVENUES Q2 2019 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total
Advertising revenues	516	-/-	-/-	516
Digital services[1]	-/-	-/-	121	121
Production revenues	-/-	78	-/-	78
Revenues from the sales of goods	-/-	-/-	68	68
Digital studio revenues	-/-	59	-/-	59
Distribution revenues	38	-/-	-/-	38
Program sales	12	12	-/-	24
Others	34	0	9	43
Total	**601**	**148**	**198**	**947**
Timing of revenue				
Point in time	563	70	180	812
Over time	38	78	19	135
Total	**601**	**148**	**198**	**947**

[1] This item primarily contains revenues from online agency services and matchmaking as well as event vouchers and miscellaneous online market places.

48 / REVENUES Q2 2018 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total
Advertising revenues	525	-/-	-/-	525
Digital services[1]	-/-	-/-	106	106
Production revenues	-/-	60	-/-	60
Revenues from the sales of goods	-/-	-/-	55	55
Digital studio revenues	-/-	39	-/-	39
Distribution revenues	35	-/-	-/-	35
Program sales	9	11	-/-	20
Others	58	6	7	73
Total	**628**	**116**	**168**	**912**
Timing of revenue				
Point in time	578	57	149	784
Over time	50	60	19	128
Total	**628**	**116**	**168**	**912**

[1] This item primarily contains revenues from online agency services and matchmaking as well as event vouchers and miscellaneous online market places.

49 / REVENUES H1 2019 in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total
Advertising revenues	1,024	-/-	-/-	1,024
Digital services[1]	-/-	-/-	250	250
Production revenues	-/-	136	-/-	136
Revenues from the sales of goods	-/-	-/-	132	132
Digital studio revenues	-/-	106	-/-	106
Distribution revenues	76	-/-	-/-	76
Program sales	15	34	-/-	49
Others	65	7	15	87
Total	**1,180**	**283**	**397**	**1,860**
Timing of revenue				
Point in time	1,103	147	359	1,609
Over time	77	136	38	251
Total	**1,180**	**283**	**397**	**1,860**

[1] This item primarily contains revenues from online agency services and matchmaking as well as event vouchers and miscellaneous online market places.

50 / **REVENUES H1 2018** in EUR m

	Segment Entertainment	Segment Content Production & Global Sales	Segment Commerce	Total
Advertising revenues	1,051	-/-	-/-	1,051
Digital services[1]	-/-	-/-	211	211
Production revenues	-/-	103	-/-	103
Revenues from the sales of goods	-/-	-/-	103	103
Digital studio revenues	-/-	68	-/-	68
Distribution revenues	69	-/-	-/-	69
Program sales	20	32	-/-	52
Others	112	11	14	135
Total	**1,252**	**214**	**328**	**1,794**
Timing of revenue				
Point in time	1,154	110	289	1,553
Over time	98	103	39	241
Total	**1,252**	**214**	**328**	**1,794**

[1] This item primarily contains revenues from online agency services and matchmaking as well as event vouchers and miscellaneous online market places.

3 / Acquisitions, disposals and other transactions affecting the scope of consolidation

A) ACQUISITIONS

The following acquisition that is material for the consolidated financial statements was completed in the first six months of the financial year 2019:

51 / **OVERVIEW ACQUISITIONS**

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
Marketplace GmbH	Online broker for products and services related to the home	94.0%	02/21/2018

Increase in share of voting rights to 94.0% of Marketplace GmbH

By agreement of December 17, 2018 and with economic effect from February 21, 2019, ProSiebenSat.1 Group increased its voting rights share in Marketplace GmbH, Berlin ("Marketplace") from 41.6% to 94.0% via the newly founded subsidiary of NCG – NUCOM GROUP SE, Unterföhring ("NuCom Group"), be Around Holding, Berlin ("be Around"), and thereby acquired control. The equity is divided into common shares and preference shares, which confer different voting rights. This results in a difference between the share of voting rights and the share of equity. The former came to 41.6% before the transaction and 94.0% after it, while the latter came to 35.0% before the transaction and 80.0% after it. The overall transaction is based on an IFRS 3 purchase price of EUR 130 million. With the brand Aroundhome (formerly Käuferportal), be Around operates Germany's largest online broker for products and services related to the home. The company is allocated to the segment "Commerce" → see Notes, Note 2 "Segment reporting".

The purchase price according to IFRS 3 comprises the remeasurement and non-cash contribution of the existing ProSiebenSat.1 Group shares, accounting for 41.6% of voting rights and 35.0% of equity, in the amount of EUR 55 million and a non-cash contribution by General Atlantic PD GmbH, Munich ("General Atlantic") to Marketplace, also in the amount of EUR 55 million and accounting for 41.6% of voting rights and 35.0% of equity. At the same time, 10.0% of the shares were acquired from other minority shareholders of Marketplace for a cash purchase price of EUR 12 million. The newly resulting total stake of NuCom Group and the shares held by the remaining minority shareholders in the amount of EUR 2 million were contributed to the newly founded be

Around with effect from February 21, 2019. In addition, a put option in the amount of EUR 5 million was agreed with the existing shareholders regarding the acquisition of a further 10.0% of the shares, with earliest possible exercise in 2022. Since ProSiebenSat.1 Group has an unconditional obligation via NuCom Group to acquire the shares upon option exercise, a consolidation ratio of 90.0% results as of February 21, 2019.

52 / MARKETPLACE – PURCHASE PRICE ACCORDING TO IFRS 3 in EUR m

Contribution in kind ProSiebenSat.1 Group	55
Contribution in kind General Atlantic	55
Cash purchase price Minorities	12
Contribution in kind Minorities	2
Contingent consideration – put option	5
Purchase price per IFRS 3	**130**

The following table shows the fair values of the identified assets acquired and liabilities assumed, each as of the time of acquisition:

53 / ACQUISITION MARKETPLACE in EUR m

	Fair value at acquisition date
Other intangible assets	24
Thereof identified in the purchase price allocation	24
Property, plant and equipment	25
Deferred tax assets	4
Non-current assets	**53**
Trade receivables	9
Other current receivables and other assets	2
Cash and cash equivalents	2
Current assets	**13**
Non-current liabilities	21
Deferred tax liabilities	7
Non-current liabilities and provisions	**28**
Trade payables	8
Other provisions	1
Other liabilities	20
Current liabilities and provisions	**30**
Non-controlling interests	1
Total net assets	**7**
Purchase price per IFRS 3	**130**
Goodwill	**122**

The identified goodwill nearly exclusively represents strategic synergies and development potential in the "Commerce" segment and hence is allocated to the cash-generating unit "Commerce", → see Notes, Note 2 "Segment reporting". The goodwill is not tax-deductible and is denominated in the functional currency EUR.

54 / PURCHASE PRICE ALLOCATION MARKETPLACE

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	3	3
Customer relationships	18	3 – 11
Technologie	3	5

In the context of the purchase price allocation, a brand with a finite useful life of 3 years and a fair value of EUR 3 million, customer relationships with a finite useful life of between 3 and 11 years and a fair value of EUR 18 million, and a technology with a finite useful life of 5 years and a fair value of EUR 3 million, were recognized separately from goodwill. Deferred income tax liabilities of EUR 7 million relate to the hidden reserves disclosed. The trade receivables of EUR 9 million reflect gross receivables of EUR 11 million minus valuation allowances of EUR 2 million. The remeasurement of the initial investment in Marketplace originally accounted for using the equity method in the context of the investment increase and the initial consolidation of the newly established be Around led to a valuation effect of EUR 27 million. This was recognized in the Group's financial result.

Including the companies from the start of the financial year until initial consolidation in February 2019 would have had the following effect on the financial position and performance of ProSiebenSat.1 Group: Additional revenues of EUR 12 million and earnings after taxes in the amount of minus EUR 4 million. From initial consolidation until June 30, 2019, the company contributed revenues of EUR 24 million and earnings after taxes of minus EUR 4 million to consolidated earnings.

B) OTHER TRANSACTIONS

Increase of General Atlantic's share in NuCom Group by 3.3%

By contract of December 17, 2018 and with economic effect as of February 21, 2019, General Atlantic has contributed its 41.6% share in Marketplace by way of a capital increase to NuCom-Group. In this context, General Atlantic's share in the capital of NuCom Group increased by 3.3% to 28.4%.

Media-for-equity transaction between SevenVentures GmbH and Friday Insurance S.A.

By agreement of February 18, 2019 and with economic effect as of February 22, 2019, SevenVentures GmbH, Unterföhring a subsidiary allocated to the Entertainment segment, acquired approximately 14.0% of the voting shares in Friday Insurance S.A., Luxembourg, Luxembourg ("Friday") for a total purchase price of EUR 30 million as part of a "media-for-equity" transaction. As an independent company with a European insurance license, Friday offers innovative insurance products in Germany. As part of the transaction, the Group will provide advertising services for Friday over a period ending December 31, 2021. The shares are classified as financial assets at fair value through profit or loss pursuant to IFRS 9.

Acquisition of the remaining 25.1% in Virtual Minds AG

With an exercise declaration dated April 16, 2019, and economic effect from May 31, 2019, the remaining minority shareholder exercised its put option. Virtual Minds AG, Freiburg ("Virtual Minds") is a media holding company, with specialized companies from the fields of media technologies, digital advertising and hosting. In the financial year 2015, ProSiebenSat.1 Group made its first investment in the company (51.4%) and in June 2018 it increased its stake to 74.9% by exercising a call option. For a cash purchase price of EUR 36 million, ProSiebenSat.1 Group is now increasing its stake from 74.9% to 100.0%. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Virtual Minds was recognized as an investing cash flow.

Acquisition of another 18.2% in Digital-Studio Studio71

By agreement of and with economic effect from June 24, 2019, ProSiebenSat.1 Group exercised a call option on outstanding minority interests. Digital-Studio Studio71 is a leading international digital studio that produces, distributes and markets video content on digital platforms. In the financial year 2015, ProSiebenSat.1 Group had initially acquired a 75.0% stake in the company Collective Digital Studios, LLC, Los Angeles, USA ("CDS"). As part of the transaction, Studio71 GmbH, Berlin ("Studio71"), a company founded by ProSiebenSat.1, and CDS are to be merged as a global digital studio ("Digital-Studio Studio71"). To this end, 100.0% of the shares in Studio 71 and 100.0% of the shares in CDS were contributed to the holding company ProSiebenSat.1 Digital Content LP, London, UK and the seller Collective Management Holding, LLC, Los Angeles, USA ("CMH"), acquired a 25.0% investment in Digital-Studio Studio71. In January 2017, ProSiebenSat.1 Group's share in Digital-Studio Studio71 was diluted to 69.4% by a capital increase and investments by the media groups TF1 SA, Boulogne-Billancourt, France ("TF1") and Reti Televisive Italiane S.p.A., Milan, Italy ("Mediaset"). For a cash purchase price of EUR 30 million (US$ 34 million) for the CMH shares, ProSiebenSat.1 Group is now increasing its stake from 69.4% to 87.6%. The acquisition was accounted for as an equity transaction pursuant to IFRS 10. The cash outflow from the payment of the purchase price for additional shares in the already controlled Digital-Studio Studio71 was recognized as an investing cash flow.

Sale of 11.8% of the shares in Pluto Inc.

By agreement of January 18, 2019, and with economic effect from March 26, 2019, ProSiebenSat.1 Group sold its share of 11.8% in Pluto Inc., Delaware, USA ("Pluto") to Viacom Inc., New York, USA ("Viacom"). This was done due to an existing drag-along right. Pluto operates a global video service and free OTT television service in the USA. ProSiebenSat.1 Group invested in Pluto for the first time in September 2016. Since the acquisition of the shares, Pluto was included in the consolidated financial statements of ProSiebenSat.1 Group as an associate and accounted for using the equity method under IAS 28, because in addition to financial Investment, the Group was also represented in Pluto's management body, affording it significant influence. The investment was allocated to the Entertainment segment. The transaction is based on an enterprise value of EUR 300 million (US$ 340 million). The cash inflow from the sale of preference shares and common shares for ProSiebenSat.1 Group amounts to the equivalent of EUR 35 million (US$ 39 million), resulting in a realized gain on sale of EUR 22 million (US$ 25 million).

4 / Income taxes

The Group's relevant nominal tax rate remains unchanged at 28.0%. For the calculation of the Group's tax expenses for the first six months of 2019, the effective Group tax rate expected for the full financial year of 30.5% (previous year: 32.5%) was used. The difference from the nominal tax rate is largely attributable to non-deductible operating expenses.

5 / Earnings per share

The following tables set out the underlying parameters when calculating earnings per share:

55 / PROFIT MEASURES INCLUDED IN CALCULATING EARNINGS PER SHARE in EUR m

	Q2 2019	Q2 2018	H1 2019	H1 2018
Net income attributable to the shareholders of ProSiebenSat.1 Media SE (basic)	93	126	215	153
Valuation effects of share-based payments after taxes	−1	−1	−2	0
Net income attributable to the shareholders of ProSiebenSat.1 Media SE (diluted)	**92**	**125**	**213**	**153**

56 / NUMBERS OF SHARES INCLUDED IN CALCULATING EARNINGS PER SHARE in shares

	Q2 2019	Q2 2018	H1 2019	H1 2018
Weighted average number of shares outstanding (basic)	226,080,487	228,949,482	226,080,487	228,949,482
Dilution effect based on stock options and rights to shares	483,404	518,836	483,404	518,836
Weighted average number of shares outstanding (diluted)	**226,563,891**	**229,468,318**	**226,563,891**	**229,468,318**

Regarding the type of settlement, the plans for share-based payment → see Notes, Note 8 "Share-based payments" include a settlement option for ProSiebenSat.1 Media SE either in shares or in cash. In accordance with IAS 33.58, these plans are treated as if they were settled in common shares for the calculation of earnings per share during this reporting period, due to the resulting dilution effect in relation to the first six months of 2019. This treatment is in contrast to IFRS 2.

6 / Provisions, contingent liabilities and other financial obligations

PROVISIONS

Other provisions amounted to EUR 267 million as of the reporting date (December 31, 2018: EUR 309 million). The decrease of EUR 42 million was chiefly due to the reversal or utilization of provisions for onerous contracts and employee benefits that were recognized as of the end of 2018.

CONTINGENT LIABILITIES

Compared to the contingent liabilities reported in the consolidated financial statements as of December 31, 2018, there have been no significant changes as of June 30, 2019.

OTHER FINANCIAL OBLIGATIONS

The other financial obligations are comprised as follows as of the reporting date and December 31, 2018:

57 / **OTHER FINANCIAL OBLIGATIONS** in EUR m

	June 30, 2019	December 31, 2018
Purchase commitments for programming assets	2,794	2,931
Distribution	176	204
Leasing and long-term rental commitments	74	16
Other financial obligations	337	172
Total	**3,381**	**3,325**

The EUR 137 million decline in purchase commitments for programming assets from EUR 2,931 million as of December 31, 2018, to EUR 2,794 million as of June 30, 2019, firstly reflects seasonal factors and secondly the adjustment of the programming structure due to the strategic focus on local content.

The increase in leasing and rental obligations by EUR 58 million to EUR 74 million is mainly attributable to the conclusion of new leases for which use of the leased items had not yet begun as of the reporting date.

As of June 30, 2019, other financial obligations included an amount of EUR 115 million relating to commitments for the future funding of Joyn GmbH, Munich (originally 7TV Joint Venture GmbH), a joint venture accounted for using the equity method and in which ProSiebenSat.1 Group and Discovery Communications each hold a 50% share. Of this amount, EUR 79 million is due within one year and EUR 36 million in between one and five years. As the shares in Joyn GmbH are not listed, no market prices are available. For further information, please refer to the notes to the consolidated financial statements of ProSiebenSat.1 Group as of December 31, 2018, specifically → see Notes, Note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation" and → see Notes, Note 20 "Investments accounted for using the equity method."

7 / Financial instruments

The following table shows the carrying amounts and the fair values of all IFRS 9 categories of financial assets and financial liabilities of ProSiebenSat.1 Group and allocates the financial assets and financial liabilities that are measured at fair value to their fair value hierarchy levels.

The fair values of the different hierarchy levels were calculated using methods that are described in detail in → see Notes, Note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" in the consolidated financial statements for the financial year 2018.

58 / CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS AS OF JUNE 30, 2019 in EUR m

			Categories under IFRS 9				Fair Value			
	Presented in the Statement of Financial Position as	Carrying amount	At fair value through profit and loss	Hedging instruments	Assets measured at amortized cost	Liabilities measured at amortized cost	Level 1	Level 2	Level 3	Total
Financial assets										
Measured as fair value										
Fund units to finance pension obligations	Non-current financial assets	**26**	26	-/-	-/-	-/-	26	-/-	-/-	**26**
Other equity instruments	Non-current financial assets	**191**	191	-/-	-/-	-/-	-/-	-/-	191	**191**
Other level 3 instruments and derivatives for which hedge accounting is not applied	Current and non-current financial assets	**19**	19	-/-	-/-	-/-	-/-	-/-	19	**19**
Hedge derivatives	Current and non-current financial assets	**69**	-/-	69	-/-	-/-	-/-	69	-/-	**69**
Not measured at fair value										
Cash and cash equivalents[1]	Cash and cash equivalents	**685**	-/-	-/-	685	-/-				
Loans and receivables[1]	Current and non-current financial assets and trade receivables	**494**	-/-	-/-	494	-/-				
Other Financial assets at cost[1]	Current and non-current financial assets	**6**	-/-	-/-	6	-/-				
Total		**1,491**	**236**	**69**	**1,185**	**-/-**	**26**	**69**	**210**	**306**
Financial liabilities										
Measured at fair value										
Liabilities from put-options and earn-outs	Other financial liabilities	**188**	188	-/-	-/-	-/-	-/-	-/-	188	**188**
Derivatives for which hedge accounting is not applied	Other financial liabilities	**6**	6	-/-	-/-	-/-	-/-	6	-/-	**6**
Hedge derivatives	Other financial liabilities	**16**	-/-	16	-/-	-/-	-/-	16	-/-	**16**
Not measured at fair value										
Term Loan and other borrowings	Financial debt	**2,103**	-/-	-/-	-/-	2,103	-/-	2,135	-/-	**2,135**
Notes	Financial debt	**598**	-/-	-/-	-/-	598	622	-/-	-/-	**622**
Promissory note	Financial debt	**499**	-/-	-/-	-/-	499	-/-	522	-/-	**522**
Real estate financing	Other financial liabilities	**42**	-/-	-/-	-/-	42	-/-	48	-/-	**48**
Other Financial liabilities at (amortised) cost[1]	Other financial liabilities and trade payables	**605**	-/-	-/-	-/-	605				
Lease liabilities[2]	Other financial liabilities	**164**								
Total		**4,220**	**194**	**16**	**-/-**	**3,846**	**622**	**2,728**	**188**	**3,537**

[1] The carrying amount is an appropriate proxy for fair value.
[2] Lease liabilities in accordance with IFRS 16 are outside the scope of IFRS 9. Moreover, disclosures about fair values are not required under IFRS 7. The tabular disclosures are made voluntarily and for improving the reconcilability of the carrying amounts presented.

59 / CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2018 in EUR m

			Categories under IFRS 9				Fair Value			
	Presented in the Statement of Financial Position as	Carrying amount	At fair value through profit and loss	Hedging instruments	Assets measured at amortized cost	Liabilities measured at amortized cost	Level 1	Level 2	Level 3	Total
Financial assets										
Measured as fair value										
Fund units to finance pension obligations	Non-current financial assets	**25**	25	-/-	-/-	-/-	25	-/-	-/-	**25**
Other equity instruments	Non-current financial assets	**156**	156	-/-	-/-	-/-	-/-	-/-	156	**156**
Other level 3 instruments and derivatives for which hedge accounting is not applied	Current and non-current financial assets	**20**	20	-/-	-/-	-/-	-/-	1	19	**20**
Hedge derivatives	Current and non-current financial assets	**69**	-/-	69	-/-	-/-	-/-	69	-/-	**69**
Not measured at fair value										
Cash and cash equivalents[1]	Cash and cash equivalents	**1,031**	-/-	-/-	1,031	-/-				
Loans and receivables[1]	Current and non-current financial assets and trade receivables	**567**	-/-	-/-	567	-/-				
Other Financial assets at cost[1]	Current and non-current financial assets	**6**	-/-	-/-	6	-/-				
Total		**1,873**	**201**	**69**	**1,603**	**-/-**	**25**	**70**	**175**	**270**
Financial liabilities										
Measured at fair value										
Liabilities from put-options and earn-outs	Other financial liabilities	**312**	312	-/-	-/-	-/-	-/-	-/-	312	**312**
Derivatives for which hedge accounting is not applied	Other financial liabilities	**9**	9	-/-	-/-	-/-	-/-	9	-/-	**9**
Hedge derivatives	Other financial liabilities	**14**	-/-	14	-/-	-/-	-/-	14	-/-	**14**
Not measured at fair value										
Term Loan and other borrowings	Financial debt	**2,098**	-/-	-/-	-/-	2,098	-/-	2,107	-/-	**2,107**
Notes	Financial debt	**598**	-/-	-/-	-/-	598	625	-/-	-/-	**625**
Promissory note	Financial debt	**499**	-/-	-/-	-/-	499	-/-	494	-/-	**494**
Real estate financing	Other financial liabilities	**22**	-/-	-/-	-/-	22	-/-	27	-/-	**27**
Other Financial liabilities at (amortised) cost[1]	Other financial liabilities and trade payables	**639**	-/-	-/-	-/-	639				
Lease liabilities[2]	Other financial liabilities	**155**								**0**
Total		**4,345**	**321**	**14**	**-/-**	**3,856**	**625**	**2,651**	**312**	**3,587**

[1] The carrying amount is an appropriate proxy for fair value.
[2] Lease liabilities in accordance with IFRS 16 are outside the scope of IFRS 9. Moreover, disclosures about fair values are not required under IFRS 7. The tabular disclosures are made voluntarily and for improving the reconcilability of the carrying amounts presented.

The following table shows the reconciliation of the items regularly measured at fair value and assigned to level 3 as of the closing date:

60 / RECONCILIATION OF LEVEL 3 FAIR VALUES in EUR m

	Other equity instruments	Liabilities from put-options and earn-outs	Other Level-3-instruments and derivatives, for which hedge accounting is not applied
January 1, 2019	**156**	**312**	**19**
Results included in the income statement[1]	-13	-56	0
Additions from acquisitions	50	7	-/-
Disposals/Payments	-2	-75	-/-
Other changes	0	0	0
June 30, 2019	**191**	**188**	**19**

[1] This line item includes unrealized losses on Other equity instruments of EUR 13 million and unrealized gains on Liabilities from put options and earn-outs of EUR 42 million.

Apart from unwinding of interest effects, which are recognized in interest result, any gains or losses on instruments assigned to level 3 are reported in Other financial result.

The gains of EUR 56 million recognized in profit or loss during the period primarily derive from the remeasurement of the put option relating to Digital-Studio Studio71 and the earn-outs relating to the esome advertising technologies GmbH as well as an unwinding of interest effect of EUR 3 million. The additions to Other equity instruments primarily reflect the acquisition of shares in the context of media-for-equity transactions. The decreases of the liabilities from put options and earn-outs mainly result from payments made in the context of the acquisitions of Virtual Minds and Digital-Studio Studio71 in the previous years.

Level-3-instruments are measured on a transaction-by-transaction basis using methods that are described in → see Notes, Note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7" in the consolidated financial statements for the financial year 2018.

When measuring liabilities from put options and earn-outs, key inputs that are not observable on the market are the earnings figures on which the valuations of the respective instruments are based and the risk-adjusted discount rates are applied. A 5.0% improvement in the underlying earnings figures would increase the (negative) fair value of the put options as of the closing date by EUR 8 million, while a 5.0% decrease would reduce it by EUR 8 million. In addition, a change in the interest rate by plus or minus one percentage point would result in the fair value of these financial liabilities falling by EUR 10 million or increasing by EUR 12 million.

The fair values of most other equity instruments and other level-3-instruments are based on share prices obtained in the context of financing rounds with external investors. Moreover, geographical revenue shares affect the fair value of certain Other level-3-instruments. An increase in the revenue shares used by 1.5% would lead to an increase of the fair value of these Other level-3-instruments by EUR 2 million, while a decrease by 1.5% would lead to a reduction of EUR 2 million.

ProSiebenSat.1 Group actively manages its financial risk exposure and continuously monitors developments on the money and capital markets. In April 2019, the Group extended the maturities for most of the syndicated credit agreement consisting of a term loan and a revolving credit facility until April 2024.

8 / Share-based payments

The Group Share Plan 2015, which expired at the end of the financial year 2018, was fully paid out in the second quarter of 2019 in the amount of EUR 1.4 million. The plan conditions for the Group Share Plans and Performance Share Plans remain unchanged and continue to be in line with the information presented in the consolidated notes and in the combined Group management report as of December 31, 2018.

Of the performance share units issued under the other Group Share Plans, 6,460 units of the Group Share Plan 2016, 32,080 units of the Group Share Plan 2017, 0 units of the Performance Share Plan 2018 and 39,917 units of the Performance Share Plan 2019 expired in the first six months of the financial year 2019.

9 / Related Parties

In the first quarter of 2019, Dr. Jan Kemper, CFO and Executive Board Member Commerce, and Sabine Eckhardt, Executive Board Member Sales & Marketing, have agreed with the Supervisory Board to terminate their contracts. Dr. Jan Kemper left the company on March 31, 2019 and received a severance payment of EUR 3.5 million. Sabine Eckhardt left the company on April 30, 2019 and received a severance payment of EUR 2 million. The severance payments were made as of the termination date or, in the case of pension contributions for the remaining term, continued until the regular end of the contract or, in the case of the regulations on the Group Share Plan, recognized as provision. The Performance Share Units granted in the financial year 2018 under the Performance Share Plan are 100.0% vested and will be settled regularly after the end of the four-year performance period.

Erik Huggers, a member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015, worked as a consultant for Joyn GmbH, Munich (originally: 7TV Joint Venture GmbH) in the first quarter of 2019. During this period, Joyn GmbH received consulting services on a contractual basis amounting to EUR 25 thousand. The contractual agreement was concluded the first quarter of 2019 and ended on February 8, 2019.

During the first six months of the financial year 2019, deliveries and services in a total amount of EUR 79 million (previous year: EUR 69 million) were rendered to related entities. As of June 30, 2019, the receivables due from the respective entities amounted to EUR 32 million (previous year: EUR 20 million).

In the first six months of the financial year 2019, the Group received deliveries and services from its related entities, for which it recognized expenses in the amount of EUR 15 million (previous year: EUR 13 million). The amounts payable to said entities as of June 30, 2019, totaled EUR 7 million (previous year: EUR 6 million).

In the first six months of the financial year 2019, the members of the Supervisory Board acquired 18,550 shares and the members of the Executive Committee acquired 73,000 shares.

There have been no other major changes or transactions in the first six months of the financial year 2019 compared to the facts regarding related parties as reported in the notes to the consolidated financial statements for the financial year 2018.

10 / Events after the interim reporting period

Between the end of the second quarter of 2019 and July 30, 2019 – the release date of this Half-Yearly Financial Report for publication and submission to the Supervisory Board – no other reportable events occurred which are of material significance for the financial position and performance of ProSiebenSat.1 Group or of ProSiebenSat.1 Media SE.

July 30, 2019

The Executive Committee

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Unterfoehring July 30, 2019

Max Conze
Chairman of the Executive Committee

Conrad Albert
Deputy Chairman of the Executive Committee,
Group General Counsel

Rainer Beaujean
Chief Financial Officer

REVIEW REPORT

Translation of the German language review report (Bescheinigung nach prüferischer Durchsicht)

To ProSiebenSat.1 Media SE

We have reviewed the interim condensed consolidated financial statements – comprising the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed cash flow statement, the condensed statement of changes in equity and selected explanatory notes – and the interim group management report of ProSiebenSat.1 Media SE, Unterföhring, for the period from 1 January to 30 June 2019, which are part of the six-monthly financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, 30 July 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Barth	Mielke
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR

Date	Event
08/07/2019	**Publication of the Half-Yearly Financial Report of 2019** Press Release, Conference Call with analysts and investors, Conference Call with journalists
11/07/2019	**Publication of the Quarterly Statement for the Third Quarter of 2019** Press Release, Conference Call with analysts and investors, Conference Call with journalists

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Corporate Communications

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This and other publications are available on the Internet, along with information about ProSiebenSat.1 Group, at
→ www.ProSiebenSat1.com/en

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding ProSiebenSat.1 Media SE and ProSiebenSat.1 Group. Such statements may be identified by the use of such terms as “expects,” “intends,” “plans,” “assumes,” “pursues the goal,” and similar wording. Various factors, many of which are outside the control of ProSiebenSat.1 Media SE, could affect the Company’s business activities, success, business strategy and results. Forward-looking statements are not historical facts, and therefore incorporate known and unknown risks, uncertainties and other important factors that might cause actual results to differ from expectations. These forward-looking statements are based on current plans, goals, estimates and projections, and take account of knowledge only up to and including the date of preparation of this report. Given these risks, uncertainties and other important factors, ProSiebenSat.1 Media SE undertakes no obligation, and has no intent, to revise such forward-looking statements or update them to reflect future events and developments. Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations reflected here are reasonable, ProSiebenSat.1 Media SE assumes no liability and offers no warranty as to the completeness, correctness, adequacy and/or accuracy of any information or opinions contained herein.