

BROADCASTING GERMAN-SPEAKING

ProSiebenSat.1 is the **NUMBER 1** in the German advertising market. Also, in the future, attractive growth opportunities open up for our Group: We are establishing new TV stations, thus reaching new target groups in the audience and advertising market. Moreover, revenues from sales of our HD stations are becoming increasingly important.

MARKET POSITION

27.8 %

... **audience share** was achieved by SAT.1, ProSieben, kabel eins and sixx in the target group relevant for advertising of 14 to 49 year old viewers in 2012.

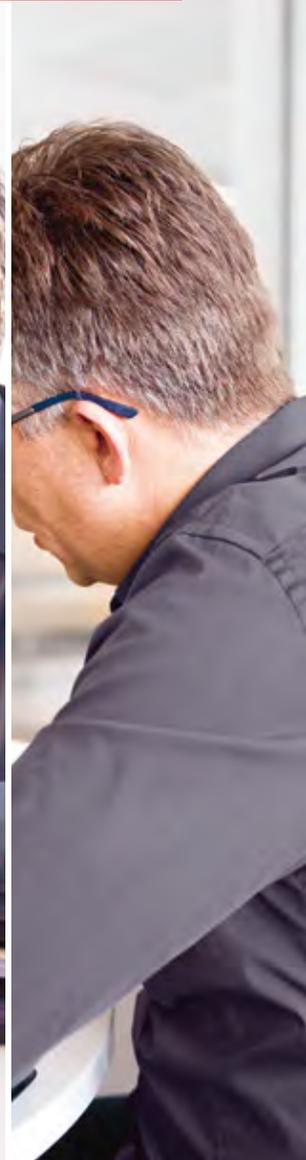
HD SUCCESS

TV is continually reinventing itself. High-definition television (HD) makes series, films and shows a very special experience. All large cable, satellite and IPTV operators offer our stations in HD quality – and pass on a share of the sales revenues to ProSiebenSat.1. In the next few years, the number of HD households in Germany will rise significantly. This will allow us to expand our HD distribution revenues considerably. We thus open up new sources of revenues for ourselves, even within our core business.

PORTFOLIO

5

... **new free TV stations** have been successfully launched by us in the last six years: sixx, sixx Austria, sixx Schweiz, PULS 4 and SAT.1 Gold.





KATJA HOFEM (42) SET UP NOT ONLY THE SUCCESSFUL WOMEN'S CHANNEL SIXX, BUT SHE AND HER TEAM HAVE ALSO NOW LAUNCHED THE NEW FREE TV STATION SAT.1 GOLD – FOR THE TARGET GROUP OF WOMEN FROM THE AGE OF 49. "WHAT A GREAT OPPORTUNITY," LAUGHS THE TV MANAGER. "I INVENTED MY FUTURE FAVORITE CHANNEL!" TODAY SHE IS THE BOSS OF KABEL EINS.

What is the key to developing a new TV station?

KATJA HOFEM: It begins with the concept – and a convincing business model. Once that has been approved, it all depends on finding a skilled and experienced project manager. Our best man is a woman. After the launch of sixx in 2010, she wrote us a "manual for launching a station" – that really was worth its weight in gold, including for SAT.1 Gold! (Laughs.) Then, once you have found a name and you see the new logo for the first time, awesome. Then the idea begins to live.

How do you find the right target group?

KATJA HOFEM: For SAT.1 Gold, that was not too difficult at all. It was clear to us that demographic reality could not be denied any longer in the TV business either – already 43% of people in Germany are over 50 years old. And women in particular see this stage of life positively. They want to enjoy it consciously. This was also confirmed in a large living world study that we commissioned. After that at the latest, we knew it was about time for a corresponding channel! With exciting, self-produced magazine formats, the nicest series, movie classics ... that's why our slogan is so appropriate: Uns geht's Gold (Go for Gold). We are like our viewers: Fun-loving, warm-hearted, easy-going – and young at heart. However, men are also allowed to feel attracted to this, of course. There is no watching ban for them!

How can a new station establish itself in the German market – which, after all, is actually considered to be saturated?

KATJA HOFEM: As I said before, you need a crystal-clear target group approach, you need to know exactly your target group's attitude towards life and cater to it precisely ... and from this develop a sexy brand. However, a new station cannot simply be established "in the middle of nowhere". You need a large and well positioned TV company with successful programs, backed by digital and content expertise.

After sixx, that is already your second station launch at ProSiebenSat.1. Does it become addictive?

KATJA HOFEM: Actually, we are currently working at full speed on the launch of the new men's channel ProSieben Maxx, which is planned for 2013. And I cannot imagine any nicer job. But don't worry, there's life without TV for me as well. Preferably in the mountains – with my husband and my dog.

DIGITAL & ADJACENT

This segment is ProSiebenSat.1's strongest **GROWTH DRIVER**. We take advantage of the strength of our TV stations and also develop large brands in adjacent business areas. We are thus becoming a digital entertainment & e-commerce powerhouse.

SELECTION

>50,000

... **film and TV titles** are offered by maxdome, Germany's largest portal for video-on-demand – which also can be accessed directly on one's television set.

USE

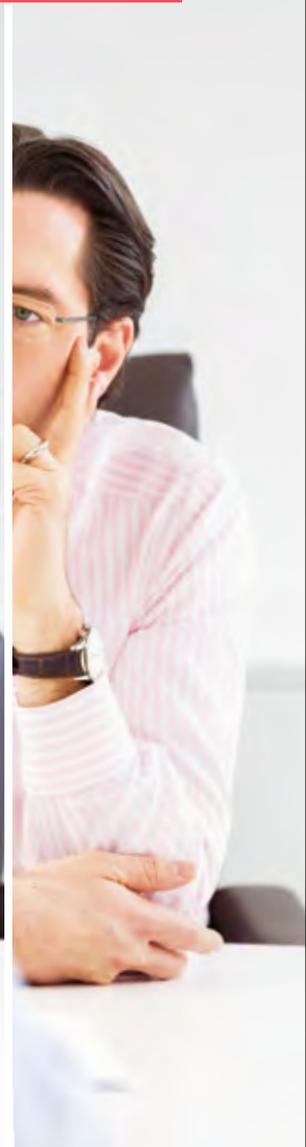
25_m

... **unique users** use our advertising-financed online network every month. Among marketers of video content, ProSiebenSat.1 is the clear No. 1!

SUCCESS

38.1%

... **revenue growth** was achieved by our Digital & Adjacent segment in 2012. Each of the four areas – Online Video, Online Games, Ventures & Commerce and Music – contributed to this with double-digit growth rates.



DR. CHRISTIAN WEGNER (38) HAS BEEN THE EXECUTIVE BOARD MEMBER RESPONSIBLE FOR DIGITAL & ADJACENT AT PROSIEBENSAT.1 SINCE OCTOBER 2011. IN THIS ROLE, HE IS RESPONSIBLE FOR THE TV GROUP'S EXPANSION TO BECOMING A DIGITAL ENTERTAINMENT AND E-COMMERCE POWERHOUSE. HE AND HIS TEAM THUS ARE PREPARING THE WAY FOR THE FUTURE. THE BUSINESS ADMINISTRATION GRADUATE AND FAMILY MAN IS FASCINATED BY THE NEW POSSIBILITIES: "I CAN HARDLY WATCH TV WITHOUT MY IPAD ANYMORE!"

The core business of ProSiebenSat.1 is still television. You concentrate on the digital business. A contradiction?

DR. CHRISTIAN WEGNER: No, not at all. Television is the beating heart of our Company. That is where our strength lies. We utilize the reach – which goes into the millions – and advertising power of our TV stations in order to develop successful brands in adjacent business areas as well. Think of maxdome, the largest online video library in Germany with more than 50,000 titles. Or MyVideo, our first web TV station, which has long since offered everything that YouTube is arduously trying to develop. We thus make ourselves less dependent on the traditional TV advertising market, which is dependent on the general state of the economy. Always using television, mind you – and for its benefit.

What is involved, then, in the Digital and Adjacent segment?

DR. CHRISTIAN WEGNER: Here, we bring together all services that we can use to complement and expand our TV world in a sensible manner: Online Video, Online Games, Ventures & Commerce as well as Music. And we do our utmost to develop these areas on a continuous basis and forge new business areas.

You are headed in the right direction there – your unit is growing particularly quickly ...

DR. CHRISTIAN WEGNER: At an early stage, we began developing corporate units that have launched many innovative ideas and have thus created the basis for organic growth. Our early investments are now paying off. Even today, our digital business is highly profitable. In the last financial year, we raised the revenues of "Digital & Adjacent" by 38.1% to EUR 351.2 million. Thus, the segment is the ProSiebenSat.1 Group's strongest growth driver.

The market for online games is particularly important. Why?

DR. CHRISTIAN WEGNER: The games market is the fastest-growing segment in the entertainment industry. As a TV group, we know the blockbuster business and all finesses of the video business from the bottom up. Not making the most of this advantage would be almost criminal. With our Europe-wide exclusive rights to top hits such as "DC Universe Online" and "PlanetSide 2" and their marketing, we are becoming one of the leading publishers in Europe.



CONTENT PRODUCTION & GLOBAL SALES

Red Arrow Entertainment was established three years ago. Now, the ProSiebenSat.1 subsidiary is among the **TOP 10** independent production and sales companies in the TV business – world-wide. Strong formats, wise investments: The success story continues.

SALES

150

... **countries** across the globe show TV formats sold by Red Arrow International in 2012. Red Arrow programs are in global demand!

ACQUISITION

18

... **majority shareholdings** in nine countries strengthen the profile of Red Arrow Entertainment, especially in the key markets of the US and Great Britain. In 2012, the group made four acquisitions in these markets.

PRODUCTION

600

... **hours** of programming were produced by the Red Arrow Entertainment Group for TV stations worldwide in 2012.





CHRIS COELEN (44) IS CEO OF KINETIC CONTENT, BASED IN SANTA MONICA, CALIFORNIA. COELEN'S CREATIVE HOTBED, WHICH IS PART OF THE RED ARROW ENTERTAINMENT GROUP, THE PROSIEBENSAT.1 SUBSIDIARY, DEVELOPS AND PRODUCES EXCITING SHOW FORMATS. ABOUT HIS COOKING SHOW – WHICH HAS JUST BEEN SUCCESSFULLY LAUNCHED IN THE USA – CHRIS COELEN SAYS: "I LOVE MEETING THE VIEWERS' TASTES!"

Taste is something that can be argued over. Your new show, "The Taste", turns such strife into great entertainment ...

CHRIS COELEN: That's right! We wanted to make a cooking show like none that has ever been seen before. "The Taste" is a competition in which the focus is entirely on taste. Amateur cooks come up against professionals, and in each episode our jury judges the dishes blindfolded. One single spoonful decides. None of the jurors – who are also mentors for the candidates – know the recipes or how or by whom they were prepared.

What, then, are the most important ingredients for a TV hit?

CHRIS COELEN: I wish I knew exactly what they were. In any event, we at Kinetic are looking for ideas that are clear, simple, really strong – and above all fun. Hopefully, they are new. (Laughs.) It is becoming increasingly important that viewers be able to get together around a TV event as a community, online, but also at live events. And then it doesn't do any harm to find the perfect protagonists for a new show. With "The Taste", at a very early stage we won star US cook Anthony Bourdain and British queen of the kitchen Nigella Lawson to become part of the jury. That helped us to sell the format to the large US station ABC.

What advantages does it have to be part of the international production and sales network of Red Arrow?

CHRIS COELEN: First of all, it is very inspiring to have creative partners all over the world – after all, good ideas can emerge anywhere. This access to an immense variety of formats also helps us to remain successful in the American market. Moreover, we largely have Red Arrow to thank for our feel for trends: We simply find out more than the competition! With the support of the ProSiebenSat.1 Group, we can also operate more effectively, for example in the award of international rights. As an exception, here many cooks improve the overall result ...