ProSiebenSat.1 Media AG
The power of television

Multi-Platform Programming for Digital TV

German-Japanese Symposium 2007
Session 7: New convergence based applications

Berlin, April 20, 2007

Thomas Schultheis, Managing Director, SevenSenses GmbH

Agenda

German TV market overview

Company and business overview

Diversification

- PayTV
- Video on Demand
- Mobile

German TV market: On average 54 TV stations per household

Public Stations 26.8%*	Private FTA 38.5%* (1st tier channels)	Private FTA 18.5%* (2nd tier channels)	Private FTA Special Interest 13.8%* (3rd tier channels)	Pay TV 2.4%*
ARD	Sat.1	kabel eins	N24	PREMIERE
ZDF	ProSieben	RTL II	LIVE	Kabel Digital HOME
Arte	RTL	VOX	DSF	tividi Digital TV
3Sat			Bloomberg Television	arena
ARD Dritte (7 regional channels)			n-tv	
Kinderkanal			Super RTL	
Phoenix			Eurosport	
			Nick	
			XXP	
			HSE24	
			Comedy Central	
et al.			et al.	

Total TV households: 35 million
Cable: ~20 million (54%), satellite: ~16.4 million (42%), terrestrial: ~2.1 million (5%)

Conclusion: The German TV market, with an average of 54 TV stations per household, is already fragmented**

* Audience market share Mon.-Sun., 03:00-03:00 h, viewers 14-49, average 2006; Private FTA Special Interest is the difference to the total of 100
** Free-to-air and Pay TV channels; as at January 1, 2007
Basis: All TV households (Germany + EU), Source: AGF/GfK-Fernsehforschung, pc#tv aktuell, SevenOne Media Marketing & Research

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The ProSiebenSat.1 Media AG is the leading electronic media group in Germany.

We provide people with first-class entertainment and comprehensive information – whenever they need it, wherever they are.

ProSiebenSat.1Media AG – Company Trailer

The ProSiebenSat.1 Group

ProSiebenSat.1 is the only Group that operates four wholly owned advertising financed TV stations in Germany and their related ancillary and diversification activities.

ProSiebenSat.1 Media AG

Free TV	Diversification
External revenues 2006: EUR 1,867 mill.	External revenues 2006: EUR 238 mill.
Sat.1 (100%)	9Live (100%)
ProSieben (100%)	SevenOne Intermedia (100%)
kabel eins (100%)	MM Merchandising Media (100%)
N24 (100%)	SevenSenses (100%)
Advertising windows in A/CH	

ProSiebenSat.1 Group: Strategic Goals

Leading commercial TV group in Germany

1	2	3
Strengthening Free TV core business	Expansion of Diversification	Positioning in the digital world

Further Growth

- Further increase in revenues will be driven by growth in both units.
- Further increase of Group results due to growing revenues and continued cost control.
- Diversification unit to generate up to 15 percent of total revenues in 2007.

ProSiebenSat.1/SBS: Rationale for the potential SBS transaction

Combination of ProSiebenSat.1 and SBS: Creating a leading Pan-European Media Group

Complementary Geographic Fit

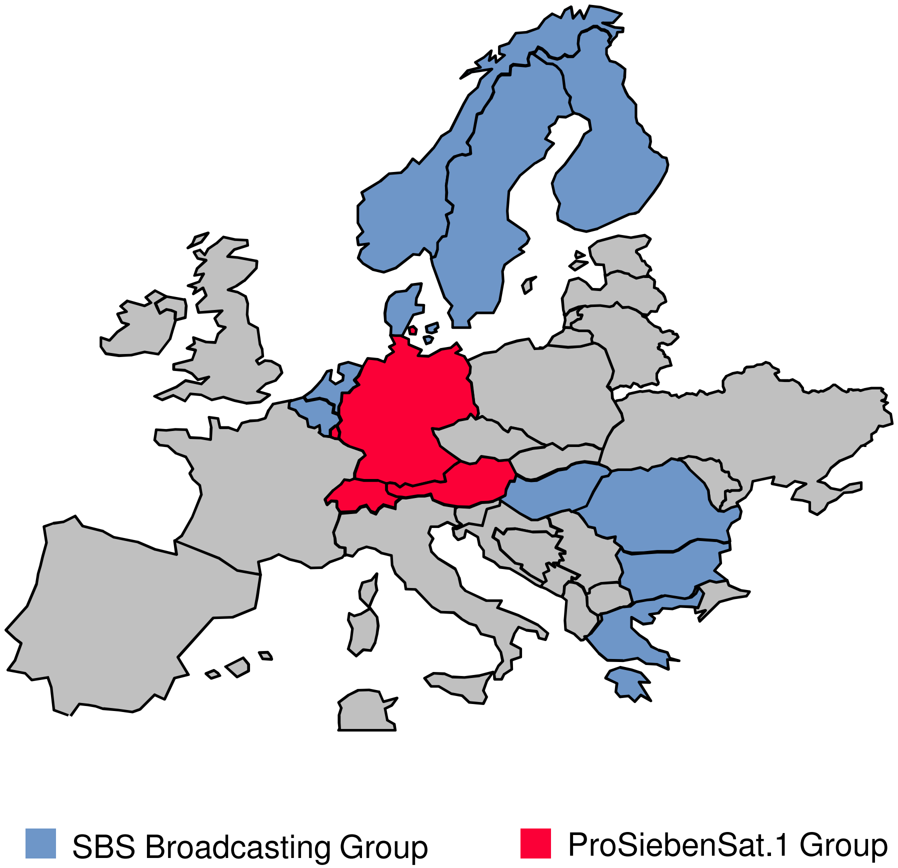
Strong and more diversified Media Portfolio

Potential for Synergies

Increased Growth Potential

ProSiebenSat.1/SBS: Complementary geographic fit

No overlap in regional activities.
Both companies can leverage each others expertise.



SBS at a glance
- 19 commercial TV stations in 3 clusters: Benelux, Scandinavia, Eastern Europe
- 20 premium Pay TV channels in Scandinavia
- 16 radio networks and eight stand-alone radio stations in: Benelux, Scandinavia, Eastern Europe and Greece
- TV/radio guide in The Netherlands

ProSiebenSat.1 at a glance
- Four stations in German speaking clusters
- Transaction TV (9Live)
- 4 basic pay TV channels
- Player in other diversification activities (e.g. Video on Demand, Mobile TV, Online)

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ProSiebenSat.1/SBS: Strong and more diversified media portfolio

Complementary and attractive media business segments: FTA, Pay TV, Radio, Print and Diversification. Scope for superior growth by further expanding activities and realization of potential synergies

ProSiebenSat.1 / SBS

	Free TV	Pay TV/VoD	Radio	Print	Diversification	
D, A, CH						67.7%
NL, B, Scandi, CEE						32.3%
	82.7%	4.8%	2.6%	2.3%	7.6%	100%

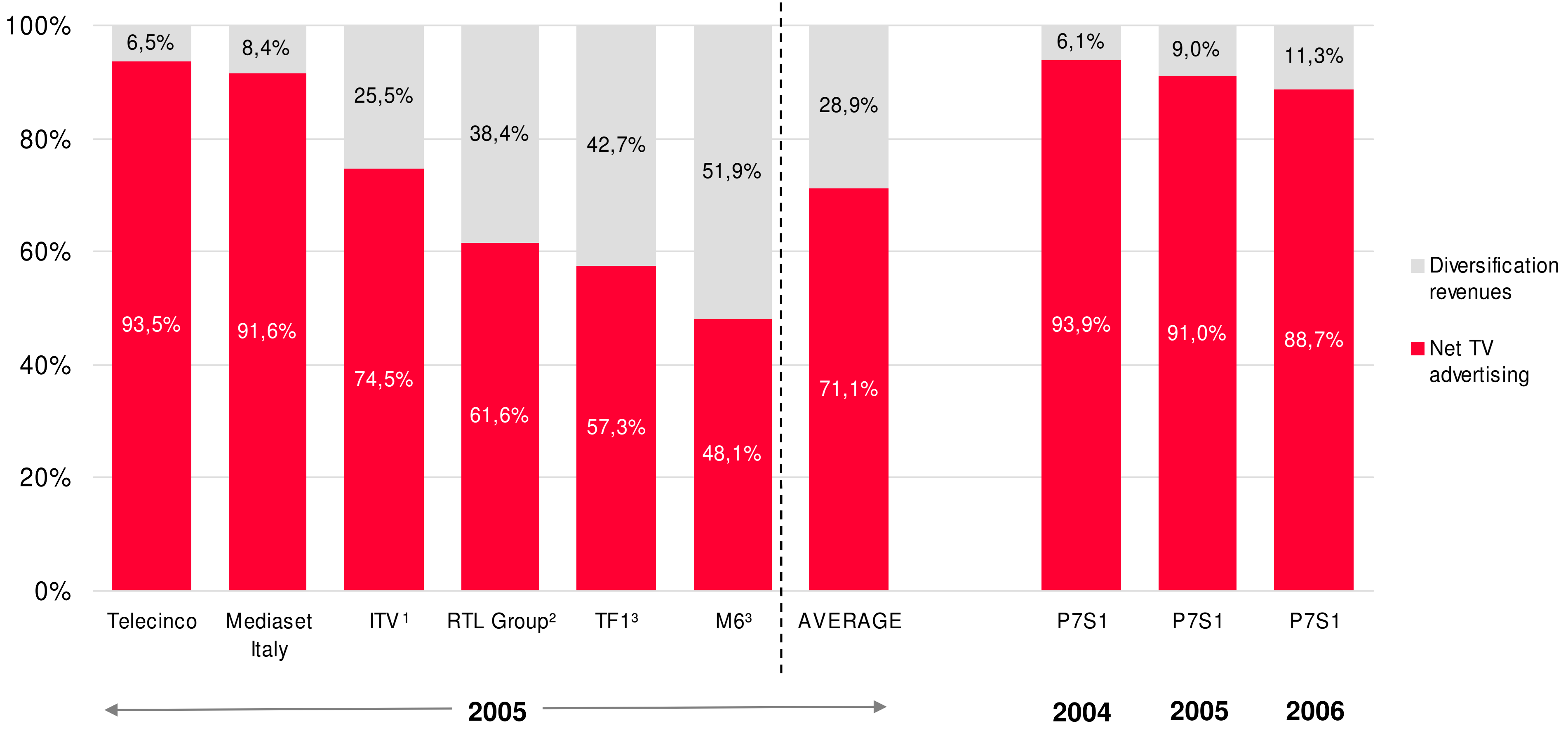
The diversification strategy is based on the strong Free TV brands

By systematically expanding this potential into rising markets such as online, Pay TV and VoD, the Group generates added value.

Transaction TV		Leading Call TV brand
Pay TV		Brand extension
	ProSiebenSat.1 Welt	First Mover
Video-on-demand		Market leader
Mobile TV	ProSiebenSat.1 Mobile	Market leader
ProSiebenSat.1 Networld	ProSieben.de, kabeleins.de	Germany´s second biggest Networld
Merchandising	Merchandising media; ARTMERCHANDISING & MEDIA AG	Full-service agency

Significant upside potential from diversification/digital

International benchmarking: revenue shares of diversification 2005

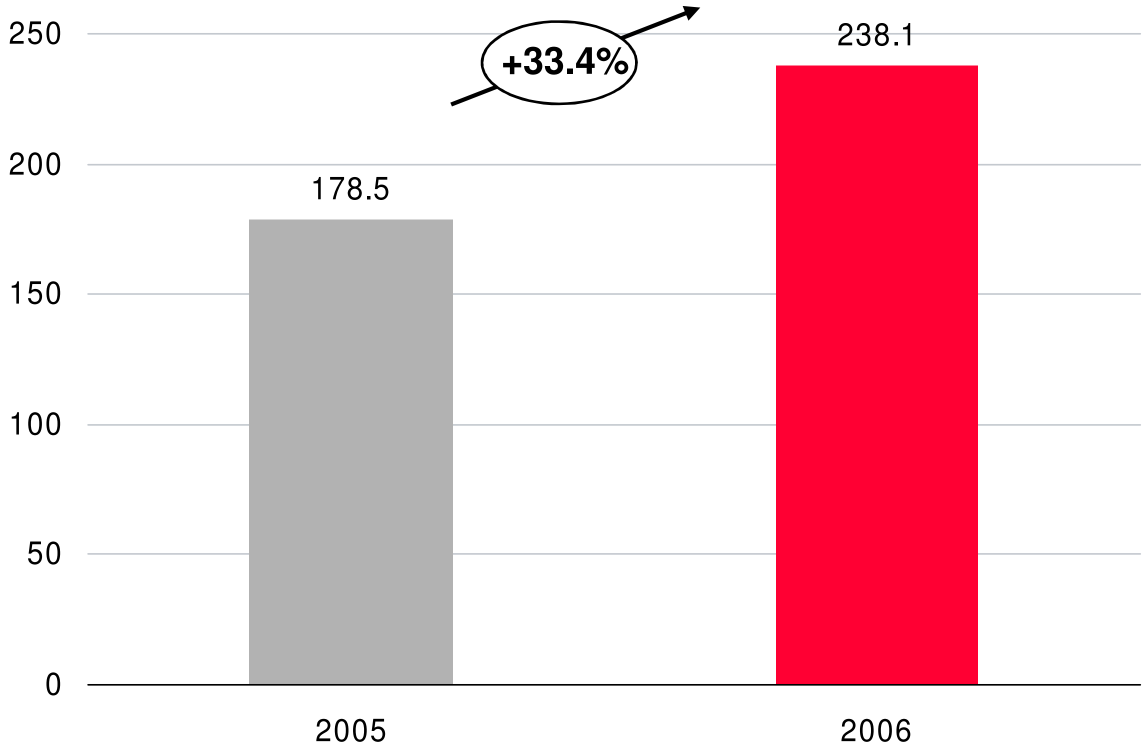


Source: JP Morgan
Please note: Diversification includes all non-TV advertising revenues (including content and rights sales)
1) PF for Friends Reunited acquisition; 2) All radio revenues counted towards Diversification; 3) Including TPS

Diversification: Development of revenues

Diversification unit grows significantly
In million €

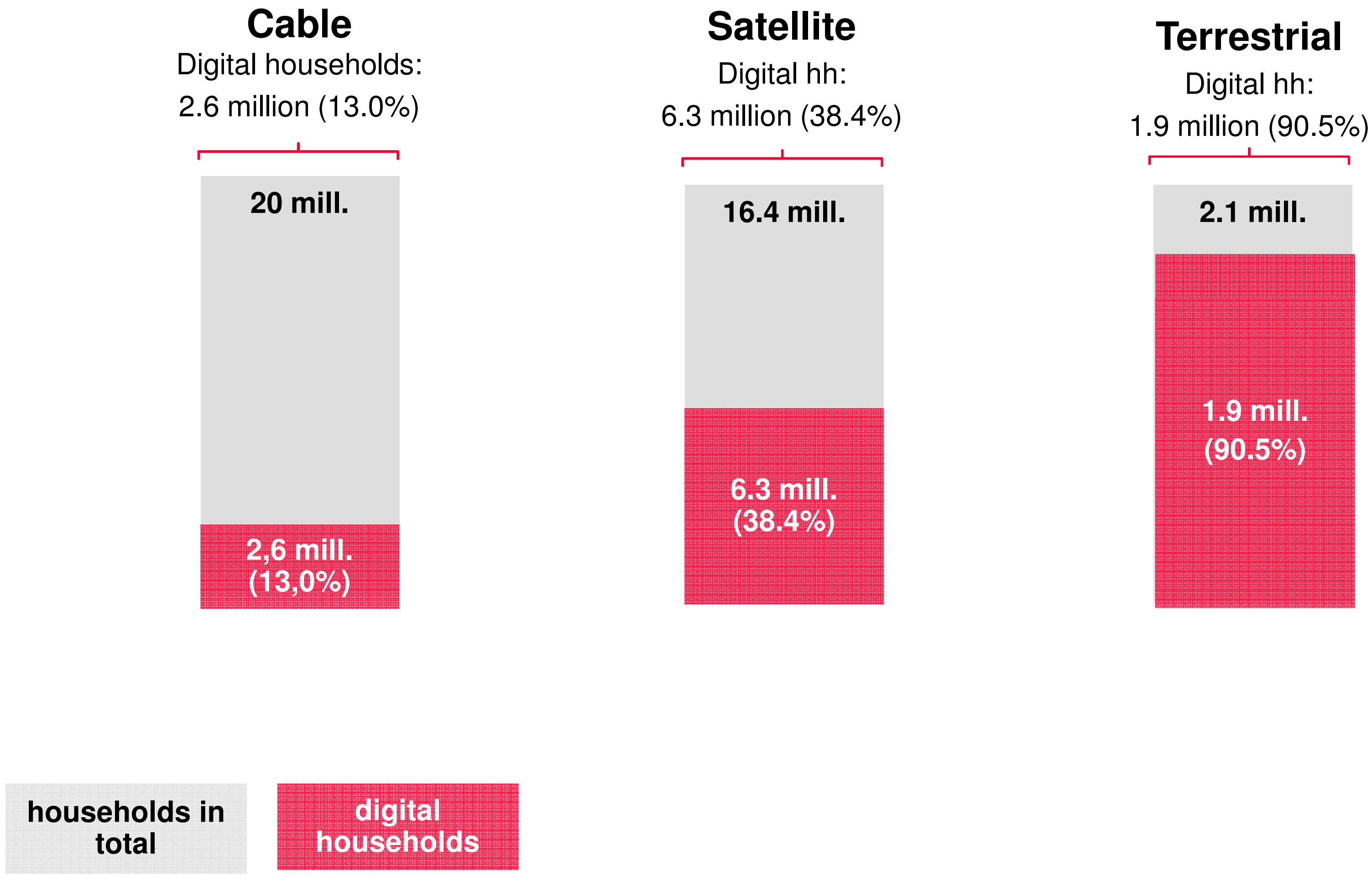
External revenues of Diversification



Consolidation of 9Live since June 1, 2005
Source: ProSieben Sat.1 annual report

The German TV market: Distribution landscape overview

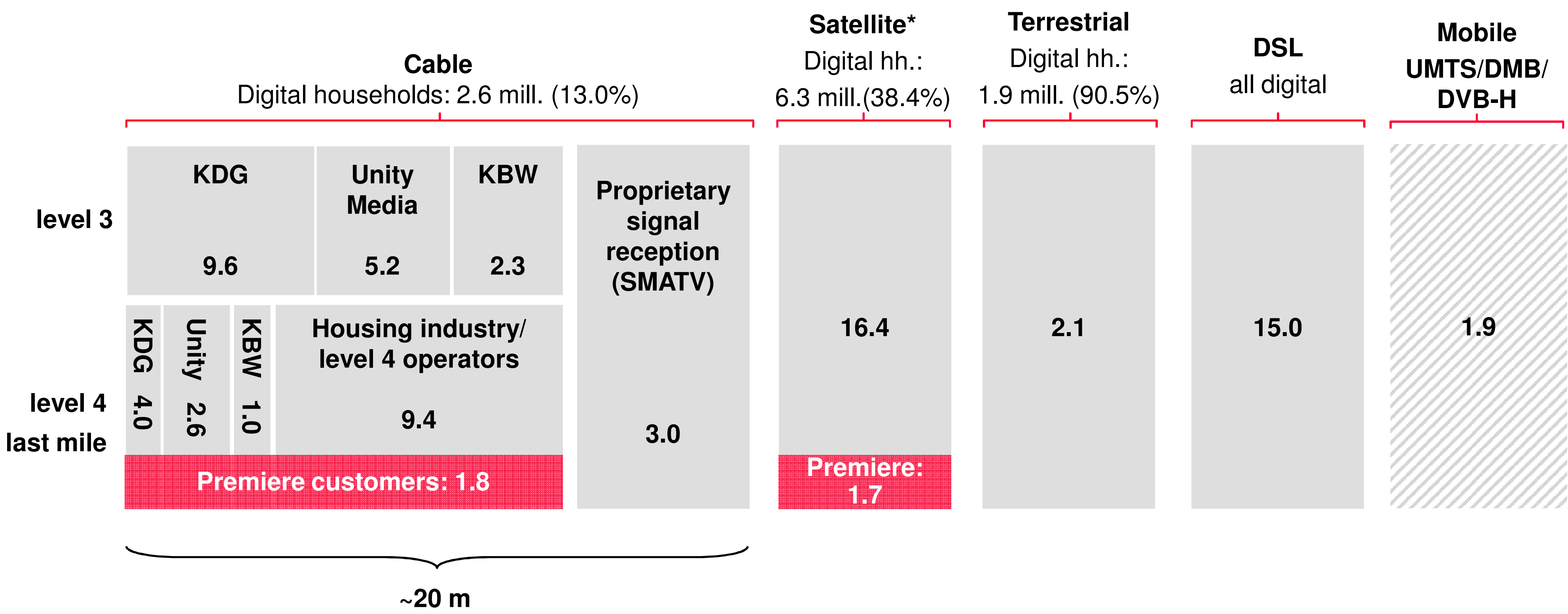
TV households Germany (in million): Migration from analog to digital in Germany will speed up constantly



The German TV market: Distribution outlets multiply

Approximately 29% of TV households in Germany already have access to digital television content

TV households Germany (in million)



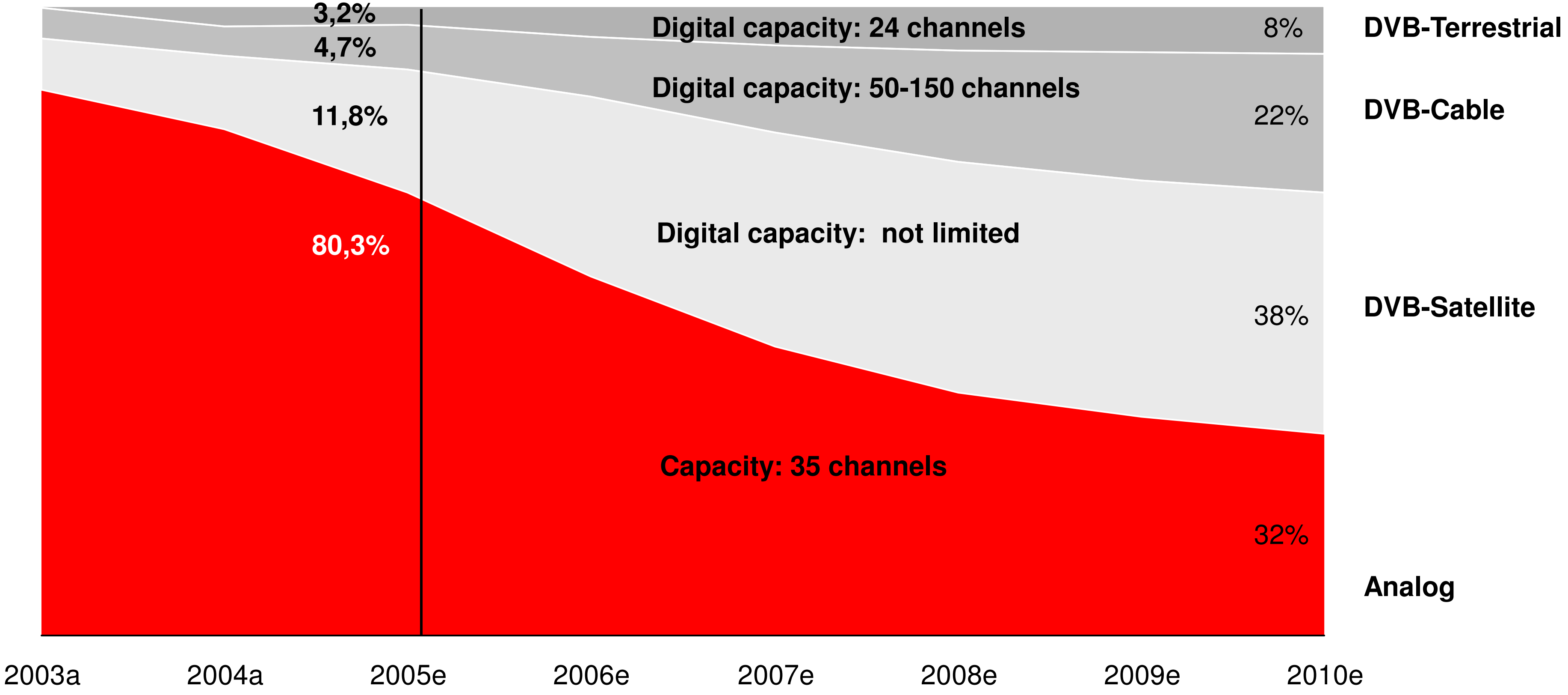
Please note: Total households include those which have access to more than one TV distribution channel and are therefore counted twice; actual no. of total TV households in Germany is lower (35 million)

* Source: Satellite: Astra (YE 2006), Morgan Stanley Research January 2006, DSL: BITKOM 06, ProSiebenSat.1 estimates

Digital TV infrastructure: a chance for ProSiebenSat.1

Limited risk for existing broadcasters because of the already given multichannel environment

Share of TV households Germany

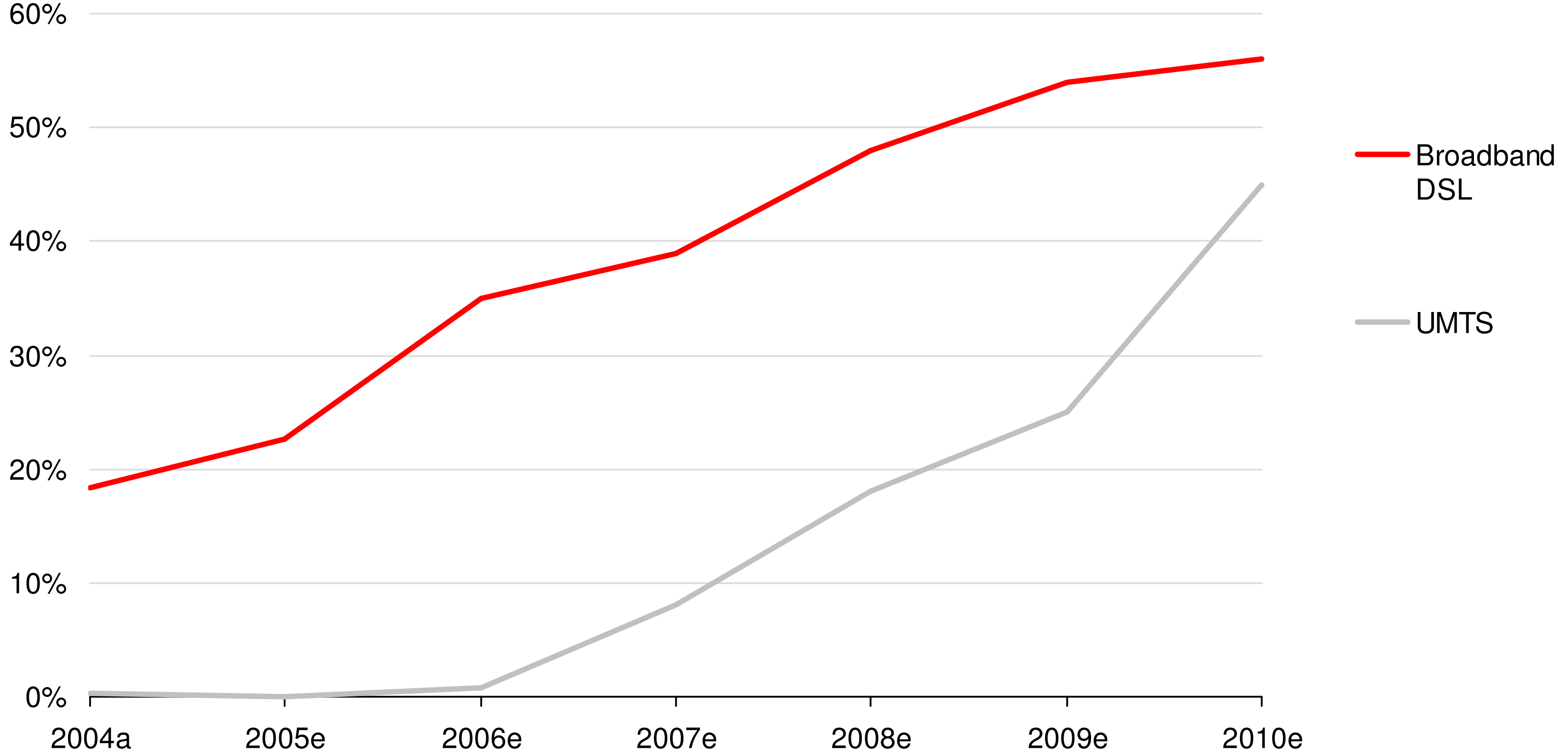


Source: Astra, Mercer, own estimates – Based on 38 Mill. TV HH

Development of additional streaming distribution channels

Distribution channels like broadband DSL or UMTS are expected to grow significantly.

Share of households in Germany



Source: Mercer

TV and Mobile

Strategic goal: screen ownership

 TV (Free TV, Pay TV, VoD ...)

 Mobile (UMTS, WAP, DMB ...)

 PC (in the office or school)

 PC (at home)

The TV brand as companion through the day
Mobile as the key element to generate continous screen ownership

Our Vision

One Brand – All Channels

SevenSenses: Product Portfolio

- Vision:

  become the **leading player for video** distribution on digital platforms (cable, sat, broadband, mobile)

- Business model:

  content syndication (B2B) to platform operators and **paid content (B2C)** to consumers

- Business design:

  leveraging ProSiebenSat.1 existing content, **acquiring content** and **producing special content** for digital platforms (e.g. mobisodes, websodes)

SevenSenses: Product Portfolio

Seven Senses

PayTV	Video on Demand / IPTV	Mobile TV
▪ Launch of kabel eins classics and Sat.1 Comedy on June, 1st, 2006 ▪ Launch via IPTV in 2007 ▪ Development of new Channels Pay TV and FTA to be launched in 2007	▪ Launch of open platform maxdome on July, 27th, 2006 ▪ Cooperation with T-Online and Telekom Austria ▪ Launch of VoD via IPTV TBD ▪ Cooperation with Apple /ipod and Microsoft Zune TBD	▪ On-Demand-Streaming via UMTS P7S1 is operating 8 Channels on various networks, e.g. T-Mobile, Vodafone ▪ 2 Channels via DMB (N24 and ProSieben Sat.1 Mobile) ▪ DVB-H: P7S1 is in pitch for license and platform

Examples

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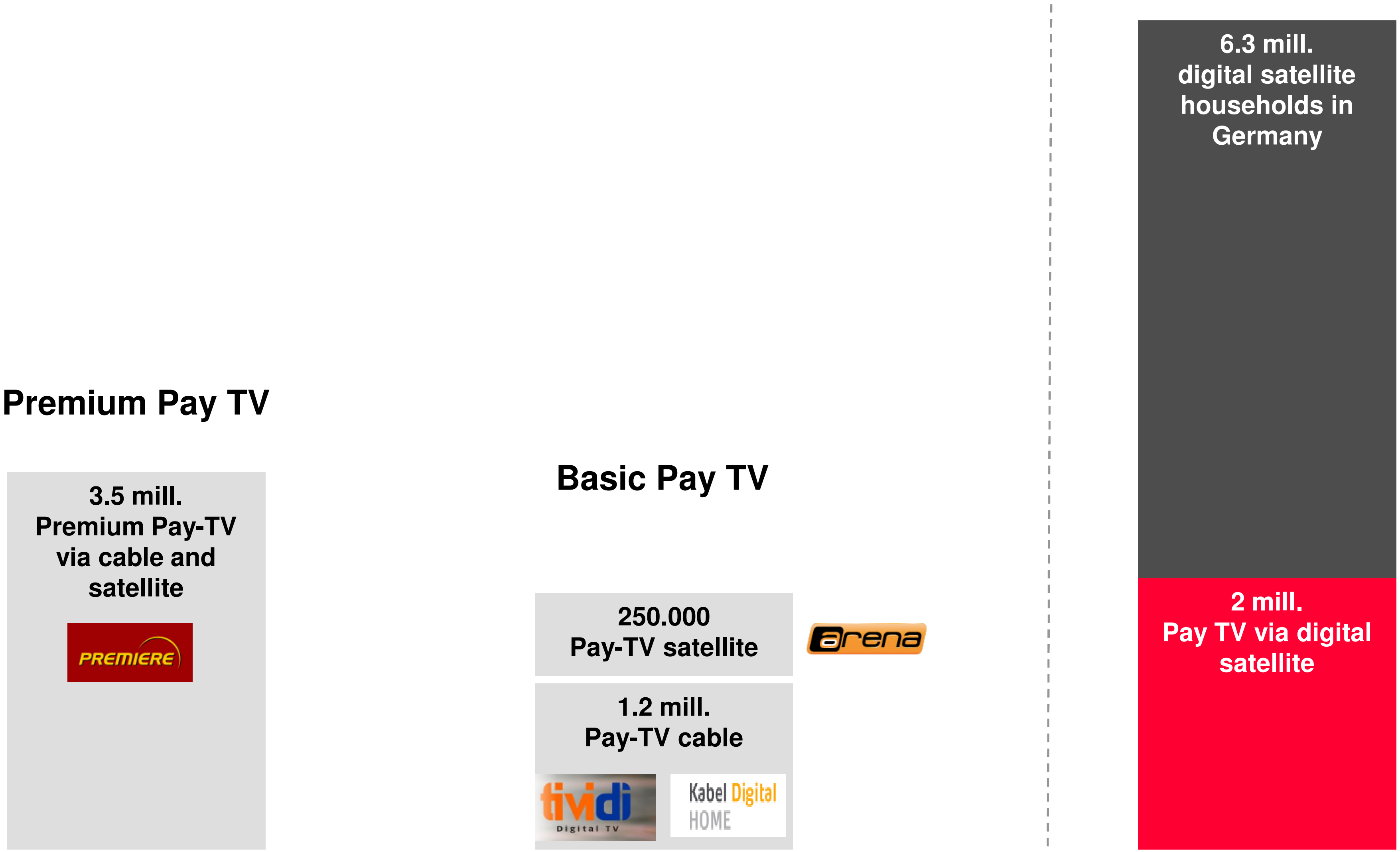
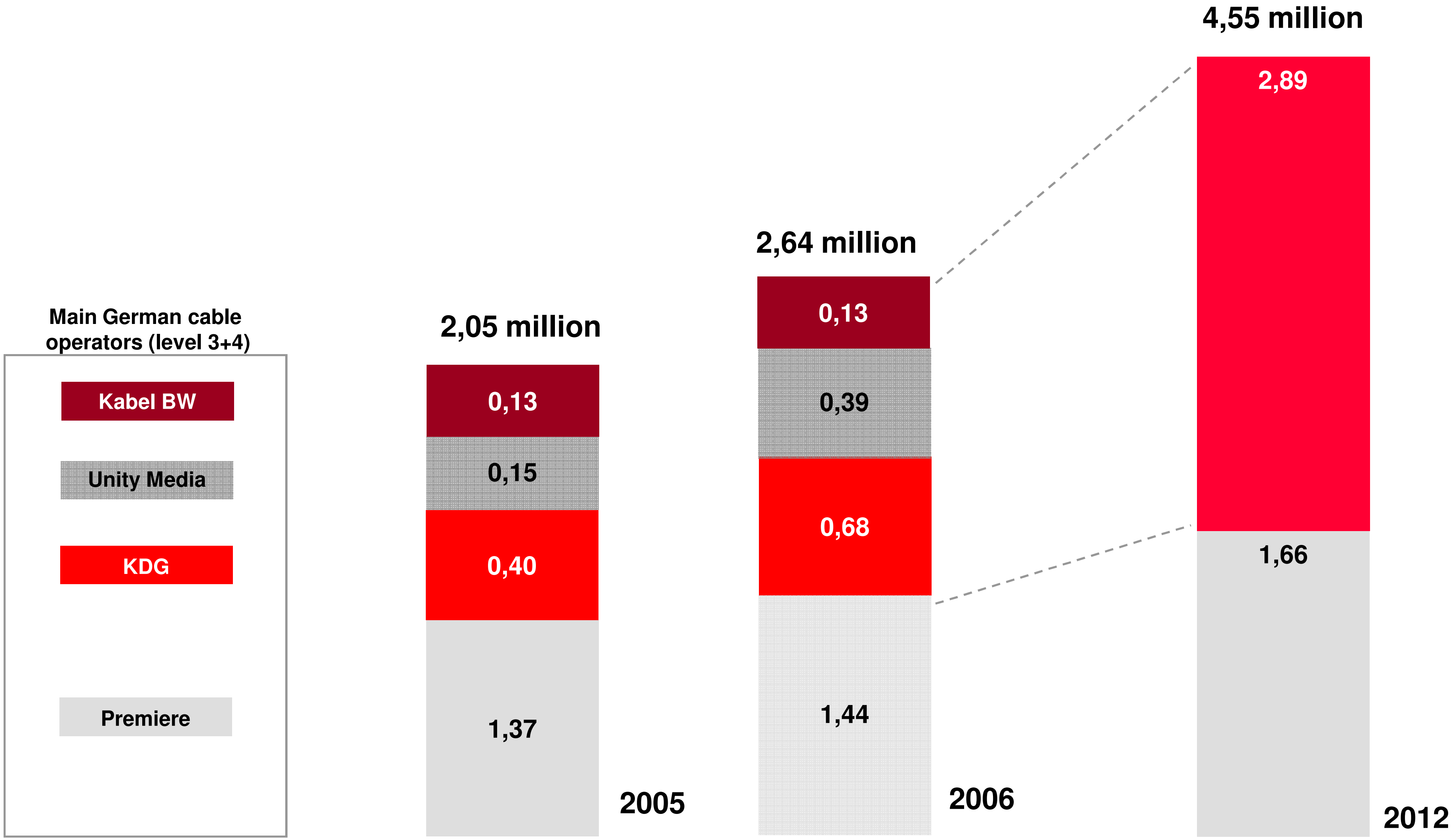
German Pay TV market overview

High potential for basic Pay TV via digital satellite



German Pay TV market overview

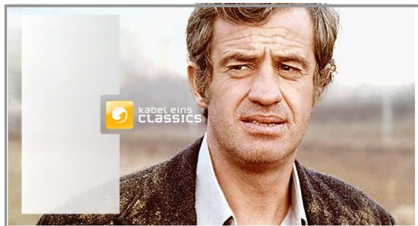
The market is a speeding up until 2012



Source: Solon Management Consulting. Printed in: Horizont No.09/2007

ProSiebenSat.1 Group: Pay TV services extended

Two new Pay TV stations "Sat.1 Comedy" and "kabel eins classics" in Germany. ProSiebenSat.1 Welt in USA/Canada.



- **Launch of Sat.1 Comedy and kabel eins classics on June 1, 2006**
- **630,000 digital cable subscribers at the end of 2006**
  - Kabel Deutschland: Digital Home (also Kabel BW)
  - Unity Media: tividi family
- **IPTV: T-COM (T-Home), HanseNet (Alice Home TV) and Telekom Austria**

wetter. FERNSEHEN

- **Pay TV station wetter.Fernsehen (Weather Channel)**

ProSiebenSat.1 Welt

- **Launch of ProSiebenSat.1 Welt in Canada in October 2006**
- **Soccer coverage extended: Three Bundesliga matches a week**
- **17,000 subscribers in the U.S. and Canada**

ProSiebenSat.1 new basic Pay TV stations

Launch of Pay TV with Sat.1 Comedy and kabel eins classics in June 2006. Both channels are broadcasted via digital feeds of cable operators Kabel Deutschland (KDG), Kabel BW and Unity Media.

- **Broad selection of movies with top titles from the 1930‘s - 1990‘s**
  Hollywood und European Films
- **Broad selection of genres for a broad target group**
- **Event programming**
  80th birthday of Marilyn Monroe on June 1st

- **Comedy shows from the ProSiebenSat.1 family of channels**
  Shows: TV Total, Genial daneben, Harald Schmidt Classics
  Series: Sechserpack, Was nicht passt wird passend gemacht, Das Büro
- **Comedy movies**
  American Pie, Ace Ventura, Forrest Gump
- **International sitcoms**
  Roseanne, The Simpsons, Who’s the Boss, Married with Children, M*A*S*H, Will & Grace

Summary: Pay TV

No hard switch-off from analog to digital

- Steadily, but retentive growth of the German Pay TV market…
- …and still no ‘gold rush’ for Basic Pay TV
- High Potential for Basic Pay TV via digital satellite and IPTV, but no major platform on satellite in place yet
- High relevance of strong Free TV brands and their subsidiaries as tentpoles in the more differentiated digital TV market
- Only 8 channels in the **relevant set** of the average viewer regardless of number of total available channels
- No hard switch-off expected from analog to digital in 2010 in Germany

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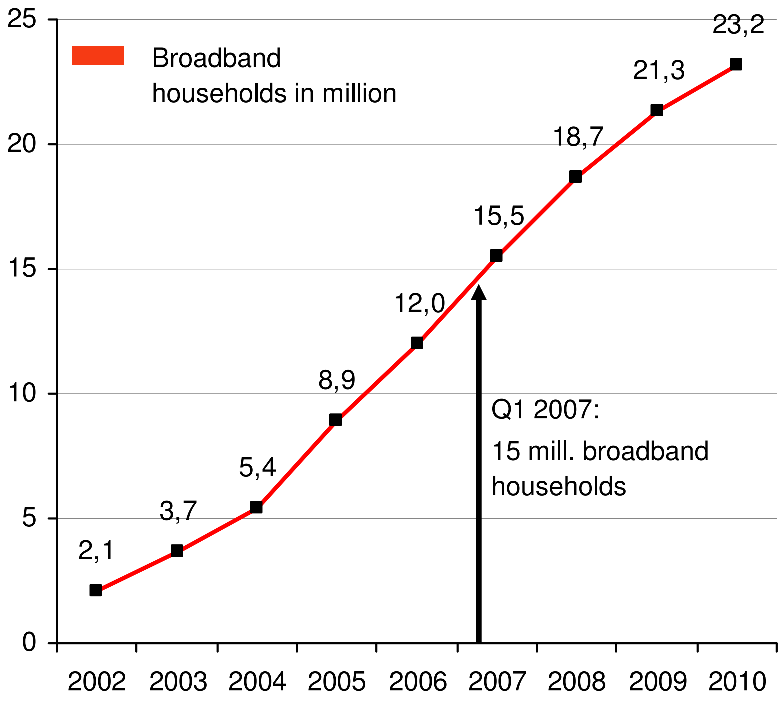
Introduction: Video-on-Demand status quo

ProSiebenSat.1 builds up its own VoD platform, launched in Q3/2006 (actual 15 mill. broadband households)

German xDSL Households



Quelle: JupiterResearch Internet Access & Broadband Model 05/06

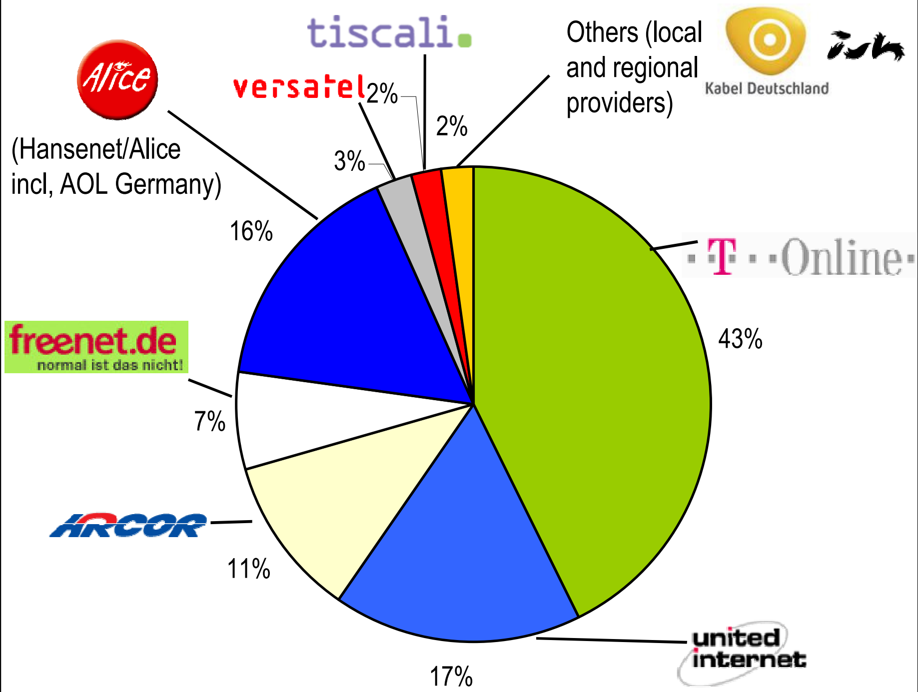
ProSiebenSat.1 VoD Strategy

- **DSL is a promising distribution path for TV and TV related services:** Growing demand for new services such as VoD is changing P7S1's business environment in the broadband world
- **P7S1 follows a two-step approach to enter the emerging VoD market:**
  - "Get foot in door": develop branded positioning as preferred content provider for established distributors (already implemented with T-Online and Telekom Austria)
  - Further expand position as VoD Portal No.1 in Germany.
- **P7S1 has entered a long-term cooperation with United Internet to combine complementary business models:** UI is one of the top players in Germany in DSL access and online portal business (No.1) reaching approx. 16 Mio users, i.e. 47% of total online users.

Introduction: German DSL landscape

United Internet: partner of ProSiebenSat.1 with the strongest Internet-Portal in Germany

Market Share (based on HH)



Source: WestLB Equity Research, 2004; T-Online, 2006; Freenet, 2005; United Internet, 2006

DSL landscape Germany

- Broad technical reach of DSL – technically 91% of the Germans can access the internet via broadband - Germany is ranked second with France, but behind UK (95%), European average is 88%
- 97% of all German broadband accesses are DSL based
- Germany is ranked first in average connection speed (1 mbit/s, European average 512 kbit/s)
- Germany is ranked first in maximum connection speed (maximums from 16 mbit/s to 50 mbit/s are available)
- Great opportunities because of the existing and future technical infrastructure and the potential of non-DSL users

German VoD landscape overview

VoD

Infant VoD market in Germany: main players are media companies and Telcos

Media Companies

- **maxdome (P7S1)**
- Launch: 07/2006
- About 4.000 titles
- Content: movies, comedy, series, blockbuster, extreme sports etc.

- **RTL NOW !** (RTL Television)
- Launch: 01/2007
- Content: RTL series+shows, US series

- **in2movies** (Warner Bros./Bertelsmann)
- Launch: 02/2007
- Download-to-own
- Content: movies, series

- **PREMIERE DIREKT+**
- Launch: 07/2005
- Content: movies, live sport, events, erotic

Telcos

- **T-Online Vision**
- Launch: 03/2002
- 1.200 titles (16 genres)
- Content: movies, series, documentation etc.

T-Online Vision-Paket

- **Arcor**
- Launch: 2001
- 1.200 videos; 400 movies
- Content: movies, documentation (BBC, Discovery), erotic

- **Alice home TV**
- Launch: 05/2006
- 600 movies program stock
- Content: e.g. thriller, comedy, documentation, erotic

Platform operators

- **Kabel D Select Kino**
- Launch: 07/2006
- Content: top hollywood movies

Select Kino
Großes Kino zuhause – bequem auf Abruf!
Neu: Filme auf Abruf ohne Abo!

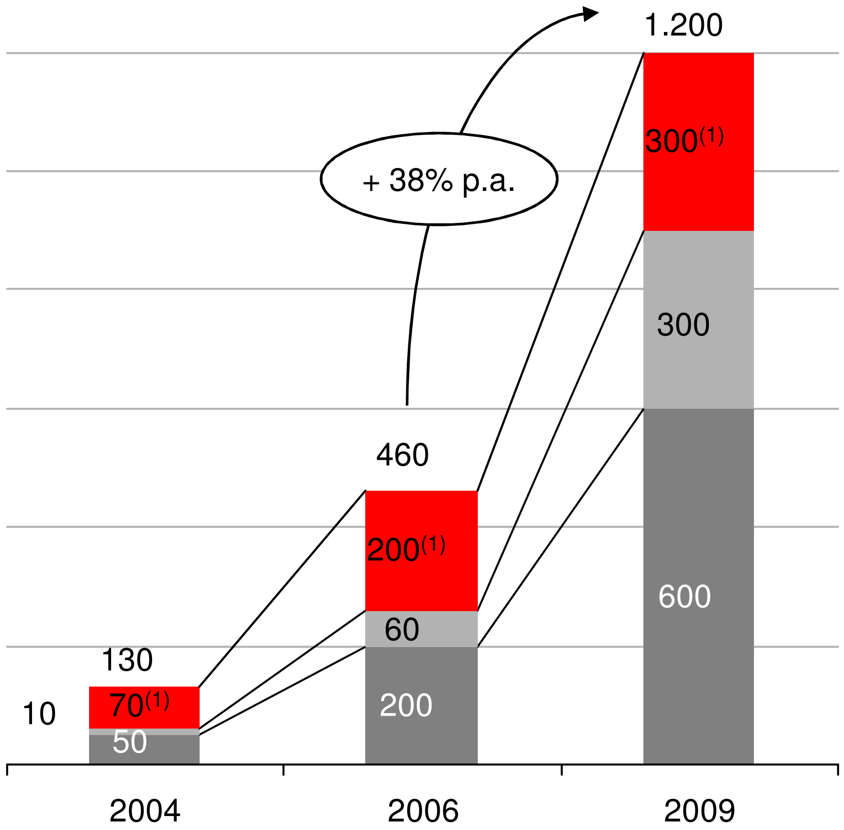
Independents

- **One-4-Movies**
- Launch: 10/2004
- Content: movies, music, games etc.

- **Anixe HD**
- Launch: 05/2006
- Content: movies, US series, HD content

Paid Entertainment Content: The German Video on Demand market will obtain €300 million by 2009

Consumer spending on online paid-content (M€)



Market segments

Online video & pay-per-view TV
- Cable pay-per-view TV
- Adult video-on-demand
- Broadband video-on-demand

Online music
- Download music
- Subscription and streaming music

Online games
- Destination games (major MMOGs)
- Games aggregators
- Console online games

(1) Includes PPV TV revenues, market size still under review
Source(s): PWC; Jupiter, EITO; BCG analysis

Product strategy and pricing

maxdome offers attractive packages based on a monthly fee – but every single content item can also be viewed as PPV

Premium package 19,99 € (includes all packages listed below):

Series 9,99 €

updated permanently, dynamically programmed

Includes: Lost, DH, P7S1 productions,…

Movies 9,99 €

updated permanently, dynamically programmed

Includes: library titles, P7S1 tv movies,…

Comedy 4,99 €

updated permanently, dynamically programmed

Includes: P7S1 Comedy

Kids 4,99 €

Includes: Boomerang shows, Carton Network shows, P7S1 kids shows, …

Sport 4,99 €

Launch date: Q2 2007

Includes: Schalke 04 TV (Bundesliga), extrem sports, fitness,…

Games

Music

...to be determined

PPV (starting at 0,49 €):

Blockbuster

PPV/ 24h

Includes: Currents

TV Highlights

PPV/ 24h

Includes: TV archive of the P7S1 network

All models available via:

Set Top Box

PC based

Thesis Video-on-Demand

Broadband-VoD offers a complete Home Entertainment experience

- Today Germany is the broadband-market in Europe with the highest available bandwith
- High potential for VoD due to the steadily growth of German broadband households
- IPTV/DSL is a promising distribution for linear-TV and non-linear-services (VoD, ITV)
  - one wire
  - one set-top-box
  - one remote control
  - no change of device
  - it’s only a matter of the screen-size (TV or PC)
- IPTV/DSL will become a relevant market player along with the postponed switch-off from analog to digital in Free TV
- The rapid technological development in Home Entertainment (HDDVD, Bluray) sharpens the sensitivity of the VoD-user for HD-”look & feel”

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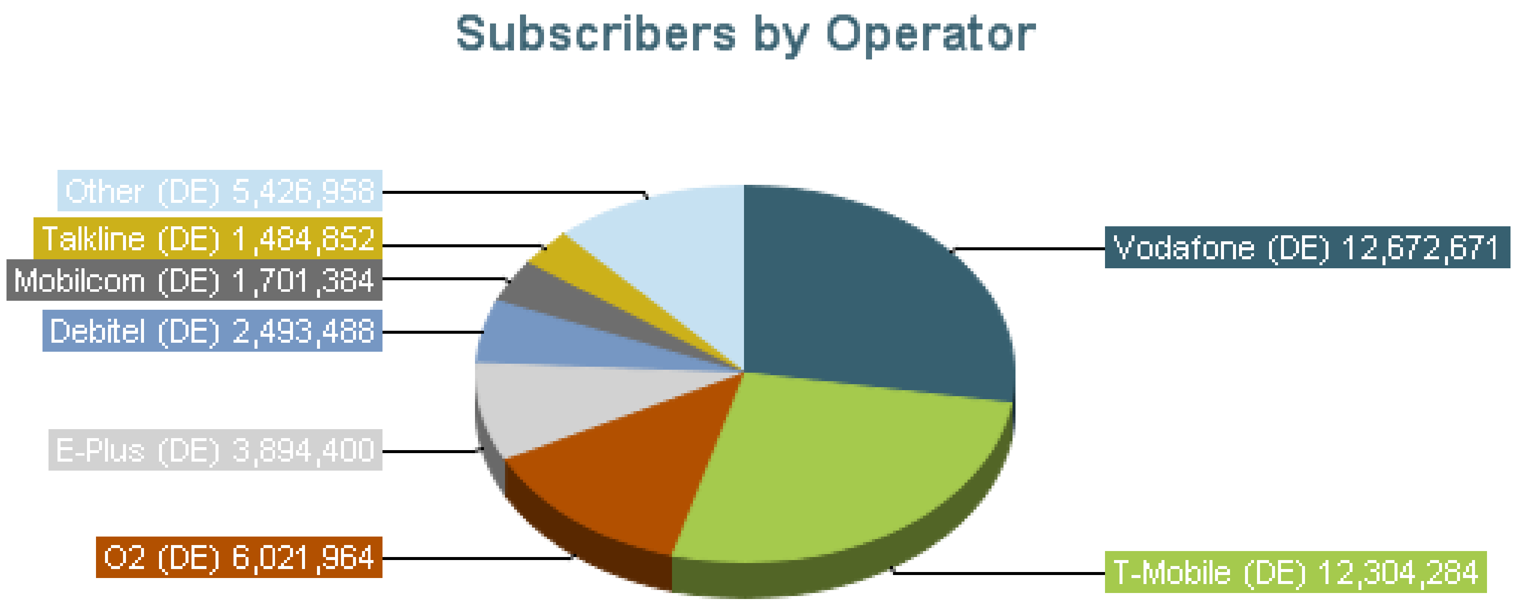
Market Situation: German MNOs & MVNOs (Feb ’07)

Around 40 million subscribers on the German market



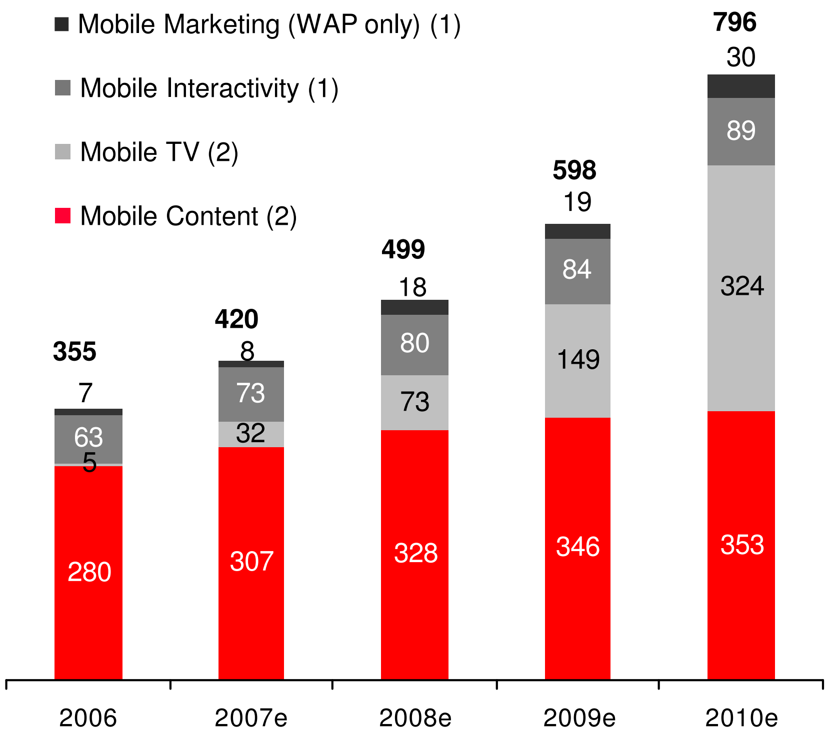
Source: M:Metrics, Inc.

Mobile

Mobile Market Volume

Market figures for ProSiebenSat.1 relevant mobile business streams

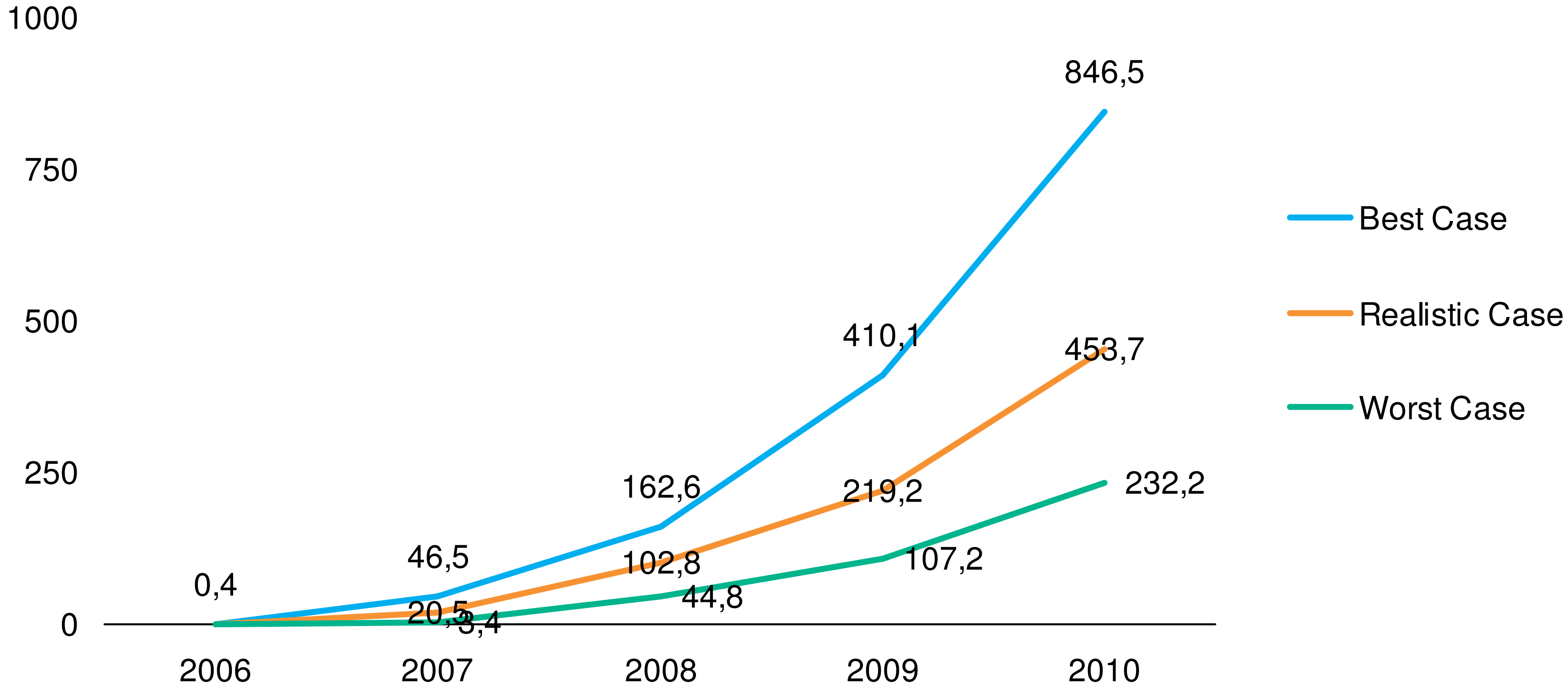
Market Estimates (€ in Mill.)



(1) Source: Jupiter Mobile Business Report Europe, 2006
(2) Source: Mercer Mgmt. Consulting, SIM estimate

Strong growth as from 2008

Predicted sales MobileTV in Germany
(Net sales in million €)



Quelle: Goldmedia Handy TV 2010 / SevenOne Media IaIMR

ProSiebenSat.1 digital distribution via MobileTV

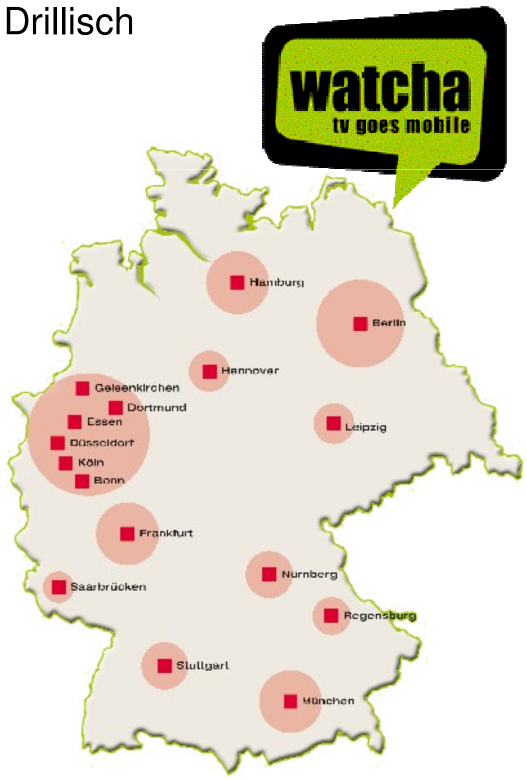
The ProSiebenSat.1 Group is the leading content provider for MobileTV in Germany

	UMTS	DMB	DVB-H
Comm. Launch	▪ 2004	▪ 2006	▪ 2008
Techn. Offer	▪ On Demand Streaming (Channels) ▪ Mobile VoD (Streaming/Download) ▪ Limitation with mass application because of bandwidth	▪ 4 TV Channels & 2 radio channels ▪ DAB radio reception depends on terminal equipment	▪ 20+ TV channels possible
P7S1 Activities	▪ P7S1 offers more than 8 MobileTV channels over 5 mobile operators in DACH ▪ Additionally offer a mobile VoD with 7 mobile operators in DACH	▪ P7S1 operates 2 of 4 TV channels available: N24 and ProSiebenSat.1 Mobile	▪ P7S1 takes an interest in biddings concerning licenses and platform operation

MobileTV on DMB

Since its launch on May 30th, 2006 ProSiebenSat.1 provides 2 out of 4 DMB TV channels

- DMB is based on the DAB network and uses frequencies of the L-band
- Launched on May 30th, 2006 by platform provider „Mobiles Fernsehen Deutschland GmbH“
- Today available in more than 16 cities in Germany (technical reach appr. 16 mio households)
- Marketed and distributed under the brand „Watcha” by Debitel, Mobilcom and Drillisch
- Content offering consists of four TV channels and one visual radio station:
  - ZDF
  - MTV
  - N24
  - ProSiebenSat.1 Mobile
  - BigFM (radio)



ProSiebenSat.1 Media AG airs „Mobile-only“ TV channel on DMB

- Separate channel, special on-air design and program schedule
- Specially adapted to the needs of MobileTV users
- Broad content-portfolio: Best of Show & Comedy, Lifestyle & Magazine and series
- Preview of telenovelas e.g. “Verliebt in Berlin“
- Potential reach: 16 mill. households (actual 20.000 users)
- Mobile-only content: Launch of Germanys first Handy Thriller: “Mystery Message“

ProSiebenSat.1 Mobile

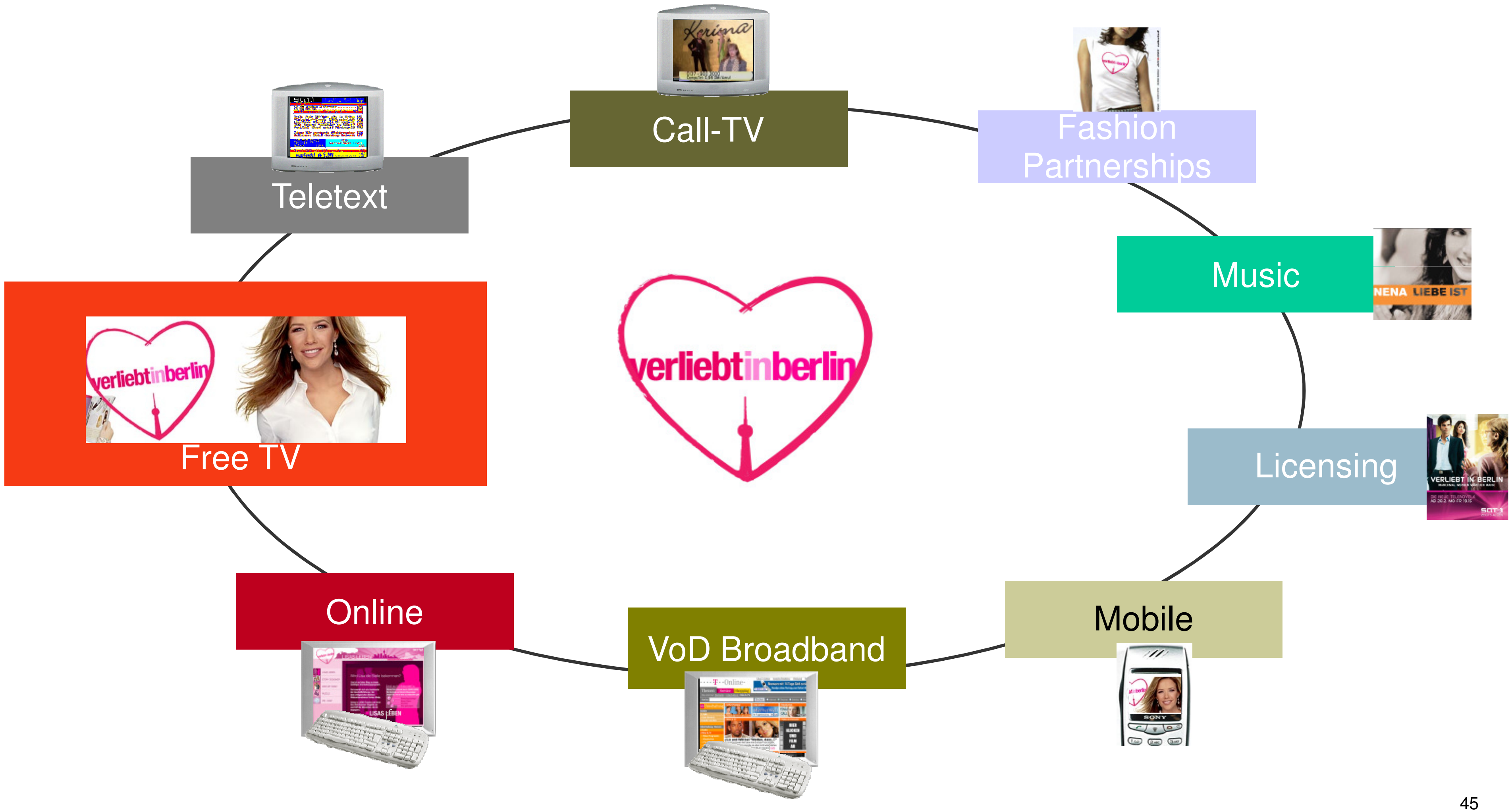
Thesis for MobileTV

Mobile phones will be established as 3rd screen and will be become increasingly important for media companies and advertisers to reach young people.

- Broadcasting technologies (DMB, DVBH, DXB) and IP-Technologies (UMTS, HSDPA, MBMS) will converge to a complementary product offering different kinds of seamless viewing experiences.
- Live Streaming-Offerings will be supplemented by VoD-Services, Niche channels (i.e. Music&Concerts) and interactive Applications allowing providers new or additional revenue streams.
- Cost Transparency, Usability and Personalisation will become more important for the proliferation of MobileTV products into mass market.
- MobileTV needs new (individualized, dialog orientated and interactive) forms of advertisement.
- A strong cooperation between all market participants (from right holders to network operators) is needed to make the futher roll-out of MobileTV successful.

Best practice made for Free TV: "Verliebt in Berlin"

"Verliebt in Berlin" (VIB), German version of colombian format "Yo soy Betty, la fea" on Sat.1



Best practice made for HD-Digital TV: “Poetry Comedy”

Testing technical standards

- First HDCAM-SR-Production with 35mm optics outside Hollywood – original optics used by Michael Ballhaus in Oscar awarded “Departed” (Martin Scorsese)
- First 4k-production in Germany - cooperation with SONY Broadcast Europe
- 10 x 5min. native High Definition-comedy-episodes will be presented on SONY 4k projectors from the Cine Alta range (2 cinemas equipped in Germany)
- Five-minute-short-form perfect for the special viewing habits on Mobile TV and handhelds as well as PPV
- Down-converting and transcoding for analog-broadcasting needs to SD (Pay TV, VoD, Mobile TV, DVD)

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