

Notes

Basis of Preparation

1 General principles

These consolidated financial statements refer to ProSiebenSat.1 Media SE and its subsidiaries (together "the Company", "the Group" or "ProSiebenSat.1 Group").

ProSiebenSat.1 Media SE is based in Unterföhring and is a listed stock corporation under European law. As the ultimate parent company of the Group, it is registered under the name ProSiebenSat.1 Media SE with the Munich District Court in Germany (HRB 219 439). Together with its subsidiaries, it is one of the leading media companies in Europe.

The consolidated financial statements of ProSiebenSat.1 Group for the financial year ending December 31, 2016, were prepared in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force at the reporting date, as adopted by the European Union pursuant to EU Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards. The additional requirements of section 315a of the German Commercial Code ("HGB") were also followed.

ProSiebenSat.1 Media SE prepares and publishes its consolidated financial statements in euro. In some cases, information regarding the previous year has been adjusted for the current presentation. Due to rounding, it is possible that individual figures in these 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.

Significant Assumptions and Estimates

In preparing the consolidated financial statements under IFRS, it is to some degree necessary for management to make assumptions and estimates that may affect the measurement of recognized assets and liabilities and the amounts of expenses and income. These assumptions and estimates are based on the information currently available to management. In particular, expectations of future business performance are based on the conditions in existence at the date of preparation of the consolidated financial statements and the presumably realistic future performance of the global and macro-economic industry-specific environment. If circumstances should differ from these assumptions in ways beyond management's control, the actual amounts may differ from the original estimates. If actual developments differ from expectations, the assumptions and, if applicable, the carrying amounts of the relevant assets and liabilities will be adjusted accordingly (through profit or loss).

Assumptions and estimates are necessary, particularly for the accounting matters below. These are explained in the relevant chapters:

- > Recognition and measurement of assets (particularly goodwill (Note 16 "Goodwill") and other intangible assets (Note 17 "Other intangible assets")) and liabilities from business combinations (Note 4 "Acquisitions and disposals"),
- > Impairment testing of intangible assets with indefinite useful lives (particularly goodwill (Note 16 "Goodwill") and brands (Note 17 "Other intangible assets")),
- > Determination of the useful lives of non-current assets (Note 17 "Other intangible assets" and Note 18 "Property, plant and equipment"),
- > Recognition and measurement of programming assets (Note 20 "Programming assets"),
- > Measurement of receivables and necessary impairments (Note 21 "Financial receivables and assets"),
- > Measurement of financial assets (Note 21 "Financial receivables and assets," and Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"),
- > Recognition and measurement of provisions (Note 25 "Other provisions") and
- > Assessment of future tax credits and uncertain tax positions (Note 13 "Income taxes").

2 Segment reporting

In accordance with IFRS 8, operating segments must be defined on the basis of the Company's own internal management and reporting. The organizational and reporting structure of ProSiebenSat.1 Group is based on management by business segment. On the basis of this reporting system, the Executive Board, as the chief operating decision maker, evaluates the performance of the various segments and the allocation of resources.

ProSiebenSat.1 Media SE adjusted its segment structure in the digital business as of July 1, 2016. Since the internal management and reporting structure was adapted due to a consistent focus on digital growth drivers, the Group replaced the former "Digital & Adjacent" operating segment, in which ProSiebenSat.1 Group had bundled its digital activities, with the new operating segments "Digital Entertainment" and "Digital Ventures & Commerce." These also constitute the reporting segments. Based on this adjustment, the Group is divided into four reporting segments: "Broadcasting German-speaking," "Digital Entertainment," "Digital Ventures & Commerce" and "Content Production & Global Sales."

The Broadcasting German-speaking segment aggregates the German free TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX and the recently launched free TV station kabel eins Doku under the umbrella of ProSiebenSat.1 TV Deutschland GmbH, as well as the stations of our subsidiaries in Austria and Switzerland, the sales companies SevenOne Media and SevenOne AdFactory, and ProSiebenSat.1 Produktion GmbH.

The Broadcasting German-speaking segment also participates in technical activation fees that cable network, satellite, and IPTV operators generate from the distribution of ProSiebenSat.1 HD stations. The SAT.1 regional companies and the Pay TV activities are also presented in this segment.

The new Digital Entertainment segment includes the online video business with the pay-video-on-demand portal maxdome, the multi-channel network Studio71, the areas of ad video-on-demand, ad tech and data, and the adjacent business.

The Digital Ventures & Commerce segment includes among others, e-commerce verticals in online travel, online price comparison and online dating, the lifestyle-commerce vertical, and the Seven Ventures business.

The Content Production & Global Sales segment comprises all production activities and global sales of programming content bundled under the umbrella of the Red Arrow Entertainment Group.

The following table contains segment information about ProSiebenSat.1 Group:

Notes

2 Segment reporting

Segment information 2016 (Fig. 111)

EUR m	Segment Broadcasting German- speaking	Segment Digital Enter- tainment	Segment Digital Ventures & Commerce	Segment Content Production & Global Sales	Total Segments	Others/ Eliminations	Total Group
	2016	2016	2016	2016	2016	2016	2016
Revenues	2,304	463	782	421	3,971	-172	3,799
External revenues	2,210	442	768	362	3,782	17	3,799
Internal revenues	94	21	14	60	188	-188	-/-
Recurring EBITDA	760	37	180	47	1,024	-6	1,018
Recurring EBITDA margin	33.0%	7.9%	23.0%	11.2%	n/a	n/a	26.8%
EBITDA ¹	747	37	168	44	996	-14	982
Income from investments accounted for using the equity method ¹	7	-5	-4	0	-1	0	-1
Interest and similar income ¹	10	0	1	0	11	-6	5
Interest and similar expenses ¹	80	2	6	7	95	-6	89
Income taxes ¹	196	3	14	-8	206	0	206
Depreciation and amortization	66	60	35	19	181	0	181
Impairment	5	11	4	4	25	0	25
Other non-cash expenses (-) and income (+)	-931	-52	-11	-7	-1,000	10	-990
Segment assets ¹	2,218	558	1,680	333	4,789	-46	4,743
thereof goodwill ²	464	313	932	151	1,860	0	1,860
Segment investments	1,024	97	24	15	1,160	-8	1,151
Segment free cash flow ¹	449	-104	-301	-40	4	-8	-4
Investments accounted for using the equity method ¹	7	49	50	4	109	0	109
Segment liabilities ¹	2,118	-2	-186	-32	1,897	16	1,913

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

² The allocation of goodwill to the new groups of cash-generating units took place on July 1, 2016 (Note 16 "Goodwill").

Segment information 2015 (Fig. 112)

EUR m	Segment Broadcasting German- speaking	Segment Digital Enter- tainment	Segment Digital Ventures & Commerce	Segment Content Production & Global Sales	Total Segments	Others/ Eliminations	Total Group
	2015	2015	2015	2015	2015	2015	2015
Revenues	2,228	378	472	319	3,396	-136	3,261
External revenues	2,152	371	465	262	3,250	10	3,261
Internal revenues	76	7	6	56	146	-146	-/-
Recurring EBITDA	734	37	136	25	932	-7	926
Recurring EBITDA margin	33.0%	9.8%	28.8%	7.9%	n/a	n/a	28.4%
EBITDA ¹	716	29	123	22	890	-9	881
Income from investments accounted for using the equity method ¹	6	0	1	-/-	7	-2	5
Interest and similar income ¹	5	0	0	0	6	-4	1
Interest and similar expenses ^{1,2}	82	2	3	4	92	-4	87
Income taxes ¹	191	2	10	3	207	1	208
Depreciation and amortization	48	56	15	13	133	0	133
Impairment	0	15	0	3	18	0	18
Other non-cash expenses (-) and income (+)	-902	-40	-17	-2	-961	7	-954
Segment assets ¹	2,172	557	1,194	271	4,194	-48	4,146
thereof goodwill ³	464	311	751	123	1,649	0	1,649
Segment investments	971	66	15	20	1,071	-5	1,066
Segment free cash flow ¹	484	-186	-294	-19	-16	15	-1
Investments accounted for using the equity method ¹	5	5	15	0	25	0	25
Segment liabilities ¹	2,115	-17	-64	-11	2,023	-83	1,940

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

² The comparative figures for the financial year 2015 were adjusted to reflect a change of presentation of hedge ineffectiveness in the financial year 2016 (Note 11 "Interest result").

³ The allocation of goodwill to the new groups of cash-generating units took place on July 1, 2016 (Note 16 "Goodwill"). The values for December 31, 2015 were derived retroactively.

The Executive Board, as chief operating decision maker, measures the success of the segments using a segment profit measure known as “recurring EBITDA” in the Group’s internal management and reporting. Recurring EBITDA stands for the adjusted earnings before interest, taxes, depreciation and amortization. Reconciling effects, for example costs incurred in the context of M&A transactions, reorganizations and litigation are not taken into account, so that this key profitability management figure represents the appropriate performance measure for assessing the sustainable operating profitability of the Group and segments respectively.

Segment assets comprise all assets used for operating activities. These contain goodwill, other intangible assets and property, plant and equipment, programming assets, current assets net of income tax receivables, deferred tax assets, current financial assets and cash and cash equivalents. Segment assets are not used for internal management and reporting but are nevertheless reported on a voluntary basis as part of segment reporting.

Segment investments relate to additions to non-current assets. They comprise additions to other intangible assets, property, plant and equipment, and programming assets.

Depreciation and amortization apply to the assets allocated to each of the segments. A distinction is made between two separately recognized figures, depreciation or amortization and impairments. The figure does not include impairments of programming assets, financial investments or current financial assets.

Other non-cash expenses and income mainly contain the consumption of programming assets, allocations to provisions, expenses in connection with share-based payments and impairments of receivables. These expenses are offset by income from the release of provisions.

Segment liabilities defined as net financial debt are presented on a voluntary basis as part of segment reporting. Segment liabilities are calculated as the total loans and borrowings of the relevant segment minus the cash and cash equivalents and current financial assets of the segment. Debt is not managed at segment level by the chief operating decision makers. For this reason, this figure is not part of regular internal reporting. Rather, debt is managed at Group level and, in connection with recurring EBITDA, is important for the purpose of complying with specific financial covenants. Thus, this figure is provided as additional information.

Furthermore, various segment information is disclosed on a voluntary basis. This information is not part of the segment result and segment assets, but is provided on a voluntary basis due to the relevance of the information.

The reconciliation between the segment values and the consolidated values is shown below:

Reconciliation of segment information (Fig. 113)

EUR m	2016	2015 ¹
REVENUES		
Revenues from reportable segments	3,971	3,396
Eliminations and other reconciling items	-172	-136
Revenues of the Group	3,799	3,261
RECURRING EBITDA		
Recurring EBITDA of reportable segments	1,024	932
Eliminations and other reconciling items	-6	-7
Recurring EBITDA of the Group	1,018	926
Reconciling items	-35	-44
Financial result	-119	-126
Depreciation and amortization	-181	-133
Impairment	-25	-18
Consolidated profit/loss before taxes	658	604
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	1,000	961
Eliminations and other reconciling items	-8	-7
Other Group non-cash income/expenses from continuing operations	992	954
Elimination of other non-cash income/expenses from discontinued operations	-2	0
Other Group non-cash income/expenses from continuing operations	990	954
thereof consumption of programming assets	915	896
ASSETS		
Total assets of reportable segments	4,789	4,194
Eliminations and other reconciling items	-46	-48
Group's segment assets	4,743	4,146
Investments accounted for using the equity method	109	25
Non-current financial assets	331	291
Deferred tax assets	30	13
Current financial assets	91	72
Other interest-bearing assets	5	6
Current tax assets	23	22
Cash and cash equivalents	1,271	734
Group assets	6,603	5,310
INVESTMENTS		
Investments of reportable segments	1,160	1,071
Eliminations and other reconciling items	-8	-5
Group's investments	1,151	1,066
thereof investments in programming assets	992	944
thereof investments in property, plant and equipment	36	38
thereof investments in other intangible assets	124	84
NET FINANCIAL LIABILITIES		
Total liabilities of reportable segments	1,897	2,023
Eliminations and other reconciling items	16	-83
Group's segment liabilities	1,913	1,940
less current financial assets	-91	-72
Group's net financial liabilities	1,822	1,868

¹ Due to the adjustment in the segment structure of the Digital Business the comparative figures for the financial year 2015 have been adjusted.

The eliminations include consolidation of business transactions between the segments as well as certain reconciliation and reclassification items. The reconciliation figures show values that by definition are not integral to the segments. Transactions between segments are eliminated in the reconciliation. These are generally conducted on arm's length terms.

Entity-wide disclosures for ProSiebenSat.1 Group are provided below. The breakdown is on the basis of Germany (GER), United States of America (USA), Austria (AT) and Switzerland (CH), Scandinavia (SK), the United Kingdom (UK) and Other.

Entity-wide disclosures (Fig. 114)

Geographical breakdown	GER		USA		AT/CH		SK		UK		Other		Total Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
EUR m														
External revenues	2,970	2,734	377	211	267	253	148	17	28	30	9	15	3,799	3,261
Non-current assets	3,390	2,963	378	308	21	20	240	254	26	30	6	6	4,059	3,582
Investments	1,130	1,049	4	4	14	10	4	0	0	0	0	3	1,151	1,066

Revenues are attributed to the country of the company that provided the service.

Non-current assets reported under the entity-wide disclosures include goodwill, other intangible assets, property, plant and equipment and non-current programming assets.

The share of non-current segment assets attributable to Germany amounted to 83.5 percent in 2016 (previous year: 82.7%).

More than 10 percent of consolidated revenues from continuing operations were generated with one customer in the financial year 2016. EUR 632 million is attributable to this customer (previous year: EUR 682 million). The customer mentioned above is an agency association with which several media agencies are affiliated.

The following table provides an overview of the cash flow in the segments:

Cash flow per segment 2016 (Fig. 115)

EUR m	Segment	Segment	Segment	Segment	Total	Others/ Elimination	Total Group
	Broadcasting German- speaking	Digital Enter- tainment	Digital Ventures & Commerce	Content Production & Global Sales			
	2016	2016	2016	2016	2016	2016	2016
Cash flow from operating activities	1,447	36	115	-19	1,579	40	1,619
Cash flow from investing activities	-998	-140	-417	-20	-1,575	-48	-1,623
Free Cashflow	449	-104	-301	-40	4	-8	-4
Cash flow from financing activities ¹	457	122	413	39	1,031	-447	584

¹ Dividends paid by ProSiebenSat.1 Media SE are disclosed in column „Others/Elimination“.

Notes

3 Scope of consolidation

4 Acquisitions and disposals

Cash flow per segment 2015 (Fig. 116)

EUR m	Segment Broadcasting German- speaking	Segment Digital Enter- tainment	Segment Digital Ventures & Commerce	Segment Content Production & Global Sales	Total Segments	Others/ Elimination	Total Group
	2015	2015	2015	2015	2015	2015	2015
Cash flow from operating activities	1,415	17	84	-24	1,492	28	1,521
Cash flow from investing activities	-932	-203	-378	4	-1,508	-14	-1,522
Free Cashflow	484	-186	-294	-19	-16	15	-1
Cash flow from financing activities ¹	-14	191	410	25	611	-369	242

¹ Dividends paid by ProSiebenSat.1 Media SE are disclosed in column „Others/Elimination“.

3 Scope of consolidation

The number of subsidiaries included in the consolidated financial statements changed as follows in the financial year 2016:

Fully consolidated subsidiaries (Fig. 117)

	Germany	Other countries	Total
Included at December 31, 2015	94	106	200
Additions	24	21	45
Disposals	-6	-7	-13
Included at December 31, 2016	112	120	232

Alongside newly founded entities, the additions in the financial year 2016 include the acquisitions described in more detail in Note 4 “Acquisitions and disposals.”

In addition to these fully consolidated entities, 21 (previous year: 15) associates and three (previous year: 3) joint ventures were accounted for in the consolidated financial statements using the equity method (see Note 19 “Investments accounted for using the equity method”).

Affiliated companies and investments are listed in the notes to the consolidated financial statements in accordance with section 313 (2) of the German Commercial Code. In addition, the list of affiliated companies and investments also contains a list of all subsidiaries which meet the requirements of section 264 (3) of the German Commercial Code, and are exercising their option to be exempted from certain requirements concerning the preparation, auditing and publication of the annual financial statements and the management report.

4 Acquisitions and disposals

a) Acquisitions

Transactions in the financial year 2016

The following entities of significance to the consolidated financial statements were acquired in the financial year 2016:

Significant acquisitions (Fig. 118)

Company	Purpose of the company	Voting equity interest acquired	Attainment of control
Dorsey Pictures LLC (formerly: Orion Entertainment LLC)	US producer of non-scripted TV programs and branded entertainment offerings in the “outdoor adventure” genre	60.0%	01/15/2016
Stylight GmbH	Online portal relating to Fashion and Home & Living	100.0%	07/01/2016
44 Blue Studios LLC	US producer of non-scripted production focused on docu- series, factual entertainment and studio-based concepts	65.0%	07/15/2016
WindStar (WSM Holding GmbH)	Development and distribution of innovative health articles	92.0%	10/04/2016
PARSHIP ELITE Group (THMS Holding GmbH)	Online dating agency primary in the German-speaking area	50.001%	10/12/2016

Acquisition of a share of 60% in Dorsey Pictures LLC (formerly known as Orion Entertainment LLC)

Effective as of January 15, 2016, ProSiebenSat.1 Group acquired a share of 60% in Dorsey Pictures LLC, Denver, USA and therefore gained control over this entity. The entity and its subsidiaries are allocated to the Content Production & Global Sales segment (see Note 2 "Segment reporting"). Acquisition-related costs of EUR 1 million were recognized in the income statement.

The purchase price per IFRS 3 is made up of the following elements:

Dorsey Pictures LLC – purchase price per IFRS 3 (Fig. 119)

	USD m	EUR m
Cash purchase price	28	26
Variable consideration	2	2
Contingent consideration – put option	20	18
Purchase price per IFRS 3	51	46

The contingent purchase price component consists of a put option agreed with the existing shareholders for the purchase of the remaining 40% of shares due not earlier than 2021 and is measured on the basis of a contractually defined earnings multiplier. Its fair value was USD 20 million (EUR 18 million) as of the acquisition date. As ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise, the consolidation percentage used on the basis of the present ownership was 100.0% as of January 15, 2016. On the basis of sensitivity analyses performed, ProSiebenSat.1 Group expects as of the acquisition date that the pro rata enterprise value will range from USD 26 million to USD 28 million (EUR 24 million to EUR 25 million) as of the earliest possible maturity date.

The table below shows the fair values of the identified assets acquired and liabilities assumed in connection with the acquisition as of the acquisition date:

Acquisition Dorsey Pictures LLC (Fig. 120)

EUR m	Fair value at acquisition
Intangible assets	22
Thereof identified in the purchase price allocation	22
Other non-current assets	1
Non-current assets	23
Programming assets	1
Other current receivables and other assets	5
Cash and cash equivalents	0
Current assets	6
Current liabilities	3
Total net assets	26
Purchase price per IFRS 3	46
Goodwill	20

The identified goodwill is tax-deductible over 15 years in the amount of the acquired share of 60% and is recorded in the functional currency, the US dollar. Goodwill is particularly attributable to the expansion of business in the non-scripted and branded entertainment area in addition to the expected synergies resulting from the connection to the existing distribution network. Thus, goodwill is allocated to the Content Production & Global Sales cash-generating unit.

In the context of the purchase price allocation, the following intangible assets were identified and recognized separately from goodwill:

Purchase price allocation Dorsey Pictures LLC (Fig. 121)

Asset	Fair Value at acquisition in EUR m	Expected useful life in years
Customer relationships	20	10 – 15
Shows in production	2	1

The inclusion of the entity from the beginning of the financial year until the initial consolidation date in January 2016 would not have had a significant impact on the earnings, financial position and performance of ProSiebenSat.1 Group. From the initial consolidation until December 31, 2016, the entity contributed revenues of USD 21 million (EUR 19 million) and earnings after taxes of USD -2 million (EUR -2 million) to the consolidated net profit. Earnings after taxes includes the amortization of intangible assets which were identified in context of the purchase price allocation in the amount of USD 3 million (EUR 3 million).

Acquisition of another 77.92 % of the shares in Stylight GmbH

Effective as of July 1, 2016, ProSiebenSat.1 Group increased its share in Stylight GmbH, Munich, by 77.92% to 100.0% and thus gained control over this entity. The entity and its subsidiary are allocated to the Digital Ventures & Commerce segment (see Note 2 “Segment reporting”). Acquisition-related costs of less than EUR 1 million in connection with the acquisition of the entity were recognized in the income statement.

The purchase price per IFRS 3 is made up of the following elements:

Stylight GmbH – purchase price per IFRS 3 (Fig. 122)

	EUR m
Cash purchase price	62
Variable purchase price	1
Carrying amount shares held (22.08 %)	6
Remeasurement effect	9
Purchase price per IFRS 3	78

The remeasurement of the 22.08% share already held at a carrying amount of EUR 6 million as of the acquisition date resulted in a profit of EUR 9 million recognized in other financial result. The fair value of the investment previously measured using the equity method as of the acquisition date (EUR 16 million) represents a purchase price component in accordance with IFRS 3.

The table below shows the fair values of the identified assets acquired and liabilities assumed in connection with the acquisition as of the acquisition date:

Acquisition Stylight GmbH (Fig. 123)

EUR m	Fair value at acquisition
Intangible assets	50
Thereof identified in the purchase price allocation	50
Non-current assets	50
Trade receivables	7
Other current receivables and other assets	1
Cash and cash equivalents	2
Current assets	9
Deferred tax liabilities	16
Non-current liabilities	16
Other liabilities and provisions	4
Current liabilities and provisions	4
Total net assets	39
Purchase price per IFRS 3	78
Goodwill	40

The identified goodwill represents almost exclusively strategic synergies and development potential in the Digital Ventures & Commerce segment and is allocated accordingly to the Digital Ventures & Commerce cash-generating unit. The goodwill is not tax deductible and is recorded in the functional currency, the euro.

In the context of the purchase price allocation, the following intangible assets were identified and recognized separately from goodwill:

Purchase price allocation Stylight GmbH (Fig. 124)

Asset	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	42	15
Technology	3	5
Customer relationships	5	7

The inclusion of the entity from the beginning of the financial year to the initial consolidation date in July 2016 would have had the following impact on the earnings, financial position and performance of ProSiebenSat.1 Group: Additional revenues of EUR 19 million and earnings after taxes of EUR 0 million. From the initial consolidation until December 31, 2016, the entity contributed revenues of EUR 18 million and earnings after taxes of EUR 0 million to the consolidated net profit. Expenses relating to the amortization of the intangible assets identified within the context of the purchase price allocation of EUR 2 million are included in earnings after taxes.

Acquisition of 65% of the shares in 44 Blue Studios LLC

Effective as of July 15, 2016, ProSiebenSat.1 Group acquired a share of 65% in 44 Blue Studios LLC, Burbank, USA, and therefore gained control over this entity. The entity and its subsidiaries are allocated to the Content Production & Global Sales segment (see Note 2 "Segment reporting"). Acquisition-related costs of EUR 1 million were recognized in the income statement.

The purchase price per IFRS 3 is made up of the following elements:

44 Blue Studios LLC – purchase price per IFRS 3 (Fig. 125)

	USD m	EUR m
Cash purchase price	21	19
Contingent consideration – put option	16	14
Purchase price per IFRS 3	37	33

The contingent purchase price component consists of a put option agreed with the existing shareholders for the purchase of the remaining 35% of shares due not earlier than 2022 and is measured on the basis of a contractually defined earnings multiplier. Its fair value was USD 16 million (EUR 14 million) as of the acquisition date. As ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise, the consolidation percentage used on the basis of the present ownership was 100.0% as of July 15, 2016. On the basis of sensitivity analyses performed, ProSiebenSat.1 Group expects as of the acquisition date that the pro rata enterprise value will range from USD 20 million to USD 21 million (EUR 18 million to EUR 19 million) as of the earliest possible maturity date.

The table below shows the fair values of the identified assets acquired and liabilities assumed in connection with the acquisition as of the acquisition date:

Acquisition 44 Blue Studios LLC (Fig. 126)

EUR m	Fair value at acquisition
Intangible assets	22
Thereof identified in the purchase price allocation	22
Property, plant and equipment	2
Non-current assets	24
Other current receivables and other assets	3
Cash and cash equivalents	4
Current assets	7
Trade payables	1
Other liabilities	5
Current liabilities	6
Total net assets	25
Purchase price per IFRS 3	33
Goodwill	8

The identified goodwill is tax-deductible over 15 years in the amount of the acquired share of 65% and is recorded in the functional currency, the US dollar. The goodwill represents specific strategic potential from the expansion of business activities in the area of factual entertainment and synergy effects from the company's inclusion in the international distribution network. Thus, goodwill is allocated to the Content Production & Global Sales cash-generating unit.

In the context of the purchase price allocation, the following intangible assets were identified and recognized separately from goodwill:

Purchase price allocation 44 Blue Studios LLC (Fig. 127)

Asset	Fair Value at acquisition in EUR m	Expected useful life in years
Customer relationships	20	15
Shows in production	2	1

The inclusion of the entity from the beginning of the financial year to the initial consolidation date in July 2016 would have had the following impact on the earnings, financial position and performance of ProSiebenSat.1 Group: additional revenues of USD 20 million (EUR 18 million) and earnings after taxes of USD 1 million (EUR 1 million). From the initial consolidation until December 31, 2016, the entity contributed revenues of USD 31 million (EUR 28 million) and earnings after taxes of USD 0 million (EUR 0 million) to consolidated net profit. The earnings after taxes includes the amortization of intangible assets which were identified in context of the purchase price allocation in the amount of USD 2 million (EUR 2 million).

Acquisition of 92% of the shares in WindStar

Effective as of October 4, 2016, ProSiebenSat.1 Group acquired a 92% share in WSM Holding GmbH, Bad Homburg, and gained control over this entity. The entity and its subsidiaries are allocated to the Digital Ventures & Commerce segment (see Note 2 "Segment reporting"). Acquisition-related costs of EUR 1 million were recognized in the income statement.

The purchase price per IFRS 3 is made up of the following elements:

WSM Holding GmbH – purchase price per IFRS 3 (Fig. 128)

	EUR m
Cash purchase price	65
Contingent consideration – put option	14
Purchase price per IFRS 3	79

The contingent purchase price component consists of a put option agreed with the existing shareholders for the purchase of the remaining 8% of shares due not earlier than 2022 and is measured on the basis of a contractually defined earnings multiplier. Its fair value was EUR 14 million as of the acquisition date. As ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put option on exercise, the consolidation percentage used on the basis of the present ownership was 100.0% as of October 4, 2016. On the basis of sensitivity analyses performed, ProSiebenSat.1 Group expects as of the acquisition date that the pro rata enterprise value will amount to EUR 17 million as of the earliest possible maturity date.

In addition, financial liabilities to existing shareholders of EUR 5 million were repaid as part of the transaction. The repayment was reported as cash flow from investing activities.

The table below shows the fair values of the identified assets acquired and liabilities assumed in connection with the acquisition as of the acquisition date. The following amounts were measured provisionally until a fully independent purchase price allocation is completed by an audit company:

Acquisition WSM Holding GmbH (Fig. 129)

EUR m	Fair value at acquisition
Intangible assets	41
Thereof identified in the purchase price allocation	40
Non-current assets	41
Inventories	12
Other current receivables and other assets	10
Cash and cash equivalents	3
Current assets	25
Deferred tax liabilities	12
Non-current liabilities	12
Liabilities to banks	15
Other financial liabilities	5
Trade payables	4
Other liabilities and provisions	3
Tax provisions	2
Current liabilities and provisions	28
Total net assets	26
Purchase price per IFRS 3	79
Goodwill	53

The identified goodwill represents strategic synergies and development potential in the Digital Ventures & Commerce segment and is allocated accordingly to the Digital Ventures & Commerce cash-generating unit. The goodwill is not tax deductible and is recorded in the functional currency, the euro.

The assumed liabilities to banks were completely repaid as of reporting date. The repayment was reported as cash flow from financing activities.

In the context of the provisional purchase price allocation, the following intangible assets were identified and recognized separately from goodwill:

Provisional purchase price allocation WSM Holding GmbH (Fig. 130)

Asset	Fair Value at acquisition in EUR m	Expected useful life in years
Customer relationships	33	6-8
Brands	7	9-12
Order backlog	1	2

The inclusion of the entity from the beginning of the financial year to the initial consolidation in October 2016 would have had the following impact on the earnings, financial position and performance of ProSiebenSat.1 Group: Additional revenues of EUR 52 million and earnings after taxes of EUR 4 million. From the initial consolidation until December 31, 2016, the entity contributed revenues of EUR 19 million and earnings after taxes of EUR 0 million to consolidated net profit. Earnings after taxes includes the amortization of intangible assets identified in context of the purchase price allocation in the amount of EUR 1 million.

Acquisition of a majority stake in PARSHIP ELITE Group

Effective as of October 12, 2016, ProSiebenSat.1 Group acquired a majority stake (50.001% of the shares) in PARSHIP ELITE Group, Hamburg, and thus gained control over the group. PARSHIP ELITE Group operates online dating services primarily in the German-speaking region. With this acquisi-

tion, the Group is further expanding its strategic digital business. In the context of this transaction, 100.0% of the shares in PARSHIP ELITE GROUP (THMMS Holding GmbH) were transferred to 7Love Holding GmbH, a company founded by ProSiebenSat.1. The Group has a 50.001% share in 7Love Holding GmbH; the existing shareholders still hold a non-controlling interest (totaling 49.999% of the shares) in 7Love Holding GmbH.

The entity and its subsidiaries are allocated to the Digital Ventures & Commerce segment (see Note 2 "Segment reporting"). Acquisition-related costs of EUR 3 were recognized in the income statement.

The purchase price per IFRS 3 is made up of the following elements:

PARSHIP ELITE Group – purchase price per IFRS 3 (Fig. 131)	
	EUR m
Cash purchase price	100
Variable purchase price	2
Purchase price per IFRS 3	102

In addition, financial liabilities of EUR 96 million were repaid as part of the transaction. The repayment was reported as cash flow from investing activities and financed through the issue of preferred shares by 7Love Holding GmbH to ProSiebenSat.1 Group. The preferred shares bear interest of 6.5% p.a. and will be redeemed over the financial years 2018 to 2021 through preferred dividend distributions by 7Love Holding GmbH to ProSiebenSat.1 Group.

The table below shows the fair values of the identified assets acquired and liabilities assumed in connection with the acquisition as of the acquisition date. The following amounts were measured provisionally until a fully independent purchase price allocation is completed by an audit company:

Acquisition PARSHIP ELITE Group (Fig. 132)	
EUR m	Fair value at acquisition
Intangible assets	170
Thereof identified in the purchase price allocation	169
Property, plant and equipment	1
Non-current assets	171
Trade receivables	8
Other current receivables and other assets	3
Cash and cash equivalents	3
Current assets	14
Financial liabilities	96
Deferred tax liabilities	55
Non-current liabilities	151
Trade payables	5
Tax provisions	9
Other provisions	2
Other liabilities	5
Deferred income	10
Current liabilities and provisions	30
Total net assets	4
Non-controlling interests	2
Purchase price per IFRS 3	102
Goodwill	100

The identified goodwill represents almost exclusively strategic synergies and development potential in the Digital Ventures & Commerce segment and is allocated accordingly to the Digital Ventures & Commerce cash-generating unit. The goodwill is not tax deductible and is recorded in the functional currency, the euro.

In the context of the provisional purchase price allocation, the following intangible assets were identified and recognized separately from goodwill:

Provisional purchase price allocation PARSHIP ELITE Group (Fig. 133)

Asset	Fair Value at acquisition in EUR m	Expected useful life in years
Brands	141	indefinite
Technology	15	5
Order backlog	13	2

The inclusion of the entity from the beginning of the financial year to the initial consolidation date in October 2016 would have had the following impact on the earnings, financial position and performance of ProSiebenSat.1 Group: additional revenues of EUR 87 million and earnings after taxes of EUR 4 million. From the initial consolidation until December 31, 2016, the entity contributed revenues of EUR 30 million and earnings after taxes of EUR 4 million to consolidated net profit. The earnings after taxes includes the amortization of intangible assets which were identified in context of the purchase price allocation in the amount of EUR 2 million.

Acquisitions in the financial year 2015

Key Acquisitions 2015 (Fig. 134)

Company	Purpose of the company	Voting equity interest acquired	Attainment of control
Sonoma Internet GmbH	Online lifestyle shop for love life	75.0%	04/01/2015
Flaconi GmbH	Online shop for perfume and cosmetics in the German-speaking market	100.0%	04/01/2015
Studio 71 LP (formerly: Collective Digital Studio LLC)	Multi-channel network	75.0%	07/27/2015
Verivox GmbH	Consumer portal in Germany for comparison-services for energy, telecommunications, insurance, finance, vehicles and commission-free property	80.0%	08/07/2015
SMARTSTREAM.TV GmbH	Services relating to the optimization of online advertising space	80.0%	08/14/2015
Virtual Minds AG	Media holding company whose portfolio brings together specialist companies in the fields of media technologies, digital advertising and hosting	51.4%	09/04/2015
Crow Magnon, LLC (Karga Seven Pictures)	US producer and developer of factual entertainment formats	60.0%	11/10/2015
eTRAVELi Holding AB	Pan-European online travel agency for flights	98.8%	11/30/2015

In the financial year 2016, the provisional initial consolidation of Studio 71 LP, Los Angeles, USA (formerly Collective Digital Studio LLC) was retroactively adjusted as of the acquisition date within the 12-month measurement period. The fair value of the put option for the acquisition of another 25.0 % of the shares was reduced by USD 7 million (EUR 6 million) to USD 89 million (EUR 80 million) as of the acquisition date (July 27, 2015) in accordance with IFRS 3 and simultaneously resulted in an adjusted goodwill of USD 177 million (EUR 160 million) at this date.

For more information about the companies acquired in the financial year 2015, please refer to the Annual Report as of December 31, 2015. Apart from the changes for Studio 71 LP as described above, there were no changes to the reported values.

Significant Assumptions and Estimates

For purposes of the purchase price allocation in connection with business combinations, assumptions must be made with regard to the recognition and measurement of assets and liabilities. Assumptions are entailed in determining the fair value of acquired assets and assumed liabilities as of the acquisition date, as well as the useful lives of the acquired intangible assets and property, plant and equipment. Measurement is largely

based on projected cash flows. Actual cash flows may differ significantly from the cash flows assumed in measuring fair value. External, independent appraisals are obtained for the purchase price allocation of major acquisitions. Measurements in business combinations are based on information available at the acquisition date. By nature, assumptions and estimates are less certain for intangible assets than for all other assets.

b) Disposal of subsidiaries

Disposal of Games activities

Effective as of June 30, 2016, ProSiebenSat.1 Group disposed all Games activities allocated to the former Digital & Adjacent segment (see Note 2 "Segment reporting"). 100.0% of the shares in ProSiebenSat.1 Games GmbH, Unterföhring, with its wholly owned subsidiaries Aeria Games GmbH, Berlin, Aeria Games, Inc., Wilmington, USA, and SevenGamesNetwork GmbH, Berlin, were transferred to gamigo AG, Hamburg, as part of this transaction.

In return, the Group obtained a share of 33.0% in the share capital of gamigo AG (see Note 19 "Investments accounted for using the equity method"). Overall, the transaction resulted in a deconsolidation gain of EUR 6 million, reported in other operating income (see Note 10 "Other operating income").

Disposal of Magic Internet GmbH

Effective as of September 30, 2016, 100.0% of the shares in Magic Internet GmbH, Berlin, were transferred to Pluto Inc., Delaware, USA. Magic Internet GmbH was previously allocated to the Digital Entertainment segment (formerly: Digital & Adjacent, see Note 2 "Segment reporting").

As part of this transaction, ProSiebenSat.1 Group participated in a capital increase for cash of USD 10 million (EUR 9 million) in addition to the contribution of Magic Internet GmbH. In return, the Group obtained a share of 16.1% in the capital of Pluto Inc. (see Note 19 "Investments accounted for using the equity method"). Overall, the transaction resulted in a deconsolidation gain of EUR 2 million, reported in other operating income (see Note 10 "Other operating income").

Notes to the Income Statement

5 Revenues

Revenues (Fig. 135)

EUR m	2016	2015
Advertising revenues	2,294	2,204
Online agency services	334	154
Revenues from content production	306	221
Revenues from the sale of goods	122	45
Distribution revenues	121	111
Barter transactions	72	72
Other revenues	550	454
Total	3,799	3,261

“Other revenues” includes revenues from the multi-channel and video-on-demand business totaling EUR 166 million (previous year: EUR 92 million), which are attributable to the Digital Entertainment segment.

ADDITIONAL INFORMATION

ProSiebenSat.1 Group's **revenues** are mainly advertising revenues derived from the sale of advertising time. The table below includes the revenue categories and business models identified as material for ProSiebenSat.1 Group's earnings and the respective timing of recognition:

Timing of revenue recognition

Revenues	Business model	Timing of recognition
Advertising revenues		
TV advertising revenues	Broadcasting of advertising spots in Free TV	Broadcasting of advertising spots
Media-for-Revenue-Share	Broadcasting of residual advertising times for fixed consideration and a variable revenue share	Broadcasting of advertising spots; Variable parts on receipt of necessary target achievement documentation of the contract partner
Marketing of digital offerings of external providers	Marketing of external websites via sale of online advertising	Sale of advertising space
Online agency services	Arranging of contracts between primary service providers and end customers in the areas of car rental, travel, insurance, events, energy supply, mobile communications via online price comparison websites	Transmission of customer data/ start of performance by the partner
Revenues from content production	Production of programming content such as TV formats and serial programmes	Percentage-of-completion method
Revenues from the sale of goods	Sale of products via online portals and stationary trading	Delivery of goods to the end customer, taking into account rights of return
Distribution revenues		
Technical activation fees (HD/Pay)	Distribution of ProSiebenSat.1 HD and Pay TV stations via cable, satellite and IPTV	Provision of the TV signal
Pay TV operations	Online platform for the reception of TV stations or content	Retrieval of signal
Barter transactions		
General barter transactions	Countertrades as part of marketing of advertising times	On performance, e.g. on broadcasting
Media-for-Equity-Share	Broadcasting of residual advertising times in exchange for entity shares	Broadcasting of advertising spots
Other revenues		
Multi-Channel revenues	Marketing of talents („webstars“) via the internet, e.g. via Youtube	Rendering of marketing service
Travel operations	Organization of holidays and rendering of holiday-related services for end customers	Rendering of performance
Video-on-Demand revenues	Transmission of programming content via digital platforms as subscription and transaction business	Subscription model: Over the subscription term Transaction model: Provision of content
Sale of programming assets and ancillary program rights	Sale/licensing of programming assets for certain license areas, individual broadcastings and broadcasting windows	Beginning of license term and delivery of broadcast-ready material
Merchandising license sales	Licensing of trademarks of ProSiebenSat.1 Group	Depending on the contract terms, over license term or at start of license term

Notes

6 Cost of sales

7 Selling expenses

In addition to the revenue categories above, "Other revenues" also includes various business models that are currently not classified as material for the Group's earnings.

6 Cost of sales

Cost of sales (Fig. 136)

EUR m	2016	2015
Consumption of programming assets (incl. impairments)	915	896
Operating Expenses	610	468
Personnel expenses	277	221
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	92	84
IT operations	33	31
Expenses from the disposal of programming assets	17	8
Other	76	56
Total	2,020	1,764

Consumption of programming assets covers consumption and impairments of programming assets as well as additions to provisions for onerous contracts. Operating expenses mainly include production-related purchased services, material expenses in the area of commerce, license expenses, copyright fees and the cost of sales for the travel operating business. Personnel expenses include wages and salaries of employees in production, including performance-based bonus claims, termination indemnities and social insurance contributions. Depreciation, amortization and impairment on property, plant and equipment and other intangible assets relate primarily to technical facilities and licenses. Expenses from the disposal of programming assets result from sales of programming rights and ancillary rights. The "Other" item includes marketing and travel costs.

7 Selling expenses

Selling expenses (Fig. 137)

EUR m	2016	2015
Marketing and marketing-related expenses	221	137
Personnel expenses	113	75
Distribution	73	72
Thereof distribution fees	49	48
Thereof satellite services	24	24
Sales commissions	48	40
Operating Expenses	27	18
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	10	7
IT operations	9	5
Other	20	16
Total	520	372

Marketing and marketing-related expenses relate primarily to costs for market research, advertising and public relations. Personnel expenses include wages and salaries of employees in sales, including performance-based bonus claims, termination indemnities and social insurance contributions. Sales commissions include mainly costs and commissions for marketing services. Operating expenses relate primarily to expenses for distribution rights. Depreciation, amortization and impairment relate almost exclusively to other intangible assets in the sales area.

Notes

8 Administrative expenses

9 Other operating expenses

10 Other operating income

11 Interest result

8 Administrative expenses

Administrative expenses (Fig. 138)

EUR m	2016	2015
Personnel expenses	226	182
Depreciation of property, plant and equipment and amortization of other intangible assets (incl. impairment)	98	56
Consultancy fees	35	32
Use of buildings	33	28
IT operations	31	31
Marketing expenses	18	19
Other personnel-related expenses	12	10
Corporate hospitality and travel	10	9
Ancillary operating expenses	5	6
Automobile expenses	5	4
Other	33	35
Total	506	412

Personnel expenses include wages and salaries of employees in administration, including performance-based bonus claims, termination indemnities and social insurance contributions. Depreciation, amortization and impairment on property, plant and equipment and other intangible assets relate primarily to administrative buildings, office furniture and equipment and software licenses. Consultancy fees primarily include management and M&A consultancy costs as well as legal consulting costs. Use of buildings relates primarily to rent, ancillary, and maintenance costs.

9 Other operating expenses

Other operating expenses of EUR 11 million (previous year: EUR 8 million) essentially include impairments on brands of EUR 6 million (previous year: EUR 4 million) (for further details, see Note 17 "Other intangible assets") and the derecognition of receivables from previous years of EUR 3 million (previous year: EUR 3 million).

10 Other operating income

Other operating income amounted to EUR 34 million in the financial year 2016 (previous year: EUR 25 million). This includes deconsolidation gains (see Note 4 "Acquisitions and disposals") of EUR 9 million (previous year: EUR 0 million). This item also includes prior-period income of EUR 7 million (previous year: EUR 11 million), mainly from prior-year refunds from collecting societies.

11 Interest result

Interest result (Fig. 139)

EUR m	2016	2015 ¹
Interest and similar income	5	1
Interest and similar expenses	-89	-87
Thereof from financial liabilities at amortized cost	-43	-39
Thereof from hedging derivatives	-28	-41
Thereof other interest and similar expenses	-18	-7
Interest result	-84	-86

¹ The comparative figures for the financial year 2015 were adjusted to reflect a change of presentation of hedge ineffectiveness in the financial year 2016.

Notes

12 Result from investments accounted for using the equity method and other financial result

Interest from financial liabilities at amortized cost primarily includes interest on loans drawn (see Note 26 "Financial liabilities").

Interest and similar expenses from hedging derivatives includes expenses for hedging instruments relating to exchange rate and interest rate risks (see Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"). The "Other interest and similar expenses" item primarily contains interest effects of earn-out and put option liabilities and pension obligations, as well as a wide range of different, immaterial individual items.

Since January 1, 2016, expenses from hedge ineffectiveness (see Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7") have not been reported in interest result, but in other financial result. The change was made in order to match internal reporting. The comparative figures for the financial year 2015 were adjusted accordingly by plus EUR 6 million.

12

Result from investments accounted for using the equity method and other financial result

Result from investments accounted for using the equity method and other financial result (Fig. 140)		
EUR m	2016	2015 ¹
Share of income from associates	-1	5
Income from investments accounted for using the equity method	-1	5
Changes in earn-out and put option liabilities (financial liabilities at fair value through profit or loss)	-24	4
Foreign currency translation gains/losses	-1	-1
Thereof from financial assets and liabilities held for trading	13	19
Thereof from loans and receivables	2	4
Thereof from cash and cash equivalents	-1	3
Thereof from financial liabilities at amortized cost	-12	-22
Thereof other	-3	-4
Valuation effects of financial instruments	-4	-62
Thereof from available-for-sale financial assets	30	-27
Thereof from financial assets at fair value through profit or loss	-22	-30
Thereof from investments accounted for using the equity method, other financial investments and securities	-12	-4
Financing costs	-13	-16
Remeasurement of investments previously measured using the equity method	9	35
Effects of hedging ineffectiveness and termination of hedge accounting for interest rate swaps	-2	-6
Other	1	0
Other financial result	-34	-45

¹ The comparative figures for the financial year 2015 were adjusted to reflect a change of presentation of hedge ineffectiveness in the financial year 2016 (see Note 11 "Interest result").

The changes in earn-out and put option liabilities of minus EUR 24 million (previous year: EUR 4 million) are the result of measurement adjustments to the earn-out and put option agreements concluded in connection with business combinations (see also Note 4 "Acquisitions and disposals" and Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

Notes

12 Result from investments
accounted for using the
equity method and other
financial result

The foreign currency gains from financial assets and liabilities held for trading are the result of the measurement of currency hedges. Foreign currency losses from financial liabilities at amortized cost are fully (previous year: EUR 21 million) attributable to the measurement of liabilities for programming assets.

In July 2016, the shares in ZeniMax Media Inc., Rockville, USA, which were written down in full in the financial year 2015, were sold entirely for a purchase price of USD 34 million (EUR 30 million). The resulting reversal of impairment was recognized in measurement effects from financial instruments (thereof from available for sale financial assets).

Media-for-equity investments resulted in measurement effects of minus EUR 14 million (previous year: minus EUR 25 million), of which minus EUR 11 million (previous year: minus EUR 19 million) is attributable to AliphCom Inc. The result of the remeasurement of the warrant agreement concluded with Odyssey Music Group S.A., Paris, (Deezer) (see Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7") amounted to minus EUR 4 million (previous year: minus EUR 10 million). These two measurement effects relate to financial assets recognized at fair value through profit and loss.

Valuation effects of investments accounted for using the equity method, other financial investments and securities mainly comprise the impairment on Vitafy GmbH, an investment accounted for using the equity method. Due to the negative business development the carrying amount was adjusted by EUR 9 million (see Note 19 "Investments accounted for using the equity method").

Financing costs essentially include expenses from the interest accrued on non-current loans measured using the effective interest rate method in addition to deferred fees in the context of non-current loans (see Note 22 "Other receivables and assets") of EUR 5 million (previous year: EUR 4 million). In addition, costs for the utilization of the revolving credit facility of EUR 1 million (previous year: EUR 2 million) are reported in financing costs. For further details on ProSiebenSat.1 Group's syndicated loan agreement, please refer to Note 26 "Financial liabilities."

The remeasurement of investments previously measured using the equity method resulted in income of EUR 9 million (previous year: EUR 35 million) that was fully attributable to Stylight GmbH (see also Note 4 "Acquisitions and disposals").

The effects of hedge ineffectiveness and the termination of hedge accounting for interest rate swaps are explained in detail under Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7."

13 Income taxes

Income tax expenses (Fig. 141)

EUR m	2016	2015
Current income tax expenses - Germany	199	200
Current income tax expenses - other countries	24	15
Current income tax expenses	223	215
Deferred income tax income - Germany	-1	-7
Deferred income tax income - other countries	-16	-1
Deferred income tax income	-17	-7
Total income tax expenses	206	208

Current income tax expenses comprise all domestic and foreign taxes based on taxable profits in 2016 (corporate income tax, trade tax and respective foreign taxes) and income tax expenses for previous years of EUR 17 million (previous year: EUR 19 million). In the financial year 2016, as in the previous year, there were no significant reductions in the actual income tax expenses due to previously unrecognized tax losses or temporary differences from a prior period.

Deferred tax income for the financial year 2016 of EUR 17 million (previous year: EUR 7 million) includes deferred tax income of EUR 4 million (previous year: EUR 2 million) resulting from the ongoing change in deferred taxes on loss carry-forwards.

In the financial year 2016, deferred tax income of EUR 15 million (previous year: EUR 5 million) resulted from the ongoing change in temporary differences.

The tax rates used to calculate deferred taxes were adjusted in accordance with to changes in legislation. These changes in tax rates resulted in no material effects on deferred tax expenses in the financial year 2016.

The corporate income tax rate in Germany in 2016 of 15.0% as well as the German reunification surtax ("solidarity surtax") of 5.5% both remain unchanged compared to the previous year. Including the trade tax (local business income tax) with an average basis factor of 340.1% (previous year: 340.1%), the rounded total tax rate for 2016 was 28.0% (previous year: 28.0%).

The tax rates for foreign companies varied from 12.3% to 42.3% (previous year: 16.0% to 39.8%).

The nominal tax rate relevant for the Group is 28.0%. Regarding continuing operations, the expected tax expense can be reconciled with the actual tax expense as follows:

Reconciliation of tax expenses (Fig. 142)

EUR m	2016	2015
Profit before taxes	658	604
Applicable group tax rate (in percent)	28	28
Expected income tax expense	184	169
Adjustments to the expected income tax expense:		
Differences in tax rates		
Effects due to foreign tax rate differences	- 5	3
Effects due to domestic tax rate differences	0	- 2
Effects due to changes in statutory tax rates	0	0
Effects from deviation in taxable base		
Non-deductible interest expenses	2	3
Other non-deductible operating expenses	25	24
Tax-free income	- 14	- 10
Non-taxable disposal effects	- 6	0
Recognition and measurement of deferred tax assets		
Changes in the realization of deferred tax assets	8	7
Other effects		
Taxes from previous years	19	19
Investments accounted for using the equity method	1	- 1
Other	- 8	- 5
Total income tax expenses	206	208

ADDITIONAL INFORMATION

Deferred tax assets on tax loss carry-forwards and on temporary differences were recognized and measured on the basis of projected future taxable income. Deferred tax assets on temporary differences and tax loss carry-forwards are recognized only to the extent that it is probable that sufficient taxable profit will be available in the future to allow the benefit of the deferred tax asset to be utilized.

In the financial year 2016, deferred tax assets recognized on loss carry-forwards were written down by EUR 2 million (previous year: EUR 1 million). As in the previous year, there were no material write-downs of deferred tax assets on temporary differences. A reversal of impairments on deferred tax assets on loss carry-forwards of EUR 2 million was recognized in the financial year 2016. In the previous year, reversals of impairments of EUR 1 million were recognized.

As of December 31, 2016, no deferred tax assets were recognized for corporate income tax loss carry-forwards amounting to EUR 177 million (previous year: EUR 181 million) and for trade tax loss carry-forwards amounting to EUR 84 million (previous year: EUR 83 million). Loss carry-forwards of EUR 6 million (previous year: EUR 0 million) will expire within the next seven years if they are not used.

Corporate income tax loss carry-forwards for which no deferred tax assets were recognized amounted to EUR 34 million (previous year: EUR 36 million). Trade tax loss carry-forwards for which no deferred tax assets were recognized amounted to EUR 11 million (previous year: EUR 12 million).

As of December 31, 2016, deferred tax assets in excess of deferred tax liabilities were recognized in an insignificant amount (previous year: EUR 2 million) for companies that suffered losses in the current financial year or the previous year. On the basis of current tax planning, the use of these deferred tax assets can be expected in the next five years.

Significant Assumptions and Estimates

The impairment testing of deferred tax assets is based on the basis of internal projections regarding the future earnings situation of the relevant Group entity. Evaluations of the possibility of realizing tax loss carry-forwards are based on whether they can be used within the five-year tax planning period. If there are doubts that loss carry-forwards can be used, impairments of

individual deferred tax assets are recognized. The deferred tax items recognized in that regard are subject to ongoing review as to their underlying assumptions. Changes in assumptions or circumstances may require corrections, which may result in additional deferred taxes or reversals of such items.

Recognized deferred tax assets and liabilities relate to the following items:

Allocation/origin of deferred taxes (Fig. 143)

EUR m	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Goodwill	3	81	2	78
Other intangible assets	8	200	2	117
Property, plant and equipment	0	31	0	32
Financial assets	6	11	6	9
Programming assets	-/-	3	-/-	3
Inventories and other assets	7	78	10	80
Provision for pensions	1	0	1	0
Other provisions	11	2	6	1
Liabilities	65	24	63	25
Tax loss carry-forwards	24	-/-	24	-/-
Netting	-95	-95	-101	-101
Total	30	335	13	245

A deferred tax liability for planned future dividend distributions of EUR 2 million (previous year: EUR 1 million) was recognized for investments in subsidiaries (outside basis differences). Furthermore, there are taxable temporary differences of EUR 11 million (previous year: EUR 11 million) arising from outside basis differences. No deferred tax liabilities were recognized on these taxable temporary differences as the time line of the release of temporary differences is under control of the Company and a reversal of the temporary differences is assessed not to be probable in the foreseeable future.

For disclosures on the deferred taxes that were recognized in other comprehensive income and on the current taxes recognized in capital reserves, please refer to Note 23 "Shareholders' Equity."

The earnings after taxes from discontinued operations include current tax expenses including interest and penalties of EUR 42 million in connection with a tax claim for former companies in Sweden that was paid in the financial year 2016.

Significant Assumptions and Estimates

Uncertain tax positions are analyzed on an ongoing basis and risk provisions of an appropriate amount are recognized in each case and estimated accordingly. Since these estimates may change over time, this also results in corresponding effects on the amount of the

risk provisions deemed necessary. The amount of the expected tax payable or tax receivable reflects the amount that constitutes the best estimate while taking tax uncertainties into account.

14 Earnings per share

Profit measures included in calculating earnings per share (Fig. 144)

EUR m	2016	2015
Result attributable to the shareholders of ProSiebenSat.1 Media SE (basic)	402	391
Thereof from continuing operations (basic)	444	391
Thereof from discontinued operations (basic)	- 42	0
Valuation effects of share-based payments after taxes	- 6	-/-
Result attributable to the shareholders of ProSiebenSat.1 Media SE (diluted)	397	391
Thereof from continuing operations (diluted)	439	391
Thereof from discontinued operations (diluted)	- 42	0

Numbers of shares included in calculating earnings per share (Fig. 145)

Shares	2016	2015
Weighted average number of shares outstanding (basic)	216,755,645	213,776,180
Dilution effect based on stock options and rights to shares	896,373	1,651,392
Weighted average number of shares outstanding (diluted)	217,652,018	215,427,572

The Group Share Plans (see Note 31 "Share-based payments") contain an option for ProSiebenSat.1 Media SE to determine the type of settlement using either equity or cash. In contrast to IFRS 2, these plans are treated as if they were settled in common shares for the calculation of earnings per share due to the resulting dilution in accordance with IAS 33.58.

As of the reporting date, executives and selected employees had 896,373 rights to stock options or to shares with a dilutive effect (previous year: 1,651,392).

The possible conversion of all stock options on common shares which are in the money (see Note 31 "Share-based payments") as well as on potentially issued common shares results in a dilution effect of EUR 0.03 (previous year: EUR 0.02) regarding earnings per share from continuing operations.

Due to the capital increase in November 2016 (see Note 23 "Shareholders' Equity") and the exercise of share options, the weighted average number of outstanding shares increased from 213,776,180 to 216,755,645 in the financial year 2016.

15 Other disclosures

Personnel expenses and number of employees

The personnel expenses included in cost of sales, selling expenses and administrative expenses comprise:

Personnel expenses (Fig. 146)

EUR m	2016	2015
Wages and salaries	544	423
Social security contributions and other employee benefits	72	54
Total	616	477

Expenses for pensions totaled EUR 2 million in financial year 2016 (previous year: EUR 1 million).

The Group had the following average numbers of employees during the year:

Number of employees (Fig. 147)

	2016	2015
Female employees	2,979	2,284
Male employees	3,075	2,596
Total	6,054	4,880

Part-time positions are reported as an equivalent number of full-time employees.

Depreciation, amortization and impairments

Depreciation, amortization and impairments on other intangible assets and property, plant and equipment included in cost of sales, selling expenses, administrative expenses and other operating expenses are made up of the following elements:

Depreciation and amortization (Fig. 148)

EUR m	2016	2015
Amortization of other intangible assets	129	97
Depreciation of property, plant and equipment	52	36
Impairment of other intangible assets	24	18
Total	206	151

Consumption and impairment of programming assets of EUR 915 million (previous year: EUR 896 million) is presented under cost of sales and deducted in arriving at EBITDA.

Notes to the Statement of Financial Position

16 Goodwill

Statement of changes in goodwill (Fig. 149)

EUR m	2016	2015 ¹
COST		
Opening balance as of January 1	1,742	1,140
Exchange rate differences	-3	12
Additions	224	590
Disposals	-9	-1
Closing balance as of December 31	1,953	1,742
IMPAIRMENT		
Opening balance January 1/Closing balance December 31	93	93
Carrying amount as of December 31	1,860	1,649

¹ The comparative figures are restated due to the retrospective adjustment of the initial consolidation of Studio71 LP as of the acquisition date (Note 4 „Acquisitions and disposals“).

For more information on additions, see Note 4 “Acquisitions and disposals.”

Goodwill is allocated to the individual segments as follows:

Allocation of goodwill to segments (Fig. 150)

Name of segment	Broadcasting German- speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales	Total
Name of cash-generating unit	Broadcasting German- speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales	
Carrying amount of goodwill at December 31, 2015 (EUR m)	464	311	751	123	1,649
Carrying amount of goodwill at December 31, 2016 (EUR m)	464	313	932	151	1,860

On the basis of the internal management and reporting structure, the Group split the Digital & Adjacent segment, where the Group previously bundled its digital activities, into two segments: Digital Entertainment and Digital Ventures & Commerce (see Note 2 “Segment reporting”). This resulted in a change in the composition of the groups of cash-generating units. Goodwill was allocated to the new groups of cash-generating units on July 1, 2016. Due to the change in the composition of the Group’s operating segments and the associated composition of the groups of cash-generating units, the Group ensured in the third quarter of 2016 that the goodwill allocated to the group of cash-generating units Digital & Adjacent was recoverable.

According to the impairment tests for goodwill carried out in the financial year 2016 and the previous year, the carrying amounts are recoverable. Consequently, no impairment was recognized. The following table summarizes the assumptions applied in the respective impairment tests of goodwill in the cash-generating units as of the measurement date (August 31, 2016):

Disclosures on impairment testing of goodwill (Fig. 151)

Name of segment	Broadcasting German-speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales	Digital & Adjacent
Name of cash-generating unit ¹	Broadcasting German-speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales	Digital & Adjacent
Revenues growth p.a. in the projection period (CAGR) ²	3.2% (2.3%)	14.7% (-/-)	14.3% (-/-)	6.0% (3.8%)	-/- (17.1%)
Ø EBITDA margin p.a. in the projection period ²	29.3% (32.2%)	17.5% (-/-)	22.5% (-/-)	11.3% (11.6%)	-/- (21.3%)
Duration of projection period	5 Years	5 Years	5 Years	5 Years	5 Years
Revenues growth p.a. at the end of projection period ²	1.5% (1.5%)	1.5% (-/-)	1.5% (-/-)	1.5% (1.5%)	-/- (1.5%)
EBITDA margin p.a. at the end of projection period ²	29.8% (32.7%)	21.1% (-/-)	22.6% (-/-)	11.8% (12.4%)	-/- (23.3%)
Ø Discount rate ²	9.5% (10.1%)	9.9% (-/-)	10.9% (-/-)	9.6% (10.3%)	-/- (10.5%)

¹ The groups of cash-generating units correspond to the operating segments and were changed to reflect of the new segment reporting structure in the financial year 2016 (see Note 2 "Segment reporting"). The figures for the cash-generating unit Digital & Adjacent illustrate previous year's figures.

² Previous year's figures in brackets.

ADDITIONAL INFORMATION

The assumptions for the revenue growth rates that were used in the planning period are based on corporate planning adopted by management as of impairment test date. The assumptions for revenue growth for the planning period beyond the company's planning horizon are based on externally published sources. The assumed EBITDA margins are based on historical experience, or were adjusted on the basis of cost-cutting measures that have already been introduced. The discount rate used is a weighted average total cost of capital and reflects the risk-adjusted interest rate before taxes which is derived from capital market data. The discount rate is based on the maturity-matched risk-free interest rate of 0.6% (previous year: 1.5%) and a market risk premium of 6.75% (previous year: 6.75%). In addition, for each cash-generating unit, a separate beta factor is derived from the relevant peer group. The cost of debt and the capital structure of the relevant peer group are also taken into consideration. In addition, country-specific tax rates and risk premiums were reflected. To the extent that a reasonably possible change in a key assumption, which is integrated into the impairment test, could result in a reduction of the recoverable amount below the carrying amount of the respective cash-generating unit, a sensitivity analysis has to be performed for this key assumption. In the financial year 2016, on the basis of current conditions, a possible change in a key assumption of the impairment test did not reduce the recoverable amount below the carrying amount.

Significant Assumptions and Estimates

The assumptions and the underlying methods used in the impairment tests may have a significant impact on the respective values, and ultimately affect the amount of a potential impairment of goodwill, other intangible assets and property, plant and equipment. The calcula-

tion of discounted cash flows in particular is extensively subject to planning assumptions that may be sensitive to changes and can therefore have a significant influence on the recoverability.

17 Other intangible assets

Statement of changes in other intangible assets (Fig. 152)

EUR m	Brands ¹	Customer relationships	Other intangible assets	Advances paid	Total other intangible assets
COST					
Balance as of January 1, 2015	84	34	485	17	619
Exchange rate differences	1	2	3	0	5
Additions due to change in scope of consolidation	159	107	42	2	309
Additions	-/-	-/-	69	30	99
Reclassifications	-/-	-/-	12	-12	-/-
Disposals due to change in scope of consolidation	-/-	-1	0	-/-	-1
Disposals	0	-/-	-63	0	-63
Balance as of December 31, 2015/January 1, 2016	243	141	547	37	968
Exchange rate differences	-1	2	1	0	2
Additions due to change in scope of consolidation	190	77	39	0	307
Additions	-/-	-/-	109	34	143
Reclassifications	-/-	-/-	24	-24	-/-
Disposals due to change in scope of consolidation	-4	-1	-60	-4	-70
Disposals	-2	-/-	-84	0	-86
Balance as of December 31, 2016	426	220	576	42	1,264
AMORTIZATION					
Balance as of January 1, 2015	14	10	335	0	359
Exchange rate differences	0	0	1	-/-	1
Additions due to change in scope of consolidation	-/-	-/-	1	-/-	1
Additions ²	5	10	100	0	115
Disposals due to change in scope of consolidation	-/-	-1	0	-/-	-1
Disposals	-/-	-/-	-61	0	-61
Balance as of December 31, 2015/January 1, 2016	19	19	376	1	415
Exchange rate differences	0	0	1	-/-	1
Additions ²	11	26	111	6	153
Disposals due to change in scope of consolidation	-4	-1	-47	0	-53
Disposals	-2	-/-	-68	0	-71
Balance as of December 31, 2016	23	44	373	6	447
Carrying amount as of December 31, 2016	403	175	202	36	817
Carrying amount as of December 31, 2015	224	122	171	36	553

¹ Including brands with indefinite useful lives with a carrying amount of EUR 333 million (previous year: EUR 197 million).

² Of the impairments recognized in this position amounting to EUR 24 million (previous year: EUR 18 million), EUR 18 million (previous year: EUR 14 million) are presented in the expenses of the corresponding functional area.

Other intangible assets include software, licenses from the sale of digital offerings of external providers and industrial property rights. This item also includes internally generated intangible assets of EUR 48 million (previous year: EUR 22 million).

Brands include assets with definite and indefinite useful lives. Brands with indefinite useful lives are allocated to the individual segments as follows:

Allocation of brands with indefinite useful lives to segments (Fig. 153)

Name of segment ¹	Broadcasting German- speaking	Digital Entertainment	Digital Ventures & Commerce	Content Production & Global Sales	Total	Digital & Adjacent
Carrying amount of brands at December 31, 2015 (EUR m)	3	5	188	-/-	197	193
Carrying amount of brands at December 31, 2016 (EUR m)	3	3	327	-/-	333	-/-

¹ The segments were changed in course of the new segment reporting structure in the financial year 2016 (see Note 2 "Segment reporting"). The figures for the cash-generating unit Digital & Adjacent illustrate previous year's figures.

All assets with indefinite useful lives are tested for impairment annually in accordance with IAS 36 on the basis of the recoverable amount (see "Summary of key accounting policies"). The following table summarizes the allocation of significant brands with indefinite useful lives to the cash-generating units and the assumptions applied in the respective impairment tests as of the measurement date:

Disclosure on impairment test of significant brands with indefinite useful lives (Fig. 154)

Name of cash-generating unit	Verivox	PARSHIP ELITE Group
Revenues growth p.a. in the projection period (CAGR)	13.0%	7.3%
EBITDA margin p.a. in the projection period and at the end of the projection period	24.0% – 33.3%	24.7% – 29.3%
Duration of projection period	5 years	5 years
Revenues growth p.a. at the end of projection period	1.5%	1.5%
Ø Discount rate	11.3%	10.2%
Valuation date	August 31, 2016	December 31, 2016
Carrying amount of brands with indefinite useful lives December 31, 2016 (EUR m)	107	141

In the financial year 2016, there were impairments of EUR 5 million (previous year: EUR 1 million) for other intangible assets with indefinite useful lives. The recognized impairments relate to brands in the Digital Entertainment segment in the amount of EUR 2 million and in the amount of EUR 3 million in the Digital Ventures & Commerce segment (previous year: EUR 1 million in the Digital & Adjacent segment).

In the past financial year, impairments of EUR 3 million (previous year: EUR 8 million) were recognized on other intangible assets with definite useful lives in connection with earlier purchase price allocations. The recognized impairments relate to a brand, a customer relationship and a non-compete agreement in the Digital Entertainment segment.

In addition to the impairments described above, impairments on licenses of EUR 3 million (previous year: EUR 5 million) and on other intangible assets with definite useful lives of EUR 13 million (previous year: EUR 3 million) were recognized in the past financial year.

ADDITIONAL INFORMATION

Based on the expected useful lives, amortization is essentially recognized on a straight-line basis over the following periods:

Useful lives of intangible assets

in years	
Software	3-8
Licenses and other industrial property rights	10 and license contract term respectively

Other useful lives may be applied as an exception for intangible assets with definite useful lives that are acquired in business combinations:

Useful lives of intangible assets with definite useful lives

in years	
Customer relationships	2-15
Brands with finite useful lives	5-15

Useful lives and amortization methods are reviewed annually and adjusted in accordance with any changes in estimations.

18 Property, plant and equipment

Statement of changes in property, plant and equipment (Fig. 155)

EUR m	Buildings on land owned by others, fixtures and renovations	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2015	255	154	58	5	472
Exchange rate differences	0	1	0	-/-	1
Additions due to change in scope of consolidation	0	10	3	-/-	14
Additions	8	18	8	8	42
Reclassifications	3	1	0	-4	-/-
Disposals due to change in scope of consolidation	-/-	-/-	0	-/-	0
Disposals	-1	-8	-1	-/-	-10
Balance as of December 31, 2015/ January 1, 2016	266	176	68	9	519
Exchange rate differences	0	1	0	-/-	1
Additions due to change in scope of consolidation	0	2	1	0	4
Additions	6	18	10	6	41
Reclassifications	7	1	0	-7	-/-
Disposals due to change in scope of consolidation	-1	0	-2	0	-3
Disposals	0	-7	-5	-1	-12
Balance as of December 31, 2016	278	190	72	7	548
DEPRECIATION					
Balance as of January 1, 2015	105	110	43	-/-	259
Exchange rate differences	0	0	0	-/-	1
Additions due to change in scope of consolidation	0	4	2	-/-	5
Additions	12	19	5	-/-	36
Disposals due to change in scope of consolidation	-/-	-/-	0	-/-	0
Disposals	0	-6	-1	-/-	-8
Balance as of December 31, 2015/ January 1, 2016	117	127	49	-/-	293
Exchange rate differences	0	0	0	-/-	0
Additions	23	22	7	-/-	52
Disposals due to change in scope of consolidation	-1	0	-2	-/-	-2
Disposals	0	-7	-4	-/-	-11
Balance as of December 31, 2016	140	143	50	-/-	332
Carrying amount December 31, 2016	139	47	23	7	216
Carrying amount December 31, 2015	149	48	20	9	226

Notes

18 Property, plant and
equipment

The buildings on land owned by others, fixtures and renovations line item contains leased buildings with a residual carrying amount of EUR 94 million (previous year: EUR 102 million) that are classified as finance leases due to the contractual structure of the underlying lease agreements and thus assigned to the Group as the beneficial owner. The underlying leases cover land and buildings at the Unterföhring site. Each of them has a lease term of 22 years. The earliest expiration is scheduled for 2019, but the interest rate conversion points (the end of the lock-in period for interest rates) may occur earlier. The real estate leases were signed on prevailing market terms. Due to the planned new construction at the Unterföhring site, the remaining useful lives of the leased properties and the fixtures and renovations therein have been shortened. In the reporting period, this resulted in increased depreciation of EUR 8 million.

In addition, there are other leases, mainly for technical equipment, of EUR 10 million (previous year: EUR 12 million) that are also classified as finance leases.

As of December 31, 2016, and the previous year's reporting date, the minimum lease payments comprise the following:

Minimum lease payments (Fig. 156)				
EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2016
Property, plant and equipment				
Minimum lease payments	16	27	1	45
Share of interest minimum lease payments	2	3	0	5
Present value of minimum lease payments	14	24	1	40

EUR m	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2015
Property, plant and equipment				
Minimum lease payments	16	39	3	58
Share of interest minimum lease payments	2	5	0	8
Present value of minimum lease payments	14	34	3	50

In addition, there are also lease liabilities related to buildings on land owned by others of EUR 32 million (previous year: EUR 32 million). This resulted in lease liabilities of EUR 72 million as of December 31, 2016 (previous year: EUR 82 million).

Significant Assumptions and Estimates

Based on the expected useful lives, depreciation on property, plant and equipment is recognized on a straight-line basis over the following periods:

Useful lives of property, plant and equipment

in years	
Buildings on land owned by others, fixtures and renovations	3 – 50
Technical facilities	2 – 10
Office furniture and equipment	3 – 20

Notes

19 Investments accounted for
using the equity method

19 Investments accounted for using the equity method

Associates

By agreement dated September 30, 2016, and effective as of November 30, 2016, ProSiebenSat.1 Group increased its share in Vitafy GmbH, Munich, from 29.05% to 49.9%. Due to the significant influence of ProSiebenSat.1 Group, the investment continues to be recognized as a material associate accounted for using the equity method. Vitafy is an online shop for fitness, wellness, and health. The purchase price comprises a cash purchase price of EUR 7 million and a media agreement with a gross media volume of EUR 20 million. In addition, multiple call options for the step-by-step acquisition of up to 100% of the shares within the next three years were agreed. ProSiebenSat.1 Group did not receive any dividends from Vitafy GmbH in the reporting period. As of the reporting date, the carrying amount was partially impaired reflecting the negative business development (see Note 12 "Result from investments accounted for using the equity method and other financial result").

By agreement dated May 19, 2016, and effective as of June 30, 2016, ProSiebenSat.1 Group sold all Games activities (see Note 4b "Disposal of subsidiaries") previously allocated to the Digital & Adjacent segment (see Note 2 "Segment reporting"). In return, the Group obtained a share of 33.0% in the share capital of gamigo AG. The investment was capitalized as a material associate accounted for using the equity method with a fair value of EUR 32 million as of the transaction date. In addition, ProSiebenSat.1 Group became entitled to a cash payment totaling EUR 5 million to be paid in two equal amounts with an interest of 4.0% per annum no later than 12 and 18 months after the transfer date respectively. As a contingent purchase price component, ProSiebenSat.1 Group is also entitled to a profit share of individual mobile games in the calendar years 2016 and 2017 if a contractually agreed threshold is exceeded. ProSiebenSat.1 Group did not receive any dividends from gamigo AG in the reporting period.

By agreement dated October 11, 2016, and effective as of November 30, 2016, ProSiebenSat.1 Group acquired a 41.6% share in Marketplace GmbH, Berlin, which holds 100% of the shares in Beko Käuferportal GmbH, Berlin. Käuferportal is a leading online portal in Germany for the placement of complex products and services. ProSiebenSat.1 Group executed a cash capital increase of EUR 39 million at Marketplace GmbH within the context of this transaction. This also constitutes the purchase price for this investment. In addition, a call option that can be exercised in 2018 and 2019 was purchased for the acquisition of another 9%. Due to the significant influence of ProSiebenSat.1 Group over the entity, the investment is recognized as a material associate accounted for using the equity method. ProSiebenSat.1 Group did not receive any dividends from Marketplace GmbH in the reporting period.

By agreement dated September 30, 2016, and effective as of the same day, 100.0% of the shares in Magic Internet GmbH, Berlin, were transferred to Pluto Inc., Delaware, USA. Pluto is an online TV provider with the corresponding technology for distributing TV content (see Note 4b "Disposal of subsidiaries"). As part of this transaction, ProSiebenSat.1 Group participated in a capital increase for cash of USD 10 million (EUR 9 million) in addition to the contribution of Magic Internet GmbH. In return, the Group received a 16.1% share in Pluto Inc.'s capital. The Group has significant influence over the entity since, in addition to the financial investment, representation of ProSiebenSat.1 Group on the management board of Pluto Inc. was agreed. Due to the significant influence of ProSiebenSat.1 Group over the entity, the investment is recognized as a material associate accounted for using the equity method. The shares are capitalized based on the fair value derived from the financing round plus the variable purchase price components and acquisition-related costs of USD 21 million (EUR 19 million). ProSiebenSat.1 Group did not receive any dividends from Pluto Inc. in the reporting period. By December 31, 2016, ProSiebenSat.1 Group's shares had been diluted to 15.48% due to a capital increase.

Notes

19 Investments accounted for
using the equity method

The following overview shows aggregated financial information on material associates and a reconciliation of this summarized financial information to the carrying amounts of the Group's shares in the associates. The entities presented are not listed companies.

Financial information for material associates (Fig. 157)

EUR m	Vitafy GmbH		gamigo AG	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
ProSiebenSat.1 Group's share (in %)	49.9% ²	29.05%	33.0%	-/-
Non-current assets	19	3	48	-/-
Current assets	9	8	12	-/-
Non-current liabilities	5	0	25	-/-
Current liabilities	5	0	25	-/-
Net assets (100%)	18	11	10	-/-
ProSiebenSat.1 Group's share of net assets	9	3	3	-/-
Goodwill	7	3	24	-/-
Impairment	-9	-/-	-/-	-/-
Carrying amount of interest in associate	7	6	27	-/-
Revenue	19	1 ¹	21 ¹	-/-
Profit or loss for the period (100%)	-11	-2 ¹	-12 ¹	-/-
ProSiebenSat.1 Group's share of profit or loss	-3	-0¹	-4¹	-/-

EUR m	Marketplace GmbH (Käuferportal)		Pluto Inc.	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
ProSiebenSat.1 Group's share (in %)	41.6%	-/-	15.48%	-/-
Non-current assets	56	-/-	15	-/-
Current assets	17	-/-	30	-/-
Non-current liabilities	31	-/-	9	-/-
Current liabilities	5	-/-	6	-/-
Net assets (100%)	37	-/-	31	-/-
ProSiebenSat.1 Group's share of net assets	15	-/-	5	-/-
Goodwill	24	-/-	12	-/-
Impairment	-/-	-/-	-/-	-/-
Carrying amount of interest in associate	39	-/-	17	-/-
Revenue	4 ¹	-/-	2 ¹	-/-
Profit or loss for the period (100%)	0 ¹	-/-	-3 ¹	-/-
ProSiebenSat.1 Group's share of profit or loss	-0¹	-/-	-0¹	-/-

¹ The amounts represent the figures since acquisition.
² 29,05% till November 30, 2016.

ProSiebenSat.1 Group holds other investments in associates which are of subordinate importance for the Group. The following overview shows a summary of financial information on these investments:

Aggregate financial information for immaterial associates (Fig. 158)

EUR m	12/31/2016	12/31/2015
Carrying amount of interests in associates	18	18
Profit share ¹	7	7

¹ The immaterial associates do not have discontinued operations.

Joint ventures

The investments in joint ventures held by ProSiebenSat.1 Group as of December 31, 2016, were only of subordinate importance of the Group.

20 Programming assets

Programming assets comprise rights to feature films, series, commissioned productions, digital content and advance payments made (including advance payments for sports rights). Because of their high importance for ProSiebenSat.1 Group, programming assets, which would normally be classified under other intangible assets, are presented as a separate item in the statement of financial position.

Statement of changes in programming assets (Fig. 159)

EUR m	Capitalized rights	Advances paid	Total
Carrying amount January 1, 2015	1,123	89	1,212
Additions due to change in scope of consolidation	1	0	1
Additions	901	43	944
Disposals	-8	0	-8
Reclassifications	57	-57	-/-
Consumption ¹	-897	-/-	-897
thereof scheduled			-797
thereof impairment			-99
Carrying amount December 31, 2015 and January 1, 2016	1,176	76	1,252
thereof non-current programming assets			1,153
thereof current programming assets			99
Additions due to change in scope of consolidation	-/-	1	1
Additions	920	73	994
Disposals	-17	0	-18
Reclassifications	34	-34	-/-
Consumption ¹	-918	-/-	-918
thereof scheduled			-801
thereof impairment			-117
Carrying amount December 31, 2016	1,196	117	1,312
thereof non-current programming assets			1,166
thereof current programming assets			146

¹ Consumption including provisions for onerous contracts from prior periods of EUR 6 million (previous year: EUR 10 million).

Capitalized rights primarily contain free TV rights of EUR 1,175 million (previous year: EUR 1,159 million) and other rights, such as pay TV, video-on-demand and mobile TV rights of EUR 20 million (previous year: EUR 17 million).

There were no material reversals of impairments in 2016 or in the previous year.

ADDITIONAL INFORMATION

Consumption and impairments of programming assets are presented as cost of sales. Reversals of impairments are netted against consumption.

Programming assets, such as sport events or news formats, that are intended for single runs and advance payments made on programming assets are normally recognized as current programming assets.

Provisions for onerous executory programming asset transactions are recognized if the Company currently estimates that the forecast revenues will not cover the costs. Provisions for onerous contracts are recognized taking genre-based program groups into account.

Notes

21 Financial receivables and assets

Significant Assumptions and Estimates

Key elements of programming assets are acquired as film packages from large film studios. Both the initial measurement of the individual licenses of these film packages and subsequent valuations of the programming assets are based on estimated viewer shares.

These take into account the variable usability of programming assets and reflect the required consumption of the programming assets as a function of the number of relevant broadcasts.

21 Financial receivables and assets

Financial receivables and assets (Fig. 160)

EUR m	12/31/2016			12/31/2015		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from content production	12	-/-	12	14	-/-	14
Trade accounts receivable	434	18	452	370	-/-	370
Total receivables	446	18	464	383	-/-	383
Derivatives	77	187	264	64	188	252
Investments	-/-	69	69	-/-	65	65
Securities	-/-	51	51	-/-	33	33
Other financial assets	14	6	20	9	5	14
Total financial assets	91	313	404	72	291	364
Total	537	331	868	456	291	747

In the statement of financial position, the Group reports the relevant net positions for each commissioned production either as a receivable or liability. Commissioned productions are reported as receivables if the costs incurred and recognized gains less recognized losses exceed advance payments received. Otherwise, commissioned productions result in liabilities.

Net position for ongoing construction contracts (Fig. 161)

EUR m	12/31/2016	12/31/2015
Amounts due to from customers for contract work	12	14
Amounts due to customers for contract work	24	16
Net position	-12	-2

The net position relates to the following items:

EUR m	12/31/2016	12/31/2015
Aggregate costs incurred and recognised profits (less recognised losses) to date	401	194
Less: progress billings	413	196
	-12	-2

In the Content Production & Global Sales segment, there were still a number of projects in the production phase in the area of commissioned productions as of the reporting date. In the financial year 2016, these projects generated a result of EUR 108 million (previous year: EUR 39 million) with relevant project progress costs of EUR 293 million incurred during the same time (previous year: EUR 156 million).

The derivatives relate mostly to currency hedging instruments with positive market values. This item also includes a financial derivative from a warrant agreement with Odyssey Music Group S.A., Paris (operator of the music streaming portal "Deezer"). Further detailed information can be found in Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7."

The non-controlling interests that the Group acquires as part of its media-for-equity strategy are also reported under investments (see Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

Securities primarily comprise venture capital fund investments of EUR 30 million (previous year: EUR 14 million). This item also includes units in investment funds of EUR 21 million (previous year: EUR 20 million) measured at fair value through profit and loss and acquired to cover pension obligations, which, however, do not qualify as plan assets as defined by IAS 19.

The following table shows the changes in credit allowances on the gross total of current and non-current trade receivables:

Changes in credit allowances (Fig. 162)		
EUR m	12/31/2016	12/31/2015
Credit allowances at the beginning of the reporting period	19	25
Additions	24	12
Release	-4	-2
Usage	-6	-16
Foreign currency effects	0	0
Credit allowances at the end of the reporting period	33	19

Significant Assumptions and Estimates:

Individual receivables and any necessary credit allowances are estimated and evaluated on the basis of the individual customer's creditworthiness, current economic developments, and an analysis of historical defaults, on a portfolio basis. Where objective indications of impairment exist, overdue trade receivables are impaired, taking experiential values regarding their recoverability into account.

As of December 31, 2016, the Group's past due but not impaired receivables had the following aging structure:

Aging structure (Fig. 163)		
EUR m	12/31/2016	12/31/2015
Not due at the end of the reporting period	361	294
Amount past due the following time ranges:		
Less than 3 months	74	64
Between 3 and 6 months	7	3
Between 6 and 9 months	4	2
Between 9 and 12 months	3	4
More than 12 months	4	3
Total receivables past due but not impaired	91	77

ProSiebenSat.1 Group assumes that the past due but not impaired receivables can still be recovered in full.

22 Other receivables and assets

Other receivables and assets (Fig. 164)

EUR m	12/31/2016			12/31/2015		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	8	-/-	8	19	-/-	19
Accrued items	34	7	42	29	10	39
Other	15	4	18	18	5	23
Total other receivables and assets	57	11	68	65	15	80

The 'Other' item also includes transaction costs for credit facilities to be amortized over the over-all term (see Note 26 "Financial liabilities").

23 Shareholders' Equity

As of December 31, 2016, the subscribed capital of ProSiebenSat.1 Media SE amounted to EUR 233 million (previous year: EUR 219 million), with each share representing a nominal value of EUR 1.00 of the share capital. As of December 31, 2016, the number of common shares outstanding was thus 233,000,000 (previous year: 218,797,200 common shares) of which the Company itself held 4,190,301 common shares in treasury (previous year: 4,579,400 common shares).

On November 3, 2016, ProSiebenSat.1 Media SE carried out a cash capital increase from Authorized Capital without shareholder subscription rights. In this context, 14,202,800 new registered no par value shares at EUR 36.25 each with a full dividend entitlement for the financial year 2016 were placed with institutional investors. Gross proceeds totaled EUR 515 million.

The capital increase mainly led to the increase of capital reserves by EUR 453 million to EUR 1,054 million (previous year: EUR 600 million). The rise resulting from the capital increase comprises the premium of EUR 501 million and net transaction costs of EUR 2 million that were offset against capital reserves with no impact on profit or loss.

In the financial year 2016, minus EUR 47 million (previous year: EUR 8 million) was also recognized in capital reserves in connection with share-based payments. In the first quarter of 2016, the Group Share Plans 2013 to 2015 were then changed from "equity settlement" to "cash settlement". Following this change, the amounts recognized in capital reserves of EUR 59 million were reclassified to other non-current provisions or other current liabilities (see Note 31 "Share-based payments").

In addition to the 2016 capital increase mentioned above, capital reserves also comprise the share premium from the issuance of shares in the financial year 1997 and the capital increase in the financial year 2004.

Accumulated other comprehensive income of ProSiebenSat.1 Group of EUR 171 million (previous year: EUR 150 million) include the effects of cash flow hedge accounting, currency translation adjustments of the financial statements of foreign subsidiaries and the effects of the measurement of pension obligations to be recognized outside profit or loss. The year-on-year increase is attributable to measurement effects from cash flow hedge accounting and relates to currency hedges with a fair value of EUR 245 million (previous year: EUR 231 million) and interest rate hedges of minus EUR 24 million (previous year: minus EUR 46 million) before deduction of related deferred taxes. The deferred tax liabilities relate to currency hedges in an amount of EUR 69 million (previous year: EUR 64 million). Deferred tax assets of EUR 7 million (previous year: EUR 13 million) relate to interest rate hedges.

In the second quarter of 2016, the ongoing development of negative interest rates and the associated higher hedging ineffectiveness meant that the accounting of the interest rate swaps existing at the time in accordance with the provisions of IAS 39 on hedge accounting was discontinued, resulting in the termination of the hedging relationship. The changes in market values of the interest rate swaps recognized in accumulated other comprehensive income for the effective part of the hedge are being reversed through profit and loss over the original term of the hedging relationships (see Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

Actuarial losses of minus EUR 9 million (previous year: minus EUR 8 million) and attributable deferred tax assets of EUR 3 million (previous year: EUR 2 million) were recognized as part of the measurement of pension obligations.

In addition the Group's other comprehensive income contains foreign currency effects resulting from the translation of foreign subsidiaries' financial statements of EUR 18 million (previous year: EUR 22 million).

Results recognized in accumulated other comprehensive income over the course of the financial year 2016 comprised the following:

Changes of accumulated other comprehensive income (Fig. 165)

EUR m	2016			2015		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Currency translation ProSiebenSat.1 Media SE foreign subsidiaries	-4	-/-	-4	17	-/-	17
Currency translation non-controlling interests of foreign subsidiaries	0	-/-	0	0	-/-	0
Currency translation effects recognised in other comprehensive income	-4	-/-	-4	17	-/-	17
Effect from foreign currency translation	-4	-/-	-4	17	-/-	17
Currency hedges	15	-4	11	133	-37	95
Interest rate hedges	22	-6	16	39	-11	28
Effects from cash flow hedge accounting recognised in other comprehensive income	37	-10	26	172	-48	124
Recognition of cash flow hedges	37	-10	26	172	-48	124
Valuation effects of provisions for pensions recognised in other comprehensive income	-1	0	-1	0	0	0
Total other comprehensive income/loss for the period	31	-10	22	189	-48	141

Non-controlling interests

Besides ProSiebenSat.1 Group, no other shareholders have a material share in the fully consolidated subsidiaries apart from PARSHIP ELITE Group (see Note 4 "Acquisitions and disposals"). As of December 31, 2016, non-controlling interests in the fully consolidated subsidiaries amounted to EUR 24 million (previous year: EUR 21 million). This figure comprises various individually immaterial amounts. There are no material restrictions to the Group's access to subsidiaries' assets. For further information on the Group's investment structure, please refer to the list of affiliated companies and investments in the notes to the consolidated financial statements.

Allocation of profits

In the financial year just ended, under a resolution adopted at the Annual General Meeting on June 30, 2016, a dividend of EUR 386 million was paid out to shareholders of ProSiebenSat.1 Media SE out of ProSiebenSat.1 Media SE's 2015 distributable profit of EUR 1.919 billion. This equates to a dividend distribution of EUR 1.80 per dividend-entitled common share. The dividend of EUR 386 million was disbursed on July 1, 2016.

In accordance with the German Stock Corporation Act (Aktiengesetz – AktG), the dividend payable to shareholders depends on the distributable profit reported in the annual financial statements of

ProSiebenSat.1 Media SE under the German Commercial Code. It is intended to use ProSiebenSat.1 Media SE's distributable profit of EUR 1.863 billion for the financial year 2016 as follows:

Proposed allocation of profit (Fig. 166)	
EUR	
Distribution of a dividend of EUR 1.90 per registered share of common stock	434,738,428.10
Allocation to retained earnings	800,000,000.00
Balance to be carried forward to the next accounting period	628,718,200.40
ProSiebenSat.1 Media SE distributable profit	1,863,456,628.50

Distribution of the dividend and allocation to retained earnings are subject to the approval of the Annual General Meeting on May 12, 2017. The final amount distributed depends on the number of entitled shares at the time of the resolution on the profit allocation proposal. This depends on the amount of Company's treasury stock. Under section 71b of the German Stock Corporation Act these shares are not entitled to dividends. However, up to the day of the Annual General Meeting the number of shares outstanding may change.

Authorized Capital

By resolution of the Annual General Meeting on June 30, 2016, new Authorized Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation (Authorized Capital 2016). Subject to the consent of the Supervisory Board, the Executive Board is authorized to increase the share capital of the Company on one or more occasions on or before June 30, 2021, by not more than EUR 87,518,880 in return for contributions in cash and/or in kind, by issuing new registered no-par shares. In this context, shareholders are to be granted statutory preemptive rights when new shares are issued. However, subject to the consent of the Supervisory Board, the Executive Board is also authorized to partially or fully exclude the shareholders' preemptive rights in cases described in more detail in Authorized Capital 2016. The Executive Board resolved on November 3, 2016, with consent of the Supervisory Board on the same day, to increase the Company's share capital by EUR 14,202,800 from EUR 218,797,200 to EUR 233,000,000 by issuing 14,202,800 new, registered shares each representing EUR 1 of the share capital, making partial use of the Authorized Capital 2016 in accordance with article 4 (4) of the articles of incorporation. The shareholders' preemptive rights were excluded in accordance with article 4 lit. b. of the articles of incorporation. The new shares are entitled to receive dividends from January 1, 2016. Following its partial utilization, Authorized Capital 2016 amounts to EUR 73,316,080.

Contingent Capital

By resolution of the Annual General Meeting on June 30, 2016, Contingent Capital was created with a corresponding amendment of article 4 (amount and division of share capital) of the articles of incorporation. In this context, there was a contingent increase in share capital by up to EUR 21,879,720 by issuing up to 21,879,720 new registered no par value shares (Contingent Capital 2016). The Contingent Capital increase serves to grant shares to holders or creditors of convertible bonds in addition to holders of option rights attached to warrant-linked bonds to be issued on or before June 29, 2021, as a result of the authorization granted by resolution of the Annual General Meeting of June 30, 2016, by the Company or a German/foreign entity in which the Company either directly or indirectly holds the majority of votes and capital.

Treasury Shares

In accordance with section 71 (1) no. 8 of the German Stock Corporation Act, the Annual General Meeting of May 21, 2015, authorized the Company to acquire its own shares on or before May 20, 2020, in the total amount of up to 10% of the Company's share capital on the date the authorization was granted or – if this figure is lower – on the date the authorization is exercised, and to use these, also under exclusion of preemptive rights in the cases described in more detail in the authorization. Treasury shares may also be acquired using derivatives up to a total of 5% of the share capital on the date the authorization was granted in accordance with the more detailed conditions of the authorization.

In the financial year 2016, 342,070 share options from the LTIP 2010 (Cycle 2011) and LTIP 2010 (Cycle 2010) were exercised (see Note 31 "Share-based payments"). As a result of this and the issuance of 47,029 treasury shares as part of the "MyShares" employee share program, the number of treasury shares fell from 4,579,400 as of December 31, 2015, to 4,190,301 as of December 31, 2016.

Information about capital management

The primary capital management tools used by ProSiebenSat.1 Group are equity capital measures, dividend payments to the shareholders, repurchase of shares and borrowing.

ProSiebenSat.1 Group's capital management pursues the goal of safeguarding the Company as a going concern for the long term, and of generating a fair return for its shareholders. In this regard, the changes in economic conditions and risks resulting from the underlying business operations are taken into account. It is also important to ProSiebenSat.1 Group to ensure its unrestricted access to various borrowing options in the capital market, and its ability to service its financial liabilities.

As part of active debt management, particular attention is given to managing leverage, measured as the ratio of net financial debt to recurring EBITDA of the last twelve months, as well as needs for capital and liquidity, and to matching the timing of refinancing measures.

ProSiebenSat.1 Group and its financial liabilities are not rated by international rating agencies.

ProSiebenSat.1 Group's capital structure as of the closing date was as follows:

Capital structure (Fig. 167)

EUR m	12/31/2016	12/31/2015
Shareholders' equity	1,432	943
Share of total capital	21.7%	17.8%
Financial dept	3,185	2,675
Share of total capital	48.2%	50.4%
Leverage	1.9	2.1
Total Capital (total equity and liabilities)	6,603	5,310

For further information on ProSiebenSat.1 Group's financial management, please refer to the chapter "Borrowings and financing structure" in the combined management report.

24 Provision for pensions

Pension provisions were recognized for obligations to provide benefits for active and former members of the Executive Board of ProSiebenSat.1 Media SE and their surviving dependants. The pension agreements provide for benefits after reaching the contractual age limit, in the case of permanent disability and after the death of the beneficiary. The benefits can be granted as monthly pension for life, in several annual installments or as a one-off payment.

In calculating pension expenses, ProSiebenSat.1 Media SE considers the expected service cost and the accrued interest on the pension obligation. The change in the present value of the defined benefit obligation is calculated as follows:

Present value of obligation (Fig. 168)

EUR m	2016	2015
Present value of obligation at January 1	23	20
Current service cost	1	1
Interest cost	1	1
Total amount recognized in profit or loss	1	1
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	-1	-0
Actuarial losses/(gains) arising from experience losses/(gains)	2	0
Total amount recognized in other comprehensive income	1	-0
Deferred compensation	1	2
Pension payments	-0	0
Present value of obligation at December 31	26	23

Deferred compensation relates to the conversion of parts of fixed basic salaries and bonus entitlements into pension entitlements.

The following parameters were used in the calculation:

Overview actuarial parameters (Fig. 169)

	2016	2015
Discount rate	2.0%	2.5%
Salary growth rate	0.0%	0.0%
Pension growth rate	1.0%	1.0%

In the financial year 2016, pension payments of EUR 0.4 million (previous year: EUR 0.3 million) were made to former Executive Board members with pension entitlements. This includes pension payments of EUR 0.2 million (previous year: EUR 0.2 million) resulting from deferred compensation. Payments expected in the following years are shown in the table below.

Expected pension payments (Fig. 170)

EUR m	2017	2018	2019	2020	2021
Expected pension payments	0	2	10	0	1
thereof deferred compensation	0	1	8	0	0

Payments expected in the financial year 2017 for the acquisition of units in investment funds to cover pension obligations for defined-benefit pension plans amount to EUR 1 million. These shares

in investment funds do not qualify as plan assets for offsetting against the pension obligation, but are presented separately as financial assets (see Note 21 "Financial receivables and assets").

Pension commitments of an immaterial amount expired due to the departure of Dr. Gunnar Wiedenfels as of March 31, 2017 (see Note 32 "Related party transactions").

25 Other provisions

Other provisions (Fig. 171)

EUR m	As of 01/01/2016	Additions	Usage	Release	Changes in scope of consolidation	As of 12/31/2016
Provisions for onerous contracts	8	4	-6	-1	0	5
thereof current provisions	6					3
Provisions for business operations	18	19	-12	-5	1	21
thereof current provisions	18					21
Provision for employee benefits	14	55	-1	-15	-/-	52
thereof current provisions	2					13
Other provisions	30	33	-11	-6	1	47
thereof current provisions	27					46
Total	70	110	-31	-27	3	126

The provisions are made up of current provisions totaling EUR 83 million (previous year: EUR 53 million) and non-current provisions of EUR 42 million (previous year: EUR 17 million).

ProSiebenSat.1 Media SE expects that the majority of the non-current provisions will affect cash flow within the next five years.

EUR 2 million (previous year: EUR 5 million) of the provisions for onerous contracts relate to programming assets. Provisions for business operations largely include provisions for sales discounts. Provisions for employee benefits mainly include obligations arising from share-based payments of EUR 32 million (previous year: EUR 0 million). Of the additions of EUR 55 million, EUR 32 million resulted from the conversion of the Group Share Plans from "equity settlement" to "cash settlement" (see Note 31 "Share-based payments").

As of December 31, 2016, and the previous year's reporting date, other provisions comprised the following:

Miscellaneous other provisions (Fig. 172)

EUR m	2016	2015
Provisions for VAT	8	8
Provisions for interest from tax liability	13	6
Provisions for legal costs	3	3
Provisions for additional payments to bestseller beneficiaries	6	3
Other	17	9
Total	47	30

Significant Assumptions and Estimates

Provisions are recognized and measured on the basis of estimates regarding the amount and probability of future outflows of resources, as well as on the basis of historic experience and the circumstances known as of the reporting date. To determine the amount of provisions, in addition to the assessment of the associated matters and the claims asserted, in some cases the results from comparable matters are also taken into account. Assumptions are also made as to the probabilities whether and within what ranges the provisions may

be used. Regarding the amount and probability of occurrence, provisions for onerous contracts and litigation are based to a considerable extent on management estimates. The assessment of whether a present obligation exists is generally based on assessments of internal and external experts. Estimates can change on the basis of new information and the actual charges may affect the earnings, financial position and performance of ProSiebenSat.1 Group.

26 Financial liabilities

Financial liabilities (Fig. 173)

EUR m	Current	Non-current	Total 12/31/2016
Loans and borrowings	7	2,084	2,091
Notes	-/-	596	596
Promissory note	-/-	498	498
Financial debt	7	3,178	3,185
Trade payables	527	70	598
Accrued interest	16	-/-	16
Liabilities from finance leases	14	57	72
Liabilities from derivatives	1	32	32
Earn-out liabilities, liabilities from put options and purchase price liabilities	49	317	366
Accrued media authority liabilities	16	-/-	16
Various other liabilities	6	-/-	6
Total other financial liabilities	102	406	509
Total financial liabilities	637	3,655	4,291

EUR m	Current	Non-current	Total 12/31/2015
Loans and borrowings	1	2,079	2,080
Notes	-/-	595	595
Financial debt	1	2,674	2,675
Trade payables	450	67	517
Accrued interest	19	-/-	19
Liabilities from finance leases	14	69	82
Liabilities from derivatives	17	36	53
Earn-out liabilities, liabilities from put options and purchase price liabilities	71	249	320
Accrued media authority liabilities	18	-/-	18
Various other liabilities	8	-/-	8
Total other financial liabilities	147	353	500
Total financial liabilities	598	3,094	3,692

Non-current loans and borrowings include an unsecured term loan with a nominal volume of EUR 2.100 billion as of December 31, 2016 (previous year: EUR 2.100 billion). These financial liabilities are measured at amortized cost using the effective interest rate method, resulting in a carrying amount of EUR 2.084 billion as of December 31, 2016 (previous year: EUR 2.079 billion).

The loan agreement also comprises an unsecured credit facility (RCF) with a volume of EUR 600 million (previous year: EUR 600 million), which had not been drawn upon as of December 31, 2016, or the previous year's reporting date. The revolving credit facility can also be drawn in currencies other than euro. The loan and the credit facility mature in April 2020 (see Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

The loan agreement includes customary termination rights for the lenders that apply to breaches of contract regulated in detail by the agreement. In case of a change of control under corporate law as a result of an acquisition of a majority stake in the Company, each lender is entitled to require the termination of its participation in the loan and a repayment of the outstanding amount within a certain time period. The agreement obligates the Company, among other things, to maintain a certain ratio between consolidated net financial debt and consolidated EBITDA (as defined in the agreement). In the financial year 2016 and in the previous year, ProSiebenSat.1 Group complied with all contractual obligations with sufficient scope.

As of December 31, 2016, current loans and borrowings include the short-term financing of a US subsidiary, which was repaid in January 2017.

In addition, there are unsecured notes of EUR 600 million with a coupon of 2.625 percent maturing in April 2021. They are listed on the regulated market of the Luxembourg stock exchange (ISIN DE000A11QFA7) (see also Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"). These financial liabilities are measured at amortized cost using the effective interest rate method, resulting in a carrying amount of EUR 596 million as of December 31, 2016 (previous year: EUR 595 million).

In addition, three unsecured, syndicated promissory notes were issued on December 1, 2016, totaling EUR 500 million with maturity ranges of seven years (EUR 225 million at a fixed interest rate and EUR 50 million at variable interest rates) and ten years (EUR 225 million at a fixed interest rate) (see also Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

In the event of a change of control over ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50 percent of the voting rights in ProSiebenSat.1 Media SE by a third party (change of control), the lenders of all instruments are entitled to cancel their loan participation and demand repayment.

The earn-out liabilities, liabilities from put options and purchase price liabilities result from the acquisitions in the financial year and the previous year (see Note 4 "Acquisitions and disposals" and Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

No liens or similar guarantees were provided for the financial liabilities.

27 Other liabilities

Other liabilities (Fig. 174)

EUR m	12/31/2016		12/31/2015	
	current	non-current	current	non-current
Accrued items and advance payments received	128	-/-	104	-/-
Liabilities to employees	51	-/-	42	-/-
Liabilities from VAT	50	-/-	41	-/-
Liabilities from other taxes	16	-/-	14	-/-
Vacation payment accruals	15	-/-	12	-/-
Liabilities from rebates	10	-/-	8	-/-
Liabilities from outstanding advertising services	9	13	7	33
Accruals from social security payments	2	-/-	2	-/-
Other	20	3	13	1
Total	303	16	243	34

The accrued items and advance payments received are largely made up of deferred income from marketing rights, liabilities to media agencies and advance payments received.

Advance payments received include payments for projects in the production phase in the area of commissioned productions of programming content that have not yet been offset against claims. These payments amount to EUR 24 million (previous year: EUR 16 million) (see Note 21 "Financial receivables and assets").

Additional Notes

28 Contingent liabilities

Major outstanding litigation procedures in which ProSiebenSat.1 Media SE and/or entities controlled by ProSiebenSat.1 Media SE are involved as defendants are shown below:

- › **Claims for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH and the stations SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) pending at the Düsseldorf Regional Court since November 10, 2008.** Claims for disclosure and action for damages by RTL 2 Fernsehen GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH and the stations SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group) have been pending at the Düsseldorf Regional Court since November 10, 2008. The plaintiff is asserting disclosure and damages claims in connection with the marketing of advertising time by SevenOne Media GmbH. The external appraisal commissioned by order of the Regional Court on April 13, 2012, has not yet been submitted. Therefore, the outcome of the case still cannot be predicted. As a consequence, no provision was recognized as of December 31, 2016.
- › **Claims for additional payments to bestseller authors against companies of ProSiebenSat.1 Group.** Authors of particularly successful TV shows can make claims against entities of ProSiebenSat.1 Group on the basis of section 32a of the German Copyright Act. The station group has since agreed so-called "Common Compensation Rules" with four organizations (directors, camera operators, screenwriters and actors) under section 36 of the Copyright Act, which stipulate that additional compensation be paid to directors, camera operators, screenwriters and actors if TV movies or series achieve certain ratings.

As of December 31, 2016, a provision totaling EUR 6 million (previous year: EUR 3 million) was recognized for this subject matter on the basis of best estimates of the additional payments payable as a result of the Common Compensation Rules agreed. It is possible that additional authors will make further justified claims under section 32a of the Copyright Act that are not covered by the "Common Compensation Rules" mentioned above (e.g. for other program genres). It is currently not possible to provide a reliable assessment of the impact on our earnings development.

In addition, ProSiebenSat.1 Media SE and companies under its control are defendants or participants in further court or arbitration actions and institutional proceedings. On the basis of current knowledge, these cases have no material impact on the economic position of ProSiebenSat.1 Group.

29 Other financial obligations

Other financial obligations comprise off-balance-sheet financial obligations in addition to the liabilities shown in the statement of financial position. The figures are nominal, i.e. undiscounted amounts.

Other financial obligations (Fig. 175)		
EUR m	12/31/2016	12/31/2015
Remaining term 1 year or less	617	632
Remaining term 1 to 5 years	2,180	2,277
Remaining term over 5 years	447	542
Purchase commitments for programming assets	3,244	3,451
Remaining term 1 year or less	62	67
Remaining term 1 to 5 years	92	125
Remaining term over 5 years	33	46
Distribution	187	238
Remaining term 1 year or less	35	26
Remaining term 1 to 5 years	66	59
Remaining term over 5 years	11	13
Leasing and long-term rental commitments	111	99
Remaining term 1 year or less	125	122
Remaining term 1 to 5 years	37	39
Remaining term over 5 years	0	2
Other financial obligations	162	163
Total	3,704	3,951

The purchase commitments for programming assets reflect contracts for film and series licenses and commissioned productions entered into before December 31, 2016. Most of the contracts were concluded in US dollar.

Distribution includes financial obligations for satellite services, obligations under contracts for terrestrial transmission facilities and cable feed charges. Expenses of EUR 24 million (previous year: EUR 24 million) were incurred for satellite rental in the financial year 2016.

Non-terminable lease and rental obligations essentially comprise rental obligations from building rentals, IT equipment and leases for motor vehicles classified as operating leases due to their economic substance. In the financial year 2016, operating lease expenses amounted to EUR 33 million in total (previous year: EUR 24 million).

Notes

30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

In its operating business and due to its borrowings, ProSiebenSat.1 Group is exposed to various financial risks. These risks are managed as part of financial risk management by the corporate department Group Finance & Treasury. Financial risk management aims to secure solvency and to manage market price risks. The derivative financial instruments acquired for this purpose serve solely to hedge existing risk positions, not for speculative purposes. For Group companies, the principles, duties and responsibilities of financial risk management are governed by the internal corporate financial guidelines of ProSiebenSat.1 Group. Risk reports are reviewed by the Executive Board on a monthly basis.

The risks outlined below have been identified as material and are assessed on an ongoing basis. After taking account of hedging activities, ProSiebenSat.1 Group does not consider itself to be exposed to any material concentrations of risk.

Interest rate risks

ProSiebenSat.1 Group defines interest rate risk as the risk of rising financing costs as a result of increasing interest rates. Through its financial liabilities with variable interest rates, ProSiebenSat.1 Group is exposed to an interest rate risk. These comprise an unsecured term loan with a nominal volume of EUR 2.100 billion as of December 31, 2016 (previous year: EUR 2.100 billion) and a revolving credit facility (RCF) with a volume of EUR 600 million as of the reporting date (previous year: EUR 600 million). Interest payable on the term loan and the RCF is variable and based on Euribor money market rates plus an additional credit margin. In addition, three unsecured, syndicated promissory note loans totaling EUR 500 million were taken up as of December 1, 2016 (see Note 26 "Financial liabilities"), of which a tranche of EUR 50 million bears interest at a variable rate.

ProSiebenSat.1 Group hedges the interest rate risk inherent in the variable-interest financial liabilities using interest rate swaps and options. Under interest rate swaps, variable-rate interest payments are exchanged for fixed-rate interest payments. Future, variable-rate interest payments, the amounts of which are therefore uncertain, are thus compensated and replaced with fixed-rate interest payments. The market value of interest rate swaps is obtained by discounting expected future cash flows. As a buyer of interest rate options, ProSiebenSat.1 Group has the right, but not the obligation, to exchange future variable-rate interest payments for fixed-rate interest payments. Variable-rate future interest payments are thus compensated and replaced with fixed-rate interest payments if this is advantageous for ProSiebenSat.1 Group. For this right an option premium must generally be paid. Market values for interest rate options are calculated on the basis of a standard option pricing model. Differences may arise where other measurement methods are used. Since the interest rate derivatives are used exclusively for hedging existing interest rate risks, there is no intention to close them out.

As of December 31, 2016, the Group held interest rate swaps for EUR 850 million (previous year: EUR 850 million) and interest rate options for EUR 1.250 billion (previous year: EUR 500 million) hedging the interest rate risk until 2018. ProSiebenSat.1 Group has also entered into further interest rate hedging transactions with a nominal volume totaling EUR 2.100 billion (previous year: EUR 500 million), hedging the interest rate risk in the period from 2018 to 2020. EUR 500 million (previous year: EUR 500 million) of this amount were interest rate swaps and EUR 1.600 billion (previous year: none) were interest rate caps. Interest rate hedges amounting to EUR 1.500 billion expired in the financial year 2016. In addition, further interest rate options were concluded to limit the risk arising from the current negative interest, of which EUR 850 million (previous year: none) relates to the period from 2016 to 2018 and EUR 500 million (previous year: none) relates to the period from 2018 to 2020. The hedge ratio/proportion of fixed interest for loans and borrowings was approximately 98% as of December 31, 2016 (previous year: approximately 78%).

Notes

30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

The average fixed rate of the interest rate swaps was 1.9% per annum as of December 31, 2016 (previous year: 3.1%). The average interest rate ceiling of the interest rate caps was 0.0% per annum as of December 31, 2016 (previous year: none).

Due to the sustained low interest rate level, interest expenses of EUR 28 million (previous year: EUR 41 million) were incurred as a result of these transactions in the reporting period. In the second quarter of 2016, the ongoing development of negative interest rates and the associated higher hedging ineffectiveness meant that the accounting of the interest rate swaps existing at the time, with a total volume of EUR 2.650 billion in accordance with the provisions of IAS 39 (hedge accounting) was discontinued which resulted in the termination of the hedging relationship. Until this date, an expense of EUR 2 million resulting from hedging ineffectiveness (previous year: EUR 6 million) was recognized. The changes in the market value of the interest rate swaps recognized in accumulated other comprehensive income in relation to the effective part of the hedge amounted to minus EUR 37 million upon termination of hedge accounting and will be recognized in profit and loss over the original duration of the hedges. The resulting expense from this reversal amounted to EUR 13 million and was recognized in other financial result in the financial year 2016. After the termination of hedge accounting, the interest rate swaps were recognized through profit and loss. This resulted in income of EUR 14 million recognized in other financial result. The net earnings effect amounted to EUR 2 million in the financial year 2016. The market value of the interest rate swaps was minus EUR 32 million as of December 31, 2016 (previous year: minus EUR 52 million). Over the full duration of these hedging relationships, the recognized earning effects will offset each other. The interest rate options are stand-alone hedging transactions, which are not recognized in the context of hedge accounting.

Apart from the unhedged portion of the term loan, the remaining variable interest rate risk results also from any cash drawings on the RCF. As of December 31, 2016, as on the previous year's reporting date, there were no cash drawings on the syndicated facility. An interest rate risk in the sense of a change in market value is not relevant as ProSiebenSat.1 Group measures its financial liabilities at amortized cost. Thus, any possible change in market value will have no effect on the statement of financial position.

The interest-rate risk position is assessed regularly using current market data, and existing risks are quantified with the help of sensitivity analyses. The following table shows the effects of a one percentage point increase (decrease) in the relevant interest rates on interest result. In the case of an interest rate increase by one percentage point, the change in the market value of the interest rate hedges would improve the financial result by EUR 39 million. In the case of an interest rate decrease by one percentage point, the effect on the financial result would be minus EUR 10 million.

Notes

30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

Interest rate risks (Fig. 176)

EUR m	Interest	2016	2015
Cash and cash equivalents	variable	1,271	734
Liabilities to banks	variable	-2,084	-2,079
Promissory note	variable	-50	-/-
Promissory note	fix	-448	-/-
Notes	fix	-596	-595
Gross exposure	variable	-862	-1,345
	fix	-1,044	-595
Interest rate hedges ¹		2,100	1,300
Net exposure	variable	1,238	-45
Hedge ratio ²		243.5%	96.7%
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point) ³		5	-3
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point) ³		1	-9

¹ Thereof EUR 850 million interest rate swaps and EUR 1.250 billion interest rate caps (previous year: EUR 1.300 billion interest rate swaps).

² The hedge ratio is also determined by cash and cash equivalents, whereas these are not considered within the interest hedges.

³ Due to the negative interest rate environment and existing lower interest rate limits there is no symmetry of the effects.

Currency risks

ProSiebenSat.1 Group defines currency risks as the risk of losses resulting from changes in foreign exchange rates.

ProSiebenSat.1 Group signs a substantial portion of its license agreements with production studios in the United States. In general, ProSiebenSat.1 Group meets its financial obligations deriving from these programming rights purchases in US dollar. Consequently fluctuations in the exchange rate between euro and US dollar may adversely affect ProSiebenSat.1 Group's earnings and financial position. The currency risk from receivables and liabilities in other foreign currencies, or for other purposes, is negligible due to the low volume.

ProSiebenSat.1 Group adopts a Group-wide portfolio approach when hedging financial obligations from the acquisition of programming rights. Foreign currency exposure is regarded as the total volume of all future US dollar payments that result from existing license agreements and that are due within a period of seven years as part of the implemented hedging strategy. ProSiebenSat.1 Group uses a variety of derivative and non-derivative financial instruments to hedge fluctuations in exchange rates. These include currency forwards, currency options and cash holdings in US dollar. Currency forwards are unconditional contractual agreements to exchange two currencies. The total par value, exchange rate and maturity date are specified when the contract is entered into. As the buyer of currency options, ProSiebenSat.1 Group has the right, but not the obligation, to buy a given currency at a specific moment in time at a price determined when the contract was entered into. For this right an option premium must generally be paid.

Derivative financial instruments which qualify for hedge accounting under IAS 39 are recognized in hedge accounting as cash flow hedges. The changes in market value of these instruments are recognized in accumulated other comprehensive income and only impact profit or loss when the hedged licensed titles are broadcast. Hedging instruments which do not qualify for hedge accounting are allocated to the "held for trading" category. Changes in market value are directly recognized in profit or loss.

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30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

As of December 31, 2016, ProSiebenSat.1 Group had currency forwards in its portfolio with a nominal volume of USD 2.460 billion (previous year: USD 2.370 billion) and currency options with a nominal volume of USD 50 million (previous year: USD 95 million) in order to hedge financial obligations arising from the purchase of programming rights. The market values of currency hedging instruments are based on the forward exchange rates observed on the market. Measurement was based on market figures (mid-rates) on December 31, 2016. As of December 31, 2016, the currency holdings in US dollar amounted to USD 42 million (previous year: USD 54 million). Market values for currency options are calculated on the basis of a standard option pricing model.

Currency-related transactions and balances (Fig. 177)

	Year of maturity			Nominal amount	Fair Value	Fair Value
	2017 USD m	2018-2021 USD m	from 2022 USD m	12/31/2016 USD m	12/31/2016 EUR m	12/31/2015 EUR m
Currency forwards	690	1,435	335	2,460	251	236
thereof within cash flow hedges	385	1,435	335	2,155	243	230
Currency options	20	30	-/-	50	3	4
thereof within cash flow hedges	20	30	-/-	50	3	4
Currency holdings	42	-/-	-/-	42	40	49

In the context of hedge accounting, plus EUR 245 million (previous year: plus EUR 231 million) was recognized in a separate item in accumulated other comprehensive income as of December 31, 2016. In the financial year 2016, EUR 52 million (previous year: EUR 49 million) was taken from equity and allocated directly to the purchase cost of the underlying licenses. This impacts profit or loss at the time the relevant license is consumed. This did not result in any hedge ineffectiveness in the financial year 2016 or in the previous year.

The risk position in US dollars is assessed regularly using current market data and existing risks are quantified using sensitivity analyses. The following table shows the impact of a 10.0% rise/fall in the value of the US dollar on the equivalent value in euro for future payments in US dollar. It shows the change in the impact of the exchange rate for the US dollar on cash flows in US dollar in economic terms, and is therefore not an accounting analysis.

Currency risks (Fig. 178)

USD m	12/31/2016	12/31/2015
Gross foreign currency exposure	-3,334	-3,366
Currency hedges	2,552	2,518
thereof hedge accounting	2,205	2,255
thereof held for trading	305	210
thereof currency holdings	42	54
Net exposure	-782	-848
Hedge Ratio	76.5%	74.8%
Spot rate	1.0560	1.0892
US Dollar increase by 10%	0.9504	0.9803
US Dollar decrease by 10%	1.1616	1.1981
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	-82	-86
Change in future payments resulting from a 10% decrease in the US dollar	67	71

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30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

From an accounting perspective, the foreign exchange effects resulting from license liabilities, currency hedging transactions in the “held for trading” category, the time value of options in hedge accounting and cash holdings impact profit or loss. A fall (rise) of the US dollar by 10.0% would result in an effect of minus EUR 4 million (plus EUR 4 million) in the foreign exchange result. The foreign exchange impact of minus EUR 167 million from a 10.0% fall of the US dollar and of plus EUR 204 million from a 10.0% rise of the US dollar relating to currency hedges used under hedge accounting would be recognized in accumulated other comprehensive income.

The reporting currency of the Group is the euro. The financial statements of entities with their registered office outside the eurozone are converted to euro for the consolidated financial statements. In the context of foreign currency management, the holdings in these entities are regarded as long-term investments. For this reason, ProSiebenSat.1 Group does not hedge the translation risk.

Credit and counterparty risks

ProSiebenSat.1 Group is exposed to a credit and counterparty risk from its financing and operating activities. The carrying amount of financial assets in the statement of the financial position reflects the maximum credit risk exposure.

In the context of financing activities, credit and counterparty risks for ProSiebenSat.1 Group normally exist in the form of credit default risks relating to receivables. To minimize this risk, ProSiebenSat.1 Group attempts to enter into financial transactions as well as derivative contracts exclusively with counterparties with first-class to good credit ratings. The carrying amounts of the financial assets after impairments represent the maximum risk of ProSiebenSat.1 Group. Credit risks of financial instruments are regularly monitored and analyzed. In addition, credit value adjustments are recognized in the measurement of derivative financial instruments at fair value. Default probabilities are calculated on the basis of credit default swap spreads with matching maturities per counterparty. The determination of the credit risk taken into account as part of the valuation is based on a multiplication of the maturity-matched default probability by the discounted expected cash flows of the derivative financial instrument. In the financial year, credit value adjustments of EUR 3 million (previous year: EUR 2 million) were recognized within equity in other comprehensive income. The Group has no significant concentration of counterparty risk with regard to any single counterparty or any clearly definable group of counterparties. As of the reporting date, there were no significant agreements reducing the maximum counterparty risk. In total ProSiebenSat.1 Group does not believe it is exposed to any major counterparty risk. As of December 31, 2016, the total market value of the derivative financial instruments for which ProSiebenSat.1 Group recognizes a net positive market value per counterparty was EUR 242 million (previous year: EUR 191 million). The maximum risk of default is the positive market value of these non-collateralized derivative financial instruments. The value was determined without reference to credit value adjustments.

ProSiebenSat.1 Group has established appropriate risk provisions against credit value adjustments arising from operating activities. For this purpose all receivables are reviewed regularly. If objective evidence for default or other breaches of contracts exists, credit allowances are recognized. If such evidence indicates the definitive default, the corresponding receivable is derecognized, where applicable against a previously recognized credit allowance. Considering the net value of trade receivables and other financial assets, there were no indications of material payment defaults as of the reporting date. For information on the aging structure of trade receivables, please refer to Note 21 “Financial receivables and assets”. Information regarding major customers is to be found under Note 2 “Segment reporting”.

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30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

Liquidity risk

As part of its liquidity management, ProSiebenSat.1 Group ensures that adequate cash and cash equivalents are available at all times, in spite of the industry's sharp seasonal fluctuations in revenues. The term loan (EUR 2.100 billion), the notes (EUR 600 million), the promissory notes of EUR 500 million (see Note 26 "Financial liabilities") and the RCF (EUR 600 million) are all key components of Group-wide financing. ProSiebenSat.1 Group may use the RCF variably for general operating purposes. As of December 31, 2016, there was no utilization of the RCF (previous year: no utilization). In addition, there was no drawing on guarantees, so EUR 600 million under the RCF was unused at December 31, 2016 (previous year: EUR 600 million). Both the term loan and the RCF mature in April 2020, the promissory notes in December 2023 (EUR 275 million) and December 2026 (EUR 225 million), respectively.

As of December 31, 2016, ProSiebenSat.1 Group also had cash and cash equivalents of EUR 1.271 billion (previous year: EUR 734 million) and thus had cash funds and unused RCF totaling EUR 1.871 billion (previous year: EUR 1.334 billion) as of December 31, 2016.

As a part of the disclosure of liquidity risks, a maturity analysis is provided for non-derivative financial liabilities on the basis of remaining contractual maturities and for derivative financial liabilities based on the expected timing of cash outflows. The undiscounted contractual payments are disclosed. ProSiebenSat.1 Group assigned expected payments for financial liabilities as of December 31, 2016, and the previous financial year to the following maturity ranges:

Financial liabilities by maturity 2016 (Fig. 179)

EUR m	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2016
Notes	16	663	-/-	679
Loans and borrowings	28	2,150	-/-	2,178
Promissory note	7	28	527	562
Liabilities from finance leases	16	57	4	77
Trade accounts payable	528	70	-/-	598
Non-derivative financial liabilities	596	2,968	530	4,094
Interest rate swaps	18	15	-/-	34
Currency forwards	1	-/-	0	1
Put options and earn-outs	59	276	44	380
Derivative financial liabilities	78	292	44	414
Total	674	3,260	575	4,508

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30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

Financial liabilities by maturity 2015 (Fig. 180)

EUR m	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2015
Notes	16	63	616	695
Loans and borrowings	22	2,187	-/-	2,209
Promissory note	-/-	-/-	-/-	-/-
Liabilities from finance leases	16	69	5	90
Trade accounts payable	450	67	-/-	517
Non-derivative financial liabilities	504	2,386	621	3,511
Interest rate swaps	30	26	-/-	57
Currency forwards	1	1	-/-	1
Put options and earn-outs	35	276	-/-	311
Derivative financial liabilities	65	303	-/-	368
Total	569	2,689	621	3,879

Disclosures on the carrying amounts and market values of financial instruments

The table below shows the carrying amounts and fair values of all categories of financial assets and liabilities of ProSiebenSat.1 Group. The fair value hierarchy reflects the significance of the input data used for measurement and is organized as follows:

- › (Unadjusted) quoted prices on active markets for identical assets or liabilities (level 1),
- › Input data for the asset or liability that are observable either directly (as prices) or indirectly (derived from prices) but that are not quoted prices as in level 1 (level 2),
- › Input data used for the asset or liability that are not based on observable market data (non-observable input data) (level 3).

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30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

Carrying amounts and fair values of financial instruments 12/31/2016 (Fig. 181)

EUR m	Presented in the Statement of Financial Position as	Carrying amount	Category					Fair Value			Total
			At fair value through profit and loss	Hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Level 1	Level 2	Level 3	
Financial assets											
Measured at fair value											
	Financial assets designated at fair value	21	21	-/-	-/-	-/-	-/-	21	-/-	-/-	21
	Other equity instruments	99	99	-/-	-/-	-/-	-/-	-/-	-/-	99	99
	Derivatives for which hedge accounting is not applied	18	18	-/-	-/-	-/-	-/-	-/-	11	7	18
	Hedge derivatives	246	-/-	246	-/-	-/-	-/-	-/-	246	-/-	246
Not measured at fair value											
	Cash and cash equivalents ¹	1,271	-/-	-/-	1,271	-/-	-/-				
	Loans and receivables ¹	484	-/-	-/-	484	-/-	-/-				
	Other Financial assets at cost	0	-/-	-/-	-/-	-/-	-/-				
Total		2,140	138	246	1,755	-/-	-/-	21	257	106	384
Financial liabilities											
Measured at fair value											
	Liabilities from put options and earn-outs	363	363	-/-	-/-	-/-	-/-	-/-	-/-	363	363
	Derivatives for which hedge accounting is not applied	32	32	-/-	-/-	-/-	-/-	-/-	32	-/-	32
	Hedge derivatives	0	-/-	0	-/-	-/-	-/-	-/-	0	-/-	0
Not measured at fair value											
	Secured Term Loan and other borrowings	2,091	-/-	-/-	-/-	-/-	2,091	-/-	2,118	-/-	2,118
	Notes	596	-/-	-/-	-/-	-/-	596	637	-/-	-/-	637
	Promissory note	498	-/-	-/-	-/-	-/-	498	-/-	488	-/-	488
	Liabilities from finance leases	72	-/-	-/-	-/-	-/-	72	-/-	77	-/-	77
	Other Financial liabilities at (amortised) cost ¹	640	-/-	-/-	-/-	-/-	640				
Total		4,291	395	0	-/-	-/-	3,896	637	2,715	363	3,715

¹ The carrying amount is a reasonable approximation of fair value.

Notes

30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

Carrying amounts and fair values of financial instruments 12/31/2015 (Fig. 182)

EUR m	Presented in the Statement of Financial Position as	Carrying amount	Category					Fair Value			Total
			At fair value through profit and loss	Hedging instruments	Loans and receivables	Available for sale	Other financial liabilities	Level 1	Level 2	Level 3	
Financial assets											
Measured at fair value											
	Financial assets designated at fair value	20	20	-/-	-/-	-/-	-/-	20	-/-	-/-	20
	Other equity instruments	79	79	-/-	-/-	-/-	-/-	-/-	-/-	79	79
	Derivatives for which hedge accounting is not applied	18	18	-/-	-/-	-/-	-/-	-/-	7	11	18
	Hedge derivatives	234	-/-	234	-/-	-/-	-/-	-/-	234	-/-	234
Not measured at fair value											
	Cash and cash equivalents ¹	734	-/-	-/-	734	-/-	-/-				
	Loans and receivables ¹	397	-/-	-/-	397	-/-	-/-				
	Other Financial assets at cost	0	-/-	-/-	-/-	-/-	-/-				
Total		1,482	116	234	1,131	-/-	-/-	20	241	89	350
Financial liabilities											
Measured at fair value											
	Liabilities from put options and earn-outs ²	283	283	-/-	-/-	-/-	-/-	-/-	-/-	283	283
	Derivatives for which hedge accounting is not applied	0	0	-/-	-/-	-/-	-/-	-/-	0	-/-	0
	Hedge derivatives	52	-/-	52	-/-	-/-	-/-	-/-	52	-/-	52
Not measured at fair value											
	Secured Term Loan and other borrowings	2,080	-/-	-/-	-/-	-/-	2,080	-/-	2,055	-/-	2,055
	Notes	595	-/-	-/-	-/-	-/-	595	616	-/-	-/-	616
	Liabilities from finance leases	82	-/-	-/-	-/-	-/-	82	-/-	87	-/-	87
	Other Financial liabilities at (amortised) cost ¹	599	-/-	-/-	-/-	-/-	599				
Total		3,692	283	52	-/-	-/-	3,356	616	2,195	283	3,093

1 The carrying amount is a reasonable approximation of fair value.

2 Comparative figures per December, 31, 2015, were restated due to the retrospective adjustment of the initial consolidation of Studio 71 LP as of the acquisition date (see Note 4 "Acquisitions and disposals").

Notes

30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

Significant Assumptions and Estimates

<p>In order to measure various financial assets recognized at fair value that are not based on prices listed on active markets, ProSiebenSat.1 Group uses prices that can be observed and achieved within the context of recent</p>	<p>financing rounds or carrying amounts that were determined using the income approach and risk-adjusted discount rates.</p>
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The financial assets reported at fair value under the fair value option are shares in investment funds that are held to cover pension commitments but which do not qualify as plan assets under IAS 19. The maximum risk of default for the units in investment funds recognized at fair value through profit and loss corresponds to the market value of this position at December 31, 2016. The assets are not hedged against a potential counterparty risk since considering the market conditions this risk is seen as unlikely.

The minority stakes in other entities that the Group acquires as part of its "media-for-equity" strategy are reported in other equity instruments. These investments and options to shares in entities are measured at fair value through profit or loss. Fair value is measured on the basis of observable prices achieved as part of the most recently implemented financing rounds, if possible and available, or otherwise on the basis of present value methods using risk-adjusted discount rates. In addition, the venture capital fund units are reported in this item. Upon initial recognition, these investment funds are designated at fair value through profit or loss. These are measured on the basis of input data that cannot be derived directly or indirectly on the market.

In the financial year 2016, the Group also acquired a minority stake in ABOUT YOU GmbH, Hamburg, as part of its "media-for-equity" strategy, with a fair value of EUR 11 million as of the acquisition date and December 31, 2016. A put/call agreement on the transferred shares was reached with the seller at the same time. The fair values were determined using a binomial model. In the event that the put option is exercised by ProSiebenSat.1 Group, payment of the exercise price is collateralized by a written guarantee in favor of ProSiebenSat.1 Group, by the indirect majority shareholder of ABOUT YOU GmbH.

Derivatives that are not subject to hedge accounting also involve a warrant agreement that ProSiebenSat.1 Group concluded with Odyssey Music Group S.A., Paris, (Deezer) in the financial year 2014. The warrant agreement constitutes a financial derivative. The fair value was determined in the financial year 2015 using a net present value-based method. The Group has received no reliable planning data for the financial year 2016. Consequently, it switched to a two-stage measurement process using a multiplier valuation and a Monte Carlo simulation. Changes in the fair value are essentially dependent on the forecast development in revenues at Deezer and the correlation with the forecast development in the market for music streaming services. Due to a change in market conditions and the resulting deviations from the expected business performance of Deezer, the fair value of the derivative fell from EUR 10 million as of December 31, 2015, to EUR 6 million as of December 31, 2016. An increase/reduction in the forecast revenue growth of 15.0% or an increase/reduction in the correlation of 0.15 would not change the fair value significantly. These two parameters have non-linear dependencies. This financial derivative is currently classified as Level 3.

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30 Further notes on financial risk management and financial instruments in accordance with IFRS 7

In addition, the Group holds derivative financial instruments measured at fair value, primarily for hedging interest rate and currency risks. Instruments with positive market values are reported as assets, those with negative market values as liabilities. Present values on the basis of risk-free discount rates and standard option pricing models (Blacks or Black-Scholes model) are used for measurement.

The fair values of cash and cash equivalents, of trade receivables and payables, of current financial receivables and liabilities, and of RCF and other financial liabilities are approximately equivalent to their carrying amounts. This reflects the short maturity of such instruments. For this reason no separate fair value is disclosed.

Financial liabilities measured at fair value comprise liabilities from put options relating to non-controlling interests in affiliated entities acquired and from earn-out agreements (variable, usually performance-based, deferred purchase price payments).

Significant Assumptions and Estimates

Contingent purchase price components in business combinations in the form of put options on shares held by non-controlling interests are regularly measured at fair value as of the acquisition date and in subsequent periods. Measurement is performed on a transaction-by-transaction basis and is mainly based on input data which are not observable on the market. Multiplication methods or the income approach are used for the calculation. The cash flows expected on the date the options are exercised are discounted to the measure-

ment date with a debt interest rate of matching term and risk. A 5.0% increase/reduction in the underlying variables, which largely determine the nominal amount, would increase/decrease the fair value as of the reporting date by EUR 17 million/EUR 16 million. In addition, a change in the interest rate by one percentage point would result in the fair value of these financial liabilities falling by EUR 9 million or increasing by EUR 9 million. These liabilities are classified as Level 3 financial instruments.

The fair values of loans and borrowings, promissory notes and lease liabilities are determined by discounting the expected future cash flows at the interest rates applicable for similar financial debt with comparable maturity terms.

The following table shows the reconciliation of the respective fair values to the end of the reporting period for the items listed, which are regularly measured at fair value and assigned to Level 3:

Reconciliation of level 3 fair values (Fig. 183)

EUR m	Derivatives, for which hedge accounting is not applied, at fair value through profit or loss	Liabilities from put options and earn-outs at fair value through profit or loss
January 1, 2016	11	283²
Results included in income statement as well as in other comprehensive income (unrealized) ¹	- 5	41
Additions from acquisitions	1	46
Disposals/ Payments	-/-	-25
Other changes	0	18
December 31, 2016	7	363

¹ This item includes compounding effects and further valuation adjustments.

² Comparative figures were restated due to the retrospective adjustment of the initial consolidation of Studio 71 LP as of the acquisition date (see Note 4 "Acquisitions and disposals").

In the financial years 2016 and 2015, there were neither transfers between Level 1 and Level 2 nor into or out of Level 3 of the fair value hierarchy.

Offsetting of financial instruments

The derivatives contracted by ProSiebenSat.1 Group are subject to contractual offsetting provisions which do not, however, meet the criteria of IAS 32 for offsetting in the statement of financial position. They are therefore reported gross in the statement of financial position. There are no contractual regulations regarding the offsetting of other financial assets and liabilities. The table below shows the disclosures required on the offsetting of financial instruments in accordance with IFRS 7. The amounts shown are the fair values calculated without taking into account credit value adjustments:

Offsetting of financial instruments (Fig. 184)

EUR m	Financial assets (gross presentation)	Financial liabilities offset in the statement of financial position	Financial assets (net presentation)	Amounts subject to offsetting agreements	Financial assets after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2016	260	-/-	260	- 18	242
Derivative financial instruments 12/31/2015	244	-/-	244	- 53	191

EUR m	Financial liabilities (gross presentation)	Financial assets offset in the statement of financial position	Financial liabilities (net presentation)	Amounts subject to offsetting agreements	Financial liabilities after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2016	33	-/-	33	- 18	14
Derivative financial instruments 12/31/2015	53	-/-	53	- 53	-/-

31 Share-based payments

ProSiebenSat.1 Group has various programs that fall under the provisions of IFRS 2.

Long Term Incentive Plan (LTIP)

The Long Term Incentive Plan 2010 (LTIP 2010) is a stock option plan that was introduced with the approval of the Annual General Meeting on June 29, 2010. It represents a share-based payment to members of management and other selected executives of ProSiebenSat.1 Media SE and its dependent Group entities. ProSiebenSat.1 Media SE has the option to determine the type of settlement. The beneficiaries and the number of stock options to be granted were determined by the Executive Board of ProSiebenSat.1 Media SE with the approval of the Supervisory Board. Since the Company has no present obligation to settle in cash, the plan is accounted for as equity-settled. Each stock option carries the right to purchase one common share of ProSiebenSat.1 Media SE stock in return for payment of an exercise price.

The following table provides the information required under IFRS 2 about the ProSiebenSat.1 Media SE stock option program:

Stock option plans (Fig. 185)

	LTIP 2010	LTIP 2010
	Cycle 2010	Cycle 2011
As of January 1, 2016	25,500	488,400
Options exercised in 2016 ¹	6,000	336,070
Options expired or forfeited in 2016	19,500	0
As of December 31, 2016	0	152,330
Thereof eligible for exercise as of December 31, 2016	0	152,330
Minimum exercise price in EUR	13.62	17.96
Absolute exercise hurdle in EUR	17.71	23.35
Maximum exercise gain	27.24	35.92
Issue periods ²	August 1 to November 1	September 1 to December 22
Fair value per option in EUR ³	2.63 – 4.77	1.64 – 2.57
Expected volatility of the underlying share	60.0% – 65.0%	55.0% – 60.0%
Risk-free interest rate ³	1.54% – 1.90%	0.80% – 1.44%
Expected dividend yield	4.0% – 5.5%	8.0%
Vesting date ⁴	December 31, 2010	December 31, 2011
End of exercise period	December 31, 2016	December 31, 2017

¹ In 2016 no options were settled in cash (2015: 0 options).

² Issue in several tranches.

³ Depending on when vesting occurs and exercise date.

⁴ Earliest end of vesting period for the first fifth of the issued options (each additional fifth is one year later).

In the financial year, an expense of EUR 0 million was recognized in connection with the LTIP 2010 (previous year: EUR 1 million). Stock options outstanding at the end of the financial year have an average remaining duration of one year.

Group Share Plan

As of December 31, 2016, a total of four programs exist at ProSiebenSat.1 Media SE with the Group Share Plans 2013 to 2016. In the context of these plans, beneficiaries are granted rights to virtual shares ("performance share units" or "PSUs") after a four-year vesting period. These are long-term remuneration instruments developed by ProSiebenSat.1 Media SE for members of the Executive Board and other selected executives and employees of ProSiebenSat.1 Group. The Annual General Meeting approved the introduction of the Group Share Plan on May 15, 2012. The individual beneficiaries and the number of PSUs to be granted to them are determined by the Executive Board of ProSiebenSat.1 Media SE, subject to the approval by the Supervisory Board, or – if the Executive Board members themselves are concerned – by the Supervisory Board.

The structures of the plans are identical in many aspects. For this reason, on several occasions below they are referred to as one plan. However, where there are differences, these are described separately. The Plans constitute share-based bonus arrangements for which ProSiebenSat.1 Media SE has the option to settle using equity instruments or cash. By resolution of March 11, 2016, the Supervisory Board of ProSiebenSat.1 Media SE exercised this option and resolved to settle the Group Share Plans in cash. As a result, the accounting for the Group Share Plans was changed from "equity settlement" to "cash settlement" in the first quarter of 2016 and the amounts previously recognized in capital reserves for the Group Share Plans from 2012 to 2015 were reclassified to other non-current provisions and other current liabilities respectively. The expired Group Share Plan 2012 was paid out in full in the second quarter of 2016.

In the fourth quarter of the financial year 2016, members of the Executive Board and other selected executives and employees of ProSiebenSat.1 Group were again granted rights to shares in the form of a new Group Share Plan 2016. The basic structure and mechanisms to exercise the

rights largely correspond to those of the Group Share Plans 2013 to 2015. The Group Share Plan 2016 is accounted for in accordance with cash settlement requirements.

The other current provisions for the Group Share Plan 2013 amounted to EUR 12 million as of December 31, 2016 (previous year: none). The other non-current provision for the Group Share Plans 2014 to 2016 amounted to EUR 20 million as of December 31, 2016 (previous year: none) (see Note 25 "Other provisions").

Measurement, minimum hurdles and performance target

The PSUs are measured at fair value. This generally corresponds to the market value of the underlying shares. The conversion factor with which PSUs are converted into cash after the end of the holding period depends on the achievement of EBITDA and net income performance targets that have been determined in advance and may vary between 0% and 150% (performance-related cap). If the share price, at the time the conversion factor is defined, exceeds the share price when the PSUs were issued by more than 200%, the conversion factor is further reduced so that a price increase above the threshold of 200% does not result in a further increased value of the PSUs (price-related cap). As the shares do not carry entitlement to receive dividends during the plan term, the fair value is reduced by the time value of the dividends expected. The corresponding dividend deductions were derived from ProSiebenSat.1 Group's dividend history. A quarter of the PSUs granted vests after the end of each year of the holding period.

Payments in cash that plan participants receive for each PSU at the end of the four-year plan term depend on the respective targets achieved. To reflect individual performance, the Supervisory Board can change the conversion rate of virtual shares into cash for the Executive Board by a factor of plus/minus 25.0% for the respective Group Share Plan. In addition, the number of PSUs is adjusted if a superdividend is distributed using a corresponding dilution ratio. The conversion factor and a potential superdividend dilution ratio are applied when the performance share units are converted into cash.

The following table contains key information about the particular Group Share Plans of ProSiebenSat.1 Group:

Group share plans (Fig. 186)					
	GSP 2012	GSP 2013	GSP 2014	GSP 2015	GSP 2016
Performance Share Units as of January 01, 2016	448,205	328,780	336,270	153,018	-/-
Performance Share Units granted in 2016	-/-	-/-	-/-	-/-	288,324
Performance Share Units forfeited in 2016	-/-	2,361	3,886	8,946	11,778
Performance Share Units settled in 2016	448,205	-/-	-/-	-/-	-/-
Performance Share Units as of December 31, 2016	-/-	326,419	332,384	144,072	276,546
Grant date	November 1, 2012	September 09, 2013	September 15, 2014	December 1, 2015	December 15, 2016
Vesting period	2012 until 2015	2013 until 2016	2014 until 2017	2015 until 2018	2016 until 2019

The net personnel expenses attributable to the financial year 2016 from the performance share units issued were EUR 0 million (previous year: EUR 8 million).

Other share-based payment programs

In addition, the Group has further share-based remuneration programs, such as the employee share program "MyShares". The remuneration component of these programs, however, is considered immaterial by ProSiebenSat.1 Group.

32 Related party transactions

For ProSiebenSat.1 Group, related parties as defined by IAS 24 are persons or entities having control or a significant influence over ProSiebenSat.1 Group, or over which ProSiebenSat.1 Group has control or a significant influence.

As of the reporting date, the members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE as well as associates and joint ventures of ProSiebenSat.1 Group were defined as related parties.

Executive Board and Supervisory Board

The members of the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE, together with their memberships on other statutorily required supervisory boards and comparable bodies, are listed in the notes to the consolidated financial statements in the "Members of the Executive Board" and "Members of the Supervisory Board" sections. Details of the system of compensation for members of the Executive Board and the Supervisory Board of ProSiebenSat.1 Media SE are explained in more detail in the "Compensation report" of the combined management report.

The Executive Board of ProSiebenSat.1 Media SE was expanded by two members within the first half of the year 2016. On March 1, 2016, Jan David Frouman was appointed to the Executive Board of ProSiebenSat.1 Media SE. He is in charge of the newly created Executive Board department Content & Broadcasting, which comprises the TV activities with all station brands and the Group's content strategy in Germany, Austria and Switzerland. He also remains in charge of the Red Arrow Entertainment Group's global production business as CEO and Chairman. Christof Wahl was appointed to the Executive Board of ProSiebenSat.1 Media SE as of May 1, 2016. Christof Wahl is in charge of Digital Entertainment (see Note 2 "Segment reporting") and also acts as Chief Operating Officer (COO) for ProSiebenSat.1 Group.

In its press release as of October 4, 2016, the Company announced that CFO Dr. Gunnar Wiedenfels will leave the Executive Board of ProSiebenSat.1 Media SE at his own request as of March 31, 2017. The CFO's employment contract ends on March 31, 2017. No termination benefits were agreed. Due to the cancellation of expiring shares in the long-term share-based payment plan (Group Share Plan) and in the Mid Term Incentive Plan, the obligations previously recognized for this purpose were proportionately derecognized in the amount of EUR 0.9 million. In addition, pension commitments of immaterial amounts expired.

On June 1, 2017, Dr. Jan Kemper will be appointed to the Executive Board as Chief Financial Officer (CFO) of ProSiebenSat.1 Media SE.

Dr. Christian Wegner and the members of the ProSiebenSat.1 Supervisory Board have agreed not to extend his Executive Board contract and to terminate it with a severance agreement as of December 31, 2016. The severance agreement includes a severance payment of EUR 3.0 million, of which EUR 0.7 million was recognized as a provision and a sum of EUR 2.3 million was already paid out as of December 31, 2016.

Sabine Eckhardt was appointed to the Executive Board of ProSiebenSat.1 Media SE as Chief Commercial Officer (CCO) as of January 1, 2017 (see Note 35 "Events after the reporting period").

Seven Ventures GmbH, a subsidiary of ProSiebenSat.1 Media SE, entered into a general agreement for compensated advertising services with Heilpflanzenwohl AG, Pfäffikon, Switzerland, as of July 7, 2016. Heilpflanzenwohl AG is a subsidiary of BetterLife Healthcare AG, Schwyz, Switzerland, in which the Chairman of the Executive Board of ProSiebenSat.1 Media SE, Thomas Ebeling, and his family members collectively hold an interest of 50%. The share of BetterLife Healthcare AG in

Heilpflanzenwohl AG amounts to 80%. As part of this general agreement Heilpflanzenwohl AG acquires TV advertising time from Seven Ventures GmbH in return for monetary consideration. The general agreement ends as of December 31, 2019. The delivery of compensated advertising services is subject to separate agreements to be concluded until December 31, 2019. These separate agreements can have a duration of up to three years. By December 31, 2016, one separate agreement had been concluded. Advertising services with a gross media volume of EUR 0.4 million were rendered in this connection in the financial year 2016. The revenue potential from the general agreement amounts up to EUR 40 million for ProSiebenSat.1 Group, depending on the used TV advertising time. In addition, there is a potential revenue participation for Seven Ventures GmbH for utilization of material rights for advertised products. The delivery of TV advertising services takes place on prevailing market terms. The prevailing market terms were confirmed by a third-party opinion. The agreement is also in line with the requirements defined by the Supervisory Board of ProSiebenSat.1 Group for private investments of Executive Board Members. Thomas Ebeling was not involved in the negotiation of the general agreement and the respective approval by the Executive Board.

Christof Wahl, who has been a member of the Executive Board of ProSiebenSat.1 Media SE since May 1, 2016, held an indirect interest of 50% in Executive Interim Partners GmbH, Grünwald, in the first half of the year. In this period, ProSiebenSat.1 Group received interim management services from Executive Interim Partners GmbH based on a contractual agreement. Christof Wahl significantly reduced his interest in the first half of the year 2016 to ensure that the related party relationship no longer existed as of June 30, 2016. ProSiebenSat.1 Group received services amounting to EUR 29 thousand from Executive Interim Partners GmbH from the date Christof Wahl joined the Executive Board on May 1, 2016, until the end of the first half of the year 2016.

The members of the Executive Board participate in a ProSiebenSat.1 Media SE stock option plan (Long Term Incentive Plan or LTIP) (see Note 31 "Share-based payments"). In the financial year 2016, the Executive Board of ProSiebenSat.1 Media SE exercised 82,000 stock options issued under the LTIP 2010, which had been granted to the respective Board members before their accession to the Executive Board.

In the Group Share Plan ("GSP"), members of the Executive Board are issued performance share units (see Note 31 "Share-based payments"). At the end of the financial year 2016, the members of the Executive Board held a total of 183,017 PSUs from the Group Share Plan 2016, 82,020 PSUs from the Group Share Plan 2015, 83,388 PSUs from the Group Share Plan 2014 and 81,994 PSUs from the Group Share Plan 2013.

Another multi-year variable compensation component, the Mid Term Incentive Plan (MTIP), was introduced in the financial year 2015. This involves a mid-term remuneration instrument to be paid out in cash for members of the Executive Board and other selected executives of ProSiebenSat.1 Group. The MTIP has a three-year plan term starting in the financial year 2016. The payment amount depends on recurring EBITDA achieved by ProSiebenSat.1 Group by the end of the plan term in addition to the achievement of certain minimum thresholds for revenues and recurring EBITDA during the plan term. The target value, i.e. the value that is granted to the Executive Board if 100% of the target has been achieved, is EUR 1.5 million for Thomas Ebeling and EUR 1.0 million for Dr. Gunnar Wiedenfels, Conrad Albert, Dr. Christian Wegner, Dr. Ralf Schremper, Jan David Frouman and Christof Wahl respectively. Dr. Christian Wegner stepped down from the Executive Board as of December 31, 2016. His employment contract, which would have had been effective until December 31, 2017, also ended effective December 31, 2016. Under the Mid Term Incentive Plan, Dr. Christian Wegner was allocated an amount worth EUR 1.0 million with a plan term from 2016 to 2018. Based on the agreement in his severance agreement, this amount was paid out on a pro rata basis for 2016 and 2017, i.e. for the period until the end of the term of his employment

contract, amounting to EUR 0.7 million on the termination date. The remaining amount of EUR 0.3 million expired without compensation. Dr. Gunnar Wiedenfels will leave the Executive Board at his own request on March 31, 2017; his employment contract ends effective March 31, 2017. Due to the early termination of his employment contract before the end of the plan term, all of the entitlements of Dr. Gunnar Wiedenfels under the Mid Term Incentive Plan expired without compensation.

In the financial year 2016, the members of the Executive Board acquired 45,450 shares in the Company (previous year: no transactions). The relevant transactions were published on ProSiebenSat.1 Group's website (www.prosiebensat1.com) in accordance with section 15a of the German Securities Trading Act (Gesetz über den Wertpapierhandel – WpHG).

ProSiebenSat.1 Media SE has recognized pensions provisions totaling EUR 11.3 million (previous year: EUR 11.5 million) for pension commitments made to active members of the Executive Board for the financial year 2016. This includes pension provisions for deferred compensation of EUR 8.6 million (previous year: EUR 8.1 million). As of December 31, 2016, pension commitments for former members of the Executive Board, including provisions for Dr. Christian Wegner, amounted to EUR 14.4 million (previous year: EUR 11.4 million). This includes pension provisions for deferred compensation of EUR 5.6 million (previous year: EUR 4.8 million).

Claims to retirement benefits accrued by Executive Board members in office in the financial year 2016 totaled EUR 12.5 million as of December 31, 2016 (previous year: EUR 13.5 million). This includes claims from deferred compensation of EUR 9.2 million (previous year: EUR 9.1 million). Equivalent claims to annual retirement benefits for Executive Board members in office in the financial year 2016 amounted to EUR 0.7 million (previous year: EUR 0.6 million). This includes claims from deferred compensation of EUR 0.5 million (previous year: EUR 0.5 million).

Claims to retirement benefits accrued by former Executive Board members including Dr. Christian Wegner totaled to EUR 8.0 million in the period under review (previous year: EUR 5.1 million). This includes claims from deferred compensation of EUR 2.2 million (previous year: EUR 1.4 million). Equivalent claims to annual retirement benefits for former Executive Board members amounted to EUR 0.8 million (previous year: EUR 0.7 million). This includes claims from deferred compensation of EUR 0.3 million (previous year: EUR 0.3 million). Pension payments of EUR 0.4 million (previous year: EUR 0.3 million) were made to former members of the Executive Board in the financial year 2016. Funds have been endowed to guarantee these pension claims which, however, are not classified as plan assets because the relevant requirements are not fulfilled.

The Company has not extended loans, guarantees or warranties to the members of the Executive Board.

Compensation paid to members of the Executive Board of ProSiebenSat.1 Media SE in office in the financial year 2016 amounted to EUR 15.2 million in the reporting period (previous year: EUR 12.4 million). These figures include a variable component of EUR 10.8 million (previous year: EUR 9.0 million) and fringe benefits of EUR 0.2 million (previous year: EUR 0.1 million). The variable compensation includes annual and multi-year variable compensation.

Total compensation for former members of the Executive Board amounted to EUR 6.0 million in the financial year 2016. In the previous year, former members of the Executive Board received compensation of EUR 3.2 million.

With the exception of the MTIP, GSP and pension entitlements, payments to the Executive Board are all payable in the short term.

Notes

32 Related party transactions

33 Professional fees of the independent auditor

Expenses for the Supervisory Board of ProSiebenSat.1 Media SE amounted to EUR 1.5 million in the reporting period (previous year: EUR 1.4 million). The members of the Supervisory Board receive a fixed compensation. The Chairman and Vice Chairman of the Supervisory Board receive two and a half times and one and a half times the amount of this fixed base figure respectively. The Supervisory Board members receive fixed annual compensation for annual membership in the individual committees. The Committee Chairman receives additional compensation for his activities. In addition, members of the Supervisory Board receive a separate meeting honorarium for each meeting attended in person. The Supervisory Board Chairman receives one and a half times the standard meeting honorarium.

Members of the Supervisory Board received no remuneration or other consideration for personal services, especially consulting and mediation services, during the financial year 2016 and the previous year.

In the financial year 2016, the members of the Supervisory Board acquired 12,449 shares in the Company (previous year: acquisition of 2,345 shares). The relevant transactions were published on ProSiebenSat.1 Group's website (www.prosiebensat1.com) in accordance with section 15a of the German Securities Trading Act (WpHG).

Altogether, the current members of the Executive Board and Supervisory Board directly hold 65,244 (previous year: 157,345) shares in ProSiebenSat.1 Media SE as of December 31, 2016. This is equivalent to 0.0% of the share capital (previous year: 0.1%).

For information on the individual remuneration of members of the Executive Board and the Supervisory Board in line with section 314 (1) no. 6a sentences 5 to 9 of the German Commercial Code, please refer to the disclosures in the compensation report, which forms part of the combined management report.

Associates and joint ventures

ProSiebenSat.1 Media Group conducts transactions with some of its joint ventures and associates in the normal course of business. In these transactions, the Company buys and sells products and services on prevailing market terms.

Revenues from the sale of goods and the rendering of services as well as other income from transactions with associates in the financial year 2016 amounted to EUR 130 million (previous year: EUR 119 million). Goods and services received and other expenses relating to transactions with associates in the financial year 2016 amounted to EUR 33 million (previous year: EUR 28 million).

As of December 31, 2016, receivables from associates amounted to EUR 23 million (previous year: EUR 16 million). Liabilities to associates amounted to EUR 10 million (previous year: EUR 9 million).

Transactions with joint ventures were only of subordinate importance for the Group as of December 31, 2016.

33

Professional fees of the independent auditor

The professional fees for the services of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 4.7 million in the financial year 2016 (previous year: EUR 4.7 million). Of that total, EUR 3.2 million (previous year: EUR 2.3 million) relates to audit services for the financial statements, EUR 0.2 million (previous year: EUR 0.4 million) to other attestation services, EUR 0.2 million (previous year: EUR 0.5 million) to tax advisory services and EUR 1.1 million (previous year: EUR 1.5 million) to other services. The disclosures relate exclusively to the independent legal entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft.

34 Corporate governance

In March 2016, the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE jointly issued its annual declaration of compliance with the German Corporate Governance Code, as required under section 161 of the German Stock Corporation Act (AktG), and made it permanently available to the shareholders of ProSiebenSat.1 Media SE on the Group's website (www.prosieben-sat1.com).

35 Events after the reporting period

Appointment to the Executive Board

Sabine Eckhardt was appointed to the Executive Board of ProSiebenSat.1 Media SE as Chief Commercial Officer (CCO) as of January 1, 2017. She is responsible for the SevenOne Media business with innovative, cross-media advertising products and for the new customer business of the ProSiebenSat.1 marketer. In addition, she is driving the realization of Group-wide synergy potential through closer interplay between ad sales, digital commerce activities and data management. In this context, she has also assumed executive responsibility for the Group's Seven Ventures business in the Digital Ventures & Commerce segment.

Capital increase at Studio71

By agreement and effective as of January 11, 2017, the media groups TF1 SA, Boulogne-Billancourt, France (TF1), and Reti Televisive Italiane S.p.A., Milan, Italy (Mediaset), each acquired a minority stake in ProSiebenSat.1 Digital Content LP (Studio71) as part of a capital increase. Following the capital increase, ProSiebenSat.1 Group retains approximately 70% of the shares in Studio71. With its subsidiaries, the company aggregates the Group's online video business. Put options for the buyback of the shares were agreed with both TF1 and Mediaset. As ProSiebenSat.1 Group has an unconditional obligation to meet the terms of the put options as of exercise date, the consolidation percentage used on the basis of the present ownership is still 100.0%.

As part of the transaction, ProSiebenSat.1 Group also acquired a minority stake in Finder Studios SAS, Paris, France, a French multi-channel network in which TF1 already held shares.

Planned acquisition of ATV broadcasting group

ProSiebenSat.1 Group is planning to acquire a 100.0% stake in ATV Privat TV GmbH & Co KG, Vienna, Austria. The relevant agreements were signed on February 6, 2017. The acquisition is subject to the approval of the responsible cartel authorities. ATV is an Austrian broadcasting group and operates the Austrian television stations ATV and ATV2. The purchase price per IFRS 3 is based on an enterprise value in the amount of EUR 28 million.

Notes

35 Events after the reporting
period

Further events after the closing date

No further reportable events materially impacting the earnings, financial position and performance of ProSiebenSat.1 Group or ProSiebenSat.1 Media SE occurred between the end of the financial year 2016 and the date of the release of this report for publication.

Release date for publication

The Executive Board of the Company shall approve the consolidated financial statements for publication and submission to the Supervisory Board on February 20, 2017. The consolidated financial statements will be presented to the Supervisory Board for approval on March 13, 2017. They will be published on March 16, 2017.

February 20, 2017

The Executive Board

Summary of key accounting policies

a) Basic principles

The recognition, measurement and presentation policies, as well as the explanations and information regarding the consolidated financial statements for the financial year 2016, are substantially applied consistently. For information regarding the change of presentation for hedge ineffectiveness expenses, please refer to Note 11 "Interest result."

The consolidated income statement is presented using the cost-of-sales method.

The consolidated financial statements are based on the principle of historical cost, except for those items, especially such as certain financial instruments, that are recognized at fair value.

Foreign currency translation

Transactions in foreign currencies are translated at the relevant exchange rates as of the transaction date. In subsequent periods, monetary assets and liabilities are measured at the spot rate as of the end of the reporting period, and translation differences are recognized in profit or loss. Non-monetary items that were measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of subsidiaries and entities accounted for using the equity method in countries outside the Eurozone are converted using the functional currency concept. For subsidiaries, the functional currency is determined on the basis of the primary environment in which they conduct their business activities. This is generally the currency in which cash is generated and consumed.

Financial statements not denominated in euro are converted using the modified reporting date method, under which items of the income statement are converted using the average exchange rate for the year. Equity is converted at historical exchange rates, while asset and liability items are converted at the closing rate as of the reporting date. Any currency translation differences resulting from the conversion of financial statements in foreign currencies are added to or charged against accumulated other comprehensive income, outside profit or loss. In the case of the disposal of the relevant subsidiary, such translation differences are recognized in profit and loss.

b) Consolidation methods

The consolidated financial statements of ProSiebenSat.1 Media SE include all material subsidiaries. ProSiebenSat.1 Media SE controls an investee if it has power over the investee. This means that it has existing rights that give it the current ability to control the relevant activities. The latter are activities with a significant influence on the investees' returns. Moreover, ProSiebenSat.1 Media SE is directly or indirectly, via the respective parent entity, exposed to the variable returns from its investment in the investee or holds rights to these and is able to influence these returns using its power over the investee.

One (previous year: five) subsidiary with suspended or only minor business activities, which is only of subordinate importance for presenting a fair picture of the earnings, financial position and performance as well as the cash flow of ProSiebenSat.1 Group, was not consolidated. As no active market exists for this entity and its fair value cannot be reliably measured without incurring unreasonable expense, it is recognized in the consolidated financial statements at cost, where necessary including impairment. The equity and earnings after taxes of this entity are less than 1% of the consolidated equity and less than 1% of the consolidated net profit of ProSiebenSat.1 Group.

Notes

Summary of
key accounting policies

Profits and losses, revenues, income and expenses deriving from transactions between consolidated entities as well as receivables and liabilities amongst consolidated entities are eliminated. The consolidation procedures take into account deferred income tax effects if such tax effects are likely to reverse in later financial years. Where required, deferred tax assets and liabilities are offset against one another. Capital is consolidated by eliminating the carrying amount of the investments against the share of equity held in the subsidiary.

In accordance with IFRS 3, initial consolidation takes place via the acquisition method, eliminating the acquisition cost against the fair values of the acquired, identifiable assets and the assumed liabilities and contingent liabilities as of the acquisition date. The intangible assets of the acquired entities identified as part of the purchase price allocation are valued by independent external appraisers. Identified goodwill results from the positive differences between the purchase prices paid and the fair values of the assets acquired and liabilities assumed, taking into account deferred taxes. Goodwill is determined in the functional currency of the acquired entity. Non-controlling interests are measured as of the acquisition date with the corresponding share in the identifiable net assets of the acquired entity. Changes in the Group's share in a subsidiary that do not result in a loss in control are accounted for as equity transactions.

Goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that is or are expected to profit from the synergies deriving from the business combination as of the acquisition date. This also represents the lowest level at which goodwill is monitored for internal management purposes. These are the operating and reportable segments Broadcasting German-speaking, Digital Entertainment, Digital Ventures & Commerce and Content Production & Global Sales. On disposal of cash-generating units or parts thereof or as part of an internal reorganization, goodwill at the time of disposal or transfer is allocated on the basis of relative values to the units being disposed of by the Group and those being retained.

When calculating the fair value of assets identified within the context of the purchase price allocation, the following methods are primarily used. Unless specified otherwise, the carrying amount of the relevant assets is approximate to their fair value.

Determination of fair value in the context of the purchase price allocation (Fig. 187)

Intangible assets	Measurement method
Brands	Relief from Royalty Method
Customer relationships and other contractual relationships	Multi-period Excess Earnings Method
Non-compete agreements	Excess profit method
Technologies	Reproduction cost method and Relief from Royalty Method
Order Backlog	Multi-period Excess Earnings Method
Films, series, shows in production	Multi-period Excess Earnings Method

If, by acquiring further shares in an associate or joint venture, ProSiebenSat.1 Media SE obtains control of the entity, the entity is to be fully consolidated from the time control is obtained. The fair value of the previously held investment is to be regarded as part of the acquisition cost for the new subsidiary. The difference between the fair value and the carrying amount determined using the equity method is recognized in profit or loss.

Notes

Summary of
key accounting policies

Investments in entities over which ProSiebenSat.1 Group exerts or can exert significant influence (“associates”) or which are jointly controlled with other investors (“joint ventures”) are to be accounted for using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures.” The use of the equity method is discontinued from the date at which the significant influence or joint control ends. Where relevant indications exist, the carrying amount of the investment is tested for impairment, and if applicable an impairment loss to the lower recoverable amount is recognized. There is no price quoted on active market for the entities measured using the equity method.

The financial year of ProSiebenSat.1 Media SE and all fully consolidated entities is the calendar year.

c) Individual accounting policies

Summary of significant measurement methods (Fig. 188)

Item	Measurement method
ASSETS	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with indefinite useful lives	At cost (subsequent measurement: impairment test)
Other intangible assets with finite useful lives	At (amortized) cost
Property, plant and equipment	At (amortized) cost
Programming assets	At (amortized) cost
Investments accounted for using the equity method	Equity method
Financial assets	
Loans and receivables	At (amortized) cost
Held to maturity	Not applicable
Available for sale	At fair value with the resultant gains and losses recognised directly in equity or (in exceptional cases) at cost
At fair value through profit or loss	At fair value through profit or loss
Held for trading/derivatives	At fair value through profit or loss
Cash and cash equivalents	At cost
LIABILITIES AND PROVISIONS	
Loans and borrowings	At (amortized) cost
Provision for pensions	Projected unit credit method
Other provisions	At settlement value (discounted if non-current)
Financial liabilities	At (amortized) cost or fair value respectively
Other liabilities	At settlement value (discounted if non-current)

Revenues

ProSiebenSat.1 Group’s revenues are mainly advertising revenues derived from the sale of advertising time. Advertising revenues are presented net of early payment discounts, agency commissions, cash discounts and value-added tax. Television advertising revenues are considered realized when the relevant advertising spots are broadcast.

Advertising revenues also include revenues from the sale of digital offerings of external providers. For this purpose, ProSiebenSat.1 Group acquires rights to use advertising licenses in order to sell the digital offerings of external providers, such as online advertising space. Revenues are recognized when advertising space is sold.

The recognition of variable revenue components from revenue shares (“media-for-revenue”) depends on ProSiebenSat.1 Group’s ability to reliably estimate such revenues. In this case, the required target achievement documentation of the contractual partner must be available to the Group in order to recognize this variable component as revenues.

At ProSiebenSat.1 Group, barter transactions are primarily concluded as countertrade transactions in the context of marketing advertising times. Revenues from such barter transactions are considered revenue-generating transactions only when dissimilar goods or services are exchanged, and the amount of the proceeds and costs, as well as the economic benefit, can be clearly measured. If advertising time is exchanged for goods or products, revenues are measured using the fair value of the goods or services received, provided this can be determined reliably. If advertising time is exchanged for advertising time, revenues are determined using the fair value of the advertising time provided.

If advertising services are agreed in return for the acquisition of shares in other entities (“media for equity”), the obligation for broadcasting the agreed advertising spots is initially recognized as a credit entry (deferred revenues) to reflect the equity stake capitalized and recognized as revenues when the agreed advertising spots are broadcast. Shares acquired in this context are accounted for at fair value.

Revenues from online agency services rendered by the Group in the “Digital Ventures & Commerce” segment in the areas of car rentals, travel, insurance, events, energy supply, mobile communications, broadband telephony or HD television via its “online price comparison portals” are recognized when the service has been rendered, if the amount of revenues and the associated costs can be measured reliably and if it is probable that the economic benefits associated with the transaction will flow to the Group. The affected Group companies act as agents as defined by IAS 18, thus only the commissions to be received are recognized as revenues. The relevant transactions are subject to statutory and voluntary cancellation and rescission requirements. If reliable information on cancellation or rescission rates is available, the Group generally recognizes the corresponding commissions on the transfer of customer data to the partner rendering the relevant primary service; otherwise, revenues are recognized when the partner starts performing the service or when the contract commences.

Revenues from the production of programming content (Content Production & Global Sales segment) are recognized using the percentage-of-completion method, provided the projected revenues can be estimated reliably. The stage of completion is determined by the relation between actual costs incurred and estimated total costs of the contract. Applied to the projected revenues of the respective contract, this results in revenues being recognized in the relevant period. In case total revenues cannot be estimated reliably, revenues are recognized only to the extent of costs incurred. Contract costs are recognized as expenses in the period in which they occur. If it is expected that total contract costs will exceed contract revenues, the expected loss is recognized immediately as an expense.

For further information, please refer to Note 5 “Revenues.”

Operating expenses

The various types of operating expenses are allocated to the individual functions based on the functional area of the relevant cost center. Depreciation, amortization and impairments on intangible assets and property, plant and equipment are included in functional costs based on the use of these assets.

Earnings per share

Earnings per share correspond to consolidated net profit attributable to the shareholders of ProSiebenSat.1 Media SE divided by the weighted average number of shares outstanding during the financial year.

To calculate diluted earnings per share, the average number of shares outstanding is adjusted by the number of all potentially dilutive shares. At ProSiebenSat.1 Group, these dilution effects arise from the issuance of stock options on common shares under the Long Term Incentive Plans and from rights to shares (please refer to Note 31 "Share-based payments"). Diluted earnings per share are calculated under the assumption that all potentially diluting shares and share-based remuneration plans that are in the money are exercised.

Intangible assets and goodwill

Acquired goodwill is recognized at cost less accumulated impairment losses.

Acquired intangible assets are capitalized in accordance with IAS 38 if the future economic benefits from the asset are expected to flow to the Company and the cost of the asset can be determined reliably. Unless an asset has an indefinite useful life, it is amortized, and where applicable, impaired.

Intangible assets include acquired rights to use advertising licenses in order to sell the digital offerings of external providers. These are capitalized in the amount of the fixed purchase price of the acquired advertising inventory. These are subject to amortization over the term of the contract.

Internally generated intangible assets are capitalized under IAS 38 if they are identifiable, it is expected that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. In determining the production costs, a distinction is made between research and development costs, with the former being expensed as incurred. In addition to the criteria described above, development costs are capitalized solely in cases where the product or process are realizable from a technical and economic perspective. The completion of the development as well as the usage or sale afterwards have to be ensured and intended both technically and financially. The marketability of the product or process also needs to be demonstrated. In the case of program formats developed in-house, this generally occurs only at a very late stage in the process, if the format can be placed successfully with a buyer. Format development expenses thus generally do not fulfill the capitalization requirements of IAS 38.

In the current and comparative financial years, non-controlling interests were measured as of the acquisition date with their corresponding share in the identifiable net assets of the acquired entity. The option to use the full goodwill method, available on a transaction-by-transaction basis, was neither exercised in the current nor the comparative financial year.

For further information, please refer to Note 16 "Goodwill" and Note 17 "Other intangible assets."

Notes

Summary of
key accounting policies

Property, plant and equipment

Property, plant and equipment are measured at acquisition or production cost, less usage-based depreciation and, if necessary, impairments. The cost of internally created property, plant and equipment includes not only direct costs, but also the portions of overhead costs directly attributable to production. There are currently no qualifying assets of property, plant and equipment as defined by IAS 23 within the Group. For this reason, borrowing costs are recognized in profit or loss in the period in which they occur.

For further information, please refer to Note 18 "Property, plant and equipment."

Leases

IAS 17 defines a lease as an agreement whereby a lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or a series of payments. A distinction is made between finance leases and operating leases. Leases are classified as finance leases if substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee. All other leases are classified as operating leases.

For finance leases, the leased assets and the associated liabilities are recognized at fair value at the commencement of the lease term or, if lower, the present value of the lease payments. Depreciation is recognized on a straight-line basis over the shorter of the lease term or the expected useful life. Payment obligations resulting from finance leases are recognized as financial liabilities and subsequently measured applying the effective interest rate method.

Lease payments for operating leases are recognized as expenses in the functional costs of the income statement and on an accrual basis.

For further information, please refer to Note 18 "Property, plant and equipment," Note 26 "Financial liabilities" and Note 29 "Other financial obligations."

Investments accounted for using the equity method

On the date significant influence or joint control is attained, investments in associates or joint ventures accounted for using the equity method are recognized at cost in the consolidated statement of financial position. The carrying amount of the investment includes, where applicable, assets identified within the context of the purchase price allocation in addition to liabilities assumed and contingent liabilities as of the acquisition date and goodwill as a positive difference between these amounts. In subsequent periods, the carrying amount is adjusted to reflect the pro-rata changes in equity of the investee in addition to the subsequent measurement of the assets identified and the liabilities assumed and contingent liabilities within the context of the purchase price allocation. Dividends received from entities accounted for using the equity method reduce their carrying amounts. The pro-rata comprehensive income of the relevant entities attributable to ProSiebenSat.1 Group is reported in the consolidated income statement as "Income from investments accounted for using the equity method."

For further information, please refer to Note 12 "Result from investments accounted for using the equity method and other financial result" and Note 19 "Investments accounted for using the equity method."

Programming assets

Feature films and series are capitalized as of the beginning of the license term. Commissioned productions are capitalized as broadcast-ready programming assets on formal acceptance. Until being broadcast, sports rights are included in advance payments. The assets are initially recognized at cost.

Consumption of licenses and commissioned productions intended for multiple broadcasts (runs) commences at the start of the first broadcast, and depends on the number of runs permitted or planned respectively. Broadcasting-related consumption is measured using a declining-balance method according to a standardized Group-wide matrix which reflects the expected audience reach potential relating to the respective broadcast. Commissioned productions intended for only one run and sports rights are fully consumed as of their broadcasting.

Impairments on programming assets are recognized if it is not expected that the costs are recoverable by future revenues. Relevant indicators may include worse recovery opportunities, changes in the advertising environment, adaptation of programming due to changing target group tastes, media law restrictions on the usability of films, expiry of licenses prior to broadcasting, or the discontinuation of commissioned productions.

If there are indications for a potential impairment on programming assets, broadcasts no longer meeting the asset criteria or having limited usability are fully impaired. The assessment of the recoverable amount of the remaining programming assets takes place at the level of genre-based program groups. To the extent that their carrying amounts exceed expected future revenues, impairments are recognized. A genre is the unit in which cash flows are generated independently of other programming assets, as individual genres are tailored to target audience groups and advertising customers book advertising for their products around certain genres. Titles contained in a genre are viewed as a homogeneous mass; the individual titles are essentially interchangeable.

For further information, please refer to Note 20 "Programming assets."

Impairments of other non-financial assets

In accordance with IAS 36, an entity must review assets with a finite useful life for impairment if there are indications that those assets may be impaired. Moreover, other intangible assets with an indefinite useful life, other intangible assets not yet ready for use or advance payments thereon, and goodwill must be tested for impairment annually. A test is also performed whenever there is any indication that an asset might be impaired.

In the event of an impairment, the difference between the amortized carrying amount and the lower recoverable amount is recognized as an expense in profit or loss. Impairments are allocated to the relevant functional costs. Impairments on goodwill resulting from purchase price allocations are recognized in other operating expenses. The same applies to impairments on other intangible assets resulting from purchase price allocations if they cannot be appropriately allocated to functional costs. If there is evidence that the reason for the impairment no longer exists, the impairment loss is reversed (except in the case of goodwill). The reversal cannot result in an amount exceeding amortized cost.

Notes

Summary of
key accounting policies

The amortized carrying amount of the asset is compared with the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the present value of future cash flows expected to arise from the continuing use of the asset.

The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or other groups of assets or cash-generating units. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable.

The Company normally determines the recoverable amounts using measurement methods based on discounted cash flows. In the case of cash-generating units, ProSiebenSat.1 Group first determines the relevant recoverable amount as value in use, which it compares with the respective carrying amounts, including allocated goodwill in the case of impairment tests on goodwill, and including the allocated brands in the case of impairment tests on brands with indefinite useful lives. These discounted cash flows are based on five-year projections of financial plans approved by management. Cash flows beyond the detailed planning period are extrapolated using individual growth rates, which however do not exceed the inflation expectations for the respective units. The most important assumptions underlying the changes in value in use concern future cash flows, estimated growth rates, tax rates and weighted average cost of capital.

For further information, please refer to Note 16 "Goodwill," Note 17 "Other intangible assets" and Note 18 "Property, plant and equipment."

Financial instruments

Arm's length purchases and sales of financial assets are accounted for as of the settlement date. The Group derecognizes a financial asset if the contractual rights to cash flows from an asset expire or if the Group transfers the rights to receive cash flows in a transaction that also transfers all material risks and opportunities connected with the ownership of the financial asset. Financial liabilities are derecognized if the contractual obligations are settled, canceled or have expired. When adjusting loan terms or extending terms, the Group assesses whether these represent substantial modifications as defined by IAS 39.

Financial assets are offset and presented in the statement of financial position as a net value if the Group has a current legal right to set off the reported amounts against each other and the intention is either to settle on a net basis or to settle the associated liability simultaneously with the realization of the asset. ProSiebenSat.1 Group currently has netting agreements for derivative financial instruments, but presentation on a net basis in the statement of financial position is not possible under IAS 32.

Measurement of financial instruments

Financial assets and liabilities are recognized initially at fair value. For financial assets subsequently not recognized at fair value through profit or loss, transaction costs attributable to the acquisition

are also capitalized on initial recognition. For financial assets subsequently recognized at fair value through profit or loss, transaction costs are recognized in profit or loss directly in the period in which they are incurred.

Financial assets and liabilities are subsequently measured at amortized cost or at fair value. Amortized cost is determined using the effective interest rate method. The fair value of a financial instrument reflects the amount that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants on the measurement date. The fair value is generally equivalent to the market or exchange value. If there is no active market, the fair value is measured using a financial valuation technique (for example, by discounting the future cash flows at the market interest rate). If the fair value of financial instruments cannot be determined reliably, the financial instruments are measured at cost.

In accordance with IAS 39, a regular assessment is made as to whether there is substantive objective evidence of impairment of a financial asset or a portfolio of financial assets. After an impairment test, any necessary impairment loss is recognized in profit or loss.

The measurement of financial investments held by ProSiebenSat.1 Group is explained below for the following individual categories:

Loans and receivables

Financial assets classified as loans and receivables are measured at amortized cost, applying the effective interest rate method, less impairments. Impairments of trade receivables are recognized in separate allowance accounts. In the valuation process, adequate allowances have been made, on the basis of objective evidence and values developed through experience, to cover known risks by valuation adjustments.

Financial assets measured at fair value through profit or loss

In addition to financial assets held for trading purposes, this category also includes financial assets designated at fair value through profit or loss on initial recognition, under what is known as the fair value option. Exceptions are equity instruments for which no market prices are quoted on active markets, and whose market values cannot be measured reliably. Fair value is determined on the basis of the type of instrument, depending on the marketability of the instrument, using a three-level fair value hierarchy. The fair value option is furthermore subject to the condition that its exercise must eliminate or significantly reduce an accounting mismatch, the financial instrument contains one or more embedded derivatives, or that the portfolio of financial instruments is managed on a fair value basis.

Financial assets available for sale

Investments in equity instruments and debt instruments are classified as financial assets that are available for sale. These are accounted for at fair value if this value can be determined reliably. Equity instruments for which no price is quoted on an active market, and whose fair value cannot be determined reliably, are measured at acquisition cost.

Financial liabilities

With the exception of derivative financial instruments and contingent consideration in the context of business combinations (put options, earn-out provisions), financial liabilities are measured at amortized cost, applying the effective interest rate method. Term loans are recognized on the basis of their notional total, at amortized cost less issuing and financing costs. These costs are distributed over the term of the liability using the effective interest rate method. Contingent consideration in the context of business combinations is classified under liabilities at fair value on initial consolidation. Subsequent measurement also takes place at fair value, with changes being recognized in profit and loss.

Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized as financial assets or financial liabilities at their fair value in the statement of financial position, irrespective of the purpose or intent for which the transaction was entered into. The fair value of derivative financial instruments is determined by discounting future cash flows at the market interest rate, and by other recognized methods of financial valuation techniques, such as option pricing models. Derivative financial instruments are recognized as of their trading date. The fair value of interest rate swaps is generally zero initial recognition. With interest rate options the fair value is the value of the option premium paid. Subsequently interest rate swaps and interest rate options are recognized in the statement of financial position at their market values as financial assets or other financial liabilities. The fair value of forward exchange transactions and currency options is also usually zero on initial recognition. Subsequently, forward exchange transactions are recognized in the statement of financial position at their market values as financial assets or financial liabilities. The valuation of derivative financial instruments includes specific counterparty credit risks.

If a clear hedging relationship can be formally designated and documented, it is accounted for in line with the requirements of IAS 39 on hedge accounting. Under hedge accounting, the recognition of changes in the market values of the relevant derivatives depends on the type of hedging relationship. If the hedge is a cash flow hedge, as is currently exclusively the case at ProSiebenSat.1 Group, the changes in market value of the effective portion of the derivative are initially recognized separately in other comprehensive income and are not recognized in profit or loss until the hedged item is realized. The ineffective portion is recognized immediately in profit or loss. To hedge currency risks on future license payments, hedge gains or losses accumulated in equity are transferred from equity at the commencement of the license, i.e. when the hedged item is capitalized, and the acquisition cost is increased or decreased accordingly.

ProSiebenSat.1 Group compiles and manages the identified hedged items and hedging instruments in so-called hedge books. The effectiveness of the hedging relationship is measured regularly. If a hedging relationship does not meet, or no longer meets, the requirements of IAS 39, hedge accounting is terminated. After the termination of a hedging relationship, the amounts recognized in other comprehensive income are recognized in profit or loss as the results of the hedged items affect profit or loss.

For further information, please refer to Note 21 "Financial receivables and assets," Note 22 "Other receivables and assets," Note 23 "Shareholders' equity", Note 26 "Financial liabilities" and Note 30 "Further notes on financial risk management and financial instruments in accordance with IFRS 7."

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid financial investments that can be converted into cash amounts at any time and that are subject only to minor risks of fluctuation in value. Cash and cash equivalents are measured at cost, with amounts in foreign currencies being translated at the end of the applicable reporting period.

Provisions for pensions

Differences between assumptions and actual events, as well as changes in actuarial assumptions for measuring defined-benefit pension plans, result in actuarial gains and losses. These remeasurement effects are recognized in other comprehensive income taking into account deferred taxes in the period in which they occur. As a result the statement of financial position shows the full extent of the obligations, avoiding fluctuations in results which can particular occur due to changes in the calculation parameters. The actuarial gains and losses recognized in the respective reporting period are presented separately in the statement of comprehensive income. In subsequent periods such items are not reclassified to the income statement.

For further information, please refer to Note 24 "Provisions for pensions."

Share-based payments

ProSiebenSat.1 Group's share-based payments (stock options and rights to shares) exclusively comprise payment plans that contain options for ProSiebenSat.1 Media SE to determine the mode of settlement, using either equity or cash, which is exercised in accordance with the intended form of remuneration. The remuneration plans to be settled in shares are measured at fair value at the grant date. The fair value of the obligation is recognized as personnel expenses in functional costs over the vesting period; the corresponding credit entry is to capital reserves. The fair value of remuneration plans to be settled in cash is recognized as personnel expenses in liabilities over the vesting period. The liability is remeasured at every reporting date and the settlement date on the basis of fair value and changes are recognized in profit or loss.

For further information, please refer to Note 23 "Shareholders' Equity" and Note 31 "Share-based payments."

Other provisions

In accordance with IAS 37, provisions are recognized if a present legal or constructive obligation to third parties exists as a result of a past event, if outflows of economic resources are expected, and if the amount can be determined reliably. They are recognized at full cost, in the amount of the most probable outcome of the obligation, taking into account experiential values. Non-current provisions are recognized as of the reporting date at the present value of expected settlement amounts, taking estimated increases in prices or costs into account. Discount rates are regularly adjusted to prevailing market interest rates.

The Company measures provisions for onerous contracts at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract minus any revenues expected from the contract.

For further information, please refer to Note 25 "Other provisions."

Notes

Summary of
key accounting policies

Income taxes

Income taxes comprise the taxes levied on taxable profits in the individual countries, and changes in deferred tax items. Income taxes are recognized on the basis of the terms of law in effect or substantively enacted as of the reporting date, in the amount that will presumably have to be paid. In accordance with IAS 12, deferred taxes are recognized for tax-deductible or taxable temporary differences between the carrying amounts of assets and liabilities under IFRS and their tax bases, as well as for consolidation measures and for claims for tax reductions due to loss carry-forwards that can presumably be recovered in subsequent years. This does not include goodwill. The calculation is based on the tax rates expected in the various countries at the realization date. These are generally based on the terms of law in effect or substantively enacted as of the reporting date.

Deferred tax assets are netted against tax liabilities to the extent they are owed by and to the same tax authority, and so far as the Company is legally entitled to offset current tax refund entitlements and tax liabilities against one another. These are reported as non-current assets and liabilities and are not discounted. If the items underlying the temporary differences or tax expenses and income are recognized in other comprehensive income, the same applies to the relevant current taxes and deferred tax assets and liabilities.

For further information, please refer to Note 13 "Income taxes" and Note 23 "Shareholders' Equity."

Statement of Cash Flows

The statement of cash flows shows how cash and cash equivalents have changed as a result of cash inflows and outflows during the period. In accordance with IAS 7, cash flows are distinguished between operating activities, investing activities and financing activities. The funds covered by the statement of cash flows include all cash and cash equivalents shown in the statement of financial position with terms of not more than three months, subject only to minor risks of fluctuation in value. Cash is not subject to restrictions.

Cash flows from investing and financing activities are calculated using the direct method. On the other hand, cash flows from operating activities are derived indirectly from consolidated net profit. In this indirect derivation, the changes of the relevant statement of financial position items relating to operating activities are adjusted for effects from foreign currency translation and from changes to the scope of consolidation. For this reason, the changes of the statement of financial position items cannot be reconciled with the relevant figures of the consolidated statement of financial position and the segment key figures.

In line with IAS 7.31 and IAS 7.35, payments of taxes and interest as well as receipts of interest are presented in the cash flow from operating activities.

Changes in reporting standards

a) Recently implemented reporting standards

The initial application of the new standards and interpretations and amendments to standards and interpretations published by the IASB and endorsed by the European Commission for use in the European Union whose application was mandatory in the reporting period did not have material effects on the earnings, financial position and performance of ProSiebenSat.1 Group.

b) Reporting standards yet to be implemented

The financial reporting standards published by the IASB and described below were not yet effective in the past financial year and were therefore not adopted early by ProSiebenSat.1 Group.

- › In July 2014, the IASB issued the final version of **IFRS 9 “Financial Instruments.”** This version replaces the previous IAS 39 standard “Financial Instruments: Recognition and Measurement” and all previously published versions of IFRS 9 and was adopted into European Law on November 29, 2016. Initial application of IFRS 9 is mandatory for financial years beginning on or after January 1, 2018. There are no plans to exercise the option to early-adopt this standard. The Group is analyzing the effects of the initial application of IFRS 9 on the consolidated financial statements as of December 31, 2018 as part of a Group-wide project. In this context, the following areas that may be affected by an implementation of IFRS 9 were identified as of December 31, 2016:

Classification and measurement of financial instruments

On initial recognition, financial assets are classified as assets “to be measured at fair value” and “to be measured at amortized cost” depending on the business model and the contractual cash flows of the relevant financial instruments. Depending on their categorization, the financial assets are subsequently measured either at amortized cost or at fair value. Changes in fair value are to be reported in the income statement or in other comprehensive income. The requirements for derecognizing financial assets and liabilities and the general accounting for financial liabilities were mainly taken over from IAS 39. The changes to the classification may result in changes for ProSiebenSat.1 Group in the case of financial assets and liabilities classified as “loans and receivables” or “other financial liabilities” under IAS 39. In addition, the number of financial instrument categories may increase. We do not expect this change to have a material impact on the measurement of financial assets and financial liabilities, with the exception of the change in the impairment model for financial assets described below.

Impairment of financial assets

The requirements for recognizing impairments on financial assets, which are now based on an expected loss model, are fundamentally new. In contrast to IAS 39, financial assets are to be allocated to various risk categories based on the expected probability of default in the past and future. Credit allowances are to be recognized before losses are incurred. At ProSiebenSat.1 Group, this model may result in the earlier recognition of impairments, particularly on trade receivables and contractual assets from commissioned productions.

Hedge accounting

IFRS 9 also adds new hedge accounting requirements, which are more strongly focused on reflecting operational risk management. Based on the current stock of financial instruments, this may result in conversion effects from the accounting for foreign currency derivatives that are part of designated hedging relationships at ProSiebenSat.1 Group.

All conversion effects mainly depend on the stock of financial instruments and prevailing economic conditions in the financial year 2018. For this reason, the quantitative effects of the implementation of IFRS 9 cannot be reliably assessed at this time. The Group will publish detailed information on the effects of initial application over the next twelve months.

- By issuing **IFRS 15 "Revenue from Contracts with Customers"** in May 2014, the IASB revised the requirements for the timing and amount of revenues to be recognized in the future. First-time application of the standard is mandatory for financial years beginning on or after January 1, 2018. ProSiebenSat.1 Group has no plans to apply this at an earlier date. It was adopted into European law on October 29, 2016. IFRS 15 replaces the previous requirements of IAS 18 "Revenue," IAS 11 "Construction Contracts" and a range of revenue-related interpretations. Leases, financial instruments and insurance contracts are scoped-out of IFRS 15.

Under the new standard, the recognition of revenues shall reflect the transfer of the goods or services promised to the customer with the amount equivalent to the consideration that the entity is expected to receive in exchange for these goods or services. Revenues are recognized when the customer obtains control over the goods or services.

In April 2016, the IASB published clarifying amendments to IFRS 15 which must also be applied in financial years starting on or after January 1, 2018. These amendments clarify various requirements of the standard and offer some additional transition relief. The clarifications are expected to be adopted into European law in the first half of 2017.

ProSiebenSat.1 Group is analyzing the developments and effects of IFRS 15, including the clarifying amendments in a Group-wide project and has dealt with the analysis of existing processes, systems and contracts in addition to the modeling of the revenue recognition process.

No material changes are expected in the consolidated financial statements with regard to the recognition of advertising revenues or revenues from commissioned productions. The following business areas that may see changes in the recognition of revenues due to the switch to IFRS 15 have been identified:

License revenues

For revenue recognition, IFRS 15 distinguishes between a right to access and a right to use licenses. Based on the respective classification, changes may occur in the timing of the recognition of licensing revenue.

Multi-component contracts

Under IFRS 15, the transaction price must be allocated on the basis of stand-alone selling prices. Thus, if the transaction price is allocated differently, this may result in changes to the recognition of revenues.

It is currently impossible to assess the quantitative effects of the application of IFRS 15 on the consolidated financial statements. The Group will publish further information on its exact effects over the next twelve months.

- › In January 2016, the IASB published the accounting standard **IFRS 16 "Leases."** The new standard specifies that all leases and the associated contractual rights and obligations are generally to be recognized in the statement of financial position of the lessee. As a result, lessees are no longer subject to the requirement to classify leases as operating or finance leases under IAS 17. For leases, the lessee recognizes a liability for lease obligations to be incurred in the future. Correspondingly, the right-of-use asset is capitalized, which generally corresponds to the present value of future lease payments plus directly attributable costs, and is amortized over its useful life. At ProSiebenSat.1 Group, these new requirements primarily affects lease agreements currently classified as operating leases.

ProSiebenSat.1 Group is analyzing the effects of the application of IFRS 16 in a Group-wide project involving existing processes, systems and agreements. The following categories of leases have been identified for which agreements previously recognized as operating leases may be accounted for as leases as defined by the new standard as a result of the changeover to IFRS 16: Real estate, technical equipment, vehicles and other leased assets. The existing agreements for satellite and transponder capacity are expected to continue being accounted for as service agreements.

First-time application of the standard is mandatory for financial years beginning on or after January 1, 2019. IFRS 16 is expected to be adopted into European law in the second half of 2017. ProSiebenSat.1 Group is currently planning to apply IFRS 16 early, starting from the financial year 2018, together with IFRS 9 and IFRS 15. It is currently impossible to reliably assess the quantitative effects of the application of IFRS 16 on the consolidated financial statements. The Group will publish further information on its exact effects over the next twelve months.

Members of the Executive Board

Members of the Executive Board of ProSiebenSat.1 Media SE (Fig. 189)

Thomas Ebeling CEO	CEO since March 1, 2009	Responsibilities: PMO & Strategy, TV Germany Sales Agencies, Corporate Communication, Human Resources, Wellbeing, Special Projects
Dr. Gunnar Wiedenfels CFO	CFO since April 1, 2015 until March 31, 2017	Responsibilities: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit, Corporate Procurement, Corporate Real Estate
Conrad Albert	Member of the Executive Board since October 1, 2011	Responsibilities: Regulatory Affairs & Governmental Relations, German Industry Relations, Group Content Acquisition, Legal Affairs, Distribution Contract Management, Audiovisual Transaction Business Development, Corporate Security, Compliance, Corporate Office
Jan David Frouman	Member of the Executive Board since March 1, 2016	Responsibilities: TV Germany, P7S1 Austria, P7S1 Switzerland, Pay TV, Red Arrow Entertainment Group, Group Content Strategy
Dr. Ralf Schremper	Member of the Executive Board since April 1, 2015	Responsibilities: Mergers & Acquisitions
Christof Wahl	Member of the Executive Board since May 1, 2016	Responsibilities: Data, Media Alliance, Distribution, AdVoD/AdTech, Digital Platforms, Leisure & CS, Sports
Dr. Christian Wegner	Member of the Executive Board since October 1, 2011 until December 31, 2016	Responsibilities: Digital Ventures & Commerce, Adjacent
Dr. Jan Kemper	CFO from June 1, 2017	Responsibilities: Group Operations & IT, Group Controlling, Group Finance & Investor Relations, Accounting & Taxes, Internal Audit, Corporate Procurement, Corporate Real Estate
Sabine Eckhardt	Member of the Executive Board since January 1, 2017	Responsibilities: 7Ventures, Licensing, Digital TV Ad Cooperations, AdFactory, TV Germany Sales KAM, Operations & Media Inventory Management, Media Competence Center, CMO

Notes

Members of the
Supervisory Board

Members of the Supervisory Board

Members of the Supervisory Board of ProSiebenSat.1 Media SE and their mandates in other Supervisory Boards (Fig. 190)

Dr. Werner Brandt Chairman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/ of ProSiebenSat.1 Media SE since May 21, 2015 (Consultant)	Mandates: RWE AG (non-executive), QIAGEN N.V. (non-executive), Osram Licht AG (non-executive), Deutsche Lufthansa AG (non-executive), Innogy SE (non-executive)
Dr. Marion Helmes Vice Chairwoman	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/ of ProSiebenSat.1 Media SE since May 21, 2015 (Consultant)	Mandates: NXP Semiconductors N.V. (non-executive), British American Tobacco PLC. (non-executive), Bilfinger SE (non-executive)
Lawrence Aidem	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/ of ProSiebenSat.1 Media SE since May 21, 2015 Our Film Festival, Inc. (Fandor) (President, CEO)	Mandates: none
Antoinette (Annet) P. Aris	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/ of ProSiebenSat.1 Media SE since May 21, 2015 INSEAD (Adjunct Professor of Strategy)	Mandates: Thomas Cook PLC (non-executive), Jungheinrich AG (non-executive), ASR Netherlands N.V. (non-executive), ASML N.V. (non-executive)
Adam Cahan	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/ of ProSiebenSat.1 Media SE since May 21, 2015 Yahoo Inc. (Senior Vice President Mobile and Emerging Products)	Mandates: none
Angelika Gifford	Member of the Supervisory Board of ProSiebenSat.1 Media AG and ProSiebenSat.1 Media SE since May 21, 2015 Hewlett Packard GmbH (General Manager)	Mandates: Rothschild & Co. S.C.A, Paris (non-executive), TUI AG, Berlin/Hannover (non-executive)
Erik Adrianus Hubertus Huggers	Member of the Supervisory Board of ProSiebenSat.1 Media AG since June 26, 2014/ of ProSiebenSat.1 Media SE since May 21, 2015 Vevo LLC (President, CEO)	Mandates: none
Ketan Mehta	Member of the Supervisory Board of ProSiebenSat.1 Media SE since November 24, 2015 Allen & Company LLC (Managing Director)	Mandates: none
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board of ProSiebenSat.1 Media SE since May 21, 2015 (German Public Auditor)	Mandates: Continental AG (non-executive), Covestro AG (non-executive), Covestro Deutschland AG (non-executive)

List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media SE (Fig. 191)

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
1	ProSiebenSat.1 Media SE	Unterföhring			EUR	2,778,194	433,598
AFFILIATED COMPANIES							
Germany							
2	12Auto Group GmbH	Unterföhring	100.00	55	EUR	1,695	339
3	7Life GmbH ¹	Unterföhring	100.00	52	EUR	25	0 ³
4	7Love Holding GmbH	Unterföhring	50.00	51	EUR	-/-	-/- ⁴
5	7NXT GmbH	Berlin	100.00	9	EUR	7,399	111 ⁵
6	7NXT Health GmbH	Berlin	100.00	5	EUR	-230	-1,855 ⁵
7	7Screen GmbH ¹	Unterföhring	100.00	81	EUR	25	0
8	7Stories GmbH	Unterföhring	100.00	72	EUR	25	0
9	7Wellbeing GmbH ¹	Unterföhring	100.00	52	EUR	-/-	-/- ⁴
10	9Live Fernsehen GmbH ¹	Unterföhring	100.00	1	EUR	520	0 ³
11	Active Agent AG	Freiburg im Breisgau	100.00	104	EUR	82	-102
12	ADITION technologies AG	Düsseldorf	100.00	104	EUR	687	0 ³
13	AdTech S8 GmbH	Unterföhring	100.00	14	EUR	-/-	-/- ⁴
14	AdTech Solutions GmbH ¹	Unterföhring	100.00	52	EUR	-/-	-/- ⁴
15	Advopedia GmbH	Unterföhring	70.00	55	EUR	1	-27
16	Allmedica Arzneimittel GmbH	Wehrheim	100.00	110	EUR	21	-3
17	COMVEL GmbH	Munich	100.00	45	EUR	7,149	292
18	Discavo GmbH	Berlin	100.00	45	EUR	2,513	0 ³
19	DISTRICON GmbH	Wehrheim	100.00	110	EUR	2,753	1,102
20	DOSB New Media GmbH	Hamburg	57.50	65	EUR	875	-1,008
21	Dr. Kleine Pharma GmbH	Bielefeld	100.00	110	EUR	3,303	0 ³
22	Fem Media GmbH	Unterföhring	100.00	55	EUR	400	0 ³
23	Flaconi GmbH	Berlin	100.00	51	EUR	5,625	1,250
24	Glomex GmbH ¹	Unterföhring	100.00	52	EUR	-/-	-/- ⁴
25	Good Vita GmbH	Wehrheim	100.00	110	EUR	0	0 ³
26	Gymondo GmbH	Berlin	100.00	5	EUR	821	-747
27	i!2 GmbH	Linden	100.00	101	EUR	121	0 ³
28	MAGIC Internet Holding GmbH ¹	Berlin	100.00	55	EUR	8,125	0 ³
29	marktguru Deutschland GmbH	Munich	90.00	84	EUR	47	-17 ⁶
30	maxdome GmbH ¹	Unterföhring	100.00	52	EUR	5,225	0 ³
31	Maximilian Online Media GmbH	Linden	100.00	101	EUR	191	0 ³
32	MMP Event GmbH	Cologne	60.00	65	EUR	910	881
33	moebel.de Einrichten & Wohnen AG	Hamburg	50.10	51	EUR	9,385	2,555
34	mydays Event GmbH	Munich	100.00	35	EUR	-65	285
35	mydays GmbH	Munich	100.00	36	EUR	-33,302	-3,798
36	mydays Holding GmbH	Munich	100.00	45	EUR	653	-3
37	myLoc managed IT AG	Düsseldorf	100.00	104	EUR	4,240	0 ³
38	P7SI Erste SBS Holding GmbH ¹	Unterföhring	100.00	1	EUR	431,194	0 ³
39	P7SI Zweite SBS Holding GmbH ¹	Unterföhring	100.00	1	EUR	107,756	0 ³
40	PARSHIP ELITE Group GmbH	Hamburg	100.00	95	EUR	68,339	-6,795
41	PARSHIP ELITE Service GmbH	Hamburg	100.00	40	EUR	97	4
42	PE Digital GmbH	Hamburg	100.00	40	EUR	-/-	-/- ⁴
43	PEG Management GmbH & Co. KG	Unterföhring	0	59	EUR	988	-12
44	Preis24.de GmbH	Düsseldorf	84.60	51	EUR	-1,518	-2,343
45	ProSieben Travel GmbH ¹	Unterföhring	100.00	52	EUR	435,686	0 ³
46	ProSiebenSat.1 Accelerator GmbH ¹	Unterföhring	100.00	83	EUR	1,559	0 ³
47	ProSiebenSat.1 Achte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	26	0 ³

Notes

List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media SE continued

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
48	ProSiebenSat.1 Adjacent Holding GmbH ¹	Unterföhring	100.00	52	EUR	30,091	0 ³
49	ProSiebenSat.1 Applications GmbH ¹	Unterföhring	100.00	50	EUR	2,025	0 ³
50	ProSiebenSat.1 Broadcasting GmbH ¹	Unterföhring	100.00	1	EUR	15,686	0 ³
51	ProSiebenSat.1 Commerce GmbH ¹	Unterföhring	100.00	52	EUR	253,210	0 ³
52	ProSiebenSat.1 Digital & Adjacent GmbH ¹	Unterföhring	100.00	1	EUR	980,074	0 ³
53	ProSiebenSat.1 Digital Content GmbH	Unterföhring	100.00	52	EUR	120,712	-305 ⁷
54	ProSiebenSat.1 Digital Entertainment GmbH ¹	Unterföhring	100.00	1	EUR	25	0 ³
55	ProSiebenSat.1 Digital GmbH ¹	Unterföhring	100.00	52	EUR	151,966	0 ³
56	ProSiebenSat.1 Erste Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	25	0 ³
57	ProSiebenSat.1 Fünfzehnte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	25	0 ³
58	ProSiebenSat.1 GP GmbH	Heidelberg	100.00	51	EUR	-/-	-/- ⁴
59	ProSiebenSat.1 GP II GmbH	Unterföhring	100.00	51	EUR	20	-5
60	ProSiebenSat.1 Licensing GmbH ¹	Unterföhring	100.00	48	EUR	1,702	0 ³
61	ProSiebenSat.1 Neunzehnte Verwaltungsgesellschaft mbH ¹	Unterföhring	100.00	1	EUR	25	0 ³
62	ProSiebenSat.1 Pay TV GmbH ¹	Unterföhring	100.00	66	EUR	5,225	0 ³
63	ProSiebenSat.1 Produktion GmbH ¹	Unterföhring	100.00	50	EUR	8,978	0 ³
64	ProSiebenSat.1 Services GmbH ¹	Unterföhring	100.00	55	EUR	386	0 ³
65	ProSiebenSat.1 Sports GmbH	Unterföhring	100.00	1	EUR	946	171 ⁸
66	ProSiebenSat.1 TV Deutschland GmbH	Unterföhring	100.00	1	EUR	982,035	0 ³
67	ProSiebenSat.1 Warehouse GmbH	Unterföhring	100.00	51	EUR	-/-	-/- ⁴
68	ProSiebenSat.1 Welt GmbH ¹	Unterföhring	100.00	50	EUR	-33	0 ³
69	PS Event GmbH	Cologne	67.00	70	EUR	3	-66
70	PSH Entertainment GmbH ¹	Unterföhring	100.00	48	EUR	2,925	0 ³
71	RapidApe GmbH i.L.	Berlin	100.00	52	EUR	37	-694
72	Red Arrow Entertainment Group GmbH ¹	Unterföhring	100.00	1	EUR	110,971	0 ³
73	Red Arrow International GmbH ¹	Unterföhring	100.00	72	EUR	125	0 ³
74	RedSeven Entertainment GmbH ¹	Unterföhring	100.00	72	EUR	25	0 ³
75	SAM - Starwatch Artist Management GmbH ¹	Unterföhring	100.00	90	EUR	192	0 ³
76	SAM Sports - Starwatch Artist Management GmbH	Hamburg	75.00	65	EUR	-409	-141
77	Sat.1 Norddeutschland GmbH ¹	Hanover	100.00	78	EUR	25	0 ³
78	SAT.1 Satelliten Fernsehen GmbH ¹	Unterföhring	100.00	66	EUR	443,610	0 ³
79	Seven Scores Musikverlag GmbH ¹	Unterföhring	100.00	48	EUR	26	0 ³
80	SevenOne AdFactory GmbH ¹	Unterföhring	100.00	81	EUR	30	0 ³
81	SevenOne Brands GmbH ¹	Unterföhring	100.00	50	EUR	5,168	0 ³
82	SevenOne Capital (Holding) GmbH ¹	Unterföhring	100.00	83	EUR	14,954	0 ³
83	SevenOne Investment (Holding) GmbH ¹	Unterföhring	100.00	1	EUR	16,614	0 ³
84	SevenOne Media GmbH ¹	Unterföhring	100.00	81	EUR	5,772	0 ³
85	SevenPictures Film GmbH ¹	Unterföhring	100.00	66	EUR	2,268	0 ³
86	SevenVentures GmbH ¹	Unterföhring	100.00	52	EUR	25,536	0 ³
87	SilverTours GmbH	Freiburg im Breisgau	74.90	45	EUR	6,270	4,881
88	SMARTSTREAM.TV GmbH	Munich	80.00	55	EUR	4,149	3,897
89	Sonoma Internet GmbH	Berlin	75.00	51	EUR	-4,984	-5,497
90	Starwatch Entertainment GmbH ¹	Unterföhring	100.00	48	EUR	14,921	0 ³
91	Studio 71 GmbH	Berlin	100.00	167	EUR	2,433	-523 ⁹
92	Stylight GmbH	Munich	100.00	51	EUR	6,315	-434
93	Sugar Ray GmbH ¹	Unterföhring	100.00	66	EUR	25	0 ³
94	THMMS Holding GmbH	Hamburg	100.00	4	EUR	1,218	-3,954
95	THMMS MidCo GmbH	Hamburg	100.00	94	EUR	75,003	-156
96	Topstarif Internet GmbH	Berlin	100.00	101	EUR	5,710	1,334
97	TROPO GmbH ¹	Hamburg	100.00	45	EUR	-8,956	0 ³

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List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media SE continued

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
98	tv weiss-blau Rundfunkprogrammanbieter GmbH ¹	Unterföhring	100.00	78	EUR	1,027	0 ³
99	TVRL GmbH	Cologne	100.00	28	EUR	1,213	228
100	Verivox Finanzvergleich GmbH	Heidelberg	100.00	101	EUR	976	750
101	Verivox GmbH	Heidelberg	100.00	102	EUR	29,887	6,263
102	Verivox Holding GmbH	Unterföhring	80.23	51; 106	EUR	204,587	-399 ¹⁰
103	Verivox Versicherungsvergleich GmbH	Heidelberg	100.00	101	EUR	1,682	78
104	Virtual Minds AG	Freiburg im Breisgau	51.38	55	EUR	8,996	1,426
105	VITALIA Vertriebs GmbH	Würzburg	100.00	110	EUR	5,752	1,141
106	VVX Co-Investor GmbH & Co. KG	Heidelberg	17.72	67	EUR	-/-	-/- ⁴
107	VX Sales Solutions GmbH	Heidelberg	100.00	101	EUR	1,739	1,499
108	wer-weiss-was GmbH ¹	Unterföhring	100.00	55	EUR	6,566	0 ³
109	wetter.com GmbH ¹	Konstanz	100.00	45	EUR	6,111	0 ³
110	WindStar Medical GmbH	Wehrheim	100.00	111	EUR	5,886	0 ³
111	WSM Holding GmbH	Wehrheim	92.00	3	EUR	31,737	939
112	WSM Immo GmbH	Wehrheim	100.00	111	EUR	-/-	-/- ⁴
113	yieldlab AG	Hamburg	100.00	104	EUR	759	190
Armenia							
114	Markt guru LLC	Jerevan	100.00	125	AMD	17,153	11,556
Australia							
115	Gotogate Pty Ltd	Melbourne, VIC	100.00	147	AUD	-/-	-/- ⁴
Austria							
116	Austria 9 TV GmbH	Vienna	100.00	119	EUR	12	1
117	AUSTRIA 9 TV GmbH & Co KG	Vienna	100.00	119	EUR	-4,380	0 ³
118	ProSieben Austria GmbH	Vienna	100.00	119	EUR	39	1
119	ProSiebenSat.1Puls 4 GmbH	Vienna	100.00	81	EUR	24,985	19,808
120	Puls 4 TV GmbH	Vienna	100.00	119	EUR	34	-1
121	PULS 4 TV GmbH & Co KG	Vienna	100.00	119	EUR	2,600	0 ³
122	PULS4 Shopping GmbH	Vienna	67.00	124	EUR	-/-	-/- ⁴
123	SAT.1 Privatrundfunk und Programmgesellschaft m.b.H	Vienna	51.00	78	EUR	6,586	6,314
124	SevenVentures Austria GmbH	Vienna	100.00	86	EUR	1,763	1,240
125	Visivo Consulting GmbH	Vienna	51.05	124	EUR	136	35 ¹¹
Belgium							
126	Sultan Sushi BVBA, in vereffening	Gent	100.00	72; 73	EUR	-3,236	-3,898
Denmark							
127	Snowman Productions ApS	Copenhagen	100.00	146	DKK	7,058	5,387
Finland							
128	Oy SRG Finland Ab	Helsinki	100.00	147	EUR	4,185	178
Hong Kong							
129	Red Arrow International Limited	Hong Kong	100.00	72	HKD	148	51
Israel							
130	July August Communications and Productions Ltd.	Tel Aviv	76.00	72	ILS	2,317	1,180
131	The Band's Visit LP	Tel Aviv	55.00	130	ILS	-/-	-/- ⁴
Jersey							
132	Scandinavian Broadcasting System (Jersey) Limited	Jersey	100.00	134	GBP	336	-27
Luxembourg							
133	P7SI Broadcasting S.à r.l.	Luxembourg	100.00	38; 39	EUR	62,033	-4,643
The Netherlands							
134	P7SI Broadcasting Europe B.V.	Amsterdam	100.00	135	EUR	54,843	1,430
135	P7SI Broadcasting Holding I B.V.	Amsterdam	100.00	133	EUR	4,953	873
136	Supersaver Travel B.V.	Amsterdam	100.00	147	EUR	969	82

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List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media SE continued

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
Norway							
137	Marco Polo Travel AS	Oslo	100.00	147	NOK	21,350	1,143
138	Snowman Productions AS	Oslo	100.00	146	NOK	1,083	-3,687
Romania							
139	MyVideo Broadband S.R.L.	Bucharest	100.00	28	RON	6,885	698
Sweden							
140	100 Code AB	Stockholm	100.00	146	SEK	189	153
141	7Travel Flights HoldCo AB	Stockholm	98.71	45	SEK	2,295	-11 ¹²
142	Etraveli AB	Stockholm	100.00	141	SEK	1,516	1,209
143	Flightmate AB	Stockholm	100.00	147	SEK	1,588,402	4,422
144	Scanworld Travelpartner AB	Uppsala	100.00	145	SEK	35,261	19,413
145	Seat24 Travel AB	Uppsala	100.00	142	SEK	225,355	-544
146	Snowman Productions AB	Stockholm	100.00	72	SEK	20,025	-23,912
147	Svenska Resegruppen AB	Uppsala	100.00	145	SEK	323,457	48,959
148	Ueberflieger AB	Uppsala	100.00	147	SEK	50	0
Switzerland							
149	ADITION Schweiz GmbH	Locarno	100.00	104	CHF	82	221
150	mydays (Schweiz) AG	Küsnacht ZH	100.00	36	CHF	110	10
151	ProSieben Puls 8 TV AG	Zurich	100.00	153	CHF	1,213	145
152	Sat.1 (Schweiz) AG	Küsnacht ZH	60.00	78	CHF	7,131	5,864
153	SevenOne Media (Schweiz) AG	Küsnacht ZH	100.00	81	CHF	17,927	17,326
154	SevenVentures (Schweiz) AG	Baar	100.00	86	CHF	1,117	882
155	Verivox Schweiz AG	Luzern	100.00	101	CHF	-/-	-/- ⁴
United Kingdom							
156	ADITION UK Limited	Cullompton	74.00	104	GBP	1	-54
157	CPL Good Vibrations Limited	London	100.00	158	GBP	-/-	-/- ⁴
158	CPL Productions Limited	London	100.00	164	GBP	515	444
159	Endor (Esio Trot) Limited	London	100.00	162	GBP	210	-5
160	Endor (T&T) Limited	London	100.00	162	GBP	0	0
161	Endor (Will) Limited	London	100.00	162	GBP	0	0
162	Endor Productions Limited	London	51.00	169	GBP	-386	124
163	European Radio Investments Limited	London	100.00	166	EUR	-31	-20
164	LHB Limited	London	68.25	169	GBP	51	117
165	New Entertainment Research and Design Limited	London	100.00	169	GBP	97	-1,745
166	P7S1 Broadcasting (UK) Limited	London	100.00	134	EUR	4,757	-71
167	ProSiebenSat.1 Digital Content GP Limited	London	78.51	53; 226	GBP	-9	-9 ¹³
168	ProSiebenSat.1 Digital Content LP	London	78.52	53; 167; 226	GBP	0	-67 ¹⁴
169	Red Arrow Entertainment Limited	London	100.00	72	GBP	547	-4,737
170	Red Arrow International-UK Limited	London	100.00	72	GBP	-/-	-/- ⁴
171	Romanian Broadcasting Corporation Limited	London	100.00	166	EUR	-112	-22
172	Studio 71 UK Limited	London	100.00	167	GBP	-/-	-/- ⁴
United States of America							
173	44 Blue Productions, LLC	Dover, DE	100.00	174	USD	-/-	-/- ⁴
174	44 Blue Studios, LLC	Dover, DE	65.00	226	USD	-/-	-/- ⁴
175	8383 Productions, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
176	95 Ends, LLC	New York, NY	100.00	211	USD	-/-	-/- ⁴
177	Brady 44, LLC	Burbank, CA	100.00	174	USD	-/-	-/- ⁴
178	By Dint Productions, LLC	New York, NY	100.00	176	USD	-/-	-/- ⁴
179	Champ 44 Music Publishing, LLC	Dover, DE	100.00	174	USD	-/-	-/- ⁴
180	Code D TV, LLC	Wilmington, DE	100.00	207	USD	-/-	-/- ⁴

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List of affiliated companies and
investments

List of affiliated companies and investments of ProSiebenSat.1 Media SE continued

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
181	Collective Digital Studio GP, LLC	Wilmington, DE	100.00	168	USD	-/-	-/- ⁴
182	Crow Magnon, LLC	Wilmington, DE	60.00	226	USD	4,876	2,437
183	Delirium TV, LLC	Wilmington, DE	100.00	207	USD	-/-	-/- ⁴
184	Digital Air, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
185	Digital Atoms, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
186	Digital Bytes, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
187	Digital Cacophony, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
188	Digital Demand, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
189	Digital Diffusion, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
190	Digital Echo, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
191	Digital Fire, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
192	Dorsey Entertainment, LLC	Littleton, CO	100.00	194	USD	-/-	-/- ⁴
193	Dorsey Multimedia, LLC	Littleton, CO	100.00	194	USD	-/-	-/- ⁴
194	Dorsey Pictures, LLC	Dover, DE	60.00	226	USD	-/-	-/- ⁴
195	Driving Force TV, LLC	Wilmington, DE	100.00	207	USD	-/-	-/- ⁴
196	Fabrik Entertainment, LLC	Wilmington, DE	75.50	226	USD	1,019	1,010
197	Fortitude Production Services, LLC	Dover, DE	100.00	211	USD	-/-	-/- ⁴
198	Fourteenth Hour Productions, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
199	Gotogate, Inc.	Wilmington, DE	100.00	147	USD	-/-	-/- ⁴
200	GTG Production Services, LLC	Los Angeles, CA	100.00	182	USD	-/-	-/- ⁴
201	Half Yard Productions, LLC	Wilmington, DE	65.00	226	USD	7,122	3,391
202	HB Television Development, LLC	Wilmington, DE	100.00	196	USD	-/-	-/- ⁴
203	Hold Fast Productions, LLC	Wilmington, DE	100.00	196	USD	-/-	-/- ⁴
204	Karga Seven Pictures, LLC	Los Angeles, CA	100.00	182	USD	-/-	-/- ⁴
205	Kenilworth Productions, Inc.	Wilmington, DE	100.00	176	USD	-/-	-/- ⁴
206	Kinetic Content Publishing, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
207	Kinetic Content, LLC	Dover, DE	51.00	226	USD	8,947	9,823
208	Kinetic Operations, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
209	KinPro Music Publishing, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
210	Kinpro, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
211	Left/Right Holdings, LLC	Dover, DE	60.00	226	USD	4,635	5,753
212	Left/Right, LLC	Dover, DE	100.00	211	USD	-/-	-/- ⁴
213	Moving TV, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
214	NAR Pictures, LLC	Los Angeles, CA	100.00	182	USD	-/-	-/- ⁴
215	Nerd TV, LLC	Wilmington, DE	100.00	165	USD	-/-	-/- ⁴
216	Node Productions, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
217	Overture, LLC	Burbank, CA	100.00	174	USD	-/-	-/- ⁴
218	Pacific View TV, LLC	Wilmington, DE	100.00	207	USD	-/-	-/- ⁴
219	Pave Network, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
220	PBP, LLC	Baton Rouge, LA	100.00	174	USD	-/-	-/- ⁴
221	Picture Perfect, LLC	Wilmington, DE	100.00	174	USD	-/-	-/- ⁴
222	Prank Film, LLC	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
223	Presidio Post, LLC	Burbank, CA	100.00	173	USD	-/-	-/- ⁴
224	Production Connection, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
225	Ranger Media, LLC	Wilmington, DE	100.00	174	USD	-/-	-/- ⁴
226	Red Arrow International, Inc.	Wilmington, DE	100.00	72	USD	5,861	7,033
227	Ripple Entertainment, LLC	Wilmington, DE	100.00	226	USD	-/-	-/- ⁴
228	Studio 71 (Canada), Inc.	Beverly Hills, CA	100.00	229	USD	-/-	-/- ⁴
229	Studio 71, LP	Wilmington, DE	100.00	168	USD	7,182	-14,991
230	Stylight, Inc.	Wilmington, DE	100.00	92	USD	-/-	-/- ⁴
231	Third Voice Productions, Inc.	Dover, DE	100.00	176	USD	-/-	-/- ⁴

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List of affiliated companies and investments

List of affiliated companies and investments of ProSiebenSat.1 Media SE continued

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
232	Three Tables Music, LLC	Dover, DE	100.00	207	USD	-/-	-/- ⁴
233	WDSP, LLC	New York, NY	100.00	176	USD	-/-	-/- ⁴
ASSOCIATES							
Germany							
234	Arbeitsgemeinschaft Fernsehforschung GbR	Frankfurt am Main	25.00	1	EUR	-/-	-/- ⁴
235	Batch Media GmbH	Berlin	45.00	104	EUR	-/-	-/- ⁴
236	eFashion Boulevard GmbH	Georgsmarienhütte	30.00	86	EUR	-/-	-/- ⁴
237	gamigo AG	Hamburg	33.00	55	EUR	-/-	-/- ⁴
238	Marketplace GmbH	Berlin	41.58	51	EUR	-/-	-/- ⁴
239	mov.ad GmbH	Munich	25.20	104	EUR	298	55
240	mytic myticket AG	Berlin	20.00	90	EUR	-/-	-/- ⁴
241	TEATOX GmbH	Berlin	45.95	3	EUR	-/-	-/- ⁴
242	Tejado GmbH	Oldenburg	19.36	51	EUR	10,811	-1,470
243	The ADEX GmbH	Berlin	25.20	104	EUR	1,350	-268
244	VG Media Gesellschaft zur Verwertung der Urheber- und Leistungsschutzrechte von Sendeunternehmen und Presseverlegern mbH	Berlin	25.25	50	EUR	-/-	-/- ⁴
245	Vitafy GmbH	Munich	49.90	5; 9	EUR	-/-	-/- ⁴
Canada							
246	Mad Rabbit Productions, Inc.	Toronto	25.00	72	CAD	-/-	-/- ⁴
Switzerland							
247	fineartmultiple AG	Luzern	20.02	86	CHF	-/-	-/- ⁴
248	Goldbach Media (Switzerland) AG	Küsnacht ZH	22.96	153	CHF	27,039	26,412
249	swiss radioworld AG	Zurich	22.96	153	CHF	3,389	2,764
United Kingdom							
250	Cove Pictures Limited	London	25.00	169	GBP	-/-	-/- ⁴
United States of America							
251	Bloody Disgusting, LLC	Beverly Hills, CA	49.00	229	USD	-/-	-/- ⁴
252	JFE, LLC	Venice, CA	20.00	226	USD	-/-	-/- ⁴
253	Pluto, Inc.	Wilmington, DE	15.48	28	USD	-/-	-/- ⁴
254	The Fred Channel, LLC	Beverly Hills, CA	70.00	229	USD	-/-	-/- ⁴
AFFILIATED COMPANIES, NOT CONSOLIDATED							
Belgium							
255	Satelliet Sushi BVBA	Gent	100.00	126	EUR	2	-8
JOINT VENTURES							
Germany							
256	AdAudience GmbH	Munich	16.67	84	EUR	-/-	-/- ⁴
United Kingdom							
257	Nit TV Limited	London	50.01	158	GBP	-/-	-/- ⁴
258	United Artists Media Group RA UK Limited	London	50.00	169	GBP	-4	17
OTHER MATERIAL INVESTMENTS							
Germany							
259	AFK Aus- und Fortbildungs GmbH für elektronische Medien	Munich	12.00	50	EUR	-/-	-/- ⁴
260	Appsend Video Solutions GmbH	Unterföhring	5.00	46	EUR	-/-	-/- ⁴
261	asgoodasnew electronics GmbH	Frankfurt (Oder)	9.87	86	EUR	-/-	-/- ⁴
262	Atlantic Food Labs GmbH	Berlin	13.00	9	EUR	-/-	-/- ⁴
263	auxmedia GmbH	Jena	5.00	46	EUR	-/-	-/- ⁴
264	babymarkt.de GmbH	Dortmund	10.96	86	EUR	-/-	-/- ⁴
265	circle concepts GmbH	Berlin	5.00	46	EUR	-/-	-/- ⁴
266	Deutscher Fernsehpreis GmbH	Cologne	25.00	50	EUR	-/-	-/- ⁴
267	DREAMA MEDIA UG (haftungsbeschränkt)	Unterföhring	5.03	46	EUR	-/-	-/- ⁴

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List of affiliated companies and
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List of affiliated companies and investments of ProSiebenSat.1 Media SE continued

No.	Company	Location	Share in %	Held via	Currency ²	Equity in thousands ¹⁵	Profit/loss in thousand for the period ¹⁵
268	ekoio UG (haftungsbeschränkt)	Leipzig	5.03	46	EUR	-/-	-/- ⁴
269	Evolution Internet Fund GmbH	Munich	15.00	86	EUR	-/-	-/- ⁴
270	FilmFernsehFonds Bayern GmbH, Gesellschaft zur Förderung der Medien in Bayern (FFF Bayern)	Munich	6.59	66	EUR	51	0
271	FL Fintech E GmbH	Frankfurt am Main	11.03	86	EUR	-/-	-/- ⁴
272	Flairelle GmbH	Hanover	5.00	46	EUR	-/-	-/- ⁴
273	get2play GmbH i.L.	Berlin	15.00	46	EUR	-/-	-/- ⁴
274	Hakle GmbH	Düsseldorf	17.50	86	EUR	-/-	-/- ⁴
275	HC Hellocare GmbH	Bad Aibling	5.00	46	EUR	-/-	-/- ⁴
276	kaputt.de GmbH	Berlin	5.38	46	EUR	-/-	-/- ⁴
277	Kiveda Holding GmbH	Berlin	8.26	86	EUR	-/-	-/- ⁴
278	Little Postman GmbH	Munich	5.00	46	EUR	-/-	-/- ⁴
279	onbelle GmbH	Cologne	5.00	46	EUR	4	-54
280	Outstore GmbH	Miesbach	17.51	86	EUR	-/-	-/- ⁴
281	PippaJean GmbH	Frankfurt am Main	8.10	86	EUR	-/-	-/- ⁴
282	Privatfernsehen in Bayern GmbH & Co. KG	Munich	10.00	98	EUR	248	3
283	Privatfernsehen in Bayern Verwaltungs-GmbH	Munich	10.00	98	EUR	59	2
284	Screenforce Gattungsmarketing GmbH	Berlin	5.56	84	EUR	114	9
285	Shoe-Com GmbH	Munich	5.00	46	EUR	-/-	-/- ⁴
286	Storyfeed GmbH	Berlin	5.00	46	EUR	-/-	-/- ⁴
287	Tickethelden GmbH i.L.	Munich	5.00	46	EUR	-/-	-/- ⁴
288	tink GmbH	Berlin	7.87	86	EUR	-/-	-/- ⁴
289	videostream360 GmbH	Leipzig	5.85	46	EUR	-/-	-/- ⁴
290	WERK1.Bayern GmbH	Munich	6.09	50	EUR	270	-27
Austria							
291	expressFlow GmbH	Vienna	5.00	46	EUR	-/-	-/- ⁴
292	KIWENO GmbH	Absam	14.36	5	EUR	-/-	-/- ⁴
293	Rubly's GmbH	Vienna	9.86	124	EUR	-762	-1,288
Gibraltar							
294	Sportority Limited	Gibraltar	5.40	65	GIP	-/-	-/- ⁴
Israel							
295	Adam, the Film Ltd.	Ramat Gan	5.00	130	ILS	-/-	-/- ⁴
296	Seven Days LP	Tel Aviv	50.00	130	ILS	-/-	-/- ⁴
Switzerland							
297	ayondo Holding AG	Zug	7.58	86	CHF	-/-	-/- ⁴
United Kingdom							
298	Kastr Limited	London	5.83	55	GBP	-/-	-/- ⁴
United States of America							
299	EverSport Media, Inc.	Wilmington, DE	5.97	65	USD	-/-	-/- ⁴
300	Talenthouse, Inc.	Dover, DE	10.75	65	USD	-371	-3,443
301	Wrap Media, Inc.	Dover, DE	10.47	55	USD	-/-	-/- ⁴

1 Company meets the requirements of Section 264 (3) of the German Commercial Code and exercises the option to be exempted from certain requirements on the preparation, auditing and disclosure of the annual financial statements and the financial report.

2 The figures for Equity and Profit/loss for the period presented have been translated using the foreign exchange rates as of the reporting date.

3 Result after profit and loss transfer agreement.

4 No figures available. Company acquired or founded in 2016 or in liquidation.

5 Shortened financial year from March 23, 2015 to December 31, 2015.

6 Shortened financial year from October 19, 2015 to December 31, 2015.

7 Shortened financial year from July 16, 2015 to December 31, 2015.

8 Shortened financial year from May 29, 2015 to December 31, 2015.

9 Shortened financial year from September 1, 2015 to December 31, 2015.

10 Shortened financial year from June 22, 2015 to December 31, 2015.

11 Shortened financial year from April 1, 2015 to December 31, 2015.

12 Shortened financial year from September 23, 2015 to December 31, 2015.

13 Shortened financial year from July 22, 2015 to December 31, 2015.

14 Shortened financial year from July 24, 2015 to December 31, 2015.

15 The figures for Equity and Profit/loss refer to financial year 2015 and partly reflect local accounting rules which do not necessarily correspond to IFRS.

Responsibility Statement

To the best of our knowledge we certify that, in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of profit or loss, the financial position and the assets and liabilities of the Group, and the Combined Management Report of the Group 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.

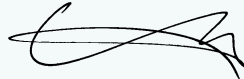
Unterföhring, February 20, 2017



Thomas Ebeling (Chief Executive Officer – CEO)



Dr. Gunnar Wiedenfels (Chief Financial Officer – CFO)



Conrad Albert (External Affairs & Industry Relations, General Counsel)



Sabine Eckhardt (Chief Commercial Officer – CCO)



Jan David Frouman (Content & Broadcasting)



Dr. Ralf Schremper (Chief Investment Officer – CIO)



Christof Wahl (Digital Entertainment)

Auditor's Report

We have audited the consolidated financial statements prepared by the ProSiebenSat.1 Media SE, Unterföhring, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the company and group for the financial year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German commercial law [HGB] are the responsibility of the Company's Executive board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive board, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code [HGB] and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, February 22, 2017

KPMG AG

Wirtschaftsprüfungsgesellschaft [original German version signed by:]



Sailer

Wirtschaftsprüfer

[German Public Auditor]



Schmidt

Wirtschaftsprüfer

[German Public Auditor]