Jänner 11. 2019

ProSiebenSat.1 Media SE

Von TV zu Digital Entertainment:
Erfolgreiche Financial Transformation bei innovativen Geschäftsmodellen
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STRATEGIC PRIORITIES ACROSS OUR THREE PILLARS

**RED ARROW STUDIOS**
- Internal Feed
  - Increase share of in-house production for entertainment
- Synergistic Footprint
  - Build & buy of local footprint
- Scale of Studi071
  - Increase international footprint and profitability

**NUCOM GROUP**
- Consumer Needs
  - Large markets serving strong needs
- Focused Portfolio
  - Assets along four core verticals
- Market Leaders
  - Organic growth and bolt-on M&A

**ENTERTAINMENT**
- One Entertainment
  - Holistic consumer-first approach
- Local Content
  - More live, more local, more own IP
- Digital Attack
  - Fan communities, aggregators, digital channels
- Total to Smart Reach
  - Linear & digital reach made targetable
- Total Monetization
  - New budgets & clients

Note: Red Arrow Studios refers to the segment Content Production and Global Sales; NuCom Group refers to the segment Commerce incl. travel.
STRATEGIC BRAND PORTFOLIO OF PROSIEBENSAT.1 GROUP
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WORLD OF ENTERTAINMENT IS CHANGING

MONTHLY REACH 2015-2018®
[14-59, in %]

- Linear TV: 91, 89, 88, 86
- Free Online Video: 42, 48, 60, 61
- Pay VOD: 10, 16, 28, 32

TOTAL VIDEO USAGE BY DEVICE 2018®
[14-29, in %]

- TV: 60%
- PC/Laptop: 23%
- Smartphone/Tablet: 17%

ANYTIME, ANYWHERE, ANY DEVICE
MORE MEDIA CONSUMPTION THAN EVER

1) Rolling last four quarters, Q4 for 2015-17, Q3 for 2018, usage at least once a month
2) Device split based on average daily video usage time (220 minutes), rolling last four quarters, Q4 for 2015-17

Source: ViewTime Report, SevenOne Media, forsa
INDUSTRY TRENDS

KEY MARKET DEVELOPMENTS

- Increasing number of offerings
- PayVoD players scale globally
- Internet giants push into AdVoD
- Social platforms enrich with video
- Entertainment & commerce converge
- Tech & data as success factors
CHANGING CONSUMER PREFERENCES

MEDIA CONSUMPTION PATTERNS
- Anytime, anywhere, any device
- Autonomous & spontaneous
- Impatient & fear of missing out
- Committed to content brands
- Personalized
- Willing to pay

MEDIA CONSUMPTION MOTIVATION
- TV: Share memorable moments with family and friends
- AdVoD: Enjoying snackable content (on the go)
- SVoD: Deliberately choosing content matching personal interests

Source: Trend and target group report "Gen Z", November 2017, ProSiebenSat.1 Media SE Deutschland Consumer Insights
ENTERTAINMENT | REACH

TOTAL REACH AS KEY METRIC

TV REACH
- TV stays dominant reach channel
- Slight decline mainly driven by young target groups, shifting consumption to digital alternatives

DIGITAL REACH
- Strong growth of digital video consumption with +46% in avg. minutes watched¹
- Overall increase of demand for video content

TOTAL REACH
- Leverage strong local content brands and growth of digital channels and aggregators
- Follow young target groups to their favorite platforms

¹: Calculation: Figures relate year-over-year growth Q3/2018 as compared to Q3/2017; Source: ViewTime Report, SevenOne Media, forsa

ProSiebenSat.1 Media SE
OUR AMBITION: ACCELERATE GROWTH

OUR STARTING POINT

- REVENUES (EUR):
  - NON-ADVERTISING REVENUE SHARE GROUP: 4BN
  - DIGITAL REVENUE SHARE GROUP: 1BN
  - SMART ADVERTISING SHARE OF ENTERTAINMENT ADVERTISING REVENUES: 5BN

- ADJ. EBITDA (EUR):
  - 40%
  - 30%
  - 5%

- EQUITY VALUE (EUR):
  - 4BN
  - 1BN
  - 5BN

YE 2016 - YTD 2018

ACTUAL TOTAL SHAREHOLDER RETURN: -22%

AMBITION IN ~5+ YEARS

- INCL. BOLT-ON M&A
- REVENUES (EUR):
  - NON-ADVERTISING REVENUE SHARE GROUP: 6BN
  - DIGITAL REVENUE SHARE GROUP: 1.5BN
  - SMART ADVERTISING SHARE OF ENTERTAINMENT ADVERTISING REVENUES: ...

- ADJ. EBITDA (EUR):
  - 50%
  - 50%
  - 25%

- EQUITY VALUE (EUR):
  - 6BN
  - 1.5BN
  - ...

TOTAL SHAREHOLDER RETURN:
ADJ. EPS GROWTH PLUS DIVIDEND YIELD: 10-15% P.A.

1) Figures relate to Q3 2019 LTM; if not stated otherwise; 2) Revenue split in EUR - Entertainment: 2.7bn, Red Arrow Studios: 0.5bn, NuCom Group: 0.8bn; 3) Equity Value based on current stock price October 2018; 4) Incl. digital businesses from Entertainment, Nucom Group (referred to as the segment Commerce) and Red Arrow Studios (referred to as the segment Content Production and Global Sales); 5) Smart advertising includes targetable products both linear and digital; 6) TSR 31.12.16-31.10.18 calculated as share price performance plus dividends reinvested in security based on Bloomberg; Source: PFSI company data; Bloomberg

ProSiebenSat.1 Media SE
DIGITALIZATION PROJECTS AT PROSIEBENSAT.1

**7TV**
New aggregator platform with strategic partner (Discovery) offering large amount of content, exclusive material and live shows & sport events
New partner: ZDF

**Addressable TV**
Increasing smart reach by special targeting and TV campaign optimization e.g. switch-ins and addressable TV-Spots

**360°**
360° monetarization of full value chain through better usage of brands and TV formats
e.g. Germany’s next Topmodel, The Voice

**Quipp**
Daily live quiz at 8 pm. The hosts ask 10 questions via app. Everybody who answers all questions right, can win up to 500 €.
# Agenda

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Our heritage – quo vadis P7S1?

2000 - 2008
- Merger P7 & S1
- Kirch bankruptcy
- PE Ownership
- Penny Stock

2009 - 2017
- Strong M&A activities
- Inorganic growth
- „Make it happen“-mentality
- DAX

2018+
- Refocusing
- Efficiency / Standardization
- Automatization
- Digitalization

Permira
KKR
Agenda

1. Vorstellung ProSiebenSat.1 Media SE
2. Strategie: TV zu Digital Entertainment
3. Änderung der Finanzfunktion
4. Financial Transformation
5. Digital Roadmap
Necessity to speed-up digital transformation of A&T

Der Effizienzdruck im CFO-Bereich wird zunehmen
Routineprozesse werden verschlankt und basieren auf klaren Entscheidungsregeln

Rolle und Kompetenz in der Finanzfunktion ändern sich umfassend
Der Finanzbereich integriert neue Kompetenzen, schafft Effizienz und verantwortet die Governance

Auf Datenverfügbarkeit und -verknüpfung kommt es an
Unternehmens- und die Wertschöpfungskette übergreifende Daten ermöglichen eine verbreiterte und bessere Steuerung

Steuerung wird anders funktionieren
Unternehmenssteuerung wandelt sich von reaktiv-analytisch zu proaktiv-prognostizierend
# Optimize financial accounting – Internal process optimization

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<th>Qualitätsfokus</th>
<th>Kostensenkung</th>
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<td>Transaktionales FA</td>
<td>E2E Accounting</td>
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<td>Asset Scope</td>
<td>Aktueller Asset Scope</td>
<td>Ausweitung Asset Scope</td>
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<td>Standort</td>
<td>Unterföhring</td>
<td>Nearshore DE</td>
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<td>5</td>
<td>Make vs. Buy</td>
<td>P7S1</td>
<td>Hybrid</td>
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<td>6</td>
<td>Systeme Anbindung</td>
<td>Aktuelles SAP System</td>
<td>Fremdes/ neues System</td>
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<td>7</td>
<td>Geschäftsmodell-Flexibilität</td>
<td>Abbildung von flexiblen Geschäftsmodellen</td>
<td>Abbildung von stand. Geschäftsmodellen</td>
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<tr>
<td>8</td>
<td>Standardisierung</td>
<td>Prozessabweichung punktuell toleriert</td>
<td>100% Prozesstreue erforderlich</td>
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# Our project approach

**1. Digital experience sessions**

- Service delivery model
- Process architecture and controls
- Organization & roles
- People & culture
- Performance & service management
- Technology & data

**2. Maturity assessment & pilots**

**3. Target picture „A&T Digital“**

**4. Improvement Opportunities**

**5. Roadmap**

**6. Change management & communication**

01.08.18 

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[Image and table layout]

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01.08.18 | 31.12.18
We want to mobilize and engage our A&T staff as much as possible

Digital experience sessions

- Robotics
- Accounts Payable 4.0
- Process Mining
- Halo
- Predictive Analytics
- Contract Analytics
- SWIFT (Tax)

Presentation of digital tools for A&T

Agile working sessions
Robotic process automation is intuitive and fun
We strive for a best in class A&T function – strongly focusing on our customers, functional excellence, and employees

### Challenges

- Ensuring 100% compliance
- Covering all statutory and internal requirements
- 5.4 million SAP transactions annually
- 239 entities consolidated in group reporting
- Integration of ~4 new entities per year*
- 27% increase in “revenues under management”*

### Our A&T and project goals

*In 2020, A&T will be a customer-centric, growth enabling, and agile function.*

*A&T will be a vital partner and pioneer for (digital) projects, ensuring 100% compliance, providing efficient & high-quality services, and empowering the best A&T talents.*

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*Empowered Employees  
Functional Excellence  
Customer & Growth Focus*
A&T’s high-level target picture combines its role as guardian and enabler and is built on three pillars

### A&T LEADERSHIP ASPIRATION
100% compliance and customer satisfaction

### A&T ROLES
Guardian and Enabler

#### CUSTOMER AND GROWTH FOCUS
- 100% compliance for customers, investors, and leadership
- 1-stop-shop with bolt-on, value-added (finance & non-finance) services at market prices with an end2end view
- Entrepreneurial mind-set - enabling the profit generation and growth of our P7S1 assets

#### FUNCTIONAL EXCELLENCE
- A&T is the center of expertise for all P7S1 assets, deeply integrated with other corporate functions
- Balancing standardization & flexibility in support of heterogeneous and fast-emerging businesses
- Leverage of tech and digital opportunities to realize quality and efficiency potentials

#### EMPOWERED EMPLOYEES
- Attractive work environment fostering fun, authority for decision-making and ownership for results
- Transformative mindset - ready to build a more innovative, agile, and collaborative organization
- Talent and career path management based on systematic skill development

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*ProSiebenSat.1 Media SE  | October 2018*
The evolution of intelligent process automation with digital technologies

1. E2E Process Standardization
2. Process Mining
3. Automation / Robotics
4. Artificial Intelligence
5. Adjacent Technologies

Future-proof Digital Platform
SAP S/4 HANA

1 Standardization includes review of customer value and potential elimination of processes with neg. cost-benefit ratio
2 Process mining is a fast and efficient method to identify automation potentials in transactional processes
Overview of digital measures

Relevant for P7S1 A&T
- Process Mining
- Process Automation
- SAP S/4 HANA
- Data Analytics
- Blockchain
- Artificial Intelligence

Currently not relevant for P7S1 A&T
- Cryptocurrencies
- Mobile Payment
- Pattern Recognition Projectors
- Crowd Sourcing
- Augmented Reality
- Beacon
- Holograph
- Virtual Reality

New aspects
- Digital signing (F/S, CL)
- Digital report of auditor
- iXBRL/ESEF
- Automatization of ICS
- VAT Report Look / ID Tool
- Internet of Things
- Think Tank
- Natural Language Processing
- Chat Bots
- 3D-Printing
- Cognitive Intelligence
- Text Mining
- Data Lake
- Tax declaration – GTC
- High-end reporting (mobile, web-based)
- SAP modules & add-ons
- Data & workflow management

Ease of Implementation

SAP S/4 HANA
Automation
- SAP
- Robotics (RPA)
Process KPIs
Process Mining (Celonis)
Finance Analytics

Artificial Intelligence (Machine Learning)
Blockchain
A&T improvement opportunity ideas in a nutshell

- Add further value-add services in A&T service portfolio, e.g.
  - CoE for RPA with SAP-KO
  - Business Partnering 2.0
  - Working Capital Management

- Automate control environment (within SAP, smart reports)
  - Comply with new reporting requirements (e.g. iXBRL)
  - Leverage Microsoft 365 for a closing cockpit light and to digitalize the asset/CFO list

- Implement a BP dashboard to facilitate the analytical review with the business
  - Implement service management to professionalize A&T’s customer focus

- Optimize AP processing via artificial intelligence (AP 4.0)
- Leverage RPA for e.g. automatization of account reconciliations, processing of upload files, WHT declaration

- Further differentiate A&T’s role model to separate transactional & knowledge-driven tasks
  - Strengthen process management roles
  - Drive knowledge sharing through internal A&T wiki

- Establish agile working methods
  - Build further A&T training formats (hard-/soft-skills), e.g. to foster business acumen, change and continuous improvement skills
## Major A&T improvement opportunities

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<th>SHORT TERM</th>
<th>MID TERM</th>
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<tr>
<td><strong>PILOTS</strong></td>
<td><strong>LHDF</strong></td>
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<tr>
<td>• Autom. processing of upload files in A/R</td>
<td>• Leverage Microsoft Office 365</td>
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<tr>
<td>• Business Partner Dashboard</td>
<td>• Closing Cockpit light</td>
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<td>• Digitalization of asset &amp; CFO list</td>
<td>• Credit card automation</td>
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<td>• Digitalization of withholding tax checklist for quarterly declaration</td>
<td>• Automated supplier master data transfer &amp; processing</td>
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<td>• Digitalize IC Training</td>
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<td>• Indebtedness monitor</td>
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<td>• Automated BS &amp; P&amp;L formatting &amp; generation</td>
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<td>• Asset list and certification letter workflow</td>
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<td>• Leverage all features of disclosure manager</td>
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<td>• Share disclosure manager with other A&amp;T teams</td>
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<td>• Tax Tech Training (TTT)</td>
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Fragen? Anmerkungen? Ergänzungen? Diskussion…

Jochen Hanke
Chief Accountant & Tax Officer
Accounting & Taxes

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