

ADDITIONAL NOTES

29 / Contingent liabilities

Major legal disputes, where ProSiebenSat.1 Media SE and/or companies 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 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH as well as broadcasters 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 Regional Court of Düsseldorf since November 10, 2008. The plaintiff asserts claims for disclosure and action in connection with the marketing of advertising times by SevenOne Media GmbH. The external opinion commissioned by decision of the Regional Court on April 13, 2012 has been submitted in February 2018. The outcome of the proceedings, however, still unpredictable. In so far, no provision has been recognized as of December 31, 2017.
- **Claims for additional payments to bestseller authors against companies of ProSiebenSat.1 Group.** Authors of highly successful TV shows may assert claims against entities of ProSiebenSat.1 Group under Sec. 32a of the German Copyright Act (UrhG). The broadcasting group has since agreed on so-called "joint compensation rules" (Sec. 36 German Copyright Act (UrhG)) with four associations (directing, camera, scriptwriters and drama), providing for the payment of additional compensation to directors, camera operators, screenwriters and actors once TV movies or TV series reach certain audience numbers. As of December 31, 2017, a total of EUR 12 million (prior year: EUR 6 million) was recognized as provision for these issues, based on a best estimate of the additional compensation, which is expected to be payable based on the joint compensation rules already stipulated as well as on the joint compensation rules that currently are in advanced stages of negotiations. The amount of the provision furthermore takes into account the risks with regard to the VAT treatment of the compensation for bestsellers that has yet to be finally clarified. It is possible that more authors will assert additional justified claims under Sec. 32a German Copyright Act (UrhG), which are not covered by said "joint compensation rules" (e.g. for other program genres as well). It is currently not possible to provide a reliable assessment of the impact on our earnings development.
- **Tax risks regarding the measurement of programming assets:** In the context of the tax audit of ProSiebenSat.1 Group for the years 2004 to 2012, which has been ongoing since 2010 or 2013, respectively, the German tax authorities in June 2017 for the first time questioned the accuracy of the treatment of the programming assets of ProSiebenSat.1 Group in its tax balance sheet. This concerns in particular the recognition of the programming assets as current assets and the determination of depreciation. Technical discussions with the financial authorities are still under way. In particular, the financial authorities has not yet issued any written statement as to how specifically it believes the accounting for programming assets should be changed. It therefore still remains unclear at this time if and how the accounting would have to be changed in principle and in terms of the accounting policy. ProSiebenSat.1 Group considers its accounting practice - which previously had indeed been accepted by the tax authorities - lawful. ProSiebenSat.1 Group therefore reserves the right to appeal any potential tax assessments. We believe that a very low double-digit million EUR amount is sufficient for the risk provisions that have been recognized on the current state of knowledge. It is possible that the actual amount deviates from the provision, in particular due to uncertainties with regard to the relevant assessment periods and the valuation method to be used.

- **Patent law warning letter against maxdome GmbH.** In the fourth quarter of 2017, maxdome GmbH received a letter from Copy Protection LLC regarding alleged patent infringement in the area of encryption technology. The legal review has shown that there are good opportunities for defense and it therefore, in all likelihood will not come to a claim. In that regard, as of December 31, 2017 no provision was recognized.

Moreover, ProSiebenSat.1 Media SE and companies controlled by it are defendants or parties in further court and arbitration proceedings as well as regulatory proceedings. Based on the current state of knowledge, these proceedings do not significantly impact the economic situation of ProSiebenSat.1 Group.

30 / 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.

188 / OTHER FINANCIAL OBLIGATIONS in EUR m

	12/31/2017	12/31/2016
Remaining term 1 year or less	539	617
Remaining term 1 to 5 years	1,952	2,180
Remaining term over 5 years	296	447
Purchase commitments for programming assets	2,787	3,244
Remaining term 1 year or less	66	62
Remaining term 1 to 5 years	136	92
Remaining term over 5 years	25	33
Distribution	227	187
Remaining term 1 year or less	33	35
Remaining term 1 to 5 years	67	66
Remaining term over 5 years	7	11
Leasing and long-term rental commitments	107	111
Remaining term 1 year or less	171	125
Remaining term 1 to 5 years	109	37
Remaining term over 5 years	0	0
Other financial obligations	281	162
Total	3,402	3,704

The purchase commitments for programming assets reflect contracts for film and series licenses and commissioned productions entered into before December 31, 2017. 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 38 million (previous year: EUR 24 million) were incurred for satellite rental in the financial year 2017.

Non-terminable lease and rental obligations primarily include rental obligations arising from real estate rentals, IT equipment and car leasing, which due to their economic substance must be classified as operating leases. In the financial year 2017, operating lease expenses amounted to EUR 39 million in total (previous year: EUR 33 million). The introduction of IFRS 16 with the associated financial impact on ProSiebenSat.1 Group is explained in section. → ["Changes in Reporting Standards"](#)

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

As part of its ongoing business activities and its debt financing, ProSiebenSat.1 Group is exposed to various financial risks. Such risks are managed in the context of financial risk management by the Group Finance & Treasury central unit. The objectives of financial risk management include ensuring solvency and risk-adequate management of market price risks. The derivative financial instruments used in this context exclusively serve the purpose of hedging existing risks and are not used for speculative purposes. The principles, tasks and responsibilities of the financial risk management are stipulated in the internal financial guidelines of ProSiebenSat.1 Group. Risks are reported monthly to the Executive Board.

The risks explained below have been identified as significant and are subject to ongoing evaluation. Taking into account hedging activities, ProSiebenSat.1 Group does not consider itself to be exposed to any significant risk concentrations.

INTEREST RATE RISKS

ProSiebenSat.1 Group defines interest rate risks as the risk of rising financing costs because of rising interest rates. Because of its financial liabilities with variable interest rates, ProSiebenSat.1 Group is exposed to an interest rate risk. These comprise a term loan with a nominal volume of EUR 2.100 billion as of December 31, 2017 (previous year: EUR 2.100 billion) and a revolving credit facility (RCF) with a volume of EUR 750 million as of the reporting date (previous year: EUR 600 million). In April 2017, the Group prolonged the term of the syndicated credit facility by two years until April 2022 and, in line with that, increased the revolving credit facility volume by EUR 150 million to EUR 750 million. In the financial year 2017, there was no utilization of the RCF. 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 syndicated promissory note loans totaling EUR 500 million were issued by ProSiebenSat.1 Group, of which a tranche of EUR 50 million bears interest at a variable rate. → [note 21 "Financial receivables and assets"](#)

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, 2017, the Group held interest rate swaps in the amount of EUR 850 million (previous year: EUR 850 million) and interest rate options in the amount of EUR 1.250 billion (previous year: EUR 1.250 billion) hedging the interest rate risk until 2018. ProSiebenSat.1 Group has also entered into further interest rate hedging transactions with a total nominal volume of EUR 2.100 billion (previous year: EUR 2.100 billion) hedging the interest rate risk during the following period from 2018 until 2020. Of the above, a portion of EUR 500 million (previous year: EUR 500 million) is attributable to interest rate swaps and a portion of EUR 1.600 billion (previous year: EUR 1.600 billion) to interest rate caps. Also, additional interest rate options have been entered into to limit the risk arising from the prevailing negative interest rates. Of the above, EUR 850 million (previous year: EUR 850 million) are attributable to the period from 2016 until 2018 and EUR 500 million (previous year: EUR 500 million) to the period from 2018 until 2020. As of December 31, 2017, the hedging ratio or the fixed interest portion of the loans and borrowings was approximately 98% (previous year: approx. 98%). As of December 31, 2017, the average fixed interest rate for interest rate swaps is 1.9% per annum (previous year: 1.9%). As of December 31, 2017, the average interest cap is 0.0% per annum (previous year: 0.0%).

Due to the sustained low interest rate level, interest expenses of EUR 19 million (previous year: EUR 28 million) were incurred as a result of these transactions in the reporting period. In the previous financial year, the development of negative interest rates and the associated higher hedging ineffectiveness meant that the accounting of 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. Expenses of EUR 16 million were recognized in the financial year 2017 in this context and presented in other financial result. After the termination of hedge accounting, the interest rate swaps were recognized through profit or loss. This resulted in income of EUR 19 million recognized in other financial result. The net earnings effect amounted to EUR 3 million in the financial year 2017. The market value of the interest rate swaps was EUR 13 million at December 31, 2017 (previous year: minus EUR 32 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.

The remaining variable interest rate risk arises from the unhedged portion of the term loan, and also in case of cash drawings of the RCF. As of December 31, 2017, as at the previous year's reporting date, there were no cash drawings on the syndicated facility. The interest rate risk in the sense of a risk of changes change in market value is thought to be irrelevant, since the financial liabilities of ProSiebenSat.1 Group are reported at amortized costs with the effect that potential changes in the market value are not reflected in the statement of financial position.

The interest rate risk position is assessed regularly using current market data, and existing risks are quantified by way of sensitivity analyses. The table below shows the effects on the interest result by increasing (reducing) the relevant interest rates by one percentage point. 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 16 million. In the case of an interest rate decrease by one percentage point, the effect on the financial result would be minus EUR 7 million.

189 / INTEREST RATE RISKS in EUR m

	Interest	2017	2016
Cash and cash equivalents	variable	1,552	1,271
Liabilities to banks	variable	-2,084	-2,084
Promissory note	variable	-50	-50
Promissory note	fix	-448	-448
Notes	fix	-597	-596
Gross exposure	variable	-582	-862
	fix	-1,045	-1,044
Interest rate hedges ¹		2,100	2,100
Net exposure	variable	1,518	1,238
Hedge ratio ²		360.9%	243.5%
Annual potential effect of an increase in short-term interest rates by 100 basis points (1 percentage point) ³		4	5
Annual potential effect of a decrease in short-term interest rates by 100 basis points (1 percentage point) ³		-15	1

¹ Thereof, as in the previous year, EUR 850 million interest rate swaps and EUR 1.250 billion interest rate caps.

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

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 arising from exchange rate changes.

ProSiebenSat.1 Group concludes a significant portion of its license agreements with production studios in the USA. ProSiebenSat.1 Group usually meets any financial obligations from such programming rights purchases in US dollars. Exchange rate fluctuations between Euro and US dollar therefore may have a negative impact on the earnings and financial position of ProSiebenSat.1 Group. The currency risk from amounts due or owed in other foreign currencies or for other purposes is negligible because of the small volume.

ProSiebenSat.1 Group applies a Group-wide portfolio approach when hedging financial obligations relating to programming rights purchases. Foreign currency exposure is defined as the total volume of all future payments in US dollars resulting from existing license agreements that will fall due within a period of seven years within the context of the implemented hedging strategy. ProSiebenSat.1 Group applies a range of derivative and non-derivative financial instruments to hedge against currency fluctuations. They include currency forward transactions, currency options and currency holdings in US dollars. Currency forward transactions 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 a currency option, ProSiebenSat.1 Group has the right, but not the obligation, to purchase a specified currency at a specific time and at a price determined upon conclusion of the transaction. This right usually requires the payment of an option premium.

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

As of December 31, 2017, the portfolio of ProSiebenSat.1 Group includes currency forward transactions with a nominal volume of USD 2.102 billion (previous year: USD 2.460 billion) and currency options with a nominal value of USD 30 million (previous year: USD 50 million) to hedge the financial obligations arising from programming rights purchases. The market values of the currency hedging transactions arise from the forward exchange rates observed on the market. Measurement was based on market figures (mid-rates) on December 31, 2017. As of December 31, 2017 the currency holdings in US dollars amounted to USD 256 million (previous year: USD 42 million). The calculation of the market values of the currency options is based on a standard option pricing model.

190 / CURRENCY-RELATED TRANSACTIONS AND BALANCES

	Year of maturity			Nominal amount	Fair Value	Fair Value
	2018 USD m	2019-2022 USD m	from 2023 USD m	12/31/2017 USD m	12/31/2017 EUR m	12/31/2016 EUR m
Currency forwards	534	1,383	185	2,102	9	251
thereof within cash flow hedges	407	1,383	185	1,975	14	243
Currency options	20	10	-/-	30	0	3
thereof within cash flow hedges	20	10	-/-	30	0	3
Currency holdings	256	-/-	-/-	256	213	40

In the context of hedge accounting, plus EUR 14 million (previous year: plus EUR 245 million) was recognized in a separate line item in accumulated other comprehensive income as of December 31, 2017. In the financial year 2017, EUR 50 million (previous year: EUR 52 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 2017 or in the previous year.

The US dollar risk position is regularly assessed based using current market data and existing risks are quantified by way of sensitivity analyses. The following table shows the effects of a 10% rise/fall in the value of the US dollar on the Euro equivalent of future payments in US dollars. It shows, from an economic perspective, the change in the impact of the US dollar exchange rate on US dollar cash flows and therefore does not constitute an accounting analysis.

191 / CURRENCY RISKS is USD m

	12/31/2017	12/31/2016
Gross foreign currency exposure	-2,789	-3,334
Currency hedges	2,388	2,552
thereof hedge accounting	2,005	2,205
thereof held for trading	127	305
thereof currency holdings	256	42
Net exposure	-401	-782
Hedge Ratio	85.6%	76.5%
Spot rate	1.1988	1.0560
US Dollar increase by 10%	1.0789	0.9504
US Dollar decrease by 10%	1.3187	1.1616
EUR m		
Change in future payments resulting from a 10% increase in the US dollar	-37	-82
Change in future payments resulting from a 10% decrease in the US dollar	30	67

From an accounting perspective, exchange rate effects arising from license liabilities, currency hedges in the category of "held for trading", the time value of options in hedge accounting as well as of the spot currency position impact profit or loss. A fall (rise) of the US dollar by 10% would result in an effect of minus EUR 5 million (plus EUR 6 million) in the foreign exchange result. The foreign exchange impact of minus EUR 133 million from a 10% fall of the US dollar and of plus EUR 163 million from a 10% rise of the US dollar relating to currency hedges used under hedge accounting would be recognized in accumulated other comprehensive income.

The Group's reporting currency is the Euro. The financial statements of entities with their registered office outside the Euro zone are converted to Euro for the consolidated financial statements. In the context of foreign currency management, the holdings in such entities are in principle considered long-term commitments. ProSiebenSat.1 Group therefore 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 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, debt value adjustments of EUR 1 million (previous year: credit value adjustments of EUR 3 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, 2017, the total market value of the derivative financial instruments for which ProSiebenSat.1 Group recognizes a net positive market value per counterparty was EUR 13 million (previous year: EUR 242 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"](#).

LIQUIDITY RISKS

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 27 "Financial liabilities"](#) and the RCF (EUR 750 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, 2017, there was no utilization of the RCF (previous year: no utilization). In addition, there was no drawing on guarantees, so EUR 750 million under the RCF was unused at December 31, 2017 (previous year: EUR 600 million). Both the term loan and the RCF mature in April 2022, the notes in April 2021 and the promissory notes in December 2023 (EUR 275 million) and December 2026 (EUR 225 million), respectively.

As of December 31, 2017, ProSiebenSat.1 Group also had cash and cash equivalents of EUR 1.552 billion (previous year: EUR 1.271 billion) and thus had cash funds and unused RCF totaling EUR 2.302 billion (previous year: EUR 1.871 billion) as of December 31, 2017.

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, 2017, and the previous financial year to the following maturity ranges:

192 / FINANCIAL LIABILITIES BY MATURITY in EUR m

	1 year or less	More than 1-5 years	More than 5 years	Total contractual cash flows 12/31/2017
Notes	16	647	-/-	663
Loans and borrowings	17	2,178	-/-	2,196
Promissory note	7	29	519	555
Liabilities from finance leases	15	52	2	68
Trade accounts payable	543	49	-/-	591
Non-derivative financial liabilities	597	2,955	522	4,074
Interest rate swaps	11	4	-/-	15
Currency forwards	9	40	11	60
Put options and earn-outs	111	348	-/-	459
Derivative financial liabilities	131	392	11	534
Total	728	3,347	533	4,608

	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

DISCLOSURES ON THE CARRYING AMOUNTS AND MARKET VALUES OF FINANCING INSTRUMENTS

The following table shows the carrying amounts and the fair values of all categories of financial assets and financial liabilities of ProSiebenSat.1 Group. The fair value hierarchy levels reflect the significance of the input data used for the 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 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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193 / CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS 12/31/2017 in EUR m

	Presented in the Statement of Financial Position as	Carrying amount	Category					Fair Value			Total
			At fair value through profit or 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	Non-current financial assets	23	23	-/-	-/-	-/-	-/-	23	-/-	-/-	23
Other equity instruments	Non-current financial assets	88	88	-/-	-/-	-/-	-/-	-/-	-/-	88	88
Derivatives for which hedge accounting is not applied	Current and non-current financial assets	11	11	-/-	-/-	-/-	-/-	-/-	0	10	11
Hedge derivatives	Current and non-current financial assets	68	-/-	68	-/-	-/-	-/-	-/-	68	-/-	68
Not measured at fair value											
Cash and cash equivalents ¹	Cash and cash equivalents	1,552	-/-	-/-	1,552	-/-	-/-				
Loans and receivables ¹	Current and non-current financial assets	532	-/-	-/-	532	-/-	-/-				
Other Financial assets at cost	Current and non-current financial assets	7	-/-	-/-	7	-/-	-/-				
Total		2,280	121	68	2,091	-/-	-/-	23	68	98	189
Financial liabilities											
Measured at fair value											
Liabilities from put options and earn-outs	Other financial liabilities	448	448	-/-	-/-	-/-	-/-	-/-	-/-	448	448
Derivatives for which hedge accounting is not applied	Other financial liabilities	19	19	-/-	-/-	-/-	-/-	-/-	19	-/-	19
Hedge derivatives	Other financial liabilities	53	-/-	53	-/-	-/-	-/-	-/-	53	-/-	53
Not measured at fair value											
Term Loan and other borrowings	Financial Debt	2,090	-/-	-/-	-/-	-/-	2,090	-/-	2,104	-/-	2,104
Notes	Financial Debt	597	-/-	-/-	-/-	-/-	597	630	-/-	-/-	630
Promissory note	Financial Debt	498	-/-	-/-	-/-	-/-	498	-/-	498	-/-	498
Liabilities from finance leases	Other financial liabilities	65	-/-	-/-	-/-	-/-	65	-/-	68	-/-	68
Other Financial liabilities at (amortised) cost ¹	Other financial liabilities and trade payables	624	-/-	-/-	-/-	-/-	624				
Total		4,394	467	53	-/-	-/-	3,874	630	2,742	448	3,820

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

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194 / CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL INSTRUMENTS 12/31/2016 in EUR m

	Presented in the Statement of Financial Position as	Car- rying amount	Category					Fair Value			Total
			At fair value through profit or loss	Hedging instru- ments	Loans and receiv- ables	Avail- able for sale	Other financial liabilities	Level 1	Level 2	Level 3	
Financial assets											
Measured at fair value											
Financial assets designated at fair value	Non-current financial assets	21	21	-/-	-/-	-/-	-/-	21	-/-	-/-	21
Other equity instruments	Non-current financial assets	99	99	-/-	-/-	-/-	-/-	-/-	-/-	99	99
Derivatives for which hedge accounting is not applied	Current and non-current financial assets	18	18	-/-	-/-	-/-	-/-	-/-	11	7	18
Hedge derivatives	Current and non-current financial assets	246	-/-	246	-/-	-/-	-/-	-/-	246	-/-	246
Not measured at fair value											
Cash and cash equivalents ¹	Cash and cash equivalents	1,271	-/-	-/-	1,271	-/-	-/-				
Loans and receivables ¹	Current and non-current financial assets	484	-/-	-/-	484	-/-	-/-				
Other Financial assets at cost	Current and non-current financial assets	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	Other financial liabilities	363	363	-/-	-/-	-/-	-/-	-/-	-/-	363	363
Derivatives for which hedge accounting is not applied	Other financial liabilities	32	32	-/-	-/-	-/-	-/-	-/-	32	-/-	32
Hedge derivatives	Other financial liabilities	0	-/-	0	-/-	-/-	-/-	-/-	0	-/-	0
Not measured at fair value											
Secured Term Loan and other borrowings	Financial Debt	2,091	-/-	-/-	-/-	-/-	2,091	-/-	2,118	-/-	2,118
Notes	Financial Debt	596	-/-	-/-	-/-	-/-	596	637	-/-	-/-	637
Promissory note	Financial Debt	498	-/-	-/-	-/-	-/-	498	-/-	488	-/-	488
Liabilities from finance leases	Other financial liabilities	72	-/-	-/-	-/-	-/-	72	-/-	77	-/-	77
Other Financial liabilities at (amortised) cost ¹	Other financial liabilities and trade payables	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.

SIGNIFICANT ASSUMPTIONS AND ESTIMATES:

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 financing rounds or carrying amounts that were determined using the income approach and risk-adjusted discount rates.

Financial assets reported at their fair value as part of the fair value option are shares in investment funds that are held to cover pension commitments, but which do not qualify as plan assets pursuant to IAS 19. As of December 31, 2017, the maximum default risk of the shares in investment funds that are valued at their fair value is limited to the market value of this item. No hedges have been made against a potential default risk as this is considered improbable in light of the market situation.

The other equity instruments report minority interests in other companies, which the Group in some instances acquires as part of its "media-for-equity" strategy. These investments and options for shares in companies are measured at fair value through profit or loss. If possible and available, observable realizable prices that can be observed in the context of most recently completed financing rounds are used to calculate the fair value; otherwise, values determined based on risk-adjusted discount rates in the context of the present-value method are used. This item also contains shares in venture capital funds. Upon initial recognition, these investment funds were designated at fair value through profit or loss. The valuation is based on input data that cannot be derived either directly or indirectly from the market.

In the financial year 2017, the Group further increased its minority stake in ABOUT YOU GmbH, Hamburg, which was acquired in the previous financial year as part of its "media-for-equity" strategy, and therefore now possesses a share in the amount of EUR 24 million. A put/call agreement on the transferred shares was reached with the seller already in the prior year. 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. In the financial year 2017, the Group has received planning data with inputs non-observable on the market. Therefore, the Group has switched to a measurement method based on the income approach. 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. As of December 31, 2017, the fair value of the derivative amounts to EUR 6 million (previous year: EUR 6 million). 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.

The Group furthermore holds derivative financial instruments that have been valued at their fair value, primarily as a measure to hedge against interest rate and currency risks. Instruments with positive market values are reported as assets and instruments with negative fair 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, as well as from the 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 measurement 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 21 million/EUR 21 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 6 million or increasing by EUR 7 million. These liabilities are classified as Level 3 financial instruments.

The fair values of loans and credits, of promissory note loans and lease liabilities are determined by discounting the anticipated future cash flows using the interest rates applicable to similar financial debt with a comparable remaining term.

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:

195 / RECONCILIATION OF LEVEL 3 FAIR VALUES in EUR m

	Derivatives, for which hedge accounting is not applied	Liabilities from put options and earn-outs
January 1, 2017	7	363
Results included in income statement as well as in other comprehensive income (unrealized) ¹	-/-	40
Additions from acquisitions	4	64
Disposals/Payments	-/-	- 78
Other changes	-/-	59
December 31, 2017	10	448

¹ This item includes compounding effects and further valuation adjustments.

The item "Other changes" primarily includes effects from changes in shares.

In the financial years 2017 and 2016, 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:

The figures shown are fair values that have been determined without taking into account credit value adjustments:

196 / OFFSETTING OF FINANCIAL INSTRUMENTS in 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 12/31/2017	68	-/-	68	- 55	13
Derivative financial instruments 12/31/2016	260	-/-	260	- 18	242

	Financial lia- bilities (gross presentation)	Financial assets offset in the statement of financial position	Financial liabilities (net presentation)	Amounts subject to offsetting agreements	Financial lia- bilities after offsetting (not reflected in the statement of financial position)
Derivative financial instruments 12/31/2017	74	-/-	74	- 55	19
Derivative financial instruments 12/31/2016	33	-/-	33	- 18	14

32 / 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:

197 / STOCK OPTION PLANS

	LTIP 2010
	Cycle 2011
As of January 1, 2017	152,330
Options exercised in 2017	104,630
Options expired or forfeited in 2017	47,700
As of December 31, 2017	0
Thereof eligible for exercise as of December 31, 2017	0
Minimum exercise price in EUR	17.96
Absolute exercise hurdle in EUR	23.35
Maximum exercise gain	35.92
Issue periods ¹	September 1 to December 22
Fair value per option in EUR ²	1.64 - 2.57
Expected volatility of the underlying share	55.0% - 60.0%
Risk-free interest rate ²	0.80% - 1.44%
Expected dividend yield	8.0%
Vesting date ³	December 31, 2011
End of exercise period	December 31, 2017

¹Issue in several tranches.

²Depending on when vesting occurs and exercise date.

³Earliest end of vesting period for the first fifth of the issued options (each additional fifth is one year later).

GROUP SHARE PLAN

As of December 31, 2017, a total of four programs exist at ProSiebenSat.1 Media SE with the Group Share Plans 2014 to 2017. 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 2013 was paid out in full in the second quarter of 2017.

In the fourth quarter of the financial year 2017, 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 2017. The basic structure and mechanisms to exercise the rights largely correspond to those of the Group Share Plans 2013 to 2016. The Group Share Plan 2017 is accounted for in accordance with cash settlement requirements.

The other current provision for the Group Share Plans amounted to EUR 9 million as of December 31, 2017 (previous year: EUR 12 million). The other non-current provision for the Group Share Plans amounted to EUR 10 million as of December 31, 2017 (previous year: EUR 20 million). → [see note 26 "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.

The cash payment received by the plan participant at the end of the four-year plan period per PSU depends on the respective target achievement. The Supervisory Board may change the conversion rate for the respective Group Share Plan of virtual shares in cash for the Executive Board by plus/minus 25.0% in order to reflect individual performance. The number of PSUs is furthermore adjusted by a corresponding dilution ratio if a super dividend is paid out. The application of the conversion factor as well as a possible super-dividend dilution ratio are carried out at the time of the conversion of the Performance Share Units into cash.

The following table shows the main information about the individual Group Share Plans of ProSiebenSat.1 Group:

198 / GROUP SHARE PLANS in EUR m

	GSP 2013	GSP 2014	GSP 2015	GSP 2016	GSP 2017
Performance Share Units as of January 01, 2017	326,419	332,384	144,072	276,546	-/-
Performance Share Units granted in 2017	-/-	-/-	-/-	-/-	265,133
Performance Share Units forfeited in 2017	-/-	7,923	16,453	33,138	4,691
Performance Share Units settled in 2017	326,419	-/-	8,202	5,890	-/-
Performance Share Units as of December 31, 2017	-/-	324,461	119,417	237,518	260,442
Grant date	September 09, 2013	September 15, 2014	December 1, 2015	December 15, 2016	December 15, 2017
Vesting period	2013 until 2016	2014 until 2017	2015 until 2018	2016 until 2019	2017 until 2020

The personnel expenses attributable to the financial year 2017 from the issued Performance Share Units amount to EUR 1 million (previous year: EUR 0 million).

OTHER SHARE-BASED COMPENSATION MODELS

The Group furthermore maintains additional share-based compensation models, such as the "myshares" employee share program, which was set up in the financial year 2017; however, ProSiebenSat.1 Group does not consider its compensation component to be significant.

33 / Related party transactions

Related parties of ProSiebenSat.1 Group pursuant to IAS 24 are the persons and companies that control ProSiebenSat.1 Group, exercise significant influence over it, or are controlled or significantly influenced by ProSiebenSat.1 Group.

As of the reporting date, the members of the Executive and Supervisory Boards of ProSiebenSat.1 Media SE and associate companies or 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, including their membership in other statutory supervisory boards and comparable controlling bodies are set forth in the notes to the Consolidated Financial Statements in the sections → [“Members of the Executive Board”](#) and → [“Members of the Supervisory Board”](#). The compensation system of ProSiebenSat.1 Media SE for the members of the Executive and Supervisory Boards is explained in more detail in the → [“Compensation report”](#) section of the summarized Management Report.

As of January 1, 2017, Sabine Eckhardt was appointed to the ProSiebenSat.1 Media SE Executive Board as Chief Commercial Officer (CCO). Dr. Gunnar Wiedenfels left the Executive Board at his own request as of March 31, 2017. Dr. Jan Kemper was appointed to the Executive Board as Chief Financial Officer (CFO) as of June 1, 2017.

Dr. Ralf Schremper (Chief Investment Officer) left the Executive Board of ProSiebenSat.1 Media SE as of July 31, 2017. Dr. Jan Kemper has taken over the Group’s M&A department from August 1, 2017. According to the termination agreement, Dr. Ralf Schremper received a severance payment amounting to EUR 1.7 million, of which an amount of EUR 0.3 million was accrued and the amount of EUR 1.4 million was paid.

Thomas Ebeling, the Chief Executive Officer (CEO) of ProSiebenSat.1 Media SE will leave the company as of February 22, 2018. The termination of his employment contract, with a remaining term until June 30, 2019, takes effect also on February 22, 2018. According to the termination agreement a severance payment in the amount of EUR 7.1 million was agreed and either paid following the termination date or, regarding the contractual pension contributions, continued respectively. Conrad Albert, currently the board member for “External Affairs & Industry Relations” and also General Counsel of the company, has been appointed Deputy Chairman of the Executive Board.

With effect from July 7, 2016, Seven Ventures GmbH, a subsidiary of ProSiebenSat.1 Media SE, and Heilpflanzenwohl AG, Pfäffikon, Switzerland, entered into a master agreement regarding the provision of paid advertising services to Heilpflanzenwohl AG. Heilpflanzenwohl AG is a subsidiary of BetterLife Healthcare AG, Schwyz, Switzerland; the Chief Executive Officer of ProSiebenSat.1 Media SE, Thomas Ebeling, and his family members hold an interest of 50%. After a capital increase in the financial year 2017, BetterLife Healthcare AG holds a 72% in Heilpflanzenwohl AG. Thomas Ebeling holds a 2% share in Heilpflanzenwohl AG. Under the master agreement, Heilpflanzenwohl AG acquires TV advertising times from Seven Ventures GmbH against a fee. The master agreement will expire on December 31, 2019. Provision of the paid advertising services will be based on individual agreements, which must be concluded by December 31, 2019, and which each will have term of up to three years. As of the reporting date, December 31, 2017, one individual agreement has been concluded. In the financial year 2017, advertising services with a gross media volume in the amount of EUR 12 million (previous year: EUR 0 million) were provided. The total sales potential associated with the master agreement for ProSiebenSat.1 Group amounts to up to EUR 40 million, depending on the scope of utilized TV advertising times. In addition, Seven Ventures GmbH has a potential revenue share in the exploitation of material rights to advertised products. TV advertising services are provided on market terms. An external expert report has confirmed that the contract terms are in line with market terms. The agreement is furthermore in line with the requirements specified by the Supervisory Board of ProSiebenSat.1 Group for private investments by Executive Board members. Thomas Ebeling was not involved in either master agreement negotiations or in the approval by the Executive Board.

In the financial year 2017, the Supervisory Board members acquired 8,386 shares in the Company. The members of the Executive Board acquired 27,500 shares in the Company during the financial year 2017. Dr. Gunnar Wiedenfels sold 5,000 shares in the first three months of the financial year 2017. The associated transactions were published in accordance with Art. 19 MAR on the ProSiebenSat.1 Group website → www.prosiebensat1.com.

As part of the Group Share Plan (“GSP”), so-called Performance Share Units (“PSUs”, “virtual shares”) are issued to the members of the Executive Board → [see note 32 “Share-based payment”](#). At the end of the financial year 2017, the members of the Executive Board hold a total of 150,095 PSUs under the Group Share Plan 2017, 135,901 PSUs from the Group Share Plan 2016, 49,212 PSUs from the Group Share Plan 2015 and 57,730 PSUs under the Group Share Plan 2014.

In the financial year 2015, another multi-year variable compensation component, the Mid-Term Incentive Plan (MTIP), was introduced. This is a medium-term compensation instrument, payable in cash to members of the Executive Board as well as selected other executives of ProSiebenSat.1 Group. The MTIP has a term of three years, starting in the financial year 2016. The payment amount depends on the adjusted EBITDA of ProSiebenSat.1 Group achieved by the end of the plan term and also on the achievement of certain minimum thresholds for sales and

adjusted EBITDA during the term of the plan. The target value, i.e. the value granted to the Executive Board if plan terms are met and 100% of the target is achieved amounts to EUR 1.5 million for Thomas Ebeling and EUR 1.0 million each for Dr. Gunnar Wiedenfels, Conrad Albert, Dr. Ralf Schremper, Jan David Frouman and Christof Wahl, and amounts to EUR 0.67 million for Dr. Jan Kemper and Sabine Eckhardt. Dr. Gunnar Wiedenfels left the Executive Board as of March 31, 2017 and Dr. Ralf Schremper as of July 31, 2017. Thomas Ebeling will leave the Executive Board as of February 22, 2018. Regarding the related effects on MTIP please → [see section "Notes on the Compensation of Departed or Departing Executive Board Members"](#) in the Compensation Report.

For pension commitments to members of the Executive Board in office in the financial year 2017, ProSiebenSat.1 Media SE has created pension provisions in a total amount of EUR 12.9 million (previous year: EUR 11.3 million). This includes pension provisions for deferred compensation in the amount of EUR 9.4 million (previous year: EUR 8.6 million). Pension commitments to former Executive Board members as of December 31, 2017 amounted to EUR 14.4 million (previous year: EUR 14.4 million). This includes pension provisions for deferred compensation in the amount of EUR 5.5 million (previous year: EUR 5.6 million).

The total entitlement of Executive Board members in office in the financial year 2017 to pension benefits that have accrued as of December 31, 2017, amounts to EUR 14.1 million (previous year: EUR 12.5 million). This includes claims from deferred compensation in the amount of EUR 10.0 million (previous year: EUR 9.2 million). The equivalent claim of Executive Board members in office in the financial year 2017 to annual pension benefits amounts to EUR 0.6 million (previous year: EUR 0.7 million). This includes claims from deferred compensation in the amount of EUR 0.4 million (previous year: EUR 0.5 million).

The total entitlement of former Executive Board members amounts to EUR 8.0 million (previous year: EUR 8.0 million). This includes claims from deferred compensation in the amount of EUR 2.2 million (previous year: EUR 2.2 million). The equivalent claim of former Executive Board members to annual pension benefits amounts to EUR 0.8 million (previous year: EUR 0.8 million). This includes claims from deferred compensation in the amount of EUR 0.3 million (previous year: EUR 0.3 million). In the financial year 2017, pension entitlements in an amount of EUR 0.4 million (previous year: EUR 0.4 million) were paid to former Executive Board members. To hedge such pension entitlements, funds have been endowed; however, they cannot be classified as plan assets, as the relevant conditions are not met.

The Company has neither granted loans to the Executive Board members nor assumed any guarantees or warranties for them.

In the reporting year, the compensation for Executive Board of ProSiebenSat.1 Media SE who were in office in the financial year 2017 amounts to EUR 12.8 million (previous year: EUR 15.2 million). Such compensation includes variable components in the amount of EUR 8.5 million (previous year: EUR 10.8 million) and fringe benefits in the amount of EUR 0.2 million (previous year: EUR 0.2 million). The variable compensation includes one-year and multi-year variable compensation payments.

In the financial year 2017, the total emoluments of former Executive Board members amounted to EUR 4.7 million. In the previous year, compensation payments in the amount of EUR 6.0 million were made to former Executive Board members.

Benefits to the Executive Board are all due on short notice - except for MTIP, GSP and pension entitlements.

In the year under review, expenses for the Supervisory Board of ProSiebenSat.1 Media SE amounted to EUR 1.6 million (previous year: EUR 1.5 million). Supervisory Board members are paid a fixed remuneration, with the Chairman of the Supervisory Board receiving two-and-a-half times this fixed basic compensation and his deputy one-and-a-half times. Supervisory Board members receive a fixed annual compensation for their annual membership in the individual committees. The respective committee chairperson receives additional remuneration for his/her activities. Also, Supervisory Board members are paid a separate attendance fee for each personal attendance to a Supervisory Board meeting. The Supervisory Board Chairman receives one-and-a-half times such attendance fee.

In the financial year 2017, no compensation or benefits were paid to Supervisory Board members for services rendered in person, in particular for advisory and agency services.

As of December 31, 2017, the current Executive and Supervisory Board members directly held a total of 90,630 shares in ProSiebenSat.1 Media SE (previous year: 65,244). This is equivalent to a percentage share of 0.0% in the share capital (previous year: 0.0%).

With regard to the details of the individual compensation for Executive and Supervisory Board members pursuant to Sec. 314 (1) no. 6 (a) sentence 5 to 9 of the German Commercial Code (HGB), we refer to the statements in the compensation report, which constitutes part of the summarized management report.

ASSOCIATES AND JOINT VENTURES

ProSiebenSat.1 Media Group maintains relationships with some of its joint ventures and associates in the ordinary course of business. In so doing, the company generally buys and sells products and services on market terms.

In the financial year 2017, deliveries and services in a total amount of EUR 135 million (previous year: EUR 130 million) were rendered to related companies. As of December 31, 2017, the receivables due from the respective companies amounted to EUR 38 million (December 31, 2016: EUR 23 million).

In the financial year 2017, the Group received deliveries and services from its related companies, for which it recorded expenses in the amount of EUR 34 million (previous year: EUR 33 million). The amounts owed to said companies as of December 31, 2017 totaled EUR 17 million (December 31, 2016: EUR 10 million).

The transactions with joint ventures as of December 31, 2017 are of only minor importance for the Group.

34 / Professional fees of the independent auditor

The professional fees for services of the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, totaled EUR 3.8 million in the financial year 2017 (previous year: EUR 4.7 million). Of that total, EUR 2.9 million relates to audit services for the financial statements (previous year: EUR 3.2 million), and EUR 0.5 million to other attestation services (previous year: EUR 0.2 million), EUR 0.1 million to tax advisory services (previous year: EUR 0.2 million) and EUR 0.3 million to other services (previous year: EUR 1.1 million). This disclosure relates exclusively to the legally independent entity of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft.

35 / Corporate governance

In March 2017, 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 pursuant to section 161 of the German Stock Corporation Act (AktG), and made it permanently available to the shareholders of ProSiebenSat.1 Media SE on the ProSiebenSat.1 Group website (www.prosiebensat1.com).

36 / Events after the reporting period

ACQUISITION OF 100.0% OF THE SHARES IN ABOALARM GMBH

By agreement and with economic effect from January 2, 2018, ProSiebenSat.1 Group has acquired a 100.0% stake in Aboalarm GmbH, Munich, thereby gaining control. The Company is allocated to the Commerce segment → [see note 2 "Segment reporting"](#). Aboalarm offers a free and a pay online termination service. The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 10 million and a variable purchase price adjustment.

ACQUISITION OF 100.0% OF THE SHARES IN KAIRION GMBH

By agreement and with economic effect from January 9, ProSiebenSat.1 Group has acquired a 100.0% stake in Kairion GmbH, Frankfurt am Main, thereby gaining control. The Company is allocated to the Entertainment segment → [see note 2 "Segment reporting"](#). The Company is an ecommerce marketer and offers advertisers the ability to advertise on bundled billboards of affiliate merchants. The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 5 million and two variable agreed purchase price adjustments.

PLANNED ACQUISITION OF 90.0% OF THE SHARES IN ESOME ADVERTISING TECHNOLOGIES GMBH

ProSiebenSat.1 Group plans to acquire a 90.0% stake in esome advertising technologies, Hamburg, the leading social advertising provider in the DACH region. The relevant contracts were signed on December 1, 2017. The company, based in Hamburg, brings together the technology and management of social media campaigns for advertisers in all social networks, especially Facebook. The technology will also be used in the future for KPI-based optimization of display, video and later also for addressable TV. The company adds to the portfolio of AdTech investments that ProSiebenSat.1 bundles in Advertising Platform Solutions. The Company is allocated to the Entertainment segment → [see note 2 "Segment reporting"](#). The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 25 million and two variable agreed purchase price adjustments. In addition, a put option was agreed with the existing shareholders for the acquisition of a further 10.0% of the shares with the earliest possible maturity in 2019.

PLANNED ACQUISITION OF THE BUSINESS UNDER THE BRAND ZIRKULIN

ProSiebenSat.1 Group plans to acquire the Zirkulin brand and other selected intangible assets from roha arzneimittel GmbH, Bremen. The relevant contracts were signed on December 29, 2017. As of the balance sheet date, December 31, 2017, the closing is still pending. The subject of the transaction is the purchase of assets and the granting of protective rights. The Zirkulin brand encompasses an operating business, including the associated customer base, intellectual property rights, drug approvals, product portfolio and other technical, regulatory and commercial know-how. In addition to the transfer of the Zirkulin business, both parties intend to enter into a supply agreement for the purpose of continuing production. The Zirkulin brand is to be assigned to the Commerce segment → [see note 2 "Segment reporting"](#) and to be incorporated into Districon GmbH - a subsidiary of Windstar Medical. The purchase price in accordance with IFRS 3 consists of a cash purchase price of EUR 32 million.

PLANNED ACQUISITION OF THE REMAINING 25.1% OF THE SHARES IN SILVERTOURS GMBH

By agreement from February 20, 2018, ProSiebenSat.1 Group has acquired the remaining 25.1% in SilverTours GmbH, Freiburg. SilverTours was established in 2013 and operates platforms that compare rental car prices (amongst others www.billiger-mietwagen.de). ProSiebenSat.1 Group had first participated in June 2013 in SilverTours GmbH by 74.9% of the shares and due to the underlying transaction now acquired the remaining stake. Until December 31, 2017, the company was assigned to the segment Digital Ventures & Commerce. As of January 1, 2018, the company is assigned to the segment Commerce. → [see note 2 "Segment reporting"](#)

OTHER 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 2017 and the date of the release of this report for publication.

RELEASE DATE OF THE PUBLICATION

The Executive Board of the Company shall approve the consolidated financial statements for publication and submission to the Supervisory Board on February 20, 2018. The consolidated financial statements will be presented to the Supervisory Board for approval on March 12, 2018. They will be published on March 15, 2018.

February 20, 2018
The Executive Board