

NOTES

BASIS OF PREPARATION

1 / General principles

The 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, 2017, were prepared in accordance with the International Financial Reporting Standards (“IFRS”) of the International Accounting Standards Board (“IASB”) in force on 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 instances, prior-year figures have been adjusted to the current presentation. Due to rounding, some of the figures in these Consolidated Financial Statements may not add up exactly to the stated sum or indicated percentage values may not exactly reflect the corresponding absolute figures.

USE OF ASSUMPTIONS AND ESTIMATES AS WELL AS CHANGES IN ESTIMATES

When preparing Consolidated Financial Statements pursuant to IFRS, assumptions are required and estimates to be made to a certain degree, which may affect the valuation of the reported assets and liabilities as well as the amount of expenses and income. The assumptions and estimates are based on premises, which in turn are based on management’s respective current state of knowledge. In particular, the circumstances at the time of the preparation of the Consolidated Financial Statements and the expected realistic future development of the global and industry-specific environment were taken into account in the assessment of future business developments. As a result of developments in these framework conditions that deviate from the assumptions and are beyond the control of the management, the amounts actually incurred may deviate from the originally expected estimates. If the actual development deviates from the one expected, the premises and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted accordingly (affecting net income).

Assumptions and estimates are required in particular for the following balance sheet items and are explained in the respective chapters:

- Recognition and measurement of assets (in particular goodwill (note 16 “Goodwill”) and other intangible assets (note 17 “Other intangible assets”)) as well as liabilities in business combinations (note 4 “Acquisitions and disposals”),
- Assessment of the recoverability of intangible assets with indefinite useful lives (in particular of goodwill (note 16 “Goodwill”) and trademarks (note 17 “Other intangible assets”),
- Determination of 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 required impairments (note 21 “Financial receivables and assets”),

- Measurement of financial assets and liabilities (note 21 “Financial receivables and assets”, note 27 “Financial Obligations” and note 31 “Further notes on financial risk management and financial instruments in accordance with IFRS 7”),
- Recognition and measurement of provisions (note 26 “Other provisions”) and
- Assessment of future tax credits and uncertain tax positions (note 13 “Income taxes”).

2 / Segment reporting

Pursuant to IFRS 8, a distinction must be made between operating segments based on internal management and reporting. The organizational and reporting structure of ProSiebenSat.1 Group is based on management by business segments. Based on the reporting system established by it, the Executive Board as the chief operating decision maker assesses the performance of the various segments and the allocation of resources.

ProSiebenSat.1 Media SE has been divided into four reporting segments: “Broadcasting German-speaking”, “Digital Entertainment”, “Digital Ventures & Commerce” and “Content Production & Global Sales.”

The Broadcasting German-speaking segment aggregate the German Free TV stations SAT.1, ProSieben, kabel eins, sixx, SAT.1 Gold, ProSieben MAXX and the 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 furthermore participates in the technical connection fees generated by cable, satellite and IPTV providers from distributing the ProSiebenSat.1 HD stations. The SAT.1 regional companies and the Pay TV area are also reported in this segment.

The Digital Entertainment segment includes the online video business with the pay video-on-demand portal max-dome, the digital studio 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 from the online travel, online price comparison and online dating areas as well as the vertical lifestyle commerce and the SevenVentures business.

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

CONSOLIDATED FINANCIAL STATEMENTS
NOTES

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

123 / SEGMENT INFORMATION 2017 in EUR m

	Segment Broadcasting German- speaking 2017	Segment Digital Enter- tainment 2017	Segment Digital Ventures & Commerce 2017	Segment Content Production & Global Sales 2017	Total Segments 2017	Other/ Eliminations 2017	Total consolidated financial statements 2017
Revenues	2,386	489	1,001	427	4,303	-225	4,078
External revenues	2,239	463	996	352	4,050	28	4,078
Internal revenues	146	25	6	75	253	-253	-/-
Adjusted EBITDA	767	32	221	36	1,056	-6	1,050
Adjusted EBITDA margin	32.2%	6.5%	22.1%	8.5%	n/a	n/a	25.8%
EBITDA ¹	544	10	562	27	1,143	-59	1,084
Income from investments accounted for using the equity method ¹	7	-7	-10	0	-10	-/-	-10
Interest and similar income ¹	7	1	0	0	8	-6	2
Interest and similar expenses ¹	80	1	5	4	90	-6	85
Income taxes ¹	152	-14	27	0	165	-/-	165
Depreciation and amortization	73	62	45	16	196	1	196
Impairment	1	25	37	4	67	-/-	67
Other non-cash expenses (-) and income (+)	-1,150	-68	-28	-6	-1,252	16	-1,236
Segment assets ¹	2,227	511	1,546	364	4,647	-77	4,570
thereof goodwill	487	303	874	167	1,831	-/-	1,831
Segment investments	1,114	84	25	1	1,224	-21	1,203
Segment free cash flow ¹	312	-50	588	-97	752	-25	728
Investments accounted for using the equity method ¹	7	40	61	0	108	-/-	108
Segment liabilities ¹	1,884	-27	-279	-11	1,567	66	1,632

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

124 / SEGMENT INFORMATION 2016 in EUR m

	Segment Broadcasting German- speaking 2016	Segment Digital Enter- tainment 2016	Segment Digital Ventures & Commerce 2016	Segment Content Production & Global Sales 2016	Total Segments 2016	Other/ Eliminations 2016	Total consolidated financial statements 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	-/-
Adjusted EBITDA	760	37	180	47	1,024	-6	1,018
Adjusted 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").

The Executive Board as chief operating decision maker measures the segment results against a segment profit measure, which in internal control and reporting is called "adjusted EBITDA".

I DEFINITION ADJUSTED EBITDA

The earnings key figure "adjusted EBITDA" stands for earnings before interest, taxes, depreciation and amortization. Material special effects related to M & A transactions, costs for reorganizations and litigation that are not to be taken into account, therefore serving as the key figure for the Executive Board for performance measurement in terms of profitability on Group and segment level.

Segment assets comprise all assets used for operating activities. These include goodwill, other intangible assets as well as property, plant and equipment, programming assets and 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 in the context of segment reporting.

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

Depreciation and amortization is attributable to the assets allocated to the individual segments. A distinction is made between the separately reported parameters of scheduled depreciation or amortization and impairments. Impairments of programming assets, financial assets or current financial assets are not included.

Other non-cash expenses and income mainly include the consumption of programming assets, additions to provisions, expenses in connection with share-based payments and impairments of receivables. Such expenses are offset against income from the reversal of provisions.

Segment liabilities defined as net debt are reported in the context of segment reporting on a voluntary basis. Segment liabilities are determined as the balance of loan liabilities of the respective segments, minus cash and cash equivalents and current financial assets of the segments. As debt is not managed by the chief operating decision makers at segment level, this figure is also not the subject of regular internal reporting. Rather, debt is managed at Group level. Thus, this figure is provided as additional information.

Moreover, a range of non-mandatory segment information is also provided. Such information is not part of the segment result or of the segment assets, but is disclosed voluntarily because of its informational relevance.

CONSOLIDATED FINANCIAL STATEMENTS
NOTES

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

125 / RECONCILIATION OF SEGMENT INFORMATION in EUR m

	2017	2016
REVENUES		
Revenues from reportable segments	4,303	3,971
Eliminations and other reconciling items	- 225	- 172
Revenues of the Group	4,078	3,799
ADJUSTED EBITDA		
Adjusted EBITDA of reportable segments	1,056	1,024
Eliminations and other reconciling items	- 6	- 6
Adjusted EBITDA of the Group	1,050	1,018
Reconciling items (net)	34	- 35
Financial result	- 174	- 119
Depreciation and amortization	- 196	- 181
Impairment	- 67	- 25
Consolidated profit/loss before taxes	646	658
OTHER NON-CASH INCOME/EXPENSES		
Other non-cash income/expenses of reportable segments	1,252	1,000
Eliminations and other reconciling items	- 16	- 8
Other Group non-cash income/expenses	1,236	992
Elimination of other non-cash income/expenses from discontinued operations	-/-	- 2
Other Group non-cash income/expenses from continued operations	1,236	990
thereof consumption of programming assets	1,145	915
ASSETS		
Total assets of reportable segments	4,647	4,789
Eliminations and other reconciling items	- 77	- 46
Group's segment assets	4,570	4,743
Investments accounted for using the equity method	108	109
Non-current financial assets	175	331
Deferred tax assets	34	30
Current financial assets	52	91
Other interest-bearing assets	5	5
Current tax assets	41	23
Cash and cash equivalents	1,552	1,271
Group assets	6,537	6,603
INVESTMENTS		
Investments of reportable segments	1,224	1,160
Eliminations and other reconciling items	- 21	- 8
Group's investments	1,203	1,151
thereof investments in programming assets	1,048	992
thereof investments in property, plant and equipment	44	36
thereof investments in other intangible assets	112	124
NET FINANCIAL LIABILITIES		
Total liabilities of reportable segments	1,567	1,897
Eliminations and other reconciling items	66	16
Group's segment liabilities	1,632	1,913
less current financial assets	- 52	- 91
Group's net financial liabilities	1,581	1,822

CONSOLIDATED FINANCIAL STATEMENTS
NOTES

The eliminations comprise consolidations of business relationships between segments as well as certain reconciliation and reclassification items. The reconciliation shows parameters that by definition are not part of the segments. Business relationships between the segments are eliminated in the reconciliation; they are made at market conditions.

The reconciling items adjusted in the adjusted EBITDA are distributed among the following categories:

126 / PRESENTATION OF THE RECONCILING ITEMS in EUR m

	2017	2016
Income from changes in scope of consolidation	304	10
Income - changes in measurement	0	1
Income - other one off items	3	-/-
External income	307	11
M&A related costs	- 32	- 16
Reorganization	- 45	- 22
Legal claims	- 9	- 4
Cash-settled share-based payments	4	9
Expenses from changes in scope of consolidation	-/-	2
Other EBITDA effects	- 192	- 14
from strategic realignment	- 170	-/-
External EBITDA expenses	- 274	- 46
reconciling items (net)	34	- 35

Entity-wide disclosures ProSiebenSat.1 Group are shown below. Here, a distinction is made between Germany (D), the United States (USA), Austria (AT) and Switzerland (CH), Scandinavia (SK), the United Kingdom (UK) and others.

127 / ENTITY-WIDE DISCLOSURES in EUR m

Geographical breakdown	GER		US		AT/CH		Scandinavia		UK		Other		Total consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External Revenues	3,241	2,970	387	377	297	267	104	148	30	28	19	9	4,078	3,799
Non-current assets	3,353	3,390	374	378	43	21	1	240	25	26	7	6	3,802	4,059
Investments	1,177	1,130	7	4	17	14	2	4	0	0	0	0	1,203	1,151

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

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

In the financial year 2017, the portion of non-current segment assets that are attributable to Germany amounts to 88.2% (previous year: 83.5%).

More than 10% of Group sales were generated from continued activities with one client in the financial year 2017. EUR 593 million are attributable to said client (previous year: EUR 632 million). Said client is an agency association, with various affiliated media agencies.

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

128 / CASHFLOWS PER SEGMENT in EUR m

	Segment Broadcasting German- speaking 2017	Segment Digital Entertain- ment 2017	Segment Digital Ventures & Commerce 2017	Segment Content Production & Global Sales 2017	Total Segments 2017	Others/ Elimination 2017	Total consolidated financial statements 2017
Cash flow from operating activities	1,434	49	123	-78	1,528	93	1,621
Cash flow from investing activities	-1,123	-99	465	-19	-776	-117	-894
Free Cashflow	312	-50	588	-97	752	-25	728
Cash flow from financing activities ¹	-1,118	134	863	93	-29	-397	-426

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

	Segment Broadcasting German- speaking 2016	Segment Digital Entertain- ment 2016	Segment Digital Ventures & Commerce 2016	Segment Content Production & Global Sales 2016	Total Segments 2016	Others/ Elimination 2016	Total consolidated financial statements 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".

ProSiebenSat.1 Group has reviewed the Group's segment structure and will change reporting to three reporting segments from January 1, 2018 onwards. These will be "Entertainment", "Consumer Services & Lifestyle" and "Content Production & Global Sales". At the same time, the management reporting of ProSiebenSat.1 Group will also be adjusted.

3 / Scope of consolidation

The number of subsidiaries included in the Consolidated Financial Statements has changed as follows in the financial year 2017:

129 / FULLY CONSOLIDATED SUBSIDIARIES

	Germany	Other countries	Total
Included at December 31, 2016	112	120	232
Additions	10	14	24
Disposals	-5	-13	-18
Included at December 31, 2017	117	121	238

The additions in the financial year 2017 include newly founded companies as well as the acquisitions specified in → [note 4 "Acquisitions and disposals"](#).

In addition to the fully consolidated entities, 26 (previous year: 21) associated entities and four (previous year: 3) joint ventures are included in the Consolidated Financial Statements using the equity method. → [see note 19 "Investments accounted for using the equity method"](#)

Shareholdings are specified in the notes to the Consolidated Financial Statements pursuant to Sec. 313 (2) HGB. The schedule of shareholdings furthermore includes an exhaustive list of all subsidiaries meeting the conditions of Sec. 264 (3) HGB that have exercised the optional exemption from certain provisions regarding preparation, audit and disclosure of the annual financial statements or the management report.

4 / Acquisitions, disposals and other transactions in connection with subsidiaries

A) ACQUISITIONS

In the financial year 2017, the following entities were acquired that are material for the Consolidated Financial Statements:

130 / SIGNIFICANT ACQUISITIONS 2017

Company	Purpose of the company	Voting equity interest acquired	Acquisition of control
ATV Privat TV GmbH & Co KG	Austrian broadcasting group	100.0%	04/06/2017
ATV Privat TV GmbH	Austrian broadcasting group	100.0%	04/06/2017
Jochen Schweizer GmbH	Provider of experience gifts	83.0%	10/16/2017
Gravitas Ventures, LLC	Global film distributor	62.5%	11/06/2017

Acquisition of 100% of shares in ATV broadcasting group

With effect as of April 6, 2017, ProSiebenSat.1 Group has acquired 100.0% of the shares in ATV Privat TV GmbH & Co KG, Vienna, Austria, and of ATV Privat TV GmbH, Vienna Austria, thus gaining control. ATV is an Austrian broadcasting group, operating the Austrian TV channels ATV and ATV2. The entities have been allocated to the Broadcasting German-speaking segment → [see note 2 "Segment reporting"](#). Acquisition-related costs of EUR 1 million were recognized in the Income Statement.

The purchase price per to IFRS 3 amounts to EUR 25 million and consists of a cash purchase price of EUR 28 million and a contractually agreed purchase price adjustment to the acquired net cash and cash equivalents and net current assets in the amount of minus EUR 2 million.

131 / ATV BROADCASTING GROUP - PURCHASE PRICE IFRS 3 in EUR m

Cash purchase price	28
Variable purchase price adjustment	- 2
Purchase price per IFRS 3	25

The following table shows the fair values of the identified acquired assets and of the assumed liabilities in connection with the acquisition, each as of the time of acquisition.

132 / ACQUISITION ATV BROADCASTING GROUP in EUR m

	Fair value at acquisition
Other intangible assets	12
Thereof identified in the purchase price allocation	12
Property, plant and equipment	1
Deferred tax assets	3
Non-current assets	15
Trade receivables	3
Other current receivables and other assets	6
Cash and cash equivalents	1
Current assets	10
Trade payables	7
Other provisions	12
Other liabilities	4
Current liabilities and provisions	23
Total net assets	2
Purchase price per IFRS 3	25
Goodwill	23

The identified goodwill is tax-deductible over 15 years and is recognized in Euro as the functional currency. It represents special synergy potentials from the expansion of business activities in the Austrian TV market. The goodwill is therefore allocated to the cash-generating unit Broadcasting German-speaking.

133 / PURCHASE PRICE ALLOCATION ATV BROADCASTING GROUP

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	12	indefinite

In the context of the purchase price allocation, a trademark with an indefinite useful life and a fair value of EUR 12 million was recognized separately from the goodwill.

Including the companies from the start of the financial year until initial consolidation in April 2017 would have had the following effect on the earnings, financial position and performance of ProSiebenSat.1 Group: Additional revenues of EUR 7 million and earnings after taxes in the amount of minus EUR 13 million. Between the initial consolidation and December 31, 2017, the companies contributed revenues of EUR 23 million and earnings after taxes in the amount of minus EUR 6 million to the consolidated net profit.

Acquisition of the majority shares in Jochen Schweizer Group

With economic effect as of October 16, 2017, ProSiebenSat.1 Group holds 90% in Jochen Schweizer mydays Holding GmbH, Unterföhring, through its Group entity ProSieben Travel GmbH, Unterföhring. In the context of the transaction, the 100% holding in mydays Holding GmbH, Munich, together with its subsidiary, was incorporated into newly established Jochen Schweizer mydays Holding GmbH. Eighty-three percent in Jochen Schweizer GmbH, Munich, were acquired through said newly established company. In a share swap, the remaining 17% minority shareholdings of the existing shareholders of Jochen Schweizer GmbH were exchanged for 10% minority shareholdings in Jochen Schweizer mydays Holding GmbH. As a result, as of October 16, 2017, ProSieben Travel GmbH holds 90% in newly established Jochen Schweizer mydays Holding GmbH. The acquired entity and its subsidiaries are allocated to the segment Digital Ventures & Commerce → see note 2 "Segment reporting". The acquired entity operates online portals selling experience gift vouchers. Acquisition-related costs of EUR 2 million were recognized in the Income Statement.

The purchase price per IFRS 3 is comprised of a cash purchase price of EUR 80 million and a put option for the existing shareholder of Jochen Schweizer GmbH for the sale of the remaining 10% of shares, due not before 2020. At the time of acquisition, the fair value of the put option is EUR 19 million. Since ProSiebenSat.1 Group is under the unconditional obligation to satisfy such put options when exercised, the consolidation ratio remains at 100% due to the present ownership as of October 16, 2017.

134 / JOCHEN SCHWEIZER GROUP - PURCHASE PRICE IFRS 3 in EUR m

Cash purchase price	80
Contingent consideration – put option	19
Purchase price per IFRS 3	99

The following table shows the fair values of the identified acquired assets and liabilities assumed in connection with the acquisition at the time of acquisition:

135 / ACQUISITION JOCHEN SCHWEIZER GROUP in EUR m

	Fair value at acquisition
Other intangible assets	48
Thereof identified in the purchase price allocation	20
Property, plant and equipment	3
Investments accounted for using the equity method	1
Non-current assets	52
Inventories	2
Trade receivables	2
Other current receivables and other assets	0
Cash and cash equivalents	7
Current assets	11
Deferred tax liabilities	24
Non-Current liabilities and provisions	24
Trade payables	6
Other provisions	1
Other liabilities	33
Current liabilities and provisions	39
Non-controlling interests	0
Total net assets	1
Purchase price per IFRS 3	99
Goodwill	98

The identified goodwill almost exclusively represents strategic synergies and development potential from the expansion of business activities in the area of experience gifts and is therefore allocated to the cash-generating unit Digital Ventures & Commerce. The goodwill is not tax-deductible and is managed in the functional currency EUR.

136 / PURCHASE PRICE ALLOCATION JOCHEN SCHWEIZER GROUP

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	38	15
Customer relationships	3	3
Others	7	5

As part of the purchase price allocation, a brand with an expected useful life of 15 years and a fair value of EUR 38 million was recognized separately from goodwill. Furthermore, a customer relationship with a useful life of 3 years and a fair value of EUR 3 million was recognized as well as other intangible assets (software, supplier and customer database) with a useful life of 5 years and a fair value of EUR 7 million.

Including the companies from the beginning of the financial year until their initial consolidation in October 2017 would have had the following effects on the earnings, financial position and performance of ProSiebenSat.1 Group: additional revenues of EUR 22 million and earnings after taxes of minus EUR 7 million. Since the initial consolidation until December 31, 2017, the companies have contributed revenues of EUR 18 million and earnings after taxes of EUR minus 2 million to the consolidated result.

Acquisition of 62.5% of the shares in Gravitas Ventures, LLC

By Agreement dated November 6, 2017 and effective November 7, 2017, ProSiebenSat.1 Group has acquired a 62.5% share in Gravitas Ventures, LLC, Los Angeles, USA, and thus gained control over the entity. The Company is allocated to the "Content Production & Global Sales" segment → see note 2 "Segment reporting". The company is a global film distributor. Acquisition-related costs of EUR 2 million were recognized in the Income Statement.

The purchase price per IFRS 3 consists of a cash purchase price of USD 35 million (EUR 30 million) and a variable purchase price adjustment. As of 31 December 2017, the purchase price allocation has not yet been finalized in total and is therefore only preliminary in the sense of IFRS 3.45 subsequent. The reason is that at the present time not all relevant information for purchase price allocation purposes are available to ProSiebenSat.1 Group. In addition, a put option was agreed with the existing shareholders regarding the acquisition of a further 37.5% of the shares, with the earliest possible maturity in 2022. At the time of acquisition, the fair value of the put option is USD 25 million (EUR 21 million). Since ProSiebenSat.1 Group is under the unconditional obligation to satisfy such put options when exercised, the consolidation ratio remains at 100% due to the present ownership as of November 7, 2017.

137 / GRAVITAS VENTURES, LLC - PURCHASE PRICE IFRS 3 in EUR m

Cash purchase price	30
Contingent consideration – put option	21
Purchase price per IFRS 3	50

The following table shows the fair values of the identified acquired assets and of the assumed liabilities in connection with the acquisition, each as of the time of acquisition.

138 / ACQUISITION GRAVITAS in EUR m

	Fair value at acquisition
Other intangible assets	21
Thereof identified in the purchase price allocation	16
Property, plant and equipment	0
Non-current assets	21
Trade receivables	12
Other current receivables and other assets	1
Cash and cash equivalents	0
Current assets	13
Trade payables	0
Other provisions	13
Other liabilities	0
Current liabilities and provisions	13
Total net assets	20
Purchase price per IFRS 3	50
Goodwill	31

The identified goodwill is tax-deductible over 15 years and is reported in the functional currency USD. It represents special synergy potential from the expansion of business activities in the field of entertainment and program distribution. It is thus assigned to the cash-generating unit Content Production & Global Sales.

139 / PURCHASE PRICE ALLOCATION GRAVITAS

Assets	Fair Value at acquisition in EUR m	Expected useful life in years
Brand	1	15
Customer relationships	9	12
Film library	11	4

As part of the purchase price allocation, a brand with a finite useful life of 15 years and a fair value of EUR 1 million was recognized separately from goodwill. Furthermore, a customer relationship with a useful life of 12 years and a fair value of EUR 9 million was recognized as well as other intangible assets with a useful life of 4 years and a fair value of EUR 11 million.

The respective results as well as revenues, starting from 1 January 2017 until the first consolidation in November 2017, have not been determined as the necessary information has not been fully available to ProSiebenSat.1 Group. Since the initial consolidation until December 31, 2017, the entities have contributed revenues of EUR 9 million and earnings after taxes of EUR minus 2 million to the consolidated result.

140 / KEY ACQUISITIONS 2016

Company	Purpose of the company	Voting equity interest acquired	Acquisition 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 docu-series, factual entertainment and studio-based concepts	65.0%	07/15/2016
Windstar (Windstar Medical Holding GmbH)	Development and distribution of innovative health articles	92.0%	10/04/2016
PARSHIP ELITE Group (THMMS Holding GmbH)	Dating agency primary in the German-speaking area	50.001%	10/12/2016

For more information on the companies acquired in the financial year 2016, we refer to the published Annual Report as of December 31, 2016.

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 values 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 the fair values. 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 eTRAVELi Holding AB

By agreement from June 19, 2017 all Scandinavian travel activities under the ETraveli brand that had been allocated to the segment Digital Ventures & Commerce → see note 2 "Segment reporting" were sold by ProSiebenSat.1 Group. The total underlying enterprise value of said transaction amounted to EUR 508 million. The disposal followed a strategic review of the Group's online travel business with the aim of creating a structural focus of the Group's segments. The sale was formally and legally completed on August 3, 2017. Due to the loss of control associated with the transaction, the relevant entities were deconsolidated as of said date. The disposal had the following effects on the Group's earnings, financial position and performance:

141 / EFFECTS OF DECONSOLIDATION ON THE GROUP in EUR m

	Carrying amounts at the date of sale
Purchase Price	538
Purchase Price in Cash	538
Cost to sell	- 8
Purchase Price minus less cost to sell	530
Purchase Price in Cash	538
Cash and cash equivalents disposed	- 69
Net cash inflow on sale	469
Goodwill	151
Other intangible assets	47
Property, Plant and Equipment	2
Other assets (incl. deferred taxes)	50
Cash and cash equivalents	69
Foreign currency effects recognized in other comprehensive income	8
Provisions	- 4
Deferred tax liabilities	- 22
Other liabilities	- 65
Net Assets	236
Result from deconsolidation	294

The reported gain on sale of the subsidiaries amounts to EUR 294 million and is fully attributable to the shareholders of ProSiebenSat.1 Media SE.

As of the deconsolidation date, currency effects attributable to the entities disposed in an amount of EUR 8 million were reclassified from other comprehensive results to profit or loss. The disposal costs of EUR 8 million primarily comprise consulting services in the context of the sale process.

Disposal COMVEL GmbH

By agreement of December 31, 2017, all travel activities associated with the Digital Ventures & Commerce segment → see note 2 "Segment Reporting" were sold under the brand name weg.de by ProSiebenSat.1 Group. The divestment is the result of a strategic review process of the Group's online travel business and serves to structurally focus the segments of the Group. The sales transaction was formally and legally completed on December 31, 2017. Due to the loss of control associated with the transaction, the companies concerned were deconsolidated at that time. The sale had the following effects on the earnings, financial position and performance of the Group:

142 / EFFECTS OF DECONSOLIDATION ON THE GROUP in EUR m

	Carrying amounts at the date of sale
Purchase price	13
Purchase price (cash)	13
Costs to sell	1
Purchase price less costs to sell	12
Purchase price (cash)	13
Cash and cash equivalents disposed	2
Net cash inflow on sale	12
Goodwill	5
Intangible assets	7
Property, plant and equipment	0
Other assets, including deferred taxes	2
Cash and cash equivalents	2
Provisions	0
Trade Accounts Payable	-2
Deferred tax liabilities	0
Other liabilities	-2
Disposal of non-controlling interest	-1
Net Assets	11
Result from deconsolidation	1

The reported deconsolidation gain from the sale of the subsidiaries amounts to EUR 1 million and is attributable in full to the shareholders of ProSiebenSat.1 Media SE. The costs to sell of EUR 1 million mainly comprise consulting services in connection with the sales process.

Assets and liabilities held for sale

Non-current assets held for sale (or groups of assets or liabilities held for sale) are assets which can be sold in their current state, and where a sale is highly probable within the coming year. They are measured at the lower value of carrying amount and fair value, minus costs to sell, unless IFRS 5 does not apply to measurement. In line with IFRS 5.40, the previous year's statement of financial position figures are not adjusted.

Due to a planned portfolio adjustment, ProSiebenSat.1 Group has put another entity under review. This is Tropo GmbH, which is part of the segment "Digital Ventures & Commerce." Pursuant to IFRS 5, further assets held for sale in this context as well as associated liabilities are reported separately on the statement of financial position, together with the assets and liabilities that were reclassified already as of June 30, 2017 following the disposal of the minority holdings in a private equity fund. These are fund holdings E.Ventures Growth I, E.Ventures GRowth II, Lakestar, Lerer Hippeau Ventures, Magma und Raine Ventures, which have been reclassified as assets held for sale and associated liabilities as of December 31, 2017. After the partial completion of the latter transaction and the associated disposal of the relevant investments, the economic completion of the remaining part is expected to take place in the first quarter 2018 at a carrying amount of EUR 2 million.

As of the reporting date, the assets held for sale/the associated liabilities are distributed among the following main items:

143 / ASSETS AND LIABILITIES HELD FOR SALE in EUR m

	December 31, 2017
Other intangible assets	1
Property, plant and equipment	0
Non-current financial assets	21
Other assets (incl. deferred taxes)	3
Cash and cash equivalents	7
Total assets held for sale	32
Trade payables	5
Other liabilities and provisions (incl. deferred taxes)	0
Total liabilities associated with assets held for sale	6
Net assets	27

C) OTHER TRANSACTIONS

Capital increase at Studio71

With economic effect 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 interest in ProSiebenSat.1 Digital Content LP (Studio71) in the context of a capital increase. With economic effect as of February 17, 2017, TF1 increased its minority interest in Studio71 via another capital increase. Following said capital increases, 69% of the shares in Studio71 remain with ProSiebenSat.1 Group. Put options were agreed with both TF1 and Mediaset regarding the buyback of said shares. Since ProSiebenSat.1 Group is under the unconditional obligation to satisfy such put options when exercised, the consolidation percentage remains at 100%.

NOTES TO THE INCOME STATEMENT

5 / Revenues

144 / REVENUES in EUR m

	2017	2016
Advertising revenues	2,307	2,294
Revenues from content production	312	306
Online agency services	303	334
Revenues from the sale of goods	227	122
Distribution revenues	139	121
Barter transactions	71	72
Other revenues	720	550
Total	4,078	3,799

“Other revenues” includes revenues from the digital studio Studio71 and video-on-demand business totalling EUR 183 million (previous year: EUR 166 million) attributable to the Digital Entertainment segment.