

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16 / Goodwill

158 / STATEMENT OF CHANGES IN GOODWILL in EUR m

	2017	2016
COST		
Opening balance as of January 1	1,953	1,742
Exchange rate differences	- 36	- 3
Additions	162	224
Disposals	- 155	- 9
Closing balance as of December 31	1,924	1,953
IMPAIRMENT		
Opening balance January 1 / Closing balance December 31	93	93
Carrying amount as of 12/31/	1,831	1,860

For further information regarding additions and disposals please refer to → [note 4 "Acquisitions, disposals and other transactions in connection with subsidiaries"](#).

The goodwill is distributed among the segments as follows:

159 / ALLOCATION OF GOODWILL TO SEGMENTS in EUR m

Name of segment	Broadcasting German- speaking	Digital Enter- tainment	Digital Ventures & Commerce	Content Production & Global Sales	Total
Name of cash generating unit	Broadcasting German- speaking	Digital Enter- tainment	Digital Ventures & Commerce	Content Production & Global Sales	
Carrying amounts of goodwill December 31, 2016	464	313	932	151	1,860
Carrying amounts of goodwill September 30, 2017	487	303	874	167	1,831

In the financial and the comparative year, non-controlling interests are valued at the date of acquisition at their respective share in the acquired entity's identifiable net assets. The transaction-related option to apply the so-called full goodwill method was not exercised in the financial and comparison year.

According to the impairment tests for goodwill conducted in the financial year 2017 and in the previous year, the carrying amounts are recoverable. Thus, no impairments were recognized. Due to substantially new findings and changed management expectations on the originally planned valuation date of the annual impairment test, August 31, 2017, the impairment test was carried out on the valuation date December 31, 2017, deviating from the previous year.

The following table provides an overview over the premises applied to the impairment test of goodwill in the cash-generating units as at the valuation date (December 31, 2017):

160 / DISCLOSURES ON IMPAIRMENT TESTING OF GOODWILL

Name of segment	Broadcasting German- speaking	Digital Enter- tainment	Digital Ventures & Commerce	Content Production & Global Sales
Name of cash generating unit ¹	Broadcasting German- speaking	Digital Enter- tainment	Digital Ventures & Commerce	Content Production & Global Sales
Revenues growth p.a. in the projection period (CAGR) ²	3.2% (3.2%)	17.0% (14.7%)	8.9% (14.3%)	5.3% (6.0%)
Ø EBITDA margin p.a. in the projection period ²	31.6% (29.3%)	11.4% (17.5%)	21.1% (22.5%)	13.4% (11.3%)
Duration of projection period	5 years	5 years	5 years	5 years
Revenues growth p.a. at the end of projection period ²	1.5% (1.5%)	1.5% (1.5%)	1.5% (1.5%)	1.5% (1.5%)
EBITDA margin p.a. at the end of projection period ²	31.1% (29.8%)	14.3% (21.1%)	21.5% (22.6%)	13.3% (11.8%)
Ø Discount rate ²	9.3% (9.5%)	11.5% (9.9%)	11.2% (10.9%)	9.2% (9.6%)

¹ The groups of cash-generating units correspond to the operating segments (see note 2 "Segment reporting").

² Previous year's figures in brackets.

When assessing the recoverability of goodwill according to IAS 36 (impairment testing of goodwill) for each cash-generating unit a one-dimensional change of the underlying valuation parameters, such as the reduction of the Ø EBITDA margin within the planning period by minus 3%, the reduction of the EBITDA margin at the end of projection period by minus 3%, the reduction of revenue growth at the end of the projection period by minus 0.5% or the increase of Ø Discount rate by plus 1% would not cause an impairment of goodwill within one of the cash-generating units.

i The assumptions regarding revenue growth applied during the planning period are based on the corporate planning adopted by management as at the impairment test reference date. The assumptions regarding revenue growth applied after the planning period following corporate planning are based on externally published sources. The presumed EBITDA margins are based on historical empirical values or were forecast on the basis of initiated cost-reducing measures. The weighted average cost of capital (WACC) used for discounting reflects the risk-adjusted pre-tax interest rate derived from the capital market. The discount rate is based on the risk-free interest rate of 1.25% that is equivalent to the term (previous year: 0.6%) as well as a market risk premium of 6.75% (previous year: 6.75%) In addition, a beta factor derived from the respective peer group, the cost of debt as well as the capital structure are taken into account individually for each cash-generating unit. Moreover, country-specific tax rates and risk premiums are applied. If a reasonably possible change in a major assumption that is included in the impairment test might lead to a reduction of the recoverable amount below the carrying amount of the relevant goodwill, a sensitivity analysis must be performed regarding such major assumption. In the context of the impairment test for the financial year 2017, a reasonably possible change in a major assumption because of current circumstances does not result in a reduction of the recoverable amount below the carrying amount.

MAIN ASSUMPTIONS AND ESTIMATES:

The premises as well as the underlying methodology of the impairment test may have a significant impact on the respective values and ultimately on the amount of potential goodwill impairment. In particular, the determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the value.

17 / Other intangible assets

161 / STATEMENT OF CHANGES IN OTHER INTANGIBLE ASSETS in EUR m

	Brands ¹	Customer relationships	Other intangible assets	Advances paid	Total other intangible assets
COST					
Balance as of January 1, 2016	243	141	547	37	968
Exchange rate differences	- 1	2	1	0	2
Additions due to change in scope of consolidation	190	77	39	0	307
Additions	-/-	-/-	109	34	143
Reclassifications	-/-	-/-	24	- 24	-/-
Disposals due to change in scope of consolidation	- 4	- 1	- 60	- 4	- 70
Disposals	- 2	-/-	- 84	0	- 86
Balance as of December 31, 2016/ January 1, 2017	426	220	576	42	1,264
Exchange rate differences	0	- 10	- 5	0	- 15
Additions due to change in scope of consolidation	50	13	18	-/-	81
Additions	-/-	-/-	104	33	138
Reclassifications	-/-	-/-	24	- 24	-/-
Disposals due to change in scope of consolidation	- 47	- 20	- 30	0	- 97
Disposals	0	-/-	- 74	0	- 75
Reclassification to assets held for sale	-/-	-/-	- 1	0	- 1
Balance as of December 31, 2017	429	204	612	51	1,295
AMORTIZATION					
Balance as of January 1, 2016	19	19	376	1	415
Exchange rate differences	0	0	1	-/-	1
Additions ²	11	26	111	6	153
Disposals due to change in scope of consolidation	- 4	- 1	- 47	0	- 53
Disposals	- 2	-/-	- 68	0	- 71
Balance as of December 31, 2016/ January 1, 2017	23	44	373	6	447
Exchange rate differences	0	- 2	- 3	-/-	- 5
Additions ²	36	29	129	10	203
Disposals due to change in scope of consolidation	- 20	- 11	- 13	-/-	- 44
Disposals	0	0	- 51	- 1	- 52
Balance as of December 31, 2017	39	61	435	15	550
Carrying amount December 31, 2017	390	143	177	36	745
Carrying amount December 31, 2016	403	175	202	36	817

¹ Including brands with indefinite useful lives with a carrying amount of EUR 319 million (previous year: EUR 333 million).

² Of the impairments recognized in this position amounting to EUR 65 million (previous year: EUR 24 million), EUR 48 million (previous year: EUR 18 million) are presented in the expenses of the corresponding functional area.

The other intangible assets include software, licenses for marketing digital offers by external providers and industrial property rights. This item furthermore includes internally generated intangible assets in the amount of EUR 46 million (previous year: EUR 48 million).

The trademarks comprise assets with definite and indefinite useful lives. The trademarks with indefinite useful lives are distributed among the individual segments as follows:

162 / ALLOCATION OF BRANDS WITH INDEFINITE USEFUL LIFE TO SEGMENTS in EUR m

Name of segment	Broadcasting German- speaking	Digital Entertain- ment	Digital Ventures & Commerce	Content Production & Global Sales	Total
Carrying amount of brands at December 31, 2016	3	3	327	-/-	333
Carrying amount of brands at December 31, 2017	15	2	302	-/-	319

All assets with indefinite useful lives undergo an annual impairment test pursuant to IAS 36, based on the recoverable amount → see "Summary of key accounting policies principles". Due to substantially new findings and changed management expectations on the originally planned valuation date of the annual impairment test, August 31, 2017, the impairment test was carried out as at valuation date December 31, 2017, deviating from the previous year. Where available, the impairment tests for assets with indefinite useful lives have been prepared on the basis of external appraisals.

The following table provides an overview over the allocation of major trademarks with indefinite useful lives to the cash-generating units as well as the assumptions included in the respective impairment tests as at the valuation date:

163 / DISCLOSURE ON IMPAIRMENT TEST OF SIGNIFICANT BRANDS WITH INDEFINITE USEFUL LIFE

Name of group of cash generating unit	Verivox	PARSHIP ELITE Group
Revenues growth p.a. in the projection period (CAGR)	11.5%	4.6%
Ø EBITDA margin p.a. during and after the projection period	31.3% - 33.8%	32.3% - 35.0%
Duration of projection period	5 years	5 years
Revenues growth p.a. after the end of projection period	1.5%	1.5%
Ø Discount rate (before taxes)	12.8%	13.1%
Valuation date	December 31, 2017	December 31, 2017
Carrying amounts of brands with indefinite useful lives December 31, 2017 (EUR m)	107	141

IMPAIRMENT OF INTANGIBLE ASSETS IN THE SEGMENT "DIGITAL VENTURES & COMMERCE"

The financial year 2017 saw impairments of other intangible assets in the segment Digital Ventures & Commerce that were identified and measured in the context of previous purchase price allocations. The main impairments are associated with customer relationships in the amount of EUR 4 million and a brand with a finite useful life in the amount of EUR 13 million in the Commerce portfolio that were reported as part of an impairment test pursuant to IAS 36. The amortized carrying amount of the relevant cash-generating unit was compared to the recoverable amount representing the higher of the fair value, minus disposal costs and value in use. Impairment losses were recognized as functional costs. In addition, in the context of the assets held for sale of entities from the Travel portfolio → see note 4 "Acquisitions, disposals and other transactions in connection with subsidiaries", a brand with an indefinite useful life was impaired by EUR 16 million. This impairment was recognized in other operating expenses.

STRATEGIC REORIENTATION MAXDOME

Following a strategic reorientation of the business activities of the subsidiary maxdome GmbH, which has been allocated to the segment Digital Entertainment, ProSiebenSat.1 Group has made an recognized an impairment of a brand with a finite useful life in an amount of EUR 1 million in the financial year 2017. In addition, an impairment test pursuant to IAS 36 was performed and in so doing, other intangible assets in the amount of EUR 17 million were impaired. Additional assets in the cash-generating unit maxdome were impaired in this context, which will be presented separately in the respective chapters.

Under other intangible assets, in addition to the impairments described, impairments of licenses in the amount of EUR 2 million (previous year: EUR 3 million) as well as other intangible assets with indefinite useful lives in the amount of EUR 28 million (previous year: EUR 13 million) were recognized in the past the financial year.

i Scheduled depreciation is recognized using the straight-line method according to the useful life, which is largely based on the following economic useful lives:

USEFUL LIVES OF INTANGIBLE ASSETS

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

In deviation from the above, intangible assets with finite useful lives acquired in the context of business combinations may have other periods of use:

USEFUL LIVES OF INTANGIBLE ASSETS WITH DEFINITE USEFUL LIVES FROM PURCHASE PRICE ALLOCATION

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

The useful lives and amortization methods are reviewed annually and adjusted if expectations have changed.

MAIN ASSUMPTIONS AND ESTIMATES:

The premises as well as the underlying methodology of the impairment test may have a significant impact on the respective values and ultimately on the amount of potential impairments of other intangible assets. In particular, the determination of discounted cash flows is subject to a wide range of planning assumptions that are sensitive to change and therefore may have a significant impact on the value.

18 / Property, plant and equipment

164 / STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT in EUR m

	Buildings on land owned by others, fixtures and renovations	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of January 1, 2016	266	176	68	9	519
Exchange rate differences	0	1	0	-/-	1
Additions due to change in scope of consolidation	0	2	1	0	4
Additions	6	18	10	6	41
Reclassifications	7	1	0	-7	-/-
Disposals due to change in scope of consolidation	-1	0	-2	0	-3
Disposals	0	-7	-5	-1	-12
Balance as of December 31, 2016/ January 1, 2017	278	190	72	7	548
Exchange rate differences	0	-2	0	-/-	-3
Additions due to change in scope of consolidation	1	1	2	0	4
Additions	16	15	9	12	52
Reclassifications	1	0	0	-2	-/-
Disposals due to change in scope of consolidation	-/-	-/-	-2	-/-	-2
Disposals	-20	-12	-7	-4	-43
Reclassification to assets held for sale	-/-	0	0	-/-	0
Balance as of December 31, 2017	276	193	74	14	556
DEPRECIATION AND AMORTIZATION					
Balance as of January 1, 2016	117	127	49	-/-	293
Exchange rate differences	0	0	0	-/-	0
Additions	23	22	7	-/-	52
Disposals due to change in scope of consolidation	-1	0	-2	-/-	-2
Disposals	0	-7	-4	-/-	-11
Balance as of December 31, 2016/ January 1, 2017	140	143	50	-/-	332
Exchange rate differences	0	-1	0	-/-	-2
Additions	27	24	9	-/-	60
Disposals due to change in scope of consolidation	-/-	-/-	-1	-/-	-1
Disposals	-20	-11	-7	-/-	-38
Balance as of December 31, 2017	146	155	51	-/-	352
Carrying amount December 31, 2017	130	38	23	14	205
Carrying amount December 31, 2016	139	47	23	7	216

The Buildings on land owned by others, fixtures and renovations includes leased buildings with a residual carrying amount of EUR 85 million (previous year: EUR 94 million), which due to the contractual arrangement of the underlying lease agreements are classified as finance leases and therefore are attributable to the Group as beneficial owner. The underlying leases pertain to land and buildings at the Unterföhring site. Each of them has a term of 22 years and will end in 2019, at the earliest, with the possibility of the interest conversion dates (the end of the fixed interest period) occurring earlier. The real estate lease agreements have been concluded at standard market conditions. Because of the planned new construction at the Unterföhring site, the remaining useful lives of the leased real properties and of their included installations and modifications will be curtailed. In the period under review, this resulted in increased depreciation of EUR 17 million.

In addition there are other leases, primarily for technical equipment in the amount of EUR 5 million (previous year: EUR 10 million), which are also classified as finance leases.

The minimum lease payments as of December 31, 2017 and of the previous reporting date comprise the following:

165 / MINIMUM LEASE PAYMENTS in EUR m

	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2017
PROPERTY, PLANT AND EQUIPMENT				
Minimum lease payments	14	17	0	31
Share of interest minimum lease payments	1	2	0	3
Present value of minimum lease payments	13	15	0	28
<hr/>				
	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total 12/31/2016
PROPERTY, PLANT AND EQUIPMENT				
Minimum lease payments	16	27	1	45
Share of interest minimum lease payments	2	3	0	5
Present value of minimum lease payments	14	24	1	40

Moreover, lease liabilities for buildings on third-party land exist in the amount of EUR 38 million (previous year: EUR 32 million). As a consequence, lease liabilities as of December 31, 2017 amount to EUR 65 million (previous year: EUR 72 million).

The following economic useful lives are used as a basis:

166 / USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

19 / Investments accounted for using the equity method

ASSOCIATES

Two material associates exist that are accounted for using the equity method.

The Group holds a 33.0% stake in the share capital of gamigo AG, Hamburg (previous year: 33.0%). The purpose of the company is the operation of gaming portals on the Internet and the associated marketing of advertising space, the trading in computer games and console games as well as the operation and marketing of online games on the Internet and mobile devices. In the reporting year, ProSiebenSat.1 Group did not receive any dividends from gamigo AG.

In addition, the Group holds investment of 41.6% (previous year: 41.6%) in the capital of Marketplace GmbH, Berlin, which holds 100% of the shares in Beko Käuferportal GmbH, Berlin. Käuferportal is a leading online portal in Germany for the procurement of complex products and services. In the reporting year, ProSiebenSat.1 Group did not receive any dividends from Marketplace GmbH.

The following overview shows aggregated financial information for the material associates as well as a reconciliation of the summarized financial information to the carrying amounts of the Group's shares in the associates. The figures were derived from the last available set of financial statements. The reporting date of these entities is the 31st of December. Gamigo AG's reconciliation is based on financial statements as of November 30, 2017. In the previous financial year the reconciliation of Marketplace GmbH was based on provisional figures. These companies are not listed.

167 / FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES in EUR m

	Marketplace GmbH (Käuferportal)		gamigo AG	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
ProSiebenSat.1 Group's share (in %)	41.6%	41.6%	33.0%	33.0%
Non-current assets	56	55	34	48
Current assets	15	28	9	12
Non-current liabilities	24	29	19	25
Current liabilities	12	6	24	25
Net assets (100%)	36	47	0	10
ProSiebenSat.1 Group's share of net assets	15	20	0	3
Goodwill	20	20	24	24
Impairment	-/-	-/-	-13	-/-
Carrying amount of interest in associate	34	39	10	27
Revenues	63	4 ¹	38	21 ¹
Profit or loss for the period (100%)	-12	0 ¹	-10	-12 ¹
ProSiebenSat.1 Group's share of profit or loss	-5	-0¹	-3	-4¹

¹ The amounts represent the figures since acquisition.

ProSiebenSat.1 Group holds additional investments in associated companies that are of minor importance to the Group. The following overview shows summarized financial information regarding such investments:

168 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL ASSOCIATES in EUR m

	12/31/2017	12/31/2016
Carrying amount of interests in associates	56	42
Profit share ¹	0	3

¹ The immaterial associates do not have discontinued operations.

JOINT VENTURES

The investments in joint ventures held by ProSiebenSat.1 Group as of December 31, 2017 are of only minor importance for the Group.

169 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL JOINT VENTURES in EUR m

	12/31/2017	12/31/2016
Carrying amount of interests in joint ventures	8	0
Profit share ¹	-1	0

¹ The immaterial joint ventures do not have discontinued operations.

20 / Programming assets

The programming assets include rights to feature films, series, commissioned productions, digital content as well as advance payments made upon the above (including advance payments made for sports rights). Because of the special significance for ProSiebenSat.1 Group, programming assets that in principle are attributable to other intangible assets, are reported as a separate item in the statement of financial position.

170 / STATEMENT OF CHANGES IN PROGRAMMING ASSETS in EUR m

	Capitalized rights	Advances paid	Total
Carrying amount January 1, 2016	1,176	76	1,252
Additions due to change in scope of consolidation	-/-	1	1
Additions	920	73	994
Disposals	-17	0	-18
Reclassifications	34	-34	-/-
Consumption ¹	-918	-/-	-918
thereof scheduled			-801
thereof impairment			-117
Carrying amount December 31, 2016 and January 1, 2017	1,196	117	1,312
thereof non-current programming assets			1,166
thereof current programming assets			146
Exchange rate differences	0	-1	-1
Additions due to change in scope of consolidation	3	-/-	3
Additions	958	90	1,048
Disposals	-22	0	-22
Reclassifications	60	-60	-/-
Consumption ¹	-1,141	-/-	-1,141
thereof scheduled			-839
thereof impairment			-302
Carrying amount December 31, 2017	1,053	145	1,198
thereof non-current programming assets			1,021
thereof current programming assets			177

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

Capitalized rights include primarily Free TV rights in the amount of EUR 1,048 million (previous year: EUR 1,175 million) as well as other rights such as Pay TV, video-on-demand and mobile TV rights in the amount of EUR 5 million (previous year: EUR 20 million).

In the third quarter of the financial year 2017, ProSiebenSat.1 Group carried out a strategic revaluation of part of its program portfolio in the segment Broadcasting German-speaking. The primary aim is to further diversify the Group's program structure so as to reduce the US Fiction share in the program in the medium term. In this context, as part of the two-stage impairment test, comprehensive adjustments were made to titles in the program portfolio. Based on the completed reevaluation, the Group has recorded impairments in the amount of EUR 170 million. Furthermore, due to the strategic reassessment of the business activities of the subsidiary maxdome GmbH, which is assigned to the Digital Entertainment segment, impairments on programming assets totaling EUR 21 million were recognized in the financial year 2017.

¶ The consumption and impairments of programming assets are reported as cost of sales. Reversals of impairments are netted against consumption.

Programming assets, such as sporting events or news formats, that are intended for single runs as well as advance payments made on programming assets are generally recognized as current programming assets.

Provisions for onerous executory programming asset transactions are recognized if, according to the Company's current estimates, the forecast revenues will not cover the costs. Such provisions for onerous contracts are recognized taking into account genre-based programming groups.

MAIN ASSUMPTIONS AND ESTIMATES:

Major components of the programming assets are acquired from large film studios in the form of film packages. Both the initial valuation of the individual licenses of such film packages as well as the subsequent assessment of the programming assets are based on ratings estimates. These take into account the different usability of programming assets and, depending on the number of the relevant broadcasts, reflect the required consumption of the programming assets accordingly.

21 / Financial receivables and assets

171 / FINANCIAL RECEIVABLES AND ASSETS in EUR m

	12/31/2017			12/31/2016		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from content production	18	-/-	18	12	-/-	12
Trade accounts receivable	483	9	492	434	18	452
Total receivables	501	9	510	446	18	464
Derivatives	37	41	78	77	187	264
Investments	-/-	66	66	-/-	69	69
Securities	-/-	45	45	-/-	51	51
Other financial assets	15	15	29	14	6	20
Total financial assets	52	167	218	91	313	404
Total	553	175	728	537	331	868

In the Statement of financial position, the Group discloses the respective net positions for each commissioned production either as receivable or liability. A commissioned production is reported as a receivable if the costs incurred and the profits recognized, minus recognized losses, exceed advance payments received. Otherwise, commissioned productions result in liabilities.

172 / NET POSITION FOR ONGOING CONSTRUCTION CONTRACTS in EUR m

	12/31/2017	12/31/2016
Amounts due from customers for contract work	18	12
Amounts due to customers for contract work	9	24
net position	9	-12

The net position relates to the following items:

	12/31/2017	12/31/2016
Aggregate costs incurred and recognised profits (less recognised losses) to date	370	401
Less progress billings	361	413
	9	-12

The Content Production & Global Sale" segment still includes a number of commissioned projects in work. In the financial year 2017, these generated a result of EUR 89 million (previous year: EUR 108 million), while at the same time, the relevant costs of project progress amounted to EUR 282 million (previous year: EUR 293 million).

The derivatives are predominantly foreign currency hedges with positive market values. The position furthermore includes a financial derivative from a warrant agreement with Odyssey Music Group S.A., Paris (operator of the music streaming portal "Deezer"). For additional detailed information, please refer to → [note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#).

Investments include, inter alia, the non-controlling interests acquired by the Group in the context of its "Media for Equity" strategy. → [see note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#)

Securities primarily include venture capital fund investments in the amount of EUR 22 million (previous year: EUR 30 million). In addition, this position also includes EUR 23 million (previous year: EUR 21 million) in shares in investment funds, valued at fair value through profit or loss, which are used to cover the pension obligations, but do not constitute plan assets within the meaning of IAS 19.

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

173 / CHANGES IN CREDIT ALLOWANCES in EUR m

	12/31/2017	12/31/2016
Credit allowances at the beginning of the reporting period	33	19
Additions	24	24
Release	- 12	- 4
Usage	- 7	- 6
Foreign currency effects	0	0
Changes to the scope of consolidation	- 1	0
Reclassification to assets held for sale	- 2	- / -
Credit allowances at the end of the reporting period	36	33

As of December 31, 2017, the aging structure for overdue, unimpaired receivables within the Group was as follows:

174 / AGING STRUCTURE in EUR m

	12/31/2017	12/31/2016
Not due at the end of the reporting period	362	361
Amount past due the following time ranges:		
Less than 3 months	89	74
Between 3 and 6 months	10	7
Between 6 and 9 months	3	4
Between 9 and 12 months	9	3
More than 12 months	10	4
Total receivables past due but not impaired	120	91

ProSiebenSat.1 Group assumes that the overdue, unimpaired receivables can still be collected in full.

22 / Other receivables and assets

175 / OTHER RECEIVABLES AND ASSETS in EUR m

	12/31/2017			12/31/2016		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	9	-/-	9	8	-/-	8
Accrued items	22	0	22	34	7	42
Other	22	3	25	15	4	18
Total other receivables and assets	53	4	57	57	11	68

Other includes, inter alia, transaction costs of the credit facilities that are to be released throughout the entire term → see note 27 "Financial liabilities" and a number of immaterial line items.

23 / Cash and cash equivalents

Cash and cash equivalents of ProSiebenSat1. Media SE include the categories shown in the following table, with the bank balances maturing within up to three months at the time of acquisition.

176 / CASH AND CASH EQUIVALENTS in EUR m

	12/31/2017	12/31/2016
Cheques	1	1
Cash in Bank	1,077	669
Other cash equivalents	473	600
Total cash and cash equivalents	1,552	1,271

Other cash equivalents include call and time deposit accounts with maturities of up to three months held in different currencies.

The development of cash and non-cash changes to financial liabilities and related assets is shown in the following table:

177 / CHANGES IN FINANCIAL LIABILITIES in EUR m

	01/01/2017	Cash changes	Non-cash changes			Other	12/31/2017
			Business combinations	Fair value changes	FX changes		
LIABILITIES							
Non-current financial debt	3,178	-3	1	5	-/-	-/-	3,180
Current financial debt	7	-2	-/-	-/-	-1	-/-	4
Finance lease liabilities	72	-16	9	-/-	0	0	65
Derivatives	32	-/-	-/-	-19	-/-	0	13
RECEIVABLES							
Financing expenses RCF	5	1	-/-	-1	-/-	-/-	5
Derivatives	2	-/-	-/-	-2	-/-	-/-	0
Total	3,281	-22	9	-10	-1	1	3,258

24 / Shareholders' equity

As of December 31, 2017, the subscribed capital of ProSiebenSat.1 Media SE amounts to EUR 233 million (previous year: EUR 233 million), with each share representing a nominal value of EUR 1.00 of the share capital. Accordingly, as of December 31, 2017, 233,000,000 common shares were outstanding (previous year: 233,000,000 shares), with the Company holding 4,050,518 thereof (previous year: 4,190,301 shares) in treasury.

The capital reserve amounts to EUR 1,055 million (previous year: EUR 1,054 million). It is largely comprised of the premium from shares issued in the financial year 2016 and the capital increases in the financial years 2004 and 1997. In the previous year, ProSiebenSat.1 Media SE had carried out a cash capital increase from the Authorized capital and without subscription rights of the shareholders with total gross proceeds of EUR 515 million.

Moreover, in the financial year 2017, EUR 3 million (previous year: minus EUR 47 million) were recognized in connection with share-based payments in the capital reserve. In 2016, the Group's share plans 2013 through 2015 were changed from "equity settlement" to "cash settlement". In the context of said change, EUR 59 million previously recognized in the capital reserve were reclassified and other non-current provisions or other current liabilities. → [note 32 "Share-based payment"](#)

The accumulated other comprehensive income of ProSiebenSat.1 Group in the amount of minus EUR 16 million (previous year: EUR 171 million) includes the effects from cash flow hedge accounting, from foreign currency conversion of the financial statements of foreign subsidiaries and the effects of the measurement of pension obligations to be recognized outside profit or loss. The reduction compared to the previous year is due to measurement effects from cash flow hedge accounting and pertains to currency hedge transactions with a fair value in the amount of EUR 14 million (previous year: EUR 245 million) and interest rate hedging transactions in the amount of minus EUR 8 million (previous year: EUR -24 million), before deducting the relevant applicable deferred taxes. The deferred tax liabilities pertain to currency hedging transactions in the amount of EUR 4 million (previous year: EUR 69 million). The deferred tax liabilities pertain to interest hedging transactions in the amount of EUR 2 million (previous year: EUR 7 million).

The changes in the market value of the interest rate swaps that are recognized in the accumulated other comprehensive income for the effective part of the hedging have been reversed through profit or loss throughout the original term of the hedging relationships. → [see note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#)

In the context of measuring pension obligations, actuarial losses of minus EUR 9 million (previous year: EUR -9 million) as well as the relevant applicable deferred taxes in the amount of EUR 3 million (previous year: EUR 3 million) were recognized.

In addition, the Group's accumulated other comprehensive income includes gains and losses from foreign currency conversion of financial statements of foreign subsidiaries in the amount of minus EUR 14 million (previous year: EUR 18 million).

Accordingly, the results recognized in accumulated other comprehensive income throughout the financial year 2017 are comprised of the following:

178 / CHANGES OF ACCUMULATED OTHER COMPREHENSIVE INCOME in EUR m

	2017			2016		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Currency translation ProSiebenSat.1 Media SE foreign subsidiaries	- 40	-/-	- 40	- 4	-/-	- 4
Currency translation non-controlling interests of foreign subsidiaries	- 3	-/-	- 3	0	-/-	0
Currency translation effects recognised in other comprehensive income	- 43	-/-	- 43	- 4	-/-	- 4
Deconsolidation effects	8	-/-	8	0	-/-	0
Effects from foreign currency translation	- 35	-/-	- 35	- 4	-/-	- 4
Currency hedges	- 231	65	- 166	15	- 4	11
Interest rate hedges	16	- 4	12	22	- 6	16
Effects from cash flow hedge accounting recognised in other comprehensive income	- 215	60	- 155	37	- 10	26
Measurement of cash flow hedges	- 215	60	- 155	37	- 10	26
Valuation effects of provisions for pensions recognised in other comprehensive income	0	0	0	- 1	0	- 1
Total other comprehensive income/loss for the period	- 250	60	- 189	31	- 10	22

NON-CONTROLLING INTERESTS

Besides ProSiebenSat.1 Group, no other shareholders have material share in fully consolidated subsidiaries apart from PARSHIP ELITE GROUP → see "List of affiliated companies and investments". As of December 31, 2017, non-controlling interests in fully consolidated subsidiaries amounted to EUR 26 million (previous year: EUR 24 million). This value is comprised of various amounts, that individually are insignificant. The Group has no material restrictions on access to the assets of subsidiaries. With regard to further information about the Group's investment structure, we refer to the list of affiliated companies and investments in the notes to the Consolidated Financial Statements.

ALLOCATION OF PROFITS

In the past the financial year, the annual general meeting on May 12, 2017 resolved the allocation to retained earnings in the amount of EUR 800 million and the distribution of a dividend for the financial year 2016 in the amount of EUR 1.90 per common share. The total dividend payment amounted to EUR 435 million and was disbursed on May 17, 2017.

Under the German Stock Corporation Act, the dividends payable to shareholders is calculated based on the retained earnings disclosed in the annual financial statements of ProSiebenSat.1 Media SE under the German Commercial Code. It is planned to use the retained earnings of ProSiebenSat.1 Media SE of the financial year 2017 in the amount of EUR 1,141 million as follows:

179 / PROPOSED ALLOCATION OF PROFIT in EUR

Distribution of a dividend of EUR 1.93 per registered share of common stock	441,872,500.26
Allocation to retained earnings	200,000,000.00
Balance to be carried forward to the next accounting period	499,457,159.74
ProSiebenSat.1 Media SE retained earnings	1,141,329,660.00

The distribution and allocation to retained earnings depends on the approval by the Annual General Meeting on May 16, 2018. The final distribution amount here is determined based on the number of shares entitled to dividends at the time of the resolution on the allocation of profits, which may still change until the day of the Annual General Meeting, depending on the number of the Company's own shares that are not entitled to dividends pursuant to Sec. 71b of the German Stock Corporation Act (AktG).

AUTHORIZED CAPITAL

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

CONTINGENT CAPITAL

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

TREASURY SHARES

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

In the financial year 2017, 104,630 stock options were exercised under the 2010 LTIP (Cycle 2011) → [see note 32 "Share-based Payment"](#). Moreover, as part of the employee share program "myShares" one share was repurchased from ProSiebenSat.1 Media SE from the treasury shares used in 2016 in January 2017, and 35,154 of its own shares were issued in 2017. As a result, the number of treasury shares decreased from 4,190,301 as at December 31, 2016 to 4,050,518 as at December 31, 2017.

CAPITAL MANAGEMENT INFORMATION

In principle, equity capital measures, dividend payments to shareholders, repurchase of shares and borrowing are available to ProSiebenSat.1 Group as capital management measures.

ProSiebenSat.1 Group's capital management has the objective of securing its long-term ability to function on a going concern basis and to generating fair returns for the shareholders. Changes in the macroeconomic framework conditions as well as risks due to the underlying business activities are taken into account in so doing. It is furthermore important to ProSiebenSat.1 Group to ensure both unrestricted capital market access to a range of borrowing facilities and to also make sure that financial debt is serviced.

As part of its active debt management, in particular the debt-equity ratio is measured as the ratio of net financial debt to adjusted EBITDA during the past twelve months as well as the capital and liquidity requirements and the temporal congruence of refinancing measures.

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

The capital structure ProSiebenSat.1 Group as at the closing date is as follows:

180 / CAPITAL STRUCTURE in EUR m

	12/31/2017	12/31/2016
Shareholders' equity	1,252	1,432
Share of total capital	19.1%	21.7%
Financial debt	3,185	3,185
Share of total capital	48.5%	48.2%
Leverage	1.6	1.9
Total Capital (total equity and liabilities)	6,569	6,603

For further information about the financial management of ProSiebenSat.1 Group, please refer to the [→ chapter "Debt capital and financing structure"](#) in the Combined Management Report.

25 / Provisions for pensions

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

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

181 / PRESENT VALUE OF OBLIGATION in EUR m

	2017	2016
Present value of obligation at January 1	26	23
Current service cost	1	1
Interest cost	1	1
Total amount recognized in profit or loss	2	1
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	0	-1
Actuarial losses/(gains) arising from experience losses/(gains)	0	2
Total amount recognized in other comprehensive income	0	1
Deferred compensation	1	1
Pension payments	0	0
Present value of obligation at December 31	27	26

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

The following parameters were used for this calculation:

182 / OVERVIEW ACTUARIAL PARAMETERS

	2017	2016
Discount rate	2.0%	2.0%
Salary growth rate	0.0%	0.0%
Pension growth rate	1.0%	1.0%

In the financial year 2017, pension payments were made to former Executive Board members with pension entitlements in a total amount of EUR 0.4 million (previous year: EUR 0.4 million). This includes pension payments in the amount of EUR 0.2 million (previous year: EUR 0.2 million) that result from deferred compensation. The payments anticipated for subsequent years are shown in the table below.

183 / EXPECTED PENSION PAYMENTS in EUR m

	2018	2019	2020	2021	2022
Expected pension payments	2	11	0	1	2
thereof deferred compensation	1	8	0	0	0

The payments expected in the financial year 2018 for the acquisition of shares in investment funds to cover the pension obligations amount to EUR 1 million for the defined benefit plans. These shares in investment funds do not qualify as plan assets for offsetting against the pension obligation, but are presented separately as financial assets. → [see note 21 "Financial receivables and assets"](#)

Pension commitments in an insignificant amount expired because Dr. Gunnar Wiedenfels left as of March 31, 2017. → [see note 33 "Related party transactions"](#)

ESSENTIAL ASSUMPTIONS AND ESTIMATES:

Actuarial valuations are based on key assumptions, including discount rates, expected salary and pension trends, and mortality rates. The discount rates used are determined on the basis of the yields achieved at the end of the reporting period for high-quality corporate bonds of the appropriate maturity and currency. If such returns are not available, discount rates are based on government bond yields. Due to changing market, economic and social conditions, the underlying assumptions may differ from actual developments.

26 / Other provisions

184 / OTHER PROVISIONS in EUR m

	As of 01/01/2017	Exchange rate differences	Additions	Usage	Release	Changes in scope of consolidation	Reclassifi- cation under IFRS 5	As of 12/31/2017
Provisions for onerous contracts	5	0	16	-2	-1	3	-/-	20
thereof current provisions	3							9
Provisions for business operations	21	-/-	20	-12	-8	2	-/-	23
thereof current provisions	21							23
Provision for employee benefits	52	0	19	-15	-14	0	-/-	43
thereof current provisions	13							9
Other provisions	47	0	43	-15	-15	7	0	67
thereof current provisions	46							66
Total	126	0	98	-44	-38	12	0	153

Provisions are comprised of current provisions in the amount of EUR 107 million (previous year: EUR 83 million) and non-current provisions in the amount of EUR 46 million (previous year: EUR 42 million).

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

The provisions for onerous contracts relate to programming assets in an amount of EUR 8 million (previous year: EUR 2 million) and to the costs of HD transmission in Austria in an amount of EUR 9 million (previous year: EUR 0 million). The provisions from current business operations primarily contain provisions for sales discounts. The provisions for employee benefits primarily comprise obligations arising from share-based payments in the amount of EUR 19 million (previous year: EUR 32 million).

As of December 31, 2017 and the previous year's reporting date, other provisions comprised the following:

185 / MISCELLANEOUS OTHER PROVISIONS in EUR m

	2017	2016
Provisions for VAT	12	8
Provisions for interest from tax liability	28	13
Provisions for legal costs	2	3
Provisions for additional payments to bestseller beneficiaries	12	6
Other	13	17
Total	67	47

SIGNIFICANT ASSUMPTIONS AND ESTIMATES:

Provisions are recognized and measured on the basis of estimates regarding the amount and probability of future outflows of resources embodying benefits, as well as on the basis of historic experience and the circumstances known as of the reporting date. To determine the amount of provisions, in addition to the assessment of the associated matters and the claims asserted, in some cases the results from comparable matters are also taken into account. Assumptions are also made as to the probabilities whether and within what ranges the provisions may be used. Regarding the amount and probability of occurrence, provisions for onerous contracts and litigation are based to a considerable extent on management estimates. The assessment of whether a present obligation exists is generally based on assessments of internal and external experts. Estimates can change on the basis of new information and the actual charges may affect the earnings, financial position and performance of ProSiebenSat.1 Group.

27 / Financial liabilities

186 / FINANCIAL LIABILITIES in EUR m

	Current	Non-current	Total 12/31/2017
Loans and borrowings	4	2,085	2,090
Notes	-/-	597	597
Promissory note	-/-	498	498
Financial debt	4	3,180	3,185
Trade payables	541	50	591
Accrued interest	16	-/-	16
Liabilities from finance leases	13	53	65
Liabilities from derivatives	17	56	72
Earn-out liabilities, liabilities from put options and deferred purchase price liabilities	84	365	448
Accrued media authority liabilities	11	-/-	11
Various other liabilities	6	-/-	6
Total other financial liabilities	145	473	618
Total financial liabilities	691	3,703	4,394

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

Non-current loans and borrowings include a term loan with a nominal volume of EUR 2.100 billion as of December 31, 2017 (previous year: EUR 2.100 billion). The valuation of said financial liabilities at amortized costs using the effective interest rate method results in a carrying amount of EUR 2.084 billion as of December 31, 2017 (previous year: EUR 2.084 billion).

The loan agreement furthermore consists of a revolving credit facility (RCF) with a volume of EUR 750 million (previous year: EUR 600 million), which - like as of the previous year's reporting date - has not been drawn as of December 31, 2017. Loan and credit facility have a term until April 2022. → [see also note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#)

There also are unsecured notes of EUR 600 million with a coupon of 2.625% and a due date of April 2021. It is listed at the regulated market of the Luxembourg Stock Exchange (ISIN DE000A11QFA7) → [see also note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#). The measurement of said financial liabilities at amortized costs using the effective interest rate method results in a carrying amount of EUR 597 million as of December 31, 2017 (previous year: EUR 596 million).

In 2016, ProSiebenSat.1 Media SE has furthermore issued three unsecured promissory notes in a total amount of EUR 500 million, with maturity bands of seven years (EUR 225 million with fixed interest rates and EUR 50 million with variable interest rates) and of ten years (EUR 225 million with fixed interest rates. → [see also note 31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#)

In case of a change of control of ProSiebenSat.1 Media SE due to the direct or indirect acquisition of more than 50% of the voting rights of ProSiebenSat.1 Media SE by a third party ("change of control"), the creditors of all instruments are entitled to terminate and demand repayment.

The earn-out liabilities, liabilities from put options as well as purchase price liabilities result from acquisitions made during the financial year and previous years. → [see notes 4 "Acquisitions and disposals"](#) and [31 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"](#)

No liens or similar security collateral were furnished for the financial liabilities.

28 / Other liabilities

187 / OTHER LIABILITIES in EUR m

	12/31/2017		12/31/2016	
	current	non-current	current	non-current
Accrued items and advance payments received	168	-/-	128	-/-
Liabilities to employees	63	-/-	51	-/-
Liabilities from VAT	52	-/-	50	-/-
Liabilities from other taxes	16	-/-	16	-/-
Vacation payment accruals	15	-/-	15	-/-
Liabilities from outstanding advertising services	14	5	9	13
Liabilities from rebates	12	-/-	10	-/-
Accruals from social security payments	3	-/-	2	-/-
Other	15	2	20	3
Total	357	7	303	16

Accrued items as well as advance payments received primarily consist of accruals for marketing rights, amounts owed to media agencies as well as advance payments received.

The advance payments received include advance payments in the amount of EUR 9 million (previous year: EUR 24 million) that have been received for projects in progress in the area of commissioned productions of programming content and have not yet been offset against claims. → [see note 21 "Financial receivables and assets"](#)