



ProSiebenSat.1 Group Reports Record Earnings in Fiscal 2005

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- Revenue up 8.4 percent to EUR 1.99 billion
- EBITDA up 30 percent to EUR 418.5 million
- Earnings before taxes up 61 percent to EUR 350.7 million
- Consolidated profit up 65 percent to EUR 220.9 million
- Q4 2005 revenues up 18 percent
- Profitability up significantly at Sat.1, kabel eins and N24

Munich, February 21, 2006. The ProSiebenSat.1 Group logged record earnings for 2005. According to preliminary figures, Germany's largest commercial TV corporation boosted revenues 8.4 percent, to EUR 1.990 billion, a gain of EUR 155.0 million over the year before (EUR 1.835 billion). EBITDA was EUR 418.5 million, up 30 percent from the previous year (EUR 321.3 million). Pre-tax profits grew 61 percent, from EUR 217.5 million in 2004 to EUR 350.7 million. The net profit climbed 65 percent, from the 2004 figure of EUR 133.6 million to EUR 220.9 million. The EBITDA margin for the year improved to 21.0 percent, compared to 17.5 percent a year earlier.

"The ProSiebenSat.1 Group generated outstanding results in fiscal 2005. In spite of the slack market, we were able to strengthen our core business, television, even further. Performance and profitability were up significantly at Sat.1, kabel eins and N24. Once again, ProSieben achieved the highest profit margin of the four channels", said ProSiebenSat.1 Media AG CEO Guillaume de Posch. "But our new activities in the Diversification division and the consolidation of 9Live also contributed their share to the Group's growth."

The substantial rise in EBITDA and earnings before taxes came from higher revenues in the second half, especially the fourth quarter. Increases in advertising revenues and in revenues from the Diversification business, including from the full consolidation of 9Live, both played a role.

Advertising revenues reflected the rise in the performance of the Group's stations. Sat.1, ProSieben, kabel eins and N24 reached a combined audience share of 30.3 percent in 2005. This figure places the Group 0.9 percentage points ahead of the year before, giving it the best result in five years.

In the fourth quarter, Group revenues were up 18 percent to EUR 636.0 million, compared to EUR 540.2 million a year earlier. EBITDA grew 50 percent, from EUR 112.2 million of Q4 2004 to EUR 167.8 million. Net profit for the quarter climbed 66 percent, from EUR 58.3 million to EUR 96.9 million.

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Costs

The ProSiebenSat.1 Group's operating costs last year rose 2.7 percent, from EUR 1.577 billion to EUR 1.620 billion. After adjustment for the costs of 9Live, total costs for the Group held to almost the same level as the year before. Depreciation of programming assets accounted for EUR 947.2 million of this amount. Thus the largest cost position was down 1.1 percent against 2004 (EUR 957.6 million).

Net financial debt

The ProSiebenSat.1 Group's net financial debt was down again despite higher dividend payments and the acquisition of 9Live with a net cash impact of around EUR 113 million. As of December 31, 2005, it was EUR 227.2 million, as against EUR 278.7 million a year earlier – a reduction of 18 percent.

Programming assets

At EUR 1.057 billion, programming assets are the ProSiebenSat.1 Group's most important asset item, accounting for 52 percent of the total. The ProSiebenSat.1 Group has contracts with virtually every U.S. major studio, ensuring an excellent supply of high-quality feature films. Programming assets were down slightly from the year before (2004: EUR 1.110 billion). But the Group had invested heavily in film contracts during prior years. These contracts extend into the present and will ensure an outstanding programming supply for Group stations.

Most of the ProSiebenSat.1 Group's capital expenditures are for programming assets. In 2005, the Group invested EUR 907.3 million in programming rights, compared to EUR 923.4 million in 2004.

Personnel

The ProSiebenSat.1 Group had a workforce averaging 2,788 employees in 2005 (vs. 2,699 in 2004). This was a rise of 89 employees or 3.3 percent against the year before. Most of the gain came from the takeover of 9Live. Personnel expenses for the Group as a whole were up from EUR 200.6 million to EUR 212.6 million, an increase of 6.0 percent.

Segment Overview

The ProSiebenSat.1 Group has introduced segment reporting as of the close of fiscal 2005. The Free TV segment consolidates the Group's four stations (Sat.1, ProSieben, kabel eins and N24), the Sat.1 regional companies, marketing company SevenOne Media, the subsidiaries in Austria and Switzerland as well as the subsidiary ProSiebenSat.1 Produktion. Free TV is



the principal line of business of ProSiebenSat.1 Media AG. Alongside the Free TV segment, the Group also has two other segments, both in the Diversification division: Transaction TV and Other Diversification.

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Free TV division

The Free TV segment performed very well in 2005. Revenues were up 5.9 percent, from EUR 1.757 billion to EUR 1.860 billion. EBITDA reached EUR 379.0 million, following EUR 299.0 million the previous year. The segment's operating profit grew from EUR 267.0 million to EUR 353.6 million, primarily as a consequence of the improvement in advertising revenues.

Sat.1

Sat.1 closed out the year in fine form. The station's revenue rose from EUR 773.9 million in 2004 to EUR 830.9 million, a 7.4 percent gain. EBITDA reached EUR 161.3 million, compared to EUR 97.8 million in 2004. Earnings before taxes leaped 79.5 percent, from EUR 89.7 million to EUR 161.0 million. This more than proportional increase resulted in part from higher revenues, but even more from substantial cost cuts and a lower net financial expense.

The station, which did not get into the black until 2003, boosted its profitability substantially. The return on revenues rose from 11.6 percent to 19.4 percent over the year, placing Sat.1 among Germany's most profitable TV stations.

Sat.1 was the only major station in the German TV market to increase its audience share significantly. Earning an average of 12.3 percent among the target audience between 14 and 49 that advertisers prize, it gained 0.7 percentage points against 2004. So Sat.1 not only improved its performance for the third time in a row, but closed out the year as Number 2 in the key demographic for the first time since 1995.

ProSieben

ProSieben held firm to the previous year's high level of revenues, and in fact even increased them by 0.2 percent, from EUR 749.9 million to EUR 751.7 million. But this revenue growth resulted almost entirely from larger internal programming sales. After adjustment, revenues were down, reflecting the performance of the station's audience share. The station's EBITDA was at EUR 165.6 million, compared to EUR 175.5 million the year before. Earnings before taxes were EUR 167.1 million, following EUR 175.1 million the previous year. Nevertheless, the station's 22.2 percent return on revenues means that ProSieben was the Group's most profitable station in 2005.



ProSieben closed out the year with an average share of 11.7 percent of the 14-to-49 key demographic (2004: 12,1%). And among the younger target audience (age 14-29) it actually earned a 17.2 percent share.

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kabel eins

In 2005, kabel eins generated revenues of EUR 223.3 million – a gain of EUR 30.4 million, or 16 percent, from the year before. The revenue growth came mainly from better station performance. EBITDA was up 75.8 percent, to EUR 46.6 million. Pre-tax earnings were EUR 47.0 million, following EUR 27.3 million the previous year. The return on revenues climbed 48.7 percent, from 14.2 percent to 21.0 percent.

The station closed out the year with a 5.5 share of the 14-to-49 demographic, a 0.3 percentage point gain against the year before and the highest audience share in its history.

N24

News station N24 remained on track for success in fiscal 2005. The station's revenues were up 13.4 percent against the year before. In all, N24 generated EUR 83.0 million, compared to EUR 73.2 million a year earlier. EBITDA rose to EUR 10.0 million from the previous year's EUR 2.8 million. Earnings before taxes rose from EUR 1.8 million to EUR 9.4 million, and the return on sales climbed to 11.3 percent, compared to the previous year's 2.5 percent. This is a result of the solid cost structure.

As Germany's leading news station, N24 significantly increased its audience share during the year. It earned an average 0.8 percent of the 14-to-49 key demographic for the year, an increase of 0.3 percentage points from the year before.

Diversification division

The ProSiebenSat.1 Group has pooled all its operations that do not depend on the TV advertising market in the Diversification division. This division combines two new segments: Transaction TV and Other Diversification.

Transaction TV: 9Live

ProSiebenSat.1 Media AG's takeover of the Euvia Group on June 1, 2005, also represented the founding of the Transaction TV segment. The takeover of the remaining 51.6 percent of Euvia Media AG & Co. KG also means that the Euvia Group will be included in the ProSiebenSat.1 Group's consolidated financial statements for the first time. The segment's revenue engine is 9Live,



Germany's first quiz station, which generates most of its revenues from telephone calls. For the period from June through December of 2005, 9Live contributed EUR 54.0 million to the Group's total revenues. Apart from regular quiz station operations, revenues stem primarily from an increase in commissioned productions and the launch of the 9Live bonus program, which had 400,000 registered members at year's end. There have also been successful launches of new shows like "Geld oder Risiko," "Werd Reich," and the "Cash-Koffer." Group EBITDA benefited from a contribution of EUR 18.6 million from 9Live. The Transaction TV segment as a whole had revenues of EUR 54.9 million, and an EBITDA of EUR 14 million. First-time consolidation effects lowered the segment's EBITDA by EUR 4.6 million from 9Live's contribution to consolidated EBITDA.

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Other Diversification

The Other Diversification segment consolidates all companies in the Diversification division other than 9Live. This segment's revenues were up 13.3 percent in 2005, from EUR 119.2 million to EUR 135.0 million. The increase in EBITDA, at 13.6 percent, was even better. EBITDA was EUR 25.1 million, following EUR 22.1 million in 2004. Operating profit came to 21.5 million, a 14.4 percent gain on the previous year. The increase in online advertising, added value telephon services and teletext contributed to the segment's higher earnings.

Outlook

Because advertising clients book on short notice, it is difficult to arrive at any reliable projection for the TV advertising market in Germany. The World Advertising Research Center calculates that the German television advertising market will grow 3.1 percent net in 2006. ZenithOptimedia expects net TV revenues to rise 1.3 percent.

The ProSiebenSat.1 Group assumes that the gradual recovery of the economy as a whole, and the anticipated slight revival in consumer spending, will have a positive impact on the TV advertising market. The Soccer World Cup and the effect of the rise in value-added tax in 2007 may play a role as growth factors. The Group expects the German TV advertising market to grow about 2 percent net in 2006. And despite the Winter Olympics and the World Cup, whose TV rights are held by ARD and ZDF, the ProSiebenSat.1 Group will aim to slightly outperform the TV advertising market.



The Group's goal is for its stations to earn a combined audience share of around 30 percent of the 14-to-49 key demographic, despite the year's major sports events.

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Says Guillaume de Posch: "The ProSiebenSat.1 Group will improve its revenues and earnings still further in fiscal 2006. Higher revenues will result in part from the growth of the TV market. But the expansion of our activities in the Diversification division will also contribute, as will the consolidation of 9Live for 12 month."

The Company assumes that costs will be up only slightly, so that the increased revenues will be reflected in earnings. Higher expenditures are particularly expected for programming.

Last year, the ProSiebenSat.1 Group generated 91 percent of its revenues from TV advertising. The Company is planning to increase the share of revenue not generated from TV advertising to 15 percent by 2007. This year, about 12 percent of total revenues will be generated by the business division Diversification and Transaction TV.

Two new lines of business will contribute to organic growth in the Diversification division. During the year, the ProSiebenSat.1 Group will offer Pay TV for the first time, with two new channels. A digital movie channel and a comedy channel will be launched on the Unity Media and Kabel Deutschland cable networks in the second quarter. As a second innovation, distribution of programming via DSL is expected to tap further sources of revenue.

You can find all the figures from the preliminary 2005 financial statements on the Internet at www.ProSiebenSat1.com.