



# ProSiebenSat.1 Media SE

27-Mar-17

**One of the leading investment plays in the European FTA TV market; very active growth strategy in digital, but long term success unproven**

## Overview

ProSiebenSat.1 Media SE is a leading German broadcaster with a growing digital media and ecommerce business. It operates a number of FTA and Pay TV channels/platforms in Germany and German-speaking markets such as Austria and Switzerland. Red Arrow Entertainment is its content production and distribution business and is active in 6 countries. In digital, it operates both media and ecommerce services in travel, price comparison and lifestyle.

## Company Strategy

As a leading European broadcaster, ProSiebenSat1's strategy has been focused on protecting its traditional broadcasting franchise whilst capturing the opportunities presented by the growth of non-linear/digital platforms and services.

In broadcasting, the group's strategy is focused on strengthening existing channels, launching new thematic channels and building greater distribution. Part of its strategy is to use HbbTV to both develop new consumer offerings and enhance capture of user data across both linear and non-linear platforms.

In digital, ProSiebenSat1 has acquired digital assets in various verticals (dating, gaming, health and lifestyle) and intends to leverage its ad inventory to market these offerings. In addition, it expects to leverage usage data to better target both TV and digital ad inventory.

Like many FTA broadcasters, the group has also grown its content production and distribution business, Red Arrow; it now operates in Europe and North America. This has reduced its reliance on advertising and allowed it to better manage programming costs and strategy.

## Financial Summary

### ProSiebenSat.1 Media SE

EUR	Millions	2011	2012	2013	2014	2015	2016
Revenue		2,199.2	2,356.2	2,605.3	2,875.6	3,260.7	3,799.0
EBITDA		652.5	680.4	757.8	818.4	881.1	982.0
<b>% Change</b>							
Revenue			7.1%	10.6%	10.4%	13.4%	16.5%
EBITDA			30.9%	32.2%	31.4%	30.6%	30.1%
<b>% Margins</b>							
EBITDA		29.7%	28.9%	29.1%	28.5%	27.0%	25.8%

## G2Mi Research

Harjinder Singh-Heer  
Director  
E: harjinder@g2mi.com  
T: +44 (0) 208 180 7223

<b>HQ Country</b>	Germany
<b>Ownership</b>	Deutsche Borse
<b>Reuters Code:</b>	PSMGn.DE
<b>Bloomberg Code:</b>	PSM:GR
Current Price	40.39
% 3 mth	9.4%
% 6 mth	6.4%
% 12 mth	-10.5%
% YTD	7.4%
52 wk range	31.33 46.44
<i>Date updated</i> 24-Mar-17	

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## Key Metrics

EUR Millions	2012	2013	2014	2015	2016
<b>Key financials</b>					
Revenues	2,356	2,605	2,876	3,261	3,799
Operating costs	2,111	2,143	2,047	2,355	2,804
EBITDA	680	758	818	881	982
EBIT	601	669	695	730	777
Interest paid	156	135	102	82	82
Interest received	3	7	4	1	3
Net income	356	380	419	468	513
<b>Cash shareholder returns</b>					
Dividend	1,201	313	342	386	435
Share buybacks	0	0	0	0	0
<b>Net debt</b>					
Short term borrowings	-231	0	0	-1	-7
Long term borrowings	-2,342	-1,842	-1,973	-2,674	-3,178
Cash and equivalents	702	396	471	734	1,271
<b>Net debt</b>	<b>-1,871</b>	<b>-1,446</b>	<b>-1,503</b>	<b>-1,940</b>	<b>-1,914</b>
<b>Other</b>					
Capex (LC millions)	88	94	99	123	123
No of employees	2,849	3,400	4,118	4,880	6,054
<b>Margins</b>					
EBITDA	28.9%	29.1%	28.5%	27.0%	25.8%
EBIT	25.5%	25.7%	24.2%	22.4%	20.5%
Net	15.1%	14.6%	14.6%	14.3%	13.5%
<b>Key ratios</b>					
% Revenue Growth	7.1%	10.6%	10.4%	13.4%	16.5%
Revenue / Employee EUR	827,027	766,265	698,300	668,176	627,519
Interest Cover (EBIT/Net Interest)	3.92	5.21	7.09	9.02	9.89
Debt Cover (EBITDA/Net Debt)	2.75	1.91	1.84	2.20	1.95
Cash Returns (Divid+Share buybacks, LC millions)	3	1	1	1	1
Efficiency (Op Costs/Revenue)	89.6%	82.2%	71.2%	72.2%	73.8%
Investment (Capex/Revenue)	3.8%	3.6%	3.4%	3.8%	3.2%

## Asset Overview

Geography	Ownership	Asset
<b>Sector: Digital commerce</b>		
France		Operates in travel (carigami); beauty (amorelie).
Germany		Operates in travel (discavo, tropo, weg.de, reise, wetter, mydays, travador and mietwagen); beauty (incl. valmano, amorelie); price comparison (incl. verivox, preis24, 12Auto) and lifestyle (gymondo, vitafy)
Spain		Operates in travel (eltiempo)
Global		Operates in travel (etraveli)
Netherlands		Operates in travel (tropo)
Switzerland		Operates in price comparison (verivox)
<b>Sector: Online video</b>		
Germany		<b>Maxdome</b> Video on demand portal
Germany		<b>Studio71</b> online video, multi-channel networks
<b>Sector: Television Broadcasting</b>		
Germany		Basic Pay TV channels (7Fun, 1Classics, emotions, Welt)
Germany		FTA channels (Kabeleins, Sat.1, Sat Gold, 7Maxx, ProSieben, Sixx)
<b>Sector: Television Production &amp; Distribution</b>		
Global		<b>Red Arrow Entertainment</b> Operates 15 production companies in 6 countries (Germany, UK, Denmark, Israel, USA, Norway)

## Investment View

Type	Commentary
<b>Challenges</b>	<p>Whilst, ProSiebenSat1's digital ventures business accounts for 20% of group revenues, the group may be attempting to move forward on too many fronts (e-commerce, travel, lifestyle, etc) to build attractive businesses in all these areas. In each of these segments, it faces significant competition from pure play competitors.</p> <p>ProSiebenSat1's core advertising business is strongly dependent on the health of the German economy. The economy has a healthy medium term outlook with growth of approximately 2.5% p.a. However, the group is also faced with TV accounting for a declining share of adspend budgets - a trend that is likely to accelerate in the future.</p>
<b>Positives</b>	<p>The group has built a sizeable content production and distribution business which will help its core TV business in Germany and allow it to better source and market content (programmes, formats, digital content) in international markets.</p> <p>Strong portfolio of German language channels reaching territories beyond Germany (Austria and Switzerland), supported by a growing content production and distribution business (Red Arrow).</p> <p>Leading position in the German TV advertising market, with approximately 40% share (gross adspend). RTL has a third of the market. Television still accounts for 97% of video viewing (14-49 yrs, 2015) and the advertising market remains regulated with a maximum of 12 minutes of ads allowed per hour. FTA TV is further supported by relatively low Pay TV penetration (20% vs 59% in the UK, 2015)</p> <p>Management has demonstrated expertise in executing a digital first strategy through both organic and M&amp;A growth. This is important as digital platforms and services become increasingly important to capturing viewer attention.</p>

## Recent Deals

Reported Date	Deal Type	Counterparty	Geography	Summary	Deal value
07-Feb-17	Acquisition	Tele München Fernseh GmbH & Co	Germany	ProSiebenSat1 acquired the Austrian TV channel, ATV from Tele München Fernseh GmbH & Co. ATV is a leading FTA channel in Austria	N.A.
12-Jan-17	Divestment	Mediaset, TF1	Germany	ProSiebenSat1 has divested a 5.5% stake (to Mediaset) and a 6.1% stake (to TF1) in its MCN, Studio71. As part of the transaction, ProSiebenSat1 has agreed to acquire a strategic minority interest in "Finder Studios", a French premium MCN co-founded by TF1. As part of the transaction, Studio71 will be rolled out into France and Italy. The transaction valued Studio71 at approximately EUR 400 million; ProSiebenSat.1 retains about 70% of the shares in Studio71.	Approx. EUR 46.4 million
12-Oct-16	Investment	Kauferportal	Germany	ProSiebenSat.1 Group has invested in KauferPortal, a portal that connects customers with a vendor network for consulting-intensive products and services for home improvement and financial services. The company acquired a 42% stake alongside General Atlantic private equity.	N.A.
05-Sep-16	Acquisition	Parship Elite Group	Germany	ProSiebenSat.1 Group has acquired a majority stake (50% plus one share) in Parship Elite Group for EUR 100 million. The transaction is based on a company value of EUR 300 million. The previous owners, Oakley Capital Private Equity II and the management remain investors.	EUR 100 million
01-Jul-15	Acquisition	Karga Seven Pictures	USA	Acquires majority stake in US producer and developer of factual entertainment formats.	
01-Jun-15	Acquisition	Verivox.de	Germany	80% stake in energy price comparison portal, Verivox.	
04-Jun-14	Divestment	Magic Internet Musik GmBH	Germany	ProSiebenSat1 divested Magic Internet Musik GmBH for EUR 20 million	EUR 20 million
26-Feb-14	Acquisition	Half Yard Productions LLC	USA	ProSiebenSat1 acquired 65% stake in the US production company, Half Yard Productions for approximately USD 25 million.	USD 25 million
19-Feb-14	Acquisition	Aeria Games	USA	ProSiebenSat1 acquired a 100% stake in the gaming firm, Aeria Games Europe from its US parent. The company provides online and mobile games.	USD 40 million
23-Dec-13	Divestment	Greek operation	Greece	ProSiebenSat1 divested its Greek operations (Kiss TV and radio operations) to Antenna Group for EUR 6.1 million.	EUR 6.1 million
20-Dec-13	Divestment	Hungarian operation	Hungary	ProSiebenSat1 divested its Hungarian operations (TV2, FEM 3, PRO 4, Super TV2) to its management for EUR 14.7 million.	EUR 14.7 million
19-Dec-13	Divestment	Romanian operation	Romania	ProSiebenSat1 divested its Romanian operations (Prima TV) to Cristian Burci for EUR 15.3 million.	EUR 17.6 million
18-Dec-13	Divestment	Producers at Work GmBH	Germany	ProSiebenSat1 divested Producers at Work GmBH for EUR 1.	EUR 1
04-Dec-13	Acquisition	Comvel GmbH	Germany	ProSiebenSat1 acquired 100% of the online travel company, Comvel GmbH which operates the online travel websites, weg.de and ferien.de. Cash consideration was EUR 40.8 million.	EUR 40.8 million
17-Oct-13	Acquisition	Netdo Establishment	Germany	ProSiebenSat1 acquired a 100% stake in the music listings website, songtexte.com from Netdo Establishment.	N.A.
13-Oct-13	Investment	Pluto TV	Germany	ProSiebenSat.1 Group has invested in the online video service, Pluto TV. Other investors include Scripps Networks, US Venture Partners and Sky Ventures. Pluto TV is an ad-supported online TV service with more than 100 linear live channels; reaches more than 5 million active users per month.	N.A.

Reported Date	Deal Type	Counterparty	Geography	Summary	Deal value
31-Jul-13	Acquisition	MMP Veranstaltungen	Germany	ProSiebenSat1 acquired a 60% stake in the events company MMP Veranstaltungen und Vermarktungs.	N.A.
10-Apr-13	Acquisition	MyDays Holdings	Germany	ProSiebenSat1 acquired a 75.1% stake in MyDays. It operates the events listings website, Mydays.de.	N.A.
28-Mar-13	Acquisition	SilverTours GmbH	Germany	ProSiebenSat1 acquired a 60% stake in SilverTours. It operates the rental car price comparison website, billiger-mietwagen.	EUR 46.7 million
14-Dec-12	Divestment	Nordic operations	Nordic	ProSiebenSat1 divested its Nordic TV operations to Discovery Networks International	EUR 1.325 billion

## Performance Data

### Annual data

#### Germany

##### Audience analysis

##### % Audience share

Metric	Channel/Platform	2014	2015	2016
<i>14-49 yrs, 24 hrs 7 days</i>				
All ProSieben		28.7	29.5	28.0
ProSieben		11.0	10.9	10.4
Sat1		9.2	9.3	8.7
Kabel eins		5.5	5.3	5.1
Sat 1 Gold		0.7	1.3	1.4
sixx		1.4	1.4	1.3
MAXX		1.0	1.2	1.1
<i>3 yrs+, 24 hrs 7 days</i>				
Sat1		8.1	7.9	7.3
ProSieben		5.5	5.3	5.0
Kabel eins		3.8	3.8	3.8
Sat.1 Gold		0.7	1.4	1.4
MAXX		0.5	0.7	0.8
sixx		0.7	0.8	0.6

##### *Company data*

##### Online video

##### Online users

Metric	Channel/Platform	2014	2015	2016
<i>Total visits</i>				
ProSieben			20,169,372.0	15,260,616.0
sixx			10,416,763.0	8,303,453.0
Sat1			7,306,841.0	8,094,634.0
Kabel eins			2,285,749.0	2,033,099.0

AGOF

*Annual data is Dec data*

#### Switzerland

##### Audience analysis

##### % Audience share

Metric	Channel/Platform	2014	2015	2016
<i>14-49 yrs, 24 hrs 7 days</i>				
All ProSieben		17.3	18.6	17.3
<i>3 yrs+, 24 hrs 7 days, H2 data</i>				
Sat1		4.1	4.0	4.2
ProSieben		3.6	3.4	3.0
Kabel eins		1.8	1.9	1.6
sixx		0.3	0.5	0.5
Sat1 Gold		0.2	0.4	0.4
Maxx		0.0	0.2	0.3

*Mediapulse*

## Austria

### Audience analysis

% Audience share

Metric	Channel/Platform	2014	2015	2016
12+ yrs				
ProSieben				4.6
Sat1				4.4
Puls4				3.1
Kabel eins				2.6
sixx				1.0
MAXX				0.5
14-49 yrs, 24 hrs 7 days				
All ProSieben		21.7	23.1	23.0
AGTT				



## Interim data

### Germany

#### Audience analysis

% Audience share

Metric	Channel/Platform	Dec 2016	Jan 2017	Feb 2017
<i>14-49 yrs, 24 hrs 7 days</i>				
All ProSieben			26.6	26.8
ProSieben		10.3	9.8	9.6
Sat1		8.9	8.1	8.9
Kabel eins		5.0	5.0	4.8
Sat 1 Gold		1.4	1.1	1.2
sixx		1.2	1.1	1.1
MAXX		1.2	1.2	1.2
<i>3 yrs+, 24 hrs 7 days</i>				
Sat1		7.1	6.6	7.1
ProSieben		5.1	4.7	4.5
Kabel eins		3.7	3.5	3.4
Sat.1 Gold			1.3	1.3
MAXX			0.6	0.6
sixx			0.7	0.7

Company data

Online video

Online users

Metric	Channel/Platform	Dec 2016	Jan 2017	Feb 2017
<i>Total visits</i>				
ProSieben			14,151,992.0	16,131,914.0
sixx			8,494,807.0	6,805,504.0
Sat1			7,606,647.0	8,800,556.0
Kabel eins			2,571,297.0	1,846,876.0

AGOF

### Switzerland

#### Audience analysis

% Audience share

Metric	Channel/Platform	Dec 2016	Jan 2017	Feb 2017
<i>14-49 yrs, 24 hrs 7 days</i>				
All ProSieben				
<i>3 yrs+, 24 hrs 7 days, H2 dat</i>				
Sat1				
ProSieben				
Kabel eins				
sixx				
Sat1 Gold				
Maxx				
<i>Mediapulse</i>				

**Austria**Audience analysis*% Audience share*

Metric	Channel/Platform	Dec 2016	Jan 2017	Feb 2017
12+ yrs				
ProSieben				4.2
Sat1				3.7
Puls4				2.9
Kabel eins				2.3
sixx				1.0
MAXX				0.4
14-49 yrs, 24 hrs 7 days				
All ProSieben				
AGTT				

## Segmentation Analysis

### a) Revenue Segmentation

#### Product and Service

Currency EUR					% share			
	2013	2014	2015	2016	2013	2014	2015	2016
<b>Broadcasting German-speaking</b>	1,997.8	2,062.7	2,152.1		76.7%	71.7%	66.0%	N.A.
% change	4.6%	3.2%	4.3%	N.A.				
<b>Content Production</b>	123.8	202.2	262.2		4.8%	7.0%	8.0%	N.A.
% change	29.8%	63.3%	29.7%	N.A.				
<b>Digital &amp; Adjacent</b>	483.7	610.7	846.4		18.6%	21.2%	26.0%	N.A.
% change	37.7%	26.3%	38.6%	N.A.				
<b>Total</b>	<b>2,605.3</b>	<b>2,875.6</b>	<b>3,260.7</b>					

#### Revenue source

Currency EUR					% share			
	2013	2014	2015	2016	2013	2014	2015	2016
<b>Advertising</b>	2,067.3	2,127.5	2,203.9		79.3%	74.0%	67.6%	N.A.
% change	5.0%	2.9%	3.6%	N.A.				
<b>Agency Commissions</b>			153.6		N.A.	N.A.	4.7%	N.A.
% change	N.A.	N.A.		N.A.				
<b>Barter Transactions</b>	36.0	59.7	72.4		1.4%	2.1%	2.2%	N.A.
% change	50.6%	65.8%	21.3%	N.A.				
<b>Content Production</b>	95.2	154.5	221.3		3.7%	5.4%	6.8%	N.A.
% change	N.A.	62.3%	43.2%	N.A.				
<b>Distribution</b>	75.2	93.0	110.6		2.9%	3.2%	3.4%	N.A.
% change	N.A.	23.7%	18.9%	N.A.				
<b>Other</b>	331.6	441.0	498.9		12.7%	15.3%	15.3%	N.A.
% change	-8.8%	33.0%	13.1%	N.A.				
<b>Total</b>	<b>2,605.3</b>	<b>2,875.7</b>	<b>3,260.7</b>					

#### Product and Service

Currency EUR					% share			
	2013	2014	2015	2016	2013	2014	2015	2016
<b>Broadcasting German-speaking</b>			2,152.0	2,210.0	N.A.	N.A.	66.2%	58.4%
% change	N.A.	N.A.		2.7%				
<b>Content Prodn &amp; Global Sales</b>			262.0	362.0	N.A.	N.A.	8.1%	9.6%
% change	N.A.	N.A.		38.2%				
<b>Digital Entertainment</b>			371.0	442.0	N.A.	N.A.	11.4%	11.7%
% change	N.A.	N.A.		19.1%				
<b>Digital Ventures &amp; Commerce</b>			465.0	768.0	N.A.	N.A.	14.3%	20.3%
% change	N.A.	N.A.		65.2%				
<b>Total</b>			<b>3,250.0</b>	<b>3,782.0</b>				

### Geographic

Currency	EUR					% share			
		2013	2014	2015	2016	2013	2014	2015	2016
<b>Austria/Switzerland</b>									
				253.0	267.0	N.A.	N.A.	7.8%	7.0%
% change		N.A.	N.A.		5.5%				
<b>Germany</b>									
				2,734.0	2,970.0	N.A.	N.A.	83.9%	78.2%
% change		N.A.	N.A.		8.6%				
<b>Other</b>									
				15.0	9.0	N.A.	N.A.	0.5%	0.2%
% change		N.A.	N.A.		-40.0%				
<b>Scandinavia</b>									
				17.0	148.0	N.A.	N.A.	0.5%	3.9%
% change		N.A.	N.A.		770.6%				
<b>UK</b>									
				30.0	28.0	N.A.	N.A.	0.9%	0.7%
% change		N.A.	N.A.		-6.7%				
<b>USA</b>									
				211.0	377.0	N.A.	N.A.	6.5%	9.9%
% change		N.A.	N.A.		78.7%				
<b>Total</b>				<b>3,260.0</b>	<b>3,799.0</b>				

### Product and Service

Currency	EUR					% share			
		2013	2014	2015	2016	2013	2014	2015	2016
<b>Broadcasting German-speaking</b>									
TV advertising				1,974.0	2,017.0	N.A.	N.A.	94.6%	94.3%
% change		N.A.	N.A.		2.2%				
Distribution				112.0	123.0	N.A.	N.A.	5.4%	5.7%
% change		N.A.	N.A.		9.8%				
<b>Total</b>				<b>2,086.0</b>	<b>2,140.0</b>				

### Product and Service

Currency	EUR					% share			
		2013	2014	2015	2016	2013	2014	2015	2016
<b>Digital Entertainment</b>									
AdVoD				181.0	296.0	N.A.	N.A.	48.9%	66.8%
% change		N.A.	N.A.		63.5%				
Adjacent				71.0	45.0	N.A.	N.A.	19.2%	10.2%
% change		N.A.	N.A.		-36.6%				
PayVoD				70.0	82.0	N.A.	N.A.	18.9%	18.5%
% change		N.A.	N.A.		17.1%				
Games				48.0	20.0	N.A.	N.A.	13.0%	4.5%
% change		N.A.	N.A.		-58.3%				
<b>Total</b>				<b>370.0</b>	<b>443.0</b>				

### Product and Service

Currency	EUR					% share			
		2013	2014	2015	2016	2013	2014	2015	2016
<b>Digital Ventures &amp; Commerce</b>									
Online Travel				179.0	316.0	N.A.	N.A.	38.5%	41.1%
% change		N.A.	N.A.		76.5%				
Seven Ventures				141.0	124.0	N.A.	N.A.	30.3%	16.1%
% change		N.A.	N.A.		-12.1%				
Lifestyle Commerce				87.0	176.0	N.A.	N.A.	18.7%	22.9%
% change		N.A.	N.A.		102.3%				
Price Comparison				58.0	122.0	N.A.	N.A.	12.5%	15.9%
% change		N.A.	N.A.		110.3%				
Online Dating					30.0	N.A.	N.A.	N.A.	3.9%
% change		N.A.	N.A.	N.A.					
<b>Total</b>				<b>465.0</b>	<b>768.0</b>				

## b) EBITDA Segmentation

### Product and Service

Currency	EUR					% share			
		2013	2014	2015	2016	2013	2014	2015	2016
<b>Broadcasting German-speaking</b>				716.0	747.0	N.A.	N.A.	80.4%	75.0%
% change		N.A.	N.A.		4.3%				
<b>Content Prodn &amp; Global Sales</b>				22.0	44.0	N.A.	N.A.	2.5%	4.4%
% change		N.A.	N.A.		100.0%				
<b>Digital Entertainment</b>				29.0	37.0	N.A.	N.A.	3.3%	3.7%
% change		N.A.	N.A.		27.6%				
<b>Digital Ventures &amp; Commerce</b>				123.0	168.0	N.A.	N.A.	13.8%	16.9%
% change		N.A.	N.A.		36.6%				
<b>Total</b>				<b>890.0</b>	<b>996.0</b>				

### Product and Service

Currency	EUR					% share			
		2013	2014	2015	2016	2013	2014	2015	2016
<b>Broadcasting German-speaking</b>		678.2	702.8	734.3		85.4%	82.6%	79.0%	N.A.
% change		2.7%	3.6%	4.5%	N.A.				
<b>Content Production</b>		10.6	19.1	25.0		1.3%	2.2%	2.7%	N.A.
% change		146.5%	80.2%	30.9%	N.A.				
<b>Digital &amp; Adjacent</b>		105.4	129.3	170.2		13.3%	15.2%	18.3%	N.A.
% change		17.5%	22.7%	31.6%	N.A.				
<b>Total</b>		<b>794.2</b>	<b>851.2</b>	<b>929.5</b>					

## Operating Costs Analysis

Company Category	2013	2014	2015	2016	2013	2014	2015	2016
<u>Employee costs</u>								
Personnel costs	321.0	391.5	477.3	550.1	13.9%	17.7%	18.7%	18.0%
		-18.0%	21.9%	15.3%				
<u>Other costs</u>								
Other costs	1,131.5	949.6	1,182.7	1,590.9	49.0%	43.0%	46.3%	52.1%
		19.2%	24.5%	34.5%				
<u>Programming costs</u>								
Programming costs	858.7	867.8	895.5	915.0	37.2%	39.3%	35.0%	29.9%
		-1.0%	3.2%	2.2%				
	<b>2,311</b>	<b>2,209</b>	<b>2,556</b>	<b>3,056</b>				

#### ABOUT THE AUTHOR

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Tel: +44 (0) 208 180 7223

Fax: +44 (0) 870 762 3014

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# Television in Germany

27-Mar-17

## Key country data

<b>Population (millions):</b>	81.80			
<b>TV HHs (millions):</b>	37.4			
<b>Major Players:</b>	RTL, ProSiebenSat1, ARD, ZDF, Vodafone, Tele Columbus, Deutsch Telekom, Liberty Global, Sky			
<b>GDP Growth:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	1.4%	1.7%	2.1%	2.2%

The German TV market is the largest market in Europe with approximately 38 million TV households. In FTA broadcasting, the market is led by the commercial broadcasters, RTL and ProSiebenSat1 and the public broadcasters, ARD and ZDF; the latter are primarily licence fee funded. Advertising minutes on TV are limited to 12 minutes per hour with a minimum of 20 minutes of uninterrupted programming between breaks. TV viewing has remained resilient in the face of increasing competition from non-linear alternatives, but is declining among younger age groups.

Key distribution platforms include cable/fibre, DTH and increasingly IPTV. Cable and DTH have a share of approximately 41% and 46% respectively; in recent years, cable's share has lost share to DTH. In Pay TV, the leading platform operators include Vodafone (cable TV), Liberty Global (cable TV), Telecolumbus (cable TV), Sky (DTH) and Deutsche Telekom (IPTV). The cable TV market is characterised by a large number of customers in housing associations where a single cable operator provides connections to multiple residents in a single building; housing associations account for around half the cable market. A number of non-linear services are now available to viewers including Amazon Prime, Netflix and domestic services such as Maxdome.

## G2Mi Research

Harjinder Singh-Heer  
 Director  
 E: harjinder@g2mi.com  
 T: +44 (0) 208 180 7223

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## Major Players

Company Name	Ownership	Company Description
Liberty Global	Nasdaq	Liberty Global is a leading Pay TV and media group, with an extensive footprint in Europe. The group operates cable TV operations in the UK, Germany Belgium, Switzerland, Austria, Ireland and a number of Eastern European countries. In Europe it passes approx. 43 million households and has 21.3 million customer relationships.
Telecolumbus	Deutsche Borse	Telecolumbus is a German cable TV operator, providing both telecom and TV services. The group acquired other cable operators, Primacom and Pepcom in 2015.
Sky plc	LSE (UK)	Sky is a leading European media group with extensive Pay TV operations in the UK, Ireland, Germany, Austria and Italy. Its primary distribution platform is DTH. The group has approximately 25.8 million individual customers
Constantin Medien	Deutsche Borse	Constantin Medien is a German media group which operates the channels, Sport1 and Sport 1+. The group is also active in film production and distribution and sports marketing.
Axel Springer	Deutsche Borse	Axel Springer operates the news channel and website, Welt N24.
ZDF	Public sector	ZDF is a public broadcaster which broadcasts three channels, ZDF, ZDFneo (18-45 yr olds) and ZDFinfo (documentaries). The broadcaster was established by the German regions and is licence fee funded.
ARD	Public sector	ARD is a public broadcaster consisting of a consortium of regional public broadcasters. It operates the national network, Das Erste, two digital channels (One, Tagesschau24) and is a partner, alongside ZDF, in other channels such as Phoenix, Kika, 3sat and arte. ARD is funded by a licence fee levied on households, companies and public institutions.
RTL Group	Euronext Brussels	RTL Group is a European entertainment company. It has interests in 59 television and 31 radio stations in 10 countries. The Luxembourg-based media group operates TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary, Croatia and Asia as well as production companies throughout the world. It is majority-owned by German media conglomerate Bertelsmann. Its shares are quoted on the Xetra stock exchange in Germany.
ProSiebenSat.1 Media SE	Deutsche Borse	ProSiebenSat.1 Media SE is a leading German broadcaster with a growing digital media and ecommerce business. It operates a number of FTA and Pay TV channels/platforms in Germany and German-speaking markets such as Austria and Switzerland. Red Arrow Entertainment is its content production and distribution business and is active in 6 countries. In digital, it operates both media and ecommerce services in travel, price comparison and lifestyle.

## Key Metrics

## Household Data

Metric	Source	Data comment	2013	2014	2015	2016
<i>Millions</i>						
Total TV	Gfk		36.2	36.7	37.0	38.2
DTH	Gfk		16.9	17.2	17.1	17.9
Cable	Gfk		16.5	16.6	16.1	15.8
Broadband TV / IPTV	Gfk		1.6	1.6	2.6	3.2
Terrestrial	Gfk		1.3	1.4	1.3	1.3

## Media Consumption

Metric	Source	Data comment	2013	2014	2015	2016
<i>Daily Minutes (14 yrs +)</i>						
TV	Gfk			234.0	237.0	239.0
Radio	Gfk				190.0	190.0
Internet	Gfk	excl. video			42.0	42.0
Print	Gfk				31.0	35.0
Books	Gfk	Includes ebooks			28.0	34.0
Games	Gfk				35.0	23.0
Music streaming	Gfk	Includes mp3 in 2016			9.0	20.0
Online video	Gfk	Free and paid			11.0	17.0
CD	Gfk	Includes mp3 in 2015			23.0	14.0
DVD/Blu-Ray	Gfk				3.0	5.0
Cinema	Gfk				1.0	1.0
<i>Daily Minutes (14-29 yrs)</i>						
TV	Gfk			124.0	118.0	119.0
Internet	Gfk	excl. video			114.0	
Radio	Gfk				67.0	
Games	Gfk				85.0	
Print	Gfk				8.0	
<i>Daily Minutes (14-49 yrs)</i>						
TV	Gfk			181.0	176.0	171.0
Radio	Gfk				97.0	
Games	Gfk				57.0	
Print	Gfk				18.0	
Internet	Gfk	excl. video			88.0	

## Viewing Data

Metric	Source	Data comment	2013	2014	2015	2016
<i>14 - 29 yrs old</i>						
Average daily viewing (minutes)	Gfk		128.0	124.0		
<i>14 - 49 yrs old</i>						
Average daily viewing (minutes)	Gfk		182.0	181.0		
<i>3 yrs plus</i>						
Average daily viewing (minutes)	Gfk		221.0	221.0	223.0	223.0
<i>Minutes (14-49 yrs)</i>						
Linear	SevenOne Media				176.0	
Non Linear	SevenOne Media				23.0	

## Adspend Data

Source: Nielsen

Category	Notes		2011	2012	2013	2014	2015	2016
Trade Press	Gross	EUR	408	417	403	401	408	414
<i>% change</i>			2.9%	2.1%	-3.3%	-0.6%	1.7%	1.7%
Magazines			3,634	3,585	3,554	3,507	3,487	3,423
<i>% change</i>			1.4%	-1.4%	-0.9%	-1.3%	-0.6%	-1.8%
Newspapers			5,181	5,017	4,723	4,676	4,669	4,854
<i>% change</i>			-2.1%	-3.2%	-5.8%	-1.0%	-0.2%	4.0%
Outdoor			1,083	1,308	1,483	1,561	1,848	1,713
<i>% change</i>			11.5%	20.7%	13.4%	5.3%	18.4%	-7.3%
Mobile					107	185	300	518
<i>% change</i>						72.5%	62.7%	72.4%
Cinema			96	103	101	124	148	149
<i>% change</i>			17.6%	8.3%	-2.1%	22.4%	19.7%	0.4%
Radio			1,425	1,533	1,599	1,635	1,831	1,682
<i>% change</i>			3.9%	7.6%	4.3%	2.2%	12.0%	-8.2%
Internet			2,465	2,859	3,018	3,029	3,064	2,936
<i>% change</i>			0.0%	16.0%	5.6%	0.3%	1.1%	-4.2%
Television			11,109	11,336	12,104	13,068	13,979	14,934
<i>% change</i>			0.0%	2.0%	6.8%	8.0%	7.0%	6.8%
Total Adspend			25,935	26,157	27,084	28,224	29,449	30,906
<i>% change</i>			3.8%	0.9%	3.5%	4.2%	4.3%	4.9%

Source: Zenith Optimedia

Category	Notes		2011	2012	2013	2014	2015	2016
Television	Gross	USD	5,288	5,363	5,479	5,661	5,844	5,983
<i>% change</i>			0.7%	1.4%	2.2%	3.3%	3.2%	2.4%
Total Adspend			24,547	24,189	24,242	24,597	25,016	25,392
<i>% change</i>			2.9%	-1.5%	0.2%	1.5%	1.7%	1.5%

## Company-specific Data

## ARPU / Month

Metric	Channel/Platform	2014	2015	2016
<b>ARPU y/end March</b>				
Blended TV (EUR)	Vodafone Group	10.77	11.07	11.24
Blended TV (EUR)	Telecolumbus	9.60	9.50	9.20

## Audience analysis

Metric	Channel/Platform	2014	2015	2016
<b>% Audience share 14-49 yrs, 24 hrs 7 days</b>				
All ProSieben	ProSiebenSat.1 Media SE	28.70	29.50	28.00
RTL	RTL Group			12.70
ProSieben	ProSiebenSat.1 Media SE	11.00	10.90	10.40
Sat1	ProSiebenSat.1 Media SE	9.20	9.30	8.70
Das Erste (ARD)	ARD			7.40
Vox	RTL Group			7.00
ZDF	ZDF			6.80
RTL 2	RTL Group			5.70
Kabel eins	ProSiebenSat.1 Media SE	5.50	5.30	5.10
Sat 1 Gold	ProSiebenSat.1 Media SE	0.70	1.30	1.40
sixx	ProSiebenSat.1 Media SE	1.40	1.40	1.30
MAXX	ProSiebenSat.1 Media SE	1.00	1.20	1.10

## Audience analysis

Metric	Channel/Platform	2014	2015	2016
<b>% Audience share</b>				
<b>3 yrs+, 24 hrs 7 days</b>				
ZDF	ZDF	13.30	12.50	13.00
Das Erste	ARD	12.50	11.60	12.20
ARD-Dritte	ARD	12.40	12.50	12.10
RTL	RTL Group	10.30	9.90	9.70
Sat1	ProSiebenSat.1 Media SE	8.10	7.90	7.30
Vox	RTL Group	5.20	5.10	5.20
ProSieben	ProSiebenSat.1 Media SE	5.50	5.30	5.00
Kabel eins	ProSiebenSat.1 Media SE	3.80	3.80	3.80
RTL 2	RTL Group	3.90	3.70	3.20
ZDF neo	ZDF	1.30	1.60	2.10
Super RTL	RTL Group	1.70	1.80	1.80
Sat.1 Gold	ProSiebenSat.1 Media SE	0.70	1.40	1.40
RTL Nitro	RTL Group	1.30	1.40	1.40
3sat	3sat	1.10	1.10	1.20
ZDF info	ZDF	0.90	1.00	1.20
N24	Axel Springer	1.00	1.10	1.20
n-tv	RTL Group	1.00	1.00	1.10
Phoenix	ZDF		1.10	1.10
KiKa	ZDF	1.20	1.10	1.10
DMAX	Discovery Networks	1.00	1.00	1.00
arte	ARTE	1.00	1.00	1.00
Sport1	Constantin Medien	0.80	0.90	0.90
MAXX	ProSiebenSat.1 Media SE	0.50	0.70	0.80
sixx	ProSiebenSat.1 Media SE	0.70	0.80	0.60
RTL plus	RTL Group			0.40

## Online video

Metric	Channel/Platform	2014	2015	2016
<b>Online users</b>				
<b>Total visits</b>				
Welt	WeltN24	73,508,994.00	95,925,085.00	
Sport1	Constantin Medien	77,616,364.00	73,579,010.00	
n-tv	RTL Group	103,500,900.00	26,739,305.00	
RTL.de	RTL Group	21,527,541.00	20,492,219.00	
ProSieben	ProSiebenSat.1 Media SE	20,169,372.00	15,260,616.00	
TV Now	RTL Group		10,135,794.00	
sixx	ProSiebenSat.1 Media SE	10,416,763.00	8,303,453.00	
Sat1	ProSiebenSat.1 Media SE	7,306,841.00	8,094,634.00	
Disney.de	Walt Disney Corp.	3,341,872.00	6,916,249.00	
RTL 2	RTL Group	6,941,086.00	4,555,173.00	
Vox	RTL Group	6,272,984.00	2,709,600.00	
Kabel eins	ProSiebenSat.1 Media SE	2,285,749.00	2,033,099.00	
Toggo	RTL Group	2,034,070.00	1,875,140.00	
DMAX	Discovery Networks	1,610,639.00	1,714,051.00	
SouthPark	Viacom	2,342,776.00	1,379,449.00	
MTV	Viacom	1,604,483.00	1,303,519.00	
VIVA	Viacom	1,074,289.00	706,417.00	
Tele 5	Tele Munchen Gruppe	612,577.00	456,610.00	
RTL Nitro	RTL Group	514,365.00	113,454.00	
Sky	Sky plc			

Annual data is Dec data

## Subscriber / RGU analysis

Metric	Channel/Platform	2014	2015	2016
<b>Subscriptions</b>				
<b>Q4 data</b>				
TV (incl. IPTV, DTH)	Deutsche Telekom	2,442,000.00	2,683,000.00	2,879,000.00
<b>Subscriptions</b>				
<b>y/end December</b>				
Homes connected	Liberty Global	7,126,800.00	7,144,700.00	7,162,200.00
Total video subscribers	Liberty Global	6,557,900.00	6,500,900.00	6,405,700.00
Basic video subscribers	Liberty Global		5,003,800.00	4,822,900.00
Premium TV	Vodafone Group	2,302,000.00	2,526,000.00	2,681,000.00
Enhanced video subscribers	Liberty Global		1,497,100.00	1,582,000.00
<b>Subscriptions</b>				
<b>y/end March</b>				
Homes connected	Vodafone Group	8,344,000.00	8,308,000.00	8,347,000.00
Homes connected	Telecolumbus	1,697,000.00	3,605,000.00	3,601,000.00
Cable TV	Telecolumbus	1,311,000.00	2,458,000.00	2,437,000.00
Premium TV	Telecolumbus	161,000.00	426,000.00	422,000.00

## Deal Activity

Reported Date	Deal Type	Company	Counterparty	Summary	Deal value
07-Feb-17	Acquisition	ProSiebenSat.1 Media SE	Tele München Fernseh GmbH &	ProSiebenSat1 acquired the Austrian TV channel, ATV from Tele München Fernseh GmbH & Co. ATV is a leading FTA channel in Austria	N.A.
12-Jan-17	Divestment	ProSiebenSat.1 Media SE	Mediaset, TF1	ProSiebenSat1 has divested a 5.5% stake (to Mediaset) and a 6.1% stake (to TF1) in its MCN, Studio71. As part of the transaction, ProSiebenSat1 has agreed to acquire a strategic minority interest in "Finder Studios", a French premium MCN co-founded by TF1. As part of the transaction, Studio71 will be rolled out into France and Italy. The transaction valued Studio71 at approximately EUR 400 million; ProSiebenSat.1 retains about 70% of the shares in Studio71.	Approx. EUR 46.4
12-Oct-16	Investment	ProSiebenSat.1 Media SE	Kaufportal	ProSiebenSat.1 Group has invested in Kaufportal, a portal that connects customers with a vendor network for consulting-intensive products and services for home improvement and financial services. The company acquired a 42% stake alongside General Atlantic private equity.	N.A.
05-Sep-16	Acquisition	ProSiebenSat.1 Media SE	Parship Elite Group	ProSiebenSat.1 Group has acquired a majority stake (50% plus one share) in Parship Elite Group for EUR 100 million. The transaction is based on a company value of EUR 300 million. The previous owners, Oakley Capital Private Equity II and the management remain investors.	EUR 100 million
07-Jul-15	Acquisition	Telecolumbus	Pepcom GmbH	Tele Columbus acquires German cable TV firm, pepcom for EUR 608 million.	EUR 608 million
01-Jun-15	Acquisition	ProSiebenSat.1 Media SE	Verivox.de	80% stake in energy price comparison portal, Verivox.	
07-Jan-15	Acquisition	Telecolumbus	Primacom	Tele Columbus acquires German cable TV firm, Primacom for EUR 711 million	EUR 711 million
04-Jun-14	Divestment	ProSiebenSat.1 Media SE	Magic Internet Musik GmbH	ProSiebenSat1 divested Magic Internet Musik GmbH for EUR 20 million	EUR 20 million
18-Dec-13	Divestment	ProSiebenSat.1 Media SE	Producers at Work GmbH	ProSiebenSat1 divested Producers at Work GmbH for EUR 1.	EUR 1
04-Dec-13	Acquisition	ProSiebenSat.1 Media SE	Comvel GmbH	ProSiebenSat1 acquired 100% of the online travel company, Comvel GmbH which operates the online travel websites, weg.de and ferien.de. Cash consideration was EUR 40.8 million.	EUR 40.8 million
17-Oct-13	Acquisition	ProSiebenSat.1 Media SE	Netdo Establishment	ProSiebenSat1 acquired a 100% stake in the music listings website, songtexte.com from Netdo Establishment.	N.A.
13-Oct-13	Investment	ProSiebenSat.1 Media SE	Pluto TV	ProSiebenSat.1 Group has invested in the online video service, Pluto TV. Other investors include Scripps Networks, US Venture Partners and Sky Ventures. Pluto TV is an ad-supported online TV service with more than 100 linear live channels; reaches more than 5 million active users per month.	N.A.
31-Jul-13	Acquisition	ProSiebenSat.1 Media SE	MMP Veranstaltungen	ProSiebenSat1 acquired a 60% stake in the events company MMP Veranstaltungen und Vermarktungs.	N.A.
10-Apr-13	Acquisition	ProSiebenSat.1 Media SE	MyDays Holdings	ProSiebenSat1 acquired a 75.1% stake in MyDays. It operates the events listings website, Mydays.de.	N.A.
28-Mar-13	Acquisition	ProSiebenSat.1 Media SE	SilverTours GmbH	ProSiebenSat1 acquired a 60% stake in SilverTours. It operates the rental car price comparison website, billiger-mietwagen.	EUR 46.7 million

#### ABOUT THE AUTHOR

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