

MFE – MEDIAFOREUROPE  
Proxy presentation



March 2024

# Executive Summary

- P7 has consistently underperformed peers for years, notwithstanding multiple management changes (4 CEOs and several executive board members in the last few years)
- Revenues have decreased by 14.3% between 2021 and 2023, EBITDA by 31.2% and the share price by 52.1%
- In parallel leverage has increased from 2.2x in 2021 to 2.7x in 2023 and distributions to shareholders decreased by €170m in the same period (DPS 2021: 0.80, DPS 2023: 0.05)
- Leverage issue has to be addressed soon rather than procrastinated
- Company continues to operate a conglomerate portfolio, driving lack of focus and significant valuation discount
- Current management team has recognised need to refocus company but has failed to deliver
- Waiting further before acting provides no guarantee that better (or any) value will be realised for the non-core\* assets in the future (brokers' value for these assets went from EUR 3.7bn in 2021 to EUR 1.3bn currently or (65%), based on the valuations performed by equity analysts)
- Initiating the evaluation of the project for the potential separation of non-core\* activities provides additional strategic optionality to the company and its shareholders, while management considers alternative ways to realise value and dispose of assets
- Separation/disposal will bring increased business focus and provide greater strategic optionality and choice for shareholders
- It will also allow better alignment of management incentives with value delivery
- A refresh of the current Supervisory Board is necessary to accelerate change, speed up separation/disposal process and manage the Jochen Schweizer mydays issues rapidly, avoiding possible conflict of interests
- Given the continued underperformance and increasing debt concerns, it is appropriate to act quickly and avoid further loss of value

\*Includes Dating & Video and Commerce & Ventures

# Agenda

1. Long term value contraction and main causes:
  - a. Lackluster business performance
  - b. High leverage
  - c. Decreasing dividend distribution
  - d. Conglomerate discount
2. Is P7S1 the best controlling shareholder for the Dating and Ecommerce businesses?
3. Unlock the hidden value
4. Selected analysts' commentary
5. Rationale for the Split
6. MFE proposals for P7S1's 2024 AGM
7. MFE candidates profiles

# I) Long term value contraction and underperforming peers

## Share price evolution of Pro7Sat1 since 1-Jan-21

Share price in €



Total Shareholder Return* since 1-Jan-21	
<b>TF1</b>	50.1%
<b>6 GROUPE</b>	31.6%
<b>RTL</b>	5.9%
<b>itv</b>	(21.9%)
<b>ProSiebenSat.1 Media SE</b>	<b>(42.3%)</b>

- P7S1 stock price has been on a downward trend since after Covid-19. Among others, there are some key factors for such negative performance:
  - a) Lacklustre business performance;
  - b) High Leverage;
  - c) Decreasing dividend distribution;
  - d) Conglomerate Discount.

\*Return includes dividends received in period

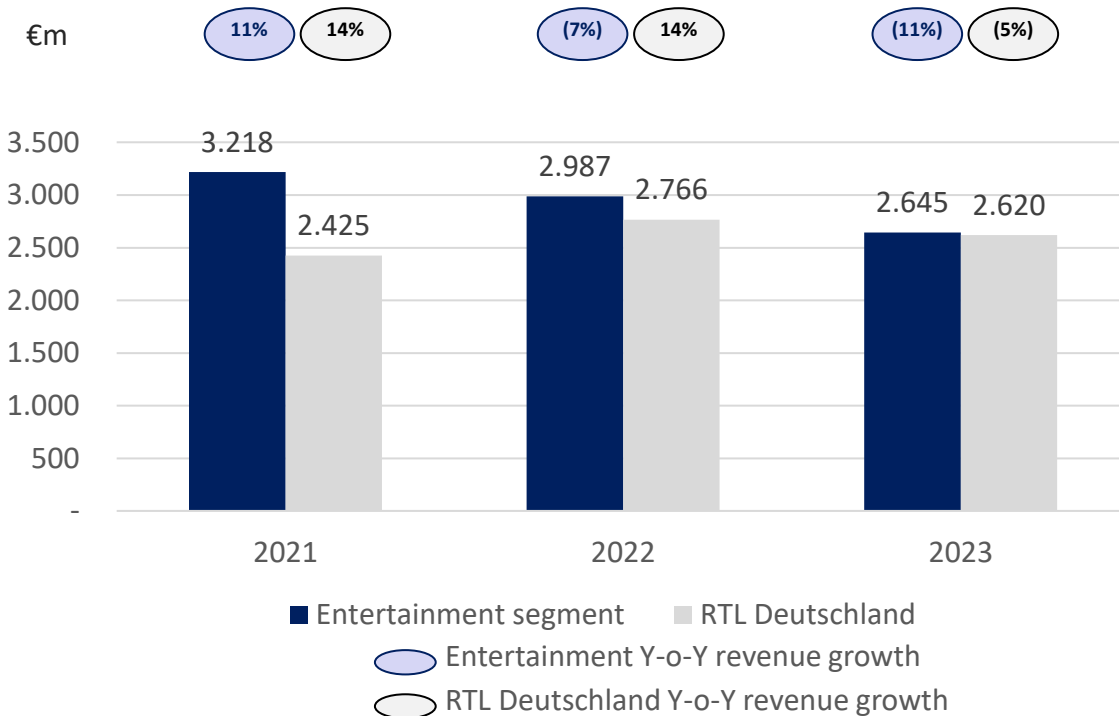
Source: Company information, FactSet.

# I.a) Lackluster business performance: Entertainment revenue vs RTL DE

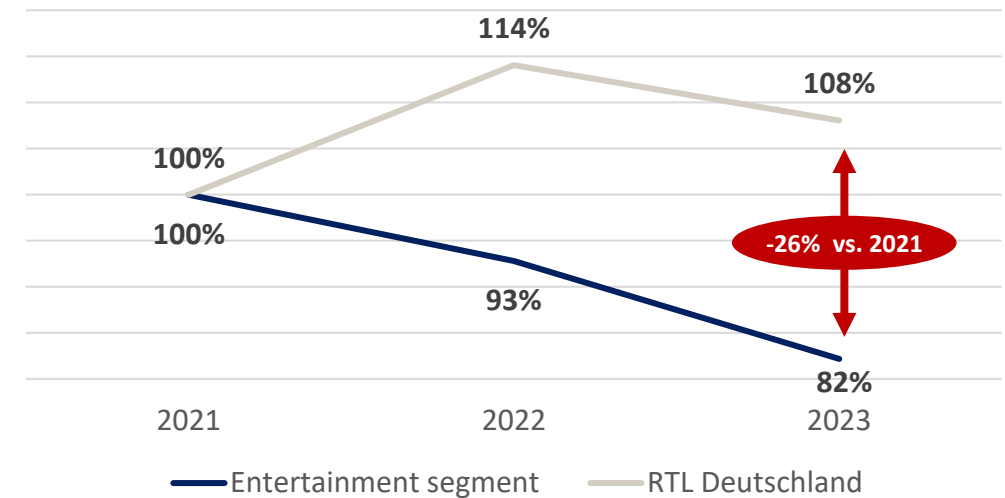
## Pro7Sat1 Entertainment's revenue growth has significantly underperformed its closest peer

- While the Entertainment segment of Pro7Sat1 was previously substantially larger than its closest peer, RTL Deutschland, it has lost significant market share over the last two years while RTL Deutschland has continued to grow and is now at a similar size to Entertainment
- RTL Deutschland has grown stronger than Entertainment in all of the last three years

Revenue evolution of P7 Entertainment and RTL DE since 2021



Relative revenue evolution of P7 Entertainment and RTL DE since 2021



## I.a) Lackluster business performance: Advertising collection

Pro7Sat1 expects TV ad revenues to grow low to mid-single digit in 1Q with Digital up low double digit.

“Is the guidance achievable?”

- PSM expects TV ad revenues to grow low to mid-single digit in 1Q with Digital up low double digit. **This should be achievable considering the easy comparison base of -15% in Entertainment TV core ad, while in DACH Digital & Smart was up 8%. But then going forward in 2024? (Société générale)**
- Given our broader sector, macro, strategy and quant view which suggests a quality defensive bias with the risk of European earnings downgrades (and **ongoing pressure on the advertising market**), we maintain a Neutral rating for now and **wait for the leading macro indicators to indicate a rotation to the recovery phase of the investment cycle, potentially in H2. (JPM)**

FIGURE 18. Evolution of Pro7Sat1's advertising between linear and targeted

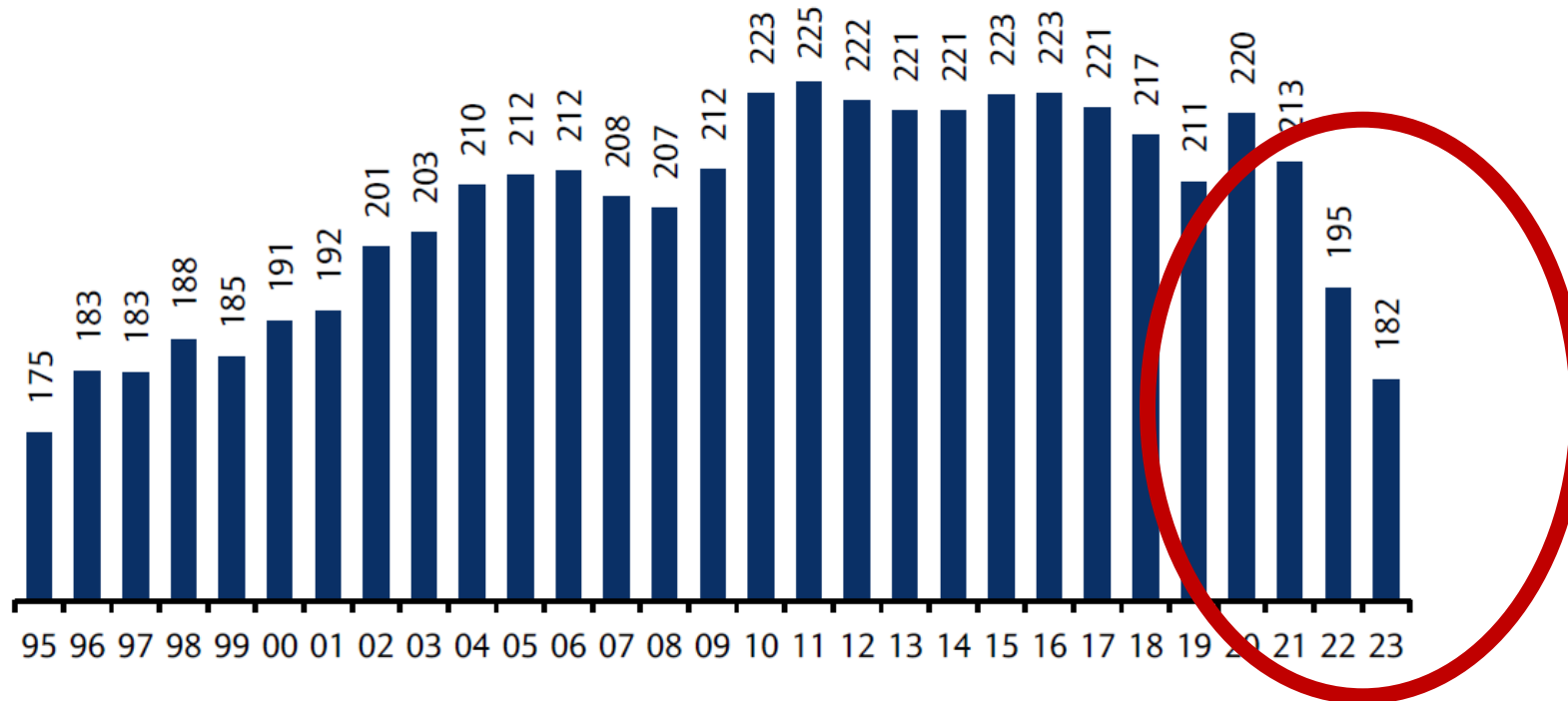
€ Millions	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Linear	634.2	420.4	266.0	340.5	618.5	344.0	421.0	419.0	638.0	371.0	397.0	369.0	556.0	315.0	353.0	338.0	549.0
Smart and Digital	78.0	44.0	42.0	55.0	84.0	47.0	62.0	60.0	92.0	56.0	65.0	61.0	89.0	61.0	68.0	70.0	99.0
Total TV	712.2	464.4	308.0	395.5	702.5	391.0	483.0	479.0	730.0	427.0	462.0	430.0	645.0	376.0	421.0	408.0	648.0
Growth (YoY) - Linear	-6.0%	-11.9%	-44.2%	-15.8%	-2.5%	-18.2%	58.3%	23.0%	3.2%	7.8%	-5.7%	-11.9%	-12.9%	-15.1%	-11.1%	-8.4%	-1.3%
Growth (YoY) - Smart	56.0%	46.7%	5.0%	27.9%	7.7%	6.8%	47.6%	9.1%	9.5%	19.1%	4.8%	1.7%	-3.3%	6.0%	1.6%	11.6%	11.0%
Growth (YoY) - Total	-1.7%	-8.4%	-40.4%	-11.6%	-1.4%	-15.8%	56.8%	21.1%	3.9%	9.2%	-4.3%	-10.2%	-11.6%	-11.9%	-8.9%	-5.1%	0.5%

# I.a) Lackluster business performance: TV consumption

In FY23, TV consumption fell 6.8% compared to FY22

- TV viewing had been holding up well in Germany until 2021, with the average number of minutes holding broadly flat between 2010 and 2017 and only marginally down between 2017 and 2021. However, 2022 saw a significant fall, which continued to be the scenario in 2023 as well.
- In FY23, TV consumption fell 6.8% to 182 minutes vs. 195 last year.

FIGURE 24. Historical evolution of daily viewing minutes (individuals 3yrs+) – Germany



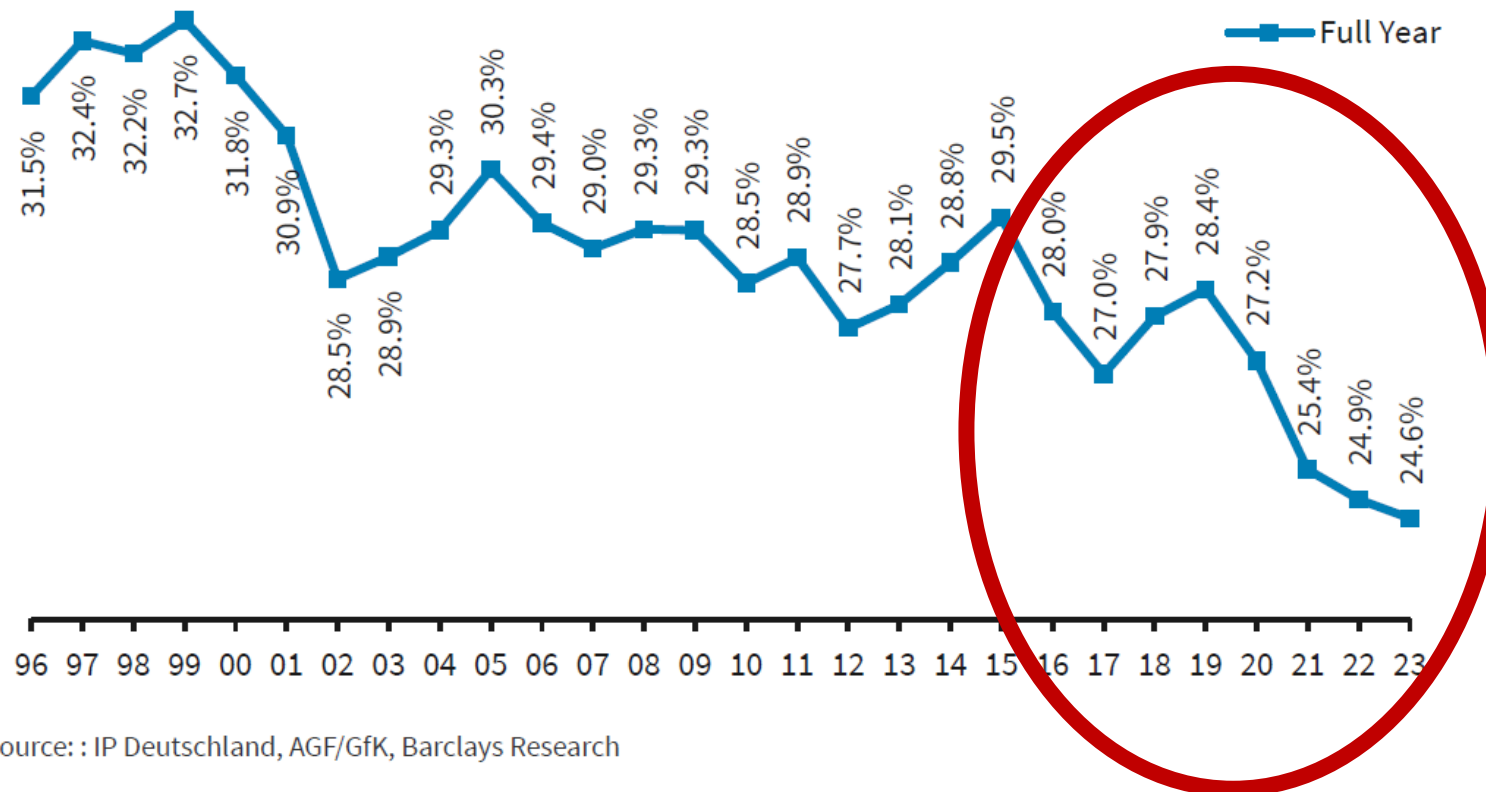
Source: : IP Deutschland, AGF/GfK, Barclays Research

# I.a) Lackluster business performance: TV Audience trend evolution

Pro7Sat1's audience share decreased to 24.9% in 2022. In 2023, it is at 24.6%

- Pro7Sat1's audience share has experienced a downward trend since 1996 with the exception of three periods (2002 to 2005, 2012-2015 and 2017-2019). 2023 fall seems to be smaller than previous few years.
- Pro7Sat1's 14- to 49-year-old audience share decreased to 24.9% in 2022. In 2023, it is at 24.6%.

FIGURE 28. Historical audience share evolution (14-49) – Pro7Sat1



Source : IP Deutschland, AGF/GfK, Barclays Research



## I.a) Lackluster business performance: Video & Dating

In 2022, Dating declined more than 10% every quarter – a trend that continued in 1Q23, 2Q23 and 3Q23

- Over the past four years, Dating organic has been 2% on average, far below US comps Match, Bumble and Grindr
- Video revenues also decreased "in a highly competitive environment and as a result of post-COVID normalisation". 4Q23 was the worst quarter since we started recording organic performance (1Q17)
- When asked about the muted performance of dating, CEO Bert Habets said: "We have already implemented cost measures and reduced the workforce by approximately 10%. We are looking into further streamlining the business further in 2024 and to stabilize it also by integrating IT platforms. Besides that, we are looking at enhancing our services. I think that this should contribute to a further stabilization of the business. Parship specifically is still suffering from the lack of automatic contract renewal that has been implemented in the German-speaking region. We are getting to the end of the negative impact because of the early implementation in the course of last year. The market environment is quite competitive and it is difficult to give a more concrete guidance for the business."

FIGURE 20. Organic trends in Dating

Organic Growth	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	Avg
Dating	11%	14%	11%	7%	36%	5%	-5%	3%	-11%	-14%	-10%	-12%	-14%	-16%	-12%	-17%	1%

Source: Company data, Barclays Research

## I.a) Lackluster business performance: Commerce & Ventures

### Commerce had a mixed 2023, thanks also to an easier comparison vs 2022

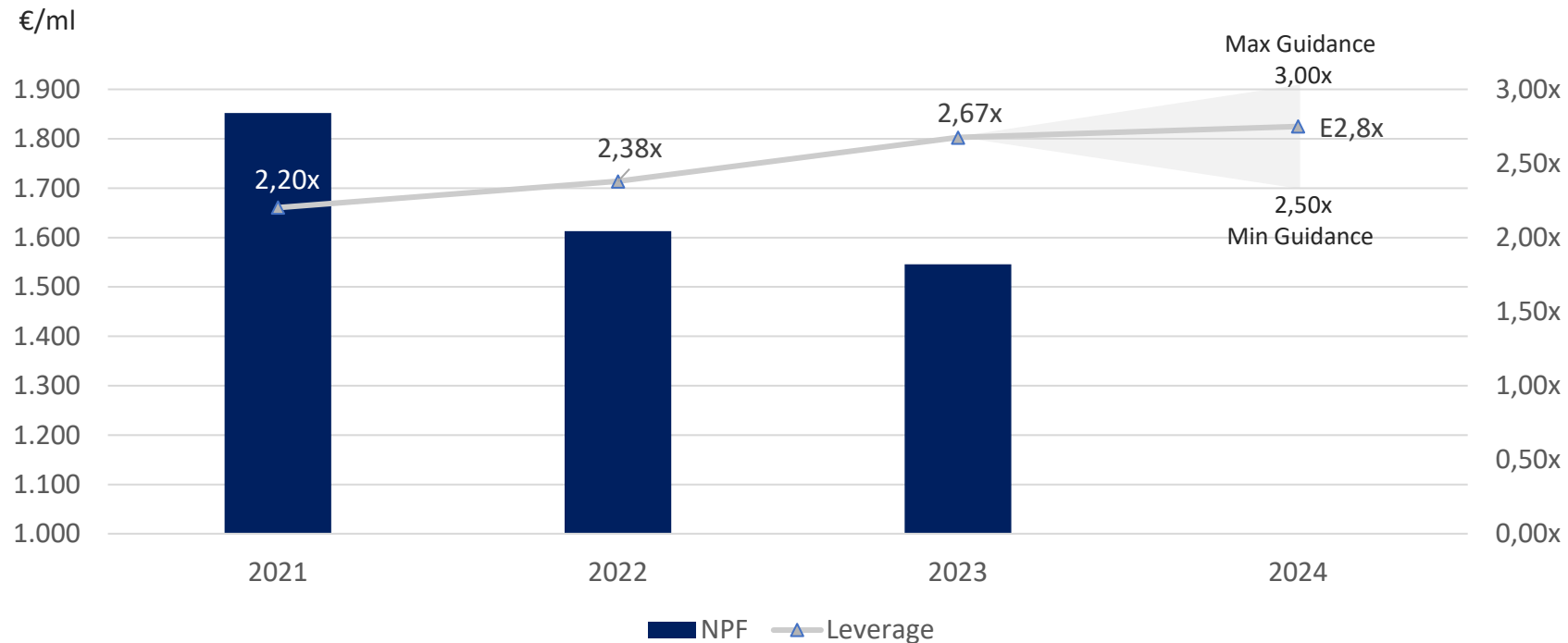
- While the slowdown in Consumer Advice (skyrocketing energy prices) is explainable, the slowdown in Beauty & Lifestyle is harder to fathom. However, 1Q23 saw a significant rebound with Commerce printing its fastest growth since 2Q21. This continued in 2Q23 thanks to online comparison portal Verivox (Consumer Advice) and Flaconi (Beauty & Lifestyle)
- Jochen Schweizer mydays (after the accounting issues) also increased its revenues. 3Q23 saw good trends in Consumer Advice and Beauty & Lifestyle but Experiences went back into negative territory – a trend that continued into 4Q23. The average growth rate of Commerce over the last four years has been 9%, which is decent
- When asked about a potential disposal of Verivox, CEO Bert Habets responded: "We are very happy with the performance of Verivox. It's also fair to say that Verivox is off to a strong start into the new year and we've always been very consistent in our guidance that once the market conditions are there, we would be open to crystallize value

FIGURE 21. Organic trends in Commerce

Organic Growth	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	Avg
Consumer Advice	-10%	-29%	-25%	-12%	-18%	15%	9%	-25%	-17%	8%	-6%	-19%	38%	32%	49%	49%	3%
Experience Gifts	-9%	-33%	-6%	-13%	-21%	-12%	18%	-19%	50%	98%	-2%	66%	56%	60%	-14%	-14%	13%
Beauty & Lifestyle	21%	30%	19%	31%	54%	16%	14%	-9%	-18%	-8%	-3%	2%	25%	13%	13%	13%	18%
Total Commerce	6%	2%	1%	11%	10%	18%	15%	-13%	-7%	10%	-8%	-4%	18%	18%	16%	13%	9%

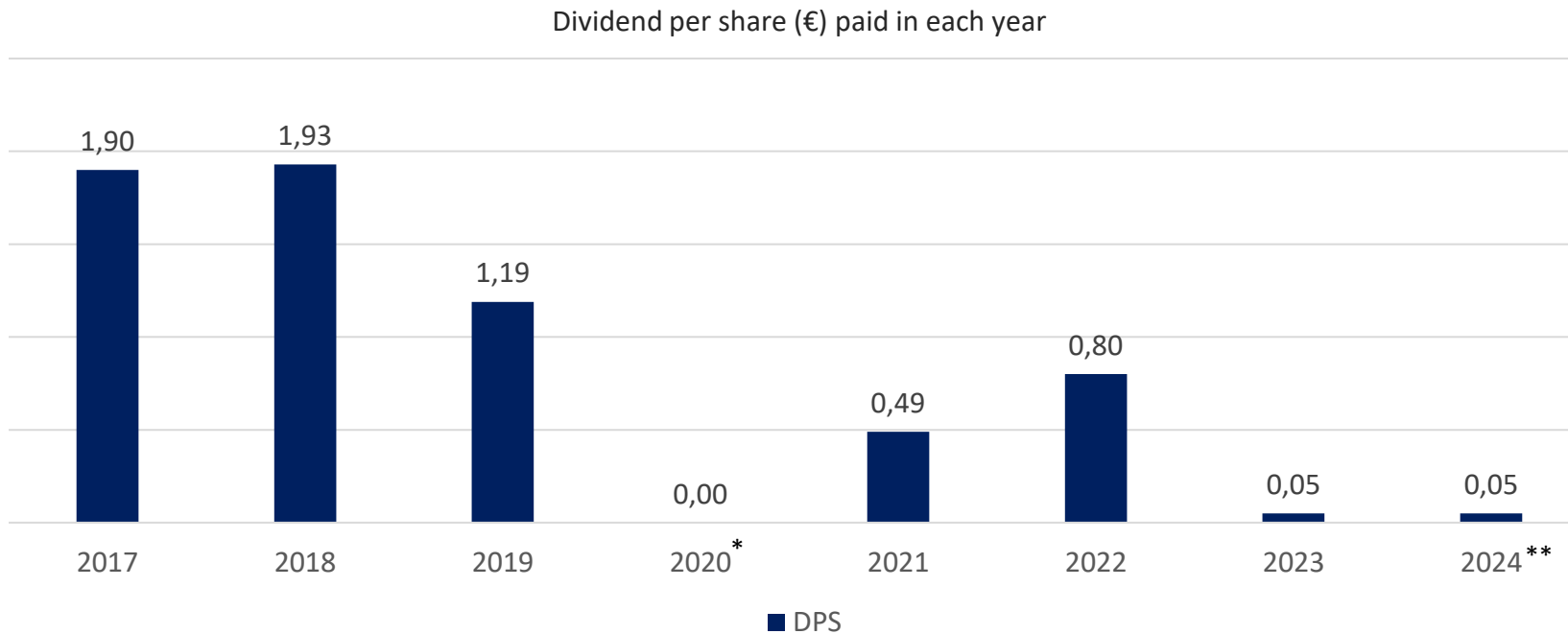
Source: Company data, Barclays Research.

## I.b) High Leverage



- Even if the Net Debt has been decreasing over the last few years, the Leverage has always increased approaching the 3,00x EBITDA.
- This is limiting the Investment capability of P7S1, potentially further reducing EBITDA and therefore triggering a non-virtuous cycle leading to an ever-deteriorating financial situation.

## I.c) Decreasing dividend distribution

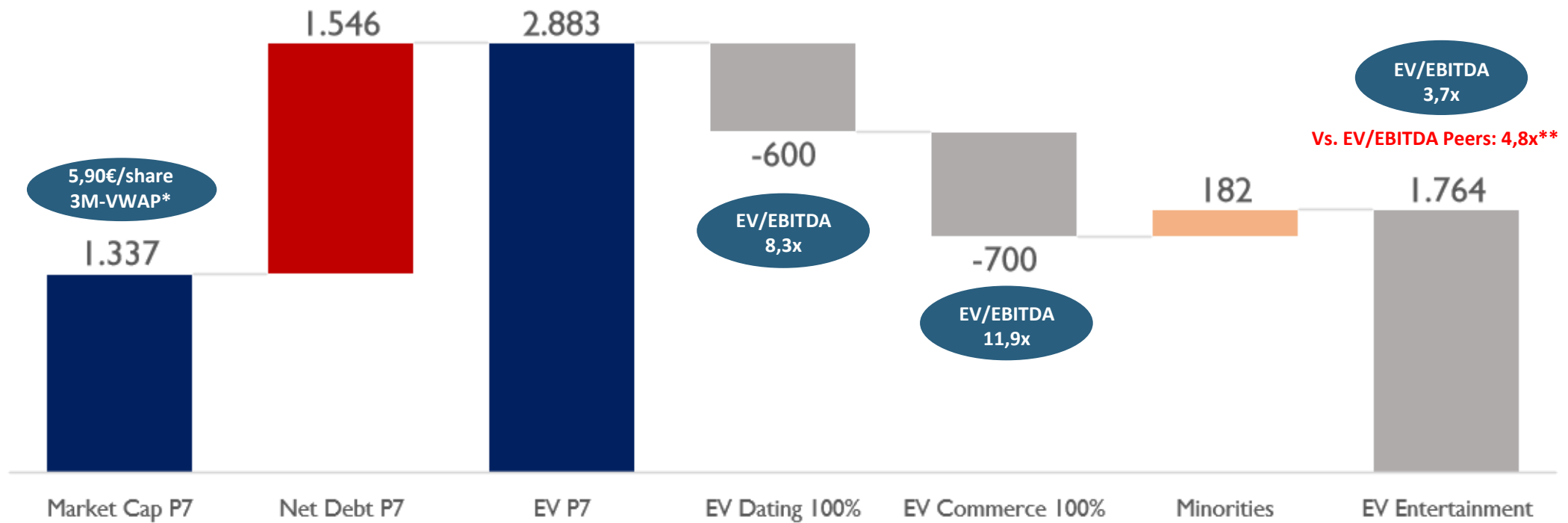


- The high leverage has imposed a tighter dividend policy over the last 6Y.
- In particular, 2023-2024 DPS imply very low dividend yield.

\*Dividend postponed due to Covid-19 pandemic

\*\* to be approved by AGM

# I.d) Conglomerate discount | Current Market Valuation (Sum Of The Parts)



\*3M-VWAP at 08/03/2024

\*\*Peers include: Antenna Tres, TF1, ITV, Vivendi, Groupe M6 and RTL

Notes: Illustrative EV Dating and EV Commerce in line with the average of the most recent analyst estimates available to date. Holding costs were fully allocated to the Entertainment Business.

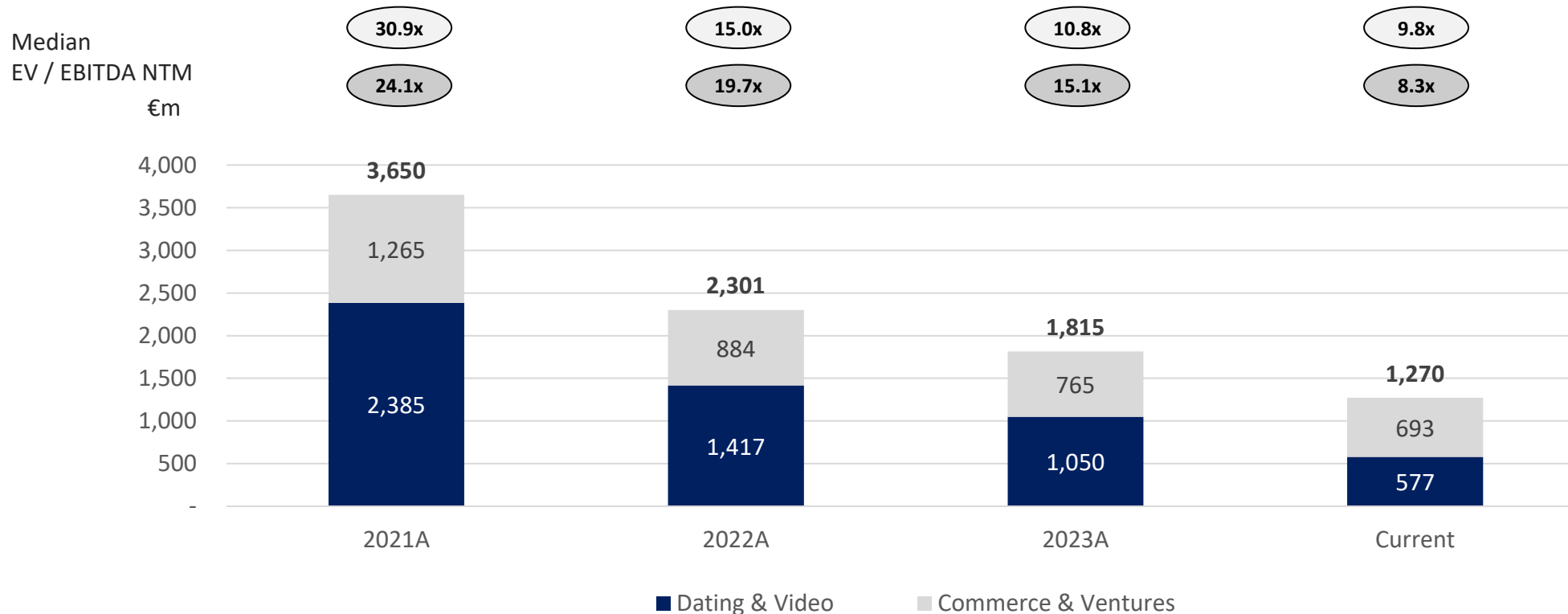
## 2. Is P7SI the best controlling shareholder for the digital assets? | Status quo of P7 Business Units

- Entertainment:
  - P7 management declared it should be the core focus of the strategy
  - Requires investments to stay competitive
  - Local geographical footprint poses challenges vis-à-vis global players
  - Requires management with media expertise
  - May benefit from synergies with industry partners
- Non-Core Activities (Dating & Commerce):
  - Limited management focus (both declared out of the core strategy by the management)
  - All digital businesses are under invested. They require investment to foster growth (in particular dating). May require M&A to exit/grow/consolidate (both dating and commerce)
  - Management has repeatedly failed to monetize these assets while value has continued to erode
  - Requires management with portfolio management capability (in particular commerce)
- At Holding level
  - High leverage
  - Low Flexibility due to conglomerate size
  - Holding discount as regards market valuation

## 2. Is P7S1 the best controlling shareholder for the digital assets? | Non-Core broker SotP valuation

### Pro7Sat1 Non-Core Activities have lost momentum, cannot further wait for actions

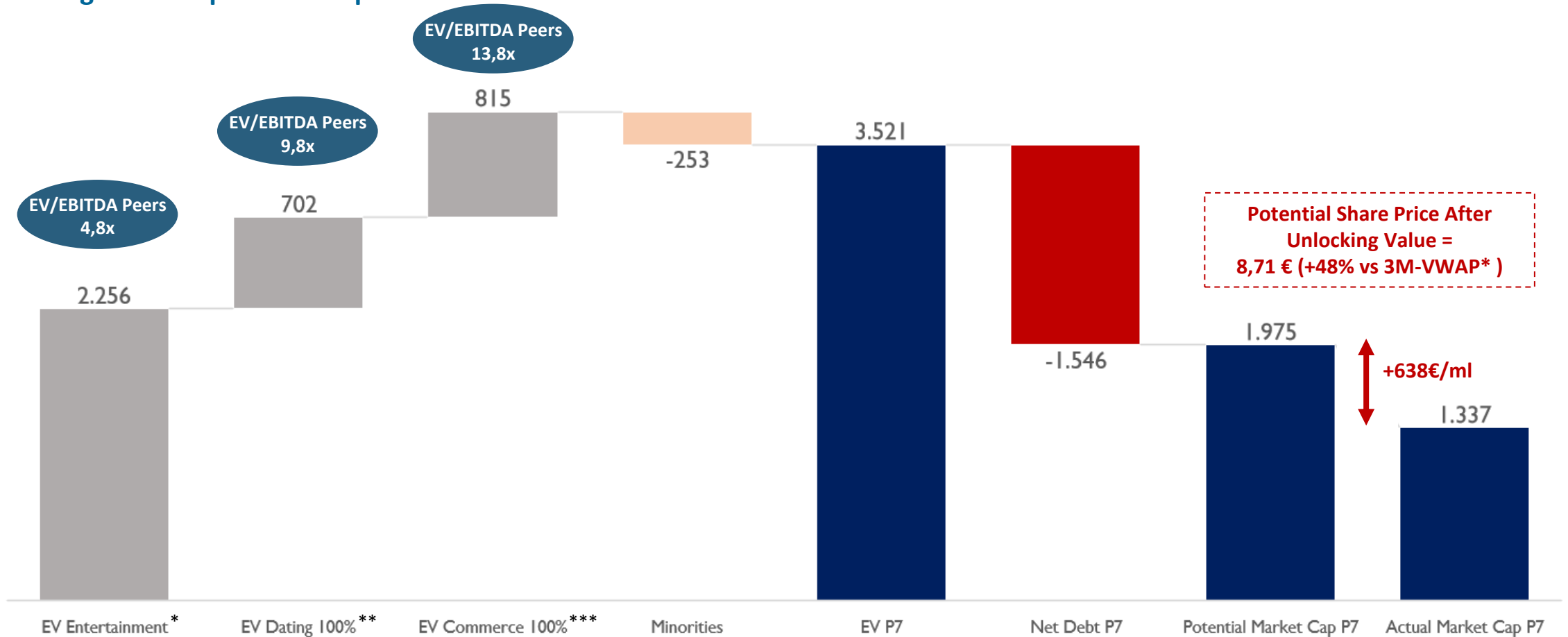
- The value of Dating & Video has decreased massively, after management missed the opportunity to IPO in 2021, now trading at €577m (24% of its 2021 value, based on brokers SotP valuations)
- Commerce & Ventures also declined significantly in value, now valued at c. €700m (55% of its 2021 value)
- Both segments have faced operational and legal issues, such as a large cost base at Dating & Video and legal disputes at both Non-Core Assets



Notes: Current EV Dating and EV Commerce based on the average of the most recent analyst estimates available to date.

### 3. Unlock the hidden value | Potential Valuation based on Listed Peers

Current implicit multiples are at a significant discount vs. Listed Peers; proper actions could drive multiples more in line with peers with significant upside value potential



\*EV Entertainment= Listed Peers EV/EBITDA FY23 Multiple \* Entertainment EBITDA P7 FY23 (4,77x \* 473ml/€)= 2.256 ml/€

\*\*EV Dating 100%= Listed Peers EV/EBITDA FY23 Multiple \* Dating EBITDA P7 FY23 (9,75x \* 72ml/€)= 702ml/€

\*\*\*EV Commerce 100%= Listed Peers EV/EBITDA FY23 Multiple \* Commerce EBITDA P7 FY23 (13,81x \* 59ml/€)= 815 ml/€

Note: Minorities recalculated based on potential new EV of Dating and Commerce Business Units. Actual Market Cap P7 Calculated as 3M-VWAP at 08/03/2024



## 4. Selected analysts' commentary

- *“While we continue to see value in the business, with Q124 trading providing strong evidence of a robust German ad recovery and backdrop into the year, we believe further value unlock requires execution on the exit of non synergistic assets as market conditions could improve, alongside management's ability to execute on its Entertainment strategy.” (UBS, 7 March 2024)*
- *“Leverage remains high and disposal are the only way out. However, we believe it will take time to dispose ParshipMeet Group while other assets might prove too small to make a significant difference to group leverage.” (Exane, 7 March 2024)*
- *“With that in mind, Pro7Sat1 extra content investment is the right strategy in our view. They need to create ondemand content that is attractive to young adults. We question, however, whether the c. €80m invested is enough. It only takes Pro7Sat1 back to what they were spending in 2021. Versus the billions spent by SVOD platforms and the infinite user-generated content on YouTube and social media, €80m might be a drop in the ocean. The risk is that this extra investment is what is needed to stand still – ie, achieve the advertising revenue that consensus had before but with lower profitability. Time will tell.” (Barclays, 8 March 2024)*

## 5. Rationale for the separation of the Non-Core Activities

- P7S1 Supervisory and Executive Boards have several times stated that the company should focus on its core business: Entertainment
- P7S1 is not the best shareholder for the Non –Core Activities because:
  - No synergies between Entertainment and Non-Core Activities
  - Each Business Units should have its independent strategy and its dedicated management:
    - Entertainment and Non-Core Activities are highly unrelated and cannot be both at the core of the strategy focus (as confirmed by current P7 management)
    - Consequently, each of Entertainment and Non-Core Activities should have a stand-alone strategic direction, focused at maximizing the value of each asset
    - Moreover, Entertainment and Non-Core Activities require completely different management set of skills
- Both Entertainment and Non-Core Activities are underinvested due to leverage constraint at holding level
- Being part of a conglomerate, neither Entertainment nor Non-Core Activities are well positioned in order to execute potential partnership/combination opportunities (conglomerate structure make corporate transactions/M&A more complex)
- Separation of the assets should eliminate holding discount and consequently maximize the value.
- MFE spin-off proposal will not prevent the effort of the Executive Board to achieve a full separation of the Non-Core Asset through other ways: a full disposal, a partial disposal, a merger, etc.. Asset disposals (either the sale of Entertainment or of Non-Core Activities) has proved to be too slow and not efficient so far.

## 6. MFE proposals for P7S1's 2024 AGM

- **Resolution on the preparation of a Spin-off and Takeover Agreement for the assets of the Company that are not attributable to the Entertainment segment**

This proposal is intended to obligate the Executive Board to prepare a spin-off of the assets not attributable to the Entertainment segment. The implementation of the spin-off would result in P7S1 itself only operating in the core business, while the non-core activities would be operated by a separate company whose shares would be admitted to trading. The P7S1 shareholders, at the time the spin-off takes effect, would automatically receive shares in the new company, without having to make any additional payment.

Different measures can be considered for separating the two business areas. MFE has expressed its willingness to participate in a separation of the two areas through the sale of the Entertainment segment. However, the decision on this rests with the Executive Board.

- **Resolution on the election of Mr. Leopoldo Attolico to the Company's Supervisory Board instead of Pim Schmitz for the term of office stipulated in the Supervisory Board's resolution proposal**

Mr. Attolico is not a member of other supervisory boards and he is independent of P7S1, its Executive Board and its Shareholders within the meaning of the German Corporate Governance Code.

Mr. Attolico is particularly suitable to assume the office as a member of the Supervisory Board precisely with a view to the challenges that the Company is currently facing. MFE's election proposal takes into account the objectives adopted by the Supervisory Board for its composition and helps, in an excellent way, to fulfil the skills and expertise profile for the entire body as adopted by the Supervisory Board.

## 6. MFE proposals for P7S1's 2024 AGM

- **Resolution on the cancellation of the existing authorized capital (Authorized Capital 2021), creation of new authorized capital together with an authorization to exclude preemptive rights (Authorized Capital 2024), and corresponding amendment of section 4 of the Articles of Incorporation**

Under this item, we are proposing two resolutions; the second resolution on the creation of new authorized capital, would be put to the vote only if the first one receives the required majority, approving the cancellation of the existing authorized capital.

This authorization corresponds to the previous one, approved in 2021, in terms of amount, terms and ability to cover P7S1's financing requirements, however, the possible dilutive effect is much smaller, as shareholders will be granted preemptive rights and the options for the exclusion of them are limited compared to Authorized Capital 2021.

- **Resolution on the removal of Prof. Dr. Rolf Nonnenmacher, Member of the Supervisory Board and Chair of the Audit Committee**

Prof. Nonnenmacher has been a member of the Supervisory Board since May 21, 2015 and his term of office ends with the 2025 AGM. He has chaired the Audit Committee of the Supervisory Board since his election, while the other members of the Audit Committee have only been members since 2023.

This motion for removal is not intended to cast any doubts on the integrity of Prof. Nonnenmacher. However, many of the critical issues and challenges that the Company is currently facing fall within the remit of the Audit Committee which Prof. Nonnenmacher has chaired and continues to chair.

- **Resolution on the amendment of section 9 para. 1 of the Articles of Incorporation, requiring the approval of the Supervisory Board for some transactions made by the Executive Board**

In view of the Company's current economic situation and the other MFE's proposals, the involvement of the Supervisory Board and its approval for particularly important financing transactions should be mandatory.

For more information, please see MFE's press release [here](#) and the relevant AGM documents on [P7S1's website](#).

# 7. MFE candidates profiles | Leopoldo Attolico



Age 60

Independence ✓

Number of mandates in listed companies 0

## CAREER

- **Citigroup (2013 – 2024)**
  - Southern Europe (Italy, Spain, Greece and Portugal) Cluster Head and Italy Country Officer
  - Responsible for the coordination of all businesses and activities in these countries including. Legal, Compliance, Risks and Controls
  - Regulated role (i.e. CEP Branch Manager) vetted and approved by both ECB and CBI
  - Lead coverage banker on selected key Italian accounts (Corporates, Public Sector and Private Equity)
  - Was Head of Citi Investment Banking and Vice Chairman of Investment Banking Italy
- **Deutsche Bank (2009 – 2013)**
  - Vice Chairman Investment Banking Coverage and Advisory (Italy)
  - Head of Investment Banking Coverage and Advisory Italy
  - Was also: Member of EMEA Regional Leaders Group; Member of DB Italy Executive Committee; Branch Manager of DB AG Milan Branch
- **Lehman Brothers (2000 – 2008) - (Nomura between 9/2008 and 11/2008)**
  - Head of M&A Southern Europe
  - Head of Investment Banking Coverage Italy
  - Previously: Member of Italy Investment Banking team
  - Was also: Member of European IBD Executive Committee; Member Italian Operating Committee
- **Intesa SanPaolo (1989 – 1999)**
  - Head of Rome Office Banca IMI (1999)
  - Head of Corporate Finance SanPaolo (1997/1998)
  - Hambros Bank London – Secondment (1995/1996)
  - Sanpaolo Finance/Crediop/Credipar: member of investment banking and principal investment teams

## EDUCATION

- Degree Magna cum laude in Statistics & Economics at La Sapienza University in Rome
- Baccalaureat “C”, Lycee Francais Chateaubriand, Rome

## ACADEMIC ACTIVITIES

- Professor of “M&A and Investment Banking” at Luiss University in Rome (since 2018)

## 7. MFE candidates profiles | Simone Scettri



Age 64

Independence ✓

Number of mandates in listed companies 0

### CAREER

- **EY (2002 – June 2022)**
  - CEO of EY SpA and Managing Partner of the Service Line Assurance
  - Before he was Professional Practice Director for Italy and the Mediterranean Region; Chair of EY SpA; EY Forum of Governance coordinator.
- **CONSOB (1988 – 2001)**
  - Head of the Corporate Control Office (Issuers' Division)
  - Head of the Listed Companies Financial Statements Office (Accounting Division)
- **Arthur Andersen & Co (1984 – 1988)**
  - FSI (Financial Services Industry) sector specialised in auditing and consulting services

### MANDATES ON NATIONAL AND INTERNATIONAL ORGANIZATIONS

- **EFRAG European Financial Reporting Advisory Group (since 2023)**
  - Member of the Financial Reporting Board
- **ESMA European Securities and Markets Authority (2019-2023)**
  - Member of the Consultative Working Group of ESMA Corporate Reporting Standing Committee
- **OIC Organismo Italiano di Contabilità (since 2002)**
  - Chairman of the Accounting Principles Technical Committee and Vice-Chairman of the Board of Directors
- **CONSOB (2019 – 2023)**
  - Member of COMI Comitato degli Operatori di Mercato e degli Investitori
- **ASSIREVI (2005 – 2022)**
  - Vice-Chairman

### EDUCATION

- Degree cum laude in Economics and Business at La Sapienza University in Rome

### ACADEMIC ACTIVITIES

- Professor of “Financial and ESG reporting” at Luiss University

## 7. MFE candidates profiles | Skill Matrix

MFE's candidates for the Supervisory Board of ProSiebenSat.1 Media are highly compliant with the skill profile defined by P7S1

Skills profile as defined by P7S1	Leopoldo Attolico	Simone Scettri
Management experience in listed companies	✓	✗
Management experience in transformation	✓	✓
Industry experience in existing business fields	✗	✓
Industry experience in new business fields	✓	✓
Financial Experience	✓	✓
People Development	✓	✓
Corporate Governance experience	✓	✓
Sustainability	✓	✓
Independence	✓	✓

Other relevant skills for MFE's strategy	Leopoldo Attolico	Simone Scettri
Experience in M&A and extraordinary operations	✓	✓
Experience in capital market management	✓	✓
International skills and experience in management of international organizations	✓	✓