NOTES TO THE STATEMENT OF FINANCIAL POSITION

16 / Goodwill

159 / **STATEMENT OF CHANGES IN GOODWILL** in EUR m

	2018	2017
COST		
Opening balance as of January 1	**1,924**	**1,953**
Exchange rate differences	13	– 36
Additions	119	162
Disposals	– 2	– 155
Closing balance as of December 31	**2,055**	**1,924**
IMPAIRMENT		
Opening balance as of January 1/ Closing balance as of December 31	**93**	**93**
Carrying amount as of December 31	**1,962**	**1,831**

For further information regarding additions and disposals please refer to → note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

As a result of the resegmentation on January 1, 2018, goodwill was reallocated to the new segments in accordance with the relative fair value method. The goodwill is allocated to the individual segments as follows, following this reallocation:

160 / **ALLOCATION OF GOODWILL TO SEGMENTS** in EUR m

Name of segment	Entertainment	Content Production & Global Sales	Commerce	Total
Name of cash generating unit	**Entertainment**	**Content Production & Global Sales**	**Commerce**	
Carrying amounts of goodwill December 31, 2017	826	341	665	1,831
Carrying amounts of goodwill December 31, 2018	882	355	725	1,962

In the financial and comparison year, non-controlling interests are valued at the date of acquisition at their respective share in the acquired company'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 financial year 2018 and in the previous year, the carrying amounts are recoverable. Thus, no impairments were recognized. As in the previous year, the impairment test was carried out as at the valuation date, December 31, 2018.

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, 2018). Due to the resegmentation on January 1, 2018 no values for the previous year are available:

161 / DISCLOSURES ON IMPAIRMENT TESTING OF GOODWILL

Name of segment	Entertainment	Content Production & Global Sales	Commerce
Name of cash generating unit[1]	**Entertainment**	**Content Production & Global Sales**	**Commerce**
Revenues growth p.a. in the projection period (CAGR)	3.3%	17.8%	17.5%
Ø EBITDA margin p.a. in the projection period	29.0%	7.2%	18.6%
Duration of projection period	5 years	5 years	5 years
Revenues growth p.a. at the end of projection period	1.5%	1.5%	1.5%
EBITDA margin p.a. at the end of projection period	29.7%	8.0%	22.4%
Ø Discount rate	11.1%	10.1%	16.0%

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

The estimated recoverable amount of the cash-generating unit Content Productions & Global Sales exceeds its carrying amount by EUR 147 million. The Executive Board has determined that a possible change in two key assumptions could result in the carrying amount of the cash-generating unit Content Production & Global Sales exceeding its recoverable amount. The following table shows the amount by which these two assumptions would have to change in order for the estimated recoverable amount to be equal to the carrying amount, assuming that the other parameters remain unchanged.

162 / SENSITIVITY OF ASSUMPTIONS TAKEN

Name of segment	Content Production & Global Sales
Name of cash generating unit[1]	**Content Production & Global Sales**
EBITDA margin p.a. at the end of projection period (change in percentage points)	– 1.3
Ø Discount rate (change in percentage points)	2.0

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

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 1.0% that is equivalent to the term (previous year: 1.25%) as well as a market risk premium of 7.0% (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.

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

163 / 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, 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/ January 1, 2018	**429**	**204**	**612**	**51**	**1,295**
Exchange rate differences	0	4	2	0	6
Additions due to change in scope of consolidation	61	28	30	0	118
Additions	–/–	–/–	89	32	121
Reclassifications	–/–	–/–	27	– 27	–/–
Disposals due to change in scope of consolidation	– 2	– 1	– 33	– 5	– 40
Disposals	– 1	–/–	– 82	– 1	– 85
Balance as of December 31, 2018	**486**	**234**	**645**	**50**	**1,415**
AMORTIZATION					
Balance as of 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/ January 1, 2018	**39**	**61**	**435**	**15**	**550**
Exchange rate differences	0	1	2	–/–	3
Additions[2]	6	24	113	2	145
Disposals due to change in scope of consolidation	– 2	– 1	– 31	– 5	– 37
Disposals	– 1	0	– 67	– 1	– 69
Balance as of December 31, 2018	**43**	**85**	**452**	**11**	**591**
Carrying amount December 31, 2018	**443**	**149**	**193**	**39**	**824**
Carrying amount December 31, 2017	**390**	**143**	**177**	**36**	**745**

[1] Including brands with indefinite useful lifes with a carrying amount of EUR 374 million (previous year: EUR 319 million).
[2] Of the impairments recognized in this position amounting to EUR 14 million (previous year: EUR 65 million), EUR 8 million (previous year: EUR 43 million) are presented in cost of sales and EUR 5 million (previous year: EUR 5 million) in administrative expenses.

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 57 million (previous year: EUR 46 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:

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

Name of segment	Entertainment	Content Production & Global Sales	Commerce	Total
Carrying amount of brands at December 31, 2017	17	–/–	301	319
Carrying amount of brands at December 31, 2018	16	–/–	357	374

All intangible assets with indefinite useful lives undergo an annual impairment test pursuant to IAS 36, based on the recoverable amount, → see section "Summary of key accounting principles". As in the previous year, the impairment test was carried out as at the valuation date, December 31, 2018.

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:

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

Name of cash generating unit	Verivox	PARSHIP ELITE Group
Revenues growth p.a. in the projection period (CAGR)	18.6%	9.0%
EBITDA margin p.a. in the projection period and at the end of the projection period	24.8% (32.6%)	32.9% (33.6%)
Duration of projection period	5 years	5 years
Revenues growth p.a. at the end of projection period	1.5%	1.5%
Ø Discount rate	16.4%	14.8%
Valuation date	December 31, 2018	December 31, 2018
Carrying amount of brands with indefinite useful life December 31, 2018 (EUR m)	107	141

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	1 – 8
Licenses and other property rights	10 or term of the license agreements

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

USEFUL LIVES OF INTANGIBLE ASSETS WITH DEFINITE USEFUL LIVES

	Years
Customer relations	2 – 15
Trademarks with definite useful lives	10 – 15

The useful lives and depreciation 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 impairment 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

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

	Buildings	Technical facilities	Office furniture and equipment	Advances paid	Total
COST					
Balance as of 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**
Change in reporting standards	101	1	5	–/–	107
Balance as of January 1, 2018	**377**	**194**	**79**	**14**	**663**
Exchange rate differences	1	1	0	–/–	2
Additions due to change in scope of consolidation	15	0	2	–/–	16
Additions	28	21	10	18	78
Reclassifications	0	2	1	– 3	–/–
Disposals due to change in scope of consolidation	0	– 1	– 2	–/–	– 3
Disposals	– 30	– 52	– 3	0	– 85
Reclassification to assets held for sale	–/–	0	0	–/–	0
Balance as of December 31, 2018	**391**	**165**	**87**	**29**	**671**
DEPRECIATION AND AMORTIZATION					
Balance as of 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/ Balance as of January 1, 2018	**146**	**155**	**51**	**–/–**	**352**
Exchange rate differences	0	0	0	–/–	1
Additions	44	21	12	–/–	77
Disposals due to change in scope of consolidation	0	– 1	– 1	–/–	– 2
Disposals	– 29	– 51	– 3	–/–	– 82
Balance as of December 31, 2018	**162**	**125**	**59**	**–/–**	**345**
Carrying amount December 31, 2018	**229**	**40**	**28**	**29**	**327**
Carrying amount December 31, 2017	**130**	**38**	**23**	**14**	**205**

Buildings include the land and buildings at the Unterföhring site held by a real estate leasing company, which is fully consolidated into the scope of consolidation of ProSiebenSat.1 Media SE pursuant to IFRS 10 "Consolidated Financial Statements" (→ see note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation").

The following economic useful lives are used as a basis:

167 / USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Years
Buildings	3 – 50
Technical facilities	2 – 10
Office furniture and equipment	3 – 20

19 / Leasing

ProSiebenSat.1 Group has applied the new standard IFRS 16 "Leases" since January 1, 2018. For information on the effects of the first-time application of IFRS 16 on the Group's earnings, financial position & performance as at the date of first-time application as well as in financial year 2018, we refer to → section "Changes in accounting standards".

The breakdown of property, plant and equipment owned and leased is as follows:

168 / BREAKDOWN BETWEEN OWNED AND LEASED PROPERTY, PLANT AND EQUIPMENT

in EUR m

	Real Estate	Technical facilities	Office furniture and equipment	Cars	Total
Owned property, plant and equipment	73	34	24	0	131
Leased property, plant and equipment	156	6	0	4	166
Carrying amount as of December 31, 2018	**229**	**40**	**24**	**4**	**297**

Depreciation, additions and other changes in leased property, plant and equipment are broken down by asset class as follows:

169 / ADDITIONS, DEPRECIATION AND OTHER CHANGES AT LEASED PROPERTY, PLANT AND EQUIPMENT in EUR m

	Real Estate	Technical facilities	Office furniture and equipment	Cars	Total
Carrying amount of leased property, plant and equipment as of January 1, 2018	**186**	**6**	**0**	**5**	**197**
Additions in 2018	17	4	–	2	23
Depreciation in 2018	– 32	– 5	0	– 3	– 40
Other changes in 2018	– 14	0	0	0	– 14
Carrying amount of leased property, plant and equipment as of December 31, 2018	**156**	**6**	**0**	**4**	**166**

The breakdown of discounted and undiscounted lease liabilities by maturities is shown in the following tables:

170 / LEASING LIABILITIES DISCOUNTED AND UNDISCOUNTED in EUR m

	Discounted leasing liabilities as of December 31, 2018	Undiscounted leasing liabilities as of December 31, 2018
Remaining term 1 year or less	63	66
Remaining term 1 to 5 years	68	73
Remaining term over 5 years	23	24
Total	**155**	**163**

The amounts in the Income Statement attributable to the leases are shown in the following table:

171 / LEASING ITEMS IN INCOME STATEMENT in EUR m

	2018
Depreciation	40
Interest expenses	4
Variable lease payments	4
Short-term lease payments with a term of 12 months or less	2
Payments for leases of low-value assets	0

The amounts in the Cash Flow Statement attributable to the leases are shown in the following table:

172 / LEASING ITEMS IN CASH FLOW STATEMENT in EUR m

	2018
Variable lease payments, short-term lease payments with a term of 12 months or less and payments for leases of low-value assets	6
Repayment of lease liabilities	40
Interest expenses	4
Total cash outflow for leases	**49**

The following future leasing-related payments are not included in the valuation of lease liabilities due to IFRS 16 regulations:

173 / FUTURE CASH OUTFLOWS NOT REFLECTED IN THE MEASUREMENT OF LEASE LIABILITIES in EUR m

	Remaining term 1 year or less	Remaining term 1 to 5 years	Remaining term over 5 years	Total
Future variable lease payments	4	9	3	16
Future payments for not reasonably certain extension options	0	13	18	31
Future payments for not reasonably certain termination options	2	–/–	–/–	2

In addition, there are future payments from residual value guarantees, from leases that have not yet commenced but where the relevant contracts have already been concluded as well as for short-term leases with a term of 12 months or less and for leases of low-value assets which, however, are immaterial from the perspective of ProSiebenSat.1 Group.

The relative ratio between fixed and variable lease payments is shown in the following table:

174 / **RATIO OF FIXED AND VARIABLE LEASE PAYMENTS** in EUR m

	2018
Fixed lease payments	45
Variable lease payments	4
Ratio	8%

The variable lease payments primarily relate to operating costs within the framework of property lease agreements.

As ProSiebenSat.1 Group is mainly operating in the media and digital sectors, physical assets under leasing agreements only have a supporting function for business operations. The concluded leases mainly relate to the renting of office space, IT equipment, other operating and office equipment as well as vehicles for selected employees.

ProSiebenSat.1 Group has a number of leasing agreements in place where Group companies act as lessors or carry out sale-and-lease-back transactions; however, ProSiebenSat.1 Group does not consider them to be material.

No covenants exist within the framework of the financing instruments. In addition, lease liabilities are not part of the net financial debt parameter used for capital market reporting purposes.

20 / Investments accounted for using the equity method

ASSOCIATES

One material associate exists that is accounted for using the equity method.

ProSiebenSat.1 Group holds 41.6% of the capital of Marketplace GmbH, Berlin (previous year: 41.6%). Said company in turn holds 100.0% of the shares in Beko Käuferportal GmbH, Berlin ("Käuferportal"). Käuferportal is a leading online portal in Germany for the procurement of complex products and services. In the reporting period, ProSiebenSat.1 Group received no dividends from Marketplace GmbH.

The following overview shows the aggregated financial information as well as a reconciliation of the summarized financial information to the carrying amounts of the Group's shares in the associate. The figures were derived from the last available financial statement. The company's closing date is December 31. Said company is not listed. Further details on the acquisition of further shares in Marketplace GmbH can be found in → note 37 "Events after the reporting period".

175 / FINANCIAL INFORMATION FOR MATERIAL ASSOCIATE in EUR m

	Marketplace GmbH (Käuferportal)	
	12/31/2018	12/31/2017
ProSiebenSat.1 Group´s share (in %)	**41.6%**	**41.6%**
Non-current assets	42	56
Current assets	23	15
Non-current liabilities	15	24
Current liabilities	27	12
Net assets (100%)	**23**	**36**
ProSiebenSat.1 Group´s share of net assets	10	15
Goodwill	20	20
Carrying amount of interest in associate	**29**	**34**
Revenues	68	63
Profit or loss for the period (100%)	– 12	– 12
ProSiebenSat.1 Group´s share of profit or loss	**– 5**	**– 5**

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

176 / AGGREGATE FINANCIAL INFORMATION FOR IMMATERIAL ASSOCIATES in EUR m

	12/31/2018	12/31/2017[1]
Carrying amount of interests in associates	45	66
Profit share	1	– 4

[1] gamigo AG, Hamburg, which in the previous year was reported as a material associate, was considered minor in the reporting period. The previous year has therefore been amended for reasons of reconciliation and completeness.

JOINT VENTURES

One material joint venture exists that is accounted for using the equity method.

ProSiebenSat.1 Group holds a 50.0% share in 7TV (previous year: 50.0%). 7TV is a cooperation between ProSiebenSat.1 Group and Discovery and is the first cross-channel online media library on the German market to be developed into the leading local streaming platform for Germany. In July 2018, maxdome was incorporated into 7TV to expand the range of offered entertainment content. In the reporting period, ProSiebenSat.1 Group received no dividends from 7TV.

The following overview shows a summary of financial information regarding the material joint ventures as well as a reconciliation of the summarized financial information to the carrying amounts of the Group's shares in the joint ventures. The information can be derived from the last available financial statement as at December 31, 2018. The reconciliation of 7TV in the previous year was based on the figures as of November 30, 2017.

177 / FINANCIAL INFORMATION FOR MATERIAL JOINT VENTURE in EUR m

	7TV Joint Venture GmbH	
	12/31/2018	12/31/2017
ProSiebenSat.1 Group´s share (in %)	**50.0%**	**50.0%**
Non-current assets	32	7
Current assets	34	10
incl. cash and cash equivalents	11	8
Non-current liabilities	0	–/–
incl. non-current financial liabilities (excl. trade and other payables and provisions)	–/–	–/–
Current liabilities	55	2
incl. current financial liabilities (excl. trade and other payables and provisions)	0	–/–
Net assets (100%)	**10**	**14**
ProSiebenSat.1 Group´s share of net assets	5	7
Adjustment of the carrying amount due to the sale of maxdome GmbH	– 10	–/–
Carrying amount of interest in joint venture	**0**	**7**
Revenues	43	0
Depreciation and amortisation	– 6	– 2
Interest income	0	–/–
Interest expense	0	–/–
Income tax expense	–/–	–/–
Profit or loss for the period (100%)	– 26	– 2
ProSiebenSat.1 Group´s share of profit or loss	**– 13**	**– 1**

With regard to the details of the adjustment of the carrying amount from the sale of maxdome GmbH, reference is made to → note 4 "Acquisitions, disposals and other transactions affecting the scope of consolidation".

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

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

	12/31/2018	12/31/2017[1]
Carrying amount of interests in joint ventures	3	1
Profit share	0	0

[1] 7TV, which in the previous year was reported as a minor joint venture, was considered a material joint venture in the reporting period. The previous year has therefore been amended for reasons of reconciliation and completeness.

21 / 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 on 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 balance sheet.

179 / STATEMENT OF CHANGES IN PROGRAMMING ASSETS in EUR m

	Capitalized rights	Advances paid	Total
Carrying amount January 1, 2017	**1,196**	**117**	**1,312**
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 and January 1, 2018	**1,053**	**145**	**1,198**
thereof non-current programming assets			1,021
thereof current programming assets			177
Exchange rate differences	0	0	0
Additions	983	88	1,070
Disposals due to change in scope of consolidation	– 1	0	– 1
Disposals	– 14	–/–	– 14
Reclassifications	91	– 91	–/–
Consumption[1]	– 1,141	–/–	– 1,141
thereof scheduled			– 868
thereof impairment			– 272
Carrying amount December 31, 2018	**972**	**142**	**1,113**
thereof non-current programming assets			937
thereof current programming assets			177

[1] Consumption including provisions for onerous contracts from prior periods of EUR 9 million (previous year: EUR 1 million).

The capitalized rights include primarily Free TV rights in the amount of EUR 968 million (previous year: EUR 1,048 million) as well as other rights such as Pay TV, video-on-demand and mobile TV rights in the amount of EUR 4 million (previous year: EUR 5 million).

The ProSiebenSat.1 Group is operating in a challenging environment on the television market. Reach has been declining for some time, particularly for selected US titles. One of the reasons is that these program titles are aligned primarily for the specific requirements of the US television market. Another factor is that from the perspective of the ProSiebenSat.1 Group, the average quality of the titles acquired in the framework of the US studio agreements developed less strongly than anticipated. Furthermore, the US program titles are generally not available on a exclusive basis to the ProSiebenSat.1 Group stations. Moreover, only limited utilization is possible on a digital basis, while competing video-on-demand portals are making progress in gaining users.

To counter this trend, the ProSiebenSat.1 Group aims increasingly to buy local content or to produce local content itself, reducing the share of US program titles in the free TV channel programing on a sustained basis.

Against this backdrop, in the fourth quarter of 2018 the ProSiebenSat.1 Group made the strategic decision to sub-license some of its US titles to 7TV, and not to broadcast them itself any longer. This is a portfolio of program titles which are already available and also those which will be received in the future from the US licensors. 7TV will use the programs to make its platform more attractive for users. In addition, as part of this strategic realignment,

the ProSiebenSat.1 Group management decided to stop broadcasting certain US program titles. In the context of the above strategic measures, impairment of EUR 178 million was recognized (EUR 122 million of which came from the transaction with 7TV).

Furthermore, for onerous contracts in connection with the future acceptance of programming assets, provisions for onerous contracts of EUR 176 million were recognized (EUR 168 million of which from transaction with 7TV). → see note 27 "Other provisions". The total effect due to the change of program strategy therefore amounts to EUR 354 million. In the previous year, total impairments of EUR 170 million were recorded in connection with the Board's strategic reassessment in the third quarter of 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 by 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.

22 / Financial receivables and assets

180 / **FINANCIAL RECEIVABLES AND ASSETS** in EUR m

	12/31/2018			12/31/2017		
	Current	Non-current	Total	Current	Non-current	Total
Contract assets from content production contracts	27	–/–	27	18	–/–	18
Trade accounts receivable	502	10	511	483	9	492
Total receivables	**529**	**10**	**538**	**501**	**9**	**510**
Derivatives	47	41	89	37	41	78
Investments	–/–	101	101	–/–	66	66
Securities	–/–	81	81	–/–	45	45
Other financial assets	22	12	34	15	15	29
Total financial assets	**69**	**234**	**304**	**52**	**167**	**218**
Total	**598**	**244**	**842**	**553**	**175**	**728**

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 contract asset if the costs incurred and the profits recognized, minus recognized losses, exceed advance payments received. Otherwise, commissioned productions result in contract liabilities. Trade receivables also include receivables from related parties. → see note 34 "Related party transactions"

181 / NET POSITION FOR ONGOING PRODUCTION CONTRACTS in EUR m

	12/31/2018	12/31/2017
Contract assets from content production contracts[1]	27	18
Contract liabilitis from content production contracts[1]	16	9
net position	**11**	**9**

[1] The previous year's figures comply with the requirements of IAS 11, which has been replaced by IFRS 15. However, there were no material changes in the accounting of commissioned productions as a result of this changes in reporting standards.

The net position relates to the following items:

	12/31/2018	12/31/2017
Aggregate costs incurred and recognised profits (less recognised losses) to date	359	370
Less progress billings	347	361
	11	**9**

The "Content production & global sales" segment still includes a number of commissioned projects in work. In financial year 2018, they generated a result of EUR 84 million (previous year: EUR 89 million), while at the same time, the relevant costs of project progress amounted to EUR 275 million (previous year: EUR 282 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"). → see note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"

Investments include, inter alia, the minority interests acquired by the Group in the context of its "Media for Equity" strategy. → see note 32 "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 56 million (previous year: EUR 22 million). In addition, this position also reports EUR 25 million (previous year: EUR 23 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:

182 / CHANGES IN CREDIT ALLOWANCES 2018 in EUR m

	Individual Credit Allowance	Expected Loss
Credit allowances at the beginning of the reporting period	36	–/–
Changes in reporting standards	– 9	10
Additions	23	8
Release	– 8	– 1
Usage	– 6	– 9
Foreign currency effects	0	0
Changes to the scope of consolidation	– 1	0
Credit allowances at the end of the reporting period	**36**	**8**

183 / **CHANGES IN CREDIT ALLOWANCES 2017** in EUR m

	Individual Credit Allowance
Credit allowances at the beginning of the reporting period	33
Additions	24
Release	– 12
Usage	– 7
Foreign currency effects	0
Changes to the scope of consolidation	– 1
Reclassification to assets held for sale	– 2
Credit allowances at the end of the reporting period	**36**

The outstanding contractual value of financial assets written off during the reporting period where enforcement proceedings are still ongoing, is EUR 4 million.

23 / Other receivables and assets

184 / **OTHER RECEIVABLES AND ASSETS** in EUR m

	12/31/2018			12/31/2017		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	11	–/–	11	9	–/–	9
Accrued items	22	–/–	22	22	0	22
Other	20	4	25	22	3	25
Total other receivables and assets	**53**	**4**	**57**	**53**	**4**	**57**

The item "Other" includes, inter alia, transaction costs of the credit facilities that are to be released throughout the entire term, → see note 28 "Financial liabilities", other tax receivables as well as a large number of minor individual items.

24 / Cash and cash equivalents

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

185 / **CASH AND CASH EQUIVALENTS** in EUR m

	12/31/2018	12/31/2017
Cheques	–/–	1
Cash in Bank	1,030	1,077
Other cash equivalents	–/–	473
Cash on hand	1	0
Cash in transit	0	0
Total cash and cash equivalents	**1,031**	**1,552**

As of December 31, 2017, "Other cash equivalents" included overnight deposits and term deposits held in different currencies with maturities of up to three months. Given the current interest rate environment, no such overnight and term deposits were held by the Group as of December 31, 2018.

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

186 / **CHANGES IN FINANCIAL LIABILITIES** in EUR m

	01/01/2018	Cash changes	Non-cash changes			Other	12/31/2018
			Business combinations	Fair value changes	FX changes		
LIABILITIES							
Non-current financial debt	3,180	7	0	1	0	0	3,189
Current financial debt	4	1	0	–/–	0	–/–	5
Lease liabilities[1]	174	– 40	20	0	0	– 1	155
Real estate liabilities	–/–	1	–/–	–/–	–/–	22	22
Interest rate derivatives	13	0	–/–	– 3	–/–	–/–	11
RECEIVABLES							
Financing expenses RCF	5	–/–	–/–	– 1	–/–	–/–	4
Interest rate derivatives	0	–/–	–/–	0	–/–	–/–	0
Total	**3,367**	**– 31**	**21**	**0**	**1**	**21**	**3,379**

[1] The adjustment resulting from the first-time application of IFRS 16 – Leases was already taken into account in the value as at January 1, 2018 (see section "Changes in accounting standards")

	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
Interest rate derivatives	32	–/–	–/–	– 19	–/–	0	13
RECEIVABLES							
Financing expenses RCF	5	1	–/–	– 1	–/–	–/–	5
Interest rate derivatives	2	–/–	–/–	– 2	–/–	–/–	0
Total	**3,281**	**– 22**	**9**	**– 10**	**– 1**	**1**	**3,258**

25 / Shareholders' equity

As of December 31, 2018, 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, 2018, 233,000,000 common shares were outstanding (previous year: 233,000,000 shares), with the Company holding 6,919,513 thereof (previous year: 4,050,518 shares) in its own portfolio (→ see "Treasury shares").

The capital reserve amounts to EUR 1,043 million (previous year: EUR 1,055 million). It is largely comprised of the premium from shares issued in financial year 2016 and the capital increases in financial years 2004 and 1997.

Moreover, in financial year 2018, EUR minus 14 million (previous year: EUR 3 million) were recognized with respect to share-based payments in the capital reserve (→ see note 33 "Share-based payments").

The accumulated other comprehensive income of ProSiebenSat.1 Group in the amount of 36 million (previous year: EUR –16 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 directly in equity. The reduction compared to the previous year is due to valuation effects from cash flow hedge accounting and pertains to currency hedge transactions with a fair value in the amount of EUR 61 million (previous year: EUR 14 million) and interest rate hedging transactions in the amount of EUR minus 7 million (previous year: EUR –8 million), before deducting the relevant applicable deferred taxes. The deferred tax liabilities pertain to currency hedging transactions in the amount of EUR 17 million (previous year: EUR 4 million). The deferred tax liabilities pertain to interest hedging transactions in the amount of EUR 2 million (previous year: EUR 2 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 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

In the context of valuating pension obligations, actuarial losses of EUR minus 10 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 4 million (previous year: EUR –14 million).

Accordingly, the results recognized in the accumulated other comprehensive income throughout financial year 2018 are comprised of the following:

187 / **CHANGES OF ACCUMULATED OTHER COMPREHENSIVE INCOME** in EUR m

	2018			2017		
	Before Taxes	Deferred Taxes	After Taxes	Before Taxes	Deferred Taxes	After Taxes
Currency translation ProSiebenSat.1 Media SE foreign subsidiaries	17	–/–	17	– 40	–/–	– 40
Currency translation non-controlling interests of foreign subsidiaries	0	–/–	0	– 3	–/–	– 3
Currency translation effects recognised in other comprehensive income	17	–/–	17	– 43	–/–	– 43
Deconsolidation effects	–/–	–/–	–/–	8	–/–	8
Effect from foreign currency translation	**17**	**–/–**	**17**	**– 35**	**–/–**	**– 35**
Currency hedges	47	– 13	34	– 231	65	– 166
Interest rate hedges	1	0	1	16	– 4	12
Effects from cash flow hedge accounting recognised in other comprehensive income	48	– 13	34	– 215	60	– 155
Recognition of cash flow hedges	**48**	**– 13**	**34**	**– 215**	**60**	**– 155**
Valuation effects of provisions for pensions recognised in other comprehensive income	**– 1**	**0**	**0**	**0**	**0**	**0**
Total other comprehensive income/loss for the period	**64**	**– 13**	**51**	**– 250**	**60**	**– 189**

NON-CONTROLLING INTERESTS

Besides to ProSiebenSat.1 Group, no other shareholders hold any significant investments in the fully consolidated subsidiaries except for NCG-NUCOM GROUP SE, Unterföhrung. The NuCom Group is reported in the segment "Commerce". Since April 4, 2018, General Atlantic has held a non-controlling interest of 25.1%. In Q1 2019, this proportion increases (→ see note 37 "Events after the reporting period"). The summarized financial information is presented below in accordance with IFRS. This presentation is based on figures before intra-group elimination:

188 / **FINANCIAL INFORMATION OF SIGNIFICANT NON-CONTROLLING INTERESTS** in EUR m

	12/31/2018
Non-current assets	1,362
Current assets	297
Non-current liabilities	312
Current liabilities	289
Net assets (100%)	**1,057**
Net assets attributable to non-controlling interests	**293**

	04/01/–12/31/2018
Revenue	626
Profit before tax	27
Net result	**16**
Net result attributable to non-controlling interests	0
Net result attributable to Shareholders of ProSiebenSat.1 Media SE	16
Other comprehensive income	0
Total comprehensive income	**15**
Total comprehensive income attributable to non-contolling interests	0
Total comprehensive income attributable to Shareholders of ProSiebenSat.1 Media SE	16
Change in cash and cash equivalents total	**– 56**

Due to the fact that ProSiebenSat.1 Group holds one preference share in NCG-NUCOM GROUP SE, net assets and net result for the period are split disproportionately to the share of capital.

As of December 31, 2018, other shareholders held shares in fully consolidated subsidiaries in the amount of EUR 303 million (previous year: EUR 26 million). EUR 293 million of the above pertains to the shares of General Atlantic PD GmbH in NuCom Group. The remaining value of EUR 10 million 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.

OTHER EQUITY

As of December 31, 2018, other equity amounted to EUR minus 362 million (previous year: EUR –113 million). In connection with the above-mentioned sale of a non-controlling interest in the NuCom Group to General Atlantic and the acquisition of non-controlling interests in SilverTours and 7Love, which were accounted for as equity transactions in accordance with IFRS 10, EUR minus 204 million were recognized in other equity in financial year 2018.

In addition, executives of Group companies acquired shares in subsidiaries at fair value for cash. Put call options for the acquired shares were stipulated by the parties under the corresponding contracts. The resulting obligations were carried as liabilities in the Consolidated Financial Statements. The transactions are also reported as equity transactions in the Consolidated Financial Statements of ProSiebenSat.1 Group. The balance sheet consolidation ratio of the relevant Group companies does not change as a result of the transactions. The amount recognized in other equity in this connection amounts to EUR minus 38 million.

ALLOCATION OF PROFITS

In the past financial year, the annual general meeting on May 16, 2018 resolved the distribution of a dividend for the financial year 2017 in the amount of EUR 1.93 per common share. The total dividend payment amounted to EUR 442 million and was disbursed on May 22, 2018.

Under the German Stock Corporation Act, the dividends payable to shareholders are calculated based on the balance sheet profit disclosed in the commercial Annual Financial Statements of ProSiebenSat.1 Media SE. It is planned to use the balance sheet profit of ProSiebenSat.1 Media SE of financial year 2018 in the amount of EUR 621 million as follows:

189 / **PROPOSED ALLOCATION OF PROFIT** in EUR

Distribution of a dividend of EUR 1.19 per bearer share of preferred stock	269,035,779.53
Allocation to retained earnings	200,000,000.00
Balance to be carried forward to the next accounting period	152,335,603.24
ProSiebenSat.1 Media SE distributable profit	**621,371,382.77**

The distribution is subject to the approval of the Annual General Meeting on June 12, 2019. 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 section 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 treasury 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.

Applying said authorization, the Executive Board and Supervisory Board of ProSiebenSat.1 Media SE on November 7, 2018 decided on a buy back program for treasury shares of up to EUR 250 million with a total term of 12 to 24 months.

On the same basis, the Executive Board of ProSiebenSat.1 Media SE on November 7, 2018 also decided to buy back a first tranche of the Company's treasury shares on the stock exchange. The buy-back within the framework of the first tranche comprises the purchase of the Company's treasury registered shares with a total value of up to EUR 50,000,000.00 (purchase price on the stock exchange, excluding transaction costs). The acquisition is furthermore limited to a maximum of 4,000,000 treasury shares of the Company; this corresponds to approximately 1.7% of the Company's share capital.

The buy-back will be without any restrictions on the use of the acquired treasury shares which thus may be used or withdrawn by the Company for any legally permissible purposes. In the context of the buy-back of the first tranche, a total of 2,906,226 of the Company's treasury shares were acquired in the period between November 9, 2018 and December 11, 2018 (including); no other treasury shares of the Company were acquired in the financial year. The incidental acquisition costs incurred amounted to EUR 0.4 million.

In addition, 37,231 treasury shares were issued in the 2018 financial year as part of the "myShares" employee share program. In total, the number of treasury shares increased from 4,050,518 as of December 31, 2017 to 6,919,513 as of December 31, 2018.

CAPITAL MANAGEMENT INFORMATION

In principle, equity measures, dividend payments to shareholders, share buy-backs and debt financing measures 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 and 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 debt are not assessed by international rating agencies.

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

190 / **CAPITAL STRUCTURE** in EUR m

	12/31/2018	12/31/2017
Shareholders' equity	**1,070**	**1,252**
Share of total capital	16.5%	19.1%
Financial debt	**3,194**	**3,185**
Share of total capital	49.4%	48.5%
Leverage	**2.1**	**1.6**
Total Capital (total equity and liabilities)	**6,468**	**6,569**

For further information about the financial management of ProSiebenSat.1 Group, please refer to the chapter → "Borrowings and Financing Structure" in the Combined Management Report.

26 / Provisions for pensions

The provisions for pensions were recognized for obligations vis-à-vis active and former members of the ProSiebenSat.1 Media SE Executive Board and their surviving dependents. The 2018 Heubeck mortality tables were used for the calculation. The pension agreements provide for benefits after reaching the contractual age limit, in case of permanent incapacity for work or in case of 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:

191 / PRESENT VALUE OF OBLIGATION in EUR m

	2018	2017
Present value of obligation at January 1	**27**	**26**
Current service cost	1	1
Past service cost[1]	1	1
Interest cost	1	1
Total amount recognized in profit or loss	**3**	**2**
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	0	0
Actuarial losses/(gains) arising from experience losses/(gains)	1	0
Total amount recognized in other comprehensive income	**1**	**0**
Pension payments	2	0
Present value of obligation at December 31	**28**	**27**

[1] The past service cost mainly comprises deferred compensation from bonus entitlements to pension entitlements.

The following parameters were used for this calculation:

192 / OVERVIEW ACTUARIAL PARAMETERS

	2018	2017
Discount rate	2,3%	2,0%
Salary growth rate	0,0%	0,0%
Pension growth rate	1,0%	1,0%

One of the main factors influencing the amount of pension obligations at the end of the period is the discount rate used as the basis. A reasonably possible change of +/- 0.5% as of the reporting date would not lead to any material change in the pension obligation recognized in the Statement of Financial Position or in the amounts recognized in the Income Statement.

In financial year 2018, pension payments were made to former Executive Board members with pension entitlements in a total amount of EUR 2.3 million (previous year: EUR 0.4 million). This includes pension payments in the amount of EUR 0.7 million (previous year: EUR 0.2 million) that result from deferred compensation from bonus entitlements to pension entitlements. The payments include a payment of EUR 1.9 million to the former Executive Board member Guillaume de Posch, fully settling his claims. The payments anticipated for subsequent years are shown in the table below.

193 / EXPECTED PENSION PAYMENTS in EUR m

	2019	2020	2021	2022	2023
Expected pension payments	2	1	1	1	2
thereof deferred compensation	1	0	0	0	0

The payments expected in the financial year 2019 for the acquisition of shares in investment funds to cover the pension obligations amount to EUR 1 million for the defined benefit plans. These investment funds held do not qualify as plan assets for offsetting against the pension obligations, but are reported separately as financial assets and valued at fair value through profit or loss pursuant to IFRS 9 (→ see note 22 "Financial receivables assets").

Due to Thomas Ebeling leaving the Executive Board as of February 22, 2018 and Christof Wahl as of July 31, 2018 pension commitments in insignificant amounts expired in the current year. In the previous year, pension commitment in an insignificant amount expired because Dr. Gunnar Wiedenfels left as of March 31, 2017 (→ see note 34 "Related party transactions").

MAIN ASSUMPTIONS AND ESTIMATES:

Actuarial valuations are based on key assumptions, including discount rates, expected salary and pension trends and mortality rates. The discount rates applied are determined on the basis of the yields achieved at the end of the reporting period for high-quality corporate bonds with corresponding terms and currencies. If such yields 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.

27 / Other provisions

194 / **OTHER PROVISION** in EUR m

	As of 01/01/2018	Exchange rate differences	Additions	Usage	Release	Changes in scope of consolidation	Reclassification under IFRS 5	As of 12/31/2018
Provisions for onerous contracts	**20**	**-/-**	**188**	**-13**	**-1**	**-/-**	**-/-**	**195**
thereof current provisions	9							98
Provisions for business operations	**23**	**-/-**	**24**	**-14**	**-10**	**-1**	**-/-**	**23**
thereof current provisions	23							23
Provision for employee benefits	**43**	**0**	**5**	**-11**	**-11**	**-/-**	**-/-**	**26**
thereof current provisions	9							13
Other provisions	**67**	**0**	**86**	**-66**	**-22**	**0**	**0**	**66**
thereof current provisions	66							64
Total	**153**	**0**	**303**	**-104**	**-43**	**-1**	**0**	**309**

Provisions are comprised of current provisions in the amount of EUR 198 million (previous year: EUR 107 million) and non-current provisions in the amount of EUR 111 million (previous year: EUR 46 million).

ProSiebenSat.1 Group expects that the vast majority of the non-current provisions should become cash-effective within the next five years.

The provisions for onerous contracts in the amount of EUR 186 million (previous year: EUR 8 million) pertain to programming assets. The current reporting period mainly includes provisions for onerous contracts in connection with the strategic realignment of the programming assets (→ see note 21 "Programming assets"). As part of this strategic realignment, a provision for onerous contracts of EUR 176 million (thereof EUR 168 million from the transaction with 7TV) was recognized in the fourth quarter of 2018 in relation to the future purchase of programming assets, which, by resolution of the Management Board on December 18, 2018, were sublicensed to 7TV or will no longer be used (→ see note 21 "Programming assets").

In addition, provisions for onerous contracts in the amount of EUR 7 million (previous year: EUR 9 million) have been built for the costs of HD transmission in Austria. 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 7 million (previous year: EUR 19 million).

The other provisions as of December 31, 2018 as well as of the closing date for the previous year are comprised as follows:

195 / **MISCELLANEOUS OTHER PROVISIONS** in EUR m

	12/31/2018	12/31/2017
Provisions for VAT	6	12
Provisions for interest from tax liability	31	28
Provisions for legal costs	3	2
Provisions for additional payments to bestseller beneficiaries	10	12
Other	16	13
Total	**66**	**67**

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.

28 / Financial liabilities

196 / **FINANCIAL LIABILITIES** in EUR m

	Current	Non-current	Total 12/31/2018
Loans and borrowings	5	2,093	2,098
Notes	–/–	598	598
Promissory note	–/–	499	499
Financial debt	**5**	**3,189**	**3,194**
Trade payables	**550**	**53**	**602**
Accrued interest	14	–/–	14
Lease liabilities	63	91	155
Real estate liabilities	1	22	22
Liabilities from derivatives	5	19	23
Put-options and earn-out liabilities and deferred purchase price liabilities	95	217	312
Accrued media authority liabilities	13	–/–	13
Various other liabilities	9	–/–	9
Total other financial liabilities	**200**	**349**	**548**
Total financial liabilities	**755**	**3,590**	**4,345**

	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
Put-options and earn-out liabilities 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**

Non-current loans and borrowings include a term loan with a nominal volume of EUR 2.100 billion as of December 31, 2018 (previous year: EUR 2.100 billion). The valuation of said financial debt at amortized costs using the effective interest rate method results in a carrying amount of EUR 2.084 billion as of December 31, 2018 (previous year: EUR 2.084 billion).

The loan agreement also includes a revolving credit facility (RCF) with a facility of EUR 750 million (previous year: EUR 750 million), which – as was the case at the previous year's reporting date – has not been drawn as of December 31, 2018. Loan and credit facility have a term until April 2023 (→ also see note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7").

There also are unsecured loans 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) (→ also see note 32 "Further notes on financial risk management and financial instruments in accordance with IFRS 7"). The valuation of said financial liabilities at amortized costs using the effective interest method results in a carrying amount of EUR 598 million as of December 31, 2018 (previous year: EUR 597 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) (→ also see note 32 "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 trade payables also include amounts owed to related parties. (→ see note 34 "Related party transactions")

The put-options and earn-out liabilities and deferred purchase price liabilities result from acquisitions made during the financial year and previous years (→ see note 32 "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.

29 / Other liabilities

197187 / **OTHER LIABILITIES** in EUR m

	12/31/2018		12/31/2017	
	current	non-current	current	non-current
Accrued items and advance payments received	167	-/-	168	-/-
Liabilities to employees	79	-/-	63	-/-
Liabilities from VAT	41	-/-	52	-/-
Liabilities from other taxes	20	-/-	16	-/-
Vacation payment accruals	16	-/-	15	-/-
Liabilities from rebates	14	-/-	12	-/-
Liabilities from outstanding advertising services	7	-/-	14	5
Accruals from social security payments	2	-/-	3	-/-
Contract liabilities from licensing business	1	2	-/-	-/-
Other	16	4	15	2
Total	**362**	**6**	**357**	**7**

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

The advance payments received include advance payments in the amount of EUR 16 million (previous year: EUR 9 million) that have been received for projects in progress in the area of commissioned productions of programming content and that are yet to be offset against claims (→ see note 22 "Financial receivables and assets").

ADDITIONAL NOTES

30 / Contingent liabilities

Major legal disputes, where ProSiebenSat.1 Media SE and/or companies controlled by ProSiebenSat.1 Media SE are involved as defendants are shown below:

- **Claims for disclosure and action for damages by RTL 2 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH as well as broadcasters Sat.1 SatellitenFernsehen GmbH, ProSiebenSat.1 TV Deutschland GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group), pending before the Regional Court of Düsseldorf since November 10, 2008:** Claims for disclosure and action for damages by RTL 2 Television GmbH & Co. KG and El Cartel Media GmbH & Co. KG against SevenOne Media GmbH as well as broadcasters SAT.1 Satelliten Fernsehen GmbH, ProSieben Television GmbH, kabel eins Fernsehen GmbH and N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH (no longer part of the Group), have been pending at the Regional Court of Düsseldorf since November 10, 2008. The plaintiff asserts claims for disclosure and damages in connection with the marketing of advertising times by SevenOne Media GmbH. The external opinion commissioned by decision of the Regional Court on April 13, 2012 has been available to ProSiebenSat.1 Group since February 2018. The expert has arrived at the conclusion that there are no statistically substantiated indications of a positive probability of damage. We consider this finding to be correct and the action thus ready for dismissal. The plaintiffs have filed a motion to disqualify the expert on grounds of bias and disputed his conclusions. The court has yet to rule, and in addition, a decision could be appealed. The outcome of the proceedings therefore remains unpredictable. In so far, no provision has been created as of December 31, 2018.