

ProSiebenSat.1 buys 20% of YouTube video maker

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ProSiebenSat.1 Media AG, a German broadcaster, is buying a 20% stake in US-based online video company Collective Digital Studios to gain more viewers on websites such as Google Inc's YouTube.

The deal lets ProSiebenSat.1 participate in a content network that attracts almost 1 billion views every month for shows such as "The Annoying Orange," "Epic Meal Time" and "Video Game High School," according to the Munich-based broadcaster. Spokesman Matthias Bohlig declined to give financial details.

Media companies are shifting from traditional broadcasting to videos that can be accessed by anyone around the world at any time, a market that's attracting a growing share of advertising. ProSiebenSat.1 in August set up its own online-video production network, Studio71, which focuses on Germany and has attracted more than 100 million monthly views.

"The digital video market is global, as it's not limited by country boundaries," Christian Wegner, head of digital operations at ProSiebenSat.1, said in a statement. "The partnership with CDS opens up new markets and advertisement customers."

Walt Disney Co this week agreed to buy Maker Studios, a supplier of video content to YouTube, for at least US\$500 million (RM1.6 billion), with an additional US\$450 million pledged if the target meets certain performance goals. RTL Group SA, Europe's largest broadcaster and ProSiebenSat.1's main rival in Germany, last year paid 27 million euros (RM123 million) for a 51% stake in BroadbandTV, another so-called multichannel network.

Collective, based in Los Angeles and also known as CDS, is a unit of Collective Management Group, which is owned by its founders and GF Capital Private Equity Fund LP. It has 600 channels and more than 100 million subscribers, according to today's statement.

ProSiebenSat.1 agreed to buy the stake via its production company Red Arrow Entertainment. The broadcaster last month forecast that revenue and profit will rise this year as the TV-advertising market improves.

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