

Total video strategy paying off: RTL Group reports strong second quarter results

- Q2/2017: Group revenue up 8.8 per cent; adjusted EBITDA¹ up 4.0 per cent to €362 million; reported EBITDA down 7.4 per cent
- H1/2017: Group revenue up 3.5 per cent; adjusted EBITDA¹ almost stable at €266 million; reported EBITDA down 7.8 per cent
- RTL Group confirms full-year revenue and EBITDA outlook
- Interim dividend of €1.00 per share to be paid in September 2017
- RTL Group will take full ownership of SpotX and plans additional investments to further expand its ad-tech businesses

Luxembourg, 30 August 2017 – RTL Group announces its results for the six months ended 30 June 2017.

H1/2017: highly diversified revenue streams

- Reported Group revenue was up 3.5 per cent to €2,978 million (H1/2016: €2,878 million), driven by higher revenue from RTL Group's rapidly growing digital businesses (+€125 million) and from the three main business units Mediengruppe RTL Deutschland (+€36 million), Groupe M6 (+€16 million) and FremantleMedia (+€30 million). Platform revenue grew by 18.7 per cent to €159 million (H1/2016: €134 million). These positive developments more than compensated the absence of FremantleMedia's production *American Idol* in H1/2017 and the fact that all European TV advertising markets, in which RTL Group is active, decreased during the reporting period
- RTL Group's digital revenue² continued to show very dynamic growth, up 47.4 per cent to €389 million (H1/2016: €264 million). This was mainly driven by organic growth at BroadbandTV and StyleHaul, the sale of *American Gods* to streaming service Amazon Prime Video and the first-time full consolidation of Smartclip and Divimove
- RTL Group's revenue is well diversified with 48.7 per cent from TV advertising, 17.5 per cent from content, 13.1 per cent from digital activities, 5.3 per cent from platform revenue, 4.1 per cent from radio advertising and 11.3 per cent other revenue

¹ EBITDA in H1/2016 and Q2/2016 adjusted for the positive one-off effect from the gradual phase-out of the M6 Mobile contract (+€43 million)

² Excluding e-commerce, home shopping and platform revenue for digital TV

- Reported EBITDA was down by 7.8 per cent to €626 million (H1/2016: €679 million). Adjusted for the positive one-off effect at Groupe M6 (+€43 million in H1/2016), EBITDA was almost stable year-on-year. Reported EBITDA margin came in at 21.0 per cent (H1/2016: 23.6 per cent)
- Net profit attributable to RTL Group shareholders was €320 million (H1/2016: €341 million)
- Net cash from operating activities was €214 million (H1/2016: €403 million), resulting in an operating cash conversion rate of 78 per cent (H1/2016: 88 per cent)
- As of 30 June 2017, RTL Group had a net debt position of €1,000 million (31 December 2016: net debt of €576 million). On 27 April 2017, RTL Group paid out an amount of €460 million for the final dividend for the financial year 2016 (€3.00 per share)
- On 29 August 2017, RTL Group's Board of Directors authorised the distribution of an interim dividend of €1.00 per share, to be paid in September 2017. This reflects the Group's strong cash flows and its target net debt to full-year EBITDA ratio of 0.5 to 1.0 times

Q2/2017: FremantleMedia drives strong revenue growth

- In the second quarter of 2017, RTL Group's revenue was up strongly by 8.8 per cent to €1,573 million (Q2/2016: €1,446 million), mainly driven by FremantleMedia's high-end drama series *American Gods* and the strong performances of Mediengruppe RTL Deutschland and RTL Group's digital businesses
- Reported EBITDA was down 7.4 per cent to €362 million (Q2/2016: €391 million). Adjusted for the positive one-off effect at Groupe M6 (+€43 million in Q2/2016), EBITDA was up 4.0 per cent year-on-year
- Net profit attributable to RTL Group shareholders was €183 million (Q2/2016: €203 million)

Outlook

RTL Group confirms its outlook for the full year 2017 given on 9 March 2017, assuming there will not be major changes in the economic climate across RTL Group's markets:

- RTL Group expects its total revenue for the fiscal year 2017 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland
- At the same time, RTL Group's reported EBITDA for the full year 2017 is still expected to be broadly stable (-1.0 per cent to +1.0 per cent) as the planned sale of RTL Group's buildings in Rue Bayard, Paris will positively impact the Group's EBITDA in H2/2017
- With regards to RTL Group's healthy financial position, management has decided not to further pursue the sale and leaseback transaction for its new buildings in Luxembourg (RTL City) for the time being. This transaction was originally expected to be completed during the year 2017. Management is confident to better unlock the value of the buildings at a later point in time

“Ambitious growth plan for our ad-tech businesses”

Joint statement from Bert Habets and Guillaume de Posch, Co-Chief Executive Officers of RTL Group:

“Over the past five years we have diversified our revenue streams – investing in rapidly growing digital video and ad-tech businesses, pushing into the production of high-end drama series and developing platform revenue for our broadcasters. The strong set of financial results in the first half of 2017 clearly underline the importance – and the success – of our total video strategy. Despite tough comparatives to the first half of 2016, RTL Group continued to grow its top line and generated a very healthy EBITDA margin of 21 per cent.

At the same time, the challenging development of the TV advertising markets across our footprint is a clear signal to even accelerate our strategy execution. We have just decided to take full ownership of SpotX, a leading global platform for ad-serving and programmatic ad sales. Together with the very experienced management teams of SpotX and Smartclip, we are working on an ambitious growth plan for our ad-tech businesses. This plan includes the close collaboration between SpotX and Smartclip, rolling out their solutions across our operations and scaling up the businesses with further acquisitions and partnerships.

Our focus on local content is clearly paying off. In Germany, Mediengruppe RTL Deutschland has significantly extended its audience lead over the main commercial competitor.

We are also delighted about the creative and financial performance of our content arm FremantleMedia – from the success of the high-end drama series *American Gods* to the renewal of *American Idol* on ABC and a very promising pipeline of new drama series such as *Hard Sun* and *The Rain* and renewals for *American Gods*, *The Young Pope*, *Deutschland 86* and *Modus*.

With our strong market positions across the value chain of the total video industry and high cash flows we combine attractive shareholder returns with significant, value-creating investments into content and digital.”

H1/2017 – Segments: RTL Group's largest business unit, Mediengruppe RTL Deutschland, continues its outstanding financial performance

- Despite higher programme investments at its main channel, Mediengruppe RTL Deutschland's first-half EBITDA reached €365 million – almost stable compared to the record level of H1/2016 (€368 million). Mediengruppe RTL Deutschland significantly outperformed the German net TV advertising market (estimated to be down by 2.0 per cent to 3.0 per cent in H1/2017), generating stable TV advertising revenue
- At Groupe M6, reported EBITDA decreased to €172 million (H1/2016: €207 million). Adjusted for the positive one-off effect from the gradual phase-out of the M6 Mobile contract (+€43 million in H1/2016), EBITDA was up 4.9 per cent year-on-year. Groupe M6 significantly outperformed the French net TV advertising market (estimated to be down 0.4 per cent), reporting a 3.8 per cent increase in free-to-air TV advertising revenue
- FremantleMedia's EBITDA was up 2.6 per cent to €40 million (H1/2016: €39 million), benefiting from particularly strong performances from the unit's operations in Western Europe and North America
- RTL Nederland's EBITDA was down to €20 million (H1/2016: €30 million). As previously announced, this was mainly due to the challenging local TV advertising market (estimated to be down 6.2 per cent), resulting in lower TV advertising revenue at RTL Nederland. At the same time, the unit's EBITDA was impacted by ongoing investments into digital

Future proof with total video

Further expansion of ad-tech business

- RTL Group has agreed with the minority shareholders of SpotX to take full ownership of the company and will acquire the remaining 36.4 per cent shareholding for US-\$145 million (€123 million); the transaction is expected to close in October 2017
- RTL Group plans additional investments to further expand its ad-tech businesses and foster continued synergies between its different ad-tech entities. This plan includes the close collaboration of SpotX and Smartclip, rolling out their solutions across RTL Group's operations and scaling up the business with further acquisitions and partnerships

Push into data and virtual reality

- RTL Group underlines how state-of-the-art technology and big data are key elements of all successful business models for the digital media world
 - Mediengruppe RTL Deutschland and ProSiebenSat1 have formed an alliance with United Internet to create a unified registration and login service for consumers dubbed 'Login Alliance' with the intention to ease consumer usage and to protect the consumer from unverified data usage
 - Groupe M6 teamed up with several partners in France to form the alliance Gravity, allowing advertisers and agencies to benefit from diverse data segments to execute programmatic digital campaigns in all formats and devices
- In July 2017, RTL Group was the largest investor in the Series A financing round of Inception, an Israel-based leader in Virtual Reality entertainment, and now holds a minority stake of 15.6 per cent in the company (on a fully diluted basis). The company will provide Virtual Reality programming, creative and distribution capabilities to RTL Group with its unique combination of a next generation content network, innovative technology and content creation expertise. The Inception app, available for all VR devices and mobiles, is one of the top 5 VR video apps

Power engine exclusive content

- *American Gods*, produced by FremantleMedia North America (FMNA), premiered in the US on Starz and has been available to 200+ territories through Amazon Prime Video. The critically-acclaimed series was Starz's highest ever new series launch, with the series performing on average more than six times higher than their average prime-time audience share for total viewers. A second season has been picked up. In February, FMNA secured an exclusive multi-year agreement with *American Gods*' award-winning author Neil Gaiman, giving them first look to adapt any of his works for television
- In May, US network ABC announced an agreement with FMNA and 19 Entertainment to bring back *American Idol*, TV's most successful and recognised music competition, for the 2017/18 season. Ryan Seacrest will return to host the show, while Katy Perry will join as a judge

France: combination of Groupe M6 and RTL Radio on track

- In July, the French media authority, CSA, approved RTL Group's plan to regroup the Group's French radio operations into Groupe M6. In parallel, the CSA approved the alignment of RTL Group's voting rights to its economic shareholding of 48.26 per cent in Groupe M6 with effect as of 1 January 2018. Following the CSA approvals and the completion of the employee consultations, RTL Group and Groupe M6 expect to close the transaction on 2 October 2017. The purchase agreement provides for a price of €199.8 million, as announced in May 2017
- As already announced in February 2016, RTL Radio (France) is currently relocating from Rue Bayard, Paris, to Neuilly-sur-Seine and will finalise the relocation in the first quarter of 2018. RTL Group has signed a binding agreement to sell its buildings in Rue Bayard for €113.9 million and will receive 85 per cent of the proceeds in the second half of 2017. Consequently, RTL Group expects a substantial positive EBITDA impact from this transaction in the second half of 2017

Key financial figures (January to June 2017)

In € million	H1/2017	H1/2016	Per cent change
Revenue	2,978	2,878	+3.5
Underlying revenue³	2,938	2,874	+2.2
Reported EBITDA⁴	626	679	(7.8)
Reported EBITDA margin (%)	21.0	23.6	
Reported EBITDA	626	679	
Impairment of investments accounted for using the equity method	(2)	–	
Depreciation, amortisation and impairment	(101)	(107)	
Re-measurement of earn-out arrangements and gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	13	–	
EBIT	536	572	(6.3)
Net financial income/(expense)	(8)	1	
Income tax expense	(165)	(183)	
Profit for the period	363	390	(6.9)
<i>Attributable to:</i>			
<i>Non-controlling interests</i>	43	49	
<i>RTL Group shareholders</i>	320	341	(6.2)
Reported EPS (in €)	2.08	2.22	(6.3)

³ Adjusted for minor scope changes and at constant exchange rates

⁴ EBITDA represents EBIT excluding amortisation and impairment of non-current programme and other rights, of goodwill and disposal group, of other intangible assets, depreciation and impairment of property, plant and equipment, impairment of investments accounted for using the equity method, re-measurement of earn-out arrangements, and gain or loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

The full report for the interim results 2017 will be available to download at www.RTLGroup.com/results-H1-2017

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About RTL Group

RTL Group is a leader across broadcast, content and digital, with interests in 56 television channels and 31 radio stations, content production throughout the world and rapidly growing digital video businesses. The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia, Hungary and Antena 3 in Spain. RTL Group's families of TV channels are either the number one or number two in eight European countries. The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, the Netherlands, Spain and Luxembourg. RTL Group's content production arm, FremantleMedia, is one of the largest international creators, producers and distributors of multi-genre content outside the US. With operations in 31 countries, FremantleMedia's comprehensive global network is responsible for approximately 12,000 hours of programming a year and distributes over 20,000 hours of content worldwide. Combining the catch-up TV services of its broadcasters, the multi-platform networks BroadbandTV, StyleHaul and Divimove as well as FremantleMedia's more than 280 YouTube channels, RTL Group has become the leading European media company in online video. RTL Group also owns the advanced video ad serving platform SpotX. For more information, please visit RTLGroup.com and follow RTL Group on Twitter @rtlgroup.

RTL Group – Entertain. Inform. Engage.