

RTL Group reports stronger than expected TV advertising revenue for Q3/2020

- **Q3/2020: TV advertising revenue across the Group down by only 2.1 per cent, total revenue by 1.5 per cent to €1,401 million**
- **January to September 2020: Group revenue down 11.8 per cent to €4,053 million**
- **January to September 2020: gains in net TV advertising market shares and outperformance of commercial competitors on audience ratings in the Group's largest territories Germany and France**
- **Paying subscribers for RTL Group's streaming services TV Now and Videoland up 32 per cent to 1.79 million**
- **90 per cent of Fremantle's shows back in production or fully delivered**
- **Full-year outlook for 2020: Group revenue of around €5.8 billion; Adjusted EBITA¹ of around €720 million**
- **RTL Group expects to propose a dividend for 2020, in line with its dividend policy**

Luxembourg, 12 November 2020 – RTL Group today published the following quarterly statement for the first nine months of 2020 (January to September 2020).

Thomas Rabe, Chief Executive Officer of RTL Group, says:

"We monitor closely the development of the coronavirus pandemic and its economic impact across our footprint, and continue to focus on the safety of our employees, the continuity of our businesses, cost and liquidity management.

Following a strong decline in the second quarter of 2020, TV advertising revenue across RTL Group decreased by only 2.1 per cent in the third quarter compared to our previous guidance of around minus 10 per cent. At the same time, we continued to gain advertising market shares, grow our streaming services and manage our costs.

Assuming the economic recovery continues, we currently expect revenue of around €5.8 billion and an Adjusted EBITA of around €720 million for the full year 2020, driven by the strength of Mediengruppe RTL Deutschland. We also expect to propose a dividend for 2020, in line with our stated dividend policy.

At the end of October, RTL Group completed the sale of its entire shareholding in the Canadian digital video network BroadbandTV for €102 million. The sale is consistent with our three-priority strategy – core, growth, alliances & partnerships – which also includes continuously reviewing our portfolio and growing our European digital assets in the areas of streaming, advertising technology and digital video."

¹ The Adjusted EBITA represents a recurring operating result and excludes significant special items

Revenue

Reported Group revenue was down 11.8 per cent to €4,053 million (January to September 2019: €4,595 million), mainly due to TV advertising markets declining across Europe in the second quarter of 2020 as a result of the Covid-19 outbreak. Group revenue was down 10.4 per cent organically². Reported Group revenue in the third quarter of 2020 was down 1.5 per cent to €1,401 million (Q3/2019: €1,422 million).

The revenue of RTL Group's content business, Fremantle, was down 15.3 per cent to €1,038 million (January to September 2019: €1,225 million), mainly due to postponements of productions across numerous territories as a result of the Covid-19 outbreak.

RTL Group's advertising revenue was €2,115 million (January to September 2019: €2,489 million), of which €1,679 million represented TV advertising revenue (January to September 2019: €2,010 million), €210 million digital advertising revenue (January to September 2019: €226 million) and €141 million radio advertising revenue (January to September 2019: €177 million).

Streaming revenue³ from TV Now and Videoland was up 24.0 per cent to €124 million (January to September 2019: €100 million), thanks to the increased number of streaming subscriptions.

RTL Group's digital revenue was down by 1.6 per cent to €743 million (January to September 2019: €755 million), mainly due to timing of deliveries at Fremantle, the wind-down of StyleHaul and the scope exit of iGraal which was partly compensated for by higher streaming revenue.

Net debt

RTL Group has low levels of debt and significant unused and committed Bertelsmann credit facilities with no maturities before 2023. As of 30 September 2020, RTL Group had a net debt⁴ position of €179 million (31 December 2019: net debt of €384 million).

² The organic growth/decline is calculated by adjusting the reported revenue growth/decline for the impact of exchange rate effects, acquisitions and disposals, as well as other effects (mainly the wind-down of StyleHaul). When determining the exchange rate effects, the functional currency that is valid in the respective country is used. The other effects include changes in methods and reporting, if any

³ Streaming revenue includes SVOD, TVOD, in-stream revenue from TV Now and Videoland

⁴ The net debt excludes current and non-current lease liabilities. Including this, net debt amounts to €582 million (€816 million at 31 December 2019)

Net TV advertising market growth rates and RTL Group audience shares in main target groups

RTL Group estimates that the net TV advertising markets were down across RTL Group's key markets. A summary of RTL Group's key markets is shown below, including estimates of net TV advertising market growth rates and the audience share in the main target audience group.

	January to September 2020 net TV advertising market growth rate (in per cent)	RTL Group audience share in main target group January to September 2020 (in per cent)	RTL Group audience share in main target group January to September 2019 (in per cent)
Germany	(15.5) to (16.0) ⁵	27.8 ⁶	28.2 ⁶
France	(19.0) ⁷	22.8 ⁸	22.9 ⁸
Netherlands	(17.6) ⁵	30.5 ⁹	29.3 ⁹

Operational highlights

At the end of September 2020, RTL Group registered **1.79 million paying subscribers** for its streaming services TV Now in Germany and Videoland in the Netherlands, up 32 per cent year on year.

On 20 October 2020, **Salto** – the joint subscription streaming service of Groupe TF1, France Télévisions and Groupe M6 – was launched in France with more than 10,000 hours of content, and the possibility to stream 20 TV channels live in HD quality. RTL Group's Bedrock provides the tech platform for the streaming service with state-of-the-art content curation and personalisation features.

TV Now has commissioned **UFA Fiction** to produce a four-part documentary about the life and career of German Chancellor Angela Merkel to be released at the end of 2021. The script will be written by Stefan Aust, author and publisher of *Welt* and *Welt am Sonntag* and former editor-in-chief of the German news magazine *Der Spiegel*.

Fremantle enjoyed creative successes and showed world-leading production innovation across all genres in the first nine months of 2020 with *American Idol*, the reality-dating formats *Five Guys a Week* on Channel 4 and *Too Hot to Handle* on Netflix as well as with gameshows such as *Family Feud* and *The Price is Right* across the world. Fremantle also continued its push into **drama production** with the launches of *The New Pope* on Sky Italia, *The Investigation* on TV2 in Denmark, *We Are Who We Are* on HBO and Sky Italia and *Deutschland 89* on Amazon Prime. In 2020 in total, Fremantle expects to deliver 42 dramas (including movies, high-end scripted series and daily dramas) from 16 territories, up from 36 delivered from 11 territories in 2019.

On 28 October 2020, RTL Group announced that it has completed the sale of its entire shareholding in the Vancouver-based digital video network **BroadbandTV** to BBTB Holdings Inc., effective on 28 October 2020, for €102 million.

⁵ Industry/IREP and RTL Group estimates

⁶ Source: GfK, Target group: 14 to 59, including pay-TV channels

⁷ Source: Groupe M6 estimate

⁸ Source: Mediamétrie. Target group: women under 50 responsible for purchases (free-to-air channels M6, W9, 6ter and Gulli as of September 2019)

⁹ Source: SKO. Target group: 25 to 54, 18h-24h

After the sales house Media Impact (Axel Springer) became a partner of the German **Ad Alliance** for its digital inventory in January 2020, Ad Alliance and Media Impact will intensify their partnership and expand their advertising sales cooperation to Media Impact's print titles, for example *Bild* and *Welt*, starting in January 2021.

On 1 January 2021 Deutsche Telekom will become a partner of the German log-in alliance **European NetID Foundation** – initiated by Mediengruppe RTL Deutschland, ProSiebenSat1 and United Internet.

Following the German example, Groupe M6 and Prisma Media partnered in September 2020 to launch the podcast platform **Audio Now in France**. More than 100 French podcasts from the catalogues of Groupe M6, Prisma Media and partner publishers were available on the platform upon its launch in September 2020.

Outlook

Assuming that the economic recovery continues, RTL Group expects its total revenue for the full year 2020 to be around €5.8 billion and its Adjusted EBITA to be around €720 million, driven by the strength of Mediengruppe RTL Deutschland.

RTL Group's dividend policy, presented in August 2019, remains unchanged: RTL Group plans to pay out at least 80 per cent of the Group's full-year net result attributable to RTL Group shareholders, adjusted for any material non-cash impacts such as impairments and deferred taxes. For 2020, RTL Group's management currently expects to propose a dividend in line with this dividend policy.

Figures presented in this quarterly statement are not audited.

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About RTL Group

RTL Group is a leader across broadcast, content and digital, with interests in 68 television channels, nine streaming platforms and 31 radio stations. RTL Group also produces content throughout the world and owns digital video networks. 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, Spain and Luxembourg. RTL Group's content business, Fremantle, is one of the world's largest creators, producers and distributors of scripted and unscripted content. Fremantle has an international network of production teams, companies and labels in over 30 countries, producing over 12,800 hours of original programming and distributing over 20,000 hours of content worldwide. Combining the streaming-services of its broadcasters (such as TV Now, 6play, Salto, Videoland), the digital video network Divimove, and Fremantle's more than 300 YouTube channels, RTL Group has become the leading European media company in digital video. RTL Group also owns the ad-tech businesses Smartclip and SpotX as well as the streaming-tech company Bedrock. RTL AdConnect is RTL Group's international advertising sales house. Bertelsmann is the majority shareholder of RTL Group, which is listed on the Luxembourg and Frankfurt stock exchanges and in the SDAX stock index.

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