



FULL-YEAR RESULTS



2017

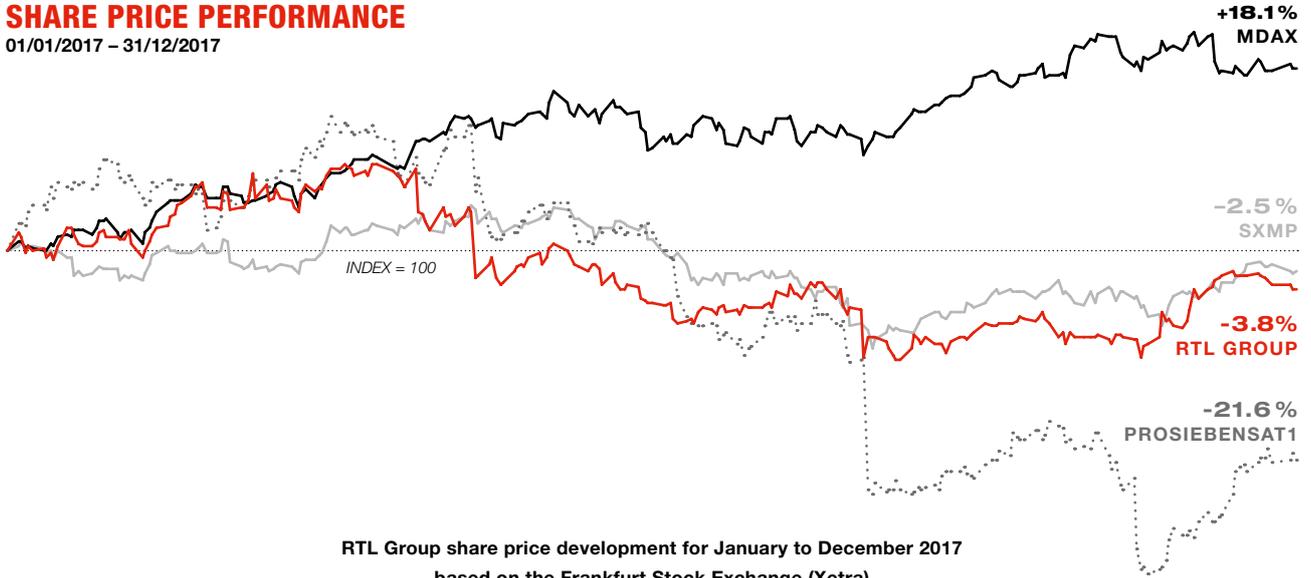


ENTERTAIN. INFORM. ENGAGE.

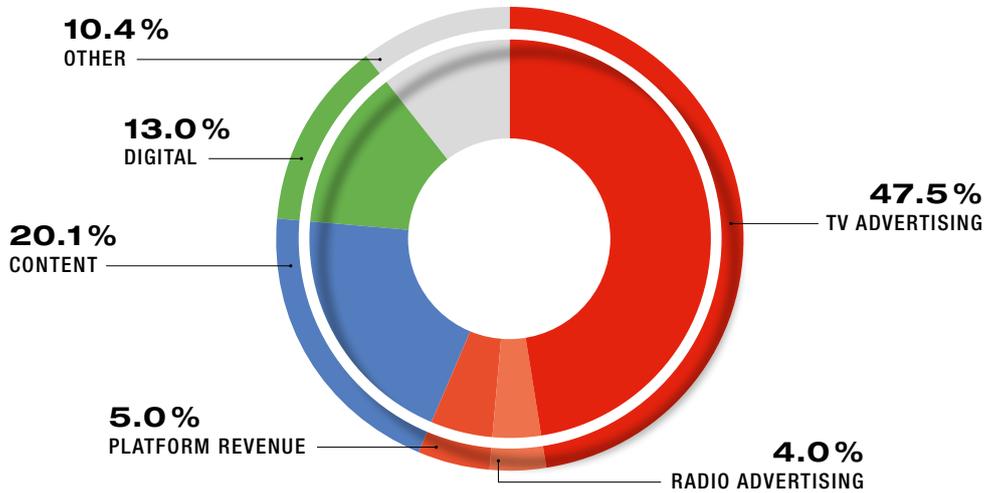
KEY FIGURES

SHARE PRICE PERFORMANCE

01/01/2017 – 31/12/2017



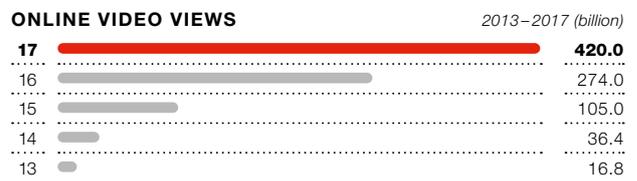
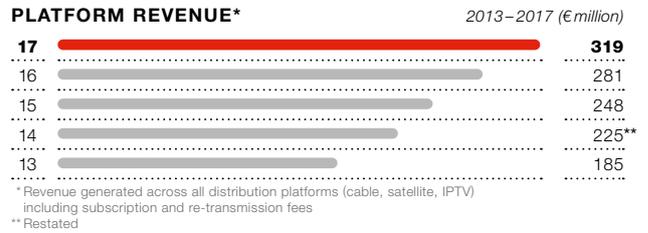
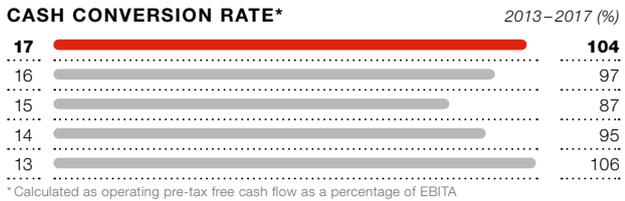
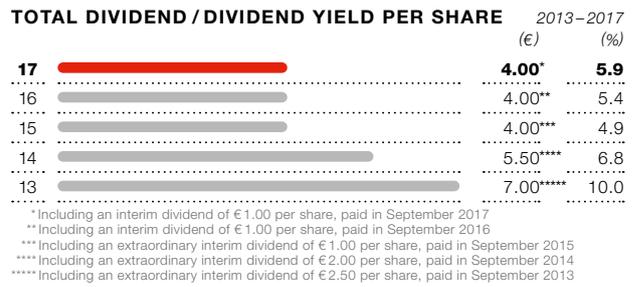
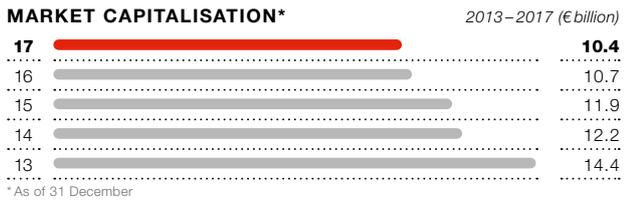
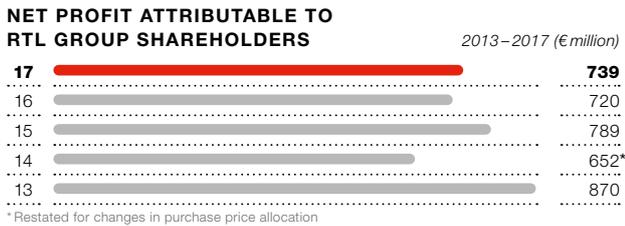
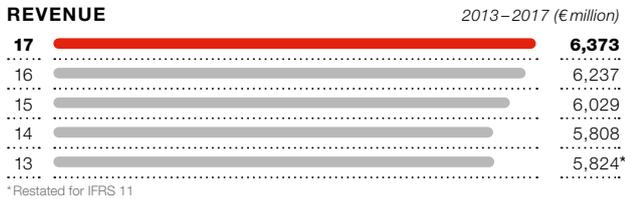
RTL Group share price development for January to December 2017 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1



RTL GROUP REVENUE SPLIT

In 2017, TV advertising accounted for 47.5 per cent of RTL Group's total revenue, making the Group one of the most diversified groups when it comes to revenue. Content represented 20.1 per cent of the total, while greater exposure to fast-growing digital revenue streams and higher margin platform revenue will further improve the mix.

Key figures




3h54
AVERAGE VIEWING TIME
IN EUROPE (2016)

**260 million viewers
watch TV
during prime time
in Europe**



81.4%
EUROPEAN
TV HOUSEHOLDS OWN AN HDTV

“WE WILL RE-INVIGORATE RTL’S PIONEERING SPIRIT”



BERT HABETS
Chief Executive Officer,
RTL Group, comments:

“This set of strong results shows that we are in an excellent position to write the next chapter in RTL Group’s success story. To succeed in this mission, we have to go back to our roots, to re-invigorate RTL’s pioneering spirit – one of taking calculated risks, putting consumers first to maximise the time they spend with our content and sharing best practices and business opportunities across our Group.

While we have a highly profitable, cash-generating core business in TV broadcasting, growth in our ‘Total Video’ industry mainly comes from non-linear or streaming services. To tap into this significant growth potential, we will increase investment in our on-demand services in the countries where we have strong families of channels. The launch of new services in Belgium, Hungary and Croatia over the next few months – all based on the French 6play platform – is the first example. We will also continue to build and develop our multi-platform networks and our investments in ad-tech.

FremantleMedia will continue its successful push into high-end drama production, in all key countries. And with this push, also the streaming platforms become meaningful clients for FremantleMedia as recently demonstrated with *American Gods* and *Deutschland 86*.”

ELMAR HEGGEN
Chief Financial Officer,
RTL Group, says:

“2017 was another successful financial year – and this despite challenging TV advertising markets across our footprint. In addition, unfavourable exchange rate effects, in particular in the fourth quarter, impacted our revenue growth. However, we once again report record results in terms of revenue and EBITDA and a very strong profit margin. Mediengruppe RTL Deutschland generated a record profit for the sixth consecutive year, while FremantleMedia significantly improved its profitability.

RTL Group’s business model stands for resilient top-line growth, a well-diversified revenue mix and an excellent earnings profile. With our high levels of cash generation we have the financial means for both major investments and attractive dividend payments to our shareholders. That’s why the Board of Directors has decided to propose to the AGM a final dividend of €3.00 per share.”

GERMAN TV BUSINESS DRIVES RTL GROUP'S RECORD RESULTS IN 2017

Full-year revenue up 2.2 per cent to €6,373 million; EBITDA up 3.8 per cent to €1,464 million

Digital revenue¹ continues to grow dynamically, up by 23.3 per cent to €826 million

Attractive shareholder returns: final dividend of €3.00 per share in addition to the interim dividend of €1.00 per share already paid in September 2017, representing a dividend yield of 5.9 per cent for the fiscal year 2017

Luxembourg, 7 March 2018 – RTL Group announces its audited results for the year ended 31 December 2017.

FINANCIAL SUMMARY

| | 2017 € m | 2016 € m | Per cent change |
|--|--------------|--------------|--------------------|
| Revenue | 6,373 | 6,237 | +2.2 |
| Underlying revenue ² | 6,338 | 6,225 | |
| EBITDA ³ | 1,464 | 1,411 | +3.8 |
| EBITDA margin (%) | 23.0 | 22.6 | |
| EBITDA | 1,464 | 1,411 | |
| Impairment of investments accounted for using the equity method | (6) | – | |
| Depreciation, amortisation and impairment | (233) | (221) | |
| 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 | 21 | 7 | |
| EBIT³ | 1,246 | 1,197 | |
| Net financial expense | (24) | (18) | |
| Income tax expense | (385) | (363) | |
| Profit for the year | 837 | 816 | |
| Attributable to: | | | |
| – Non-controlling interests | 98 | 96 | |
| – RTL Group shareholders | 739 | 720 | |
| Reported EPS (in €) | 4.81 | 4.69 | |

¹ "Digital" refers to the internet-related activities with exception to online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, for example other advertising sales, the production/distribution of films, programmes and other rights and the professional services, excluding e-commerce, home shopping and platform revenue

² Adjusted for scope changes and at constant exchange rates

³ See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2017

RTL GROUP REPORTS RECORD EBITDA FOR THE FIFTH CONSECUTIVE YEAR

- Group **revenue** increased 2.2 per cent to €6,373 million (2016: €6,237 million), once again reaching a record level. This was mainly driven by higher revenue from Mediengruppe RTL Deutschland, Groupe M6 and RTL Group's rapidly growing digital businesses, despite the fact that all European net TV advertising markets in RTL Group's territories were down or stable year-on-year
- **Platform revenue**⁴ was up 13.5 per cent to €319 million (2016: €281 million), while **digital revenue** grew dynamically by 23.3 per cent to €826 million (2016: €670 million)
- RTL Group's revenue is well diversified with 47.5 per cent from TV, 20.1 per cent from content, 13.0 per cent from digital activities, 5.0 per cent from platform revenue, 4.0 per cent from radio advertising and 10.4 per cent from other revenue
- **EBITDA**⁵ also reached a new record level with €1,464 million compared to €1,411 million in 2016 (up 3.8 per cent). The increase results from higher EBITDA contributions from Mediengruppe RTL Deutschland, FremantleMedia and a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million
- **EBITDA margin** was up to 23.0 per cent (2016: 22.6 per cent)
- **Net profit** attributable to RTL Group's shareholders increased by 2.6 per cent to €739 million (2016: €720 million), mainly resulting from the higher EBITDA
- **Net cash from operating activities**⁵ was €1,023 million, resulting in a higher operating cash conversion⁵ of 104 per cent (2016: 97 per cent). **Net financial debt**⁵ was €545 million at the end of 2017 (2016: net financial debt of €576 million)
- Following an already exceptionally strong fourth quarter in 2016, Group revenue was up 0.8 per cent at €2,023 million (Q4/2016: €2,007 million), while EBITDA was up strongly to €575 million (Q4/2016: €508 million) in the **fourth quarter of 2017**. This reflects higher EBITDA contributions from FremantleMedia and RTL Nederland as well as the one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million, partly balanced by restructuring
- RTL Group's Board of Directors has proposed a final **dividend** of €3.00 per share for the fiscal year 2017. This reflects the Group's strong cash flows, future investment plans and its target net debt to full-year EBITDA ratio⁵ of 0.5 to 1.0 times. In addition, RTL Group already paid an interim dividend of €1.00 per share for the fiscal year 2017 in September 2017 (2016: final dividend of €3.00 per share plus interim dividend of €1.00)
- Based on the average share price in 2017 (€68.25⁶), the total dividends for the fiscal year 2017 (€4.00 per share; 2016: €4.00 per share) represent an attractive **dividend yield** of 5.9 per cent (2016: 5.4 per cent) and a payment of 83 per cent of the reported EPS (€4.81)

SEGMENTS: MEDIENGRUPPE RTL DEUTSCHLAND AND FREMANTLEMEDIA DRIVE RTL GROUP PROFIT GROWTH

- For the sixth consecutive year, **Mediengruppe RTL Deutschland** generated record earnings: EBITDA grew by 3.5 per cent to €743 million (2016: €718 million), mainly driven by higher TV and digital advertising as well as platform revenue – despite the challenging environment in which the German net TV advertising market was estimated to be down year-on-year, with Groupe M6's channels outperforming the market
- EBITDA of **FremantleMedia** – RTL Group's global content production arm – increased to €140 million (2016: €129 million), reflecting higher profit contributions from the businesses in North America and Europe. The EBITDA margin improved to 9.5 per cent (2016: 8.6 per cent)
- **RTL Nederland's** EBITDA was down to €87 million (2016: €96 million), due to lower advertising revenue and higher investment in the SVOD platform Videoland
- In 2017, **Groupe M6's** EBITDA was down to €389 million (2016: €400 million)⁷, mainly due to the positive one-off effect from the gradual phase-out of the M6 Mobile contract in 2016. Adjusted for this effect, EBITDA was up 9 per cent. The French TV advertising market was estimated to be stable

⁴ Revenue generated across all distribution platforms (cable, satellite, IPTV) including subscription and re-transmission fees

⁵ See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2017

⁶ Frankfurt Stock Exchange

⁷ 2016 figures for Groupe M6 pro-forma including RTL Radio (France)

MORE CROSS-MEDIA INNOVATION

- Following the approvals of the French media regulator CSA (“Conseil supérieur de l’audiovisuel”) and the completion of the employee consultations, the regrouping of RTL Group’s French radio operations into Groupe M6 closed on 1 October 2017. RTL Group’s voting rights in Groupe M6 were aligned to its economic shareholding of 48.26 per cent in Groupe M6 with effect as of 1 January 2018
- In May 2017, Mediengruppe RTL Deutschland signed a new distribution agreement with platform provider Vodafone, including the addition of live streams of Mediengruppe RTL Deutschland’s TV channels into Vodafone’s Giga TV app. In 2018, Groupe M6 signed several distribution agreements with major platform providers in France such as SFR-Altice, Canal+, Bouygues and Orange
- 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)
- In January 2018, RTL Group fully acquired United Screens, the leading multi-platform network (MPN) in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video

MORE EXCLUSIVE PROGRAMMING

- Live sporting events remain an important part of RTL Television’s programme line-up. In December 2017, RTL Television and rights owner Formula One World Championship Limited (FOWC) announced that the TV channel will air live coverage of all Formula One races, exclusively on free-to-air television until 2020. Uefa Europa League football will also continue to be broadcast on free-to-air TV following Mediengruppe RTL Deutschland’s acquisition of the broadcasting rights to the European club competition for its TV channels RTL Television and Nitro
- Groupe M6 has partnered with Uefa to broadcast French national football team matches for the next four seasons. This new partnership includes the live and exclusive broadcasting by Groupe M6 of half of the French national team’s European Qualifiers for Uefa Euro 2020 and the 2022 Fifa World Cup; friendlies and preparation matches as well as matches of the first two editions of the new Uefa Nations League competition (in 2018 and 2020)
- On 9 May 2017, US network ABC announced an agreement with FremantleMedia North America and 19 Entertainment to revive *American Idol* for the 2017/18 season. The new season kicks off on 11 March 2018

MORE TECHNOLOGY

- On 1 October 2017, RTL Group closed the transaction to take full ownership of SpotX and acquired the remaining 36.4 per cent shareholding for a total amount of €128 million of which €7 million have been contributed to SpotX
- Following this step, RTL Group pursues an ambitious growth plan for its ad-tech businesses with the main goal to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers through the combination of SpotX and Smartclip into one integrated ad-tech company. The share transfer was completed in January 2018, while the operational business combination of the two companies will be completed during the course of 2018
- 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

OUTLOOK

- RTL Group expects its total **revenue** for the fiscal year 2018 to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and FremantleMedia
- The 2017 **EBITDA** included a positive one-off effect of €94 million from the sale of buildings in Rue Bayard, Paris. Normalised for this effect, RTL Group expects EBITDA in 2018 to be broadly stable
- **Digital revenue** is expected to continue to show dynamic double-digit growth and increase its share of RTL Group's total revenue to at least 15 per cent until 2020 to 2022
- RTL Group will keep a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the fiscal year 2018. RTL Group will continue to focus on **cash conversion** and targets 2018 levels not below 85 to 90 per cent
- The **dividend policy** remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the fiscal year 2018

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

With interests in 56 television channels, 31 radio stations, a global business for content production and distribution, and rapidly growing digital video businesses, RTL Group entertains, informs and engages audiences around the world.

The Luxembourg-based company owns stakes in TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary and Croatia. With FremantleMedia, it is one of the world's leading producers of television content: from talent and game shows to drama, daily soaps and telenovelas, including *Idols*, *Got Talent*, *Good Times – Bad Times* and *Family Feud*. With its investments in online video – BroadbandTV, StyleHaul, Divimove and, most recently, United Screens – RTL Group is the leading European media company in online video. RTL Group also built a global ad tech powerhouse, combining the video ad serving platform SpotX with the European monetisation platform Smartclip in 2018.

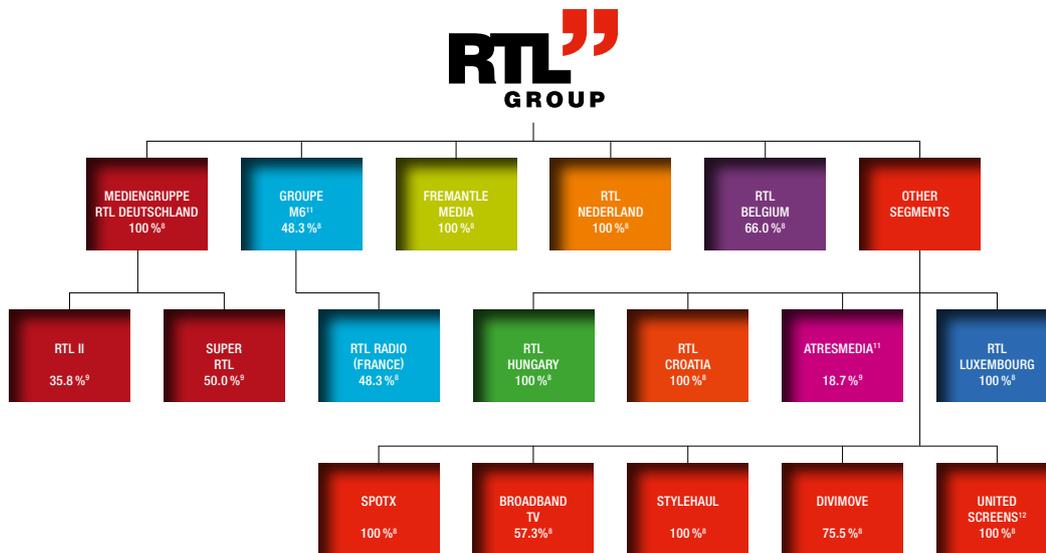
The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

RTL Group itself was created in spring 2000, following the merger of Luxembourg-based CLT-UFA and the British content production company Pearson TV, owned by Pearson PLC. CLT-UFA was created in 1997 when the shareholders of UFA (Bertelsmann) and the historic Compagnie Luxembourgeoise de Télédiffusion – CLT (Audiofina) merged their TV, radio and TV production businesses.

Bertelsmann has been the majority shareholder of RTL Group since July 2001. RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and on the Brussels and Luxembourg stock exchanges. Since September 2013, RTL Group has been listed in the prestigious MDAX stock index.

RTL GROUP CORPORATE STRUCTURE (SIMPLIFIED)

(The Group's ownership based on total number of shares after declaration of treasury shares held by the company as per 31 December 2017)



RTL Group's business comprises the following six reporting segments: Mediengruppe RTL Deutschland, Groupe M6 (including the French radio business around the RTL family of radio stations), FremantleMedia, RTL Nederland, RTL Belgium and Others (which includes RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, the German radio business and the investment accounted for using the equity method, Atresmedia in Spain). The

segment "Others" also includes RTL Group's ad-serving platform, SpotX, and the multi-platform networks BroadbandTV, StyleHaul, Divimove and United Screens¹².

Groupe M6 and Atresmedia are themselves listed companies, with the shares being traded on the stock exchanges of Paris and Madrid respectively.

8 Fully consolidated
 9 Investment accounted for using the equity method
 10 Net of treasury shares and own shares held by Métropole Télévision SA under liquidity contract
 11 Net of treasury shares
 12 Acquired in January 2018

THE BUSINESS AREAS



RTL Group has operations in more than 30 countries worldwide (see note 12 to the Consolidated Financial Statements)

Broadcast

Television: RTL Group is Europe's largest free-to-air broadcaster. Each day, millions of viewers all over Europe watch RTL Group's television channels, which include the families of channels clustered around the flagships RTL Television in Germany, M6 in France, RTL 4 in the Netherlands and RTL-TVI in Belgium. The Group also has broadcasting operations in Hungary (RTL Klub, RTL II, and six cable channels), Croatia (RTL Televizija, RTL 2, RTL Kockica), and Luxembourg, as well as interests in Atresmedia in Spain.

Radio: RTL Group's radio stations reach millions of listeners each day. The Group's flagship radio station is RTL Radio in France, and it also owns or has interests in stations in Germany (including 104.6 RTL, Antenne Bayern), Belgium (Bel RTL, Radio Contact), Spain (Onda Cero, Europa FM, Melodía FM) and Luxembourg (RTL Radio Lëtzebuerg, Eldorado).

Content

RTL Group's content production arm, FremantleMedia, is one of the largest creators, producers and distributors of television brands in the world. With operations in 30 countries, FremantleMedia is responsible for around 12,500 hours of TV programming broadcast each year. The company also distributes more than 20,000 hours of content in over 200 territories.

Digital

RTL Group has become the leading European media company in online video and is ranked among the top global players in this segment. Since 2013, RTL Group has made key investments in several multi-platform networks (MPNs) such as BroadbandTV, StyleHaul, Divimove and, most recently, United Screens¹³. Additionally, RTL Group invested into advertising technology, namely video ad serving platform SpotX in the US and monetisation platform Smartclip in Europe as well as the investments accounted for using the equity method: Clypd, a pioneer in programmatic TV, and VideoAmp, a platform for cross-screen data optimisation. In 2017, RTL Group decided to combine SpotX and Smartclip to create one integrated ad-tech company by the end of 2018, to launch the platform across the Group's operations and to scale it up with further acquisitions and partnerships.

¹³ Acquired in January 2018

MANAGEMENT APPROACH

RTL Group's business units act as autonomous local businesses, each with its own CEO, and full editorial independence. Each segment serves different cultures, traditions and identities across Europe. This entrepreneurial approach enables each segment to act flexibly in its local market, to build its own local identity, and to benefit from one of the most important success-factors in the broadcasting business: proximity to its audience.

Responsibility for the day-to-day management of the company rests with the CEO(s), who – on a regular basis and upon request of the Board – inform(s) the Board of Directors about the status and development of the company. As from 1 January 2018 the Executive Committee is comprised of the two executive directors, the CEO and the Deputy CEO/CFO. The Executive Committee is vested with internal management authority.

Although the Group's segments have the advantage of being able to act independently to their markets' needs, each benefits from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (Sycos). These Sycos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such as programming, news, radio, advertising sales and digital video. While each segment makes its own management decisions, it is encouraged to draw on

the understanding and expertise of other RTL Group companies to replicate successes and share ideas. The Sycos are coordinated by RTL Group's Business Development team.

Based in Luxembourg and led by the Group's Chief Financial Officer, the Corporate Centre provides a framework of strategic direction and financial control while actively managing the Group's portfolio of holdings.

In the Operations Management Committee (OMC), the Executive Committee and senior management of the Corporate Centre meet regularly with the CEOs of the Group's local operations to share experiences, discuss opportunities and challenges, and explore the potential for cooperation. This process ensures that knowledge and expertise are rapidly disseminated throughout the Group, and that successful ideas and innovations can quickly be implemented by other segments, if appropriate.

The Corporate Centre comprises the following functions: Consolidation and Accounting, Strategy, Business Development, Controlling and Investments, Mergers and Acquisitions, Group Reporting and Budgeting, Human Resources, Legal, Investor Relations, Corporate Communications and Marketing, Treasury and Corporate Finance, Internal Audit and Compliance, Group IT and Tax.

MARKET

MARKET ENVIRONMENT

Digitisation has significantly transformed the TV market, with more channels and more content available than ever before. 92 per cent of EU households now receive their TV signal digitally. In Germany alone, viewers have access to over 75 linear television channels.

Digitisation has brought new ways of reaching viewers, such as IPTV and the open internet, which complement conventional modes of distribution such as terrestrial television, cable and satellite. Broadcasting groups such as RTL Group have welcomed the opportunity to distribute their programmes on both a linear (scheduled) and non-linear (on demand – anywhere, any time and on any device) basis.

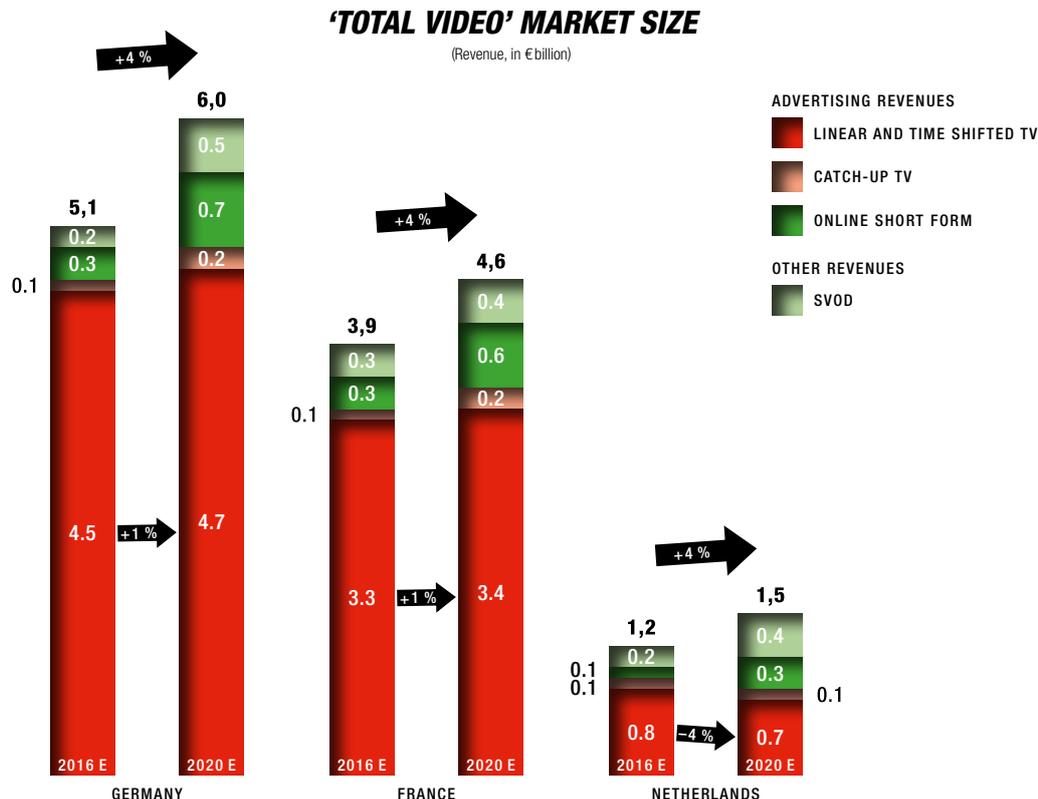
At the forefront of the extensive changes in the technical infrastructure of content distribution, the development of devices such as smartphones and tablets led to far-reaching changes in viewing behaviour. In 2017, about 38.5 per cent of the European population owned a tablet and 62.6 per cent owned a smartphone. In fact, media convergence became a reality long ago on these screens.

To most people, TV still refers to the screen in their living room. But the business model of TV, and the wider industry behind it has moved on – and, with it, the definition of TV. At RTL Group, TV stands for ‘Total Video’.

The total video market comprises

- linear TV (commercial free-to-air channels, pay-TV channels, public broadcasters),
- on-demand services financed by advertising, pay per view or subscriptions¹⁴,
- YouTube, Facebook and other short-form online video platforms.

Total video revenue, as defined by RTL Group, in Germany, France and the Netherlands is expected to grow by around 4 per cent annually until 2020. Online video advertising is currently the fastest growing digital advertising segment, and is expected to grow globally by around 20 per cent each year between 2016 and 2020¹⁵, driven primarily by programmatic video advertising.



¹⁴ AVOD – advertising-financed video on demand (for example services from broadcasters such as TV Now (Mediengruppe RTL Deutschland) and 6play (Groupe M6) and independent services such as Vimeo, Viewstar); TVOD – transactional video on demand (for example Apple’s iTunes store or Google’s Google Play services); SVOD – subscription video on demand (for example Netflix, Amazon Prime Video, Hulu Plus, Videoland, HBO Go)

¹⁵ CAGR. Source: Zenith “online video forecast”

MARKET TRENDS

Against the background of the ongoing digitisation, RTL Group's markets are shaped by four key trends: **Competition, Consolidation, Convergence** and **Complexity**.

While linear TV is still the way most viewers consume video content, non-linear viewing is growing fast. This growth can be summarised by the following behavioural trends:

- the younger the target group, the higher the share of non-linear viewing;
- the younger the target group, the higher the share of viewing on mobile devices;
- watching video content on mobile devices increases the demand for 'short-form video' (short clips that last just a few minutes);
- the higher the share of non-linear viewing, the higher the demand for high-end drama series, often with a niche appeal.

2017 showed the perils of digital media, from calls to action by major advertisers such as Procter & Gamble to questionable content on YouTube and fraudulent behaviour around ad tech. Brand safety remains a crucial issue for RTL Group's ad-tech businesses and multi-platform networks. Several industry initiatives are currently under development – including IAB's ads.txt – while the platforms themselves invest heavily in counter measures.

At the same time, this development also poses opportunities for operators of linear TV channels. The linear TV ecosystem has always been providing brand safe environments and its effectiveness is well documented. Common measurement systems established by independent third-party bodies provide reliable data on usage, audience shares and demographics. RTL Group believes in the value of TV – it is the business with the broadest reach, highest frequency of exposure and viewing time. In terms of advertising effectiveness, brand building and brand safety, TV is the most reliable and brand safe medium for advertisers to reach broad audiences.

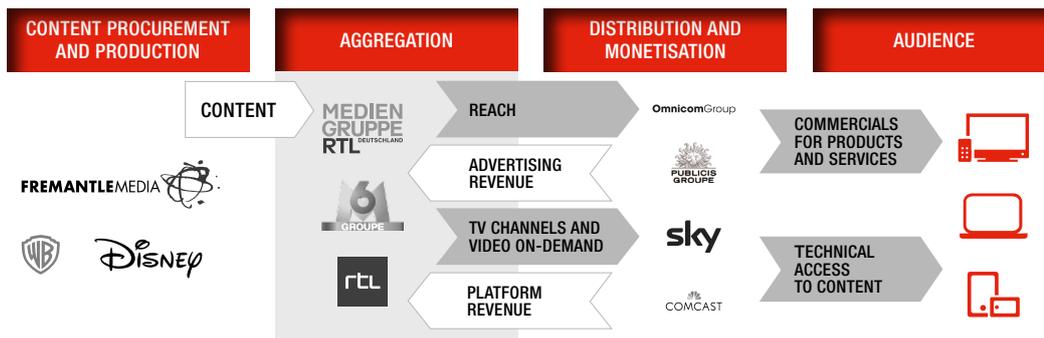
While TV devices become more sophisticated thanks to ultra-HD resolution and HDR (high dynamic range) capabilities, RTL Group has identified virtual reality (VR) as another market trend. The VR market, which is growing strongly, from 2.1 million head-mounted displays (HMDs) in 2016 to nearly 83 million in 2021, according to Future Source. This prediction does not yet include tens of millions of cardboard headsets available. In addition, new devices are expected to be launched between 2017 and 2019 from Microsoft, Oculus and Google.

BUSINESS MODEL

RTL Group operates different business models in its three main areas: broadcast, content (production and licensing) and digital which are outlined below.

From the overall Group perspective, **creativity** in programming is the essence of success. In summary, RTL Group's business model is to produce, aggregate, distribute and monetise the most attractive content, across all formats and genres.

BROADCAST



Generic broadcast value chain

Broadcasters buy, produce and commission mostly local content. In addition, they buy or license broadcasting rights for movies, TV series and sporting events. TV channels and radio stations create and schedule programming that helps them shape their channel brands. Rather than focusing on a single genre, RTL Group's flagship channels create a general interest programming mix across all genres including drama, factual entertainment, news, talk, soaps, reality and sport. In today's fragmented marketplace, it's crucial for broadcasters to have content that makes them stand out from the crowd.

For RTL Group's broadcasters, advertising is the primary source of revenue. The Group's broadcasters provide their advertising clients with a range of ad formats, from the traditional 30-second commercial to packages of TV and digital ads tailored to their individual needs. RTL Group's advertising sales houses sell spots in the channel's linear and non-

linear programming. The price they pay generally depends on the reach and demographic structure of the audience they target. A higher audience share or a sought-after target group will generally lead to higher spot prices, which are usually priced at CPM (cost per mille).

RTL Group channels broadcast their content terrestrially and distribute it through other platforms, such as cable, satellite and internet TV. In exchange for the broadcasting signal, they receive money from the platform operators. RTL Group reports this figure separately as platform revenue (see Financial review). Between 2012 and 2017, this revenue rose from € 175 million to € 319 million.

In addition, RTL Group's broadcasters have established their own digital on-demand platforms that make their content available on all devices: computers, smartphones, tablets, and internet-connected TVs (see digital).

CONTENT

RTL Group broadcasters produce and commission a wide variety of local content, while the group's global production arm, FremantleMedia, is responsible for around 12,500 hours of TV programming broadcast each year.



Content production value chain

As one of the world's largest creators, producers and distributors of television content, FremantleMedia operates differently to RTL Group's broadcasters. The company produces, licenses and distributes a vast array of programmes that range from high end drama, through game shows and daily soaps to entertainment. As a production company, FremantleMedia provides broadcasters, platforms and online services with content that is in return used by those clients to build their business. Through its network of local production and distribution companies, FremantleMedia operates around the world in 30 countries.

FremantleMedia's distribution arm, FremantleMedia International, sells finished programmes and formats around the world, and acquires, develops, finances and co-produces new titles for the international market. Its catalogue contains a diverse and exciting range of programming that includes drama, comedy, factual, lifestyle and entertainment shows.

The distribution business also plays an important role in providing financing for high-quality drama such as *American Gods* and *Deutschland 86* – both of which were produced in conjunction with Amazon Prime Video.

Supported by a brand management team, and a sales network that spans nine international offices and five continents, FremantleMedia International's content regularly reaches audiences in over 150 countries around the world. FremantleMedia International distributes more than 20,000 hours of content in over 200 territories worldwide.

Increased exposure to high-end drama, where the development cycle from concept to on-screen can be anything from two to three years, has a negative impact on FremantleMedia's cash conversion – the so-called deficit financing model. This is a special financing model as local broadcasters still traditionally finance their commissioned programming, with FremantleMedia taking a margin, but no risk, on the finished production.

As the timing of the delivery of the finished programme is often down to the local broadcaster – and this ultimately drives revenue recognition at a Group level – phasing effects can swing significantly from one quarter to another, but are often neutralised over the course of the year.

¹⁶ Pre-production will only start once the idea was sold to a commissioning client network

DIGITAL

Video on demand (long-form)

RTL Group is the European leader and a top global player in online video. Its broadcasters have established their own on-demand platforms that make their programmes available on all devices at all times – predominantly financed by advertising. They have also branched out into new business models – including subscription video on demand (SVOD) – and are increasing their production of web-original content.

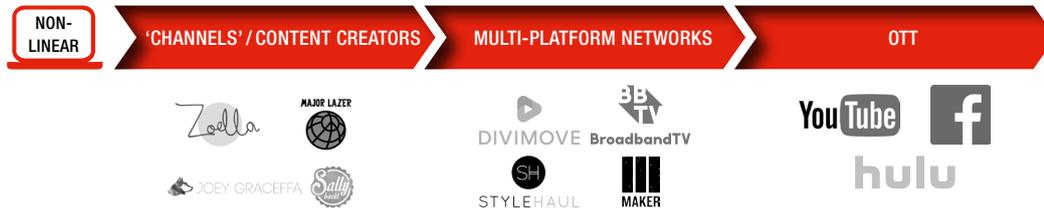
The next step is to combine the different VOD offerings into a so-called hybrid model, consisting of a free, advertising-funded service and a paid, premium content bundle – offering the programmes of linear TV channels plus premium content, either exclusively produced or licensed from third parties.

Video on demand (short-form)

Through key digital investments, RTL Group has become a leader in the YouTube ecosystem. Today, RTL Group fully owns or has stakes in several multi-platform networks (MPNs), such as BroadbandTV, StyleHaul, Divimove and, most recently, United

Screens. In general, the MPN business model in content aggregation is similar to the one of RTL Group's broadcasters. Creators and so-called Influencers create content for their own channels on an online video platform such as YouTube. As it is rather difficult for individuals to sell advertising on their own or to approach and cooperate with bigger brands, MPNs aggregate content to offer advertisers an attractive content package and most importantly reach within a defined target group, for example young viewers.

On platforms like YouTube, revenue is shared between the platform and the MPN. In return for their content, the creators receive a revenue share from the MPN. The more attractive the creator's content – measured with number of subscribers and video views – the higher the price. Additionally, branded content – where certain products are featured within video content – offers opportunities to diversify revenue streams. This revenue is not subject to the revenue share taken by the platform and thus offers higher margins.

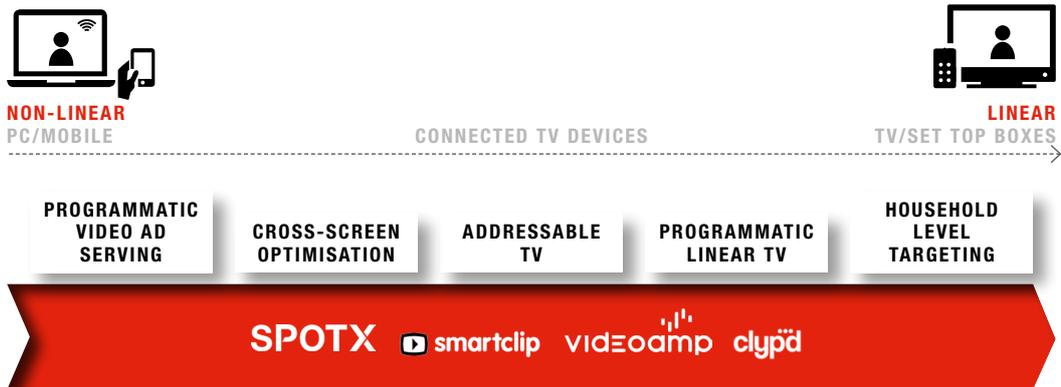


Generic MPN value chain

Advertising technology

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising enables advertisers to connect their message to an engaged audience, which can be enhanced by the use of technology and data. This is done by a sophisticated process which automates the advertising sales process: within milliseconds an ad on a website can be sold to advertisers looking for this specific demographic and willing to pay a set price. In short, advertising technology fulfills two

main goals: a) find the perfect match between advertiser and user and b) find the perfect price for both advertiser and publisher. The main difference to traditional advertising sales is the targeting of individual users or target groups instead of broad reach. Additionally, RTL Group aims to transfer this process into the linear TV world. Traditional sales processes play a role for the monetisation of connected TV content.



RTL Group aims to be present along all parts of the ad tech value chain

STRATEGY

The following segment describes RTL Group's strategy from the angle of the Group's three strategic areas – broadcast, content and digital. In short,

RTL Group's general strategic goal within the 'total video' universe is to maximise consumers' attention to its broad variety of video offers, across all devices.

BROADCAST

Strengthening RTL Group's core business remains a key part of the Group's strategy, and **building and extending families of channels** is key to tackling increasing audience fragmentation and competition in a digital, multi-channel world. In recent years, RTL Group's families of channels have been enhanced by the addition of several digital channels with clearly defined profiles, including Nitro, RTL Plus, Togo Plus, W9, 6ter, and RTL Z.

One focus of the broadcast strategy is to achieve a significant **increase in non-advertising revenue** by establishing a second revenue stream from platform operators. RTL Group aims to receive a fair revenue share for its brands and programmes from the major distribution platforms – cable network operators, satellite companies and internet TV providers – for new services such as high-definition TV channels, on-demand platforms and digital pay channels.

As 'must-see' content becomes ever-more valued by today's digital audience, broadcasters must invest in **top-quality content** that will attract high viewing figures – especially locally. As well as nurturing and refreshing established popular shows, news, daily soaps and reality formats, RTL Group's broadcasters invest significantly in developing new, exclusive formats and premium content that build image, strengthen the brand and – most importantly – command exclusivity in the marketplace. The major task for today's linear TV channels is to create a unique selling proposition – wherever the consumers are.

In addition to their linear signal, RTL Group's broadcasters extend their premium linear TV content into the non-linear world. They have quickly succeeded in establishing their own on-demand platforms, making their programmes available on all devices. These platforms are predominantly ad-financed. Now, RTL Group's broadcasters have identified interesting business opportunities for **hybrid models**, consisting of a free, advertising-funded service and a paid, premium content bundle – offering the programmes of RTL Group's linear TV channels with licensed content from third parties.

RTL Group registers more and more global ad buying from advertisers and agencies, driven by the "walled garden" solutions of the big US players. As a consequence, RTL Group invests into its international sales house, RTL AdConnect, to ensure it serves international advertisers/agencies with its families of channels, on-demand services and MPNs. Formerly known as IP Network, RTL AdConnect provides a simplified access to RTL Group's large portfolio of TV and VOD services, MPNs and advertising technology – all this in a transparent and brand safe environment. In addition to RTL Group, and to be relevant in all main markets in Europe, RTL AdConnect's portfolio encompasses leading partners such as ITV in the UK, RAI in Italy or even Medialaan in Belgium. Thanks to these partnerships, RTL Group is the only company in Europe which is able **to offer advertisers pan-European digital video campaigns**.

CONTENT

The strategic pillar of content is mainly served by RTL Group's production arm FremantleMedia. FremantleMedia's strategy has three pillars:

Maintaining the company's position as a leading producer of quality programming by **nurturing established brands** such as *Idols*, *Got Talent* and *The Farmer Wants a Wife*, while **investing into creating new formats and brands**.

Diversifying FremantleMedia's portfolio by strengthening its local businesses and increasing prime-time drama. FremantleMedia has made a series of investments in recent years (with options to buy the remaining stakes in the future), to strengthen capabilities in the scripted, entertainment and factual genres.

Meanwhile, investments in high-end productions accelerate the company's growth in prime-time drama. Following the premiere of *The Young Pope* – produced by FremantleMedia's Italian production arm Wildside – and FremantleMedia North America's adaptation of Neil Gaiman's acclaimed contemporary fantasy novel, *American Gods*, FremantleMedia's push into drama continued in 2017 with the signature productions such as *Deutschland 86*, *Hard Sun* and *Picnic at Hanging Rock* which will be broadcast in 2018.

Maximising the global FremantleMedia network by increasing scale in strategic markets. In recent years, the company has strengthened its Scandinavian and southern European footprint with the opening of new offices in Sweden, Norway and Spain. In 2017, FremantleMedia made several investments, among them Easy Tiger Productions in Australia.

DIGITAL

First, the Group is **extending its premium linear TV content into the non-linear world**. RTL Group's channels have quickly succeeded in establishing their own on-demand platforms, making their programmes available on all devices – PCs, smartphones, tablets and internet-connected TV sets. Examples include TV Now in Germany, 6play in France and RTL XL in the Netherlands. Most recently, the 6play platform was rolled out to other RTL Group territories as a white label solution, and will be available in Croatia, Belgium and Hungary.

Online video has matured and is now moving towards the screen in the living room – live and on demand. Accordingly, RTL Group's broadcasters across Europe have identified interesting business opportunities for **hybrid models**, consisting of a free, advertising-funded catch-up service and a paid, premium content bundle – offering the programmes of linear TV channels plus licensed content from third parties. With these hybrid models, RTL Group will build the next generation of TV, bringing linear TV channels and on-demand services much closer together.

Total Video means maximising consumers' attention to all of RTL Group's video offers, across all platforms and devices. This includes the Group's multi-platform networks such as BBTv, StyleHaul, Divimove, Golden Network, RTL MCN, United Screens.

There are three key reasons:

- **usage of short-form videos keeps on growing at very high rates**, in particular on mobile devices and in particular among younger people – and this is a key audience for RTL Group and advertising clients;
- **advertising and branded content revenues in the YouTube ecosystem keep on growing very dynamically**, despite having to share revenues with platforms and controversial issues about brand safety in the past 12 months;
- the **MPN space is operating at global scale**, complementing RTL Group's families of channels on national levels – RTL Group developed strong number one and two positions with its investments and is thus **well positioned to grow margins and profit contributions** in this space significantly.

Further substantial growth of RTL Group's digital revenue requires **new skills in advertising technology**. To grow its ad-tech business, RTL Group will combine SpotX and Smartclip by the end of 2018, launch the integrated platform across its operations, and scale it up through additional acquisitions and partnerships. The purpose of the combination is to create a global, independent monetisation platform for broadcasters, SVOD services and publishers. The combined entity will focus on ad-server development and addressable TV, which provide the Group with dynamic ad-insertion capabilities. It will also work with two of the Group's minority shareholdings (VideoAmp and Clypd) with the aim of positioning itself as an innovation leader among independent ad-tech platforms.

RTL Group's vision is to create an independent, global monetisation platform for video – a large, innovative, customer-friendly alternative for publishers. The Group is already up and running with its different services.

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group uses various key performance indicators (KPIs) to control its financial situation, including revenue, audience share in main target groups, EBITDA and EBITA, RTL Group Value Added (RVA), net debt, and cash conversion. For definitions and more details of these KPIs, see note 3 to the Consolidated Financial Statements in the Annual Report 2017.

RTL Group reports different alternative performance measures not defined by IFRS that management

believe are relevant for measuring the performance of the operations, the financial position and cash flows, and for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

RTL Group's KPIs may not be comparable to similarly titled measures reported by other groups due to differences in the way these measures are calculated.

REVENUE

Advertising market conditions across Europe were challenging during 2017. RTL Group experienced significant variations across the months and quarters of the year, making it difficult to predict market trends with certainty. All European net TV advertising markets in RTL Group's territories were down or stable year on year.

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

| | Net TV advertising market growth rate 2017 (in per cent) | RTL Group audience share in main target group 2017 (in per cent) | RTL Group audience share in main target group 2016 (in per cent) |
|-------------|--|--|--|
| Germany | (0.5) to (1.5) ¹⁷ | 28.9 ¹⁸ | 28.7 ¹⁸ |
| France | +0.5 ¹⁹ | 22.3 ²⁰ | 22.2 ²⁰ |
| Netherlands | (5.1) ¹⁷ | 31.1 ²¹ | 32.0 ²¹ |
| Belgium | (5.8) ¹⁷ | 36.9 ²² | 36.2 ²² |
| Hungary | (2.5) ¹⁷ | 31.2 ²³ | 34.3 ²³ |
| Croatia | (6.5) ¹⁷ | 29.7 ²⁴ | 28.6 ²⁴ |
| Spain | +1.0 ²⁵ | 28.5 ²⁶ | 29.7 ²⁶ |

During the year to December 2017, RTL Group's total revenue was up 2.2 per cent to €6,373 million (2016: €6,237 million), reaching a new record high. This result was mainly driven by increasing revenue at Mediengruppe RTL Deutschland, Groupe M6 and dynamic growth in digital revenue. On a like-for-like basis (adjusting for portfolio changes and at constant exchange rates) revenue was up 1.8 per cent to €6,338 million (2016: €6,225 million).

RTL Group's revenue is well diversified with 47.5 per cent from TV, 20.1 per cent from content, 13.0 per cent from digital activities, 5.0 per cent from platform revenue, 4.0 per cent from radio advertising and 10.4 per cent from other revenue.

In contrast to some competitors, RTL Group only recognises pure digital businesses as digital revenue and does not consider e-commerce, home shopping or platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in 'other revenue'.

17 Industry and RTL Group estimates

18 Source: GfK. Target group: 14-59

19 Source: Groupe M6 estimate

20 Source: Médiamétrie.

Target group: housewives under 50 (free-to-air channels only)

21 Source: SKO.

Target group: 25-54, 18-24h

22 Source: Audimétrie.

Target group: shoppers 18-54, 17-23h

23 Source: AGB Hungary.

Target group: 18-49, prime time (including cable channels)

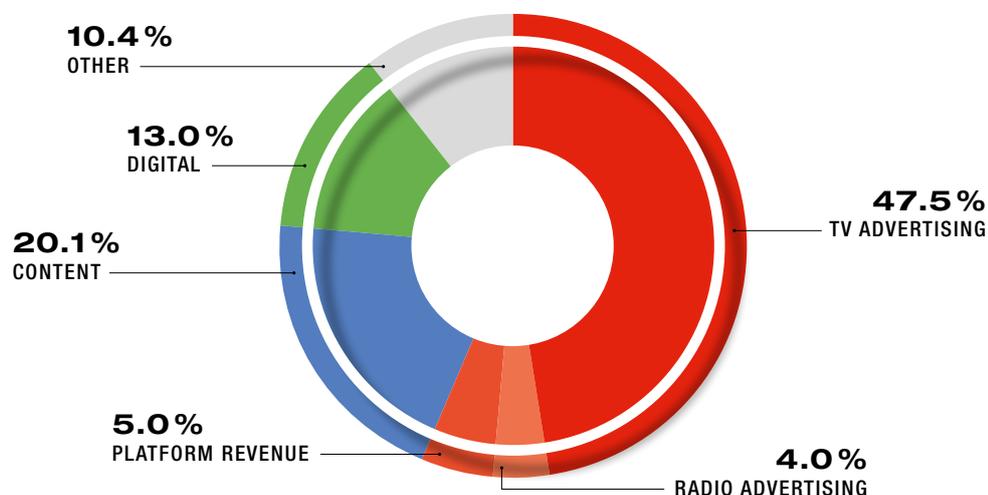
24 Source: AGB Nielsen

Media Research. Target group: 18-49, prime time

25 Source: InfoAdex estimate

26 Source: TNS Sofres. Target group: 25-59

RTL GROUP REVENUE SPLIT



GEOGRAPHICAL REVENUE OVERVIEW

| | 2017 €m | 2016 €m | 2015 €m |
|-------------|------------|------------|------------|
| Germany | 2,266 | 2,204 | 2,151 |
| France | 1,471 | 1,419 | 1,394 |
| USA | 800 | 802 | 768 |
| Netherlands | 502 | 514 | 509 |
| UK | 248 | 227 | 246 |
| Belgium | 226 | 232 | 223 |
| Others | 860 | 839 | 738 |

For more details on geographical information, see note 5.2 to the Consolidated Financial Statements in the Annual Report 2017.

EBITDA AND EBITA

EBITDA reached a new record level of € 1,464 million compared to € 1,411 million in 2016. This increase is mainly due to higher EBITDA contributions from Mediengruppe RTL Deutschland and FremantleMedia and a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, amounting to €94 million. The EBITDA margin was slightly up to 23.0 per cent (2016: 22.6 per cent)

In 2017, the Group's **EBITA** was up 3.6 per cent to €1,248 million for the year (2016: €1,205 million), resulting in an EBITA margin of 19.6 per cent (2016: 19.3 per cent).

RTL GROUP VALUE ADDED

The central performance indicator for assessing the profitability from operations and return on invested capital is RTL Group Value Added (RVA). RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation.

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA adjusted for a uniform tax rate of 33 per cent, and cost of capital.

The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed adjusted for a uniform tax rate of

33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed.

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 5.1.). 66 per cent of the present value of operating leases and of satellite transponder service agreements (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

In 2017, RVA was €488 million (2016: €462 million). For more detailed information on RVA, see note 3 to the Consolidated Financial Statements in the Annual Report 2017.

NET DEBT AND CASH CONVERSION

The consolidated net debt at 31 December 2017 amounted to €545 million (31 December 2016: net debt of €576 million). The Group intends to maintain a conservative level of gearing of between 0.5 and 1.0 times net debt to full-year EBITDA in order to benefit from an efficient capital structure.

The Group continues to generate significant operating cash flow, with an EBITA to cash conversion ratio of 104 per cent in 2017 (2016: 97 per cent).

| | As at 31 December 2017 €m | As at 31 December 2016 €m |
|---|------------------------------------|------------------------------------|
| Net (debt)/cash position | | |
| Gross balance sheet debt | (815) | (1,010) |
| Add: cash and cash equivalents and other short-term investments | 270 | 433 |
| Add: cash deposit and others | – | 1 |
| Net (debt)/cash position²⁷ | (545) | (576) |

For more detailed information on net (debt)/cash position, see note 3 to the Consolidated Financial Statements in the Annual Report 2017.

FINANCIAL DEVELOPMENT OVER TIME

| | 2017 €m | 2016 €m | 2015 €m | 2014 ²⁸ €m | 2013 €m |
|-------------------------------|------------|------------|------------|--------------------------|------------|
| Revenue | 6,373 | 6,237 | 6,029 | 5,808 | 5,824 |
| EBITDA | 1,464 | 1,411 | 1,360 | 1,347 | 1,328 |
| EBITA | 1,248 | 1,205 | 1,167 | 1,144 | 1,148 |
| RVA | 488 | 462 | 455 | 457 | 464 |
| Net (debt)/cash | (545) | (576) | (671) | (599) | 6 |
| Cash conversion (in per cent) | 104 | 97 | 87 | 95 | 106 |

²⁷ Of which negative €34 million held by Groupe M6 (as at 31 December 2016: cash €173 million)

²⁸ 2014 figures adjusted for changes in purchase price allocation

OTHER PERFORMANCE INDICATORS

Operating expenses

Group operating expenses were up 2.5 per cent to €5,342 million (2016: €5,209 million).

Investments accounted for using the equity method

The total contribution of investments accounted for using the equity method amounted to €63 million (2016: €67 million).

Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

In 2017, the Group recorded a gain of €21 million (2016: €6 million).

Interest expense

Net interest expense amounted to €22 million (2016: expense of €21 million), primarily due to the interest charge on the Group's financial debt, pension costs and other interest expenses.

Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures

The Group has conducted an impairment testing on the different cash generating units (see note 8.2 to the Consolidated Financial Statements in the Annual Report 2017).

The loss totalling €17 million solely relates to the amortisation and impairment of fair value adjustments on acquisitions of subsidiaries (2016: loss of €15 million).

Income tax expense

In 2017, the tax expense was €385 million (2016: expense of €363 million).

Profit attributable to RTL Group shareholders

The profit for the period attributable to RTL Group shareholders was €739 million (2016: €720 million).

Earnings per share

Reported earnings per share, based upon 153,548,960 shares, was €4.81 (2016: €4.69 per share based on 153,555,377 shares).

Own shares

RTL Group has an issued share capital of €191,845,074 divided into 154,742,806 fully paid up shares with no defined nominal value.

RTL Group directly and indirectly holds 0.8 per cent (2016: 0.8 per cent) of RTL Group's shares (without taking into account the liquidity programme).

Profit appropriation (RTL Group SA)²⁹

The statutory accounts of RTL Group show a profit for the financial year 2017 of €642,428,692 (2016: €964,392,448). Taking into account the share premium account of €4,691,802,190 (2016: €4,691,802,190) and the profit brought forward of €418,503,565 (2016: €70,590,918), the amount available for distribution is €5,598,187,411 (2016: €5,572,238,665), net of an interim dividend of €154,547,036 (€1.00 per share) as decided by the Board of Directors of RTL Group on 29 August 2017 and paid on 7 September 2017 (2016: €154,546,891 i.e. €1.00 per share).

MAIN PORTFOLIO CHANGES

Divimove

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company.

Fidélité Films

On 20 July 2017, Groupe M6 acquired 100 per cent of the share capital of Fidélité Films SAS ("Fidélité"). Fidélité holds a catalogue of 42 feature films, including *Asterix et Obélix au service de sa Majesté*, *Le petit Nicolas*, *Les vacances du petit Nicolas* and *De l'autre côté du lit*.

Adfactor

On 18 September 2017, RTL Nederland BV ("RTL Nederland") acquired 60 per cent of the share capital of Adfactor BV ("Adfactor"), a Dutch company based in The Hague. Adfactor is specialised in digital content marketing (native advertising) and has an extensive network of influencers and content makers.

Easy Tiger Productions

On 18 September 2017, FremantleMedia Australia Pty Ltd ("FremantleMedia") acquired 75 per cent of the share capital of Easy Tiger Productions ("Easy Tiger"), an Australian television production company focused on prime-time scripted drama series. The acquisition is in line with the growth strategy of strengthening the creative pipeline.

²⁹ Amounts in Euro except where stated

MAJOR RELATED PARTY TRANSACTIONS

Sales and purchases of goods and services

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €16 million (2016: €9 million) and €23 million (2016: €23 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €3 million (2016: €3 million) and €6 million (2016: €8 million), respectively.

Deposits Bertelsmann SE & Co. KGaA

With the view to investing its cash surplus, RTL Group SA entered in 2006 with Bertelsmann SE & Co. KGaA (previously Bertelsmann AG) into a deposit agreement, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one to three month basis, EURIBOR plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
 - All shares of its wholly owned French subsidiary Média Communication SAS;
 - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL;
 - All its interests in the German limited liability partnership Gruner + Jahr GmbH & Co. KG;
 - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd.

At 31 December 2017, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: €nil million on a one to three months basis and €nil million on an overnight basis). The interest income for the period is €nil million (2016: €nil million).

The interests in Gruner + Jahr GmbH & Co. KG and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

On 22 December 2011, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into an agreement related to the deposit of surplus cash by RTL Group Deutschland GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group Deutschland GmbH its aggregate current partnership interest in Gruner + Jahr GmbH & Co. KG.

At 31 December 2017, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: €nil million). The interest income for the period is €nil million (2016: insignificant).

RTL Group SA has additionally entered into a treasury agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2017, the balance of the cash pooling accounts receivable and payable amounts to €4 million (2016: €nil million). The interest income/expense for the year is €nil million (2016: €nil million).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (former BeProcurement Sàrl)

On 7 March 2013, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swingline facility in the amount of up to €1 billion. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2017, the term loan balance amounts to €500 million (2016: €500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable where for purposes of calculation of the payable commitment fee the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 December 2017, the total of revolving and swingline loan amounts to €138 million (2016: €389 million).

The interest expense for the period amounts to €15 million (2016: €15 million). The commitment fee charge for the period amounts to €0.6 million (2016: €0.6 million).

Tax

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group Deutschland GmbH ("RGD") into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGD entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGD.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGD sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGD, it affects neither RTL Group nor RGD's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGD and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGD sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the agreements.

At 31 December 2017, the balance payable to BCH amounts to €450 million (2016: €578 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €267 million (2016: €423 million).

For the year ended 31 December 2017, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €183 million (2016: €171 million). The Commission amounts to €2 million (2016: €16 million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €4 million (2016: €2 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Blu A/S, a 100 per cent held subsidiary of RTL Group, was elected as the management company of the Bertelsmann Denmark Group.

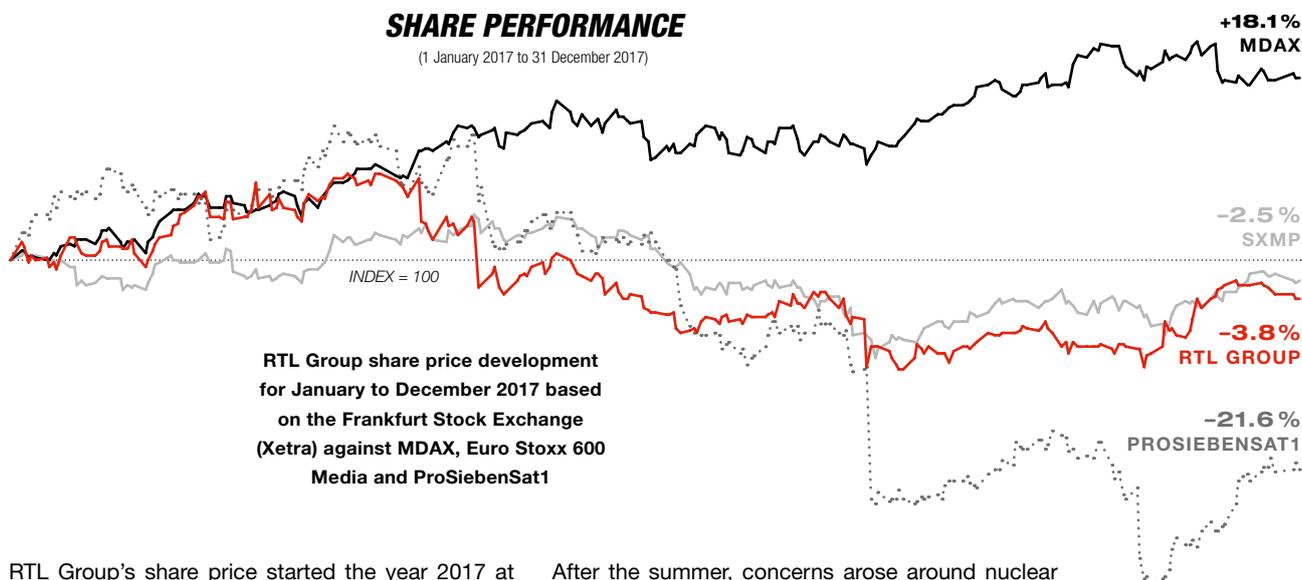
CAPITAL MARKETS AND SHARE

RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and on

the Brussels and Luxembourg stock exchanges. Since September 2013, RTL Group has been listed in the prestigious MDAX stock index.

SHARE PERFORMANCE

(1 January 2017 to 31 December 2017)



RTL Group share price development for January to December 2017 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1

RTL Group's share price started the year 2017 at just under €70 and finished the year down 3.8 per cent, at just over €67 per share. The share was reasonably range bound throughout 2017, with a peak share price of €75.80 (4 and 12 April) and a low of €62.12 (7 September).

After the summer, concerns arose around nuclear tests in North Korea, a general "risk-off" attitude and profit taking from investors, doubts over the US president's ability to implement his stated reforms, and a lengthy process to form a government following national elections.

For the first five months of the year, RTL Group's share price remained in a range of between €67.36 and €75.80 per share. This performance reflected often conflicting reports and signals about the national election in France, rises in US interest rates, on-going Brexit news, and Trump's presidency.

At the end of the year, the share benefited from a well-orientated US market, on the back of tax reform, and rather positive discussions related to settling the Brexit bill.

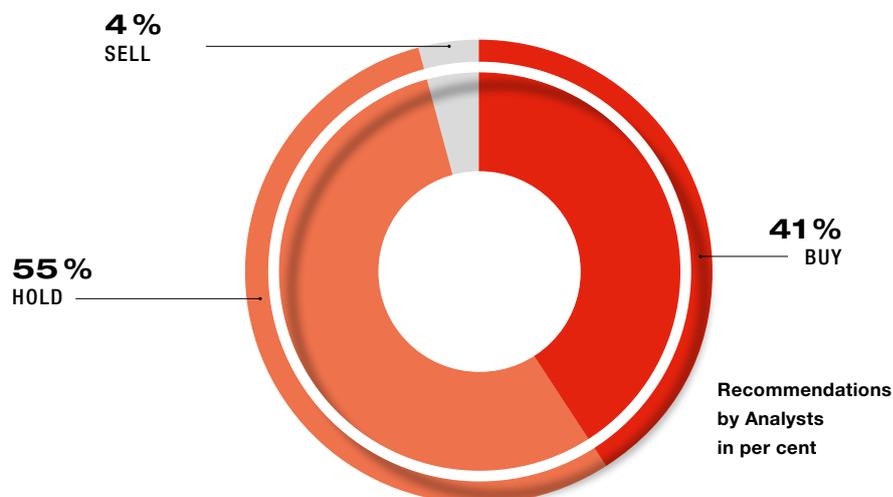
The share was broadly flat over the summer of 2017 before hitting its low point early in September, largely as a result of competitor comments, continuing fears of a de-coupling between GDP and advertising and fears over weak FMCG (fast moving consumer goods) advertising spend.

The Group declared and paid dividends in both April and September 2017. The April payment of €3.00 (gross) per share related to the 2016 full-year ordinary dividend. In September the Board authorised the distribution of an interim dividend payment of € 1.00 per share. The total cash paid out in 2017 with respect to RTL Group's dividends amounted to €614 million.

ANALYSTS' VIEW

41 per cent of analysts that have published notes known of by the Group since the announcement of the 2017 half-year results recommended RTL Group shares as a buy at the end of 2017 (2016: 39 per cent). 55 per cent recommended holding the share (2016: 57 per cent), and the remaining 4 per cent recommended selling (2016: 4 per cent). Their average price target at the end of 2017 was €75.87, compared to €80.41 at the end of 2016.

Recommendations by financial analysts play an important role in helping investors make decisions. With a total of 22 brokerage firms and financial institutions covering RTL Group and publishing a note since the announcement of the 2017 half-year results (2016: 23), the share is broadly covered.



In order to discuss RTL Group's strategy with its current investors and to present the company to existing and potential new investors, the RTL Group Executive Committee and the Head of Investor Relations participated in various conferences in Europe and North America and held numerous

roadshows with more than 100 one-to-one meetings in New York, Boston, Frankfurt, Paris, Toronto, Montreal, Zurich, London, Barcelona and Vienna.

As of 31 December 2017, the following analysts were covering RTL Group's shares:

| Bank | Analyst | Latest recommendation |
|-------------------------------|-----------------------------|-----------------------|
| Deutsche Bank | Laurie Davison | Hold |
| Barclays Capital | Julien Roch | Equal weight |
| UBS | Richard Eary | Neutral |
| Bank of America Merrill Lynch | Ruchi Malaiya | Buy |
| Société Générale | Christophe Cherblanc | Buy |
| Bankhaus Lampe | Christoph Bast | Hold |
| Citi | Catherine O'Neill | Neutral |
| Goldman Sachs | Lisa Yang | Neutral |
| HSBC | Chris Johnen | Hold |
| Hauk & Aufhäuser | Pierre Groning | Buy |
| Crédit Suisse First Boston | Sophie Bell | Underperform |
| Morgan Stanley | Patrick Wellington | Equal weight |
| Exane BNP | Charles Bedouelle | Outperform |
| Commerzbank | Sonia Rabussier | Buy |
| JP Morgan | Daniel Kerven | Overweight |
| Liberum | Ian Whittaker / Annick Maas | Buy |
| Petercam | Michael Roeg | Buy |
| KBC | Ruben Devos | Accumulate |
| DZ Bank AG | Harald Heider | Hold |
| Mainfirst | Tobias Sittig | Outperform |
| Kepler Cheuvreux | Conor O'Shea | Buy |
| Nord LB | Holger Fechner | Buy |
| Warburg Research | Lucas Boventer | Hold |
| LBBW | Bettina Deuscher | |
| Natixis | Jerome Bodin | Buy |
| Jefferies | Tamsin Garrity | Buy |
| Equinet | Mark Josefson | Accumulate |

RTL GROUP DIVIDEND POLICY

RTL Group's dividend policy states that the Group will pay out between 50 and 75 per cent of its adjusted net profit.

The adjusted net result, if any, is the reported net result available to RTL Group shareholders, adjusted for significant one-off items (both positive and negative) above €10 million. The Group reports its adjusted net result, and provides reconciliation to the reported net result, when it announces its full-year results.

The Group intends to maintain or, where possible, to have a progressive ordinary dividend over time.

As well as the ordinary dividend, the Board also considers, twice a year, whether there is a chance to pay additional dividends to shareholders in the form of interim dividends. The ability to pay an interim dividend depends on the Group's financial capacity – noting that the Group aims to have a balance sheet efficiency of between 0.5 and 1.0 times net debt to full-year EBITDA – and the amount of cash earmarked for further growth opportunities.

RTL GROUP'S SHAREHOLDER RETURN

RTL Group measures its total shareholder return (TSR) using the share price development and the dividend paid over the same time frame, and assumes that the share has been held for this full period.

Over the past five years (since 2013), three years (since 2015) and last year (2017) the TSR of RTL Group shares is as follows:

| | 2013 | 2015 | 2017 |
|--|-------|-------|-------|
| Share price as of 1 January in € | 75.50 | 77.80 | 69.73 |
| Closing share price as of 31 December 2017 in € | – | – | 67.07 |
| Cumulative dividends paid (including intervening years and extraordinary dividends) in € | 32.00 | 12.50 | 4.00 |
| Total shareholder return in per cent | 31.2 | 2.3 | 1.9 |

The TSR has been calculated as follows (using 1 January 2013 as an example):

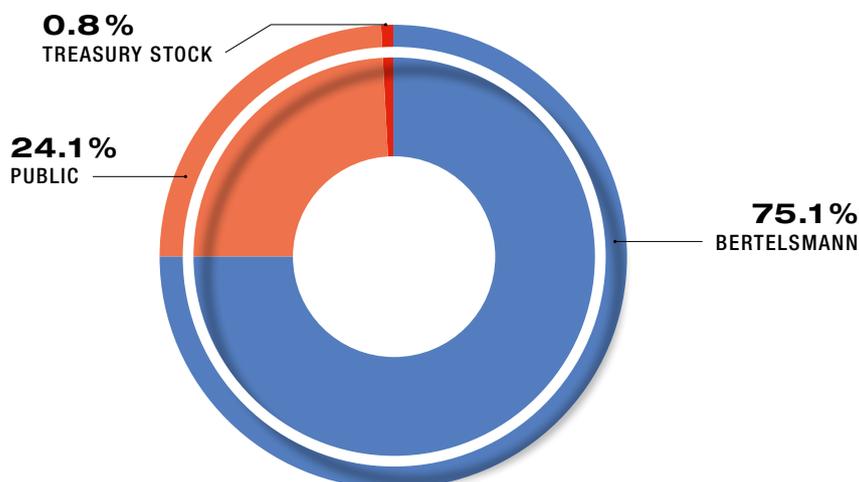
$$\text{TSR} = \frac{[\text{Closing share price at 31 December 2017}] + [\text{cumulative dividends paid from 1 January 2013 until 31 December 2017}] - 1}{[\text{Share price as of 1 January 2013}]}$$

$$\text{TSR} = \frac{€67.07 + €32.00}{€75.50} - 1 = 31.2\%$$

RTL GROUP SHAREHOLDING STRUCTURE³¹

The share capital of the company is set at €191,845,074, divided into 154,742,806 shares with no par value.

The shares shall be in the form of either registered or bearer shares, at the option of the owner.



Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at December 2017, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were free float. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries.

There is no obligation for a shareholder to inform the company of any transfer of bearer shares save for the obligations provided by the Luxembourg law of 15 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. Accordingly, the Company shall not be liable for the accuracy or completeness of the information shown.

RTL GROUP SHARE MASTER DATA

| | |
|---------------------------------------|---------------------------------|
| ISIN | LU0061462528 |
| Exchange symbol | RRTL |
| WKN | 861149 |
| Share type | Ordinary |
| Bloomberg code | RRTL:GR |
| Reuters code | RRTL |
| Ticker | RRTL |
| Transparency level on first quotation | Prime standard |
| Market segment | Regulated market |
| Trading model | Continuous trading |
| Sector | Media |
| Stock exchanges | Frankfurt, Luxembourg, Brussels |
| Last total dividend | €4.00 |
| Number of shares | 154,742,806 |
| Market capitalisation ³⁰ | €10,378,599,998 |
| 52 week high | €75.80 (4 and 12 April 2017) |
| 52 week low | €62.12 (7 September 2017) |

INDICES

RTL Group's shares are listed in the indices with the weight as outlined below:

| Index | Weight in per cent |
|------------------------|--------------------|
| MDAX | 1.2145 |
| MDAX Kursindex | 1.2145 |
| Prime All Share | 0.1745 |
| STOXX Europe 600 | 0.03 |
| STOXX Europe 600 Media | 1.39 |
| HDAX | 0.2007 |

³⁰ As at 31 December 2017

RTL GROUP'S EQUITY STORY: WHY INVEST IN RTL GROUP?



Market leading positions

- RTL Group is a global 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
- RTL Group has re-defined TV as 'total video' and has market-leading positions across the value chain of video production, aggregation, distribution and monetisation. With their families of channels, RTL Group's broadcasters are either number one or number two in the European markets in which they operate. FremantleMedia, RTL Group's production arm, is a global leader in content production. And with its recent digital investments, RTL Group is one of the front runners in the high-growth market of online video
- RTL Group acts from a position of strength in all three strategic areas: Broadcast, Content and Digital

Resilient top-line growth

- RTL Group stands for resilient top-line growth, a well-diversified revenue mix and an excellent earnings profile

Efficient cost structures and strict cost control

- RTL Group's revenues are generated on the basis of an efficient cost structure and strict cost control providing financial flexibility to the management

Strong and robust cash flows

- RTL Group's business model is based on strong and robust cash flows, enabling attractive shareholder returns

Excellent investment position

- RTL Group is in the excellent position to invest sustainably in existing businesses and explore new growth drivers through acquisitions, while simultaneously ensuring attractive shareholder remuneration

Attractive dividend policy

- RTL Group offers an attractive ordinary dividend policy with a pay-out ratio between 50 and 75 per cent of the Group's adjusted net result
- RTL Group intends to maintain or, where possible, to have a progressive ordinary dividend over time

Anchor shareholder Bertelsmann

- RTL Group's largest shareholder is Bertelsmann, a leading media, services and education company that operates in about 50 countries around the world

Responsible corporate citizen

- RTL Group is a responsible corporate citizen creating value for viewers, listeners and digital users, partners, shareholders, employees and the greater society

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2017 PERFORMANCE

Linear TV continues to dominate the total video market and is the only medium to consistently reach mass audiences day by day. In total, people watch more video content than ever before – long-form and short-form, linear and non-linear, on televisions and portable devices. The demand for high-quality video content is growing rapidly, and online video advertising with it.

Advertising markets across Europe were largely negative over the course of 2017. All European net TV advertising markets in RTL Group's territories were down year on year, with the exception of France and Spain.

Nonetheless, RTL Group's broadcasting business proved to be resilient – particularly at Mediengruppe RTL Deutschland and Groupe M6 which both reported record revenue. Across Europe, RTL Group's flagship channels remained number one or number two in their respective markets and target groups. In 2017, RTL Group's French TV and radio activities were combined into one, fully integrated company which enhanced the company's position in the digital media world.

Throughout the year, FremantleMedia increased creative diversity within the company – organically and through acquisitions. It invested into several production companies, securing talent and intellectual property in the process. With its high-end drama productions on screen in 2017 – *The Young Pope*, *American Gods* and *Charité* – FremantleMedia has positioned itself successfully as a high-quality drama producer with worldwide appeal. Additionally, the return of *American Idol* in 2018 is an important achievement for FremantleMedia and RTL Group. As one of the biggest independent production companies, FremantleMedia continues to focus on creative talent and on developing projects that will feed into their network.

RTL Group's digital revenue increased by 23.3 per cent to €826 million during 2017 – representing about 13 per cent of the Group's total revenue – as a result of both acquisitions and organic growth. With the business combination of SpotX and Smartclip which will be completed in 2018, RTL Group will build an independent global ad tech powerhouse.

For the full year 2017, RTL Group's revenue growth was slightly below its financial guidance (moderately up: 2.5 per cent to 5.0 per cent) with revenue up 2.2 per cent to €6,373 million. In terms of operating profit, the Group exceeded its guidance on EBITDA (slightly up: +1.0 per cent to +2.5) with EBITDA increasing by 3.8 per cent to €1,464 million. The EBITDA margin was healthy at 23.0 per cent. Overall, 2017 was a very positive financial year for RTL Group, with new record revenue, EBITDA and EBITA. RVA increased accordingly to €488 million.

At the time this report was compiled, RTL Group is characterised by overall very good revenue and earnings, as well as a strong financial position and operating performance. Strong cash flows allow the combination of attractive dividend payments with significant investments. Management's first priority has always been to further develop the Group, to make the right investments, and to achieve profitable growth.

Across broadcast, content, and digital, RTL Group has strong positions to accelerate the total video strategy: A highly profitable, cash-generating core business in TV broadcasting; FremantleMedia has successfully branched out into scripted drama; in digital video, RTL Group is among the leaders in ad tech and in the rapidly growing YouTube ecosystem.

REVIEW BY SEGMENTS: FULL-YEAR 2017

| Revenue | 2017 €m | 2016 €m | Per cent change |
|------------------------------|--------------|--------------|--------------------|
| Mediengruppe RTL Deutschland | 2,319 | 2,214 | +4.7 |
| Groupe M6 ³¹ | 1,503 | 1,446 | +3.9 |
| FremantleMedia | 1,472 | 1,500 | (1.9) |
| RTL Nederland | 475 | 495 | (4.0) |
| RTL Belgium | 191 | 202 | (5.4) |
| Other segments | 643 | 580 | +10.9 |
| Eliminations | (230) | (200) | – |
| Total revenue | 6,373 | 6,237 | +2.2 |

| EBITDA | 2017 €m | 2016 €m | Per cent change |
|------------------------------|------------------|--------------|--------------------|
| Mediengruppe RTL Deutschland | 743 | 718 | +3.5 |
| Groupe M6 ³¹ | 389 | 400 | (2.8) |
| FremantleMedia | 140 | 129 | +8.5 |
| RTL Nederland | 87 | 96 | (9.4) |
| RTL Belgium | 21 | 48 | (56.3) |
| Other segments | 84 ³² | 20 | >100.0 |
| Reported EBITDA | 1,464 | 1,411 | +3.8 |

| EBITDA margins | 2017 per cent | 2016 per cent | Percentage point change |
|------------------------------|------------------|------------------|----------------------------|
| Mediengruppe RTL Deutschland | 32.0 | 32.4 | (0.4) |
| Groupe M6 ³¹ | 25.9 | 27.7 | (1.8) |
| FremantleMedia | 9.5 | 8.6 | +0.9 |
| RTL Nederland | 18.3 | 19.4 | (1.1) |
| RTL Belgium | 11.0 | 23.8 | (12.8) |
| RTL Group | 23.0 | 22.6 | +0.4 |

31 Groupe M6 2016 figures pro forma, including RTL Radio (France)

32 Other segments 2017 EBITDA includes a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

REVIEW BY SEGMENTS: THREE MONTHS ENDED 31 DECEMBER 2017 (Q4/2017)

| Revenue | Q4/2017 €m | Q4/2016 €m | Per cent change |
|------------------------------|---------------|---------------|--------------------|
| Mediengruppe RTL Deutschland | 746 | 713 | +4.6 |
| Groupe M6 ³³ | 454 | 416 | +9.1 |
| FremantleMedia | 489 | 538 | (9.1) |
| RTL Nederland | 145 | 148 | (2.0) |
| RTL Belgium | 56 | 61 | (8.2) |
| Other segments | 208 | 193 | +7.8 |
| Eliminations | (75) | (62) | – |
| Total revenue | 2,023 | 2,007 | +0.8 |

| EBITDA | Q4/2017 €m | Q4/2016 €m | Per cent change |
|------------------------------|------------------|---------------|--------------------|
| Mediengruppe RTL Deutschland | 243 | 241 | +0.8 |
| Groupe M6 ³³ | 125 | 117 | +6.8 |
| FremantleMedia | 80 | 68 | +17.6 |
| RTL Nederland | 41 | 36 | +13.9 |
| RTL Belgium | (2) | 19 | n.a. |
| Other segments | 88 ³⁴ | 27 | >100.0 |
| Reported EBITDA | 575 | 508 | +13.2 |

| EBITDA margins | Q4/2017 per cent | Q4/2016 per cent | Percentage point change |
|------------------------------|---------------------|---------------------|----------------------------|
| Mediengruppe RTL Deutschland | 32.6 | 33.8 | (1.2) |
| Groupe M6 ³³ | 27.5 | 28.1 | (0.6) |
| FremantleMedia | 16.4 | 12.6 | +3.8 |
| RTL Nederland | 28.3 | 24.3 | +4.0 |
| RTL Belgium | – | 31.1 | – |
| RTL Group | 28.4 | 25.3 | +3.1 |

³³ Groupe M6 2016 figures pro forma, including RTL Radio (France)

³⁴ Other segments 2017 EBITDA includes a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

MEDIENGRUPPE RTL DEUTSCHLAND

Financial results

Once again, Mediengruppe RTL Deutschland closed the year with a financial record: revenue increased by 4.7 per cent to €2,319 million (2016: €2,214 million), mainly driven by higher TV and digital advertising as well as platform revenue and the portfolio effect resulting from the acquisition of Smartclip. Accordingly, EBITDA was up from €718 million in 2016 to €743 million – an increase of 3.5 per cent – despite the challenging environment in which the German net TV advertising market was estimated to be down between 0.5 and 1.5 per cent. Mediengruppe RTL Deutschland clearly outperformed the TV advertising market.

| | 2017 €m | 2016 €m | Per cent change |
|---------|------------|------------|--------------------|
| Revenue | 2,319 | 2,214 | +4.7 |
| EBITDA | 743 | 718 | +3.5 |
| EBITA | 725 | 705 | +2.8 |

Audience ratings

In 2017, the combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 increased to 28.9 per cent (2016: 28.7 per cent) – mainly due to strong performances from Nitro and RTL Plus. The German RTL family of channels significantly widened its lead over its main commercial competitor, ProSiebenSat1, to 4.5 percentage points (2016: 3.4 percentage points).

With an audience share of 11.3 per cent in the target group of viewers aged 14 to 59 in 2017 (2016: 11.9 per cent), **RTL Television** was the leading channel in the target group for the 25th consecutive year, well ahead of Sat1 (8.3 per cent), ZDF (8.2 per cent), ARD (7.7 per cent) and ProSieben (7.2 per cent). Once again, RTL Television was the only channel with a double-digit audience share in this demographic.

RTL Television's most-watched programme in 2017 was the Northern Ireland versus Germany World Cup qualifier on 5 October 2017, which attracted an audience share of 30.2 per cent among viewers aged 14 to 59 and 9.54 million total viewers. The Formula One season was another sporting highlight, watched by an average 24.3 per cent of viewers aged 14 to 59. The 11th season of *Ich bin ein Star – Holt mich hier raus!* (I'm a Celebrity – Get Me Out of Here!) was once again a highlight in January, with an average audience share of 36.3 per cent in the target group of viewers aged 14 to 59 (2016: 37.3 per cent). Another highlight was the tenth season of *Let's Dance*, which drew a total 3.96 million viewers, representing an audience share of 16.3 per cent in the target group (14 to 59).

In fiction, RTL Television launched new comedy series such as *Magda macht das schon!*, which gained an average audience share of 15.0 per cent in the target group 14 to 59, making it the best launch for a German weekly series in 2017. One of the most popular series on RTL Television in 2017 was *Der Lehrer* with an average audience of 14.2 per cent in the target group of viewers aged 14 to 59. Also popular was the 13th season of *Bauer sucht Frau* (The Farmer Wants A Wife). Broadcast in autumn 2017, the show was watched by an average 5.46 million viewers – an audience share of 17.9 per cent in the target group of viewers aged 14 to 59.



Thanks to its array of popular, award-winning programmes, in 2017 **Vox** successfully maintained the high ratings it achieved the previous year, scoring a 6.8 per cent audience share in the target group of viewers aged 14 to 59, and a total audience share of 5.1 per cent, putting it clearly ahead of its competitor, ProSieben, for the second consecutive year.



One of the channel's most popular formats in 2017 was *Die Höhle der Löwen* (Dragons' Den), the show featuring budding entrepreneurs, which generated an average audience share of 14.7 per cent among viewers aged 14 to 59. The music show *Sing meinen Song – Das Tauschkonzert* set a new all-time record with an average audience share of 11.8 per cent (14 to 59) for the show's fourth season – its most successful yet. The final season of the hit series *Club der roten Bänder* (The Red Bracelets) also generated high ratings again, with an average audience share of 11.2 per cent of the 14 to 59 year old target audience.

In 2017, **RTL Plus** strongly increased its audience share to 1.1 per cent in the 14 to 59 target demographic (2016: 0.4 per cent, launch in June 2016). It is the most popular channel among the recently launched channels in Germany and recorded the strongest growth of all channels in Germany. In its main target group, women aged 40 to 64, RTL Plus achieved an audience share of 1.5 per cent (2016: 0.9 per cent, launch in June 2016).

The news channel **N-TV** attracted 1.1 per cent of both the total audience and viewers in the 14 to 59 demographic (2016: 1.1 per cent). During the German election year of 2017, N-TV informed viewers with numerous special news broadcasts, live reports and talk shows. Its breaking news and up-to-the-minute reporting of the G20 summit in Hamburg also drew large audiences. In the mornings (9:00 to 12:00), N-TV once again maintained its leading position among news channels, expanding its market share to 2.2 per cent of the total audience (up from 1.9 per cent in 2016).

Nitro attracted an average 2.1 per cent of the target group of viewers aged 14 to 59 (2016: 1.7 per cent) and 2.4 per cent of male viewers in the same age group (2016: 1.9 per cent). The male-focused channel remained one of the most popular digital free-to-air TV channels of the third and fourth

“Our focus on exclusive, local content clearly distinguishes us from our competitors and is a key success factor. Consequently, we were able to increase our audience and advertising market share in 2017. In 2018, we will systematically pursue this strategy and continue to rely on exclusive programmes produced in-house.”

ANKE SCHÄFERKORDT,
CEO Mediengruppe RTL Deutschland

generation in the target group. On 13 November 2017, Nitro achieved a new record, attracting 2.89 million total viewers (3.1 per cent of the total audience) with the live broadcast of the Italy versus Sweden World Cup qualifier – the highest daily audience share in the channel’s history.

Super RTL retained the title of Germany’s most popular children’s channel with an audience share of 21.5 per cent in the target group of three to 13 year olds in the time between 6:00 and 20:15 (2016: 20.6 per cent), ahead of competitors Kika (19.2 per cent), the Disney Channel (9.1 per cent) and Nickelodeon (7.8 per cent). The new series *Super Toy Club* and *Trollhunters* attracted average audience shares of 19.8 and 18.9 per cent of the target group, respectively. The prime-time film *Despicable Me* was watched by 6.0 per cent of viewers aged 14 to 59.

In the target group of viewers aged 14 to 59, **RTL II** achieved an average audience share of 4.5 per cent (2016: 4.9 per cent) and also clearly positioned itself as the leading reality-oriented broadcaster. With its social documentary series *Armes Deutschland – Stempeln oder abrackern*, which achieved a 7.5 per cent audience share and *Hartz & herzlich* with a 7.1 per cent audience share (14 to 59), the channel was able to generate considerable interest and sympathy for the plight of the programmes’ protagonists. The reality shows *Naked Attraction*

(14 to 59: 8.7 per cent) and *Love Island* (14 to 59: 4.6 per cent) were also popular. Even after several years on air, *Berlin – Tag & Nacht* and *Köln 50667* generated audience shares of 6.1 and 5.6 per cent respectively in the 14 to 59 target group.

Digital and diversification activities

Mediengruppe RTL Deutschland’s on-demand service **TV Now**, its TV sites, thematic websites, YouTube channels, Facebook pages and the new video streaming service **Watchbox** generated a total of 1,590 million video views of professionally produced content in 2017, up 32 per cent (2016: 1,200 million). Mediengruppe RTL Deutschland also recorded more than 31 million Facebook fans in 2017 with its channel, format and digital pages – no other German media company has more fans.

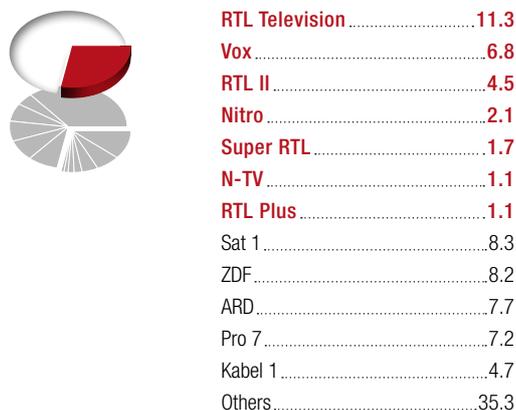
In July 2017, Mediengruppe RTL Deutschland, ProSiebenSat.1 Media SE, and United Internet AG announced that they are teaming up to form a ‘Login Alliance’, a foundation to strengthen the German digital economy. Zalando SE will be the first partner to adopt this solution. In taking this step, the companies are making progress to adapt their platforms to the new European data protection standards, before they launch in May 2018.

In September 2017, Mediengruppe RTL Deutschland announced that Spiegel Media – Spiegel Group’s advertising sales house – has joined **Gruner + Jahr** and Mediengruppe RTL Deutschland as a new partner in **Ad Alliance**, the advertising sales alliance established in summer 2016. The advertising sales houses of the Ad Alliance reach 99 per cent of the German population each month.

Also in September 2017, Mediengruppe RTL Deutschland announced that the individual advertising sales houses of the Ad Alliance will pool their strengths to form a number of competence centres. The concept will initially be rolled out by **G+J EMS, IP Deutschland** and **Smartclip**, each of which will transfer its advertising sales rights to the relevant competence centre. Smartclip joined the in-stream competence centre alongside IP Deutschland, where it is responsible for all out-stream advertising sales and also handles non-ad-based product advertising sales in the fast-growing domain of Addressable TV.

National audience breakdown

Source: GfK, Target: 14–59 2017 (%)



GROUPE M6

Financial results

The French TV advertising market was estimated to be stable year-on-year, with Groupe M6's channels outperforming the market. In 2017, Groupe M6's revenue was up to €1,503 million (2016: €1,446 million), mainly due to higher TV advertising revenue and the scope entry of the cashback platform iGraal. Groupe M6's EBITDA was down to €389 million (2016: €400 million), mainly due to the positive one-off effect from the settlement of the M6 Mobile contract amounting to €42 million in 2016. Adjusted for this effect, EBITDA was up 9 per cent, underlining the strong operating performance of the unit.

| | 2017 ³⁵ €m | 2016 ³⁶ €m | Per cent change |
|----------------------|--------------------------|--------------------------|--------------------|
| Revenue | 1,503 | 1,446 | +3.9 |
| EBITDA ³⁷ | 389 | 400 | (2.8) |
| EBITA | 255 | 257 | (0.8) |

Corporate

On 1 October 2017, Groupe M6 finalised the acquisition of the entire share capital of RTL Radio (France), including the radio stations RTL Radio, RTL 2 and Fun Radio, their sales house IP France, RTL net and RTL Spécial Marketing. Accordingly, RTL Radio (France) will be consolidated under Groupe M6 in any financial statements going forward.

Audience ratings

Groupe M6's combined audience share³⁸ was up to 22.3 per cent in the key commercial target group of women under 50 responsible for purchases (2016: 22.2 per cent), thanks to higher audience shares from W9 and 6ter.

Flagship channel **M6** retained its status as the second most-watched channel in France among women under 50 responsible for purchases, with an average audience share of 15.7 per cent (2016: 16.0 per cent).

M6 progressed with its major programming brands such as *L'Amour est dans le Pré* (The Farmer Wants a Wife), *Top Chef* or *Le Meilleur Pâtissier* (The Best Baker), while access prime time programming with *Scènes de Ménages*, *Les Reines du Shopping* (Shopping Queen) and *Chasseurs d'Appart* continued to perform well. *Le 19h45* remained the second most popular news show among women under 50 responsible for purchases. The news magazines *Zone Interdite* and *Capital* achieved their best audience figures since 2009.

W9's audience share increased to an average 4.0 per cent among women under 50 responsible for purchases (2016: 3.8 per cent) – and was the second most-watched DTT channel in France in this demographic. This is the result of good ratings in various genres, including sports (live broadcasts of Uefa Europa League football matches), magazines (*Enquête d'action* and *Enquêtes Criminelles*), movies, reality TV shows (*Les Marseillais South Africa*, *Les Ch'tis vs Les Marseillais*) and musical documentaries.



³⁵ Financial figures for Groupe M6 including RTL Radio (France)

³⁶ Financial figures for Groupe M6 pro-forma including RTL Radio (France)

³⁷ The large difference between EBITDA and EBITA is due to the significant impact of long-running rights held by SNS which are classified as depreciation

³⁸ free-to-air channels only



“2017 was a special year for Groupe M6: we celebrated its 30th anniversary and realised a major operation with the acquisition of RTL Radio, RTL 2 and Fun Radio. An acquisition that is in line with our history and reinforces our strategy of building a Group with well-positioned TV channels, radio stations and diversified revenue sources.”

NICOLAS DE TAVERNOST,
Chairman of the Management Board of Groupe M6

6ter remained the leading HD DTT channel among the commercial target group for the fourth consecutive year, attracting an average audience share of 2.6 per cent (2016: 2.4 per cent), which ranks it fifth among all DTT channels. The most popular broadcasts of 2017 included its original productions *Norbert commis d'office* and *Départ immédiat* as well as movies and TV series. With the movie *La Mélodie de Noël*, 6ter scored the best audience figure in the channel's history: 978,000 viewers.

2017 was the best year ever for **Paris Première** which remained the most-watched pay channel with a total audience share of 0.5 per cent. **Téva** has remained the leading pay-TV channel in the target group of women under 50 responsible for purchases for seven years.

Audience ratings – Radio

The RTL radio family of stations registered a consolidated audience share of 19.4 per cent among listeners aged 13 and older in the latest measurement, covering November/December 2017. Its flagship station, **RTL Radio**, was the leading station in France for the 15th consecutive year. With an average audience share of 13.1 per cent (November/December 2016: 12.6 per cent), RTL Radio remained ahead of the next commercial competitors NRJ and RMC by 6.7 and 6.9 percentage points respectively.

The pop-rock station **RTL 2** achieved an average audience share of 2.7 per cent in 2017 (2016: 2.5 per cent), while **Fun Radio** registered an average audience share of 3.6 per cent in 2017 (2016: 4.2 per cent).

Digital and diversification activities

At the end of 2017, Groupe M6's VOD offer **6play** recorded about 20 million registered users and registered 1.3 billion online videos views (2016: 1.2 billion), driving digital advertising revenue.

The film distributor **SND** had several hits in its portfolio in 2017, including *La La Land*, *Seven Sisters*, *Lion* and *A bras ouverts*. In total, 10.7 million cinema tickets were sold for one of SND's movies (2016: 10.5 million).

National audience breakdown

Source: Médiamétrie. Target: women < 50 responsible for purchases 2017 (%)



| | |
|-------------------|-------------|
| M6 | 15.7 |
| W9 | 4.0 |
| 6ter | 2.6 |
| TF1..... | 22.1 |
| France 2..... | 8.3 |
| TMC..... | 4.3 |
| C8..... | 3.8 |
| France 3..... | 3.7 |
| NT1..... | 3.5 |
| France 4..... | 2.0 |
| Canal Plus..... | 0.9 |
| Others..... | 29.1 |

FREMANTLEMEDIA

Financial results

Revenue of FremantleMedia – RTL Group’s content production arm – decreased slightly to €1,472 million in 2017 (2016: €1,500 million), mainly due to unfavourable exchange rate effects amounting to €29 million. In contrast, EBITDA increased to €140 million (2016: €129 million), reflecting higher profit contributions from the businesses in North America and Europe. The EBITDA margin improved to 9.5 per cent (2016: 8.6 per cent).

| | 2017 €m | 2016 €m | Per cent change |
|---------|------------|------------|--------------------|
| Revenue | 1,472 | 1,500 | (1.9) |
| EBITDA | 140 | 129 | +8.5 |
| EBITA | 120 | 110 | +9.1 |

Production business

In 2017, **FremantleMedia’s** global network of production companies saw hours broadcast increase by 5 per cent to 12,553 hours (2016: 11,981 hours); the total number of FremantleMedia programmes broadcast worldwide grew by 6 per cent to 447 (2016: 423) and the number of formats aired increased by 3 per cent to 63 (2016: 61). Combined with **FremantleMedia International’s** sales catalogue of more than 20,000 hours of programming sold to over 200 territories, FremantleMedia remains one of the largest creators and distributors of award-winning international programme brands in the world.

Non-scripted

In February, US game show *Family Feud* hit a new record high, with its best performance in over 20 years, achieving a 7.7 household³⁹ rating, and ranking as the number one game show in syndication for the 2016/17 season across all key demographics.

With an average audience of 15.8 million viewers and a total audience share of 16.4 per cent, the 2017 season of *America’s Got Talent* achieved the show’s best ever ratings, making it the highest rated entertainment series of the year in the US.

In the Netherlands, the second series of *The Farmer Wants A Wife International* was watched by an average audience of 4.1 million viewers, up 10 per cent on the first series aired in 2013, ranking as the highest rated programme of the year.

Britain’s Got Talent attracted an average audience of 9.5 million viewers and a total audience share of 39.8 per cent, resulting in an audience share of 49.8 per cent among adults aged 16 to 34. *Britain’s Got Talent* ranked as ITV’s second highest rated entertainment show of the year.

In May, ABC announced an agreement with **FremantleMedia North America** (FMNA) and 19 Entertainment, a division of Core Media Group, to bring back *American Idol* – television’s most successful and recognised music competition – for the 2017/18 season. It was later announced that Katy Perry, Lionel Richie and Luke Bryan will be the show’s judges, and that Ryan Seacrest will return as the series host.

In July, new FremantleMedia format *Get The F*ck Out Of My House (A Casa)* achieved the highest rated launch of 2017 to date when it premiered on Brazilian broadcaster, RecordTV. *A Casa’s* launch week averaged 26 per cent above the launch week of the previous show in the slot. It has been recommissioned for a second series.

The primetime edition of *Wer Weiß Denn Sowas? XXL* hit a new high of 6.7 million viewers on 30 December, resulting in a total audience share of 21.7 per cent and ranking it as the number one game show in Germany in 2017. On average, *Wer Weiß Denn Sowas?* Scored an audience share of 20.8 per cent.



³⁹ Number of households watching the show expressed as a percentage of the total TV household population

Scripted

American Gods, produced by FremantleMedia North America (FMNA), premiered on the US pay-TV channel Starz on 30 April, and has been available in more than 200 territories since 1 May through Amazon Prime Video. The critically acclaimed series was Starz's highest ever new series launch. The home entertainment release took the UK number one spot in the TV New Release chart in its first week, and in December 2017 the show secured Critics Choice Awards nominations for Best Drama Series, Best Actor in a Drama (Ian McShane) and Best Supporting Actress in a Drama (Gillian Anderson). A second season was commissioned and in February, FMNA secured an exclusive multi-year agreement with *American Gods*' award-winning author Neil Gaiman, giving FMNA first look to adapt any of his works for television.

With an audience of 7.5 million viewers and a total audience share of 23.3 per cent, **UFA Fiction**'s six-part historical drama *Charité* was the number one drama series in Germany in 2017. A second series has been commissioned, and began filming in December.

FremantleMedia International

In July, *Picnic at Hanging Rock* was announced as the latest series to be added to the Amazon Prime Video US line-up following a deal with FremantleMedia International. Produced by FremantleMedia Australia, the series will have its world premiere on Foxtel in Australia in 2018.



“In 2017, we continued to diversify our creative pipeline, with a bold and ambitious scripted strategy. Producing innovative and scalable programming, maintaining the highest production values and partnering with the best creatives in the business remained a priority, and has allowed us to deliver strong profit growth in a highly competitive market.”

CÉCILE FROT-COUTAZ,
CEO FremantleMedia

Digital & Branded Entertainment

In 2017, content produced by FremantleMedia attracted 282 million fans across YouTube, Facebook, Twitter and Instagram (up from 199 million in 2016). During the year, FremantleMedia's content had a total of 26.2 billion views on YouTube (up from 19 billion 2016) and 57 million subscribers across 296 channels (up from 40 million subscribers across 256 channels in 2016).

As well as seeing tremendous ratings growth, *America's Got Talent* also set digital records, garnering more than 2.6 billion views across Facebook, YouTube and Twitter combined. With 263 million video views to date, Darci Lynne's Golden Buzzer audition became the world's number one Facebook video, the world's number one TV clip uploaded to Facebook in 2017, and the most-viewed FremantleMedia Facebook clip of all time.

Number of hours broadcast

| Programmes | 2017 | 2016 |
|------------|--------|--------|
| New | 3,020 | 2,093 |
| Returning | 9,533 | 9,888 |
| Total | 12,553 | 11,981 |

RTL NEDERLAND

Financial results

The Dutch TV advertising market remained under pressure during 2017, and was estimated to be down 5.1 per cent year on year. Accordingly, RTL Nederland's revenue decreased to €475 million (2016: €495 million). This, along with higher investment in the SVOD platform Videoland, resulted in an EBITDA down 9.4 per cent to €87 million (2016: €96 million).

| | 2017 €m | 2016 €m | Per cent change |
|---------|------------|------------|--------------------|
| Revenue | 475 | 495 | (4.0) |
| EBITDA | 87 | 96 | (9.4) |
| EBITA | 73 | 85 | (14.1) |

Audience ratings⁴⁰

In 2017, RTL Nederland's channels reached a combined prime-time audience share of 31.1 per cent in the target group of viewers aged 25 to 54 – down from 32.0 per cent in 2016. RTL Nederland's channels remained clearly ahead of the public broadcasters (25.0 per cent) and the SBS group (19.9 per cent).

RTL Nederland's flagship channel, RTL 4, scored an average prime-time audience share of 18.2 per cent in the target group of shoppers aged 25 to 54 (2016: 18.5 per cent). RTL 4 retained its strong position with the talent theme with *The Voice Of Holland* at the start of the year (35.5 per cent) and the beginning of a new season in autumn (42.2 per cent), *Dance Dance Dance* (34.4 per cent), *Holland's Got Talent* (30.7 per cent) and *Voice Kids* (28.9 per cent).

The channel launched some new programmes successfully throughout the year, including *Ontvoerd* (22.7 per cent), *Oh Wat Een Jaar* (35.5 per cent), *Gordon Gaat Trouwen Maar Met Wie* (27.7 per cent), & *Chantal* (26.2 per cent) and the new drama series *Meisje Van Plezier* (22.2 per cent). Its access prime-time line-up – which includes *RTL Boulevard*, *Goede Tijden*, *Slechte Tijden* and *RTL Nieuws* – delivered strong ratings once again.

RTL 5's prime-time audience share was 4.7 per cent in the key target group of viewers aged 25 to 39 (2016: 5.5 per cent). Dutch productions are still the most popular shows on the channel. On Thursdays, *Expeditie Robinson* performed well, with an average share of 32.0 per cent. New launches included *Beruchte Gevangenis Ewout In De Cel* (11.8 per cent) and *Peter Jan En Virginia Doen Ze 'T Of Doen Ze 'T Niet* (10.2 per cent).

Men's channel RTL 7 scored an average prime-time audience share of 7.0 per cent among male viewers aged 20 to 54 (2016: 6.7 per cent). Sports remained the most popular programmes on RTL 7, including the Darts World Cup 2017 in January – with an audience share of 42.7 per cent for the final – and Uefa Europa League football matches. On 24 May, 64.4 per cent of male viewers tuned in for the final between Ajax and Manchester United – a new record.



⁴⁰ Since January 2018, RTL Nederland focuses on the key commercial target group of viewers aged 25 to 54. This move recognises the needs of the advertisers and changes in viewing behaviour. The target groups of RTL Nederland's channels have been amended accordingly.



“Despite the market being under pressure, we have continued our investments in content on both TV and digital. This has resulted in a rapid growth of our digital activities, especially our VOD platform Videoland.”

SVEN SAUV ,
CEO RTL Nederland

Women’s channel **RTL 8** attracted an average prime-time audience share of 3.9 per cent among female viewers aged 35 to 59 (2016: 3.8 per cent), with female-skewed movies and thrillers being among the most popular broadcasts. *A Perfect Plan* was the most-watched movie, with an audience share of 13.5 per cent, followed by *Code 37* with an audience share of 12.9 per cent.

RTL Z recorded an audience share of 1.0 per cent in the demographic of the upper social status aged 25 to 59 (2016: 0.7 per cent). *Undercover Boss* and *Profit* were the most-watched series, with an average audience share of 1.3 per cent.

Digital and diversification activities

RTL Nederland’s platforms and partners generated a total of 2,077 million video views⁴¹ in 2017 – up 37 per cent from 1,517 million in 2016. The most popular formats were *Goede Tijden, Slechte Tijden*, *The Bold and the Beautiful*, *RTL Nieuws* and *RTL Late Night*.

RTL Nederland’s SVOD service **Videoland** strongly grew its subscriber base – by 78 per cent compared to 2016.

On average RTL Nederland’s video content generates 173 million monthly video views on the Dutch RTL websites and syndicated partner sites such as YouTube and RTL MCN.

National audience breakdown

Source: SKO. Target: 25–54 (18–24h) 2017 (%)



| | |
|--------------|------|
| RTL 4 | 17.7 |
| RTL 7 | 5.1 |
| RTL 5 | 4.0 |
| RTL 8 | 3.1 |
| NPO 1 | 16.4 |
| SBS 6 | 8.3 |
| Veronica | 5.4 |
| Net 5 | 5.1 |
| NPO 3 | 5.0 |
| NPO 2 | 3.7 |
| SBS 9 | 1.1 |
| Others | 25.1 |

41 Playlist starts

RTL BELGIUM

Financial results

Against the background of a declining TV advertising market that was estimated to be down 5.8 per cent year on year, RTL Belgium's revenue decreased to €191 million (2016: €202 million). EBITDA was below the previous year at €21 million (2016: €48 million), reflecting significant one-off effects with regards to the transformation plan #evolve.

| | 2017 €m | 2016 €m | Per cent change |
|---------|------------|------------|--------------------|
| Revenue | 191 | 202 | (5.4) |
| EBITDA | 21 | 48 | (56.3) |
| EBITA | 16 | 43 | (62.8) |

Audience ratings

In 2017, **RTL Belgium** celebrated its 30th anniversary. In its anniversary year, RTL Belgium recorded the best start to the season since 2006. Throughout the year, the Belgian family of channels attracted a combined audience of 36.9 per cent of shoppers aged 18 to 54 (2016: 36.2 per cent), maintaining its position as the market leader in French-speaking Belgium, and increasing its lead over the public channels to 18.4 percentage points (2016: 15.8 percentage points).

The flagship channel **RTL-TVI** grew its audience share to 26.7 per cent in prime time among shoppers aged 18 to 54 (2016: 26.4 per cent) – 11.8 percentage points ahead of the number two channel, French broadcaster TF1, and 13.7 percentage points ahead of the Belgian public broadcaster La Une.

The most watched programme of the year on RTL-TVI was *GuiHome vous détend sur scène* which scored an average total audience share of 44.1 per cent. Also popular were the news show, *RTL Info 19h*, with an average audience share of 39.4 per cent, and *Face au Juge*, with an audience share of 42.1 per cent. *L'amour est dans le pré* scored an average audience share of 37.9 per cent in the target group of shoppers aged 18 to 54. 2017 was also marked by the successful launch of new own productions, across all time slots, including docusoaps *Les Enfants de Cupidon*, *Steph fait le job*, *La décision* and *Face cachée*. The new original daily TV programme *Les As de la Déco*, launched in September, also proved successful, attracting an average audience share of 30.6 per cent, and boosting RTL-TVI's global afternoon audience.



Club RTL recorded an audience share of 6.7 per cent among male viewers aged 18 to 54 (2016: 6.3 per cent). Football remains one of the most popular broadcasts on the channel through a wide choice of matches and competitions (Champions League, Europa League, the Belgian Cup and the new acquisition: Italian Serie A). The 2017 Champions League broadcasts attracted an average 15.7 per cent of men aged 18 to 54.

Plug RTL reported a prime-time audience share of 5.9 per cent among 15 to 34-year-old viewers (2016: 6.2 per cent). The most popular programmes were the talk show *Touche pas à mon poste* (8.3 per cent) and *Secret Story Quotidienne* (17.0 per cent).

According to CIM audience surveys for 2017, which combine all three waves of 2017, **Bel RTL** and **Radio Contact** achieved audience shares of 13.0 and 13.4 per cent respectively (2016: 14.4 and 15.4 per cent respectively), among listeners aged 12 years and over.



“In a market that had to deal with major changes, RTL Belgium succeeded in increasing its leadership despite strong competition. On its 30th anniversary, RTL Belgium demonstrates all the strength of its brands and its deep commitment to the Belgian public.”

PHILIPPE DELUSINNE,
CEO RTL Belgium

Digital and diversification activities

In 2016, for the first time, the CIM decided to quantify the audience of the media video players in its surveys. According to this method, RTL Belgium’s websites reached 45 million video views, driven by news, football content and major TV shows.

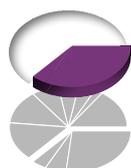
The number of *RTL.be* visits remained steady, with 281,458 daily visitors (2016: 290,684).

RTL Info remains the leading French-speaking news application, with a 25 per cent growth in daily unique users – an average of 116,132 (2016: 92,861).

French-speaking Belgium audience breakdown

Source: Audimétrie. Target: shoppers 18–54 (17–23h)

2017 (%)



| | |
|----------|------|
| RTL-TVI | 26.7 |
| Club RTL | 5.9 |
| Plug RTL | 4.3 |
| TF1 | 14.9 |
| La Une | 13.0 |
| AB 3 | 7.5 |
| La Deux | 5.5 |
| France 2 | 4.9 |
| France 3 | 2.2 |
| Others | 15.1 |

OTHER SEGMENTS

This segment mainly comprises the fully consolidated businesses **RTL Klub (Hungary)**, **RTL Croatia (Croatia)**, **RTL Group's Luxembourgish activities**, the German radio business and the investment accounted for using the equity method, **Atresmedia in Spain**. It also includes **RTL Group's digital assets – SpotX, BroadbandTV, StyleHaul and Divimove**.

Total consolidated revenue of **RTL Hungary** was up to €110 million (2016: €104 million) mainly driven by higher platform revenue from the main channel, **RTL Klub**. EBITDA was up by 53 per cent to €23 million (2016: €15 million), mainly due to a re-claim of over-paid advertising tax. The Hungarian net TV advertising market was estimated to be down 2.5 per cent in 2017.

The combined prime-time audience share of the RTL family of channels in the key demographic of 18 to 49-year-old viewers was 31.2 per cent (2016: 34.3 per cent). The prime-time audience share of **RTL Klub** decreased to 16.4 per cent (2016: 18.6 per cent) though the Group's Hungarian flagship channel remained the clear market leader, 6.1 percentage points ahead of its main commercial competitor TV2 (2016: 8.8 percentage points).

During the year, **RTL Klub** won 327 prime time evenings in the target group (2016: 304 evenings). The most popular programmes were *The X-Faktor* with an average audience share of 28.8 per cent in the target group, and the locally produced comedy series *Mi kis Falunk* (Our little village) with an average audience share of 31.3 per cent. The second series of *Válótársak* (Divorce) reached an average 20.4 per cent. The main news programme *Híradó* recorded an average audience share of 19.5 per cent (2016: 19.0 per cent).



RTL Hungary's **cable channels** achieved a combined prime-time audience share of 14.8 per cent among viewers aged 18 to 49 (2016: 15.7 per cent), even though the competition launched some 20 new channels in 2017. With a prime-time audience share of 5.1 per cent in the target group (2016: 5.1 per cent), Film+ was the leading cable channel in Hungary.

RTL Hungary's online portfolio generated a total of 57 million video views of long and short-form content in 2017 (2016: 92 million) – 30 million of which were recorded on the catch-up platform RTL Most. With a monthly average of 702,000 active users (2016: 786,000 real users), RTL Hungary's online portfolio remains the biggest local TV online video portfolio with owned and licensed content.



“I believe we understand the exact needs of the Hungarian market and the fine transitions and changes in the viewers’ behaviour and of course our partners’ expectations. Therefore, I am confident that RTL Hungary will maintain its market leader position in 2018 despite the ever competitive and fierce market environment.”

GABRIELLA VIDUS,
CEO RTL Hungary

National audience breakdown

Source: AGB Hungary. Target: 18–49 (prime time) 2017 (%)



| | |
|------------------|------|
| RTL Klub | 16.4 |
| Film Plusz | 5.1 |
| Cool | 3.9 |
| RTL II | 2.8 |
| TV 2 | 10.3 |
| Super TV 2 | 4.0 |
| Viasat 3 | 2.6 |
| Others | 54.9 |



“While the advertising market proved difficult in 2017, RTL Croatia had a good year overall. We continued to grow our TV and online audiences as well as revenues.”

HENNING TEWES,
CEO RTL Croatia

In Croatia, the net TV advertising market was estimated to be down 6.5 per cent. **RTL Croatia** performed better than the market and increased its revenue to €40 million (2016: €38 million). EBITDA was down to €2 million (2016: €3 million), mainly reflecting higher cost.

RTL Croatia’s channels achieved a combined prime-time audience share of 29.7 per cent in the target audience aged 18 to 49 (2016: 28.6 per cent), up 1.1 percentage points. The flagship channel, **RTL Televizija**, increased its prime-time audience share by 2 percentage points, to 20.2 per cent of 18 to 49 year olds (2016: 18.2 per cent).

National audience breakdown

Source: AGB Nielsen Media Research. Target: 18–49 (prime time) 2017 (%)



| | |
|-----------------------------|-------------|
| RTL Televizija | 20.2 |
| RTL 2 | 7.0 |
| RTL Kockica | 2.4 |
| Nova | 26.4 |
| Doma | 8.6 |
| HTV 1 | 7.1 |
| HTV 2 | 7.1 |
| Others | 21.2 |

Local production remained a cornerstone of the channel’s programming. The year started with the Men’s Handball World Championship in France which attracted an average audience share of 40.5 per cent across 18 live matches, while the match between Norway and Croatia was watched by 62.9 per cent of 18 to 49 year-old viewers.

In spring, the eighth season of *Ljubav je na selu* (The Farmer Wants A Wife) scored an average audience share of 24 per cent. *Super ljudi* (Super Human), a show about people with extraordinary capabilities, recorded an average audience share of 23.2 per cent, while the casting show *Zvijezde* (Stars) achieved an average audience share of 22.5 per cent. The local adaptation of the format *Živon na vaji* (The Biggest Loser) was broadcast in two seasons: the first attracting an average of 22.8 per cent, increasing to 26.2 per cent for season two. The in-house developed cooking format *Tri, dva, jedan kuhaj* (Three, Two, One – Cook) drew an average of 21.0 per cent of the target audience in spring, and 21.5 per cent in autumn. The news bulletin *RTL Direkt*, broadcast Mondays to Thursdays, achieved 21.1 per cent (2016: 18.7 per cent) – an increase of 2.4 percentage points – while main news *RTL Danas* had 21 per cent on average (2016: 19.9 per cent) representing an increase of 1.1 percentage points. Meanwhile, the new investigative magazine *Potruga* (Search), broadcast Mondays to Fridays, achieved 16.5 per cent.

RTL 2 experienced a slight decrease in its prime-time audience share to 7.0 per cent (2016: 7.4 per cent), while the children’s channel, **RTL Kockica**, increased its average audience share among children aged 4 to 14 between 7:00 and 20:00 to 23.3 per cent (2016: 19.4 per cent).

In 2017, RTL Croatia continued its digital growth strategy and expanded its portfolio of websites. The digital network was strengthened by the launch of new regional websites and portals dedicated to sport and travel content, including February 2017 saw the launch of the entertainment and lifestyle websites *Tabloid* and *Život i stil*.

Overall, RTL Croatia increased its digital reach to generate almost 1.3 million unique users in December 2017, putting it in the top five domestic publishers in Croatia for total reach. The channel also increased its total number of page views by 243 per cent, and video views by 3 per cent.

The business also established RTL Music during the year, a new company focusing on music publishing and concert organisation.



“2017 was once again a very good year for the RTL Luxembourg family. We remain the leading media brand in the Grand Duchy of Luxembourg, and with the launch of RTL You – a new product to attract a younger audience – we added another highly complementary string to RTL Luxembourg’s bow.”

CHRISTOPHE GOOSENS,
CEO RTL Luxembourg

In 2017, [RTL Luxembourg](#) again reinforced its position as the leading media brand in the Grand Duchy of Luxembourg. Combining its TV, radio and digital activities (all three of which appear in the top five media ranking in Luxembourg), the RTL Luxembourg media family achieved a daily reach of 84.0 per cent (2016: 83.8 per cent) of all Luxembourgers aged 12 and over.

Remaining the number one station listeners turn to for news and entertainment, [RTL Radio Lëtzebuerg](#) reaches 199,800 listeners each weekday (2016: 194,100), while the TV channel [RTL Télé Lëtzebuerg](#) attracts 129,500 viewers each day (2016: 146,100), representing a prime-time audience share of 44.7 per cent of Luxembourgish viewers aged 12 and over, Monday to Friday, 19:00 to 20:00 (2016: 49.8 per cent). With the growth of online video viewers, the audio-visual content on [RTL.lu](#) and [5minutes.lu](#) achieved an average of 18,338 video views per day (a monthly average of 558,862 video views)⁴².

In 2017, one of the TV and livestream highlights of the year was the live broadcast from the Wimbledon tennis tournament of the match between Gilles Muller and Rafael Nadal. The match that brought Muller to his first Wimbledon quarter-final was watched by 36.2 per cent of all Luxembourgers aged 12 and over (source: TNS, Sports on TV).

In June, RTL Luxembourg launched the video platform and application **RTL You**. Aimed at a younger target group, RTL You offers a creative video platform and community to Luxembourg vloggers and currently offers 29 different channels (including comedy, education, beauty, photography, and gaming). Since its launch, RTL You has registered 654,618 page views⁴³.

[RTL.lu](#) continues to be the country’s most visited website, with a daily reach of 41.0 per cent among Luxembourgers aged 12 and over (2016: 37.5 per cent). With the evolution of the [5minutes.lu](#) website and its applications, RTL Luxembourg strengthened its position in the French-speaking market in Luxembourg, in Belgium (Luxembourg Province), and in France (Lorraine).

In 2017, [Broadcasting Center Europe](#) (BCE) finalised the move of the technical infrastructure to RTL Group’s new corporate centre, RTL City – the first full IP-based infrastructure for radio and TV broadcast, production and distribution.

BCE also welcomed Altice Group to its premises. The company broadcasts seven channels in HD and 4K, while BCE oversees the distribution and management of the group’s post-production files.

In Switzerland, BCE was selected by the world’s governing body for Equestrian Sport (FEI) for the digitisation of their archives, the development of a distribution platform for content re-use, and the live transmission of their events to the US.

In Africa, Magic Movies, a member of Côte Ouest Group, selected BCE’s Cloud traffic solution for its French and English channels. The solution was implemented remotely from Luxembourg, allowing a fast transition for the group’s channels.

Following previous installations in Rwanda, BCE integrated two new FM radio transmitters for Kigali Today, Rwanda’s leading radio station, to give the channel complete coverage of the country. In Ethiopia, BCE provided maintenance services as well as training to the Ethiopian public broadcaster, EBC.

⁴² Source: IP Luxembourg
⁴³ Source: Google Analytics



“The German radio portfolio continues to perform well in the challenging audio market. We created new listening experiences for our leading channels, and our new digital products enable us to reach more people than ever on all different platforms.”

STEPHAN SCHMITTER,
CEO RTL Radio Deutschland

RTL Radio Deutschland reported revenue of €48 million in 2017 (2016: €53 million) and EBITDA of €7 million (2016: €10 million). Despite an outstanding national and regional sales performance, revenue dropped by 9 per cent, caused by a general loss in reach in the target group. One-off restructuring charges and infrastructural investments also had a negative impact on the 2017 results.

Radio usage in Germany fell slightly, reaching 78.3 per cent of the adult population (down 0.5 percentage points) and 74.5 per cent of listeners aged 14 to 49 (down 2.5 percentage points) each day. RTL Group’s German radio portfolio outperformed the market (by 2.9 per cent), mainly as a result of the increasing reach of Antenne Niedersachsen (Lower Saxony) and the broadcasting centers in Berlin and Saxony-Anhalt.

104.6 RTL retained its pole position in Germany’s most competitive radio market, Berlin, which has around 30 FM stations, while **105.5 Spreeradio** remained stable in the same market. **Radio Center Berlin** supplemented its Berlin portfolio and increased reach to its advertising customers, as a result of a new marketing cooperation with a leading local radio broadcaster with a focus on rock music.

Antenne Niedersachsen increased reach within its target group (up 9.5 per cent) and the total market (up 24.9 per cent). Germany’s most popular radio station – Antenne Bayern – maintained its high reach with one million listeners per day. The broadcasting center in Saxony-Anhalt (Funkhaus Halle) also made great progress in 2017: **89.0 RTL** expanded within its target group by 16.5 per cent while **Radio Brocken** won 8.2 per cent.

The digital unit, **Digital Media Hub** (DMH), has been positioned as a strategic and technical partner for radio stations, and is bundling online development activities for various stations within the German RTL Radio portfolio. Within its first year in business, DMH formed strategic partnerships with leading market players in the field of digitisation.

At the end of 2017, RTL Group’s German radio portfolio comprised investments in 17 stations, most of which are minority holdings. In total, these stations reach over 22 million listeners each day (2016: 23 million), and have a combined average audience of approximately 4.6 million listeners per hour (2016: 4.8 million).

The Spanish TV advertising market increased by an estimated 1.0 per cent in 2017. The **Atresmedia** family of channels achieved a combined audience share of 28.5 per cent in the commercial target group of viewers aged 25 to 59 (2016: 29.7 per cent). The main channel, **Antena 3**, recorded an audience share of 12.1 per cent (2016: 12.8 per cent) in the commercial target group.

On a 100 per cent basis, consolidated revenue of Atresmedia was up 3.0 per cent to €1,052 million (2016: €1,021 million), while operating profit (EBITDA) was stable at €202 million (2016: €202 million) and net profit was €142 million (2016: €129 million). The profit share of RTL Group was slightly up to €26 million (2016: €25 million).

National audience breakdown

Source: TNS Sofres. Target: 25 – 59

2017 (%)



| | |
|--|-------------|
| Antena 3 | 12.1 |
| Atresmedia digital channels | 9.0 |
| La Sexta | 7.4 |
| Telecinco | 12.4 |
| La 1 | 8.5 |
| Cuatro | 7.2 |
| Forta | 5.7 |
| Others | 37.7 |



“Attention moved even further towards television in 2017. We worked closely with both buyers and sellers of OTT inventory to bring spend closer to where the eyeballs are. This takes time but we now have reached critical mass on the supply side.”

MIKE SHEHAN,
CEO SpotX

SpotX, a leading video ad serving platform for premium publishers and broadcasters, continues to build solutions to help monetise video content across all screens and devices. While gross media spend was up in 2017, net revenue decreased by 8 per cent which can be directly attributed to the strategic shift of the company’s revenues to more premium publishers and partners.

Video-on-demand and live OTT video ad inventory has become increasingly desirable to advertisers, which generates higher gross spend and CPMs, but lower take rates overall, as customers primarily sell the inventory themselves via SpotX’s platform. The net revenue decrease can also be attributed to the company’s proactive stance on sellers to comply with the IAB’s anti-fraud initiative – dubbed ads.txt, raising the bar on minimum performance standards in order to participate in the company’s marketplaces, and the lack of US political spend compared to 2016.

Although these measures affected net revenue in the short-term, SpotX continued to reinforce its long standing position in the market as a strong leader within the technology industry and ad-tech ecosystem, thanks in part to several new agreements with companies such as Amazon Web Services, fuboTV, Samba TV, SlingTV, and Vudu.

On 1 October 2017, RTL Group acquired the remaining 36.4 per cent shareholding in SpotX for a total amount of €128 million, subject to a cash/debt adjustment, of which €7 million have been contributed to SpotX. RTL Group continues to pursue an ambitious growth plan for its ad-tech businesses, its main goal being to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers. As part of this plan, RTL Group will combine SpotX and Smartclip by the end of 2018, roll out the platform across its operations, and scale it up through additional acquisitions and partnerships. The combined entity will focus on video ad-serving and addressable TV, which provide the Group with dynamic ad-insertion capabilities. It will also work with two of the Group's minority shareholdings (VideoAmp and Clypd) with the aim of positioning itself as an innovation leader among independent ad-tech platforms.



“2017 was yet another year of growth and expansion for the business. We remain the largest multi-platform player and third largest video property in the world, and lead in all key metrics including unique viewers and watch-time in our peer group.”

SHAHRZAD RAFATI,
Founder & CEO BroadbandTV

Throughout 2017, **BroadbandTV** registered a total of 341 billion video views – up 66 per cent from 2016 – while revenue increased 47 per cent year on year. As of December 2017, the company achieves over 34 billion views per month, and reaches 283 million unique viewers. Also as of December 2017, BroadbandTV represented 28 per cent of Google Site viewers and 55 per cent of Facebook. Also, almost one in three people on Google Sites, including YouTube, were watching BroadbandTV content on average for the year.

BroadbandTV expanded its global footprint into Singapore, Malaysia, Taiwan, South Korea, Vietnam, Saudi Arabia, the United Arab Emirates and Egypt. It now actively operates in 11 languages and 32 countries, and continues to experience dynamic growth. The platform remains the leading player in all English, Spanish, Portuguese, Russian, and Arabic speaking markets, and among the top players in the French, German, Vietnamese, and Japanese markets.



“2017 was a year of continued diversification for StyleHaul. Our proprietary technology platform, Society, continues to provide incremental offerings. In addition, we released our first White Paper, a thought-leading research study articulating five conclusions about influencer marketing based on our data.”

STEPHANIE HORBACZEWSKI,
Founder & CEO StyleHaul

StyleHaul continues to be the leading global network for fashion, beauty and women’s lifestyle content, with nearly 60,000 creator’s social accounts authenticated to its proprietary platform, Society, and a community of over 955 million fans across four social platforms. In 2017, StyleHaul registered a total of 27 billion views – up 8 per cent compared to 2016 (25 billion video views). Revenue increased by 14 per cent year on year.

During the year, StyleHaul launched seasons two and three of *Relationship Status*, boosting its original programming revenue. The network also signed a distribution deal that will see the French version of the first season of *Relationship Status* being distributed by Gaumont, and partnered with Adaptive Studios to publish two books with creators: *Haunted in Hollywood* with Loey Lane, and *A Beautiful Mind, A Beautiful Life: The Bubz Guide to Being Unstoppable* with Lindy Tsang.



“2017 was a special and exciting year for Divimove. With the acquisition of VideoDays and the launch of our performance marketing services, we managed to successfully develop new business models and find ingenious ways of linking them to existing ones.”

BRIAN RUHE,
Co-Founder & CEO Divimove

Europe’s leading multi-platform network, **Divimove**, attracted 18 billion online video views in 2017 (2016: 19 billion) and increased its subscriber base to 190 million (2016: 170 million subscribers), while decreasing the influencer network from 1,200 to 900 partners in Germany, the Netherlands, France, Spain, Italy and Poland. Revenue grew by 17 per cent⁴⁴.

In April 2017, Divimove acquired VideoDays – Europe’s biggest gathering of YouTubers – which attracted more than 15,000 visitors in August 2017 in Cologne. VideoDays and its associated business were fully integrated into Divimove. In the long run, Divimove plans to further develop this live event in Germany and to expand VideoDays into other European countries.

⁴⁴ Pro-forma as Divimove was previously consolidated at equity

NON-FINANCIAL INFORMATION

CORPORATE RESPONSIBILITY (CR)

RTL Group believes that CR adds value not only to the societies and communities it serves, but also to the Group and its businesses. Acting responsibly and sustainably enhances the Group's ability to remain successful in the future. RTL Group's Mission Statement defines what the Group does, what it stands for and how RTL Group employees communicate, both with the outside world and with each other. It also includes a commitment to embrace independence and diversity in the Group's people, content and businesses, demonstrating that CR is integral to the Group's mission. RTL Group believes it is important to have a set of guiding principles and values.

In 2012, RTL Group created a CR Council (CRC) with the aim of advancing environmental, social and governance issues. The CRC meets three times a year to work on RTL Group's material CR issues and their implications for human resources, investor relations, legal, compliance, risk and communications. It consists of experts in these areas at RTL Group's Corporate Centre in Luxembourg and is currently chaired by the Group's Executive Vice President of Corporate Communications & Marketing. In March 2014, RTL Group expanded its CR task force group wide, to create the RTL Group CR Network, which consists of CR representatives from RTL Group's profit centres as well as the Corporate Centre. The CR Network meets once a year to share knowledge and best practices, enabling the CRC to gain a greater understanding of local initiatives.

RTL Group's CR activities focus primarily on the following issues: editorial independence, diversity, community investment, content responsibility learning, and fair working conditions. These issues were identified in a materiality analysis conducted in 2017 in close consultation with Bertelsmann, the Group's majority shareholder. Although the analysis did not deem environmental and climate protection to be among the most material issues for RTL Group, the Group is nevertheless strongly committed to this issue and therefore reports on this matter in the CR Report 2017 (p. 23) and the Non-financial Statement 2017 (to be published in June 2018). RTL Group's CR Report 2017 (pp. 9-10) provides more details about the materiality analysis and its findings.

The above-mentioned material issues provide the structure for the CR Report 2017, part of the RTL Group Annual Report 2017. The CR Report provides a comprehensive overview of the Group's CR strategy and initiatives as well as the results achieved.

RTL Group will publish a separate Non-financial Statement on RTL Group's website (RTLGroup.com) by 30 June 2018, which will consist of all legally mandated non-financial disclosures and diversity information required by the European Directive 2014/95/EU and by the provisions of the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg.

INNOVATION

RTL Group's innovation management is focused on three core topics: developing and acquiring new, high-quality TV formats; using all digital means of distribution; and expanding diverse forms of marketing and monetisation. RTL Television focuses on locally produced, creative content, supported by a dedicated programme-development department. Over the next few years the company expects to see early results in its programming.

In 2017, RTL Television launched several new series, such as *Magda macht das schon*. In total, Mediengruppe RTL Deutschland invests around €1 billion in local content every year. Elsewhere, FremantleMedia launched *Lost In Time* – the first interactive TV show to combine real-time special effects, previously only seen in feature films with gaming on second screens. Created by FremantleMedia and The Future Group, the first version of the format first aired on TVNorge in Norway.

On 1 October 2017, RTL Group acquired the remaining 36.4 per cent shareholding in SpotX for a total amount of €128 million, of which €7 million have been contributed to SpotX. RTL Group continues to pursue an ambitious growth plan for its ad-tech businesses, its main goal being to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers. As part of this plan, RTL Group will combine SpotX and Smartclip by the end of 2018,

roll out the platform across its operations, and scale it up through additional acquisitions and partnerships. The combined entity will focus on ad-server development and addressable TV, which provide the Group with dynamic ad-insertion capabilities. It will also work with two of the Group's minority shareholdings (VideoAmp and Clypd) with the aim of positioning itself as an innovation leader among independent ad-tech platforms.

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). Inception 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 five VR video apps.

Synergy Committees are used for exchanging experience, information and knowledge at RTL Group. In the age of digitalisation, the role of 'big data' – in the form of cookies, clusters or cross-device analytics – is becoming ever more prominent. The aggregation and exploitation of data is becoming increasingly more important for RTL Group, its advertising customers and ultimately consumers.

SIGNIFICANT LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities (see note 8.13.1 of the RTL Group Annual Report 2017).

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. It is assumed that the court will render its judgment in the second half of 2018. This judgment will be open to appeal. Similar proceedings of other

small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's audience results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged "halo effect". In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition. However, in the meantime, two of the claimants withdrew their claim and from the proceedings. The rest of the procedure is currently still ongoing.

No further information is disclosed as it may harm the Group's position.

CORPORATE GOVERNANCE

Principal risks and uncertainties

Principal risks and uncertainties are disclosed in note 3 to the consolidated financial statements for the risks linked to financial instruments and in the section “Corporate Governance” on the *RTLGroup.com* website for the external and market risks.

Corporate governance statement

The RTL Group Board of Directors is committed to high standards of corporate governance. RTL Group has applied the principles of good governance for years, even before the Ten Principles of Corporate Governance were implemented by the Luxembourg Stock Exchange – principles that RTL Group is in line with and submitted to.

More information on this topic can be found in the “Investors” section of the Company’s website (*RTLGroup.com*), which contains RTL Group’s corporate governance charter, and regularly updated information, such as the latest version of the Company’s governance documents (articles of incorporation, statutory accounts, minutes of shareholders’ meetings), and information on the composition and mission of the RTL Group Board and its Committees. The “Investors” section also contains the financial calendar and other information that may be of interest to shareholders.

SHAREHOLDERS

RTL Group’s current share capital is set at €191,845,074, which is divided into 154,742,806 fully paid up shares with no par value.

As at December 2017, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were publicly traded. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries (see note 8.15.2 to the consolidated financial statements).

General Meetings of Shareholders will be held at the registered office or any other place in Luxembourg indicated in the convening notice. A General Meeting of Shareholders must be convened on the request of one or more shareholders who together represent at least one tenth of the Company’s capital, and the

Annual General Meeting of Shareholders is held within six months following the end of the financial year at the place and on the date set by the Board of Directors.

Resolutions will be adopted by the simple majority of valid votes, excluding abstentions. Any resolution amending the Articles of Incorporation will be adopted by a majority of two thirds of the votes of all the shares present or represented.

The Annual General Meeting will examine the reports of the Board of Directors and the auditor and, if thought fit, will approve the annual accounts. The meeting will also determine the allocation of profit, and decide on the discharge of the directors and the auditor from any duties.

BOARD AND MANAGEMENT

Board of Directors

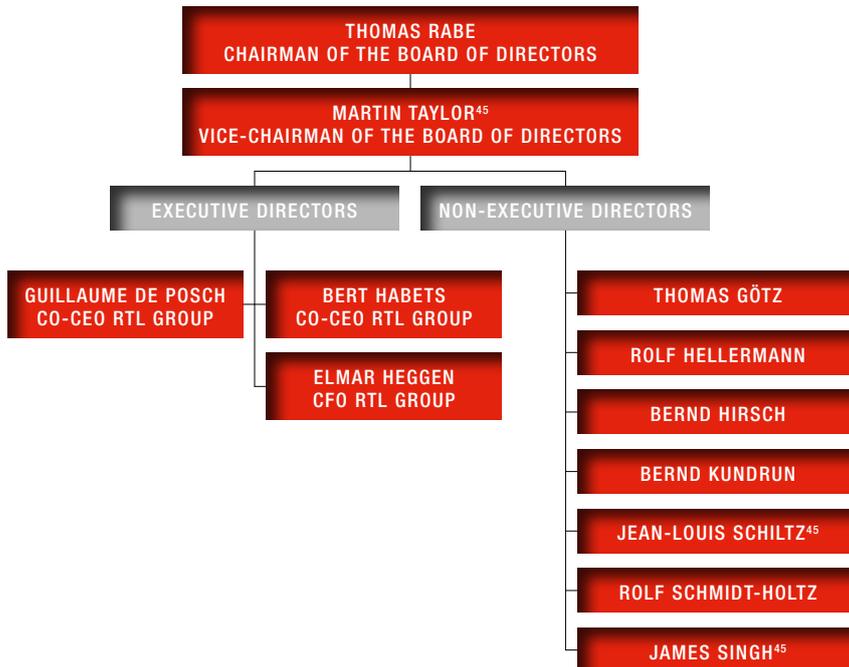
On 31 December 2017 the Board of RTL Group had 12 members: three executive directors, and nine non-executive directors. The Annual General Meeting (AGM) on 19 April 2017 acknowledged the resignation of Anke Schäferkordt as Executive Director and of Jacques Santer as Non-Executive Director with effect from the meeting date.

To succeed Anke Schäferkordt, the AGM appointed Bert Habets as Executive Director. Bert Habets served as Co-CEO of RTL Group and joined the Executive Committee alongside Guillaume de Posch, Co-CEO of RTL Group, and Elmar Heggen, CFO of RTL Group. Anke Schäferkordt will continue to be the CEO of Mediengruppe RTL Deutschland and serve on Bertelsmann's Executive Board. Jean-Louis Schiltz was appointed Non-Executive Director to succeed Jacques Santer. Both were appointed

for a term of office of one year, to expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts. Likewise, the term of office of the other executive and non-executive directors will expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts.

At his own request, Guillaume de Posch stepped down as Co-CEO and Executive Director of RTL Group, effective 1 January 2018. He will continue to serve as a non-executive member of RTL Group's Board of Directors. Among the non-executive directors, Jacques Santer, succeeded by Jean-Louis Schiltz, James Singh, and Martin Taylor are independent of management and other outside interests that might interfere with their independent judgement.

RTL GROUP'S BOARD OF DIRECTORS FROM 19 APRIL 2017 TO 31 DECEMBER 2017



⁴⁵ Independent Director

Martin Taylor was appointed under the criteria of independence of the London Stock Exchange, before RTL Group adopted the Ten Principles of the Luxembourg Stock Exchange. Jacques Santer, replaced by Jean-Louis Schiltz, and James Singh are independent directors, and both meet the current criteria of independence of the Ten Principles of the Luxembourg Stock Exchange.

The Board of Directors has to review, with expert help if requested, that any transaction between RTL Group or any of its subsidiaries on the one hand and any of the shareholders or any of their respective subsidiaries on the other hand is on arm's length terms.

The responsibility for day-to-day management of the Company was delegated to the Co-Chief Executive Officers ("Co-CEOs") until 31 December 2017, then to the sole Chief Executive Officer ("CEO"). The Board has a number of responsibilities, which include approving the annual Group's budget, overseeing significant acquisitions and disposals, and managing the Group's financial statements. The Board of Directors met four times in 2017 – with an average attendance rate of 100 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, was carried out in early 2018.

| Individual attendance of the members of the RTL Group Board of Directors in 2017 | Participation in meetings | Attendance % |
|--|---------------------------|--------------|
| Thomas Rabe (chairman) | 4/4 | 100 |
| Martin Taylor | 4/4 | 100 |
| Anke Schäferkordt (until April 2017) | 1/1 | 100 |
| Guillaume de Posch | 4/4 | 100 |
| Bert Habets (since April 2017) | 3/3 | 100 |
| Elmar Heggen | 4/4 | 100 |
| Thomas Götz | 4/4 | 100 |
| Rolf Hellermann | 4/4 | 100 |
| Bernd Hirsch | 4/4 | 100 |
| Bernd Kundrun | 4/4 | 100 |
| Jacques Santer (until April 2017) | 1/1 | 100 |
| Jean-Louis Schiltz (since April 2017) | 3/3 | 100 |
| Rolf Schmidt-Holtz | 4/4 | 100 |
| James Singh | 4/4 | 100 |

The Executive Committee, comprised of the executive directors, updates the Board on the Group's activities and financial situation. At each meeting, representatives of the Executive Committee brief the Board on ongoing matters, and on possible upcoming investment or divestment decisions.

In 2017, a total of €1.0 million (2016: €0.6 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors and the Committees that emanate from it.

Neither options nor loans have been granted to Directors.

Appropriate measures were taken by the Company to ensure compliance with the provisions of the European market abuse regulation, and with the Circulars of the Commission de Surveillance du Secteur Financier (CSSF) concerning the application of this legislation.

The following Board Committees are established:

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises three non-executive directors, one of whom is an independent director (who also chairs the meetings), and meets at least twice a year. The committee's plenary meetings are attended by the CEO(s) and the Executive Vice President Human Resources. The Nomination and Compensation Committee may involve other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks. The Chairman of the Nomination and Compensation Committee reports on the discussion held and conclusions taken by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met six times in 2017, physically or via telephone conference, with an average attendance rate of 100 per cent.

Individual attendance of the members of the Nomination and Compensation Committee in 2017

| | Participation in meetings | Attendance % |
|--------------------------|---------------------------|--------------|
| Martin Taylor (chairman) | 6/6 | 100 |
| Thomas Rabe | 6/6 | 100 |
| Rolf Schmidt-Holtz | 6/6 | 100 |

The Nomination and Compensation Committee consults with the CEOs and gives a prior consent on the appointment and removal of executive directors and senior management, makes a proposal to the General Meeting of Shareholders on the appointment and removal of the non-executive directors, and establishes the Group's compensation policy.

Audit Committee

The Audit Committee is composed of a maximum of four non-executive directors – two of whom are independent – and meets at least four times a year.

The Committee's meetings are attended by the CEO(s), the Chief Financial Officer ("CFO"), the Head of Audit & Compliance, the external auditors and other senior Group finance representatives. The Audit Committee may invite other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks. The Audit Committee met six times in 2017 physically or via telephone conference, with an average attendance rate of 92 per cent. The Chairman of the Audit Committee reports on the discussions held and conclusions taken by the Audit Committee to the subsequent Board of Directors meeting.

Individual attendance of the members of the Audit Committee in 2017

| | Participation in meetings | Attendance % |
|------------------------|---------------------------|--------------|
| James Singh (chairman) | 6/6 | 100 |
| Bernd Hirsch | 5/6 | 83 |
| Thomas Rabe | 5/6 | 83 |
| Martin Taylor | 6/6 | 100 |

The committee assists the Board of Directors in its responsibility with respect to overseeing the Group's financial reporting, risk management and internal control, and standards of business conduct and compliance.

The Audit Committee monitors the financial reporting process, the statutory audit of the legal and consolidated accounts, the independence of the external auditors, the effectiveness of the Group's internal controls, the compliance programme, and the Group's risks. The Audit Committee reviews the Group's financial disclosures and submits a recommendation to the Board of Directors regarding the appointment of the Group's external auditors.

The Head of Audit & Compliance and the external auditors have direct access to the Chairman of the Audit Committee, who is an independent director.

Co-CEOs/CEO

Responsibility for the day-to-day management of the company rests with the CEO(s), who – on a regular basis and upon request of the Board – inform(s) the Board of Directors about the status and development of the Company.

The CEO(s) is/were responsible for proposing the annual budget, to be approved by the Board of Directors. They are also responsible for determining the ordinary course of the business. With effect from 1 January 2018, Guillaume de Posch stepped down as Co-CEO. Since then, Bert Habets has served as sole CEO of RTL Group.

Executive Committee

Until 31 December 2017, the Executive Committee was comprised of the three executive directors, the two Co-CEOs and the CFO. As from 1 January 2018 the Executive Committee is comprised of the two executive directors, the CEO and the Deputy CEO & CFO. The Executive Committee is vested with internal management authority.

In 2017, a total of €11.4 million (2016: €12.8 million) was allocated in the form of salaries, non-cash benefits and a post-employment benefit plan to the members of the Executive Committee.

With effect from 1 January 2018, Guillaume de Posch stepped down as Co-CEO. Since then, Bert Habets has served as sole CEO of RTL Group. Going forward, the Executive Committee is comprised of the two executive directors, the CEO and the CFO.

External auditor

In accordance with the Luxembourg law on commercial companies, the Company's annual and consolidated accounts are certified by an external auditor, appointed at the Annual General Meeting of Shareholders. On 19 April 2017, the shareholders appointed PricewaterhouseCoopers, société coopérative (PwC) for a year. PwC's mandate will expire at the Annual General Meeting on 18 April 2018.

Dealing in shares

The Company's shares are listed on Euronext Brussels, and on the Frankfurt and Luxembourg Stock Exchanges. Applicable Belgian, German and Luxembourg insider dealing and market manipulation laws prevent anyone with material

non-public information about a company from dealing in its shares and from committing market manipulations.

A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group and its subsidiaries, or associated companies.

Restrictions apply to:

- Members of the Board of Directors;
- All employees of RTL Group SA, and directors and employees of any subsidiary or affiliated company of RTL Group who, because of their position or activities, may have access to unpublished price-sensitive information.

CODE OF CONDUCT

Basic guidelines for conducting business at RTL Group are governed by the Code of Conduct, which outlines binding minimum standards for responsible behaviour towards business partners and the public, and for behaviour within the company.

The Group has a training programme in place to ensure all employees are fully aware of the code.

The Code of Conduct is available at www.rtlgroup.com/codeofconduct

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting aim to provide reasonable assurance on the reliability of external and internal financial reporting, and their conformity with the applicable laws and regulations. They help to ensure that financial reporting presents a true and fair picture of the Group's net assets, financial position and operational results. The Code of Conduct requires the Group to manage recordkeeping and financial reporting with integrity and transparency.

Standards and rules

The rules governing the Group's financial reporting environment and critical accounting policies are set out in the Group's Financial Accounting Manual (FAM). The FAM, which is regularly updated, is circulated to the members of the Group's finance community, and published on RTL Group's intranet. Standards of a minimum control framework for key accounting processes at the level of RTL Group's fully consolidated reporting units are formalised in a set of expected key controls. RTL Group's centralised treasury and corporate finance activities are governed by dedicated policies and procedures. Hedging of exposure in non-Euro currencies is governed by a strict policy. All internal and external

financial reporting processes are organised through a centrally managed reporting calendar.

Systems and related controls

Locally used ("ERP", treasury applications) finance systems are largely centrally monitored via a common system platform to ensure a consistent set-up of system-embedded controls. Segregation of duties, access rights and approval limits are regularly reviewed by the local data owners for all reporting units whose finance systems are centrally maintained. Internal and external financial reporting is up-streamed through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting, forecasting of financial and operational KPIs, to consolidation and external financial reporting, and finally risk management reporting (see the section "How we manage risks").

Specific system-embedded controls support the consolidation process, including the reconciliation of intercompany transactions. IT General Controls ("ITGCs") are regularly assessed by external experts or internal audit. Controls objectives are defined for all the RTL Group central applications and interfaces

(the “Referenced Applications”) and their related IT infrastructure. The description of the control environment and the effectiveness of these controls are subject to an annual SOC1 ISAE3402 third party assurance report. The Group’s consolidation scope is constantly updated, both at the level of financial interests captured in the consolidation system, and at the level of legal information through a dedicated legal scope system.

Analytics and reporting

All internal and external local financial and consolidated reporting is systematically reviewed by local finance staff or by finance teams within the Corporate Centre. Typical analyses include comparisons with previous years, budget and forecast, financial and operational KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity, and cash flow statement.

Regular communication between RTL Group’s operations and the Corporate Centre’s finance department ensures any issue that could affect the Group’s financial reporting is immediately flagged and resolved. Quarterly reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors. (Q1 and Q3 condensed consolidated interim financial information

is approved by the Audit Committee upon delegation by the Board of Directors).

Transparency

RTL Group’s policy on the reporting of significant compliance incidents requires business units to immediately report fraud and significant compliance incidents to the Group. Identified control weaknesses that could impact the reliability of financial reporting – reported by either external or internal audit – are brought to the attention of management and the Audit Committee, and are part of a follow-up process. Each year, the business units self-assess the maturity level of their local internal controls over financial reporting. Results of this self-assessment are reported to the Audit Committee. At each meeting the Audit Committee is updated on the key accounting, tax and legal issues within the Group. Finance committees are used as additional platforms to exchange information with business units with financial impact.

The Corporate Centre constantly promotes the importance of soundly designed internal controls – not only over financial reporting, but also for operational processes – through dedicated workshops with RTL Group’s business units, and the work of the Audit & Compliance department.

RISK MANAGEMENT

| Type of risk | Description and areas of impact | Mitigation activities |
|--|---|--|
| External and market risk | | |
| Legal | Local and European regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban on certain types of advertisements, opening of markets, deregulation of markets, cancellation of restrictions, limitation of advertising minutes, data protection) | RTL Group tries to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources |
| Audience and market share | A decrease in audience and/or market share may have a negative impact on RTL Group's revenue | New talent and formats are developed or acquired. Performance of existing shows is under constant review with the aim of driving audience share performance and hence future revenue. Moreover, RTL Group remains constantly proactive in the monitoring of international market trends |
| Strategic direction | Wrong strategic decisions could lead to potential losses of revenue. Also, wrong strategic investment decisions and overpricing could imply the risk on an impairment of goodwill | Prudent investment policies are followed, underpinned by realistic and conservative business plans, approval levels being followed to ensure the relevant degree of management 'sign-off', solid valuation models and regular strategic planning sessions. A regular review of strategic options is undertaken to ensure the strategic course of the Group is well understood and consistent over time |
| Cyclical development of economy | Economic development directly impacts the advertising markets and therefore RTL Group revenue | RTL Group tries to diversify the revenue base through regional expansion as well as new products and services that generate non-advertising revenue |
| Market risks | | |
| New entrants and market fragmentation | As countries move towards digital switchover, market entry barriers are reduced. New entrants will also provide further choice to the viewer. Higher competition in programme acquisition, fragmentation due to thematic channels, and expansion of platform operators may impact RTL Group's position | RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (available on the widest possible choice) and that we develop strong families of channels for the digital age based around our leading brands |
| Technological challenges/innovation | The growing importance of new broadcasting technologies (such as digital broadcasting, internet, video-on-demand) may imply not only opportunities, but also threats for RTL Group | RTL Group remains proactive on new technological and broadcasting trends and develops digitisation activities to offset the removal/loss of analogue activities |
| Risks in key business | | |
| Customers | Bad debts or loss of customers may negatively impact RTL Group's financial statements | Credit analysis of all new advertisers is systematically undertaken to prevent such a risk. Depending on the customer's credit worthiness insurances may be used. This risk is also mitigated by broadening the advertiser base |
| Suppliers | The supply of certain types of content is limited and may lead to a rise in costs. Over-reliance on one supplier may also cause costs to rise in the long term | The Group tries wherever possible to diversify its sources of supply. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs via, for example, joint purchasing. RTL Group selects high quality and solid suppliers for key services or equipment to reduce the risk of bankruptcy of business partners |
| Inventories | There is a risk of over-accumulation of stock that would be unused or could become obsolete. This may imply that write offs/impairments are necessary | RTL Group has strict commercial policies, very close follow-up of existing inventories and strict criteria for approval of investment proposals for rights |
| Pricing/discounting | There is potential price erosion, either at broadcaster level in their pricing strategy, or at production level where broadcasters increase pressure on prices or in the digital environment where rapidly increasing competition could reduce margin levels. There is also a risk that can arise through the pricing of the partner revenue share. | RTL Group has strict commercial policies, very close follow-up of existing inventories and strict criteria for approval of investment proposals for rights |
| Financial risks | | |
| Foreign exchange exposure | Effective management of foreign exchange risk is an important factor. The operating margin and broadcasting costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD against the Euro (feature films or sport/distribution rights purchases) | RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using plain vanilla hedge instruments and applying hedge accounting principles to mitigate volatility on the income statement. |

By their nature, media businesses are exposed to risk. Television and radio channels can lose audiences rapidly as new competitive threats emerge, with consequent loss of revenue. Broadcasters and producers are exposed to legal risks, such as litigation by aggrieved individuals or organisations, and media businesses are more exposed than most to economic cycles – advertising is usually one of the first casualties in an economic downturn. RTL Group's international presence exposes it to further risks, such as adverse currency movements and debtors' default.

The Board of Directors is responsible for ensuring RTL Group maintains a sound system of internal controls, including financial, operational and compliance risks.

RTL Group defines its risk management as a continuous process at Business Unit and Group level to prevent, protect, mitigate and leverage risks in light of execution of RTL Group's mission and strategic objectives. RTL Group's risk management system has been designed to be fully aligned with international risk management standards (e.g. COSO framework) and Bertelsmann SE & Co. KGaA's risk management practices.

The Group's robust risk management processes are designed to ensure that risks are identified, monitored and controlled, and its risk management system is based on a specific policy and a clear set of procedures. Policies and procedures are reviewed on a regular basis by the Internal Audit Department and/or external consulting companies. Risk management and risk reporting are coordinated by the Head of Enterprise Risk Management (ERM), and reporting is reviewed by the Internal Audit Department.

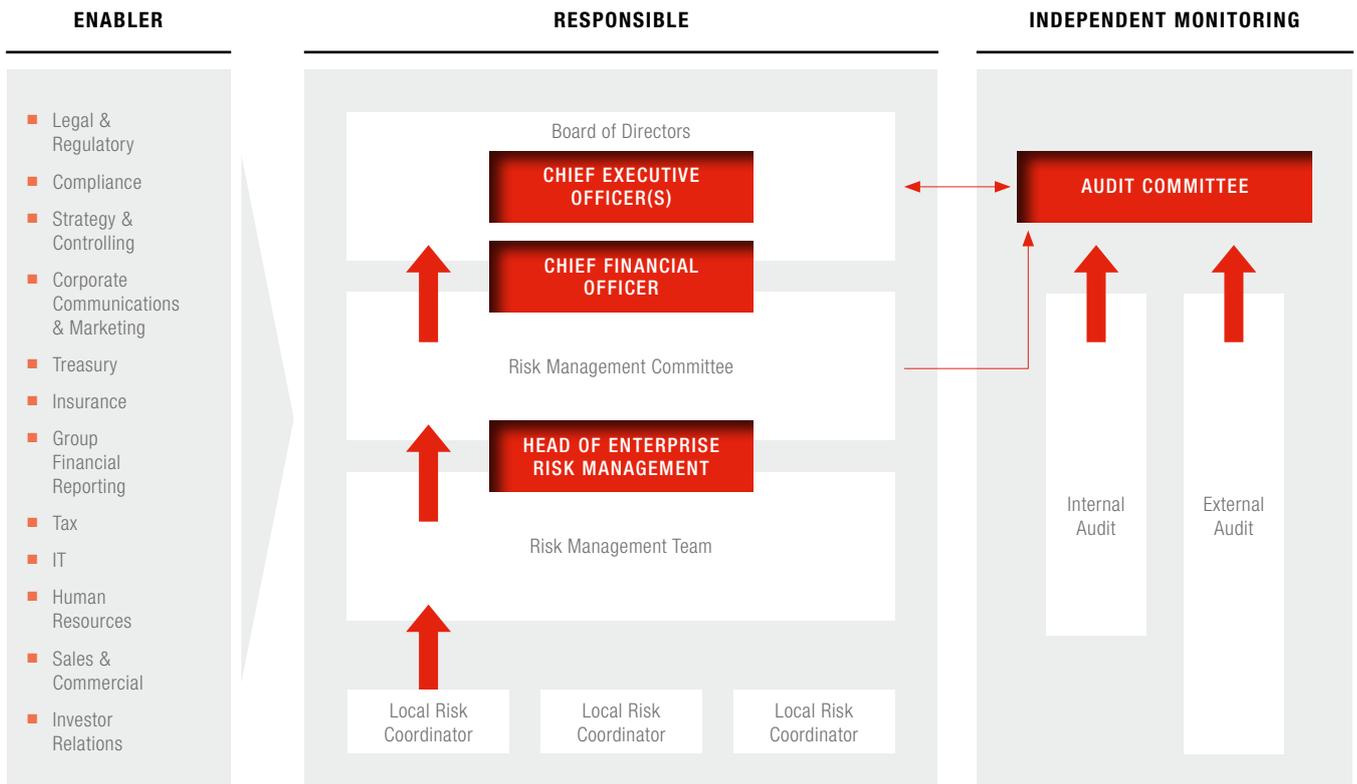
RTL Group's risk management process intends to meet the following three main objectives:

- *“Embedded culture”*: promote and embed a common risk management culture in the daily work of all RTL Group's employees;
- *“Consistent policy”*: develop consistent risk policies on key matters to be tailored and implemented at Business Unit level with consideration of local challenges and environment;
- *“Harmonised response”*: ensure harmonised risk management prevention, detection and mitigation measures across RTL Group and its Business Units vs key risks, as well as a continuous related monitoring and improvement programme.

The risk management organisation is the combination of structures and relationships (see the diagram below) which enables a proper risk governance environment. RTL Group's Risk management governance model has a strong vertical component descending from the Board, Executive, Audit and Risk Management Committees, through the executive responsible (CEO, CFO and Head of ERM) and down to all levels of the dedicated risk management functions, including Group local entities. This backbone is enabled by related control functions carried out by the Legal & Regulatory, Compliance, Strategy & Controlling, Corporate Communications & Marketing, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources, Sales & Commercial and Investor Relations departments. Independent monitoring is also carried out by Internal Audit and External Audit.

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations, and the optimal use of the Group's resources
- Integrity and reliability of financial and operational information
- Reliability of financial reporting
- Proper identification, assessment, mitigation and reporting of material risks
- Compliance with applicable laws, regulations, standards and contracts



The Risk Management Committee is composed of the following permanent members:

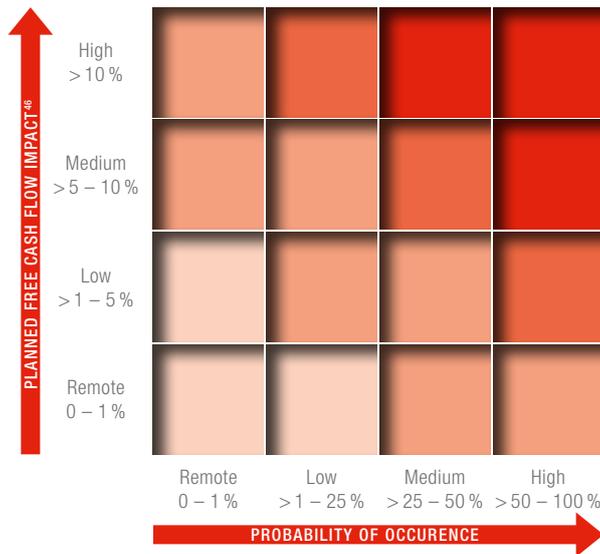
- RTL Group Chief Financial Officer and Head of the Corporate Centre
- RTL Group Deputy CFO and Executive Vice President Finance
- RTL Group Executive Vice President Audit and Compliance
- RTL Group Senior Vice President Treasury and Enterprise Risk Management
- RTL Group Senior Vice President Controlling & Investments
- RTL Group General Counsel

- RTL Group Senior Vice President Group IT
- Media Assurances' Chief Executive Officer
- Additional guests may be invited to participate in Risk Management Committee meetings as subject matter experts based on the topics to be addressed.

Definition of risk

RTL Group defines risk as the danger of a negative development that could endanger the solvency or existence of a business unit, or have a negative impact on the Group's income statement.

RISK CLASSIFICATION



Risk reporting framework

RTL Group developed a framework for the reporting of risks, in line with good corporate practice.

This framework is based on a number of key principles:

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments include a description of the risk, an indication of the potential financial impact, and steps taken to mitigate the risk. These steps are performed throughout RTL Group, consolidated by the Head of Enterprise Risk Management, reviewed by the Internal Audit Department, and ultimately summarised in a dedicated risk management report. Results are presented to the Audit Committee.
- Regular and consistent reporting: RTL Group's system of internal controls ensures that risks are addressed, reported and mitigated when they arise. All significant risks are comprehensively assessed within the risk reporting framework, and reported to RTL Group management on a bi-annual basis. This ensures that necessary actions are undertaken to manage, mitigate or offset risks within the Group. The risks are reported using a common reporting tool to ensure consistency in scope and approach.
- Bottom-up approach: RTL Group assesses risks where they arise – in its operations. All business units assess themselves according to the three parts of the risk management report:
 - Risk Management System: risk assessment and quantification of residual risks if applicable
 - Internal Control System: self-assessment on internal controls in place

- Information Security Management System: risk assessment and quantification of IT-related risks
- Consolidated Group matrix: the Enterprise Risk Management (ERM) team aggregates a comprehensive view of significant risks for the Group by consolidating local risk assessments. A Risk Management Committee prepares and reviews this consolidated Group risk matrix. The committee also:
 - Advises on the control and reporting process for any major risks, and recommends mitigation strategies to the Group CFO
 - Monitors follow-up of risks and ensures mitigation measures have been taken
 - Increases risk awareness within the Group
 - Identifies potential optimisation opportunities in processes
- Audit approach: both the process of local risk assessments and the consolidated Group risk matrices are regularly reviewed by the Internal Audit Department.

Risk management in the future

RTL Group's risk management framework is constantly challenged – at both operational and Group level – through the Risk Management Committee, to ensure it reflects the risk profile of the Group at all times.

To ensure RTL Group's Enterprise Risk Management process and reporting requirements are consistently implemented throughout the Group, it holds regular workshops to update staff and to introduce new tools available to assess risk.

⁴⁶ Expected free-cash-flow impact according to the Executive Board budget in the respective period of time

General Management Statement on Risk Evaluation

RTL Group is committed to high risk management standards and applies principles endorsed by local and European regulations and expected by market authorities. Consequently, RTL Group has developed a risk management system integrated into an enterprise-wide process as outlined in the previous section.

RTL Group defines its risk management process as a continuous process at Business Unit and Group level to prevent, protect, mitigate and leverage risks in light of the execution of the Group's mission, strategic objectives and values. RTL Group's risk management strategy is an holistic, enterprise-wide process defined and implemented in light of the definition and execution of the Group's strategy. RTL Group may have to make strategic decisions involving a new set of risks or reassessment of existing risks that need to be addressed within the risk management framework.

The global media industry – especially advertising markets – is subject to constant market change and intense competition. The Group is in a strong strategic and operational position to use the market's dynamism as an opportunity to grow across broadcast, content and digital.

At the time this Directors' report was compiled, RTL Group is characterised by overall very good revenue and earnings, and a strong financial position and operating performance. Strong cash flows enable attractive dividend payments to be combined with significant investments. Management's first priority has always been to further develop the Group, to make the right investments and to achieve profitable growth. RTL Group has leading market positions across the value chain of the rapidly evolving total video market. With this financial strength, it is the company's ambition to further grow RTL Group over the coming years – to transform the leading European entertainment network into a truly global powerhouse in video production, aggregation and monetisation. Against this backdrop, as of the date of preparation of this report, RTL Group considers risks to be limited, and the overall risk situation to remain manageable. Given the rapid changes in global economy and the industry, RTL Group considers the overall risk situation to be slightly more serious than the previous year.

There are currently no discernible risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the revenue, earnings, financial position or performance of RTL Group over the projection period of three years.

OPPORTUNITY MANAGEMENT

Opportunity management system

An efficient opportunity management system enables RTL Group to secure its corporate success in the long term, and to exploit potential in the best possible way. Opportunities are defined as future developments or events that could result in a positive change from either the Group's outlook or from strategic objectives. RTL Group's Risk Management System (RMS) is an important part of the company's business processes and decisions. Significant opportunities are identified from profit centre level upward, during the Group's annual strategy and planning process.

This largely decentralised system is coordinated by central departments to identify opportunities for cooperation across the Group and within the business units. Experience is shared within divisions, and this collaborative approach is reinforced by regular senior management meetings.

Opportunities

While opportunities associated with positive development may be accompanied by corresponding risks, certain risks are necessary to exploit potential opportunities. This link to risk within the Group offers strategic, operational, legal, regulatory and financial opportunities for the company. Strategic opportunities can be derived primarily from the Group's strategic priorities. Strengthening core businesses, driving the digital transformation, developing growth platforms and expanding in growth regions are the most important long-term growth opportunities for RTL Group. In particular, there are opportunities to exploit synergies as a result of the Group's expanding portfolio, individual

operational opportunities, the possibility of more favourable economic development, and the potential for efficiency improvements.

Two major opportunities for RTL Group are a better-than-expected development of the TV and radio advertising market, and increasing audience and advertising market shares.

The rapidly changing digital environment is opening up opportunities as the media landscape fragments. High-quality content can be distributed across multiple platforms, both nationally and internationally. New revenue streams can be generated by exploiting existing TV content across multiple platforms, and by creating native digital content. With the expansion of its presence in the digital space, RTL Group could increase online video advertising sales on all screens and TV platforms, and establish hybrid models in the on-demand world, consisting of a free catch-up service and a paid premium service. New advertising sales could emerge through the offering of new interactive forms of advertising parallel to linear TV use, and from more effective targeted advertising in the digital environment – namely thanks to developments in advertising technology. What's more, as an established content producer with a global presence, RTL Group could further expand its digital distribution through multi-platform networks and digital streaming platforms.

Other opportunities could arise from changes to the legal and regulatory environment and as a result of favourable changes to interest and exchange rates.

LUXEMBOURG LAW ON TAKEOVER BIDS

The following disclosures are made in accordance with article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

a) Share capital structure

RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange, Euronext Brussels and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2017 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

b) Transfer restrictions

At the date of this report, all RTL Group SA shares are freely transferable but shall be subject to the provisions of the applicable Belgian and Luxembourg insider dealing and market manipulation laws, which prevent anyone who has material non-public information about a company from dealing in its shares and from committing market manipulations. A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group SA and its subsidiaries.

c) Major shareholding

The shareholding structure of RTL Group SA as at 31 December 2017 is as follows: Bertelsmann Capital Holding GmbH held 75.1 per cent, 24.1 per cent were publicly traded and the remaining 0.8 per cent were held collectively as treasury stock by RTL Group SA and one of its subsidiaries.

d) Special control rights

All the issued and outstanding shares of RTL Group SA have equal voting rights and no special control rights attached.

e) Control system in employee share scheme

RTL Group SA's Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

f) Voting rights

Each share issued and outstanding in RTL Group SA represents one vote. The Articles of Association do not provide for any voting restrictions. In accordance with the Articles of Association, a record date for the admission to a general meeting is set and certificates for the shareholdings and proxies shall be received by RTL Group SA the 14th day before the relevant date at 24 hours (Luxembourg time). Additional provisions may apply under Luxembourg law.

g) Shareholders' agreement with transfer restrictions
RTL Group SA's Board of Directors has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights.

h) Appointment of Board members, amendments of the Articles of Association

The appointment and replacement of Board members and the amendments of the Articles of Association are governed by Luxembourg Law and the Articles of Association. The Articles of Association are published under the 'Investors' Corporate Governance Section on *RTLGroup.com*.

i) Powers of the Board of Directors

The Board of Directors is vested with the broadest powers to manage the business of RTL Group SA. It may take all acts of administration and of disposal in the interest of RTL Group SA. The Board of Directors has set up several committees whose members are Directors. The responsibilities and functionalities of the Board of Directors and its committees are described in the Articles of Association and the Corporate Governance Charter, published under the 'Investors' Corporate Governance Section on *RTLGroup.com*. The Company's General Meeting held on 16 April 2014 authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This authorisation is valid for five years and the purchase price is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition.

j) Significant agreements or essential business contracts

The Board of Directors is not aware of any significant agreements to which RTL Group SA is party and which take effect, alter or terminate upon a change of control of RTL Group SA following a takeover bid.

k) Agreements with Directors and employees

The Executive Committee members are entitled to contractual severance payments in case of dismissal, except in the case of dismissal for serious reasons.

SUBSEQUENT EVENTS

On 2 January 2018, UFA Films und Fernseh GmbH (“UFA”) acquired 100 per cent of United Screens AB (“United Screens”), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network (“MPN”) in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. Additionally, RTL Group plans to invest SEK 25 million to fund the company’s growth plan across the Nordic region. A portion of the purchase price has been paid into an escrow account to serve as collateral for cash adjustments and potential warranty claims. The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The Revolving Loan with Bertelsmann SE & Co. KGaA terminated on 23 February 2018. RTL Group has re-negotiated an extension for another 5-year period, at similar terms and conditions, except for the spread, which is reduced from 60 basis points to 40 basis points on reference interest rates (EONIA/EURIBOR). However, the reference rates have been floored at zero per cent minimum.

OUTLOOK

Given the current economic climate, RTL Group does not see any signs of either a wider advertising market rally or decline – especially with uncertainty around the Brexit and the political elections in Europe – and expects the picture in 2018 to be similar to 2017 with overall slight growth. Accordingly, RTL Group currently believes 2018 will be another challenging year for its TV channels and therefore expects only slight top line growth from its core broadcast markets.

FremantleMedia – RTL Group’s content production arm – will continue to face market pressure on both volumes and pricing, but should benefit from the investments made in new businesses and also in the pipeline, especially in drama and digital. The return of *American Idol* on 11 March 2018 should also benefit FremantleMedia. Accordingly, RTL Group expects FremantleMedia’s revenue to grow between 4 and 7 per cent with EBITDA once again progressing. This revenue growth may be negatively impacted by exchange rate effects.

Digital revenues are expected to continue to show dynamic double-digit revenue growth and increase its share of RTL Group’s total revenue to at least 15 per cent until 2020 to 2022.

The company will continue to focus on cash conversion and targets 2018 levels to be broadly in line with previous years, not below 85 to 90 per cent.

RTL Group keeps a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the financial year 2018.

The dividend policy remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the financial year 2018 as an ordinary dividend. The potential for an interim dividend payment will be assessed by the Board after having reviewed the Group’s investment pipeline, cash generation and net debt level.

RTL Group expects its total revenue for the fiscal year 2018 to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group’s digital businesses and FremantleMedia.

The 2017 EBITDA included a positive one-off effect of €94 million from the sale of buildings in Rue Bayard, Paris. Normalised for this effect, RTL Group expects EBITDA in 2018 to be broadly stable.

| Outlook RTL Group | 2017 ⁴⁷ €m | 2018e €m | Outlook | Change % |
|---------------------------------------|---------------------------|-----------------------------|---------------------------|----------------------------|
| Revenue | 6,373 | 6,532 to 6,692 | Moderately up | +2.5 to +5.0 |
| Normalised EBITDA | 1,370 | 1,356 to 1,384 | Broadly stable | -1.0 to +1.0 |
| Comparison: outlook vs actuals | 2016 actual €m | Change outlook % | 2017 actual €m | Change actual % |
| Revenue | 6,237 | +2.5 to +5.0 | 6,373 | +2.2 |
| EBITDA | 1,411 | +1.0 to +2.5 | 1,464 | +3.8 |

6 March 2018

The Board of Directors

⁴⁷ 2017 EBITDA normalised for the positive one-off effect from the sale of RTL Group’s buildings in Rue Bayard, Paris, of €94 million

MANAGEMENT RESPONSIBILITY STATEMENT

We, Bert Habets, Chief Executive Officer, and Elmar Heggen, Deputy Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that these 2017 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 6 March 2018



Bert Habets
Chief Executive Officer



Elmar Heggen
Deputy Chief Executive Officer,
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

| | 2017 €m | 2016 €m |
|--|--------------|--------------|
| Revenue | 6,373 | 6,237 |
| Other operating income | 148 | 111 |
| Consumption of current programme rights | (2,093) | (2,070) |
| Depreciation, amortisation, impairment and valuation allowance | (223) | (215) |
| Other operating expenses | (3,026) | (2,924) |
| Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | (17) | (15) |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | 21 | 6 |
| Profit from operating activities | 1,183 | 1,130 |
| Share of results of investments accounted for using the equity method | 63 | 67 |
| Earnings before interest and taxes ("EBIT") | 1,246 | 1,197 |
| Interest income | 4 | 6 |
| Interest expense | (26) | (27) |
| Financial results other than interest | (2) | 3 |
| Profit before taxes | 1,222 | 1,179 |
| Income tax expense | (385) | (363) |
| Profit for the year | 837 | 816 |
| Attributable to: | | |
| RTL Group shareholders | 739 | 720 |
| Non-controlling interests | 98 | 96 |
| Profit for the year | 837 | 816 |
| EBITA | 1,248 | 1,205 |
| Impairment of investments accounted for using the equity method | (6) | – |
| Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | (17) | (15) |
| Re-measurement of earn-out arrangements | – | 1 |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | 21 | 6 |
| Earnings before interest and taxes ("EBIT") | 1,246 | 1,197 |
| EBITDA | 1,464 | 1,411 |
| Depreciation, amortisation and impairment | (233) | (221) |
| Impairment of investments accounted for using the equity method | (6) | – |
| Re-measurement of earn-out arrangements | – | 1 |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | 21 | 6 |
| Earnings before interest and taxes ("EBIT") | 1,246 | 1,197 |
| Earnings per share (in €) | | |
| – Basic | 4.81 | 4.69 |
| – Diluted | 4.81 | 4.69 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

| | 2017 €m | 2016 €m |
|--|--------------|-------------|
| Profit for the year | 837 | 816 |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Re-measurement of post-employment benefit obligations | (2) | (11) |
| Income tax | (2) | 3 |
| | (4) | (8) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation differences | (61) | 33 |
| Effective portion of changes in fair value of cash flow hedges | (65) | 39 |
| Income tax | 13 | (12) |
| | (52) | 27 |
| Change in fair value of cash flow hedges transferred to profit or loss | (40) | (34) |
| Income tax | 12 | 11 |
| | (28) | (23) |
| Fair value gains/(losses) on available-for-sale financial assets | (8) | 2 |
| Income tax | 2 | – |
| | (6) | 2 |
| | (147) | 39 |
| Other comprehensive income/(loss) for the year, net of income tax | (151) | 31 |
| Total comprehensive income for the year | 686 | 847 |
| Attributable to: | | |
| RTL Group shareholders | 590 | 751 |
| Non-controlling interests | 96 | 96 |
| Total comprehensive income for the year | 686 | 847 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 31 December 2017 €m | 31 December 2016 €m |
|---|---------------------------|---------------------------|
| Non-current assets | | |
| Programme and other rights | 94 | 100 |
| Goodwill | 3,037 | 3,039 |
| Other intangible assets | 243 | 225 |
| Property, plant and equipment | 352 | 290 |
| Investments accounted for using the equity method | 407 | 427 |
| Loans and other financial assets | 137 | 167 |
| Deferred tax assets | 295 | 317 |
| | 4,565 | 4,565 |
| Current assets | | |
| Programme rights | 1,156 | 1,160 |
| Other inventories | 16 | 15 |
| Income tax receivable | 48 | 19 |
| Accounts receivable and other financial assets | 1,844 | 2,025 |
| Cash and cash equivalents | 265 | 433 |
| | 3,329 | 3,652 |
| Assets classified as held for sale | – | 83 |
| Current liabilities | | |
| Loans and bank overdrafts | 247 | 493 |
| Income tax payable | 63 | 52 |
| Accounts payable | 2,672 | 2,842 |
| Provisions | 178 | 145 |
| | 3,160 | 3,532 |
| Net current assets | 169 | 203 |
| Non-current liabilities | | |
| Loans | 568 | 517 |
| Accounts payable | 475 | 405 |
| Provisions | 242 | 249 |
| Deferred tax liabilities | 25 | 45 |
| | 1,310 | 1,216 |
| Net assets | 3,424 | 3,552 |
| Equity attributable to RTL Group shareholders | 2,957 | 3,077 |
| Equity attributable to non-controlling interests | 467 | 475 |
| Equity | 3,424 | 3,552 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

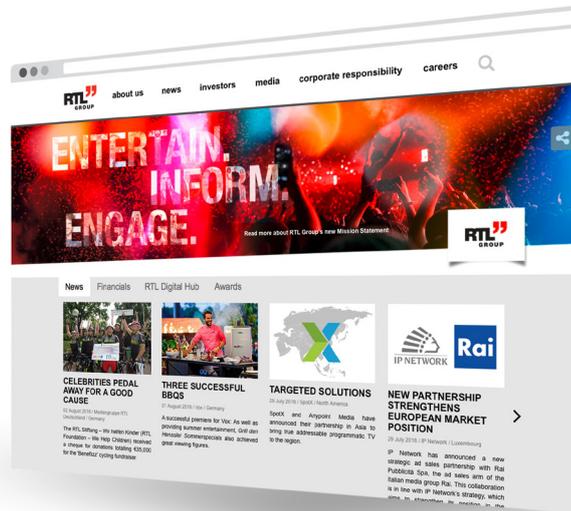
| | Share capital € m | Treasury shares € m | Currency translation reserve € m | Hedging reserve € m | Revaluation reserve € m | Reserves and retained earnings € m | Equity attributable to RTL Group shareholders € m | Equity attributable to non-controlling interests € m | Total equity € m |
|---|----------------------|------------------------|-------------------------------------|------------------------|----------------------------|---------------------------------------|--|---|---------------------|
| Balance at 1 January 2016 | 192 | (47) | (117) | 48 | 73 | 2,805 | 2,954 | 455 | 3,409 |
| Total comprehensive income: | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 720 | 720 | 96 | 816 |
| Foreign currency translation differences | - | - | 33 | - | - | - | 33 | - | 33 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | - | - | - | 27 | - | - | 27 | - | 27 |
| Change in fair value of cash flow hedges transferred to profit or loss, net of tax | - | - | - | (23) | - | - | (23) | - | (23) |
| Fair value gains/(losses) on available-for-sale financial assets, net of tax | - | - | - | - | 2 | - | 2 | - | 2 |
| Re-measurement of post-employment benefit obligations, net of tax | - | - | - | - | - | (8) | (8) | - | (8) |
| | - | - | 33 | 4 | 2 | 712 | 751 | 96 | 847 |
| Capital transactions with owners: | | | | | | | | | |
| Dividends | - | - | - | - | - | (614) | (614) | (74) | (688) |
| Cancellation of shares | - | - | - | - | - | (2) | (2) | - | (2) |
| Equity-settled transactions, net of tax | - | - | - | - | - | 5 | 5 | 5 | 10 |
| (Acquisition)/disposal of treasury shares | - | (1) | - | - | - | - | (1) | - | (1) |
| Transactions on non-controlling interests without a change in control | - | - | - | - | - | (6) | (6) | (4) | (10) |
| Transactions on non-controlling interests with a change in control | - | - | - | - | - | (11) | (11) | (6) | (17) |
| Derivatives on equity instruments | - | - | - | - | - | 3 | 3 | 3 | 6 |
| Transactions on treasury shares of associates | - | - | - | - | - | (2) | (2) | - | (2) |
| | - | (1) | - | - | - | (627) | (628) | (76) | (704) |
| Balance at 31 December 2016 | 192 | (48) | (84) | 52 | 75 | 2,890 | 3,077 | 475 | 3,552 |
| Total comprehensive income: | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 739 | 739 | 98 | 837 |
| Foreign currency translation differences | - | - | (61) | - | - | - | (61) | - | (61) |
| Effective portion of changes in fair value of cash flow hedges, net of tax | - | - | - | (52) | - | - | (52) | - | (52) |
| Change in fair value of cash flow hedges transferred to profit and loss, net of tax | - | - | - | (28) | - | - | (28) | - | (28) |
| Fair value gains/(losses) on available-for-sale financial assets, net of tax | - | - | - | - | (6) | - | (6) | - | (6) |
| Re-measurement of post-employment benefit obligations, net of tax | - | - | - | - | - | (2) | (2) | (2) | (4) |
| | - | - | (61) | (80) | (6) | 737 | 590 | 96 | 686 |
| Capital transactions with owners: | | | | | | | | | |
| Dividends | - | - | - | - | - | (614) | (614) | (72) | (686) |
| Equity-settled transactions, net of tax | - | - | - | - | - | 6 | 6 | 5 | 11 |
| (Acquisition)/disposal of treasury shares | - | 1 | - | - | - | - | 1 | - | 1 |
| Transactions on non-controlling interests without a change in control | - | - | - | - | - | (92) | (92) | (34) | (126) |
| Transactions on non-controlling interests with a change in control | - | - | - | - | - | (8) | (8) | - | (8) |
| Derivatives on equity instruments | - | - | - | - | - | (3) | (3) | (3) | (6) |
| | - | 1 | - | - | - | (711) | (710) | (104) | (814) |
| Balance at 31 December 2017 | 192 | (47) | (145) | (28) | 69 | 2,916 | 2,957 | 467 | 3,424 |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December

| | 2017 €m | 2016 €m |
|---|----------------|--------------|
| Cash flows from operating activities | | |
| Profit before taxes | 1,222 | 1,179 |
| Adjustments for: | | |
| – Depreciation and amortisation | 230 | 218 |
| – Value adjustments and impairment | 79 | 39 |
| – Share-based payments expenses | 11 | 10 |
| – Re-measurement of earn-out arrangements | – | (1) |
| – Gain on disposal of assets | (132) | (25) |
| – Financial results including net interest expense and share of results of investments accounted for using the equity method | 24 | 23 |
| Change of provisions | 23 | 13 |
| Working capital changes | (89) | (83) |
| Income taxes paid | (345) | (267) |
| Net cash from operating activities | 1,023 | 1,106 |
| Cash flows from investing activities | | |
| Acquisitions of: | | |
| – Programme and other rights | (94) | (122) |
| – Subsidiaries, net of cash acquired | (30) | (60) |
| – Other intangible and tangible assets | (145) | (135) |
| – Other investments and financial assets | (43) | (36) |
| | (312) | (353) |
| Proceeds from the sale of intangible and tangible assets | 170 | 47 |
| Disposal of other subsidiaries, net of cash disposed of | – | 5 |
| Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets | 10 | 8 |
| Interest received | 4 | 5 |
| | 184 | 65 |
| Net cash used in investing activities | (128) | (288) |
| Cash flows from financing activities | | |
| Interest paid | (17) | (17) |
| Transactions on non-controlling interests | (148) | (16) |
| Acquisition of treasury shares | 1 | (1) |
| Term loan facility due to shareholder | (251) | (153) |
| Proceeds from loans | 105 | 72 |
| Repayment of loans | (59) | (27) |
| Dividends paid | (687) | (689) |
| Net cash used in financing activities | (1,056) | (831) |
| Net decrease in cash and cash equivalents | (161) | (13) |
| Cash and cash equivalents and bank overdrafts at beginning of year | 431 | 444 |
| Effect of exchange rate fluctuation on cash held | (12) | – |
| Cash and cash equivalents and bank overdrafts at end of year | 258 | 431 |

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Financial Calendar

- 18 April 2018 ————— Annual General Meeting
- 17 May 2018 ————— Results January to March 2018
- 29 August 2018 ————— Half-year results 2018
- 8 November 2018 ————— Results January to September 2018

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