

## **RTL Group counters coronavirus crisis with cost and cash-flow management – gains market shares and grows streaming subscriber base**

- **Group revenue down 16.4 per cent to €2.7 billion in H1/2020**
- **Adjusted EBITA down to €258 million; Adjusted EBITA margin at 9.7 per cent**
- **Operating cash conversion rate of 164 per cent; net debt significantly reduced; sufficient liquidity for all recovery scenarios**
- **Q2/2020 revenue down by 28.3 per cent to €1,186 million; 50 per cent of the revenue decline in Q2/2020 offset by cost reductions**
- **Profit for the period at €156 million**
- **Gains in net TV advertising market shares and outperformance of commercial competitors on audience ratings in Germany, France and the Netherlands**
- **Paying subscribers for RTL Group's streaming services in Germany and the Netherlands up 45.2 per cent to 1.77 million**
- **Restart of Fremantle productions in most territories, with significant content demand from broadcasters and streaming platforms**

Luxembourg, 13 August 2020 – RTL Group announces its non-audited results for the six months ended 30 June 2020.

### **H1/2020: revenue and EBITA down, net debt significantly reduced**

- Group revenue was down 16.4 per cent to €2,652 million (H1/2019: €3,173 million), mainly due to declining TV advertising markets across Europe in the second quarter of 2020 as a result of the Covid-19 outbreak. Group revenue was down 15.4 per cent organically<sup>1</sup>.
- Q2/2020 Group revenue was down 28.3 per cent to €1,186 million (Q2/2019: €1,655 million). 50 per cent of the revenue decline in Q2/2020 was offset<sup>2</sup> by lower costs in Adjusted EBITA<sup>3</sup>.
- Streaming revenue<sup>4</sup> from TV Now and Videoland was up 23.1 per cent to €80 million (H1/2019: €65 million).

<sup>1</sup> Adjusted for portfolio changes, the wind-down of StyleHaul and at constant exchange rates

<sup>2</sup> The compensation rate is defined as total cost reduction as a percentage of total revenue decline in a defined period

<sup>3</sup> The Adjusted EBITA represents a recurring operating result and excludes significant special items. Further details can be found on p. 8 of RTL Group's Interim Report January to June 2020

<sup>4</sup> Streaming revenue includes SVOD, TVOD and in-stream revenue from TV Now and Videoland

- Adjusted EBITA was down to €258 million (H1/2019: €538 million). The Adjusted EBITA margin came in at 9.7 per cent (H1/2019: 17.0 per cent). Reported EBITA<sup>5</sup> was down to €241 million.
- Profit for the period was down to €156 million (H1/2019: €443 million), mainly due to the decrease in Reported EBITA. This was partly compensated by significantly lower income tax expense.
- Net cash from operating activities was at €336 million (H1/2019: €354 million), resulting in an operating cash conversion rate of 164 per cent (H1/2019: 95 per cent).
- RTL Group further reduced its net debt and has significant unused and committed Bertelsmann credit facilities, with no maturities before 2023. At 30 June 2020, RTL Group had a net debt position<sup>6</sup> of €181 million (31 December 2019: net debt of €384 million).

**“RTL Group’s three-priority strategy – core, growth, alliances & partnerships – remains unchanged.”**

Statement from **Thomas Rabe**, Chief Executive Officer of RTL Group:

“RTL Group reacted promptly to the worldwide spread of the coronavirus disease by focusing on four areas: the safety of our employees, the continuity of our businesses, liquidity, and cost and cash flow management.

As expected, our largest revenue stream – TV advertising – declined strongly in the second quarter of 2020, but we succeeded in offsetting 50 per cent of the revenue decline. We did so without cutting into the substance of our businesses or reducing investments in our streaming services, which is reflected in gains in market shares and a significant growth in paying subscribers for our streaming services. This demonstrates the resilience of our businesses, and the strength of our management teams. Our broadcasters and Fremantle restarted productions across all genres to offer our viewers fresh and exclusive content.

Despite the economic uncertainty, RTL Group’s three-priority strategy – core, growth, alliances & partnerships – remains unchanged. We maintain our mid-term targets for the streaming services TV Now in Germany and Videoland in the Netherlands to grow their total number of paying subscribers to between 5 and 7 million, to grow streaming revenue to at least €500 million and to break even by 2025. The growth in paying subscribers and streaming revenue in the first half of 2020 is in line with the ‘boost’ plans we presented in March.”

### **Strengthening RTL Group’s core**

- During the coronavirus pandemic, RTL Group increased its **net reach, viewing times and digital usage** across its channels and platforms, as they provided information and entertainment to millions of people who faced unprecedented disruption to their daily lives. RTL Group gained both net TV advertising market shares and outperformed its commercial competitors on audience ratings in Germany, France and the Netherlands.

<sup>5</sup> See p. 8 of RTL Group’s Interim Report January to June 2020

<sup>6</sup> The net debt excludes current and non-current lease liabilities. Including these, net debt amounts to €597 million (31 December 2019: €816 million). See note 5 to the Condensed Consolidated Interim Financial Information

- RTL Group's **news** channels and most popular news formats all reached audience highs during the corona lockdown periods. At the same time, **live entertainment** formats were especially successful:
  - In Germany, *Let's dance* scored the best ratings since 2014, despite the fact that there was no audience allowed in the studio. Its average audience share was 19.1 per cent in the target group of viewers aged 14 to 59.
  - In France, *Tous en Cuisine* (All in the Kitchen) was the format success during the lockdown period with an average audience share of 20.0 per cent in the commercial target group of women under 50 responsible for purchases.
- **Groupe M6** continued its efforts to focus on its core businesses. After the sale of the football club Girondins de Bordeaux and MonAlbumPhoto (2018), as well as the combination of its subsidiary iGraal with the German Global Savings Group, Groupe M6 announced it had entered into exclusive negotiations with Stars to sell its home shopping business. The transaction remains subject to the finalisation of the negotiations and to consultation with the employee representative bodies.

### Boosting growth businesses

- At the end of June 2020, RTL Group registered **1.77 million paying subscribers** for its streaming services TV Now in Germany and Videoland in the Netherlands, up 45.2 per cent year on year.
- **TV Now** continues to expand its content offer, with a substantial increase in TV Now originals of around one new format per week – including 11 new German fiction series – for the upcoming season 2020/2021. Another driver for TV Now will be the streaming of exclusive matches in the Uefa Europa and Uefa Europa Conference Leagues, starting with the 2021/2022 season. In addition, TV Now introduced a new Premium+ subscription in April 2020. Premium+ subscribers can enjoy two streams in parallel, free of advertising, and with original sound for non-German productions.
- RTL Nederland announced a new hybrid model for **Videoland**, adding an entry subscription model at a lower price that shows advertising, and a Plus subscription model that includes the use of more screens. This strategic step opens Videoland up to advertising clients of the Dutch Ad Alliance. Upcoming content highlights for Videoland include *Drag Race Holland*, the drama series *Lieve Mama*, the reality format *Love Island* and the second season of the true crime series *De Jacht op de Mocro Maffia*.
- The commercial launch of **Salto** – the joint subscription streaming service of Groupe TF1, France Télévisions and Groupe M6 – is planned for autumn 2020. In France, Groupe M6's advertising-financed streaming service, 6play, recorded an additional one million active users compared to 30 June 2019, and a 15.1 per cent increase in videos viewed for the first half of 2020.
- With **Bedrock**, Groupe M6 is building the tech platform for the streaming service Salto. The Bedrock tech platform will also be used by Videoland in the Netherlands, as well as the RTL services in Belgium, Hungary and Croatia.

- **Fremantle** had creative successes across all genres in the first half of 2020 with *American Idol*, *America's Got Talent: The Champions*, the reality-dating formats *Five Guys a Week* on Channel 4 and *Too Hot to Handle* on Netflix. Fremantle also continued its push into drama production with the launches of *The New Pope* on Sky Italia, *Baghdad Central* on Channel 4 and the UFA Fiction film *Betonrausch* on Netflix. Fremantle International sold *The Salisbury Poisonings* – the four-part drama series from BBC One and Dancing Ledge Productions – to AMC in the US. The series, which launched in June 2020, was the BBC's highest rated drama since August 2018.
- Fremantle's **drama pipeline** includes many high-profile productions such as the third season of *My Brilliant Friend*, a new series about the Israeli Prime Minister Benjamin Netanyahu, the UFA feature film *Siegfried & Roy*, the drama series *We are who we are* for HBO and the upcoming real-life drama series about UK Prime Minister Boris Johnson's turbulent life during the coronavirus crisis. Fremantle also announced that Academy Award winner Paolo Sorrentino will write and direct *The Hand of God* produced by Fremantle's The Apartment, for Netflix.
- The first format of RTL Group's Format Creation Group (**FC Group**), *Like Me – I'm Famous*, was commissioned by Mediengruppe RTL Deutschland and has been available since 11 August 2020 on TV Now.

### Fostering alliances and partnerships

- RTL Group is building an open ad-tech platform, based on the technology developed by **Smartclip** and tailored for the needs of European broadcasters and streaming services. Smartclip and Atresmedia announced they would deepen their strategic partnership. Smartclip will now enable addressable TV (ATV) advertising solutions for Atresmedia at scale. The joint aim is to provide the largest ATV product offer in Spain. RTL Group is in talks with several major European broadcasters to work on similar ad-tech partnerships with Smartclip.
- Fremantle, Penguin Random House UK and BMG launched a joint podcast business as part of the Bertelsmann Content Alliance UK. The new podcast company, **Storyglass**, will focus on developing and producing podcasts of all genres, complementing the output of each of the businesses across TV, books and music in a UK Audio Alliance. The new business will produce podcast projects across scripted, non-scripted, documentary, true crime, lifestyle, music and talent-led series for all major podcast distribution platforms.
- The public and private radio groups in France – including the **RTL radio family** (part of Groupe M6), Lagardère News, Les Indés Radios and Radio France – announced a joint venture to develop a free digital platform that aims to make their radio programmes and content available on various digital devices. The company is open to all French radio stations that would like to join.

## Outlook

- Given the current economic uncertainty, RTL Group's Board of Directors decided on 2 April 2020 to withdraw the previous outlook (dated 13 March 2020) which did not reflect the coronavirus outbreak.
- As stated on 2 April 2020, global economic development and prospects have significantly deteriorated since mid-March, when RTL Group gave its outlook statement.
- RTL Group currently expects that the decline of net TV advertising markets will slow down in the third quarter of 2020, projecting its TV advertising revenue to be down by around minus 10 per cent in Q3/2020 compared to Q3/2019 (decline in Q2/2020: approximately minus 40 per cent year on year) – assuming further normalisation of the market conditions.
- However, there is a high level of uncertainty regarding TV advertising revenue in Q4/2020. Consequently, RTL Group is currently not in a position to provide a new outlook for the full year 2020, except that RTL Group's full-year 2020 revenue and Adjusted EBITA will be significantly below 2019 and other recent years.

**Key financial figures (January to June 2020)**

	H1/2020 € m	H1/2019 € m	Per cent change
<b>Revenue</b>	<b>2,652</b>	<b>3,173</b>	<b>(16.4)</b>
<b>Adjusted EBITA<sup>7</sup></b>	<b>258</b>	<b>538</b>	<b>(52.0)</b>
<b>Adjusted EBITA margin (%)</b>	<b>9.7</b>	<b>17.0</b>	
<b>Reported EBITA</b>	<b>241</b>	<b>538</b>	<b>(55.2)</b>
Impairment of investments accounted for using the equity method	(65)	–	
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(4)	(10)	
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	88	70	
<b>EBIT</b>	<b>260</b>	<b>598</b>	<b>(56.5)</b>
Net financial income/(expense)	(19)	–	
Income tax expense	(85)	(155)	
<b>Profit for the period</b>	<b>156</b>	<b>443</b>	<b>(64.8)</b>
Attributable to:			
– Non-controlling interests	62	50	
<b>– RTL Group shareholders</b>	<b>94</b>	<b>393</b>	<b>(76.1)</b>
<b>Reported EPS (in €)</b>	<b>0.61</b>	<b>2.56</b>	<b>(76.1)</b>

The full report for the interim results 2020 will be available to download at <http://www.rtlgroup.com/results-H1-2020>

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<sup>7</sup> See p. 8 of RTL Group's Interim Report January to June 2020

## About RTL Group

RTL Group is a leader across broadcast, content and digital, with interests in 68 television channels, eight streaming platforms and 31 radio stations. RTL Group also produces content throughout the world and owns digital video networks. The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia, Hungary and Antena 3 in Spain. RTL Group's families of TV channels are either the number one or number two in eight European countries. The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, Spain and Luxembourg. RTL Group's content business, Fremantle, is one of the world's largest creators, producers and distributors of scripted and unscripted content. Fremantle has an international network of production teams, companies and labels in over 30 countries, producing over 12,800 hours of original programming and distributing over 20,000 hours of content worldwide. Combining the streaming-services of its broadcasters (such as TV Now, 6play, Videoland), the digital video networks BroadbandTV and Divimove; and Fremantle's more than 300 YouTube channels, RTL Group has become the leading European media company in digital video. RTL Group also owns the ad-tech businesses Smartclip and SpotX. RTL AdConnect is RTL Group's international advertising sales house. Bertelsmann is the majority shareholder of RTL Group, which is listed on the Luxembourg and Frankfurt stock exchanges and in the MDax stock index.

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