

RTL Group S.A.
Société Anonyme

Audited annual accounts
for the year ended 31 December 2018

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Directors' report

I. OVERVIEW

RTL Group estimates that the net TV advertising markets grew in 2018 in all markets in which the Group is active – with the exception of Germany and French-speaking Belgium and Spain.

In 2018, Group revenue increased 2.1 per cent to €6,505 million (2017: €6,373 million), once again reaching a record level. This was mainly driven by higher revenue from RTL Group's rapidly growing digital businesses, Fremantle and RTL Nederland.

Reported EBITDA was €1,380 million compared to €1,464 million in 2017 (down 5.7 per cent). Adjusted for the significant positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris (+€94 million in 2017), EBITDA was up 0.7 per cent year on year.

Net profit attributable to RTL Group's shareholders decreased by 9.6 per cent to €668 million (2017: €739 million), mainly due to a goodwill impairment against StyleHaul amounting to €105 million.

The main developments in 2018 were as follows:

- In 2018, the combined average audience share of Mediengruppe RTL Deutschland in the target group of viewers aged 14 to 59 decreased to 27.5 per cent (2017: 28.9 per cent) – mainly due to the Fifa World Cup 2018 being broadcast on public channels. The German RTL family of channels retained a lead of 2.7 percentage points over its main commercial competitor, ProSiebenSat1 (24.8 per cent, 2017: 4.5 percentage points).

In the challenging environment of the German net TV advertising market – estimated to be down between 2.0 and 2.5 per cent – Mediengruppe RTL Deutschland's revenue decreased by 2.8 per cent to €2,226 million (2017: €2,289 million), mainly due to lower TV advertising. EBITDA was slightly down from €738 million in 2017 to €728 million – a decrease of 1.4 per cent. This was mainly due to lower TV advertising revenue in a year in which major sporting events such as the Fifa World Cup 2018 and Winter Olympics were broadcast by the public TV channels.

- Groupe M6's combined audience share was 21.4 per cent in the key commercial target group of women under 50 responsible for purchases (2017: 22.3 per cent). 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 15.0 per cent (2017: 15.7 per cent).

The French TV advertising market was estimated to be up 1.0 per cent year-on-year. In 2018, Groupe M6's revenue was down to €1,483 million (2017: €1,503 million), mainly due to lower contributions from the diversification businesses and the scope exit of MonAlbumPhoto. However, after the renewal of all distribution agreements during the first half of 2018, Groupe M6 significantly increased its high-margin platform revenue. Groupe M6's EBITDA was up 2.8 per cent to €400 million (2017: €389 million).

- In 2018, Fremantle's global network of production companies saw hours broadcast increase by 1.5 per cent to 12,738 hours (2017: 12,533 hours); the number of formats aired increased by 23.8 per cent to 78 (2017: 63) and the total number of Fremantle programmes aired worldwide was 409 (2017: 447), combined with Fremantle's international sales catalogue of more than 20,000 hours of programming sold to over 200 territories. Fremantle remains one of the largest creators and distributors of award-winning international programme brands in the world.

Revenue of Fremantle was strongly up to €1,592 million in 2018 (2017: €1,472 million), despite negative exchange rate effects of €41 million. This increase was mainly driven by the strong performances of Fremantle in North America, Germany (UFA) and the Canadian video game company Ludia. EBITDA increased by 5.0 per cent to €147 million (2017: €140 million).

- In 2018, RTL Nederland's channels reached a combined prime-time audience share of 27.2 per cent in the target group of viewers aged 25 to 54 – down from 31.1 per cent in 2017. RTL Nederland's channels remained ahead of the public broadcasters (25.5 per cent) and Talpa TV (20.1 per cent).

The Dutch TV advertising market was estimated to be up 3.0 per cent year on year. RTL Nederland's revenue increased by 6.5 per cent to €508 million (2017: €477 million), mainly driven by higher TV advertising revenue, Videoland and other digital activities. The high-margin platform revenue was strongly up due to new distribution agreements. EBITDA was slightly up to €89 million (2017: €87 million).

- Despite the enthusiasm for the Red Devils team during the Fifa World Cup 2018, which was broadcast on the public channels, RTL Belgium's family of TV channels attracted a combined audience of 35.3 per cent among shoppers aged 18 to 54 (2017: 36.9 per cent), maintaining its position as the market leader in French-speaking Belgium. RTL Belgium's lead over the public channels was 14.4 percentage points (2017: 18.4 percentage points). The flagship channel RTL-TVI had an audience share of 26.1 per cent among shoppers aged 18 to 54 (2017: 26.7 per cent) – 12.2 percentage points ahead of the Belgian public broadcaster La Une, and 13.3 percentage points ahead of the French broadcaster TF1.

Against the background of a declining TV advertising market that was estimated to be down 3.0 per cent year on year, RTL Belgium's revenue decreased to €186 million (2017: €191 million). EBITDA was strongly up to €41 million (2017: €21 million) as the 2017 EBITDA was strongly impacted by the transformation plan #evolve. The improved EBITDA also reflects lower TV programme costs in 2018.

Consistently with the past, RTL Group S.A. ("RTL Group" or "the Company") has continued to centralise financing and treasury functions of the Group through central foreign currency risk management and cash pooling arrangements with Group subsidiaries. Furthermore, RTL Group has two major investments in CLT-UFA S.A. (99.7 per cent of share capital) and in FremantleMedia S.A. (100 per cent of share capital).

The profit of RTL Group for the year 2018 amounted to €496 million (2017: €642 million). This drop is caused by a decrease of the financial result by €139 million and of the operating result by €7 million. The financial result decreased mainly because of lower dividend income (€455 million in 2018 after €709 million in 2017) which was only partially offset by a one-off gain from the contribution of the shares in SpotX Inc. to an affiliated undertaking of €96 million and lower value adjustment on financial assets (€20 million in 2018 after €38 million in 2017).

The operating result deteriorated mostly due to higher consulting fees and other general expenses.

II. SUMMARY INCOME STATEMENT

<i>In € million</i>	2018	2017
Operating income ⁽¹⁾	3	4
Operating expenses ⁽²⁾	(55)	(49)
Operating result	(52)	(45)
Financial income ⁽³⁾	571	727
Financial expenses ⁽⁴⁾	(23)	(40)
Financial result	548	687
Profit for the financial year	496	642

(1) Operating income mainly relates to the recharge of administrative and management services to Group subsidiaries

(2) Operating expenses mainly include staff costs of €28 million (2017: €28 million), general expenses of €13 million (2017: €12 million) and consulting fees of €9 million (2017: €6 million)

(3) Financial income includes dividends of €455 million (2017: €709 million), a gain from the contribution of the investment in SpotX Inc. to Fremantlemedia Group Ltd of €96 million (2017: € nil), interest income and net foreign exchange gains of €20 million (2017: €18 million)

(4) Financial expenses include value adjustments in respect of financial assets of €20 million (2017: €38 million) and interest charges of €3 million (2017: €2 million)

III. RESEARCH AND DEVELOPMENT

The Company did not carry out any research and development.

IV. OWN SHARES

RTL Group has an issued share capital of €191,845,074 (2017: €191,845,074) divided into 154,742,806 (2017: 154,742,806) fully paid-up shares with no nominal value.

On 3 April 2006, RTL Group acquired 173,300 own shares for a total acquisition cost of €12,198,587. These shares were acquired with the view to fulfil the Company's obligation in the event of the exercise of share options by the beneficiaries in the context of the Stock Option Plan issued in 2000.

Following the shareholders' resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock markets in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on 28 April 2014 into a liquidity agreement (the "Liquidity Agreement") with Kepler Capital Markets S.A. (the "Liquidity Provider"). During the year 2018, under the Liquidity Agreement, the Liquidity Provider has purchased 179,131 (2017: 250,418) shares for an amount of €11,296,075 (2017: €17,261,648) and sold 162,938 (2017: 263,604) shares for an amount of €10,731,528 (2017: €18,344,050). In accordance with regulatory requirements applicable in Luxembourg, a non-distributable reserve ("Reserve for own shares or own corporate units") has been constituted from the "Profit brought forward" account for an amount of €10,451,227 (2017: €13,755,875).

At 31 December 2018, the Company directly held 223,795 own shares (2017: 207,602) and indirectly through a Company's subsidiary 995,401 own shares (2017: 995,401).

At 31 December 2018, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €46.70 per share (2017: €67.07).

V. 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 2018).

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 the 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 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. This expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL II filed a motion claiming that the expert was not impartial. IP Deutschland has rejected the motion for lack of impartiality as unfounded. The Court has not taken a decision. Similar proceedings from 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 results by encouraging his listeners to give favorable 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" and the judicial expert's final report is expected in the course of the second quarter of 2019. 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 but this procedure is suspended until the end of the judicial expertise. However, in the meantime, four of the six claimants withdrew their claim and from the proceedings.

On 22 February 2018, the Spanish Competition Authority ("CNMC") communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. The directors of Atresmedia and their legal advisors take the view that the aforesaid Statement of Objections is not sufficiently founded and have confidence in a positive outcome for Atresmedia, either during the administrative proceeding or in court proceeding in the event that the CNMC will take a decision imposing sanctions. On this basis, no provision has been recognised at 31 December 2018.

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

VI. CORPORATE GOVERNANCE

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). It 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.

VII. SUBSEQUENT EVENTS

Effective 1 January 2019, CLT-UFA S.A., an affiliated undertaking, transferred the non-German RTL trade marks, except for the RTL Netherlands trade mark, to RTL Group Deutschland Markenverwaltungs GmbH for a total amount of €224 million.

On 1 January 2019, the non-controlling shareholders of iGraal SAS ("iGraal") exercised their put option. Consequently, Groupe M6 acquired the remaining 49 per cent of the share capital of iGraal for €22 million.

On 1 January 2019, Broadcasting Center Europe SA ("BCE") acquired 100 per cent of the share capital of Freecaster S.à r.l. and its fully owned French and Luxembourg subsidiaries ("Freecaster"). Freecaster operates production and broadcast of live and non-live media content on both mobile and the internet. With this investment of €1 million, subject to a net asset adjustment, BCE strengthens its online services. In addition, there is an earn-out mechanism over four years, subject to the financial performance of Freecaster, which is capped at below €1 million. The transaction qualifies as a business combination since RTL Group gained the control of Freecaster.

On 1 January 2019, RTL Nederland Holding BV (“RTL Nederland”) acquired 100 per cent of the share capital of BrandDeli BV and its fully owned subsidiary BrandDeli C.V. (“BrandDeli”). BrandDeli has the non-exclusive right for a minimum of three years to sell advertising space for the brand portfolio of Discovery, Fox and VIMN and herewith expands its offering of TV commercials, branded partnerships and online (video and display) advertising space for their clients. The purchase consideration is € nil million. The transaction qualifies as a business combination since RTL Group gained the control of BrandDeli.

After the share buyback by YoBoHo New media Private Ltd (“YoBoHo”) and the share acquisition by BroadbandTV Corp. (“BBTV”) realised on 2 January 2019 for INR 149 million, the Group owns 100 per cent of YoBoHo.

On 16 January 2019, following the approval from the media and antitrust authorities, RTL Radio Center Berlin GmbH (“RTL Radio Center”) completed the acquisition of additional shares in Skyline Medien GmbH (“93.6 Jam FM”). The radio station, which is based in Berlin, targets young listeners. With this investment of below €1 million, RTL Radio Center has increased its ownership to 49.9 per cent. The transaction qualifies as a joint arrangement as RTL Radio Center jointly controls the company.

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. (“BBTV”) non-controlling interests, which it decided not to exercise. On 29 January 2019, the non-controlling shareholders extended an offer to RTL Group for the sale of all of their shares in BBTV. This triggered an exit mechanism pursuant to which the non-controlling shareholders can drag RTL Group’s stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group, if RTL Group decides not to accept their offer. Such drag-along right would expire one year after RTL Group’s decision not to accept their offer. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders’ stake. RTL Group is currently evaluating the offer of the non-controlling shareholders.

On 31 January 2019, Groupe M6 entered into exclusive negotiations with Lagardère Active for the acquisition of Lagardère’s Television Business. The acquisition is subject to consultation with the employee representative bodies of both Lagardère Group’s Television Business and Groupe M6, as well as to approval of the Conseil Supérieur de l’Audiovisuel (French broadcasting authority) and the Competition Authorities. Approval for the acquisition is expected in the second half of 2019.

On 1 February 2019, SpotX Limited acquired 100 per cent of the share capital of Yospace Entreprises Limited and its fully owned subsidiary, Yospace Technologies Limited (“Yospace”). Yospace is a UK-based video technology company which has developed solutions for server-side dynamic ad insertion (“SSDAI”) which enables the replacement of existing commercials with more targeted advertising. This acquisition complements the ad-tech stack of the Group and secures SpotX as a key technology to win, retain, and scale premium media clients, including RTL Group broadcasters and streaming services.

The transaction qualifies as a business combination since RTL Group gained the control of Yospace. Former EMI options have been accelerated. Growth shares have been provided to key managers for a capped amount of USD 7 million. The purchase consideration amounts to USD 20 million, contingent on a net cash and working capital position. The parties also agreed on an earn-out mechanism capped to USD 5 million, subject to the performance of the business.

On 19 February 2019, FremantleMedia Overseas Holding BV exercised its call option to acquire the remaining 49 per cent of the share capital of Miso Holding ApS. The purchase consideration amounts to €14 million, including deferred contingent consideration estimated and recognised at €2 million. Since RTL Group already has control over Miso, the acquisition will be treated as an equity transaction.

On 22 February 2019, RTL Interactive GmbH has signed agreements to dispose of 100 per cent of its interest held in Universum; the transaction is subject to regulatory approvals.

VIII. PROFIT APPROPRIATION

The annual accounts of RTL Group show a profit for the financial year 2018 of €496,254,473 (2017: €642,428,692). Taking into account the share premium account of €4,691,802,190 (2017: €4,691,802,190) and the profit brought forward of €446,023,311 (2017: €418,503,565), the amount available for distribution is €5,479,524,455 (2017: €5,598,187,411), net of an interim dividend of €154,555,519 (€1.00 per share) as decided by the Board of Directors of RTL Group on 28 August 2018 and paid on 6 September 2018 (2017: €154,547,036) (i.e. €1.00 per share).

IX. PRINCIPAL RISKS, UNCERTAINTIES AND OUTLOOK

Principal risks and uncertainties and outlook are disclosed in the consolidated financial statements and the related Directors' report.

X. 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 S.A. 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 2018 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 S.A. shares are freely transferable but shall be subject to the provisions of the applicable German, 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 S.A. and its subsidiaries.

c) Major shareholding

The shareholding structure of RTL Group S.A. as at 31 December 2018 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 S.A. and one of its subsidiaries.

d) Special control rights

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

e) Control system in employee share scheme

RTL Group S.A.'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 S.A. 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 S.A. 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 S.A.'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 S.A. It may take all acts of administration and of disposal in the interest of RTL Group S.A. 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 has authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own 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 S.A. 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 S.A. is party and which take effect, alter or terminate upon a change of control of RTL Group S.A. following a takeover bid.

k) Agreements with Directors and employees

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

13 March 2019

The Board of Directors

Board of Directors

Non-Executive Directors

Thomas Rabe, Chairman

Martin Taylor¹, Vice-Chairman and Chairman of Nomination and Compensation Committee

Thomas Götz

Rolf Hellermann (until 31 December 2018)

Immanuel Hermreck (as from 1 January 2019)

Bernd Hirsch

Bernd Kundrun

Guillaume de Posch

Jean-Louis Schiltz¹

Rolf Schmidt-Holtz

James Singh¹, Chairman of Audit Committee

Lauren Zalaznick¹ (as from 18 April 2018)

Executive Directors

Bert Habets (Chief Executive Officer)

Elmar Heggen (Deputy Chief Executive Officer & Chief Financial Officer)

¹ Independent director



Audit report

To the Shareholders of
RTL Group S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of RTL Group S.A. (the "Company") as at 31 December 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2018;
 - the profit and loss account for the year then ended; and
 - the notes to the annual accounts, which include a summary of significant accounting policies.
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Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 4.2 to the annual accounts.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud).

These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Valuation of the shares in affiliated undertakings</i></p> <p>Investments in shares in affiliated undertakings amount to 6,848 million EUR or approximately 86% of the total assets of the Company at year-end.</p> <p>Management performed an annual impairment test to assess whether the recoverable amount of each of those investments is at least equal to their respective carrying value. The recoverable amount can be determined through different valuation techniques; the most regularly used by Management being the discounted cash flow (DCF) model.</p> <p>This matter was of particular significance to our audit as Management's assessment of the recoverable amount required estimation and judgment, such as the future expected cash flows generated by the investments, the discounting factor and other key assumptions of the DCF model.</p> <p>Management's assessment for determining the recoverable amount is further described in Note 2. 6. of the accompanying annual accounts.</p>	<p>We obtained an understanding of Management's process and controls related to the identification of the impairment indicators and the impairment test of the investments in affiliated undertakings.</p> <p>We assessed the Company's ability to reliably determine the recoverable amount of its investments. To do so, we assessed the robustness of its impairment test, and in particular the method for determining the future discounted cash flows. We focused our procedures primarily on the most significant investments being CLT-UFA S.A. and FremantleMedia Group Ltd.</p> <p>We satisfied ourselves of the reasonability of the future cash flows by comparing them with the current budgets and forecasts in the three year plan prepared by Management and approved by the Board of Directors, and when possible benchmarking them against general and sector specific market expectations.</p> <p>Where necessary, we involved valuation specialists to test the main parameters used in the DCF models (including the weighted average cost of capital).</p> <p>We considered the appropriateness of the disclosures in Note 3.3.1 to the annual accounts.</p>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the directors' report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.



As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.



Report on other legal and regulatory requirements

The directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement, as published on the Company's website (www.rtlgroup.com), is the responsibility of the Board of Directors. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent, at the date of this report, with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Company by the General Meeting of the Shareholders on 18 April 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 25 years.

Other matter

The Corporate Governance Statement includes, when applicable, the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

PricewaterhouseCoopers, Société coopérative
Represented by

A handwritten signature in black ink, appearing to read 'Gilles Vanderweyen', is written over a faint, larger version of the same signature.

Gilles Vanderweyen

Luxembourg, 13 March 2019

Balance sheet at 31 December 2018

ASSETS	Notes	2018 €	2017 €
C. Fixed assets		7,346,055,106	7,195,225,629
I. Intangible assets	3.1.	178,002	334,297
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration and need not be shown under C.I.3		178,002	334,297
II. Tangible assets	3.2.	3,257	4,656
2. Plant and machinery		164	445
3. Other fixtures and fittings, tools and equipment		3,093	4,211
III. Financial assets	3.3.	7,345,873,847	7,194,886,676
1. Shares in affiliated undertakings	3.3.1.	6,848,484,522	6,752,069,711
2. Loans to affiliated undertakings	3.3.2.	496,005,694	431,262,197
3. Participating interests	3.3.3.	-	10,171,137
5. Investments held as fixed assets	3.3.4.	1,383,631	1,383,631
D. Current assets		543,342,750	717,406,388
II. Debtors	3.4.	504,418,627	697,484,010
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	3.4.1./3.4.2.	504,207,864	695,987,843
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year	3.4.3.	15,864	1,278,123
4. Other debtors			
a) becoming due and payable within one year	3.4.4.	194,899	218,044
III. Investments		10,451,227	13,755,875
2. Own shares	3.5.	10,451,227	13,755,875
IV. Cash at bank and in hand		28,472,896	6,166,503
E. Prepayments	3.6.	62,924,562	65,052,494
TOTAL (ASSETS)		<u>7,952,322,418</u>	<u>7,977,684,511</u>

The notes in the annex form an integral part of the annual accounts.

Balance sheet at 31 December 2018

	Notes	2018 €	2017 €
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	3.7.	5,708,077,063	5,830,044,667
I. Subscribed capital	3.7.1.	191,845,074	191,845,074
II. Share premium account		4,691,802,190	4,691,802,190
IV. Reserves			
1. Legal reserve	3.7.2.	19,184,507	19,184,507
2. Reserve for own shares		10,451,227	13,755,875
4. Other reserves, including the fair value reserve			
b) other non available reserves		7,071,800	7,071,800
V. Profit or loss brought forward		446,023,311	418,503,565
VI. Profit or loss for the financial year		496,254,473	642,428,692
VII. Interim dividends		(154,555,519)	(154,547,036)
B. Provisions		12,829,760	11,522,483
1. Provision for pensions and similar obligations	3.8.	12,829,760	11,522,483
C. Creditors	3.9.	2,164,965,937	2,070,435,053
2. Amounts owed to credit institutions			
a) becoming due and payable within one year		392	1,500
4. Trade creditors			
a) becoming due and payable within one year		2,677,150	1,980,413
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year	3.9.1.	2,135,365,711	2,045,923,527
8. Other creditors			
a) Tax authorities	3.9.2.	436,401	1,129,774
b) Social security authorities		269,242	306,538
c) Other creditors	3.9.3.		
i) becoming due and payable within one year		16,746,714	16,826,616
ii) becoming due and payable after more than one year		9,470,327	4,266,685
D. Deferred income	3.6.	66,449,658	65,682,308
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		7,952,322,418	7,977,684,511

The notes in the annex form an integral part of the annual accounts.

Profit and loss account for the year ended 31 December 2018

	Notes	2018 €	2017 €
4. Other operating income	4.1.	2,777,160	3,598,940
5. Raw materials and consumables and other external expenses		(22,635,559)	(18,360,032)
a) Raw materials and consumables		(202,540)	(261,103)
b) Other external expenses	4.2.	(22,433,019)	(18,098,929)
6. Staff costs	4.3.	(27,925,864)	(27,820,923)
a) Wages and salaries		(25,009,614)	(24,663,230)
b) Social security costs		(1,250,518)	(1,355,349)
i) relating to pensions		(779,655)	(713,468)
ii) other social security costs		(470,863)	(641,881)
c) Other staff costs		(1,665,732)	(1,802,344)
7. Value adjustments		(760,935)	(271,743)
a) in respect of formation expenses and of tangible and intangible fixed assets	3.1./ 3.2.	(203,063)	(271,743)
b) in respect of current assets		(557,872)	-
8. Other operating expenses	4.4.	(3,540,949)	(2,029,471)
9. Income from participating interests	4.5.	549,404,756	709,027,740
a) derived from affiliated undertakings		549,404,756	709,027,740
10. Income from other investments and loans forming part of the fixed assets		6,526,364	8,568,694
a) derived from affiliated undertakings	3.3.2.	4,705,586	6,662,738
b) other income not included under a)	3.3.4.	1,820,778	1,905,956
11. Other interest receivable and similar income		15,325,811	10,160,972
a) derived from affiliated undertakings	4.6.	11,328,746	7,597,659
b) other interest and similar income		3,997,065	2,563,313
13. Value adjustments in respect of financial assets and of investments held as current assets	4.7.	(20,130,247)	(38,030,229)
14. Interest payable and similar expenses	4.8.	(2,721,436)	(2,285,857)
a) concerning affiliated undertakings		(518,176)	(240,441)
b) other interest and similar expenses		(2,203,260)	(2,045,416)
15. Tax on profit or loss		3,150	-
16. Profit or loss after taxation		496,322,251	642,558,091
17. Other taxes not shown under items 1 to 16	4.9.	(67,778)	(129,399)
18. Profit or loss for the financial year		496,254,473	642,428,692

The notes in the annex form an integral part of the annual accounts.

1. GENERAL

RTL Group S.A. (the “Company” or “RTL Group”) was incorporated as a “Société Anonyme” on 30 December 1972 under the name of Compagnie Luxembourgeoise pour l’Audiovisuel et la Finance, abbreviated to “Audiofina”. The Articles of Association were published in the “Mémorial C des Sociétés et Associations” on 27 March 1973, under the number 52. They were modified on several occasions, the last time on 19 April 2017. The Company is formed for an unlimited period.

On 25 July 2000, the name of the Company was changed to RTL Group.

The registered office of the Company is established at 43, boulevard Pierre Frieden, L-1543 Luxembourg.

The Company’s financial year starts on 1 January and ends on 31 December of each year.

The purpose of the Company is the national and international development in the audiovisual, communication and information sectors and all related technologies. The Company can also take holdings through granting of loans, merging, subscription or other form of investment in any company, undertaking, association or other legal entity, existing or to be constituted, whatever its form or nationality, having a purpose which is similar or complementary to that of the Company. The Company can undertake any commercial, industrial or financial operation linked directly or indirectly to its purpose or of such a nature that it facilitates or favours its realisation. The Company may also undertake any action useful or necessary for the accomplishment of its purpose.

The Company is listed on the Frankfurt and Luxembourg Stock Exchanges and on Euronext Brussels.

The Company also prepares consolidated financial statements which are published according to the provisions of the law and may be obtained at its registered office and on its official website.

The consolidated financial statements of RTL Group are included in the consolidated accounts of Bertelsmann SE & Co. KGaA, the ultimate parent company of RTL Group. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh, Germany. Consolidated financial statements of Bertelsmann SE & Co. KGaA may be obtained at its registered office and on its official website.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Amended Law dated 19 December 2002, determined and applied by the Board of Directors.

The annual accounts have been prepared under the historical cost convention except for items relating to foreign exchange hedging activities.

All monetary amounts in the notes are in Euro unless otherwise indicated.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore fairly present the financial position and results.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2. Foreign currency translation

The Company maintains its accounts in Euro and both the balance sheet and profit and loss account are expressed in this currency.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. With the exception of non-monetary fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realised and unrealised gains and losses are recognised in the profit and loss account.

2.3. Foreign exchange risk and derivatives

RTL Group companies (the "Group") operate internationally and are exposed to foreign exchange risk arising from various currency exposures, including most notably exposures to USD and GBP. For the Group as a whole, cash flow, net income and net worth are optimised by reference to Euro. Foreign exchange risks faced by individual Group companies, however, are managed or hedged against the functional currency of the relevant entity.

Group Treasury periodically collects from the Group companies forecasts of foreign currency exposures arising mainly from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currencies risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board of Directors. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging positions in each currency by using external foreign currency derivative contracts.

The foreign currency management policy of the Group is to hedge 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than Euro. The off-balance exposures and firm commitments are partially hedged according to the provision of the foreign exchange policy.

Within this framework, RTL Group enters into foreign currency derivative contracts with banking institutions (external) and with Group subsidiaries (internal).

Unrealised losses and gains resulting from the revaluation of the foreign currency derivative contracts (internal and external) are recognised in the profit and loss account with a counterpart in the balance sheet in "Deferred income" or "Prepayments", respectively.

2.4. Intangible assets

Intangible assets are stated at cost, including expenses incidental thereto, less accumulated amortisation. They include software amortised on a straight-line basis over their estimated useful life of three years. Where the Company considers that an intangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5. Tangible assets

Tangible assets are stated at cost, including expenses incidental thereto, less accumulated depreciation. Depreciation is recognised on a straight-line basis over the estimated useful lives of the tangible assets:

- Plant and machinery: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.6. Financial assets

Shares in affiliated undertakings, participating interests as well as investments held as fixed assets are recorded on the balance sheet at acquisition cost, including expenses incidental thereto. A value adjustment is made when there is a durable diminution in their value. These value adjustments are not continued if the reasons for which these value adjustments were made have ceased to apply.

Investments are classified as affiliated undertakings if the Group is able to exercise control over the company concerned.

Dividends from shares in affiliated undertakings and participating interests are recognised in the profit and loss account when declared by decision of the General Meeting.

Loans to affiliated undertakings and other loans are recorded on the balance sheet at acquisition cost including expenses incidental thereto or nominal value. When the market value or the recoverable value is lower than the acquisition cost or nominal value, a value adjustment is recorded. These value adjustments are not continued if the reasons for which these value adjustments were made have ceased to apply.

2.7. Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments when their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.8. Own shares

Own shares are recorded at acquisition cost and are classified as current assets. A value adjustment through profit and loss is recorded when the market value is lower than the acquisition cost. In accordance with article 430.18 of the Law on Commercial Companies, a non-distributable reserve ("Reserve for own shares") is constituted for an equivalent amount from "Profit or loss brought forward".

2.9. Cash at bank and in hand

The Company reports in the balance sheet the net amount of the debit and credit positions of the bank accounts when these positions relate to the same nature of bank account with the same currency in the same bank and a netting agreement exists with the bank. If these conditions are not met, credit positions are recorded as bank overdrafts in "Amounts owed to credit institutions".

2.10. Cash pooling arrangements

In order to optimise cash management, RTL Group has implemented a cash pooling policy to centralise the Group's liquid funds:

- The local cash pooling includes the majority of the Luxembourg subsidiaries: B. & C.E. S.A., Broadcasting Center Europe S.A., Broadcasting Center Europe International S.A., CLT-UFA S.A., Data Center Europe S.à r.l., Duchy Digital S.A., IP Luxembourg S.à r.l., Luxradio S.à r.l., Media Assurances S.A., Media Properties S.à r.l., Media Real Estate S.A., RTL AdConnect International S.A., RTL Belux S.A., RTL Belux S.A. & Cie S.E.C.S. and RTL Group Germany S.A. This automated cash pooling is made with a local banking institution. The conditions of the cash pooling are determined on an arm's length basis and based on specific risks linked to each Group company. The basis rate is EONIA adjusted for a margin (from -0.25% to -0.40% on credit margin with a minimum of 0% in case of very low interest rates and +0.50% on debit margin);

- The European cash pooling comprises the following Group companies: BLU A/S (Denmark), CLT-UFA S.A. (Luxembourg), FremantleMedia España S.A. (Spain), FremantleMedia Finland OY (Finland), FremantleMedia Group Ltd (United Kingdom), FremantleMedia Italia S.p.A. (Italy), FremantleMedia Netherlands B.V. (the Netherlands), FremantleMedia Norge AS (Norway), FremantleMedia Polska SP. Z.O.O. (Poland), FremantleMedia Sverige AB (Sweden), Immobilière Bayard d'Antin S.A. (France), Miso Film ApS (Denmark), Miso Film Norge ApS (Norway), Miso Film Sverige AB (Sweden), M-RTL ZRT (Hungary), RTL AdConnect SRL (Italy), RTL Belgium S.A.(Belgium), RTL Disney Fernsehen GmbH & Co. KG (Germany), RTL Group Beheer B.V. (the Netherlands), RTL Group Deutschland GmbH (Germany), RTL Group Services Belgium S.A., RTL Hrvatska d.o.o. (Croatia), RTL Nederland Holding B.V. (the Netherlands), RTL Services Kft (Hungary), RTL Television GmbH (Germany), StyleHaul UK Ltd (United Kingdom), UScreens AB (Sweden), United Screens Filial Danmark (Denmark), UScreens Finland Oy (Finland), United Screens Norge (Norway), Wildside SRL (Italy). The interest rate of the cash pooling is based on EONIA for Euro or equivalent base rate for non-Euro cash pooling, adjusted for a margin reflecting the specific risks attached to the Group companies;
- The non-European cash pooling comprises the following Group companies: Abot Hameiri Communications Ltd (Israel), FremantleMedia Asia Pte Ltd (Singapore), FremantleMedia Australia PTY Ltd (Australia), FremantleMedia Canada Inc. (Canada), Fremantle Productions North America Inc. (United States of America), Ludia Inc. (Canada), RTL Canada Ltd (Canada), RTL Group Asia Pte Ltd (Singapore), RTL US Holdings Inc. (United States of America), SpotX, Inc. (United States of America). The interest rate of the cash pooling is based on LIBOR or equivalent base rate for non-GBP cash pooling, adjusted for a margin reflecting the specific risks attached to the Group companies.

Cash pooling arrangements are recorded on the balance sheet as "Amounts owed by affiliated undertakings becoming due and payable within one year" or "Amounts owed to affiliated undertakings becoming due and payable within one year" respectively.

2.11. Prepayments

The Company reports under this caption expenditure incurred during the financial year but relating to a subsequent financial year (see also Note 2.3.). This caption is also used to record assets in relation to the Group's foreign exchange derivatives (see Note 2.3).

2.12. Provisions

Provisions are intended to cover losses or liabilities, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or date on which they will arise.

The Company participates in a defined benefit plan. This plan is financed internally via accruals which are determined by independent qualified actuaries using the aggregate cost method (percentage of payroll). The level of accruals exceeds the minimum financing requirement. In case of bankruptcy, the benefits are preserved through the PSVaG insolvency reinsurance.

2.13. Creditors

Creditors are recorded at their reimbursement value or, if applicable, their residual amount.

2.14. Deferred income

This liability item includes income received during the financial year but related to a subsequent financial year (see also Note 2.3.). This caption is also used to record liabilities in relation to the Group's foreign exchange derivatives (see Note 2.3).

3. BALANCE SHEET

3.1. Intangible assets

At 31 December 2018, "Intangible assets" mainly consisted of licences which are recorded and amortised according to the policies described in Note 2.4.

In 2018, "Intangible assets" evolved as follows:

Acquisition cost at 31.12.2017	9,696,605
Acquisitions/Increases	45,369
Acquisition cost at 31.12.2018	9,741,974
Accumulated value adjustments at 31.12.2017	(9,362,308)
Amortisation charges for the year	(201,664)
Accumulated value adjustments at 31.12.2018	(9,563,972)
Net book value at 31.12.2017	334,297
Net book value at 31.12.2018	178,002

3.2. Tangible assets

In 2018, "Tangible assets" evolved as follows:

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Acquisition cost at 31.12.2017	4,685	268,414	273,099
Acquisition cost at 31.12.2018	4,685	268,414	273,099
Accumulated value adjustments at 31.12.2017	(4,240)	(264,203)	(268,443)
Depreciation charges for the year	(281)	(1,118)	(1,399)
Accumulated value adjustments at 31.12.2018	(4,521)	(265,321)	(269,842)
Net book value at 31.12.2017	445	4,211	4,656
Net book value at 31.12.2018	164	3,093	3,257

3.3. Financial assets

Shares

In 2018, "Shares" evolved as follows:

	Shares in affiliated undertakings	Participating interests	Investments held as fixed assets
Acquisition cost at 31.12.2017	6,757,194,649	10,171,137	1,383,631
Decrease	(247,400,111)	-	-
Increase	343,814,922	-	-
Acquisition cost at 31.12.2018	6,853,609,460	10,171,137	1,383,631
Accumulated value adjustments at 31.12.2017	(5,124,938)	-	-
Value adjustment for the year	-	(10,171,137)	-
Accumulated value adjustments at 31.12.2018	(5,124,938)	(10,171,137)	-
Net book value at 31.12.2017	6,752,069,711	10,171,137	1,383,631
Net book value at 31.12.2018	6,848,484,522	-	1,383,631

3.3.1. Shares in affiliated undertakings

Decrease and increase

On 1 January 2018, the Company contributed its investment in SpotX Inc. of €247,400,111 to FremantleMedia Group Ltd for €343,814,922, resulting in a gain of €96,414,811 (Note 4.5.).

Details of shares

Name of the company	Legal form	Country	Activity	Direct % held	Acquisition cost	Accumulated value adjustments	Net	Equity before result for the year 2017	Result of the last period closed 2017
Shares in affiliated undertakings									
CLT-UFA	S.A.	Luxembourg	Holding/TV/Radio	99.7	5,504,066,504	-	5,504,066,504	2,709,754,572 ⁽¹⁾	592,051,932 ⁽¹⁾
FremantleMedia Group	Ltd	United Kingdom	Holding	100	1,343,238,018	-	1,343,238,018	215,326,705	9,128,129
Grundy International Operations	Ltd	Antigua and Barbuda	Holding	100	5,116,000	(5,116,000)	-	71,206 ⁽³⁾	- ⁽³⁾
Fremantle Productions Asia	Ltd	Hong Kong	Production	100	1,180,000	-	1,180,000	735,251 ⁽³⁾	3,283 ⁽³⁾
RTL Group Asia Pte	Ltd	Singapore	Holding	100	8,938	(8,938)	-	(1,112,423)	(19,439,391)
						6,853,609,460	(5,124,938)	6,848,484,522	
Participating interests									
Clypd	Inc.	USA	Technology advertising	19.5	10,171,137	(10,171,137)	-	3,884,954 ⁽⁴⁾	(7,568,836) ⁽⁴⁾
						10,171,137	(10,171,137)	-	
Investments held as fixed assets									
Bertelsman Business Support	S.à r.l.	Luxembourg	Financing	10	1,383,631	-	1,383,631	1,037,258,131	9,932,137
						1,383,631	-	1,383,631	

(1) Amounts according to annual accounts for 2018. Equity is net of an interim dividend of €20 per share, i.e. a total amount of €394,990,300, paid in December 2018

(2) Except unless otherwise stated, amounts on a 100% basis before dividend distribution, if any, and converted at 2018 closing rate, if required

(3) Amounts according to unaudited IFRS accounts converted at 2018 closing rate

(4) Amounts according to audited consolidated US GAAP accounts converted at 2018 closing rate

3.3.2. Loans to affiliated undertakings

In 2018, "Loans to affiliated undertakings" evolved as follows:

Gross amount at 31.12.2017	431,262,197
Increase	151,853,127
Reimbursement	(42,885,324)
Transfer	(44,224,306)
Gross amount at 31.12.2018	496,005,694
Accumulated value adjustments at 31.12.2017	-
Accumulated value adjustments at 31.12.2018	-
Net book value at 31.12.2017	431,262,197
Net book value at 31.12.2018	496,005,694

At 31 December 2018, "Loans to affiliated undertakings" consisted of the following:

- Loans of €208,000,000 and €136,880,000 granted to UFA Film- und Fernseh GmbH on 1 August 2016 and 22 December 2016, with a maturity date of 3 August 2026, bearing interest as follows: EURIBOR swap rate 10 years plus 0.85%. The interest accrued on the loans at 31 December 2018 amounted to €1,072,569;

- Loan of €150,000,000 granted to Société Immobilière Bayard d'Antin S.A. on 17 December 2018, bearing interest at 0.85% and with maturity date of 15 June 2021. The interest accrued on the loan at 31 December 2018 amounted to €53,125.

The loan of USD 100,000,000 granted to Fremantle Productions North America Inc. on 1 June 2015 was transferred to "Amounts owed by affiliated undertakings" in line with the remaining maturity and partially reimbursed in June 2018.

In 2018, total interest receivable amounted to €4,705,586 (2017: €6,662,738).

3.3.3. Participating interests

In December 2018, the Company recorded a value adjustment on its investment in Clypd Inc. of €10,171,137 (Note 4.7.).

3.3.4. Investments held as fixed assets

At 31 December 2018, "Investments held as fixed assets" related to a 10 per cent stake held in Bertelsmann Business Support S.à r.l. A twenty-five year shareholders agreement has been concluded between Bertelsmann SE & Co KGaA and RTL Group. The shareholders agreement stipulates that 50 per cent of the aggregate amount of corporate and trade tax that, in the absence of existing tax losses carried forward of Bertelsmann Business Support S.à r.l., if any, would have otherwise been incurred by the Company, will be paid to RTL Group as a preferred dividend with a minimum amount of €1 million per year. The minimum dividend of €1 million became payable as from 2016 onwards. In 2018, total dividends of €1,820,778, including the second minimum dividend of €1 million were recognised following the approval of the annual accounts 2017 of Bertelsmann Business Support S.à r.l.

3.4. Debtors

3.4.1. Amounts owed by affiliated undertakings - RTL Group companies

At 31 December 2018, amounts owed by RTL Group companies consisted of:

- Cash pooling with a number of Group companies in multiple currencies for €379,060,354 (2017: €612,847,490) net of a value adjustment of €29,155,736 (2017: €28,634,053) bearing interest at an adjusted EONIA / LIBOR rate as described in Note 2.10. and without maturity date. Total interest income during the year 2018 amounted to €2,711,983 (2017: €2,581,168) (Note 4.6.);
- An advance of GBP 97,067,757 (€108,051,157) (2017: €110,044,165) granted to FremantleMedia Group Ltd on 21 November 2018, bearing interest at a rate of 1.9% and with maturity date of 21 November 2019. The interest accrued on the advance at 31 December 2018 amounted to GBP 205,940 (€229,242) (2017: €201,332);
- A loan of USD 50,000,000 (€44,224,306) granted to Fremantle Productions North America Inc. on 1 June 2018, bearing interest at a rate of 3.7% and with maturity date of 2 December 2019. The interest accrued on the loan at 31 December 2018 amounted to USD 150,564 (€133,171);
- A loan of €7,800,000 (2017: €7,640,000) granted to FremantleMedia España S.A. on 29 March 2018, bearing interest at a rate of 2.7% and with maturity date of 1 July 2019. The interest accrued on the loan at 31 December 2018 amounted to €210,220 (2017: €205,505). The loan and interest are fully impaired;
- A loan of BRL 2,000,000 (€452,212) (2017: €824,211) granted to FremantleMedia Brazil Produção de Televisão Ltda on 5 December 2018, bearing interest at a rate of 9.8% with maturity date of 5 December 2019. The interest accrued on the loans at 31 December 2018 amounted to BRL 14,732 (€3,331) (2017: €45,159). The loan and interest are fully impaired;
- A loan of IDR 6,150,000,000 (€373,433) granted to PT Dunia Visitama Produksi on 25 July 2018, bearing interest at a rate of 9.1% and with maturity date of 25 July 2019. The interest accrued amounted to IDR 241,155,822 (€14,643);

- Trade accounts receivable with a number of group companies for €1,277,294 (2017: €1,528,909) without interest and maturity date.

Total interest accrued on the amounts owed by affiliated undertakings at 31 December 2018 amounted to €377,056 (2017: €201,332), net of a value adjustment of €213,551 (2017: €250,664).

Refer to Note 4.6. for details on "Other interest receivable and similar income derived from affiliated undertakings".

3.4.2. Amounts owed by affiliated undertakings – shareholder

In 2006, RTL Group entered into a "Deposit Agreement" with Bertelsmann SE & Co. KGaA, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points and on a one to six month basis on 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 (Arvato CRM business excluded);
 - All shares of its wholly owned German subsidiary Gruner + Jahr GmbH (former Gruner + Jahr GmbH & Co. KG);
 - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd (Arvato CRM business excluded).

From June 2018, the Arvato CRM businesses are excluded from the pledge because they are held for sale, except for France.

At 31 December 2018, RTL Group did not hold any deposit with Bertelsmann SE & Co. KGaA (2017: € nil on a one to three month basis and € nil on an overnight basis). The interest income for the period was € nil (2017: € nil).

The shares of Gruner + Jahr GmbH and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA S.A., a subsidiary of RTL Group, in connection with the accounts receivable related to the Profit and Loss Pooling and Compensation Agreements.

At 31 December 2018, accrued interests amounted to € nil (2017: € nil).

3.4.3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

At 31 December 2018, "Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests" consisted of:

- Convertible notes of USD 7,000,000 (€6,191,403) (2017: €1,276,704) granted to Clypd Inc. on 27 December 2017 with maturity date of 29 March 2019, bearing interest at a rate of 8%. The interest accrued on the loan at 31 December 2018 amounted to USD 478,000 (€422,784) (2017: €1,419). The loan and interest are fully impaired at 31 December 2018;
- Trade receivables of €15,864 (2017: € nil).

3.4.4. Other debtors

At 31 December 2018, "Other debtors" mainly consisted of a loan of €21,397,288 (2017: €22,400,000) to Alpha Doriforiki Tileorasi S.A. granted on 24 June 2010 and 1 February 2012, bearing interest as follows: EURIBOR plus 3.50% from 24 June 2010, 0% from 2 January 2012 and 4% from 31 December 2015.

Repayments were scheduled in annual instalments of €4,500,000 from 2016 to 2018 with a final instalment for the remaining balance in 2019. The interest accrued on the loan at 31 December 2018 amounted to €1,657,661 (2017: €1,099,789). The loan and interest are fully impaired primarily given the uncertainty of their recoverability at 31 December 2018.

3.5. Own shares

On 3 April 2006, RTL Group acquired 173,300 own shares for an amount of €12,198,587 from Group companies RTL Group Services Belgium S.A. and B. & C.E. S.A. The acquisition cost per share (€70.39) was determined according to the average stock price over the last 6 months preceding the acquisition by RTL Group.

Following the shareholders' resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock markets in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on 28 April 2014 into a liquidity agreement (the "Liquidity Agreement") with Kepler Capital Markets S.A. (the "Liquidity Provider"). During the year 2018, under the Liquidity Agreement, the Liquidity Provider has purchased 179,131 (2017: 250,418) shares for an amount of €11,296,075 (2017: €17,261,648) and sold 162,938 (2017: 263,604) shares for an amount of €10,731,530 (2017: €18,344,050). At 31 December 2018, the Company held 50,495 (2017: 34,302) shares for a value (before value adjustment) of €2,994,667 (2017: €2,430,120) under the Liquidity Agreement.

At 31 December 2018, the Company directly held 223,795 (2017: 207,602) own shares and indirectly through a Company's subsidiary 995,401 own shares (2017: 995,401). At 31 December 2018, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €46.70 per share (31 December 2017: €67.07).

In 2018, the Company recorded a value adjustment on own shares of €3,869,193 (2017: €625,359) (Note 4.7.).

No dividend income is recognised on own shares held by the Company, including shares held under the liquidity agreement. The relevant number of the shares held under the liquidity agreement is determined as of the official date of the dividend payment.

At 31 December 2018, the Company had a deposit with the Liquidity Provider under the terms of the Liquidity Agreement of €0.2 million (2017: €1.2 million).

3.6. Prepayments / Deferred income

At 31 December 2018, the amounts mainly related to the Group's foreign exchange derivatives, assets and liabilities amounting to €62,120,414 (2017: €64,487,782) and €66,449,658 (2017: €65,682,308) respectively (Note 2.3.).

3.7. Capital and reserves

The changes in capital and reserves during the year are summarised in the table below:

	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares (Note 3.5.)	Other non available reserves	Profit or loss brought forward	Interim dividends	Profit or loss for the financial year	Total
At 31.12.2017	191,845,074	4,691,802,190	19,184,507	13,755,875	7,071,800	418,503,565	(154,547,036)	642,428,692	5,830,044,667
Allocation of 2017 result	-	-	-	-	-	487,881,656	154,547,036	(642,428,692)	-
Dividend distribution	-	-	-	-	-	(463,666,558)	(154,555,519)	-	(618,222,077)
Profit or loss for the financial year	-	-	-	-	-	-	-	496,254,473	496,254,473
Other movements	-	-	-	(3,304,648)	-	3,304,648	-	-	-
At 31.12.2018	191,845,074	4,691,802,190	19,184,507	10,451,227	7,071,800	446,023,311	(154,555,519)	496,254,473	5,708,077,063

Changes in capital and reserves can be explained by:

- The profit for the financial year 2018;
- The allocation of the profit for the year ended 31 December 2017 by the Annual General Meeting of shareholders held on 18 April 2018, which decided the allocation of the profit for the financial year 2017 for €487,881,656 to "Profit or loss brought forward" and a dividend of €3 per share, i.e. a total amount of €463,666,558, from "Profit or loss brought forward";[^]
- The payment on 6 September 2018 of an interim dividend of €1 per share, i.e. a total amount of €154,555,519 as decided by the Board of Directors of RTL Group on 28 August 2018;
- The allocation from the "Reserve for own shares" to "Profit or loss brought forward" pursuant to article 430.18 of the Law on Commercial Companies of €3,304,648.

3.7.1. Subscribed capital

At 31 December 2018, the subscribed capital amounted to €191,845,074 (2017: €191,845,074) and was represented by 154,742,806 shares (2017: 154,742,806), all fully paid-up and without designation of nominal value. All shares had equal rights and obligations.

The Company has appointed ING Luxembourg as depository for its bearer shares to comply with the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg.

3.7.2. Legal reserve

In accordance with Luxembourg company law, the Company is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the subscribed share capital. The legal reserve is not available for distribution to the shareholders.

3.8. Provision for pensions and similar obligations

The provisions for pensions at 31 December 2018 represented commitments from the Company towards its own employees and amounted to €12,829,760 (2017: €11,522,483).

3.9. Creditors

3.9.1. Amounts owed to affiliated undertakings

At 31 December 2018, "Amounts owed to affiliated undertakings" consisted of:

- Cash pooling account payable with a number of Group companies in various currencies. At 31 December 2018, the corresponding liability amounted to €2,132,358,459 (2017: €2,043,733,764), of which €1,930,513,245 towards CLT-UFA S.A. (2017: €1,610,469,253), €63,097,355 towards RTL Belgium S.A. (2017: €72,247,746), €34,569,547 towards RTL Group Beheer B.V. (2017: €69,964,195), €24,622,982 towards Immobilière Bayard d'Antin S.A. (2017: €169,000,613). Total interest expense during the year 2018 amounted to €518,176 (2017: €240,441) (Note 4.8.);
- Trade creditors with a number of Group companies for €3,007,252 (2017: €2,189,763) without interest and maturity date.

Total interest accrued on the amounts owed to affiliated undertakings at 31 December 2018 amounted to € nil (2017: € nil).

3.9.2. Tax authorities

The Company is subject in Luxembourg to the general tax regulations applicable to all companies. The Company has received final assessments for income tax and net wealth tax up to 2012.

From 1 January 2001, the Company is part of a tax unity including other Luxembourg Group companies. Unused tax losses existing at 31 December 2018, for the tax unity in Luxembourg, amounted to €4,364 million (2017: €4,356 million) out of which €4,356 million (2017: €4,356 million) can be carried forward indefinitely. The remaining €8 million (2017: € nil) will expire in 2035. In the case of one or several Group companies would have taxable income, these companies will not record income tax charges (towards RTL Group), respectively RTL Group will not record income tax profits (towards the Group companies) as long as the tax unity will benefit from unused tax losses.

3.9.3. Other creditors

At 31 December 2018, "Other creditors" included accounts payable to employees, thereof €9,470,327 due after more than one year (2017: €4,266,685).

4. PROFIT AND LOSS ACCOUNT

4.1. Other operating income

In 2018, "Other operating income" mainly related to the recharge of services and can be broken down as follows:

	2018	2017
Recharges to Group companies		
Administrative and management services	2,074,137	2,676,433
Other	472,829	634,864
	2,546,966	3,311,297
Recharges to third parties		
	230,194	287,643
	230,194	287,643
Total	2,777,160	3,598,940

4.2. Other external expenses

In 2018, "Other external expenses" evolved as follows:

	2018	2017
General expenses	13,457,834	12,042,270
Consulting fees	8,975,185	6,056,659
Total	22,433,019	18,098,929

"General expenses" included fees related to PricewaterhouseCoopers, the Company's auditor regarding continuing operations as follows:

	2018	2017
Audit services pursuant to legislation	498,558	498,558
Non-audit services	190,471	232,402
Total	689,029	730,960

4.3. Staff costs

In 2018, the Company had an average of 113 employees (2017: 104) who were dedicated to corporate functions.

4.4. Other operating expenses

In 2018, "Other operating expenses" mainly related to attendance fees for Board members and IT licence charges.

4.5. Income from participating interests

During 2018, "Income from participating interests" evolved as follows:

	2018	2017
CLT-UFA S.A. dividend:		
- Ordinary dividend	59,085,645	59,085,645
- Interim dividend	393,904,300	649,942,095
Gain on contribution of SpotX Inc. to FremantleMedia Group Ltd (Note 3.3.1.)	96,414,811	-
Total	549,404,756	709,027,740

4.6. Other interest receivable and similar income derived from affiliated undertakings

In 2018, "Other interest receivable and similar income derived from affiliated undertakings" evolved as follows:

	2018	2017
Foreign exchange gains, net	4,745,627	2,706,424
Interest on loans and advances	3,871,136	2,310,067
Interest on cash pooling arrangements	2,711,983	2,581,168
Total	11,328,746	7,597,659

"Foreign exchange gains, net" consisted of the following:

	2018	2017
Realised foreign exchange gains	305,533,507	446,036,548
Unrealised foreign exchange gains on assets and liabilities and on foreign currency derivatives	13,137,607	42,633,945
	318,671,114	488,670,493
Realised foreign exchange losses	(297,883,845)	(462,358,651)
Unrealised foreign exchange losses on assets and liabilities and on foreign currency derivatives	(16,041,642)	(23,605,418)
	(313,925,487)	(485,964,069)
Total	4,745,627	2,706,424

4.7. Value adjustments in respect of financial assets and of investments held as current assets

In 2018, "Value adjustments in respect of financial assets and of investments held as current assets" evolved as follows:

	2018	2017
Participating interests (Note 3.3.3. and 3.4.3.)	16,785,324	-
Own shares (Note 3.5.)	3,869,193	625,359
Cash pooling accounts receivable (Note 3.4.1.)	521,683	28,343,523
Amounts owed by affiliated undertakings - loans and advances (Note 3.4.1.)	(43,241)	8,913,734
Other debtors	(1,002,712)	138,675
Shares in affiliated undertakings (Note 3.3.1.)	-	8,938
Total	20,130,247	38,030,229

4.8. Interest payable and similar expenses

In 2018, "Interest payable and similar expenses" evolved as follows:

	2018	2017
Financial expenses for guarantees	2,203,260	2,045,416
Interest on cash pooling arrangements (Note 3.9.1.)	518,176	240,441
Total	2,721,436	2,285,857

4.9. Other taxes not shown under items 1 to 16

In 2018, "Other taxes not shown under items 1 to 16" related to withholding tax of €63,468 (2017: €124,584) and net wealth tax of €4,310 (2017: €4,815).

5. RELATED PARTIES TRANSACTIONS

At 31 December 2018, the principal shareholder of the Company was Bertelsmann Capital Holding GmbH, a company incorporated under German law. Since the public offering made in 2013, Bertelsmann Capital Holding GmbH held 75.1% of the shares of the Company.

During the year 2018, all significant transactions entered into with related parties have been done at arm's length.

5.1. Transactions with shareholders

In 2018, "Transactions with shareholders" amounted to €1,699,133 (2017: €1,274,140).

5.2. Transactions with key management personnel

Transactions with key management personnel can be summarised as follows:

<i>In € million</i>	2018	2017
Short-term benefits	4.8	7.6
Long-term benefits	2.9	3.3
Post-employment benefits	0.3	0.5
Total	8.0	11.4

5.3. Directors' fees

In 2018, a total of €1,188,370 (2017: €1,035,247) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group.

6. OFF-BALANCE SHEET COMMITMENTS

6.1. Outstanding forward currency contracts

At 31 December 2018, in accordance with the foreign currency management policy described in Note 2.3. RTL Group has entered into foreign currency derivative contracts with banking institutions (external) and with Group companies (internal).

The net foreign currency exposure resulting from the open contracts at year-end can be detailed as follows:

Currency	With banking institutions	With Group companies
AUD	61,896,571	(61,917,881)
CAD	(33,981,009)	33,978,578
CHF	(63,224,290)	63,222,571
DKK	(2,335,167)	2,321,626
GBP	18,147,039	(18,200,661)
HUF	(7,936,972,619)	7,937,981,577
PLN	(1,138,693)	1,131,909
RON	(1,159,481)	1,164,148
SEK	(3,506,519)	3,526,667
SGD	244,283	(240,320)
USD	750,228,018	(750,369,871)
ZAR	42,133	(56,984)

In the table, the positive amounts correspond to a sale of the related currency (short position) and the negative amounts correspond to a purchase of the related currency (long position).

6.2. Guarantees and other similar commitments

The Company has given guarantees and other similar commitments to third parties and to Group companies as detailed below:

	2018	2017
Guarantees and other similar commitments to third parties	269,458,080	261,358,777
Licence agreements to third parties	186,260,959	218,061,029
Long-term commitments to third parties	40,000,000	40,000,000
Other commitments to Group companies	4,329,344	1,648,960

Certain UK companies in the FremantleMedia Group have elected to make use of the audit exemption for non-dormant subsidiaries under section 479A and 479C of the Companies Act 2006. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at 31 December 2018 year end.

The Company has issued a letter of support to RTL Hrvatska d.o.o., an affiliated undertaking, confirming that the Company is able and willing to continue to provide financial support to enable the affiliate to continue in operation for at least twelve months.

The Company also declared itself joint and several liable for debts arising from the legal transactions entered into by 9 Dutch entities in which it indirectly holds the majority of shares in the issued share capital.

7. SUBSEQUENT EVENTS

Effective 1 January 2019, CLT-UFA S.A., an affiliated undertaking, transferred the non-German RTL trade marks, except for the RTL Netherlands trade mark, to RTL Group Deutschland Markenverwaltungs GmbH for a total amount of €224 million.

On 1 January 2019, the non-controlling shareholders of iGraal SAS ("iGraal") exercised their put option. Consequently, Groupe M6 acquired the remaining 49 per cent of the share capital of iGraal for €22 million.

On 1 January 2019, Broadcasting Center Europe SA ("BCE") acquired 100 per cent of the share capital of Freecaster S.à r.l. and its fully owned French and Luxembourg subsidiaries ("Freecaster"). Freecaster operates production and broadcast of live and non-live media content on both mobile and the internet. With this investment of €1 million, subject to a net asset adjustment, BCE strengthens its online services. In addition, there is an earn-out mechanism over four years, subject to the financial performance of Freecaster, which is capped at below €1 million. The transaction qualifies as a business combination since RTL Group gained the control of Freecaster.

On 1 January 2019, RTL Nederland Holding BV ("RTL Nederland") acquired 100 per cent of the share capital of BrandDeli BV and its fully owned subsidiary BrandDeli C.V. ("BrandDeli"). BrandDeli has the non-exclusive right for a minimum of three years to sell advertising space for the brand portfolio of Discovery, Fox and VIMN and herewith expands its offering of TV commercials, branded partnerships and online (video and display) advertising space for their clients. The purchase consideration is € nil million. The transaction qualifies as a business combination since RTL Group gained the control of BrandDeli.

After the share buyback by YoBoHo New media Private Ltd ("YoBoHo") and the share acquisition by BroadbandTV Corp. ("BBTV") realised on 2 January 2019 for INR 149 million, the Group owns 100 per cent of YoBoHo.

On 16 January 2019, following the approval from the media and antitrust authorities, RTL Radio Center Berlin GmbH (“RTL Radio Center”) completed the acquisition of additional shares in Skyline Medien GmbH (“93.6 Jam FM”). The radio station, which is based in Berlin, targets young listeners. With this investment of below €1 million, RTL Radio Center has increased its ownership to 49.9 per cent. The transaction qualifies as a joint arrangement as RTL Radio Center jointly controls the company.

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. (“BBTV”) non-controlling interests, which it decided not to exercise. On 29 January 2019, the non-controlling shareholders extended an offer to RTL Group for the sale of all of their shares in BBTV. This triggered an exit mechanism pursuant to which the non-controlling shareholders can drag RTL Group’s stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group, if RTL Group decides not to accept their offer. Such drag-along right would expire one year after RTL Group’s decision not to accept their offer. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders’ stake. RTL Group is currently evaluating the offer of the non-controlling shareholders.

On 31 January 2019, Groupe M6 entered into exclusive negotiations with Lagardère Active for the acquisition of Lagardère’s Television Business. The acquisition is subject to consultation with the employee representative bodies of both Lagardère Group’s Television Business and Groupe M6, as well as to approval of the Conseil Supérieur de l’Audiovisuel (French broadcasting authority) and the Competition Authorities. Approval for the acquisition is expected in the second half of 2019.

On 1 February 2019, SpotX Limited acquired 100 per cent of the share capital of Yospace Entreprises Limited and its fully owned subsidiary, Yospace Technologies Limited (“Yospace”). Yospace is a UK-based video technology company which has developed solutions for server-side dynamic ad insertion (“SSDAI”) which enables the replacement of existing commercials with more targeted advertising. This acquisition complements the ad-tech stack of the Group and secures SpotX as a key technology to win, retain, and scale premium media clients, including RTL Group broadcasters and streaming services. The transaction qualifies as a business combination since RTL Group gained the control of Yospace. Former EMI options have been accelerated. Growth shares have been provided to key managers for a capped amount of USD 7 million. The purchase consideration amounts to USD 20 million, contingent on a net cash and working capital position. The parties also agreed on an earn-out mechanism capped to USD 5 million, subject to the performance of the business.

On 19 February 2019, FremantleMedia Overseas Holding BV exercised its call option to acquire the remaining 49 per cent of the share capital of Miso Holding ApS. The purchase consideration amounts to €14 million, including deferred contingent consideration estimated and recognised at €2 million. Since RTL Group already has control over Miso, the acquisition will be treated as an equity transaction.

On 22 February 2019, RTL Interactive GmbH has signed agreements to dispose of 100 per cent of its interest held in Universum; the transaction is subject to regulatory approvals.

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 2018 annual accounts which have been prepared in accordance with the Luxembourg amended law dated 19 December 2002, 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 taken as a whole, and that the Directors' 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 taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 13 March 2019

Bert Habets
Chief Executive Officer

Elmar Heggen
Deputy Chief Executive Officer
Chief Financial Officer