ANNUAL REPORT 2016

RTL GROUP

ENTERTAIN. INFORM. ENGAGE.

ANNUAL REPORT 2016

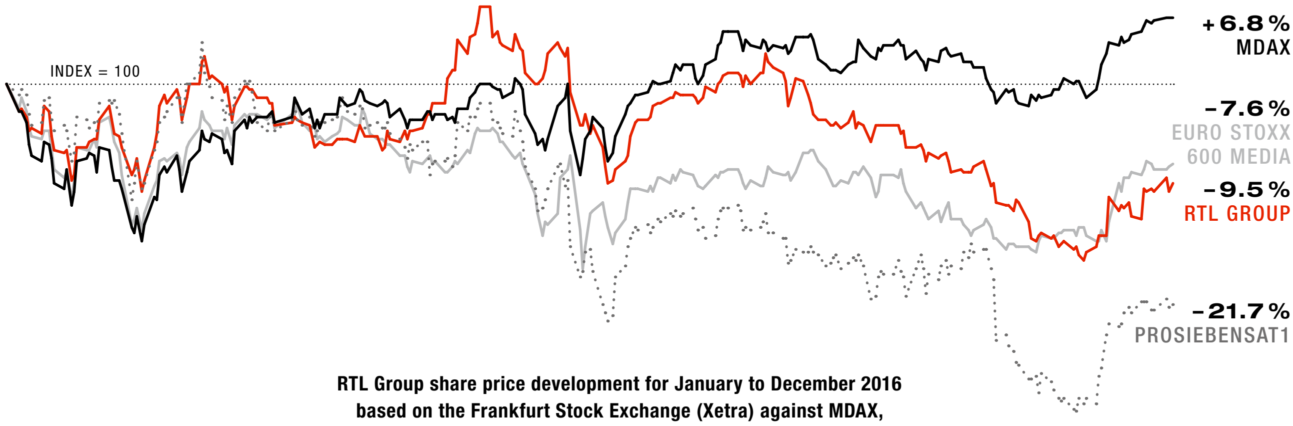
"EXCLUSIVE CONTENT IS THE POWER ENGINE FOR EVERYTHING WE DO IN THE TOTAL VIDEO UNIVERSE"

ANKE SCHÄFERKORDT & GUILLAUME DE POSCH
Co-CEOs of RTL Group

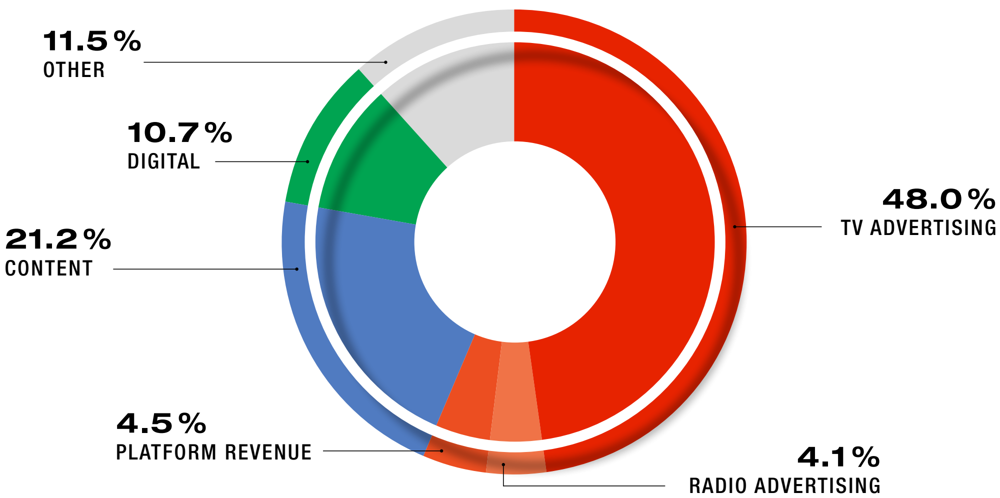
RTL GROUP
ENTERTAIN. INFORM. ENGAGE.

KEY FIGURES

SHARE PRICE PERFORMANCE 01/01/2016 – 31/12/2016



RTL Group share price development for January to December 2016 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1



RTL Group Revenue Split

In 2016, TV advertising accounted for 48.0 per cent of RTL Group's total revenue, making the Group one of the most diversified groups when it comes to revenue. Content represented 21.2 per cent of the total, while greater exposure to fast-growing digital revenue streams and higher margin platform revenue will further improve the mix.

REVENUE

2012–2016 (€ million)

16	**6,237**
15	6,029
14	5,808
13	5,824*
12	5,998

* Restated for IFRS 11

EBITA

2012–2016 (€ million)

16	**1,205**
15	1,167
14	1,144*
13	1,148**
12	1,078

* Restated for changes in purchase price allocation
** Restated for IFRS 11

NET PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

2012–2016 (€ million)

16	**720**
15	789
14	652*
13	870
12	597

* Restated for changes in purchase price allocation

EQUITY

2012–2016 (€ million)

16	**3,552**
15	3,409
14	3,275*
13	3,593
12	4,858

* Restated for changes in purchase price allocation

MARKET CAPITALISATION*

2012–2016 (€ billion)

16	**10.7**
15	11.9
14	12.2
13	14.4
12	11.7

* As of 31 December

TOTAL DIVIDEND/ DIVIDEND YIELD PER SHARE

	2012–2016 (€)	(%)
16	**4.00***	**5.4**
15	4.00**	4.9
14	5.50***	6.8
13	7.00****	10.0
12	10.50	13.9

* Including an interim dividend of € 1.00 per share, paid in September 2016
** Including an extraordinary interim dividend of € 1.00 per share, paid in September 2015
*** Including an extraordinary interim dividend of € 2.00 per share, paid in September 2014
**** Including an extraordinary interim dividend of € 2.50 per share, paid in September 2013

CASH CONVERSION RATE*

2012–2016 (%)

16	**97**
15	87
14	95
13	106
12	101

* Calculated as operating pre-tax free cash flow as a percentage of EBITA

PLATFORM REVENUE*

2012–2016 (€ million)

16	**281**
15	248
14	225**
13	185
12	175

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

DIGITAL REVENUE*

2012–2016 (€ million)

16	**670**
15	508
14	295
13	233
12	188

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

ONLINE VIDEO VIEWS

2012–2016 (billion)

16	**274.0**
15	105.0
14	36.4
13	16.8
12	6.9

3h55
AVERAGE VIEWING TIME
IN EUROPE (2015)

273 MILLION VIEWERS
WATCH TV
DURING PRIME TIME
IN EUROPE

3 out of 4
EUROPEAN
TV HOUSEHOLDS OWN A HDTV

ABOUT RTL GROUP

RTL Group is a leader across broadcast, content and digital, with interests in 60 television channels and 31 radio stations, content production throughout the world, and rapidly growing digital video businesses.

The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary, and Antena 3 in Spain.

The Group also operates the channels RTL CBS Entertainment and RTL CBS Extreme in Southeast Asia. RTL Group's families of TV channels are either the number one or number two in eight European countries.

The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, the Netherlands, Spain and Luxembourg.

RTL Group's content production arm, FremantleMedia, is one of the largest international creators, producers and distributors of multi-genre content outside the US. With operations in 31 countries, FremantleMedia's comprehensive global network is responsible for around 12,000 hours of programming broadcast a year and distributes over 20,000 hours of content worldwide.

Combining the catch-up TV services of its broadcasters, the multi-channel networks BroadbandTV, StyleHaul and Divimove as well as FremantleMedia's 260 YouTube channels, RTL Group has become the leading European media company in online video.

RTL Group also owns majority stakes in the programmatic video advertising platforms, SpotX and Smartclip.

SCAN AND WATCH THE 'POWER OF TOTAL VIDEO' TRAILER WITH HIGHLIGHTS ACROSS BROADCAST, CONTENT, DIGITAL

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EXCLUSIVE CONTENT – THE POWER ENGINE IN THE TOTAL VIDEO UNIVERSE

GUILLAUME DE POSCH

"WE'RE TRANSFORMING RTL GROUP INTO A GLOBAL LEADER IN VIDEO PRODUCTION, AGGREGATION AND MONETISATION"

Following a series of investments into online video and digital advertising, digital has become a rapidly growing third pillar of RTL Group's business. We talked to Anke Schäferkordt and Guillaume de Posch about RTL Group's financial performance in 2016, its growth strategy, the importance of editorial independence, and how RTL Group is shaping the 'total video' environment globally.

ANKE SCHÄFERKORDT

"WE HAVE THE FINANCIAL MEANS FOR FURTHER INVESTMENTS, FUELLING OUR GROWTH STRATEGY"

"ULTIMATELY IT IS NOT ONLY ABOUT VIDEO VIEWS, BUT ABOUT THE ABILITY TO MONETISE THEM"

GUILLAUME DE POSCH

How did RTL Group perform in 2016?

GUILLAUME DE POSCH: 2016 was another record year for RTL Group. We registered high revenue growth, resulting in consolidated revenue of €6,237 million. Operating profit also reached a new all-time high, thanks to a higher EBITA contribution from Germany and a positive one-off effect at Groupe M6. In France, this positive one-off effect at Groupe M6 – amounting to €42 million – was due to the settlement of the M6 Mobile contract, which more than compensated for the impact of higher programming costs for the Uefa Euro 2016 live broadcasts. Meanwhile, both Groupe M6 and Mediengruppe RTL Deutschland saw a year-end rally in TV advertising in December.

ANKE SCHÄFERKORDT: Mediengruppe RTL Deutschland generated another record profit, for the fifth year in a row. Despite strong competition from the public channels broadcasting the Uefa Euro 2016 and the Olympic Games, Mediengruppe RTL Deutschland's channels recorded a stable combined audience share in the target group. RTL Plus, launched on 4 June 2016, was our most popular channel launch of the past few years.

What does this mean for your shareholders?

ANKE SCHÄFERKORDT: We are a very cash-generative business, which allows us to make attractive dividend payments to our shareholders. The ordinary dividend for the financial year 2016 is €3.00 per share. Combined with the interim dividend of €1.00 paid in September 2016, this brings the total dividend for 2016 to €4.00 per share. Based on the average share price at the Frankfurt Stock Exchange for the full year 2016, this represents a dividend yield of 5.4 per cent – once again, among the best in class in Europe. Having said that, we still have the financial means for further investments, fuelling our growth strategy.

"TV stands for total video"
Anke Schäferkordt and Guillaume de Posch spoke about the rapidly changing TV business at the Bertelsmann Management Meeting 2016

But you just decided not to exercise the call option for BroadbandTV. How does that fit in?

GUILLAUME DE POSCH: First of all, let's not forget that RTL Group owns 51 per cent of BroadbandTV and is the controlling shareholder. This is still the case for now, while we review our strategic options together with the BroadbandTV minority shareholders. This doesn't change our digital strategy. BroadbandTV was our ground-breaking, significant investment in online video back in 2013 and we are very proud of what the BBTV management and teams have achieved in the past three and a half years. Since then, the company has been a driving force for our digital ambitions – especially if you look at the number of online video views RTL Group generates among the millennials. Now, we have reached a point where we need to decide how to best develop this rapidly growing asset. That's why we've decided – together with the BroadbandTV minority shareholders – to evaluate all strategic options for BroadbandTV. We aim to finish this evaluation process during 2017.

In March 2015 you announced you wanted to generate 10 per cent of RTL Group's total revenue from digital within three to five years. How is this progressing?

ANKE SCHÄFERKORDT: If you look at the competition, you'll notice that some of the other players in the market come up with digital revenue shares that are a little higher than ours, but if you take a closer look, you'll see that our definitions differ fundamentally. RTL Group's digital revenue includes only pure digital revenue: no home shopping, no e-commerce and no platform revenue for digital TV. If you apply this definition to all players, we're in a reasonably comfortable position. Our digital revenue grew by 32 per cent in 2016. With currently €670 million in revenue, digital is truly a dynamic third pillar for RTL Group and makes up 10.7 per cent of our total revenue. We have reached this goal much faster than originally expected. We will aim for further growth in digital, with the target of generating at least 15 per cent of our total revenue from digital within the next three to five years.

How do you plan to achieve that?

GUILLAUME DE POSCH: Looking at online video views – RTL Group generated 274 billion online video views in 2016 – we are already one of the leading online video companies globally, in particular in the YouTube ecosphere. But it is important to understand that ultimately it is not only about video views, but about the ability to monetise them. There is still a big gap in value between a view on our broadcasters' catch-up TV services such as 6play or TV Now, which feature premium long-form content, and a view on YouTube which is more short form. Having achieved significant global reach in online video, we will now focus more and more on monetising this reach. This is also why we invested in SpotX. We aim to become one of the leading partners for the advertising industry, offering an inventory that covers all the different programming segments from short-form video to premium long-form content.

ANKE SCHÄFERKORDT: Mediengruppe RTL Deutschland acquired Smartclip in 2016. The company fits in with this strategy in two distinct ways. Firstly, it has substantially boosted our video inventory, because Smartclip currently aggregates the output of 750 publishers, most of whom produce short-form content. Secondly, there's the technological factor: Smartclip is a strong player in connected TV, which is an up-and-coming area, and we are very happy with Smartclip's development in 2016. The company scored a solid double-digit million revenue figure and, even more importantly, operates profitably. In January 2017, we made another investment and acquired 30 per cent of Q Division, an expert in data handling.

Why is data a real topic for a TV company?

ANKE SCHÄFERKORDT: In the age of digitisation, the role of 'big data' – in the form of cookies, clusters or cross-device analytics – is becoming ever-more prominent. Indeed, the aggregation and exploitation of data is increasingly important for media companies such as RTL Group, their advertising clients and ultimately the consumer. Accordingly, in July 2016, Mediengruppe RTL Deutschland created a new role of 'Head of Smart Data', who reports directly to the Chief Strategy Officer.

What is RTL Group's response to the rapidly growing non-linear viewing of long-form content – mostly via streaming services, which often operate on an international level?

ANKE SCHÄFERKORDT: Today, we clearly recognise that pay platforms such as Netflix or Amazon Prime are gaining in popularity. There is a simple reason for this: these services offer attractive price points for their pay offers, in particular in countries with high pay-TV penetration. Consumers in the US pay around $100 per month for their cable bundle, while Netflix charges – for an advertising-free service – $9.99 for its standard offer. This is fundamentally different in most European countries. But of course, we have intensively analysed our opportunities in the field of SVOD, subscription video-on-demand. For our broadcasters across Europe, we see interesting business opportunities for hybrid models, consisting of a free, advertising-funded service and a paid, premium content bundle – offering the programmes of our linear TV channels plus licensed content from third parties. Regardless of how we will further develop the business models of our non-linear services, one thing is more than certain: content, or more specifically, exclusive content, is the power engine for all our offers in the 'total video universe'.

GUILLAUME DE POSCH: Streaming platforms also represent an opportunity for FremantleMedia. Take, for example, *American Gods*, the ambitious fantasy series based on the popular novel by Neil Gaiman. The series was largely financed in the US by our client, Starz. Outside the US, the series found a worldwide client,

In April 2016, Guillaume de Posch held a keynote speech at Mip TV in Cannes explaining why TV nowadays is more than just a device in the living room

"RTL PLUS, LAUNCHED ON 4 JUNE 2016, WAS OUR MOST POPULAR CHANNEL LAUNCH OF THE PAST FEW YEARS"

ANKE SCHÄFERKORDT

"'ALWAYS CLOSE TO THE AUDIENCE' – THIS IS AND WILL REMAIN ONE OF OUR KEY MISSIONS AT RTL GROUP"

ANKE SCHÄFERKORDT

"Digitisation has changed the industry"
Anke Schäferkordt at TreffPunkt IHK Bielefeld in November 2016

Amazon Prime Video, to which we sold the rights to more than 200 territories. *Deutschland 86*, the sequel to *Deutschland 83*, will also be produced in collaboration with Amazon. To be prepared for this opportunity, FremantleMedia made some targeted acquisitions, fuelling the creative pipeline – and it is starting to pay off. *The Young Pope*, for example, starring Jude Law and directed by Paolo Sorrentino, is produced by FremantleMedia's newly acquired company Wildside. And we see yet another trend: if you look at the market, you can see that more and more stars are changing from working for cinema blockbuster productions only to working on television series – both on and off camera. Coming back to *The Young Pope*: it's unlikely that Jude Law or Paolo Sorrentino would have worked for TV 15 years ago.

In June, you presented a new mission statement. Can you tell us something about that?

GUILLAUME DE POSCH: The old mission statement gave a really accurate description of RTL Group's key mission of ten or 15 years ago. Back then, we had a clear focus on geographic expansion in the broadcast business. But a lot has changed in a decade, especially in our industry. Five years ago, we were not invested in any multi-channel network nor in advertising technology. Today, digital makes up more than 10 per cent of our revenue! In effect, we're transforming a European entertainment network into a global leader in video production, aggregation and monetisation. That's the only way we're going to write the next chapter in RTL Group's success story – and the new mission statement is all about capturing our ambition.

The words 'independence' and 'diversity' really stand out in the new mission statement. How important is editorial independence at RTL Group?

ANKE SCHÄFERKORDT: Editorial and journalistic independence are deeply rooted in all of our news organisations. Senior management doesn't interfere with the independence of our editorial personnel. This is especially crucial in times of 'fake news' and 'filter bubbles'. Yes, there has always been fake news, across all media genres. With this, I mean news stories which simply weren't true. However, one aspect of the public debate has changed significantly. Today, some people attack the media as being fake news themselves, resenting established news brands as part of an elitist, out-of-touch establishment – and this is a concern in many countries. I don't believe that we will get anywhere by demanding that Facebook checks every single post or that governments decide what's right or wrong. In times like these, it's our responsibility as media companies not only to remain independent, but also to report factually and truthfully and to ultimately keep and regain the audience's trust. Let me be very clear: we are not in the business of lecturing our viewers and listeners. We have to take their concerns very seriously. 'Always close to the audience' is, and will remain, one of our key missions at RTL Group.

Facebook is one of the dominant players in the digital advertising market. How do you prepare for the competition from the US tech giants?

GUILLAUME DE POSCH: First of all, we’re not afraid of competition, but we want the same rules for everyone. Our ‘total video’ industry is highly attractive, with many US giants placing big bets on expansion into video. Many of these players are using their state-of-the-art technology and massive consumer data to develop sophisticated advertising offers – currently for online services, but probably also for linear TV in the near future. To succeed in an ever more competitive world, there’s the need for a level playing field. The proposed revisions to European legislation by the European Commission are a step in the right direction, helping to adapt the legal framework to recent changes. A few more steps are desirable, as this might be the last opportunity for a long time to create the right framework to nurture, develop and grow the media groups ‘made in Europe’.

ANKE SCHÄFERKORDT: In parallel, we are preparing ourselves by investing in advertising technology and exploring new partnerships. In 2016, we announced Ad Alliance, a new advertising offer in Germany in collaboration with Gruner + Jahr, which started in January 2017. There’s a high demand from advertising clients to showcase their brands in cross-media campaigns. But they’re also very interested in automation. For this reason, both advertising sales houses are likewise interested in technology in general, and programmatic advertising sales in particular. When developing technologies, it makes a great deal of sense to work together across RTL Group and with external partners, since scale yields are distinct competitive advantages in this connection.

Is this trend also a driving force for the planned combination of Groupe M6 and RTL Group’s French radio family?

GUILLAUME DE POSCH: We are an active player in shaping the media landscape. This combination, if realised, aims to open a new, promising chapter for RTL Radio and Groupe M6 in France as convergence and consolidation continue to shape our industry – not only in North America, but also across our European footprint. We are re-organising our French TV and radio activities into one integrated media house. This path is followed by other media groups in France and has already been successfully achieved in Benelux within our Group.

Does this mean that in the future, you will cover everything from content production to programmatic advertising and addressable TV?

GUILLAUME DE POSCH: That is exactly what our ‘total video’ approach is about. We want to focus our strategy on video as our current core business. This is what we do best, and we want to do it right. Professionally produced video is at the heart of our strategy and our objective is to cover all key links in the value chain, including its technological elements, and gaining expertise in them so we can offer them to viewers of all ages.

In June 2016, Anke Schäferkordt and Guillaume de Posch discussed the Group’s opportunities and challenges in the rapidly changing total video industry at the RTL Group Finance Meeting in Belgium

“TO SUCCEED IN AN EVER-MORE COMPETITIVE WORLD, THERE’S THE NEED FOR A LEVEL PLAYING FIELD IN TERMS OF REGULATION”

GUILLAUME DE POSCH

ENTERTAIN. INFORM. ENGAGE.

We are #partofRTL

OUR MISSION:

WE ARE INNOVATORS WHO SHAPE THE MEDIA WORLD ACROSS BROADCAST, CONTENT AND DIGITAL.

WE BUILD INSPIRING ENVIRONMENTS WHERE CREATIVE AND PIONEERING SPIRITS CAN THRIVE.

WE CREATE AND SHARE STORIES THAT ENTERTAIN, INFORM, AND ENGAGE AUDIENCES AROUND THE WORLD.

WE EMBRACE INDEPENDENCE AND DIVERSITY IN OUR PEOPLE, OUR CONTENT AND OUR BUSINESSES.

WE HAVE A PROUD PAST, A VIBRANT PRESENT AND AN EXCITING FUTURE.

Deutschland sucht den Superstar continues to be one of RTL Television's most popular prime-time shows

We are leaders across broadcast, content, digital

StyleHaul's *Material Girl* gives viewers an intimate look at the life of recording artist Pia Mia as she becomes the first-ever fashion director of Madonna's Material Girl clothing line

The Price is Right first aired in 1956, making it FremantleMedia's oldest on-air format

OUR BUSINESS MODEL OUR STRATEGY

OUR BUSINESS MODEL

BROADCAST
TV and radio

CONTENT
production and distribution

DIGITAL
especially online video

THE VALUE CHAIN OF THE 'TOTAL VIDEO' MARKET

CONTENT PRODUCTION

What we do

FremantleMedia produces content for broadcasters and digital platforms globally. Our broadcasters also make and commission local content. We are active across most popular genres: news, entertainment shows, drama, sports, and factual entertainment.

How we make money

Broadcasters and digital platforms commission productions, with a guaranteed income for producers. The production company may also take some of the development risk, for later reward. Global hit formats can generate additional revenue by exploiting rights in gaming, music, merchandising and digital activities.

What makes us different

FremantleMedia is a global content and distribution network. We have a unique ability to roll out productions and hit formats internationally, and turn them into globally recognised brands. Established over a period of time, this model is hard to replicate.

AGGREGATION

What we do

TV channels and radio stations create and schedule programming that helps them shape their channel brands. Rather than focusing on a single genre, our flagship channels balance ingredients to create a general interest programming mix. A similar concept applies with multi-channel networks (MCNs), which aggregate attractive content into specific niches in the digital world.

How we make money

Advertising clients book spots in linear and non-linear programming. The price they pay generally depends on the reach and demographic structure of the audience they target.

What makes us different

We have a unique ability to create and promote new formats, refresh long-running hits, and promote major events.
We are experts in 'audience flow', creating a programming schedule that will reassure and attract audiences and keep them tuned in.

THE ROLE OF THE GROUP

Maintaining direction
The Group provides strategic direction and financial control, while overseeing a broad portfolio of autonomous businesses. These form a decentralised, scalable multi-region, multi-platform business model: television, radio and online services with leading market positions in key geographical markets or themes.

Allowing autonomy
TV and radio are local businesses that serve different cultures, traditions and markets, so each is led by its own CEO. This entrepreneurial approach ensures each business can act quickly and flexibly in its target market, create its own identity, and benefit from proximity to its audience. It can also build its own family of channels to complement its flagship channel.

Collaborating and coordinating
Group and local management meet regularly to share experiences, discuss opportunities and challenges, develop strategies, and collaborate across the Group, in particular in the digital domain where scale is becoming ever more important. We ensure knowledge, expertise and promising innovations are rapidly shared across our Group.

Creating synergy
Our Synergy Committees (Sycos) enable relevant experts and decision makers to exchange best practice and develop strategic and operational aspects for all key areas of our business, such as programming, digital, sales, radio, and news.

DISTRIBUTION

What we do
Our aim is to offer our content wherever the audience wants to watch it – on multiple platforms and devices. But distribution has to follow clearly defined business rules. First, our TV shows are never separated from our channel brands. Secondly, we remain in control of monetisation. In other words, we sell advertising.

How we make money
Our aim is to receive a fair share of the revenue generated by our brands and programmes on distribution platforms such as cable network operators, satellite companies and internet TV providers. These services include high-definition TV channels, on-demand platforms and digital pay channels. Our platform revenue is growing fast. It already accounts for 4.5 per cent of RTL Group's total revenue, and there is potential for this to grow.

What makes us different
The various platform operators need must-see content and strong brands – this is exactly what we offer.

MONETISATION

What we do
Advertising sales is our primary revenue stream. We provide advertisers with large audiences who are attracted by high-quality content.

We work closely with our advertising clients to provide all types of ad formats – not just the traditional 30-second TV commercial, but also packages tailored to each client's needs.

What makes us different
Advertising in audio-visual content has become very technology-driven, as digital advertising sales are much more fragmented and complex than in traditional broadcast. We are very early investors in the programmatic technology that automates the advertising sales process.

OUR STRATEGY

FOUR KEY TRENDS SHAPING RTL GROUP'S STRATEGY

1 / COMPETITION

As video offers become ever more ubiquitous, the television market continues to undergo fragmentation. Lower barriers to entry make launching new linear TV channels easier than in the past. This fragmentation results in increasing competition for viewing time and audience – both linear and non-linear. Above all, fragmentation of audiences and devices in the digital world makes it more challenging to generate mainstream hits – blockbuster formats that reach mass audiences. But this also means that successful formats and exclusive content become more valuable.

2 / CONVERGENCE

Rapid technological developments in devices have changed user behaviour in recent years, and led to significant business opportunities. Smartphone and tablet sales are on the rise. The highly anticipated media convergence is already a reality on these devices. Accordingly, TV no longer stands for television alone – it also stands for 'total video'.

For advertising-financed content, the key question is: how do you measure, and ultimately monetise, mobile, second-screen and other alternative viewing habits? Advertisers crave better multiscreen measurement and targeting. Given the fragmented markets, and the ageing society, where young target groups are increasingly consuming video on a non-linear basis, there is a need to measure and compare success on all devices.

3 / COMPLEXITY

Digitisation also increases the importance of technology – whether for aggregating content or for advertising sales. For example, a multi-channel network (MCN) needs user guidance, a recommendation engine and thumbnail optimisation, just as a linear TV channel needs perfect audience flow. Establishing high reach online translates into aggregating a number of small networks – this also leads to a more fragmented way of selling advertising, namely tech and data driven programmatic ad sales, with an increasing number of intermediate players between the advertisers and publishers.

Additionally, TV shows and films are increasingly available on more services and devices, leading to a higher number of rights windows, which need to be considered or acquired. Producers and rights owners may also extract additional value from catalogue and library content.

4 / CONSOLIDATION

In recent years, the media industry moved more towards consolidation – in broadcast, content and digital. In the media market some of the biggest mergers are being proposed: AT&T and Time Warner announced plans for a merger, Liberty Global is actively investing in the European markets, as is Discovery, while 21st Century Fox agreed to buy Sky. In Content, Endemol merged with Shine and FremantleMedia acquired several smaller production companies. In France, RTL Group plans to combine its radio and TV assets under the Groupe M6 umbrella. In digital, the market is dominated by Google and Facebook who have already proved that they have the financial fire power needed to make acquisitions across the board. In order to compete with the increasing competition from overseas, a level playing field is needed throughout Europe in terms of regulation.

FremantleMedia continues its push into high-end drama with the highly acclaimed series *The Young Pope* – starring Diane Keaton and Jude Law – and *American Gods*.

THREE PRIORITIES FOR LONG-TERM GROWTH

1 / CREATE MUST-SEE TV

What we said

“Finding the new hits – both big and small – is a shared priority for both our broadcasters and our content production arm, FremantleMedia.”[1]

“We have to develop our own formats because they strengthen the channel brand and, most importantly, command exclusivity in the marketplace.”[2]

Glacé was voted best series at the La Rochelle TV Fiction Festival

“Strengthening the creative pipeline – and ultimately improving the profit margin – of FremantleMedia requires targeted investments in new talents, genres and geographical areas.”[3]

“Increasing creative diversity – both organically and through acquisition – is FremantleMedia’s top priority.”[4]

What we achieved

Mediengruppe RTL Deutschland signed a deal with NBC Universal for the development of US procedural dramas as they consistently generate higher ratings than serialised dramas on free-TV channels in Europe. In November 2016, *Gone* was announced as the first drama from this partnership

Further investments in live events and sports rights: M6 broadcast 11 matches of the Uefa Euro 2016 championship and RTL Television signed a new agreement to broadcast the European Qualifiers until 2022

Groupe M6 produced *Glacé*, – a six-part thriller, broadcast in January 2017 – which attracted an audience share of 16.0 per cent in the commercial target group

Vox broadcast the second season of its first commissioned drama series, *Club der roten Bänder*, with an average audience of 14.0 per cent (channel average: 6.8 per cent) and 37.7 per cent among women aged 14 to 29

In 2016, FremantleMedia invested in:
- Abot Hameiri (51%)
- Dr Pluto (25%)
- Wild Blue Media (25%)
- Dancing Ledge (25%)

Wildside produced the highly acclaimed *The Young Pope* for HBO, Sky and Canal Plus

FremantleMedia North America produced *American Gods* for pay-TV channel Starz. It will also be available on Amazon Prime Video in more than 200 territories

In 2016, FremantleMedia increased its margin to 7.3 per cent

What’s next

Further strengthen the development of local fiction and factual entertainment formats (for example: Vox has commissioned a third season of local fiction series *Club der roten Bänder)*

UFA Fiction will produce *Deutschland 86* in collaboration with Amazon Prime Video and RTL Television – to be shown in 2018

Live-sport events continue to draw record audience ratings for TV broadcasters

FremantleMedia continues its strategy to pursue bolt-on acquisitions and talent deals (short to medium term)

Increase the profit margin of FremantleMedia back to 10 per cent until 2020

FremantleMedia’s Euston Films to produce *Hard Sun* for BBC One and Hulu – a pre-apocalyptic crime drama set in contemporary London

FremantleMedia North America has entered into an exclusive, multi-year first look agreement with award-winning author Neil Gaiman to adapt any of his novels for television

1 Annual Report 2014, page 15
2 Annual Report 2015, page 10
3 Annual Report 2014, page 9
4 Annual Report 2015, page 9

2 / GROW AUDIENCES

What we said

"We always want to be where our audiences are – and so we want RTL Group to become a global force in online video."[6]

What we achieved

FremantleMedia continued its push into digital, by:

- founding dedicated digital studios such as the Dutch TinyRiot!
- increasing its stake in the leading European MCN, Divimove

RTL II started its digital video offering, RTL II You, available 24/7 for linear and on-demand viewing on PC, smart TV and all mobile devices

StyleHaul launched new verticals for men and millennial mums

BroadbandTV extended its partnership with the NBA

What's next

Capture the growth of long and short-form non-linear usage at least short to medium term

- Expand distribution of RTL Group's catch-up TV services
- Invest in digital content by building and buying non-linear brands to attract young audiences
- Explore possible hybrid models for VOD services

Focus on marketable reach in online video

NBA Playmakers is a community for video creators focused on basketball and basketball culture

StyleHaul's Hauk is a new men's lifestyle vertical

"We continue to pursue opportunities to solidify our market position and to expand and strengthen our family of channels portfolio in order to drive growth and address the opportunities of market fragmentation."[7]

New linear TV channels launched in 2016:

- RTL Plus and Toggo Plus in Germany
- RTL Croatia World

In Germany, RTL Plus became the most successful channel launch in recent years, reaching an audience share of 0.9 per cent in December 2016

Invest into attractive and complementary broadcast assets (short to medium term)

Further grow audience shares of recently launched channels such as RTL Plus, RTL Nitro, 6ter

The new channel RTL Plus offers an entertaining programme mix

6 Annual Report 2014, page 17
7 Re-IPO prospectus, page 201

3 / CAPTURE THE VALUE OF DIGITAL

What we said	What we achieved	What's next
"To better monetise our rapidly growing digital reach will require new skills and resources – skills like aggregation and production of short-form video, and in advertising technology."[8]	Mediengruppe RTL Deutschland acquired Smartclip, one of the most innovative European companies in online video advertising SpotX continued its product development and formed partnerships with leading tech platforms and clients	Converge advertising sales and build new offers (including the rebranding and strategic realignment of RTL Group's international sales house IP Network in 2017) Continued investment in product development at SpotX, for example into connected TV products (short-term) Mediengruppe RTL Deutschland invests in data specialist Q division
"Increasing competition in the digital world calls for closer co-operation across RTL Group, to give our global advertising clients the best service."[9] 	RTL Group plans to combine Groupe M6 and RTL Radio (France) and market both with a new, fully integrated sales house Mediengruppe RTL Deutschland and Gruner + Jahr announced the collaboration in the area of advertising sales. To this end, the sales houses IP Deutschland and Gruner + Jahr e|MS have formed the Ad Alliance	Manage and measure cross-screen video usage (short-term) Transfer programmatic model from online video into OTT and Connected TV (short to medium term) Closer collaboration between the Group's ad tech businesses to build one integrated platform
"We are confident that these digital businesses will reach such scale over the next three years that they will become one of the growth drivers of RTL Group's total revenue."[10] **"With our financial strength, it is our ambition to continue to grow RTL Group over the forthcoming years – to transform the leading European entertainment network into a global force in video production, aggregation and monetisation."[11]**	In 2016, RTL Group's digital revenue[13] increased by 31.9 per cent to €670 million FremantleMedia signed deals with Amazon for *American Gods* and the production of *Deutschland 86*	RTL Group expects its digital revenue will continue to grow strongly by double-digit rates in 2017 RTL Group expects FremantleMedia's digital revenue to increase by double-digit rates, thanks to partnerships with Amazon Prime Video and full consolidation of Divimove
"Within the next three to five years, digital revenue should make up at least 10 per cent of our total revenue"[12]	In 2016, RTL Group's digital revenue made up 10.7 per cent of the Group's total revenue	Grow digital revenue to at least 15 per cent of the Group's total revenue within the next three to five years

8 Annual Report 2014, page 19
9 Annual Report 2015, page 11
10 Annual Report 2014, page 10
11 Annual Report 2015, page 11
12 Guillaume de Posch, RTL Group Co-CEO, at the full-year results presentation in Frankfurt/Main, Germany, in March 2015
13 excluding e-commerce, home-shopping and platform revenue for digital TV

MONETISATION OF 'TOTAL VIDEO'

With a healthy business in the bank, the prospects for players in the production, aggregation and monetisation of professionally produced video content remain favourable. People watch more video than ever – wherever they are, whenever they want, and on all kinds of devices. There's no doubt about it: video will continue to be the dominant advertising genre in the future. But trying to understand the new types of advertising sales in the 'total video' environment, can make your head spin. There are a lot of technical terms in the market – especially around advertising technology. What used to be a rather simple process in linear TV – a negotiation between the advertiser or media agency on the one hand and the advertising sales house on the other – can become surprisingly complicated in the world of tech and data-driven digital advertising sales.

The main reason: more and more players have established themselves in the value chain between media owners and advertisers – from trading desks and monetisation platforms to ad servers and companies specialising in data optimisation and targeting. As a consequence, RTL Group has made a series of investments into tech-driven advertising sales across all devices, from online via mobile and over-the-top devices[1] into linear TV. The key strategic goals: offering advertisers all solutions from within RTL Group, remaining independent from third-party platforms and thus being able to better monetise the Group's revenue potential in the rapidly growing markets for digital video advertising.

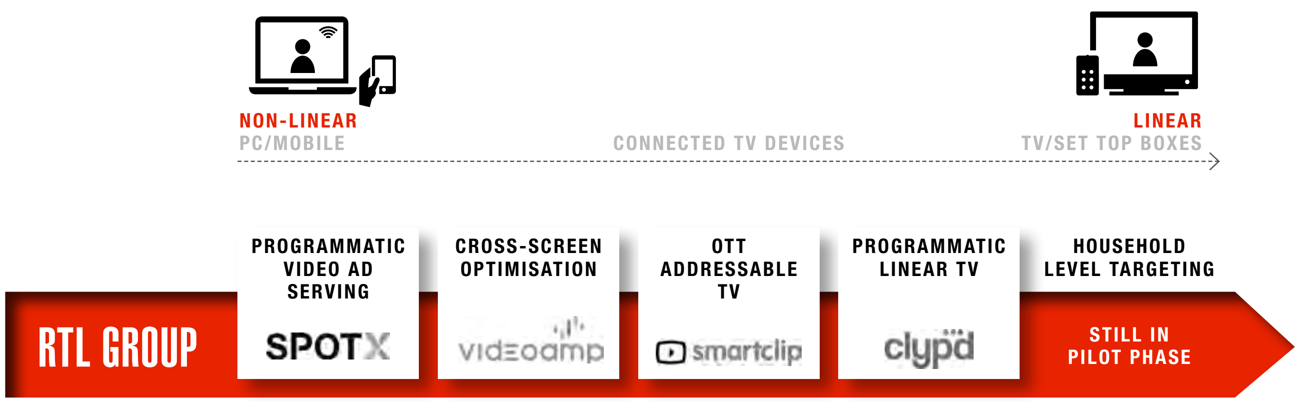
THE PERFECT MATCH

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising enables advertisers to connect their message to an engaged audience, which can be enhanced by the use of technology and data. The main difference: targeting individual users or target groups instead of broad reach.

How does this work? An ad request to a holistic platform such as SpotX is initiated when the publisher's content is about to be displayed for a viewer. Advertisers have the opportunity to play their video ad to the user through the SpotX platform. If the initial ad call data matches with the parameters and price set up by the media owner and advertiser, SpotX delivers the ad. For a fully integrated publisher, this whole process ideally takes less than 500 milliseconds before the ad is played, so the user experience is unaffected.

SpotX is aligned closely with the media owner throughout the process, helping publishers, who seek to monetise their inventory. The company has to make sure that the platform is effectively integrated into the publisher's inventory as seamlessly as possible, because missed impressions also mean missed revenue.

In summary, programmatic advertising fulfills two main goals: a) find the perfect match between advertiser and user and b) find the perfect price for both advertiser and publisher. This process takes place behind every video screen – from desktop to mobile and increasingly to connected TV.

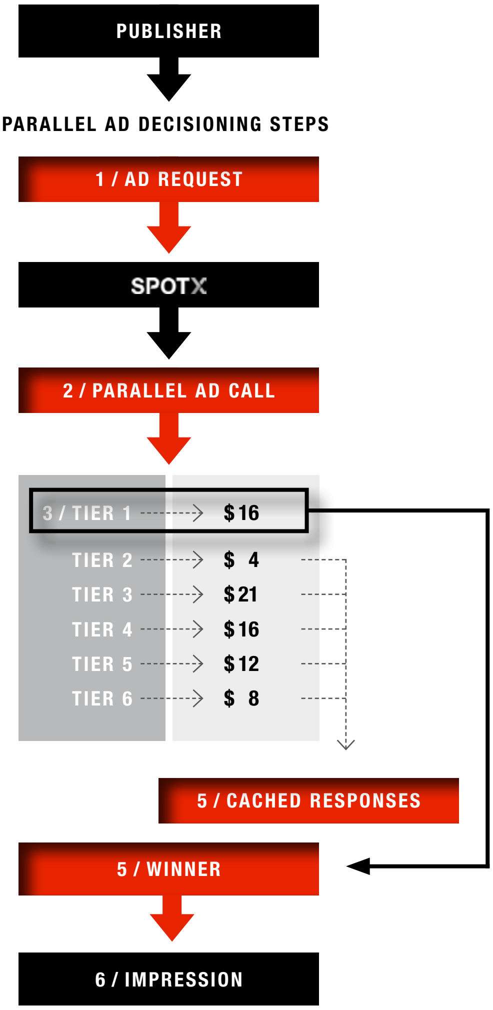


[1] over-the-top devices represent all devices that can deliver video content from the internet for TV screens, for example a gaming console

SCAN TO LEARN ALL ABOUT AD DECISIONING

AD DECISIONING

SpotX uses a parallel ad call to fulfill ad requests. Here's an explanation of how this works.



1 / AD REQUEST
When a user arrives on a publisher's page, the publisher sends an ad request to SpotX.

2 / PARALLEL AD CALL
The SpotX Platform receives the ad request and calls all advertising sources simultaneously.

3 / TIERING
SpotX allows publishers to assign priority to different advertisers through 6 tiers. Regardless of tier, SpotX presents the ad request to all tiers and advertisers at the same time.

4 / BID RESPONSES
Advertisers in each tier return their bid responses to SpotX. Tiers override bid in the hierarchy, but within a tier, bid determines the winner.

5 / WINNER/ CACHED RESPONSES
SpotX runs an auction to determine the winner, and caches all other responses in case the winning ad is unable to serve the impression.

The winning advertiser serves the impression. If the winner is unable to serve the impression, SpotX selects the next highest bidder in line respecting tiering from the cached responses to fulfill the ad request.

THE CHALLENGE: MAKE EVERY IMPRESSION COUNT

- **FRAUD**
  Ad tech companies need to ensure that potentially fraudulent activity is reduced to a minimum. No advertiser wants to pay a premium for a non-existent audience, generated by bots

- **BRAND SAFETY**
  It's vital that ads are placed in the correct environment

- **USER EXPERIENCE**
  The implementation of advertising technology should not negatively impact the user experience, for example with extended buffering times

- **CONVERGENT MEASUREMENT**
  Total net reach of a video advertising campaign is still hard to quantify across all screens. Both Arbeitsgemeinschaft Fernsehforschung (Committee for TV Research) in Germany and Médiamétrie in France have developed hybrid systems that integrate catch-up TV and four-screen television measurement, based on both panels and big data

OUR ROLE IN SOCIETY

News, views, information, entertainment: RTL Group content is available when and where you want it.

WE BELIEVE...

video is the most complete medium. It engages our mind and speaks to our heart. It reminds us of our past and creates visions of what our future might look like. It captures our attention and spurs our imagination. There simply is no better way to tell stories. Since our first radio broadcast in 1924, and into the video and digital ages, our aim has always been to entertain and inform people. We also strive to engage audiences around the world. These three functions – to entertain, inform, and engage – constitute our role in society.

In 2016, we adopted a new mission statement, which defines who we are, what we do and what we stand for. This new mission statement reflects our understanding of our role in society and guides us in our daily work. It includes a commitment to embrace independence and diversity in our people, our content and our businesses. This demonstrates that Corporate Responsibility is integral to our mission.

ON THE FOLLOWING PAGES, WE DESCRIBE OUR EFFORTS TO MEET THIS COMMITMENT TO OUR MAIN STAKEHOLDERS:

VIEWERS, LISTENERS AND DIGITAL USERS

Every day, millions of people access RTL Group's content on television, radio and digital platforms. We have a long and proud history of setting new standards in our industry, and of creating and sharing stories that entertain, inform and engage audiences around the world. We've never strayed from our commitment to be "refreshingly different" and "always close to the audience". And we've grown our business by covering events and issues that people care about.

A vibrant, varied and high-quality broadcast and internet landscape is an important enabling factor for democratic, diverse and connected societies. The millions of people, who turn to us each day for the latest local, national and international news need to be able to trust us. Our commitment to independence and diversity in our content enables us to maintain a journalistic balance that reflects the diverse opinions of the societies we serve.

In keeping with this commitment, our local CEOs act as publishers and don't interfere in the selection or production of content, which is the exclusive responsibility of the editors-in-chief.

Since the early 1990s, we've been building families of TV channels, radio stations and digital platforms. They offer our audiences an extremely broad range of high-quality entertainment and informational programmes that can be enjoyed by people of all demographics and circumstances. Because of our belief in inclusive, barrier-free television, last year we increased our subtitled programming in Germany by over 60 per cent, offering a far greater choice for hearing impaired viewers.

THE CREATIVE COMMUNITY

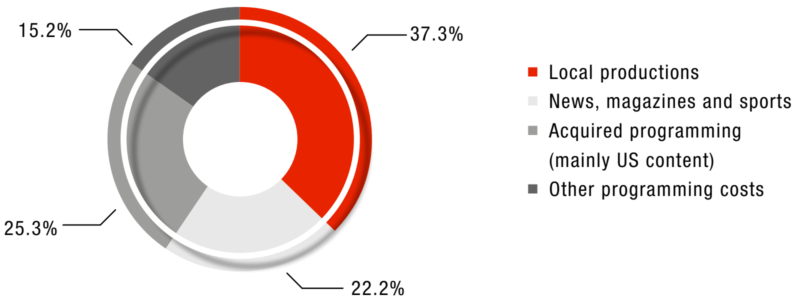
A central aspect of our mission is to build inspiring environments where creative and pioneering spirits can thrive. Our broadcasters commission content from production companies, and our own production company, FremantleMedia, commissions scriptwriters, artists, and many other creatives. Buying a TV programme from a production company or creating one ourselves involves a substantial investment. Our ability to recoup this investment is founded on our exclusive right to show and distribute the programme in a particular geographic area. Successful programmes attract large audiences, which, in turn, attracts advertisers who pay us to show their commercials. This cycle ensures production companies and other creators are suitably rewarded, so they can continue to develop new, entertaining and compelling content.

Maintaining the integrity of this cycle is crucial. That's why copyright is the lifeblood of our industry. Effective protection and enforcement of intellectual property rights are particularly indispensable in a digital world, where people can watch whatever they want, wherever they want, whenever they want. Without this protection and enforcement, the rewards to creators would dwindle, as would their creativity. Our unwavering commitment to copyright is therefore one important way we add value to society.

EVERY YEAR, RTL GROUP INVESTS €2 BILLION IN EUROPE'S CREATIVE COMMUNITY

RTL GROUP'S BROADCASTERS' PROGRAMME SPEND IN 2016*

*based on fully consolidated businesses



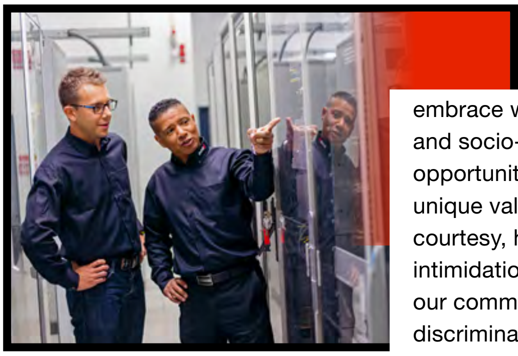
ADVERTISERS

EACH DAY, MORE THAN 100 MILLION VIEWERS WATCH OUR FREE-TV CHANNELS

No advertising is more effective than television commercials. TV reaches mass audiences, which is why it remains the dominant ingredient in the advertising mix. TV communicates the main message of a major advertising campaign. This message then resonates across other media, such as radio, newspapers, magazines and online. We've taken a variety of steps to expand our position in the rapidly growing online video advertising market. One of them was to acquire, in March 2016, Germany-based Smartclip, a pacesetter in this market. Smartclip integrates and delivers an online video advertising inventory of 700 publishers worldwide to all types of connected devices. The acquisition offers opportunities for innovation in cooperation with SpotX, RTL Group's programmatic video advertising platform, which was acquired in 2014.

Television and video commercials work best when they tell interesting, informative stories that grab viewers emotionally. Together, high-quality programming and engaging commercials form the basis for successful free-to-air broadcasting. Each day, more than 100 million viewers watch our free-TV channels, which are financed mainly through advertising. A recent study by Deloitte, published in January 2017, estimates that each euro spent on advertising generates up to seven euros of GDP in the EU economy. Advertising helps shape people's lifestyles, guide their purchasing decisions and keep the wheels of commerce turning. It also fosters media plurality, which is essential in a democratic society.

A Europe without advertising would be less affluent, less informed and less competitive.



OUR PEOPLE

Our business is a people business, built on the creativity and dedication of our employees. To reward them, we offer attractive salaries and other financial incentives. We foster a supportive and inspiring work environment and conduct talent-management and succession-planning programmes. We also provide a wide range of opportunities for our people to develop personally and professionally, to advance their careers, and to maintain a healthy work-life balance. Our efforts haven't gone unnoticed. In 2016, Randstad named RTL Group the most attractive employer in Luxembourg for the third year running, and RTL Belgium the most attractive employer in Brussels. To remain an attractive employer and a successful media company, it's important we reflect the audiences we entertain, and embrace workplace diversity in gender, ethnicity, disability and socio-economic status. We're committed to equal opportunities. We strive to recognise each individual's unique value, and treat everyone at our company with courtesy, honesty and dignity. Harassment, bullying, and intimidation are strictly prohibited. In 2016, we reinforced our commitment to equal opportunities and non-discrimination in a new Diversity Statement, which we expect all RTL Group companies to comply with.

Our management approach is decentralised. This enables each company to respond to its particular market, develop its own identity and be close to its audience – a crucial success factor in our industry. Yet our markets – despite their differences – also have some characteristics in common. So whenever it makes sense, we work together across the Group, share best practices, and learn from one another – for example, in the RTL Group Synergy Committees (Sycos). These have become one of the major platforms for sharing information and knowledge across our decentralised organisation. The Sycos comprise executives and experts from RTL Group's profit centres and the Corporate Centre, and meet regularly on subjects such as programming, news, radio, advertising sales and new media.

COMMUNITIES AND CHARITIES

As a leading media organisation, we're in an excellent position to raise awareness of important social and environmental issues, particularly those that might otherwise go unreported or under-funded. In 2016, one of our drama series in Germany began a partnership with the German Bone Marrow Donor Centre (DKMS) to draw attention to blood cancers. Similarly, one of our programmes in Belgium highlights the charitable activities of the Belgian Red Cross and tells viewers how they can get involved.

We also harness the power of TV, radio and the internet to raise money for charities that make a positive difference to people's lives. Since 1996, the annual *RTL-Spendenmarathon* in Germany has raised more than € 151 million for children in need. Our *Télévie* events in Belgium and Luxembourg have raised more than € 162 million for scientific research to fight cancer, particularly leukaemia, since 1989. We also support many organisations and projects that help sick or disadvantaged children and young people in Croatia, Belgium, Hungary, UK, France and the Netherlands.

THOMAS RABE
Chairman of the Board of Directors

CHAIRMAN'S STATEMENT

RTL Group looks back on a successful business year. In 2016, both our revenues and EBITA rose to new highs – not least thanks to one of the highest organic growth seen in many years, and another record year at Mediengruppe RTL Deutschland. We also made strategic progress across the Group to become more digital, more international, and faster growing.

Our broadcasting business once again delivered a strong performance, first and foremost Mediengruppe RTL Deutschland, which not only grew its revenues again, but also improved its EBITA for the fifth consecutive year.

In 2016, the team in Cologne generated higher income from TV and digital advertising, as well as higher platform revenues. Although big sporting events such as the Olympic Games and the Uefa European Football Championships were largely shown by the public service broadcasters, our family of channels recorded a stable audience share in the main target group of 28.4 per cent, doubling its lead over its biggest commercial competitor to 3.1 percentage points.

Groupe M6 also had a strong year with revenues and earnings growth, attributable to higher TV advertising revenues and a positive effect from the gradual phase-out of the M6 Mobile contract. Our flagship channel M6 increased its average market share to 16.0 per cent, profiting from its broadcast of eleven European Championship matches, which achieved an average total audience share of close to 40 per cent.

Outside Germany and France, our key European TV advertising markets mainly developed positively. This benefited our respective families of channels, which we have expanded by launching new channels in Germany and Croatia.

In the area of content, FremantleMedia successfully expanded its prime-time drama business. Despite a slight dip in revenues, FremantleMedia achieved a higher EBITA. In addition, our production companies celebrated a raft of creative and commercial successes. The UFA Fiction series *Deutschland 83* inspired audiences and critics worldwide, as did the Wildside production *The Young Pope*, which premiered at the Venice Film Festival and was rolled out in almost 200 territories by FremantleMedia International and co-producing partners. Beyond this, FremantleMedia took over the production company Abot Hameiri, and acquired holdings in Dr Pluto, Wild Blue Media, and Dancing Ledge.

Our digital businesses made significant progress. Fuelled by strong organic and acquisitive growth, they contributed more than 10 per cent to RTL Group's total revenue. Their revenue grew by 32 per cent to €670 million. The BroadbandTV, StyleHaul and SpotX businesses bundled in the RTL Digital Hub, all of which showed dynamic growth, were key contributors to this. Moreover, Mediengruppe RTL Deutschland strengthened its position in the digital advertising sector by acquiring a majority stake in the online video advertising sales house, Smartclip.

This progress throughout 2016 shows that the Board of Directors helped to initiate and supervise a multitude of measures to further develop RTL Group along its three strategic pillars: broadcast, content and digital. We intend to build on this success in the years ahead.

"OUR CREATIVITY AND INNOVATIVE SPIRIT HELP US ENTERTAIN, INFORM, AND ENGAGE MILLIONS OF VIEWERS, LISTENERS, AND USERS AROUND THE GLOBE."

We will do so with a changed executive management team – one which will ensure long-term continuity in the leadership of the Group. Anke Schäferkordt, Co-CEO of RTL Group, has decided to focus on leading Mediengruppe RTL Deutschland and on serving as a member of the Bertelsmann Executive Board. She will leave our Group's Board of Directors and Executive Committee at her own request, with effect from the Annual General Meeting on 19 April 2017. Bert Habets, currently CEO of RTL Nederland, will become the new Co-CEO of RTL Group and will join the Group's Executive Committee, alongside Co-CEO Guillaume de Posch and CFO Elmar Heggen.

Together with almost 13,000 employees, we will continue to build on RTL Group's tremendous success. The most important foundations for continuing to be faster-growing, more digital, and more international, are our creativity and innovative spirit. They help us entertain, inform, and engage millions of viewers, listeners, and users around the globe – and I am pleased that you are following us on this path.

Thomas Rabe
Chairman of the Board of Directors

THE BOARD

EXECUTIVE DIRECTORS

ANKE SCHÄFERKORDT

Co-Chief Executive Officer
(until 19 April 2017)

Anke Schäferkordt, born in 1962, holds a degree in business administration. She started her career at Bertelsmann in 1988. In 1991, she moved to RTL Plus (now RTL Television) in Cologne, and took over the Controlling department the following year. From 1993 to 1995 she was a Director in charge of the Corporate Planning and Controlling division at RTL Television.

In 1995, she joined the TV broadcaster Vox, serving as CFO and, from 1997 onwards, also as Programme Director. From 1999 until 2005, she was CEO of Vox. In February 2005, Anke Schäferkordt was appointed Chief Operating Officer and Deputy CEO of RTL Television, and since September 2005, its CEO. In November 2007, the German RTL family of channels adopted the corporate brand name Mediengruppe RTL Deutschland. In her capacity as CEO of RTL Television, Anke Schäferkordt is also CEO of Mediengruppe RTL Deutschland.

Since April 2012, Anke Schäferkordt has been Co-CEO of RTL Group. In this capacity, she retains her role as CEO of Mediengruppe RTL Deutschland. She also sits on the Executive Board of Bertelsmann Management SE, RTL Group's majority shareholder.

Anke Schäferkordt was appointed Member of the Supervisory Board of Groupe M6 as of 28 April 2015.

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015
Mandates in listed companies:
Member of the Supervisory Board of BASF SE, Ludwigshafen

GUILLAUME DE POSCH

Co-Chief Executive Officer

Guillaume de Posch, born in 1958, started his career at the international energy and services company Tractebel (1985 to 1990) and then joined the global management consulting firm McKinsey & Company (1990 to 1993).

Guillaume de Posch began his career in the media industry at the Compagnie Luxembourgeoise de Télédiffusion (CLT) as assistant to the Managing Director (1993 to 1994) and then became Head of CLT's TV operations in French-speaking countries (1995 to 1997). From 1997 to 2003, he was Deputy General Manager and Programming Director of the French pay-TV company TPS, before joining the publicly listed ProSiebenSat1 Media AG in August 2003, first as Chief Operating Officer and then as Chairman of the Executive Board and CEO (2004 to 2008).

Guillaume de Posch was appointed Chief Operating Officer and a new member of the RTL Group Executive Committee on 1 January 2012.

With effect from 18 April 2012, Guillaume de Posch assumed the role of Co-CEO of RTL Group.

Since 28 April 2015, Guillaume de Posch has been Chairman of the Supervisory Board of Groupe M6.

Nationality: Belgian
First appointed: 18 April 2012
Re-elected: 15 April 2015

NON-EXECUTIVE DIRECTORS

BERT HABETS

Co-Chief Executive Officer
(with effect from 19 April 2017)

Bert Habets, born in 1971, holds a Master of Economics and Law (fiscal) from the University of Maastricht. He joined CLT-UFA, which later became RTL Group, in 1999 in the Business Development unit.

In March 2001, he was appointed CFO of Holland Media Groep, which rebranded as RTL Nederland in August 2004. In January 2008, Bert Habets was appointed CEO of RTL Nederland. Under his leadership, RTL Nederland established a clear strategy of strengthening the core business, while diversifying and innovating.

It will be proposed at the AGM, to be held on 19 April 2017, that Bert Habets joins the RTL Group Board of Directors as Executive Director with immediate effect. Bert Habets is then expected to become Co-CEO of RTL Group.

Nationality: Dutch
First appointed: 19 April 2017

ELMAR HEGGEN

Chief Financial Officer and
Head of the Corporate Centre

Elmar Heggen, born in 1968, holds a diploma in business administration from the European Business School, and graduated with a Master of Business Administration (MBA) in finance.

In 1992, he started his career at the Felix Schoeller Group, becoming Vice President and General Manager of Felix Schoeller Digital Imaging in the UK in 1999. Elmar Heggen first joined the RTL Group Corporate Centre in 2000 as Vice President Mergers and Acquisitions. In January 2003, he was promoted to Senior Vice President Controlling and Investments. From July 2003 until December 2005 he was Executive Vice President Strategy and Controlling.

Since January 2006, Elmar Heggen has served on the RTL Group Executive Management team, and since 1 October 2006 he has been CFO and Head of the Corporate Centre of RTL Group.

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015
Mandates in listed companies:
Member of the Board of Directors
of Regus PLC, London

THOMAS RABE

CEO and Chairman of the Bertelsmann
Management SE Executive Board

Thomas Rabe, born in 1965, holds a diploma and a doctorate in economics from the University of Cologne Germany. He started his career in 1989 at the European Commission in Brussels. From 1990 to 1996 he held various senior positions at Forrester Norall & Sutton (now White & Case) in Brussels, the state privatisation agency Treuhandanstalt, and a venture capital fund in Berlin. In 1996, he joined Cedel International (Clearstream, following the merger with Deutsche Börse Clearing) where he was appointed Chief Financial Officer and member of the Management Board in 1998.

In 2000, Thomas Rabe became Chief Financial Officer and member of the Executive Committee of RTL Group. In March 2003, he was also appointed Head of the Corporate Centre with responsibility for the Luxembourgish activities of RTL Group. With effect from 1 January 2006, Thomas Rabe was appointed to the Executive Board of Bertelsmann AG as the Group's Chief Financial Officer. From 2006 to 2008, he was additionally responsible for Bertelsmann AG's music business.

Since 1 January 2012, Thomas Rabe has been CEO and Chairman of the Executive Board of Bertelsmann AG, now Bertelsmann Management SE.

Nationality: German
First appointed: 12 December 2005
(effective 1 January 2006)
Re-elected: 15 April 2015
Mandates in listed companies:
Chairman of the Supervisory Board
of Symrise AG, Holzminden
Committee membership:
Audit, Nomination and Compensation

NON-EXECUTIVE DIRECTORS

THOMAS GÖTZ

**General Counsel,
Bertelsmann SE & Co. KGaA**

Thomas Götz, born in 1971, graduated from the University of Bayreuth with a doctorate in law in 1999. A year earlier, during his studies, he joined Bertelsmann's Corporate Legal department as an in-house lawyer. From 2009 to 2013, he was Co-Head of Mergers and Acquisitions at Bertelsmann. Prior to this he worked for two years as Senior Vice President Mergers and Acquisitions.

Thomas Götz has been General Counsel at Bertelsmann SE & Co. KGaA since January 2014.

Nationality: German
First appointed: 15 April 2015

ROLF HELLERMANN

**Executive Vice President
Corporate Controlling & Strategy,
Bertelsmann SE & Co. KGaA
Chief Financial Officer, Arvato AG**

Rolf Hellermann, born in 1976, studied business administration in Vallendar, Los Angeles and Nancy and completed his studies with a doctorate from the WHU – Otto Beisheim School of Management.

In 2004, he joined Bertelsmann's Corporate Controlling and Strategy department, and in 2008 he was appointed Vice President in charge of corporate controlling and investment controlling for the divisions Random House, Arvato and Direct Group. During his Bertelsmann career, Rolf Hellermann has also completed postings at RTL Group in Luxembourg and Gruner + Jahr in Hamburg.

Since 2012, he has been EVP Corporate Controlling & Strategy at Bertelsmann SE & Co. KGaA. In addition to this function he became CFO of Arvato AG in July 2015.

Nationality: German
First appointed: 26 August 2015
Ratified: 20 April 2016

BERND HIRSCH

**Executive Vice President
Corporate Chief Financial Officer (CFO)
at Bertelsmann SE & Co. KGaA**

Bernd Hirsch, born in 1970, holds a diploma in economics from the University of Würzburg, Germany. He started his career in 1998 at the international audit firm Arthur Andersen where he served as an Audit Manager. In 2001, he joined the Carl Zeiss Group as Head of Mergers & Acquisitions. One year later, Bernd Hirsch was appointed Chief Financial Officer and member of the Executive Board at Carl Zeiss Meditec AG.

From December 2009 until December 2015 Bernd Hirsch has been Chief Financial Officer and member of the Executive Board of Symrise AG. Effective 1 April 2016, he has been appointed Chief Financial Officer of Bertelsmann SE & Co KGaA. In December 2013 Bernd Hirsch was appointed Member of the Supervisory Board of Evotec AG, Hamburg, where he currently serves as Chairman of the Audit Committee and Vice Chairman of the Supervisory Board.

On 20 April 2016, Hirsch was appointed as Non-Executive Director to RTL Group's Board of Directors for a term of office of two years, to expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts.

Nationality: German
First appointed: 20 April 2016

NON-EXECUTIVE DIRECTORS

BERND KUNDRUN

Business Founder and Investor

Bernd Kundrun, born in 1957, studied business administration at the universities of Münster and Innsbruck. In 1984, he started his career as Executive Assistant at the Bertelsmann Club. In 1993, he was appointed Chairman of the Management Board of the Bertelsmann Club.

In 1994, Bernd Kundrun became Managing Director of Premiere Medien in Hamburg. He was appointed a member of the Executive Board of Gruner + Jahr in August 1997 and was responsible for the company's newspaper division until 31 October 2000.

From November 2000 to 6 January 2009, Bernd Kundrun was Chairman of Gruner + Jahr's Executive Board and the company's CEO. During this time, he was also a member of the Executive Board of Bertelsmann. Since February 2009, Bernd Kundrun has been partner of the online donation platform Betterplace.org and since 2015 he is the Honorary Chairman of the Supervisory Board of Gut.org.

At the end of 2009, Bernd Kundrun founded the Start 2 Ventures Beteiligungsgesellschaft which provides online start-ups with initial capital. He is also a member of the Board of Directors of *Neue Zürcher Zeitung*, of the Board of Comcave GmbH and Chairman of the Supervisory Board of CTS EVENTIM AG & Co. KGaA.

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015

JACQUES SANTER

Chairman of the Board of CLT-UFA; Independent Director (until 19 April 2017)

Before Jacques Santer, born in 1937, became Chairman of the Board of CLT-UFA in May 2004, his distinguished career covered a variety of political roles, including Member of the European Parliament (1974 to 1979, and 1999 to 2004), Prime Minister of Luxembourg (1984 to 1995) and President of the European Commission (1995 to 1999).

Nationality: Luxembourgish
First appointed: 9 December 2004
Re-elected: 15 April 2015

JEAN-LOUIS SCHILTZ

Tech Law Advisor, Professor (inv.) Independent Director (with effect from 19 April 2017)

Jean-Louis Schiltz, born in 1964, holds a post graduate degree (DEA) in business law from the University of Paris I, Panthéon-Sorbonne. He has also been teaching at his alma mater in the early 1990's.

From 2004 to 2009, Jean-Louis Schiltz was a Cabinet minister in Luxembourg. His portfolios included media, telecommunications, technology (IT and internet in particular), international development and defense.

Jean-Louis Schiltz is a tech law advisor, a partner at Schiltz & Schiltz (avocats) and a Professor (inv.) at the University of Luxembourg. His work focuses on technology, regulatory as well as M&A and finance. He is a regular speaker at tech law conferences and has authored and co-authored a number of articles and reports in this field.

Jean-Louis Schiltz serves on the boards of a number of companies and non-profit organisations. He is also a member of the Advisory Board of the Smart Sustainable Development Model (SSDM) of the International Telecommunications Union (ITU).

It will be proposed at the AGM, to be held on 19 April 2017, that Jean-Louis Schiltz joins the RTL Group Board of Directors as Non-Executive Director with immediate effect.

Nationality: Luxembourgish
First appointed: 19 April 2017

NON-EXECUTIVE DIRECTORS

ROLF SCHMIDT-HOLTZ

Business Founder
and Investor

Rolf Schmidt-Holtz, born in 1948 in Martinsreuth, Germany, is an examined lawyer and studied political science and psychology. He has been an independent business founder and investor since April 2011. Prior to that he was CEO of Sony Music Entertainment from February 2006 (until October 2008 Sony BMG Music Entertainment) to March 2011, having served the company as Chairman of the Board from August 2004.

From January 2001 to August 2004, Rolf Schmidt-Holtz was Chairman and CEO of Bertelsmann Music Group (BMG) and a member of the Bertelsmann AG Executive Board (from 2000) heading the BMG division, which consisted of the Sony BMG Music Entertainment joint venture and BMG Music Publishing. He also served on the Bertelsmann Executive Board as Chief Creative Officer. Furthermore, he was a member of the Supervisory Boards of Gruner + Jahr, RTL Group and of the Bertelsmann Foundation's Board of Trustees.

Prior to running BMG, Schmidt-Holtz served as Chief Executive Officer of CLT-UFA. He later oversaw the merger of CLT-UFA with Pearson Television to form RTL Group. He is Co-Founder and Chairman of Just Software AG and Co-Founder and Partner of Hanse Ventures BSJ GmbH.

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015
Committee membership:
Nomination and Compensation

JAMES SINGH

Independent Director

James Singh, born in 1946, holds a Bachelor of Commerce (Hons) and a Master of Business Administration from the University of Windsor, Canada. He is a CPA (Canada) and a Fellow of the Chartered Institute of Management Accountants (UK).

James Singh joined Nestlé Canada as Financial Analyst in 1977 and served the company in various executive positions until 2000 when he was appointed Senior Vice President, Acquisitions and Business Development in Nestlé SA's headquarters in Vevey, Switzerland. He was a member of the Executive Board, Executive Vice President and Chief Financial Officer of Nestlé SA from 2008 to 2012. He retired on 31 March 2012 after a long and distinguished career of 35 years with Nestlé.

James Singh previously served as Chairman of the Finance Committee of the European Round Table, and is a member of the International Integrated Financial Reporting Standard Committee.

He is also a Director of Great West Life Assurance, Director of the American Skin Association, and Chairman of CSM Bakery Solutions Ltd.

Nationality: Canadian
First appointed: 18 April 2012
Re-elected: 15 April 2015
Committee membership:
Audit (Chairman)

MARTIN TAYLOR

Vice Chairman
and Independent Director

Martin Taylor, born in 1952, began his career as a financial journalist with Reuters and the Financial Times. He then joined Courtaulds PLC, becoming a director in 1987, then Chief Executive of Courtaulds Textiles PLC on its demerger in 1990. He moved to Barclays PLC in 1993 as Chief Executive, a post he held until the end of 1998. From 1999 to 2003, he was Chairman of WHSmith PLC, and from 1999 to 2005, International Advisor to Goldman Sachs. From 2005 until 2013, he was Chairman of the Board of Syngenta AG.

Since 2013, Martin Taylor has been an external member of the Financial Policy Committee of the Bank of England.

He has worked on various projects for the British Government and served for five years as a member of its Council for Science and Technology. Appointed as Independent Non-Executive Director in July 2000 (when RTL Group was created), he took over the responsibilities of Vice-Chairman of the Board in December 2004.

Nationality: British
First appointed: 25 July 2000
Re-elected: 15 April 2015
Committee membership:
Audit, Nomination and Compensation (Chairman)

EXECUTIVE COMMITTEE

ANKE SCHÄFERKORDT

Co-Chief Executive Officer
(until 19 April 2017)

In her capacity as Co-CEO of RTL Group, Anke Schäferkordt has been responsible for the Group's largest profit centre, Mediengruppe RTL Deutschland, for which she also continues to serve as CEO.

GUILLAUME DE POSCH

Co-Chief Executive Officer

In his capacity as Co-CEO of RTL Group, Guillaume de Posch will be responsible – following the changes on the executive management team – for Mediengruppe RTL Deutschland, Groupe M6, RTL Radio (France), and RTL Belgium. Guillaume de Posch is also Chairman of the Boards of SpotX, BroadbandTV and StyleHaul.

Both Co-CEOs will be jointly responsible for the Group's global digital businesses (SpotX, BroadbandTV and StyleHaul), and for Group Strategy, Business Development, Corporate Communications & Marketing, European Affairs, Internal Audit & Compliance and – together with the CFO – for Group HR.

BERT HABETS

Co-Chief Executive Officer
(with effect from 19 April 2017)

Bert Habets will become a member of the RTL Group Executive Committee with effect from 19 April 2017. In his future capacity as Co-CEO of RTL Group, Bert Habets will be responsible for RTL Nederland, FremantleMedia and for the Group's broadcasting activities in Hungary and Croatia.

ELMAR HEGGEN

Chief Financial Officer and
Head of the Corporate Centre

In his capacity as CFO and Head of the Corporate Centre of RTL Group, Elmar Heggen controls Finance and Legal. He also oversees the Group's businesses in Luxembourg, will assume responsibility for RTL Group's radio activities in Germany, and represents RTL Group on the Board of Atresmedia in Spain.

The Executive Committee keeps the Board of Directors informed on the results of the Group and its main profit centres on a regular basis. The compensation of the members of the Executive Committee is determined by the Nomination and Compensation Committee, and is composed of a fixed and a variable part (see note 10.3. to the consolidated financial statements).

The third season of *Die Höhle der Löwen*, was the most successful local prime-time production ever on Vox, setting a new record in 2016 with up to 16.4 per cent of the 14 to 59-year-old target audience. The start-up show won the German TV Award in the ‘best factual entertainment’ category.

In 2016, RTL Hungary invested in their news studio with a a cutting-edge set up, and new enhanced graphics with augmented reality and 3D visual elements.

In M6’s political TV show, *Une ambition intime*, Karine Le Marchand offered a human introduction of the 2017 candidates for the highest office in the French Republic. The candidates got the chance to tell their stories, and to reveal their personalities, motivations and goals through the accounts of their nearest and dearest.

Launched in June 2016, RTL Plus – the latest addition to Mediengruppe RTL Deutschland’s family of channels – became the most successful channel launch in recent years. RTL Plus offers an entertaining programme mix comprising popular classics and exclusive local productions.

In January 2016, RTL Televizija broadcast 21 matches of the Men’s World Handball Championship reaching an average audience share of 28.0 per cent in the target group. The match between Croatia and Spain drew an audience share of 55.0 per cent.

DIRECTORS' REPORT,
CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

RECORD REVENUE, EBITA, EBITDA

Full-year revenue up 3.4 per cent to €6,237 million

EBITA up 3.3 per cent to €1,205 million, EBITDA up 3.8 per cent to €1,411 million

Digital revenue[1] continues to grow dynamically, up by 31.9 per cent to €670 million

Attractive shareholder returns: total dividend of €4.00 per share for the fiscal year 2016, representing a dividend yield of 5.4 per cent

Luxembourg, 9 March 2017 – RTL Group announces its audited results for the year ended 31 December 2016.

FINANCIAL SUMMARY

	Year to December 2016 €m	Year to December 2015 €m	Per cent change
Revenue	**6,237**	**6,029**	**+3.4**
Underlying revenue[2]	**6,202**	**6,020**	**+3.0**
EBITA[3]	**1,205**	**1,167**	**+3.3**
EBITA margin (%)	19.3	19.4	
EBITDA[4]	1,411	1,360	+3.8
EBITDA margin (%)	22.6	22.6	
EBITA	**1,205**	**1,167**	
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(15)	(6)	
Re-measurement of earn-out arrangements	1	10	
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	6	4	
EBIT	**1,197**	**1,175**	
Net financial (expense)/income	(18)	(12)	
Income tax expense	(363)	(300)	
Profit for the period	**816**	**863**	
Attributable to:			
– Non-controlling interests	96	74	
– RTL Group shareholders	720	789	(8.7)
Reported EPS (in €)	**4.69**	**5.14**	

1 "Digital" refers to the internet-related activities with exception to online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, for example other advertising sales, the production/distribution of films, programmes and other rights and the professional services, excluding e-commerce, home shopping and platform revenue
2 Adjusted for scope changes and at constant exchange rates
3 EBITA represents earnings before interest and taxes excluding impairment of goodwill and of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries, impairment of investments accounted for using the equity method, re-measurement of earn-out arrangements, and gain or loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree, see note 3 to the Consolidated Financial Statements
4 EBITDA represents EBIT excluding amortisation and impairment of non-current programme and other rights, of goodwill and disposal group, of other intangible assets, depreciation and impairment of property, plant and equipment, impairment of investments accounted for using the equity method, re-measurement of earn-out arrangements, and gain or loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree, see note 3 to the Consolidated Financial Statements

HIGHEST ORGANIC REVENUE GROWTH RATE SINCE 2010

- Group **revenue** increased 3.4 per cent to €6,237 million (2015: €6,029 million), mainly driven by growing revenue at Mediengruppe RTL Deutschland and dynamic growth in digital revenue; underlying/organic growth rate[2] was 3.0 per cent

- Platform revenue[5] was up 13.3 per cent to €281 million (2015: €248 million)

- RTL Group's revenue is well diversified with 52.1 per cent from broadcast advertising (TV and radio), 21.2 per cent from content, 10.7 per cent from digital activities, 4.5 per cent from platform revenue and 11.5 per cent from other revenue

- **EBITA** also reached a new record level, up 3.3 per cent to €1,205 million (2015: €1,167 million). The increase is mainly due to higher EBITA contribution from Germany and a positive one-off effect at Groupe M6 from the settlement of the M6 mobile contract, amounting to €42 million

- **EBITA margin** was stable at 19.3 per cent (2015: 19.4 per cent)

- **EBITDA** was up by 3.8 per cent to €1,411 million (2015: €1,360 million), with an **EBITDA margin** of 22.6 per cent (2015: 22.6 per cent)

- **Net profit** attributable to RTL Group shareholders decreased to €720 million (2015: €789 million), mainly due to higher tax charges

- Net cash from operating activities was €1,106 million, resulting in a higher operating cash conversion[6] of 97 per cent (2015: 87 per cent). **Net financial debt[6]** was €576 million at the end of 2016 (2015: net financial debt of €671 million)

- In the **fourth quarter of 2016**, Group revenue was up 6.3 per cent at €2,007 million (Q4/2015: €1,888 million), while EBITA was stable at €449 million (Q4/2015: €451 million). This reflects a one-off charge at RTL Radio (France) following accounting misstatements over a number of previous years and a decrease at RTL Nederland, partly balanced by higher EBITA contributions from Mediengruppe RTL Deutschland, Groupe M6 and FremantleMedia. Adjusted for the one-off charge at RTL Radio (France), fourth quarter EBITA was up 2.0 per cent year on year

- RTL Group's Board of Directors has proposed a final **ordinary dividend** of €3.00 per share for the fiscal year 2016. This proposal is a reflection of the Group's strong cash flows, future investment plans and its target net debt to full-year EBITDA ratio[6] of 0.5 to 1.0 times. In addition, RTL Group already paid an interim dividend of €1.00 per share for the fiscal year 2016 in September 2016 (2015: ordinary dividend of €3.00 per share plus interim dividend of €1.00)

- Based on the average share price in 2016 (€73.7[7]), the total dividends for the fiscal year 2016 (€4.00 per share; 2015: €4.00 per share) represent an attractive **dividend yield** of 5.4 per cent (2015: 4.9 per cent) and a payment of 85 per cent of the reported EPS (€4.69)

SEGMENTS: RTL GROUP'S THREE LARGEST BUSINESS UNITS – MEDIENGRUPPE RTL DEUTSCHLAND, GROUPE M6 AND FREMANTLEMEDIA – WITH SIGNIFICANTLY HIGHER PROFIT CONTRIBUTIONS

- Once again, **Mediengruppe RTL Deutschland** closed the year with record results: EBITA grew by 3.1 per cent to €705 million (2015: €684 million), resulting in an outstanding EBITA margin of 31.8 per cent (2015: 32.0 per cent). Over the past ten years, Mediengruppe RTL Deutschland more than doubled its EBITA (2007: €329 million)

- **Groupe M6** also reached a record EBITA of €252 million (2015: €205 million), mainly driven by the positive one-off effect from the settlement of the M6 Mobile contract, amounting to €42 million which more than compensated for the impact of the higher programming costs for the Uefa Euro 2016 live broadcasts

- In line with previous guidance, **FremantleMedia**'s EBITA increased by 6.8 per cent to €110 million (2015: €103 million), reflecting higher profit contributions from content coming through the pipeline as a result of recent acquisitions and investments

- **RTL Nederland**'s EBITA was down to €85 million (2015: €101 million), due to lower TV advertising revenue, higher programme costs and start-up losses of the SVOD platform, Videoland

5 Revenue generated across all distribution platforms (cable, satellite, IPTV) including subscription and re-transmission fees
6 For more information, see note 3 to the Consolidated Financial Statements
7 Frankfurt Stock Exchange

OUTLOOK

- Beginning with the fiscal year 2017, RTL Group will report EBITDA as its key performance indicator for operating profit, adapting to more common reporting standards of the media industry (previously: EBITA)

- RTL Group expects its total **revenue** for the fiscal year 2017 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland. At the same time, RTL Group's **EBITDA** for the full year 2017 is expected to be broadly stable (-1.0 per cent to +1.0 per cent), mainly due to the lack of positive one-off effects at the level Groupe M6 recorded in 2016

- **Digital revenue** is expected to continue to show dynamic double-digit growth and increase its share of RTL Group's total revenue to at least 15 per cent within the next three to five years

- RTL Group will keep a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the fiscal year 2017. RTL Group will continue to focus on **cash conversion** and expects 2017 levels to be broadly in line with the previous years, not below 90 per cent

- The **dividend** policy remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the fiscal year 2017

MUST-SEE CONTENT DRIVES RTL GROUP'S BROADCAST BUSINESSES

- In December, RTL Group announced that it plans to regroup its French radio operations into Groupe M6. The transaction is, among others, subject to approval by the French media authority CSA (Conseil supérieur de l'Audiovisuel)

- M6 broadcast a total of 11 matches, including the final, of the biggest European football competition – Uefa Euro 2016. The final, between Portugal and France, achieved the same audience as the final of the 1998 World Cup between Brazil and France: 20.8 million viewers represented a total audience share of 71.8 per cent. This was a new all-time audience record for M6 since its creation, making it the most watched programme on French television in 2016 and the fifth largest TV audience ever recorded in France

- In May, RTL Television signed a new exclusive TV broadcasting rights agreement with Uefa to air 28 of the 40 matches that the German national football team is due to play in the period 2018 to 2022. The new deal grants RTL Television exclusive broadcasting rights for all of Germany's Euro 2020 qualifying games and World Cup 2022 qualifiers. The deal comes on top of the exclusive TV broadcasting rights RTL Television already holds for the period from September 2016 to October 2017 for Germany's qualifying matches for the World Cup 2018 in Russia

- RTL Plus, the latest addition to Mediengruppe RTL Deutschland's family of channels, was launched on 4 June 2016 and is the most successful channel launch of the last few years. In December 2016, RTL Plus already recorded an average audience share of 0.9 per cent in the 14 to 59 demographic

CONTENT: ADDITIONAL INVESTMENTS IN THE CREATIVE PIPELINE

- In 2016, FremantleMedia made several investments, strengthening capabilities in the scripted, entertainment and factual genres. This included Abot Hameiri (51 per cent), Dr Pluto (25 per cent), Wild Blue Media (25 per cent), and Dancing Ledge (25 per cent)

- On 24 August, FremantleMedia announced a deal with Amazon to showcase its ambitious fantasy drama, *American Gods*, on Amazon Prime Video in 2017. The show will be available on Amazon's SVOD platform in over 200 territories, shortly after its US premiere on the pay-TV channel Starz in April 2017

- In September, highly acclaimed drama, *The Young Pope* – produced by FremantleMedia's Wildside for Sky, HBO and Canal Plus – celebrated its world premiere at the Venice Film Festival. *The Young Pope* was the best premiere for a new series on Sky in Italy, launched as Canal Plus' number one new international drama of 2016 in France, and was Sky Atlantic's number three new drama of the year in the UK

- On 14 October, UFA Fiction, FremantleMedia International and RTL Television announced that the sequel to the nationally and internationally award-winning series *Deutschland 83* will premiere exclusively on Amazon Prime Video in Germany in 2018. RTL Television has secured a first-look option for the linear TV rights and expects to air the sequel on German free-to-air television in 2018/19, after Amazon's first window

DIGITAL HAS BECOME A SIGNIFICANT PILLAR OF RTL GROUP'S REVENUE

- RTL Group's digital revenue[8] continued to show strong growth, up 31.9 per cent to €670 million (2015: €508 million), mostly due to organic growth. Digital revenue now makes up more than 10 per cent of RTL Group's total revenue

- All of the three main businesses of the RTL Digital Hub – BroadbandTV, StyleHaul and SpotX – continued to show strong individual revenue growth. Year-on-year, BroadbandTV was up 131 per cent, StyleHaul was up 54 per cent, and SpotX was up 18 per cent

- Mediengruppe RTL Deutschland, Groupe M6 and RTL Nederland reported outstanding online video advertising revenue growth rates. Comparing 2016 with 2015: Mediengruppe RTL Deutschland was up 106 per cent (driven by organic growth and the acquisition of Smartclip), Groupe M6 was up 37 per cent and RTL Nederland was up 61 per cent

- RTL Group's catch-up TV services, websites and MCNs attracted a total 274 billion online video views in 2016 (2015: 105 billion video views)

- In March 2016, Mediengruppe RTL Deutschland announced the acquisition of a 93.75 per cent majority stake in Smartclip, with a call option to acquire the remaining shares. The purchase price was €48 million. Smartclip currently bundles the online video advertising inventory of 750 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected devices. Smartclip complements RTL Group's investments in digital advertising sales, including in particular SpotX. Approval from Germany's Federal Cartel Office was received on 22 April 2016

- Also in March, Mediengruppe RTL Deutschland bundled their catch-up services of the 'Now' family (RTL Now, Vox Now, RTL II Now, RTL Nitro Now, Super RTL Now and N-TV Now) in a new offer called TV Now

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

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

With interests in 60 television channels, 31 radio stations, a global business for content production and distribution, and rapidly growing digital video businesses, RTL Group entertains, informs and engages audiences around the world. The Luxembourg-based company owns stakes in TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary, Croatia and South East Asia. With FremantleMedia, it is one of the world's leading producers of television content: from talent and game shows to drama, daily soaps and telenovelas, including *Idols*, *Got Talent*, *The X Factor*, *Good Times – Bad Times* and *Family Feud*. And with digital investments in North America – BroadbandTV, StyleHaul and SpotX – RTL Group reached critical mass in online video.

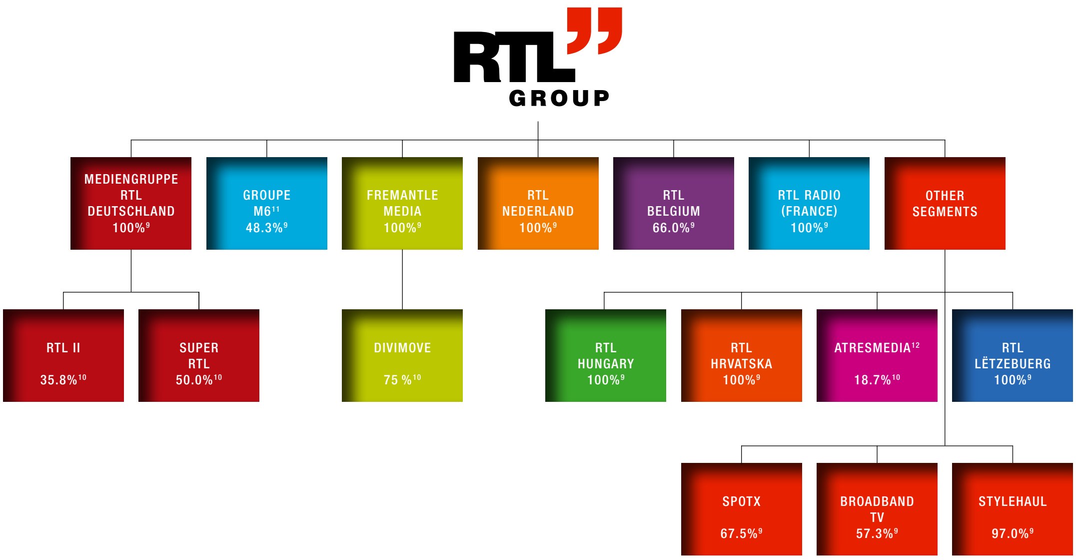
The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

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

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

SCHEME OF RTL GROUP REPORTING SEGMENTS

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



RTL Group's business comprises the seven reporting segments: Mediengruppe RTL Deutschland, Groupe M6, FremantleMedia, RTL Nederland, RTL Belgium, RTL Radio (France) and Others (which includes RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, the German radio business and the investment accounted for using the equity method, Atresmedia in Spain). The segment "Others" also includes RTL Group's global digital businesses, SpotX, BroadbandTV and StyleHaul, which are part of the RTL Digital Hub.

RTL Group's business covers three business areas: broadcast, content and digital. The Group's broadcast businesses are, above all, local businesses. Each segment serves different cultures, traditions and identities across Europe and further afield. For that reason, each segment is led by its own CEO and acts autonomously with full editorial independence. This entrepreneurial approach enables each segment to act flexibly in its local market, to build its own local identity, and to benefit from one of the most important success-factors in the broadcasting business: proximity to its audience.

Although the Group's segments have the advantage of being able to act independently to their markets' needs, each segment benefits from the integrated approach of knowledge and experience sharing across the Group. The Group's Synergy Committees (Sycos) have become a major platform for information and knowledge sharing across the Group's decentralised organisation. The Sycos – which are comprised of executives and experts from each segment and from the Corporate Centre – meet regularly to discuss topics such as programming, news, radio, advertising sales and new media. While each segment makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas. The Sycos are coordinated by RTL Group's Corporate Strategy team.

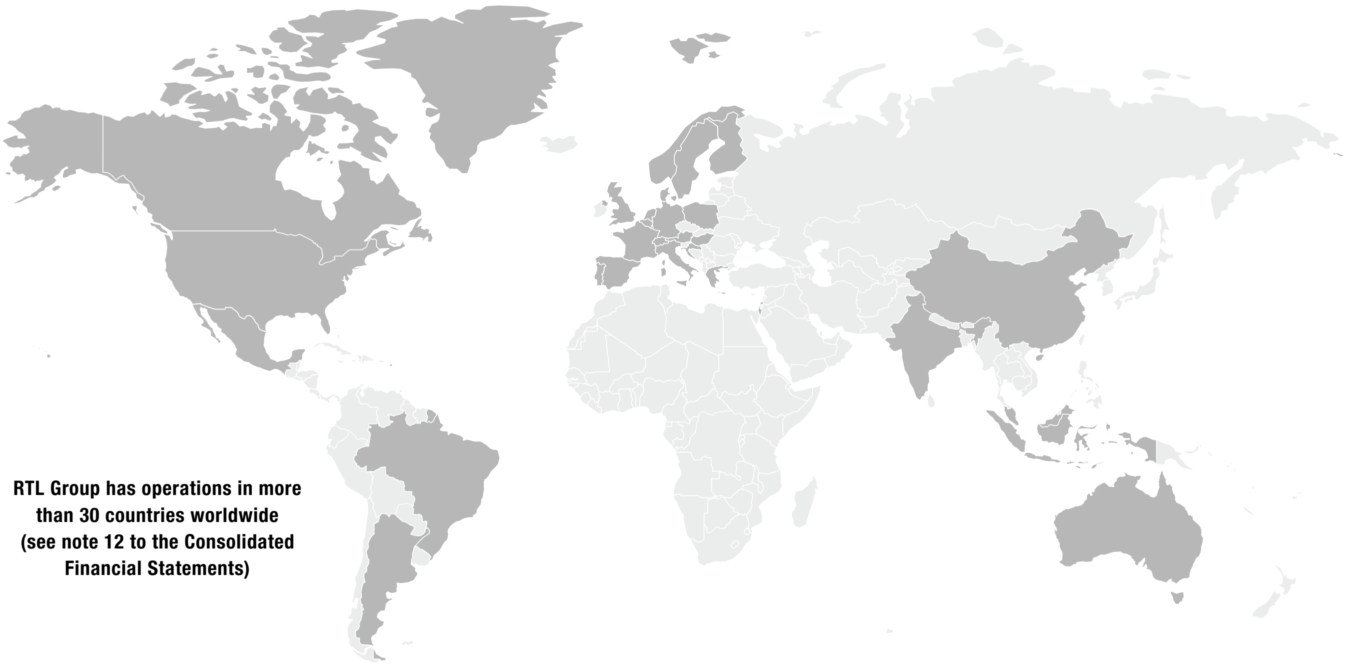
Based in Luxembourg and led by the Group's Chief Financial Officer, the Corporate Centre provides a framework of strategic direction and financial control while actively managing the Group's portfolio of holdings.

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

The Corporate Centre comprises the following functions: Consolidation and Accounting, Corporate Strategy & Controlling, Corporate Human Resources, Legal, Investor Relations, Corporate Communications & Marketing, Treasury & Corporate Finance, Internal Audit & Compliance, and Tax.

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

THE BUSINESS AREAS



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

Broadcast

Television: RTL Group is Europe's largest free-to-air broadcaster. Each day, millions of viewers all over Europe watch RTL Group's television channels, which include the families of channels clustered around the flagships RTL Television in Germany, M6 in France, RTL 4 in the Netherlands and RTL-TVI in Belgium. The Group also has broadcasting operations in Hungary (RTL Klub, RTL II, and six cable channels), Croatia (RTL Televizija, RTL 2, RTL Kockica), and Luxembourg and interests in Atresmedia in Spain. In August 2013, RTL Group and CBS Studios International launched RTL CBS Asia Entertainment Network, which operates two pay-TV channels within South East Asia.

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

Content

RTL Group's content production arm, FremantleMedia, is one of the largest creators, producers and distributors of television brands in the world. With operations in 31 countries, FremantleMedia is responsible for around 12,000 hours of TV programming broadcast each year. FremantleMedia also distributes more than 20,000 hours of content in over 200 territories.

Digital

RTL Group has become the leading European media group in online video and is ranked among the top global players in online video. In June 2015, RTL Group founded the RTL Digital Hub, bundling key investments in multi-channel networks (MCNs) such as BroadbandTV and StyleHaul, and SpotX – one of the leading players in programmatic video advertising – as well as the investments accounted for at equity: Clypd, a pioneer in programmatic TV, and VideoAmp, a platform for cross-screen data optimisation. Additionally, Mediengruppe RTL Deutschland acquired Smartclip in 2016 and a 30 per cent share in data expert Q Division in January 2017.

MARKET ENVIRONMENT

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

Digitisation has brought with it new ways of reaching viewers, such as IPTV and especially the open internet, which complement conventional modes of distribution such as terrestrial television, cable and satellite. Broadcasting groups such as RTL Group have seized the opportunity to air their programmes not only linear, based on the channels' programme schedules, but also non-linear, on demand. In addition to the extensive changes in the technical infrastructure of content distribution, above all, it's the development of devices that has led to far-reaching changes in viewing behaviour. In 2015, about 19.3 per cent of the European population owned a tablet and 55.9 per cent owned a smartphone. In fact, media convergence became a reality long ago on these screens.

Against the background of the ongoing digitisation, RTL Group's markets are shaped by four key trends: **Competition**, **Consolidation**, **Convergence** and **Complexity** (see pages 18 to 21 of the Annual Report 2016).

While linear TV is still by far the main way of consuming video content (representing around 90 per cent of all video content consumed in Germany, France and the Netherlands), usage growth is driven by non-linear viewing. Three general trends summarise changing viewing behaviours driven by this growth of non-linear video consumption:

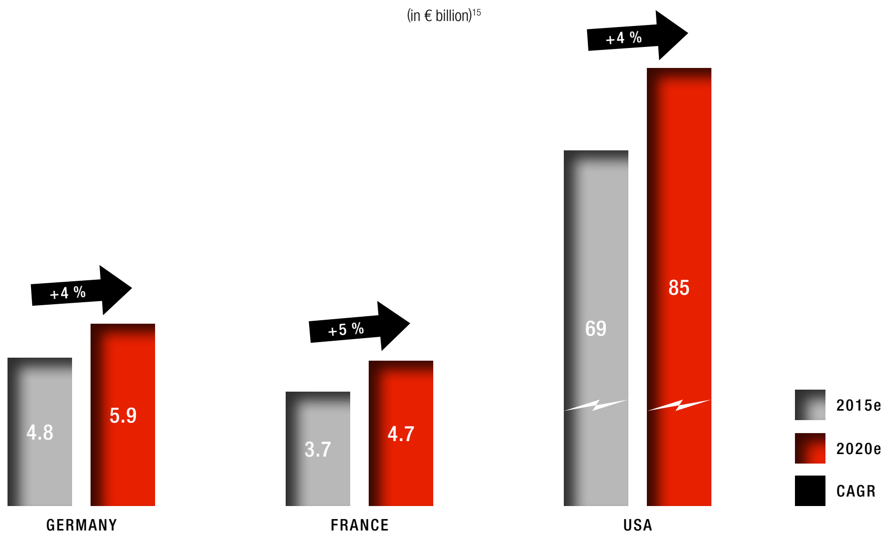
- the younger the target group, the higher the share of non-linear viewing;
- the younger the target group, the higher the share of viewing on mobile devices;
- watching video content on mobile devices increases the demand for 'short-form video' (short clips lasting a few minutes).

Consequently, for RTL Group as a video content provider, TV no longer means just 'television', it now means 'total video'.

The total video market comprises linear TV; catch-up platforms of TV channels[13]; on-demand services financed by advertising, pay per view or subscriptions[14]; and YouTube, Facebook and other short-form online video. Total video revenue in Germany, France and the US is expected to grow by 4 to 5 per cent annually until 2020.

ESTIMATED 'TOTAL VIDEO' MARKET DEVELOPMENT

(in € billion)[15]



13 Examples include: TV Now (Mediengruppe RTL Deutschland), 6play (Groupe M6), BBC iPlayer
14 AVOD = advertising-financed video on demand (for example Viewster, Clipfish); TVOD = transactional video on demand (for example Apple's iTunes store or Google's Google Play services); SVOD = subscription video on demand (for example Netflix, Amazon Prime Video, Hulu Plus, Videoland, HBO Go)
15 Source: IHS May 2016

TOTAL VIDEO: A GLOBAL FORCE IN VIDEO PRODUCTION, AGGREGATION AND MONETISATION

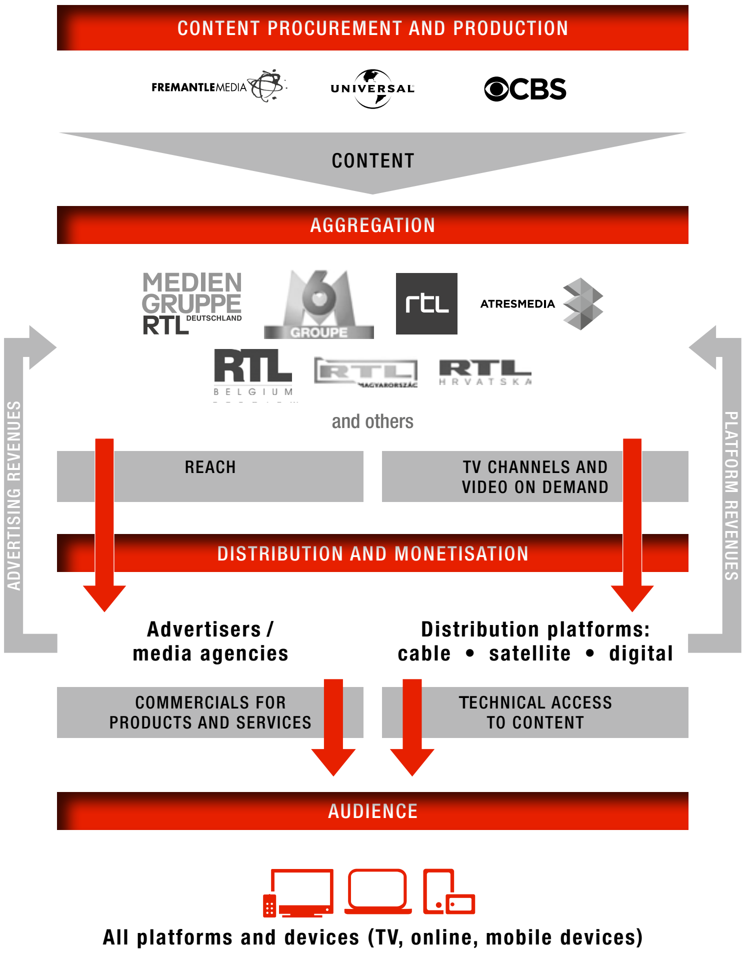
RTL Group has built market-leading positions across the value chain of the total video industry. With their families of channels, RTL Group's subsidiaries are either number one or number two in the European markets in which they operate. RTL Group's production arm, FremantleMedia, is a global leader in content production. And with its digital investments in North America – BroadbandTV, StyleHaul and SpotX – RTL Group reached a critical mass in online video.

While the following segment describes RTL Group's strategy from the angle of the Group's three main investment areas – broadcast, content and digital – there are also three strategic priorities for long-term growth which are outlined on pages 18 to 21: a) **Create must-see TV**, which applies to both broadcasters and FremantleMedia; b) **Grow audiences**, which is true for both broadcasters and multi-channel networks and c) **Capture the value of digital**, which is important for all three investment areas.

RTL Group's general value chain is outlined on pages 16 and 17. Value chains and business models outlined in this section of the report are specific to individual business areas.

Broadcast

BROADCASTING BUSINESS MODEL



Strengthening RTL Group's core business remains a key part of the Group's strategy and **building and extending families of channels** is key to tackling increasing audience fragmentation and competition in a digital, multi-channel world. The Group has established strong families of channels in Western Europe, all of which are either number one or two in their respective markets. In recent years, these families of channels have been enhanced by the addition of several digital channels with clearly defined profiles, including RTL Nitro, RTL Plus, Toggo Plus, W9, 6ter and RTL Z.

One focus of the broadcast strategy is to achieve a significant **increase in non-advertising revenue** by establishing a second revenue stream from platform operators. RTL Group aims to receive a fair revenue share for its brands and programmes from the major distribution platforms – cable network operators, satellite companies and internet TV providers – for new services such as high-definition TV channels, on-demand platforms and digital pay channels. RTL Group increased its platform revenue from €128 million in 2011[16] to €281 million in 2016.

As 'must-see' content becomes ever-more valued by today's digital audience, broadcasters must invest in **top-quality content** that will attract high viewing figures. As well as nurturing and refreshing established popular shows, news, daily soaps and reality formats, RTL Group's broadcasters invest significantly in developing new, exclusive formats and premium content that build image, strengthen the brand and – most importantly – command exclusivity in the marketplace. The major task for today's linear TV channels is to have something that makes them stand out from the crowd.

In digital, RTL Group channels have quickly succeeded in establishing their own on-demand platforms with catch-up TV services, making their programmes available on all devices – PCs, smartphones, tablets and internet-connected TV sets (see below under 'Digital' for more details).

Content

The business model of FremantleMedia – RTL Group's global production arm – is fundamentally different to that of RTL Group's broadcasters. FremantleMedia produces, licenses and distributes a vast array of programmes that range from high end drama, through game shows and daily soaps to entertainment. All of this on a worldwide basis through its network of local production and distribution companies.

Given that the timing of the delivery of the finished programme is often at the behest of the local broadcaster, which ultimately drives revenue recognition at the level of RTL Group, phasing effects from one quarter to another are frequent and can lead to significant swings. These are often neutralised over the course of the year.

As FremantleMedia increases its exposure to high-end drama, where the development cycle, from concept to on-screen, can be anything from two to three years, FremantleMedia's cash conversion is negatively impacted as it takes on more working capital and/or decides to finance part of the production itself – the so-called deficit financing model. This is more of an exception as local broadcasters still traditionally finance their commissioned programming, with FremantleMedia taking a margin, but no risk, on the finished production.

FremantleMedia's distribution arm, FremantleMedia International, sells finished programmes and formats around the world, and acquires, develops, finances and co-produces new titles for the international market. Its catalogue contains a diverse and exciting range of programming spanning drama, comedy, factual, lifestyle and entertainment. Supported by a sales network that spans nine international offices and five continents, and a brand management team, FremantleMedia International's content regularly reaches audiences in over 150 countries around the world.

16 Unaudited figure for platform revenue in 2011

FremantleMedia's strategy has four pillars

1) Maintaining the company's position as a leading producer of quality programming by **nurturing established brands** such as *Got Talent* and *The Farmer Wants A Wife,* and **investing to create new formats and brands.**

2) **Diversifying FremantleMedia's portfolio** by strengthening its local businesses and increasing prime-time drama. FremantleMedia made a series of investments in 2016, to strengthen capabilities in the scripted, entertainment and factual genres. Meanwhile, investments in high-end productions accelerate the company's growth in prime-time drama. In October, *The Young Pope* produced by FremantleMedia's Italian production arm Wildside, premiered on Sky in Germany, Italy and the UK, as well as Canal Plus in France – and generated exceptional ratings for a drama on pay TV. Elsewhere, FremantleMedia North America's adaptation of Neil Gaiman's acclaimed contemporary fantasy novel, *American Gods,* will be broadcast on the US pay-TV channel Starz, and be available on Amazon Prime Video in more than 200 territories.

3) **Maximising the global FremantleMedia network** by increasing scale in strategic markets. In recent years, the company has strengthened its Scandinavian and Southern European footprint with the opening of new offices in Sweden, Norway and Spain. In 2016, FremantleMedia made several investments, among them the Israeli production company Abot Hameiri.

4) Building a **scalable digital business**. FremantleMedia's goal is to become as successful a creator, producer and distributor in the digital space as it is in traditional television (see 'Digital' for more details).

Digital

Developing profitable business models for rapidly growing trends in non-linear viewing is one of the most important tasks for RTL Group in the years ahead. RTL Group aims to have a strong presence in all segments of the total video market.

First, the Group is extending **its premium linear TV content into the non-linear world.** RTL Group's channels have quickly succeeded in establishing their own on-demand platforms with catch-up TV services, making their programmes available on all devices – PCs, smartphones, tablets and internet-connected TV sets. Examples include TV Now in Germany, 6play in France and RTL XL in the Netherlands. Audiences appreciate these services: whenever they miss an episode of their favourite show, they can watch it online for free. The Group is also branching out into new business models, including subscription-based on-demand services (SVOD), such as Videoland in the Netherlands.

A second goal in online video is to become as successful a creator, producer and distributor in the digital space as RTL Group is in traditional television with its content arm FremantleMedia. To achieve this goal, FremantleMedia is identifying and **generating more original content made specifically for digital platforms** ('web originals'). FremantleMedia operates original digital production studios in the US (Tiny Riot), UK (Shotglass Media), Germany (UFA Lab), the Netherlands (Tiny Riot) and Australia (Spring) and produces content for partners such as Vice Media, StyleHaul, BroadbandTV and for FremantleMedia's TV brands.

At the same time, RTL Group's broadcasters are increasing their production of web original content. For example, Groupe M6's successful platform, Golden Network, provides a medium for a new generation of talented young comedians.

Moreover, RTL Group aims for a **strong short-form video presence via its own platforms and multi-channel networks (MCNs)**. Over 80 per cent of RTL Group's 26 billion monthly video views are generated outside the Group's core broadcasting territories.

Through key digital investments, RTL Group has become a leader in the YouTube ecosystem. In June 2013, the Group acquired a 51 per cent majority stake (on a fully diluted basis) in BroadbandTV. BroadbandTV manages 85,000 partners and achieves around 22 billion video views per month.

According to Comscore, BroadbandTV is the world's largest MCN. In December 2014, RTL Group increased its shareholding in StyleHaul – the largest fashion, beauty and women's lifestyle network on YouTube – to 94 per cent (on a fully diluted basis). FremantleMedia holds a 75 per cent non-controlling interest in Divimove, Europe's number one multi-channel network (MCN) with 1.5 billion monthly video views.

Further substantial growth of RTL Group's digital revenue requires new skills in advertising technology. Online video advertising is currently the fastest growing digital advertising segment, and is expected to grow globally between 20 and 25 per cent each year between 2014 and 2020[17], driven primarily by programmatic video advertising.

In September 2014, RTL Group acquired a 65.2 per cent majority stake (on a fully diluted basis) in the programmatic video advertising platform, SpotX. The company provides a comprehensive video advertising monetisation service to hundreds of publishers around the globe, who use the platform to navigate through the complexity of advertising technology and maximise revenue for their desktop, mobile and connected TV video advertising inventory while driving down operational costs.

In 2016, Mediengruppe RTL Deutschland acquired Smartclip, which currently bundles the online video advertising inventory of 750 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected devices. As a strong sales house and technological innovator, Smartclip also creates solutions for Connected TV and multiscreen advertising. In February 2017, Mediengruppe RTL Deutschland invested into data expert Q division. A description of RTL Group's approach to advertising technology is outlined on pages 22 and 23.

In June 2015, RTL Group founded the RTL Digital Hub. A dedicated team develops and manages the Group's MCN and digital advertising investments, particularly BroadbandTV, StyleHaul, SpotX, Clypd and VideoAmp. The RTL Digital Hub maximises the value of this highly complementary portfolio of digital video businesses to further strengthen RTL Group's leadership position in a high growth market.

In March 2015, RTL Group's Co-CEOs announced that the Group aims to grow the revenue share of the digital business to at least 10 per cent within the next three to five years. RTL Group achieved this goal earlier than expected and digital revenue now accounts for 10.7 per cent of the Group's total revenue, based on the full-year figures for 2016. "Digital" refers to internet-related activities, excluding online sales of merchandise ("e-commerce"). Digital revenue encompasses different categories of revenue, for example other advertising sales, the production/distribution of films, programmes and other rights and the professional services.

To summarise: unlike some competitors, RTL Group only recognises pure digital businesses in this category/revenue stream and does not consider e-commerce, home shopping and platform revenue as part of its digital revenue.

17 CAGR. Source: IHS Markit 2017

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group controls its financial situation by means of various key performance indicators (KPIs) such as revenue, audience share in main target groups, EBITA and EBITDA, RTL Group Value Added, net debt and cash conversion. For definitions and more details of these KPIs, please see the note 3 to the Consolidated Financial Statements.

RTL Group reports different alternative performance measures not defined by IFRS that management believe are relevant for measuring the performance of the operations, the financial position and cash flows and for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

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

REVENUE

Advertising markets across Europe were largely positive over the course of 2016 despite the mixed macro-economic climate. RTL Group experienced significant variations across the months and quarters of the year, making it difficult to predict market trends with any certainty. Nonetheless, all European net TV advertising markets in RTL Group's territories were up year on year, with the exception of the Netherlands and Hungary.

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

	Net TV advertising market growth rate 2016 (in per cent)	RTL Group audience share in main target group 2016 (in per cent)	RTL Group audience share in main target group 2015 (in per cent)
Germany	+2.5 to 3.5[18]	28.4[19]	28.4[19]
France	+0.7[20]	23.5[21]	22.5[21]
Netherlands	(2.1)[18]	32.3[22]	32.7[22]
Belgium	+2.2[18]	36.2[23]	36.6[23]
Hungary	(4.5)[18]	34.3[24]	36.9[24]
Croatia	+2.1[18]	28.6[25]	27.5[25]
Spain	+5.5[26]	29.7[27]	29.2[27]

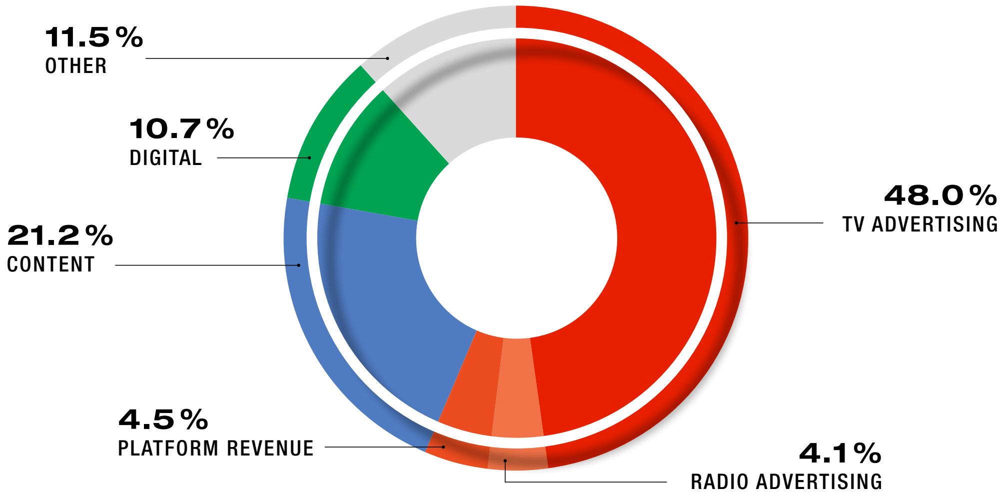
During the year to December 2016, RTL Group's total revenue was up 3.4 per cent to €6,237 million (2015: €6,029 million). This result was mainly driven by increasing revenue at Mediengruppe RTL Deutschland and dynamic growth in digital revenue. On a like-for-like basis (adjusting for portfolio changes and at constant exchange rates) revenue was up 3.0 per cent to €6,202 million (2015: €6,020 million).

RTL Group's revenue is highly diversified, with 52.1 per cent from advertising from the broadcast business (TV and radio), 21.2 per cent from content production, 10.7 per cent from digital activities, 4.5 per cent from platform revenue, and 11.5 per cent other revenue.

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

18 Industry and RTL Group estimates
19 Source: GfK. Target group: 14–59
20 Source: Groupe M6 estimate
21 Source: Médiamétrie. Target group: housewives under 50 (including digital channels)
22 Source: SKO. Target group: 20–49, 18–24h
23 Source: Audimétrie. Target group: shoppers 18–54, 17–23h
24 Source: AGB Hungary. Target group: 18–49, prime time (including cable channels)
25 Source: AGB Nielsen Media Research. Target group: 18–49, prime time
26 Source: InfoAdex
27 Source: TNS Sofres. Target group: 16–54

RTL GROUP REVENUE SPLIT



GEOGRAPHICAL REVENUE OVERVIEW

	2016 €m	2015 €m
Germany	**2,204**	2,151
France	**1,419**	1,394
USA	**802**	768
Netherlands	**514**	509
UK	**227**	246
Belgium	**232**	223
Others	**839**	738

For more details on geographical information, please see note 5.2 to the Consolidated Financial Statements.

EBITA AND EBITDA

EBITA reached a new record level, up 3.3 per cent to €1,205 million (2015: €1,167 million). This increase was mainly due to higher profit contribution from Mediengruppe RTL Deutschland and a positive one-off effect at Groupe M6, amounting to €42 million, partly balanced by a one-off charge at RTL Radio (France), following accounting misstatements over a number of previous years and a decline at RTL Nederland. Reported EBITA margin was stable at 19.3 per cent (2015: 19.4 per cent).

Beginning with the fiscal year 2017, RTL Group will report EBITDA as its key performance indicator for operating profit, adapting to more common reporting standards of the media industry (previously: EBITA). In 2016, the Group's EBITDA was up 3.8 per cent to €1,411 million for the year (2015: €1,360 million), resulting in a stable EBITDA margin of 22.6 per cent (2015: 22.6 per cent).

RTL GROUP VALUE ADDED

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

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA adjusted for a uniform tax rate of 33 per cent, and cost of capital. The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed adjusted for a uniform tax rate of 33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed. The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 5.1. to the Consolidated Financial Statements. 66 per cent of the present value of operating leases and of satellite transponder service agreements is also taken into account when calculating the average invested capital.

In 2016, RVA was €462 million (2015: €455 million). For more detailed information on RVA, please see note 3 to the Consolidated Financial Statements.

NET DEBT AND CASH CONVERSION

The consolidated net debt at 31 December 2016 amounted to €576 million (31 December 2015: net debt of €671 million). The Group intends to maintain a conservative level of gearing of between 0.5 and 1.0 times net debt to full-year EBITDA in order to benefit from an efficient capital structure.

The Group continues to generate significant operating cash flow, with an EBITA to cash conversion ratio of 97 per cent in 2016 (2015: 87 per cent).

Net (debt)/cash position	**As at 31 December 2016 € m**	As at 31 December 2015 € m
Gross balance sheet debt	(1,010)	(1,129)
Add: cash and cash equivalents and other short-term investments	433	449
Add: cash deposit and others	1	9
Net (debt)/cash position[28]	**(576)**	**(671)**

For more details on net (debt)/cash position, please see note 3 to the Consolidated Financial Statements.

FINANCIAL DEVELOPMENT OVER TIME

	2016 € m	2015 € m	2014[29] € m	2013 € m	2012 € m
Revenue	6,237	6,029	5,808	5,824	5,998
EBITA	1,205	1,167	1,144	1,148	1,078
EBITDA	1,411	1,360	1,347	1,328	1,257
RVA	462	455	457	464	408

28 Of which €173 million held by Groupe M6 (as at 31 December 2015: €174 million)
29 2014 figures adjusted for changes in purchase price allocation

OTHER PERFORMANCE INDICATORS

Operating expenses
Group operating expenses were up 4.9 per cent to €5,209 million (2015: €4,964 million).

Investments accounted for using the equity method
The total contribution of investments accounted for using the equity method amounted to €67 million (2015: €57 million).

Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree
In 2016, the Group recorded a gain of €6 million (2015: €4 million).

Interest expense
Net interest expense amounted to €21 million (2015: expense of €25 million), primarily due to the interest charge on the Group's financial debt, pension costs and other interest expenses.

Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures
The Group has conducted an impairment testing on the different cash generating units (see note 8.2 to the Consolidated Financial Statements.

The loss totalling €15 million solely relates to the amortisation and impairment of fair value adjustments on acquisitions of subsidiaries (2015: loss of €6 million).

Income tax expense
In 2016, the tax expense was €363 million (2015: expense of €300 million).

Profit attributable to RTL Group shareholders
The profit for the period attributable to RTL Group shareholders was €720 million (2015: €789 million).

Earnings per share
Reported earnings per share, based upon 153,555,377 shares, was €4.69 (2015: €5.14 per share based on 153,589,269 shares).

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

RTL Group directly and indirectly holds 0.8 per cent (2015: 0.8 per cent) of RTL Group's shares (without taking into account the liquidity programme).

Profit appropriation (RTL Group SA)[30]
The statutory accounts of RTL Group show a profit for the financial year 2016 of €964,392,448 (2015: €565,205,027). Taking into account the share premium account of €4,691,802,190 (2015: €4,691,802,190) and the profit brought forward of €70,590,918 (2015: €125,525,131), the amount available for distribution is €5,572,238,665 (2015: €5,227,966,107), net of an interim dividend of €154,546,891 (€1.00 per share) as decided by the Board of Directors of RTL Group on 26 August 2016 and paid on 8 September 2016 (2015: €154,556,241 i.e. €1.00 per share).

Main portfolio changes

Abot Hameiri
On 11 January 2016, FremantleMedia Netherlands BV ("FremantleMedia") acquired 51 per cent of Abot Hameiri Communications Ltd ("AH"), an Israeli content development and TV production company, which primarily focuses on the development and production of both established and original entertainment, scripted drama and factual programmes.

Smartclip
On 11 March 2016, RTL Group Vermögensverwaltungs GmbH entered into an agreement to acquire 93.75 per cent of smartclip Holding AG and five of its subsidiaries operating in Germany, Italy, the Netherlands and Sweden ("Smartclip"). Smartclip currently bundles the online video advertising inventory of 750 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected screens.

Mandarin Cinéma
On 22 July 2016, Groupe M6 acquired 100 per cent of Mandarin Cinéma SAS ("Mandarin Cinéma"). Mandarin Cinéma, which is based in France, holds a catalogue of 32 feature films. With this targeted acquisition, Groupe M6 continues the consolidation of its activities of distribution of audiovisual rights by extending its catalogue, which now contains almost 1,300 full-length feature films.

30 Amounts in Euro except where stated

iGraal

On 30 November 2016, Groupe M6, through its subsidiary M6 Web SAS, acquired 51 per cent of iGraal SAS ("iGraal"). iGraal is based in France and the leader for cashback on online purchases. With this acquisition, Groupe M6 is strengthening its capacity for innovation in support of online retailers, expanding its range of 'good deals' for consumers and enriching its data strategy by accessing highly qualified purchasing behaviour data.

Major related party transactions

At 31 December 2016, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH ("BCH") (75.1 per cent). The remainder of the Group's shares are publicly listed on the Brussels, Frankfurt and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

Sales and purchases of goods and services

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €9 million (2015: €10 million) and €23 million (2015: €24 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €3 million (2015: €2 million) and €8 million (2015: €4 million), respectively.

Deposits Bertelsmann SE & Co. KGaA

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

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

At 31 December 2016, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million on a one to three months basis and € nil million on an overnight basis). The interest income for the period is € nil million (2015: € nil million).

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

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

At 31 December 2016, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million). The interest income for the period is insignificant (2015: insignificant).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2016, the balance of the cash pooling accounts receivable and payable amounts to € nil million (2015: € nil million). The interest income/expense for the year is € nil million (2015: € nil million).

Loans from Bertelsmann SE & Co. KGaA and BeProcurement Sàrl

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

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to BeProcurement Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2016, the term loan balance amounts to €500 million (2015: €500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable, where for purposes of

calculation of the payable commitment fee, the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 December 2016, the total of revolving and swingline loan amounts to €389 million (2015: €542 million).

The interest expense for the period amounts to €15 million (2015: €17 million). The commitment fee charge for the period amounts to €0.6 million (2015: €0.4 million).

Tax

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

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

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

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

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

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

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

At 31 December 2016, the balance payable to BCH amounts to €578 million (2015: €583 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €423 million (2015: €472 million).

For the year ended 31 December 2016, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €171 million (2015: €176 million). The Commission amounts to €16 million (2015: €65 million). The brought forward income tax losses available for offset were fully consumed at 31 December 2015.

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €2 million (2015: €2 million).

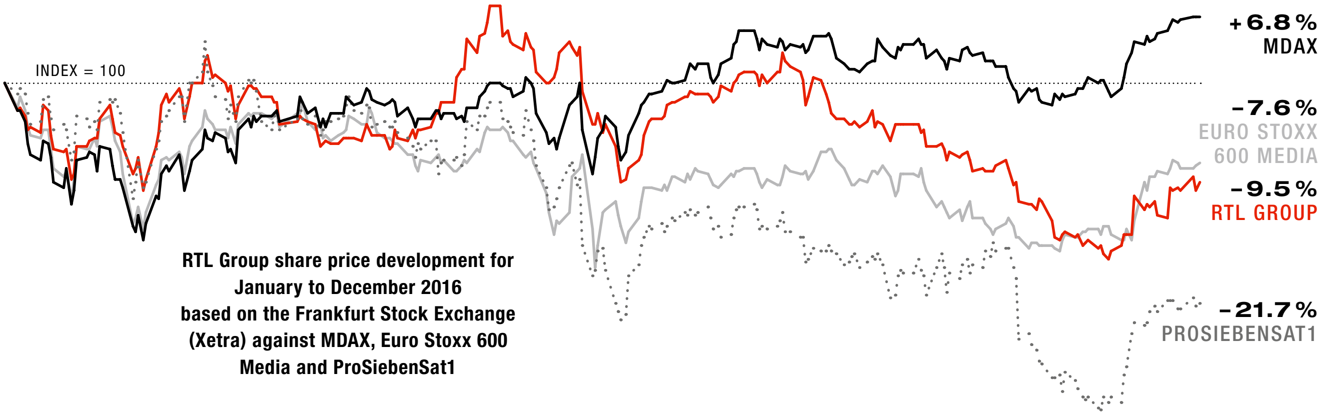
All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Blu A/S, a 100 per cent held subsidiary of RTL Group, was elected as the management company of the Bertelsmann Denmark Group.

CAPITAL MARKETS AND SHARE

RTL Group’s shares are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and on the Brussels and Luxembourg stock exchanges. Since September 2013, RTL Group has been listed in the prestigious MDAX stock index.

SHARE PRICE PERFORMANCE

(1 January 2016 to 31 December 2016)



RTL Group share price development for January to December 2016 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1

RTL Group’s share price started the year at just over €77 and finished the year down 9.5 per cent, at just under €70 per share. The share was reasonably range bound throughout 2016 with a peak share price of €83.36 (31 May) and a low of €63.47 (30 November).

For the first four to five months of the year, RTL Group’s share price remained in a narrow range of between €69 and €75 per share, before rising to its full year high at the end of May. This performance reflected conflicting reports and signals about the Chinese economy, oil prices, the banking system, jobs data and interest rate decisions.

The share price also reflected good advertising market conditions ahead of the major sporting events in the summer. At the end of June, markets reacted negatively to the Brexit vote. The resulting 31-year low of the British pound against the American dollar affected the stock market including RTL Group’s shares and led to a drop in share price.

Continuing concerns around China and the price of oil affected stock markets towards the back end of the year. This was compounded by weaker advertising markets, following the European football championships and the summer Olympics. Markets bounced back in December, due to a rebound in oil, greater confidence from the ECB and, to a certain extent, transactions being made in the media space (Fox/Sky and Vivendi).

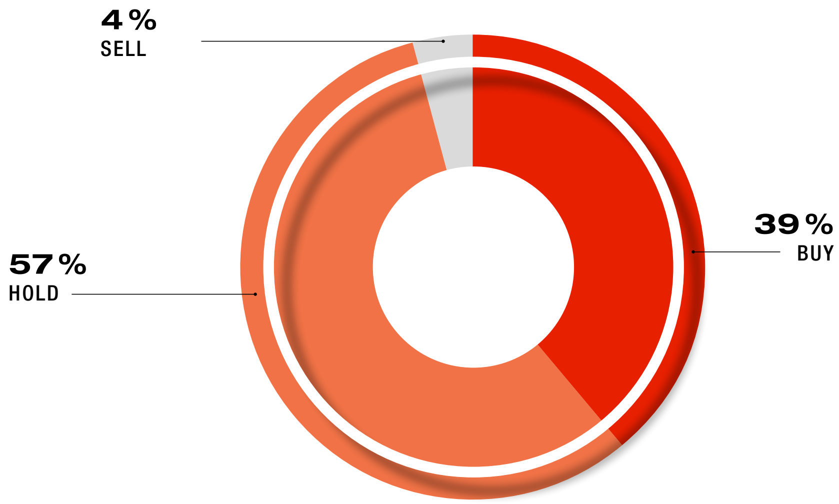
The Group declared and paid dividends in both April and September 2016. The April payment of €3.00 (gross) per share related to the 2015 full-year ordinary dividend. In September the Board decided to make an interim dividend payment of €1.00 per share. The total cash paid out in 2016 with respect to RTL Group’s dividends amounted to €614 million.

ANALYSTS' VIEW

39 per cent of the analysts that have published notes known of by the Group since the publication of the 2016 half-year results recommended RTL Group shares as a buy at the end of 2016 (2015: 28 per cent). 57 per cent recommended holding the share (2015: 56 per cent), and the remaining 4 per cent recommended selling (2015: 16 per cent). Their average price target at the end of the year was €80.41, compared to €87.28 at the end of 2015.

There was one initiation of the Group during this period.

Recommendations by financial analysts play an important role in helping investors make decisions. With a total of 23 brokerage firms and financial institutions covering RTL Group (2015: 23), the share is broadly covered.



In order to discuss RTL Group's strategy with its current investors and present the Group to existing and potential new investors, the RTL Group Executive Committee and the Investor Relations team participated in various conferences (London, Barcelona and New York) and held numerous roadshows (London, New York, Boston and Paris as well as Denver, Los Angeles and San Francisco) with more than 100 one-on-one meetings.

DIVIDEND POLICY

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

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

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

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

RTL GROUP'S SHAREHOLDER RETURN

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

Over the past five years (since 2012), three years (since 2014) and last year (2016) the TSR of RTL Group shares is as follows:

	2012	2014	2016
Share price as of 1 January in €	76.99	92.95	77.05
Closing share price as of 31 December 2016 in €	–	–	69.73
Cumulative dividends paid (including intervening years and extraordinary dividends) in €	33.10	15.00	4.00
Total shareholder return in per cent	33.6	(8.8)	(4.3)

The TSR has been calculated as follows (using 1 January 2012 as an example):

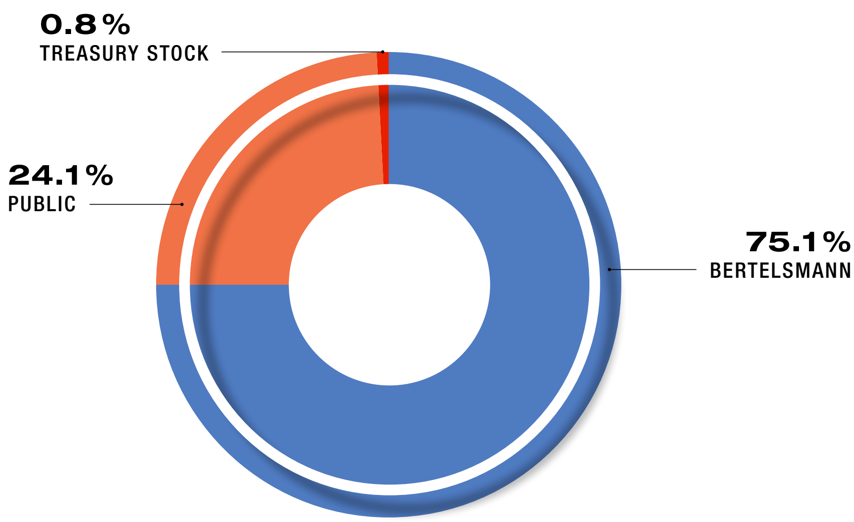
$$\text{TSR} = \frac{\text{[Closing share price at 31 December 2016]+[cumulative dividends paid from 1 January 2012 until 31 December 2016]}}{\text{[Share price as of 2012]}} - 1$$

$$\text{TSR} = \frac{€69.73 + €33.10}{€76.99} - 1 = 33.6\%$$

SHAREHOLDING STRUCTURE[31]

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

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



Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at December 2016, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were free float. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries.

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

RTL GROUP SHARE MASTER DATA

ISIN	LU0061462528
Exchange symbol	RRTL
WKN	861149
Share type	Ordinary
Bloomberg code	RRTL:GR
Reuters code	RRTL
Ticker	RRTL
Transparency level on first quotation	Prime standard
Market segment	Regulated market
Trading model	Continuous trading
Sector	Media
Stock exchanges	Frankfurt, Luxembourg, Brussels
Last total dividend	€4.00
Number of shares	154,742,806
Market capitalisation[32]	€10,790,215,862
52 week high	€83.36 (31 May 2016)
52 week low	€63.47 (30 November 2016)

INDICES

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

Index	Weight in per cent
MDAX	1.48
DAXglobal Sarasin Sustainability Germany	1.41
Prime All Share	0.20
STOXX Europe 600	0.03
STOXX Europe 600 Media	1.31
HDAX	0.22

32 As of 31 December 2016

EQUITY STORY

- RTL Group is a global leader across broadcast, content and digital, with interests in 60 television channels and 31 radio stations, content production throughout the world and rapidly growing digital video businesses

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

- RTL Group acts from a position of strength in all three strategic areas: Broadcast, Content and Digital

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

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

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

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

- RTL Group offers an attractive ordinary dividend policy with a pay-out ratio of between 50 and 75 per cent of the Group's adjusted net result

- RTL Group intends to maintain or, where possible, to have a progressive ordinary dividend over time

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

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

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2016 PERFORMANCE

Advertising markets across Europe were largely positive over the course of 2016 despite the mixed macro-economic climate. All European net TV advertising markets in RTL Group's territories were up year on year, with the exception of the Netherlands and Hungary. RTL Group experienced significant variations in viewing figures due to popular sporting events, making it difficult to predict market trends with certainty.

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

This stimulated revenue growth in the broadcasting business – particularly at Mediengruppe RTL Deutschland which reported yet another record result. Across Europe, RTL Group's flagship channels remained number one or number two in their respective markets and target groups.

Throughout the year, FremantleMedia increased creative diversity within the company – organically and through acquisitions. It invested into several production companies, securing talent and intellectual property in the process. Following investments in the creative pipeline, FremantleMedia's Italian production arm, Wildside, premiered its highly anticipated production *The Young Pope* at the Venice Film Festival and on pay-TV channels around the world. Meanwhile, April 2017 will see the premiere of *American Gods* – produced by FremantleMedia North America – on the US pay-TV channel Starz and on Amazon Prime Video internationally. As one of the biggest independent production companies, FremantleMedia continues to focus on creative talent and on developing projects that will feed into their network.

RTL Group's digital businesses developed into a dynamic third pillar of RTL Group's business, with digital revenue increasing by 31.9 per cent to €670 million during 2016 – representing more than 10 per cent of the Group's total revenue – as a result of both acquisitions and organic growth. Online video advertising is the fastest growing advertising segment and RTL Group invested in this sector early. The Group expects this level of growth to continue for the foreseeable future.

For the full year 2016, RTL Group fulfilled its financial guidance on revenue (moderately up: 2.5 per cent to 5.0 per cent) with revenue up 3.4 per cent to €6,237 million, and exceeded the guidance on EBITA (slightly up: 1.0 per cent to 2.5) with EBITA increasing by 3.3 per cent to €1,205 million. The Group maintained an EBITA margin of around 20 per cent. Overall, 2016 was a very positive financial year for RTL Group, with new record revenue, EBITA and EBITDA. RVA increased accordingly to €462 million.

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

RTL Group has leading market positions across the value chain of the rapidly evolving total video market. With this financial strength, it is the Group's ambition to further grow over the coming years – to transform the leading European entertainment network into a truly global powerhouse in video production, aggregation and monetisation.

REVIEW BY SEGMENTS: FULL-YEAR 2016

Revenue	**Year to December 2016 € m**	Year to December 2015 € m	Per cent change
Mediengruppe RTL Deutschland	2,214	2,140	+3.5
Groupe M6	1,283	1,254	+2.3
FremantleMedia	1,500	1,524	(1.6)
RTL Nederland	495	490	+1.0
RTL Belgium	202	200	+1.0
RTL Radio (France)	164	168	(2.4)
Other segments	580	478	+21.3
Eliminations	(201)	(225)	–
Total revenue	**6,237**	**6,029**	**+3.4**

EBITA	**Year to December 2016 € m**	Year to December 2015 € m	Per cent change
Mediengruppe RTL Deutschland	705	684	+3.1
Groupe M6	252	205	+22.9
FremantleMedia	110	103	+6.8
RTL Nederland	85	101	(15.8)
RTL Belgium	43	45	(4.4)
RTL Radio (France)	5	24	(79.2)
Other segments	5	6	(16.7)
Eliminations	–	(1)	–
Reported EBITA	**1,205**	**1,167**	**+3.3**

EBITA margins	**Year to December 2016 per cent**	Year to December 2015 per cent	Percentage point change
Mediengruppe RTL Deutschland	31.8	32.0	(0.2)
Groupe M6	19.6	16.3	+3.3
FremantleMedia	7.3	6.8	+0.5
RTL Nederland	17.2	20.6	(3.4)
RTL Belgium	21.3	22.5	(1.2)
RTL Radio (France)	3.0	14.3	(11.3)
RTL Group	**19.3**	**19.4**	**(0.1)**

REVIEW BY SEGMENTS: THREE MONTHS ENDED 31 DECEMBER 2016 (Q4/2016)

Revenue	Q4 2016 € m	Q4 2015 € m	Per cent change
Mediengruppe RTL Deutschland	713	674	+5.8
Groupe M6	373	356	+4.8
FremantleMedia	538	510	+5.5
RTL Nederland	148	159	(6.9)
RTL Belgium	61	53	+15.1
RTL Radio (France)	44	55	(20.0)
Other segments	193	149	+29.5
Eliminations	(63)	(68)	–
Total revenue	**2,007**	**1,888**	**+6.3**

EBITA	Q4 2016 € m	Q4 2015 € m	Per cent change
Mediengruppe RTL Deutschland	237	227	+4.4
Groupe M6	79	69	+14.5
FremantleMedia	63	52	+21.2
RTL Nederland	33	49	(32.7)
RTL Belgium	17	13	+30.8
RTL Radio (France)	(3)	18	(>100)
Other segments	23	23	–
Reported EBITA	**449**	**451**	**(0.4)**

EBITA margins	Q4 2016 per cent	Q4 2015 per cent	Percentage point change
Mediengruppe RTL Deutschland	33.2	33.7	(0.5)
Groupe M6	21.2	19.4	+1.8
FremantleMedia	11.7	10.2	+1.5
RTL Nederland	22.3	30.8	(8.5)
RTL Belgium	27.9	24.5	+3.4
RTL Radio (France)	–	32.7	–
RTL Group	**22.4**	**23.9**	**(1.5)**

MEDIENGRUPPE RTL DEUTSCHLAND

Financial results

In 2016, the German net TV advertising market was estimated to be up between 2.5 and 3.5 per cent. Once again, Mediengruppe RTL Deutschland closed the year with a financial record: revenue increased by 3.5 per cent to €2,214 million (2015: €2,140 million), mainly driven by higher TV and digital advertising as well as platform revenue. Accordingly, EBITA was up from €684 million in 2015 to €705 million – an increase of 3.1 per cent.

	Year to December 2016 € m	Year to December 2015 € m	Per cent change
Revenue	**2,214**	2,140	+3.5
EBITDA	**718**	701	+2.4
EBITA	**705**	684	+3.1

Audience ratings

Despite strong competition from the public channels broadcasting the Uefa Euro 2016 and the Olympic Games, Mediengruppe RTL Deutschland's channels recorded a stable combined audience share of 28.4 per cent (2015: 28.4 per cent) in the target group of viewers aged 14 to 59. The German RTL family of channels significantly widened its lead over its main commercial competitor, ProSiebenSat1, to 3.1 percentage points (2015: 1.7 percentage points).

With an audience share of 11.9 per cent in the target group of viewers aged 14 to 59 in 2016 (2015: 12.2 per cent), **RTL Television** was the leading channel in the target group for the 24th consecutive year, well ahead of Sat1 (8.7 per cent), ZDF (8.6 per cent), ARD (8.4 per cent) and ProSieben (7.9 per cent). Once again, RTL Television was the only channel to score a two-digit audience share in this demographic.

RTL Television's most-watched programme of the year was the World Cup qualifier between Germany and Northern Ireland on 11 October 2016, which attracted an audience share of 30.6 per cent among viewers aged 14 to 59 and a total of 10.4 million viewers. The channel's flagship shows also did well in 2016. Early in the year, the tenth season of *Ich bin ein Star - Holt mich hier raus!* (I'm A Celebrity...Get Me Out Of Here!) was watched by an average 37.3 per cent of 14 to 59 year olds (2015: 35.9 per cent). The most successful new show of the year was *Ninja Warrior Germany*, which attracted an average audience share of 15.9 per cent in the target group of viewers aged 14 to 59. On average 16.1 per cent of viewers aged 14 to 59 watched *Winnetou* – a three-part remake of the German classic films – around Christmas. Also popular was *Duell der Brüder – Die Geschichte von Adidas und Puma*, a film about the Dassler brothers who founded the global corporations Adidas and Puma. Broadcast on 25 March 2016, the movie was watched by 4.96 million viewers – an audience share of 21.2 per cent of the 14 to 59 target audience.

2016 was one of the most successful years ever for **Vox**, which was prime-time market leader 15 times in the target group of viewers aged 14 to 59. In the almost 25-year-old history of Vox, the channel was prime-time market leader only once before, in 2014. The channel increased its average audience share in the target group by 0.2 percentage points to 6.8 per cent in 2016 (2015: 6.6 per cent). In terms of total audience, Vox recorded an average audience share of 5.2 per cent and surpassed competitor ProSieben (5.0 per cent) for the first time. The channel also achieved new records with its established hit formats, including *Die Höhle der Löwen* (Dragons' Den) and *Club der roten Bänder* (Red Bracelets), which attracted 15.0 per cent and 14.0 per cent of the target audience respectively. Among women aged 14 to 29, *Club der roten Bänder* scored an average audience share of 37.7 per cent. The music show *Sing meinen Song – Das Tauschkonzert* and the cooking show *Grill den Henssler* also remained popular with average audience shares of 9.8 per cent and 9.3 per cent respectively, while the newly launched *Kitchen Impossible* was watched by 8.8 per cent of viewers aged 14 to 59.

RTL Nitro attracted an average 1.7 per cent of the target group of viewers aged 14 to 59 (2015: 1.8 per cent) and 1.9 per cent of male viewers of the same age (2015: 2.1 per cent). The male-focused channel remained one of the most successful digital free-to-air channels of the third and fourth generation in the target group. On 11 April 2016, RTL Nitro achieved a new record, attracting 3.2 per cent of the target group of 14 to 59-year-old viewers – the highest daily audience share in the channel's history.

RTL II recorded an average audience share of 4.9 per cent among viewers aged 14 to 59 (2015: 5.2 per cent). With an audience share of 13.7 per cent in the target group, the channel's most watched programme of the year was *Daniela und Lucas – Die Hochzeit.* Long-running hits *Die Reimanns – Ein außergewöhnliches Leben* and *Extrem schwer – Mein Weg in ein neues Leben* remained popular, with an audience share of 5.9 per cent each, while *Zuhause im Glück* reached 5.6 per cent of the target audience, and documentary *The Battle for Chernobyl* attracted 7.3 per cent.

The news channel **N-TV** attracted 1.1 per cent of viewers aged 14 to 59 (2015: 1.0 per cent). The channel gave continuous and thorough status reports about the Brexit referendum, the US elections, the attacks in Berlin, Brussels and Nice, and the attempted coup in Turkey. The channel's morning reports proved popular once again, recording an average audience share of 1.6 per cent

"The fact that we have expanded our lead over our competitors encourages us to further focus on the production of our own exclusive content. RTL Plus has been the most successful channel launch in the past few years. Online, the successful launch of TV Now and the acquisition of Smartclip have enabled us to strengthen our position in advertising technology."

ANKE SCHÄFERKORDT
CO-CEO, RTL Group;
CEO, Mediengruppe RTL Deutschland

of the target group on weekdays between 6:00 and 12:00.

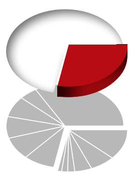
Super RTL reclaimed the title of the most popular children's channel in Germany, with an audience share of 20.6 per cent in the target group of 3 to 13 year olds during the 6:00 to 20:15 time slot (2015: 19.3 per cent), ahead of competitors Kika (19.7 per cent), the Disney Channel (9.5 per cent) and Nickelodeon (7.9 per cent). The new adaptation of *Bob The Builder* and the new series *Paw Patrol* attracted average audience shares of 36.7 and 34.1 per cent of the target group respectively. Prime-time movies *Christmas Vacation* and *Ice Age* reached 4.9 and 4.5 per cent of viewers aged 14 to 59.

Launched on 4 June 2016, **RTL Plus** – the latest addition to Mediengruppe RTL Deutschland's family of channels – became the most successful channel launch in recent years. In 2016, the channel attracted an average 0.4 per cent of the 14 to 59 target audience. In December 2016, the channel already attracted 0.9 per cent of viewers in this target group.

In June 2016, Mediengruppe RTL Deutschland and Gruner + Jahr announced collaboration in the area of advertising sales, **Ad Alliance**. As of 1 January 2017, under Ad Alliance's umbrella the respective sales houses offer high-reach platforms to advertisers and agencies and develop cross-media solutions and innovative advertising products.

National audience breakdown

Source: GfK. Target: 14–59 — 2016 (%)



RTL Television	**11.9**
Vox	**6.8**
RTL II	**4.9**
Super RTL	**1.7**
RTL Nitro	**1.7**
N-TV	**1.1**
Sat 1	8.7
ZDF	8.6
ARD	8.4
Pro 7	7.9
Kabel 1	5.0
Others	33.3

Digital and diversification activities

RTL Interactive is Mediengruppe RTL Deutschland's subsidiary for digital and other diversification products, including online video. In 2016, Mediengruppe RTL Deutschland – combining the unit's catch-up TV services, TV sites, thematic websites, YouTube channels, Facebook pages and the video streaming service, Clipfish – generated a total of 1,200 million video views of professionally produced content – a new record (2015: 1,142 million, excluding YouTube and Facebook).

In March 2016, Mediengruppe RTL Deutschland announced the acquisition of a 93.75 per cent majority stake in **Smartclip**, with a call option to acquire the remaining shares. The purchase price was €48 million. Smartclip currently bundles the online video advertising inventory of 750 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected devices. Smartclip complements RTL Group's investments in digital advertising sales, including SpotX in particular. Approval from Germany's Federal Cartel Office was received on 22 April 2016.

In March 2016, Mediengruppe RTL Deutschland launched **TV Now**. This new video service bundles video content of the Group's eight free-to-air channels in a single umbrella brand, replacing the previously separate services associated with individual channels – RTL Now, Vox Now, N-TV Now, RTL Nitro Now, Super RTL Now and RTL II Now.

In May 2016, RTL II launched its digital video offering **RTL II You**, which is available 24/7 for linear and on-demand viewing on PC, smart TV and mobile devices. RTL II You combines original and licensed content with exclusive premieres of popular YouTube stars for its target group of 14 to 25 year olds. The app has already registered more than 500,000 downloads.

With a digital total reach of 11.99 million unique users and 145.9 million visits, N-TV reached new record figures in 2016.

GROUPE M6

Financial results

The French TV advertising market was estimated to be up 0.7 per cent compared to the previous year, with Groupe M6's channels outperforming the market. In 2016, Groupe M6's revenue was slightly up to €1,283 million (2015: €1,254 million), mainly due to higher TV advertising revenue. Groupe M6's EBITA was up strongly to €252 million (2015: €205 million), mainly driven by the positive one-off effect from the settlement of the M6 Mobile contract amounting to €42 million which more than compensated for the impact of the higher programming costs for the Uefa Euro 2016 live broadcasts.

	Year to December 2016 € m	Year to December 2015 € m	Per cent change
Revenue	**1,283**	1,254	+2.3
EBITDA[33]	**389**	325	+19.7
EBITA	**252**	205	+22.9

Corporate

In December, RTL Group announced that it plans to regroup its French radio operations into Groupe M6. As part of the internal re-organisation, Groupe M6 plans to acquire 100 per cent ownership of RTL Group's market-leading French radio family (RTL, RTL 2, Fun Radio, advertising sales house IP France) for €216 million on a debt and cash-free basis. Following the transaction, Groupe M6 will combine a unique portfolio of TV channels, radio stations, digital services, content production/rights trading and diversification. The transaction is, among others, subject to approval by the French media authority CSA (Conseil supérieur de l'Audiovisuel).

Audience ratings

Groupe M6's combined audience share was significantly up to 23.5 per cent in the key commercial target group of women under 50 responsible for purchases (2015: 22.5 per cent), thanks to higher audience shares from M6 and 6ter.

Flagship channel **M6** performed remarkably well, retaining its status as the second most-watched channel in France among women under 50 responsible for purchases, with an average audience share of 16.0 per cent (2015: 15.4 per cent) and the highest growth of all TV channels in the target group (up 0.6 percentage points).

M6 clearly benefited from the record audiences achieved by broadcasting 11 matches, including the final, of the biggest European football competition – Uefa Euro 2016. The live matches were watched by 9.7 million viewers on average, representing a total audience share of 39.4 per cent. The final between Portugal and France on 10 July 2016 attracted a massive 20.8 million viewers (a total audience share of 71.8 per cent) – the same audience as the final of the 1998 World Cup between Brazil and France, and the best audience figure of the tournament. This was a new all-time audience record for M6, the most-watched programme on French television in 2016 and the fifth largest TV audience ever recorded in France. Apart from sports, M6 progressed with its major programming brands such as *L'Amour est dans le Pré* (The Farmer Wants A Wife), *Le Meilleur Pâtissier* (The Best Baker) or *La France a un Incroyable Talent* (Got Talent). M6's audience share performance was also supported by its access prime time schedule, including shows such as *La meilleure boulangerie de France* and *Chasseurs d'appart*. *Le 19h45* remained the second most popular news show among women under 50 responsible for purchases.

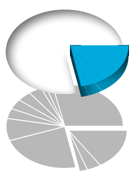
33 The large difference between EBITDA and EBITA is due to the significant impact of long-running rights held by SND which are classified as depreciation

"2016 was an excellent year for Groupe M6. In a highly fragmented audience market, we break the traditional TV rules and set the pace of innovation in all types of programmes and in all our activities."

NICOLAS DE TAVERNOST
Chairman of the Management Board
of Groupe M6

National audience breakdown

Source: Médiamétrie. Target: women < 50 responsible for purchases 2016 (%)



M6	16.0
W9	3.8
6ter	2.4
TF1	22.4
France 2	8.6
D8	4.0
France 3	3.9
TMC	3.8
NT1	3.5
Canal Plus	1.5
France 4	2.0
Others	28.1

W9's audience share remained stable with an average 3.8 per cent among women under 50 responsible for purchases (2015: 3.8 per cent). Among its target group of viewers under 25, W9 was the leading DTT channel with an average audience share of 5.8 per cent. W9 scored high ratings in various genres including sports (live broadcasts of Uefa Europa League football matches), magazines (*Enquête d'action* and *Enquêtes Criminelles*), movies, reality TV shows (*Les Marseillais South Africa*, *Les Ch'tis vs Les Marseillais*) and musical documentaries.

6ter remained the leading HD DTT channel among the commercial target group for the fourth consecutive year, attracting an average audience share of 2.4 per cent (2015: 2.1 per cent). The channel continued to increase its total audience share to 1.4 per cent (2015: 1.1 per cent). The most popular broadcasts of 2016 included the fifth season of the series *Once Upon a Time* and the movie *X-Men Origins: Wolverine*.

Paris Première remained the most-watched pay channel among the total audience, with 11 million viewers each month, and the most popular general-interest pay channel in prime time. **Téva** has remained the leading pay-TV channel in the target group of women under 50 responsible for purchases for 6 years.

Digital and diversification activities

In 2016, with 20.6 million unique users a month on average across its network and all devices (PC, tablet and mobile), Groupe M6 remained the leading French TV group online. **M6 Web** almost doubled its video views, reaching 2.2 billion online video views (1.2 billion in 2015). The new version of 6play, launched during the reporting period, registered 1.5 billion online videos views (2015: 0.9 billion) and more than 14 million registered users, while Groupe M6's digital entertainment platform launched Refresh, featuring short-form video aimed at millennials.

With the acquisition of iGraal – the leading French cashback site – and the equity investment in Elephorm – the leading French producer of e-learning video content – M6 Web has positioned itself in strong growth markets and continued its expansion into the digital sector. In May, Groupe M6 announced the gradual phase-out of the M6 Mobile by Orange agreement, resulting in a contractual compensation.

FREMANTLEMEDIA

Financial results

Revenue of FremantleMedia – RTL Group's content production arm – decreased slightly to €1,500 million in 2016 (2015: €1,524 million), mainly due to unfavourable exchange rate effects of €45 million. In contrast, EBITA increased to €110 million (2015: €103 million), reflecting higher profit contributions from content coming through the pipeline as a result of acquisitions and investments.

	Year to December 2016 € m	Year to December 2015 € m	Per cent change
Revenue	**1,500**	1,524	(1.6)
EBITDA	**129**	125	+3.2
EBITA	**110**	103	+6.8

Production business

In 2016, FremantleMedia's global network of production companies saw hours broadcast increase by 16 per cent to 11,981 hours (2015: 10,313 hours); the total number of FremantleMedia programmes broadcast worldwide increase by 13 per cent to 423 (2015: 375) and the number of formats aired by 7 per cent to 61 (2015: 57). Combined with FremantleMedia International's sales catalogue of more than 20,000 hours which are sold to over 200 territories, FremantleMedia remains one of the largest creators and distributors of award-winning international programme brands in the world.

Non-scripted

In January 2016, the farewell season of FremantleMedia's *American Idol* performed strongly on Fox in the US, remaining the channel's number one entertainment show for eight consecutive years. The iconic show, which shaped a genre of entertainment formats, attracted an average 11.2 million viewers and an audience share of 9.7 per cent among viewers aged 18 to 49 and ranked number one or two for total audience across every single episode.

Also in the US, *Family Feud* hit a new high in January 2016, with a 7.5 household rating[34] – the highest since the advent of 'People Meters' audience measurement in 1987. On 26 June 2016, the revived *Match Game* premiered on ABC in the US, with an audience share of 4.8 per cent among viewers aged 18 to 49 – the highest summer audience for ABC in this time slot in nearly ten years.

In the UK, the tenth season of *Britain's Got Talent* reached an average audience share of 49.7 per cent among adults aged 16 to 34, watched by an average audience of 9.9 million viewers. In September 2016, ITV signed a new three-year deal for *Britain's Got Talent* and *The X Factor*, which will see the two shows continuing on ITV until at least 2019. In October 2016, Simon Cowell signed a three-year deal that secures his position as a judge on *America's Got Talent* until at least 2019.

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

FremantleMedia China announced the commission of the gameshow *The Eureka Moment* with CCTV. The FremantleMedia format, originally created in the Netherlands, was co-developed for local audiences with CCTV Creation and premiered on the coveted CCTV-1 Sunday evening slot in July 2016, ranking number one.

Scripted

In January 2016, *Deutschland 83* became the UK's highest ever rated foreign-language drama launch, attracting an average audience share of 6.6 per cent of viewers aged 16 to 34. The show also went on to win a prestigious Peabody Award in the US in April and an International Emmy in November. A sequel to the series was announced in October. *Deutschland 86* will be produced by UFA Fiction in partnership with Amazon Prime Video and RTL Television. FremantleMedia International will roll out the series internationally.

In March 2016, the German public broadcaster ZDF showed the three-part mini-series *Ku'damm 56* which was watched by an average audience of 6.0 million viewers, representing an average total audience share of 17.5 per cent. ZDF commissioned a second season called *Ku'damm 59* in June 2016.

In February, Kwaï's *Baron Noir* successfully launched on Canal Plus, achieving a 2.1 per cent audience share. A second season has already been commissioned.

In May, the fourth season of *Wentworth* premiered on pay-TV channel SoHo in Australia. The latest season achieved an average total audience share of 5.4 per cent. In July, Foxtel in Australia commissioned a fifth season of the show, while a Flemish-language adaptation was commissioned by commercial Belgian broadcaster, Vier.

Number of hours broadcast

Programmes	2016	2015
New	**2,093**	2,125
Returning	**9,888**	8,188
Total	**11,981**	10,313

"The evolution of FremantleMedia continued in 2016, with our organic growth complemented by the exciting partnerships we made with some of the best creative talent in the business. We delivered bold and ambitious new programmes, both scripted and non-scripted, which achieved both critical and popular acclaim and helped us deliver strong margins to RTL Group."

CÉCILE FROT-COUTAZ
CEO, FremantleMedia

The Young Pope became the most popular premiere for a new series on Sky in Italy, launched as Canal Plus' number one new international drama of 2016 in France, and was Sky Atlantic's third most popular new drama of 2016 in the UK.

In October, the second season of Miso Film's *Acquitted* became the number one show on TV2 Norway in 2016 winning a 36 per cent audience share and performing 70 per cent higher than TV2's prime time average (total individuals 2+).

In November, Wildside's *Mafia Only Kills in Summer* launched on Rai in Italy. The series attracted an average total audience share of 19.5 per cent and a 16.6 per cent share for the target group of adults aged 15 to 64. The series – which has been sold to Australia, Turkey and Korea – regularly ranked as the number one show in its time slot.

FremantleMedia International

On 24 August 2016, FremantleMedia International (FMI) announced a deal with Amazon to showcase its ambitious fantasy drama, *American Gods*, on Amazon Prime Video in 2017. The show will be available on Amazon's SVOD platform in over 200 territories following its US premiere on the pay-TV channel, Starz.

Together with co-producer territories and FMI sales, Wildside's *The Young Pope* has been rolled out in almost 200 territories around the world.

In October, FremantleMedia International announced that it had extended its multi-year digital deal with the China-based portal, Youku by three years. The deal ensures FMI's premium entertainment and drama content continues to be available to Chinese online audiences, averaging 130 million unique users a day.

Digital & Branded Entertainment

In 2016, FremantleMedia strongly increased its online video views and subscribers. The company reported 19 billion views on YouTube (up from 13.5 billion in 2015) and 40.3 million subscribers across more than 260 channels (2015: 27.4 million). Elsewhere, FremantleMedia content registered 228 million fans across YouTube, Facebook, Twitter and Instagram.

Europe's leading multi-channel network, Divimove, attracted a total of 19 billion online video views in 2016 and increased its subscriber base to 170 million (2015: 135 million subscribers). The network's social influencers in Germany, Spain, the Netherlands, Italy, Poland and France generated 350 million social media fans (2015: 250 million fans). The increase in these KPIs was partly due to the company decreasing the number of influencers it represents (from 1,300 in 2015 to 1,200 in 2016) to focus more on the growth of key talent.

In 2016, Ludia launched five new mobile games, including *Teenage Mutant Ninja Turtles: Legends* and *Kung Fu Panda: Battle of Destiny*. The former was Best iPad Game Overall in 68 countries and the latter leading in 16 countries in the same category. During the reporting period, Ludia's games were downloaded 60 million times and reached an average 2 million daily active users.

On 4 April 2016, FremantleMedia India launched its first web series exclusively on Facebook. Entitled *Confessions – It's Complicated*, the series uses Facebook Live to enable people to share their experiences and perspectives in real time. The series reached 11 million views.

RTL NEDERLAND

Financial results

The Dutch TV advertising market was estimated to be down 2.1 per cent year on year. Despite lower advertising revenue, RTL Nederland's revenue increased slightly to the record level of €495 million (2015: €490 million). This increase was driven by growing platform and sponsoring revenue and higher revenue from the company's live entertainment operations which typically generate lower margins than TV broadcasting. This, along with higher programme costs and investment in the SVOD platform Videoland, resulted in an EBITA down 15.8 per cent to €85 million (2015: €101 million).

	Year to December 2016 € m	Year to December 2015 € m	Per cent change
Revenue	495	490	+1.0
EBITDA	96	111	(13.5)
EBITA	85	101	(15.8)

Audience ratings

Despite the big sporting events being broadcast on the public channels, RTL Nederland's channels reached a combined prime-time audience share of 32.3 per cent in the target group of viewers aged 20 to 49 – only slightly down from 32.7 per cent in 2015. RTL Nederland's channels remained clearly ahead of the public broadcasters (25.4 per cent) and the SBS group (20.0 per cent).

RTL Nederland's flagship channel, RTL 4, scored an average prime-time audience share of 18.7 per cent in the target group of shoppers aged 20 to 49 (2015: 19.4 per cent). Throughout the year, RTL 4 retained its strong position in the talent genre, with shows such as *The Voice Of Holland* (average audience share: 34.2 per cent in January, and 46.3 per cent for the autumn season), *Dance Dance Dance* (35.4 per cent) and *Holland's Got Talent* (33.4 per cent).

On Sundays, RTL 4 scored with drama series such as *Divorce* (32.8 per cent) and *Moordvrouw* (24.6 per cent). The channel's access prime-time line-up – which includes *RTL Boulevard*, *Goede Tijden, Slechte Tijden* and *RTL Nieuws* – delivered strong ratings once again. The Christmas special of *All You Need Is Love* scored record ratings on 24 December, with an audience share of 42.4 per cent among shoppers aged 20 to 49.

RTL 5's prime-time audience share remained stable at 6.2 per cent in the key target group of viewers aged 20 to 34 (2015: 6.4 per cent). After eight years, *Idols* returned to the Netherlands in 2016. The launch episode was RTL 5's highest-rated programme since 2006 and the series registered an average audience share of 29.9 per cent among viewers aged 20 to 34. On Thursdays, *Expeditie Robinson* performed well, with an average share of 35.0 per cent – the show's best audience ever share. In access prime time, new launches of *Galileo* (6.1 per cent) and *Get The F*ck Out Of My House* (7.2 per cent) proved popular.

Men's channel RTL 7 scored an average prime-time audience share of 6.4 per cent among male viewers aged 20 to 49 (2015: 6.5 per cent). Sports remained the most popular programmes on RTL 7, including the Darts World Cup 2016 in January (average audience share: 25.5 per cent), and Uefa Europa League football matches. 37.0 per cent of target viewers tuned in to the match between Feyenoord Rotterdam and Manchester United on 15 September.

The average prime-time audience share of the women's channel RTL 8 remained stable at 3.5 per cent among women aged 20 to 49 (2015: 3.5 per cent), with female movies and thrillers among the most popular broadcasts. *It Takes 2* was the most-watched movie, with an audience share of 14.7 per cent, followed by *Grease* with an audience share of 9.0 per cent.

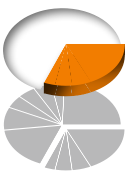
In its first full year of existence, RTL Z recorded an audience share of 0.7 per cent in the demographic of the upper social status aged 25 to 59 (September to December 2015: 0.4 per cent). *Undercover Boss Canada* was the most-watched programme, with an average audience share of 1.1 per cent.

"These exceptional times present us with new challenges every day. We are a healthy company and that makes it possible to invest in several strategic routes. On one hand we build on the development of local content, our channels and numerous digital initiatives that contribute directly to the operating result. On the other hand we invest in promising activities which include VOD and the MCN."

BERT HABETS
CEO, RTL Nederland

National audience breakdown

Source: SKO. Target: 20–49 (18–24h) — 2016 (%)



RTL 4	18.3
RTL 5	5.3
RTL 7	4.7
RTL 8	2.9
NPO 1	17.0
SBS 6	8.9
Net 5	5.1
NPO 3	5.0
Veronica	5.0
NPO 2	3.4
Others	24.4

Digital and diversification activities

RTL Nederland's platforms and partners generated a total 1,517 million video views[35] in 2016 – up 77 per cent from 857 million in 2015. The most popular formats were *Goede Tijden, Slechte Tijden*, *The Bold And The Beautiful*, *RTL Nieuws* and *RTL Late Night*.

With an average reach of nearly 46 million video views per month, RTL MCN was the fastest growing multi-channel network in 2016 in the field of premium content creators and multi-screen formats in the Netherlands.

In February 2016, RTL Nederland entered an agreement with StukTV, the largest online entertainment channel in the Netherlands, with nearly 1 million subscribers and 12 million views per month on YouTube. Through this agreement RTL MCN became the largest Dutch premium multi-channel network in the field of entertainment, with over 70 million views per month.

During the year, RTL Ventures sold its interests in Miinto to *Bestseller.com*; the dating platform Pepper to MatchMedia and Couverts to IENS, a TripAdvisor company.

2016 was a year of small growth for RTL Nieuws digital. Websites and apps generated a combined 419 million visits and 1,890 million page views (up 3 per cent on 2015 figures). In April 2016, RTL Nieuws began using Facebook Instant Articles, where articles can be accessed more quickly, while the user is not redirected to the website. According to Google Analytics, Facebook Instant Articles generated an additional 13 million page views in 2016.

35 Playlist starts

RTL BELGIUM

Financial results

Against the background of a TV advertising market that was estimated to be up 2.2 per cent year on year, RTL Belgium's revenue increased by 1.0 per cent to €202 million (2015: €200 million) due to diversification. EBITA was below the previous year at €43 million (2015: €45 million), reflecting higher costs in RTL Belgium's TV and radio business during the reporting period.

	Year to December 2016 € m	Year to December 2015 € m	Per cent change
Revenue	**202**	200	+1.0
EBITDA	**48**	50	(4.0)
EBITA	**43**	45	(4.4)

Audience ratings

Despite the broadcast of the Uefa Euro 2016 matches on the public channels, **RTL Belgium**'s family of TV channels achieved a combined prime-time audience share of 36.2 per cent among shoppers aged 18 to 54 (2015: 36.6 per cent), maintaining its position as the clear market leader in French-speaking Belgium. RTL Belgium maintained its comfortable lead over the public channels, with 15.8 percentage points (2015: 17.6 percentage points).

The flagship channel **RTL-TVI** grew its audience share to 26.4 per cent in prime time among shoppers aged 18 to 54 (2015: 26.2 per cent) – 10.4 percentage points ahead of the number two channel, French broadcaster TF1, and 12.4 percentage points ahead of the Belgian public broadcaster, La Une. The most watched programme of the year on RTL-TVI was the eighth season of *L'amour est dans le pré* (The Farmer Wants A Wife) which scored an average total audience share of 45.0 per cent. Second were the evening news show, *RTL Info*, which remained the most popular news programme in French-speaking Belgium with an average audience share of 39.6 per cent (2015: 41.5 per cent), and the Belgian humurist François Pirette's show, with an audience share of 46.0 per cent (2015: 35.0 per cent). Also popular was *Le Meilleur Pâtissier*, with an average audience share of 41.6 per cent in the target group of shoppers aged 18 to 54. Throughout the year, the channel launched several new productions across all time slots, including docusoaps *Brol en Or*, *Niveau 4*, *Police de la Route* and *Un Crime parfait*.

"We are proud that our strategy based on new local productions allowed us to maintain our strong leadership in 2016, despite the enormous enthusiasm for the Red Devils team during the Euro 2016 tournament, which was broadcast on the public channels."

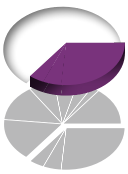
PHILIPPE DELUSINNE
CEO, RTL Belgium

Club RTL recorded an audience share of 6.3 per cent among male viewers aged 18 to 54 (2015: 6.2 per cent). Football remains one of the most popular broadcasts on the channel through a wide choice of matches and competitions (Champions League, Europa League, the Belgian Cup and the new acquisition: Italian Serie A). The 2016 Champions League broadcasts attracted an average 15.7 per cent of men aged 18 to 54. **Plug RTL** reported a prime-time audience share of 6.2 per cent among 15 to 34-year-old viewers (2015: 7.3 per cent). The channel's most popular programmes were talk show *Touche pas à mon poste* (9.7 per cent) and *Secret Story* (19.1 per cent).

According to the CIM audience surveys for 2016, which combine all three waves of 2016, Bel RTL and Radio Contact achieved audience shares of 14.4 and 15.4 per cent respectively (2015: 14.4 and 15.0 per cent respectively), among listeners aged 12 years and over. In September 2016, Bel RTL launched a brand new programme schedule that involves listeners even more and gives them the chance to make up their own minds about all kinds of local issues.

French-speaking Belgium audience breakdown

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



	2016 (%)
RTL-TVI	26.4
Club RTL	5.2
Plug RTL	4.2
TF1	16.0
La Une	14.0
AB 3	7.1
France 2	4.2
La Deux	6.4
France 3	2.1
Others	14.4

Digital and diversification activities

In 2016, the number of video views across RTL Belgium's websites decreased to 95 million (2015: 130 million). This decline was notably the result of a technical change that stopped the automatic launch of videos and an increase of users using ad blocking technology. The number of daily visitors to *RTL.be* increased to 290,684 (2015: 287,965). RTL Info is the leading French-speaking news application, with a daily average of 92,861 unique users – twice as many as in 2015 (45,700). The SVOD service, RTL à l'infini, continued to grow strongly – its Series Pass recorded a 26 per cent growth in subscribers, while the whole SVOD service increased its revenue by 11 per cent.

RTL RADIO (FRANCE)

Financial results

Throughout 2016, the net radio advertising market in France was estimated to be down 1.9 per cent compared to the same period in 2015. Accordingly, total revenue of the French RTL Radio family decreased to €164 million (2015: €168 million). EBITA was also down at €5 million (2015: €24 million), mainly reflecting the correction of the accounting misstatements from previous years (minus €11 million one-off impact) and accelerated depreciation of assets ahead of the move to new buildings in 2017.

	Year to December 2016 € m	Year to December 2015 € m	Per cent change
Revenue	164	168	(2.4)
EBITDA	11	28	(60.7)
EBITA	5	24	(79.2)

"In a very challenging market, RTL continues to increase its audience and remains by far the first French station, both in radio and on digital."

CHRISTOPHER BALDELLI
CEO, RTL Radio (France)

Audience ratings

RTL Radio was the leading station in France for the 13th consecutive year. With the average audience share growing to 12.5 per cent (2015: 11.8 per cent), RTL Radio remained ahead of the next commercial competitors NRJ and Europe 1 by 5.7 percentage points each. At the end of the year (survey covering November/December 2016), with over 6.8 million daily listeners, RTL had reached its second best historical score ever, up 391,000 new listeners compared to the same period in 2015.

The pop-rock station **RTL 2** achieved an average audience share of 2.7 per cent in 2016 (2015: 2.6 per cent) and a cumulated audience of 2.5 million daily listeners (2014: 2.4 million).

Following a disputed allegation that **Fun Radio** had influenced audience results unfairly, Médiamétrie, RTL Radio (France) is not in a position to publish audience shares for Fun Radio for the first part of 2016. Fun Radio was reinstated in the ratings survey from September 2016 and achieved an average audience share of 4.1 per cent for the four last months of 2016 (2015 unavailable) and a cumulated daily audience of 3.5 million listeners, ranking second most popular music station in France on both cumulated audience and audience share.

Digital and diversification activities

According to the Médiamétrie / NetRatings global study, ***RTL.fr*** reached an average of more than 6 million unique visitors per month, maintaining its ranking among the 15 most visited French websites. In 2016, the RTL family of digital brands (RTL, Fun Radio, RTL2, and Girls) grew by 47 per cent on podcast consumption, and by 38 per cent on video streaming, while its social media reach nearly doubled, with an increase of 90 per cent.

OTHER SEGMENTS

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

The Hungarian net TV advertising market was estimated to be down 4.5 per cent in 2016. Total consolidated revenue of **RTL Hungary** was up to €104 million (2015: €100 million) mainly due to platform revenue from the main channel, RTL Klub, which could be collected as of July 2016 for the first time. EBITA was down to €12 million (2015: €21 million), mainly because the 2015 EBITA was driven by one-off effects amounting to €10 million such as the partial reversal of a stock valuation allowance and the re-claim of over-paid advertising tax. On a purely operational basis, EBITA was up year-on-year, as lower ad revenue could be compensated by the newly started collection of platform revenue from RTL Klub.

The combined prime-time audience share of the RTL family of channels in the key demographic of 18 to 49-year-old viewers was 34.3 per cent (2015: 36.9 per cent). The prime-time audience share of **RTL Klub** decreased to 18.6 per cent (2015: 20.2 per cent) though the Group's Hungarian flagship channel remained the clear market leader, 8.8 percentage points ahead of its main commercial competitor TV2 (2015: 8.8 percentage points).

During the year, RTL Klub won 304 prime time evenings in the target group (2015: 337 evenings). The most popular programmes were *The X-Faktor* with an average audience share of 28.8 per cent in the target group, the gastro reality show *A Konyhafőnök* (Chef Of The Kitchen) with an average of 24.5 per cent and *Gyertek át!* (Hollywood Game Night) with an average 18.0 per cent. The second season of *Válótársak* (Divorce) was the most-watched weekly series in Hungary in 2016, with an audience share of 20.6 per cent. The main news programme *Híradó* recorded an average audience share of 19.0 per cent (2015: 20.4 per cent).

"The Hungarian market has gone through numerous changes in 2016 but I think that we have properly responded to the challenges all the time. We are proud that RTL Klub was by far the most watched channel also in 2016, well ahead of TV2. But our biggest milestone last year: introducing a second revenue stream for RTL Klub."

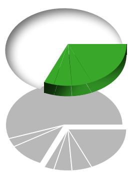
GABRIELLA VIDUS
CEO, RTL Hungary

RTL Hungary's cable channels achieved a combined prime-time audience share of 15.7 per cent among viewers aged 18 to 49 (2015: 16.7 per cent), even though the competition launched ten new channels in 2016. With a prime-time audience share of 5.3 per cent in the target group (2015: 6.5 per cent), Cool was once again the leading cable channel in Hungary. The channel's most watched series was *X-Files* with an average audience share of 15.6 per cent. **RTL II** registered stable audience shares in 2016, with the channel's most popular shows including *ValóVilág powered by Big Brother* (6.4 per cent) and *BeleValó* (5.4 per cent). The most watched programme on **Film Plusz** – which scored an average audience share of 5.1 per cent in the target group (2015: 5.8 per cent) – was *The Expendables 3*, with an audience share of 13.2 per cent.

RTL Hungary's online portfolio generated a total of 93 million video views of long and short-form content in 2016 (2015: 76 million) – 39 million of which were recorded on the catch-up platform **RTL Most**. With a monthly average of more than 750,000 unique users (2015: 520,000 unique users), RTL Hungary's online portfolio is the biggest local TV online video portfolio with owned and licensed content.

National audience breakdown

Source: AGB Hungary. Target: 18–49 (prime time) — 2016 (%)



RTL Klub	18.6
Cool	5.3
Film Plusz	5.1
RTL II	2.7
TV 2	9.8
Viasat 3	3.3
Others	55.2

"We outperformed the market in terms of audiences, revenues and online activities in 2016 and improved our financial performance as a result. Our aim for 2017 is to continue this growth."

HENNING TEWES
CEO, RTL Hrvatska

In Croatia, the TV advertising market was estimated to be up 2.1 per cent, with **RTL Croatia** clearly outperforming the market as increasing audience shares led to increasing prices for advertising on RTL Croatia's quality content. Accordingly, total revenue of RTL Croatia increased to €38 million (2015: €35 million), while EBITA was up to €2 million (2015: €1 million), reflecting higher advertising revenue.

RTL Croatia's channels achieved a combined prime-time audience share of 28.6 per cent in the target group of viewers aged 18 to 49 (2015: 27.5 per cent) – an increase of 1.1 percentage points, and the highest level since 2007. The main channel, **RTL Televizija**, recorded a slight decrease in average prime-time audience share to 18.2 per cent (2015: 19.8 per cent), mainly due to popular sporting events such as the Uefa Euro 2016 and the Olympics on competing channels. The year on RTL Televizija started with the broadcast of the Men's World Handball Championship. On average, the 21 matches broadcast reached an average audience of 28.0 per cent in the target group, while the match between Croatia and Spain drew an audience share of 55.0 per cent. *Ljubav je na selu*, the local version of *The Farmer Wants A Wife*, was a hit in both spring (average audience share: 30.1 per cent) and autumn (average audience share: 25.5 per cent), while the main news programme, *RTL Danas*, reached an average 19.9 per cent (2015: 22.6 per cent).

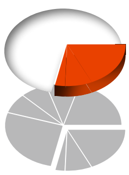
RTL 2 increased its prime-time audience share to 7.4 per cent (2015: 6.5 per cent), thanks to its strong US programming. US sitcoms such as *Big Bang Theory*, and *Two And A Half Men* continued to be a vital part of the channel's offering, while the channel also introduced docu series such as *Storage Wars*, *Pawn Stars* and *American Pickers* in prime-time. The children's channel **RTL Kockica** increased its average audience share among children aged 4 to 14 between 7:00 and 20:00 to 19.4 per cent (2015: 16.0 per cent). The channel's new prime-time line-up – which includes classic sitcoms such as *Alf, Allo, Allo* and *You Rang M'Lord?* – resulted in a significant increase in prime-time audience share, reaching 3.0 per cent of the target group of viewers aged 18 to 49 (2015: 1.2 per cent).

July 2016 saw the launch of a seventh channel from RTL Croatia. **RTL Croatia World** is the first channel aimed at Croats living outside Croatia and broadcasts a mix of locally produced news and entertainment shows.

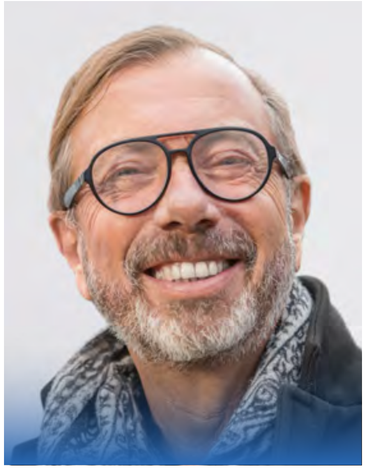
In 2016, RTL Croatia accelerated its digital growth strategy and significantly strengthened its portfolio of websites. By the end of 2016, RTL Croatia's digital network gathered more than 20 different websites, ranging from its three core brands to female verticals, casual gaming and regional portals. At the same time it increased its total number of page views by 53 per cent and video views by 4 per cent compared to 2015.

National audience breakdown

Source: AGB Nielsen Media Research. Target: 18–49 (prime time) 2016 (%)



	2016 (%)
RTL Televizija	**18.2**
RTL 2	**7.4**
RTL Kockica	**3.0**
Nova	26.6
HTV 2	9.2
HTV 1	7.8
Doma	7.5
Others	20.3



"In 2016, RTL was once again the leading media brand in the Grand Duchy of Luxembourg, reaching 83.8 per cent of the Luxembourgish population every day."

ALAIN BERWICK
CEO, RTL Luxembourg until 31 December 2016

In 2016, RTL was once again the leading media brand in the Grand Duchy of Luxembourg. Combining its TV, radio and internet activities, the **RTL Luxembourg** media family achieved a daily reach of 83.8 per cent (2015: 85.0 per cent) of all Luxembourgers aged 12 and over.

RTL Radio Lëtzebuerg is the station listeners turn to for news and entertainment, with 194,100 tuning in each weekday (2015: 195,200).

The TV channel **RTL Télé Lëtzebuerg** attracts 146,100 viewers each day (2015: 144,200), representing a prime-time audience share of 49.8 per cent of Luxembourgish viewers aged 12 and over, Monday to Friday, 19:00 to 20:00 (2015: 47.6 per cent).

RTL.lu continues to be the country's most visited website, with a daily reach of 37.5 per cent among Luxembourgers aged 12 and over (2015: 36.8 per cent). With the re-launch of the *5minutes.lu* website and applications in 2015, RTL Luxembourg strengthened its position in the French-speaking market in Luxembourg and beyond.

In 2016, RTL Télé Lëtzebuerg maintained its high audience figures by strengthening its focus on local news, sports, culture and current affairs. The total airtime for live coverage of international sporting events has again been extended, in particular for world leading cycling races and major football competitions such as Champions' League matches or the European Qualifiers.

RTL Luxembourg Source: TNS-ILRes Plurimedia 2016-II. Target: 12+	DAILY REACH 2016 (%)
RTL Radio Lëtz.	52.7
RTL Télé Lëtz.*	38.6
RTL.lu	37.5
RTL Luxembourg	**83.8**

*Including Den 2.ten RTL & RTL TV via Internet

In 2016, **Broadcasting Center Europe** (BCE) prepared to move the technical infrastructure to RTL Group's new Corporate Centre, RTL City. With the goal of maintaining its technological edge, BCE seized the opportunity to migrate to a full IP-based architecture, and to install a state-of-the art playout and IT infrastructure. BCE also finalised its new teleport in Junglinster (Luxembourg), which provides broadcasters with direct access to numerous satellites for worldwide coverage. The site is connected to both RTL City and BCE's telecom network.

In Croatia, BCE installed a file-based production system for HRT, the national public service broadcaster. Without changing the customer's complete workflow, the new production asset management system offers new possibilities for HRT in the future.

The newly founded BCE France, located in Paris, worked on the mass digitisation of HBS Professional Football League archives. HBS selected BCE's Digital Media Operations to digitise, screen and transcode its content.

Outside Europe, BCE connected ENEX into the Middle East with Al Arabiya thanks to its newsroom and news distribution system: Newslink. Al Arabiya is part of the MBC Media Group based in Dubai. MBC is the region's leading privately owned television company, with 23 different channels serving its audience on free-to-air and subscription-based channels.

"In 2016, we continued to shape the transformation process that will enrich linear programmes by interactive, mobile and user-centred offers. With this strategy we are creating a new approach to radio in the digital world that will make our content even more special: anything, anywhere, anytime."

GERT ZIMMER
CEO, RTL Radio Deutschland

RTL Radio Deutschland reported increased revenue of €53 million in 2016 (2015: €51 million), while EBITA was up to €9 million (2015: €8 million). Revenue increased due to an outstanding national and regional sales performance, despite a loss in reach in 2016.

Radio usage in Germany was slightly up, reaching 78.7 per cent of the adult population (up 1.3 percentage points) and 77.0 per cent of listeners aged 14 to 49 (up 0.4 percentage points) each day, while average net reach per hour among listeners aged 10 and above decreased by 2.4 per cent. RTL Group's German radio portfolio performed slightly below the market (down 3.0 per cent), mainly resulting from a disproportionate loss of reach in the federal states of Lower Saxony and Saxony-Anhalt, which affected the local stations.

Berlin-based radio station, **104.6 RTL**, celebrated its 25th anniversary in 2016. In Germany's most competitive radio market, Berlin, which has a total market of around 30 FM stations, 104.6 RTL remained the clear market leader. The youth station of RTL Radio Center Berlin – **93.6 Jam FM** – increased strongly (up 10.6 per cent, net reach per hour among listeners aged 10 and over).

Germany's most popular radio station, **Antenne Bayern**, maintained its high reach with 1.2 million listeners per day. Audience figures for **Radio Hamburg** also remained stable and the station retained its market leadership.

Radio NRW, the broadcaster providing programme components for the local radio stations in North Rhine-Westphalia, recorded slight growth, reaching 1.6 million listeners per day (up 1.1 per cent).

With the foundation of the Digital Media Hub (DMH) at the beginning of 2016, RTL Radio Deutschland is taking a significant step into the digital future. The digital unit is a strategic and technical partner for radio stations. DMH bundles the online development activities of various stations from the radio portfolio and creates a central technological platform.

At the end of 2016, RTL Group's German radio portfolio comprised investments in 17 stations, most of which are minority holdings because of constraints in media ownership in Germany. In total, these stations reach more than 23 million listeners each day (2015: 23 million), and have a combined average audience of approximately 4.8 million listeners per hour (2015: 4.9 million).

Atresmedia in Spain: The Spanish TV advertising market increased by an estimated 5.5 per cent in 2016. The Atresmedia family of channels achieved a combined audience share of 29.7 per cent in the new commercial target group of viewers aged 25 to 59 (2015: 29.2 per cent). The main channel, **Antena 3**, recorded an audience share of 12.8 per cent (2015: 13.5 per cent) in the commercial target group.

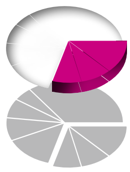
On a 100 per cent basis, consolidated revenue of Atresmedia was up 5.2 per cent to €1,021 million (2015: €970 million), while operating profit (EBITDA) increased to €202 million (2015: €166 million) and net profit was €129 million (2015: €99 million). The profit share of RTL Group was €25 million (2015: €19 million).

“We're seeing a continuing expansion and sophistication of automated monetisation in the video space as publishers look for ways to maximise their video yield.”

MIKE SHEHAN
CEO, SpotX

National audience breakdown

Source: TNS Sofres. Target: 16 – 54 — 2016 (%)



Antena 3	**12.8**
Atresmedia digital channels	**8.8**
La Sexta	**8.1**
Telecinco	13.5
TVE 1	8.8
Cuatro	7.6
Forta	5.3
Others	35.1

RTL Digital Hub

In June 2015, RTL Group announced the creation of the RTL Digital Hub, a new unit bundling the company's investments in the online video segment, in particular BroadbandTV, StyleHaul and SpotX. RTL Digital Hub also includes the BroadbandTV subsidiary YoBoHo and the shareholdings in Clypd – a company specialising in the automated sale of TV advertising – and VideoAmp – a platform for cross-screen data optimisation.

SpotX, an inventory platform for premium publishers and broadcasters, is building solutions to help monetise inventory across all screens and all streams. SpotX continued to grow strongly in 2016, with global headcount up 26 per cent and a 18 per cent increase in net revenue year on year. The company continues to work closely with RTL Group to leverage synergies and shared knowledge as the business expands into Europe and Asia-Pacific. More than 12 billion video ad calls are processed daily via SpotX as of December 2016 (2015: 7.5 billion). Throughout the year, SpotX registered 180 million ad impressions served on a daily basis (2015: 175 million).

Thanks to an agreement with Newsy, SpotX became one of the first companies to monetise via Apple's TVOS in 2016. Newsy helps advertisers target millennials who watch its video news reports on Connected TV, desktop and mobile devices. The Apple TV app by Newsy was named a "Best of 2015" app by Apple. SpotX also signed agreements with companies including LiveRamp, MediacCorp, Gameloft Advertising Solutions and Anypoint Media. The partnership with Anypoint Media will bring addressable programmatic TV to the JAPAC region at the household level for the first time.

"We're now the number one distributor of short form video content. Our vision is to build one of the world's strongest ecosystems in online video, which is a combination of operating strong brands, producing captivating content, innovating leading technologies, and smart distribution and monetisation across the board."

SHAHRZAD RAFATI
Founder & CEO, BroadbandTV

"We've seen great growth and success in 2016 through the diversification of StyleHaul's verticals, tremendous developments in product and data, and continued advancements in large brand partnerships and original programming."

STEPHANIE HORBACZEWSKI
Founder & CEO, StyleHaul

In 2016, **BroadbandTV** became the largest global multi-channel network (MCN) on YouTube worldwide. BroadbandTV now leads the MCN market in unique views, total impressions, and total minutes watched. Throughout the year, BroadbandTV registered a total of 206 billion video views – up 246 per cent from 2015, while revenue increased 131 per cent year on year.

In 2016, BroadbandTV and The National Basketball Association (NBA) announced the launch of NBA Playmakers, a groundbreaking community for video creators focused on basketball and basketball culture. The first-of-its-kind millennial video network gives the creator community and NBA fans the chance to produce basketball-related content and share it across the NBA Playmakers network, which spans YouTube, the NBA's digital assets, and other platforms.

The company also continued its content licensing success with major SVOD platforms, and announced a partnership with Netflix, the world's largest streaming-subscription service. The partnership includes Netflix licensing content from BroadbandTV's kids and family brand, HooplaKidz, following an original content partnership with Amazon.

StyleHaul continues to be the leading global network for fashion, beauty and women's lifestyle content with 5,000 creators and a community of over 500 million fans across four social platforms. In 2016, StyleHaul registered a total of 25.2 billion views – up 60.1 per cent compared to 2015 (15.7 billion video views). Revenue increased by 54 per cent year on year.

StyleHaul launched two new verticals in 2016 to answer the growing demand for millennial mums' and men's style content from both the creator and advertiser communities. The millennial mums' vertical consists of roughly 900 StyleHaul creators that produce motherhood and family content, driving 40 million monthly views, while Hauk, the men's style vertical, generates over 1 billion views each month with content from 70 leading male creators.

In May 2016, StyleHaul held its second NewFronts presentation, announcing its second scripted series, *Relationship Status*, distributed on Verizon's new platform, go90. An official selection at the 2016 Tribeca Film Festival, *Relationship Status* is an ensemble dramedy that follows millennials as they experience the highs and lows of dating in the digital and social media age.

NON-FINANCIAL INFORMATION

CORPORATE RESPONSIBILITY (CR)

RTL Group believes that CR adds value not only to the societies and communities it serves, but also to the Group and its businesses. Acting responsibly and sustainably enhances the Group's ability to remain successful in the future. In 2016, RTL Group adopted a new Mission Statement, which defines what the Group does, what it stands for and how RTL Group employees communicate, both with the outside world and with each other. It also includes a commitment to embrace independence and diversity in the Group's people, content and businesses, demonstrating that CR is integral to the Group's mission. RTL Group believes it is important to have a set of guiding principles and values.

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

RTL Group's CR activities focus primarily on the following issues: editorial and journalistic independence, protection of media users and customers, donations and aid projects, education and training for employees, workplace diversity and fair working conditions. These issues were identified in a materiality analysis conducted in 2014 in close consultation with Bertelsmann, the Group's majority shareholder. Although the analysis did not deem environmental and climate protection to be among the most material issues for RTL Group, the Group is nevertheless strongly committed to this issue and therefore includes it in this chapter.

RTL Group's Corporate Responsibility Report 2016 provides more details about the materiality analysis and its findings. The analysis will be updated in 2017. The above-mentioned material issues provide the structure for the CR Report 2016, part of the RTL Group Annual Report 2016. The CR Report provides a comprehensive overview of the Group's CR strategy and initiatives as well as the results achieved. The following paragraphs of the Directors' report supplement the CR Report with disclosures of non-financial and diversity information required by the European Directive 2014/95/EU and by the provisions of the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg. Charitable donations, aid projects and product diversity are not directly relevant to this directive and are therefore disclosed in RTL Group's CR Report 2016 only.

RTL Group's Annual Report 2017, which will be published in 2018, will include a reference to a separate non-financial statement. The statement, which will be published on RTL Group's website (*RTLGroup.com*) by 30 June 2018, will consist of all legally mandated non-financial disclosures.

Compliance

Violating laws and regulations is not only inconsistent with RTL Group's values; it is also damaging for the Group's business. Non-compliance may pose risks to RTL Group's reputation, impede its ability to achieve strategic objectives, endanger its business success, and can expose its people to criminal or civil actions. Responsible and ethical behaviour towards RTL Group's audiences, employees, advertisers, business partners, the creative community as well as government agencies and regulators, is therefore integral to the Group's value system. The RTL Group Code of Conduct sets binding minimum standards for responsible behaviour for everyone at RTL Group. It includes a decision-making guide that clarifies how to comply with RTL Group standards in cases of doubt.

The Audit & Compliance department designs and implements RTL Group's Compliance Management System and provides support and assistance on compliance matters. It also reports regularly to RTL Group's Audit Committee (see p. 61) and the Corporate Compliance Committee on any compliance matters that have arisen. Profit centres are required to report significant compliance incidents to RTL Group's Audit & Compliance team.

RTL Group's Compliance Management System can only be effective if employees are familiar with the principles of the Code of Conduct and put them into practice. The Group therefore provides regular compliance training and takes steps to make employees aware of emerging fraud and corruption issues. In 2016, 4,400 people – 47.5 per cent of the Group's permanent workforce – completed compliance training (900 received classroom training, 3,500 received online training). In the 2016 employee survey, 78 per cent of respondents stated that they feel well informed about the Code of Conduct (the Group conducts an employee survey every three years; the participation rate in 2016 was 85 per cent).

If employees have questions about compliance issues or need to report a suspected violation, they can talk to their supervisor, a senior manager, or any of the following RTL Group departments: HR, Legal, Finance, or Audit & Compliance. Employees and external stakeholders wishing to remain anonymous can contact the RTL Group compliance team by means of a secure, anonymous web-based system. They can also contact an independent ombudsperson, who is bound by an obligation of confidentiality. English-speaking ombudspersons can be contacted from anywhere in the world, or written to in any language.

RTL Group strives to resolve compliance issues as quickly and equitably as possible, as well as in accordance with applicable laws and regulations. The persons handling the case listen carefully to the individual reporting the issue – first to ensure a thorough understanding and second to determine the best approach to take. They will find out all the relevant measures that would appear to be appropriate, including safeguarding the rights of the accused.

Business partner principles

RTL Group's commitment to responsible and ethical business conduct extends to its business partners. In 2016, the Group articulated this commitment in the RTL Group Business Partner Principles, which set minimum standards for responsible business relationships. RTL Group encourages its business partners and any entities or individuals they hire to work for, or on behalf of, to be familiar with these minimum standards and to comply with them. If business partners or their stakeholders have questions about the Group's standards or want to report a violation, they can contact the RTL Group compliance team directly or, if they wish to remain anonymous, by a secure, anonymous web-based system. They can also contact an independent ombudsperson.

Anti-corruption

RTL Group takes a zero-tolerance stance to any form of corruption. This stance is codified in RTL Group's Anti-Corruption Policy. RTL Group condemns all forms of corruption and bribery. Offering or accepting a bribe of any kind to or from any person in either the public or private sectors is strictly prohibited. These standards can only be attained and maintained through the actions and conduct of everyone at RTL Group. It is the obligation of all employees to conduct themselves in a manner that ensures these standards are maintained.

A violation of any anti-bribery law can have severe legal consequences. For RTL Group, consequences can include civil and criminal prosecution, penalties and fines, debarment from government contracts, loss of export or other business licenses, loss of revenue and reputational risks. Employees, too, may face severe consequences for violations, including disciplinary measures that could include termination (as provided by, and in accordance with, local labour laws), civil and criminal prosecution, fines and penalties, potentially including incarceration.

This policy is fully endorsed by RTL Group's Executive Committee and Board of Directors. RTL Group considers a breach of this policy as a serious offence. Any violation will result in disciplinary action, which could include dismissal of an individual in appropriate circumstances, as provided by and in accordance with local labour laws.

To ensure employees are aware of this policy and its principles, RTL Group conducts regular training sessions. In addition, the RTL Group compliance team regularly shares knowledge about the risks of corruption and fraud, as well as good practices to mitigate these risks, with the Group's profit centres.

In 2016, RTL Group received no reports of alleged violations involving anti-corruption and bribery matters.

Information security and data protection

Information and information systems are vitally important assets to RTL Group. RTL Group has an information security policy that describes the security and control expectations for RTL Group IT systems as well as the responsibility of users of RTL Group IT systems. All organisational units must ensure all users of RTL Group IT systems adhere to this policy. Any infringements are to be dealt with appropriately as determined by each organisational unit. To ensure employees are aware of the information security policy and its principles, RTL Group conducts regular training sessions.

RTL Group initiated a new IT security awareness training module in July 2016. 510 employees participated in this module by the end of 2016.

RTL Group's IT Governance Committee (ITGCo) is responsible for ensuring the Group adopts a thorough and structured approach to IT governance. Members of the ITGCo are RTL Group's CFO, Deputy CFO, Head of Group IT and IT representatives of the three largest business units as well as a representative from RTL Group's Audit & Compliance department. Its mission is to align IT and the business and to identify and mitigate IT-related risks. It convenes three times a year. As part of the overall risk management, Group IT runs a yearly assessment of the IT risks to identify mitigation measures and gain management approval on new IT security investments. Group IT organises information security workshops and IT Integration Days. The purpose was to communicate the corporate IT vision, strategy, policies and related compliance processes.

RTL Group collects, retains, uses and transmits personal data relating to employees, customers and third parties with great care and sensitivity and in compliance with applicable laws and regulations. RTL Group's commitment to data protection is stated explicitly in the Group's Code of Conduct and its information security policy. All organisational units are committed to protecting personal data pertaining to clients, suppliers and employees. RTL Group personnel involved in collecting, retaining, using or transmitting personal data receive guidance and support from the RTL Group legal team and data protection officers. In April 2016, the European Union adopted the General Data Protection Regulation (GDPR). The GDPR, which will take effect in all member states in May 2018, is intended to strengthen and unify data protection for individuals in the EU through a range of new or stricter requirements.

RTL Group will update its existing policies and will also introduce new policies to comply with the GDPR. RTL Group is a decentralised and diversified media company. Each of RTL Group's business units is therefore responsible for taking measures to ensure it complies with the GDPR's requirements. This process is steered and monitored by the RTL Group Corporate Legal team together with the Audit & Compliance team. In 2016, RTL Group established a Privacy Office in Luxembourg with a mission to implement the necessary steps to ensure compliance with the GDPR in Luxembourg and to preserve and enhance privacy protection for all individuals whose personal data are handled by RTL Group's Luxembourg-based businesses.

Respect for human rights

Respect for human rights is an integral part of RTL Group's Code of Conduct. RTL Group respects the dignity and individual rights of its employees and of third parties it has business relations with. The Group also respects employees' right to freedom of association and collective bargaining. RTL Group condemns forced or child labour and any form of exploitation or discrimination, and complies fully with applicable laws.

Moreover, being a media company enables RTL Group to play a crucial role in supporting people's right to freedom of opinion, self-expression and information – across all media and frontiers. This role brings with it the responsibility to operate ethically and to maintain editorial and journalistic independence in news gathering and distribution. This independence is the foundation of RTL Group's publishing, broadcasting and news reporting, and is exemplified by the editor-in-chief principle. Under this principle, all editorial decisions are made solely by the editor-in-chief without any interference from senior management, thereby ensuring journalistic independence across RTL Group. This principle is stated explicitly in RTL Group's Code of Conduct, new Mission Statement and the RTL Group Newsroom Guidelines. In 2017, RTL Group plans to revise these guidelines, which were established in 2012.

More broadly, Bertelsmann has formed a working group on press freedom and journalistic and editorial independence. This group consists of members of RTL Group's management and editorial staff, as well as of other Bertelsmann divisions and is chaired by RTL Group's CR Chairman. It meets annually to share ideas and information about matters ranging from the editorial independence of advertising clients to the obligation to maintain free speech even in the face of harsh public criticism.

Editorial and journalistic independence is a crucial facet of RTL Group's ability to attract talented journalists, to maintain its reputation as a trusted and impartial news source, and to minimise complaints and legal issues. If viewers and listeners begin to question this independence, they may turn to competing news sources. Maintaining editorial and journalistic independence is therefore essential for the sustainability of the Group's news operations and for long-term business success.

Employees

RTL Group's business is a people business, built on employees' creativity and dedication. Attracting and retaining the right talent at every level, from individual contributors to executives in creative and management roles, as well as popular entertainers for the Group's content across all platforms (linear TV channels, radio stations and digital non-linear services), is necessary for avoiding disruptions in the conduct of a thriving and successful business that aims at achieving its strategic targets. To remain an attractive employer and a successful media company, the Group needs to reflect the audiences it informs and entertains, ensure equal opportunity and provide an inclusive and enjoyable workplace. In 2016, RTL Group reinforced these commitments in a new Diversity Statement, which it expects all RTL Group companies to comply with. If employees have questions about diversity issues, or need to report a suspected violation, they can use the same reporting channels as for compliance issues. These efforts have met with success: in 2016, 83 per cent of employees who took the employee survey stated that they enjoy their work and 85 per cent that RTL Group provides a work environment in which people from different backgrounds and cultures feel included and valued.

RTL Group is committed to the International Labour Organisation's eight fundamental conventions as a matter of course. The Group's corporate culture is founded on fairness, partnership, mutual trust and commitment. The company, its employees and their representatives work together for mutual benefit. If, after careful consideration, management decides on staff reductions, these are implemented in a socially responsible manner, while engaging in a constructive dialogue with the respective employee representatives. RTL Group also respects employees' rights to freedom of association and collective bargaining. Employee representatives may not be hindered in the exercise of their duties or discriminated against in any way.

Another aspect of RTL Group's commitment to its employees is to foster their development, and for pay to be fair and not gender-discriminating. As the business shifts from national to global structures, professional growth is facilitated by internal and international mobility. This broadens employees' competencies, cultural horizons, and understanding of the Group's various business models, working cultures and leadership styles. In 2014, RTL Group compiled a 'mobility pool' of about 200 employees eager to work abroad. The Group reviews potential candidates from the pool before recruiting outside candidates. As of 30 June 2016, 77 employees had taken assignments, ranging from short-term to permanent, at an RTL Group subsidiary in another department, business unit or country. Mobility Ambassadors at the Corporate Centre and at the Group's business units support this process and serve as the contact point for interested employees. To increase transparency across the broader organisation, RTL Group and Bertelsmann combine their vacancies and post them on their intranets *Backstage* and Benet. In the years ahead, the Group intends to create a unified Group-wide job board for the Peoplenet platform – a common HR platform for all business units.

Remuneration at RTL Group is based on objective criteria in line with market standards and statutory requirements. The same applies to the remuneration of freelancers and temporary staff, ensuring that such labour relationships do not compromise or circumvent employee rights. To promote employees' development, the Group conducts talent management and succession planning as well as training programmes, also in collaboration with Bertelsmann University.

As a responsible employer, RTL Group complies with applicable health and safety laws and regulations. The Group strives to preserve a safe, healthy and gratifying working environment and reports that 66 per cent of the respondents to the 2016 employee survey said that they are able to maintain a healthy work-life balance.

Environmental protection

RTL Group is a media company with no industrial operations. It therefore does not consume significant amounts of raw materials or fossil fuel and is not a major polluter. Consequently, environmental and climate protection are not among the most material aspects of the Group's CR effort.

Nevertheless, RTL Group strives to conserve natural resources and to minimise its impact on the environment and the earth's climate. This applies in particular to the consumption of electricity, which is responsible for most of the Group's carbon emissions. RTL Group therefore continually looks for ways to reduce the amount of electricity used to air-condition the Group's office buildings, studios and data centres and to power broadcast equipment and data servers. Since 2008, RTL Group has measured and published its carbon footprint[36] every two years, and annually since 2015. In 2010, the Group set a target of reducing its annual carbon emissions by 20 per cent by 2020 relative to a 2008 baseline of 72,738 tonnes (including scope 1, 2, and 3 (only business travel)[37]).

36 The carbon footprint describes the amount of greenhouse gas emissions arising from the production, procurement, and transformation of electrical energy, cooling and heating energy, and fuels. The assessment takes into account and weights the global warming potential of the most important greenhouse gases: carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). The carbon footprint is thus expressed in CO_2 equivalents (CO_{2eq}).

37 In accordance with the Greenhouse Gas Protocol, the emissions are categorised into three different scopes. Scope 1 includes the direct emissions from RTL Group, such as those resulting from its own power generation. In Scope 2, emissions arising indirectly from the generation of purchased electricity and heat are listed. In addition, an optional declaration is provided for the Scope 3 emissions, which are those that occur throughout the whole value chain and cannot be directly influenced by RTL Group.

The total amount of carbon emitted by RTL Group in 2015 was 54,800 tons[38], a reduction of 25 per cent compared to 2008 levels due to local investment in energy-saving measures and the general improvement in business units' infrastructure. The decrease of 25 per cent is partly related to a change in reporting – from a 'location-based' approach to a 'market-based' approach. Accordingly, RTL Group takes the specific emissions from the electricity supply contract instead of the national grid average. Without that change, emissions would only be 11 per cent lower compared to 2008.

RTL Group's main environmental indicators are shown in the table below. The Group's reporting is based on the Global Reporting Initiative's G4 sustainability reporting guidelines.

Environmental indicators according to GRI G4

Materials	Unit	2014	2015	Per cent change
EN1 Paper (total purchase volume)	t	180	**170**	(6)
EN2 Paper, sustainable paper	t	130	**120**	(8)
Percentage of sustainable paper	%	72	**71**	(1)

Energy	Unit	2014	2015	Per cent change
EN3 Total energy	MWh	134,100	**131,900**	(2)
Electricity	MWh	93,100	**92,000**	(1)
Thermal	MWh	23,800	**22,800**	(4)
Energy from fuels	MWh	17,100	**17,100**	
EN5 Energy intensity	KWh/€	0.03	**0.03**	
EN6 Reduction of energy consumption	%		**(2)**	

Water	Unit	2014	2015	Per cent change
EN8 Total fresh water	m^3	1,895,700	**2,052,800**	+8
from company wells	m^3	1,759,500	**1,894,000**	+8
from public supplies	m^3	136,200	**158,800**	+17

Greenhouse gas (GHG) emissions	Unit	2014	2015	Per cent change
EN15 Direct GHG emissions (scope 1)	t	9,600	**8,800**	(8)
EN16 Indirect GHG emissions (scope 2 – location-based)	t	35,800	**42,400**	+18
Indirect GHG emissions (scope 2 – market-based)	t	33,900	**32,500**	(4)
EN17 Other indirect GHG emissions (scope 3)	t	18,400	**20,100**	+9
Business travel	t	12,400	**13,500**	+9
Paper	t	200	**200**	
Employee commute	t	5,800	**6,400**	+10
EN18 GHG emissions intensity (scope 1, 2 – location-based, 3)	kg/€	0.013	**0.014**	
EN19 Increase of GHG emissions (scope 1, 2 – location-based)	%	–	**9**	

Effluents and waste	Unit	2014	2015	Per cent change
EN22 Total water discharge	m^3	1,894,600	**2,052,800**	+8
EN23 Total weight of waste	t	2,200	**1,800**	(18)
of that amount, hazardous waste	t	32	**2**	(94)
of that amount, disposable	t	1,400	**1,100**	(21)
of that amount, recyclable	t	800	**700**	(13)

RTL Group Coverage 2015		Total	Covered	
Revenue RTL Group (in € million)		**6,029**	83 %	
Average number of full-time equivalent employees (Q1 – Q4)		**10,325**	76 %	

38 Emissions data for purchased paper and employee commuting are reported since 2014. These were not part of the target setting approach and thus are excluded here.

INNOVATION

RTL Group's innovation management is focused on three core topics: developing and acquiring new, high-quality TV formats; using all digital means of distribution; and expanding diverse forms of marketing and monetisation. RTL Television focuses on locally produced, creative content, supported by a dedicated programme development department. Over the next few years the Group expects to see early results in its programming. Elsewhere, Mediengruppe RTL Deutschland worked with NBC Universal and TF1 to co-produce original US-style procedural TV dramas – the first time European broadcasters have partnered with a major US media company for a deal of this nature. The first project evolving from this partnership – the thriller series *Gone* – was announced in November 2016. The highly acclaimed series *The Young Pope* – produced by FremantleMedia's Wildside for Sky, HBO and Canal Plus – celebrated its world premiere at the Venice Film Festival. FremantleMedia North America's adaptation of Neil Gaiman's acclaimed contemporary fantasy novel, *American Gods*, will premiere on the US pay-TV channel Starz in April 2017.

In 2016, RTL Group enhanced and strengthened its position in the growing online video market, with a focus on aggregation and monetisation. Online video advertising is currently the fastest-growing segment in digital advertising, driven by programmatic video advertising. This business is especially based on technological expertise. In spring 2016, Mediengruppe RTL Deutschland acquired Smartclip, which bundles the online video advertising inventory of 700 publishers worldwide, and manages the integration and delivery of video advertising to all internet-connected devices. As a strong sales house and technological innovator, Smartclip also creates solutions for Connected TV and multiscreen advertising. Smartclip complements RTL Group's investments in digital advertising sales, in particular SpotX – one of the world's leading platforms for programmatic online video advertising.

FremantleMedia founded more dedicated digital studios in 2016, including Tiny Riot in the Netherlands, and produces original web content such as the Facebook series *Confessions – It's Complicated* in India.

Synergy Committees and the RTL Digital Hub are used for exchanging information and knowledge at RTL Group. In the age of digitalisation, the role of 'big data' – in the form of cookies, clusters or cross-device analytics – is becoming ever more prominent. The aggregation and exploitation of data is becoming increasingly more important for RTL Group, its advertising customers and ultimately consumers. With this in mind, Mediengruppe RTL Deutschland created the role of Head of Smart Data – reporting directly to the Chief Strategy Officer – in July 2016.

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 to the Consolidated Financial Statements).

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

Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements (“share deals”) IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert has not yet rendered his report. Similar proceedings of other small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

Brandi Cochran was employed as a model on the television series *The Price Is Right* from July 2002 until February 2010 and was claiming wrongful termination and other allegations due to her gender and pregnancy. Her claim was brought against FremantleMedia North America (“FMNA”). The Court entered judgment in January 2013 and awarded her damages in the amount of USD 9 million (compensatory damages of USD 1 million and punitive damages of USD 8 million; subject to interest at the rate of 10 per cent per annum until paid) plus attorney’s fees. FMNA appealed the verdict. FMNA also filed a post-trial motion for a new trial, which was granted in March 2013 (and the verdict was vacated). In December 2014, the Appellate Court remanded the parties for a new trial, which was set to begin in April 2016. However, in February 2016, the parties reached a settlement agreement, which resolved this matter. The related cash-out in 2016 was USD 3 million, net of insurance reimbursement, without significant impact on the income statement.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio’s audience ratings by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie called a special committee, which ultimately decided to remove Fun Radio from Médiamétrie’s survey to be published in July 2016. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the ratings surveys as from September 2016 but, since then, decided to lower Fun Radio’s audience results, arguing a possible “halo effect”. Thereafter, Fun Radio initiated a procedure to challenge the scientific reliability of the Médiamétrie calculation. In December 2016, the main competitors of Fun Radio also filed a claim for damages, claiming unfair competition.

CORPORATE GOVERNANCE

Principal risks and uncertainties
Principal risks and uncertainties are disclosed in note 4 to the Consolidated Financial Statements for the risks linked to financial instruments and in the section "Corporate Governance" on the *RTLGroup.com* website for the external and market risks.

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

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

1. SHAREHOLDERS

Following the Extraordinary General Meeting held on 25 May 2016, 44,748 shares have been cancelled as a result of the application of the Immobilisation Law of 28 July 2014. Consequently, the reduced share capital is set at €191,845,074, which is divided into 154,742,806 fully paid up shares with no par value.

As at December 2016, Bertelsmann held 75.1 per cent of RTL Group SA shares, and 24.1 per cent were publicly traded. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries (see note 8.15.12 to the Consolidated Financial Statements).

General Meetings of Shareholders will be held at the registered office or any other place in Luxembourg indicated in the convening notice. A General Meeting of Shareholders must be convened on the request of one or more shareholders who together represent at least one tenth of the Group's capital, and the Annual General Meeting of Shareholders is held on the third Wednesday of April at 15:00. If this day is a public holiday, the meeting will be held on the next business day at the same time.

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

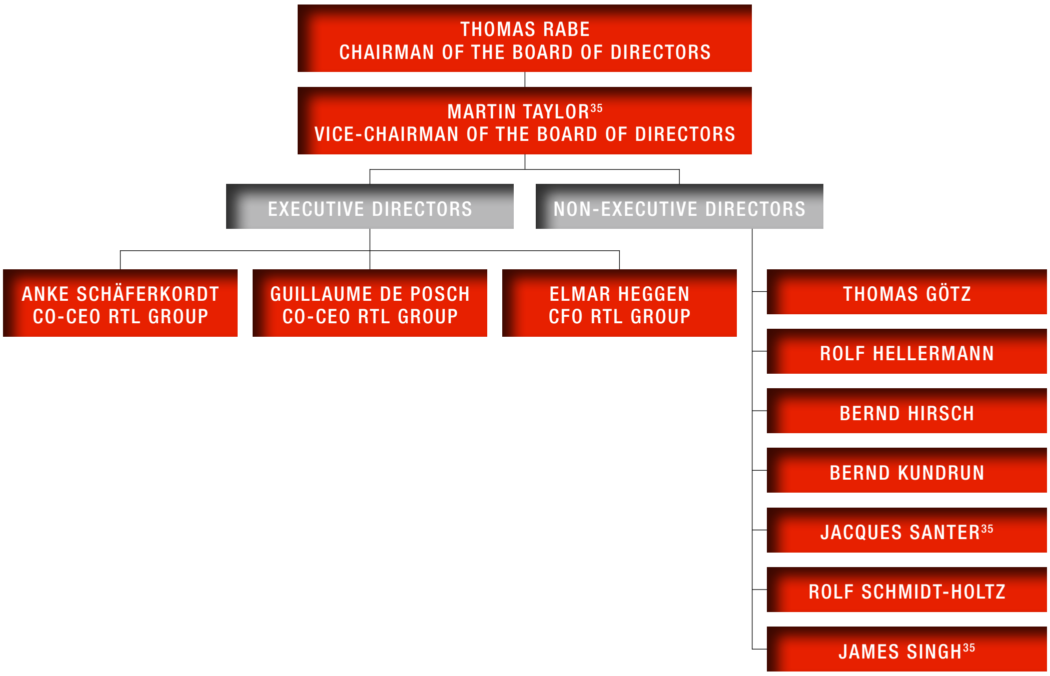
The Annual General Meeting will examine the reports of the Board of Directors and the auditor and, if thought fit, will approve the annual accounts. The meeting will also determine the allocation of profit, and decide on the discharge of the directors and the auditor from any duties.

2. BOARD AND MANAGEMENT

Board of Directors

On 31 December 2016 the Board of RTL Group SA had 12 members: three executive directors, and nine non-executive directors. On 20 April 2016, Bernd Hirsch was appointed as Non-Executive Director to RTL Group's Board of Directors for a term of two years, to expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts. Likewise, the term of office of the other executive and non-executive directors will expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts. The biographical details of the directors are set out on pages 30 to 34. Three of the non-executive directors – Jacques Santer, James Singh and Martin Taylor – are independent of management and other outside interests that might interfere with their independent judgement.

RTL GROUP'S BOARD OF DIRECTORS



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

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

The responsibility for day-to-day management of the Group is delegated to the Chief Executive Officers ("CEOs"). The Board has a number of responsibilities, which include approving the annual Group's budget, overseeing significant acquisitions and disposals, and managing the Group's financial statements. The Board of Directors met four times in 2016 – with an average attendance rate of 97.9 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, was carried out in 2014 and will recur in 2017.

35 Independent Director

Individual attendance of the members of the RTL Group Board of Directors	Participation in meetings	Attendance %
Thomas Rabe (chairman)	4/4	100
Martin Taylor	4/4	100
Anke Schäferkordt	4/4	100
Guillaume de Posch	4/4	100
Elmar Heggen	4/4	100
Thomas Götz	4/4	100
Rolf Hellermann	4/4	100
Bernd Hirsch	3/3	100
Bernd Kundrun	4/4	100
Jacques Santer	4/4	100
Rolf Schmidt-Holtz	3/4	75
James Singh	4/4	100

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

In 2016, a total of €0.6 million (2015: €0.6 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors and the Committees that emanate from it. (see note 10.4 to the consolidated financial statements).

Neither options nor loans have been granted to Directors.

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

The following Board Committees are established:

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises three non-executive directors, one of whom is an independent director (who also chairs the meetings), and meets at least twice a year. The Committee's plenary meetings are attended by the CEOs and the Executive Vice President Human Resources. The Nomination and Compensation Committee may involve other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks. The Chairman of the Nomination and Compensation Committee reports on the discussion held and conclusions taken by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met five times in 2016, physically or via telephone conference, with an average attendance rate of 86.7 per cent.

Individual attendance of the members of the Nomination and Compensation Committee	Participation in meetings	Attendance %
Martin Taylor (chairman)	4/5	80
Thomas Rabe	5/5	100
Rolf Schmidt-Holtz	4/5	80

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

Audit Committee

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

The Committee's plenary meetings are attended by the CEOs, the Chief Financial Officer ("CFO"), the Head of Audit & Compliance, the external auditors and other senior Group finance representatives. The Audit Committee may invite other persons whose collaboration is deemed to be advantageous to help the committee fulfill its tasks. The Audit Committee met five times in 2016 physically or via telephone conference, with an average attendance rate of 95 per cent. The Chairman of the Audit Committee reports on the discussions held and conclusions taken by the Audit Committee to the subsequent Board of Directors meeting.

Individual attendance of the members of the Audit Committee	Participation in meetings	Attendance %
James Singh (chairman)	5/5	100
Bernd Hirsch	4/4	100
Thomas Rabe	4/5	80
Martin Taylor	5/5	100

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

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

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

CEOs

Responsibility for the day-to-day management of the Group rests with the CEOs, who – on a regular basis and upon request of the Board – inform the Board of Directors about the status and development of the Group.

The CEOs are responsible for proposing the annual budget, to be approved by the Board of Directors. They are also responsible for determining the ordinary course of the business.

Executive Committee

On 31 December 2016, the Executive Committee is comprised of the three executive directors, the two Co-CEOs and the CFO. The former Executive Vice President Regional Operations & Business Development, CEE and Asia, was invited to attend the meetings on a permanent basis. The Executive Committee is vested with internal management authority. Biographical details of the members of the Executive Committee can be found on page 35.

RTL GROUP'S EXECUTIVE COMMITTEE

In 2016, a total of €12.8 million (2015: €12.6 million) was allocated in the form of salaries, non-cash benefits and a post-employment benefit plan to the members of the Executive Committee (see note 10.3 to the Consolidated Financial Statements).

External auditor

In accordance with the Luxembourg law on commercial companies, the Group's annual and consolidated accounts are certified by an external auditor, appointed at the Annual General Meeting of Shareholders. On 20 April 2016, the shareholders appointed Pricewaterhouse Coopers, société coopérative (PwC) for a year. PwC's mandate will expire at the Annual General Meeting on 19 April 2017.

Dealing in shares

The Group's shares are listed on Euronext Brussels, and on the Frankfurt and Luxembourg Stock Exchanges. Applicable Belgian, German and Luxembourg insider dealing and market manipulation laws prevent anyone with material non-public information about a company from dealing in its shares and from committing market manipulations.

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

Restrictions apply to:

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

3. CODE OF CONDUCT

Basic guidelines for conducting business at RTL Group are governed by the Code of Conduct, which outlines binding minimum standards for responsible behaviour towards business partners and the public, as well as for behaviour within the Group. The Group has a training programme in place to ensure all employees are fully aware of the code.

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

4. INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Standards and rules

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

Systems and related controls

Locally used ("ERP", treasury applications) finance systems are largely centrally monitored via a common system platform to ensure a consistent set-up of system-embedded controls. Segregation of duties, access rights and approval limits are regularly reviewed by the local data owners for all reporting units whose finance systems are centrally maintained. Internal and external financial reporting is up-streamed through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting, forecasting of financial and operational KPIs, to consolidation and external financial reporting, and finally risk management reporting (see the section "How we manage risks"). Specific system-embedded controls support the consolidation process, including the reconciliation of intercompany transactions. IT General Controls ("ITGCs") are regularly assessed by external experts or internal audit. Controls objectives are defined for all the RTL Group central applications and interfaces (the "Referenced Applications") as well as their related IT infrastructure. The description of the control environment and the effectiveness of these controls are subject to an annual SOC1 ISAE3402 third party assurance report. The Group's consolidation scope is constantly updated, both at the level of financial interests captured in the consolidation system, and at the level of legal information through a dedicated legal scope system.

Analytics and reporting

All internal and external local financial and consolidated reporting is systematically reviewed by local finance staff or by finance teams within the Corporate Centre. Typical analyses include comparisons with previous year, budget and forecast, financial and operational KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity, and cash flow statement. Regular communication between RTL Group's operations and the Corporate Centre's finance department ensures any issue that could affect the Group's financial reporting is immediately flagged and resolved. Quarterly reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors. (Q1 and Q3 condensed consolidated interim financial information is approved by the Audit Committee upon delegation by the Board of Directors).

Transparency

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

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

RISK MANAGEMENT

Risk matrix

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

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

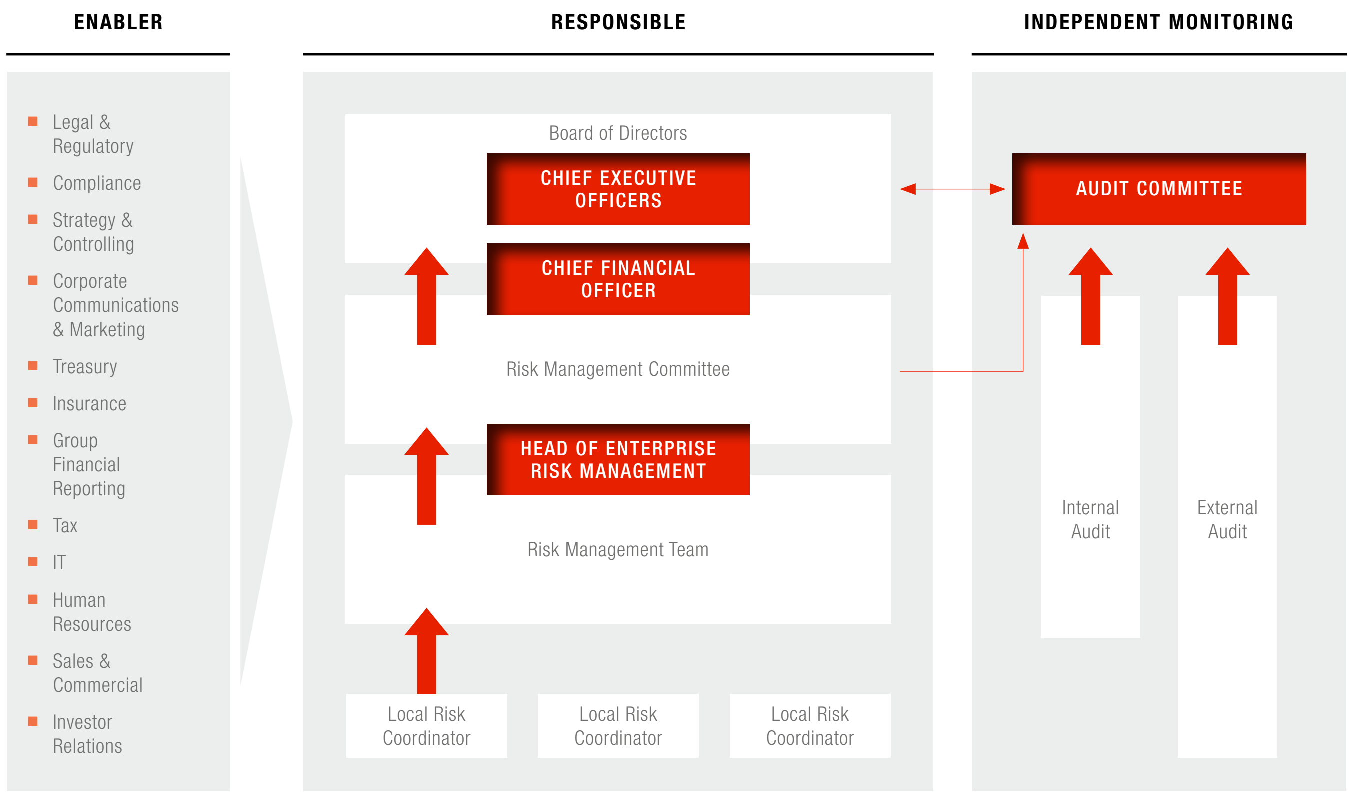
The Board of Directors is responsible for ensuring RTL Group maintains a sound system of internal controls, including financial, operational and compliance risks.

RTL Group defines its risk management as a continuous process at Business Unit and Group level to prevent, protect, mitigate and leverage risks in light of execution of RTL Group's mission and strategic objectives. RTL Group's risk management has been designed to be fully aligned with International risk management standards (e.g. COSO framework) and Bertelsmann SE & CO. KGaA's risk management practices. RTL Group has robust risk management processes in place, designed to ensure that risks are identified, monitored and controlled. RTL Group's risk management system is based on a specific policy and a clear set of procedures. Policies and procedures are reviewed on a regular basis by the Internal Audit Department and/or external consulting companies. Risk management and risk reporting are coordinated by the Head of Enterprise Risk Management (ERM), and reporting is reviewed by the Internal Audit Department.

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

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

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- Effectiveness and efficiency of operations, and the optimal use of the Group's resources
- Integrity and reliability of financial and operational information
- Reliability of financial reporting
- Proper identification, assessment, mitigation and reporting of material risks
- Compliance with applicable laws, regulations, standards and contracts



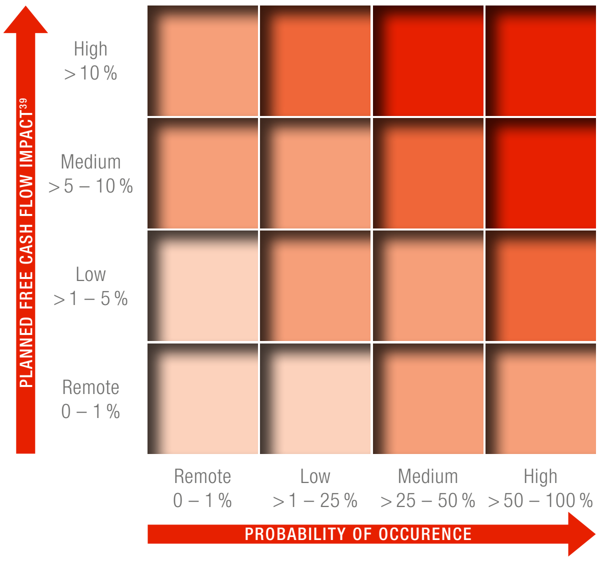
The Risk Management Committee is composed of the following permanent members:

- RTL Group Chief Financial Officer and Head of the Corporate Centre
- RTL Group Deputy CFO and Executive Vice President Finance
- RTL Group Executive Vice President Audit and Compliance
- RTL Group Senior Vice President Treasury and Enterprise Risk Management
- RTL Group Senior Vice President Controlling & Investments
- RTL Group General Counsel
- RTL Group Senior Vice President Group IT
- Media Assurances' Chief Executive Officer
- Additional guests may be invited to participate to Risk Management Committee meetings as subject matter experts based on the topics to be addressed.

Definition of risk

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

RISK CLASSIFICATION



Risk reporting framework

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

This framework is based on a number of key principles:

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments include a description of the risk, an indication of the potential financial impact, and steps taken to mitigate the risk. These steps are performed throughout RTL Group, consolidated by the Head of Enterprise Risk Management, reviewed by the Internal Audit Department, and ultimately summarised in a dedicated risk management report. Results are presented to the Audit Committee.
- Regular and consistent reporting: RTL Group's system of internal controls ensures that risks are addressed, reported and mitigated when they arise. All significant risks are comprehensively assessed within the risk reporting framework, and reported to RTL Group management on a bi-annual basis. This ensures that necessary actions are undertaken to manage, mitigate or offset risks within the Group. The risks are reported in a common reporting tool to ensure consistency in scope and approach.
- Bottom-up approach: RTL Group assesses risks where they arise – in its operations. All business units assess themselves according to the three parts of the risk management report:
  - Risk Management System: risk assessment and quantification of residual risks if applicable
  - Internal Control System: self-assessment on internal controls in place
  - Information Security Management System: risk assessment and quantification of IT-related risks
- Consolidated Group matrix: the Enterprise Risk Management (ERM) team aggregates a comprehensive view of significant risks for the Group by consolidating local risk assessments. A Risk Management Committee prepares and reviews this consolidated Group risk matrix. The committee also:
  - Advises on the control and reporting process for any major risks, and recommends mitigation strategies to the Group CFO
  - Monitors follow-up of risks and ensures mitigation measures have been taken
  - Increases risk awareness within the Group
  - Identifies potential optimisation opportunities in processes
- Audit approach: both the process of local risk assessments and the consolidated Group risk matrices are regularly reviewed by the Internal Audit Department.

Going forward

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

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

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

General Management Statement on Risk Evaluation

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

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

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

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

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

OPPORTUNITY MANAGEMENT

Opportunity Management System

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

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

Opportunities

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

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

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

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

LUXEMBOURG LAW ON TAKEOVER BIDS

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

a) Share capital structure
RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange, Euronext Brussels and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2016 amounts to €191,854,074 represented by 191,845,074 shares with no par value, each fully paid-up.

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

c) Major shareholding
The shareholding structure of RTL Group SA as at 31 December 2016 is as follows: Bertelsmann Capital Holding GmbH held 75.1 per cent, 24.1 per cent were publicly traded and the remaining 0.8 per cent were held collectively as treasury stock by RTL Group SA and one of its subsidiaries.

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

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

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

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

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

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

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

k) Agreements with Directors and employees
The Executive Committee members are entitled to contractual severance payments in case of dismissal, except in the case of dismissal for serious reasons.

SUBSEQUENT EVENTS

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until the first half of 2019, at the latest. The strike price of the option is based on a variable component. The transaction qualifies as a business combination since RTL Group gains the control of Divimove. The amount of the re-measurement to fair value of the pre-existing interest is estimated at €14 million.

On 27 September 2016, Magyar RTL Televízió Zártkörûen Mükõdõ Részvénytársaság ("RTL Hungary") entered into an agreement to acquire a 30 per cent stake representing 51 per cent of the voting rights in Central Digital Media Kft ("Central Digital Media"), one of the leading web publishers in Hungary. Central Digital Media operates a number of websites and mobile apps. Central Digital Media is ranked as one of the top three online media companies in Hungary, based on web analytics. The acquisition, subject to approval by the Hungarian competition authority, would significantly accelerate the Group's strategy to increase RTL Hungary's presence in the digital media market. The transaction would qualify as a business combination since M-RTL would gain control of Central Digital Media. RTL Hungary would also hold call options on the remaining 70 per cent shares exercisable 18 months after the deal completion. However, in the second part of February 2017, the Hungarian competition authority decided to refuse its approval of the transaction. RTL Hungary is currently assessing this decision and possible legal actions.

On 8 March 2017, RTL Group's Board of Directors acknowledged the request from Mrs. Anke Schäferkordt to resign as Co-CEO of RTL Group and to step down from the Board of Directors, with effect from the Annual General Meeting on 19 April 2017. Anke Schäferkordt will continue to be the CEO of Mediengruppe RTL Deutschland.

It will be proposed at the AGM, to be held at 19 April 2017, that Mr. Bert Habets joins RTL Group's Board of Directors as Executive Director with immediate effect. The Board has decided, on 8 March 2017, that Bert Habets then also becomes Co-CEO of RTL Group. The Board has acknowledged that Bert Habets will thus be member of the Group's Executive Committee.

OUTLOOK

Beginning with the fiscal year 2017, RTL Group will report EBITDA as its key performance indicator for operating profit, adapting to more common reporting standards of the media industry (previously: EBITA).

Given the current economic climate, RTL Group does not see any signs of either a wider advertising market rally or decline – especially with uncertainty around the Brexit and the political elections in Europe – and expects the picture in 2017 to be similar to 2016 with overall slight growth. Accordingly, RTL Group currently believes 2017 will be another challenging year for its TV channels and therefore expects only slight top line growth from its core broadcast markets.

FremantleMedia – RTL Group's content production arm – will continue to face market pressure on both volumes and pricing, but should benefit from the investments made in new businesses and also in the pipeline, especially in drama and digital. Accordingly, RTL Group expects FremantleMedia's revenue to be broadly stable, subject to stable exchange rates, with EBITDA progressing strongly.

Digital revenues are expected to continue to show dynamic double-digit revenue growth and increase its share of RTL Group's total revenue to at least 15 per cent within the next three to five years.

The company will continue to focus on cash conversion and expects 2017 levels to be broadly in line with the previous year, at around 90 per cent.

RTL Group keeps a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the financial year 2017.

The dividend policy remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the financial year 2017 as an ordinary dividend. The potential for an interim dividend payment will be assessed by the Board after having reviewed the Group's investment pipeline, cash generation and net debt level.

RTL Group expects its total revenue for the financial year 2017 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland – this means 2017 revenue is expected to reach a window of between €6,393 million and €6,549 million. The company expects EBITDA for the full year 2017 to be broadly stable (-1.0 per cent to +1.0 per cent), mainly due to the lack of positive one-off effects at the level of Groupe M6.

Outlook RTL Group	2016 € m	2017e € m	Outlook € m	Change %
Revenue	6,237	6,393 to 6,549	Moderately up	+2.5 to +5.0
EBITDA	1,411	1,397 to 1,425	Broadly stable	-1.0 to +1.0

8 March 2017
The Board of Directors

MANAGEMENT RESPONSIBILITY STATEMENT

We, Anke Schäferkordt and Guillaume de Posch, Chief Executive Officers and Elmar Heggen, Chief Financial Officer, confirm, to the best of our knowledge, that these 2016 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the 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 consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 8 March 2017

Anke Schäferkordt and **Guillaume de Posch**
Chief Executive Officers

Elmar Heggen
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

	Notes	2016 €m	2015 €m
Revenue	5. 7.1.	6,237	6,029
Other operating income	7.2.	111	55
Consumption of current programme rights		(2,070)	(2,015)
Depreciation, amortisation, impairment and valuation allowance		(215)	(199)
Other operating expenses	7.3.	(2,924)	(2,750)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(15)	(6)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7.4.	6	4
Profit from operating activities		**1,130**	1,118
Share of results of investments accounted for using the equity method	8.4.	67	57
Earnings before interest and taxes ("EBIT")	3.	**1,197**	1,175
Interest income	7.5.	6	6
Interest expense	7.5.	(27)	(31)
Financial results other than interest	7.6.	3	13
Profit before taxes		**1,179**	1,163
Income tax expense	7.7.	(363)	(300)
Profit for the year		**816**	863
Attributable to:			
RTL Group shareholders		720	789
Non-controlling interests		96	74
Profit for the year		**816**	863
EBITA[1]	3.	**1,205**	1,167
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(15)	(6)
Re-measurement of earn-out arrangements		1	10
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7.4.	6	4
Earnings before interest and taxes ("EBIT")	3.	**1,197**	1,175
EBITDA[2]	3.	**1,411**	1,360
Depreciation, amortisation and impairment		(221)	(199)
Re-measurement of earn-out arrangements		1	10
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7.4.	6	4
Earnings before interest and taxes ("EBIT")	3.	**1,197**	1,175
Earnings per share (in €)			
– Basic	7.8.	4.69	5.14
– Diluted	7.8.	4.69	5.14

1 EBITA represents earnings before interest and taxes excluding impairment of goodwill and of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries, impairment of investments accounted for using the equity method, re-measurement of earn-out arrangements and gain or loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

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

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2016 €m	2015 €m
Profit for the year		**816**	863
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	8. 14.	**(11)**	9
Income tax	8. 6.	**3**	(2)
		(8)	7
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**33**	34
Effective portion of changes in fair value of cash flow hedges	8. 15. 4.	**39**	36
Income tax	8. 6.	**(12)**	(12)
		27	24
Change in fair value of cash flow hedges transferred to profit or loss	8. 15. 4.	**(34)**	(28)
Income tax	8. 6.	**11**	9
		(23)	(19)
Fair value gains/(losses) on available-for-sale financial assets	8. 15. 5.	**2**	(5)
Income tax	8. 6.	**–**	1
		2	(4)
		39	35
Other comprehensive income/(loss) for the year, net of income tax		**31**	42
Total comprehensive income for the year		**847**	905
Attributable to:			
RTL Group shareholders		**751**	829
Non-controlling interests		**96**	76
Total comprehensive income for the year		**847**	905

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2016 €m	31 December 2015 €m
Non-current assets			
Programme and other rights	8.1.	**100**	85
Goodwill	8.1. 8.2.	**3,039**	2,959
Other intangible assets	8.1.	**225**	215
Property, plant and equipment	8.3.	**290**	352
Investments accounted for using the equity method	8.4.	**427**	400
Loans and other financial assets	8.5. 8.8.	**167**	207
Deferred tax assets	8.6.	**317**	370
		4,565	4,588
Current assets			
Programme rights	8.7.	**1,160**	1,093
Other inventories		**15**	19
Income tax receivable		**19**	34
Accounts receivable and other financial assets	8.8.	**2,025**	2,014
Cash and cash equivalents	8.9.	**433**	449
		3,652	3,609
Assets classified as held for sale	8.10.	**83**	–
Current liabilities			
Loans and bank overdrafts	8.11.	**493**	605
Income tax payable		**52**	45
Accounts payable	8.12.	**2,842**	2,742
Provisions	8.13.	**145**	132
		3,532	3,524
Net current assets		**203**	85
Non-current liabilities			
Loans	8.11.	**517**	524
Accounts payable	8.12.	**405**	443
Provisions	8.13.	**249**	235
Deferred tax liabilities	8.6.	**45**	62
		1,216	1,264
Net assets		**3,552**	3,409
Equity attributable to RTL Group shareholders		**3,077**	2,954
Equity attributable to non-controlling interests		**475**	455
Equity	8.15.	**3,552**	3,409

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital €m	Treasury shares €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Reserves and retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to non-controlling interests €m	**Total equity €m**
Balance at 1 January 2015		**192**	**(45)**	**(149)**	**42**	**77**	**2,711**	**2,828**	**447**	**3,275**
Total comprehensive income:										
Profit for the year		–	–	–	–	–	789	789	74	**863**
Foreign currency translation differences	8. 15. 3.	–	–	32	–	–	–	32	2	**34**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 15. 4.	–	–	–	25	–	–	25	(1)	**24**
Change in fair value of cash flow hedges transferred to profit or loss, net of tax	8. 15. 4.	–	–	–	(19)	–	–	(19)	–	**(19)**
Fair value gains / (losses) on available-for-sale financial assets, net of tax	8. 15. 5.	–	–	–	–	(4)	–	(4)	–	**(4)**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	6	6	1	**7**
		–	–	32	6	(4)	795	829	76	**905**
Capital transactions with owners:										
Dividends	8. 15. 6.	–	–	–	–	–	(691)	(691)	(75)	**(766)**
Equity-settled transactions, net of tax	8. 15. 7.	–	–	–	–	–	5	5	4	**9**
(Acquisition) / disposal of treasury shares	8. 15. 2.	–	(2)	–	–	–	–	(2)	–	**(2)**
Transactions on non-controlling interests without a change in control	8. 15. 8.	–	–	–	–	–	(5)	(5)	2	**(3)**
Transactions on non-controlling interests with a change in control	8. 15. 8.	–	–	–	–	–	(7)	(7)	4	**(3)**
Derivatives on equity instruments	8. 15. 9.	–	–	–	–	–	(3)	(3)	(3)	**(6)**
		–	(2)	–	–	–	(701)	(703)	(68)	**(771)**
Balance at 31 December 2015		**192**	**(47)**	**(117)**	**48**	**73**	**2,805**	**2,954**	**455**	**3,409**
Total comprehensive income:										
Profit for the year		–	–	–	–	–	720	720	96	**816**
Foreign currency translation differences	8. 15. 3.	–	–	33	–	–	–	33	–	**33**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 15. 4.	–	–	–	27	–	–	27	–	**27**
Change in fair value of cash flow hedges transferred to profit and loss, net of tax	8. 15. 4.	–	–	–	(23)	–	–	(23)	–	**(23)**
Fair value gains / (losses) on available-for-sale financial assets, net of tax	8. 15. 5.	–	–	–	–	2	–	2	–	**2**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	(8)	(8)	–	**(8)**
		–	–	33	4	2	712	751	96	**847**
Capital transactions with owners:										
Dividends	8. 15. 6.	–	–	–	–	–	(614)	(614)	(74)	**(688)**
Cancellation of shares	8. 15. 1.	–	–	–	–	–	(2)	(2)	–	**(2)**
Equity-settled transactions, net of tax	8. 15. 7.	–	–	–	–	–	5	5	5	**10**
(Acquisition) / disposal of treasury shares	8. 15. 2.	–	(1)	–	–	–	–	(1)	–	**(1)**
Transactions on non-controlling interests without a change in control	8. 15. 8.	–	–	–	–	–	(6)	(6)	(4)	**(10)**
Transactions on non-controlling interests with a change in control	8. 15. 8.	–	–	–	–	–	(11)	(11)	(6)	**(17)**
Derivatives on equity instruments	8. 15. 9.	–	–	–	–	–	3	3	3	**6**
Transactions on treasury shares of associates		–	–	–	–	–	(2)	(2)	–	**(2)**
		–	(1)	–	–	–	(627)	(628)	(76)	**(704)**
Balance at 31 December 2016		**192**	**(48)**	**(84)**	**52**	**75**	**2,890**	**3,077**	**475**	**3,552**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December

	Notes	2016 €m	2015 €m
Cash flows from operating activities			
Profit before taxes		**1,179**	1,163
Adjustments for:			
– Depreciation and amortisation		**218**	202
– Value adjustments, impairment and provisions		**133**	106
– Share-based payments expenses		**10**	9
– Re-measurement of earn-out arrangements		**(1)**	(10)
– Gain on disposal of assets		**(25)**	(22)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		**23**	(15)
Use of provisions	8.13.	**(81)**	(110)
Working capital changes		**(83)**	(102)
Income taxes paid		**(267)**	(238)
Net cash from operating activities		**1,106**	983
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		**(122)**	(108)
– Subsidiaries, net of cash acquired	6.4.	**(60)**	(82)
– Other intangible and tangible assets		**(135)**	(117)
– Other investments and financial assets		**(36)**	(34)
		(353)	(341)
Proceeds from the sale of intangible and tangible assets	8.1. 8.3.	**47**	18
Disposal of other subsidiaries, net of cash disposed of		**5**	2
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	8.4. 8.5. 8.8.	**8**	49
Interest received		**5**	5
		65	74
Net cash used in investing activities		**(288)**	(267)
Cash flows from financing activities			
Interest paid		**(17)**	(20)
Transactions on non-controlling interests	8.15.8.	**(16)**	(1)
Acquisition of treasury shares	8.15.2.	**(1)**	(2)
Term loan facility due to shareholder	10.1.	**(153)**	6
Proceeds from loans	8.4.2.	**72**	28
Repayment of loans		**(27)**	(6)
Dividends paid		**(689)**	(766)
Net cash used in financing activities		**(831)**	(761)
Net decrease in cash and cash equivalents		**(13)**	(45)
Cash and cash equivalents and bank overdrafts at beginning of year	8.9.	**444**	479
Effect of exchange rate fluctuation on cash held		**–**	10
Cash and cash equivalents and bank overdrafts at end of year	8.9.	**431**	444

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of a multinational television, radio and content Group with developing online operations and holding, directly or indirectly, investments in 556 companies. The Group mainly operates television channels and radio stations in Europe and produces television content such as game shows and soaps. The list of the principal Group undertakings at 31 December 2016 is set out in note 12.

The Company is listed on the Brussels, Frankfurt and Luxembourg Stock Exchanges. Statutory accounts can be obtained at its registered office established at 45, boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent company of RTL Group SA preparing consolidated financial statements, Bertelsmann SE & Co. KGaA, includes in its consolidated financial statements those of RTL Group SA. 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 for Bertelsmann SE & Co. KGaA can be obtained at their registered office.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 8 March 2017.

1. 1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1. 2. Basis of preparation

1. 2. 1. Consolidated financial statements

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are discussed in note 2.

The accounting policies have been consistently applied by the Group entities and are consistent with those used in the previous year, except as follows:

1. New and amended standards and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial year beginning 1 January 2016:

- IAS 19 revised, “Defined Benefit Plans: Employee Contributions”[3];
- Annual improvements 2010–2012. These amendments include changes from the 2010–2012 cycle of the annual improvements project, that affect seven standards: IFRS 2, “Share-based payment”, IFRS 3, “Business Combinations”, IFRS 8, “Operating segments”, IFRS 13, “Fair value measurement”, IAS 7, “Statement of cash flows”, IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets”. This implies consequential amendments to IFRS 9, “Financial instruments”, IAS 37, “Provisions, contingent liabilities and contingent assets”, and IAS 39, “Financial instruments – Recognition and measurement”[3];
- Amendments to IAS 1, “Disclosure Initiative”[3];
- Amendments to IAS 16, “Property, plant and equipment” and IAS 41, “Agriculture” related to accounting for bearer plans[3];
- Amendments to IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets” on depreciation and amortisation. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, there is a rebuttable presumption, that revenue-based amortisation is permitted when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
  The application of the amendments to IAS 38 did not generate any significant impact for the Group on the basis of the high correlation between revenue and consumption of the economic benefits embodied in the programme and other rights;
- Amendment to IAS 27, “Equity method in separate financial statements”[3];
- Amendment to IFRS 10, “Consolidated financial statements”, IFRS 12 “Disclosure of interests in other entities” and IAS 28, “Associates and joint ventures” on sale or contribution of assets and on investment entities applying the consolidation exception[3];
- Amendment to IFRS 11, “Joint arrangements” on acquisition of an interest in a joint operation[3];
- Annual improvements 2012–2014. These amendments include changes from the 2012–2014 cycle of the annual improvements project, that affect four standards: IFRS 5, “Non-current assets held for sale and discontinued operations”, IFRS 7, “Financial instruments: disclosures”, IAS 19, “Employee benefits” and IAS 34, “Interim financial reporting”. This implies consequential amendments to IFRS 1, “First-time adoption of international financial reporting standards”[3].

2. Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been published but are not effective for the Group’s accounting year beginning on 1 January 2016.

- IFRS 9, “Financial instruments” (and related amendment on general hedge accounting) – effective from 1 January 2018. The IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today[4,5];
- IFRS 14, “Regulatory deferral accounts” – effective from 1 January 2016[6];
- IFRS 15, “Revenue from contracts with customers” applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and introduces a five-step process that the Group will have to follow. The new standard goes beyond just “commercial effect”, “fair value” and “risk

3 The application of these standards, interpretation and amendments had no significant impacts for the Group
4 Endorsed by the European Union for periods beginning on or after 1 January 2018
5 The Group has yet to assess the impact of the new standards and amendments
6 The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard

and rewards" and will also result in a significant increase in the volume of disclosures related to revenue. IFRS 15 will be effective for reporting periods beginning on or after 1 January 2018[7].

IFRS 15 "Revenue from contracts with customers" is a new comprehensive standard for revenue recognition across all industries and replaces the current IFRS regulations.

IFRS 15 establishes a five-step model related to revenue recognition from contracts with customers. In addition to substantially more extensive guidance for the accounting treatment of revenue from contracts with customers, more detailed disclosure is required by the new standard. Application of the standard is mandatory for annual reporting periods beginning on or after 1 January 2018 even though the endorsement of the clarifications published in April 2016 is still outstanding. The standard has to be applied retrospectively although diverse practical expedients are allowed in some circumstances; earlier application is still permitted. RTL Group has opted for the modified retrospective transition and does not intend to early adopt the standard.

RTL Group has launched a project to analyse the implications of IFRS 15 across the Group. During the first phase of the project the Group selected pilot entities (Mediengruppe RTL Deutschland, Groupe M6, and FremantleMedia) – thus ensuring that the most significant revenue streams of advertising and content related revenues were covered – and has performed a diagnostic of the IFRS implications based on a sample of related contracts. The Group has now started the implementation phase of the project. Based on the analysis made to date, the Group estimates that IFRS 15 is likely to have an impact on the timing and amount of revenue recognition, especially relating to licences as further detailed below:

- Advertising revenue is derived from a wide range of contracts, usually of one year or less. IFRS 15 implications relate to the identification of performance obligations (spots, campaigns, other services) and to variable considerations associated with this revenue;
- Content revenue involves a wide variety of performance obligations from service contracts to multi-year licence agreements, as well as ancillary services. The nature of those licences granted are currently being analysed to determine whether each licence should be recognised at a point-in-time or over time. Payment schemes considered in determining the revenue of each contract under IFRS 15 include minimum guarantees and revenue sharing schemes and other variable payment terms.

The new standard could also impact transactions wherein third parties are involved as agent or principal, therefore impacting the gross versus net presentation of revenue.

A reasonable estimate of the quantitative impact of IFRS 15 is not possible to be derived at this stage of the project;

- Amendment to IAS 7, "Statement of cash flows", Disclosure initiative – effective from 1 January 2017[8,9];
- Amendment to IAS 12, "Income taxes", recognition of deferred tax assets for unrealised losses – effective from 1 January 2017[8,9];
- IFRS 16, "Leases" defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. The leases of satellite transponders qualifying as service agreements are no longer reported in operating leases. The quantitative and disclosure impacts anticipated from implementing IFRS 16 are currently being determined. IFRS 16 will be effective for reporting periods beginning on or after 1 January 2019[8];
- Amendments to IFRS 2, "Share-based payment", Classification and Measurement of Share-based Payment Transactions – effective from 1 January 2018[8,9];
- IFRIC 22, "Foreign Currency and Advance Consideration" clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency – effective from 1 January 2018[8,9];
- Amendments to IAS 40, "Transfers of Investment Property" on the definition of change of use – effective from 1 January 2018[8,9];
- Annual improvements 2014-2016. These amendments affect three standards: IFRS 1, "First-time adoption of International Financial Reporting Standards", IFRS 12, "Disclosure of Interests in Other entities" and IAS 28, "Investments in Associates and Joint Ventures" – effective from 1 January 2017 or 1 January 2018[8,9];
- Amendments to IFRS 4, "Insurance contracts", applying IFRS 9 "Financial instruments" with IFRS 4 – effective from 1 January 2018[8,9].

7 Endorsed by the European Union for periods beginning on or after the 1 January 2018
8 These standards and interpretations have not yet been endorsed by the European Union
9 The Group has yet to assess the impact of the new standards and amendments

1. 3. Principles of consolidation

1. 3. 1. Subsidiaries

Subsidiaries are those undertakings controlled by the Company. Control exists when the Company has power or ability ("de facto control"), directly or indirectly, over an entity; is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company, and are no longer consolidated from the date that control ceases.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to non-controlling interests is presented separately as non-controlling interests in the consolidated statement of financial position and in the consolidated income statement.

Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date.

Contingent consideration is classified as either equity or a financial liability. Since 1 January 2016, amounts classified as a financial liability are subsequently re-measured to fair value with changes recognised in profit or loss.

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised for the present value of the redemption amount within accounts payable with a corresponding charge directly to equity or through goodwill in case of a business combination with the transfer of the risks and rewards of the non-controlling interests to the Group. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The Group has elected the fair value measurement option for the options managed on a fair value basis and related to Best of TV and Style Haul (see note 4.3.1). The income/(expense) arising is recorded in "Financial results other than interest". In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

On an acquisition-by-acquisition basis the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Accounting for transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Loss of control

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. 3. 2. Investments accounted for using the equity method

The investments accounted for using the equity method comprise interests in associates and joint ventures.

Associates are defined as those investments, where the Group is able to exercise a significant influence. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of arrangements, rather than rights to their assets and obligations for their liabilities.

Such investments are recorded in the consolidated statement of financial position using the equity method of accounting and are initially recognised at cost, which includes transaction costs. Under this method the Group's share of the post-acquisition profits or losses of investments accounted for using the equity method is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

The Group decided not to reverse any impairment loss recognised and allocated to goodwill on associates prior to 1 January 2009. This cumulated impairment loss amounted to €290 million.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investment accounted for using the equity method, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investment accounted for using the equity method.

Unrealised gains on transactions between the Group and its investments accounted for using the equity method are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies for investments accounted for using the equity method have been changed where necessary to ensure consistency with the policies adopted by the Group and restated in case of specific transactions on RTL Group level in relation with investments.

1. 3. 3. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with investments accounted for using the equity method are eliminated to the extent of the Group's interest in the undertaking. Unrealised gains resulting from transactions with associates and joint ventures are eliminated against the investment accounted for using the equity method. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

1. 4. Foreign currency translation

1. 4. 1. Foreign currency translations and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the date the fair value was determined.

1. 4. 2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment, and those resulting from the translation of the foreign operations' opening net asset values at year-end rates, are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in a foreign operation, or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are recognised directly in a separate component of equity. On disposal or partial disposal of a foreign operation, such exchange differences or proportion of exchange differences are recognised in the income statement as part of the gain or loss on sale.

1. 5. Derivative financial instruments and hedging activities

Fair value

Derivative financial instruments are initially recognised at fair value in the statement of financial position at the date a derivative contract is entered into and are subsequently re-measured at fair value.

The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the reporting date.

Cash flow hedging

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in "Hedging reserve";
- Amounts deferred in "Hedging reserve" are subsequently released to the income statement in the periods in which the hedged item impacts the income statement or are used to adjust the carrying value of assets purchased (basis adjustment). When hedging forecast purchases of programme rights in foreign currency, releases from equity via a basis adjustment occur when the programme right is recognised on-balance sheet in accordance with the Group's policy;
- The ineffective component of the fair value changes on the hedging instrument is recorded directly in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss included in the "Hedging reserve" is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1. 6. Current / non-current distinction

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1. 7. Intangible assets

1. 7. 1. Non-current programme and other rights

Non-current programme and other rights are initially recognised at acquisition cost or production cost, which includes staff costs and an appropriate portion of relevant overheads, when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Non-current programme and other rights include (co-)productions, audiovisual and other rights acquired with the primary intention to broadcast, distribute or trade them as part of the Group's long-term operations. Non-current programme and other rights are amortised based on expected revenue. The amortisation charge is based on the ratio of net revenue for the period over total estimated net revenue. The (co-)production shares and flat fees of distributors are amortised over the applicable product lifecycle based upon the ratio of the current period's revenue to the estimated remaining total revenue (ultimate revenue) for each (co-)production.

Estimates of total net revenue are reviewed periodically and additional impairment losses are recognised if appropriate.

1. 7. 2. Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1.3.1.

Goodwill on acquisitions of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash-generating units represents the Group's investment in a geographical area of operation by business segment, except for the content business, SpotX and the multi-channel networks, which are worldwide operations.

No goodwill is recognised on the acquisition of non-controlling interests.

1. 7. 3. Other intangible assets

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co-)production, audiovisual and other rights), trademarks and similar rights as well as EDP software. They are amortised on a straight-line basis over their estimated useful life as follows:

- Licences: seven to 20 years;
- Software: maximum three years.

Other intangible assets with a definite useful life also include capitalised costs associated with the acquisition of sports club players. These costs are amortised on a straight-line basis over the period of the respective contracts. The term of these contracts vary and generally range from one to five years.

Brands, unless an indefinite useful life can be justified, and customer relationships acquired through business combinations are mainly amortised on a straight-line basis over their estimated useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

1. 8. Property, plant and equipment

1. 8. 1. Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

- Land: nil;
- Buildings: ten to 25 years;
- Technical equipment: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

1. 8. 2. Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the statement of financial position at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see note 1.8.1.) or lease term if no evidence of lessee will obtain ownership. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

Leases, where all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

1. 8. 3. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment, that is separately accounted for, is capitalised, with the carrying amount of the component that is to be replaced being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits that will be derived from the item of property, plant and equipment. All other expenditure is expensed as incurred.

1. 9. Loans and other financial assets

Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in the income statement over the period of the loan.

Non-current and current investments comprise available-for-sale assets and other financial assets at fair value through profit or loss.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management have the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determine the appropriate classification of its investments at the time of the purchase and re-evaluate such designation on a regular basis. Available-for-sale investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in other comprehensive income (revaluation reserve) in the period in which they arise.

Financial instruments are designated at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately, or when they are managed and their performance is evaluated on a fair value basis. They are initially recognised at fair value, and transaction costs are expensed in the income statement. Changes in fair value are recognised in the income statement.

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

The fair value of publicly traded investments is based on quoted market prices at the reporting date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

1. 10. Current programme rights

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co-)productions and rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. The net realisable value assessment is based on the advertising revenue expected to be generated when broadcast and on estimated net sales. Weak audience shares or changes from a prime time to a late-night slot constitute indicators that a valuation allowance may be recorded. They are consumed based on either the expected number of transmissions or expected revenue in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are as follows:

- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs;
- Free television other channels:
  - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are mainly consumed over a maximum of two transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
  - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
  - Children's programmes and cartoons are consumed over a maximum of two transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission;
- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1. 11. Accounts receivable

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Other accounts receivable include, in addition to deposits and amounts related to Profit and Loss Pooling ("PLP") and Compensation Agreements with RTL Group's controlling shareholder, VAT recoverable, and prepaid expenses. Trade and other accounts receivable are measured at amortised cost. Impairment losses on trade and other accounts receivable are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within depreciation, amortisation, impairment and valuation allowance. When a trade receivable is uncollectible it is written off against the allowance account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited against depreciation, amortisation and impairment in the income statement.

Accrued income is stated at the amounts expected to be received.

1. 12. Cash and cash equivalents

Cash consists of cash in hand and at bank.

Cash equivalents are assets that are readily convertible into cash, such as short-term highly liquid investments, commercial paper, bank deposits and marketable securities, all of which mature within three months from the date of purchase, and money market funds that qualify as cash and cash equivalents under IAS 7 (see note 4.1.2.).

Bank overdrafts are included within current liabilities.

1. 13. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, and fair value less costs of disposal where applicable, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying value after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

1. 14. Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset, or a group of financial assets, is impaired.

Evidence of impairment of available-for-sale financial assets is assessed on the basis of two qualitative criteria:

- A significant drop of the fair value, considered as a decline exceeding one quarter of the acquisition cost, while giving consideration to all market conditions and circumstances; or
- The observation of an unrealised loss over two consecutive years.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement ("Financial results other than interest"). Impairment testing of trade accounts receivable is described in note 1.11.

1. 15. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The impairment losses on the assets related to disposal groups are reported in non-current assets held for sale.

1. 16. Accounts payable

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities and include accrued expenses. Other accounts payable comprise, in addition to amounts related to the Profit and Loss Pooling Agreement ("PLP") with RTL Group's controlling shareholder, VAT payable, fair value of derivative liabilities, and accounts payable on capital expenditure. Trade and other accounts payable are measured at amortised cost using the effective interest method, except derivative liabilities which are measured at fair value.

1. 17. Loans payable

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1. 18. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the reporting date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

Provisions for onerous contracts relate to unavoidable costs for individual programme rights, the performance of which is assessed as clearly below that originally planned when the contract was agreed. Such situations mainly arise in case of executory obligations to purchase programmes which will not be aired due to lack of audience capacity or to a mismatch with the current editorial policy. In addition, an expected or actual fall in audience can be evidenced by several indicators such as the underperformance of a previous season, the withdrawal of the programme's main advertisers or a decline in the popularity or success of sports stars. Long-term sourcing agreements aim to secure the programme supply of broadcasters. They are mainly output deals, production agreements given the European quota obligations, and arrangements with sports organisations. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

1. 19. Employee benefits

1. 19. 1. Pension benefits

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds, and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. The Group recognises actuarial gains and losses in other comprehensive income.

Past-service costs are recognised immediately through the profit or loss.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 19. 2. Other benefits

Many Group companies provide death in service benefits, and spouses' and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 19. 3. Share-based transactions

Share options are granted to directors, senior executives and other employees of the Group. They may also be granted to suppliers for settlement of their professional services.

Share options entitle holders to purchase shares at a price (the "strike price") payable at the exercise date of the options. Options are initially measured at their fair value determined on the date of grant.

The grant date fair value of equity-settled share-based payment arrangements is recognised as an expense with a corresponding increase in equity over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options that are expected to ultimately vest, considering vesting service conditions and non-market performance conditions.

For cash settled share-based payment arrangements, the fair value of the amount payable to employees is recognised as an expense with a corresponding increase in liability until the employees exercise their options.

The liability is re-measured to fair value at each reporting date up until the settlement date. Any changes in the liability are recognised in the income statement.

The fair value of the options is measured using specific valuation models (Binomial and Black-Scholes-Merton models).

1. 20. Share capital

1. 20. 1. Equity transaction costs

Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity.

1. 20. 2. Treasury shares

Where the Company or its subsidiaries purchase the Company's own equity, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as "Treasury shares".

1. 20. 3. Dividends

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved at the Shareholders' meeting or authorised by the Board of Directors in case of interim dividends.

1. 21. Revenue presentation and recognition

Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise. Revenue is presented, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

Advertising sales are recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies' commissions are directly deducted from advertising revenue.

Revenue from content is recognised when the customer can generate economic benefit from the exploitation of related rights and the Group has no remaining contractual obligation.

Revenue from services is recognised in the period in which the service has been rendered provided that the amount of revenue can be measured reliably.

TV platform distribution revenue is recognised when Group's TV channels are providing a signal to cable, IPTV or satellite platforms for a fee.

The sales of merchandise are recognised when the Group has transferred the significant risks and rewards of ownership and the amount of revenue can be measured reliably.

Barter revenue is recognised if goods or services in a barter transaction are of a dissimilar nature and if revenue has economic substance and can be reliably measured. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

In the Director's report, "Digital" refers to the internet related activities with the exception of online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, i.e. other advertising sales, revenue from content, sales of merchandises and consumer services and professional services. "Content" mainly embraces the non-scripted and scripted production and related distribution operations. "Diversification" includes the sale of merchandise through home shopping TV services, e-commerce and services rendered to consumers, for example mobile services (voice), and mobile data (SMS).

1. 22. Government grants

Grants from government and inter-governmental agencies are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are initially presented as a deduction in arriving at the carrying amount of the asset.

Grants that compensate the Group for expenses incurred are recognised in "Other operating income" on a systematic basis in the same period in which the expenses are recognised.

Forgivable loans are loans which government and inter-governmental agencies undertake to waive repayment of under certain prescribed conditions. Forgivable loans are recognised in "Other operating income" where there is reasonable assurance the loan will be waived.

1. 23. Gain / (loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

Gains / (losses) on disposal or loss of control of subsidiaries owning only one non-financial asset or a group of similar assets are classified in "Other operating income" to reflect the substance of the transaction.

1. 24. Interest income / (expense)

Interest income / (expense) is recognised on a time proportion basis using the effective interest method.

1. 25. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted in the countries where the Group's entities operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities. Temporary differences are not provided for when the initial recognition of assets or liabilities affects neither accounting nor taxable profit, and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

1. 26. Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1. 27. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity programme (see note 7.8.).

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

1. 28. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Executive Committee.

The segment assets include the following items:

- The non-current assets, except the incremental fair value of the available-for-sale investments, the surplus of the defined benefit plans and the deferred tax assets;
- The current assets, except the income tax receivable, the fair value of derivative assets, the current deposit with the shareholder, the accounts receivable from the shareholder in relation to the PLP and Compensation Agreements, the accounts receivable related to dividend income, the fixed term deposits, and cash and cash equivalents.

The segment assets and liabilities are consistently measured with those of the statement of financial position.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. 1. Consolidation of entities in which the Group holds less than 50 per cent

Even though the Group has less than 50 per cent of the voting rights of Groupe M6, management consider that the Group has de facto control of Groupe M6. The Group is the majority shareholder of Groupe M6 while the balance of other holdings remains highly dispersed and the other shareholders have not organised their interest in such a way that they intend to vote differently from the Group.

2. 2. Programme and other rights (assets and provisions for onerous contracts)

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement will need to take into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations and it is probable that unavoidable costs exceed the economic benefits originally planned. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events.

2. 3. Estimated impairment of goodwill and investments accounted for using the equity method

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.2.

The Group tests annually whether investments accounted for using the equity method have suffered any impairment, and if any impairment should be reversed.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge, with greater emphasis on recent experience, in forming the assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions.

The state of the advertising market is just one of the key operational drivers which the Group uses when assessing individual business models. Other key drivers include audience shares, advertising market shares, the EBITA and EBITDA margin and cash conversion rates.

All of these different elements are variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis of the recoverable amount of the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying value is low.

2. 4. Contingent consideration and put option liabilities on non-controlling interests

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured at each reporting date. The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target. Put option liabilities on non-controlling interests are valued based on the net present value of the expected cash outflow in case of exercise of the option by the counterparty.

2. 5. Call options on interests held by non-controlling shareholders in subsidiaries and derivatives on investments accounted for using the equity method

Call options on interests held by non-controlling shareholders in subsidiaries and call and put option derivatives on investments accounted for using the equity method are initially recognised and subsequently re-measured at fair value through profit or loss ("Financial results other than interest") (see note 7.6.).

The magnitude of changes in fair value is driven by the terms of arrangements agreed between the parties (e.g. multiples applied) and by the valuations based on discounted cash flows ("DCF") and derived from market sources. In addition to the expected life of the options, the time value portion of the fair value of the options is largely affected by the volatility of the value of the underlying asset value.

The underlying assets are usually Level 3 investments; their value and volatility are determined as described in notes 4.3. and 8.2. respectively.

At 31 December 2016, the Group has recognised an income/(expense) resulting from:
- a change in the fair value of a call option on an investment accounted for using the equity method for €0.2 million (see note 8.4.1.); and
- a change of €(3) million in the fair value of the call option on a subsidiary (see note 6.2.).

2. 6. Fair value of available-for-sale investments

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets/liabilities at fair value through profit or loss that were not traded in active markets.

The carrying amount of available-for-sale investments (see note 8.15.5.) would be an estimated €3 million lower or higher were the discount rates used in the discounted cash flow analysis to differ by 10 per cent from management's estimates.

2. 7. Provisions for litigations

Most claims involve complex issues, and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes more likely than not and when it is possible to make a reasonable estimate of the expected financial effect. RTL Group management review on a regular basis the expected settlement of the provisions.

2. 8. Income, deferred and other taxes

The Group is subject to income and other taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Management judgement is required to assess probable future taxable profits. In 2016, deferred tax assets on losses carry-forwards (mainly in Germany, €15 million; 2015: €21 million) and on temporary differences (mainly in Germany, €262 million; 2015: €293 million) have been reassessed on the basis of currently implemented tax strategies.

2. 9. Post-employment benefits

The post-employment benefits lay on several assumptions such as:
- The discount rate determined by reference to market yields at the closing on high quality corporate bonds (such as corporate AA bonds) and depending on the duration of the plan;
- Estimate of future salary increases mainly taking into account inflation, seniority, promotion, and supply and demand in the employment market.

2. 10. Disposal groups

The determination of the fair value less costs of disposal requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2. 11. Contingent liabilities

Contingent liabilities are disclosed unless management consider that the likelihood of an outflow of economic benefits is remote.

3. KEY PERFORMANCE INDICATORS

RTL Group reports different alternative performance measures not defined by IFRS that management believe are relevant for measuring the performance of the operations, the financial position and cash flows and in decision making. These key performance indicators (KPIs) also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

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

EBIT, EBITA and EBITDA
EBIT, EBITA and EBITDA are indicators of the operating profitability of the Group. These alternative performance measures are presented on page 107 of the annual report.

EBITA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:
- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Impairment of investments accounted for using the equity method reported in "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements presented in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquire".

EBITA is a component of the RTL Group Value Added (RVA, see below) and presents the advantage to consistently include the consumption, depreciation and impairment losses on programmes and other rights for all businesses that RTL Group operates regardless of their classification on the consolidated statement of financial position (current or non-current).

EBITDA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:
- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, with the exception to the part concerning goodwill and fair value adjustments (see above), reported in "Depreciation, amortisation, impairment and valuation allowance";
- Impairment of investments accounted for using the equity method included in the "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements reported in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITDA is largely used by the financial community, especially by the rating agencies when calculating the "net debt to EBITDA ratio" (see below).

OCC

Operating cash conversion ratio (OCC) means operating free cash flow divided by EBITA, operating free cash flow being net cash from operating activities adjusted as follows:

	2016 €m	2015 €m
Net cash from operating activities	**1,106**	983
Adjusted by:		
– Income tax paid	**267**	238
Acquisitions of:		
– Programme and other rights	**(122)**	(108)
– Other intangible and tangible assets	**(135)**	(117)
Proceeds from the sale of intangible and tangible assets	**47**	18
Operating free cash flow	**1,163**	1,014
EBITA	**1,205**	1,167
Operating cash conversion ratio	**97 %**	87 %

The operating cash conversion ratio reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion of RTL Group's operations is subject to seasonality and may decrease at the time the Group significantly increases its investments in operations with longer operating cycles. RTL Group historically had, and expects in the future to have, a strong OCC due to a high focus on working capital and capital expenditure throughout the operations.

Net debt to EBITDA ratio

The net debt to EBITDA ratio is a proxy debt to profitability ratio typically used by the financial community to measure the ability of an entity to pay off its incurred debt from the cash generated by the operations.

The net debt is the gross balance sheet financial debt adjusted for:

- "Cash and cash equivalents";
- Marketable securities and other short-term investments presented in "Accounts receivable and other financial assets";
- Current deposit with shareholder reported in "Accounts receivable and other financial assets"; and
- Financial assets related to the sales and lease backs presented in "Loans and other financial assets" (non-current part) and "Accounts receivable and other financial assets" (current part).

	2016 €m	2015 €m
Current loans and bank overdrafts	**(493)**	(605)
Non-current loans	**(517)**	(524)
	(1,010)	(1,129)
Deduction of:		
Cash and cash equivalents	**433**	449
Financial assets related to the sales and lease backs	**1**	9
Net debt	**(576)**	(671)
EBITDA	**1,411**	1,360
Net debt to EBITDA ratio	**0.4**	0.5

The Group intends to maintain a conservative level of between 0.5 and 1.0 times net debt to full-year EBITDA to benefit from an efficient capital structure (see note 4.2.).

RVA

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

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

The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed adjusted for a uniform tax rate of 33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed.

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

	2016 €m	2015 €m
EBITA	1,205	1,167
Deduction of shares of results of investments accounted for using the equity method and already taxed	(25)	(22)
	1,180	(1,145)
Net basis after deduction of uniform tax rate	791	767
Shares of results of investments accounted for using the equity method and already taxed	25	22
NOPAT	816	789
Invested capital at beginning of year	4,006	3,759
Invested capital at end of year	4,181	4,006
66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year	327	260
66 per cent of the net present value of operating leases and satellite transponder service agreements at end of year	320	327
Adjusted average invested capital	4,417	4,176
Cost of capital	353	334
RVA	462	455

4. FINANCIAL RISK MANAGEMENT

4. 1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency, interest rate, inflation risk and equity risks), counterparty credit risk and liquidity risk. The Group is exposed in particular to risks from movements in foreign exchange rates as it engages in long-term purchase contracts for programme rights (output deals) denominated in foreign currency.

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management as well as written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

4. 1. 1. Market risk

Foreign exchange risk

Foreign exchange exposure

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). Hence the Group manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (USD 44 million as at 31 December 2016, USD 55 million as at 31 December 2015).

Management of the foreign exchange exposure

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with the Group Treasury policies. All foreign currency exchange exposures, including signed and forecast output deals and programme rights in foreign currency are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, most of the time on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 59 per cent (2015: 66 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for hedge accounting purposes.

In order to monitor the compliance of the management of the foreign exchange exposure with the Group's policy, a monthly report is produced and analysed by management. This report shows for each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios. A specific report showing the global currency exposures (mainly USD) is provided to RTL Group management on a monthly basis.

Accounting

The foreign currency cash flow hedge accounting model defined under IAS 39 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions which have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the licence period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the hedging reserve as presented in the "Consolidated statement of changes in equity" (see note 8.15.4.). It is added to the carrying value of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument (including swap points) is recognised directly in profit or loss. For the year ended 31 December 2016, the amount of ineffectiveness (see note 7.6.) that has been recognised in the income statement is €5 million (€3 million in 2015).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the derivative and the exposure. Therefore, hedge accounting as defined under IAS 39 is not applied.

Foreign exchange derivative contracts

The impact of forward foreign exchange contracts is detailed as follows:

	Notes	2016 €m	2015 €m
Net fair value of foreign exchange derivative assets	8.8. 8.12.	**73**	80
Operating foreign exchange gains/(losses)[10]		**9**	(3)
Cash flow hedges ineffectiveness gains/(losses)	7.6.	**5**	3

		2016 €m	2015 €m
Less than 3 months		**13**	19
Less than 1 year		**26**	28
Less than 5 years		**31**	33
More than 5 years		**3**	–
Net fair value of derivative assets	8.8. 8.12.	**73**	80

10 These amounts relate to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

The split by maturities of notional amounts of forward exchange contracts at 31 December 2016 is, for the main foreign currencies, as follows:

	2017 £m	2018 £m	2019 £m	2020 £m	> 2020 £m	**Total £m**
Buy	209	37	13	7	23	289
Sell	(314)	(27)	(3)	(3)	(4)	(351)
Total	**(105)**	**10**	**10**	**4**	**19**	**(62)**

	2017 $m	2018 $m	2019 $m	2020 $m	> 2020 $m	**Total $m**
Buy	879	221	78	103	88	1,369
Sell	(412)	(63)	(19)	(10)	(31)	(535)
Total	**467**	**158**	**59**	**93**	**57**	**834**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2015 is, for the main foreign currencies, as follows:

	2016 £m	2017 £m	2018 £m	2019 £m	> 2019 £m	**Total £m**
Buy	242	48	17	3	4	314
Sell	(317)	(59)	(9)	(1)	(2)	(388)
Total	**(75)**	**(11)**	**8**	**2**	**2**	**(74)**

	2016 $m	2017 $m	2018 $m	2019 $m	> 2019 $m	**Total $m**
Buy	975	264	121	13	15	1,388
Sell	(487)	(49)	(29)	(4)	(4)	(573)
Total	**488**	**215**	**92**	**9**	**11**	**815**

Sensitivity analysis to foreign exchange rates

Management estimate that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2015: no material impact), and an additional pre-tax €73 million income (respectively expense) (2015: an income of €62 million) recognised in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2015: no material impact), and an additional pre-tax € nil million expense (respectively income) (2015: an expense of € nil million) recognised in equity;
- If other currencies had been 10 per cent stronger compared to € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and equity (2015: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

Interest rate risk

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA (see note 10.1.) and from cash and cash equivalents.

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

In 2013, the Group entered into a 10-year-term loan facility in the amount of €500 million with a fixed interest rate of 2.713 per cent per year. The term loan matures on 7 March 2023. The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €557 million (2015: €548 million). This is a Level 2 fair value measurement (see note 4.3.2.). Under the same shareholder loan agreement, the Group also has access to a revolving and swing line facility of up to €1 billion. The revolving and swing line facility matures on 24 February 2018. The interest rates for loans under the revolving and swing line facility are EURIBOR plus a margin of 0.60 per cent per year and EONIA plus a margin of 0.60 per cent per year, respectively. The balance between the fixed versus floating rate ratio might change substantially following the loan agreements described above. Management intend to maintain a suitable fixed versus floating rate ratio, taking into account interest rate yield curves. This percentage can be reviewed at the discretion of the Treasury Committee until the optimum mix between fixed and floating rates has been achieved.

In order to maximise the excess cash return on cash balances, cross border cash pooling has been set up for most of the entities of the Group. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

When RTL Group has excess cash, the Treasury Committee defines the appropriate average tenor of the short-term placements based on business seasonality and regularly reviewed cash flow forecasts. Interest income depends on the evolution of floating interest rates and can potentially, in a low interest rate environment, generate a shortfall of income against interest expense.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

If the interest rates achieved had been lower (respectively higher) by 100 basis points, and assuming the current amount of floating net cash available remains constant, the net interest income/(expense) at 31 December 2016 would have been decreased (respectively increased) by €1 million (2015: €2 million).

The following table indicates the effective interest rate of interest-earning financial assets and interest-bearing financial liabilities at 31 December and the periods in which they re-price:

	Notes	Effective interest rate %	Total amount[11] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to investments accounted for using the equity method – not bearing interest	8.8.	–	7	–	–	–	7	–
Loans to investments accounted for using the equity method – fixed rate	8.5.	3.0	9	3	2	–	4	–
Loans to investments accounted for using the equity method – floating rate	8.5.	0.0	–	–	–	–	–	–
Other loans – fixed rate	8.5.	4.7	1	–	1	–	–	–
Other loans – floating rate	8.5.	0.1	4	3	1	–	–	–
Cash and cash equivalents – earning assets	8.9.	0.2	433	433	–	–	–	–
Bank loans – fixed rate	8.11.	2.6	(9)	(8)	(1)	–	–	–
Bank loans – floating rate	8.11.	2.6	(17)	(16)	(1)	–	–	–
Term loan facility due to shareholder – fixed rate	8.11.	2.7	(500)	–	–	–	–	(500)
Revolving loan facility due to shareholder – floating rate	8.11.	0.3	(389)	(389)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8.11.	0.0	(50)	(50)	–	–	–	–
Bank overdrafts	8.11.	0.9	(2)	(2)	–	–	–	–
Leasing liabilities – floating rate	8.11.	3.0	(2)	–	(2)	–	–	–
Loans payable – not bearing interest	8.11.	–	(9)	(4)	–	–	(2)	(3)
Loans payable – fixed rate	8.11.	7.9	(2)	–	–	–	(2)	–
Loans payable – floating rate	8.11.	0.9	(16)	(16)	–	–	–	–
At 31 December 2016			**(542)**	**(46)**	**–**	**–**	**7**	**(503)**

	Notes	Effective interest rate %	Total amount[11] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to investments accounted for using the equity method – not bearing interest	8.8.	–	5	–	1	–	4	–
Loans to investments accounted for using the equity method – floating rate	8.5.	2.0	3	–	3	–	–	–
Other loans – fixed rate	8.5.	5.2	9	7	2	–	–	–
Other loans – floating rate	8.5.	0.1	3	2	1	–	–	–
Cash and cash equivalents – earning assets	8.9.	0.3	449	449	–	–	–	–
Bank loans – fixed rate	8.11.	5.2	(9)	(7)	(2)	–	–	–
Bank loans – floating rate	8.11.	3.1	(16)	(15)	(1)	–	–	–
Term loan facility due to shareholder – fixed rate	8.11.	2.7	(500)	–	–	–	–	(500)
Revolving loan facility due to shareholder – floating rate	8.11.	0.5	(542)	(542)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8.11.	0.2	(11)	(11)	–	–	–	–
Bank overdrafts	8.11.	2.1	(5)	(5)	–	–	–	–
Leasing liabilities – floating rate	8.11.	3.0	(2)	(1)	(1)	–	–	–
Loans payable – not bearing interest	8.11.	–	(12)	(1)	(4)	(3)	(1)	(3)
Loans payable – fixed rate	8.11.	8.0	(1)	(1)	–	–	–	–
Loans payable – floating rate	8.11.	1.2	(16)	(16)	–	–	–	–
At 31 December 2015			**(645)**	**(141)**	**(1)**	**(3)**	**3**	**(503)**

11 Excluding accrued interests

4. 1. 2. Credit risk

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances that are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2016, the combined television and radio advertising revenue contributed 52 per cent of the Group's revenue (2015: 54 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However the risks are considered as low due to the size of the individual companies or agency groups.

RTL Group produces programmes that are sold or licensed to state-owned and commercial television channels. In 2016, these activities contributed 26 per cent of the Group's revenue (2015: 26 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

According to the banking policy of the Group, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk (only independently rated parties with a minimum rating of 'A' are accepted for bank deposits). The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year compared to a target defined by management, or such as the summary of the highest intraday exposures by bank and by maturity date) are computed and used on a daily basis so as to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €58 million and € nil million) at 31 December 2016:

	Gross carrying amount[12] €m	Neither past due nor impaired on the reporting date €m	Not impaired as of the reporting date and past due by <= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	19	5	–	–	–	–	–	14
Trade accounts receivable	1,291	885	223	70	28	11	9	65
Accounts receivable and loans receivable to investment accounted for using the equity method	40	38	1	–	–	–	1	–
Other accounts receivable and current financial assets	555	536	2	–	–	–	–	17
Cash and cash equivalents	433	433	–	–	–	–	–	–
At 31 December 2016	**2,338**	**1,897**	**226**	**70**	**28**	**11**	**10**	**96**

12 At 31 December 2016, cumulated valuation allowances amount to €96 million of which €5 million on collective basis. The latter are not taken into account in the table above

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €55 million and € nil million) at 31 December 2015:

	Gross carrying amount[13] €m	Neither past due nor impaired on the reporting date €m	Not impaired as of the reporting date and past due by <= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	23	5	–	–	–	–	–	18
Trade accounts receivable	1,249	862	184	82	41	13	5	62
Accounts receivable and loans receivable to investment accounted for using the equity method	44	39	2	2	1	–	–	–
Other accounts receivable and current financial assets	637	623	2	–	–	–	–	12
Cash and cash equivalents	449	449	–	–	–	–	–	–
At 31 December 2015	**2,402**	**1,978**	**188**	**84**	**42**	**13**	**5**	**92**

The top ten trade accounts receivable represent € 138 million (2015: € 124 million) while the top 50 trade accounts receivable represent € 352 million (2015: € 310 million).

The top ten counterparties for cash and cash equivalents represent € 165 million (2015: € 88 million).

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with shareholders is significantly mitigated (see note 10.1.).

4. 1. 3. Price risk

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries and investment accounted for using the equity method (see note 2.5.).

4. 1. 4. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total net cash situation. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts on the Group's liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitor, on a monthly basis, the level of the "Liquidity Head Room" (total committed facilities minus current utilisation through bank loans and guarantees).

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2016 €m**
Credit facilities – banks				
Committed facilities	294	–	–	**294**
Headroom	49	–	–	**49**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2015 €m**
Credit facilities – banks				
Committed facilities	279	–	–	**279**
Headroom	53	–	–	**53**

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 10.1.) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

13 At 31 December 2015, cumulated valuation allowances amount to € 88 million of which € 4 million on collective basis. The latter are not taken into account in the table above

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	508	66	524	**1,098**
Accounts payable[14]	2,268	134	19	**2,421**
At 31 December 2016	**2,776**	**200**	**543**	**3,519**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	664	126	–	**790**
– Inflow	(635)	(117)	–	**(752)**
At 31 December 2016	**29**	**9**	**–**	**38**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	619	73	539	**1,231**
Accounts payable[14]	2,210	158	15	**2,383**
At 31 December 2015	**2,829**	**231**	**554**	**3,614**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	702	153	–	**855**
– Inflow	(685)	(148)	–	**(833)**
At 31 December 2015	**17**	**5**	**–**	**22**

4. 2. Capital management

The Group monitors capital on the basis of its net debt to EBITDA ratio (see note 3.).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that the management may deem relevant. Management expect that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries.

The Group intends to pay ordinary dividends in the future targeting a dividend ratio of between 50 and 75 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net profit takes into account non-recurring items, both positive and negative, impacting the reported net result attributable to RTL Group shareholders. The non-recurring items include gains or losses that appear in the financial statements that are not expected to occur regularly such as impairment of goodwill, material gains / (losses) on disposal of assets, restructuring costs and re-measurement to fair value of pre-existing interests in acquiree.

14 Accounts payable exclude employee benefit liability, deferred income, social security and other taxes payable, advance payments and other non-financial liabilities

4. 3. Accounting classifications and fair value hierarchy

4. 3. 1. Financial instruments by category

The fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

	Notes	Assets at fair value through profit or loss €m	Derivatives[15] €m	Loans and accounts receivable €m	Available-for-sale investments €m	Total €m
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	–	–	19	58	**77**
Accounts receivable and other financial assets[16]	8. 8.	–	114	1,791	–	**1,905**
Cash and cash equivalents	8. 9.	–	–	433	–	**433**
At 31 December 2016		**–**	**114**	**2,243**	**58**	**2,415**

	Notes	Liabilities at fair value through profit or loss[17] €m	Derivatives[18] €m	Other financial liabilities[19] €m	Total €m
Liabilities					
Loans and bank overdrafts	8. 11.	–	–	1,010	**1,010**
Accounts payable[20]	8. 12.	28	38	2,349	**2,415**
At 31 December 2016		**28**	**38**	**3,359**	**3,425**

	Notes	Assets at fair value through profit or loss €m	Derivatives[21] €m	Loans and accounts receivable €m	Available-for-sale investments €m	Total €m
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	–	–	13	55	**68**
Accounts receivable and other financial assets[16]	8. 8.	–	108	1,853	–	**1,961**
Cash and cash equivalents	8. 9.	–	–	449	–	**449**
At 31 December 2015		**–**	**108**	**2,315**	**55**	**2,478**

	Notes	Liabilities at fair value through profit or loss[17] €m	Derivatives[22] €m	Other financial liabilities[19] €m	Total €m
Liabilities					
Loans and bank overdrafts	8. 11.	–	–	1,129	**1,129**
Accounts payable[20]	8. 12.	28	22	2,328	**2,378**
At 31 December 2015		**28**	**22**	**3,457**	**3,507**

15
- Out of which €63 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €48 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)
- Out of which €3 million are fair value of call options on subsidiaries and on investments accounted for using the equity method

16 Accounts receivable exclude prepaid expenses, other tax receivables and other non-financial receivables

17 Include put options on non-controlling interests which have been designated at fair value through profit or loss

18
- Out of which €3 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €35 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)

19 At amortised cost

20 Accounts payable exclude employee benefits liability, deferred income, social security and other tax payables, advance payments and other non-financial liabilities

21
- Out of which €52 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €50 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)
- Out of which €6 million are fair value of call options on subsidiaries and on investments accounted for using the equity method

22
- Out of which €5 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €17 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)

4. 3. 2. Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

	Notes	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets					
Available-for-sale investments	2. 6.	58	9	–	49
Derivatives used for hedging	4. 1. 1.	111	–	111	–
Derivatives in relation to call options	2. 5.	3	–	–	3
At 31 December 2016		**172**	**9**	**111**	**52**
Liabilities					
Derivatives used for hedging	4. 1. 1.	38	–	38	–
Liabilities in relation to put options on non-controlling interests	6. 2.	28	–	–	28
At 31 December 2016		**66**	**–**	**38**	**28**

	Notes	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets					
Available-for-sale investments	2. 6.	55	8	–	47
Derivatives used for hedging	4. 1. 1.	102	–	102	–
Derivatives in relation to call options	2. 5.	6	–	–	6
At 31 December 2015		**163**	**8**	**102**	**53**
Liabilities					
Derivatives used for hedging	4. 1. 1.	22	–	22	–
Liabilities in relation to put options on non-controlling interests	6. 2.	28	–	–	28
At 31 December 2015		**50**	**–**	**22**	**28**

There were no transfers between Levels 1, 2 and 3 during the years 2016 and 2015.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, perform the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3 related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable publicly traded peers.

The following table presents the change in Level 3 instruments for the year ended 31 December 2016

	Notes	Financial assets at fair value through profit or loss €m	Available-for-sale investments €m	Total assets €m	Liabilities at fair value through profit or loss €m
Balance at 1 January		6	47	**53**	28
Acquisitions and additions		–	2	**2**	1
Gains and losses recognised in profit or loss ("Financial results other than interest")	7.6.	(3)	–	**(3)**	(1)
Balance at 31 December		3	49	**52**	28
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	2.5.	**(3)**	**–**	**(3)**	**1**

The following table presents the change in Level 3 instruments for the year ended 31 December 2015:

	Notes	Financial assets at fair value through profit or loss €m	Available-for-sale investments €m	Total assets €m	Liabilities at fair value through profit or loss €m
Balance at 1 January		–	50	**50**	30
Acquisitions and additions		–	1	**1**	–
Gains and losses recognised in other comprehensive income		–	(4)	**(4)**	–
Gains and losses recognised in profit or loss ("Financial results other than interest")	7.6.	6	–	**6**	(4)
Effect of movements in foreign exchange		–	–	**–**	2
Balance at 31 December		6	47	**53**	28
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	2.5.	**6**	**–**	**6**	**4**

4. 4. Master netting agreement

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column “net amount” shows the impact on the Group’s statement of financial position if all set off rights were exercised.

	At 31 December 2016			At 31 December 2015		
	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used for hedging	111	(38)	73	102	(22)	80
	111	(38)	73	102	(22)	80
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used for hedging	(38)	38	–	(22)	22	–
	(38)	38	–	(22)	22	–

5. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 16 business units (of which Atresmedia accounted for using the equity method), each one led by a CEO. They manage operations in television, radio and diversification businesses in eight European countries and across South East Asia. The Group owns interests in 60 TV channels and 31 radio stations, of which six TV channels and three radio stations are held by Atresmedia as an associate. BroadbandTV, FremantleMedia, Radical Media as an associate, SpotX and Style Haul operate international networks in the content and digital businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:

- **Mediengruppe RTL Deutschland**: this segment encompasses all of the Group's German television activities. These include the leading commercial channel RTL Television, free-to-air channels Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, joint-venture accounted for using the equity method), RTL Nitro, RTL Plus and N-TV, thematic pay channels RTL Crime, RTL Living, RTL Passion and Geo Television, and an equity participation in the free-to-air channel RTL II. This segment also includes an array of diversification operations such as digital and content activities;
- **Groupe M6**: primarily composed of the commercial free-to-air TV channel M6. This segment also includes two other free-to-air television channels, W9 and 6ter, plus a number of smaller thematic pay channels, plus significant other operations such as digital activities, home shopping, rights production and distribution and a football club;
- **FremantleMedia**: principally a worldwide production business but other activities include a significant distribution and licensing business. Its main business units are based in the United States, Germany, the United Kingdom and Australia;
- **RTL Nederland**: this segment covers television, radio and a wide range of new media and diversification activities. Its television channels RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids are the leading family of channels in the Netherlands;
- **RTL Belgium**: this segment includes both television and radio activities primarily focused on the French-speaking part of Belgium. The television activities are the leading family of channels and include RTL-TVI, Plug RTL and Club RTL, while the radio activities are made up of the number one and number three stations, Radio Contact, Bel RTL and Mint;
- **RTL Radio (France)**: this is the leading radio family in France and includes the stations RTL Radio, RTL 2 and Fun Radio.

The revenue of "Other segments" amounts to €580 million (2015: €478 million); multi-channel networks and RTL Hungary are the major contributors for €176 million and €104 million respectively (2015: €90 million and €100 million respectively). Group headquarters, which provide services and initiate development projects, are also reported in "Other segments".

RTL Group's Executive Committee assesses the performance of the operating segments based on EBITA and EBITDA. Interest income, interest expense, financial results other than interest and income tax are not allocated to segments, as these are centrally driven. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each profit centre. Only the assets and liabilities directly managed by the profit centres are considered. Reportable segment assets and liabilities are reconciled to total assets and liabilities, respectively.

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements.

5. 1. Segment information

	Note	Mediengruppe RTL Deutschland 2016 €m	2015 €m	Groupe M6 2016 €m	2015 €m
Revenue from external customers		**2,211**	2,135	**1,277**	1,244
Inter-segment revenue		**3**	5	**6**	10
Total revenue		**2,214**	2,140	**1,283**	1,254
Profit/(loss) from operating activities		**662**	649	**246**	198
Share of results of investments accounted for using the equity method		**41**	37	**1**	1
EBIT		**703**	686	**247**	199
EBITDA		**718**	701	**389**	325
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)		**(13)**	(17)	**(137)**	(120)
EBITA		**705**	684	**252**	205
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(2)**	(1)	**(5)**	(5)
Re-measurement of earn-out arrangements		**–**	3	**–**	(1)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		**–**	–	**–**	–
EBIT		**703**	686	**247**	199
Interest income					
Interest expense					
Financial results other than interest					
Income tax expense					
Profit for the year					
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)		**1,620**	1,540	**1,564**	1,508
Investments accounted for using the equity method		**79**	75	**9**	6
Assets classified as held for sale	8. 10.	**–**	–	**–**	–
Segment assets		**1,699**	1,615	**1,573**	1,514
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)		**1,074**	999	**581**	572
Segment liabilities		**1,074**	999	**581**	572
Invested capital		**625**	616	**992**	942
Segment assets					
Deferred tax assets					
Income tax receivable					
Other assets[23]					
Cash and cash equivalents					
Total assets					
Segment liabilities					
Deferred tax liabilities					
Income tax payable					
Other liabilities					
Total liabilities					
Capital expenditure[24]		**56**	20	**172**	145
Depreciation and amortisation		**(15)**	(14)	**(141)**	(125)
Impairment losses excluding goodwill		**–**	(4)	**(1)**	–

Restructuring costs amount to €3 million (2015: insignificant)

23 Including cash and cash equivalents classified as held for sale
24 Capital expenditure includes additions in "Programme and other rights", "Other intangible assets" and "Property, plant and equipment", new goodwill following acquisitions of subsidiaries and incremental fair value on identifiable assets following purchase accounting
25 Accounting misstatements over previous years in the Group reporting of the French radio segment have conducted the Group to recognise in 2016 the following adjustments through the income statement without impact on cash and on the net cash from operating activities:
- EBITA ("Other operating expenses") €(11.2) million
- Income tax €3.8 million
- Profit of the year attributable to RTL Group shareholders €7.4 million

Considering that the amounts involved are not significant to RTL Group's consolidated financial statements for any of the years affected by the misstatements, management has decided not to restate prior years' financial information

	FremantleMedia 2016 €m	FremantleMedia 2015 €m	RTL Nederland 2016 €m	RTL Nederland 2015 €m	RTL Belgium 2016 €m	RTL Belgium 2015 €m	RTL Radio (France)[25] 2016 €m	RTL Radio (France)[25] 2015 €m	Other segments 2016 €m	Other segments 2015 €m	Eliminations 2016 €m	Eliminations 2015 €m	Total Group 2016 €m	Total Group 2015 €m
	1,352	1,360	**495**	488	**200**	199	**162**	166	**540**	437	**–**	–	**6,237**	6,029
	148	164	**–**	2	**2**	1	**2**	2	**40**	41	**(201)**	(225)	**–**	–
	1,500	1,524	**495**	490	**202**	200	**164**	168	**580**	478	**(201)**	(225)	**6,237**	6,029
	109	111	**91**	103	**43**	45	**5**	24	**(26)**	(11)	**–**	(1)	**1,130**	1,118
	2	1	**(1)**	(2)	**–**	–	**–**	–	**24**	20	**–**	–	**67**	57
	111	112	**90**	101	**43**	45	**5**	24	**(2)**	9	**–**	(1)	**1,197**	1,175
	129	125	**96**	111	**48**	50	**11**	28	**20**	21	**–**	(1)	**1,411**	1,360
	(19)	(22)	**(11)**	(10)	**(5)**	(5)	**(6)**	(4)	**(15)**	(15)	**–**	–	**(206)**	(193)
	110	103	**85**	101	**43**	45	**5**	24	**5**	6	**–**	(1)	**1,205**	1,167
	–	–	**–**	–	**–**	–	**–**	–	**(8)**	–	**–**	–	**(15)**	(6)
	1	9	**–**	–	**–**	–	**–**	–	**–**	(1)	**–**	–	**1**	10
	–	–	**5**	–	**–**	–	**–**	–	**1**	4	**–**	–	**6**	4
	111	112	**90**	101	**43**	45	**5**	24	**(2)**	9	**–**	(1)	**1,197**	1,175
													6	6
													(27)	(31)
													3	13
													(363)	(300)
													816	863
	1,930	1,903	**405**	423	**171**	168	**144**	165	**748**	715	**(158)**	(120)	**6,424**	6,302
	34	17	**6**	7	**–**	–	**–**	–	**299**	295	**–**	–	**427**	400
	–	–	**–**	–	**–**	–	**–**	–	**83**	–	**–**	–	**83**	–
	1,964	1,920	**411**	430	**171**	168	**144**	165	**1,130**	1,010	**(158)**	(120)	**6,934**	6,702
	540	539	**148**	153	**96**	102	**57**	63	**411**	384	**(154)**	(116)	**2,753**	2,696
	540	539	**148**	153	**96**	102	**57**	63	**411**	384	**(154)**	(116)	**2,753**	2,696
	1,424	1,381	**263**	277	**75**	66	**87**	102	**719**	626	**(4)**	(4)	**4,181**	4,006
													6,934	6,702
													317	370
													19	34
													597	642
													433	449
													8,300	8,197
													2,753	2,696
													45	62
													52	45
													1,898	1,985
													4,748	4,788
	24	46	**13**	13	**4**	4	**2**	2	**65**	45	**–**	–	**336**	275
	(19)	(22)	**(11)**	(10)	**(5)**	(5)	**(4)**	(4)	**(23)**	(22)	**–**	–	**(218)**	(202)
	–	–	**–**	–	**–**	–	**(2)**	–	**–**	7	**–**	–	**(3)**	3

5. 2.

Geographical information

Geographical areas are based on where customers (revenue) and the Group's non-current assets are located. Goodwill has been allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

	Note	Germany 2016 €m	Germany 2015 €m	France 2016 €m	France 2015 €m	USA 2016 €m	USA 2015 €m	The Netherlands 2016 €m	The Netherlands 2015 €m	UK 2016 €m	UK 2015 €m	Belgium 2016 €m	Belgium 2015 €m	Other regions 2016 €m	Other regions 2015 €m	Total 2016 €m	Total 2015 €m
Revenue from external customers		**2,204**	2,151	**1,419**	1,394	**802**	768	**514**	509	**227**	246	**232**	223	**839**	738	**6,237**	6,029
Non-current assets		**1,045**	1,000	**965**	941	**707**	728	**309**	309	**408**	409	**50**	50	**170**	174	**3,654**	3,611
Assets classified as held for sale	8. 10.	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**83**	–	**83**	–
Capital expenditure		**63**	25	**175**	153	**7**	8	**13**	16	**3**	2	**5**	5	**70**	66	**336**	275

The revenue generated in Luxembourg amounts to €88 million (2015: €73 million). The total of non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €106 million (2015: €65 million).

6. ACQUISITIONS AND DISPOSALS

6. 1. Acquisitions and increases in interests held in subsidiaries

Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group.

In aggregate, the acquired businesses contributed revenue of €54 million and profit attributable to RTL Group shareholders of €3 million for the post acquisition period to 31 December 2016. Had the business combinations occurred at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €6,300 million and €719 million, respectively.

6. 2. Details of main acquisitions and disposals, increases in interests held in subsidiaries

2016

Abot Hameiri

On 11 January 2016, FremantleMedia Netherlands BV ("FremantleMedia") acquired 51 per cent of Abot Hameiri Communications Ltd ("AH"), an Israeli content development and TV production company, which primarily focuses on the development and production of both established and original entertainment, scripted drama and factual programmes. The acquisition is in line with the growth strategy of FremantleMedia to strengthen the creative pipeline and to enter new markets. The transaction qualifies as a business combination since RTL Group gained the control of AH.

The purchase consideration of €7 million, net of cash acquired, includes a top-up adjustment based on the level of profitability realised in 2015. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. Goodwill of €8 million mainly represents the value of creative talent and market competence of Abot Hameiri's workforce and is not tax deductible. AH is allocated to the FremantleMedia cash-generating unit.

FremantleMedia holds an option on the remaining 49 per cent of the share capital. The strike price of the option, exercisable in 2021, is based on a variable component. The consideration for 100 per cent of AH is capped at €46 million. If FremantleMedia does not exercise the option, the non-controlling shareholders have a drag-along right and a call option. The fair value of the related derivative was € nil million at completion date and remains unchanged at 31 December 2016.

Transaction-related costs of €0.3 million, mainly consisting of legal fees and due diligence costs, are reported in "Other operating expenses".

	Fair value at date of gain of control €m
Cash and cash equivalents	1
Current programme rights	7
Accounts receivable and other financial assets	1
Accounts payable	(9)
Net assets acquired	**–**
Goodwill	8
Total purchase consideration	**8**
Cash and cash equivalents in operations acquired	(1)
Cash outflow on acquisition	**7**

Smartclip

On 11 March 2016, RTL Group Vermögensverwaltung GmbH entered into an agreement to acquire 93.75 per cent of smartclip Holding AG and five of its subsidiaries operating in Germany, Italy, the Netherlands and Sweden ("Smartclip"). Smartclip bundles the online video advertising inventory of 700 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected screens. As a strong sales house and technological innovator, Smartclip also creates solutions for Smart-TV and multiscreen advertising. Smartclip complements RTL Group's investments in digital advertising sales. The German cartel office approved the transaction on 22 April 2016. The transaction qualifies as a business combination since RTL Group gained the control of Smartclip.

The purchase consideration amounts to €37 million, net of cash acquired. Intangible assets include the trade name (€1 million) and customer contracts (€4 million). A corresponding deferred tax liability amounts to €1 million. Goodwill of €38 million is attributable to the skills and market competence of Smartclip's workforce and the synergies expected. The goodwill in connection with the acquisition is not tax deductible. Smartclip is allocated to the Mediengruppe RTL Deutschland cash-generating unit.

The remaining 6.25 per cent are subject to symmetrical put and call options exercisable in 2017. The strike price of the put option is based on a variable component and capped at €200 million on a 100 per cent basis. The related amount has been initially recognised as a financial liability for €4 million through equity for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and has been re-measured to €6 million at 31 December 2016. The related expense of €2 million is reported in "Financial results other than interest" (see note 7.6.).

Transaction-related costs of €0.2 million, mainly consisting of legal fees and due diligence costs, are reported in "Other operating expenses" (2015: €0.4 million).

	Fair value at date of gain of control €m
Cash and cash equivalents	11
Other intangible assets	9
Accounts receivable and other financial assets	12
Accounts payable	(20)
Net deferred tax liabilities	(1)
Non-controlling interests	(1)
Net assets acquired	**10**
Goodwill	38
Total purchase consideration	**48**
Cash and cash equivalents in operations acquired	(11)
Cash outflow on acquisition	**37**

Mandarin Cinéma

On 22 July 2016, Groupe M6 acquired 100 per cent of Mandarin Cinéma SAS ("Mandarin Cinéma"). Mandarin Cinéma, which is based in France, holds a catalogue of 32 feature films. With this targeted acquisition, Groupe M6 continues the consolidation of its activities of distribution of audiovisual rights by extending its catalogue, which now contains almost 1,300 full-length feature films. The transaction qualifies as a business acquisition since RTL Group gained the control of Mandarin Cinéma.

The purchase consideration amounts to €12 million, net of cash acquired. The purchase agreement includes an earn-out mechanism based on a variable performance component; the contingent consideration has been estimated and recognised for €1 million. The fair value of identified assets has been allocated to the catalogue for €7 million and to other accounts receivable for €7 million. A corresponding deferred tax liability has been recognised for €4 million. Provisional goodwill of €2 million is attributable to expected synergy benefits. The goodwill arising from the transaction is not tax deductible. Mandarin Cinema is allocated to the Groupe M6 cash-generating unit.

Transaction-related costs of €0.1 million are reported in "Other operating expenses".

	Fair value at date of gain of control €m
Cash and cash equivalents	3
Non-current programme and other rights	7
Accounts receivable and other financial assets	12
Accounts payable	(4)
Loans	(1)
Net deferred tax liabilities	(4)
Net assets acquired	**13**
Goodwill	2
Total purchase consideration	**15**
Contingent consideration	(1)
Cash and cash equivalents in operations acquired	(3)
Cash outflow on acquisition	**11**

iGraal

On 30 November 2016, Groupe M6, through its subsidiary M6 Web SAS, acquired 51 per cent of iGraal SAS ("iGraal"). iGraal is based in France and the leader for cashback schemes on online purchases. With this acquisition, Groupe M6 is strengthening its capacity for innovation in support of online retailers, expanding its range of 'good deals' for consumers and enriching its data strategy by accessing highly qualified purchasing behaviour data. The transaction qualifies as a business acquisition since RTL Group gained the control of iGraal.

The purchase consideration amounts to €2 million, net of cash acquired. Provisional goodwill amounts to €11 million. The goodwill in connection with the acquisition is not tax deductible. iGraal is allocated to the Groupe M6 cash-generating unit.

The remaining 49 per cent are subject to call and put options exercisable at the latest in 2019. The strike price of the put option is based on a variable component and capped at €40 million on a 100 per cent basis on a debt and cash free basis. The put option has been recognised at the acquisition date for an amount of €15 million through equity as a liability for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and remained unchanged at 31 December 2016.

Transaction-related costs are insignificant.

	Fair value at date of gain of control €m
Cash and cash equivalents	9
Accounts receivable and other financial assets	5
Accounts payable	(12)
Provisions	(3)
Net deferred tax assets	1
Net assets acquired	**–**
Goodwill	11
Total purchase consideration	**11**
Deferred consideration	(1)
Cash and cash equivalents in operations acquired	(9)
Cash outflow on acquisition	**1**

Other

On 1 September 2016, RTL Nederland Ventures BV disposed of the interests held in Pepper BV generating a sale proceeds and a capital gain of €0.2 million (see note 7.4.).

On 26 October 2016, RTL Nederland Ventures BV fully disposed of its 100 per cent stake in Couverts Reserveren BV to TripAdvisor generating a capital gain of €5 million (see note 7.4.). The sale proceeds, net of cash disposed of, amounted to €6 million, of which €0.9 million is placed on an escrow account.

2015 (updated at 31 December 2016)

Oxygem

On 9 January 2015, Groupe M6 acquired 100 per cent of Oxygem SA and its subsidiaries ("Oxygem"). Oxygem operates various websites. The acquisition strengthened the monetisation capabilities of Groupe M6 in the online advertising market and generates significant synergies by cross-fertilising digital expertise. The transaction qualified as a business combination since RTL Group gained the control of Oxygem.

The purchase consideration amounted to €18 million, net of cash acquired and, in addition, the reimbursement of a loan previously granted to Oxygem by the seller (€6 million). The fair value of the brand names, subscriber base and technology was measured for €8 million, of which €7 million for the brand names. A corresponding deferred tax liability was recognised for €3 million. As a result, a goodwill of €17 million was recognised. The latter is attributable mainly to the synergies expected and to the skills and expertise of the Oxygem workforce. The goodwill is not tax deductible. Oxygem was allocated to the Groupe M6 cash-generating unit.

Transaction-related costs of €0.2 million were reported in "Other operating expenses" in 2015.

	Fair value at date of gain of control €m
Cash and cash equivalents	2
Other intangible assets	8
Accounts receivable and other financial assets	7
Accounts payable	(3)
Employee benefit obligations	(2)
Loans	(7)
Net deferred tax liabilities	(2)
Net assets acquired	**3**
Goodwill	17
Total purchase consideration	**20**
Loan previously granted by the seller	6
Cash and cash equivalents in operations acquired	(2)
Cash outflow on acquisition	**24**

YoBoHo

On 1 April 2015, BroadbandTV Corp. ("BBTV") acquired 87.6 per cent (71.3 per cent on a fully diluted basis) of YoBoHo New Media Private Limited and its subsidiary YoBoHo New Media Inc. ("YoBoHo"). RTL Group consequently held an interest of 50.2 per cent (50.3 per cent at 31 December 2015) (36.3 per cent on a fully diluted basis; 36.9 per cent at 31 December 2015) in YoBoHo. YoBoHo, which is based in Mumbai, produces kids-and-family oriented video for distribution across digital platforms. The acquisition of YoBoHo supported RTL Group's ambitions to secure a leading position in the global online video market. The transaction qualified as a business combination since RTL Group gained the control of YoBoHo.

The purchase consideration, partly contributed to YoBoHo, amounted to €8 million, net of cash acquired and was contingent on a cash-and-debt free position adjusted for normalised working capital. The identified intangible assets amounted to €4 million and reflected the value placed in original characters (€2 million) and trade names and a non-compete agreement (€2 million). A corresponding deferred tax liability was recognised for €1 million. Goodwill of €6 million corresponded to the value of creative talent, workforce and synergies. It is not tax deductible. YoBoHo was allocated to the BBTV cash-generating unit.

BBTV also benefits from a call option for the remaining non-controlling interests. The call window opens two years from 2015 closing and ends 18 months thereafter; the non-capped strike price is determined on the basis of the fair value of YoBoHo.

Transaction-related costs of €0.5 million were reported in "Other operating expenses" in 2015.

	Fair value at date of gain of control €m
Non-current programme and other rights	2
Other intangible assets	2
Accounts receivable and other financial assets	1
Accounts payable	(1)
Net deferred tax liabilities	(1)
Non-controlling interests	(1)
Net assets acquired	**2**
Goodwill	6
Total purchase consideration	**8**
Cash outflow on acquisition	**8**

UFA Sports

On 20 April 2015, RTL Group agreed with Lagardère Unlimited Germany GmbH ("Lagardère Unlimited") to fully dispose of the interests held in UFA Sports GmbH and some of its subsidiaries ("UFA Sports"). The subsidiaries apareo Holding GmbH, apareo Deutschland GmbH and UFA Sports Asia Pte Ltd were excluded from the deal and remained with RTL Group. The German competition authorities approved the transaction on 15 June 2015. In consequence, RTL Group lost control of UFA Sports and derecognised all related assets and liabilities. In conjunction with the disposal, UFA Sports repaid the net amounts owed to and by RTL Group of €11 million thanks to the reserve contribution made by the acquirer Lagardère Unlimited (€6 million). At the same time, RTL Group equalised the net cash position of UFA Sports for €2.5 million, of which €1.4 million for a guarantee granted for commercial bad debts.

	2015 €m
Cash and cash equivalents	(1)
Intangible assets	(6)
Loans and other financial assets	(3)
Accounts receivable and other financial assets	(11)
Accounts payable	6
Employee benefit obligations	1
Loans	1
Net assets disposed	**(13)**
Capital reserve injection by the acquirer	6
Incremental costs associated with the disposal	(3)
Waiver of financial liability	3
Loss on the disposal	**(7)**
Waiver of financial liability	(3)
Cash and cash equivalents in operations disposed	(1)
Cash inflow on disposal	**2**

Wildside

On 7 August 2015, FremantleMedia Group Ltd ("FremantleMedia") acquired a 62.5 per cent stake in Wildside Srl and its 100 per cent affiliates ("Wildside"). Wildside is an Italian television and feature film production entity. The acquisition enhanced FremantleMedia's scripted presence in the Italian market and bolstered the global content pipeline of the Group overall. The transaction qualified as a business combination since RTL Group gained the control of Wildside.

The purchase consideration amounted to €34 million, including €9 million bank overdrafts, net of cash. Intangible assets had been recognised for €3 million, reflecting the value placed in non-compete agreements (€1 million), trade name and customer contracts (€2 million). A corresponding deferred tax liability was recognised for €1 million. Goodwill of €22 million represented the value of creative talent and skills of Wildside's workforce. The goodwill is not tax deductible. Wildside was allocated to the FremantleMedia cash-generating unit.

The remaining 37.5 per cent interest is subject to call and put options exercisable at the latest in 2020. The strike prices are based on a variable component. The consideration for 100 per cent of Wildside is capped at €75 million excluding working capital funding required. The put option had been recognised at the acquisition date as deduction of the Group's equity with a corresponding financial liability for the present value of the redemption amount of €6.3 million. The financial liability, subsequently measured at amortised cost, remained unchanged at 31 December 2015. It has been re-measured at 31 December 2016 with a related income of €0.5 million reported in "Financial results other than interest". The fair value of the call option of € nil million at 31 December 2015 remains unchanged at 31 December 2016.

Transaction-related costs of €0.8 million, mainly consisting of legal fees and due diligence costs, were recognised in "Other operating expenses" in 2015. Additional transaction-related costs are reported in 2016 for €0.3 million in "Other operating expenses".

	Fair value at date of gain of control €m
Non-current programme and other rights	6
Other intangible assets	3
Loans and other financial assets	3
Current programme rights	11
Accounts receivable and other financial assets	12
Accounts payable	(14)
Bank overdrafts, net of cash and cash equivalents	(9)
Loans	(7)
Non-controlling assets	(2)
Net assets acquired	3
Goodwill	22
Total purchase consideration	25
Bank overdrafts, net of cash and cash equivalents	(9)
Cash outflow on acquisition	34

Kwaï

On 1 October 2015, FremantleMedia Overseas Holding BV ("FremantleMedia") acquired a 51 per cent stake in Kwaï SAS ("Kwaï"), a French television production company focused on prime-time TV films and series, further expanding its capabilities in the scripted business. The transaction qualified as a business combination since RTL Group gained the control of Kwaï.

The purchase consideration of €6 million, net of cash acquired, included a contingent consideration based on a variable performance component. Goodwill of €6 million represented the value of creative talent of Kwaï's workforce and is not tax deductible. Kwaï was allocated to the FremantleMedia cash-generating unit.

FremantleMedia holds a call option for the remaining 49 per cent. The strike price of the option, exercisable in 2020, is based on a variable component. The consideration for 100 per cent of Kwaï is capped at €25 million. If FremantleMedia does not exercise the call option, the non-controlling shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivative was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

Transaction-related costs of €0.2 million, mainly consisting of legal fees, were reported in "Other operating expenses".

	Fair value at date of gain of control €m
Cash and cash equivalents	1
Current programme rights	6
Accounts receivable and other financial assets	1
Accounts payable	(6)
Loans	(1)
Net assets acquired	**1**
Goodwill	6
Total purchase consideration	**7**
Cash and cash equivalents in operations acquired	(1)
Contingent consideration	(2)
Cash outflow on acquisition	**4**

Other acquisitions and disposals, increases in interest held in subsidiaries

On 7 January 2015, RTL Group acquired 100 per cent of Dinnersite BV ("Dinnersite"), an online restaurant guide. The combination with Couverts, the online table reservation portal owned by RTL Nederland Ventures BV, created a leading position in the Dutch online restaurant booking market. The transaction qualified as a business combination since RTL Group gained the control of Dinnersite. The purchase consideration amounted to below €1 million, net of cash acquired. Goodwill was € nil million. Dinnersite BV merged into Couverts Reserveren BV in 2015 which was sold in 2016.

RTL Group, through FremantleMedia North America Inc, incorporated on 13 March 2015 the new company Big Balls LLC, held at 95 per cent, in order to launch a digital broadcasting network ("digi-net") in the US called Buzzr, scheduling FremantleMedia's large library of classic game shows.

On 1 April 2015, RTL Nederland BV ("RTL NL") acquired 100 per cent of Grand Gear Media BV, which operates a Dutch digital platform named Bright, a cross-media platform operating in the field of innovative lifestyle related content with a focus on technology, lifestyle and design and the Bright Assets and all Bright digital platforms and databases such as *Bright.nl*, Uitpakparty, Bright Ideas, Bright Store and events. The transaction qualified as a business combination since RTL Group gained control. Goodwill was € nil million. Grand Gear Media BV merged into RTL Nederland BV in 2015.

On 1 April 2015, RTL Group gained the control of Dutch Learning Company BV ("DLC") through a capital increase of €1 million. From that date, RTL Group holds 80.3 per cent of the share capital of DLC. As a result, a goodwill of €1 million was recognised. The goodwill is not tax deductible. Before 1 April 2015, DLC was accounted for using the equity method. The measurement at fair value of the 37.8 per cent interest previously held was insignificant. Since 1 August 2015, RTL Group holds 100 per cent of the share capital of DLC (see note 8.15.8.).

On 7 April 2015, the non-controlling interests of The Entertainment Group BV ("TEG") agreed with RTL Nederland Interactief BV ("RTL Interactief") on the transfer of the remaining 35 per cent held in the share capital for an amount of €3 million fully paid at 30 June 2015. On 22 July 2013, RTL Group had gained the control of TEG, which had been consolidated at 100 per cent.

On 7 September 2015, FremantleMedia Overseas Holdings BV acquired a controlling interest of 51 per cent in Fontaram SAS, a recently launched company. This opportunity enabled FremantleMedia to develop new drama content. The purchase consideration was € nil million. FremantleMedia has the ability to buy the remaining 49 per cent shares through a "promise to sell" mechanism where the founders undertake to sell their shares to FremantleMedia. The strike price is based on a variable component. If FremantleMedia does not accept the offer, the non-controlling shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivative was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. The consideration for 100 per cent of Fontaram is capped at €20 million.

On 11 September 2015, FremantleMedia Netherlands BV ("FremantleMedia") acquired 75 per cent of No Pictures Please Productions BV ("NPP"), a Dutch programming youth orientated factual producer. NPP will sit alongside FremantleMedia's entertainment and scripted businesses in the Netherlands. The transaction qualified as a business combination since RTL Group gained the control of NPP. The purchase consideration amounted to below €1 million, net of cash acquired. The goodwill of €1 million is not tax deductible. FremantleMedia and the non-controlling shareholder entered into an agreement that permits FremantleMedia to purchase the remaining 25 per cent in the first half of 2020. The strike price is based on a variable component. If RTL Group does not exercise the call option, the non-controlling shareholder will have the option to acquire the 75 per cent stake. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. Transaction-related costs of €0.1 million, mainly consisting of legal fees, were reported in "Other operating expenses".

On 17 December 2015, RTL Nederland BV set up a new company with a third party, Themakanalen BV, active in the field of advertising sales for selective theme channels. RTL Group holds a call option exercisable in 2019 to acquire the 25 per cent non-controlling interests. If RTL Group does not exercise the call option, the non-controlling shareholder will have the option to acquire the 75 per cent stake. The non-controlling interests hold a put option exercisable in 2020. The strike prices are based on a variable component. The fair value of the call option was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. The put option had been recognised as deduction of the Group's equity with a corresponding financial liability recognised for the present value of the redemption amount of below €1 million. The financial liability is subsequently measured at amortised cost. The re-measurement of the liability at 31 December 2016 is insignificant.

Previous years (updated at 31 December 2016)
2014
Best of TV
The contingent consideration related to Best of TV, acquired on 7 January 2014, had been paid during the first half of 2015 (€6 million).

495 Productions
Since the gain of control of 495 Productions on 26 March 2014 by RTL Group, the minority shareholder holds a put option on the remaining 25 per cent non-controlling interests. The put and call options are based on a performance-related component. The put option liability had been initially recognised through equity for the present value of the redemption amount of €7 million. The financial liability remained unchanged at 31 December 2015 and has been re-measured to € nil million at 31 December 2016. The related income of €7 million is reported in "Financial results other than interest" (see note 7.6.). The fair value of the call option related derivative was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

SpotX

A second instalment of the SpotX earn-out was paid during the second quarter 2016 for an amount of €4 million (31 December 2015: €7 million).

At 31 December 2016, the fair value of the derivative related to the SpotX call option has been decreased to € nil million at 31 December 2016 (31 December 2015: €3 million). The related expense of €3 million is reported in "Financial results other than interest" (see notes 4.3.1. and 7.6.).

Printic

On 16 September 2014, Groupe M6 had acquired 80 per cent of Printic SAS ("Printic"). The remaining 20 per cent are subject to put and call options. The put option in the hand of the sellers had been recognised as a deduction to the Group's equity with a corresponding financial liability for the present value of the redemption amount of €2.2 million at 31 December 2014. This is a Level 3 fair value measurement. The financial liability had been re-measured to € nil million at 31 December 2015 and remains unchanged at 31 December 2016. In 2015, the related income of €2 million was reported in "Financial results other than interest" (see note 7.6.).

Sparwelt

On 19 September 2014, Mediengruppe RTL Deutschland acquired 100 per cent interest in Econa Shopping GmbH, renamed SPARWELT GmbH ("Sparwelt") after acquisition. The transaction and the gain of control were subject to the approval of the German Federal Cartel Office, which was obtained on 29 October 2014. The purchase agreement included an earn-out mechanism based on a variable performance component and up to a maximum and undiscounted amount of €27.5 million. The related amount had been initially recognised as a financial liability for €6 million through equity for the present value of the redemption amount. The financial liability had been re-measured to €4 million at 31 December 2015 and remains unchanged at 31 December 2016. In 2015, the related income of €2 million was reported in "Other operating income".

Style Haul

On 1 December 2014, RTL Group had gained the full control of Style Haul Inc through RTL US Holding, Inc (collectively called "Style Haul"). The purchase consideration, partly contributed to Style Haul, amounted to €115 million, net of cash acquired and contingent on a cash-and-debt free position adjusted for normalised working capital. The initial purchase consideration of €115 million, contingent on a cash-and-debt free position adjusted for normalised working capital, had been reduced by €4 million following the completion of the true-up exercise during the first half year of 2015. The Group received this amount during the first half year 2015.

The parties had also agreed on earn-out mechanisms that might increase the initial consideration by a maximum of USD 45 million, subject to the future performance of the business. The related liability had been initially recognised for €8 million through equity for the present value of the redemption amount. The financial liability subsequently measured at amortised cost remained unchanged at 31 December 2014. The earn-out related consideration initially recognised for €8 million had been re-measured to € nil million at 31 December 2015. The related impact was reported in "Other operating income".

The employees benefited from share-based arrangements before the business combination. All unvested stock options had been accelerated. The employees had agreed to sell 70 per cent of their shares and their stock options. The stock options that were retained by the employees were replaced by new stock options representing 3 per cent of the capital of RTL US Holding, Inc on a fully diluted basis. The fair value of all accelerated options had been initially measured by reference to the purchase price and recognised as a post-business combination for €6 million. The related amount had been recognised as a financial liability as the transaction qualifies in substance as a cash settled share-based payment. RTL Group granted to the non-controlling shareholders a put option exercisable in the course of 2017 based on the fair value at the date of exercise of the options; the fair value of Style Haul for the put option is capped at USD 500 million on a 100 per cent basis. The put option related to outstanding non-controlling shares had been recognised initially as a deduction in the Group's equity with a corresponding liability of €5 million representing the present value of the redemption amount. The fair value of the put option liability and the cash settled share based payment arrangement liability has been re-measured to €10 million at 31 December 2016 (2015: €11 million). The related income of €1 million (2015: €2 million) was reported in "Financial results other than interest" (see note 7.6.).

Radical Media

On 30 December 2014, RTL Group had lost control over @radical.media LLC and its 100 per cent affiliates ("Radical Media"). RTL Group continues to hold 34.5 per cent of the outstanding membership interests of the company and exercises a significant influence over Radical Media. Radical Media is accounted for using the equity method as from 31 December 2014. The purchaser benefits from a call option effective at the greater of a floor or a multiple of a variable performance component. This call option is valid for 18 months following the closing of the change of control. RTL Group has the right to sell its stake from 30 December 2019 at the greater of a floor or a multiple of a variable performance component. These options had been valued for € nil million at 31 December 2015 and remain unchanged at 31 December 2016.

2013

BroadbandTV

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. ("BBTV") non-controlling interests. RTL Group announced on 31 January 2017 that it decided not to exercise this call option for the remaining non-controlling interests in BBTV and agreed to explore, jointly with the minority shareholders of BBTV, all strategic alternatives for the company. This would include a 100 per cent sale of the business. The call option has now expired.

In addition, for a period of two years from 31 January 2017, the non-controlling shareholders are entitled to an exit mechanism whereby they can first offer their stake to RTL Group and, if RTL Group does not accept the offer, 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. 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 CBS Asia

CBS SEA Channels Pte Ltd, non-controlling shareholder of RTL CBS Asia Entertainment Network LLP ("RTL CBS Asia"), has the option of requiring RTL Group Asia Pte. Ltd to purchase all its interest in RTL CBS Asia ("put option") under the terms of the Membership Agreement dated 13 August 2013. The put option can be exercised in case of change of control of RTL Group and in the event that cumulative actual losses as of 31 December 2018 exceed a threshold agreed between the parties. The related financial liability amounts to € 6 million at 31 December 2016.

The Entertainment Group

The contingent consideration recognised in July 2013 and related to the 35 per cent non-controlling interests had been initially recognised as a financial liability through equity for the present value of the redemption amount. The financial liability, which had been re-measured at amortised cost from € 6 million to € 3 million at 31 December 2014, had been paid in 2015.

Miso Film

The contingent consideration recognised in November 2013 and related to the 49 per cent non-controlling interests had been initially recognised as a financial liability through equity for the present value of the redemption amount of € 9 million. The financial liability subsequently measured at amortised cost had been re-measured to € 5 million in 2015 and has been re-measured to € 6 million at 31 December 2016. The related expense of € 1 million is reported in "Financial results other than interest". An income of € 4 million had been recognised at 31 December 2015 (see note 7.6.).

2009

Original Productions

The put option held by the non-controlling shareholders of Original Productions LLC ("Original Productions"), which control was gained by RTL Group on 20 February 2009, might be exercised in 2017. The related financial liability amounts to € 9 million at 31 December 2016.

6. 3. Assets and liabilities acquired

Details of the net assets acquired and goodwill are as follows:

	Note	2016 €m	2015 €m
Purchase consideration			
– Cash paid		**84**	77
– Loan previously granted by the seller		**–**	(6)
– Contingent consideration		**1**	2
– Deferred consideration		**1**	–
– Payments on prior years' acquisitions		**(4)**	(12)
Total purchase consideration		**82**	61
Less:			
Fair value of net assets acquired		**(23)**	(9)
Goodwill	6. 2.	**59**	52

6. 4. Cash outflow on acquisitions

The net assets and liabilities arising from the acquisitions are as follows:

	Note	2016 Fair value €m	2015 Fair value €m
Cash and cash equivalents		**24**	(5)
Non-current programme and other rights		**7**	8
Other intangible assets		**9**	13
Loans and other financial assets		**–**	3
Current programme rights		**7**	17
Accounts receivable and other financial assets		**30**	21
Accounts payable		**(45)**	(24)
Employee benefit obligations		**–**	(2)
Loans		**(1)**	(16)
Provisions		**(3)**	–
Net deferred tax assets/(liabilities)		**(4)**	(3)
Non-controlling interests		**(1)**	(3)
Net assets acquired		**23**	9
Goodwill		**59**	52
Total purchase consideration		**82**	61
Less:			
Loan previously granted by the seller		**–**	6
Contingent consideration		**(1)**	(2)
Deferred consideration		**(1)**	–
Payments on prior years' acquisitions		**4**	12
Cash and cash equivalents in operations acquired		**(24)**	5
Cash outflow on acquisition	6. 2.	**60**	82

7. DETAILS ON CONSOLIDATED INCOME STATEMENT

7. 1. Revenue

	2016 €m	%	2015 €m	%
Spot advertising sales	**3,204**	**51**	3,180	53
Bartering advertising revenue	**46**	**1**	54	1
Other advertising sales[26]	**522**	**8**	368	6
Advertising sales, net of agency commissions	**3,772**	**60**	3,602	60
Sales from:				
– Producers	**1,125**	**18**	1,157	19
– Distributors	**312**	**5**	294	5
– Licensing	**151**	**3**	140	2
Revenue from content[26]	**1,588**	**26**	1,591	26
Sales of merchandise and consumer services[26]	**349**	**6**	370	6
TV platform distribution	**281**	**4**	248	4
Professional services[26]	**247**	**4**	218	4
	6,237	**100**	6,029	100

7. 2. Other operating income

As announced on 27 May 2016, Groupe M6 and Orange have jointly agreed to gradually transfer M6 Mobile customers to Orange services. M6 Mobile by Orange customers will keep their services as well as all the related benefits, such as the management of the customer community by Groupe M6, until their transfer. As such, Groupe M6 will continue to manage and benefit from the account holder base and trademark licence until 30 June 2019. In addition, Groupe M6 has recognised and cashed-in a contractual compensation of €50 million from Orange in 2016.

7. 3. Other operating expenses

	2016 €m	2015 €m
Employee benefits expenses	**1,087**	1,055
Intellectual property expenses	**445**	406
Expenses related to live programmes	**349**	312
Consumption of other inventories	**81**	76
Production subcontracting expenses	**237**	185
Transmission expenses including leased satellite capacity	**106**	119
Marketing and promotion expenses	**134**	134
Rentals and other operating lease expenses	**90**	87
Operating taxes	**78**	63
Audit and consulting fees[27]	**60**	59
Repairs and maintenance	**62**	60
Marketing and promotion barter expenses	**41**	47
Distribution expenses	**15**	19
Commissions on sales	**10**	10
Administration and sundry expenses	**129**	118
	2,924	2,750

Fees related to the Group's auditors and their affiliates regarding the continuing operations, are set out below:

	2016 €m	2015 €m
Audit services pursuant to legislation	**3.0**	2.8
Audit-related services	**0.5**	0.4
Other services	**0.4**	0.8
	3.9	4.0

26 Digital activities included
27 Fees related to PricewaterhouseCoopers ("PwC")

7. 3. 1. Employee benefits expenses

	2016 €m	2015 €m
Wages and salaries	**827**	803
Termination benefits	**18**	11
Social security costs	**169**	168
Share options granted to employees	**10**	9
Pension costs	**18**	19
Other employee expenses	**45**	45
	1,087	1,055
Of which restructuring (costs)/income	***(3)***	*1*

The amounts set out above exclude personnel costs of €225 million (2015: €216 million), that are capitalised and that represent costs of employees directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2014 to 2016. The LTIP aims to reward RTL Group's senior management for entrepreneurial performance and to get their long-term commitment to the Group. The performance targets of the LTIP have been approved by the Nomination and Compensation Committee of RTL Group who gave authority to the Executive Committee to approve the participation of the other Executives in the LTIP. The performance targets are based on financial metrics such as RTL Group Value Added ("RVA"), EBITA, EBITDA (see note 3.) and, for FremantleMedia, also on non-financial metrics like development and commercial success of new formats.

As at 31 December 2016, the liability related to this LTIP has been assessed on the basis of the achievement of performance targets and amounts to €40 million (2015: €31 million). Groupe M6 operates a specific long-term incentive plan based on free shares plans (see note 8.15.7.).

Pension costs relate to defined contributions for €10 million (2015: €11 million) and defined benefit plans for €8 million (2015: €8 million) (see note 8.14.).

The average number of employees for undertakings held by the Group is set out below:

	2016	2015
Employees of fully consolidated undertakings	**10,699**	10,325
	10,699	10,325

7. 4. Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

"Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" mainly relates to the following:

2016

Subsidiaries (see note 6.2.)

- Gain on disposal of Couverts — €5 million

2015

Subsidiaries (see note 6.2.)

- Loss on disposal of UFA Sports GmbH and some of its subsidiaries — €(7) million

Associates (see note 8.4.1.)

- Gain on dilution in Atresmedia — €10 million

Assets classified as held for sale (see note 8.10.)

- Gain on disposal of AdSociety Daye Advertising Co. Ltd — €1 million

7. 5. Net interest income / (expense)

	2016 €m	2015 €m
Interest income on loans and accounts receivable	**5**	5
Tax-related interest income	**1**	1
Interest income	**6**	6
Interest expense on financial liabilities	**(21)**	(26)
Interest on defined benefit obligations[28]	**(4)**	(3)
Interest expense on other employee benefit liabilities	**(2)**	(2)
Interest expense	**(27)**	(31)
Net interest expense	**(21)**	(25)

"Interest income on loans and accounts receivable" includes an amount of € nil million (2015: € nil million) in respect of deposits to Bertelsmann SE & Co. KGaA (see note 10.1.).

"Interest expense on financial liabilities" includes an amount of €15 million (2015: €17 million) in respect of the loans from Bertelsmann SE & Co. KGaA (see note 10.1.).

7. 6. Financial results other than interest

	Notes	2016 €m	2015 €m
Net gain / (loss) on disposal and impairment on available-for-sale investments	8. 5.	**–**	(1)
Cash flow hedges ineffectiveness	4.	**5**	3
Net gain on other financial instruments at fair value through profit or loss	8. 5.	**(2)**	10
Other financial results		**–**	1
		3	13

28 Of which (see note 8.14.):
- Interest income on plan assets: €4 million (2015: €4 million)
- Unwind of discount on defined benefit obligations: €(8) million (2015: €(7) million)

7. 7. Income tax expense

	2016 €m	2015 €m
Current tax expense	**(330)**	(270)
Deferred tax expense	**(33)**	(30)
	(363)	(300)

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	Note	2016 €m	%	2015 €m	%
Profit before taxes		**1,179**		1,163	
Income tax rate applicable in Luxembourg			**29.22**		29.22
Tax calculated at domestic tax rate applicable to profits in Luxembourg		**345**		340	
Effects of tax rate in foreign jurisdictions and German trade tax		**48**		50	
Tax calculated at domestic tax rate applicable to profits in the respective countries		**393**	**33.30**	390	33.50
Changes in tax regulation and status		**–**		(1)	
Non deductible expenses		**16**		30	
Tax exempt revenue		**(27)**		(44)	
Commission received in relation to the Compensation Agreement	10. 1.	**(16)**		(65)	
Utilisation of previously unrecognised tax losses		**(5)**		(6)	
Tax incentives not recognised in the income statement		**(3)**		(4)	
Effect of tax losses for which no deferred tax assets are recognised		**5**		7	
Tax expense before adjustments on prior years		**363**	**30.79**	307	26.40
Current tax adjustments on prior years		**–**		(2)	
Deferred tax adjustments on prior years		**–**		(5)	
Income tax expense		**363**	**30.79**	300	25.80

Effect of tax rates in foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:

- Germany, where the official tax rate is 32.5 per cent, representing an impact of €22 million (2015: €22 million);
- France, where several tax rates apply, depending on the size of the business. The rates of 34.43 and 33.33 per cent apply, representing an impact of €24 million (2015: the rates of 38, 34.43 and 33.33 per cent applied, representing an impact of €27 million).

In 2016, non deductible expenses include exceptional contribution on dividends, withholding taxes for €6 million (2015: €6 million).

Tax exempt revenue mainly relates in 2016 to the share of results of investments accounted for using the equity method for €19 million.

Tax exempt revenue mainly relates in 2015 to capital gains and fair value changes for €19 million and to the share of results of investments accounted for using the equity method for €17 million.

Tax incentives not recognised in the income statement relate to a permanent difference generated by the amortisation of tax goodwill in Germany.

7. 8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €720 million (2015: €789 million) and a weighted average number of ordinary shares outstanding during the year of 153,555,377 (2015: 153,589,269), calculated as follows:

	Notes	2016	2015
Profit attributable to RTL Group shareholders (in €million)		**720**	789
Weighted average number of ordinary shares:			
Issued ordinary shares at 1 January	8. 15. 1.	**154,787,554**	154,787,554
Effect of cancellation of shares	8. 15. 1.	**(27,020)**	–
Effect of treasury shares held	8. 15. 2.	**(1,168,701)**	(1,168,701)
Effect of liquidity programme	8. 15. 2.	**(36,456)**	(29,584)
Weighted average number of ordinary shares		**153,555,377**	153,589,269
Basic earnings per share (in €)		**4.69**	5.14
Diluted earnings per share (in €)		**4.69**	5.14

8. DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. 1. Programme and other rights, goodwill and other intangible assets

	Notes	(Co-) productions €m	Distribution and broadcasting rights €m	Advance payments and (co-) productions in progress €m	Total programme and other rights €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2015		**743**	**1,082**	**23**	**1,848**	**5,258**	**435**
Effect of movements in foreign exchange		52	17	–	69	38	3
Additions		4	47	50	101	–	29
Disposals		–	(32)	(2)	(34)	–	(20)
Subsidiaries acquired[29]		8	–	–	8	52	13
Subsidiaries disposed of[29]		–	(6)	–	(6)	–	–
Transfers and other changes		7	33	(40)	–	(2)	(1)
Balance at 31 December 2015		**814**	**1,141**	**31**	**1,986**	**5,346**	**459**
Effect of movements in foreign exchange		21	7	–	28	22	–
Additions		7	59	60	126	–	42
Disposals		–	(60)	–	(60)	–	(24)
Subsidiaries acquired	6. 2. 6. 3.	–	7	–	7	59	9
Transfers and other changes		–	49	(51)	(2)	–	(1)
Balance at 31 December 2016		**842**	**1,203**	**40**	**2,085**	**5,427**	**485**
Amortisation and impairment losses							
Balance at 1 January 2015		**(716)**	**(1,034)**	**(5)**	**(1,755)**	**(2,391)**	**(236)**
Effects of movements in foreign exchange		(52)	(17)	–	(69)	2	(1)
Amortisation charge for the year		(21)	(86)	–	(107)	–	(31)
Impairment losses recognised for the year		–	(1)	(4)	(5)	–	–
Reversal of impairment losses		–	1	–	1	–	7
Disposals		–	32	1	33	–	18
Transfers and other changes		–	1	–	1	2	(1)
Balance at 31 December 2015		**(789)**	**(1,104)**	**(8)**	**(1,901)**	**(2,387)**	**(244)**
Effects of movements in foreign exchange		(20)	(7)	–	(27)	(1)	–
Amortisation charge for the year		(12)	(106)	–	(118)	–	(37)
Impairment losses recognised for the year		(1)	–	–	(1)	–	(1)
Reversal of impairment losses		–	1	–	1	–	–
Disposals		–	60	–	60	–	22
Transfers and other changes		–	1	–	1	–	–
Balance at 31 December 2016		**(822)**	**(1,155)**	**(8)**	**(1,985)**	**(2,388)**	**(260)**
Carrying amount:							
At 31 December 2015		**25**	**37**	**23**	**85**	**2,959**	**215**
At 31 December 2016		**20**	**48**	**32**	**100**	**3,039**	**225**

Other intangible assets include mainly brands for an amount of €128 million (2015: €129 million), primarily related to the Groupe M6.

In 2016, Groupe M6, through its affiliate Football Club des Girondins de Bordeaux SASP ("FCGB"), recognised a capital gain of €16 million on disposal of players (2015: €4 million). The cash received in 2016 by FCGB amounts to €12 million (2015: €8 million).

The M6 brand is considered to have an indefinite useful life and was recognised for an amount of €120 million. At 31 December 2016, an impairment test was performed and did not lead to any impairment.

In determining that the M6 brand has an indefinite useful life, management have considered various factors such as the past and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark "M6". Based on the analysis of these factors, management have determined and confirmed at 31 December 2016 that there is no foreseeable limit to the period of time over which the brand M6 is expected to generate cash inflows for the Group.

Hungarian language cable channels and M-RTL

A new advertising tax was adopted and amended by the Hungarian Parliament on 4 July 2014 and came into force on 15 August 2014. The tax was steeply progressive, with rates between nil and 40 per cent, and was calculated, in general, on the net revenues derived from advertising plus the margins which the sales houses affiliated to the taxpayers' charge to their customers. The tax base was calculated by aggregating the tax bases of affiliated undertakings. As a result, entities belonging to a group of companies were taxed at higher tax rates than independent legal entities. On 18 November 2014, the Hungarian government adopted an amendment by which the highest applicable tax rate was increased from 40 to 50 per cent. This amendment entered into force on 1 January 2015.

On this basis, RTL Group's management had recognised in 2014:

- at 30 June, the full impairment of the goodwill for an amount of €77 million and additional impairment losses on non-current intangible assets for €11 million, of which €9 million related to assets identified in connection with the initial purchase price allocations; and
- at 31 December, a valuation allowance on current programme rights for €7 million.

On 27 May 2015, the Hungarian Parliament amended retrospectively the advertising tax. The tax rate was changed into a flat rate of 5.3 per cent for a tax base above HUF 100 million and zero under HUF 100 million.

The retrospective impact resulted in a one-off positive impact of €5 million reported in deduction of the "Other operating expenses" at 31 December 2015.

In addition, RTL Group's management re-assessed:

- the fair value of the non-current intangible assets identified in connection with the initial purchase price allocations and fully reversed the previously recognised impairment for an amount of €7 million;
- the net realisable value of the current programme rights. This resulted in the recognition of a reversal of €5 million of the previously recognised valuation allowance.

8. 2. Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") on the basis of the business units (see note 5.) and at the level at which independent cash flows are generated. Ludia, part of the business unit FremantleMedia, conducts specific and separate operations that generate independent cash flows and is not expected at this stage to benefit from sufficient synergies with the Group and therefore qualifies as a separate cash-generating unit.

All business units and cash-generating units mainly operate in one country, except BroadbandTV, FremantleMedia, Ludia, SpotX and Style Haul, which are multi-territory / worldwide operations. Goodwill is allocated by cash-generating unit as follows:

	31 December 2016 €m	31 December 2015 €m
Mediengruppe RTL Deutschland	**953**	914
Groupe M6	**459**	446
FremantleMedia	**1,055**	1,042
Ludia	**32**	30
RTL Nederland	**152**	152
RTL Belgium	**32**	32
RTL Radio (France)	**65**	65
Other segments		
– Style Haul	**120**	114
– SpotX	**126**	121
– BroadbandTV	**28**	26
– German radio	**17**	17
Total goodwill on cash-generating units	**3,039**	2,959

Goodwill is tested for impairment annually, as of 31 December, or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a CGU has been determined on the basis of the higher of its value in use and its fair value less costs of disposal:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the cash-generating unit is committed at year-end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly credit premium, gearing ratio and specific risk). Specific country risk and inflation differential are also taken into account;
- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on the basis of a discounted cash flow ("DCF") model to the extent that it would reflect the value that "any market participant" would be ready to pay in an arm's length transaction. Differently from the "value in use" approach, which reflects the perspective of the Group for a long-term use of the CGU, a "fair value less costs of disposal" DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition. Furthermore, the discount rate is calculated based on a market approach and most of the parameters used are derived from market sources.

The value in use approach has been applied to determine the recoverable amount of all cash-generating units at 31 December 2016. Despite the fact that for all CGUs, the value in use was higher than the carrying amount, the fair value less cost of disposal approach has been also considered especially for the CGUs which:

- are listed (Groupe M6);
- develop in a market environment characterised by disruptive innovation;
- are in an early stage of their lifecycle given uncertainties regarding future development. In some cases, like the multi-channel networks ("MCN"), planned revenue and profitability levels have not yet been achieved.

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of ten years are prepared using the estimated growth rates and other key drivers. For advertising revenue, this includes audience and advertising market shares, the EBITA margin, and cash conversion rates based on past performance and expectations regarding market development. Management also relies on wider macro-economic indicators from external sources to verify the veracity of its own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For FremantleMedia operating multi-territory/worldwide and diversified operations, the expected growth rate is determined according to a weighted average of growth expectations of regions and markets. The volume of video views and the development of original production and branded entertainment are key drivers for the multi-channel networks. Cash flows beyond the ten-year period are extrapolated using the estimated perpetual growth rates and the discount rates stated below.

The perpetual growth rates used are consistent with the forecasts included in industry reports. The discount rates have been determined, CGU by CGU, in order to reflect, where appropriate, the following factors:

- Country risk;
- Inflation rate differential;
- Specific firm premium;
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

	2016		2015	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
Mediengruppe RTL Deutschland	**2.0**	**6.9**	2.0	6.9
Groupe M6	**2.0**	**7.4**	2.0	7.5
FremantleMedia	**2.5**	**7.1**	2.5	7.4
Ludia	**2.0**	**12.4**	2.0	12.4
RTL Nederland	**2.0**	**6.9**	2.0	6.9
RTL Belgium	**1.5**	**7.6**	1.5	7.5
RTL Radio (France)	**(1.0)**	**8.0**	0.0	6.7
Other segments				
– Style Haul	**2.0**	**13.9**	2.0	13.0
– SpotX	**2.0**	**12.0**	2.0	10.8
– BroadbandTV	**2.0**	**13.9**	2.0	13.0
– German radio	**0.0**	**7.2**	0.0	6.5

Management consider that, at 31 December 2016, no reasonably possible change in the market shares, EBITA margin and cash conversion rates would reduce the headroom between the recoverable amounts and the carrying values of the cash-generating units to zero, FremantleMedia and Style Haul excepted. No impairment loss on goodwill was identified in 2016 and 2015.

FremantleMedia

In addition to organic initiatives to develop new formats and intellectual property ("IP"), FremantleMedia has continued its focus on the identification and integration of new businesses in order to increase the pipeline of new shows (IP creation), to gain presence in new markets and to continue expanding its drama footprint. FremantleMedia's key brands continue to perform well and this is expected to remain the case in the coming years. FremantleMedia continues to build a scalable digital business by expanding capabilities across the value chain and by developing new specific content. Therefore, despite continuing pressure on margins and volumes, the increase of the diversity of FremantleMedia's portfolio has led to an updated business plan confirming an expected slight increase of its EBITA margin compared to the most recent levels.

Based on this revised 10-year-plan, the headroom that existed at the level of FremantleMedia has been slightly increased to €237 million (31 December 2015: €189 million). The value in use on the basis of a discounted cash flow model was retained for determining the recoverable amount.

For FremantleMedia, if for 2017 and each of the following years, the estimated revenue growth and EBITA margin had been reduced by 1 per cent and the discount rate had been increased by 1 per cent, the sum of these corresponding effects would have resulted in an impairment loss against goodwill of €520 million (€463 million at 31 December 2015).

When taken individually, the following changes in the key assumptions would reduce the recoverable amount of the CGU FremantleMedia as follows:

	31 December 2016 €m	31 December 2015 €m
Variation in:		
Revenue growth by (1) per cent on each period	**(240)**	(191)
EBITA margin by (1) per cent on each period	**(197)**	(198)
Discount rate by 100 basis points	**(320)**	(263)

Style Haul

Revenue growth was penalised by the delayed ramp up of certain revenue streams, notably branded entertainment. Gross profit increased from an improvement in talent revenue shares. At this stage, the increase in operating costs fully offsets the improved gross profit. Based on a revised business plan, the headroom has been increased to €23 million (31 December 2015: €11 million). The value in use was retained for determining the recoverable amount; the fair values derived from market valuations were also considered (see above).

If, for 2017 and each of the following periods, the estimated revenue growth and EBITA margin of Style Haul had been reduced by 1 per cent and the discount rate had been increased by 1 per cent, the compounded effect of these corresponding variations would have resulted in an impairment loss against goodwill of €15 million (€19 million at 31 December 2015).

When taken individually, the following changes in the key assumptions would reduce the recoverable amount of the CGU Style Haul as follows:

	31 December 2016 €m	31 December 2015 €m
Variation in:		
Revenue growth by (1) per cent on each period	**(10)**	(9)
EBITA margin by (1) per cent on each period	**(9)**	(5)
Discount rate by 100 basis points	**(19)**	(16)

8. 3. Property, plant and equipment

	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost				
Balance at 1 January 2015	**333**	**336**	**237**	**906**
Effect of movements in foreign exchange	1	1	2	4
Additions	4	20	54	78
Disposals[29]	(4)	(8)	(13)	(25)
Transfers and other changes	3	2	(6)	(1)
Balance at 31 December 2015	**337**	**351**	**274**	**962**
Effect of movements in foreign exchange	1	–	–	1
Additions	7	24	66	97
Disposals	(2)	(28)	(21)	(51)
Transfer to assets classified as held for sale[29]	(80)	(3)	–	(83)
Transfers and other changes[29]	85	(4)	(89)	(8)
Balance at 31 December 2016	**348**	**340**	**230**	**918**
Depreciation and impairment losses				
Balance at 1 January 2015	**(146)**	**(271)**	**(152)**	**(569)**
Effect of movements in foreign exchange	–	–	(1)	(1)
Depreciation charge for the year	(16)	(26)	(22)	(64)
Disposals[29]	3	8	12	23
Transfers and other changes	–	2	(1)	1
Balance at 31 December 2015	**(159)**	**(287)**	**(164)**	**(610)**
Effect of movements in foreign exchange	(2)	–	–	(2)
Depreciation charge for the year	(16)	(23)	(24)	(63)
Impairment losses recognised for the year	–	(1)	(1)	(2)
Disposals	2	27	20	49
Transfers and other changes	(1)	2	(1)	–
Balance at 31 December 2016	**(176)**	**(282)**	**(170)**	**(628)**
Carrying amount:				
At 31 December 2015	**178**	**64**	**110**	**352**
At 31 December 2016	**172**	**58**	**60**	**290**

Net tangible assets held under finance leases at 31 December 2016 amount to €2 million (2015: €2 million).

29 The construction of the new premises in Luxembourg ("RTL City") was completed at 31 December 2016; the first moves took place during the last quarter of 2016. The change of control in a Group company in October 2015 had generated a capital gain of €16 million according to IFRS criteria; this amount was reported in "Other operating income" (€32 million in 2014). The sale proceeds related to RTL City amount to €32 million in 2016 and €8 million in 2015. The impact of RTL City project on the invested capital of the Group is €115 million at 31 December 2016 (€117 million at 31 December 2015) (see note 8.10.)

8. 4. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	2016 €m	2015 €m
Associates	**400**	376
Joint ventures	**27**	24
Balance at 31 December	**427**	400

The amounts recognised in the income statement are as follows:

	2016 €m	2015 €m
Associates	**50**	45
Joint ventures	**17**	12
	67	57

8. 4. 1. Investments in associates

Set out below are the associates of the Group as at 31 December 2016, which in the opinion of the management, are material to the Group.

Name of entity	Country of incorporation	Principal activity	% voting power held by the Group 2016	% voting power held by the Group 2015	Measurement method
Atresmedia[30,31]	Spain	Broadcasting TV	**18.7**	18.7	Equity
RTL 2 Fernsehen GmbH & Co. KG[32]	Germany	Broadcasting TV	**35.9**	35.9	Equity

The summarised financial information for the main associates of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and its associates is as follows:

	Atresmedia 2016 €m	Atresmedia 2015 €m	RTL 2 GmbH & Co. KG 2016 €m	RTL 2 GmbH & Co. KG 2015 €m
Non-current assets	**621**	638	**55**	41
Current assets	**689**	615	**111**	110
Current liabilities	**(652)**	(567)	**(65)**	(54)
Non-current liabilities	**(141)**	(203)	**–**	–
Net assets	**517**	483	**101**	97
Revenue	**1,021**	970	**305**	292
Profit before tax	**175**	131	**59**	55
Income tax expense	**(46)**	(28)	**–**	–
Profit for the year	**129**	103	**59**	55
Dividends received from associates	**17**	12	**20**	17

30 Although the Group holds less than 20 per cent of the equity shares of Atresmedia, management consider that the Group exercises a significant influence in Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia

31 Atresmedia is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2016, the market capitalisation of 100 per cent of Atresmedia amounts to €2,345 million, i.e. €10.39 per share (2015: €2,221 million, i.e. €9.84 per share)

32 RTL 2 Fernsehen GmbH & Co.KG is a private company and there is no quoted market price available for its shares

The reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is presented below:

	Atresmedia		RTL 2 GmbH & Co. KG		Other immaterial associates[33]		Total	
	2016 €m	2015 €m	**2016** €m	2015 €m	**2016** €m	2015 €m	**2016** €m	2015 €m
Net assets at 1 January	**483**	442	**97**	89	**69**	49	**649**	580
Profit for the year	**129**	103	**59**	55	**13**	25	**201**	183
Other comprehensive income	**2**	1	**–**	–	**–**	–	**2**	1
Distribution	**(90)**	(63)	**(55)**	(47)	**(34)**	(32)	**(179)**	(142)
Transactions on treasury shares	**(9)**	–	**–**	–	**–**	–	**(9)**	–
Change in ownership interest and other changes	**2**	–	**–**	–	**9**	27	**11**	27
Net assets at 31 December	**517**	483	**101**	97	**57**	69	**675**	649
Interest in associates	**97**	90	**36**	35	**17**	20	**150**	145
Goodwill	**166**	166	**24**	24	**64**	45	**254**	235
Impairment on investments in associates	**–**	–	**–**	–	**(4)**	(4)	**(4)**	(4)
Carrying value	**263**	256	**60**	59	**77**	61	**400**	376

Main changes in the Group's ownership interest in associates

2016

On 14 April 2016, RTL Group exercised the option to acquire an additional 24.5 per cent interest, for €7 million, in Divimove GmbH ("Divimove") bringing the Group's shareholding to 75.5 per cent. RTL Group continues to have a significant influence in Divimove, corporate governance rules providing the other shareholders with substantive rights on relevant activities. The carrying amount of Divimove is €11 million at 31 December 2016 (€4 million at 31 December 2015). On 15 June 2016, the shareholders decided to amend the option agreement related to the last 24.5 per cent of the share capital. The fair value of the derivative related to the call option has been re-measured from €3 million to €3.2 million at 31 December 2016. The related income is reported in "Financial results other than interest" (see note 7.6.). The Group granted a loan of €1.2 million to Divimove in 2016.

On 25 April 2016, FremantleMedia Ltd ("FremantleMedia") entered with a 25 per cent stake into the share capital of Dr Pluto Films Ltd ("Dr Pluto"), a newly created production company that will develop concepts across all genres and platforms. The carrying amount of Dr Pluto is below €1 million at 31 December 2016. In addition, FremantleMedia granted a loan of GBP 0.5 million to Dr Pluto. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interest have the option to acquire the shares held by the Group or drag FremantleMedia shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

Atresmedia implemented a share buy-back programme in the second quarter of 2016 to acquire shares for the remuneration plan of directors and senior management. The programme was approved at the Ordinary General Meeting of Shareholders held on 20 April 2016. Consequently a total of 791,880 shares were acquired by Atresmedia. In June, Atresmedia met its commitment to deliver shares, amounting to 789,738 treasury shares to Gala Desarrollos Comerciales, S.L. linked to the merger with La Sexta's shareholders. This was the final delivery of shares under this agreement.

On 30 November 2015, FremantleMedia Ltd and Squawka Ltd ("Squawka") entered into a contractual arrangement and a loan agreement for a total of €2 million, of which less than €1 million was paid at 31 December 2015. Once the full amount of the loan was paid, FremantleMedia had the option to convert it

33 Other immaterial associates represent in aggregate 19 per cent of the total amount of investments in associates at 31 December 2016 (16 per cent at 31 December 2015) and none of them has a carrying amount exceeding €11 million at 31 December 2016 (€11 million at 31 December 2015)

and to acquire a minority shareholding in Squawka and an additional option to acquire a further minority shareholding through a capital injection. At 31 December 2015, FremantleMedia was not a shareholder but jointly controlled Squawka on the basis of the contractual arrangement. The initial contractual arrangement was modified in 2016 and as a result FremantleMedia no longer has the joint control but can exercise significant influence. The conversion of the loan (GBP 1.5 million) and a capital injection of GBP 3.5 million on 26 April 2016 provided a 35 per cent stake to FremantleMedia. FremantleMedia holds call options on the remaining 65 per cent of the share capital. These are exercisable in 2017 and 2020. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2017 call option but not the 2020 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. The carrying amount of Squawka is €5 million at 31 December 2016.

On 13 May 2016, FremantleMedia Ltd entered with a 25 per cent stake into the share capital of Wild Blue Productions Ltd (subsequently renamed Wild Blue Media Ltd, "Wild Blue"), a newly created production company that will develop, produce and sell international non-scripted formats across factual, factual entertainment and live events genre. The carrying amount of Wild Blue is below €1 million at 31 December 2016. In addition, FremantleMedia granted Wild Blue a loan of GBP 0.5 million. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2020 call option but not the 2022 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interest have the option to acquire the shares held by the Group or drag FremantleMedia shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

On 25 May 2016, Fremantle Productions North America Inc ("FPNA") acquired for €2 million, a non-controlling 25 per cent stake in Eureka Productions LLC, a production company, incorporated on 16 December 2015, and its 100 per cent held subsidiary Eureka Productions Pty Ltd ("Eureka"). Eureka develops, sells and produces unscripted travelling formats and docu-series for leading broadcasters and cable networks in the US and Australia. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. In addition, FPNA granted Eureka a loan facility of USD 6 million; the loan receivable amounts to USD 4 million at 31 December 2016. The carrying amount of Eureka is €2.5 million at 31 December 2016. FPNA holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FPNA exercises its 2020 call option but not the 2022 one, the other shareholders will have the option to require FPNA to purchase all the remaining shares, subject to certain conditions. In the event that FPNA does not exercise the call options, the holders of the 75 per cent interests have the option to acquire the shares held by the Group or drag FPNA shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

On 7 June 2016, FremantleMedia Ltd entered with a 25 per cent stake into the share capital of Dancing Ledge Productions Ltd ("Dancing Ledge"), a newly created production company that will develop, produce and sell international scripted formats across the US and UK markets. The carrying amount of Dancing Ledge is below €1 million at 31 December 2016. In addition, FremantleMedia granted a loan of GBP 0.5 million. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interests have the option to acquire the shares held by the Group or drag FremantleMedia shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

On 29 July 2016, Groupe M6 acquired a 34 per cent non-controlling stake in Elephorm SAS ("Elephorm") for €2.8 million. Elephorm is based in France and is a leader in the production of e-learning video content. The deal allows Groupe M6 to enter the online learning market. In addition Groupe M6 holds call options on the remaining 66 per cent of the share capital. These are exercisable from 2018. The fair value of the related derivative is € nil million at 31 December 2016.

2015 (updated at 31 December 2016)

On 21 January 2015, FremantleMedia Ltd ("FremantleMedia") acquired a 25 per cent non-controlling stake in Corona Television Ltd ("Corona"), a newly created TV production company based in the UK. The related carrying amount is € nil million at 31 December 2016 (€ nil million at 31 December 2015). The deal, which gave FremantleMedia a first look option on all Corona output, furthers FremantleMedia's ambition to build its scripted pipeline. In addition, FremantleMedia granted a loan of GBP 0.4 million in 2016 (31 December 2015: GBP 0.6 million). FremantleMedia holds call options on the remaining 75 per cent share capital. These are exercisable in 2018 and 2020. The strike price of the options is based on a variable component. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

On 8 April and 5 June 2015, RTL Group acquired a 19.5 per cent (17.4 per cent on a fully diluted basis) non-controlling interest in CLYPD, Inc. ("Clypd"). Clypd is a programmatic TV start-up based in Boston that focuses on the development of an audience-buying platform for linear TV. The company is complementary to the programmatic online video advertising marketplace in which SpotX operates. The investment amount was €10 million. Although RTL Group holds less than 20 per cent of the equity shares of Clypd, management consider that the Group exercises a significant influence in Clypd in view of the representation of RTL Group on the Board of Clypd. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. The related carrying amount is €9 million at 31 December 2016 (31 December 2015: €10 million).

The ownership of RTL Group decreased from 19.2 per cent at 31 December 2014 to 18.6 per cent at 30 June 2015 in Atresmedia. This transaction resulted in a dilution of RTL Group's interest-generating a gain of €10 million reported in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

On 15 June 2015, FremantleMedia Group Ltd took a 35.3 per cent (31.6 per cent on a fully diluted basis) non-controlling interest in UMI Mobile, Inc ("UMI"), a new gaming company in Canada. The related carrying amount is below €1 million at 31 December 2016 (31 December 2015: below €1 million). FremantleMedia is entitled, via a call option, to buy the remaining shares of the controlling shareholders at market value.

On 14 September 2015, FremantleMedia Ltd entered with a 25 per cent stake, into the share capital of Naked Entertainment Ltd ("Naked"), a UK start-up television production company focusing on high-end factual entertainment series. The carrying amount of Naked is below €1 million at 31 December 2016 (31 December 2015: below €1 million). In addition, FremantleMedia granted a loan of GBP 1 million in 2015 which was subsequently increased to GBP 1.5 million in 2016. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia does not exercise the call options, the holders of the 75 per cent interests will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain criteria, or an option to acquire the shares held by the Group. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

On 3 November 2015, RTL Group led the Series A investment round for Videoamp Inc. ("Videoamp"), a US-based platform for cross-screen data optimisation founded in 2014. The investment of €7 million provided RTL Group with a stake of 21.5 per cent; €6 million were paid at 31 December 2015 and the balance in 2016. Videoamp fits into RTL Group's digital strategy as it is complementary to the current ad-tech businesses of SpotX and Clypd. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. RTL Group granted a loan of USD 1.8 million to Videoamp in 2016.

On 23 November 2015, FremantleMedia Ltd entered with a 25 per cent stake into Full Fat Television Ltd ("Full Fat TV"), a newly created UK based factual entertainment company. The carrying amount of Full Fat TV is below €1 million at 31 December 2016 (31 December 2015: below €1 million). In addition, FremantleMedia granted a loan of GBP 1 million in 2015. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2020 call option but not the 2022 one, the holders of the 75 per cent interests will have the option to require FremantleMedia to purchase all the remaining shares. In the event that FremantleMedia will not exercise the call options, the other shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivatives was € nil milllion at 31 December 2015 and remains unchanged at 31 December 2016.

On 8 December 2015, FremantleMedia Ltd acquired a 25 per cent stake in the company Man Alive Entertainment Ltd ("Man Alive Entertainment"), a newly created television production company. The carrying amount of Man Alive Entertainment was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. In addition, FremantleMedia granted a loan of GBP 1 million in 2015. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the holders of the 75 per cent interests will have the option to require FremantleMedia to purchase all the remaining shares. In the event that FremantleMedia will not exercise the call options, the other shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

Impairment testing
Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8.2.). The recoverable amount of Atresmedia has been determined on the basis of the fair value less costs of disposal at 31 December 2016. This is a Level 1 measurement (see note 4.3.2.). The recoverable amount of RTL 2 Fernsehen GmbH & Co. KG has been determined on the basis of the value in use at 31 December 2016.

The perpetual growth and discount rates used are as follows:

	2016		2015	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Main associates				
RTL 2 Fernsehen GmbH & Co. KG	**1.5**	**6.9**	2.0	6.9

No impairment loss on investments in associates was recorded in 2016 and 2015.

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group.

Contingencies
There are no contingent liabilities relating to the Group's interest in the associates.

8. 4. 2. Investments in joint ventures
The main joint venture is as follows:

	Country of incorporation	Principal activity	% voting power held by the Group **2016**	2015	Measurement method
RTL Disney Fernsehen GmbH & Co. KG[34,35]	Germany	Broadcasting TV	**50.0**	50.0	Equity

RTL Disney Fernsehen GmbH & Co. KG is set up as a joint venture with the control shared by Disney and RTL Group. Neither of the shareholders have the ability to direct the relevant activities unilaterally.

34 RTL Disney Fernsehen GmbH & Co. KG is structured as a separate vehicle and the Group has a residual interest in the net assets
35 RTL Disney Fernsehen GmbH & Co. KG is a private company, there is no quoted market price available for its shares

The summarised financial information for the main joint ventures of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and the joint ventures is as follows:

RTL Disney Fernsehen GmbH & Co. KG	2016 €m	2015 €m
Non-current		
Assets	**23**	16
Current		
Cash and cash equivalents	**52**	52
Other current assets	**13**	14
Total current assets	**65**	66
Current liabilities	**(64)**	(64)
Total current liabilities	**(64)**	(64)
Net assets	**24**	18
Revenue	**129**	124
Depreciation and amortisation	**(13)**	(9)
Profit before tax	**31**	23
Income tax expense	**(4)**	(1)
Profit and total comprehensive income for the year	**27**	22
Group's share of profit and total comprehensive income for the year	**13**	11
Dividends received from joint venture	**11**	16

At 31 December 2016, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €44 million (31 December 2015: €5 million; see note 8.11.).

The reconciliation of the summarised financial information presented to the carrying amount of RTL Group's interest in joint ventures is presented below:

	RTL Disney Fernsehen GmbH & Co. KG		Other immaterial joint ventures[36]		Total	
	2016	2015	2016	2015	2016	2015
Net assets at 1 January	**18**	28	**7**	9	**25**	37
Profit/(loss) for the year	**27**	22	**5**	(1)	**32**	21
Distribution	**(21)**	(32)	**(9)**	(6)	**(30)**	(38)
Other changes	**–**	–	**–**	5	**–**	5
Net assets at 31 December	**24**	18	**3**	7	**27**	25
Interest in joint ventures	**12**	9	**3**	4	**15**	13
Goodwill	**–**	–	**12**	11	**12**	11
Carrying value	**12**	9	**15**	15	**27**	24

36 Other immaterial joint ventures represent in aggregate less than 56 per cent of the total amount of investments in joint ventures at 31 December 2016 (63 per cent at 31 December 2015) and none of them has a carrying amount exceeding €5 million at 31 December 2016 (€5 million at 31 December 2015)

Main changes in the Group's ownership interest in joint ventures
2016
On 15 January 2016, RTL Nederland Ventures BV ("RTL Nederland") acquired 32.6 per cent of Heilzaam BV ("Heilzaam"), operating eHealth information websites. The purchase consideration of €1 million has been mainly contributed to the company. The transaction qualifies as a joint arrangement as RTL Nederland jointly controls the company. The related carrying amount is €1 million at 31 December 2016.

RTL Nederland Ventures Holding granted in June 2016 to Miinto Nederland Holding BV a short-term loan of €3 million which has been reimbursed during the third quarter.

2015
On 27 January 2015, RTL Nederland BV ("RTL NL") entered into the joint venture Buurtfacts BV ("Buurtfacts"). Buurtfacts is a web and app-based platform with a focus on distributing publicly available news, information and facts on a local level. The carrying amount of Buurtfacts is € nil million at 31 December 2016 (€ nil million at 31 December 2015). The other shareholders, who hold 45 per cent, have been granted a put option. RTL NL holds a call option on the shares held by the other shareholders. The strike price of the options is based on a variable component. The fair value of the related derivatives is € nil million at 31 December 2016 (€ nil million at 31 December 2015).

On 24 March 2015, RTL Nederland Ventures BV ("RTL NL") announced the acquisition of 34.8 per cent stake in Reclamefolder.nl BV ("Reclamefolder") holding a platform for online brochures and offers *Reclamefolder.nl*. RTL NL continues to focus on investments in companies currently in the transition phase from offline to online, with an increasing emphasis on mobile. The transaction was completed on 15 July 2015 once the clearance from the European Commission was obtained. RTL NL and the company also entered into a media exposure agreement. The transaction qualified as a joint arrangement as RTL Group jointly controls the company. In July 2015, RTL NL contributed €2 million to the share capital of the company. The carrying amount of Reclamefolder is €2 million at 31 December 2016 (€2 million at 31 December 2015).

Impairment testing
Investments in joint ventures are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8.2.). The recoverable amount of RTL Disney Fernsehen GmbH & Co. KG has been determined on the basis of the value in use at 31 December 2016.

The perpetual growth and discount rates used are as follows:

	2016		2015	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Main joint venture				
RTL Disney Fernsehen GmbH & Co KG	**1.5**	**6.9**	2.0	6.9

No impairment loss on investments in joint ventures was recorded in 2016 and 2015.

Contingencies
There are no contingent liabilities relating to the Group's interest in the joint ventures.

The transactions with the associates and joint ventures are reported in note 10.2.

8. 5. Loans and other financial assets

	Notes	2016 €m	2015 €m
Available-for-sale investments	8. 15. 5.	**58**	55
Loans receivable to investments accounted for using the equity method	4. 3. 1. 8. 4.	**14**	8
Loans and other financial assets		**5**	5
		77	68

RTL Group holds 19 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2016, RTL Group recorded an increase in fair value of this available-for sale investment for €2 million (2015: decrease for €1 million).

Since April 2000, FremantleMedia has arrangements in relation to sale and lease back transactions (see note 9.3.). At 31 December 2016, two banks did not satisfy the required credit ratings. The related amounts are recognised for €1 million in the consolidated statement of financial position (2015: €9 million), of which €1 million with a maturity of less than one year (2015: €7 million). The restricted bank accounts are reported in other financial assets with counterpart in bank loans payable (see note 8.11.).

No impairment loss was recognised in 2016 (2015: € nil million). No reversal of impairment loss has been recorded in 2016 (2015: € nil million).

The movements in available-for-sale investments are as follows:

	2016 €m	2015 €m
Balance at 1 January	**55**	58
Net acquisitions and disposals	**2**	1
Change in fair value	**2**	(5)
Impairment losses and other changes	**(1)**	1
Balance at 31 December	**58**	55

8. 6. Deferred tax assets and liabilities

	2016 €m	2015 €m
Deferred tax assets	**317**	370
Deferred tax liabilities	**(45)**	(62)
	272	308

	2016 €m	2015 €m
Balance at 1 January	**308**	335
Income tax expense	**(33)**	(30)
Income tax credited/(charged) to equity[37]	**2**	(4)
Change in consolidation scope	**(4)**	(3)
Transfers and other changes	**(1)**	10
Balance at 31 December	**272**	308

The Group has deductible temporary differences originating from an intra-group transaction which will mainly reverse during the next three years.

Unrecognised deferred tax assets amount to €1,191 million at 31 December 2016 (2015: €1,330 million). Deferred tax assets are recognised on tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of €4,489 million (2015: €4,476 million) to carry forward against future taxable income which relate to Luxembourg and Hungary (2015: Luxembourg and Hungary) and have no expiry date.

37 Of which:
- €(12) million (2015: €(12) million) related to effective portion of changes in fair value of cash flow hedges;
- €11 million (2015: €9 million) related to change in fair value of cash flow hedges transferred to profit or loss;
- €3 million (2015: €(2) million) related to defined benefit plan actuarial gains/(losses); and
- € nil million (2015: €1 million) related to change in fair value of available-for-sale investments

The movement in deferred tax assets and liabilities during the year is as follows:

	Note	Balance at 1 January 2016 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2016 €m
Deferred tax assets							
Intangible assets		79	(17)	–	(1)	(1)	60
Programme rights		203	(10)	–	–	1	194
Property, plant and equipment		3	–	–	–	–	3
Provisions		101	5	–	1	4	111
Tax losses	7.7.	36	(15)	–	2	–	23
Others		57	5	–	–	(7)	55
Set off of tax		(109)	–	–	–	(20)	(129)
		370	**(32)**	**–**	**2**	**(23)**	**317**
Deferred tax liabilities							
Intangible assets		(74)	–	–	(3)	(3)	(80)
Programme rights		(3)	–	–	–	–	(3)
Property, plant and equipment		(13)	1	–	–	(5)	(17)
Provisions		(15)	(4)	–	–	2	(17)
Others		(66)	2	2	(3)	8	(57)
Set off of tax		109	–	–	–	20	129
		(62)	**(1)**	**2**	**(6)**	**22**	**(45)**

	Note	Balance at 1 January 2015 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope €m	Transfers and other changes €m	Balance at 31 December 2015 €m
Deferred tax assets							
Intangible assets		98	(18)	–	–	(1)	79
Programme rights		191	10	–	–	2	203
Property, plant and equipment		2	1	–	–	–	3
Provisions		111	(10)	–	–	–	101
Tax losses	7.7.	43	(11)	–	2	2	36
Others		31	5	–	–	21	57
Set off of tax		(81)	–	–	–	(28)	(109)
		395	**(23)**	**–**	**2**	**(4)**	**370**
Deferred tax liabilities							
Intangible assets		(72)	3	–	(5)	–	(74)
Programme rights		–	(3)	–	–	–	(3)
Property, plant and equipment		(14)	1	–	–	–	(13)
Provisions		(14)	–	–	–	(1)	(15)
Others		(41)	(8)	(4)	–	(13)	(66)
Set off of tax		81	–	–	–	28	109
		(60)	**(7)**	**(4)**	**(5)**	**14**	**(62)**

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

8. 7. Current programme rights

	2016 Gross value €m	2016 Valuation allowance €m	2016 Net value €m	2015 Gross value €m	2015 Valuation allowance €m	2015 Net value €m
(Co-)productions	358	(325)	33	353	(320)	33
TV programmes	117	(2)	115	77	(1)	76
Other distribution and broadcasting rights	933	(309)	624	940	(308)	632
Sub-total programme rights	**1,408**	**(636)**	**772**	1,370	(629)	741
(Co-)productions and programmes in progress	239	(7)	232	218	(6)	212
Advance payments on (co-)productions, programmes and rights	157	(1)	156	141	(1)	140
Sub-total programme rights in progress	**396**	**(8)**	**388**	359	(7)	352
	1,804	**(644)**	**1,160**	1,729	(636)	1,093

Additions and reversals of valuation allowance have been recorded for €(90) million and €64 million respectively in 2016 (2015: €(93) million and €62 million, respectively).

8. 8. Accounts receivable and other financial assets

	Notes	2016 Under 1 year €m	2016 Over 1 year €m	2016 Total €m	2015 Under 1 year €m	2015 Over 1 year €m	2015 Total €m
Trade accounts receivable		1,228	–	1,228	1,193	–	1,193
Accounts receivable from investments accounted for using the equity method		24	–	24	36	–	36
Loan receivable to investments accounted for using the equity method	4. 3. 1. 8. 4.	2	–	2	–	–	–
Prepaid expenses		92	18	110	93	19	112
Fair value of derivative assets		67	47	114	63	45	108
Other current financial assets	4. 3. 1.	2	–	2	11	–	11
Account receivable from shareholder in relation with PLP Agreement	10. 1.	423	–	423	472	–	472
Other accounts receivable		187	25	212	146	75	221
		2,025	90	2,115	2,014	139	2,153

Additions and reversals of valuation allowance have been recorded for €(32) million and €21 million respectively in 2016 (2015: €(22) million and €16 million, respectively).

The amount of €20 million deposited since the first half of 2012 under an escrow account by the Football Club Girondins de Bordeaux for the benefit of the city of Bordeaux and reported in current “Accounts receivable and other financial assets” at 31 December 2014 had been released to Groupe M6 in 2015. This amount was reported in cash inflows from investing activities in the consolidated cash flow statement in 2015. The same amount has been paid by Groupe M6 in 2015 to the city of Bordeaux in return for reduced future rental payments for the use of the new stadium by Girondins de Bordeaux. The related amount was reported in non-current “Loans and other financial assets” and reduced the operating free cash flow in 2015.

8. 9. Cash and cash equivalents

	2016 €m	2015 €m
Cash in hand and at bank	**266**	359
Fixed term deposits (under three months)	**79**	41
Other cash equivalents	**88**	49
Cash and cash equivalents (excluding bank overdrafts)	**433**	449

	Note	2016 €m	2015 €m
Cash and cash equivalents (excluding bank overdrafts)		**433**	**449**
Bank overdrafts	8.11.	**(2)**	**(5)**
Cash and cash equivalents		**431**	**444**

"Other cash equivalents" include money market funds for €88 million (2015: €49 million).

8. 10. Assets classified as held for sale

2016

Media Properties

On 26 October 2016, RTL Group entered into an agreement with a third party to sell Media Properties Sàrl ("Media Properties"). Media Properties owns RTL Group's new buildings ("RTL City") in Luxembourg (see note 8.3.). These buildings, which RTL Group will leaseback, host the Corporate Centre and the other operations of the Group in Luxembourg. The disposal is expected to be completed during the second quarter of 2017. The sale proceeds of Media Properties amounts to €154 million and will generate an operating capital gain estimated to be €60 million.

2015

Following the disposal of AdSociety associate (see note 7.4.), there were no assets classified as held for sale anymore at 31 December 2015.

8. 11. Loans and bank overdrafts

	Notes	2016 €m	2015 €m
Current liabilities			
Bank overdrafts		**2**	5
Bank loans payable	8.5.	**23**	21
Loans due to investments accounted for using the equity method	8.4.1.	**50**	11
Leasing liabilities		**1**	1
Term loan facility due to shareholder	10.1.	**400**	554
Other current loans payable		**17**	13
		493	605

	Notes	2016 €m	2015 €m
Non-current liabilities			
Bank loans payable	8.5.	**3**	4
Leasing liabilities		**1**	1
Term loan facility due to shareholder	10.1.	**500**	500
Other non-current loans payable		**13**	19
		517	524

Term and debt repayment schedule:

2016	Notes	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total carrying amount €m**
Bank overdrafts		2	–	–	**2**
Bank loans payable	8. 5.	23	3	–	**26**
Loans due to investments accounted for using the equity method	8. 4. 1.	50	–	–	**50**
Leasing liabilities		1	1	–	**2**
Term loan facility due to shareholder	10. 1.	400	–	500	**900**
Other loans payable		17	6	7	**30**
		493	**10**	**507**	**1,010**

2015		Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdrafts		5	–	–	5
Bank loans payable	8. 5.	21	4	–	25
Loans due to investments accounted for using the equity method	8. 4. 1.	11	–	–	11
Leasing liabilities		1	1	–	2
Term loan facility due to shareholder	10. 1.	554	–	500	1,054
Other loans payable		13	11	8	32
		605	16	508	1,129

8. 12. Accounts payable

Current accounts payable

	Note	**2016 €m**	2015 €m
Trade accounts payable		**1,539**	1,508
Amounts due to associates		**7**	4
Employee benefits liability		**213**	160
Deferred income		**131**	95
Social security and other taxes payable		**76**	76
Fair value of derivative liabilities		**28**	16
Account payable to shareholder in relation with PLP Agreement	10. 1.	**578**	583
Other accounts payable		**270**	300
		2,842	2,742

Non-current accounts payable

	2016			2015		
	1–5 years €m	**Over 5 years €m**	**Total €m**	1–5 years €m	Over 5 years €m	Total €m
Trade accounts payable	**37**	**13**	**50**	48	9	57
Employee benefits liability	**1**	**256**	**257**	39	238	277
Deferred income	**–**	**–**	**–**	1	–	1
Fair value of derivative liabilities	**10**	**–**	**10**	6	–	6
Other accounts payable	**83**	**5**	**88**	97	5	102
	131	**274**	**405**	191	252	443

8. 13. Provisions

8. 13. 1. Provisions other than post-employment benefits

	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	**Total €m**
Balance at 1 January 2016	**1**	**92**	**93**	**16**	**202**
Provisions charged/(credited) to the income statement:					
– Additions	3	8	73	3	87
– Reversals	(1)	(7)	(3)	(5)	(16)
Provisions used during the year	–	(3)	(56)	(4)	(63)
Subsidiaries acquired	–	–	–	3	3
Balance at 31 December 2016	**3**	**90**	**107**	**13**	**213**

The provisions mainly relate to the following:

- 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.

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

  Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert has not yet rendered his report. Similar proceedings of other small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

  Brandi Cochran was employed as a model on the television series *The Price Is Right* from July 2002 until February 2010 and was claiming wrongful termination and other allegations due to her gender and pregnancy. Her claim was brought against FremantleMedia North America ("FMNA"). The Court entered judgment in January 2013 and awarded her damages in the amount of USD 9 million (compensatory damages of USD 1 million and punitive damages of USD 8 million; subject to interest at the rate of 10 per cent per annum until paid) plus attorney's fees. FMNA appealed the verdict. FMNA also filed a post-trial motion for a new trial, which was granted in March 2013 (and the verdict was vacated). In December 2014, the Appellate Court remanded the parties for a new trial, which was set to begin in April 2016. However, in February 2016, the parties reached a settlement agreement, which resolved this matter. The related cash-out in 2016 was USD 3 million, net of insurance reimbursement, without significant impact on the income statement.

  In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's audience ratings by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie called a special committee, which ultimately decided to remove Fun Radio from Médiamétrie's survey to be published in July 2016. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the ratings surveys as from September 2016 but, since then, decided to lower Fun Radio's audience results, arguing a possible "halo effect". Thereafter, Fun Radio initiated a procedure to challenge the scientific reliability of the Médiamétrie calculation. In December 2016, the main competitors of Fun Radio also filed a claim for damages claiming unfair competition.

- "Onerous contracts" mainly comprise provisions made by:
  - Mediengruppe RTL Deutschland for €64 million (2015: €49 million) mainly in relation to the supply of programmes, of which sport events (2016: €19 million; 2015: €4 million);
  - Groupe M6 for €42 million (2015: €41 million) in relation to the supply of programmes, of which sport events (2016: €3 million; 2015: €3 million).

  Out of €73 million of provisions recorded during the year, €52 million relate to programmes such as movies and series and €21 million to sport events.

	2016 €m	2015 €m
Current	**143**	130
Non-current	**70**	72
	213	202

8. 13. 2. Post-employment benefits

	Note	**2016 €m**	2015 €m
Balance at 1 January		**165**	173
Provisions charged/(credited) to the income statement:			
– Additions[38]		**23**	24
Provisions used during the year[38]		**(18)**	(21)
Actuarial losses directly recognised in equity	8. 14.	**11**	(9)
Other changes		**–**	(2)
Balance at 31 December		**181**	165

"Post-employment benefits" comprise provision for defined benefit obligations (see note 8.14.) for €177 million (2015: €160 million) and provision for other employee benefits for €4 million (2015: €5 million).

	2016 €m	2015 €m
Current	**2**	2
Non-current	**179**	163
	181	165

8. 14. Defined benefit obligations

RTL Group operates or participates in a number of defined benefit ("DB") and defined contribution plans throughout Europe. FremantleMedia North America in the United States also operates a medical care plan which is not further disclosed given its materiality to the consolidated financial statements.

These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and risks associated are given below.

Belgium

Employees of RTL Belgium participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. It concerns a closed plan in run-off. From 1 January 2004, a new defined contribution scheme has been open for all new employees. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company ("Branche 21"). A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development.

Furthermore, the pension plan provides a lump sum at retirement, and therefore will not be affected by the expected increase of the future life expectancy of retirees. Other risks mainly relate to minimum funding requirements when vested rights are not funding enough.

38 Of which defined contributions plan for €11 million (2015: €11 million)

France

Groupe M6, Ediradio, ID and IP France operate retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of termination of employment in accordance with the applicable collective agreement. The Ediradio and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Ediradio also participates in a defined benefit plan which provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the liability is not influenced by the expected increase of the future life expectancy of a retiree.

Germany

Employees of UFA Berlin Group (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Universum Film, Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen, RTL Group Deutschland and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan and defined benefit in nature. In case of insolvency, there is a comprehensive protection system ("Pensionssicherungsverein") operated by the German Pension Protection Fund. The company UFA Serial Drama has a partly funded plan.

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risks relate to longevity risk for pension recipients.

Each employer that participates in this plan has separately identifiable liabilities.

RTL Television and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two employees and two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and increase of wages and salaries.

Luxembourg

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependants) in case of retirement, death in service and disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless in such case, the law requires the company to subscribe to an insolvency insurance with the German Pension Protection Fund ("Pensionssicherungsverein"). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans such as longevity, inflation, effect of compensation increases and of the state pension legislation.

Death and disability are insured with Cardif Lux Vie.

United Kingdom

FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan" or "the Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan – the assets in the defined benefit section comprise a qualifying insurance (buy-in) policy and UK corporate bonds; the assets in the defined contribution section comprise mainly equities. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK). This requires:

- Three-yearly formal actuarial valuations, with annual monitoring;
- Trustees to maintain a Statement of Funding Principles;
- Trustees and employers to agree the approach to each actuarial valuation;
- Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits by insuring the Plan's liabilities through a buy-in policy.

The main risk related to the defined benefit section is that the insurance provider (Pension Insurance Corporation) defaults on the buy-in policy and the Trustees are unable to recover the full value. This event is extremely unlikely given the regulatory capital requirements for insurance companies and other protections in place (e.g. the Financial Services Compensation Scheme).

Future pension provision for members of the Fremantle Plan still employed by the Company is now through a Group Personal Pension plan with Scottish Widows, which commenced on 1 April 2013.

Legislation regarding introducing employers' pensions 'auto-enrolment' obligations, requires contributions to be made for employees/workers who were previously not members of Company schemes or who previously had no pension entitlement. This affected the Company from 1 September 2013 onwards. An employee must now choose to 'opt out' if they do not wish to contribute to the pension scheme.

Information about the nature of the present value of the defined benefit liabilities are detailed as follows:

	2016 €m	2015 €m
Final salary plans	**239**	214
Career average plans	**8**	6
Flat salary plans – plans with fixed amounts	**17**	17
Others[39]	**48**	47
Total	**312**	284

Thereof capital commitment for €122 million at 31 December 2016 (2015: €112 million). Under the Fremantle Plan Rules, in the defined benefit sections a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

Information about the plan members is detailed as follows:

	2016 Head	2015 Head
Active members	**3,097**	2,886
Deferred members	**1,109**	1,098
Pensioners	**306**	307
Total	**4,512**	4,291

39 Mainly include the defined contribution section of the Fremantle Plan

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

	2016 €m	2015 €m
Active members	**140**	126
Deferred members	**108**	97
Pensioners	**64**	61
Total	**312**	284

Thereof beneficiaries with vested rights for €266 million (2015: €243 million) and beneficiaries with unvested rights for €46 million (2015: €41 million).

The amounts recognised in the statement of financial position are determined as follows:

	Notes	2016 €m	2015 €m
Present value of funded obligations		**186**	169
Fair value of plan assets		**(135)**	(124)
Deficit of funded plans		**51**	45
Present value of unfunded obligations		**126**	115
Net defined benefit liability		**177**	160
Assets	8. 5.	**–**	–
Provisions	8. 13. 2.	**177**	160

The amounts recognised in comprehensive income are determined as follows:

	Notes	2016 €m	2015 €m
Service costs:			
– Current service cost	7. 3. 1.	**8**	8
– Net interest expense	7. 5.	**4**	3
Components of defined benefit costs recorded in profit or loss		**12**	11
Re-measurements:			
– (Gains)/losses from change in financial assumptions		**29**	(12)
– Experience adjustments (gains)/losses		**3**	(2)
– Less return on plan assets (excluding amounts included in net interest expense)		**21**	(5)
Components of defined benefit costs recorded in Other Comprehensive Income ("OCI")		**11**	(9)
Total of components of defined benefit costs		**23**	2

The movement in the present value of funded/unfunded defined benefit obligations over the year is as follows:

	2016 €m	2015 €m
Balance at 1 January	**284**	285
Current service cost	**8**	8
Interest cost	**8**	7
Re-measurements:		
– (Gains)/losses from change in financial assumptions[40]	**29**	(12)
– Experience adjustments (gains)/losses[41]	**3**	(2)
Benefits paid by employer	**(5)**	(7)
Benefits paid out of the plan assets	**(3)**	(3)
Foreign exchange differences	**(12)**	8
Balance at 31 December	**312**	284

40 2016: In connection with the decrease in the discount rate for all zones
2015: In connection with the increase in the discount rate for all zones

41 2016: the experience losses mainly relate to FremantleMedia UK for €6 million
2015: the experience gains mainly relate to: CLT-UFA for an amount of €(1) million due to salary increases and state pension decrease effect less than expected and the plan in Belgium for an amount of €(1) million due to salary increases less than expected

The movement in the fair value of plan assets of the year is as follows:

	2016 €m	2015 €m
Balance at 1 January	**124**	115
Interest income on plan assets	**4**	4
Return on plan assets (excluding amounts included in net interest expense)[42]	**21**	(5)
Employer contributions[43]	**2**	4
Benefits paid out of the plan assets	**(3)**	(3)
Foreign exchange differences	**(13)**	9
Balance at 31 December	**135**	124

Expected contributions to post-employment benefit plans for the year ending 31 December 2017 are €3 million.

Plan assets are comprised as follows:

	Quoted marked price €m	No quoted marked price €m	Total 2016 €m	%	Quoted marked price €m	No quoted marked price €m	Total 2015 €m	%
Equity instruments (including equity funds):			**44**	**33**			43	35
Company size: large cap	**22**	**–**	**22**		22	–	22	
Company size: mid cap	**22**	**–**	**22**		21	–	21	
Debt instruments (including debt funds):			**1**	**1**			1	1
Corporate bonds: investment grade	**1**	**–**	**1**		1	–	1	
Cash and cash equivalents	**1**	**–**	**1**	**1**	–	1	1	1
Qualifying insurance policies	**–**	**89**	**89**	**65**	–	79	79	63
Total	**46**	**89**	**135**	**100**	44	80	124	100

The principal actuarial assumptions used were as follows:

	2016 % a year Germany	2016 % a year Other European countries	2016 % a year UK	2015 % a year Germany	2015 % a year Other European countries	2015 % a year UK
Discount rate	**1.70–1.80**	**1.50**	**2.80**	2.60	2.20	4.00
Long-term inflation rate	**1.50–1.70**	**1.50–2.00**	**2.20**	1.50–1.70	1.80–2.00	2.20
Future salary increases	**2.25**	**2.00–4.00**	**–**	2.25	2.11–4.50	–
Future pension increases	**1.00–1.50**	**1.00**	**3.55**	1.00–1.70	1.00	3.35

At 31 December 2016, the weighted-average duration of the defined benefit liability was 17 years (2015: 17 years).

The breakdown of the weighted-average duration by geographical areas is as follows:

	2016	2015
Germany	**18.2**	17.9
Other European countries	**12.6**	12.0
UK	**23.0**	23.0

42 2016: Mainly in connection with the Plan's assets which performed better than expected over the year, resulting in a gain on the assets of €20 million 2015: In connection with the Fremantle Plan's assets for the DB Sections performed worse than expected over the year, resulting in a loss on the assets of €5 million

43 2015: This is mainly due to the Fremantle Plan for an amount of €2 million regarding the outstanding premium paid for balancing the contribution relating to the buy-in policy

At 31 December, the sensitivity of the defined benefit liabilities to changes in the weighted principal assumptions is as follows:

	2016 Increase €m	2016 Decrease €m	2015 Increase €m	2015 Decrease €m
Average life expectancy by 1 year	**(6)**	**6**	4	(4)
Discount rate (effect of 0.5%)	**(21)**	**23**	(17)	19
Future salary growth (effect of 0.5%)	**15**	**(14)**	14	(13)
Future pension growth (effect of 0.5%)	**9**	**(8)**	7	(6)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2016, expected maturity analysis of undiscounted pension (future cash flows) are as follows:

	Less than 1 year €m	1–5 years €m	Less than 10 years €m	Total
Defined benefit liability	12	55	72	**139**

8. 15. Equity

8. 15. 1. Share capital

The Extraordinary General Meeting (EGM) of the Company, held on 25 May 2016, acknowledged that 44,748 physical shares of RTL Group had not been registered in accordance with the provisions of the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg ("Immobilisation Law"). The EGM acknowledged that the Board of directors set the price of the cancelled shares at €32.96 per share in accordance with article 6 (5) of the law.

As a consequence, at 31 December 2016, the subscribed capital amounts to €192 million (2015: €192 million) and is represented by 154,742,806 (31 December 2015: 154,787,554) fully paid-up ordinary shares, without nominal value; the equity of the Company was reduced by €2 million. The amount has been deposited on 15 July 2016 in an escrow account with the Caisse of consignation in accordance with the legal provisions.

8. 15. 2. Treasury shares

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 per share is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition.

Following the shareholders' meeting resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock market 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 SA (the "Liquidity Provider"). During the year ended 31 December 2016, under the Liquidity Agreement, the Liquidity Provider has:
- purchased 574,728 shares at an average price of €73.82; and
- sold 562,659 shares at an average price of €74.17, in the name and on behalf of the Company.

At 31 December 2016, a total of 47,488 (2015: 35,419) RTL Group shares are held by the Company and €7.0 million (2015: €7.7 million) are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

8. 15. 3. Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on investments accounted for using the equity method for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group's net investment in specific undertakings, as repayment of those loans is not anticipated within the foreseeable future.

8. 15. 4. Hedging reserve

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Between 31 December 2015 and 31 December 2016, the hedging reserve increased by €5 million before tax effect. This consists of:

- Increase by €14 million due to foreign exchange contracts that existed at 2015 year end and which were still hedging off-balance sheet commitments at 31 December 2016;
- Decrease by €34 million due to foreign exchange contracts that existed at 2015 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2016 from the hedging reserve to income statement;
- Increase by €25 million due to foreign exchange contracts entered into in 2016 hedging new off-balance sheet commitments.

Between 31 December 2014 and 31 December 2015, the hedging reserve increased by €8 million before tax effect. This consists of:

- Increase by €34 million due to foreign exchange contracts that existed at 2014 year end and which were still hedging off-balance sheet commitments at 31 December 2015;
- Decrease by €28 million due to foreign exchange contracts that existed at 2014 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2015 from the hedging reserve to income statement;
- Increase by €2 million due to foreign exchange contracts entered into in 2015 hedging new off-balance sheet commitments.

8. 15. 5. Revaluation reserve

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of available-for-sale investments (see note 8.5.) until the investment is derecognised or impaired for €20 million (2015: €18 million). The amount of OCI recycled to profit or loss and related to available-for-sale investments disposed of in 2016 is € nil million (2015: € nil million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2016: €55 million; 2015: €55 million).

8. 15. 6. Dividends

On 20 April 2016, the Annual General Meeting of Shareholders decided, after having taken into account the interim dividend of €1.00 per share paid on 10 September 2015, to distribute a final dividend of €3.00 per share. Accordingly, an amount of €460 million was paid out on 28 April 2016.

On 24 August 2016, RTL Group's Board of Directors authorised the distribution of an interim dividend of €1.00 per share. The payment on 8 September 2016 amounted to €154 million.

8. 15. 7. Share-based payment plans

Groupe M6 share-based payment plans

Groupe M6 has established employee share option plans open to directors and certain employees.The number of options granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted (in thousands)[44]	Remaining options (in thousands)	Vesting conditions
Free shares plans				
	04–2014	149.55	–	2 years of service
	10–2014	513.15	–	2 years of service + performance conditions
	05–2015	32.50	32.50	2 years of service
	07–2015	480.40	453.20	2 years of service + performance conditions
	07–2016	440.60	437.30	2 years of service + performance conditions
	07–2016	361.00	361.00	2 years of service + performance conditions
Total		**1,977.20**	**1,284.00**	

The Free Shares Plans are subject to performance conditions. A description by plan is given below:

- The plans at 13 October 2014, 28 July 2015 and 27 July 2016 are subject to Groupe M6 achieving its target growth in net consolidated result over the periods 2014, 2015 and 2016 respectively; the second plan at 27 July 2016 is subject to a cumulated performance requirement over 3 years;
- The plans at 14 April 2014 and 11 May 2015 are only subject to the presence in Groupe M6.

Approximately 1,284,000 free shares are still exercisable at the end of the year against 1,147,000 at the beginning of the year. 802,000 free shares were granted during the year with 620,000 being exercised and 45,000 being forfeited.

The price to be paid to exercise each of the remaining options is the average price of shares in Métropole Télévision SA on the Paris Stock Exchange over the 20 trading days preceding the date of grant with the exception of the management free share allocation plan.

Movements in the number of share options are as follows:

	Average exercise price € per share	**2016 thousands of options**	Average exercise price € per share	2015 thousands of options
Options outstanding at the beginning of the year	**–**	**–**	15	233
Options exercised during the year	**–**	**–**	15	(152)
Options expired/cancelled during the year	**–**	**–**	15	(81)
Options outstanding at the end of the year	**–**	**–**	–	–

Free share options outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	**Number of shares 2016**	Number of shares 2015
Free shares plans			
	2016	**–**	634
	2017	**486**	513
	2018	**798**	–
Total		**1,284**	1,147

The market price of Métropole Télévision shares on the Paris Stock Exchange was € 17.67 at 31 December 2016 (€ 15.84 at 31 December 2015).

44 The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted future expected dividends that employees cannot receive during the vesting period.

Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Option life	Employee expense 2016 €m	Employee expense 2015 €m
Free shares plans						
26/07/2013	14.79	0.58	6.10	2 years	**–**	1.9
14/04/2014	16.05	0.53	5.60	2 years	**0.3**	0.8
13/10/2014	12.03	0.23	7.60	2 years	**1.5**	1.9
11/05/2015	18.62	0.16	4.80	2 years	**0.2**	0.1
28/07/2015	18.38	0.22	4.90	2 years	**3.0**	1.3
28/07/2016	16.24	(0.10)	5.50	2 years	**1.2**	–
28/07/2016	16.24	(0.10)	5.50	2 years	**1.0**	–
Total					**7.2**	6.0

Style Haul Inc Share-based payment plan

Some employees of Style Haul Inc benefit from a share-based payment plan in RTL US Holding, Inc, its parent company. The plan qualifies as a cash-settled share-based payment transaction. This plan was fully vested as of 31 December 2015 (see note 6.2.).

Other plans

There are other insignificant share-based payment plans within the Group. The total expense associated to these plans amounts to €2.4 million for the year ending 31 December 2016 (2015: €3 million).

Dilution can occur when beneficiaries of stock option plans or holders of other optional securities exercise their options. At 31 December 2016, the dilutive effects in the Group's ownership percentage are as follows:
- dilution of RTL Group interest in SpotXchange Inc by 4.01 per cent;
- dilution of RTL Group interest in BroadbandTV Corp by 6.46 per cent;
- dilution of RTL Group interest in YoBoHo New Media Private Ltd by 13.90 per cent.

The Group has been already diluted by 3.3 per cent to 67.5 per cent in the share of SpotX following the exercise by employees of their options during the third quarter 2016.

8. 15. 8. Non-controlling interests

The Group owns 48.4 per cent in Métropole Télévision SA, which together with its subsidiaries and investments accounted for using the equity method represent Groupe M6, listed on the Paris Stock Exchanges (see note 12.). Shares not owned by the Group are material for the Group.

The total non-controlling interests is €475 million at 31 December 2016 (2015: €455 million), of which €428 million (2015: €409 million) is for Groupe M6.

Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the restated information relating to Groupe M6, before any intra-group elimination.

Summarised financial information:

	Groupe M6 2016 €m	2015 €m
Non-current assets	**571**	537
Current assets	**932**	910
Current liabilities	**(602)**	(593)
Non-current liabilities	**(84)**	(71)
Net assets	**817**	783
Revenue	**1,284**	1,254
Profit before tax	**247**	201
Income tax expense	**(94)**	(87)
Profit for the year	**153**	114
Other comprehensive income	**(1)**	6
Total comprehensive income	**152**	120
Total comprehensive income allocated to non-controlling interests	**80**	62
Dividends paid to non-controlling interests	**(56)**	(57)
Net cash from operating activities	**269**	156
Net cash used in investing activities	**(146)**	(128)
Net cash used in financing activities	**(125)**	(108)
Net decrease in cash and cash equivalents	**(2)**	(80)

Transactions on non-controlling interests

These transactions mainly relate to:

2016

Transactions on non-controlling interests without a change in control:

- Groupe M6 has granted, acquired and disposed of own shares in respect to the employee share option plans (see note 8.15.7.), the forward purchase contract (see note 8.15.9.) and the liquidity programme.
- SpotXchange Inc has granted own shares in respect to the employee share option plan (see note 8.15.7)
- CBS Studios International contributed €1 million in a number of capital increases in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share.

The transactions on non-controlling interests with a change in control relate to Smartclip and iGraal (see note 6.2.).

2015

Transactions on non-controlling interests without a change in control:

- On 1 January 2015, RTL Nederland Interactief BV disposed of 49 per cent, out of the 100 per cent held in Videostrip BV (renamed SpotXchange Benelux BV) to SpotXchange Inc (held at 70.8 per cent by the Group) resulting in a dilution of RTL Group's interest of 14.2 per cent;
- On 1 August 2015, RTL Nederland Ventures BV increased its interest in the e-learning company Dutch Learning Company BV ("DLC") from 80.3 per cent to 100 per cent (see note 6.2.);
- CBS Studios International contributed €2 million in a number of capital increases in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share;
- Groupe M6 has granted, acquired and disposed of own shares in respect to the employee share option plans (see note 8.15.7.), the forward purchase contract (see note 8.15.9.) and the liquidity programme.

The transactions on non-controlling interests with a change in control relate to YoBoHo New Media Private Ltd and Wildside Srl (see note 6.2.).

8. 15. 9. Derivatives on equity instruments

Derivative instruments relate to forward transactions by Groupe M6 on Métropole Télévision SA shares.

9. COMMITMENTS AND CONTINGENCIES

	2016 €m	2015 €m
Guarantees and endorsements given	**22**	20
Contracts for purchasing rights, (co-)productions and programmes[45]	**2,671**	2,456
Satellite transponders	**109**	123
Operating leases	**471**	480
Purchase obligations in respect of transmission and distribution	**170**	185
Other long-term contracts and commitments	**69**	136

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Certain UK companies in the FremantleMedia Group have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A 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 the end of the financial year to 31 December 2016. A full list of the companies which have made use of the audit exemption is presented in note 12.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

9. 1. Operating leases

Non-cancellable operating lease rentals are as follows:

Lease Payments	2016 Under 1 year €m	2016 1–5 years €m	2016 Over 5 years €m	2016 Total €m	2015 Under 1 year €m	2015 1–5 years €m	2015 Over 5 years €m	2015 Total €m
Other operating leases	**75**	**208**	**188**	**471**	73	201	206	480

"Other operating leases" mainly relates to the rental of offices, buildings and equipment in Germany, France and the United Kingdom.

9. 2. Purchase obligations in respect of transmission and distribution

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the RTL Group TV channels and radio stations.

9. 3. Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €69 million at 31 December 2016 (2015: €136 million).

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audiovisual rights and television programming that are enforceable and legally binding and that specify all significant terms.

FremantleMedia has arrangements for a remaining period of one year in relation to sale and lease back transactions for an amount of below €1 million (2015: €2.5 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a "restricted bank account" at A-rated banks in order to satisfy the lease payments, and is not considered as an asset in accordance with SIC 27. Income received by FremantleMedia was recognised in the income statement when entering into these arrangements.

45 Of which €38 million of commitments relating to joint ventures (2015: €54 million)

10. RELATED PARTIES

Identity of related parties

At 31 December 2016, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH ("BCH") (75.1 per cent). The remainder of the Group's shares are publicly listed on the Brussels, Frankfurt and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

10. 1. Transactions with shareholders

Sales and purchases of goods and services

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €9 million (2015: €10 million) and €23 million (2015: €24 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €3 million (2015: €2 million) and €8 million (2015: €4 million), respectively.

Deposits Bertelsmann SE & Co. KGaA

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

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

At 31 December 2016, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million on a one-to-three month basis and € nil million on an overnight basis). The interest income for the period is € nil million (2015: € nil million).

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

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

At 31 December 2016, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million). The interest income for the period is insignificant (2015: insignificant).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2016, the balance of the cash pooling accounts receivable and payable amounts to € nil million (2015: € nil million). The interest income/expense for the year is € nil million (2015: € nil million).

Loans from Bertelsmann SE & Co. KGaA and BeProcurement Sàrl

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

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to BeProcurement Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2016, the term loan balance amounts to €500 million (2015: €500 million);

- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable where for purposes of calculation of the payable commitment fee the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 December 2016, the total of revolving and swingline loan amounts to €389 million (2015: €542 million).

The interest expense for the period amounts to €15 million (2015: €17 million). The commitment fee charge for the period amounts to €0.6 million (2015: €0.4 million).

Tax

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

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

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

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

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

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

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

At 31 December 2016, the balance payable to BCH amounts to €578 million (2015: €583 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €423 million (2015: €472 million).

For the year ended 31 December 2016, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €171 million (2015: €176 million). The Commission amounts to €16 million (2015: €65 million). The brought forward income tax losses available for offset were fully consumed at 31 December 2015.

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €2 million (2015: €2 million).

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

10. 2. Transactions with investments accounted for using the equity method

The following transactions were carried out with investments accounted for using the equity method:

	2016 €m	2015 €m
Sales of goods and services to:		
Associates	**31**	29
Joint ventures	**54**	55
	85	84
Purchase of goods and services from:		
Associates	**8**	9
Joint ventures	**20**	17
	28	26

Sales and purchases to and from investments accounted for using the equity method were carried out on commercial terms and conditions, and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

	2016 €m	2015 €m
Trade accounts receivable from:		
Associates	**11**	16
Joint ventures	**10**	16
	21	32
Trade accounts payable to:		
Associates	**6**	3
Joint ventures	**1**	–
	7	3

10. 3. Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to the members of the Executive Committee and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and reflects benefits for the period for which the individuals held the Executive Committee position:

	2016 €m	2015 €m
Short-term benefits	**8.2**	8.0
Post-employment benefits	**0.2**	0.2
Long-term benefits	**4.4**	4.4
	12.8	12.6

10. 4. Directors' fees

In 2016, a total of €0.6 million (2015: €0.6 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. SUBSEQUENT EVENTS

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until the first half of 2019, at the latest. The strike price of the option is based on a variable component. The transaction qualifies as a business combination since RTL Group gains the control of Divimove. The amount of the re-measurement to fair value of the pre-existing interest is estimated at €14 million.

On 27 September 2016, Magyar RTL Televízió Zártkörûen Mükõdõ Részvénytársaság ("RTL Hungary") entered into an agreement to acquire 30 per cent stake representing 51 per cent of the voting rights in Central Digital Media Kft ("Central Digital Media"), one of the leading web publishers in Hungary. Central Digital Media is operating a number of websites and mobile apps. Central Digital Media is ranked as one of the top three online media companies in Hungary, based on web analytics. The acquisition, subject to approval by the Hungarian competition authority, would significantly accelerate the Group's strategy to increase RTL Hungary's presence in the digital media market. The transaction would qualify as a business combination since M-RTL would gain control of Central Digital Media. RTL Hungary would also hold call options on the remaining 70 per cent shares exercisable 18 months after the deal completion. However, in the second part of February 2017, the Hungarian competition authority decided to refuse its approval of the transaction. RTL Hungary is currently assessing this decision and possible legal actions.

On 8 March 2017, RTL Group's Board of Directors acknowledged the request from Mrs. Anke Schäferkordt to resign as Co-CEO of RTL Group and to step down from the Board of Directors, with effect from the Annual General Meeting on 19 April 2017. Anke Schäferkordt will continue to be the CEO of Mediengruppe RTL Deutschland.

It will be proposed at the AGM, to be held at 19 April 2017, that Mr. Bert Habets joins RTL Group's Board of Directors as Executive Director with immediate effect. The Board has decided, on 8 March 2017, that Bert Habets then also becomes Co-CEO of RTL Group. The Board has acknowledged that Bert Habets will thus be member of the Group's Executive Committee.

12. GROUP UNDERTAKINGS

	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
LUXEMBOURG*						
RTL Group SA			M			M

BROADCASTING TV	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
AUSTRIA*						
IPA Österreich GmbH		**49.8**	F		49.8	F
BELGIUM*						
Best of TV Benelux SPRL	2	**24.6**	F	2	24.6	F
Home Shopping Service Belgique SA	2	**57.0**	F	2	57.0	F
RTL Belgium SA		**65.8**	F		65.8	F
Société Européenne de Télévente Belgique GIE	2	**48.2**	F	2	48.2	F
Unité 15 Belgique SA	2	**48.2**	F	2	48.2	F
CROATIA*						
RTL Hrvatska d.o.o.		**99.7**	F		99.7	F
FRANCE*						
33 FM SAS	2	**45.9**	F	2	45.8	F
Best of TV SAS	2	**24.6**	F	2	24.6	F
C. Productions SA	2	**48.3**	F	2	48.2	F
Edit TV/W9 SAS	2	**48.3**	F	2	48.2	F
Elephorm SAS	2	**16.4**	E		–	
Football Club des Girondins de Bordeaux SASP	2	**48.2**	F	2	48.2	F
Girondins Expressions SASU	2	**48.3**	F	2	48.2	F
Girondins Horizons SASU	2	**48.3**	F	2	48.2	F
GM6 SAS	2	**48.3**	F	2	38.8	F
Home Shopping Service SA	2	**48.2**	F	2	48.2	F
iGraal SAS	2	**24.6**	F		–	
Immobilière 46D SAS	2	**48.3**	F	2	48.2	F
Immobilière M6 SA	2	**48.3**	F	2	48.2	F
Les Films de la Suane Sàrl	2	**48.3**	F	2	48.2	F
Luxview SAS	2	**46.1**	F	2	46.1	F
M6 Bordeaux SAS	2	**48.3**	F	2	48.2	F
M6 Communication SAS	2	**48.3**	F	2	48.2	F
M6 Créations SAS	2	**48.3**	F	2	48.2	F
M6 Développement SASU	2	**48.3**	F	2	48.2	F
M6 Diffusions SA	2	**48.3**	F	2	48.2	F
M6 Divertissement SAS	2	**48.3**	F	2	48.2	F
M6 Editions SA	2	**48.3**	F	2	48.2	F
M6 Evénements SA	2	**48.3**	F	2	48.2	F
M6 Films SA	2	**48.3**	F	2	48.2	F
M6 Foot SAS	2	**48.3**	F	2	48.2	F
M6 Génération/6Ter SAS	2	**48.3**	F	2	48.2	F
M6 Interactions SAS	2	**48.3**	F	2	48.2	F
M6 Publicité SASU	2	**48.3**	F	2	48.2	F
M6 Shop SAS	2	**48.3**	F	2	48.2	F
M6 Studio SAS	2	**48.3**	F	2	48.2	F
M6 Talents SAS	2	**48.3**	F	2	48.2	F
M6 Thématique SA	2	**48.3**	F	2	48.2	F
M6 Web SAS	2	**48.3**	F	2	48.2	F
Mandarin Cinéma SAS	2	**48.3**	F		–	
Métropole Production SA	11	**–**	NC	2	48.2	F
Métropole Télévision – M6 SA	2	**48.3**	F	2	48.2	F
MonAlbumPhoto SAS	2	**48.3**	F	2	48.2	F
Odiso Sàrl	11	**–**	NC	2	48.2	F
Optilens SPRL	2	**46.1**	F	2	46.1	F
Oxygem IT GIE	12	**–**	NC	2	48.2	F
Oxygem SAS	2	**48.3**	F	2	48.2	F

BROADCASTING TV	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
Panora Services SAS	2	**24.1**	JV	2	24.1	JV
Paris Première SAS	2	**48.3**	F	2	48.2	F
Printic SAS	2	**41.8**	F	2	41.8	F
Quicksign SAS	2	**12.0**	E	2	12.0	E
SCI du 107	2	**48.3**	F	2	48.2	F
SEDI TV/Téva SAS	2	**48.3**	F	2	48.2	F
Série Club SA	2	**24.1**	JV	2	24.1	JV
SND Films LLC	2	**48.3**	F	2	48.2	F
SNDA SAS	2	**48.3**	F	2	48.2	F
Société des agences parisiennes SAS	2	**11.8**	E	2	11.8	E
Société Nouvelle de Cinématographie SA	2	**48.3**	F	2	48.2	F
Société Nouvelle de Distribution SA	2	**48.3**	F	2	48.2	F
Stéphane Plaza Franchise SAS	2	**23.7**	E	2	23.6	E
Studio 89 Productions SAS	2	**48.3**	F	2	48.2	F
TCM Droits Audiovisuels SNC	2	**48.3**	F	2	48.2	F
TF6 Gestion SA	12	**–**	NC	2	24.1	JV
TF6 SCS	12	**–**	NC	2	24.1	JV
Unité 15 France SA	11	**–**	NC	2	48.2	F
GERMANY*						
Ad Alliance GmbH		**99.7**	F		99.7	F
CBC GmbH		**99.7**	F		99.7	F
Delta Advertising GmbH		**99.7**	F		99.7	F
El Cartel Media GmbH & Co. KG		**35.8**	E		35.8	E
Gute Zeiten – Schlechte Zeiten Vermarktungsgesellschaft mbH	11	**–**	NC		99.7	F
I2I Musikproduktions- und Musikverlagsgesellschaft mbH		**99.7**	F		99.7	F
Infonetwork GmbH		**99.7**	F		99.7	F
IP Deutschland GmbH		**99.7**	F		99.7	F
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH		**99.7**	F		99.7	F
Mediengruppe RTL Deutschland GmbH		**99.7**	F		99.7	F
Netletix GmbH *(former Netzathleten.net GmbH)*		**99.7**	F		99.7	F
Norddeich TV Produktionsgesellschaft mbH		**99.7**	F		99.7	F
N-TV Nachrichtenfernsehen GmbH		**99.7**	F		99.7	F
RTL Creation GmbH		**99.7**	F		99.7	F
RTL Disney Fernsehen GmbH & Co. KG		**49.8**	JV		49.8	JV
RTL Group Deutschland Markenverwaltungs GmbH		**99.7**	F		99.7	F
RTL Hessen GmbH		**99.7**	F		99.7	F
RTL Hessen Programmfenster GmbH		**59.8**	F		59.8	F
RTL Interactive GmbH		**99.7**	F		99.7	F
RTL International GmbH		**99.7**	F		–	
RTL Nord GmbH		**99.7**	F		99.7	F
RTL Television GmbH		**99.7**	F		99.7	F
RTL West GmbH		**74.8**	F		74.8	F
RTL2 Fernsehen Geschäftsführung GmbH		**35.8**	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		**35.8**	E		35.8	E
Smart Shopping and Saving GmbH		**99.7**	F		99.7	F
Universum Film GmbH		**99.7**	F		99.7	F
Vox Holding GmbH		**99.7**	F		99.7	F
Vox Television GmbH		**99.4**	F		99.4	F
HONG KONG*						
RTL CBS Asia Entertainment Network (HK) Ltd		**70.0**	F		70.0	F

BROADCASTING TV	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
HUNGARY*						
Home Shopping Service Hongrie SA	2	**48.2**	F	2	48.2	F
Magyar RTL Televízió Zártkörűen Müködő Részvénytársaság	4	**99.7**	F	4	99.7	F
R-Time Kft	4	**99.7**	F	4	99.7	F
RTL Holdings Kft	4	**99.7**	F	4	99.7	F
RTL Services Kft	4	**99.7**	F	4	99.7	F
LUXEMBOURG*						
Broadcasting Center Europe SA		**99.7**	F		99.7	F
RTL Belux SA		**65.8**	F		65.8	F
RTL Belux SA & Cie SECS		**65.8**	F		65.8	F
RTL9 SA		**34.9**	E		34.9	E
RTL9 SA & Cie SECS		**34.8**	E		34.8	E
THE NETHERLANDS*						
Buurtfacts BV		**54.8**	JV		54.8	JV
Couverts Reserveren BV	12	**–**	NC	16	99.7	F
Pepper BV	12	**–**	NC	16	99.7	F
Reclamefolder.nl BV		**34.7**	JV		34.7	JV
RTL Live Entertainment BV	16	**99.7**	F	16	99.7	F
RTL Nederland BV	16	**99.7**	F	16	99.7	F
RTL Nederland Holding BV	16	**99.7**	F	16	99.7	F
RTL Nederland Interactief BV	16	**99.7**	F	16	99.7	F
RTL Nederland Ventures BV	16	**99.7**	F	16	99.7	F
Themakanalen BV		**74.8**	F		74.8	F
ROMANIA*						
Cable Channels SA	4	**99.7**	F	4	99.7	F
SINGAPORE*						
RTL CBS Asia Entertainment Network LLP		**70.0**	F		70.0	F

BROADCASTING TV	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
SPAIN*						
Antena 3 Multimedia SLU	5	**18.7**	E	5	18.7	E
Antena 3 Noticias SLU	5	**18.7**	E	5	18.7	E
Antena 3 Television Digital Terrestre de Canarias SAU	5	**18.7**	E	5	18.7	E
Atres Advertising SLU	5	**18.7**	E	5	18.7	E
Atresmedia Cine SLU	5	**18.7**	E	5	18.7	E
Atresmedia Corporación de Medios de Comunicación SA	5	**18.7**	E	5	18.7	E
Atresmedia Foto SL	5	**16.8**	E	5	16.8	E
Atresmedia Hub Factory SL	5	**9.3**	E		–	
Atresmedia Música SLU	5	**18.7**	E	5	18.7	E
Aunia Publicidad Interactiva SL	5	**9.3**	E		–	
Canal Media Radio SAU	5	**18.7**	E	5	18.7	E
Cordina Planet SLU	5	**18.7**	E	5	18.7	E
Flooxplay SLU	5	**18.7**	E	5	18.7	E
Guadiana Producciones SAU	5	**18.7**	E	5	18.7	E
Hola Television América SL	5	**9.3**	E	5	9.3	E
Hola TV Latam SL	5	**7.0**	E	5	7.0	E
I3 Television SL	5	**9.3**	E	5	9.3	E
Musica Aparte SAU	5	**18.7**	E	5	18.7	E
Uniprex SAU	5	**18.7**	E	5	18.7	E
Uniprex Television Digital Terrestre de Andalucia SL	5	**13.8**	E	5	13.8	E
Uniprex Television SLU	5	**18.7**	E	5	18.7	E
Uniprex Valencia TV SLU	5	**18.7**	E	5	18.7	E
SWITZERLAND*						
Goldbach Media (Switzerland) AG		**22.9**	E		22.9	E
USA*						
Hola TV US LLC	5	**7.0**	E	5	7.0	E
SND USA Inc	2	**48.3**	F	2	48.2	F

CONTENT	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
ANTIGUA*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
ARGENTINA*						
Fremantle Productions Argentina SA		**100.0**	F		–	
AUSTRALIA*						
Eureka Productions Pty Ltd		**25.0**	E		–	
Forum 5 Pty Ltd		**100.0**	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	9	**100.0**	F	9	100.0	F
FremantleMedia Australia Pty Ltd	9	**100.0**	F	9	100.0	F
Grundy Organization Pty Ltd	9	**100.0**	F	9	100.0	F
BELGIUM*						
FremantleMedia Belgium NV		**100.0**	F		100.0	F
BRAZIL*						
FremantleMedia Brazil Produção de Televisâo Ltda		**100.0**	F		100.0	F
CANADA*						
FremantleMedia Canada Inc		**100.0**	F		100.0	F
Ludia Inc		**100.0**	F		100.0	F
Miso Film Canada Inc		**51.0**	F		51.0	F
Umi Mobile Inc		**35.3**	E		35.3	E
CHINA*						
Fremantle (Shanghai) Culture Media Co Ltd		**100.0**	F		–	
Radical Media Co. Ltd	14	**34.5**	E	14	34.5	E
CROATIA*						
FremantleMedia Hrvatska d.o.o.		**100.0**	F		100.0	F
DENMARK*						
Blu A/S		**100.0**	F		100.0	F
Miso Estate ApS		**51.0**	F		51.0	F
Miso Film ApS		**51.0**	F		51.0	F
Miso Holding ApS		**51.0**	F		51.0	F
FINLAND*						
FremantleMedia Finland Oy		**100.0**	F		100.0	F
FRANCE*						
1. 2. 3. Productions SAS		**100.0**	F		100.0	F
Fontaram SAS		**51.0**	F		51.0	F
FremantleMedia France SAS		**100.0**	F		100.0	F
Kwaï SAS		**51.0**	F		51.0	F
TV Presse Productions SAS		**100.0**	F		100.0	F

CONTENT	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
GERMANY*						
Divimove GmbH		**75.3**	E		50.8	E
FremantleMedia International Germany GmbH *(former Fremantle Licensing Germany GmbH)*		**99.7**	F		99.7	F
Radical Media GmbH	14	**34.5**	E	14	34.5	E
RTL Group Licensing Asia GmbH		**99.7**	F		99.7	F
RTL Group Services GmbH		**99.7**	F		99.7	F
UFA Brand Communication GmbH	3	**99.7**	F	3	99.7	F
UFA Cinema GmbH	11	**–**	NC		99.7	F
UFA Distribution GmbH		**99.7**	F		99.7	F
UFA Fiction GmbH	3	**99.7**	F	3	99.7	F
UFA GmbH	3	**99.7**	F	3	99.7	F
UFA Serial Drama GmbH	3	**99.7**	F	3	99.7	F
UFA Show & Factual GmbH		**100.0**	F		100.0	F
GREECE*						
Fremantle Productions SA		**100.0**	F		100.0	F
HONG KONG*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
HUNGARY*						
UFA Magyarorszag Kft		**99.7**	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
INDONESIA*						
PT Dunia Visitama		**100.0**	F		100.0	F
ISRAEL*						
Abot Hameiri Communications Ltd		**51.0**	F		–	
ITALY*						
Boats Srl		**62.5**	F		62.5	F
FremantleMedia Italia Spa		**100.0**	F		100.0	F
Offside Srl		**62.5**	F		62.5	F
Quarto Piano Srl		**100.0**	F		100.0	F
Wildside Srl		**62.5**	F		62.5	F
LUXEMBOURG*						
Duchy Digital SA		**99.7**	F		99.7	F
European News Exchange SA		**76.5**	F		76.5	F
MALAYSIA*						
AGT Productions Sdn Bhd	18	**100.0**	F	18	100.0	F
MEXICO*						
FremantleMedia Mexico SA de CV		**100.0**	F		100.0	F

CONTENT	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
THE NETHERLANDS*						
Benelux Film Investments BV		**49.8**	JV		49.8	JV
Fiction Valley BV *(former Four One Media BV)*	8	**100.0**	F	8	100.0	F
FremantleMedia Netherlands BV	8	**100.0**	F	8	100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF		**50.0**	JV		50.0	JV
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
No Pictures Please Productions BV	8	**75.0**	F	8	75.0	F
RTL Nederland Film Venture BV	16	**99.7**	F	16	99.7	F
RTL Nederland Productions BV	16	**99.7**	F	16	99.7	F
NORWAY*						
FremantleMedia Norge AS		**100.0**	F		100.0	F
Miso Film Norge AS		**51.0**	F		51.0	F
POLAND*						
FremantleMedia Polska Sp.Zo.o.		**100.0**	F		100.0	F
PORTUGAL*						
FremantleMedia Portugal SA		**100.0**	F		100.0	F
SINGAPORE*						
FremantleMedia Asia Pte Ltd		**100.0**	F		100.0	F
RTL Group Ventures PTE Ltd *(former UFA Sports Asia Pte Ltd)*		**99.7**	F		99.7	F
SPAIN*						
Fremantle de España SL	6	**99.6**	F	6	99.6	F
FremantleMedia España SA		**100.0**	F		100.0	F
SWEDEN*						
FremantleMedia Sverige AB		**100.0**	F		100.0	F
Miso Film Sverige AB		**51.0**	F		51.0	F
UK*						
Arbie Productions Ltd	15	**100.0**	F	15	100.0	F
Corona TV Ltd		**25.0**	E		25.0	E
Dancing Ledge Productions Ltd		**25.0**	E		–	
Dr Pluto Films Ltd		**25.0**	E		–	
Fremantle (UK) Productions Ltd	15	**100.0**	F	15	100.0	F
FremantleMedia Group Ltd	15	**100.0**	F	15	100.0	F
FremantleMedia Ltd	15	**100.0**	F	15	100.0	F
FremantleMedia Overseas Ltd	15	**100.0**	F	15	100.0	F
FremantleMedia Services Ltd		**100.0**	F		100.0	F
Full Fat Television Ltd		**25.0**	E		25.0	E
Man Alive Entertainment Ltd		**25.0**	E		25.0	E
Naked Entertainment Ltd		**25.0**	E		25.0	E
RTL Group Support Services Ltd		**100.0**	F		100.0	F
Select TV Ltd		**100.0**	F		100.0	F
Squawka Ltd	19	**34.8**	E	19	–	JV
Talkback Productions Ltd	10	**100.0**	F	10	100.0	F
TalkbackThames UK Ltd		**100.0**	F		100.0	F
Thames Television Holdings Ltd	15	**100.0**	F	15	100.0	F
Thames Television Ltd		**100.0**	F		100.0	F
UFA Fiction Ltd	3	**99.7**	F	3	99.7	F
Wild Blue Media Ltd *(former Wild Blue Productions Media Ltd)*		**25.0**	E		–	

CONTENT	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
USA*						
495 Productions Holdings LLC	7	**75.0**	F	7	75.0	F
All American Music Group	7	**100.0**	F	7	100.0	F
Allied Communications Inc		**100.0**	F		100.0	F
Amygdala LLC	13	**100.0**	F	13	100.0	F
Big Balls LLC	7	**95.0**	F	7	95.0	F
Cathedral Technologies LLC	7	**75.0**	F	7	75.0	F
Eureka Productions LLC		**25.0**	E		–	
Fremantle Goodson Inc	7	**100.0**	F	7	100.0	F
Fremantle Licensing Inc	6	**100.0**	F	6	100.0	F
Fremantle Productions Inc	7	**100.0**	F	7	100.0	F
Fremantle Productions Music Inc	7	**100.0**	F	7	100.0	F
Fremantle Productions North America Inc	7	**100.0**	F	7	100.0	F
FremantleMedia Latin America Inc		**100.0**	F		100.0	F
FremantleMedia North America Inc	7	**100.0**	F	7	100.0	F
Good Games Live Inc	7	**100.0**	F	7	100.0	F
Haskell Studio Rentals Inc *(former LBS Communications Inc)*	7	**100.0**	F	7	100.0	F
Leroy & Morton Productions LLC	14	**34.5**	E	14	34.5	E
Max Post LLC	13	**100.0**	F	13	100.0	F
Music Box Library Inc	7	**100.0**	F	7	100.0	F
O'Merch LLC	13	**100.0**	F	13	100.0	F
Op Services LLC	13	**100.0**	F	13	100.0	F
Original Fremantle LLC	13	**100.0**	F	13	100.0	F
Original Productions LLC	13	**100.0**	F	13	100.0	F
Outpost Digital LLC	14	**34.5**	E	14	34.5	E
Pajama Pants Productions Inc	7	**75.0**	F	7	75.0	F
Radical Media LLC	14	**34.5**	E	14	34.5	E
Reg Grundy Productions Holdings Inc	11	**–**	NC	7	100.0	F
Studio Production Services Inc	7	**100.0**	F	7	100.0	F
The Baywatch Productions Company Corporation	7	**100.0**	F	7	100.0	F
The Pet Collective LLC		**35.0**	E		–	
Tiny Riot LLC	7	**100.0**	F	7	100.0	F
Vice Food LLC	7	**30.0**	JV	7	30.0	JV

BROADCASTING RADIO	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
BELGIUM*						
Cobelfra SA		**44.1**	F		44.1	F
Inadi SA		**44.1**	F		44.1	F
IP Belgium SA		**65.8**	F		65.8	F
New Contact SA		**49.8**	JV		49.8	JV
Radio Belgium Holding SA		**44.1**	F		44.1	F
FRANCE*						
Ediradio SA		**99.7**	F		99.7	F
ID (Information et Diffusion) Sàrl		**99.7**	F		99.7	F
IP France SA		**99.7**	F		99.7	F
IP Régions SA		**99.7**	F		99.7	F
RTL Net SAS		**99.7**	F		99.7	F
RTL Special Marketing Sàrl		**99.7**	F		99.7	F
SCP Sàrl		**99.7**	F		99.7	F
SERC SA		**99.7**	F		99.7	F
Sodera SA		**99.7**	F		99.7	F
GERMANY*						
Antenne Niedersachsen GmbH & Co. KG		**57.4**	F		57.4	F
AVE Gesellschaft für Hörfunkbeteiligungen GmbH		**99.7**	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		**99.7**	F		99.7	F
BCS Broadcast Sachsen GmbH & Co. KG		**47.4**	E		47.4	E
Digital Media Hub GmbH *(former AVE I Verwaltungs GmbH)*		**99.7**	F		–	
Funkhaus Halle GmbH & Co. KG		**61.2**	F		61.2	F
Hitradio RTL Sachsen GmbH		**86.3**	F		86.3	F
Madsack Hörfunk GmbH	(***)	**99.7**	F	(***)	99.7	F
Mediengesellschaft Mittelstand Niedersachsen GmbH	(***)	**23.0**	E	(***)	23.0	E
Neue Spreeradio Hörfunkgesellschaft mbH		**99.7**	F		99.7	F
Radio Center Berlin GmbH		**99.7**	F		99.7	F
Radio Hamburg GmbH & Co. KG		**29.1**	E		29.1	E
RTL Radio Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Deutschland GmbH		**99.7**	F		99.7	F
RTL Radiovermarktung GmbH		**99.7**	F		99.7	F
UFA Radio-Programmgesellschaft in Bayern mbH		**99.7**	F		99.7	F
LUXEMBOURG*						
Luxradio Sàrl		**74.8**	F		74.8	F
SWITZERLAND*						
Swiss Radioworld AG		**23.0**	E		23.0	E

(***) At 31 December 2016, the Group legally held 24.9 % and 5.7 % in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH, respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

OTHERS	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
AUSTRALIA*						
SpotXchange Australia Pty Ltd		**67.5**	F		70.8	F
AUSTRIA*						
RTL Group Austria GmbH		**99.7**	F		99.7	F
BELGIUM*						
Audiomedia Investments Bruxelles SA		**100.0**	F		100.0	F
CANADA*						
BroadbandTV Corporation		**57.3**	F		57.5	F
RTL Canada Ltd		**99.7**	F		100.0	F
FRANCE*						
BCE France SAS		**99.7**	F		–	
IP Network SA		**99.7**	F		99.7	F
Société Immobilière Bayard d'Antin SA		**99.7**	F		99.7	F
GERMANY*						
Apareo Deutschland GmbH	12	**–**	NC		99.7	F
Apareo Holding GmbH	12	**–**	NC		99.7	F
RTL Group Central & Eastern Europe GmbH		**99.7**	F		99.7	F
RTL Group Deutschland GmbH		**99.7**	F		99.7	F
RTL Group Vermögensverwaltungs GmbH		**100.0**	F		100.0	F
RTL Radio Luxemburg GmbH		**99.7**	F		99.7	F
Smartclip Holding AG		**93.4**	F		–	
Smartclip AG		**93.4**	F		–	
Sparwelt GmbH		**99.7**	F		99.7	F
SpotXchange Deutschland GmbH (*former SpotXchange Germany GmbH*)		**83.9**	F		85.5	F
UFA Film und Fernseh GmbH		**99.7**	F		99.7	F
INDIA*						
YoBoHo New Media Private Ltd		**50.2**	F		50.3	F
ITALY*						
Smartclip Italia SRL		**93.4**	F		–	
LUXEMBOURG*						
B. & C.E. SA		**99.7**	F		99.7	F
CLT-UFA SA		**99.7**	F		99.7	F
Data Center Europe Sàrl		**99.7**	F		99.7	F
IP Luxembourg Sàrl		**99.7**	F		99.7	F
IP Network International SA		**99.7**	F		99.7	F
Media Properties Sàrl		**99.7**	F		99.7	F
MediaReal Estate SA (*former RTL Group Central & Eastern Europe SA*)		**99.7**	F		99.7	F
RTL Group Germany SA		**99.7**	F		99.7	F

OTHERS	Note	Group's ownership 2016 (**)	Consolidated method (1)	Note	Group's ownership 2015 (**)	Consolidated method (1)
THE NETHERLANDS*						
Dutch Learning Company BV	16	**99.7**	F	16	99.7	F
Future Whiz Media BV	17	**29.7**	JV	17	29.7	JV
Heilzaam BV		**32.5**	JV		–	
NLziet Coöperatief UA		**33.2**	JV		33.2	JV
RTL Group Beheer BV	16	**100.0**	F		100.0	F
Smartclip Benelux BV		**93.4**	F		–	
SpotXchange Benelux BV (*former Videostrip BV*)		**83.9**	F		85.5	F
The Entertainment Group BV	16	**99.7**	F		99.7	F
SINGAPORE*						
RTL Group Asia Pte Ltd		**100.0**	F		100.0	F
SpotX Singapore Pte Ltd		**67.5**	F		–	
SWEDEN*						
SHOC Media Agency AB		**93.4**	F		–	
Smartclip Nordics AB		**93.4**	F		–	
UK*						
CLT-UFA UK Radio Ltd		**99.7**	F		99.7	F
SpotXchange Ltd		**67.5**	F		70.8	F
Style Haul UK Ltd		**97.0**	F		97.0	F
USA*						
BroadbandTV (USA) Inc		**57.3**	F		57.5	F
Clypd Inc		**19.5**	E		19.5	E
RTL US Holding Inc	7	**97.0**	F	7	97.0	F
SpotXchange Inc		**67.5**	F		70.8	F
Style Haul Inc		**97.0**	F		97.0	F
Style Haul Productions Inc		**97.0**	F		97.0	F
VideoAmp Inc		**21.5**	E		21.5	E
YoBoHo New Media Inc		**50.2**	F		50.3	F

* Country of incorporation

1 M: parent company
F: full consolidation
JV: joint venture (equity accounting)
JO: joint operation (proportionate consolidation)
E: equity accounting
NC: not consolidated
2 Groupe M6 ("de facto" control)
3 UFA Berlin Group
4 M-RTL Group
5 Atresmedia
6 Fremantle Licensing Group
7 FremantleMedia North America Group
8 FremantleMedia Productions Netherlands Group
9 FremantleMedia Australia (Holdings) Group
10 Talkback Productions Group
11 Company absorbed by a company of the Group
12 Company sold or liquidated
13 Original Productions
14 Radical Media
15 Company has elected to make use of the audit exemption in accordance with section 479A of UK Companies Act 2006
16 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code
17 The Group holds certificates without voting rights providing a right to 7.5% of dividends distributed, if any
18 Set up as a Special Purpose Vehicle ("SPV") for *Asia's Got Talent* of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose
19 From 30 November 2015, FremantleMedia ("FMM") and Squawka entered into an agreement and loan agreement. At 31 December FMM granted a loan and did not hold any share. Nevertheless conditions are met to consider a joint control by FMM already at 31 December 2015. The initial contractual arrangement was modified in 2016 and as a result FremantleMedia has no longer the joint control but can exercise significant influence. The conversion of the loan (GBP 1m) and a capital injection of GBP 3.5m on 26 April 2016 provided a 34.8% stake to FremantleMedia.

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

AUDITORS' REPORT

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TO THE SHAREHOLDERS OF RTL GROUP S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of RTL Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 107 to 203.

Board of Directors' responsibility for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements set out on pages 107 to 203 give a true and fair view of the consolidated financial position of the Group as of 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 this fact. We have nothing to report in this regard

Other matter
The Corporate Governance Statement includes information required by Article 68bis paragraph (1) 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.

Report on other legal and regulatory requirements
The Director's report, is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis 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 and included in the Corporate Governance Statement is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 8 March 2017

PricewaterhouseCoopers, Société coopérative

Represented by

Gilles Vanderweyen *Magalie Cormier*

GLOSSARY

Addressable TV
Technically a form of programmatic TV (automated ad serving). Major distinguishing factors are its household-level and real-time targeting. Advertisers can buy audiences instead of programmes.

Advertising market share
The advertising market share of a media owner; this represents total advertising sales volume expressed as a percentage of the sales volume of a given market (for example the TV advertising market in Germany).

Advertising sales house
An organisation that sells advertising on behalf of media owners. Sales houses include both in-house sales departments and independent businesses, which typically retain a percentage of sales revenues in exchange for their services.

Advertising technology (also: ad tech)
Technological tools to sell advertising in the digital environment, e.g. with automated processes, such as programmatic advertising, or exchanges and market places. See also pages 22 and 23.

Audience fragmentation
The division of audiences into small groups across an increasing number of media outlets. Audience fragmentation is characteristic of digitisation and the associated proliferation of channels, and can lead to a growth in services catering to specific interest groups.

Audience share
The percentage of a radio or television audience that tuned in to a particular channel or programme during a given period, out of the total radio or television audience in the same period.

Brand-building platform
A platform, or medium, which, through its reach and the range of its viewers or listeners, enables brand owners and advertisers to establish and improve the identity of their brands.

Broadcasting licence
A licence granting the licensee permission to broadcast in a given geographical area.

Business-to-business market
A market in which transactions are carried out between businesses – such as between a content producer and a broadcaster – as opposed to a business-to-consumer market, in which transactions are carried out directly between a business and the end consumer.

Cable distribution
A system of distributing television programmes to subscribers through coaxial cables or light pulses through fibre optic cables. Cable distribution as a means of distributing television signals is usually part of a free-TV broadcasting licence.

Cash conversion rate
See note 3 to the Consolidated Financial Statements.

Cash flow
See note 3 to the Consolidated Financial Statements.

Cash flow statement
See note 3 to the Consolidated Financial Statements.

Catch-up service
Usually refers to video-on-demand services that allow viewers to watch or listen to programmes at a time chosen by the consumer after the initial broadcast (often available for the seven following days). Many catch-up services also offer previews and archive content.

Commercial broadcaster (free-to-air)
Usually a privately owned business, active in television and/or radio broadcasting. Commercial broadcasters are financed to a large extent by the sale of advertising.

Commercial target group
A standard established by industry players, defining the largest common denominator within the total population, relevant for advertisers' demand and pricing. Commercial target groups can be defined by age, gender and other demographic factors.

Compound Annual Growth Rate (CAGR)
A measure of growth over multiple time periods. It can be thought of as the growth rate that gets you from the value at one point in time to the value at another point in time if assumed that the investment has been compounding over the time period.

Connected TV (CTV)
A web-connected television device.

Content production
The creation of original content for television broadcast, either by the in-house production department of the broadcaster or an external production company. The production of television formats by a third party production company takes place either on commissioning basis, i.e. specifically ordered by the broadcaster, who owns all rights on a buy-out basis – or as a licensing model (the producer owns the rights and grants limited licence to the broadcaster).

Content rights
Certain intellectual property rights, given to an originator of content for the protection of original works of authorship, or to an assignee, to distribute, sell, broadcast or otherwise exploit an audio-visual work.

Content vertical
A business or brand that aggregates content around a specific demographic or interest group.

Convergent currencies
Measurement of audiences across multiple platforms, such as TV and online, using a single metric, to give a combined audience figure for all viewing, irrespective of delivery channel.

Cross-media offers
Advertising products that cover more than one medium at the same time: for example, TV and online

Deficit funding model
A funding model for content production, in which the broadcaster commissions a production company to produce a show, and pays a licence fee that does not fully cover the costs of production. The producer funds the deficit in costs in return for retaining certain rights.

Demand Side Platform (DSP)
A computer-based platform that is part of the advertising technology (ad tech) environment. It is used by advertisers or media agencies to automate media buying across multiple sources with unified targeting, data, optimisation and reporting.

Distribution platform
A system for disseminating media content such as audio and video, using infrastructure based on technologies such as cable, satellite, terrestrial broadcast, IPTV and the open internet.

Dividend
All shareholders are entitled to the portion of the net profit distributed by a company that corresponds to the amount of their shareholding. This payment is known as a dividend. The amount of the dividend is proposed by the Executive Commitee and approved by the Annual General Meeting. The dividend depends, among other things, on the Group's financial and the amount of cash earmarked for further growth opportunities.

Docu drama / docu soap / docu series
A genre of radio and television programming that presents dramatised re-enactments of actual events in the style of a documentary.

Digital revenue
"Digital" refers to internet-related activities, excluding online sales of merchandise ("e-commerce"). Digital revenue encompasses the different categories of revenue, for example other advertising sales, the production/distribution of films, programmes and other rights and the professional services. To summarise: unlike some competitors, RTL Group only recognises pure digital businesses in this category/revenue stream and does not consider e-commerce, home shopping and platform revenue as part of its digital revenue.

Digital Video Ad
An Ad that is displayed online, through a web browser or browser-equivalent based internet activity that involves streaming video.

DTT
Digital terrestrial television (DTT) is a distribution system that broadcasts digital TV signals 'over-the-air' from a ground-based transmitter to a receiving antenna attached to a digital receiver.

EBIT
See note 3 to the Consolidated Financial Statements.

EBITA
See note 3 to the Consolidated Financial Statements.

EBITDA
See note 3 to the Consolidated Financial Statements.

E-commerce
The buying and selling of products or services over electronic systems such as the internet and other computer networks.

Flat rate subscription
A payment model for premium services that can be accessed during a specified period of time, in exchange for a recurring fixed fee, regardless of the quantity and/or length of usage in that same time period (see also SVOD).

Format
Describes the overall concept, premise and branding of a copyrighted television programme. A format can be licensed by TV channels, so that they may produce a version of the show tailored to their nationality and audience.

Free float
The number of shares in a company that are not owned by major shareholders but owned by many different shareholders and can therefore be traded freely in the capital market.

Game show
A radio or television programming genre in which contestants, television personalities and/or celebrities, play games that involve answering questions or solving specific tasks usually for money and/or prizes.

HbbTV
Hybrid broadcast broadband television (HbbTV) is an industry technology standard for combining broadcast TV services with services delivered via the internet on connected TVs and set-top boxes.

HDTV
High-definition television (HDTV) is both a type of television that provides better resolution than standard definition television, and a digital TV broadcasting format that enables the broadcast of pictures with more detail and quality than standard definition.

Impression
The number of times a user is shown a video or ad – in other words, the number of chances they have to see the ad. The user doesn't need to interact with the video or ad for it to count as an impression. Impressions are commonly accepted as a billing standard for video ads running across all types of content. Ad campaigns are usually measured in terms of number of impressions.

IPTV
Internet protocol television (IPTV) is the term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol, the technology used to access the internet.

KPI
Key Performance Indicator (KPI) is a type of performance measurement. See note 3 to the Consolidated Financial Statements.

Linear TV
The provision or viewing of television programmes in a fixed time sequence according to a given schedule.

Long-form video content
A descriptive term for a type of video content that has a beginning, middle and end, and which typically lasts longer than 10 minutes in total. If the content is ad supported, it typically contains breaks (mid-roll).

LTIP
Long-term incentive plan ("LTIP"). See note 7.3.1. to the Consolidated Financial Statements.

Market capitalisation
Value of a listed company determined by multiplying the market price of a stock (on a given date or average) with the number of outstanding shares.

MDAX
The MDAX is a stock index which lists companies listed in Germany. The index reflects the price development of the 50 largest companies from the Prime Standard segment of Deutsche Börse excluding technology sector which rank below the DAX index. The composition of the index is reviewed on a semi-annual basis and adjusted in March and September. The criteria for weighting the shares in the index are: trading volume and market capitalisation on the basis of the number of shares in free float, as well as position in the respective sector.

Multi-channel network
Multi-channel networks (MCNs) are service providers that affiliate with multiple channels on a given platform such as YouTube to offer services that may include audience development, content programming, creator collaborations, digital rights management, monetisation, and/or sales. They offer these services in exchange for a share of revenue.

Net debt to EBITDA ratio
See note 3 to the Consolidated Financial Statements.

Net financial debt
See note 3 to the Consolidated Financial Statements.

NOPAT
See note 3 to the Consolidated Financial Statements.

Non-linear content
Content that is provided and/or viewed on demand, outside of a linear broadcast schedule.

Online advertising
A form of advertising that uses the internet to deliver marketing messages to an audience of online users.

Online display advertising
A form of online advertising in which an advertiser's message is shown on a web page in a variety of formats – both in-page (e.g. banner ads) and in-stream (e.g. overlay banners) – which use various techniques to enhance the visual appeal of the advertising, as opposed to online classified and search advertising.

Original content
Content that is produced specifically for a certain distribution platform (e.g. TV) and shown for the first time on that platform.

OTT
Over-the-top (OTT) is a term for the delivery of content or services over the open internet rather than via a managed network.

Overlaying
The superimposition of content (such as text, graphics, video) on a TV programme or advertisement shown on a TV screen.

Pay-TV
A commercial service that broadcasts or provides television programmes to viewers in exchange for a monthly charge or per-programme fee.

Phasing effect
Financial effects (positive or negative) on revenue or profit over a period longer than the reporting period, resulting from the time difference between allocation of costs and return of investment.

Playlist start
The number of times a playlist – including video content and ads – is started.

Prime time
That part of a broadcaster's programming schedule that attracts the most viewers and is therefore the most relevant in terms of advertising. The start and end time of prime time is typically determined by the medium (e.g. radio or television) and defined by the industry in each market, and can therefore vary from one country to another.

Programme format
See "format" above.

Public broadcaster
A publicly owned company, active in television and/or radio broadcast, whose primary mission is often public service related. Public broadcasters may receive funding from diverse sources including license fees, individual contributions, public financing and advertising.

Real time bidding (RTB)
The means by which ad inventory is bought and sold on a per-impression basis, via programmatic instantaneous auction, similar to financial markets.

RVA
"RTL value-added" is a RTL Group specific measure of shareholder value creation based on economic value added. See note 3 to the Consolidated Financial Statements.

Sales house
See "advertising sales house".

Second screen
An electronic device such as a tablet or smartphone that is used simultaneously with television consumption. Second screen applications may allow audiences to access additional content and services related to the broadcast programme, or to interact with the content consumed through the primary screen.

Short-form video
A descriptive term for a type of video content that lacks a content arc, and which typically lasts less than 10 minutes in total.

Supply side platform (SSP)
An advertising technology platform that represents inventory (for example through publishers), and its availability. An SSP allows many of the world's larger web publishers to automate and optimise the selling of their online media space.

Sycos
RTL Group's synergy committees (Sycos) are comprised of executives and experts from each segment and from the Corporate Centre and meet regularly to discuss topics such as programming, news, radio, advertising sales and new media. While each segment makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas. The Sycos are coordinated by RTL Group's Corporate Strategy team.

Terrestrial broadcasting TV
A system to disseminate audio-visual content in the form of radio waves over the air from a ground-based transmitter to a receiving antenna.

Time-shifted viewing / consumption
The viewing of programming recorded to a storage medium (e.g. personal video recorder), at a time more convenient to the viewer than the scheduled linear broadcast.

TV household
A household equipped with at least one TV set.

Underlying revenue
Revenue adjusted for scope changes and at constant exchange rates.

Unique user
A metric that seeks to count as individuals, visitors who visit a website more than once in a given period of time.

Vertical network
A business that aggregates multiple content publishers into themed content verticals for which it may offer centralised advertising sales services.

Video view
The number of times a video has been viewed. Technology vendors may use the metric 'creative view' to help track which technical version of an ad was played in a particular environment, but that metric is used for technological analysis and not for measuring user engagement. Often confused with impression.

VOD/video-on-demand
A service that enables viewers to watch video content when they choose to, outside of any linear schedule.

- **AVOD – advertising-funded VOD**
  A typical example includes catch-up services from TV channels that allow free access to video content seven days after the broadcast, funded by advertising.
- **SVOD – subscription-funded VOD**
  A VOD service that is financed by subscription fees. See also flat rate subscription.
- **TVOD – transaction-funded VOD**
  A VOD service that is financed on single transactions per view or content item.

CREDITS

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65 Bertelsmann SE & Co. KGaA

68 Sylvie Lancrenon/M6

70 FremantleMedia

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FIVE-YEAR SUMMARY

	Year to December 2016 €m	Year to December 2015 €m	Year to December 2014[1] €m	Year to December 2013[2] €m	Year to December 2012 €m
Revenue	**6,237**	6,029	5,808	5,824	5,998
– of which net advertising sales	**3,772**	3,602	3,432	3,362	3,397
Other operating income	**111**	55	83	51	45
Consumption of current programme rights	**(2,070)**	(2,015)	(1,903)	(1,924)	(2,015)
Depreciation, amortisation, impairment and valuation allowance	**(215)**	(199)	(203)	(198)	(187)
Other operating expenses	**(2,924)**	(2,750)	(2,682)	(2,663)	(2,790)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(15)**	(6)	(104)	(10)	(10)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**6**	4	1	5	(9)
Profit from operating activities	**1,130**	**1,118**	**1,000**	**1,085**	**1,032**
Share of results of investments accounted for using the equity method	**67**	57	47	117	(53)
Earnings before interest and taxes ("EBIT")	**1,197**	**1,175**	**1,047**	**1,202**	**979**
Net interest expense	**(21)**	(25)	(23)	(22)	(10)
Financial results other than interest	**3**	13	(4)	70	(1)
Profit before taxes	**1,179**	**1,163**	**1,020**	**1,250**	**968**
Income tax expense	**(363)**	(300)	(287)	(302)	(277)
Profit for the year	**816**	**863**	**733**	**948**	**691**
Loss from discontinued operations	**–**	–	–	–	(1)
Profit for the year	**816**	**863**	**733**	**948**	**690**
Attributable to:					
RTL Group shareholders	**720**	789	652	870	597
Non-controlling interests	**96**	74	81	78	93
EBITA	**1,205**	1,167	1,144	1,148	1,078
Impairment of goodwill of subsidiaries	**–**	–	(88)	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(15)**	(6)	(16)	(10)	(10)
Impairment of disposal group	**–**	–	–	(10)	–
Impairment of investments accounted for using the equity method	**–**	–	4	68	(82)
Re-measurement of earn-out arrangements	**1**	10	2	1	2
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**6**	4	1	5	(9)
Earnings before interest and taxes ("EBIT")	**1,197**	**1,175**	**1,047**	**1,202**	**979**
EBITDA	**1,411**	1,360	1,347	1,328	1,257
Basic earnings per share (in €)	**4.69**	5.14	4.25	5.67	3.88
Ordinary dividend per share (in €)	**3.00**	3.00	2.50	2.50	5.10
Extraordinary dividend per share (in €)	**1.00**[3]	1.00[4]	3.00[5]	4.50[6]	5.40
Dividends paid (€million)	**614**	691	999	1,998	783
Average number of full-time equivalent employees	**10,699**	10,325	9,804	9,807	9,590
Net assets (€million)	**3,552**	3,409	3,275	3,593	4,858
Net (debt)/cash (€million)	**(576)**	(671)	(599)	6	1,051

1 Re-presented for changes in purchase price allocation
2 Re-presented following the application of IFRS 5 to Alpha Media Group (discontinued operations)
3 Including an interim dividend, paid in September 2016
4 Including an extraordinary interim dividend, paid in September 2015
5 Including an extraordinary interim dividend, paid in September 2014
6 Including an extraordinary interim dividend, paid in September 2013

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