



H1 2014

**Interim Report
January – June 2014**

**The leading
European
entertainment
network**

HIGHLIGHTS

HIGH-CLASS ENTERTAINMENT

On 8 May 2014, Mediengruppe RTL Deutschland launched its newest channel: Geo Television. The channel was established in co-operation with Gruner + Jahr's Geo magazine and offers excellent documentaries with a focus on nature, technology, exploration, adventure and world history.



In its first month of broadcast, Geo Television premiered more than 40 programmes such as *In The Shadow Of The Moon* (left) and *Frozen Planet* (below)



During its first month on the air, Geo Television already broadcast German TV premieres of more than 40 programmes. The special-interest digital channel has been available in HD quality from launch. It complements Mediengruppe RTL Deutschland's existing pay-TV offerings RTL Crime, RTL Living and Passion, which were launched in 2006.

Geo Television's first distribution partner is Deutsche Telekom. Since May 2014, the channel has been included in the 'Documentary' category of Deutsche Telekom's Entertain service.



MOVE FOR MONETISATION

At the end of July 2014, RTL Group announced that it had signed a binding agreement with the shareholders of SpotXchange to acquire a 65 per cent majority stake in the Denver-based company, which specialises in monetising video advertising.

The company empowers publishers and their sales teams to operate in an ever more complex digital ecosystem by providing innovative and industry-leading programmatic technologies that provide unprecedented transparency, insights and control over the buying behaviour for today's leading brands. More than a billion auctions for video ad impressions are transacted through the SpotXchange platform daily, with ads delivered to 335 million people in over 100 countries each month.

With online video at the heart of its strategy, RTL Group aims to become a leading player in all segments of online video and online video advertising. As part of this strategy, the acquisition of SpotXchange was a logical step towards moving into the area of digital monetisation.

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First-half results: Germany and Benelux with strong profitability – headwinds in France and for FremantleMedia

- **New advertising tax in Hungary triggers significant impairment of €88 million**
- **Growth investments: recent acquisitions SpotXchange and 495 Productions strengthen RTL Group's digital and content businesses in the United States**
- **Strong cash flows: RTL Group will pay out an extraordinary interim dividend of € 2.00 per share in September 2014**

Luxembourg, 21 August 2014 – RTL Group, the leading European entertainment network, announces its interim results to 30 June 2014.

	Half year to June 2014 € m	Half year to June 2013 ¹ € m	Per cent change
Revenue	2,687	2,755	(2.5)
Underlying revenue ²	2,660	2,731	(2.6)
Reported EBITA ³	519	552	(6.0)
Reported EBITA margin (%)	19.3	20.0	
Reported EBITA	519	552	
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(100)	(5)	
Impairment of investments accounted for using the equity method	–	72	
Re-measurement of earn-out arrangements	1	–	
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	2	1	
EBIT	422	620	
Net financial expense	(15)	5	
Income tax expense	(160)	(158)	
Profit for the period	247	467	
Attributable to:			
– Non-controlling interests	45	49	
– RTL Group shareholders	202	418	(51.7)
Reported EPS (in €)	1.32	2.72	

¹ All financial figures for H1/2013 are restated for IFRS 11

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

Exchange rate effects reduce Group revenue by € 21 million year-on-year; combination of goodwill impairment on RTL Hungary and positive one-off effects in H1/2013 result in significantly lower net profit

- **Advertising markets** continued to show signs of recovery in the first half of 2014. With the exception of France, which was estimated to be down 2.4 per cent, all European net TV advertising markets in RTL Group's territories were up year-on-year
- Reported **Group revenue** was down to €2,687 million (H1/2013: €2,755 million), mainly due to negative exchange rate effects, lower advertising sales in France and lower revenue from Fremantle-Media and UFA Sports
- RTL Group's **digital revenues**⁴ continued to show dynamic growth, up 10.0 per cent to €113 million thanks to organic growth and new acquisitions
- Reported **EBITA** was €519 million compared to €552 million in H1/2013. The decrease is mainly due to lower profit contributions from Fremantle-Media and RTL Group's broadcasting operations in France, which offset growth from Germany and the Netherlands. Despite the Football World Cup, RTL Group's families of TV channels in Germany, France and the Netherlands reported significantly higher EBITA in Q2/2014
- Reported **EBITA margin** at the high level of 19.3 per cent (H1/2013: 20.0 per cent)
- **Net profit** attributable to RTL Group shareholders declined to €202 million (H1/2013: €418 million). This was principally due to movements in impairment charges. In the first half of 2014, RTL Group recorded a goodwill impairment on RTL Hungary amounting to €77 million. Conversely, the net profit for the first half of 2013 included a significant positive one-off effect of €72 million, resulting from the reversal of an impairment on RTL Group's holding in the Spanish broadcasting company Atresmedia
- **Net cash** from operating activities of €401 million, resulting in an operating cash conversion of 90 per cent; RTL Group had **net financial debt** of €475 million as of 30 June 2014
- On 20 August 2014, RTL Group's Board of Directors authorised the distribution of an **extraordinary interim dividend** of €2.00 per share, to be paid in September 2014. This reflects the Group's cash flows and its target net debt to full-year EBITDA ratio of 0.5 to 1.0 times

Mediengruppe RTL Deutschland reports its best ever first-half operating profit

- EBITA of Mediengruppe RTL Deutschland increased by 2.3 per cent to €313 million, mainly driven by a growing digital distribution business and higher profit contributions from investments accounted for using the equity method; the German RTL family of channels achieved a combined audience share of 29.2 per cent among viewers aged 14 to 59, 4.0 percentage points ahead over its main commercial competitor
- At Groupe M6, EBITA was down to €113 million (H1/2013: €127 million) mainly due to lower TV advertising revenue in a tough economic environment
- RTL Nederland's EBITA increased strongly by 15.8 per cent to €44 million (H1/2013: €38 million), driven by higher TV advertising and digital distribution revenue; the unit reported a combined prime time audience share of 31.9 per cent in the commercial target group, maintaining a clear lead of 12.2 percentage points over its main commercial competitor
- FremantleMedia reported a significantly lower EBITA of €29 million (H1/2013: €47 million), mainly due to lower production and distribution volume, one-off costs at the company's headquarter and negative foreign exchange rate effects

⁴ Excluding e-commerce, home shopping and distribution revenue for digital TV



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

“Monetising our rapidly growing digital reach”

Joint statement from Anke Schäferkordt and Guillaume de Posch, Co-Chief Executive Officers of RTL Group:

“Our results for the first half of 2014 show a mixed picture: once more, we’ve achieved a solid operating performance, with record results from our biggest profit centre in Germany and significantly higher EBITA from RTL Nederland. We’ve also made consistent progress in implementing our ‘broadcast – content – digital’ strategy.

However, some factors weigh on our half-year results. The economic environment in France remains difficult for our local TV and radio operations, while FremantleMedia faces continued pressure on volumes and prices. In addition, the new advertising tax in Hungary will strongly reduce the profitability of RTL Hungary. These effects also mean that we have to adapt our outlook for the full year 2014. We now assume a slight decrease in full-year revenue. For the full-year EBITA, we expect a more significant decrease compared to the revenue decline.

Furthermore, today’s impairment charge demonstrates the significant damage caused by the new advertising tax in Hungary. As we already said in July: the precipitous introduction of the confiscatory advertising tax is an alarming signal for all international investors in Hungary. Our audience and financial success has always included two key elements: a local, decentralised management structure and being politically independent. RTL is and will remain deeply rooted in Hungary.

As a business, we remain focused on three strategic goals. First and foremost, we will continue producing, acquiring and airing the best TV content. Finding the new hits – big and small – is a joint priority for both our broadcasters and for FremantleMedia. More than ever, our TV channels have stepped up their own development initiatives in their local markets. Strengthening the creative pipeline – and ultimately improving the profit margin – of FremantleMedia requires targeted investments in new talent, genres and geographical areas, as recently demonstrated with the acquisition of US-based 495 Productions. This will take some time, but we are clearly committed to further scale up our global content arm.

Second: online video is at the heart of our digital strategy, as it will be a key driver of future growth. For the full year 2014, we expect to more than double our online video views to around 40 billion.

Third, monetising our rapidly growing digital reach requires resources and new skills such as aggregation and production of short-form online video and, very importantly, skills in advertising technology. With its leading, state-of-the-art platform for programmatic selling of online video advertising, SpotXchange is a cornerstone investment for RTL Group’s digital growth strategy.”

RTL Group pursues long-term strategy with a series of investments across 'broadcast – content – digital'

Broadcast

- In January 2014, RTL Hrvatska launched its new children's channel RTL Kockica. In the first half of 2014, the new channel already achieved an average daytime audience share of 19.3 per cent among children
- On 27 March, RTL CBS Asia Entertainment Network launched its second pay-TV channel RTL CBS Extreme HD. The channel aims to cater for male audiences and offers action-packed entertainment programmes. The channel is already on air in Singapore, Thailand, the Philippines, Malaysia and Indonesia
- On 8 May, Mediengruppe RTL Deutschland launched its new pay-TV channel, Geo Television, which is available on Deutsche Telekom's IPTV platform Entertain

Content

- At the end of March 2014, FremantleMedia acquired a 75 per cent majority stake in the US-based reality production company, 495 Productions, and has the opportunity to acquire the remaining shareholding in the future. This allows FremantleMedia to expand its share of the valuable US cable market and complements and diversifies FremantleMedia's existing portfolio of content and clients in the biggest TV market worldwide

Digital

- In April 2014, FremantleMedia and Vice Media launched the new multi-channel food platform "Munchies". The companies will co-develop and co-produce digital content for the vertical, which FremantleMedia will take to TV around the world
- End of July, RTL Group announced that it has signed a binding agreement to acquire a 65 per cent majority stake in the programmatic video advertising platform SpotXchange; the investment significantly strengthens RTL Group's global scale across the entire online video advertising market and adds new technology- and data-based competencies
- RTL Group has a strong and rapidly growing presence across all digital platforms. In the first half of 2014:
 - RTL Group's total online video views, including catch-up TV services and websites as well as BroadbandTV on Youtube amounted to 15.7 billion, up 226 per cent year-on-year
 - thereof: FremantleMedia content reached 3.7 billion views, up 29 per cent year-on-year. The company now runs 167 Youtube channels on 35 different territories

FINANCIAL REVIEW

Advertising markets continued to show signs of recovery in the first half of 2014. With the exception of France, which was estimated to be down 2.4 per cent, all European net TV advertising markets in RTL Group's territories were up year-on-year.

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

	H1 / 2014 net TV advertising market growth rate (per cent)	H1 / 2014 audience share in main target group (per cent)	H1 / 2013 audience share in main target group (per cent)
Germany	+2.0 to +3.0 ⁵	29.2 ⁶	31.2 ⁶
France	(2.4) ⁷	21.9 ⁸	22.4 ⁸
Netherlands	+8.2 ⁵	31.9 ⁹	32.4 ⁹
Belgium	+2.7 ⁵	35.2 ¹⁰	36.9 ¹⁰
Spain	+5.7 ¹¹	31.3 ¹²	30.5 ¹²
Hungary	+3.3 ⁵	36.3 ¹³	37.2 ¹³
Croatia	+5.2 ⁵	25.4 ¹⁴	28.9 ¹⁴

Group revenue decreased by 2.5 per cent to €2,687 million (H1/2013: €2,755 million). Taking the scope changes into account, and at constant exchange rates, underlying revenue decreased 2.6 per cent to €2,660 million (H1/2013: €2,731 million).

Reported EBITA decreased by 6.0 per cent to €519 million (H1/2013: €552 million). The reported EBITA margin was 19.3 per cent (H1/2013: 20.0 per cent). The Group's first-half EBITDA¹⁵ was €614 million (H1/2013: €633 million), resulting in an EBITDA margin of 22.9 per cent (H1/2013: 23.0 per cent).

Group operating expenses decreased by 1.3 per cent to €2,209 million, compared to €2,237 million in the first half of 2013.

The impairment and amortisation loss totalling €12 million solely relates to the amortisation and impairment of fair value adjustments on acquisitions of subsidiaries. €9 million of this amount relates to an impairment of intangible assets recognised in a purchase price allocation following the acquisition of the Hungarian cable channels.

An impairment loss on goodwill totaling €88 million has been recorded in the 2014 interim statements. This charge is primarily against the goodwill carried by the Group in RTL Hungary, which has now been fully impaired, and is a direct result of the new adver-

tising tax which came into force on the 15 August 2014. The charge related to RTL Hungary amounts to €77 million. A further smaller impairment charge, amounting to €9 million, has been recognised against the goodwill of Radical Media, a US branded entertainment business wholly owned by FremantleMedia. Further analysis of the impairments and related sensitivity can be found in note 7 in this interim report.

The share of results of investments accounted for using the equity method amounted to €24 million. In 2013, the reported result of €91 million included the reversal of an impairment totalling €72 million, against the associate company Atresmedia. Due to the impact of IFRS 11, joint ventures previously consolidated proportionately, are now consolidated at equity. Accordingly, the 2013 comparatives have been re-stated for this effect.

The net financial expense of €15 million (H1/2013: income of €5 million) primarily reflects a net interest expense of €14 million (H1/2013: expense of €6 million).

The income tax expense increased slightly to €160 million (H1/2013: €158 million).

The profit for the period attributable to RTL Group shareholders was €202 million (H1/2013: €418 million).

5 Source: Industry and RTL Group estimates

6 Target group: 14–59

7 Source: Groupe M6 estimate after TF1 publication

8 Target group: housewives under 50 (including digital channels)

9 Target group: 20–49, 18–24h

10 Target group: shoppers 18–54, 17–23h (prime time)

11 Source: Infoadex

12 Target group: 16–54 (including digital channels)

13 Target group: 18–49, prime time

14 Target group: 18–49, prime time

15 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

Net debt position

The consolidated net debt position at 30 June 2014 amounted to €475 million (31 December 2013: net cash of €6 million; 30 June 2013: net debt of €237 million).

Main portfolio changes**Best of TV**

On 7 January 2014, Groupe M6 acquired 51 per cent of Best of TV SAS. Best of TV has developed a leading position in France in distributing infomercial and teleshopping products through major French retail chains. This acquisition enables Groupe M6 to strengthen the position of its subsidiary, Home Shopping Service, in the home shopping and infomercial business.

495 Productions

End of March 2014, FremantleMedia acquired a 75 per cent majority stake in the US-based reality production company, 495 Productions, and has the opportunity to acquire the remaining shareholding in the future. This allows FremantleMedia to expand its share of the valuable US cable market and complements and diversifies FremantleMedia's existing portfolio of content and clients in the biggest TV market worldwide.

Mistergooddeal

On 31 March 2014, Groupe M6 sold its fully owned subsidiary Mistergooddeal to the Darty Group.

REVIEW BY SEGMENTS

Half-year to June 2014 (H1/2014)

Revenue	H1/2014 € m	H1/2013 € m	Per cent change	Per cent of total H1/2014
Mediengruppe RTL Deutschland	927	927	–	34.5
Groupe M6	670	694	(3.5)	24.9
FremantleMedia	623	666	(6.5)	23.2
RTL Nederland	224	210	+6.7	8.3
RTL Belgium	102	105	(2.9)	3.8
RTL Radio (France)	80	86	(7.0)	3.0
Other segments	154	161	(4.3)	5.7
Eliminations	(93)	(94)	n.a.	(3.4)
Total revenue	2,687	2,755	(2.5)	100.0

EBITA	H1/2014 € m	H1/2013 € m	Per cent change	Per cent of total H1/2014
Mediengruppe RTL Deutschland	313	306	+2.3	60.3
Groupe M6	113	127	(11.0)	21.8
FremantleMedia	29	47	(38.3)	5.6
RTL Nederland	44	38	+15.8	8.5
RTL Belgium	26	25	+4.0	5.0
RTL Radio (France)	7	13	(46.2)	1.3
Other segments	(13)	(4)	n.a.	(2.5)
Reported EBITA	519	552	(6.0)	100.0

EBITA margins	H1/2014 Per cent	H1/2013 Per cent	Percentage point change
Mediengruppe RTL Deutschland	33.8	33.0	+0.8
Groupe M6	16.9	18.3	(1.4)
FremantleMedia	4.7	7.1	(2.4)
RTL Nederland	19.6	18.1	+1.5
RTL Belgium	25.5	23.8	+1.7
RTL Radio (France)	8.8	15.1	(6.3)
Other Segments	(8.4)	(2.5)	(5.9)
RTL Group	19.3	20.0	(0.7)

REVIEW BY SEGMENTS

Second quarter of 2014 (Q2/2014)

Revenue	Q2/2014 €m	Q2/2013 €m	Per cent change	Per cent of total Q2/2014
Mediengruppe RTL Deutschland	478	474	+0.8	34.8
Groupe M6	324	347	(6.6)	23.6
FremantleMedia	310	365	(15.1)	22.6
RTL Nederland	126	120	+5.0	9.2
RTL Belgium	51	53	(3.8)	3.7
RTL Radio (France)	43	47	(8.5)	3.1
Other segments	86	80	+7.5	6.3
Eliminations	(44)	(48)	(8.3)	(3.3)
Total revenue	1,374	1,438	(4.5)	100.0

EBITA	Q2/2014 €m	Q2/2013 €m	Per cent change	Per cent of total Q2/2014
Mediengruppe RTL Deutschland	179	172	+4.1	55.1
Groupe M6	70	67	+4.5	21.5
FremantleMedia	20	37	(45.9)	6.2
RTL Nederland	38	34	+11.8	11.7
RTL Belgium	13	13	–	4.0
RTL Radio (France)	7	11	(36.4)	2.2
Other segments	(2)	11	n.a.	(0.7)
Reported EBITA	325	345	(5.8)	100.0

EBITA margins	Q2/2014 Per cent	Q2/2013 Per cent	Percentage point change
Mediengruppe RTL Deutschland	37.4	36.3	+1.1
Groupe M6	21.6	19.3	+2.3
FremantleMedia	6.5	10.1	(3.6)
RTL Nederland	30.2	28.3	+1.9
RTL Belgium	25.5	24.5	+1.0
RTL Radio (France)	16.3	23.4	(7.1)
Other Segments	(2.3)	13.8	(16.1)
RTL Group	23.7	24.0	(0.3)

MEDIENGRUPPE RTL DEUTSCHLAND

FINANCIAL RESULTS

In the reporting period, the German net TV advertising market was estimated to be up between 2.0 and 3.0 per cent year-on-year. Mediengruppe RTL Deutschland's revenue was stable at €927 million (H1/2013: €927 million). EBITA increased slightly by 2.3 per cent to €313 million (H1/2013: €306 million) – the unit's best ever first-half operating profit, mainly driven by a growing digital distribution business, higher profit contributions from investments accounted for using the equity method and slightly lower programming costs.

	H1/2014 € m	H1/2013 € m	Per cent change
Revenue	927	927	–
EBITA	313	306	+2.3

AUDIENCE RATINGS

The combined average audience share of Mediengruppe RTL Deutschland in the target group of viewers aged 14 to 59 was down to 29.2 per cent in the first six months of 2014 (H1/2013: 31.2 per cent), mainly due to the fact that major sporting events like the Olympic Games and the Football World Cup were broadcast on the public channels. This also led to lower audience shares for the two biggest channels: RTL Television and Vox. However, the German RTL family of channels remained ahead of its main commercial competitor ProSiebenSat1 by 4.0 percentage points.

With an audience share of 13.1 per cent in the target group of viewers aged 14 to 59 during the first six months of 2014 (H1/2013: 14.5 per cent), RTL Television remained the viewers' number one choice – 3.7 percentage points ahead of the second highest-rated channel, Sat1 and ZDF. In terms of total audience, RTL Television registered an audience share of 10.6 per cent and came in third, behind ZDF (13.8 per cent) and ARD (13.0 per cent).

RTL Television scored high ratings across all genres. At the beginning of the year, the eighth season of *Ich bin ein Star – Holt mich hier raus!* (I'm A Celebrity... Get Me Out Of Here!) attracted an average audience share of 39.5 per cent among viewers aged 14 to 59 – 2.5 percentage points more than in the previous season. An average of 8.2 million viewers tuned in to the boxing match Wladimir Klitschko vs Alex Leapai in April, which attracted 36.9 per cent of the viewers in the target group. On average 18.8 per cent of viewers aged 14 to 59 tuned in to RTL Television's talent show *Deutschland sucht den Superstar* (Idols). The seventh season of *Let's Dance* was an audience favourite in April and May with an average audience share of 18.7 per cent in the target group. Complementing RTL Television's information programmes, the investigative *Team Wallraff* caused a lot of stir in Germany and was watched by an average 16.9 per cent of the viewers aged 14 to 59.

In the first half of 2014, Vox's audience share in the target group of 14 to 59 year-old viewers was 6.6 per cent (H1/2013: 7.6 per cent). One of the most popular shows in the first six months of 2014 was *Sing meinen Song – Das Tauschkonzert* with Xavier Naidoo which attracted an average 9.1 per cent of the viewers aged 14 to 59. Also popular were the documentaries about the participating musicians airing directly after the show. On Easter, the ten-part series *The Bible* scored an average audience share of 7.4 per cent in the target group. One of the audience favourites continues to be *Shopping Queen* with Guido Maria Kretschmar, which scored an average audience share of 8.7 per cent in the target demographic.



During the first six months of 2014, **RTL Nitro** almost doubled its audience share year-on-year and was watched by an average 1.5 per cent of the viewers aged 14 to 59 (H1/2013: 0.8 per cent). RTL Nitro did not suffer from the broadcast of the Football World Cup in June 2014 and is currently ranking 11th among all German channels in the target group – ahead of main competitor DMax and close to entering the Top Ten.

During the first half of 2014, **RTL II** attracted 5.4 per cent of the viewers aged 14 to 59 (H1/2013: 5.7 per cent). Again, the access prime time formats *Berlin – Tag & Nacht* and *Köln 50667* were among the most popular shows on RTL II. *Games Of Thrones* scored an average audience share of 6.6 per cent among viewers aged 14 to 59. In prime time, *Die Geissens – Eine schrecklich glamouröse Familie!* and *Die Reimanns – Ein außergewöhnliches Leben* were popular.

The newly launched Disney Channel has been on air in Germany since January 2014, taking some audience shares from the existing players. However, **Super RTL** managed to remain the most popular children’s channel in Germany with an audience share of 20.3 per cent in its target group of 3 to 13-year-olds during the 06:00 to 20:15 time slot (H1/2013: 23.7 per cent), well ahead of its two competitors, Kika (19.2 per cent), Nick (10.4 per cent) and the Disney Channel (7.6 per cent). In day time, *Dragons – Die Wächter von Berk* was watched by an average 27.6 per cent of the target group. The pre-school format *Peter Hase* achieved an average audience share of 30.4 per cent.

N-TV attracted a stable average audience share of 1.0 per cent among viewers aged 14 to 59 during the reporting period. In prime time, N-TV attracted viewers with the ten-part documentary series *Mega Brands* which was watched by an average 1.6 per cent of the target group. N-TV’s news reports are especially popular in the mornings, scoring an average audience share of 1.4 per cent.

NEW MEDIA AND DIVERSIFICATION ACTIVITIES

RTL Interactive is responsible for diversification activities within Mediengruppe RTL Deutschland, including digital content and services.

During the first half of 2014, the catch-up TV services RTL Now, Vox Now, RTL Nitro Now, RTL II Now, Super RTL Now and N-TV Now together with Clipfish registered 330 million views of long-form content – complete episodes of series or shows (H1/2013: 414 million). While big shows still draw large numbers of video views, overall lower online video views reflect decreasing TV audience shares.

Combining these on-demand platforms with the clip portal Clipfish.de, Clipfish Music HbbTV and Mediengruppe RTL Deutschland’s channel and thematic websites, the number of video views of professionally produced content was 606 million (H1/2013: 676 million).

Including all mobile portals and applications of Mediengruppe RTL Deutschland’s portfolio, mobile page impressions were up 5 per cent to 2.95 billion, while mobile video views were up 33 per cent to 138 million. As a part of these figures, apps from the news channel N-TV – together with Mobil.N-TV.de – generated up to 394 million page impressions per month (H1/2013: 248 million), and a total of 1.96 billion page impressions in the first half of 2014 (H1/2013: 1.3 billion).

Since the beginning this year, RTL Interactive has been using the TV screen to promote second screen offers during broadcast, by replacing the channel logo with the “RTL Inside” logo. Additionally, Mediengruppe RTL Deutschland is actively enhancing its non-linear offers: the complete “Now” family of catch-up services is now available via Kabel Deutschland’s “Select Video”, allowing dynamic screening of advertising within the closed network of Kabel Deutschland. In the first half of 2014, Mediengruppe RTL Deutschland launched two new channels for Smart TVs: music channel Dooloop and the fitness channel Fitness & Yoga.

The talent show *Deutschland sucht den Superstar* (Idols) registered 76 million video views (2013: 63 million). With 27.4 million video views, *Ich bin ein Star – Holt mich hier raus!* scored a new record (2013: 21.9 million). Additionally, RTL Interactive registered 2.6 million interactions by users in social networks around the show (2013: 1.45 million). In total, Mediengruppe RTL Deutschland’s shows and channels attracted 24 million fans on Facebook and 1.7 million followers on Twitter.

With some 3.2 million fans on its Facebook page, which is produced by RTL II’s online editorial team, *Berlin – Tag & Nacht* remains Germany’s most popular TV format on the social network. More than 50,000 fans interact on the page on a daily basis. The *Berlin – Tag & Nacht* app was downloaded 1.7 million times, while the *Köln 50667* app was downloaded 1.1 million times.

GROUPE M6

FINANCIAL RESULTS

In the first half of 2014, Groupe M6's reported revenue was down by 3.5 per cent to €670 million (H1/2013: €694 million), mainly due to lower revenues from TV advertising and the sale of Mistergooddeal.

The French net TV advertising market was estimated to be down by 2.4 per cent in the reporting period. Accordingly, the Group's EBITA decreased by 11.0 per cent to €113 million (H1/2013: €127 million).

	H1/2014 €m	H1/2013 €m	Per cent change
Revenue	670	694	(3.5)
EBITA	113	127	(11.0)

AUDIENCE RATINGS

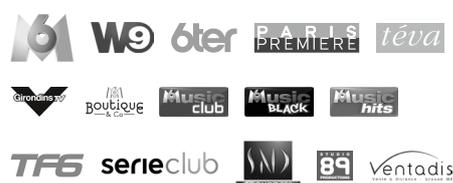
During the first six months of 2014, two major sport events (The Winter Olympic Games and the Football World Cup) had a strong impact on the average audience shares in France. In addition, the six new DTT channels launched in December 2012 continued to grow, reaching an average total audience share of 3.7 per cent, further driving fragmentation.

Groupe M6 reached a combined total audience share of 14.2 per cent during the period (H1/2013: 15.1 per cent). On the main commercial target group of housewives aged under 50, the combined audience share was 21.9 per cent (H1/2013: 22.4 per cent).

M6 remained the second most popular channel in France among housewives under 50, reporting an audience share of 15.5 per cent (H1/2013: 15.8 per cent). In terms of total audience share (9.9 per cent), M6 was the third most popular channel. The channel's flagship programmes such as *Scènes de Ménages*, *L'Amour est dans le pré*, *Les Reines du Shopping*, *Le 19.45*, *Cauchemar en Cuisine* continued to be popular.

The ninth season of *L'Amour est dans le pré* scored an average of 5.4 million viewers and an average audience share of 34.6 per cent among housewives under 50, making it the leading programme in terms of both target group and total audience. In access prime time, the news programme *Le 19.45* was the leading news show among housewives under 50, with an average audience share of 22.7 per cent in the target group. With as many as 4 million viewers tuning in, *Scènes de Ménages* remained the most watched programme in the target group in its time slot. *La Meilleure Boulangerie de France* and *Les Reines du Shopping* increased the viewer base in access prime time, gaining 220,000 viewers year-on-year. The third season of the short comedy *En Famille*, broadcast in summer reached its best performance since its launch with an average audience share of 23.6 per cent in the key commercial target group.

Groupe M6's main digital channel W9 was the second most watched digital terrestrial television (DTT) channel among housewives under 50 with an average audience share of 3.7 per cent (H1/2013: 4.2 per cent). With the reality format *Les Ch'tis vs. Les Marseillais: qui seront les meilleurs*, W9 was the



leading channel among under 25 year-olds in France. Underlining its positioning as a ‘mini-generalist’ channel, W9 scored high ratings in various genres, including movies, magazines, factual entertainment formats, reality TV shows and live broadcasts of Uefa Europa League football matches.

6ter established itself as the leader among the new DTT channels launched in December 2012, registering an audience share of 1.3 per cent in the target group of housewives under 50 during the first six months of 2014 (H1/2013: 0.8 per cent).

In the pay-TV environment, Groupe M6’s channels confirmed their leading positions in their key target groups. Among the 92 thematic channels in the Médiamétrie Médiamat Thématik classification – which measures TV audiences among French households equipped with cable, satellite or IPTV – Paris Première was the most watched channel, while Téva was again the top choice of housewives aged under 50 (audience share: 0.9 per cent).

NEW MEDIA AND DIVERSIFICATION ACTIVITIES

During the first half of 2014, **M6 Web** reached an average audience of 12.9 million unique users per month across its network. During the reporting period, Groupe M6’s total video views grew significantly to 489 million (H1/2013: 313 million), mainly driven by the comedy network Golden Moustache.

In November 2013, M6 Web launched the new digital platform **6play** for the channels M6, W9 and 6ter, offering simple access to Groupe M6’ more than 800 hours of content each month as well as live streaming of the channels M6, W9 and 6ter.

6play – available on both computer and television via virtually all cable, IPTV and satellite packages in France – registered a monthly average of almost 70 million online video views in the first half of 2014 (thereof 10 million live views). In March 2014, M6 launched four thematic digital channels on 6play: Sixième Style, Crazy Kitchen, Comic and Stories.

By the end of June 2014, Groupe M6 apps for iPhone, iPad and Windows Phones had registered almost 17.3 million downloads (30 June 2013: 10 million).

The **M6 Mobile by Orange** service had 2.8 million subscribers by the end of June 2014 in a very competitive market, stable year-on-year.

The football club **Girondins de Bordeaux** – which is owned by Groupe M6 – ended the French League 1 championship in seventh place. Its performance in this competition during the first half of the year and its policy of controlling costs enabled the club to post a positive half-year operating profit.

FREMANTLEMEDIA

FINANCIAL RESULTS

Revenue of FremantleMedia – RTL Group’s production and brand exploitation arm – decreased by 6.5 per cent to €623 million (H1/2013: €666 million), mainly because of unfavourable exchange rate effects and lower production volume and distribution revenue (tape sales). FremantleMedia reported a strongly lower EBITA of €29 million (H1/2013: €47 million), mainly due to lower production and distribution volume, one-off costs at the company’s headquarter and negative foreign exchange rate effects.

	H1/2014 €m	H1/2013 €m	Per cent change
Revenue	623	666	(6.5)
EBITA	29	47	(38.3)

CORPORATE

In March 2014, FremantleMedia acquired a majority stake in 495 Productions, a leading US-based reality production company renowned for its cutting edge, female-skewed programming. The acquisition extends and complements FremantleMedia’s programming.

FremantleMedia’s Scandinavian production company Miso Film expanded its footprint by opening a new office in Sweden to produce both feature films and TV series for the Scandinavian and international market.

PRODUCTION

In the first half of 2014, six entertainment formats have travelled to a combined 15 new territories. *The X Factor* has travelled to three new territories – Georgia, Slovakia and Vietnam – taking its total to 45. *Family Feud* has travelled to three new territories – Croatia, Hungary and Myanmar – taking its total to 61 and *The Noise* has travelled to three new territories – Argentina, Kazakhstan and Singapore – taking its total to four. Other formats that travelled in the first half of 2014 are *Idols*, *Project Runway* and *Take Me Out*. Sitcom *Birds of a Feather* also travelled to a new territory, Lithuania.

In April, Guinness World Records announced *Got Talent* as ‘The World’s Most Successful Reality TV Format’ ever, having been commissioned in an impressive 58 territories worldwide. Since then the format has continued to travel and is now in 62 markets.

In the US, airing its 13th series in 2014, *American Idol* is the leading series on Fox so far this year, winning an average total audience of 11.9 million viewers. The audience share among adults aged 18 to 49 was 9.9 per cent. In January 2014, Fox announced that the US version of *The X Factor* will not be renewed for a fourth season. Launched on 27 May 2014, the ninth series of *America’s Got Talent* premiered to an audience of 14.2 million viewers, slightly up on the Season 8 launch of 13.9 million. Across its first five episodes, *America’s Got Talent* has won an average audience share of 11.1 per cent among 18 to 49 year-olds. A 10th season commission was announced in July 2014. *The Price Is Right* continues to rank as the leading daytime entertainment show in the USA, winning an average audience of 5.4 million viewers and a 12.2 per cent



share in the first-half of 2014 and *Family Feud* hit a new record high becoming the joint leading game show in first-run syndication for the 2013/14 season to date.

In the **UK**, *Britain's Got Talent*, airing in its eighth season from April to June, was once again the most popular entertainment series in the UK in 2014. The show was watched by an average 10.3 million viewers, translating into an average audience share of 52.6 per cent among viewers aged 16 to 34. Returning to UK screens after a 16-year hiatus, *Birds Of A Feather* premiered to 9.5 million viewers on 2 January 2014 ranking as ITV's highest rated sitcom launch in over ten years. Winning a total audience share of 28.6 per cent, *Birds Of A Feather* is the highest rated sitcom in the UK for 2014.

Successfully aired on RTL Television since 1992 *Gute Zeiten, Schlechte Zeiten* (Good Times, Bad Times) continued to be **Germany's** most popular serial drama in the first half of 2014, winning an average audience of 3.1 million viewers. In the key demographic of viewers aged 14 to 59, the show scored an average audience share of 16.4 per cent. Airing its 11th season from January to May, *Deutschland sucht den Superstar* (Idols) won an average audience of 4.1 million viewers. The average audience share among viewers aged 14 to 59 was 18.8 per cent. UFA Fiction's historical theatrical release *Der Medicus* (The Physician) has attracted 3.9 million movie-goers in Germany since its launch in December 2013. 1.9 million more have seen it in Spain, Austria and Switzerland.

In **Australia**, *Neighbours* is the leading drama series across all digital free-to-air channels for 2014, winning an average total audience share of 6.8 per cent. Launching its second season on 20 May 2014, the six episodes of *Wentworth* exceeded pay-TV channel Soho's average audience share by more than 1,000 per cent. The show was re-commissioned for a third season even before the second series aired. Adaptations are in production in Germany and the Netherlands.

Airing its seventh series in 2014 *The X Factor* once again ranked as the most popular entertainment show in **Denmark**, and has been for the past seven years. The show scored an average total audience share of 60.3 per cent.

Aired from March to May 2014, the first series of *Wentworth* in **The Netherlands** won an audience share of 15.7 per cent among shoppers aged 20 to 49. *Wentworth* is the highest rated drama on the Dutch broadcaster SBS 6 for 2014. Before the season finale was aired, SBS 6 announced the commissioning of a second season.

In **France** the ninth series of *L'Amour est dans le pré* (The Farmer Wants A Wife) launched on 26 May 2014, winning an average audience share of 33.3 per cent so far for the key target demographic of housewives under 50. It is the best performing show on M6 for the year to date and has ranked as the highest rated entertainment show on M6 for the past seven years.

FREMANTLEMEDIA INTERNATIONAL

FremantleMedia International (FMI) enhanced its co-operation with creative talent this year with the renewal of two deals with pioneering TV personality and chef Jamie Oliver, and with comedy producer Ash Atalla's Roughcut Television. The business has also established cooperations with talented production companies like CNN Original, Playtone, established by Tom Hanks and Gary Goetzman, as well as Oprah Winfrey's OWN.

KIDS & FAMILY ENTERTAINMENT

FremantleMedia Kids & Family Entertainment properties are continuing to build international presence. *Strange Hill High* is now available in 128 territories adding a further 43 markets - including Australia, New Zealand, Ireland and Turkey - in the first half of 2014. *Tree Fu Tom* is now in 123 markets, adding ten new territories. The most recent kids' title to launch - *Ella the Elephant* - is already in 93 territories adding 11 new territories in the first half of 2014.

DIGITAL AND BRANDED ENTERTAINMENT

In February, FremantleMedia and Vice Media, the global youth media company, announced a venture to create a multi-channel food platform for the millennial audience. **Munchies** launched in April at Mip TV where five titles were unveiled including, *Munchies: Chef's Night Out*, *Being Frank*, *Fresh Off the Boat*, *Girl Eats Food*, and *F*ck, That's Delicious*. The German site launched in June, a UK site is scheduled to launch in the third quarter of 2014.

In April, **UFA** and **Divimove**, Europe's leading multi-channel network in which FremantleMedia owns a stake, launched joint initiative "Shootrs", combining the storytelling capabilities of Germany's leading production company and the Youtube expertise of Divimove. Shootrs will create new original content, launch new formats and scout for and develop new talent.

In June, FremantleMedia North America (FMNA) launched their original digital production studio, **Tiny Riot**, to produce original digital content for its own channels like *The Pet Collective*, and for FMNA's TV properties including *Family Feud* and *Celebrity Name Game*, and for partners like Vice Media and Style Haul. Online talk show *The Crew* premiered in January and has attracted 4.5 million views, quickly becoming Style Haul's most successful original series. This is the first content to come out of the production and development deal with FremantleMedia North America and the leading fashion multi-channel network Style Haul.

FremantleMedia's Youtube presence continued to reach new heights throughout the first half of 2014:

- FremantleMedia content had 3.7 billion views (H1/2013: 2.9 billion) and added more than 3 million subscribers between January and June 2014, for a total of 17.1 million subscribers.
- FremantleMedia now has 167 channels from 35 different territories, with over 20 new launches in the first six months of 2014, including five new channels in Brazil and the first ever channel in Turkey for *The X Factor*.

Mobile and social gaming company Ludia reached a peak of 3.3 million daily active users across mobile and social platforms in the first half of the year. During this period, Ludia's games were downloaded 29 million times across mobile devices and Facebook. *Dragons: Rise of Berk* achieved 12 million downloads alone in its first three months.

RTL NEDERLAND

FINANCIAL RESULTS

The Dutch TV advertising market was estimated to be up 8.2 per cent in the first half of 2014. Total revenue at RTL Nederland increased by 6.7 per cent to €224 million (H1/2013: €210 million), mainly due to higher TV advertising revenue and higher digital distribution revenue. Accordingly, EBITA of RTL Nederland was up 15.8 per cent to €44 million (H1/2013: €38 million).

	H1/2014 €m	H1/2013 €m	Per cent change
Revenue	224	210	+6.7
EBITA	44	38	+15.8

AUDIENCE RATINGS

In the first six months of 2014, the combined prime-time audience share of the **RTL Nederland** family of channels in the target group of viewers aged 20 to 49 was 31.9 per cent¹⁶ slightly down from 32.4 per cent in the first half of 2013 – mainly due to the broadcast of the Football World Cup on the public broadcasters. However, RTL Nederland continues to be market leader – ahead of the public broadcasters (28.3 per cent) who strongly gained audience shares, and the SBS Group with 19.7 per cent. Additionally, new channels like Fox and HBO are emerging in the Netherlands, further fragmenting the market.

Flagship channel **RTL 4** recorded an average audience share of 19.2 per cent in its target group of shoppers aged 20 to 49 (H1/2013: 20.0 per cent), well ahead of its competitors. On Fridays, RTL 4 retained its strong position with talent shows such as *The Voice Kids* (average audience share in the key target group: 32.3 per cent), *Everybody Dance Now* (24.7 per cent) and *Alles Mag Op Vrijdag* (27.5 per cent). On Saturdays, the new season of *All You Need Is Love* attracted an average 28.9 per cent of shoppers aged 20 to 49. Sundays, RTL 4 scored with drama series such as *Divorce* (33.0 per cent) and *Moordvrouw* (27.0 per cent). The channel's access prime time – with *RTL Boulevard*, *Goede Tijden*, *Slechte Tijden* and *RTL Nieuws* – delivered strong ratings once again.

RTL 5 scored an audience share of 5.9 per cent in its target group of viewers aged 20 to 34 (H1/2013: 6.1 per cent). Dutch productions continued to be the most popular shows on RTL 5, including reality shows *Levenslang Met Dwang* (22.6 per cent) and *Adam Zoekt Eva* (18.7 per cent). Other successful broadcasts include *Project P.*, *From Russia With Love*, the sequel of Roy Donders *Meer Dan Stylist Van Het Zuiden* and *Expeditie Poolcirkel*.

The men's channel **RTL 7** achieved an average audience share of 6.8 per cent among men aged 20 to 49 (H1/2013: 7.6 per cent). Especially popular were sports broadcasts on RTL 7. In January, the Darts World Cup 2014 was watched by 32.5 per cent of the male viewers aged 20 to 49, while 28.7 per cent tuned in to the finale of the Uefa Europa League between Sevilla and Benfica Lisbon.



¹⁶ Including digital pay-TV channels RTL Lounge and RTL Crime which have been included in the Dutch SKO audience measurement since March 2014

Catering to women, **RTL 8** reported an audience share of 3.5 per cent among female viewers aged 20 to 49 in the first half of 2014 (H1/2013: 3.3 per cent). Especially crime series like *CSI* franchise and *Bones* have improved the performance on Saturday and Sunday nights.

The reach of digital pay channel **RTL Lounge** was 3.5 million viewers aged 6 and over. **RTL Crime** reached 2.5 million viewers aged 6 and above. The children's channel **RTL Telekids** 24/7' reach amounted to 2.3 million viewers aged 6 and above. Among children aged 3 to 8, the reach was 360,000 viewers, making it the 6th most popular digital channel in this target group.

NEW MEDIA AND DIVERSIFICATION ACTIVITIES

Since 31 May 2013, STIR measurements stopped the reporting of online figures. The new audience rankings are delivered by Dutch Digital Media Measurement (DDMM) based on a different panel. DDMM started reporting in September 2013 – thus a comparison of Unique Visitors to the first six months of 2013 is not possible.

RTL Nederland's network of websites – including the general portal **RTL.nl**, the on-demand platform **RTLXL.nl**, the weather portal **Buienradar.nl**, and a variety of websites dedicated to popular formats – attracted an average 113.9 million visits per month.

In the first half of 2014, RTL Nederland generated a total of 346 million video views – an increase of 10 per cent year-on-year. This growth was mainly fueled by a new agreement with Youtube, which led to 91 million views on Youtube (H1/2014: 26 million). The most popular formats were the soaps *Goede Tijden, Slechte Tijden* and *The Bold And The Beautiful*, the talent show *The Voice Kids*, *RTL Nieuws* and *Adam Zoekt Eva*.

RTL Ventures is RTL Nederland's central division for new business activities in new consumer markets. In June 2014, RTL Ventures and Vodafone decided to end the commercial relationship with regards to Sizz.

The new subscription-based video on demand services **NLziet** and **Videoland** both launched in beta in June 2014. The beta versions will be continuously optimized and will go out of beta later this year.

NLziet offers Holland's most popular TV programmes in a unique collaboration between the commercial broadcasters RTL Nederland and SBS with the Dutch public broadcasters. Viewers can watch up to 365 days after broadcast on TV and some programmes even up to seven days before broadcast on TV for €7.95 per month.

Videoland offers films and series independently of TV programming, whenever and wherever customers want. With the 'all you can watch' service Videoland Unlimited viewers have access to the largest selection of films and series in the Netherlands for €10 per month. Customers can not only watch on any device, but also watch Videoland Unlimited as an extra within the monthly packages of TV providers since November 2013.

RTL BELGIUM

FINANCIAL RESULTS

The net TV advertising market in French-speaking Belgium was estimated to be up 2.7 per cent. However, total revenue of the profit centre decreased by 2.9 per cent to €102 million (H1/2013: €105 million) mainly due to lower TV revenues. EBITA of RTL Belgium increased to €26 million (H1/2013: €25 million), reflecting lower costs in TV activities.

	H1/2014 €m	H1/2013 €m	Per cent change
Revenue	102	105	(2.9)
EBITA	26	25	+4.0

AUDIENCE RATINGS

The combined prime time audience share of RTL Belgium's family of TV channels in the target group (shoppers aged 18 to 54) decreased to 35.2 per cent (H1/2013: 36.9 per cent) – mainly due to the fact that the Football World Cup was broadcast by the competition. However, RTL Belgium's lead over the public channels remained high at 14.0 percentage points. The RTL family aired 53 of the 100 most watched programmes in the reporting period. Not taking into account the Football World Cup, RTL Belgium aired 72 of the top 100 programmes.

The market-leading channel in French-speaking Belgium, **RTL-TVI**, achieved an average prime-time audience share of 25.4 per cent in the target group (H1/2013: 26.6 per cent), 10.0 percentage points ahead of the second highest-rated channel, the French commercial broadcaster TF1.

Plug RTL reported a prime-time audience share of 4.9 per cent among young viewers aged 15 to 34 (H1/2013: 5.0 per cent), while **Club RTL** ended the first half of 2014 with a prime-time audience share of 7.1 per cent in its main target group of male viewers aged 18 to 54 (H1/2013: 7.7 per cent).

According to the most recent CIM audience survey, covering January to March 2014, the Belgian radio family had a combined audience share of 26.5 per cent (January to March 2013: 29.3 per cent). **Bel RTL** was the number one general-interest radio station in the French Community (audience share: 13.5 per cent) and Radio Contact was the leading music radio station (audience share: 13.0 per cent).

NEW MEDIA AND DIVERSIFICATION ACTIVITIES

In the first half of 2014, the number of video views across RTL Belgium's websites increased strongly to 58 million (H1/2013: 44 million), driven by news content and major TV shows. Since February 2013, several agreements have been made with all French-speaking news websites on which RTL Belgium's video content enriches articles, representing an average of 840,000 video views per month. Some 25 per cent of the total visits are generated by mobile devices.



RTL RADIO (FRANCE)

FINANCIAL RESULTS

In a net radio advertising market estimated to be down 2.4 per cent, the RTL radio family in France reported revenue of €80 million (H1/2013: €86 million). Accordingly, EBITA of the French radio profit centre was down to €7 million (H1/2013: €13 million).

	H1/2014 €m	H1/2013 €m	Per cent change
Revenue	80	86	(7.0)
EBITA	7	13	(46.2)

AUDIENCE RATINGS

The latest audience survey by Médiamétrie for the period April to June 2014 showed a slight decrease in cumulated radio audience which was down by 442,000 listeners year on year at 80.6 per cent (April to June 2013: 81.8 per cent). This decline was mainly focused on 25 to 49 year-old listeners who represent 92 per cent of the total radio audience decrease. This decrease affected all general-interest stations and musical stations with high attractiveness in this demographic segment such as RTL 2.

The combined audience share of RTL Group's French radio family was down year-on-year to 17.8 per cent (April to June 2013: 18.5 per cent). The audience share of the flagship station **RTL** was 11.1 per cent (April to June 2013: 12.0 per cent). In this tough environment for general-interest stations, RTL Radio remained the leading French radio station, gathering 5.7 million listeners a day and, in terms of audience share, remaining 2.9 percentage points ahead of the next commercial competitor.

Fun Radio gained 221,000 listeners in cumulated audience year-on-year, reaching 3.7 million listeners a day. Its audience share increased by 0.5 percentage points to 4.0 per cent (April to June 2013: 3.5 per cent).

Strongly affected by the decrease of 25 to 49 year-old listeners, **RTL 2** lost 293,000 listeners in cumulated audience year-on-year, reaching 2.3 million listeners a day (H1/2013: 2.6 million). Its audience share decreased to 2.7 per cent (April to June 2013: 3.0 per cent).

NEW MEDIA AND DIVERSIFICATION ACTIVITIES

According to the latest available Médiamétrie results, covering the first four months of the year 2014, **RTL.fr** has confirmed its position as the leading radio website in France, achieving an average of 3.5 million unique visitors per month – this represents an increase of 38 compared to the same period in 2013.

The **RTL.fr** website was completely renewed and improved mid-June 2014.



OTHER SEGMENTS

This segment comprises the fully consolidated businesses RTL Hungary, RTL Hrvatska (Croatia), and RTL Group's Luxembourgish activities, along with UFA Sports, the Corporate Centre, the German radio business and the Spanish investment accounted for using the equity method, Atresmedia.

RTL Hungary: After the Hungarian net TV advertising market had decreased for five years, the market grew by an estimated 3.3 per cent in the first half of 2014. Total consolidated revenue of the profit centre was up moderately to €46 million (H1/2013: €45 million).

Due to the impact of the new advertising tax, RTL Group has been forced to impair its total goodwill on RTL Hungary. In addition, RTL Group also had to impair a number of assets, under IFRS rules. These specific impairments are recorded against the EBITA of RTL Hungary and amounted to €2 million. Despite these impairments, RTL Hungary reported a flat EBITA of €5 million. For more information please see note 7 to the consolidated interim financial information.

The combined prime-time audience share of the RTL family of channels in the key demographic of 18 to 49-year-old viewers was 36.3 per cent (H1/2013: 37.2 per cent). The prime-time audience share of RTL Klub decreased to 19.6 per cent (H1/2013: 23.2 per cent). However, the profit centre's flagship channel remained the clear market leader, 4.8 percentage points ahead of its main commercial competitor TV2 (H1/2013: 6.1 percentage points). The daily series *Ejje!-nappal Budapest* (Budapest Day & Night) registered an average audience share of 24.5 per cent among viewers aged 18 to 49, while the daily soap *Barátok közt* (Between Friends) attracted an average audience share of 23.9 per cent audience in the same target group.

RTL Hungary's cable channels achieved a combined prime-time audience share of 16.7 per cent among young viewers (H1/2013: 14.0 per cent). The general entertainment channel Cool was the country's leading cable channel, scoring a prime-time audience share of 6.0 per cent (H1/2013: 5.5 per cent), followed by Film Plusz with 5.5 per cent (H1/2013: 5.3 per cent). RTL II, which was launched at the end of 2012, attracted 3.3 per cent of the viewers aged 18 to 49 in prime time (H1/2013: 1.5 per cent).

The catch-up TV service RTL Most is the leading local brand for professionally produced online video content. It registered 35 million video views in the reporting period (H1/2013: 28 million video views).



RTL Hrvatska in Croatia: In a TV advertising market that was up by an estimated 5.2 per cent in the reporting period, revenues were stable at €17 million (H1/2013: €17 million), with EBITA also stable at a break-even position.

RTL Hrvatska's family of channels achieved a combined prime-time audience share of 25.4 per cent (H1/2013: 28.9 per cent) among viewers aged 18 to 49 – this decrease was mainly due to on-going fragmentation of the market and the impact of the Football World Cup. Flagship channel RTL Televizija achieved a prime time audience share of 18.2 per cent (H1/2013: 21.9 per cent), while RTL 2's audience share was 6.0 per cent (H1/2013: 7.0 per cent). The newly launched children's channel RTL Kockica achieved an average audience share of 19.3 per cent among children aged 4 to 14 in the time between 7:00 and 20:00.

The main news show *RTL Danas* remains a key part of RTL Televizija's programming, with an average audience share of 27.5 per cent among viewers aged 18 to 49. The local drama series *Tajne* (Secrets), produced by FremantleMedia, scored an average audience share of 22.1 per cent in the target audience. *Tri, dva, jedan kuhaj!* (Three, Two, One – Cook), a new culinary format developed in-house, was well accepted by the audience – broadcast in prime time Mondays to Thursdays, it achieved an average audience share of 22.5 per cent. In a very competitive slot with the news shows on other national channels, *Pet na pet*, a local version of *Family Feud* produced by FremantleMedia, achieved an average audience share of 22.7 per cent in the target group.

In total, RTL Hrvatska's websites registered 5.1 million online video views during the reporting period (H1/2013: 6.3 million), including more than 2 million video views from its catch-up TV platform, RTL Sada. The service provides the opportunity for time-shifted viewing of all locally produced shows of RTL Televizija, RTL 2 and RTL Kockica as well as some web-only content.

In January 2014, the RTL Sada second screen app was released. It offers to Apple's mobile devices and tablets users the possibility to interact with their programme live through quizzes, voting and comment features, as well as to watch the RTL Sada video catalogue.

Atresmedia in Spain: The Spanish TV advertising market showed signs of recovery in the first half of 2014, increasing by an estimated 5.7 per cent. Despite the decision of the Spanish Supreme Court to close down a total of nine Spanish DTT channels, of which three were operated by Atresmedia, the Atresmedia family of channels grew its combined audience share to 31.3 per cent in the key commercial target group of viewers aged 16 to 54 years (H1/2013: 30.5 per cent). The main channel, Antena 3, increased its audience share in the commercial target group to 13.9 per cent (H1/2013: 12.9 per cent).

On a 100 per cent basis, consolidated revenue of Atresmedia was up 6.6 per cent to €451 million (H1/2013: €423 million), while operating profit (EBITDA) increased strongly to €60 million (H1/2013: €40 million) and net profit rose by 29.9 per cent to €38 million (H1/2013: €29 million). The profit share of RTL Group was €7 million (H1/2013: €6 million).

RTL Radio Deutschland's revenue was down 4.0 per cent to €24 million in the first six months of 2014 (H1/2013: €25 million). EBITA decreased to €4 million (H1/2013: €6 million), due to lower contribution by Antenne Niedersachsen, Funkhaus Halle and BCS Sachsen.

UFA Sports' revenue decreased strongly to €7 million (H1/2013: €23 million), mainly due to the positive impact of the sale of the Handball World Cup rights in January 2013 and boxing in February 2013. EBITA was down from a break-even position to minus €4 million.

Principal risks and uncertainties

RTL Group derives the majority of its revenue from the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions and consumer confidence. Advertising markets continued to show signs of recovery in the first half of 2014. With the exception of France, which was estimated to be down 2.4 per cent, all European net TV advertising markets in RTL Group's territories were up year-on-year.

The state of the advertising markets is just one of the key operational drivers of the Group. Other drivers include audience share, advertising market share and the overall level of programme cost. Should any of these key drivers change substantially compared to the Group's position as at 30 June 2014 then the Group would be impacted – either positively or negatively – in the second half of the year.

The Group's content arm is subject to pricing pressure from its clients and is facing reduced production and distribution volumes for some of its programme genres. Should the business not develop creatively, through the development of new formats, or should it miss a new programming trend, then its results would be affected negatively. Conversely, should the creative renewal proceed rapidly, the business will be positively impacted by this development.

The implications of the new Hungarian advertising tax have yet to be fully understood by the Group. This may lead to a deterioration of the operational results of this business unit and further impairment charges.

The Group continues to monitor its cost base closely but cannot rule out increased programme investments, should the competitive landscape require it, which would have a negative short-term impact on earnings. The launch of new channels by the Group's operating units will also involve programme and other investments which will, in the short-term, have a negative impact on earnings.

The 2013 Annual Report sets out the most significant risk factors and litigations relating to RTL Group's operations at the time of that report. RTL Group does not consider that these principal risks and uncertainties have changed in a material way.

Additional risks and uncertainties not currently known to the Group, or that the Group does not currently deem material, may also have an adverse effect on its business.

Major related party transactions

The major related party transactions can be found in note 14 to the condensed consolidated interim financial information.

Subsequent events

See note 16 to the consolidated interim financial information.

Outlook

Given the fact that the economic environment in France remains difficult for RTL Group's local TV and radio operations, that FremantleMedia faces continued pressure on volumes and prices and that the new advertising tax in Hungary will strongly reduce the profitability of RTL Hungary, RTL Group adapts its outlook for the full year 2014. The company now assumes a slight decrease in full-year revenue. For the full-year EBITA, RTL Group expects a more significant decrease compared to the revenue decline.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the periods to 30 June

	Three months ending 30 June		Six months ending 30 June	
	2014 € m	2013 restated € m	2014 € m	2013 restated € m
Revenue	1,374	1,438	2,687	2,755
Other operating income	12	9	18	15
Consumption of current programme rights	(419)	(437)	(852)	(859)
Depreciation, amortisation and impairment	(41)	(45)	(96)	(87)
Other operating expenses	(618)	(634)	(1,261)	(1,291)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(98)	(3)	(100)	(5)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	3	–	2	1
Profit from operating activities	213	328	398	529
Share of results of investments accounted for using the equity method	18	73	24	91
Earnings before interest and taxes (“EBIT”)	231	401	422	620
Interest income	2	3	4	5
Interest expense	(7)	(6)	(18)	(11)
Financial results other than interest	1	10	(1)	11
Profit before taxes	227	408	407	625
Income tax expense	(90)	(97)	(160)	(158)
Profit for the period	137	311	247	467
Attributable to:				
RTL Group shareholders	110	285	202	418
Non-controlling interests	27	26	45	49
Profit for the period	137	311	247	467
EBITA*	325	345	519	552
Impairment of goodwill of subsidiaries	(88)	–	(88)	–
Reversal of impairment of investments accounted for using the equity method	–	59	–	72
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(10)	(3)	(12)	(5)
Re-measurement of earn-out arrangements	1	–	1	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	3	–	2	1
Earnings before interest and taxes (“EBIT”)	231	401	422	620
Earnings per share (in €)				
– Basic	0.72	1.86	1.32	2.72
– Diluted	0.72	1.86	1.32	2.72

* 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

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the periods to 30 June

	Note	Three months ending 30 June		Six months ending 30 June	
		2014 €m	2013 €m	2014 €m	2013 €m
Profit for the period		137	311	247	467
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurement of post-employment benefit obligations	10.	(7)	(6)	(26)	3
Income tax		1	1	5	(1)
		(6)	(5)	(21)	2
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		9	1	(3)	(10)
Effective portion of changes in fair value of cash flow hedges		5	(16)	6	6
Income tax		(1)	5	(1)	(1)
		4	(11)	5	5
Change in fair value of cash flow hedges transferred to profit or loss		1	(3)	–	(7)
Income tax		–	1	–	2
		1	(2)	–	(5)
Fair value gains/ (losses) on available-for-sale financial assets		(4)	12	(5)	11
Income tax		–	(2)	–	(2)
		(4)	10	(5)	9
		10	(2)	(3)	(1)
Other comprehensive income/(loss) for the period, net of income tax		4	(7)	(24)	1
Total comprehensive income for the period		141	304	223	468
Attributable to:					
RTL Group shareholders		115	278	179	419
Non-controlling interests		26	26	44	49
Total comprehensive income for the period		141	304	223	468

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2014 €m	31 December 2013 restated €m	As at 1 January 2013 restated €m
Non-current assets				
Programme and other rights		110	109	119
Goodwill		2,650	2,707	2,678
Other intangible assets		183	198	202
Property, plant and equipment		329	331	346
Investments accounted for using the equity method	8.	356	359	273
Loans and other financial assets		100	142	240
Deferred tax assets		375	389	375
		4,103	4,235	4,233
Current assets				
Programme rights		1,057	955	902
Other inventories		19	15	30
Income tax receivable		36	42	86
Accounts receivable and other financial assets	14.	1,791	1,721	1,995
Cash and cash equivalents		334	542	621
		3,237	3,275	3,634
Assets classified as held for sale	9.	–	27	3
Current liabilities				
Loans and bank overdrafts		309	36	16
Income tax payable		40	90	77
Accounts payable	14.	2,624	2,513	2,132
Provisions		188	194	220
		3,161	2,833	2,445
Liabilities directly associated with non-current assets classified as held for sale	9.	–	24	–
Net current assets		76	445	1,192
Non-current liabilities				
Loans	14.	525	529	12
Accounts payable		383	331	319
Provisions		173	169	174
Deferred tax liabilities		55	58	62
		1,136	1,087	567
Net assets		3,043	3,593	4,858
Equity attributable to RTL Group shareholders		2,640	3,159	4,366
Equity attributable to non-controlling interests		403	434	492
Equity		3,043	3,593	4,858

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the periods to 30 June

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 2013	192	(44)	(142)	21	96	4,243	4,366	492	4,858
Total comprehensive income:									
Profit for the period	-	-	-	-	-	418	418	49	467
Foreign currency translation differences	-	-	(9)	-	-	-	(9)	(1)	(10)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	5	-	-	5	-	5
Change in fair value of cash flow hedges transferred to profit and loss, net of tax	-	-	-	(5)	-	-	(5)	-	(5)
Fair value gains / (losses) on available-for-sale financial assets, net of tax	-	-	-	-	8	-	8	1	9
Re-measurement of post-employment benefit obligations, net of tax	-	-	-	-	-	2	2	-	2
	-	-	(9)	-	8	420	419	49	468
Capital transactions with owners:									
Dividends	-	-	-	-	-	(1,613)	(1,613)	(137)	(1,750)
Equity-settled transactions net of tax	-	-	-	-	-	1	1	1	2
Transactions on non-controlling interests without a change in control	-	-	-	-	-	(5)	(5)	1	(4)
Transactions on non-controlling interests with a change in control	-	-	-	-	-	-	-	4	4
	-	-	-	-	-	(1,617)	(1,617)	(131)	(1,748)
Balance at 30 June 2013	192	(44)	(151)	21	104	3,046	3,168	410	3,578
Balance at 1 January 2014	192	(44)	(168)	(8)	85	3,102	3,159	434	3,593
Total comprehensive income:									
Profit for the period	-	-	-	-	-	202	202	45	247
Foreign currency translation differences	-	-	(3)	-	-	-	(3)	-	(3)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	5	-	-	5	-	5
Fair value gains / (losses) on available-for-sale financial assets, net of tax	-	-	-	-	(5)	-	(5)	-	(5)
Re-measurement of post-employment benefit obligations, net of tax	10.	-	-	-	-	(20)	(20)	(1)	(21)
	-	-	(3)	5	(5)	182	179	44	223
Capital transactions with owners:									
Dividends	-	-	-	-	-	(691)	(691)	(72)	(763)
Equity-settled transactions net of tax	-	-	-	-	-	1	1	2	3
Acquisition of treasury shares	13.	(3)	-	-	-	-	(3)	-	(3)
Transactions on non-controlling interests without a change in control	-	-	-	-	-	-	-	2	2
Transactions on non-controlling interests with a change in control	6.1.	-	-	-	-	(15)	(15)	(4)	(19)
Derivatives on equity instruments	-	-	-	-	-	(2)	(2)	(3)	(5)
Transactions on treasury shares of associates	-	-	-	-	-	12	12	-	12
	-	(3)	-	-	-	(695)	(698)	(75)	(773)
Balance at 30 June 2014	192	(47)	(171)	(3)	80	2,589	2,640	403	3,043

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the periods to 30 June

	Three months ending 30 June		Six months ending 30 June	
	2014 € m	2013 restated € m	2014 € m	2013 restated € m
Cash flows from operating activities				
Profit before taxes	227	408	407	625
Adjustments for:				
– Depreciation and amortisation	40	44	97	86
– Value adjustments, impairment and provisions	125	25	136	40
– Equity-settled share-based payments expenses	2	1	3	2
– Gain on disposal of assets	(2)	(1)	(3)	(6)
– Financial results including net interest expense and share of results of investments accounted for using the equity method	(5)	(64)	18	(50)
Use of provisions	(34)	(24)	(50)	(41)
Working capital changes	(65)	(26)	(65)	69
Income taxes paid	(92)	(105)	(142)	(130)
Net cash from operating activities	196	258	401	595
Cash flows from investing activities				
Acquisitions of:				
– Programme and other rights	(23)	(27)	(51)	(31)
– Subsidiaries, net of cash acquired	(4)	(25)	(23)	(64)
– Other intangible and tangible assets	(19)	(16)	(37)	(33)
– Other investments and financial assets	(17)	(13)	(22)	(15)
Current deposit with shareholder	–	–	(75)	–
	(63)	(81)	(208)	(143)
Proceeds from the sale of intangible and tangible assets	1	3	10	15
Disposal of other subsidiaries, net of cash disposed of	–	(1)	–	(1)
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	–	4	4	6
Current deposit with shareholder	75	–	75	426
Interest received	1	9	3	21
	77	15	92	467
Net cash from/(used in) investing activities	14	(66)	(116)	324
Cash flows from financing activities				
Interest paid	(4)	(1)	(25)	(1)
Transactions with non-controlling interests	1	1	1	1
Acquisition of treasury shares	(3)	–	(3)	–
Term loan facility due to shareholder	272	(300)	272	500
Proceeds from loans	4	–	8	9
Repayment of loans	(1)	–	(4)	(3)
Dividends paid	(750)	(134)	(750)	(1,746)
Net cash used in financing activities	(481)	(434)	(501)	(1,240)
Net decrease in cash and cash equivalents	(271)	(242)	(216)	(321)
Cash and cash equivalents and bank overdrafts at beginning of period	594	534	540	616
Effect of exchange rate fluctuation on cash held	4	1	3	(2)
Cash and cash equivalents and bank overdrafts at end of period	327	293	327	293

The accompanying notes form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. REPORTING ENTITY AND STATEMENT OF COMPLIANCE

RTL Group SA (the “Company”), the parent company, is domiciled and incorporated in Luxembourg. This condensed consolidated interim financial information is presented in accordance with the requirements of IAS 34 Interim Financial Reporting as adopted by the European Union and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2013.

RTL Group (“the Group”) forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be

able to operate within the level of its current facilities. The Management have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore RTL Group continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved by the Board of Directors on 20 August 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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 period beginning 1 January 2014:

- IAS 27, “Separate financial statements” (revised 2011)¹;
- IAS 28, “Associates and joint ventures” (revised 2011)¹;
- IAS 32 (amendments), “Financial instruments: presentation – offsetting financial assets and financial liabilities”¹;
- IAS 39 (amendments), “Financial instruments: recognition and measurement”¹;
- IFRS 10, “Consolidated financial statements”. Under IFRS 10, subsidiaries are all entities including structured entities over which the Group has control. The Group controls an entity when the Group has power 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has reassessed the control over its investees in the light of the provisions of IFRS 10 and concluded that no change was necessary¹;

- IFRS 11, “Joint arrangements”. Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined that all are joint ventures. The Group’s joint arrangements which were previously included by proportionate consolidation, are now classified as joint ventures under IFRS 11 and are therefore accounted for using the equity method in accordance with the provisions of the amended IAS 28, “Associates and Joint ventures”. The change affected several financial statement line items resulting in decreasing revenue and expenses, assets and liabilities. Nevertheless, profit for the period and equity were unchanged. Even though not significant for the Group, the financial effects of the change in accounting policies on the financial statement are presented in note 15;
- IFRS 12, “Disclosures of interests in other entities” includes the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, and unconsolidated structured entities. The Group will make full disclosure accordingly at year-end;
- IFRIC 21, “Levies”¹.

¹ The application of these standards, interpretations and amendments had no significant impact for the Group.

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 period beginning on 1 January 2014. The Group has yet to assess the impact of the new standards and amendments:

- IAS 19 revised, "Employee benefits", on defined benefit plans – effective from 1 July 2014²;
- Amendments to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" on depreciation and amortisation and IAS 16, "Property, plant and equipment" and IAS 41, "Agriculture" related to accounting for bearer plants – effective 1 January 2016. In the first amendment, 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, past the headline is a rebuttable presumption, and 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 correlated²;
- Amendment to IFRS 11, "Joint arrangements" on the accounting for the acquisition of an interest in a joint operation that constitutes a business – effective from 1 January 2016²;
- Annual improvements 2010–2012 and 2011–2013 – effective from 1 July 2014²;
- IFRS 9, "Financial instruments" – 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 today²;
- IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016²;
- 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 and rewards" and will also result in a significant increase in the volume of disclosures related to revenue. IFRS 15 will be applicable for reporting periods beginning on or after 1 January 2017².

² These standards and interpretations have not been yet endorsed by the European Union.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2013.

An amount of €5 million related to the new RTL Group long-term incentive plan ("LTIP") 2014-2016 has been estimated and accrued for the six months ended 30 June 2014 (€8 million for the same period in 2013); the final terms of the plan will be submitted to the Nomination and Compensation Committee on 20 August 2014.

Consolidation of entities in which the Group holds less than 50 per cent

Even though it has less than 50 per cent of the voting rights, 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.

4. FINANCIAL RISK MANAGEMENT

4. 1.

Financial risks factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Compared to 31 December 2013, the Group has drawn down an additional amount of €272 million from its majority shareholder (see note 14.).

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2013. There have been no changes in the risk management policies and organisation since year end.

4. 2.

Accounting classifications and fair value hierarchy

4. 2. 1.

Financial instruments by category

The fair value of each class of financial assets and liabilities approximate their carrying amount. 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 €523 million. This is a Level 2 fair value measurement.

4. 2. 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).

Total €m	Level 1 €m	Level 2 €m	Level 3 €m
-------------	---------------	---------------	---------------

Assets			
Available-for-sale investments	61	10	51
Derivatives used for hedging	20	–	–
At 30 June 2014	81	10	51
Liabilities			
Derivatives used for hedging	27	–	–
At 30 June 2014	27	–	–

There were no transfers between Levels 1, 2 and 3 during the period.

Total €m	Level 1 €m	Level 2 €m	Level 3 €m
-------------	---------------	---------------	---------------

Assets			
Financial assets at fair value through profit or loss	141	–	81
Available-for-sale investments	136	20	64
Derivatives used for hedging	38	–	–
At 30 June 2013	315	20	145
Liabilities			
Derivatives used for hedging	16	–	–
At 30 June 2013	16	–	–

There were no transfers between Levels 1, 2 and 3 during the period.

The fair value of financial instruments traded in active markets are 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 are 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.

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 are determined 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 rate (2 per cent) and market multiple (9-11)), are used to determine fair value for the remaining financial instruments.

There was no change in Level 3 instruments for the period ended 30 June 2014.

5. SEGMENT REPORTING

	Three months ending 30 June		Groupe M6	
	2014	2013 restated	2014	2013 restated
	€m	€m	€m	€m
Revenue from external customers	478	473	323	346
Inter-segment revenue	–	1	1	1
Total revenue	478	474	324	347
Profit/(loss) from operating activities	168	166	70	65
Share of results of investments accounted for using the equity method	10	6	–	–
EBIT	178	172	70	65
EBITA	179	172	70	67
Impairment of goodwill of subsidiaries	–	–	–	–
Reversal of impairment of investments accounted for using the equity method	–	–	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	–	–	(1)	(2)
Re-measurement of earn-out arrangements	(1)	–	–	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	–	–	1	–
EBIT	178	172	70	65
Interest income				
Interest expense				
Financial results other than interest				
Income tax expense				
Profit for the period				
	Six months ending 30 June		Groupe M6	
	2014	2013 restated	2014	2013 restated
	€m	€m	€m	€m
Revenue from external customers	926	926	665	689
Inter-segment revenue	1	1	5	5
Total revenue	927	927	670	694
Profit/(loss) from operating activities	298	295	112	123
Share of results of investments accounted for using the equity method	14	11	–	–
EBIT	312	306	112	123
EBITA	313	306	113	127
Impairment of goodwill of subsidiaries	–	–	–	–
Reversal of impairment of investments accounted for using the equity method	–	–	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	–	–	(2)	(4)
Re-measurement of earn-out arrangements	(1)	–	–	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	–	–	1	–
EBIT	312	306	112	123
Interest income				
Interest expense				
Financial results other than interest				
Income tax expense				
Profit for the period				

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FremantleMedia		RTL Nederland		RTL Belgium		RTL Radio (France)		Other Segments		Eliminations		Total Group	
2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
277	330	126	120	50	53	43	46	77	70	-	-	1,374	1,438
33	35	-	-	1	-	-	1	9	10	(44)	(48)	-	-
310	365	126	120	51	53	43	47	86	80	(44)	(48)	1,374	1,438
11	36	38	34	14	13	7	11	(95)	3	-	-	213	328
1	1	-	-	-	-	-	-	7	66	-	-	18	73
12	37	38	34	14	13	7	11	(88)	69	-	-	231	401
20	37	38	34	13	13	7	11	(2)	11	-	-	325	345
(9)	-	-	-	-	-	-	-	(79)	-	-	-	(88)	-
-	-	-	-	-	-	-	-	-	59	-	-	-	59
-	-	-	-	-	-	-	-	(9)	(1)	-	-	(10)	(3)
1	-	-	-	-	-	-	-	1	-	-	-	1	-
-	-	-	-	1	-	-	-	1	-	-	-	3	-
12	37	38	34	14	13	7	11	(88)	69	-	-	231	401
												2	3
												(7)	(6)
												1	10
												(90)	(97)
												137	311
2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
556	599	224	210	101	105	79	84	136	142	-	-	2,687	2,755
67	67	-	-	1	-	1	2	18	19	(93)	(94)	-	-
623	666	224	210	102	105	80	86	154	161	(93)	(94)	2,687	2,755
19	45	43	38	27	25	7	13	(108)	(10)	-	-	398	529
2	2	1	-	-	-	-	-	7	78	-	-	24	91
21	47	44	38	27	25	7	13	(101)	68	-	-	422	620
29	47	44	38	26	25	7	13	(13)	(4)	-	-	519	552
(9)	-	-	-	-	-	-	-	(79)	-	-	-	(88)	-
-	-	-	-	-	-	-	-	-	72	-	-	-	72
-	-	-	-	-	-	-	-	(10)	(1)	-	-	(12)	(5)
1	-	-	-	-	-	-	-	1	-	-	-	1	-
-	-	-	-	1	-	-	-	-	1	-	-	2	1
21	47	44	38	27	25	7	13	(101)	68	-	-	422	620
												4	5
												(18)	(11)
												(1)	11
												(160)	(158)
												247	467

	Mediengruppe RTL Deutschland		Groupe M6	
	June 2014	December 2013 restated	June 2014	December 2013 restated
	€ m	€ m	€ m	€ m
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)	1,461	1,494	1,519	1,416
Investments accounted for using the equity method	59	76	2	2
Assets classified as held for sale	-	-	-	22
Segment assets	1,520	1,570	1,521	1,440
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)	854	872	651	633
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	24
Segment liabilities	854	872	651	657
Invested capital	666	698	870	783
Segment assets				
Deferred tax assets				
Income tax receivable				
Other assets ¹				
Cash and cash equivalents				
Total assets				
Segment liabilities				
Deferred tax liabilities				
Income tax payable				
Other liabilities				
Total liabilities				

¹ Including cash and cash equivalents classified as held for sale

FremantleMedia		RTL Nederland		RTL Belgium		RTL Radio (France)		Other Segments		Eliminations		Total Group	
June 2014	December 2013 restated	June 2014	December 2013 restated	June 2014	December 2013 restated	June 2014	December 2013 restated	June 2014	December 2013 restated	June 2014	December 2013 restated	June 2014	December 2013 restated
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1,746	1,755	376	390	166	167	163	167	306	416	(129)	(123)	5,608	5,682
6	-	5	4	-	-	-	-	284	277	-	-	356	359
-	-	-	-	-	-	-	-	-	-	-	-	-	22
1,752	1,755	381	394	166	167	163	167	590	693	(129)	(123)	5,964	6,063
498	496	132	144	110	115	60	68	258	304	(129)	(123)	2,434	2,509
-	-	-	-	-	-	-	-	-	-	-	-	-	24
498	496	132	144	110	115	60	68	258	304	(129)	(123)	2,434	2,533
1,254	1,259	249	250	56	52	103	99	332	389	-	-	3,530	3,530
												5,964	6,063
												375	389
												36	42
												631	501
												334	542
												7,340	7,537
												2,434	2,533
												55	58
												40	90
												1,768	1,263
												4,297	3,944

6. ACQUISITIONS AND DISPOSALS

6.1.

Acquisitions

Details of the main acquisitions in the period are set out below. Had the business combinations been at the beginning of the year, the revenue and the profit attributable to RTL Group would not have materially changed.

June 2014

Best of TV

On 7 January 2014, Groupe M6 acquired 51 per cent of Best of TV SAS and Best of TV Benelux SPRL. Best of TV has developed a leading position in France in distributing infomercial and teleshopping products through major French retail chains. This acquisition enables Groupe M6 to strengthen the position of its subsidiary, Home Shopping Service, in the home shopping and infomercial business. Best of TV is allocated to Groupe M6 cash generating unit. The transaction qualified as a business combination since RTL Group gained the control of Best of TV. The purchase consideration amounted to €9 million, net of cash acquired, and resulted in the recognition of a provisional goodwill of €8 million. Goodwill in connection with the transaction will not be tax deductible. The remaining 49 per cent interest is subject to put and call options based on the fair value of the entity at the exercise date between 2017 and 2025. The amount of the option is capped at €19 million. The put option has been recognised through equity as a liability for the present value of the redemption amount of €16 million.

	2014 € m
Cash and cash equivalents	3
Other inventories	3
Accounts receivable and other financial assets	7
Accounts payable	(3)
Loans	(2)
Non-controlling interests	(4)
Net assets acquired	4
Goodwill	8
Total purchase consideration	12
Deferred consideration	(6)
Cash and cash equivalents in operations acquired	(3)
Cash outflow on acquisition	3

495 Productions

On 26 March 2014, RTL Group acquired 75 per cent of 495 Productions Holdings LLC and its 100 per cent affiliates ('495 Productions'). 495 Productions is a US-based production entity specialising in unscripted, female-skewed docu-series for cable networks. This acquisition enables FremantleMedia to expand and diversify its core TV production business internationally. 495 Productions is allocated to the FremantleMedia cash generating unit. The transaction qualified as a business combination since RTL Group gained the control of 495 Productions. The purchase consideration amounted to €18 million, net of cash acquired. This resulted in the recognition of a provisional goodwill of €20 million. Goodwill in connection with the transaction will be tax deductible. The remaining 25 per cent interest is subject to put and call options based on a performance-related component. The put option has been recognised through equity as a liability for the present value of the redemption amount of €7 million.

	2014 € m
Cash and cash equivalents	2
Current programme rights	10
Accounts receivable and other financial assets	1
Accounts payable	(13)
Net assets acquired	-
Goodwill	20
Total purchase consideration	20
Cash and cash equivalents in operations acquired	(2)
Cash outflow on acquisition	18

Other acquisitions and disposals, increases in interest held in subsidiaries

- The purchase accounting related to Miso Film was finalised in 2014 and did not lead to the recognition of additional identifiable assets and liabilities. The goodwill represents the business's growth and synergy potential, and the expertise of Miso Film workforce.
- The put option on Ludia Inc of 3.1 per cent concluded on 1 October 2010 at the time of the acquisition has been exercised and paid by RTL Group for an amount of €1 million. The remaining options (6.6 per cent) are expected to be exercised during the last quarter 2014 and the first quarter 2015.

June 2013 (updated at 30 June 2014)
Broadband TV

On 20 June 2013, RTL Group acquired 57.5 per cent of BroadbandTV Corp. (51 per cent on a fully diluted per share basis). BroadbandTV is the third largest multi-channel network on YouTube. The transaction accelerated RTL Group's expansion strategy in the online video market, especially in the new generation of video channels, networks and aggregators distributed via internet and requiring the ability to aggregate, manage and monetise audiences across a large number of channels. The transaction qualified as a business combination since RTL Group gained the control of BroadbandTV.

The purchase consideration, partly contributed to BroadbandTV, amounted to €23 million, net of cash acquired and resulted in the recognition of a goodwill of €22 million. At 31 December 2013, the contingent consideration based on a variable performance component that included earn-out mechanisms up to a maximum and undiscounted amount of €11 million, had been recognised for €2 million and re-measured at 30 June 2014 to €0.3 million. The related impact is reported in "Other operating income". This was a Level 3 fair value measurement at initial recognition. The goodwill arising from the acquisition was not tax deductible. The transaction related costs amounting to €1.5 million, mainly consisting of legal fees and due diligence costs, were reported in "Other operating expenses".

Other acquisitions and disposals, increases in interest held in subsidiaries

- On 18 April 2013, RTL Group acquired 20 per cent of FutureWhiz Media BV through a contribution to the share capital and share premium and an air-time contribution. The company manages a subscription based educational online platform in the Netherlands, Scula. The acquisition was in line with the strategy of the Group to expand online. Jointly controlled, the company was proportionately consolidated and is accounted for using the equity method in accordance with IFRS 11. The purchase consideration amounted to €1.5 million, net of cash acquired. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. The transaction resulted in the recognition of a goodwill of €2 million;
- The full amount of the earn-out mechanism granted to the sellers of Original FMM LLC (Original Productions) on 20 February 2009 was paid by RTL Group in January 2013 for an amount of €37.9 million;
- The put option on Ludia Inc of 9.5 per cent concluded on 1 October 2010 at the time of the acquisition was exercised and paid by RTL Group for an amount of €4.5 million.

	2013		Fair value at date of gain of control €m
	Carrying amount at date of gain of control €m	Incremental value €m	
Cash and cash equivalents	7	-	7
Other intangible assets	1	2	3
Accounts receivable and other financial assets	5	-	5
Accounts payable	(2)	-	(2)
Deferred tax liabilities	-	(1)	(1)
Non-controlling interests	(4)	-	(4)
Net assets acquired	7	1	8
Goodwill			22
Total purchase consideration			30
Contingent consideration			(2)
Cash and cash equivalents in operations acquired			(7)
Cash outflow on acquisition			21

6. 2.**Assets and liabilities acquired**

Detail of the net assets acquired and goodwill are as follows:

	2014 €m
Purchase consideration:	
– Cash paid	28
– Payments on prior years' acquisitions	(2)
– Deferred consideration	6
Total purchase consideration	32
Less:	
Fair value of net assets acquired	(4)
Goodwill	28

6. 3.**Cash outflow on acquisitions**

The net assets and liabilities arising from the acquisitions are as follows:

	2014 Fair value €m
Cash and cash equivalents	5
Current programme rights	10
Other inventories	3
Accounts receivable and other financial assets	8
Accounts payable	(16)
Loans	(2)
Non-controlling interests	(4)
Net assets acquired	4
Goodwill	28
Total purchase consideration	32
Less:	
Deferred consideration	(6)
Payments on prior years' acquisitions	2
Cash and cash equivalents in operations acquired	(5)
Cash outflow on acquisitions	23

6. 4.**Disposals**

See note 9.

7. IMPAIRMENT TEST

RTL Group management have conducted impairment tests on some cash generating units ("CGU") and investments accounted for using the equity method where indications of a possible change in recoverable amount arose over the six months ending 30 June 2014 and on those that had the smallest headroom at 31 December 2013.

The background, the assumptions and results of the impairment testing conducted at 30 June 2014 are described here after for the most significant cash generating units:

	June 2014		December 2013	
	Perpetual growth rate % a year	Discount rate %	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
FremantleMedia	3.0	7.7	3.0	7.7
Radical Media	2.0	8.1	2.0	8.0
Other segments				
– Hungarian language cable channels and M-RTL	2.0	13.4	2.0	12.9

FremantleMedia

Following continuing pressure on the production and distribution business, due to reduced volumes and pricing, management have updated the business plan to take into account the latest available information, primarily on the US. Based on this revised 10 year plan, the headroom that existed at the level of FremantleMedia has been reduced to nil (31 December 2013: €190 million). The value in use on the basis of a discounted cash flow model was retained for determining the recoverable amount. The following changes in assumptions would individually cause the recoverable amount to fall below the carrying value:

- a reduction in the revenue growth by 1.0 per cent on each period would result in an impairment loss against goodwill of €161 million;
- a reduction in the EBITA margin by 1.0 per cent on each period would result in an impairment loss against goodwill of €266 million;
- an increase in the discount rate by 1.0 per cent would result in an impairment loss against goodwill of €205 million.

Radical Media

The commercial division of the CGU has to face tightening advertiser budgets and intense competition. RTL Group's management have consequently reviewed the assumptions underlying the DCF model.

The recoverable amount of Radical Media has been determined on the basis of the value in use at 30 June 2014. RTL Group's management consequently recorded a goodwill impairment loss of €9 million against the carrying value of Radical Media. The recoverable amount is hence €28 million at 30 June 2014.

Hungarian language cable channels and M-RTL

On 2 June 2014, a new advertising tax was submitted to the Hungarian Parliament and was subsequently adopted via an accelerated procedure on 11 June 2014. On 4 July 2014, the Hungarian Parliament adopted several amendments to the tax. The new revised tax came into force on 15 August 2014 with the first payments, in two equal instalments, under this new regime to be made on 20 August and 20 November 2014 respectively.

The tax is steeply progressive with rates between nil – 40 per cent, and is 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 will be calculated by aggregating the tax bases of affiliated undertakings. As a result, entities belonging to a group of companies are taxed at higher tax rates than independent legal entities.

RTL Group's management are determined to pursue all options to protect the Hungarian assets against the effects of this new regulation. Nevertheless, in accordance with IFRS guidance, the Group has assumed that the impact of this new advertising tax on RTL Group's Hungarian business continues throughout the planning period. RTL Group has also assumed that the Hungarian business is a going concern.

The recoverable amount of the Hungarian language cable channels and M-RTL has been determined at a non-significant amount at 30 June 2014 on the basis of the value in use. RTL Group's management consequently recorded:

- the full impairment of the goodwill for an amount of €77 million;
- additional impairment losses on non-current intangible assets for €11 million, of which €9 million related to assets identified in connection with the primary purchase price allocations.

After impairment, the carrying amount is €65 million. The remaining non-current assets, mainly composed of property plant & equipment and software licenses and amounting to approximately €10 million, have not been impaired as their fair value less costs of disposal was considered as being above or at least equal to their carrying value. The other current assets (€86 million), mainly composed of inventories and financial assets, have been valued in accordance with the relevant applicable standard and accordingly no additional impairment was required.

RTL Group management will conduct further analysis on practical implications of the new advertising tax in Hungary. This might conduct to further operating losses.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In January 2014, the Spanish company Infraestructuras y Gestion 2002, SL (“Ingest”) filed a legal action before the Supreme Court against the renewal of the concession agreements for Atresmedia, Mediaset Espana and Prisa signed on 3 April 2010. If successful, this action would lead to the closure of eight terrestrial digital television channels, two of them belonging to Atresmedia. All the requirements for operating these channels were met according to Atresmedia management.

On 6 February 2014, Vice Media, Inc. and RTL Group entered in a joint-venture agreement through the creation of Vice Food LLC, held at 70 and 30 per cent, respectively. The venture was set up to operate, commission, develop and produce digital content for, a new online digital vertical known as ‘Munchies, Food by Vice’, across multiple platforms. Vice Media and FremantleMedia are also individually providing content to the venture.

The ownership of RTL Group in Atresmedia decreased from 20.5 per cent at 31 December 2013 to 19.2 per cent at 30 June 2014 following the partial novation, on 19 February 2014, of the Integration Agreement executed on 14 December 2011 with the shareholders of La Sexta and the reduction of the number of treasury shares. In the view of the representatives of RTL Group to the Board of Directors and other governing bodies of Atresmedia, management consider that this does not change the significant influence of RTL Group in Atresmedia. This transaction resulted in a dilution of RTL Group’s interest generating a capital loss of €5 million reported in “Gain/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”.

On 21 February 2014, RTL Group disposed of its ownership in Asia Sports Ventures Pte. Ltd. and recognised a capital gain of €3 million presented in “Gain/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”.

On 15 April 2014, Contact Vlaanderen NV was liquidated generating a capital gain of €1 million presented in “Gain/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”.

The management of TF6 announced on 25 April 2014 the channel will cease its operations at the end of 2014 following a significant drop in revenue.

On 12 June 2014, RTL Group disposed of all the shares held in BIG RTL Broadcast Private Limited (“BIG RTL”) to the other shareholder, the Reliance Group. The capital loss related to the exit by RTL Group of the joint venture, concluded on 27 May 2011 and previously held at 50 per cent, amounts to €1 million. The capital loss is presented in “Gain/loss from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”. The disposal resulted in an outflow, net of transaction costs, of €1 million.

9. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

At 31 March 2014, Groupe M6 disposed of 100 per cent of its interests held in Mistergooddeal SA. The sale proceeds and the capital gain amounted to €2 million and €1 million, respectively.

At 30 June 2014, AVE I Vermögensverwaltungsgesellschaft mbH & Co. KG and its parent company, AVE VI Vermögensverwaltungsgesellschaft mbH & Co. KG, previously accounted for using the equity method and classified as assets held for sale at 31 December 2013, merged into RTL Radio Deutschland GmbH. The capital gain amounted to €3 million.

9.1.

Assets and liabilities disposed of

	2014 €m
Fair value of consideration received	2
Net assets disposed of	2
Net gain on disposals	4

9.2.

Cash inflow on disposals

	2014 €m
Assets classified as held for sale	(20)
Liabilities directly associated with non-current assets classified as held for sale	22
Net assets disposed of	2
Total disposal proceeds	2
Less:	
Deferred payments on disposal proceeds	(2)
Cash inflow on disposals	-

10. POST-EMPLOYMENT BENEFITS

FremantleMedia Group Limited entered, in March 2014, into an insurance arrangement related to its defined benefit plan. As a result, a re-measurement loss amounting to € 17 million has been recognised in other comprehensive income at 30 June 2014.

11. SEASONALITY OF OPERATIONS

The Group's core broadcast business is subject to strong seasonal fluctuations and hence the results for the first six months of 2014 do not necessarily permit predictions as to its' future performance. Advertising revenue is impacted by underlying economic conditions and the cyclical demand for advertising – which during the important fourth quarter help offset the traditionally weaker summer months.

The Group's content arm, FremantleMedia, usually generates a higher proportion of EBITA in the second half of the year due, in part, to the seasonality of programme sales but also to the revenue generated by the distribution, licensing and merchandising business. This seasonality is not expected to be any different for 2014.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €202 million (2013: €418 million) and a weighted average number of ordinary shares outstanding during the period of 153,613,376 (June 2013: 153,618,853) calculated as follows:

	June 2014	June 2013
Profit for the period attributable to RTL Group shareholders (in € million)	202	418
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	154,787,554	154,787,554
Effect of treasury shares held	(1,168,701)	(1,168,701)
Effect of liquidity program (note 13.)	(5,477)	–
Weighted average number of ordinary shares	153,613,376	153,618,853
Basic earnings per share (in €)	1.32	2.72
Diluted earnings per share (in €)	1.32	2.72

13. 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' 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 has entered on 28 April 2014 into a liquidity agreement (the "Liquidity Agreement") with Kepler Capital Markets SA (the "Liquidity Provider"). During the period ended 30 June 2014, under the Liquidity Agreement, the Liquidity Provider has:

- purchased 206,824 shares at an average price of €82.45; and
- sold 164,733 shares at an average price of €82.67, in the name and on behalf of the Company.

At 30 June 2014, a total of 42,091 RTL Group shares are held by the Company and €7.1 million are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

14. RELATED PARTY TRANSACTIONS

Financing

Deposits Bertelsmann SE & Co. KGaA

With the view to invest 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 AG Co. KG (73.4 per cent stake);
 - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd.

The interests in Gruner + Jahr AG 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.

At 30 June 2014, the amount deposited amounts to € nil million (December 2013: € nil million). The interest income for the period amounts to €0.1 million (June 2013: €0.2 million).

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 AG & Co. KG as well as all additional partnership interests in Gruner + Jahr it may create or acquire.

At 30 June 2014, the three-month deposit of RTL Group Deutschland GmbH with Bertelsmann is € nil million (December 2013: € nil million). The interest income for the period amounts to € nil million (June 2013: € nil million).

RTL Group SA additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 30 June 2014, the balance of the cash pooling payable amounts to € nil million (December 2013: € nil million). The interest income/expense for the period is not significant (June 2013: below €1 million).

Loans from Bertelsmann SE & Co. KGaA

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 S.A. has the right to early repay the loan subject to break costs. At 30 June 2014, the term loan balance amounts to €500 million (December 2013: €500 million);
- Revolving loans bear interest at the applicable EU-RIBOR 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 30 June 2014, the total of revolving and swingline loans amount to €272 million (December 2013: € nil million).

The interest expense for the period amounts to €7.2 million (June 2013: €4.7 million). The commitment fee charge for the period amounts to €0.7 million (June 2013: below €0.5 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 Bertelsmann Capital Holding GmbH ("BCH"), a direct subsidiary of Bertelsmann AG.

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 AG 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 transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGD.

As at 30 June 2014, the balance payable to BCH amounts to €671 million (December 2013: €481 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €542 million (December 2013: €390 million).

For the period ended 30 June 2014, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €60 million (June 2013: €61 million). The Commission amounts to €21 million (June 2013: €31 million).

The trade tax loss carry forward at the level of Bertelsmann SE & Co. KGaA was completely consumed in 2013 resulting in a lower commission. At 30 June 2014, the commission related to the trade tax has been calculated on the basis of the trade tax carry loss expected for 2014 at the level of Bertelsmann SE & Co. KGaA.

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.

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of € nil million (June 2013: €2 million).

15. IMPACT OF CHANGES IN ACCOUNTING POLICIES

As a result of the adoption of IFRS 11, the effects of the change in accounting policies on the condensed consolidated interim income statement, the condensed consolidated statement of financial position and condensed consolidated interim cash flow statement are presented below. There was no im-

pact in the condensed consolidated interim statement of comprehensive income and in the condensed consolidated interim statement of changes in equity. The changes mainly relate to RTL Disney Fernsehen GmbH & Co.KG.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2013

	As originally published € m	Restatement IFRS11 € m	Restated € m
Revenue	2,779	(24)	2,755
Other operating income	15	–	15
Consumption of current programme rights	(866)	7	(859)
Depreciation, amortisation and impairment	(89)	2	(87)
Other operating expenses	(1,303)	12	(1,291)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(5)	–	(5)
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	1	–	1
Profit from operating activities	532	(3)	529
Share of results of investments accounted for using the equity method	88	3	91
Earnings before interest and taxes ("EBIT")	620	–	620
Interest income	5	–	5
Interest expense	(11)	–	(11)
Financial results other than interest	11	–	11
Profit before taxes	625	–	625
Income tax expense	(158)	–	(158)
Profit for the period	467	–	467
Attributable to:			
RTL Group shareholders	418	–	418
Non-controlling interests	49	–	49
Profit for the period	467	–	467
EBITA*	552	–	552
Reversal of impairment of investments accounted for using the equity method	72	–	72
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(5)	–	(5)
Re-measurement of earn-out arrangements			
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	1	–	1
Earnings before interest and taxes ("EBIT")	620	–	620
Earnings per share (in €)			
– Basic	2.72	–	2.72
– Diluted	2.72	–	2.72

* 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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	As originally published €m	Restatement IFRS11 €m	Restated €m
Non-current assets			
Programme and other rights	114	(5)	109
Goodwill	2,709	(2)	2,707
Other intangible assets	198	–	198
Property, plant and equipment	332	(1)	331
Investments accounted for using the equity method	336	23	359
Loans and other financial assets	141	1	142
Deferred tax assets	392	(3)	389
	4,222	13	4,235
Current assets			
Programme rights	961	(6)	955
Other inventories	15	–	15
Income tax receivable	42	–	42
Accounts receivable and other financial assets	1,726	(5)	1,721
Cash and cash equivalents	574	(32)	542
	3,318	(43)	3,275
Assets classified as held for sale	27	–	27
Current liabilities			
Loans and bank overdrafts	37	(1)	36
Income tax payable	92	(2)	90
Accounts payable	2,538	(25)	2,513
Provisions	195	(1)	194
	2,862	(29)	2,833
Liabilities directly associated with non-current assets classified as held for sale	24	–	24
Net current assets	459	(14)	445
Non-current liabilities			
Loans	530	(1)	529
Accounts payable	331	–	331
Provisions	169	–	169
Deferred tax liabilities	58	–	58
	1,088	(1)	1,087
Net assets	3,593	–	3,593
Equity attributable to RTL Group shareholders	3,159	–	3,159
Equity attributable to non-controlling interests	434	–	434
Equity	3,593	–	3,593

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2013

	As originally published € m	Restatement IFRS11 € m	Restated € m
Cash flows from operating activities			
Profit before taxes	625	–	625
Adjustments for:			
– Depreciation and amortisation	88	(2)	86
– Value adjustments, impairment and provisions	40	–	40
– Equity-settled share-based payments expenses	2	–	2
– Gain on disposal of assets	(6)	–	(6)
– Financial results including net interest expense and share of results of investments accounted for using the equity method	(62)	12	(50)
Use of provisions	(41)	–	(41)
Working capital changes	67	2	69
Income taxes paid	(132)	2	(130)
Net cash from operating activities	581	14	595
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights	(34)	3	(31)
– Subsidiaries, net of cash acquired	(66)	2	(64)
– Other intangible and tangible assets	(33)	–	(33)
– Other investments and financial assets	(10)	(5)	(15)
	(143)	–	(143)
Proceeds from the sale of intangible and tangible assets	14	1	15
Disposal of other subsidiaries, net of cash disposed of	(1)	–	(1)
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	6	–	6
Current deposit with shareholder	426	–	426
Interest received	21	–	21
	466	1	467
Net cash from investing activities	323	1	324
Cash flows from financing activities			
Interest paid	(1)	–	(1)
Transactions on non-controlling interests	1	–	1
Term loan facility due to shareholder	500	–	500
Proceeds from loans	9	–	9
Repayment of loans	(3)	–	(3)
Dividends paid	(1,746)	–	(1,746)
Net cash used in financing activities	(1,240)	–	(1,240)
Net increase/(decrease) in cash and cash equivalents	(336)	15	(321)
Cash and cash equivalents and bank overdrafts at beginning of period	645	(29)	616
Effect of exchange rate fluctuation on cash held	(2)	–	(2)
Cash and cash equivalents and bank overdrafts at end of period	307	(14)	293

16. SUBSEQUENT EVENTS

On the 29 July 2014, Groupe M6's application to convert Paris Première into a free to air DTT channel was rejected by the CSA, the French media authority. Groupe M6 disagrees with this decision which threatens Paris Première's future. Pending the reply of broadcasting platforms, whose opinion it will seek, Groupe M6 reserves the right to use all means of redress at its disposal to review the situation created by this ruling.

On the 31 July 2014, RTL Group announced the acquisition of a 65 per cent stake in SpotXchange, a leading programmatic video advertising platform. RTL Group's initial investment amounts to USD 144 million (€108 million); the parties have agreed on an earn-out component that might increase the initial consideration subject to the future performance of SpotXchange. Under the terms of the deal, RTL Group also has the opportunity to acquire the remaining shareholding in the future. The deal is expected to close by the end of August 2014. SpotXchange will be fully consolidated at the effective date of control.

MANAGEMENT RESPONSIBILITY STATEMENT

We, Guillaume de Posch and Anke Schäferkordt, Chief Executive Officers and Elmar Heggen, Chief Financial Officer, confirm, to the best of our knowledge, that the condensed consolidated interim financial information which has been prepared in accordance with IAS 34 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, 20 August 2014



Anke Schäferkordt and Guillaume de Posch
Chief Executive Officers



Elmar Heggen
Chief Financial Officer

AUDITORS' REPORT



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Report on review of the condensed consolidated interim financial information TO THE SHAREHOLDERS OF RTL GROUP S.A.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of RTL Group S.A. and its subsidiaries (the "Group") as of 30 June 2014 and the related condensed consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union.

Luxembourg, 20 August 2014

PricewaterhouseCoopers, Société coopérative

Represented by

Pascal Rakovsky

Marc Minet

Financial calendar

13 November 2014

Results January to September 2014

Credits

Cover

Vox, Nick van Ormondt, Jean Brice Lemal/Aurelien
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