KBC presentation
22 May 2012

Andrew Buckhurst

The leading European entertainment network

RTL GROUP

Agenda

- **INTRODUCTION**
- Business Review
- Strategy Update

RTL Group
Qtr 1 2012 : highlights

Up 6.3%

REVENUE
continuing operations
EUR 1.32 billion

stable

REPORTED EBITA
continuing operations
EUR 191 million

EBITA MARGIN
14.4%

CASH CONVERSION
104%

2012 : impact of portfolio changes: unwind of Talpa transaction, exit from Greek TV and new Hungarian cable channels

Strong audience shares in major markets
GERMANY, FRANCE, NETHERLANDS

NET CASH POSITION
EUR 1.32 billion

DIVIDEND PAYMENT (26/4)
EUR 789 million

> MIXED MARKET CONDITIONS BUT EBITA MAINTAINED AT SECOND HIGHEST LEVEL

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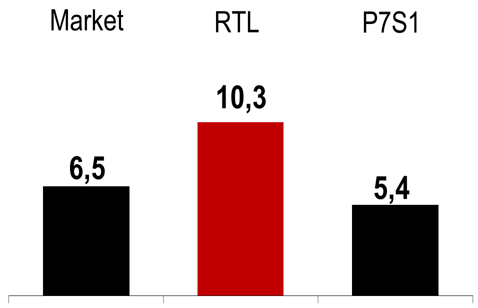
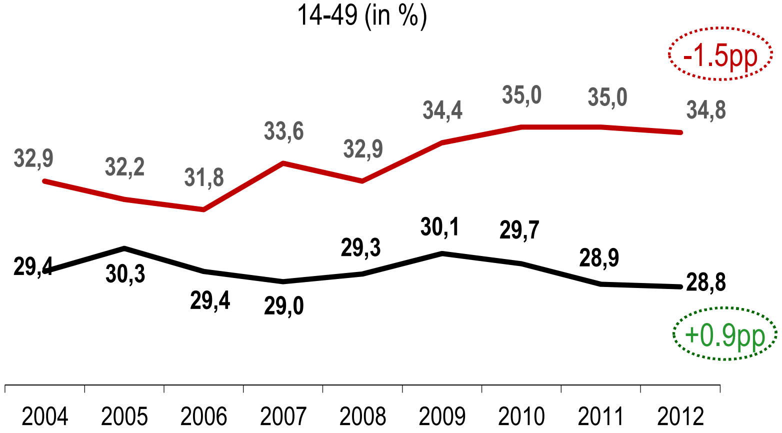
- **BUSINESS REVIEW**
- Strategy Update

Germany & France
Advertising and audiences 2012

NET ADVERTISING MARKET DEVELOPMENT (in %)
Q1 2012 vs Q1 2011

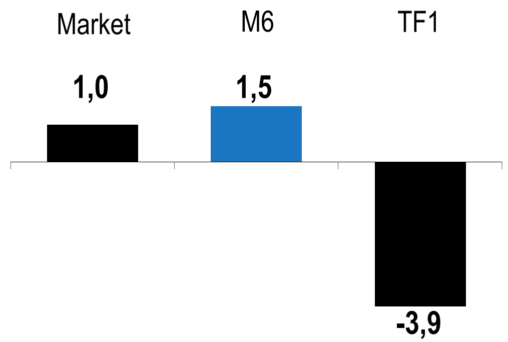


YTD AUDIENCE SHARE – FAMILY OF CHANNELS
14-49 (in %)

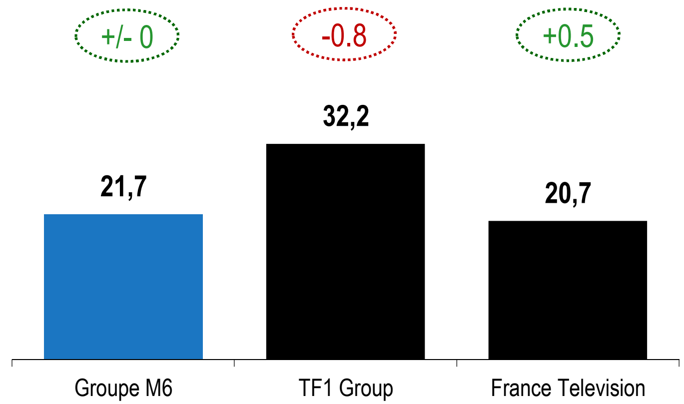


Source: RTL Group estimates, Nielsen, delta versus same period 2011 (ytd April)

NET ADVERTISING MARKET DEVELOPMENT (in %)
2011 vs 2010



YTD AUDIENCE SHARE – FAMILY OF CHANNELS
HOUSEWIVES <50 ALL DAY (in %)



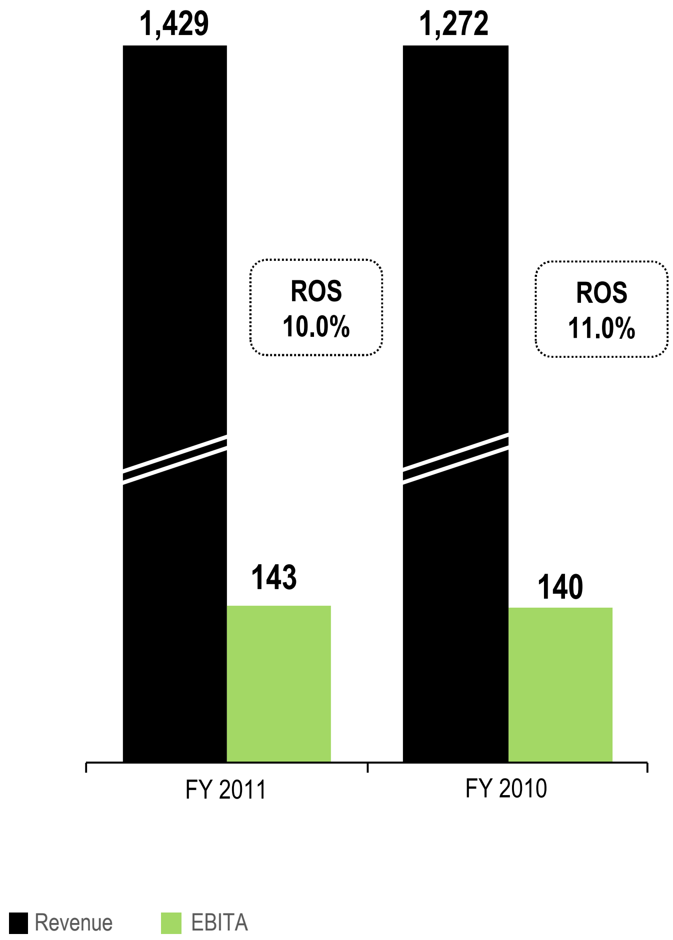
Source: RTL Group estimates, Médiamétrie, delta versus same period 2011 (ytd April)
Groupe M6 : M6 and W9: TF1 Group : TF1, TMC and NT1: France TV : Fr2-5

FremantleMedia
Results 2011

KEY FACTS 2011

- **Continues to produce the highest rated entertainment shows around the world**
  - In the US, season ten of *American Idol* was once again the most watched prime time entertainment series
  - Newly launched in the US, *The X Factor* premiered in September to an audience of 12.5 million viewers, making it Fox's most watched new autumn series launch for five years
  - In the UK, season eight of *The X Factor* was the highest rated entertainment series of the year
  - In Germany season eight of the local version of *Idols* was at its highest level since series one
- **Growth in revenue driven by new acquisitions with EBITA margin suffering due to continued pressure on margins and difficult comparatives**

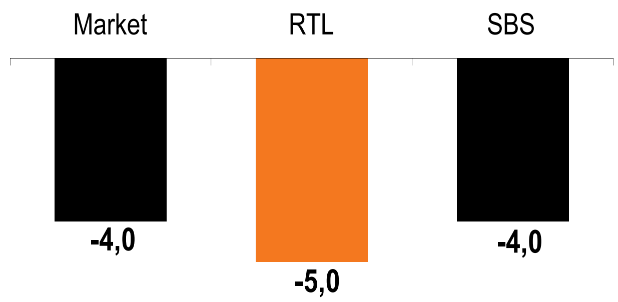
KEY FINANCIALS (in EUR million)



Netherlands & Belgium
Advertising and audiences 2012

NET TV ADVERTISING MARKET DEVELOPMENT (in %)

Q1 2012 vs Q1 2011



Source : RTL Group estimates

NET TV ADVERTISING MARKET DEVELOPMENT (in %)

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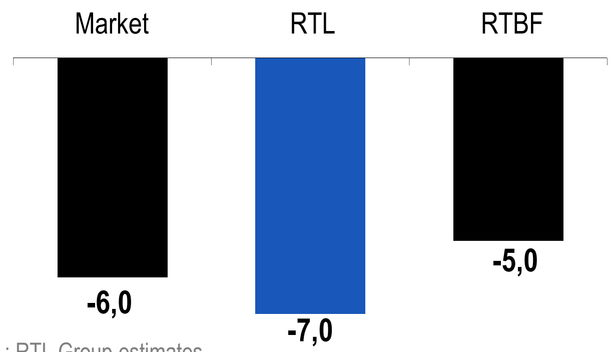
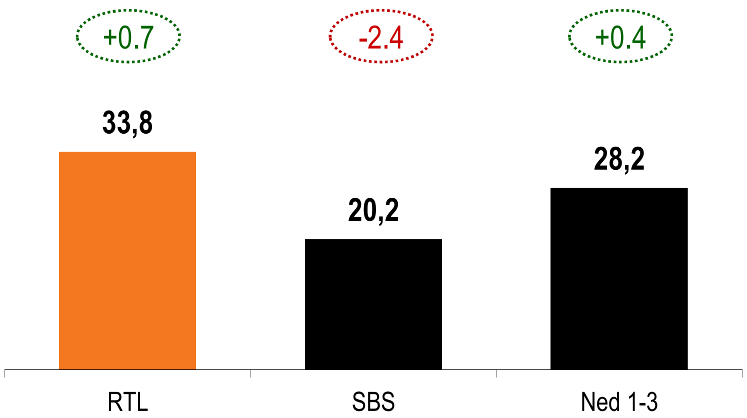


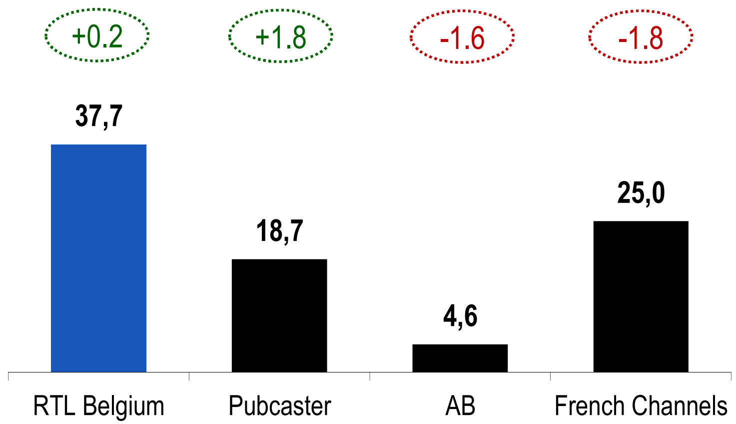
Source : RTL Group estimates

YTD AUDIENCE SHARE – FAMILY OF CHANNELS



Source : RTL Group estimates, 20-49, PRIMETIME (in %) : delta versus same period 2011 (ytd April)

YTD TV AUDIENCE SHARE – FAMILY OF CHANNELS



Source : RTL Group estimates, shoppers 18-54, PRIMETIME (in %) : delta versus same period 2011 (ytd April)

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- Introduction
- Business Review
- **STRATEGY UPDATE**

1

WHAT ARE THE CHALLENGES OF 'DIGITAL'

2

WHAT IS OUR STRATEGIC RESPONSE?

3

DIGITAL FACT vs DIGITAL FICTION

What Are The Challenges of Digital?

RTL GROUP

1

Increasing Competition

More "TV" than ever

- New and traditional players competing for business

- Higher demand for premium content
- Pressure on ad prices

2

Technological Change

Merged TV and online world

- Abuse of TV signal
- Emerging gatekeepers

- Separation of channel and format brands

3

Shift in Consumer Behaviour

Non-linear TV viewing
TV goes mobile

- Further fragmentation of TV usage

- Diminishing relevance of linear TV
- Potential shift of advertising budgets

1

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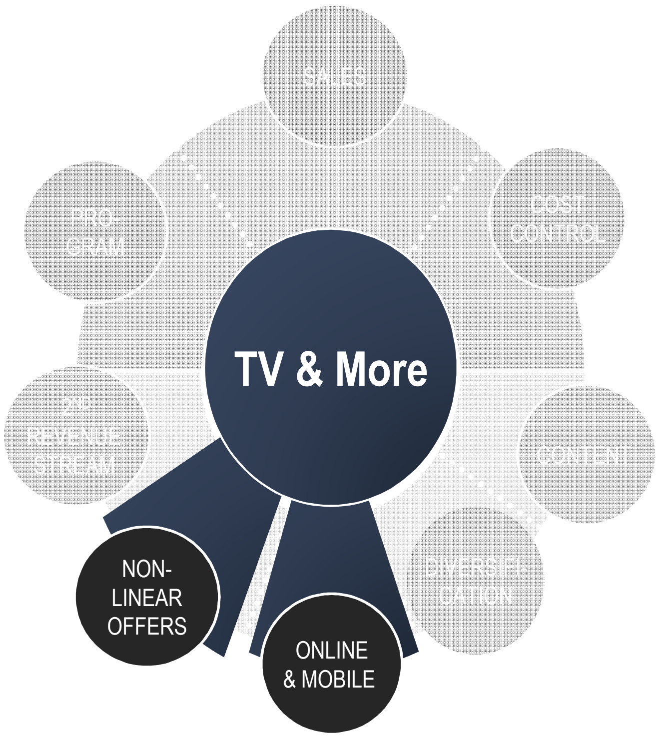
DIGITAL FACT vs DIGITAL FICTION

What Is Our Strategic Response?



Invest and Experiment

1.9 billion video views in 2011 — +35% yoy

Apps already Launched: 125

Total App Downloads: 38m and growing

What Is Our Strategic Response?

1

WHAT ARE THE CHALLENGES OF 'DIGITAL'

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WHAT IS OUR STRATEGIC RESPONSE?

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DIGITAL FACT vs DIGITAL FICTION

Digital Fact versus Digital Fiction

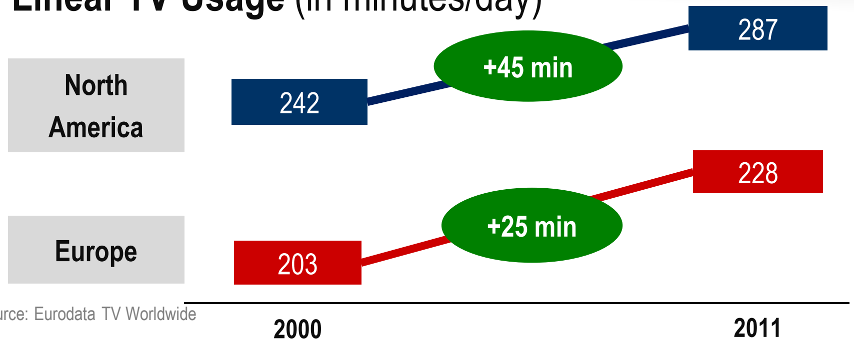
***Fragmentation**:*
'Audiences are moving away from TV and spreading thinly across thousands of destinations.'

***Targeting**:*
'Advertisers are demanding targeting, which TV does not provide'

***Non-Linear**:*
'The demand for 'on-demand' is cannibalizing linear TV audiences'

***Disintermediation**:*
'New platforms and technologies are allowing producers to bypass broadcasters'

Linear TV Usage (in minutes/day)



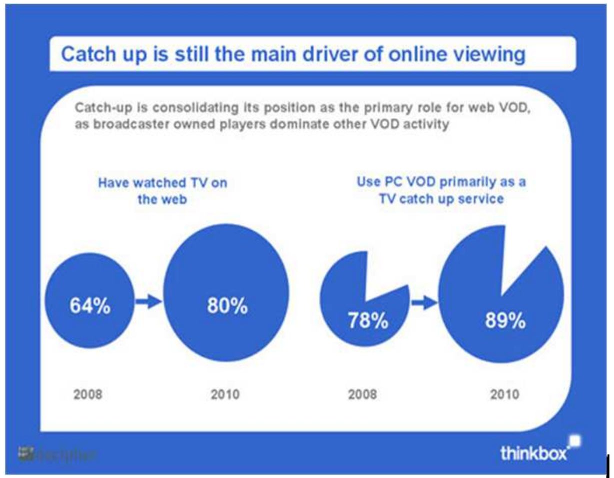
Source: Eurodata TV Worldwide

"The fact remains that Americans are not turning off…..The TV screen remains the dominant platform on which to consume video content." Nielsen May 2012

"Increasingly the way we are thinking is that media is being polarised into a TV and digital world, and what gets squeezed in the middle is …magazines and newspapers…..I think it's a TV and digital world that we live in. And it is starting to rebalance towards TV in many cases, because TV drives word of mouth" Mark Read WPP's Director of Strategy and CEO of WPP Digital, May 2012

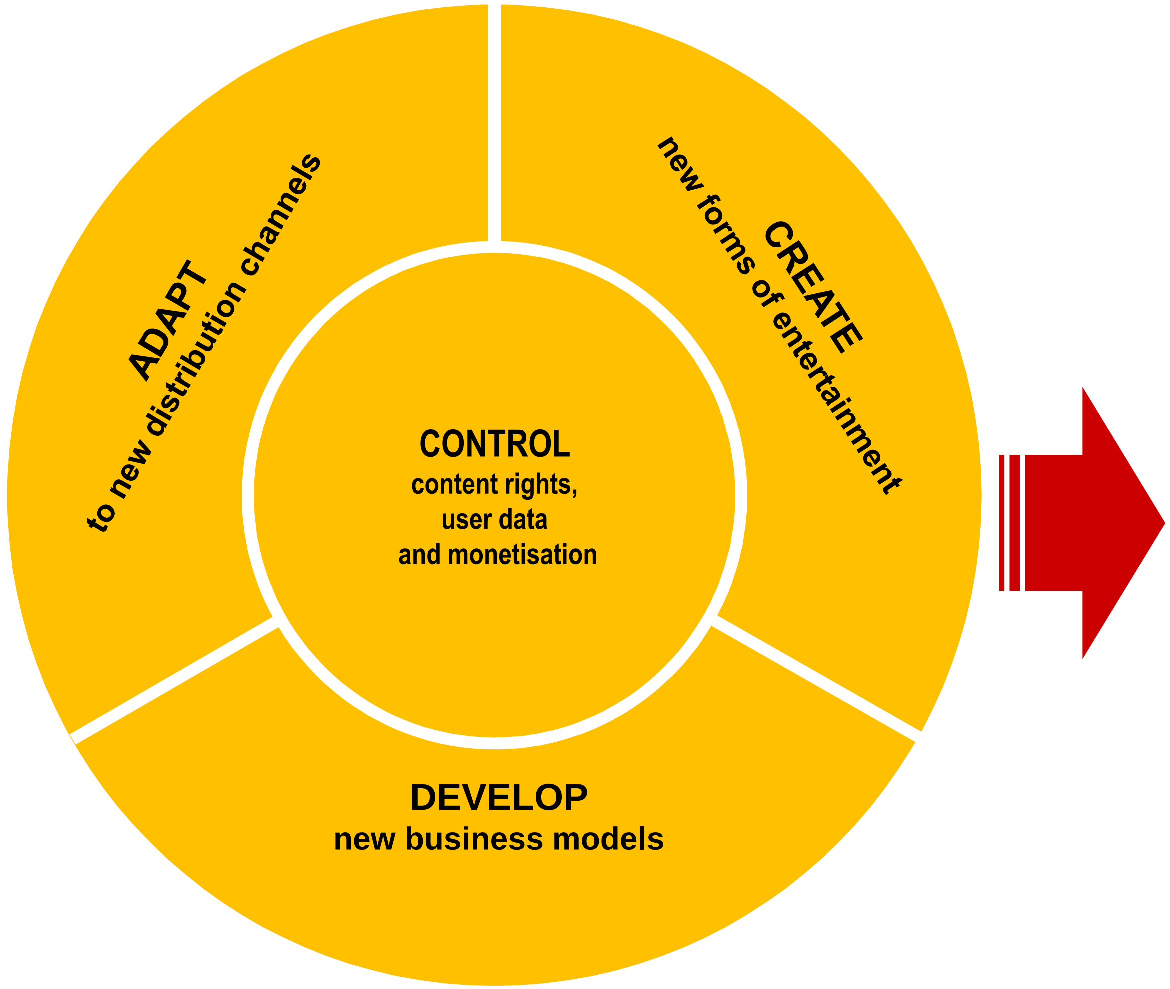
Top two UK 'YouTube' channels? BGT & X Factor.

'..broadcaster sites are the most popular destinations to obtain TV content, with all of them increasing the number of visitors….'



Source: Thinkbox

New Content, New Distribution, New Models



Qualities that define a successful 'digital' entertainment company remain the same:

- Great Content
- Strong Brands
- Massive Reach

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