

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.

Highlights

In € million	Half year to June 2014	Half year to June 2013 ¹	Per cent change
Revenue	2,687	2,755	(2.5)
Underlying revenue²	2,660	2,731	(2.6)
Reported EBITA³	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 adjustment on acquisitions of subsidiaries	(100)	(5)	
Impairment of investments accounted for using the equity method	–	72	
Re-measurement of earn-out arrangements	1	–	
(Loss)/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 FremantleMedia and UFA Sports
- RTL Group's digital revenues⁴ 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 FremantleMedia 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

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

- 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.

“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 online video views, up 29 per cent year-on-year. The company now runs 167 Youtube channels in 35 different territories

The half-year financial report 2014, slides from the analyst presentation and MP3 files of the analyst and media calls will be available to download at:

http://www.rtlgroup.com/results_hy2014.aspx

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About RTL Group

RTL Group is the leading European entertainment network, with interests in 53 television channels and 27 radio stations and content production throughout the world. The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia, Hungary and Antena 3 in Spain. The Group also operates the channels RTL CBS Entertainment HD and RTL CBS Extreme HD in South East Asia. RTL Group's families of TV channels are either the number one or number two in eight European countries. The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, the Netherlands, Spain and Luxembourg. RTL Group's content production arm, FremantleMedia, is one of the largest international creators, producers and distributors of multi-genre content outside the US. With operations in 22 countries, FremantleMedia's comprehensive global network is responsible for 8,500 hours of programming a year and distributes over 20,000 hours of content worldwide. Combining the catch-up TV services of its broadcasters, the multi-channel network BroadbandTV and FremantleMedia's more than 160 Youtube channels, RTL Group has become the leading European media company in online video.