

Q1 2017

INTERIM REPORT

JANUARY TO MARCH 2017



ENTERTAIN. INFORM. ENGAGE.

RTL
GROUP

HIGHLIGHTS



BIG HEART

At the end of its 2017 edition and with a televised closing ceremony evening heavy with emotion, Télévie once more provoked an unparalleled surge of generosity, both in Belgium and in the Grand Duchy of Luxembourg. Whilst Télévie broke the symbolic record of over 10 million Euros in 2016, this year, thanks to the initiatives and generosity of the Belgian and Luxembourg people, the sum of €11,027,650 was paid to the Fonds National de la Recherche Scientifique (FNRS). Luxembourg alone contributed no less than €1,620,455 of this, which sets a new record. Télévie is a charity event which has been organised in the French-speaking area of Belgium and in the Grand Duchy of Luxembourg by RTL-TVI since 1989, for the benefit of cancer research. It enables funds to be raised for helping scientific research in the fight against cancer and leukaemia, both in children and adults. It finishes with a televised evening closing ceremony.



YOU ARE WHAT YOU WORSHIP

FremantleMedia North America produced the fantasy drama, *American Gods* – a TV adaptation of Neil Gaiman's international bestseller. The iconic show premiered on 30 April 2017 on the US pay-TV channel Starz. Since 1 May 2017, the series has also been available on Amazon Prime Video in over 200 territories. Loved by critics and fans alike, the *Hollywood Reporter* called the series "as visually appealing as it is mystifying like a comic book come to stoned life", while the *New York Times* praised: "beneath the extraordinary imagery is a story about the power and evolution of faith, and of immigrants who helped to build and define American culture, only to see said culture turn against them."



“PROFITABILITY REMAINS HIGH WITH CONTINUED INVESTMENTS IN DIGITAL AND CONTENT”



Joint statement from
BERT HABETS and **GUILLAUME DE POSCH**,
Co-Chief Executive Officers of RTL Group

“Following the exceptionally strong first quarter 2016 with an early Easter, we have returned to regular business in the first quarter of 2017. Nonetheless, our profitability remains on a high level and we will continue to significantly invest in digital and content.

As stated in prior years, the first quarter is not necessarily an indicator for the full year. This is especially true for FremantleMedia. We can only emphasise once more that the content business cannot be managed on a quarterly basis. The launch of *American Gods* on the US pay-TV channel Starz and on Amazon Prime Video in more than 200 territories will have a positive impact on FremantleMedia’s revenue in Q2. RTL Group maintains its outlook for the full

year 2017 and expects total Group revenue to increase moderately and EBITDA to be broadly stable.

We are excited about the launch of *American Gods*, which is one of FremantleMedia’s signature productions in 2017 and the second major project coming out of the company’s push into drama, following *The Young Pope* in 2016. Looking at the show’s exceptional audience shares on Starz and great praise from fans and critics alike, FremantleMedia once more created must-see television. Just a few days ago, they announced that *American Idol*, one of the most iconic shows in TV history, will come back on the US network ABC. Both are proof of what we have said before: exclusive content is the power engine for everything we do in the total video universe.”

Q1/2017: RTL GROUP WITH STABLE NET PROFIT; AS EXPECTED, SOFT START IN 2017

Q1 results in line with expectations: revenue down 1.9 per cent and EBITDA down 8.3 per cent, following an exceptionally strong Q1/2016 and the effect of the absence of *American Idol* on the US network Fox in 2017

FremantleMedia recently announced that *American Idol* will be revived on the US network ABC

Digital revenue continued to show very dynamic growth – up 48.3 per cent

RTL Group on track with full-year outlook – guidance confirmed

Luxembourg, 11 May 2017 – RTL Group announces its quarterly results for the period ended 31 March 2017.

KEY FINANCIAL FIGURES

January to March 2017

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|--|---------------|---------------|--------------------|
| Revenue | 1,405 | 1,432 | (1.9) |
| Underlying revenue ¹ | 1,375 | 1,430 | (3.9) |
| EBITDA ² | 264 | 288 | (8.3) |
| EBITDA margin (%) | 18.8 | 20.1 | |
| EBITDA | 264 | 288 | (8.3) |
| Depreciation, amortisation and impairment | (50) | (63) | |
| 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 | 14 | – | |
| EBIT | 227 | 225 | +0.9 |
| Net financial expense | (3) | (2) | |
| Income tax expense | (70) | (68) | |
| Profit for the period | 154 | 155 | (0.6) |
| Attributable to: | | | |
| – Non-controlling interests | 17 | 17 | |
| – RTL Group shareholders | 137 | 138 | (0.7) |
| Reported EPS (in €) | 0.89 | 0.90 | |

¹ Adjusted for minor scope changes and at constant exchange rates

² See note 4 to the Condensed Consolidated Interim Financial Information

Q1 / 2017: RESULTS AS A CONSEQUENCE OF EXCEPTIONALLY HIGH Q1 / 2016 COMPARABLE

- Group **revenue** was down 1.9 per cent to €1,405 million (Q1/2016: €1,432 million), solely due to the absence of *American Idol* on the US network Fox in 2017 which more than compensated higher revenue from Mediengruppe RTL Deutschland, Groupe M6 and the dynamically growing digital business. Adjusted for the *American Idol* effect, RTL Group continued to grow by around 4 per cent, in line with the full-year guidance
- **EBITDA** was down by 8.3 per cent to €264 million (Q1/2016: €288 million), mainly based on lower profit contributions from the football club Girondins de Bordeaux and FremantleMedia. Despite the decrease, this was the second-highest Q1 EBITDA in RTL Group's history. The **EBITDA margin** stood at 18.8 per cent (Q1/2016: 20.1 per cent)
- **Net profit** attributable to RTL Group shareholders was stable at €137 million (Q1/2016: €138 million), thanks to a gain of €14 million resulting from a re-measurement of the fair value of RTL Group's 75.5 per cent interest in multi-platform network Divimove
- **Net cash from operating activities** was €220 million (Q1/2016: €319 million), resulting in an operating cash conversion of 116 per cent (Q1/2016: 150 per cent)
- As of 31 March 2017, RTL Group had a **net debt position** of €390 million (31 December 2016: net debt of €576 million)

SEGMENTS: SOLID PERFORMANCE IN KEY MARKETS

- **Mediengruppe RTL Deutschland's** EBITDA was stable at €168 million (Q1/2016: €169 million)
- At **Groupe M6**, EBITDA decreased to €76 million (Q1/2016: €90 million), reflecting lower EBITDA contributions from SND and the football club Girondins de Bordeaux, partly compensated by higher TV advertising
- **FremantleMedia's** EBITDA decreased to €13 million (Q1/2016: €19 million), mainly due to phasing effects and the absence of *American Idol* (the show's final season on US network Fox was mainly aired in Q1/2016)
- **RTL Nederland's** EBITDA was down to €1 million (Q1/2016: €3 million), mainly due to lower TV advertising sales

OUTLOOK

- RTL Group confirms its outlook given at the full-year results 2016 presentation on 9 March 2017: RTL Group expects its total **revenue** for the fiscal year 2017 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland
- At the same time, RTL Group's **EBITDA** for the full year 2017 is expected to be broadly stable (-1.0 per cent to +1.0 per cent)

RTL GROUP FURTHER STRENGTHENS CREATIVE PIPELINE AND DIGITAL EXPERTISE

Broadcast:

- The channels of Mediengruppe RTL Deutschland significantly increased their lead over the ProSiebenSat1 channels to 5.5 percentage points in the target group of viewers aged 14 to 59 (Q1/2016: 4.0 percentage points). With a total audience share of 5.2 per cent, the German TV channel Vox surpassed competitor ProSieben (4.6 per cent), underlining its position among the top TV channels in Germany. Both can be largely attributed to the strong, local and exclusive programming
- In France, Groupe M6 increased its combined audience share to 23.6 per cent among women under 50 responsible for purchases. The main channel M6 stepped up its game in French fiction with the new series *Glacé* which scored a strong average audience of 3.9 million viewers
- On 30 April 2017, the highly anticipated *American Gods* premiered on the US pay-TV channel Starz, attracting a cumulative audience of 1.4 million on its premiere night and exceeding the broadcaster's prime-time average share across all demographics including Men 18 to 49 (+595 per cent), Adults 18 to 49 (+540 per cent) and Adults 25 to 54 (+540 per cent). On Amazon Prime Video, the series has been available internationally since 1 May 2017
- On 9 May 2017, US network ABC announced an agreement with FremantleMedia North America and 19 Entertainment to revive television's most successful and recognised music competition series, *American Idol*, for the 2017/18 season. A host and judges will be announced at a later time

Digital:

Content:

- In March 2017, FremantleMedia International (FMI) and Mediengruppe RTL Deutschland struck a deal, giving FMI exclusive international distribution rights to Mediengruppe RTL Deutschland's extensive library of programming dating back to 2000, as well as rights for future commissions and show formats
- Also in March, FremantleMedia announced the production of *My Brilliant Friend* starting in summer 2017, an eight-episode drama series from director Saverio Costanzo (*The Solitude Of Prime Numbers*, *Hungry Hearts*). The story will be based on the first of the four-book series by Elena Ferrante
- In Germany, UFA Fiction's 6-part historical drama *Charité* launched with 8.4 million viewers and a total audience share of 25.9 per cent, public broadcaster ARD's highest new series launch in 13 years. The broadcaster has already commissioned a second season
- RTL Group's **digital revenue**³ continued to show very dynamic growth, up 48.3 per cent to €178 million (Q1/2016: €120 million)
- The digital businesses that make up the RTL Digital Hub – BroadbandTV, StyleHaul and SpotX – continued to show strong revenue growth. Comparing Q1/2017 with Q1/2016: BroadbandTV revenue was up 118 per cent, StyleHaul was up 100 per cent and SpotX was up 17 per cent
- In February 2017, FremantleMedia entered into an agreement with the controlling shareholders of Europe's leading multi-platform network (MPN), Divimove, to modify the corporate governance of the company. According to the agreement, the company's founders shall remain at the helm for at least two more years to continue the company's exponential growth. Divimove is now fully consolidated in RTL Group's accounts
- In April 2017, RTL Group participated in a Series B funding round for VideoAmp, increasing its share in the US-based advertising technology company to approximately 24 per cent on a fully-diluted basis. VideoAmp operates a platform for cross-screen data optimisation

³ Excluding e-commerce, home shopping and platform revenue for digital TV

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group controls its financial situation by means of various key performance indicators (KPIs) such as revenue, audience share in main target groups, EBITA and EBITDA, RTL Group Value Added, net debt and

cash conversion. For definitions and more details of these KPIs, please see the note 4 to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2017.

REVENUE

Looking across the Group's markets, RTL Group estimates that the net TV advertising markets were down in all markets in which the Group is active – with the exception of France and Spain.

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

| | Q1/2017 Net TV advertising market growth rate (in per cent) | RTL Group audience share in main target group Q1/2017 (in per cent) | RTL Group audience share in main target group Q1/2016 (in per cent) |
|-------------|--|--|--|
| Germany | (1.0) to (2.0) ⁴ | 29.7 ⁵ | 29.4 ⁵ |
| France | +2.0 ⁶ | 23.6 ⁷ | 23.3 ⁷ |
| Netherlands | (5.3) ⁴ | 32.6 ⁸ | 33.5 ⁸ |
| Belgium | (2.4) ⁴ | 37.0 ⁹ | 36.7 ⁹ |
| Hungary | (3.6) ⁴ | 32.4 ¹⁰ | 34.8 ¹⁰ |
| Croatia | (0.3) ⁴ | 32.2 ¹¹ | 30.1 ¹¹ |
| Spain | +4.3 ¹² | 29.4 ¹³ | 30.9 ¹³ |

Revenue was down 1.9 per cent to €1,405 million (Q1/2016: €1,432 million). This is mainly due to very strong comparables in Q1/2016, and the absence of *American Idol* on the US network Fox in 2017.

On a like-for-like basis (adjusting for portfolio changes and at constant exchange rates) revenue was down 3.9 per cent to €1,375 million (Q1/2016: €1,430 million).

4 Industry/IREP and RTL Group estimates

5 Source: GfK, Target group: 14 to 59

6 Source: Groupe M6 estimate

7 Source: Médiamétrie, Target group: women under 50 responsible for purchases

8 Source: SKO, Target group: 20-49, 18h-24h

9 Source: Audimétrie, Target group: shoppers 18-54, 17-23h

10 Source: AGB Hungary, Target group: 18-49, prime time (including cable channels)

11 Source: AGB Nielsen Media Research, Target group: 18-49, prime time

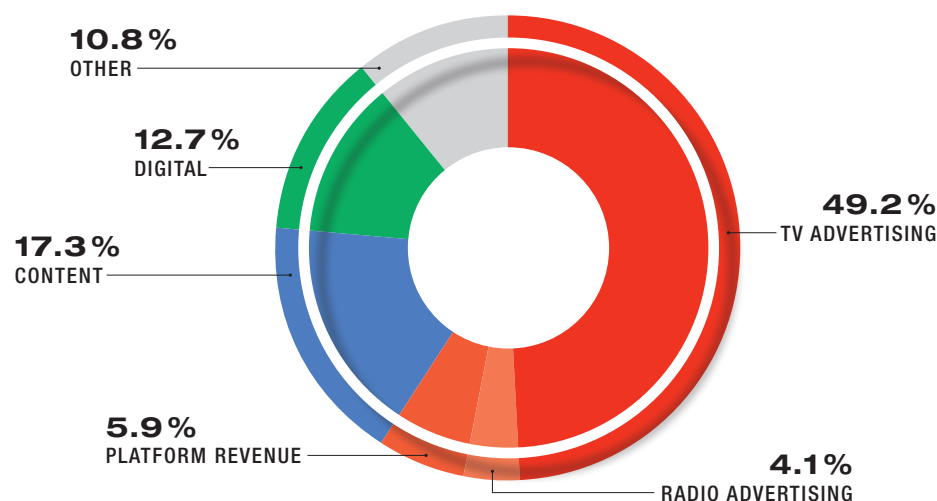
12 Source: Infoadex estimate

13 Source: TNS Sofres, Target group: 25-59

RTL GROUP REVENUE SPLIT

RTL Group's revenue is well diversified with 53.3 per cent from broadcast advertising (TV and radio), 17.3 per cent from content, 12.7 per cent from digital activities, 5.9 per cent from platform revenue and 10.8 per cent other revenue.

In contrast to some competitors, RTL Group only recognises pure digital businesses as digital revenue and does not consider e-commerce, home shopping and platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in "other revenue". For more information, please see the RTL Group Annual Report 2016, pages 48 to 51.



EBITDA AND EBITA

The Group's EBITDA was down 8.3 per cent to €264 million (Q1/2016: €288 million), mainly due to lower contributions from the football club Girondins de Bordeaux and FremantleMedia. This resulted in an EBITDA margin of 18.8 per cent (Q1/2016: 20.1 per cent).

EBITA decreased by 4.8 per cent to €218 million (Q1/2016: €229 million), resulting in an EBITA margin of 15.5 per cent (Q1/2016: 16.0 per cent).

Group operating expenses were at €1,207 million in Q1/2017 compared to €1,240 million in Q1/2016.

FINANCIAL DEVELOPMENT OVER TIME

| | Q1/2017 €m | Q1/2016 €m | Q1/2015 €m | Q1/2014 ¹⁴ €m | Q1/2013 €m |
|---------|---------------|---------------|---------------|-----------------------------|---------------|
| Revenue | 1,405 | 1,432 | 1,308 | 1,313 | 1,317 |
| EBITDA | 264 | 288 | 247 | 246 | 247 |
| EBITA | 218 | 229 | 194 | 191 | 207 |

¹⁴ Restated for changes in purchase price allocation

NET DEBT AND CASH CONVERSION

The consolidated net debt position at 31 March 2017 was €390 million (31 December 2016: net debt of €576 million). The Group continues to generate

significant operating cash flow with an EBITA to cash conversion ratio of 116 per cent (Q1/2016: 150 per cent).

| | As at 31 March 2017 €m | As at 31 December 2016 €m |
|---|---------------------------------|------------------------------------|
| Net (debt)/cash position | | |
| Gross balance sheet debt | (882) | (1,010) |
| Add: cash and cash equivalents and other short-term investments | 491 | 433 |
| Add: cash deposit and others | 1 | 1 |
| Net debt position²⁸ | (390)¹⁵ | (576) |

FURTHER GROUP FINANCIALS

Main portfolio changes

In February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove to modify the corporate governance of the company. RTL Group has recognised a gain of €14 million as a result of measuring at fair value its 75.5 per cent interest held in Divimove.

Investments accounted for using the equity method

The total contribution of these investments amounted to €10 million (Q1/2016: €14 million).

Interest expense

Net interest expense amounted to €5 million (Q1/2016: expense of €6 million) for the period ended 31 March 2017.

Income tax expense

In the first quarter of 2017, the tax expense was €70 million (Q1/2016: expense of €68 million).

Profit attributable to RTL Group shareholders

The profit for the period attributable to RTL Group shareholders was €137 million (Q1/2016: €138 million).

Earnings per share

Reported earnings per share, based on 153,550,173 shares, was €0.89 (Q1/2016: €0.90 per share based on 153,582,808 shares).

Subsequent events

Videodays

On 2 April 2017, Divimove acquired the assets (trademarks, social media channels, website, customer database etc.) of the company VideoDays GmbH, a YouTube events company based in Germany.

VideoAmp

On 20 April 2017, RTL Group participated in a Series B funding round for VideoAmp, increasing its share in the company to approximately 24 per cent on a fully diluted basis

Duck Soup

On 21 April 2017, FremantleMedia decided to invest in the UK indie Duck Soup Films Ltd. The global production outfit will take a 25 per cent stake in the flourishing scripted TV and film business.

Goldbach Audience

On 24 April 2017, IP Deutschland GmbH acquired a 24.95 per cent stake in the company Goldbach Audience AG, a subsidiary of the Goldbach Group and specialises in multi-screen advertising.

Flinders

On 27 April 2017, RTL Ventures (part of RTL Nederland) acquired a 20 per cent stake for a cash investment of €2 million and €1 million media investment in the company Flinders BV, a Dutch-based company that operates mainly in the Netherlands, Belgium and Germany, offering design furniture and decoration.

¹⁵ Of which €217 million held by Groupe M6 (Q4/2016: €173 million)

Bend it TV

On 28 April 2017, FremantleMedia acquired a 25 per cent stake in Gurinder Chadha's indie Bend It TV, whose focus is on prime-time scripted content for television. Chadha is one of the UK's foremost storytellers and is behind iconic and award-winning films such as *Bend It Like Beckham* and *Viceroy's House*.

RTL CBS Asia Entertainment Network

In April 2017, the shareholders of RTL CBS Asia Entertainment Network LLP decided to look at all strategic opportunities regarding the business.

Outlook

RTL Group confirms its outlook given at the full-year results 2016 presentation on 9 March 2017: RTL Group expects its total revenue for the fiscal year 2017 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland.

At the same time, RTL Group's EBITDA for the full year 2017 is expected to be broadly stable (–1.0 per cent to +1.0 per cent).

REVIEW BY SEGMENTS: JANUARY TO MARCH 2017 (Q1 / 2017)

| Revenue | Q1 / 2017 €m | Q1 / 2016 €m | Per cent change |
|------------------------------|-----------------|-----------------|--------------------|
| Mediengruppe RTL Deutschland | 526 | 515 | +2.1 |
| Groupe M6 | 324 | 313 | +3.5 |
| FremantleMedia | 274 | 340 | (19.4) |
| RTL Nederland | 104 | 109 | (4.6) |
| RTL Belgium | 49 | 51 | (3.9) |
| RTL Radio (France) | 36 | 38 | (5.3) |
| Other segments | 145 | 110 | +31.8 |
| Eliminations | (53) | (44) | – |
| Total revenue | 1,405 | 1,432 | (1.9) |

| EBITDA | Q1 / 2017 €m | Q1 / 2016 €m | Per cent change |
|------------------------------|-----------------|-----------------|--------------------|
| Mediengruppe RTL Deutschland | 168 | 169 | (0.6) |
| Groupe M6 | 76 | 90 | (15.6) |
| FremantleMedia | 13 | 19 | (31.6) |
| RTL Nederland | 1 | 3 | (66.7) |
| RTL Belgium | 10 | 11 | (9.1) |
| RTL Radio (France) | 1 | 3 | (66.7) |
| Other segments | (6) | (7) | – |
| Eliminations | 1 | – | – |
| Reported EBITDA | 264 | 288 | (8.3) |

| EBITDA margin | Q1 / 2017 per cent | Q1 / 2016 per cent | Percentage point change |
|------------------------------|-----------------------|-----------------------|----------------------------|
| Mediengruppe RTL Deutschland | 31.9 | 32.8 | (0.9) |
| Groupe M6 | 23.5 | 28.8 | (5.3) |
| FremantleMedia | 4.7 | 5.6 | (0.9) |
| RTL Nederland | 1.0 | 2.8 | (1.8) |
| RTL Belgium | 20.4 | 21.6 | (1.2) |
| RTL Radio (France) | 2.8 | 7.9 | (5.1) |
| RTL Group | 18.8 | 20.1 | (1.3) |

MEDIENGRUPPE RTL DEUTSCHLAND

Financial results

Even though the German net TV advertising market was estimated to be down between 1.0 and 2.0 per cent year-on-year, Mediengruppe RTL Deutschland increased its revenue to €526 million (Q1/2016: €515 million), mainly due to higher platform revenue and the portfolio effect resulting from the acquisition of Smartclip. EBITDA was stable at €168 million (Q1/2016: €169 million).

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|---------|---------------|---------------|--------------------|
| Revenue | 526 | 515 | +2.1 |
| EBITDA | 168 | 169 | (0.6) |
| EBITA | 164 | 166 | (1.2) |

Audience ratings

In the first three months of 2017, the channels of **Mediengruppe RTL Deutschland** scored a combined audience share of 29.7 per cent in the target group of viewers aged 14 to 59 (Q1/2016: 29.4 per cent), and significantly increased its lead over the ProSiebenSat1 channels to 5.5 percentage points (Q1/2016: 4.0 percentage points).

RTL Television remained the clear market leader, recording an audience share of 12.2 per cent in the channel's target group of viewers aged 14 to 59 (Q1/2016: 13.2 per cent), clearly ahead of Sat1 (8.4 per cent), ZDF (8.4 per cent), and ARD Das Erste (7.6 per cent). The eleventh season of *Ich bin ein Star – Holt mich hier raus!* (I'm A Celebrity – Get Me Out Of Here!) was once again a highlight in January, scoring an average audience share of 36.3 per cent in the target group (2016: 37.3 per cent), making it the most-watched serial TV show in Germany in the first quarter in this demographic. In fiction, RTL Television launched several new comedy series such as *Magda macht das schon!*, which scored an average audience share of 15.0 per cent. With an average audience share of 29.9 per cent in the target group, the football game of the German National team versus Azerbaijan was the most popular sports broadcast in the reporting period. Other audience favourites were *Let's Dance* and *Wer wird Millionär?* (Who Wants To Be A Millionaire?), and the series *Der Lehrer*. *RTL Aktuell* was again Germany's most popular news programme among viewers aged 14 to 59, with an average audience share of 15.6 per cent (Q1/2016: 17.0 per cent).

During the first three months of 2017, **Vox** increased its average audience share significantly to 7.0 per cent in the target group of viewers aged 14 to 59 (Q1/2016: 6.7 per cent). With a total audience share of 5.2 per cent, Vox clearly surpassed competitor ProSieben (4.6 per cent). The cooking show *Kitchen Impossible* with famous chef Tim Mälzer was especially popular, attracting an average audience share of 9.7 per cent (viewers aged 14 to 59). Vox was able to achieve new records in the daytime as well: The romantic daily shows *Zwischen Tüll und Tränen* and *4 Hochzeiten und eine Traumreise* were watched by average 9.2 per cent and 9.0 per cent in the target group.



RTL II achieved an average audience share of 4.6 per cent among viewers aged 14 to 59 (Q1/2016: 5.0 per cent). Reality shows such as *Zuhause im Glück* were popular in prime time with an average audience share of 6.2 per cent (14 to 59) during the reporting period. In February, RTL II also scored with movies such as *Safe* or *Olympus Has Fallen*.

In total, **RTL Nitro** attracted an average 2.0 per cent of viewers aged 14 to 59 during the first quarter of 2017, up from 1.7 per cent in the first quarter of 2016.

RTL Plus, the latest addition to Mediengruppe RTL Deutschland's family of channels, attracted an average 1.0 per cent of the 14 to 59 target audience.

Super RTL increased its average daytime audience share to 20.9 per cent in its target group of children aged 3 to 13 (Q1/2016: 21.6 per cent, 6:00 to 20:15) and remained the leading commercial children's channel in Germany. Kids loved the new series *Paw Patrol* which was watched by 41.1 per cent of the 3 to 13-year-olds.

The news channel **N-TV** attracted 1.1 per cent (Q1/2016: 1.1 per cent) of viewers aged 14 to 59. Closely followed topics included the terror attacks in London and Turkey as well as the Brexit and crisis in Syria.

RTL Interactive is Mediengruppe RTL Deutschland's subsidiary for digital and other diversification products, including online video. During the first three months of 2017, Mediengruppe RTL Deutschland – combining the unit's catch-up TV service, TV Now, TV sites, thematic websites, YouTube channels, pages on Facebook and the video streaming service Clipfish – generated a total of 330 million video views of professionally produced content. (Q1/2016: 340 million, including YouTube and Facebook).

Ad tech platform **Smartclip** enhanced its partner portfolio once again in Q1/2017. In Germany, TV sales house Visoon Video Impact, the joint venture of Axel Springer and Viacom International Media Networks as well as Sport 1 Media signed up in January to use Smartclip's technology infrastructure. Revenue from programmatic video increased by 70 per cent compared to Q1/2016, driven by the out-stream business.

GROUPE M6

Financial results

The French net TV advertising market was up by an estimated 2.0 per cent compared to the first quarter of 2016, with Groupe M6 continuing to clearly outperform the market. In the first quarter of 2017, Groupe M6's revenue was up to €324 million (Q1/2016: €313 million). Despite significantly higher TV advertising sales, Groupe M6's EBITDA decreased strongly to €76 million (Q1/2016: €90 million), reflecting lower EBITDA contributions from the football club Girondins de Bordeaux due to lower profit from player transfers, and the film distributor SND. On an EBITA basis, the unit's profit was stable in Q1/2017.

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|----------------------|---------------|---------------|--------------------|
| Revenue | 324 | 313 | +3.5 |
| EBITDA ³³ | 76 | 90 | (15.6) |
| EBITA | 48 | 48 | – |

Audience ratings

Despite an increasingly fragmented audiovisual environment, impacted by the significant rise of the DTT channels, **Groupe M6** increased its combined audience share to 23.6 per cent in the key commercial target group of women under 50 responsible for purchases during the first three months of 2017 (Q1/2016: 23.3 per cent).

In the first quarter of 2017, the main channel **M6** scored an average audience share of 15.6 per cent in the target group of women under 50 responsible for purchases (Q1/2016: 16.0 per cent). M6 remained the number two most popular commercial channel. These results are based on the channel's access prime-time successful line-up (*Chasseurs d'appart'*, *Les Reines du Shopping*, *Le 19h45*, *Scènes de Ménages*) and its strong prime-time offer which combines popular major brands (*A l'Etat Sauvage*, *Top Chef*, *Patron Incognito*). In January, Groupe M6 stepped up its game in French fiction with the new series *Glacé* which scored a strong average audience of 3.9 million viewers. In March, the channel celebrated its 30th anniversary with a special show attracting an audience share of 24.6 per cent of the target group and the most-watched show on the channel in the reporting period.

W9's audience share increased to an average 4.0 per cent of women under 50 responsible for purchases (Q1/2016: 3.7 per cent). The most popular broadcasts included the feature film *Divergente* with an average audience share of 13.0 per cent in the target group, and the access prime time programme (*Les Marseillais South America*).

In the target group of women under 50 responsible for purchases, **6ter** remained the leading HD DTT channel, attracting an average audience share of 2.6 per cent – up by 0.5 per cent compared to the first quarter of 2016, the best progression among all HD DTT channels.

The catch-up TV service, **6play**, pursued its growth, underlining both the strength of the channel's flagship programmes on digital. In the first three months of 2017, 6play registered almost 319 million online video views (Q1/2016: 289 million) and 16 million registered users (Q1/2016: 8 million).



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

FREMANTLEMEDIA

Financial results

Revenue at RTL Group's content business, FremantleMedia, decreased to €274 million (Q1/2016: €340 million), mainly due to phasing effects and the absence of *American Idol* in 2017. Accordingly, EBITDA was down to €13 million (Q1/2016: €19 million).

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|---------|---------------|---------------|--------------------|
| Revenue | 274 | 340 | (19.4) |
| EBITDA | 13 | 19 | (31.6) |
| EBITA | 8 | 13 | (38.5) |

Non-scripted

In February, US game show stalwart *Family Feud* hit a new record high, with its best performance for over 20 years, achieving a 7.7 household rating¹⁶.

Meanwhile, the finale of the second season of *Got Talent* in Spain delivered the show's highest ever share of 25.7 per cent, while the series delivered audiences 39 per cent above the channel average among its target audience of 13 to 54 years olds in urban areas.

In the Netherlands, the second season of *Boer Zoekt Vrouw* (The Farmer Wants A Wife) delivered the channel NPO1 an average 46.8 per cent share, and was the Netherlands' number one show of the year to date.

Scripted

In February, FremantleMedia North America (FMNA) secured an exclusive multi-year agreement with award-winning author Neil Gaiman, giving them first look to adapt any of his works for television. Gaiman's *American Gods*, produced by FMNA, premiered in the US on Starz on 30 April and has been available to 200+ territories since 1 May through Amazon Prime Video.

FremantleMedia announced the first commission from the series of acclaimed Elena Ferrante novels: *My Brilliant Friend* is an HBO-RAI original 8-part series produced by Wildside and Fandango and goes into production in summer 2017.

In Germany, UFA Fiction's 6-part historical drama *Charité* launched with 8.4 million viewers and an audience share of 25.9 per cent, public broadcaster ARD's highest new series launch in 13 years. The broadcaster has already commissioned a second season.

FremantleMedia International

FremantleMedia International (FMI) and Mediengruppe RTL Deutschland struck a deal, making FMI the exclusive global distributor (ex-German language territories) for all Mediengruppe RTL Deutschland's original programming dating back to 2000.

FMI also acquired distribution rights to Joe Wicks' *Body Coach* titles; the social media lifestyle star's TV programmes are produced by Full Fat TV, a company in which FremantleMedia invested in 2015.

Digital

FremantleMedia content registered 237 million fans across Youtube, Facebook, Twitter and Instagram (Q1/2016: 196 million). In the first three months of 2017, FremantleMedia content had 5.4 billion views on YouTube (Q1/2016: 3.9 billion) and 43 million subscribers (Q1/2016: 30 million) across 270 channels.

In the first quarter 2017, Europe's leading multi-platform network, **Divimove**, attracted a total of 3.9 billion video views and had 160 million subscribers across its 1,200 digital influencers in Germany, Spain, the Netherlands, Italy, Poland and France (Q1/2016: 150 million across 1,300 digital influencers).

In February 2017, FremantleMedia entered into an agreement with the controlling shareholders of Divimove to modify the corporate governance of the company. According to the agreement, the company's founders shall remain at the helm for at least two more years to continue the company's exponential growth. Divimove is now fully consolidated in RTL Group's accounts.



¹⁶ Number of households watching the show expressed as a percentage of the total TV household population

RTL NEDERLAND

Financial results

The Dutch TV advertising market was estimated to be down 5.3 per cent year-on-year. RTL Nederland recorded decreasing revenue at €104 million (Q1/2016: €109 million) due to lower advertising revenue. This translated into EBITDA reaching €1 million (Q1/2016: €3 million).

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|---------|---------------|---------------|--------------------|
| Revenue | 104 | 109 | (4.6) |
| EBITDA | 1 | 3 | (66.7) |
| EBITA | (2) | 1 | – |

Audience ratings

During the first three months of 2017, the combined prime-time audience share of RTL Nederland's channels in the target group of viewers aged 20 to 49 was down to 32.6 per cent (Q1/2016: 33.5 per cent), but remained clearly ahead of the public broadcasters (26.8 per cent) and the SBS group (18.6 per cent).

RTL Nederland's flagship channel, RTL 4, registered an average audience share of 19.3 per cent in the target group of shoppers aged 20 to 49 (Q1/2016: 19.8 per cent). The finale of *The Voice Of Holland* on 17 February attracted an average 39.3 per cent of viewers in the target group. Other popular programmes included *The Voice Kids*, *Helemaal Het Einde*, *All You Need Is Love*, *Married At First Sight* and the daily drama *Goede Tijden, Slechte Tijden*.

RTL 5 achieved an audience share of 5.8 per cent among viewers aged 20 to 34 in the reporting period (Q1/2016: 6.2 per cent). Popular programmes included *Temptation Island*, *Slechtste Chauffeur van Nederland* and *Idols*.

The men's channel RTL 7 scored an average audience share of 7.3 per cent among male viewers aged 20 to 49 in the first quarter of 2017 (Q1/2016: 6.0 per cent). The Darts World Cup in January once again attracted male viewers, scoring an audience share of 43.8 per cent in the target group for the finale. Europa League also performed well with two Dutch teams reaching the round of 16.

During the first three months of 2017, the women's channel RTL 8 attracted an average audience share of 3.3 per cent among women aged 20 to 49 (Q1/2016: 3.5 per cent).

RTL Z scored an average audience share 0.9 per cent in the target of viewers with upper social status aged 25 to 59 (Q1/2016: 0.6 per cent).

RTL Nederland's network of websites generated a total of 475 million video views (including YouTube)¹⁷ in the first three months of 2017 (Q1/2016: 333 million). The most popular formats were *RTL Late Night*, *RTL Nieuws*, *The Voice Of Holland*, *The Voice Kids*, *Temptation Island*, *Voetbal Inside* and all video content related to the daily soap *Goede Tijden, Slechte Tijden*.

RTL Nederland's video-on-demand service, **Videoland**, recorded subscriber growth of 30.6 per cent compared to December 2016.



rtlxl

¹⁷ Playlist starts

RTL BELGIUM

Financial results

In the first quarter of 2017, the net TV advertising market in Belgium was estimated to be down 2.4 per cent. Accordingly, RTL Belgium's revenue was down to €49 million (Q1/2016: €51 million). EBITDA decreased to €10 million (Q1/2016: €11 million), reflecting a lower profit contribution from the TV business.

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|---------|---------------|---------------|--------------------|
| Revenue | 49 | 51 | (3.9) |
| EBITDA | 10 | 11 | (9.1) |
| EBITA | 9 | 10 | (10.0) |



Audience ratings

RTL Belgium's family of TV channels maintained its position as market leader in French-speaking Belgium with a combined prime-time audience share of 37.0 per cent in the commercial target group (Q1/2016: 36.7 per cent). The flagship channel **RTL-TVI** recorded a prime-time audience share of 27.7 per cent among shoppers aged 18 to 54 (Q1/2016: 27.5 per cent), while **Club RTL** had an audience share of 5.9 per cent among male viewers aged 18 to 54 (Q1/2016: 6.3 per cent) and **Plug RTL** attracted 5.1 per cent of viewers aged 15 to 34 (Q1/2016: 6.3 per cent).

RTL RADIO (FRANCE)

Financial results

The net radio advertising market in France decreased by an estimated 4.7 per cent compared to the same period in 2016. Accordingly, the French RTL radio family reported a decreased revenue of €36 million (Q1/2016: €38 million) and EBITDA down to €1 million (Q1/2016: €3 million).

| | Q1/2017 €m | Q1/2016 €m | Per cent change |
|---------|---------------|---------------|--------------------|
| Revenue | 36 | 38 | (5.3) |
| EBITDA | 1 | 3 | (66.7) |
| EBITA | 0 | 2 | – |



Audience ratings

In the latest audience survey by Médiamétrie, for the period January to March 2017, the French RTL radio family maintained its clear market leadership in terms of audience share. With a combined audience share of 18.8 per cent, the unit's three stations – RTL Radio, RTL 2 and Fun Radio – continued to lead over their main commercial competitors, the radio families of NRJ (13.8 per cent) and Lagardère (11.6 per cent).

RTL Radio in France remained the country's number one radio station, with an audience share of 12.6 per cent (Q1/2016: 12.1 per cent). **Fun Radio** reported a corrected audience share of 3.7 per cent (Q1/2016: n/a). **RTL 2** recorded an audience share of 2.5 per cent (Q1/2016: 2.8 per cent).

OTHER SEGMENTS

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

The Hungarian TV advertising market was estimated to be down by 3.6 per cent in the reporting period, compared to the first quarter of 2016. **RTL Hungary** increased its revenue to €23 million (Q1/2016: €20 million), mainly due to platform revenue of the main channel RTL Klub which can be collected since summer 2016. Accordingly, EBITDA was up to €3 million (Q1/2016: €2 million).

Against a background of ongoing fragmentation, RTL Hungary's family of channels recorded a combined average prime-time audience share of 32.4 per cent among viewers aged 18 to 49 (Q1/2016: 34.8 per cent) during the first three months of 2017. The gap between the Hungarian RTL family of channels and its competitor TV2 Group was 12.5 percentage points (Q1/2016: 20.2 percentage points). The decrease was mainly due to a number of new channels launched by TV2 Group. Flagship channel RTL Klub attracted an average 17.0 per cent of viewers aged 18 to 49 in prime time (Q1/2016: 18.2 per cent), well ahead of TV2 scoring 9.5 per cent (Q1/2016: 9.5 per cent). The RTL cable channels' combined prime-time audience share was 15.4 per cent in the same target group (Q1/2016: 16.6 per cent).

RTL Croatia: In Croatia, the advertising market was estimated to be down 0.3 per cent. Revenue of RTL Croatia was stable at €8 million (Q1/2016: €8 million), while EBITDA was down at a loss of €2 million (Q1/2016: loss of €1 million), reflecting higher programming costs.

RTL Croatia's channels increased their combined prime-time audience share in the target group of viewers aged 18 to 49 by 2.1 percentage points to 32.2 per cent (Q1/2016: 30.1 per cent). This result was driven by the strong performance of the flagship channel RTL Televizija, which recorded a prime-time audience share of 21.4 per cent (Q1/2016: 20.6 per cent), and RTL 2, which scored an audience share of 7.9 per cent (Q1/2016: 6.7 per cent). RTL Croatia's children's channel, RTL Kockica, increased its average daytime (7:00 to 20:00) audience share to 26 per cent in the target group of children aged 4 to 14 (Q1/2016: 16.9 per cent). In its prime-time slot, RTL Kockica's audience share among viewers aged 18 to 49 was 2.9 per cent (Q1/2016: 2.8 per cent).



Atresmedia in Spain: The Spanish TV advertising market was estimated to be up 4.3 per cent year-on-year. Atresmedia outperformed the market and reported net revenue increasing by 5.3 per cent to €259 million (Q1/2016: €246 million), while first-quarter operating profit (EBITDA) was €41 million (Q1/2016: €40 million), driven by higher revenue, partly balanced by higher costs. Atresmedia has announced a net profit for the reporting period of €28 million (Q1/2016: €27 million).

In the first quarter of 2017, Atresmedia's family of channels recorded an audience share of 29.4 percent in the target group of viewers aged 25 to 59 (Q1/2016: 30.9). Flagship channel Antena 3 achieved an audience share of 13.2 per cent in the target group (Q1/2016: 13.6 per cent) and Atresmedia's second largest channel La Sexta reached an 7.2 per cent audience share in the target group (Q1/2016: 8.6 per cent).

Atresmedia's contribution to RTL Group's EBITDA was stable at €5 million (Q1/2016: €5 million).

RTL Radio Deutschland reported revenue of €11 million (Q1/2016: €12 million), while EBITDA was up to €2 million (Q1/2016: €nil million), due to earlier distribution of dividends compared to Q1/2016.

The **RTL Digital Hub** bundles the company's recent investments in the online video segment, in particular BroadbandTV, StyleHaul and SpotX. It also includes the shareholdings in Clypd, a company specialising in the automated sale of linear TV advertising, and VideoAmp, a platform for cross-screen data optimisation.

SpotX's net revenue was up 17 per cent year-on-year in Q1/2017. In the reporting period, SpotX registered 180 million ad impressions each day (Q1/2016: 121 million). The company is focused on continuing its growth in Europe, working closely with RTL Group, as well as furthering its growth in the JAPAC region.

BroadbandTV is the leading multi-platform network (MPN) on YouTube worldwide, with 26 billion monthly video views at the end of March 2017 (March 2016: 15.1 billion). In Q1/2017, BroadbandTV registered a total of 73 billion video views – up from 43 billion video views in Q1/2016. Revenue was up 118 per cent year-on-year.

With about 5,000 creators, **StyleHaul** is the leading multi-platform network for fashion, beauty and women's lifestyle. In Q1/2017, StyleHaul registered a total of 6.2 billion video views (Q1/2016: 5.3 billion). Revenue was up 100 per cent year-on-year.

CONSOLIDATED INCOME STATEMENT

for the three months ended 31 March

| | Notes | 2017 € m | 2016 € m |
|--|-------|-------------|-------------|
| Revenue | | 1,405 | 1,432 |
| Other operating income | | 9 | 23 |
| Consumption of current programme rights | | (448) | (509) |
| Depreciation, amortisation, impairment and valuation allowance | | (46) | (61) |
| Other operating expenses | | (713) | (670) |
| Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | | (4) | (4) |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | 7. | 14 | – |
| Profit from operating activities | | 217 | 211 |
| Share of results of investments accounted for using the equity method | | 10 | 14 |
| Earnings before interest and taxes ("EBIT") | 4. | 227 | 225 |
| Interest income | | 1 | 1 |
| Interest expense | | (6) | (7) |
| Financial results other than interest | | 2 | 4 |
| Profit before taxes | | 224 | 223 |
| Income tax expense | | (70) | (68) |
| Profit for the period | | 154 | 155 |
| Attributable to: | | | |
| RTL Group shareholders | | 137 | 138 |
| Non-controlling interests | | 17 | 17 |
| Profit for the period | | 154 | 155 |
| EBITA | 4. | 218 | 229 |
| Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | | (4) | (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 | | 14 | – |
| Earnings before interest and taxes ("EBIT") | 4. | 227 | 225 |
| EBITDA | 4. | 264 | 288 |
| Depreciation, amortisation and impairment | | (50) | (63) |
| 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 | | 14 | – |
| Earnings before interest and taxes ("EBIT") | 4. | 227 | 225 |
| Earnings per share (in €) | | | |
| – Basic | | 0.89 | 0.90 |
| – Diluted | | 0.89 | 0.90 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended 31 March

| | 2017 € m | 2016 € m |
|--|-------------|-------------|
| Profit for the period | 154 | 155 |
| Other comprehensive income: | | |
| Items that will not be reclassified to profit or loss: | | |
| Re-measurement of post-employment benefit obligations | – | (12) |
| Income tax | – | 2 |
| | – | (10) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation differences | (8) | (3) |
| Effective portion of changes in fair value of cash flow hedges | (8) | (36) |
| Income tax | 3 | 11 |
| | (5) | (25) |
| Change in fair value of cash flow hedges transferred to profit or loss | (16) | – |
| Income tax | 5 | – |
| | (11) | – |
| Fair value gains/(losses) on available-for-sale financial assets | (1) | 1 |
| Income tax | – | – |
| | (1) | 1 |
| | (25) | (27) |
| Other comprehensive income/(loss) for the year, net of income tax | (25) | (37) |
| Total comprehensive income for the period | 129 | 118 |
| Attributable to: | | |
| RTL Group shareholders | 112 | 102 |
| Non-controlling interests | 17 | 16 |
| Total comprehensive income for the period | 129 | 118 |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 31 March 2017 € m | 31 December 2016 € m |
|---|-------|-------------------------|----------------------------|
| Non-current assets | | | |
| Programme and other rights | | 99 | 100 |
| Goodwill | | 3,058 | 3,039 |
| Other intangible assets | | 223 | 225 |
| Property, plant and equipment | | 292 | 290 |
| Investments accounted for using the equity method | 8, 9 | 391 | 427 |
| Loans and other financial assets | | 153 | 167 |
| Deferred tax assets | | 316 | 317 |
| | | 4,532 | 4,565 |
| Current assets | | | |
| Programme rights | | 1,217 | 1,160 |
| Other inventories | | 16 | 15 |
| Income tax receivable | | 40 | 19 |
| Accounts receivable and other financial assets | 14 | 1,960 | 2,025 |
| Cash and cash equivalents | | 491 | 433 |
| | | 3,724 | 3,652 |
| Assets classified as held for sale | 9 | 91 | 83 |
| Current liabilities | | | |
| Loans and bank overdrafts | | 363 | 493 |
| Income tax payable | | 56 | 52 |
| Accounts payable | 14 | 2,866 | 2,842 |
| Provisions | | 140 | 145 |
| | | 3,425 | 3,532 |
| Net current assets | | 390 | 203 |
| Non-current liabilities | | | |
| Loans | 14 | 519 | 517 |
| Accounts payable | | 428 | 405 |
| Provisions | | 251 | 249 |
| Deferred tax liabilities | | 42 | 45 |
| | | 1,240 | 1,216 |
| Net assets | | 3,682 | 3,552 |
| Equity attributable to RTL Group shareholders | | 3,190 | 3,077 |
| Equity attributable to non-controlling interests | | 492 | 475 |
| Equity | | 3,682 | 3,552 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March

| | 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 2016 | 192 | (47) | (117) | 48 | 73 | 2,805 | 2,954 | 455 | 3,409 |
| Total comprehensive income: | | | | | | | | | |
| Profit for the period | – | – | – | – | – | 138 | 138 | 17 | 155 |
| Foreign currency translation differences | – | – | (3) | – | – | – | (3) | – | (3) |
| Effective portion of changes in fair value of cash flow hedges, net of tax | – | – | – | (25) | – | – | (25) | – | (25) |
| Fair value gains/(losses) on available-for-sale financial assets, net of tax | – | – | – | – | – | 1 | 1 | – | 1 |
| Re-measurement of post-employment benefit obligations, net of tax | – | – | – | – | – | (9) | (9) | (1) | (10) |
| | – | – | (3) | (25) | – | 130 | 102 | 16 | 118 |
| Capital transactions with owners: | | | | | | | | | |
| Equity-settled transactions, net of tax | – | – | – | – | – | 1 | 1 | 1 | 2 |
| Transactions on non-controlling interests without a change in control | – | – | – | – | – | 1 | 1 | 2 | 3 |
| | – | – | – | – | – | 2 | 2 | 3 | 5 |
| Balance at 31 March 2016 | 192 | (47) | (120) | 23 | 73 | 2,937 | 3,058 | 474 | 3,532 |
| Balance at 1 January 2017 | 192 | (48) | (84) | 52 | 75 | 2,890 | 3,077 | 475 | 3,552 |
| Total comprehensive income: | | | | | | | | | |
| Profit for the period | – | – | – | – | – | 137 | 137 | 17 | 154 |
| Foreign currency translation differences | – | – | (8) | – | – | – | (8) | – | (8) |
| 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 | – | – | – | (11) | – | – | (11) | – | (11) |
| Fair value gains/(losses) on available-for-sale financial assets, net of tax | – | – | – | – | (1) | – | (1) | – | (1) |
| | – | – | (8) | (16) | (1) | 137 | 112 | 17 | 129 |
| Capital transactions with owners: | | | | | | | | | |
| Equity-settled transactions, net of tax | – | – | – | – | – | 1 | 1 | 1 | 2 |
| (Acquisition)/disposal of treasury shares | – | 2 | – | – | – | – | 2 | – | 2 |
| Transactions on non-controlling interests without a change in control | – | – | – | – | – | – | – | 1 | 1 |
| Derivatives on equity instruments | – | – | – | – | – | (2) | (2) | (2) | (4) |
| | – | 2 | – | – | – | (1) | 1 | – | 1 |
| Balance at 31 March 2017 | 192 | (46) | (92) | 36 | 74 | 3,026 | 3,190 | 492 | 3,682 |

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

CONSOLIDATED CASH FLOW STATEMENT

for the three months ended 31 March

| | Notes | 2017 € m | 2016 € m |
|---|--------|-------------|-------------|
| Cash flows from operating activities | | | |
| Profit before taxes | | 224 | 223 |
| Adjustments for: | | | |
| – Depreciation and amortisation | | 50 | 53 |
| – Value adjustments, impairment and provisions | | 16 | 27 |
| – Share-based payments expenses | | 3 | 2 |
| – Re-measurement of earn-out arrangements | | 1 | – |
| – Gain on disposal of assets | | (15) | (16) |
| – Financial results including net interest expense and share of results of investments accounted for using the equity method | | 16 | 26 |
| Use of provisions | | (12) | (13) |
| Working capital changes | | (8) | 68 |
| Income taxes paid | | (55) | (51) |
| Net cash from operating activities | | 220 | 319 |
| Cash flows from investing activities | | | |
| Acquisitions of: | | | |
| – Programme and other rights | | (25) | (34) |
| – Subsidiaries, net of cash acquired | 7. | (6) | (6) |
| – Other intangible and tangible assets | | (42) | (31) |
| – Other investments and financial assets | | (4) | (6) |
| | | (77) | (77) |
| Proceeds from the sale of intangible and tangible assets | 9. | 44 | 39 |
| Interest received | | 2 | 1 |
| | | 46 | 40 |
| Net cash used in investing activities | | (31) | (37) |
| Cash flows from financing activities | | | |
| Interest paid | | (15) | (15) |
| Transactions on non-controlling interests | | 1 | 2 |
| (Acquisition)/disposal of treasury shares | | 2 | – |
| Term loan facility due to shareholder | 14. 1. | (102) | (340) |
| Proceeds from loans | 14. 2. | 9 | 25 |
| Repayment of loans | 14. 2. | (23) | (5) |
| Net cash used in financing activities | | (128) | (333) |
| Net increase/(decrease) in cash and cash equivalents | | 61 | (51) |
| Cash and cash equivalents and bank overdrafts at beginning of period | | 431 | 444 |
| Effect of exchange rate fluctuation on cash held | | (2) | (4) |
| Cash and cash equivalents and bank overdrafts at end of period | | 490 | 389 |

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 2016.

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. 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 10 May 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the interim consolidated financial statements as of and for the period ended 31 March 2017 are the same as for the consolidated financial statements for the financial year 2016. For further information on the accounting policies applied, please refer to the consolidated financial statements as of and for the financial year ended 31 December 2016, which form the basis for this condensed consolidated interim financial information.

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 2016.

Following the end of the long-term incentive plan (LTIP) covering the years 2014-2016, and ahead of the finalisation of the terms and conditions of a new plan for the period 2017-2019, Management have accrued an amount of €3 million as at 31 March 2017 (March 2016: €4 million) based upon the same contractual terms as the old plan (2014-2016). This Management estimate will be revised once the new LTIP (2017-2019) has been approved by the Group’s Nomination and Compensation Committee.

4. KEY PERFORMANCE INDICATORS

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

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

EBIT, EBITA and EBITDA

EBIT, EBITA and EBITDA are indicators of the operating profitability of the Group. These alternative performance measures are presented on page 20 of the condensed consolidated interim financial information.

EBITA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:

- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Impairment of investments accounted for using the equity method reported in "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements presented in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITA is a component of the RTL Group Value Added (RVA, see below) and presents the advantage to consistently include the consumption, depreciation and impairment losses on programmes and other rights for all businesses that RTL Group operates regardless of their classification on the consolidated statement of financial position (current or non-current).

EBITDA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:

- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, with the exception to the part concerning goodwill and fair value adjustments (see above), reported in "Depreciation, amortisation, impairment and valuation allowance";
- Impairment of investments accounted for using the equity method included in the "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements reported in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITDA is largely used by the financial community, especially by the rating agencies when calculating the "net debt to EBITDA ratio" (see below).

Net debt

The net debt is the gross balance sheet financial debt adjusted for:

- “Cash and cash equivalents”;
- Marketable securities and other short-term investments presented in “Accounts receivable and other financial assets”;
- Current deposit with shareholder reported in “Accounts receivable and other financial assets”; and
- Financial assets related to the sales and leasebacks presented in “Loans and other financial assets” (non-current part) and “Accounts receivable and other financial assets”.

| | March 2017 € m | December 2016 € m |
|---|-------------------|----------------------|
| Current loans and bank overdrafts | (363) | (493) |
| Non-current loans | (519) | (517) |
| | (882) | (1,010) |
| Deduction of: | | |
| Cash and cash equivalents | 491 | 435 |
| Financial assets related to the sales and lease backs | 1 | 1 |
| Net debt | (390) | (576) |

OCC

Operating cash conversion ratio (OCC) means operating free cash flow divided by EBITA, operating free cash flow being net cash from operating activities adjusted as follows:

| | March 2017 € m | March 2016 € m |
|--|-------------------|-------------------|
| Net cash from operating activities | 220 | 319 |
| Adjusted by: | | |
| – Income tax paid | 55 | 51 |
| Acquisitions of: | | |
| – Programme and other rights | (25) | (34) |
| – Other intangible and tangible assets | (42) | (31) |
| Proceeds from the sale of intangible and tangible assets | 44 | 39 |
| Operating free cash flow | 252 | 344 |
| EBITA | 218 | 229 |
| Operating cash conversion ratio | 116 % | 150 % |

The operating cash conversion ratio reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion of RTL Group’s operations is subject to seasonality and may decrease at the time the Group significantly increases its investments in operations with longer operating cycles. RTL Group historically had, and expects in the future to have, a strong OCC due to a high focus on working capital and capital expenditure throughout the operations.

RVA

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

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA adjusted for a uniform tax rate of 33 per cent, and cost of capital.

The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed adjusted for a uniform tax rate of 33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed.

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 6.). 66 per cent of the present value of operating leases and of satellite transponder service agreements is also taken into account when calculating the average invested capital.

| | March 2017 € m | March 2016 € m |
|--|-------------------|-------------------|
| EBITA | 218 | 229 |
| Deduction of shares of results of investments accounted for using the equity method and already taxed | (4) | (5) |
| | 214 | 224 |
| Net basis after deduction of uniform tax rate | 143 | 150 |
| Shares of results of investments accounted for using the equity method and already taxed | 4 | 5 |
| NOPAT | 147 | 155 |
| Invested capital at beginning of year | 4,181 | 4,006 |
| Invested capital at end of the period | 4,157 | 3,915 |
| 66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year | 320 | 327 |
| 66 per cent of the net present value of operating leases and satellite transponder service agreements at end of the period | 314 | 338 |
| Adjusted average invested capital | 4,486 | 4,293 |
| Cost of capital | 90 | 86 |
| RVA | 58 | 69 |

5. FINANCIAL RISK MANAGEMENT

5.1. 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.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's consolidated financial statements as at 31 December 2016. There has been no change in the risk management policies and organisation since year end.

5.2. Accounting classifications and fair value hierarchy

5.2.1. Financial instruments by category

Except for the long-term loan arrangement with Bertelsmann SA & Co. KGaA, the fair value of each class of financial assets and liabilities are equivalent to 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 €545 million (December 2016: €557 million).

5.2.2. 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 | 57 | 8 | – | 49 |
| Derivatives used for hedging ¹ | 81 | – | 81 | – |
| At 31 March 2017 | 138 | 8 | 81 | 49 |
| Liabilities | | | | |
| Derivatives used for hedging ² | 26 | – | 26 | – |
| Liabilities in relation to put options on non-controlling interests | 28 | – | – | 28 |
| At 31 March 2017 | 54 | – | 26 | 28 |

There were no transfers between Levels 1, 2 and 3 during the three month period ended 31 March 2017.

| | Total € m | Level 1 € m | Level 2 € m | Level 3 € m |
|---|--------------|----------------|----------------|----------------|
| Assets | | | | |
| Available-for-sale investments | 58 | 9 | – | 49 |
| Derivatives used for hedging ³ | 111 | – | 111 | – |
| Derivatives in relation to call options | 3 | – | – | 3 |
| At 31 December 2016 | 172 | 9 | 111 | 52 |
| Liabilities | | | | |
| Derivatives used for hedging ⁴ | 38 | – | 38 | – |
| Liabilities in relation to put options on non-controlling interests | 28 | – | – | 28 |
| At 31 December 2016 | 66 | – | 38 | 28 |

There were no transfers between Levels 1, 2 and 3 during the year 2016.

1 ■ Out of which €43 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39

2 ■ Out of which €38 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

3 ■ Out of which €3 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39

4 ■ Out of which €23 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

5 ■ Out of which €63 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39

6 ■ Out of which €48 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

7 ■ Out of which €3 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39

8 ■ Out of which €35 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, perform the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3 related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 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 rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable publically traded peers.

The following table presents the change in Level 3 instruments for the three month period ended 31 March 2017.

| | Financial assets at fair value through profit or loss € m | Assets Available- for-sale investments € m | Total assets € m | Liabilities Liabilities at fair value through profit or loss € m |
|--|---|--|------------------------|---|
| Balance at 1 January 2017 | 3 | 49 | 52 | 28 |
| Other changes | (3) | – | (3) | – |
| Balance at 31 March 2017 | – | 49 | 49 | 28 |
| Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period | – | – | – | – |

There was no change in the fair value of the level 3 instruments during the three month period ended 31 March 2016.

6. SEGMENT REPORTING

| | Mediengruppe RTL Deutschland | | Groupe M6 | |
|---|---------------------------------|-------------------------|----------------------|-------------------------|
| | March 2017 € m | March 2016 € m | March 2017 € m | March 2016 € m |
| Revenue from external customers | 526 | 515 | 322 | 311 |
| Inter-segment revenue | – | – | 2 | 2 |
| Total revenue | 526 | 515 | 324 | 313 |
| Profit/(loss) from operating activities | 157 | 156 | 46 | 47 |
| Share of results of investments accounted for using the equity method | 7 | 10 | 1 | – |
| EBIT | 164 | 166 | 47 | 47 |
| EBITDA | 168 | 169 | 76 | 90 |
| Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded) | (4) | (3) | (28) | (42) |
| EBITA | 164 | 166 | 48 | 48 |
| Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries | – | – | (1) | (1) |
| Re-measurement of earn-out arrangements | – | – | – | – |
| Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree | – | – | – | – |
| EBIT | 164 | 166 | 47 | 47 |
| Interest income | | | | |
| Interest expense | | | | |
| Financial results other than interest | | | | |
| Income tax expense | | | | |
| Profit for the period | | | | |
| | Mediengruppe RTL Deutschland | | Groupe M6 | |
| | March 2017 € m | December 2016 € m | March 2017 € m | December 2016 € m |
| Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded) | 1,639 | 1,620 | 1,534 | 1,564 |
| Investments accounted for using the equity method | 57 | 79 | 11 | 9 |
| Assets classified as held for sale | – | – | – | – |
| Segment assets | 1,696 | 1,699 | 1,545 | 1,573 |
| Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded) | 1,076 | 1,074 | 565 | 581 |
| Segment liabilities | 1,076 | 1,074 | 565 | 581 |
| Invested capital | 620 | 625 | 980 | 992 |
| Segment assets | | | | |
| Deferred tax assets | | | | |
| Income tax receivable | | | | |
| Other assets | | | | |
| Cash and cash equivalents | | | | |
| Total assets | | | | |
| Segment liabilities | | | | |
| Deferred tax liabilities | | | | |
| Income tax payable | | | | |
| Other liabilities | | | | |
| Total liabilities | | | | |

Notes to the Condensed consolidated interim financial information

| FremantleMedia | | RTL Nederland | | RTL Belgium | | RTL Radio (France) | | Other segments | | Eliminations | | Total Group | |
|------------------|---------------------|------------------|---------------------|------------------|---------------------|--------------------|-------------------------------|------------------|---------------------|------------------|---------------------|------------------|---------------------|
| March 2017 €m | March 2016 €m | March 2017 €m | March 2016 €m | March 2017 €m | March 2016 €m | March 2017 €m | March 2016 ⁵ €m | March 2017 €m | March 2016 €m | March 2017 €m | March 2016 €m | March 2017 €m | March 2016 €m |
| 234 | 308 | 104 | 109 | 49 | 51 | 36 | 38 | 134 | 100 | – | – | 1,405 | 1,432 |
| 40 | 32 | – | – | – | – | – | – | 11 | 10 | (53) | (44) | – | – |
| 274 | 340 | 104 | 109 | 49 | 51 | 36 | 38 | 145 | 110 | (53) | (44) | 1,405 | 1,432 |
| 7 | 14 | (1) | 1 | 9 | 10 | – | 2 | (2) | (19) | 1 | – | 217 | 211 |
| – | (1) | (1) | – | – | – | – | – | 3 | 5 | – | – | 10 | 14 |
| 7 | 13 | (2) | 1 | 9 | 10 | – | 2 | 1 | (14) | 1 | – | 227 | 225 |
| 13 | 19 | 1 | 3 | 10 | 11 | 1 | 3 | (6) | (7) | 1 | – | 264 | 288 |
| (5) | (6) | (3) | (2) | (1) | (1) | (1) | (1) | (4) | (4) | – | – | (46) | (59) |
| 8 | 13 | (2) | 1 | 9 | 10 | – | 2 | (10) | (11) | 1 | – | 218 | 229 |
| – | – | – | – | – | – | – | – | (3) | (3) | – | – | (4) | (4) |
| (1) | – | – | – | – | – | – | – | – | – | – | – | (1) | – |
| – | – | – | – | – | – | – | – | 14 | – | – | – | 14 | – |
| 7 | 13 | (2) | 1 | 9 | 10 | – | 2 | 1 | (14) | 1 | – | 227 | 225 |
| | | | | | | | | | | | | 1 | 1 |
| | | | | | | | | | | | | (6) | (7) |
| | | | | | | | | | | | | 2 | 4 |
| | | | | | | | | | | | | (70) | (68) |
| | | | | | | | | | | | | 154 | 155 |
| FremantleMedia | | RTL Nederland | | RTL Belgium | | RTL Radio (France) | | Other segments | | Eliminations | | Total Group | |
| March 2017 €m | December 2016 €m | March 2017 €m | December 2016 €m | March 2017 €m | December 2016 €m | March 2017 €m | December 2016 €m | March 2017 €m | December 2016 €m | March 2017 €m | December 2016 €m | March 2017 €m | December 2016 €m |
| 1,967 | 1,930 | 390 | 405 | 169 | 171 | 137 | 144 | 673 | 748 | (156) | (158) | 6,353 | 6,424 |
| 14 | 34 | 7 | 6 | – | – | – | – | 302 | 299 | – | – | 391 | 427 |
| 7 | – | – | – | – | – | – | – | 84 | 83 | – | – | 91 | 83 |
| 1,988 | 1,964 | 397 | 411 | 169 | 171 | 137 | 144 | 1,059 | 1,130 | (156) | (158) | 6,835 | 6,934 |
| 535 | 540 | 145 | 148 | 92 | 96 | 58 | 57 | 360 | 411 | (153) | (154) | 2,678 | 2,753 |
| 535 | 540 | 145 | 148 | 92 | 96 | 58 | 57 | 360 | 411 | (153) | (154) | 2,678 | 2,753 |
| 1,453 | 1,424 | 252 | 263 | 77 | 75 | 79 | 87 | 699 | 719 | (3) | (4) | 4,157 | 4,181 |
| | | | | | | | | | | | | 6,835 | 6,934 |
| | | | | | | | | | | | | 316 | 317 |
| | | | | | | | | | | | | 40 | 19 |
| | | | | | | | | | | | | 665 | 597 |
| | | | | | | | | | | | | 491 | 433 |
| | | | | | | | | | | | | 8,347 | 8,300 |
| | | | | | | | | | | | | 2,678 | 2,753 |
| | | | | | | | | | | | | 42 | 45 |
| | | | | | | | | | | | | 56 | 52 |
| | | | | | | | | | | | | 1,889 | 1,898 |
| | | | | | | | | | | | | 4,665 | 4,748 |

5 Accounting misstatements over previous years in the Group reporting of the French radio segment have conducted the Group to recognise at 31 December 2016 the following adjustments through the income statement without impact on cash and on the net cash from operating activities:

■ EBITA ("Other operating expenses") €(11.2) million

■ Income tax €3.8 million

■ Profit of the year attributable to RTL Group shareholders €(7.4) million

Considering that the misstatements were brought to the knowledge of RTL Group's management at the beginning of 2017, the quarterly 2016 information has not been represented.

7. ACQUISITIONS

2017

The only gain of control in the period relates to Divimove GmbH. Had this business combination been at the beginning of the year, the revenue and the profit attributable to RTL Group would not have materially changed.

Divimove

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until the first half of 2019, at the latest. The strike price of the option is based on a variable component. Divimove is Europe's industry leader in online video.

The transaction qualifies as a business combination since RTL Group gains the control of Divimove. Before the 2 February 2017, Divimove was accounted for using equity method. RTL Group has recognised a gain of € 14 million as a result of re-measuring at fair value its 75.5 per cent interest previously held in Divimove. This fair value was measured by reference to the discounted cash flows model set up by Management. The related gain is reported in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

The purchase consideration amounts to € (3) million, net of cash acquired. As a result, a provisional goodwill of € 27 million has been recognised. The goodwill is not tax deductible.

| | Fair value at date of gain of control €m |
|--|---|
| Cash and cash equivalents | 3 |
| Accounts receivable and other financial assets | 3 |
| Loans | (1) |
| Accounts payable | (4) |
| Net assets acquired | 1 |
| Goodwill | 27 |
| Fair value of previously held equity interests | (25) |
| Call option | (3) |
| Total purchase consideration | – |
| Cash and cash equivalents in operations acquired | (3) |
| Cash outflow on acquisition | (3) |

Original Productions

The put option held by the non-controlling shareholders of Original Productions, of which control was gained by RTL Group on 20 February 2009, has been exercised and paid on 24 March 2017 for an amount of € 9 million.

2016**Abot Hameiri**

On 11 January 2016, FremantleMedia Netherlands BV ("FremantleMedia") acquired 51 per cent of Abot Hameiri Communications Ltd ("AH"), an Israeli content development and TV production company, which primarily focuses on the development and production of both established and original entertainment, scripted drama and factual programmes. The acquisition was in line with the growth strategy of strengthening the creative pipeline and entering new markets. The transaction qualified as a business combination since RTL Group gained the control of AH. The purchase consideration of €7 million, net of cash acquired, included a top-up adjustment based on the level of profitability realised in 2015, estimated at €1 million as at 31 March 2016 and paid during the second quarter 2016. The purchase accounting realised during the second quarter 2016 did not lead to the recognition of additional identifiable assets and liabilities. Goodwill of €8 million represented the value of creative talent and market competence of Abot Hameiri workforce. The goodwill is not tax deductible. AH was allocated to the FremantleMedia cash generating unit.

FremantleMedia holds an option on the remaining 49 per cent of the share capital. The strike price of the option, exercisable in 2021, is based on a variable component. The consideration for 100 per cent of AH is capped at €46 million. If RTL Group does not exercise the option, the non-controlling shareholders have a drag-along right and a call option. The fair value of the related derivative was €nil million at completion date and remains unchanged at 31 March 2017 (€nil million at 31 December 2016).

Transaction-related costs of €0.2 million, mainly consisting of legal fees and due diligence costs, were reported in "Other operating expenses" in March 2016 (31 December 2016: €0.3 million).

| | Fair value at date of gain of control €m |
|--|---|
| Cash and cash equivalents | 1 |
| Current programme rights | 7 |
| Accounts receivable and other financial assets | 1 |
| Accounts payable | (9) |
| Net assets acquired | – |
| Goodwill | 8 |
| Total purchase consideration | 8 |
| Cash and cash equivalents in operations acquired | (1) |
| Contingent Consideration | (1) |
| Cash outflow on acquisition | 6 |

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**Main changes in the Group's ownership interest in joint ventures****March 2017**

On 2 March 2017, RTL Nederland Ventures BV ("RTL Nederland") has increased its ownership from 32.6 per cent to 43.8 per cent of Solvo BV (former Heilzaam BV) acquired in the first quarter 2016. The purchase consideration of €0.9 million was contributed to the company. As the corporate governance was not changed, Solvo BV continues to be jointly controlled. The related carrying amount is €2 million at 31 March 2017.

March 2016

On 15 January 2016, RTL Nederland Ventures BV ("RTL Nederland") acquired 32.6 per cent of Heilzaam BV ("Heilzaam"), operating eHealth information websites. The purchase consideration of €1 million was mainly contributed to the company. The transaction qualified as a joint arrangement as RTL Nederland jointly controls the company. The related carrying amount was €1 million at 31 March 2016 and remained unchanged at 31 December 2016.

9. ASSETS CLASSIFIED AS HELD FOR SALE

2017

RadicalMedia

The investment in the associate @radical.media LLC and its 100 per cent affiliates (“RadicalMedia”) is presented as held for sale following the decision of the Group’s management to dispose of this asset in 2017. The related carrying amount is €7 million at 31 March 2017.

2016

Media Properties

On 26 October 2016, RTL Group entered into an agreement with a third party to sell Media Properties Sàrl (“Media Properties”). Media Properties owns RTL Group’s new buildings (“RTL City”) in Luxembourg. These buildings, which RTL Group will leaseback, host the Corporate Centre and the other operations of the Group in Luxembourg. The disposal is expected to be completed during the year 2017.

During the first quarter 2017, RTL Group has received €42 million related to disposals, realised over the previous years, of companies owning properties in Luxembourg.

10. SEASONALITY OF OPERATIONS

RTL Group’s revenue is generally lower in the summer months of July and August due to a reduction in advertising spend. Given that advertisers had, in a number of our territories, pulled forward their spend in 2016 into April and May, thus avoiding the 2016 UEFA European Football Championships, the Group is likely to experience weak advertising revenue growth at the beginning of the second quarter of 2017. However, the Group traditionally generates a higher level of advertising revenue in the last three to four months of the year and this pattern is expected to hold true for 2017.

The Group’s content arm, FremantleMedia, usually generates a higher proportion of both revenue and EBITDA 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 substantially different for 2017 although the timing of the delivery of certain high value drama productions, notably in the second quarter, could have an impact on the quarterly phasing but not on the final outcome for the year.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €137 million (March 2016: €138 million) and a weighted average number of ordinary shares outstanding during the period of 153,550,173 (March 2016: 153,582,808) calculated as follows:

| | March 2017 | March 2016 |
|---|-------------|-------------|
| Profit attributable to RTL Group shareholders (in €million) | 137 | 138 |
| Weighted average number of ordinary shares: | | |
| Issued ordinary shares at 1 January | 154,742,806 | 154,787,554 |
| Effect of treasury shares held | (1,168,701) | (1,168,701) |
| Effect of liquidity programme | (23,932) | (36,045) |
| Weighted average number of ordinary shares | 153,550,173 | 153,582,808 |
| Basic earnings per share (in €) | 0.89 | 0.90 |
| Diluted earnings per share (in €) | 0.89 | 0.90 |

12. TREASURY SHARES

The Company's General Meeting held on 16 April 2014 had 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 31 March 2017, under the Liquidity Agreement, the Liquidity Provider has:

- purchased 69,944 shares at an average price of €71.67; and
- sold 96,743 shares at an average price of €72.29, in the name and on behalf of the Company.

At 31 March 2017, a total of 20,689 (December 2016: 47,488) RTL Group shares are held by the Company and €9.0 million (December 2016: €7.0 million) are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

13. NON-CONTROLLING INTERESTS

Transactions on non-controlling interests without a change in control

March 2017

- CBS Studios International contributed below €1 million in a capital increase in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share.

March 2016

- CBS Studios International contributed below €1 million in a capital increase in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share;
- Groupe M6 had acquired and disposed of own shares in respect to the forward purchase contract and the liquidity programme.

14. RELATED PARTY TRANSACTIONS

14. 1. Transactions with shareholders

Financing

Deposits Bertelsmann SE & Co. KGaA

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

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

At 31 March 2017 and 31 December 2016, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is €nil million (March 2016: €nil million).

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

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

At 31 March 2017 and December 2016, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is €nil million (March 2016: €nil million).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 March 2017, the balance of the cash pooling receivable and payable amounts to €nil million (December 2016: €nil million). The interest income/expense for the period is insignificant (March 2016: insignificant).

Loans from Bertelsmann SE & Co. KGaA and BeProcurement Sàrl

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

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to BeProcurement Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 March 2017, the term loan balance amounts to €500 million (December 2016: €500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable where for purposes of calculation of the payable commitment fee the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 March 2017, the total of revolving and swingline loan amounts to €287 million (December 2016: €389 million).

The interest expense for the period amounts to €4 million (March 2016: €4 million). The commitment fee charge for the period amounts to €0.3 million (March 2016: €0.2 million).

Tax

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

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

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

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

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future. The PLP Agreement was slightly amended in 2015.

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

For the interim periods, the Commission is determined on Management's reasonable estimate on both expected annual taxable results of the tax group RGD and the tax group Bertelsmann SE & Co. KGaA. This estimate is reviewed on a quarterly basis to take into account actual year-to-date results and material known developments affecting the two entities for the remaining part of the year.

At 31 March 2017, the balance payable to BCH amounts to €712 million (December 2016: €578 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €533 million (December 2016: €423 million).

For the period ended 31 March 2017, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €31 million (March 2016: €36 million). The Commission amounts to €7 million (March 2016: €7 million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €nil million (March 2016: €1 million).

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

14. 2. Main transaction with investments accounted for using the equity method

At 31 March 2017, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €31 million (December 2016: €44 million).

15. COMMITMENTS AND CONTINGENCIES

On 31 March 2017, the State of Luxembourg, RTL Group SA and CLT-UFA SA signed the renewal of the concessions. With these agreements, the mission covering the provision of public service broadcasting for Luxembourg has been extended for a period of three years, from 2021 to 2023, and the permissions concerning the frequencies of RTL Radio Luxembourg and Television have been extended to 2030. Bertelsmann SE & Co. KGaA, RTL Group SA and CLT-UFA SA committed to maintain the headquarters of the Corporate Centre of RTL Group and the operations of CLT-UFA SA and its technical service provider, Broadcasting Center Europe SA, in Luxembourg.

16. SUBSEQUENT EVENTS

On 2 April 2017, Divimove GmbH acquired the assets (trademarks, social media channels, website, customer database, etc.) of the company VideoDays GmbH (“VDD”) a YouTube events company based in Germany. The acquisition of VDD for an amount of below €1 million meets the definition of a business combination.

On 20 April 2017, RTL Group decided to contribute in a series B funding round for VideoAmp Inc for an amount of USD 5 million, increasing its share in the company to 25 per cent on a non-diluted basis (approximately 24 per cent on a fully-diluted basis). A first tranche of USD 2.5 million has been paid on 28 April 2017. The Group continues to have a significant influence over the company.

On 21 April 2017, FremantleMedia Ltd (“FMM”) entered with a 25 per cent stake for an amount of GBP 0.6 million, into the share capital of Duck Soup Films Limited (“DSF”), a Leeds-based production company. A loan agreement of GBP 1 million between FMM and DSF was executed on 21 April. FMM holds call options on the remaining 75 per cent shares exercisable in 2022 and 2024. The strike price of the options is based on a variable component. If FMM does not exercise the call option 2024, the non-controlling shareholders will have the option to require FMM to purchase all the remaining shares, subject to certain conditions, or an option to acquire the shares held by the Group or drag FMM shares to a third party. FMM has significant influence in DSF. The company will be accounted for using the equity method.

On 24 April 2017, IP Deutschland GmbH (“IPD”) acquired a 24.95 per cent stake in the company Goldbach Audience AG (“GA”). GA is a subsidiary of the Goldbach Group and specialises in multi-screen advertising. As IPD holds 24.95 percent in GA, it is presumed that the Group has significant influence over the company. The control assessment is in progress.

On 27 April 2017, RTL Nederland (“RTL NL”) acquired a 20 per cent stake for a cash investment of €2 million and €1 million media investment in the company Flinders BV (“FL”). FL is a Dutch-based company and, operates mainly in the Netherlands, Belgium and Germany, offering design furniture and decoration. In case of a third party transaction RTL NL has the right to acquire the offered shares at the same terms. RTL NL can block a 100 per cent sale in case of a valuation below €20 million and as from 2021 RTL NL can, stand-alone, force a sale in case of a valuation higher than €40 million. RTL NL always has the right to sell its shareholding in case of a sale. As RTL NL holds 20 per cent in FL, it is presumed that the Group has significant influence over the company. The control assessment is in progress.

On 28 April 2017, FremantleMedia Ltd (“FMM”) acquired a 25 per cent stake in Bend It TV (“Bend”), a start-up production company, for an amount of GBP 0.5 million and an additional GBP 0.25 million if some specific conditions are met within 24 months of the completion date. A loan agreement for a total of GBP 1.25 million between FMM and Bend was executed on 28 April 2017. FMM holds call options on the remaining 75 per cent of the shares exercisable in 2022 and 2024. The strike price of the options is based on a variable component. If FMM does not exercise the call option 2024, the non-controlling shareholders will have the option to require FMM to purchase all the remaining shares, subject to certain conditions, or an option to acquire the shares held by the Group or to drag FMM shares to a third party. FMM has significant influence in Bend. The company will be accounted for using the equity method.

In April 2017, the shareholders of RTL CBS Asia Entertainment Network LLP decided to look at all strategic opportunities regarding the business.

**EXPERIENCE THE
WORLD OF
RTLGROUP.COM
FACTS. FIGURES.
GLOBAL ENTERTAINMENT.**



Financial Calendar

30 August 2017 ————— Half-year results 2017
9 November 2017 ————— Results January to September 2017

Credits





Cover ————— Vox/Timmo Schreiber/Boris Breuer, FremantleMedia North America/Jan Thijs
Page 2 ————— RTL Group
Page 3 ————— RTL Group

Publisher

————— RTL Group
43, Bd Pierre Frieden
L-1543 Luxembourg
Luxembourg

RTLGroup.com

Follow us on

 facebook.com/rtlgroup
 linkedin.com/company/rtl-group
 twitter.com/rtlgroup
 instagram.com/rtlgroup

Further information

Media ————— Oliver Fahlbusch
Corporate Communications
Phone: +352 2486 5200
oliver.fahlbusch@rtlgroup.com

Investor relations ————— Andrew Buckhurst
Investor Relations
Phone: +352 2486 5074
andrew.buckhurst@rtlgroup.com