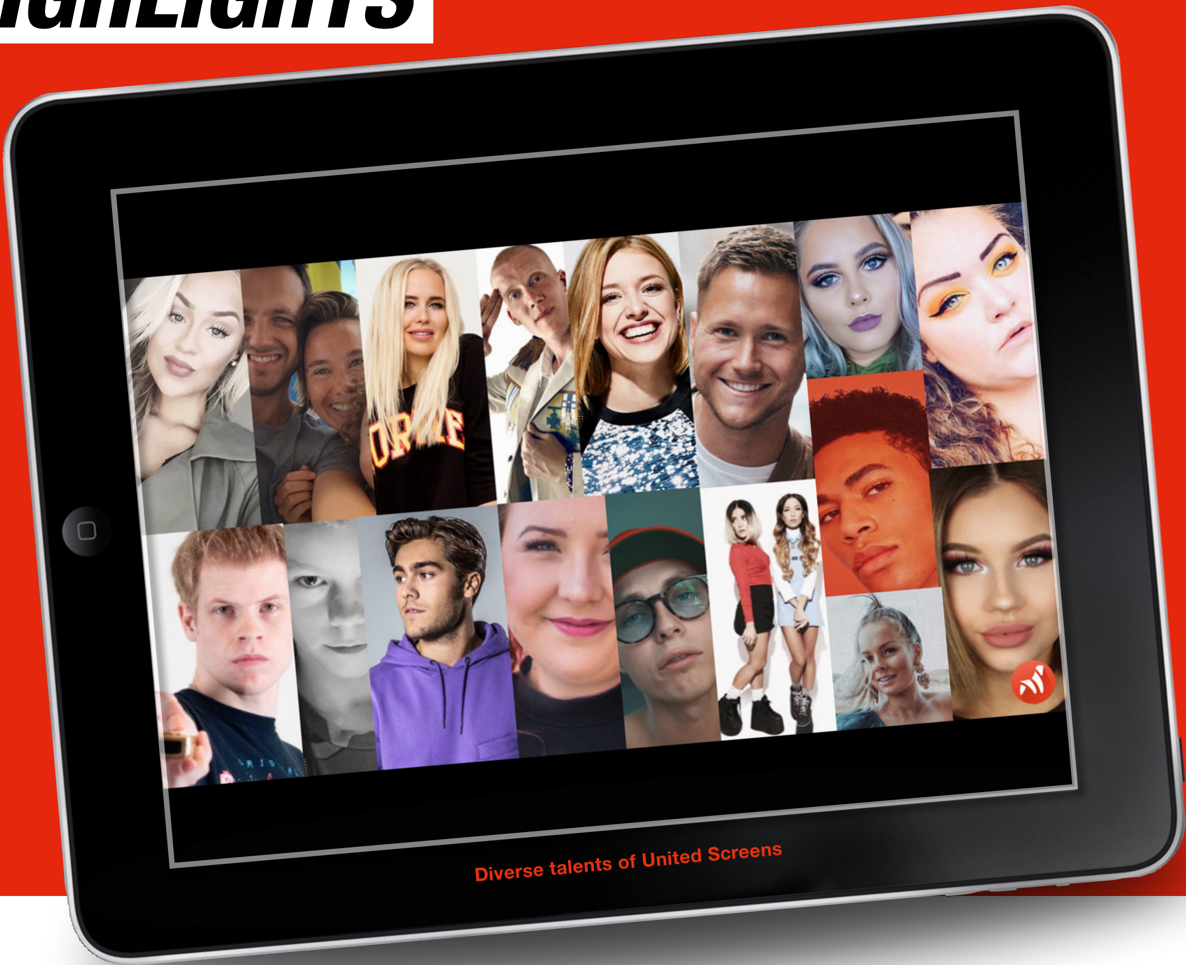
INTERIM REPORT

JANUARY TO MARCH 2018

RTL GROUP

ENTERTAIN. INFORM. ENGAGE.

HIGHLIGHTS



COLLABORATION BEARS FRUIT

During the first three months of 2018, three of RTL Group's business units (re-)launched their VOD offers – all of them based on the solid architecture of Groupe M6's on-demand service 6play: RTL Play in Croatia (launched 12 January 2018) and Belgium (launched 26 March 2018), as well as RTL Most! in Hungary (launched 1 February 2018). The platforms, developed together with M6 Web, are the result of a fruitful collaboration following M6 Web's pitch to the Group's Distribution Synergy Committee in Zagreb, in December 2016.

The platform's very user-friendly interface makes it easy for users to find what they want from a wide range of content. Thanks to the new platforms, the local families of channels can offer their advertisers improved services, such as more targeting, brand safety, a high level of attention and bigger reach on all devices.

ACCELERATING THE TOTAL VIDEO STRATEGY

In January 2018, RTL Group announced it had fully acquired United Screens, the leading multi-platform network (MPN) in the Nordic countries. With this investment, RTL Group expanded its footprint as the leading European media company in online video.

Since its launch in late 2013, United Screens, based in Stockholm, has shown excellent growth. Based on a hand-picked premium selection from many of the best video creators in the Nordics, and an award-winning sales team, United Screens has developed state-of-the-art branded content campaign capabilities. The acquisition complements RTL Group's existing MPN portfolio, which includes Los Angeles-based StyleHaul, Berlin-based Divimove and Vancouver-based BroadbandTV.

"WE WILL INCREASE INVESTMENTS IN OUR VIDEO-ON-DEMAND SERVICES"

BERT HABETS, Chief Executive Officer of RTL Group

"During the first quarter of 2018, we generated higher TV advertising revenue in our key markets of Germany, France and the Netherlands. However, this good revenue growth was offset by negative exchange rate effects. Our profitability remains at a high level, and with the strong operating performance of our major business units, we are in a very good position to write the next chapter in RTL Group's success story.

As we have said before, the first quarter is not necessarily an indicator for the full year – in particular in years with major sporting events such as the upcoming football World Cup. Thus, we will keep a close eye on seasonal swings in advertising spend and expect 2018 to be more back end loaded than the prior years.

In the first quarter of 2018, we launched three new video-on-demand platforms – in Hungary, Croatia and Belgium – all based on the 6play platform of Groupe M6. This is a textbook example of how closer collaboration across our Group can be key to scaling up digital businesses. We will increase investments in our video-on-demand services with a clear focus on local, exclusive content, and gradually adopt a hybrid model – combining a free, advertising-financed service with a premium pay product."

Q1/2018: RTL GROUP REPORTS GOOD OPERATING PERFORMANCE

Growing TV advertising revenue in RTL Group's main broadcasting markets of Germany, France and the Netherlands

However, Q1 revenue negatively impacted by exchange rate effects

Higher EBITDA contributions from the TV businesses in Germany, France and the Netherlands

RTL Group confirms full-year outlook

Luxembourg, 17 May 2018 – RTL Group announces its quarterly results for the period ended 31 March 2018.

KEY FINANCIAL FIGURES

JANUARY TO MARCH 2018

	Q1/2018 €m	Q1/2017 €m	Per cent change
Revenue	**1,416**	**1,405**	**+0.8**
Underlying revenue[1]	**1,438**	**1,401**	**+2.6**
EBITDA[2]	**259**	**264**	**(1.9)**
EBITDA margin (%)	**18.3**	**18.8**	
EBITDA	**259**	**264**	**(1.9)**
Depreciation, amortisation and impairment	(52)	(50)	
Impairment of investments accounted for using the equity method	(2)	–	
Re-measurement of earn-out arrangements	–	(1)	
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	–	14	
EBIT	**205**	**227**	**(9.7)**
Net financial expense	(1)	(3)	
Income tax expense	(76)	(70)	
Profit for the period	**128**	**154**	**(16.9)**
Attributable to:			
– Non-controlling interests	17	17	
– RTL Group shareholders	**111**	**137**	**(19.0)**
Reported EPS (in €)	**0.72**	**0.89**	

1 Adjusted for minor scope changes and at constant exchange rates
2 See note 4 to the condensed consolidated interim financial statements

Q1/2018: UNDERLYING REVENUE UP BY 2.6 PER CENT

- Reported Group **revenue** was stable at €1,416 million (Q1/2017: €1,405 million), as higher revenue contributions from Mediengruppe RTL Deutschland and RTL Nederland were partly balanced by negative exchange rate effects amounting to €29 million; underlying revenue[3] was up 2.6 per cent

- RTL Group's **digital revenue**[4] was up 6.7 per cent to €190 million (Q1/2017: €178 million)

- **EBITDA** was €259 million (Q1/2017: €264 million). The slight decrease was mainly due to losses at the football club Girondins de Bordeaux, which increased by €11 million and offset higher EBITDA contributions from the TV businesses in Germany, France and the Netherlands. The **EBITDA margin** stood at 18.3 per cent (Q1/2017: 18.8 per cent)

- **Net profit** attributable to RTL Group shareholders was €111 million (Q1/2017: €137 million, including a positive one-off amounting to €14 million)

- **Net cash from operating activities** was €237 million (Q1/2017: €220 million), resulting in an operating cash conversion of 112 per cent (Q1/2017: 116 per cent)

- As of 31 March 2018, RTL Group had a **net debt position** of €365 million (31 December 2017: net debt of €545 million)

SEGMENTS: GROWING ADVERTISING REVENUE IN KEY MARKETS[5]

- **Mediengruppe RTL Deutschland**'s EBITDA was up 1.2 per cent to €169 million (Q1/2017: €167 million), driven by higher TV advertising revenue

- At **Groupe M6**, EBITDA was almost stable at €76 million (Q1/2017: €77 million) as increasing EBITDA from the unit's TV channels (driven by higher TV advertising revenue) was offset by losses at the football club Girondins de Bordeaux, which increased by €11 million

- **FremantleMedia**'s EBITDA was at €13 million (Q1/2017: €15 million), mainly due to lower profit contributions from FremantleMedia North America

- **RTL Nederland**'s EBITDA was up strongly to €6 million (Q1/2017: €1 million), driven by higher TV advertising revenue

OUTLOOK

- RTL Group confirms its outlook given at the full-year results 2017 presentation on 7 March 2018: RTL Group expects its total revenue for the fiscal year 2018 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and FremantleMedia

- The 2017 EBITDA included a positive one-off effect of €94 million from the sale of buildings in Rue Bayard, Paris. Normalised for this effect, RTL Group expects EBITDA in 2018 to be broadly stable (–1.0 per cent to +1.0 per cent)

3 Underlying revenue adjusted for portfolio changes and at constant exchange rates

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

5 2017 comparatives have been re-presented as if the transactions had occurred on 1 January 2017 to take into account the following:
- The transfer of the international activities of Smartclip from Mediengruppe RTL Deutschland to SpotX (shown in "Other segments") on 1 January 2018;
- The transfer of Smartclip Benelux from Mediengruppe RTL Deutschland to RTL Nederland on 1 January 2018;
- The transfer of RTL Radio (France) to Groupe M6 on 1 October 2017; and
- The transfer of Divimove from FremantleMedia to "Other segments" at 31 December 2017

RTL GROUP BRINGS LINEAR TV AND ON-DEMAND SERVICES CLOSER TOGETHER

- In January 2018, RTL Group fully acquired United Screens, the leading multi-platform network (MPN) in the Nordic countries. With this investment, RTL Group expanded its footprint as the leading European media company in online video

- On 21 March 2018, Mediengruppe RTL Deutschland launched a new free-to-air channel: Now US focuses on US fiction. The channel is available exclusively via the VOD platform TV Now from 20:15 to 6:00. After broadcast, all programmes will be accessible on TV Now for up to 30 days. TV Now recorded paid subscriber growth for its TV Now Plus offer of 61 per cent compared to Q1/2017

- During the first quarter, RTL Group's families of channels in Croatia, Hungary and Belgium launched their new video-on-demand offers. These platforms are based on Groupe M6's 6play platform adapted to local needs

- RTL Nederland's video-on-demand service, Videoland, recorded paid subscriber growth of 82 per cent compared to Q1/2017. In April 2018, RTL Nederland announced that it plans to merge its video-on-demand offers – Videoland and RTL XL – into a single platform

EXCLUSIVE CONTENT CONTINUES TO INCREASE AUDIENCES

- In March 2018, US network ABC launched the return of *American Idol*. The show attracted an average audience of 10.1 million viewers and a total audience share of 9.6 per cent so far, over 50 per cent higher than ABC's prime time average. In May 2018, ABC commissioned another season of *American Idol* which is expected to be broadcast in 2019

- In Germany, UFA Fiction's historical three-part drama *Ku'damm 59* attracted an average 5.85 million viewers and an average total audience share of 16.8 per cent for public broadcaster ZDF. The show also generated a new record for the channel's on-demand service, with an average 1.3 million streams per episode

CUSTOMER-FRIENDLY INDUSTRY STANDARD FACILITATES USER EXPERIENCE

- In March 2018, Mediengruppe RTL Deutschland, ProSiebenSat.1 and United Internet launched the European netID Foundation. The foundation will provide an open industry standard, branded 'netID', which allows websites in Europe to offer its users access to a standardised privacy centre that guarantees the transparent handling of their data as well as tighter control over it

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 2018.

REVENUE

Looking across the Group's markets, RTL Group estimates that the net TV advertising markets were up in RTL Group's core markets – Germany, France and the Netherlands.

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.

	Q1/2018 Net TV advertising market growth rate (in per cent)	RTL Group audience share in main target group Q1/2018 (in per cent)	RTL Group audience share in main target group Q1/2017 (in per cent)
Germany	+1.5 to +2.5[6]	28.6[7]	29.7[7]
France	+1.7[8]	21.6[9]	22.2[9]
Netherlands	+7.4[6]	29.0[10]	32.9[10]
Belgium	(8.4)[6]	36.9[11]	37.1[11]
Hungary	(5.2)[6]	28.3[12]	32.4[12]
Croatia	+4.3[6]	30.9[13]	32.2[13]
Spain	(4.1)[14]	28.8[15]	29.4[15]

Reported Group revenue was stable at €1,416 million (Q1/2017: €1,405 million), as higher revenue contributions from Mediengruppe RTL Deutschland and RTL Nederland were partly balanced by negative exchange rate effects amounting to €29 million.

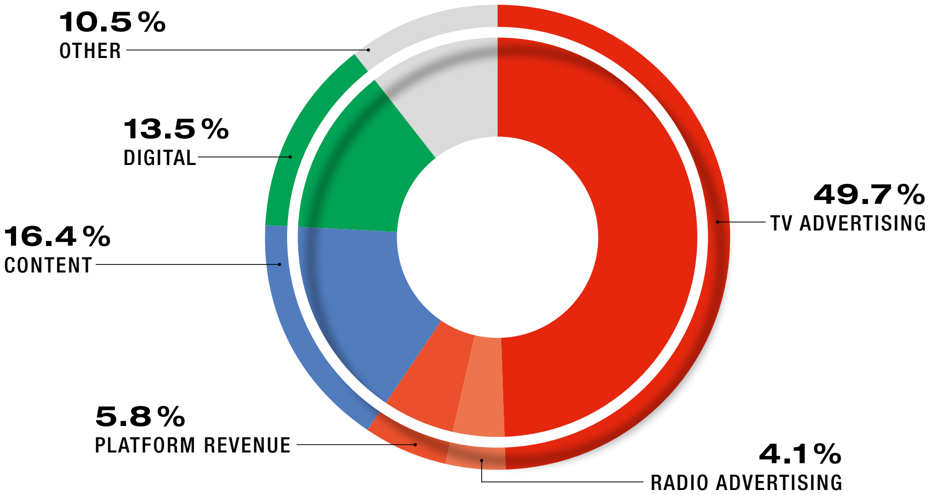
On a like-for-like basis (adjusted for portfolio changes and at constant exchange rates) revenue was up 2.6 per cent to €1,438 million (Q1/2017: €1,401 million).

6 Industry/IREP and RTL Group estimates
7 Source: GfK, Target group: 14–59, including pay-TV channels
8 Source: Groupe M6 estimate
9 Source: Mediamétrie. Target group: women under 50 responsible for purchases (free-to-air channels only)
10 Source: SKO. Target group: 25–54, 18–24h
11 Source: Audimétrie. Target group: shoppers 18–54, 17–23h
12 Source: AGB Hungary. Target group: 18–49, prime time (including cable channels)
13 Source: AGB Nielsen Media Research. Target group: 18–49, prime time
14 Source: Infoadex estimate
15 Source: TNS Sofres. Target group: 25–59

RTL GROUP REVENUE SPLIT

RTL Group's revenue is well diversified with 53.8 per cent from broadcast advertising (TV and radio), 16.4 per cent from content, 13.5 per cent from digital activities, 5.8 per cent from platform revenue and 10.5 per cent other revenue.

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



EBITDA AND EBITA

The Group's EBITDA was down 1.9 per cent to €259 million (Q1/2017: €264 million). The decrease was mainly due to losses at the football club Girondins de Bordeaux, which increased by €11 million and offset higher EBITDA contributions from the TV businesses in Germany, France and the Netherlands. This resulted in an EBITDA margin of 18.3 per cent (Q1/2017: 18.8 per cent).

EBITA decreased by 3.7 per cent to €210 million (Q1/2017: €218 million), resulting in an EBITA margin of 14.8 per cent (Q1/2017: 15.5 per cent)

Group operating expenses were at €1,219 million in Q1/2018 compared to €1,207 million in Q1/2017.

FINANCIAL DEVELOPMENT OVER TIME

	Q1/2018 €m	Q1/2017 €m	Q1/2016 €m	Q1/2015 €m	Q1/2014[16] €m
Revenue	1,416	1,405	1,432	1,308	1,313
EBITDA	259	264	288	247	246
EBITA	210	218	229	194	191

16 Restated for changes in purchase price allocation

NET DEBT AND CASH CONVERSION

The consolidated net debt position at 31 March 2018 was €365 million (31 December 2017: net debt of €545 million). The Group continues to generate significant operating cash flow with an EBITA to cash conversion ratio of 112 per cent (Q1/2017: 116 per cent).

Net (debt)/cash position	As at 31 March 2018 €m	As at 31 December 2017 €m
Gross balance sheet debt	(671)	(815)
Add: cash and cash equivalents	296	265
Add: cash deposit and others	10	5
Net debt	**(365)**[17]	**(545)**

FURTHER GROUP FINANCIALS

Main portfolio changes

United Screens

In January 2018, RTL Group fully acquired United Screens, the leading multi-platform network (MPN) in the Nordic countries. With this investment, RTL Group expanded its footprint as the leading European media company in online video.

Investments accounted for using the equity method

The total contribution of these investments amounted to €5 million (Q1/2017: €10 million).

Interest expense

Net interest expense amounted to €1 million (Q1/2017: expense of €5 million) for the period ended 31 March 2018.

Income tax expense

In the first quarter of 2018, the tax expense was €76 million (Q1/2017: expense of €70 million).

Profit attributable to RTL Group shareholders

The profit for the period attributable to RTL Group shareholders was €111 million (Q1/2017: €137 million).

Earnings per share

Reported earnings per share, based on 153,555,315 shares, was €0.72 (Q1/2017: €0.89 per share based on 153,550,173 shares).

Subsequent events

RTL Nederland

On 19 April 2018, management of RTL Nederland announced a restructuring programme that will be further elaborated in the coming months. A detailed plan will be prepared and implemented as of end of May. The restructuring will include the implementation of a new organisational structure that matches the strategy of RTL Nederland. This will create focus on the core business, merge departments with similar activities, reduces the number of managers and will lead to a reduction of the workforce.

Radio NRW

Since 8 May 2018, the interest held by the Group in the Radio NRW GmbH ("Radio NRW") has increased from 16.1 per cent to 22.6 per cent following the purchase by Radio NRW of its own shares. Radio NRW operates a German radio network. The company will be accounted for using the equity method.

17 Of which €35 million held by Groupe M6 (as at 31 December 2017: negative €34 million)

Outlook

As in previous years with major sports events such as the Fifa football world cup, RTL Group does not expect that advertising revenue will show any significant growth in Q2/2018. FremantleMedia is expected to have a similar performance in Q2/2018 as in Q1/2018 with revenue growth set to accelerate in the second half of the year on the back of the new drama deliveries. The Group's digital revenue should return to higher growth rates towards the end of the year as well – although the performance in Q2/2018 is likely to be weak given some particularly tough comparatives.

RTL Group confirms its outlook given at the full-year results 2017 presentation on 7 March 2018: RTL Group expects its total revenue for the fiscal year 2018 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and FremantleMedia. This is clearly dependent on growth in the second half of 2018 as the results are expected to be more back end loaded than the prior years and excludes potential foreign exchange impacts.

The 2017 EBITDA included a positive one-off effect of €94 million from the sale of buildings in Rue Bayard, Paris. Normalised for this effect, RTL Group expects EBITDA in 2018 to be broadly stable (-1.0 per cent to +1.0 per cent).

REVIEW BY SEGMENTS: JANUARY TO MARCH 2018 (Q1/2018)

Revenue	Q1/2018 €m	Q1/2017[18] €m	Per cent change
Mediengruppe RTL Deutschland	534	519	+2.9
Groupe M6	360	360	–
FremantleMedia	271	271	–
RTL Nederland	110	105	+4.8
RTL Belgium	47	49	(4.1)
Other segments	151	155	(2.6)
Eliminations	(57)	(54)	–
Total revenue	**1,416**	**1,405**	**+0.8**

EBITDA	Q1/2018 €m	Q1/2017[18] €m	Per cent change
Mediengruppe RTL Deutschland	169	167	+1.2
Groupe M6	76	77	(1.3)
FremantleMedia	13	15	(13.3)
RTL Nederland	6	1	+>100
RTL Belgium	11	10	+10.0
Other segments	(16)	(6)	–
Reported EBITDA	**259**	**264**	**(1.9)**

EBITDA margin	Q1/2018 per cent	Q1/2017 per cent	Percentage point change
Mediengruppe RTL Deutschland	31.6	32.2	(0.6)
Groupe M6	21.1	21.4	(0.3)
FremantleMedia	4.8	5.5	(0.7)
RTL Nederland	5.5	1.0	+4.5
RTL Belgium	23.4	20.4	+3.0
RTL Group	**18.3**	**18.8**	**(0.5)**

18 2017 comparatives have been re-presented as if the transactions had occurred on 1 January 2017 to take into account the following:
- The transfer of the international activities of Smartclip from Mediengruppe RTL Deutschland to SpotX (shown in "Other segments") on 1 January 2018;
- The transfer of Smartclip Benelux from Mediengruppe RTL Deutschland to RTL Nederland on 1 January 2018;
- The transfer of RTL Radio (France) to Groupe M6 on 1 October 2017; and
- The transfer of Divimove from FremantleMedia to "Other segments" at 31 December 2017

MEDIENGRUPPE RTL DEUTSCHLAND

Financial results

The German net TV advertising market was estimated to be up between 1.5 and 2.5 per cent year-on-year. Mediengruppe RTL Deutschland increased its revenue to € 534 million (Q1 / 2017: € 519 million), mainly reflecting higher advertising revenue. EBITDA was up to € 169 million (Q1 / 2017: € 167 million) driven by higher TV advertising revenue.

	Q1 / 2018 €m	Q1 / 2017[19] €m	Per cent change
Revenue	534	519	+2.9
EBITDA	169	167	+1.2
EBITA	166	164	+1.2

Audience ratings

In the first three months of 2018, the channels of **Mediengruppe RTL Deutschland** scored a combined audience share of 28.6 per cent in the target group of viewers aged 14 to 59 (Q1 / 2017: 29.7 per cent), 4.8 percentage points (Q1 / 2017: 5.5 percentage points) ahead of the ProSiebenSat1 channels.

RTL Television remained the clear market leader, recording an audience share of 11.5 per cent in the channel's target group of viewers aged 14 to 59 (Q1 / 2017: 12.2 per cent), clearly ahead of ZDF (9.0 per cent), ARD / Das Erste (8.3 per cent), and Sat1 (7.8 per cent). The 12th 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 32.9 per cent in the target group (2017: 36.3 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 series such as *Sankt Maik* which scored an average audience share of 11.0 per cent in the target group. Other audience favourites were *Wer wird Millionär?* (Who Wants To Be A Millionaire?), and the series *Der Lehrer* and *Magda macht das schon!*. *RTL Aktuell* was again Germany's most popular news programme among viewers aged 14 to 59, with an average audience share of 16.3 per cent (Q1 / 2017: 15.6 per cent).

During the first three months of 2018, **Vox** recorded an average audience share of 6.6 per cent in the target group of viewers aged 14 to 59 (Q1 / 2017: 7.0 per cent). With a total audience share of 4.9 per cent, Vox was once again well ahead of competitor ProSieben (4.2 per cent). The cooking show *Kitchen Impossible* with famous chef Tim Mälzer was especially popular, attracting an average audience share of 9.3 per cent in the target group (2017: 9.7 per cent). Also popular were *Hot oder Schrott – die Allestester* (10.4 per cent) and sporting competition *Ewige Helden* (6.7 per cent).

RTL II achieved an average audience share of 4.4 per cent among viewers aged 14 to 59 (Q1 / 2017: 4.6). Especially popular were movies such as *2 Fast 2 Furious* or *Die Mumie*.

In total, **Nitro** recorded a stable average audience share of 2.0 per cent among viewers aged 14 to 59 during the first quarter of 2018 (Q1 / 2017: 2.0 per cent).

19 2017 comparatives restated for the transfer of the international activities of Smartclip from Mediengruppe RTL Deutschland to SpotX (shown in "Other segments") on 1 January 2018 as if the transaction had occurred on 1 January 2017

RTL Plus attracted an average 1.2 per cent of the 14 to 59 target audience (Q1/2017: 1.0 per cent).

Super RTL increased its average daytime audience share to 22.5 per cent in its target group of children aged 3 to 13 (Q1/2017: 20.9 per cent, 6:00 to 20:15) and remained the leading commercial children's channel in Germany.

The news channel **N-TV** attracted 1.0 per cent (Q1/2017: 1.1 per cent) of viewers aged 14 to 59. Among total audiences (3+), the average share was 1.0 per cent (Q1/2017: 1.1 per cent). Closely followed topics included the new government in Germany as well as coverage on the storm Friederike.

Digital

Mediengruppe RTL Deutschland's on-demand service TV Now, its TV sites, thematic websites, YouTube channels, Facebook pages and the new video streaming service Watchbox generated a total of 419 million video views of professionally produced content in Q1/2018, up 27 per cent (Q1/2017: 330 million). Mediengruppe RTL Deutschland's video-on-demand service, **TV Now**, recorded paid subscriber growth for its TV Now Plus offer of 61 per cent compared to Q1/2017.

GROUPE M6

Financial results

The French net TV advertising market was up by an estimated 1.7 per cent compared to the first quarter of 2017, with Groupe M6 clearly outperforming the market. However, in the first quarter of 2018, Groupe M6's revenue was stable at €360 million (Q1/2017: €360 million) – this is the result of significantly higher TV advertising and platform revenue being offset by lower contributions from the football club Girondins de Bordeaux. Groupe M6's EBITDA was almost stable at €76 million (Q1/2017: €77 million) as increasing EBITDA from the unit's TV channels (driven by higher TV advertising revenue) was offset by losses of the football club Girondins de Bordeaux, which increased by €11 million as a result of the technical staff being replaced and the transfers of players not taking place, with these expected to be completed over the second half of the year.

	Q1/2018 €m	Q1/2017[20] €m	Per cent change
Revenue	360	360	–
EBITDA[21]	76	77	(1.3)
EBITA	46	48	(4.2)

Audience ratings

In an increasingly fragmented audiovisual environment, impacted by the significant rise of the DTT channels, **Groupe M6**'s combined audience share[22] was 21.6 per cent in the key commercial target group of women under 50 responsible for purchases during the first three months of 2018 (Q1/2017: 22.2 per cent).

In the first quarter of 2018, the main channel **M6** scored an average audience share of 15.2 per cent in the target group of women under 50 responsible for purchases (Q1/2017: 15.6 per cent). M6 remained the number two most popular commercial channel. These results are based on the channel's successful access prime-time line-up (*Le 19h45*, *Scènes de Ménages*) and its strong prime-time offer which combines popular major brands like *Top Chef* and movies such as *Cinderella* and *Tomorrowland*.

W9's audience share recorded an average audience share of 3.8 per cent among women under 50 responsible for purchases (Q1/2017: 4.0 per cent). The most popular broadcasts included the feature film *Rasta Rockett* with an average audience share of 12.5 per cent in the target group.

In the target group of women under 50 responsible for purchases, **6ter** attracted an average audience share of 2.6 per cent – stable compared to the first quarter of 2017.

Digital

The catch-up TV service, **6play**, pursued its user growth, underlining both the strength of the channel's flagship programmes on digital. In the first three months of 2018, 6play registered almost 283 million online video views (Q1/2017: 319 million) and 21 million registered users (Q1/2017: 16 million).

Radio

In the latest audience survey by Médiamétrie, for the period January to March 2018, the French **RTL radio family** maintained its clear market leadership in terms of audience share. With a combined audience share of 19.8 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 (13.9 per cent) and Lagardère (10.6 per cent).

RTL Radio in France remained the country's number one radio station, with an audience share of 13.2 per cent (Q1/2017: 12.6 per cent). **Fun Radio** reported a corrected audience share of 3.7 per cent (Q1/2017: 3.7 per cent). **RTL 2** recorded an audience share of 2.9 per cent (Q1/2017: 2.5 per cent).

20 2017 comparatives restated for the transfer of RTL Radio (France) to Groupe M6 at 1 October 2017 as if the transaction had occurred on 1 January 2017
21 The large difference between Groupe M6's EBITDA and EBITA is due to the significant impact of long-running rights held by SND which are classified as depreciation
22 Excluding pay-TV channels

FREMANTLEMEDIA

Financial results

Revenue at RTL Group's content business, FremantleMedia, was stable at €271 million (Q1/2017: €271 million), despite negative exchange rate effects amounting to €20 million. EBITDA was down at €13 million (Q1/2017: €15 million), mainly due to lower contribution from FremantleMedia North America, partly balanced by positive phasing effects on show delivery in Germany.

	Q1/2018 €m	Q1/2017[23] €m	Per cent change
Revenue	**271**	271	–
EBITDA	**13**	15	(13.3)
EBITA	**9**	10	(10.0)

Non-scripted

In March 2018, US network ABC launched the return of *American Idol*. The show attracted an average audience of 10.1 million viewers and a total audience share of 9.6 per cent so far, over 50 per cent higher than ABC's prime time average.

In Germany, UFA Show & Factual's *Wer weiß denn sowas?* (Who Knew?) hit a new rating high on 23 February, winning a total audience share of 21.3 per cent, ARD/Das Erste's highest share in the slot since 2006 (*Verbotene Liebe*, 20.1 per cent).

In the US, *Hear Me, Love Me, See Me* – the genre-defining dating format devised by the Israeli production company, Abot Hameiri – launched on TLC on 3 March, winning an average audience of 643,000 viewers. For the target demographic of viewers aged 18 to 49, the series performed 35 per cent higher than TLC's time slot average.

Scripted

In Germany, UFA Fiction's historical three-part drama *Ku'damm 59* attracted an average 5.85 million viewers and an average total audience share of 16.8 per cent for public broadcaster ZDF. The show also generated a new record for the channel's on demand service, with an average 1.3 million streams per episode.

In the UK, BBC1 broadcast the six-episode series *Hard Sun*, with the series premiere episode watched by 6.2 million viewers. With 2.2 million requests, *Hard Sun* episode one was the third most requested programme on BBC iPlayer in January 2018.

FremantleMedia International (FMI)

American Idol was sold to more than 150 territories. The latest deal to have been completed was with Amazon Prime Video UK, meaning *American Idol* is available exclusively in the UK two days after it first aired in the US.

In February 2018, FMI teamed up with Deutsche Telekom's EntertainTV to bring the epic new drama *Picnic at Hanging Rock* to German audiences later this year. The series, which is produced by FremantleMedia Australia, also opened the Berlinale Series at the 2018 Berlin Film Festival, where it launched to critical acclaim.

Produced by Euston Films, FMI sold *Hard Sun*, the gripping pre-apocalyptic drama from the creator of *Luther*, Neil Cross, to more than 100 territories, including Canal+, VRT (Belgium), HBO Europe (Scandinavia, Spain, Eastern Europe) and Telecom Italia (Italy).

Digital

FremantleMedia content registered 296 million fans across YouTube, Facebook, Twitter and Instagram (Q1/2017: 237 million). On YouTube, across the first three months of 2018, FremantleMedia content had 7.2 billion views (Q1/2017: 5.4 billion) and 64 million subscribers (Q1/2017: 43 million) across 305 channels.

23 2017 comparatives restated for the transfer of Divimove from FremantleMedia to "Other segments" at 31 December 2017 as if the transaction had occurred on 1 January 2017

RTL NEDERLAND

Financial results

The Dutch TV advertising market was estimated to be up 7.4 per cent year on year. RTL Nederland's revenue grew 4.8 per cent to €110 million (Q1/2017: €105 million) driven by higher TV advertising revenue. This led to a strong increase in EBITDA, reaching €6 million (Q1/2017: €1 million).

	Q1/2018 €m	Q1/2017[24] €m	Per cent change
Revenue	**110**	105	+4.8
EBITDA	**6**	1	+>100
EBITA	**2**	(2)	–

Audience ratings

During the first three months of 2018, the combined prime-time audience share of **RTL Nederland**'s channels in the target group of viewers aged 25 to 54 was down to 29.0 per cent (Q1/2017: 32.9 per cent) but remained clearly ahead of the public broadcasters (26.3 per cent) and Talpa TV (19.6 per cent).

RTL Nederland's flagship channel, **RTL 4**, registered an average audience share of 17.8 per cent in the target group of shoppers aged 25 to 54 (Q1/2017: 19.0 per cent). The finale of *The Voice Of Holland* on 16 February attracted an average 41.3 per cent of viewers in the target group. Other popular programmes included *The Voice Kids*, *Beau Five Days Inside*, *Soof* and the daily drama *Goede Tijden, Slechte Tijden*.

RTL 5 achieved an audience share of 4.3 per cent among viewers aged 25 to 39 in the reporting period (Q1/2017: 5.2 per cent). Popular programmes included *Temptation Island* and *Slechtste Chauffeur van Nederland VIPS*.

The men's channel **RTL 7** scored an average audience share of 5.8 per cent among male viewers aged 25 to 54 in the first quarter of 2018 (Q1/2017: 7.5 per cent). The Darts World Cup in January once again attracted male viewers, scoring an audience share of 18.3 per cent in the target group for the finale.

During the first three months of 2018, the women's channel **RTL 8** attracted an average audience share of 3.9 per cent among women aged 35 to 59 (Q1/2017: 4.0 per cent).

RTL Z scored an average audience share of 0.9 per cent in the target of viewers with upper social status aged 25 to 59 (Q1/2017: 0.9 per cent).

Digital

RTL Nederland's network of websites generated a total of 650 million video views[25] (including YouTube) in the first three months of 2018 (Q1/2017: 475 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 strong paid subscriber growth of 82 per cent compared to Q1/2017. The number of paying customers who cancelled their subscription was reduced by 44 per cent in the first quarter compared to the same period last year.

24 2017 comparatives restated for the transfer of Smartclip Benelux from Mediengruppe RTL Deutschland to RTL Nederland on 1 January 2018 as if the transaction had occurred on 1 January 2017.
25 Playlist starts

RTL BELGIUM

Financial results

In the first quarter of 2018, the net TV advertising market in Belgium was estimated to be down 8.4 per cent. Accordingly, RTL Belgium's revenue was down to €47 million (Q1/2017: €49 million). EBITDA increased by 10 per cent to €11 million (Q1/2017: €10 million), mainly driven by lower programming and diversification costs.

	Q1/2018 €m	Q1/2017 €m	Per cent change
Revenue	**47**	49	(4.1)
EBITDA	**11**	10	+10.0
EBITA	**10**	9	+11.1

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 36.9 per cent in the commercial target group (Q1/2017: 37.1 per cent). The flagship channel **RTL-TVI** recorded a prime-time audience share of 27.4 per cent among shoppers aged 18 to 54 (Q1/2017: 27.6 per cent), while **Club RTL** had an audience share of 7.0 per cent among male viewers aged 18 to 54 (Q1/2017: 5.9 per cent) and **Plug RTL** attracted 4.5 per cent of viewers aged 15 to 34 (Q1/2017: 5.1 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, Divimove, StyleHaul and most recently United Screens.

The Hungarian TV advertising market was estimated to be down by 5.2 per cent in the reporting period, compared to the first quarter of 2017. Accordingly, **RTL Hungary**'s revenue was down to €22 million (Q1/2017: €23 million), mainly due to lower advertising revenue. EBITDA was also down to €nil million (Q1/2017: profit of €3 million), due to lower revenue and higher programming costs, which reflects different phasing effects compared to the prior year.

Against a background of ongoing fragmentation, RTL Hungary's family of channels recorded a combined average prime-time audience share of 28.3 per cent among viewers aged 18 to 49 (Q1/2017: 32.4 per cent) during the first three months of 2018. The gap between the Hungarian RTL family of channels and its competitor TV2 Group was 4.3 percentage points (Q1/2017: 12.5 percentage points). This decrease is mainly due to many of the channels newly launched in 2016 gaining audience shares. Flagship channel RTL Klub attracted an average 13.1 per cent of viewers aged 18 to 49 in prime time (Q1/2017: 17.0 per cent), ahead of TV2 scoring 10.9 per cent (Q1/2017: 9.5 per cent). The RTL cable channels' combined prime-time audience share was 15.2 per cent in the same target group (Q1/2017: 15.4 per cent).

RTL Croatia: In Croatia, the advertising market was estimated to be up 4.3 per cent, with RTL Croatia outperforming the market: Revenue of RTL Croatia increased by 25 per cent to €10 million (Q1/2017: €8 million), with EBITDA improving to a loss of €1 million (Q1/2017: loss of €2 million), reflecting higher TV advertising revenue.

RTL Croatia's channels combined prime-time audience share in the target group of viewers aged 18 to 49 was 30.9 per cent (Q1/2017: 32.2 per cent). The flagship channel RTL Televizija recorded a prime-time audience share of 21.2 per cent (Q1/2017: 21.4 per cent), and RTL 2 scored an audience share of 7.4 per cent (Q1/2017: 7.9 per cent). RTL Croatia's children's channel, RTL Kockica recorded an average daytime (7:00 to 20:00) audience share of 20 per cent in the target group of children aged 4 to 14 (Q1/2017: 26 per cent). In its prime-time slot, RTL Kockica's audience share among viewers aged 18 to 49 was 2.3 per cent (Q1/2017: 2.9 per cent).

Atresmedia in Spain: The Spanish TV advertising market was estimated to be down 4.1 per cent year on year. Atresmedia reported net revenue decreasing by 2.7 per cent to €252 million (Q1/2017: €259 million). Accordingly, first-quarter operating profit (EBITDA) was €33 million (Q1/2017: €41 million). Atresmedia's contribution to RTL Group's EBITDA was down to €4 million (Q1/2017: €5 million).

In the first quarter of 2018, Atresmedia's family of channels recorded an audience share of 28.8 per cent in the target group of viewers aged 25 to 59 (Q1/2017: 29.4 per cent). Flagship channel Antena 3 achieved an audience share of 12.3 per cent in the target group (Q1/2017: 13.2 per cent) and Atresmedia's second largest channel, La Sexta, reached a 7.3 per cent audience share in the target group (Q1/2017: 7.2 per cent).

RTL Radio Deutschland reported a stable revenue of €11 million (Q1/2017: €11 million), while EBITDA was down to €nil million (Q1/2017: €2 million).

SpotX, including Smartclip, the leading video ad serving platforms for premium publishers and broadcasters, continues to build solutions to help monetise video content across all screens and devices. While gross media spend was up by 15 per cent in Q1/2018, revenue decreased by 25 per cent[26] due to a shift to a higher volume, but lower margin premium over-the-top (OTT). In the reporting period, 33 per cent of spend was directly attributed to delivery on OTT inventory. Moving forward, SpotX is continuing to focus on connected TV with premium publishers that have OTT inventory as well as its ongoing growth in Europe and throughout the JAPAC region.

BroadbandTV is a digital entertainment company with 34 billion monthly views at the end of March 2018 (March 2017: 26 billion). In Q1/2018, BroadbandTV registered a total of 103 billion video views – up from 73 billion video views in Q1/2017. Revenue was up 8 per cent year on year, partly balanced by negative exchange rate effects.

StyleHaul is the leading multi-platform network for fashion, beauty and women's lifestyle. In Q1/2018, StyleHaul registered a total of 7 billion video views (Q1/2017: 6 billion). Revenue was down 17 per cent year on year, following an exceptionally strong Q1/2017.

In the first quarter 2018, Europe's leading multi-platform network, **Divimove**, attracted a total of 6 billion video views (Q1/2017: 4 billion) and had 190 million subscribers across its 900 digital influencers in Germany, Spain, the Netherlands, Italy, Poland and France (Q1/2017: 160 million across 1,200 digital influencers). Revenue was up 25 per cent year on year[27].

United Screens is the leading multi-platform network in the Nordics. In Q1/2018, United Screens had 1,837 million video views – up 72 per cent on the same period in the previous year. On a pro-forma basis, revenue was up 19 per cent year on year[28].

26 2017 comparatives restated for the transfer of the international activities of Smartclip from Mediengruppe RTL Deutschland to SpotX at 1 January 2018 as if the transaction had occurred on 1 January 2017

27 2017 comparatives restated for the transfer of Divimove from FremantleMedia to "Other segments" at 31 December 2017 as if the transaction had occurred on 1 January 2017

28 United Screens is consolidated for the first time after the acquisition in January 2018. Revenue growth presented pro-forma; in local currency

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

for the three months ended 31 March

	Notes	2018 €m	2017 €m
Revenue	8.	1,416	1,405
Other operating income		6	9
Consumption of current programme rights		(462)	(448)
Depreciation, amortisation, impairment and valuation allowance		(50)	(46)
Other operating expenses		(707)	(713)
Amortisation of fair value adjustments on acquisitions of subsidiaries		(3)	(4)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		–	14
Profit from operating activities		**200**	217
Share of results of investments accounted for using the equity method		5	10
Earnings before interest and taxes ("EBIT")	4.	**205**	227
Interest income		5	1
Interest expense		(6)	(6)
Financial results other than interest		–	2
Profit before taxes		**204**	224
Income tax expense		(76)	(70)
Profit for the period		**128**	154
Attributable to:			
RTL Group shareholders		111	137
Non-controlling interests		17	17
Profit for the period		**128**	154
EBITA	4.	**210**	218
Impairment of investments accounted for using the equity method		(2)	–
Amortisation of fair value adjustments on acquisitions of subsidiaries		(3)	(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.	**205**	227
EBITDA	4.	**259**	264
Depreciation, amortisation and impairment		(52)	(50)
Impairment of investments accounted for using the equity method		(2)	–
Re-measurement of earn-out arrangements		–	(1)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		–	14
Earnings before interest and taxes ("EBIT")	4.	**205**	227
Earnings per share (in €)			
– Basic	11.	0.72	0.89
– Diluted	11.	0.72	0.89

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the three months ended 31 March

	2018 €m	2017 €m
Profit for the period	**128**	154
Other comprehensive income ("OCI"):		
Items that will not be reclassified to profit or loss:		
Re-measurement of post-employment benefit obligations	**2**	–
Income tax	**(1)**	–
	1	–
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	**(27)**	(8)
Effective portion of changes in fair value of cash flow hedges	**(21)**	(8)
Income tax	**15**	3
	(6)	(5)
Change in fair value of cash flow hedges transferred to profit or loss	**2**	(16)
Income tax	**(1)**	5
	1	(11)
Fair value gains/(losses) on available-for-sale financial assets	**–**	(1)
Income tax	**–**	–
	–	(1)
	(32)	(25)
Other comprehensive income/(loss) for the period, net of income tax	**(31)**	(25)
Total comprehensive income for the period	**97**	129
Attributable to:		
RTL Group shareholders	**80**	112
Non-controlling interests	**17**	17
Total comprehensive income for the period	**97**	129

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2018 €m	31 December 2017 €m
Non-current assets			
Programme and other rights		102	94
Goodwill		3,031	3,037
Other intangible assets		243	243
Property, plant and equipment		348	352
Investments accounted for using the equity method	9.	378	407
Loans and other financial assets		145	137
Deferred tax assets		300	295
		4,547	4,565
Current assets			
Programme rights		1,154	1,156
Other inventories		18	16
Income tax receivable		54	48
Accounts receivable and other financial assets	14.	1,846	1,844
Cash and cash equivalents		296	265
		3,368	3,329
Current liabilities			
Loans and bank overdrafts		102	247
Income tax payable		59	63
Accounts payable	14.	2,430	2,672
Contract liabilities	2.	309	–
Provisions		174	178
		3,074	3,160
Net current assets		294	169
Non-current liabilities			
Loans	14.	569	568
Accounts payable		495	475
Contract liabilities	2.	3	–
Provisions		238	242
Deferred tax liabilities		20	25
		1,325	1,310
Net assets		3,516	3,424
Equity attributable to RTL Group shareholders		3,033	2,957
Equity attributable to non-controlling interests		483	467
Equity		3,516	3,424

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March

	Notes	Share capital €m	Treasury shares €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Reserves and retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to non-controlling interests €m	**Total equity €m**
Balance at 1 January 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 or 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**
Balance at 1 January 2018		**192**	**(47)**	**(145)**	**(28)**	**69**	**2,916**	**2,957**	**467**	**3,424**
Adjustment on initial application of IFRS 9 (net of tax)	2.	–	–	–	–	–	(5)	(5)	–	**(5)**
Adjustment on initial application of IFRS 15 (net of tax)	2.	–	–	–	–	–	(1)	(1)	–	**(1)**
Adjusted balance at 1 January 2018		**192**	**(47)**	**(145)**	**(28)**	**69**	**2,910**	**2,951**	**467**	**3,418**
Total comprehensive income:										
Profit for the period		–	–	–	–	–	111	111	17	**128**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	1	1	–	**1**
Fair value gains/(losses) on available-for-sale financial assets, net of tax		–	–	–	–	(14)	–	(14)	–	**(14)**
Equity investments at fair value through OCI – change in fair value, net of tax	2.	–	–	–	–	14	–	14	–	**14**
Foreign currency translation differences		–	–	(27)	–	–	–	(27)	–	**(27)**
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	(6)	–	–	(6)	–	**(6)**
Change in fair value of cash flow hedges transferred to profit and loss, net of tax		–	–	–	1	–	–	1	–	**1**
		–	–	(27)	(5)	–	112	80	17	**97**
Capital transactions with owners:										
Dividends		–	–	–	–	–	–	–	(2)	**(2)**
Equity-settled transactions, net of tax		–	–	–	–	–	1	1	1	**2**
(Acquisition)/disposal of treasury shares		–	1	–	–	–	–	1	–	**1**
		–	1	–	–	–	1	2	(1)	**1**
Balance at 31 March 2018		**192**	**(46)**	**(172)**	**(33)**	**69**	**3,023**	**3,033**	**483**	**3,516**

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

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

for the three months ended 31 March

	Notes	2018 €m	2017 €m
Cash flows from operating activities			
Profit before taxes		204	224
Adjustments for:			
– Depreciation and amortisation		52	50
– Valuation allowance and impairment		2	16
– Share-based payments expenses		2	3
– Re-measurement of earn-out arrangements		–	1
– Gain on disposal of assets		(1)	(15)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		15	16
Change of provisions		(6)	(12)
Working capital changes		11	(8)
Income taxes paid		(42)	(55)
Net cash from operating activities		237	220
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		(26)	(25)
– Subsidiaries, net of cash acquired	7.	(12)	(6)
– Other intangible and tangible assets		(20)	(42)
– Other investments and financial assets		(4)	(4)
Current deposit with shareholder	14.1.	(3)	–
		(65)	(77)
Proceeds from the sale of intangible and tangible assets		3	44
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets		3	–
Interest received		5	2
		11	46
Net cash used in investing activities		(54)	(31)
Cash flows from financing activities			
Interest paid		(14)	(15)
Transactions on non-controlling interests		(1)	1
Disposal of treasury shares		1	2
Term loan facility due to shareholder	14.1.	(105)	(102)
Proceeds from loans		10	9
Repayment of loans	5.2.1. 14.2.	(34)	(23)
Dividends paid		(2)	–
Net cash used in financing activities		(145)	(128)
Net increase in cash and cash equivalents		38	61
Cash and cash equivalents and bank overdrafts at beginning of period		258	431
Effect of exchange rate fluctuation on cash held		(4)	(2)
Cash and cash equivalents and bank overdrafts at end of period		292	490

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.

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.

The interim report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the consolidated annual financial statements for the year ended 2017.

This condensed consolidated interim financial information was approved on 16 May by the Audit Committee of RTL Group upon delegation granted by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to the condensed consolidated interim financial information as of and for the period ended 31 March 2018 are the same as those of the previous financial year, except for the adoption of new standards, amendments to existing standards and interpretations that can be found in the consolidated annual financial statements for the year ended 2017.

RTL Group has initially applied IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" at 1 January 2018. Under the transition methods chosen, comparative information has not been restated. Related changes in accounting policies are described below in notes 2.3. and 2.5. respectively.

This note explains the impact of the adoption of IFRS 9 and IFRS 15 on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different from those applied in prior periods.

2. 1. Impact of IFRS 9 and IFRS 15 on the condensed consolidated interim financial information

The following table shows the restatements on the opening balance as of 1 January 2018 following the initial application of IFRS 9 and IFRS 15 for each individual line item. The adjustments are explained in more detail by standard in notes 2.2. and 2.4., respectively.

Condensed consolidated interim statement of financial position

	31 December 2017 as originally presented €m	IFRS 9	IFRS 15	1 January 2018 restated €m
Non-current assets				
Programme and other rights	94	–	–	94
Goodwill	3,037	–	–	3,037
Other intangible assets	243	–	–	243
Property, plant and equipment	352	–	–	352
Investments accounted for using the equity method	407	–	–	407
Loans and other financial assets	137	–	–	137
Deferred tax assets	295	1	–	296
	4,565	1	–	4,566
Current assets				
Programme rights	1,156	–	–	1,156
Other inventories	16	–	–	16
Income tax receivable	48	–	–	48
Accounts receivable and other financial assets	1,844	(6)	11	1,849
Cash and cash equivalents	265	–	–	265
	3,329	(6)	11	3,334
Current liabilities				
Loans and bank overdrafts	247	–	–	247
Income tax payable	63	–	–	63
Accounts payable	2,672	–	(245)	2,427
Contract liabilities	–	–	257	257
Provisions	178	–	–	178
	3,160	–	12	3,172
Net current assets	169	(6)	(1)	162
Non-current liabilities				
Loans	568	–	–	568
Accounts payable	475	–	–	475
Provisions	242	–	–	242
Deferred tax liabilities	25	–	–	25
	1,310	–	–	1,310
Net assets	3,424	(5)	(1)	3,418
Equity attributable to RTL Group shareholders	2,957	(5)	(1)	2,951
Equity attributable to non-controlling interests	467	–	–	467
Equity	3,424	(5)	(1)	3,418

2. 2. IFRS 9 “Financial Instruments” – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim financial information as presented in the table above. The new accounting policies are set out in note 2.3. In accordance with the transitional provisions of IFRS 9 paragraph 7.2.15, comparative figures have not been restated.

2. 2. 1. Assumptions made in adopting IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 are generally applied retrospectively, but various exceptions are granted.

General assumptions

The Group has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification, measurement and impairment, and accordingly has not restated comparative periods in the year of initial application.

Consequently:

(a) any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings;

(b) financial assets are not reclassified in the condensed consolidated interim statement of financial position for the comparative period;

(c) provisions for impairment have not been restated in the comparative period.

Investments in financial assets are classified as either debt or equity investments by reference to the requirements of IAS 32 "Financial Instruments: Presentation".

Assumptions related to impairment

The Group has adopted the simplified expected credit loss model for its trade accounts receivable and contract assets, as required by IFRS 9 paragraph 5.5.15, and the general expected credit loss model for debt investments carried at amortised cost.

RTL Group management have further determined that the contract assets have substantially the same risk characteristics as the trade accounts receivable for the same types of contracts, e.g. in terms of cash flow profile and collaterals. The Group has therefore concluded that the expected loss rates for trade accounts receivable are a reasonable approximation of the loss rates for the contract assets.

Assumptions related to hedging

The Group has designated the spot component of its forward contracts as a hedging instrument with forward points being accounted for through income statement under IAS 39, and will continue to do so under IFRS 9. Accordingly, the Group did not have any transition adjustments in this regard.

2. 2. 2. Impact of adoption of IFRS 9

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	2018 €m
Closing reserves and retained earnings as at 31 December 2017 – IAS 39/IAS 18	**2,916**
Increase in provision for trade accounts receivable and contract assets	(6)
Increase in deferred tax assets relating to impairment provisions	1
Adjustment to reserves and retained earnings from adoption of IFRS 9	**(5)**
Opening reserves and retained earnings as at 1 January 2018 – IFRS 9 (before restatement for IFRS 15)	**2,911**

I. Classification and measurement

On 1 January 2018, RTL Group management have assessed which business models apply to the financial assets held by the Group and have classified its financial instruments into the appropriate IFRS 9 categories. The reclassification carried out by RTL Group management had no impact on the Group's condensed consolidated interim statement of changes in equity nor the condensed consolidated interim income statement.

Equity investments previously classified as available-for-sale

The Group elected to present in Other Comprehensive Income ("OCI") changes in the fair value of all its equity investments that are not held for trading, previously classified as available-for-sale. As a result, assets with a fair value of €54 million were reclassified from available-for-sale financial assets to financial assets at fair value through OCI ("FVOCI"). These equity investments remain presented as "Loans and other financial assets" in the condensed consolidated interim statement of financial position.

The accumulated fair value gains, net of tax, of €14 million were reclassified from "Fair value gains/(losses) on available-for-sale financial assets, net of tax" to "Equity investments at fair value through OCI – change in fair value, net of tax" in the revaluation reserve of the condensed consolidated interim statement of changes in equity as of 1 January 2018 (no fair value change during the three month period ended 31 March 2018).

Unlike IAS 39, to the extent that changes in carrying amounts are recognised in other comprehensive income, they will no longer be recycled to profit or loss when these instruments are sold.

II. Derivatives and hedging activities

As set forth in note 2.2.1., the hedging instruments held by the Group and hedge accounting are not prone to any significant transition adjustment.

III. Impairment of financial assets

The Group's financial assets that are subject to IFRS 9's new expected credit loss model mostly consist of trade accounts receivable, contract assets and other financial assets, all of which are measured at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

The Group was required to revise its impairment methodology under IFRS 9 for each of those classes of assets. The impact of the changes in impairment methodology on the Group's retained earnings and equity is disclosed in the table above.

Trade accounts receivable and contract assets

As set forth in note 2.2.1., for the trade accounts receivable and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses whereby the Group recognises a loss allowance based on lifetime expected credit loss for all trade accounts receivable and contract assets.

For this purpose, the Group has established a provision matrix for calculating expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade accounts receivable and is adjusted for forward-looking estimates.

To measure the expected credit losses, trade accounts receivable and contract assets have been grouped by Business Unit based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 1 January 2018 was determined as follows for both trade accounts receivable and contract assets:

As at 1 January 2018	Current €m	More than 30 days past due €m	More than 90 days past due €m	**Total €m**
Average expected loss rate	0.15%	1.30%	6.00%	**–**
Gross carrying amount	1,232	80	49	**1,361**
Loss allowance	2	1	3	**6**

As at 1 January 2018, applying the expected credit risk model resulted in the recognition of a loss allowance on trade accounts receivable and contract assets, which is indicated in note 2.1.

The impact on loss allowance between the incurred loss model of IAS 39 and the expected credit risk model of IFRS 9 is insignificant for the period ending 31 March 2018.

Contract assets, similarly to trade accounts receivable, are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Other financial assets at amortised cost
Other financial assets at amortised cost mostly include other accounts receivable. As at 1 January 2018, applying the expected credit risk model resulted in the recognition of a loss allowance at 1 January 2018, which is indicated in note 2.1.

The impact on loss allowance between the incurred loss model of IAS 39 and the expected credit risk model of IFRS 9 is insignificant for the period ending 31 March 2018.

2. 3. IFRS 9 “Financial Instruments” – Accounting policies applied from 1 January 2018

2. 3. 1. Investments and other financial assets

Classification
From 1 January 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, in the case of a financial asset not at fair value through profit or loss (“FVPL”). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:
- Amortised cost: assets that are held in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recorded directly in the income statement and presented in “Other operating income” or “Other operating expense”, together with foreign exchange gains and losses. Impairment losses, when applicable, are presented as “Net impairment losses on financial assets” in the condensed consolidated interim income statement;

- FVOCI: assets that are held in order to collect contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in the fair value are taken through OCI, except for the recognition of impairment gains or losses and interest income, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Financial results other than interest". Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in "Financial results other than interest" and disclosed separately in the notes to the condensed consolidated interim income statement;
- FVPL: instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the income statement and presented net within "Financial results other than interest" in the period in which it arises, with the exception of the earn-out arrangement related liabilities which re-measurement is reported in "Other operating income" or "Other operating expense".

Equity instruments
RTL Group subsequently measures all equity investments at fair value. Where the Group's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from "Equity investments at fair value through OCI – change in fair value, net of tax" in the revaluation reserve of the condensed consolidated interim statement of changes in equity.

Changes in the fair value of financial assets at FVPL are recognised within "Financial results other than interest" in the condensed consolidated interim income statement as applicable.

Impairment
From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade accounts receivable, RTL Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition.

2. 3. 2. Derivative instruments and hedging activities
As stated in note 2.1., RTL Group did not have any significant transition adjustments pertaining to derivative instruments and hedging activities. Accordingly, please refer to the consolidated financial statements as of and for the financial year ended 31 December 2017, which form the basis for this condensed consolidated interim financial information. All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

2. 4. IFRS 15 "Revenue from Contracts with Customers" – Impact of adoption
RTL Group has adopted IFRS 15 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim financial information. The new accounting policies are set out in note 2.5.

2. 4. 1. Assumptions made in adopting IFRS 15

General assumptions
In accordance with the transition provisions of IFRS 15, the Group has adopted the modified retrospective approach, as a result of which the cumulative effect of initially applying IFRS 15 is recorded as an adjustment to the opening balance as at 1 January 2018.

Application of the new revenue recognition standard has no effect on the cash flows that the Group expects to receive neither on the economics of contracts.

RTL Group management also concluded that costs to obtain and cost to fulfil a contract to be capitalised are not material.

Practical expedients
As permitted by IFRS 15, the Group has decided to apply the following practical expedients as from 1 January 2018:

- *Contract modifications prior to adoption*
  The Group has not restated contracts that have been modified prior to 1 January 2018. Instead, RTL Group has reflected the aggregate effect of all of the historic modifications for contracts still in force after 1 January 2018 when:
  I. Identifying the satisfied and unsatisfied performance obligations;
  II. Determining the transaction price; and
  III. Allocating the transaction price to the satisfied and unsatisfied performance obligations.
- *Financing components*
  The application of IFRS 15 usually requires an adjustment to the transaction price for the effect of the time value of money if the timing of payment results in a significant financing component. As it pertains to the advertising business, contracts are usually signed for a duration of 12 months or less. RTL Group decided to apply the practical expedient in accordance with IFRS 15 paragraph 63 not to adjust the transaction price for any financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less.
- *Right to invoice approach*
  For service-only contracts, RTL Group has decided to apply the practical expedient set forth in IFRS paragraph 15.B16, which allows for revenue to be recognised for the amount to which the Group has a right to invoice whenever the entity's right to invoice corresponds directly with the value transferred to the customer.

2. 4. 2. Impact of adoption of IFRS 15
As of 1 January 2018, the adjustment resulting from the transition to IFRS 15 on RTL Group's retained earnings is insignificant, while the presentation of certain amounts in the condensed consolidated interim statement of financial position has been changed to reflect the terminology of IFRS 15, as indicated in note 2.1.

Accordingly, contract liabilities of €257 million were previously presented as "Accounts payable" while contract assets are insignificant and continue to be reported in "Accounts receivable and other financial assets". This revised terminology is mainly triggered by the changes of accounting policies stated in note 2.5.

The impact on revenue recognition between IAS 18 and IFRS 15 for the period ending 31 March 2018 is insignificant.

2. 5. IFRS 15 "Revenue from Contracts with Customers" – Accounting policies applied from 1 January 2018
RTL Group has adopted IFRS 15 as issued in May 2014, which resulted in a change in the revenue recognition accounting policy and adjustments to the amounts recognised in the condensed consolidated interim financial information.

The details of the amended significant accounting policies and the nature of the changes in relation to the Group's main revenue streams are set out below.

Advertising revenue

Nature, timing of satisfaction of performance obligations, significant payment terms
As a rule, advertising sales are recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies' commissions are directly deducted from advertising revenue.

IFRS 15 requires the allocation of the transaction price on the basis of stand-alone selling prices, which may impact both the amount and the timing of recognition of revenue. Overall, the timing and amount of revenue recognised for the full year is not affected since contracts are typically for a calendar year period.

Nature of change in accounting policy
Under IFRS 15, both normal and free advertising spots are considered as separate performance obligations and recognised for their relative stand-alone selling price. Accordingly, the estimation of the stand-alone selling price may result in a higher transaction price allocated to free advertising spots as a separate performance obligation. Free advertising spots generate a contract asset if they are aired before normal advertising spots, and a contract liability in the reverse case.

In addition, barter arrangements, whereby particular advertising spots are broadcasted in exchange for other media advertising, generate a contract asset or liability to the extent that the service rendered by the Group does not pertain to the same line of business than the service received from the counterpart.

Content revenue

Nature, timing of satisfaction of performance obligations, significant payment terms
Content revenue mostly consists of revenue generated from the production and licensing of intellectual property to customers.

Customer contracts typically have a wide variety of performance obligations, from production licence contracts to multi-year format licence agreements, as well as ancillary rights and services (e.g. merchandising rights, sponsorship rights and production consulting services) and distribution activities. The application of IFRS 15 requires an assessment of the nature of RTL Group's promise at contract level (right to access or right to use), unit of account for licences and payment mechanisms. The most significant change from IAS 18 to IFRS 15 is whether licences are determined to be a right to access the content (revenue recognised over time) versus a right to use the content (revenue recognised at a point in time).

RTL Group management have determined that most of the licenses granted the involvement of the Group is limited to the transfer of the license, where the performance obligation is satisfied at a point in time. Non-refundable minimum guarantees recoupable over royalties are received as part of some production or distribution arrangements. These are recognised in accordance with the classification of the type of licence granted.

In the case of sales-based or usage-based royalties payable in exchange for a licence of intellectual property, the Group recognises revenue when the subsequent sale or usage occurs and when the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Nature of change in accounting policy
Under IAS 18, revenue from content was recognised when the customer could generate economic benefit from the exploitation of related rights and the Group had no remaining contractual obligation.

Under IFRS 15, most of the licences granted are licenses for which revenue, including minimum guarantees, should be recognised at a point in time.

In parallel, advance payments received from a customer to fulfil non-cancellable arrangements generate a contract liability, while it was previously presented as accounts payable under IAS 18.

Other revenue – Sales of merchandise, professional and consumer services
Overall, IFRS 15 did not have a significant impact on the nature and timing of recognition for this category of revenue.

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 2017.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2017 to 2019. Management have accrued an amount of €3 million during the period (March 2017: €3 million) on the basis of the achievement of performance targets. The liability related to the LTIP 2017-2019 is €20 million at 31 March 2018 (December 2017: €17 million).

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 19 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".

Net debt

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

- "Cash and cash equivalents";
- Investments held to (collect and) sell 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 2018 €m	March 2017 €m
Current loans and bank overdrafts	**(102)**	(363)
Non-current loans	**(569)**	(519)
	(671)	(882)
Deduction of:		
Cash and cash equivalents	**296**	491
Investments held to (collect and) sell	**3**	–
Current deposit with shareholder	**7**	–
Financial assets related to the sales and leasebacks	**–**	1
Net debt	**(365)**	(390)

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 2018 €m	March 2017 €m
Net cash from operating activities	**237**	220
Adjusted by:		
– Income tax paid	**42**	55
Acquisitions of:		
– Programme and other rights	**(26)**	(25)
– Other intangible and tangible assets	**(20)**	(42)
Proceeds from the sale of intangible and tangible assets	**3**	44
Operating free cash flow	**236**	252
EBITA	**210**	218
Operating cash conversion ratio	**112%**	116%

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 (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

	March 2018 €m	March 2017 €m
EBITA	**210**	218
Deduction of shares of results of investments accounted for using the equity method and already taxed	**(4)**	(4)
	206	214
Net basis after deduction of uniform tax rate	**138**	143
Shares of results of investments accounted for using the equity method and already taxed	**4**	4
NOPAT	**142**	147
Invested capital at beginning of year	**4,123**	4,181
Invested capital at end of the period	**4,073**	4,157
66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year	**302**	320
66 per cent of the net present value of operating leases and satellite transponder service agreements at end of the period	**293**	314
Adjusted average invested capital	**4,396**	4,486
Cost of capital	**88**	90
RVA	**54**	58

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, interest rate, inflation and equity), counterparty credit and liquidity risks.

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 2017. 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 and the external funding of Groupe M6, 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 € 550 million (December 2017: € 546 million).

The fair value of the 7-year Euro Private Placement bond issued by Groupe M6 amounts to € 50 million (December 2017: € 50 million). At 31 March 2018, Groupe M6 did not use the three bilateral committed facilities for a total of € 120 million (December 2017: € 10 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				
Equity investments at fair value through OCI	**47**	5	–	42
Derivatives used for hedging[1]	**25**	–	25	–
Accounts receivable and other financial assets	**3**	3	–	–
At 31 March 2018	**75**	**8**	**25**	**42**
Liabilities				
Derivatives used for hedging[2]	**51**	–	51	–
Liabilities in relation to put options on non-controlling interests	**18**	–	–	18
At 31 March 2018	**69**	**–**	**51**	**18**

There were no transfers between Levels 1, 2 and 3 during the three month period ended 31 March 2018.

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Available-for-sale investments	**54**	5	–	49
Derivatives used for hedging[3]	**24**	–	24	–
Accounts receivable and other financial assets	**4**	4	–	–
At 31 December 2017	**82**	**9**	**24**	**49**
Liabilities				
Derivatives used for hedging[4]	**38**	–	38	–
Liabilities in relation to put options on non-controlling interests	**18**	–	–	18
At 31 December 2017	**56**	**–**	**38**	**18**

There were no transfers between Levels 1, 2 and 3 during the year 2017.

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.

1
- Of which € 6 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9
- Of which € 19 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied

2
- Of which € 37 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9
- Of which € 14 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied

3
- Out of which € 4 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39
- Out of which € 20 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

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
- Out of which € 15 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

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-Merton model. Volatility is primarily determined by reference to comparable publically traded peers.

The following tables present the change in Level 3 instruments for the three-month period ended 31 March.

	Assets	Liabilities
	Equity investments at fair value through OCI €m	Liabilities at fair value through profit or loss €m
Balance at 1 January 2018	**49**	**18**
Acquisitions and additions	1	–
Other changes	(8)	–
Balance at 31 March 2018	**42**	**18**

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Available-for-sale investments €m	Total assets €m	Liabilities at fair value through profit or loss €m
Balance at 1 January 2017	3	49	**52**	**28**
Other changes	(3)	–	(3)	–
Balance at 31 March 2017	–	49	**49**	**28**

6. SEGMENT REPORTING

	Mediengruppe RTL Deutschland		Groupe M6		FremantleMedia		RTL Nederland		RTL Belgium		Other segments		Eliminations		Total Group	
	March 2018 €m	March[5] 2017 €m	**March 2018 €m**	March[6] 2017 €m	**March 2018 €m**	March[7] 2017 €m	**March 2018 €m**	March[5] 2017 €m	**March 2018 €m**	March 2017 €m	**March 2018 €m**	March[5,7] 2017 €m	**March 2018 €m**	March 2017 €m	**March 2018 €m**	March 2017 €m
Revenue from external customers	**534**	519	**357**	358	**229**	230	**111**	105	**47**	49	**138**	144	**–**	–	**1,416**	1,405
Inter-segment revenue	**–**	–	**3**	2	**42**	41	**(1)**	–	**–**	–	**13**	11	**(57)**	(54)	**–**	–
Total revenue	**534**	519	**360**	360	**271**	271	**110**	105	**47**	49	**151**	155	**(57)**	(54)	**1,416**	1,405
Profit/(loss) from operating activities	**163**	157	**45**	46	**9**	9	**2**	(1)	**10**	9	**(29)**	(3)	**–**	–	**200**	217
Share of results of investments accounted for using the equity method	**3**	7	**(2)**	–	**–**	–	**–**	(1)	**–**	–	**4**	4	**–**	–	**5**	10
EBIT	**166**	164	**43**	46	**9**	9	**2**	(2)	**10**	9	**(25)**	1	**–**	–	**205**	227
EBITDA	**169**	167	**76**	77	**13**	15	**6**	1	**11**	10	**(16)**	(6)	**–**	–	**259**	264
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)	**(3)**	(3)	**(30)**	(29)	**(4)**	(5)	**(4)**	(3)	**(1)**	(1)	**(7)**	(5)	**–**	–	**(49)**	(46)
EBITA	**166**	164	**46**	48	**9**	10	**2**	(2)	**10**	9	**(23)**	(11)	**–**	–	**210**	218
Impairment of investments accounted for using the equity method	**–**	–	**(2)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2)**	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**–**	–	**(1)**	(2)	**–**	–	**–**	–	**–**	–	**(2)**	(2)	**–**	–	**(3)**	(4)
Re-measurement of earn-out arrangements	**–**	–	**–**	–	**–**	(1)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	14	**–**	–	**–**	14
EBIT	**166**	164	**43**	46	**9**	9	**2**	(2)	**10**	9	**(25)**	1	**–**	–	**205**	227
Interest income															**5**	1
Interest expense															**(6)**	(6)
Financial results other than interest															**–**	2
Income tax expense															**(76)**	(70)
Profit for the period															**128**	154

5 SpotX and Smartclip companies (Smartclip AG and Smartclip Benelux BV excluded) have been combined into one integrated Ad-tech unit reported since 1 January 2018 in "Other segments". Smartclip was initially allocated to the operating segment Mediengruppe RTL Deutschland. Smartclip AG continues to be part of the operating segment Mediengruppe RTL Deutschland and Smartclip Benelux BV has been transferred to the operating segment RTL Nederland. 2017 segment information has been accordingly restated as if this transaction had occurred since 1 January. €6 million of goodwill have been reallocated to the cash-generating unit Ad-tech
6 RTL Radio (France) was transferred to Groupe M6 on 1 October 2017. 2017 segment information has been accordingly restated as if this transaction had occurred since 1 January
7 Divimove does not report any more to FremantleMedia management at 31 December 2017 and has been transferred to "Other segments". 2017 segment information has been accordingly restated as if this transaction had occurred since 1 January

	Mediengruppe RTL Deutschland		Groupe M6		FremantleMedia		RTL Nederland		RTL Belgium		Other segments		Eliminations		Total Group	
	March 2018 €m	December[8] 2017 €m	**March 2018 €m**	December 2017 €m	**March 2018 €m**	December 2017 €m	**March 2018 €m**	December[8] 2017 €m	**March 2018 €m**	December 2017 €m	**March 2018 €m**	December[8] 2017 €m	**March 2018 €m**	December 2017 €m	**March 2018 €m**	December 2017 €m
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)	**1,598**	1,637	**1,794**	1,767	**1,883**	1,935	**385**	408	**168**	166	**771**	818	**(162)**	(201)	**6,437**	6,530
Investments accounted for using the equity method	**51**	79	**13**	14	**15**	17	**8**	8	**–**	–	**291**	289	**–**	–	**378**	407
Segment assets	**1,649**	1,716	**1,807**	1,781	**1,898**	1,952	**393**	416	**168**	166	**1,062**	1,107	**(162)**	(201)	**6,815**	6,937
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)	**987**	1,063	**715**	670	**553**	594	**144**	139	**108**	103	**393**	442	**(158)**	(197)	**2,742**	2,814
Segment liabilities	**987**	1,063	**715**	670	**553**	594	**144**	139	**108**	103	**393**	442	**(158)**	(197)	**2,742**	2,814
Invested capital	**662**	653	**1,092**	1,111	**1,345**	1,358	**249**	277	**60**	63	**669**	665	**(4)**	(4)	**4,073**	4,123
Segment assets															**6,815**	6,937
Deferred tax assets															**300**	295
Income tax receivable															**54**	48
Other assets															**450**	349
Cash and cash equivalents															**296**	265
Total assets															**7,915**	7,894
Segment liabilities															**2,742**	2,814
Deferred tax liabilities															**20**	25
Income tax payable															**59**	63
Other liabilities															**1,578**	1,568
Total liabilities															**4,399**	4,470

8 SpotX and Smartclip companies (Smartclip AG and Smartclip Benelux BV excluded) have been combined into one integrated Ad-tech unit reported since 1 January 2018 in "Other segments". Smartclip was initially allocated to the operating segment Mediengruppe RTL Deutschland. Smartclip AG continues to be part of the operating segment Mediengruppe RTL Deutschland and Smartclip Benelux BV has been transferred to the operating segment RTL Nederland. 2017 segment information has been accordingly restated as if this transaction had occurred since 1 January. €6 million of goodwill have been reallocated to the cash-generating unit Ad-tech

7. ACQUISITIONS

2018

United Screens
On 2 January 2018, UFA Films und Fernseh GmbH ("UFA") acquired 100 per cent of U Screens AB ("United Screens"), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network ("MPN") in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. A portion of the purchase price has been paid into an escrow account to serve as collateral for cash adjustments and potential warranty claims. A price adjustment of SEK 15 million has been determined on 20 April 2018.

The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The purchase consideration amounted to €12 million, net of cash acquired. A provisional goodwill of €13 million has been recognised. It is not tax deductible. United Screens operates as a separate cash-generating unit.

The transaction-related costs are insignificant.

2017

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. The fair value of the derivative was €nil million at completion date and remained unchanged at 31 December 2017 and 31 March 2018.

The transaction qualified as a business combination since RTL Group gained the control of Divimove. Before the 2 February 2017, Divimove was accounted for using equity method. The group had 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 was 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 amounted to €(3) million, net of cash acquired. RTL Group had recognised identifiable intangible assets (customer contracts) for a fair value of €0.6 million and a corresponding deferred tax liability of €0.2 million. As a result, a goodwill of €27 million had been recognised. The latter is attributable mainly to the skills and talent of Divimove's workforce. It is not tax deductible. Divimove operates as a separate cash-generating unit (see note 6).

The transaction-related costs were insignificant.

	Fair value at date of gain of control €m
Cash and cash equivalents	3
Other intangible assets	1
Accounts receivable and other financial assets	3
Loans	(1)
Accounts payable	(4)
Non-controlling interests	(1)
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, had been exercised and paid on 24 March 2017 for an amount of €9 million.

8. REVENUE

Revenue is disaggregated below by nature and timing of recognition. The table also includes a reconciliation with reportable segments.

	Mediengruppe RTL Deutschland March 2018 €m	Groupe M6 March 2018 €m	FremantleMedia March 2018 €m	RTL Nederland March 2018 €m	RTL Belgium March 2018 €m	Other segments March 2018 €m	Total Group March 2018 €m
Revenue from advertising	431	251	2	76	39	54	853
Revenue from exploitation of programmes, rights and other assets	64	46	223	29	6	67	435
Revenue from selling goods and merchandise and providing services	39	60	4	6	2	17	128
	534	**357**	**229**	**111**	**47**	**138**	**1,416**
Timing of revenue recognition							
At a point in time	51	71	215	5	–	65	407
Over time	483	286	14	106	47	73	1,009
	534	**357**	**229**	**111**	**47**	**138**	**1,416**

9. *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") had 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.

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. If advertising spend follows a similar pattern as has been observed in other sports years, the second quarter is likely to be highly volatile as advertisers pull forward their spend to avoid the football World Cup which starts in June. This volatility will also be compounded by the earlier Easter in 2018, when compared to 2017. Accordingly, the Group is likely to experience weak advertising revenue growth across the second quarter of 2018, especially as some of the Group's competitor channels are the local host broadcaster for the football World Cup. However, the Group traditionally generates a higher level of advertising revenue in the last three to four months of the year.

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 2018. The second quarter of 2017 was positively impacted by the sale of *American Gods*, which provides a difficult comparison base, despite some episodes of the re-launched *American Idol* falling into the second quarter 2018. The full year outcome will depend on the timing of the delivery of certain high value drama shows but also the impact of foreign exchange translation movements, which are currently negatively impacting FremantleMedia's revenue development.

11. *EARNINGS PER SHARE*

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €111 million (March 2017: €137 million) and a weighted average number of ordinary shares outstanding during the period of 153,555,315 (March 2017: 153,550,173) calculated as follows:

	March 2018	March 2017
Profit attributable to RTL Group shareholders (in €million)	**111**	137
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**154,742,806**	154,742,806
Effect of treasury shares held	**(1,168,701)**	(1,168,701)
Effect of liquidity programme	**(18,790)**	(23,932)
Weighted average number of ordinary shares	**153,555,315**	153,550,173
Basic earnings per share (in €)	**0.72**	0.89
Diluted earnings per share (in €)	**0.72**	0.89

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 entered on, 28 April 2014, into a liquidity agreement (the "Liquidity Agreement"). During the period ended 31 March 2018, under the Liquidity Agreement, the Liquidity Provider has:
- purchased 50,251 shares at an average price of €68.59; and
- sold 64,800 shares at an average price of €69.05, in the name and on behalf of the Company.

At 31 March 2018, a total of 19,753 (December 2017: 34,302) RTL Group shares are held by the Company and €0.7 million (December 2017: €1.2 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.

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 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.

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 2018 and 31 December 2017, neither RTL Group SA nor RTL Group Deutschland GmbH hold any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is € nil million (March 2017: € 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 2018, the balance of the cash pooling receivable and payable amounts to €7 million (December 2017: €4 million). The interest income/expense for the period is insignificant (March 2017: insignificant).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (former 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. Revolving loan terminated on February 2018. RTL Group has re-negotiated an extension for another 5-year period. 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 Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 March 2018, the term loan balance amounts to € 500 million (December 2017: € 500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.40 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.40 per cent per annum. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 March 2018, the total of revolving and swingline loan amounts to €33 million (December 2017: € 138 million).

The interest expense for the period amounts to €3 million (March 2017: €4 million). The commitment fee charge for the period amounts to €0.3 million (March 2017: €0.3 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 2014 on the basis of the change to the German corporate tax law.

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

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 2018, the balance payable to BCH amounts to €592 million (December 2017: €450 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €374 million (December 2017: €267 million).

For the period ended 31 March 2018, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €38 million (March 2017: €31 million). The Commission amounts to €3 million (March 2017: €7 million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €nil million (March 2017: €nil 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 2018, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €21 million (December 2017: €40 million).

15. SUBSEQUENT EVENTS

On 19 April 2018, management of RTL Nederland announced a restructuring programme that will be further elaborated in the coming months. A detailed plan will be prepared and implemented as of end of May. The restructuring will include the implementation of a new organisational structure that matches the strategy of RTL Nederland. This will create focus on the core business, merge departments with similar activities, reduces the number of managers and will lead to a reduction of the workforce.

Since 8 May 2018, the interest held by the Group in the Radio NRW GmbH ("Radio NRW") has increased from 16.1 per cent to 22.6 per cent following the purchase by Radio NRW of its own shares. Radio NRW operates a German radio network. The company will be accounted for using the equity method.

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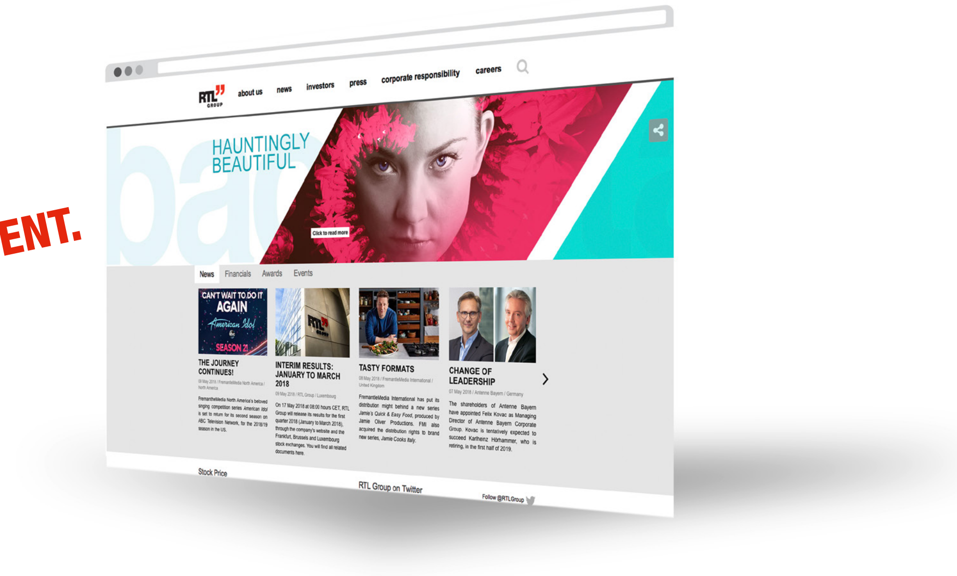

Financial Calendar

29 August 2018	Half-year results 2018
8 November 2018	Results January to September 2018

Credits

Cover	Stefan Erhard, RTL Nederland , MGRTLD, FremantleMedia, William Rutten, Serge Leplege / M6
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