



# RTL GROUP FULL-YEAR RESULTS 2018

**RTL**  
GROUP

ENTERTAIN. INFORM. ENGAGE.



# AGENDA

**FULL-YEAR 2018  
HIGHLIGHTS**

**GROUP  
FINANCIALS**

**BUSINESS  
& STRATEGY  
UPDATE**

**SUMMARY  
& OUTLOOK 2019**



# OUR TOTAL VIDEO STRATEGY ONCE AGAIN PAYS OFF...



## High margins

dynamic growth of VOD services



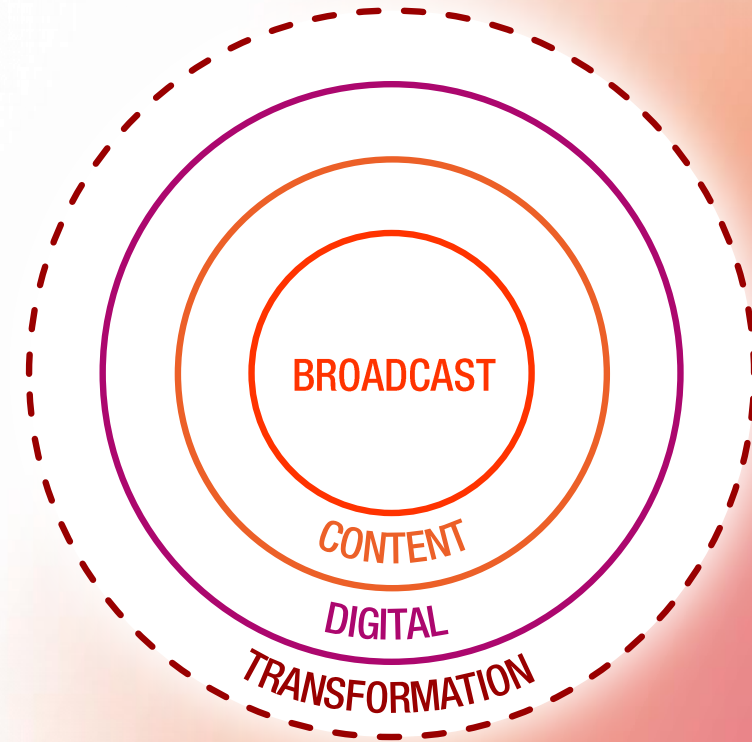
## Strong revenue growth +8%

and higher EBITDA +5%



## €1 billion in digital revenues +19%

already 15% share of total revenue



TOTAL VIDEO  
STRATEGY

# ...WITH RECORD REVENUE, EXCEEDING €6.5 BILLION FOR THE FIRST TIME

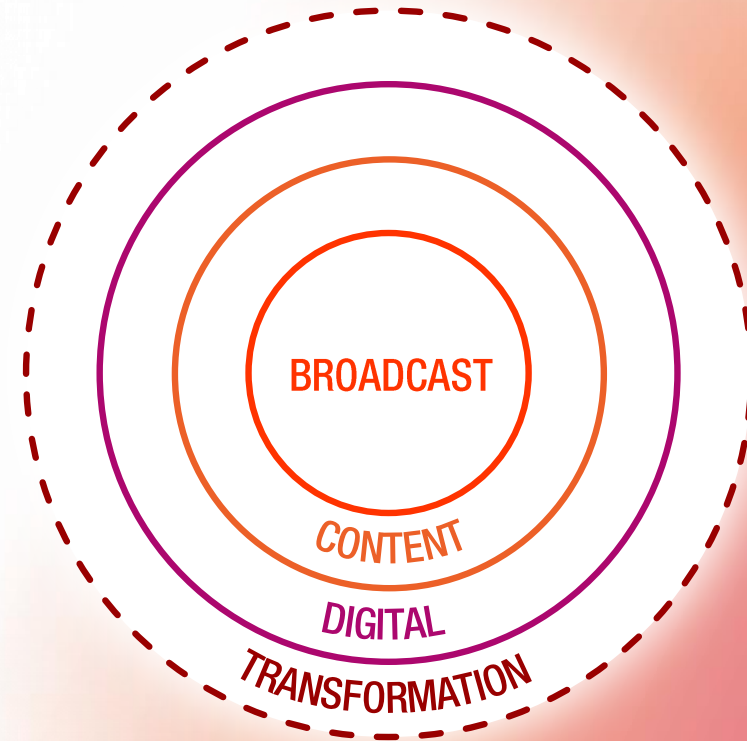


Revenue: **€6,505m** **+2.1%**

EBITDA: **€1,380m** **-5.7%** Margin: **21.2%** **-1.8pp**

Operational EBITDA: **+0.7%**

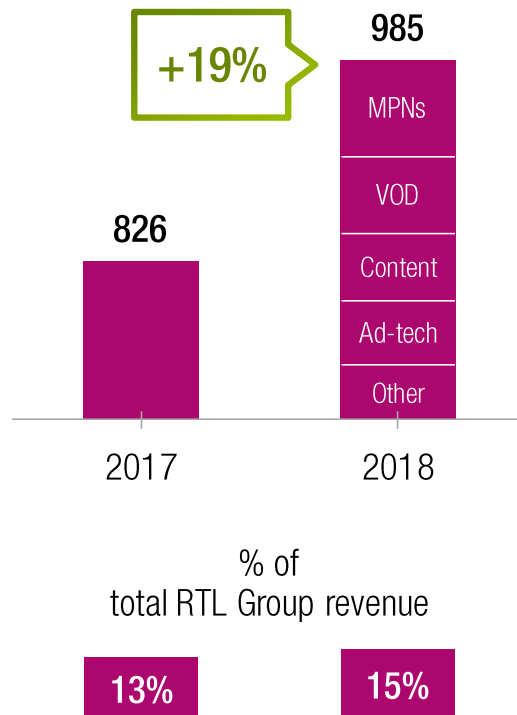
Total Dividend: **€4.00** **6.3% Yield**





# MORE DIVERSIFIED THAN EVER BEFORE — DIGITAL REVENUE 3 YEARS AHEAD OF PLAN

Digital revenue split  
In € million



MPNs: **€331m**

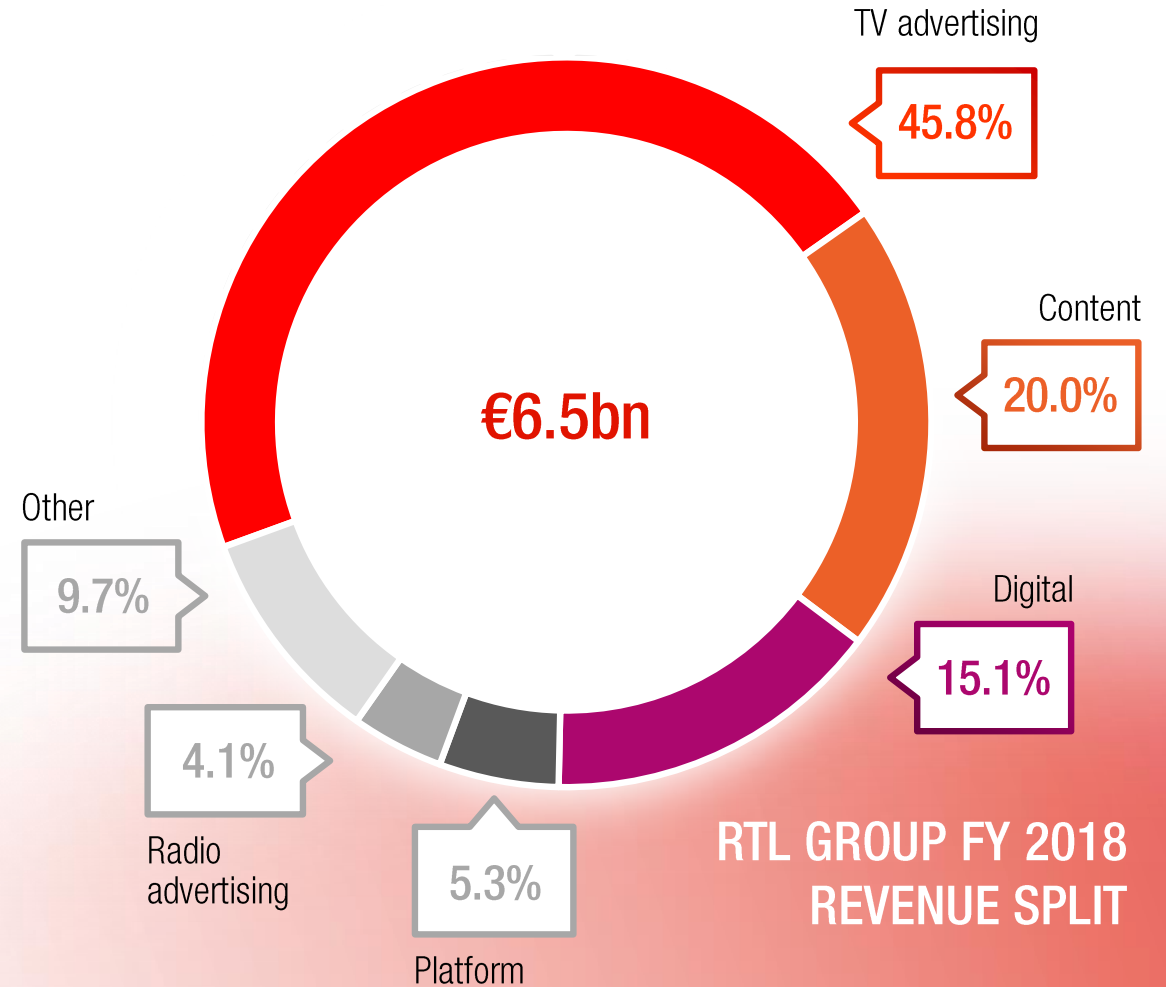
VOD<sup>1</sup>: **€216m**

Content:  
(Fremantle) **€165m**

Ad-tech<sup>2</sup>: **€148m**

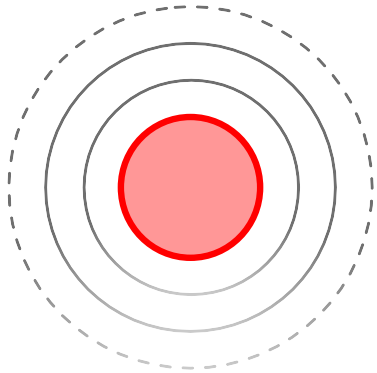
Other: **€125m**

Share of digital revenue **3 YEARS AHEAD** of plan



State of play

# TRANSITIONING TO TOTAL VIDEO 2.0



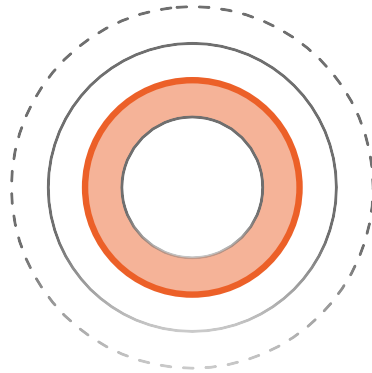
**BROADCAST**



**Leading** FTA  
broadcaster in Europe



**A leading** local  
VOD player



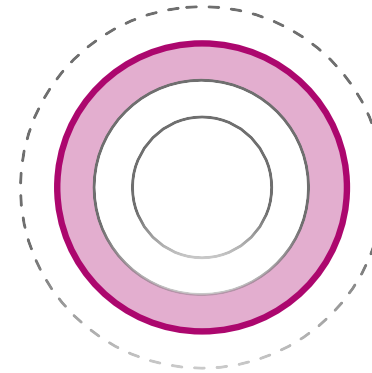
**CONTENT**



**A leading** global  
content producer



**Strong** international  
drama player



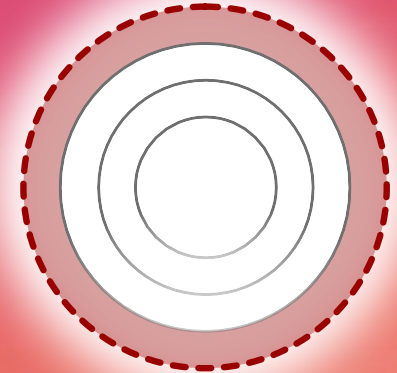
**DIGITAL**



**A leading** global  
video ad-stack



**A leading** partner  
to YouTube



**TRANSFORMATION**

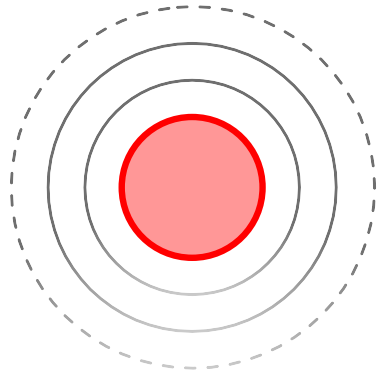
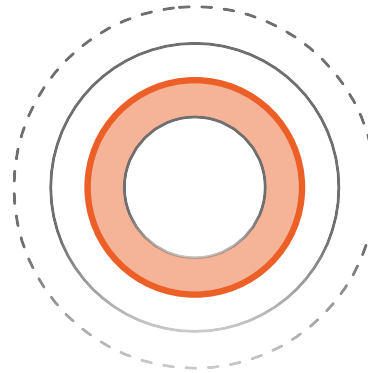
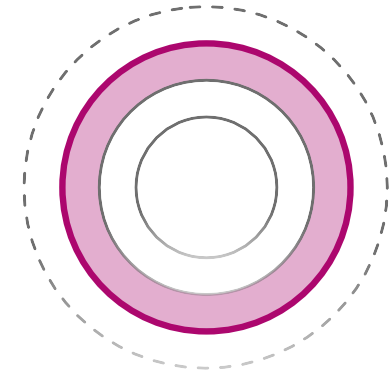
**MORE  
COLLABORATION**

**MORE  
CREATIVITY & IP**

**MORE ORGANIC GROWTH**

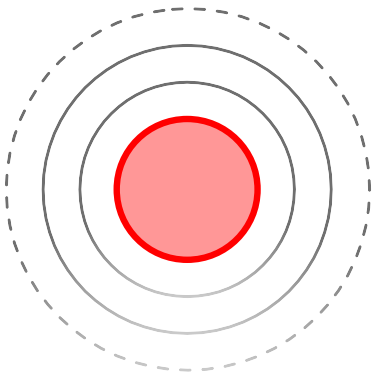


# INCREASED TRANSPARENCY TO TRACK ORGANIC GROWTH DRIVERS

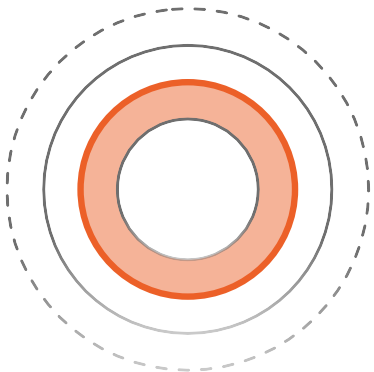

**BROADCAST**

**CONTENT**

**DIGITAL**

	2018/YOY					MPNs		Ad-tech	
Revenue:	<b>€4,740m</b>	-1%	Revenue:	<b>€1,592m</b>	+8%	<b>€331m</b>	+28%	<b>€112m<sup>1</sup></b>	+2%
Platform rev.:	<b>€343m</b>	+7%	# hrs produced:	<b>12,738 hrs</b>	+2%	Ad-tech ad-spend:		<b>\$576m</b>	+49%
SVOD subscribers:	<b>1m</b>	+77%	% of drama:	<b>19%</b>	-3pp	MPN video views:		<b>463bn</b>	+20%
Digital rev.:	<b>€377m</b>	+11%	Digital rev.:	<b>€165m</b>	+39%	MPN & Ad-tech rev.:		<b>€443m</b>	+20%

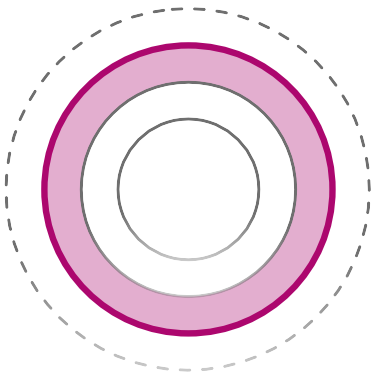
# INCREASED TRANSPARENCY TO TRACK ORGANIC GROWTH DRIVERS



BROADCAST



CONTENT



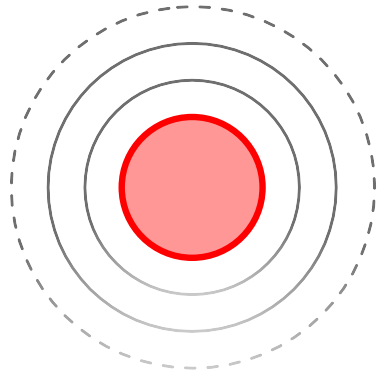
DIGITAL

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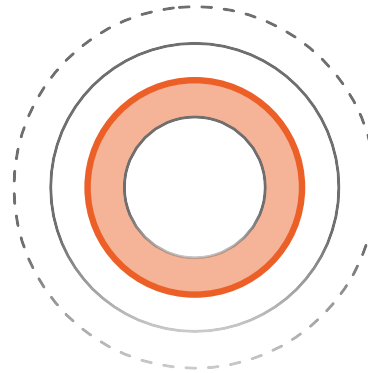
Total digital  
€985m



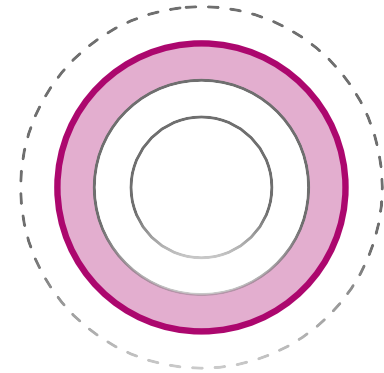
# FOCUS ON ORGANIC GROWTH DRIVERS: DIGITAL AND CONTENT



BROADCAST



CONTENT



DIGITAL

## Top-line drivers to 2021

VOD revenue to grow by **>€150m**  
SVOD subscribers to triple to **~3m**

Drama revenue to grow to **>€500m**

Ad-tech revenue to grow  
by **>€100m**

# FROM CATCH-UP TV TO COMPREHENSIVE STREAMING SERVICES



## Priorities

1

### LOCAL HERO

A leader in local VOD  
programming across DE, FR, NL

2

### HYBRID MODEL

+77% paying subscribers YOY  
Free VOD is key to gain  
new subscribers (upselling)

3

### EXCLUSIVE IP

>80 local original  
productions planned until 2021



Strategic priority – VOD

# ACCELERATE COLLABORATION, CONVERGENT OFFERS AND CONTENT PRODUCTION

Top-line drivers to 2021



1

## LOCAL HERO

**COLLABORATION**  
VOD tech roadmap  
for RTL Group

2

## HYBRID MODEL

**CONVERGENCE**  
Expand hybrid model to  
more markets

3

## EXCLUSIVE IP

**CREATIVITY & IP**  
More co-productions  
within the Group

Additional investments of **€350m over next 3 years** – limited EBITA impact

# CONTENT POWERHOUSE — FREMANTLE TO EXPAND GENRES & CO-PRODUCTIONS...

## Key formats



## Priorities

1

### EXPAND DRAMA

75 scripted series in the pipeline with 20 in advanced production stages

2

### DEVELOP IP WITH BROADCASTERS

1<sup>st</sup> joint IP formats with RTL NL in progress

3

### NEW CLIENTS

First Facebook show “Confetti” commissioned in 5 markets



# ...WITH FOCUS ON DEVELOPING INTELLECTUAL PROPERTY

Top-line drivers to 2021



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## RECORD REVENUE, HIGH MARGINS

In € million	Full year to December 2018	Full year to December 2017	Per cent change
<b>Revenue</b>	6,505	6,373	<b>+2.1</b>
Underlying revenue	<b>6,516</b>	<b>6,339</b>	<b>+2.8</b>
Operating cost base	<b>5,464</b>	<b>5,342</b>	<b>+2.3</b>
<b>EBITDA</b>	<b>1,380</b>	<b>1,464</b>	<b>(5.7)</b>
<b>EBITDA margin (%)</b>	<b>21.2</b>	<b>23.0</b>	<b>(1.8)pp</b>
Operational EBITDA	<b>1,380</b>	<b>1,370</b>	<b>+0.7</b>
Operational EBITDA margin (%)	<b>21.2</b>	<b>21.5</b>	<b>(0.3)pp</b>
<b>Net debt</b>	<b>(470)</b>	<b>(545)</b>	<b>-</b>
<b>Net debt EBITDA ratio at end of year</b>	<b>0.34</b>	<b>0.37</b>	<b>-</b>

# EBITDA TO NET PROFIT

In € million	Full year to December 2018	Full year to December 2017	Per cent change
<b>Reported EBITDA</b>	<b>1,380</b>	<b>1,464</b>	<b>(5.7)</b>
Depreciation, amortisation and impairment	(224)	(233)	
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	25	21	
Impairment of, goodwill of subsidiaries, investments accounted for using the equity method and remeasurement of earn-out arrangements	(105)	(6)	
Net financial income/(expense)	(13)	(24)	
Income tax expense	(278)	(385)	
<b>Profit for the year</b>	<b>785</b>	<b>837</b>	<b>(6.2)</b>
Profit for the year attributable to <b>RTL GROUP SHAREHOLDERS</b>	<b>668</b>	<b>739</b>	<b>(9.6)</b>



# CASH CONVERSION

In € million	Full year to December 2018	Full year to December 2017
<b>Net cash flow from operating activities</b>	<b>873</b>	<b>1,023</b>
Add: Income tax paid	354	345
Less: Acquisition of assets, net	(178)	(69)
<b>Equals: Reported free cash flow (FCF)</b>	<b>1,049</b>	<b>1,299</b>
Acquisition and disposal of subsidiaries and JVs, net of cash acquired	(18)	(30)
Other financial assets (deposit excluded), net	117	(33)
Net interest	(12)	(13)
Transactions with non-controlling interests & treasury shares	(25)	(147)
Income tax paid	(354)	(345)
Dividends paid	(686)	(687)
Cash generated	71	44
<b>EBITA</b>	<b>1,171</b>	<b>1,248</b>
<b>CASH CONVERSION (FCF/EBITA)</b>	<b>90%</b>	<b>104%</b>

# ATTRACTIVE DIVIDEND YIELD

In € million	Full year to December 2018
<b>Profit for the year attributable to RTL Group shareholders</b>	<b>668</b>
<i>Adjustments for:</i>	
Impairment	105
Deferred tax asset	(67)
PLP commission	(28)
<b>Adjusted net result</b>	<b>678</b>
<b>ORDINARY DIVIDEND</b> , in € per share	<b>3.00</b>
Ordinary dividend, absolute amount <sup>1</sup>	461
<b>Dividend payout, in %<sup>2</sup></b>	<b>68%</b>



1. Based on total share capital less treasury shares held by the Group and liquidity programme.

2. Ordinary dividend, absolute amount/adjusted net result.

3. Including €1.00 interim dividend and based on average share price in 2018 (€63.06)

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# BROADCAST

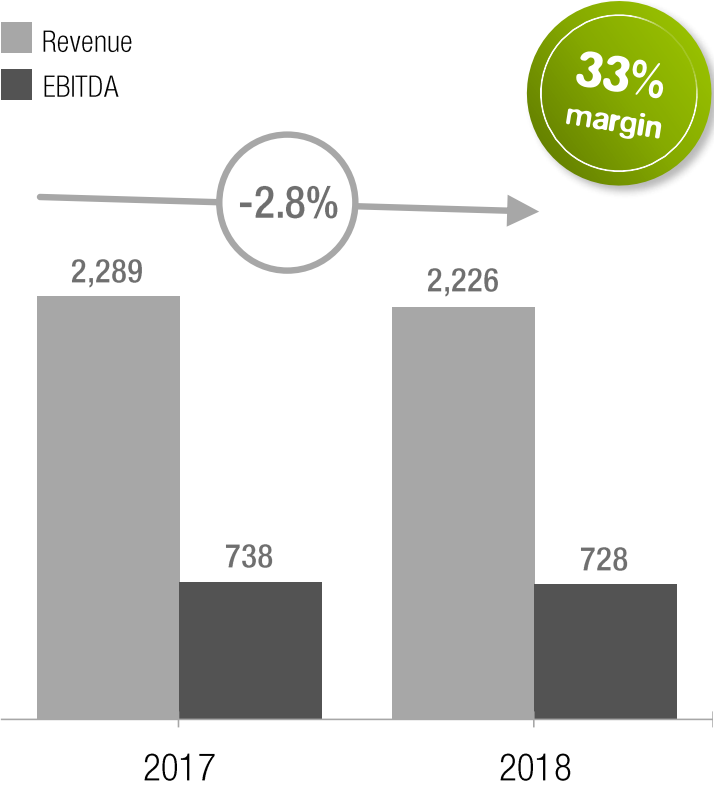


# MARKET LEADERSHIP, HIGH PROFITABILITY

## Key financials

In € million

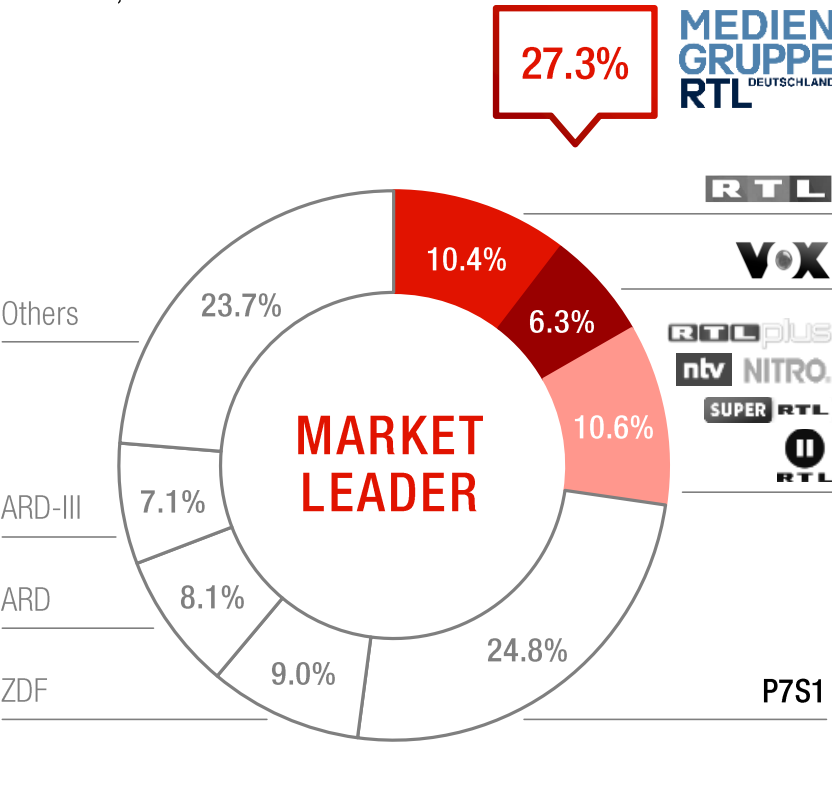
Revenue  
EBITDA



Slight decrease due to lower TV ad revenue in a major sports year

## Family of channels

14 to 59, FY 2018



Maintained clear lead over P7S1

## STRATEGIC PRIORITIES

Accelerate development of new local TV formats, gain audience shares



Boost VOD investments with successful TV Now relaunch, +44% subscribers YOY<sup>1</sup>



Become most attractive employer and partner for creative talents



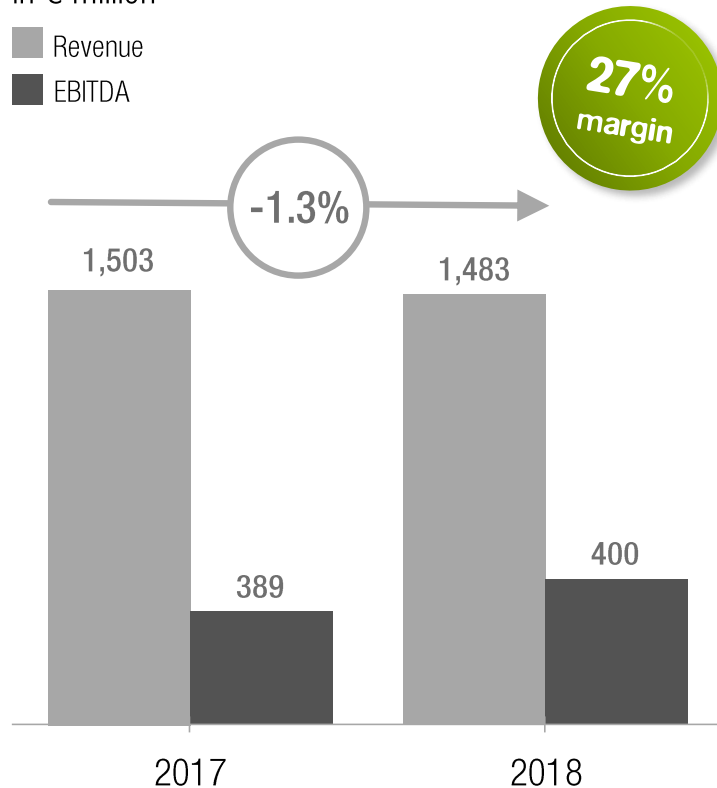
# STRONG OPERATIONAL PERFORMANCE, RECORD EBITDA

## Key financials

In € million

Revenue

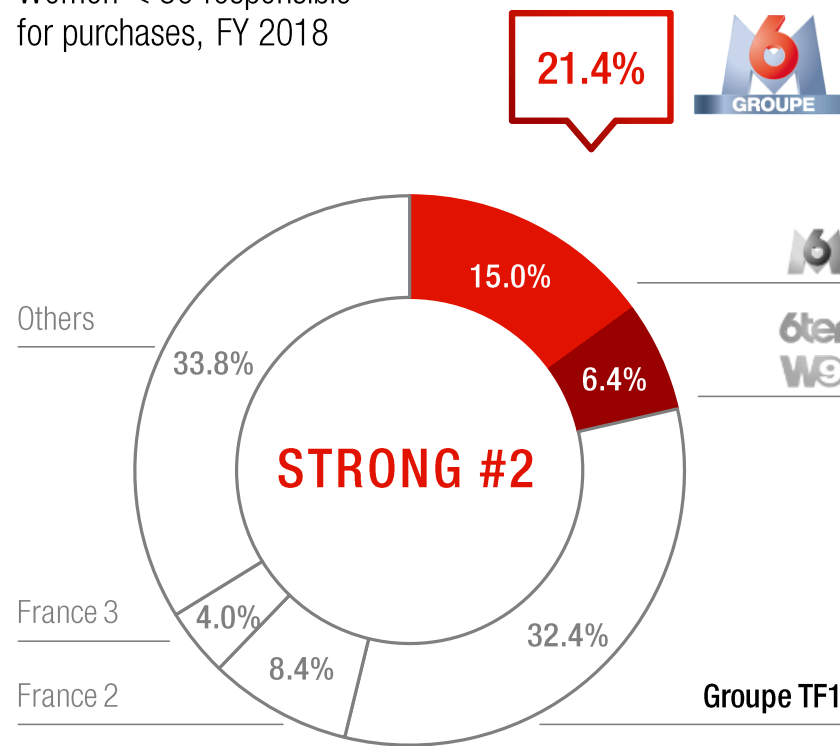
EBITDA



High-margin platform revenue drives profitability

## Family of channels

Women < 50 responsible for purchases, FY 2018



Audience shares impacted by FIFA World Cup 2018

## STRATEGIC PRIORITIES

Finalise acquisition & integrate Lagardère's TV businesses



Obtain regulatory approval and prepare for successful launch

salto

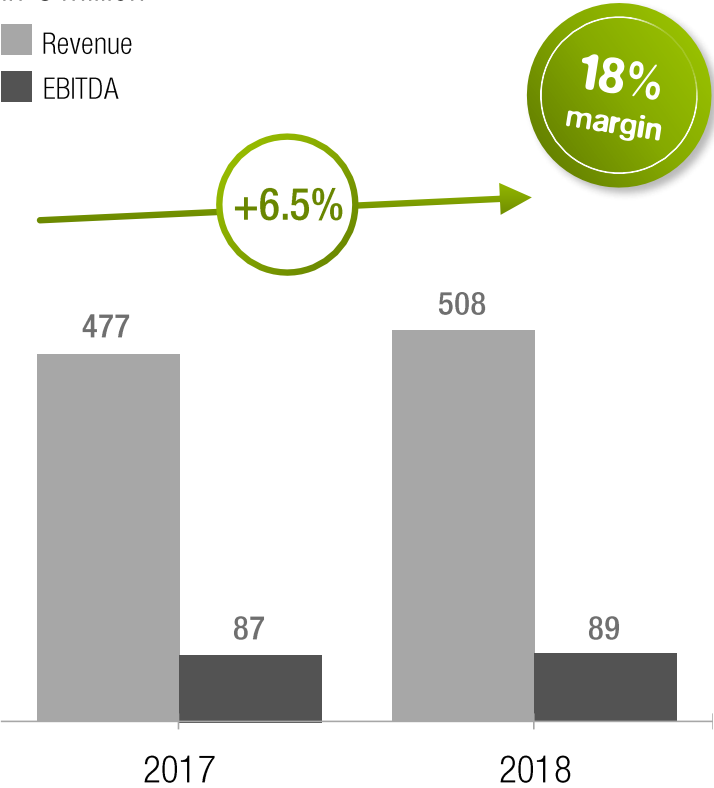
Continue to push for easing of regulation

# REVENUE BOOSTED BY VIDEOLAND AND POSITIVE TV AD MARKET

## Key financials

In € million

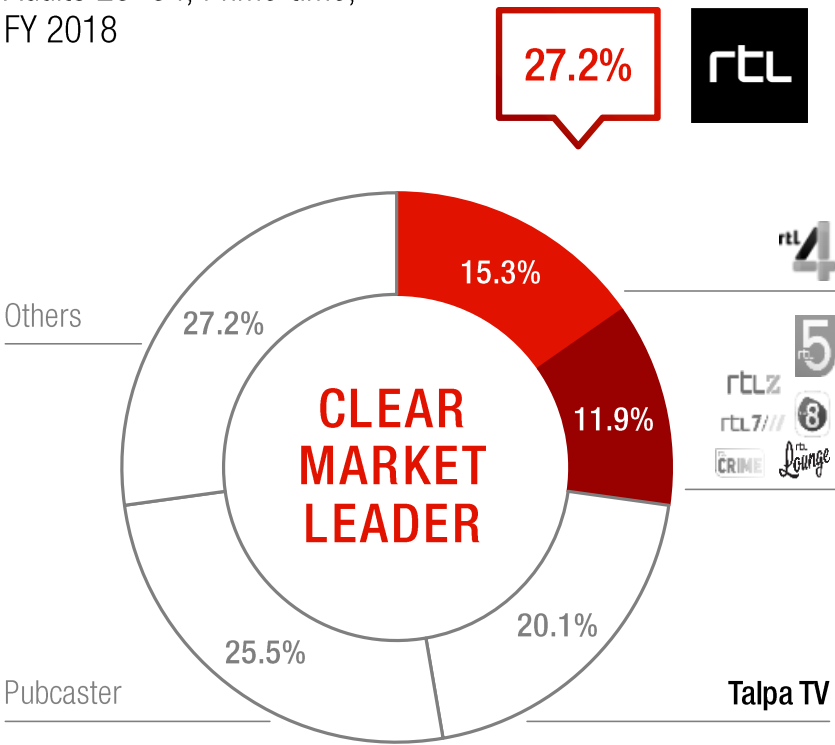
Revenue  
EBITDA



Solid results in spite of ongoing investments

## Family of channels

Adults 25–54, Prime time,  
FY 2018



Established #1 family of channels

## STRATEGIC PRIORITIES

Create own IP for key timeslots, develop and retain key talent

Fuel subscriber growth

Implement new sales house strategy



# CONTENT





# SUCCESSFUL STRATEGIC TRANSFORMATION...

## CORE ENTERTAINMENT



Keep **global entertainment** formats on-air

## DRAMA



Grow drama business

## DIGITAL



Develop digital business with new clients and formats

### Formats



### Partners



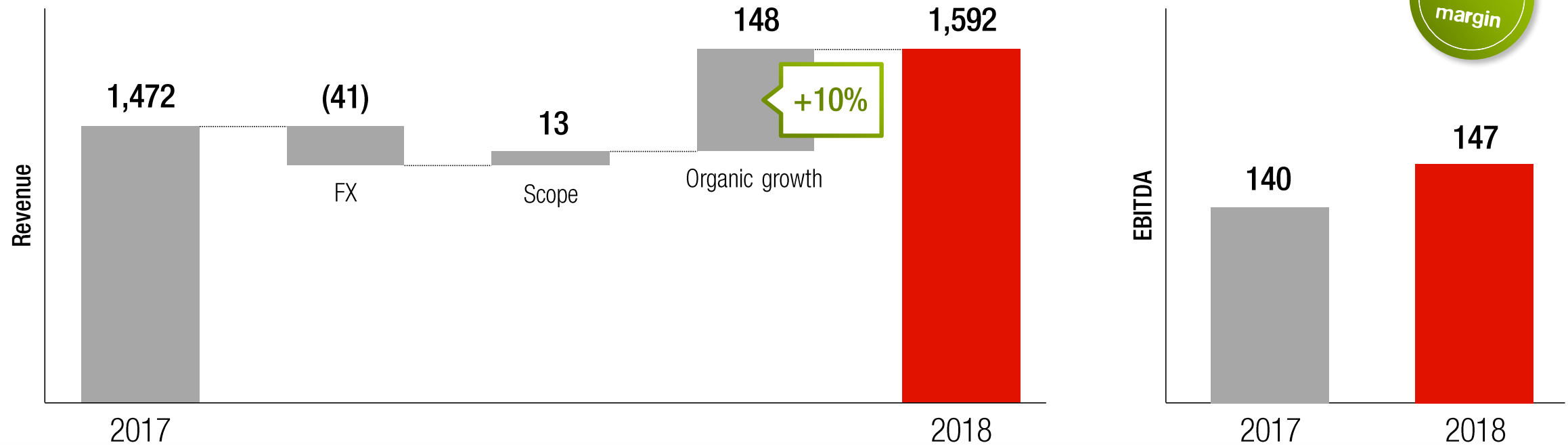
**409** programmes on-air in **62** territories in 2018

**>35** series since launch in 2013

**29bn** YouTube views in 2018

## ...DRIVES ORGANIC GROWTH

Key financials  
In € million



**12,738 hours** of content aired in 2018 (+2% on 2017)



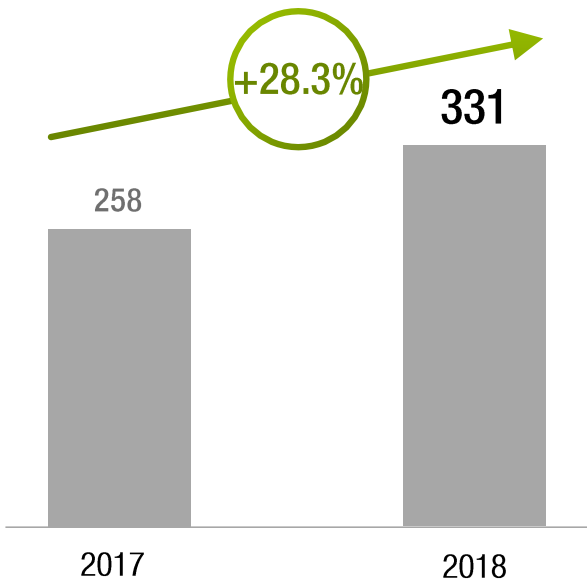
# DIGITAL

# MPNs BEING REPOSITIONED TO HIT PROFITABILITY

## Key financials

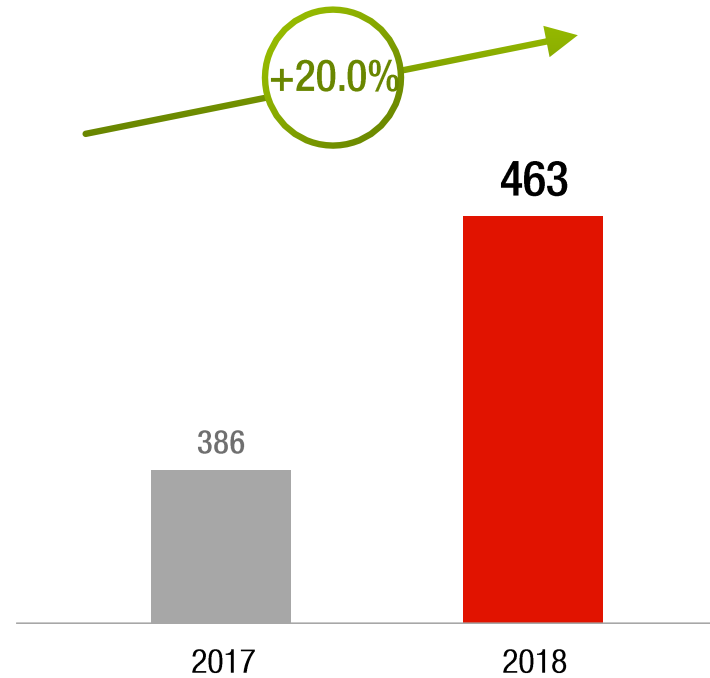
In € million

■ Revenue



## Global video views

In billion views



~ 15% share of YouTube's global video views<sup>1</sup>



## STRATEGIC PRIORITIES

### PERFORMANCE

BroadbandTV is break-even,  
repositioning of StyleHaul needed

### CREATE DIGITAL VIDEO GROUP



### MISSION

Empower creators and brands to tell  
their stories & focus on developing  
our own IP



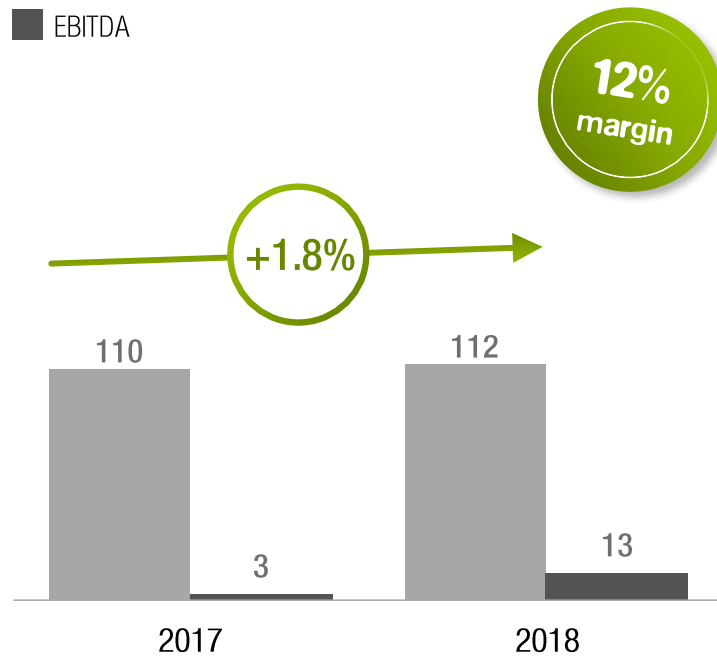
# SPOTX: REPOSITIONING AND INTEGRATION COMPLETED

## Key financials<sup>1</sup>

In € million

Revenue

EBITDA



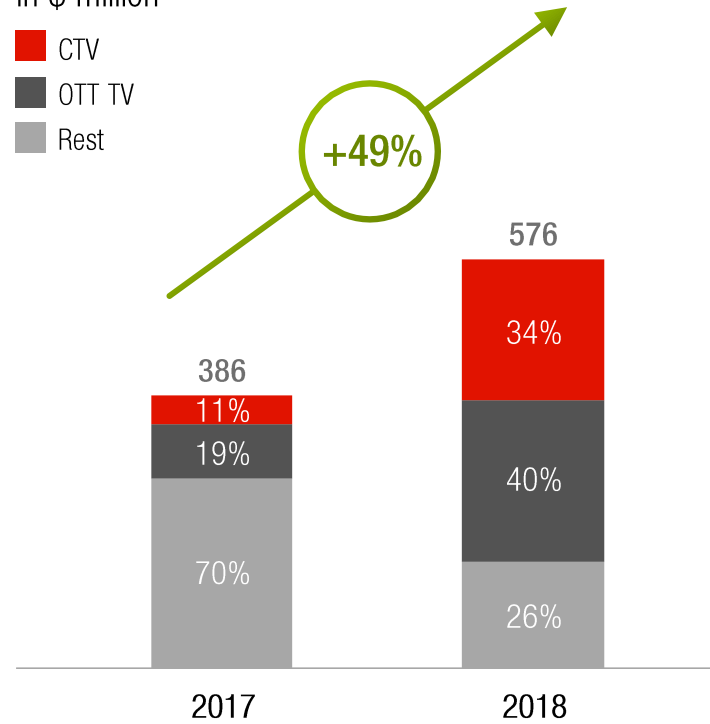
## Gross ad-spend at SpotX platform

In \$ million

CTV

OTT TV

Rest



Key clients



## STRATEGIC PRIORITIES

### PREMIUM

Move to premium paying off with strong growth in OTT/CTV, net revenue in HY2 2018 grew +32%

### INTEGRATION

Expand SpotX solutions into our broadcaster footprint

### ORGANIC GROWTH

Foster organic growth in the OTT/CTV market following Yospace investment

# ACQUISITION OF YOSPACE: CUTTING-EDGE TECHNOLOGY

## YOSPACE

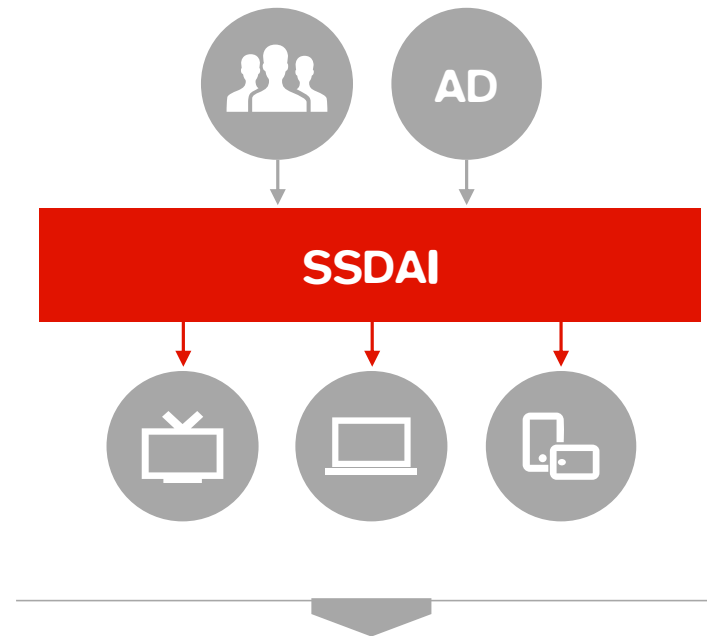
One of the most advanced technologies for  
Server-Side Dynamic Ad Insertion (SSDAI)

### KEY TV CLIENTS



Complements RTL Group's  
ad-stack

## KEY FUNCTIONS



Ads and content are inserted in  
one single stream

## KEY BENEFITS

TV-like quality of service for  
users and advertisers with right ads  
at right time

Ability to innovate & scale  
dynamic ad-insertion as usage of  
Over-the-top TV grows

Eliminates most forms  
of ad-blocking & signal interference

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# TOTAL VIDEO 2.0 STRATEGY IS ABOUT ORGANIC GROWTH INITIATIVES



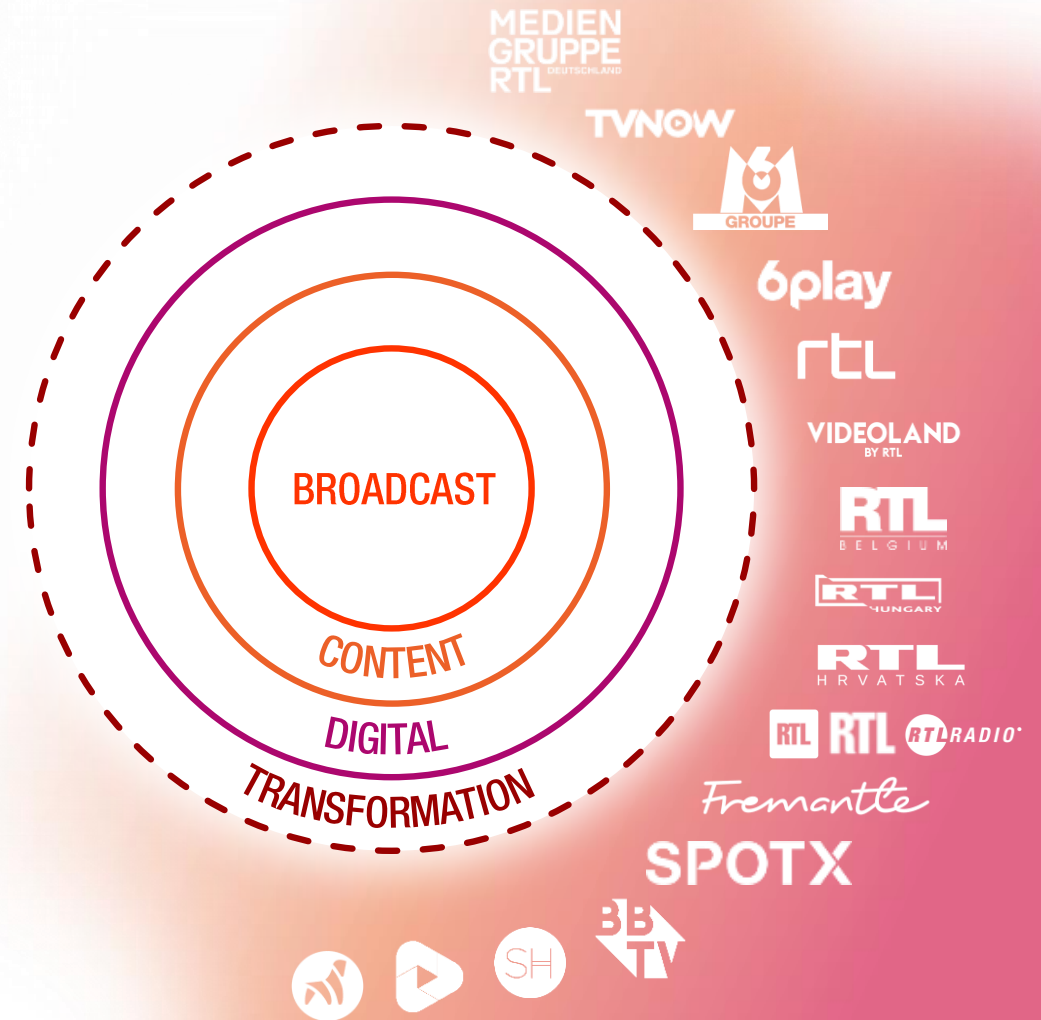
Strengthen local programming and invest into streaming services



Accelerate drama business and foster Group collaboration



Grow digital video, focus on monetisation and original IP





# OUTLOOK FOR 2019

1

**REVENUE** expected to grow moderately, driven by digital businesses and Fremantle

2

**EBITA** expected to decrease moderately, reflecting investments in TV programming and VOD

## 2019 GUIDANCE

**Revenue outlook**  
In € million and %



**+2.5%**  
€6,668m

**+5.0%**  
€6,830m

**EBITA outlook**  
In € million and %



**-2.5%**  
€1,142m

**-5.0%**  
€1,112m





Thank  
You!

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