

# INTERIM RESULTS H1/2017

JANUARY TO JUNE 2017



LUXEMBOURG, 30 AUGUST 2017

**RTL**  
GROUP

ENTERTAIN. INFORM. ENGAGE.

# Agenda



## Group highlights

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## Group financials

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## Operational highlights

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## Future proofing our business and Outlook

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## Group highlights

### 'Total Video' strategy paying off

<b>A</b>	<b>Revenue growth</b>	➤	Solid performance in challenging TV ad markets, content revenue moderately up
<b>B</b>	<b>Diversified revenue streams</b>	➤	Dependency on TV advertising below 50%, high growth in digital and platform revenue
<b>C</b>	<b>Consistent strategy</b>	➤	'Total Video' approach accelerating, additional investments in ad tech



**A** Revenue growth  
**Solid interim financial results**

Revenue	€ 2,978 million	+3.5%	EBITDA Margin  21.0%
EBITDA	€ 626 million		
EBITA	€ 533 million		
Net Profit	€ 320 million	€ 1.00 interim dividend	

# B Diversified revenue streams

## Share of TV ad revenue below 50%, digital growing rapidly

RTL GROUP HY 2017 REVENUE SPLIT

(in %)

Other diversification

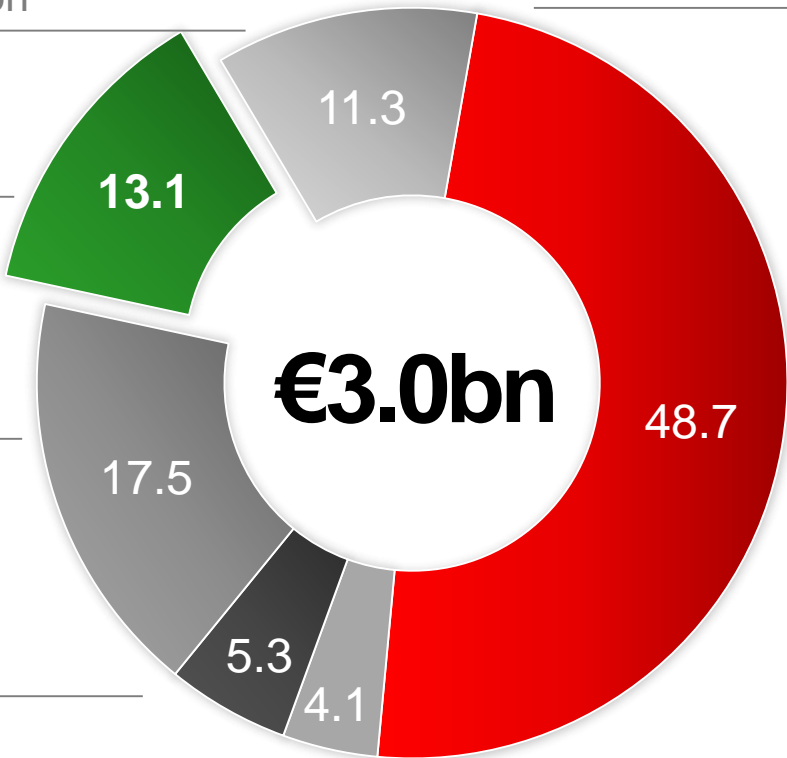
Digital

Content

Platform revenue<sup>1</sup>

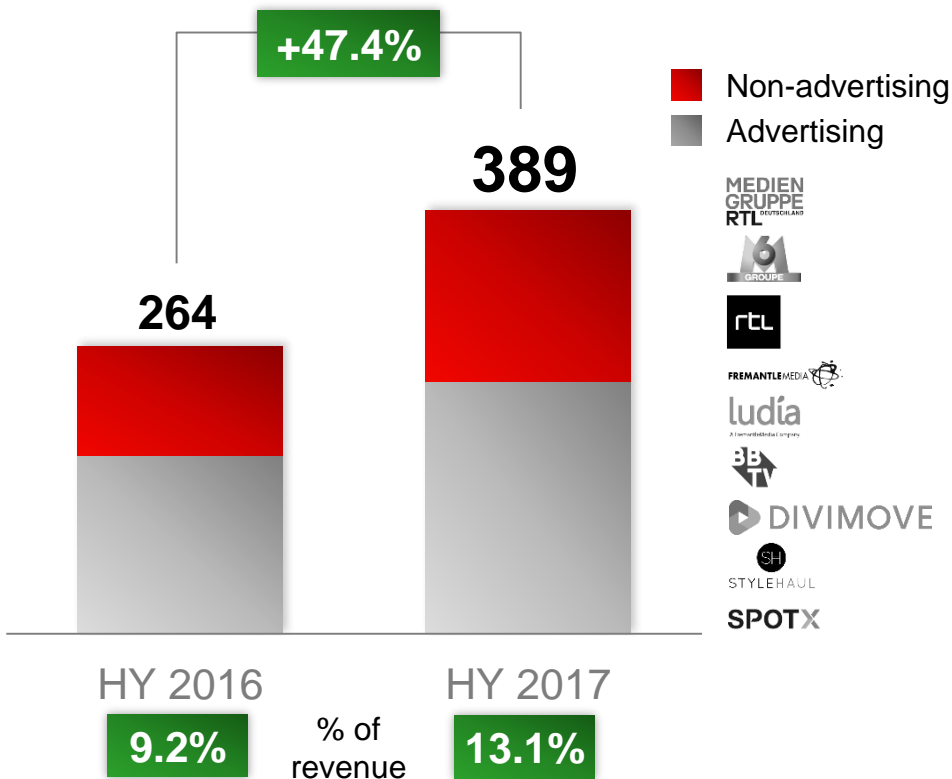
Radio advertising

TV advertising



DIGITAL REVENUE

(in € million)<sup>1</sup>



<sup>1</sup> Platform revenue defined as revenue generated across all pay platforms (cable, satellite, IPTV) including subscription and re-transmission fees

# B Diversified revenue streams

## TV platform revenues are continuing to grow by double-digits

RTL GROUP HY 2017 REVENUE SPLIT

(in %)

Other diversification

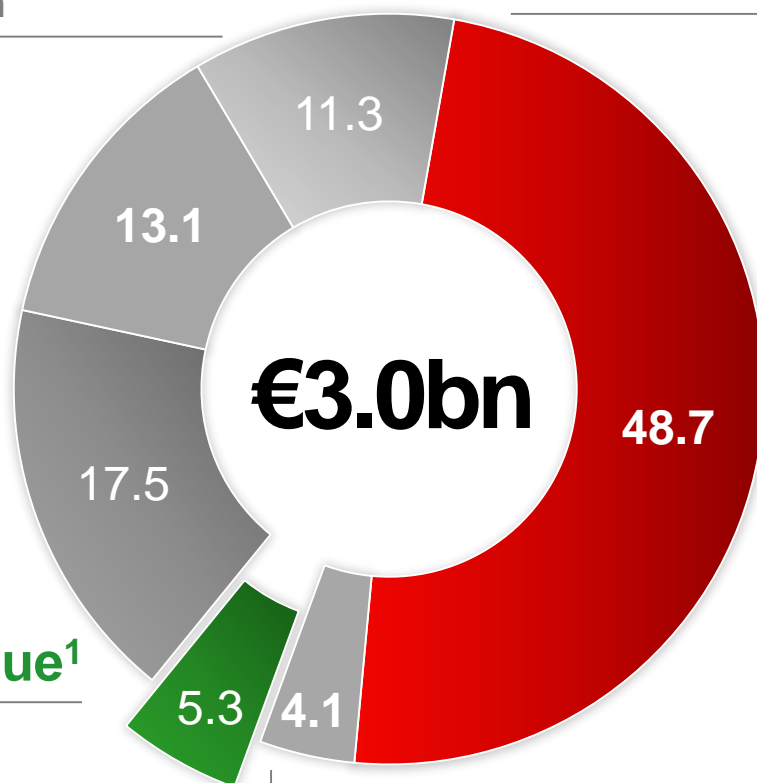
Digital

Content

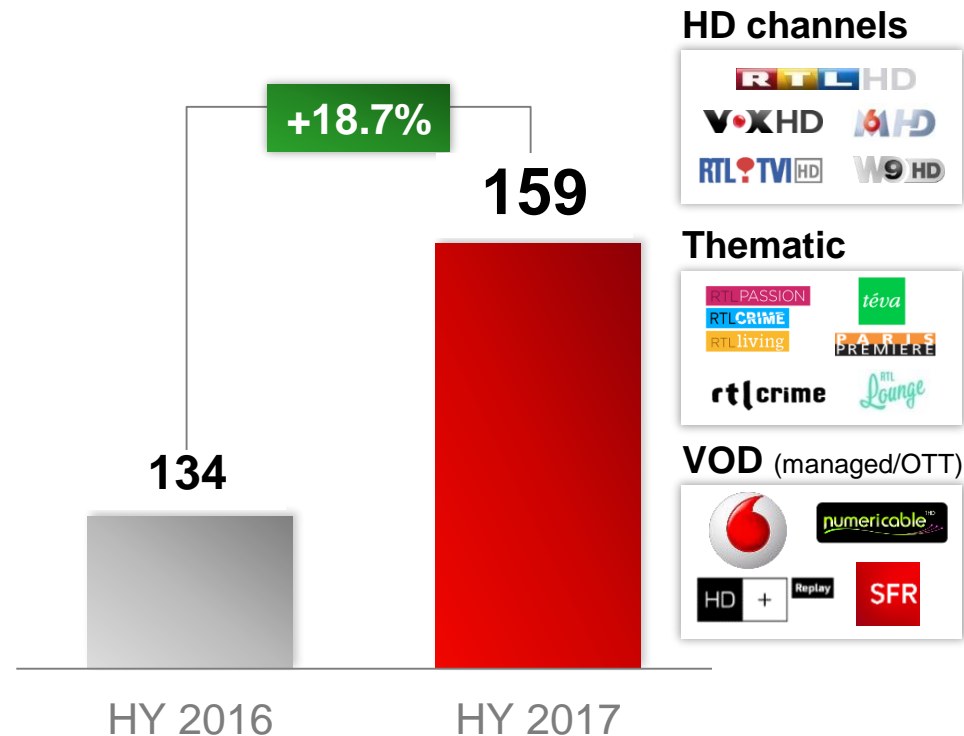
Platform revenue<sup>1</sup>

Radio advertising

TV advertising



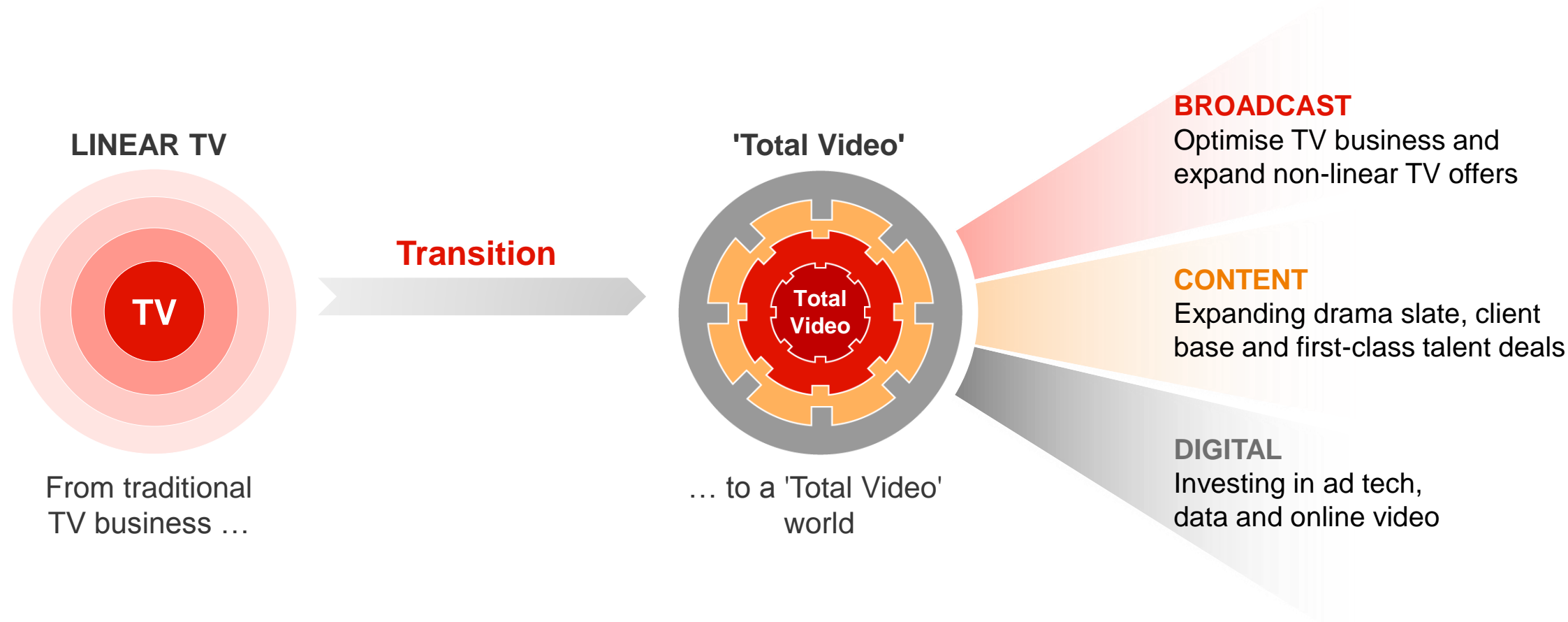
RTL GROUP PLATFORM REVENUE  
(in € million)<sup>1</sup>



<sup>1</sup> Platform revenue defined as revenue generated across all pay platforms (cable, satellite, IPTV) including subscription and re-transmission fees

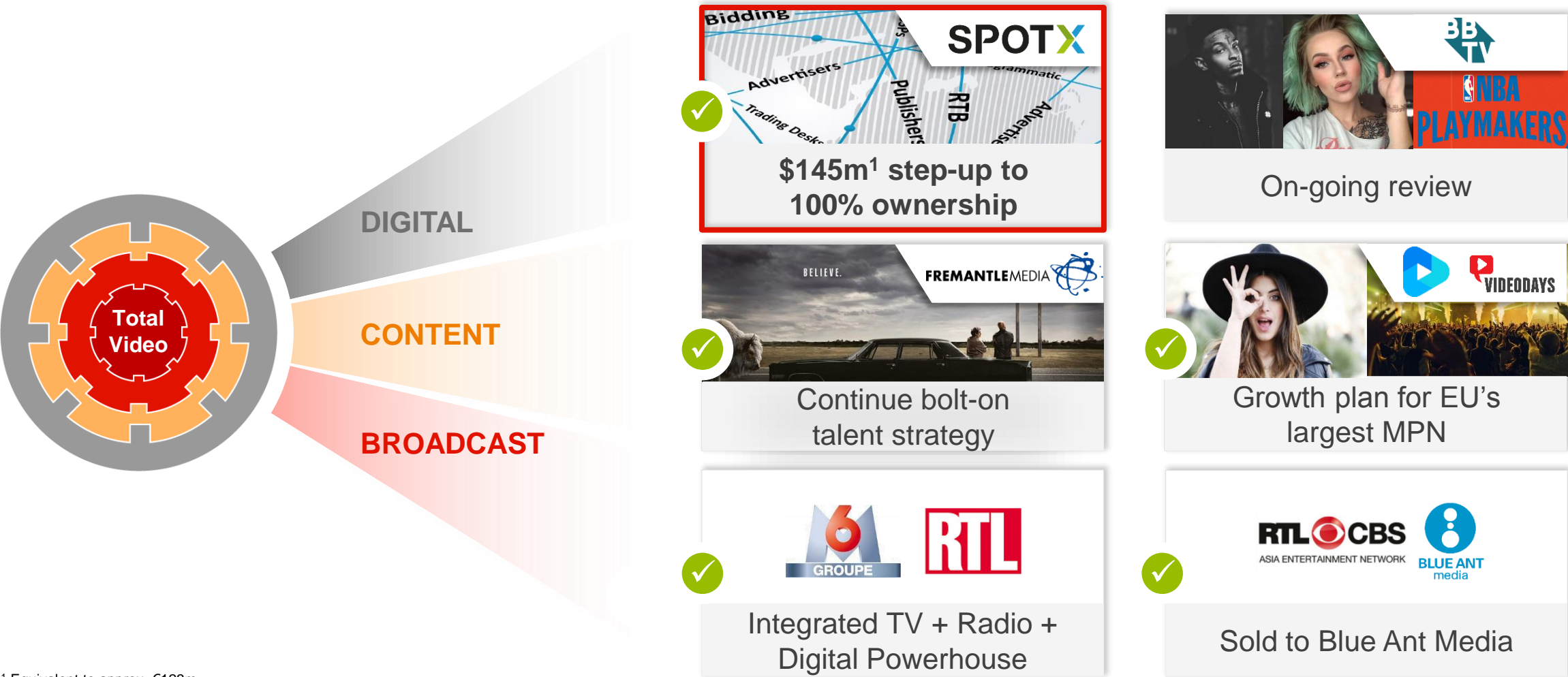


Consistent strategy  
**RTL Group transitioning to 'Total Video'**



Group highlights

**We continue to optimise our investment portfolio**



<sup>1</sup> Equivalent to approx. €123m



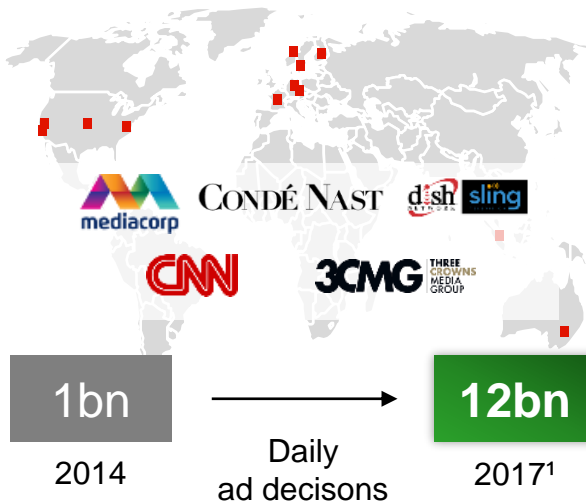
## SpotX step-up

# Doubling down on SpotX – a cornerstone of our future monetisation skills

**RTL Group agreed to exercise call option and acquire remaining 36.4% of SpotX**

**SPOTX**

**Growing client base  
on global platform**



**Already advanced to a  
leading global ad-stack**

- 1 DoubleClick  
by Google
- 2 Freewheel<sup>®</sup>
- 3 **SPOTX**

**Close collaboration between  
Smartclip and SpotX**



- Build ad tech hub for RTL Group
- Increase development power, building innovative services (e.g. Connected TV)

<sup>1</sup> Comparison of beginning of 2014 to 2017

# Agenda



## Group Highlights

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## Group financials

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## Operational highlights

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## Future proofing our business and Outlook

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# Review of results 30 June 2017

## Q2/2017: Strong revenue growth

(in € million)	Quarter to 30 June 2017	Quarter to June 2016	Per cent change
<b>Revenue</b>	<b>1,573</b>	<b>1,446</b>	<b>+8.8</b>
<b>Reported EBITDA</b>	<b>362</b>	<b>391</b>	<b>(7.4)</b>
Reported EBITDA margin (%)	<b>23.0</b>	<b>27.0</b>	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>362</b>	<b>348</b>	<b>+4.0</b>
Adjusted EBITDA margin (%)	<b>23.0</b>	<b>24.1</b>	
<b>Reported EBITA</b>	<b>315</b>	<b>351</b>	<b>(10.3)</b>
<b>EBITA margin</b>	<b>20.0</b>	<b>24.3</b>	

<sup>1</sup> Adjusted EBITDA: 2016 reported EBITDA adjusted for one-off income from the M6 Mobile compensation (€43 million)

# Review of results 30 June 2017

## H1/2017: Moderate revenue growth

(in € million)	Half-year to June 2017	Half-year to June 2016	Per cent change
<b>Revenue</b>	<b>2,978</b>	<b>2,878</b>	<b>+3.5</b>
Underlying revenue	2,938	2,874	+2.2
Operating cost base	2,494	2,413	+3.4
<b>EBITDA</b>	<b>626</b>	<b>679</b>	<b>(7.8)</b>
EBITDA margin (%)	21.0	23.6	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>626</b>	<b>636</b>	<b>(1.6)</b>
<b>Adjusted EBITDA margin</b>	<b>21.0</b>	<b>22.1</b>	
<b>EBITA</b>	<b>533</b>	<b>580</b>	<b>(8.1)</b>
EBITA margin (%)	17.9	20.2	
<b>Net debt</b>	<b>(1,000)</b>	<b>(958)</b>	<b>–</b>

<sup>1</sup> Adjusted EBITDA: 2016 reported EBITDA adjusted for one-off income from the M6 Mobile compensation (€43 million)

# Review of results 30 June 2017

## Bridge from EBITDA to net profit

(in € million)	Half-year to June 2017	Half-year to June 2016	Per cent change
<b>Reported EBITDA</b>	<b>626</b>	<b>679</b>	<b>(7.8)</b>
Depreciation, amortisation and impairment	(101)	(107)	
Re-measurement of earn-out arrangements and gain / (loss) from sale of subsidiaries other investments and re-measurement to fair value of pre-existing interest in acquire	13	-	
Impairment of investments accounted for using the equity method	(2)	-	
Net financial income/(expense)	(8)	1	
Income tax expense	(165)	(183)	<b>(9.8)</b>
<b>Profit for the period</b>	<b>363</b>	<b>390</b>	<b>(6.9)</b>
<i>Attributable to:</i>			
<b>RTL Group shareholders</b>	<b>320</b>	<b>341</b>	<b>(6.2)</b>



# Review of results 30 June 2017

## Lower cash generation reflects FremantleMedia's drama investments

(in € million)	Half-year to June 2017	Half-year to June 2016
<b>Net cash flow from operating activities</b>	<b>214</b>	<b>403</b>
Add: Income tax paid	264	190
Less: Acquisition of assets, net	(62)	(82)
<b>Equals: Reported free cash flow (FCF)</b>	<b>416</b>	<b>511</b>
<b>Reported EBITA</b>	<b>533</b>	<b>580</b>
<b>EBITA conversion (FCF/EBITA)</b>	<b>78%</b>	<b>88%</b>

# Agenda



**Group  
highlights**

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**Group  
financials**

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**Operational  
highlights**

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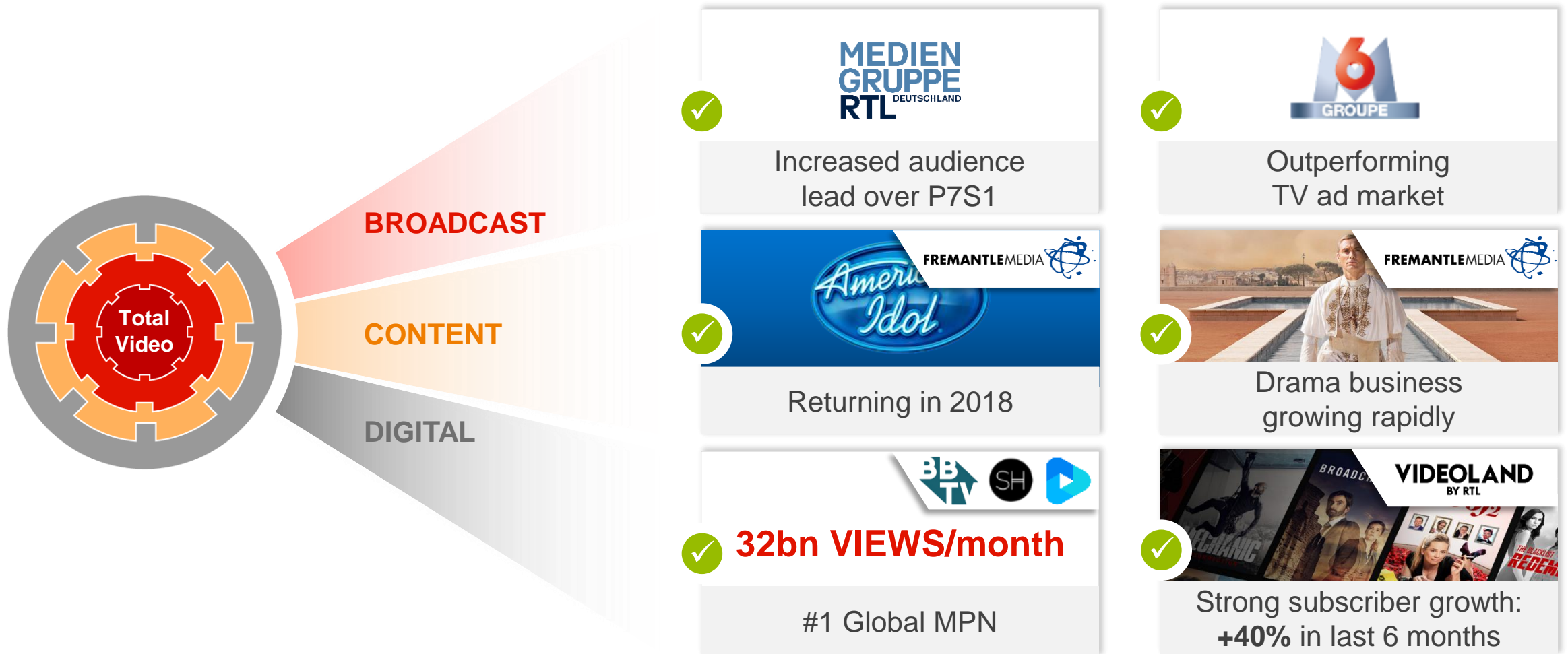


**Future proofing our  
business and Outlook**

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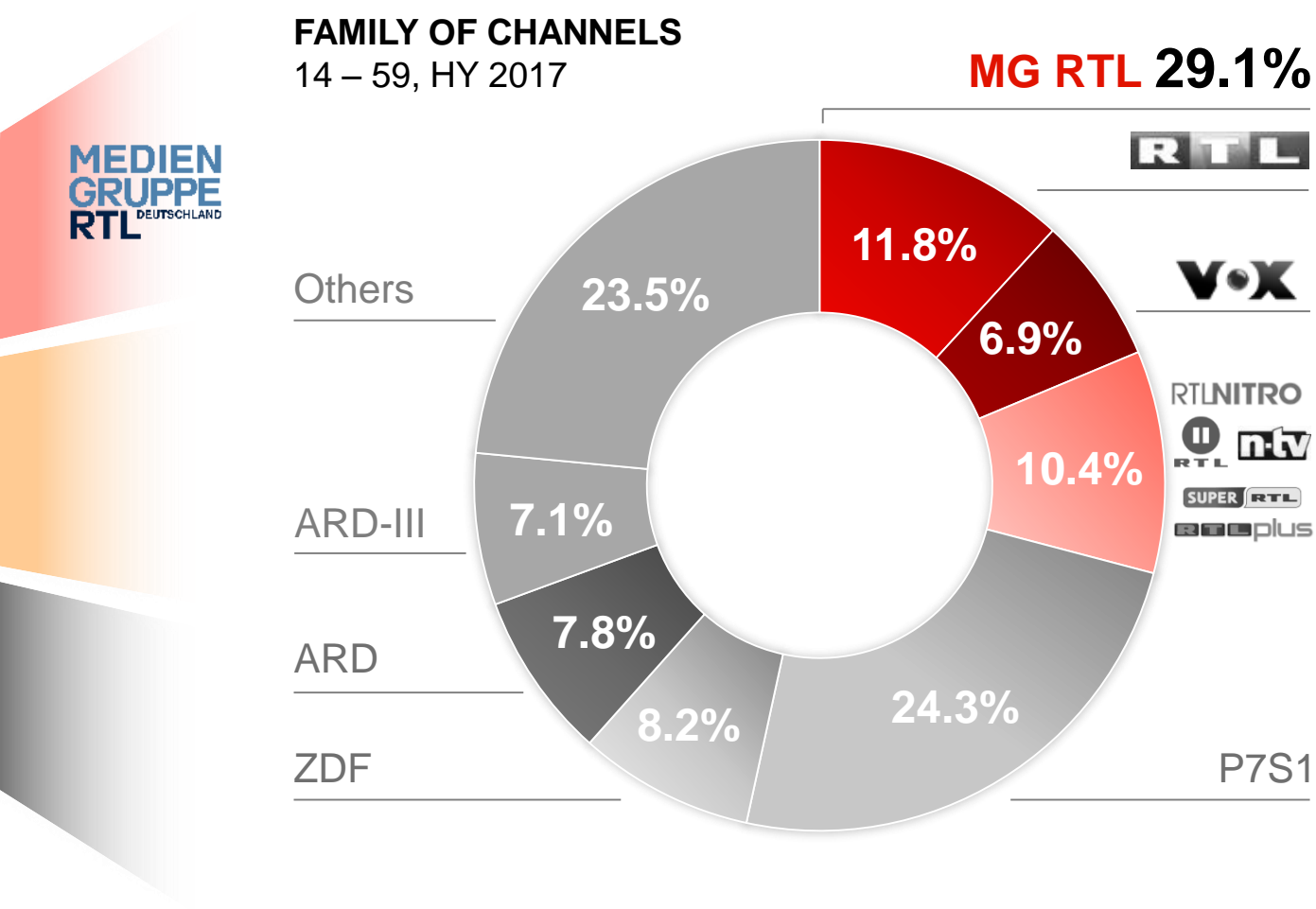
# Operational highlights

## We continue to strengthen our competitive position



# Mediengruppe RTL Deutschland

## Out-performing TV advertising market ...

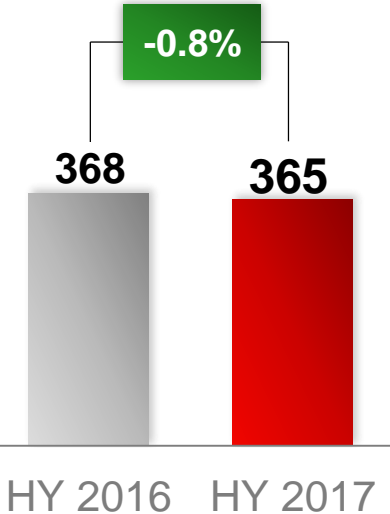
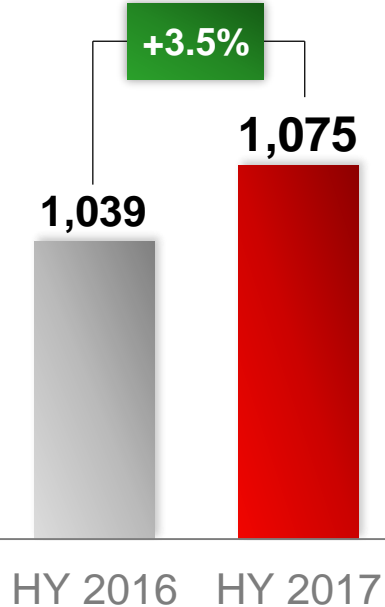


**KEY FINANCIALS**  
(in € million)

-2 to -3%  
TV ad market

**REVENUE**

**EBITDA**

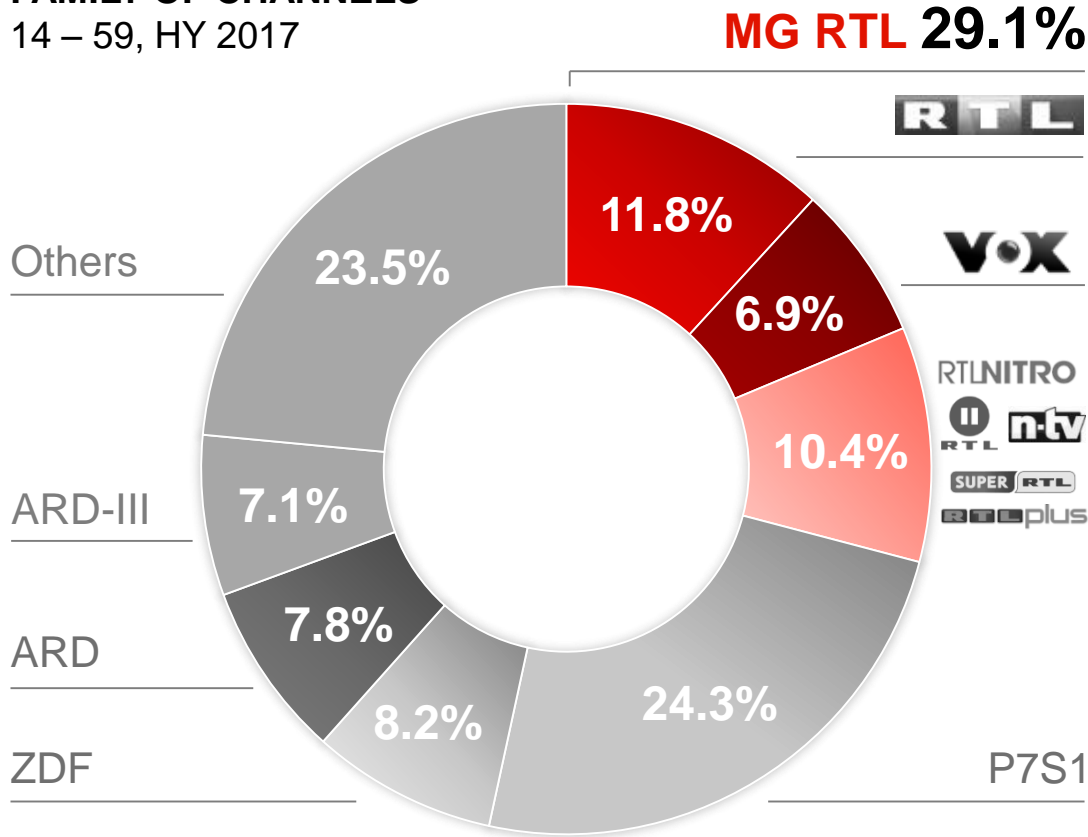


Source: AGF in cooperation with GfK  
Note: MG RTL De including RTL II and Super RTL, excluding pay-TV channels

# Mediengruppe RTL Deutschland

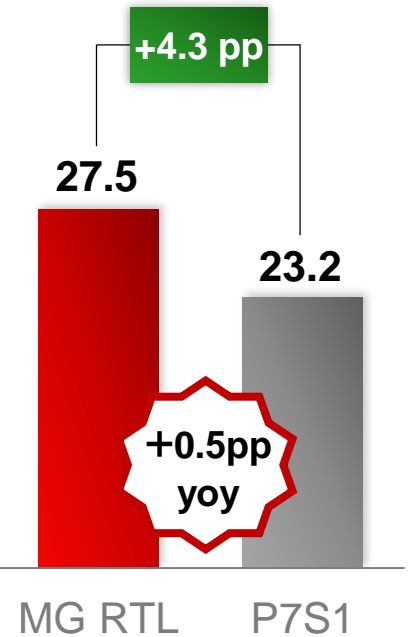
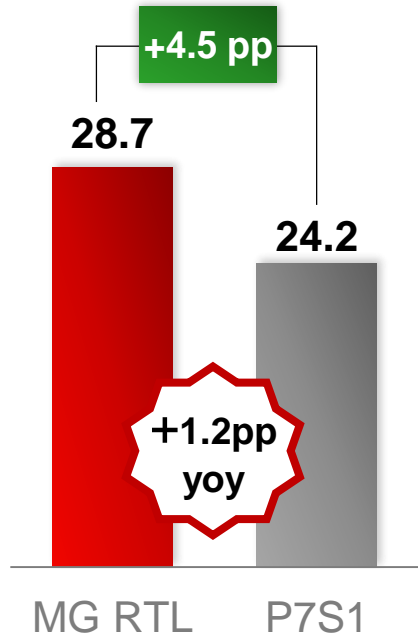
## ...and also growing audience share lead over P7S1

FAMILY OF CHANNELS  
14 – 59, HY 2017



ACCESS PRIME TIME  
(17 – 20h) 14 – 59 (in %)

PRIME TIME  
(20 – 23h) 14 – 59 (in %)



Source: AGF in cooperation with GfK  
Note: MG RTL De including RTL II and Super RTL, excluding pay-TV channels

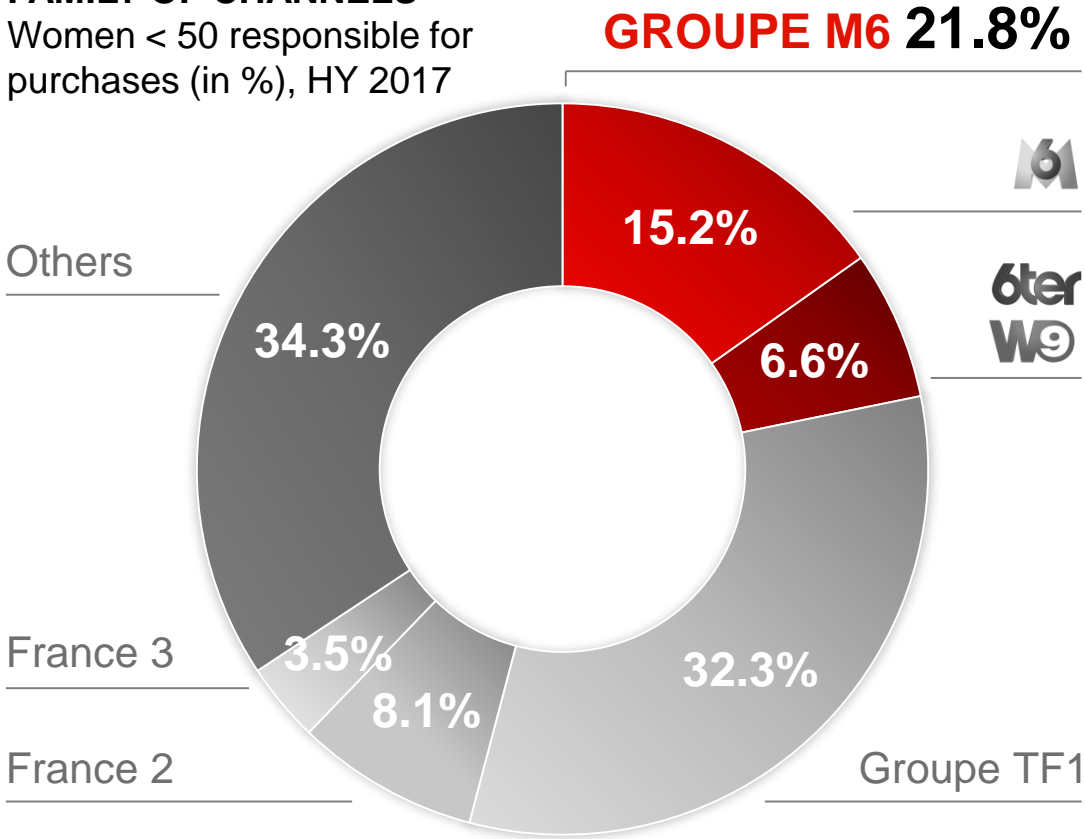


# Groupe M6

## Continues to out-perform TV ad market

### FAMILY OF CHANNELS

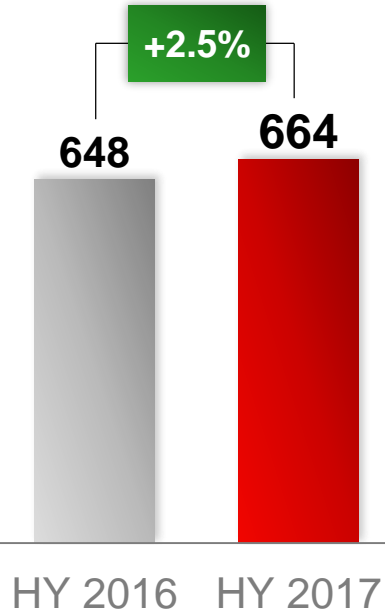
Women < 50 responsible for purchases (in %), HY 2017



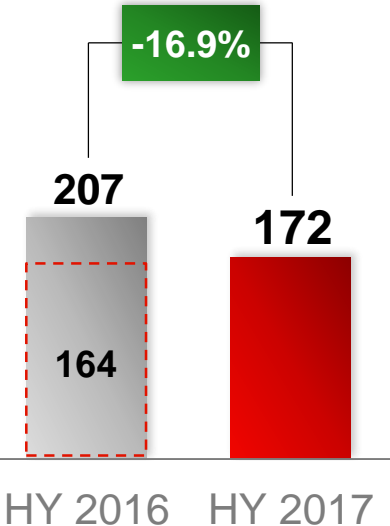
### KEY FINANCIALS (in € million)

-0.4%  
TV ad market

#### REVENUE



#### EBITDA



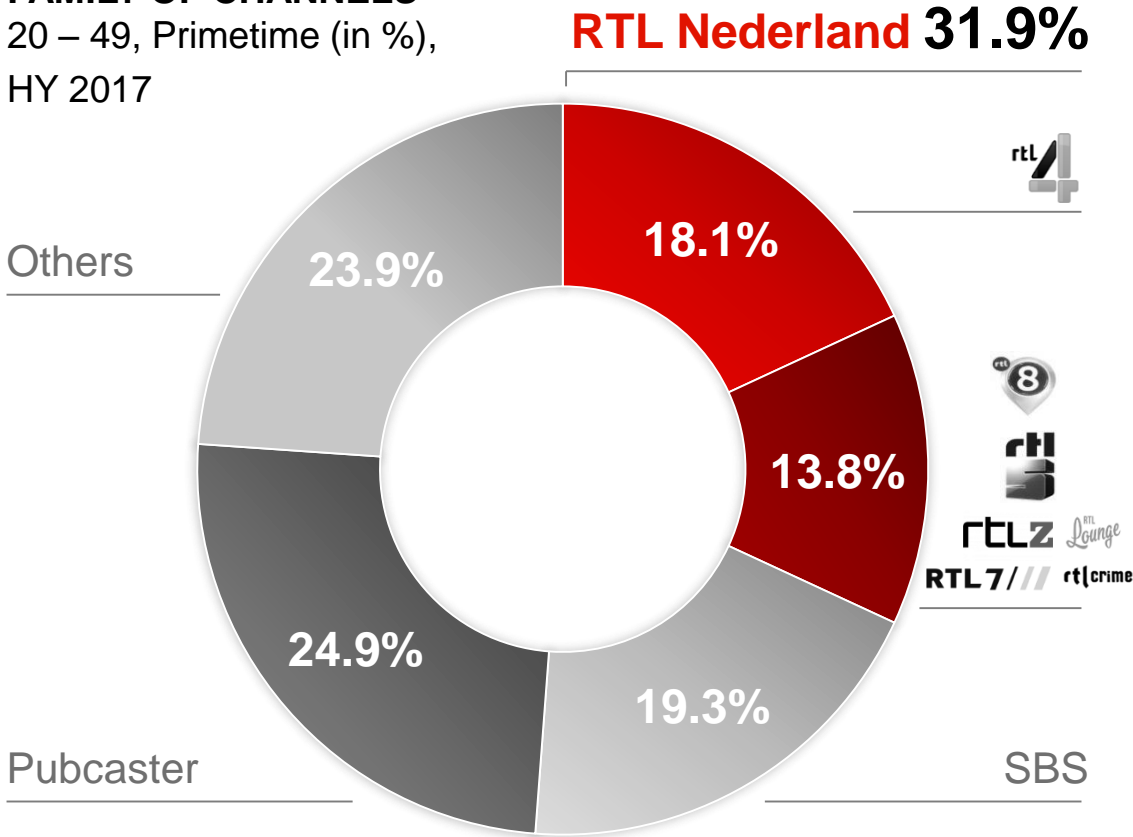
- Adjusted EBITDA

Source: Médiamétrie  
Groupe M6: M6, W9 and 6ter; Groupe TF1: TF1, TMC, NT1 and HD1

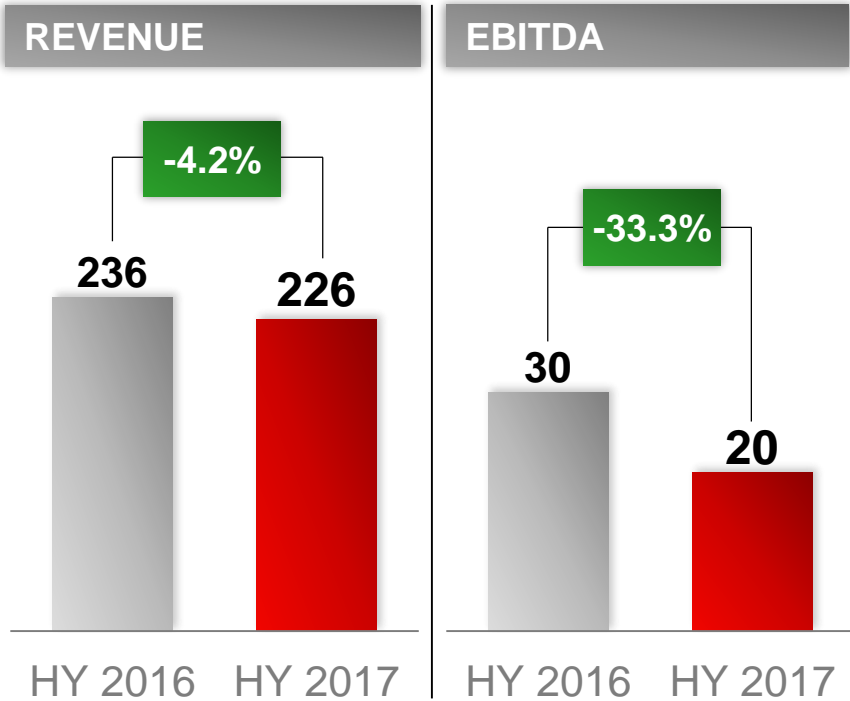
# RTL Nederland

## Strong audience performance in tough market

FAMILY OF CHANNELS  
20 – 49, Primetime (in %),  
HY 2017



KEY FINANCIALS  
(in € million)



Source: SKO

## Other markets

### Mixed picture across Europe

■ Revenue ■ EBITDA (in € million)

#### BELGIUM

- Clear market leader
- Lower revenue in weak ad market

96

19

#### FRENCH RADIO

- #1 Radio in France
- Lower revenue and EBITDA

79

6

#### SPAIN (shown at 100%)

- Good performance in tough market

551

117

#### HUNGARY

- Higher platform revenue
- EBITDA up including one-off ad tax reimbursement

51

18

#### CROATIA

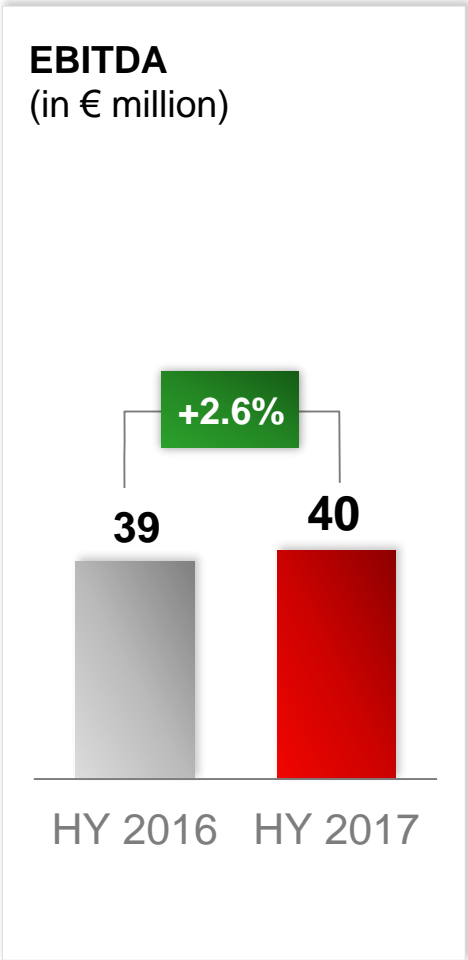
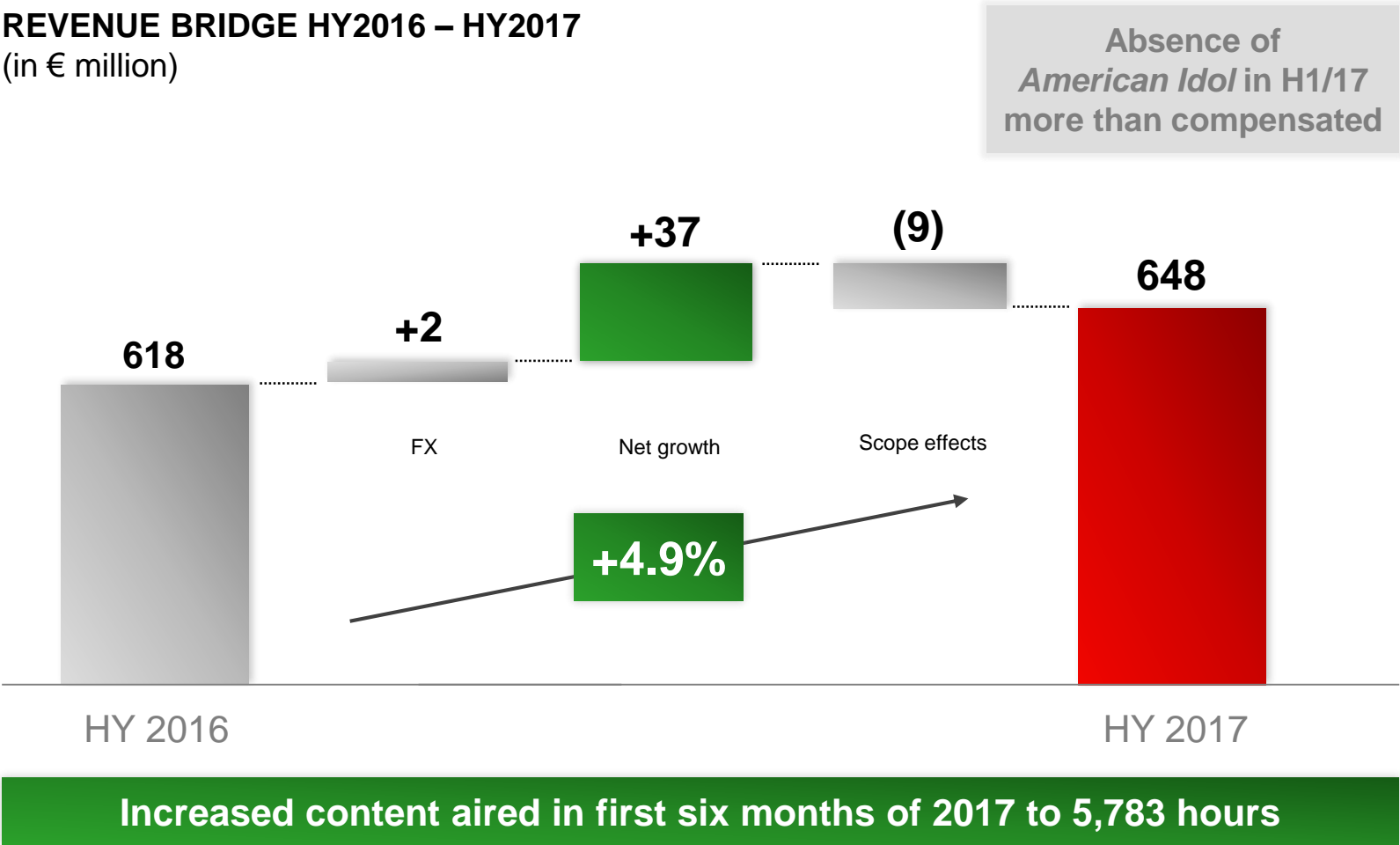
- Revenue stable; out-performing TV ad market

19

(3)

# FremantleMedia

## Moderate revenue and EBITDA growth driven by...



FremantleMedia

... a strong drama performance, especially by American Gods

Successful season with  
both critics & audiences<sup>1</sup>

Ratings

94%

Critics

84%

Audiences

3<sup>rd</sup> best original series  
debut for Starz, renewed  
for a 2<sup>nd</sup> season

starz

Among top 10 downloaded  
series on Amazon Prime  
Video in the UK<sup>2</sup>

amazon  
prime video



<sup>1</sup> Refers to ratings from rottentomatoes.com, <sup>2</sup> Variety



# American Idol



2002



2005



2009



2018



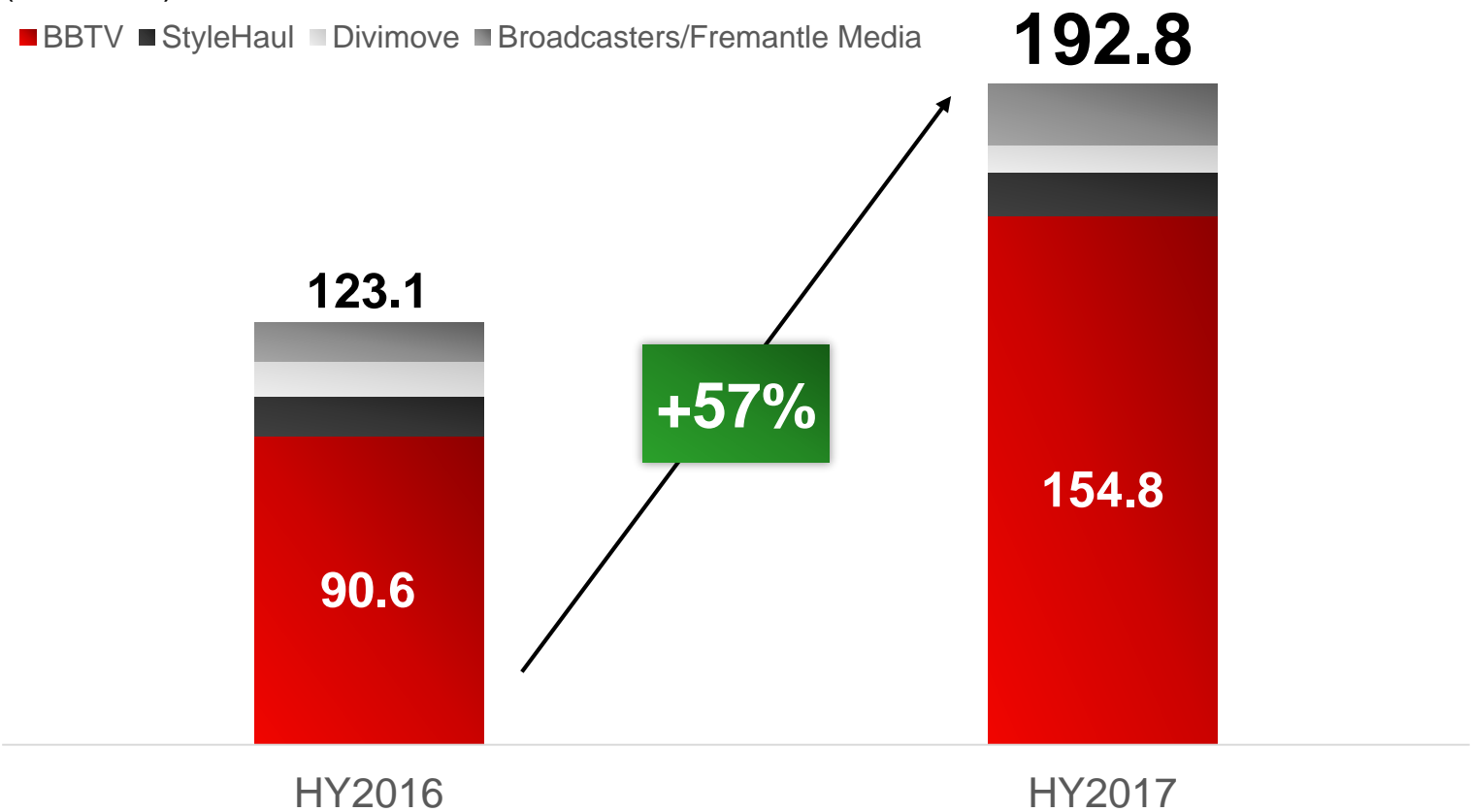


# Multi-platform networks

## Global No. 1 position in YouTube ecosystem

RTL GROUP TOTAL VIDEO VIEWS<sup>1</sup> HY2016 – HY2017  
(in billions)

■ BBTV ■ StyleHaul ■ Divimove ■ Broadcasters/Fremantle Media



**32bn  
views/month**

**#1** Global MPN



**#1** Fashion MPN

STYLEHAUL

**#1** MPN in EU



DIVIMOVE

MEDIEN  
GRUPPE  
RTL  
DEUTSCHLAND

rtl

6  
GRUPPE

FREMANTLEMEDIA

<sup>1</sup> Internal figures includes views from all RTL Group entities including own and operated platforms, consolidated view for BroadbandTV, StyleHaul and Divimove

# Agenda



## Group Highlights

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## Group financials

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## Operational highlights

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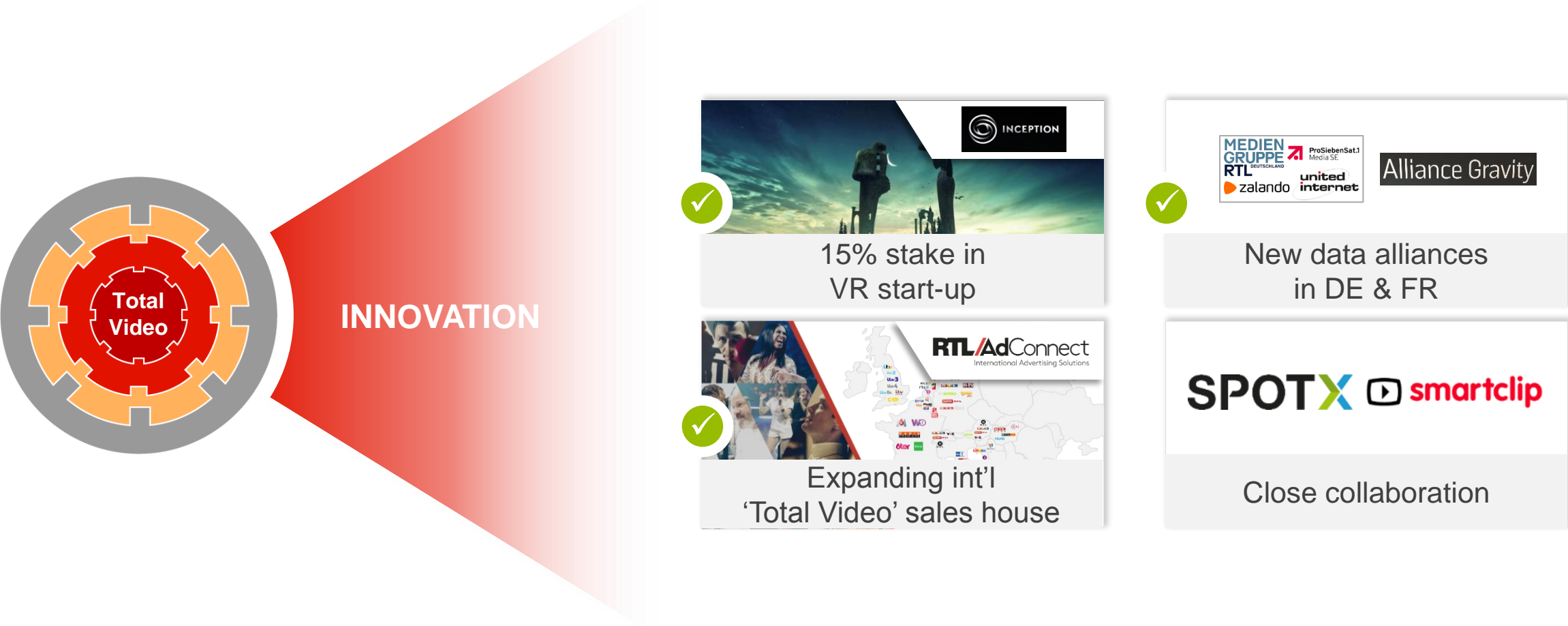


## Future proofing our business and Outlook

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Future proofing our business and Outlook

**We continue to invest for the future**



# RTLAdConnect

## Launch of 1<sup>st</sup> international 'Total Video' sales house



- **Unique 'Total Video' footprint**
  - 100 TV channels, 30 radio stations,
  - 300 digital platforms in 12 markets
- **Reaching more audiences**
  - 160m TV viewers every day
  - 26bn video views per month
- **Providing innovative solutions**
  - From branded content to programmatic video across screens



Growing business representing leading international media partners



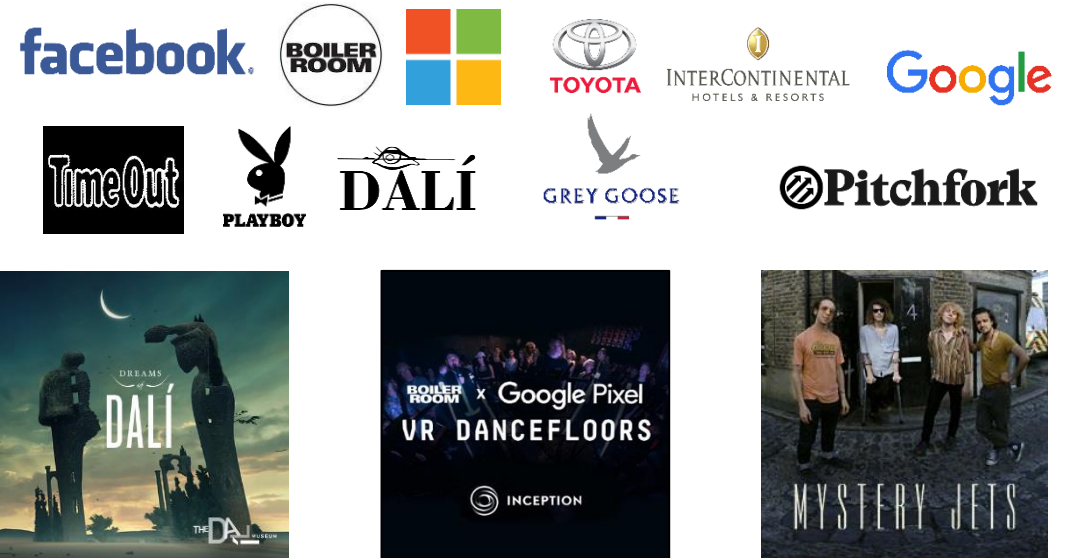
# Innovation

## Investment in Virtual Reality



### Acquisition of 15% minority stake in Israeli VR/AR start-up

- VR startup founded in 2016 in Tel Aviv
- Leading next generation content network
- Top 5 entertainment virtual reality app
- End-to-end production, tech and distribution skills
- Focused on producing & aggregating premium VR & AR experiences



**Selected as beta partner for Facebook's AR pilot**



**Selected as core partner for Microsoft's 'Mixed Reality' project**

# Outlook

## Maintain financial guidance for full-year 2017

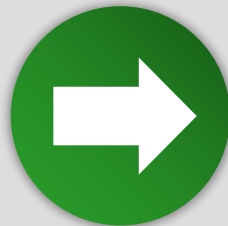
1

Revenue expected to grow **moderately**, in line with previous guidance



2

Reported EBITDA expected to be **broadly stable**



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