

6 August 2021



# RTL Group Interim results H1/2021

# Agenda

01



Highlights

02



Financials

03



Operations

04



Strategy & Outlook





# 01 Highlights



# Highlights

- Rebound of TV advertising markets
- Strong financial and operating performance
  - Higher TV advertising market shares in FR, NL, HU, CR
  - Streaming: paying subscribers +72% to more than 3 million
  - Fremantle revenue +29%
- Major consolidation moves to build national cross-media champions
- Further boost of Fremantle, targeting full-year revenue of €3bn by 2025
- Full-year outlook for 2021 raised







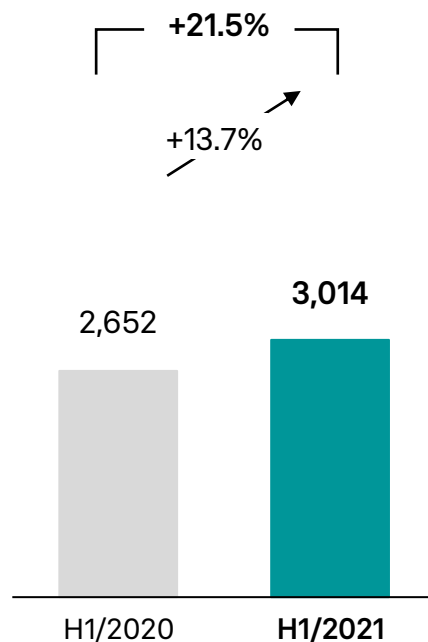
# 02 Financials

# Significantly higher Group revenue, Adjusted EBITA, Group profit

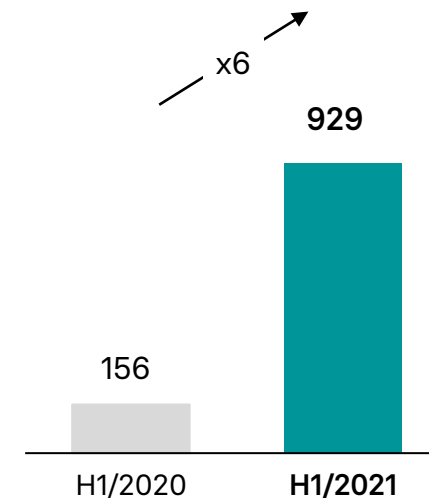
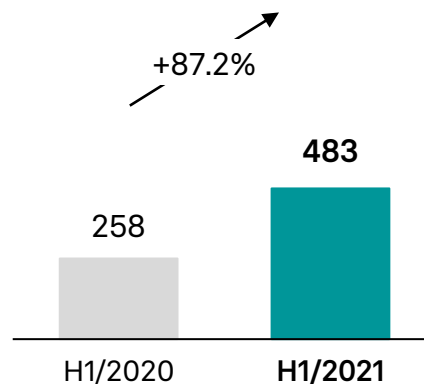
in € million

**Organic  
growth**

Change



Margin

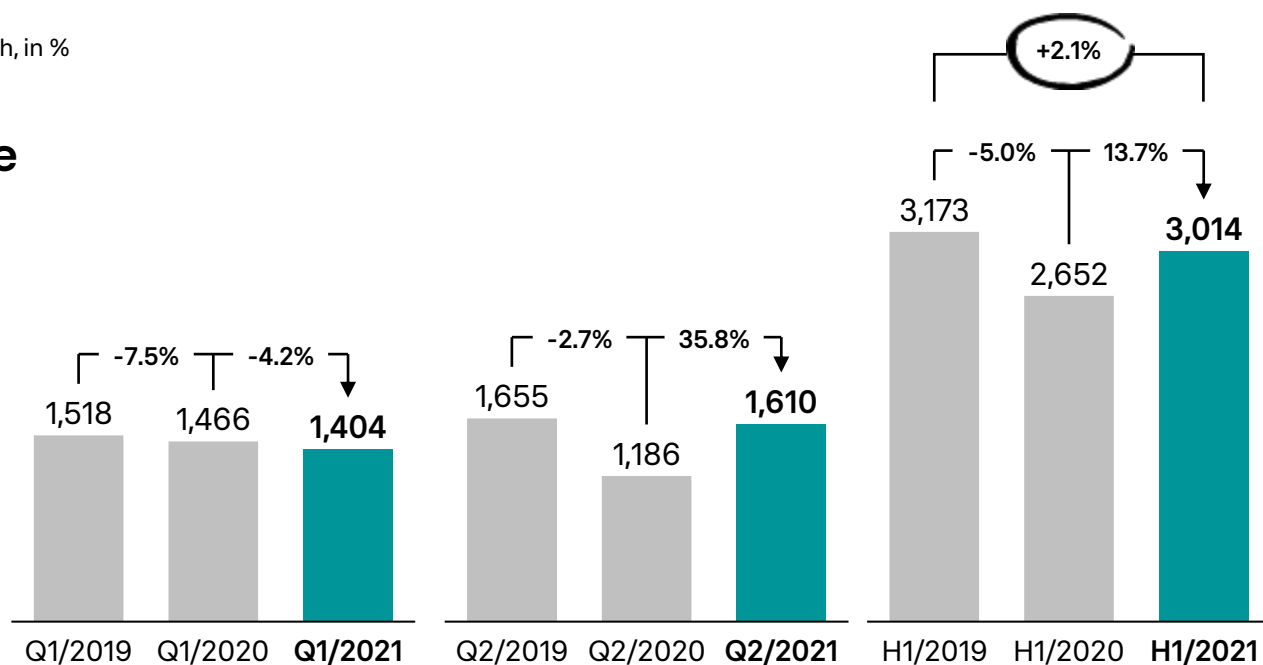


# Rebound to pre-crisis level

Organic growth, in %

## Group revenue

in € million



## TV advertising revenue

vs. 2019

-15%

+1%

-7%

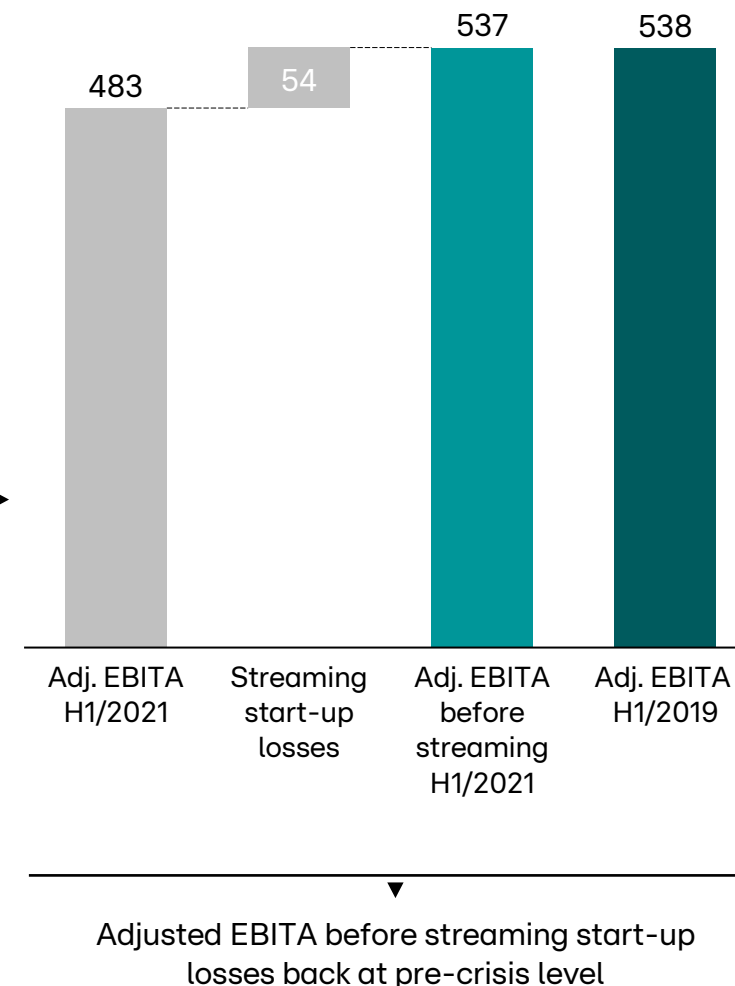
vs. 2020

-9%

+65%

+21%

Revenue growth in H1/2021 driven by significant momentum in Q2/2021





# Record Group profit

in € million	H1/2021	H1/2020	Per cent change
<b>Adjusted EBITA</b>	<b>483</b>	<b>258</b>	<b>+87%</b>
Significant special items	(12)	(17)	
<b>EBITA</b>	<b>471</b>	<b>241</b>	<b>+95%</b>
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 acquiree	766	88	
Impairment of goodwill of subsidiaries, investments accounted for using the equity method, amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(7)	(69)	
Fair value measurement of investments	(28)	-	
Net financial income/(expense)	5	(19)	
Income tax expense	(278)	(85)	
<b>Group profit</b>	<b>929</b>	<b>156</b>	<b>+&gt;100%</b>
<b>Group profit attributable to RTL Group shareholders</b>	<b>863</b>	<b>94</b>	<b>+&gt;100%</b>



# Continued high Operating free cash flow

in € million	H1/2021	H1/2020
<b>Net cash from operating activities</b>	<b>214</b>	<b>336</b>
Add: Income tax paid	238	159
Less: Acquisition of assets, net	(97)	(100)
Add: Transaction-related costs	31	-
<b>Equals: Operating free cash flow (FCF)</b>	<b>386</b>	<b>395</b>
Acquisition/disposal of subsidiaries, net of cash acquired/disposed	370	27
Acquisition and disposal of other investments and financial assets, proceeds from the sale of investments accounted for using the equity method	(8)	(7)
Net interest paid and other financial effects	(19)	(19)
Transactions with non-controlling interests	(32)	(7)
Income tax paid	(238)	(159)
Dividends paid	(568)	(4)
<b>Cash generated (cash used)</b>	<b>(109)</b>	<b>226</b>
<b>EBITA</b>	<b>471</b>	<b>241</b>
<b>Operating cash conversion rate (FCF/EBITA)</b>	<b>82%</b>	<b>164%</b>

# 04 Operations





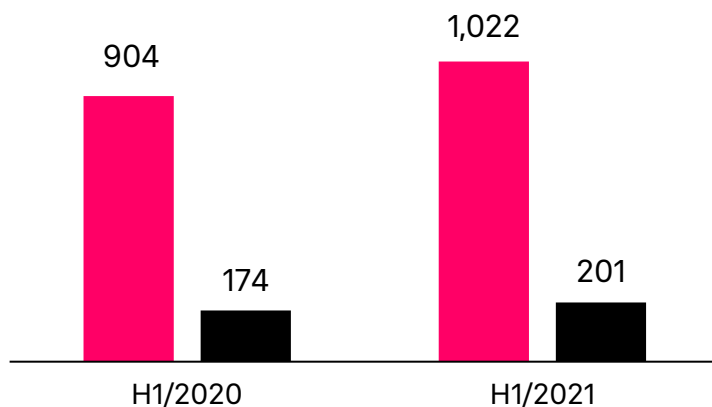
# RTL Deutschland: Dynamic growth of TV Now

## Key financials

in € million

■ Revenue  
■ Adjusted EBITA

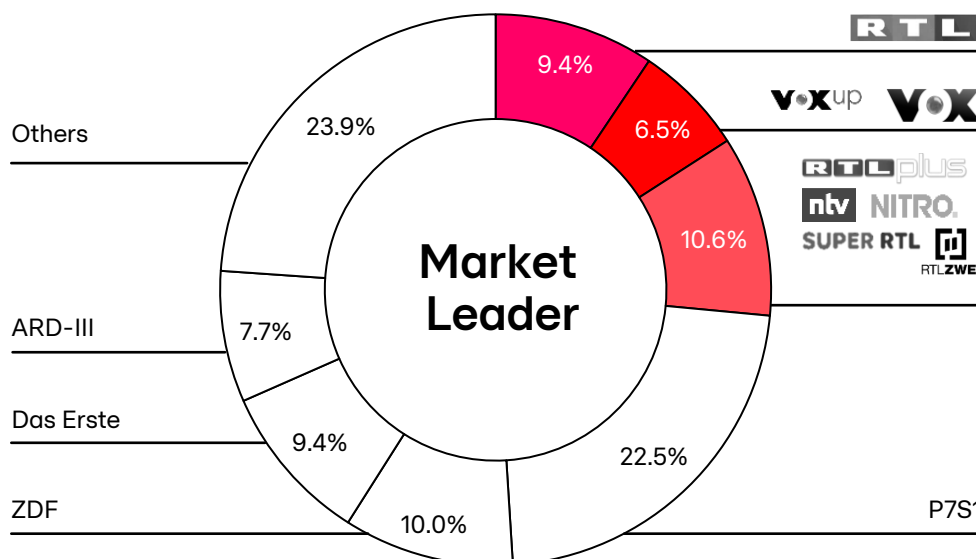
20%  
Margin



## Family of channels

Audience shares  
14 to 59, H1/2021

26.5%



## Highlights

**TV NOW**

2.029 million paying subscribers  
on 30.06.2021 – +119% yoy  
Viewing time +51% vs. H1/2020

**VOX**

In three months among the Top 3  
commercial channels in the target  
group 14-49, ahead of Sat1

**SUPER RTL**

Full acquisition of Super RTL closed  
on 1 July 2021

# Groupe M6:

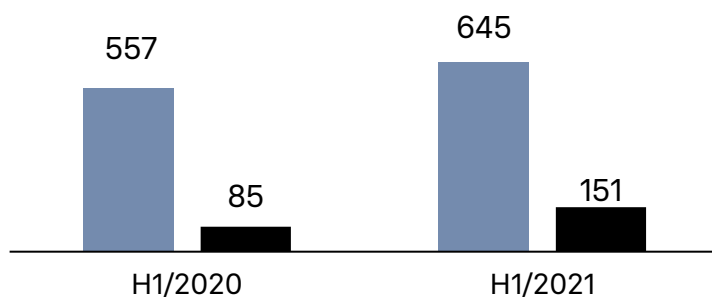
## Adjusted EBITA up 78 per cent

### Key financials

in € million

■ Revenue  
■ Adjusted EBITA

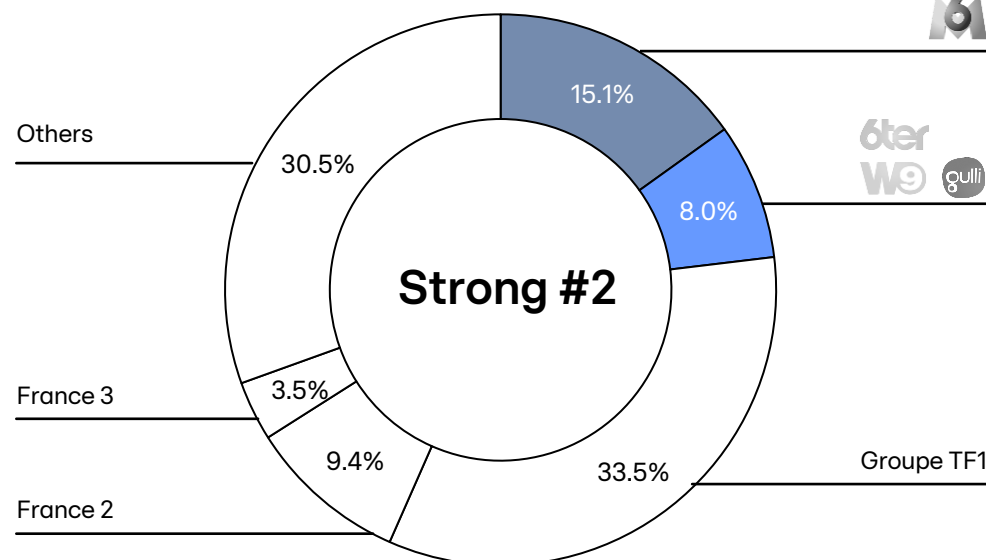
**23%**  
Margin



### Family of channels

Audience shares  
Women < 50 responsible  
for purchases, H1/2021

**23.1%**



### Highlights



High audience shares for main channel M6

**6play**

Active users +16% in H1/2021 – service to be strengthened with more original content, themed channels and live sports



New agreement with Spotify: all podcasts from RTL, RTL 2, Fun Radio available on Spotify



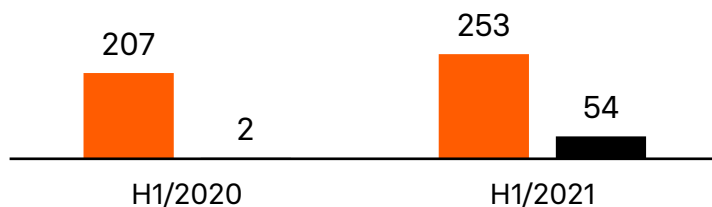
# RTL Nederland: Profit margin of 21 per cent

## Key financials

in € million

Revenue  
Adjusted EBITA

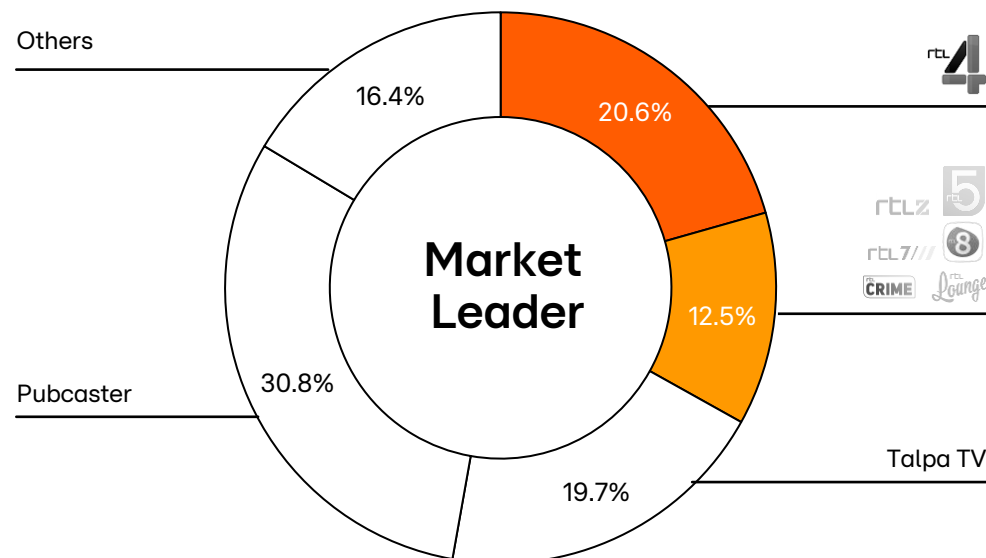
21%  
Margin



## Family of channels

Audience shares  
Adults 25 to 54, prime time,  
H1/2021

33.1%



## Highlights

### videoland.

1.016 million paying subscribers  
on 30.06.2021 – +21% yoy

Viewing time +12% vs. H1/2020

New cooperation with T-Mobile



RTL 4: strong audience growth thanks  
to formats such as *De Verraders*,  
*Lego Masters*, *Make Up Your Mind*

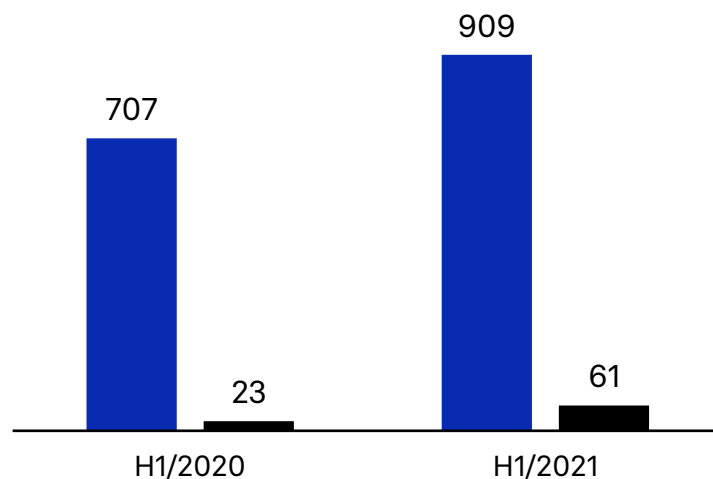
# Fremantle: Creative successes boost revenue and Adjusted EBITA

## Key financials

in € million

■ Revenue  
■ Adjusted EBITA

7%  
Margin



## Highlights



### Scripted

*The Mosquito Coast, Exit, The Investigation*



### Non-scripted

*The Masked Singer, American Idol, America's Got Talent, Too Hot to Handle*



### Factual Shows & Documentaries

*Arctic Drift, Day Zero, Veleno: The Town of Lost Children, Angela Merkel – Frau Bundeskanzlerin*





# 04 Strategy & Outlook



# Strategy framework unchanged

Core



Growth



Alliances & Partnerships



Creativity & Entrepreneurship

People

Communications & Marketing

Regulation

Enabler

# RTL – Europe's leading entertainment brand

- Newly developed purpose, promise and brand principles
- Multicoloured logo reflects the diversity of RTL's content and people
- Roll-out starts with RTL Group and RTL Deutschland, followed by other RTL-branded units
- TV Now to be rebranded to RTL+ in autumn 2021

**RTL stands for positive entertainment, independent journalism, inspiration, energy and attitude.**





# Strategy update – Core

## Scale broadcasting businesses

- **Rationale:** National media groups with scale and resources to compete with global tech platforms
- **Content:** Enhanced capabilities to invest in premium local content
- **Tech & Data:** Develop cutting-edge technology in streaming and in addressable TV advertising

## Value creation potential



~ €250-350m

run-rate synergies  
within 3 years after closing

~ €100-120m

run-rate synergies  
to be fully realised in 2025

€250m

preliminary total cash  
proceeds – expected to  
close in Q4/2021

# Strategy update – Core

## Create German cross-media champion



- **Rationale:** Cross-media champion with the scale, resources and creative power to compete with global tech platforms in Germany
- **Growth opportunities:** Further boost of RTL+, the leading German streaming service; partner of choice for Germany's creative talent
- **Journalistic powerhouse:** Joint editorial team with more than 1,500 journalists

## Transaction terms

**€230m** acquisition price

**~ €100m** run-rate synergies to be fully realised in 2025

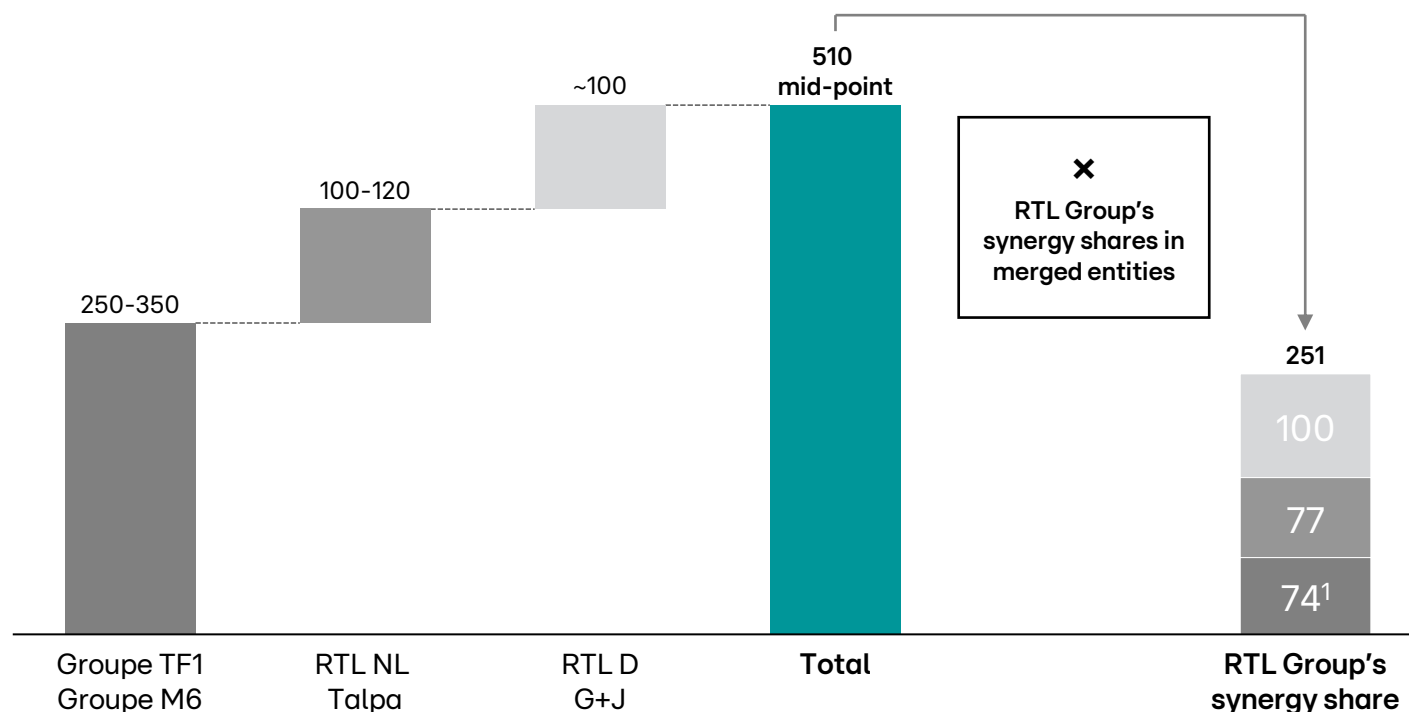
**~ €2.63bn** pro-forma revenue 2020

**€496m** pro-forma Adjusted EBITA 2020

# Consolidation moves in 2021 to unlock significant shareholder value

## Long-term Adjusted EBITA impact from synergies per year

pro-forma 100% basis, in € million



$$\frac{\text{€2.0bn to €2.2bn}}{155\text{m}} = \text{RTL Group shareholder value from synergies}^2$$

RTL Group # outstanding shares

**€13 to €15** Synergy value per share

Note: 1. Thereof €49m per year as minority shareholder and the equivalent of €25m via the initial sale to Bouygues 2. NPV of post-tax RTL Group cashflows, range spans due to blended WACC of 8% to 7%, a ramp-up to full synergy achievement by 2025, 0% TGR



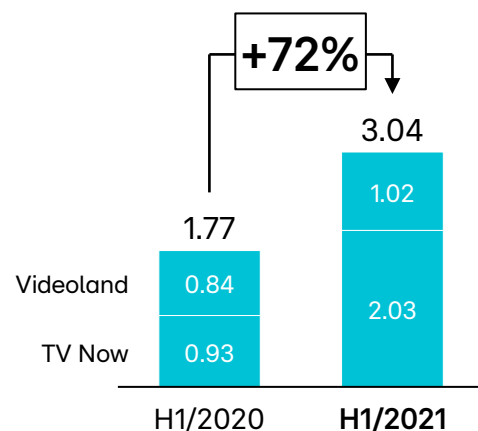
# Strategy update – Growth

Build national streaming champions

TV NOW / **RTL** +<sup>1</sup> videoland.

Paying subscribers

in million



Key figures<sup>2</sup>

in € million

Streaming revenue<sup>3</sup>

Content spend

Streaming start-up losses<sup>4</sup>

80	107
48	85
-9	-54

Targets 2025<sup>2</sup> unchanged

5m to 7m paying subscribers

> €500m streaming revenue

~ €350m content spend p.a.

break-even Adjusted EBITA

Notes: 1. As part of the new RTL branding, TV Now will rebrand to RTL+ in autumn 2021, 2. Refers to TV Now and Videoland combined, 3. Streaming revenue includes SVOD, TVOD and in-stream revenue from TV Now and Videoland/RTL XL, 4. Total of Adjusted EBITA from TV Now, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of TV Now and Videoland/RTL XL includes synergies with TV channels on business unit level

# Strategy update – Growth

## Expand global content business

*Fremantle*

- **High-end factual:** Grow high-end factual talent pool and production capabilities with newly established global factual division
- **Scale:** Leverage global footprint and become preferred partner for global streamers
- **Acquisitions:** Pursue targeted investments in production companies, talent and content



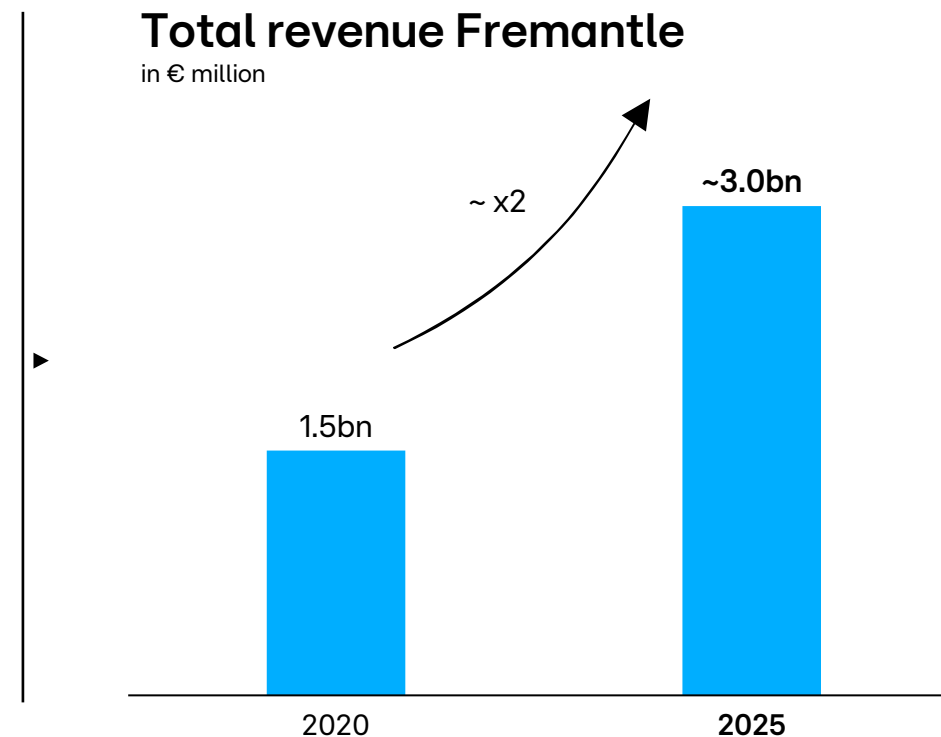
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The three companies combined generate full-year revenue of around €0.3bn

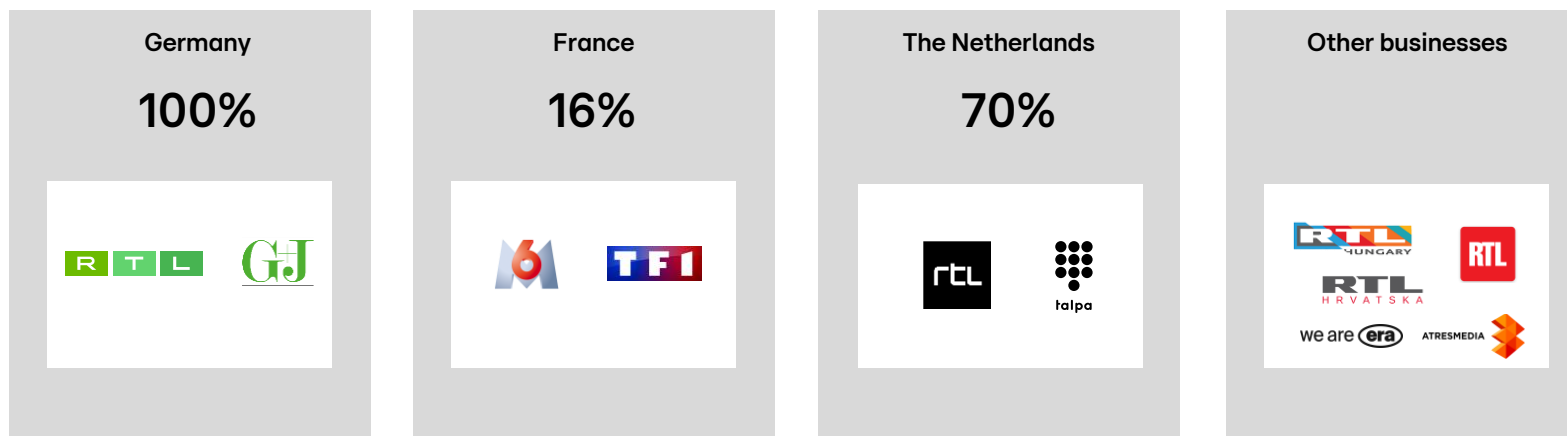
## New target 2025

**Total revenue Fremantle**  
in € million



# Strategy update – Target structure

## National cross-media champions



### Cross-country cooperation and competencies

Ad tech



Streaming tech



International ad sales



Further cross-country initiatives



## Global content business



Target:

€3bn in revenue via organic growth and M&A by 2025

Growth with global streaming platforms



# Outlook 2021 raised

RTL Group has raised its outlook for 2021. This outlook assumes that the economic recovery from Covid 19 will continue in 2021, as vaccination programmes progress and no new lockdown measures are put in place.

	2021 New	2021e old	2020
Revenue	~€6.5bn	~€6.2bn	€6.0bn
Adjusted EBITA	~€1,050m	~€975	€853m
Streaming start-up losses	~€150m	~€150m	€55m
'Adjusted EBITA before streaming start-up losses'	~€1,200m	~€1,125m	€908m



6 August 2021



RTL

#RTLresults



# Definitions

Alternative performance measure	Explanation
	<p>Adjusted EBITA represents a recurring operating result and excludes significant special items. RTL Group management has established an 'Adjusted EBITA' that neutralises the impacts of structural distortions for the sake of transparency. Based on the accelerated industry trends explained in the Market-section (RTL Group Annual Report 2020, pages 44 to 45) and Strategy-section (RTL Group Annual Report 2020, pages 46 to 50), RTL Group plans to increase its investments in business transformation including streaming, premium content, technology and data. At the same time, management is continuously assessing opportunities to reduce costs in its traditional broadcasting activities, i.e. to reallocate resources from its traditional businesses to its growing digital businesses, which may lead to restructuring expenses that are neutralised in the Adjusted EBITA.</p>
Adjusted EBITA	<p>Adjusted EBITA is determined as earnings before interest and taxes (EBIT) as disclosed in the income statement, excluding the following elements:</p> <ul style="list-style-type: none"><li>• Impairment of goodwill of subsidiaries and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries</li><li>• Impairment and reversals of investments accounted for using the equity method</li><li>• Re-measurement of earn-out arrangements presented in 'Other operating income' or 'Other operating expenses'</li><li>• Fair value measurement of investments presented in 'Other operating income' or 'Other operating expenses'</li><li>• Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree</li><li>• Significant special items.</li></ul>
Significant special items	<p>Significant special items exceed the cumulative threshold of €5 million, need to be approved by management, and primarily consist of restructuring expenses or reversal of restructuring provisions and other special factors or distortions. The adjustments for special items serve to determine a sustainable operating result that could be repeated under normal economic circumstances and is not affected by special factors or structural distortions.</p>



# Definitions

Alternative performance measure	Explanation
Operating free cash flow	Operating free cash flow is equal to net cash from operating activities adjusted by income tax paid; cash outflows from the acquisitions of programme and other rights and other intangible assets and tangible assets; cash inflows from proceeds from the sale of intangible and tangible assets; and transaction-related costs with regard to significant disposals of subsidiaries.
Operating cash conversion rate	Operating cash conversion rate means operating free cash flow divided by EBITA.
Net cash/(debt)	The net cash/(debt) is the gross balance sheet financial debt adjusted for 'Cash and cash equivalents'; cash pooling accounts receivable with investments accounted for using the equity method and not consolidated investments presented in 'Accounts receivable and other financial assets'; current deposit with shareholder and its subsidiaries reported in 'Accounts receivable and other financial assets'.
Organic growth/decline	The organic growth is calculated by adjusting the reported revenue growth mainly for the impact of exchange rate effects as well as corporate acquisitions and disposals. It should be seen as a component of the reported revenue shown in the income statement. Its main objective is for the reader to isolate the impacts of portfolio changes and exchange rates on the reported revenue. When determining the exchange rate effects, the functional currency that is valid in the respective country is used. Potential other effects may include changes in methods and reporting.

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