

28 AUGUST 2019

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ENTERTAIN. INFORM. ENGAGE.

AGENDA

**HALF-YEAR 2019
HIGHLIGHTS**

**GROUP
FINANCIALS**

**OPERATIONAL
HIGHLIGHTS**

**STRATEGY &
OUTLOOK 2019**



NEW LEADERSHIP STRUCTURE

New Group Management Committee of RTL Group



New Executive Committee



Thomas Rabe
Chief Executive Officer, RTL Group



Elmar Heggen
Deputy Chief Executive Officer and
Chief Operating Officer, RTL Group



Björn Bauer
Chief Financial Officer, RTL Group



Jennifer Mullin
Chief Executive Officer,
Fremantle



Bernd Reichart
Chief Executive Officer,
Mediengruppe RTL Deutschland



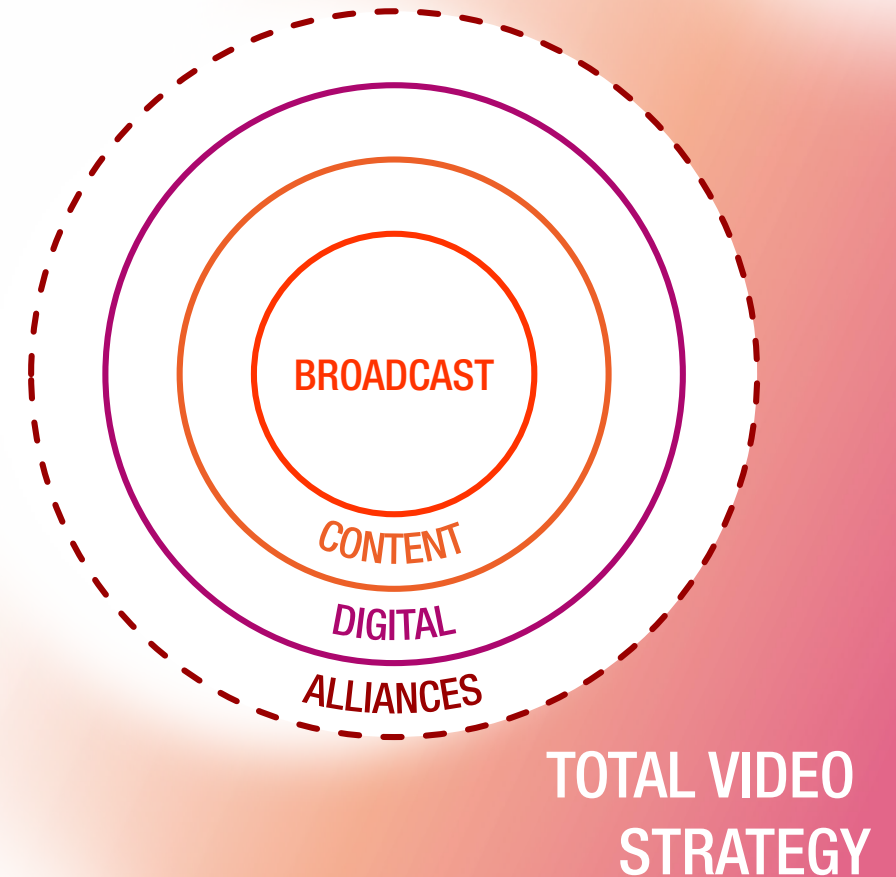
Nicolas de Tavernost
Chief Executive Officer,
Groupe M6

RTL GROUP CONTINUES TO DELIVER ON ITS TOTAL VIDEO STRATEGY...

1 **Leading market positions, high profitability –**
key for current investment cycle in the media industry

2 **Fast growth in VOD and content**
as subscriber growth continues and content strategy pays off

3 **New alliances and partnerships**
to actively shape the future of the European Total Video industry



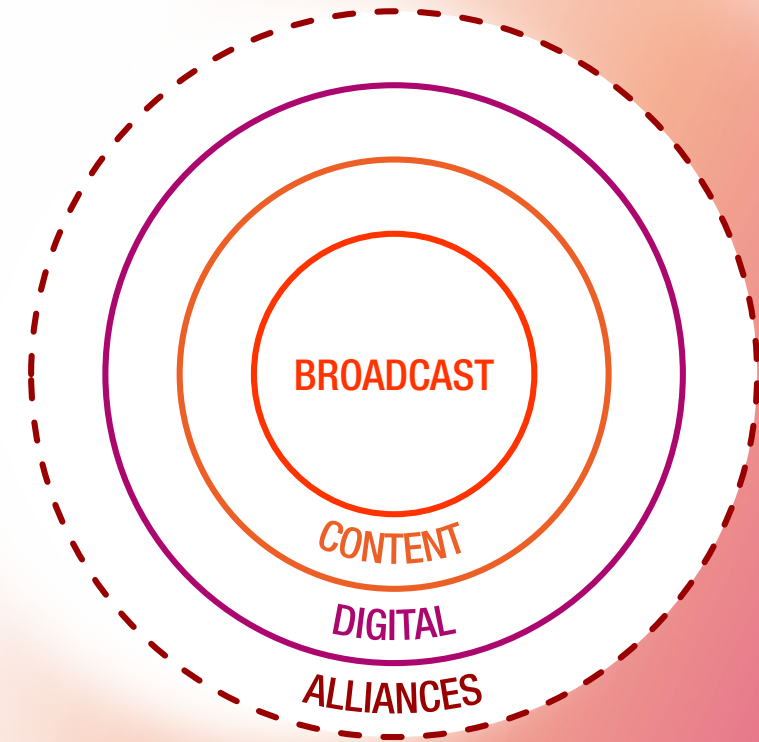
...ACHIEVING ITS HIGHEST EVER FIRST-HALF REVENUE



Revenue: **€3,173m** **+4.2%**

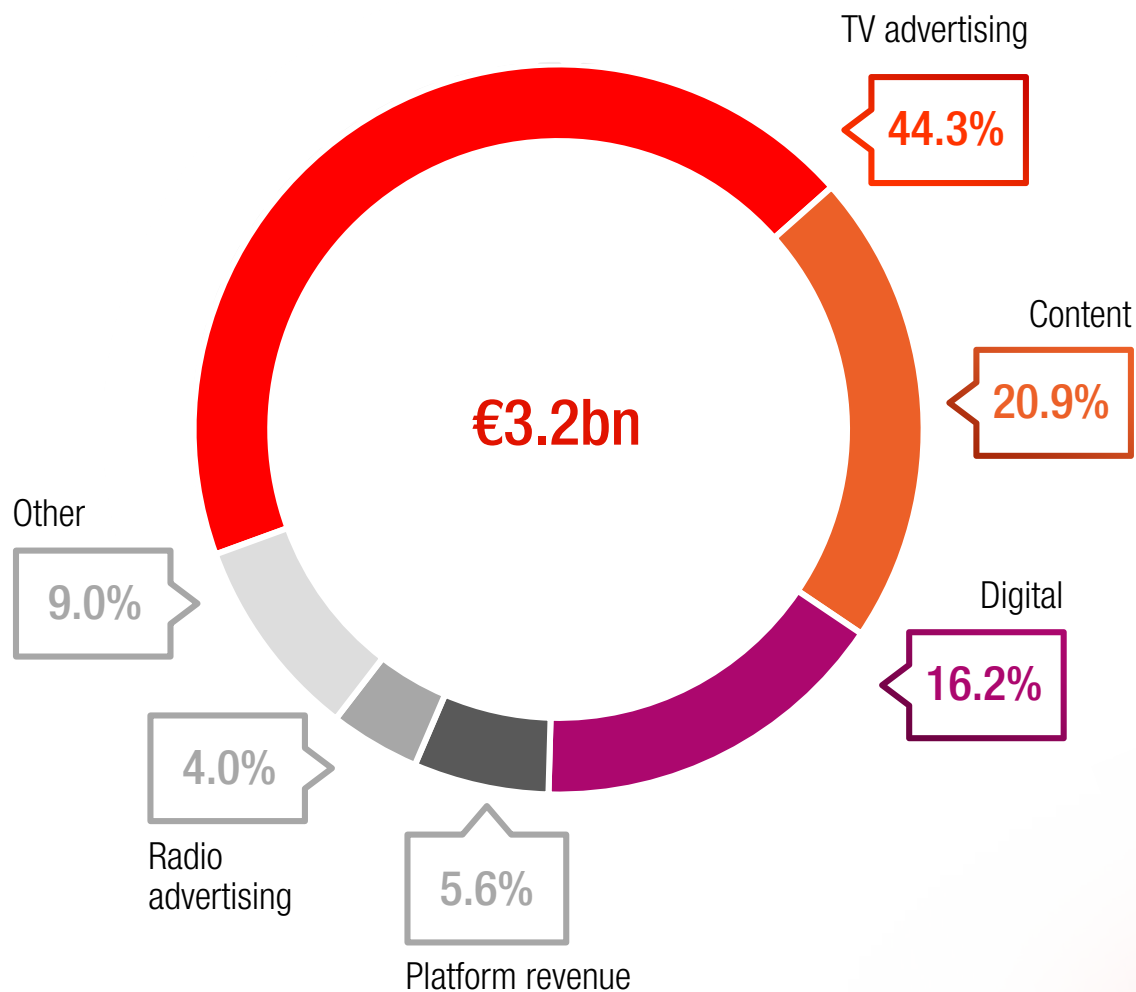
EBITA: **€538m** **-1.8%** Margin: **17.0%** **-1.0pp**

Profit for the period: **€443m** **+21.0%**

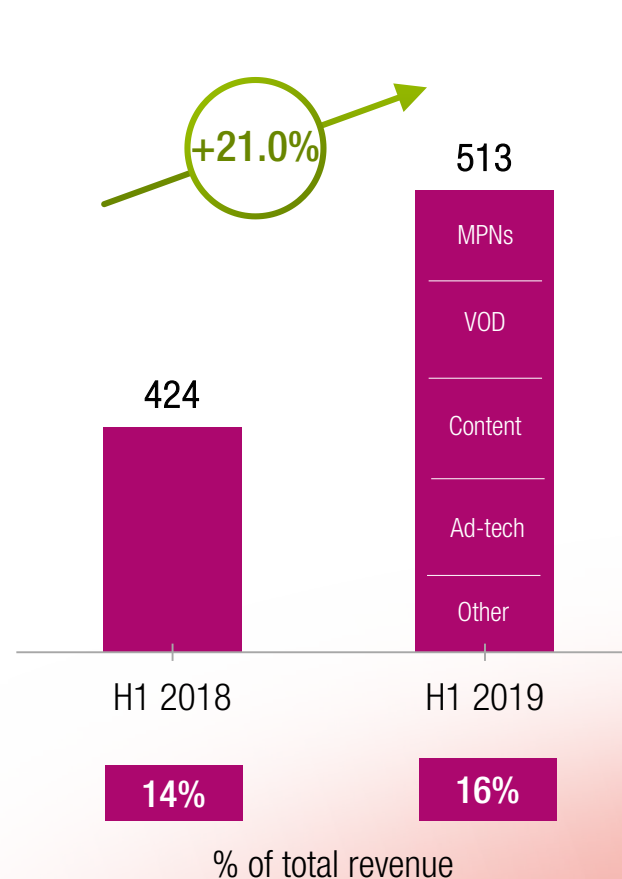


HIGHLY DIVERSIFIED — DYNAMIC DIGITAL REVENUE GROWTH

RTL Group H1 2019 revenue split



Digital revenue split
In € million



MPNs: **€153m** +9.3%

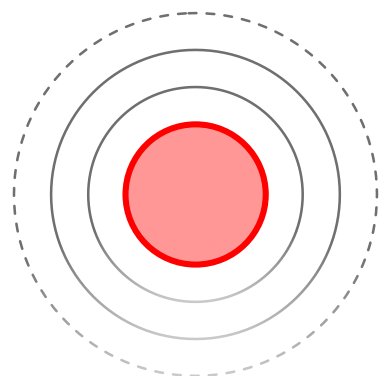
VOD¹: **€122m** +27.1%

Content: **€104m** +89.1%
(Fremantle)

Ad-tech²: **€83m** +18.6%

Other: **€51m** (20.3%)

ORGANIC GROWTH DRIVERS: UPDATE AS OF H1 2019



BROADCAST

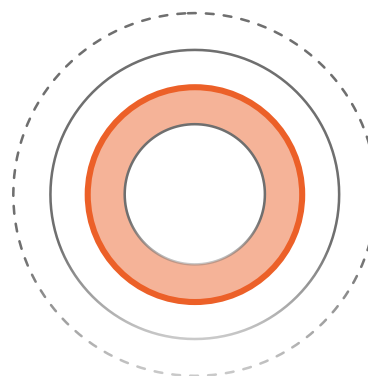
H1 2018/YOY

Revenue: **€2,225m** **-2%**

Platform revenue: **€179m** **+7%**

SVOD subscribers: **1.2m** **+46%**

Digital revenue: **€189m** **+4%**

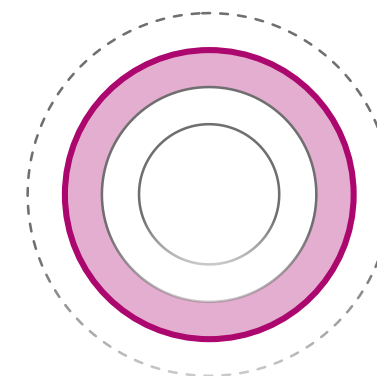


CONTENT

Revenue: **€828m** **+23%**

% of drama: **20%**

Digital revenue: **€104m** **+89%**



DIGITAL

MPNs

Ad-tech

€153m **+9%** | **€67m¹** **+40%**

MPN & ad-tech revenue: **€220m** **+17%**



**TOTAL DIGITAL
REVENUE**

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RECORD REVENUE, HIGH MARGINS

In € million	Half year to June 2019	Half year to June 2018	Per cent change
Revenue	3,173	3,046	+4.2
Underlying revenue	3,124	2,988	+4.6
Operating cost base	2,684	2,542	+5.6
EBITA	538	548	(1.8)
EBITA margin (%)	17.0	18.0	(1.0)pp
Net debt	(739)	(943)	-

PORTFOLIO MANAGEMENT DRIVES NET PROFIT INCREASE

In € million	Half year to June 2019	Half year to June 2018	Per cent change
Reported EBITA	538	548	(1.8)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	70	8	
Amortisation of fair value adjustments on acquisitions of subsidiaries, impairment of investments accounted for using the equity method and re-measurement of earn-out arrangements	(10)	(8)	
Net financial income/(expense)	-	(6)	
Income tax expense	(155)	(176)	
Profit for the period	443	366	+21.0
Profit for the period attributable to RTL GROUP SHAREHOLDERS	393	318	+23.6

SIGNIFICANTLY HIGHER CASH CONVERSION

In € million	Half year to June 2019	Half year to June 2018
Net cash flow from operating activities	354	226
Add: Income tax paid	255	280
Less: Acquisition of assets, net	(96)	(86)
Equals: Reported free cash flow (FCF)	513	420
Acquisition and disposal of subsidiaries and JVs, net of cash acquired	83	(10)
Other financial assets, net	(5)	11
Net interest	(17)	(10)
Transactions with non-controlling interests & treasury shares	(28)	(1)
Income tax paid	(255)	(280)
Dividends paid	(531)	(527)
Equals : Cash used	(240)	(397)
EBITA	538	548

CASH CONVERSION (FCF/EBITA)

95%

77%

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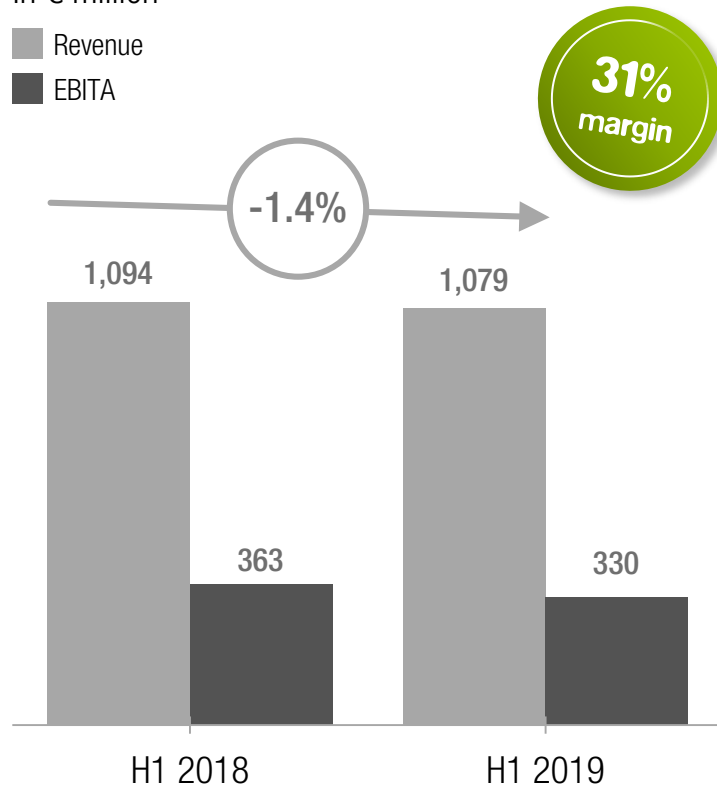
STRONG OPERATIONAL PERFORMANCE AND HIGH PROFITABILITY

Key financials¹

In € million

Revenue

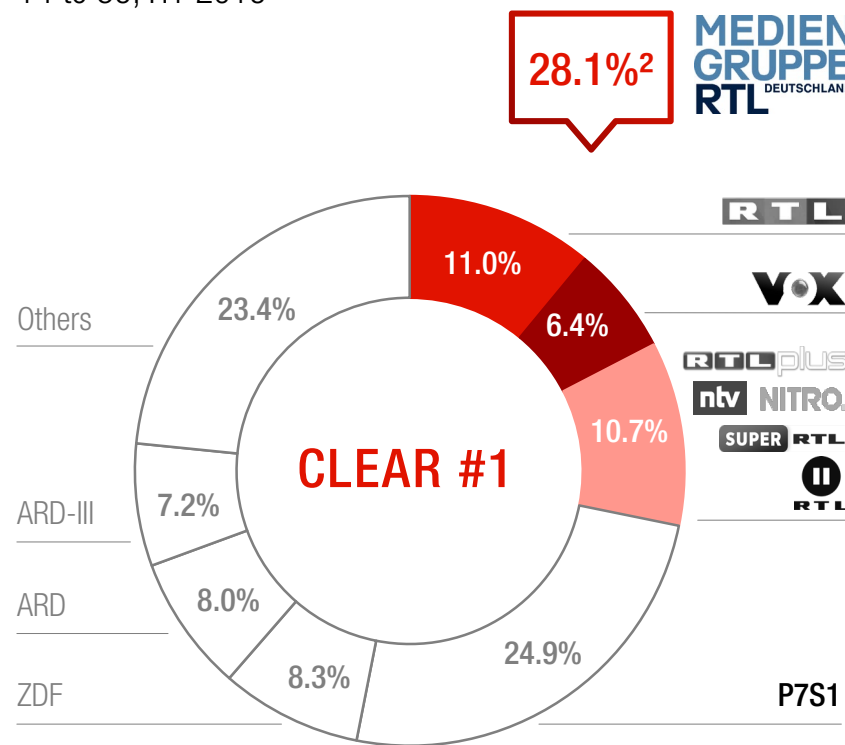
EBITA



Outperforming the net TV advertising market

Family of channels

14 to 59, H1 2019



Increased audience share by 0.8pp YOY due to strong performance of flagship channels

HIGHLIGHTS

Achieved a **36% increase in subscribers** YOY³, driven by strong original programming

TVNOW

Set-up “d-force” joint venture with P7S1 to boost addressable TV and online video advertising

MEDIEN GRUPPE RTL DEUTSCHLAND

Strong position in high-growth **podcast and audio** market

AUDIO now
audio alliance

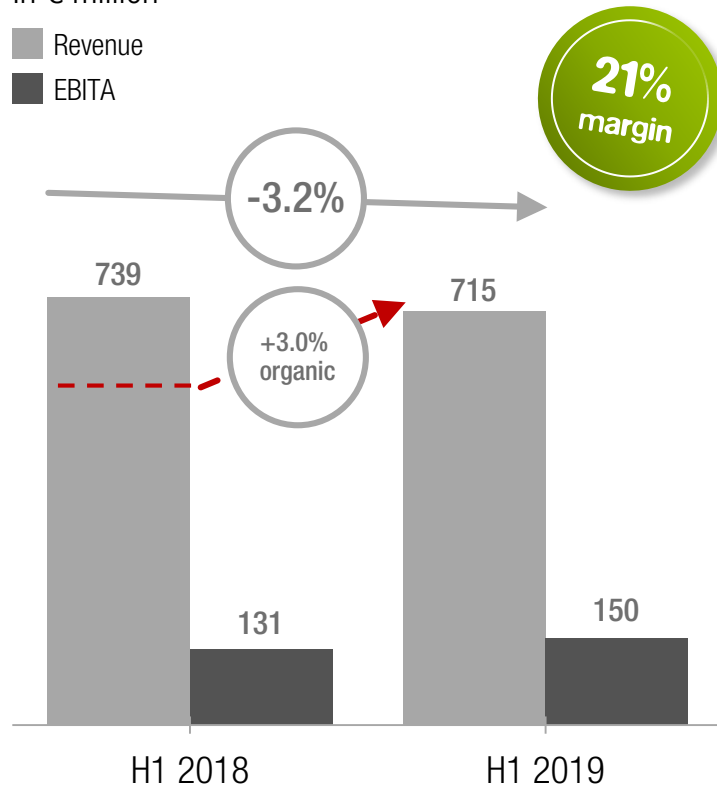
GOOD ORGANIC GROWTH

Key financials

In € million

Revenue

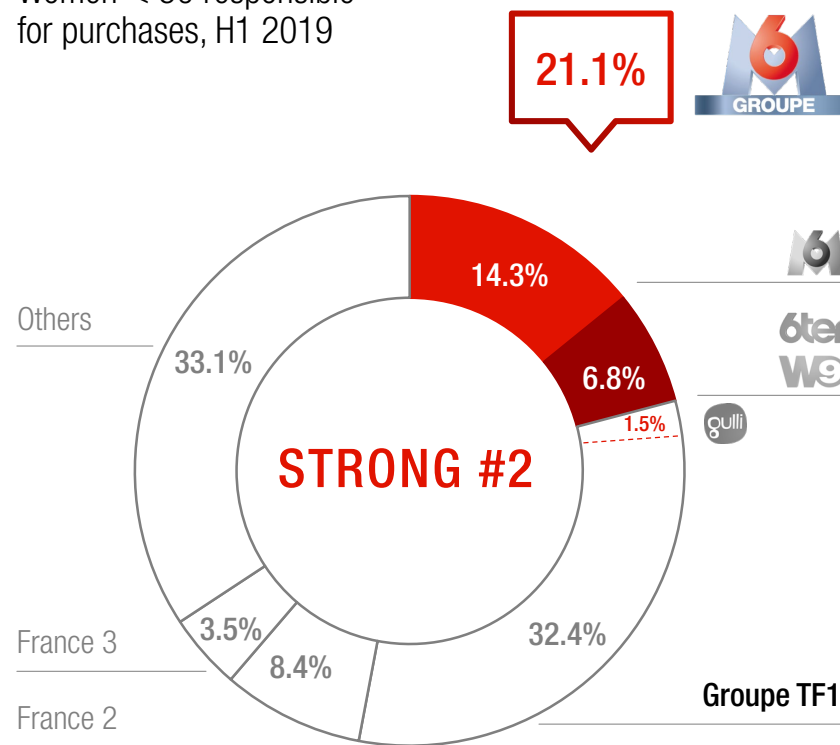
EBITA



Higher film distribution revenues at SND and Girondins de Bordeaux scope exit foster profitability

Family of channels

Women < 50 responsible for purchases, H1 2019



Growth of 2nd generation channels stabilised audience share of family of channels

HIGHLIGHTS

Received regulatory approval, tech platform to be provided by M6

salto

Acquisition of Gulli further complements strong family of channels

GULLI GROUPE

Successful launch of RTL Originals podcasts, generating >2 million downloads since start

RTL ORIGINALS

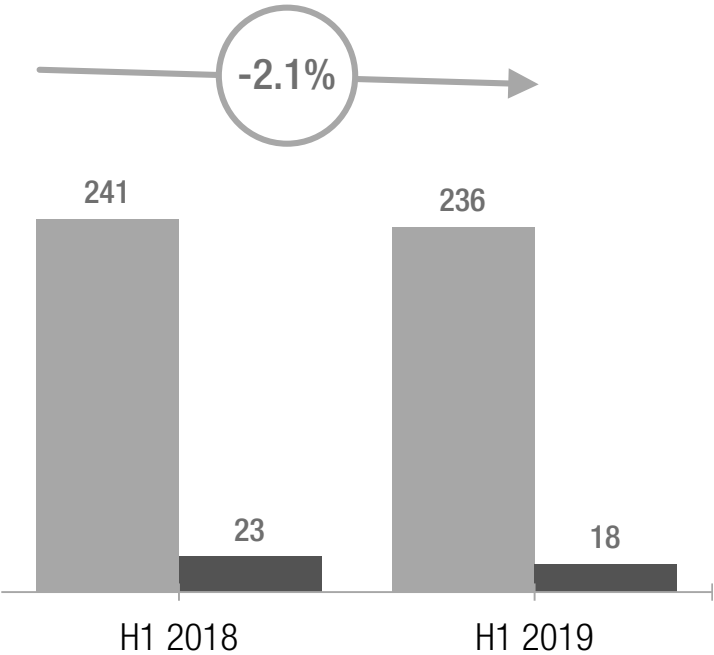
CHALLENGING MARKET CONDITIONS, GROWING DIGITAL BUSINESS

Key financials

In € million

Revenue

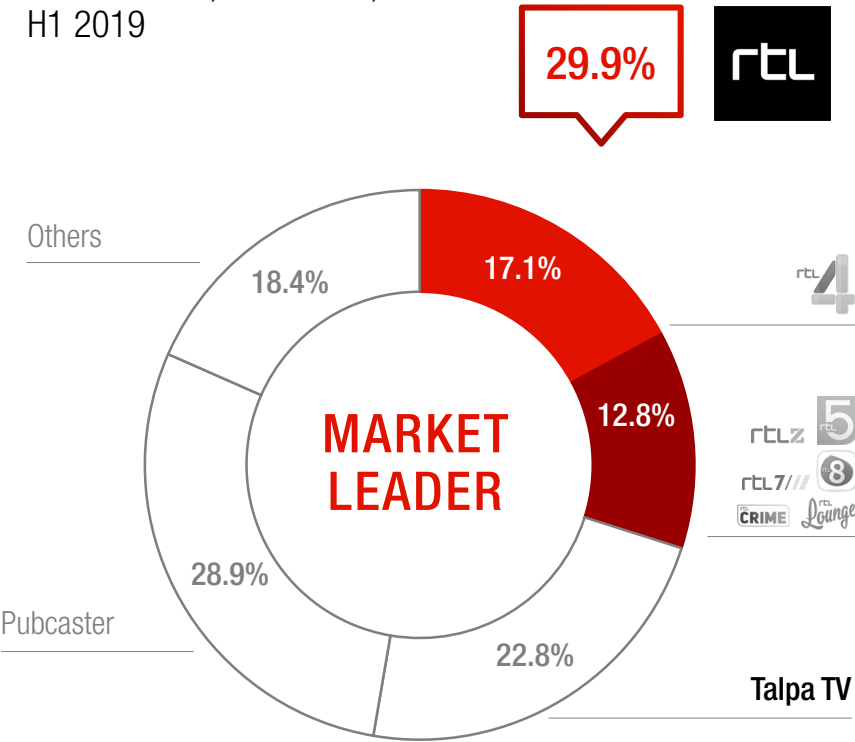
EBITA



Lower TV advertising revenue partly offset by strong Videoland performance and increased platform revenue

Family of channels¹

Adults 25–54, Prime time, H1 2019



Confirmed position as leading channel portfolio

HIGHLIGHTS

No. 1 platform for Dutch video content, strong subscriber growth (+58% YOY²)

VIDEOLAND BY RTL

Create and own original IP, strengthen market leader position

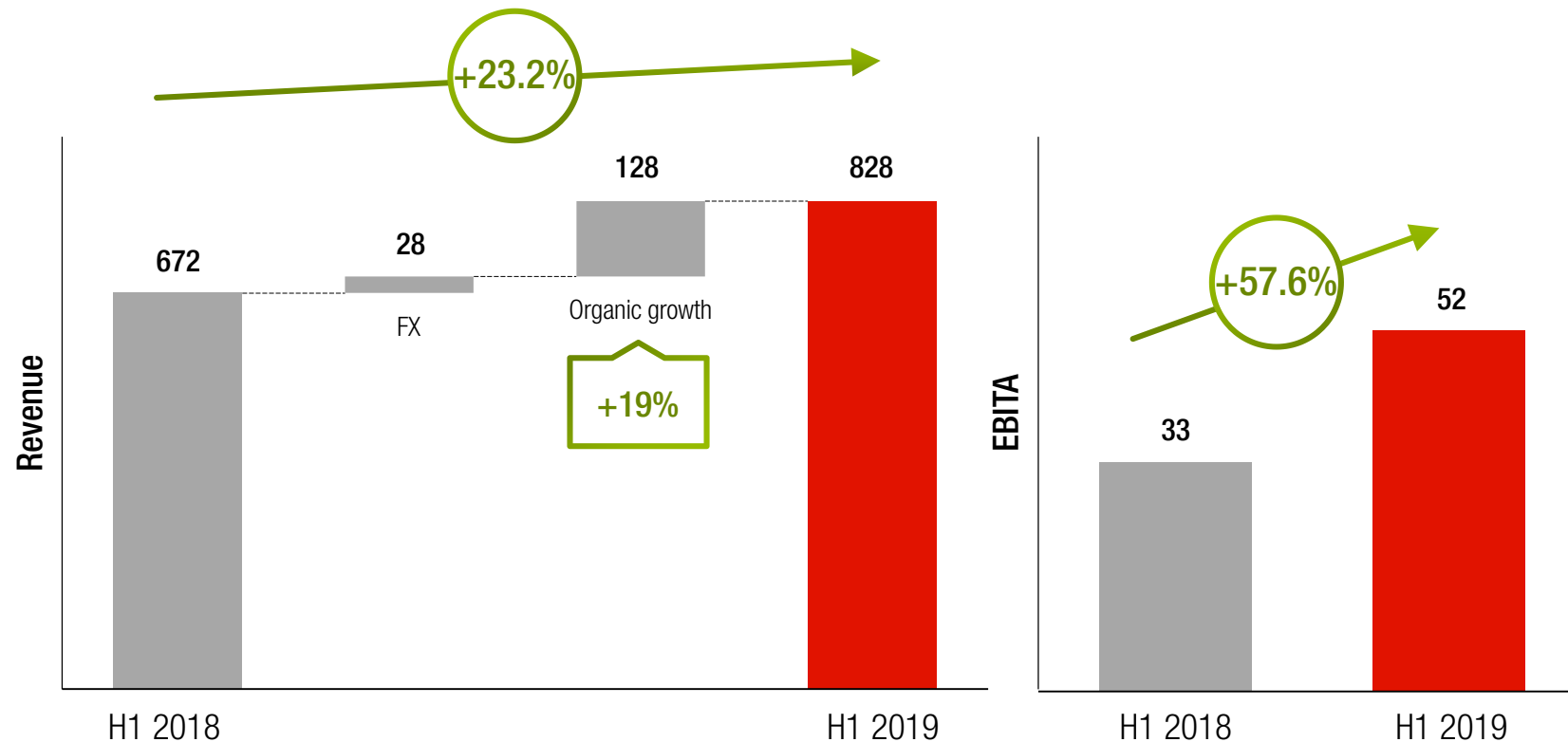
rtl

Acquired complementary inventory to strengthen sales house position

branddeli

SIGNIFICANT DOUBLE-DIGIT ORGANIC GROWTH

Key financials
In € million



HIGHLIGHTS

Continued push into scripted drama, renewals of key titles (*American Gods S3, My Brilliant Friend S2*)

AMERICAN GODS
MY BRILLIANT FRIEND

Successful format spin-off with America's *Got Talent: The Champions*

America's got Talent THE CHAMPIONS

Successful sale of remastered *Baywatch* series to over 110 territories

BAYWATCH

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NEW ALLIANCES: SHAPING THE FUTURE OF THE EUROPEAN TOTAL VIDEO INDUSTRY

External alliances

- ✓ **Ad Alliance:** Expanded portfolio with digital assets of Axel Springer's Media Impact sales house
- ✓ **D-force with P7S1:** Planned DSP joint venture to drive growth in addressable TV and online video market
- ✓ **European netID:** Now has around 65 partner websites in Germany

Form alliances to accelerate growth

Internal alliances

Examples / non-exhaustive

- ✓ **Bertelsmann Content Alliance:** Cross-divisional offers across TV, audio and print well received by creatives and advertisers
- ✓ **Audio Alliance:** Develop and distribute audio products across Bertelsmann, RTL Group, G+J, PRH and BMG
- ✓ **Format Creation Group:** Create and control non-scripted IP to fulfil demand for exclusive content
- ✓ **VOD tech platform provided by Groupe M6:** Serving streaming offers across RTL Group

Leverage RTL Group's unique position

NATIONAL STREAMING CHAMPIONS SEE FAST GROWTH AND COLLABORATE ON TECH



Achievements



COMPETE

>1.2M PAYING SUBSCRIBERS
for TV Now and Videoland
+46% YOY



COLLABORATE

INTEGRATED TECH PLATFORM
for RTL Group streaming offers in
FR, NL, BE, HU, CR, LU
Component sharing with TV Now



CREATE

48 EXCLUSIVE TITLES
across TV Now and Videoland
in HY 2019

CREATE EUROPE'S LEADING AD-TECH DEVELOPMENT UNIT

Strategic review of RTL Group's ad-tech businesses

SPOTX

 **smartclip**

- 1** EU operations (except the UK) to be led by Mediengruppe RTL Deutschland, bundled under Smartclip brand
- 2** Create open ad-tech platform customised for European broadcasters and streaming services
- 3** Reviewing strategic partnership options for the SpotX Global business

PRIORITIES GOING FORWARD

- 1 FOCUS ON OPERATIONAL PERFORMANCE** and strengthen families of channels across the Group
- 2 GROW NATIONAL STREAMING CHAMPIONS** with focus on technology and exclusive content
- 3 ACCELERATE CONTENT CREATION / PRODUCTION** across Fremantle and TV broadcasters
- 4 DEEPLY INTEGRATE AD-TECH** and create Europe's leading ad-tech development unit
- 5 PURSUE INTERNAL AND EXTERNAL COLLABORATION / ALLIANCES**
- 6 INVEST IN DATA AND TECHNOLOGY** across the Group

TOTAL VIDEO
STRATEGY

OUTLOOK FOR 2019

1

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

2

EBITA pre-restructuring costs expected to decrease moderately, reflecting investments in TV programming and VOD

3

NEW DIVIDEND POLICY: at least 80% pay-out ratio of adjusted net result¹

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!

#RTLresults

RTL
GROUP

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