

KBC
18 May 2011

The leading European entertainment network



Agenda

- **Q1 2011 RESULTS**

- Business Review
- Strategy update

Up
EUR 10 m

REVENUE
EUR 1.26 billion

Down
EUR 24 m

REPORTED EBITA
continuing operations
EUR 181 million

EBITA MARGIN
14.4 %

CASH CONVERSION
131%

MIXED ADVERTISING
MARKET PICTURE
SOME PROGRAMME
RE-INVESTMENTS

Strong audience shares
in major markets
**GERMANY, FRANCE,
NETHERLANDS**

NET CASH POSITION
EUR 1.6 billion

DIVIDEND : Paid end April
EUR 5.00 per share

Solid top line performance within mixed advertising market picture

Agenda

- Q1 2011 results

- **BUSINESS REVIEW**

- Strategy update

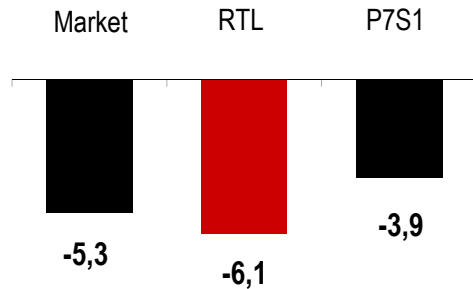
Germany & France

Q1 Results 2011



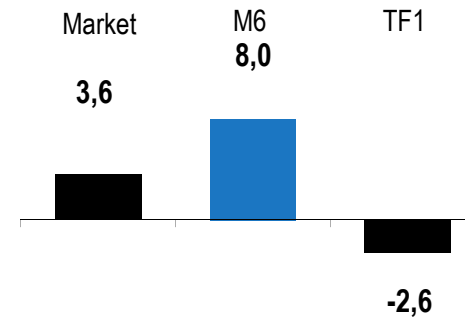
NET ADVERTISING MARKET DEVELOPMENT (in %)

Q1 2011 vs 2010

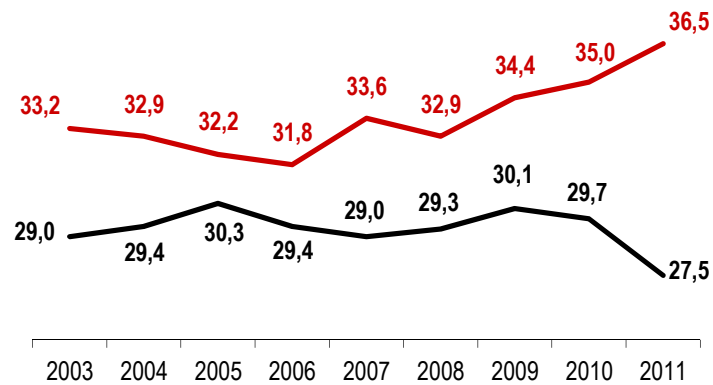


NET ADVERTISING MARKET DEVELOPMENT (in %)

Q1 2011 vs 2010

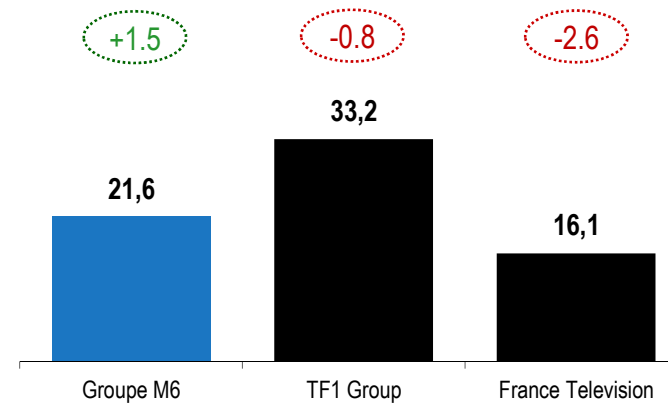


AUDIENCE SHARE 14-49 (in %)



AUDIENCE SHARE – FAMILY OF CHANNELS

HOUSEWIVES <50 ALL DAY (in %)



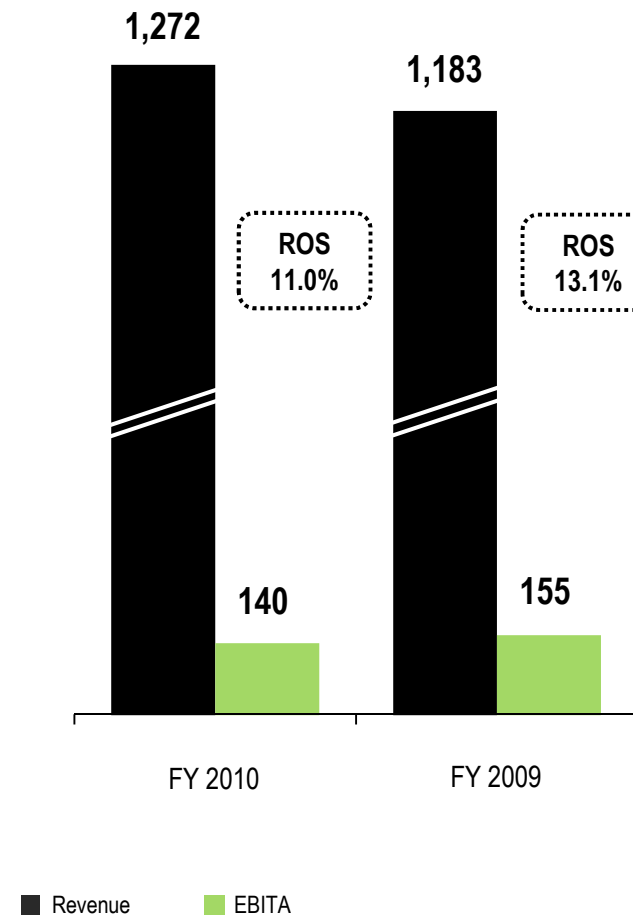
Source: RTL Group estimates, Nielsen, 14-49, YTD (March) 2011

Source: Médiamétrie, housewives under 50, RTL Group estimates
 Groupe M6 : M6 and W9: TF1 Group : TF1, TMC and NT1: France TV : Fr2, Fr3 : YTD (March),
 delta versus same period 2010

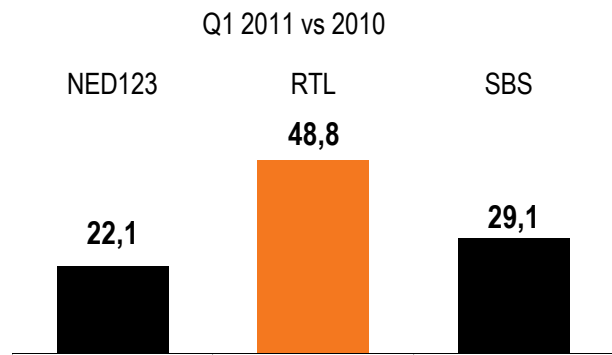
KEY FACTS 2010

- Strengthened international presence via acquisitions of Radical Media, Ludia and Four One Media
- Produced nearly 9,500 hours of TV programming across 54 countries – one of the largest creators of award-winning international programmes
- In the US, *American Idol* was, for the seventh year in a row, the most watched prime time entertainment series
- In the UK, series seven of *The X Factor* was the highest rated entertainment show with nearly one-third of the population tuning into the final
- In Germany, the local version of *Got Talent* was the most popular yet, with an average audience share of over 37% among viewers aged 14 to 49
- In Australia, the final of the second series of *Masterchef* was the most watched non-sports show ever
- EBITA impacted by contract re-negotiations affecting pricing and volumes

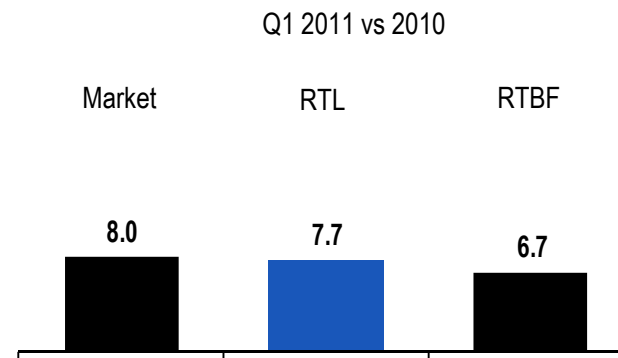
KEY FINANCIALS (in EUR million)



NET TV ADVERTISING MARKET SHARE (in %)

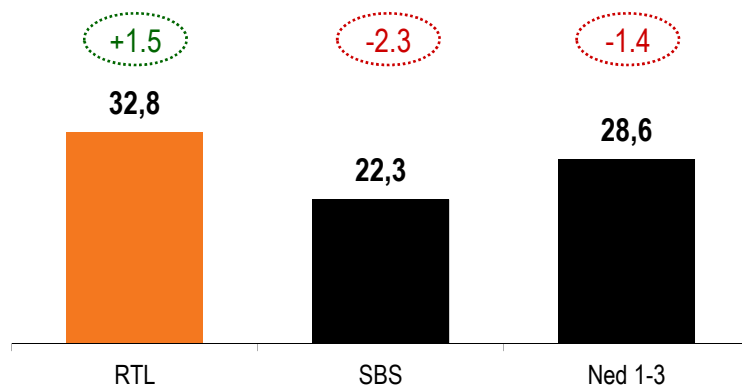


NET TV ADVERTISING MARKET DEVELOPMENT (in %)



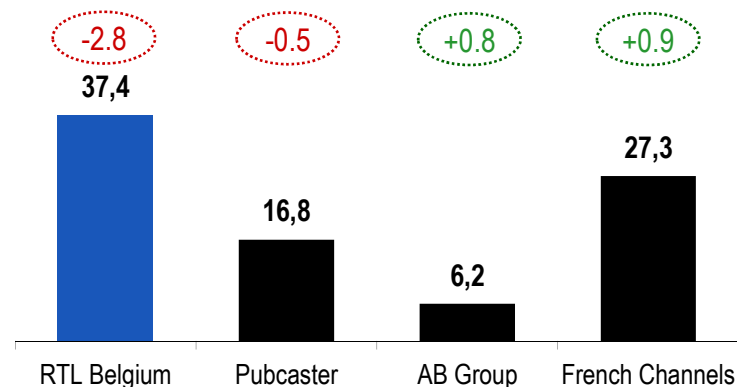
Source : RTL Group estimates

Q1 TV AUDIENCE SHARE – FAMILY OF CHANNELS



Source : RTL Group estimates, 20-49, PRIMETIME (in %) : delta versus Q1 2010

Q1 TV AUDIENCE SHARE – FAMILY OF CHANNELS



18-54, PRIMETIME (in %) : delta versus Q1 2010

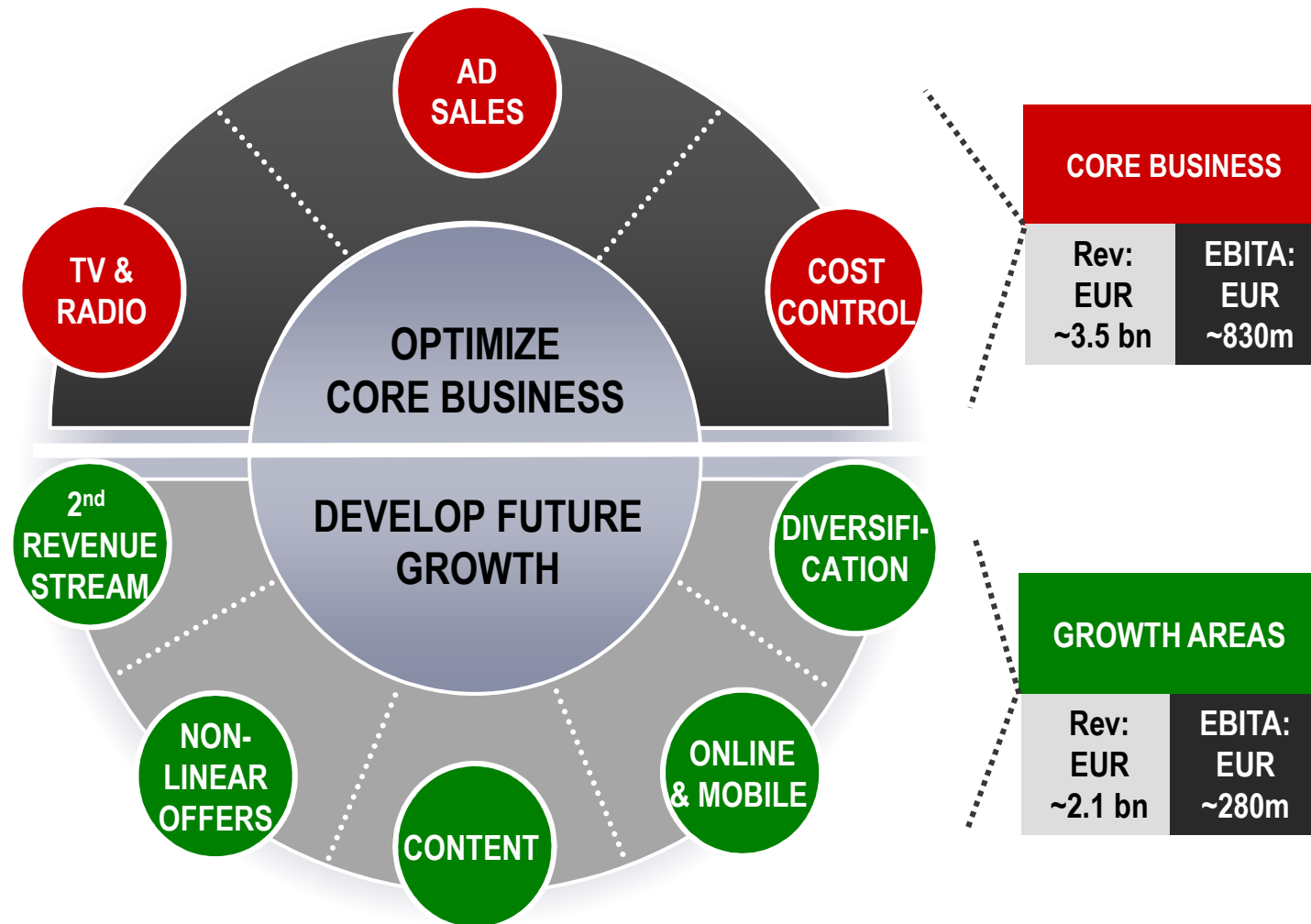
Agenda

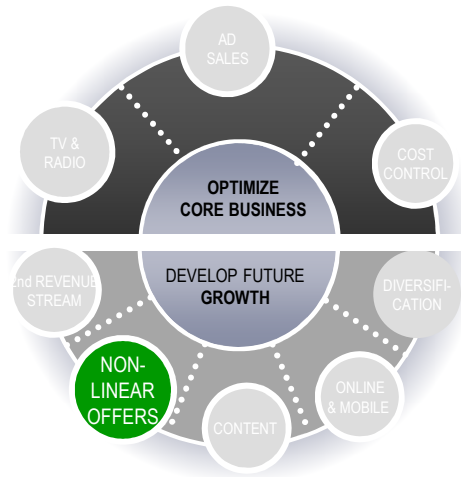
- Q1 2011 results
- Business Review

- **STRATEGY UPDATE**

RTL Group Strategy

Our Business Model in the Digital Age



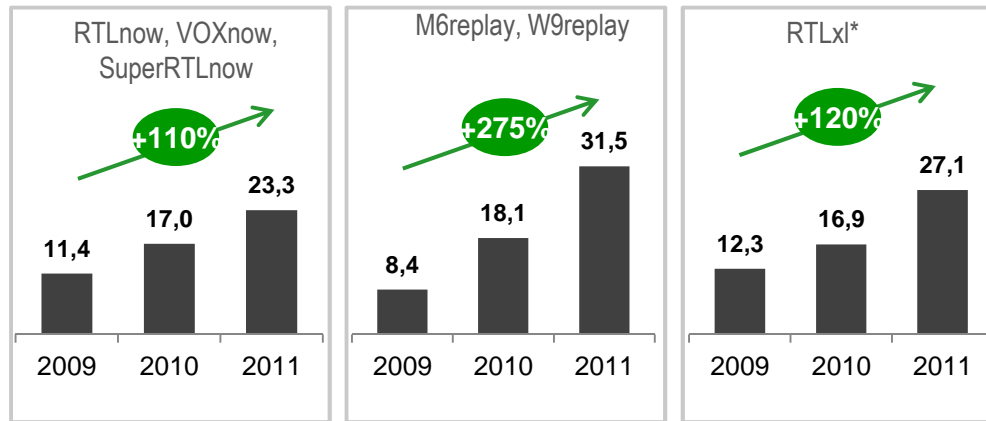


What we have to do

- Expand distribution, if we control brand/ads
- Develop offers for other devices
- Experiment with pay VOD (e.g. subscriptions)

What we are doing

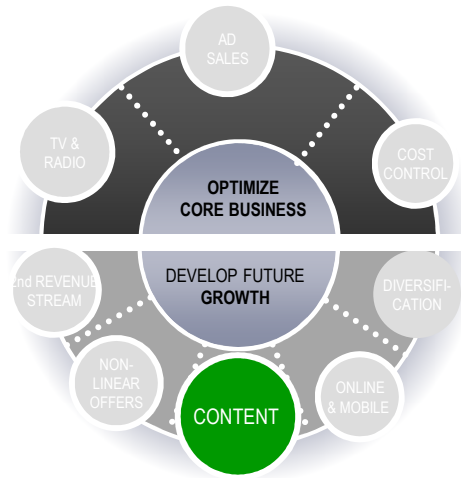
GROWING CATCH-UP TV OFFERS



- Line extension to VOX, SuperRTL
 - Ipad offer
 - Introduction of 3rd party video player
- Expansion to IPTV
 - Ipad offer
 - VIP pass (US-series before French FTA)
- Expansion to IPTV
 - Pay-VOD movie offer

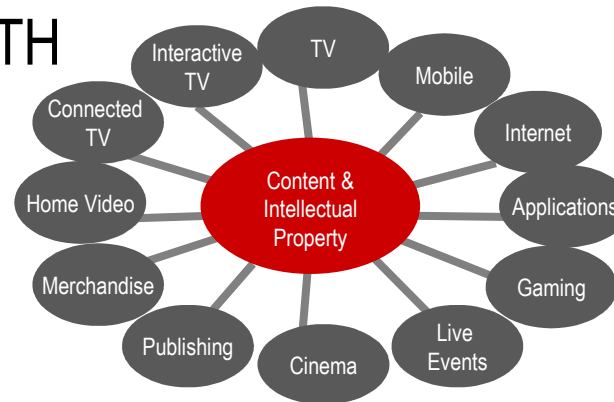
Maximize content offer and monetization

Sources: Internal measurements, average video views quarter on quarter. M6 data includes IPTV and mobile * RTLxl also contains short form clips



What we are doing

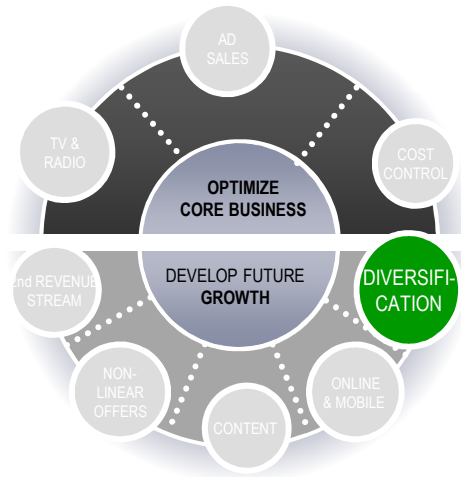
FREMANTLE GROWTH



What we have to do

- Invest in creative content and intellectual property
- Broaden capabilities
- Invest in pipeline and distribution network

Capabilities	Network	Pipeline
<p>Branded Entertainment</p> <p>Acquisition Radical Media</p>	<p>Expand production network</p> <p>Acquisition of Original Productions</p>	<p>Increase pipeline</p> <ul style="list-style-type: none"> ▪ Kids content ▪ US-Drama series
<p>Growth initiatives in all 3 strategic areas – while driving in-house efficiencies</p>		



What we have to do

- Diversify into related areas, get less ad dependent
- Make use of competencies in promotion and synergies
- Get the most out of our unsold inventory

What we are doing

DIVERSIFICATION ACTIVITIES

Rights Trading	 
Brand Exploitation	 
Events	 
Home Shopping & E-Commerce	 
Gaming	 

Leveraging our brands and creating diversification - revenues of approximately EUR 620m in 2010

PREDICTIONS IN 2002...

Turning Off the TV

Study Suggests Marketers Plan Long-Term Shift From Traditional Media

MARKETERS PLAN a long-term shift away from traditional media advertising and toward other so-called marketing services, particularly Internet marketing and direct mail, suggests a study of more than 700 companies to be released today.

The findings offer encouragement to the strategies of ad-holding companies that have attempted to diversify beyond ad agencies by acquiring marketing firms performing such tasks as public relations, Web site design, sales promotions and e-mail-marketing. During the current downturn in ad spending, that strategy has backfired—some of the worst-hit areas for such ad-holding companies as Interpublic Group of Cos. and WPP Group PLC have been in their non-advertising businesses. This new study

By contrast, direct mail and interactive marketing, which includes e-mail marketing and Web sites, look more promising. “They’re more measurable and seen as good value for money as people get better at targeting,” says Patrick Barwise, a London Business School management and marketing professor, who was one of the study’s authors. “TV advertising has been seen as less good value for money because of audience fragmentation.”

Although several high-profile advertising forecasts have been issued recently, this study is notable for its emphasis on overall marketing, rather than just advertising. The survey looks at spending in the world’s five-biggest ad markets—the U.S., Japan, Germany, U.K. and France—and is based on interviews with more than 700 companies during the summer and fall. The report also provides a detailed look at spending plans by

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Wall Street Journal (December 2002)

... NEARLY ONE DECADE LATER

Television’s “super media” status strengthens

In 2011, Deloitte predicts television will solidify its status as the current super media, defying some commentators’ prophecies of imminent obsolescence¹. Viewers around the world will watch 140 billion more hours of television, revenues from pay TV in the BRIC² countries will rise by 20 percent³; worldwide TV advertising will increase by \$10 billion, and 40 million new viewers will be added; TV chefs will sell tens of millions more cookbooks than their non-televized peers⁴; TV shows will be the most common conversation topic around the world and the subject of more than a billion tweets⁵.

Deloitte TMT Study (January 2011)

**Whatever the predictions: They remain predictions.
We will be prepared and adapt our business to reality.**

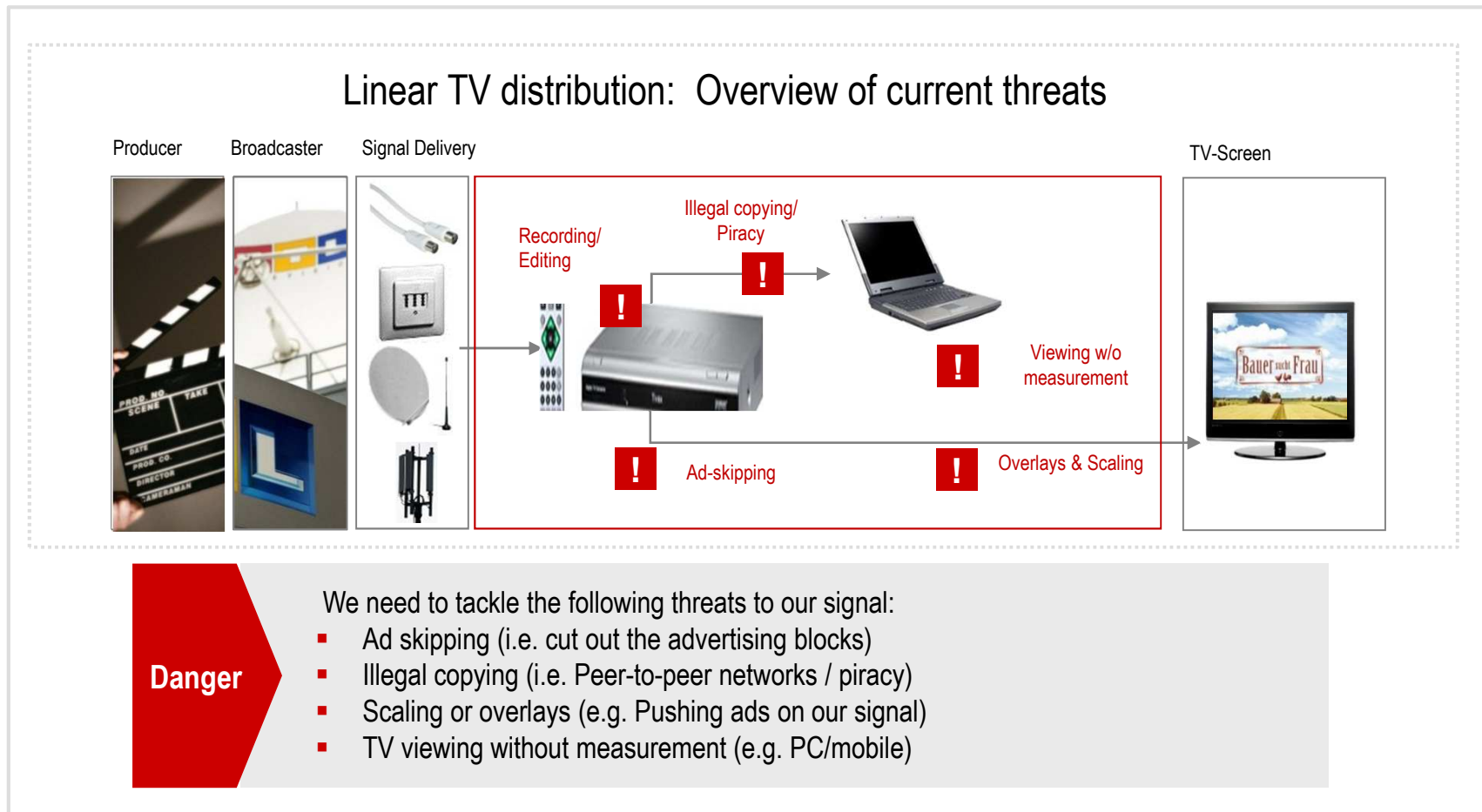
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Threats to Broadcasters

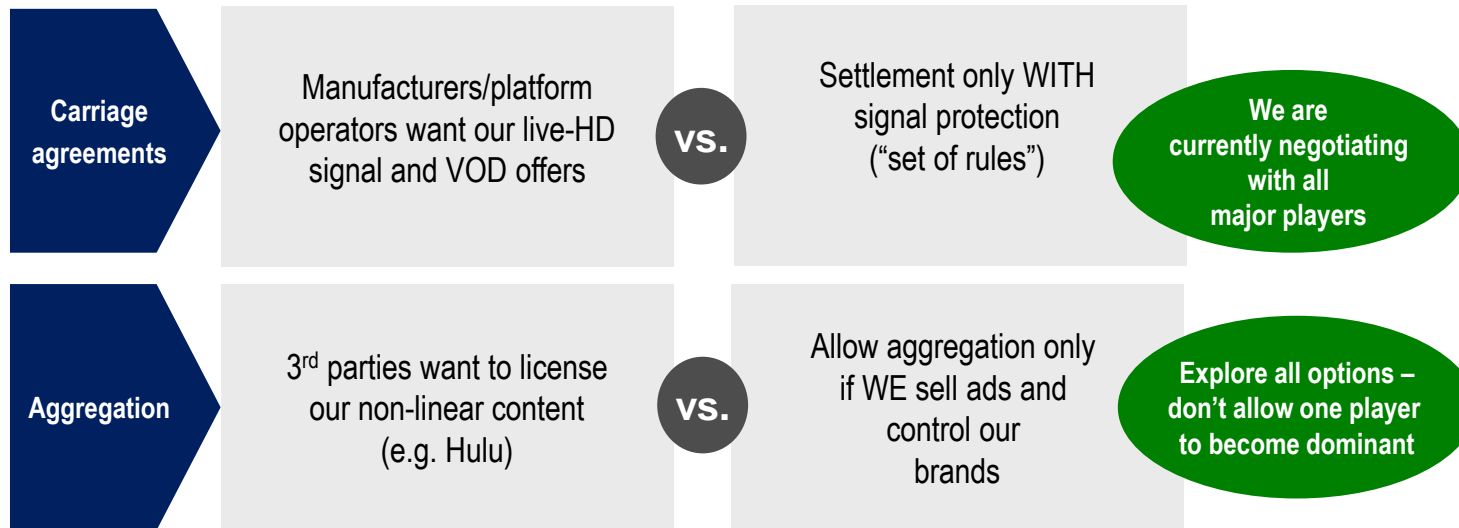
How can new TV devices harm broadcasters?



Threats to Broadcasters

How can new TV devices harm broadcasters?

What we have to do...



Our TV content / signal is the most effective leverage for countering potential threats