

RTL Group reports record revenue in 2018

- RTL Group once again reached its revenue and EBITDA targets
- Reported full-year revenue up 2.1 per cent to €6,505 million; organic revenue¹ growth was at 2.8 per cent
- Reported EBITDA down 5.7 per cent to €1,380 million; Operational EBITDA² up 0.7 per cent
- Digital revenue³ continues to grow dynamically, up by 19.2 per cent to €985 million
- Attractive shareholder returns: final dividend of €3.00 per share; total dividend of €4.00 per share represents 92 per cent of the reported EPS
- RTL Group's Total Video 2.0 strategy focuses on building local streaming champions – with €350 million additional investments in its VOD services over the next three years – and strengthening content creation

Luxembourg, 13 March 2019 – RTL Group announces its audited results for the year ended 31 December 2018.

RTL Group reports record revenue for the fourth consecutive year

- Group revenue increased 2.1 per cent to €6,505 million (2017: €6,373 million), once again reaching a record level. This was mainly driven by higher revenue from RTL Group's rapidly growing digital businesses, Fremantle and RTL Nederland. Organic revenue growth¹ was at 2.8 per cent, in line with previous guidance
- Platform revenue⁴ increased 7.5 per cent to €343 million (2017: €319 million)
- Digital revenue grew to €985 million (2017: €826 million), and already accounted for 15.1 per cent of RTL Group's total revenue (2017: 13.0 per cent)
- RTL Group's revenue is well diversified, with 45.8 per cent from TV advertising, 20.0 per cent from content, 15.1 per cent from digital activities, 5.3 per cent from platform revenue, 4.1 per cent from radio advertising, and 9.7 per cent from other revenue
- Reported EBITDA⁵ was €1,380 million compared to €1,464 million in 2017 (down 5.7 per cent). Adjusted for the significant positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris (+€94 million in 2017), EBITDA was slightly up 0.7 per cent year on year

¹ Adjusted for scope changes and at constant exchange rates

² EBITDA for the year 2017 adjusted for the significant positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris (+€94 million in 2017)

³ "Digital" refers to the internet-related activities with the exception of online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, i.e. other advertising sales, revenue from distribution and licensing of content, consumer and professional services

⁴ Revenue generated across all distribution platforms (cable, satellite, IPTV) including subscription and re-transmission fees

⁵ See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2018

- Reported EBITDA margin was 21.2 per cent (2017: 23.0 per cent)
- Net profit attributable to RTL Group's shareholders decreased by 9.6 per cent to €668 million (2017: €739 million), mainly due to a goodwill impairment against StyleHaul amounting to €105 million
- Net cash from operating activities⁶ was €873 million, resulting in an operating cash conversion⁷ of 90 per cent (2017: 104 per cent). Net financial debt⁸ was €470 million at the end of 2018 (2017: net financial debt of €545 million)
- RTL Group's Board of Directors has proposed a final dividend of €3.00 per share for the fiscal year 2018. This reflects the Group's strong cash flows, future investment plans and its target net debt to full-year EBITDA ratio⁸ of 0.5 to 1.0 times. In addition, RTL Group has already paid an interim dividend of €1.00 per share for the fiscal year 2018, in September 2018 (2017: final dividend of €3.00 per share plus interim dividend of €1.00)
- Based on the average share price in 2018 (€63.06⁹), the total dividends for the fiscal year 2018 (€4.00 per share; 2017: €4.00 per share) represent a dividend yield of 6.3 per cent (2017: 5.9 per cent) and a payment of 92 per cent of the reported EPS (€4.35)
- RTL Group's Board of Directors also decided, due to low levels of trading, to apply to Euronext Brussels for a de-listing of its shares from Euronext Brussels. RTL Group shares will continue to be listed on both the Frankfurt/Main and Luxembourg stock exchanges

Q4/2018: Digital businesses and Fremantle drive fourth quarter revenue

- Following an exceptionally strong fourth quarter in 2017, Group revenue was slightly up at €2,037 million in the fourth quarter of 2018 (Q4/2017: €2,023 million), mainly driven by the digital businesses and Fremantle
- EBITDA was down to €488 million (Q4/2017: €575 million) in the fourth quarter of 2018. This decrease reflects the fact that the fourth quarter EBITDA of 2017 included a significant positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million. Adjusted for this effect, EBITDA was up 1.5 per cent, mainly attributable to RTL Belgium
- Net profit attributable to RTL Group shareholders was €244 million (Q4/2017: €305 million)

⁶ See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2018

⁷ See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2018

⁸ See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2018

⁹ Frankfurt Stock Exchange

Segments¹⁰: all major business units made strong full-year EBITDA contributions

- Mediengruppe RTL Deutschland's EBITDA was €728 million, the second highest full-year operating profit of the unit. The slight decrease compared to 2017 (€738 million) was mainly due to lower TV advertising revenue in a year in which major sporting events, such as the Fifa World Cup 2018 and the Winter Olympics, were broadcast on the public TV channels
- Groupe M6's EBITDA was up 2.8 per cent to €400 million (2017: €389 million), mainly driven by high-margin platform revenue
- EBITDA of Fremantle – RTL Group's global content production arm – increased by 5.0 per cent to €147 million (2017: €140 million), reflecting higher profit contributions from the businesses in North America, Germany (UFA) and the Canadian video game company, Ludia
- RTL Nederland's EBITDA was slightly up to €89 million (2017: €87 million), thanks to higher TV advertising revenue, Videoland and other digital activities

“Total Video 2.0 means building local streaming champions and strengthening our content creation.”

Bert Habets, Chief Executive Officer of RTL Group, says:

“With rapidly changing consumer behaviour and the rise of global tech giants and streaming platforms, we've moved from a local to a global competitive landscape. At the same time, international media markets are experiencing unprecedented change and consolidation. This is why 2018 saw the start of our transformation journey to foster organic growth within our portfolio, through our Total Video 2.0 strategy.

With this strategy we will focus on two clear priorities: building local streaming champions and strengthening our content creation. Accordingly, RTL Group will invest at least an additional €350 million to boost the expansion of our streaming services over the next three years – €300 million of which will be dedicated to content investments across all genres. As our streaming services are deeply integrated in our families of TV channels, these investments will generate sizeable additional revenue and will thus have limited impact on our operating profit. Every investment in local, exclusive content is an investment for the long run, strengthening both our linear TV channels and streaming services. In other words: we will continue to generate very healthy profit margins.

At the end of 2018, RTL Group passed the first million mark of paying subscribers, combining the subscriber bases of TV Now Premium in Germany and Videoland in the Netherlands. We plan to start similar services in other countries. Over the next three years, we aim to grow our total number of paying subscribers to at least 3 million. Our streaming services already show very promising growth rates in a highly dynamic market – thus we will always have the flexibility to further increase our ambitions in this space. This growth will help to further diversify RTL Group's revenue streams.

With Fremantle we continue our push into drama production. As drama series are also key for the expansion of our streaming services, we have developed an ambitious growth plan for scripted series. Based on this growth plan, international drama productions are forecast to generate more than €500 million in revenue in 2021.”

¹⁰ 2017 comparatives have been re-presented as if the following transfers had occurred on 1 January 2017:

- The transfer of the international activities of Smartclip from Mediengruppe RTL Deutschland to SpotX (shown in 'Other segments');
- The transfer of Smartclip Benelux from Mediengruppe RTL Deutschland to RTL Nederland

Elmar Heggen, Chief Financial Officer of RTL Group, comments:

“For 2018 we once again report record revenue and strong EBITDA results. RTL Group’s digital revenue continues to grow dynamically, and we reached our target – that at least 15 per cent of the Group’s total revenue originates from digital – clearly ahead of time. To provide highly transparent financial information and guidance for the capital markets, we now disclose additional figures on our digital activities, as well as new concrete goals and ambitions for our focus areas: video-on-demand and content.

Despite new ambitions and goals that will require significant investments, RTL Group confirms its dividend policy as we have the strength to provide attractive dividend payments to our shareholders. The Group stands for an excellent earnings profile and high cash generation. That is why the Board of Directors has once again decided to propose to the AGM a final dividend of €3.00 per share on top of the interim dividend of €1.00 per share paid in September 2018.”

Strengthening video-on-demand services

- At the end of 2018 RTL Group registered 1 million paying subscribers for its video-on-demand platforms (mainly the pay services TV Now Premium in Germany and Videoland in the Netherlands), up 76.7 per cent year on year
- The number of paying subscribers for TV Now Premium grew by 43.5 per cent¹¹, mainly driven by improved product features
- In the Netherlands, Videoland recorded paying subscriber growth of 134.9 per cent¹². Total subscriber viewing time increased by 229.9¹³ per cent in 2018. Videoland’s strong growth was primarily driven by local original content shows such as reality format *Temptation Island VIPs* and crime series *Mocro Maffia*, both of which were exclusively available on the subscription video-on-demand service
- Over the next three years RTL Group aims to grow its total number of paying subscribers to at least 3 million and to grow VOD revenue from €216 million in 2018 to at least €360 million in 2021, further diversifying RTL Group’s revenue streams

Developing more exclusive content

- Scripted productions were again very successful in 2018 with the launch of *My Brilliant Friend*, *Picnic at Hanging Rock* and *Deutschland 86*
- Fremantle – together with broadcasters and streaming platforms – is working on the realisation of at least 35 scripted series ideas. As a consequence, international drama productions are forecast to generate more than €500 million in revenue in 2021 (2018: €300 million)

¹¹ As at 31 December 2018 compared to 31 December 2017

¹² As at 31 December 2018 compared to 31 December 2017

¹³ OTT only

Outlook

RTL Group is reverting back to guidance on EBITA in its outlook statement. The Group believes this will provide a better operational KPI than continuing to use EBITDA. The Group notes that the analyst community continues to use EBITA – some on an exclusive basis – as the main KPI for the Group's profitability. Reverting back to EBITA will therefore align the Group's guidance to the expectations of the investment community. In addition, the Group's EBITDA will be affected by the new IFRS 16 (Leases) standard from 2019 onwards. Both EBITDA and EBITA will continue to be reported on for the Group's business segments. As outlook guidance will revert back to EBITA, RTL Group will also comment primarily on EBITA as the KPI for operating profit in 2019.

- RTL Group expects its total revenue for the fiscal year 2019 to grow moderately (+2.5 per cent to +5.0 per cent) excluding foreign exchange rate effects, driven by the Group's digital businesses and Fremantle
- RTL Group expects its reported EBITA to decrease moderately (-2.5 per cent to -5.0 per cent), reflecting investments into the broadcasters' TV schedules and VOD services
- RTL Group will keep a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the fiscal year 2019
- RTL Group will continue to focus on cash conversion and targets 2019 levels not below 85 to 90 per cent
- The dividend policy remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the fiscal year 2019

Financial Review

In € million	2018	2017	Per cent change
Revenue	6,505	6,373	+2.1
Underlying revenue¹⁴	6,516	6,339	+2.8
EBITDA¹⁵	1,380	1,464	(5.7)
EBITDA margin (per cent)	21.2	23.0	
EBITA	1,171	1,248	(6.2)
EBITDA	1,380	1,464	
Impairment losses of goodwill	(105)	–	
Impairment of investments accounted for using the equity method	(2)	(6)	
Depreciation, amortisation and impairment	(224)	(233)	
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	27	21	
EBIT¹⁶	1,076	1,246	
Net financial expense	(13)	(24)	
Income tax expense	(278)	(385)	
Profit for the year	785	837	
<i>Attributable to:</i>			
<i>Non-controlling interests</i>	117	98	
RTL Group shareholders	668	739	
Reported EPS (in €)	4.35	4.81	

The document with the more detailed full-year results 2018 will be available to download at www.rtlgroup.com/results_fy2018

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¹⁴ Adjusted for scope changes and at constant exchange rates

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About RTL Group

RTL Group is a leader across broadcast, content and digital, with interests in 60 television channels, eight video-on-demand platforms and 30 radio stations. RTL Group also produces content throughout the world and owns several rapidly growing digital video businesses. The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia, Hungary and Antena 3 in Spain. RTL Group's families of TV channels are either the number one or number two in eight European countries. The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, Spain and Luxembourg. RTL Group's content production arm, Fremantle, is one of the largest international creators, producers and distributors of scripted and unscripted content in the world. Fremantle has an international network of production teams, companies and labels in over 30 countries, producing over 12,700 hours of original programming and distributing over 20,000 hours of content worldwide. Combining the on-demand services of its broadcasters, the multi-platform networks BroadbandTV, StyleHaul, Divimove, United Screens and Fremantle's more than 300 YouTube channels, RTL Group has become the leading European media company in online video. RTL Group also owns the advanced video ad serving platform SpotX. For more information, please visit RTLGroup.com and follow RTL Group on Twitter @rtlgroup.

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