

CORPORATE PROFILE



RTL Group: Entertain. Inform. Engage.

With interests in 60 television channels, eight video-on-demand platforms, 30 radio stations, a global business for content production and distribution, and rapidly growing digital video businesses, RTL Group entertains, informs and engages audiences around the world.

The Luxembourg-based company owns stakes in TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary and Croatia. With Fremantle, it is one of the world's leading producers of television content: from talent and game shows to drama, daily soaps and telenovelas, including *Idols*, *Got Talent*, *Good Times – Bad Times* and *Family Feud*. With its investments in online video – BroadbandTV, StyleHaul, Divimove and United Screens – RTL Group is the leading European media company in online video. In the course of 2019, RTL Group will combine StyleHaul, Divimove and United Screens to build a strong and profitable digital video group. Moreover, RTL Group built a global ad tech powerhouse, combining the video ad serving platform SpotX with the European monetisation platform Smartclip in 2018.

The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

RTL Group itself was created in spring 2000, following the merger of Luxembourg-based CLT-UFA and the British content production company Pearson TV, owned by Pearson PLC. CLT-UFA was created in 1997 when the shareholders of UFA (Bertelsmann) and the historic Compagnie Luxembourgeoise de Télédiffusion – CLT (Audiofina) merged their TV, radio and TV production businesses.

Bertelsmann has been the majority shareholder of RTL Group since July 2001. RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and on the Brussels and Luxembourg stock exchanges. Since September 2013, RTL Group has been listed in the prestigious MDAX stock index.

RTL Group's business comprises the following six reporting segments: Mediengruppe RTL Deutschland, Groupe M6 (including the French radio business around the RTL family of radio stations), Fremantle, RTL Nederland, RTL Belgium and Others (which includes RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, the German radio business and the investment accounted for using the equity method, Atresmedia in Spain). The segment "Others" also includes RTL Group's ad-serving platform, SpotX, and the multi-platform networks BroadbandTV, StyleHaul, Divimove and United Screens.

Groupe M6 and Atresmedia are themselves listed companies, with the shares being traded on the stock exchanges of Paris and Madrid respectively.

ENTERTAIN. INFORM. ENGAGE.

The business areas

Broadcast

Television: RTL Group is Europe's largest free-to-air broadcaster. Each day, millions of viewers all over Europe watch RTL Group's television channels, which include the families of channels clustered around the flagships RTL Television in Germany, M6 in France, RTL 4 in the Netherlands and RTL-TVI in Belgium. The Group also has broadcasting operations in Hungary (RTL Klub, RTL II, and six cable channels), Croatia (RTL Televizija, RTL 2, RTL Kockica), and Luxembourg, as well as interests in Atresmedia in Spain.

Radio: RTL Group's radio stations reach millions of listeners each day. The Group's flagship radio station is RTL Radio in France, and it also owns or has interests in stations in Germany (including 104.6 RTL, Antenne Bayern), Belgium (Bel RTL, Radio Contact), Spain (Onda Cero, Europa FM, Melodía FM) and Luxembourg (RTL Radio Lëtzebuerg, Eldorado).

Content

RTL Group's content production arm, Fremantle, is one of the largest creators, producers and distributors of television brands in the world. With operations in 30 countries, Fremantle is responsible for over 12,500 hours of TV programming broadcast each year. The company also distributes more than 20,000 hours of content in over 200 territories.

Digital

RTL Group has become the leading European media company in online video and is ranked among the top global players in this segment. Since 2013, RTL Group has made key investments in several multi-platform networks (MPNs) such as BroadbandTV, StyleHaul, Divimove and, most recently, United Screens. Additionally, RTL Group invested into advertising technology, namely video ad serving platform SpotX in the US and monetisation platform Smartclip in Europe as well as the investments accounted for using the equity method: Clypd, a pioneer in programmatic TV, and VideoAmp, a platform for cross-screen data optimisation. In 2017, RTL Group decided to combine SpotX and Smartclip to create one integrated ad-tech company by the end of 2018, to launch the platform across the Group's operations and to scale it up with further acquisitions and partnerships.

Group strategy

A global force in video production, aggregation and monetisation

The following segment describes RTL Group's strategy from the angle of the Group's three strategic areas – broadcast, content and digital. In short, RTL Group's general strategic goal within the 'Total Video' universe is to maximise consumers' attention to its broad variety of video offers, across all devices.

Broadcast

Strengthening RTL Group's core business remains a key part of the Group's strategy, and **building and extending families of channels** is key to tackling increasing audience fragmentation and competition in a digital, multi-channel world. In recent years, RTL Group's families of channels have been enhanced by the addition of several digital channels with clearly defined profiles, including Nitro, RTL Plus, Toggo Plus, W9, 6ter, and RTL Z.

One focus of the broadcast strategy is to achieve a significant **increase in non-advertising revenue** by establishing a second revenue stream from platform operators. RTL Group aims to receive a fair revenue share for its brands and programmes from the major distribution platforms – cable network operators, satellite companies and internet TV providers – for new services such as high-definition TV channels, on-demand platforms and digital pay channels.

As 'must-see' content becomes ever-more valued by today's digital audience, broadcasters must invest in **top-quality content** that will attract high viewing figures – especially locally. As well as nurturing and refreshing established popular shows, news, daily soaps and reality formats, RTL Group's broadcasters invest significantly in developing new, exclusive formats and premium content that build image, strengthen the brand and – most importantly – command exclusivity in the marketplace. The major task for today's linear TV channels is to create a unique selling proposition – wherever the consumers are.

In addition to their linear signal, RTL Group's broadcasters extend their premium linear TV content into the non-linear world. They have quickly succeeded in establishing their own on-demand platforms, making their programmes available on all devices. These platforms are predominantly ad-financed. Now, RTL Group's broadcasters have identified interesting business opportunities for **hybrid models**, consisting of a free, advertising-funded service and a paid, premium content bundle – offering the programmes of RTL Group's linear TV channels with licensed content from third parties.

RTL Group registers more and more global ad buying from advertisers and agencies, driven by the "walled garden" solutions of the big US players. As a consequence, RTL Group invests into its **international sales house RTL AdConnect** to ensure it serves international advertisers/agencies with its families of channels, on-demand services and MPNs. Formerly known as IP Network, RTL AdConnect provides a simplified access to RTL Group's large portfolio of TV and VOD services, MPNs and advertising technology – all this in a transparent and brand safe environment. In addition to RTL

Group, and to be relevant in all main markets in Europe, RTL AdConnect's portfolio encompasses leading partners such as ITV in the UK, RAI in Italy or even Medialaan in Belgium. Thanks to these partnerships, RTL Group is the only company in Europe which is able to **offer advertisers pan-European digital video campaigns.**

Content

The strategic pillar of content is mainly served by RTL Group's production arm Fremantle. Fremantle's strategy has three pillars:

1) Maintaining the company's position as a leading producer of quality programming by **nurturing established brands** such as *Idols*, *Got Talent* and *The Farmer Wants a Wife*, while **investing into creating new formats and brands.**

2) **Diversifying Fremantle's portfolio** by strengthening its local businesses and increasing prime-time drama. Fremantle has made a series of investments in recent years (with options to buy the remaining stakes in the future), to strengthen capabilities in the scripted, entertainment and factual genres.

Meanwhile, investments in high-end productions accelerate the company's growth in prime-time drama. Following the premiere of *The Young Pope* – produced by Fremantle's Italian production arm Wildside – and Fremantle's adaptation of Neil Gaiman's acclaimed contemporary fantasy novel, *American Gods*, Fremantle's push into drama continued in 2017 with the signature productions such as *Deutschland 86*, *Hard Sun* and *Picnic at Hanging Rock* in 2018.

3) **Maximising the global Fremantle network** by increasing scale in strategic markets. In recent years, the company has strengthened its Scandinavian and southern European footprint with the opening of new offices in Sweden, Norway and Spain. In 2017, Fremantle made several investments, among them Easy Tiger Productions in Australia.

Digital

First, the Group is **extending its premium linear TV content into the non-linear world.** RTL Group's channels have quickly succeeded in establishing their own on-demand platforms, making their programmes available on all devices – PCs, smartphones, tablets and internet-connected TV sets. Examples include TV Now in Germany, 6play in France and RTL XL in the Netherlands. Most recently, the 6play platform was rolled out to other RTL Group territories as a white label solution, and is or shortly be available in Croatia, Belgium and Hungary.

Online video has matured and is now moving towards the screen in the living room – live and on demand. Accordingly, RTL Group's broadcasters across Europe have identified interesting business

opportunities for **hybrid models**, consisting of a free, advertising-funded catch-up service and a paid, premium content bundle – offering the programmes of linear TV channels plus licensed content from third parties. With these hybrid models, RTL Group will build the next generation of TV, bringing linear TV channels and on-demand services much closer together.

Total Video means maximising consumers' attention to all of RTL Group's video offers, across all platforms and devices. This includes the Group's multi-platform networks such as BBTv, StyleHaul, Divimove, Golden Network, RTL MCN, United Screens.

There are three key reasons:

- **usage of short-form videos keeps on growing at very high rates**, in particular on mobile devices and in particular among younger people – and this is a key audience for RTL Group and advertising clients;
- **advertising and branded content revenues in the YouTube ecosystem keep on growing very dynamically**, despite having to share revenues with platforms and controversial issues about brand safety in the past 12 months;
- the **MPN space is operating at global scale**, complementing RTL Group's families of channels on national levels – RTL Group developed strong number one and two positions with its investments and is thus **well positioned to grow margins and profit contributions** in this space significantly.

Further substantial growth of RTL Group's digital revenue requires **new skills in advertising technology**. To grow its ad-tech business, RTL Group will combine SpotX and Smartclip by the end of 2018, launch the integrated platform across its operations, and scale it up through additional acquisitions and partnerships. The purpose of the combination is to create a global, independent monetisation platform for broadcasters, SVOD services and publishers. The combined entity will focus on ad-server development and addressable TV, which provide the Group with dynamic ad-insertion capabilities. It will also work with two of the Group's minority shareholdings (VideoAmp and Clypd) with the aim of positioning itself as an innovation leader among independent ad-tech platforms.

RTL Group's vision is to create an independent, global monetisation platform for video – a large, innovative, customer-friendly alternative for publishers. The Group is already up and running with its different services.

Latest update: January 2019