ANNUAL REPORT 2018

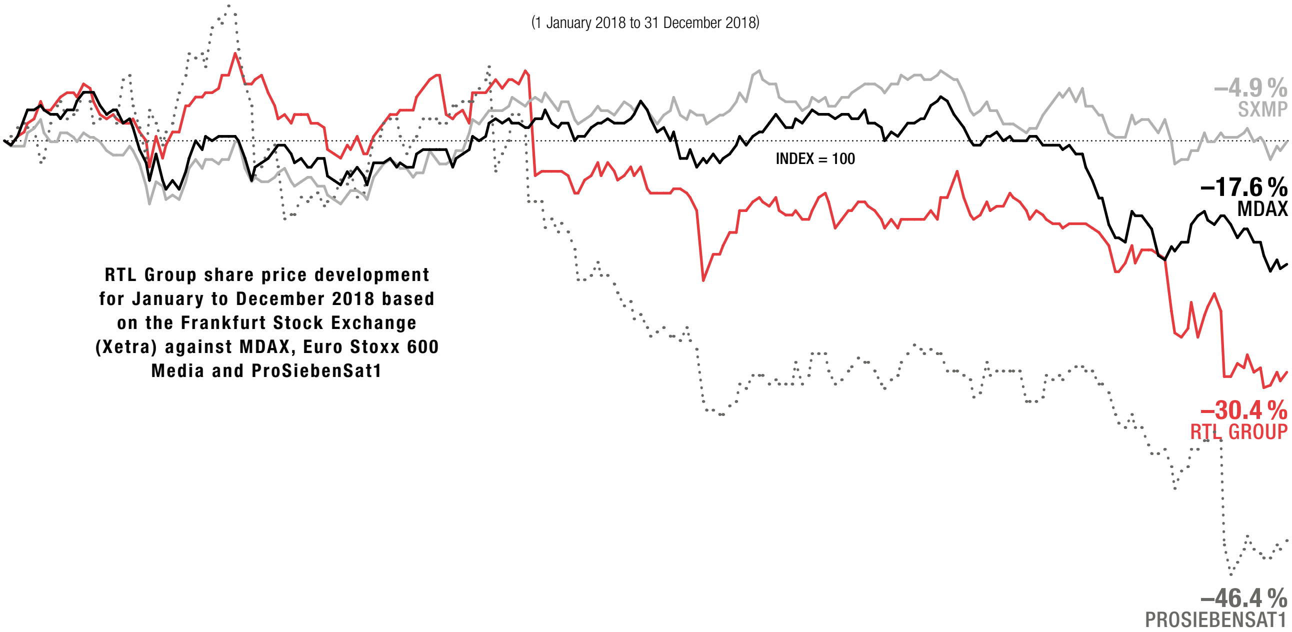
RTL GROUP

ENTERTAIN. INFORM. ENGAGE.

KEY FIGURES

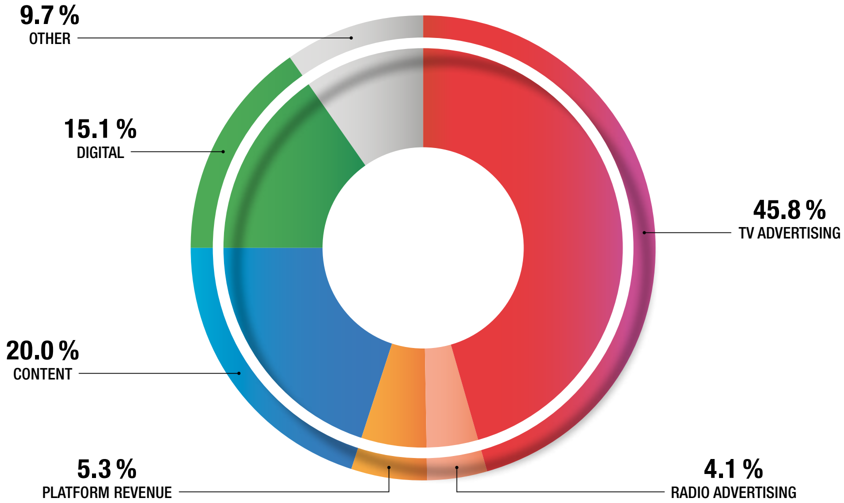
SHARE PERFORMANCE

(1 January 2018 to 31 December 2018)



RTL Group share price development for January to December 2018 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1

RTL GROUP REVENUE SPLIT



In 2018, TV advertising accounted for 45.8 per cent of RTL Group's total revenue, making the Group one of the most diversified groups when it comes to revenue. Content represented 20.0 per cent of the total, while greater exposure to fast-growing digital revenue streams and higher margin platform revenue further improve the mix.

REVENUE

2014 – 2018 (€ million)

18	**6,505**
17	6,373
16	6,237
15	6,029
14	5,808

EBITDA

2014 – 2018 (€ million)

18	**1,380**
17	1,464
16	1,411
15	1,360
14	1,347*

*Restated for changes in purchase price allocation

NET PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

2014 – 2018 (€ million)

18	**668**
17	739
16	720
15	789
14	652*

*Restated for changes in purchase price allocation

EQUITY

2014 – 2018 (€ million)

18	**3,553**
17	3,432
16	3,552
15	3,409
14	3,275*

*Restated for changes in purchase price allocation

MARKET CAPITALISATION*

2014 – 2018 (€ billion)

18	**7.2**
17	10.4
16	10.7
15	11.9
14	12.2

*As of 31 December

TOTAL DIVIDEND / DIVIDEND YIELD PER SHARE

2014 – 2018	(€)	(%)
18	**4.00***	**6.3**
17	4.00**	5.9
16	4.00***	5.4
15	4.00****	4.9
14	5.50*****	6.8

*Including an interim dividend of € 1.00 per share, paid in September 2018
**Including an interim dividend of € 1.00 per share, paid in September 2017
***Including an interim dividend of € 1.00 per share, paid in September 2016
****Including an extraordinary interim dividend of € 1.00 per share, paid in September 2015
*****Including an extraordinary interim dividend of € 2.00 per share, paid in September 2014

CASH CONVERSION RATE*

2014 – 2018 (%)

18	**90**
17	104
16	97
15	87
14	95

*Calculated as operating pre-tax free cash flow as a percentage of EBITA

PLATFORM REVENUE*

2014 – 2018 (€ million)

18	**343**
17	319
16	281
15	248
14	225**

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

DIGITAL REVENUE*

2014 – 2018 (€ million)

18	**985**
17	826
16	670
15	508
14	295

*Excluding e-commerce, home shopping and platform revenue

ONLINE VIDEO VIEWS

2014 – 2018 (billion)

18	**497**
17	420
16	274
15	105
14	37

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.

RTL Group –
the Total Video Powerhouse.
Scan and explore!

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

Visit the interactive online report

annual-report2018.rtlgroup.com

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CHAIRMAN’S STATEMENT

THOMAS RABE

CHAIRMAN OF THE BOARD OF DIRECTORS

On 1 April 2019, RTL Group’s Board of Directors appointed Thomas Rabe as Chief Executive Officer of RTL Group. Martin Taylor was appointed as Chairman and James Singh as Vice Chairman of the Board of Directors.

RTL Group looks back on a successful year. Fuelled by organic growth, our Group generated record revenues of € 6.5 billion and a higher adjusted operating profit in 2018. Above all, we succeeded in offering attractive, compelling content to our millions of viewers, listeners and users in each of our three strategic pillars.

In a competitive environment, our core TV families largely maintained their positions in TV advertising in their key territories – Germany, France, and the Netherlands. Mediengruppe RTL Deutschland retained its market leadership with the 14 to 59 target group in Germany, even though major sporting events such as the Football World Cup and the Winter Olympics were broadcast by public-service competitors. The team in Cologne made great progress in focusing on local original productions, launching more than 150 new formats in 2018.

In this regard, I would like to thank – both personally and on behalf of the entire Board – Anke Schäferkordt, who stepped down as CEO of Mediengruppe RTL Deutschland at the end of last year. Her contribution to our company's successful performance in over 27 years with RTL has been outstanding.

Groupe M6 in France improved its results in 2018, and has now successfully integrated the activities of RTL Radio in France. Towards the end of the year, we sold our stake in the Girondins de Bordeaux football club and MonAlbumPhoto. At the beginning of 2019, Groupe M6 announced it has entered exclusive negotiations to acquire Lagardère's television business, with its well-known children's channel, Gulli.

Beyond these advancements, the focus has been on expanding RTL Group's VOD services, and we successfully passed the mark of one million paying subscribers by the end of 2018. Mediengruppe RTL Deutschland relaunched its video-on-demand service, TV Now, which features an improved user interface, along with additional local, exclusive content and online-first formats. Groupe M6 announced it will team up with France Télévisions and Groupe TF1 to build the joint French video-on-demand platform, Salto. In the Netherlands, RTL more than doubled subscriptions of its SVOD service, Videoland. Building a strong local presence in VOD will be a core focus for our Group in the years ahead.

In content production, Fremantle reported a significant rise in revenues, despite negative exchange rate effects, and increased its profits. Our strategic refocus and investments of recent years, especially in scripted drama, are paying off. Creative highlights of the past year include the series *Deutschland 86* and *Ku'damm 59*, as well as the production *My Brilliant Friend* by the Fremantle subsidiary Wildside, which was sold to 147 territories.

"BUILDING A STRONG LOCAL PRESENCE IN VOD WILL BE A CORE FOCUS FOR OUR GROUP IN THE YEARS AHEAD."

We are also seeing a continued expansion of our digital activities, which contributed 15.1 per cent (€ 985 million) to total revenue last year, mainly driven by organic growth – a year-on-year increase of 19.2 per cent.

The Board of Directors of RTL Group closely followed all these developments. The Committees' work in 2018 focused on business performance review, strategy review and strategic planning, the evaluation of major investments in content, VOD and other lines of business, as well as management development and senior management appointments. I am delighted that Lauren Zalaznick and Immanuel Hermreck joined the Board. At the same time, I thank Rolf Hellermann, who stepped down from the Board of Directors at the end of the year, for his valuable contributions.

As we look back on this very gratifying year, I would like to say a big thank you to the entire management team of RTL Group and to our 16,000 employees around the world. Thanks to their creativity, innovation and passion, we will keep up the pace and momentum of RTL Group's dynamic development.

I am pleased that you continue to follow us on this path.

THOMAS RABE
Chairman of the Board of Directors

OUR BUSINESS MODEL

BROADCAST
TELEVISION AND RADIO

CONTENT
PRODUCTION AND DISTRIBUTION

DIGITAL
ONLINE VIDEO AND AD-TECH

THE ROLE OF THE GROUP

Maintaining direction

The Group provides strategic direction and financial control, while overseeing a broad portfolio of autonomous businesses. These form a decentralised, scalable multi-region, multi-platform business model: television, radio and online services with leading market positions in key geographical markets or themes.

Allowing autonomy

TV and radio are local businesses that serve different cultures, traditions and markets, so each is led by its own CEO. This entrepreneurial approach ensures each business can act quickly and flexibly in its target market, create its own identity, and benefit from proximity to its audience.

Collaborating and coordinating

Group and local management meet regularly to share experiences, discuss opportunities and challenges, develop strategies, and collaborate across the Group, in particular in the digital domain where scale is becoming ever more important. We ensure knowledge, expertise and promising innovations are rapidly shared across our Group.

Creating synergies

Our Synergy Committees (Sycos) enable relevant experts and decision makers to exchange best practice and develop strategic and operational aspects for all key areas of our business, such as programming, digital, sales, radio, and news.

THE VALUE CHAIN OF THE TOTAL VIDEO MARKET

CONTENT PRODUCTION

What we do

Fremantle produces content for broadcasters and digital platforms globally. Our broadcasters also make and commission local content. We are active across most popular genres: news, entertainment shows, drama, sports, and factual entertainment.

How we make money

Broadcasters and digital platforms commission productions, with a guaranteed income for producers. The production company may also take some of the development risk, for later reward.
Global hit formats can generate additional revenue by exploiting rights in gaming, music, merchandising and digital activities.

What makes us different

Fremantle is a global content and distribution network. We have a unique ability to roll out productions and hit formats internationally, and turn them into globally recognised brands. Established over a period of time, this model is hard to replicate.

AGGREGATION

What we do

TV channels, streaming services and radio stations create and, in case of linear transmissions, schedule programming that helps them shape their brands. Rather than focusing on a single genre, our flagship channels and streaming services balance ingredients to create a general interest programming mix. A similar concept applies with multi-platform networks (MPNs), which aggregate attractive content into specific niches in the digital world.

MEDIEN GRUPPE RTL DEUTSCHLAND · M6 GROUPE · rtl · BroadbandTV · unitedscreens · DIVIMOVE

How we make money

Advertising clients book spots in linear and nonlinear programming. The price they pay generally depends on the reach and demographic structure of the audience they target. In addition, subscription-based video on demand services (SVOD) generate pay revenue via the monthly subscription fees paid by the viewers.

What makes us different

We have a unique ability to create and promote new formats, refresh long-running hits, and promote major events. Above all, we are experts in creating local, exclusive content and in 'audience flow', creating a programming schedule that will reassure and attract audiences and keep them tuned in.

DISTRIBUTION

What we do

Our aim is to offer our content wherever the audience wants to watch it – on multiple platforms and devices. But distribution has to follow clearly defined business rules. First, our TV shows are never separated from our channel brands. Secondly, we remain in control of monetisation.

How we make money

Our aim is to receive a fair share of the revenue generated by our brands and programmes on distribution platforms such as cable network operators, satellite companies and internet TV providers. These services include high-definition (HD) TV channels, on-demand platforms and digital pay channels. Our platform revenue is growing steadily. It already accounts for 5.3 per cent of RTL Group's total revenue, and there is potential for this to grow, driven by growing HD penetration rates.

What makes us different

The various platform operators need must-see content and strong brands – this is exactly what we offer.

MONETISATION

What we do

Advertising sales is our primary revenue stream. We provide advertisers with large audiences who are attracted by high-quality content. We work closely with our advertising clients to provide all types of ad formats – not just the traditional 30-second TV commercial, but also packages tailored to each client's needs.

What makes us different

Advertising in audio-visual content has become very technology-driven, as digital advertising sales are much more fragmented and complex than in traditional broadcast. We are very early investors in advertising technology that optimises the digital ad sales process.

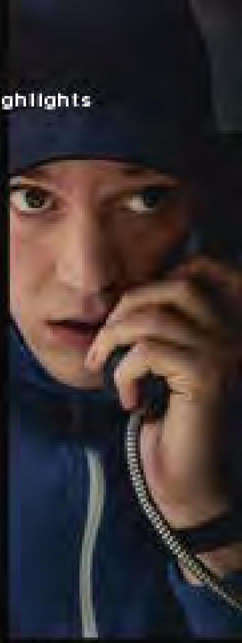
CONTENT AND VIDEO-ON-DEMAND ARE OUR GROWTH DRIVERS

MY BRILLIANT FRIEND

Fremantle — *My Brilliant Friend* is based on Elena Ferrante's bestselling novels and tells the story of the lives and friendship of two young girls growing up in Naples, Italy. It was shot in Neapolitan dialect, which made it authentic and true to the original novel. Following a much-acclaimed world premiere at the 75th Venice Film Festival in September 2018, the series aired on HBO in the US, Sky Atlantic in the UK and Rai in Italy. *My Brilliant Friend* attained an average audience of 7.1 million viewers on RAI Uno, making it Italy's number one new drama of 2018. It was sold to 147 territories worldwide and a second season has already been announced.

DEUTSCHLAND 86

UFA Fiction – *Deutschland 86* takes up the story of Martin Rauch (Jonas Nay) three years after *Deutschland 83*. Shady business dealings and a dangerous mission take him to South Africa, Angola, Libya, Paris, West Berlin and finally back to the GDR. Produced by UFA Fiction, *Deutschland 86* exclusively premiered in Germany, Austria, the Netherlands, Portugal, Japan, and India on Amazon Prime Video and on Sundance TV in the US in October 2018. The show was also made available on More 4 in the UK and is planned to air on RTL Television in 2019. The production for *Deutschland 89* has already been confirmed.



▶ 04 BERLIN

▶ EXCLUSIVE CONTENT

LOVE ISLAND

23 million video views
On TV NOW, HBBTV, RTL2.DE, and THE OFFICIAL LOVE ISLAND APP

Mediengruppe RTL Deutschland – The second season of *Love Island – Heiße Flirts und wahre Liebe* was a cross media hit for RTL II in Germany. The dating format takes single candidates to a sunny island with hot flirts in search for love. The show achieved an average market share of 18.3 per cent in the key target group of 14 to 29-year-olds, and 6.9 per cent of 14 to 59-year-olds. The video views on TV Now, *RTL2.de*, HbbTV and the official app reached 23 million. The official app for the show has been downloaded around 530,000 times and was complemented by other successful content on Instagram, Facebook, WhatsApp and YouTube. The new official *Love Island* YouTube channel attracted 30 million video views. Season three is set to air in 2019.

ICH BIN EIN STAR – HOLT MICH HIER RAUS!

Mediengruppe RTL Deutschland – *Ich bin ein Star – Holt mich hier raus!* continues to be one of the most watched and stand out programmes on RTL Television. The show brings 12 celebrities to the Australian jungle eager to be the last one standing. The 13th season reached and average of 5.37 million viewers with an average audience share of 32.0 per cent in the 14 to 59 target group. With exclusive backstage stories, the show also contributed to the newly launched general interest portal *RTL.de* which reached 14.6 million unique users in January 2019.

EXPEDITIE ROBINSON

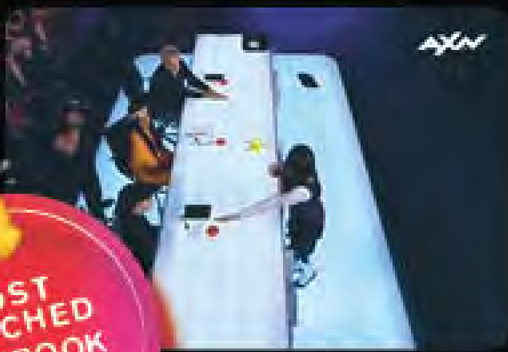
RTL Nederland – In the reality survival programme *Expeditie Robinson*, 14 well-known and seven unknown Dutch people enter into a fierce struggle with each other. The show reached an average audience share of 38.3 per cent and registered an average of 1.7 million viewers aged six and over on RTL 5.



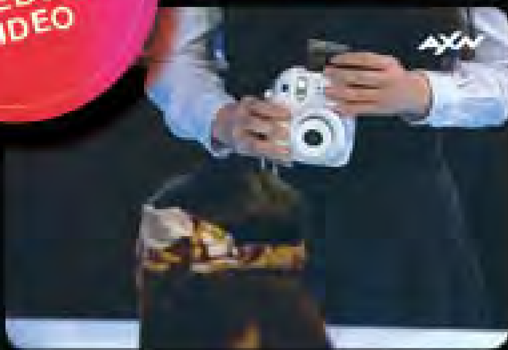


THE SACRED RIANA

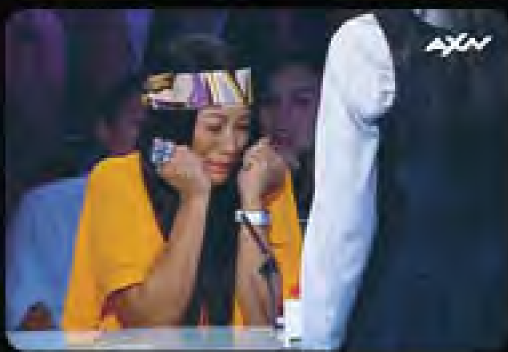
625 million views

MOST WATCHED FACEBOOK VIDEO

ASIA'S GOT TALENT

Fremantle — The audition clip of illusionist The Sacred Riana on *Asia's Got Talent* became the most watched Facebook video of all time, with more than 625 million video views by December 2018. In total, Fremantle content on Facebook achieved 14 billion views throughout 2018.



Second season of MOCRO MAFFIA confirmed

MOCRO MAFFIA

RTL Nederland — *Mocro Maffia* is a Dutch crime series about the rise of a new generation of criminals in the Amsterdam underworld. The eight-part fictional series tells the story of three best friends – Romano, Pencil and De Paus. They get into a dangerous gang war that has many victims and turns the capital upside down. The series was exclusively available on the subscription video-on-demand platform, Videoland.

SUCCESS STORY

RTL Luxembourg — *Success Story* on RTL Télé Lëtzebuerg is part of the channels expanded line-up of programmes. In the casting show, 20 contestants pitched their commercial ideas to local business people. Season two of *Success Story* will air in 2020. In 2018, RTL Télé Lëtzebuerg attracted 131,700 viewers each day representing a prime-time audience share of 45.7 per cent of Luxembourgish viewers aged 12 and over.

X-FAKTOR

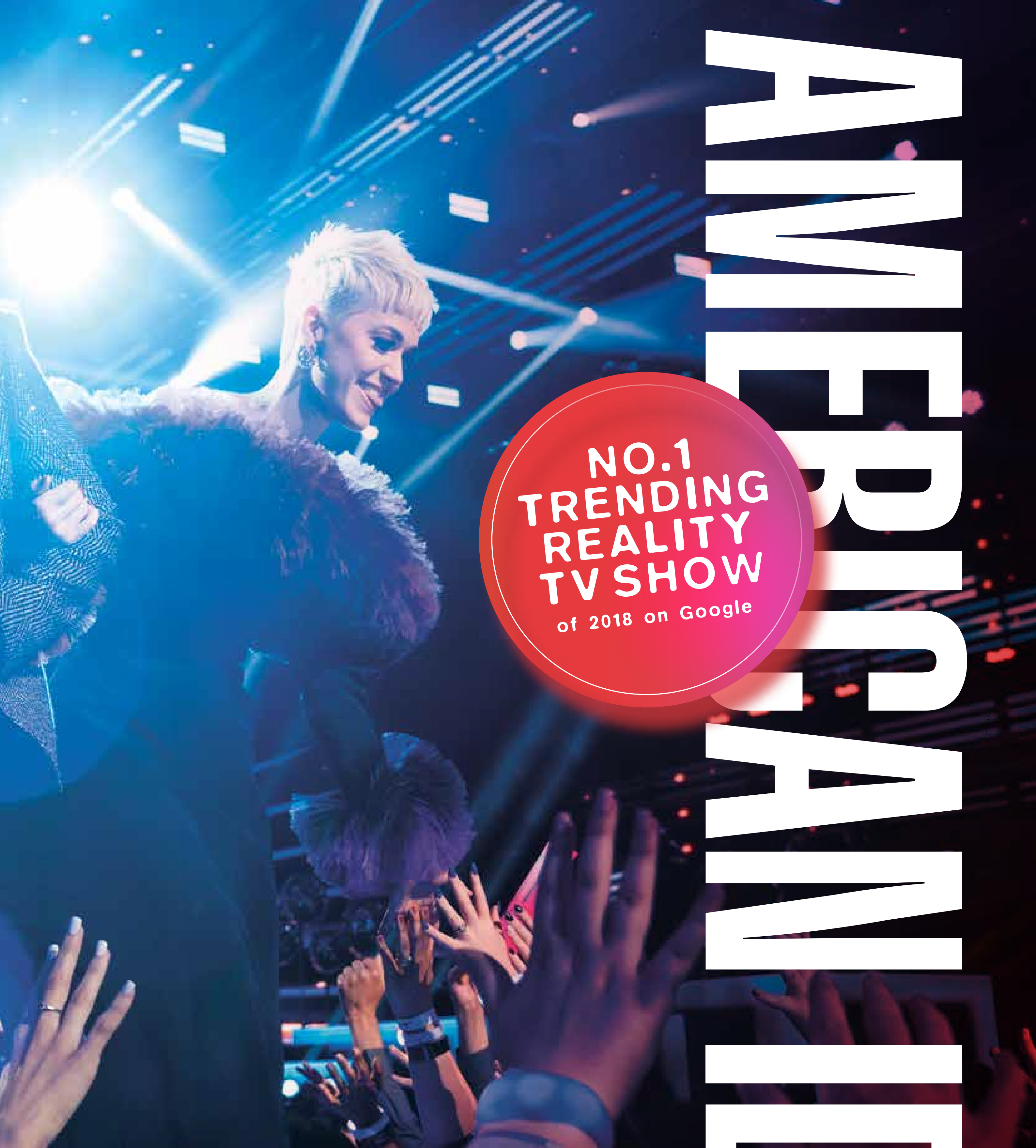
RTL Hungary — The most popular programme in 2018 on RTL Klub was the eighth season of *X-Faktor*. The talent show attracted an average audience share of 30.8 per cent in the 18 to 49 target group. In 2018, RTL Klub won 272 prime time evenings in the target group.

KU'DAMM 59

OVER 6 MILLION STREAMS

UFA Fiction — The three-part drama *Ku'damm 59* is a UFA Fiction production for Germany's public broadcaster ZDF. It follows the story of the Schöllack family and the Gallant dance school on Berlin's famous Ku'damm. The series reached an average of 5.85 million viewers with a 16.8 per cent market share and was the widest-reaching programme in the ZDF Mediathek in 2018, with over 6 million streams.

AMERICAN IDOL



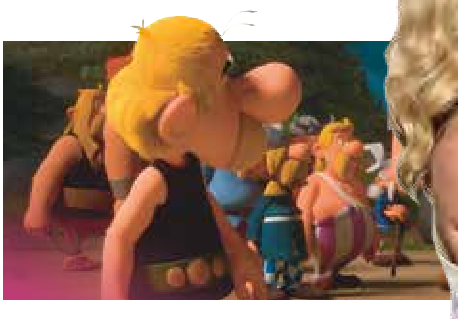
NO.1 TRENDING REALITY TV SHOW of 2018 on Google

Fremantle — Television's most successful music competition *American Idol* returned in March 2018, on its new home ABC. The show with superstar judges Katy Perry, Lionel Richie, Luke Bryan plus long-running host, Ryan Seacrest, crowned Maddie Poppe as season winner. With an average audience of 9.5 million viewers and a 9.3 per cent average audience share, the show performed over 50 per cent higher than ABC's prime-time average. By the end of the season, *American Idol* had accumulated more than 1 billion video views across all social media platforms and the *American Idol* app was downloaded over 1.2 million times.

Fremantle — Move over winter. The storm is coming with the return of *American Gods*. The battle between Old Gods and New Gods continued in March 2019 on Starz and Amazon Prime Video. The series is produced by Fremantle North America. Season three of *American Gods* has been confirmed.

ASTERIX ET LE SECRET DE LA POTION MAGIQUE

Groupe M6 — 2018 was marked by the release of *Asterix: The Secret of the Magic Potion.* The movie was produced by M6 Studio and distributed by SND, which sold more than 3.9 million cinema tickets overall. This new Asterix movie based on the original story, was the biggest box office success of the past 12 years for a French animated film.



EIN SCHNUPFEN HÄTTE AUCH GEREICHT

Mediengruppe RTL Deutschland — Actress Anna Schudt was honoured with the international Emmy Award in the category Best Lead Actress for her role in *Ein Schnupfen hätte auch gereicht*. The movie is based on the true story of comedian Gaby Köster and aired on RTL Television in 2017 reaching an audience share of 14.1 per cent in the 14 to 59 target group.

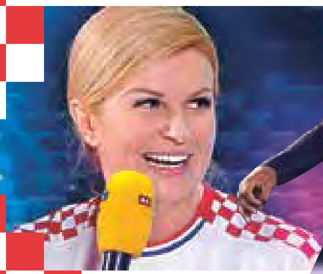
PICNIC AT HANGING ROCK

The Fremantle Australia production *Picnic at Hanging Rock* is set in a remote finishing school in 1900 and follows a group of young women bristling under the harsh rules of their English headmistress, Mrs Appleyard (Natalie Dormer). The gripping drama debuted on Foxtel Australia as the number one non-sport programme of the night and was sold to Amazon Video in the US, the BBC in the UK, Deutsche Telekom in Germany and Canal Plus in France.

PASSAGIER 23

Mediengruppe RTL Deutschland –
Following *Das Joshua Profil*, *Passagier 23* is the second novel by German bestselling author Sebastian Fitzek to be adapted for RTL Television. It tells the story of a police psychologist who is looking for his family who disappeared on a cruise. In the 14 to 59 target group, *Passagier 23* secured the prime-time win with an audience share of 15.0 per cent and 2.18 million viewers.

HANDBALL



RTL Croatia — The 2018 European Men's Handball Championship took place in January and was broadcast on both RTL Televizija and RTL 2. The tournament attracted an average audience share of 39.5 per cent across 17 live matches. The match between Iceland and Croatia was watched by 64.2 per cent of the 18 to 49-year-old viewers. For the first time, the matches were also available to watch on RTL Play, RTL Croatia's video-on-demand platform which launched in January 2018.

LA NATIONS LEAGUE

FOOTBALL

Groupe M6 — M6 aired two matches with the French national team competing in the 2018 nations league championship. In the key commercial target group of women under 50 responsible for purchases, the matches reached an average audience share of 26 per cent. Groupe M6 has a multi-year football deal which includes half the French national team's European Qualifiers for UEFA Euro 2020 and 2022 FIFA World Cup; friendlies, preparation matches, and matches of the UEFA Nations League.

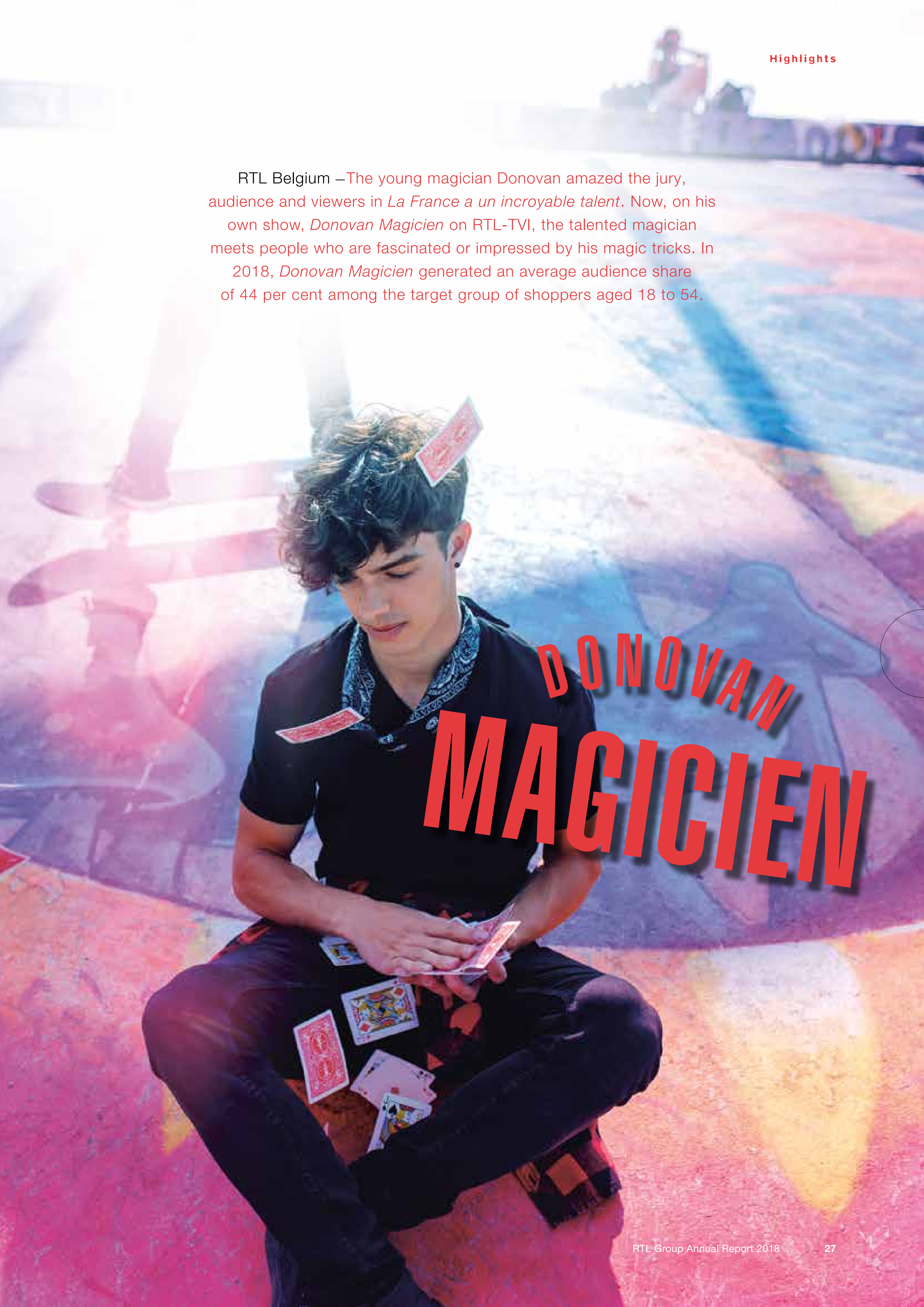
FORMULA 1

Mediengruppe RTL Deutschland — RTL Television's most-watched programme in 2018 was the Germany versus Peru football friendly in September 2018. Germany's 2:1 victory was watched by an average of 7.78 million total viewers – an audience share of 23.0 per cent in the 14 to 59 target group.

Another sports highlight on RTL Television in 2018 was Formula 1. On average, 24.1 per cent among the 14 to 59 target group followed the races in 2018.

DIE HÖHLE DER LÖWEN

Mediengruppe RTL Deutschland — *Die Höhle der Löwen* (Dragons' Den) continues to be the most successful prime-time production for Vox. The show, which features budding entrepreneurs and tough investors, generated an average audience share of 14.9 per cent among viewers aged 14 to 59. Overall, *Die Höhle der Löwen* allowed Vox to top the daily ratings four times and the prime-time ratings 10 times in 2018 in the 14 to 59 target group.



RTL Belgium – The young magician Donovan amazed the jury, audience and viewers in *La France a un incroyable talent*. Now, on his own show, *Donovan Magicien* on RTL-TVI, the talented magician meets people who are fascinated or impressed by his magic tricks. In 2018, *Donovan Magicien* generated an average audience share of 44 per cent among the target group of shoppers aged 18 to 54.

DONOVAN MAGICIEN

RTL Group's broadcasters operate
8 VIDEO-ON-DEMAND
platforms in
7 COUNTRIES
in Europe

LOCAL STREAMING CHAMPIONS

FROM CATCH-UP TV TO COMPREHENSIVE STREAMING SERVICES

By establishing their own on-demand platforms RTL Group's broadcasters have made their programmes available to viewers on all devices at all times – predominantly financed by advertising. They've also branched out into new business models, such as subscription video-on-demand (SVOD), and are increasing their production of web-original content.
The next step is to combine the Group's VOD offerings into a hybrid model that consists of a free, advertising-funded service and a paid, premium content bundle – offering popular shows from our linear TV channels with premium content, either exclusively produced or licensed from third parties.

Our broadcasters operate eight video-on-demand platforms in seven European countries. By the end of 2018, the combined subscriber bases of TV Now Premium in Germany and Videoland in the Netherlands had exceeded one million paying subscribers. Other VOD platforms are the advertising-financed services 6play in France, RTL XL in the Netherlands, RTL Play in Belgium and Croatia, RTL Most in Hungary, and Atresplayer in Spain.

In 2019, RTL Group will start developing and implementing plans for a joint tech platform for its VOD services, with the intention that the streaming platforms of all its broadcasters will ultimately migrate to it. As a collaboration between RTL Group's units, the tech platform will encompass a high level of flexibility for local operations.

Local, exclusive content remains the driving force and key differentiator to strengthen the positioning of our platforms in their respective markets, and collaboration between our production arm, Fremantle, and our broadcasters is vital. Strong investments in this area will enable us to boost the expansion of local streaming services and content across all genres to strengthen both our linear TV channels and streaming services.


VIDEOLAND
MOCRO MAFFIA
LEADING LOCAL VIDEO PLAYER
DAS GIBT'S NUR BEI TVNOW
L'AMOUR est dans le pré
6play
PLAY
RTL most
ATRES player

THE BOARD

EXECUTIVE DIRECTORS

THOMAS RABE
Chief Executive Officer of RTL Group, CEO and Chairman of the Bertelsmann Management SE Executive Board

Thomas Rabe, born in 1965, holds a diploma and a doctorate in economics from the University of Cologne, Germany. He started his career in 1989 at the European Commission in Brussels. From 1990 to 1996 he held various senior positions at Forrester Norall & Sutton (now White & Case) in Brussels, the state privatisation agency Treuhandanstalt, and a venture capital fund in Berlin. In 1996, he joined Cedel International (Clearstream, following the merger with Deutsche Börse Clearing) where he was appointed Chief Financial Officer and member of the Management Board in 1998.

In 2000, Thomas Rabe became Chief Financial Officer and member of the Executive Committee of RTL Group. In March 2003, he was also appointed Head of the Corporate Centre with responsibility for the Luxembourgish activities of RTL Group. With effect from 1 January 2006, Thomas Rabe was appointed to the Executive Board of Bertelsmann AG as the Group's Chief Financial Officer. From 2006 to 2008, he was also responsible for Bertelsmann AG's music business.

Since 1 January 2012, Thomas Rabe has been CEO and Chairman of the Executive Board of Bertelsmann AG, now Bertelsmann Management SE.

On 1 April 2019, Thomas Rabe was appointed CEO of RTL Group.

NATIONALITY: GERMAN
FIRST APPOINTED: 12 DECEMBER 2005
(EFFECTIVE 1 JANUARY 2006)
RE-ELECTED: 18 APRIL 2018
MANDATES IN LISTED COMPANIES: CHAIRMAN OF THE SUPERVISORY BOARD OF SYMRISE AG, HOLZMINDEN

ELMAR HEGGEN
Deputy CEO and Chief Financial Officer, Head of the Corporate Centre

Elmar Heggen, born in 1968, holds a diploma in business administration from the European Business School Oestrich-Winkel, and graduated with a Master of Business Administration (MBA) in finance.

In 1992, he started his career at the Felix Schoeller Group, becoming Vice President and General Manager of Felix Schoeller Digital Imaging in the UK in 1999. Elmar Heggen first joined the RTL Group Corporate Centre in 2000 as Vice President Mergers and Acquisitions. In January 2003, he was promoted to Senior Vice President Controlling and Investments. From July 2003 until December 2005 he was Executive Vice President Strategy and Controlling.

Since January 2006, Elmar Heggen has served on the RTL Group Executive Management Team, and since 1 October 2006 he has been CFO and Head of the Corporate Centre of RTL Group.

In January 2018, Elmar Heggen, while remaining CFO, also became Deputy CEO of RTL Group.

NATIONALITY: GERMAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018
MANDATES IN LISTED COMPANIES: MEMBER OF THE BOARD OF DIRECTORS OF REGUS PLC, LONDON

BERT HABETS
Chief Executive Officer (until 1 April 2019)

Bert Habets, born in 1971, holds a Master of Economics and Law (fiscal) from the University of Maastricht. He joined CLT-UFA, which later became RTL Group, in 1999 in the Business Development unit.

In March 2001, he was appointed CFO of Holland Media Groep, which rebranded as RTL Nederland in August 2004. In January 2008, Bert Habets was appointed CEO of RTL Nederland. Under his leadership, RTL Nederland established a clear strategy of strengthening the core business, while diversifying and innovating.

With effect from 19 April 2017, Bert Habets assumed the role of Co-CEO of RTL Group alongside Guillaume de Posch, and was elected in RTL Group's Board of Directors as Executive Director.

Since 1 January 2018, Bert Habets led RTL Group as sole CEO.

On 1 April 2019, Bert Habets stepped down as CEO of RTL Group.

NATIONALITY: DUTCH
FIRST APPOINTED: 19 APRIL 2017
RE-ELECTED: 18 APRIL 2018

NON-EXECUTIVE DIRECTORS

MARTIN TAYLOR
Chairman and Independent Director

Martin Taylor, born in 1952, began his career as a financial journalist with Reuters and the *Financial Times*. He then joined Courtaulds PLC, becoming a director in 1987, then Chief Executive of Courtaulds Textiles PLC on its demerger in 1990. He moved to Barclays PLC in 1993 as Chief Executive, a post he held until the end of 1998. From 1999 to 2003, he was Chairman of WHSmith PLC, and from 1999 to 2005, International Advisor to Goldman Sachs. From 2005 until 2013, he was Chairman of the Board of Syngenta AG.

Since 2013, Martin Taylor has been an external member of the Financial Policy Committee of the Bank of England.

He has worked on various projects for the British Government and served for five years as a member of its Council for Science and Technology. Appointed as Independent Non-Executive Director in July 2000 (when RTL Group was created), he took over the responsibilities of Vice-Chairman of the Board in December 2004.

On 1 April 2019, Martin Taylor was appointed Chairman of the RTL Group Board of Directors.

NATIONALITY: BRITISH
FIRST APPOINTED: 25 JULY 2000
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
AUDIT, NOMINATION AND COMPENSATION (CHAIRMAN)

JAMES SINGH
Vice Chairman and Independent Director

James Singh, born in 1946, holds a Bachelor of Commerce (Hons) and a Master of Business Administration from the University of Windsor, Canada. He is a CPA (Canada) and a Fellow of the Chartered Institute of Management Accountants (UK).

James Singh joined Nestlé Canada as Financial Analyst in 1977 and served the company in various executive positions until 2000 when he was appointed Senior Vice President, Acquisitions and Business Development in Nestlé SA's headquarters in Vevey, Switzerland. He was a member of the Executive Board, Executive Vice President and Chief Financial Officer of Nestlé SA from 2008 to 2012. He retired on 31 March 2012 after a distinguished 35-year career with Nestlé.

James Singh previously served as Chairman of the Finance Committee of the European Round Table, is a member of the International Integrated Financial Reporting Standards, and is a trustee of the International Integrated Financial Reporting Foundation.

He is also a Director of Great West Life Assurance, Director of the American Skin Association, and Chairman of CSM Bakery Solutions Ltd.

On 1 April 2019, James Singh was appointed Vice Chairman of the RTL Group Board of Directors.

NATIONALITY: CANADIAN
FIRST APPOINTED: 20 APRIL 2011
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
AUDIT (CHAIRMAN)

THOMAS GÖTZ
General Counsel, Bertelsmann SE & Co. KGaA

Thomas Götz, born in 1971, graduated from the University of Bayreuth with a doctorate in law in 1999. A year earlier, during his studies, he joined Bertelsmann's Corporate Legal department as an in-house lawyer.

From 2009 to 2013, he was Co-Head of Mergers and Acquisitions at Bertelsmann. Prior to this he worked for two years as Senior Vice President Mergers and Acquisitions.

Thomas Götz has been General Counsel at Bertelsmann SE & Co. KGaA since January 2014.

NATIONALITY: GERMAN
FIRST APPOINTED: 15 APRIL 2015
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
AUDIT, NOMINATION AND COMPENSATION
(AS OF 1 APRIL 2019)

ROLF HELLERMANN

CEO, Arvato Financial Solutions (until 31 December 2018)

Rolf Hellermann, born in 1976, studied business administration in Vallendar, Los Angeles and Nancy, and completed his studies with a doctorate from the WHU – Otto Beisheim School of Management.

In 2004, he joined Bertelsmann's Corporate Controlling and Strategy department, and in 2008 he was appointed Vice President in charge of corporate controlling and investment controlling for the divisions Random House, Arvato and Direct Group. During his Bertelsmann career, Rolf Hellermann has also completed postings at RTL Group in Luxembourg and Gruner + Jahr in Hamburg.

In 2012, he became EVP Corporate Controlling & Strategy at Bertelsmann SE & Co. KGaA, and in 2015 he became CFO of Arvato AG.

Since November 2018, Rolf Hellerman serves as the CEO of Arvato Financial Solutions.

NATIONALITY: GERMAN
FIRST APPOINTED: 26 AUGUST 2015
RATIFIED: 20 APRIL 2016

IMMANUEL HERMRECK

Chief Human Resources Officer of Bertelsmann Management SE (with effect from 1 January 2019)

Immanuel Hermreck, born in 1969, has been Chief Human Resources Officer and member of the Executive Board at Bertelsmann SE since 2015. His responsibilities include the worldwide leadership of Bertelsmann's HR function, with particular attention to executive development, organisational learning and education, compensation, HR strategy, services, corporate responsibility and corporate culture.

Hermreck was appointed Global Head of HR for Bertelsmann in 2006. Before this, he was Director of the Media Economics Department at the Bertelsmann Foundation, and became Managing Director of Bertelsmann University – the company's global knowledge and learning institution – in 2000.

Immanuel Hermreck volunteers as a member or trustee of several non-profit organisations, including as a founding Executive Committee member of the German Association of HR Managers.

Hermreck holds a PhD in communication and economics, is a Stanford University graduate and a former scholar of the prestigious Konrad-Adenauer Foundation.

Immanuel Hermreck was co-opted on 12 December 2018, with effect from 1 January 2019. The ratification of his co-optation will be proposed at the AGM on 26 April 2019.

NATIONALITY: GERMAN
FIRST APPOINTED: 12 DECEMBER 2018
(WITH EFFECT FROM 1 JANUARY 2019)
COMMITTEE MEMBERSHIP:
NOMINATION AND COMPENSATION
(AS OF 1 APRIL 2019)

BERND HIRSCH

Chief Financial Officer at Bertelsmann SE & Co. KGaA

Bernd Hirsch, born in 1970, holds a diploma in economics from the University of Würzburg, Germany. He started his career in 1998 at the international audit firm Arthur Andersen where he served as an Audit Manager. In 2001, he joined the Carl Zeiss Group as Head of Mergers & Acquisitions. One year later, Bernd Hirsch was appointed Chief Financial Officer and member of the Executive Board at Carl Zeiss Meditec AG.

From December 2009 until December 2015 Bernd Hirsch has been Chief Financial Officer and member of the Executive Board of Symrise AG. On 1 April 2016, he was appointed Chief Financial Officer of Bertelsmann SE & Co KGaA.

In December 2013 Bernd Hirsch was appointed Member of the Supervisory Board of Evotec AG, Hamburg, where he currently serves as Chairman of the Audit Committee and Vice Chairman of the Supervisory Board.

With effect from May 2018 he was appointed Member to the Supervisory Board of Symrise AG, Holzminden, and Chairman of the Audit Committee.

NATIONALITY: GERMAN
FIRST APPOINTED: 20 APRIL 2016
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP: AUDIT

NON-EXECUTIVE DIRECTORS

BERND KUNDRUN

Business Founder and Investor

Bernd Kundrun, born in 1957, studied business administration at the universities of Münster and Innsbruck. In 1984, he started his career as Executive Assistant at the Bertelsmann Club. In 1993, he was appointed Chairman of the Management Board of the Bertelsmann Club.

In 1994, Bernd Kundrun became Managing Director of Premiere Medien in Hamburg. He was appointed a member of the Executive Board of Gruner + Jahr in August 1997 and was responsible for the company's newspaper division until 31 October 2000.

From November 2000 to January 2009, Bernd Kundrun was Chairman of Gruner + Jahr's Executive Board and the company's CEO. During this time, he was also a member of the Executive Board of Bertelsmann. Since February 2009, Bernd Kundrun has been partner of the online donation platform Betterplace.org, and since 2015 he has been Honorary Chairman of the Supervisory Board of Gut.org.

At the end of 2009, Bernd Kundrun founded the Start 2 Ventures Beteiligungs-gesellschaft, which provides online start-ups with initial capital. He is also a member of the Board of Directors of Neue Zürcher Zeitung, of the Board of Comcave GmbH and Chairman of the Supervisory Board of CTS EVENTIM AG & Co. KGaA.

NATIONALITY: GERMAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018

GUILLAUME DE POSCH

Business Founder and Investor

Guillaume de Posch, born in 1958, started his career at the international energy and services company Tractebel (1985 to 1990) and then joined the global management consulting firm McKinsey & Company (1990 to 1993).

Guillaume de Posch began working in the media industry at the Compagnie Luxembourgeoise de Télédiffusion (CLT) as assistant to the Managing Director (1993 to 1994) before becoming Head of CLT's TV operations in French-speaking countries (1995 to 1997). From 1997 to 2003, he was Deputy General Manager and Programming Director of the French pay-TV company TPS, before joining the publicly listed ProSiebenSat1 Media AG in August 2003, first as Chief Operating Officer and then as Chairman of the Executive Board and CEO (2004 to 2008).

Guillaume de Posch was appointed Chief Operating Officer and member of the RTL Group Executive Committee on 1 January 2012.

With effect from 18 April 2012, Guillaume de Posch assumed the role of Co-CEO of RTL Group.

In January 2018, Guillaume de Posch stepped down as Co-CEO of RTL Group. Since then, he has served as a non-executive member of RTL Group's Board of Directors.

NATIONALITY: BELGIAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018

JEAN-LOUIS SCHILTZ

Tech Law Advisor, Professor (hon.) Independent Director

Jean-Louis Schiltz, born in 1964, holds a post-graduate degree (DEA) in business law from the University of Paris I, Panthéon-Sorbonne. He also taught at his alma mater in the early 1990s.

From 2004 to 2009, Jean-Louis Schiltz was a cabinet minister in Luxembourg. His portfolios included media, telecommunications, technology (IT and internet in particular), international development and defence.

Jean-Louis Schiltz is a tech law advisor, a senior partner at Schiltz & Schiltz (avocats) and a professor (hon.) at the University of Luxembourg. His work focuses on technology, regulatory, M&A and finance. He is a regular speaker at tech law conferences and has authored and co-authored a number of articles and reports in this field.

Jean-Louis Schiltz serves on the boards of a number of companies and non-profit organisations.

NATIONALITY: LUXEMBOURGISH
FIRST APPOINTED: 19 APRIL 2017
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP: AUDIT
(AS OF 1 APRIL 2019)

ROLF SCHMIDT-HOLTZ

Business Founder and Investor

Rolf Schmidt-Holtz, born in 1948 in Martinsreuth, Germany, is an examined lawyer and studied political science and psychology. He has been an independent business founder and investor since April 2011. Prior to that he was CEO of Sony Music Entertainment (Sony BMG Music Entertainment until October 2008) from February 2006 to March 2011, having served the company as Chairman of the Board from August 2004.

From January 2001 to August 2004, Rolf Schmidt-Holtz was Chairman and CEO of Bertelsmann Music Group (BMG) and a member of the Bertelsmann AG Executive Board (from 2000) heading the BMG division, which consisted of the Sony BMG Music Entertainment joint venture and BMG Music Publishing. He also served on the Bertelsmann Executive Board as Chief Creative Officer. Furthermore, he was a member of the Supervisory Boards of Gruner + Jahr, RTL Group and of the Bertelsmann Foundation's Board of Trustees.

Prior to running BMG, Rolf Schmidt-Holtz served as Chief Executive Officer of CLT-UFA. He later oversaw the merger of CLT-UFA with Pearson Television to form RTL Group. He is Co-Founder and Chairman of Just Software AG and Co-Founder and Partner of Hanse Ventures BSJ GmbH.

NATIONALITY: GERMAN
FIRST APPOINTED: 18 APRIL 2012
RE-ELECTED: 18 APRIL 2018
COMMITTEE MEMBERSHIP:
NOMINATION AND COMPENSATION

LAUREN ZALAZNICK

**Independent Director
Media and TV trend setter**

Lauren Zalaznick, born in 1963, was appointed as Non-Executive Director to RTL Group's Board of Directors for a term of three years in April 2018.

Having begun her career making independent feature films, Zalaznick moved on to become a TV executive, overseeing such brands as VH1, Bravo, Oxygen, and Telemundo. She now advises and invests in the world's leading digital and media brands.

Zalaznick has devoted her career in media to transforming the cultural landscape, and has been responsible for the growth of some of the strongest TV and digital brands in media. She is widely recognised as an industry shape-shifter and innovator, and has received many honours for her achievements.

Aside from many Emmy, BDA, and Webby Award nominations and wins, Zalaznick has been named one of TIME Magazine's 100 most influential people in the world, has delivered a Ted talk with close to a million views, and has been the subject of a New York Times Magazine cover story.

She is currently a director of The Nielsen Company and GoPro, and a Trustee Emerita of Brown University, from which she graduated magna cum laude and Phi Beta Kappa.

NATIONALITY: AMERICAN
FIRST APPOINTED: 18 APRIL 2018

WE BELIEVE...

...video is the most complete medium. It connects with our minds and speaks to our hearts. It reminds us of our past and suggests a vision of the future. It captures our attention and incites our imagination. There simply is no better way to tell stories. Since our first radio broadcast in 1924, and into the video and digital ages, our aim has always been to entertain, inform and engage our audiences – and this is our role in society.

Our Mission Statement, adopted in 2016, defines who we are, what we do and what we stand for. It reflects our understanding of this role in society and leads us in our work. It includes a commitment to embrace independence and diversity in our people, our content and our businesses. This demonstrates that Corporate Responsibility is integral to our mission as a company.

OUR ROLE IN SOCIETY

ENSURING INDEPENDENCE

—

EMBRACING DIVERSITY

The jury marvelled at young magician Donovan during his act on *La France a un incroyable talent* on Plug RTL. Now, he shares his passion and talent, travelling around Belgium in his own show on RTL-TVI

Every day, millions of people access RTL Group's content on television, radio and digital platforms. We have a long and proud history of setting the standards in our industry, and of creating and sharing stories that entertain, inform and engage audiences around the world. We've never strayed from our commitment to be 'refreshingly different' and 'always close to the audience'. And we've grown over the years by covering the events and issues people care about.

A healthy, varied and high-quality broadcast and internet landscape is the foundation of a democratic, diverse and connected society. The millions of people who turn to us each day for the latest local, national and international news need to be able to trust us. Our commitment to independence and diversity in our content means we maintain journalistic balance, to reflect the diverse opinions of the societies we serve. In keeping with this commitment, our local CEOs act as publishers, not interfering in the selection or production of content, which remains the exclusive responsibility of our editors-in-chief and programme directors.

RTL Group offers an exciting array of entertainment and information programmes for all audiences

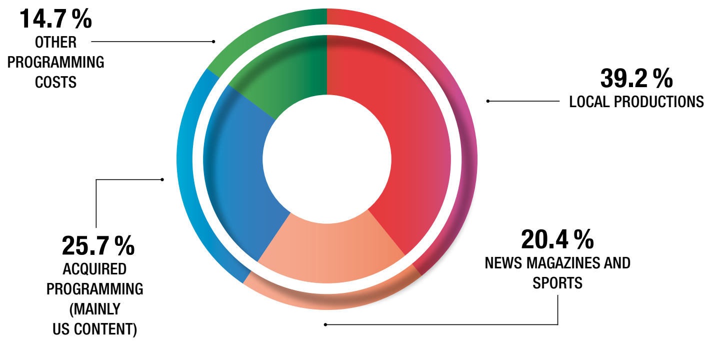
VIEWERS LISTENERS DIGITAL USERS

Since the early 1990s, we've been building families of TV channels, radio stations and digital platforms. They offer our audiences a vast range of high-quality entertainment and informational programmes that can be enjoyed by people of all demographics and circumstances.

With our German channels, we support the Alliance To Better Protect Minors Online, just one demonstration of our efforts to take great care to protect all media users.

RTL GROUP'S BROADCASTERS' PROGRAMME SPEND IN 2018*

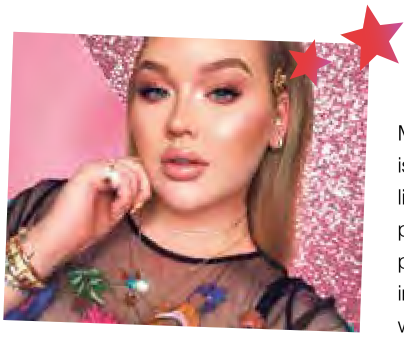
*based on fully consolidated businesses



THE CREATIVE COMMUNITY

We succeed in entertainment by building inspiring environments where creative and pioneering spirits can thrive. Our broadcasters commission content from production companies, and our own production company, Fremantle, commissions scriptwriters, artists, and many other creatives, while our multi-platform networks showcase young video and YouTube talents.

Whether we buy a TV programme from a production company, or create one ourselves, it involves a substantial investment. Being able to recoup this investment comes from our exclusive right to show and distribute the programme in a particular geographic area.



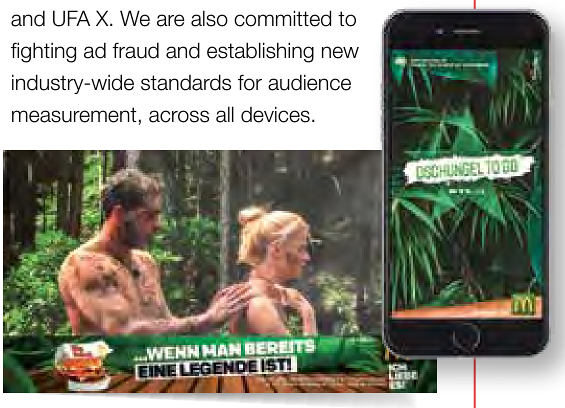
Every year, RTL Group invests ***€2 billion*** in Europe's creative community

Successful programmes attract large audiences, which, in turn, attract advertisers who pay us to show their commercials. This cycle ensures production companies and other creators are suitably rewarded, so they can continue to develop new, entertaining and compelling content.

Maintaining the integrity of this cycle is crucial. That is why copyright is the lifeblood of our industry. Effective protection and enforcement of intellectual property rights are especially important in a digital world, where people can watch whatever they want, wherever they want, whenever they want. Without this protection and enforcement, the rewards to creators would fade away – as would their creativity. Our unwavering commitment to copyright is therefore one important way in which we add value to society.

ADVERTISERS

No advertising is more effective than television and video commercials. TV reaches mass audiences, and so remains the dominant ingredient in the advertising mix. TV establishes the main message of a major advertising campaign in a brand-safe environment. This message then resonates across other media, such as online, radio, newspapers and magazines. We've taken many steps to expand our position in the rapidly growing online video advertising market. We are building an independent monetisation powerhouse for video, to compete with the global giants in this arena. With our fully controlled MPN businesses – StyleHaul, Divimove and United Screens – we will build a strong and profitable digital video group – to offer advertisers pan-European digital video campaigns in premium and brand-safe environments. This year we enhanced the group by combining the digital storytelling capabilities of Divimove and UFA X. We are also committed to fighting ad fraud and establishing new industry-wide standards for audience measurement, across all devices.



Advertising on the German *I'm A Celebrity, Get Me Out Of Here!* TV show and app

Television and video commercials work best when they tell interesting, informative stories that touch viewers' emotions. Together, high-quality programming and engaging commercials are the basis for successful free-to-air broadcasting. Each day, more than 100 million viewers watch our free-TV channels, which we finance mainly through advertising. Advertising helps shape people's lifestyles, guides their purchasing decisions and keeps the wheels of commerce turning. It also fosters media plurality, which is essential in a democratic society. A Europe without advertising would not be as affluent, informed or competitive.

RTL Group's team spirit: #partofRTL

OUR PEOPLE

As a talent-centric business, RTL Group is built on the creativity and dedication of our employees. Therefore, we make sure we give our people the freedom to create. To recruit, retain and reward them, we offer attractive salaries and other financial incentives. We foster a supportive and inspiring work environment and offer talent management and succession planning programmes.

We also provide a wide range of opportunities for our people to develop personally and professionally, to advance their careers, and to maintain a healthy work-life balance. To remain an attractive employer and a successful media company, it's important we reflect the audiences we entertain, and embrace workplace diversity in gender, ethnicity, disability and socio-economic status. We're committed to equal opportunities and recognise each individual's unique value, and treat everyone at our company with courtesy, honesty and dignity. In our 2016 Diversity Statement, we reinforced our commitment to equal opportunities and non-discrimination throughout all RTL Group companies.

In 2018, we added a target for 30 per cent of managers to be female by 2025 (2018: 20 per cent).

Our management approach is decentralised. This way, each company can respond to its own particular market, develop its own identity and be close to its audience – a crucial success factor in our industry. Yet our markets – despite their differences – have some characteristics in common. So, whenever it makes sense, we work together across the Group, share best practices, and learn from each other – for example, in our RTL Group Synergy Committees (Sycos). These have become one of the major conduits for sharing information and knowledge across our decentralised organisation. The Sycos are made up of executives and experts from RTL Group's profit centres and the Corporate Centre, and meet regularly to discuss subjects such as programming, news, radio, advertising sales and new media.

Julian Draxler, international footballer and project patron, and Wolfram Kons, board member Stiftung RTL – Wir helfen Kindern, in the Jordanian refugee camp, Zataar

2018 marked the 30th anniversary of *Télévie*

Since 1989 we raised around **€360 MILLION** for children in need

COMMUNITIES AND CHARITIES

As a leading media organisation, we're in an excellent position to raise awareness of important social and environmental issues, particularly those that might otherwise go unreported or under-funded. We often broadcast free 'social spots' to highlight issues in society – in 2018, for example, we highlighted the plight of migrants in Belgium, the problem of child poverty in Germany, and cyberbullying in France.

We also harness the power of TV, radio and the internet to raise money for charities that make a positive difference to people's lives. Since 1996, the annual *RTL-Spendenmarathon* in Germany has raised more than €170 million for children in need, while our *Télévie* events in Belgium and Luxembourg have raised more than € 185 million for scientific research to fight cancer – particularly leukaemia – since 1989. We also support many organisations and projects that help sick or disadvantaged children and young people in Croatia, Belgium, Hungary, the UK, France and the Netherlands.

ENTERTAIN.
INFORM.
ENGAGE.

OUR MISSION:

We are innovators who shape
the media world across
broadcast, content and digital.

We build inspiring environments
where creative and
pioneering spirits can thrive.

We create and share stories
that entertain, inform, and engage
audiences around the world.

We embrace independence and
diversity in our people,
our content and our businesses.

We have a proud past,
a vibrant present
and an exciting future.

#RTLCARES

"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: VOD and content."

ELMAR HEGGEN,
Deputy CEO and Chief Financial Officer,
RTL Group

DIRECTORS' REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT

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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 revenue[1] growth was at 2.8 per cent

Reported EBITDA down 5.7 per cent to €1,380 million; Operational EBITDA[2] up 0.7 per cent

Digital revenue[3] 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.

FINANCIAL SUMMARY

	2018 €m	2017 €m	Per cent change
Revenue	**6,505**	**6,373**	**+2.1**
Underlying revenue[1]	**6,516**	**6,339**	**+2.8**
EBITDA[4]	**1,380**	**1,464**	**(5.7)**
EBITDA margin (%)	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	
EBIT[4]	**1,076**	**1,246**	
Net financial expense	(13)	(24)	
Income tax expense	(278)	(385)	
Profit for the year	**785**	**837**	
Attributable to:			
– Non-controlling interests	117	98	
– RTL Group shareholders	**668**	**739**	
Reported EPS (in €)	**4.35**	**4.81**	

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 See note 3. to the consolidated financial statements in the RTL Group Annual Report 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 growth[5] was at 2.8 per cent, in line with previous guidance

- **Platform revenue**[6] increased 7.5 per cent to €343 million (2017: €319 million)

- **Digital revenue** grew to €985 million (2017: €826 million), and already accounts 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 **EBITDA**[7] 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

- 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 activities**[7] was €873 million, resulting in an operating cash conversion[7] of 90 per cent (2017: 104 per cent). **Net financial debt**[7] 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 ratio[7] 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 (€63.06[8]), 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)

5 Adjusted for scope changes and at constant exchange rates
6 Revenue generated across all distribution platforms (cable, satellite, IPTV) including subscription and re-transmission fees
7 See note 3. to the consolidated financial statements in the RTL Group Annual Report 2018
8 Frankfurt Stock Exchange

SEGMENTS[9]: 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

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 cent[10], mainly driven by improved product features
- In the Netherlands, Videoland recorded paying subscriber growth of 134.9 per cent[10]. Total subscriber viewing time increased by 229.9[11] 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)

9 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

10 As at 31 December 2018 compared to 31 December 2017

11 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

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

With interests in 60 television channels, eight video-on-demand (VOD) 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*. 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. In 2018, the Group combined the video ad serving platform SpotX with the European monetisation platform Smartclip to create a global ad-tech powerhouse.

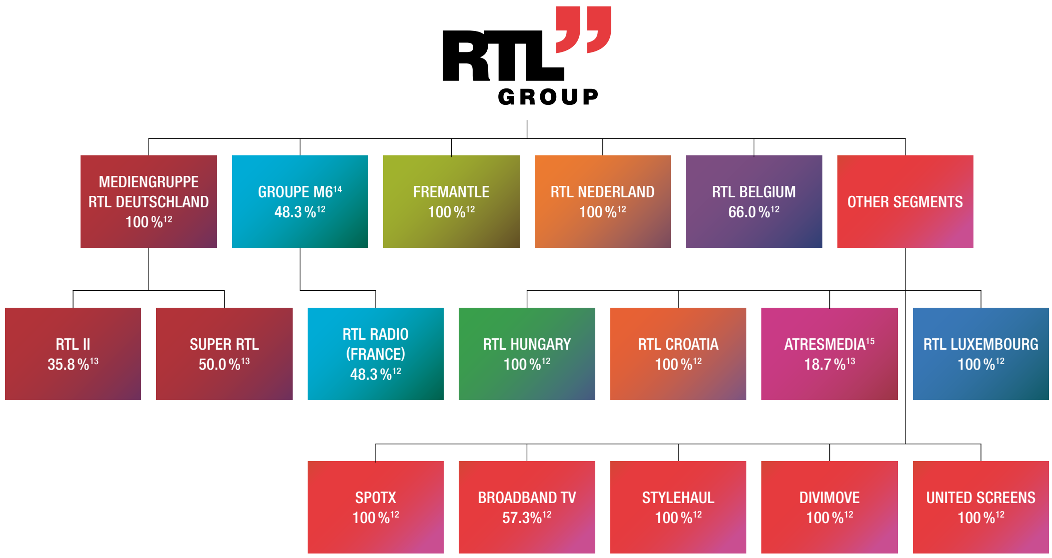
The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

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 CORPORATE STRUCTURE (SIMPLIFIED)

(The Group's ownership based on total number of shares after declaration of treasury shares held by the company as per 31 December 2018)

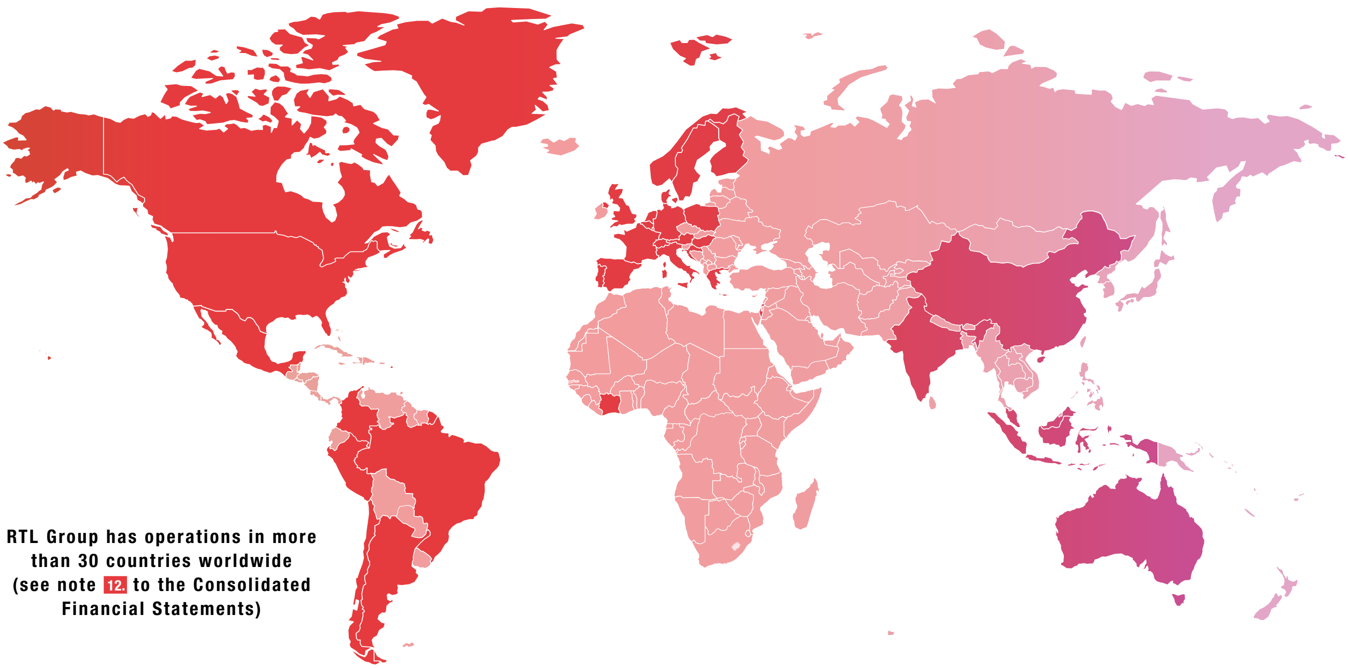


RTL Group's business comprises the following six reporting segments: Mediengruppe RTL Deutschland, Groupe M6 (including the French RTL family of radio stations), Fremantle, RTL Nederland, RTL Belgium and Others (which includes RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, the German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

12 Fully consolidated
13 Investment accounted for using the equity method
14 Net of treasury shares and own shares held by Métropole Télévision SA under liquidity contract
15 Net of treasury shares

THE BUSINESS AREAS



RTL Group has operations in more than 30 countries worldwide (see note 12. to the Consolidated Financial Statements)

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.

VOD: RTL Group's broadcasters operate eight video-on-demand platforms in seven countries in Europe. By the end of 2018, RTL Group had passed one million paying subscribers, combining the subscriber bases of TV Now Premium in Germany and Videoland in the Netherlands. Other VOD platforms are the advertising-financed services 6play in France, RTL Play in Belgium and Croatia, RTL Most in Hungary, RTL XL in the Netherlands, and Atresplayer 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, Eldoradio).

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 over 30 territories, Fremantle is responsible for around 12,700 hours of TV programming broadcast each year. It 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 United Screens. During 2019, RTL Group will combine StyleHaul, Divimove and United Screens to build a strong and profitable digital video group.

RTL Group has also invested in advertising technology, in the form of video ad serving platform SpotX in the US and monetisation platform Smartclip in Europe. In 2018, RTL Group combined SpotX and Smartclip to create an integrated ad-tech company to launch the platform across the Group's operations and to scale it up with further acquisitions and partnerships – most recently with the acquisition of the video technology company – Yospace[16].

16 Acquired in February 2019

MANAGEMENT APPROACH

The Group's business units act as autonomous local businesses, each with its own CEO, and full editorial independence. Each segment serves different cultures, traditions and identities across Europe. This entrepreneurial approach enables each segment to act flexibly in its local market, to build its own local identity, and to benefit from one of the most important success factors in the broadcasting business: proximity to its audience.

Responsibility for the day-to-day management of the company rests with the CEO, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the Company. As from 1 January 2018 the Executive Committee is comprised of the two executive directors, the CEO and the Deputy CEO and CFO. The Executive Committee is vested with internal management authority.

Although the Group's segments have the advantage of being able to act independently to their markets' needs, RTL Group will systematically strengthen the cross-border collaboration in the areas of VOD, content creation, talent management and advertising sales. All segments benefit from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (Sycos). These Sycos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such as programming, news, radio, advertising sales and digital video. While each segment makes its own management decisions, it is encouraged to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas. The Sycos are coordinated by RTL Group's Strategy and Business Development team.

Based in Luxembourg and led by the Group's Chief Financial Officer, the Corporate Centre provides a framework of strategic direction and financial control while actively managing the Group's portfolio of holdings.

In the Operations Management Committee (OMC), the Executive Committee and senior management of the Corporate Centre meet regularly with the CEO of the Group's local operations to share experiences, discuss opportunities and challenges, and explore the potential for cooperation. This process ensures that knowledge and expertise are rapidly disseminated throughout the Group, and that successful ideas and innovations can quickly be implemented by other segments, if appropriate.

The Corporate Centre comprises the following functions: Consolidation and Accounting, Strategy and Business Development, Controlling and Investments, Mergers and Acquisitions, Group Reporting and Budgeting, Human Resources, Legal and European Affairs, Investor Relations, Corporate Communications and Marketing, Treasury and Corporate Finance, Internal Audit and Compliance, Group IT, Tax and the Global Operations Management team.

MARKET

MARKET ENVIRONMENT

Digitisation has significantly transformed the TV market, with more channels, platforms, screens and content available than ever before. A massive 93.3 per cent of EU households now receive their TV signal digitally, and, in Germany alone, viewers have access to over 60 linear television channels.

Digitisation has brought new ways of reaching viewers – such as mobile, IPTV and over-the-top streaming services – which complement conventional modes of TV distribution such as terrestrial television, cable and satellite (FTA and pay TV). Broadcasters such as RTL Group have welcomed the opportunity to distribute their programmes on both a linear (scheduled) and non-linear (on demand – anywhere, any time and on any device) basis.

With these extensive changes in the technical infrastructure of content distribution, the rise in viewing consumption through new TV devices (smartphones, tablets, connected TVs) has led to far-reaching changes in linear TV viewing behaviour. Just as media convergence became a technical reality long ago, now the media industry can see noticeable shifts in audience reach, advertising, distribution and platform business.

To most people, 'TV' still refers to the screen in their living room. But the business model of TV, and the wider industry behind it, has moved on – and, with it, the definition of TV. At RTL Group, TV stands for **Total Video**.

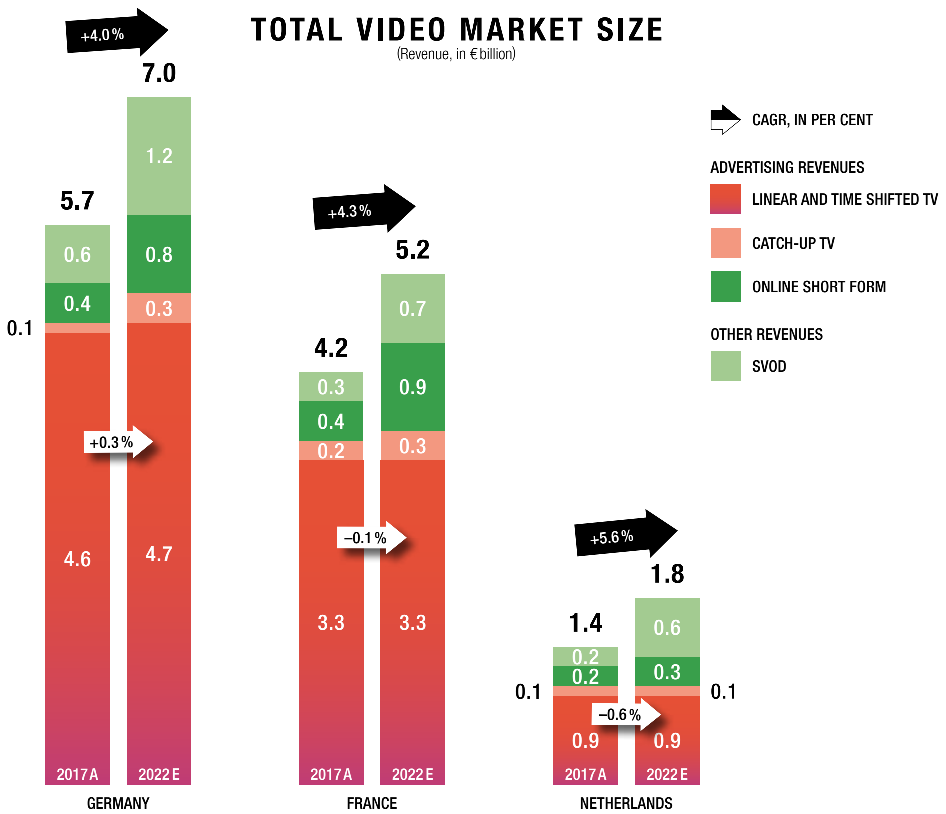
The Total Video market comprises:

- linear TV (commercial free-to-air channels, pay-TV channels, public broadcasters, as well as over-the-top delivered linear TV channels)
- on-demand services financed by advertising, pay per view or subscriptions[17] (especially long-form)
- YouTube, Facebook and other online video platforms (especially short-form)

Total Video revenue, as defined by RTL Group, in Germany, France and the Netherlands is expected to grow by around 4 per cent annually until 2022. Online video revenue (SVOD/AVOD) is currently the fastest-growing digital segment, and is expected to grow in Germany, France and the Netherlands by around 15 per cent each year between 2017 and 2022[18], driven by SVOD.

TOTAL VIDEO MARKET SIZE

(Revenue, in € billion)



17 AVOD = advertising-financed video on demand (for example services from broadcasters such as TV Now (Mediengruppe RTL Deutschland) and 6play (Groupe M6) and independent services such as Vimeo, Viewster);
TVOD = transactional video on demand (for example Apple's iTunes store or Google's Google Play services);
SVOD = subscription video on demand (for example Netflix, Amazon Prime Video, Hulu Plus, Videoland, HBO Go)

18 CAGR. Source IHS

MARKET TRENDS

Against the backdrop of ongoing digitisation, RTL Group's markets are shaped by four key trends: **Competition**, **Consolidation**, **Convergence** and **Complexity.**

While linear TV is still, by far, the way most viewers consume video content, non-linear viewing is growing fast, and displaying the following trends:

- the younger the target group, the higher the share of non-linear viewing
- the younger the target group, the higher the share of viewing on mobile devices
- watching video content on mobile devices increases the demand for short-form video (short clips that last just a few minutes)
- the higher the share of non-linear viewing, the higher the demand for high-end drama series, often with a niche appeal.

2018 showed the dangers inherent in digital media, with calls for action on fraudulent practices from major advertisers such as Procter & Gamble, to questionable content on YouTube, and fraudulent behaviour in ad tech. Brand safety remains a crucial issue for RTL Group's ad-tech businesses and multi-platform networks. Several industry initiatives are currently under development – including IAB's ads.txt – while the platforms themselves invest heavily in counter measures.

At the same time, this development also presents opportunities for operators of linear TV channels. The linear TV ecosystem has always provided brand-safe environments, and its effectiveness is well documented. Common measurement systems established by independent third-party bodies provide reliable data on usage, audience shares and demographics. RTL Group believes in the value of TV – it is the medium with the broadest reach, the highest frequency of exposure, and the highest viewing time. In its advertising effectiveness, brand building and brand safety, TV is the most reliable and brand-safe medium for advertisers to reach broad audiences.

While TV devices become more sophisticated thanks to ultra-HD resolution and HDR capabilities, RTL Group has identified virtual reality (VR) as another market trend. The VR market is growing strongly, from 2.1 million head-mounted displays (HMDs) in 2016 to an estimated nearly 83 million in 2021, according to Future Source. This prediction does not yet include the tens of millions of cardboard headsets available. In addition, Microsoft, Oculus and Google are expected to launch new devices in 2019.

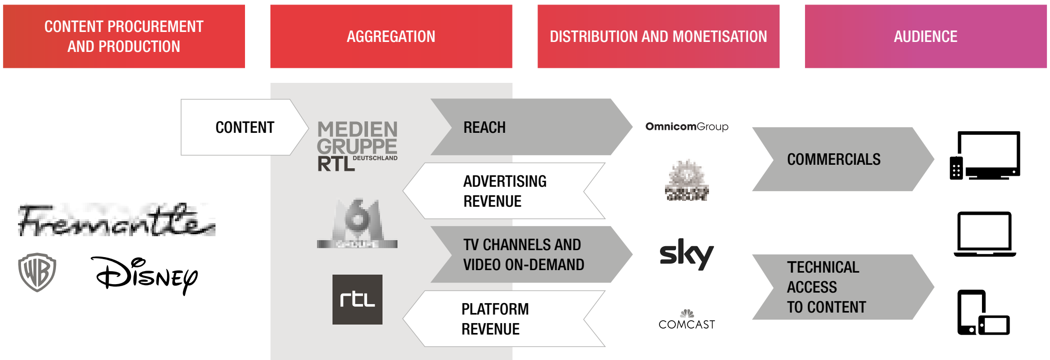
BUSINESS MODEL

RTL Group operates different business models in its three main areas: broadcast, content (production and licensing) and digital, each of which are outlined below.

From the overall Group perspective, **creative** in programming is the essence of success. In summary, RTL Group's business model is to produce, aggregate, distribute and monetise the most attractive content, across all formats and genres.

This top-line value chain is outlined on pages 8 to 11 of the Annual Report 2018.

BROADCAST



Generic broadcast value chain

Broadcasters buy, produce and commission mostly local content. They also buy or license broadcasting rights for movies, TV series and sporting events. TV channels and radio stations create and schedule programming that helps them shape their channel brands. Rather than focusing on a single genre, RTL Group's flagship channels create a general interest programming mix across all genres including drama, factual entertainment, news, talk, soaps, reality and sport. In today's fragmented marketplace, it's crucial for broadcasters to offer content that makes them stand out from the crowd.

Advertising is the primary source of revenue for RTL Group's broadcasters, and their advertising clients are offered a range of ad formats, from the traditional 30-second commercial to tailored packages of TV and digital ads. RTL Group's advertising sales houses sell spots in the channel's linear and non-linear programming. The price they pay generally depends on the reach and demographic structure of the audience they target. Higher audience shares and more sought-after target groups lead to higher spot prices, generally priced at CPM (cost per mille).

RTL Group channels broadcast their content terrestrially and distribute it through other platforms, such as cable, satellite and internet TV. In exchange for the broadcasting signal, they receive money from the platform operators. RTL Group reports this figure separately as platform revenue (see financial review). Between 2012 and 2018, this revenue rose from €175 million to €343 million.

In addition, RTL Group's broadcasters have established their own digital on-demand platforms that make their content available on all devices: computers, smartphones, tablets, and internet-connected TVs.

VIDEO-ON-DEMAND (LONG FORM)

RTL Group is the European leader and a top global player in online video. Its broadcasters have established their own on-demand platforms that make their programmes available on all devices at all times – predominantly financed by advertising. They have also branched out into new business models, such as subscription video-on-demand (SVOD) and are increasing their production of web-original content.

The next step is to combine the different VOD offerings into a so-called hybrid model, consisting of a free, advertising-funded service and a paid, premium content bundle – offering the programmes of linear TV channels plus premium content, either exclusively produced or licensed from third parties.

CONTENT

RTL Group broadcasters produce and commission a wide variety of local content, while the group's global production arm, Fremantle, is responsible for around 12,700 hours of TV programming broadcast each year.

Content production value chain

As one of the world's largest creators, producers and distributors of television content, Fremantle operates differently to RTL Group's broadcasters. The company produces, licenses and distributes a vast array of programmes that range from high-end drama, through game shows and daily soaps to entertainment. As a production company, Fremantle provides broadcasters, platforms and online services with content that, in return, is used by those clients to build their business. Fremantle operates in over 30 territories around the world, through its network of local production and distribution companies.

Fremantle's international distribution arm, sells finished programmes and formats around the world, and acquires, develops, finances and co-produces new titles for the international market. Its catalogue contains a diverse and exciting range of programming that includes drama, comedy, factual, lifestyle and entertainment shows.

The distribution business also plays an important role in providing financing for high-quality drama such as *American Gods* and *Deutschland 86* and *Picnic At Hanging Rock.*

Supported by a brand management team, and a sales network that spans nine international offices and five continents, Fremantle distributes more than 20,000 hours of content in over 200 territories worldwide.

Increased exposure to high-end drama – where the development cycle from concept to on-screen can be anything from two to three years – has a negative impact on Fremantle's cash conversion, where some elements of production may be financed by the production company and the distribution business may invest in return for specific rights.

The fact that both the timing of the delivery of the finished programme and the initial transmission date are often down to the local broadcaster can ultimately impact revenue recognition at a Group level. Phasing effects can swing significantly from one quarter to another as a result, but are often neutralised over the course of the year.

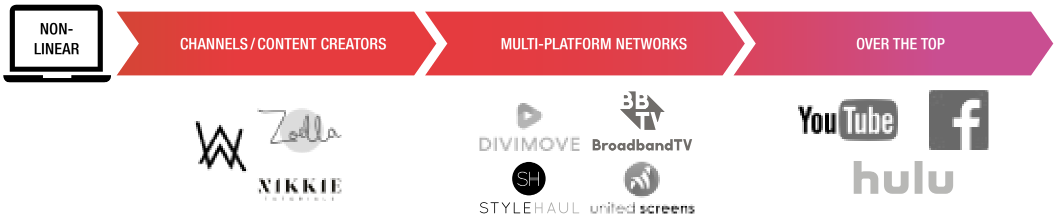
19 Pre-production only starts once the idea is sold to a commissioning client network

DIGITAL

MULTI-PLATFORM NETWORKS (MPNS)

Through key digital investments, RTL Group has become a leader in the YouTube ecosystem. Today, RTL Group fully owns or has stakes in several multi-platform networks (MPNs): BroadbandTV, StyleHaul, Divimove and United Screens. In general, the MPN business model in content aggregation is similar to that of RTL Group's broadcasters. Creators and so-called influencers create content for their own channels on an online video platform such as YouTube. As it can be hard for individuals to sell advertising on their own or to approach and cooperate with bigger brands, MPNs aggregate content to offer advertisers an attractive content package and, most importantly, reach within a defined target group, such as young viewers.

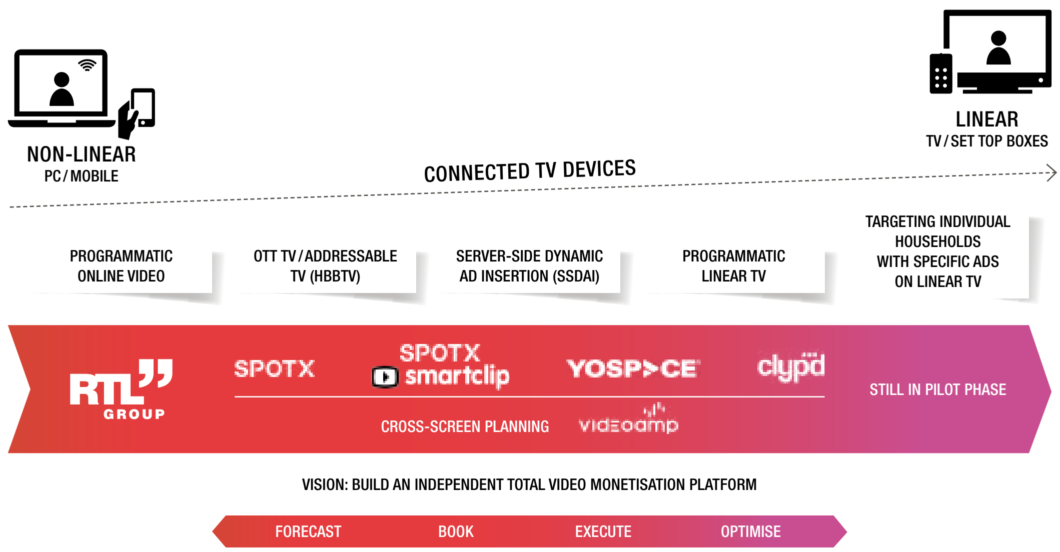
On platforms such as YouTube, revenue is shared between the platform and the MPN. In return for their content, the creators receive a revenue share from the MPN. The more attractive the content – measured by the number of subscribers and video views – the higher the price. Furthermore, branded content, where certain products are featured within video content, offers the opportunity to diversify revenue streams. This revenue is not subject to the revenue share taken by the platform, and thus offers higher margins.



Generic MPN value chain

ADVERTISING TECHNOLOGY

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising enables advertisers to bring their message to an engaged audience, which can be enhanced by the use of technology and data. This is done using a sophisticated process that automates the advertising sales process: within milliseconds an ad on a website can be sold to advertisers looking for this particular demographic and willing to pay a set price. In brief, advertising technology fulfils two main goals: a) find the perfect match between advertiser and user, and, b) find the perfect price for both advertiser and publisher. The main difference to traditional advertising sales is the targeting of individual users instead of a broad reach. Additionally, RTL Group aims to transfer this process into the linear TV world.



RTL Group aims to be present along all parts of the ad-tech value chain

STRATEGY

This section describes RTL Group's strategy in three 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.

At the end of 2018, RTL Group held a Management Summit in Luxembourg which brought together over 90 top executives from across the Group. Here, RTL Group defined two major strategic priorities to focus on stronger organic growth – this strategy is called Total Video 2.0:

1. Expand RTL Group's video-on-demand (VOD) services through significant investments in more local, exclusive content across all genres, and by continuously improving our capabilities in running a direct-to-consumer business.

2. Grow RTL Group's content production arm, Fremantle, into a global content and IP champion – by continuing its successful push into high-end drama series in all its key markets, and by systematically strengthening the collaboration between Fremantle and RTL Group broadcasters.

BROADCAST: BUILDING LOCAL, INTEGRATED TOTAL VIDEO CHAMPIONS

Strengthening RTL Group's broadcast business remains a key part of the Group's strategy. **Building and extending families of TV channels** has been 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, W9, 6ter, and RTL Z.

Most recently, Groupe M6 announced its plan to acquire Lagardère's TV business, to complement its offering for families and to strengthen its overall position in the French media market, both in TV advertising and digital. This major project provides for the acquisition of the entire capital in the following assets: Gulli (the country's leading free-to-air digital channel for children); two pay-TV channels dedicated to younger viewers (Canal J and Tiji), four entertainment and music pay-TV channels (Elle Girl TV, MCM, RFM TV and MCM Top), plus the on-demand offerings of the various channels, including Gulli Replay and the SVOD service Gulli Max.

The next step of RTL Group's strategy for its broadcast units is to build **local, integrated Total Video champions** in the markets in which the Group has strong families of channels, complemented by VOD services designed to attract mass audiences.

RTL Group's TV operations will gradually adopt a **hybrid VOD model** – combining a free, advertising-funded offer with a premium pay content bundle that offers RTL Group TV programmes (both live and on demand) with licensed content from third parties and exclusive content productions (originals) for these services.

By creating these hybrid models, RTL Group is building the next generation of TV and aiming to provide consumers in its various local markets with fully integrated linear and non-linear services via platform operators or direct-to-consumer OTT services.

Over the next three years, RTL Group will invest at least an additional €350 million to boost the expansion of its local streaming services:

- €300 million will be dedicated to content investments across all genres. Every investment in local, exclusive content strengthens both RTL Group's linear TV channels and its streaming services. In other words: a focus on local, exclusive content is the power engine of RTL Group's Total Video 2.0 strategy.
- €50 million will be invested in building a joint VOD tech platform. In 2019, RTL Group has begun to develop the roadmap to a joint tech platform for the VOD services of its broadcasters with the intention that all streaming platforms will ultimately migrate to it. As this tech platform will be a collaboration between RTL Group's units, it will encompass a high level of flexibility for local operations.

By the end of 2018, RTL Group had passed the first million paying subscribers, combining the subscriber bases of TV Now Premium in Germany and Videoland in the Netherlands. Over the next three years, RTL Group aims to grow the number of paying subscribers for its various VOD services to at least 3 million and to increase its VOD revenue, from €216 million in 2018 to at least €360 million in 2021, further diversifying its revenue streams by doing so.

Another focus of the Group's strategy in broadcast is to achieve a significant **increase in non-advertising revenue**, by further growing the revenue 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 services such as high-definition TV channels, on-demand platforms and digital pay channels.

Next to a cross-platform distribution strategy, RTL Group envisages driving its monetisation capabilities across markets and screens, as there is more and more interest for global ad buying opportunities from advertisers and agencies. As a consequence, RTL Group is investing in its **international sales house, RTL AdConnect,** to give international advertisers and agencies easy access to RTL Group's large portfolio of TV and VOD services, MPNs and advertising technology, in a brand-safe environment. To be more relevant in all key European markets, RTL AdConnect's portfolio also encompasses leading partners such as ITV in the UK, RAI in Italy and Medialaan in Belgium. Thanks to these partnerships, RTL Group is one of the only media companies in Europe that can **offer advertisers pan-European digital video campaigns.**

CONTENT

The strategic pillar of content and IP creation 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 in 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 its capabilities in the scripted, entertainment and factual genres, and in building a new client base in the OTT and digital video arena.

   Since 2012, Fremantle has invested heavily in high-end productions, to accelerate its 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 2018 with distinctive productions such as *My Brilliant Friend*, *Deutschland 86*, *The Miracle* and *Picnic at Hanging Rock*.

   Currently, 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).

   Drama series are also key for RTL Group's VOD expansion plans. As a consequence, a VOD content working group has been established with Fremantle and RTL Group's major broadcasters to explore the joint development of high-end drama series.
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.

DIGITAL

MPNS

Total Video means maximising consumers' attention to RTL Group's video offerings, across all platforms and devices. This also includes the Group's multi-platform networks such as BroadbandTV, StyleHaul, Divimove and United Screens.

There are three key reasons:

- **Short-form video views continue to grow rapidly**, in particular on mobile devices and among younger people – a key audience for RTL Group and advertising clients.
- **Advertising and branded content revenues in the YouTube ecosystem** continue to **grow dynamically**.
- the **MPN space operates at global scale**, complementing RTL Group's families of channels on national levels – RTL Group has developed strong number one and two positions with its investments and is thus **well positioned to grow MPN margins and profit contributions** significantly.

As part of RTL Group's Total Video 2.0 strategy, the Group will bundle its fully controlled MPN businesses – StyleHaul, Divimove and United Screens – during 2019, to build a strong and profitable digital video group. This new group will operate on a global scale to reach and entertain young audiences.

The combination of Divimove and UFA X, announced at the end of 2018, is an important element of this strategy. The move will significantly enhance the creative power of RTL Group's MPN businesses and the variety of the Group's offers to advertisers in European markets. With its offices in Berlin and Cologne, UFA X will significantly enhance Divimove's capabilities in digital storytelling and format development in the future.

In summary, the new digital video group is about creating multi-platform revenues, building sustainable relationships with the most creative video creators and talent, and creating and owning intellectual property (IP).

AD-TECH

Further substantial growth of RTL Group's digital revenue also requires **new skills in advertising technology**. To grow its ad-tech business, RTL Group combined the operations of **SpotX and Smartclip** in 2018 and will now integrate the platforms and scale it up through additional capabilities and partnerships.

SpotX has successfully become a Total Video company, with a strong focus on OTT (including VOD and live TV), addressable TV, and online video. SpotX's global strategy includes three pillars:

- **Total Video** – seamlessly transact all video via one platform, leveraging technologies built by SpotX, Smartclip, and RTL Group's recent acquisition, Yospace.
- **Customer value** – deliver products and services that add value to clients, including ad serving, programmatic infrastructure, data enablement, and demand facilitation services.
- **Global expansion** – continue to serve a global market while exploring growth potential in the Asian-Pacific and Latin American regions.

At the beginning of 2019, RTL Group announced it has signed an agreement to acquire control of the UK-based video technology company **Yospace**. The transaction closed on 1 February 2019. Yospace has developed one of the most advanced technologies for **Server-Side Dynamic Ad Insertion (SSDAI)** which allows the replacement of existing commercials from a broadcast stream with more targeted, personalised advertising. Yospace focuses on the premium streaming segment, which is also the fastest-growing and most significant market for RTL Group's global ad-tech company, SpotX. This market segment includes video-on-demand (VOD) and live video that can be streamed to any internet-connected device. As a result, the acquisition of Yospace complements RTL Group's ad-tech stack by ensuring a key technology that can win, retain and scale premium media clients, including RTL Group's broadcasters and streaming services.

In essence, the acquisition of Yospace furthers two strategic goals at the same time. First, RTL Group gains a competitive, fully integrated and profitable solution which is key to further grow SpotX. Secondly, the acquisition will help build local streaming champions in the markets where RTL Group has strong families of channels. The Yospace technology makes advertising on streaming services more personal, which means a better consumer experience for superior monetisation of the Group's premium advertising inventory.

RTL Group's vision is to create an independent, global monetisation platform for video – a large, innovative, customer-friendly alternative for broadcasters, streaming services and publishers. RTL Group aims to grow its ad-tech revenue by additional € 100 million until 2021.

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group uses various key performance indicators (KPIs) to control its financial situation, including revenue, audience share in main target groups, EBITDA and EBITA, RTL Group Value Added (RVA), net debt, and cash conversion. RTL Group uses some of the KPIs to set targets and to control business development in the context of its corporate strategy. For definitions and more details of these KPIs, see note 3. to the consolidated financial statements in the Annual Report 2018.

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 reports different alternative performance measures not defined by IFRS that management believe are relevant for measuring the performance of the Group's operations, the financial position and cash flows, and for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

RTL Group's KPIs may not be comparable to similarly titled measures reported by other groups due to differences in the way these measures are calculated.

REVENUE

RTL Group estimates that the net TV advertising market increased in 2018 in all markets in which the Group is active, with the exception of Germany and French-speaking Belgium and Spain.

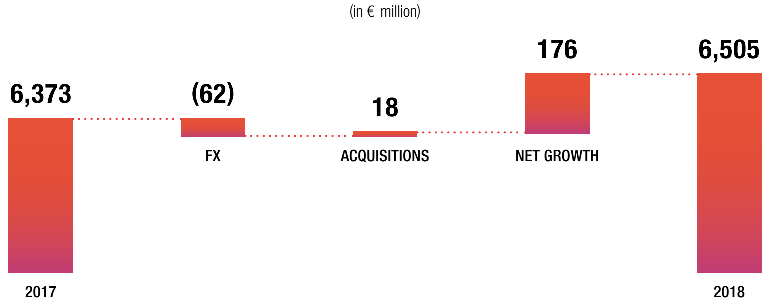
A summary of RTL Group's key markets is shown below, including estimates of net TV advertising market growth rates and the audience share of the main target audience group.

	Net TV advertising market growth rate 2018 (in per cent)	RTL Group audience share in main target group 2018 (in per cent)	RTL Group audience share in main target group 2017 (in per cent)
Germany	(2.0) to (2.5)[20]	27.5[21]	28.9[21]
France	+1.0[22]	21.4[23]	22.3[23]
Netherlands	+3.0[20]	27.2[24]	31.1[24]
Belgium	(3.0)[20]	35.3[25]	36.9[25]
Hungary	+0.6[20]	28.6[26]	31.2[26]
Croatia	+5.1[20]	27.1[27]	29.7[27]
Spain	(0.8)[28]	28.4[29]	28.5[29]

20 Industry and RTL Group estimates
21 Source: GfK. Target group: 14–59
22 Source: Groupe M6 estimate
23 Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter)
24 Source: SKO. Target group: 25–54, 18–24h
25 Source: Audimétrie. Target group: shoppers 18–54, 17–23h
26 Source: AGB Hungary. Target group: 18–49, prime time (including cable channels)
27 Source: AGB Nielsen Media Research. Target group: 18–49, prime time
28 Source: InfoAdex
29 Source: TNS Sofres. Commercial target group: 25–59 (previously 16–54)

During the year to December 2018, RTL Group's total **revenue** was up 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. Negative foreign exchange rate effects across all segments reduced revenue by €62 million. Underlying revenue (adjusting for portfolio changes and at constant exchange rates) was up 2.8 per cent to €6,516 million (2017: €6,339 million).

RTL GROUP REVENUE BRIDGE IN 2018



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.

In contrast to some competitors, RTL Group only recognises pure digital businesses as digital revenue and does not consider e-commerce, home shopping or platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in "other revenue".

RTL GROUP REVENUE SPLIT

GEOGRAPHICAL REVENUE OVERVIEW

	2018 €m	2017 €m	2016 €m
Germany	**2,168**	2,266	2,204
France	**1,460**	1,471	1,419
USA	**972**	800	802
Netherlands	**549**	502	514
UK	**245**	248	227
Belgium	**211**	226	232
Others	**900**	860	839

For more details on geographical information, see note 5. 2. to the consolidated financial statements in the Annual Report 2018.

EBITDA AND EBITA

Reported EBITDA 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. The **EBITDA margin (reported)** was slightly down to 21.2 per cent (2017: 23.0 per cent).

In 2018, the Group's **EBITA** was down 6.2 per cent to €1,171 million for the year (2017: €1,248 million), resulting in an **EBITA margin** of 18.0 per cent (2017: 19.6 per cent).

RTL GROUP VALUE ADDED

The central performance indicator for assessing the profitability from operations and return on invested capital is **RTL Group Value Added** (RVA). RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation.

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA adjusted for a uniform tax rate of 33 per cent, and cost of capital.

The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed adjusted for a uniform tax rate of 33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed.

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 5. 1.). 66 per cent of the present value of operating leases and of satellite transponder service agreements (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

In 2018, RVA was €442 million (2017: €488 million). For more detailed information on RVA, see note 3. to the consolidated financial statements in the Annual Report 2018.

NET DEBT AND CASH CONVERSION

The consolidated **net debt** at 31 December 2018 amounted to €470 million (31 December 2017: net debt of €545 million). The Group intends to maintain a conservative level of gearing of between 0.5 and 1.0 times net debt to full-year EBITDA in order to benefit from an efficient capital structure.

The Group continues to generate significant operating cash flow, with an EBITA to cash conversion ratio of 90 per cent in 2018 (2017: 104 per cent).

Net (debt)/cash position	**As at 31 December 2018 €m**	As at 31 December 2017 €m
Gross balance sheet debt	(894)	(815)
Add: cash and cash equivalents and other short-term investments	424	270
Net (debt)/cash position[30]	**(470)**	**(545)**

For more detailed information on net (debt)/cash position, see note 3. to the consolidated financial statements in the Annual Report 2018.

30 Of which €79 million held by Groupe M6 (as at 31 December 2017: negative cash €34 million)

FINANCIAL DEVELOPMENT OVER TIME

	2018 €m	2017 €m	2016 €m	2015 €m	2014[31] €m
Revenue	**6,505**	6,373	6,237	6,029	5,808
EBITDA	**1,380**	1,464	1,411	1,360	1,347
EBITA	**1,171**	1,248	1,205	1,167	1,144
RVA	**442**	488	462	455	457
Net (debt)/cash	**(470)**	(545)	(576)	(671)	(599)
Cash conversion (in per cent)	**90**	104	97	87	95

OTHER PERFORMANCE INDICATORS

OPERATING EXPENSES

Group operating expenses were up 2.3 per cent to €5,464 million (2017: €5,342 million).

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The total contribution of investments accounted for using the equity method amounted to €56 million (2017: €63 million).

GAIN FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

In 2018, the Group recorded a gain of €25 million (2017: €21 million).

INTEREST EXPENSE

Net interest expense amounted to €20 million (2017: expense of €22 million), primarily due to the interest charge on the Group's financial debt, pension costs and other interest expenses.

IMPAIRMENT OF GOODWILL, AMORTISATION AND IMPAIRMENT OF FAIR VALUE ADJUSTMENTS ON ACQUISITIONS OF SUBSIDIARIES AND JOINT VENTURES

The Group has conducted an impairment testing on the different cash generating units (see note 8. 2.) to the consolidated financial statements in the Annual Report 2018).

The loss totalling €120 million includes an impairment of €105 million against StyleHaul and the amortisation and impairment of fair value adjustments on acquisitions of subsidiaries amounting to €15 million (2017: €17 million).

INCOME TAX EXPENSE

In 2018, the tax expense was €278 million (2017: expense of €385 million). The tax charge in 2018 was substantially lower than in 2017 primarily due to a higher commission income of €28 million (2017: €2 million) and also the recognition of a deferred tax asset on losses carry forward amounting to €67 million.

PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

The profit for the period attributable to RTL Group shareholders was €668 million (2017: €739 million).

EARNINGS PER SHARE

Reported earnings per share, based upon 153,548,938 shares, was €4.35 (2017: €4.81 per share based on 153,548,960 shares).

OWN SHARES

RTL Group has an issued share capital of €191,845,074 divided into 154,742,806 fully paid up shares with no defined nominal value.

RTL Group directly and indirectly holds 0.8 per cent (2017: 0.8 per cent) of RTL Group's shares (without taking into account the liquidity programme).

PROFIT APPROPRIATION (RTL GROUP SA)[32]

The annual accounts of RTL Group show a profit for the financial year 2018 of €496,254,473 (2017: €642,428,692). Taking into account the share premium account of €4,691,802,190 (2017: €4,691,802,190) and the profit brought forward of €446,023,311 (2017: €418,503,565), the amount available for distribution is €5,479,524,455 (2017: €5,598,187,411), net of an interim dividend of €154,555,519 (€1.00 per share) as decided by the Board of Directors of RTL Group on 28 August 2018 and paid on 6 September 2018 (2017: €154,547,036) (i.e. €1.00 per share).

31 2014 figures adjusted for changes in purchase price allocation

32 Amounts in Euro except where stated

MAIN PORTFOLIO CHANGES

UNITED SCREENS

In January 2018, RTL Group fully acquired United Screens, the leading multi-platform network (MPN) in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video.

MONALBUMPHOTO

In July 2018, Groupe M6 disposed of its entire shareholding in monAlbumPhoto to Albelli. monAlbumPhoto operated in the e-commerce sector principally in the printing, design and personalisation of photographic products. A gain on disposal amounting to €22 million was recorded in these accounts.

GIRONDINS DE BORDEAUX

In November 2018, Groupe M6 disposed of its entire shareholding in the Football Club des Girondins de Bordeaux (FCGB) to General American Capital Partners. A loss on disposal amounting to €7 million was recorded in these accounts.

MAJOR RELATED PARTY TRANSACTIONS

SALES AND PURCHASES OF GOODS AND SERVICES

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €11 million (2017: €16 million) and €27 million (2017: €23 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €5 million (2017: €3 million) and €6 million (2017: €6 million), respectively.

DEPOSITS BERTELSMANN SE & CO. KGAA

With the view to investing its cash surplus, RTL Group SA entered in 2006 with Bertelsmann SE & Co. KGaA (previously Bertelsmann AG) into a Deposit Agreement, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one to six-month basis, EURIBOR plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
  - all shares of its wholly owned French subsidiary Média Communication SAS;
  - all shares of its wholly owned Spanish subsidiary Media Finance Holding SL (Arvato excluded);
  - all shares of its wholly owned German subsidiary Gruner + Jahr GmbH (former Gruner + Jahr GmbH & Co. KG);
  - all shares of its wholly owned English subsidiary Bertelsmann UK Ltd (Arvato excluded).

The shares of Gruner + Jahr GmbH and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

On 22 December 2011, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into an agreement related to the deposit of surplus cash by RTL Group Deutschland GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group Deutschland GmbH its shares of Gruner + Jahr GmbH.

At 31 December 2018 and 31 December 2017, neither RTL Group SA nor RTL Group Deutschland GmbH held any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is €nil million (2017: €nil million).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2018, the balance of the cash pooling accounts receivable and payable amounts to €2 million (2017: €4 million). The interest income/expense for the year is €nil million (2017: €nil million).

LOANS FROM BERTELSMANN SE & CO. KGAA AND BERTELSMANN BUSINESS SUPPORT SÀRL

On 7 March 2013, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swingline facility in the amount of up to €1 billion. Revolving loan terminated in February 2018. RTL Group has re-negotiated an extension for another five-year period. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million was transferred from Bertelsmann SE & Co. KGaA to

Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2018, the term loan balance amounts to €500 million (2017: €500 million);

- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.40 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.40 per cent per annum. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2018, the total of revolving and swingline loan amounts to €232 million (2017: €138 million).

The interest expense for the period amounts to €15 million (2017: €15 million). The commitment fee charge for the period amounts to €0.9 million (2017: €0.6 million).

TAX

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group Deutschland GmbH ("RGD") into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGD entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGD.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGD sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGD, it affects neither RTL Group nor RGD's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGD and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGD sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements. At 31 December 2018, the balance payable to BCH amounts to €633 million (2017: €450 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €481 million (2017: €267 million).

For the year ended 31 December 2018, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €180 million (2017: €183 million). The Commission amounts to €28 million (2017: €2 million).

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2017: €4 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Arvato Finance A/S, a 100 per cent held subsidiary of Bertelsmann SE & Co. KGaA, was elected as the management company of the Bertelsmann Denmark Group.

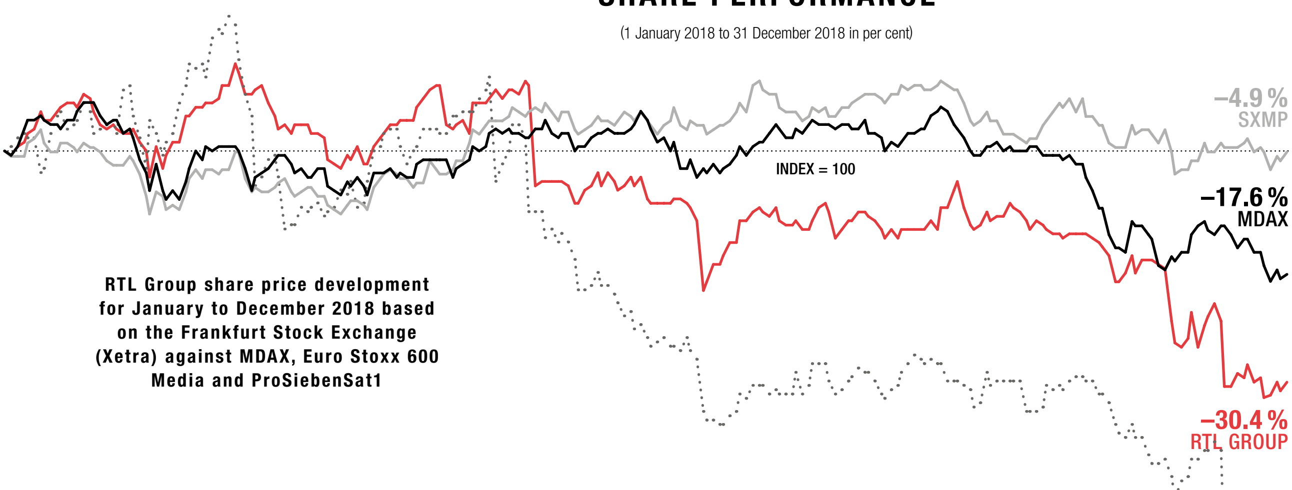
All Spanish entities with direct or indirect shareholding of at least 75 per cent by an ultimate parent are subject to Spanish tax consolidation which is mandatory under Spanish tax law. Bertelsmann SE & Co. KGaA appointed Bertelsmann España, S.L. as Spanish representative of the consolidated tax group in Spain.

CAPITAL MARKETS AND SHARE

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.

SHARE PERFORMANCE

(1 January 2018 to 31 December 2018 in per cent)



RTL Group share price development for January to December 2018 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1

RTL Group's share price started the year 2018 at just over €67 and finished the year down 30.4 per cent, at €46.70. The share price highs and lows were €72.80 (27 February) and €45.78 (27 December).

On a quarterly basis, the average share price evolved as follows:
Q1: €68.93
Q2: €67.00
Q3: €62.49
Q4: €53.98

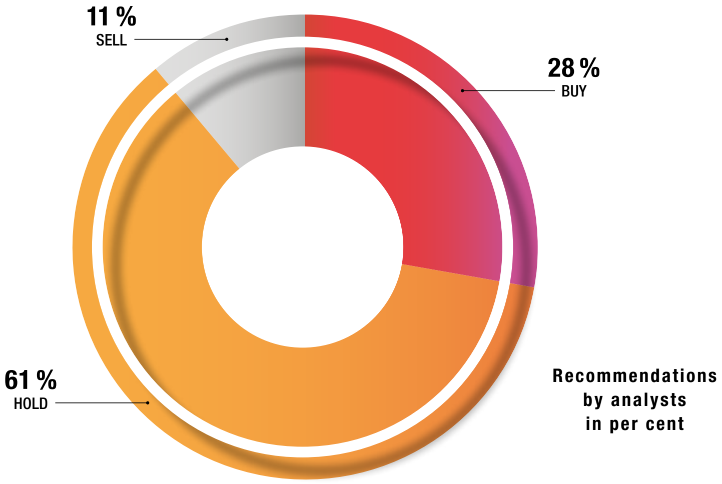
The quarterly performance clearly indicates that the weakness set in from October on – largely driven by external factors such as a significant US technology sell-off, macro concerns including fears of a trade war between the United States and China, Italian budget issues, and the continuing debate around Brexit.

The Group declared and paid dividends in both April and September 2018. The April payment of €3.00 (gross) per share related to the 2017 full-year ordinary dividend. In September the Board authorised the distribution of an interim dividend payment of €1.00 per share. The total cash paid out in 2018 with respect to RTL Group's dividends amounted to €614 million. Based on the average share price in 2018 (€63.06), 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).

ANALYSTS' VIEWS ON RTL GROUP

28 per cent (5 out of 18) of analysts that have published notes known of by the Group since the announcement of the 2018 half-year results recommended RTL Group shares as a buy at the end of the year (2017: 41 per cent). 61 per cent (11 out of 18) recommended holding the share (2017: 55 per cent) and the remaining 11 per cent (2 out of 18) recommended selling (2017: 4 per cent). Their average price target at the end of 2018 was €59.61 (compared to €75.87 at the end of 2017) with their price expectations ranging from €37 to €75.

Recommendations by financial analysts play an important role in helping investors make decisions. With a total of 18 brokerage firms and financial institutions covering RTL Group and publishing a note since the announcement of the 2018 half-year results (2017: 22), the share is broadly covered.



In order to discuss RTL Group's strategy with its current investors and to present the company to existing and potential new investors, the RTL Group Executive Committee and the Head of Investor Relations participated in various conferences in Europe and North America and held a number of roadshows and meetings covering all of the major financial centres, including New York, Boston, Frankfurt, Paris, Toronto, Montreal, Zurich and London. The level of financial communication and transparency provided by the Group was recognised in the Extel 2018 results. In this widely recognised survey RTL Group's CFO ranked sixth out of 39 as best in media with Investor Relations ranking eighth out of 67 as best IR professional in media.

As of 31 December 2018, the following analysts were covering RTL Group's shares:

Bank	Analyst	Latest recommendation
Deutsche Bank	Laurie Davison	Sell
Barclays Capital	Julien Roch	Neutral
UBS	Richard Eary	Neutral
Bank of America Merrill Lynch	Adrien de St.Hilaire	Neutral
Société Générale	Christophe Cherblanc	Hold
Bankhaus Lampe	Christoph Bast	Hold
Citi	Catherine O'Neill	Neutral
Goldman Sachs	Lisa Yang	Neutral
HSBC	Chris Johnen	Hold
Morgan Stanley	Omar Sheikh	Sell
Exane BNP	William Packer / Annick Maas	Outperform
JP Morgan	Daniel Kerven	Neutral
Petercam	Michael Roeg	Hold
KBC	Ruben Devos	Accumulate
Kepler Cheuvreux	Conor O'Shea	Hold
Nord LB	Holger Fechner	Buy
Warburg Research	Lucas Boventer	Hold
ODDO BHF	Jerome Bodin	Buy
Pareto	Mark Josefson	Buy

RTL GROUP RATING

RTL Group has ratings from both S&P and Moody's on a standalone basis. The current credit ratings are BBB+ (stable) and Baa1 (stable) respectively. These are unchanged compared to previous rating reviews. RTL Group's ratings are aligned to those of its parent company, Bertelsmann SE & Co. KG, due to its shareholding level and control on RTL Group.

RTL GROUP DIVIDEND POLICY

RTL Group offers an attractive ordinary dividend policy with a pay-out ratio between 50 and 75 per cent of the Group's adjusted net result.

The adjusted net result, if any, is the reported net result available to RTL Group shareholders, adjusted for significant one-off items (both positive and negative) above €10 million. The Group reports its adjusted net result, and provides reconciliation to the reported net result, when it announces its full-year results.

The Group intends to maintain or, where possible, to have a progressive ordinary dividend over time.

As well as the ordinary dividend, the Board also considers, twice a year, whether there is a chance to pay additional dividends to shareholders in the form of interim dividends. The ability to pay an interim dividend depends on the Group's financial capacity – noting that the Group aims to have a balance sheet efficiency of between 0.5 and 1.0 times net debt to full-year EBITDA – and the amount of cash earmarked for further growth opportunities.

RTL GROUP'S SHAREHOLDER RETURN

RTL Group measures its Total Shareholder Return (TSR), using the share price development and the dividend paid over the same time frame, and assumes that the share has been held for this full period.

Over the past five years (since 2014), three years (since 2016) and last year (2018) the TSR of RTL Group shares is as follows:

	2014	2016	2018
Share price as of 1 January in €	93.93	77.05	67.07
Closing share price as of 31 December 2018 in €	–	–	46.70
Cumulative dividends paid (including intervening years and extraordinary dividends) in €	23.00	12.00	4.00
Total shareholder return in per cent	(26)	(24)	(24)

The TSR has been calculated as follows (using 1 January 2014 as an example):

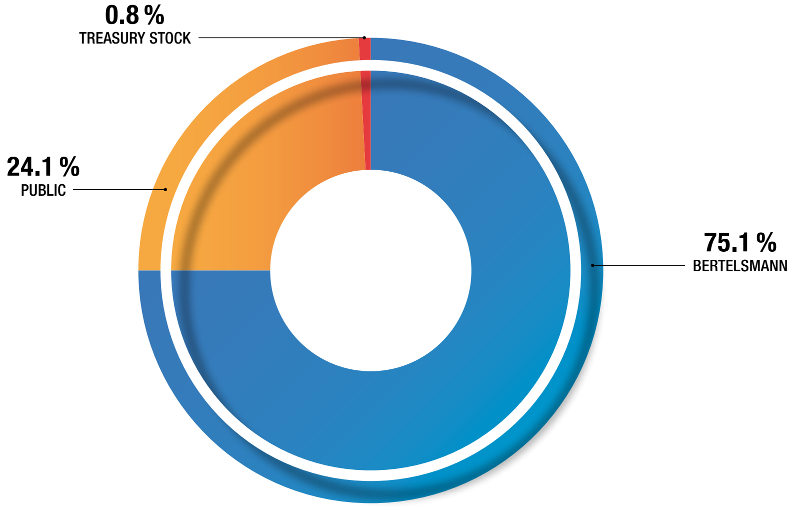
$$\text{TSR} = \frac{[\text{Closing share price at 31 December 2018}]+[\text{cumulative dividends paid from 1 January 2014 until 31 December 2018}]}{[\text{Share price as of 1 January 2014}]} - 1$$

$$\text{TSR} = \frac{€46.70 + €23.00}{€93.93} - 1 = -25.8\,\%$$

RTL GROUP SHAREHOLDING STRUCTURE

The share capital of the company is set at €191,845,074, divided into 154,742,806 shares with no par value.

The shares shall be in the form of either registered or bearer shares, at the option of the owner.



Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at December 2018, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were free float. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries.

There is no obligation for a shareholder to inform the company of any transfer of bearer shares save for the obligations provided by the Luxembourg law of 15 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. Accordingly, the Company shall not be liable for the accuracy or completeness of the information shown.

RTL GROUP SHARE MASTER DATA

ISIN	LU0061462528
Exchange symbol	RRTL
WKN	861149
Share type	Ordinary
Bloomberg code	RRTL:GR
Reuters code	RRTL
Ticker	RRTL
Transparency level on first quotation	Prime standard
Market segment	Regulated market
Trading model	Continuous trading
Sector	Media
Stock exchanges	Frankfurt, Luxembourg, Brussels
Last total dividend	€4.00
Number of shares	154,742,806
Market capitalisation[33]	€7,226,489,040
52 week high	€72.80 (27 February 2018)
52 week low	€45.78 (27 December 2018)

INDICES

RTL Group's shares are listed in the indices with the weight as outlined below:

Index	Weight in per cent
MDAX	1.2145
MDAX Kursindex	1.2145
Prime All Share	0.1745
STOXX Europe 600	0.03
STOXX Europe 600 Media	1.39
HDAX	0.2007

33 As of 31 December 2018

RTL GROUP'S EQUITY STORY: WHY INVEST IN RTL GROUP?

1	2	3	4
MARKET-LEADING POSITIONS ACROSS THE VALUE CHAIN OF TV & RADIO, CONTENT AND DIGITAL, THROUGH REDEFINITION OF TV AS TOTAL VIDEO	RESILIENT TOP-LINE GROWTH, A WELL-DIVERSIFIED REVENUE MIX AND AN EXCELLENT EARNINGS PROFILE	EFFICIENT COST STRUCTURES AND STRICT COST CONTROL PROVIDING FINANCIAL FLEXIBILITY	STRONG AND ROBUST CASH FLOWS ENABLING ATTRACTIVE SHAREHOLDER RETURNS
5	**6**	**7**	**8**
EXCELLENT INVESTMENT POSITION TO INVEST SUSTAINABLY IN EXISTING BUSINESSES AND NEW GROWTH DRIVERS, ENSURING ATTRACTIVE SHAREHOLDER REMUNERATION	ATTRACTIVE DIVIDEND POLICY	ANCHOR SHAREHOLDER BERTELSMANN A LEADING GLOBAL MEDIA, SERVICES AND EDUCATION COMPANY	RESPONSIBLE CORPORATE CITIZEN CREATING VALUE FOR USERS, PARTNERS, SHAREHOLDERS, EMPLOYEES AND THE GREATER SOCIETY

MARKET-LEADING POSITIONS

- RTL Group is a global leader across broadcast, content and digital, with interests in 60 television channels and 30 radio stations, content production throughout the world, and rapidly growing digital video businesses
- RTL Group has redefined TV as Total Video and has market-leading positions across the value chain of video production, aggregation, distribution and monetisation. With their families of channels, RTL Group's broadcasters are either number one or number two in the European markets in which they operate. Fremantle, RTL Group's production arm, is a global leader in content production. And with its recent digital investments, RTL Group is one of the front runners in the high-growth market of online video
- RTL Group acts from a position of strength in all strategic areas: broadcast, content and digital

RESILIENT TOP-LINE GROWTH

- RTL Group stands for resilient top-line growth, a well-diversified revenue mix and an excellent earnings profile

EFFICIENT COST STRUCTURES AND STRICT COST CONTROL

- RTL Group's revenues are generated on the basis of an efficient cost structure and strict cost control providing financial flexibility to the management

STRONG AND ROBUST CASH FLOWS

- RTL Group's business model is based on strong and robust cash flows, enabling attractive shareholder returns

EXCELLENT INVESTMENT POSITION

- RTL Group is in an excellent position to invest sustainably in existing businesses and to explore new growth drivers through acquisitions, while simultaneously ensuring attractive shareholder remuneration

ATTRACTIVE DIVIDEND POLICY

- RTL Group offers an attractive ordinary dividend policy with a pay-out ratio of between 50 and 75 per cent of the Group's adjusted net result
- RTL Group intends to maintain or, where possible, to have a progressive ordinary dividend over time

ANCHOR SHAREHOLDER BERTELSMANN

- RTL Group's largest shareholder is Bertelsmann, a leading media, services and education company that operates in around 50 countries worldwide

RESPONSIBLE CORPORATE CITIZEN

- RTL Group is a responsible corporate citizen, creating value for viewers, listeners and digital users, partners, shareholders, employees and the greater society

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2018 PERFORMANCE

Linear TV continues to dominate the Total Video market and is the only medium to consistently reach mass audiences day by day. In total, people watch more video content than ever before – long-form and short-form, linear and non-linear, on televisions and portable devices. The demand for high-quality video content is growing rapidly, and online video advertising with it.

RTL Group estimates that the net TV advertising markets grew in 2018 in all markets in which the Group is active – with the exception of Germany and French-speaking Belgium.

RTL Group's broadcasting business proved to be resilient – particularly at Mediengruppe RTL Deutschland, Groupe M6, RTL Nederland and RTL Belgium which reported very healthy EBITDA margins of 17.5 per cent (RTL Nederland) to 32.7 per cent (Mediengruppe RTL Deutschland). Across Europe, RTL Group's flagship channels remained number one or number two in their respective markets and target groups.

Throughout the year, Fremantle further increased creative diversity within the company. With its high-end drama productions on screen in 2018 – *My Brilliant Friend*, *Picnic at Hanging Rock* and *Deutschland 86* – Fremantle has successfully positioned itself as a high-quality drama producer with worldwide appeal for both broadcasters and streaming services. Additionally, the return of *American Idol* in 2018 was an important achievement for Fremantle and RTL Group. As one of the biggest independent production companies, Fremantle continues to focus on creative talent and on developing projects that will feed into its network.

RTL Group's digital revenue increased by 19.2 per cent to €985 million during 2018 – representing about 15.1 per cent of the Group's total revenue – as a result of both acquisitions and organic growth.

For the full year 2018, RTL Group's organic revenue growth of 2.8 per cent was in line with its financial guidance (moderately up: +2.5 per cent to +5.0 per cent). In terms of operating profit, the Group was also in line with its guidance on EBITDA (adjusted for the significant positive one-off effect of +€94 million in 2017 from the sale of buildings in Paris: broadly stable, i.e. −1.0 per cent to +1.0 per cent) with operational EBITDA increasing by 0.7 per cent to €1,380 million. The reported EBITDA margin was healthy at 21.2 per cent. Overall, 2018 was a positive financial year for RTL Group. In 2018, RVA was €442 million.

At the time this Directors' report was compiled, RTL Group is characterised by overall very good revenue and earnings, as well as a strong financial position and operating performance. Strong cash flows allow the combination of attractive dividend payments with significant investments, in particular into the Group's streaming services and into content production. Management's first priority has always been to further develop the Group, to make the right investments, and to achieve profitable growth.

Across broadcast, content, and digital, RTL Group has strong positions to accelerate the Total Video strategy: a highly profitable, cash-generating core business in TV broadcasting; Fremantle has successfully branched out into scripted drama, while in digital video, RTL Group is among the leaders in both ad tech and the rapidly growing YouTube ecosystem.

REVIEW BY SEGMENTS

FULL-YEAR

Revenue	2018 €m	2017[34] €m	Per cent change
Mediengruppe RTL Deutschland	2,226	2,289	(2.8)
Groupe M6	1,483	1,503	(1.3)
Fremantle	1,592	1,472	+8.2
RTL Nederland	508	477	+6.5
RTL Belgium	186	191	(2.6)
Other segments	753	676	+11.4
Eliminations	(243)	(235)	–
Total revenue	**6,505**	**6,373**	**+2.1**

EBITDA	2018 €m	2017 €m	Per cent change
Mediengruppe RTL Deutschland	728	738	(1.4)
Groupe M6	400	389	+2.8
Fremantle	147	140	+5.0
RTL Nederland	89	87	+2.3
RTL Belgium	41	21	+95.2
Other segments	(25)	89[35]	
Reported EBITDA	**1,380**	**1,464**	**(5.7)**

EBITDA margins	2018 per cent	2017 per cent	Percentage point change
Mediengruppe RTL Deutschland	32.7	32.2	+0.5
Groupe M6	27.0	25.9	+1.1
Fremantle	9.2	9.5	(0.3)
RTL Nederland	17.5	18.2	(0.7)
RTL Belgium	22.0	11.0	+11.0
RTL Group	**21.2**	**23.0**	**(1.8)**

34 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

35 Other segments 2017 EBITDA includes a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

THREE MONTHS ENDED 31 DECEMBER (Q4)

Revenue	Q4/2018 €m	Q4/2017[36] €m	Per cent change
Mediengruppe RTL Deutschland	694	736	(5.7)
Groupe M6	431	454	(5.1)
Fremantle	538	502	+7.2
RTL Nederland	156	146	+6.8
RTL Belgium	56	56	+0.0
Other segments	246	205	+20.0
Eliminations	(84)	(76)	
Total revenue	**2,037**	**2,023**	**+0.7**

EBITDA	Q4/2018 €m	Q4/2017 €m	Per cent change
Mediengruppe RTL Deutschland	244	241	+1.2
Groupe M6	123	125	(1.6)
Fremantle	81	76	+6.6
RTL Nederland	34	42	(19.0)
RTL Belgium	17	(2)	>100.0
Other segments	(11)	93[37]	
Reported EBITDA	**488**	**575**	**(15.1)**

EBITDA margins	Q4/2018 per cent	Q4/2017 per cent	Percentage point change
Mediengruppe RTL Deutschland	35.2	32.7	+2.5
Groupe M6	28.5	27.5	+1.0
Fremantle	15.1	15.1	–
RTL Nederland	21.8	28.8	(7.0)
RTL Belgium	30.4	(3.6)	+34.0
RTL Group	**24.0**	**28.4**	**(4.4)**

36 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

37 Other segments 2017 EBITDA includes a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

MEDIENGRUPPE RTL DEUTSCHLAND

FINANCIAL RESULTS

In the challenging environment of the German net TV advertising market – estimated to be down between 2.0 and 2.5 per cent – Mediengruppe RTL Deutschland's revenue decreased by 2.8 per cent to € 2,226 million (2017: € 2,289 million), mainly due to lower TV advertising. The high-margin platform revenue was slightly up, while digital revenue was strongly up, driven by increased VOD revenue and digital advertising. EBITDA was slightly down from € 738 million in 2017 to € 728 million – a decrease of 1.4 per cent. This was mainly due to lower TV advertising revenue in a year in which major sporting events such as the Fifa World Cup 2018 and Winter Olympics were broadcast by the public TV channels. The decrease was partly compensated by lower programming costs at RTL Television – as the channel broadcast only two football matches of the German national team (2017: six matches) and no boxing fights in 2018 (2017: three fights) – as well as the reversal of specific legal provisions.

	2018 €m	2017[38] €m	Per cent change
Revenue	2,226	2,289	(2.8)
EBITDA	728	738	(1.4)
EBITA	715	722	(1.0)

38 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

39 Including pay-TV channels

AUDIENCE RATINGS

In 2018, the combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 decreased to 27.5 per cent[39] (2017: 28.9 per cent) – mainly due to the Fifa World Cup 2018 being broadcast on the public channels. The German RTL family of channels retained a lead of 2.7 percentage points over its main commercial competitor, ProSiebenSat1 (24.8 per cent, 2017: 4.5 percentage points).

With an audience share of 10.4 per cent in the target group of viewers aged 14 to 59 in 2018 (2017: 11.3 per cent), **RTL Television** was the leading channel in the target group for the 26th consecutive year, well ahead of ZDF (9.0 per cent), ARD (8.1 per cent), Sat1 (8.0 per cent), and ProSieben (7.1 per cent). Once again, RTL Television was the only channel with a double-digit audience share in this demographic.

RTL Television's most-watched programme in 2018 was the Germany versus Peru football friendly game on 9 September 2018 which attracted a peak audience of 8.11 million. Germany's 2:1 victory was watched by an average of 7.78 million total viewers – a total audience share of 25.5 per cent. In the 14 to 59 target group, the audience share was 23.0 per cent. Once again, *Ich bin ein Star – Holt mich hier raus!* (I'm a Celebrity – Get Me Out of Here!) was one of the year's standout formats, with 6.81 million viewers tuning in for the final on 16 February 2018 – an audience share of 38.0 per cent among viewers aged 14 to 59. The average audience share for the show's 12th season was 33.0 per cent among viewers aged 14 to 59.

Locally produced content is a strategic focus for Mediengruppe RTL Deutschland, with which RTL Television enjoyed a number of successes, in both entertainment shows and drama: *Big Bounce – die Trampolin-Show* attracted an average of 3.15 million total viewers and 13.3 per cent of the 14 to 59 target group. The new series *Sankt Maik* attracted an average audience of 2.36 million, and 10.9 per cent of the 14 to 59 demographic. The overhaul of the daytime schedule paid off with *Die Superhändler – 4 Räume, 1 Deal* (Four Rooms) steadily expanding its audience share with an average audience share of up to 10.3 per cent in the 14 to 59 target group.

"Mediengruppe RTL is an exceptionally strong team of media and entertainment professionals who work in partnership with the best creative talent in Germany to entertain millions every day. We will continue our success as we trust the original ideas, team spirit and passion of these extraordinary individuals."

BERND REICHART,
CEO MEDIENGRUPPE RTL DEUTSCHLAND

Vox achieved a 6.3 per cent audience share in the target group of viewers aged 14 to 59. A standout performer for Vox in 2018 was *Die Höhle der Löwen* (Dragons' Den), which generated an average audience share of 14.9 per cent among viewers aged 14 to 59, rising to 17.0 per cent for the 11 September episode – an all-time record for that target group. Once again, the show defended its claim to be the "most successful prime-time show in Vox's history." Overall, *Die Höhle der Löwen* allowed Vox to top the daily ratings four times and the prime-time ratings 10 times in 2018 in the 14 to 59 target group.

Other prime-time formats fared well in the 14 to 59 age group, including: the new documentary series *Ich, einfach unvermittelbar?* (Employable Me), which averaged 10.5 per cent, the cooking competition *Kitchen Impossible,* which secured 9.3 per cent in spring, while the music event series *Sing meinen Song – Das Tauschkonzert* attracted 7.9 per cent of the target audience.

In the 14 to 59 target group **Nitro**'s audience share in 2018 was 2.0 per cent (2017: 2.1 per cent). In its main target demographic of men aged 14 to 59, Nitro attracted an average audience share of 2.3 per cent (2017: 2.4 per cent).

RTL Plus grew faster than any other commercial channel in Germany in 2018, securing a 1.4 per cent audience share in the 14 to 59 age group, up 0.3 percentage points on 2017. In its main target group, women aged 40 to 64, RTL Plus achieved an audience share of 2.0 per cent, an increase of 0.5 percentage points on the previous year.

The news channel **N-TV** attracted 1.0 per cent of both the total audience and viewers in the 14 to 59 demographic in 2018. Once again, its news and in-depth business coverage in the mornings proved particularly popular. Between 06:00 and 12:00 Mondays to Fridays, the news channel achieved a total audience share of 2.0 per cent (1.6 per cent among viewers aged 14 to 59), remaining the most popular news provider in the mornings, ahead of Welt (1.2 per cent) and Phoenix (1.4 per cent).

Super RTL retained its leading position in 2018, attracting an average audience share of 22.0 per cent in the target group of three to 13-year-olds between 06:00 and 20:15, ahead of the public service broadcaster KiKA (17.9 per cent), and once again well ahead of rivals Disney (11.3 per cent) and Nickelodeon (7.4 per cent). A highlight was newly launched *Peppa Pig,* which achieved outstanding ratings (34.1 per cent on average).

In 2018, **RTL II** attained a market share of 4.4 per cent among 14 to 59-year-old viewers. Hit show *Love Island – Heiße Flirts und wahre Liebe* (Love Island – Hot Flirts and True Love) was one of the television events of the year. The second season of the dating format achieved an audience share of 6.9 per cent, up from 4.6 per cent in 2017. This popular show was also watched more than 23 million times on TV Now, rtl2.de, HbbTV and the official *Love Island* app.

DIGITAL AND DIVERSIFICATION ACTIVITIES

In December 2018, Mediengruppe RTL Deutschland relaunched its mass-market streaming service **TV Now**. In a new premium package, TV Now offers a wide range of exclusive new programmes, live content, and German and US series. Exclusive German productions such as the series remake of Fritz Lang's film classic *M – Eine Stadt sucht einen Mörder* and exclusive international licenced series are just two of the highlights of the new platform. Furthermore, TV Now includes all 13 Mediengruppe RTL Deutschland channels and offers HD broadcasting quality. The number of paying subscribers has grown by 43.5 per cent, mainly driven by improved product features.

Shortly after TV Now, Mediengruppe RTL Deutschland launched its new general interest portal **RTL.de**. Aimed at a rather female audience, the news and entertainment service reports on topics of nationwide interest using videos and content produced exclusively for the portal. Users are kept up-to-date with the latest news, as well as unique and exclusive content from Mediengruppe RTL Deutschland programmes, with the aim of reaching mass audiences and generating traffic for the streaming service, TV Now.

GROUPE M6

FINANCIAL RESULTS

The French TV advertising market was estimated to be up 1.0 per cent year-on-year. In 2018, Groupe M6's revenue was down to € 1,483 million (2017: € 1,503 million), mainly due to lower contributions from the diversification businesses and the scope exit of monAlbumPhoto. However, after the renewal of all distribution agreements during the first months of 2018, Groupe M6 significantly increased its high-margin platform revenue. Accordingly, Groupe M6's EBITDA was up 2.8 per cent to € 400 million (2017: € 389 million).

The net radio advertising market in France increased by an estimated 1.0 per cent compared to the same period in 2017, with Groupe M6's radio family (RTL, RTL 2, Fun Radio) outperforming the market.

	2018 €m	2017 €m	Per cent change
Revenue	1,483	1,503	(1.3)
EBITDA[40]	400	389	+2.8
EBITA	275	255	+7.8

AUDIENCE RATINGS: TV

Groupe M6's combined audience share[41] was 21.4 per cent in the key commercial target group of women under 50 responsible for purchases (2017: 22.3 per cent).

Flagship channel M6 retained its status as the second most-watched channel in France among women under 50 responsible for purchases, with an average audience share of 15.0 per cent (2017: 15.7 per cent).

M6 improved its major programming brands such as *La France A Un Incroyable Talent* (France's Got Talent), *Le Meilleur Pâtissier* (The Best Baker), *Top Chef* or *Pékin Express*, *Zone Interdite* and *Capital*.

W9's audience share was 3.8 per cent among women under 50 responsible for purchases (2017: 4.0 per cent). This was the result of effective programming that combined new productions during access primetime such as *Un Dîner Presque Parfait* (Come Dine With Me) and reality series. The success of its positioning as a general interest channel aimed at a young audience is reflected with 88 of the 100 best audience figures achieved by television programmes watched online.

6ter remained the leading HD DTT channel among the commercial target group for the fourth consecutive year, attracting an average audience share of 2.6 per cent (2017: 2.6 per cent), ranking it fifth among all DTT channels. The channel consolidated its family friendly image with the launch of new flagship brands such as *Les Mamans* (The Mothers), *Vous Avez un Colis* (You Have A Parcel) *and Familles Extraordinaires* (Extraordinary Families).

40 The large difference between EBITDA and EBITA is due to the significant impact of long-running rights held by SND which are classified as depreciation
41 Free-to-air channels only

"Our record operating profit shows the strength of our business in TV, radio and digital. Thanks to effective management of our diversified portfolio, we are in a healthy position to further strengthen our market position by acquiring Lagardère's TV activities."

NICOLAS DE TAVERNOST,
CHAIRMAN OF THE MANAGEMENT BOARD OF GROUPE M6

AUDIENCE RATINGS: RADIO

In 2018, the RTL radio family of stations registered a consolidated audience share of 19.5 per cent among listeners aged 13 and older in the latest measurement, up 0.4 percentage points year on year. Its flagship station, **RTL Radio**, was the leading station in France for the 16th consecutive year with an average audience share of 12.9 per cent in 2018 (2017: 12.7 per cent). RTL Radio remained ahead of the next commercial competitors RMC, NRJ and Europe1 by 6.3, 7.0 and 7.8 percentage points respectively.

The pop-rock station **RTL 2** achieved an average audience share of 2.9 per cent in 2018 (2017: 2.6 per cent), while **Fun Radio** registered an average audience share of 3.7 per cent in 2018 (2017: 3.8 per cent).

DIGITAL AND DIVERSIFICATION ACTIVITIES

At the end of 2018, Groupe M6's VOD offer **6play** recorded about 25 million registered users (2017: 20 million registered users) and 1.4 billion video views (2017: 1.3 billion), driving digital advertising revenue.

December 2018 was marked by the release of the film *Asterix: The Secret of the Magic Potion* – produced in-house by M6 Studio and distributed by the film distributor **SND** – which sold more than 3.9 million cinema tickets overall. This Asterix movie with a new storyline based on the original characters, was the biggest box office success of the past 12 years for a French animated film.

FREMANTLE

FINANCIAL RESULTS

Revenue of Fremantle – RTL Group's content production arm – was strongly up to €1,592 million in 2018 (2017: €1,472 million), despite negative exchange rate effects of €41 million. This increase was mainly driven by the strong performances of Fremantle in North America, Germany (UFA) and the Canadian video game company Ludia. The share of international drama productions of Fremantle's total revenue was 19 per cent in 2018. EBITDA increased by 5.0 per cent to €147 million (2017: €140 million).

	2018 €m	2017 €m	Per cent change
Revenue	**1,592**	1,472	+8.2
EBITDA	**147**	140	+5.0
EBITA	**127**	120	+5.8

PRODUCTION BUSINESS

In 2018, Fremantle's global network of production companies saw hours broadcast increase by 1.6 per cent to 12,738 hours (2017: 12,533 hours). The number of formats aired increased by 23.8 per cent to 78 (2017: 63) and the total number of Fremantle programmes aired worldwide was 409 (2017: 447), combined with Fremantle's international sales catalogue of more than 20,000 hours of programming sold to over 200 territories. Fremantle remains one of the largest creators and distributors of award-winning international programme brands in the world.

NON-SCRIPTED

Television's most successful and recognised music competition – *American Idol* – returned to screens in March 2018, this time on ABC. The series attracted an average audience of 9.5 million viewers and a 9.3 per cent average audience share (total individuals aged 2+), ranking as ABC's number one entertainment show of 2018 – and performing over 50 per cent higher than the broadcaster's prime time average. By the end of the season, *American Idol* had accumulated more than 1 billion video views across all social media platforms, and the *American Idol* app had been downloaded over 1.2 million times.

In the UK, the 12th series of *Britain's Got Talent* (BGT) drew a peak audience of 11.2 million viewers on 28 April 2018, making it the UK's highest-rated programme during the first half of 2018 and ITV's number two show of the year. Across the series, it attracted an average 8.7 million viewers and 39.2 per cent audience share (total individuals aged 4+), with a 51.6 per cent share for adults aged 16 to 34.

The much-loved family cooking show format, *My Mom Cooks Better Than Yours*, became Fremantle's top selling format of 2018 and is now airing in 31 territories worldwide. Fremantle partnered with Facebook to launch localised versions of their online interactive gameshow *Confetti* on Facebook Watch in India, Thailand, Vietnam, the Philippines and the UK. Combining Fremantle's leading expertise in entertainment production with Facebook's global community, the gameshow will be further developed for new audiences around the world.

SCRIPTED

In September 2018, Wildside's, *My Brilliant Friend*, premiered at the Venice Film Festival and launched on HBO in the US in November, followed by Sky Atlantic in the UK and RAI in Italy. The adaptation of the first of Elena Ferrante's Neapolitan Novels was sold to 147 territories by Fremantle's international team. The show reached an average audience of 7.1 million viewers in Italy and outperformed RAI Uno's prime time average share by 55 per cent for total viewers and 65 per cent for the commercial target group of adults aged 15 to 64. *My Brilliant Friend* was Italy's number one new drama of 2018. A second season has already been announced by HBO and RAI.

"In 2018, we expanded our position as a global creative powerhouse, delivering strong performances in key markets and a return to overall revenue growth. Once again, we worked with the very best creative talent to deliver irresistible entertainment that is core to the ever-changing world of our audience."

JENNIFER MULLIN, CEO FREMANTLE

Fremantle Australia's drama, *Picnic at Hanging Rock*, starring Natalie Dormer opened the 2018 Berlin Film Festival and featured at the Tribeca Film Festival. The drama series launched on Foxtel, BBC, Deutsche Telekom's EntertainTV, Canal+ (France) and Amazon Prime Video (US).

In Germany, UFA's *Deutschland 86* returned for a second season airing across Amazon Prime Video in Germany, Austria, the Netherlands, Portugal, Japan and India as well as Sundance TV in the US. The three-part drama *Ku'damm 59* reached an average of 5.85 million viewers and a 16.8 per cent audience share (total individuals aged 3+). The UFA Fiction production was the widest-reaching programme on the public broadcaster ZDF's on-demand service in 2018, with a total of over 6 million streams.

INTERNATIONAL

America's Got Talent and *American Idol* were both available on streaming services to UK audiences for the first time, thanks to deals with Netflix UK and Amazon UK respectively.

Fremantle completed eight new deals in Latin America for over 100 hours of content across drama, entertainment, factual, and lifestyle programming with the pan-regional broadcasters National Geographic, AMC, DIRECTV, Multivision, A+E Networks, Sony and Brazil's Globosat.

NUMBER OF HOURS BROADCAST

Programmes	2018	2017
New	2,395	3,020
Returning	10,343	9,533
Total	12,738	12,553

DIGITAL AND BRANDED ENTERTAINMENT

In 2018, content produced by Fremantle attracted 340 million fans across YouTube, Facebook, Twitter and Instagram (2017: 282 million). During the year, Fremantle's content had a total of 29 billion views on YouTube (2017: 26.2 billion) and 90 million subscribers across 332 channels (2017: 57 million subscribers across 296 channels).

Asia's Got Talent (AGT) set a new record in 2018, by securing the title of the most watched video of all time on Facebook. The Sacred Riana, a spooky magic act, delighted global audiences with her audition clip, earning more than 625 million views on Facebook by December 2018. In total, Fremantle content on Facebook achieved 14 billion views throughout 2018.

RTL NEDERLAND

FINANCIAL RESULTS

The Dutch TV advertising market was estimated to be up 3.0 per cent year on year. RTL Nederland's revenue increased by 6.5 per cent to € 508 million (2017: € 477 million), mainly driven by higher TV advertising revenue, Videoland and other digital activities. The high-margin platform revenue was strongly up due to new distribution agreements. EBITDA was slightly up to € 89 million (2017: € 87 million).

	2018 €m	2017[42] €m	Per cent change
Revenue	508	477	+6.5
EBITDA	89	87	+2.3
EBITA	70	73	(4.1)

AUDIENCE RATINGS

In 2018, RTL Nederland's channels reached a combined prime-time audience share of 27.2 per cent in the target group of viewers aged 25 to 54 – down from 31.1 per cent in 2017. RTL Nederland's channels remained ahead of the public broadcasters (25.5 per cent) and Talpa TV (20.1 per cent).

RTL Nederland's flagship channel, RTL 4**,** scored an average prime-time audience share of 15.7 per cent in the target group of shoppers aged 25 to 54 (2017: 18.2 per cent). RTL 4 retained its strong position with the talent theme with *The Voice Of Holland* at the start of the year (39.5 per cent) and the start of a new season in autumn (35.0 per cent), *The Voice Kids* (29.2 per cent), *It Takes 2* (21.6 per cent) and *Time To Dance* (18.3 per cent). *The Voice Senior* had a strong launch, attracting 31.6 per cent of the target audience.

Successful new programme launches throughout the year included *Beau Five Days Inside* (26.0 per cent) and *Sint En Paul Pakken Uit* (single broadcast) (30.8 per cent). The drama series *Soof* (20.5 per cent) and *De 12 Van Oldenheim* (19.2 per cent) proved popular, as did new seasons of *Moordvrouw* (15.1 per cent) and *Centraal Medisch Centrum* (19.2 per cent).

RTL 5's prime-time audience share remained stable at 4.7 per cent in the key target group of viewers aged 25 to 39 (2017: 4.7 per cent). Dutch productions are still the most popular shows on the channel. On Thursdays, *Expeditie Robinson* scored its best performance ever, with an average share of 38.3 per cent and registered an average of 1.7 million viewers aged six and over.

Men's channel RTL 7 scored an average prime-time audience share of 5.3 per cent among male viewers aged 25 to 54 (2017: 7.0 per cent). Sports remained the most popular programmes on RTL 7, including the Darts World Cup 2018, the final of which attracted an audience share of 11.7 per cent. Even though no Dutch team plays in the Uefa Europa League, the tournament's final between Olympique Marseille and Atletico Madrid reached 21.0 per cent of the target audience.

42 2017 comparatives have been re-presented as if the transfer of Smartclip Benelux from Mediengruppe RTL Deutschland to RTL Nederland had occurred on 1 January 2017

"Last year, we launched our fan-centric strategy, where in everything we do, we put our fans first. On TV as well as online. That viewers watch less linear TV is a fact. Fortunately, with Videoland we have invested in video-on-demand at an early stage, giving the Dutch viewer an excellent local alternative for the large international VOD parties."

SVEN SAUVÉ,
CEO RTL NEDERLAND

Women's channel **RTL 8** attracted an average prime-time audience share of 4.4 per cent among female viewers aged 35 to 59 (2017: 3.9 per cent), with female-skewed movies and thrillers being among the most popular broadcasts.

RTL Z recorded an audience share of 0.9 per cent in the demographic of the upper social status aged 25 to 59 (2017: 1.0 per cent).

DIGITAL AND DIVERSIFICATION ACTIVITIES

RTL Nederland's network of websites, apps and YouTube channels generated a total of 2,253 million video views[43] (including RTL MCN) in 2018 – an increase of 8.5 per cent year on year (2017: 2,077 million). The most popular formats and sites were Buienradar NL, *RTL Nieuws*, RTL XL, *Weet Ik Veel*, *The Voice of Holland* and *RTL Boulevard*.

RTL Nederland's video-on-demand service, Videoland, recorded paying subscriber growth of 134.9 per cent compared to 2017, and total subscriber viewing time even increased by 229.9[44] per cent compared to the same period last year. Videoland's high growth was largely driven by the reality format *Temptation Island VIPs* and *Mocro Maffia* – both of which are exclusively available on the subscription video-on-demand service.

43 Playlist starts
44 OTT Only

RTL BELGIUM

FINANCIAL RESULTS

Against the background of a declining TV advertising market that was estimated to be down 3.0 per cent year on year, RTL Belgium's revenue decreased to € 186 million (2017: € 191 million). EBITDA was strongly up to € 41 million (2017: € 21 million) as the 2017 EBITDA was strongly impacted by the transformation plan #evolve. The improved EBITDA also reflects lower TV programme costs in 2018.

	2018 €m	2017 €m	Per cent change
Revenue	186	191	(2.6)
EBITDA[xx]	41	21	+95.2
EBITA	37	16	>100

AUDIENCE RATINGS

Despite the enthusiasm for the Red Devils team during the Fifa World Cup 2018, which was broadcast on the public channels, RTL Belgium's family of TV channels attracted a combined audience of 35.3 per cent among shoppers aged 18 to 54 (2017: 36.9 per cent), maintaining its position as the market leader in French-speaking Belgium. RTL Belgium's lead over the public channels was 14.4 percentage points (2017: 18.4 percentage points).

The flagship channel RTL-TVI had an audience share of 26.1 per cent among shoppers aged 18 to 54 (2017: 26.7 per cent) – 12.2 percentage points ahead of the Belgian public broadcaster La Une, and 13.3 percentage points ahead of the French broadcaster TF1.

The most watched programme of the year on RTL-TVI was the news show, *RTL Info 19h*, which attracted an average total audience share of 49.1 per cent. Also popular were *Face au Juge* (In Front Of The Judge), with an average audience share of 50.2 per cent, and *Bienvenue chez les Ch'tis* (Welcome To The Sticks), with an audience share of 44.0 per cent – both among shoppers aged 18 to 54. 2018 was also marked by the successful launch of new own productions, across all time slots, including entertainment programme *Donovan Magicien* (Donovan The Magician) and docusoaps *Dutroux*, *l'évasion* (Dutroux, The Escape) and *Appel d'urgence* (Emergency Call).

Club RTL recorded an audience share of 6.9 per cent among male viewers aged 18 to 54 (2017: 6.7 per cent). Football remains one of the most popular broadcasts on the channel through a wide choice of matches and competitions (Champions League and the Belgian Cup).

Plug RTL reported a prime-time audience share of 3.9 per cent among 15 to 34-year-old viewers (2017: 5.9 per cent). The most popular programme was the talk show *Touche pas à mon poste* (5.8 per cent).

According to the CIM audience surveys for 2018 (January to December), **Bel RTL** and **Radio Contact** achieved audience shares of 13.6 and 13.9 per cent respectively, among listeners aged 12 years and over. In 2017 (January to December), audience shares reached 13.0 and 13.4 per cent respectively.

DIGITAL AND DIVERSIFICATION ACTIVITIES

In March 2018, RTL Belgium launched a new video-on-demand platform, RTL Play, based on the Groupe M6 platform 6play. Offering replays and free content to its users, RTL Play performed strongly within its nine first months, with 445,000 registered users and 127,000 visitors per month.

In 2018, according to the CIM audience survey, RTL Belgium's websites reached 39 million video views, driven by news, football content and major TV shows.

RTL Info is the leading French-speaking news application, with an 18 per cent growth in daily unique users during 2018 – an average of 136,692 (2017: 116,132).

"In 2018, RTL Belgium underwent a profound transformation. In doing so, our teams enabled RTL content to remain the preferred choice of information and entertainment for French-speaking Belgians."

PHILIPPE DELUSINNE,
CEO RTL BELGIUM

OTHER SEGMENTS

This segment mainly comprises RTL Group's digital assets – both its global ad-tech company SpotX, and its MPN investments: BroadbandTV, StyleHaul, Divimove and United Screens. It also includes the fully consolidated businesses 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.

"With unprecedented growth, we remain the largest multi-platform player in the world. We lead our peer group in all key measures – including unique viewers and watch-time – and continue to grow all revenue streams. 2019 will be another significant year for the business."

SHAHRZAD RAFATI,
FOUNDER & CEO BROADBANDTV

MULTI-PLATFORM NETWORKS

In 2018, the combined revenue of RTL Group's multi-platform networks (MPNs) – including BroadbandTV, StyleHaul, Divimove and United Screens – was up strongly by 28.3 per cent to €331 million compared to €258 million in 2017. The increase was mainly driven by BroadbandTV and the first-time full consolidation of United Screens.

BROADBANDTV (BBTV)

Throughout 2018, **BroadbandTV** registered a total of 405[45] billion video views – up 19 per cent from 2017 – while revenue increased 31.9 per cent year on year (in Canadian dollars: up 38.4 per cent) achieving break-even at EBITDA. As of December 2018, the company had achieved over 38 billion views per month (December 2017: 34 billion).

At CES (Consumer Electronics Show) in Las Vegas in January 2018, BroadbandTV announced BBTV Interactive, a new business division that builds original games and mobile apps across multiple platforms, for top digital talent. In June 2018, BBTV Interactive launched Squad Rivals, a multi-influencer mobile game featuring 15 YouTube digital stars and influencers who have a combined total of 41 million subscribers and over 319 million monthly video views. In November 2018, BroadbandTV launched the brand safety video solution VISO Prism – a proprietary technology solution scans hundreds of thousands of videos daily and provides safer content to brands and advertisers, while informing the decision making of creators and media companies.

45 Including views from external partners

"We are keenly focused on stabilising the business and re-establishing the foundation of our key areas of business and expertise."

SEAN ATKINS,
CEO STYLEHAUL

"2018 was a very successful year. Thanks to the continued growth of resources in our local markets, we will continue to see a significant upsurge in revenue with Brandboost as well as our network business."

TOBIAS SCHIWEK,
CEO DIVIMOVE

STYLEHAUL

StyleHaul continues to connect brands to consumers through data-driven social content and now has a community of over 1,500 YouTube-primary creators with 26 billion views in 2018 (2017: 27 billion). StyleHaul's revenue was down 2.8 per cent in 2018, mainly due to negative foreign exchange rate effects (in US dollars: up 1.2 per cent).

In 2018, StyleHaul continued the roll-out of SHopper Insights (SHI) – a full-service product that offers insights into how influencer media campaigns drive website conversion and sales for brands. SHI helps brands elaborate the success of an influencer ad campaign with several KPIs such as the increase of purchases. One successful example of 2018 was the launch of the Olivia Jade x Sephora Collection Bronze & Illuminate Palette on cosmetics company Sephora's website.

DIVIMOVE

In 2018, Europe's leading multi-platform network, **Divimove**, attracted a total of 23 billion video views (2017: 18 billion). The company registered 300 million subscribers per month – up 134 per cent on the same period in the previous year – across its 900 social influencers in Germany, Spain, the Netherlands, Italy, Poland and France, due to successful influencer management and acquisitions of top influencers in its core markets (2017: 190 million subscribers across its 1,000 social influencers). Divimove's revenue was up 42.9 per cent in 2018.

In December 2018, RTL Group stepped up its shareholding in Divimove and now owns 100 per cent. It was subsequently announced that Divimove would be combined with UFA X on 1 January 2019 to create an integrated powerhouse for the production, aggregation and monetisation of short-form video content in Europe.

In 2018, Divimove partnered with *Me Contro Te* and Armin van Buuren's YouTube channel. *Me Contro Te* is Italy's largest YouTube channel, with 3.1 million subscribers and more than 1.7 billion views in total. Divimove now supports the artist's channel in all aspects of digital rights management. *Me Contro Te* collaborates closely with Divimove in influencer marketing and both channel and influencer management.

"2018 was United Screens' first year within RTL Group, and a year when our strategy began to crystallise. As part of the soon-to-be-formed digital video group with StyleHaul and Divimove, we have the vision and support needed to continue to grow the business."

**MALTE ANDREASSON,
CEO AND FOUNDER, UNITED SCREENS**

UNITED SCREENS

The leading multi-platform network in the Nordics, **United Screens**, registered 8 billion video views in 2018 – up 44 per cent on the same period in the previous year. On a pro-forma basis, revenue was up 15.4 per cent year on year[46] (in SEK: up 22.7 per cent).

In September 2018, United Screens opened an office in Denmark, completing its presence in all Nordic countries complete while in November 2018, United Screens became a reseller of YouTube's entire advertising inventory in Sweden. Known as YouTube Reach, the offer adds to United Screens' product portfolio consisting of brand safe advertising reach within the United Screens premium network on YouTube and influencer marketing with the largest YouTubers and influencers in the Nordics. Meanwhile, December 2018 saw the forming of a new subsidiary, United Screens Music (USM), which enables United Screens to address the online music business directly.

46 United Screens is consolidated for the first time after the acquisition in January 2018. Revenue presented as if the acquisition would already have taken place on 1 January 2017

"OTT, addressable TV, and online video were our biggest drivers in 2018. Spend in OTT dramatically increased over the year as we focused on premium supply, and connecting more advertisers to their inventory."

**MIKE SHEHAN,
CO-FOUNDER AND CEO SPOTX**

AD-TECH

In 2018, RTL Group combined its two major ad-tech investments SpotX and Smartclip into one business with a unified management structure. The new company globally operates with the brand SpotX. Furthermore, RTL Group has two additional minority investments in Clypd and Videoamp. The revenue of these minority shareholdings is not consolidated whereas the profit and loss contributions are shown in the Group's ad-tech EBITDA.

RTL Group's ad-tech revenue[47] was up by 1.8 per cent to €112 million compared to €110 million in 2017 – affected by €5 million of negative foreign exchange rate effects. The combined EBITDA was up 100 per cent to €13 million (2017: €3 million), mainly as a result of lower costs.

SPOTX

As a leading video ad serving platform for premium publishers and broadcasters, SpotX continues to build solutions to help monetise video content across all screens and devices.

The United States remains SpotX's primary market with over 60 per cent of revenue now coming from major media owners and platforms including Discovery, Roku, Sling TV, and Vudu – a Walmart company. In Europe, SpotX completed its integration of Smartclip, establishing a new EU management team, and rolling out its services, including ad serving and addressable TV, across RTL Group companies as well as other major media companies in EU major markets.

Other growth drivers were new product offerings such as automated guaranteed, first-price auctions, the launch of several new advanced integrations (such as video header bidding) which grew exponentially in 2018, and partnerships with companies such as Yospace[48].

47 Excluding the SpotX/Smartclip joint ventures in Germany and the Netherlands which are fully consolidated in the segments Mediengruppe RTL Deutschland and RTL Nederland
48 Acquired in February 2019

"RTL Hungary remained market leader in 2018, and the biggest producer of fiction series in Hungary. This gives us an advantage in the digital space, where our high-quality, relaunched platform, RTL Most, is unique in Hungary."

GABRIELLA VIDUS,
CEO RTL HUNGARY

RTL HUNGARY

Total consolidated revenue of **RTL Hungary** was down to €107 million (2017: €110 million) mainly due to lower TV advertising revenue. The Hungarian net TV advertising market was estimated to be slightly up by 0.6 per cent in 2018. EBITDA was down by 65.2 per cent to €8 million (2017: €23 million), mainly due to the fact that 2017 benefitted from a positive one-off effect of an ad tax reclaim and, higher programming cost in 2018.

The combined prime-time audience share of the Hungarian RTL family of channels in the key demographic of 18 to 49-year-old viewers was 28.6 per cent (2017: 31.2 per cent). The prime-time audience share of **RTL Klub** decreased to 14.3 per cent (2017: 16.4 per cent) though the Group's Hungarian flagship channel remained the clear market leader, 4.7 percentage points ahead of its main commercial competitor TV2 (2017: 6.1 percentage points).

During the year, RTL Klub won 272 prime time evenings in the target group (2017: 327 evenings). The most popular programmes were *The X-Faktor* with an average audience share of 30.8 per cent in the target group, and the locally produced comedy series *A mi kis Falunk* (Our little village) with an average audience share of 29.5 per cent. The second series of *Konyhafőnök VIP* (Top Chef VIP) reached an average 20.8 per cent. The main news programme *Híradó* recorded an average audience share of 18.6 per cent (2017: 19.5 per cent).

RTL Hungary's **cable channels** achieved a combined prime-time audience share of 14.3 per cent among viewers aged 18 to 49 (2017: 14.8 per cent). With a prime-time audience share of 5.2 per cent in the target group (2017: 5.1 per cent), Film+ remained the leading cable channel in Hungary.

RTL Hungary's online portfolio generated a total of 110 million video views of long and short-form content in 2018 (2017: 57 million) – 61 million of which were recorded on the on-demand platform, RTL Most, which was relaunched in February 2018. With a monthly average of 430,000 active users, 10 per cent of domestic internet users watched owned and licensed content on RTL Most.

"Overall, 2018 was a very good year for RTL Croatia. We continued to develop our digital assets – especially with RTL Play – growing online audiences as well as revenue."

HENNING TEWES,
CEO RTL CROATIA

RTL CROATIA

In Croatia, the net TV advertising market was estimated to be up 5.1 per cent. **RTL Croatia** outperformed the market and increased its revenue to €46 million (2017: €40 million). Accordingly, EBITDA was up to €3 million (2017: €2 million).

RTL Croatia's channels achieved a combined prime-time audience share of 27.1 per cent in the target audience aged 18 to 49 (2017: 29.7 per cent). The decrease is mainly due to the Fifa World Cup 2018, which was broadcast on the public channels. The flagship channel, **RTL Televizija**, recorded a prime-time audience share of 17.9 per cent of 18 to 49-year-olds (2017: 20.2 per cent).

Local production remained a cornerstone of the channel's programming. The year started with the Men's Handball World Championship in France which attracted an average audience share of 39.5 per cent across 17 live matches, while the match between Iceland and Croatia was watched by 64.2 per cent of 18 to 49-year-old viewers. In spring, the ninth season of *Ljubav je na selu* (The Farmer Wants A Wife) scored an average audience share of 22.3 per cent. The casting show *Zvijezde* (Stars) achieved an average audience share of 23.4 per cent.

RTL 2 experienced a slight decrease in its prime-time audience share to 6.8 per cent (2017: 7.0 per cent). The children's channel, **RTL Kockica**, recorded an average audience share of 21.2 per cent (2017: 23.3 per cent) among children aged four to 14 between the hours of 7:00 and 20:00.

RTL Croatia's video views increased by 65 per cent to 23 million, including around 8.0 million video views from the new video-on-demand platform RTL Play, which was developed in collaboration with Groupe M6. Since its launch in January 2018, the platform registered 400,000 registered users, making it the biggest VOD service in Croatia. Its growth was driven by live broadcasts of Men's Handball World Championship matches, as well as re-runs and the tenth season of *Big Brother*.

"2018 was an excellent year for RTL Luxembourg. By launching RTL Today, we reached an important milestone in our development, catering for the interests of a growing international audience. Another highlight was the parliamentary elections, which attracted a record audience on all RTL media."

CHRISTOPHE GOOSENS,
CEO RTL LUXEMBOURG

RTL LUXEMBOURG

In 2018, RTL Luxembourg again reinforced its position as the leading media brand in the Grand Duchy of Luxembourg. Combining its TV, radio and digital activities (all three of which appear in the top five media ranking in Luxembourg), the RTL Luxembourg media family achieved a daily reach of 82.4 per cent (2017: 84.0 per cent) of all Luxembourgers aged 12 and over.

Remaining the number one station listeners turn to for news and entertainment, **RTL Radio Lëtzebuerg** reaches 189,900 listeners each weekday (2017: 199,800). With the extension of its programme after 20:00, **RTL Télé Lëtzebuerg** reached an important milestone in its history. This positive development among others allowed the TV channel to attract 131,700 viewers each day (2017: 129,500), representing a prime-time audience share of 45.7 per cent of Luxembourgish viewers aged 12 and over, Monday to Friday, 19:00 to 20:00 (2017: 44.7 per cent). Audio-visual content on RTL.lu achieved an average of 382,600 video views per month[49]. (2017: 558,862 video views).

RTL.lu – the country's most visited website with a daily reach of 41.6 per cent among Luxembourgers aged 12 and over (2017: 41.0 per cent) – set a new record in 2018 during the country's parliamentary elections. In just two days, from Sunday 14 to Monday 15 October 2018, RTL.lu earned 1.1 million visits and 15.1 million page views[50].

With the launch of **RTL Today** in February 2018, RTL Luxembourg also reaches out to another key audience in Luxembourg: the growing English-speaking community.

BROADCASTING CENTER EUROPE

In 2018, Broadcasting Center Europe (BCE) strengthened its online services through a key partnership with Freecaster[51], an expert in streaming and online video. The two companies partnered on key events such as the International Sport Innovation event (The Spot) and the Montreux Volley Masters.

BCE managed the move of RTL Radio (France) to new premises, including the integration of eight new studios for RTL, RTL2 and Fun Radio each equipped with BCE's visual radio solution (StudioTalk). Both the integration and the StudioTalk solution won awards at the SATIS exhibition for media and communications professionals held in Paris.

With the development of OTT, VOD and catch-up, BCE upgraded its TV traffic software suite to fit Antenne Reunion's needs for non-linear rights management. It also provided a new infrastructure to ensure the transcoding of customer content for distribution in multiple formats for both IPTV and web platforms.

BCE achieved the HD re-versioning of 198 episodes of the original *Baywatch* series for Fremantle, and ensured the audio correction of the dubbed version, as well as creating titles and credits for the French, German, Italian and Spanish versions.

49 Source: IP Digital (new measurement method)
50 Source: CIM Metriweb
51 Acquired in January 2019

"In 2018 we established our Total Audio strategy, combining our leading content with new technologies to create innovative audio products that will enable us to reach more listeners than ever before."

**STEPHAN SCHMITTER,
CEO RTL RADIO DEUTSCHLAND**

RTL RADIO DEUTSCHLAND

RTL Radio Deutschland reported revenue of €54 million in 2018 (2017: €48 million) and EBITDA of €11 million (2017: €7 million). The revenue growth of 12.5 per cent was mainly driven by higher advertising revenue at the majority-controlled stations thanks to their higher audience reach.

Radio usage in Germany remained strong, reaching 77.6 per cent of the adult population aged 14 and over each day. Commercial radio is gaining ground again after several years of decline (up 2.0 percentage points in the target group aged 14 to 49). RTL Group's German radio portfolio outperformed the market with a substantial increase in reach in the target group (up 5.6 percentage points), mainly as a result of the increasing reach of Antenne Niedersachsen (Lower Saxony), Radio Hamburg and the Berlin youth station, 93.6 JAM FM.

In Berlin – Germany's most competitive radio market with around 30 FM stations – **104.6 RTL** regained its leading position as market leader in the target group, while **105.5 Spreeradio** recaptured third place (up 14.1 per cent in the total market in Berlin). **93.6 JAM FM** once again proved popular, increasing its average number of listeners per hour by 43.9 per cent in the target group.

In December 2018, RTL Radio Deutschland concluded the acquisition of further shares in the Berlin based youth radio station 93.6 JAM FM, increasing its share from 10.0 per cent to 49.9 per cent. The transaction was completed in January 2019 with approval from the media and antitrust authorities, and payment of the purchase price.

In 2018, RTL Radio Deutschland implemented its Total Audio Strategy by creating innovative digital audio products and technologies through its Digital Media Hub (DMH). The digital unit functions as a strategic and technical partner for various radio stations within and outside the German RTL Radio portfolio.

At the end of 2018, RTL Group's German radio portfolio comprised investments in 17 stations, most of which are minority holdings. In total, these stations reach over 22 million listeners each day (2017: 23 million) and have a combined average audience of around 4.6 million listeners per hour (2017: 4.6 million).

ATRESMEDIA

The Spanish TV advertising market slightly decreased by an estimated 0.8 per cent in 2018. The **Atresmedia** family of channels achieved a combined audience share of 28.4 per cent in the commercial target group of viewers aged 25 to 59 (2017: 28.5 per cent). The main channel, **Antena 3**, recorded an audience share of 11.9 per cent (2017: 12.1 per cent) in the commercial target group.

On a 100 per cent basis, consolidated revenue of Atresmedia was slightly down 0.9 per cent to €1,042 million (2017: €1,052 million), while operating profit (EBITDA) was down by 7.4 per cent to €187 million (2017: €202 million) and net profit was €88 million (2017: €142 million). The profit share of RTL Group was down to €16 million (2017: €26 million).

NON-FINANCIAL INFORMATION

CORPORATE RESPONSIBILITY (CR)

RTL Group believes that CR adds value not only to the societies and communities it serves, but also to the Group and its businesses. Acting responsibly and sustainably enhances the Group's ability to remain successful in the future.

CR is integral to the Group's Mission Statement, which defines what the Group does, what it stands for and how employees communicate – both with the outside world and with each other. At the heart of RTL Group's guiding principles and values is a commitment to embrace independence and diversity in its people, content and businesses.

In 2012, RTL Group created a CR Council (CRC) with the aim of advancing environmental, social and governance issues. The CRC meets three times a year to work on RTL Group's material CR issues and their implications for human resources, investor relations, legal, compliance, risk and communications. It consists of experts in these areas at RTL Group's Corporate Centre in Luxembourg and is currently chaired by the Group's Executive Vice President of Corporate Communications and Marketing. In March 2014, RTL Group expanded its CR task force Group wide, to create the RTL Group CR Network, which consists of CR representatives from RTL Group's profit centres and the Corporate Centre. The CR Network meets once a year to share knowledge and best practice, enabling the CRC to gain a greater understanding of local initiatives.

RTL Group's CR activities focus primarily on the following issues: editorial independence, diversity, community investment, content responsibility, learning, and fair working conditions. These issues were identified in a materiality analysis conducted in 2017 in close consultation with Bertelsmann, the Group's majority shareholder. Although the analysis did not deem environmental and climate protection to be among the most material issues for RTL Group, the Group is nevertheless strongly committed to this issue, and reports on this matter in the CR Report 2018 (page 21) and the Combined Non-financial Report 2018 (to be published in June 2019). RTL Group's CR Report 2018 (pages 4–5) provides more details about the materiality analysis and its findings.

The above-mentioned material issues provide the structure for the CR Report 2018, part of RTL Group's Annual Report 2018. The report provides a comprehensive overview of the Group's CR strategy and initiatives, as well as the results achieved.

RTL Group will publish a separate Combined Non-financial Report on its website (*RTLGroup.com*) by 30 June 2019, which will consist of all legally mandated non-financial disclosures and diversity information required by the European Directive 2014/95/EU and by the provisions of the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg.

INNOVATION

RTL Group's innovation management is focused on three core topics: developing new, high-quality TV formats, using all digital means of distribution, and creating new forms of advertising sales and monetisation.

NEW FRONTIERS

With rapidly changing consumer behaviour and an increasing presence of international tech giants in the video marketplace, competition is now fought on a global rather than a local level. To address this challenge, RTL Group has started a transformation journey **'New Frontiers: re-inventing RTL's pioneering spirit'** with the aim of fostering organic growth through higher levels of creativity and innovation.

With six international workshops bringing together 140 executives, the Group initiated a candid dialogue on its strengths, weaknesses, opportunities and threats in four key areas: cooperation, future organisation, mindset and talent. At the offsite meeting of RTL Group's Operations Management Committee that followed, management committed to six concrete workstreams: VOD collaboration, content/intellectual property, talent, tech/data/artificial intelligence, cutting red tape, and diversification, with a particular focus on strengthening video-on-demand-services, content, creativity and talent.

VIDEO-ON-DEMAND

In December 2018, Mediengruppe RTL Deutschland relaunched its mass-market streaming service, **TV Now**. In a new premium package, TV Now offers a wide range of exclusive new programmes, live content and the most popular German and US series in HD, including all 13 Mediengruppe RTL Deutschland channels. The product offer will be complemented by additional exclusive German productions – branded TV Now Originals – such as *M – Eine Stadt sucht einen Mörder.*

CONTENT AND CREATIVITY

RTL Group's families of channels and streaming services focus on local, exclusive content across all genres. In 2018, Mediengruppe RTL Deutschland launched over 150 new local formats, including *Sankt Maik* (RTL Television) and *Milk and Honey* (Vox). In total, Mediengruppe RTL Deutschland invests around €1 billion in content every year – the majority of which is produced in local formats.

Fremantle – RTL Group's content production arm – is constantly developing new formats, including exclusive shows for digital platforms. In 2018, Fremantle partnered with Facebook to launch localised versions of their new online interactive gameshow *Confetti* on Facebook Watch in India, Thailand, Vietnam, the Philippines and the UK. Combining Fremantle's leading expertise in entertainment production with Facebook's global community, the gameshow will be further developed for new audiences around the world.

In October 2018, RTL Group collaborated with Inception – one of the Group's shareholdings – to launch the **Creative Reality Fund**. The Group has pledged €1 million to foster innovation within the field of virtual and augmented reality (VR/AR). The fund will be used to encourage RTL Group's business units to imagine and execute new and innovative ideas by covering part, or all, of the investment required. The fund is designed to harness the potential of VR/AR while creating the next generation of RTL Group's intellectual property (IP). Twelve projects from eight business units were submitted, with applications ranging from VR immersion into a popular 90s cult series, to timelines of famous politicians, to creating holograms of celebrities. The four winning projects will be developed in early 2019.

DIVERSIFICATION AND COLLABORATION

Through its **international sales house, RTL AdConnect,** RTL Group gives international advertisers and agencies easy access to RTL Group's large portfolio of TV and VOD services, MPNs and advertising technology, in a brand-safe environment. To be more relevant in all key European markets, RTL AdConnect's portfolio also encompasses leading partners such as ITV in the UK, RAI in Italy and Medialaan in Belgium. Thanks to these partnerships, RTL Group is one of the only media companies in Europe that can offer advertisers pan-European digital video campaigns.

In 2018, The ***NetID*** open log-in standard developed by the European NetID Foundation and initiated by Mediengruppe RTL Deutschland, ProSiebenSat1 and United Internet was launched. The standard offers a single sign-on which can be used on numerous German websites by 35 million users. The partner network of *NetID* already includes media companies such as Süddeutsche Zeitung, Spiegel Gruppe, Gruner + Jahr, retail companies such as Zalando, Otto Group, C&A, Conrad Elektronik, Douglas, as well as the parcel delivery company DPD.

Synergy Committees are used for exchanging experience, information and knowledge at RTL Group. In the age of digitalisation, the role of 'big data' – in the form of cookies, clusters or cross-device analytics – is ever-more prominent. With it, the aggregation and exploitation of data is becoming increasingly more important for RTL Group, its advertising customers and ultimately consumers.

SIGNIFICANT LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities (see note 8. 13 1. of the RTL Group Annual Report 2018).

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

On 22 February 2018, the Spanish Competition Authority ("CNMC") communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. The directors of Atresmedia and their legal advisors take the view that the aforesaid Statement of Objections is not sufficiently founded and have confidence in a positive outcome for Atresmedia, either during the administrative proceeding or in court proceeding in the event that the CNMC will take a decision imposing sanctions. On this basis, no provision has been recognised at 31 December 2018.

Several subsidiaries of the Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf, Germany, seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. This expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL II filed a motion claiming that the expert was not impartial. IP Deutschland has rejected the motion for lack of impartiality as unfounded. The Court has not taken a decision. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a 'halo effect'. Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged 'halo effect' and the judicial expert's final report is expected in the course of the second quarter of 2019. In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition but this procedure is suspended until the end of the judicial expertise. However, in the meantime, four of the six claimants withdrew their claim and from the proceedings.

No further information is disclosed as it may harm the Group's position.

CORPORATE GOVERNANCE

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are disclosed in note 4. to the consolidated financial statements for the risks linked to financial instruments, and in the section entitled 'Corporate Governance' on the *RTLGroup.com* website for the external and market risks.

CORPORATE GOVERNANCE STATEMENT

The RTL Group Board of Directors is committed to high standards of corporate governance. RTL Group has applied the principles of good governance for years, even before the Ten Principles of Corporate Governance were implemented by the Luxembourg Stock Exchange – principles that RTL Group is in line with and submitted to.

More information on this topic can be found in the Investors section of the company's website (*RTLGroup.com*), which contains RTL Group's corporate governance charter, and regularly updated information, such as the latest version of the company's governance documents (articles of incorporation, statutory accounts, minutes of shareholders' meetings), and information on the composition and mission of the RTL Group Board and its committees. The Investors section also contains the financial calendar and other information that may be of interest to shareholders.

SHAREHOLDERS

RTL Group's current share capital is set at € 191,845,074, which is divided into 154,742,806 fully paid up shares with no par value.

As at December 2018, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were publicly traded. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries (see note 8. 15 2. to the consolidated financial statements).

General Meetings of Shareholders will be held at the registered office or any other place in Luxembourg indicated in the convening notice. A General Meeting of Shareholders must be convened on the request of one or more shareholders who together represent at least one tenth of the company's capital, and the Annual General Meeting of Shareholders is held within six months following the end of the financial year at the place and on the date set by the Board of Directors.

Resolutions will be adopted by the simple majority of valid votes, excluding abstentions. Any resolution amending the Articles of Incorporation will be adopted by a majority of two thirds of the votes of all the shares present or represented.

The Annual General Meeting will examine the reports of the Board of Directors and the auditor and, if thought fit, will approve the annual accounts. The meeting will also determine the allocation of profit, and decide on the discharge of the directors and the auditor from any duties.

BOARD AND MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors has the most extensive powers to take, in the interest of the Company, all acts of administration and of disposal, that are not reserved by law or the Article of Incorporation to the General Meeting of Shareholders.

On 31 December 2018 the Board of RTL Group had 13 members: two executive directors, and 11 non-executive directors. The Annual General Meeting (AGM) on 18 April 2018 appointed Lauren Zalaznick as non-executive Director for three years. The other executive and non-executive directors re-elected at the AGM were appointed for three years. Rolf Hellermann resigned with effect on 31 December 2018. Immanuel Hermreck was co-opted on 12 December 2018, with effect on 1 January 2019. The ratification of his co-optation will be proposed at the AGM of 26 April 2019. Biographical details of the directors are set out on pages 30 to 35.

Among the non-executive directors, Jean-Louis Schiltz, James Singh, Martin Taylor, and Lauren Zalaznick are independent of management and other outside interests that might interfere with their independent judgement.

RTL GROUP'S BOARD OF DIRECTORS FROM 18 APRIL 2018 TO 31 DECEMBER 2018

THOMAS RABE
CHAIRMAN OF THE BOARD OF DIRECTORS

MARTIN TAYLOR[54]
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

- BERT HABETS, CEO RTL GROUP
- ELMAR HEGGEN, DEPUTY CEO AND CFO RTL GROUP

NON-EXECUTIVE DIRECTORS

- GUILLAUME DE POSCH
- THOMAS GÖTZ
- ROLF HELLERMANN[52]
- IMMANUEL HERMRECK[53]
- BERND HIRSCH
- BERND KUNDRUN
- JEAN-LOUIS SCHILTZ[54]
- ROLF SCHMIDT-HOLTZ
- JAMES SINGH[54]
- LAUREN ZALAZNICK[54]

Martin Taylor was appointed under the criteria of independence of the London Stock Exchange, before RTL Group adopted the Ten Principles of the Luxembourg Stock Exchange. Jean-Louis Schiltz, James Singh, and Lauren Zalaznick are independent directors, and both meet the current criteria of independence of the Ten Principles of the Luxembourg Stock Exchange.

The Board of Directors has to review, with expert help if requested, that any transaction between RTL Group or any of its subsidiaries on the one hand and any of the shareholders or any of their respective subsidiaries on the other hand is on arm's length terms.

The responsibility for day-to-day management of the company is delegated to the Chief Executive Officer (CEO). The Board has a number of responsibilities, which include approving the Group's annual budget, overseeing significant acquisitions and disposals, and managing the Group's financial statements. The Board of Directors met five times in 2018 – with an average attendance rate of 97 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, was carried out in early 2018.

52 Rolf Hellermann resigned with effect on 31 December 2018
53 Immanuel Hermreck was co-opted on 12 December 2018, with effect on 1 January 2019
54 Independent Director

Individual attendance of the members of the RTL Group Board of Directors in 2018	Participation in meetings	Attendance %
Thomas Rabe (chairman)	5/5	100
Martin Taylor	5/5	100
Guillaume de Posch	5/5	100
Bert Habets	5/5	100
Elmar Heggen	5/5	100
Thomas Götz	5/5	100
Rolf Hellermann	5/5	100
Bernd Hirsch	5/5	100
Bernd Kundrun	4/5	80
Jean-Louis Schiltz	5/5	100
Rolf Schmidt-Holtz	4/5	80
James Singh	5/5	100
Lauren Zalaznick	3/3	100

The Executive Committee, comprised of the executive directors, updates the Board on the Group's activities and financial situation. At each meeting, representatives of the Executive Committee brief the Board on ongoing matters, and on possible upcoming investment or divestment decisions.

In 2018, a total of € 1.2 million (2017: € 1.0 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors and the committees that emanate from it. (See note 10. 4. to the consolidated financial statements).

Neither options nor loans have been granted to Directors.

Appropriate measures were taken by the Company to ensure compliance with the provisions of the European market abuse regulation, and with the Circulars of the Commission de Surveillance du Secteur Financier (CSSF) concerning the application of this legislation.

THE FOLLOWING BOARD COMMITTEES ARE ESTABLISHED:

NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee consults with the CEOs and gives a prior consent on the appointment and removal of executive directors and senior management, makes a proposal to the General Meeting of Shareholders on the appointment and removal of the non-executive directors, and establishes the Group's compensation policy.

The Nomination and Compensation Committee comprises three non-executive directors, one of whom is an independent director (who also chairs the meetings), and meets at least twice a year. The committee's plenary meetings are attended by the CEO and the Executive Vice President Human Resources. The Nomination and Compensation Committee may involve other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks. The Chairman of the Nomination and Compensation Committee reports on the discussion held and conclusions taken by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met eight times in 2018, physically or via telephone conference, with an average attendance rate of 91.7 per cent.

Individual attendance of the members of the Nomination and Compensation Committee in 2018	Participation in meetings	Attendance %
Martin Taylor (chairman)	8/8	100
Thomas Rabe	8/8	100
Rolf Schmidt-Holtz	6/8	75

AUDIT COMMITTEE

The Audit Committee monitors the financial reporting process, the statutory audit of the legal and consolidated accounts, the independence of the external auditors, the effectiveness of the Group's internal controls, the compliance programme, and the Group's risks. The Audit Committee reviews the Group's financial disclosures and submits a recommendation to the Board of Directors regarding the appointment of the Group's external auditors.

The Head of Audit and Compliance and the external auditors have direct access to the Chairman of the Audit Committee, who is an independent director.

The Audit Committee is composed of a maximum of four non-executive directors – two of whom are independent – and meets at least four times a year.

The committee's meetings are attended by the CEO, the Chief Financial Officer (CFO), the Head of Audit and Compliance, the external auditors and other senior Group finance representatives. The Audit Committee may invite other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks.

Individual attendance of the members of the Audit Committee in 2018	Participation in meetings	Attendance %
James Singh (chairman)	6/6	100
Bernd Hirsch	6/6	100
Thomas Rabe	5/6	83
Martin Taylor	5/6	83

The Audit Committee met six times in 2018 – physically or via telephone conference – with an average attendance rate of 92 per cent. The Chairman of the Audit Committee reports on the discussions held and conclusions taken by the Audit Committee to the subsequent Board of Directors meeting.

The Committee assists the Board of Directors in its responsibility with respect to overseeing the Group's financial reporting, risk management and internal control, and standards of business conduct and compliance.

CEO

Responsibility for the day-to-day management of the company rests with the CEO, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the Company.

The CEO is responsible for proposing the annual budget, to be approved by the Board of Directors. He is also responsible for determining the ordinary course of the business.

EXECUTIVE COMMITTEE

As from 1 January 2018, the Executive Committee was comprised of the two executive directors, the CEO and the Deputy CEO and CFO. The Executive Committee is vested with internal management authority. Biographical details of the members of the Executive Committee can be found on pages 30 to 35.

In 2018, a total of €8.0 million (2017: €11.4 million) was allocated in the form of salaries, non-cash benefits and a post-employment benefit plan to the members of the Executive Committee (see note 10. 3. to the consolidated financial statements).

EXTERNAL AUDITOR

In accordance with the Luxembourg law on commercial companies, the Company's annual and consolidated accounts are certified by an external auditor, appointed at the Annual General Meeting of Shareholders. On 18 April 2018, the shareholders appointed PricewaterhouseCoopers, société coopérative (PwC) for a year. PwC's mandate will expire at the Annual General Meeting on 26 April 2019.

DEALING IN SHARES

The company's shares are listed on Euronext Brussels, and on the Frankfurt and Luxembourg stock exchanges. Applicable Belgian, German and Luxembourg insider dealing and market manipulation laws prevent anyone with material non-public information about a company from dealing in its shares and from committing market manipulations.

A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group and its subsidiaries, or associated companies.

Restrictions apply to:

- members of the Board of Directors
- all employees of RTL Group SA, and directors and employees of any subsidiary or affiliated company of RTL Group who, because of their position or activities, may have access to unpublished price-sensitive information.

CODE OF CONDUCT

Basic guidelines for conducting business at RTL Group are governed by the Code of Conduct, which outlines binding minimum standards for responsible behaviour towards business partners and the public, and for behaviour within the company. The Group has a training programme in place to ensure all employees are fully aware of the code.

The Code of Conduct is available at
www.rtlgroup.com/codeofconduct

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting aim to provide reasonable assurance on the reliability of external and internal financial reporting, and their conformity with the applicable laws and regulations. They help to ensure that financial reporting presents a true and fair picture of the Group's net assets, financial position and operational results. The Code of Conduct requires the Group to manage record-keeping and financial reporting with integrity and transparency.

STANDARDS AND RULES

The rules governing the Group's financial reporting environment and critical accounting policies are set out in the Group's Financial Accounting Manual (FAM). The FAM, which is regularly updated, is circulated to the members of the Group's finance community, and published on RTL Group's intranet. Standards of a minimum control framework for key accounting processes at the level of RTL Group's fully consolidated reporting units are formalised in a set of expected key controls. RTL Group's centralised treasury and corporate finance activities are governed by dedicated policies and procedures. Hedging of exposure in non-Euro currencies is governed by a strict policy. All internal and external financial reporting processes are organised through a centrally managed reporting calendar.

SYSTEMS AND RELATED CONTROLS

Locally used ("ERP", treasury applications) finance systems are largely centrally monitored via a common system platform to ensure a consistent set-up of system-embedded controls. Segregation of duties, access rights and approval limits are regularly reviewed by the local data owners for all reporting units whose finance systems are centrally maintained. Internal and external financial reporting is up-streamed through a centrally managed integrated finance system – from budgeting and trend year analysis, monthly internal management reporting, forecasting of financial and operational KPIs, to consolidation and external financial reporting, and finally risk management reporting (see the section 'How we manage risks').

Specific system-embedded controls support the consolidation process, including the reconciliation of intercompany transactions. IT General Controls (ITGCs) are regularly assessed by external experts or internal audit. Controls objectives are defined for all the RTL Group central applications and interfaces (the Referenced Applications) and their related IT infrastructure. The description of the control environment and the effectiveness of these controls are subject to an annual SOC1 ISAE3402 third-party assurance report. The Group's consolidation scope is constantly updated, both at the level of financial interests captured in the consolidation system, and at the level of legal information through a dedicated legal scope system.

ANALYTICS AND REPORTING

All internal and external local and consolidated financial reporting is systematically reviewed by local finance staff or by finance teams within the Corporate Centre. Typical analyses include comparisons with previous years, budget and forecast, financial and operational KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity, and cash flow statement.

Regular communication between RTL Group's operations and the Corporate Centre's finance department ensures any issue that could affect the Group's financial reporting is immediately flagged and resolved. Quarterly reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors. (Q1 and Q3 condensed consolidated interim financial information is approved by the Audit Committee upon delegation by the Board of Directors.)

TRANSPARENCY

RTL Group's policy on the reporting of significant compliance incidents requires business units to immediately report fraud or other significant compliance incidents to the Group. Identified control weaknesses that could impact the reliability of financial reporting – reported by either external or internal audit – are brought to the attention of management and the Audit Committee, and are part of a follow-up process.

Each year, the business units self-assess the maturity level of their local internal controls over financial reporting. Results of this self-assessment are reviewed by internal audit and reported to the Audit Committee. At each meeting the Audit Committee is updated on the key accounting, tax and legal issues within the Group.

The Corporate Centre constantly promotes the importance of sound internal controls – not only over financial reporting, but also for operational processes – through dedicated workshops with RTL Group's business units, and the work of the Audit and Compliance department.

RISK MANAGEMENT

Type of risk	Description and areas of impact	Mitigation activities
External and market risk		
Legal	Local and European regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban on certain types of advertisements, opening of markets, deregulation of markets, cancellation of restrictions, limitation of advertising minutes, data protection)	RTL Group tries to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources
Audience and market share	A decrease in audience and/or market share may have a negative impact on RTL Group's revenue	New talent and formats are developed or acquired. Performance of existing shows is under constant review with the aim of driving audience share performance and hence future revenue. Moreover, RTL Group remains constantly proactive in the monitoring of international market trends
Strategic direction	Wrong strategic decisions could lead to potential losses of revenue. Also, wrong strategic investment decisions and overpricing could generate the risk on an impairment of goodwill	Prudent investment policies are followed, underpinned by realistic and conservative business plans, approval levels being followed to ensure the relevant degree of management 'sign-off', solid valuation models, and regular strategic planning sessions. A regular review of strategic options is undertaken to ensure the strategic course of the Group is well understood and consistent over time
Cyclical development of economy	Economic development directly impacts the advertising markets and therefore RTL Group revenue	RTL Group tries to diversify the revenue base through regional expansion as well as new products and services that generate non-advertising revenue
Market risks		
New entrants and market fragmentation	As countries move towards digital switchover, market entry barriers are reduced. New entrants will also provide further choice to the viewer. Higher competition in programme acquisition, fragmentation due to thematic channels, and expansion of platform operators may impact RTL Group's position	RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (available on the widest possible choice) and that we develop strong families of channels for the digital age based around our leading brands
Technological challenges/innovation	The growing importance of new broadcasting technologies (such as digital broadcasting, internet, video-on-demand) may mean not only opportunities, but also threats for RTL Group	RTL Group remains proactive on new technological and broadcasting trends, and develops digitisation activities to offset the removal/loss of analogue activities
Risks in key business		
Customers	Bad debts or loss of customers may negatively impact RTL Group's financial statements	Credit analysis of all new advertisers is systematically undertaken to prevent such a risk. Depending on the customer's creditworthiness, insurances may be used. This risk is also mitigated by broadening the advertiser base
Suppliers	The supply of certain types of content is limited and may lead to a rise in costs. Over-reliance on one supplier may also cause costs to rise in the long term	The Group tries wherever possible to diversify its sources of supply. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs via, for example, joint purchasing. RTL Group selects high quality and solid suppliers for key services or equipment to reduce the risk of bankruptcy of business partners
Inventories	There is a risk of over-accumulation of stock that would be unused or could become obsolete. This may entail that write offs/impairments are necessary	RTL Group has strict commercial policies, very close follow-up of existing inventories, and strict criteria for approval of investment proposals for rights
Pricing/discounting	There is potential price erosion, either at broadcaster level in their pricing strategy, or at production level where broadcasters increase pressure on prices, or in the digital environment where rapidly increasing competition could reduce margin levels. There is also a risk that can arise through the pricing of the partner revenue share	RTL Group has strict commercial policies, very close follow-up of existing inventories, and strict criteria for approval of investment proposals for rights
Financial risks		
Foreign exchange exposure	Effective management of foreign exchange risk is an important factor. The operating margin and broadcasting costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD against the EUR (feature films or sport/distribution rights purchases, scripted programme productions)	RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using plain vanilla hedge instruments and applying hedge accounting principles to mitigate volatility on the income statement

By their nature, media businesses are exposed to risk. Television and radio channels can lose audiences rapidly as new competitive threats emerge, with consequent loss of revenue. Broadcasters and producers are exposed to legal risks, such as litigation by aggrieved individuals or organisations, and media businesses are more exposed than most to economic cycles – advertising is usually one of the first casualties in an economic downturn. RTL Group's international presence exposes it to further risks, such as adverse currency movements and debtors' default.

The Board of Directors is responsible for ensuring RTL Group maintains a sound system of internal controls, including financial, operational and compliance risks.

RTL Group defines its risk management as a continuous process at Business Unit and Group level to prevent, protect, mitigate and leverage risks considering execution of RTL Group's mission and strategic objectives. RTL Group's risk management system has been designed to be fully aligned with international risk management standards (such as the COSO framework) and Bertelsmann SE & Co. KGaA's risk management practices.

The Group's robust risk management processes are designed to ensure that risks are identified, monitored and controlled, and its risk management system is based on a specific policy and a clear set of procedures. Policies and procedures are reviewed on a regular basis by the Internal Audit Department and / or external consulting companies. Risk management and risk reporting are coordinated by the Head of Enterprise Risk Management (ERM), and reporting is reviewed by the Internal Audit Department.

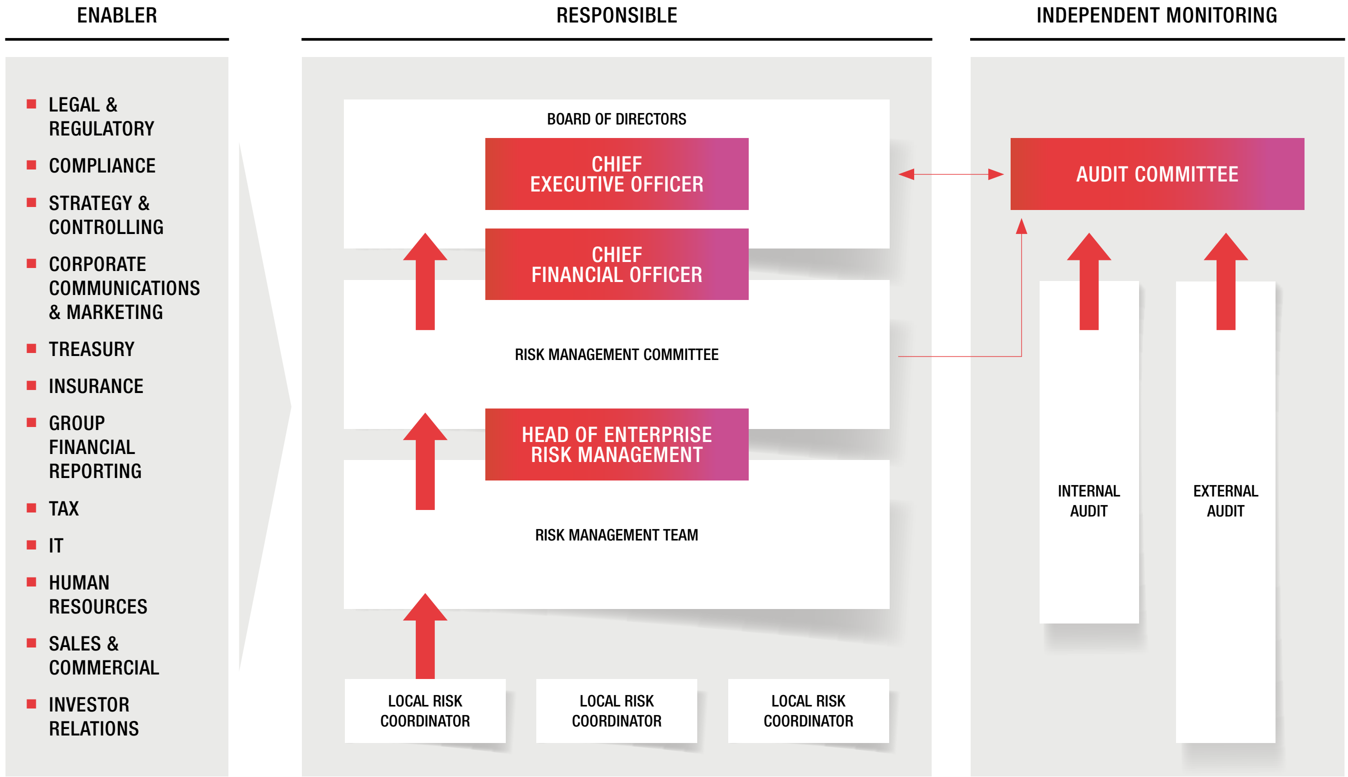
RTL Group's risk management process intends to meet the following three main objectives:

- **Embedded culture:** promote and embed a common risk management culture in the daily work of all RTL Group's employees;
- **Consistent policy:** develop consistent risk policies on key matters to be tailored and implemented at Business Unit level with consideration of local challenges and environment;
- **Harmonised response:** ensure harmonised risk management prevention, detection and mitigation measures across RTL Group and its Business Units against key risks, as well as a continuous related monitoring and improvement programme.

The risk management organisation is the combination of structures and relationships (see the diagram on the next page) which enables a proper risk governance environment. RTL Group's risk management governance model has a strong vertical component descending from the Board, Executive, Audit and Risk Management Committees, through the executive responsible (CEO, CFO and Head of ERM), down to all levels of the dedicated risk management functions, including Group local entities. This backbone is enabled by related control functions carried out by the Legal and Regulatory, Compliance, Strategy and Controlling, Corporate Communications and Marketing, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources, Sales and Commercial and Investor Relations departments. Independent monitoring is also carried out by Internal Audit and External Audit.

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations, and the optimal use of the Group's resources
- integrity and reliability of financial and operational information
- reliability of financial reporting
- proper identification, assessment, mitigation and reporting of material risks
- compliance with applicable laws, regulations, standards and contracts



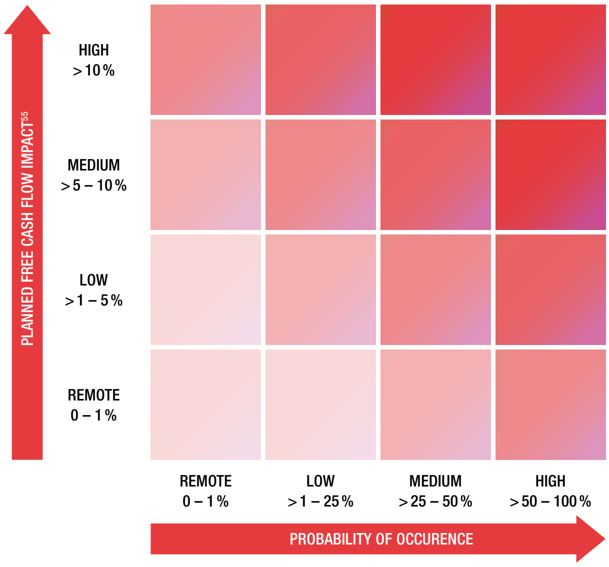
The Risk Management Committee is composed of the following permanent members:

- RTL Group Chief Financial Officer and Head of the Corporate Centre
- RTL Group Deputy CFO and Executive Vice President Finance
- RTL Group Executive Vice President Audit and Compliance
- RTL Group Senior Vice President Treasury and Enterprise Risk Management
- RTL Group Senior Vice President Controlling and Investments
- RTL Group General Counsel
- RTL Group Senior Vice President Group IT
- Media Assurances' Chief Executive Officer
- Additional guests may be invited to participate in Risk Management Committee meetings as subject matter experts, based on the topics to be addressed.

DEFINITION OF RISK

RTL Group defines risk as the danger of a negative development that could endanger the solvency or existence of a business unit or have a negative impact on the Group's income statement.

RISK CLASSIFICATION



RISK REPORTING FRAMEWORK

RTL Group has developed a framework for the reporting of risks, in line with good corporate practice.

This framework is based on several key principles:

- Comprehensive scope of risk assessment: risks are assessed within a framework of defined key risk categories. Regular risk assessments include a description of the risk, an indication of the potential financial impact, and steps taken to mitigate the risk. These steps are performed throughout RTL Group, consolidated by the Head of Enterprise Risk Management, reviewed by the Internal Audit Department, and ultimately summarised in a dedicated risk management report. Results are presented to the Audit Committee.
- Regular and consistent reporting: RTL Group's system of internal controls ensures that risks are addressed, reported and mitigated when they arise. All significant risks are comprehensively assessed within the risk reporting framework and reported to RTL Group management on a bi-annual basis. This ensures that necessary actions are undertaken to manage, mitigate or offset risks within the Group. The risks are reported using a common reporting tool to ensure consistency in scope and approach.
- Bottom-up approach: RTL Group assesses risks where they arise – in its operations. All business units assess themselves according to the three parts of the risk management report:
  - Risk Management System: risk assessment and quantification of residual risks if applicable
  - Internal Control System: self-assessment on internal controls in place
  - Information Security Management System: risk assessment and quantification of IT-related risks
- Consolidated Group matrix: The Enterprise Risk Management (ERM) team aggregates a comprehensive view of significant risks for the Group by consolidating local risk assessments. A Risk Management Committee prepares and reviews this consolidated Group risk matrix. The committee also:
  - advises on the control and reporting process for any major risks, and recommends mitigation strategies to the Group CFO
  - monitors follow-up of risks and ensures mitigation measures have been taken
  - increases risk awareness within the Group
  - identifies potential optimisation opportunities in processes
- Audit approach: both the process of local risk assessments and the consolidated Group risk matrices are regularly reviewed by the Internal Audit Department.

RISK MANAGEMENT IN THE FUTURE

RTL Group's risk management framework is constantly challenged – at both operational and Group level – through the Risk Management Committee, to ensure it reflects the risk profile of the Group at any time.

To ensure RTL Group's Enterprise Risk Management process and reporting requirements are consistently implemented throughout the Group, it holds regular workshops to update staff and to introduce new tools available to assess risk.

55 Expected free-cash-flow impact according to the Executive Board budget in the respective period

GENERAL MANAGEMENT STATEMENT ON RISK EVALUATION

RTL Group is committed to high risk management standards and applies principles endorsed by local and European regulations and expected by market authorities. Consequently, RTL Group has developed a risk management system integrated into an enterprise-wide process as outlined in the previous section.

RTL Group defines its risk management process as a continuous process at Business Unit and Group level to prevent, protect, mitigate and leverage risks considering the execution of the Group's mission, strategic objectives and values. RTL Group's risk management strategy is a holistic and enterprise-wide process, aligned to the definition and execution of the Group's strategy. RTL Group may have to make strategic decisions involving a new set of risks or reassessment of existing risks that need to be addressed within the risk management framework.

The global media industry – especially advertising markets – is subject to constant market change and intense competition. The Group is in a strong strategic and operational position to use the market's dynamism as an opportunity to grow across broadcast, content and digital.

At the time this Directors' report was compiled, RTL Group is characterised by overall very good revenue and earnings, and a strong financial position and operating performance. Strong cash flows enable attractive dividend payments to be combined with significant investments. Management's priority has always been to further develop the Group, to make the right investments and to achieve profitable growth. RTL Group has leading market positions across the value chain of the rapidly evolving Total Video market. With this financial strength, it is the company's ambition to further grow RTL Group over the coming years – to transform the leading European entertainment network into a truly global powerhouse in video production, aggregation and monetisation. Against this backdrop, as of the date of preparation of this Directors' report, RTL Group estimates risks to be limited, and the overall risk situation to remain manageable. Given the rapid changes in global economy and the industry, RTL Group considers the overall risk situation to be slightly more serious than the previous year.

There are currently no discernible risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the revenue, earnings, financial position or performance of RTL Group over the projection period of three years.

OPPORTUNITY MANAGEMENT

OPPORTUNITY MANAGEMENT SYSTEM

An efficient opportunity management system enables RTL Group to secure its corporate success in the long term, and to exploit potential in the best possible way. Opportunities are defined as future developments or events that could result in a positive change from either the Group's outlook or from strategic objectives. RTL Group's Risk Management System (RMS) is an important part of the company's business processes and decisions. Significant opportunities are identified from profit centre level upward, during the Group's annual strategy and planning process.

This largely decentralised system is coordinated by central departments to identify opportunities for cooperation across the Group and within the business units. Experience is shared within divisions, and this collaborative approach is reinforced by regular senior management meetings.

OPPORTUNITIES

While opportunities associated with positive development may be accompanied by corresponding risks, certain risks are necessary to exploit potential opportunities. This link to risk within the Group offers strategic, operational, legal, regulatory and financial opportunities for the company. Strategic opportunities can be derived primarily from the Group's strategic priorities. Strengthening core businesses, driving digital transformation, developing growth platforms and expanding in prosperous regions are the most important long-term expansion opportunities for RTL Group. Specifically, there are opportunities to exploit synergies as a result of the Group's expanding portfolio, individual operational opportunities, the possibility of more favourable economic development, and the potential for efficiency improvements.

Two major opportunities for RTL Group are a better-than-expected development of the TV and radio advertising market and increasing audience and advertising market shares.

The rapidly changing digital environment is opening opportunities as the media landscape fragments. High-quality content can be distributed across multiple platforms, both nationally and internationally. New revenue streams can be generated by exploiting existing TV content across multiple platforms, and by creating native digital content. With the expansion of its presence in the digital space, RTL Group could increase online video advertising sales on all screens and TV platforms and establish hybrid models in the on-demand world – consisting of a free catch-up service and a paid premium service. New advertising sales could emerge through the offering of new interactive forms of advertising parallel to linear TV use, and from more effective targeted advertising in the digital environment – namely thanks to developments in advertising technology. What's more, as an established content producer with a global presence, RTL Group could further expand its digital distribution through multi-platform networks and digital streaming platforms.

Other opportunities could arise from changes to the legal and regulatory environment and because of favourable changes to interest and exchange rates.

LUXEMBOURG LAW ON TAKEOVER BIDS

The following disclosures are made in accordance with article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

A) SHARE CAPITAL STRUCTURE

RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange, Euronext Brussels and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2018 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

B) TRANSFER RESTRICTIONS

At the date of this report, all RTL Group SA shares are freely transferable but shall be subject to the provisions of the applicable Belgian, German and Luxembourg insider dealing and market manipulation laws, which prevent anyone who has material non-public information about a company from dealing in its shares and from committing market manipulations. A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group SA and its subsidiaries.

C) MAJOR SHAREHOLDING

The shareholding structure of RTL Group SA as at 31 December 2018 is as follows: Bertelsmann Capital Holding GmbH held 75.1 per cent, 24.1 per cent were publicly traded and the remaining 0.8 per cent were held collectively as treasury stock by RTL Group SA and one of its subsidiaries.

D) SPECIAL CONTROL RIGHTS

All the issued and outstanding shares of RTL Group SA have equal voting rights and no special control rights attached.

E) CONTROL SYSTEM IN EMPLOYEE SHARE SCHEME

RTL Group SA's Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

F) VOTING RIGHTS

Each share issued and outstanding in RTL Group SA represents one vote. The Articles of Association do not provide for any voting restrictions. In accordance with the Articles of Association, a record date for the admission to a general meeting is set and certificates for the shareholdings and proxies shall be received by RTL Group SA the 14th day before the relevant date at 24 hours (Luxembourg time). Additional provisions may apply under Luxembourg law.

G) SHAREHOLDERS' AGREEMENT WITH TRANSFER RESTRICTIONS

RTL Group SA's Board of Directors has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights.

H) APPOINTMENT OF BOARD MEMBERS, AMENDMENTS OF THE ARTICLES OF ASSOCIATION

The appointment and replacement of Board members and the amendments of the Articles of Association are governed by Luxembourg Law and the Articles of Association. The Articles of Association are published under the 'Investors' Corporate Governance Section on the company's website, RTLGroup.com.

I) POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage the business of RTL Group SA. It may take all acts of administration and of disposal in the interest of RTL Group SA. The Board of Directors has set up several committees whose members are Directors. The responsibilities and functionalities of the Board of Directors and its committees are described in the Articles of Association and the Corporate Governance Charter, published under the 'Investors' Corporate Governance Section on RTLGroup.com. The Company's General Meeting held on 16 April 2014 authorised the Board of Directors to acquire a total number of shares of the company not exceeding 150,000 in addition to the shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This authorisation is valid for five years and the purchase price is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition.

J) SIGNIFICANT AGREEMENTS OR ESSENTIAL BUSINESS CONTRACTS

The Board of Directors is not aware of any significant agreements to which RTL Group SA is party and which take effect, alter or terminate upon a change of control of RTL Group SA following a takeover bid.

K) AGREEMENTS WITH DIRECTORS AND EMPLOYEES

The Executive Committee members are entitled to contractual severance payments in case of dismissal, except in the case of dismissal for serious reasons.

SUBSEQUENT EVENTS

On 1 January 2019, the non-controlling shareholders of iGraal SAS ("IGraal") exercised their put option. Consequently, Groupe M6 acquired the remaining 49 per cent of the share capital of IGraal for €22 million.

On 1 January 2019, Broadcasting Center Europe SA ("BCE") acquired 100 per cent of the share capital of Freecaster Sàrl and its fully owned French and Luxembourg subsidiaries ("Freecaster"). Freecaster operates production and broadcast of live and non-live media content on both mobile and the internet. With this investment of €1 million, subject to a net asset adjustment, BCE strengthens its online services. In addition, there is an earn-out mechanism over four years, subject to the financial performance of Freecaster, which is capped at below €1 million. The transaction qualifies as a business combination since RTL Group gained the control of Freecaster.

On 1 January 2019, RTL Nederland Holding BV ("RTL Nederland") acquired 100 per cent of the share capital of BrandDeli BV and its fully owned subsidiary BrandDeli CV ("BrandDeli"). BrandDeli has the non-exclusive right for a minimum of three years to sell advertising space for the brand portfolio of Discovery, Fox and VIMN and herewith expands its offering of TV commercials, branded partnerships and online (video and display) advertising space for their clients. The purchase consideration is €nil million. The transaction qualifies as a business combination since RTL Group gained the control of BrandDeli.

After the share buyback by YoBoHo New media Private Ltd ("YoBoHo") and the share acquisition by BroadbandTV Corp. ("BBTV") realised on 2 January 2019 for INR 149 million, the Group owns 100 per cent of YoBoHo.

On 16 January 2019, following the approval from the media and antitrust authorities, RTL Radio Center Berlin GmbH ("RTL Radio Center") completed the acquisition of additional shares in Skyline Medien GmbH ("93.6 Jam FM"). The radio station, which is based in Berlin, targets young listeners. With this investment of below €1 million, RTL Radio Center has increased its ownership to 49.9 per cent. The transaction qualifies as a joint arrangement as RTL Radio Center jointly controls the company.

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. ("BBTV") non-controlling interests, which it decided not to exercise. On 29 January 2019, the non-controlling shareholders extended an offer to RTL Group for the sale of all of their shares in BBTV. This triggered an exit mechanism pursuant to which the non-controlling shareholders can drag RTL Group's stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group, if RTL Group decides not to accept their offer. Such drag-along right would expire one year after RTL Group's decision not to accept their offer. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders' stake. RTL Group is currently evaluating the offer of the non-controlling shareholders.

On 31 January 2019, Groupe M6 entered into exclusive negotiations with Lagardère Active for the acquisition of Lagardère's Television Business. The acquisition is subject to consultation with the employee representative bodies of both Lagardère Group's Television Business and Groupe M6, as well as to approval of the Conseil Supérieur de l'Audiovisuel (French broadcasting authority) and the Competition Authorities. Approval for the acquisition is expected in the second half of 2019.

On 1 February 2019, SpotX Limited acquired 100 per cent of the share capital of Yospace Entreprises Limited and its fully owned subsidiary, Yospace Technologies Limited ("Yospace"). Yospace is a UK-based video technology company which has developed solutions for server-side dynamic ad insertion ("SSDAI") which enables the replacement of existing commercials with more targeted advertising. This acquisition complements the ad-tech stack of the Group and secures SpotX as a key technology to win, retain, and scale premium media clients, including RTL Group broadcasters and streaming services. The transaction qualifies as a business combination since RTL Group gained the control of Yospace. Former EMI options have been accelerated. Growth shares have been provided to key managers for a capped amount of USD 7 million. The purchase consideration amounts to USD 20 million, contingent on a net cash and working capital position. The parties also agreed on an earn-out mechanism capped to USD 5 million, subject to the performance of the business.

On 19 February 2019, FremantleMedia Overseas Holding BV exercised its call option to acquire the remaining 49 per cent of the share capital of Miso Holding ApS. The purchase consideration amounts to €14 million, including deferred contingent consideration estimated and recognised at €2 million. Since RTL Group already has control over Miso, the acquisition will be treated as an equity transaction.

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.

REVENUE

Given the current economic climate RTL Group expects 2019 to be another challenging year for TV advertising. Accordingly, RTL Group plans on an overall stable, to slightly down, growth for the Group's TV businesses.

Fremantle, the Group's content division, will continue to benefit from the drama pipeline which contains a number of new and second season commissions.

Accordingly, RTL Group expects Fremantle's organic revenue to grow between 4 and 7 per cent with EBITA once again progressing. For the sake of clarity, this revenue guidance excludes any impact from foreign exchange movements.

The Group's digital revenues are expected to continue to show revenue growth of around 10 per cent in 2019.

In summary, 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.

LEVERAGE RATIO, CASH CONVERSION, DIVIDEND

RTL Group will continue to target a leverage ratio of between 0.5 and 1.0 times net debt to full-year EBITDA for the fiscal year 2019.

The company will continue to focus on EBITA cash conversion, and targets levels not below 85 to 90 per cent. Given the Group's low leverage at the start of 2019 and modest M&A intentions the Group will maintain its current dividend policy and expects the payout for 2019 to be in line with prior years.

EBITA

In terms of profitability, as measured in EBITA, RTL Group believes it will be able to deliver another good year in 2019, despite the investments in programming and the launch of our new direct-to-consumer businesses.

Our broadcasters will continue to invest in their TV schedules. In Germany, Mediengruppe RTL Deutschland will air ten football matches of the German national team this year – eight qualifying games and two friendlies (2018: total of two matches). This will come with a certain cost and will weigh on EBITA. In addition, the Group will accelerate its investments in its VOD activities and these are expected to impact EBITA negatively.

In terms of upsides the Group expects the absolute amount of Fremantle's EBITA to be higher again in 2019, on the back of the drama successes and lower development costs. The EBITA from our digital activities, even with some potential restructuring at the level of StyleHaul, is also expected to improve, reflecting lower overall losses at the MPNs and higher profits in the Group's ad tech activities.

Overall RTL Group currently expects the Group's EBITA for 2019 to be moderately down i.e. to be within a range of 1.11 and 1.14 billion Euros compared to 2018.

Outlook RTL Group	2018 €m	2019e €m	Outlook	Change %
Revenue	6,505	6,668 to 6,830	Moderately up (excluding FX effects)	+2.5 to +5.0
EBITA	1,171	1,112 to 1,142	Moderately down	–2.5 to –5.0

13 March 2019
The Board of Directors

MANAGEMENT RESPONSIBILITY STATEMENT

We, Bert Habets, Chief Executive Officer, and Elmar Heggen, Deputy Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that these 2018 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 13 March 2019

Bert Habets
Chief Executive Officer

Elmar Heggen
Deputy Chief Executive Officer,
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2018 €m	2017 €m
Revenue	5. 7. 1.	6,505	6,373
Other operating income	7. 2.	74	148
Consumption of current programme rights		(2,103)	(2,036)
Depreciation, amortisation, impairment and valuation allowance		(209)	(223)
Net impairment losses on financial assets		(2)	–
Other operating expenses	7. 3.	(3,150)	(3,083)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(120)	(17)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 4.	25	21
Profit from operating activities		**1,020**	1,183
Share of results of investments accounted for using the equity method	8. 4.	56	63
Earnings before interest and taxes ("EBIT")	3.	**1,076**	1,246
Interest income	7. 5.	9	4
Interest expense	7. 5.	(29)	(26)
Financial results other than interest	7. 6.	7	(2)
Profit before taxes		**1,063**	1,222
Income tax expense	7. 7.	(278)	(385)
Profit for the year		**785**	837
Attributable to:			
RTL Group shareholders		668	739
Non-controlling interests		117	98
Profit for the year		**785**	837
EBITA	3.	**1,171**	1,248
Impairment of goodwill of subsidiaries	8. 2.	(105)	–
Impairment of investments accounted for using the equity method	8. 4. 1.	(2)	(6)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(15)	(17)
Re-measurement of earn-out arrangements		2	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 4.	25	21
Earnings before interest and taxes ("EBIT")	3.	**1,076**	1,246
EBITDA	3.	**1,380**	1,464
Depreciation, amortisation and impairment		(224)	(233)
Impairment of goodwill of subsidiaries	8. 2.	(105)	–
Impairment of investments accounted for using the equity method	8. 4. 1.	(2)	(6)
Re-measurement of earn-out arrangements		2	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 4.	25	21
Earnings before interest and taxes ("EBIT")	3.	**1,076**	1,246
Earnings per share (in €)			
– Basic	7. 8.	4.35	4.81
– Diluted	7. 8.	4.35	4.81

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2018 €m	2017 €m
Profit for the year		785	837
Other comprehensive income ("OCI"):			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	8. 14.	5	(2)
Income tax	8. 6.	(1)	(2)
		4	(4)
Equity investments at fair value through OCI – change in fair value		2	–
Income tax		1	–
		3	–
		7	(4)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		8	(61)
Effective portion of changes in fair value of cash flow hedges	8. 15. 4.	32	(65)
Income tax	8. 6.	(10)	21
		22	(44)
Recycling of cash flow hedge reserve	8. 15. 4.	2	(40)
Income tax	8. 6.	(1)	12
		1	(28)
Fair value gains/(losses) on available-for-sale financial assets	8. 15. 5.	–	(8)
Income tax	8. 6.	–	2
		–	(6)
		31	(139)
Other comprehensive income/(loss) for the year, net of income tax		38	(143)
Total comprehensive income for the year		823	694
Attributable to:			
RTL Group shareholders		707	598
Non-controlling interests		116	96
Total comprehensive income for the year		823	694

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 €m	31 December 2017 €m
Non-current assets			
Programme and other rights	8.1.	**91**	94
Goodwill	8.1. 8.2.	**2,919**	3,037
Other intangible assets	8.1.	**213**	243
Property, plant and equipment	8.3.	**332**	352
Investments accounted for using the equity method	8.4.	**395**	407
Loans and other financial assets	8.5. 8.8.	**133**	137
Deferred tax assets	8.6.	**333**	303
		4,416	4,573
Current assets			
Programme rights	8.7.	**1,236**	1,156
Other inventories		**11**	16
Income tax receivable		**24**	48
Accounts receivable and other financial assets	8.8.	**2,133**	1,844
Cash and cash equivalents	8.9.	**422**	265
		3,826	3,329
Assets classified as held for sale	8.10.	**82**	–
Current liabilities			
Loans and bank overdrafts	8.11.	**333**	247
Income tax payable		**40**	63
Accounts payable	8.12.	**2,626**	2,672
Contract liabilities	7.1.	**295**	–
Provisions	8.13.	**126**	178
		3,420	3,160
Liabilities directly associated with non-current assets classified as held for sale	8.10.	**63**	–
Net current assets		**425**	169
Non-current liabilities			
Loans	8.11.	**561**	568
Accounts payable	8.12.	**462**	475
Contract liabilities	7.1.	**7**	–
Provisions	8.13.	**229**	242
Deferred tax liabilities	8.6.	**29**	25
		1,288	1,310
Net assets		**3,553**	3,432
Equity attributable to RTL Group shareholders		**3,047**	2,965
Equity attributable to non-controlling interests		**506**	467
Equity	8.15.	**3,553**	3,432

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital €m	Treasury shares €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Reserves and retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to non-controlling interests €m	**Total equity €m**
Balance at 1 January 2017		**192**	**(48)**	**(84)**	**52**	**75**	**2,890**	**3,077**	**475**	**3,552**
Total comprehensive income:										
Profit for the year		–	–	–	–	–	739	739	98	**837**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	(2)	(2)	(2)	**(4)**
Foreign currency translation differences	8. 15. 3.	–	–	(61)	–	–	–	(61)	–	**(61)**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 15. 4.	–	–	–	(44)	–	–	(44)	–	**(44)**
Recycling of cash flow hedge reserve, net of tax	8. 15. 4.	–	–	–	(28)	–	–	(28)	–	**(28)**
Fair value gains/(losses) on available-for-sale financial assets, net of tax	8. 15. 5.	–	–	–	–	(6)	–	(6)	–	**(6)**
		–	–	(61)	(72)	(6)	737	598	96	**694**
Capital transactions with owners:										
Dividends	8. 15. 6.	–	–	–	–	–	(614)	(614)	(72)	**(686)**
Equity-settled transactions, net of tax	8. 15. 7.	–	–	–	–	–	6	6	5	**11**
(Acquisition)/disposal of treasury shares	8. 15. 2.	–	1	–	–	–	–	1	–	**1**
Transactions on non-controlling interests without a change in control	8. 15. 8.	–	–	–	–	–	(92)	(92)	(34)	**(126)**
Transactions on non-controlling interests with a change in control	8. 15. 8.	–	–	–	–	–	(8)	(8)	–	**(8)**
Derivatives on equity instruments	8. 15. 9.	–	–	–	–	–	(3)	(3)	(3)	**(6)**
		–	1	–	–	–	(711)	(710)	(104)	**(814)**
Balance at 31 December 2017		**192**	**(47)**	**(145)**	**(20)**	**69**	**2,916**	**2,965**	**467**	**3,432**
Adjustment on initial application of IFRS 9 (net of tax)	1. 29. 1.	–	–	–	–	–	(5)	(5)	–	**(5)**
Adjustment on initial application of IFRS 15 (net of tax)	1. 29. 2.	–	–	–	–	–	(3)	(3)	–	**(3)**
Adjusted balance at 1 January 2018		**192**	**(47)**	**(145)**	**(20)**	**69**	**2,908**	**2,957**	**467**	**3,424**
Total comprehensive income:										
Profit for the year		–	–	–	–	–	668	668	117	**785**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	3	3	1	**4**
Equity investments at fair value through OCI – change in fair value, net of tax	8. 15. 5.	–	–	–	–	(1)	4	3	–	**3**
Foreign currency translation differences	8. 15. 3.	–	–	10	–	–	–	10	(2)	**8**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 15. 4.	–	–	–	22	–	–	22	–	**22**
Recycling of cash flow hedge reserve, net of tax	8. 15. 4.	–	–	–	1	–	–	1	–	**1**
		–	–	10	23	(1)	675	707	116	**823**
Capital transactions with owners:										
Dividends	8. 15. 6.	–	–	–	–	–	(614)	(614)	(73)	**(687)**
Equity-settled transactions, net of tax	8. 15. 7.	–	–	–	–	–	5	5	5	**10**
(Acquisition)/disposal of treasury shares	8. 15. 2.	–	3	–	–	–	(4)	(1)	–	**(1)**
Transactions on non-controlling interests without a change in control	8. 15. 8.	–	–	–	–	–	(5)	(5)	(7)	**(12)**
Transactions on non-controlling interests with a change in control	8. 15. 8.	–	–	–	–	–	(4)	(4)	(4)	**(8)**
Derivatives on equity instruments	8. 15. 9.	–	–	–	–	–	2	2	2	**4**
		–	3	–	–	–	(620)	(617)	(77)	**(694)**
Balance at 31 December 2018		**192**	**(44)**	**(135)**	**3**	**68**	**2,963**	**3,047**	**506**	**3,553**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2018 €m	2017 €m
Cash flows from operating activities			
Profit before taxes		**1,063**	1,222
Adjustments for:			
– Depreciation and amortisation		**224**	230
– Value adjustments and impairment		**157**	79
– Share-based payments expenses		**10**	11
– Re-measurement of earn-out arrangements		**(2)**	–
– Gain on disposal of assets		**(60)**	(132)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		**30**	24
Change of provisions	8.13.	**(52)**	23
Working capital changes		**(143)**	(89)
Income taxes paid		**(354)**	(345)
Net cash from operating activities		**873**	1,023
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		**(104)**	(94)
– Subsidiaries, net of cash acquired	6.4.	**(18)**	(30)
– Other intangible and tangible assets		**(121)**	(145)
– Other investments and financial assets		**(19)**	(43)
		(262)	(312)
Proceeds from the sale of intangible and tangible assets	8.1. 8.3.	**47**	170
Disposal of other subsidiaries, net of cash disposed of	6.5.	**106**	–
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	8.4. 8.5. 8.8.	**30**	10
Interest received		**7**	4
		190	184
Net cash used in investing activities		**(72)**	(128)
Cash flows from financing activities			
Interest paid		**(19)**	(17)
Transactions on non-controlling interests	8.15.8.	**(24)**	(148)
Acquisition of treasury shares	8.15.2.	**(1)**	1
Term loan facility due to shareholder	8.11. 10.1.	**94**	(251)
Proceeds from loans	8.4.2. 8.11.	**33**	105
Repayment of loans	8.4.2. 8.11.	**(34)**	(59)
Dividends paid		**(686)**	(687)
Net cash used in financing activities		**(637)**	(1,056)
Net increase/(decrease) in cash and cash equivalents		**164**	(161)
Cash and cash equivalents and bank overdrafts at beginning of year	8.9.	**258**	431
Effect of exchange rate fluctuation on cash held		**–**	(12)
Cash and cash equivalents and bank overdrafts at end of year	8.9.	**422**	258

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of a multinational television, radio and content Group with developing online operations, and holding, directly or indirectly, investments in 566 companies. The Group mainly operates television channels and radio stations in Europe and produces television content such as game shows and soaps. The list of the principal Group undertakings at 31 December 2018 is set out in note 12.

The Company is listed on the Brussels, Frankfurt and Luxembourg Stock Exchanges. Statutory accounts can be obtained at its registered office established at 43, boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent company of RTL Group SA preparing consolidated financial statements, Bertelsmann SE & Co. KGaA, includes in its consolidated financial statements those of RTL Group SA. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Straße 270, D-33311 Gütersloh, Germany. Consolidated financial statements for Bertelsmann SE & Co. KGaA can be obtained at their registered office.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 13 March 2019.

1. 1. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1. 2. BASIS OF PREPARATION

1. 2. 1. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:
- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss ("FVTPL") are measured at fair value;
- Equity investments at fair value through OCI, equity instruments accounted at FVTPL and debt instruments measured at FVTPL are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are discussed in note 2.

Certain comparative amounts in the consolidated statement of comprehensive income, the consolidated statement of financial position and the notes have been adjusted for a non-significant amount.

The accounting policies have been consistently applied by the Group entities and are consistent with those used in the previous year, except as follows:

1. AMENDMENTS TO STANDARDS ADOPTED BY THE GROUP

The following standards and amendments to standards are mandatory for the first time for the financial period beginning 1 January 2018:

- IFRS 9, "Financial Instruments" and related amendments to various other standards – effective from 1 January 2018. IFRS 9 replaces the classification and measurement guidance in IAS 39, "Financial Instruments". IFRS 9 contains revised regulations for the classification and measurement of financial assets and liabilities and sets out new requirements for impairment of financial instruments and for hedge accounting. The financial effects of the IFRS 9 adoption on the consolidated financial statements are presented in note 1. 29.;
- IFRS 15, "Revenue From Contracts With Customers" (including amendments to IFRS 15) – effective from 1 January 2018. IFRS 15 is a new comprehensive standard for revenue recognition across all industries and replaces IAS 18 "Revenue". IFRS 15 establishes a five-step model related to revenue recognition from contracts with customers. In addition to substantially more guidance for the accounting treatment of revenue from contracts with customers, more detailed disclosures are required by the new standard. RTL Group has opted for the modified retrospective transition approach and has applied IFRS 15 as from 1 January 2018. The Group has identified a certain number of accounting topics which have been further analysed to determine the quantitative impact on the consolidated financial statements. The financial effects of the IFRS 15 adoption on the consolidated financial statements are presented in note 1. 29.;
- IFRIC 22, "Foreign Currency Transactions and Advance Consideration" clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency giving rise to a non-monetary asset or liability – effective from 1 January 2018;
- Amendments to IAS 40, "Investment Property" on the definition of change in use – effective from 1 January 2018;
- Amendments to IFRS 2, "Share-Based Payment", Classification and Measurement of Share-Based Payment Transactions – effective from 1 January 2018;
- Amendments to IFRS 10, "Consolidated Financial Statements" and IAS 28, "Investments in Associates and Joint Ventures" – effective from 1 January 2018;
- Annual improvements 2014-2016, cycle amendments to two standards: IFRS 1, "First-time Adoption of International Financial Reporting Standards" and IAS 28, "Investments in Associates and Joint Ventures" – effective from 1 January 2018.

2. STANDARDS AND AMENDMENTS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

The following new standards and amendments have been published but are not effective for the Group's accounting year beginning on 1 January 2018:

- IFRS 14, "Regulatory Deferral Accounts" – effective from 1 January 2016[1];
- IFRS 16, "Leases" – effective from 1 January 2019[2]. IFRS 16 Leases (hereafter "the standard"), issued in January 2016, sets out principles for recognition, measurement, presentation and disclosure requirements for leases. The changes mainly affect lessee accounting and generally require lessees to recognise contractual rights and obligations on the lessee's balance sheet. RTL Group will apply IFRS 16 to all contracts previously identified as leases under IAS 17 and IFRIC 4. Short-term leases with a lease term of up to one year, and leases covering low-value assets for which RTL Group does not recognise a right-of-use asset to use the leased object or a lease liability, constitute an exception. The standard replaces the straight-line recognition of operating lease expense in accordance with IAS 17 with the recognition of depreciation expenses for the right-of-use asset and interest expenses on the lease liability (included within the financial result). In addition, IFRS 16 requires more extensive disclosures in the notes for lessees.
  Application of the standard is mandatory for financial years beginning on or after 1 January 2019. IFRS 16 was introduced in RTL Group as part of a Group-wide transition project. RTL Group's material lease agreements were analysed to determine the approach for the initial application of IFRS 16, among other things. In addition, the analysis focused on separating the lease and non-lease components of a contract, defining guidelines for determining the lease term taking into account renewal or termination options, and setting discount rates for calculating the lease liability. The complete impact analysis was decentralised in the Group legal entities by conducting an inventory of leases. As part of the project, adjustments have been made to the processes and systems. RTL Group has assessed the anticipated impact of implementing IFRS 16 on the consolidated statement of financial position and consolidated income statement as of 1 January 2019.
  The modified retrospective approach is used for first-time application at RTL Group; prior-year comparatives are not adjusted. For significant real estate leases, on the date the standard is applied for the first time, RTL Group will recognise the right-of-use asset at an amount as if IFRS 16 had been applied since commencement date of the leases. In all other cases, the right-of-use asset corresponds to the amount of the lease liability on the date of first-time application, adjusted by the amounts for any prepaid or accrued lease payments. The vast majority of leases in RTL Group concern rental properties. In addition, leases also exist for technical equipment, machinery, vehicles, other fixtures, furniture and office equipment.
  Due to the recognition of the right-of-use asset in relation to the underlying leased assets and due to the recognition of the lease liability, the application of IFRS 16 will have a material impact on the consolidated statement of financial position of RTL Group. Management's current best estimate shows that right-of-use assets amounting to €372 million and lease liabilities amounting to €420 million will be recognised on the consolidated statement of financial position as of 1 January 2019, as a result of first-time application. Initial application of IFRS 16 will create temporary differences and the corresponding deferred taxes on the rights to use the leased object and the lease liability. For first-time application, the right-of-use assets are not tested for impairment. Instead, existing provisions from onerous leases are offset against the corresponding right-of-use assets. Going forward, depreciation of the right-of-use assets and the interest expense for the lease liabilities will be recognised on the consolidated income statement in place of other operating expenses for operating leases. Accordingly, the introduction of IFRS 16 will result in an improvement of EBITDA. In the consolidated statement of cash flows, the application of IFRS 16 will result in an improvement of cash flows from operating activities, neutralised by a reduction of the cash flows from financing activities;
- IFRS 17, "Insurance Contracts" – effective from 1 January 2021[3,4];
- IFRIC 23, "Uncertainty over Income Tax Treatments" clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities – effective from 1 January 2019[2,5];
- Annual improvements 2015-2017, cycle amendments to four standards: IFRS 3, "Business Combinations", IFRS 11, "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23, "Borrowing Costs" – effective from 1 January 2019[3,4];
- Amendments to IAS 19, "Employee Benefits", Plan Amendment, Curtailment or Settlement – effective from 1 January 2019[3,5];
- Amendments to IAS 28, "Investments in Associates and Joint Ventures", Long-Term Interests in Associates and Joint Ventures – effective from 1 January 2019[2,4];
- Amendments to Reference to the Conceptual Framework in IFRS Standards – effective from 1 January 2020[3,4];
- Amendments to IAS 1 and IAS 8, "Definition of Material" – effective from 1 January 2020[3,4];
- Amendments to IFRS 3, "Business combination" – effective from 1 January 2020[3,4].

1 The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
2 Endorsed by the European Union for periods beginning on or after 1 January 2019
3 These standards and interpretations have not yet been endorsed by the European Union
4 The Group has yet to assess the impact of the new standards and amendments
5 The Group does not expect any significant impacts

1. 3. PRINCIPLES OF CONSOLIDATION

1. 3. 1. SUBSIDIARIES

Subsidiaries are those undertakings controlled by the Company. Control exists when the Company has power or ability ("de facto control"), directly or indirectly, over an entity; is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company, and are no longer consolidated from the date that control ceases.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to non-controlling interests is presented separately as non-controlling interests in the consolidated statement of financial position and in the consolidated income statement.

ACCOUNTING FOR BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date.

Contingent consideration is classified as either equity or a financial liability. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration related to business combinations subsequent to 1 January 2016 is re-measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss. It is Level 3 fair value measurement based on the discounted cash flows ("DCF") and derived from market sources as described in notes 4. 3. and 8. 2..

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised for the present value of the redemption amount within accounts payable with a corresponding charge directly to equity or through goodwill in case of a business combination with the transfer of the risks and rewards of the non-controlling interests to the Group. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The Group has elected the fair value measurement option for the options managed on a fair value basis and related to Best of TV (see note 4. 3. 1.). The income/(expense) arising is recorded in "Financial results other than interest". In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

On an acquisition-by-acquisition basis the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

ACCOUNTING FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

LOSS OF CONTROL

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. 3. 2. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments accounted for using the equity method comprise interests in associates and joint ventures.

Associates are defined as those investments where the Group is able to exercise a significant influence. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of arrangements, rather than rights to their assets and obligations for their liabilities.

Such investments are recorded in the consolidated statement of financial position using the equity method of accounting and are initially recognised at cost, which includes transaction costs. Under this method the Group's share of the post-acquisition profits or losses of investments accounted for using the equity method is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

The Group decided not to reverse any impairment loss recognised and allocated to goodwill on associates prior to 1 January 2009. This cumulated impairment loss amounted to €286 million at 31 December 2018 (€286 million at 31 December 2017).

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investment accounted for using the equity method, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investment accounted for using the equity method.

Unrealised gains on transactions between the Group and its investments accounted for using the equity method are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies for investments accounted for using the equity method have been changed where necessary to ensure consistency with the policies adopted by the Group and restated in case of specific transactions on RTL Group level in relation with investments.

1. 3. 3. TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with investments accounted for using the equity method are eliminated to the extent of the Group's interest in the undertaking. Unrealised gains resulting from transactions with associates and joint ventures are eliminated against the investment accounted for using the equity method. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

1. 4. FOREIGN CURRENCY TRANSLATION

1. 4. 1. FOREIGN CURRENCY TRANSLATIONS AND BALANCES

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the date the fair value was determined.

1. 4. 2. FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in a foreign operation, or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are recognised directly in a separate component of equity. On disposal or partial disposal of a foreign operation, such exchange differences or proportion of exchange differences are recognised in the income statement as part of the gain or loss on sale.

1. 5. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

FAIR VALUE

Derivative financial instruments are initially recognised at fair value in the statement of financial position at the date a derivative contract is entered into and are subsequently re-measured at fair value.

The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the reporting date.

CASH FLOW HEDGING

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in "Hedging reserve";
- Amounts deferred in "Hedging reserve" are subsequently released to the income statement in the periods in which the hedged item impacts the income statement. Hedging forecast purchases of programme rights in foreign currency releases from equity when the programme right is recognised on-balance sheet in accordance with the Group's policy;
- The ineffective component of the fair value changes on the hedging instrument is recorded directly in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IFRS 9, any cumulative gain or loss included in the "Hedging reserve" is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1. 6. CURRENT/NON-CURRENT DISTINCTION

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1. 7. INTANGIBLE ASSETS

1. 7. 1. NON-CURRENT PROGRAMME AND OTHER RIGHTS

Non-current programme and other rights are initially recognised at acquisition cost or production cost, which includes staff costs and an appropriate portion of relevant overheads, when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Non-current programme and other rights include (co-)productions, audiovisual and other rights acquired with the primary intention to broadcast, distribute or trade them as part of the Group's long-term operations. The economic benefits of the rights are highly correlated to their consumption patterns, which themselves are linked to the revenue. These non-current programme and other rights are therefore amortised based on expected revenue. The amortisation charge is based on the ratio of net revenue for the period over total estimated net revenue. The (co-)production shares and flat fees of distributors are amortised over the applicable product lifecycle based upon the ratio of the current period's revenue to the estimated remaining total revenue (ultimate revenue) for each (co-)production.

Estimates of total net revenue are reviewed periodically and additional impairment losses are recognised if appropriate.

1. 7. 2. GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1. 3. 1.

Goodwill on acquisitions of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash-generating units represents the Group's investment in a geographical area of operation by business segment, except for the content business, AdTech and the multi-platform networks, which are worldwide operations.

No goodwill is recognised on the acquisition of non-controlling interests.

1. 7. 3. OTHER INTANGIBLE ASSETS

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co-)production, audiovisual and other rights), trademarks and similar rights as well as EDP software. They are amortised on a straight-line basis over their estimated useful life as follows:

- Licences: seven to 20 years;
- Software: maximum three years.

Other intangible assets with a definite useful life also include capitalised costs associated with the acquisition of sports club players. These costs are amortised on a straight-line basis over the period of the respective contracts. The terms of these contracts vary and generally range from one to five years.

Brands, unless an indefinite useful life can be justified, and customer relationships acquired through business combinations are mainly amortised on a straight-line basis over their estimated useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

1. 8. PROPERTY, PLANT AND EQUIPMENT

1. 8. 1. OWNED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

- Land: nil;
- Buildings: ten to 25 years;
- Technical equipment: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

1. 8. 2. LEASES

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the statement of financial position at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see note 1. 8. 1.) or lease term if no evidence of lessee will obtain ownership. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

Leases, where all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

1. 8. 3. SUBSEQUENT EXPENDITURE

Expenditure incurred to replace a component of an item of property, plant and equipment, that is separately accounted for, is capitalised, with the carrying amount of the component that is to be replaced being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits that will be derived from the item of property, plant and equipment. All other expenditure is expensed as incurred.

1. 9. LOANS AND OTHER FINANCIAL ASSETS

Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in the income statement over the period of the loan.

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in either profit or loss or OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, in the case of a financial asset not at fair value through profit or loss ("FVPL"). Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

The fair value of publicly traded investments is based on quoted market prices at the reporting date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:
- **Amortised cost**: assets that are held in order to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recorded directly in the income statement and presented in "Other operating income" or "Other operating expense", together with foreign exchange gains and losses. Impairment losses, when applicable, are presented as "Net impairment losses on financial assets" in the consolidated income statement;
- **FVOCI**: assets that are held in order to collect contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in the fair value are taken through OCI, except for the recognition of impairment gains or losses and interest income, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Financial results other than interest". Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in "Financial results other than interest" and disclosed separately in the notes to the consolidated income statement;
- **FVPL**: instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the consolidated income statement and presented net within "Financial results other than interest" in the period in which it arises, with the exception of the earn-out arrangement related liabilities, the re-measurement of which is reported in "Other operating income" or "Other operating expense".

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

EQUITY INSTRUMENTS

The Group subsequently measures all equity investments at fair value. Where the Group's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from "Equity investments at fair value through OCI – change in fair value, net of tax" in the revaluation reserve of the consolidated statement of changes in equity.

Changes in the fair value of financial assets at FVPL are recognised within "Financial results other than interest" in the consolidated income statement.

1. 10. CURRENT PROGRAMME RIGHTS

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co-)productions and rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. The net realisable value assessment is based on the advertising revenue expected to be generated when broadcast, and on estimated net sales. Weak audience shares or changes from a prime-time to a late-night slot constitute indicators that a valuation allowance may be recorded. They are consumed based on either the expected number of transmissions or expected revenue in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are as follows:

- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs;
- Free television other channels:
  - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are mainly consumed over a maximum of two transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
  - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
  - Children's programmes and cartoons are consumed over a maximum of two transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission;
- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1. 11. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Contract assets relate to unbilled work in progress. Other accounts receivable include, in addition to deposits and amounts related to Profit and Loss Pooling ("PLP") and Compensation Agreements with RTL Group's controlling shareholder, VAT recoverable, and prepaid expenses. Trade and other accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment loss.

Impairment losses on trade accounts receivable, other accounts receivable and contract assets are recognised when:

- RTL Group assesses on a forward-looking basis the expected credit loss (see note 1. 14.); or
- when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable or the contract asset is impaired. In that case, the trade receivable or the contract asset is removed from the expected credit loss and impaired on a standalone basis.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within depreciation, amortisation, impairment and valuation allowance. When a trade receivable or contract asset is uncollectable it is written off against the allowance account for trade accounts receivable and contract assets. Subsequent recoveries of amounts previously written off are credited against depreciation, amortisation and impairment in the income statement.

Accrued income is stated at the amounts expected to be received.

1. 12. CASH AND CASH EQUIVALENTS

Cash consists of cash in hand and at bank.

Cash equivalents are assets that are readily convertible into cash, such as short-term highly liquid investments, commercial paper, bank deposits and marketable securities, all of which mature within three months from the date of purchase, and money market funds that qualify as cash and cash equivalents under IAS 7 (see note 4. 1. 2.).

Bank overdrafts are included within current liabilities.

1. 13. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, and fair value less costs of disposal where applicable, the estimated future cash flows are discounted to their present value using a discount rate after tax that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying value after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

1. 14. IMPAIRMENT OF FINANCIAL ASSETS

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade accounts receivable and contract assets, RTL Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

1. 15. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The impairment losses on the assets related to disposal groups are reported in non-current assets held for sale.

1. 16. ACCOUNTS PAYABLE

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities and include accrued expenses. Other accounts payable comprise, in addition to amounts related to the Profit and Loss Pooling Agreement ("PLP") with RTL Group's controlling shareholder, VAT payable, fair value of derivative liabilities, and accounts payable on capital expenditure. Trade and other accounts payable are measured at amortised cost using the effective interest method, except derivative liabilities which are measured at fair value.

1. 17. LOANS PAYABLE

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1. 18. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the reporting date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

Provisions for onerous contracts relate to unavoidable costs for individual programme rights, the performance of which is assessed as clearly below that originally planned when the contract was agreed. Such situations mainly arise in case of executory obligations to purchase programmes which will not be aired due to lack of audience capacity or to a mismatch with the current editorial policy. In addition, an expected or actual fall in audience can be evidenced by several indicators, such as the underperformance of a previous season, the withdrawal of the programme's main advertisers or a decline in the popularity or success of sports stars. Long-term sourcing agreements aim to secure the programme supply of broadcasters. They are mainly output deals, production agreements given the European quota obligations, and arrangements with sports organisations. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

1. 19. EMPLOYEE BENEFITS

1. 19. 1. PENSION BENEFITS

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds, and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. The Group recognises actuarial gains and losses in other comprehensive income.

Past-service costs are recognised immediately through the profit or loss.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 19. 2. OTHER BENEFITS

Many Group companies provide death in service benefits, and spouses' and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1. 19. 3. SHARE-BASED TRANSACTIONS

Share options are granted to directors, senior executives and other employees of the Group. They may also be granted to suppliers for settlement of their professional services.

Share options entitle holders to purchase shares at a price (the "strike price") payable at the exercise date of the options. Options are initially measured at their fair value determined on the date of grant.

The grant date fair value of equity-settled share-based payment arrangements is recognised as an expense with a corresponding increase in equity over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options that are expected to ultimately vest, considering vesting service conditions and non-market performance conditions.

For cash settled share-based payment arrangements, the fair value of the amount payable to employees is recognised as an expense with a corresponding increase in liability until the employees exercise their options.

The liability is re-measured to fair value at each reporting date up until the settlement date. Any changes in the liability are recognised in the income statement.

The fair value of the options is measured using specific valuation models (Binomial and Black-Scholes-Merton models).

1. 20. SHARE CAPITAL

1. 20. 1. EQUITY TRANSACTION COSTS

Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity.

1. 20. 2. TREASURY SHARES

Where the Company or its subsidiaries purchase the Company's own equity, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as "Treasury shares".

1. 20. 3. DIVIDENDS

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved at the Shareholders' meeting or authorised by the Board of Directors in case of interim dividends.

1. 21. REVENUE PRESENTATION AND RECOGNITION

Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise. Revenue is presented, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

ADVERTISING REVENUE

NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

Advertising arrangements mostly include spots aired as part of a campaign on various media (TV, radio, internet) and for a period of time which usually does not exceed one year. RTL Group considers that spots aired constitutes a series of performance obligations for which the clients benefit from the visibility of their brands as the spot is broadcast. Therefore, RTL Group treats the series of spots as a single performance obligation.

Advertising revenue is recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies' commissions are directly deducted from advertising revenue.

Both normal and free advertising spots of an advertising campaign are considered as separate performance obligations and recognised for their relative stand-alone selling price. Free advertising spots generate a contract asset if they are aired before normal advertising spots, and a contract liability in the reverse case.

In addition, barter arrangements, whereby particular advertising spots are broadcast in exchange for other media advertising, generate a contract asset or liability to the extent that the service rendered by the Group does not pertain to the same line of business as the service received from the counterpart. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

CONTENT REVENUE

NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

Content revenue mostly consists of revenue generated from the production and licensing of intellectual property to customers.

Customer contracts typically have a wide variety of performance obligations, from production licence contracts to multi-year format licence agreements, as well as ancillary rights and services (e.g. merchandising rights, sponsorship rights and production consulting services) and distribution activities. IFRS 15 requires an assessment of the nature of promise at contract level, unit of account for licences and payment mechanisms. The Group assesses whether licences are determined to be a right to access the content (revenue recognised over time) versus a right to use the content (revenue recognised at a point in time).

RTL Group has determined that for most of the licences granted, the involvement of the Group is limited to the transfer of the licence, where the performance obligation is satisfied at a point in time. Non-refundable minimum guarantees recoupable over royalties are received as part of some production or distribution arrangements. These are recognised in accordance with the classification of the type of licence granted.

In the case of sales-based or usage-based royalties payable in exchange for a licence of intellectual property, the Group recognises revenue when the subsequent sale or usage occurs and when the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Most of the licences granted are licences for which revenue, including minimum guarantees, should be recognised at a point in time.

In parallel, advance payments received from a customer to fulfil non-cancellable arrangements generate a contract liability.

When the customer has a right to return the product within a given period, the entity is obliged to refund the purchase price. Under IFRS 15, a refund liability for the expected refunds to customers is recognised as adjustment to revenue in trade and other payables.

A significant part of operations developed by the multi-platform networks ("MPN") consists of distributing videos licenced by talents / influencers which are advertising-financed. The related revenue, based on a variable basis, is reported in revenue from content.

TV platform distribution revenue is recognised when the Group's TV channels are providing a signal to cable, IPTV or satellite platforms for a fee.

OTHER REVENUE

NATURE, TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, SIGNIFICANT PAYMENT TERMS

Overall, IFRS 15 did not have a significant impact on the nature and timing of revenue recognition for other revenue.

Revenue from services is recognised in the period in which the service has been rendered for the consideration that the Group expects to receive.

The sales of merchandise are recognised when the customer has obtained controls of the goods for the amount that the Group expects to receive.

For the sale of third-party goods and services and especially in the context of the Group's digital businesses, the Group assesses whether it operates as a principal, and reports revenue on a gross basis, or as agent, and reports revenue on a net basis. The main criteria that RTL Group takes into account is whether it obtains control of the specified goods or services before they are transferred to the customer. Other indicators include who is primarily responsible for fulfilment, inventory risk, and discretion in establishing the sales price.

In the Directors' report, "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. "Content" mainly embraces the non-scripted and scripted production and related distribution operations. "Diversification" includes the sale of merchandise through home shopping TV services, e-commerce and services rendered to consumers, for example mobile services (voice), and mobile data (SMS).

1. 22. GOVERNMENT GRANTS

Grants from government and inter-governmental agencies are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are initially presented as a deduction in arriving at the carrying amount of the asset.

Grants that compensate the Group for expenses incurred are recognised in "Other operating income" on a systematic basis in the same period in which the expenses are recognised.

Forgivable loans are loans which government and inter-governmental agencies undertake to waive repayment of under certain prescribed conditions. Forgivable loans are recognised in "Other operating income" where there is reasonable assurance the loan will be waived.

1. 23. GAIN / (LOSS) FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

Gains / (losses) on disposal or loss of control of subsidiaries owning only one non-financial asset or a group of similar assets are classified in "Other operating income" / "Other operating expenses" to reflect the substance of the transaction.

1. 24. INTEREST INCOME / (EXPENSE)

Interest income / (expense) is recognised on a time proportion basis using the effective interest method.

1. 25. INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted in the countries where the Group's entities operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities.

Temporary differences are not provided for when the initial recognition of assets or liabilities affects neither accounting nor taxable profit, and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

1. 26. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1. 27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity programme (see note 7. 8.).

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

1. 28. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Executive Committee.

The segment assets include the following items:
- The non-current assets, except the incremental fair value of equity investments at fair value through OCI, the surplus of the defined benefit plans and the deferred tax assets;
- The current assets, except the income tax receivable, the fair value of derivative assets, the current deposit with the shareholder, the accounts receivable from the shareholder in relation to the PLP and Compensation Agreements, the accounts receivable related to dividend income, the fixed term deposits, and cash and cash equivalents.

The segment assets and liabilities are consistently measured with those of the statement of financial position.

1. 29. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES

The following table shows the restatements on the opening balance as of 1 January 2018 following the initial application of IFRS 9 and IFRS 15 for each individual line item. The adjustments are explained in more detail by standard in notes 1. 29. 1. and 1. 29. 2. respectively.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2017 as originally presented €m	IFRS 9	IFRS 15	**1 January 2018 restated €m**
Non-current assets				
Programme and other rights	94	–	–	**94**
Goodwill	3,037	–	–	**3,037**
Other intangible assets	243	–	–	**243**
Property, plant and equipment	352	–	–	**352**
Investments accounted for using the equity method	407	–	–	**407**
Loans and other financial assets	137	–	–	**137**
Deferred tax assets	303	1	–	**304**
	4,573	1	–	**4,574**
Current assets				
Programme rights	1,156	–	–	**1,156**
Other inventories	16	–	–	**16**
Income tax receivable	48	–	–	**48**
Accounts receivable and other financial assets	1,844	(6)	11	**1,849**
Cash and cash equivalents	265	–	–	**265**
	3,329	(6)	11	**3,334**
Current liabilities				
Loans and bank overdrafts	247	–	–	**247**
Income tax payable	63	–	–	**63**
Accounts payable	2,672	–	(254)	**2,418**
Contract liabilities	–	–	268	**268**
Provisions	178	–	–	**178**
	3,160	–	14	**3,174**
Net current assets	169	(6)	(3)	**160**
Non-current liabilities				
Loans	568	–	–	**568**
Accounts payable	475	–	–	**475**
Provisions	242	–	–	**242**
Deferred tax liabilities	25	–	–	**25**
	1,310	–	–	**1,310**
Net assets	3,432	(5)	(3)	**3,424**
Equity attributable to RTL Group shareholders	2,965	(5)	(3)	**2,957**
Equity attributable to non-controlling interests	467	–	–	**467**
Equity	3,432	(5)	(3)	**3,424**

1. 29. 1. IFRS 9 "FINANCIAL INSTRUMENTS" – IMPACT OF ADOPTION

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements as presented in the table above. The new accounting policies are set out in note 1. 9. In accordance with the transitional provisions of IFRS 9 paragraph 7.2.15, comparative figures have not been restated.

1. 29. 1. 1. ASSUMPTIONS MADE IN ADOPTING IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 are generally applied retrospectively, but various exceptions are granted.

GENERAL ASSUMPTIONS

The Group has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification, measurement and impairment, and accordingly has not restated comparative periods in the year of initial application.

Consequently:

A. any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings;
B. financial assets are not reclassified in the consolidated statement of financial position for the comparative period;
C. provisions for impairment have not been restated in the comparative period.

Investments in financial assets are classified as either debt or equity investments by reference to the requirements of IAS 32 "Financial Instruments: Presentation".

ASSUMPTIONS RELATED TO IMPAIRMENT

The Group has adopted the simplified expected credit loss model for its trade accounts receivable and contract assets, as required by IFRS 9 paragraph 5.5.15, and the general expected credit loss model for debt investments carried at amortised cost.

RTL Group management have further determined that the contract assets have substantially the same risk characteristics as the trade accounts receivable for the same types of contracts, e.g. in terms of cash flow profile and collaterals. The Group has therefore concluded that the expected loss rates for trade accounts receivable are a reasonable approximation of the loss rates for the contract assets.

ASSUMPTIONS RELATED TO HEDGING

The Group has designated the spot component of its forward contracts as a hedging instrument with forward points being accounted for through income statement under IAS 39, and will continue to do so under IFRS 9. Accordingly, the Group did not have any transition adjustments in this regard.

1. 29. 1. 2. IMPACT OF ADOPTION OF IFRS 9

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	2018 €m
Closing reserves and retained earnings as at 31 December 2017 – IAS 39/IAS 18	**2,916**
Increase in provision for trade accounts receivable and contract assets	(6)
Increase in deferred tax assets relating to impairment provisions	1
Adjustment to reserves and retained earnings from adoption of IFRS 9	**(5)**
Opening reserves and retained earnings as at 1 January 2018 – IFRS 9 (before restatement for IFRS 15)	**2,911**

I. CLASSIFICATION AND MEASUREMENT

On 1 January 2018, RTL Group management assessed which business models apply to the financial assets held by the Group and classified its financial instruments into the appropriate IFRS 9 categories. The reclassification carried out by RTL Group management had no impact on the Group's consolidated statement of changes in equity nor the consolidated income statement.

EQUITY INVESTMENTS PREVIOUSLY CLASSIFIED AS AVAILABLE-FOR-SALE

The Group elected to present in Other Comprehensive Income ("OCI") changes in the fair value of most of its equity investments that are not held for trading, previously classified as available-for-sale. As a result, assets with a fair value of €54 million were reclassified from available-for-sale financial assets to financial assets at fair value through OCI ("FVOCI") for €50 million and to financial assets at fair value through profit or loss for €4 million. These equity investments remain presented as "Loans and other financial assets" in the consolidated statement of financial position.

The accumulated fair value gains, net of tax, of €14 million were reclassified from "Fair value gains/(losses) on available-for-sale financial assets, net of tax" to "Equity investments at fair value through OCI – change in fair value, net of tax" in the revaluation reserve of the consolidated statement of changes in equity as of 1 January 2018 (fair value change during the period ended 31 December 2018 is not material).

Unlike IAS 39, to the extent that changes in carrying amounts are recognised in other comprehensive income, the equity investments at fair value through OCI will no longer be recycled to profit or loss when these instruments are sold.

II. DERIVATIVES AND HEDGING ACTIVITIES

As set forth in note 1. 29. 1. 1.,the hedging instruments held by the Group and hedge accounting are not prone to any significant transition adjustment. All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

III. IMPAIRMENT OF FINANCIAL ASSETS

The Group's financial assets that are subject to IFRS 9's new expected credit loss model mostly consist of trade accounts receivable, contract assets and other financial assets, all of which are measured at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

The Group was required to revise its impairment methodology under IFRS 9 for each of those classes of assets. The impact of the changes in impairment methodology on the Group's retained earnings and equity is disclosed in the table above.

TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

As set forth in note 1. 29. 1. 1., for the trade accounts receivable and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, whereby the Group recognises a loss allowance based on lifetime expected credit loss for all trade accounts receivable and contract assets.

For this purpose, the Group has established a provision matrix for calculating expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade accounts receivable and is adjusted for forward-looking estimates.

To measure the expected credit losses, trade accounts receivable and contract assets have been grouped by business unit based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 1 January 2018 was determined as follows for both trade accounts receivable and contract assets:

As at 1 January 2018	Current €m	More than 30 days past due €m	More than 90 days past due €m	**Total €m**
Average expected loss rate	0.15 %	1.30 %	6.00 %	**–**
Gross carrying amount	1,232	80	49	**1,361**
Loss allowance	2	1	3	**6**

As at 1 January 2018, applying the expected credit risk model resulted in the recognition of a loss allowance on trade accounts receivable and contract assets, which is indicated in note 1. 29..

The impact on loss allowance between the incurred loss model of IAS 39 and the expected credit risk model of IFRS 9 is insignificant for the year ending 31 December 2018.

Contract assets, similarly to trade accounts receivable, are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

OTHER FINANCIAL ASSETS AT AMORTISED COST

Other financial assets at amortised cost mostly include other accounts receivable. As at 1 January 2018, applying the expected credit risk model resulted in the recognition of a loss allowance at 1 January 2018, which is indicated in note 1. 29..

The impact on loss allowance between the incurred loss model of IAS 39 and the expected credit risk model of IFRS 9 is insignificant for the year ending 31 December 2018.

1. 29. 2. IFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS” – IMPACT OF ADOPTION

RTL Group has adopted IFRS 15 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note 1. 21..

1. 29. 2. 1. ASSUMPTIONS MADE IN ADOPTING IFRS 15

GENERAL ASSUMPTIONS

In accordance with the transition provisions of IFRS 15, the Group has adopted the modified retrospective approach, as a result of which the cumulative effect of initially applying IFRS 15 is recorded as an adjustment to the opening balance as at 1 January 2018.

Application of the new revenue recognition standard has no effect on the cash flows that the Group expects to receive, nor on the economics of contracts.

RTL Group management also concluded that costs to obtain and cost to fulfil a contract to be capitalised are not material.

PRACTICAL EXPEDIENTS

As permitted by IFRS 15, the Group has decided to apply the following practical expedients as from 1 January 2018:

CONTRACT MODIFICATIONS PRIOR TO ADOPTION

The Group has not restated contracts that have been modified prior to 1 January 2018. Instead, RTL Group has reflected the aggregate effect of all of the historic modifications for contracts still in force after 1 January 2018 when:

I. Identifying the satisfied and unsatisfied performance obligations;
II. Determining the transaction price; and
III. Allocating the transaction price to the satisfied and unsatisfied performance obligations.

FINANCING COMPONENTS

The application of IFRS 15 usually requires an adjustment to the transaction price for the effect of the time value of money if the timing of payment results in a significant financing component. As it pertains to the advertising business, contracts are usually signed for a duration of 12 months or less. RTL Group decided to apply the practical expedient in accordance with IFRS 15 paragraph 63 not to adjust the transaction price for any financing component whenever the period between the transfer of a promised good or service to a customer and the associated payment is one year or less.

RIGHT TO INVOICE APPROACH

For service-only contracts, RTL Group has decided to apply the practical expedient set forth in IFRS 15 paragraph B16, which allows revenue to be recognised for the amount to which the Group has a right to invoice whenever the entity's right to invoice corresponds directly with the value transferred to the customer.

1. 29. 2. 2. IMPACT OF ADOPTION OF IFRS 15

As of 1 January 2018, the adjustment resulting from the transition to IFRS 15 on RTL Group's retained earnings is insignificant, while the presentation of certain amounts in the consolidated statement of financial position has been changed to reflect the terminology of IFRS 15, as indicated in note 1. 29..

Accordingly, contract liabilities of €268 million were previously presented as "Accounts payable" while contract assets are insignificant and continue to be reported in "Accounts receivable and other financial assets". This revised terminology is mainly triggered by the changes of accounting policies stated in note 1. 21..

The impact on revenue recognition between IAS 18 and IFRS 15 for the period ending 31 December 2018 is insignificant.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. 1. CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50 PER CENT

Even though the Group has less than 50 per cent of the voting rights of Groupe M6, management consider that the Group has de facto control of Groupe M6. The Group is the majority shareholder of Groupe M6 while the balance of other holdings remains highly dispersed and the other shareholders have not organised their interest in such a way that they intend to vote differently from the Group.

In the framework of its decision of 27 July 2017 to renew M6's TV broadcasting authorisation, the French media authority (Conseil Supérieur de l'Audiovisuel, "CSA") also decided to remove the rule that no shareholder could exercise more than 34 per cent of the voting rights in M6 (the "34% Rule"). The new TV broadcasting authorisation, and therefore the removal of the 34% Rule, entered into force on 1 January 2018.

2. 2. SIGNIFICANT INFLUENCE WITH LESS THAN 20 PER CENT

Although the Group holds less than 20 per cent of the equity shares of Atresmedia, management consider that the Group exercises a significant influence in Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia (see note 8. 4. 1.).

2. 3. PROGRAMME AND OTHER RIGHTS (ASSETS AND PROVISIONS FOR ONEROUS CONTRACTS)

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement will need to take into account factors such as the future programme grid, the realised / expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations and it is probable that unavoidable costs exceed the economic benefits originally planned. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events.

2. 4. ESTIMATED IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group tests annually whether goodwill and intangible assets with indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in notes 1. 7. 2. and 1. 7. 3., respectively.

The Group tests annually whether investments accounted for using the equity method have suffered any impairment, and if any impairment should be reversed.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge, with greater emphasis on recent experience, in forming the assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions.

The state of the advertising market is just one of the key operational drivers which the Group uses when assessing individual business models. Other key drivers include audience shares, advertising market shares, the EBITA and EBITDA margin and cash conversion rates.

All of these different elements are variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis of the recoverable amount of the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying value is low.

2. 5. CONTINGENT CONSIDERATION AND PUT OPTION LIABILITIES ON NON-CONTROLLING INTERESTS

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured at each reporting date.

The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target. Put option liabilities on non-controlling interests are valued based on the net present value of the expected cash outflow in case of exercise of the option by the counterparty.

2. 6. CALL OPTIONS ON INTERESTS HELD BY NON-CONTROLLING SHAREHOLDERS IN SUBSIDIARIES AND DERIVATIVES ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Call options on interests held by non-controlling shareholders in subsidiaries and call and put option derivatives on investments accounted for using the equity method are initially recognised and subsequently re-measured at fair value through profit or loss ("Financial results other than interest").

The magnitude of changes in fair value is driven by the terms of arrangements agreed between the parties (e.g. multiples applied) and by the valuations based on discounted cash flows ("DCF") and derived from market sources. In addition to the expected life of the options, the time value portion of the fair value of the options is largely affected by the volatility of the value of the underlying asset value.

The underlying assets are usually Level 3 investments; their value and volatility are determined as described in note 4. 3..

2. 7. FAIR VALUE OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

The Group has used discounted cash flow analysis for the equity investments at fair value through OCI that were not traded in active markets.

The carrying amount of equity investments at fair value through OCI (see note 8. 15. 5.) would be estimated to be up or down by €2 million where the discount rates used in the discounted cash flow analysis decrease or increase by 10 per cent respectively.

2. 8. PROVISIONS FOR LITIGATIONS

Most claims involve complex issues, and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes more likely than not and when it is possible to make a reasonable estimate of the expected financial effect. RTL Group management review on a regular basis the expected settlement of the provisions.

2. 9. INCOME, DEFERRED AND OTHER TAXES

The Group is subject to income and other taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Management judgement is required to assess probable future taxable profits. In 2018, deferred tax assets on losses carry-forwards (mainly in Germany, €1 million; 2017: €8 million) and on temporary differences (mainly in Germany, €235 million; 2017: €270 million) have been reassessed on the basis of currently implemented tax strategies.

Assessments of the ability to realise uncertain tax positions and future tax benefits are also based on assumptions and estimates. Recognition of an asset or liability from an uncertain tax position is performed in accordance with IAS 12 if payment or refund of an uncertain tax position is likely. Measurement of the uncertain tax position is at its most likely estimate.

2. 10. POST-EMPLOYMENT BENEFITS

The post-employment benefits lay on several assumptions such as:

- The discount rate determined by reference to market yields at the closing on high quality corporate bonds (such as corporate AA bonds) and depending on the duration of the plan;
- Estimate of future salary increases mainly taking into account inflation, seniority, promotion, and supply and demand in the employment market.

2. 11. DISPOSAL GROUPS

The determination of the fair value less costs of disposal requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2. 12. CONTINGENT LIABILITIES

Contingent liabilities are disclosed unless management consider that the likelihood of an outflow of economic benefits is remote.

3. KEY PERFORMANCE INDICATORS

RTL Group reports different alternative performance measures not defined by IFRS that management believe are relevant for measuring the performance of the operations, the financial position and cash flows and in decision making. These key performance indicators (KPIs) also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

RTL Group's KPIs may not be comparable to similarly titled measures reported by other groups due to differences in the way these measures are calculated.

EBIT, EBITA AND EBITDA
EBIT, EBITA and EBITDA are indicators of the operating profitability of the Group. These alternative performance measures are presented on page 111 of the annual report.

EBITA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:
- "Impairment of goodwill, impairment of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Impairment of investments accounted for using the equity method reported in "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements presented in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITA is a component of the RTL Group Value Added (RVA, see below) and presents the advantage to consistently include the consumption, depreciation and impairment losses on programmes and other rights for all businesses that RTL Group operates, regardless of their classification on the consolidated statement of financial position (current or non-current).

EBITDA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:
- "Impairment of goodwill, impairment of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, with the exception to the part concerning goodwill and fair value adjustments (see above), reported in "Depreciation, amortisation, impairment and valuation allowance";
- Impairment of investments accounted for using the equity method included in the "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements reported in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITDA is largely used by the financial community, especially by the rating agencies when calculating the "net debt to EBITDA ratio" (see next page).

OCC

Operating cash conversion ratio (OCC) means operating free cash flow divided by EBITA, operating free cash flow being net cash from operating activities adjusted as follows:

	2018 €m	2017 €m
Net cash from operating activities	**873**	1,023
Adjusted by:		
Income tax paid	**354**	345
Acquisitions of:		
– Programme and other rights	**(104)**	(94)
– Other intangible and tangible assets	**(121)**	(145)
Proceeds from the sale of intangible and tangible assets	**47**	170
Operating free cash flow	**1,049**	1,299
EBITA	**1,171**	1,248
Operating cash conversion ratio	**90 %**	104 %

The operating cash conversion ratio reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion of RTL Group's operations is subject to seasonality and may decrease at the time the Group significantly increases its investments in operations with longer operating cycles. RTL Group historically had, and expects in the future to have, a strong OCC due to a high focus on working capital and capital expenditure throughout the operations.

NET DEBT TO EBITDA RATIO

The net debt to EBITDA ratio is a proxy debt to profitability ratio typically used by the financial community to measure the ability of an entity to pay off its incurred debt from the cash generated by the operations.

The net debt is the gross balance sheet financial debt adjusted for:

- "Cash and cash equivalents";
- Investments held to (collect and) sell presented in "Accounts receivable and other financial assets";
- Current deposit with shareholder reported in "Accounts receivable and other financial assets".

	2018 €m	2017 €m
Current loans and bank overdrafts	**(333)**	(247)
Non-current loans	**(561)**	(568)
	(894)	(815)
Deduction of:		
Cash and cash equivalents	**422**	265
Marketable securities and other short-term investments	**–**	5
Current deposit with shareholder	**2**	–
Net debt	**(470)**	(545)
EBITDA	**1,380**	1,464
Net debt to EBITDA ratio	**0.3**	0.4

The Group intends to maintain a conservative level of between 0.5- and 1.0-times net debt to full-year EBITDA to benefit from an efficient capital structure (see note 4.2.).

RVA

The central performance indicator for assessing the profitability from operations and return on invested capital is RTL Group Value Added (RVA). RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation.

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA adjusted for a uniform tax rate of 33 per cent, and cost of capital.

The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed, adjusted for a uniform tax rate of 33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed.

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest-bearing operating liabilities as reported in note 5. 1.). 66 per cent of the present value of operating leases and of satellite transponder service agreements (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

	2018 €m	2017 €m
EBITA	**1,171**	1,248
Deduction of shares of results of investments accounted for using the equity method and already taxed	**(21)**	(26)
	1,150	1,222
Net basis after deduction of uniform tax rate	**771**	819
Shares of results of investments accounted for using the equity method and already taxed	**21**	26
NOPAT	**792**	845
Invested capital at beginning of year	**4,123**	4,181
Invested capital at end of year	**4,075**	4,123
66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year	**302**	320
66 per cent of the net present value of operating leases and satellite transponder service agreements at end of year	**226**	302
Adjusted average invested capital	**4,363**	4,463
Cost of capital	**349**	357
RVA	**442**	488

4. FINANCIAL RISK MANAGEMENT

4. 1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency, interest rate, inflation risk and equity risks), counterparty credit risk and liquidity risk. The Group is exposed in particular to risks from movements in foreign exchange rates as it engages in long-term purchase contracts for programme rights (output deals) denominated in foreign currency.

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management as well as written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

4. 1. 1. MARKET RISK

FOREIGN EXCHANGE RISK

FOREIGN EXCHANGE EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). Hence the Group manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (USD nil million as at 31 December 2018, USD 11 million as at 31 December 2017).

MANAGEMENT OF THE FOREIGN EXCHANGE EXPOSURE

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with the Group Treasury policies. All foreign currency exchange exposures, including signed and forecast output deals and programme rights in foreign currency are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, most of the time on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 65 per cent (2017: 67 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for hedge accounting purposes.

In order to monitor the compliance of the management of the foreign exchange exposure with the Group's policy, a monthly report is produced and analysed by management. This report shows for each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios. A specific report showing the global currency exposures (mainly USD) is provided to RTL Group management on a monthly basis.

ACCOUNTING

RTL Group separates the spot component and the forward (or swap) point of the forward contracts. Only the spot component is considered as the hedging instrument. Forward (or swap) points are therefore accounted for directly in profit or loss accounts.

The foreign currency cash flow hedge accounting model defined under IFRS 9 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions which have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the licence period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the hedging reserve as presented in the "Consolidated statement of changes in equity" (see note 8. 15. 4.). It is added to the carrying value of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument (including swap points) is recognised directly in profit or loss. For the year ended 31 December 2018, the amount of ineffectiveness (see note 7. 6.) that has been recognised in the income statement is €10 million (€13 million in 2017).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the derivative and the exposure. Therefore, hedge accounting as defined under IFRS 9 is not applied.

FOREIGN EXCHANGE DERIVATIVE CONTRACTS

The impact of forward foreign exchange contracts is detailed as follows:

	Notes	2018 €m	2017 €m
Net fair value of foreign exchange derivatives	8. 8. 8. 12.	**16**	(14)
Operating foreign exchange gains/(losses)[6]		**(3)**	(3)
Cash flow hedges ineffectiveness gains/(losses)	7. 6.	**10**	13

		2018 €m	2017 €m
Less than 3 months		**2**	(7)
Less than 1 year		**7**	1
Less than 5 years		**7**	(7)
More than 5 years		**–**	(1)
Net fair value of derivatives	8. 8. 8. 12.	**16**	(14)

6 These amounts relate to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 (2017: IAS 39) is not applied

The split by maturities of notional amounts of forward exchange contracts at 31 December 2018 is, for the main foreign currencies, as follows:

	2019 £m	2020 £m	2021 £m	2022 £m	> 2022 £m	**Total £m**
Buy	226	31	38	3	44	342
Sell	(387)	(28)	(23)	(2)	(18)	(458)
Total	**(161)**	**3**	**15**	**1**	**26**	**(116)**

	2019 \$m	2020 \$m	2021 \$m	2022 \$m	> 2022 \$m	**Total \$m**
Buy	759	232	79	69	76	1,215
Sell	(331)	(46)	(58)	(3)	(60)	(498)
Total	**428**	**186**	**21**	**66**	**16**	**717**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2017 is, for the main foreign currencies, as follows:

	2018 £m	2019 £m	2020 £m	2021 £m	> 2021 £m	**Total £m**
Buy	212	34	18	29	4	297
Sell	(333)	(23)	(10)	(7)	(1)	(374)
Total	**(121)**	**11**	**8**	**22**	**3**	**(77)**

	2018 \$m	2019 \$m	2020 \$m	2021 \$m	> 2021 \$m	**Total \$m**
Buy	865	175	183	64	93	1,380
Sell	(362)	(40)	(32)	(40)	(5)	(479)
Total	**503**	**135**	**151**	**24**	**88**	**901**

SENSITIVITY ANALYSIS TO FOREIGN EXCHANGE RATES

Management estimate that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2017: no material impact), and an additional pre-tax €53 million income (respectively expense) (2017: an income of €67 million) recognised in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2017: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in equity (2017: €nil million);
- If other currencies had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and equity (2017: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

INTEREST RATE RISK

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (see note 10. 1.) and from cash and cash equivalents.

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

In 2013, the Group entered into a 10-year-term loan facility in the amount of €500 million with a fixed interest rate of 2.713 per cent per year. The term loan matures on 7 March 2023. The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €545 million (2017: €546 million). This is a Level 2 fair value measurement (see note 4. 3. 2.). Under the same shareholder loan agreement, the Group also has access to a revolving and swing line facility of up to €1 billion. The revolving and swing line facility matures on 24 February 2023. The interest rates for loans under the revolving and swing line facility are EURIBOR plus a margin of 0.40 per cent per year (floored at zero per cent) and EONIA plus a margin of 0.40 per cent per year (floored at zero per cent), respectively. The balance between the fixed versus floating rate ratio might change substantially following the loan agreements described above. Management intend to maintain a suitable fixed versus floating rate ratio, taking into account interest rate yield curves. This percentage can be reviewed at the discretion of the Treasury Committee until the optimum mix between fixed and floating rates has been achieved.

Groupe M6 has secured during the third quarter of 2017 an external funding of €170 million, including a seven-year EURO Private Placement bond issue (7-year Euro PP) of €50 million and three bilateral committed credit facilities for a total of €120 million (i.e. €40 million each) with a maturity of 5 years. At 31 December 2017, the Euro Private Placement bond has been fully issued and credit lines were not fully drawn down (see note 8. 11.). The fixed interest rate on the Euro PP is 1.50 per cent (all-in) and the margin on revolver credit facilities is on average 53 basis point spread on EURIBOR floored at zero per cent. The commitment fees represent 32 per cent of the spread. The fair value of the 7-year Euro PP – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €51.7 million (2017: €50.1 million). This is a Level 2 fair value measurement (see note 4. 3. 2.).

In order to maximise the excess cash return on cash balances, cross border cash pooling has been set up for most of the entities of the Group. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

When RTL Group has excess cash, the Treasury Committee defines the appropriate average tenor of the short-term placements based on business seasonality and regularly reviewed cash flow forecasts. Interest income depends on the evolution of floating interest rates and can potentially, in a low interest rate environment, generate a shortfall of income against interest expense.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

If the interest rates achieved had been lower (respectively higher) by 100 basis points, and assuming the current amount of floating net cash available remains constant, the net interest income/(expense) at 31 December 2018 would have been decreased (respectively increased) by €0.3 million (2017: €0.4 million).

The following table indicates the interest-bearing financial liabilities at 31 December and the periods in which they re-price:

	Notes	Total amount[7] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Bank loans – fixed rate	8. 11.	(60)	(1)	(7)	(2)	–	(50)
Bank loans – floating rate	8. 11.	(39)	(35)	(4)	–	–	–
Term loan facility due to shareholder – fixed rate	8. 11.	(500)	–	–	–	(500)	–
Revolving loan facility due to shareholder – floating rate	8. 11.	(232)	(232)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8. 11.	(38)	(38)	–	–	–	–
Bank overdrafts	8. 11.	–	–	–	–	–	–
Leasing liabilities – floating rate	8. 11.	–	–	–	–	–	–
Loans payable – not bearing interest	8. 11.	(1)	–	(1)	–	–	–
Loans payable – fixed rate	8. 11.	(1)	–	–	–	(1)	–
Loans payable – floating rate	8. 11.	(11)	(11)	–	–	–	–
At 31 December 2018		**(882)**	**(317)**	**(12)**	**(2)**	**(501)**	**(50)**

	Notes	Total amount[7] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Bank loans – fixed rate	8. 11.	(58)	(2)	(4)	(2)	–	(50)
Bank loans – floating rate	8. 11.	(32)	(14)	(18)	–	–	–
Term loan facility due to shareholder – fixed rate	8. 11.	(500)	–	–	–	–	(500)
Revolving loan facility due to shareholder – floating rate	8. 11.	(138)	(138)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8. 11.	(42)	(42)	–	–	–	–
Bank overdrafts	8. 11.	(7)	(7)	–	–	–	–
Leasing liabilities – floating rate	8. 11.	(1)	(1)	–	–	–	–
Loans payable – not bearing interest	8. 11.	(9)	–	(3)	–	(3)	(3)
Loans payable – fixed rate	8. 11.	(3)	(2)	–	–	(1)	–
Loans payable – floating rate	8. 11.	(10)	(8)	(2)	–	–	–
At 31 December 2017		**(800)**	**(214)**	**(27)**	**(2)**	**(4)**	**(553)**

7 Excluding accrued interests

4. 1. 2. CREDIT RISK

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances that are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2018, the combined television and radio advertising revenue contributed 50 per cent of the Group's revenue (2017: 52 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However the risks are considered as low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2018, these activities contributed 30 per cent of the Group's revenue (2017: 28 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

According to the banking policy of the Group, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk (only independently rated parties with a minimum rating of 'A' are accepted for bank deposits). The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year compared to a target defined by management, or such as the summary of the highest intraday exposures by bank and by maturity date) are computed and used on a daily basis so as to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

Ageing of financial assets (excluding equity investments at fair value through OCI and financial asset at fair value through profit or loss for respectively €37 million and €13 million) at 31 December 2018:

			As of the reporting date, past due by					
	Gross carrying amount[8] €m	Not past due on the reporting date €m	<= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	3	3	–	–	–	–	–	–
Trade accounts receivable	1,396	942	261	83	16	24	15	55
Accounts receivable and loans receivable to investment accounted for using the equity method	49	40	1	1	–	–	–	7
Other accounts receivable and current financial assets	577	551	1	–	–	–	–	25
Cash and cash equivalents	422	422	–	–	–	–	–	–
At 31 December 2018	**2,447**	**1,958**	**263**	**84**	**16**	**24**	**15**	**87**

8 At 31 December 2018, cumulated valuation allowances amount to €92 million of which €15 million on collective basis. The latter are not taken into account in the table above

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €54 million and €4 million) at 31 December 2017:

	Gross carrying amount[9] €m	Neither past due nor impaired on the reporting date €m	Not impaired as of the reporting date and past due by <= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	14	5	–	–	–	–	–	9
Trade accounts receivable	1,361	902	266	80	26	14	9	64
Accounts receivable and loans receivable to investment accounted for using the equity method	36	34	–	–	–	–	–	2
Other accounts receivable and current financial assets	374	351	1	–	–	–	–	22
Cash and cash equivalents	265	265	–	–	–	–	–	–
At 31 December 2017	**2,050**	**1,557**	**267**	**80**	**26**	**14**	**9**	**97**

The top ten trade accounts receivable represent €193 million (2017: €149 million) while the top 50 trade accounts receivable represent €436 million (2017: €368 million).

The top ten counterparties for cash and cash equivalents represent €332 million (2017: €200 million).

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with shareholders is significantly mitigated (see note 10. 1.).

4. 1. 3. PRICE RISK

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries and investment accounted for using the equity method (see note 2. 5.).

4. 1. 4. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total net cash situation. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts on the Group's liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitor, on a monthly basis, the level of the "Liquidity Head Room" (total committed facilities minus current utilisation through bank loans and guarantees).

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2018 €m**
Credit facilities – banks				
Committed facilities	–	120	50	**170**
Headroom	–	120	–	**120**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2017 €m**
Credit facilities – banks				
Committed facilities	–	120	50	**170**
Headroom	–	110	–	**110**

9 At 31 December 2017, cumulated valuation allowances amount to €95 million of which €3 million on collective basis. The latter are not taken into account in the table above

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 10. 1.) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	350	559	50	**959**
Accounts payable[10]	2,252	111	22	**2,385**
At 31 December 2018	**2,602**	**670**	**72**	**3,344**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	759	224	–	**983**
– Inflow	(748)	(220)	–	**(968)**
At 31 December 2018	**11**	**4**	**–**	**15**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	264	70	562	**896**
Accounts payable[11]	2,026	163	17	**2,206**
At 31 December 2017	**2,290**	**233**	**579**	**3,102**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	979	384	32	**1,395**
– Inflow	(954)	(372)	(31)	**(1,357)**
At 31 December 2017	**25**	**12**	**1**	**38**

4. 2. CAPITAL MANAGEMENT

The Group monitors capital on the basis of its net debt to EBITDA ratio (see note 3.).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that the management may deem relevant. Management expect that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries.

The Group intends to pay ordinary dividends in the future targeting a dividend ratio of between 50 and 75 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net profit takes into account non-recurring items, both positive and negative, impacting the reported net result attributable to RTL Group shareholders. The non-recurring items include gains or losses that appear in the financial statements that are not expected to occur regularly such as impairment of goodwill, material gains / (losses) on disposal of assets, restructuring costs, re-measurement to fair value of pre-existing interests in acquiree and the commission related to the tax pooling with Bertelsmann (see note 10. 1.).

10 Accounts payable exclude employee benefit liability, contract liabilities, deferred income, social security and other taxes payable, advance payments and other non-financial liabilities

11 Accounts payable exclude employee benefit liability, deferred income, social security and other taxes payable, advance payments and other non-financial liabilities

4. 3. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE HIERARCHY

4. 3. 1. FINANCIAL INSTRUMENTS BY CATEGORY

The fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

	Notes	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	Derivatives[12] €m	Loans and accounts receivable €m	**Total €m**
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	13	37	–	19	**69**
Accounts receivable and other financial assets[13]	8. 8.	–	–	31	1,899	**1,930**
Cash and cash equivalents	8. 9.	–	–	–	422	**422**
At 31 December 2018		**13**	**37**	**31**	**2,340**	**2,421**

	Notes	Liabilities at fair value through profit or loss[14] €m	Derivatives[15] €m	Other financial liabilities[16] €m	**Total €m**
Liabilities					
Loans and bank overdrafts	8. 11.	–	–	894	**894**
Accounts payable[17]	8. 12.	12	15	2,370	**2,397**
At 31 December 2018		**12**	**15**	**3,264**	**3,291**

	Notes	Assets at fair value through profit or loss €m	Available-for-sale investments €m	Derivatives[18] €m	Loans and accounts receivable €m	**Total €m**
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	–	54	–	19	**73**
Accounts receivable and other financial assets[13]	8. 8.	4	–	24	1,672	**1,700**
Cash and cash equivalents	8. 9.	–	–	–	265	**265**
At 31 December 2017		**4**	**54**	**24**	**1,956**	**2,038**

	Notes	Liabilities at fair value through profit or loss[14] €m	Derivatives[19] €m	Other financial liabilities[16] €m	**Total €m**
Liabilities					
Loans and bank overdrafts	8. 11.	–	–	815	**815**
Accounts payable[20]	8. 12.	18	38	2,145	**2,201**
At 31 December 2017		**18**	**38**	**2,960**	**3,016**

4. 3. 2. FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and liabilities measured at fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

12
- Out of which € 16 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied (see note 4. 1. 1.)
- Out of which € 15 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 4. 1. 1.)

13 Accounts receivable exclude prepaid expenses, other tax receivables and other non-financial receivables

14 Include put options on non-controlling interests which have been designated at fair value through profit or loss and earn-out related to business combinations subsequent to 1 January 2016

15
- Out of which € 4 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied (see note 4. 1. 1.)
- Out of which € 11 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 4. 1. 1.)

16 At amortised cost

17 Accounts payable exclude employee benefits liability, contract liabilities, deferred income and advance payments received, social security and other tax payables and other non-financial liabilities

18
- Out of which € 4 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is applied (see note 4. 1. 1.)
- Out of which € 20 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4. 1. 1.)
- Out of which € nil million are fair value of call options on subsidiaries and on investments accounted for using the equity method

19
- Out of which € 23 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is applied (see note 4. 1. 1.)
- Out of which € 15 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4. 1. 1.)

20 Accounts payable exclude employee benefits liability, deferred income and advance payments received, social security and other tax payables and other non-financial liabilities

	Notes	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets					
Equity investments at fair value through OCI		**37**	6	–	31
Equity instruments accounted at FVTPL		**4**	–	–	4
Debt instruments measured at FVTPL		**9**	–	9	–
Derivatives used for hedging		**31**	–	31	–
At 31 December 2018		**81**	**6**	**40**	**35**
Liabilities					
Derivatives used for hedging		**15**	–	15	–
Liabilities in relation to put options on non-controlling interests	6. 2.	**12**	–	–	12
At 31 December 2018		**27**	**–**	**15**	**12**

	Notes	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets					
Available-for-sale investments		**54**	5	–	49
Derivatives used for hedging		**24**	–	24	–
Accounts receivable and other financial assets		**4**	4	–	–
At 31 December 2017		**82**	**9**	**24**	**49**
Liabilities					
Derivatives used for hedging		**38**	–	38	–
Liabilities in relation to put options on non-controlling interests	6. 2.	**18**	–	–	18
At 31 December 2017		**56**	**–**	**38**	**18**

There were no transfers between Levels 1, 2 and 3 during the years 2018 and 2017.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, perform the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3 related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable publicly traded peers.

The following table presents the change in Level 3 instruments for the year ended 31 December 2018:

	Note	Assets Financial assets at fair value through profit or loss €m	Assets Equity investments at fair value through OCI €m	Assets **Total assets** **€m**	Liabilities Liabilities at fair value through profit or loss €m
Balance at 1 January		4	45	**49**	18
Disposal		–	(2)	**(2)**	–
Gains and losses recognised in other comprehensive income		–	1	**1**	–
Gains and losses recognised in profit or loss ("Financial results other than interest")	6. 2.	–	–	**–**	(6)
Other changes		–	(13)	**(13)**	–
Balance at 31 December		4	31	**35**	12

The following table presents the change in Level 3 instruments for the year ended 31 December 2017:

	Assets Financial assets at fair value through profit or loss €m	Assets Available-for-sale investments €m	Assets **Total assets** **€m**	Liabilities Liabilities at fair value through profit or loss €m
Balance at 1 January	3	49	**52**	28
Acquisitions and additions	–	6	**6**	–
Gains and losses recognised in other comprehensive income	–	(5)	**(5)**	–
Gains and losses recognised in profit or loss ("Financial results other than interest")	–	(1)	**(1)**	5
Other changes	(3)	–	**(3)**	(15)
Balance at 31 December	–	49	**49**	18
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	**–**	**(1)**	**(1)**	**–**

4. 4. MASTER NETTING AGREEMENT

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column "net amount" shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	At 31 December 2018 **Gross amounts in the statement of financial position** **€m**	**At 31 December 2018** **Related financial instruments that are not offset** **€m**	**At 31 December 2018** **Net amount** **€m**	At 31 December 2017 Gross amounts in the statement of financial position €m	At 31 December 2017 Related financial instruments that are not offset €m	At 31 December 2017 Net amount €m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used for hedging	**31**	**(15)**	**16**	24	(24)	–
	31	**(15)**	**16**	24	(24)	–
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used for hedging	**(15)**	**15**	**–**	(38)	24	(14)
	(15)	**15**	**–**	(38)	24	(14)

5. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 17 business units (of which Atresmedia and Inception accounted for using the equity method) at 31 December 2018, each one led by a CEO.

They manage operations in television, radio and digital businesses in eight European countries. The Group owns interests in 60 TV channels, eight video-on-demand ("VOD") platforms and 30 radio stations, of which ten TV channels, three radio stations and a VOD platform are held by Atresmedia as an associate (see note 8. 4. 1.).

Moreover Fremantle, AdTech, BroadbandTV, Divimove (see note 8. 15. 8.), Style Haul (see note 8. 2.) and United Screens (see note 6. 2.) operate international networks in the content and digital businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:

- **Mediengruppe RTL Deutschland**: this segment encompasses all of the Group's German television activities. These include the leading commercial free-to-air channel RTL, as well as Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, joint-venture accounted for using the equity method), N-TV, Nitro and RTL Plus and, thematic pay channels RTL Crime, RTL Passion, RTL Living, GEO Television and Now US, and an equity participation in the free-to-air channel RTL II. This segment also includes an array of diversification operations including the video-on-demand (VOD) service TV Now, digital[21] and content activities;
- **Groupe M6**: primarily composed of the commercial free-to-air TV channel M6. This segment also includes two other free-to-air television channels, W9 and 6ter, plus a number of smaller thematic pay channels, as well as significant other operations such as three radio stations (RTL, RTL 2 and Fun Radio), digital activities (VOD platform 6play), home shopping and rights production and distribution;
- **Fremantle**: RTL Group's content production arm including a significant distribution and licensing business (International) and operating in 30 countries;
- **RTL Nederland**: this segment covers television and a wide range of new media and diversification activities. Its television channels RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids build the leading family of channels in the Netherlands. This segment also includes an array of diversification operations including the catch-up TV service RTL XL and an SVOD (subscription video-on-demand) service called Videoland;
- **RTL Belgium**: this segment includes both television and radio activities focused on the French-speaking part of Belgium. The television activities are the country's leading family of channels and include RTL-TVI, Plug RTL and Club RTL, while the radio activities comprise the stations, Radio Contact, Bel RTL and Mint.

The revenue of "Other segments" amounts to €753 million (2017: €676 million); multi-platform networks, AdTech and RTL Hungary are the major contributors for €331 million, €112 million and €107 million respectively (2017: €258 million, €110 million and €110 million respectively). Group headquarters, which provide services and initiate development projects, are also reported in "Other segments". Properties located in Paris have been disposed of in 2017 (see note 7. 2.).

RTL Group's Executive Committee assesses the performance of the operating segments based on EBITA and EBITDA. Interest income, interest expense, financial results other than interest and income tax are not allocated to segments, as these are centrally driven. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each business unit. Only the assets and liabilities directly managed by the business units are considered. Reportable segment assets and liabilities are reconciled to total assets and liabilities, respectively.

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements.

21 See Glossary

5. 1. SEGMENT INFORMATION

	Note	Mediengruppe RTL Deutschland 2018 €m	Mediengruppe RTL Deutschland 2017[22] €m	Groupe M6 2018 €m	Groupe M6 2017 €m
Revenue from external customers		**2,219**	2,285	**1,476**	1,493
Inter-segment revenue		**7**	4	**7**	10
Total revenue		**2,226**	2,289	**1,483**	1,503
Profit/(loss) from operating activities		**674**	678	**283**	245
Share of results of investments accounted for using the equity method		**39**	43	**(1)**	2
EBIT		**713**	721	**282**	247
EBITDA		**728**	738	**400**	389
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)		**(13)**	(16)	**(125)**	(134)
EBITA		**715**	722	**275**	255
Impairment of goodwill of subsidiaries		**–**	–	**–**	–
Impairment of investments accounted for using the equity method		**–**	–	**(2)**	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(1)**	(1)	**(6)**	(8)
Re-measurement of earn-out arrangements		**–**	–	**–**	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		**(1)**	–	**15**	–
EBIT		**713**	721	**282**	247
Interest income					
Interest expense					
Financial results other than interest					
Income tax expense					
Profit for the year					
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)		**1,581**	1,637	**1,707**	1,767
Investments accounted for using the equity method		**81**	79	**11**	14
Assets classified as held for sale	8. 10.	**66**	–	**–**	–
Segment assets		**1,728**	1,716	**1,718**	1,781
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)		**950**	1,063	**637**	670
Liabilities directly associated with non-current assets classified as held for sale		**50**	–	**–**	–
Segment liabilities		**1,000**	1,063	**637**	670
Invested capital		**728**	653	**1,081**	1,111
Segment assets					
Deferred tax assets					
Income tax receivable					
Other assets					
Cash and cash equivalents					
Total assets					
Segment liabilities					
Deferred tax liabilities					
Income tax payable					
Other liabilities					
Total liabilities					
Capital expenditure[23]		**12**	20	**136**	161
Depreciation and amortisation		**(15)**	(16)	**(132)**	(140)
Impairment losses excluding goodwill		**1**	(1)	**1**	(2)
Impairment of goodwill of subsidiaries and of disposal group		**–**	–	**–**	–

22 SpotX and Smartclip companies (Smartclip AG and Smartclip Benelux BV excluded) have been combined into one integrated ad-tech unit reported since 1 January 2018 in "Other segments". Smartclip entities were initially allocated to the operating segment Mediengruppe RTL Deutschland. Smartclip AG continues to be part of the operating segment Mediengruppe RTL Deutschland and Smartclip Benelux BV has been transferred to the operating segment RTL Nederland. 2017 segment information has been accordingly restated as if this transaction had occurred since 1 January. €6 million of goodwill has been reallocated to the cash-generating unit ad-tech ("Other segments")

23 Capital expenditure includes additions in "Programme and other rights", "Other intangible assets" and "Property, plant and equipment", new goodwill following acquisitions of subsidiaries, and incremental fair value on identifiable assets following purchase accounting

Fremantle 2018 €m	Fremantle 2017 €m	RTL Nederland 2018 €m	RTL Nederland 2017[22] €m	RTL Belgium 2018 €m	RTL Belgium 2017 €m	Other segments 2018 €m	Other segments 2017[22] €m	Eliminations 2018 €m	Eliminations 2017 €m	Total Group 2018 €m	Total Group 2017 €m
1,414	1,303	508	477	185	190	703	625	–	–	6,505	6,373
178	169	–	–	1	1	50	51	(243)	(235)	–	–
1,592	1,472	508	477	186	191	753	676	(243)	(235)	6,505	6,373
128	119	77	74	37	16	(179)	51	–	–	1,020	1,183
1	(5)	–	(1)	–	–	17	24	–	–	56	63
129	114	77	73	37	16	(162)	75	–	–	1,076	1,246
147	140	89	87	41	21	(25)	89	–	–	1,380	1,464
(20)	(20)	(19)	(14)	(4)	(5)	(28)	(27)	–	–	(209)	(216)
127	120	70	73	37	16	(53)	62	–	–	1,171	1,248
–	–	–	–	–	–	(105)	–	–	–	(105)	–
–	(6)	–	–	–	–	–	–	–	–	(2)	(6)
(1)	–	(1)	–	–	–	(6)	(8)	–	–	(15)	(17)
2	–	–	–	–	–	–	–	–	–	2	–
1	–	8	–	–	–	2	21	–	–	25	21
129	114	77	73	37	16	(162)	75	–	–	1,076	1,246
										9	4
										(29)	(26)
										7	(2)
										(278)	(385)
										785	837
2,078	1,935	398	408	163	166	780	818	(196)	(201)	6,511	6,530
9	17	6	8	–	–	288	289	–	–	395	407
–	–	–	–	–	–	–	–	–	–	66	–
2,087	1,952	404	416	163	166	1,068	1,107	(196)	(201)	6,972	6,937
677	594	171	139	95	103	509	442	(192)	(197)	2,847	2,814
–	–	–	–	–	–	–	–	–	–	50	–
677	594	171	139	95	103	509	442	(192)	(197)	2,897	2,814
1,410	1,358	233	277	68	63	559	665	(4)	(4)	4,075	4,123
										6,972	6,937
										333	303
										24	48
										573	349
										422	265
										8,324	7,902
										2,897	2,814
										29	25
										40	63
										1,805	1,568
										4,771	4,470
24	26	22	28	7	2	39	61	–	–	240	298
(20)	(20)	(20)	(14)	(4)	(5)	(33)	(35)	–	–	(224)	(230)
(1)	–	–	–	–	–	(1)	–	–	–	–	(3)
–	–	–	–	–	–	(105)	–	–	–	(105)	–

5. 2. GEOGRAPHICAL INFORMATION

Geographical areas are based on where customers (revenue) and the Group's non-current assets are located. Goodwill has been allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

		Germany		France		USA		The Netherlands		UK		Belgium		Other regions		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Note	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Revenue from external customers		**2,168**	2,266	**1,460**	1,471	**972**	800	**549**	502	**245**	248	**211**	226	**900**	860	**6,505**	6,373
Non-current assets		**1,058**	1,075	**883**	959	**570**	664	**325**	323	**407**	407	**49**	47	**263**	251	**3,555**	3,726
Assets classified as held for sale	8. 10.	**82**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**82**	–
Capital expenditure		**26**	56	**136**	162	**15**	12	**22**	29	**1**	2	**7**	2	**33**	35	**240**	298

The revenue generated in Luxembourg amounts to €75 million (2017: €66 million). The total of non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €95 million (2017: €105 million).

6. ACQUISITIONS AND DISPOSALS

6. 1. ACQUISITIONS AND INCREASES IN INTERESTS HELD IN SUBSIDIARIES

Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group.

In aggregate, the acquired businesses contributed revenue of €13 million and loss attributable to RTL Group shareholders of €(3) million for the post acquisition period to 31 December 2018. Had the business combinations occurred at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would not have materially changed.

6. 2. DETAILS OF MAIN ACQUISITIONS AND DISPOSALS, INCREASES IN INTERESTS HELD IN SUBSIDIARIES

2018

UNITED SCREENS

On 2 January 2018, UFA Film und Fernseh GmbH ("UFA") acquired 100 per cent of U Screens AB ("United Screens"), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network ("MPN") in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. A price adjustment of SEK 15 million has been determined on 20 April 2018.

The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The purchase consideration amounted to €10 million, net of cash acquired. The fair value of identified assets has been allocated to customer contracts (€0.9 million) and to content creators (€0.5 million). A corresponding deferred tax liability has been recognised for €0.3 million. As a result, a goodwill of €10 million has been recognised, attributable mainly to the skills and talent of United Screens' workforce. The goodwill is not tax deductible. United Screens operates as a separate cash-generating unit.

The transaction-related costs are insignificant.

MONALBUMPHOTO

On 26 July 2018, RTL Group, through Groupe M6, disposed of 100 per cent of its interests held in monAlbumPhoto SAS for €39 million and has generated a capital gain of €22 million.

	2018 €m
Cash and cash equivalents	(4)
Goodwill	(11)
Other intangible assets	(2)
Property, plant and equipment	(4)
Other inventories	(1)
Accounts receivable and other financial assets	(1)
Accounts payable	6
Net assets disposed of	**(17)**
Total disposal proceeds	**39**
Cash and cash equivalents in operations disposed of	(4)
Cash inflow on disposal	**35**

FOOTBALL CLUB DES GIRONDINS DE BORDEAUX

On 6 November 2018, RTL Group, through Groupe M6, disposed of 100 per cent of its interests held in Football Club des Girondins de Bordeaux and its affiliates has generated a capital loss, net of transaction-related costs, of €7 million.

	2018 €m
Cash and cash equivalents	(4)
Goodwill	(12)
Other intangible assets	(46)
Property, plant and equipment	(6)
Other inventories	(2)
Accounts receivable and other financial assets	(70)
Income tax payable	1
Defined benefit obligations	1
Provisions for litigation	2
Accounts payable	38
Loans payable	41
Net assets disposed of	**(57)**
Total disposal proceeds	**50**
Repayment of intercompany loans payable	**41**
Total disposal proceeds including repayment of intercompany loans payable	**91**
Cash and cash equivalents in operations disposed of	(4)
Disposal proceeds deferred	(17)
Cash inflow on disposal	**70**

OTHER ACQUISITIONS AND TRANSACTIONS

The escrow account related to the disposal on 26 October 2016 of Couverts Reserveren BV by RTL Nederland BV was released during the period for €1 million.

On 9 July 2018, M6 Web SAS acquired 100 per cent of Altima Hosting SAS ("Altima"), a French company operating hosting services and facilities management. The transaction qualifies as a business combination since Groupe M6 gained the control of Altima. The related cash-out amounts to €2 million at 31 December 2018. A provisional goodwill of €2 million has been recognised; the goodwill is not tax deductible. Altima has been allocated to the Groupe M6 cash-generating unit.

On 31 August 2018, Groupe M6 acquired a 51 per cent stake in the share capital of CTZAR SAS ("CTZAR") based in Paris. CTZAR is a pioneer in influencer marketing through its international network SOCIADDICT with more than 15,000 influencers. With this acquisition, Groupe M6 strengthens its presence in influencer marketing and enriches its range of advertising solutions for brands. The transaction qualifies as a business combination since Groupe M6 gained the control of CTZAR. The related cash-out amounts to €3 million at 31 December 2018. The transaction resulted in the recognition of a provisional goodwill of €5 million; the goodwill is not tax deductible. CTZAR has been allocated to the Groupe M6 cash-generating unit. The remaining 49 per cent interest is subject to call and put options exercisable in 2022. The strike price is based on a variable component and capped at €41 million on a 100 per cent basis. The put option has been recognised at the acquisition date for an amount of €8.6 million through equity for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and remains unchanged at 31 December 2018.

The put option held by non-controlling shareholders of Best of TV SAS and Best of TV Benelux SPRL, of which control was gained on 7 January 2014, has been re-measured to €12 million at 31 December 2018 (2017: €18 million). The related income of €6 million is reported in "Financial result other than interest" (2017: €nil million) (see note 7. 6.).

The put option held by non-controlling shareholders of iGraal SAS, of which control was gained on 30 November 2016, has been re-measured to €22 million at 31 December 2018 (2017: €15 million). The related expense of €7 million is reported in "Financial result other than interest" (2017: €nil million).

6. 3. ASSETS AND LIABILITIES ACQUIRED

Details of the net assets acquired and goodwill are as follows:

	Note	2018 €m	2017 €m
Purchase consideration			
– Cash paid		**20**	35
– Contingent consideration		**1**	–
– Deferred consideration		**–**	2
– Payments on prior years' acquisitions		**(2)**	(14)
Total purchase consideration		**19**	23
Less:			
Fair value of previously held equity interests		**–**	25
Call option		**–**	3
Fair value of net assets acquired		**(2)**	(7)
Goodwill	6. 2.	**17**	44

6. 4. CASH OUTFLOW ON ACQUISITIONS

The net assets and liabilities arising from the acquisitions are as follows:

	Note	2018 Fair value €m	2017 Fair value €m
Cash and cash equivalents		**2**	5
Non-current programme and other rights		**–**	5
Other intangible assets		**2**	2
Current programme rights		**–**	3
Accounts receivable and other financial assets		**2**	24
Loans		**–**	(6)
Accounts payable		**(4)**	(21)
Net deferred tax assets / (liabilities)		**–**	(4)
Non-controlling interests		**–**	(1)
Net assets acquired		**2**	7
Goodwill		**17**	44
Fair value of previously held equity interests		**–**	(25)
Call option		**–**	(3)
Total purchase consideration		**19**	23
Less:			
Contingent consideration		**(1)**	–
Deferred consideration		**–**	(2)
Payments on prior years' acquisitions		**2**	14
Cash and cash equivalents in operations acquired		**(2)**	(5)
Cash outflow on acquisition	6. 2.	**18**	30

6. 5. CASH INFLOW ON DISPOSALS

	2018 €m
Fair value of consideration received	**89**
Net assets disposed of	**(74)**
Net gain on disposal of subsidiaries	**15**

	Note	2018 €m
Cash and cash equivalents		**(8)**
Goodwill		**(23)**
Other intangible assets		**(48)**
Property, plant and equipment		**(10)**
Other inventories		**(3)**
Accounts receivable and other financial assets		**(71)**
Income tax payable		**1**
Defined benefit obligations		**1**
Provisions for litigation		**2**
Accounts payable		**44**
Loans payable		**41**
Net assets disposed of		**(74)**
Total disposal proceeds		**89**
Repayment of intercompany loans payable		**41**
Total disposal proceeds including repayment of intercompany loans payable		**130**
Cash and cash equivalents in operations disposed of		**(8)**
Cash-in from prior years' disposal		**1**
Disposal proceeds deferred		**(17)**
Cash inflow on disposal	6. 2.	**106**

7. DETAILS ON CONSOLIDATED INCOME STATEMENT

7. 1. REVENUE

Revenue is disaggregated below by nature and timing of recognition. The table also includes a reconciliation with reportable segments.

	Mediengruppe RTL Deutschland 2018 €m	Groupe M6 2018 €m	Fremantle 2018 €m	RTL Nederland 2018 €m	RTL Belgium 2018 €m	Other segments 2018 €m	Total Group 2018 €m
Revenue from advertising	1,822	1,067	13	337	153	263	3,655
Revenue from exploitation of programmes, rights and other assets	246	190	1,385	137	24	343	2,325
Revenue from selling goods and merchandise and providing services	151	219	16	34	8	97	525
	2,219	**1,476**	**1,414**	**508**	**185**	**703**	**6,505**
Timing of revenue recognition							
At a point in time	183	252	1,371	21	3	343	2,173
Over time	2,036	1,224	43	487	182	360	4,332
	2,219	**1,476**	**1,414**	**508**	**185**	**703**	**6,505**

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in previous periods:

	2018 €m
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**251**
Revenue recognised from performance obligations satisfied in previous periods	**5**

7. 2. OTHER OPERATING INCOME

Following the decision of RTL Group's Board of Directors on 21 July 2017, Bayard d'Antin SA ("Bayard") had disposed of the properties located on rue Bayard ("Golden triangle") in Paris on 21 December 2017. The sale proceeds amounted to €113.9 million (VAT of €22.8 million excluded); the capital gain was €94 million before income tax (€62 million net of income tax). €97 million and €23 million had been reported in "Proceeds from the sale of intangible and tangible assets" and "Working capital changes" respectively in December 2017 by Bayard, who paid a net €41 million during the first half 2018 mainly with respect to the taxes due on the transaction.

7. 3. OTHER OPERATING EXPENSES

	2018 €m	2017 €m
Employee benefits expenses	**1,135**	1,137
Intellectual property expenses[24]	**608**	519
Expenses related to live programmes	**336**	324
Consumption of other inventories	**60**	68
Production subcontracting expenses	**274**	324
Transmission expenses including satellite capacity	**91**	97
Marketing and promotion expenses	**121**	127
Rentals and other operating lease expenses	**101**	99
Operating taxes[25]	**74**	54
Audit and consulting fees[26]	**72**	71
Repairs and maintenance	**69**	67
Marketing and promotion barter expenses	**39**	39
Distribution expenses	**13**	14
Commissions on sales	**27**	10
Administration and sundry expenses	**130**	133
	3,150	3,083

24 Increase mainly driven by the multi-platform networks ("MPNs") and related to the remuneration of the video content providers

25 In 2017, Groupe M6 filed a claim against the tax administration concerning the "Copé tax". On 30 March 2017, the French Constitutional Court concluded that this tax is unfair with regards the Constitution. Following this decision, Groupe M6 recognised an income of €15 million covering the years 2011 to 2015 and reported in deduction of the "Operating taxes"
The Hungarian Parliament passed the amendment of the Advertising Tax Act on 16 May 2017 increasing the rate from 5.3 per cent to 7.5 per cent of ad revenue from 1 July 2017. The act also entitled RTL Hungary to a tax exemption for revenue below HUF 100 million for previous years in accordance with the requirements of the European Union. Accordingly, the Group recognised an income of €8.5 million at 31 December 2017 reported in deduction of the "Operating taxes"

26 Including fees related to PricewaterhouseCoopers ("PwC")

Fees related to PricewaterhouseCoopers ("PwC"), the Group's auditor and its affiliates regarding the continuing operations, are set out below:

	2018 €m	2017 €m
Audit services pursuant to legislation	**3.5**	3.3
Audit-related services	**0.1**	0.1
Non-audit services	**0.3**	0.5
	3.9	3.9

7. 3. 1. EMPLOYEE BENEFITS EXPENSES

	Note	2018 €m	2017 €m
Wages and salaries		**849**	846
Termination benefits		**31**	40
Social security costs		**179**	176
Share options granted to employees		**10**	11
Pension costs		**20**	17
Other employee expenses		**46**	47
		1,135	1,137
Of which restructuring costs	8. 13. 1.	***(8)***	*(22)*

The amounts set out above exclude personnel costs of €255 million (2017: €245 million), that are capitalised and that represent costs of employees directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2017 to 2019. The LTIP aims to reward RTL Group's senior management for entrepreneurial performance and to get their long-term commitment to the Group. The performance targets of the LTIP have been approved by the Nomination and Compensation Committee of RTL Group who gave authority to the Executive Committee to approve the participation of the other Executives in the LTIP. The performance targets are based on financial metrics such as RTL Group Value Added ("RVA") and EBITA (see note 3.). In addition, Fremantle has non-financial metrics such as development and commercial success of new formats and another entity advertising revenue.

As at 31 December 2018, the LTIP has been accrued on the basis of the achievement of performance targets for €24 million (2017: €17 million). The liability related to the LTIP 2017-2019 amounted to €41 million at 31 December 2018 (€17 million at 31 December 2017).

SpotX has implemented a management incentive plan ("MIP") with the same reward and retention objective as the LTIP of RTL Group but for its own executives. The plan runs for the term 2017 to 2020 and is based on financial metrics such as revenue, profit after tax and operating free cash flow. As at 31 December 2018, the liability related to the MIP amounted to €3 million.

Style Haul has decided in 2018 to terminate the MIP which had been implemented for the period 2017 to 2019 (see note 8. 2.).

In the context of the acquisition of United Screens (see note 6. 2.), a management incentive plan ("MIP") has been implemented for the period 2018 to 2020. The plan is based on gross profit and EBIT. As at 31 December 2018 the plan is not expected to provide for any pay-out.

Groupe M6 operates a specific long-term incentive plan based on free share plans (see note 8. 15. 7.).

Pension costs relate to defined contributions for €10 million (2017: €10 million) and defined benefit plans for €10 million (2017: €7 million) (see note 8. 14.).

The average number of employees for undertakings held by the Group is set out below:

	2018	2017
Employees of fully consolidated undertakings	**10,809**	11,011
	10,809	11,011

7. 4. GAIN / (LOSS) FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

"Gain / (loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" mainly relates to the following:

2018

Subsidiaries (see note 6. 2.)

- Gain on disposal of monAlbumPhoto — € 22 million
- Loss on disposal of Football Club des Girondins de Bordeaux and affiliates — € (7) million

Associates (see note 8. 4. 1.)

- Gain on disposal of RadicalMedia and affiliates — € 1 million
- Gain on dilution of VideoAmp — € 1 million

Joint ventures (see note 8. 4. 2.)

- Gain on disposal of Future Whiz Media — € 8 million

2017

Subsidiaries

- Re-measurement to fair value of pre-existing interest in Divimove — € 14 million
- Gain on disposal of RTL CBS — € 4 million

Associates

- Gain on disposal of RTL 9 — € 2 million

Joint ventures

- Gain on disposal of Reclamefolder — € 1 million

7. 5. NET INTEREST INCOME / (EXPENSE)

	2018 €m	2017 €m
Interest income on loans and accounts receivable	**5**	3
Tax-related interest income	**4**	1
Interest income	**9**	4
Interest expense on financial liabilities	**(22)**	(21)
Tax-related interest expense	**(2)**	–
Interest on defined benefit obligations[27]	**(3)**	(3)
Interest expense on other employee benefit liabilities	**(2)**	(2)
Interest expense	**(29)**	(26)
Net interest expense	**(20)**	(22)

"Interest expense on financial liabilities" includes an amount of € 15 million (2017: € 15 million) in respect of the loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (see note 10. 1.).

27 Of which (see note 8. 14.):
- Interest income on plan assets: € 3 million (2017: € 3 million)
- Unwind of discount on defined benefit obligations: € (6) million (2017: € (6) million)

7. 6. FINANCIAL RESULTS OTHER THAN INTEREST

	Notes	2018 €m	2017 €m
Cash flow hedges ineffectiveness	4.	10	13
Impairment on available-for-sale investments	8. 5.	N/A	(1)
Net gain/(loss) on other financial instruments at fair value through profit or loss		6	(5)
Other financial results		(9)	(9)
		7	(2)

7. 7. INCOME TAX EXPENSE

	2018 €m	2017 €m
Current tax expense	(322)	(358)
Deferred tax expense	44	(27)
	(278)	(385)

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	Note	2018 €m	%	2017 €m	%
Profit before taxes		1,063		1,222	
Income tax rate applicable in Luxembourg			26.01		27.08
Tax calculated at domestic tax rate applicable to profits in Luxembourg		276		331	
Effects of tax rate in foreign jurisdictions and German trade tax		85		88	
Tax calculated at domestic tax rate applicable to profits in the respective countries		361	33.96	419	34.29
Changes in tax regulation and status		4		(8)	
Non deductible expenses/losses		38		23	
Tax exempt revenue/gains		(34)		(30)	
Commission received in relation to the Compensation Agreement	10. 1.	(28)		(2)	
Utilisation of previously unrecognised tax losses		(67)		(3)	
Tax incentives not recognised in the income statement		(1)		(2)	
Effect of tax losses for which no deferred tax assets are recognised		14		7	
Tax expense before adjustments on prior years		287	27.00	404	33.06
Current tax adjustments on prior years		3		(21)	
Deferred tax adjustments on prior years		(12)		2	
Income tax expense		278	26.15	385	31.51

Effect of tax rates in foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:

- Germany, where the official tax rate is 32.1 per cent, representing an impact of €42 million (2017: €38 million);
- France, where several tax rates apply, depending on the size of the business. The rates of 34.43 and 33.33 per cent apply, representing an impact of €34 million (2017: the rates of 39.43, 34.43 and 33.33 per cent applied, representing an impact of €47 million).

In 2018, change in tax regulation mainly relates to Germany.

In 2017, change in tax regulation and status mainly related to France (€12 million) and the United States (€(4) million).

Under the German controlled foreign companies ("CFC") regime, profits of subsidiaries of RTL Group outside the European Union must be attributed to the tax base of the parent company of RTL Group SA, Bertelsmann SE & Co. KGaA, if the tax rate in the foreign country is below 25 per cent and the foreign profit is classified as passive income.

A planned intercompany transaction generating future taxable profit, has resulted in the recognition of a deferred tax asset of € 67 million as of 31 December 2018.

Tax-exempt revenue / gains mainly relate in 2018 to the share of results of investments accounted for using the equity method for € 16 million (2017: € 19 million).

Tax incentives not recognised in the income statement relate to a permanent difference generated by the amortisation of tax goodwill in Germany.

Based on the decision of the European Court of Justice ("ECJ") rendered in May 2017 and the decision of the French Constitutional Court as of 6 October 2017, Groupe M6 and Bayard d'Antin SA have claimed the refund of the 3 per cent distribution tax paid in previous years. The related impact in 2017 was € 22 million presented in current tax adjustments on prior years.

The French authorities had introduced in 2017 an exceptional contribution amounting to 15 per cent of the corporate income tax (before tax deductions and credits) for companies with a turnover of more than € 1 billion. The related additional tax expense amounted to € 10 million in 2017 crystallised in the effect of tax rates in foreign jurisdictions.

The "Deferred tax adjustments on prior years" in 2018 mainly relate to tax audits in Germany.

Following a decision of the German fiscal High Court ("Bundesfinanzhof") regarding minority shareholders in German tax group entities, an analysis was conducted by RTL Group on potential impacts on Group financial statements. Given the current view of the Ministry of Finance in Germany ("BMF") and due to the existing "non application decree" and in the light of the Group tax structure the court decision had no material impact on RTL Group for the fiscal years 2017 and 2018.

7. 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of € 668 million (2017: € 739 million) and a weighted average number of ordinary shares outstanding during the year of 153,548,938 (2017: 153,548,960), calculated as follows:

	Notes	2018	2017
Profit attributable to RTL Group shareholders (in € million)		**668**	739
Weighted average number of ordinary shares:			
Issued ordinary shares at 1 January	8. 15. 1.	**154,742,806**	154,742,806
Effect of treasury shares held	8. 15. 2.	**(1,168,701)**	(1,168,701)
Effect of liquidity programme	8. 15. 2.	**(25,167)**	(25,145)
Weighted average number of ordinary shares		**153,548,938**	153,548,960
Basic earnings per share (in €)		**4.35**	4.81
Diluted earnings per share (in €)		**4.35**	4.81

8. DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. 1. PROGRAMME AND OTHER RIGHTS, GOODWILL AND OTHER INTANGIBLE ASSETS

	Notes	(Co-) productions €m	Distribution and broadcasting rights €m	Advance payments and (co-) productions in progress €m	Total programme and other rights €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2017		**842**	**1,203**	**40**	**2,085**	**5,427**	**485**
Effect of movements in foreign exchange		(51)	(17)	–	(68)	(46)	(4)
Additions		9	67	29	105	–	71
Disposals		(7)	(80)	(2)	(89)	–	(30)
Subsidiaries acquired		–	6	–	6	44	2
Transfers and other changes		18	27	(39)	6	–	(8)
Balance at 31 December 2017		**811**	**1,206**	**28**	**2,045**	**5,425**	**516**
Effect of movements in foreign exchange		16	5	–	21	9	1
Additions		6	60	39	105	–	56
Disposals		–	(4)	(1)	(5)	–	(30)
Subsidiaries acquired	6.	–	–	–	–	17	2
Subsidiaries disposed of	6.	–	–	–	–	(23)	(48)
Transfer to assets classified as held for sale	8. 10.	–	(14)	–	(14)	(13)	(1)
Transfers and other changes		25	28	(45)	8	–	57
Balance at 31 December 2018		**858**	**1,281**	**21**	**2,160**	**5,415**	**553**
Amortisation and impairment losses							
Balance at 1 January 2017		**(822)**	**(1,155)**	**(8)**	**(1,985)**	**(2,388)**	**(260)**
Effects of movements in foreign exchange		51	17	–	68	–	3
Amortisation charge for the year		(29)	(87)	–	(116)	–	(43)
Impairment losses recognised for the year		–	(1)	–	(1)	–	–
Disposals		7	80	–	87	–	22
Transfers and other changes		(3)	(5)	4	(4)	–	5
Balance at 31 December 2017		**(796)**	**(1,151)**	**(4)**	**(1,951)**	**(2,388)**	**(273)**
Effects of movements in foreign exchange		(15)	(5)	–	(20)	(3)	(1)
Amortisation charge for the year		(22)	(89)	–	(111)	–	(44)
Impairment losses recognised for the year		(1)	–	–	(1)	(105)	(1)
Reversal of impairment losses		–	1	–	1	–	1
Disposals		–	4	–	4	–	17
Transfer to assets classified as held for sale	8. 10.	–	8	–	8	–	1
Transfers and other changes		1	–	–	1	–	(40)
Balance at 31 December 2018		**(833)**	**(1,232)**	**(4)**	**(2,069)**	**(2,496)**	**(340)**
Carrying amount:							
At 31 December 2017		**15**	**55**	**24**	**94**	**3,037**	**243**
At 31 December 2018		**25**	**49**	**17**	**91**	**2,919**	**213**

Other intangible assets include mainly brands for an amount of € 129 million (2017: € 130 million), primarily related to Groupe M6.

The M6 brand is considered to have an indefinite useful life and was recognised for an amount of € 120 million. At 31 December 2018, an impairment test was performed and did not lead to any impairment.

In determining that the M6 brand has an indefinite useful life, management have considered various factors such as the past and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark "M6". Based on the analysis of these factors, management have determined and confirmed at

31 December 2018 that there is no foreseeable limit to the period of time over which the brand M6 is expected to generate cash inflows for the Group.

In 2018, Groupe M6, through its affiliate Football Club des Girondins de Bordeaux SASP ("FCGB"; see note 6. 2.), recognised a capital gain, net of transaction related costs, of €35 million on disposal of players reported in "Other operating income" (2017: €19 million). The cash received in 2018 by FCGB amounts to €27 million (2017: €15 million).

8. 2. IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units ("CGUs") on the basis of the business units (see note 5.) and at the level at which independent cash flows are generated. Ludia, part of the business unit Fremantle, conducts specific and separate operations that generate independent cash flows and is not expected at this stage to benefit from sufficient synergies with the Group and therefore qualifies as a separate cash-generating unit.

All business units and cash-generating units mainly operate in one country, except Fremantle, Ludia, SpotX, Style Haul, Divimove (see note 8. 15. 8.), BroadbandTV (see note 11.) and United Screens (see note 6. 2.), which are multi-territory/worldwide operations. Goodwill is allocated by cash-generating unit as follows:

	Notes	31 December 2018 €m	31 December 2017[28] €m
Mediengruppe RTL Deutschland	5. 1. 8. 10.	**936**	949
Groupe M6	6. 2.	**510**	525
Fremantle		**1,050**	1,047
Ludia		**30**	30
RTL Nederland		**159**	160
RTL Belgium		**32**	32
Others			
– SpotX	5. 1.	**123**	118
– Style Haul		**–**	106
– Divimove		**27**	27
– BroadbandTV		**25**	26
– German radio		**17**	17
– United Screens	6. 2.	**10**	–
Total goodwill on cash-generating units		**2,919**	3,037

Goodwill is tested for impairment annually, as of 31 December, or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a CGU has been determined on the basis of the higher of its value in use and its fair value less costs of disposal:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the cash-generating unit is committed at year-end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly credit premium, gearing ratio and specific risk). Specific country risk and inflation differentials are also taken into account;
- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on market-based valuations, if an active market exists, and on the basis of a discounted cash flow ("DCF") model to the extent that it would reflect the value that "any market participant" would be ready to pay in an arm's length transaction. Differently from the "value in use" approach, which reflects the perspective of the Group for a long-term use of the CGU, a "fair value less costs of disposal" DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition.

28 Re-presented; see note 5. 1.

Furthermore, the discount rate of each CGU is calculated based on a market approach and most of the parameters used are derived from market sources. The discount rates are based on a mixed interest rate represented by the weighted average cost of equity and cost of capital (WACC) after tax. The discount rates reflect the time value of money and the perception of risk associated with projected future cash flows, both from the equity shareholders' and the debt holders' point of view.

The discount rates have been determined, CGU by CGU, and embody, where appropriate, the following factors:

- Country risk;
- Inflation rate differential;
- Specific firm premium;
- Specific tax rate;
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

The recoverable amount of all CGUs is based on their fair value less costs of disposal and are Level 3 fair value measurements, with the exception of Groupe M6 which is listed on Euronext Paris, Compartment A (Level 1 fair value measurement).

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of five years are prepared for recent investments (SpotX and BroadbandTV) using the estimated growth rates and other key drivers. For the cash-generating units' operating advertising revenue, the projections consider audience and advertising market shares, the EBITA margin, and cash conversion rates based on past performance and expectations regarding market development. Management also relies on wider macro-economic indicators from external sources to verify the veracity of its own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For Fremantle, which operates a multi-territory/worldwide and diversified operation, the expected growth rate is determined according to a weighted average of growth expectations of its multiple regions, markets and product offerings. The volume of video views and the development of original production and branded entertainment are key drivers for the multi-platform networks.

Cash flows beyond the three and five-year period are extrapolated using the estimated perpetual growth and EBITA margin rates and applying the discount rates stated below.

The perpetual growth and EBITA margins are based on the expected outcome of the strategy implemented by the Group in the different markets, on macro-economic and industry trends and on in-house estimates.

Capital expenditure is historically low in the business models the Group develops and is assumed in line with depreciation and amortisation. Management also consider that the moderate perpetual growth would not result in the increase of the net working capital.

	2018		2017	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
Mediengruppe RTL Deutschland	**1.0**	**5.8**	1.5	6.8
Groupe M6[29]	**0.7**	**6.2**	1.2	7.2
Fremantle	**1.8**	**7.1**	1.8	7.1
Ludia	**2.0**	**9.5**	2.0	10.6
RTL Nederland	**1.0**	**5.8**	1.5	6.8
RTL Belgium	**0.7**	**6.4**	1.2	7.4
Others				
– Style Haul	**N/A**	**27.5**	2.0	11.1
– SpotX	**2.0**	**10.1**	2.0	9.8
– Divimove[30]	**N/A**	**N/A**	2.0	10.6
– BroadbandTV	**2.0**	**11.8**	2.0	10.8
– German radio	**0.0**	**7.5**	0.0	7.2
– United Screens[30]	**N/A**	**N/A**	–	–

29 Level 1 measurement applies in 2018

30 Valuation has been derived from a market-based model (traded peer group multiple)

Management consider that, at 31 December 2018, no reasonably possible change in the market shares, EBITA margin and cash conversion rates would reduce the headroom between the recoverable amounts and the carrying values of the cash-generating units, to zero, Style Haul excepted, but only when the recoverable amount is solely based on a DCF approach.

No impairment loss on goodwill was identified in 2017.

Market-based valuations also support the carrying amount of the Fremantle CGU.

STYLE HAUL

In light of recurring business underperformance, which led to a change in local management during the course of 2018, RTL Group management launched, in the third quarter of 2018, a complete review of the business model of Style Haul. As part of this review it has been decided to focus the business model on achieving sustainable operating profitability. This will imply a change in the revenue mix with higher brand marketing, which has a better margin profile, while reducing the collaboration with certain talents. At the same time Style Haul's management have engaged in a complete review of the cost base of the business in order to reshape the organisation and increase operating efficiency. As a result, the revenue forecast for 2019 has been revised strongly downwards (i.e. more than 50 per cent compared to actuals 2018). The cost base has been aligned accordingly. Style Haul is expected to reach break-even on a standalone basis in 2023.

Due to the high remaining uncertainty associated with the projected cash flows and the rapid change of market conditions, the recoverable amount has been determined on the basis of the fair value less costs of disposal ("FVLCD"). This is a Level 3 fair value measurement and assumptions underpinning the determination of the recoverable amount under FVLCD are laid out in the following paragraph.

As of 31 December 2018, the FVLCD of this cash-generating unit has been derived from a hybrid approach capturing both the market transaction multiples and the forward-looking perspectives over a five-year period (31 December 2017: FVLCD derived from a DCF valuation model) and applying a discount rate of 27.5 per cent (31 December 2017: 11 per cent on a DCF valuation model) and an enterprise value-to-sales multiple of 2.0x to determine the exit value. The increase in discount rate is mainly driven by a modification of the valuation technique and the delayed break-even. This hybrid valuation resulted in a full goodwill impairment generating a loss of €105 million at 31 December 2018.

8. 3. PROPERTY, PLANT AND EQUIPMENT

	Notes	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost					
Balance at 1 January 2017		**348**	**340**	**230**	**918**
Effect of movements in foreign exchange		(2)	(2)	(4)	(8)
Additions		7	17	47	71
Disposals	7. 2.	(40)	(13)	(24)	(77)
Transfer from assets classified as held for sale		80	3	–	83
Transfers and other changes		4	3	(6)	1
Balance at 31 December 2017		**397**	**348**	**243**	**988**
Effect of movements in foreign exchange		–	–	–	–
Additions		4	21	36	61
Disposals		(7)	(28)	(15)	(50)
Subsidiaries disposed of	6. 2.	(4)	(3)	(3)	(10)
Transfer to assets classified as held for sale	8. 10.	–	–	(1)	(1)
Transfers and other changes		2	13	(15)	–
Balance at 31 December 2018		**392**	**351**	**245**	**988**
Depreciation and impairment losses					
Balance at 1 January 2017		**(176)**	**(282)**	**(170)**	**(628)**
Effect of movements in foreign exchange		1	2	2	5
Depreciation charge for the year		(21)	(24)	(26)	(71)
Impairment losses recognised for the year		–	–	(2)	(2)
Disposals	7. 2.	24	13	24	61
Transfers and other changes		–	–	(1)	(1)
Balance at 31 December 2017		**(172)**	**(291)**	**(173)**	**(636)**
Effect of movements in foreign exchange		–	–	–	–
Depreciation charge for the year		(19)	(24)	(26)	(69)
Disposals		6	28	14	48
Transfer to assets classified as held for sale	8. 10.	–	–	1	1
Balance at 31 December 2018		**(185)**	**(287)**	**(184)**	**(656)**
Carrying amount:					
At 31 December 2017		**225**	**57**	**70**	**352**
At 31 December 2018		**207**	**64**	**61**	**332**

The sale proceeds related to disposals of properties realised before 2016 and related to RTL City project amounted to €54 million in 2017. The impact of RTL City project on the invested capital of the Group was €80 million at 31 December 2017.

Net tangible assets held under finance leases at 31 December 2018 amount to €nil million (2017: €1 million).

8. 4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	2018 €m	2017 €m
Associates	**374**	380
Joint ventures	**21**	27
Balance at 31 December	**395**	407

The amounts recognised in the income statement are as follows:

	2018 €m	2017 €m
Associates	**41**	48
Impairment of investments in associates	**(2)**	(6)
Joint ventures	**17**	21
	56	63

8. 4. 1. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2018, which in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	% voting power held by the Group 2018	% voting power held by the Group 2017	Measurement method
Atresmedia[31]	Spain	Broadcasting TV	**18.7**	18.7	Equity
RTL 2 Fernsehen GmbH & Co. KG[32]	Germany	Broadcasting TV	**35.9**	35.9	Equity

The summarised financial information for the main associates of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and its associates is as follows:

	Atresmedia 2018 €m	Atresmedia 2017 €m	RTL 2 GmbH & Co. KG 2018 €m	RTL 2 GmbH & Co. KG 2017 €m
Non-current assets	**609**	631	**97**	79
Current assets	**750**	718	**87**	100
Current liabilities	**(593)**	(677)	**(91)**	(84)
Non-current liabilities	**(345)**	(226)	**–**	–
Net assets	**421**	446	**93**	95
Revenue	**1,042**	1,052	**293**	302
Profit before tax	**156**	176	**52**	54
Income tax expense	**(68)**	(34)	**–**	–
Profit for the year	**88**	142	**52**	54
Dividends received from associates	**21**	39	**19**	22

31 Atresmedia is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2018, the market capitalisation of 100 per cent of Atresmedia amounts to € 985 million, i.e. € 4.36 per share (2017: € 1,964 million, i.e. € 8.70 per share)

32 RTL 2 Fernsehen GmbH & Co. KG is a private company and there is no quoted market price available for its shares

The reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is presented below:

	Atresmedia 2018 €m	Atresmedia 2017 €m	RTL 2 GmbH & Co. KG 2018 €m	RTL 2 GmbH & Co. KG 2017 €m	Other immaterial associates[33] 2018 €m	Other immaterial associates[33] 2017 €m	Total 2018 €m	Total 2017 €m
Net assets at 1 January	**446**	517	**95**	101	**60**	57	**601**	675
Profit for the year	**88**	142	**52**	54	**21**	10	**161**	206
Other comprehensive income	**–**	(4)	**–**	–	**1**	(3)	**1**	(7)
Distribution	**(112)**	(207)	**(54)**	(60)	**(44)**	(37)	**(210)**	(304)
Change in ownership interest and other changes	**(1)**	(2)	**–**	–	**31**	33	**30**	31
Net assets at 31 December	**421**	446	**93**	95	**69**	60	**583**	601
Interest in associates	**79**	83	**33**	34	**23**	16	**135**	133
Goodwill	**166**	166	**24**	24	**55**	61	**245**	251
Impairment on investments in associates	**–**	–	**–**	–	**(6)**	(4)	**(6)**	(4)
Carrying value	**245**	249	**57**	58	**72**	73	**374**	380

MAIN CHANGES IN THE GROUP'S OWNERSHIP INTEREST IN ASSOCIATES

On 29 January 2018, Mediengruppe RTL Deutschland GmbH acquired a 25.1 per cent stake for an amount of €2 million, in the share capital of nachrichtenmanufaktur GmbH, a company based in Berlin. It is an editorial office which creates journalistic content for the N-TV news app, website and teletext. The related carrying amount is €2 million at 31 December 2018.

Since 8 May 2018, the interest held by the Group in the Radio NRW GmbH ("Radio NRW") increased from 16.1 per cent to 22.6 per cent following the purchase by Radio NRW of its own shares. Radio NRW operates a German radio network. Radio NRW was previously an equity investment at fair value through OCI. The accumulated fair value was €3 million before tax. The related carrying amount is €4 million at 31 December 2018.

On 24 May 2018, RTL Nederland Ventures BV ("RTL Nederland Ventures") concluded an airtime equity agreement with the controlling shareholders of Sarthro Travelbags BV ("Travelbags"). RTL Nederland Ventures holds 23 per cent of Travelbags, who retail bags and luggage online. The related carrying amount is €3 million at 31 December 2018.

On 16 October 2018, a funding round led by VideoAmp Inc ("VideoAmp") generated a dilution gain of €1 million.

On 17 December 2018, Fremantle Productions North America Inc. disposed of 100 per cent of its interests held in RadicalMedia LLC and its affiliates for €7 million and generated a capital gain of €1 million.

IMPAIRMENT TESTING

Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8. 2.).

The perpetual growth and discount rates used are as follows:

	2018 Perpetual growth rate % a year	2018 Discount rate %	2017 Perpetual growth rate % a year	2017 Discount rate %
Main associates				
Atresmedia	**1.0**	**8.4**	–	–
RTL 2 Fernsehen GmbH & Co. KG	**1.0**	**5.8**	1.5	6.8

As at 31 December 2018 the share price of Atresmedia was €4.36 which results in a fair value less costs of disposal of €174 million for the 18.7 per cent held by RTL Group.

33 Other immaterial associates represent in aggregate 19 per cent of the total amount of investments in associates at 31 December 2018 (19 per cent at 31 December 2017) and none of them has a carrying amount exceeding €11 million at 31 December 2018 (€11 million at 31 December 2017)

RTL Group management considers that the current share price of Atresmedia does not reflect its earnings potential which is expected to include new digital and platform revenue streams and further content and channel exploitation opportunities. Therefore, the recoverable amount of Atresmedia at 31 December 2018 was based on the value in use determined on a discounted cash flow model. This was a Level 1 fair value measurement at 31 December 2017.

The carrying amount amounts to €245 million and the headroom is €41 million at 31 December 2018.

When taken individually, the following changes in the key assumptions would reduce the DCF-based valuation of Atresmedia as follows:

	31 December 2018 €m
Revenue growth by (1) per cent on each period	**(12)**
EBITDA margin by (1) per cent on each period	**(20)**
Discount rate by 100 basis points	**(32)**

On 22 February 2018, the Spanish Competition Authority ("CNMC") communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. The directors of Atresmedia and their legal advisors take the view that the aforesaid Statement of Objections is not sufficiently founded and have confidence in a positive outcome for Atresmedia, either during the administrative proceeding or in court proceeding in the event that the CNMC will take a decision imposing sanctions. On this basis, no provision has been recognised at 31 December 2018.

The recoverable amount of RTL 2 Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2018. This is a Level 3 fair value measurement.

Impairment losses on investments in associates were recorded for €2 million in 2018 regarding Elephorm SAS (2017: €6 million related to Squawka Ltd and Corona Television Ltd in liquidation).

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group (see note 8. 13. 1.).

CONTINGENCIES

There are no contingent liabilities relating to the Group's interest in the associates.

8. 4. 2. INVESTMENTS IN JOINT VENTURES

The main joint venture is as follows:

	Country of incorporation	Principal activity	% voting power held by the Group 2018	% voting power held by the Group 2017	Measurement method
RTL Disney Fernsehen GmbH & Co. KG[34,35]	Germany	Broadcasting TV	**50.0**	50.0	Equity

RTL Disney Fernsehen GmbH & Co. KG is set up as a joint venture with the control shared by Disney and RTL Group. Neither of the shareholders have the ability to direct the relevant activities unilaterally.

34 RTL Disney Fernsehen GmbH & Co. KG is structured as a separate vehicle and the Group has a residual interest in the net assets

35 RTL Disney Fernsehen GmbH & Co. KG is a private company and there is no quoted market price available for its shares

The summarised financial information for the main joint ventures of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and the joint ventures is as follows:

RTL Disney Fernsehen GmbH & Co. KG	2018 €m	2017 €m
Non-current		
Assets	**21**	27
Current		
Cash and cash equivalents	**38**	42
Other current assets	**18**	18
Total current assets	**56**	60
Current liabilities	**(52)**	(60)
Total current liabilities	**(52)**	(60)
Net assets	**25**	27
Revenue	**134**	139
Depreciation and amortisation	**(19)**	(12)
Profit before tax	**32**	38
Income tax expense	**(6)**	(6)
Profit and total comprehensive income for the year	**26**	32
Group's share of profit and total comprehensive income for the year	**13**	16
Dividends received from joint venture	**11**	15

At 31 December 2018, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €37 million (31 December 2017: €40 million; see note 8. 11.).

The reconciliation of the summarised financial information presented to the carrying amount of RTL Group's interest in joint ventures is presented below:

	RTL Disney Fernsehen GmbH & Co. KG		Other immaterial joint ventures[36]		Total	
	2018 €m	2017 €m	2018 €m	2017 €m	2018 €m	2017 €m
Net assets at 1 January	**27**	24	**2**	3	**29**	27
Profit/(loss) for the year	**26**	32	**6**	9	**32**	41
Distribution	**(21)**	(29)	**(9)**	(9)	**(30)**	(38)
Other changes	**(7)**	–	**2**	(1)	**(5)**	(1)
Net assets at 31 December	**25**	27	**1**	2	**26**	29
Interest in joint ventures	**12**	13	**2**	2	**14**	15
Goodwill	**–**	–	**7**	12	**7**	12
Carrying value	**12**	13	**9**	14	**21**	27

MAIN CHANGES IN THE GROUP'S OWNERSHIP INTEREST IN JOINT VENTURES

On 6 June 2018, RTL Nederland Ventures BV Holding has disposed of all shares held in Future Whiz Media BV for €12 million and has generated a capital gain of €8 million.

IMPAIRMENT TESTING

Investments in joint ventures are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8. 2.). The recoverable amount of RTL Disney Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2018. This is a Level 3 fair value measurement.

36 Other immaterial joint ventures represent in aggregate less than 43 per cent of the total amount of investments in joint ventures at 31 December 2018 (52 per cent at 31 December 2017) and none of them has a carrying amount exceeding €5 million at 31 December 2018 (€5 million at 31 December 2017)

The perpetual growth and discount rates used are as follows:

	2018 Perpetual growth rate % a year	2018 Discount rate %	2017 Perpetual growth rate % a year	2017 Discount rate %
Main joint venture				
RTL Disney Fernsehen GmbH & Co KG	**1.0**	**5.8**	1.0	6.8

No impairment loss on investments in joint ventures was recorded in 2018 and 2017.

CONTINGENCIES

There are no contingent liabilities relating to the Group's interest in the joint ventures.

The transactions with the associates and joint ventures are reported in note 10. 2.

8. 5. LOANS AND OTHER FINANCIAL ASSETS

RTL Group holds 19.5 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2018, RTL Group recorded an increase in fair value of this equity investment at fair value through OCI for €1 million. At 31 December 2017, a decrease in fair value remeasurement of this available-for-sale investment was reported for €3 million.

	Notes	2018 €m	2017 €m
Available-for-sale investments		**–**	54
Equity investments at fair value through OCI	8. 15. 5.	**37**	–
Equity instruments accounted at FVTPL		**4**	–
Debt instruments measured at FVTPL		**9**	–
Surplus of the defined benefit plans	8. 14.	**1**	–
Loans receivable to investments accounted for using the equity method		**16**	14
Loans and other financial assets		**3**	5
		70	73

An impairment loss was recognised on available-for-sale investments in 2017 for €1 million.

No impairment loss related to loans was recognised in 2018 (2017: €nil million).

The movements in equity investments at fair value through OCI (2017: available-for-sale investments) are as follows:

	2018 €m	2017 €m
Balance at 1 January	**50**	58
Net acquisitions and disposals	**(2)**	5
Change in fair value	**2**	(8)
Other changes	**(13)**	(1)
Balance at 31 December	**37**	54

8. 6. DEFERRED TAX ASSETS AND LIABILITIES

	2018 €m	2017 €m
Deferred tax assets	**333**	303
Deferred tax liabilities	**(29)**	(25)
	304	278

	Notes	2018 €m	2017 €m
Balance at 1 January		**278**	272
Adjustment on initial application of IFRS 9		**1**	–
Adjusted balance at 1 January		**279**	272
Income tax income / (expense)		**44**	(27)
Income tax credited / (charged) to equity[37]		**(11)**	33
Change in consolidation scope	6. 4.	**–**	(4)
Transfer to assets classified as held for sale	8. 10.	**(15)**	–
Transfers and other changes		**7**	4
Balance at 31 December		**304**	278

The Group has deductible temporary differences originating from an intra-group transaction which will reverse in 2019.

A planned intercompany transaction generating future taxable profit, has resulted in the recognition of a deferred tax asset of €67 million as of 31 December 2018.

Unrecognised deferred tax assets amount to €1,131 million at 31 December 2018 (2017: €1,189 million). Deferred tax assets are recognised on tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of €4,242 million (2017: €4,435 million) to carry forward against future taxable income, which relate to Luxembourg and Hungary (2017: Luxembourg and Hungary). A significant portion of these losses has no expiry date.

Temporary differences associated with distributable reserves of investments, where the Group has no control, are insignificant at 31 December 2018.

37 Of which:
- €(10) million (2017: €21 million) related to effective portion of changes in fair value of cash flow hedges;
- €(1) million (2017: €12 million) related to change in fair value of cash flow hedges transferred to profit or loss;
- €(1) million (2017: €(2) million) related to defined benefit plan actuarial gains / (losses); and
- €1 million related to change in fair value of equity investments at fair value through OCI (2017: €2 million related to change in fair value of available-for-sale investments)

The movement in deferred tax assets and liabilities during the year is as follows:

	Balance at 1 January 2018 €m	Adjustment on initial application of IFRS 9 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Transfer to assets classified as held for sale (see note 8. 10.) €m	Transfers and other changes €m	Balance at 31 December 2018 €m
Deferred tax assets							
Intangible assets	41	–	(18)	–	–	4	27
Programme rights	191	–	21	–	(13)	–	199
Property, plant and equipment	3	–	–	–	–	–	3
Provisions	102	–	(7)	–	(2)	–	93
Tax losses	15	–	58	–	–	–	73
Others	55	1	(4)	(18)	(2)	5	37
Set off of tax	(104)	–	(2)	6	2	(1)	(99)
	303	**1**	**48**	**(12)**	**(15)**	**8**	**333**
Deferred tax liabilities							
Intangible assets	(63)	–	3	–	–	–	(60)
Programme rights	(5)	–	(1)	–	–	–	(6)
Property, plant and equipment	(12)	–	(1)	–	–	–	(13)
Provisions	(16)	–	(5)	–	–	2	(19)
Others	(33)	–	(2)	7	2	(4)	(30)
Set off of tax	104	–	2	(6)	(2)	1	99
	(25)	**–**	**(4)**	**1**	**–**	**(1)**	**(29)**

	Balance at 1 January 2017 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope (see note 6. 4.) €m	Transfers and other changes €m	Balance at 31 December 2017 €m
Deferred tax assets						
Intangible assets	60	(19)	–	–	–	41
Programme rights	194	(1)	–	–	(2)	191
Property, plant and equipment	3	–	–	–	–	3
Provisions	111	(6)	(2)	–	(1)	102
Tax losses	23	(7)	–	–	(1)	15
Others	55	(15)	16	–	(1)	55
Set off of tax	(129)	–	–	–	25	(104)
	317	**(48)**	**14**	**–**	**20**	**303**
Deferred tax liabilities						
Intangible assets	(80)	16	–	(2)	3	(63)
Programme rights	(3)	(2)	–	–	–	(5)
Property, plant and equipment	(17)	4	–	–	1	(12)
Provisions	(17)	(3)	–	–	4	(16)
Others	(57)	6	19	(2)	1	(33)
Set off of tax	129	–	–	–	(25)	104
	(45)	**21**	**19**	**(4)**	**(16)**	**(25)**

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

8. 7. CURRENT PROGRAMME RIGHTS

	2018 Gross value €m	2018 Valuation allowance €m	2018 Net value €m	2017 Gross value €m	2017 Valuation allowance €m	2017 Net value €m
(Co-)productions	**368**	**(326)**	**42**	370	(326)	44
TV programmes	**156**	**(2)**	**154**	118	(2)	116
Other distribution and broadcasting rights	**817**	**(275)**	**542**	966	(368)	598
Sub-total programme rights	**1,341**	**(603)**	**738**	1,454	(696)	758
(Co-)productions and programmes in progress	**365**	**(10)**	**355**	270	(9)	261
Advance payments on (co-)productions, programmes and rights	**143**	**–**	**143**	138	(1)	137
Sub-total programme rights in progress	**508**	**(10)**	**498**	408	(10)	398
	1,849	**(613)**	**1,236**	1,862	(706)	1,156

Additions and reversals of valuation allowance have been recorded for €(114) million and €64 million respectively in 2018 (2017: €(122) million and €52 million, respectively).

8. 8. ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

	Note	2018 Under 1 year €m	2018 Over 1 year €m	2018 Total €m	2017 Under 1 year €m	2017 Over 1 year €m	2017 Total €m
Trade accounts receivable		**1,305**	**25**	**1,330**	1,280	18	1,298
Accounts receivable from investments accounted for using the equity method		**26**	**–**	**26**	21	–	21
Loan receivable to investments accounted for using the equity method		**7**	**–**	**7**	1	–	1
Prepaid expenses		**119**	**–**	**119**	91	18	109
Fair value of derivative assets		**20**	**11**	**31**	18	6	24
Other current financial assets		**2**	**–**	**2**	5	–	5
Account receivable from shareholder in relation with PLP Agreement	10. 1.	**481**	**–**	**481**	267	–	267
Other accounts receivable		**173**	**27**	**200**	161	22	183
		2,133	**63**	**2,196**	1,844	64	1,908

Additions and reversals of valuation allowance have been recorded for €(28) million and €26 million respectively in 2018 (2017: €(25) million and €20 million, respectively).

8. 9. CASH AND CASH EQUIVALENTS

	2018 €m	2017 €m
Cash in hand and at bank	**401**	226
Fixed term deposits (under three months)	**21**	39
Cash and cash equivalents (excluding bank overdrafts)	**422**	265

	Note	2018 €m	2017 €m
Cash and cash equivalents (excluding bank overdrafts)		**422**	265
Bank overdrafts	8. 11.	**–**	(7)
Cash and cash equivalents and bank overdrafts		**422**	258

8. 10. ASSETS CLASSIFIED AS HELD FOR SALE

The management of Mediengruppe RTL Deutschland were in process to fully dispose of its home entertainment and theatrical distribution company, Universum Film GmbH ("Universum"). Accordingly, Universum has been reclassified as a disposal group as of 31 December 2018.

On 22 February 2019, RTL Interactive GmbH has signed agreements to dispose of 100 per cent of its interest held in Universum. The transaction is subject to regulatory approvals.

Non-current assets classified as held for sale, disposal group	2018 €m
Non-current assets	
Goodwill	**13**
Programme and other rights	**6**
Loans and other financial assets	**2**
Deferred tax assets	**15**
Current assets	
Programme rights	**32**
Other inventories	**1**
Accounts receivable and other financial assets	**13**
	82

Liabilities directly associated with non-current assets classifed as held for sale	2018 €m
Non-current liabilities	
Provisions	**5**
Loans	**6**
Accounts payable	**1**
Current liabilities	
Provisions	**1**
Loans	**2**
Accounts payable	**47**
Contract liabilities	**1**
	63

8. 11. LOANS AND BANK OVERDRAFTS

	Notes	2018 €m	2017 €m
Current liabilities			
Bank overdrafts		**–**	7
Bank loans payable		**46**	36
Loans due to investments accounted for using the equity method	8. 4. 2.	**38**	42
Leasing liabilities		**–**	1
Term loan facility due to shareholder	10. 1.	**243**	149
Other current loans payable		**6**	12
		333	247

	Notes	2018 €m	2017 €m
Non-current liabilities			
Bank loans payable		**53**	54
Term loan facility due to shareholder	10. 1.	**500**	500
Other non-current loans payable		**8**	14
		561	568

In 2018, "Loans and bank overdrafts" (accrued interests excluded) evolved as follows:

	Notes	2017 €m	Proceeds from loans €m	Repayments of loan €m	Transfer to assets classified as held for sale (see note 8. 10.) €m	Other changes €m	**2018 €m**
Bank overdrafts		7	–	(7)	–	–	**–**
Bank loans payable		90	22	(14)	–	1	**99**
Loans due to investments accounted for using the equity method	8. 4. 2.	42	–	(4)	–	–	**38**
Leasing liabilities		1	–	(1)	–	–	**–**
Term loan facility due to shareholder	10. 1.	638	94	–	–	–	**732**
Other loans payable		22	11	(15)	(8)	3	**13**
		800	**127**	**(41)**	**(8)**	**4**	**882**

On 28 July 2017, Groupe M6 secured € 170 million external funding, including:

- A bond issue of € 50 million; and
- Three bilateral credit facilities used for € 10 million out of € 120 million at 31 December 2017. These credit facilities were no longer used at 31 December 2018 (see note 4. 1. 1.).

Wildside Srl benefited from new bank loans for €21 million and reimbursed an amount of €3 million during the 12 months ended 31 December 2018 (12 months ended 31 December 2017: €35 million and €29 million, respectively).

TERM AND DEBT REPAYMENT SCHEDULES (ACCRUED INTERESTS INCLUDED)

2018	Notes	Under 1 year €m	1 – 5 years €m	Over 5 years €m	**Total carrying amount €m**
Bank loans payable		46	3	50	**99**
Loans due to investments accounted for using the equity method	8. 4. 2.	38	–	–	**38**
Term loan facility due to shareholder	10. 1.	243	500	–	**743**
Other loans payable		6	8	–	**14**
		333	**511**	**50**	**894**

2017	Notes	Under 1 year €m	1 – 5 years €m	Over 5 years €m	**Total carrying amount €m**
Bank overdrafts		7	–	–	7
Bank loans payable		36	4	50	90
Loans due to investments accounted for using the equity method	8. 4. 2.	42	–	–	42
Leasing liabilities		1	–	–	1
Term loan facility due to shareholder	10. 1.	149	–	500	649
Other loans payable		12	7	7	26
		247	11	557	815

8. 12. ACCOUNTS PAYABLE

CURRENT ACCOUNTS PAYABLE

	Notes	2018 €m	2017 €m
Trade accounts payable		**1,488**	1,449
Amounts due to associates		**7**	19
Employee benefits liability	7. 3. 1.	**176**	164
Deferred income and advance payments received		**3**	222
Social security and other taxes payable		**77**	88
Fair value of derivative liabilities		**11**	24
Account payable to shareholder in relation with PLP Agreement	10. 1.	**633**	450
Other accounts payable		**231**	256
		2,626	2,672

NON-CURRENT ACCOUNTS PAYABLE

	Note	2018 1–5 years €m	2018 Over 5 years €m	2018 Total €m	2017 1–5 years €m	2017 Over 5 years €m	2017 Total €m
Trade accounts payable		**49**	**6**	**55**	40	10	50
Employee benefits liability	7. 3. 1.	**44**	**285**	**329**	25	275	300
Social security and other taxes payable		**1**	**1**	**2**	–	–	–
Fair value of derivative liabilities		**4**	**–**	**4**	13	1	14
Other accounts payable		**57**	**15**	**72**	105	6	111
		155	**307**	**462**	183	292	475

8. 13. PROVISIONS

8. 13. 1. PROVISIONS OTHER THAN POST-EMPLOYMENT BENEFITS

	Note	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	Total €m
Balance at 1 January 2018		**24**	**94**	**107**	**15**	**240**
Provisions charged/(credited) to the income statement:						
– Additions		8	11	59	7	85
– Reversals		(1)	(24)	(5)	(3)	(33)
Provisions used during the year		(23)	(8)	(71)	(3)	(105)
Subsidiaries disposed of		–	(2)	–	–	(2)
Transfer to liabilities classified as held for sale	8. 10.	–	–	(1)	–	(1)
Balance at 31 December 2018		**8**	**71**	**89**	**16**	**184**

The provisions mainly relate to the following:

- Restructuring

  Following the decision taken in April 2018 to implement the "fan-centric growth strategy", RTL Nederland BV management announced a restructuring plan. A final version of this plan was approved by the staff representatives and the trade unions at the end of June. €5.3 million restructuring costs have been recognised over the first half of 2018 and the provision for restructuring amounts to €2.4 million at 31 December 2018.

  RTL Belgium announced on 14 September 2017 a transformation plan that would result in a reshaping of the organisation and a significant reduction in headcount. Discussions with the employee representatives around the collective dismissal process, under the information phase of the "Renault Act", were underway as at 31 December 2017. The negotiation phase was closed on 2 March 2018;

- Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

  RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

  Several subsidiaries of the Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. This expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL II filed a motion claiming that the expert was not impartial. IP Deutschland has rejected the motion for lack of impartiality as unfounded. The Court has not taken a decision. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

  In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect." Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged "halo effect" and the judicial expert's final report is expected in the course of the second quarter of 2019. In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition but this procedure is suspended until the end of the judicial expertise. However, in the meantime, four of the six claimants withdrew their claim and from the proceedings.

  No further information is disclosed as it may harm the Group's position;

- "Onerous contracts" mainly comprise provisions made by:
  - Mediengruppe RTL Deutschland for €74 million (2017: €74 million) mainly in relation to the supply of programmes, of which sport events (2018: €32 million; 2017: €16 million);
  - Groupe M6 for €15 million (2017: €33 million) in relation to the supply of programmes, of which sport events (2018: €nil million; 2017: €3 million).

  Out of €59 million of provisions recorded during the year, €41 million relate to programmes such as movies and series and €18 million to sport events.

	2018 €m	2017 €m
Current	**124**	176
Non-current	**60**	64
	184	240

8. 13. 2. POST-EMPLOYMENT BENEFITS

	Note	2018 €m	2017 €m
Balance at 1 January		**180**	181
Provisions charged/(credited) to the income statement:			
– Additions[38]		**25**	23
– Reversals		**(1)**	(1)
Provisions used during the year[38]		**(23)**	(25)
Actuarial losses directly recognised in equity	8. 14.	**(4)**	2
Subsidiaries disposed of		**(1)**	–
Transfer to liabilities classified as held for sale		**(5)**	–
Balance at 31 December		**171**	180

"Post-employment benefits" comprise provision for defined benefit obligations (see note 8. 14.) for €167 million (2017: €177 million) and provision for other employee benefits for €4 million (2017: €3 million).

	2018 €m	2017 €m
Current	**2**	2
Non-current	**169**	178
	171	180

8. 14. DEFINED BENEFIT OBLIGATIONS

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. Fremantle North America in the United States also operates a medical care plan which is not further disclosed given its materiality to the consolidated financial statements.

These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and risks associated are given below:

BELGIUM

Employees of RTL Belgium participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. It concerns a closed plan in run-off. From 1 January 2004, a defined contribution scheme has been opened for all new employees. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company ("Branche 21"). A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development.

Furthermore, as the 'best estimate' assumption has been made that each participant will opt for the payment in the form of a lump sum, the pension plan will not be affected by the expected increase of the future life expectancy of retirees. Other risks mainly relate to minimum funding requirements when vested rights are not funding enough.

FRANCE

Groupe M6 operates retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of termination of employment in accordance with the applicable collective agreement. Some plans are partly funded by an insurance contract with AXA. Métropole Télévision (following a merger with Ediradio) also participates in a defined benefit plan which provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the liability is not influenced by the expected increase of the future life expectancy of a retiree.

38 Of which defined contributions plan for €11 million (2017: €11 million)

GERMANY

Employees of UFA Berlin Group (including UFA Fiction GmbH, UFA Show & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Universum Film, Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen, RTL Group Deutschland and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan and defined benefit in nature. In case of insolvency, there is a comprehensive protection system ("Pensionssicherungsverein") operated by the German Pension Protection Fund. The company UFA Serial Drama has a partly funded plan.

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risks relate to longevity risk for pension recipients.

Each employer that participates in this plan has separately identifiable liabilities.

RTL Television and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two employees and two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and increase of wages and salaries.

LUXEMBOURG

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependants) in case of retirement, death in service and disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless, in such case, the law requires the company to subscribe insolvency insurance with the German Pension Protection Fund ("Pensionssicherungsverein"). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans such as longevity, inflation, effect of compensation increases and of the State pension legislation.

Death and disability are insured with Cardif Lux Vie.

UNITED KINGDOM

Fremantle Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan" or "the Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan: the assets in the defined benefit section comprise a qualifying insurance (buy-in) policy and corporate bonds; the assets in the defined contribution section comprise mainly equities. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. Fremantle Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK). This requires:

- Three-yearly formal actuarial valuations, with annual monitoring;
- Trustees to maintain a Statement of Funding Principles;
- Trustees and employers to agree the approach to each actuarial valuation;
- Funding deficits to be eliminated in accordance with a recovery plan and schedule of contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits built up in the defined benefit section of the Plan by insuring these liabilities through a buy-in policy.

The main risk related to the defined benefit section is that the insurance provider (Pension Insurance Corporation) defaults on the buy-in policy and the Trustees are unable to recover the full value. This event is extremely unlikely given the regulatory capital requirements for insurance companies and other protections in place (e.g. the Financial Services Compensation Scheme).

Future pension provision for members of the Fremantle Plan still employed by the Company is now through a Group Personal Pension plan with Scottish Widows, which commenced on 1 April 2013.

Legislation regarding introducing employers' pensions 'auto-enrolment' obligations, requires contributions to be made for employees/workers who were previously not members of Company schemes or who previously had no pension entitlement. This affected the Company from 1 September 2013 onwards. An employee must now choose to 'opt out' if they do not wish to contribute to the pension scheme.

Due to a very small number of members transferring in Guaranteed Minimum Pension (GMP – a pension benefit in lieu of part of the state pension for persons who were contracted out), the Plan is subject to a landmark judgment reached in the High Court on 26 October 2018, requiring all contracted-out pension schemes to equalise benefits for the effect of unequal GMPs accrued between 1990 and 1997. This will result in an increase to the Defined Benefit Obligation (DBO) of the Plan, however the amount of GMP held within the Plan is minimal and the impact of GMP equalisation is anticipated to be immaterial (rounding to 0.0%).

Information about the nature of the present value of the defined benefit liabilities is detailed as follows:

	2018 €m	2017 €m
Final salary plans	**224**	234
Career average plans	**7**	8
Flat salary plans – plans with fixed amounts	**15**	16
Others[39]	**60**	65
Total	**306**	323

Thereof capital commitment for €137 million at 31 December 2018 (2017: €133 million). Under the Fremantle Plan Rules, in the defined benefit sections a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

Information about the plan members is detailed as follows:

	2018 Head	2017 Head
Active members	**3,351**	3,411
Deferred members	**1,436**	1,347
Pensioners	**292**	304
Total	**5,079**	5,062

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

	2018 €m	2017 €m
Active members	**139**	150
Deferred members	**105**	108
Pensioners	**62**	65
Total	**306**	323

Thereof beneficiaries with vested rights for €264 million (2017: €276 million) and beneficiaries with unvested rights for €42 million (2017: €46 million).

39 Mainly include the defined contribution section of the Fremantle Plan

The amounts recognised in the statement of financial position are determined as follows:

	Notes	2018 €m	2017 €m
Present value of funded obligations		**183**	192
Fair value of plan assets		**(140)**	(146)
Deficit of funded plans		**43**	46
Present value of unfunded obligations		**123**	131
Net defined benefit liability		**166**	177
Assets	8. 5.	**1**	–
Provisions	8. 13. 2.	**167**	177

The amounts recognised in comprehensive income are determined as follows:

	Notes	2018 €m	2017 €m
Service costs:			
– Current service cost	7. 3. 1.	**9**	11
– Past service gain from plan amendments and/or curtailments	7. 3. 1.	**1**	(4)
– Net interest expense	7. 5.	**3**	3
Components of defined benefit costs recorded in profit or loss		**13**	10
Re-measurements:			
– (Gains)/losses from change in demographic assumptions		**1**	(1)
– (Gains)/losses from change in financial assumptions		**(10)**	6
– Experience adjustments (gains)/losses		**(5)**	12
– Return on plan assets (excluding amounts included in net interest expense)		**9**	(15)
Components of defined benefit costs recorded in Other Comprehensive Income ("OCI")		**(5)**	2
Total of components of defined benefit costs		**8**	12

The movement in the present value of funded/unfunded defined benefit obligations over the year is as follows:

	2018 €m	2017 €m
Balance at 1 January	**323**	312
Current service cost	**9**	11
Past service credit from plan amendments and/or curtailments	**1**	(4)
Interest cost	**6**	6
Re-measurements:		
– (Gains)/losses from change in demographic assumptions	**1**	(1)
– (Gains)/losses from change in financial assumptions[40]	**(10)**	6
– Experience adjustments (gains)/losses[41]	**(5)**	12
Benefits paid by employer	**(8)**	(11)
Benefits paid out of the plan assets	**(4)**	(5)
Foreign exchange differences	**(2)**	(3)
Transfer to assets classified as held for sale	**(5)**	–
Balance at 31 December	**306**	323

40 Mainly in connection with the UK plan: € (7) million primarily due to a decrease in the discount rate

41 2018: Mainly due to the UK plan: € (4) million corresponding to a gain on the liabilities of the Money Purchase Section
2017: as a reminder, a minimum return on contributions made to supplementary pension plans in Belgium was guaranteed by the insurers (when funding via a group insurance). Following a significant change in the market conditions, the rates have decreased year after year. Therefore, insurers could not maintain their rates and consequently employers could not meet their obligations. On this basis, the DC in place in the Belgian plan have been classified as DB under IAS 19. Therefore, the past engagement was recognised through the retained earnings as at 1 January 2017

The movement in the fair value of plan assets of the year is as follows:

	2018 €m	2017 €m
Balance at 1 January	**146**	135
Interest income on plan assets	**3**	3
Return on plan assets (excluding amounts included in net interest expense)[42]	**(9)**	15
Employer contributions	**5**	2
Benefits paid out of the plan assets	**(4)**	(4)
Foreign exchange differences	**(1)**	(5)
Balance at 31 December	**140**	146

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are €3 million.

Plan assets are comprised as follows:

	Quoted marked price €m	No quoted marked price €m	Total 2018 €m	Quoted marked price €m	No quoted marked price €m	Total 2017 €m
Equity instruments (including equity funds):			**31**			35
Company size: large cap	**16**	**–**	**16**	18	–	18
Company size: mid cap	**15**	**–**	**15**	17	–	17
Debt instruments (including debt funds):			**3**			2
Corporate bonds: investment grade	**3**	**–**	**3**	2	–	2
Other funds (other than equity or debt instruments)	**9**		**9**	9		9
Qualifying insurance policies	**–**	**97**	**97**	–	100	100
Total	**43**	**97**	**140**	46	100	146

The principal actuarial assumptions used were as follows:

	2018 % a year			2017 % a year		
	Germany	Other European countries	UK	Germany	Other European countries	UK
Discount rate	**2.20**	**1.60**	**2.90**	2.00	1.50	2.40
Long-term inflation rate	**1.50**	**1.80–2.00**	**2.15**	1.50	1.50–1.80	2.15
Future salary increases	**2.25**	**2.00–4.60**	**–**	2.25	2.10–4.00	–
Future pension increases	**1.00–1.50**	**1.00**	**3.50**	1.00–1.50	1.00	3.45

At 31 December 2018, the weighted-average duration of the defined benefit liability was 16 years (2017: 17 years).

The breakdown of the weighted-average duration by geographical areas is as follows:

	2018	2017
Germany	**16.9**	17.8
Other European countries	**12.2**	12.2
UK	**23.0**	23.0

42 2018: In connection with the UK plan: the assets fell in value over the year mainly due to the corresponding decrease in the DBO (see above) as a result of the buy-in policy 2017: Mainly in connection with the UK plan corresponding in a gain on plan assets

At 31 December, the sensitivity of the defined benefit liabilities to changes in the weighted principal assumptions is as follows:

	2018 Increase €m	2018 Decrease €m	2017 Increase €m	2017 Decrease €m
Average life expectancy by 1 year	**5**	**(5)**	5	(5)
Discount rate (effect of 0.5 %)	**(20)**	**23**	(21)	24
Future salary growth (effect of 0.5 %)	**16**	**(14)**	16	(15)
Future pension growth (effect of 0.5 %)	**7**	**(7)**	8	(7)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2018, expected maturity analysis of undiscounted pension (future cash flows) are as follows:

	Less than 1 year €m	1 – 5 years €m	Less than 10 years €m	Total
Defined benefit liability	12	55	85	**152**

8. 15. EQUITY

8. 15. 1. SHARE CAPITAL

The Extraordinary General Meeting (EGM) of the Company, held on 25 May 2016, acknowledged that 44,748 physical shares of RTL Group had not been registered in accordance with the provisions of the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg (“Immobilisation Law”). The EGM acknowledged that the Board of Directors set the price of the cancelled shares at € 32.96 per share in accordance with article 6 (5) of the law. The equity of the Company was reduced by € 2 million. The amount had been deposited on 15 July 2016 in an escrow account with the Caisse of consignation in accordance with the legal provisions.

At 31 December 2018, the subscribed capital amounts to € 192 million (2017: € 192 million) and is represented by 154,742,806 (31 December 2017: 154,742,806) fully paid-up ordinary shares, without nominal value.

8. 15. 2. TREASURY SHARES

The Company’s General Meeting held on 16 April 2014 has authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This authorisation is valid for five years and the purchase price per share is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition.

Following the shareholders’ meeting resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock market in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on 28 April 2014, into a liquidity agreement (the “Liquidity Agreement”). During the year ended 31 December 2018, under the Liquidity Agreement, the Liquidity Provider has:
- purchased 179,131 shares at an average price of € 63.06; and
- sold 162,938 shares at an average price of € 65.86, in the name and on behalf of the Company.

At 31 December 2018, a total of 50,495 (2017: 34,302) RTL Group shares are held by the Company and € 0.2 million (2017: € 1.2 million) are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

At 31 December 2018, RTL Group’s share price, as listed on the Frankfurt Stock Exchange, was € 46.70 (31 December 2017: €67.07). RTL Group recorded a value adjustment on own shares of € 4 million (2017: € nil million).

8. 15. 3. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on investments accounted for using the equity method for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

8. 15. 4. HEDGING RESERVE

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Between 31 December 2017 and 31 December 2018, the hedging reserve increased by €34 million before tax effect. This consists of:

- Increase by €21 million due to foreign exchange contracts that existed at 2017 year end and which were still hedging off-balance sheet commitments at 31 December 2018;
- Increase by €2 million due to foreign exchange contracts that existed at 2017 year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased (basis adjustment) and subsequently released to the income statement in 2018;
- Increase by €8 million due to foreign exchange contracts that existed at 2017 year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased;
- Increase by €3 million due to foreign exchange contracts entered into in 2018 hedging new off-balance sheet commitments.

Between 31 December 2016 and 31 December 2017, the hedging reserve decreased by €105 million before tax effect. This consisted of:

- Decrease by €52 million due to foreign exchange contracts that existed at 2016 year end and which were still hedging off-balance sheet commitments at 31 December 2017;
- Decrease by €40 million due to foreign exchange contracts that existed at 2016 year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased (basis adjustment) and subsequently released to the income statement in 2017;
- Decrease by €13 million due to foreign exchange contracts entered into in 2017 hedging new off-balance sheet commitments.

8. 15. 5. REVALUATION RESERVE

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of equity investments at fair value through OCI (see note 8. 5.) until the investment is derecognised for €13 million (2017: cumulative change net of tax in the fair value of available-for-sale investments was €14 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2018: €55 million; 2017: €55 million).

8. 15. 6. DIVIDENDS

On 18 April 2018, the Annual General Meeting of Shareholders decided, after having taken into account the interim dividends of €1 per share paid on 7 September 2017, to distribute a final dividend of €3 per share.

Accordingly, an amount of €460 million was paid out on 26 April 2018.

On 28 August 2018, RTL Group's Board of Directors authorised the distribution of an interim dividend of €1 per share. The payment on 6 September 2018 amounted to €154 million.

8. 15. 7. SHARE-BASED PAYMENT PLANS

GROUPE M6 SHARE-BASED PAYMENT PLANS

Groupe M6 has established employee free shares plans open to directors and certain employees. The number of free shares granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all plans are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted (in thousands)[43]	Remaining options (in thousands)	Vesting conditions
Free shares plans				
	07–2016	440.60	–	2 years of service + performance conditions
	07–2016	361.00	–	2 years of service + performance conditions
	07–2017	307.20	296.80	2 years of service + performance conditions
	07–2017	217.66	217.66	3 years of service + performance conditions
	10–2017	8.92	8.92	3 years of service + performance conditions
	07–2018	313.40	313.40	2 years of service + performance conditions
	07–2018	247.10	247.10	3 years of service + performance conditions
Total		**1,895.88**	**1,083.88**	

The free shares plans are subject to performance conditions. A description by plan is given below:

- the plans at 28 July 2016, 27 July 2017 and 25 July 2018 are subject to Groupe M6 achieving its target growth in net consolidated result over the periods 2016, 2017 and 2018 respectively;
- the second plans at 28 July 2016, 27 July 2017, 25 July 2018 and the plan at 2 October 2017 are subject to a cumulated performance requirement over three years.

1,083,884 free shares are still exercisable at the end of the year against 1,319,684 at the beginning of the year. 560,500 free shares were granted during the year with 774,600 being exercised and 21,700 being forfeited.

Free shares plans outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	**Number of shares 2018**	Number of shares 2017
Free shares plans			
	2018	**–**	786
	2019	**297**	534
	2020	**540**	–
	2021	**247**	–
Total		**1,084**	1,320

The market price of Métropole Télévision shares on the Paris Stock Exchange was €14.04 at 31 December 2018 (€21.54 at 31 December 2017).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted future expected dividends that employees cannot receive during the vesting period.

Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Option life	Employee expense **2018** €m	Employee expense 2017 €m
Free shares plans						
11/05/2015	18.62	0.16	4.80	2 years	**–**	0.1
28/07/2015	18.38	0.22	4.90	2 years	**–**	1.9
28/07/2016	16.24	(0.10)	5.50	2 years	**3.9**	5.2
27/07/2017	20.59	(0.17)	4.31	2 years	**4.0**	1.7
02/10/2017	20.59	(0.17)	4.31	2 years	**0.1**	–
25/07/2018	16.92	(0.10)	5.66	2 years	**1.4**	–
Total					**9.4**	8.9

Other plans

There are other insignificant share-based payment plans within the Group. The total expense associated to these plans amounts to €0.3 million for the year ending 31 December 2018 (2017: €2.6 million).

43 The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met

Dilution can occur when beneficiaries of stock option plans or holders of other optional securities exercise their options. At 31 December 2018, the dilutive effects in the Group's ownership percentage are as follows:

- dilution of RTL Group interest in BroadbandTV Corp by 4.05 per cent;
- dilution of RTL Group interest in YoBoHo New Media Private Ltd by 10.40 per cent.

8. 15. 8. NON-CONTROLLING INTERESTS

The Group owns 48.3 per cent in Métropole Télévision SA, which together with its subsidiaries and investments accounted for using the equity method represent Groupe M6, listed on the Paris Stock Exchange (see note 12.).

The total non-controlling interests is €506 million at 31 December 2018 (2017: €467 million), of which €470 million (2017: €437 million), is for Groupe M6.

Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the information relating to Groupe M6, before any intra-group elimination.

Summarised financial information (as published by Groupe M6):

	Groupe M6 2018 €m	Groupe M6 2017 €m
Non-current assets	**557**	641
Current assets	**953**	876
Current liabilities	**(667)**	(709)
Non-current liabilities	**(126)**	(146)
Net assets	**717**	662
Revenue	**1,421**	1,387
Profit before tax	**272**	246
Income tax expense	**(97)**	(88)
Profit from continuing operations	**175**	158
Profit from discontinued operations	**7**	–
Profit for the year	**182**	158
Other comprehensive income	**5**	(8)
Total comprehensive income	**187**	150
Dividends paid to non-controlling interests	**(63)**	(57)
Net cash from/(used in) operating activities	**281**	220
Net cash from/(used in) investing activities	**(9)**	(307)
Net cash from/(used in) financing activities	**(182)**	(33)
Net cash from/(used) of discontinued operation	**(12)**	–
Net increase/(decrease) in cash and cash equivalents	**78**	(120)

TRANSACTIONS ON NON-CONTROLLING INTERESTS

These transactions mainly relate to:

Transactions on non-controlling interests without a change in control:

- Groupe M6 has acquired and disposed of own shares in respect to the forward purchase contract and the liquidity programme;
- The put option held by the non-controlling shareholders of Miso Holding ApS of which control was gained by RTL Group on 25 November 2013 has expired in November 2018 (€(8) million);
- On 1 December 2018, RTL Group increased its shareholding in Divimove GmbH to 100 per cent (€7 million).

Transaction on non-controlling interests with a change in control:

- CTZAR (see note 6. 2.).

8. 15. 9. DERIVATIVES ON EQUITY INSTRUMENTS

Derivative instruments relate to forward transactions by Groupe M6 on Métropole Télévision SA shares.

9. COMMITMENTS AND CONTINGENCIES

	2018 €m	2017 €m
Guarantees and endorsements given	**28**	22
Contracts for purchasing rights, (co-)productions and programmes[44]	**2,087**	2,143
Satellite transponders	**74**	97
Operating leases	**334**	441
Purchase obligations in respect of transmission and distribution	**94**	122
Other long-term contracts and commitments	**104**	97

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Certain UK companies in the Fremantle Group have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 31 December 2018. A full list of the companies which have made use of the audit exemption is presented in note 12.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

9. 1. OPERATING LEASES

Non-cancellable operating lease rentals are as follows:

Lease payments	2018 Under 1 year €m	2018 1–5 years €m	2018 Over 5 years €m	2018 Total €m	2017 Under 1 year €m	2017 1–5 years €m	2017 Over 5 years €m	2017 Total €m
Other operating leases	**75**	**186**	**73**	**334**	79	200	162	441

"Other operating leases" mainly relates to the rental of offices, buildings and equipment in Germany, France and the United Kingdom. At 31 December 2018, € 13 million related to leases committed but not yet commenced.

9. 2. PURCHASE OBLIGATIONS IN RESPECT OF TRANSMISSION AND DISTRIBUTION

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the RTL Group TV channels and radio stations.

9. 3. OTHER LONG-TERM CONTRACTS AND COMMITMENTS

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audiovisual rights and television programming that are enforceable and legally binding and that specify all significant terms.

44 Of which € 10 million of commitments relating to joint ventures (2017: € 21 million)

10. RELATED PARTIES

IDENTITY OF RELATED PARTIES

At 31 December 2018, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH (“BCH”) (75.1 per cent). The remainder of the Group’s shares are publicly listed on the Brussels, Frankfurt and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

10. 1. TRANSACTIONS WITH SHAREHOLDERS

SALES AND PURCHASES OF GOODS AND SERVICES

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to € 11 million (2017: € 16 million) and € 27 million (2017: € 23 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from / to Bertelsmann Group amounting to € 5 million (2017: € 3 million) and € 6 million (2017: € 6 million), respectively.

DEPOSITS BERTELSMANN SE & CO. KGAA

With the view to investing its cash surplus, RTL Group SA entered in 2006 with Bertelsmann SE & Co. KGaA (previously Bertelsmann AG) into a Deposit Agreement, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one to six month basis, EURIBOR plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
  - All shares of its wholly owned French subsidiary Média Communication SAS;
  - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL (Arvato excluded);
  - All shares of its wholly owned German subsidiary Gruner + Jahr GmbH (former Gruner + Jahr GmbH & Co. KG);
  - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd (Arvato excluded).

The shares of Gruner + Jahr GmbH and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

On 22 December 2011, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into an agreement related to the deposit of surplus cash by RTL Group Deutschland GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group Deutschland GmbH its shares of Gruner + Jahr GmbH.

At 31 December 2018 and 31 December 2017, neither RTL Group SA nor RTL Group Deutschland GmbH held any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is € nil million (2017: € nil million).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2018, the balance of the cash pooling accounts receivable and payable amounts to € 2 million (2017: € 4 million). The interest income / expense for the year is € nil million (2017: € nil million).

LOANS FROM BERTELSMANN SE & CO. KGAA AND BERTELSMANN BUSINESS SUPPORT SÀRL

On 7 March 2013, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of € 500 million and a revolving and swingline facility in the amount of up to € 1 billion. Revolving loan terminated in February 2018. RTL Group has re-negotiated an extension for another five-year period. The main terms of these facilities are:

- Term loan facility of € 500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of € 500 million was transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2018, the term loan balance amounts to € 500 million (2017: € 500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.40 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.40 per cent per annum. A commitment fee of

30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2018, the total of revolving and swingline loan amounts to €232 million (2017: €138 million).

The interest expense for the period amounts to €15 million (2017: €15 million). The commitment fee charge for the period amounts to €0.9 million (2017: €0.6 million).

TAX

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group Deutschland GmbH ("RGD") into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGD entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGD.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGD sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGD, it affects neither RTL Group nor RGD's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGD and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGD sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2018, the balance payable to BCH amounts to €633 million (2017: €450 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €481 million (2017: €267 million).

For the year ended 31 December 2018, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €180 million (2017: €183 million). The Commission amounts to €28 million (2017: €2 million).

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2017: €4 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Arvato Finance A/S, a 100 per cent held subsidiary of Bertelsmann SE & Co. KGaA, was elected as the management company of the Bertelsmann Denmark Group.

All Spanish entities with direct or indirect shareholding of at least 75 per cent by an ultimate parent are subject to Spanish tax consolidation which is mandatory under Spanish tax law. Bertelsmann SE & Co. KGaA appointed Bertelsmann España, S.L. as Spanish representative of the consolidated tax group in Spain.

10. 2. TRANSACTIONS WITH INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following transactions were carried out with investments accounted for using the equity method:

	2018 €m	2017 €m
Sales of goods and services to:		
Associates	**28**	31
Joint ventures	**55**	57
	83	88
Purchase of goods and services from:		
Associates	**19**	12
Joint ventures	**22**	25
	41	37

Sales and purchases to and from investments accounted for using the equity method were carried out on commercial terms and conditions, and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

	2018 €m	2017 €m
Trade accounts receivable from:		
Associates	**13**	9
Joint ventures	**10**	9
	23	18
Trade accounts payable to:		
Associates	**5**	13
Joint ventures	**2**	7
	7	20

10. 3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition to their salaries, the Group also provides non-cash benefits to the members of the Executive Committee and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and reflects benefits for the period for which the individuals held the Executive Committee position:

	2018 €m	2017 €m
Short-term benefits	**4.8**	7.6
Post-employment benefits	**0.3**	0.5
Long-term benefits	**2.9**	3.3
	8.0	11.4

10. 4. DIRECTORS' FEES

In 2018, a total of €1.2 million (2017: €1.0 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. SUBSEQUENT EVENTS

On 1 January 2019, the non-controlling shareholders of iGraal SAS ("IGraal") exercised their put option. Consequently, Groupe M6 acquired the remaining 49 per cent of the share capital of IGraal for € 22 million.

On 1 January 2019, Broadcasting Center Europe SA ("BCE") acquired 100 per cent of the share capital of Freecaster Sàrl and its fully owned French and Luxembourg subsidiaries ("Freecaster"). Freecaster operates production and broadcast of live and non-live media content on both mobile and the internet. With this investment of € 1 million, subject to a net asset adjustment, BCE strengthens its online services. In addition, there is an earn-out mechanism over four years, subject to the financial performance of Freecaster, which is capped at below € 1 million. The transaction qualifies as a business combination since RTL Group gained the control of Freecaster.

On 1 January 2019, RTL Nederland Holding BV ("RTL Nederland") acquired 100 per cent of the share capital of BrandDeli BV and its fully owned subsidiary BrandDeli CV ("BrandDeli"). BrandDeli has the non-exclusive right for a minimum of three years to sell advertising space for the brand portfolio of Discovery, Fox and VIMN and herewith expands its offering of TV commercials, branded partnerships and online (video and display) advertising space for their clients. The purchase consideration is € nil million. The transaction qualifies as a business combination since RTL Group gained the control of BrandDeli.

After the share buyback by YoBoHo New media Private Ltd ("YoBoHo") and the share acquisition by BroadbandTV Corp. ("BBTV") realised on 2 January 2019 for INR 149 million, the Group owns 100 per cent of YoBoHo.

On 16 January 2019, following the approval from the media and antitrust authorities, RTL Radio Center Berlin GmbH ("RTL Radio Center") completed the acquisition of additional shares in Skyline Medien GmbH ("93.6 Jam FM"). The radio station, which is based in Berlin, targets young listeners. With this investment of below € 1 million, RTL Radio Center has increased its ownership to 49.9 per cent. The transaction qualifies as a joint arrangement as RTL Radio Center jointly controls the company.

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. ("BBTV") non-controlling interests, which it decided not to exercise. On 29 January 2019, the non-controlling shareholders extended an offer to RTL Group for the sale of all of its shares in BBTV. This triggered an exit mechanism pursuant to which the non-controlling shareholders can drag RTL Group's stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group, if RTL Group decides not to accept their offer. Such drag-along right would expire one year after RTL Group's decision not to accept their offer. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders' stake. RTL Group is currently evaluating the offer of the non-controlling shareholders.

On 31 January 2019, Groupe M6 entered into exclusive negotiations with Lagardère Active for the acquisition of Lagardère's Television Business. The acquisition is subject to consultation with the employee representative bodies of both Lagardère Group's Television Business and Groupe M6, as well as to approval of the Conseil Supérieur de l'Audiovisuel (French broadcasting authority) and the Competition Authorities. Approval for the acquisition is expected in the second half of 2019.

On 1 February 2019, SpotX Limited acquired 100 per cent of the share capital of Yospace Entreprises Limited and its fully owned subsidiary, Yospace Technologies Limited ("Yospace"). Yospace is a UK-based video technology company which has developed solutions for server-side dynamic ad insertion ("SSDAI") which enables the replacement of existing commercials with more targeted advertising. This acquisition complements the ad-tech stack of the Group and secures SpotX as a key technology to win, retain, and scale premium media clients, including RTL Group broadcasters and streaming services. The transaction qualifies as a business combination since RTL Group gained the control of Yospace. Former EMI options have been accelerated. Growth shares have been provided to key managers for a capped amount of USD 7 million. The purchase consideration amounts to USD 20 million, contingent on a net cash and working capital position. The parties also agreed on an earn-out mechanism capped to USD 5 million, subject to the performance of the business.

On 19 February 2019, FremantleMedia Overseas Holding BV exercised its call option to acquire the remaining 49 per cent of the share capital of Miso Holding ApS. The purchase consideration amounts to € 14 million, including deferred contingent consideration estimated and recognised at € 2 million. Since RTL Group already has control over Miso, the acquisition will be treated as an equity transaction.

12. GROUP UNDERTAKINGS

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
LUXEMBOURG*						
RTL Group SA			M			M

BROADCASTING TV	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
ARGENTINA*						
Smartclip Argentina SA	5	**10.6**	E		–	NC
AUSTRIA*						
IP Österreich GmbH		**49.8**	F		49.8	F
BELGIUM*						
Best of TV Benelux SPRL	2	**24.6**	F	2	24.6	F
Home Shopping Service Belgique SA	2	**48.3**	F	2	57.0	F
RTL Belgium SA		**65.8**	F		65.8	F
Société Européenne de Télévente Belgique SCRL	12	**–**	NC	2	48.2	F
Unité 15 Belgique SA	2	**48.2**	F	2	48.2	F
BRAZIL*						
Adconion Brasil SL	5	**17.5**	E	5	17.5	E
Smartclip Comunicacao Ltda	5	**13.4**	E	5	13.4	E
CHILE*						
Smartclip Chile SPA	5	**17.7**	E		–	NC
COLOMBIA*						
Smartclip Colombia SAS	5	**17.7**	E		–	NC
CROATIA*						
RTL Hrvatska d.o.o.		**99.7**	F		99.7	F

BROADCASTING TV	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
FRANCE*						
33 FM SAS	12	–	NC	2	45.9	F
6&7 SAS	2	23.7	E	2	23.7	E
Best of TV SAS	2	24.6	F	2	24.6	F
C. Productions SA	2	48.3	F	2	48.3	F
Canal Star Sàrl	2	48.3	F		–	NC
Edi TV/W9 SAS	2	48.3	F	2	48.3	F
Elephorm SAS	2	16.4	E	2	16.4	E
Extension TV – Série Club SAS	2	24.1	JV	2	24.1	JV
Football Club des Girondins de Bordeaux SA	12	–	NC	2	48.2	F
Girondins Expressions SAS	12	–	NC	2	48.3	F
Girondins Horizons SAS	12	–	NC	2	48.3	F
GM6 – Golden Network SAS	2	48.3	F	2	48.3	F
Home Shopping Service SA	2	48.2	F	2	48.2	F
iGraal SAS	2	24.6	F	2	24.6	F
Immobilière 46D SAS	2	48.3	F	2	48.3	F
Immobilière M6 SAS	2	48.2	F	2	48.3	F
Joïkka SAS (former M6 Divertissement SAS)	2	48.3	F	2	48.3	F
Les Films de la Suane Sàrl	2	48.3	F	2	48.3	F
Luxview SAS	2	46.1	F	2	46.1	F
M6 Bordeaux SAS	2	48.3	F	2	48.3	F
M6 Communication – M6 Music SAS	2	48.3	F	2	48.3	F
M6 Créations SAS	2	48.3	F	2	48.3	F
M6 Développement SASU	2	48.3	F	2	48.3	F
M6 Diffusion SA	2	48.3	F	2	48.3	F
M6 Digital Services SAS (former M6 Web SAS)	2	48.3	F	2	48.3	F
M6 Distribution SAS (former M6 Talents SAS)	2	48.3	F	2	48.3	F
M6 Editions SA	2	48.3	F	2	48.3	F
M6 Evénements SA	2	48.3	F	2	48.3	F
M6 Films SA	2	48.3	F	2	48.3	F
M6 Foot SAS	2	48.3	F	2	48.3	F
M6 Génération/6Ter SAS	2	48.3	F	2	48.3	F
M6 Interactions SAS	2	48.3	F	2	48.3	F
M6 Publicité SAS	2	48.3	F	2	48.3	F
M6 Shop SAS	2	48.3	F	2	48.3	F
M6 Studio SAS	2	48.3	F	2	48.3	F
M6 Thématique SAS	2	48.3	F	2	48.3	F
Métropole Télévision – M6 SA	2	48.3	F	2	48.3	F
monAlbumPhoto SAS	12	–	NC	2	48.3	F
Optilens SPRL	2	46.1	F	2	46.1	F
Panora Services SAS	2	24.1	JV	2	24.1	JV
Paris Première SAS	2	48.3	F	2	48.3	F
Printic SAS	11	–	NC	2	41.8	F
QuickSign SAS	2	11.7	E	2	12.0	E
SCI du 107	2	48.3	F	2	48.3	F
Sédi TV/Téva SAS	2	48.3	F	2	48.3	F
SNC Catalogue MC SAS (former Mandarin Cinéma SAS)	2	48.3	F	2	48.3	F
SNDA SAS	2	48.3	F	2	48.3	F
Société Nouvelle de Cinématographie SA	2	48.3	F	2	48.3	F
Société Nouvelle de Distribution SA	2	48.3	F	2	48.3	F
Stéphane Plaza France SAS	2	23.7	E	2	23.7	E
Studio 89 Productions SAS	2	48.3	F	2	48.3	F

BROADCASTING TV	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
GERMANY*						
Ad Alliance GmbH		99.7	F		99.7	F
CBC Cologne Broadcasting Center GmbH		99.7	F		99.7	F
Delta Advertising GmbH		48.8	JV		44.9	JV
El Cartel Media GmbH & Co. KG		35.8	E		35.8	E
I2I Musikproduktions- und Musikverlagsgesellschaft mbH		99.7	F		99.7	F
Infonetwork GmbH		99.7	F		99.7	F
IP Deutschland GmbH		99.7	F		99.7	F
Mairdumont Netletix GmbH & Co. KG		48.8	JV		44.9	JV
Mairdumont Netletix Verwaltungs GmbH		48.8	JV		44.9	JV
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH		99.7	F		99.7	F
Mediengruppe RTL Deutschland GmbH		99.7	F		99.7	F
Netletix GmbH		99.7	F		99.7	F
Norddeich TV Produktionsgesellschaft mbH		99.7	F		99.7	F
N-TV Nachrichtenfernsehen GmbH		99.7	F		99.7	F
RTL Disney Fernsehen Geschäftsführungs GmbH		49.8	JV		49.8	JV
RTL Disney Fernsehen GmbH & Co. KG		49.8	JV		49.8	JV
RTL Group Deutschland Markenverwaltungs GmbH		99.7	F		99.7	F
RTL Hessen GmbH		99.7	F		99.7	F
RTL Hessen Programmfenster GmbH		59.8	F		59.8	F
RTL Interactive GmbH		99.7	F		99.7	F
RTL International GmbH		99.7	F		99.7	F
RTL Journalistenschule für TV und Multimedia GmbH		89.7	F		89.7	F
RTL Nord GmbH		99.7	F		99.7	F
RTL Television GmbH		99.7	F		99.7	F
RTL West GmbH		74.8	F		74.8	F
RTL2 Fernsehen Geschäftsführungs GmbH		35.8	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		35.8	E		35.8	E
Screenworks Köln GmbH		49.7	E		–	NC
Smart Shopping and Saving GmbH		99.7	F		99.7	F
Universum Film GmbH		99.7	F		99.7	F
Vox Holding GmbH		99.7	F		99.7	F
Vox Television GmbH		99.4	F		99.4	F
HUNGARY*						
Home Shopping Service Hongrie	2	48.2	F	2	48.2	F
Magyar RTL Televízió Zártkörûen Mûködõ Részvénytársaság	4	99.7	F	4	99.7	F
R-Time Kft	4	99.7	F	4	99.7	F
RTL Holdings Kft	4	99.7	F	4	99.7	F
RTL Services Kft	4	99.7	F	4	99.7	F
IVORY COAST*						
Life TV SA	2	16.1	E	2	16.1	E
LUXEMBOURG*						
BCE International SA		99.7	F		–	NC
Broadcasting Center Europe SA		99.7	F		99.7	F
RTL Belux SA		65.8	F		65.8	F
RTL Belux SA & Cie SECS		65.8	F		65.8	F
MEXICO*						
Smartclip México S.A.P.I. de C.V.	5	17.5	E	5	17.5	E

BROADCASTING TV	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
THE NETHERLANDS*						
RTL Live Entertainment BV	17	**99.7**	F	17	99.7	F
RTL Nederland BV	17	**99.7**	F	17	99.7	F
RTL Nederland Holding BV	17	**99.7**	F	17	99.7	F
RTL Nederland Interactief BV	11	**–**	NC	17	99.7	F
RTL Nederland Ventures BV	17	**99.7**	F	17	99.7	F
Themakanalen BV		**74.8**	F		74.8	F
PERU*						
Smartclip Peru SAC	5	**17.7**	E		–	NC
ROMANIA*						
Cable Channels SA	12	**–**	NC	4	99.7	F
SPAIN*						
6&M Producciones y Contenidos Audiovisuales SLU (former Atresmedia Foto SL)	5	**18.7**	E	5	16.8	E
Antena 3 Multimedia SLU	5	**18.7**	E	5	18.7	E
Antena 3 Noticias SLU	5	**18.7**	E	5	18.7	E
Antena 3 Television Digital Terrestre de Canarias SAU	5	**18.7**	E	5	18.7	E
Atres Advertising SLU	5	**18.7**	E	5	18.7	E
Atresmedia Cine SLU	5	**18.7**	E	5	18.7	E
Atresmedia Corporación de Medios de Comunicación SA	5	**18.7**	E	5	18.7	E
Atres Hub Factory SL	5	**9.3**	E	5	9.3	E
Atresmedia Música SLU	5	**18.7**	E	5	18.7	E
Atresmedia Studios SLU (former Cordina Planet SLU)	5	**18.7**	E	5	18.7	E
Aunia Publicidad Interactiva SL	5	**9.3**	E	5	9.3	E
Canal Media Radio SAU	11	**–**	NC	5	18.7	E
Flooxplay SLU	5	**18.7**	E	5	18.7	E
Hola Television América SL	5	**9.3**	E	5	9.3	E
Hola TV Latam SL	5	**9.3**	E	5	9.3	E
I3 Television SL	5	**9.3**	E	5	9.3	E
Inversion y Distribucion Global de Contenidos SLU (former Uniprex Valencia TV SLU)	5	**18.7**	E	5	18.7	E
Musica Aparte SAU	5	**18.7**	E	5	18.7	E
Smartclip Hispania SL	5	**17.7**	E	5	17.7	E
Smartclip Latam SL	5	**17.7**	E	5	17.7	E
Uniprex SAU	5	**18.7**	E	5	18.7	E
Uniprex Television Digital Terrestre de Andalucia SL	5	**13.8**	E	5	13.8	E
Uniprex Television SLU	5	**18.7**	E	5	18.7	E
SWITZERLAND*						
Goldbach Media (Switzerland) AG		**22.9**	E		22.9	E
UNITED KINGDOM*						
Bend it TV Ltd		**25.0**	E		25.0	E
USA*						
Hola TV US LLC	5	**9.3**	E	5	9.3	E
SND Films LLC	2	**48.3**	F	2	48.3	F
SND USA Inc	2	**48.3**	F	2	48.3	F

CONTENT	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
ANTIGUA*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
ARGENTINA*						
Fremantle Productions Argentina SA		**100.0**	F		100.0	F
AUSTRALIA*						
Doctor Doctor Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Doctor Doctor Production Pty Ltd	15	**75.0**	F	15	75.0	F
DRDR2 Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
DRDR2 Series Pty Ltd	15	**75.0**	F	15	75.0	F
Easy Tiger Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Easy Tiger Productions Pty Ltd	15	**75.0**	F	15	75.0	F
EME Productions No 2 Pty Ltd	15	**75.0**	F	15	75.0	F
Eureka Productions Pty Ltd		**25.0**	E		25.0	E
Forum 5 Pty Ltd		**100.0**	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	9	**100.0**	F	9	100.0	F
FremantleMedia Australia Pty Ltd	9	**100.0**	F	9	100.0	F
Grundy Organization Pty Ltd	9	**100.0**	F	9	100.0	F
Jack Irish Dead Point Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Jack Irish Dead Point Pty Ltd	15	**75.0**	F	15	75.0	F
Jack Irish Series 2 Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Jack Irish Series 2 Pty Ltd	15	**75.0**	F	15	75.0	F
Jack Irish Series Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Jack Irish Series Pty Ltd	15	**75.0**	F	15	75.0	F
Rake 3 Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Rake 3 Pty Ltd	15	**75.0**	F	15	75.0	F
Rake 4 Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Rake 4 Pty Ltd	15	**75.0**	F	15	75.0	F
Rake 5 Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Rake 5 Pty Ltd	15	**75.0**	F	15	75.0	F
Sunshine Series Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
Sunshine Series Pty Ltd	15	**75.0**	F	15	75.0	F
The Broken Shore Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
The Broken Shore Pty Ltd	15	**75.0**	F	15	75.0	F
The Principal Series Holdings Pty Ltd	15	**75.0**	F	15	75.0	F
The Principal Series Pty Ltd	15	**75.0**	F	15	75.0	F
BELGIUM*						
FremantleMedia Belgium NV		**100.0**	F		100.0	F
BRAZIL*						
FremantleMedia Brazil Produção de Televisão Ltda		**100.0**	F		100.0	F
Style Haul Brasil agenciamento de midia Ltda		**100.0**	F		100.0	F
CANADA*						
FremantleMedia Canada Inc		**100.0**	F		100.0	F
Ludia Inc		**100.0**	F		100.0	F
Miso Film Canada Inc		**51.0**	F		51.0	F
Umi Mobile Inc		**31.4**	E		31.4	E
CHINA*						
Fremantle (Shanghai) Culture Media Co. Ltd		**100.0**	F		100.0	F
Radical Media Co. Ltd	12	**–**	NC	14	34.5	E

CONTENT	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
CROATIA*						
FremantleMedia Hrvatska d.o.o.		**100.0**	F		100.0	F
DENMARK*						
Blu A/S		**100.0**	F		100.0	F
Miso Estate ApS		**51.0**	F		51.0	F
Miso Film ApS		**51.0**	F		51.0	F
Miso Holding ApS		**51.0**	F		51.0	F
FINLAND*						
FremantleMedia Finland Oy		**100.0**	F		100.0	F
United Screens Finland		**99.7**	F		–	NC
FRANCE*						
1. 2. 3. Productions SAS		**100.0**	F		100.0	F
Divimove France SAS		**99.7**	F		–	NC
Fontaram SAS		**51.0**	F		51.0	F
FremantleMedia France SAS		**100.0**	F		100.0	F
Kwaï SAS		**51.0**	F		51.0	F
SNC Audiovisuel FF SAS (former Fidélité Films SAS)	2	**48.3**	F	2	48.3	F
TV Presse Productions SAS		**100.0**	F		100.0	F
GERMANY*						
Divimove GmbH		**99.7**	F		75.3	F
FremantleMedia International Germany GmbH		**99.7**	F		99.7	F
Nachrichtenmanufaktur GmbH		**25.0**	E		–	NC
Radical Media GmbH	12	**–**	NC	14	34.5	E
RTL Group Licensing Asia GmbH		**99.7**	F		99.7	F
RTL Group Services GmbH		**99.7**	F		99.7	F
UFA Distribution GmbH		**99.7**	F		99.7	F
UFA Fiction GmbH	3	**99.7**	F	3	99.7	F
UFA Fiction Productions GmbH	3	**100.0**	F		–	NC
UFA GmbH	3	**99.7**	F	3	99.7	F
UFA Serial Drama GmbH	3	**99.7**	F	3	99.7	F
UFA Show & Factual GmbH		**100.0**	F		100.0	F
GREECE*						
Fremantle Productions SA		**100.0**	F		100.0	F
HONG KONG*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
HUNGARY*						
UFA Magyarorszag Kft		**99.7**	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
INDONESIA*						
PT Dunia Visitama Produksi		**100.0**	F		100.0	F
ISRAEL*						
Abot Hameiri Communications Ltd		**51.0**	F		51.0	F

CONTENT	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
ITALY*						
Boats Srl		**62.5**	F		62.5	F
Divimove Italia SRL		**99.7**	F		–	NC
FremantleMedia Italia Spa		**100.0**	F		100.0	F
Offside Srl		**62.5**	F		62.5	F
Quarto Piano Srl		**100.0**	F		100.0	F
Wildside Srl		**62.5**	F		62.5	F
LUXEMBOURG*						
Duchy Digital SA		**99.7**	F		99.7	F
European News Exchange SA		**76.5**	F		76.5	F
MALAYSIA*						
AGT Productions Sdn Bhd	19	**100.0**	F	19	100.0	F
MEXICO*						
FremantleMedia Mexico SA de CV		**100.0**	F		100.0	F
THE NETHERLANDS*						
Benelux Film Investments BV		**49.8**	JV		49.8	JV
Divimove Nederland BV		**99.7**	F		–	NC
Fiction Valley BV	8	**100.0**	F	8	100.0	F
FremantleMedia Netherlands BV	8	**100.0**	F	8	100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF		**50.0**	JV		50.0	JV
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
No Pictures Please Productions BV	8	**75.0**	F	8	75.0	F
RTL DSP BV		**100.0**	F		–	NC
RTL Nederland Film Venture BV	17	**99.7**	F	17	99.7	F
RTL Nederland Productions BV	17	**99.7**	F	17	99.7	F
NORWAY*						
FremantleMedia Norge AS		**100.0**	F		100.0	F
Miso Film Norge AS		**51.0**	F		51.0	F
United Screens Norge		**99.7**	F		–	NC
POLAND*						
FremantleMedia Polska Sp.Zo.o.		**100.0**	F		100.0	F
PORTUGAL*						
FremantleMedia Portugal SA		**100.0**	F		100.0	F
SINGAPORE*						
FremantleMedia Asia PTE Ltd		**100.0**	F		100.0	F
SPAIN*						
Divimove España SLU		**99.7**	F		–	NC
Fremantle de España SL	6	**99.6**	F	6	99.6	F
FremantleMedia España SA		**100.0**	F		100.0	F
SWEDEN*						
FremantleMedia Sverige AB		**100.0**	F		100.0	F
Miso Film Sverige AB		**51.0**	F		51.0	F
SpotX Nordics AB		**100.0**	F		–	NC
U Screens AB		**99.7**	F		–	NC

CONTENT	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
UNITED KINGDOM*						
Arbie Productions Ltd – 06512529	16	**100.0**	F	16	100.0	F
Corona TV Ltd		**25.0**	E		25.0	E
Dancing Ledge Productions Ltd		**25.0**	E		25.0	E
Dr Pluto Films Ltd		**25.0**	E		25.0	E
Dublin Murder Productions Ltd		**75.0**	F		–	NC
Duck Soup Films Ltd		**25.0**	E		25.0	E
Fremantle (UK) Productions Ltd – 00602507	16	**100.0**	F	16	100.0	F
FremantleMedia Group Ltd – 00353341	16	**100.0**	F	16	100.0	F
FremantleMedia Ltd – 00276928	16	**100.0**	F	16	100.0	F
FremantleMedia Overseas Ltd – 02786185	16	**100.0**	F	16	100.0	F
FremantleMedia Services Ltd		**100.0**	F		100.0	F
Full Fat Television Ltd		**25.0**	E		25.0	E
Label1 Television Ltd		**25.0**	E		25.0	E
Man Alive Entertainment Ltd		**25.0**	E		25.0	E
Naked Television Ltd (former Naked Entertainment Ltd)		**25.0**	E		25.0	E
RTL Group Support Services Ltd		**100.0**	F		100.0	F
Select TV Ltd	12	**–**	NC		100.0	F
Squawka Ltd	20	**34.8**	E	20	34.8	E
Style Haul UK Ltd		**100.0**	F		100.0	F
Talkback Productions Ltd	10	**100.0**	F	10	100.0	F
TalkbackThames UK Ltd		**100.0**	F		100.0	F
Thames Television Holdings Ltd – 03140632	16	**100.0**	F		100.0	F
Thames Television Ltd		**100.0**	F		100.0	F
UFA Fiction Ltd	3	**99.7**	F	3	99.7	F
Wild Blue Media Ltd		**25.0**	E		25.0	E
USA*						
495 Productions Holdings LLC	7	**75.0**	F	7	75.0	F
Allied Communications Inc		**100.0**	F		100.0	F
Amygdala Records Inc	13	**100.0**	F	13	100.0	F
Big Balls LLC	7	**95.0**	F	7	95.0	F
Cathedral Technologies LLC	7	**75.0**	F	7	75.0	F
Eureka Productions LLC		**25.0**	E		25.0	E
FCB Productions Inc	13	**100.0**	F	13	100.0	F
Fremantle Licensing Inc	6	**100.0**	F	6	100.0	F
Fremantle Productions Inc	7	**100.0**	F	7	100.0	F
Fremantle Productions North America Inc	7	**100.0**	F	7	100.0	F
FremantleMedia Latin America Inc		**100.0**	F		100.0	F
FremantleMedia North America Inc	7	**100.0**	F	7	100.0	F
Good Games Live Inc	7	**100.0**	F	7	100.0	F
Haskell Studio Rentals Inc	7	**100.0**	F	7	100.0	F
Leroy & Morton Productions LLC	12	**–**	NC	14	34.5	E
Max Post Inc	13	**100.0**	F	13	100.0	F
Music Box Library Inc	7	**100.0**	F	7	100.0	F
Op Services Inc	13	**100.0**	F	13	100.0	F
Original Productions LLC	13	**100.0**	F	13	100.0	F
Outpost Digital LLC	12	**–**	NC	14	34.5	E
Pajama Pants Productions Inc	7	**75.0**	F	7	75.0	F
Radical Media LLC	12	**–**	NC	14	34.5	E
Studio Production Services Inc	7	**100.0**	F	7	100.0	F
Style Haul Inc		**100.0**	F		100.0	F
Style Haul Productions Inc		**100.0**	F		100.0	F
TCF Productions Inc	13	**100.0**	F	13	100.0	F
The Pet Collective LLC		**35.0**	E		35.0	E
Tiny Riot LLC	7	**100.0**	F	7	100.0	F
Vice Food LLC	7	**30.0**	JV	7	30.0	JV

BROADCASTING RADIO	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
BELGIUM*						
Cobelfra SA		**44.1**	F		44.1	F
Inadi SA		**44.1**	F		44.1	F
IP Belgium SA		**65.8**	F		65.8	F
New Contact SA		**49.8**	JV		49.8	JV
Radio H SA		**44.1**	F		44.1	F
FRANCE*						
Ediradio SA	11	**–**	NC	2	48.3	F
FM Graffiti Sàrl	2	**48.3**	F		–	NC
Gigasud Sàrl	2	**48.3**	F		–	NC
ID (Information et Diffusion) Sàrl	2	**48.3**	F	2	48.3	F
IP France SA	11	**–**	NC	2	48.3	F
IP Régions SA	11	**–**	NC	2	48.3	F
Média Stratégie Sàrl	2	**48.3**	F		–	NC
Radio Golfe Sàrl	2	**48.3**	F		–	NC
Radio Porte Sud Sàrl	2	**48.3**	F		–	NC
RTL France Radio SAS	2	**48.3**	F	2	48.3	F
RTL Net SAS	11	**–**	NC	2	48.3	F
RTL Special Marketing Sàrl	11	**–**	NC	2	48.3	F
SCP Sàrl	11	**–**	NC	2	48.3	F
SERC SA	2	**48.3**	F	2	48.3	F
Société Communication A2B Sàrl	2	**48.3**	F		–	NC
Sodera SA	2	**48.3**	F	2	48.3	F
SPRGB Sàrl	2	**48.3**	F		–	NC
GERMANY*						
Antenne Niedersachsen GmbH & Co. KG		**57.4**	F		57.4	F
AVE Gesellschaft für Hörfunkbeteiligungen GmbH		**99.7**	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		**99.7**	F		99.7	F
BCS Broadcast Sachsen GmbH & Co. KG		**47.4**	E		47.4	E
Digital Media Hub GmbH		**99.7**	F		99.7	F
Funkhaus Halle GmbH & Co. KG		**61.2**	F		61.2	F
Hitradio RTL Sachsen GmbH		**86.3**	F		86.3	F
Madsack Hörfunk GmbH	(***)	**99.7**	F	(***)	99.7	F
Mediengesellschaft Mittelstand Niedersachsen GmbH	(***)	**23.0**	E	(***)	23.0	E
Neue Spreeradio Hörfunkgesellschaft mbH		**99.7**	F		99.7	F
NiedersachsenRock 21 GmbH & Co. KG		**21.3**	E		21.3	E
Radio Hamburg GmbH & Co. KG		**29.1**	E		29.1	E
Radio NRW GmbH		**22.5**	E		–	NC
RTL Radio Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Center Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Deutschland GmbH		**99.7**	F		99.7	F
RTL Radiovermarktung GmbH		**99.7**	F		99.7	F
UFA Radio-Programmgesellschaft in Bayern mbH		**99.7**	F		99.7	F
LUXEMBOURG*						
Luxradio Sàrl		**74.8**	F		74.8	F
SWITZERLAND*						
Swiss Radioworld AG		**23.0**	E		23.0	E

(***) At 31 December 2018, the Group legally held 24.9% and 5.7% in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH, respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

OTHERS

AUSTRALIA*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
SpotXchange Australia Pty Ltd		**100.0**	F		100.0	F

AUSTRIA*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
RTL Group Austria GmbH		**99.7**	F		99.7	F

BELGIUM*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
RTL Group Services Belgium SA		**100.0**	F		100.0	F

CANADA*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
BroadbandTV Corporation		**55.3**	F		57.3	F
RTL Canada Ltd		**99.7**	F		99.7	F

CROATIA*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
RTL Music Publishing Ltd		**99.7**	F		–	NC

FRANCE*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
BCE France SAS		**99.7**	F		99.7	F
Ctzar SAS	2	**24.6**	F		–	NC
M6 Hosting SAS	2	**48.3**	F		–	NC
RTL AdConnect SA		**99.7**	F		99.7	F
Sociaddict SAS	2	**24.6**	F		–	NC
Société Immobilière Bayard d'Antin SA		**99.7**	F		99.7	F
SpotXchange France SAS		**100.0**	F		100.0	F

GERMANY*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
Q division GmbH	12	**–**	NC		29.9	JV
RTL Group Central & Eastern Europe GmbH		**99.7**	F		99.7	F
RTL Group Deutschland GmbH		**99.7**	F		99.7	F
RTL Group Financial Services GmbH		**99.7**	F		99.7	F
RTL Group Vermögensverwaltung GmbH		**100.0**	F		100.0	F
RTL Radio Luxembourg GmbH		**99.7**	F		99.7	F
Smartclip AG		**99.8**	F		99.8	F
Sparwelt GmbH		**99.7**	F		99.7	F
SpotX Europe GmbH (former Smartclip Holding AG)		**100.0**	F		100.0	F
SpotXchange Deutschland GmbH		**99.8**	F		99.8	F
UFA Film und Fernseh GmbH		**99.7**	F		99.7	F

INDIA*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
YoBoHo New Media Private Ltd		**48.4**	F		50.2	F

ITALY*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
Smartclip Italia Srl		**100.0**	F		100.0	F

LUXEMBOURG*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
B. & C.E. SA		**99.7**	F		99.7	F
CLT-UFA SA		**99.7**	F		99.7	F
Data Center Europe Sàrl		**99.7**	F		99.7	F
Heliovos SA		**48.8**	E		–	NC
IP Luxembourg Sàrl		**99.7**	F		99.7	F
Media Properties Sàrl		**99.7**	F		99.7	F
Media Real Estate SA		**99.7**	F		99.7	F
RTL AdConnect International SA		**99.7**	F		99.7	F
RTL Group Germany SA		**99.7**	F		99.7	F

OTHERS

THE NETHERLANDS*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
Adfactor BV		**59.8**	F		59.8	F
eHealth88 BV		**35.0**	JV		–	NC
Flinders BV		**19.9**	E		19.9	E
Future Whiz Media BV	12	**–**	NC	18	29.7	JV
HelloSparkle BV		**24.9**	E		24.9	E
Livis BV	17	**99.7**	F	17	99.7	F
NLziet Coöperatief UA		**33.2**	JV		33.2	JV
RTL Group Beheer BV	17	**100.0**	F	17	100.0	F
Sarthro Travelbags BV		**23.0**	E		–	NC
Smartclip Benelux BV		**99.8**	F		100.0	F
Solvo BV		**35.0**	JV		32.5	JV
SpotXchange Benelux BV		**99.8**	F		99.0	F
The Entertainment Group BV	17	**99.7**	F	17	99.7	F

SINGAPORE*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
RTL Group Asia Pte Ltd		**100.0**	F		100.0	F
SpotX Singapore Pte Ltd		**100.0**	F		100.0	F

SWEDEN*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
SHOC Media Agency AB		**100.0**	F		100.0	F
Smartclip Nordics AB		**100.0**	F		100.0	F

SWITZERLAND*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
Goldbach Audience (Switzerland) AG		**24.9**	E		24.9	E

UNITED KINGDOM*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
CLT-UFA UK Radio Ltd		**99.7**	F		99.7	F
SpotX Ltd (former SpotXchange Ltd)		**100.0**	F		100.0	F

USA*

	Note	Group's ownership 2018 (**)	Consolidated method (1)	Note	Group's ownership 2017 (**)	Consolidated method (1)
BroadbandTV (USA) Inc		**57.3**	F		57.3	F
Clypd Inc		**19.3**	E		19.5	E
Inception VR Inc		**16.8**	E		17.7	E
RTL US Holding Inc	7	**100.0**	F	7	100.0	F
SpotX Inc		**100.0**	F		100.0	F
VideoAmp Inc		**22.1**	E		26.3	E
YoBoHo New Media Inc		**48.4**	F		50.2	F

1 M: parent company
F: full consolidation
JV: joint venture (equity accounting)
JO: joint operation (proportionate consolidation)
E: equity accounting
NC: not consolidated
2 Groupe M6 ("de facto" control)
3 UFA Berlin Group
4 M-RTL Group
5 Atresmedia
6 Fremantle Licensing Group
7 FremantleMedia North America Group
8 FremantleMedia Productions Netherlands Group
9 FremantleMedia Australia (Holdings) Group
10 Talkback Productions Group
11 Company absorbed by a company of the Group
12 Company sold or liquidated
13 Original Productions
14 Radical Media
15 Easy Tiger Group
16 Company has elected to make use of the audit exemption in accordance with section 479A of UK Companies Act 2006
17 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code
18 The Group holds certificates without voting rights providing a right to 7.5 % of dividends distributed, if any
19 Set up as a Special Purpose Vehicle ("SPV") for Asia's Got Talent of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose
20 From 30 November 2015, Fremantle ("FM") and Squawka entered into an agreement and loan agreement. At 31 December 2015 FM granted a loan and did not hold any share. Nevertheless conditions are met to consider a joint control by FM already at 31 December 2015. The initial contractual arrangement was modified in 2016 and as a result Fremantle has no longer the joint control but can exercise significant influence. The conversion of the loan (GBP 1 m) and a capital injection of GBP 3.5 m on 26 April 2016 provided a 34.8% stake to Fremantle.

* Country of incorporation
** The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as per 31 December

AUDIT REPORT

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TO THE SHAREHOLDERS OF RTL GROUP S.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of RTL Group S.A. (the "Company") and its subsidiaries ("the Group") as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

WHAT WE HAVE AUDITED

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2018;
- The consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated cash flow statement for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in the note 7. 3. to the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

IMPAIRMENT OF GOODWILL

Goodwill represents EUR 2,919 million or approximately 35 % of the Group total assets as of 31 December 2018.

Management performed an annual impairment test of the cash generating units (CGUs) to which the goodwill is allocated to assess whether its recoverable amount is at least equal to its carrying value. The recoverable amount can be determined through different valuation techniques; the most regularly used by management being the fair value less costs of disposal's discounted cash flow (DCF) models. Market-based valuation models are sometimes used for some of the Group's CGUs.

This matter and the related disclosures were of particular significance to our audit as management's determination of future cash flow forecasts, discount rates and growth rates used in the calculation of the recoverable amount involves significant judgment and estimates.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We assessed the Group's process for determining and validating the future discounted cash flow forecasts of the CGUs and selecting their peers in market-based valuation models.

We satisfied ourselves about the valuation models retained by management and the reasonability of the future cash flows used by comparing them with the current budgets and forecasts in the three-year plan prepared by management and approved by the Board of Directors. When possible, we benchmarked them against general and sector specific market expectations.

Where necessary, we involved specialists to test the main parameters used in the DCF models (including the weighted average cost of capital) and the peers selection used in market-based valuation models.

We tested management valuation and resulting impairment of goodwill of EUR 105 million recorded on Style Haul cash generating unit.

For the most sensitive CGUs, we reviewed the sensitivity analysis of the models to changes in the key assumptions.

We assessed the appropriateness of the Group's disclosures regarding goodwill contained in notes 2.4. and 8.2. of the consolidated financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF INVESTMENT IN ASSOCIATE – ATRESMEDIA The investment in associate Atresmedia, listed on the Madrid stock exchange, has a carrying value of EUR 245 million as of 31 December 2018. Management performed an impairment test of its investment in Atresmedia to assess whether its recoverable amount is at least equal to its carrying value. The recoverable amount was determined based on the value in use derived from a discounted cash flow (DCF) model. Atresmedia impairment test and the related disclosures were of particular significance to our audit as: ■ the share price of Atresmedia decreased significantly during the year which is a trigger for impairment; and ■ management's determination of future cash flow forecasts, discount rates and growth rates used in the determination of the value in use involves significant judgment and estimates.	We assessed the Group's process for determining and validating the future discounted cash flow forecasts of Atresmedia. We satisfied ourselves about the valuation model retained by management and the reasonability of the future cash flows used by comparing them with the current budgets and forecasts in the three-year plan prepared by management and approved by the Board of Directors, and when possible benchmarking them against general and sector specific market expectations. We involved specialists to test the main parameters used in the DCF models (including the weighted average cost of capital). We reviewed the sensitivity analysis of the model to changes in the key assumptions. We assessed the appropriateness of the Group's disclosures regarding the valuation of Atresmedia as of 31 December 2018 contained in the note 8. 4. 1. of the consolidated financial statements.
IMPAIRMENT OF PROGRAMME RIGHTS AND PROVISIONS FOR ONEROUS CONTRACTS Non-current and current programme rights amounting respectively to EUR 91 million, and EUR 1,236 million as of 31 December 2018, include (co-)productions, audio-visual and other rights acquired with the primary intention to broadcast, distribute or trade as part of the Group's operations. These programme rights are tested for impairment by management if there are indicators that these assets may be impaired. Such impairment test for programme rights requires a high level of judgement, in particular in relation with estimates of revenue, the future programme grid, the realised and expected audience of the programme and the current programme rights that are not likely to be broadcast. Valuation of programme rights also encompasses rights that the Group has committed to purchase in periods subsequent to 31 December 2018. Provisions for onerous contracts are recognised when management expects, at the closing date, a lower than initially budgeted return on these rights. As of 31 December 2018, these provisions amount to EUR 89 million. They are computed by discounting the expected future cash flows from the programme rights and comparing them to their initially planned profitability. These matters were significant to our audit since the determination of the level of impairment or provision requires significant judgment and estimates.	We assessed the Group's process to estimate the revenue derived from programme rights and the need for programme rights impairment or provision for onerous contracts. We analysed the estimation of revenue for programme rights (including rights that the Group has committed to purchase in subsequent periods) based on the future programme grid and expected audience. We satisfied ourselves about the reliability of management's estimates by comparing last year broadcasting forecasts with the current year programme grid. We tested management's calculation of impairments or provisions when the estimated future revenues were not expected to exceed the carrying value of programme rights or purchase commitment. We assessed the appropriateness of the Group's disclosures regarding programme rights and provisions for onerous contracts in notes 2. 3. and 8. 13. 1. of the consolidated financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
PROVISIONS FOR LITIGATIONS Provisions for litigations, reported under line items “Non-current provisions” and “current provisions” of the consolidated statement of financial position amount to EUR 71 million as of 31 December 2018. These provisions mainly relate to legal proceedings, which the Group is a party to in the normal course of business. The risk assessment on developments in legal disputes and the determination of whether or not a legal dispute requires a provision, and if so, how should it be measured, is determined to a high degree by assessments and assumptions of management. We focused on this area due to the judgmental nature of these provisions.	We assessed the Group’s process to identify, assess, record and disclose legal disputes. In particular, we obtained from management a legal risk assessment, providing a description of the most significant litigations in the Group, their evolution since the last closing date and management’s assessment of the probability of cash outflows. We also had regular interactions with the Group’s legal department to validate their positions thereon. As of the balance sheet date, we obtained external legal confirmations that we compared with management assessments. We assessed the appropriateness of the Group’s disclosures relating to provisions for litigations contained in notes 2. 8. and 8. 13. 1. of the consolidated financial statements.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Annual Report including the Directors’ report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Directors' report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Group by the General Meeting of the Shareholders on 18 April 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 25 years.

OTHER MATTER

The Corporate Governance Statement includes, when applicable, the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, 13 March 2019

PricewaterhouseCoopers, Société coopérative

Represented by

Gilles Vanderweyen *Magalie Cormier*

GLOSSARY

ADDRESSABLE TV
Technically a form of programmatic TV (automated ad serving). Major distinguishing factors are its household-level and real-time targeting. Advertisers can now buy audiences instead of programmes.

ADVERTISING MARKET SHARE
The advertising market share of a media owner; in other words total sales volume expressed as a percentage of the sales volume of a given market (for example the TV advertising market in Germany).

ADVERTISING SALES HOUSE
An organisation that sells advertising on behalf of media owners. Sales houses include both in-house sales departments and independent businesses, which typically retain a percentage of sales revenues in exchange for their services.

ADVERTISING TECHNOLOGY (ALSO: AD-TECH)
Technological tools to sell advertising in the digital environment, for example using automated processes, such as programmatic advertising, or exchanges and market places.

AGGREGATOR
A business that collects and organises content from multiple sources.

AUDIENCE FRAGMENTATION
The division of audiences into small groups across an increasing number of media outlets. Audience fragmentation is characteristic of digitisation and the associated proliferation of channels, and can lead to a growth in services catering to specific interest groups.

AUDIENCE SHARE
The percentage of a radio or television audience that tuned in to a particular channel or programme during a given period, out of the total radio or television audience in the same period.

BRAND-BUILDING PLATFORM
A platform, or medium, which, through its reach and the range of its viewers or listeners, enables brand owners and advertisers to establish and improve the identity of their brands.

BROADCASTING LICENCE
A licence granting the licensee permission to broadcast in a given geographical area.

BUSINESS-TO-BUSINESS MARKET
A market in which transactions are carried out between businesses – such as between a content producer and a broadcaster – as opposed to a business-to-consumer market, in which transactions are carried out directly between a business and the end consumer.

CABLE DISTRIBUTION
A system of distributing television programmes to subscribers through coaxial cables or light pulses through fibre optic cables. Cable distribution as a means of distributing television signals is usually part of a free-TV broadcasting licence.

CABLE OPERATOR
The company or individual responsible for the operation of a cable system that may offer cable television, telephony and/or internet access.

CASH CONVERSION RATE
See note 3. to the consolidated financial statements.

CASH FLOW
See note 3. to the consolidated financial statements.

CASH FLOW STATEMENT
See note 3. to the consolidated financial statements.

COMMERCIAL BROADCASTER (FREE-TO-AIR)
Usually a privately owned business, active in television and/or radio broadcasting. Commercial broadcasters are financed to a large extent by the sale of advertising.

COMMERCIAL TARGET GROUP
A standard established by industry players, defining the largest common denominator within the total population, relevant for advertisers' demand and pricing. Commercial target groups can be defined by age, gender and other demographic factors.

COMPOUND ANNUAL GROWTH RATE (CAGR)
A measure of growth over multiple time periods. CAGR can be thought of as the growth rate that gets you from the value at one point in time to the value at another point in time, assuming that the investment has been compounding over the time period.

CONNECTED TV (CTV)
A web-connected television device.

CONTENT PRODUCTION
The creation of original content for television broadcast, either by the in-house production department of the broadcaster or an external production company. The production of television formats by a third party production company takes place either on a commissioning basis (ordered by the broadcaster, who owns all rights on a buy-out basis) or as a licensing model (the producer owns the rights and grants limited licence to the broadcaster).

CONTENT RIGHTS
Certain intellectual property rights, given to an originator of content to protect original works of authorship, or to an assignee, to distribute, sell, broadcast or otherwise exploit an audio-visual work.

CONTENT VERTICAL
A business or brand that aggregates content around a specific demographic or interest group.

CONVERGENT CURRENCIES
Measurement of audiences across multiple platforms, such as TV and online, using a single metric, to give a combined audience figure for all viewing, irrespective of delivery channel.

CROSS-MEDIA OFFERS
Advertising products that cover more than one medium at the same time: for example, TV and online.

DEFICIT FUNDING MODEL
A funding model for content production, in which the broadcaster commissions a production company to produce a show, and pays a licence fee that does not fully cover the costs of production. The producer funds the deficit in costs in return for retaining certain rights.

DEMAND SIDE PLATFORM (DSP)
A computer-based platform that advertisers or media agencies use to automate media buying across multiple sources with unified targeting, data, optimisation and reporting.

DIGITAL REVENUE
"Digital" refers to internet-related activities, excluding online sales of merchandise ("e-commerce"). Digital revenue encompasses different categories of revenue, for example other advertising sales, revenue from distribution and licensing of content, consumer and professional services. To summarise: unlike some competitors, RTL Group only recognises pure digital businesses in this category/revenue stream and doesn't consider e-commerce, home shopping or platform revenue as part of its digital revenue.

DIGITAL VIDEO AD
An ad that is displayed online, through a web browser or browser-equivalent based internet activity that involves streaming video.

DISTRIBUTION PLATFORM
A system for disseminating media content such as audio and video, using infrastructure based on technologies such as cable, satellite, terrestrial broadcast, IPTV and the open internet.

DIVIDEND
All shareholders are entitled to the portion of the net profit distributed by a company that corresponds to the amount of their shareholding. This payment is known as a dividend. The amount of the dividend is proposed by the company's Executive Committee and approved at the Annual General Meeting. The dividend depends, among other things, on the company's financial position and the amount of cash earmarked for further growth opportunities.

DOCU DRAMA / DOCU SOAP / DOCU SERIES
A genre of radio and television programming that presents dramatised re-enactments of actual events in the style of a documentary.

DTT
Digital terrestrial television (DTT) is a distribution system that broadcasts digital TV signals 'over-the-air' from a ground-based transmitter to a receiving antenna attached to a digital receiver.

EBIT
See note 3. to the consolidated financial statements.

EBITA
See note 3. to the consolidated financial statements.

EBITDA
See note 3. to the consolidated financial statements.

E-COMMERCE
The buying and selling of products or services over electronic systems such as the internet and other computer networks.

FLAT RATE SUBSCRIPTION
A payment model for premium services that can be accessed during a specified period of time, in exchange for a recurring fixed fee, regardless of the quantity and/or length of usage in that same time period. (See also SVOD)

FORMAT
The overall concept, premise and branding of a copyrighted television programme. A format can be licensed by TV channels, so they can produce a version of the show tailored to their nationality and audience.

FREE FLOAT
The number of shares in a company that are not owned by major shareholders but owned by many different shareholders and can therefore be traded freely in the capital market.

GAME SHOW
A radio or television programming genre in which contestants, television personalities and/or celebrities, play games that involve answering questions or solving specific tasks usually for money and/or prizes.

HBBTV
Hybrid broadcast broadband television (HbbTV) is an industry technology standard for combining broadcast TV services with services delivered via the internet on connected TVs and set-top boxes.

HDTV
High-definition television (HDTV) is both a type of television that provides better resolution than standard definition television, and a digital TV broadcasting format that enables the broadcast of pictures with more detail and quality than standard definition.

IMPRESSION
The number of times a user is shown a video or ad – in other words, the number of chances they have to see the ad. The user doesn't need to interact with the video or ad for it to count as an impression. Impressions are commonly accepted as a billing standard for video ads running across all types of content. Ad campaigns are usually measured in terms of number of impressions.

IN-PAGE ADVERTISING
In-page advertising is a sub-segment of online display advertising, in which online advertisements are displayed in the form of banners and other graphical units, directly within a web page.

IN-STREAM ADVERTISING
In-stream advertising is a sub-segment of online display advertising, in which audio-visual advertisements are shown within an online video stream, either before (pre-roll), during (mid-roll) or after (post-roll) the video content itself.

IPTV
Internet protocol television (IPTV) is the term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol, the technology used to access the internet.

KPI
Key Performance Indicator (KPI) is a type of performance measurement. KPIs evaluate the success of an organisation or of a particular activity in which it engages.

LINEAR TV
The provision or viewing of television programmes in a fixed time sequence according to a given schedule.

LONG-FORM VIDEO CONTENT
A descriptive term for a type of video content that has a beginning, middle and end, and which typically lasts longer than 10 minutes in total. If the content is ad supported, it typically contains breaks (mid-roll).

LTIP
Long-term incentive plan ("LTIP"). See note 7. 3. 1. to the consolidated financial statements.

MARKET CAPITALISATION
The value of a listed company determined by multiplying the current market price of a stock with the number of outstanding shares.

MDAX
The MDAX is a stock index which lists companies listed in Germany. The index reflects the price development of the 50 largest companies from the Prime Standard segment of Deutsche Börse – excluding the technology sector – which rank below the DAX index. The composition of the index is reviewed on a semi-annual basis and adjusted in March and September. The criteria for weighting the shares in the index are: trading volume and market capitalisation on the basis of the number of shares in free float, and position in the respective sector.

MULTI-PLATFORM NETWORK
Multi-platform networks (MPNs) – previously also known as multi-channel networks (MCNs) – are service providers that affiliate with multiple channels on several online platforms such as YouTube to offer services that may include audience development, content programming, creator collaborations, digital rights management, monetisation, and/or sales. They offer these services in exchange for a share of revenue.

NET DEBT TO EBITDA RATIO
See note 3. to the consolidated financial statements.

NET FINANCIAL DEBT
See note 3. to the consolidated financial statements.

NON-LINEAR CONTENT
Content that is provided and/or viewed on demand, outside of a linear broadcast schedule.

NOPAT
See note 3. to the consolidated financial statements.

ONLINE ADVERTISING
A form of advertising that uses the internet to deliver marketing messages to an audience of online users.

ONLINE DISPLAY ADVERTISING
A form of online advertising in which an advertiser's message is shown on a web page in a variety of formats – both in-page (such as banner ads) and in-stream (such as pre-roll videos) – which use various techniques to enhance the visual appeal of the advertising, as opposed to online classified and search advertising.

ORIGINAL CONTENT
Content that is produced specifically for a certain distribution platform (such as TV) and shown for the first time on that platform.

OTT
Over-the-top (OTT) is a term for the delivery of content or services over the open internet rather than via a managed network.

OVERLAYING
The superimposition of content (such as text, graphics, video) on a TV programme or advertisement shown on a TV screen.

PAY-TV
A commercial service that broadcasts or provides television programmes to viewers in exchange for a monthly charge or per-programme fee.

PHASING EFFECT
Financial effects (positive or negative) on revenue or profit over a period longer than the reporting period, resulting from the time difference between the allocation of costs and return of investment.

PLAYLIST START
The number of times a playlist – including video content and ads – is started.

PRIME TIME
That part of a broadcaster's programming schedule that attracts the most viewers and is therefore the most relevant in terms of advertising. The start and end time of prime time is typically determined by the medium (such as radio or television) and defined by the industry in each market, and can therefore vary from one country to another.

PROGRAMME FORMAT
See "format".

PUBLIC BROADCASTER
A publicly owned company, active in television and/or radio broadcast, whose primary mission is often public service related. Public broadcasters may receive funding from diverse sources including licence fees, individual contributions, public financing and advertising.

REAL TIME BIDDING (RTB)
The means by which ad inventory is bought and sold on a per-impression basis, via programmatic instantaneous auction, similar to financial markets.

REVENUE
The income received by a company in the form of cash or cash equivalents.

RVA
"RTL Group Value Added" is an RTL Group specific measure of shareholder value creation based on economic value added. RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation. For more information, see note 3. to the consolidated financial statements in the Annual Report 2018.

SALES HOUSE
See "advertising sales house".

SECOND SCREEN
An electronic device such as a tablet or smartphone that is used simultaneously with television consumption. Second screen applications may allow audiences to access additional content and services related to the broadcast programme, or to interact with the content consumed through the primary screen.

SHORT-FORM VIDEO
A descriptive term for a type of video content that lacks a content arc, and which typically lasts less than 10 minutes in total.

SUPPLY SIDE PLATFORM (SSP)
An advertising technology platform that represents inventory (for example through publishers), and its availability. An SSP allows many of the world's larger web publishers to automate and optimise the selling of their online media space.

SSDAI
Server-side dynamic ad insertion is a technology, which allows the replacement of existing commercials from a broadcast stream with more targeted, personalised advertising.

SYCOS
RTL Group's synergy committees (Sycos) are comprised of executives and experts from each segment and from the Corporate Centre, and meet regularly to discuss topics such as programming, news, radio, advertising sales and new media. While each segment makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas.

TERRESTRIAL BROADCASTING
A system to disseminate audio-visual content in the form of radio waves over the air from a ground-based transmitter to a receiving antenna.

TIME-SHIFTED VIEWING
The viewing of programming recorded to a storage medium (such as personal video recorder), at a time more convenient to the viewer than the scheduled linear broadcast.

TV HOUSEHOLD
A household equipped with at least one TV set.

UNDERLYING REVENUE
Revenue adjusted for minor scope changes and at constant exchange rates.

UNIQUE USER
A metric that seeks to count as individuals, visitors who visit a website more than once in a given period of time.

VERTICAL NETWORK
A business that aggregates multiple content publishers into themed content verticals for which it may offer centralised advertising sales services.

VIDEO VIEW
The number of times a video has been viewed. Technology vendors may use the metric 'creative view' to help track which technical version of an ad was played in a particular environment, but that metric is used for technological analysis and not for measuring user engagement. Often confused with impression.

VOD/VIDEO-ON-DEMAND
A service that enables viewers to watch video content when they choose to, outside of any linear schedule.

- **AVOD – ADVERTISING-FUNDED VOD**
  A typical example includes services from TV channels that allow free access to video content seven days after the broadcast, funded by advertising.
- **SVOD – SUBSCRIPTION-FUNDED VOD**
  A VOD service that is financed by subscription fees.
- **TVOD – TRANSACTION-FUNDED VOD**
  A VOD service that is financed on single transactions per view or content item.

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FIVE-YEAR SUMMARY

	Year to December 2018 €m	Year to December 2017 €m	Year to December 2016 €m	Year to December 2015 €m	Year to December 2014[1] €m
Revenue	**6,505**	6,373	6,237	6,029	5,808
– of which net advertising sales	**3,655**	3,657	3,594	3,510	3,389[2]
Other operating income	**74**	148	111	55	83
Consumption of current programme rights	**(2,103)**	(2,036)	(2,070)	(2,015)	(1,903)
Depreciation, amortisation, impairment and valuation allowance	**(209)**	(223)	(215)	(199)	(203)
Net impairment losses on financial assets	**(2)**	–	–	–	–
Other operating expenses	**(3,150)**	(3,083)	(2,924)	(2,750)	(2,682)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(120)**	(17)	(15)	(6)	(104)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**25**	21	6	4	1
Profit from operating activities	**1,020**	**1,183**	**1,130**	**1,118**	**1,000**
Share of results of investments accounted for using the equity method	**56**	63	67	57	47
Earnings before interest and taxes ("EBIT")	**1,076**	**1,246**	**1,197**	**1,175**	**1,047**
Net interest expense	**(20)**	(22)	(21)	(25)	(23)
Financial results other than interest	**7**	(2)	3	13	(4)
Profit before taxes	**1,063**	**1,222**	**1,179**	**1,163**	**1,020**
Income tax expense	**(278)**	(385)	(363)	(300)	(287)
Profit for the year	**785**	**837**	**816**	**863**	**733**
Attributable to:					
RTL Group shareholders	**668**	739	720	789	652
Non-controlling interests	**117**	98	96	74	81
EBITA	**1,171**	1,248	1,205	1,167	1,144
Impairment of goodwill of subsidiaries	**(105)**	–	–	–	(88)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(15)**	(17)	(15)	(6)	(16)
Impairment of investments accounted for using the equity method	**(2)**	(6)	–	–	4
Re-measurement of earn-out arrangements	**2**	–	1	10	2
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**25**	21	6	4	1
Earnings before interest and taxes ("EBIT")	**1,076**	**1,246**	**1,197**	**1,175**	**1,047**
EBITDA	**1,380**	1,464	1,411	1,360	1,347
Basic earnings per share (in €)	**4.35**	4.81	4.69	5.14	4.25
Final dividend per share (in €)	**3.00**	3.00	3.00	3.00	3.50
Interim dividend per share (in €)	**1.00**	1.00	1.00	1.00	2.00[3]
Dividends paid (€ million)	**614**	614	614	691	999
Average number of full-time equivalent employees	**10,809**	11,011	10,699	10,325	9,804
Net assets (€ million)	**3,553**	3,432	3,552	3,409	3,275
Net (debt)/cash (€ million)	**(470)**	(545)	(576)	(671)	(599)

1 Re-presented for changes in purchase price allocation
2 Unaudited
3 Including an extraordinary dividend

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