

UPDATE

On 2 April 2020, RTL Group issued the following release:

RTL GROUP WITHDRAWS OUTLOOK FOR 2020 AND DIVIDEND PROPOSAL FOR 2019 DUE TO THE CORONAVIRUS OUTBREAK

RTL Group continues to monitor the rapid worldwide spread of the coronavirus disease (Covid-19) closely, placing the highest priority on the health of its employees and on protecting its businesses.

RTL Group's TV channels, radio stations, streaming services and websites currently register significantly higher reach and usage as they provide information and entertainment to millions of people who face unprecedented disruptions to their daily lives.

Given that RTL Group's businesses are part of a country's critical infrastructure, the Group has activated business continuity plans across its footprint. These steps have been taken to ensure that the Group's TV channels and radio stations continue their activities and include the implementation of counter measures to reduce costs and preserve liquidity. RTL Group has low levels of debt and significant, unused and committed Bertelsmann credit facilities with no maturities before 2023.

Given the current economic uncertainty, the Group's Board of Directors has decided today to withdraw the previous outlook (dated 13 March 2020) which did not reflect the coronavirus outbreak. Global economic

development and prospects have significantly deteriorated since mid-March, when RTL Group gave its outlook statement. The Group is currently not in a position to provide a new outlook for the full year 2020. While Q1/2020 will be broadly in line with expectations, cancellations of advertising bookings and postponements of productions will negatively impact the Group's results in the coming months.

In these unprecedented circumstances, the preservation of liquidity becomes an essential precaution to safeguard the Group's present operations and future prospects. RTL Group's Board of Directors has therefore decided to withdraw its earlier proposal of a €4.00 per share dividend in respect of the fiscal year 2019. No dividend will now be proposed to the Annual Meeting of Shareholders on 30 June 2020.

RTL Group's three-priority strategy – core, growth, alliances & partnerships – remains unchanged. RTL Group maintains its mid-term targets for the streaming services TV Now in Germany and Videoland in the Netherlands, as communicated on 13 March 2020: to grow its total number of paying subscribers to between 5 and 7 million, to grow streaming revenue to at least €500 million and to break even by 2025.

DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT

36 DIRECTORS' REPORT

40	Corporate profile
45	Market
47	Strategy
51	Capital markets and share
54	Financial review
60	General management statement on the fiscal year 2019 performance
61	Review by segments
71	Non-financial information
89	Outlook

90 MANAGEMENT RESPONSIBILITY STATEMENT

91 CONSOLIDATED INCOME STATEMENT

92 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

93 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

94 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

95 CONSOLIDATED CASH FLOW STATEMENT

96 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

96	Significant accounting policies
114	Accounting estimates and judgements
117	Key performance indicators
120	Financial risk management
130	Segment reporting
134	Acquisitions and disposals
138	Details on consolidated income statement
143	Details on consolidated statement of financial position
170	Commitments and contingencies
171	Related parties
175	Subsequent events
176	Group undertakings

182 AUDIT REPORT

188 GLOSSARY

194 CREDITS

195 FIVE-YEAR SUMMARY

2019 REVENUE OF €6.7 BILLION AT ALL-TIME HIGH, PROFIT UP 10 PER CENT

Revenue up 3.2 per cent on an underlying basis

Adjusted EBITA broadly stable at €1.16 billion, despite higher investments

Profit for the year up 10.1 per cent to €864 million

Attractive shareholder returns: dividend of €4.00 per share represents 81 per cent of the reported EPS, in line with the new dividend policy → *Please see update on page 34.*

Mediengruppe RTL Deutschland and Groupe M6 with higher audience and TV advertising market shares; Fremantle with revenue growth of 12.6 per cent

Paying subscribers for RTL Group's streaming services TV Now and Videoland up 37 per cent to 1.44 million

RTL Group to boost its streaming services, targeting 5 to 7 million paying subscribers by 2025

Luxembourg, 13 March 2020 – RTL Group announces its audited results for the year ended 31 December 2019.

FINANCIAL REVIEW

	2019 € m	2018 € m	Per cent change
Revenue	6,651	6,505	+2.2
Underlying revenue¹	6,518	6,317	+3.2
Adjusted EBITA	1,156	1,171	(1.3)
Adjusted EBITA margin (per cent)	17.4	18.0	
Reported EBITA	1,139	1,171	(2.7)
EBITDA²	1,405	1,380	+1.8
Impairment losses of goodwill	–	(105)	
Impairment of investments accounted for using the equity method	(50)	(2)	
Depreciation, amortisation and impairment	(281)	(224)	
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	87	27	
EBIT⁴	1,161	1,076	+7.9
Net financial expense	(5)	(13)	
Income tax expense	(292)	(278)	
Profit for the year	864	785	+10.1
Attributable to:			
– Non-controlling interests	110	117	
– RTL Group shareholders	754	668	+12.9
Reported EPS (in €)	4.91	4.35	+12.9

¹ Adjusted for scope changes, the wind-down of StyleHaul and at constant exchange rates

² See note 3 to the consolidated financial statements in the RTL Group Annual Report 2019

RTL GROUP REPORTS RECORD REVENUE FOR THE FIFTH CONSECUTIVE YEAR

- Group **revenue** increased 2.2 per cent to €6,651 million (2018: €6,505 million), mainly driven by higher revenue from Fremantle and RTL Group's digital businesses. On an underlying basis³ revenue grew by 3.2 per cent.
 - **Digital revenue**⁴ was up by 8.9 per cent to €1,073 million (2018: €985 million). Digital revenue accounted for 16.1 per cent of RTL Group's total revenue (2018: 15.1 per cent).
 - **Streaming revenue**⁵ from TV Now and Videoland was up by 46.7 per cent, to €135 million (2018: €92 million).
 - RTL Group's revenue is well diversified, with 44.2 per cent from TV advertising, 21.6 per cent from content, 16.1 per cent from digital activities, 5.5 per cent from platform revenue, 4.1 per cent from radio advertising, and 8.5 per cent from other revenue.
 - Adjusted for one-time effects related to the restructuring of RTL Group's Corporate Centre in Luxembourg (€17 million in 2019), **EBITA** was broadly stable at €1,156 million (2018: €1,171 million).
- The **Adjusted EBITA margin** was 17.4 per cent. **Reported EBITA**⁶ was €1,139 million compared to €1,171 million in 2018 (down 2.7 per cent).
- **Profit for the year** increased by 10.1 per cent to €864 million (2018: €785 million), mainly due to the capital gain from the disposal of Universum Film and lower impairments.
 - **Net cash from operating activities** was €1,085 million, representing an operating cash conversion rate of 105 per cent (2018: 90 per cent). **Net debt**⁶ was €384 million at the end of 2019 (2018: €470 million).
 - RTL Group's Board of Directors has proposed a **dividend** of €4.00 per share for 2019 – on the same level as in previous years. → *Please see update on page 34.*
 - Based on the average share price in 2019 (€45.80⁷), the dividend of €4.00 per share represents a **dividend yield** of 8.7 per cent and 81 per cent of the reported EPS (€4.91; up 12.9 per cent year on year). → *Please see update on page 34.*

³ Adjusted for scope changes, the wind-down of StyleHaul and at constant exchange rates

⁴ "Digital" refers to 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 content, consumer and professional services

⁵ Streaming revenue includes SVOD, TVOD and in-stream revenue from TV Now and Videoland

⁶ See note **3** to the consolidated financial statements in the RTL Group Annual Report 2019

⁷ Frankfurt Stock Exchange

STRENGTHENING RTL GROUP'S CORE

- Mediengruppe RTL Deutschland's channels increased their combined audience share in the main target group of viewers aged 14 to 59, by 0.6 percentage points to 28.1 per cent. This was largely due to the positive performance of the main channel **RTL Television**, which increased its audience share for the first time since 2011.
- Mediengruppe RTL Deutschland outperformed the German net TV advertising market, also thanks to the power of the German **Ad Alliance**.
- **Vox Up** was the latest addition to the German family of channels. The new free-to-air channel shares the advertising breaks with its sister channel Vox, while broadcasting different programmes and thus offering more net reach for advertisers.
- Groupe M6 completed the acquisition of France's leading free-to-air digital channel for children, **Gulli**, and five pay-TV channels from Lagardère. As a result, Groupe M6 gained audience and TV advertising market shares in 2019.

BOOSTING GROWTH BUSINESSES

- At the end of 2019, RTL Group registered 1.44 million paying subscribers for its streaming services (TV Now in Germany and Videoland in the Netherlands), up 37 per cent year on year. The viewing times of TV Now and Videoland also increased over the year, by 31 per cent and 45 per cent respectively.
- RTL Group aims to grow its total number of paying subscribers in Germany and the Netherlands to between 5 and 7 million, to grow streaming revenue to at least €500 million and to break even by 2025.
- With **Bedrock**, Groupe M6 is building the tech platform for the subscription video-on-demand (SVOD)/streaming service Salto, backed by Groupe TF1, France Télévisions and Groupe M6. The commercial launch of Salto is planned for 2020. The Bedrock tech platform will be used by Videoland in the Netherlands, as well as the RTL services in Belgium, Hungary and Croatia. RTL Group has agreed to become a 50 per cent shareholder of Bedrock, which will be a European platform open to third parties.
- **Fremantle's** revenue was up 12.6 per cent to €1,793 million (2018: €1,592 million). Its drama business continued to grow, with the second season of *American Gods*, the first commission for Norway with *Exit*, and the second seasons of *The New Pope* and *My Brilliant Friend: The Story of a New Name*. As a result, Fremantle's drama revenue increased by 36.2 per cent to €414 million (2018: €304 million).
- RTL Group has created Europe's leading digital talent network and content studio with the combination of **Divimove** and United Screens, which was recently strengthened by the acquisition of Tube One in Germany.

FOSTERING ALLIANCES AND PARTNERSHIPS

- The sales house **Ad Alliance** is the clear market leader in Germany, reaching 99 per cent of the country's population. Media Impact (Axel Springer/Funke Mediengruppe) became a new partner of Ad Alliance (for digital inventory) on 1 January 2020.
- RTL Nederland launched an advertising sales network for the Dutch market. The Dutch **Ad Alliance** integrates the sales activities of RTL Nederland, BrandDeli, Adfactor and Triade Media and will be open to new partners.
- Within the newly launched **Bertelsmann Content Alliance**, RTL Group companies (Mediengruppe RTL Deutschland, UFA and RTL Radio Deutschland) are working on several content cooperation projects such as a themed month in September 2019 which focused on climate change and environmental protection.
- Mediengruppe RTL Deutschland took over the responsibility for RTL Group's ad-tech business **Smartclip**. The objective is to create an open European ad-tech platform, based on technology developed by Smartclip and tailored for the needs of broadcasters and streaming services.
- Mediengruppe RTL Deutschland and ProSiebenSat1 launched the joint venture, **d-force**. The joint demand-side platform aims to boost addressable TV and online video advertising in Germany. In February 2020, d-force was also rolled out to Austria.

OUTLOOK

→ Please see update on page 34.

The following outlook does not reflect the Covid-19 ("Corona") virus outbreak as it is currently too early to quantify its impact on RTL Group's results. However, we already see first cancellations of advertising bookings and impacts on productions. Several organisations such as the OECD and IMF have lowered their growth forecasts for 2020 over the past days.

■ RTL Group expects its total **revenue** for the fiscal year 2020 to grow organically by +2 per cent to +3 per cent with TV advertising revenue slightly down and Fremantle's revenue up organically by +4 per cent to +6 per cent. This guidance excludes foreign exchange rate and scope effects.

■ RTL Group expects its **Adjusted EBITA** before additional streaming start-up losses to be broadly stable. After additional streaming start-up losses, Adjusted EBITA is expected to be down by up to -7 per cent.

■ The **dividend policy** presented in August 2019 remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.

RTL Group: strategic targets for the streaming services TV Now and Videoland	2019	2025e
Paying subscribers	1.44 m	5 m to 7 m
Streaming revenue	€135 m	>€500 m
Content spend per annum	€85 m	~€350 m

EBITA break-even expected in 2025.

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

With interests in 68 television channels, eight streaming 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.

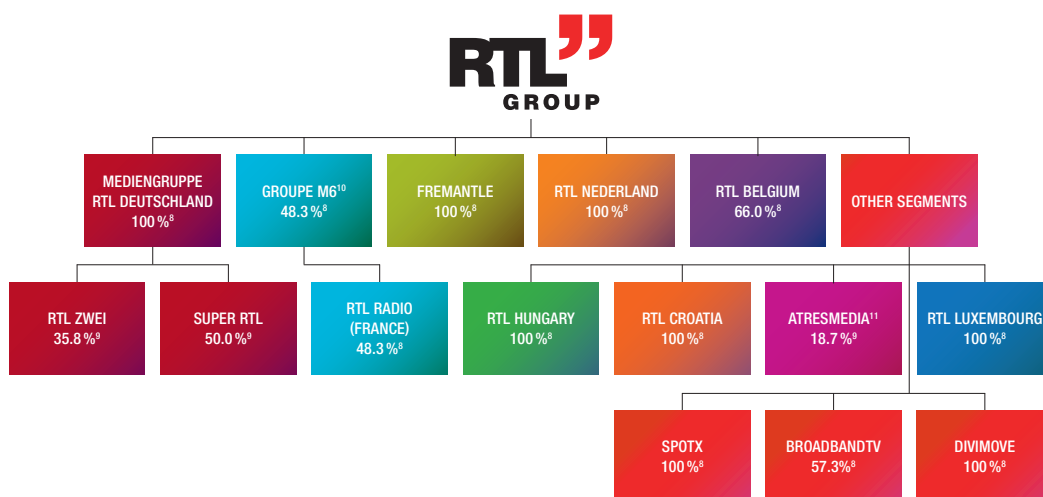
The Luxembourg-based company owns stakes in TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary and Croatia. With Fremantle, it is one of the world's leading producers of TV content: from talent and game shows to drama, daily soaps and telenovelas, including *Idols*, *Got Talent*, *Family Feud*, *American Gods* and *Charité*. Combining the streaming services of its broadcasters, the digital video networks BroadbandTV and Divimove 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 ad-tech businesses Smartclip and SpotX. RTL AdConnect is RTL Group's international advertising sales house.

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 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 and Luxembourg Stock Exchanges. Since September 2013, RTL Group has been listed in the MDAX stock index. RTL Group publishes its consolidated accounts in accordance with IFRS.

RTL GROUP CORPORATE STRUCTURE (SIMPLIFIED)



RTL Group's business comprises the following six reporting segments: Mediengruppe RTL Deutschland (including RTL Radio Deutschland and Smartclip), 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 including the Group's Corporate Centre and the investment

accounted for using the equity method, Atresmedia in Spain). The segment Others also includes the digital businesses SpotX, BroadbandTV and Divimove.

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

8 Fully consolidated
 9 Investment accounted for using the equity method
 10 Net of treasury shares and own shares held by Métropole Télévision SA under liquidity contract
 11 Net of treasury shares

MANAGEMENT APPROACH

The Group's business units are run by management teams with entrepreneurial freedom and editorial independence. This entrepreneurial approach enables each unit 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 28 August 2019 the Executive Committee is comprised of the CEO, the COO/Deputy CEO and the CFO. The Executive Committee is vested with internal management authority.

To drive the strategic agenda of RTL Group and to foster cooperation, the Group established a Group Management Committee (GMC) in August 2019, which is composed of the three members of the Executive Committee (CEO, COO/Deputy CEO, CFO) and the CEOs of the Group's three largest business units – Mediengruppe RTL Deutschland, Groupe M6 and Fremantle.

In the Operations Management Committee (OMC), the Executive Committee and senior executives from the Corporate Centre meet with all CEOs of the Group's units to share information, discuss opportunities and challenges, and explore the potential for cooperation.

RTL Group has strengthened cross-border collaboration in the areas of streaming technology (led by Groupe M6); advertising technology (led by Mediengruppe RTL Deutschland); content creation, sourcing and distribution; and international advertising sales.

In addition, all units 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 (including scripted and non-scripted), news and magazine content for the linear and non-linear offers, advertising sales and distribution. While each unit makes its own decisions, it is encouraged to draw on the understanding and expertise of other RTL Group companies.

The Corporate Centre provides the framework of strategic direction and financial control, while actively managing the Group's portfolio of holdings.

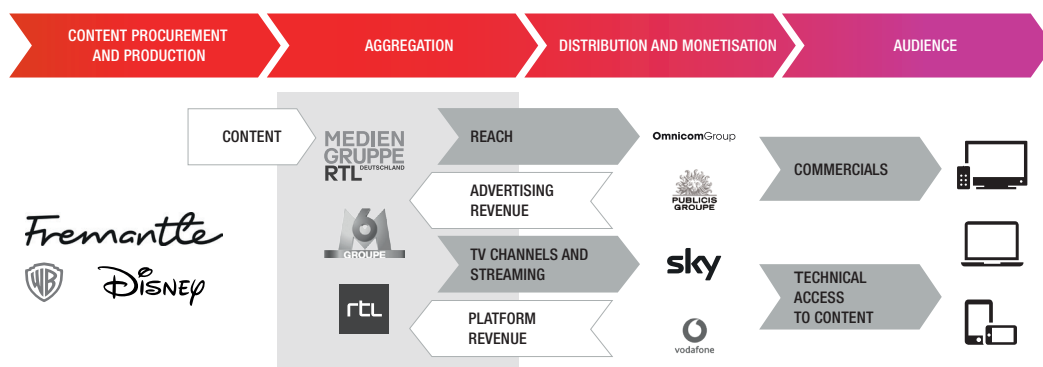
In 2019, RTL Group's Executive Committee redefined the role of the Group's Corporate Centre. For example, approval thresholds for investments were significantly increased and Group requirements reduced. Management bundled several of the Group's businesses to create bigger units, for example with the transfer of the German radio business to Mediengruppe RTL Deutschland.

As a consequence, the headcount of RTL Group's Corporate Centre has been significantly reduced and has partly been transferred to RTL Group GmbH in Cologne – to reduce costs and to make better use of the Group's resources, in particular of the Group's largest business unit, Mediengruppe RTL Deutschland.

BUSINESS MODEL

RTL Group's business model is to produce, aggregate, distribute and monetise the most attractive video content, across all formats and platforms.

BROADCAST



Generic broadcast value chain

RTL Group's 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.

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 advertisers 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 broadcasters distribute their content via all platforms, such as cable, satellite, terrestrial broadcasting and internet TV. In exchange for the broadcasting signal in high definition (HDTV) or additional services, such as the RTL Group broadcasters' pay-TV channels or streaming services, they receive fees from the platform operators. RTL Group reports this figure separately as platform revenue. Between 2012 and 2019, this high-margin revenue rose from € 175 million to € 368 million.

STREAMING

RTL Group's broadcasters have established their own streaming platforms that make their programmes available on all devices at all times – predominantly financed by advertising and subscriptions. They are also increasing their production of original content for their streaming services.

The aim is to combine the different streaming offerings into a hybrid business model, consisting of a free, advertising-funded service (catch-up) and a paid, premium content bundle – offering the programmes of the Group's linear TV channels in the respective countries, plus premium content, either exclusively produced or licensed from third parties.

CONTENT

RTL Group's broadcasters produce and commission a wide variety of local content, while the Group's global production arm, Fremantle, is responsible for around 12,800 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 streaming services with content that these clients use to build their businesses. Fremantle's network of local production and distribution companies operates in over 30 territories around the world.

Fremantle's international distribution business 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 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*, *Deutschland 86* and *My Brilliant Friend*.

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.

The business model of drama series is based on creating long-term library value. Ideally, these series will entertain viewers, and accordingly generate revenue and profits, for a period of between five and 20 years. The development cycle of high-end drama series – from concept to screening – can be anything from two to three years.

The fact that both the timing of the delivery of a finished programme and the initial transmission date are often decided by the broadcaster or streaming service can ultimately affect revenue recognition at a Group level. Phasing effects can swing significantly from one quarter to another, but are often neutralised over the course of the year.

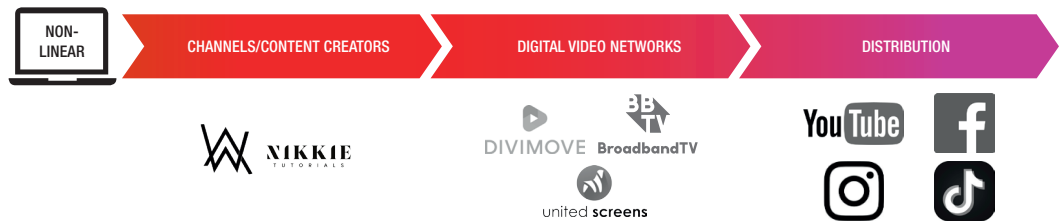
¹² Pre-production only starts once the idea is sold to a commissioning client network

DIGITAL

DIGITAL VIDEO NETWORKS

RTL Group fully owns or has stakes in several digital video or multi-platform networks (MPNs): BroadbandTV and Divimove. Creators and influencers create content for their own channels on an online platform such as YouTube or Instagram. As it can be hard for individual creators to sell advertising on their own or to approach and cooperate with bigger brands, digital video networks aggregate content to offer advertisers an attractive content package and, most importantly, help them reach a defined target group, such as young viewers.

On platforms such as YouTube, revenue is shared between the platform and the digital video networks. In return for their content, the creators receive a revenue share from the digital video networks. The more attractive the content – measured by the number of subscribers and video views – the higher the price for advertising. 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.

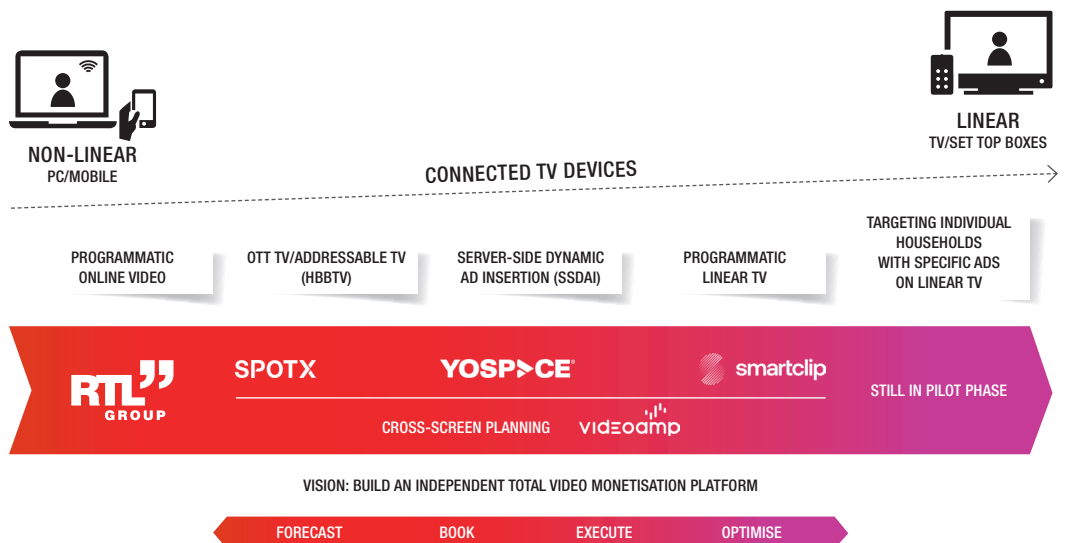


Generic value chain of digital video networks

ADVERTISING TECHNOLOGY

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising lets advertisers 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 space on a website or streaming service can be sold to advertisers looking for a particular demographic and willing to pay a price within a given range. 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. The market for addressable TV and online video in Germany alone is forecast to be in the single-digit euro billion range by 2022. Around 18 million TV devices in German-speaking regions are already accessible to addressable TV, and therefore tailored advertising.



VISION: BUILD AN INDEPENDENT TOTAL VIDEO MONETISATION PLATFORM

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

MARKET

MARKET ENVIRONMENT

Digitisation has significantly transformed the TV market. More than 90 per cent of EU households now receive their TV signal digitally, and, in Germany alone, viewers have access to over 100 linear television channels.

Digitisation has brought new ways of reaching viewers – such as short-form video content made for consumption on mobile devices and over-the-top streaming services – which complement conventional modes of TV distribution such as terrestrial television, cable and satellite (free-to-air 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 devices (smartphones,

tablets, connected TVs) has led to far-reaching changes in TV viewing behaviour. Now media convergence has become a technical reality, 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 linear TV channels delivered over-the-top)
- streaming services financed by advertising, pay per view or subscriptions¹³ (especially long-form)
- YouTube, Facebook and other online video platforms (especially short-form)

MARKET TRENDS

Against the backdrop of ongoing digitisation, RTL Group's markets are currently shaped by two key trends: **competition and consolidation**.

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

¹³ AVOD = advertising-financed video-on-demand (for example services from broadcasters such as 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 TV Now Premium, Videoland, Netflix, Amazon Prime Video, Hulu Plus)

COMPETITION

Traditional media companies, particularly in the United States, are spending tens of billions of dollars in the battle with newer market entrants such as Netflix, Amazon and YouTube (Google). In what became known as the 'streaming wars', in a short space of time, Disney, Apple, AT&T/WarnerMedia and Comcast/NBCUniversal all launched, or will launch, new streaming services. Subscriptions for libraries of films and shows, along with other services, cost up to \$15 a month.

As a result, the production business around the world is booming, especially for high-end drama series, causing rapidly rising prices for the best content and talent:

- There were 496 scripted TV shows made in the US in 2018, more than double the 216 series released in 2010. In the past eight years, the number of shows grew by 129 per cent.
- The boom has meant big Hollywood names such as JJ Abrams, Shonda Rhimes and Ryan Murphy, can command nine-figure deals to make shows for streaming services.
- More and more key players – such as Disney and AT&T/WarnerMedia – are holding back valuable IP and content to boost the growth of their own streaming services.

CONSOLIDATION

In the past ten years, many media groups have been folded into vertically integrated conglomerates that control both the production and distribution of content. Comcast bought NBC Universal, while the US telecommunications company AT&T bought DirecTV, a satellite firm, and Time Warner, owner of HBO and the Warner Bros studio.

The world's largest media company, Disney, expanded horizontally rather than vertically, with its \$71 billion acquisition of 21st Century Fox, Pixar (animation studio), Lucasfilm (*Star Wars*) and Marvel Entertainment (Marvel Comics). This period of consolidation created a handful of content giants with huge back catalogues, ready to spend heavily on old shows and new programming.

STRATEGY

As described in the previous section on market trends, the international TV industry is in the midst of a major transformation, with huge opportunities for those who are prepared to shape the future.

To successfully transform RTL Group's business, two factors are particularly important. One is higher reach – in both linear and non-linear – which requires investments in content, marketing and a state-of-the-art streaming platform. The second is better monetisation of audience reach – via targeting and personalisation/recommendation – which requires investments in advertising technology and data.

RTL Group's Board of Directors, Executive Committee and Group Management Committee (GMC) defined a strategy that builds upon three priorities:

1. Strengthening the Group's **core** businesses.
2. Expanding RTL Group's **growth** businesses, in particular in the areas of streaming, content production and technology.
3. Fostering **alliances and partnerships** in the European media industry.

CORE

STRENGTHENING RTL GROUP'S FAMILIES OF CHANNELS

Building and extending families of TV channels has been key to address 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 digital channels** with clearly defined profiles, including Nitro, RTL Plus, Vox Up, 6ter, and RTL Z.

RTL Group's primary focus is on organic growth. However, wherever attractive opportunities arise, the Group aims **to consolidate** across its existing European broadcasting footprint, including through acquisitions.

In 2019, Groupe M6 acquired 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 transaction included the full acquisition of Gulli (the country's leading free-to-air digital channel for children), five pay-TV channels and the corresponding streaming services, including Gulli Replay and Gulli Max.

Another focus for strengthening the Group's core business in broadcasting is to increase 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, streaming platforms and digital pay channels.

INVESTING IN CONTENT

Every year, RTL Group invests €3.5 billion in content, combining the programming spend of its broadcasters and the productions of its global content business, Fremantle.

Exploring all possible ways to develop and own new hit formats and continuing to grow the Group's investments into premium content are key to strengthen RTL Group's core businesses.

Every investment in local, exclusive content – including attractive rights for live sports events – strengthens both RTL Group's linear TV channels and streaming services. In January 2020, for example, Mediengruppe RTL Deutschland won a tender for the full and exclusive rights to broadcast and stream the Uefa Europa League and the newly established Uefa Conference League, starting with the 2021 to 2022 season, for a period of three years. This deal strengthens two of Mediengruppe RTL Deutschland's linear channels, RTL Television and Nitro, and will also be key for TV Now.

In 2019, RTL Group launched a new creative unit – Format Creation Group (**FC Group**) – which develops non-scripted formats exclusively for RTL broadcasters and their streaming services. FC Group is jointly financed by RTL Group's major broadcasters. The new unit aims to fulfil the growing demand for exclusive content by developing innovative **formats and intellectual property, fully owned and controlled by RTL Group**. FC Group currently focuses on the development of entertainment formats, reality and game shows, working closely with RTL broadcasters to reflect their needs in the local markets in which they are active.

INCREASING OPERATIONAL EFFICIENCY

Portfolio management: management is continuously reviewing the Group's portfolio of assets. In the last two years, RTL Group sold several non-core assets such as the football club Girondins de Bordeaux, the website MonAlbumPhoto in France, and the home entertainment and theatrical distribution company Universum Film in Germany. The Group has also started to review strategic options for BroadbandTV and SpotX.

Cost reduction: management is continuously assessing opportunities to reduce costs and to reallocate resources, for example to its streaming services. In 2019, RTL Group's Executive Committee reviewed the role of the Group's Corporate Centre (see page 41 "Management approach"). As a consequence, the Group's Corporate Centre has 'been significantly reduced and partly been transferred to Cologne, Germany.

GROWTH

BUILDING NATIONAL STREAMING CHAMPIONS

RTL Group is building national streaming champions in the European countries where it has leading families of TV channels. Making the most of the Group's competitive advantage in local programming, these streaming services will complement global services such as Netflix, Amazon Prime and Disney+.

The strategy is rolled out either through stand-alone services such as TV Now in Germany and Videoland in the Netherlands, or through national partnerships such as Salto in France.

RTL Group's stand-alone services will gradually adopt a **hybrid business 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 content production 'originals' exclusive to these services.

At the end of 2019, RTL Group registered 1.44 million paying subscribers for its streaming services TV Now in Germany and Videoland in the Netherlands – 37 per cent more than last year. The viewing times of TV Now and Videoland also increased over the year, by 31 per cent and 45 per cent respectively.

To further boost the expansion of RTL Group's streaming services over the next five years, RTL Group will grow:

- ...its **content spend per annum** in TV Now and Videoland from €85 million in 2019 to around €350 million in 2025.
- ...the **number of paying subscribers** for TV Now and Videoland from 1.44 million at the end of 2019, to between 5 and 7 million by the end of 2025.
- ...its **streaming revenue** from €135 million in 2019 to at least €500 million by 2025 and aims to **reach EBITA break-even** by 2025.

EXPANDING RTL GROUP'S GLOBAL CONTENT BUSINESS, FREMANTLE

RTL Group's content business, Fremantle, is one of the world's largest creators, producers and distributors of scripted and unscripted content. Fremantle has an international network of production teams, companies and labels in over 30 countries, rolling out 400 programmes across 75 formats each year, producing over 12,800 hours of original programming and distributing over 20,000 hours of content worldwide.

Fremantle pursues three strategic goals:

- Maintaining its position as a leading producer and distributor 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**.
- **Diversifying its portfolio.** Fremantle has made a series of investments in talent and labels, to strengthen its capabilities in the scripted, entertainment and factual genres, and in building a new client base with global streaming platforms such as Netflix and Amazon Prime.
- **Maximising its global network** by increasing scale in strategic markets. The company has strengthened its Scandinavian and southern European footprint and has expanded its scripted footprint in Latin America, Sweden, Norway and Spain.

Given current market trends, drama series are key for RTL Group's expansion plans for both its streaming services and its global content business, Fremantle.

Since 2012, Fremantle has invested heavily in high-end productions, to **accelerate its growth in scripted series**. With a series of acquisitions – including Miso in Scandinavia, Wildside in Italy, Kwaï in France, Easy Tiger in Australia, and Abot Hameiri in Israel – Fremantle has created a global network that now comprises 19 production sites for drama series.

Fremantle also bought minority stakes in a number of newly founded production companies, to secure first access to their creative talent and output. Working with world-class storytellers is key to Fremantle's scripted strategy. Currently, Fremantle – together with broadcasters and streaming platforms – is working on the realisation of at least 50 scripted series ideas.

As a result of this strategy, Fremantle currently generates 23 per cent of its total revenue from drama productions. While this share is expected to grow further over the coming years, management has decided not to give specific guidance on this indicator anymore. This reflects Fremantle's strategy to grow its business across all genres, including non-scripted formats, and to react swiftly to the constantly changing audience tastes in the various markets.

INVESTING IN TECHNOLOGY AND DATA

Combining key success factors of TV advertising – such as high reach, brand safety and emotional storytelling – with data and targeting offers significant growth potential for RTL Group's largest revenue stream: advertising.

RTL Group's largest unit, Mediengruppe RTL Deutschland, is responsible for the Group's ad-tech business **Smartclip**. The objective is to create an open ad-tech platform, based on the technology developed by Smartclip and tailored for the needs of European broadcasters and streaming services. Accordingly, Mediengruppe RTL Deutschland will invest further in evolving and growing the Smartclip platform.

In 2019, Mediengruppe RTL Deutschland and ProSiebenSat1 launched **d-force**, a joint demand-side platform for addressable TV and online video in Germany and Austria.

RTL Group's tech platform for its streaming services is currently built by Groupe M6 and its tech unit **Bedrock**. A common platform allows RTL Group to bundle its investments in streaming technology. The platform built by Bedrock will initially serve the French subscription service Salto – a partnership of Groupe TF1, France Télévisions and Groupe M6, due to be launched in 2020 – and Videoland in the Netherlands, as well as the RTL services in Belgium, Hungary and Croatia. Mediengruppe RTL Deutschland's TV Now platform and Bedrock will increasingly share components. RTL Group has agreed to become a 50 per cent shareholder of Bedrock, which will be a European platform open to third parties.

Within the area of data, the open log-in standard **NetID** was developed by the European NetID Foundation and initiated by Mediengruppe RTL Deutschland, ProSiebenSat1 and United Internet. 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, and Douglas, as well as the parcel delivery company, DPD.

In France, Groupe M6 is a founding member of the media data alliance, **Gravity**. The alliance currently includes 150 websites and applications from different companies and sectors such as telecommunications (for example Orange, SFR), media (for example Prisma Media, Condé Nast), e-commerce and services. Gravity aims to make all transactional, navigational and customer relationship management (CRM) data from the French publishing market available to agencies and advertisers through a common platform, to improve the performance of its clients' campaigns.

CREATING EUROPE'S LEADING DIGITAL TALENT NETWORK AND CONTENT STUDIO

RTL Group's digital video businesses have built significant reach among the young audiences that are highly sought after by advertisers.

In 2019, RTL Group **bundled its digital video networks**, United Screens, RTL MCN and UFA X within Berlin-based **Divimove**, making Divimove a leading digital studio and home for digital content creators in Europe. Divimove represents more than 1,300 social influencers in eight European countries that currently generate 34 billion online video views per month.

In July 2019, RTL Group's Executive Committee approved a growth plan to significantly expand Divimove's capabilities in talent management, production of short-form video content, advertising sales, and technology and data. In January 2020, Divimove acquired Tube One, one of the best-known influencer networks in Germany.

ALLIANCES AND PARTNERSHIPS

In competing with the global giants, new alliances and partnerships between European media companies have become increasingly important.

In autumn 2019, RTL Group's management started to promote new partnership opportunities – all based on the philosophy of bundling European broadcasters' resources to establish open and neutral platforms. RTL Group offers these partnership opportunities in areas such as advertising sales, advertising technology, streaming technology, content creation and data.

DRIVING INTERNATIONAL ADVERTISING SALES VIA RTL ADCONNECT

One key development for RTL Group's largest revenue stream – advertising – has been the increased demand from advertisers and agencies for global ad-buying opportunities. As a consequence, RTL Group is expanding its **international sales house, RTL AdConnect**, to give international advertisers and agencies easy access to RTL Group's large portfolio of TV and streaming services, digital video networks 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**.

BUILDING ONE-STOP SALES HOUSES FOR CROSS-MEDIA CAMPAIGNS

Ad Alliance, launched in Germany in 2017, offers high-reach to advertisers and agencies, and develops cross-media solutions and innovative advertising products as a one-stop provider. The Ad Alliance portfolio spans television, radio/audio, print, and digital. Ad Alliance is the only sales house in Germany that can offer complex campaigns across all media from a single source. In 2020, Media Impact became a partner of Ad Alliance for the digital inventory of Axel Springer and Funke Mediengruppe. Together, the platforms of the Ad Alliance reach 99 per cent of the German population. Ad Alliance remains open to additional partners.

RTL Nederland has followed the German example and is currently building an integrated advertising sales network for the Dutch market, also called Ad Alliance. The **Dutch Ad Alliance** integrates the sales activities of RTL Nederland, BrandDeli, Adfactor and Triade Media, and will also be open to new partners.

POOLING BERTELSMANN'S CONTENT EXPERTISE

At the beginning of 2019, RTL Group's majority shareholder formed the **Bertelsmann Content Alliance** in Germany. Bertelsmann is a creative powerhouse, investing close to €6 billion in creative content each year, of which €2 billion is invested in Germany. The Bertelsmann Content Alliance in Germany pools the Bertelsmann Group's content expertise to fully exploit the potential of its most important market. With content offerings across all media genres, and new marketing opportunities, Bertelsmann has become an even stronger partner for all creative professionals in Germany. This step also strengthens Bertelsmann's and RTL Group's positions in competing with the global giants.

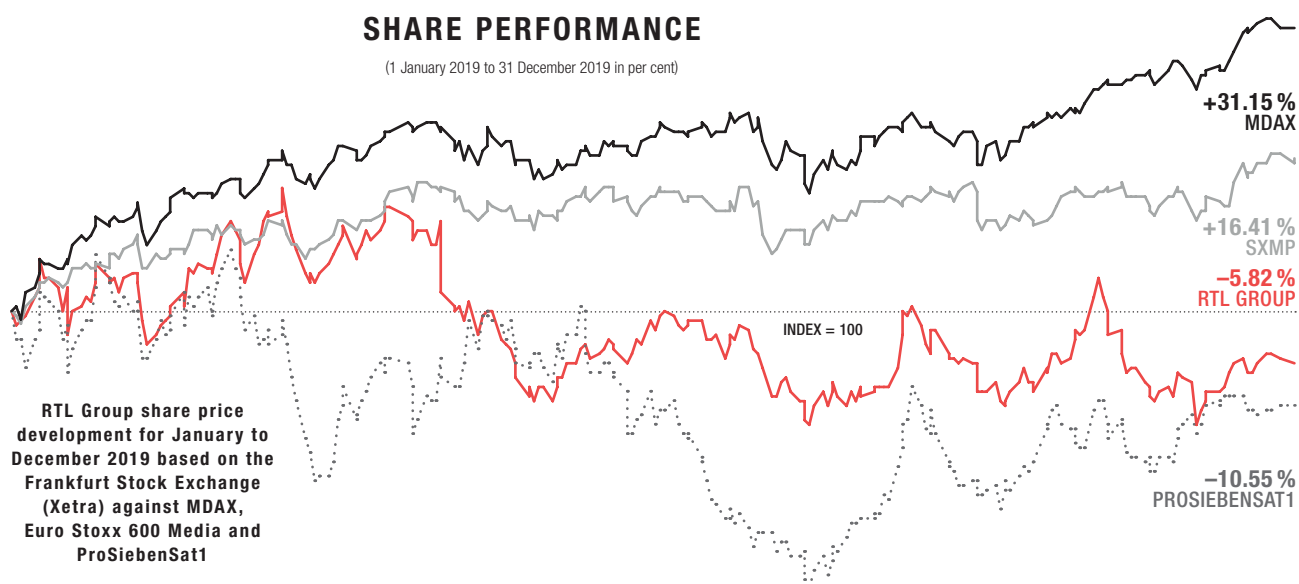
CAPITAL MARKETS AND SHARE

RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and also on the

Luxembourg Stock Exchange. Since September 2013, RTL Group has been listed in the MDAX stock index.

SHARE PERFORMANCE

(1 January 2019 to 31 December 2019 in per cent)



RTL Group's share price started 2019 at just over €46.70 and finished the year down 5.8 per cent, at €43.98. The share price highs and lows were €52.90 (19 March) and €40.86 (15 August).

On a quarterly basis, the average share price evolved as follows:

- Q1:** €48.46
- Q2:** €46.81
- Q3:** €44.27
- Q4:** €43.72

The Group declared and paid a dividend in April. The April payment of €3.00 (gross) per share related to the 2018 full-year ordinary dividend. The total cash paid out in 2019 with respect to RTL Group's dividends amounted to €461 million. Based on the average share price in 2019 (€45.80), the total dividends declared for the fiscal year 2019 (€4.00 per share; 2018: €4.00 per share) represent a dividend yield of 8.7 per cent (2018: 6.3 per cent) and a payment of 81 per cent of the reported EPS (€4.91). → *Please see update on page 34.*

For more information on the analysts' views on RTL Group and RTL Group's equity story, please visit the Investor Relations section on RTLGroup.com.

RTL GROUP RATING

RTL Group decided, during 2019, to cancel its ratings from both S&P and Moody's. These were, until the date of the cancellation, fully aligned to its parent

company, Bertelsmann SE & Co KG, due to its shareholding level and control on RTL Group.

RTL GROUP DIVIDEND POLICY

In August 2019, RTL Group's Board of Directors approved a new dividend policy, offering a pay-out ratio of at least 80 per cent of the Group's adjusted net result.

The adjusted net result is the reported net result available to RTL Group shareholders, adjusted for significant one-off items (both positive and negative).

RTL GROUP'S SHAREHOLDER RETURN

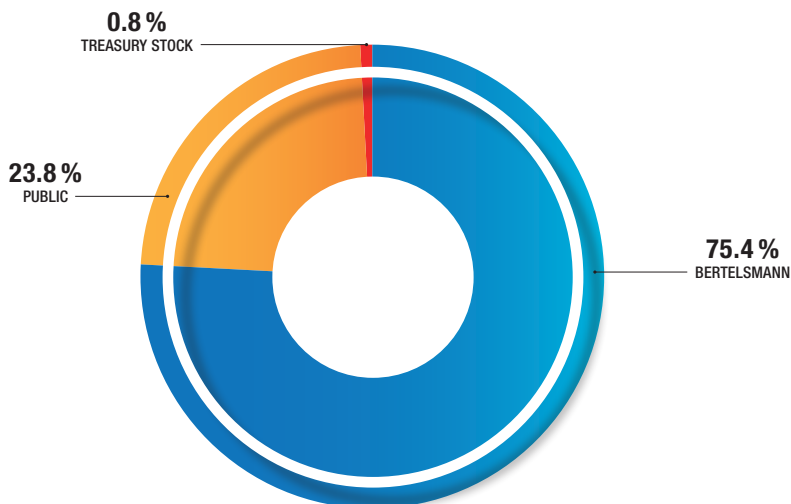
RTL Group measures its Total Shareholder Return (TSR) using the share price development and the dividend paid over the same time frame, and assumes that the share has been held for this full period.

For more information on RTL Group's shareholder return, please visit the Investor Relations section on RTLGroup.com.

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 are 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 31 December 2019, Bertelsmann held 75.4 per cent of RTL Group shares, and 23.8 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
Last total dividend	€3.00
Number of shares	154,742,806
Market capitalisation ¹⁴	€6,805,588,608
52 week high	€52.90 (19 March 2019)
52 week low	€40.86 (15 August 2019)

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
HDAX	0.2007

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group uses various key performance indicators (KPIs) to control its businesses, including revenue, EBITDA, EBITA and Adjusted EBITA, RTL Group Value Added (RVA), net debt, cash conversion and audience share in main target groups.

Some of RTL Group's key performance indicators are determined on the basis of so-called alternative performance measures which are not defined by IFRS. Management believe they are relevant for measuring the performance of the Group's operations, 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.

For definitions and more details on these KPIs (Adjusted EBITA excepted), see note 3. to the consolidated financial statements in the Annual Report 2019.

As announced in the outlook of the Annual Report 2018 RTL Group reverted back to guidance on EBITA in its outlook statement. The Group believes this

provides 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 therefore aligns the Group's guidance to the expectations of the investment community. In addition, the Group's EBITDA is affected by the application of the IFRS 16 (Leases) from 2019 onwards. As a result, RTL Group also comments primarily on EBITA as the KPI for measuring profitability. For purposes of comparability both EBITDA and EBITA are reported on for the Group's business segments in this Directors' report.

Further, in order to determine a sustainable operating result that could be repeated under normal economic circumstances and which is not affected by special factors or structural distortions EBITA is adjusted for special items. These special items primarily include restructuring costs and streaming start-up losses.

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

REVENUE

RTL Group estimates that the net TV advertising market decreased in 2019 in all markets where the Group is active, with the exception of Hungary and the Netherlands.

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.

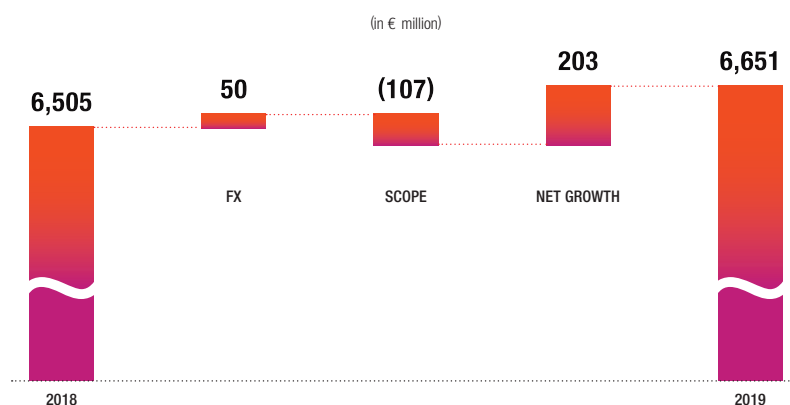
	Net TV advertising market growth rate 2019 (in per cent)	RTL Group audience share in main target group 2019 (in per cent)	RTL Group audience share in main target group 2018 (in per cent)
Germany	(2.5) to (3.0) ¹⁵	28.1 ¹⁶	27.5 ¹⁶
France	(1.5) ¹⁷	22.8 ¹⁸	21.4 ¹⁸
The Netherlands	+0.5 ¹⁵	29.8 ¹⁹	30.6 ¹⁹
Belgium	(3.2) ¹⁵	34.5 ²⁰	35.3 ²⁰
Hungary	+5.1 ¹⁵	27.5 ²¹	28.6 ²¹
Croatia	(4.8) ¹⁵	25.8 ²²	27.1 ²²
Spain	(5.8) ²³	27.7 ²⁴	28.4 ²⁴

RTL Group's total revenue was up 2.2 per cent to €6,651 million (2018: €6,505 million), reaching a record level. This was mainly driven by higher revenue from Fremantle and RTL Group's digital businesses. Foreign exchange rate effects had a positive impact of

€50 million on reported revenue. On a like-for-like basis (adjusting for portfolio changes, the wind-down of StyleHaul and at constant exchange rates) revenue was up 3.2 per cent organically to €6,518 million (2018: €6,317 million).

- 15 Industry and RTL Group estimates
 16 Source: GfK. Target group: 14–59
 17 Source: Groupe M6 estimate
 18 Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter and Gulli for 2019)
 19 Source: SKO. Target group: 25–54, 18–24h. Restated for a different audience measurement method, now excluding the screen use coming from devices such as hard disk DVD and video recorders
 20 Source: Audimétrie. Target group: shoppers 18–54, 17–23h
 21 Source: AGB Hungary. Target group: 18–49, prime time (including cable channels)
 22 Source: AGB Nielsen Media Research. Target group: 18–49, prime time
 23 Source: InfoAdex
 24 Source: TNS Sofres. Commercial target group: 25–59 (previously 16–54)

RTL GROUP REVENUE BRIDGE IN 2019



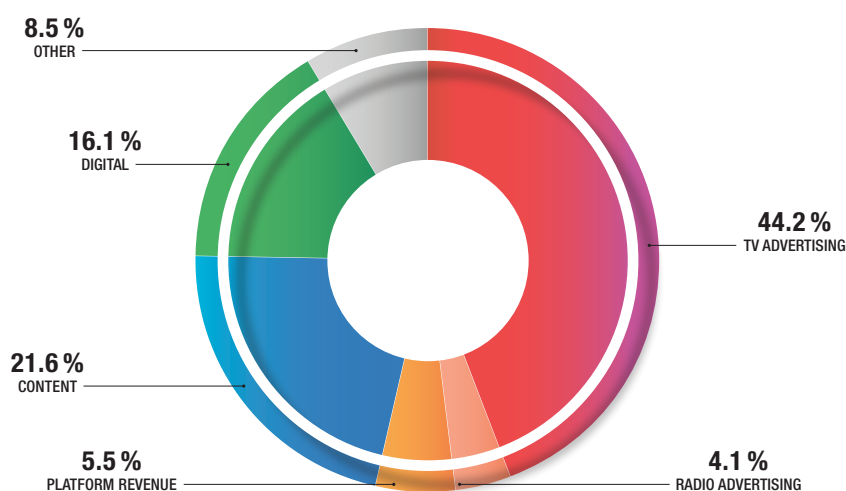
RTL GROUP REVENUE SPLIT

	2019 €m	2018 €m	Per cent change
Total revenue	6,651	6,505	+2.2
Broadcast²⁵	4,625	4,693	(1.4)
Content (Fremantle)	1,793	1,592	+12.6
Digital activities (BBTV, Divimove & SpotX)²⁶	452	412	+9.7
Eliminations	(219)	(192)	-

Streaming revenue²⁷ from TV Now and Videoland was up by 46.7 per cent, to €135 million (2018: €92 million).

RTL Group's revenue is well diversified, with 44.2 per cent from TV advertising, 21.6 per cent from content, 16.1 per cent from digital activities, 5.5 per cent from platform revenue, 4.1 per cent from radio advertising, and 8.5 per cent from other revenue.

In contrast to some competitors, RTL Group recognises only 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".



²⁵ Combined revenue of Mediengruppe RTL Deutschland, Groupe M6, RTL Nederland, RTL Belgium, RTL Hungary, RTL Croatia, RTL Luxembourg

²⁶ Combined revenue of RTL Group's digital video networks (BroadbandTV, Divimove and StyleHaul, which was wound down in 2019) and those of SpotX (ad-tech)

²⁷ Streaming revenue includes SVOD, TVOD, and in-stream revenue from TV Now and Videoland

GEOGRAPHICAL REVENUE OVERVIEW

	2019 €m	2018 €m
Germany	2,133	2,168
France	1,439	1,460
USA	1,118	972
The Netherlands	527	549
UK	295	245
Belgium	215	211
Others	924	900

For more details on geographical information, see note 5.2 to the consolidated financial statements in the Annual Report 2019.

EBITDA AND EBITA

Reported EBITDA was €1,405 million compared to €1,380 million in 2018 (up 1.8 per cent), driven by the impact of the new IFRS 16 (Leases) standard and significantly higher contributions from Fremantle. The **EBITDA margin** was almost stable at 21.1 per cent (2018: 21.2 per cent).

In 2019, the Group's **EBITA** was down 2.7 per cent to €1,139 million (2018: €1,171 million), mainly due to higher costs in programming and streaming services.

This resulted in an **EBITA margin** of 17.1 per cent (2018: 18.0 per cent). Adjusted for one-time effects related to the restructuring of RTL Group's Corporate Centre in Luxembourg (€17 million in 2019), EBITA was down only slightly, 1.3 per cent year on year.

For more detailed information and reconciliation of these measures see note 3 to the consolidated financial statements in the Annual Report 2019.

RTL GROUP VALUE ADDED

The 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.

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.

Before 1 January 2019, 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). 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.

From 1 January 2019 onwards, the cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the quarterly average invested capital (operating assets, right-of-use assets included less non-interest-bearing operating liabilities, lease liabilities excluded).

In 2019, RVA was €407 million (2018: €442 million). For more detailed information on RVA, see note 3 to the consolidated financial statements in the Annual Report 2019.

NET DEBT AND CASH CONVERSION

The consolidated **net debt** at 31 December 2019 amounted to €384 million (31 December 2018: net debt of €470 million). The Group intends to maintain a conservative level of gearing of up to 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 105 per cent in 2019 (2018: 90 per cent).

	As at 31 December 2019 €m	As at 31 December 2018 €m
Net (debt)/cash position		
Gross balance sheet debt	(788)	(894)
Add: cash and cash equivalents and other short-term investments	405	424
Add: cash deposit and others	—	—
Net (debt)/cash position²⁸	(384)	(470)

For more detailed information on net (debt)/cash position, see note 3. to the consolidated financial statements in the Annual Report 2019.

FINANCIAL DEVELOPMENT OVER TIME

	2019 €m	2018 €m	2017 €m	2016 €m	2015 €m
Revenue	6,651	6,505	6,373	6,237	6,029
EBITDA	1,405	1,380	1,464	1,411	1,360
EBITA	1,139	1,171	1,248	1,205	1,167
RVA	407	442	488	462	455
Net (debt)/cash	(384)	(470)	(545)	(576)	(671)
Cash conversion (in per cent)	105	90	104	97	87

²⁸ Of which net debt of €80 million held by Groupe M6 (net cash as at 31 December 2018: €79 million). The net debt excludes current and non-current lease liabilities (€432 million at 31 December 2019)

OTHER PERFORMANCE INDICATORS

OPERATING EXPENSES

Group operating expenses were up 2.9 per cent to €5,623 million (2018: €5,464 million).

SHARE OF RESULTS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The share of results of investments accounted for using the equity method amounted to €14 million (2018: €56 million) reflecting an impairment of €50 million against Atresmedia.

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

In 2019, the Group recorded a gain of €86 million (2018: €25 million).

INTEREST EXPENSE

Net interest expense amounted to €32 million (2018: expense of €20 million), primarily due to the interest charge on the Group's financial debt, pension costs, lease liability and other interest expenses.

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

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 2019).

The loss, totalling €15 million, relates solely to the amortisation of fair value adjustments on acquisitions of subsidiaries (2018: €120 million, including €105 million of impairment of goodwill).

INCOME TAX EXPENSE

In 2019, the income tax expense was €292 million (2018: expense of €278 million). The income tax charge for 2018 included the recognition of a one-off deferred tax asset amounting to €67 million and commission income, under the PLP Agreement (see note 10.1. to the consolidated financial statements in the RTL Group Annual Report 2019), of €28 million. In 2019 the Group benefitted from commission income, under the PLP Agreement, of €37 million.

PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

The profit for the period attributable to RTL Group shareholders was €754 million (2018: €668 million).

EARNINGS PER SHARE

Reported earnings per share, based upon 153,557,430 shares, both basic and diluted, was up 12.9 per cent to €4.91 (2018: €4.35 per share based on 153,548,938 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 par value.

RTL Group directly and indirectly holds 0.8 per cent (2018: 0.8 per cent) of RTL Group's shares (without taking into account the liquidity programme).

PROFIT APPROPRIATION (RTL GROUP SA)²⁹

The annual accounts of RTL Group show a profit for the financial year 2019 of €374,073,350 (2018: €496,254,473). Taking into account the share premium account of €4,691,802,190 (2018: €4,691,802,190) and the profit brought forward of €326,956,364 (2018: €446,023,311), the amount available for distribution is €5,392,831,904 (2018: €5,479,524,455).

²⁹ Amounts in Euro except where stated

MAIN PORTFOLIO CHANGES

YOSPACE

On 1 February 2019, SpotX Limited acquired 100 per cent of the share capital of Yospace Enterprises Limited and its fully owned subsidiary, Yospace Technologies Limited (Yospace). Yospace is a UK-based video technology company. It has developed solutions for server-side dynamic ad insertion (SSDAI) which enables the replacement of existing commercials with more targeted commercials. This acquisition complements the ad-tech stack of RTL Group. The purchase consideration amounted to €19 million, net of cash acquired.

UNIVERSUM FILM

On 30 April 2019, following approval by the German competition authority, Mediengruppe RTL Deutschland has fully disposed of its interests held in Universum Film GmbH (Universum), a home entertainment and theatrical distribution company. The sale proceeds of €91 million generated a capital gain, net of transaction-related costs, of €63 million.

GULLI

On 2 September 2019, Groupe M6 acquired 100 per cent of the share capital of Jeunesse TV SAS, Lagardère Thématiques SAS (renamed Jeunesse Thématiques SAS) and LTI Vostok LLC. This acquisition, including the children's channel Gulli, is a strategic opportunity for Groupe M6 to complement its offering for families and to strengthen its overall position in the French market, in particular by leveraging the power of the Gulli brand. The transaction qualifies as a business combination since Groupe M6 gained the control of the three companies. The purchase consideration amounted to €215 million, net of cash acquired.

For more information on RTL Group's main acquisitions, disposals, and increase in interests held in subsidiaries see note 6.2 to the consolidated financial statements in the RTL Group Annual Report 2019.

MAJOR RELATED PARTY TRANSACTIONS

At 31 December 2019, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH (BCH) (75.4 per cent). The remainder of the Group's shares are publicly listed on the Frankfurt and Luxembourg Stock Exchanges. The ultimate parent company of RTL Group SA, Bertelsmann SE & Co KGaA, includes in its consolidated financial statements those of RTL Group SA.

The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

Launched in 2017 by Mediengruppe RTL Deutschland and Gruner + Jahr Electronic Media Sales (G+J), Ad Alliance GmbH (Ad Alliance) promotes cross-media advertising solutions based on a large portfolio of TV, magazines and digital brands, ensuring a high-reach presence to its customers. Ad Alliance operates as a sales agent and generates revenue from commissions on an arm's length basis. On 1 January 2019,

Ad Alliance started to market TV advertising, online and print advertising for thirds, RTL Group and G+J, Spiegel and, until April 2019, Ligatus. The increase of sales of goods and services and accounts payable of €59 million and €31 million is mainly due to the development of the Ad Alliance business in 2019 (commissions on advertising sales of €32 million and related accounts payable €28 million).

During the fourth quarter of 2019, RTL Nederland launched a similar project in the Netherlands.

RTL Group is also part of Bertelsmann's Content Alliance. This was launched in 2019 along with other Bertelsmann divisions (BMG, Gruner + Jahr and Random House) in order to develop creative content and use the talent within the Group across the various media platforms.

The comprehensive description on the related party transactions is disclosed in the note 10.1 to the consolidated financial statements in the RTL Group Annual Report 2019.

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2019 PERFORMANCE

Linear TV continues to dominate the Total Video market and is the only medium to consistently reach mass audiences on a daily basis. In total, people watch more video content than ever before – long-form and short-form, linear and non-linear, on televisions and portable devices, and increasingly on different streaming platforms. 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 decreased in 2019 in all markets where the Group is active – with the exception of Hungary and the Netherlands.

RTL Group's broadcasting business proved to be resilient – particularly with Mediengruppe RTL Deutschland and Groupe M6 achieving both higher audience and TV advertising market shares. 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 2019 – *Dublin Murders*, *Beecham House*, the second seasons of *American Gods* and *The Rain* as well as *Exit* – Fremantle had a successful 2019 and has successfully positioned itself as a high-quality drama producer with worldwide appeal to both broadcasters and streaming services. Additionally, *American Idol* on ABC was particularly successful 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 8.9 per cent to €1,073 million during 2019 – representing about 16.1 per cent of the Group's total revenue – as a result of organic growth.

For the full year 2019, RTL Group's organic revenue growth of 2.4 per cent, or 3.2 per cent when adjusting for the wind-down of StyleHaul, was in line with its financial guidance (moderately up: +2.5 per cent to +5.0 per cent). In operating profit, the Group outperformed its guidance on EBITA (adjusted for restructuring at RTL Group's Corporate Centre). The reported EBITA margin was 17.1 per cent. Overall, 2019 was another positive financial year for RTL Group. In 2019, RVA was €407 million.

At the time this Directors' report was compiled, RTL Group is characterised by 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, technology and the growth of the Group's content businesses. → *Please see update on page 34.*

RTL Group has strong positions to accelerate its 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 2019

Revenue	2019 €m	2018 ³⁰ €m	Per cent change
Mediengruppe RTL Deutschland	2,262	2,304	(1.8)
Groupe M6	1,456	1,483	(1.8)
Fremantle	1,793	1,592	+12.6
RTL Nederland	496	504	(1.6)
RTL Belgium	185	186	(0.5)
Other segments	724	670	+8.1
Eliminations	(265)	(234)	–
Total revenue	6,651	6,505	+2.2
EBITDA	€m	€m	Per cent change
Mediengruppe RTL Deutschland	701	739	(5.1)
Groupe M6	396	400	(1.0)
Fremantle	184	147	+25.2
RTL Nederland	86	91	(5.5)
RTL Belgium	45	41	+9.8
Other segments	(7)	(38)	–
Reported EBITDA	1,405	1,380	+1.8
EBITA	€m	€m	Per cent change
Mediengruppe RTL Deutschland	663	723	(8.3)
Groupe M6	287	275	+4.4
Fremantle	142	127	+11.8
RTL Nederland	54	71	(23.9)
RTL Belgium	36	37	(2.7)
Other segments	(43)	(62)	–
EBITA	1,139	1,171	(2.7)
EBITA margins	2019 per cent	2018³⁰ per cent	Percentage point change
Mediengruppe RTL Deutschland	29.3	31.4	(2.1)
Groupe M6	19.7	18.5	+1.2
Fremantle	7.9	8.0	(0.1)
RTL Nederland	10.9	14.1	(3.2)
RTL Belgium	19.5	19.9	(0.4)
RTL Group	17.1	18.0	(0.9)

³⁰ Since 2019, the management of the German radios and RTL Group's European ad-tech businesses (except UK) report to Mediengruppe RTL Deutschland. These business units previously included in RTL Nederland and "Other segments" have been transferred to Mediengruppe RTL Deutschland segment. 2018 segment information has been restated accordingly



FINANCIAL RESULTS

In the reporting period, the German net TV advertising market was estimated to be down between 2.5 and 3.0 per cent, with Mediengruppe RTL Deutschland outperforming the market, driven by the strength of its cross-media sales house Ad Alliance and audience performance. Mediengruppe RTL Deutschland's revenue slightly decreased by 1.8 per cent to €2,262 million (2018: €2,304 million), with higher streaming and platform revenue largely compensating for lower TV advertising revenue and the scope exit of Universum Film. EBITA was down from €723 million in 2018 to €663 million – a decrease of 8.3 per cent reflecting higher programming costs (mainly sports rights such as for the ten matches of the German national football team aired in the reporting period) and TV Now. The results now include RTL Radio Deutschland and Smartclip, following their transfer from Other segments to Mediengruppe RTL Deutschland.

AUDIENCE RATINGS

In 2019, the combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 increased to 28.1 per cent³¹ (2018: 27.5 per cent) – mainly due to the main channel RTL Television. The German RTL family of channels increased its lead over its main commercial competitor, ProSiebenSat1, to 3.1 percentage points (25.0 per cent, 2018: lead of 2.7 percentage points).

With an audience share of 10.7 per cent in the target group of viewers aged 14 to 59 in 2019 (2018: 10.4 per cent), **RTL Television** increased its audience share for the first time since 2011. For the 27th consecutive year, RTL Television was the leading channel in the target group, well ahead of ZDF (8.0 per cent), ARD (7.8 per cent), Sat1 (7.6 per cent), and ProSieben (7.1 per cent). In addition, RTL Television was again the only channel with a double-digit audience share in this demographic. RTL Television's most-watched programme in 2019 was the Germany versus the Netherlands football game on 24 March 2019 which attracted a peak audience of 13.4 million viewers. 2019's most successful show was *Ich bin ein Star – Holt mich hier raus!* (I'm a Celebrity, Get Me Out of Here!). On average, 5.38 million viewers (24.2 per cent) aged 3 and over watched the 13th season of the jungle challenge. The show's average audience share among viewers aged 14 to 59 was 32.0 per cent.

The revamped streaming service **TV Now** attracted 5.32 million unique users³² in September 2019, a record number, and recorded an increase in paying subscribers of 45 per cent compared to 31 December 2018, as well as an increase in viewing time of 31 per cent. This was thanks to the wide range of programmes including the gay dating show *Prince Charming*, already recommissioned for a second season, and the drama series *M – Eine Stadt sucht einen Mörder*.

Vox achieved a 6.4 per cent audience share in the target group of viewers aged 14 to 59 (2018: 6.3 per cent). A highlight show for Vox in 2019 was again *Die Höhle der Löwen* (Dragons' Den), which generated an average audience share of 14.3 per cent among viewers aged 14 to 59. In addition, the show was the prime-time winner within the 14 to 54 target group with all eleven episodes. *Sing meinen Song – Das Tauschkonzert* also wowed viewers again, with the sixth season being watched by 9.2 per cent of viewers aged 14 to 59, 1.3 percentage points up on the previous year.

³¹ Including pay-TV channels
³² According to the September 2019 edition of the German Association of Online Research's AGOF daily digital facts

In the 14 to 59 target group **Nitro's** audience share in 2019 was 2.2 per cent (2018: 2.0 per cent). In its main target demographic of men aged 14 to 59, Nitro attracted an average audience share of 2.6 per cent (2018: 2.3 per cent).

The news channel **NTV** attracted 1.0 per cent of both the total audience and of viewers in the 14 to 59 demographic in 2019 (2018: 1.0 per cent).

RTL Plus continued its growth and attained a 1.6 per cent audience share in the 14 to 59 age group, up 0.2 percentage points on 2018.

Super RTL retained its leading position in the children's segment in 2019, attracting an average audience share of 21.6 per cent in the target group of three to 13-year-olds between 06:00 and 20:15 (2018: 22.0 per cent), ahead of the public service broadcaster KiKA (17.7 per cent).

In 2019, **RTL Zwei** attained a market share of 4.2 per cent among 14 to 59-year-old viewers (2018: 4.4 per cent).

Radio consumption in Germany remained strong, reaching 76.5 per cent of Germans aged 14 and above every day. Commercial radio also increased its reach (up by 4.4 per cent in the same target group). RTL Group's **German radio portfolio** increased its reach, thanks to Antenne Niedersachsen, Radio Hamburg and the Bavarian radio station Rock Antenne. **104.6 RTL** maintained its market leading position in the highly competitive Berlin radio market in the target group of listeners aged 14 to 49 for the 25th consecutive year.

In March 2019, the audio platform **Audio Now** was launched. It includes the podcasts of all relevant German publishers and many Audio Now Originals, which are developed by the podcast production company Audio Alliance. By the end of the year, the Audio Alliance had already produced over 70 formats that together had been clicked over 7 million times on Audio Now.



FINANCIAL RESULTS

In 2019, Groupe M6's revenue was down by 1.8 per cent to €1,456 million (2018: €1,483 million). The decrease in revenue was mainly due to the sale of the soccer club Girondins de Bordeaux and MonAlbumPhoto in 2018, which was only partially compensated by higher TV ad sales following the acquisition of Lagardère's TV operations in September 2019. With this acquisition – which included the country's leading free-to-air channel for children, Gulli – Groupe M6 outperformed the French TV advertising market, which was estimated to be down 1.5 per cent year-on-year. Groupe M6's EBITA was up 4.4 per cent to €287 million (2018: €275 million).

The net radio advertising market in France was estimated to be stable year on year, with Groupe M6's radio family (RTL, RTL 2, Fun Radio) outperforming the market.

AUDIENCE RATINGS

Groupe M6's combined audience share was up to 22.8 per cent in the key commercial target group of women under 50 responsible for purchases (2018: 21.4 per cent), supported by the acquisition of Gulli³³.

Flagship channel M6 retained its status as the second most-watched channel in France in the commercial target group, with an average audience share of 14.7 per cent (2018: 15.0 per cent). M6 entertainment brands such as *L'Amour est dans le pré* (The Farmer Wants a Wife), *Top Chef* or *La France a Un Incroyable Talent* (Got Talent) as well as M6's successful news and magazine formats continued to record high audience shares.

W9's audience share was 3.9 per cent among women under 50 responsible for purchases (2018: 3.8 per cent), ranking it second among the DTT channels in France. This was the result of programming combining high-audience reality series such as *Les Marseillais VS Le reste du Monde*, and powerful magazines such as *Minute par minute*.

6ter remained the leading HD DTT channel among the commercial target group for the fifth consecutive year, attracting an average audience share of 2.7 per cent (2018: 2.6 per cent). This was the channel's best annual audience share since its launch in 2012.

With Gulli, Groupe M6 was the leader among the children's target group (aged 4 to 10 years) during daytime (06:00 to 20:00) with an average audience share of 16.4 per cent (2018: 18.8 per cent). Thanks to its brands *Bienvenue chez les Louds* (Welcome to the Loud Home) and *Kally's Mashup*, Gulli was the favourite children TV channel in France for the ninth year.

In 2019, Groupe M6's streaming offer 6play recorded 27 million registered users, up 10 per cent year on year (2018: 25 million registered users) and recorded 487 million hours watched (2018: 443 million hours). As a result, digital advertising revenue from the service was up strongly. With 12 original productions and 100 original brands online, 6play continues to be the ideal platform for Groupe M6 channels to innovate and test new programmes.

In 2019, the RTL radio family of stations registered a consolidated audience share of 18.4 per cent among listeners aged 13 and older in the latest measurement (2018: 19.5 per cent). Its flagship station, RTL Radio, was the leading station in France for the 17th consecutive year with an average audience share of 12.3 per cent in 2019 (2018: 12.9 per cent). The pop-rock station RTL 2 achieved an average audience share of 2.9 per cent in 2019 (2018: 2.9 per cent), while Fun Radio registered an average audience share of 3.4 per cent in 2019 (2018: 3.7 per cent).

2019 also witnessed Groupe M6's first steps in the French podcast market, with the launch of the new brand RTL Originals, which registered 6 million downloads after its launch in May.

³³ Free-to-air channels only, including Gulli on a full-year basis

Fremantle

FINANCIAL RESULTS

Revenue of Fremantle – RTL Group's content business – was up strongly, by 12.6 per cent to €1,793 million in 2019 (2018: €1,592 million). This increase was mainly driven by the delivery of new shows and series such as the second season of *American Gods* and by *America's Got Talent: The Champions* and by UFA in Germany. Fremantle's drama revenue increased by 36.2 per cent to €414 million (2018: €304 million). Accordingly, EBITA increased by 11.8 per cent to €142 million (2018: €127 million).

NON-SCRIPTED

In the US, *America's Got Talent: The Champions* won an average audience of 12.4 million viewers resulting in a 12.3 per cent total audience share – performing 50 per cent higher than NBC's prime-time average. The 14th season of *America's Got Talent*, launched in May 2019, won an average audience share of 14.4 per cent among viewers aged 18 to 49, performing 56 per cent higher than NBC's prime time average.

American Idol was ABC's number one entertainment show of the 2018/19 season. For the key commercial target group of viewers aged 18 to 49 *American Idol* won a 7.0 per cent audience share, performing 25 per cent higher than ABC's prime-time average. The third season on ABC has already been commissioned.

In 2019, *The Greatest Dancer* had a successful launch on BBC1 and was the UK's highest rated new entertainment show of 2019, attracting young viewers and families. For the key commercial target group of viewers aged 16 to 34, *The Greatest Dancer* attracted an average audience share of 27.1 per cent. The show has been recommissioned for 2020.

The new format *Game of Talents* premiered in Spain on Cuatro in May 2019 and was the broadcaster's highest-rated show in Monday prime-time in two years. It averaged over one million viewers across the series, performing 33 per cent higher than the broadcaster's prime-time average audience share.

Fremantle was also the partner of choice for many streaming platforms, producing local versions of Netflix's *Nailed It!* for France, Germany and Spain.

SCRIPTED

The second season of *American Gods* was the highest-rated season launch on the US pay-TV channel Starz in over two years. The show was consistently the highest-rated broadcast on Starz throughout the season. The third season has been confirmed and is already in production.

The second season of the UFA drama production, *Charité*, attracted an average of 4.97 million total viewers, representing an average total audience share of 15.6 per cent. All six episodes of the second season were streamed 5.2 million times on the streaming service ARD Mediathek, making *Charité* the number one streamed TV series in Germany for 2019. UFA and ARD have already confirmed the third season of the historical hospital series.

Fremantle's first drama from Norway, *Exit*, inspired by true stories of the super-rich, became NRK's most streamed scripted series ever when it premiered in October 2019. The second season of *The Rain* from Miso Film premiered on Netflix in 2019 and has already been recommissioned for a third season.

INTERNATIONAL (GLOBAL DISTRIBUTION BUSINESS)

Fremantle sold the remastered version of *Baywatch* to over 110 territories worldwide, including, among others, Amazon Prime Video (US, Australia, Canada, the UK and Ireland), Hulu (US), Bell Media (Canada), Viacom (Italy), and both Mediengruppe RTL Deutschland and NBC Universal (German-speaking Europe).

Fremantle entered into an exclusive deal with the leading Australian broadcaster SBS for a content mix including *Dublin Murders*, *Baghdad Central*, *The Last Wave*, *The Attaché*, *Exit* and *Expedition*.

DIGITAL AND BRANDED ENTERTAINMENT

In 2019, content produced by Fremantle attracted 391 million fans across YouTube, Facebook, Twitter and Instagram (2018: 340 million). During the year, Fremantle's content had a total of 25 billion views on YouTube (2018: 26 billion) and 128 million subscribers across 337 channels (2018: 90 million subscribers across 332 channels).



FINANCIAL RESULTS

The Dutch net TV advertising market was estimated to be slightly up by 0.5 per cent year on year. RTL Nederland's revenue was down year on year to €496 million (2018: €504 million), mainly as a result of lower TV advertising revenue, partly compensated for by higher streaming and platform revenue. With lower TV advertising revenue and higher investments in the unit's streaming service, Videoland, EBITA was down to €54 million (2018: €71 million).

AUDIENCE RATINGS

In 2019, RTL Nederland's channels reached a combined prime-time audience share of 29.8 per cent in the target group of viewers aged 25 to 54 (2018: 30.6 per cent). RTL Nederland's channels remained ahead of the public broadcasters (28.1 per cent) and Talpa TV (23.3 per cent).

RTL Nederland's flagship channel, RTL 4, scored an average prime-time audience share of 17.2 per cent in the target group of shoppers aged 25 to 54 (2018: 17.7 per cent). RTL 4 retained its strong position in the talent show genre with *The Voice Of Holland* at the start of the year (38.5 per cent) and also at the start of a new season in autumn (39.4 per cent), as well as *The Voice Kids* (29.7 per cent), and the new shows *The Masked Singer* (32.3 per cent) and *All Together Now* (23.4 per cent).

RTL 5's prime-time audience share was 4.1 per cent in the target group of viewers aged 25 to 54 (2018: 4.2 per cent).

Men's channel RTL 7 scored an average prime-time audience share of 5.5 per cent among male viewers aged 25 to 54 (2018: 5.9 per cent).

Women's channel RTL 8 attracted an average prime-time audience share of 4.2 per cent among female viewers aged 35 to 59 (2018: 4.8 per cent).

RTL Z recorded a stable audience share of 1.0 per cent in the demographic of the upper social status aged 25 to 59 (2018: 1.0 per cent).

RTL Nederland's streaming service, Videoland, recorded an increase in paying subscribers of 29 per cent and in viewing time of 45 per cent year on year. Videoland's high growth was largely thanks to the reality format *Temptation Island*, the Dutch original series *Judas*, and the Emmy-winning US drama series *The Handmaid's Tale*, all of which are exclusive to Videoland in the Netherlands.



FINANCIAL RESULTS

Against the background of a declining net TV advertising market in French-speaking Belgium, estimated to be down 3.2 per cent year on year, RTL Belgium's revenue was largely stable at €185 million (2018: €186 million). EBITA was down slightly, to €36 million (2018: €37 million).

AUDIENCE RATINGS

RTL Belgium's family of TV channels attracted a combined audience of 34.5 per cent among shoppers aged 18 to 54 (2018: 35.3 per cent), maintaining its position as the clear market leader in French-speaking Belgium. RTL Belgium increased its lead over the public channels to 14.9 percentage points (2018: 14.4 percentage points).

The flagship channel, **RTL-TVI**, had an audience share of 25.3 per cent among shoppers aged 18 to 54 (2018: 26.1 per cent) – 11.0 percentage points ahead of the Belgian public broadcaster La Une, and 13.7 percentage points ahead of the French broadcaster TF1. The most watched programme of the year on RTL-TVI was the movie *RAID Dingue*, which scored a total audience share of 51.1 per cent among shoppers aged 18 to 54. The magazines *Face au Juge* and *Appel d'urgence* registered average audience shares of 45.7 and 45.4 per cent respectively. Also popular was the evening news show, *RTL Info 19h*, with an average audience share of 39.2 per cent in the commercial target group.

Club RTL recorded an audience share of 6.8 per cent among male viewers aged 18 to 54 (2018: 6.9 per cent).

Plug RTL reported a prime-time audience share of 3.8 per cent among 15 to 34-year-old viewers (2018: 3.9 per cent).

According to the CIM audience surveys for 2019 (January to December), **Bel RTL** and **Radio Contact** achieved audience shares of 11.7 and 14.2 per cent respectively, among listeners aged 12 years and over. In 2018 (January to December), audience shares reached 13.6 and 13.9 per cent respectively.

RTL Belgium's streaming service, **RTL Play**, performed strongly in 2019, with 820,000 registered users and 155,000 active users per month (2018: 445,000 registered users and 114,000 active users per month). Within the first full year of operation, RTL Play registered 12.5 million video views.

OTHER SEGMENTS

This segment mainly comprises RTL Group's digital assets – both its global ad-tech company SpotX, and its investments in digital video networks: BroadbandTV, StyleHaul, which was wound down in 2019, and Divimove. It also includes the fully

consolidated businesses RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities (RTL Luxembourg, BCE and RTL Group's Corporate Centre) and the investment accounted for using the equity method, Atresmedia in Spain.

REVENUE SPLIT – OTHER SEGMENTS

	2019 €m	2018 ³⁴ €m	Per cent change
Total revenue of other segments	724	670	+8.1
Thereof			
– Digital video networks	319	331	(3.6)
– Ad-tech	133	82	+62.2
– RTL Hungary	114	107	+6.5
– RTL Croatia	47	46	+2.2

DIGITAL VIDEO NETWORKS

In 2019, the combined revenue of RTL Group's digital video networks – including BroadbandTV, StyleHaul and Divimove – was down 3.6 per cent to €319 million compared to €331 million in 2018. The decrease was mainly due to the negative impact of the wind-down of StyleHaul, which was partly compensated for by the positive performance of BroadbandTV.



In 2019, **BroadbandTV** (BBTV) registered a total of 429³⁵ billion video views – up 5.9 per cent from 2018 – while revenue increased 14.6 per cent year on year (in Canadian dollars: up 11.0 per cent). In 2019, BBTV secured partnerships with major digital content partners including the gaming channel *Kwebbelkop*, *Jelly* – a content owner with 12 million subscribers and over 200 million video views per month across his comic content – *Family Fun Pack* a family with six digital channels dedicated to children's personalities and interests, the Grammy Award winner Flume and many more. The addition of these partners across a diverse range of content verticals further amplified BBTV's depth of content and its ability to offer best-in-class service. In addition, BBTV announced a partnership with Snapchat, where BBTV content partners are given the opportunity to create eight to ten episodes of a first-person, personality driven show that airs directly on the Snapchat app. Shows began premiering in summer 2019.

DIVIMOVE

In 2019, **Divimove**, a leading digital talent network and content studio in Europe, attracted a total of 34 billion video views (2018: 31 billion). The company registered 400 million subscribers per month – up 30 per cent on the same period in the previous year – across its 1,300 social influencers in Germany, Spain, the Netherlands, Italy, Poland, France and the Nordics, based on successful influencer management and acquisitions of top influencers in its core markets as well as the integration of UFA X (2018: 300 million subscribers across 900 social influencers). In January 2020, Divimove acquired Tube One Networks, a leading influencer marketing agency in Germany. The leading digital video company in the Nordics, United Screens, became part of Divimove during 2019. Revenue of Divimove (United Screens included) was up 6.6 per cent in 2019.

AD-TECH

In August 2019, RTL Group decided on a strategic review of its ad-tech businesses. Mediengruppe RTL Deutschland took over the responsibility for the Group's ad-tech business Smartclip. Furthermore, RTL Group sold its stake in Clypd in October 2019. RTL Group's ad-tech revenue was up by 62.2 per cent to €133 million compared to €82 million in 2018. Combined EBITA was down to €0.3 million (2018: €5 million), mainly as a result of transaction costs related to the acquisition of Yospace.

³⁴ Since 2019, the management of the German radios and RTL Group's European ad-tech businesses (except UK) report to Mediengruppe RTL Deutschland. These business units previously included in RTL Nederland and "Other segments" have been transferred to Mediengruppe RTL Deutschland segment. 2018 segment information has been restated accordingly

³⁵ Including views from external partners

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 70 per cent of its revenue now coming from major media owners and platforms, including AMC Networks, Discovery, Philo, Roku, and TiVo. SpotX currently reaches 42 million connected-TV households in the United States, with approximately 70 per cent of all ad spend in 2019 coming from over-the-top (OTT). SpotX completed its integration of Yospace³⁶, a global leader in server-side dynamic ad insertion (SSDAI) for live OTT streaming.

BROADCASTING



The Hungarian net TV advertising market was estimated to be up by 5.1 per cent in 2019. Total consolidated revenue of **RTL Hungary** was up 6.5 per cent to €114 million (2018: €107 million) mainly due to higher TV advertising revenue. EBITA doubled to €10 million (2018: €5 million), also due to the abolishment of the advertising tax in Hungary in July 2019.

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 27.5 per cent (2018: 28.6 per cent). The prime-time audience share of **RTL Klub** increased to 14.4 per cent (2018: 14.3 per cent), and the channel remained the clear market leader, 3.8 percentage points ahead of its main commercial competitor TV2 (2018: 4.7 percentage points). The most popular programme was *The X-Faktor*, with an average audience share of 31.7 per cent in the target group. RTL Hungary's **cable channels** achieved a combined prime-time audience share of 13.1 per cent among viewers aged 18 to 49 (2018: 14.3 per cent).

RTL Hungary's online portfolio generated a total of 162 million video views of long and short-form content in 2019 (2018: 110 million) – 102 million of which were recorded on the streaming platform, **RTL Most**. In October 2019, RTL Hungary launched its premium platform RTL Most+ with additional exclusive content.

RTL

HRVATSKA

In Croatia, the net TV advertising market was estimated to be down 4.8 per cent. Nevertheless, **RTL Croatia** increased its revenue to €47 million, driven by its digital businesses (2018: €46 million). EBITA was €1 million (2018: €2 million).

RTL Croatia's channels achieved a combined prime-time audience share of 25.8 per cent in the target audience aged 18 to 49 (2018: 27.1 per cent). The flagship channel, **RTL Televizija**, recorded a prime-time audience share of 17.6 per cent of 18 to 49-year-olds (2018: 17.9 per cent).

Local content, such as *Ljubav je na selu* (The Farmer Wants a Wife), *Superpar* (Powercouple) and *Život na vagi* (The Biggest Loser), remained a cornerstone of the channel's programming. The year started with the Men's Handball World Championship which attracted an average audience share of 34.5 per cent across 22 live matches, while the match between Spain and Croatia was watched by 60.4 per cent of 18 to 49-year-old viewers.

RTL 2 experienced a slight decrease in its prime-time audience share, to 5.6 per cent (2018: 6.8 per cent). The children's channel, **RTL Kockica**, recorded an average audience share of 18.2 per cent (2018: 21.2 per cent) among children aged four to 14 between the hours of 7:00 and 20:00.

RTL Croatia's online video views increased by 74.1 per cent to 54 million (2018: 31 million), including around 12 million video views from its streaming platform **RTL Play** (2018: 8 million), which was developed in collaboration with Groupe M6. RTL Play remained the leading streaming service in Croatia with 720,000 registered users, up by 80.0 per cent in 2019 (2018: 400,000).

³⁶ Acquired in February 2019

LUXEMBOURGISH OPERATIONS



In 2019, **RTL Luxembourg** confirmed 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 82.3 per cent (2018: 82.7 per cent) of all Luxembourgers aged 15 and over.

Remaining the number one station listeners turn to for news and entertainment, **RTL Radio Lëtzebuerg** reaches 164,500 listeners each weekday (2018: 184,900). **RTL Télé Lëtzebuerg** reached an important milestone with the co-production and launch of Luxembourg's first crime series *Capitani*. Along with other shows, this allowed the TV channel to attract 124,700 viewers each day (2018: 129,800). **RTL.Ju**, Luxembourg's most visited website, has a daily reach of 45.8 per cent (2018: 41.6 per cent) of all Luxembourgers aged 15 and over.



In 2019, **Broadcasting Center Europe (BCE)** reinforced its position in the online video market through the acquisition of Freecaster, an online video platform serving broadcasters, sports federations, leading luxury brands and institutions. As a result, international institutions, such as the European Central Bank and the German Bundesrat now rely on BCE's streaming services. BCE continued with the video transformation of the radio industry, the 4K/HD upgrade of key TV channels in EMEA, and the development of new cloud solutions for major video production companies.



The Spanish net TV advertising market decreased by an estimated 5.8 per cent in 2019. The **Atresmedia** family of channels achieved a combined audience share of 27.7 per cent in the commercial target group of viewers aged 25 to 59 (2018: 28.4 per cent). The main channel, **Antena 3**, recorded an audience share of 11.4 per cent (2018: 11.9 per cent) in the commercial target group.

On a 100 per cent basis, consolidated revenue of Atresmedia was slightly down 0.3 per cent to €1,039 million (2018: €1,042 million), while operating profit (EBITDA) was down by 1.6 per cent to €184 million (2018: €187 million) and net profit was €118 million (2018: €88 million). The profit share of RTL Group was up to €22 million (2018: €16 million).

The further reduction of the share price, the evolution of the Spanish TV advertising market, the decrease in consumption of linear TV, and the operating performance constituted triggering events for performing the impairment testing at 31 December 2019. The current valuation resulted in an impairment generating a loss of €50 million at 31 December 2019.

For more information on investments in associates please see note **8.5.1.** to the consolidated financial statements in the RTL Group Annual Report 2019.

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. The Mission Statement 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.

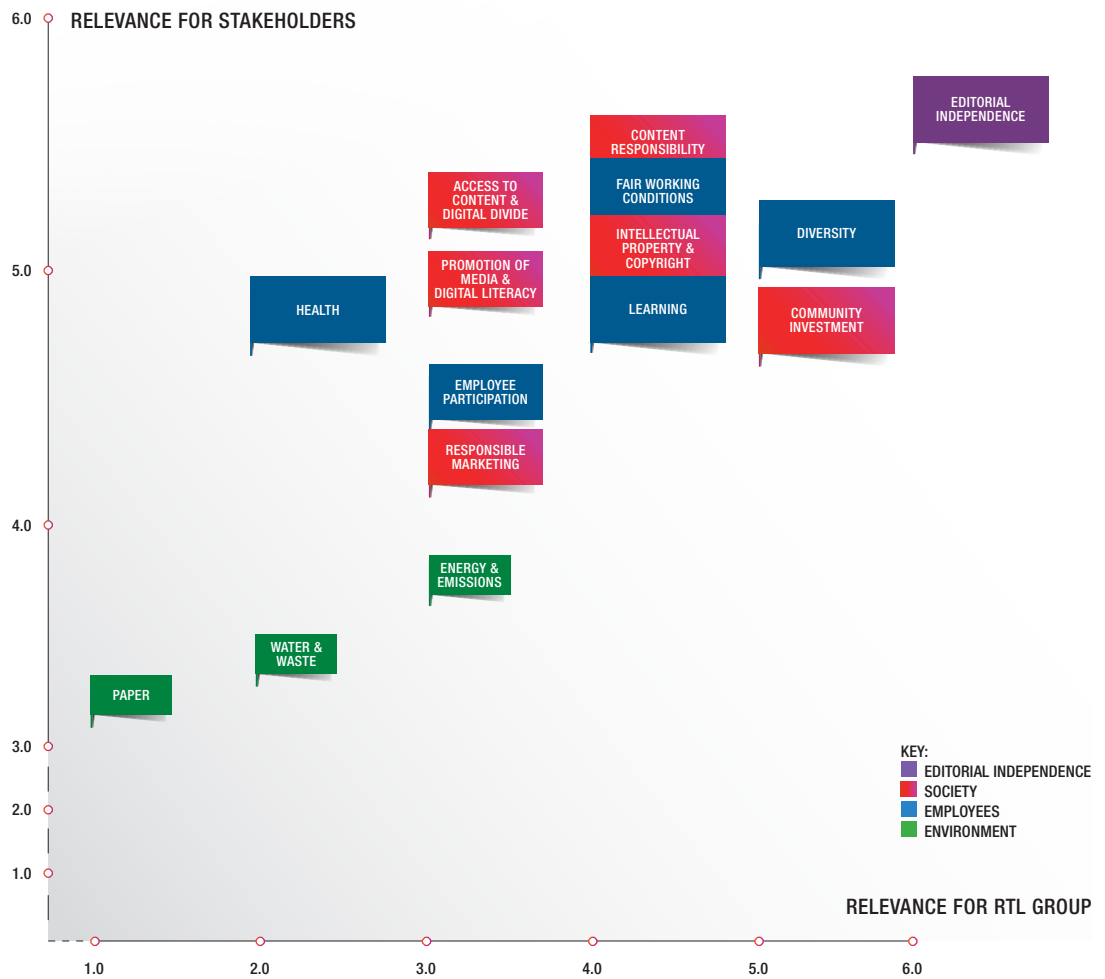
Following the reorganisation of the Group's Corporate Centre in 2019, RTL Group will redefine its CR organisation in the first half of 2020. As part of this re-evaluation it has been decided to discontinue publishing the Group's own Non-financial Statement. The information of the Combined Non-Financial Statement compliant with the European Directive 2014/95/EU and provisions by the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg – can be found in the Annual Report of our majority shareholder Bertelsmann SE & Co KGaA. Further information on RTL Group's non-financial information can also be found in the GRI reporting of Bertelsmann SE & Co KGaA on *Bertelsmann.com*.

The RTL Group CR Network, created several years ago and consisting of CR representatives from the Group's profit centres, meets annually to serve as a best-practice and knowledge-sharing platform.

This summary non-financial document covers the key information of the following relevant subjects: editorial independence, employees, diversity, society, intellectual property and copyright, information security, data protection and privacy, anti-corruption and anti-bribery, human rights and environment.

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. 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. In 2020, the current relevance analysis will be reviewed and updated in close collaboration with Bertelsmann.

RELEVANCE MATRIX



EDITORIAL INDEPENDENCE

RTL Group's broadcasting and news reporting are founded on editorial and journalistic independence. RTL Group's commitment to impartiality, responsibility and other core journalistic principles is articulated in its Newsroom Guidelines. Maintaining audience trust has become even more important in an era when news organisations and tech platforms have been accused of publishing misleading stories, and when individuals, radical political movements and even hostile powers post fake news on social networks to sow discord.

For RTL Group, independence means being able to provide news and information without compromising its journalistic principles and balanced position. Local CEOs act as publishers and thus are not involved in producing content. In each news organisation, editors-in-chief apply rigorous ethical standards and ensure compliance with local guidelines, which gives the Group's journalists the freedom to express a range of opinions, reflecting society's diversity and supporting democracy.

EMPLOYEES

RTL Group has a diverse audience and therefore needs to be a diverse and creative business. In 2019, the Group had an average of 10,747 full-time employees (16,264 headcount, including permanent and temporary employees) in more than 30 countries worldwide. They range from producers and finance professionals to journalists and digital technology experts.

RTL Group strives to be an employer of choice, one that attracts and retains the best talent. The objective is to equip employees with the skills and attitudes they need to confidently address the company's current and future challenges. The Group does this by offering training programmes and individual coaching in a wide range of subjects, from strategy and leadership to digital skills and health and well-being. It reviews and, if necessary, adjusts its training catalogue on an ongoing basis.

RTL Group's corporate culture is founded on creativity and entrepreneurship. The Group strives to ensure that all employees receive fair recognition, treatment and opportunities and is committed to fair and gender-blind pay. The same applies to the remuneration of freelancers and temporary staff, ensuring that such employment relationships do not compromise or circumvent employee rights. The Group also strives to support flexible working arrangements.

DIVERSITY

RTL Group's commitment to diversity is embedded in its processes and articulated in its corporate principles. The cornerstone is a Diversity Statement which unequivocally affirms the pledge to promote diversity and ensure equal opportunity throughout RTL Group. It sets guidelines and qualitative ambitions for the diversity of the Group's people, content and businesses.

RTL Group is committed to making every level of the organisation more diverse with regard to nationality, gender, age, ethnicity, religion and socio-economic background. The Group places a special emphasis on gender diversity. Although RTL Group's workforce as a whole is balanced by gender (with 52 per cent men and 48 per cent women at the end of 2019), in management positions men outnumber women by a wide margin. At the end of 2019, women accounted for 22 per cent of top management positions, and 20 per cent of senior management positions³⁷.

RTL Group's long-term ambition is for women and men to be represented equally across all management positions. In 2019, RTL Group's Executive Committee reviewed the Group's objectives and set the following quantitative targets for 2021: to increase the ratio of women in top and senior management positions to at least one third (21 per cent at the end of 2019). The Group reports on its progress towards these diversity targets each year.

The issue and importance of diversity is also reflected in the content the Group produces. The millions of people who turn to RTL Group each day for the latest local, national and international news need a source they can trust. RTL Group therefore maintains a journalistic balance that reflects the diverse opinions of the societies it serves. The same commitment to diversity applies to the Group's entertainment programming: it is essential for RTL Group to create formats for a wide range of audiences across all platforms. Content needs to be as representative as possible of the diversity of society, so that many different segments of society can identify with it.

SOCIETY

RTL Group is a leading media organisation and broadcaster and, as such, has social responsibilities to the communities and audiences it serves. These responsibilities are particularly serious with regard to children and young people. The Group complies fully with all child-protection laws and also ensures that its programming is suitable for children or is broadcast when they are unlikely to be viewing. In addition, RTL Group strives to give back to its communities by using its high profile to raise public awareness of, and funds for, important social issues, particularly those that might otherwise receive less coverage or funding.

As part of the Group's support of worthy causes, it provides free airtime worth several million euros to charities or non-profit organisations, to enable them to raise awareness of their cause. In addition, RTL Group donates significant amounts of money to numerous charitable initiatives and corporate foundations. Finally, RTL Group's flagship events broadcast in 2019 (Télévie in Belgium and Luxembourg; RTL Spendenmarathon in Germany) raised €24,806,880 for charity (2018: €23,064,207).

INTELLECTUAL PROPERTY AND COPYRIGHT

RTL Group's primary mission is to invest in high-quality entertainment programmes, fiction, drama, news and sports, and to attract new creative talent who can help the Group contribute to a vibrant, creative, innovative and diverse media landscape. Strong intellectual property rights are the foundation of RTL Group's business, and that of creators and rights holders.

RTL Group's Code of Conduct and Information Security Policy set a high standard for the protection of intellectual property. All employees are expected to comply with copyright laws and licensing agreements and to put in place appropriate security practices (password protection, approved technology and licensed software) to protect intellectual property. Sharing, downloading or exchanging copyrighted files without appropriate permission is prohibited.

INFORMATION SECURITY, DATA PROTECTION AND PRIVACY

RTL Group collects, retains, uses and transmits the personal data of customers, employees and third parties with great care, and has developed a framework of policies and internal controls in order to adapt to, and comply with, applicable laws and regulations. Neglecting information security (IS) challenges would jeopardise RTL Group's businesses. The risks include data loss, identity theft, unauthorised access or copyright infringement. These, in turn, could put the Group in breach of contract, harm its reputation, impede its operations or cause financial loss.

³⁷ Top management generally encompasses the members of the Executive Committee, the CEOs of the business units and their direct Management Board members and the Executive Vice Presidents of RTL Group's Corporate Centre. Senior management generally encompasses the Managing Directors of the businesses at each business unit, the heads of the business units' departments and the Senior Vice Presidents of RTL Group's Corporate Centre

In 2014, RTL Group established a revised Group-wide framework of structured roles for the organisation and governance of IT and IS. RTL Group's IT Governance Committee (ITGCo), is responsible for ensuring the Group adopts a thorough and structured approach to IT. The ITGCo is required by RTL Group's Executive Committee to take decisions on all IT-related issues, including the design of Group-wide IT strategy, governance, IT and IS policies, and the definition and monitoring of Group-wide IT initiatives and projects.

As stated in the RTL Group IT Guidelines, each business unit has defined IT roles and responsibilities. These include Business Unit Information Security Officers, who are responsible for ensuring the implementation of IT policies and the continuous monitoring of cyber security risks, and License Compliance Managers, who oversee compliance with software licenses. In March 2018, RTL Group adopted a privacy and general data protection policy that defines the principles and organisational framework needed to comply with GDPR. This guidance enables the business units to ensure that their affiliated companies comply with the regulations.

ANTI-CORRUPTION AND ANTI-BRIBERY

RTL Group is aware that the foundation for lasting business success is built on integrity and trustworthiness, and has zero tolerance of any form of illegal or unethical conduct. Violating laws and regulations – including those relating to bribery and corruption – is not consistent with RTL Group's values and could damage the Group. Non-compliance could harm the Group's reputation, result in significant fines, endanger its business success and expose its people to criminal or civil prosecution.

The Compliance department provides Group-wide support on anti-corruption, anti-bribery, and other compliance-related matters. In addition to centralised management by the Compliance department, each business unit has a Compliance Responsible in charge of addressing compliance issues, including anti-corruption.

For information about RTL Group's Audit Committee please see pages 79 to 80 of RTL Group's Annual Report.

Representatives of RTL Group management sit on the RTL Group Corporate Compliance Committee. The committee, which is chaired by RTL Group's Chief Financial Officer, is responsible for monitoring compliance activities, promoting ethical conduct and

fighting corruption and bribery. It is kept informed about ongoing compliance cases and the measures taken to prevent compliance violations.

The RTL Group Anti-Corruption Policy is the Group's principal policy for fighting corruption. It outlines rules and procedures for conducting business in accordance with anti-corruption laws and Group principles.

HUMAN RIGHTS

Respect for human rights is a vital part of RTL Group's Code of Conduct, which includes a decision-making guide that clarifies how to comply with the company's standards in case of doubt. The Group's commitment to responsible and ethical business practices extends to its business partners. In 2017, RTL Group established the RTL Group Business Partner Principles, which sets minimum standards for responsible business relationships. To report suspected human rights violations or unethical practices, employees and third parties can contact RTL Group's compliance reporting channels (directly or through a web-based reporting platform) or an independent ombudsperson. In all cases, they may do so anonymously.

ENVIRONMENT

RTL Group is a media company with no industrial operations and therefore does not consume significant amounts of raw materials or fossil fuel and is not a major polluter. The Group is mindful that resource conservation and climate protection are key challenges for the 21st century. For this reason – together with employees and in dialogue with various stakeholders – RTL Group is committed to minimising its impact on the environment, by reducing its energy use and its direct and indirect greenhouse gas (GHG) emissions. It codified this commitment in February 2018 by issuing its first Environmental Statement.

RTL Group has measured and published its carbon footprint since 2008. Serving as the key indicator for evaluating and continually improving the Group's climate performance, it was formerly calculated on the basis of each country's average energy mix. To improve data quality, since 2017 it has been calculated on the basis of the emissions associated with the Group's individual electricity supply contracts.

At the beginning of 2020, RTL Group decided to become carbon neutral by 2030.

For RTL Group's environmental indicators according to GRI standards please visit RTLGroup.com.

INNOVATION

The innovations at RTL Group focus on three core topics: continuously developing new, high-quality TV formats, using all digital means of distribution, and expanding diverse forms of advertising sales and monetisation.

RTL Group established, for example, the FC Group (Format Creation Group) that meets the high demand for exclusive content by developing innovative format ideas and intellectual property that is fully owned and controlled by RTL Group. FC Group develops factual entertainment formats and reality shows exclusively

for RTL broadcasters and streaming services, reflecting their needs in the local markets. Groupe M6 is developing the tech platform for the pay streaming service Salto (to be launched in 2020), backed by Groupe TF1, France Télévisions and Groupe M6. This streaming tech platform will also be used by RTL Group broadcasters and is open to other broadcasting partners. In Germany, Mediengruppe RTL Deutschland launched a joint venture, called d-force, together with ProSiebenSat1, which aims to boost addressable TV and online video advertising in Germany.

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 notes 8.51. and 8.141. to the consolidated financial statements in the RTL Group Annual Report 2019).

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 RTL 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 to substantiate a possible claim for damages. The proceedings follow 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) granted by IP Deutschland GmbH and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. IP Deutschland has rejected the motion of lack of impartiality as unfounded. In May 2019, the court announced it would draw up a list of questions by the end of July and give the expert the opportunity to comment on the motion of lack of impartiality. However, until today, the court did not address the expert. The court case will continue. 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 of 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". The judicial expert issued in September 2019 his final report which confirmed the "halo effect" but assessed that Fun Radio's results were over-corrected. As of 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 was suspended until the end of the judicial expertise and will restart in the first quarter of 2020. In the meantime, four of the six claimants withdrew their claim from the proceedings.

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. On 28 May 2019, the department of the competition authority responsible for the investigation submitted a proposal for a decision which included a proposed fine of €49.2 million. Atresmedia submitted its observations on the proposed decision on 28 June 2019. On 12 November 2019, the CNMC Board took its decision and imposed a fine of €38.2 million. On 10 January 2020, Atresmedia filed an application for judicial review against the decision with the competent court. Atresmedia remains convinced that the decision made by the CNMC is not sufficiently justified and expects a positive outcome. The prospects of success are based, inter alia, on the outdated definition of the advertising market used by CNMC.

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 3. 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 on *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, divided into 154,742,806 fully paid up shares with no par value.

As at 31 December 2019, Bertelsmann held 75.4 per cent of RTL Group shares, and 23.8 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 8.16 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

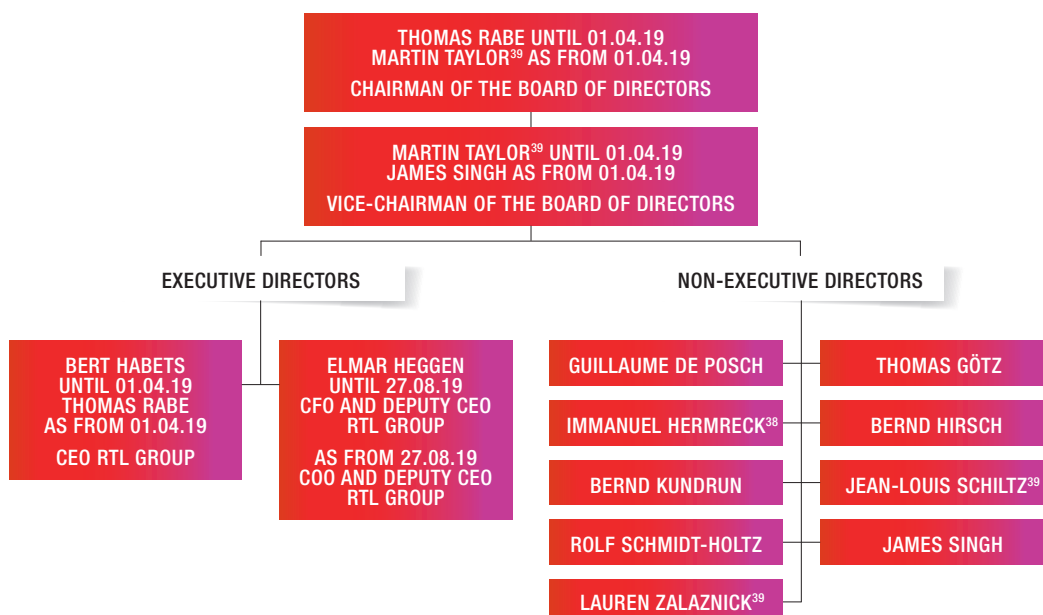
The Board of Directors has the most extensive powers to take, in the interest of the company, all acts of administration and of disposal, that are not reserved by law or the Article of Incorporation to the General Meeting of Shareholders.

On 31 December 2019 the Board of RTL Group had 12 members: two executive directors and ten non-executive directors. The Annual General Meeting (AGM) on 26 April 2019 ratified the appointment of Immanuel Hermreck co-opted with effect from 1 January 2019 in replacement of Rolf Hellermann.

The other executive and non-executive directors re-elected at the AGM of 2018 were appointed for three years. Rolf Hellermann resigned with effect from 31 December 2018. Biographical details of the directors are set out on pages 22 to 26.

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 1 APRIL 2019 TO 31 DECEMBER 2019



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 all 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 of Directors 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 eight times physically or by telephone conference in 2019 – 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.

³⁸ Immanuel Hermreck was co-opted on 12 December 2018, with effect on 1 January 2019
³⁹ Independent Director

Individual attendance of the members of the RTL Group Board of Directors in 2019	Participation in meetings	Attendance %
Thomas Rabe (Chairman until 1 April 2019)	8/8	100
Martin Taylor (Chairman since 1 April 2019)	8/8	100
Guillaume de Posch	8/8	100
Bert Habets	2/2	100
Elmar Heggen	7/8	87
Thomas Götz	8/8	100
Immanuel Hermreck	8/8	100
Bernd Hirsch	8/8	100
Bernd Kundrun	7/8	87
Jean-Louis Schiltz	8/8	100
Rolf Schmidt-Holtz	7/8	87
James Singh	8/8	100
Lauren Zalaznick	8/8	100

The Executive Committee 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 2019, a total of €1.4 million (2018: €1.2 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 in the RTL Group Annual Report 2019).

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 four non-executive directors (three until 1 April 2019), 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, the COO/Deputy CEO and the Executive Vice President Human Resources. The

Nomination and Compensation Committee may involve other persons to help the committee fulfil its tasks. The Chairman of the Nomination and Compensation Committee reports on the discussions held and conclusions made by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met seven times in 2019, physically or by telephone conference, with an average attendance rate of 91.4 per cent.

Individual attendance of the members of the Nomination and Compensation Committee	Participation in meetings	Attendance %
Martin Taylor (Chairman)	6/7	86
Rolf Schmidt-Holtz	5/7	71
Thomas Rabe (until 1 April 2019)	3/3	100
Thomas Götz (since 1 April 2019)	4/4	100
Immanuel Hermreck (since 1 April 2019)	4/4	100

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 Internal 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 at least 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 COO/Deputy CEO, the Chief Financial Officer (CFO), the Head of Internal 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 in helping the committee fulfil its tasks.

The Audit Committee met five times in 2019 – physically or by telephone conference – with an average attendance rate of 96 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.

Individual attendance of the members of the Audit Committee	Participation in meetings	Attendance %
James Singh (Chairman)	5/5	100
Bernd Hirsch	5/5	100
Thomas Rabe (until 1 April 2019)	1/1	100
Martin Taylor	4/5	80
Jean-Louis Schiltz (since 1 April 2019)	4/4	100
Thomas Götz (since 1 April 2019)	4/4	100

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.

CHIEF EXECUTIVE OFFICER (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

Until 27 August 2019, the Executive Committee comprised the two executive directors, the CEO and the CFO/Deputy CEO. Since 27 August 2019, the

Executive Committee has been comprised of the two executive directors, the CEO and the COO/Deputy CEO plus the CFO. The Executive Committee is vested with internal management authority. More information about the members of the Executive Committee can be found on page 27.

In 2019, a total of €7.5 million (2018: €8.0 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 26 April 2019, the shareholders appointed PricewaterhouseCoopers, société coopérative (PwC) for a year. PwC's mandate will expire at the Annual General Meeting on 22 April 2020.

DEALING IN SHARES

The company's shares are listed on the Frankfurt and Luxembourg Stock Exchanges. The company's shares were delisted on Euronext Brussels on 13 May 2019. 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 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 its 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 through 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 transmitted 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 'Risk Management' on the next page).

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. Control 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. Full-year and half-year reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors. Q1 and Q3 quarterly statements are 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 affect 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 & 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 aims to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources. To ensure compliance with the EU General Data Protection Regulation 2016/679, for example, RTL Group was an initiator of the European netID Foundation, which provides the log-in standard netID.
Audience and market share	A decrease in audience and/or market share may have a negative impact on RTL Group's revenue.	New talents and formats are developed or acquired. Performance of existing shows is under constant review with the aim of improving audience share performance and hence future revenue. Moreover, RTL Group remains constantly proactive in monitoring international market trends.
Strategic direction	Wrong strategic decisions could lead to a potential loss of revenue. Also, wrong strategic investment decisions or high purchase prices could lead to an impairment of goodwill.	Prudent investment policies are followed, underpinned by realistic and conservative business plans approval levels are followed to ensure the relevant degree of management sign-off, with solid valuation models, and regular strategic planning sessions. A regular review of strategic options is undertaken.
Cyclical development of economy	Economic developments directly affect advertising markets and therefore RTL Group's revenue.	RTL Group tries to diversify the revenue base through new products and services that generate non-advertising revenue.
Market risks		
New entrants and market fragmentation	Digitisation has significantly transformed the TV market, bringing new ways of reaching viewers – such as short-form video content made for consumption on mobile devices and over-the-top streaming services – and reducing the barriers to enter the TV market. Higher competition for audience attention and programme acquisitions, accelerated audience fragmentation due to streaming services and thematic channels, and expansion of platform operators may affect RTL Group's position.	RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (that is, available on the widest possible choice) and the Group develops strong families of channels and streaming services for the digital age, based on the Group's leading brands. With alliances and partnerships RTL Group's aim is to counteract the dominance of the emerging streaming platforms from the US. RTL AdConnect and the Ad Alliances in Germany and the Netherlands.
Risks in key business		
Customers	Bad debts or loss of customers may negatively impact RTL Group's profits.	Credit analysis of all new advertisers is systematically undertaken to prevent such a risk. Depending on the customer's credit-worthiness, insurance 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 aims 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 by, 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 lead to write-offs or impairments.	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, or at production level, or in the digital environment where competition could reduce margin levels.	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	The operating margin and programme costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD against the EUR (e.g. feature films, sports and distribution rights, scripted programmes).	RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using hedging 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 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 advertising businesses are more exposed than most to economic cycles. RTL Group's international presence exposes it to further risks, such as adverse currency movements.

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

RTL 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 Internal Audit.

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;

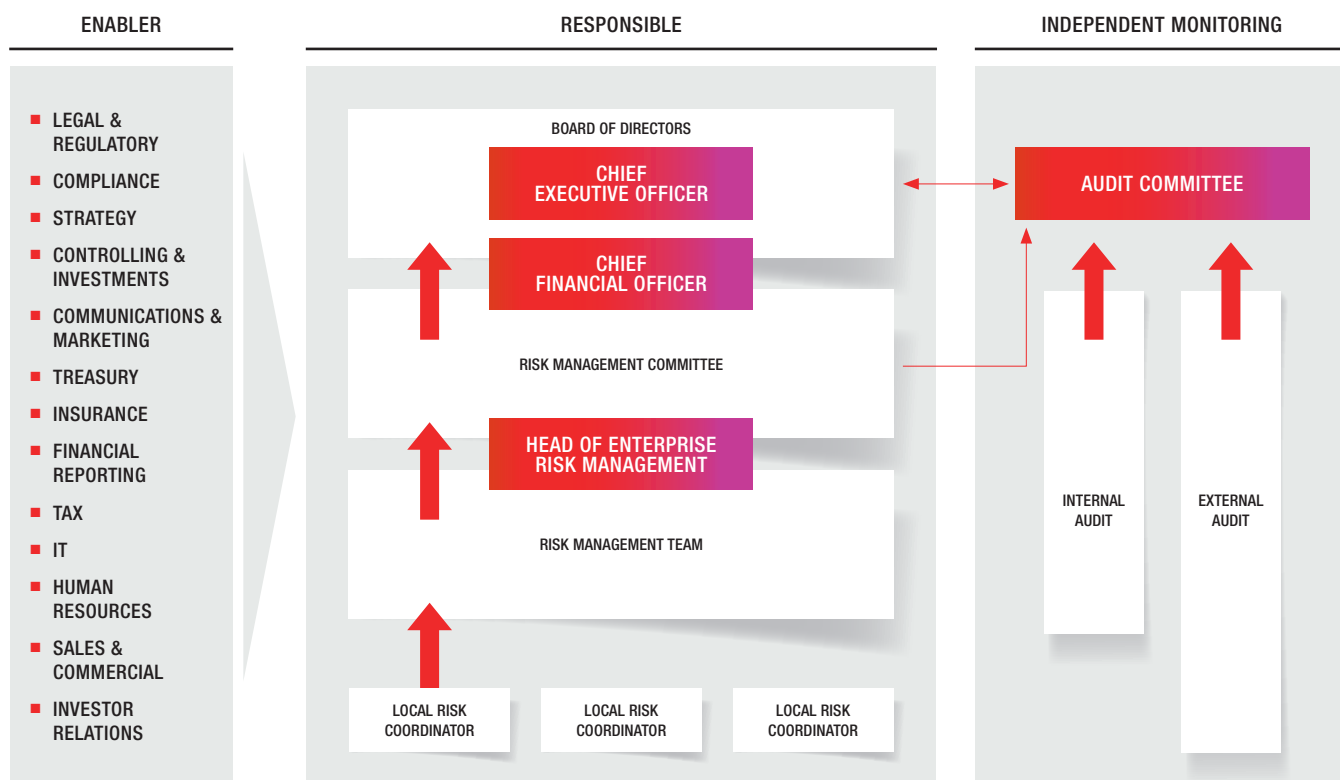
- **Harmonised response:** ensure harmonised risk management prevention, detection and mitigation measures across RTL Group and its Business Units against key risks, as well as a continuous related monitoring and improvement programme.

The risk management organisation is the combination of structures and relationships (see the diagram on page 84) which enables a proper risk governance environment. RTL Group's Risk management governance model has a strong vertical component from the Board of Directors and Executive Committee to the Audit and Risk Management Committees, to 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, Controlling and Investments, 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 Board of Directors is responsible for ensuring RTL Group maintains a sound system of internal controls, including financial, operational and compliance risks.

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
- RTL Group Deputy CFO and Executive Vice President Finance
- RTL Group Executive Vice President Internal 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

A risk is defined as a potential future development or event that can negatively affect the achievement of the Group's strategic, operational, reporting-related and compliance-related objectives.

RISK CLASSIFICATION

(potential financial loss in three-year period)

Priority	Type of Risk	Low (<€50million)	Moderate (<€100 million)	Significant (<€250 million)	Considerable (<€500 million)	Endangering (>€500 million)
1	Changes in Market environment					
2	Strategic risks					
3	Audience and market share					
4	Cyclical development of economy					
5	Legal					
6	Risks without cash impact					
7	Pricing/Discounting					
8	Supplier risks					
9	IT & infrastructure					
10	Customer risks					

RISK REPORTING FRAMEWORK

RTL Group has developed a framework for reporting 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 Internal Audit.

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.

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.

As of the date of this report, management considers the overall risk position of the Group to be moderate, but slightly higher than in the previous year due to the state of the global economy and the rapid changes in the industry, in particular due to technology and increasing competition with the global technology platforms and streaming services. The Group considers the risk associated with Brexit to be limited, given its rather limited exposure, in terms of profitability, in the United Kingdom.

There are currently no 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. This does not reflect the Covid-19 ("Corona") virus outbreak as it is currently too early to quantify its impact on RTL Group. However, RTL Group already sees first cancellations of advertising bookings and impacts on productions.

OPPORTUNITY MANAGEMENT

OPPORTUNITY MANAGEMENT SYSTEM

An efficient opportunity management system enables RTL Group to secure its success in the long term, and to exploit its 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

The Group has strategic, financial and regulatory opportunities. These could result from a better than expected performance of the new streaming services and advertising technology; from higher demand for content; from a better than expected macro-economic development, leading to higher advertising and content market growth; from higher market shares resulting from programme successes; and from changes in the laws regulating the Group's businesses, for example advertising.

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 and the Luxembourg Stock Exchange (and also on Euronext Brussels until 13 May 2019). No other securities have been issued. The issued share capital as at 31 December 2019 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 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 2019 is as follows: Bertelsmann Capital Holding GmbH held 75.4 per cent, 23.8 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 *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 26 April 2019 renewed the authorisation granted at the Company General Meeting of 16 April 2014 to 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 renewal of 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 the case of dismissal, except in the case of dismissal for serious reasons.

SUBSEQUENT EVENTS

On 19 December 2019, Divimove GmbH signed a purchase agreement to acquire 100 per cent of the share capital of Tube One Networks GmbH (Tube One). The company, based in Cologne, is an agency specialising in social media and influencer marketing. On 21 January 2020, the transaction was approved by the Austrian and German antitrust authorities, and subsequently consummated. The immaterial purchase consideration is subject to adjustments based on the net cash and normalised working capital. The transaction qualifies as a business combination since RTL Group gained control of Tube One.

On 17 January 2020, RTL Nederland BV has exercised its option for acquiring the remaining 25 per cent of the share capital of Themakanalen BV.

The exercise of the call option related to Naked Television Ltd has been accelerated and Fremantle bought the remaining 75 per cent on 19 February 2020. The purchase consideration is immaterial.

Mediengruppe RTL Deutschland's TV broadcasters and TV Now plan to acquire the media rights on an exclusive basis for the Uefa Europe League and Uefa European Conference League for the period 2021 to 2024 for the German territory.

OUTLOOK

→ Please see update on page 34.

The following outlook does not reflect the Covid-19 ("Corona") virus outbreak as it is currently too early to quantify its impact on RTL Group's results. However, we already see first cancellations of advertising bookings and impacts on productions. Several organisations such as the OECD and IMF have lowered their growth forecasts for 2020 over the past days.

REVENUE

RTL Group expects its total **revenue** for the fiscal year 2020 to grow organically by +2 per cent to +3 per cent with TV advertising revenue slightly down and Fremantle's revenue up organically by +4 per cent to +6 per cent. This guidance excludes foreign exchange rate and scope effects.

EBITA

RTL Group expects its **Adjusted EBITA** before additional streaming start-up losses to be broadly stable. After additional streaming start-up losses, Adjusted EBITA is expected to be down by up to -7 per cent.

DIVIDEND

The dividend policy presented in August 2019 remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.

RTL Group: strategic targets for the streaming services TV Now and Videoland	2019	2025e
Paying subscribers	1.44 m	5 m to 7 m
Streaming revenue	€135 m	>€500 m
Content spend per annum	€85 m	~€350 m

EBITA break-even expected in 2025.

12 March 2020
The Board of Directors