NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of an international media Group across broadcast, content and digital, holding, directly or indirectly, investments in 554 companies. The Group mainly operates television channels, streaming services and radio stations in Europe and, via Fremantle, produces television content, from talent and game shows to drama, daily soaps and telenovelas. The list of the principal Group undertakings at 31 December 2019 is set out in note 12..

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

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

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 12 March 2020.

1. 1. STATEMENT OF COMPLIANCE

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

1. 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss ("FVTPL") are measured at fair value;
- Equity investments at fair value through OCI, equity instruments accounted at FVTPL and debt instruments measured at FVTPL are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

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

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

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

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

1. AMENDMENTS TO STANDARDS ADOPTED BY THE GROUP

The following standards and amendments to standards are mandatory for the first time for the financial period beginning 1 January 2019:

- IFRS 16, "Leases" – effective from 1 January 2019. The financial effect of the IFRS 16 adoption on the condensed consolidated interim financial information are presented in in note 1. 30.;
- IFRIC 23, "Uncertainty over Income Tax Treatments" clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities – effective from 1 January 2019;
- Annual improvements 2015–2017, cycle amendments to four standards: IFRS 3, "Business Combinations", IFRS 11, "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23, "Borrowing Costs" – effective from 1 January 2019;
- Amendments to IAS 19, "Employee Benefits", Plan Amendment, Curtailment or Settlement – effective from 1 January 2019;
- Amendments to IAS 28, "Investments in Associates and Joint Ventures", Long-Term Interests in Associates and Joint Ventures – effective from 1 January 2019.

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

The following new standards and amendments have been published but are not effective for the Group's accounting year beginning on 1 January 2019:

- IFRS 17, "Insurance Contracts" – effective from 1 January 2021[2,3];
- Amendments to Reference to the Conceptual Framework in IFRS Standards – effective from 1 January 2020[1,3];
- Amendments to IAS 1 and IAS 8, "Definition of Material" – effective from 1 January 2020[1,3];
- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform" – effective from 1 January 2020[1,3];
- Amendments to IFRS 3, "Business Combination" – effective from 1 January 2020[2,3];
- Amendments to IAS 1, "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current – effective from 1 January 2022[2,3].

1. 3. PRINCIPLES OF CONSOLIDATION

1. 3. 1. SUBSIDIARIES

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

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

1 Endorsed by the European Union for periods beginning on or after 1 January 2020
2 These standards and interpretations have not yet been endorsed by the European Union
3 The Group has yet to assess the impact of the new standards and amendments

ACCOUNTING FOR BUSINESS COMBINATIONS

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

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

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

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

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

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

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

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

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

ACCOUNTING FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

LOSS OF CONTROL

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

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

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

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

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

The Group decided not to reverse any impairment loss recognised for €286 million and allocated to goodwill on associates prior to 1 January 2009.

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

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

1. 3. 3. TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

1. 4. FOREIGN CURRENCY TRANSLATION

1. 4. 1. FOREIGN CURRENCY TRANSLATIONS AND BALANCES

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

1. 4. 2. FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

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

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

1. 5. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

FAIR VALUE

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

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

CASH FLOW HEDGING

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

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

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

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

1. 6. CURRENT/NON-CURRENT DISTINCTION

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

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

1. 7. INTANGIBLE ASSETS

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

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

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

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

1. 7. 2. GOODWILL

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

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

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

1. 7. 3. OTHER INTANGIBLE ASSETS

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

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

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

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

1. 8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

1. 9. LEASES

The Group mainly leases premises for operating businesses.

From 1 January 2019, leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

RIGHT-OF-USE ASSETS

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, restoration costs, and lease payments made at or before the commencement date less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. Right-of-use assets are subject to impairment.

LEASE LIABILITIES

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's maturity, currency and risk-specific incremental borrowing rate is used.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS FOR ALL CLASSES OF ASSETS

The Group applies the short-term lease recognition exemption to its leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the exemption of low-value leased assets. Lease payments on short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense over the lease term.

1. 10. LOANS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION

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

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

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

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

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

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

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

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

SUBSEQUENT MEASUREMENT

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:

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

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

EQUITY INSTRUMENTS

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

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

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

1. 11. CURRENT PROGRAMME RIGHTS

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

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

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

1. 12. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Trade accounts receivable are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less impairment loss.

Contract assets relate to the conditional right to consideration for complete satisfaction of the contractual obligations. Other accounts receivable include, in addition to deposits and amounts related to Profit and Loss Pooling ("PLP") and Compensation Agreements with RTL Group's controlling shareholder, VAT recoverable, and prepaid expenses.

Impairment losses on trade accounts receivable, other accounts receivable (PLP, VAT and prepaid expenses related ones excepted) and contract assets are recognised when:

- RTL Group assesses on a forward-looking basis the expected credit loss (see note 1. 15.); or
- when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable or the contract asset is impaired. In that case, the trade receivable or the contract asset is removed from the expected credit loss and impaired on a stand-alone basis.

Additions to valuation allowance and subsequent recoveries of amounts previously written off are reported in the income statement within “Depreciation, amortisation, impairment and valuation allowance”.

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

1. 13. CASH AND CASH EQUIVALENTS

Cash consists of cash in hand and at bank.

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

Bank overdrafts are included within current liabilities.

1. 14. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

1. 15. IMPAIRMENT OF FINANCIAL ASSETS

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

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

1. 16. NON-CURRENT ASSETS HELD FOR SALE

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

1. 17. ACCOUNTS PAYABLE

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

1. 18. LOANS PAYABLE

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

1. 19. PROVISIONS

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

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

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

1. 20. EMPLOYEE BENEFITS

1. 20. 1. PENSION BENEFITS

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

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

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

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

1. 20. 2. OTHER BENEFITS

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

1. 20. 3. SHARE-BASED TRANSACTIONS

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

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

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

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

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

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

1. 21. SHARE CAPITAL

1. 21. 1. EQUITY TRANSACTION COSTS

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

1. 21. 2. TREASURY SHARES

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

1. 21. 3. DIVIDENDS

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

1. 22. REVENUE PRESENTATION AND RECOGNITION

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

ADVERTISING REVENUE

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

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

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

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

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

CONTENT REVENUE

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

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

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

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

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

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

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

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

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

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

OTHER REVENUE

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

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

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

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

In the Directors' report, "Digital" refers to the internet-related activities with the exception of online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, i.e. other advertising sales, revenue from distribution and licensing of content, consumer and professional services. "Content" mainly embraces the non-scripted and scripted production and related distribution operations. "Diversification" includes the sale of merchandise through home shopping TV services, e-commerce and services rendered to consumers, for example mobile services (voice), and mobile data (SMS).

1. 23. GOVERNMENT GRANTS

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

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

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

Forgivable loans are loans which government and inter-governmental agencies undertake to waive repayment of under certain prescribed conditions. Forgivable loans are recognised in "Other operating income" where there is reasonable assurance the loan will be waived.

1. 24. GAIN/(LOSS) FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

Gains/(losses) on disposal or loss of control of subsidiaries owning only one non-financial asset or a group of similar assets are classified in "Other operating income"/ "Other operating expenses" to reflect the substance of the transaction.

1. 25. INTEREST INCOME/(EXPENSE)

Interest income/(expense) is recognised on a time proportion basis using the effective interest method.

1. 26. INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted in the countries where the Group's entities operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group's assets and liabilities. Temporary differences are not provided for when the initial recognition of assets or liabilities affects neither accounting nor taxable profit, and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

1. 27. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1. 28. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity programme (see note 7. 7.).

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

1. 29. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee of RTL Group that makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Group's Executive Committee.

The segment assets include the following items:

- The non-current assets, except the incremental fair value of equity investments at fair value through OCI, the surplus of the defined benefit plans and the deferred tax assets;
- The current assets, except the income tax receivable, the fair value of derivative assets, the current deposit with the shareholder, the accounts receivable from the shareholder in relation to the PLP and Compensation Agreements, the accounts receivable related to dividend income, the fixed term deposits, and cash and cash equivalents.

The segment assets and liabilities are consistently measured with those of the statement of financial position.

1. 30. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES

RTL Group has initially applied IFRS 16 "Leases" at 1 January 2019. Under the transition methods chosen, comparative information has not been restated. Related changes in accounting policies are described in note 1. 9..

The following table shows the restatements on the opening balance as of 1 January 2019 following the initial application of IFRS 16 for each individual line item. The adjustments are explained below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2018 as originally presented €m	IFRS 16	1 January 2019 restated €m
Non-current assets			
Programme and other rights	91	–	**91**
Goodwill	2,919	–	**2,919**
Other intangible assets	213	–	**213**
Property, plant and equipment	332	–	**332**
Right-of-use assets	–	377	**377**
Investments accounted for using the equity method	395	–	**395**
Loans and other financial assets	133	–	**133**
Deferred tax assets	333	12	**345**
	4,416	389	**4,805**
Current assets			
Programme rights	1,236	–	**1,236**
Other inventories	11	–	**11**
Income tax receivable	24	–	**24**
Accounts receivable and other financial assets	2,133	(2)	**2,131**
Cash and cash equivalents	422	–	**422**
	3,826	(2)	**3,824**
Assets classified as held for sale	82	–	**82**
Current liabilities			
Loans and bank overdrafts	333	–	**333**
Lease liabilities	–	57	**57**
Income tax payable	40	–	**40**
Accounts payable	2,626	(7)	**2,619**
Contract liabilities	295	–	**295**
Provisions	126	–	**126**
	3,420	50	**3,470**
Liabilities directly associated with non-current assets classified as held for sale	63	–	**63**
Net current assets	425	(52)	**373**
Non-current liabilities			
Loans	561	–	**561**
Lease liabilities	–	371	**371**
Accounts payable	462	–	**462**
Contract liabilities	7	–	**7**
Provisions	229	–	**229**
Deferred tax liabilities	29	–	**29**
	1,288	371	**1,659**
Net assets	3,553	(34)	**3,519**
Equity attributable to RTL Group shareholders	3,047	(33)	**3,014**
Equity attributable to non-controlling interests	506	(1)	**505**
Equity	3,553	(34)	**3,519**

1. 30. 1. IFRS 16 “LEASES” – IMPACT OF ADOPTION

1. 30. 1. 1. ADJUSTMENT RECOGNISED ON ADOPTION OF IFRS 16

GENERAL ASSUMPTIONS

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

PRACTICAL EXPEDIENTS

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

1. 30. 1. 2. IMPACT OF ADOPTION OF IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s maturity, currency and risk-specific incremental borrowing rates as of 1 January 2019. The starting point for determining the incremental borrowing rates are specific risk-free interest rates for government bonds specific to the country and term, supplemented by a specific risk premium. This lease-specific risk premium takes into account in particular that lease contracts are not entered into by the parent company itself but by its subsidiaries. In addition, a lease agreement exhibits a payment profile unlike that of a government bond with a final maturity.

The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.2 per cent.

The table below presents a reconciliation between operating lease commitments applying IAS 17 as of 31 December 2018 and the lease liabilities recognised in the statement of financial position at the date of initial application.

	€m
Operating lease commitments as at 31 December 2018 as disclosed in the Group's 2018 consolidated financial statement	334
Lease obligations for leases committed but not yet commenced	(13)
Recognition exemption for short-term leases	(5)
Extension and termination options reasonably certain to be exercised	165
Non-lease components (only applicable to buildings)	(2)
Variable lease payments based on an index or a rate	–
Other	(2)
Operating lease obligations as at 1 January 2019	477
Operating lease obligations discounted using the incremental borrowing rate	428
Lease liabilities recognised at 1 January 2019	428
Of which are:	
Current lease liabilities	57
Non-current lease liabilities	371

The associated right-of-use assets for significant real estate leases were measured on a retrospective basis as if IFRS 16 had been applied since the commencement date of the leases. In all other cases, the right-of-use asset corresponds to the amount of the lease liability on the date of the first-time application, adjusted by any prepaid or accrued lease payments. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	1 January 2019 €m
Land and equivalent real estate rights and buildings	367
Technical equipment and machinery	3
Other equipment, fixtures, furnitures and office equipment	7
Total right-of-use assets	377

The net impact on total equity on 1 January 2019 amounts to €(34) million.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. 1. CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50 PER CENT

Even though the Group has less than 50 per cent of the voting rights of Groupe M6, management consider that the Group has de facto control of Groupe M6. The Group is the majority shareholder of Groupe M6 while the balance of other holdings remains highly dispersed and the other shareholders have not organised their interest in such a way that they intend to vote differently from the Group.

2. 2. SIGNIFICANT INFLUENCE WITH LESS THAN 20 PER CENT

Although the Group holds less than 20 per cent of the equity shares of Atresmedia, management consider that the Group exercises a significant influence in Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia (see note 8. 5. 1.).

2. 3. PROGRAMME AND OTHER RIGHTS (ASSETS AND PROVISIONS FOR ONEROUS CONTRACTS)

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement will need to take into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations and it is probable that unavoidable costs exceed the economic benefits originally planned. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events.

2. 4. ESTIMATED IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group tests annually whether goodwill and intangible assets with indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 1. 7. 2. and 1. 7. 3., respectively.

The Group tests annually whether investments accounted for using the equity method have suffered any impairment, and if any impairment should be reversed.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge, with greater emphasis on recent experience, in forming the assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions.

The state of the advertising market is just one of the key operational drivers which the Group uses when assessing individual business models. Other key drivers include audience shares, advertising market shares, the EBITA and EBITDA margin and cash conversion rates.

All of these different elements are variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis of the recoverable amount of the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying value is low.

2. 5. LEASE ACCOUNTING ASSUMPTIONS

Extension and termination options are included in a number of real estate leases across the Group. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option. The Group considers all relevant factors that create an economic incentive for the Group to exercise the option. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option or not.

Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

Incremental borrowing rates determined by currency and maturity are updated on a yearly basis unless a triggering event occurs.

2. 6. CONTINGENT CONSIDERATION AND PUT OPTION LIABILITIES ON NON-CONTROLLING INTERESTS

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured at each reporting date.

The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target. Put option liabilities on non-controlling interests are valued based on the net present value of the expected cash outflow in case of exercise of the option by the counterparty.

2. 7. FAIR VALUE OF EQUITY INVESTMENTS AT FAIR VALUE THROUGH OCI

The Group has used discounted cash flow analysis for the equity investments at fair value through OCI that were not traded in active markets.

The carrying amount of equity investments at fair value through OCI (see note 8. 16. 5.)would be estimated to be up or down by €2 million were the discount rates used in the discounted cash flow analysis decrease or increase by 10 per cent respectively.

2. 8. PROVISIONS FOR LITIGATIONS

Most claims involve complex issues, and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes more likely than not and when it is possible to make a reasonable estimate of the expected financial effect. RTL Group management review on a regular basis the expected settlement of the provisions.

2. 9. INCOME, DEFERRED AND OTHER TAXES

The Group is subject to income and other taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Management judgement is required to assess probable future taxable profits. In 2019, deferred tax assets on losses carry-forwards (mainly in the United States €40 million; 2018: Germany for €1 million) and on temporary differences (mainly in Germany, €279 million; 2018: €235 million) have been reassessed on the basis of currently implemented tax strategies.

Assessments of the ability to realise uncertain tax positions and future tax benefits are also based on assumptions and estimates. Recognition of an asset or liability from an uncertain tax position is performed in accordance with IAS 12 if payment or refund of an uncertain tax position is likely. Measurement of the uncertain tax position is at its most likely estimate.

Uncertain tax positions and future tax benefits are based on assumptions and estimations. An asset or liability arising from an uncertain tax position is recognised in accordance with IAS 12 if a payment or reimbursement for the uncertain tax position is probable. The valuation of the uncertain tax positions is based on their probable amount. Deferred tax assets are recognised in the amount in which they are likely to be utilised later. Various factors are used to assess the probability of the future usability of deferred tax assets. This includes past profit and loss, corporate planning and tax planning strategies, and loss periods. Uncertain tax liabilities at 31 December 2019 arise mainly from tax audits.

2. 10. POST-EMPLOYMENT BENEFITS

The post-employment benefits lay on several assumptions such as:

- The discount rate determined by reference to market yields at the closing on high quality corporate bonds (such as corporate AA bonds) and depending on the duration of the plan;
- Estimate of future salary increases mainly taking into account inflation, seniority, promotion, and supply and demand in the employment market.

2. 11. DISPOSAL GROUPS

The determination of the fair value less costs of disposal requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2. 12. CONTINGENT LIABILITIES

Contingent liabilities are disclosed unless management consider that the likelihood of an outflow of economic benefits is remote.

3. KEY PERFORMANCE INDICATORS

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

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

EBIT, EBITA AND EBITDA

EBIT, EBITA and EBITDA are indicators of the operating profitability of the Group. These alternative performance measures are presented on page 91 of the Annual Report.

EBITA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:
- "Impairment of goodwill, impairment of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Impairment of investments accounted for using the equity method reported in "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements presented in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITA is a component of RTL Group Value Added (RVA, see below) and presents the advantage to consistently include the consumption, depreciation and impairment losses on programmes and other rights for all businesses that RTL Group operates, regardless of their classification on the consolidated statement of financial position (current or non-current).

EBITDA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:
- "Impairment of goodwill, impairment of disposal group, and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, with the exception to the part concerning goodwill and fair value adjustments (see above) and, since 1 January 2019, depreciation and impairment of right-of-use assets reported in "Depreciation, amortisation, impairment and valuation allowance";
- Impairment of investments accounted for using the equity method included in the "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements reported in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

EBITDA is largely used by the financial community, especially by the rating agencies when calculating the "net debt to EBITDA ratio" (see next page).

OCC

Operating cash conversion ratio (OCC) means operating free cash flow divided by EBITA, operating free cash flow being net cash from operating activities adjusted as follows:

	2019 €m	2018 €m
Net cash from operating activities	**1,085**	873
Adjusted by:		
Income tax paid	**334**	354
Acquisitions of:		
– Programme and other rights	**(117)**	(104)
– Other intangible and tangible assets	**(107)**	(121)
Proceeds from the sale of intangible and tangible assets	**4**	47
Operating free cash flow	**1,199**	1,049
EBITA	**1,139**	1,171
Operating cash conversion ratio	**105 %**	90 %

The operating cash conversion ratio reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion of RTL Group's operations is subject to seasonality and may decrease at the time the Group significantly increases its investments in operations with longer operating cycles. RTL Group historically had, and expects in the future to have, a strong OCC due to a high focus on working capital and capital expenditure throughout the operations.

NET DEBT TO EBITDA RATIO

The net debt to EBITDA ratio is a proxy debt to profitability ratio typically used by the financial community to measure the ability of an entity to pay off its incurred debt from the cash generated by the operations.

The net debt is the gross balance sheet financial debt adjusted for:

- "Cash and cash equivalents";
- Investments held to (collect and) sell presented in "Accounts receivable and other financial assets";
- Current deposit with shareholder reported in "Accounts receivable and other financial assets".

	2019 €m	2018 €m
Current loans and bank overdrafts	**(157)**	(333)
Non-current loans	**(631)**	(561)
	(788)	(894)
Deduction of:		
Cash and cash equivalents	**377**	422
Current deposit with shareholder	**27**	2
Net debt	**(384)**	(470)
EBITDA	**1,405**	1,380
Net debt to EBITDA ratio	**0.3**	0.3

The net debt excludes current and non-current lease liabilities (€432 million at 31 December 2019).

The Group intends to maintain a conservative level of up to 1.0-times net debt to full-year EBITDA to benefit from an efficient capital structure (see note 4. 2.).

RVA

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

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

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

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, as reported in note 5. 1.).

	2019 €m	2018 €m
EBITA	**1,139**	1,171
Deduction of shares of results of investments accounted for using the equity method and already taxed	**(26)**	(21)
	1,113	1,150
Net basis after deduction of uniform tax rate	**746**	771
Shares of results of investments accounted for using the equity method and already taxed	**26**	21
NOPAT	**772**	792
Invested capital at beginning of year	**N/A**	4,123
Invested capital at 31 March 2019	**4,405**	N/A
Invested capital at 30 June 2019	**4,488**	N/A
Invested capital at 30 September 2019	**4,756**	N/A
Invested capital at end of year	**4,607**	4,075
66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year	**N/A**	302
66 per cent of the net present value of operating leases and satellite transponder service agreements at end of year	**N/A**	226
Adjusted average invested capital	**4,564**	4,363
Cost of capital	**365**	349
RVA	**407**	442

4. FINANCIAL RISK MANAGEMENT

4. 1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group is exposed in particular to risks from movements in foreign exchange rates as it engages in long-term purchase contracts for programme rights (output deals) denominated in foreign currency.

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management as well as written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

4. 1. 1. MARKET RISK

FOREIGN EXCHANGE RISK

FOREIGN EXCHANGE EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). Hence the Group manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (USD 17 million as at 31 December 2019, USD nil million as at 31 December 2018).

MANAGEMENT OF THE FOREIGN EXCHANGE EXPOSURE

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with Group's Treasury policies. All foreign currency exchange exposures, including signed and forecast output deals and programme rights in foreign currency are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, most of the time on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group's Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group treasury policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 65 per cent (2018: 65 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for hedge accounting purposes.

In order to monitor the compliance of the management of the foreign exchange exposure (mainly USD) with the Group's policy, a monthly report is produced and analysed by RTL Group management. This report shows for each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios.

ACCOUNTING

RTL Group separates the spot component and the forward (or swap) point of the forward contracts. Only the spot component is considered as the hedging instrument. Forward (or swap) points are therefore accounted for directly in profit or loss accounts.

The foreign currency cash flow hedge accounting model defined under IFRS 9 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions which have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the license period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When cash flow hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the cash flow hedging reserve as presented in the "Consolidated statement of changes in equity" (see note 8. 16. 4.). It is added to the carrying value of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument is recognised directly in profit or loss. For the year ended 31 December 2019, the swap points (see note 7. 5.) have been recognised in the income statement for €16 million (€10 million in 2018).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the underlying derivatives and the exposure. Therefore, hedge accounting as defined under IFRS 9 is not applied.

FOREIGN EXCHANGE DERIVATIVE CONTRACTS

The impact of forward foreign exchange contracts is detailed as follows:

	Notes	2019 €m	2018 €m
Net fair value of foreign exchange derivatives	8. 9. 8. 13.	**20**	16
Operating foreign exchange gains/(losses)[4]		**(16)**	(3)
Gains resulting from swap points	7. 5.	**16**	10

		2019 €m	2018 €m
Less than 3 months		**(4)**	2
Less than 1 year		**14**	7
Less than 5 years		**10**	7
Net fair value of derivatives	8. 9. 8. 13.	**20**	16

The split by maturities of notional amounts of forward exchange contracts at 31 December 2019 is, for the main foreign currencies, as follows:

	2020 £m	2021 £m	2022 £m	2023 £m	> 2023 £m	Total £m
Buy	250	52	7	46	50	405
Sell	(442)	(44)	(5)	(22)	(23)	(536)
Total	**(192)**	**8**	**2**	**24**	**27**	**(131)**

	2020 $m	2021 $m	2022 $m	2023 $m	> 2023 $m	Total $m
Buy	844	118	73	76	35	1,146
Sell	(362)	(69)	(21)	(62)	(68)	(582)
Total	**482**	**49**	**52**	**14**	**(33)**	**564**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2018 is, for the main foreign currencies, as follows:

	2019 £m	2020 £m	2021 £m	2022 £m	> 2022 £m	Total £m
Buy	226	31	38	3	44	342
Sell	(387)	(28)	(23)	(2)	(18)	(458)
Total	**(161)**	**3**	**15**	**1**	**26**	**(116)**

	2019 $m	2020 $m	2021 $m	2022 $m	> 2022 $m	Total $m
Buy	759	232	79	69	76	1,215
Sell	(331)	(46)	(58)	(3)	(60)	(498)
Total	**428**	**186**	**21**	**66**	**16**	**717**

4 These amounts relate to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied

SENSITIVITY ANALYSIS TO FOREIGN EXCHANGE RATES

Management estimate that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2018: no material impact), and an additional pre-tax €35 million gain (respectively loss) (2018: a gain of €53 million) recognised in total comprehensive income in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2018: no material impact), and no material impact on the pre-tax expense (respectively income) recognised in total comprehensive income in equity (2018: no material impact);
- If other currencies had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and total comprehensive income in equity (2018: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

INTEREST RATE RISK

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (see note 10. 1.) and from cash and cash equivalents.

Groupe M6 secured during the third quarter of 2017 external funding of €170 million, including a seven-year Euro Private Placement bond issue (seven-year Euro PP) of €50 million and three bilateral committed credit facilities for a total of €120 million (i.e. €40 million each) with a maturity of five years. The fixed interest rate on the Euro PP is 1.50 per cent (all-in). The fair value of the seven-year Euro PP – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €51.4 million (2018: €51.7 million).

During the third quarter of 2019, Groupe M6 entered into a seven-year-term Schuldschein loan of €75 million including a credit line of €65 million with a fixed rate of 1 per cent and a credit facility for €10 million with a floating rate of EURIBOR six months (floored at zero per cent) plus a margin of 1 per cent per year. The fair value of the seven-year Euro Schuldschein of €65 million – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and Groupe M6 credit spread – amounts to €65.3 million.

At the same time, in 2019, Groupe M6 increased the three bilateral committed facilities from €40 million to €60 million each, with a maturity in September 2022, July 2024 and September 2024.

In order to maximise the excess cash return on cash balances and to minimise the gross indebtment of the Group, cross border cash pooling has been set up for most of the entities of the Group. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio.

If the interest rates achieved had been lower (respectively higher) by 100 basis points, and assuming the current amount of floating net cash available remained constant, the net interest income/(expense) at 31 December 2019 would have been decreased by €1.6 million (respectively increased by €1.4 million).

The following table indicates the interest-bearing financial liabilities at 31 December and the periods in which they re-price:

	Notes	Total amount[5] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Bank loans – fixed rate	8. 12.	(120)	(1)	(4)	–	–	(115)
Bank loans – floating rate	8. 12.	(83)	(72)	(1)	–	–	(10)
Term loan facility due to shareholder – fixed rate	8. 12.	(500)	–	–	–	(500)	–
Loans due to investments accounted for using the equity method – floating rate	8. 12.	(57)	(57)	–	–	–	–
Bank overdrafts	8. 12.	(1)	(1)	–	–	–	–
Loans payable – fixed rate	8. 12.	(1)	(1)	–	–	–	–
Loans payable – floating rate	8. 12.	(14)	(14)	–	–	–	–
At 31 December 2019		**(776)**	**(146)**	**(5)**	**–**	**(500)**	**(125)**

	Notes	Total amount[5] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Bank loans – fixed rate	8. 12.	(60)	(1)	(7)	(2)	–	(50)
Bank loans – floating rate	8. 12.	(39)	(35)	(4)	–	–	–
Term loan facility due to shareholder – fixed rate	8. 12.	(500)	–	–	–	(500)	–
Revolving loan facility due to shareholder – floating rate	8. 12.	(232)	(232)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8. 12.	(38)	(38)	–	–	–	–
Loans payable – not bearing interest	8. 12.	(1)	–	(1)	–	–	–
Loans payable – fixed rate	8. 12.	(1)	–	–	–	(1)	–
Loans payable – floating rate	8. 12.	(11)	(11)	–	–	–	–
At 31 December 2018		**(882)**	**(317)**	**(12)**	**(2)**	**(501)**	**(50)**

4. 1. 2. CREDIT RISK

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances that are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2019, the combined television and radio advertising revenue contributed 48 per cent of the Group's revenue (2018: 50 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However, the risks are considered as low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2019, these activities contributed 32 per cent of the Group's revenue (2018: 30 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

5 Excluding accrued interests

According to the banking policy of the Group, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk (only independently rated parties with a minimum rating of ‘BBB+’ are accepted for bank deposits for the smallest tranches). The Group’s bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year, or such as the summary of the highest intraday exposures by bank and by maturity date) are computed and used on a daily basis so as to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

For trade accounts receivable and contract assets, the expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The other accounts receivable are considered to be low default risk.

As at 31 December 2019	Current €m	More than 30 days past due €m	More than 90 days past due €m	**Total €m**
Average expected loss rate	0.23 %	1.00 %	16.39 %	**–**
Gross carrying amount	1,314	100	61	**1,475**
Loss allowance	3	1	10	**14**

As at 31 December 2018	Current €m	More than 30 days past due €m	More than 90 days past due €m	**Total €m**
Average expected loss rate	0.41 %	1.22 %	16.36 %	**–**
Gross carrying amount	1,208	82	55	**1,345**
Loss allowance	5	1	9	**15**

The top ten trade accounts receivable represent € 196 million (2018: € 193 million) while the top 50 trade accounts receivable represent € 442 million (2018: € 436 million).

The top ten counterparties for cash and cash equivalents represent € 298 million (2018: € 332 million).

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with shareholders is significantly mitigated (see note 10. 1.).

4. 1. 3. PRICE RISK

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries, and investment accounted for using the equity method (see note 2. 6.). The primary goal of the Group’s investment in equity securities categorised as FVOCI is to hold such investments for the long-term for strategic purposes. Some investments designated at FVTPL are actively monitored on a fair value basis.

4. 1. 4. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total cash situation. Cash flow forecasting is performed in the operating entities of the Group. Group Treasury monitors rolling forecasts on the Group's liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitor, on a monthly basis, the level of the "Liquidity Head Room" (total committed facilities minus current utilisation through bank loans and guarantees).

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2019 €m**
Credit facilities – banks				
Committed facilities	–	180	125	**305**
Headroom	–	180	–	**180**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2018 €m**
Credit facilities – banks				
Committed facilities	–	120	50	**170**
Headroom	–	120	–	**120**

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 10. 1.) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	174	593	76	**843**
Lease liabilities	68	224	186	**478**
Accounts payable[6]	2,291	94	9	**2,394**
At 31 December 2019	**2,533**	**911**	**271**	**3,715**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	969	163	–	**1,132**
– Inflow	(953)	(158)	–	**(1,111)**
At 31 December 2019	**16**	**5**	**–**	**21**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	350	559	50	**959**
Accounts payable[6]	2,252	111	22	**2,385**
At 31 December 2018	**2,602**	**670**	**72**	**3,344**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	759	224	–	**983**
– Inflow	(748)	(220)	–	**(968)**
At 31 December 2018	**11**	**4**	**–**	**15**

6 Accounts payable exclude employee benefit liability, deferred income, social security and other taxes payable and other non-financial liabilities

4. 2. CAPITAL MANAGEMENT

The Group monitors capital on the basis of its net debt to EBITDA ratio (see note 3.).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that the management may deem relevant. Management expect that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries.

The Group intends to pay ordinary dividends in the future targeting a dividend ratio of at least 80 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net profit takes into account material non-cash, non-recurring items, both positive and negative, impacting the reported net result attributable to RTL Group shareholders.

4. 3. ACCOUNTING CLASSIFICATIONS AND FAIR VALUE HIERARCHY

4. 3. 1. FINANCIAL INSTRUMENTS BY CATEGORY

The fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

	Notes	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	Derivatives[7] €m	Loans and accounts receivable €m	Total €m
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 6.	3	33	–	28	**64**
Accounts receivable and other financial assets[8]	8. 9.	2	–	41	2,065	**2,108**
Cash and cash equivalents	8. 10.	–	–	–	377	**377**
At 31 December 2019		**5**	**33**	**41**	**2,470**	**2,549**

	Notes	Liabilities at fair value through profit or loss[9] €m	Derivatives[10] €m	Other financial liabilities[11] €m	Total €m
Liabilities					
Loans and bank overdrafts	8. 12.	–	–	788	**788**
Lease liabilities	8. 12.	–	–	432	**432**
Accounts payable[12]	8. 13.	14	21	2,378	**2,413**
At 31 December 2019		**14**	**21**	**3,598**	**3,633**

	Notes	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	Derivatives[13] €m	Loans and accounts receivable €m	Total €m
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 6.	13	37	–	19	**69**
Accounts receivable and other financial assets[8]	8. 9.	–	–	31	1,914	**1,945**
Cash and cash equivalents	8. 10.	–	–	–	422	**422**
At 31 December 2018		**13**	**37**	**31**	**2,355**	**2,436**

	Notes	Liabilities at fair value through profit or loss[9] €m	Derivatives[14] €m	Other financial liabilities[11] €m	Total €m
Liabilities					
Loans and bank overdrafts	8. 12.	–	–	894	**894**
Accounts payable[12]	8. 13.	12	15	2,370	**2,397**
At 31 December 2018		**12**	**15**	**3,264**	**3,291**

7
- Out of which € 25 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied (see note 4. 1. 1.)
- Out of which € 16 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 4. 1. 1.)

8 Accounts receivable exclude prepaid expenses, other tax receivables and other non-financial receivables

9 Include put options on non-controlling interests which have been designated at fair value through profit or loss and earn-out related to business combinations subsequent to 1 January 2016

10
- Out of which € 6 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied (see note 4. 1. 1.)
- Out of which € 15 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 4. 1. 1.)

11 At amortised cost

12 Accounts payable exclude employee benefits liability, deferred income, social security, other tax payables and other non-financial liabilities

13
- Out of which € 16 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied (see note 4. 1. 1.)
- Out of which € 15 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 4. 1. 1.)

14
- Out of which € 4 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is applied (see note 4. 1. 1.)
- Out of which € 11 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IFRS 9 is not applied (see note 4. 1. 1.)

4. 3. 2. FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and liabilities measured at fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at fair value through OCI	**33**	6	–	27
Equity instruments accounted at FVTPL	**3**	–	–	3
Debt instruments measured at FVTPL	**2**	–	2	–
Derivatives used for hedging	**41**	–	41	–
Other cash equivalents	**8**	–	8	–
At 31 December 2019	**87**	**6**	**51**	**30**
Liabilities				
Derivatives used for hedging	**21**	–	21	–
Contingent consideration	**2**	–	–	2
Liabilities in relation to put options on non-controlling interests	**12**	–	–	12
At 31 December 2019	**35**	**–**	**21**	**14**

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Equity investments at fair value through OCI	**37**	6	–	31
Equity instruments accounted at FVTPL	**4**	–	–	4
Debt instruments measured at FVTPL	**9**	–	9	–
Derivatives used for hedging	**31**	–	31	–
Other cash equivalents	**13**	–	13	–
At 31 December 2018	**94**	**6**	**53**	**35**
Liabilities				
Derivatives used for hedging	**15**	–	15	–
Liabilities in relation to put options on non-controlling interests	**12**	–	–	12
At 31 December 2018	**27**	**–**	**15**	**12**

There were no transfers between Levels 1, 2 and 3 during the years 2019 and 2018.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, performs the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3 related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable, publicly traded peers.

The following table presents the change in Level 3 instruments for the year ended 31 December 2019:

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	**Total assets €m**	Liabilities at fair value through profit or loss €m
Balance at 1 January	4	31	**35**	**12**
Acquisitions and additions	–	1	**1**	2
Gains and losses recognised in other comprehensive income	–	(1)	**(1)**	–
Gains and losses recognised in profit or loss	(2)	–	**(2)**	–
Other changes	1	(4)	**(3)**	–
Balance at 31 December	3	27	**30**	**14**

The following table presents the change in Level 3 instruments for the year ended 31 December 2018:

	Assets			Liabilities
	Financial assets at fair value through profit or loss €m	Equity investments at fair value through OCI €m	**Total assets €m**	Liabilities at fair value through profit or loss €m
Balance at 1 January	4	45	**49**	**18**
Disposal	–	(2)	**(2)**	–
Gains and losses recognised in other comprehensive income	–	1	**1**	–
Gains and losses recognised in profit or loss	–	–	**–**	(6)
Other changes	–	(13)	**(13)**	–
Balance at 31 December	4	31	**35**	**12**

4. 4. MASTER NETTING AGREEMENT

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column "net amount" shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	At 31 December 2019			At 31 December 2018		
	Gross amounts in the statement of financial position €m	**Related financial instruments that are not offset €m**	**Net amount €m**	Gross amounts in the statement of financial position €m	Related financial instruments that are not offset €m	Net amount €m
Financial assets						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**41**	**(21)**	**20**	31	(15)	16
	41	**(21)**	**20**	31	(15)	16
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used to offset currency exposure	**(21)**	**21**	**–**	(15)	15	–
	(21)	**21**	**–**	(15)	15	–

5. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 14 business units (of which Atresmedia and Inception accounted for using the equity method) at 31 December 2019, each one led by a CEO. Style Haul operations have been closed (see note 8. 2.). To bundle the strengths of RTL Group's digital video businesses, United Screens ("US") has been combined with Divimove; US and Divimove constitute a single cash-generating unit at 31 December 2019 ("Divimove"). They manage operations in television, radio and digital businesses in eight European countries. The Group owns interests in 67 TV channels, eight video-on-demand ("VOD") platforms/streaming services and 30 radio stations, of which 10 TV channels, three radio stations and a VOD platform are held by Atresmedia as an associate (see note 8. 5. 1.).

Moreover Fremantle, BroadbandTV ("BBTV"; see note 8. 11.), Divimove and SpotX (see note 8. 11.) operate multi-territory/international networks in the content, digital video and advertising technology businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:

- **Mediengruppe RTL Deutschland**: this segment encompasses all of the Group's German television activities. These include the leading commercial free-to-air channel RTL Television, as well as Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, a joint venture accounted for using the equity method), ntv, Nitro, Vox Up (launched on 1 December 2019) and RTL Plus, thematic pay channels RTL Crime, RTL Passion, RTL Living, GEO Television and Now, and an equity participation in the free-to-air channel RTL Zwei. This segment also includes the streaming service TV Now, and content activities such as the production companies RTL Studios and infoNetwork. In the course of 2019, Mediengruppe RTL Deutschland has taken over the portfolio and management responsibility for RTL Radio Deutschland and for RTL Group's ad-tech business Smartclip. 2018 segment information has been accordingly restated as if this had occurred since 1 January. RTL Group's ad-tech businesses in all European markets (except the UK) are allocated to the Mediengruppe RTL Deutschland cash-generating unit at 31 December 2019 and the related goodwill has been transferred for €15 million from SpotX (see note 8. 2.);
- **Groupe M6**: primarily composed of the commercial free-to-air TV channel M6. This segment also includes three other free-to-air television channels (W9, 6ter and Gulli), plus a number of smaller thematic pay channels, as well as significant other operations such as three radio stations (RTL, RTL 2 and Fun Radio), digital activities (streaming service 6Play), home shopping, rights production and distribution (Youth Television businesses and Salto: see notes 6. 2. and 8. 5. 1. respectively);
- **Fremantle**: RTL Group's global content production business including a significant distribution and licensing business (international) operating in 31 countries;
- **RTL Nederland**: this segment covers television and a wide range of digital[15] and diversification activities. Its television channels – RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids – build the leading family of channels in the Netherlands. This segment also includes the catch-up TV service RTL XL and the pay streaming service Videoland;
- **RTL Belgium**: this segment includes both television and radio activities focused on French-speaking Belgium. The television activities include the country's leading family of channels RTL-TVI, Plug RTL and Club RTL; the radio stations comprise Radio Contact, Bel RTL and Mint. The unit also operates the streaming service RTL Play.

The revenue of "Other segments" amounts to €724 million (2018: €670 million); digital video networks (BBTV and Divimove), SpotX and RTL Hungary are the major contributors for €319 million, €133 million and €114 million respectively (2018: €331 million, €112 million and €107 million respectively). Group headquarters, which provide services and initiate development projects, are also reported in "Other segments".

RTL Group's Executive Committee assesses the performance of the operating segments based on EBITA and EBITDA. Interest income, interest expense, financial results other than interest and income tax are not allocated to segments, as these are centrally driven. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each business unit. Only the assets and liabilities directly managed by the business units are considered. Reportable segment assets and liabilities are reconciled to total assets and liabilities, respectively.

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements.

15 See Glossary

5. 1. SEGMENT INFORMATION

	Note	Mediengruppe RTL Deutschland[16] 2019 €m	Mediengruppe RTL Deutschland[16] 2018 €m	Groupe M6 2019 €m	Groupe M6 2018 €m
Revenue from external customers		**2,258**	2,300	**1,445**	1,476
Inter-segment revenue		**4**	4	**11**	7
Total revenue		**2,262**	2,304	**1,456**	1,483
Profit/(loss) from operating activities		**683**	678	**276**	283
Share of results of investments accounted for using the equity method		**42**	43	**4**	(1)
EBIT		**725**	721	**280**	282
EBITDA		**701**	739	**396**	400
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)		**(38)**	(16)	**(109)**	(125)
EBITA		**663**	723	**287**	275
Impairment of goodwill of subsidiaries		**–**	–	**–**	–
Impairment of investments accounted for using the equity method		**–**	–	**2**	(2)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(1)**	(1)	**(11)**	(6)
Re-measurement of earn-out arrangements		**–**	–	**1**	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		**63**	(1)	**1**	15
EBIT		**725**	721	**280**	282
Interest income					
Interest expense					
Financial results other than interest					
Income tax expense					
Profit for the year					
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)		**1,823**	1,658	**1,910**	1,707
Investments accounted for using the equity method		**109**	107	**14**	11
Assets classified as held for sale	8. 11.	**–**	66	**70**	–
Segment assets		**1,932**	1,831	**1,994**	1,718
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)		**1,022**	1,004	**630**	637
Liabilities directly associated with non-current assets classified as held for sale		**–**	50	**28**	–
Segment liabilities		**1,022**	1,054	**658**	637
Invested capital		**910**	777	**1,336**	1,081
Segment assets					
Deferred tax assets					
Income tax receivable					
Other assets					
Cash and cash equivalents					
Total assets					
Segment liabilities					
Deferred tax liabilities					
Income tax payable					
Other liabilities					
Total liabilities					
Capital expenditure[17]		**27**	17	**297**	136
Depreciation and amortisation		**(39)**	(18)	**(120)**	(132)
Impairment losses excluding goodwill		**–**	1	**–**	1
Impairment of goodwill of subsidiaries and of disposal group		**–**	–	**–**	–

16 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
17 Capital expenditure includes additions in "Programme and other rights", "Other intangible assets" and "Property, plant and equipment" and "Right-of-use assets" (since 1 January 2019; see note 1. 9.), new goodwill following acquisitions of subsidiaries and incremental fair value on identifiable assets following purchase accounting
18 Other segments include the EBITA loss generated by Corporate (€ (56) million in 2019; € (55) million in 2018)

Fremantle 2019 €m	Fremantle 2018 €m	RTL Nederland[16] 2019 €m	RTL Nederland[16] 2018 €m	RTL Belgium 2019 €m	RTL Belgium 2018 €m	Other segments[16,18] 2019 €m	Other segments[16,18] 2018 €m	Eliminations[16] 2019 €m	Eliminations[16] 2018 €m	Total Group 2019 €m	Total Group 2018 €m
1,591	1,414	497	505	184	185	676	625	–	–	6,651	6,505
202	178	(1)	(1)	1	1	48	45	(265)	(234)	–	–
1,793	1,592	496	504	185	186	724	670	(265)	(234)	6,651	6,505
140	128	56	78	36	37	(44)	(184)	–	–	1,147	1,020
2	1	–	–	–	–	(34)	13	–	–	14	56
142	129	56	78	36	37	(78)	(171)	–	–	1,161	1,076
184	147	86	91	45	41	(7)	(38)	–	–	1,405	1,380
(42)	(20)	(32)	(20)	(9)	(4)	(36)	(24)	–	–	(266)	(209)
142	127	54	71	36	37	(43)	(62)	–	–	1,139	1,171
–	–	–	–	–	–	–	(105)	–	–	–	(105)
–	–	–	–	–	–	(52)	–	–	–	(50)	(2)
(1)	(1)	–	(1)	–	–	(2)	(6)	–	–	(15)	(15)
–	2	–	–	–	–	–	–	–	–	1	2
1	1	2	8	–	–	19	2	–	–	86	25
142	129	56	78	36	37	(78)	(171)	–	–	1,161	1,076
										5	9
										(37)	(29)
										27	7
										(292)	(278)
										864	785
2,213	2,074	466	393	177	163	801	729	(230)	(213)	7,160	6,511
11	9	7	7	–	–	211	261	–	–	352	395
11	–	–	–	–	–	–	–	–	–	81	66
2,235	2,083	473	400	177	163	1,012	990	(230)	(213)	7,593	6,972
703	677	194	167	86	95	535	476	(226)	(209)	2,944	2,847
14	–	–	–	–	–	–	–	–	–	42	50
717	677	194	167	86	95	535	476	(226)	(209)	2,986	2,897
1,518	1,406	279	233	91	68	477	514	(4)	(4)	4,607	4,075
										7,593	6,972
										332	333
										33	24
										622	573
										377	422
										8,957	8,324
										2,986	2,897
										20	29
										24	40
										2,102	1,805
										5,132	4,771
34	24	41	22	20	7	56	34	–	–	475	240
(43)	(20)	(32)	(21)	(9)	(4)	(36)	(29)	–	–	(279)	(224)
–	(1)	–	–	–	–	(2)	(1)	–	–	(2)	–
–	–	–	–	–	–	–	(105)	–	–	–	(105)

5. 2. GEOGRAPHICAL INFORMATION

Geographical areas are based on where customers (revenue) and the Group's non-current assets are located. Goodwill has been allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

	Note	Germany 2019 €m	Germany 2018 €m	France 2019 €m	France 2018 €m	USA 2019 €m	USA 2018 €m	The Netherlands 2019 €m	The Netherlands 2018 €m	UK 2019 €m	UK 2018 €m	Belgium 2019 €m	Belgium 2018 €m	Other regions 2019 €m	Other regions 2018 €m	Total 2019 €m	Total 2018 €m
Revenue from external customers		**2,133**	2,168	**1,439**	1,460	**1,118**	972	**527**	549	**295**	245	**215**	211	**924**	900	**6,651**	6,505
Non-current assets		**1,265**	1,058	**1,076**	883	**582**	570	**369**	325	**456**	407	**75**	49	**290**	263	**4,113**	3,555
Assets classified as held for sale	8. 11.	**–**	82	**71**	–	**17**	–	**–**	–	**–**	–	**–**	–	**–**	–	**88**	82
Capital expenditure		**38**	26	**297**	136	**15**	15	**42**	22	**23**	1	**22**	7	**38**	33	**475**	240

The revenue generated in Luxembourg amounts to €72 million (2018: €75 million). The total of non-current assets other than investments accounted for using the equity method, financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €86 million (2018: €95 million).

6. ACQUISITIONS AND DISPOSALS

6. 1. ACQUISITIONS AND INCREASES IN INTERESTS HELD IN SUBSIDIARIES

Acquisitions have been consolidated using the purchase method of accounting, with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group.

In aggregate, the acquired businesses contributed revenue of €57 million and profit attributable to RTL Group shareholders of €7 million for the post acquisition period to 31 December 2019. Had the business combinations occurred at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €6,695 million and €757 million, respectively.

6. 2. DETAILS OF MAIN ACQUISITIONS AND DISPOSALS, INCREASES IN INTERESTS HELD IN SUBSIDIARIES

FREECASTER

On 1 January 2019, Broadcasting Center Europe SA ("BCE") acquired 100 per cent of the share capital of Freecaster SPRL, a Belgian company, and its fully owned French subsidiary ("Freecaster"). Freecaster is an online video service provider specialised in the production and streaming of high-quality content. The transaction qualifies as a business combination since RTL Group gained the control of Freecaster. The purchase consideration amounted to €1 million, net of cash acquired. The earn-out mechanism over four years, subject to the financial performance of Freecaster, is capped at below €1 million and recognised in "Other operating expenses" (not significant in 2019). The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. Goodwill of €1 million mainly represents the value of creative talent and market competence of the Freecaster workforce and is not tax deductible. Freecaster operates as a separate cash-generating unit. The transaction-related costs amount to €0.2 million.

BRANDDELI

On 1 January 2019, RTL Nederland Holding BV ("RTL Nederland") acquired 100 per cent of the share capital of BrandDeli BV and its fully owned subsidiary BrandDeli CV ("BrandDeli"). BrandDeli has the non-exclusive right, for a minimum of three years, to sell advertising space for the brand portfolio of Discovery, Fox and Viacom in the Netherlands thereby expanding its offering of TV commercials, branded partnerships and online (video and display) advertising space. The purchase consideration is € nil million. The transaction qualifies as a business combination since RTL Group gained the control of BrandDeli. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. BrandDeli is allocated to the RTL Nederland cash-generating unit.

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 that has developed solutions for server-side dynamic ad insertion ("SSDAI") which enables the replacement of existing commercials with more targeted advertising. This acquisition complements the ad-tech stack of the Group. The transaction qualifies as a business combination since RTL Group gained the control of Yospace. Former Enterprise Management Incentive ("EMI") options have been accelerated.

The purchase consideration amounted to € 19 million, net of cash acquired. The purchase agreement included an earn-out mechanism based on a variable component recognised in the purchase consideration for € 1.5 million (2018 related portion) paid during the first half year 2019. Yospace's growth shares have been provided to key managers for a capped amount of USD 7 million and qualify as a cash settled share-based payment. RTL Group has recognised identifiable intangible assets (mainly customer relationship) for a fair value of € 3 million and a corresponding deferred tax liability of € 0.5 million. As a result, a goodwill of € 16 million has been recognised. The goodwill mainly represents the value of creative talent and market competence of the Yospace workforce and is not tax deductible. Yospace is allocated to the SpotX cash-generating unit.

The transaction-related costs amount to € 1.5 million and are reported in "Other operating expenses".

UNIVERSUM

On 30 April 2019, following the approval by the German competition authority, Mediengruppe RTL Deutschland 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. Universum had been classified as a disposal group at 31 December 2018.

	2019 € m
Cash and cash equivalents	(6)
Goodwill	(13)
Programme and other rights	(5)
Programme rights	(30)
Deferred tax assets	(15)
Other inventories	(1)
Accounts receivable and other financial assets	(13)
Income tax payable	3
Provision for defined benefit plans, pension	6
Accounts payable	37
Loans payable	8
Other comprehensive income	1
Net assets disposed of	**(28)**
Total disposal proceeds	**91**
Cash and cash equivalents in operations disposed of	(6)
Cash inflow on disposal	**85**

YOUTH TELEVISION BUSINESS

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 is a strategic opportunity for Groupe M6 to complement its offering for families and to strengthen its overall position, 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. At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Youth Television business. In particular, the valuations have not been finalised yet; as a result, the fair values of identifiable assets, especially intangible assets, and liabilities acquired have only been determined provisionally and have not been recognised accordingly. The accounting for the acquisition will be revised in 2020, within one year of the date of acquisition, based on facts and circumstances that existed at the date of gain of control. The transaction resulted in the recognition of a provisional goodwill of €193 million. The provisional goodwill is not tax deductible. The companies acquired are allocated to the Groupe M6 cash-generating unit.

The transaction-related costs amount to €0.5 million and are reported in "Other operating expenses".

	Fair value at date of gain of control €m
Cash and cash equivalents	9
Property, plant and equipment	2
Deferred tax assets	7
Current programme rights	20
Accounts receivable and other financial assets	25
Income tax receivable	1
Accounts payable	(31)
Provision for defined benefit plans, pension	(2)
Net assets acquired	**31**
Provsional goodwill	193
Total purchase consideration	**224**
Cash and cash equivalents in operations acquired	(9)
Cash outflow on acquisition	**215**

OTHER ACQUISITIONS AND DISPOSALS

During the first semester 2019, Groupe M6 has received the remaining sales proceeds of Football Club des Girondins de Bordeaux ("FCGB") for €17 million.

6. 3. ASSETS AND LIABILITIES ACQUIRED

Details of the net assets acquired, and goodwill are as follows:

	Note	2019 €m	2018 €m
Purchase consideration			
– Cash paid		245	20
– Contingent consideration		–	1
– Payments on prior years' acquisitions		–	(2)
Total purchase consideration		**245**	19
Less:			
Fair value of net assets acquired		(35)	(2)
Goodwill	6. 2.	**210**	17

6. 4. CASH OUTFLOW ON ACQUISITIONS

The net assets and liabilities arising from the acquisitions are as follows:

	Note	2019 Fair value €m	2018 Fair value €m
Cash and cash equivalents		10	2
Other intangible assets		3	2
Property, plant and equipment		2	–
Net deferred tax assets		7	–
Current programme rights		20	–
Income tax receivable		1	–
Accounts receivable and other financial assets		27	2
Accounts payable		(33)	(4)
Provision for defined benefit plans, pension		(2)	–
Net assets acquired		35	2
Goodwill		210	17
Total purchase consideration		245	19
Less:			
Contingent consideration		–	(1)
Payments on prior years' acquisitions		–	2
Cash and cash equivalents in operations acquired		(10)	(2)
Cash outflow on acquisitions	6. 2.	235	18

The trade receivables comprise gross contractual amounts due of €25 million, of which €1 million was expected to be uncollectable at the date of acquisitions.

6. 5. CASH INFLOW ON DISPOSALS

	Note	2019 €m	2018 €m
Fair value of consideration received		91	89
Net assets disposed of		(28)	(74)
Net gain on disposal of subsidiaries		63	15
Cash and cash equivalents		(6)	(8)
Goodwill		(13)	(23)
Programme and other rights		(5)	–
Other intangible assets		–	(48)
Property, plant and equipment		–	(10)
Programme rights		(30)	–
Deferred tax assets		(15)	–
Other inventories		(1)	(3)
Accounts receivable and other financial assets		(13)	(71)
Income tax payable		3	1
Provision for defined benefit plans, pension		6	1
Provisions for litigation		–	2
Accounts payable		37	44
Loans payable		8	41
Other comprehensive income		1	–
Net assets disposed of		(28)	(74)
Total disposal proceeds		91	89
Repayment of intercompany loans payable		–	41
Total disposal proceeds including repayment of intercompany loans payable		91	130
Cash and cash equivalents in operations disposed of		(6)	(8)
Cash-in from prior years' disposal		–	1
Disposal proceeds deferred		17	(17)
Cash inflow on disposal	6. 2.	102	106

7. DETAILS ON CONSOLIDATED INCOME STATEMENT

7. 1. REVENUE

Revenue is disaggregated below by nature and timing of recognition. The table also includes a reconciliation with reportable segments.

	Mediengruppe RTL Deutschland 2019 €m	Mediengruppe RTL Deutschland 2018[19] €m	Groupe M6 2019 €m	Groupe M6 2018 €m	Fremantle 2019 €m	Fremantle 2018 €m	RTL Nederland 2019 €m	RTL Nederland 2018[19] €m	RTL Belgium 2019 €m	RTL Belgium 2018 €m	Other segments 2019 €m	Other segments 2018[19] €m	Total Group 2019 €m	Total Group 2018 €m
Revenue from advertising	1,845	1,894	1,099	1,067	13	13	321	337	149	153	232	191	3,659	3,655
Revenue from exploitation of programmes, rights and other assets	245	249	153	190	1,557	1,385	154	137	24	24	340	340	2,473	2,325
Revenue from selling goods and merchandise and providing services	168	157	193	219	21	16	22	31	11	8	104	94	519	525
	2,258	**2,300**	**1,445**	**1,476**	**1,591**	**1,414**	**497**	**505**	**184**	**185**	**676**	**625**	**6,651**	**6,505**
Timing of revenue recognition														
At a point in time	139	186	223	252	1,542	1,371	16	21	2	3	325	340	2,247	2,173
Over time	2,119	2,114	1,222	1,224	49	43	481	484	182	182	351	285	4,404	4,332
	2,258	**2,300**	**1,445**	**1,476**	**1,591**	**1,414**	**497**	**505**	**184**	**185**	**676**	**625**	**6,651**	**6,505**

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in previous periods:

	2019 €m	2018 €m
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**265**	251
Revenue recognised from performance obligations satisfied in previous periods	**2**	5

7. 2. OTHER OPERATING EXPENSES

	2019 €m	2018 €m
Employee benefits expenses	**1,128**	1,135
Intellectual property expenses	**540**	608
Expenses related to live programmes	**406**	336
Consumption of other inventories	**54**	60
Production subcontracting expenses	**303**	274
Transmission expenses including satellite capacity	**89**	91
Marketing and promotion expenses	**131**	121
Rentals and other operating lease expenses[20]	**36**	101
Operating taxes	**69**	74
Audit and consulting fees[21]	**69**	72
Repairs and maintenance	**70**	69
Marketing and promotion barter expenses	**35**	39
Distribution expenses	**10**	13
Commissions on sales	**21**	27
Administration and sundry expenses	**151**	130
	3,112	3,150

Fees related to PricewaterhouseCoopers ("PwC"), the Group's auditor and their affiliates regarding the continuing operations, are set out below:

	2019 €m	2018 €m
Audit services pursuant to legislation	**3.4**	3.5
Audit-related services	**0.1**	0.1
Non-audit services	**0.7**	0.3
	4.2	3.9

19 2018 restated (see note 5. 1.)
20 Including expenses from short-term leases amounted to € 22 million and expenses for low-value assets amounted to € 1 million. Expenses from variable leases payments, which are not included in the lease liabilities are immaterial for RTL Group
21 Including fees related to PricewaterhouseCoopers ("PwC")

7. 2. 1. EMPLOYEE BENEFITS EXPENSES

	Note	2019 €m	2018 €m
Wages and salaries		**836**	849
Termination benefits		**59**	31
Social security costs		**166**	179
Share options granted to employees		**8**	10
Pension costs		**18**	20
Other employee expenses		**41**	46
		1,128	1,135
Of which restructuring costs	8. 14. 1.	***(18)***	*(8)*

The amounts set out above exclude personnel costs of €269 million (2018: €255 million), which are capitalised and represent costs of employees directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2017 to 2019. The LTIP aims to reward RTL Group's senior management for entrepreneurial performance and to get their long-term commitment to the Group. The performance targets of the LTIP have been approved by the Nomination and Compensation Committee of RTL Group who gave authority to the Executive Committee to approve the participation of the other Executives in the LTIP. The performance targets are based on financial metrics such as RTL Group's Value Added ("RVA"), EBITA (see note 3.). For the LTIP 2017-2019, the impacts on EBITA of IFRS 16 "Leases" (see note 1. 30.) have been neutralised. In addition, Fremantle has non-financial metrics such as development and commercial success of new formats and another entity advertising revenue.

As at 31 December 2019, the LTIP has been accrued on the basis of the achievement of performance targets for €10 million (2018: €24 million). The liability related to the LTIP 2017-2019 amounted to €51 million at 31December 2019 (€41 million at 31 December 2018).

SpotX had implemented a management incentive plan ("MIP") for the term 2017 to 2020 with the same reward and retention objective as the LTIP of RTL Group specifically for their own executives. The plan was based on the financial metrics revenue, profit after tax and operating free cash flow, and was anticipately terminated on 31 December 2019. The related liability amounted to €3 million at 31 December 2019 (€3 million at 31 December 2018). A new MIP has been implemented for the year 2020 based on EBITA.

In the context of the acquisition of United Screens in 2018, a management incentive plan ("MIP") had been implemented for the period 2018 to 2020. The plan is based on gross profit and EBIT. As at 31 December 2019 the plan is not expected to provide for any pay-out.

Groupe M6 operates a specific long-term incentive plan based on free share plans (see note 8. 16. 7.).

Pension costs relate to defined contributions for €12 million (2018: €10 million) and defined benefit plans for €6 million (2018: €10 million) (see note 8. 15.).

The average number of employees for undertakings held by the Group is set out below:

	2019	2018
Employees of fully consolidated undertakings	**10,747**	10,809
	10,747	10,809

7. 3. GAIN/(LOSS) FROM SALE OF SUBSIDIARIES, OTHER INVESTMENTS AND RE-MEASUREMENT TO FAIR VALUE OF PRE-EXISTING INTEREST IN ACQUIREE

"Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" mainly relates to the following:

2019

Subsidiaries (see note 6. 2.)

- Gain on disposal of Universum — €63 million

Associates (see note 8. 5. 1.)

- Gain on dilution of VideoAmp — €6 million
- Gain on disposal of Clypd — €14 million

2018

Subsidiaries

- Gain on disposal of MonAlbumPhoto — €22 million
- Loss on disposal of Football Club des Girondins de Bordeaux and affiliates — €(7) million

Associates

- Gain on disposal of RadicalMedia and affiliates — €1 million
- Gain on dilution of VideoAmp — €1 million

Joint ventures

- Gain on disposal of Future Whiz Media — €8 million

7. 4. NET INTEREST INCOME/(EXPENSE)

	2019 €m	2018 €m
Interest income on loans and accounts receivable	4	5
Tax-related interest income	1	4
Interest income	**5**	9
Interest expense on financial liabilities	(24)	(22)
Interest expense on lease liabilities[22]	(9)	–
Tax-related interest expense	–	(2)
Interest on defined benefit obligations[23]	(3)	(3)
Interest expense on other employee benefit liabilities	(1)	(2)
Interest expense	**(37)**	(29)
Net interest expense	**(32)**	(20)

"Interest expense on financial liabilities" includes an amount of €15 million (2018: €15 million) in respect of the loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (see note 10. 1.).

22 Interest paid in 2019 on lease liabilities: €9 million

23 Of which (see note 8. 15.):
- Interest income on plan assets: €3 million (2018: €3 million)
- Unwind of discount on defined benefit obligations: €(6) million (2018: €(6) million)

7. 5. FINANCIAL RESULTS OTHER THAN INTEREST

	Notes	2019 €m	2018 €m
Gains resulting from swap points	4.	**16**	10
Net gain/(loss) on other financial instruments at fair value through profit or loss		**(2)**	6
Other financial results		**13**	(9)
		27	7

In December 2011, a bond of €22.5 million, fully subscribed by RTL Group, had been issued by Alpha Media Group Ltd ("Alpha"), as part of the disposal process. The loan, which was subject to the credit risk of a portfolio of receivables held by Alpha, was fully impaired at 31 December 2018. Following a settlement agreement signed on 13 March 2019, RTL Group has received €7.9 million and reversed the impairment accordingly through profit and loss ("Other financial results").

The put option related to CTZAR SAS had been recognised in 2018 at the acquisition date for an amount of €8.6 million through equity for the present value of the redemption amount. At 31 December 2019, the subsequent re-measurement of the related financial liability at amortised costs led to the recognition of a gain of €8.6 million ("Other financial results").

7. 6. INCOME TAX EXPENSE

	2019 €m	2018 €m
Current tax expense	**(276)**	(322)
Deferred tax expense/income	**(16)**	44
	(292)	(278)

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

	Note	2019 €m	%	2018 €m	%
Profit before taxes		**1,156**		1,063	
Income tax rate applicable in Luxembourg			**24.94**		26.01
Tax calculated at domestic tax rate applicable to profits in Luxembourg		**288**		276	
Effects of tax rate in foreign jurisdictions and German trade tax		**100**		85	
Tax calculated at domestic tax rate applicable to profits in the respective countries		**388**	**33.56**	361	33.96
Changes in tax regulation and status		**(6)**		4	
Non deductible expenses/losses		**26**		38	
Tax exempt revenue/gains		**(42)**		(34)	
Commission received in relation to the Compensation Agreement	10. 1.	**(37)**		(28)	
Effect of measurement of deferred tax assets		**(44)**		(67)	
Effect of tax losses for which no deferred tax assets are recognised		**9**		14	
Other		**(1)**		(1)	
Tax expense before adjustments on prior years		**293**	**25.35**	287	27.00
Current tax adjustments on prior years		**4**		3	
Deferred tax adjustments on prior years		**(5)**		(12)	
Income tax expense		**292**	**25.26**	278	26.15

Effect of tax rates in foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:

- Germany, where the official tax rate is 33.2 per cent, representing an impact of €60 million (2018: €42 million with a tax rate of 32.1 per cent);
- France, where several tax rates apply, depending on the size of the business. The rates of 34.43 and 33.33 per cent apply, representing an impact of €33 million (2018: the rates of 34.43 and 33.33 per cent applied, representing an impact of €34 million).

In 2019 and 2018, change in tax regulation mainly relates to Germany.

"Non-deductible expenses/losses" include in 2019 the impact of the impairment loss related to Atresmedia (see note 8. 5. 1.).

"Tax-exempt revenue/gains" mainly relate in 2019 to capital gains for €24 million and to the share of results of investments accounted for using the equity method for €11 million.

"Effect of measurement of deferred tax assets" mainly relates in 2019 to the worthless stock deduction in relation to Style Haul (see note 8. 2.) for €22 million. In 2018, a planned intercompany transaction, realised in 2019, resulted in the recognition of a deferred tax asset on previously not recognised tax losses of €67 million.

Current and deferred tax adjustments on prior years mainly relate to tax audits and recent tax returns.

7. 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €754 million (2018: €668 million) and a weighted average number of ordinary shares outstanding during the year of 153,557,430 (2018: 153,548,938), calculated as follows:

	Notes	2019	2018
Profit attributable to RTL Group shareholders (in €million)		**754**	668
Weighted average number of ordinary shares:			
Issued ordinary shares at 1 January	8. 16. 1.	**154,742,806**	154,742,806
Effect of treasury shares held	8. 16. 2.	**(1,168,701)**	(1,168,701)
Effect of liquidity programme	8. 16. 2.	**(16,675)**	(25,167)
Weighted average number of ordinary shares		**153,557,430**	153,548,938
Basic earnings per share (in €)		**4.91**	4.35
Diluted earnings per share (in €)		**4.91**	4.35

8. DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. 1. PROGRAMME AND OTHER RIGHTS, GOODWILL AND OTHER INTANGIBLE ASSETS

	Notes	(Co-) productions €m	Distribution and broadcasting rights €m	Advance payments and (co-) productions in progress €m	Total programme and other rights €m	Goodwill €m	Other intangible assets €m
Cost							
Balance at 1 January 2018		**811**	**1,206**	**28**	**2,045**	**5,425**	**516**
Effect of movements in foreign exchange		16	5	–	21	9	1
Additions		6	60	39	105	–	56
Disposals		–	(4)	(1)	(5)	–	(30)
Subsidiaries acquired		–	–	–	–	17	2
Subsidiaries disposed of		–	–	–	–	(23)	(48)
Transfer to assets classified as held for sale		–	(14)	–	(14)	(13)	(1)
Transfers and other changes		25	28	(45)	8	–	57
Balance at 31 December 2018		**858**	**1,281**	**21**	**2,160**	**5,415**	**553**
Effect of movements in foreign exchange		7	2	–	9	7	3
Additions		4	77	33	114	–	57
Disposals		(1)	(50)	–	(51)	–	(26)
Subsidiaries acquired	6.	–	–	–	–	210	3
Transfer to assets classified as held for sale	8. 11.	–	–	–	–	(43)	(4)
Transfers and other changes		14	32	(20)	26	–	2
Balance at 31 December 2019		**882**	**1,342**	**34**	**2,258**	**5,589**	**588**
Amortisation and impairment losses							
Balance at 1 January 2018		**(796)**	**(1,151)**	**(4)**	**(1,951)**	**(2,388)**	**(273)**
Effects of movements in foreign exchange		(15)	(5)	–	(20)	(3)	(1)
Amortisation charge for the year		(22)	(89)	–	(111)	–	(44)
Impairment losses recognised for the year		(1)	–	–	(1)	(105)	(1)
Reversal of impairment losses		–	1	–	1	–	1
Disposals		–	4	–	4	–	17
Transfer to assets classified as held for sale	8. 11.	–	8	–	8	–	1
Transfers and other changes		1	–	–	1	–	(40)
Balance at 31 December 2018		**(833)**	**(1,232)**	**(4)**	**(2,069)**	**(2,496)**	**(340)**
Effects of movements in foreign exchange		(7)	(2)	–	(9)	–	(2)
Amortisation charge for the year		(24)	(89)	–	(113)	–	(40)
Impairment losses recognised for the year		(1)	–	–	(1)	–	(1)
Disposals		–	50	–	50	–	24
Transfer to assets classified as held for sale	8. 11.	–	–	–	–	–	2
Transfers and other changes		1	(25)	–	(24)	–	2
Balance at 31 December 2019		**(864)**	**(1,298)**	**(4)**	**(2,166)**	**(2,496)**	**(355)**
Carrying amount:							
At 31 December 2018		**25**	**49**	**17**	**91**	**2,919**	**213**
At 31 December 2019		**18**	**44**	**30**	**92**	**3,093**	**233**

Other intangible assets include mainly brands for an amount of €126 million (2018: €129 million), primarily related to Groupe M6.

The M6 brand is considered to have an indefinite useful life and was recognised for an amount of €120 million. At 31 December 2019, an impairment test was performed and did not lead to any impairment.

In determining that the M6 brand has an indefinite useful life, management have considered various factors such as the past and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark “M6”. Based on the analysis of these factors, management have determined and confirmed at 31 December 2019 that there is no foreseeable limit to the period over which the brand M6 is expected to generate cash inflows for the Group.

In 2018, Groupe M6, through its affiliate Football Club des Girondins de Bordeaux SASP (“FCGB”; see note 7. 3.), recognised a capital gain, net of transaction-related costs, of €35 million on disposal of players reported in “Other operating income”. The cash received in 2018 by FCGB amounted to €27 million.

8. 2. IMPAIRMENT TEST FOR GOODWILL

Goodwill is allocated to the Group’s cash-generating units (“CGUs”) on the basis of the business units (see note 5.) and at the level at which independent cash flows are generated. Ludia, part of the business unit Fremantle, conducts specific and separate operations that generate independent cash flows and is not expected at this stage to benefit from sufficient synergies with the Group and therefore qualifies as a separate cash-generating unit.

All business units and cash-generating units mainly operate in one country, except Fremantle, Ludia, SpotX, Divimove and BroadbandTV, which are multi-territory/worldwide operations. Goodwill is allocated by cash-generating unit as follows:

	Notes	31 December 2019 €m	31 December 2018 €m
Mediengruppe RTL Deutschland	5. 1. 6. 2.	**951**	936
Groupe M6	6. 2. 8. 11.	**662**	510
Fremantle	8. 11.	**1,047**	1,050
Ludia	8. 11.	**31**	30
RTL Nederland	5. 1. 6. 2.	**159**	159
RTL Belgium		**32**	32
Others			
– SpotX	5. 1. 6. 2. 8. 11.	**126**	123
– Divimove	5. 1.	**40**	27
– BroadbandTV	8. 11.	**27**	25
– German radio	5. 1.	**17**	17
– Freecaster	6. 2.	**1**	–
– United Screens	5. 1.	**–**	10
Total goodwill on cash-generating units		**3,093**	2,919

Goodwill is tested for impairment annually, as of 31 December, or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a CGU has been determined on the basis of the higher of its value in use and its fair value less costs of disposal:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU’s performance unless the cash-generating unit is committed at year-end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly credit premium, gearing ratio and specific risk). Specific country risk and inflation differentials are also taken into account;
- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on market-based valuations, if an active market exists, and on the basis of a discounted cash flow (“DCF”) model to the extent that it would reflect the value that “any market participant” would be ready to pay in an arm’s length transaction. Differently from the “value in use” approach, which reflects the perspective of the Group for a long-term use of the CGU, a “fair value less costs of disposal” DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition.

Furthermore, the discount rate of each CGU is calculated based on a market approach and most of the parameters used are derived from market sources. The discount rates are based on a mixed interest rate represented by the weighted average cost of equity and cost of capital (WACC) after tax. The discount rates reflect the time value of money and the perception of risk associated with projected future cash flows, both from the equity shareholders' and the debt holders' point of view.

The discount rates have been determined, CGU by CGU, and embody, where appropriate, the following factors:
- Country risk;
- Inflation rate differential;
- Specific firm premium;
- Specific tax rate;
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

The recoverable amount of all CGUs is based on their fair value less costs of disposal and is Level 3 fair value measurement, with the exception of Groupe M6 which is listed on Euronext Paris, Compartment A (Level 1 fair value measurement).

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of five years are prepared for recent investments (SpotX, Divimove and BroadbandTV) using the estimated growth rates and other key drivers. For the cash-generating units operating advertising revenue, the projections consider audience and advertising market shares, the EBITA margin, cash conversion rates based on past performance, and expectations regarding market development. Management also rely on wider macro-economic indicators from external sources to verify the veracity of their own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For Fremantle, which operates a multi-territory/worldwide and diversified operation, the expected growth rate is determined according to a weighted average of growth expectations of its multiple regions, markets and product offerings. The volume of video views and the development of original production and branded entertainment are key drivers for the digital video networks.

Cash flows beyond the three and five-year period are extrapolated using the estimated perpetual growth and EBITA margin rates and applying the discount rates stated below.

The perpetual growth and EBITA margins are based on the expected outcome of the strategy implemented by the Group in the different markets, on macro-economic and industry trends and on in-house estimates.

Capital expenditure is historically low in the business models the Group develops and is assumed to be in line with depreciation and amortisation. Management also consider that the moderate perpetual growth would not result in the increase of the net working capital.

	2019		2018	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Cash-generating units				
Mediengruppe RTL Deutschland	**0.5**	**5.6**	1.0	5.8
Groupe M6[24]	**0.0**	**5.9**	0.7	6.2
Fremantle	**1.8**	**7.6**	1.8	7.1
Ludia	**2.0**	**8.1**	2.0	9.5
RTL Nederland	**0.0**	**5.4**	1.0	5.8
RTL Belgium	**0.0**	**6.3**	0.7	6.4
Others				
– SpotX	**2.0**	**10.1**	2.0	10.1
– Style Haul	**–**	**–**	N/A	27.5
– Divimove[25]	**2.0**	**10.0**	N/A	N/A
– BroadbandTV	**2.0**	**10.6**	2.0	11.8
– German radio	**0.0**	**7.5**	0.0	7.5
– Freecaster	**0.5**	**5.7**	–	–
– United Screens[25]	**–**	**–**	N/A	N/A

24 Level 1 measurement applies in 2019 and 2018
25 Valuation had been derived from market-based model (traded peer multiple) at 31 December 2018

Management consider that, at 31 December 2019, no reasonably possible change in the market shares, EBITA margin and cash conversion rates would reduce the headroom between the recoverable amounts and the carrying values of the cash-generating units to zero, when the recoverable amount is solely based on a DCF approach.

STYLE HAUL

In March 2019, Style Haul Inc. identified certain accounting irregularities as part of an internal review. An investigation found that over the past years a former employee had executed a series of unauthorised transactions resulting in an embezzlement of USD 22 million. Style Haul Inc. immediately reported the issue to law enforcement, and the employee was indicted on criminal charges in July 2019. The company has retained outside counsel and reviews further action. By separate decision RTL Group management decided to close Style Haul Inc. and Style Haul UK Ltd ("Style Haul"). At 31 December 2019, the cumulative impact of the fraud and the closure costs amount to USD 29 million. USD 21 million had been accounted for at 31 December 2018 in addition to a goodwill impairment of USD 124 million (€105 million).

8. 3. PROPERTY, PLANT AND EQUIPMENT

	Note	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost					
Balance at 1 January 2018		**397**	**348**	**243**	**988**
Additions		4	21	36	61
Disposals		(7)	(28)	(15)	(50)
Subsidiaries disposed of		(4)	(3)	(3)	(10)
Transfer to assets classified as held for sale		–	–	(1)	(1)
Transfers and other changes		2	13	(15)	–
Balance at 31 December 2018		**392**	**351**	**245**	**988**
Effect of movements in foreign exchange		–	–	1	1
Additions		4	12	38	54
Disposals		(2)	(17)	(12)	(31)
Subsidiaries acquired	6. 2.	–	2	–	2
Transfers and other changes		1	3	(6)	(2)
Balance at 31 December 2019		**395**	**351**	**266**	**1,012**
Depreciation and impairment losses					
Balance at 1 January 2018		**(172)**	**(291)**	**(173)**	**(636)**
Depreciation charge for the year		(19)	(24)	(26)	(69)
Disposals		6	28	14	48
Transfer from assets classified as held for sale		–	–	1	1
Balance at 31 December 2018		**(185)**	**(287)**	**(184)**	**(656)**
Effect of movements in foreign exchange		–	–	(1)	(1)
Depreciation charge for the year		(19)	(22)	(26)	(67)
Disposals		1	16	10	27
Balance at 31 December 2019		**(203)**	**(293)**	**(201)**	**(697)**
Carrying amount:					
At 31 December 2018		**207**	**64**	**61**	**332**
At 31 December 2019		**192**	**58**	**65**	**315**

8. 4. RIGHT-OF-USE ASSETS

Depreciation, additions in financial year 2019 and carrying amounts of right of use from leased property, plant and equipment as at 31 December 2019 are as follows:

	Note	Land and equivalent real estate rights and buildings €m	Technical equipment and machinery €m	Other equipment, fixtures, furnitures and office equipment €m	Total €m
Balance at 1 January 2019	1. 30.	367	3	7	**377**
Effect of movements in foreign exchange		3	–	–	**3**
Depreciation charge for the year		(53)	(1)	(4)	**(58)**
Additions		32	–	5	**37**
Other changes		21	(1)	1	**21**
Balance at 31 December 2019		**370**	**1**	**9**	**380**

8. 5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the statement of financial position are as follows:

	2019 €m	2018 €m
Associates	**331**	374
Joint ventures	**21**	21
Balance at 31 December	**352**	395

The amounts recognised in the income statement are as follows:

	Note	2019 €m	2018 €m
Associates		**47**	41
Impairment of investments in associates	8. 5. 1.	**(50)**	(2)
Joint ventures		**17**	17
		14	56

8. 5. 1. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2019 which, in the opinion of the management, are material to the Group:

Name of entity	Country of incorporation	Principal activity	% voting power held by the Group 2019	2018	Measurement method
Atresmedia[26]	Spain	Broadcasting TV	**18.7**	18.7	Equity
RTL 2 Fernsehen GmbH & Co. KG[27]	Germany	Broadcasting TV	**35.9**	35.9	Equity

The summarised financial information for the main associates of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and its associates is as follows:

	Atresmedia 2019 €m	Atresmedia 2018 €m	RTL 2 Fernsehen GmbH & Co. KG 2019 €m	RTL 2 Fernsehen GmbH & Co. KG 2018 €m
Non-current assets	**583**	609	**94**	97
Current assets	**699**	750	**95**	87
Current liabilities	**(486)**	(593)	**(61)**	(53)
Non-current liabilities	**(356)**	(345)	**(38)**	(38)
Net assets	**440**	421	**90**	93
Revenue	**1,039**	1,042	**284**	293
Profit before corporate tax	**155**	156	**47**	52
Income corporate tax expense	**(35)**	(68)	**–**	–
Profit for the year	**120**	88	**47**	52
Dividends received from associates	**19**	21	**18**	19

26 Atresmedia Corporación de Medios de Comunicación S.A. (and subsidiaries, "Atresmedia") is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2019, the market capitalisation of 100 per cent of Atresmedia amounts to €786 million, i.e. €3.48 per share (2018: €985 million, i.e. €4.36 per share)

27 RTL 2 Fernsehen GmbH & Co. KG is a private company and there is no quoted market price available for its shares

The reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is presented below:

	Atresmedia 2019 €m	Atresmedia 2018 €m	RTL 2 Fernsehen GmbH & Co. KG 2019 €m	RTL 2 Fernsehen GmbH & Co. KG 2018 €m	Other immaterial associates[28] 2019 €m	Other immaterial associates[28] 2018 €m	Total 2019 €m	Total 2018 €m
Net assets at 1 January	**421**	446	**93**	95	**69**	60	**583**	601
Profit for the year	**120**	88	**47**	52	**14**	21	**181**	161
Other comprehensive income	**–**	–	**–**	–	**–**	1	**–**	1
Distribution	**(101)**	(112)	**(50)**	(54)	**(46)**	(44)	**(197)**	(210)
Change in ownership interest and other changes	**–**	(1)	**–**	–	**68**	31	**68**	30
Net assets at 31 December	**440**	421	**90**	93	**105**	69	**635**	583
Interest in associates	**82**	79	**32**	33	**32**	23	**146**	135
Goodwill	**166**	166	**24**	24	**51**	55	**241**	245
Impairment on investments in associates	**(50)**	–	**–**	–	**(6)**	(6)	**(56)**	(6)
Carrying value	**198**	245	**56**	57	**77**	72	**331**	374

MAIN CHANGES IN THE GROUP'S OWNERSHIP INTEREST IN ASSOCIATES

On 2 January 2019, RTL Nederland Ventures BV contributed 100 per cent of the shares held in Livis BV ("Livis") to E-Health & safety skills BV ("E-Health") and received 49 per cent of this company in return. The new company holds 100 per cent of Livis and InCase BV ("InCase") and is the market leader in the B2B segment of first aid assistance ("EHBO") in the Netherlands. The capital gain amounts to €1 million and the Group has a significant influence in E-Health and subsidiaries, Livis and InCase, which are accounted for using the equity method. The carrying amount in respect of these entities is €2 million at 31 December 2019.

On 6 March 2019, VideoAmp Inc. ("VideoAmp") closed a Series D round for up to USD 56 million funded by a new lead investor RPIII VAI LP for USD 50 million and an existing investor Ankona Holdings I LLC for up to USD 6 million. As part of the Series D round RTL Group disposed of its common stock warrants for USD 2.3 million on 8 March 2019. The Group's ownership percentage has decreased from 22.2 per cent at 31 December 2018 to 15.1 per cent at 31 December 2019; RTL Group continues to have a significant influence over the company. The dilution has generated a capital gain of €6 million. The carrying amount in respect of VideoAmp is €8 million at 31 December 2019 (€7 million at 31 December 2018).

On 21 March 2019, Groupe M6 was diluted in Life TV SA ("Life TV") from 33.34 per cent to 12.5 per cent and generated a capital gain of €0.4 million. Accordingly, Life TV is no longer accounted for using the equity method but reported in "Equity instrument at FVTPL".

On 16 April 2019, Inception VR, Inc. ("Inception") issued convertible securities subscribed for €2.4 million by UFA Film & Fernseh GmbH. The Group holds 16.9 per cent of the share capital at 31 December 2019 (16.8 per cent at 31 December 2018). The carrying amount in respect of Inception is €4 million at 31 December 2019 (€4 million at 31 December 2018).

On 6 May 2019, RTL Group SA participated in the Series C funding of Clypd, Inc. ("Clypd") resulting in an equity increase of USD 21.5 million (including conversion of convertible notes). Clypd is a leading audience-based sales platform for television advertising with headquarters in Boston, MA. RTL Group was the largest shareholder of Clypd and has increased its minority interest from 19.3 per cent to 33.9 per cent with a cash-out of €3.6 million (and conversion of notes in the amount of €6.5 million).

On 18 October 2019, RTL Group sold its 33.9 per cent shareholding in Clypd to AT&T's advertising company, Xandr, for an amount of USD 30.6 million and generated a capital gain of €14 million.

On 23 May 2019, Groupe M6, through its subsidiary M6 Publicité SA, acquired a 40 per cent stake in Wild Buzz Agency SAS ("WBA"), a company based in France for an amount of €2 million. WBA is an agency specialising in the creation of temporary sites for brands and institutions. The carrying amount in respect of WBA is €2 million at 31 December 2019.

28 Other immaterial associates represent in aggregate 23 per cent of the total amount of investments in associates at 31 December 2019 (19 per cent at 31 December 2018) and none of them has a carrying amount exceeding €11 million at 31 December 2019 (€11 million at 31 December 2018)

On 24 July 2019, Groupe M6 has disposed 6&7 SAS generating a capital gain of €1 million.

On 29 October 2019, Fremantle Productions North America Inc ("FPNA") acquired for €2 million 25 per cent of The Immigrant LLC ("The Immigrant"), a scripted production company incorporated in 2019. The company plans to produce for the US, Latin America and Spanish markets, as well as global SVOD platforms. FPNA holds call options to buy 60 per cent of the share capital exercisable in 2024 and 2027. The carrying amount of The Immigrant is €2 million at 31 December 2019.

IMPAIRMENT TESTING

Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8. 2.).

The perpetual growth and discount rates used are as follows:

	2019 Perpetual growth rate % a year	Discount rate %	2018 Perpetual growth rate % a year	Discount rate %
Main associates				
Atresmedia	**0.0**	**9.3**	1.0	8.4
RTL 2 Fernsehen GmbH & Co. KG	**0.5**	**5.6**	1.0	5.8

As at 31 December 2019 the share price of Atresmedia was €3.48 (31 December 2018: €4.36) which results in a fair value less costs of disposal of €139 million for the 18.7 per cent held by RTL Group (31 December 2018: €174 million).

RTL Group management consider that the current share price of Atresmedia does not reflect its earnings potential which is expected to include new digital and platform revenue streams and further content and channel exploitation opportunities. Therefore, the recoverable amount of Atresmedia at 31 December 2019 was based on the value in use determined on a discounted cash flow model.

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 changes of assumptions retained at 31 December 2019 consider the following risks resulting in a significant decrease of terminal EBITDA margin compared to previous financial projections:

- economic conditions in Spain;
- increase of competition and significant dependence of Atresmedia on linear TV despite promising development of content and streaming businesses.

The current valuation resulted in an impairment generating a loss of €50 million at 31 December 2019. The carrying amount after impairment, at 31 December 2019, is €198 million.

When taken individually, the following changes in the key assumptions would reduce the DCF based valuation of Atresmedia as follows:

	31 December 2019 €m	31 December 2018 €m
Revenue growth by (1) per cent on each period	**(1)**	(12)
EBITDA margin by (1) per cent on each period	**(12)**	(20)
Discount rate by 100 basis points	**(17)**	(32)

On 22 February 2018, the Spanish Competition Authority (CNMC) communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. 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. On this basis, no provision has been recognised at 31 December 2019.

The recoverable amount of RTL 2 Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2019. This is a Level 3 fair value measurement.

With 10.7 per cent, the Group has a significant influence in Vemba Corp ("Vemba"), a company based in Canada. Vemba is an investment accounted for using the equity method. The company encountered funding issues during 2019 and the carrying amount has been fully impaired at 30 June 2019 (€2 million). During the second half of 2019, Vemba sold its assets for an insignificant amount and is now an empty shell.

The impairment on Elephorm SAS recorded in 2018 for €2 million has been fully reversed in 2019.

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group (see note 8. 14. 1.).

CONTINGENCIES

There are no contingent liabilities relating to the Group's interest in the associates.

8. 5. 2. INVESTMENTS IN JOINT VENTURES

The main joint venture is as follows:

	Country of incorporation	Principal activity	% voting power held by the Group **2019**	% voting power held by the Group 2018	Measurement method
RTL Disney Fernsehen GmbH & Co. KG[29,30]	Germany	Broadcasting TV	**50.0**	50.0	Equity

RTL Disney Fernsehen GmbH & Co. KG is set up as a joint venture with the control shared by Disney and RTL Group. Neither of the shareholders has the ability to direct the relevant activities unilaterally.

29 RTL Disney Fernsehen GmbH & Co. KG is structured as a separate vehicle and the Group has a residual interest in the net assets

30 RTL Disney Fernsehen GmbH & Co. KG is a private company, there is no quoted market price available for its shares

The summarised financial information for the main joint ventures of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and the joint ventures is as follows:

RTL Disney Fernsehen GmbH & Co. KG	2019 €m	2018 €m
Non-current		
Assets	**17**	21
Current		
Cash and cash equivalents	**59**	38
Other current assets	**17**	18
Total current assets	**76**	56
Current liabilities	**(64)**	(52)
Non-current liabilities	**(2)**	–
Net assets	**27**	25
Revenue	**146**	134
Depreciation and amortisation	**(11)**	(19)
Profit before tax	**38**	32
Income corporate tax expense	**(8)**	(6)
Profit and total comprehensive income for the year	**30**	26
Group's share of profit and total comprehensive income for the year	**15**	13
Dividends received from joint venture	**14**	11

At 31 December 2019, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €57 million (31 December 2018: €37 million; see note 8. 12.).

The reconciliation of the summarised financial information presented to the carrying amount of RTL Group's interest in joint ventures is presented below:

	RTL Disney Fernsehen GmbH & Co. KG		Other immaterial joint ventures[31]		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Net assets at 1 January	**25**	27	**1**	2	**26**	29
Profit/(loss) for the year	**30**	26	**4**	6	**34**	32
Distribution	**(28)**	(21)	**(6)**	(9)	**(34)**	(30)
Other changes	**–**	(7)	**(2)**	2	**(2)**	(5)
Net assets at 31 December	**27**	25	**(3)**	1	**24**	26
Interest in joint ventures	**14**	12	**1**	2	**15**	14
Goodwill	**–**	–	**6**	7	**6**	7
Carrying value	**14**	12	**7**	9	**21**	21

31 Other immaterial joint ventures represent in aggregate 34 per cent of the total amount of investments in joint ventures at 31 December 2019 (43 per cent at 31 December 2018) and none of them has a carrying amount exceeding €4 million at 31 December 2019 (€5 million at 31 December 2018)

MAIN CHANGES IN THE GROUP'S OWNERSHIP INTEREST IN JOINT VENTURES

On 16 January 2019, following the approval from the German media and antitrust authorities, RTL Radio Center Berlin GmbH ("RTL Radio Center") completed the acquisition of additional shares in Skyline Medien GmbH ("93.6 Jam FM"). The radio station, which is based in Berlin, targets young listeners. With this investment of € 1 million, RTL Radio Center has increased its ownership to 49.9 per cent. The transaction qualifies as a joint arrangement as RTL Radio Center jointly controls the company. The related carrying amount is below € 1 million at 31 December 2019.

Following the favourable opinion from the CSA (the French Audio-Visual Regulator) on 17 July 2019 and the authorisation issued on 12 August by the French Competition Authority, the France Télévisions, TF1 and M6 groups announced that the Salto joint venture will be able to start operations. Salto's commercial SVOD offer is due to launch in 2020.

On 5 August 2019 the German Federal Cartel Office approved the creation of a joint venture, "d-force" between Mediengruppe RTL Deutschland and ProSiebenSat1. In the future, advertising clients will be able to reach their target groups in addressable TV and online video via an automated booking platform. The basis of the partnership is the Active Agent demand-side platform, part of the Virtual Minds Group owned by ProSiebenSat 1. Mediengruppe RTL Deutschland and ProSiebenSat1 each hold a 50 per cent share in "d-force GmbH". The carrying amount of d-force is insignificant at 31 December 2019.

On 4 October 2019, RTL Nederland Ventures BV, fully disposed of its shares held in Solvo BV to ETOS BV for € 1.6 million generating a capital gain of € nil million.

IMPAIRMENT TESTING

Investments in joint ventures are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8. 2.). The recoverable amount of RTL Disney Fernsehen GmbH & Co. KG has been determined on the basis of the fair value less costs of disposal at 31 December 2019. This is a Level 3 fair value measurement.

The perpetual growth and discount rates used are as follows:

	2019 Perpetual growth rate % a year	Discount rate %	2018 Perpetual growth rate % a year	Discount rate %
Main joint venture				
RTL Disney Fernsehen GmbH & Co. KG	**0.5**	**5.6**	1.0	5.8

No impairment loss on investments in joint ventures was recorded in 2019 and 2018.

CONTINGENCIES

There are no contingent liabilities relating to the Group's interest in the joint ventures.

The transactions with the associates and joint ventures are reported in note 10. 2..

8. 6. LOANS AND OTHER FINANCIAL ASSETS

RTL Group holds 19.5 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2019, RTL Group recorded a decrease in fair value of this equity investment at fair value through OCI for €1 million. At 31 December 2018, an increase in fair value re-measurement of this equity investment at fair value through OCI was reported for €1 million.

	Notes	2019 €m	2018 €m
Equity investments at fair value through OCI	8. 16. 5.	33	37
Equity instruments accounted at FVTPL		3	4
Debt instruments measured at FVTPL		–	9
Surplus of the defined benefit plans	8. 15.	1	1
Loans receivable to investments accounted for using the equity method		22	16
Loans and other financial assets		6	3
		65	70

No impairment loss related to loans was recognised in 2019 (2018: € nil million).

The movements in equity investments at fair value through OCI are as follows:

	2019 €m	2018 €m
Balance at 1 January	37	50
Net acquisitions and disposals	1	(2)
Change in fair value	(2)	2
Other changes	(3)	(13)
Balance at 31 December	33	37

8. 7. DEFERRED TAX ASSETS AND LIABILITIES

	2019 €m	2018 €m
Deferred tax assets	332	333
Deferred tax liabilities	(20)	(29)
	312	304

	Notes	2019 €m	2018 €m
Balance at 1 January		304	279
Adjustment on initial application of IFRS 16	1. 30.	12	–
Adjusted balance at 1 January		316	279
Income tax income/(expense)		(16)	44
Income tax credited/(charged) to equity[32]		2	(11)
Change in consolidation scope	6. 4.	7	–
Transfer to assets classified as held for sale	8. 11.	–	(15)
Transfers and other changes		3	7
Balance at 31 December		312	304

Unrecognised deferred tax assets amount to €1,067 million at 31 December 2019 (2018: €1,131 million). Deferred tax assets are recognised on tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of €4,188 million to carry forward against future taxable income which relate to Luxembourg and Hungary (2018: €4,242 million related to Luxembourg and Hungary). A significant portion of these losses has no expiry date.

Temporary differences associated with distributable reserves of investments, where the Group has no control, are insignificant at 31 December 2019.

32 Of which:
- €(4) million (2018: €(10) million) related to effective portion of changes in fair value of cash flow hedges;
- €2 million (2018: €(1) million) related to recycling of cash flow hedge reserve;
- €4 million (2018: €(1) million) related to defined benefit plan actuarial gains/(losses); and
- € nil million (2018: €1 million) related to change in fair value of equity investments at fair value through OCI

The movement in deferred tax assets and liabilities during the year is as follows:

	Balance at 1 January 2019 €m	Adjustment on initial application of IFRS 16 (see note 1. 30.) €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope (see note 6. 4.) €m	Transfers and other changes €m	Balance at 31 December 2019 €m
Deferred tax assets							
Intangible assets	27	–	52	–	–	–	79
Programme rights	199	–	(15)	–	–	–	184
Property, plant and equipment	3	–	–	–	–	–	3
Right-of-use and lease liabilities	–	119	(4)	–	–	(1)	114
Provisions	93	–	(18)	4	1	–	80
Tax losses	73	–	(32)	–	6	–	47
Others	37	–	3	–	1	(3)	38
Set off of tax	(99)	(107)	(5)	(2)	–	–	(213)
	333	**12**	**(19)**	**2**	**8**	**(4)**	**332**
Deferred tax liabilities							
Intangible assets	(60)	–	(2)	–	(1)	(1)	(64)
Programme rights	(6)	–	3	–	–	–	(3)
Property, plant and equipment	(13)	–	–	–	–	–	(13)
Right-of-use and lease liabilities	–	(105)	5	–	–	–	(100)
Provisions	(19)	–	(3)	–	–	2	(20)
Others	(30)	(2)	(5)	(2)	–	6	(33)
Set off of tax	99	107	5	2	–	–	213
	(29)	**–**	**3**	**–**	**(1)**	**7**	**(20)**

	Balance at 1 January 2018 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Transfer to assets classified as held for sale (see note 8. 11.) €m	Transfers and other changes €m	Balance at 31 December 2018 €m
Deferred tax assets						
Intangible assets	41	(18)	–	–	4	27
Programme rights	191	21	–	(13)	–	199
Property, plant and equipment	3	–	–	–	–	3
Provisions	102	(7)	–	(2)	–	93
Tax losses	15	58	–	–	–	73
Others	56	(4)	(18)	(2)	5	37
Set off of tax	(104)	(2)	6	2	(1)	(99)
	304	**48**	**(12)**	**(15)**	**8**	**333**
Deferred tax liabilities						
Intangible assets	(63)	3	–	–	–	(60)
Programme rights	(5)	(1)	–	–	–	(6)
Property, plant and equipment	(12)	(1)	–	–	–	(13)
Provisions	(16)	(5)	–	–	2	(19)
Others	(33)	(2)	7	2	(4)	(30)
Set off of tax	104	2	(6)	(2)	1	99
	(25)	**(4)**	**1**	**–**	**(1)**	**(29)**

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

8. 8. CURRENT PROGRAMME RIGHTS

	2019 Gross value €m	2019 Valuation allowance €m	2019 Net value €m	2018 Gross value €m	2018 Valuation allowance €m	2018 Net value €m
(Co-)productions	362	(334)	28	368	(326)	42
TV programmes	106	(2)	104	156	(2)	154
Other distribution and broadcasting rights	856	(288)	568	817	(275)	542
Sub-total programme rights	1,324	(624)	700	1,341	(603)	738
(Co-)productions and programmes in progress	387	(13)	374	365	(10)	355
Advance payments on (co-)productions, programmes and rights	152	–	152	143	–	143
Sub-total programme rights in progress	539	(13)	526	508	(10)	498
	1,863	(637)	1,226	1,849	(613)	1,236

Additions and reversals of valuation allowance have been recorded for €(93) million and €71 million respectively in 2019 (2018: €(114) million and €64 million, respectively).

8. 9. ACCOUNTS RECEIVABLE AND OTHER FINANCIAL ASSETS

	Notes	2019 Under 1 year €m	2019 Over 1 year €m	2019 Total €m	2018 Under 1 year €m	2018 Over 1 year €m	2018 Total €m
Trade accounts receivable		1,412	45	1,457	1,305	25	1,330
Accounts receivable from investments accounted for using the equity method		28	–	28	26	–	26
Loan receivable to investments accounted for using the equity method		3	–	3	7	–	7
Prepaid expenses		99	–	99	119	–	119
Fair value of derivative assets		26	15	41	20	11	31
Other current financial assets		2	–	2	2	–	2
Current deposit with shareholder	10. 1.	27	–	27	–	–	–
Account receivable from shareholder in relation with PLP Agreement	10. 1.	500	–	500	481	–	481
Other accounts receivable		178	23	201	173	27	200
		2,275	83	2,358	2,133	63	2,196

Additions and reversals of valuation allowance have been recorded for €(21) million and €27 million respectively in 2019 (2018: €(28) million and €26 million, respectively).

8. 10. CASH AND CASH EQUIVALENTS

	2019 €m	2018 €m
Cash in hand and at bank	360	401
Fixed term deposits (under three months)	17	21
Cash and cash equivalents (excluding bank overdrafts)	377	422

	Note	2019 €m	2018 €m
Cash and cash equivalents (excluding bank overdrafts)		377	422
Bank overdrafts	8. 12.	(1)	–
Cash and cash equivalents and bank overdrafts		376	422

8. 11. ASSETS CLASSIFIED AS HELD FOR SALE

On 16 December 2019, Groupe M6 announced that it had entered into exclusive negotiations with the German company Global Savings Group, a leading global commerce content player, to combine with its subsidiary iGraal SAS ("iGraal"), the leader on the French cashback market.

At 31 December 2019, the management of Fremantle were in the process of negotiating the disposal of one of its North American production companies in which Fremantle has a 75 per cent controlling stake, 495 Productions Holdings LLC and affiliates ("495"). On 13 February 2020, Fremantle sold back all its shares to the minority shareholder of 495 for an immaterial amount.

Accordingly, iGraal and 495 have been reclassified as a disposal group as of 31 December 2019.

Non-current assets classified as held for sale, disposal group	iGraal SAS €m	495 Productions LLC and its affiliates €m	**2019 €m**	2018 €m
Non-current assets				
Goodwill	42	1	**43**	13
Other intangible assets	2	–	**2**	–
Programme and other rights	–	–	**–**	6
Loans and other financial assets	2	–	**2**	2
Deferred tax assets	–	–	**–**	15
Current assets				
Programme rights	–	9	**9**	32
Other inventories	–	–	**–**	1
Accounts receivable and other financial assets	25	1	**26**	13
Cash and cash equivalents	–	6	**6**	–
	71	17	**88**	82

Liabilities directly associated with non-current assets classifed as held for sale	iGraal SAS €m	495 Productions LLC and its affiliates €m	**2019 €m**	2018 €m
Non-current liabilities				
Provisions	–	–	**–**	5
Loans	–	–	**–**	6
Accounts payable	–	–	**–**	1
Current liabilities				
Provisions	–	1	**1**	1
Loans	–	–	**–**	2
Income tax payable	1	–	**1**	–
Accounts payable	28	–	**28**	47
Contract liabilities	–	13	**13**	1
	29	14	**43**	63

At 30 June 2019, the management of Fremantle were in the process of negotiating the disposal of the majority of their interest in their mobile gaming company, Ludia Inc ("Ludia"). Accordingly, Ludia was reclassified as a disposal group as of 30 June 2019. The disposal was expected to be completed during the third quarter of 2019. During the fourth quarter, the management of Fremantle decided to exit the process and not to pursue a sale process at this time or in the coming months. Accordingly, Ludia is no longer considered a disposal group at 31 December 2019.

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corporation ("BBTV") non-controlling interests, which it decided not to exercise. On 29 January 2019, the non-controlling shareholders extended an offer to RTL Group for the sale of all of their shares in BBTV, which RTL Group decided not to accept. This triggered an exit mechanism pursuant to which the non-controlling shareholders can drag RTL Group's stake on or before 12 April 2020 in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group. On this basis, BBTV did not meet the criteria for classification as disposal group at 31 December 2019.

On 28 August 2019, RTL Group announced a strategic review of its ad-tech businesses. With immediate effect, Mediengruppe RTL Deutschland took over the responsibility for the Group's ad-tech businesses in all European markets (except the UK), bundled under the brand Smartclip. The UK continues to be the hub that centralises the operations for SpotX Global in Europe. For Smartclip, the objective is to create an open ad-tech development unit, based on the technology developed by Smartclip and custom-tailored for the needs of European broadcasters and streaming services. At the same time, RTL Group has started reviewing the strategic options for the SpotX Global business ("SpotX"). On this basis, SpotX did not meet the criteria for classification as disposal group at 31 December 2019.

8. 12. LOANS, BANK OVERDRAFTS AND LEASE LIABILITIES

	Notes	2019 €m	2018 €m
Current liabilities			
Bank overdrafts		**1**	–
Bank loans payable		**78**	46
Loans due to investments accounted for using the equity method	8. 5. 2.	**57**	38
Term loan facility due to shareholder	10. 1.	**11**	243
Other current loans payable		**10**	6
		157	333
Lease liabilities		**59**	–

	Notes	2019 €m	2018 €m
Non-current liabilities			
Bank loans payable		**125**	53
Term loan facility due to shareholder	10. 1.	**500**	500
Other non-current loans payable		**6**	8
		631	561
Lease liabilities		**373**	–

As at 31 December 2019, potential future cash outflows of €227 million (undiscounted) have not been included in the lease liabilities as it is not reasonably certain that the leases will be extended (or not terminated).

In 2019, "Lease liabilities" (accrued interests excluded) evolved as follows:

	1 January 2019 restated €m	Cash flows €m	New leases €m	Other changes[33] €m	31 December 2019 €m
Lease liabilities	428	(59)	38	25	**432**

In 2019, "Loans and bank overdrafts" (accrued interests excluded) evolved as follows:

	Notes	2018 €m	Proceeds from loans €m	Repayments of loan €m	Other changes €m	2019 €m
Bank overdrafts		–	1	(1)	1	**1**
Bank loans payable	4. 1. 1.	99	105	(1)	–	**203**
Loans due to investments accounted for using the equity method	8. 5. 2.	38	20	(1)	–	**57**
Term loan facility due to shareholder	10. 1.	732	–	(232)	–	**500**
Other loans payable		13	9	(5)	(2)	**15**
		882	**135**	**(240)**	**(1)**	**776**

Wildside Srl benefited from new bank loans for €31 million and reimbursed an amount of €2 million during the 12 months ended 31 December 2019 (12 months ended 31 December 2018: €21 million and €3 million, respectively).

33 Including effects of movements in foreign exchange (€3 million) and lease modifications (€22 million)

TERM AND DEBT REPAYMENT SCHEDULES (ACCRUED INTERESTS INCLUDED):

2019	Notes	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdrafts		1	–	–	**1**
Bank loans payable		78	50	75	**203**
Loans due to investments accounted for using the equity method	8. 5. 2.	57	–	–	**57**
Term loan facility due to shareholder	10. 1.	11	500	–	**511**
Other loans payable		10	6	–	**16**
		157	**556**	**75**	**788**
Lease liabilities		**59**	**200**	**173**	**432**

2018	Notes	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank loans payable		46	3	50	**99**
Loans due to investments accounted for using the equity method	8. 5. 2.	38	–	–	**38**
Term loan facility due to shareholder	10. 1.	243	500	–	**743**
Other loans payable		6	8	–	**14**
		333	**511**	**50**	**894**

8. 13. ACCOUNTS PAYABLE

CURRENT ACCOUNTS PAYABLE

	Notes	2019 €m	2018 €m
Trade accounts payable		**1,534**	1,488
Amounts due to associates		**7**	7
Employee benefits liability	7. 2. 1.	**241**	176
Deferred income		**2**	3
Social security and other taxes payable		**90**	77
Fair value of derivative liabilities		**16**	11
Account payable to shareholder in relation with PLP Agreement	10. 1.	**619**	633
Other accounts payable		**269**	231
		2,778	2,626

NON-CURRENT ACCOUNTS PAYABLE

	2019			2018		
	1–5 years €m	Over 5 years €m	Total €m	1–5 years €m	Over 5 years €m	Total €m
Trade accounts payable	**57**	**5**	**62**	49	6	55
Employee benefits liability	**3**	**292**	**295**	44	285	329
Social security and other taxes payable	**–**	**–**	**–**	1	1	2
Fair value of derivative liabilities	**5**	**–**	**5**	4	–	4
Other accounts payable	**22**	**4**	**26**	57	15	72
	87	**301**	**388**	155	307	462

At 31 December 2019, the profit participation liabilities of Mediengruppe RTL Deutschland amounts to €292 million (2018: €285 million).

8. 14. PROVISIONS

8. 14. 1. PROVISIONS OTHER THAN POST-EMPLOYMENT BENEFITS

	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	**Total €m**
Balance at 1 January 2019	**8**	**71**	**89**	**16**	**184**
Provisions charged/(credited) to the income statement:					
– Additions	18	14	31	6	69
– Reversals	(1)	(14)	(2)	(4)	(21)
Provisions used during the year	(8)	(2)	(55)	(2)	(67)
Subsidiaries disposed of	–	–	1	–	1
Other changes	–	–	1	(8)	(7)
Balance at 31 December 2019	**17**	**69**	**65**	**8**	**159**

The provisions mainly relate to the following:

- Restructuring
  The reorganisation of the Corporate Center, consisting in a resizing and in the transfer of certain corporate functions from Luxembourg to Cologne, resulted in the loss of jobs at RTL Group SA. An agreement was reached with the national unions and the Staff Delegation in November 2019, which specifies the number of staff affected by the reorganisation, and the financial terms of the package granted to employees made redundant as a result of the reorganisation. The total estimated staff restructuring costs to be incurred amount to €11 million (of which €7.8 million cash-out expected in 2020). Other direct costs attributable to the restructuring, amount to €0.2 million;
- Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

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

Several subsidiaries of 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 II 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 favorable 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 course of first quarter of 2020. In the meantime, four of the six claimants withdrew their claim from the proceedings.

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

- "Onerous contracts" mainly comprise provisions made by:
  - Mediengruppe RTL Deutschland for €46 million (2018: €74 million) mainly in relation to the supply of programmes, of which sport events (2019: €15 million; 2018: €32 million);
  - Groupe M6 for €17 million (2018: €15 million) in relation to the supply of programmes.

	2019 €m	2018 €m
Current	**96**	124
Non-current	**63**	60
	159	184

8. 14. 2. POST-EMPLOYMENT BENEFITS

	Note	2019 €m	2018 €m
Balance at 1 January		**171**	180
Provisions charged/(credited) to the income statement:			
– Additions[34]		**30**	25
– Reversals		**(9)**	(1)
Provisions used during the year[34]		**(21)**	(23)
Actuarial (gains)/losses directly recognised in equity	8. 15.	**23**	(4)
Subsidiaries disposed of		**(1)**	(1)
Subsidiaries acquired		**2**	–
Transfer to liabilities classified as held for sale		**–**	(5)
Balance at 31 December		**195**	171

"Post-employment benefits" comprise provision for defined benefit obligations (see note 8. 15.) for €191 million (2018: €167 million) and provision for other employee benefits for €4 million (2018: €4 million).

	2019 €m	2018 €m
Current	**1**	2
Non-current	**194**	169
	195	171

34 Of which defined contributions plan for €12 million (2018: €10 million)

8. 15. DEFINED BENEFIT OBLIGATIONS

RTL Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. FremantleMedia North America in the United States also operates a medical care plan which is not further disclosed given its materiality to the consolidated financial statements.

These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and risks associated are given below:

BELGIUM

Employees of RTL Belgium participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. It concerns a closed plan in run-off. From 1 January 2004, a new defined contribution scheme has been open for all new employees. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company („Branche 21“). A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development.

Furthermore, as the ‘best estimate’ assumption has been made that each participant will opt for the payment in the form of a lump sum, the pension plan will not be affected by the expected increase of the future life expectancy of retirees. Other risks mainly relate to minimum funding requirements when vested rights are not funding enough.

FRANCE

Groupe M6 operate retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of the retirement in accordance with the applicable collective agreement. The Métropole Télévision (following merger with Ediradio) and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Métropole Télévision (following merger with Ediradio) also participates in a defined benefit plan which provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the lifetime risk of the beneficiaries is no longer supported by Métropole Télévision at retirement. The risk is externalised to the insurer.

GERMANY

Employees of UFA Berlin Group (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen, RTL Group Deutschland and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan and defined benefit in nature. In case of insolvency, there is a comprehensive protection system (“Pensionssicherungsverein”) operated by the German Pension Protection Fund. The company UFA Serial Drama has a partly funded plan.

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risk relates to longevity risk for pension recipients.

Each employer that participates in this plan has separately identifiable liabilities.

RTL Television and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and increase of wages and salaries.

LUXEMBOURG

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependants) in case of retirement, death in service or disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless, in such case, the law requires the company to subscribe insolvency insurance with the German Pension Protection Fund ("Pensionssicherungsverein"). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans such as longevity, inflation, effect of compensation increases and of the State pension legislation.

Death and disability are insured with Cardif Lux Vie.

UNITED KINGDOM

FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan" or "the Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan – the assets in the defined benefit section comprise a qualifying insurance (buy-in) policy and corporate bonds; the assets in the defined contribution section comprise mainly equities. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK). This requires:

- Three-yearly formal actuarial valuations, with annual monitoring;
- Trustees to maintain a Statement of Funding Principles;
- Trustees and employers to agree the approach to each actuarial valuation;
- Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits by insuring the Plan's liabilities through a buy-in policy.

The main risk related to the defined benefit section is that the insurance provider (Pension Insurance Corporation) defaults on the buy-in policy and the Trustees are unable to recover the full value. This event is extremely unlikely given the regulatory capital requirements for insurance companies and other protections in place (e.g. the Financial Services Compensation Scheme).

Future pension provision for members of the Fremantle Plan still employed by the Company is now through a Group Personal Pension plan with Scottish Widows, which commenced on 1 April 2013.

Legislation regarding introducing employers' pensions 'auto-enrolment' obligations, requires contributions to be made for employees/workers who were previously not members of Company schemes or who previously had no pension entitlement. This affected the Company from 1 September 2013 onwards. An employee must now choose to 'opt out' if they do not wish to contribute to the pension scheme.

Due to a very small number of members (six members) transferring in Guaranteed Minimum Pension (GMP – a pension benefit in lieu of part of the state pension for persons who were contracted out), the Plan is subject to a landmark judgment reached in the High Court on 26 October 2018, requiring all contracted-out pension schemes to equalise benefits for the effect of unequal GMPs accrued between 1990 and 1997. This will result in an increase to the Defined Benefit Obligation (DBO) of the Plan, however the amount of GMP held within the Plan is minimal and the impact of GMP equalisation is still anticipated to be immaterial (rounding to 0.0%).

Information about the nature of the present value of the defined benefit liabilities is detailed as follows:

	2019 €m	2018 €m
Final salary plans	**274**	224
Career average plans	**10**	7
Flat salary plans – plans with fixed amounts	**15**	15
Others[35]	**54**	60
Total	**353**	306

Thereof capital commitment for €159 million at 31 December 2019 (2018: €137 million). Under the Fremantle Plan Rules, in the defined benefit sections a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

Information about the plan members is detailed as follows:

	2019 Head	2018 Head
Active members	**3,162**	3,351
Deferred members	**1,481**	1,436
Pensioners	**293**	292
Total	**4,936**	5,079

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

	2019 €m	2018 €m
Active members	**152**	139
Deferred members	**130**	105
Pensioners	**71**	62
Total	**353**	306

Thereof beneficiaries with vested rights for €303 million (2018: €264 million) and beneficiaries with unvested rights for €50 million (2018: €42 million).

The amounts recognised in the statement of financial position are determined as follows:

	Notes	2019 €m	2018 €m
Present value of funded obligations		**222**	183
Fair value of plan assets		**(163)**	(140)
Deficit of funded plans		**59**	43
Present value of unfunded obligations		**131**	123
Net defined benefit liability		**190**	166
Assets	8. 6.	**1**	1
Provisions	8. 14. 2.	**191**	167

35 Mainly include the defined contribution section of the Fremantle plan

The amounts recognised in comprehensive income are determined as follows:

	Notes	2019 €m	2018 €m
Service costs:			
– Current service cost	7. 2. 1.	9	9
– Past service gain from plan amendments and/or curtailments	7. 2. 1.	(4)	1
– Net interest expense	7. 4.	3	3
Components of defined benefit costs recorded in profit or loss		**8**	13
Re-measurements:			
– (Gains)/losses from change in demographic assumptions		(1)	1
– (Gains)/losses from change in financial assumptions		37	(10)
– Experience adjustments (gains)/losses		1	(5)
– Return on plan assets (excluding amounts included in net interest expense)		(14)	9
Components of defined benefit costs recorded in Other Comprehensive Income ("OCI")		**23**	(5)
Total of components of defined benefit costs		**31**	8

The movement in the present value of funded/unfunded defined benefit obligations over the year is as follows:

	2019 €m	2018 €m
Balance at 1 January	**306**	323
Current service cost	9	9
Past service credit from plan amendments and/or curtailments[36]	(4)	1
Interest cost	6	6
Re-measurements:		
– (Gains)/losses from change in demographic assumptions	(1)	1
– (Gains)/losses from change in financial assumptions[37]	37	(10)
– Experience adjustments (gains)/losses[38]	1	(5)
Benefits paid by employer	(6)	(8)
Benefits paid out of the plan assets	(5)	(4)
Foreign exchange differences	8	(2)
Transfer to assets classified as held for sale	–	(5)
Subsidiaries acquired	2	–
Balance at 31 December	**353**	306

The movement in the fair value of plan assets of the year is as follows:

	2019 €m	2018 €m
Balance at 1 January	**140**	146
Interest income on plan assets	3	3
Return on plan assets (excluding amounts included in net interest expense)[39]	14	(9)
Employer contributions	2	5
Benefits paid out of the plan assets	(4)	(4)
Foreign exchange differences	8	(1)
Balance at 31 December	**163**	140

36 In 2020, under the social plan, 37 active members will leave the company. As a result, the present value of the defined benefit obligation as at 31 December 2019 has been valued without considering the evolution of salaries, ceilings and estimated state pensions. A curtailment of € 3.4 million has been determined to reflect the re-measurement of the defined benefit liability (see note 8. 14. 1.)

37 Mainly due to a decrease in the discount rates

38 2019: Not material
2018: Mainly due to the UK plan: € (4) million corresponding to a gain on the liabilities of the Money Purchase Section

39 2019: In connection with the UK plan: the assets rose in value over the year mainly due to the corresponding increase in the DBO (see above) as a result of the buy-in policy
2018: In connection with the UK plan: the assets fell in value over the year mainly due to the corresponding decrease in the DBO (see above) as a result of the buy-in policy

Plan assets are comprised as follows:

	Quoted market price €m	No quoted market price €m	Total 2019 €m	Quoted market price €m	No quoted market price €m	Total 2018 €m
Equity instruments (including equity funds):			**40**			31
Company size: large cap	**20**	**–**	**20**	16	–	16
Company size: mid cap	**20**	**–**	**20**	15	–	15
Debt instruments (including debt funds):			**4**			3
Corporate bonds: investments grade	**4**	**–**	**4**	3	–	3
Other funds (other than equity or debt instruments)	**9**		**9**	9		9
Qualifying insurance policies	**–**	**110**	**110**	–	97	97
Total	**53**	**110**	**163**	43	97	140

The principal actuarial assumptions used were as follows:

	2019 % a year			2018 % a year		
	Germany	Other European countries	UK	Germany	Other European countries	UK
Discount rate	**1.20**	**0.70**	**2.10**	2.20	1.60	2.90
Long-term inflation rate	**1.50**	**1.80–2.00**	**1.90**	1.50	1.80–2.00	2.15
Future salary increases	**2.25**	**2.10–4.60**	**–**	2.25	2.00–4.60	–
Future pension increases	**1.00–1.50**	**1.00**	**3.20**	1.00–1.50	1.00	3.50

At 31 December 2019, the weighted-average duration of the defined benefit liability was 17 years (2018: 16 years).

The breakdown of the weighted-average duration by geographical areas is as follows:

	2019	2018
Germany	**17.6**	16.9
UK	**23.0**	23.0
Other European countries	**12.6**	12.2

At 31 December, the sensitivity of the defined benefit liabilities to changes in the weighted principal assumptions is as follows:

	2019 Increase €m	Decrease €m	2018 Increase €m	Decrease €m
Average life expectancy by 1 year	**6**	**(6)**	5	(5)
Discount rate (effect of 0.5%)	**(23)**	**27**	(20)	23
Future salary growth (effect of 0.5%)	**17**	**(15)**	16	(14)
Future pension growth (effect of 0.5%)	**9**	**(8)**	7	(7)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2019, expected maturity analysis of undiscounted pension (future cash flows) are as follows:

	Less than 1 year €m	Between 1–5 years €m	Over 5 years €m	Total
Defined benefit liability	9	62	86	**157**

8. 16. EQUITY

8. 16. 1. SHARE CAPITAL

The Extraordinary General Meeting (EGM) of the Company, held on 25 May 2016, acknowledged that 44,748 physical shares of RTL Group had not been registered in accordance with the provisions of the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg ("Immobilisation Law"). The EGM acknowledged that the Board of directors set the price of the cancelled shares at €32.96 per share in accordance with article 6 (5) of the law. The equity of the Company was reduced by €2 million. The amount had been deposited on 15 July 2016 in an escrow account with the Caisse of Consignation in accordance with the legal provisions.

At 31 December 2019, the subscribed capital amounts to €192 million (2018: €192 million) and is represented by 154,742,806 (31 December 2018: 154,742,806) fully paid-up ordinary shares, without nominal value.

8. 16. 2. TREASURY SHARES

The Company's Annual General Meeting ("AGM") held on 16 April 2014 authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own shares already held (i.e. 1,168,701 own shares) as of the date of the AGM. This authorisation is valid for five years and the purchase price per share is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition. The General Meeting held on 26 April 2019 renewed the authorisation granted 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.

Following the shareholders' meeting resolution, and in order to foster the liquidity and regular trading of its shares that are listed on the stock market in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on, 28 April 2014, into a liquidity agreement (the "Liquidity Agreement"). During the year ended 31 December 2019, under the Liquidity Agreement, the Liquidity Provider has:
- purchased 29,734 shares at an average price of €48.41; and
- sold 80,229 shares at an average price of €47.70, in the name and on behalf of the Company.

On 10 May 2019 RTL Group decided to delist its shares from the Euronext Brussels Stock Exchange with the consequence that the liquidity programme was stopped. RTL Group keeps its two remaining listings on the Luxembourg and Frankfurt Stock Exchanges.

At 31 December 2019, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €43.98 (31 December 2018: €46.70). RTL Group recorded a value adjustment on own shares of €0.4 million (2018: €4 million).

8. 16. 3. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on investments accounted for using the equity method for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group's net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

8. 16. 4. HEDGING RESERVE

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Between 31 December 2018 and 31 December 2019, the hedging reserve increased by €6 million before tax effect. This consists of:
- Increase by €6 million due to foreign exchange contracts that existed at 2018-year end and which were still hedging off-balance sheet commitments at 31 December 2019;
- Decrease by €1 million due to foreign exchange contracts that existed at 2018-year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased of which €6 million of basis adjustment which was subsequently released to the income statement in 2019;
- Increase by €1 million due to foreign exchange contracts entered into in 2019 hedging new off-balance sheet commitments.

Between 31 December 2017 and 31 December 2018, the hedging reserve increased by €34 million before tax effect. This consists of:

- Increase by €21 million due to foreign exchange contracts that existed at 2017-year end and which were still hedging off-balance sheet commitments at 31 December 2018;
- Increase by €10 million due to foreign exchange contracts that existed at 2017-year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased of which €2 million of basis adjustment which was subsequently released to the income statement in 2018;
- Increase by €3 million due to foreign exchange contracts entered into in 2018 hedging new off-balance sheet commitments.

8. 16. 5. REVALUATION RESERVE

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of equity investments at fair value through OCI (see note 8. 6.) until the investment is derecognised for €11 million (2018: €13 million);
- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2019: €55 million; 2018: €55 million).

8. 16. 6. DIVIDENDS

On 26 April 2019, the Annual General Meeting of Shareholders decided, after having taken into account the interim dividends of €1 per share paid on 6 September 2018, to distribute a final dividend of €3 per share. Accordingly, an amount of €461 million was paid out on 7 May 2019.

8. 16. 7. SHARE-BASED PAYMENT PLANS

GROUPE M6 SHARE-BASED PAYMENT PLANS

Groupe M6 has established employee free shares plans open to directors and certain employees. The number of free shares granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all plans are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted[40] (in thousands)	Remaining options (in thousands)	Vesting conditions
Free shares plans				
	07–2017	307.20	–	2 years of service + performance conditions
	07–2017	217.66	217.66	3 years of service + performance conditions
	10–2017	8.92	8.92	3 years of service + performance conditions
	07–2018	313.40	291.20	2 years of service + performance conditions
	07–2018	247.10	241.04	3 years of service + performance conditions
	07–2019	298.17	297.17	2 years of service + performance conditions
	07–2019	246.50	246.50	3 years of service + performance conditions
Total		**1,638.95**	**1,302.49**	

The free shares plans are subject to performance conditions. A description by plan is given below:

- the plans at 27 July 2017, 2 October 2017, 25 July 2018 and 30 July 2019 are subject to Groupe M6 achieving its target growth in net consolidated result over the periods 2017, 2018 and 2019 respectively;
- the second plans at 27 July 2017, 2 October 2017, 25 July 2018 and 30 July 2019 are subject to a cumulated performance requirement over three years.

1,302,495 free shares are still exercisable at the end of the year against 1,083,884 at the beginning of the year. 544,667 free shares were granted during the year with 287,600 being exercised and 38,456 being forfeited.

40 The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met

Free shares plans outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	Number of shares 2019	Number of shares 2018
Free shares plans			
	2019	**–**	297
	2020	**517**	540
	2021	**785**	247
Total		**1,302**	1,084

The market price of Métropole Télévision shares on the Paris Stock Exchange was €16.78 at 31 December 2019 (€14.04 at 31 December 2018).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted future expected dividends that employees cannot receive during the vesting period.

Grant date	Share price €	Risk-free interest rate % a year	Expected return % a year	Option life	Employee expense 2019 €m	Employee expense 2018 €m
Free shares plans						
28/07/2016	16.24	(0.10)	5.50	2 years	**–**	3.9
27/07/2017	20.59	(0.17)	4.31	2 years	**3.2**	4.0
02/10/2017	20.59	(0.17)	4.31	2 years	**0.1**	0.1
25/07/2018	16.92	(0.10)	5.66	2 years	**3.4**	1.4
30/07/2019	15.35	(0.30)	6.97	2 years	**1.2**	–
Total					**7.9**	9.4

8. 16. 8. NON-CONTROLLING INTERESTS

The Group owns a 48.4 per cent share of Métropole Télévision SA which, together with its subsidiaries and its investments accounted for using the equity method, represent Groupe M6, listed on the Paris Stock Exchange (see note 12.).

The total non-controlling interests is €533 million at 31 December 2019 (2018: €506 million), of which €496 million (2018: €470 million), is for Groupe M6.

Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the information relating to Groupe M6, before any intra-group elimination.

Summarised financial information (as published by Groupe M6):

	Groupe M6 2019 €m	2018 €m
Non-current assets	**753**	557
Current assets	**906**	953
Assets classified as held for sale	**49**	–
Current liabilities	**(670)**	(667)
Non-current liabilities	**(235)**	(126)
Liabilities directly associated with non-current assets classified as held for sale	**(30)**	–
Net assets	**773**	717
Revenue	**1,456**	1,421
Profit before tax	**276**	272
Income tax expense	**(102)**	(97)
Profit from continuing operations	**174**	175
Profit from discontinued operations	**(1)**	7
Profit for the year	**173**	182
Other comprehensive income	**(4)**	5
Total comprehensive income	**169**	187
Dividends paid to non-controlling interests	**(65)**	(63)
Net cash from/(used in) operating activities	**277**	281
Net cash from/(used in) investing activities	**(323)**	(9)
Net cash from/(used in) financing activities	**(40)**	(182)
Net cash from/(used) of discontinued operation	**–**	(12)
Net increase/(decrease) in cash and cash equivalents	**(86)**	78

TRANSACTIONS ON NON-CONTROLLING INTERESTS

These transactions mainly relate to:

Transactions on non-controlling interests without a change in control:

- On 1 January 2019, the non-controlling shareholders of iGraal SAS (“iGraal”) exercised their put option. Consequently, Groupe M6 acquired the remaining 49 per cent of the share capital of iGraal for €22 million. The impact on the equity attributable to RTL Group shareholders is not significant;
- After the share buyback by YoBoHo New Media Private Ltd (“YoBoHo”) and the share acquisition by BroadbandTV Corp. realised on 2 January 2019 for €3 million, the Group owns 100 per cent of YoBoHo. The impact on the equity attributable to RTL Group shareholders is not significant;
- On 19 February 2019, FremantleMedia Overseas Holding BV exercised its call option to acquire the remaining 49 per cent of the share capital of Miso Holding ApS (“Miso”) for €13.8 million (of which deferred contingent consideration for €1.5 million). €12.3 million was cashed-out at 30 June 2019. Since RTL Group already has control over Miso, the acquisition was treated as an equity transaction with an impact of €(12) million on the equity attributable to RTL Group shareholders;
- Groupe M6 has acquired and disposed of own shares in respect to the forward purchase contract and the liquidity programme. The impact on the equity attributable to RTL Group shareholders is not significant;
- On 18 November 2019, CLT-UFA SA acquired the remaining 25 per cent of the share capital of Luxradio Sàrl for €2 million.

8. 16. 9. DERIVATIVES ON EQUITY INSTRUMENTS

Derivative instruments relate to forward transactions by Groupe M6 on Métropole Télévision SA shares.

9. COMMITMENTS AND CONTINGENCIES

	Note	2019 €m	2018 €m
Guarantees and endorsements given		21	28
Contracts for purchasing rights, (co-)productions and programmes[41]		1,694	2,087
Satellite transponders		67	74
Leases signed but not yet commenced		19	–
Short-term and low-value leases		5	–
Operating leases	1. 30.	–	334
Purchase obligations in respect of transmission and distribution		79	94
Other long-term contracts and commitments		102	104

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Certain UK companies have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions, set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 31 December 2019. A full list of the companies which have made use of the audit exemption is presented in note 12.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

Non-cancellable operating lease rentals under IAS 17 were as follows at 31 December 2018:

	1–5 years €m	Over 5 years €m	Total €m
Other operating leases	186	73	334

9. 1. PURCHASE OBLIGATIONS IN RESPECT OF TRANSMISSION AND DISTRIBUTION

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the RTL Group TV channels and radio stations.

9. 2. OTHER LONG-TERM CONTRACTS AND COMMITMENTS

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audio-visual rights and television programming that are enforceable and legally binding and that specify all significant terms.

41 Of which €7 million of commitments relating to joint ventures (2018: €10 million)

10. RELATED PARTIES

IDENTITY OF RELATED PARTIES

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

10. 1. TRANSACTIONS WITH SHAREHOLDERS

SALES AND PURCHASES OF GOODS AND SERVICES

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €70 million (2018: €11 million) and €48 million (2018: €27 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €5 million (2018: €5 million) and €37 million (2018: €6 million), respectively.

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. Ad Alliance started on 1 January 2019 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 business of Ad Alliance in 2019 (commissions on advertising sales of €32 million and related accounts payable €28 million).

During the fourth quarter of 2019, RTL Nederland also 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.

DEPOSITS BERTELSMANN SE & CO. KGAA

In 2006, RTL Group SA entered into a Deposit Agreement with Bertelsmann SE & Co. KGaA, the main terms of which are the following at 31 December 2019:

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

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

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

At 31 December 2019, the deposit of RTL Group GmbH with Bertelsmann SE & Co. KGaA amounted to €27 million (2018: € nil million). The interest income for the period is € nil million (2018: € nil million).

RTL Group (through Fremantle Production North America Inc) had additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 80 basis points/US Libor flat. At 31 December 2019, the balance of the cash pooling accounts receivable and payable amounts to € nil million (2018: €2 million). The interest income/expense for the year is € nil million (2018: € nil million).

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

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

- Term loan facility of €500 million until 7 March 2023 bearing a fixed interest rate of 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million was transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2019, the term loan balance amounts to €500 million (2018: €500 million). The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €557 million (2018: €545 million);
- The interest rates for loans under the revolving and swingline facility are EURIBOR (floored at zero per cent) plus a margin of 0.40 per cent per annum, and EONIA (floored at zero per cent) plus a margin of 0.40 per cent per year, respectively. A commitment fee of 30 per cent of the applicable margin is payable on the undrawn amount of the total credit facility. At 31 December 2019, the total of revolving and swingline loan amounts to € nil million (2018: €232 million).

The interest expense for the period amounts to €15 million (2018: €15 million). The commitment fee charge for the period amounts to €0.9 million (2018: €0.9 million).

TAX

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

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

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

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

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

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

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGG sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2019, the balance payable to BCH amounts to €619 million (2018: €633 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €500 million (2018: €481 million).

For the year ended 31 December 2019, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €157 million (2018: €180 million). The Commission amounts to €37 million (2018: €28 million).

As from 1 July 2019, RGG entered into the VAT tax group with Bertelsmann SE & Co. KGaA, Bertelsmann SE & Co. KGaA and RGG sub-group are treated as a single entity for German VAT purposes.

The UK Group relief of Fremantle Group to Bertelsmann Group resulted in a tax income of €6 million (2018: €6 million).

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

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

10. 2. TRANSACTIONS WITH INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following transactions were carried out with investments accounted for using the equity method:

	2019 €m	2018 €m
Sales of goods and services to:		
Associates	**39**	28
Joint ventures	**60**	55
	99	83
Purchase of goods and services from:		
Associates	**35**	19
Joint ventures	**20**	22
	55	41

Sales and purchases to and from investments accounted for using the equity method were carried out on commercial terms and conditions, and at market prices.

Year-end balances arising from sales and purchases of goods and services are as follows:

	2019 €m	2018 €m
Trade accounts receivable from:		
Associates	**13**	13
Joint ventures	**13**	10
	26	23
Trade accounts payable to:		
Associates	**5**	5
Joint ventures	**2**	2
	7	7

10. 3. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In addition to their salaries, the Group also provides non-cash benefits to the key management personnel and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and includes benefits for the period for which the individuals held the Executive Committee position:

	2019 €m	2018 €m
Short-term benefits	**4.1**	4.8
Post-employment benefits	**2.9**	0.3
Long-term benefits	**0.5**	2.9
	7.5	8.0

10. 4. DIRECTORS' FEES

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 of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. SUBSEQUENT EVENTS

On 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 has been 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.

12. GROUP UNDERTAKINGS

	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
LUXEMBOURG*						
RTL Group SA			M			M

BROADCASTING TV	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
ARGENTINA*						
Smartclip Argentina SA	5	**10.3**	E	5	10.6	E
AUSTRIA*						
IP Österreich GmbH		**49.8**	F		49.8	F
BELGIUM*						
Best of TV Benelux SPRL	2	**24.7**	F	2	24.6	F
Home Shopping Service Belgique SA	2	**48.4**	F	2	48.3	F
RTL Belgium SA		**65.8**	F		65.8	F
Unité 15 Belgique SA	2	**48.4**	F	2	48.2	F
BRAZIL*						
Adconion Brasil SL	5	**18.7**	E	5	17.5	E
Smartclip Comunicacao Ltda	5	**14.6**	E	5	13.4	E
CHILE*						
Smartclip Chile SPA	5	**18.7**	E	5	17.7	E
COLOMBIA*						
Smartclip Colombia SAS	5	**18.7**	E	5	17.7	E
CROATIA*						
RTL Hrvatska d.o.o.		**99.7**	F		99.7	F
FRANCE*						
6&7 SAS	12	**–**	NC	2	23.7	E
Bedrock SAS (former M6 Distribution SAS)	2	**48.4**	F	2	48.3	F
Best of TV SAS	2	**24.7**	F	2	24.6	F
C. Productions SA	2	**48.4**	F	2	48.3	F
Canal Star Sàrl	2	**48.4**	F	2	48.3	F
Edi TV/W9 SAS	2	**48.4**	F	2	48.3	F
Elephorm SAS	2	**16.4**	E	2	16.4	E
Extension TV – Série Club SAS	2	**24.2**	JV	2	24.1	JV
GM6 – Golden Network SAS	2	**48.4**	F	2	48.3	F
Home Shopping Service SA	2	**48.4**	F	2	48.2	F
iGraal SAS	2	**48.4**	F	2	24.6	F
Immobilière 46D SAS	2	**48.4**	F	2	48.3	F
Immobilière M6 SAS	2	**48.4**	F	2	48.2	F
Jeunesse Thématiques SAS	2	**48.4**	F		–	NC
Jeunesse TV SAS	2	**48.4**	F		–	NC
Joïkka SAS	2	**48.4**	F	2	48.3	F
Les Films de la Suane Sàrl	11	**–**	NC	2	48.3	F
Luxview SAS	2	**48.4**	F	2	46.1	F
M6 Bordeaux SAS	2	**48.4**	F	2	48.3	F
M6 Communication – M6 Music SAS	2	**48.4**	F	2	48.3	F
M6 Créations SAS	2	**48.4**	F	2	48.3	F
M6 Développement SASU	2	**48.4**	F	2	48.3	F
M6 Diffusion SA	2	**48.4**	F	2	48.3	F
M6 Digital Services SAS	2	**48.4**	F	2	48.3	F
M6 Editions SA	2	**48.4**	F	2	48.3	F
M6 Evénements SA	2	**48.4**	F	2	48.3	F
M6 Films SA	2	**48.4**	F	2	48.3	F
M6 Foot SAS	2	**48.4**	F	2	48.3	F
M6 Génération/6Ter SAS	2	**48.4**	F	2	48.3	F
M6 Interactions SAS	2	**48.4**	F	2	48.3	F
M6 Publicité SAS	2	**48.4**	F	2	48.3	F
M6 Shop SAS	2	**48.4**	F	2	48.3	F
M6 Studio SAS	2	**48.4**	F	2	48.3	F
M6 Thématique SAS	2	**48.4**	F	2	48.3	F

BROADCASTING TV	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
Métropole Télévision – M6 SA	2	**48.4**	F	2	48.3	F
Optilens SPRL	2	**48.4**	F	2	46.1	F
Panora Services SAS	2	**24.2**	JV	2	24.1	JV
Paris Première SAS	2	**48.4**	F	2	48.3	F
QuickSign SAS	2	**11.6**	E	2	11.7	E
SCI du 107	2	**48.4**	F	2	48.3	F
Sédi TV/Téva SAS	2	**48.4**	F	2	48.3	F
SNC Catalogue MC SAS	11	**–**	NC	2	48.3	F
SNDA SAS	2	**48.4**	F	2	48.3	F
Société Nouvelle de Cinématographie SA	11	**–**	NC	2	48.3	F
Société Nouvelle de Distribution SA	2	**48.4**	F	2	48.3	F
Stéphane Plaza France SAS	2	**23.7**	E	2	23.7	E
Studio 89 Productions SAS	2	**48.4**	F	2	48.3	F
GERMANY*						
Ad Alliance GmbH		**99.7**	F		99.7	F
CBC Cologne Broadcasting Center GmbH		**99.7**	F		99.7	F
Delta Advertising GmbH		**48.8**	JV		48.8	JV
El Cartel Media GmbH & Co. KG		**35.8**	E		35.8	E
I2I Musikproduktions- und Musikverlagsgesellschaft mbH		**99.7**	F		99.7	F
Infonetwork GmbH		**99.7**	F		99.7	F
IP Deutschland GmbH		**99.7**	F		99.7	F
Mairdumont Netletix GmbH & Co. KG		**48.8**	JV		48.8	JV
Mairdumont Netletix Verwaltungs GmbH		**48.8**	JV		48.8	JV
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH		**99.7**	F		99.7	F
Mediengruppe RTL Deutschland GmbH		**99.7**	F		99.7	F
Netletix GmbH		**99.7**	F		99.7	F
N-TV Nachrichtenfernsehen GmbH		**99.7**	F		99.7	F
RTL Disney Fernsehen Geschäftsführungs GmbH		**49.8**	JV		49.8	JV
RTL Disney Fernsehen GmbH & Co. KG		**49.8**	JV		49.8	JV
RTL Group Deutschland Markenverwaltungs GmbH		**99.7**	F		99.7	F
RTL Hessen GmbH		**99.7**	F		99.7	F
RTL Hessen Programmfenster GmbH		**59.8**	F		59.8	F
RTL Interactive GmbH		**99.7**	F		99.7	F
RTL International GmbH		**99.7**	F		99.7	F
RTL Journalistenschule für TV und Multimedia GmbH		**89.7**	F		89.7	F
RTL Nord GmbH		**99.7**	F		99.7	F
RTL Studios GmbH (former Norddeich TV Produktionsgesellschaft mbH)		**99.7**	F		99.7	F
RTL Television GmbH		**99.7**	F		99.7	F
RTL West GmbH		**74.8**	F		74.8	F
RTL2 Fernsehen Geschäftsführungs GmbH		**35.8**	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		**35.8**	E		35.8	E
Screenworks Köln GmbH		**49.7**	E		49.7	E
Smart Shopping and Saving GmbH	11	**–**	NC		99.7	F
Universum Film GmbH	12	**–**	NC		99.7	F
Vox Holding GmbH		**99.7**	F		99.7	F
Vox Television GmbH		**99.4**	F		99.4	F
HUNGARY*						
Home Shopping Service Hongrie		**–**	NC	2	48.2	F
Magyar RTL Televízió Zártkörűen Müködő Részvénytársaság	4	**99.7**	F	4	99.7	F
R-Time Kft	4	**99.7**	F	4	99.7	F
RTL Holdings Kft	11	**–**	NC	4	99.7	F
RTL Services Kft	4	**99.7**	F	4	99.7	F

BROADCASTING TV	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
IVORY COAST*						
Life TV SA	12	**–**	NC	2	16.1	E
LUXEMBOURG*						
BCE International SA		**99.7**	F		99.7	F
Broadcasting Center Europe SA		**99.7**	F		99.7	F
RTL Belux SA		**65.8**	F		65.8	F
RTL Belux SA & Cie SECS		**65.8**	F		65.8	F
MEXICO*						
Smartclip México S.A.P.I. de C.V.	5	**18.7**	E	5	17.5	E
THE NETHERLANDS*						
RTL Live Entertainment BV	11	**–**	NC	16	99.7	F
RTL Nederland BV	16	**99.7**	F	16	99.7	F
RTL Nederland Holding BV	16	**99.7**	F	16	99.7	F
RTL Nederland Ventures BV	16	**99.7**	F	16	99.7	F
Themakanalen BV		**74.8**	F		74.8	F
PERU*						
Smartclip Peru SAC	5	**18.7**	E	5	17.7	E
SPAIN*						
6&M Producciones y Contenidos Audiovisuales SLU	5	**18.7**	E	5	18.7	E
Antena 3 Multimedia SLU	5	**18.7**	E	5	18.7	E
Antena 3 Noticias SLU	5	**18.7**	E	5	18.7	E
Antena 3 Television Digital Terrestre de Canarias SAU	5	**18.7**	E	5	18.7	E
Atres Advertising SLU	5	**18.7**	E	5	18.7	E
Atresmedia Cine SLU	5	**18.7**	E	5	18.7	E
Atresmedia Corporación de Medios de Comunicación SA	5	**18.7**	E	5	18.7	E
Atres Hub Factory SL	5	**9.3**	E	5	9.3	E
Atresmedia Capital SLU (former Flooxplay SLU)	5	**18.7**	E	5	18.7	E
Atresmedia Música SLU	5	**18.7**	E	5	18.7	E
Atresmedia Studios SLU	5	**18.7**	E	5	18.7	E
Aunia Publicidad Interactiva SL	5	**9.3**	E	5	9.3	E
Hola Television América SL	5	**9.3**	E	5	9.3	E
Hola TV Latam SL	5	**9.3**	E	5	9.3	E
I3 Television SL	5	**18.7**	E	5	9.3	E
Inversion y Distribucion Global de Contenidos SLU	5	**18.7**	E	5	18.7	E
Musica Aparte SAU	5	**18.7**	E	5	18.7	E
Smartclip Hispania SL	5	**18.7**	E	5	17.7	E
Smartclip Latam SL	5	**17.7**	E	5	17.7	E
Uniprex SAU	5	**18.7**	E	5	18.7	E
Uniprex Television Digital Terrestre de Andalucia SL	5	**13.9**	E	5	13.8	E
Uniprex Television SLU	5	**18.7**	E	5	18.7	E
SWITZERLAND*						
Goldbach Media (Switzerland) AG		**22.9**	E		22.9	E
UNITED KINGDOM*						
Bend it TV Ltd		**24.9**	E		25.0	E
USA*						
Hola TV US LLC	5	**9.3**	E	5	9.3	E
SND Films LLC	2	**48.4**	F	2	48.3	F
SND USA Inc	2	**48.4**	F	2	48.3	F

CONTENT	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
ANTIGUA*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
ARGENTINA*						
Fremantle Productions Argentina SA		**100.0**	F		100.0	F
AUSTRALIA*						
Doctor Doctor Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Doctor Doctor Production Pty Ltd	12	**–**	NC	14	75.0	F
DRDR2 Holdings Pty Ltd	12	**–**	NC	14	75.0	F
DRDR2 Series Pty Ltd	12	**–**	NC	14	75.0	F
Easy Tiger Holdings Pty Ltd	14	**74.8**	F	14	75.0	F
Easy Tiger Productions Pty Ltd	14	**74.8**	F	14	75.0	F
EME Productions No 2 Pty Ltd	12	**–**	NC	14	75.0	F
Eureka Productions Pty Ltd		**24.9**	E		25.0	E
Forum 5 Pty Ltd		**99.7**	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	9	**99.7**	F	9	100.0	F
FremantleMedia Australia Pty Ltd	9	**99.7**	F	9	100.0	F
Grundy Organization Pty Ltd	9	**99.7**	F	9	100.0	F
Jack Irish Dead Point Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Jack Irish Dead Point Pty Ltd	12	**–**	NC	14	75.0	F
Jack Irish Series 2 Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Jack Irish Series 2 Pty Ltd	12	**–**	NC	14	75.0	F
Jack Irish Series Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Jack Irish Series Pty Ltd	12	**–**	NC	14	75.0	F
Rake 3 Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Rake 3 Pty Ltd	12	**–**	NC	14	75.0	F
Rake 4 Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Rake 4 Pty Ltd	12	**–**	NC	14	75.0	F
Rake 5 Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Rake 5 Pty Ltd	12	**–**	NC	14	75.0	F
Sunshine Series Holdings Pty Ltd	12	**–**	NC	14	75.0	F
Sunshine Series Pty Ltd	12	**–**	NC	14	75.0	F
The Broken Shore Holdings Pty Ltd	14	**74.8**	F	14	75.0	F
The Broken Shore Pty Ltd	14	**74.8**	F	14	75.0	F
The Principal Series Holdings Pty Ltd	12	**–**	NC	14	75.0	F
The Principal Series Pty Ltd	12	**–**	NC	14	75.0	F
BELGIUM*						
FremantleMedia Belgium NV		**99.7**	F		100.0	F
BRAZIL*						
FremantleMedia Brazil Produção de Televisão Ltda		**100.0**	F		100.0	F
Style Haul Brasil agenciamento de midia Ltda		**99.7**	F		100.0	F
CANADA*						
FremantleMedia Canada Inc		**99.7**	F		100.0	F
Ludia Inc		**99.7**	F		100.0	F
Miso Film Canada Inc	12	**–**	NC		51.0	F
Umi Mobile Inc		**31.3**	E		31.4	E
CHINA*						
Fremantle (Shanghai) Culture Media Co. Ltd		**99.7**	F		100.0	F
CROATIA*						
FremantleMedia Hrvatska d.o.o.		**99.7**	F		100.0	F

CONTENT	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
DENMARK*						
Blu A/S		**99.7**	F		100.0	F
Miso Estate ApS		**100.0**	F		51.0	F
Miso Film ApS		**100.0**	F		51.0	F
Miso Holding ApS		**100.0**	F		51.0	F
FINLAND*						
FremantleMedia Finland Oy		**99.7**	F		100.0	F
United Screens Finland		**99.7**	F		99.7	F
FRANCE*						
1. 2. 3. Productions SAS		**99.7**	F		100.0	F
Divimove France SAS		**99.7**	F		99.7	F
Fontaram SAS		**51.0**	F		51.0	F
FremantleMedia France SAS		**99.7**	F		100.0	F
Kwaï SAS		**51.0**	F		51.0	F
SNC Audiovisuel FF SAS	11	**–**	NC	2	48.3	F
TV Presse Productions SAS		**99.7**	F		100.0	F
Wild Buzz Agency SAS	2	**19.3**	E		–	NC
GERMANY*						
Divimove GmbH		**99.7**	F		99.7	F
FremantleMedia International Germany GmbH		**99.7**	F		99.7	F
Nachrichtenmanufaktur GmbH		**25.0**	E		25.0	E
RTL Group Licensing Asia GmbH		**99.7**	F		99.7	F
RTL Group Services GmbH		**99.7**	F		99.7	F
UFA Distribution GmbH		**99.7**	F		99.7	F
UFA Fiction GmbH	3	**99.7**	F	3	99.7	F
UFA Fiction Productions GmbH	3	**99.7**	F	3	99.7	F
UFA GmbH	3	**99.7**	F	3	99.7	F
UFA Serial Drama GmbH	3	**99.7**	F	3	99.7	F
UFA Show & Factual GmbH	3	**99.7**	F	3	99.7	F
GREECE*						
Fremantle Productions SA		**99.7**	F		100.0	F
HONG KONG*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
HUNGARY*						
UFA Magyarorszag Kft		**99.7**	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
INDONESIA*						
PT Dunia Visitama Produksi		**100.0**	F		100.0	F
ISRAEL*						
Abot Hameiri Communications Ltd		**51.0**	F		51.0	F
ITALY*						
Boats Srl		**62.3**	F		62.5	F
Divimove Italia SRL		**99.7**	F		99.7	F
FremantleMedia Italia Spa		**99.7**	F		100.0	F
Offside Srl		**62.3**	F		62.5	F
Quarto Piano Srl		**99.7**	F		100.0	F
Wildside Srl		**62.3**	F		62.5	F

CONTENT	Note	Group's ownership 2019 (**)	Consoli-dated method (1)	Note	Group's ownership 2018 (**)	Consoli-dated method (1)
LUXEMBOURG*						
Duchy Digital SA		**99.7**	F		99.7	F
European News Exchange SA		**76.4**	F		76.5	F
MALAYSIA*						
AGT Productions Sdn Bhd	17	**99.7**	F	17	100.0	F
MEXICO*						
FremantleMedia Mexico SA de CV		**100.0**	F		100.0	F
Self-Made Films, S. DE RL DE CV		**12.7**	E		–	NC
THE NETHERLANDS*						
Benelux Film Investments BV		**49.8**	JV		49.8	JV
BrandDeli BV		**99.7**	F		–	NC
BrandDeli CV		**99.7**	F		–	NC
Divimove Nederland BV		**99.7**	F		99.7	F
Fiction Valley BV	8	**100.0**	F	8	100.0	F
Fremantle Productions BV		**99.8**	F		–	NC
FremantleMedia Netherlands BV	8	**100.0**	F	8	100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF		**50.0**	JV		50.0	JV
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
No Pictures Please Productions BV	8	**100.0**	F	8	75.0	F
RTL AdConnect BV		**100.0**	F		–	NC
RTL DSP BV		**100.0**	F		100.0	F
RTL Nederland Film Venture BV	16	**99.7**	F	16	99.7	F
RTL Nederland Productions BV	11	**–**	NC	16	99.7	F
NORWAY*						
FremantleMedia Norge AS		**99.7**	F		100.0	F
Miso Film Norge AS		**100.0**	F		51.0	F
POLAND*						
FremantleMedia Polska Sp.Zo.o.		**99.7**	F		100.0	F
PORTUGAL*						
FremantleMedia Portugal SA		**99.7**	F		100.0	F
SINGAPORE*						
FremantleMedia Asia PTE Ltd		**99.7**	F		100.0	F
SPAIN*						
Divimove España SLU		**99.7**	F		99.7	F
Fremantle de España SL	6	**99.3**	F	6	99.6	F
FremantleMedia España SA		**99.7**	F		100.0	F
SWEDEN*						
FremantleMedia Sverige AB		**99.7**	F		100.0	F
Miso Film Sverige AB		**100.0**	F		51.0	F
SpotX Nordics AB		**100.0**	F		100.0	F
U Screens AB		**99.7**	F		99.7	F
U Screens Music AB		**99.7**	F		–	NC

CONTENT	Note	Group's ownership 2019 (**)	Consoli-dated method (1)	Note	Group's ownership 2018 (**)	Consoli-dated method (1)
UNITED KINGDOM*						
Arbie Productions Ltd	15	**99.7**	F	15	100.0	F
Corona TV Ltd	12	**–**	NC		25.0	E
Dancing Ledge Productions Ltd		**24.9**	E		25.0	E
Dr Pluto Films Ltd		**24.9**	E		25.0	E
Dublin Murder Productions Ltd		**74.8**	F		75.0	F
Duck Soup Films Ltd		**24.9**	E		25.0	E
Fremantle (UK) Productions Ltd		**99.7**	F	15	100.0	F
FremantleMedia Group Ltd	15	**99.7**	F	15	100.0	F
FremantleMedia Ltd	15	**99.7**	F	15	100.0	F
FremantleMedia Overseas Ltd	15	**99.7**	F	15	100.0	F
FremantleMedia Services Ltd		**99.7**	F		100.0	F
Full Fat Television Ltd		**24.9**	E		25.0	E
Label1 Television Ltd		**24.9**	E		25.0	E
Man Alive Entertainment Ltd		**24.9**	E		25.0	E
Naked Television Ltd		**24.9**	E		25.0	E
RTL Group Support Services Ltd	15	**100.0**	F		100.0	F
Squawka Ltd		**34.7**	E		34.8	E
Style Haul UK Ltd		**99.7**	F		100.0	F
Talkback Productions Ltd	10	**99.7**	F	10	100.0	F
TalkbackThames UK Ltd		**99.7**	F		100.0	F
Thames Television Holdings Ltd		**99.7**	F	15	100.0	F
Thames Television Ltd		**99.7**	F		100.0	F
UFA Fiction Ltd	3	**99.7**	F	3	99.7	F
Wild Blue Media Ltd		**24.9**	E		25.0	E
USA*						
495 Productions Holdings LLC	7	**74.8**	F	7	75.0	F
Allied Communications Inc		**99.7**	F		100.0	F
Amygdala Records Inc	13	**99.7**	F	13	100.0	F
Big Balls LLC	7	**94.7**	F	7	95.0	F
Cathedral Technologies LLC	7	**74.8**	F	7	75.0	F
Eureka Productions LLC		**24.9**	E		25.0	E
FCB Productions Inc	13	**99.7**	F	13	100.0	F
Fremantle Licensing Inc	6	**99.7**	F	6	100.0	F
Fremantle Productions Inc	7	**99.7**	F	7	100.0	F
Fremantle Productions North America Inc	7	**99.7**	F	7	100.0	F
FremantleMedia Latin America Inc		**99.7**	F		100.0	F
FremantleMedia North America Inc	7	**99.7**	F	7	100.0	F
Good Games Live Inc	7	**99.7**	F	7	100.0	F
Haskell Studio Rentals Inc	7	**99.7**	F	7	100.0	F
Max Post Inc	13	**99.7**	F	13	100.0	F
Music Box Library Inc	7	**99.7**	F	7	100.0	F
Op Services Inc	13	**99.7**	F	13	100.0	F
Original Productions LLC	13	**99.7**	F	13	100.0	F
Pajama Pants Productions LLC	7	**74.8**	F	7	75.0	F
Studio Production Services Inc	7	**99.7**	F	7	100.0	F
Style Haul Inc		**99.7**	F		100.0	F
Style Haul Productions Inc	11	**–**	NC		100.0	F
TCF Productions Inc	13	**99.7**	F	13	100.0	F
The Immigrants LLC		**24.9**	E		–	NC
The Pet Collective LLC		**34.9**	E		35.0	E
Tiny Riot Inc (former Tiny Riot LLC)	7	**99.7**	F	7	100.0	F
Vice Food LLC	7	**29.9**	JV	7	30.0	JV

BROADCASTING RADIO	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
BELGIUM*						
Cobelfra SA		**44.1**	F		44.1	F
Inadi SA		**44.1**	F		44.1	F
IP Belgium SA		**65.8**	F		65.8	F
New Contact SA		**49.8**	JV		49.8	JV
Radio H SA		**44.1**	F		44.1	F
FRANCE*						
FM Graffiti Sàrl	2	**48.4**	F	2	48.3	F
Gigasud Sàrl	2	**48.4**	F	2	48.3	F
ID (Information et Diffusion) Sàrl	2	**48.4**	F	2	48.3	F
Média Stratégie Sàrl	2	**48.4**	F	2	48.3	F
Radio Golfe Sàrl	2	**48.4**	F	2	48.3	F
Radio Porte Sud Sàrl	2	**48.4**	F	2	48.3	F
RTL France Radio SAS	2	**48.4**	F	2	48.3	F
SERC Fun Radio SA	2	**48.4**	F	2	48.3	F
Société Communication A2B Sàrl	2	**48.4**	F	2	48.3	F
Sodera – RTL 2 SA	2	**48.4**	F	2	48.3	F
SPRGB Sàrl	2	**48.4**	F	2	48.3	F
GERMANY*						
Antenne Niedersachsen GmbH & Co. KG		**57.4**	F		57.4	F
AVE Gesellschaft für Hörfunkbeteiligungen GmbH		**99.7**	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG		**99.7**	F		99.7	F
BCS Broadcast Sachsen GmbH & Co. KG		**47.4**	E		47.4	E
Digital Media Hub GmbH		**99.7**	F		99.7	F
Funkhaus Halle GmbH & Co. KG		**61.2**	F		61.2	F
Hitradio RTL Sachsen GmbH		**86.3**	F		86.3	F
Madsack Hörfunk GmbH	(***)	**99.7**	F	(***)	99.7	F
Mediengesellschaft Mittelstand Niedersachsen GmbH	(***)	**23.0**	E	(***)	23.0	E
Neue Spreeradio Hörfunkgesellschaft mbH		**99.7**	F		99.7	F
NiedersachsenRock 21 GmbH & Co. KG		**21.3**	E		21.3	E
Radio Hamburg GmbH & Co. KG		**29.1**	E		29.1	E
Radio NRW GmbH		**22.5**	E		22.5	E
RTL Radio Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Center Berlin GmbH		**99.7**	F		99.7	F
RTL Radio Deutschland GmbH		**99.7**	F		99.7	F
RTL Radiovermarktung GmbH		**99.7**	F		99.7	F
UFA Radio-Programmgesellschaft in Bayern mbH		**99.7**	F		99.7	F
LUXEMBOURG*						
Luxradio Sàrl		**99.7**	F		74.8	F
SWITZERLAND*						
Swiss Radioworld AG		**23.0**	E		23.0	E

(***) At 31 December 2019, the Group legally held 24.9 per cent and 5.7 per cent in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH, respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

OTHERS	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
AUSTRALIA*						
SpotX Australia Pty Ltd (former SpotXchange Australia Pty Ltd)		**99.7**	F		100.0	F
AUSTRIA*						
RTL Group Austria GmbH		**99.7**	F		99.7	F
BELGIUM*						
Freecaster		**99.7**	F		–	NC
RTL Group Services Belgium SA		**100.0**	F		100.0	F
CANADA*						
BroadbandTV Corporation		**54.9**	F		55.3	F
FremantleMedia Canada No 2 Inc		**99.7**	F		–	NC
RTL Canada Ltd		**99.7**	F		99.7	F
Vemba Corporation		**10.6**	E		–	NC
CROATIA*						
RTL Music Publishing Ltd		**99.7**	F		99.7	F
FRANCE*						
BCE France SAS		**99.7**	F		99.7	F
Ctzar SAS	2	**24.7**	F	2	24.6	F
Freecaster France		**99.7**	F		–	NC
M6 Distribution Digital SASU (former T-Commerce SAS)	2	**48.4**	F		–	NC
M6 Hosting SAS	2	**48.4**	F	2	48.3	F
RTL AdConnect SA		**99.7**	F		99.7	F
Salto Gestion SAS	2	**16.1**	JV		–	NC
Salto SNC	2	**16.1**	JV		–	NC
Sociaddict SAS	2	**24.7**	F	2	24.6	F
Société Immobilière Bayard d'Antin SA		**99.7**	F		99.7	F
SpotXchange France SAS		**99.7**	F		100.0	F
GERMANY*						
d-Force GmbH		**49.8**	JV		–	NC
RTL AdConnect GmbH		**99.7**	F		–	NC
RTL Group Central & Eastern Europe GmbH		**99.7**	F		99.7	F
RTL Group Financial Services GmbH		**99.7**	F		99.7	F
RTL Group GmbH (former RTL Group Deutschland GmbH)		**99.7**	F		99.7	F
RTL Group Vermögensverwaltung GmbH		**100.0**	F		100.0	F
RTL Radio Luxembourg GmbH		**99.7**	F		99.7	F
Skyline Medien GmbH		**49.7**	JV		–	NC
Smartclip Deutschland GmbH (former Smartclip AG)		**99.8**	F		99.8	F
Smartclip Europe GmbH (former SpotX Europe GmbH)		**100.0**	F		100.0	F
Sparwelt GmbH		**99.7**	F		99.7	F
SpotXchange Deutschland GmbH	11	**–**	NC		99.8	F
SQL Service GmbH		**49.8**	E		–	NC
UFA Film und Fernseh GmbH		**99.7**	F		99.7	F
INDIA*						
YoBoHo New Media Private Ltd		**54.9**	F		48.4	F
ITALY*						
SpotX Italia SRL (former Smartclip Italia Srl)		**100.0**	F		100.0	F
The Apartment SRL		**99.7**	F		–	NC

OTHERS	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
JAPAN*						
SpotX Japan GK		**99.7**	F		–	NC
LUXEMBOURG*						
B. & C.E. SA		**99.7**	F		99.7	F
CLT-UFA SA		**99.7**	F		99.7	F
Data Center Europe Sàrl		**99.7**	F		99.7	F
Heliovos SA		**48.8**	E		48.8	E
IP Luxembourg Sàrl		**99.7**	F		99.7	F
Media Properties Sàrl		**99.7**	F		99.7	F
Media Real Estate SA		**99.7**	F		99.7	F
RTL AdConnect International SA		**99.7**	F		99.7	F
RTL Group Germany SA		**99.7**	F		99.7	F
THE NETHERLANDS*						
Adfactor BV		**59.8**	F		59.8	F
E-Health & safety skills BV		**48.8**	E		–	NC
eHealth88 BV		**35.0**	JV		35.0	JV
Flinders BV		**19.9**	E		19.9	E
Format Creation Group BV		**100.0**	F		–	NC
HelloSparkle BV		**24.9**	E		24.9	E
Horstra Holding BV (former Sarthro Travelbags BV)		**24.9**	E		23.0	E
Incase BV		**48.8**	E		–	NC
Livis BV		**48.8**	E	16	99.7	F
NLziet Coöperatief UA		**33.2**	JV		33.2	JV
RTL Group Beheer BV	16	**100.0**	F	16	100.0	F
Smartclip Benelux BV	11	**–**	NC		99.8	F
Solvo BV	12	**–**	NC		35.0	JV
SpotXchange Benelux BV		**99.8**	F		99.8	F
The Entertainment Group BV	16	**99.7**	F	16	99.7	F
RUSSIA*						
LTI Vostok LLC	2	**48.4**	F		–	NC
SINGAPORE*						
RTL Group Asia Pte Ltd		**100.0**	F		100.0	F
SpotX Singapore Pte Ltd		**99.7**	F		100.0	F
SWEDEN*						
SHOC Media Agency AB		**100.0**	F		100.0	F
Smartclip Nordics AB		**100.0**	F		100.0	F
SWITZERLAND*						
Goldbach Audience (Switzerland) AG		**24.9**	E		24.9	E

OTHERS	Note	Group's ownership 2019 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated method (1)
UNITED KINGDOM*						
CLT-UFA UK Radio Ltd		**99.7**	F		99.7	F
Euston Films Productions Ltd		**99.7**	F		–	NC
SpotX Ltd		**99.7**	F		100.0	F
Yospace Enterprises Ltd		**99.7**	F		–	NC
Yospace Technologies Ltd		**99.7**	F		–	NC
USA*						
BroadbandTV (USA) Inc		**54.9**	F		57.3	F
Clypd Inc	12	**–**	NC		19.3	E
Inception VR Inc		**16.1**	E		16.8	E
RTL US Holding Inc	7	**99.7**	F	7	100.0	F
SpotX Inc		**99.7**	F		100.0	F
VideoAmp Inc		**15.0**	E		22.1	E
YoBoHo New Media Inc		**54.9**	F		48.4	F

1 M: parent company
F: full consolidation
JV: joint venture (equity accounting)
E: equity accounting
NC: not consolidated
2 Groupe M6 ("de facto" control)
3 UFA Berlin Group
4 M-RTL Group
5 Atresmedia
6 Fremantle Licensing Group
7 FremantleMedia North America Group
8 FremantleMedia Productions Netherlands Group
9 FremantleMedia Australia (Holdings) Group
10 Talkback Productions Group
11 Company absorbed by a company of the Group
12 Company sold or liquidated
13 Original Productions
14 Easy Tiger Group
15 Company has elected to make use of the audit exemption in accordance with section 479A of the UK Companies Act 2006
16 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code
17 Set up as a Special Purpose Vehicle (SPV) for *Asia's Got Talent* of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose

* Country of incorporation
** The Group's ownership is based on the total number of shares after deduction of treasury shares held by the company as at 31 December