ANNUAL REPORT 2019

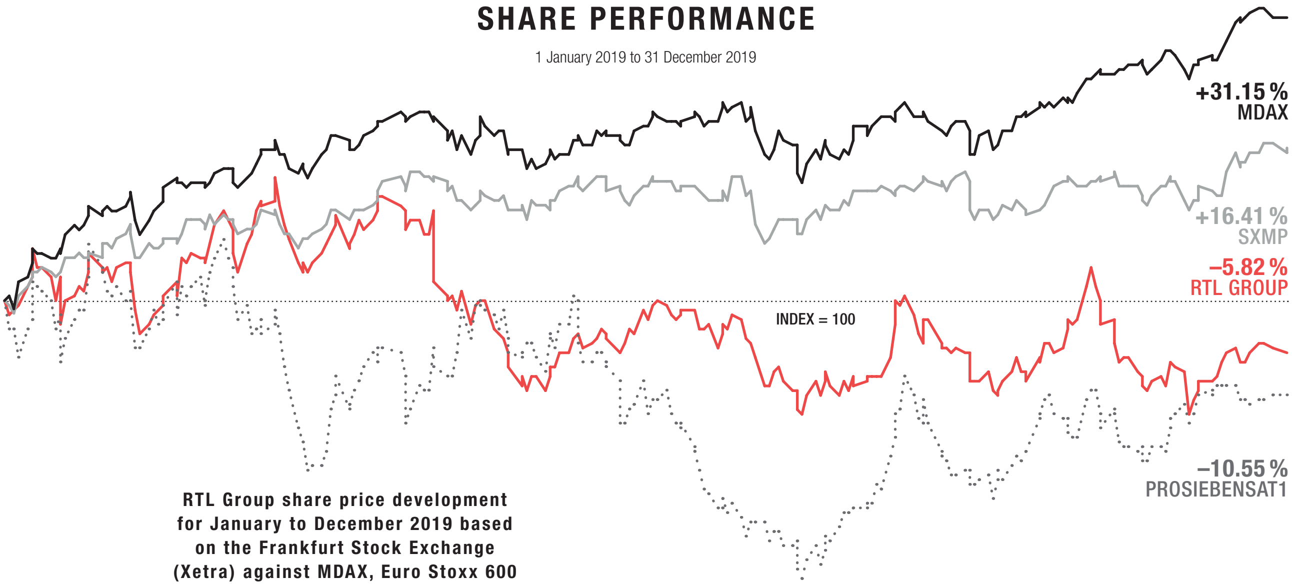
RTL GROUP

ENTERTAIN. INFORM. ENGAGE.

KEY FIGURES

SHARE PERFORMANCE

1 January 2019 to 31 December 2019



RTL Group share price development for January to December 2019 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media (SXMP) and ProSiebenSat1

Fremantle's *America's Got Talent: The Champions* is a prime-time hit on NBC.

REVENUE
2015 – 2019 (€ million)

19	**6,651**
18	6,505
17	6,373
16	6,237
15	6,029

EBITA
2015 – 2019 (€ million)

19	**1,139**
18	1,171
17	1,248
16	1,205
15	1,167

PROFIT FOR THE YEAR
2015 – 2019 (€ million)

19	**864**
18	785
17	837
16	816
15	863

EQUITY
2015 – 2019 (€ million)

19	**3,825**
18	3,553
17	3,432
16	3,552
15	3,409

MARKET CAPITALISATION*
2015 – 2019 (€ billion)

19	**6.8**
18	7.2
17	10.4
16	10.7
15	11.9

*As of 31 December

TOTAL DIVIDEND / DIVIDEND YIELD PER SHARE

2015 – 2019	(€)	(%)
19	**NIL***	**–**
18	4.00**	6.3
17	4.00***	5.9
16	4.00****	5.4
15	4.00*****	4.9

*On 2 April 2020, RTL Group's Board of Directors decided to withdraw its earlier proposal of a € 4.00 per share dividend in respect of the fiscal year 2019, due to the coronavirus outbreak. No dividend will now be proposed to the Annual Meeting of Shareholders on 30 June 2020.
**Including an interim dividend of € 1.00 per share, paid in September 2018
***Including an interim dividend of € 1.00 per share, paid in September 2017
****Including an interim dividend of € 1.00 per share, paid in September 2016
*****Including an extraordinary interim dividend of € 1.00 per share, paid in September 2015

CASH CONVERSION RATE*
2015 – 2019 (%)

19	**105**
18	90
17	104
16	97
15	87

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

PLATFORM REVENUE*
2015 – 2019 (€ million)

19	**368**
18	343
17	319
16	281
15	248

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

ABOUT RTL GROUP

RTL Group is a leader across broadcast, content and digital, with interests in 68 television channels, eight streaming platforms and 30 radio stations. RTL Group also produces content throughout the world and owns several rapidly growing digital video businesses.

Find the detailed corporate profile of RTL Group on page 40.

OUR MISSION

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

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

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

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

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

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

Visit the online report

annual-report2019.rtlgroup.com

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FINANCIAL INFORMATION

Explore
the Total Video
Powerhouse.

Thomas
RABE

CHIEF EXECUTIVE OFFICER
RTL GROUP

CHIEF EXECUTIVE'S REPORT

Driven by the strong performances of our three largest business units, RTL Group **achieved all financial goals** in 2019: revenue grew organically by 3.2 per cent, adjusted EBITA remained broadly stable despite higher investments, and Group profit increased by 10 per cent.

In this report, I will highlight RTL Group's performance in 2019 and explain how we will boost the digital transformation of our Group across our three strategic priorities: core, growth, and alliances & partnerships.

RECORD REVENUE

In 2019, RTL Group generated record revenue for the fifth consecutive year, reaching €6.7 billion. Our organic revenue growth rate rose to 3.2 per cent, driven by Fremantle and our digital businesses. Fremantle's revenue was up 12.6 per cent, while streaming revenue grew by 46.7 per cent.

Mediengruppe RTL Deutschland, our largest business unit, outperformed the German net TV advertising market, thanks to the power of the German Ad Alliance. In France, Groupe M6 completed the acquisition of the country's leading free-to-air channel for children, Gulli, and five pay-TV channels from Lagardère. As a result, Groupe M6 gained both audience and TV advertising market share in 2019.

HIGH PROFITABILITY

Based on this strong operating performance, adjusted EBITA was broadly stable, at €1,156 million, despite higher investments. The adjusted EBITA margin was 17.4 per cent. Reported EBITA was €1,139 million, compared to €1,171 million in 2018.

RTL Group's profit for the year increased by 10.1 per cent to €864 million, mainly due to the capital gain from the disposal of Universum Film, and lower impairments.

HIGHER REACH, BETTER MONETISATION

Our industry is going through a massive transformation. Traditional media companies, particularly in the United States, are spending billions of dollars in the battle with global platforms such as Netflix and Amazon. As part of these so-called 'streaming wars', Disney, Apple, AT&T/WarnerMedia and Comcast/NBC Universal have all launched – or plan to launch – new streaming services.

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

To achieve these goals, our strategy builds upon three priorities. Firstly, strengthening our core businesses. Secondly, boosting our streaming services, global content business and capabilities in technology and data. And thirdly, fostering alliances and partnerships in the European media industry.

CORE➤

INVESTING IN CONTENT

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

At RTL Group level, we launched our Format Creation Group (FC Group) to meet the global demand for exclusive content by developing both new format ideas and IP, fully owned and controlled by RTL Group. FC Group focuses on developing factual entertainment formats and reality shows, and works closely with RTL broadcasters to reflect their needs in their local markets. The most important element is to be in control of the format rights.

CORE➤

CONSOLIDATION AND COST REDUCTION

Our primary focus is on organic growth at RTL. However, wherever interesting opportunities arise, we will continue to consolidate across our existing broadcasting footprint. A recent example was our acquisition of the French children's channel Gulli and five pay-TV channels by Groupe M6.

To drive the strategic agenda of RTL Group and to foster cooperation, a Group Management Committee (GMC) has been established. The GMC will shape the future of the company, bringing together massive experience and different perspectives.

From left to right: Björn Bauer, CFO of RTL Group, Bernd Reichart, CEO of Mediengruppe RTL Deutschland, Elmar Heggen, Chief Operating Officer and Deputy CEO of RTL Group, Thomas Rabe, CEO of RTL Group, Jennifer Mullin, CEO of Fremantle, and Nicolas de Tavernost, Chairman of the Executive Board at Groupe M6

Given the changes in the international TV industry, we have also started a wide-ranging review to reduce costs and review our portfolio. RTL Group has sold several non-core assets over the past two years – including the football club Girondins de Bordeaux, the website MonAlbumPhoto and the home entertainment and theatrical distribution company Universum Film.

GROWTH➤

BUILDING NATIONAL STREAMING CHAMPIONS

Within our three-priority strategy, we put a strong focus on building national streaming champions in the European countries where we have leading families of TV channels. Making the most of our competitive advantage in local programming, our streaming services will complement global services such as Netflix, Amazon Prime and Disney+.

"Within our three-priority strategy, we put a strong focus on building national streaming champions."

We roll out the strategy either through stand-alone services such as TV Now and Videoland, or through national partnerships such as Salto in France.

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

To further boost the expansion of RTL Group's streaming services over the next five years, we plan to grow the number of paying subscribers for our streaming services TV Now and Videoland to between 5 and 7 million, to grow our streaming revenue to more than €500 million, and to break even by 2025.

To reach these goals, our annual content spend in TV Now and Videoland will grow from €85 million in 2019 to around €350 million in 2025.

GROWTH➤

EXPANDING OUR GLOBAL CONTENT BUSINESS

In 2019, Fremantle was very successful across all genres and its global footprint – in drama with the second seasons of *American Gods* and *Charité*, and in entertainment with *American Idol* on ABC and *America's Got Talent: The Champions* on NBC.

"We have decided to become a climate-neutral company by 2030."

With a series of acquisitions – including Miso in Scandinavia, Wildside in Italy, Kwaï in France, Easy Tiger in Australia, and Abot Hameiri in Israel – Fremantle has created a global network that now comprises 19 production sites for drama series. Fremantle also bought minority stakes in a number of newly founded production companies, to secure first access to their creative talent and output. Working with world-class storytellers is key to Fremantle's scripted strategy – because great stories always sell, all over the world.

In 2019, Fremantle made its first investments in the Latin and Hispanic scripted market, with a 25 per cent equity stake in the Los Angeles-based company, The Immigrant. In addition, Fremantle signed an exclusive first-look deal with the Oscar-winning production company, Fabula Pictures, to develop a slate of original English and Spanish dramas.

As a result of this strategy, Fremantle currently generates 23 per cent of its total revenue from drama productions – and we expect this share to grow further over the coming years.

GROWTH ➤ INVESTING IN TECHNOLOGY AND DATA

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

With Smartclip we aim to create an open ad-tech platform, tailored for the needs of European broadcasters and streaming services. Smartclip offers multiple forms of partnerships, from software licensing to partial ownership. Accordingly, we will invest further in evolving and growing the Smartclip platform.

In 2019, Mediengruppe RTL Deutschland and ProsiebenSat1 launched d-force, a joint demand-side platform for addressable TV and online video in Germany and Austria.

The tech platform for our streaming services is currently built by Groupe M6 and its tech unit Bedrock. A common platform allows us to bundle our investments in streaming technology. The platform built by Bedrock will initially serve the French subscription service Salto – a partnership of Groupe TF1, France Télévisions and Groupe M6, due to be launched in 2020 – and Videoland in the Netherlands, as well as the RTL services in Belgium, Hungary and Croatia. Our German TV Now platform and Bedrock will increasingly share components. RTL Group, with a 50 per cent shareholding, will offer the platform to external broadcasting partners – as with Smartclip.

FOSTERING ALLIANCES & PARTNERSHIPS ➤

Establishing such partnerships is part of RTL's DNA – this is how we became the first pan-European broadcasting group. In 2019, we made a new start at offering different forms of partnership to European broadcasters – all based on the philosophy of bundling resources to establish open and neutral platforms. We offer these opportunities in areas such as advertising sales, streaming technology, advertising technology, content creation and data.

One key development for our largest revenue stream – advertising – has been the growing demand from advertisers and agencies for global ad-buying opportunities. As a consequence, we are further expanding our international advertising sales house, RTL AdConnect. Its portfolio encompasses partners such as ITV in the UK and RAI in Italy.

Three years ago, we launched the Ad Alliance in Germany. The alliance was born out of the concept of 'What does the market want?' The answer is a one-stop sales house with high-quality content and high reach across all media – TV, digital, and print. This did not exist in the German market before and so is a unique proposition. At the beginning of 2020, the sales house Media Impact became a partner of the Ad Alliance for the digital inventory of Axel Springer and Funke Mediengruppe. Together, all platforms of the Ad Alliance reach 99 per cent of the German population. The power of our Ad Alliance was an important factor behind Mediengruppe RTL Deutschland's strong sales performance in 2019.

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

We are also opening up growth opportunities in the area of content creation. A year ago, we formed the Bertelsmann Content Alliance in Germany. Bertelsmann is a creative powerhouse, investing close to €6 billion in creative content per year, of which €2 billion is invested in Germany. The Bertelsmann Content Alliance in Germany pools our content expertise to fully exploit the potential of our most important market. With content offerings across all media genres, and new marketing opportunities, Bertelsmann has become an even stronger partner for creative professionals in Germany.

BECOMING MORE DIVERSE...

At RTL Group, the focus of our Corporate Responsibility (CR) commitment is to embrace independence and diversity in our people, our content and our businesses. Millions of people watch our news each day. They need to be able to trust us. A healthy, diverse and high-quality media landscape is the foundation of a democratic society. In this light, our CR commitment means we can maintain journalistic balance and reflect the diverse opinions of the societies we serve.

This diversity must also include the composition of our workforce and management. Our long-term ambition is for women and men to be represented equally across all management positions. As an intermediate step, we have set a target for 2021 to increase the share of women in top and senior management positions to at least one third.

...AND CLIMATE NEUTRAL

Even though RTL Group is a media company with no industrial operations, and which therefore does not consume significant amounts of raw materials or fossil fuel, we are mindful that conserving resources and protecting the climate are key challenges for the 21st century. Thus, we have decided to become a climate-neutral company by 2030.

ONE RTL

More than 90 per cent of the population in our key European markets are familiar with the brand RTL – it stands for our promise of high-quality entertainment, independent information and always being close to the audience. In times of massive audience fragmentation and growing disinformation, this is both a competitive advantage and a responsibility for all of us at RTL.

As described in this report, we have significantly accelerated the transformation of our Group. To underline our brand promise and to express that we are one RTL, we have started a review of our brand architecture, and will strengthen and harmonise the RTL branding across the Group.

More creativity and diversity, faster decision-making, a willingness to take risks and to cooperate across traditional boundaries – this is how we describe our mindset at RTL.

OUR ROLE IN SOCIETY

ENSURING INDEPENDENCE — EMBRACING DIVERSITY

With our diverse programmes we entertain, inform and engage our audiences and give back to society. This is at the heart of our business.

On RTL Television's *Das Jenke Experiment*, Jenke von Willemsdorf creates awareness of the worldwide plastic waste problem.

WE BELIEVE...

...video is the most complete medium. There is no better way to tell a story. Video engages our mind and captures our heart. It demands our attention and fires our imagination. Since our first radio broadcast in 1924, and through the growth of video and digital, our aim has always been to entertain, inform and engage our audiences – and this is our role in society.

Our Mission Statement defines who we are, what we do and what we stand for. It reflects our role in society and guides us in our work. It includes a commitment to embrace independence and diversity in our people, our content and our businesses. This demonstrates that being a responsible company is integral to our mission.

VIEWERS LISTENERS DIGITAL USERS

Every day, millions of people access RTL Group's content on television, digital platforms and radio. This audience is at the heart of what we do.

We've never strayed from our commitment to be 'refreshingly different' and 'always close to the audience'. And we've grown over the years by covering the events and issues people care about. The millions of people who turn to us each day for the latest news need to be able to trust us. A healthy, diverse and high-quality media landscape is the foundation of a democratic and connected society. In this light, our commitment to independence and diversity in our content means we can maintain journalistic balance and reflect the diverse opinions of the societies we serve. In keeping with this commitment, at each business unit, our local CEOs act as publishers, not interfering in the selection or production of content, which remains the exclusive responsibility of our editors-in-chief and programme directors.

Since the early 1990s, we've been building families of TV channels, radio stations, digital platforms and streaming services. They offer our audiences a vast range of high-quality entertainment and information programmes that can be enjoyed by people of all demographics and circumstances. We also take great care to protect all media users.

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

THE CREATIVE COMMUNITY

We succeed in entertainment by building inspiring environments where creative and pioneering spirits can thrive. Our broadcasters and streaming services commission content from production companies. Our own production company, Fremantle, commissions scriptwriters, artists, and many other creatives, and our digital platforms showcase young video talents.

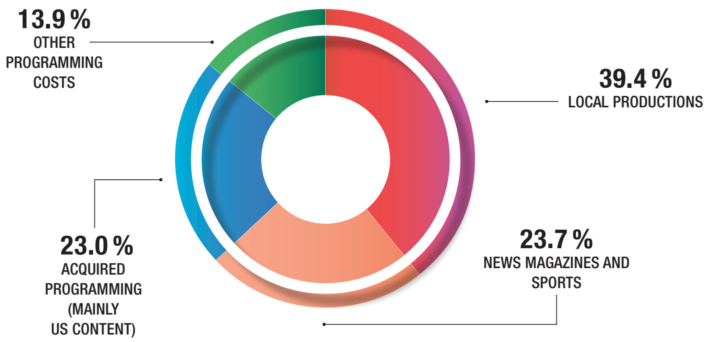
To enhance our creative output we are also developing strategic alliances and partnerships. Within the newly launched Bertelsmann Content Alliance, RTL Group companies are working closely on several content cooperation projects with other Bertelsmann companies, not only adding value and a competitive edge, but aiming to attract more and new artists and creators. Our new Format Creation Group (FC Group) develops non-scripted formats exclusively for RTL broadcasters and their streaming services. The new unit aims to fulfil the growing demand for exclusive content by developing innovative formats and intellectual property, fully owned and controlled by RTL Group. Whether we buy a programme from a production company, create one ourselves, or work in partnerships, it involves a substantial investment. Being able to recoup this investment comes from our exclusive right to show and distribute the programme in a particular geographic area.

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

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

RTL GROUP'S BROADCASTERS' PROGRAMME SPEND IN 2019*

*based on fully consolidated businesses



OUR PEOPLE

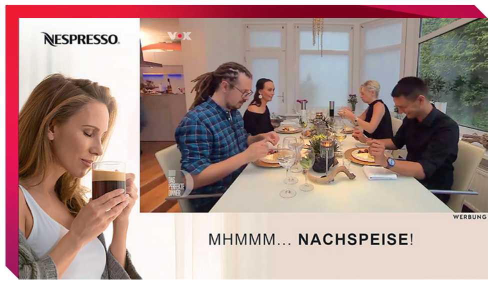
Our business is based on talent. We depend on the creativity and dedication of our employees, so we give our people the freedom to create.

To recruit, retain and reward our emloyees, we offer attractive salaries and other financial incentives. We foster a supportive, fair and inspiring work environment and offer talent management and succession planning programmes.

We want to be the employer of choice. Therefore, we offer a wide range of opportunities for our people to develop personally and professionally, to advance their careers, and to maintain a healthy work-life balance. With a diverse audience, we need to be a diverse business. To remain an attractive and successful employer, we must reflect the audiences we entertain, and so we embrace workplace diversity in gender, ethnicity, disability and socio-economic status. We offer equal opportunities and recognise everyone's unique value, treating each person with courtesy, honesty and dignity. In our Diversity Statement, we reinforce our commitment to equal opportunities and non-discrimination throughout all RTL Group companies.

ADVERTISERS

Television and video commercials are the most effective advertising.



Integrated advertising on the popular Vox show *Das perfekte Dinner* in Germany

TV reaches mass audiences, and so is still the dominant ingredient in the advertising mix. It establishes the key message of a major advertising campaign in a brand-safe environment and then resonates across other media. We've taken many steps to expand our position in the rapidly growing online video advertising market. RTL AdConnect, for example, now represents more than 400 first-class broadcast and digital media partners, including ITV in the UK, helping advertisers promote their products and services internationally or to run a big, international campaign across Europe as one region.

Television and video commercials work best when they tell interesting, informative stories that connect with viewers' emotions. Together, high-quality programming and engaging commercials are the basis for successful free-to-air broadcasting. Every day, more than 100 million viewers watch our free-TV channels, which are financed mainly by advertising. Advertising helps shape people's lifestyles, guides their purchasing decisions and keeps the global economy moving. It also fosters media neutrality – an essential ingredient of a democratic society. A Europe without advertising would not be as affluent, informed or competitive.

Beatrice Egli is one of many celebrities supporting the initiatives of the ***RTL-Spendenmarathon***.

COMMUNITIES AND CHARITIES

Since 1989 we have raised around

€ 360 MILLION

for children in need

As a leading media organisation, we are in an excellent position to raise awareness of important social and environmental issues, particularly those that might otherwise go unreported or under-funded. We do this through TV and radio reports, magazine programmes and series, and on many digital platforms, but we are well aware of the care and responsibility we must take as both an opinion former and information provider.

We also harness our profile, and the power of TV, radio and the internet, to raise money for charities that make a positive difference to people's lives. This is a contribution to society that only we can make, and so we see it as our duty to do so.

Since 1996, the annual *RTL-Spendenmarathon* in Germany has raised more than €180 million for children in need, while our *Télévie* events in Belgium and Luxembourg have raised more than €198 million for scientific research to fight cancer – particularly leukaemia – since 1989. We also support many organisations and projects that help sick or disadvantaged children and young people in Croatia, Belgium, Hungary, the UK, France and the Netherlands.

In 2019 the ***RTL-Spendenmarathon*** raised over €10 million – a new record. With these funds, RTL supports projects for children in need worldwide.

In 2019, the amount of donations raised for ***Télévie*** broke a new record in Belgium and Luxembourg. In total, over €15 million were raised for cancer research.

Martin TAYLOR

CHAIRMAN OF THE BOARD OF DIRECTORS

CHAIRMAN'S STATEMENT

Dear shareholders,
2019 was another successful year for RTL Group – marked by a very solid set of financial results, strong growth in streaming and content production, and profound changes to the Group's leadership structure.

After many years of serving on the Group's Board, I was honoured to be appointed its Chairman on 1 April 2019. Following the departure of our previous CEO, Bert Habets, Thomas Rabe – who had been the Chairman of our Board since 2012 – became RTL Group's new CEO, in addition to his duties as Chairman and CEO of Bertelsmann, our majority shareholder. Thomas Rabe is, of course, an extremely experienced media executive with extensive knowledge of the TV business and of RTL Group. I am happy to report that following his appointment, RTL Group's strategy and organisational set-up have been thoroughly reviewed and the implementation of strategic plans has been markedly accelerated.

RTL Group's Board of Directors had a busy year in 2019. Working closely with the Executive Committee, we discussed intensely, and advised on, all business transactions of significance for the company, such as Groupe M6's acquisition of Lagardère's TV business, including the children's channel Gulli, and the disposal of Universum Film. We regularly advised the Executive Committee, in particular with regard to RTL Group's strategy, approved the Group's budget and reviewed the Group's business and financial performance on an ongoing basis. We also decided on plans to strengthen the Group's compliance and risk management systems.

In addition, 2019 was marked by far-reaching changes to the organisation and leadership structure of RTL Group. The Board was closely involved in all these changes, as demonstrated by the agendas of our meetings in the past year.

In May, the new management team of our largest unit, Mediengruppe RTL Deutschland, presented their priorities, with a special focus on their advertising sales strategy. The strong performance of our cross-media sales house, Ad Alliance, was one of the key factors in gaining advertising market share in Germany.

At the end of August, we decided on RTL Group's new leadership structure – including the appointment of Elmar Heggen as COO and Deputy CEO, the appointment of Björn Bauer as the Group's new CFO, and the establishment of a new Group Management Committee (GMC).

Martin Taylor during his visit to the new offices of the RTL Group Corporate Centre in Cologne

"RTL Group's strategy and organisational set-up have been thoroughly reviewed and the implementation of strategic plans has been markedly accelerated."

The GMC is advancing the strategic agenda of RTL Group and fostering cooperation. It is composed of the members of the Executive Committee (Thomas Rabe, Elmar Heggen, Björn Bauer) and the CEOs of the Group's three largest business units – Bernd Reichart (CEO of Mediengruppe RTL Deutschland), Nicolas de Tavernost (CEO of Groupe M6) and Jennifer Mullin (CEO of Fremantle).

On 3 October 2019, the Board decided on a reorganisation of RTL Group's Corporate Centre in Luxembourg. On 26 November 2019, RTL Group management and the staff delegation informed the employees of RTL Group S.A. that they had reached an agreement on a social plan. We are well aware that such reorganisations are never easy, and can be trying for the employees involved. On behalf of the Board, I would like to thank both management and employee representatives for negotiating what I believe to be a very fair agreement. In February 2020, I paid my first visit to the new offices of our Corporate Centre in Cologne and I am very pleased to report that the new team has made a positive start.

"RTL Group is sending a clear signal that it aims to seize the many opportunities presented by the digital transformation of our industry."

In our December meeting, the Board followed up on the strategic review of our ad-tech businesses announced in August. The management team of Smartclip presented their plans and progress in building an open ad-tech development platform and pursuing new partnerships with European broadcasters.

The Board presentations delivered by our management teams throughout the year, and my visits to many of our operations, confirmed one common theme: our competitive landscape is changing more rapidly than ever before. And the key factor behind this change is technology, across our value chain – from content creation and content aggregation, to advertising sales and distribution.

With significantly higher ambitions to grow our streaming services, content investments and tech platforms, RTL Group is sending a clear signal that it aims to seize the many opportunities presented by the digital transformation of our industry.

Finally, I'd like to thank the employees, executives and creatives who have chosen RTL Group as their employer or partner of choice. Your efforts underpin the creative and commercial accomplishments of RTL Group, and I hope you will continue to enjoy being part of our success as our business evolves in the coming years.

MARTIN TAYLOR
Chairman of the Board of Directors

THE BOARD

EXECUTIVE DIRECTORS

Thomas Rabe

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

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

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

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

Thomas Rabe was Chairman of the Supervisory Board of Symrise AG until August 2019, and was a member of the Supervisory Board until December 2019. In May 2019, Thomas Rabe was appointed member of the Supervisory Board of Adidas AG.

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

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

Elmar Heggen

Chief Operating Officer and Deputy Chief Executive Officer, RTL Group

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

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

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

In January 2018, Elmar Heggen was appointed Deputy CEO of RTL Group, in addition to his role as CFO.

Since August 2019, Elmar Heggen has been Chief Operating Officer and Deputy CEO of RTL Group.

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

NON-EXECUTIVE DIRECTORS

Martin Taylor

Chairman and Independent Director

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

From 2013 until March 2020, Martin Taylor served as an external member of the Financial Policy Committee of the Bank of England.

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

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

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

NON-EXECUTIVE DIRECTORS

James Singh

Vice Chairman and Independent Director

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

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

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

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

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

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

Thomas Götz

General Counsel, Bertelsmann SE & Co. KGaA

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

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

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

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

Immanuel Hermreck

Chief Human Resources Officer and member of the Bertelsmann Management SE Executive Board

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

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

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

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

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

Bernd Hirsch

Chief Financial Officer and member of the Bertelsmann Management SE Executive Board

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

From December 2009 until December 2015 Bernd Hirsch was Chief Financial Officer and member of the Executive Board of Symrise AG. With effect from 1 April 2016, he was appointed Chief Financial Officer and member of the Executive Board of Bertelsmann Management SE.

Bernd Hirsch was member of the Supervisory Board of Evotec AG, Hamburg, from December 2013 until June 2019 where he served as Chairman of the Audit Committee and Vice Chairman of the Supervisory Board.

On May 2018, he was appointed member of the Supervisory Board of Symrise AG, Holzminden, and Chairman of the Audit Committee.

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

Bernd Kundrun

Business Founder and Investor

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

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

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

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

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

Guillaume de Posch

Business Founder and Investor

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

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

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

With effect from 18 April 2012, Guillaume de Posch assumed the role of Co-CEO of RTL Group. In January 2018, Guillaume de Posch stepped down as Co-CEO of RTL Group. Since then, he has served as a non-executive member of RTL Group's Board of Directors.

Guillaume de Posch has served as President of the ACT (Association of Commercial Television) in Europe since 2017.

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

NON-EXECUTIVE DIRECTORS

Jean-Louis Schiltz

Tech Law Advisor, Professor (hon.)
Independent Director

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

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

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

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

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

Rolf Schmidt-Holtz

Business Founder
and Investor

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

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

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

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

LAUREN ZALAZNICK

Independent Director
Media and TV trend setter

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

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

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

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

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

NATIONALITY: AMERICAN
FIRST APPOINTED: 18 APRIL 2018

EXECUTIVE COMMITTEE

Thomas Rabe
Chief Executive Officer

- CEO since 2019
- Portfolio responsibility: Mediengruppe RTL Deutschland, Fremantle and SpotX
- Corporate Centre responsibility: Internal Audit and European Affairs

Elmar Heggen
Chief Operating Officer and Deputy CEO

- Deputy CEO since 2018
- COO since 2019
- Portfolio responsibility: Groupe M6, RTL Nederland, RTL Belgium, RTL Hungary, RTL Croatia, Divimove, BroadbandTV and the Luxembourgish operations
- Representing RTL Group on the Board of Atresmedia, Spain
- Corporate Centre responsibility: Business Development, Legal, Communications & Marketing, and HR

Björn Bauer
Chief Financial Officer

- CFO since 2019
- Corporate Centre responsibility: Finance, Investor Relations, IT and Compliance

RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

The Executive Committee is vested with internal management authority

Active dialogue with the Board of Directors about the status and development of the Group

Proposal of annual budgets, to be approved by the Board of Directors

RTL GROUP REMUNERATION REPORT

1 INTRODUCTION

1.1 Categories of persons to whom the Remuneration Report applies:
RTL Group's Remuneration Policy, as published on RTL Group's website, *RTLGroup.com*, applies to the non-executive directors (the **"Non-Executive Directors"**) and the CEO and deputy CEO (the **"Executive Directors"**) of RTL Group S.A. (**"RTL Group"**), all together the **"Directors"**.

1.2 The Remuneration Report concerns the financial year 2019.

NON-EXECUTIVE DIRECTORS

1.3 In order to achieve its goals, RTL Group must be able to attract a broad spectrum of competencies, skills, know-how and experience to its Board, mirroring RTL Group's diverse businesses. Furthermore, the composition of the Board of Directors needs to embody a thorough knowledge of the business dynamics and markets in the sectors of audio-visual media, communication, information and all related technologies.

1.4 Non-Executive Directors are paid only a fixed remuneration. Due to the greater responsibility and time engagement required by their respective functions, an additional yearly remuneration is granted to the Chairman and the Vice-Chairman of the Board, and to the Chairmen of the Board's sub-committees.

1.5 The Board of Directors may grant additional remuneration or indemnities to those Board members who are entrusted with specific duties or missions.

They shall not receive incentive or other form of variable compensation from RTL Group.

EXECUTIVE DIRECTORS

1.6 The Remuneration Policy for Executive Directors is designed to support RTL Group's high-performance culture and the creation of long-term sustainable value for its shareholders. The goal of the policy is (i) to reward Executive Directors with an attractive compensation, in line with the market, which is conditional upon both the overall success of RTL Group and individual performance and (ii) to attract and retain the best talent. As a result of the general principles outlined above, the proportion of performance-related pay is generally higher for the Executive Directors than for lower ranking executives in the Group.

1.7 Executive Directors are compensated in line with their responsibilities, and according to both their own and the company's performance.

2 REMUNERATION OF THE NON-EXECUTIVE DIRECTORS (OR MEMBERS OF THE BOARD OF DIRECTORS)

In 2019, each Non-Executive Director received an amount of €90,000 gross in 2019 in the form of fixed fees for their attendance at the meetings of the RTL Group Board of Directors, except for the following Directors:

- Thomas Rabe, who received an amount of €98,630 gross in 2019 for his mandate as Chairman of the Board of Directors and Non-Executive Director from 1 January to 31 March 2019.
- Martin Taylor, who received an amount of €350,685 gross in 2019, split as follows: (i) €49,315 for his mandate as Vice-Chairman of the Board of Directors and Non-Executive Director from 1 January to 31 March 2019 and (ii) €301,370 for his mandate as Chairman of the Board of Directors and Non-Executive Director from 1 April to 31 December 2019.
- James Singh, who received an amount of €183,973 gross in 2019, split as follows: (i) €33,288 for his mandate as Chairman of the Audit Committee and Non-Executive Director during the period between 1 January and 31 March 2019 and (ii) €150,685 for his mandate as Vice-Chairman of the Board of Directors and Non-Executive Director during the period between 1 April and 31 December 2019.

No variable remuneration, pension rights, options, loans nor other benefits have been granted to the Non-Executive Directors during the financial year 2019.

3 REMUNERATION OF THE CEO AND DEPUTY CEO

3.1 Fixed remuneration (i.e. base salary)

The base salary for the CEO and Deputy CEO (the Executive Directors) is within a competitive range of the median base salary for comparable positions in their peer group. The salary reflects the individual's position, scope of responsibility, experience and contribution to the business. Base salary levels are generally reviewed every three years, and their development depends on the individual's performance and salary level in relation to the external benchmarks.

3.2 Board attendance fees

RTL Group does not pay any attendance fees to its Executive Directors. As a result, the CEO and Deputy CEO receive board attendance fees only from other Group entities.

3.3 Variable remuneration: annual short-term incentive plan (STIP) and long-term incentive plan (LTIP)

3.3.1 STIP

The Executive Directors are eligible for a STIP which is capped at an amount stipulated in their employment contract.

The STIP pay-out is linked to the achievement of three sets of targets, as set out in the Executive Directors' bonus agreements:

- Financial targets;
  This target is weighted higher than the business and leadership targets. Its calibration (e.g. EBITA, invested capital) is defined by the Nomination and Compensation Committee on an annual basis.
- Business targets;
- Leadership targets.

The amount due under the STIP is paid in April of the following year.

3.3.2 LTIP

RTL Group offers to its Executive Directors an LTIP which aims at rewarding them for entrepreneurial performance, at retaining key executives and at aligning management's with shareholders' interests. The performance targets of the LTIP have been approved by the Nomination and Compensation Committee of RTL Group and are based on financial metrics such as RTL Group Value Added (**"RVA"**) or EBITA.

The LTIP in force for the period 2017 to 2019 has the following features:

- The metric used in the plan is RVA.
- The plan term is three years (N, N+1, N+2).
- The performance is measured using cumulated targets over N, N+1 and N+2.
- The vesting of the LTIP occurs at the end of the term (N+2).
- The payment occurs in N+3 (see below).
- The reward basis is the actual average cash compensation paid during the term.
- The total maximum pay-out under the LTIP equals the reward basis multiplied by 1.5, multiplied by the participation rate, prorated by the length of participation in the plan.
- The actual pay-out amount equals the total maximum pay-out multiplied by the achievement rate.

The amount due under the LTIP in force for the period 2017 to 2019 is paid after the end of the term, within 90 days from the later of
(i) the approval by RTL Group's shareholders of the financial statements of RTL Group for the previous year, (ii) the approval by the Business Unit's shareholders of the financial statements of the Business Unit for the previous year, and
(iii) the payment of the individual yearly bonuses (STIPs), if applicable, related to the previous year.

3.4 Complementary pension plan

The pension plan is granted to all employees of RTL Group and is currently a defined benefit plan which also covers death and invalidity risks and is linked to (i) base salary (i.e. fixed salary, all benefits excluded), (ii) years of service, and (iii) legal pension entitlements. The employer accrues the reserves on its balance sheet on a yearly basis.

3.5 Benefits

These comprise an accident insurance, which covers both death and disability, a complementary health insurance, and a car allowance to finance a company car at the executive's discretion.

REMUNERATIONS OF THE CEO, DEPUTY CEO AND EX-CEO IN 2019

The remuneration received by the executives during the period (i.e. already paid to the executives), and the remuneration earned during the period (i.e. the total amounts to which the executives are entitled under certain conditions for their services rendered during the period, including amounts already received and amounts still to be received) are summarised in Exhibit 1, described on page 33.

CEO (FROM 1 APRIL TO 31 DECEMBER 2019)

3.6 Total amount and proportion of fixed vs variable remuneration

Thomas Rabe was appointed as CEO of RTL Group on 1 April 2019. Thomas Rabe has a 50 per cent employment contract with RTL Group.

The total amount of remuneration earned by Thomas Rabe in his capacity as CEO of RTL Group from April to December 2019 is €1,125,558. The fixed remuneration plus benefits represent 40 per cent and the variable remuneration represents 60 per cent of the total remuneration.

The amount received by Thomas Rabe in his capacity as CEO of RTL Group from April to December 2019 is €450,558. Thomas Rabe did not receive any variable remuneration for this role in 2019.

3.7 Fixed remuneration (i.e. base salary)

The amount of fixed remuneration earned and received by Thomas Rabe in his capacity as CEO of RTL Group in 2019 is €450,000. In addition, prior to his appointment to CEO of RTL Group, he received €98,630 in attendance fees for his position as Non-Executive Director at the Board of RTL Group in the period from January to March 2019 (see section 2 on page 29).

3.8 Variable remuneration: annual short-term incentive plan (STIP) and long-term incentive plan (LTIP)

3.8.1 STIP

Thomas Rabe did not receive any payment in 2019 under the STIP 2018 as in 2018 he was not yet an executive of RTL Group and accordingly did not participate in the plan. The amount of variable remuneration earned by Thomas Rabe in his capacity as CEO of RTL Group in 2019 under the STIP 2019 is €675,000. This will be paid to Thomas Rabe in April 2020.

3.8.2 LTIP

Thomas Rabe did not earn any amount in 2019 under the LTIP 2017 to 2019 as he did not participate in the plan.

3.9 Complementary pension plan

The CEO is not participating in the RTL Group complementary pension plan.

3.10 Benefits

3.10.1 Accident insurance, which covers both death and disability

This benefit represents €558 for 2019.

DEPUTY CEO

3.11 Total amount and proportion of fixed vs variable remuneration

The total amount of remuneration earned by Elmar Heggen in 2019 in his capacity as Deputy CEO of RTL Group and as a member of both the Métropole Télévision Supervisory Board (Groupe M6) and the Atresmedia Board of Directors is €3,024,162.

The fixed remuneration plus benefits represent 30 per cent and the variable remuneration represents 70 per cent of the total remuneration.

The total amount of remuneration received by Elmar Heggen in 2019 in his capacity as Deputy CEO of RTL Group and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors is €937,745, corresponding to €948,979 total remuneration payable in 2019, minus €11,234 in board attendance fees overpaid in 2018.

3.12 Fixed remuneration (i.e. base salary)

The amount of fixed remuneration earned by Elmar Heggen in his capacity as Deputy CEO and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors in 2019 is €880,000.

The amount of fixed remuneration received by Elmar Heggen in his capacity as Deputy CEO of RTL Group and as a member of both the Métropole Télévision Supervisory Board and the Atresmedia Board of Directors in 2019 is €868,766, corresponding to €880,000 fixed remuneration earned for the period minus €11,234 in board attendance fees overpaid in 2018.

3.13 Attendance fees at boards of other group entities

Elmar Heggen's contractual annual base remuneration for the year 2019 amounts to €880,000. As stipulated in the employment contract, this includes any board fees paid by other Group entities during the period. Accordingly, at the end of the year the annual base remuneration is reduced by the amount of board fees for the period. In 2019 Elmar Heggen earned and received attendance fees of €37,000 as a member of the Métropole Télévision Supervisory Board and €33,000 as a member of the Atresmedia Board of Directors.

3.14 Variable remuneration: annual short-term incentive plan (STIP) and long-term incentive plan (LTIP)

3.14.1 STIP

The amount of variable remuneration earned by Elmar Heggen in his capacity as Deputy CEO in 2019 under the STIP 2019 is €1,267,200. Such amount shall be paid to Elmar Heggen in April 2020. The amount of variable remuneration received by Elmar Heggen in 2019 in his capacity as Deputy CEO under the STIP 2018 is €46,552, corresponding to the residual payment due, taking into account the advance payment of €840,000 received in December 2018.

3.14.2 LTIP

The amount of variable remuneration earned by Elmar Heggen in his capacity as Deputy CEO in 2019 under the LTIP 2017 to 2019 is €854,535. This will be paid to Elmar Heggen in September 2020 as part of the amount due under the LTIP 2017 to 2019.

3.15 Complementary pension plan

The pension plan is granted to all employees of RTL Group and currently is a defined benefit plan which also covers death and invalidity risks and is linked to (i) base salary (i.e. fixed base salary, all benefits excluded), (ii) years of service, and (iii) legal pension entitlements. RTL Group accrues the reserves on its balance sheet on a yearly basis.

3.16 Benefits

3.16.1 Accident insurance, which covers both death and disability

This benefit represents €1,005 for 2019.

3.16.2 Health benefits

This benefit represents €1,622 for 2019.

3.16.3 A company car financed via a car allowance

amounting to €19,800 for 2019.

EX-CEO (FROM 1 JANUARY TO 5 APRIL 2019)

3.17 Total amount and proportion of fixed vs variable remuneration

The total amount of remuneration earned by Bert Habets in 2019, in his capacity as CEO of RTL Group and as a member of the Métropole Télévision Supervisory Board (until 5 April 2019) is €328,640.
The total amount of remuneration received by Bert Habets in 2019, in his capacity as CEO of RTL Group and as a member of the Métropole Télévision Supervisory Board (until 5 April 2019) is €385,935.

3.18 Fixed remuneration (i.e. base salary)

The amount of fixed remuneration earned by Bert Habets in his capacity as CEO of RTL Group and as a member of the Métropole Télévision Supervisory Board (until 5 April 2019) is €322,727.
The amount of fixed remuneration received by Bert Habets in his capacity as CEO of RTL Group and as a member of the Métropole Télévision Supervisory Board in 2019 (until 5 April 2019) is €316,013, corresponding to €322,727 fixed remuneration

earned for the period minus €10,625 in board attendance fees overpaid in 2018, and plus €3,911 in board attendance fees overpaid in 2019.

3.19 Attendance fees at boards of other group entities

Bert Habets' contractual annual base remuneration for the year 2019 (until 5 April 2019) amounts to €322,727. As stipulated in the employment contract, this includes any board fees paid by other Group entities during the period. Accordingly, at the end of the year the annual base remuneration is reduced by the amount of board fees for the period. In 2019 Bert Habets received €3,911 in attendance fees as a member of the Métropole Télévision Supervisory Board. This amount could not be deducted from the RTL Group payroll, since the employment contract had already been terminated.

3.20 Variable remuneration: annual short-term incentive plan (STIP) and long-term incentive plan (LTIP)

3.20.1 STIP

Bert Habets earned no amount under the STIP 2019. The amount of variable remuneration received by Bert Habets in 2019 in his capacity as CEO of RTL Group under the STIP 2018 is €64,009, corresponding to the residual payment due, considering the advance payment of €1,155,000 received in December 2018.

3.20.2 LTIP

The ex-CEO is not entitled to the LTIP 2017 to 2019.

3.21 Complementary pension plan

The pension plan is granted to all employees of RTL Group and currently is a defined benefit plan which also covers death and invalidity risks and is linked to (i) base salary (i.e. fixed base salary, all benefits excluded), (ii) years of service, and (iii) legal pension entitlements. RTL Group accrues the reserves on its balance sheet on a yearly basis.

3.22 Benefits

3.22.1 Accident insurance, which covers both death and disability

This benefit represents €400 for 2019.

3.22.2 Health benefits

This benefit represents €263 for 2019.

3.22.3 A company car financed via a car allowance

amounting to €5,250 for 2019.

Exhibit 1

	Earned 2019					Received 2019		
	as from 01.04.2019 Thomas Rabe €	per cent	Elmar Heggen €	per cent	until 05.04.2019 Bert Habets €	as from 01.04.2019 Thomas Rabe €	Elmar Heggen €	until 05.04.2019 Bert Habets €
Annual base salary	**450,000**		**810,000**		**318,816**	**450,000**	**798,766**	**312,102**
Director fees 2019			**70,000**		**3,911**		**70,000**	**3,911**
Total fixed remuneration	**450,000**	**40**	**880,000**	**29**	**322,727**	**450,000**	**868,766**	**316,013**
Variable remuneration:								
– STIP*	675,000	60	1,267,200	42	–	–	46,552	64,009
– LTIP 2017 to 2019 annualised	–	–	854,535	28	–	–	–	–
Benefits:								
– Car allowance	–	–	19,800	1	5,250	–	19,800	5,250
– Other benefits	558	–	2,627	–	663	558	2,627	663
Total remuneration	**1,125,558**	**100**	**3,024,162**	**100**	**328,640**	**450,558**	**937,745**	**385,935**

* Received in 2019 by Elmar Heggen and Bert Habets: residual payment STIP 2018

UPDATE

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

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

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

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

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

Given the current economic uncertainty, the Group's Board of Directors has decided today to withdraw the previous outlook (dated 13 March 2020) which did not reflect the coronavirus outbreak. Global economic development and prospects have significantly deteriorated since mid-March, when RTL Group gave its outlook statement. The Group is currently not in a position to provide a new outlook for the full year 2020. While Q1/2020 will be broadly in line with expectations, cancellations of advertising bookings and postponements of productions will negatively impact the Group's results in the coming months.

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

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

DIRECTORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT

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

Revenue up 3.2 per cent on an underlying basis

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

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

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

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

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

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

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

FINANCIAL REVIEW

	2019 €m	2018 €m	Per cent change
Revenue	**6,651**	**6,505**	**+2.2**
Underlying revenue[1]	**6,518**	**6,317**	**+3.2**
Adjusted EBITA	**1,156**	**1,171**	**(1.3)**
Adjusted EBITA margin (per cent)	17.4	18.0	
Reported EBITA	**1,139**	**1,171**	**(2.7)**
EBITDA[2]	**1,405**	**1,380**	**+1.8**
Impairment losses of goodwill	–	(105)	
Impairment of investments accounted for using the equity method	(50)	(2)	
Depreciation, amortisation and impairment	(281)	(224)	
Re-measurement of earn-out arrangements and gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	87	27	
EBIT[4]	**1,161**	**1,076**	**+7.9**
Net financial expense	(5)	(13)	
Income tax expense	(292)	(278)	
Profit for the year	**864**	**785**	**+10.1**
Attributable to:			
– Non-controlling interests	110	117	
– RTL Group shareholders	**754**	**668**	**+12.9**
Reported EPS (in €)	**4.91**	**4.35**	**+12.9**

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

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

RTL GROUP REPORTS RECORD REVENUE FOR THE FIFTH CONSECUTIVE YEAR

- Group **revenue** increased 2.2 per cent to €6,651 million (2018: €6,505 million), mainly driven by higher revenue from Fremantle and RTL Group's digital businesses. On an underlying basis[3] revenue grew by 3.2 per cent.

- **Digital revenue**[4] was up by 8.9 per cent to €1,073 million (2018: €985 million). Digital revenue accounted for 16.1 per cent of RTL Group's total revenue (2018: 15.1 per cent).

- **Streaming revenue**[5] from TV Now and Videoland was up by 46.7 per cent, to €135 million (2018: €92 million).

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

- Adjusted for one-time effects related to the restructuring of RTL Group's Corporate Centre in Luxembourg (€17 million in 2019), **EBITA** was broadly stable at €1,156 million (2018: €1,171 million). The **Adjusted EBITA margin** was 17.4 per cent. **Reported EBITA**[6] was €1,139 million compared to €1,171 million in 2018 (down 2.7 per cent).

- **Profit for the year** increased by 10.1 per cent to €864 million (2018: €785 million), mainly due to the capital gain from the disposal of Universum Film and lower impairments.

- **Net cash from operating activities** was €1,085 million, representing an operating cash conversion rate of 105 per cent (2018: 90 per cent). **Net debt**[6] was €384 million at the end of 2019 (2018: €470 million).

- RTL Group's Board of Directors has proposed a **dividend** of €4.00 per share for 2019 – on the same level as in previous years. → *Please see update on page 34.*

- Based on the average share price in 2019 (€45.80[7]), the dividend of €4.00 per share represents a **dividend yield** of 8.7 per cent and 81 per cent of the reported EPS (€4.91; up 12.9 per cent year on year). → *Please see update on page 34.*

3 Adjusted for scope changes, the wind-down of StyleHaul and at constant exchange rates
4 "Digital" refers to internet-related activities with the exception of online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, i.e. other advertising sales, revenue from distribution and licensing content, consumer and professional services
5 Streaming revenue includes SVOD, TVOD and in-stream revenue from TV Now and Videoland
6 See note 3. to the consolidated financial statements in the RTL Group Annual Report 2019
7 Frankfurt Stock Exchange

STRENGTHENING RTL GROUP'S CORE

- Mediengruppe RTL Deutschland's channels increased their combined audience share in the main target group of viewers aged 14 to 59, by 0.6 percentage points to 28.1 per cent. This was largely due to the positive performance of the main channel **RTL Television**, which increased its audience share for the first time since 2011.

- Mediengruppe RTL Deutschland outperformed the German net TV advertising market, also thanks to the power of the German **Ad Alliance**.

- **Vox Up** was the latest addition to the German family of channels. The new free-to-air channel shares the advertising breaks with its sister channel Vox, while broadcasting different programmes and thus offering more net reach for advertisers.

- Groupe M6 completed the acquisition of France's leading free-to-air digital channel for children, **Gulli**, and five pay-TV channels from Lagardère. As a result, Groupe M6 gained audience and TV advertising market shares in 2019.

BOOSTING GROWTH BUSINESSES

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

- RTL Group aims to grow its total number of paying subscribers in Germany and the Netherlands to between 5 and 7 million, to grow streaming revenue to at least €500 million and to break even by 2025.

- With **Bedrock**, Groupe M6 is building the tech platform for the subscription video-on-demand (SVOD)/streaming service Salto, backed by Groupe TF1, France Télévisions and Groupe M6. The commercial launch of Salto is planned for 2020. The Bedrock tech platform will be used by Videoland in the Netherlands, as well as the RTL services in Belgium, Hungary and Croatia. RTL Group has agreed to become a 50 per cent shareholder of Bedrock, which will be a European platform open to third parties.

- **Fremantle**'s revenue was up 12.6 per cent to €1,793 million (2018: €1,592 million). Its drama business continued to grow, with the second season of *American Gods*, the first commission for Norway with *Exit*, and the second seasons of *The New Pope* and *My Brilliant Friend: The Story of a New Name*. As a result, Fremantle's drama revenue increased by 36.2 per cent to €414 million (2018: €304 million).

- RTL Group has created Europe's leading digital talent network and content studio with the combination of **Divimove** and United Screens, which was recently strengthened by the acquisition of Tube One in Germany.

FOSTERING ALLIANCES AND PARTNERSHIPS

- The sales house **Ad Alliance** is the clear market leader in Germany, reaching 99 per cent of the country's population. Media Impact (Axel Springer/Funke Mediengruppe) became a new partner of Ad Alliance (for digital inventory) on 1 January 2020.

- RTL Nederland launched an advertising sales network for the Dutch market. The Dutch **Ad Alliance** integrates the sales activities of RTL Nederland, BrandDeli, Adfactor and Triade Media and will be open to new partners.

- Within the newly launched **Bertelsmann Content Alliance**, RTL Group companies (Mediengruppe RTL Deutschland, UFA and RTL Radio Deutschland) are working on several content cooperation projects such as a themed month in September 2019 which focused on climate change and environmental protection.

- Mediengruppe RTL Deutschland took over the responsibility for RTL Group's ad-tech business **Smartclip**. The objective is to create an open European ad-tech platform, based on technology developed by Smartclip and tailored for the needs of broadcasters and streaming services.

- Mediengruppe RTL Deutschland and ProSiebenSat1 launched the joint venture, **d-force**. The joint demand-side platform aims to boost addressable TV and online video advertising in Germany. In February 2020, d-force was also rolled out to Austria.

OUTLOOK

→ *Please see update on page 34.*

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

- RTL Group expects its total **revenue** for the fiscal year 2020 to grow organically by +2 per cent to +3 per cent with TV advertising revenue slightly down and Fremantle's revenue up organically by +4 per cent to +6 per cent. This guidance excludes foreign exchange rate and scope effects.
- RTL Group expects its **Adjusted EBITA** before additional streaming start-up losses to be broadly stable. After additional streaming start-up losses, Adjusted EBITA is expected to be down by up to –7 per cent.
- The **dividend policy** presented in August 2019 remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.

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

EBITA break-even expected in 2025.

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

With interests in 68 television channels, eight streaming platforms, 30 radio stations, a global business for content production and distribution, and rapidly growing digital video businesses, RTL Group entertains, informs and engages audiences around the world.

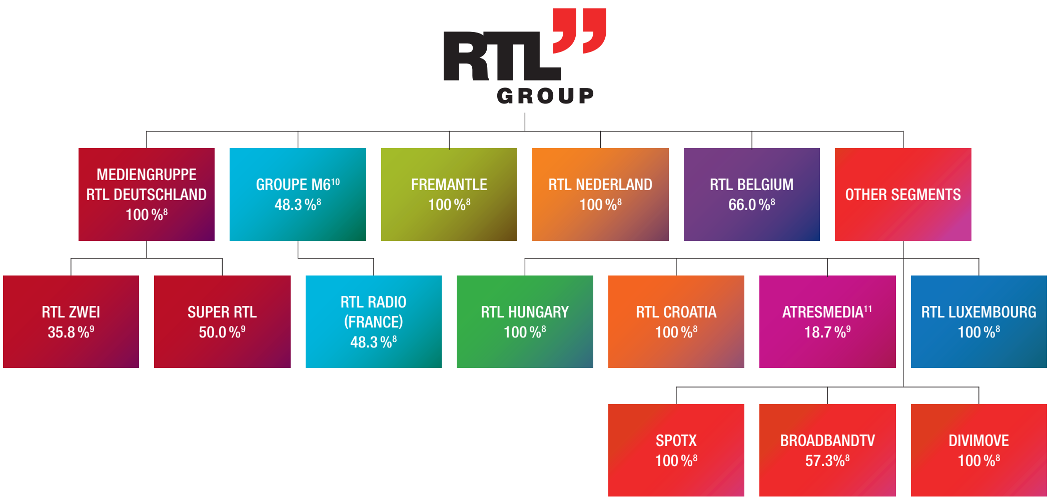
The Luxembourg-based company owns stakes in TV channels and radio stations in Germany, France, Belgium, the Netherlands, Luxembourg, Spain, Hungary and Croatia. With Fremantle, it is one of the world's leading producers of TV content: from talent and game shows to drama, daily soaps and telenovelas, including *Idols*, *Got Talent*, *Family Feud*, *American Gods* and *Charité*. Combining the streaming services of its broadcasters, the digital video networks BroadbandTV and Divimove and Fremantle's more than 300 YouTube channels, RTL Group has become the leading European media company in online video. RTL Group also owns the ad-tech businesses Smartclip and SpotX. RTL AdConnect is RTL Group's international advertising sales house.

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

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

Bertelsmann has been the majority shareholder of RTL Group since July 2001. RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt and Luxembourg Stock Exchanges. Since September 2013, RTL Group has been listed in the MDAX stock index. RTL Group publishes its consolidated accounts in accordance with IFRS.

RTL GROUP CORPORATE STRUCTURE (SIMPLIFIED)



RTL Group's business comprises the following six reporting segments: Mediengruppe RTL Deutschland (including RTL Radio Deutschland and Smartclip), Groupe M6 (including the French RTL family of radio stations), Fremantle, RTL Nederland, RTL Belgium and Others (which includes RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities including the Group's Corporate Centre and the investment accounted for using the equity method, Atresmedia in Spain). The segment Others also includes the digital businesses SpotX, BroadbandTV and Divimove.

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

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

MANAGEMENT APPROACH

The Group's business units are run by management teams with entrepreneurial freedom and editorial independence. This entrepreneurial approach enables each unit to act flexibly in its local market, to build its own local identity, and to benefit from one of the most important success factors in the broadcasting business: proximity to its audience.

Responsibility for the day-to-day management of the company rests with the CEO, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the company. As from 28 August 2019 the Executive Committee is comprised of the CEO, the COO/ Deputy CEO and the CFO. The Executive Committee is vested with internal management authority.

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

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

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

In addition, all units benefit from sharing information, knowledge and experience across the Group through the Group's Synergy Committees (SyCos). These SyCos – which are comprised of executives and experts from each segment and from the Group's Corporate Centre – meet regularly to discuss topics such as programming (including scripted and non-scripted), news and magazine content for the linear and non-linear offers, advertising sales and distribution. While each unit makes its own decisions, it is encouraged to draw on the understanding and expertise of other RTL Group companies.

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

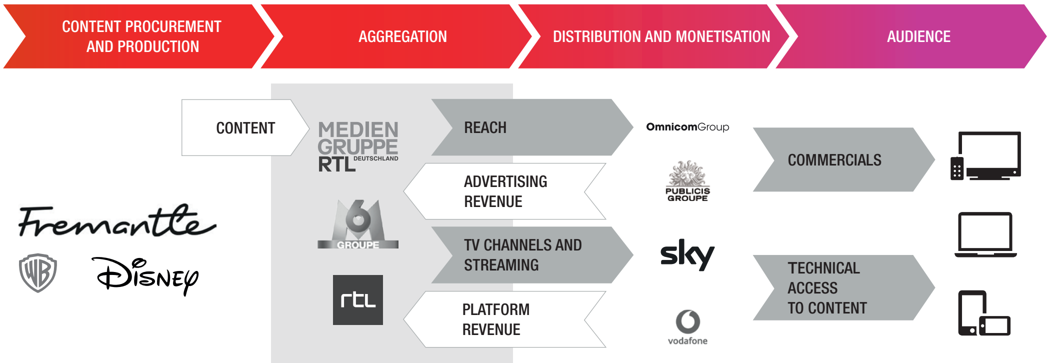
In 2019, RTL Group's Executive Committee redefined the role of the Group's Corporate Centre. For example, approval thresholds for investments were significantly increased and Group requirements reduced. Management bundled several of the Group's businesses to create bigger units, for example with the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

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

BUSINESS MODEL

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

BROADCAST



Generic broadcast value chain

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

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

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

STREAMING

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

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

CONTENT

RTL Group's broadcasters produce and commission a wide variety of local content, while the Group's global production arm, Fremantle, is responsible for around 12,800 hours of TV programming broadcast each year.

CONCEPT CREATION	PRE-PRODUCTION[12]	PRODUCTION	POST-PRODUCTION	INTERNATIONAL DISTRIBUTION
IP CREATION SCRIPT CHARACTER DESIGN STORY	IP DEVELOPMENT FUNDING SCHEDULING INTEGRATION OF PROCESS ATTACH KEY CAST STORYBOARD	SHOOTING SCREENPLAY STORYBOARD	CUT VFX SOUND MUSIC DRM	TAPE SALES RIGHTS MANAGEMENT COMMERCIAL EXPLOITATION ANCILLARY EXPLOITATION

Content production value chain

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

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

The distribution business also plays an important role in providing financing for high-quality drama such as *American Gods*, *Deutschland 86* and *My Brilliant Friend*.

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

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

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

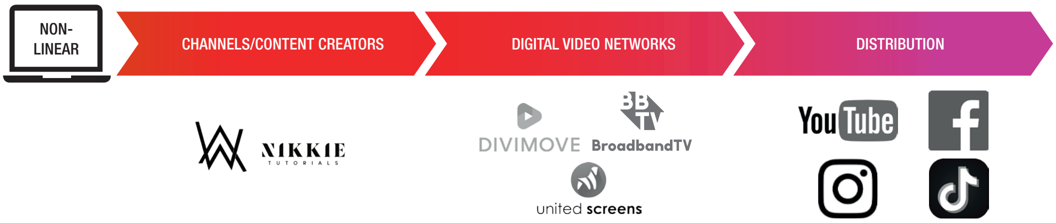
12 Pre-production only starts once the idea is sold to a commissioning client network

DIGITAL

DIGITAL VIDEO NETWORKS

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

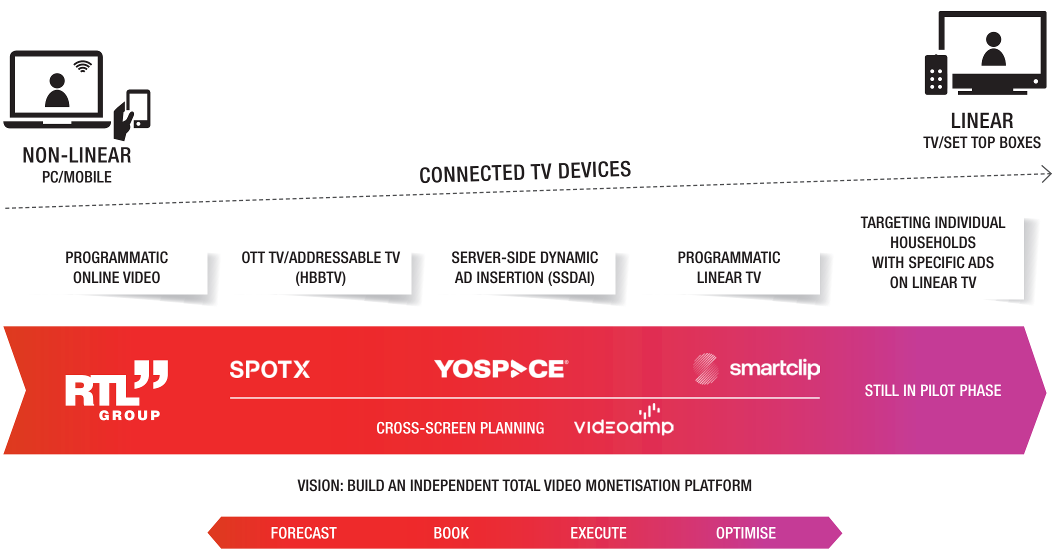
On platforms such as YouTube, revenue is shared between the platform and the digital video networks. In return for their content, the creators receive a revenue share from the digital video networks. The more attractive the content – measured by the number of subscribers and video views – the higher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



Generic value chain of digital video networks

ADVERTISING TECHNOLOGY

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising lets advertisers bring their message to an engaged audience, which can be enhanced by the use of technology and data. This is done using a sophisticated process that automates the advertising sales process: within milliseconds an ad space on a website or streaming service can be sold to advertisers looking for a particular demographic and willing to pay a price within a given range. In brief, advertising technology fulfils two main goals: a) find the perfect match between advertiser and user and, b) find the perfect price for both advertiser and publisher. The main difference to traditional advertising sales is the targeting of individual users instead of a broad reach. The market for addressable TV and online video in Germany alone is forecast to be in the single-digit euro billion range by 2022. Around 18 million TV devices in German-speaking regions are already accessible to addressable TV, and therefore tailored advertising.



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

MARKET

MARKET ENVIRONMENT

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

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

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

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

The Total Video market comprises:

- linear TV (commercial free-to-air channels, pay-TV channels, public broadcasters, as well as linear TV channels delivered over-the-top)
- streaming services financed by advertising, pay per view or subscriptions[13] (especially long-form)
- YouTube, Facebook and other online video platforms (especially short-form)

MARKET TRENDS

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

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

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

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

COMPETITION

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

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

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

CONSOLIDATION

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

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

STRATEGY

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

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

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

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

CORE

STRENGTHENING RTL GROUP'S FAMILIES OF CHANNELS

Building and extending families of TV channels has been key to address increasing audience fragmentation and competition in a digital, multi-channel world. In recent years, RTL Group's families of channels have been enhanced by the **addition of digital channels** with clearly defined profiles, including Nitro, RTL Plus, Vox Up, 6ter, and RTL Z.

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

In 2019, Groupe M6 acquired Lagardère's TV business, to complement its offering for families and to strengthen its overall position in the French media market, both in TV advertising and digital. This transaction included the full acquisition of Gulli (the country's leading free-to-air digital channel for children), five pay-TV channels and the corresponding streaming services, including Gulli Replay and Gulli Max.

Another focus for strengthening the Group's core business in broadcasting is to increase non-advertising revenue, by further **growing the revenue from platform operators**. RTL Group aims to receive a fair revenue share for its brands and programmes from the major distribution platforms – cable network operators, satellite companies and internet TV providers – for services such as high-definition TV channels, streaming platforms and digital pay channels.

INVESTING IN CONTENT

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

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

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

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

INCREASING OPERATIONAL EFFICIENCY

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

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

GROWTH

BUILDING NATIONAL STREAMING CHAMPIONS

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

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

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

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

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

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

EXPANDING RTL GROUP'S GLOBAL CONTENT BUSINESS, FREMANTLE

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

Fremantle pursues three strategic goals:

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

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

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

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

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

INVESTING IN TECHNOLOGY AND DATA

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

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

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

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

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

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

CREATING EUROPE'S LEADING DIGITAL TALENT NETWORK AND CONTENT STUDIO

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

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

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

ALLIANCES AND PARTNERSHIPS

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

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

DRIVING INTERNATIONAL ADVERTISING SALES VIA RTL ADCONNECT

One key development for RTL Group's largest revenue stream – advertising – has been the increased demand from advertisers and agencies for global ad-buying opportunities. As a consequence, RTL Group is expanding its **international sales house, RTL AdConnect**, to give international advertisers and agencies easy access to RTL Group's large portfolio of TV and streaming services, digital video networks and advertising technology, in a brand-safe environment. To be more relevant in all key European markets, RTL AdConnect's portfolio also encompasses leading partners such as ITV in the UK, RAI in Italy and Medialaan in Belgium. Thanks to these partnerships, RTL Group is one of the only media companies in Europe that can **offer advertisers pan-European digital video campaigns**.

BUILDING ONE-STOP SALES HOUSES FOR CROSS-MEDIA CAMPAIGNS

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

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

POOLING BERTELSMANN'S CONTENT EXPERTISE

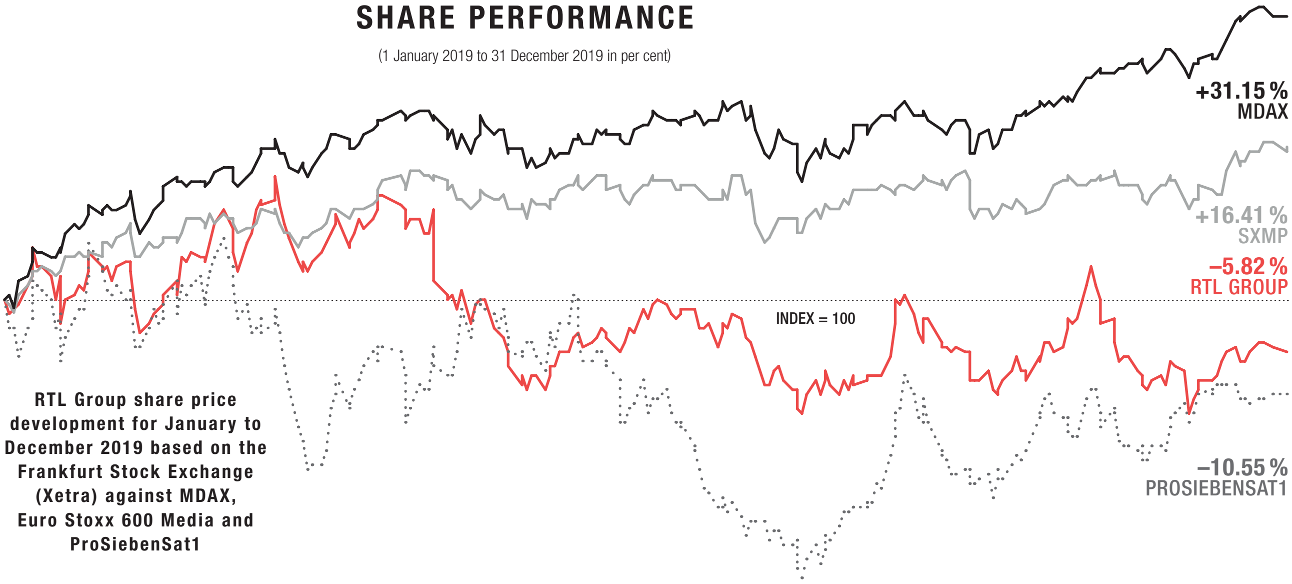
At the beginning of 2019, RTL Group's majority shareholder formed the **Bertelsmann Content Alliance** in Germany. Bertelsmann is a creative powerhouse, investing close to €6 billion in creative content each year, of which €2 billion is invested in Germany. The Bertelsmann Content Alliance in Germany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

CAPITAL MARKETS AND SHARE

RTL Group's shares (ISIN: LU0061462528) are publicly traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and also on the Luxembourg Stock Exchange. Since September 2013, RTL Group has been listed in the MDAX stock index.

SHARE PERFORMANCE

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



RTL Group share price development for January to December 2019 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1

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

On a quarterly basis, the average share price evolved as follows:
Q1: €48.46
Q2: €46.81
Q3: €44.27
Q4: €43.72

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

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

RTL GROUP RATING

RTL Group decided, during 2019, to cancel its ratings from both S&P and Moody's. These were, until the date of the cancellation, fully aligned to its parent company, Bertelsmann SE & Co KG, due to its shareholding level and control on RTL Group.

RTL GROUP DIVIDEND POLICY

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

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

RTL GROUP'S SHAREHOLDER RETURN

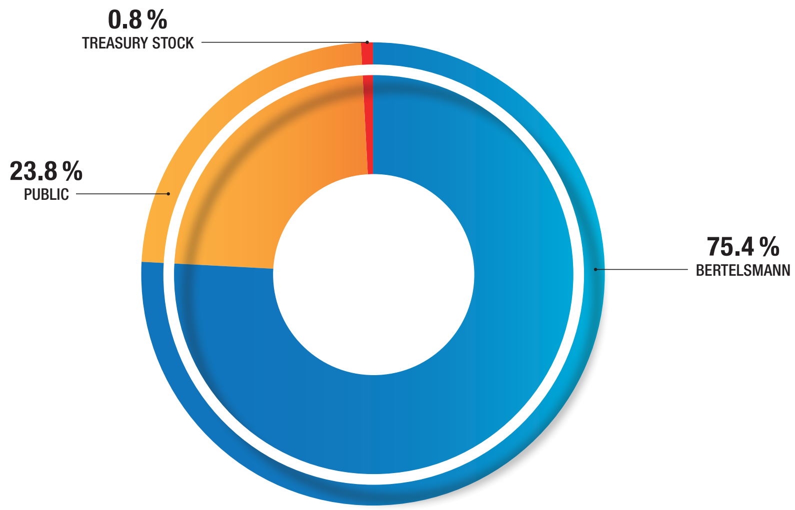
RTL Group measures its Total Shareholder Return (TSR) using the share price development and the dividend paid over the same time frame, and assumes that the share has been held for this full period.

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

RTL GROUP SHAREHOLDING STRUCTURE

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

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



Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at 31 December 2019, Bertelsmann held 75.4 per cent of RTL Group shares, and 23.8 per cent were free float. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries.

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

RTL GROUP SHARE MASTER DATA

ISIN	LU0061462528
Exchange symbol	RRTL
WKN	861149
Share type	Ordinary
Bloomberg code	RRTL:GR
Reuters code	RRTL
Ticker	RRTL
Transparency level on first quotation	Prime standard
Market segment	Regulated market
Trading model	Continuous trading
Sector	Media
Stock exchanges	Frankfurt, Luxembourg
Last total dividend	€3.00
Number of shares	154,742,806
Market capitalisation[14]	€6,805,588,608
52 week high	€52.90 (19 March 2019)
52 week low	€40.86 (15 August 2019)

INDICES

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

Index	Weight in per cent
MDAX	1.2145
MDAX Kursindex	1.2145
Prime All Share	0.1745
HDAX	0.2007

14 As of 31 December 2019

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

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

Some of RTL Group's key performance indicators are determined on the basis of so-called alternative performance measures which are not defined by IFRS. Management believe they are relevant for measuring the performance of the Group's operations, financial position and cash flows, and for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

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

As announced in the outlook of the Annual Report 2018 RTL Group reverted back to guidance on EBITA in its outlook statement. The Group believes this provides a better operational KPI than continuing to use EBITDA. The Group notes that the analyst community continues to use EBITA – some on an exclusive basis – as the main KPI for the Group's profitability. Reverting back to EBITA therefore aligns the Group's guidance to the expectations of the investment community. In addition, the Group's EBITDA is affected by the application of the IFRS 16 (Leases) from 2019 onwards. As a result, RTL Group also comments primarily on EBITA as the KPI for measuring profitability. For purposes of comparability both EBITDA and EBITA are reported on for the Group's business segments in this Directors' report.

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

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

REVENUE

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

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

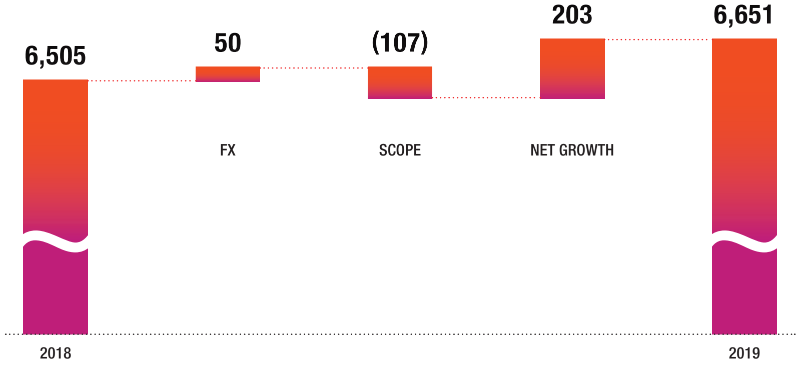
	Net TV advertising market growth rate 2019 (in per cent)	RTL Group audience share in main target group 2019 (in per cent)	RTL Group audience share in main target group 2018 (in per cent)
Germany	(2.5) to (3.0)[15]	28.1[16]	27.5[16]
France	(1.5)[17]	22.8[18]	21.4[18]
The Netherlands	+0.5[15]	29.8[19]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

RTL Group's total revenue was up 2.2 per cent to €6,651 million (2018: €6,505 million), reaching a record level. This was mainly driven by higher revenue from Fremantle and RTL Group's digital businesses. Foreign exchange rate effects had a positive impact of €50 million on reported revenue. On a like-for-like basis (adjusting for portfolio changes, the wind-down of StyleHaul and at constant exchange rates) revenue was up 3.2 per cent organically to €6,518 million (2018: €6,317 million).

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

RTL GROUP REVENUE BRIDGE IN 2019

(in € million)



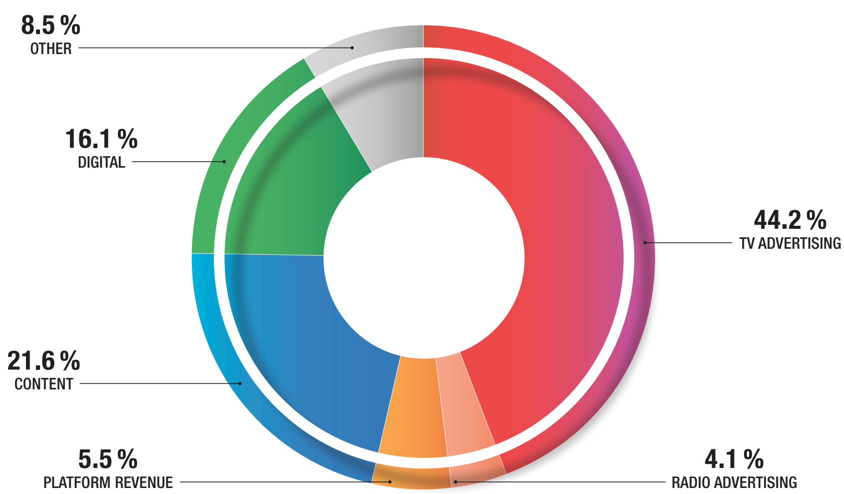
RTL GROUP REVENUE SPLIT

	2019 €m	2018 €m	Per cent change
Total revenue	**6,651**	**6,505**	**+2.2**
Broadcast[25]	4,625	4,693	(1.4)
Content (Fremantle)	1,793	1,592	+12.6
Digital activities (BBTV, Divimove & SpotX)[26]	452	412	+9.7
Eliminations	**(219)**	**(192)**	**–**

Streaming revenue[27] from TV Now and Videoland was up by 46.7 per cent, to €135 million (2018: €92 million).

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

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



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

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

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

GEOGRAPHICAL REVENUE OVERVIEW

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

For more details on geographical information, see note 5. 2. to the consolidated financial statements in the Annual Report 2019.

EBITDA AND EBITA

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

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

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

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

RTL GROUP VALUE ADDED

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

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

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

Before 1 January 2019, the cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest-bearing operating liabilities). 66 per cent of the present value of operating leases and of satellite transponder service agreements (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

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

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

NET DEBT AND CASH CONVERSION

The consolidated **net debt** at 31 December 2019 amounted to €384 million (31 December 2018: net debt of €470 million). The Group intends to maintain a conservative level of gearing of up to 1.0 times net debt to full-year EBITDA, in order to benefit from an efficient capital structure.

The Group continues to generate significant operating cash flow, with an EBITA to cash conversion ratio of 105 per cent in 2019 (2018: 90 per cent).

Net (debt)/cash position	**As at 31 December 2019 €m**	As at 31 December 2018 €m
Gross balance sheet debt	(788)	(894)
Add: cash and cash equivalents and other short-term investments	405	424
Add: cash deposit and others	–	–
Net (debt)/cash position[28]	**(384)**	**(470)**

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

FINANCIAL DEVELOPMENT OVER TIME

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

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

OTHER PERFORMANCE INDICATORS

OPERATING EXPENSES

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

SHARE OF RESULTS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

INTEREST EXPENSE

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

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

The Group has conducted an impairment testing on the different cash generating units (see note 8. 2. to the consolidated financial statements in the Annual Report 2019).

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

INCOME TAX EXPENSE

In 2019, the income tax expense was €292 million (2018: expense of €278 million). The income tax charge for 2018 included the recognition of a one-off deferred tax asset amounting to €67 million and commission income, under the PLP Agreement (see note 10. 1. to the consolidated financial statements in the RTL Group Annual Report 2019), of €28 million. In 2019 the Group benefitted from commission income, under the PLP Agreement, of €37 million.

PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS

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

EARNINGS PER SHARE

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

OWN SHARES

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

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

PROFIT APPROPRIATION (RTL GROUP SA)[29]

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

29 Amounts in Euro except where stated

MAIN PORTFOLIO CHANGES

YOSPACE

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

UNIVERSUM FILM

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

GULLI

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

For more information on RTL Group's main acquisitions, disposals, and increase in interests held in subsidiaries see note 6. 2. to the consolidated financial statements in the RTL Group Annual Report 2019.

MAJOR RELATED PARTY TRANSACTIONS

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

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

Launched in 2017 by Mediengruppe RTL Deutschland and Gruner + Jahr Electronic Media Sales (G+J), Ad Alliance GmbH (Ad Alliance) promotes cross-media advertising solutions based on a large portfolio of TV, magazines and digital brands, ensuring a high-reach presence to its customers. Ad Alliance operates as a sales agent and generates revenue from commissions on an arm's length basis. On 1 January 2019, Ad Alliance started to market TV advertising, online and print advertising for thirds, RTL Group and G+J, Spiegel and, until April 2019, Ligatus. The increase of sales of goods and services and accounts payable of €59 million and €31 million is mainly due to the development of the Ad Alliance business in 2019 (commissions on advertising sales of €32 million and related accounts payable €28 million).

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

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

The comprehensive description on the related party transactions is disclosed in the note 10. 1. to the consolidated financial statements in the RTL Group Annual Report 2019.

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2019 PERFORMANCE

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

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

RTL Group's broadcasting business proved to be resilient – particularly with Mediengruppe RTL Deutschland and Groupe M6 achieving both higher audience and TV advertising market shares. Across Europe, RTL Group's flagship channels remained number one or number two in their respective markets and target groups.

Throughout the year, Fremantle further increased creative diversity within the company. With its high-end drama productions on screen in 2019 – *Dublin Murders*, *Beecham House*, the second seasons of *American Gods* and *The Rain* as well as *Exit* – Fremantle had a successful 2019 and has successfully positioned itself as a high-quality drama producer with worldwide appeal to both broadcasters and streaming services. Additionally, *American Idol* on ABC was particularly successful for Fremantle and RTL Group. As one of the biggest independent production companies, Fremantle continues to focus on creative talent and on developing projects that will feed into its network.

RTL Group's digital revenue increased by 8.9 per cent to €1,073 million during 2019 – representing about 16.1 per cent of the Group's total revenue – as a result of organic growth.

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

At the time this Directors' report was compiled, RTL Group is characterised by a strong financial position and operating performance. Strong cash flows allow the combination of attractive dividend payments with significant investments, in particular into the Group's streaming services, technology and the growth of the Group's content businesses. → *Please see update on page 34.*

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

REVIEW BY SEGMENTS

FULL-YEAR 2019

Revenue	2019 €m	2018[30] €m	Per cent change
Mediengruppe RTL Deutschland	2,262	2,304	(1.8)
Groupe M6	1,456	1,483	(1.8)
Fremantle	1,793	1,592	+12.6
RTL Nederland	496	504	(1.6)
RTL Belgium	185	186	(0.5)
Other segments	724	670	+8.1
Eliminations	(265)	(234)	–
Total revenue	**6,651**	**6,505**	**+2.2**

EBITDA	2019 €m	2018[30] €m	Per cent change
Mediengruppe RTL Deutschland	701	739	(5.1)
Groupe M6	396	400	(1.0)
Fremantle	184	147	+25.2
RTL Nederland	86	91	(5.5)
RTL Belgium	45	41	+9.8
Other segments	(7)	(38)	–
Reported EBITDA	**1,405**	**1,380**	**+1.8**

EBITA	2019 €m	2018[30] €m	Per cent change
Mediengruppe RTL Deutschland	663	723	(8.3)
Groupe M6	287	275	+4.4
Fremantle	142	127	+11.8
RTL Nederland	54	71	(23.9)
RTL Belgium	36	37	(2.7)
Other segments	(43)	(62)	–
EBITA	**1,139**	**1,171**	**(2.7)**

EBITA margins	2019 per cent	2018[30] per cent	Percentage point change
Mediengruppe RTL Deutschland	29.3	31.4	(2.1)
Groupe M6	19.7	18.5	+1.2
Fremantle	7.9	8.0	(0.1)
RTL Nederland	10.9	14.1	(3.2)
RTL Belgium	19.5	19.9	(0.4)
RTL Group	**17.1**	**18.0**	**(0.9)**

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

MEDIEN GRUPPE RTL DEUTSCHLAND

FINANCIAL RESULTS

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

AUDIENCE RATINGS

In 2019, the combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 increased to 28.1 per cent[31] (2018: 27.5 per cent) – mainly due to the main channel RTL Television. The German RTL family of channels increased its lead over its main commercial competitor, ProSiebenSat1, to 3.1 percentage points (25.0 per cent, 2018: lead of 2.7 percentage points).

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

The revamped streaming service **TV Now** attracted 5.32 million unique users[32] in September 2019, a record number, and recorded an increase in paying subscribers of 45 per cent compared to 31 December 2018, as well as an increase in viewing time of 31 per cent. This was thanks to the wide range of programmes including the gay dating show *Prince Charming*, already recommissioned for a second season, and the drama series *M – Eine Stadt sucht einen Mörder*.

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

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

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

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

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

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

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

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

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

FINANCIAL RESULTS

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

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

AUDIENCE RATINGS

Groupe M6's combined audience share was up to 22.8 per cent in the key commercial target group of women under 50 responsible for purchases (2018: 21.4 per cent), supported by the acquisition of Gulli[33].

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

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

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

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

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

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

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

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

Fremantle

FINANCIAL RESULTS

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

NON-SCRIPTED

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

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

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

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

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

SCRIPTED

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

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

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

INTERNATIONAL (GLOBAL DISTRIBUTION BUSINESS)

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

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

DIGITAL AND BRANDED ENTERTAINMENT

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

FINANCIAL RESULTS

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

AUDIENCE RATINGS

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

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

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

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

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

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

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

FINANCIAL RESULTS

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

AUDIENCE RATINGS

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

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

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

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

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

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

OTHER SEGMENTS

This segment mainly comprises RTL Group's digital assets – both its global ad-tech company SpotX, and its investments in digital video networks: BroadbandTV, StyleHaul, which was wound down in 2019, and Divimove. It also includes the fully consolidated businesses RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities (RTL Luxembourg, BCE and RTL Group's Corporate Centre) and the investment accounted for using the equity method, Atresmedia in Spain.

REVENUE SPLIT – OTHER SEGMENTS

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

DIGITAL VIDEO NETWORKS

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

In 2019, **BroadbandTV** (BBTV) registered a total of 429[35] billion video views – up 5.9 per cent from 2018 – while revenue increased 14.6 per cent year on year (in Canadian dollars: up 11.0 per cent). In 2019, BBTV secured partnerships with major digital content partners including the gaming channel *Kwebbelkop*, *Jelly* – a content owner with 12 million subscribers and over 200 million video views per month across his comic content – *Family Fun Pack* a family with six digital channels dedicated to children's personalities and interests, the Grammy Award winner Flume and many more. The addition of these partners across a diverse range of content verticals further amplified BBTV's depth of content and its ability to offer best-in-class service. In addition, BBTV announced a partnership with Snapchat, where BBTV content partners are given the opportunity to create eight to ten episodes of a first-person, personality driven show that airs directly on the Snapchat app. Shows began premiering in summer 2019.

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

AD-TECH

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

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

35 Including views from external partners

As a leading video ad serving platform for premium publishers and broadcasters, SpotX continues to build solutions to help monetise video content across all screens and devices. The United States remains SpotX's primary market, with over 70 per cent of its revenue now coming from major media owners and platforms, including AMC Networks, Discovery, Philo, Roku, and TiVo. SpotX currently reaches 42 million connected-TV households in the United States, with approximately 70 per cent of all ad spend in 2019 coming from over-the-top (OTT). SpotX completed its integration of Yospace[36], a global leader in server-side dynamic ad insertion (SSDAI) for live OTT streaming.

BROADCASTING

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

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

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

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

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

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

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

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

36 Acquired in February 2019

LUXEMBOURGISH OPERATIONS

In 2019, **RTL Luxembourg** confirmed its position as the leading media brand in the Grand Duchy of Luxembourg. Combining its TV, radio and digital activities (all three of which appear in the top five media ranking in Luxembourg), the RTL Luxembourg media family achieved a daily reach of 82.3 per cent (2018: 82.7 per cent) of all Luxembourgers aged 15 and over.

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

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

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

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

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

For more information on investments in associates please see note 8. 5 1. to the consolidated financial statements in the RTL Group Annual Report 2019.

NON-FINANCIAL INFORMATION

CORPORATE RESPONSIBILITY (CR)

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

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

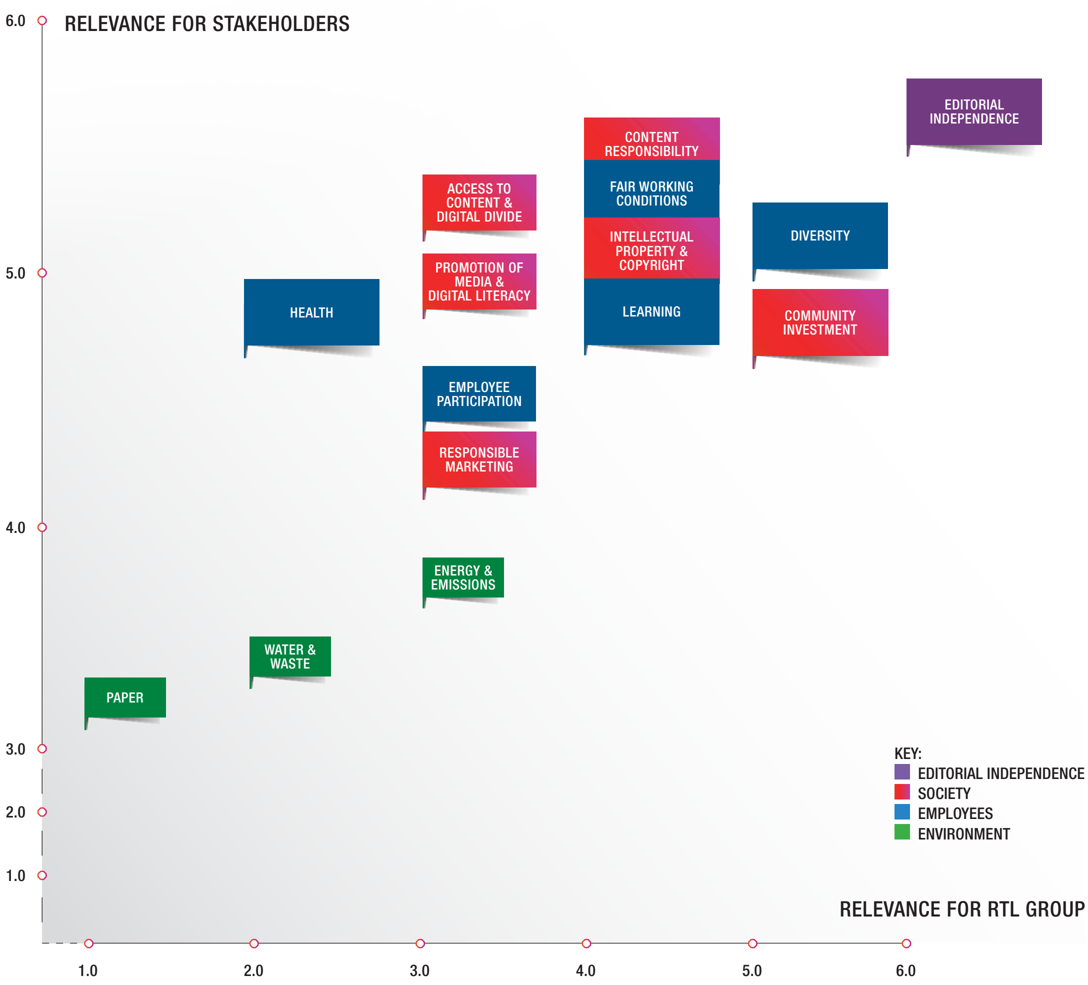
Following the reorganisation of the Group's Corporate Centre in 2019, RTL Group will redefine its CR organisation in the first half of 2020. As part of this re-evaluation it has been decided to discontinue publishing the Group's own Non-financial Statement. The information of the Combined Non-Financial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

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

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

RTL Group's CR activities focus primarily on the following issues: editorial independence, diversity, community investment, content responsibility, learning, and fair working conditions. These issues were identified in a materiality analysis conducted in 2017 in close consultation with Bertelsmann. Although the analysis did not deem environmental and climate protection to be among the most material issues for RTL Group, the Group is nevertheless strongly committed to this issue. In 2020, the current relevance analysis will be reviewed and updated in close collaboration with Bertelsmann.

RELEVANCE MATRIX



EDITORIAL INDEPENDENCE

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

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

EMPLOYEES

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

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

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

DIVERSITY

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

RTL Group is committed to making every level of the organisation more diverse with regard to nationality, gender, age, ethnicity, religion and socio-economic background. The Group places a special emphasis on gender diversity. Although RTL Group's workforce as a whole is balanced by gender (with 52 per cent men and 48 per cent women at the end of 2019), in management positions men outnumber women by a wide margin. At the end of 2019, women accounted for 22 per cent of top management positions, and 20 per cent of senior management positions[37].

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

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

SOCIETY

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

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

INTELLECTUAL PROPERTY AND COPYRIGHT

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

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

INFORMATION SECURITY, DATA PROTECTION AND PRIVACY

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

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

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

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

ANTI-CORRUPTION AND ANTI-BRIBERY

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

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

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

Representatives of RTL Group management sit on the RTL Group Corporate Compliance Committee. The committee, which is chaired by RTL Group's Chief Financial Officer, is responsible for monitoring compliance activities, promoting ethical conduct and fighting corruption and bribery. It is kept informed about ongoing compliance cases and the measures taken to prevent compliance violations.

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

HUMAN RIGHTS

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

ENVIRONMENT

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

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

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

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

INNOVATION

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

RTL Group established, for example, the FC Group (Format Creation Group) that meets the high demand for exclusive content by developing innovative format ideas and intellectual property that is fully owned and controlled by RTL Group. FC Group develops factual entertainment formats and reality shows exclusively for RTL broadcasters and streaming services, reflecting their needs in the local markets. Groupe M6 is developing the tech platform for the pay streaming service Salto (to be launched in 2020), backed by Groupe TF1, France Télévisions and Groupe M6. This streaming tech platform will also be used by RTL Group broadcasters and is open to other broadcasting partners. In Germany, Mediengruppe RTL Deutschland launched a joint venture, called d-force, together with ProSiebenSat1, which aims to boost addressable TV and online video advertising in Germany.

SIGNIFICANT LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities (see notes 8. 5 1. and 8. 14 1. to the consolidated financial statements in the RTL Group Annual Report 2019).

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

Several subsidiaries of RTL Group are being sued by the broadcaster RTL 2 Fernsehen GmbH & Co KG and its sales house El Cartel Media GmbH & Co KG before the regional court in Düsseldorf, Germany, seeking disclosure of information to substantiate a possible claim for damages. The proceedings follow the imposition of a fine in 2007 by the German Federal Cartel Office for abuse of market dominance with regard to discount scheme agreements (share deals) granted by IP Deutschland GmbH and SevenOne Media GmbH to media agencies. The German Federal Cartel Office argued that these discounts would foreclose small broadcasters from the advertising market. In 2014, the district court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. In July 2018, RTL 2 Fernsehen GmbH & Co KG filed a motion claiming that the expert was not impartial, with the aim of getting the court to obtain a new expert opinion. IP Deutschland has rejected the motion of lack of impartiality as unfounded. In May 2019, the court announced it would draw up a list of questions by the end of July and give the expert the opportunity to comment on the motion of lack of impartiality. However, until today, the court did not address the expert. The court case will continue. Similar proceedings from other small broadcasters, initiated in different courts, were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as of September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged "halo effect". The judicial expert issued in September 2019 his final report which confirmed the "halo effect" but assessed that Fun Radio's results were over-corrected. As of September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition, but this procedure was suspended until the end of the judicial expertise and will restart in the first quarter of 2020. In the meantime, four of the six claimants withdrew their claim from the proceedings.

On 22 February 2018, the Spanish Competition Authority (CNMC) communicated to Atresmedia the opening of a proceeding for sanctions in relation to possible practices restricting competition prohibited by article 1 of the Spanish Competition Act. On 6 February 2019, the CNMC notified the Statement of Objections in which it assumes proven that specific commercial practices by Atresmedia are restrictive of competition. On 28 May 2019, the department of the competition authority responsible for the investigation submitted a proposal for a decision which included a proposed fine of €49.2 million. Atresmedia submitted its observations on the proposed decision on 28 June 2019. On 12 November 2019, the CNMC Board took its decision and imposed a fine of €38.2 million. On 10 January 2020, Atresmedia filed an application for judicial review against the decision with the competent court. Atresmedia remains convinced that the decision made by the CNMC is not sufficiently justified and expects a positive outcome. The prospects of success are based, inter alia, on the outdated definition of the advertising market used by CNMC.

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

CORPORATE GOVERNANCE

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are disclosed in note 3. to the consolidated financial statements for the risks linked to financial instruments, and in the section entitled 'Corporate Governance' on the *RTLGroup.com* website for the external and market risks.

CORPORATE GOVERNANCE STATEMENT

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

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

SHAREHOLDERS

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

As at 31 December 2019, Bertelsmann held 75.4 per cent of RTL Group shares, and 23.8 per cent were publicly traded. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries (see note 8. 16 2. to the consolidated financial statements).

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

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

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

BOARD AND MANAGEMENT

BOARD OF DIRECTORS

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

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

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

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

RTL GROUP'S BOARD OF DIRECTORS FROM 1 APRIL 2019 TO 31 DECEMBER 2019

THOMAS RABE UNTIL 01.04.19
MARTIN TAYLOR[39] AS FROM 01.04.19
CHAIRMAN OF THE BOARD OF DIRECTORS

MARTIN TAYLOR[39] UNTIL 01.04.19
JAMES SINGH AS FROM 01.04.19
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

- BERT HABETS UNTIL 01.04.19
THOMAS RABE AS FROM 01.04.19
CEO RTL GROUP
- ELMAR HEGGEN UNTIL 27.08.19
CFO AND DEPUTY CEO RTL GROUP
AS FROM 27.08.19
COO AND DEPUTY CEO RTL GROUP

NON-EXECUTIVE DIRECTORS

- GUILLAUME DE POSCH
- THOMAS GÖTZ
- IMMANUEL HERMRECK[38]
- BERND HIRSCH
- BERND KUNDRUN
- JEAN-LOUIS SCHILTZ[39]
- ROLF SCHMIDT-HOLTZ
- JAMES SINGH
- LAUREN ZALAZNICK[39]

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

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

The responsibility for day-to-day management of the company is delegated to the Chief Executive Officer (CEO). The Board of Directors has a number of responsibilities, which include approving the Group's annual budget, overseeing significant acquisitions and disposals, and managing the Group's financial statements. The Board of Directors met eight times physically or by telephone conference in 2019 – with an average attendance rate of 97 per cent – and adopted some decisions by circular resolution. An evaluation process of the Board of Directors' activities, and the activities of its committees, was carried out in early 2018.

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

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

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

In 2019, a total of € 1.4 million (2018: € 1.2 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors and the committees that emanate from it (see note 10. 4. to the consolidated financial statements in the RTL Group Annual Report 2019).

Neither options nor loans have been granted to Directors.

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

THE FOLLOWING BOARD COMMITTEES ARE ESTABLISHED:

NOMINATION AND COMPENSATION COMMITTEE

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

The Nomination and Compensation Committee comprises four non-executive directors (three until 1 April 2019), one of whom is an independent director (who also chairs the meetings), and meets at least twice a year. The committee's plenary meetings are attended by the CEO, the COO/Deputy CEO and the Executive Vice President Human Resources. The Nomination and Compensation Committee may involve other persons to help the committee fulfil its tasks. The Chairman of the Nomination and Compensation Committee reports on the discussions held and conclusions made by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met seven times in 2019, physically or by telephone conference, with an average attendance rate of 91.4 per cent.

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

AUDIT COMMITTEE

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

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

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

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

The Audit Committee met five times in 2019 – physically or by telephone conference – with an average attendance rate of 96 per cent. The Chairman of the Audit Committee reports on the discussions held and conclusions taken by the Audit Committee to the subsequent Board of Directors meeting.

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

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

CHIEF EXECUTIVE OFFICER (CEO)

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

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

EXECUTIVE COMMITTEE

Until 27 August 2019, the Executive Committee comprised the two executive directors, the CEO and the CFO/Deputy CEO. Since 27 August 2019, the Executive Committee has been comprised of the two executive directors, the CEO and the COO/Deputy CEO plus the CFO. The Executive Committee is vested with internal management authority. More information about the members of the Executive Committee can be found on page 27.

In 2019, a total of €7.5 million (2018: €8.0 million) was allocated in the form of salaries, non-cash benefits and a post-employment benefit plan to the members of the Executive Committee (see note 10. 3. to the consolidated financial statements).

EXTERNAL AUDITOR

In accordance with the Luxembourg law on commercial companies, the company's annual and consolidated accounts are certified by an external auditor, appointed at the Annual General Meeting of Shareholders. On 26 April 2019, the shareholders appointed PricewaterhouseCoopers, société coopérative (PwC) for a year. PwC's mandate will expire at the Annual General Meeting on 22 April 2020.

DEALING IN SHARES

The company's shares are listed on the Frankfurt and Luxembourg Stock Exchanges. The company's shares were delisted on Euronext Brussels on 13 May 2019. Applicable Belgian, German and Luxembourg insider dealing, and market manipulation laws prevent anyone with material non-public information about a company from dealing in its shares and from committing market manipulations.

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

RESTRICTIONS APPLY TO:

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

CODE OF CONDUCT

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

The Code of Conduct is available at *RTLGroup.com/codeofconduct.*

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

STANDARDS AND RULES

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

SYSTEMS AND RELATED CONTROLS

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

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

ANALYTICS AND REPORTING

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

Regular communication between RTL Group's operations and the Corporate Centre's finance department ensures any issue that could affect the Group's financial reporting is immediately flagged and resolved. Full-year and half-year reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors. Q1 and Q3 quarterly statements are approved by the Audit Committee upon delegation by the Board of Directors.

TRANSPARENCY

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

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

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

RISK MANAGEMENT

Type of risk	Description and areas of impact	Mitigation activities
External and market risk		
Legal	Local and European regulations are subject to change. Some changes could alter businesses and revenue streams (for example, a ban on certain types of advertisements, opening of markets, deregulation of markets, cancellation of restrictions, limitation of advertising minutes, data protection).	RTL Group aims to anticipate any changes in legislation and to act accordingly by developing and exploiting new revenue sources. To ensure compliance with the EU General Data Protection Regulation 2016/679, for example, RTL Group was an initiator of the European netID Foundation, which provides the log-in standard netID.
Audience and market share	A decrease in audience and/or market share may have a negative impact on RTL Group's revenue.	New talents and formats are developed or acquired. Performance of existing shows is under constant review with the aim of improving audience share performance and hence future revenue. Moreover, RTL Group remains constantly proactive in monitoring international market trends.
Strategic direction	Wrong strategic decisions could lead to a potential loss of revenue. Also, wrong strategic investment decisions or high purchase prices could lead to an impairment of goodwill.	Prudent investment policies are followed, underpinned by realistic and conservative business plans approval levels are followed to ensure the relevant degree of management sign-off, with solid valuation models, and regular strategic planning sessions. A regular review of strategic options is undertaken.
Cyclical development of economy	Economic developments directly affect advertising markets and therefore RTL Group's revenue.	RTL Group tries to diversify the revenue base through new products and services that generate non-advertising revenue.
Market risks		
New entrants and market fragmentation	Digitisation has significantly transformed the TV market, bringing new ways of reaching viewers – such as short-form video content made for consumption on mobile devices and over-the-top streaming services – and reducing the barriers to enter the TV market. Higher competition for audience attention and programme acquisitions, accelerated audience fragmentation due to streaming services and thematic channels, and expansion of platform operators may affect RTL Group's position.	RTL Group's strategy is to embrace new digital opportunities by ensuring its channels and stations are platform neutral (that is, available on the widest possible choice) and the Group develops strong families of channels and streaming services for the digital age, based on the Group's leading brands. With alliances and partnerships RTL Group's aim is to counteract the dominance of the emerging streaming platforms from the US. RTL AdConnect and the Ad Alliances in Germany and the Netherlands.
Risks in key business		
Customers	Bad debts or loss of customers may negatively impact RTL Group's profits.	Credit analysis of all new advertisers is systematically undertaken to prevent such a risk. Depending on the customer's credit-worthiness, insurance may be used. This risk is also mitigated by broadening the advertiser base.
Suppliers	The supply of certain types of content is limited and may lead to a rise in costs. Over-reliance on one supplier may also cause costs to rise in the long term.	The Group aims wherever possible to diversify its sources of supply. RTL Group benchmarks purchasing terms and conditions to identify best practices with the aim of reducing costs by, for example, joint purchasing. RTL Group selects high quality and solid suppliers for key services or equipment, to reduce the risk of bankruptcy of business partners.
Inventories	There is a risk of over-accumulation of stock that would be unused or could become obsolete. This may lead to write-offs or impairments.	RTL Group has strict commercial policies, very close follow-up of existing inventories, and strict criteria for approval of investment proposals for rights.
Pricing/discounting	There is potential price erosion, either at broadcaster level, or at production level, or in the digital environment where competition could reduce margin levels.	RTL Group has strict commercial policies, very close follow-up of existing inventories, and strict criteria for approval of investment proposals for rights.
Financial risks		
Foreign exchange exposure	The operating margin and programme costs are impacted by foreign exchange volatility, especially if there is a strong increase of the USD against the EUR (e.g. feature films, sports and distribution rights, scripted programmes).	RTL Group has in place a strict policy regarding foreign exchange management, which is monitored and followed up by Group Treasury, using hedging instruments and applying hedge accounting principles to mitigate volatility on the income statement.

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

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

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

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

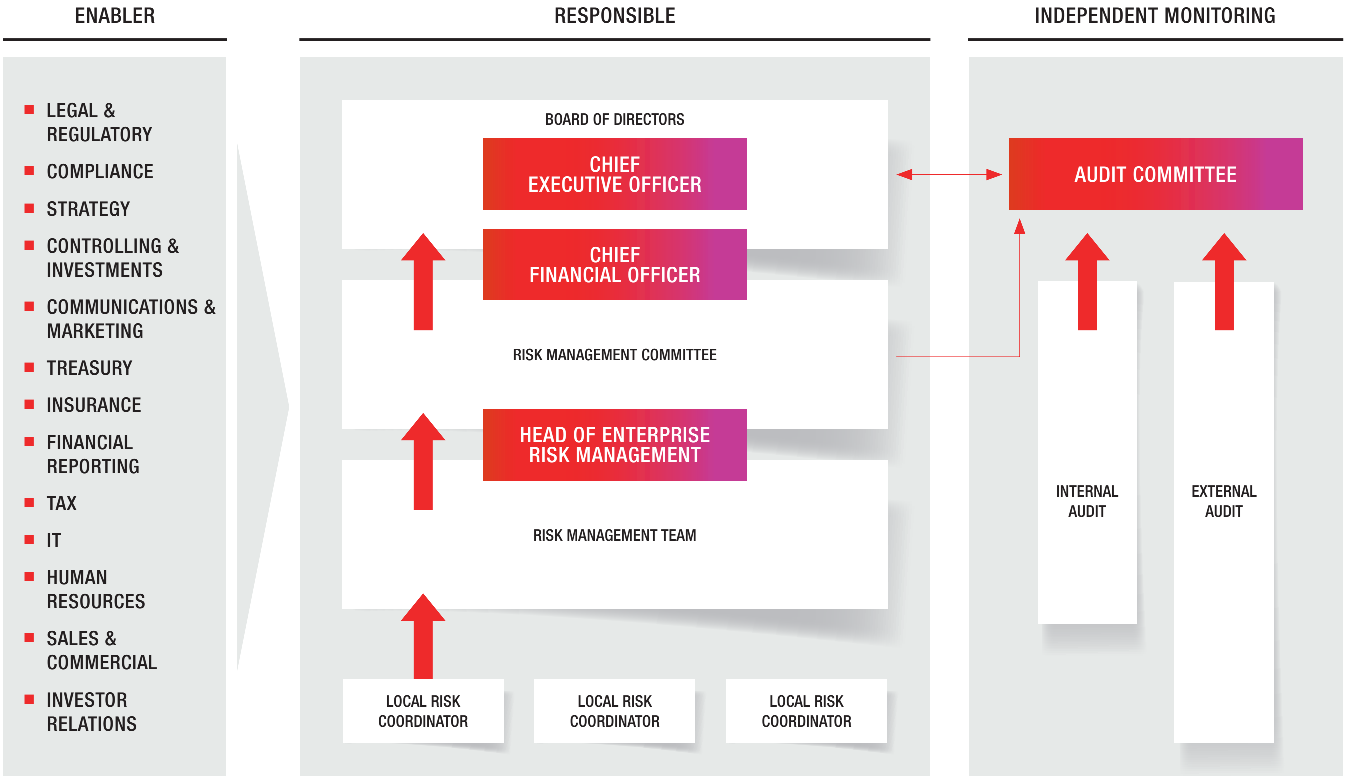
- **Embedded culture:** promote and embed a common risk management culture in the daily work of all RTL Group's employees;
- **Consistent policy:** develop consistent risk policies on key matters, to be tailored and implemented at Business Unit level with consideration of local challenges and environment;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

The risk management organisation is the combination of structures and relationships (see the diagram on page 84) which enables a proper risk governance environment. RTL Group's Risk management governance model has a strong vertical component from the Board of Directors and Executive Committee to the Audit and Risk Management Committees, to the executive responsible (CEO, CFO and Head of ERM), down to all levels of the dedicated risk management functions, including Group local entities. This backbone is enabled by related control functions carried out by the Legal and Regulatory, Compliance, Strategy, Controlling and Investments, Communications and Marketing, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources, Sales and Commercial and Investor Relations departments. Independent monitoring is also carried out by Internal Audit and External Audit.

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

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

- Effectiveness and efficiency of operations, and the optimal use of the Group's resources
- Integrity and reliability of financial and operational information
- Reliability of financial reporting
- Proper identification, assessment, mitigation and reporting of material risks
- Compliance with applicable laws, regulations, standards and contracts



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

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

DEFINITION OF RISK

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

RISK CLASSIFICATION

(potential financial loss in three-year period)

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

RISK REPORTING FRAMEWORK

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

This framework is based on several key principles:

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

RISK MANAGEMENT IN THE FUTURE

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

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

GENERAL MANAGEMENT STATEMENT ON RISK EVALUATION

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

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

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

There are currently no risks that, individually or in combination with other risks, could have a material or lasting adverse effect on the revenue, earnings, financial position or performance of RTL Group over the projection period of three years. This does not reflect the Covid-19 ("Corona") virus outbreak as it is currently too early to quantify its impact on RTL Group. However, RTL Group already sees first cancellations of advertising bookings and impacts on productions.

OPPORTUNITY MANAGEMENT

OPPORTUNITY MANAGEMENT SYSTEM

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

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

OPPORTUNITIES

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

LUXEMBOURG LAW ON TAKEOVER BIDS

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

A) SHARE CAPITAL STRUCTURE

RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange and the Luxembourg Stock Exchange (and also on Euronext Brussels until 13 May 2019). No other securities have been issued. The issued share capital as at 31 December 2019 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

B) TRANSFER RESTRICTIONS

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

C) MAJOR SHAREHOLDING

The shareholding structure of RTL Group SA as at 31 December 2019 is as follows: Bertelsmann Capital Holding GmbH held 75.4 per cent, 23.8 per cent were publicly traded and the remaining 0.8 per cent were held collectively as treasury stock by RTL Group SA and one of its subsidiaries.

D) SPECIAL CONTROL RIGHTS

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

E) CONTROL SYSTEM IN EMPLOYEE SHARE SCHEME

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

F) VOTING RIGHTS

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

G) SHAREHOLDERS' AGREEMENT WITH TRANSFER RESTRICTIONS

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

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

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

I) POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage the business of RTL Group SA. It may take all acts of administration and of disposal in the interest of RTL Group SA. The Board of Directors has set up several committees whose members are Directors. The responsibilities and functionalities of the Board of Directors and its committees are described in the Articles of Association and the Corporate Governance Charter, published under the 'Investors' Corporate Governance Section on *RTLGroup.com*.

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

J) SIGNIFICANT AGREEMENTS OR ESSENTIAL BUSINESS CONTRACTS

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

K) AGREEMENTS WITH DIRECTORS AND EMPLOYEES

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

SUBSEQUENT EVENTS

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

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

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

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

OUTLOOK

→ *Please see update on page 34.*

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

REVENUE

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

EBITA

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

DIVIDEND

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

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

EBITA break-even expected in 2025.

12 March 2020
The Board of Directors

MANAGEMENT RESPONSIBILITY STATEMENT

We, Thomas Rabe, Chief Executive Officer, Elmar Heggen, Chief Operating Officer and Deputy Chief Executive Officer, and Björn Bauer, Chief Financial Officer, confirm, to the best of our knowledge, that these 2019 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 12 March 2020

Thomas Rabe
Chief Executive Officer

Elmar Heggen
Chief Operating Officer
Deputy Chief Executive Officer

Björn Bauer
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019 €m	2018 €m
Revenue	5. 7. 1.	6,651	6,505
Other operating income		48	74
Consumption of current programme rights		(2,244)	(2,103)
Depreciation, amortisation, impairment and valuation allowance		(267)	(211)
Other operating expenses	7. 2.	(3,112)	(3,150)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(15)	(120)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 3.	86	25
Profit from operating activities		**1,147**	1,020
Share of results of investments accounted for using the equity method	8. 5.	14	56
Earnings before interest and taxes ("EBIT")	3.	**1,161**	1,076
Interest income	7. 4.	5	9
Interest expense	7. 4.	(37)	(29)
Financial results other than interest	7. 5.	27	7
Profit before taxes		**1,156**	1,063
Income tax expense	7. 6.	(292)	(278)
Profit for the year		**864**	785
Attributable to:			
RTL Group shareholders		754	668
Non-controlling interests		110	117
Profit for the year		**864**	785
EBITA	3.	**1,139**	1,171
Impairment of goodwill of subsidiaries	8. 2.	–	(105)
Impairment of investments accounted for using the equity method	8. 5. 1.	(50)	(2)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(15)	(15)
Re-measurement of earn-out arrangements		1	2
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 3.	86	25
Earnings before interest and taxes ("EBIT")	3.	**1,161**	1,076
EBITDA	3.	**1,405**	1,380
Depreciation, amortisation and impairment		(281)	(224)
Impairment of goodwill of subsidiaries	8. 2.	–	(105)
Impairment of investments accounted for using the equity method	8. 5. 1.	(50)	(2)
Re-measurement of earn-out arrangements		1	2
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 3.	86	25
Earnings before interest and taxes ("EBIT")	3.	**1,161**	1,076
Earnings per share (in €)			
– Basic	7. 7.	4.91	4.35
– Diluted	7. 7.	4.91	4.35

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019 €m	2018 €m
Profit for the year		864	785
Other comprehensive income ("OCI"):			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	8. 15.	(21)	5
Income tax	8. 7.	4	(1)
		(17)	4
Equity investments at fair value through OCI – change in fair value	8. 6.	(2)	2
Income tax	8. 7.	–	1
		(2)	3
		(19)	7
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		6	8
Effective portion of changes in fair value of cash flow hedges	8. 16. 4.	12	32
Income tax	8. 7.	(4)	(10)
		8	22
Recycling of cash flow hedge reserve	8. 16. 4.	(6)	2
Income tax	8. 7.	2	(1)
		(4)	1
		10	31
Other comprehensive income/(loss) for the year, net of income tax		(9)	38
Total comprehensive income for the year		855	823
Attributable to:			
RTL Group shareholders		748	707
Non-controlling interests		107	116
Total comprehensive income for the year		855	823

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2019 €m	31 December 2018 €m
Non-current assets			
Programme and other rights	8. 1.	92	91
Goodwill	8. 1. 8. 2.	3,093	2,919
Other intangible assets	8. 1.	233	213
Property, plant and equipment	8. 3.	315	332
Right-of-use assets	8. 4.	380	–
Investments accounted for using the equity method	8. 5.	352	395
Loans and other financial assets	8. 6. 8. 9.	148	133
Deferred tax assets	8. 7.	332	333
		4,945	4,416
Current assets			
Programme rights	8. 8.	1,226	1,236
Other inventories		13	11
Income tax receivable		33	24
Accounts receivable and other financial assets	8. 9.	2,275	2,133
Cash and cash equivalents	8. 10.	377	422
		3,924	3,826
Assets classified as held for sale	8. 11.	88	82
Current liabilities			
Loans and bank overdrafts	8. 12.	157	333
Lease liabilities	8. 12.	59	–
Income tax payable		24	40
Accounts payable	8. 13.	2,778	2,626
Contract liabilities	7. 1.	299	295
Provisions	8. 14.	97	126
		3,414	3,420
Liabilities directly associated with non-current assets classified as held for sale	8. 11.	43	63
Net current assets		555	425
Non-current liabilities			
Loans	8. 12.	631	561
Lease liabilities	8. 12.	373	–
Accounts payable	8. 13.	388	462
Contract liabilities	7. 1.	6	7
Provisions	8. 14.	257	229
Deferred tax liabilities	8. 7.	20	29
		1,675	1,288
Net assets		3,825	3,553
Equity attributable to RTL Group shareholders		3,292	3,047
Equity attributable to non-controlling interests	8. 16. 8.	533	506
Equity	8. 16.	3,825	3,553

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital €m	Treasury shares €m	Currency translation reserve €m	Hedging reserve €m	Revaluation reserve €m	Reserves and retained earnings €m	Equity attributable to RTL Group shareholders €m	Equity attributable to non-controlling interests €m	**Total equity €m**
Balance at 1 January 2018		**192**	**(47)**	**(145)**	**(20)**	**69**	**2,908**	**2,957**	**467**	**3,424**
Total comprehensive income:										
Profit for the year		–	–	–	–	–	668	668	117	**785**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	3	3	1	**4**
Equity investments at fair value through OCI – change in fair value, net of tax	8. 16. 5.	–	–	–	–	(1)	4	3	–	**3**
Foreign currency translation differences	8. 16. 3.	–	–	10	–	–	–	10	(2)	**8**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 16. 4.	–	–	–	22	–	–	22	–	**22**
Recycling of cash flow hedge reserve, net of tax	8. 16. 4.	–	–	–	1	–	–	1	–	**1**
		–	–	10	23	(1)	675	707	116	**823**
Capital transactions with owners:										
Dividends	8. 16. 6.	–	–	–	–	–	(614)	(614)	(73)	**(687)**
Equity-settled transactions, net of tax	8. 16. 7.	–	–	–	–	–	5	5	5	**10**
(Acquisition)/disposal of treasury shares	8. 16. 2.	–	3	–	–	–	(4)	(1)	–	**(1)**
Transactions on non-controlling interests without a change in control	8. 16. 8.	–	–	–	–	–	(5)	(5)	(7)	**(12)**
Transactions on non-controlling interests with a change in control	8. 16. 8.	–	–	–	–	–	(4)	(4)	(4)	**(8)**
Derivatives on equity instruments	8. 16. 9.	–	–	–	–	–	2	2	2	**4**
		–	3	–	–	–	(620)	(617)	(77)	**(694)**
Balance at 31 December 2018		**192**	**(44)**	**(135)**	**3**	**68**	**2,963**	**3,047**	**506**	**3,553**
Adjustment on initial application of IFRS 16 (net of tax)	1. 30.	–	–	–	–	–	(33)	(33)	(1)	**(34)**
Adjusted balance at 1 January 2019		**192**	**(44)**	**(135)**	**3**	**68**	**2,930**	**3,014**	**505**	**3,519**
Total comprehensive income:										
Profit for the year		–	–	–	–	–	754	754	110	**864**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	(14)	(14)	(3)	**(17)**
Equity investments at fair value through OCI – change in fair value, net of tax	8. 16. 5.	–	–	–	–	(2)	–	(2)	–	**(2)**
Foreign currency translation differences	8. 16. 3.	–	–	6	–	–	–	6	–	**6**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 16. 4.	–	–	–	8	–	–	8	–	**8**
Recycling of cash flow hedge reserve, net of tax	8. 16. 4.	–	–	–	(4)	–	–	(4)	–	**(4)**
		–	–	6	4	(2)	740	748	107	**855**
Capital transactions with owners:										
Dividends	8. 16. 6.	–	–	–	–	–	(461)	(461)	(75)	**(536)**
Equity-settled transactions, net of tax	8. 16. 7.	–	–	–	–	–	4	4	4	**8**
(Acquisition)/disposal of treasury shares	8. 16. 2.	–	3	–	–	–	(1)	2	–	**2**
Transactions on non-controlling interests without a change in control	8. 16. 8.	–	–	–	–	–	(14)	(14)	(7)	**(21)**
Derivatives on equity instruments	8. 16. 9.	–	–	–	–	–	(1)	(1)	(1)	**(2)**
		–	3	–	–	–	(473)	(470)	(79)	**(549)**
Balance at 31 December 2019		**192**	**(41)**	**(129)**	**7**	**66**	**3,197**	**3,292**	**533**	**3,825**

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019 €m	2018 €m
Cash flows from operating activities			
Profit before taxes		**1,156**	1,063
Adjustments for:			
– Depreciation and amortisation		**278**	224
– Value adjustments and impairment		**26**	157
– Share-based payments expenses		**8**	10
– Re-measurement of earn-out arrangements		**(1)**	(2)
– Gain on disposal of assets		**(84)**	(60)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		**62**	30
Change of provisions	8. 14.	**(20)**	(52)
Working capital changes		**(6)**	(143)
Income taxes paid		**(334)**	(354)
Net cash from operating activities		**1,085**	873
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		**(117)**	(104)
– Subsidiaries, net of cash acquired	6. 4.	**(235)**	(18)
– Other intangible and tangible assets		**(107)**	(121)
– Other investments and financial assets		**(23)**	(19)
Current deposit with shareholder	10. 1.	**(27)**	–
		(509)	(262)
Proceeds from the sale of intangible and tangible assets	8. 1. 8. 3.	**4**	47
Disposal of other subsidiaries, net of cash disposed of	6. 5.	**102**	106
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	8. 5. 8. 6. 8. 9.	**44**	30
Interest received		**4**	7
		154	190
Net cash used in investing activities		**(355)**	(72)
Cash flows from financing activities			
Interest paid		**(27)**	(19)
Transactions on non-controlling interests	8. 16. 8.	**(44)**	(24)
Acquisition of treasury shares	8. 16. 2.	**2**	(1)
Term loan facility due to shareholder	8. 13. 10. 1.	**(232)**	94
Proceeds from loans	8. 5. 2. 8. 12.	**134**	33
Repayment of loans	8. 5. 2. 8. 12.	**(7)**	(34)
Payment of lease liabilities		**(59)**	–
Dividends paid		**(538)**	(686)
Net cash used in financing activities		**(771)**	(637)
Net increase/(decrease) in cash and cash equivalents		**(41)**	164
Cash and cash equivalents and bank overdrafts at beginning of year	8. 10.	**422**	258
Effect of exchange rate fluctuation on cash held		**1**	–
Effect of cash in disposal group held for sale	8. 11.	**(6)**	–
Cash and cash equivalents and bank overdrafts at end of year	8. 10.	**376**	422

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 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 Perpetual growth rate % a year	**2019** Discount rate %	2018 Perpetual growth rate % a year	2018 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		RTL 2 Fernsehen GmbH & Co. KG		Other immaterial associates[28]		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	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	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		2018	
	Perpetual growth rate % a year	**Discount rate %**	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 1–5 years €m	2019 Over 5 years €m	2019 Total €m	2018 1–5 years €m	2018 Over 5 years €m	2018 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 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated 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 (**)	Consolidated method (1)	Note	Group's ownership 2018 (**)	Consolidated 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

AUDIT REPORT

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TO THE SHAREHOLDERS OF RTL GROUP S.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of RTL Group S.A. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

WHAT WE HAVE AUDITED

The Group’s consolidated financial statements comprise:

- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in note 7. 2. to the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
IMPAIRMENT OF GOODWILL Goodwill represents EUR 3,093 million or approximately 35 % of the Group total assets as of 31 December 2019. Management performed an annual impairment test of the cash generating units (CGUs) to which the goodwill is allocated to assess whether its recoverable amount is at least equal to its carrying value. The recoverable amount can be determined through different valuation techniques; the most regularly used by management being the fair value less costs of disposal's discounted cash flow (DCF) models. This matter and the related disclosures were of particular significance to our audit as management's determination of future cash flow forecasts, discount rates and growth rates used in the calculation of the recoverable amount involves significant judgment and estimates.	We assessed the Group's process for determining and validating the future discounted cash flow forecasts of the CGUs. We satisfied ourselves about the valuation models retained by management and the reasonability of the future cash flows used by comparing them with the current budgets and forecasts in the three-year plan prepared by management and approved by the Board of Directors. When possible, we benchmarked them against general and sector-specific market expectations. Where necessary, we involved specialists to test the main parameters used in the DCF models (including the weighted average cost of capital). We tested management valuation resulting in no impairment of goodwill at 31 December 2019. For the most sensitive CGUs, we reviewed the sensitivity analysis of the models to changes in the key assumptions. We assessed the appropriateness of the Group's disclosures regarding goodwill contained in notes 2. 4. and 8. 2. of the consolidated financial statements.

KEY AUDIT MATTER

VALUATION OF INVESTMENT IN ASSOCIATE – ATRESMEDIA

The investment in associate Atresmedia, listed on the Madrid stock exchange, has a carrying value of EUR 198 million as of 31 December 2019.

Management performed an impairment test of its investment in Atresmedia to assess whether its recoverable amount is at least equal to its carrying value. The recoverable amount was determined based on the value in use derived from a discounted cash flow (DCF) model.

Atresmedia impairment test and the related disclosures were of particular significance to our audit as:

- the share price of Atresmedia decreased significantly during the year which is a trigger for impairment; and
- management's determination of future cash flow forecasts (of which revenue and EBIDTA margins), discount rates and growth rates used in the determination of the value in use involves significant judgment and estimates.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We assessed the Group's process for determining and validating the future discounted cash flow forecasts of Atresmedia.

We satisfied ourselves about the valuation model retained by management and the reasonability of the future cash flows used by comparing them with the current budgets and forecasts in the three-year plan prepared by management and approved by the Board of Directors, and when possible benchmarking them against general and sector specific market expectations.

We involved specialists to test the main parameters used in the DCF models (including the weighted average cost of capital).

We tested management valuation and its resulting impairment of EUR 50 million on the investment in Atresmedia.

We reviewed the sensitivity analysis of the model to changes in the key assumptions.

We assessed the appropriateness of the Group's disclosures regarding the valuation of Atresmedia as of 31 December 2019 contained in the note 8. 5. 1. of the consolidated financial statements.

KEY AUDIT MATTER

IMPAIRMENT OF PROGRAMME RIGHTS AND PROVISIONS FOR ONEROUS CONTRACTS

Non-current and current programme rights amounting respectively to EUR 92 million, and EUR 1,226 million as of 31 December 2019, include (co-) productions, audio-visual and other rights acquired with the primary intention to broadcast, distribute or trade as part of the Group's operations. These programme rights are tested for impairment by management if there are indicators that these assets may be impaired.

Such impairment test for programme rights requires a high level of judgement, in particular in relation with estimates of revenue, the future programme grid, the realised and expected audience of the programme and the current programme rights that are not likely to be broadcast.

Valuation of programme rights also encompasses rights that the Group has committed to purchase in periods subsequent to 31 December 2019. Provisions for onerous contracts are recognised when management expects, at the closing date, a lower than initially budgeted return on these rights. As of 31 December 2019, these provisions amount to EUR 64 million. They are computed by discounting the expected future cash flows from the programme rights and comparing them to their initially planned profitability.

These matters were significant to our audit since the determination of the level of impairment or provision requires significant judgment and estimates.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We assessed the Group's process to estimate the revenue derived from programme rights and the need for programme rights impairment or provision for onerous contracts.

We analysed the estimation of revenue for programme rights (including rights that the Group has committed to purchase in subsequent periods) based on the future programme grid and expected audience.

We satisfied ourselves about the reliability of management's estimates by comparing last year broadcasting forecasts with the current year programme grid.

We tested management's calculation of impairments or provisions when the estimated future revenues were not expected to exceed the carrying value of programme rights or purchase commitment.

We assessed the appropriateness of the Group's disclosures regarding programme rights and provisions for onerous contracts in notes 2. 3. and 8. 14. 1. of the consolidated financial statements.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

RESPONSIBILITIES OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ" FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Directors' report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Group by the General Meeting of the Shareholders on 26 April 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 26 years.

Luxembourg, 12 March 2020

PricewaterhouseCoopers, Société coopérative

Represented by

Gilles Vanderweyen *Magalie Cormier*

GLOSSARY

ADDRESSABLE TV
Technically a form of programmatic TV (automated ad serving). Major distinguishing factors are its household-level and real-time targeting. Advertisers can now target specific audiences directly instead of only choosing programmes for their advertisements.

ADVERTISING MARKET SHARE
The advertising market share of a media owner; in other words total sales volume expressed as a percentage of the sales volume of a given market (for example the TV advertising market in Germany).

ADVERTISING SALES HOUSE
An organisation that sells advertising on behalf of media owners. Sales houses include both in-house sales departments and independent businesses, which typically retain a percentage of sales revenues in exchange for their services.

ADVERTISING TECHNOLOGY (ALSO: AD-TECH)
Technological tools to sell advertising in the digital environment, for example using automated processes, such as programmatic advertising, or exchanges and market places.

AUDIENCE FRAGMENTATION
The division of audiences into small groups across an increasing number of media outlets. Audience fragmentation is characteristic of digitisation and the associated proliferation of channels, and can lead to a growth in services catering to specific interest groups.

AUDIENCE SHARE
The percentage of a radio or television audience that tuned in to a particular channel or programme during a given period, out of the total radio or television audience in the same period.

BROADCASTING LICENCE
A licence granting the licensee permission to broadcast in a given geographical area.

BUSINESS-TO-BUSINESS MARKET
A market in which transactions are carried out between businesses – such as between a content producer and a broadcaster – as opposed to a business-to-consumer market, in which transactions are carried out directly between a business and the end consumer.

CABLE DISTRIBUTION
A system of distributing television programmes to subscribers through coaxial cables or light pulses through fibre optic cables. Cable distribution as a means of distributing television signals is usually part of a free-TV broadcasting licence.

CABLE OPERATOR
The company or individual responsible for the operation of a cable system that may offer cable television, telephony and/or internet access.

COMMERCIAL BROADCASTER (FREE-TO-AIR)
Usually a privately owned business, active in television and/or radio broadcasting. Commercial broadcasters are financed to a large extent by the sale of advertising.

COMMERCIAL TARGET GROUP
A standard established by industry players, defining the largest common denominator within the total population, relevant for advertisers' demand and pricing. Commercial target groups can be defined by age, gender and other demographic factors.

COMPOUND ANNUAL GROWTH RATE (CAGR)
A measure of growth over multiple time periods. CAGR can be thought of as the growth rate that gets from the value at one point in time to the value at another point in time, assuming that the investment has been compounding over the time period.

CONNECTED TV (CTV)
A web-connected television device.

CONTENT PRODUCTION
The creation of original content for television broadcast or streaming, either by the in-house production department of the broadcaster or an external production company. The production of television formats by a third party production company takes place either on a commissioning basis (ordered by the broadcaster, who owns all rights on a buy-out basis) or as a licensing model (the producer owns the rights and grants limited licence to the broadcaster).

CONTENT RIGHTS
Certain intellectual property rights, given to an originator of content to protect original works of authorship, or to an assignee, to distribute, sell, broadcast or otherwise exploit an audio-visual work.

CROSS-MEDIA OFFERS
Advertising products that cover more than one medium at the same time: for example, TV and online.

DEFICIT FUNDING MODEL
A funding model for content production, in which the broadcaster commissions a production company to produce a show, and pays a licence fee that does not fully cover the costs of production. The producer funds the deficit in costs in return for retaining certain rights.

DEMAND SIDE PLATFORM (DSP)
A computer-based platform that advertisers or media agencies use to automate media buying across multiple sources with unified targeting, data, optimisation and reporting.

DIGITAL REVENUE
At RTL Group, “Digital” refers to internet-related activities with the exception of online sales of merchandise (“e-commerce”). Digital revenue spreads over the different categories of revenue, i.e. other advertising sales, revenue from distribution and licensing content, consumer and professional services. Unlike some competitors, RTL Group only recognises pure digital businesses in this category/revenue stream and doesn’t consider e-commerce, home shopping or platform revenue as part of its digital revenue.

DIGITAL VIDEO AD
An ad that is displayed online, through a web browser or browser-equivalent based internet activity that involves streaming video.

DIGITAL VIDEO NETWORKS
Digital video networks – previously also known as multi-channel networks (MCNs) or multi-platform networks (MPNs) – are service providers that affiliate with multiple channels on several online platforms such as YouTube to offer services that may include audience development, content programming, creator collaborations, digital rights management, monetisation, and/or sales. They offer these services in exchange for a share of revenue.

DISTRIBUTION PLATFORM
A system for disseminating media content such as audio and video, using infrastructure based on technologies such as cable, satellite, terrestrial broadcast, IPTV and the open internet.

DIVIDEND
All shareholders are entitled to the portion of the net profit distributed by a company that corresponds to the amount of their shareholding. This payment is known as a dividend. The amount of the dividend is proposed by the company’s Executive Committee and approved at the Annual General Meeting. The dividend depends, among other things, on the company’s financial position and the amount of cash earmarked for further growth opportunities.

DOCU DRAMA/DOCU SOAP/DOCU SERIES
A genre of radio and television programming that presents dramatised re-enactments of actual events in the style of a documentary.

DTT
Digital terrestrial television (DTT) is a distribution system that broadcasts digital TV signals 'over-the-air' from a ground-based transmitter to a receiving antenna attached to a digital receiver.

E-COMMERCE
The buying and selling of products or services over electronic systems such as the internet and other computer networks.

EPS
Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

FLAT RATE SUBSCRIPTION
A payment model for premium services that can be accessed during a specified period of time, in exchange for a recurring fixed fee, regardless of the quantity and/or length of usage in that same time period (see also SVOD).

FORMAT
The overall concept, premise and branding of a copyrighted television programme. A format can be licensed by TV channels, so they can produce a version of the show tailored to their nationality and audience.

FREE FLOAT
The number of shares in a company that are not owned by major shareholders but owned by many different shareholders and can therefore be traded freely in the capital market.

FREE-TO-AIR
Free-to-air (FTA) television or radio programmes are broadcast in an unencrypted form and do not require a subscription or payment in any ongoing form.

GAME SHOW
A radio or television programming genre in which contestants, television personalities and/or celebrities, play games that involve answering questions or solving specific tasks, usually for money and/or prizes.

GDPR
The General Data Protection Regulation (GDPR) is a regulation in EU law on data and privacy protection in the European Union.

GLOBAL REPORTING INITIATIVE (GRI)
The Global Reporting Initiative is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption.

GMC
RTL Group's Group Management Committee (GMC) is composed of the members of the Executive Committee (currently CEO, COO/Deputy CEO, CFO) and the CEOs of the Group's three largest business units – Mediengruppe RTL Deutschland, Groupe M6 and Fremantle.

HBBTV
Hybrid broadcast broadband television (HbbTV) is an industry technology standard for combining broadcast TV services with services delivered via the internet on connected TVs and set-top boxes.

HDTV
High-definition television (HDTV) is both a type of television that provides better resolution than standard definition television, and a digital TV broadcasting format that enables the broadcast of pictures with more detail and quality than standard definition.

IFRS
The International Financial Reporting Standards (IFRS) are accounting standards intended to ensure internationally comparable accounting and reporting.

IMPRESSION
The number of times a user is shown a video or ad – in other words, the number of chances they have to see the ad. The user doesn't need to interact with the video or ad for it to count as an impression. Impressions are commonly accepted as a billing standard for video ads running across all types of content. Ad campaigns are usually measured in terms of number of impressions.

IN-PAGE ADVERTISING
In-page advertising is a sub-segment of online display advertising, in which online advertisements are displayed in the form of banners and other graphical units, directly within a web page.

IN-STREAM ADVERTISING
In-stream advertising is a sub-segment of online display advertising, in which audio-visual advertisements are shown within an online video stream, either before (pre-roll), during (mid-roll) or after (post-roll) the video content itself.

IPTV
Internet protocol television (IPTV) is the term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol – the technology used to access the internet.

ISIN
An International Securities Identification Number (ISIN) is a code that uniquely identifies a security.

KPI
A key performance indicator (KPI) is a type of performance measurement. KPIs evaluate the success of an organisation or of a particular activity in which it engages.

LINEAR TV
The provision or viewing of television programmes in a fixed time sequence according to a given schedule.

LONG-FORM VIDEO CONTENT
A descriptive term for a type of video content that has a beginning, middle and end, and which typically lasts longer than 10 minutes in total. If the content is ad supported, it typically contains breaks (mid-roll).

LTIP
Long-term incentive plan ("LTIP"). See note 7. 2. 1. to the consolidated financial statements.

MARKET CAPITALISATION
The value of a listed company determined by multiplying the current market price of a stock with the number of outstanding shares.

MDAX
The MDAX is a stock index which includes companies listed in Germany. The index reflects the price development of the 50 largest companies from the Prime Standard segment of Deutsche Börse – excluding the technology sector – which rank below the DAX index. The composition of the index is reviewed on a semi-annual basis and adjusted in March and September. The criteria for weighting the shares in the index are: trading volume and market capitalisation on the basis of the number of shares in free float, and position in the respective sector.

NON-LINEAR CONTENT
Content that is provided and/or viewed on demand, outside of a linear broadcast schedule.

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

ONLINE ADVERTISING
A form of advertising that uses the internet to deliver marketing messages to an audience of online users.

ONLINE DISPLAY ADVERTISING
A form of online advertising in which an advertiser's message is shown on a web page in a variety of formats – both in-page (such as banner ads) and in-stream (such as pre-roll videos) – which use various techniques to enhance the visual appeal of the advertising, as opposed to online classified and search advertising.

ORIGINAL CONTENT
Content that is produced specifically for a certain distribution platform (such as TV) and shown for the first time on that platform.

OTT
Over-the-top (OTT) is a term for the delivery of content or services over the open internet rather than via a managed network.

PAY-TV
A commercial service that broadcasts or provides television programmes to viewers in exchange for a monthly charge or per-programme fee.

PHASING EFFECT
Financial effects (positive or negative) on revenue or profit over a period longer than the reporting period, resulting from the time difference between the allocation of costs and return of investment.

PRIME TIME
That part of a broadcaster's programming schedule that attracts the most viewers and is therefore the most relevant in terms of advertising. The start and end time of prime time is typically determined by the medium (such as radio or television) and defined by the industry in each market, and can therefore vary from one country to another.

PROGRAMME FORMAT
See "format".

PUBLIC BROADCASTER
A publicly owned company, active in television and/or radio broadcast, whose primary mission is often public service related. Public broadcasters may receive funding from diverse sources including licence fees, individual contributions, public financing and advertising.

REAL TIME BIDDING (RTB)
The means by which ad inventory is bought and sold on a per-impression basis, via programmatic instantaneous auction, similar to financial markets.

REVENUE
The income received by a company in the form of cash or cash equivalents.

RVA
"RTL Group Value Added" is an RTL Group specific measure of shareholder value creation based on economic value added. RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation. For more information, see note 3. to the consolidated financial statements in the Annual Report 2019.

SECOND SCREEN
An electronic device such as a tablet or smartphone that is used simultaneously with television consumption. Second screen applications may allow audiences to access additional content and services related to the broadcast programme, or to interact with the content consumed through the primary screen.

SHORT-FORM VIDEO
A descriptive term for a type of video content that lacks a content arc, and which typically lasts less than 10 minutes in total.

SUPPLY SIDE PLATFORM (SSP)
An advertising technology platform that represents inventory (for example through publishers), and its availability. An SSP allows many of the world's larger web publishers to automate and optimise the selling of their online media space.

SSDAI
Server-side dynamic ad insertion (SSDAI) is a technology, which allows the replacement of existing commercials from a broadcast stream with more targeted, personalised advertising.

STREAMING
A method of transmitting or receiving data (especially video and audio material) over a computer network to a computer, mobile phone, or other mobile device as a steady, continuous flow, allowing playback to start while the rest of the data is still being received.

SYCOS
RTL Group's Synergy Committees (Sycos) are comprised of executives and experts from each segment and from the Corporate Centre, and meet regularly to discuss topics such as programming, news, radio, advertising sales and new media. While each segment makes its own management decisions, it is free to draw on the understanding and expertise of other RTL Group companies to replicate successes and share ideas.

TERRESTRIAL BROADCASTING
A system to disseminate audio-visual content in the form of radio waves over the air from a ground-based transmitter to a receiving antenna.

TIME-SHIFTED VIEWING
The viewing of programming recorded to a storage medium (such as personal video recorder), at a time more convenient to the viewer than the scheduled linear broadcast.

TSR
Total shareholder return (TSR) is the total gain or loss received for holding a stock. It includes the capital gains from increases in the stock price, along with any dividends issued. RTL Group measures its TSR using the share price development and the dividend paid over the same period and assumes that the share has been held for this full period.

TV HOUSEHOLD
A household equipped with at least one TV set.

UNDERLYING REVENUE
Revenue adjusted for scope changes and at constant exchange rates.

UNIQUE USER
A metric that seeks to count as individuals, visitors who visit a website more than once in a given period of time.

VIDEO VIEW
The number of times a video has been viewed. Technology vendors may use the metric 'creative view' to help track which technical version of an ad was played in a particular environment, but that metric is used for technological analysis and not for measuring user engagement. Often confused with → impression.

VOD – VIDEO-ON-DEMAND
A service that enables viewers to watch video content when they choose to, outside of any linear schedule.

- **AVOD – ADVERTISING-FUNDED VOD**
  A typical example includes services from TV channels that allow free access to video content seven days after the broadcast, funded by advertising.
- **SVOD – SUBSCRIPTION-FUNDED VOD**
  A VOD service that is financed by subscription fees.
- **TVOD – TRANSACTION-FUNDED VOD**
  A VOD service that is financed on single transactions per view or content item.

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FIVE-YEAR SUMMARY

	Year to December 2019 €m	Year to December 2018 €m	Year to December 2017 €m	Year to December 2016 €m	Year to December 2015 €m
Revenue	**6,651**	6,505	6,373	6,237	6,029
– of which net advertising sales	**3,659**	3,655	3,657	3,594	3,510
Other operating income	**48**	74	148	111	55
Consumption of current programme rights	**(2,244)**	(2,103)	(2,036)	(2,070)	(2,015)
Depreciation, amortisation, impairment and valuation allowance	**(267)**	(211)	(223)	(215)	(199)
Other operating expenses	**(3,112)**	(3,150)	(3,083)	(2,924)	(2,750)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(15)**	(120)	(17)	(15)	(6)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**86**	25	21	6	4
Profit from operating activities	**1,147**	**1,020**	**1,183**	**1,130**	**1,118**
Share of results of investments accounted for using the equity method	**14**	56	63	67	57
Earnings before interest and taxes (“EBIT”)	**1,161**	**1,076**	**1,246**	**1,197**	**1,175**
Net interest expense	**(32)**	(20)	(22)	(21)	(25)
Financial results other than interest	**27**	7	(2)	3	13
Profit before taxes	**1,156**	**1,063**	**1,222**	**1,179**	**1,163**
Income tax expense	**(292)**	(278)	(385)	(363)	(300)
Profit for the year	**864**	**785**	**837**	**816**	**863**
Attributable to:					
RTL Group shareholders	**754**	668	739	720	789
Non-controlling interests	**110**	117	98	96	74
EBITA	**1,139**	1,171	1,248	1,205	1,167
Impairment of goodwill of subsidiaries	**–**	(105)	–	–	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(15)**	(15)	(17)	(15)	(6)
Impairment of investments accounted for using the equity method	**(50)**	(2)	(6)	–	–
Re-measurement of earn-out arrangements	**1**	2	–	1	10
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**86**	25	21	6	4
Earnings before interest and taxes (“EBIT”)	**1,161**	**1,076**	**1,246**	**1,197**	**1,175**
EBITDA	**1,405**	1,380	1,464	1,411	1,360
Basic earnings per share (in €)	**4.91**	4.35	4.81	4.69	5.14
Final dividend per share (in €)	**–**	3.00	3.00	3.00	3.00
Interim dividend per share (in €)	**–**	1.00	1.00	1.00	1.00
Dividends paid (€million)	**461**	614	614	614	691
Average number of full-time equivalent employees	**10,747**	10,809	11,011	10,699	10,325
Net assets (€million)	**3,825**	3,553	3,432	3,552	3,409
Net (debt)/cash (€million)	**(384)**	(470)	(545)	(576)	(671)

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