ANNUAL REPORT 2017

RTL GROUP

ENTERTAIN. INFORM. ENGAGE.

EXPLORE THE RTL GROUP TOTAL VIDEO UNIVERSE

RTL Group has redefined TV to ‘Total Video’. From free-TV and pay-TV channels; mainstream and niche channels; to online video in short and long form; traditional ad sales and tech-driven programmatic online advertising – RTL Group is about as diverse as it gets.

FremantleMedia Australia started the production of *Picnic at Hanging Rock* starring Natalie Dormer. The drama series, which takes place in 1900, will premiere on Foxtel Australia in 2018 and has been sold to Amazon Prime Video US, BBC UK, Canal Plus France and Deutsche Telekom Germany.

ENTERTAIN.

America's Got Talent **is not only the highest rated entertainment series in the US, it also set digital records with the audition video of 12-year old singing ventriloquist Darci Lynne. The clip became the world's most-watched video on Facebook, clocking up more than 263 million views to date.**

Mediengruppe RTL Deutschland acquired the broadcasting rights to the UEFA Europa League for its channels RTL Television and Nitro until 2022. They also managed to secure the exclusive Formula One free-TV broadcasting rights for the next three years.

M6 and RTL Radio (France) were up close reporting about the 2017 French presidential election and the new president Emmanuel Macron. In 2017, RTL Group's French radio operations were regrouped into Groupe M6.

INFORM.

With more than 270 million video views, Saliha Özcan, alias Sally, is Germany's most successful food YouTuber. She is part of the online video network Divimove and recently aired her first TV show on Vox.

RTL Group underlined its leading position in the Total Video universe with the acquisition of a stake in Inception, an Israel-based leader in virtual reality entertainment.

ENGAGE.

Television's most successful music competition *American Idol* returned to airwaves in March 2018 at its new home on ABC with host Ryan Seacrest and superstar judges Lionel Richie, Katy Perry and Luke Bryan. FremantleMedia's *Idols* format broadcasts in 55 countries around the world.

Martha Stewart and Snoop Dogg team up to throw a dinner party with their celebrity friends. The cooking show is produced by FremantleMedia's 495 productions for VH1.

In 2017, M6's *Top Chef* reached 3.2 million viewers on average and celebrated its best season in four years across the total audience.

Internationally known as *Money Heist*, the Atresmedia original series *La Casa De Papel* premiered on Antena 3 in May 2017. The worldwide rights to the series were exclusively purchased by Netflix.

GuiHome vous détend sur scène was the most watched programme on Belgium's RTL-TVI scoring an average total audience share of 44.1 per cent. The new original daily TV programme ***Les As de la Déco*** boosted RTL-TVI's afternoon audience with an average audience share of 30.6 per cent.

The Croatian casting show ***Zvijezde*** (Stars) achieved an average audience share of 22.5 per cent on RTL Televizija.

SPOTX + smartclip

To create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers, RTL Group combined SpotX and Smartclip into one integrated ad-tech company.

Divimove acquired Europe's biggest social media festival, Videodays, in 2017. The event attracts more than 15,000 visitors.

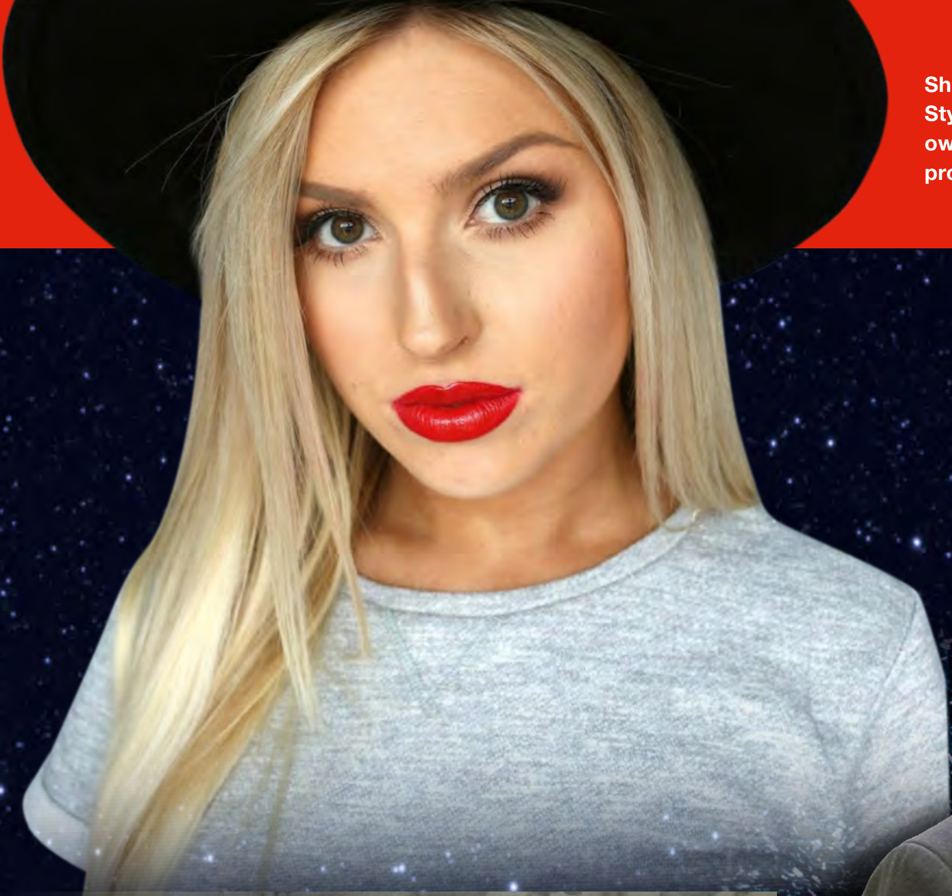
*Get The F*ck Out Of My House* is the new explosive reality format by FremantleMedia. The show premiered in the Netherlands on RTL 5 and was sold to ProSieben in Germany and RecordTV Brazil.

The successful Vox series *Club der roten Bänder* came to an end in 2017 with its third season. The drama series has been awarded with a number of accolades including the international Emmy Kids Award. The final season achieved an 11.2 per cent audience share among the 14 to 59 target group.

Groupe M6 opened its first digital studio, *Golden Network*, bringing together the company's multi-platform networks to reach the young target groups.

UFA Fiction's historical drama *Charité* premiered on Das Erste in March 2017 and became the most successful prime-time series launch in Germany in more than 25 years. Production of season two is underway.

Nearly 90 per cent of RTL Television's programming is local content such as *Magda macht das schon!*. The comedy series, which won the German TV Award, gained an average audience share of 15.0 per cent in the target group, making it the best launch for a German weekly series in 2017.



ShaaanXO is a beauty vlogger and part of the StyleHaul network. In 2017, StyleHaul launched its own proprietary data product *Society*, which provides unique cross-platform insights and strategies.

The Voice of Holland continues to draw record ratings for RTL Nederland's flagship channel RTL 4 with an audience share up to 42.2 per cent in the target group.

UFA Fiction has begun production of the much awaited *Deutschland 86*. The series will be available on Amazon Prime Video with RTL Television holding the first look rights for the linear broadcast. The first season of the series – *Deutschland 83* – won numerous accolades, including an International Emmy.

Hard Sun is a pre-apocalyptic crime drama produced by FremantleMedia's Euston Films for BBC One and Hulu. The series launched in January 2018, and was sold to 100 territories worldwide.

The gripping Swedish drama series *Modus*, produced by FremantleMedia's Miso Film, is back for a second season starring international stars Kim Cattrall, Greg Wise and Billy Campbell.

FOLLOW AS WE CONTINUE TO SHAPE THE TOTAL VIDEO SPACE ON RTLGROUP.COM

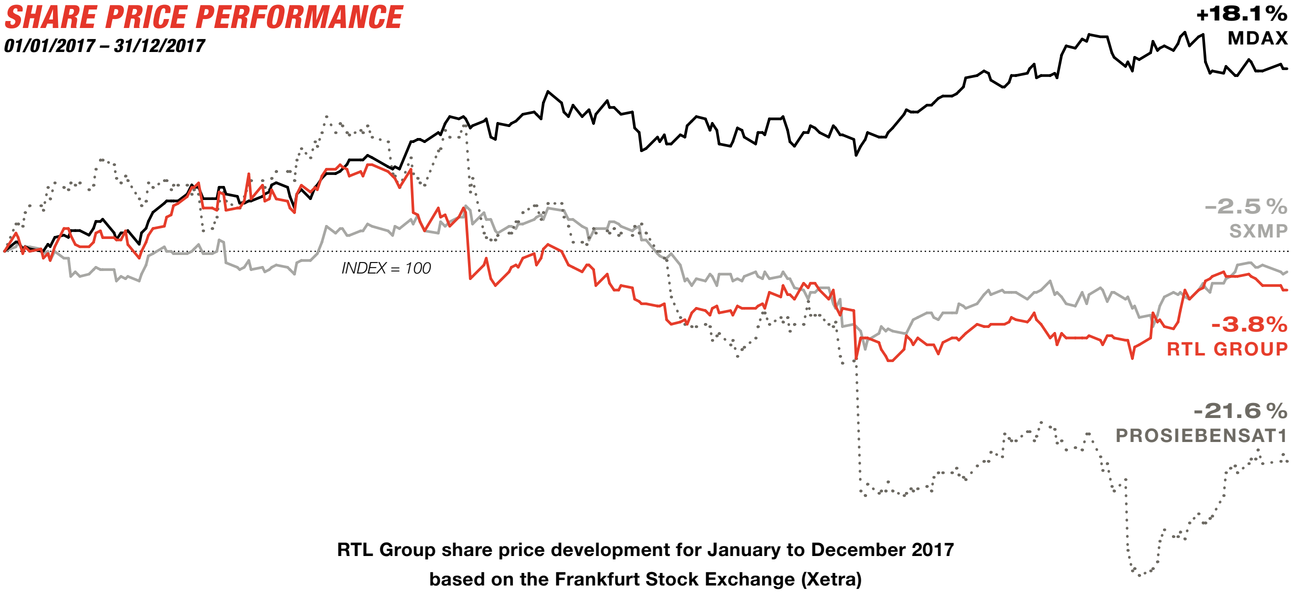
"OUR
TOTAL VIDEO
STRATEGY MEANS MAXIMISING
CONSUMERS' ATTENTION
TO ALL OF OUR VIDEO
OFFERS, ACROSS ALL
PLATFORMS AND DEVICES"

BERT HABETS
Chief Executive Officer,
RTL Group

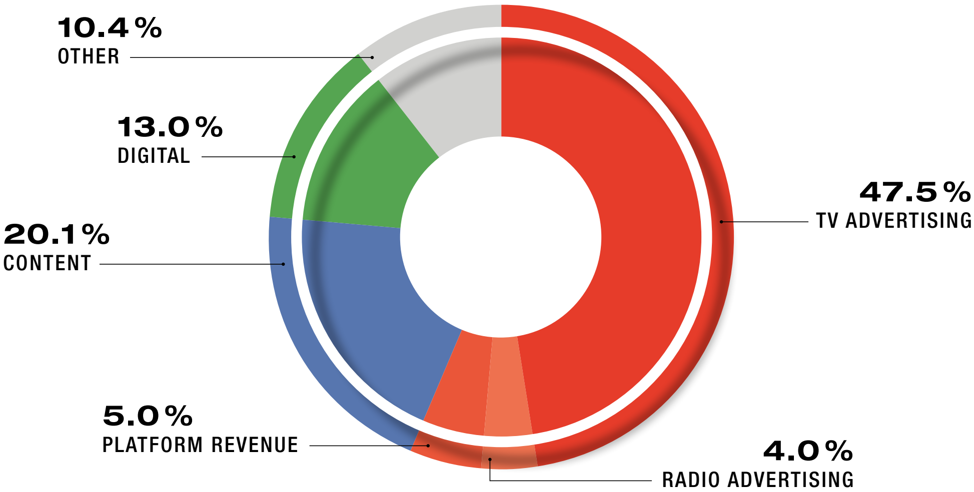
KEY FIGURES

SHARE PRICE PERFORMANCE

01/01/2017 – 31/12/2017



RTL Group share price development for January to December 2017 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1



RTL GROUP REVENUE SPLIT

In 2017, TV advertising accounted for 47.5 per cent of RTL Group's total revenue, making the Group one of the most diversified groups when it comes to revenue. Content represented 20.1 per cent of the total, while greater exposure to fast-growing digital revenue streams and higher margin platform revenue further improve the mix.

REVENUE *2013–2017 (€ million)*

17	**6,373**
16	6,237
15	6,029
14	5,808
13	5,824*

* Restated for IFRS 11

EBITDA *2013–2017 (€ million)*

17	**1,464**
16	1,411
15	1,360
14	1,347*
13	1,328**

* Restated for changes in purchase price allocation
** Restated for IFRS 11

NET PROFIT ATTRIBUTABLE TO RTL GROUP SHAREHOLDERS *2013–2017 (€ million)*

17	**739**
16	720
15	789
14	652*
13	870

* Restated for changes in purchase price allocation

EQUITY* *2013–2017 (€ million)*

17	**3,424**
16	3,552
15	3,409
14	3,275*
13	3,593

* Restated for changes in purchase price allocation

MARKET CAPITALISATION* *2013–2017 (€ billion)*

17	**10.4**
16	10.7
15	11.9
14	12.2
13	14.4

* As of 31 December

TOTAL DIVIDEND / DIVIDEND YIELD PER SHARE *2013–2017*

	(€)	(%)
17	**4.00***	**5.9**
16	4.00**	5.4
15	4.00***	4.9
14	5.50****	6.8
13	7.00*****	10.0

* Including an interim dividend of € 1.00 per share, paid in September 2017
** Including an interim dividend of € 1.00 per share, paid in September 2016
*** Including an extraordinary interim dividend of € 1.00 per share, paid in September 2015
**** Including an extraordinary interim dividend of € 2.00 per share, paid in September 2014
***** Including an extraordinary interim dividend of € 2.50 per share, paid in September 2013

CASH CONVERSION RATE* *2013–2017 (%)*

17	**104**
16	97
15	87
14	95
13	106

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

PLATFORM REVENUE* *2013–2017 (€ million)*

17	**319**
16	281
15	248
14	225**
13	185

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

DIGITAL REVENUE* *2013–2017 (€ million)*

17	**826**
16	670
15	508
14	295
13	233

* Excluding e-commerce, home shopping and platform revenue

ONLINE VIDEO VIEWS *2013–2017 (billion)*

17	**420**
16	274
15	105
14	37
13	17

3h54
AVERAGE VIEWING TIME IN EUROPE (2016)

260 million viewers watch TV during prime time in Europe

81.4%
EUROPEAN TV HOUSEHOLDS OWN A HIGH DEFINITION (HD) TV SET





ABOUT RTL GROUP

RTL Group is a leader across broadcast, content and digital, with interests in 57 television channels and 31 radio stations, content production throughout the world, and rapidly growing digital video businesses.

The television portfolio of Europe's largest broadcaster includes RTL Television in Germany, M6 in France, the RTL channels in the Netherlands, Belgium, Luxembourg, Croatia and Hungary, and Antena 3 in Spain.

RTL Group's families of TV channels are either the number one or number two in eight European countries.

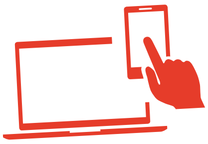
The Group's flagship radio station is RTL in France, and it also owns or has interests in other stations in France, Germany, Belgium, the Netherlands, Spain and Luxembourg.

RTL Group's content production arm, FremantleMedia, is one of the largest international creators, producers and distributors of multi-genre content outside the US. With operations in 30 countries, FremantleMedia's comprehensive global network is responsible for more than 12,500 hours of programming broadcast a year and distributes over 20,000 hours of content worldwide.

Combining the on-demand services of its broadcasters, the multi-platform networks BroadbandTV, StyleHaul, Divimove, United Screens and FremantleMedia's 296 YouTube channels, RTL Group has become the leading European media company in online video.

RTL Group also owns the advanced video ad serving platform, SpotX.


RTL GROUP – ENTERTAIN. INFORM. ENGAGE.



Visit the interactive online report at
annual-report2017.rtlgroup.com

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

"WE ARE IN A STRONG POSITION TO WRITE THE NEXT CHAPTER IN RTL GROUP'S SUCCESS STORY, ACROSS BROADCAST, CONTENT AND DIGITAL."

BERT HABETS
Chief Executive Officer, RTL Group

"BACK TO THE ROOTS"

Bert Habets became Co-CEO of RTL Group in April 2017 and has been sole CEO since January 2018. We asked him about RTL Group's financial performance in 2017, why RTL Group's pioneering spirit is so important when it comes to accelerating its 'Total Video' strategy, and why European media policy is more important than ever.

How did RTL Group perform in 2017?

2017 was another very strong financial year – and this despite challenging TV advertising markets across our footprint. Even though revenue grew slightly less than expected – due only to negative exchange rate effects – we are once again reporting record results for revenue and EBITDA.

What does this mean for your shareholders?

Our results show once again that RTL Group is a healthy business. This gives us the room we need for both attractive dividends and continued investments. So we have decided to propose to the AGM a final dividend of €3.00 per share. Including the interim dividend, this brings us to a total dividend of €4.00 per share for the financial year 2017, and a dividend yield of 5.9 per cent.

What was behind the performance in 2017?

Both Mediengruppe RTL Deutschland and Groupe M6 significantly outperformed their respective TV advertising markets and increased their revenue, and there was a significant one-off effect from the sale of a building in France. Mediengruppe RTL Deutschland generated a record profit for the sixth consecutive year, while FremantleMedia significantly improved its profitability.

Let's expand on those three profit centres one by one. How did the German TV business perform?

Mediengruppe RTL Deutschland continued its investment in local, exclusive programming and has made significant contributions to the creative industry, spending around €1 billion on content every year. One of the most popular launches in 2017 was the comedy series, *Magda macht das schon*, complementing a strong portfolio of local content – including *Der Lehrer*, one of RTL Television's signature series. Vox continued its strong performance and has clearly evolved into a first-league channel in Germany, again ahead of ProSieben for total audience in 2017. RTL Plus is already the most popular of the recently launched channels in Germany and recorded the strongest growth of all channels in Germany. In digital, Mediengruppe RTL Deutschland grew its digital revenue significantly – also driven by the full-year consolidation of Smartclip.

What about France?

Groupe M6 significantly outperformed the market and recorded excellent revenue growth. Reported EBITDA is down only because of a positive one-off effect in 2016 – without that, EBITDA would have been up by about 9 per cent. This underlines the strong operational performance of Groupe M6.
In October, we completed the regrouping of Groupe M6 and RTL Radio in France into one company, which makes us more competitive in the digital media world. This transaction opens a new, very promising chapter for our French TV and radio operations, as convergence and consolidation continue to shape our industry – not only in North America, but also across our European footprint.
Additionally, we are very happy about the development of the video-on-demand service 6play, which helped increase digital advertising revenue. And in early 2018, Groupe M6 signed new distribution agreements with all major distributors in France, which also helps to further diversify revenues.

How did FremantleMedia do?

FremantleMedia's revenue was down, mainly due to negative exchange rate effects. This means in operational performance, the company has more than compensated for the loss of *American Idol* in 2017. EBITDA was up, and we saw a significant improvement of the EBITDA margin.
From a creative perspective, we saw more of FremantleMedia's push into drama in 2017 – with *The Young Pope* on HBO, *American Gods* on Starz and Amazon Prime Video, and *Charité* on the German public channel Das Erste. And they all were recommissioned, which is exceptional in this business, where only hits are commissioned for a further season. There are even more shows currently in production – *Deutschland 86*, *Picnic At Hanging Rock*, *Modus* and *My Brilliant Friend*. Most recently *Hard Sun* premiered on the BBC in the UK.
Additionally, *American Idol* has now returned to US screens on ABC – a ratings juggernaut that will benefit FremantleMedia financially in future. The show launched in March 2018 and judging by the first audience figures, I believe it's fair to say that *American Idol* is still going strong.

What are your plans for RTL Group now?

We are in a strong position to write the next chapter in RTL Group's success story, across broadcast, content and digital. We have a highly profitable, cash-generating core business in TV broadcasting. FremantleMedia has successfully branched out into scripted drama. And in digital video, we are among the leaders in ad tech and in the growing ecosystem for short-form online video on platforms such as YouTube and Facebook. In a nutshell: we have the power and platforms to accelerate our Total Video strategy.
To succeed in this, we have to go back to our roots, to re-invigorate RTL's pioneering spirit – one of taking calculated risks, putting the consumer first, maximising the time they spend with our content, and sharing best practices and business opportunities across our business.

In his first year as CEO of RTL Group, Bert Habets took the opportunity to meet and talk with colleagues from across the Group. Here with Nicolas de Tavernost, CEO and Chairman of the Management Board of Groupe M6

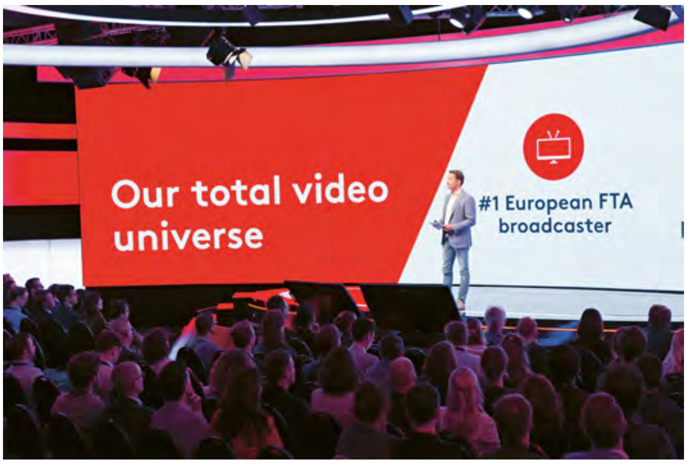
What's in this next chapter?

Our industry is becoming more and more complex and the media landscape increasingly fragmented. With digitisation, consumer behaviour keeps changing at a staggering pace.
And these are the key trends: the younger the target group, the higher the share of non-linear viewing and of viewing on mobile devices. At the same time, many non-linear viewers are demanding high-end drama, and are increasingly willing to pay

for it. There are simple reasons for this: streaming services offer a new seamless, tailored viewing experience and much more attractive price points for their pay offers. This is especially the case in countries with high pay-TV penetration and high prices for premium pay-TV – which explains the strong growth of streaming services around the globe.

What is RTL Group's response to these changes?
Consumers no longer care where they watch our content, so why should we still draw strict lines between linear and non-linear, offline and online? Therefore, our next generation of TV will bring our linear TV channels and on-demand services much closer together. Catch-up TV is yesterday's terminology – it's no longer a mere 'add-on' to linear channels.
There is a European market for on-demand platforms with a clear focus on local, exclusive content. We will therefore increase our investment in our video-on-demand services – or VOD services in short – in countries where we have strong families of linear TV channels, and focus on long-form content. Here we will gradually adopt a hybrid model – combining a free, advertising-financed service with a premium pay product.

"State-of-the-art technology and big data are key elements of all successful business models in the digital media world" – Bert Habets speaking at Dmexco 2017 in Cologne



"WE WILL FURTHER INCREASE OUR INVESTMENTS IN LOCAL CONTENT ACROSS ALL MAJOR GENRES."

Can you tell us more about this hybrid model?
Our well-established VOD platforms, such as TV Now in Germany, offer content from our TV channels and are mainly financed by advertising. We will enhance them with a premium offer, combining our own content and licensed third-party content, in HD or Ultra HD. We will build our marketing around a content schedule, so we can make the most of our flagship productions, primarily based on exclusive, local content. These flagship productions are key to gaining and retaining subscribers and building the brand of such a service. The free VOD services will serve as promotion platforms and will enable the upselling to our subscription-funded VOD services.
With our Dutch SVOD service, Videoland, we have already gained experience in designing and maintaining these direct-to-consumer offers – creating a strong user experience and offering exclusive Dutch content. In 2017, Videoland reported strong subscriber growth of 78 per cent.
In France, 6play from Groupe M6 is a purely advertising-financed service. With an excellent user experience and customisation features, it now has more than 20 million registered users. During 2018 we will introduce new VOD services in Belgium, Hungary and Croatia – all based on the 6play platform. This is the kind of cooperation that works across RTL Group.
Local, exclusive content has defined the roots of our success in the free-to-air business and will remain an important long-term USP. It's the reason we reach millions of viewers a day, and our key differentiator with global players. This is why we will further increase our investments in local content across all major genres: scripted, entertainment, factual, news and information, and digital-first content.

Exclusive local content on all platforms – is that what you mean by Total Video?
Our Total Video strategy means maximising consumers' attention to all of our video offers, across all platforms and devices – linear TV channels, our content business, our VOD services, and our multi-platform networks, or MPNs, such as BBTV, StyleHaul, Divimove, and United Screens. For the MPNs,

2017 was challenging in light of the continued discussions on brand-safe environments for advertisers. We are addressing these problems and are determined to continue developing this business.

Why is the MPN business important for your Total Video strategy?

For us and our advertising clients, young people are a key audience and they have massively adopted short-form online video, with a growing consumer base – especially on mobile.
In addition, advertising revenues in the YouTube ecosystem continue to grow dynamically, despite brand safety issues.
What's more, MPNs have become a global business where scale matters. They also complement our families of channels.
We've developed strong positions with our investments and are well positioned to grow this business significantly.

But how can RTL Group – as a traditionally decentralised company – sell advertising on an international level?

Traditionally, TV advertising has been sold at a national level. But more and more global advertisers see Europe now as one region – and together with media agencies they have shifted to a more centralised media buying for this one region.
RTL Ad Connect, our international sales house, is our response to this. We are investing in the company to provide international advertisers with simple access to our large portfolio – our families of channels, our on-demand services and our MPNs. All of this in a brand-safe environment. We can offer this access either through direct sales or programmatically using a unified booking tool.
So, advertising is, and will remain, our most important revenue stream. As consumers and advertisers distinguish less and less between traditional TV and non-traditional, we want to control our own destiny in ad sales.

Is this why you invested in advertising technology?

I see a lot of potential in expanding and strengthening the data and technology-based competencies we have in digital video monetisation. It has become an additional success factor in the business.
We have an ambitious growth plan for our ad-tech businesses – combining SpotX and Smartclip and rolling out their platform across all units, and investing in product development, partnerships and further acquisitions. As online video advertising is maturing and finding its way to the main screen in the viewers' living rooms, we are building the next generation of solutions. By collaborating with our portfolio of investments, like Clypd and Videoamp, advertising clients will benefit from more data-driven and impactful advertising products.
Our vision is to create an independent, global monetisation platform for video – a large, innovative, customer-friendly alternative for publishers. With the combination of SpotX and Smartclip plus RTL AdConnect our solutions are already up and running.

"OUR VISION IS TO CREATE AN INDEPENDENT, GLOBAL MONETISATION PLATFORM FOR VIDEO – A LARGE, INNOVATIVE, CUSTOMER-FRIENDLY ALTERNATIVE FOR PUBLISHERS."

Data is key to offer these solutions. The European General Data Protection Regulation (GDPR) comes into effect in May 2018. What does that mean for RTL Group?

We make a clear promise to all our customers and viewers that we offer a very high level of protection of their personal data. In the light of GDPR, we have invested significantly to rebuild our data collection, storage and analysis for our on-demand services.
Unfortunately, the gap between data available to the US giants and European media companies is already huge. Closing it will be difficult, in particular with additional, highly complex regulations coming up.

You mean the ePrivacy regulation?

Yes, the proposed European Commission measures pose a serious risk to our digital media services. For example, the proposal prohibits the installation of cookies with very limited exceptions, which mainly include consent of the user. However, such a consent-only regime for data collection and processing would restrict our ability to sell online advertising on open marketplaces and would harm our online ad revenues and ad-tech business.

Even worse, the US platforms – which already collect by far the most data on European citizens – would be the big winners as they have built huge log-in communities. The introduction of ePrivacy would therefore accelerate the duopoly of Facebook and Google in online advertising. Besides the economic impact, it also creates a significant political and cultural risk.

What do you mean by that?

The ePrivacy regulation in its current form might drive even more traffic to the US platforms, with all the vulnerabilities of their algorithms for fake news and manipulation.

I believe we are all still a bit shocked about what happened during the 2016 presidential election campaign in the US. The indictment by FBI Special Counsel Robert Mueller details over 37 pages how the Russians turned to social media to sow discord in the population by creating Facebook groups, distributing divisive ads and posting inflammatory images. This is a highly disturbing read.

Bert Habets with Bernd Reichart, Managing Director of Vox

Do we really think this is impossible in Europe? Radical, anti-Western parties across the continent already exploit the big social networks to spread their messages. These movements will happily embrace any regulation that would drive even more traffic to the social networks – and away from independent journalism. Unfortunately, ePrivacy in its current form would do exactly that… against the original intention of the lawmakers.

How does this affect a company like RTL Group?

We are that independent journalism. We are not in the business of lecturing our viewers and listeners, but we do take their concerns very seriously. Our main channels target the general public – including people with little or no interest in politics. So we know we have a special responsibility to report truthfully and in balance on important topics, and we embrace it. For instance, we have an international verification team that checks if user-generated videos or photos coming from social networks or sent to our newsrooms are accurate. We are truly independent from any party or political movement. 'Always close to the audience' is, and always will be, one of our key missions at RTL Group.

Comprehensive news reporting and editorial independence have always formed an integral part of our programming strategy – in all the countries we operate in.

One final question: what are the essential criteria for the success of RTL Group?

I believe we need to shake things up! We can only achieve this by attracting and retaining the best people. This is more important than ever – across all divisions and functions of our business. I admit that competition for the best talent is tough and demanding. It includes many aspects such as promoting young talent to management positions early on, diversity, fostering internal mobility across our business units… and giving pioneers the freedom to operate and experiment. In other words, we should always strive to be the partner of choice for talent – for journalists, actors and content makers, for scriptwriters, techies and start-up entrepreneurs, and of course for the young video talent we service with our multi-platform networks.

In a nutshell: creativity, consumer, technology, and talent – if we all pull together in these four areas, I am profoundly convinced we will reinvigorate the RTL pioneering spirit and take our Group to the next level.

OUR BUSINESS MODEL

BROADCAST
TV and radio

CONTENT
production
and distribution

DIGITAL
online video
and ad tech

THE VALUE CHAIN OF THE 'TOTAL VIDEO' MARKET

Content production

What we do

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

How we make money

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

What makes us different

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

Aggregation

What we do

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

How we make money

Advertising clients book spots in linear and non-linear programming. The price they pay generally depends on the reach and demographic structure of the audience they target.

What makes us different

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

THE ROLE OF THE GROUP

Maintaining direction

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

Allowing autonomy

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

Collaborating and coordinating

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

Creating synergies

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

Distribution

What we do

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

How we make money

Our aim is to receive a fair share of the revenue generated by our brands and programmes on distribution platforms such as cable network operators, satellite companies and internet TV providers. These services include high-definition TV channels, on-demand platforms and digital pay channels. Our platform revenue is growing fast. It already accounts for 5.0 per cent of RTL Group's total revenue, and there is potential for this to grow.

What makes us different

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

Monetisation

What we do

Advertising sales is our primary revenue stream. We provide advertisers with large audiences who are attracted by high-quality content.

We work closely with our advertising clients to provide all types of ad formats – not just the traditional 30-second TV commercial, but also packages tailored to each client's needs.

What makes us different

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

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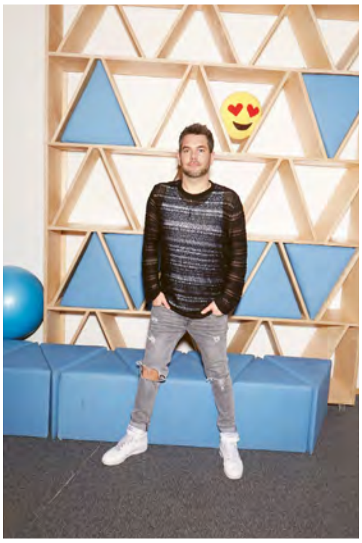


WE ARE ofRTL

RTL Group is made up of an incredibly diverse collection of individuals: computer programmers and filmmakers; men and women; people of all ages and nationalities. What they all share is a pioneering spirit, along with a commitment to collaboration and a willingness to take risks. Together, they make up this energetic and vital group.

"IT'S GREAT IF YOU HAVE AN IDEA – WITHIN A FEW MONTHS, IT CAN BECOME A TANGIBLE PRODUCT."

MELANIE OKAMURO
Project Manager, StyleHaul

Melanie Okamuro started out working as an analyst for the business intelligence team at StyleHaul. Before long, the fashion-forward businesswoman with a knack for programming moved into a project management role, drawing up plans for the look and feel of the mobile version of the company's main organisational platform – StyleHaul Society – along the way. Designed to coordinate social marketing campaigns, the Society platform allows StyleHaul to work with industry-leading brands and influencers to execute data-driven campaigns. "Running a campaign can be complex," says Melanie. "Without Society, our team would spend more time running processes manually." She loves the office's super creative, anything-goes dress code, puppy-friendly policies, and karaoke machine for those late nights. "It's unconventional and unique here," she says, adding, "Everyone has their own style. I think it really encourages creativity, and allows for an open, flat work culture." RTL Group's acquisition of StyleHaul reinforced its presence in the online fashion, beauty and lifestyle sector – while giving RTL Group companies a chance to work with a white-labelled Society platform for their own highly-targeted online advertising campaigns.

When Jan Wachtel joined Mediengruppe RTL Deutschland from Europe's biggest daily news publisher *Bild* in 2017, the transition between industries was easy: the connection is digital and everyone in Cologne helped him settle in quickly. His mission? To create products that customers love, which represent Mediengruppe RTL's great content in the best way. One of them is building a state-of-the-art user experience for TV Now. The company's video on demand (VOD) platform is not just a service for the TV audience. "TV Now needs to be more. We want to get broader and broader content-wise, but also from a product perspective." To achieve this, a good team is everything. "We cannot be afraid of taking risks and making decisions. That's the foundation of building successful digital products." Jan is always connected, but he also knows how to unwind: "Sometimes it's good to not think about your job and go surfing – and after that you have some really good ideas."

"RTL IS THE FORT KNOX OF VIDEO CONTENT."

JAN WACHTEL, Chief Digital Content Officer, Mediengruppe RTL Deutschland

"I am lucky to be able to combine my passion for programming with my financial and analytical skills."

ELLEN VAN DEN BERGHE,
Head of Content B2C, RTL Nederland

Ploughing through scripts, shows, series and movies is every content-junkie's dream job. Ellen and her team do that all day, every day to select the best for fans of RTL Nederland's subscription video on demand (SVOD) platform Videoland. "It's important to surprise our customer," Ellen explains. When it comes to video, the Netherlands is competitive – something Ellen sees as a plus. "A challenging market is also a very dynamic market," she says. The secret to Videoland's growth? Thinking globally, acting locally: "We focus on the Dutch market and Dutch content – that's the one big thing that sets us apart." Ellen shares RTL Nederland's 'let's make it happen' attitude, and prefers trying things out to sitting around and talking about it. At the end of the day, though, it all comes down to great programming: "It's important to have passion in your job, otherwise it would be hard to walk the extra mile," she says. Or, as the Aristotelian saying Ellen had engraved in the ring on her finger puts it, "Pleasure in the job puts perfection in the work."

In his three years working at Divimove, Patrick Franz's job has changed a lot: "In the beginning, I was mostly managing technical aspects for YouTubers – making sure their channel was up and running. Now I help them grow," says the friendly, open and enthusiastic Senior Influencer Marketeer. In the case of artist Sally, this meant launching a new television show. "Sally has the biggest food channel in Germany, and she's been with us since the beginning," says Patrick. "Sally was looking for the next step, and said a TV show would be nice." A TV show was new for Divimove – but not for RTL Group. So Divimove reached out to the German channel Vox – part of Mediengruppe RTL Deutschland – with the idea. "It was one of the greatest meetings," says Patrick. "They were so open to the idea – they said, 'we trust you.'" Patrick knew from a young age that he wanted to go into artist management – he even told his parents so, when he was a child. Later, he became a musician, before landing his dream job at Divimove. Here, the dynamic marketeer combines his creative eye with his talent for management.

"IT'S AWESOME. YOU HAVE THE FREEDOM TO EXPERIMENT A LOT."

PATRICK FRANZ, Senior Influencer Marketeer, Divimove

“We’re making a shift towards inclusivity. Being a woman in this time is exciting – I can be a part of that, and make an impact.”

DARIA CARAWAY, Software Developer, SpotX

Daria Caraway loves a challenge. That’s why the software developer is so happy working with SpotX’s online video advertising platform. There, she and her team puzzle out problems using technologies that didn’t even exist six months ago. “One of the coolest things about technology is that it’s always changing,” she says. “You’re always preparing for a future you can’t predict.” Daria, who grew up around computers, likes the office’s collaborative atmosphere – and open-floor plan, which makes it easy to ask colleagues for input on the fly. And RTL Group is all about collaboration – to create a global, independent monetisation platform for broadcasters, video-on-demand services and publishers, the company decided to combine its ad-tech companies, SpotX and Smartclip, into one, integrated company.

"WE NEVER ONLY WANT TO ENTERTAIN – WE WANT TO INSPIRE, CHALLENGE AND EMPOWER."

HAUKE BARTEL, Head of Fiction Vox, Mediengruppe RTL Deutschland

“YOU NEED AN EDGE TO REACH THE MASS MARKET.”

PHILIPP STEFFENS, Head of Fiction RTL Television, Mediengruppe RTL Deutschland

Building a slate of scripted content for the local market keeps Hauke Bartel and Philipp Steffens busy. Along with their teams, they are responsible for fiction programming at Mediengruppe RTL Deutschland’s biggest channels: RTL Television and Vox. “It’s a great time for German drama. There is a huge appetite for new shows,” says Hauke. But creating the next big hit is a challenging task, especially with all the new kids on the block. “We live in a time of excellence, and every show you create has to be tailor-made for the audience,” says Philipp and adds “The market is so vivid – everybody is open to trying out new things.” And this openness is something they value and empower within their teams. “A great creative team consists of people who share the same values, but have different personal taste,” Hauke explains. They both agree that at the end of the day, it’s about making great television. “RTL was founded by programme lovers – you can still feel that every day. People have new ideas and want to make them work. And that really excites me,” says Philipp.


INCEPTION

DANA PORTER, CMO and Co-Founder of Inception

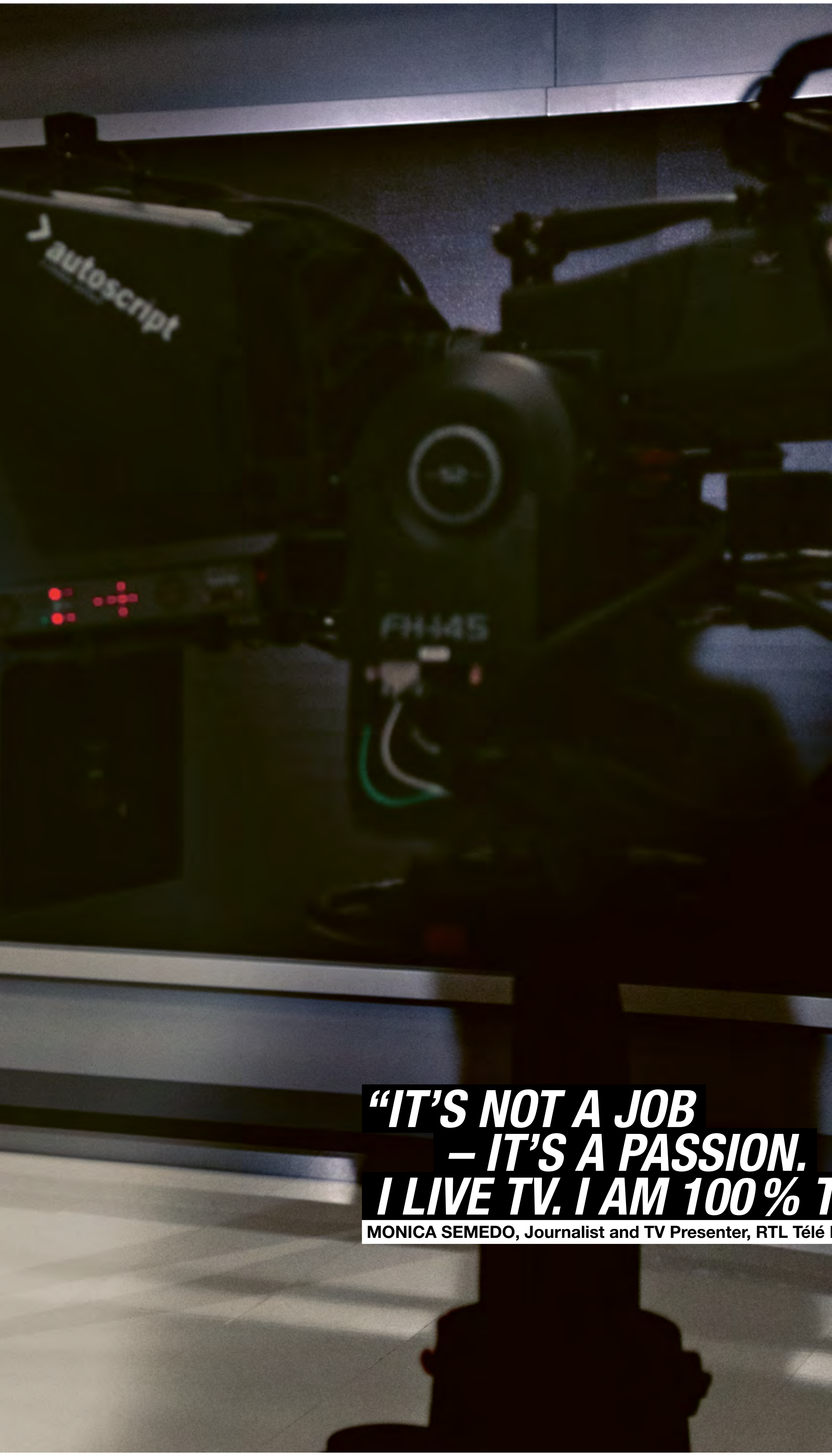
"TECH MEETS CREATIVE – THAT'S OUR COMPETITIVE EDGE."

"WE NEED TO DISRUPT EVERY DAY."

BENNY ARBEL, CEO and Founder of Inception

When Benny Arbel and Dana Porter looked into virtual reality (VR) technology two years ago, the Israeli entrepreneurs had their 'ah-ha' moment: this was not just a new platform, but a new medium. The two co-founded Inception in Tel Aviv, together with visual effects guru, Effi Wizen, and tech evangelist, Nitzan Shenar. The hard-charging VR start-up immediately set to work producing globe-spanning VR projects that give viewers a chance to visit a Colombian coffee plantation, dance in a Berlin nightclub and even wander into a painting by Salvador Dali. The team also pushes the boundaries with augmented reality (AR) projects that bring a new layer to the world around us. No wonder, then, that they caught the attention of RTL Group, which was looking to augment its Total Video universe with this new medium – and, with its investment in Inception, now holds a minority stake of 15.01 per cent in the virtual reality company. "With RTL Group, we feel we're part of something bigger," says Benny.

When Monica Semedo hosted her first TV show at the age of 11, it was all a hobby. Twenty-two years later, it is more than a hobby and she is still passionate about her job as Journalist and TV Presenter at RTL Télé Lëtzebuerg. Her energetic personality, big smile and charisma immediately captivates you. "I have always been an entertainer – it's in my blood." What she likes most about her job are the people she works with. "I enjoy to meet new people and listen to their stories," Monica says, adding that in her job, you have to be open-minded and spontaneous. "It never gets boring. You always have to expect the unexpected. You really grow with your challenges."



"IT'S NOT A JOB – IT'S A PASSION. I LIVE TV. I AM 100 % TV."

MONICA SEMEDO, Journalist and TV Presenter, RTL Télé Lëtzebuerg

Lorenzo Mieli's groundbreaking works are inspired by everything: books, television, newspapers, his kids, the judges on Italy's *X Factor*. As CEO of the Rome-based Italian television and feature film producer Wildside, Lorenzo calls on his close-knit team of novelists, journalists, documentary makers and television writers to transform these ideas into the kind of Total Video that, like Italian cinema of the 1970s, breaks all the rules to reinvent the genre. Recent projects include the hugely successful, Golden Globe-nominated series *The Young Pope*, which stars Jude Law and Diane Keaton, and is now heading into a second season. FremantleMedia's investment in Wildside – where it holds a 62.5 per cent stake – is part of the media company's commitment to extend its global family by investing heavily in high-quality, home-grown production companies. This, Lorenzo explains, is good for everyone: "There's a translation process from FremantleMedia to RTL that makes our perspective and our target ambition bigger every time."

"All the television writers and novelists and documentary producers in my company — we work together every day. It's a mix of a family, and a class in school."

LORENZO MIELI, CEO and Founder, Wildside

"WE'RE REALLY, REALLY EXCITED AMERICAN IDOL IS COMING BACK. IT'S THE GOLD STANDARD."

TRISH KINANE, President Entertainment Programming at FremantleMedia North America and Showrunner and Executive Producer of *American Idol*

"THE BEAUTY OF A COMPANY LIKE THIS IS WE GET TO EXPERIMENT AND TAKE RISKS."

JENNIFER MULLIN, CEO, FremantleMedia North America

When *American Idol* went off air in 2016, the pioneering show had 12.5 million fans on Facebook – and they've kept following the show, ever since. Now, these devoted viewers get their wish: in 2017, FremantleMedia struck a deal with ABC to bring back the world's biggest singing competition. Relying on years of experience and sheer gut instinct, FremantleMedia North America lined up a stellar judges panel and an up-to-the-minute digital strategy that includes tons of behind-the-scenes extras. "It's not just a show – it's a digital strategy," explains Trish. Jennifer adds: "Digitisation is exciting. We experiment, and try new things to see what's working well." The hard-working, risk-taking Los Angeles-based company scoured the country to find great contestants – including a young talent who was born the day the show first launched. "It's simple, actually – a Cinderella story, where through the process of taking part in *American Idol*, contestants have a real chance at a superstar career," says Trish.

“WE MEET EVERYONE IN PERSON: IT’S A VERY BIG PRO OF BEING IN A SMALL COUNTRY.”

MARIA NORÉN, Branded Content Director, United Screens

“WITH RTL, AT THE FIRST MEETING, THEY LITERALLY FILLED IN OUR SENTENCES. IT WAS LIKE, WOW! YOU ARE LIKE US, WHEN CAN WE START WORKING TOGETHER?”

NICOLE HAMAN, CCO, United Screens

United Screens launched in Stockholm with one goal: to be the good guys spearheading the shift to online video. To accomplish this, they meet each of the Nordic YouTubers, creators and influencers they work with in person. And, with their ‘play fair’ philosophy, in just a few short years they’ve managed to corner the young demographic that has already made the switch to watching video digitally in this early-adopting part of the world. United Screens isn’t surprised by the demand for online video they’ve encountered – “it’s cold and dark here, so we need entertainment” – but RTL Group was impressed. With its full acquisition of the scrappy, ideas-driven start-up, RTL Group continues to expand its footprint as a global leader in online video. CEO, Malte Andreasson, is pleased: “With RTL Group, suddenly we have all these siblings, with great networks. It opens up a lot of possibilities.”

“WE IDENTIFIED A MARKET REVOLUTION IN THE MAKING, AND WE WANTED TO BE THERE.”

MALTE ANDREASSON,
CEO and Co-Founder, United Screens

“IT’S VERY DEMANDING, IT’S VERY STRESSFUL, AND IT’S SO MUCH FUN.”

PETRA KOLLE, Executive Producer, *Gute Zeiten, schlechte Zeiten*, UFA

"I LIKE STORIES. I LIKE TO TELL THEM, I LIKE TO BE PART OF THEM. I LIKE TO ENTERTAIN PEOPLE, AND TOUCH THEM."

ULRIKE FRANK, Actress, *Gute Zeiten, schlechte Zeiten*, **UFA**

2017 marked the 100-year anniversary of Germany's UFA television and film production company – and a full quarter of a century on-air for UFA's longest-running daily TV series, *Gute Zeiten, schlechte Zeiten* (GZSZ). For Executive Producer Petra Kolle, there's never been a better time. "Everything is like I wanted it, always," she says, of the show she first started working for in 1995. In addition to great ratings and strong institutional backing, she explains, *GZSZ* has an unbeatable production team: "I've worked with many good teams, but this team at the moment is so brilliant I can't even in my daydreams imagine a better one." It's this standard of excellence that keeps the show constantly evolving, says long-time *GZSZ* actress Ulrike Frank, who plays the role of Katrin Flemming in the series. It also makes *GZSZ* a great place to work: "When everyone is really good at their job, you can work hard and have fun," Ulrike says. Talent, craft and passion are musts for anyone working on a show that creates 6,300 minutes of fictional screen time each year. But, adds Petra, there's one more crucial element: "The most important thing is to have nice people around you."

"TELEVISION HAS NEVER BEEN AS SEXY AS IT IS RIGHT NOW. IT'S CONSTANTLY EVOLVING."

STÉPHANE CORUBLE,
Managing Director, RTL AdConnect

"RTL Group's culture has always been to foster entrepreneurship, plus a lot of autonomy. I definitely feel that." In more than two decades with RTL Group, Stéphane Coruble has always loved just how multicultural his work has been. Now, as Managing Director of RTL AdConnect, he puts this passion to work providing local expertise to advertisers looking to run campaigns across multiple countries. With its huge reach and depth of experience, RTL AdConnect is able to negotiate local laws and cultures to deliver a truly global message. As the world becomes increasingly complex, says Stéphane, one of the most important factors in RTL AdConnect's success is the ability to listen – to the people working within the business around the world, and those outside. What do consumers in each of the local markets the company works with really want? One recent success story demonstrates how effective this approach is: RTL AdConnect's new Total Video Marketplace, which grants advertisers and agencies direct and exclusive access to the company's pan-European digital portfolio. "We can provide clients with advertising campaigns across countries – it's one stop-shopping, in a brand-safe environment," says Stéphane.

WE ARE
#PARTofRTL

Check out the full interviews and video features on our website.

annual-report2017.rtlgroup.com

CHAIRMAN'S STATEMENT

Chairman of
the Board
of Directors

THOMAS RABE

2017 marks another successful year for RTL Group. We set new records, both in revenue and EBITDA. And in pursuing RTL Group's strategy, we have become more digital, more international and faster growing. In line with our mission statement, we have entertained, informed and engaged millions of viewers, listeners and users around the globe with our content.

Our broadcasting businesses, especially Mediengruppe RTL Deutschland and Groupe M6, once again formed the foundation for our financial performance last year. Mediengruppe RTL Deutschland achieved record revenues and earnings, expanded its audience share and outperformed the TV advertising market. By continuously investing into local, exclusive programming and securing attractive live sport, such as Formula 1 races and UEFA Europa League football matches, we ensured an attractive programme line-up going forward.

In France, Groupe M6 increased its revenue through both acquisitions and higher TV advertising. Earnings were down slightly due to a positive one-off effect in the previous year's results – adjusted for this effect, earnings would have been up significantly. The combination of RTL Radio with Groupe M6 will strengthen our market position in France and generate significant synergies, while we continue to foster editorial independence.

"BY MAKING PROGRESS IN EACH OF OUR THREE STRATEGIC PILLARS – BROADCAST, CONTENT AND DIGITAL – WE HAVE LAID THE FOUNDATION FOR RTL GROUP'S CONTINUED SUCCESS."

In content production, FremantleMedia reported a slight decrease in revenue due to exchange rate effects, but increased its operating result. The company produced the fantasy series *American Gods*, which was broadcast on US pay-TV channel Starz and is available outside the US on the Amazon Prime Video streaming service in more than 200 countries. Expanding its production of drama series is a strategic focus for RTL Group.

Our digital businesses generated revenues of €826 million in 2017 – up 23 per cent on the previous year. We expanded our technological expertise: after taking full ownership of SpotX in October 2017, we are now combining it with Smartclip to create a global monetisation platform for broadcasters, VOD services and publishers.

By making progress in each of our three strategic pillars – broadcast, content and digital – we have laid the foundation for RTL Group's continued success.

In 2017, RTL Group's Board of Directors focused its work on the Group's financial performance, strategy implementation, investing in digital businesses, the development of the production business of FremantleMedia, regulatory compliance matters as well as management succession. In this context, we look forward to working with Bert Habets, who has led RTL Group as sole CEO since the beginning of 2018. He will continue the strategy implementation, while providing fresh impetus for the further development of the Group.

Guillaume de Posch resigned from RTL Group's executive management with effect from 1 January 2018. On behalf of the Board – and also personally – I would like to thank him for his extraordinary achievements. I am very pleased that he continues to serve on our Group's Board of Directors as a non-executive director. An equally big thank you goes to Anke Schäferkordt, who resigned as Co-CEO from RTL Group's Executive Committee in April 2017 but continues to be responsible for our largest and most profitable business, Mediengruppe RTL Deutschland. Also in April, Jacques Santer resigned as non-executive director. I would like to thank him for his contribution to the success of RTL Group and CLT-UFA. Jean-Louis Schiltz has joined the Board in April 2017.

Last but not least, my thanks go to our entire management team of RTL Group and to our 13,000 employees around the world, whose commitment makes both the creative and commercial success of RTL Group possible.

I am confident that we will continue to perform strongly and to make attractive offers to our millions of viewers, listeners and users.

THOMAS RABE
Chairman of the Board of Directors

THE BOARD

EXECUTIVE DIRECTORS

BERT HABETS

Chief Executive Officer

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

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

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

Since 1 January 2018, Bert Habets has been leading RTL Group as sole CEO.

Nationality: Dutch
First appointed: 19 April 2017

GUILLAUME DE POSCH

Co-Chief Executive Officer
(until 31 December 2017)

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 a new member of the RTL Group Executive Committee on 1 January 2012.

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

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

Nationality: Belgian
First appointed: 18 April 2012
Re-elected: 15 April 2015

NON-EXECUTIVE DIRECTORS

ANKE SCHÄFERKORDT

Co-Chief Executive Officer
(until 19 April 2017)

Anke Schäferkordt, born in 1962, holds a degree in business administration. She started her career at Bertelsmann in 1988. In 1991, she moved to RTL Plus (now RTL Television) in Cologne, and took over the Controlling department the following year. From 1993 to 1995 she was a Director in charge of the Corporate Planning and Controlling division at RTL Television.

In 1995, she joined the TV broadcaster Vox, serving as CFO and, from 1997 onwards, also as Programme Director. From 1999 until 2005, she was CEO of Vox. In February 2005, Anke Schäferkordt was appointed Chief Operating Officer and Deputy CEO of RTL Television, and since September 2005, its CEO. In November 2007, the German RTL family of channels adopted the corporate brand name Mediengruppe RTL Deutschland. In her capacity as CEO of RTL Television, Anke Schäferkordt is also CEO of Mediengruppe RTL Deutschland.

From April 2012 until April 2017, Anke Schäferkordt was Co-CEO of RTL Group. In this capacity, she retained her role as CEO of Mediengruppe RTL Deutschland, which she continues to maintain. She also sits on the Executive Board of Bertelsmann Management SE, RTL Group's majority shareholder.

Anke Schäferkordt was appointed Member of the Supervisory Board of Groupe M6 as of 28 April 2015.

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015
Mandates in listed companies:
Member of the Supervisory Board of BASF SE, Ludwigshafen

ELMAR HEGGEN

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

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

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

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

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

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015
Mandates in listed companies:
Member of the Board of Directors of Regus PLC, London

THOMAS RABE

CEO and Chairman of the Bertelsmann
Management SE Executive Board

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

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

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

Nationality: German
First appointed: 12 December 2005
(effective 1 January 2006)
Re-elected: 15 April 2015
Mandates in listed companies:
Chairman of the Supervisory Board of Symrise AG, Holzminden
Committee membership:
Audit, Nomination and Compensation

NON-EXECUTIVE DIRECTORS

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

ROLF HELLERMANN

Executive Vice President
Corporate Controlling & Strategy,
Bertelsmann SE & Co. KGaA
Chief Financial Officer, Arvato AG

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

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

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

Nationality: German
First appointed: 26 August 2015
Ratified: 20 April 2016

BERND HIRSCH

Executive Vice President
Corporate Chief Financial Officer (CFO)
at Bertelsmann SE & Co. KGaA

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

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

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

Nationality: German
First appointed: 20 April 2016

NON-EXECUTIVE DIRECTORS

BERND KUNDRUN

Business Founder
and Investor

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

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

From November 2000 to 6 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 Comcave GmbH and Chairman of the Supervisory Board of CTS EVENTIM AG & Co. KGaA.

Nationality: German
First appointed: 18 April 2012
Re-elected: 15 April 2015

JACQUES SANTER

Chairman of the Board of CLT-UFA;
Independent Director
(until 19 April 2017)

Jacques Santer, born in 1937, graduated from the Institute of Political Studies in Paris (1959) and holds a doctorate in law from the University of Strasbourg (1961).

In 1972, Jacques Santer joined the Luxembourg Government as State Secretary at the Ministry of State and as Secretary of State for Labour and Social Security. From 1974 to 1979, and from 1999 to 2004, he was a Member of the European Parliament. Santer was Prime Minister of Luxembourg from 1984 to 1995 before he was appointed President of the European Commission from 1995 to 1999.

Jacques Santer became a member of the Board of Directors of CLT-UFA in 2004 and its chairman in May of the same year. In December 2004, he also became an independent, non-executive member of the RTL Group Board of Directors.

As Chairman of the Board of Directors of CLT-UFA and member of the RTL Group Board of Directors between 2004 and 2017, Jacques Santer contributed to the consolidation, growth and development of the Group. He also participated actively in the drafting and conclusion of the renewals of the concession agreements between the Luxembourg Government, RTL Group and Bertelsmann.

Nationality: Luxembourgish
First appointed: 9 December 2004

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 defense.

Jean-Louis Schiltz is a tech law advisor, a 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. He is also a member of the Advisory Board of the Smart Sustainable Development Model (SSDM) of the International Telecommunications Union (ITU).

On 19 April 2017, Jean-Louis Schiltz was appointed Non-Executive Director to RTL Group's Board of Directors for a term of office of one year, to expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts.

Nationality: Luxembourgish
First appointed: 19 April 2017

NON-EXECUTIVE DIRECTORS

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: 15 April 2015
Committee membership:
Nomination and Compensation

JAMES SINGH

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, and is a member of the International Integrated Financial Reporting Standards Committee.

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

Nationality: Canadian
First appointed: 18 April 2012
Re-elected: 15 April 2015
Committee membership:
Audit (Chairman)

MARTIN TAYLOR

Vice Chairman
and Independent Director

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

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

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

Nationality: British
First appointed: 25 July 2000
Re-elected: 15 April 2015
Committee membership:
Audit, Nomination and Compensation (Chairman)

EXECUTIVE COMMITTEE

BERT HABETS

Chief Executive Officer

In his capacity as CEO of RTL Group, Bert Habets has the portfolio responsibility for Mediengruppe RTL Deutschland, RTL Nederland, FremantleMedia, RTL Hungary and RTL Croatia. He is also responsible for the Group's digital businesses in the MPN and ad-tech areas, and for Group Strategy, Business Development, Corporate Communications & Marketing, European Affairs, Audit & Compliance and, together with the CFO, for Group HR matters.

ELMAR HEGGEN

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

In his role as Deputy CEO and CFO, and Head of the Corporate Centre at RTL Group, Elmar Heggen is in charge of Finance, Legal, M&A and Group IT and is jointly responsible for Group HR matters, together with Group CEO, Bert Habets. In addition, he has the portfolio responsibility for Groupe M6 in France, RTL Belgium, RTL Radio Deutschland and the Group's businesses in Luxembourg. He also represents RTL Group on the Board of publicly listed Atresmedia in Spain.

GUILLAUME DE POSCH

Co-Chief Executive Officer
(until 31 December 2017)

In January 2018, at his own request, Guillaume de Posch stepped down as Co-CEO of RTL Group and since then he serves as a non-executive member of RTL Group's Board of Directors. In his capacity as Co-CEO of RTL Group, Guillaume de Posch was responsible for FremantleMedia, RTL Nederland, Groupe M6, RTL Radio (France), RTL Belgium, RTL Hungary and RTL Croatia. Guillaume de Posch was also Chairman of the Boards of SpotX, BroadbandTV and StyleHaul.

ANKE SCHÄFERKORDT

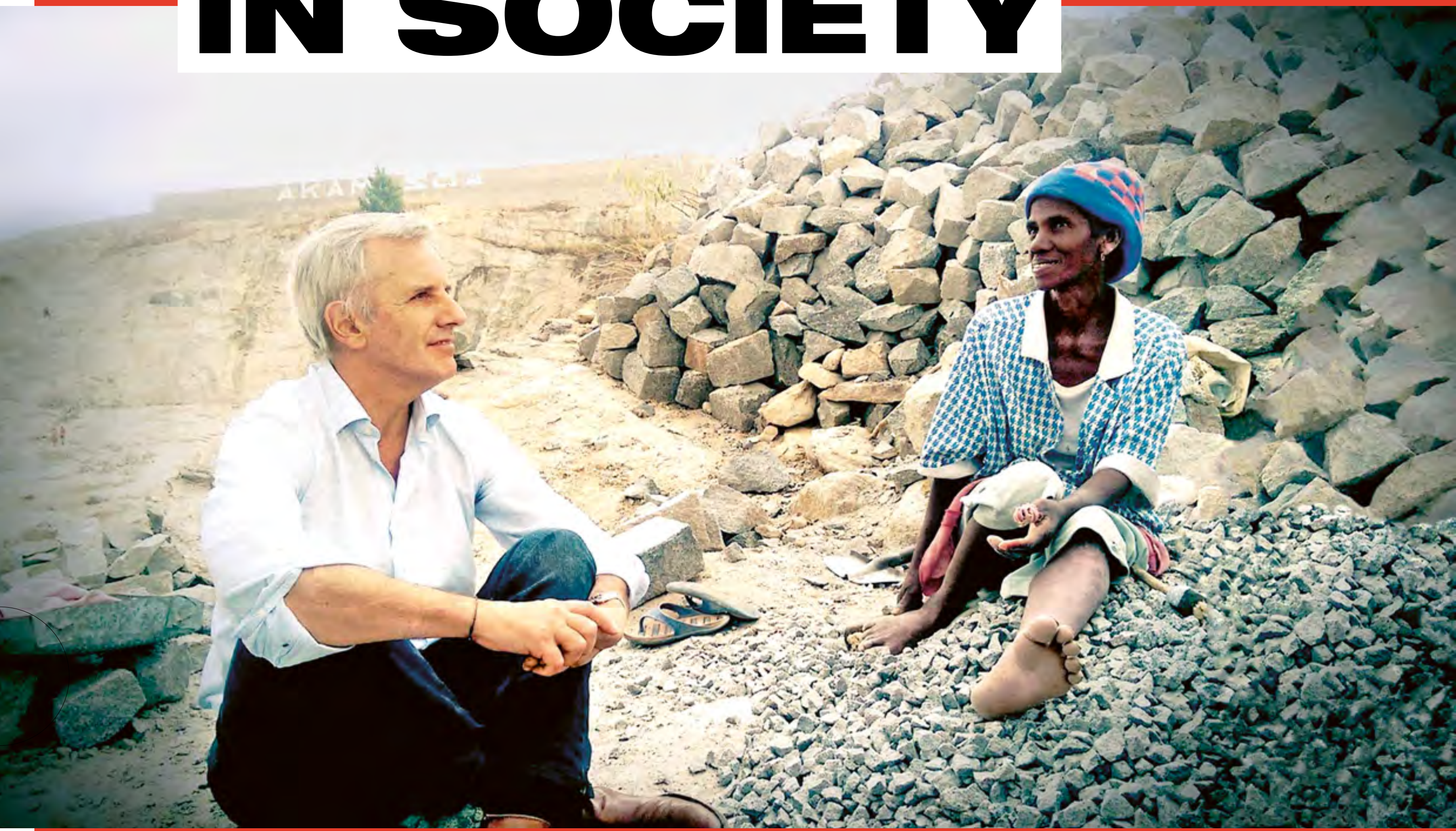
Co-Chief Executive Officer
(until 19 April 2017)

In April 2017, Anke Schäferkordt stepped down from the Group's Board of Directors and Executive Committee at her own request. In her capacity as Co-CEO of RTL Group, Anke Schäferkordt was responsible for the Group's largest profit centre, Mediengruppe RTL Deutschland, for which she continues to serve as CEO.

Both Co-CEOs were jointly responsible for Group Strategy, Business Development, Corporate Communications & Marketing, European Affairs, Internal Audit & Compliance and – together with the CFO – for Group HR.

The Executive Committee keeps the Board of Directors informed on the results of the Group and its main profit centres on a regular basis. The compensation of the members of the Executive Committee is determined by the Nomination and Compensation Committee, and is composed of a fixed and a variable part (see note 10.3. to the consolidated financial statements).

OUR ROLE IN SOCIETY



Bernard de La Villardière, presenter of ***Enquête Exclusive,*** investigates stories in some of the world's most troubled and dangerous areas

ENSURING INDEPENDENCE – EMBRACING DIVERSITY

WE BELIEVE...

video is the most complete medium. It engages our mind and speaks to our heart. It reminds us of our past and suggests a vision of the future. It captures our attention and spurs our imagination. There simply is no better way to tell stories. Since our first radio broadcast in 1924, and into the video and digital ages, our aim has always been to entertain, inform and engage our audiences – and these three functions constitute our role in society.

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

ON THE FOLLOWING PAGES, WE DESCRIBE OUR EFFORTS TO MEET THIS COMMITMENT TO OUR MAIN STAKEHOLDERS

VIEWERS, LISTENERS AND DIGITAL USERS

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

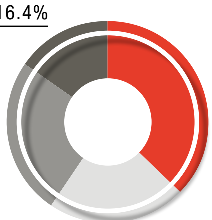
News, views, information, entertainment: RTL Group content is available when and where you want it

Democratic, diverse and connected societies survive on a healthy, varied and high-quality broadcast and internet landscape. The millions of people who turn to us each day for the latest local, national and international news need to be able to trust us. Our commitment to independence and diversity in our content enables us to maintain a journalistic balance that reflects the diverse opinions of the societies we serve. In keeping with this commitment, our local CEOs act as publishers and don't interfere in the selection or production of content, which is the exclusive responsibility of the editors-in-chief.

Since the early 1990s, we've been building families of TV channels, radio stations and digital platforms. They offer our audiences an extremely broad range of high-quality entertainment and informational programmes that can be enjoyed by people of all demographics and circumstances. With our German channels, we support the Alliance To Better Protect Minors Online, just one demonstration of our efforts to take great care to protect all media users.

RTL Group's broadcasters' programme spend in 2017*

** based on fully consolidated businesses*



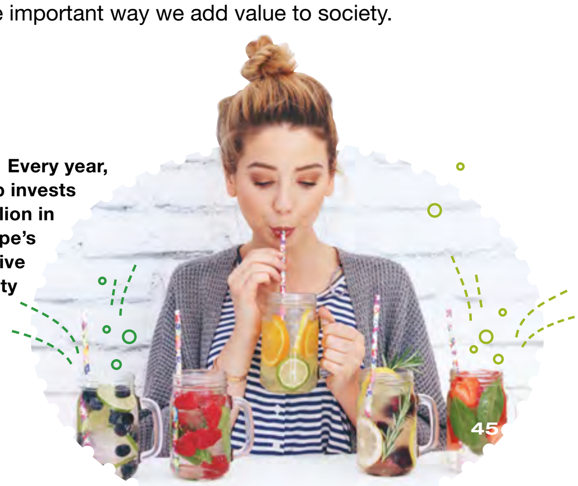
THE CREATIVE COMMUNITY

Key to our mission is building inspiring environments where creative and pioneering spirits can thrive. Our broadcasters commission content from production companies, while our own production company, FremantleMedia, commissions scriptwriters, artists, and many other creatives, and our multi-platform networks showcase young video and YouTube talents.

Buying a TV programme from a production company – or creating one ourselves – involves a substantial investment. Our ability to recoup this investment is based on our exclusive right to show and distribute the programme in a particular geographic area. Successful programmes attract large audiences, which, in turn, attracts 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's why copyright is the lifeblood of our industry. Effective protection and enforcement of intellectual property rights are particularly indispensable 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 dwindle, as would their creativity. Our unwavering commitment to copyright is therefore one important way we add value to society.

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



ADVERTISERS

No advertising is more effective than television commercials. TV reaches mass audiences, and so remains the dominant ingredient in the advertising mix. TV communicates the main message of a major advertising campaign in a brand-safe environment. This message then resonates across other media, such as radio, newspapers, magazines and online. We've taken many steps to expand our position in the rapidly growing online video advertising market. Following the integration of SpotX and Smartclip into one company, we are building an independent monetisation powerhouse for video, to compete with the global giants in this arena. With our multi-platform networks StyleHaul, Divimove, BBTV and, most recently, United Screens, we have built a global online video group – to offer advertisers pan-European digital video campaigns in premium and brand-safe environments. We are also committed to fighting ad fraud and establishing new industry-wide standards for audience measurement, across all devices.

Advertising within the *Ninja Warrior Germany* virtual reality game

Television and video commercials work best when they tell interesting, informative stories that grab viewers emotionally. Together, high-quality programming and engaging commercials form the basis for successful free-to-air broadcasting. Each day, more than 100 million viewers watch our free-TV channels, which are financed mainly through advertising. Advertising helps shape people's lifestyles, guide their purchasing decisions and keep the wheels of commerce turning. It also fosters media plurality, which is essential in a democratic society. A Europe without advertising would be less affluent, less informed and less competitive.

OUR PEOPLE

RTL Group's team spirit

Our business is a people business, built on the creativity and dedication of our employees. To reward them, we offer attractive salaries and other financial incentives. We foster a supportive and inspiring work environment and conduct talent-management and succession-planning programmes. We also provide a wide range of opportunities for our people to develop personally and professionally, to advance their careers, and to maintain a healthy work-life balance. To remain an attractive employer and a successful media company, it's important we reflect the audiences we entertain, and embrace workplace diversity in gender, ethnicity, disability and socio-economic status. We're committed to equal opportunities and recognise each individual's unique value, and treat everyone at our company with courtesy, honesty and dignity. In our 2016 Diversity Statement, we reinforced our commitment to equal opportunities and non-discrimination throughout all RTL Group companies. This year, we have added the target for 30 per cent of managers to be female by 2025 (2017: 22 per cent).

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

Lena Gercke, patron of 'Stiftung RTL – Wir helfen Kindern', visits the Kindernothilfe project in India

COMMUNITIES AND CHARITIES

As a leading media organisation, we're in an excellent position to raise awareness of important social and environmental issues, particularly those that might otherwise go unreported or under-funded. For example, in 2017, RTL Nederland's drama, *Centraal Medisch Centrum,* used each of its episodes to highlight a different health charity through a storyline based on that medical condition, with advertising promoting online health tests viewers could take. We also harness the power of TV, radio and the internet to raise money for charities that make a positive difference to people's lives. Since 1996, the annual *RTL-Spendenmarathon* in Germany has raised more than €161 million for children in need. Our *Télévie* events in Belgium and Luxembourg have raised more than €173 million for scientific research to fight cancer, particularly leukaemia, since 1989. We also support many organisations and projects that help sick or disadvantaged children and young people in Croatia, Belgium, Hungary, the UK, France and the Netherlands.

ENTERTAIN.
INFORM.
ENGAGE.

OUR MISSION:

WE ARE INNOVATORS WHO SHAPE THE MEDIA WORLD ACROSS BROADCAST, CONTENT AND DIGITAL.

WE BUILD INSPIRING ENVIRONMENTS WHERE CREATIVE AND PIONEERING SPIRITS CAN THRIVE.

WE CREATE AND SHARE STORIES THAT ENTERTAIN, INFORM, AND ENGAGE AUDIENCES AROUND THE WORLD.

WE EMBRACE INDEPENDENCE AND DIVERSITY IN OUR PEOPLE, OUR CONTENT AND OUR BUSINESSES.

WE HAVE A PROUD PAST, A VIBRANT PRESENT AND AN EXCITING FUTURE.

#RTLCARES

ELMAR HEGGEN

Deputy CEO and Chief Financial Officer, RTL Group

"2017 WAS ANOTHER SUCCESSFUL FINANCIAL YEAR – WE ONCE AGAIN REPORT RECORD RESULTS IN TERMS OF REVENUE AND EBITDA AND A VERY STRONG PROFIT MARGIN. RTL GROUP'S BUSINESS MODEL STANDS FOR RESILIENT TOP-LINE GROWTH, A WELL-DIVERSIFIED REVENUE MIX AND AN EXCELLENT EARNINGS PROFILE. WITH OUR HIGH LEVELS OF CASH GENERATION WE HAVE THE FINANCIAL MEANS FOR BOTH MAJOR INVESTMENTS AND ATTRACTIVE DIVIDEND PAYMENTS TO OUR SHAREHOLDERS."

DIRECTORS' REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT REPORT

GERMAN TV BUSINESS DRIVES RTL GROUP'S RECORD RESULTS IN 2017

Full-year revenue up 2.2 per cent to €6,373 million; EBITDA up 3.8 per cent to €1,464 million

Digital revenue[1] continues to grow dynamically, up by 23.3 per cent to €826 million

Attractive shareholder returns: final dividend of €3.00 per share in addition to the interim dividend of €1.00 per share already paid in September 2017, representing a dividend yield of 5.9 per cent for the fiscal year 2017

Luxembourg, 7 March 2018 – RTL Group announces its audited results for the year ended 31 December 2017.

FINANCIAL SUMMARY

	2017 €m	2016 €m	Per cent change
Revenue	**6,373**	**6,237**	**+2.2**
Underlying revenue[2]	**6,338**	**6,225**	
EBITDA[3]	**1,464**	**1,411**	**+3.8**
EBITDA margin (%)	23.0	22.6	
EBITDA	**1,464**	**1,411**	
Impairment of investments accounted for using the equity method	(6)	–	
Depreciation, amortisation and impairment	(233)	(221)	
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	21	7	
EBIT[3]	**1,246**	**1,197**	
Net financial expense	(24)	(18)	
Income tax expense	(385)	(363)	
Profit for the year	**837**	**816**	
Attributable to:			
– Non-controlling interests	98	96	
– RTL Group shareholders	**739**	**720**	
Reported EPS (in €)	**4.81**	**4.69**	

1 "Digital" refers to the internet-related activities with exception to online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, for example other advertising sales, the production/distribution of films, programmes and other rights and the professional services, excluding e-commerce, home shopping and platform revenue
2 Adjusted for scope changes and at constant exchange rates
3 See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2017

RTL GROUP REPORTS RECORD EBITDA FOR THE FIFTH CONSECUTIVE YEAR

- Group **revenue** increased 2.2 per cent to €6,373 million (2016: €6,237 million), once again reaching a record level. This was mainly driven by higher revenue from Mediengruppe RTL Deutschland, Groupe M6 and RTL Group's rapidly growing digital businesses, despite the fact that all European net TV advertising markets in RTL Group's territories were down or stable year-on-year

- **Platform revenue**[4] was up 13.5 per cent to €319 million (2016: €281 million), while **digital revenue** grew dynamically by 23.3 per cent to €826 million (2016: €670 million)

- RTL Group's revenue is well diversified with 47.5 per cent from TV, 20.1 per cent from content, 13.0 per cent from digital activities, 5.0 per cent from platform revenue, 4.0 per cent from radio advertising and 10.4 per cent from other revenue

- **EBITDA**[5] also reached a new record level with €1,464 million compared to €1,411 million in 2016 (up 3.8 per cent). The increase results from higher EBITDA contributions from Mediengruppe RTL Deutschland, FremantleMedia and a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

- **EBITDA margin** was up to 23.0 per cent (2016: 22.6 per cent)

- **Net profit** attributable to RTL Group's shareholders increased by 2.6 per cent to €739 million (2016: €720 million), mainly resulting from the higher EBITDA

- **Net cash from operating activities**[5] was €1,023 million, resulting in a higher operating cash conversion[5] of 104 per cent (2016: 97 per cent). **Net financial debt**[5] was €545 million at the end of 2017 (2016: net financial debt of €576 million)

- Following an already exceptionally strong fourth quarter in 2016, Group revenue was up 0.8 per cent at €2,023 million (Q4/2016: €2,007 million), while EBITDA was up strongly to €575 million (Q4/2016: €508 million) in the **fourth quarter of 2017**. This reflects higher EBITDA contributions from FremantleMedia and RTL Nederland as well as the one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million, partly balanced by restructuring

- RTL Group's Board of Directors has proposed a final **dividend** of €3.00 per share for the fiscal year 2017. This reflects the Group's strong cash flows, future investment plans and its target net debt to full-year EBITDA ratio[5] of 0.5 to 1.0 times. In addition, RTL Group already paid an interim dividend of €1.00 per share for the fiscal year 2017 in September 2017 (2016: final dividend of €3.00 per share plus interim dividend of €1.00)

- Based on the average share price in 2017 (€68.25[6]), the total dividends for the fiscal year 2017 (€4.00 per share; 2016: €4.00 per share) represent an attractive **dividend yield** of 5.9 per cent (2016: 5.4 per cent) and a payment of 83 per cent of the reported EPS (€4.81)

SEGMENTS: MEDIENGRUPPE RTL DEUTSCHLAND AND FREMANTLEMEDIA DRIVE RTL GROUP PROFIT GROWTH

- For the sixth consecutive year, **Mediengruppe RTL Deutschland** generated record earnings: EBITDA grew by 3.5 per cent to €743 million (2016: €718 million), mainly driven by higher TV and digital advertising as well as platform revenue – despite the challenging environment in which the German net TV advertising market was estimated to be down

- In 2017, **Groupe M6**'s EBITDA was down to €389 million (2016: €400 million)[7], mainly due to the positive one-off effect from the gradual phase-out of the M6 Mobile contract in 2016. Adjusted for this effect, EBITDA was up 9 per cent. The French TV advertising market was estimated to be stable year-on-year, with Groupe M6's channels outperforming the market

- EBITDA of **FremantleMedia** – RTL Group's global content production arm – increased to €140 million (2016: €129 million), reflecting higher profit contributions from the businesses in North America and Europe. The EBITDA margin improved to 9.5 per cent (2016: 8.6 per cent)

- **RTL Nederland**'s EBITDA was down to €87 million (2016: €96 million), due to lower advertising revenue and higher investment in the SVOD platform Videoland

4 Revenue generated across all distribution platforms (cable, satellite, IPTV) including subscription and re-transmission fees
5 See note 3 to the Consolidated Financial Statements in the RTL Group Annual Report 2017
6 Frankfurt Stock Exchange
7 2016 figures for Groupe M6 pro-forma including RTL Radio (France)

MORE CROSS-MEDIA INNOVATION

- Following the approvals of the French media regulator CSA ("Conseil supérieur de l'audiovisuel") and the completion of the employee consultations, the regrouping of RTL Group's French radio operations into Groupe M6 closed on 1 October 2017. RTL Group's voting rights in Groupe M6 were aligned to its economic shareholding of 48.26 per cent in Groupe M6 with effect as of 1 January 2018

- In May 2017, Mediengruppe RTL Deutschland signed a new distribution agreement with platform provider Vodafone, including the addition of live streams of Mediengruppe RTL Deutschland's TV channels into Vodafone's Giga TV app. In 2018, Groupe M6 signed several distribution agreements with major platform providers in France such as SFR-Altice, Canal+, Bouygues and Orange

- In July 2017, RTL Group was the largest investor in the Series A financing round of Inception, an Israel-based leader in Virtual Reality entertainment, and now holds a minority stake of 15.6 per cent in the company (on a fully diluted basis)

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

MORE EXCLUSIVE PROGRAMMING

- Live sporting events remain an important part of RTL Television's programme line-up. In December 2017, RTL Television and rights owner Formula One World Championship Limited (FOWC) announced that the TV channel will air live coverage of all Formula One races, exclusively on free-to-air television until 2020. Uefa Europa League football will also continue to be broadcast on free-to-air TV following Mediengruppe RTL Deutschland's acquisition of the broadcasting rights to the European club competition for its TV channels RTL Television and Nitro

- Groupe M6 has partnered with Uefa to broadcast French national football team matches for the next four seasons. This new partnership includes the live and exclusive broadcasting by Groupe M6 of half of the French national team's European Qualifiers for Uefa Euro 2020 and the 2022 Fifa World Cup; friendlies and preparation matches as well as matches of the first two editions of the new Uefa Nations League competition (in 2018 and 2020)

- On 9 May 2017, US network ABC announced an agreement with FremantleMedia North America and 19 Entertainment to revive *American Idol* for the 2017/18 season. The new season kicks off on 11 March 2018

MORE TECHNOLOGY

- On 1 October 2017, RTL Group closed the transaction to take full ownership of SpotX and acquired the remaining 36.4 per cent shareholding for a total amount of €128 million of which €7 million have been contributed to SpotX

- Following this step, RTL Group pursues an ambitious growth plan for its ad-tech businesses with the main goal to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers through the combination of SpotX and Smartclip into one integrated ad-tech company. The share transfer was completed in January 2018, while the operational business combination of the two companies will be completed during the course of 2018

- RTL Group underlines how state-of-the-art technology and big data are key elements of all successful business models for the digital media world
  - Mediengruppe RTL Deutschland and ProSiebenSat1 have formed an alliance with United Internet to create a unified registration and login service for consumers dubbed 'Login Alliance' with the intention to ease consumer usage and to protect the consumer from unverified data usage
  - Groupe M6 teamed up with several partners in France to form the alliance Gravity, allowing advertisers and agencies to benefit from diverse data segments to execute programmatic digital campaigns in all formats and devices

OUTLOOK

- RTL Group expects its total **revenue** for the fiscal year 2018 to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and FremantleMedia

- The 2017 **EBITDA** included a positive one-off effect of €94 million from the sale of buildings in Rue Bayard, Paris. Normalised for this effect, RTL Group expects EBITDA in 2018 to be broadly stable

- **Digital revenue** is expected to continue to show dynamic double-digit growth and increase its share of RTL Group's total revenue to at least 15 per cent until 2020 to 2022

- RTL Group will keep a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the fiscal year 2018. RTL Group will continue to focus on **cash conversion** and targets 2018 levels not below 85 to 90 per cent

- The **dividend policy** remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the fiscal year 2018

CORPORATE PROFILE

RTL GROUP – ENTERTAIN. INFORM. ENGAGE.

With interests in 57 television channels, 31 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 FremantleMedia, it is one of the world's leading producers of television content: from talent and game shows to drama, daily soaps and telenovelas, including *Idols*, *Got Talent*, *Good Times – Bad Times* and *Family Feud*. With its investments in online video – BroadbandTV, StyleHaul, Divimove and, most recently, United Screens – RTL Group is the leading European media company in online video. RTL Group also built a global ad tech powerhouse, combining the video ad serving platform SpotX with the European monetisation platform Smartclip in 2018.

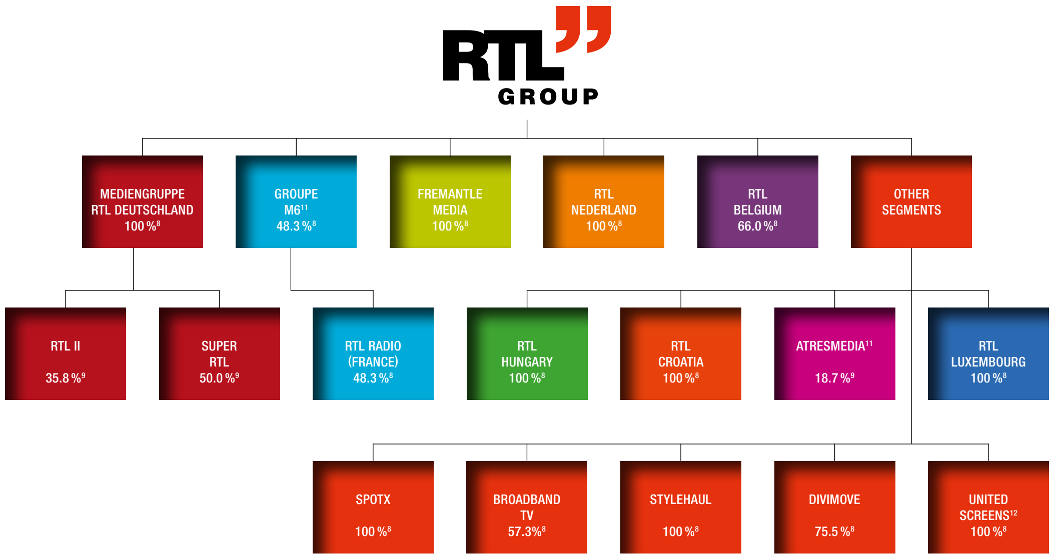
The roots of the company date back to 1924, when Radio Luxembourg first went on air. Compagnie Luxembourgeoise de Radiodiffusion (CLR) was founded in 1931. As a European pioneer, the company broadcast a unique programme in several languages using the same wavelength.

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

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

RTL GROUP CORPORATE STRUCTURE (SIMPLIFIED)

(The Group's ownership based on total number of shares after declaration of treasury shares held by the company as per 31 December 2017)

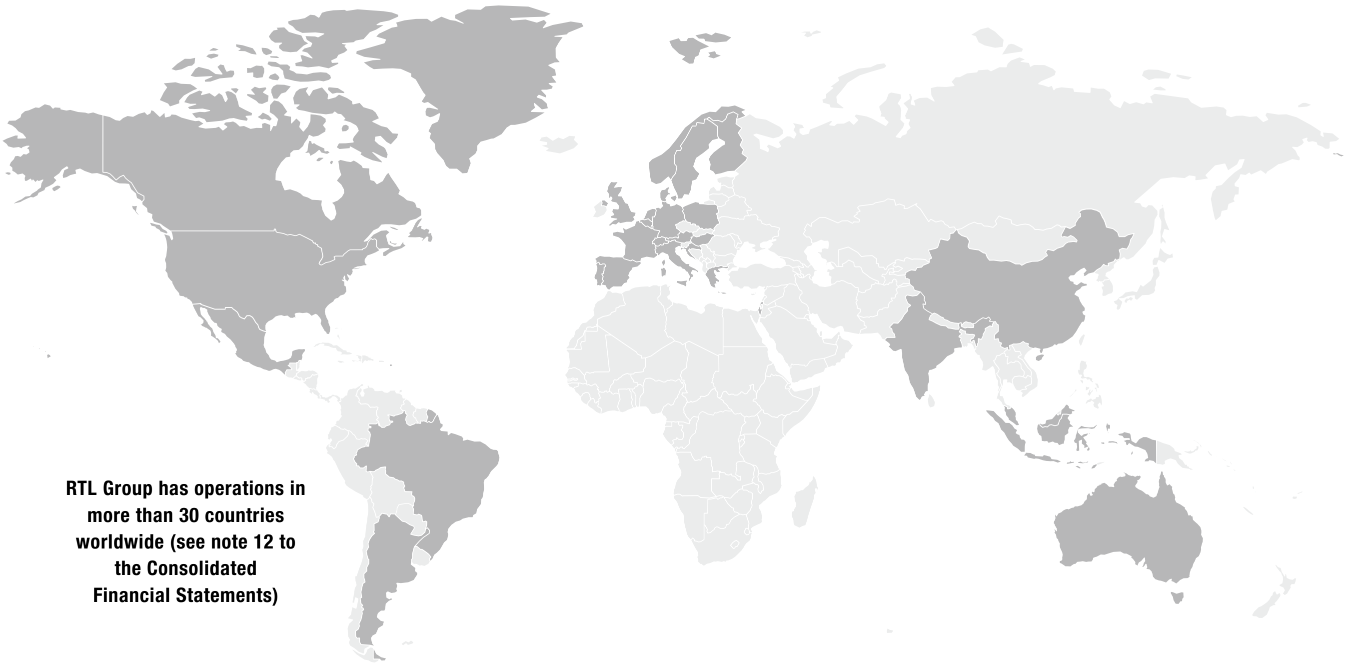


RTL Group's business comprises the following six reporting segments: Mediengruppe RTL Deutschland, Groupe M6 (including the French radio business around the RTL family of radio stations), FremantleMedia, RTL Nederland, RTL Belgium and Others (which includes RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, the German radio business and the investment accounted for using the equity method, Atresmedia in Spain). The segment "Others" also includes RTL Group's ad-serving platform, SpotX, and the multi-platform networks BroadbandTV, StyleHaul, Divimove and United Screens[12].

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
12 Acquired in January 2018

THE BUSINESS AREAS



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

Broadcast

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

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

Content

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

Digital

RTL Group has become the leading European media company in online video and is ranked among the top global players in this segment. Since 2013, RTL Group has made key investments in several multi-platform networks (MPNs) such as BroadbandTV, StyleHaul, Divimove and, most recently, United Screens[13]. Additionally, RTL Group invested into advertising technology, namely video ad serving platform SpotX in the US and monetisation platform Smartclip in Europe as well as the investments accounted for using the equity method: Clypd, a pioneer in programmatic TV, and VideoAmp, a platform for cross-screen data optimisation. In 2017, RTL Group decided to combine SpotX and Smartclip to create one integrated ad-tech company by the end of 2018, to launch the platform across the Group's operations and to scale it up with further acquisitions and partnerships.

13 Acquired in January 2018

MANAGEMENT APPROACH

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

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

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

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

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

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

MARKET

MARKET ENVIRONMENT

Digitisation has significantly transformed the TV market, with more channels and more content available than ever before. 92 per cent of EU households now receive their TV signal digitally. In Germany alone, viewers have access to over 75 linear television channels.

Digitisation has brought new ways of reaching viewers, such as IPTV and the open internet, which complement conventional modes of distribution such as terrestrial television, cable and satellite. Broadcasting groups 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.

At the forefront of the extensive changes in the technical infrastructure of content distribution, the development of devices such as smartphones and tablets led to far-reaching changes in viewing behaviour. In 2017, about 38.5 per cent of the European population owned a tablet and 62.6 per cent owned a smartphone. In fact, media convergence became a reality long ago on these screens.

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

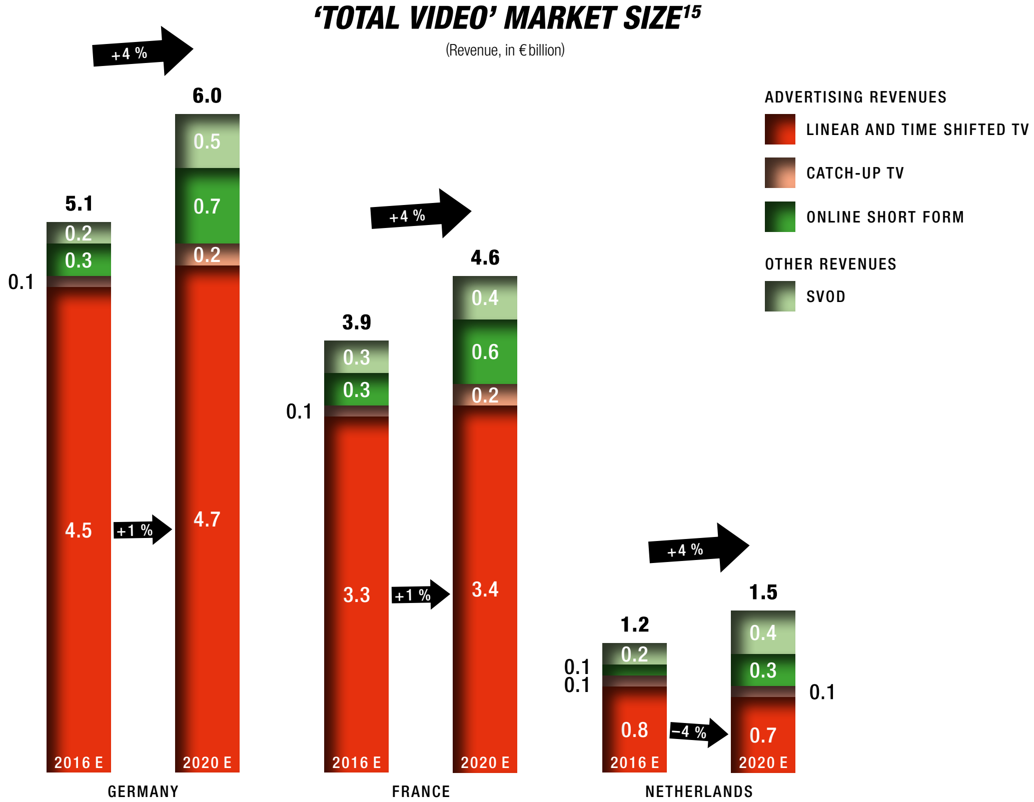
- linear TV (commercial free-to-air channels, pay-TV channels, public broadcasters),
- on-demand services financed by advertising, pay per view or subscriptions[14],
- YouTube, Facebook and other short-form online video platforms.

Total Video revenue, as defined by RTL Group, in Germany, France and the Netherlands is expected to grow by around 4 per cent annually until 2020[15].

Online video advertising is currently the fastest growing digital advertising segment, and is expected to grow globally by around 20 per cent each year between 2016 and 2019[15], driven primarily by programmatic video advertising.

'TOTAL VIDEO' MARKET SIZE[15]

(Revenue, in €billion)



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

15 CAGR. Source: Zenith "Online Video Forecast", IHS Markit, internal estimates

MARKET TRENDS

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

While linear TV is still the way most viewers consume video content, non-linear viewing is growing fast. This growth can be summarised by the following behavioural 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.

2017 showed the perils of digital media, from calls to action by major advertisers such as Procter & Gamble to questionable content on YouTube and fraudulent behaviour around ad tech. Brand safety remains a crucial issue for RTL Group's ad-tech businesses and multi-platform networks. Several industry initiatives are currently under development – including IAB's ads.txt – while the platforms themselves invest heavily in counter measures.

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

While TV devices become more sophisticated thanks to ultra-HD resolution and HDR (high dynamic range) capabilities, RTL Group has identified virtual reality (VR) as another market trend. The VR market, which is growing strongly, from 2.1 million head-mounted displays (HMDs) in 2016 to nearly 83 million in 2021, according to Future Source. This prediction does not yet include tens of millions of cardboard headsets available. In addition, new devices are expected to be launched between 2017 and 2019 from Microsoft, Oculus and Google.

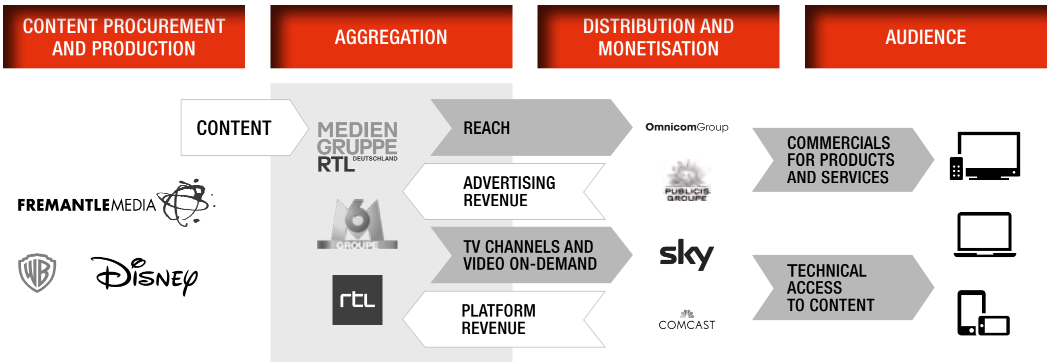
BUSINESS MODEL

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

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

This top-line value chain is outlined on pages 12 and 13 of the Annual Report 2017.

BROADCAST



Generic broadcast value chain

Broadcasters buy, produce and commission mostly local content. In addition, they 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 have content that makes them stand out from the crowd.

For RTL Group's broadcasters, advertising is the primary source of revenue. The Group's broadcasters provide their advertising clients with a range of ad formats, from the traditional 30-second commercial to packages of TV and digital ads tailored to their individual needs. RTL Group's advertising sales houses sell spots in the channel's linear and non-linear programming. The price they pay generally depends on the reach and demographic structure of the audience they target. A higher audience share or a sought-after target group will generally lead to higher spot prices, which are usually priced at CPM (cost per mille).

RTL Group channels broadcast their content terrestrially and distribute it through other platforms, such as cable, satellite and internet TV. In exchange for the broadcasting signal, they receive money from the platform operators. RTL Group reports this figure separately as platform revenue (see Financial review). Between 2012 and 2017, this revenue rose from €175 million to €319 million.

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

CONTENT

RTL Group broadcasters produce and commission a wide variety of local content, while the group's global production arm, FremantleMedia, is responsible for around 12,500 hours of TV programming broadcast each year.

Content production value chain

As one of the world's largest creators, producers and distributors of television content, FremantleMedia 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, FremantleMedia provides broadcasters, platforms and online services with content that is in return used by those clients to build their business. Through its network of local production and distribution companies, FremantleMedia operates around the world in 30 countries.

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

The distribution business also plays an important role in providing financing for high-quality drama such as *American Gods* and *Deutschland 86* – both of which were produced in conjunction with Amazon Prime Video.

Supported by a brand management team, and a sales network that spans nine international offices and five continents, FremantleMedia International's content regularly reaches audiences in over 150 countries around the world. FremantleMedia International distributes more than 20,000 hours of content in over 200 territories worldwide.

Increased exposure to high-end drama, where the development cycle from concept to on-screen can be anything from two to three years, has a negative impact on FremantleMedia's cash conversion – the so-called deficit financing model. This is a special financing model as local broadcasters still traditionally finance their commissioned programming, with FremantleMedia taking a margin, but no risk, on the finished production.

As the timing of the delivery of the finished programme is often down to the local broadcaster – and this ultimately drives 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.

16 Pre-production will only start once the idea was sold to a commissioning client network

DIGITAL

Video on demand (long-form)

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

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

Video on demand (short-form)

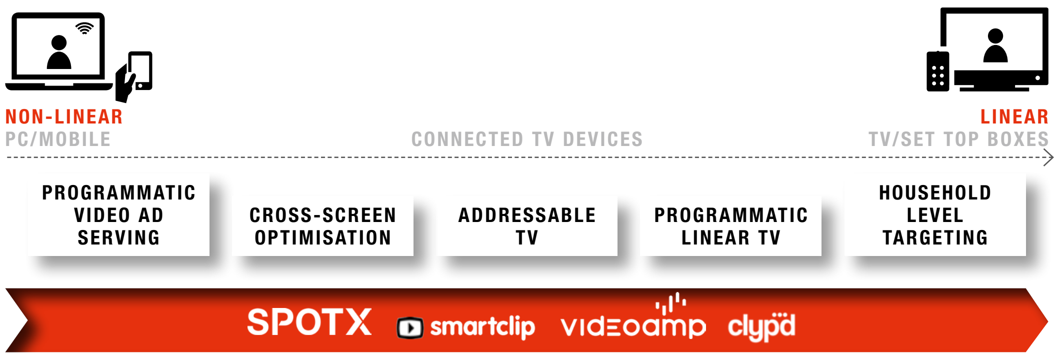
Through key digital investments, RTL Group has become a leader in the YouTube ecosystem. Today, RTL Group fully owns or has stakes in several multi-platform networks (MPNs), such as BroadbandTV, StyleHaul, Divimove and, most recently, United Screens. In general, the MPN business model in content aggregation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

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

Generic MPN value chain

Advertising technology

While linear television remains the only medium to reach mass audiences on a daily basis, digital video advertising enables advertisers to connect their message to an engaged audience, which can be enhanced by the use of technology and data. This is done by a sophisticated process which automates the advertising sales process: within milliseconds an ad on a website can be sold to advertisers looking for this specific demographic and willing to pay a set price. In short, advertising technology fulfills 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 or target groups instead of broad reach. Additionally, RTL Group aims to transfer this process into the linear TV world. Traditional sales processes play a role for the monetisation of connected TV content.



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

STRATEGY

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

BROADCAST

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

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

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

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

RTL Group registers more and more global ad buying from advertisers and agencies, driven by the "walled garden" solutions of the big US players. As a consequence, RTL Group invests into its international sales house, RTL AdConnect, to ensure it serves international advertisers/agencies with its families of channels, on-demand services and MPNs. Formerly known as IP Network, RTL AdConnect provides a simplified access to RTL Group's large portfolio of TV and VOD services, MPNs and advertising technology – all this in a transparent and brand safe environment. In addition to RTL Group, and to be relevant in all main markets in Europe, RTL AdConnect's portfolio encompasses leading partners such as ITV in the UK, RAI in Italy or even Medialaan in Belgium. Thanks to these partnerships, RTL Group is the only company in Europe which is able **to offer advertisers pan-European digital video campaigns**.

CONTENT

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

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

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

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

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

DIGITAL

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

Online video has matured and is now moving towards the screen in the living room – live and on demand. Accordingly, RTL Group's broadcasters across Europe have identified interesting business opportunities for **hybrid models**, consisting of a free, advertising-funded catch-up service and a paid, premium content bundle – offering the programmes of linear TV channels plus licensed content from third parties. With these hybrid models, RTL Group will build the next generation of TV, bringing linear TV channels and on-demand services much closer together.

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

There are three key reasons:

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

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

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

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group uses various key performance indicators (KPIs) to control its financial situation, including revenue, audience share in main target groups, EBITDA and EBITA, RTL Group Value Added (RVA), net debt, and cash conversion. For definitions and more details of these KPIs, see note 3 to the Consolidated Financial Statements in the Annual Report 2017.

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 for making decisions. These KPIs also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

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

REVENUE

Advertising market conditions across Europe were challenging during 2017. RTL Group experienced significant variations across the months and quarters of the year, making it difficult to predict market trends with certainty. All European net TV advertising markets in RTL Group's territories were down or stable year on year.

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 2017 (in per cent)	RTL Group audience share in main target group 2017 (in per cent)	RTL Group audience share in main target group 2016 (in per cent)
Germany	(0.5) to (1.5)[17]	28.9[18]	28.7[18]
France	+0.5[19]	22.3[20]	22.2[20]
Netherlands	(5.1)[17]	31.1[21]	32.0[21]
Belgium	(5.8)[17]	36.9[22]	36.2[22]
Hungary	(2.5)[17]	31.2[23]	34.3[23]
Croatia	(6.5)[17]	29.7[24]	28.6[24]
Spain	+1.0[25]	28.5[26]	29.7[26]

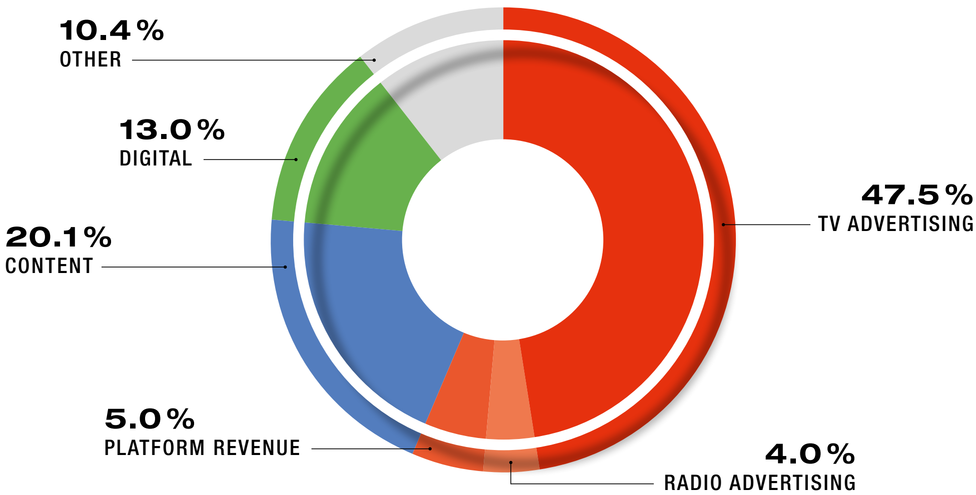
During the year to December 2017, RTL Group's total revenue was up 2.2 per cent to €6,373 million (2016: €6,237 million), reaching a new record high. This result was mainly driven by increasing revenue at Mediengruppe RTL Deutschland, Groupe M6 and dynamic growth in digital revenue. On a like-for-like basis (adjusting for portfolio changes and at constant exchange rates) revenue was up 1.8 per cent to €6,338 million (2016: €6,225 million).

RTL Group's revenue is well diversified with 47.5 per cent from TV, 20.1 per cent from content, 13.0 per cent from digital activities, 5.0 per cent from platform revenue, 4.0 per cent from radio advertising and 10.4 per cent from other revenue.

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

17 Industry and RTL Group estimates
18 Source: GfK. Target group: 14–59
19 Source: Groupe M6 estimate
20 Source: Médiamétrie. Target group: housewives under 50 (free-to-air channels only)
21 Source: SKO. Target group: 25–54, 18–24h
22 Source: Audimétrie. Target group: shoppers 18–54, 17–23h
23 Source: AGB Hungary. Target group: 18–49, prime time (including cable channels)
24 Source: AGB Nielsen Media Research. Target group: 18–49, prime time
25 Source: InfoAdex estimate
26 Source: TNS Sofres. Target group: 25–59

RTL GROUP REVENUE SPLIT



GEOGRAPHICAL REVENUE OVERVIEW

	2017 €m	2016 €m	2015 €m
Germany	**2,266**	2,204	2,151
France	**1,471**	1,419	1,394
USA	**800**	802	768
Netherlands	**502**	514	509
UK	**248**	227	246
Belgium	**226**	232	223
Others	**860**	839	738

For more details on geographical information, see note 5.2 to the Consolidated Financial Statements in the Annual Report 2017.

EBITDA AND EBITA

EBITDA reached a new record level of €1,464 million compared to €1,411 million in 2016. This increase is mainly due to higher EBITDA contributions from Mediengruppe RTL Deutschland and FremantleMedia and a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, amounting to €94 million. The EBITDA margin was slightly up to 23.0 per cent (2016: 22.6 per cent)

In 2017, the Group's **EBITA** was up 3.6 per cent to €1,248 million for the year (2016: €1,205 million), resulting in an EBITA margin of 19.6 per cent (2016: 19.3 per cent).

RTL GROUP VALUE ADDED

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

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

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

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 5.1.). 66 per cent of the present value of operating leases and of satellite transponder service agreements (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

In 2017, RVA was €488 million (2016: €462 million). For more detailed information on RVA, see note 3 to the Consolidated Financial Statements in the Annual Report 2017.

NET DEBT AND CASH CONVERSION

The consolidated net debt at 31 December 2017 amounted to €547 million (31 December 2016: net debt of €576 million). The Group intends to maintain a conservative level of gearing of between 0.5 and 1.0 times net debt to full-year EBITDA in order to benefit from an efficient capital structure.

The Group continues to generate significant operating cash flow, with an EBITA to cash conversion ratio of 104 per cent in 2017 (2016: 97 per cent).

Net (debt)/cash position	**As at 31 December 2017 €m**	As at 31 December 2016 €m
Gross balance sheet debt	(815)	(1,010)
Add: cash and cash equivalents and other short-term investments	270	433
Add: cash deposit and others	–	1
Net (debt)/cash position[27]	**(545)**	**(576)**

For more detailed information on net (debt)/cash position, see note 3 to the Consolidated Financial Statements in the Annual Report 2017.

FINANCIAL DEVELOPMENT OVER TIME

	2017 €m	**2016 €m**	**2015 €m**	**2014[28] €m**	**2013 €m**
Revenue	**6,373**	6,237	6,029	5,808	5,824
EBITDA	**1,464**	1,411	1,360	1,347	1,328
EBITA	**1,248**	1,205	1,167	1,144	1,148
RVA	**488**	462	455	457	464
Net (debt)/cash	**(545)**	(576)	(671)	(599)	6
Cash conversion (in per cent)	**104**	97	87	95	106

27 Of which negative €34 million held by Groupe M6 (as at 31 December 2016: cash €173 million)

28 2014 figures adjusted for changes in purchase price allocation

OTHER PERFORMANCE INDICATORS

Operating expenses
Group operating expenses were up 2.5 per cent to €5,342 million (2016: €5,209 million).

Investments accounted for using the equity method
The total contribution of investments accounted for using the equity method amounted to €63 million (2016: €67 million).

Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree
In 2017, the Group recorded a gain of €21 million (2016: €6 million).

Interest expense
Net interest expense amounted to €22 million (2016: expense of €21 million), primarily due to the interest charge on the Group's financial debt, pension costs and other interest expenses.

Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries and joint ventures
The Group has conducted an impairment testing on the different cash generating units (see note 8.2 to the Consolidated Financial Statements in the Annual Report 2017).

The loss totalling €17 million solely relates to the amortisation and impairment of fair value adjustments on acquisitions of subsidiaries (2016: loss of €15 million).

Income tax expense
In 2017, the tax expense was €385 million (2016: expense of €363 million).

Profit attributable to RTL Group shareholders
The profit for the period attributable to RTL Group shareholders was €739 million (2016: €720 million).

Earnings per share
Reported earnings per share, based upon 153,548,960 shares, was €4.81 (2016: €4.69 per share based on 153,555,377 shares).

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

RTL Group directly and indirectly holds 0.8 per cent (2016: 0.8 per cent) of RTL Group's shares (without taking into account the liquidity programme).

Profit appropriation (RTL Group SA)[29]
The statutory accounts of RTL Group show a profit for the financial year 2017 of €642,428,692 (2016: €964,392,448). Taking into account the share premium account of €4,691,802,190 (2016: €4,691,802,190) and the profit brought forward of €418,503,565 (2016: €70,590,918), the amount available for distribution is €5,598,187,411 (2016: €5,572,238,665), net of an interim dividend of €154,547,036 (€1.00 per share) as decided by the Board of Directors of RTL Group on 29 August 2017 and paid on 7 September 2017 (2016: €154,546,891 i.e. €1.00 per share).

MAIN PORTFOLIO CHANGES

Divimove
On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company.

Fidélité Films
On 20 July 2017, Groupe M6 acquired 100 per cent of the share capital of Fidélité Films SAS ("Fidélité"). Fidélité holds a catalogue of 42 feature films, including *Asterix et Obelix au service de sa Majesté*, *Le petit Nicolas*, *Les vacances du petit Nicolas* and *De l'autre côté du lit*.

Adfactor
On 18 September 2017, RTL Nederland BV ("RTL Nederland") acquired 60 per cent of the share capital of Adfactor BV ("Adfactor"), a Dutch company based in The Hague. Adfactor is specialised in digital content marketing (native advertising) and has an extensive network of influencers and content makers.

Easy Tiger Productions
On 18 September 2017, FremantleMedia Australia Pty Ltd ("FremantleMedia") acquired 75 per cent of the share capital of Easy Tiger Productions ("Easy Tiger"), an Australian television production company focused on prime-time scripted drama series. The acquisition is in line with the growth strategy of strengthening the creative pipeline.

29 Amounts in Euro except where stated

MAJOR RELATED PARTY TRANSACTIONS

Sales and purchases of goods and services

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €16 million (2016: €9 million) and €23 million (2016: €23 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €3 million (2016: €3 million) and €6 million (2016: €8 million), respectively.

Deposits Bertelsmann SE & Co. KGaA

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

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

At 31 December 2017, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: €nil million on a one to three months basis and €nil million on an overnight basis). The interest income for the period is €nil million (2016: €nil million).

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

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

At 31 December 2017, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: €nil million). The interest income for the period is €nil million (2016: insignificant).

RTL Group SA has additionally entered into a treasury agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2017, the balance of the cash pooling accounts receivable and payable amounts to €4 million (2016: €nil million). The interest income/expense for the year is €nil million (2016: €nil million).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (former BeProcurement Sàrl)

On 7 March 2013, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swingline facility in the amount of up to €1 billion. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2017, the term loan balance amounts to €500 million (2016: €500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable where for purposes of calculation of the payable commitment fee the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 December 2017, the total of revolving and swingline loan amounts to €138 million (2016: €389 million).

The interest expense for the period amounts to €15 million (2016: €15 million). The commitment fee charge for the period amounts to €0.6 million (2016: €0.6 million).

Tax

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

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

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

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

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

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

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

At 31 December 2017, the balance payable to BCH amounts to €450 million (2016: €578 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €267 million (2016: €423 million).

For the year ended 31 December 2017, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €183 million (2016: €171 million). The Commission amounts to €2 million (2016: €16 million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €4 million (2016: €2 million).

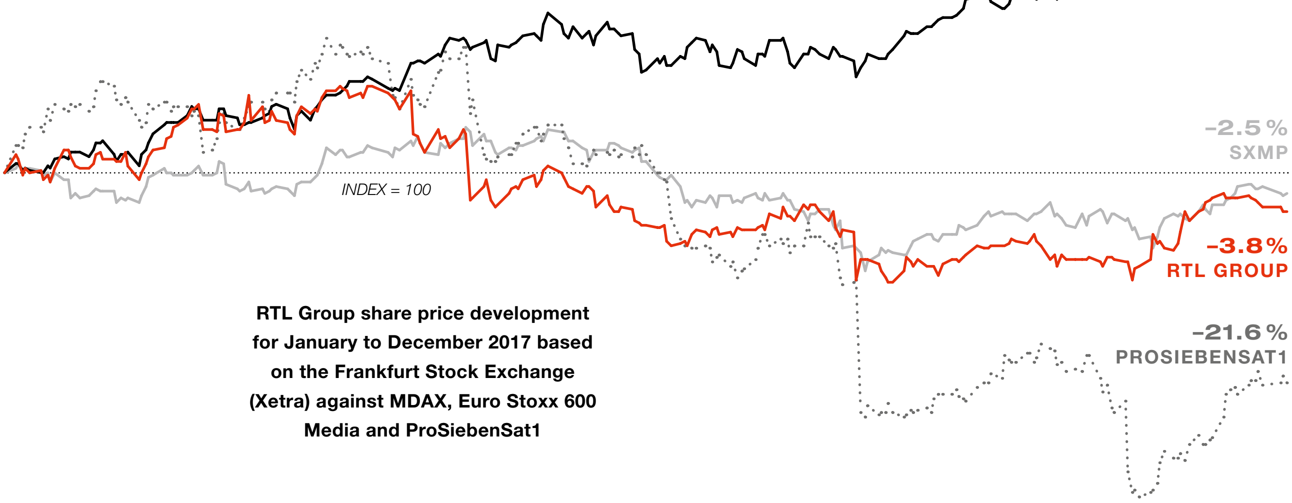
All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Blu A/S, a 100 per cent held subsidiary of RTL Group, was elected as the management company of the Bertelsmann Denmark Group.

CAPITAL MARKETS AND SHARE

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

SHARE PERFORMANCE

(1 January 2017 to 31 December 2017)



RTL Group share price development for January to December 2017 based on the Frankfurt Stock Exchange (Xetra) against MDAX, Euro Stoxx 600 Media and ProSiebenSat1

RTL Group's share price started the year 2017 at just under €70 and finished the year down 3.8 per cent, at just over €67 per share. The share was reasonably range bound throughout 2017, with a peak share price of €75.80 (4 and 12 April) and a low of €62.12 (7 September).

For the first five months of the year, RTL Group's share price remained in a range of between €67.36 and €75.80 per share. This performance reflected often conflicting reports and signals about the national election in France, rises in US interest rates, on-going Brexit news, and Trump's presidency.

The share was broadly flat over the summer of 2017 before hitting its low point early in September, largely as a result of competitor comments, continuing fears of a de-coupling between GDP and advertising and fears over weak FMCG (fast moving consumer goods) advertising spend.

After the summer, concerns arose around nuclear tests in North Korea, a general "risk-off" attitude and profit taking from investors, doubts over the US president's ability to implement his stated reforms, and a lengthy process to form a government following national elections.

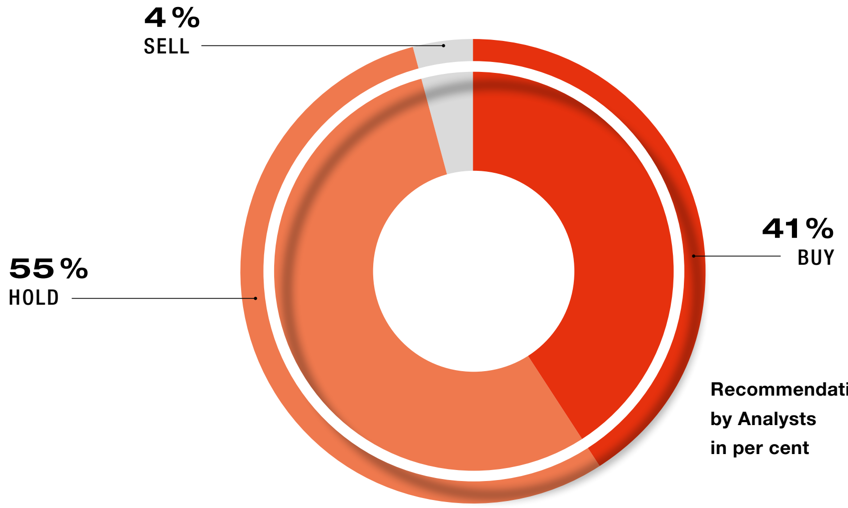
At the end of the year, the share benefited from a well-orientated US market, on the back of tax reform, and rather positive discussions related to settling the Brexit bill.

The Group declared and paid dividends in both April and September 2017. The April payment of €3.00 (gross) per share related to the 2016 full-year ordinary dividend. In September the Board authorised the distribution of an interim dividend payment of €1.00 per share. The total cash paid out in 2017 with respect to RTL Group's dividends amounted to €614 million.

ANALYSTS' VIEW

41 per cent of analysts that have published notes known of by the Group since the announcement of the 2017 half-year results recommended RTL Group shares as a buy at the end of 2017 (2016: 39 per cent). 55 per cent recommended holding the share (2016: 57 per cent), and the remaining 4 per cent recommended selling (2016: 4 per cent). Their average price target at the end of 2017 was €75.87, compared to €80.41 at the end of 2016.

Recommendations by financial analysts play an important role in helping investors make decisions. With a total of 22 brokerage firms and financial institutions covering RTL Group and publishing a note since the announcement of the 2017 half-year results (2016: 23), the share is broadly covered.



Recommendations by Analysts in per cent

In order to discuss RTL Group's strategy with its current investors and to present the company to existing and potential new investors, the RTL Group Executive Committee and the Head of Investor Relations participated in various conferences in Europe and North America and held numerous roadshows with more than 100 one-to-one meetings in New York, Boston, Frankfurt, Paris, Toronto, Montreal, Zurich, London, Barcelona and Vienna.

As of 31 December 2017, the following analysts were covering RTL Group's shares:

Bank	Analyst	Latest recommendation
Deutsche Bank	Laurie Davison	Hold
Barclays Capital	Julien Roch	Equal weight
UBS	Richard Eary	Neutral
Bank of America Merrill Lynch	Ruchi Malaiya	Buy
Société Générale	Christophe Cherblanc	Buy
Bankhaus Lampe	Christoph Bast	Hold
Citi	Catherine O'Neill	Neutral
Goldman Sachs	Lisa Yang	Neutral
HSBC	Chris Johnen	Hold
Hauk & Aufhäuser	Pierre Groning	Buy
Crédit Suisse First Boston	Sophie Bell	Underperform
Morgan Stanley	Patrick Wellington	Equal weight
Exane BNP	Charles Bedouelle	Outperform
Commerzbank	Sonia Rabussier	Buy
JP Morgan	Daniel Kerven	Overweight
Liberum	Ian Whittaker / Annick Maas	Buy
Petercam	Michael Roeg	Buy
KBC	Ruben Devos	Accumulate
DZ Bank AG	Harald Heider	Hold
Mainfirst	Tobias Sittig	Outperform
Kepler Cheuvreux	Conor O'Shea	Buy
Nord LB	Holger Fechner	Buy
Warburg Research	Lucas Boventer	Hold
LBBW	Bettina Deuscher	–
Natixis	Jerome Bodin	Buy
Jefferies	Tamsin Garrity	Buy
Equinet	Mark Josefson	Accumulate

RTL GROUP DIVIDEND POLICY

RTL Group's dividend policy states that the Group will pay out between 50 and 75 per cent of its adjusted net profit.

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

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

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

RTL GROUP'S SHAREHOLDER RETURN

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

Over the past five years (since 2013), three years (since 2015) and last year (2017) the TSR of RTL Group shares is as follows:

	2013	2015	2017
Share price as of 1 January in €	75.50	77.80	69.73
Closing share price as of 31 December 2017 in €	–	–	67.07
Cumulative dividends paid (including intervening years and extraordinary dividends) in €	32.00	12.50	4.00
Total shareholder return in per cent	31.2	2.3	1.9

The TSR has been calculated as follows (using 1 January 2013 as an example):

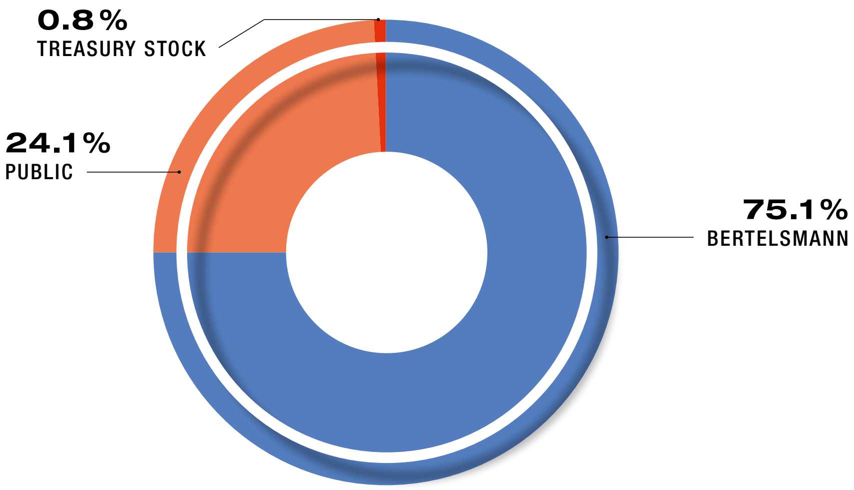
$$TSR = \frac{\text{[Closing share price at 31 December 2017]+[cumulative dividends paid from 1 January 2013 until 31 December 2017]}}{\text{[Share price as of 1 January 2013]}} - 1$$

$$TSR = \frac{€67.07 + €32.00}{€75.50} - 1 = 31.2\,\%$$

RTL GROUP SHAREHOLDING STRUCTURE[30]

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

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



30 As at 31 December 2017

Bertelsmann has been the majority shareholder of RTL Group since July 2001. As at December 2017, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were free float. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries.

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

RTL GROUP SHARE MASTER DATA

ISIN	LU0061462528
Exchange symbol	RRTL
WKN	861149
Share type	Ordinary
Bloomberg code	RRTL:GR
Reuters code	RRTL
Ticker	RRTL
Transparency level on first quotation	Prime standard
Market segment	Regulated market
Trading model	Continuous trading
Sector	Media
Stock exchanges	Frankfurt, Luxembourg, Brussels
Last total dividend	€4.00
Number of shares	154,742,806
Market capitalisation[30]	€10,378,599,998
52 week high	€75.80 (4 and 12 April 2017)
52 week low	€62.12 (7 September 2017)

INDICES

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

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

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

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

Market leading positions

- RTL Group is a global leader across broadcast, content and digital, with interests in 57 television channels and 31 radio stations, content production throughout the world and rapidly growing digital video businesses
- RTL Group has re-defined TV as 'Total Video' and has market-leading positions across the value chain of video production, aggregation, distribution and monetisation. With their families of channels, RTL Group's broadcasters are either number one or number two in the European markets in which they operate. FremantleMedia, RTL Group's production arm, is a global leader in content production. And with its recent digital investments, RTL Group is one of the front runners in the high-growth market of online video
- RTL Group acts from a position of strength in all three strategic areas: Broadcast, Content and Digital

Resilient top-line growth

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

Efficient cost structures and strict cost control

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

Strong and robust cash flows

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

Excellent investment position

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

Attractive dividend policy

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

Anchor shareholder Bertelsmann

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

Responsible corporate citizen

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

GENERAL MANAGEMENT STATEMENT ON THE FISCAL YEAR 2017 PERFORMANCE

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

Advertising markets across Europe were largely negative over the course of 2017. All European net TV advertising markets in RTL Group's territories were down year on year, with the exception of France and Spain.

Nonetheless, RTL Group's broadcasting business proved to be resilient – particularly at Mediengruppe RTL Deutschland and Groupe M6 which both reported record revenue. Across Europe, RTL Group's flagship channels remained number one or number two in their respective markets and target groups. In 2017, RTL Group's French TV and radio activities were combined into one, fully integrated company which enhanced the company's position in the digital media world.

Throughout the year, FremantleMedia increased creative diversity within the company – organically and through acquisitions. It invested into several production companies, securing talent and intellectual property in the process. With its high-end drama productions on screen in 2017 – *The Young Pope*, *American Gods* and *Charité* – FremantleMedia has positioned itself successfully as a high-quality drama producer with worldwide appeal. Additionally, the return of *American Idol* in 2018 is an important achievement for FremantleMedia and RTL Group. As one of the biggest independent production companies, FremantleMedia continues to focus on creative talent and on developing projects that will feed into their network.

RTL Group's digital revenue increased by 23.3 per cent to €826 million during 2017 – representing about 13 per cent of the Group's total revenue – as a result of both acquisitions and organic growth. With the business combination of SpotX and Smartclip which will be completed in 2018, RTL Group will build an independent global ad tech powerhouse.

For the full year 2017, RTL Group's revenue growth was slightly below its financial guidance (moderately up: 2.5 per cent to 5.0 per cent) with revenue up 2.2 per cent to €6,373 million. In terms of operating profit, the Group exceeded its guidance on EBITDA (slightly up: +1.0 per cent to +2.5) with EBITDA increasing by 3.8 per cent to €1,464 million. The EBITDA margin was healthy at 23.0 per cent. Overall, 2017 was a very positive financial year for RTL Group, with new record revenue, EBITDA and EBITA. RVA increased accordingly to €488 million.

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

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

REVIEW BY SEGMENTS

FULL-YEAR 2017

Revenue	2017 €m	2016 €m	Per cent change
Mediengruppe RTL Deutschland	2,319	2,214	+4.7
Groupe M6[31]	1,503	1,446	+3.9
FremantleMedia	1,472	1,500	(1.9)
RTL Nederland	475	495	(4.0)
RTL Belgium	191	202	(5.4)
Other segments	643	580	+10.9
Eliminations	(230)	(200)	–
Total revenue	**6,373**	**6,237**	**+2.2**

EBITDA	2017 €m	2016 €m	Per cent change
Mediengruppe RTL Deutschland	743	718	+3.5
Groupe M6[31]	389	400	(2.8)
FremantleMedia	140	129	+8.5
RTL Nederland	87	96	(9.4)
RTL Belgium	21	48	(56.3)
Other segments	84[32]	20	>100.0
Reported EBITDA	**1,464**	**1,411**	**+3.8**

EBITDA margins	2017 per cent	2016 per cent	Percentage point change
Mediengruppe RTL Deutschland	32.0	32.4	(0.4)
Groupe M6[31]	25.9	27.7	(1.8)
FremantleMedia	9.5	8.6	+0.9
RTL Nederland	18.3	19.4	(1.1)
RTL Belgium	11.0	23.8	(12.8)
RTL Group	**23.0**	**22.6**	**+0.4**

31 Groupe M6 2016 figures pro forma, including RTL Radio (France)
32 Other segments 2017 EBITDA includes a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

THREE MONTHS ENDED 31 DECEMBER 2017 (Q4/2017)

Revenue	Q4/2017 €m	Q4/2016 €m	Per cent change
Mediengruppe RTL Deutschland	746	713	+4.6
Groupe M6[33]	454	416	+9.1
FremantleMedia	489	538	(9.1)
RTL Nederland	145	148	(2.0)
RTL Belgium	56	61	(8.2)
Other segments	208	193	+7.8
Eliminations	(75)	(62)	–
Total revenue	**2,023**	**2,007**	**+0.8**

EBITDA	Q4/2017 €m	Q4/2016 €m	Per cent change
Mediengruppe RTL Deutschland	243	241	+0.8
Groupe M6[33]	125	117	+6.8
FremantleMedia	80	68	+17.6
RTL Nederland	41	36	+13.9
RTL Belgium	(2)	19	n.a.
Other segments	88[34]	27	>100.0
Reported EBITDA	**575**	**508**	**+13.2**

EBITDA margins	Q4/2017 per cent	Q4/2016 per cent	Percentage point change
Mediengruppe RTL Deutschland	32.6	33.8	(1.2)
Groupe M6[33]	27.5	28.1	(0.6)
FremantleMedia	16.4	12.6	+3.8
RTL Nederland	28.3	24.3	+4.0
RTL Belgium	–	31.1	–
RTL Group	**28.4**	**25.3**	**+3.1**

33 Groupe M6 2016 figures pro forma, including RTL Radio (France)
34 Other segments 2017 EBITDA includes a positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

MEDIENGRUPPE RTL DEUTSCHLAND

Financial results

Once again, Mediengruppe RTL Deutschland closed the year with a financial record: revenue increased by 4.7 per cent to €2,319 million (2016: €2,214 million), mainly driven by higher TV and digital advertising as well as platform revenue and the portfolio effect resulting from the acquisition of Smartclip. Accordingly, EBITDA was up from €718 million in 2016 to €743 million – an increase of 3.5 per cent – despite the challenging environment in which the German net TV advertising market was estimated to be down between 0.5 and 1.5 per cent. Mediengruppe RTL Deutschland clearly outperformed the TV advertising market.

	2017 €m	2016 €m	Per cent change
Revenue	2,319	2,214	+4.7
EBITDA	743	718	+3.5
EBITA	725	705	+2.8

Audience ratings

In 2017, the combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 increased to 28.9 per cent (2016: 28.7 per cent) – mainly due to strong performances from Nitro and RTL Plus. The German RTL family of channels significantly widened its lead over its main commercial competitor, ProSiebenSat1, to 4.5 percentage points (2016: 3.4 percentage points).

With an audience share of 11.3 per cent in the target group of viewers aged 14 to 59 in 2017 (2016: 11.9 per cent), **RTL Television** was the leading channel in the target group for the 25th consecutive year, well ahead of Sat1 (8.3 per cent), ZDF (8.2 per cent), ARD (7.7 per cent) and ProSieben (7.2 per cent). Once again, RTL Television was the only channel with a double-digit audience share in this demographic.

RTL Television's most-watched programme in 2017 was the Northern Ireland versus Germany World Cup qualifier on 5 October 2017, which attracted an audience share of 30.2 per cent among viewers aged 14 to 59 and 9.54 million total viewers. The Formula One season was another sporting highlight, watched by an average 24.3 per cent of viewers aged 14 to 59. The 11th season of *Ich bin ein Star – Holt mich hier raus!* (I'm a Celebrity – Get Me Out of Here!) was once again a highlight in January, with an average audience share of 36.3 per cent in the target group of viewers aged 14 to 59 (2016: 37.3 per cent). Another highlight was the tenth season of *Let's Dance*, which drew a total 3.96 million viewers, representing an audience share of 16.3 per cent in the target group (14 to 59).

In fiction, RTL Television launched new comedy series such as *Magda macht das schon!,* which gained an average audience share of 15.0 per cent in the target group 14 to 59, making it the best launch for a German weekly series in 2017. One of the most popular series on RTL Television in 2017 was *Der Lehrer* with an average audience of 14.2 per cent in the target group of viewers aged 14 to 59. Also popular was the 13th season of *Bauer sucht Frau* (The Farmer Wants A Wife). Broadcast in autumn 2017, the show was watched by an average 5.46 million viewers – an audience share of 17.9 per cent in the target group of viewers aged 14 to 59.

Thanks to its array of popular, award-winning programmes, in 2017 **Vox** successfully maintained the high ratings it achieved the previous year, scoring a 6.8 per cent audience share in the target group of viewers aged 14 to 59, and a total audience share of 5.1 per cent, putting it clearly ahead of its competitor, ProSieben, for the second consecutive year.

One of the channel's most popular formats in 2017 was *Die Höhle der Löwen* (Dragons' Den), the show featuring budding entrepreneurs, which generated an average audience share of 14.7 per cent among viewers aged 14 to 59. The music show *Sing meinen Song – Das Tauschkonzert* set a new all-time record with an average audience share of 11.8 per cent (14 to 59) for the show's fourth season – its most successful yet. The final season of the hit series *Club der roten Bänder* (The Red Bracelets) also generated high ratings again, with an average audience share of 11.2 per cent of the 14 to 59 year old target audience.

In 2017, **RTL Plus** strongly increased its audience share to 1.1 per cent in the 14 to 59 target demographic (2016: 0.4 per cent, launch in June 2016). It is the most popular channel among the recently launched channels in Germany and recorded the strongest growth of all channels in Germany. In its main target group, women aged 40 to 64, RTL Plus achieved an audience share of 1.5 per cent (2016: 0.9 per cent, launch in June 2016).

The news channel **N-TV** attracted 1.1 per cent of both the total audience and viewers in the 14 to 59 demographic (2016: 1.1 per cent). During the German election year of 2017, N-TV informed viewers with numerous special news broadcasts, live reports and talk shows. Its breaking news and up-to-the-minute reporting of the G20 summit in Hamburg also drew large audiences. In the mornings (9:00 to 12:00), N-TV once again maintained its leading position among news channels, expanding its market share to 2.2 per cent of the total audience (up from 1.9 per cent in 2016).

Nitro attracted an average 2.1 per cent of the target group of viewers aged 14 to 59 (2016: 1.7 per cent) and 2.4 per cent of male viewers in the same age group (2016: 1.9 per cent). The male-focused channel remained one of the most popular digital free-to-air TV channels of the third and fourth

"Our focus on exclusive, local content clearly distinguishes us from our competitors and is a key success factor. Consequently, we were able to increase our audience and advertising market share in 2017. In 2018, we will systematically pursue this strategy and continue to rely on exclusive programmes produced in-house."

ANKE SCHÄFERKORDT,
CEO Mediengruppe RTL Deutschland

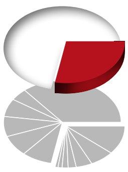
generation in the target group. On 13 November 2017, Nitro achieved a new record, attracting 2.89 million total viewers (3.1 per cent of the total audience) with the live broadcast of the Italy versus Sweden World Cup qualifier – the highest daily audience share in the channel's history.

Super RTL retained the title of Germany's most popular children's channel with an audience share of 21.5 per cent in the target group of three to 13 year olds in the time between 6:00 and 20:15 (2016: 20.6 per cent), ahead of competitors Kika (19.2 per cent), the Disney Channel (9.1 per cent) and Nickelodeon (7.8 per cent). The new series *Super Toy Club* and *Trollhunters* attracted average audience shares of 19.8 and 18.9 per cent of the target group, respectively. The prime-time film *Despicable Me* was watched by 6.0 per cent of viewers aged 14 to 59.

In the target group of viewers aged 14 to 59, **RTL II** achieved an average audience share of 4.5 per cent (2016: 4.9 per cent) and also clearly positioned itself as the leading reality-oriented broadcaster. With its social documentary series *Armes Deutschland – Stempeln oder abrackern*, which achieved a 7.5 per cent audience share and *Hartz & herzlich* with a 7.1 per cent audience share (14 to 59), the channel was able to generate considerable interest and sympathy for the plight of the programmes' protagonists. The reality shows *Naked Attraction*

National audience breakdown

Source: GfK. Target: 14–59 | 2017 (%)



	2017 (%)
RTL Television	11.3
Vox	6.8
RTL II	4.5
Nitro	2.1
Super RTL	1.7
N-TV	1.1
RTL Plus	1.1
Sat 1	8.3
ZDF	8.2
ARD	7.7
Pro 7	7.2
Kabel 1	4.7
Others	35.3

(14 to 59: 8.7 per cent) and *Love Island* (14 to 59: 4.6 per cent) were also popular. Even after several years on air, *Berlin – Tag & Nacht* and *Köln 50667* generated audience shares of 6.1 and 5.6 per cent respectively in the 14 to 59 target group.

Digital and diversification activities

Mediengruppe RTL Deutschland's on-demand service **TV Now**, its TV sites, thematic websites, YouTube channels, Facebook pages and the new video streaming service **Watchbox** generated a total of 1,590 million video views of professionally produced content in 2017, up 32 per cent (2016: 1,200 million). Mediengruppe RTL Deutschland also recorded more than 31 million Facebook fans in 2017 with its channel, format and digital pages – no other German media company has more fans.

In July 2017, Mediengruppe RTL Deutschland, ProSiebenSat.1 Media SE, and United Internet AG announced that they are teaming up to form a 'Login Alliance', a foundation to strengthen the German digital economy. Zalando SE will be the first partner to adopt this solution. In taking this step, the companies are making progress to adapt their platforms to the new European data protection standards, before they launch in May 2018.

In September 2017, Mediengruppe RTL Deutschland announced that Spiegel Media – Spiegel Group's advertising sales house – has joined Gruner + Jahr and Mediengruppe RTL Deutschland as a new partner in **Ad Alliance**, the advertising sales alliance established in summer 2016. The advertising sales houses of the Ad Alliance reach 99 per cent of the German population each month.

Also in September 2017, Mediengruppe RTL Deutschland announced that the individual advertising sales houses of the Ad Alliance will pool their strengths to form a number of competence centres. The concept will initially be rolled out by **G+J EMS**, **IP Deutschland** and **Smartclip**, each of which will transfer its advertising sales rights to the relevant competence centre. Smartclip joined the in-stream competence centre alongside IP Deutschland, where it is responsible for all out-stream advertising sales and also handles non-ad-based product advertising sales in the fast-growing domain of Addressable TV.

GROUPE M6

Financial results

The French TV advertising market was estimated to be stable year-on-year, with Groupe M6's channels outperforming the market. In 2017, Groupe M6's revenue was up to €1,503 million (2016: €1,446 million), mainly due to higher TV advertising revenue and the scope entry of the cashback platform iGraal. Groupe M6's EBITDA was down to €389 million (2016: €400 million), mainly due to the positive one-off effect from the settlement of the M6 Mobile contract amounting to €42 million in 2016. Adjusted for this effect, EBITDA was up 9 per cent, underlining the strong operating performance of the unit.

	2017[35] €m	2016[36] €m	Per cent change
Revenue	1,503	1,446	+3.9
EBITDA[37]	389	400	(2.8)
EBITA	255	257	(0.8)

Corporate

On 1 October 2017, Groupe M6 finalised the acquisition of the entire share capital of RTL Radio (France), including the radio stations RTL Radio, RTL 2 and Fun Radio, their sales house IP France, RTL net and RTL Spécial Marketing. Accordingly, RTL Radio (France) will be consolidated under Groupe M6 in any financial statements going forward.

Audience ratings

Groupe M6's combined audience share[38] was up to 22.3 per cent in the key commercial target group of women under 50 responsible for purchases (2016: 22.2 per cent), thanks to higher audience shares from W9 and 6ter.

Flagship channel **M6** retained its status as the second most-watched channel in France among women under 50 responsible for purchases, with an average audience share of 15.7 per cent (2016: 16.0 per cent).

M6 progressed with its major programming brands such as *L'Amour est dans le Pré* (The Farmer Wants a Wife), *Top Chef* or *Le Meilleur Pâtissier* (The Best Baker), while access prime time programming with *Scènes de Ménages, Les Reines du Shopping* (Shopping Queen) and *Chasseurs d'Appart* continued to perform well. *Le 19h45* remained the second most popular news show among women under 50 responsible for purchases. The news magazines *Zone Interdite* and *Capital* achieved their best audience figures since 2009.

W9's audience share increased to an average 4.0 per cent among women under 50 responsible for purchases (2016: 3.8 per cent) – and was the second most-watched DTT channel in France in this demographic. This is the result of good ratings in various genres, including sports (live broadcasts of Uefa Europa League football matches), magazines (*Enquête d'action* and *Enquêtes Criminelles*), movies, reality TV shows (*Les Marseillais South Africa*, *Les Ch'tis vs Les Marseillais*) and musical documentaries.

35 Financial figures for Groupe M6 including RTL Radio (France)
36 Financial figures for Groupe M6 pro-forma including RTL Radio (France)
37 The large difference between EBITDA and EBITA is due to the significant impact of long-running rights held by SNS which are classified as depreciation
38 free-to-air channels only

"2017 was a special year for Groupe M6: we celebrated its 30th anniversary and realised a major operation with the acquisition of RTL Radio, RTL 2 and Fun Radio. An acquisition that is in line with our history and reinforces our strategy of building a Group with well-positioned TV channels, radio stations and diversified revenue sources."

NICOLAS DE TAVERNOST,
Chairman of the Management Board of Groupe M6

National audience breakdown

Source: Médiamétrie. Target: women < 50 responsible for purchases — 2017 (%)

	2017 (%)
M6	15.7
W9	4.0
6ter	2.6
TF1	22.1
France 2	8.3
TMC	4.3
C8	3.8
France 3	3.7
NT1	3.5
France 4	2.0
Canal Plus	0.9
Others	29.1

6ter remained the leading HD DTT channel among the commercial target group for the fourth consecutive year, attracting an average audience share of 2.6 per cent (2016: 2.4 per cent), which ranks it fifth among all DTT channels. The most popular broadcasts of 2017 included its original productions *Norbert commis d'office* and *Départ immédiat* as well as movies and TV series. With the movie *La Mélodie de Noel*, 6ter scored the best audience figure in the channel's history: 978,000 viewers.

2017 was the best year ever for **Paris Première** which remained the most-watched pay channel with a total audience share of 0.5 per cent. **Téva** has remained the leading pay-TV channel in the target group of women under 50 responsible for purchases for seven years.

Audience ratings – Radio

The RTL radio family of stations registered a consolidated audience share of 19.4 per cent among listeners aged 13 and older in the latest measurement, covering November/December 2017. Its flagship station, **RTL Radio**, was the leading station in France for the 15th consecutive year. With an average audience share of 13.1 per cent (November/December 2016: 12.6 per cent), RTL Radio remained ahead of the next commercial competitors NRJ and RMC by 6.7 and 6.9 percentage points respectively.

The pop-rock station **RTL 2** achieved an average audience share of 2.7 per cent in 2017 (2016: 2.5 per cent), while **Fun Radio** registered an average audience share of 3.6 per cent in 2017 (2016: 4.2 per cent).

Digital and diversification activities

At the end of 2017, Groupe M6's VOD offer **6play** recorded about 20 million registered users and registered 1.3 billion online videos views (2016: 1.2 billion), driving digital advertising revenue.

The film distributor **SND** had several hits in its portfolio in 2017, including *La La Land*, *Seven Sisters*, *Lion* and *A bras ouverts*. In total, 10.7 million cinema tickets were sold for one of SND's movies (2016: 10.5 million).

FREMANTLEMEDIA

Financial results

Revenue of FremantleMedia – RTL Group's content production arm – decreased slightly to €1,472 million in 2017 (2016: €1,500 million), mainly due to unfavourable exchange rate effects amounting to €29 million. In contrast, EBITDA increased to €140 million (2016: €129 million), reflecting higher profit contributions from the businesses in North America and Europe. The EBITDA margin improved to 9.5 per cent (2016: 8.6 per cent).

	2017 €m	2016 €m	Per cent change
Revenue	1,472	1,500	(1.9)
EBITDA	140	129	+8.5
EBITA	120	110	+9.1

Production business

In 2017, FremantleMedia's global network of production companies saw hours broadcast increase by 5 per cent to 12,553 hours (2016: 11,981 hours); the total number of FremantleMedia programmes broadcast worldwide grew by 6 per cent to 447 (2016: 423) and the number of formats aired increased by 3 per cent to 63 (2016: 61). Combined with FremantleMedia International's sales catalogue of more than 20,000 hours of programming sold to over 200 territories, FremantleMedia remains one of the largest creators and distributors of award-winning international programme brands in the world.

Non-scripted

In February, US game show *Family Feud* hit a new record high, with its best performance in over 20 years, achieving a 7.7 household[39] rating, and ranking as the number one game show in syndication for the 2016/17 season across all key demographics.

With an average audience of 15.8 million viewers and a total audience share of 16.4 per cent, the 2017 season of *America's Got Talent* achieved the show's best ever ratings, making it the highest rated entertainment series of the year in the US.

In the Netherlands, the second series of *The Farmer Wants A Wife International* was watched by an average audience of 4.1 million viewers, up 10 per cent on the first series aired in 2013, ranking as the highest rated programme of the year.

Britain's Got Talent attracted an average audience of 9.5 million viewers and a total audience share of 39.8 per cent, resulting in an audience share of 49.8 per cent among adults aged 16 to 34. *Britain's Got Talent* ranked as ITV's second highest rated entertainment show of the year.

In May, ABC announced an agreement with FremantleMedia North America (FMNA) and 19 Entertainment, a division of Core Media Group, to bring back *American Idol* – television's most successful and recognised music competition – for the 2017/18 season. It was later announced that Katy Perry, Lionel Richie and Luke Bryan will be the show's judges, and that Ryan Seacrest will return as the series host.

In July, new FremantleMedia format *Get The F*ck Out Of My House (A Casa)* achieved the highest rated launch of 2017 to date when it premiered on Brazilian broadcaster, RecordTV. *A Casa*'s launch week averaged 26 per cent above the launch week of the previous show in the slot. It has been recommissioned for a second series.

The primetime edition of *Wer Weiß Denn Sowas? XXL* hit a new high of 6.7 million viewers on 30 December, resulting in a total audience share of 21.7 per cent and ranking it as the number one game show in Germany in 2017. On average, *Wer Weiß Denn Sowas?* Scored an audience share of 20.8 per cent.

39 Number of households watching the show expressed as a percentage of the total TV household population

Scripted

American Gods, produced by FremantleMedia North America (FMNA), premiered on the US pay-TV channel Starz on 30 April, and has been available in more than 200 territories since 1 May through Amazon Prime Video. The critically acclaimed series was Starz's highest ever new series launch. The home entertainment release took the UK number one spot in the TV New Release chart in its first week, and in December 2017 the show secured Critics Choice Awards nominations for Best Drama Series, Best Actor in a Drama (Ian McShane) and Best Supporting Actress in a Drama (Gillian Anderson). A second season was commissioned and in February, FMNA secured an exclusive multi-year agreement with *American Gods*' award-winning author Neil Gaiman, giving FMNA first look to adapt any of his works for television.

With an audience of 7.5 million viewers and a total audience share of 23.3 per cent, **UFA Fiction**'s six-part historical drama *Charité* was the number one drama series in Germany in 2017. A second series has been commissioned, and began filming in December.

FremantleMedia International

In July, *Picnic at Hanging Rock* was announced as the latest series to be added to the Amazon Prime Video US line-up following a deal with FremantleMedia International. Produced by FremantleMedia Australia, the series will have its world premiere on Foxtel in Australia in 2018.

Number of hours broadcast

Programmes	2017	2016
New	3,020	2,093
Returning	9,533	9,888
Total	12,553	11,981

"In 2017, we continued to diversify our creative pipeline, with a bold and ambitious scripted strategy. Producing innovative and scalable programming, maintaining the highest production values and partnering with the best creatives in the business remained a priority, and has allowed us to deliver strong profit growth in a highly competitive market."

CÉCILE FROT-COUTAZ,
CEO FremantleMedia

Digital & Branded Entertainment

In 2017, content produced by FremantleMedia attracted 282 million fans across YouTube, Facebook, Twitter and Instagram (up from 199 million in 2016). During the year, FremantleMedia's content had a total of 26.2 billion views on YouTube (up from 19 billion 2016) and 57 million subscribers across 296 channels (up from 40 million subscribers across 256 channels in 2016).

As well as seeing tremendous ratings growth, *America's Got Talent* also set digital records, garnering more than 2.6 billion views across Facebook, YouTube and Twitter combined. With 263 million video views to date, Darci Lynne's Golden Buzzer audition became the world's number one Facebook video, the world's number one TV clip uploaded to Facebook in 2017, and the most-viewed FremantleMedia Facebook clip of all time.

RTL NEDERLAND

Financial results

The Dutch TV advertising market remained under pressure during 2017, and was estimated to be down 5.1 per cent year on year. Accordingly, RTL Nederland's revenue decreased to €475 million (2016: €495 million). This, along with higher investment in the SVOD platform Videoland, resulted in an EBITDA down 9.4 per cent to €87 million (2016: €96 million).

	2017 €m	2016 €m	Per cent change
Revenue	475	495	(4.0)
EBITDA	87	96	(9.4)
EBITA	73	85	(14.1)

Audience ratings[40]

In 2017, **RTL Nederland**'s channels reached a combined prime-time audience share of 31.1 per cent in the target group of viewers aged 25 to 54 – down from 32.0 per cent in 2016. RTL Nederland's channels remained clearly ahead of the public broadcasters (25.0 per cent) and the SBS group (19.9 per cent).

RTL Nederland's flagship channel, **RTL 4**, scored an average prime-time audience share of 18.2 per cent in the target group of shoppers aged 25 to 54 (2016: 18.5 per cent). RTL 4 retained its strong position with the talent theme with *The Voice Of Holland* at the start of the year (35.5 per cent) and the beginning of a new season in autumn (42.2 per cent), *Dance Dance Dance* (34.4 per cent), *Holland's Got Talent* (30.7 per cent) and *Voice Kids* (28.9 per cent).

The channel launched some new programmes successfully throughout the year, including *Ontvoerd* (22.7 per cent), *Oh Wat Een Jaar* (35.5 per cent), *Gordon Gaat Trouwen Maar Met Wie* (27.7 per cent), *& Chantal* (26.2 per cent) and the new drama series *Meisje Van Plezier* (22.2 per cent). Its access prime-time line-up – which includes *RTL Boulevard*, *Goede Tijden, Slechte Tijden* and *RTL Nieuws* – delivered strong ratings once again.

RTL 5's prime-time audience share was 4.7 per cent in the key target group of viewers aged 25 to 39 (2016: 5.5 per cent). Dutch productions are still the most popular shows on the channel. On Thursdays, *Expeditie Robinson* performed well, with an average share of 32.0 per cent. New launches included *Beruchte Gevangenissen Ewout In De Cel* (11.8 per cent) and *Peter Jan En Virginia Doen Ze 'T Of Doen Ze 'T Niet* (10.2 per cent).

Men's channel **RTL 7** scored an average prime-time audience share of 7.0 per cent among male viewers aged 20 to 54 (2016: 6.7 per cent). Sports remained the most popular programmes on RTL 7, including the Darts World Cup 2017 in January – with an audience share of 42.7 per cent for the final – and Uefa Europa League football matches. On 24 May, 64.4 per cent of male viewers tuned in for the final between Ajax and Manchester United – a new record.

40 Since January 2018, RTL Nederland focuses on the key commercial target group of viewers aged 25 to 54. This move recognises the needs of the advertisers and changes in viewing behaviour. The target groups of RTL Nederland's channels have been amended accordingly.

"Despite the market being under pressure, we have continued our investments in content on both TV and digital. This has resulted in a rapid growth of our digital activities, especially our VOD platform Videoland."

SVEN SAUVÉ,
CEO RTL Nederland

Women's channel **RTL 8** attracted an average prime-time audience share of 3.9 per cent among female viewers aged 35 to 59 (2016: 3.8 per cent), with female-skewed movies and thrillers being among the most popular broadcasts. *A Perfect Plan* was the most-watched movie, with an audience share of 13.5 per cent, followed by *Code 37* with an audience share of 12.9 per cent.

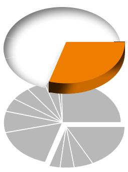
RTL Z recorded an audience share of 1.0 per cent in the demographic of the upper social status aged 25 to 59 (2016: 0.7 per cent). *Undercover Boss* and *Profit* were the most-watched series, with an average audience share of 1.3 per cent.

Digital and diversification activities
RTL Nederland's platforms and partners generated a total of 2,077 million video views[41] in 2017 – up 37 per cent from 1,517 million in 2016. The most popular formats were *Goede Tijden, Slechte Tijden*, *The Bold and the Beautiful*, *RTL Nieuws* and *RTL Late Night*.

RTL Nederland's SVOD service **Videoland** strongly grew its subscriber base – by 78 per cent compared to 2016.

On average RTL Nederland's video content generates 173 million monthly video views on the Dutch RTL websites and syndicated partner sites such as YouTube and RTL MCN.

National audience breakdown
Source: SKO. Target: 25 – 54 (18 – 24h)



	2017 (%)
RTL 4	**17.7**
RTL 7	**5.1**
RTL 5	**4.0**
RTL 8	**3.1**
NPO 1	16.4
SBS 6	8.3
Veronica	5.4
Net 5	5.1
NPO 3	5.0
NPO 2	3.7
SBS 9	1.1
Others	25.1

41 Playlist starts

RTL BELGIUM

Financial results

Against the background of a declining TV advertising market that was estimated to be down 5.8 per cent year on year, RTL Belgium's revenue decreased to €191 million (2016: €202 million). EBITDA was below the previous year at €21 million (2016: €48 million), reflecting significant one-off effects with regards to the transformation plan #evolve.

	2017 €m	2016 €m	Per cent change
Revenue	191	202	(5.4)
EBITDA	21	48	(56.3)
EBITA	16	43	(62.8)

Audience ratings

In 2017, **RTL Belgium** celebrated its 30th anniversary. In its anniversary year, RTL Belgium recorded the best start to the season since 2006. Throughout the year, the Belgian family of channels attracted a combined audience of 36.9 per cent of shoppers aged 18 to 54 (2016: 36.2 per cent), maintaining its position as the market leader in French-speaking Belgium, and increasing its lead over the public channels to 18.4 percentage points (2016: 15.8 percentage points).

The flagship channel **RTL-TVI** grew its audience share to 26.7 per cent in prime time among shoppers aged 18 to 54 (2016: 26.4 per cent) – 11.8 percentage points ahead of the number two channel, French broadcaster TF1, and 13.7 percentage points ahead of the Belgian public broadcaster La Une.

The most watched programme of the year on RTL-TVI was *GuiHome vous détend sur scène* which scored an average total audience share of 44.1 per cent. Also popular were the news show, *RTL Info 19h*, with an average audience share of 39.4 per cent, and *Face au Juge*, with an audience share of 42.1 per cent. *L'amour est dans le pré* scored an average audience share of 37.9 per cent in the target group of shoppers aged 18 to 54. 2017 was also marked by the successful launch of new own productions, across all time slots, including docusoaps *Les Enfants de Cupidon*, *Steph fait le job*, *La décision* and *Face cachée*. The new original daily TV programme *Les As de la Déco*, launched in September, also proved successful, attracting an average audience share of 30.6 per cent, and boosting RTL-TVI's global afternoon audience.

Club RTL recorded an audience share of 6.7 per cent among male viewers aged 18 to 54 (2016: 6.3 per cent). Football remains one of the most popular broadcasts on the channel through a wide choice of matches and competitions (Champions League, Europa League, the Belgian Cup and the new acquisition: Italian Serie A). The 2017 Champions League broadcasts attracted an average 15.7 per cent of men aged 18 to 54.

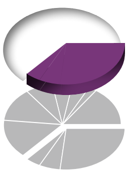
Plug RTL reported a prime-time audience share of 5.9 per cent among 15 to 34-year-old viewers (2016: 6.2 per cent). The most popular programmes were the talk show *Touche pas à mon poste* (8.3 per cent) and *Secret Story Quotidienne* (17.0 per cent).

According to CIM audience surveys for 2017, which combine all three waves of 2017, **Bel RTL** and **Radio Contact** achieved audience shares of 13.0 and 13.4 per cent respectively (2016: 14.4 and 15.4 per cent respectively), among listeners aged 12 years and over.

"In a market that had to deal with major changes, RTL Belgium succeeded in increasing its leadership despite strong competition. On its 30th anniversary, RTL Belgium demonstrates all the strength of its brands and its deep commitment to the Belgian public."

PHILIPPE DELUSINNE,
CEO RTL Belgium

French-speaking Belgium audience breakdown
Source: Audimétrie. Target: shoppers 18 – 54 (17 – 23h)



	2017 (%)
RTL-TVI	26.7
Club RTL	5.9
Plug RTL	4.3
TF1	14.9
La Une	13.0
AB 3	7.5
La Deux	5.5
France 2	4.9
France 3	2.2
Others	15.1

Digital and diversification activities

In 2016, for the first time, the CIM decided to quantify the audience of the media video players in its surveys. According to this method, RTL Belgium's websites reached 45 million video views, driven by news, football content and major TV shows.

The number of *RTL.be* visits remained steady, with 281,458 daily visitors (2016: 290,684).

RTL Info remains the leading French-speaking news application, with a 25 per cent growth in daily unique users – an average of 116,132 (2016: 92,861).

OTHER SEGMENTS

This segment mainly comprises the fully consolidated businesses RTL Hungary, RTL Croatia, RTL Group's Luxembourgish activities, the German radio business and the investment accounted for using the equity method, Atresmedia in Spain. It also includes RTL Group's digital assets – SpotX, BroadbandTV, StyleHaul and Divimove.

Total consolidated revenue of **RTL Hungary** was up to €110 million (2016: €104 million) mainly driven by higher platform revenue from the main channel, RTL Klub. EBITDA was up by 53 per cent to €23 million (2016: €15 million), mainly due to a re-claim of over-paid advertising tax. The Hungarian net TV advertising market was estimated to be down 2.5 per cent in 2017.

The combined prime-time audience share of the RTL family of channels in the key demographic of 18 to 49-year-old viewers was 31.2 per cent (2016: 34.3 per cent). The prime-time audience share of **RTL Klub** decreased to 16.4 per cent (2016: 18.6 per cent) though the Group's Hungarian flagship channel remained the clear market leader, 6.1 percentage points ahead of its main commercial competitor TV2 (2016: 8.8 percentage points).

During the year, RTL Klub won 327 prime time evenings in the target group (2016: 304 evenings). The most popular programmes were *The X-Faktor* with an average audience share of 28.8 per cent in the target group, and the locally produced comedy series *Mi kis Falunk* (Our little village) with an average audience share of 31.3 per cent. The second series of *Válótársak* (Divorce) reached an average 20.4 per cent. The main news programme *Híradó* recorded an average audience share of 19.5 per cent (2016: 19.0 per cent).

RTL Hungary's **cable channels** achieved a combined prime-time audience share of 14.8 per cent among viewers aged 18 to 49 (2016: 15.7 per cent), even though the competition launched some 20 new channels in 2017. With a prime-time audience share of 5.1 per cent in the target group (2016: 5.1 per cent), Film+ was the leading cable channel in Hungary.

RTL Hungary's online portfolio generated a total of 57 million video views of long and short-form content in 2017 (2016: 92 million) – 30 million of which were recorded on the catch-up platform RTL Most. With a monthly average of 702,000 active users (2016: 786,000 real users), RTL Hungary's online portfolio remains the biggest local TV online video portfolio with owned and licensed content.

"I believe we understand the exact needs of the Hungarian market and the fine transitions and changes in the viewers' behaviour and of course our partners' expectations. Therefore, I am confident that RTL Hungary will maintain its market leader position in 2018 despite the ever competitive and fierce market environment."

GABRIELLA VIDUS,
CEO RTL Hungary

National audience breakdown

Source: AGB Hungary. Target: 18–49 (prime time) — 2017 (%)

RTL Klub	16.4
Film Plusz	5.1
Cool	3.9
RTL II	2.8
TV 2	10.3
Super TV 2	4.0
Viasat 3	2.6
Others	54.9

"While the advertising market proved difficult in 2017, RTL Croatia had a good year overall. We continued to grow our TV and online audiences as well as revenues."

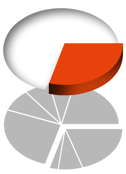
HENNING TEWES,
CEO RTL Croatia

In Croatia, the net TV advertising market was estimated to be down 6.5 per cent. **RTL Croatia** performed better than the market and increased its revenue to €40 million (2016: €38 million). EBITDA was down to €2 million (2016: €3 million), mainly reflecting higher cost.

RTL Croatia's channels achieved a combined prime-time audience share of 29.7 per cent in the target audience aged 18 to 49 (2016: 28.6 per cent), up 1.1 percentage points. The flagship channel, **RTL Televizija**, increased its prime-time audience share by 2 percentage points, to 20.2 per cent of 18 to 49 year olds (2016: 18.2 per cent).

National audience breakdown

Source: AGB Nielsen Media Research. Target: 18–49 (prime time)



	2017 (%)
RTL Televizija	20.2
RTL 2	7.0
RTL Kockica	2.4
Nova	26.4
Doma	8.6
HTV 1	7.1
HTV 2	7.1
Others	21.2

Local production remained a cornerstone of the channel's programming. The year started with the Men's Handball World Championship in France which attracted an average audience share of 40.5 per cent across 18 live matches, while the match between Norway and Croatia was watched by 62.9 per cent of 18 to 49 year-old viewers.

In spring, the eighth season of *Ljubav je na selu* (The Farmer Wants A Wife) scored an average audience share of 24 per cent. *Super ljudi* (Super Human), a show about people with extraordinary capabilities, recorded an average audience share of 23.2 per cent, while the casting show *Zvijezde* (Stars) achieved an average audience share of 22.5 per cent. The local adaptation of the format *Živon na vagi* (The Biggest Loser) was broadcast in two seasons: the first attracting an average of 22.8 per cent, increasing to 26.2 per cent for season two. The in-house developed cooking format *Tri, dva, jedan kuhaj* (Three, Two, One – Cook) drew an average of 21.0 per cent of the target audience in spring, and 21.5 per cent in autumn. The news bulletin *RTL Direkt*, broadcast Mondays to Thursdays, achieved 21.1 per cent (2016: 18.7 per cent) – an increase of 2.4 percentage points – while main news *RTL Danas* had 21 per cent on average (2016: 19.9 per cent) representing an increase of 1.1 percentage points. Meanwhile, the new investigative magazine *Potraga* (Search), broadcast Mondays to Fridays, achieved 16.5 per cent.

RTL 2 experienced a slight decrease in its prime-time audience share to 7.0 per cent (2016: 7.4 per cent), while the children's channel, **RTL Kockica**, increased its average audience share among children aged 4 to 14 between 7:00 and 20:00 to 23.3 per cent (2016: 19.4 per cent).

In 2017, RTL Croatia continued its digital growth strategy and expanded its portfolio of websites. The digital network was strengthened by the launch of new regional websites and portals dedicated to sport and travel content, including February 2017 saw the launch of the entertainment and lifestyle websites *Tabloid* and *Život i stil*.

Overall, RTL Croatia increased its digital reach to generate almost 1.3 million unique users in December 2017, putting it in the top five domestic publishers in Croatia for total reach. The channel also increased its total number of page views by 243 per cent, and video views by 3 per cent.

The business also established RTL Music during the year, a new company focusing on music publishing and concert organisation.

"2017 was once again a very good year for the RTL Luxembourg family. We remain the leading media brand in the Grand Duchy of Luxembourg, and with the launch of RTL You – a new product to attract a younger audience – we added another highly complementary string to RTL Luxembourg's bow."

CHRISTOPHE GOOSENS,
CEO RTL Luxembourg

In 2017, **RTL Luxembourg** again reinforced its position as the leading media brand in the Grand Duchy of Luxembourg. Combining its TV, radio and digital activities (all three of which appear in the top five media ranking in Luxembourg), the RTL Luxembourg media family achieved a daily reach of 84.0 per cent (2016: 83.8 per cent) of all Luxembourgers aged 12 and over.

Remaining the number one station listeners turn to for news and entertainment, **RTL Radio Lëtzebuerg** reaches 199,800 listeners each weekday (2016: 194,100), while the TV channel **RTL Télé Lëtzebuerg** attracts 129,500 viewers each day (2016: 146,100), representing a prime-time audience share of 44.7 per cent of Luxembourgish viewers aged 12 and over, Monday to Friday, 19:00 to 20:00 (2016: 49.8 per cent). With the growth of online video viewers, the audio-visual content on *RTL.lu* and *5minutes.lu* achieved an average of 18,338 video views per day (a monthly average of 558,862 video views)[42].

In 2017, one of the TV and livestream highlights of the year was the live broadcast from the Wimbledon tennis tournament of the match between Gilles Muller and Rafael Nadal. The match that brought Muller to his first Wimbledon quarter-final was watched by 36.2 per cent of all Luxembourgers aged 12 and over (source: TNS, Sports on TV).

In June, RTL Luxembourg launched the video platform and application **RTL You**. Aimed at a younger target group, RTL You offers a creative video platform and community to Luxembourg vloggers and currently offers 29 different channels (including comedy, education, beauty, photography, and gaming). Since its launch, RTL You has registered 654,618 page views[43].

RTL.lu continues to be the country's most visited website, with a daily reach of 41.0 per cent among Luxembourgers aged 12 and over (2016: 37.5 per cent). With the evolution of the *5minutes.lu* website and its applications, RTL Luxembourg strengthened its position in the French-speaking market in Luxembourg, in Belgium (Luxembourg Province), and in France (Lorraine).

In 2017, **Broadcasting Center Europe** (BCE) finalised the move of the technical infrastructure to RTL Group's new corporate centre, RTL City – the first full IP-based infrastructure for radio and TV broadcast, production and distribution.

BCE also welcomed Altice Group to its premises. The company broadcasts seven channels in HD and 4K, while BCE oversees the distribution and management of the group's post-production files.

In Switzerland, BCE was selected by the world's governing body for Equestrian Sport (FEI) for the digitisation of their archives, the development of a distribution platform for content re-use, and the live transmission of their events to the US.

In Africa, Magic Movies, a member of Côte Ouest Group, selected BCE's Cloud traffic solution for its French and English channels. The solution was implemented remotely from Luxembourg, allowing a fast transition for the group's channels.

Following previous installations in Rwanda, BCE integrated two new FM radio transmitters for Kigali Today, Rwanda's leading radio station, to give the channel complete coverage of the country. In Ethiopia, BCE provided maintenance services as well as training to the Ethiopian public broadcaster, EBC.

42 Source: IP Luxembourg
43 Source: Google Analytics

"The German radio portfolio continues to perform well in the challenging audio market. We created new listening experiences for our leading channels, and our new digital products enable us to reach more people than ever on all different platforms."

STEPHAN SCHMITTER,
CEO RTL Radio Deutschland

RTL Radio Deutschland reported revenue of €48 million in 2017 (2016: €53 million) and EBITDA of €7 million (2016: €10 million). Despite an outstanding national and regional sales performance, revenue dropped by 9 per cent, caused by a general loss in reach in the target group. One-off restructuring charges and infrastructural investments also had a negative impact on the 2017 results.

Radio usage in Germany fell slightly, reaching 78.3 per cent of the adult population (down 0.5 percentage points) and 74.5 per cent of listeners aged 14 to 49 (down 2.5 percentage points) each day. RTL Group's German radio portfolio outperformed the market (by 2.9 per cent), mainly as a result of the increasing reach of Antenne Niedersachsen (Lower Saxony) and the broadcasting centers in Berlin and Saxony-Anhalt.

104.6 RTL retained its pole position in Germany's most competitive radio market, Berlin, which has around 30 FM stations, while **105.5 Spreeradio** remained stable in the same market. **Radio Center Berlin** supplemented its Berlin portfolio and increased reach to its advertising customers, as a result of a new marketing cooperation with a leading local radio broadcaster with a focus on rock music.

Antenne Niedersachsen increased reach within its target group (up 9.5 per cent) and the total market (up 24.9 per cent). Germany's most popular radio station – Antenne Bayern – maintained its high reach with one million listeners per day. The broadcasting center in Saxony-Anhalt (Funkhaus Halle) also made great progress in 2017: **89.0 RTL** expanded within its target group by 16.5 per cent while **Radio Brocken** won 8.2 per cent.

The digital unit, **Digital Media Hub** (DMH), has been positioned as a strategic and technical partner for radio stations, and is bundling online development activities for various stations within the German RTL Radio portfolio. Within its first year in business, DMH formed strategic partnerships with leading market players in the field of digitisation.

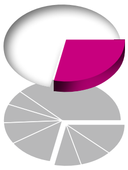
At the end of 2017, RTL Group's German radio portfolio comprised investments in 17 stations, most of which are minority holdings. In total, these stations reach over 22 million listeners each day (2016: 23 million), and have a combined average audience of approximately 4.6 million listeners per hour (2016: 4.8 million).

The Spanish TV advertising market increased by an estimated 1.0 per cent in 2017. The **Atresmedia** family of channels achieved a combined audience share of 28.5 per cent in the commercial target group of viewers aged 25 to 59 (2016: 29.7 per cent). The main channel, **Antena 3**, recorded an audience share of 12.1 per cent (2016: 12.8 per cent) in the commercial target group.

On a 100 per cent basis, consolidated revenue of Atresmedia was up 3.0 per cent to €1,052 million (2016: €1,021 million), while operating profit (EBITDA) was stable at €202 million (2016: €202 million) and net profit was €142 million (2016: €129 million). The profit share of RTL Group was slightly up to €26 million (2016: €25 million).

National audience breakdown

Source: TNS Sofres. Target: 25–59



	2017 (%)
Antena 3	**12.1**
Atresmedia digital channels	**9.0**
La Sexta	**7.4**
Telecinco	12.4
La 1	8.5
Cuatro	7.2
Forta	5.7
Others	37.7

"Attention moved even further towards television in 2017. We worked closely with both buyers and sellers of OTT inventory to bring spend closer to where the eyeballs are. This takes time but we now have reached critical mass on the supply side."

MIKE SHEHAN,
Co-Founder and CEO SpotX

SpotX, a leading video ad serving platform for premium publishers and broadcasters, continues to build solutions to help monetise video content across all screens and devices. While gross media spend was up in 2017, net revenue decreased by 8 per cent which can be directly attributed to the strategic shift of the company's revenues to more premium publishers and partners.

Video-on-demand and live OTT video ad inventory has become increasingly desirable to advertisers, which generates higher gross spend and CPMs, but lower take rates overall, as customers primarily sell the inventory themselves via SpotX's platform. The net revenue decrease can also be attributed to the company's proactive stance on sellers to comply with the IAB's anti-fraud initiative – dubbed ads.txt, raising the bar on minimum performance standards in order to participate in the company's marketplaces, and the lack of US political spend compared to 2016.

Although these measures affected net revenue in the short-term, SpotX continued to reinforce its long standing position in the market as a strong leader within the technology industry and ad-tech ecosystem, thanks in part to several new agreements with companies such as Amazon Web Services, fuboTV, Samba TV, SlingTV, and Vudu.

On 1 October 2017, RTL Group acquired the remaining 36.4 per cent shareholding in SpotX for a total amount of €128 million, subject to a cash/debt adjustment, of which €7 million have been contributed to SpotX. RTL Group continues to pursue an ambitious growth plan for its ad-tech businesses, its main goal being to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers. As part of this plan, RTL Group will combine SpotX and Smartclip by the end of 2018, roll out the platform across its operations, and scale it up through additional acquisitions and partnerships. The combined entity will focus on video ad-serving and addressable TV, which provide the Group with dynamic ad-insertion capabilities. It will also work with two of the Group's minority shareholdings (VideoAmp and Clypd) with the aim of positioning itself as an innovation leader among independent ad-tech platforms.

"2017 was yet another year of growth and expansion for the business. We remain the largest multi-platform player and third largest video property in the world, and lead in all key metrics including unique viewers and watch-time in our peer group."

SHAHRZAD RAFATI,
Founder & CEO BroadbandTV

Throughout 2017, **BroadbandTV** registered a total of 341 billion video views – up 66 per cent from 2016 – while revenue increased 47 per cent year on year. As of December 2017, the company achieves over 34 billion views per month, and reaches 283 million unique viewers. Also as of December 2017, BroadbandTV represented 28 per cent of Google Site viewers and 55 per cent of Facebook. Also, almost one in three people on Google Sites, including YouTube, were watching BroadbandTV content on average for the year.

BroadbandTV expanded its global footprint into Singapore, Malaysia, Taiwan, South Korea, Vietnam, Saudi Arabia, the United Arab Emirates and Egypt. It now actively operates in 11 languages and 32 countries, and continues to experience dynamic growth. The platform remains the leading player in all English, Spanish, Portuguese, Russian, and Arabic speaking markets, and among the top players in the French, German, Vietnamese, and Japanese markets.

"2017 was a year of continued diversification for StyleHaul. Our proprietary technology platform, Society, continues to provide incremental offerings. In addition, we released our first White Paper, a thought-leading research study articulating five conclusions about influencer marketing based on our data."

STEPHANIE HORBACZEWSKI,
Founder & CEO StyleHaul

"2017 was a special and exciting year for Divimove. With the acquisition of Videodays and the launch of our performance marketing services, we managed to successfully develop new business models and find ingenious ways of linking them to existing ones."

BRIAN RUHE,
Co-Founder & CEO Divimove

StyleHaul continues to be the leading global network for fashion, beauty and women's lifestyle content, with nearly 60,000 creator's social accounts authenticated to its proprietary platform, Society, and a community of over 955 million fans across four social platforms. In 2017, StyleHaul registered a total of 27 billion views – up 8 per cent compared to 2016 (25 billion video views). Revenue increased by 14 per cent year on year.

During the year, StyleHaul launched seasons two and three of *Relationship Status*, boosting its original programming revenue. The network also signed a distribution deal that will see the French version of the first season of *Relationship Status* being distributed by Gaumont, and partnered with Adaptive Studios to publish two books with creators: *Haunted in Hollywood* with Loey Lane, and *A Beautiful Mind, A Beautiful Life: The Bubz Guide to Being Unstoppable* with Lindy Tsang.

Europe's leading multi-platform network, **Divimove,** attracted 18 billion online video views in 2017 (2016: 19 billion) and increased its subscriber base to 190 million (2016: 170 million subscribers), while decreasing the influencer network from 1,200 to 900 partners in Germany, the Netherlands, France, Spain, Italy and Poland. Revenue grew by 17 per cent[44].

In April 2017, Divimove acquired Videodays – Europe's biggest gathering of YouTubers – which attracted more than 15,000 visitors in August 2017 in Cologne. Videodays and its associated business were fully integrated into Divimove. In the long run, Divimove plans to further develop this live event in Germany and to expand Videodays into other European countries.

44 Pro-forma as Divimove was previously consolidated at equity

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. RTL Group's Mission Statement defines what the Group does, what it stands for and how RTL Group employees communicate, both with the outside world and with each other. It also includes a commitment to embrace independence and diversity in the Group's people, content and businesses, demonstrating that CR is integral to the Group's mission. RTL Group believes it is important to have a set of guiding principles and values.

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

RTL Group's CR activities focus primarily on the following issues: editorial independence, diversity, community investment, content responsibility learning, and fair working conditions. These issues were identified in a materiality analysis conducted in 2017 in close consultation with Bertelsmann, the Group's majority shareholder. Although the analysis did not deem environmental and climate protection to be among the most material issues for RTL Group, the Group is nevertheless strongly committed to this issue and therefore reports on this matter in the CR Report 2017 (p. 23) and the Non-financial Statement 2017 (to be published in June 2018). RTL Group's CR Report 2017 (pp. 6–7) provides more details about the materiality analysis and its findings.

The above-mentioned material issues provide the structure for the CR Report 2017, part of the RTL Group Annual Report 2017. The CR Report provides a comprehensive overview of the Group's CR strategy and initiatives as well as the results achieved.

RTL Group will publish a separate Non-financial Statement on RTL Group's website (RTLGroup.com) by 30 June 2018, which will consist of all legally mandated non-financial disclosures and diversity information required by the European Directive 2014/95/EU and by the provisions of the law of 23 July 2016 regarding the publication of non-financial and diversity information in Luxembourg.

INNOVATION

RTL Group's innovation management is focused on three core topics: developing and acquiring new, high-quality TV formats; using all digital means of distribution; and expanding diverse forms of marketing and monetisation. RTL Television focuses on locally produced, creative content, supported by a dedicated programme-development department. Over the next few years the company expects to see early results in its programming.

In 2017, RTL Television launched several new series, such as *Magda macht das schon*. In total, Mediengruppe RTL Deutschland invests around €1 billion in local content every year. Elsewhere, FremantleMedia launched *Lost In Time* – the first interactive TV show to combine real-time special effects, previously only seen in feature films with gaming on second screens. Created by FremantleMedia and The Future Group, the first version of the format first aired on TVNorge in Norway.

On 1 October 2017, RTL Group acquired the remaining 36.4 per cent shareholding in SpotX for a total amount of €128 million, of which €7 million have been contributed to SpotX. RTL Group continues to pursue an ambitious growth plan for its ad-tech businesses, its main goal being to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers. As part of this plan, RTL Group will combine SpotX and Smartclip by the end of 2018, roll out the platform across its operations, and scale it up through additional acquisitions and partnerships. The combined entity will focus on ad-server development and addressable TV, which provide the Group with dynamic ad-insertion capabilities. It will also work with two of the Group's minority shareholdings (VideoAmp and Clypd) with the aim of positioning itself as an innovation leader among independent ad-tech platforms.

In July 2017, RTL Group was the largest investor in the Series A financing round of Inception, an Israel-based leader in virtual reality entertainment, and now holds a minority stake of 15.6 per cent in the company (on a fully diluted basis). Inception will provide virtual reality programming, creative and distribution capabilities to RTL Group with its unique combination of a next generation content network, innovative technology and content creation expertise. The Inception app, available for all VR devices and mobiles, is one of the top five VR video apps.

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

SIGNIFICANT LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities (see note 8.13.1 of the RTL Group Annual Report 2017).

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

Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. It is assumed that the court will render its judgment in the second half of 2018. This judgment will be open to appeal. Similar proceedings of 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 audience results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged "halo effect". In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition. However, in the meantime, two of the claimants withdrew their claim and from the proceedings. The rest of the procedure is currently still ongoing.

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 "Corporate Governance" on the *RTLGroup.com* website for the external and market risks.

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

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

SHAREHOLDERS

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

As at December 2017, Bertelsmann held 75.1 per cent of RTL Group shares, and 24.1 per cent were publicly traded. The remaining 0.8 per cent were held collectively as treasury stock by RTL Group and one of its subsidiaries (see note 8.15.2 to the consolidated financial statements).

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

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

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

BOARD AND MANAGEMENT

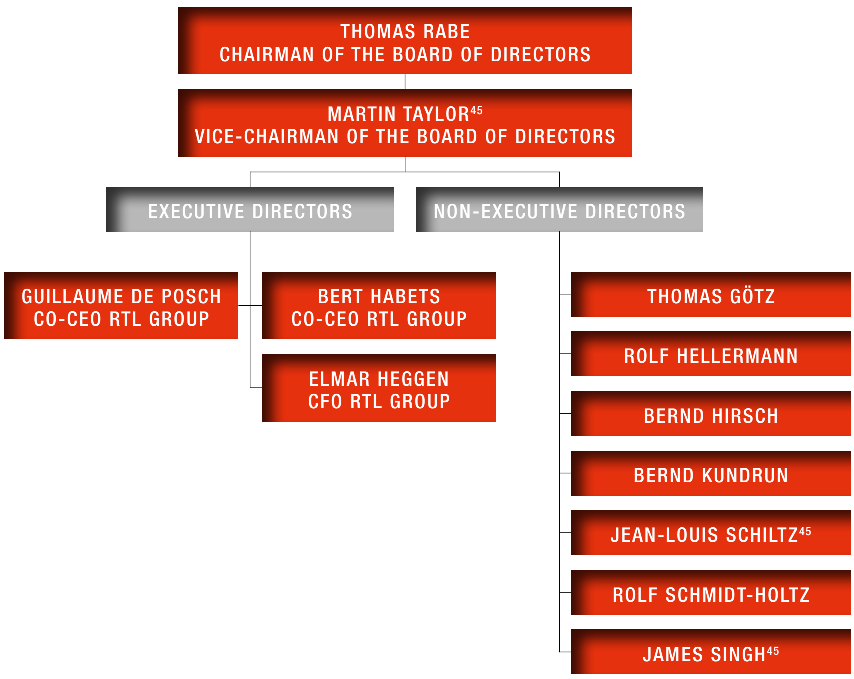
Board of Directors

On 31 December 2017 the Board of RTL Group had 12 members: three executive directors, and nine non-executive directors. The Annual General Meeting (AGM) on 19 April 2017 acknowledged the resignation of Anke Schäferkordt as Executive Director and of Jacques Santer as Non-Executive Director with effect from the meeting date.

To succeed Anke Schäferkordt, the AGM appointed Bert Habets as Executive Director. Bert Habets served as Co-CEO of RTL Group and joined the Executive Committee alongside Guillaume de Posch, Co-CEO of RTL Group, and Elmar Heggen, CFO of RTL Group. Anke Schäferkordt will continue to be the CEO of Mediengruppe RTL Deutschland and serve on Bertelsmann's Executive Board. Jean-Louis Schiltz was appointed Non-Executive Director to succeed Jacques Santer. Both were appointed for a term of office of one year, to expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts. Likewise, the term of office of the other executive and non-executive directors will expire at the end of the Ordinary General Meeting of Shareholders ruling on the 2017 accounts. Biographical details of the directors are set out on pages 38 to 43.

At his own request, Guillaume de Posch stepped down as Co-CEO and Executive Director of RTL Group, effective 1 January 2018. He will continue to serve as a non-executive member of RTL Group's Board of Directors. Among the non-executive directors, Jacques Santer, succeeded by Jean-Louis Schiltz, James Singh, and Martin Taylor are independent of management and other outside interests that might interfere with their independent judgement.

RTL GROUP'S BOARD OF DIRECTORS FROM 19 APRIL 2017 TO 31 DECEMBER 2017



45 Independent Director

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. Jacques Santer, replaced by Jean-Louis Schiltz, and James Singh are independent directors, and both meet the current criteria of independence of the Ten Principles of the Luxembourg Stock Exchange.

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

The responsibility for day-to-day management of the Company was delegated to the Co-Chief Executive Officers ("Co-CEOs") until 31 December 2017, then to the sole Chief Executive Officer ("CEO"). The Board has a number of responsibilities, which include approving the annual Group's budget, overseeing significant acquisitions and disposals, and managing the Group's financial statements. The Board of Directors met four times in 2017 – with an average attendance rate of 100 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.

Individual attendance of the members of the RTL Group Board of Directors in 2017	Participation in meetings	Attendance %
Thomas Rabe (chairman)	4/4	100
Martin Taylor	4/4	100
Anke Schäferkordt (until April 2017)	1/1	100
Guillaume de Posch	4/4	100
Bert Habets (since April 2017)	3/3	100
Elmar Heggen	4/4	100
Thomas Götz	4/4	100
Rolf Hellermann	4/4	100
Bernd Hirsch	4/4	100
Bernd Kundrun	4/4	100
Jacques Santer (until April 2017)	1/1	100
Jean-Louis Schiltz (since April 2017)	3/3	100
Rolf Schmidt-Holtz	4/4	100
James Singh	4/4	100

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

In 2017, a total of €1.0 million (2016: €0.6 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors and the Committees that emanate from it (see note 10.4 to the consolidated financial statements).

Neither options nor loans have been granted to Directors.

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

The following Board Committees are established:

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises three non-executive directors, one of whom is an independent director (who also chairs the meetings), and meets at least twice a year. The Committee's plenary meetings are attended by the CEO(s) and the Executive Vice President Human Resources. The Nomination and Compensation committee may involve other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks. The Chairman of the Nomination and Compensation Committee reports on the discussion held and conclusions taken by the committee to the subsequent Board of Directors meeting. The Nomination and Compensation Committee met six times in 2017, physically or via telephone conference, with an average attendance rate of 100 per cent.

Individual attendance of the members of the Nomination and Compensation Committee in 2017	Participation in meetings	Attendance %
Martin Taylor (chairman)	6/6	100
Thomas Rabe	6/6	100
Rolf Schmidt-Holtz	6/6	100

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.

Audit Committee

The Audit Committee is composed of a maximum of four non-executive directors – two of whom are independent – and meets at least four times a year. The Committee's meetings are attended by the CEO(s), the Chief Financial Officer ("CFO"), the Head of Audit & Compliance, the external auditors and other senior Group finance representatives. The Audit Committee may invite other persons whose collaboration is deemed to be advantageous to help the committee fulfil its tasks. The Audit Committee met six times in 2017 physically or via telephone conference, with an average attendance rate of 92 per cent. The Chairman of the Audit Committee reports on the discussions held and conclusions taken by the Audit Committee to the subsequent Board of Directors meeting.

Individual attendance of the members of the Audit Committee in 2017	Participation in meetings	Attendance %
James Singh (chairman)	6/6	100
Bernd Hirsch	5/6	83
Thomas Rabe	5/6	83
Martin Taylor	6/6	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.

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

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

Co-CEOs/CEO

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

The CEO(s) is/were responsible for proposing the annual budget, to be approved by the Board of Directors. They are also responsible for determining the ordinary course of the business. With effect from 1 January 2018, Guillaume de Posch stepped down as Co-CEO. Since then, Bert Habets has served as sole CEO of RTL Group.

Executive Committee

Until 31 December 2017, the Executive Committee was comprised of the three executive directors, the two Co-CEOs and the CFO. As from 1 January 2018 the Executive Committee is comprised of the two executive directors, the CEO and the Deputy CEO & CFO. The Executive Committee is vested with internal management authority. Biographical details of the members of the Executive Committee can be found on page 43.

In 2017, a total of €11.4 million (2016: €12.8 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).

With effect from 1 January 2018, Guillaume de Posch stepped down as Co-CEO. Since then, Bert Habets has served as sole CEO of RTL Group. Going forward, the Executive Committee is comprised of the two executive directors, the CEO and the CFO.

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 19 April 2017, the shareholders appointed PricewaterhouseCoopers, société coopérative (PwC) for a year. PwC's mandate will expire at the Annual General Meeting on 18 April 2018.

Dealing in shares

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

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

Restrictions apply to:

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

CODE OF CONDUCT

Basic guidelines for conducting business at RTL Group are governed by the Code of Conduct, which outlines binding minimum standards for responsible behaviour towards business partners and the public, and for behaviour within the company.

The Group has a training programme in place to ensure all employees are fully aware of the code.

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Standards and rules

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

Systems and related controls

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

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

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

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

Transparency
RTL Group's policy on the reporting of significant compliance incidents requires business units to immediately report fraud and significant compliance incidents to the Group. Identified control weaknesses that could impact the reliability of financial reporting – reported by either external or internal audit – are brought to the attention of management and the Audit Committee, and are part of a follow-up process. Each year, the business units self-assess the maturity level of their local internal controls over financial reporting. Results of this self-assessment are reported to the Audit Committee. At each meeting the Audit Committee is updated on the key accounting, tax and legal issues within the Group. Finance committees are used as additional platforms to exchange information with business units with financial impact.

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

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

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

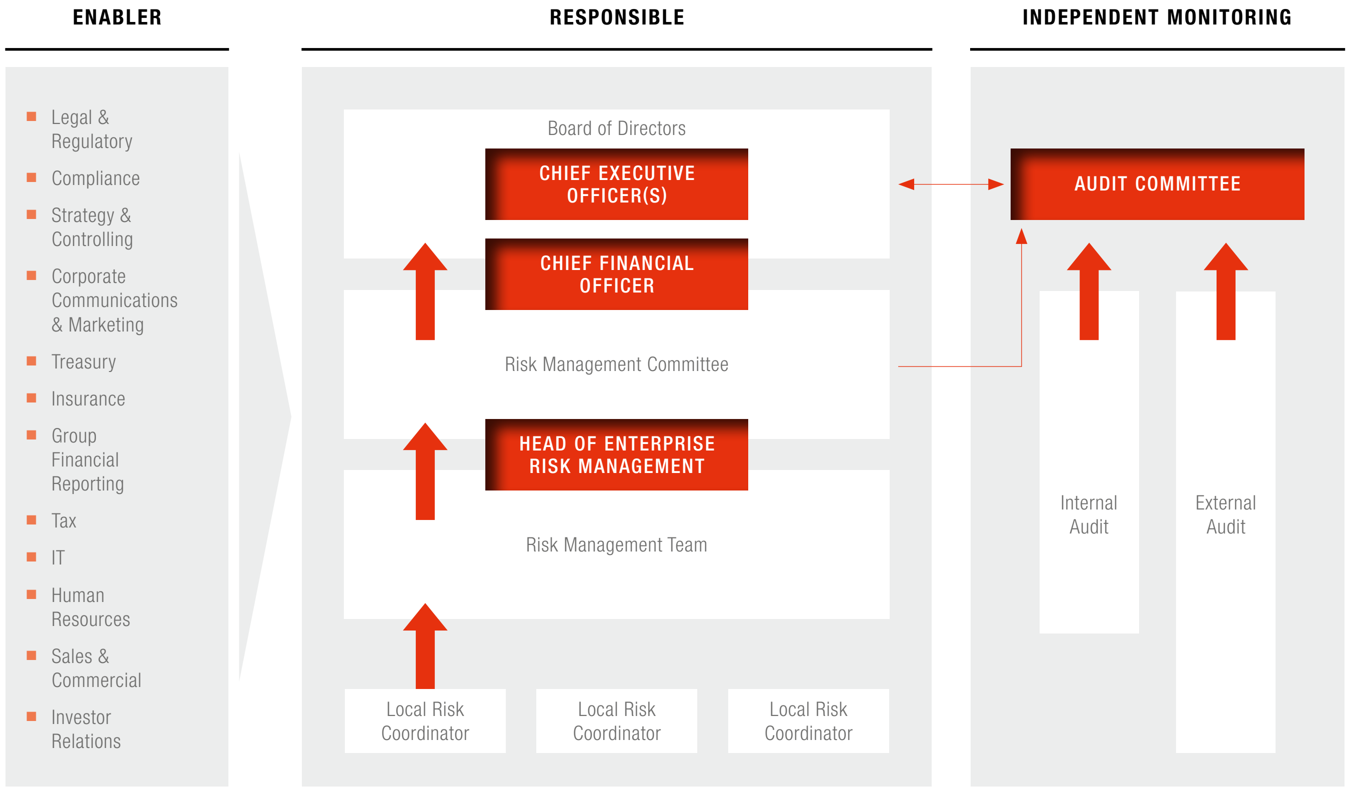
RTL Group defines its risk management as a continuous process at Business Unit and Group level to prevent, protect, mitigate and leverage risks in light of execution of RTL Group's mission and strategic objectives. RTL Group's risk management system has been designed to be fully aligned with international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

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

RTL Group's risk management process intends to meet the following three main objectives:
- *"Embedded culture":* promote and embed a common risk management culture in the daily work of all RTL Group's employees;
- *"Consistent policy":* develop consistent risk policies on key matters to be tailored and implemented at Business Unit level with consideration of local challenges and environment;
- *"Harmonised response":* ensure harmonised risk management prevention, detection and mitigation measures across RTL Group and its Business Units vs 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 below) which enables a proper risk governance environment. RTL Group's Risk management governance model has a strong vertical component descending from the Board, Executive, Audit and Risk Management Committees, through the executive responsible (CEO, CFO and Head of ERM) and 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 & Regulatory, Compliance, Strategy & Controlling, Corporate Communications & Marketing, Treasury, Insurance, Group Financial Reporting, Tax, IT, Human Resources, Sales & Commercial and Investor Relations departments. Independent monitoring is also carried out by Internal Audit and External Audit.

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- Effectiveness and efficiency of operations, and the optimal use of the Group's resources
- Integrity and reliability of financial and operational information
- Reliability of financial reporting
- Proper identification, assessment, mitigation and reporting of material risks
- Compliance with applicable laws, regulations, standards and contracts



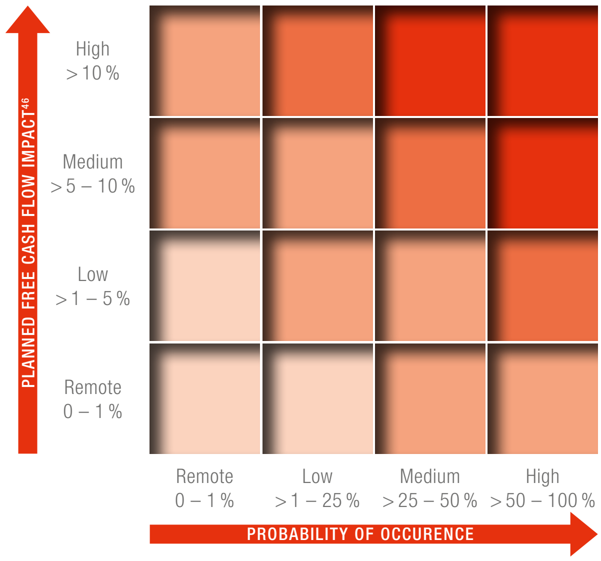
The Risk Management Committee is composed of the following permanent members:

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

Definition of risk

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

RISK CLASSIFICATION



Risk reporting framework

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

This framework is based on a number of key principles:

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

Risk management in the future

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

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.

46 Expected free-cash-flow impact according to the Executive Board budget in the respective period of time

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 in light of the execution of the Group's mission, strategic objectives and values. RTL Group's risk management strategy is an holistic, enterprise-wide process defined and implemented in light of the definition and execution of the Group's strategy. RTL Group may have to make strategic decisions involving a new set of risks or reassessment of existing risks that need to be addressed within the risk management framework.

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

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

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

OPPORTUNITY MANAGEMENT

Opportunity management system

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

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

Opportunities

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

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

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

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

LUXEMBOURG LAW ON TAKEOVER BIDS

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

a) Share capital structure
RTL Group SA has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange, Euronext Brussels and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2017 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

b) Transfer restrictions
At the date of this report, all RTL Group SA shares are freely transferable but shall be subject to the provisions of the applicable Belgian 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 2017 is as follows: Bertelsmann Capital Holding GmbH held 75.1 per cent, 24.1 per cent were publicly traded and the remaining 0.8 per cent were held collectively as treasury stock by RTL Group SA and one of its subsidiaries.

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

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

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

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

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

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

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

k) Agreements with Directors and employees

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

SUBSEQUENT EVENTS

On 2 January 2018, UFA Films und Fernseh GmbH ("UFA") acquired 100 per cent of United Screens AB ("United Screens"), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network ("MPN") in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. Additionally, RTL Group plans to invest SEK 25 million to fund the company's growth plan across the Nordic region. A portion of the purchase price has been paid into an escrow account to serve as collateral for cash adjustments and potential warranty claims. The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The Revolving Loan with Bertelsmann SE & Co. KGaA terminated on 23 February 2018. RTL Group has re-negotiated an extension for another 5-year period, at similar terms and conditions, except for the spread, which is reduced from 60 basis points to 40 basis points on reference interest rates (EONIA/EURIBOR). However, the reference rates have been floored at zero per cent minimum.

OUTLOOK

Given the current economic climate, RTL Group does not see any signs of either a wider advertising market rally or decline – especially with uncertainty around the Brexit and the political elections in Europe – and expects the picture in 2018 to be similar to 2017 with overall slight growth. Accordingly, RTL Group currently believes 2018 will be another challenging year for its TV channels and therefore expects only slight top line growth from its core broadcast markets.

FremantleMedia – RTL Group's content production arm – will continue to face market pressure on both volumes and pricing, but should benefit from the investments made in new businesses and also in the pipeline, especially in drama and digital. The return of *American Idol* on 11 March 2018 should also benefit FremantleMedia. Accordingly, RTL Group expects FremantleMedia's revenue to grow between 4 and 7 per cent with EBITDA once again progressing. This revenue growth may be negatively impacted by exchange rate effects.

Digital revenues are expected to continue to show dynamic double-digit revenue growth and increase its share of RTL Group's total revenue to at least 15 per cent until 2020 to 2022.

The company will continue to focus on cash conversion and targets 2018 levels to be broadly in line with previous years, not below 85 to 90 per cent.

RTL Group keeps a leverage target of 0.5 and 1.0 times net debt to full-year EBITDA for the financial year 2018.

The dividend policy remains unchanged: RTL Group plans to pay out between 50 and 75 per cent of the adjusted net result for the financial year 2018 as an ordinary dividend. The potential for an interim dividend payment will be assessed by the Board after having reviewed the Group's investment pipeline, cash generation and net debt level.

RTL Group expects its total revenue for the fiscal year 2018 to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and FremantleMedia.

The 2017 EBITDA included a positive one-off effect of €94 million from the sale of buildings in Rue Bayard, Paris. Normalised for this effect, RTL Group expects EBITDA in 2018 to be broadly stable.

Outlook RTL Group	2017[47] €m	2018e €m	Outlook	Change %
Revenue	6,373	6,532 to 6,692	Moderately up	+2.5 to +5.0
Normalised EBITDA	1,370	1,356 to 1,384	Broadly stable	–1.0 to +1.0

Comparison: outlook vs actuals	2016 actual €m	Change outlook %	2017 actual €m	Change actual %
Revenue	6,237	+2.5 to +5.0	6,373	+2.2
EBITDA	1,411	+1.0 to +2.5	1,464	+3.8

6 March 2018
The Board of Directors

47 2017 EBITDA normalised for the positive one-off effect from the sale of RTL Group's buildings in Rue Bayard, Paris, of €94 million

MANAGEMENT RESPONSIBILITY STATEMENT

We, Bert Habets, Chief Executive Officer and Elmar Heggen, Deputy Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that these 2017 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, 6 March 2018

Bert Habets
Chief Executive Officer

Elmar Heggen
Deputy Chief Executive Officer,
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

	Notes	2017 €m	2016 €m
Revenue	5. 7. 1.	6,373	6,237
Other operating income	7. 2.	148	111
Consumption of current programme rights		(2,093)	(2,070)
Depreciation, amortisation, impairment and valuation allowance		(223)	(215)
Other operating expenses	7. 3.	(3,026)	(2,924)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(17)	(15)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 4.	21	6
Profit from operating activities		**1,183**	1,130
Share of results of investments accounted for using the equity method	8. 4.	63	67
Earnings before interest and taxes ("EBIT")	3.	**1,246**	1,197
Interest income	7. 5.	4	6
Interest expense	7. 5.	(26)	(27)
Financial results other than interest	7. 6.	(2)	3
Profit before taxes		**1,222**	1,179
Income tax expense	7. 7.	(385)	(363)
Profit for the year		**837**	816
Attributable to:			
RTL Group shareholders		739	720
Non-controlling interests		98	96
Profit for the year		**837**	816
EBITA	3.	**1,248**	1,205
Impairment of investments accounted for using the equity method	8. 4. 1.	(6)	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		(17)	(15)
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	7. 4.	21	6
Earnings before interest and taxes ("EBIT")	3.	**1,246**	1,197
EBITDA	3.	**1,464**	1,411
Depreciation, amortisation and impairment		(233)	(221)
Impairment of investments accounted for using the equity method	8. 4. 1.	(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	7. 4.	21	6
Earnings before interest and taxes ("EBIT")	3.	**1,246**	1,197
Earnings per share (in €)			
– Basic	7. 8.	4.81	4.69
– Diluted	7. 8.	4.81	4.69

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	2017 €m	2016 €m
Profit for the year		**837**	816
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	8. 14.	**(2)**	(11)
Income tax	8. 6.	**(2)**	3
		(4)	(8)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(61)**	33
Effective portion of changes in fair value of cash flow hedges	8. 15. 4.	**(65)**	39
Income tax	8. 6.	**13**	(12)
		(52)	27
Change in fair value of cash flow hedges transferred to profit or loss	8. 15. 4.	**(40)**	(34)
Income tax	8. 6.	**12**	11
		(28)	(23)
Fair value gains/(losses) on available-for-sale financial assets	8. 15. 5.	**(8)**	2
Income tax	8. 6.	**2**	–
		(6)	2
		(147)	39
Other comprehensive income/(loss) for the year, net of income tax		**(151)**	31
Total comprehensive income for the year		**686**	847
Attributable to:			
RTL Group shareholders		**590**	751
Non-controlling interests		**96**	96
Total comprehensive income for the year		**686**	847

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 €m	31 December 2016 €m
Non-current assets			
Programme and other rights	8.1.	94	100
Goodwill	8.1. 8.2.	3,037	3,039
Other intangible assets	8.1.	243	225
Property, plant and equipment	8.3.	352	290
Investments accounted for using the equity method	8.4.	407	427
Loans and other financial assets	8.5. 8.8.	137	167
Deferred tax assets	8.6.	295	317
		4,565	4,565
Current assets			
Programme rights	8.7.	1,156	1,160
Other inventories		16	15
Income tax receivable		48	19
Accounts receivable and other financial assets	8.8.	1,844	2,025
Cash and cash equivalents	8.9.	265	433
		3,329	3,652
Assets classified as held for sale	8.10.	–	83
Current liabilities			
Loans and bank overdrafts	8.11.	247	493
Income tax payable		63	52
Accounts payable	8.12.	2,672	2,842
Provisions	8.13.	178	145
		3,160	3,532
Net current assets		169	203
Non-current liabilities			
Loans	8.11.	568	517
Accounts payable	8.12.	475	405
Provisions	8.13.	242	249
Deferred tax liabilities	8.6.	25	45
		1,310	1,216
Net assets		3,424	3,552
Equity attributable to RTL Group shareholders		2,957	3,077
Equity attributable to non-controlling interests		467	475
Equity	8.15.	3,424	3,552

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 2016		192	(47)	(117)	48	73	2,805	2,954	455	3,409
Total comprehensive income:										
Profit for the year		–	–	–	–	–	720	720	96	**816**
Foreign currency translation differences	8. 15. 3.	–	–	33	–	–	–	33	–	**33**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 15. 4.	–	–	–	27	–	–	27	–	**27**
Change in fair value of cash flow hedges transferred to profit or loss, net of tax	8. 15. 4.	–	–	–	(23)	–	–	(23)	–	**(23)**
Fair value gains/(losses) on available-for-sale financial assets, net of tax	8. 15. 5.	–	–	–	–	2	–	2	–	**2**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	(8)	(8)	–	**(8)**
		–	–	33	4	2	712	751	96	**847**
Capital transactions with owners:										
Dividends	8. 15. 6.	–	–	–	–	–	(614)	(614)	(74)	**(688)**
Cancellation of shares	8. 15. 1.	–	–	–	–	–	(2)	(2)	–	**(2)**
Equity-settled transactions, net of tax	8. 15. 7.	–	–	–	–	–	5	5	5	**10**
(Acquisition)/disposal of treasury shares	8. 15. 2.	–	(1)	–	–	–	–	(1)	–	**(1)**
Transactions on non-controlling interests without a change in control	8. 15. 8.	–	–	–	–	–	(6)	(6)	(4)	**(10)**
Transactions on non-controlling interests with a change in control	8. 15. 8.	–	–	–	–	–	(11)	(11)	(6)	**(17)**
Derivatives on equity instruments	8. 15. 9.	–	–	–	–	–	3	3	3	**6**
Transactions on treasury shares of associates		–	–	–	–	–	(2)	(2)	–	**(2)**
		–	(1)	–	–	–	(627)	(628)	(76)	**(704)**
Balance at 31 December 2016		192	(48)	(84)	52	75	2,890	3,077	475	3,552
Total comprehensive income:										
Profit for the year		–	–	–	–	–	739	739	98	**837**
Foreign currency translation differences	8. 15. 3.	–	–	(61)	–	–	–	(61)	–	**(61)**
Effective portion of changes in fair value of cash flow hedges, net of tax	8. 15. 4.	–	–	–	(52)	–	–	(52)	–	**(52)**
Change in fair value of cash flow hedges transferred to profit and loss, net of tax	8. 15. 4.	–	–	–	(28)	–	–	(28)	–	**(28)**
Fair value gains/(losses) on available-for-sale financial assets, net of tax	8. 15. 5.	–	–	–	–	(6)	–	(6)	–	**(6)**
Re-measurement of post-employment benefit obligations, net of tax		–	–	–	–	–	(2)	(2)	(2)	**(4)**
		–	–	(61)	(80)	(6)	737	590	96	**686**
Capital transactions with owners:										
Dividends	8. 15. 6.	–	–	–	–	–	(614)	(614)	(72)	**(686)**
Equity-settled transactions, net of tax	8. 15. 7.	–	–	–	–	–	6	6	5	**11**
(Acquisition)/disposal of treasury shares	8. 15. 2.	–	1	–	–	–	–	1	–	**1**
Transactions on non-controlling interests without a change in control	8. 15. 8.	–	–	–	–	–	(92)	(92)	(34)	**(126)**
Transactions on non-controlling interests with a change in control	8. 15. 8.	–	–	–	–	–	(8)	(8)	–	**(8)**
Derivatives on equity instruments	8. 15. 9.	–	–	–	–	–	(3)	(3)	(3)	**(6)**
		–	1	–	–	–	(711)	(710)	(104)	**(814)**
Balance at 31 December 2017		192	(47)	(145)	(28)	69	2,916	2,957	467	3,424

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December

	Notes	2017 €m	2016 €m
Cash flows from operating activities			
Profit before taxes		**1,222**	1,179
Adjustments for:			
– Depreciation and amortisation		**230**	218
– Value adjustments and impairment		**79**	39
– Share-based payments expenses		**11**	10
– Re-measurement of earn-out arrangements		**–**	(1)
– Gain on disposal of assets		**(132)**	(25)
– Financial results including net interest expense and share of results of investments accounted for using the equity method		**24**	23
Change of provisions	8. 13.	**23**	13
Working capital changes		**(89)**	(83)
Income taxes paid		**(345)**	(267)
Net cash from operating activities		**1,023**	1,106
Cash flows from investing activities			
Acquisitions of:			
– Programme and other rights		**(94)**	(122)
– Subsidiaries, net of cash acquired	6. 4.	**(30)**	(60)
– Other intangible and tangible assets		**(145)**	(135)
– Other investments and financial assets		**(43)**	(36)
		(312)	(353)
Proceeds from the sale of intangible and tangible assets	8. 1. 8. 3.	**170**	47
Disposal of other subsidiaries, net of cash disposed of		**–**	5
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	8. 4. 8. 5. 8. 8.	**10**	8
Interest received		**4**	5
		184	65
Net cash used in investing activities		**(128)**	(288)
Cash flows from financing activities			
Interest paid		**(17)**	(17)
Transactions on non-controlling interests	8. 15. 8.	**(148)**	(16)
Acquisition of treasury shares	8. 15. 2.	**1**	(1)
Term loan facility due to shareholder	8. 11. 10. 1.	**(251)**	(153)
Proceeds from loans	8. 4. 2. 8. 11.	**105**	72
Repayment of loans	8. 4. 2. 8. 11.	**(59)**	(27)
Dividends paid		**(687)**	(689)
Net cash used in financing activities		**(1,056)**	(831)
Net decrease in cash and cash equivalents		**(161)**	(13)
Cash and cash equivalents and bank overdrafts at beginning of year	8. 9.	**431**	444
Effect of exchange rate fluctuation on cash held		**(12)**	–
Cash and cash equivalents and bank overdrafts at end of year	8. 9.	**258**	431

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 2017 comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of a multinational television, radio and content Group with developing online operations, and holding, directly or indirectly, investments in 580 companies. The Group mainly operates television channels and radio stations in Europe and produces television content such as game shows and soaps. The list of the principal Group undertakings at 31 December 2017 is set out in note 12.

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

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

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 6 March 2018.

1. 1. Statement of compliance

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

1. 2. Basis of preparation

1. 2. 1. Consolidated financial statements

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

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- The defined benefit assets and liabilities are measured in accordance with IAS 19.

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

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

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

Certain comparative amounts in the consolidated cash flow statement and the notes have been reclassified to conform with the current year's presentation.

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 amendments to standards are mandatory for the first time for the financial year beginning 1 January 2017; their application had no significant impact for the Group:

- Amendments to IAS 7, "Statement of Cash Flows", disclosure initiative;
- Amendments to IAS 12, "Income Taxes", recognition of deferred tax assets for unrealised losses;
- Annual improvements 2014 - 2016, amendment to IFRS 12, "Disclosures of Interests in Other Entities".

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 2017:

- IFRS 9, "Financial Instruments" and related amendments to various other standards – effective from 1 January 2018[1] and amendments to IFRS 9, "Prepayment Features with Negative Compensation" – effective from 1 January 2019[2]. IFRS 9 replaces the classification and measurement guidance in IAS 39, "Financial Instruments". IFRS 9 contains revised regulations for the classification and measurement of financial assets and liabilities and sets out new requirements for impairment of financial instruments and for hedge accounting. RTL Group has assessed the impact that the initial application of IFRS 9 will have on its consolidated financial statements:
  - At 31 December 2017, the financial assets are classified as available for sale and measured at fair value through other comprehensive income ("FVOCI"; see note 4.3.). These equity instruments recognised are insignificant for the Group, both individually and in total. Under IFRS 9, RTL Group has designated these investments as measured at FVOCI. To the extent that changes in carrying amounts are recognised in other comprehensive income, they are no longer transferred to profit or loss when these instruments are sold. Analysis of debt instruments indicated that, in the vast majority of cases, these were held in order to collect the contractual cash flows representing exclusively principal and interest payments so that the majority of debt instruments will continue to be measured at amortised cost;
  - The analyses of effects on the measurement of financial instruments, in particular in regard to the impairment of financial instruments, have been completed. Going forward, impairment matrices will be used for this analysis to determine the loss allowance of trade accounts receivable and contract assets on the basis of historic bad debt losses, maturity bands and expected credit losses. The impairment matrices are created for business-unit-specific groups, each with similar default patterns. In addition, separate risk assessments are performed. Management's best estimate of the changes to the calculations for impairment results in an increase of below €(10) million, which will be recognised directly in retained earnings at 1 January 2018. Furthermore, there is no material impact with regard to the measurement of financial instruments;
  - At 31 December 2017, no material impacts are anticipated from the new regulations for hedge accounting.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, but various exceptions are granted. Prior-year figures will not be adjusted on the grounds of the existing practical expedients in accordance with IFRS 9;

- IFRS 14, "Regulatory Deferral Accounts" – effective from 1 January 2016[3];
- IFRS 15, "Revenue From Contracts With Customers" (including amendments to IFRS 15) – effective from 1 January 2018[1]. IFRS 15 is a new comprehensive standard for revenue recognition across all industries and replaces IAS 18 "Revenue". IFRS 15 establishes a five-step model related to revenue recognition from contracts with customers. In addition to substantially more guidance for the accounting treatment of revenue from contracts with customers, more detailed disclosures are required by the new standard. RTL Group has opted for the modified retrospective transition approach and has applied IFRS 15 as from 1 January 2018. The Group has identified a certain number of accounting topics which have been further analysed to determine the quantitative impact on the consolidated financial statements.

1 Endorsed by the European Union for periods beginning on or after 1 January 2018
2 These standards and interpretations have not yet been endorsed by the European Union
3 The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard

A description of the impacts on the main revenue streams of RTL Group is provided hereafter:

Advertising revenue – IFRS 15 requires the allocation of the transaction price on the basis of stand-alone selling prices, which may impact both the amount and the timing of recognition of revenue. The estimation of the stand-alone selling price may result in a higher transaction price allocated to free advertising spots as a separate performance obligation and thus in an earlier recognition of certain portions of the transaction price during the year; however, the timing and amount of revenue recognised for the full year will not be affected since contracts are typically for a one-year period. RTL Group management has therefore determined that IFRS 15 will not have a material impact on the Group's advertising revenue stream.

Revenue from content – customer contracts typically have a wide variety of performance obligations, from production service contracts to multi-year licence agreements, as well as ancillary rights and services (e.g. merchandising rights, sponsorship rights, production consulting services) and distribution activities. The application of IFRS 15 requires an assessment of the nature of RTL Group's promise at contract level (right to access or right to use), unit of account for licences and payment mechanisms. The most significant change from IAS 18 to IFRS 15 is 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). In addition, as part of the production and distribution arrangements, the Group might receive minimum guarantee payments which are recoupable over variable payments. RTL Group management has determined that the majority of the licences granted are licenses for which revenue including minimum guarantee should be recognised at a point in time. This results in the recognition of more licence revenue upfront. However, at the date of initial application, no material impact has been identified on retained earnings.

Application of the new revenue recognition standard will have no effect on the cash flows that the Group expects to receive neither on the economics of contracts. RTL Group management also concluded that costs to obtain and cost to fulfill a contract to be capitalised are not material.

As permitted by IFRS 15, the Group has applied the following practical expedients as from 1 January 2018:
- RTL Group has not retrospectively applied IFRS 15 to contracts that are not completed as of 1 January 2018;
- The Group has not restated contracts which have been modified prior to 1 January 2018. Instead, RTL Group has reflected the aggregate effect of all of the historic modifications for contracts still in force after 1 January 2018 when:
  i. Identifying the satisfied and unsatisfied performance obligations;
  ii. Determining the transaction price; and
  iii. Allocating the transaction price to the satisfied and unsatisfied performance obligations;

- IFRS 16, "Leases" – effective from 1 January 2019[4]. IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset ("the underlying asset") for a period of time in exchange for consideration. IFRS 16 replaces IAS 17 "Leases". IFRS 16 requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. The quantitative and disclosure impacts anticipated from implementing IFRS 16 are currently being determined;
- IFRS 17, "Insurance Contracts" – effective from 1 January 2021[5,6];
- IFRIC 22, "Foreign Currency Transactions and Advance Consideration" clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency giving rise to a non-monetary asset or liability – effective from 1 January 2018[5,7];
- 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[5,6];
- Annual improvements 2014–2016, cycle amendments to two standards: IFRS 1, "First-time Adoption of International Financial Reporting Standards" and IAS 28, "Investments in Associates and Joint Ventures" – effective from 1 January 2018[4,7];
- 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[5,6];
- Amendments to IAS 19, "Employee Benefits", Plan Amendment, Curtailment or Settlement – effective from 1 January 2019[5,7];
- Amendments to IAS 28, "Investments in Associates and Joint Ventures", Long-Term Interests in Associates and Joint Ventures – effective from 1 January 2019[5,6];

4 Endorsed by the European Union for periods beginning on or after 1 January 2018
5 These standards and interpretations have not yet been endorsed by the European Union
6 The Group has yet to assess the impact of the new standards and amendments
7 The Group does not expect any significant impacts

- Amendments to IAS 40, "Investment Property" on the definition of change in use – effective from 1 January 2018[9,11];
- Amendments to IFRS 2, "Share-Based Payment", Classification and Measurement of Share-Based Payment Transactions – effective from 1 January 2018[9,11];
- Amendments to IFRS 10, "Consolidated Financial Statements" and IAS 28, "Investments in Associates and Joint Ventures" – effective from 1 January 2018[8,11].

1. 3. Principles of consolidation

1. 3. 1. Subsidiaries

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

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

Accounting for business combinations

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

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

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

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

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

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

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

Contingent consideration is classified as either equity or a financial liability. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration related to business combinations subsequent to 1 January 2016 is re-measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss. It is Level 3 fair value measurement based on the discounted cash flows ("DCF") and derived from market sources as described in notes 4.3. and 8.2.

8 Endorsed by the European Union for periods beginning on or after 1 January 2018
9 These standards and interpretations have not yet been endorsed by the European Union
10 The Group has yet to assess the impact of the new standards and amendments
11 The Group does not expect any significant impacts

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised for the present value of the redemption amount within accounts payable with a corresponding charge directly to equity or through goodwill in case of a business combination with the transfer of the risks and rewards of the non-controlling interests to the Group. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The Group has elected the fair value measurement option for the options managed on a fair value basis and related to Best of TV (see note 4.3.1.). The income/(expense) arising is recorded in "Financial results other than interest". In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

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

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

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

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

1. 3. 2. Investments accounted for using the equity method

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

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

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

The Group decided not to reverse any impairment loss recognised and allocated to goodwill on associates prior to 1 January 2009. This cumulated impairment loss amounted to €286 million at 31 December 2017 (€290 million at 31 December 2016).

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

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

1. 3. 3. Transactions eliminated on consolidation

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

1. 4. Foreign currency translation

1. 4. 1. Foreign currency translations and balances

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

1. 4. 2. Financial statements of foreign operations

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

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

1. 5. Derivative financial instruments and hedging activities

Fair value

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

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

Cash flow hedging

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

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

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss included in the "Hedging reserve" is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1. 6. Current / non-current distinction

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

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

1. 7. Intangible assets

1. 7. 1. Non-current programme and other rights

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

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

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

1. 7. 2. Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1.3.1.

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

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

1. 7. 3. Other intangible assets

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co-)production, audiovisual and other rights), trademarks and similar rights as well as EDP software. They are amortised on a straight-line basis over their estimated useful life as follows:
- Licences: seven to 20 years;
- Software: maximum three years.

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

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

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

1. 8. Property, plant and equipment

1. 8. 1. Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:
- Land: nil;
- Buildings: ten to 25 years;
- Technical equipment: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

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

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

1. 8. 2. Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the statement of financial position at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see note 1.8.1.) or lease term if no evidence of lessee will obtain ownership. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

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

1. 8. 3. Subsequent expenditure

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

1. 9. Loans and other financial assets

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

Non-current and current investments comprise available-for-sale assets and other financial assets at fair value through profit or loss. The available-for-sale investments are mainly composed of shares held in non-consolidated companies.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management have the express intention of holding the investment for less than 12 months from the reporting date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determine the appropriate classification of their investments at the time of the purchase and re-evaluate such designation on a regular basis. Available-for-sale investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in other comprehensive income (revaluation reserve) in the period in which they arise.

Financial instruments are designated at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately, or when they are managed and their performance is evaluated on a fair value basis. They are initially recognised at fair value, and transaction costs are expensed in the income statement. Changes in fair value are recognised in the income statement.

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

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

1. 10. Current programme rights

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

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

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

1. 11. Accounts receivable

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Other accounts receivable include, in addition to deposits and amounts related to Profit and Loss Pooling ("PLP") and Compensation Agreements with RTL Group's controlling shareholder, VAT recoverable, and prepaid expenses. Trade and other accounts receivable are measured at amortised cost. Impairment losses on trade and other accounts receivable are recognised 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 is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within depreciation, amortisation, impairment and valuation allowance. When a trade receivable is uncollectable it is written off against the allowance account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited against depreciation, amortisation and impairment in the income statement.

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

1. 12. Cash and cash equivalents

Cash consists of cash in hand and at bank.

Cash equivalents are assets that are readily convertible into cash, such as short-term highly liquid investments, commercial paper, bank deposits and marketable securities, all of which mature within three months from the date of purchase, and money market funds that qualify as cash and cash equivalents under IAS 7 (see note 4.1.2.).

Bank overdrafts are included within current liabilities.

1. 13. Impairment of non-financial assets

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

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

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

1. 14. Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset, or a group of financial assets, is impaired.

Evidence of impairment of available-for-sale financial assets is assessed on the basis of two qualitative criteria:

- A significant drop of the fair value, considered as a decline exceeding one quarter of the acquisition cost, while giving consideration to all market conditions and circumstances; or
- The observation of an unrealised loss over two consecutive years.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement ("Financial results other than interest"). Impairment testing of trade accounts receivable is described in note 1.11.

1. 15. Non-current assets held for sale

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

1. 16. Accounts payable

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

1. 17. Loans payable

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

1. 18. Provisions

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

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

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

1. 19. Employee benefits

1. 19. 1. Pension benefits

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

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

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

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

1. 19. 2. Other benefits

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

1. 19. 3. Share-based transactions

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

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

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

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

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

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

1. 20. Share capital

1. 20. 1. Equity transaction costs

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

1. 20. 2. Treasury shares

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

1. 20. 3. Dividends

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

1. 21. Revenue presentation and recognition

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

Advertising sales are 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.

Revenue from content is recognised when the customer can generate economic benefit from the exploitation of related rights and the Group has no remaining contractual obligation.

Revenue from services is recognised in the period in which the service has been rendered provided that the amount of revenue can be measured reliably.

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.

The sales of merchandise are recognised when the Group has transferred the significant risks and rewards of ownership, and the amount of revenue can be measured reliably.

Barter revenue is recognised if goods or services in a barter transaction are of a dissimilar nature and if revenue has economic substance and can be reliably measured. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

A significant part of operations developed by the multi-platform networks ("MPN") consists of distributing videos licenced by talents/influencers and advertising-financed. The related revenue based on a variable basis is now reported in revenue from content, no more in advertising sales. 2016 amounts have been re-presented accordingly (note 7.1.).

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

1. 22. Government grants

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

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

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

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

1. 23. Gain / (loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

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

1. 24. Interest income / (expense)

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

1. 25. Income tax

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

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

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

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

1. 26. Discontinued operations

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

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

1. 27. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares, and the shares held under the liquidity programme (see note 7.8.).

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

1. 28. Segment reporting

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

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

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

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

The segment assets include the following items:

- The non-current assets, except the incremental fair value of the available-for-sale investments, 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.

2. *ACCOUNTING ESTIMATES AND JUDGEMENTS*

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

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

2. 1. Consolidation of entities in which the Group holds less than 50 per cent

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

In the framework of its decision of 27 July 2017 to renew M6's TV broadcasting authorisation, the French Conseil Supérieur de l'Audiovisuel ("CSA") also decided to remove the rule that no shareholder could exercise more than 34 per cent of the voting rights in M6 (the "34 % Rule"). The new TV broadcasting authorisation, and therefore the removal of the 34 % Rule, entered into force on 1 January 2018.

2. 2. 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. 3. Estimated impairment of goodwill, intangible assets with indefinite useful life and investments accounted for using the equity method

The Group tests annually whether goodwill intangible assets with indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in notes 1.7.2. and 1.7.3., respectively.

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

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

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

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

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

2. 4. 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. 5. Call options on interests held by non-controlling shareholders in subsidiaries and derivatives on investments accounted for using the equity method

Call options on interests held by non-controlling shareholders in subsidiaries and call and put option derivatives on investments accounted for using the equity method are initially recognised and subsequently re-measured at fair value through profit or loss (“Financial results other than interest”).

The magnitude of changes in fair value is driven by the terms of arrangements agreed between the parties (e.g. multiples applied) and by the valuations based on discounted cash flows (“DCF”) and derived from market sources. In addition to the expected life of the options, the time value portion of the fair value of the options is largely affected by the volatility of the value of the underlying asset value.

The underlying assets are usually Level 3 investments; their value and volatility are determined as described in notes 4.3. and 8.2. respectively.

2. 6. Fair value of available-for-sale investments

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets / liabilities at fair value through profit or loss that were not traded in active markets.

The carrying amount of available-for-sale investments (see note 8.15.5.) would be estimated to be up or down by €3 million were the discount rates used in the discounted cash flow analysis decrease or increase by 10 per cent respectively.

2. 7. 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. 8. 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 2017, deferred tax assets on losses carry-forwards (mainly in Germany, €8 million; 2016: €15 million) and on temporary differences (mainly in Germany, €270 million; 2016: €262 million) have been reassessed on the basis of currently implemented tax strategies.

2. 9. 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. 10. 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. 11. 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 120 of the annual report.

EBITA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:

- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";

- Impairment of investments accounted for using the equity method reported in "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements presented in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

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

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

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

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:

	2017 €m	2016 €m
Net cash from operating activities	**1,023**	1,106
Adjusted by:		
– Income tax paid	**345**	267
Acquisitions of:		
– Programme and other rights	**(94)**	(122)
– Other intangible and tangible assets	**(145)**	(135)
Proceeds from the sale of intangible and tangible assets	**170**	47
Operating free cash flow	**1,299**	1,163
EBITA	**1,248**	1,205
Operating cash conversion ratio	**104 %**	97 %

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";
- Marketable securities and other short-term investments presented in "Accounts receivable and other financial assets";
- Current deposit with shareholder reported in "Accounts receivable and other financial assets"; and
- Financial assets related to the sales and leasebacks presented in "Loans and other financial assets" (non-current part) and "Accounts receivable and other financial assets".

	2017 €m	2016 €m
Current loans and bank overdrafts	**(247)**	(493)
Non-current loans	**(568)**	(517)
	(815)	(1,010)
Deduction of:		
Cash and cash equivalents	**265**	433
Marketable securities and other short-term investments	**5**	–
Financial assets related to the sales and leasebacks	**–**	1
Net debt	**(545)**	(576)
EBITDA	**1,464**	1,411
Net debt to EBITDA ratio	**0.4**	0.4

The Group intends to maintain a conservative level of between 0.5 and 1.0 times net debt to full-year EBITDA to benefit from an efficient capital structure (see note 4.2.).

RVA

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

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

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

The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 5.1.). 66 per cent of the present value of operating leases and of satellite transponder service agreements (both net of related commitments received from investments accounted for using the equity method) is also taken into account when calculating the average invested capital.

	2017 €m	2016 €m
EBITA	**1,248**	1,205
Deduction of shares of results of investments accounted for using the equity method and already taxed	**(26)**	(25)
	1,222	1,180
Net basis after deduction of uniform tax rate	**819**	791
Shares of results of investments accounted for using the equity method and already taxed	**26**	25
NOPAT	**845**	816
Invested capital at beginning of year	**4,181**	4,006
Invested capital at end of year	**4,123**	4,181
66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year	**320**	327
66 per cent of the net present value of operating leases and satellite transponder service agreements at end of year	**302**	320
Adjusted average invested capital	**4,463**	4,417
Cost of capital	**357**	353
RVA	**488**	462

4. *FINANCIAL RISK MANAGEMENT*

4. 1. Financial risk factors

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

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

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

4. 1. 1. Market risk

Foreign exchange risk

Foreign exchange exposure

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

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

Hence the Group manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (USD 11 million as at 31 December 2017, USD 44 million as at 31 December 2016).

Management of the foreign exchange exposure

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

The Group Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 67 per cent (2016: 59 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for hedge accounting purposes.

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

Accounting

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

The foreign currency cash flow hedge accounting model defined under IAS 39 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 that have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the licence period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the hedging reserve as presented in the "Consolidated statement of changes in equity" (see note 8.15.4.). It is added to the carrying value of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument (including swap points) is recognised directly in profit or loss. For the year ended 31 December 2017, the amount of ineffectiveness (see note 7.6.) that has been recognised in the income statement is €13 million (€5 million in 2016).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the derivative and the exposure. Therefore, hedge accounting as defined under IAS 39 is not applied.

Foreign exchange derivative contracts

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

	Notes	2017 €m	2016 €m
Net fair value of foreign exchange derivatives	8. 8. 8. 12.	**(14)**	73
Operating foreign exchange gains/(losses)[12]		**(3)**	9
Cash flow hedges ineffectiveness gains/(losses)	7. 6.	**13**	5

		2017 €m	2016 €m
Less than 3 months		**(7)**	13
Less than 1 year		**1**	26
Less than 5 years		**(7)**	31
More than 5 years		**(1)**	3
Net fair value of derivative assets	8. 8. 8. 12.	**(14)**	73

The split by maturities of notional amounts of forward exchange contracts at 31 December 2017 is, for the main foreign currencies, as follows:

	2018 £m	2019 £m	2020 £m	2021 £m	> 2021 £m	**Total £m**
Buy	212	34	18	29	4	297
Sell	(333)	(23)	(10)	(7)	(1)	(374)
Total	**(121)**	**11**	**8**	**22**	**3**	**(77)**

	2018 $m	2019 $m	2020 $m	2021 $m	> 2021 $m	**Total $m**
Buy	865	175	183	64	93	1,380
Sell	(362)	(40)	(32)	(40)	(5)	(479)
Total	**503**	**135**	**151**	**24**	**88**	**901**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2016 is, for the main foreign currencies, as follows:

	2017 £m	2018 £m	2019 £m	2020 £m	> 2020 £m	**Total £m**
Buy	209	37	13	7	23	289
Sell	(314)	(27)	(3)	(3)	(4)	(351)
Total	**(105)**	**10**	**10**	**4**	**19**	**(62)**

	2017 $m	2018 $m	2019 $m	2020 $m	> 2020 $m	**Total $m**
Buy	879	221	78	103	88	1,369
Sell	(412)	(63)	(19)	(10)	(31)	(535)
Total	**467**	**158**	**59**	**93**	**57**	**834**

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 (2016: no material impact), and an additional pre-tax €67 million income (respectively expense) (2016: an income of €73 million) recognised in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2016: no material impact), and an additional pre-tax € nil million expense (respectively income) (2016: an expense of € nil million) recognised in equity;

12 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 IAS 39 is not applied

- If other currencies had been 10 per cent stronger compared to € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and equity (2016: no material impact).

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

Interest rate risk

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (former BeProcurement Sàrl)(see note 10.1.) and from cash and cash equivalents.

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

In 2013, the Group entered into a 10-year-term loan facility in the amount of €500 million with a fixed interest rate of 2.713 per cent per year. The term loan matures on 7 March 2023. The fair value of the 10-year-term facility – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €546 million (2016: €557 million). This is a Level 2 fair value measurement (see note 4.3.2.). Under the same shareholder loan agreement, the Group also has access to a revolving and swing line facility of up to €1 billion. The revolving and swing line facility matures on 24 February 2018. The interest rates for loans under the revolving and swing line facility are EURIBOR plus a margin of 0.60 per cent per year and EONIA plus a margin of 0.60 per cent per year, respectively. The balance between the fixed versus floating rate ratio might change substantially following the loan agreements described above. Management intend to maintain a suitable fixed versus floating rate ratio, taking into account interest rate yield curves. This percentage can be reviewed at the discretion of the Treasury Committee until the optimum mix between fixed and floating rates has been achieved.

Groupe M6 has secured during the third quarter of 2017 an external funding of €170 million, including a 7 year EURO Private Placement bond issue (Euro PP – 7 years) of €50 million and three bilateral committed credit facilities for a total of €120 million (i.e. €40 million each) with a maturity of 5 years. At 31 December 2017, the Euro Private Placement bond has been fully issued and credit lines were not fully drawn down (see note 8.11.). The fixed interest rate on the Euro PP is 1.50 per cent (all-in) and the margin on revolver credit facilities is on average 53 basis point spread on EURIBOR floored at zero per cent. The commitment fees represent 32 per cent of the spread. The fair value of the 7-year Euro PP – calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread – amounts to €50.1 million. This is a Level 2 fair value measurement (see note 4.3.2.).

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

When RTL Group has excess cash, the Treasury Committee defines the appropriate average tenor of the short-term placements based on business seasonality and regularly reviewed cash flow forecasts. Interest income depends on the evolution of floating interest rates and can potentially, in a low interest rate environment, generate a shortfall of income against interest expense.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

If the interest rates achieved had been lower (respectively higher) by 100 basis points, and assuming the current amount of floating net cash available remains constant, the net interest income/(expense) at 31 December 2017 would have been decreased (respectively increased) by €0.4 million (2016: €1 million).

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

	Notes	Effective interest rate %	Total amount[13] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to investments accounted for using the equity method – not bearing interest	8.8.	–	7	–	–	–	7	–
Loans to investments accounted for using the equity method – fixed rate	8.5.	1.7	8	2	2	–	–	4
Other loans – floating rate	8.5.	–	8	6	2	–	–	–
Cash and cash equivalents – earning assets	8.9.	0.1	265	265	–	–	–	–
Bank loans – fixed rate	8.11.	1.9	(8)	(2)	(4)	(2)	–	–
Bank loans – floating rate	8.11.	1.5	(82)	(64)	(18)	–	–	–
Term loan facility due to shareholder – fixed rate	8.11.	2.7	(500)	–	–	–	–	(500)
Revolving loan facility due to shareholder – floating rate	8.11.	0.3	(138)	(138)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8.11.	–	(42)	(42)	–	–	–	–
Bank overdrafts	8.11.	0.7	(7)	(7)	–	–	–	–
Leasing liabilities – floating rate	8.11.	3.1	(1)	(1)	–	–	–	–
Loans payable – not bearing interest	8.11.	–	(9)	–	(3)	–	(3)	(3)
Loans payable – fixed rate	8.11.	6.9	(3)	(2)	–	–	(1)	–
Loans payable – floating rate	8.11.	2.3	(10)	(8)	(2)	–	–	–
At 31 December 2017			**(512)**	**9**	**(23)**	**(2)**	**3**	**(499)**

	Notes	Effective interest rate %	Total amount[13] €m	6 months or less €m	6–12 months €m	1–2 years €m	2–5 years €m	Over 5 years €m
Loans to investments accounted for using the equity method – not bearing interest	8.8.	–	7	–	–	–	7	–
Loans to investments accounted for using the equity method – fixed rate	8.5.	3.0	9	3	2	–	4	–
Other loans – fixed rate	8.5.	4.7	1	–	1	–	–	–
Other loans – floating rate	8.5.	0.1	4	3	1	–	–	–
Cash and cash equivalents – earning assets	8.9.	0.2	433	433	–	–	–	–
Bank loans – fixed rate	8.11.	2.6	(9)	(8)	(1)	–	–	–
Bank loans – floating rate	8.11.	2.6	(17)	(16)	(1)	–	–	–
Term loan facility due to shareholder – fixed rate	8.11.	2.7	(500)	–	–	–	–	(500)
Revolving loan facility due to shareholder – floating rate	8.11.	0.3	(389)	(389)	–	–	–	–
Loans due to investments accounted for using the equity method – floating rate	8.11.	–	(50)	(50)	–	–	–	–
Bank overdrafts	8.11.	0.9	(2)	(2)	–	–	–	–
Leasing liabilities – floating rate	8.11.	3.0	(2)	–	(2)	–	–	–
Loans payable – not bearing interest	8.11.	–	(9)	(4)	–	–	(2)	(3)
Loans payable – fixed rate	8.11.	7.9	(2)	–	–	–	(2)	–
Loans payable – floating rate	8.11.	0.9	(16)	(16)	–	–	–	–
At 31 December 2016			**(542)**	**(46)**	**–**	**–**	**7**	**(503)**

13 Excluding accrued interests

4. 1. 2. Credit risk

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

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

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2017, the combined television and radio advertising revenue contributed 52 per cent of the Group's revenue (2016: 52 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However the risks are considered as low due to the size of the individual companies or agency groups.

RTL Group sells, licenses and monetises content to state-owned and commercial television channels and internet platforms. In 2017, these activities contributed 28 per cent of the Group's revenue (2016: 28 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcasters, and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

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

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

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

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €54 million and €4 million) at 31 December 2017:

			Not impaired as of the reporting date and past due by					
	Gross carrying amount[14] €m	Neither past due nor impaired on the reporting date €m	<= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	14	5	–	–	–	–	–	9
Trade accounts receivable	1,361	902	266	80	26	14	9	64
Accounts receivable and loans receivable to investment accounted for using the equity method	36	34	–	–	–	–	–	2
Other accounts receivable and current financial assets	374	351	1	–	–	–	–	22
Cash and cash equivalents	265	265	–	–	–	–	–	–
At 31 December 2017	**2,050**	**1,557**	**267**	**80**	**26**	**14**	**9**	**97**

14 At 31 December 2017, cumulated valuation allowances amount to €95 million of which €3 million on collective basis. The latter are not taken into account in the table above

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €58 million and € nil million) at 31 December 2016:

	Gross carrying amount[15] €m	Neither past due nor impaired on the reporting date €m	Not impaired as of the reporting date and past due by <= 1 month €m	2–3 months €m	3–6 months €m	6–12 months €m	Over 1 year €m	Gross amount impaired €m
Loans and other non-current financial assets	19	5	–	–	–	–	–	14
Trade accounts receivable	1,291	885	223	70	28	11	9	65
Accounts receivable and loans receivable to investment accounted for using the equity method	40	38	1	–	–	–	1	–
Other accounts receivable and current financial assets	555	536	2	–	–	–	–	17
Cash and cash equivalents	433	433	–	–	–	–	–	–
At 31 December 2016	**2,338**	**1,897**	**226**	**70**	**28**	**11**	**10**	**96**

The top ten trade accounts receivable represent €149 million (2016: €138 million) while the top 50 trade accounts receivable represent €368 million (2016: €352 million).

The top ten counterparties for cash and cash equivalents represent €200 million (2016: €304 million).

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with shareholders is significantly mitigated (see note 10.1.).

4. 1. 3. Price risk

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries and investment accounted for using the equity method (see note 2.5.).

4. 1. 4. Liquidity risk

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

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2017 €m**
Credit facilities – banks				
Committed facilities	–	120	50	**170**
Headroom	–	110	–	**110**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**2016 €m**
Credit facilities – banks				
Committed facilities	294	–	–	**294**
Headroom	49	–	–	**49**

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

15 At 31 December 2016, cumulated valuation allowances amount to €96 million of which €5 million on collective basis. The latter are not taken into account in the table above

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	264	70	562	**896**
Accounts payable[16]	2,026	163	17	**2,206**
At 31 December 2017	**2,290**	**233**	**579**	**3,102**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	979	384	32	**1,395**
– Inflow	(954)	(372)	(31)	**(1,357)**
At 31 December 2017	**25**	**12**	**1**	**38**

	Under 1 year €m	1–5 years €m	Over 5 years €m	**Total €m**
Non-derivative financial liabilities				
Loans and bank overdrafts	508	66	524	**1,098**
Accounts payable[16]	2,268	134	19	**2,421**
At 31 December 2016	**2,776**	**200**	**543**	**3,519**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
– Outflow	664	126	–	**790**
– Inflow	(635)	(117)	–	**(752)**
At 31 December 2016	**29**	**9**	**–**	**38**

4. 2. Capital management

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

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

The Group intends to pay ordinary dividends in the future, targeting a dividend ratio of between 50 and 75 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net profit takes into account non-recurring items, both positive and negative, impacting the reported net result attributable to RTL Group shareholders. The non-recurring items include gains or losses that appear in the financial statements that are not expected to occur regularly, such as impairment of goodwill, material gains/(losses) on disposal of assets, restructuring costs and re-measurement to fair value of pre-existing interests in acquiree.

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

4. 3. Accounting classifications and fair value hierarchy

4. 3. 1. Financial instruments by category

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

	Notes	Assets at fair value through profit or loss €m	Derivatives[17] €m	Loans and accounts receivable €m	Available-for-sale investments €m	**Total €m**
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	–	–	19	54	**73**
Accounts receivable and other financial assets[18]	8. 8.	4	24	1,672	–	**1,700**
Cash and cash equivalents	8. 9.	–	–	265	–	**265**
At 31 December 2017		**4**	**24**	**1,956**	**54**	**2,038**

	Notes	Liabilities at fair value through profit or loss[19] €m	Derivatives[20] €m	Other financial liabilities[21] €m	**Total €m**
Liabilities					
Loans and bank overdrafts	8. 11.	–	–	815	**815**
Accounts payable[22]	8. 12.	18	38	2,145	**2,201**
At 31 December 2017		**18**	**38**	**2,960**	**3,016**

	Notes	Assets at fair value through profit or loss €m	Derivatives[23] €m	Loans and accounts receivable €m	Available-for-sale investments €m	**Total €m**
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8. 5.	–	–	19	58	**77**
Accounts receivable and other financial assets[18]	8. 8.	–	114	1,791	–	**1,905**
Cash and cash equivalents	8. 9.	–	–	433	–	**433**
At 31 December 2016		**–**	**114**	**2,243**	**58**	**2,415**

	Notes	Liabilities at fair value through profit or loss[19] €m	Derivatives[24] €m	Other financial liabilities[21] €m	**Total €m**
Liabilities					
Loans and bank overdrafts	8. 11.	–	–	1,010	**1,010**
Accounts payable[22]	8. 12.	28	38	2,349	**2,415**
At 31 December 2016		**28**	**38**	**3,359**	**3,425**

17
- Out of which €4 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €20 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)
- Out of which € nil million are fair value of call options on subsidiaries and on investments accounted for using the equity method

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

19 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

20
- Out of which €23 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €15 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)

21 At amortised cost

22 Accounts payable exclude employee benefits liability, deferred income and advance payments received, social security and other tax payables and other non-financial liabilities

23
- Out of which €63 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €48 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)
- Out of which €3 million are fair value of call options on subsidiaries and on investments accounted for using the equity method

24
- Out of which €3 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €35 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)

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).

	Notes	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets					
Available-for-sale investments	2. 6.	**54**	5	–	49
Derivatives used for hedging	4. 1. 1.	**24**	–	24	–
Accounts receivable and other financial assets		**4**	4	–	–
At 31 December 2017		**82**	**9**	**24**	**49**
Liabilities					
Derivatives used for hedging	4. 1. 1.	**38**	–	38	–
Liabilities in relation to put options on non-controlling interests	6. 2.	**18**	–	–	18
At 31 December 2017		**56**	**–**	**38**	**18**

	Notes	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets					
Available-for-sale investments	2. 6.	**58**	9	–	49
Derivatives used for hedging	4. 1. 1.	**111**	–	111	–
Derivatives in relation to call options	2. 5.	**3**	–	–	3
At 31 December 2016		**172**	**9**	**111**	**52**
Liabilities					
Derivatives used for hedging	4. 1. 1.	**38**	–	38	–
Liabilities in relation to put options on non-controlling interests	6. 2.	**28**	–	–	28
At 31 December 2016		**66**	**–**	**38**	**28**

There were no transfers between Levels 1, 2 and 3 during the years 2017 and 2016.

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

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

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

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

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes-Merton 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 2017:

	Notes	Assets: Financial assets at fair value through profit or loss €m	Assets: Available-for-sale investments €m	Assets: **Total assets €m**	Liabilities: Liabilities at fair value through profit or loss €m
Balance at 1 January		3	49	**52**	28
Acquisitions and additions		–	6	**6**	–
Gains and losses recognised in other comprehensive income		–	(5)	**(5)**	–
Gains and losses recognised in profit or loss ("Financial results other than interest")	7.6.	–	(1)	**(1)**	5
Other changes		(3)	–	**(3)**	(15)
Balance at 31 December		–	49	**49**	18
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	2.5.	**–**	**(1)**	**(1)**	**–**

The following table presents the change in Level 3 instruments for the year ended 31 December 2016:

	Notes	Assets: Financial assets at fair value through profit or loss €m	Assets: Available-for-sale investments €m	Assets: **Total assets €m**	Liabilities: Liabilities at fair value through profit or loss €m
Balance at 1 January		6	47	**53**	28
Acquisitions and additions		–	2	**2**	1
Gains and losses recognised in profit or loss ("Financial results other than interest")	7.6.	(3)	–	**(3)**	(1)
Balance at 31 December		3	49	**52**	28
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	2.5.	**(3)**	**–**	**(3)**	**1**

4. 4. Master netting agreement

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances – such as 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 2017			At 31 December 2016		
	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 for hedging	24	(24)	–	111	(38)	73
	24	(24)	–	111	(38)	73
Financial liabilities						
Derivative financial instruments						
– Forward exchange contracts used for hedging	(38)	24	(14)	(38)	38	–
	(38)	24	(14)	(38)	38	–

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 16 business units (of which Atresmedia and Inception accounted for using the equity method) at 31 December 2017, each one led by a CEO.

They manage operations in television, radio and digital businesses in eight European countries. The Group owns interests in 57 TV channels and 31 radio stations, of which six TV channels and three radio stations are held by Atresmedia as an associate (see note 8.4.1.).

Moreover FremantleMedia, BroadbandTV, Style Haul, Divimove (see note 6.2.), SpotX and Smartclip (part of Mediengruppe RTL Deutschland) operate international networks in the content and digital businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:
- **Mediengruppe RTL Deutschland:** this segment encompasses all of the Group's German television activities. These include the leading commercial channel RTL, free-to-air channels Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, joint-venture accounted for using the equity method), N-TV, Nitro and RTL Plus, and thematic pay channels RTL Crime, RTL Passion, RTL Living and GEO Television, and an equity participation in the free-to-air channel RTL II. This segment also includes an array of diversification operations including the video-on-demand (VOD) service TV Now, digital[25] and content activities;
- **Groupe M6**: primarily composed of the commercial free-to-air TV channel M6. This segment also includes two other free-to-air television channels, W9 and 6ter, plus a number of smaller thematic pay channels, as well as significant other operations such as digital activities (VOD platform 6Play), home shopping, rights production and distribution, and a football club.
  Additionally, RTL Radio (France), operating the leading radio family in France with the stations RTL, RTL 2 and Fun Radio, was transferred to Groupe M6 by RTL Group on 1 October 2017. The dilution of RTL Group's ownership of RTL Radio (France) from 100 per cent to 48 per cent is not significant in terms of profit and equity attributable to RTL Group shareholders. 2016 segment information has been accordingly restated as if this transaction had occurred since 1 January. RTL Radio (France) is allocated to Groupe M6 cash-generating unit at 31 December 2017 and the related goodwill has been transferred (see note 8.2.);
- **FremantleMedia:** a worldwide production business including a significant distribution and licensing business (FMI – FremantleMedia International). Its main business units are based in the United States, Germany, the United Kingdom and Australia;
- **RTL Nederland:** this segment covers television and a wide range of new media and diversification activities. Its television channels RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids build the leading family of channels in the Netherlands. This segment also includes an array of diversification operations, including the catch-up TV service RTL XL and an SVOD (Subscription Video On Demand) service called Videoland;
- **RTL Belgium:** this segment includes both television and radio activities focused on the French-speaking part of Belgium. The television activities are the country's leading family of channels and include RTL-TVI, Plug RTL and Club RTL, while the radio activities comprise the stations, Radio Contact, Bel RTL and Mint.

25 See Glossary

The revenue of “Other segments” amounts to €643 million (2016: €580 million); multi-platform networks and RTL Hungary are the major contributors for €258 million and €110 million respectively (2016: €176 million and €104 million respectively). Group headquarters, which provide services and initiate development projects, are also reported in “Other segments”; properties located in Paris have been disposed of in 2017 (see note 7.2.).

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

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

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

5. 1. Segment information

	Note	Mediengruppe RTL Deutschland 2017 €m	Mediengruppe RTL Deutschland 2016 €m	Groupe M6[28] 2017 €m	Groupe M6[28] 2016 €m
Revenue from external customers		**2,315**	2,211	**1,493**	1,439
Inter-segment revenue		**4**	3	**10**	7
Total revenue		**2,319**	2,214	**1,503**	1,446
Profit/(loss) from operating activities		**681**	662	**245**	251
Share of results of investments accounted for using the equity method		**43**	41	**2**	1
EBIT		**724**	703	**247**	252
EBITDA		**743**	718	**389**	400
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)		**(18)**	(13)	**(134)**	(143)
EBITA		**725**	705	**255**	257
Impairment of investments accounted for using the equity method		**–**	–	**–**	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(1)**	(2)	**(8)**	(5)
Re-measurement of earn-out arrangements		**–**	–	**–**	–
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree		**–**	–	**–**	–
EBIT		**724**	703	**247**	252
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)		**1,657**	1,620	**1,767**	1,707
Investments accounted for using the equity method		**79**	79	**14**	9
Assets classified as held for sale	8. 10.	**–**	–	**–**	–
Segment assets		**1,736**	1,699	**1,781**	1,716
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)		**1,089**	1,074	**670**	637
Segment liabilities		**1,089**	1,074	**670**	637
Invested capital		**647**	625	**1,111**	1,079
Segment assets					
Deferred tax assets					
Income tax receivable					
Other assets[26]					
Cash and cash equivalents					
Total assets					
Segment liabilities					
Deferred tax liabilities					
Income tax payable					
Other liabilities					
Total liabilities					
Capital expenditure[27]		**20**	56	**161**	174
Depreciation and amortisation		**(18)**	(15)	**(140)**	(145)
Impairment losses excluding goodwill		**1**	–	**(2)**	(3)

Restructuring costs amount to €(22) million (2016: €3 million) (see note 8.13.1.)

26 Including cash and cash equivalents classified as held for sale
27 Capital expenditure includes additions in "Programme and other rights", "Other intangible assets" and "Property, plant and equipment", new goodwill following acquisitions of subsidiaries and incremental fair value on identifiable assets following purchase accounting
28 Restated
Accounting misstatements over previous years in the Group reporting of the French radio segment had conducted the Group to recognise in 2016 the following adjustments through the income statement without impact on cash and on the net cash from operating activities:
- EBITA ("Other operating expenses") €(11.2) million
- Income tax €3.8 million
- Profit of the year attributable to RTL Group shareholders €(7.4) million

FremantleMedia		RTL Nederland		RTL Belgium		Other segments		Eliminations		Total Group	
2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m
1,303	1,352	475	495	190	200	597	540	–	–	6,373	6,237
169	148	–	–	1	2	46	40	(230)	(200)	–	–
1,472	1,500	475	495	191	202	643	580	(230)	(200)	6,373	6,237
119	109	74	91	16	43	48	(26)	–	–	1,183	1,130
(5)	2	(1)	(1)	–	–	24	24	–	–	63	67
114	111	73	90	16	43	72	(2)	–	–	1,246	1,197
140	129	87	96	21	48	84	20	–	–	1,464	1,411
(20)	(19)	(14)	(11)	(5)	(5)	(25)	(15)	–	–	(216)	(206)
120	110	73	85	16	43	59	5	–	–	1,248	1,205
(6)	–	–	–	–	–	–	–	–	–	(6)	–
–	–	–	–	–	–	(8)	(8)	–	–	(17)	(15)
–	1	–	–	–	–	–	–	–	–	–	1
–	–	–	5	–	–	21	1	–	–	21	6
114	111	73	90	16	43	72	(2)	–	–	1,246	1,197
										4	6
										(26)	(27)
										(2)	3
										(385)	(363)
										837	816
1,935	1,930	408	405	166	171	809	748	(212)	(157)	6,530	6,424
17	12	8	6	–	–	289	321	–	–	407	427
–	–	–	–	–	–	–	83	–	–	–	83
1,952	1,942	416	411	166	171	1,098	1,152	(212)	(157)	6,937	6,934
594	540	139	148	103	96	427	411	(208)	(153)	2,814	2,753
594	540	139	148	103	96	427	411	(208)	(153)	2,814	2,753
1,358	1,402	277	263	63	75	671	741	(4)	(4)	4,123	4,181
										6,937	6,934
										295	317
										48	19
										349	597
										265	433
										7,894	8,300
										2,814	2,753
										25	45
										63	52
										1,568	1,898
										4,470	4,748
26	24	28	13	2	4	61	65	–	–	298	336
(20)	(19)	(14)	(11)	(5)	(5)	(33)	(23)	–	–	(230)	(218)
–	–	–	–	–	–	–	–	–	–	(3)	(3)

5. 2. Geographical information

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

		Germany		France		USA		The Netherlands		UK		Belgium		Other regions		Total	
	Note	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m
Revenue from external customers		**2,266**	2,204	**1,471**	1,419	**800**	802	**502**	514	**248**	227	**226**	232	**860**	839	**6,373**	6,237
Non-current assets		**1,075**	1,045	**959**	965	**664**	707	**323**	309	**407**	408	**47**	50	**251**	170	**3,726**	3,654
Assets classified as held for sale	8. 10.	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	83	**–**	83
Capital expenditure		**56**	63	**162**	175	**12**	7	**29**	13	**2**	3	**2**	5	**35**	70	**298**	336

The revenue generated in Luxembourg amounts to €66 million (2016: €66 million). The total of non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €105 million (2016: €106 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 €26 million and loss attributable to RTL Group shareholders of €(1) million for the post acquisition period to 31 December 2017. 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 €6,381 million and €739 million, respectively.

6. 2. Details of main acquisitions and disposals, increases in interests held in subsidiaries

2017

Divimove

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until 31 December 2019, at the latest. The strike price of the option is based on a variable component. The fair value of the derivative was € nil million at completion date and remains unchanged at 31 December 2017.

The transaction qualifies as a business combination since RTL Group gained the control of Divimove. Before 2 February 2017, Divimove was accounted for using the equity method. The group has recognised a gain of €14 million as a result of re-measuring at fair value its 75.5 per cent interest previously held in Divimove (see note 7.4.). This fair value was measured by reference to the discounted cash flow model used by management.

The purchase consideration amounts to €(3) million, net of cash acquired. RTL Group has recognised identifiable intangible assets (customer contracts) for a fair value of €0.6 million and a corresponding deferred tax liability of €0.2 million. As a result, a goodwill of €27 million has been recognised. The latter is attributable mainly to the skills and talent of Divimove's workforce. It is not tax deductible. Divimove operates as a separate cash generating unit. Divimove does not report any more to FremantleMedia management at

31 December 2017 and has been transferred from the FremantleMedia segment to the "Other segments". 2016 segment information has been restated accordingly.

The transaction-related costs are insignificant.

	Fair value at date of gain of control €m
Cash and cash equivalents	3
Other intangible assets	1
Accounts receivable and other financial assets	3
Loans	(1)
Accounts payable	(4)
Net deferred tax liabilities	–
Non-controlling interests	(1)
Net assets acquired	**1**
Goodwill	27
Fair value of previously held equity interests	(25)
Call option	(3)
Total purchase consideration	**–**
Cash and cash equivalents in operations acquired	(3)
Cash inflow on acquisition	**(3)**

Fidélité Films

On 20 July 2017, Groupe M6 acquired 100 per cent of the share capital of Fidélité Films SAS ("Fidélité"). Fidélité holds a catalogue of 42 feature films, including *Asterix et Obelix au service de sa Majesté*, *Le petit Nicolas*, *Les vacances du petit Nicolas* and *De l'autre côté du lit*. With this targeted acquisition, Groupe M6 continues to consolidate its activities of distribution of audiovisual rights by extending its catalogue, which now contains almost 1,300 full-length feature films.

The transaction qualifies as a business combination since RTL Group gained the control of Fidélité.

The purchase consideration amounts to €7 million, net of cash acquired, and is contingent on a cash-and-debt position. The fair value of identified assets has been allocated to the catalogue for €5 million and to other accounts receivable for €6 million. A corresponding deferred tax liability has been recognised for €4 million. As a result, a provisional goodwill of €2 million, attributable to expected synergy benefits, has been recognised. The goodwill is not tax deductible. Fidélité is allocated to the Groupe M6 cash generating unit.

The transaction-related costs are insignificant.

	Fair value at date of gain of control €m
Non-current programme and other rights	5
Accounts receivable and other financial assets	13
Loans	(1)
Accounts payable	(8)
Net deferred tax liabilities	(4)
Net assets acquired	**5**
Provisional goodwill	2
Total purchase consideration	**7**
Deferred consideration	(2)
Cash outflow on acquisition	**5**

Adfactor

On 18 September 2017, RTL Nederland BV ("RTL Nederland") acquired 60 per cent of the share capital of Adfactor BV ("Adfactor"), a Dutch company based in The Hague. Adfactor is specialised in digital content marketing (native advertising) and has an extensive network of influencers and content makers. By combining Adfactor's network with RTL Nederland's multi-platform network RTL MCN and others, advertisers will have even more options for deploying campaigns customised by both parties to reach the right target group.

The transaction qualifies as a business combination since RTL Group gained the control of Adfactor.

The purchase consideration amounts to €7 million, net of cash acquired. As a result, a provisional goodwill of €8 million has been recognised. The goodwill is not tax deductible. Adfactor is allocated to the RTL Nederland cash generating unit.

The remaining 40 per cent are subject to symmetrical put and call options exercisable in the period 2020–2021. The strike price of the put option is based on a variable component and capped at €22.5 million on a 100 per cent basis. The related amount has been initially recognised as a financial liability for €6 million through equity for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and remains unchanged at 31 December 2017.

The transaction-related costs are insignificant.

	Fair value at date of gain of control €m
Cash and cash equivalents	1
Accounts receivable and other financial assets	3
Accounts payable	(4)
Net assets acquired	**–**
Provisional goodwill	8
Total purchase consideration	**8**
Cash and cash equivalents in operations acquired	(1)
Cash outflow on acquisition	**7**

Easy Tiger Productions

On 18 September 2017, FremantleMedia Australia Pty Ltd ("FremantleMedia") acquired 75 per cent of the share capital of Easy Tiger Productions ("Easy Tiger"), an Australian television production company focused on prime-time scripted drama series. The acquisition is in line with the company's growth strategy of strengthening the creative pipeline.

The transaction qualifies as a business combination since RTL Group gained the control of Easy Tiger.

The purchase consideration amounts to €5 million, net of cash acquired, and includes a top-up adjustment based on the level of profitability. As a result, a provisional goodwill of €5 million has been recognised. The goodwill is not tax deductible. Easy Tiger is allocated to the FremantleMedia cash generating unit.

The remaining 25 per cent interest is subject of call and put options exercisable in 2023. The exercise of the put option is subject to a financial performance threshold. The put option has been recognised at the acquisition date for an amount of €2 million through equity as a liability representing the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and remains unchanged at 31 December 2017.

Transaction-related costs of €0.4 million, mainly consisting of legal fees and due diligence costs, are reported in "Other operating expenses".

	Fair value at date of gain of control €m
Cash and cash equivalents	1
Other intangible assets	1
Current programme rights	3
Accounts receivable and other financial assets	5
Loans	(4)
Accounts payable	(5)
Net assets acquired	**1**
Provisional goodwill	5
Total purchase consideration	**6**
Cash and cash equivalents in operations acquired	(1)
Cash outflow on acquisition	**5**

Other

Since the gain of control in June 2013, RTL Group held a call option on BroadbandTV Corp. ("BBTV") non-controlling interests. RTL Group announced on 31 January 2017 that it decided not to exercise this call option for the remaining non-controlling interests in BBTV and agreed to explore, jointly with the minority shareholders of BBTV, all strategic alternatives for the company. In addition, for a period of 2 years from 31 January 2017, the non-controlling shareholders are entitled to an exit mechanism whereby they can first offer their stake to RTL Group and, if RTL Group does not accept the offer, drag RTL Group's stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders' stake.

The put option held by the non-controlling shareholders of Original Productions LLC, of which control was gained by RTL Group on 20 February 2009, has been exercised and paid on 24 March 2017 for an amount of €9 million.

On 2 April 2017, Divimove GmbH has acquired the assets (trademarks, social media channels, website, customer database, etc.) of the company VideoDays GmbH ("VDD"), a YouTube events company based in Germany. The acquisition of VDD for an amount of €0.5 million meets the definition of a business combination as Divimove gained the control of VDD.

The contingent consideration related to Sparwelt GmbH, recognised in September 2014 and re-measured to €3.7 million at 31 December 2016, has been paid during the second quarter 2017.

The last instalment of the SpotX, Inc earn-out was paid during the second quarter 2017 for an amount of below €1 million. A second instalment had been paid during the second quarter 2016 for an amount of €4 million. At 31 December 2016, the fair value of the derivative related to the SpotX call option had been decreased to € nil million at 31 December 2016 and the related expense of €3 million reported in "Financial results other than interest" (see note 7.6.). Following the commitment by RTL Group on 7 September 2017 to acquire the 36.4 per cent (on a fully diluted basis) equity in SpotX, Inc ("SpotX") it did not already own, RTL Group exercised its call option for a total amount of €128 million, of which €7 million contributed to SpotX ("Transactions on non-controlling interests" in the consolidated cash flow statement). The purchase price further remains subject to a performance-based adjustment of up to USD 7.7 million if SpotX reaches defined thresholds of net revenue and EBITDA in 2017, the contingent liability is nil at 31 December 2017. The non-controlling interests have been derecognised on 1 October 2017, the completion date.

Within the framework of the put and call option rights that were in place between the shareholders of RTL US Holdings, Inc which holds 100 per cent of the shares in Style Haul, Inc (Style Haul), RTL Group acquired for €15 million in June 2017 the remaining shares in RTL US Holdings, Inc ("Transactions on non-controlling interests" in the consolidated cash flow statement). As a result, RTL Group indirectly holds 100 per cent of the shares of Style Haul (note 8.15.8.). The fair value of the liabilities related to the options representing 3 per cent and the cash settled share-based payment arrangement representing 3 per cent has been re-measured to €15 million at the date of exercise (at 31 December 2016: €10 million). The related expense of €5 million is reported in "Financial results other than interest" (see note 7.6.).

On 15 July 2017, RTL Group has disposed all the shares held in RTL CBS Asia Entertainment Network LLP ("RTL CBS") for USD 1 and has generated a capital gain of €4 million (see note 7.4.).

	2017 €m
Current programme rights	(5)
Accounts receivable and other financial assets	(2)
Accounts payable	5
Non-controlling interests	1
Net assets disposed	**(1)**
Waiver of financial liability	5
Gain on disposal	**4**
Waiver of financial liability	(5)
Cash inflow on disposal	**–**

Wildside

Since the gain of control of Wildside on 7 August 2015 by FremantleMedia, the minority shareholder holds a put option on the remaining 37.5 per cent non-controlling interests. The put and call options, exercisable at the latest in 2020, are based on a performance-related component. The put option liability had been initially recognised through equity for the present value of the redemption amount of €6.3 million. The financial liability had been re-measured to €6 million at 31 December 2016 and has been re-measured to €11 million at 31 December 2017. The related expense of €5 million is reported in "Financial results other than interest". An income of €0.5 million had been recognised at 31 December 2016 (see note 7.6.). The fair value of the call option related derivative was € nil million at 31 December 2016 and remains unchanged at 31 December 2017.

Miso Film

The contingent consideration recognised in November 2013 and related to the 49 per cent non-controlling interests had been initially recognised as a financial liability through equity for the present value of the redemption amount of €9 million. The financial liability subsequently measured at amortised cost had been re-measured to €6 million in 2016 and has been re-measured to €7 million at 31 December 2017. The related expense of €1 million is reported in "Financial results other than interest". An expense of €1 million had been recognised at 31 December 2016 (see note 7.6.).

2016 (updated at 31 December 2017)

Abot Hameiri

On 11 January 2016, FremantleMedia Netherlands BV ("FremantleMedia") acquired 51 per cent of Abot Hameiri Communications Ltd ("AH"), an Israeli content development and TV production company, which primarily focuses on the development and production of both established and original entertainment, scripted drama and factual programmes. The acquisition was in line with the growth strategy of strengthening the creative pipeline and entering new markets. The transaction qualified as a business combination since RTL Group gained the control of AH. The purchase consideration of €7 million, net of cash acquired, included a top-up adjustment based on the level of profitability realised in 2015, estimated at €1 million as at 31 March 2016, and paid during the second quarter 2016. The purchase accounting realised during the second quarter 2016 did not lead to the recognition of additional identifiable assets and liabilities. Goodwill of €8 million represented the value of creative talent and market competence of Abot Hameiri workforce. The goodwill is not tax deductible. AH was allocated to the FremantleMedia cash generating unit.

FremantleMedia holds an option on the remaining 49 per cent of the share capital. The strike price of the option, exercisable in 2021, is based on a variable component. The consideration for 100 per cent of AH is capped at €46 million. If RTL Group does not exercise the option, the non-controlling shareholders have a drag-along right and a call option. The fair value of the related derivative was € nil million at completion date and remains unchanged at 31 December 2017 (€ nil million at 31 December 2016).

Transaction-related costs of €0.3 million, mainly consisting of legal fees and due diligence costs, were reported in "Other operating expenses" in 2016.

	Fair value at date of gain of control €m
Cash and cash equivalents	1
Current programme rights	7
Accounts receivable and other financial assets	1
Accounts payable	(9)
Net assets acquired	**–**
Goodwill	8
Total purchase consideration	**8**
Cash and cash equivalents in operations acquired	(1)
Cash outflow on acquisition	**7**

Smartclip

On 11 March 2016, RTL Group Vermögensverwaltung GmbH entered into an agreement to acquire 93.75 per cent of Smartclip Holding AG and five of its subsidiaries operating in Germany, Italy, the Netherlands and Sweden ("Smartclip"). Smartclip bundles the online video advertising inventory of 700 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected screens. As a strong sales house and technological innovator, Smartclip also creates solutions for Smart-TV and multiscreen advertising. Smartclip complements RTL Group's investments in digital advertising sales. The German cartel office approved the transaction on 22 April 2016. The transaction qualified as a business combination since RTL Group gained the control of Smartclip.

The purchase consideration amounted to €37 million, net of cash acquired. Intangible assets, recognised at the business combination date, included the trade name (€1 million) and customer contracts (€4 million). A corresponding deferred tax liability amounted to €1 million. Goodwill of €38 million was attributed to the skills and market competence of Smartclip's workforce and the synergies expected. The goodwill in connection with the acquisition is not tax deductible. Smartclip was allocated to the Mediengruppe RTL Deutschland cash-generating unit.

The remaining 6.25 per cent were subject to symmetrical put and call options exercisable in 2017. The strike price of the put option is based on a variable component and capped at €200 million on a 100 per cent basis. The related amount has been initially recognised as a financial liability for €4 million through equity for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and was re-measured to €6 million at 31 December 2016. The related expense of €2 million was reported in "Financial results other than interest" (see note 7.6.).

Transaction-related costs of €0.2 million, mainly consisting of legal fees and due diligence costs, were reported in 2016 in "Other operating expenses".

	Fair value at date of gain of control €m
Cash and cash equivalents	11
Other intangible assets	9
Accounts receivable and other financial assets	12
Accounts payable	(20)
Net deferred tax liabilities	(1)
Non-controlling interests	(1)
Net assets acquired	**10**
Goodwill	38
Total purchase consideration	**48**
Cash and cash equivalents in operations acquired	(11)
Cash outflow on acquisition	**37**

The initial purchase consideration of €48 million, contingent on cash-and-debt free position adjusted for normalised working capital, has been increased by €2 million and paid during the second quarter 2017. The goodwill has been adjusted accordingly at 30 June 2017.

Additionally, RTL Group has exercised its option in April 2017 for an amount of €6 million ("Transactions on non-controlling interests" in the consolidated cash flow statement).

Mandarin Cinéma

On 22 July 2016, Groupe M6 acquired 100 per cent of Mandarin Cinéma SAS ("Mandarin Cinéma"). Mandarin Cinéma, which is based in France, holds a catalogue of 32 feature films. With this targeted acquisition, Groupe M6 continued the consolidation of its activities of distribution of audiovisual rights by extending its catalogue, which contained almost 1,300 full-length feature films. The transaction qualified as a business acquisition since RTL Group gained the control of Mandarin Cinéma.

The purchase consideration amounted to €12 million, net of cash acquired. The purchase agreement included an earn-out mechanism based on a variable performance component; the contingent consideration was estimated and recognised for €1 million. The fair value of identified assets was allocated to the catalogue for €7 million and to other accounts receivable for €7 million. A corresponding deferred tax liability was recognised for €4 million. Goodwill of €2 million was attributed to expected synergy benefits. The goodwill arising from the transaction is not tax deductible. Mandarin Cinéma was allocated to the Groupe M6 cash-generating unit.

Transaction-related costs were insignificant in 2016.

	Fair value at date of gain of control €m
Cash and cash equivalents	3
Non-current programme and other rights	7
Accounts receivable and other financial assets	12
Accounts payable	(4)
Loans	(1)
Net deferred tax liabilities	(4)
Net assets acquired	**13**
Goodwill	2
Total purchase consideration	**15**
Contingent consideration	(1)
Cash and cash equivalents in operations acquired	(3)
Cash outflow on acquisition	**11**

The amount of deferred consideration reported for below €1 million at 31 December 2016 was paid during the second half of 2017.

iGraal

On 30 November 2016, Groupe M6, through its subsidiary M6 Web SAS, acquired 51 per cent of iGraal SAS ("iGraal"). iGraal is based in France and the leader for cashback schemes on online purchases. With this acquisition, Groupe M6 strengthened its capacity for innovation in support of online retailers, expanding its range of good deals for consumers and enriching its data strategy by accessing highly qualified purchasing behaviour data. The transaction qualified as a business acquisition since RTL Group gained the control of iGraal.

The purchase consideration amounted to €2 million, net of cash acquired. Goodwill of €11 million is not tax deductible. iGraal was allocated to the Groupe M6 cash-generating unit.

The remaining 49 per cent are subject to call and put options exercisable at the latest in 2019. The strike price of the put option is based on a variable component and capped at €40 million on a 100 per cent basis on a debt and cash free basis. The put option had been recognised at the acquisition date for an amount of €15 million through equity as a liability for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and remains unchanged at 31 December 2017 (2016: €15 million).

Transaction-related costs were insignificant in 2016.

	Fair value at date of gain of control €m
Cash and cash equivalents	9
Accounts receivable and other financial assets	5
Accounts payable	(12)
Provisions	(3)
Net deferred tax assets	1
Net assets acquired	**–**
Goodwill	11
Total purchase consideration	**11**
Deferred consideration	(1)
Cash and cash equivalents in operations acquired	(9)
Cash outflow on acquisition	**1**

The amount of deferred consideration reported for below €1 million at 31 December 2016 was paid during the second half of 2017.

Other

On 1 September 2016, RTL Nederland Ventures BV disposed of the interests held in Pepper BV generating a sale proceeds and a capital gain of €0.2 million (see note 7.4.).

On 26 October 2016, RTL Nederland Ventures BV fully disposed of its 100 per cent stake in Couverts Reserveren BV to TripAdvisor generating a capital gain of €5 million (see note 7.4.). The sale proceeds, net of cash disposed of, amounted to €6 million, of which €0.9 million was placed and remains on an escrow account at 31 December 2017.

Since the gain of control of 495 Productions on 26 March 2014 by RTL Group, the minority shareholder holds a put option on the remaining 25 per cent non-controlling interests. The put and call options are based on a performance-related component. The put option liability had been initially recognised through equity for the present value of the redemption amount of €7 million. The financial liability remained had been re-measured to € nil million at 31 December 2016. The related income of €7 million was reported in "Financial results other than interest" (see note 7.6.). The fair value of the call option related derivative was € nil million at 31 December 2016 and remains unchanged at 31 December 2017.

6. 3. Assets and liabilities acquired

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

	Note	2017 €m	2016 €m
Purchase consideration			
– Cash paid		**35**	84
– Contingent consideration		**–**	1
– Deferred consideration		**2**	1
– Payments on prior years' acquisitions		**(14)**	(4)
Total purchase consideration		**23**	82
Less:			
Fair value of previously held equity interests		**25**	–
Call option		**3**	–
Fair value of net assets acquired		**(7)**	(23)
Goodwill	6. 2.	**44**	59

6. 4. Cash outflow on acquisitions

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

	Note	2017 Fair value €m	2016 Fair value €m
Cash and cash equivalents		**5**	24
Non-current programme and other rights		**5**	7
Other intangible assets		**2**	9
Current programme rights		**3**	7
Accounts receivable and other financial assets		**24**	30
Loans		**(6)**	(1)
Accounts payable		**(21)**	(45)
Provisions		**–**	(3)
Net deferred tax assets / (liabilities)		**(4)**	(4)
Non-controlling interests		**(1)**	(1)
Net assets acquired		**7**	23
Goodwill		**44**	59
Fair value of previously held equity interests		**(25)**	–
Call option		**(3)**	–
Total purchase consideration		**23**	82
Less:			
Contingent consideration		**–**	(1)
Deferred consideration		**(2)**	(1)
Payments on prior years' acquisitions		**14**	4
Cash and cash equivalents in operations acquired		**(5)**	(24)
Cash outflow on acquisition	6. 2.	**30**	60

7. DETAILS ON CONSOLIDATED INCOME STATEMENT

7. 1. Revenue

	2017 €m	%	2016 €m	%
Spot advertising sales	**3,238**	**51**	3,204	51
Bartering advertising revenue	**45**	**1**	46	1
Other advertising sales[29]	**374**	**6**	344	6
Advertising sales, net of agency commissions	**3,657**	**58**	3,594	58
Producers of content[29]	**1,086**	**17**	1,145	18
Distributors of content[29]	**597**	**9**	470	7
TV platform distribution	**319**	**5**	281	4
Licensing business[29]	**139**	**2**	151	3
Revenue from intellectual property rights	**2,141**	**33**	2,047	32
Professional services[29]	**257**	**4**	247	4
Sales of merchandise (home shopping included)	**166**	**3**	196	3
Consumer services[29]	**152**	**2**	153	3
	6,373	**100**	6,237	100

7. 2. Other operating income

Following the decision of RTL Group's Board of Directors on 21 July 2017, Bayard d'Antin SA ("Bayard") disposed of the properties located on rue Bayard ("Golden triangle") in Paris on 21 December 2017. The sale proceeds amounted to € 113.9 million (VAT of € 22.8 million excluded); the capital gain is € 94 million before income tax (€ 62 million net of income tax). € 97 million and € 23 million have been reported in "Proceeds from the sale of intangible and tangible assets" and "Working capital changes" respectively in December 2017 by Bayard, who will pay a net € 41 million during the first half 2018 mainly with respect to the last instalment and the taxes due on the transaction.

As announced on 27 May 2016, Groupe M6 and Orange jointly agreed to gradually transfer M6 Mobile customers to Orange services. M6 Mobile by Orange customers will keep their services as well as all the related benefits, such as the management of the customer community by Groupe M6, until their transfer. As such, Groupe M6 continues to manage and benefit from the account holder base and trademark licence until 30 June 2019. In addition, Groupe M6 recognised and cashed-in a contractual compensation of € 50 million from Orange in 2016.

29 Digital activities included

7. 3. Other operating expenses

	2017 €m	2016 €m
Employee benefits expenses	**1,137**	1,087
Intellectual property expenses[30]	**519**	445
Expenses related to live programmes	**324**	349
Consumption of other inventories	**68**	81
Production subcontracting expenses	**267**	237
Transmission expenses including leased satellite capacity	**97**	106
Marketing and promotion expenses	**127**	134
Rentals and other operating lease expenses	**99**	90
Operating taxes[31]	**54**	78
Audit and consulting fees[32]	**71**	60
Repairs and maintenance	**67**	62
Marketing and promotion barter expenses	**39**	41
Distribution expenses	**14**	15
Commissions on sales	**10**	10
Administration and sundry expenses	**133**	129
	3,026	2,924

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

	2017 €m	2016 €m
Audit services pursuant to legislation	**3.3**	3.4
Audit-related services	**0.1**	0.1
Non-audit services	**0.5**	0.4
	3.9	3.9

7. 3. 1. Employee benefits expenses

	2017 €m	2016 €m
Wages and salaries	**846**	827
Termination benefits	**40**	18
Social security costs	**176**	169
Share options granted to employees	**11**	10
Pension costs	**18**	18
Other employee expenses	**46**	45
	1,137	1,087
Of which restructuring costs	***(22)***	*(3)*

The amounts set out above exclude personnel costs of €245 million (2016: €225 million), that are capitalised and that represent costs of employees directly allocated to the production of assets.

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

30 Increase mainly due to the Multi-Platform Networks ("MPN") and related to the remuneration of the video content owners

31 Groupe M6 filed a claim against the tax administration concerning the "Copé tax". On 30 March 2017, the French Constitutional Court concluded that this tax is unfair with regards the Constitution. Following this decision, Groupe M6 has recognised an income of €15 million covering the years 2011 to 2015 and reported in deduction of the "Operating taxes". The Hungarian Parliament passed the amendment of the Advertising Tax Act on 16 May 2017 increasing the rate from 5.3 per cent to 7.5 per cent of ad revenue from 1 July 2017. The act also entitled RTL Hungary to a tax exemption for revenue below HUF 100 million for previous years in accordance with the requirements of the European Union. Accordingly, the Group has recognised an income of €8.5 million at 31 December 2017 reported in deduction of the "Operating taxes"

32 Fees related to PricewaterhouseCoopers ("PwC")

As at 31 December 2017, the LTIP has been accrued on the basis of the achievement of performance targets for €17 million (2016: €21 million). The liability related to the LTIP 2014-2016 amounted to €40 million at 31 December 2016.

SpotX is implementing a management incentive plan ("MIP") with the same reward and retention objective as the LTIP of RTL Group but for their own executives. The plan runs for the term 2017 to 2020 and is based on financial metrics such as revenue, profit after tax and operating free cash flow.

Style Haul is planning to implement a MIP for the term 2017 to 2019 for their executives based on financial metrics such as revenue, EBITA and operating free cash flow.

Groupe M6 operates a specific long-term incentive plan based on free shares plans (see note 8.15.7.).

Pension costs relate to defined contributions for €10 million (2016: €10 million) and defined benefit plans for €7 million (2016: €8 million) (see note 8.14.).

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

	2017	2016
Employees of fully consolidated undertakings	**11,011**	10,699
	11,011	10,699

7. 4. Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

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

2017

Subsidiaries (see note 6.2.)

- Re-measurement to fair value of pre-existing interest in Divimove — €14 million
- Gain on disposal of RTL CBS — €4 million

Associates (see note 8.4.1.)

- Gain on disposal of RTL 9 — €2 million

Joint ventures (see note 8.4.2.)

- Gain on disposal of Reclamefolder — €1 million

2016

Subsidiaries (see note 6.2.)

- Gain on disposal of Couverts — €5 million

7. 5. Net interest income/(expense)

	2017 €m	2016 €m
Interest income on loans and accounts receivable	**3**	5
Tax-related interest income	**1**	1
Interest income	**4**	6
Interest expense on financial liabilities	**(21)**	(21)
Interest on defined benefit obligations[33]	**(3)**	(4)
Interest expense on other employee benefit liabilities	**(2)**	(2)
Interest expense	**(26)**	(27)
Net interest expense	**(22)**	(21)

33 Of which (see note 8.14.):
- Interest income on plan assets: €3 million (2016: €4 million)
- Unwind of discount on defined benefit obligations: €(6) million (2016: €(8) million)

"Interest income on loans and accounts receivable" includes an amount of € nil million (2016: € nil million) in respect of deposits to Bertelsmann SE & Co. KGaA (see note 10.1.).

"Interest expense on financial liabilities" includes an amount of €15 million (2016: €15 million) in respect of the loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (former BeProcurement Sàrl) (see note 10.1.).

7. 6. Financial results other than interest

	Notes	2017 €m	2016 €m
Impairment on available-for-sale investments	8. 5.	**(1)**	–
Cash flow hedges ineffectiveness	4.	**13**	5
Net loss on other financial instruments at fair value through profit or loss	6. 2. 8. 5.	**(5)**	(2)
Other financial results	6. 2.	**(9)**	–
		(2)	3

7. 7. Income tax expense

	2017 €m	2016 €m
Current tax expense	**(358)**	(330)
Deferred tax expense	**(27)**	(33)
	(385)	(363)

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	2017 €m	%	2016 €m	%
Profit before taxes		**1,222**		1,179	
Income tax rate applicable in Luxembourg			**27.08**		29.22
Tax calculated at domestic tax rate applicable to profits in Luxembourg		**331**		345	
Effects of tax rate in foreign jurisdictions and German trade tax		**88**		48	
Tax calculated at domestic tax rate applicable to profits in the respective countries		**419**	**34.29**	393	33.30
Changes in tax regulation and status		**(8)**		–	
Non deductible expenses/losses		**23**		16	
Tax exempt revenue/gains		**(30)**		(27)	
Commission received in relation to the Compensation Agreement	10. 1.	**(2)**		(16)	
Utilisation of previously unrecognised tax losses		**(3)**		(5)	
Tax incentives not recognised in the income statement		**(2)**		(3)	
Effect of tax losses for which no deferred tax assets are recognised		**7**		5	
Tax expense before adjustments on prior years		**404**	**33.06**	363	30.79
Current tax adjustments on prior years		**(21)**		–	
Deferred tax adjustments on prior years		**2**		–	
Income tax expense		**385**	**31.51**	363	30.79

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

- Germany, where the official tax rate is 32.5 per cent, representing an impact of €38 million (2016: €22 million);
- France, where several tax rates apply, depending on the size of the business. The rates of 39.43, 34.43 and 33.33 per cent apply, representing an impact of €47 million (2016: the rates of 34.43 and 33.33 per cent applied, representing an impact of €24 million).

Change in tax regulation and status mainly relates to:
- a net deferred tax income of €12 million in France;
- a net deferred tax expense of €4 million in the United States. Based on a preliminary analysis of the "Tax Cuts and Jobs Act" which was signed onto law on 22 December 2017, RTL Group's best estimate of the changes in the federal corporate tax rate applicable in the United States from 1 January 2018 results in a re-measurement of the net US deferred tax position. The final impacts of this reform may differ from those taken into account as of 31 December 2017.

Under German controlled foreign companies ("CFC") regime, profits of subsidiaries of RTL Group outside the European Union must be attributed to the tax base of the parent company of RTL Group S.A., Bertelsmann SE & Co. KGaA, if the tax rate in the foreign country is below 25 per cent and the foreign profit is classified as passive income.

Tax-exempt revenue/gains mainly relate in 2017 to the share of results of investments accounted for using the equity method for €19 million (2016: €19 million).

Tax incentives not recognised in the income statement relate to a permanent difference generated by the amortisation of tax goodwill in Germany.

Based on the decision of the European Court of Justice (ECJ) rendered in May 2017 and the decision of the French Constitutional Court as of 6 October 2017, Groupe M6 and Bayard d'Antin SA have claimed the refund of the 3 per cent distribution tax paid in previous years. The related impact is €22 million, presented in current tax adjustments on prior years.

The French authorities have introduced an exceptional contribution amounting to 15 per cent of the corporate income tax (before tax deductions and credits) for companies with a turnover of more than €1 billion. The related additional tax expense amounts to €10 million crystallised in the effect of tax rates in foreign jurisdictions.

Following a decision of the German fiscal High Court ("Bundesfinanzhof") regarding minority shareholders in German Tax Group entities, an analysis was conducted by RTL Group on potential impacts on Group financial statements. Given the current view of the Ministry of Finance in Germany (BMF) and due to the existing "non application decree" and in the light of the Group Tax structure the court decision had no material impact on RTL Group for the fiscal year 2017.

7. 8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €739 million (2016: €720 million) and a weighted average number of ordinary shares outstanding during the year of 153,548,960 (2016: 153,555,377), calculated as follows:

	Notes	2017	2016
Profit attributable to RTL Group shareholders (in €million)		**739**	720
Weighted average number of ordinary shares:			
Issued ordinary shares at 1 January	8. 15. 1.	**154,742,806**	154,787,554
Effect of cancellation of shares	8. 15. 1.	**–**	(27,020)
Effect of treasury shares held	8. 15. 2.	**(1,168,701)**	(1,168,701)
Effect of liquidity programme	8. 15. 2.	**(25,145)**	(36,456)
Weighted average number of ordinary shares		**153,548,960**	153,555,377

Basic earnings per share (in €)		**4.81**	4.69
Diluted earnings per share (in €)		**4.81**	4.69

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 2016		**814**	**1,141**	**31**	**1,986**	**5,346**	**459**
Effect of movements in foreign exchange		21	7	–	28	22	–
Additions		7	59	60	126	–	42
Disposals		–	(60)	–	(60)	–	(24)
Subsidiaries acquired	6.2, 6.3	–	7	–	7	59	9
Subsidiaries disposed of	6.2, 6.3	–	–	–	–	–	–
Transfers and other changes		–	49	(51)	(2)	–	(1)
Balance at 31 December 2016		**842**	**1,203**	**40**	**2,085**	**5,427**	**485**
Effect of movements in foreign exchange		(51)	(17)	–	(68)	(46)	(4)
Additions		9	67	29	105	–	71
Disposals		(7)	(80)	(2)	(89)	–	(30)
Subsidiaries acquired	6.2, 6.3	–	6	–	6	44	2
Transfers and other changes		18	27	(39)	6	–	(8)
Balance at 31 December 2017		**811**	**1,206**	**28**	**2,045**	**5,425**	**516**
Amortisation and impairment losses							
Balance at 1 January 2016		**(789)**	**(1,104)**	**(8)**	**(1,901)**	**(2,387)**	**(244)**
Effects of movements in foreign exchange		(20)	(7)	–	(27)	(1)	–
Amortisation charge for the year		(12)	(106)	–	(118)	–	(37)
Impairment losses recognised for the year		(1)	–	–	(1)	–	(1)
Reversal of impairment losses		–	1	–	1	–	–
Disposals		–	60	–	60	–	22
Transfers and other changes		–	1	–	1	–	–
Balance at 31 December 2016		**(822)**	**(1,155)**	**(8)**	**(1,985)**	**(2,388)**	**(260)**
Effects of movements in foreign exchange		51	17	–	68	–	3
Amortisation charge for the year		(29)	(87)	–	(116)	–	(43)
Impairment losses recognised for the year		–	(1)	–	(1)	–	–
Disposals		7	80	–	87	–	22
Transfers and other changes		(3)	(5)	4	(4)	–	5
Balance at 31 December 2017		**(796)**	**(1,151)**	**(4)**	**(1,951)**	**(2,388)**	**(273)**
Carrying amount:							
At 31 December 2016		**20**	**48**	**32**	**100**	**3,039**	**225**
At 31 December 2017		**15**	**55**	**24**	**94**	**3,037**	**243**

Other intangible assets include mainly brands for an amount of €130 million (2016: €133 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 2017, 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 2017 that there is no foreseeable limit to the period of time over which the brand M6 is expected to generate cash inflows for the Group.

In 2017, Groupe M6, through its affiliate Football Club des Girondins de Bordeaux SASP ("FCGB"), recognised a capital gain of € 19 million on disposal of players reported in "Other operating income" (2016: € 16 million). The cash received in 2017 by FCGB amounts to € 15 million (2016: € 12 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 FremantleMedia, 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 FremantleMedia, Ludia, BroadbandTV, Style Haul, Divimove (note 6.2.) and SpotX, which are multi-territory / worldwide operations. Goodwill is allocated by cash-generating unit as follows:

	Notes	31 December 2017 €m	31 December 2016 €m
Mediengruppe RTL Deutschland		**955**	953
Groupe M6		**525**	459
FremantleMedia		**1,047**	1,055
Ludia		**30**	32
RTL Nederland		**160**	152
RTL Belgium		**32**	32
RTL Radio (France)	5. 1.	**–**	65
Others			
– Style Haul		**106**	120
– SpotX		**112**	126
– Divimove	6. 2.	**27**	–
– BroadbandTV		**26**	28
– German radio		**17**	17
Total goodwill on cash-generating units		**3,037**	3,039

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[34];
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

The discount rate is one of the key drivers in DCF based valuations. Therefore RTL Group reports sensitivity analyses on the CGU with the highest goodwill, not only where the headroom between the recoverable amount on the basis of the DCF model and the carrying amount is low.

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

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of five years are prepared using the estimated growth rates and other key drivers. For advertising revenue, this includes audience and advertising market shares, the EBITA margin, and cash conversion rates based on past performance and expectations regarding market development. Management also relies on wider macro-economic indicators from external sources to verify the veracity of its own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For FremantleMedia, 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 products offering. The volume of video views and the development of original production and branded entertainment are key drivers for the multi-platform networks.

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

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

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

34 The decrease of the US tax rate taking effect on 1 January 2018 constitutes an economical advantage

	Note	2017 Perpetual growth rate % a year	2017 Discount rate %	2016 Perpetual growth rate % a year	2016 Discount rate %
Cash-generating units					
Mediengruppe RTL Deutschland		**1.5**	**6.8**	2.0	6.9
Groupe M6 (level 1 measurement applies in 2017)		**1.2**	**7.2**	2.0	7.4
FremantleMedia		**1.8**	**7.1**	2.5	7.1
Ludia		**2.0**	**10.6**	2.0	12.4
RTL Nederland		**1.5**	**6.8**	2.0	6.9
RTL Belgium		**1.2**	**7.4**	1.5	7.6
RTL Radio (France)	5.1.	**–**	**–**	(1.0)	8.0
Others					
– Style Haul		**2.0**	**11.1**	2.0	13.9
– SpotX		**2.0**	**9.8**	2.0	12.0
– Divimove		**2.0**	**10.6**	–	–
– BroadbandTV		**2.0**	**10.8**	2.0	13.9
– German radio		**0.0**	**7.2**	0.0	7.2

Management consider that, at 31 December 2017, no reasonably possible change in the market shares, EBITA margin and cash conversion rates would reduce the headroom between the recoverable amounts and the carrying values of the cash-generating units, to zero, Style Haul excepted, but only when the recoverable amount is solely based on a DCF approach.

No impairment loss on goodwill was identified in 2017 and 2016.

FremantleMedia

In addition to organic initiatives to develop new formats and intellectual property ("IP"), FremantleMedia has continued its focus on the identification and integration of new businesses in order to increase the pipeline of new shows (IP creation), to gain presence in new markets and to continue expanding its drama footprint. Additionally management remain focused on areas of efficiency in order to further improve the margin. FremantleMedia's key brands continue to perform well and this is expected to remain the case in the coming years. FremantleMedia further aims to build a scalable digital business by expanding capabilities across the value chain and by developing specific new content. Therefore, the increase of the diversity of FremantleMedia's portfolio has led to an updated business plan confirming an expected slight increase and sustainability of its EBITA margin compared to the most recent levels.

Based on this revised 5 year plan and on a DCF model with a perpetual EBITA margin of less than 8 per cent, the headroom at the level of FremantleMedia amounts to €202 million (31 December 2016: €237 million).

For FremantleMedia, if for 2018 and each of the following years, the estimated revenue growth and EBITA margin had been reduced by 1 per cent and the discount rate had been increased by 1 per cent, the sum of these corresponding effects, on the basis of a DCF model, would have resulted in an impairment loss against goodwill of €498 million (31 December 2016: €520 million).

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

	31 December 2017 €m	31 December 2016 €m
Variation in:		
Revenue growth by (1) per cent on each period	**(238)**	(240)
EBITA margin by (1) per cent on each period	**(196)**	(197)
Discount rate by 100 basis points	**(266)**	(320)

Market-based valuations also support the carrying amount of the FremantleMedia CGU.

Style Haul

Even if break-even is not expected for several years, Style Haul continues to show strong video view and revenue growth, notably in its branded entertainment business. Style Haul is positioned in the market as a full service 360-degree marketing solution. Management sees considerable potential of margin improvement even if Style Haul is at a rather early stage of its lifecycle with uncertainties regarding future development.

Based on a revised business plan, the headroom has been decreased to €4 million (31 December 2016: €23 million).

If, for 2018 and each of the following periods, the estimated revenue growth and EBITA margin of Style Haul had been reduced by 1 per cent and the discount rate had been increased by 1 per cent, the sum of these corresponding effects, on the basis of a DCF model, would have resulted in an impairment loss against goodwill of €46 million (31 December 2016: €15 million).

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

	31 December 2017 €m	31 December 2016 €m
Variation in:		
Revenue growth by (1) per cent on each period	**(17)**	(10)
EBITA margin by (1) per cent on each period	**(14)**	(9)
Discount rate by 100 basis points	**(19)**	(19)

Market-based valuations also support the carrying amount of Style Haul CGU and the DCF value derived lies within the range of observed trading and transaction multiples.

8. 3. Property, plant and equipment

	Notes	Land, buildings and improvements €m	Technical equipment €m	Other €m	Total €m
Cost					
Balance at 1 January 2016		**337**	**351**	**274**	**962**
Effect of movements in foreign exchange		1	–	–	1
Additions		7	24	66	97
Disposals		(2)	(28)	(21)	(51)
Transfer to assets classified as held for sale	8. 10.	(80)	(3)	–	(83)
Transfers and other changes		85	(4)	(89)	(8)
Balance at 31 December 2016		**348**	**340**	**230**	**918**
Effect of movements in foreign exchange		(2)	(2)	(4)	(8)
Additions		7	17	47	71
Disposals	7. 2.	(40)	(13)	(24)	(77)
Transfer from assets classified as held for sale	8. 10.	80	3	–	83
Transfers and other changes		4	3	(6)	1
Balance at 31 December 2017		**397**	**348**	**243**	**988**
Depreciation and impairment losses					
Balance at 1 January 2016		**(159)**	**(287)**	**(164)**	**(610)**
Effect of movements in foreign exchange		(2)	–	–	(2)
Depreciation charge for the year		(16)	(23)	(24)	(63)
Impairment losses recognised for the year		–	(1)	(1)	(2)
Disposals		2	27	20	49
Transfers and other changes		(1)	2	(1)	–
Balance at 31 December 2016		**(176)**	**(282)**	**(170)**	**(628)**
Effect of movements in foreign exchange		1	2	2	5
Depreciation charge for the year		(21)	(24)	(26)	(71)
Impairment losses recognised for the year		–	–	(2)	(2)
Disposals	7. 2.	24	13	24	61
Transfers and other changes		–	–	(1)	(1)
Balance at 31 December 2017		**(172)**	**(291)**	**(173)**	**(636)**
Carrying amount:					
At 31 December 2016		**172**	**58**	**60**	**290**
At 31 December 2017		**225**	**57**	**70**	**352**

The sale proceeds related to disposals of properties realised before 2016 and related to RTL City project amount to €54 million in 2017 and €32 million in 2016.

The impact of RTL City project on the invested capital of the Group is €80 million at 31 December 2017 (€115 million at 31 December 2016).

Net tangible assets held under finance leases at 31 December 2017 amount to €1 million (2016: €2 million).

8. 4. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	2017 €m	2016 €m
Associates	**380**	400
Joint ventures	**27**	27
Balance at 31 December	**407**	427

The amounts recognised in the income statement are as follows:

	2017 €m	2016 €m
Associates	**48**	50
Impairment of investments in associates	**(6)**	–
Joint ventures	**21**	17
	63	67

8. 4. 1. Investments in associates

Set out below are the associates of the Group as at 31 December 2017, 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 2017	% voting power held by the Group 2016	Measurement method
Atresmedia[35,36]	Spain	Broadcasting TV	**18.7**	18.7	Equity
RTL 2 Fernsehen GmbH & Co. KG[37]	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 2017 €m	Atresmedia 2016 €m	RTL 2 GmbH & Co. KG 2017 €m	RTL 2 GmbH & Co. KG 2016 €m
Non-current assets	**631**	621	**79**	55
Current assets	**718**	689	**100**	111
Current liabilities	**(677)**	(652)	**(84)**	(65)
Non-current liabilities	**(226)**	(141)	**–**	–
Net assets	**446**	517	**95**	101
Revenue	**1,052**	1,021	**302**	305
Profit before tax	**176**	175	**54**	59
Income tax expense	**(34)**	(46)	**–**	–
Profit for the year	**142**	129	**54**	59
Dividends received from associates	**39**	17	**22**	20

35 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

36 Atresmedia is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2017, the market capitalisation of 100 per cent of Atresmedia amounts to €1,964 million, i.e. €8.70 per share (2016: €2,345 million, i.e. €10.39 per share)

37 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 GmbH & Co. KG		Other immaterial associates[38]		Total	
	2017 €m	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m	**2017 €m**	2016 €m
Net assets at 1 January	**517**	483	**101**	97	**57**	69	**675**	649
Profit for the year	**142**	129	**54**	59	**10**	13	**206**	201
Other comprehensive income	**(4)**	2	**–**	–	**(3)**	–	**(7)**	2
Distribution	**(207)**	(90)	**(60)**	(55)	**(37)**	(34)	**(304)**	(179)
Transactions on treasury shares	**–**	(9)	**–**	–	**–**	–	**–**	(9)
Change in ownership interest and other changes	**(2)**	2	**–**	–	**33**	9	**31**	11
Net assets at 31 December	**446**	517	**95**	101	**60**	57	**601**	675
Interest in associates	**83**	97	**34**	36	**16**	17	**133**	150
Goodwill	**166**	166	**24**	24	**61**	64	**251**	254
Impairment on investments in associates	**–**	–	**–**	–	**(4)**	(4)	**(4)**	(4)
Carrying value	**249**	263	**58**	60	**73**	77	**380**	400

Main changes in the Group's ownership interest in associates
2017

On 3 March 2017, Groupe M6, through its subsidiary M6 interactions SAS, announced the launch of 6&7 SAS, a new music production and publishing label. M6 interactions SAS holds 49 per cent of 6&7. An initial contribution of €1 million was made by Groupe M6 to the company on 28 March 2017. The related carrying amount is below €1 million at 31 December 2017.

In April and June 2017, RTL Group, through its subsidiary UFA Film und Fernseh GmbH, participated in a Series B funding round of VideoAmp, Inc for an aggregate amount of USD 5 million, increasing its share in the company from 21.5 per cent to 25 per cent on a non-diluted basis (24 per cent on a fully-diluted basis). The Group continues to have a significant influence over the company. As part of this Series B funding, VideoAmp, Inc also issued a warrant in favor of UFA Film und Fernseh GmbH whereby UFA Film und Fernseh could receive, upon the execution by VideoAmp, Inc and SpotX, Inc of a hosting agreement, common stock equal to 2 per cent of all the issued and outstanding shares and options as of 19 July 2017 for an exercise price of USD 0.0001 per share. On 9 June 2017, SpotX and VideoAmp entered into the hosting agreement and, as a result, on 12 September 2017, UFA Film und Fernseh exercised its warrant and bought 648,429 shares of common stock for an aggregate price of USD 6,484 recognised at fair value below €1 million through the income statement. The related carrying amount is €7 million at 31 December 2017 (2016: €5 million).

On 21 April 2017, FremantleMedia Ltd ("FMM") entered with a 25 per cent stake for an amount of GBP 0.6 million, into the share capital of Duck Soup Films Limited ("DSF"), a Leeds-based production company. A loan agreement of GBP 1 million between FMM and DSF was executed on 21 April. The carrying amount of DSF is below €1 million at 31 December 2017. FMM holds call options on the remaining 75 per cent shares exercisable in 2022 and 2024. The strike price of the options is based on a variable component. If FMM does not exercise the call option in 2022 and 2024, the non-controlling shareholders will have the option to require FMM to purchase all the remaining shares, subject to certain conditions, or an option to acquire the shares held by the Group or drag FMM shares to a third party. The fair value of the derivatives is € nil million at 31 December 2017.

On 24 April 2017, IP Deutschland GmbH ("IPD") has acquired a 24.95 per cent stake for below €1 million in the company Goldbach Audience (Switzerland) AG ("GA"). GA is a subsidiary of the Goldbach Group and specialises in multi-screen advertising. The related carrying amount is €1 million at 31 December 2017.

On 27 April 2017, RTL Nederland ("RTL NL") acquired a 20 per cent stake for a cash investment of €2 million and €1 million media investment in the company Flinders BV ("FL"). FL is a Dutch-based company and

38 Other immaterial associates represent in aggregate 19 per cent of the total amount of investments in associates at 31 December 2017 (19 per cent at 31 December 2016) and none of them has a carrying amount exceeding €11 million at 31 December 2017 (€11 million at 31 December 2016)

operates mainly in the Netherlands, Belgium and Germany, offering design furniture and decoration. In case of a third party transaction RTL NL has the right to acquire the offered shares at the same terms. RTL NL can block a 100 per cent sale in case of a valuation below €20 million and as from 2021 RTL NL can force a sale in case of a valuation higher than €40 million. RTL NL always has the right to sell its shareholding in case of a sale. The related carrying amount is €3 million at 31 December 2017.

On 28 April 2017, FremantleMedia Ltd ("FMM") acquired a 25 per cent stake in Bend It TV ("Bend It"), a start-up production company, for an amount of GBP 0.5 million and an additional GBP 0.25 million if some specific conditions are met within 24 months of the completion date. A loan agreement for a total of GBP 1.25 million between FMM and Bend It was executed on 28 April 2017. The carrying amount of Bend It is below €1 million at 31 December 2017. FMM holds call options on the remaining 75 per cent of the shares exercisable in 2022 and 2024. The strike price of the options is based on a variable component. If FMM does not exercise the call option in 2022 and 2024, the non-controlling shareholders will have the option to require FMM to purchase all the remaining shares, subject to certain conditions, or an option to acquire the shares held by the Group or to drag FMM shares to a third party. The fair value of the derivatives is € nil million at 31 December 2017.

On 11 July 2017, RTL Group has disposed of all shares held in RTL 9 SA and RTL 9 SA & Cie SECS ("RTL 9") to AB Entertainment SA for €4 million and has generated a capital gain of €2 million (note 7.4.). The cumulated impairment losses on the investment held in RTL 9 amounted to €4 million.

On 31 July 2017, RTL Group has acquired a 17.7 per cent (15.6 per cent on a fully diluted basis) stake in Inception VR, Inc ("Inception"), a US entity with Israeli and UK subsidiaries, producing and distributing virtual reality content. The purchase consideration of €5 million has been contributed to the company. Although the Group holds less than 20 per cent of the equity shares of Inception, management consider that the Group exercises a significant influence in Inception in view of the representation of RTL Group on the Board of Directors and the participation in policy-making processes. The related carrying amount is €5 million at 31 December 2017.

On 18 September 2017, RTL Nederland BV acquired a 25 per cent stake for a non-significant amount in HelloSparkle BV ("HelloSparkle") a Dutch company. HelloSparkle offers services in the area of online management of influencers and online consultancy and marketing.

On 2 October 2017, FremantleMedia Limited ("FMM") acquired 25 per cent of Label1 Television Limited ("Label1") for below €1 million contributed to the company. Label1 is a non-scripted production company based in the UK. FMM has granted a loan facility of GBP 0.8 million and holds call options on the remaining 75 per cent of the shares exercisable in 2022 and 2024. The strike price of the options is based on a variable component. If FMM does not exercise the call option 2024, the non-controlling shareholders will have the option to require FMM to purchase all the remaining shares, subject to certain conditions, or an option to acquire the shares held by the Group or to drag FMM shares to a third party. The carrying amount of Label1 is below €1 million at 31 December 2017.

On 15 December 2017, Groupe M6 acquired a 33 per cent stake in Life TV SA ("Life TV") a company based in Ivory Coast. Life TV will operate a general-interest French speaking DTT channel, which will be launched in 2018. The related carrying amount is €4 million at 31 December 2017.

2016 (updated at 31 December 2017)
On 14 April 2016, RTL Group exercised the option to acquire an additional 24.5 per cent interest, for €7 million, in Divimove GmbH ("Divimove") bringing the Group's shareholding to 75.5 per cent. On 15 June 2016, the shareholders decided to amend the option agreement related to the last 24.5 per cent. RTL Group continued to have a significant influence in Divimove at 30 June 2016. The Group granted a loan of €1.2 million to Divimove in 2016. The fair value of the derivative related to the call option had been re-measured from €3 million to €3.2 million at 31 December 2016. The related income was reported in "Financial results other than interest" (see note 7.6.) (31 December 2017: see note 6.2.).

On 25 April 2016, FremantleMedia Ltd ("FremantleMedia") entered with a 25 per cent stake into the share capital of Dr Pluto Films Ltd ("Dr Pluto"), a newly created production company that will develop concepts across all genres and platforms. The carrying amount of Dr Pluto is below €1 million at 31 December 2017

(31 December 2016: below €1 million). In addition, FremantleMedia granted a loan facility of GBP 0.5 million to Dr Pluto. FremantleMedia holds call options on the remaining 75 per cent shares exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interest have the option to acquire the shares held by the Group or drag FremantleMedia shares to a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2017 (December 2016: € nil million).

Atresmedia implemented a share buy-back programme in the second quarter of 2016 to acquire shares for the remuneration plan for directors and senior management. The programme was approved at the Ordinary General Meeting of Shareholders held on 20 April 2016. Consequently a total of 791,880 shares were acquired by Atresmedia. In June 2016, Atresmedia met its commitment to deliver shares to Gala Desarrollos Comerciales, S.L. linked to the merger with La Sexta's shareholders; Atresmedia transferred 789,738 treasury shares. This was the final delivery of shares under this agreement.

On 30 November 2015, FremantleMedia Ltd and Squawka Ltd ("Squawka") entered in a contractual arrangement and a loan agreement for a total of €2 million, of which less than €1 million was paid at 31 December 2015. Once the full amount of the loan was paid, FremantleMedia had the option to convert it and to acquire a minority shareholding in Squawka and an additional option to acquire a further minority shareholding through a capital injection. At 31 December 2015, FremantleMedia was not a shareholder but jointly controlled Squawka on the basis of the contractual arrangement. The initial contractual arrangement was modified in 2016 and as a result FremantleMedia no longer has the joint control but can exercise significant influence. The conversion of the loan (GBP 1.5 million) and a capital injection of GBP 3.5 million on 26 April 2016 provided a 35 per cent stake to FremantleMedia. FremantleMedia holds call options on the remaining 65 per cent shares exercisable in 2017 and 2020. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2017 call option but not the 2020 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions.

Since Squawka Ltd is in the process of being liquidated, an impairment loss of €5 million has been recognised at 31 December 2017. The carrying amount of Squawka is € nil million at 31 December 2017 (December 2016: €5 million).

On 13 May 2016, FremantleMedia Ltd entered with a 25 per cent stake into the share capital of Wild Blue Productions Ltd (subsequently renamed Wild Blue Media Ltd, "Wild Blue"), a newly created production company that develops, produces and sells international non-scripted formats across factual, factual entertainment and live events genre. The carrying amount of Wild Blue is below €1 million at 31 December 2017 (December 2016: below €1 million). In addition, FremantleMedia granted Wild Blue a loan facility of GBP 0.5 million. FremantleMedia holds call options on the remaining 75 per cent shares exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2020 call option but not the 2022 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interest have the option to acquire the shares held by the Group or drag FremantleMedia shares to a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2017 (€ nil million at 31 December 2016).

On 25 May 2016, Fremantle Productions North America Inc ("FPNA") acquired for €2 million, 25 per cent stake in Eureka Productions LLC, a production company, incorporated on 16 December 2015, and its 100 per cent held subsidiary Eureka Productions Pty Ltd ("Eureka"). Eureka develops, sells and produces unscripted travelling formats (for instance reality competitions) and docu-series for leading broadcasters and cable networks in the US and Australia. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. In addition, FPNA granted Eureka a loan facility of USD 6 million; the loan receivable amounts to USD 4.6 million at 31 December 2017. The carrying amount of Eureka is €2 million at 31 December 2017 (31 December 2016: €2.5 million). FPNA holds call options on the remaining 75 per cent shares exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FPNA exercises its 2020 call option but not the 2022 one, the other shareholders will have the option to require FPNA to purchase all the remaining shares, subject to certain conditions. In the event that FPNA does not exercise the call options, the holders of the 75 per cent interests have the option to acquire the shares held by the Group or drag FPNA shares to a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2017 (€ nil million at 31 December 2016).

On 7 June 2016, FremantleMedia Ltd entered with a 25 per cent stake into the share capital of Dancing Ledge Productions Ltd ("Dancing Ledge"), a newly created production company that will develop, produce and sell international scripted formats across the US and UK markets. The carrying amount of Dancing Ledge is below €1 million at 31 December 2017 (31 December 2016: below €1 million). In addition, FremantleMedia granted a loan facility of GBP 0.5 million. FremantleMedia holds call options on the remaining 75 per cent shares exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interests have the option to acquire the shares held by the Group or drag FremantleMedia shares to a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2017 (€ nil million at 31 December 2016).

On 29 July 2016, Groupe M6 acquired a 34 per cent non-controlling stake in Elephorm SAS ("Elephorm"). Elephorm based in France, is a leader in the production of e-learning video content. The deal allows Groupe M6 to enter the online learning market. The related carrying amount is €3 million at 31 December 2017 (December 2016: €3 million). In addition, Groupe M6 holds call options on the remaining 66 per cent exercisable from 2018. The fair value of the related derivative is € nil million at 31 December 2017 (€ nil million at 31 December 2016).

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 recoverable amount of Atresmedia has been determined on the basis of the fair value less costs of disposal at 31 December 2017. This is a Level 1 measurement (see note 4.3.2.). 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 2017. This is a Level 3 fair value measurement.

The perpetual growth and discount rates used are as follows:

	2017		2016	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Main associates				
RTL 2 Fernsehen GmbH & Co. KG	**1.5**	**6.8**	1.5	6.9

Impairment losses on investments in associates were recorded for €6 million in 2017 regarding Squawka Ltd (see above) and Corona Television Ltd in liquidation (€ nil million at 31 December 2016).

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group (see note 8.13.1.).

Contingencies

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

8. 4. 2. Investments in joint ventures

The main joint venture is as follows:

	Country of incorporation	Principal activity	% voting power held by the Group **2017**	2016	Measurement method
RTL Disney Fernsehen GmbH & Co. KG[39,40]	Germany	Broadcasting TV	**50.0**	50.0	Equity

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

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

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

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	2017 €m	2016 €m
Non-current		
Assets	**27**	23
Current		
Cash and cash equivalents	**42**	52
Other current assets	**18**	13
Total current assets	**60**	65
Current liabilities	**(60)**	(64)
Total current liabilities	**(60)**	(64)
Net assets	**27**	24
Revenue	**139**	129
Depreciation and amortisation	**(12)**	(13)
Profit before tax	**38**	31
Income tax expense	**(6)**	(4)
Profit and total comprehensive income for the year	**32**	27
Group's share of profit and total comprehensive income for the year	**16**	13
Dividends received from joint venture	**15**	11

At 31 December 2017, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €40 million (31 December 2016: €44 million; see note 8.11.).

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

	RTL Disney Fernsehen GmbH & Co. KG		Other immaterial joint ventures[41]		Total	
	2017	2016	2017	2016	2017	2016
Net assets at 1 January	**24**	18	**3**	7	**27**	25
Profit/(loss) for the year	**32**	27	**9**	5	**41**	32
Distribution	**(29)**	(21)	**(9)**	(9)	**(38)**	(30)
Other changes	**–**	–	**(1)**	–	**(1)**	–
Net assets at 31 December	**27**	24	**2**	3	**29**	27
Interest in joint ventures	**13**	12	**2**	3	**15**	15
Goodwill	**–**	–	**12**	12	**12**	12
Carrying value	**13**	12	**14**	15	**27**	27

Main changes in the Group's ownership interest in joint ventures
2017

On 11 January 2017, IP Deutschland GmbH ("IPD") acquired 30.0 per cent of Q division GmbH ("Q division") through a capital increase of €0.4 million. Q division is a data dealer for automated media purchase and programmatic advertising. The transaction qualifies as a joint arrangement as IPD jointly controls the company. The related carrying amount is below €1 million at 31 December 2017.

On 2 March 2017, RTL Nederland Ventures BV ("RTL Nederland") has increased its ownership from 32.6 per cent to 43.8 per cent of Heilzaam BV, renamed Solvo BV ("Solvo"). A contribution of €0.9 million was made by RTL Nederland to the company. As the corporate governance was not changed, Solvo continues to be jointly controlled. The related carrying amount is €2 million at 31 December 2017 (€1 million at 31 December 2016).

41 Other immaterial joint ventures represent in aggregate less than 52 per cent of the total amount of investments in joint ventures at 31 December 2017 (56 per cent at 31 December 2016) and none of them has a carrying amount exceeding €5 million at 31 December 2017 (€5 million at 31 December 2016)

On 5 July 2017, RTL Nederland BV has disposed of all the shares held in Buurtfacts for € nil million and has generated a capital loss of € nil million.

On 1 September 2017, RTL Nederland Ventures BV has disposed of all the shares held in Reclamefolder BV for €2 million and has generated a capital gain of €1 million (see note 7.4.).

On 1 August 2017, MairDumont and Mediengruppe RTL Deutschland announced their intent to combine the activities of MairDumont Media, Netletix and Delta Advertising with the view to become experts in digital special-interest content advertising sales. The new entities Mairdumont Netletix also takes on all MairDumont Media and Netletix advertising mandates, giving Mairdumont Netletix, with over 200 publishers and 400 digital offerings, a combined audience of more than 20 million unique users per month. On 25 August 2017, the competition authorities approved the transaction, which was completed on 1 October 2017. Mediengruppe RTL Deutschland holds 44.9 per cent of Mairdumont Netletix. The transaction qualifies as a joint arrangement as RTL Group jointly controls the entities. The related carrying amount is below €1 million at 31 December 2017.

2016 (updated at 31 December 2017)

On 15 January 2016, RTL Nederland Ventures BV ("RTL Nederland") acquired 32.6 per cent of Heilzaam BV ("Heilzaam"), operating eHealth information websites. The purchase consideration of €1 million has been mainly contributed to the company. The transaction qualifies as a joint arrangement as RTL Nederland jointly controls the company. The related carrying amount is €1 million at 31 December 2017 (€1 million at 31 December 2016).

RTL Nederland Ventures Holding granted in June 2016 to Miinto Nederland Holding BV a short-term loan of €3 million which has been reimbursed during the third quarter.

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 2017. This is a Level 3 fair value measurement.

The perpetual growth and discount rates used are as follows:

	2017		2016	
	Perpetual growth rate % a year	**Discount rate %**	Perpetual growth rate % a year	Discount rate %
Main joint venture				
RTL Disney Fernsehen GmbH & Co KG	**1.0**	**6.8**	1.5	6.9

No impairment loss on investments in joint ventures was recorded in 2017 and 2016.

Contingencies

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

The transactions with the associates and joint ventures are reported in note 10.2.

8. 5. Loans and other financial assets

	Notes	**2017 €m**	2016 €m
Available-for-sale investments	8. 15. 5.	**54**	58
Loans receivable to investments accounted for using the equity method	4. 3. 1. 8. 4.	**14**	14
Loans and other financial assets		**5**	5
		73	77

RTL Group holds 19 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 2017, RTL Group recorded a decrease in fair value of this available-for sale investment for €3 million (2016: increase for €2 million).

An impairment loss has been recognised on available-for-sale investments in 2017 for €1 million (2016: € nil million). No reversal of impairment loss was recorded in 2017 (2016: € nil million).

The movements in available-for-sale investments are as follows:

	Notes	2017 €m	2016 €m
Balance at 1 January		**58**	55
Net acquisitions and disposals		**5**	2
Change in fair value	4. 3. 2. 8. 15. 5.	**(8)**	2
Impairment losses and other changes	7. 6.	**(1)**	(1)
Balance at 31 December		**54**	58

No impairment loss related to loans was recognised in 2017 (2016: € nil million).

At 31 December 2017, FremantleMedia is no more engaged in arrangements in relation to sale and lease back transactions (see note 9.3.). At 31 December 2016, the related amount was reported for €1 million in the consolidated statement of financial position, of which €1 million with a maturity of less than one year. The restricted bank accounts were reported in other financial assets with counterpart in bank loans payable (see note 8.11.).

8. 6. Deferred tax assets and liabilities

	2017 €m	2016 €m
Deferred tax assets	**295**	317
Deferred tax liabilities	**(25)**	(45)
	270	272

	Note	2017 €m	2016 €m
Balance at 1 January		**272**	308
Income tax expense		**(27)**	(33)
Income tax credited/(charged) to equity[42]		**25**	2
Change in consolidation scope	6. 3.	**(4)**	(4)
Transfers and other changes		**4**	(1)
Balance at 31 December		**270**	272

The Group has deductible temporary differences originating from an intra-group transaction which will mainly reverse during the next two years.

Unrecognised deferred tax assets amount to €1,189 million at 31 December 2017 (2016: €1,191 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 €4,435 million (2016: €4,489 million) to carry forward against future taxable income which relate to Luxembourg and Hungary (2016: Luxembourg and Hungary). An insignificant proportion of these losses will expire over the next 7 years.

Temporary differences associated with distributable reserves of investments, where the Group has no control, are insignificant at 31 December 2017.

42 Of which:
- €13 million (2016: €(12) million) related to effective portion of changes in fair value of cash flow hedges;
- €12 million (2016: €11 million) related to change in fair value of cash flow hedges transferred to profit or loss;
- €(2) million (2016: €3 million) related to defined benefit plan actuarial gains/(losses); and
- €2 million (2016: € nil million) related to change in fair value of available-for-sale investments

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

	Balance at 1 January 2017 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope (see note 6.3.) €m	Transfers and other changes €m	Balance at 31 December 2017 €m
Deferred tax assets						
Intangible assets	60	(19)	–	–	–	41
Programme rights	194	(1)	–	–	(2)	191
Property, plant and equipment	3	–	–	–	–	3
Provisions	111	(6)	(2)	–	(1)	102
Tax losses	23	(7)	–	–	(1)	15
Others	55	(15)	8	–	(1)	47
Set off of tax	(129)	–	–	–	25	(104)
	317	**(48)**	**6**	**–**	**20**	**295**
Deferred tax liabilities						
Intangible assets	(80)	16	–	(2)	3	(63)
Programme rights	(3)	(2)	–	–	–	(5)
Property, plant and equipment	(17)	4	–	–	1	(12)
Provisions	(17)	(3)	–	–	4	(16)
Others	(57)	6	19	(2)	1	(33)
Set off of tax	129	–	–	–	(25)	104
	(45)	**21**	**19**	**(4)**	**(16)**	**(25)**

	Balance at 1 January 2016 €m	(Charged)/ credited to income statement €m	Charged to equity €m	Change in consolidation scope (see note 6.3.) €m	Transfers and other changes €m	Balance at 31 December 2016 €m
Deferred tax assets						
Intangible assets	79	(17)	–	(1)	(1)	60
Programme rights	203	(10)	–	–	1	194
Property, plant and equipment	3	–	–	–	–	3
Provisions	101	5	–	1	4	111
Tax losses	36	(15)	–	2	–	23
Others	57	5	–	–	(7)	55
Set off of tax	(109)	–	–	–	(20)	(129)
	370	**(32)**	**–**	**2**	**(23)**	**317**
Deferred tax liabilities						
Intangible assets	(74)	–	–	(3)	(3)	(80)
Programme rights	(3)	–	–	–	–	(3)
Property, plant and equipment	(13)	1	–	–	(5)	(17)
Provisions	(15)	(4)	–	–	2	(17)
Others	(66)	2	2	(3)	8	(57)
Set off of tax	109	–	–	–	20	129
	(62)	**(1)**	**2**	**(6)**	**22**	**(45)**

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

8. 7. Current programme rights

	2017 Gross value €m	2017 Valuation allowance €m	2017 Net value €m	2016 Gross value €m	2016 Valuation allowance €m	2016 Net value €m
(Co-)productions	370	(326)	44	358	(325)	33
TV programmes	118	(2)	116	117	(2)	115
Other distribution and broadcasting rights	966	(368)	598	933	(309)	624
Sub-total programme rights	**1,454**	**(696)**	**758**	1,408	(636)	772
(Co-)productions and programmes in progress	270	(9)	261	239	(7)	232
Advance payments on (co-)productions, programmes and rights	138	(1)	137	157	(1)	156
Sub-total programme rights in progress	**408**	**(10)**	**398**	396	(8)	388
	1,862	**(706)**	**1,156**	1,804	(644)	1,160

Additions and reversals of valuation allowance have been recorded for €(122) million and €52 million respectively in 2017 (2016: €(90) million and €64 million, respectively).

8. 8. Accounts receivable and other financial assets

	Notes	2017 Under 1 year €m	2017 Over 1 year €m	2017 Total €m	2016 Under 1 year €m	2016 Over 1 year €m	2016 Total €m
Trade accounts receivable		1,280	18	1,298	1,228	–	1,228
Accounts receivable from investments accounted for using the equity method		21	–	21	24	–	24
Loan receivable to investments accounted for using the equity method	4. 3. 1. 8. 4.	1	–	1	2	–	2
Prepaid expenses		91	18	109	92	18	110
Fair value of derivative assets		18	6	24	67	47	114
Other current financial assets	4. 3. 1.	5	–	5	2	–	2
Account receivable from shareholder in relation with PLP Agreement	10. 1.	267	–	267	423	–	423
Other accounts receivable		161	22	183	187	25	212
		1,844	**64**	**1,908**	2,025	90	2,115

Additions and reversals of valuation allowance have been recorded for €(25) million and €20 million respectively in 2017 (2016: €(32) million and €21 million, respectively).

8. 9. Cash and cash equivalents

	2017 €m	2016 €m
Cash in hand and at bank	226	266
Fixed term deposits (under three months)	39	79
Other cash equivalents	–	88
Cash and cash equivalents (excluding bank overdrafts)	265	433

	Note	2017 €m	2016 €m
Cash and cash equivalents (excluding bank overdrafts)		265	433
Bank overdrafts	8. 11.	(7)	(2)
Cash and cash equivalents		258	431

"Other cash equivalents" include money market funds for € nil million (2016: €88 million).

8. 10. Assets classified as held for sale

On 26 October 2016, RTL Group entered into an agreement with a third party to sell Media Properties Sàrl ("Media Properties"). Media Properties owns RTL Group's new buildings ("RTL City") in Luxembourg. These buildings, which RTL Group aimed to leaseback, host the Corporate Centre and the other operations of the Group in Luxembourg. The disposal was expected to be completed during the second quarter of 2017. On 12 May 2017, the parties decided to renounce the transaction by common agreement. RTL Group management has decided not to pursue the sale process over the coming year. Accordingly, the buildings have been reclassified for an amount of €83 million in property, plant and equipment and the related amortisation catch-up charge retrospectively recognised over the second quarter for an insignificant amount.

8. 11. Loans and bank overdrafts

	Notes	2017 €m	2016 €m
Current liabilities			
Bank overdrafts		**7**	2
Bank loans payable	8. 5.	**36**	23
Loans due to investments accounted for using the equity method	8. 4. 1.	**42**	50
Leasing liabilities		**1**	1
Term loan facility due to shareholder	10. 1.	**149**	400
Other current loans payable		**12**	17
		247	493

	Notes	2017 €m	2016 €m
Non-current liabilities			
Bank loans payable	8. 5.	**54**	3
Leasing liabilities		**–**	1
Term loan facility due to shareholder	10. 1.	**500**	500
Other non-current loans payable		**14**	13
		568	517

In 2017, "Loans and bank overdrafts" (accrued interests excluded) evolved as follows:

	Notes	2016 €m	Proceeds from loans	Repayments of loan	Effects of movement in foreign exchange	Subsidiaries acquired (see notes 6.2. and 6.3.)	2017 €m
Bank overdrafts		2	5	–	–	–	**7**
Bank loans payable	8. 5.	26	95	(32)	–	1	**90**
Loans due to investments accounted for using the equity method	8. 4. 1.	50	–	(8)	–	–	**42**
Leasing liabilities		2	–	(1)	–	–	**1**
Term loan facility due to shareholder	10. 1.	889	–	(251)	–	–	**638**
Other current loans payable		26	10	(18)	(1)	5	**22**
		995	**110**	**(310)**	**(1)**	**6**	**800**

On 28 July 2017, Groupe M6 has secured €170 million external funding, including:

- A bond issue of €50 million; and
- Three bilateral credit facilities used for €10 million out of €120 million at 31 December 2017 (see note 4.1.1.).

Wildside Srl benefited from new bank loans for €35 million and reimbursed an amount of €29 million during the 12 months ended 31 December 2017 (12 months ended 31 December 2016: €23 million and €15 million, respectively).

Term and debt repayment schedules (accrued interests included)

2017	Notes	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdrafts		7	–	–	**7**
Bank loans payable	8. 5.	36	4	50	**90**
Loans due to investments accounted for using the equity method	8. 4. 1.	42	–	–	**42**
Leasing liabilities		1	–	–	**1**
Term loan facility due to shareholder	10. 1.	149	–	500	**649**
Other loans payable		12	7	7	**26**
		247	**11**	**557**	**815**

2016	Notes	Under 1 year €m	1–5 years €m	Over 5 years €m	Total carrying amount €m
Bank overdrafts		2	–	–	2
Bank loans payable	8. 5.	23	3	–	26
Loans due to investments accounted for using the equity method	8. 4. 1.	50	–	–	50
Leasing liabilities		1	1	–	2
Term loan facility due to shareholder	10. 1.	400	–	500	900
Other loans payable		17	6	7	30
		493	10	507	1,010

8. 12. Accounts payable

Current accounts payable

	Notes	2017 €m	2016 €m
Trade accounts payable		**1,449**	1,539
Amounts due to associates		**19**	7
Employee benefits liability	7. 3. 1.	**164**	213
Deferred income and advance payments received		**222**	169
Social security and other taxes payable		**88**	76
Fair value of derivative liabilities		**24**	28
Account payable to shareholder in relation with PLP Agreement	10. 1.	**450**	578
Other accounts payable		**256**	232
		2,672	2,842

Non-current accounts payable

	Note	2017 1–5 years €m	2017 Over 5 years €m	2017 Total €m	2016 1–5 years €m	2016 Over 5 years €m	2016 Total €m
Trade accounts payable		**40**	**10**	**50**	37	13	50
Employee benefits liability	7. 3. 1.	**25**	**275**	**300**	1	256	257
Fair value of derivative liabilities		**13**	**1**	**14**	10	–	10
Other accounts payable		**105**	**6**	**111**	83	5	88
		183	**292**	**475**	131	274	405

8. 13. Provisions

8. 13. 1. Provisions other than post-employment benefits

	Restructuring €m	Litigations €m	Onerous contracts €m	Other provisions €m	**Total €m**
Balance at 1 January 2017	**3**	**90**	**107**	**13**	**213**
Provisions charged/(credited) to the income statement:					
– Additions	22	15	81	8	126
– Reversals	–	(7)	(2)	(2)	(11)
Provisions used during the year	(1)	(4)	(80)	(4)	(89)
Other changes	–	–	1	–	1
Balance at 31 December 2017	**24**	**94**	**107**	**15**	**240**

The provisions mainly relate to the following:

- Restructuring

  RTL Belgium announced on 14 September 2017 a transformation plan that would result in a reshaping of the organisation and a significant reduction in headcount. Discussions with the employee representatives around the collective dismissal process, under the information phase of the "Renault Act", are underway as at 31 December 2017. The negotiation phase was closed on 2 March 2018. At 31 December 2017, a provision was determined based on the departments and employees who would be affected. The plan also results in a curtailment of defined benefits (see note 8.14.). The increase in restructuring provision recorded in 2017 is mainly related to the Belgian plan;
- Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

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

  Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert concluded in February 2018 that the likelihood of damages cannot be proven with certainty. It is assumed that the court will render its judgment in the second half of 2018. This judgment will be open to appeal. Similar proceedings of 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 audience results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged "halo effect". In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition. However, in the meantime, two of the claimants withdrew their claim and from the proceedings. The rest of the procedure is currently still ongoing.

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

- "Onerous contracts" mainly comprise provisions made by:
  - Mediengruppe RTL Deutschland for €74 million (2016: €64 million) mainly in relation to the supply of programmes, of which sport events (2017: €16 million; 2016: €19 million);
  - Groupe M6 for €33 million (2016: €42 million) in relation to the supply of programmes, of which sport events (2017: €3 million; 2016: €3 million).

  Out of €81 million of provisions recorded during the year, €62 million relate to programmes such as movies and series and €19 million to sport events.

	2017 €m	2016 €m
Current	**176**	143
Non-current	**64**	70
	240	213

8. 13. 2. Post-employment benefits

	Note	**2017 €m**	2016 €m
Balance at 1 January		**181**	165
Provisions charged/(credited) to the income statement:			
– Additions[43]		**23**	23
– Reversals		**(1)**	–
Provisions used during the year[43]		**(25)**	(18)
Actuarial losses directly recognised in equity	8. 14.	**2**	11
Balance at 31 December		**180**	181

"Post-employment benefits" comprise provision for defined benefit obligations (see note 8.14.) for €177 million (2016: €177 million) and provision for other employee benefits for €3 million (2016: €4 million).

	2017 €m	2016 €m
Current	**2**	2
Non-current	**178**	179
	180	181

8. 14. Defined benefit obligations

RTL Group operates or participates in a number of defined benefit ("DB") 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 defined contribution scheme (qualify as a defined benefit plan in 2017) 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, the pension plan provides a lump sum at retirement and therefore, 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.

43 Of which defined contributions plan for €11 million (2016: €11 million)

France

Groupe M6, Ediradio, ID and IP France 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 termination of employment in accordance with the applicable collective agreement. The Ediradio and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Ediradio also participates in a defined benefit plan which provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the liability is not influenced by the expected increase of the future life expectancy of a retiree.

Germany

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

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risks 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 employees and two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

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

Luxembourg

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependents) in case of retirement, death in service and disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless in such case, the law requires the company to subscribe to an 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.

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

	2017 €m	2016 €m
Final salary plans	234	239
Career average plans	8	8
Flat salary plans – plans with fixed amounts	16	17
Others[44]	65	48
Total	**323**	312

Thereof capital commitment for €133 million at 31 December 2017 (2016: €122 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:

	2017 Head	2016 Head
Active members[45]	3,411	3,097
Deferred members[45]	1,347	1,109
Pensioners	304	306
Total	**5,062**	4,512

44 Mainly include the defined contribution section of the Fremantle Plan

45 Increase mainly due to the reclassification of the defined contribution Belgian plan as defined benefits plan (+346 active members and + 218 deferred members, respectively)

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

	2017 €m	2016 €m
Active members[46]	**150**	140
Deferred members[46]	**108**	108
Pensioners	**65**	64
Total	**323**	312

Thereof beneficiaries with vested rights for €276 million (2016: €266 million) and beneficiaries with unvested rights for €46 million (2016: €46 million).

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

	Notes	2017 €m	2016 €m
Present value of funded obligations		**192**	186
Fair value of plan assets		**(146)**	(135)
Deficit of funded plans		**46**	51
Present value of unfunded obligations		**131**	126
Net defined benefit liability		**177**	177
Assets	8. 5.	**–**	–
Provisions	8. 13. 2.	**177**	177

The amounts recognised in comprehensive income are determined as follows:

	Notes	2017 €m	2016 €m
Service costs:			
– Current service cost	7. 3. 1.	**11**	8
– Past service gain from plan amendments and/or curtailments	7. 3. 1.	**(4)**	–
– Net interest expense	7. 5.	**3**	4
Components of defined benefit costs recorded in profit or loss		**10**	12
Re-measurements:			
– (Gains)/losses from change in demographic assumptions		**(1)**	–
– (Gains)/losses from change in financial assumptions		**6**	29
– Experience adjustments (gains)/losses		**12**	3
– Return on plan assets (excluding amounts included in net interest expense)		**(15)**	(21)
Components of defined benefit costs recorded in Other Comprehensive Income ("OCI")		**2**	11
Total of components of defined benefit costs		**12**	23

46 Increase mainly due to the reclassification of the defined contribution Belgian plan as defined benefits plan. For deferred members, the effect of the Belgian plan (€4 million) is offset by the positive foreign exchange effect in the UK plan (€4 million)

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

	2017 €m	2016 €m
Balance at 1 January	**312**	284
Current service cost	**11**	8
Past service credit from plan amendments and/or curtailments[47]	**(4)**	–
Interest cost	**6**	8
Re-measurements:		
– (Gains)/losses from change in demographic assumptions	**(1)**	–
– (Gains)/losses from change in financial assumptions[48]	**6**	29
– Experience adjustments (gains)/losses[49,50]	**12**	3
Benefits paid by employer	**(11)**	(5)
Benefits paid out of the plan assets	**(5)**	(3)
Foreign exchange differences	**(3)**	(12)
Balance at 31 December	**323**	312

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

	2017 €m	2016 €m
Balance at 1 January	**135**	124
Interest income on plan assets	**3**	4
Return on plan assets (excluding amounts included in net interest expense)[50,51]	**15**	21
Employer contributions	**2**	2
Benefits paid out of the plan assets	**(4)**	(3)
Foreign exchange differences	**(5)**	(13)
Balance at 31 December	**146**	135

Expected contributions to post-employment benefit plans for the year ending 31 December 2018 are €3 million.

Plan assets are comprised as follows:

	Quoted marked price €m	No quoted marked price €m	Total 2017 €m	Quoted marked price €m	No quoted marked price €m	Total 2016 €m
Equity instruments (including equity funds):			**35**			44
Company size: large cap	**18**	**–**	**18**	22	–	22
Company size: mid cap	**17**	**–**	**17**	22	–	22
Debt instruments (including debt funds):			**2**			1
Corporate bonds: investment grade	**2**	**–**	**2**	1	–	1
Cash and cash equivalents	**–**	**–**	**–**	1	–	1
Other funds (other than equity or debt instruments)[52]	**9**		**9**			
Qualifying insurance policies[53]	**–**	**100**	**100**	–	89	89
Total	**46**	**100**	**146**	46	89	135

47 Mainly in connection with the restructuring plan in Belgium for an amount of €(3) million (see note 8.13.1.)

48 2017: Mainly in connection with the UK plan primarily due to a decrease in the discount rate
2016: In connection with the increase in the discount rate for all zones

49 2016: the experience losses mainly relate to FremantleMedia UK for €6 million

50 Historically, a minimum return on contributions made to supplementary pension plans in Belgium was guaranteed by the insurers (when funding via a group insurance). Following a significant change in the market conditions, the rates have decreased year after year. Therefore, insurers could not maintain their rates and consequently employers could not meet their obligations.
On this basis, the defined contribution in place in the Belgian plan has been classified as defined benefits. Therefore, the past engagement were recognised through the retained earnings as at 1 January 2017

51 2017: Mainly in connection with the UK plan corresponding in a gain on plan assets
2016: Mainly in connection with the Plan's assets which performed better than expected over the year, resulting in a gain on the assets of €20 million

52 The movement in the asset allocation is due to the defined contribution scheme divesting their assets at the end of March 2017 and moving to a new platform Standard Life Global Absolute Return Strategies ("GARS") fund

53 Increase mainly due to the reclassification of the defined contribution Belgian plan as defined benefits plan: €15 million

The principal actuarial assumptions used were as follows:

	2017 % a year Germany	**Other European countries**	**UK**	2016 % a year Germany	Other European countries	UK
Discount rate	**2.00**	**1.50**	**2.40**	1.70–1.80	1.50	2.80
Long-term inflation rate	**1.50**	**1.50–1.80**	**2.15**	1.50–1.70	1.50–2.00	2.20
Future salary increases	**2.25**	**2.10–4.00**	**–**	2.25	2.00–4.00	–
Future pension increases	**1.00–1.50**	**1.00**	**3.45**	1.00–1.50	1.00	3.55

At 31 December 2017, the weighted-average duration of the defined benefit liability was 17 years (2016: 17 years).

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

	2017	2016
Germany	**17.8**	18.2
Other European countries	**12.2**	12.6
UK	**23.0**	23.0

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

	2017 Increase €m	**Decrease €m**	2016 Increase €m	Decrease €m
Average life expectancy by 1 year	**5**	**(5)**	6	(6)
Discount rate (effect of 0.5 %)	**(21)**	**24**	(21)	23
Future salary growth (effect of 0.5 %)	**16**	**(15)**	15	(14)
Future pension growth (effect of 0.5 %)	**8**	**(7)**	9	(8)

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

At 31 December 2017, expected maturity analysis of undiscounted pension (future cash flows) are as follows:

	Less than 1 year €m	1–5 years €m	Less than 10 years €m	Total
Defined benefit liability	11	54	84	**149**

8. 15. Equity

8. 15. 1. Share capital

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

At 31 December 2017, the subscribed capital amounts to €192 million (2016: €192 million) and is represented by 154,742,806 (31 December 2016: 154,742,806) fully paid-up ordinary shares, without nominal value.

8. 15. 2. Treasury shares

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

Following the shareholders' meeting resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock market in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on 28 April 2014, into a liquidity agreement (the "Liquidity Agreement"). During the year ended 31 December 2017, under the Liquidity Agreement, the Liquidity Provider has:

- purchased 250,418 shares at an average price of €68.93; and
- sold 263,604 shares at an average price of €69.59, in the name and on behalf of the Company.

At 31 December 2017, a total of 34,302 (2016: 47,488) RTL Group shares are held by the Company and €1.2 million (2016: €7.0 million) are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

8. 15. 3. Currency translation reserve

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

8. 15. 4. Hedging reserve

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

Between 31 December 2016 and 31 December 2017, the hedging reserve decreased by €105 million before tax effect. This consists of:

- Decrease by €52 million due to foreign exchange contracts that existed at 2016 year end and which were still hedging off-balance sheet commitments at 31 December 2017;
- Decrease by €40 million due to foreign exchange contracts that existed at 2016 year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased (basis adjustment) and subsequently released to the income statement in 2017;
- Decrease by €13 million due to foreign exchange contracts entered into in 2017 hedging new off-balance sheet commitments.

Between 31 December 2015 and 31 December 2016, the hedging reserve increased by €5 million before tax effect. This consists of:

- Increase by €14 million due to foreign exchange contracts that existed at 2015 year end and which were still hedging off-balance sheet commitments at 31 December 2016;
- Decrease by €34 million due to foreign exchange contracts that existed at 2015 year end which were mainly transferred from the hedging reserve to adjust the carrying value of assets purchased (basis adjustment) and subsequently released to the income statement in 2016;
- Increase by €25 million due to foreign exchange contracts entered into in 2016 hedging new off-balance sheet commitments.

8. 15. 5. Revaluation reserve

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of available-for-sale investments (see note 8.5.) until the investment is derecognised or impaired for €14 million (2016: €20 million). The amount of OCI recycled to profit or loss and related to available-for-sale investments disposed of in 2017 is € nil million (2016: € nil 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 (2017: €55 million; 2016: €55 million).

8. 15. 6. Dividends

On 19 April 2017, the Annual General Meeting of Shareholders decided, after having taken into account the interim dividend of €1.00 per share paid on 8 September 2016, to distribute a final dividend of €3.00 per share. Accordingly, an amount of €460 million was paid out on 27 April 2017.

On 29 August 2017, RTL Group's Board of Directors authorised the distribution of an interim dividend of €1.00 per share. The payment on 7 September 2017 amounted to €154 million.

8. 15. 7. Share-based payment plans

Groupe M6 share-based payment plans

Groupe M6 has established employee share option plans open to directors and certain employees. The number of options 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 options are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted (in thousands)[54]	Remaining options (in thousands)	Vesting conditions
Free shares plans				
	05–2015	32.50	–	2 years of service
	07–2015	480.40	–	2 years of service + performance conditions
	07–2016	440.60	424.90	2 years of service + performance conditions
	07–2016	361.00	361.00	2 years of service + performance conditions
	07–2017	307.20	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
Total		**1,848.28**	**1,319.68**	

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

- The plans at 28 July 2015, 28 July 2016 and 27 July 2017 are subject to Groupe M6 achieving its target growth in net consolidated result over the periods 2015, 2016 and 2017 respectively; the second plan at 28 July 2016 and 27 July 2017 and the plan at 2 October 2017 are subject to a cumulated performance requirement over 3 years;
- The plans at 11 May 2015 are only subject to the presence in Groupe M6.

1,319,684 free shares are still exercisable at the end of the year against 1,284,000 at the beginning of the year. 533,784 free shares were granted during the year with 475.500 being exercised and 22,600 being forfeited.

54 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 share options outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	Number of shares 2017	Number of shares 2016
Free shares plans			
	2017	**–**	486
	2018	**786**	798
	2019	**534**	–
Total		**1,320**	1,284

The market price of Métropole Télévision shares on the Paris Stock Exchange was €21.54 at 31 December 2017 (€17.67 at 31 December 2016).

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 2017 €m	Employee expense 2016 €m
Free shares plans						
14/04/2014	16.05	0.53	5.60	2 years	**–**	0.3
13/10/2014	12.03	0.23	7.60	2 years	**–**	1.5
11/05/2015	18.62	0.16	4.80	2 years	**0.1**	0.2
28/07/2015	18.38	0.22	4.90	2 years	**1.9**	3.0
28/07/2016	16.24	(0.10)	5.50	2 years	**5.2**	2.2
27/07/2017	20.59	(0.17)	4.31	2 years	**1.7**	–
02/10/2017	20.59	(0.17)	4.31	2 years	**–**	–
Total					**8.9**	7.2

Style Haul Inc share-based payment plan

Some employees of Style Haul Inc benefited from a share-based payment plan in RTL US Holding, Inc, its parent company; the plan qualified as a cash-settled share-based payment transaction. Following the exercise of the option by RTL Group, the plan no longer exists (see note 6.2.).

Other plans

There are other insignificant share-based payment plans within the Group. The total expense associated to these plans amounts to €2.6 million for the year ending 31 December 2017 (2016: €2.4 million).

Dilution can occur when beneficiaries of stock option plans or holders of other optional securities exercise their options. At 31 December 2017, the dilutive effects in the Group's ownership percentage are as follows:

- dilution of RTL Group interest in BroadbandTV Corp by 6.46 per cent;
- dilution of RTL Group interest in YoBoHo New Media Private Ltd by 13.90 per cent.

Following the exercise of the call option SpotX by RTL Group, the share-based plan no longer exists (see note 6.2.).

8. 15. 8. Non-controlling interests

The Group owns 48.3 per cent in Métropole Télévision SA, which together with its subsidiaries and investments accounted for using the equity method represent Groupe M6, listed on the Paris Stock Exchanges (see note 12.). Shares not owned by the Group are material for the Group.

The total non-controlling interests is €467 million at 31 December 2017 (2016: €475 million), of which €437 million (2016: €428 million), is for Groupe M6.

Non-controlling interests in other subsidiaries are individually immaterial.

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

Summarised financial information:

	Groupe M6 2017 €m	2016 €m
Non-current assets	**794**	571
Current assets	**861**	867
Current liabilities	**(691)**	(602)
Non-current liabilities	**(161)**	(84)
Net assets	**803**	752
Revenue	**1,393**	1,284
Profit before tax	**245**	247
Income tax expense	**(81)**	(94)
Profit for the year	**164**	153
Other comprehensive income	**(2)**	(1)
Total comprehensive income	**162**	152
Total comprehensive income allocated to non-controlling interests	**89**	80
Dividends paid to non-controlling interests	**(57)**	(56)
Net cash from operating activities	**220**	269
Net cash used in investing activities	**(307)**	(146)
Net cash used in financing activities	**(33)**	(125)
Net decrease in cash and cash equivalents	**(120)**	(2)

Transactions on non-controlling interests

These transactions mainly relate to:

2017

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

- CBS Studios International contributed below € 1 million in a capital increase in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share;
- Groupe M6 has acquired and disposed of own shares in respect to the forward purchase contract and the liquidity programme;
- RTL Radio (France) has been transferred to Groupe M6 on 1 October 2017 (see note 5.);
- Smartclip (see note 6.2.);
- SpotX (see note 6.2.);
- StyleHaul (see note 6.2.).

The transactions on non-controlling interests with a change in control relate to Ad Factor, Divimove, Easy Tiger and RTL CBS (see note 6.2.).

2016

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

- CBS Studios International contributed € 1 million in a number of capital increases in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share;
- Groupe M6 granted, acquired and disposed of own shares in respect to the employee share option plans (see note 8.15.7.), the forward purchase contract (see note 8.15.9.) and the liquidity programme;
- SpotXchange Inc granted own shares in respect to the employee share option plan.

The transactions on non-controlling interests with a change in control related to iGraal and Smartclip (see note 6.2.).

8. 15. 9. Derivatives on equity instruments

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

9. COMMITMENTS AND CONTINGENCIES

	2017 €m	2016 €m
Guarantees and endorsements given	**22**	22
Contracts for purchasing rights, (co-)productions and programmes[55]	**2,143**	2,671
Satellite transponders	**97**	109
Operating leases	**441**	471
Purchase obligations in respect of transmission and distribution	**122**	170
Other long-term contracts and commitments	**97**	69

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

Certain UK companies in the FremantleMedia Group have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 31 December 2017. A full list of the companies which have made use of the audit exemption is presented in note 12.

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

9. 1. Operating leases

Non-cancellable operating lease rentals are as follows:

Lease Payments	2017 Under 1 year €m	2017 1–5 years €m	2017 Over 5 years €m	2017 Total €m	2016 Under 1 year €m	2016 1–5 years €m	2016 Over 5 years €m	2016 Total €m
Other operating leases	**79**	**200**	**162**	**441**	75	208	188	471

"Other operating leases" mainly relates to the rental of offices, buildings and equipment in Germany, France and the United Kingdom.

9. 2. Purchase obligations in respect of transmission and distribution

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

9. 3. Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €97 million at 31 December 2017 (2016: €69 million).

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

FremantleMedia has no more arrangements in relation to sale and lease back transactions at 31 December 2017 (2016: below €1 million). Under these arrangements, FremantleMedia had sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received was placed in a "restricted bank account" at A-rated banks in order to satisfy the lease payments, and was not considered as an asset in accordance with SIC 27. Income received by FremantleMedia was recognised in the income statement when entering into these arrangements.

55 Of which €21 million of commitments relating to joint ventures (2016: €38 million)

10. RELATED PARTIES

Identity of related parties
At 31 December 2017, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH ("BCH") (75.1 per cent). The remainder of the Group's shares are publicly listed on the Brussels, Frankfurt and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

10. 1. Transactions with shareholders

Sales and purchases of goods and services
During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €16 million (2016: €9 million) and €23 million (2016: €23 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €3 million (2016: €3 million) and €6 million (2016: €8 million), respectively.

Deposits Bertelsmann SE & Co. KGaA
With the view to investing its cash surplus, RTL Group SA entered in 2006 with Bertelsmann SE & Co. KGaA (previously Bertelsmann AG) into a Deposit Agreement, the main terms of which are:
- Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one to six month basis, EURIBOR plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
  - All shares of its wholly owned French subsidiary Média Communication SAS;
  - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL;
  - All its interests in the German limited liability partnership Gruner + Jahr GmbH & Co. KG;
  - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd.

At 31 December 2017, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: € nil million on a one to three months basis and € nil million on an overnight basis). The interest income for the period is € nil million (2016: € nil million).

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

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

At 31 December 2017, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: € nil million). The interest income for the period is € nil million (2016: insignificant).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2017, the balance of the cash pooling accounts receivable and payable amounts to €4 million (2016: € nil million). The interest income/expense for the year is € nil million (2016: € nil million).

Loans from Bertelsmann SE & Co. KGaA and Bertelsmann Business Support Sàrl (former BeProcurement Sàrl)
On 7 March 2013, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swingline facility in the amount of up to €1 billion.

The main terms of these facilities are:
- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to Bertelsmann Business Support Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2017, the term loan balance amounts to €500 million (2016: €500 million);
- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable where for purposes of calculation of the payable commitment fee the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 December 2017, the total of revolving and swingline loan amounts to €138 million (2016: €389 million).

The interest expense for the period amounts to €15 million (2016: €15 million). The commitment fee charge for the period amounts to €0.6 million (2016: €0.6 million).

Tax

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

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

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

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

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

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

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

At 31 December 2017, the balance payable to BCH amounts to €450 million (2016: €578 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €267 million (2016: €423 million).

For the year ended 31 December 2017, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €183 million (2016: €171 million). The Commission amounts to €2 million (2016: €16 million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €4 million (2016: €2 million).

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

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:

	2017 €m	2016 €m
Sales of goods and services to:		
Associates	**31**	31
Joint ventures	**57**	54
	88	85
Purchase of goods and services from:		
Associates	**12**	8
Joint ventures	**25**	20
	37	28

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:

	2017 €m	2016 €m
Trade accounts receivable from:		
Associates	**9**	11
Joint ventures	**9**	10
	18	21
Trade accounts payable to:		
Associates	**13**	6
Joint ventures	**7**	1
	20	7

10. 3. Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to the members of the Executive Committee and contributes to a post-employment defined benefit plan on its behalf.

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

	2017 €m	2016 €m
Short-term benefits	**7.6**	8.2
Post-employment benefits	**0.5**	0.2
Long-term benefits	**3.3**	4.4
	11.4	12.8

10. 4. Directors' fees

In 2017, a total of €1.0 million (2016: €0.6 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 2 January 2018, UFA Film und Fernseh GmbH (“UFA”) acquired 100 per cent of United Screens AB (“United Screens”), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network (“MPN”) in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. Additionally, RTL Group plans to invest SEK 25 million to fund the company’s growth plan across the Nordic region. A portion of the purchase price has been paid into an escrow account to serve as collateral for cash adjustments and potential warranty claims. The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The Revolving Loan with Bertelsmann SE & Co. KGaA terminated on 23 February 2018. RTL Group has re-negotiated an extension for another 5-year period, at similar terms and conditions, except for the spread, which is reduced from 60 basis points to 40 basis points on reference interest rates (EONIA / EURIBOR). However, the reference rates have been floored at zero per cent minimum.

12. GROUP UNDERTAKINGS

	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
LUXEMBOURG*						
RTL Group SA			M			M

Broadcasting TV	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
AUSTRIA*						
IP Österreich GmbH		**49.8**	F		49.8	F
BELGIUM*						
Best of TV Benelux SPRL	2	**24.6**	F	2	24.6	F
Home Shopping Service Belgique SA	2	**57.0**	F	2	57.0	F
RTL Belgium SA		**65.8**	F		65.8	F
Société Européenne de Télévente Belgique SCRL	2	**48.2**	F	2	48.2	F
Unité 15 Belgique SA	2	**48.2**	F	2	48.2	F
BRAZIL*						
Adconion Brasil, SL	5	**17.5**	E		–	NC
Smartclip Comunicacao Ltda	5	**13.4**	E		–	NC
CROATIA*						
RTL Hrvatska d.o.o.		**99.7**	F		99.7	F
FRANCE*						
33 FM SAS	2	**45.9**	F	2	45.9	F
6&7 SAS	2	**23.7**	E		–	NC
Best of TV SAS	2	**24.6**	F	2	24.6	F
C. Productions SA	2	**48.3**	F	2	48.3	F
Edi TV/W9 SAS	2	**48.3**	F	2	48.3	F
Elephorm SAS	2	**16.4**	E	2	16.4	E
Extension TV – Série Club SAS	2	**24.1**	JV	2	24.1	JV
Football Club des Girondins de Bordeaux SA	2	**48.2**	F	2	48.2	F
Girondins Expressions SAS	2	**48.3**	F	2	48.3	F
Girondins Horizons SAS	2	**48.3**	F	2	48.3	F
GM6 – Golden Network SAS	2	**48.3**	F	2	48.3	F
Home Shopping Service SA	2	**48.2**	F	2	48.2	F
iGraal SAS	2	**24.6**	F	2	24.6	F
Immobilière 46D SAS	2	**48.3**	F	2	48.3	F
Immobilière M6 SAS	2	**48.3**	F	2	48.3	F
Les Films de la Suane Sàrl	2	**48.3**	F	2	48.3	F
Life TV SA	2	**16.1**	E		–	NC
Luxview SAS	2	**46.1**	F	2	46.1	F
M6 Bordeaux SAS	2	**48.3**	F	2	48.3	F
M6 Communication – M6 Music SAS	2	**48.3**	F	2	48.3	F
M6 Créations SAS	2	**48.3**	F	2	48.3	F
M6 Développement SAS	2	**48.3**	F	2	48.3	F
M6 Diffusions SA	2	**48.3**	F	2	48.3	F
M6 Divertissement SAS	2	**48.3**	F	2	48.3	F
M6 Editions SA	2	**48.3**	F	2	48.3	F
M6 Evénements SA	2	**48.3**	F	2	48.3	F
M6 Films SA	2	**48.3**	F	2	48.3	F
M6 Foot SAS	2	**48.3**	F	2	48.3	F
M6 Génération/6Ter SAS	2	**48.3**	F	2	48.3	F
M6 Interactions SAS	2	**48.3**	F	2	48.3	F
M6 Publicité SAS	2	**48.3**	F	2	48.3	F
M6 Shop SAS	2	**48.3**	F	2	48.3	F
M6 Studio SAS	2	**48.3**	F	2	48.3	F
M6 Talents SAS	2	**48.3**	F	2	48.3	F
M6 Thématique SAS	2	**48.3**	F	2	48.3	F
M6 Web SAS	2	**48.3**	F	2	48.3	F
Mandarin Cinéma SAS	2	**48.3**	F	2	48.3	F
Métropole Télévision – M6 SA	2	**48.3**	F	2	48.3	F

Broadcasting TV	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
MonAlbumPhoto SAS	2	**48.3**	F	2	48.3	F
Optilens SPRL	2	**46.1**	F	2	46.1	F
Oxygem SAS	11	**–**	NC	2	48.3	F
Panora Services SAS	2	**24.1**	JV	2	24.1	JV
Paris Première SAS	2	**48.3**	F	2	48.3	F
Printic SAS	2	**41.8**	F	2	41.8	F
QuickSign SAS	2	**12.0**	E	2	12.0	E
SCI du 107	2	**48.3**	F	2	48.3	F
Sédi TV/Téva SAS	2	**48.3**	F	2	48.3	F
SND Films LLC	2	**48.3**	F	2	48.3	F
SNDA SAS	2	**48.3**	F	2	48.3	F
Société des Agences Parisiennes SAS	12	**–**	NC	2	11.8	E
Société Nouvelle de Cinématographie SA	2	**48.3**	F	2	48.3	F
Société Nouvelle de Distribution SA	2	**48.3**	F	2	48.3	F
Stéphane Plaza France SAS	2	**23.7**	E	2	23.7	E
Studio 89 Productions SAS	2	**48.3**	F	2	48.3	F
TCM Droits Audiovisuels SNC	11	**–**	NC	2	48.3	F
GERMANY*						
Ad Alliance GmbH *(former RTL Group Cable & Satellite GmbH)*		**99.7**	F		99.7	F
CBC Cologne Broadcasting Center GmbH *(former CBC GmbH)*		**99.7**	F		99.7	F
Delta Advertising GmbH		**44.9**	JV		99.7	F
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 Verwaltungs GmbH		**44.9**	JV		–	NC
Mairdumont Netletix GmbH & Co. KG		**44.9**	JV		–	NC
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH		**99.7**	F		99.7	F
Mediengruppe RTL Deutschland GmbH		**99.7**	F		99.7	F
Netletix GmbH		**99.7**	F		99.7	F
Norddeich TV Produktionsgesellschaft mbH		**99.7**	F		99.7	F
N-TV Nachrichtenfernsehen GmbH		**99.7**	F		99.7	F
RTL Creation GmbH	11	**–**	NC		99.7	F
RTL Disney Fernsehen Geschaftsführungs GmbH		**49.8**	JV		–	NC
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		–	NC
RTL Nord GmbH		**99.7**	F		99.7	F
RTL Television GmbH		**99.7**	F		99.7	F
RTL West GmbH		**74.8**	F		74.8	F
RTL2 Fernsehen Geschäftsführungs GmbH		**35.8**	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG		**35.8**	E		35.8	E
Smart Shopping and Saving GmbH		**99.7**	F		99.7	F
Universum Film GmbH		**99.7**	F		99.7	F
Vox Holding GmbH		**99.7**	F		99.7	F
Vox Television GmbH		**99.4**	F		99.4	F

Broadcasting TV	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
HONG KONG*						
RTL CBS Asia Entertainment Network (HK) Ltd	12	**–**	NC		70.0	F
HUNGARY*						
Home Shopping Service Hongrie	2	**48.2**	F	2	48.2	F
Magyar RTL Televízió Zártkörûen Mûködõ Részvénytársaság	4	**99.7**	F	4	99.7	F
R-Time Kft	4	**99.7**	F	4	99.7	F
RTL Holdings Kft	4	**99.7**	F	4	99.7	F
RTL Services Kft	4	**99.7**	F	4	99.7	F
LUXEMBOURG*						
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
RTL9 SA	12	**–**	NC		34.9	E
RTL9 SA & Cie SECS	12	**–**	NC		34.8	E
MEXICO*						
Smartclip México S.A.P.I. de C.V.	5	**17.5**	E		–	NC
THE NETHERLANDS*						
Buurtfacts BV	12	**–**	NC		54.8	JV
Reclamefolder.nl BV	12	**–**	NC		34.7	JV
RTL Live Entertainment BV	17	**99.7**	F	17	99.7	F
RTL Nederland BV	17	**99.7**	F	17	99.7	F
RTL Nederland Holding BV	17	**99.7**	F	17	99.7	F
RTL Nederland Interactief BV	17	**99.7**	F	17	99.7	F
RTL Nederland Ventures BV	17	**99.7**	F	17	99.7	F
Themakanalen BV		**74.8**	F		74.8	F
ROMANIA*						
Cable Channels SA	4	**99.7**	F	4	99.7	F

Broadcasting TV	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
SINGAPORE*						
RTL CBS Asia Entertainment Network LLP	12	–	NC		70.0	F
SPAIN*						
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
Atresmedia Foto SL	5	**16.8**	E	5	16.8	E
Atresmedia Hub Factory SL	5	**9.3**	E	5	9.3	E
Atresmedia Música SLU	5	**18.7**	E	5	18.7	E
Aunia Publicidad Interactiva SL	5	**9.3**	E	5	9.3	E
Canal Media Radio SAU	5	**18.7**	E	5	18.7	E
Cordina Planet SLU	5	**18.7**	E	5	18.7	E
Flooxplay SLU	5	**18.7**	E	5	18.7	E
Guadiana Producciones SA	11	–	NC	5	18.7	E
Hola Television América SL	5	**9.3**	E	5	9.3	E
Hola TV Latam SL	5	**9.3**	E	5	7.0	E
I3 Television SL	5	**9.3**	E	5	9.3	E
Musica Aparte SAU	5	**18.7**	E	5	18.7	E
Smartclip Hispania SL	5	**17.7**	E		–	NC
Smartclip Latam SL	5	**17.7**	E		–	NC
Uniprex SAU	5	**18.7**	E	5	18.7	E
Uniprex Television Digital Terrestre de Andalucia SL	5	**13.8**	E	5	13.8	E
Uniprex Television SLU	5	**18.7**	E	5	18.7	E
Uniprex Valencia TV SLU	5	**18.7**	E	5	18.7	E
SWITZERLAND*						
Goldbach Media (Switzerland) AG		**22.9**	E		22.9	E
UNITED KINGDOM*						
Bend it TV Ltd		**25.0**	E		–	NC
USA*						
Hola TV US LLC	5	**9.3**	E	5	7.0	E
SND USA Inc	2	**48.3**	F	2	48.3	F

Content	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
ANTIGUA*						
Grundy International Operations Ltd		**100.0**	F		100.0	F
ARGENTINA*						
Fremantle Productions Argentina SA		**100.0**	F		100.0	F
AUSTRALIA*						
Doctor Doctor Holdings Pty Ltd	15	**75.0**	F		–	NC
Doctor Doctor Production Pty Ltd	15	**75.0**	F		–	NC
DRDR2 Holdings Pty Ltd	15	**75.0**	F		–	NC
DRDR2 Series Pty Ltd	15	**75.0**	F		–	NC
Easy Tiger Holdings Pty Ltd	15	**75.0**	F		–	NC
Easy Tiger Productions Pty Ltd	15	**75.0**	F			NC
EME Productions No 2 Pty Ltd	15	**75.0**	F		–	NC
Eureka Productions Pty Ltd		**25.0**	E		25.0	E
Forum 5 Pty Ltd		**100.0**	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	9	**100.0**	F	9	100.0	F
FremantleMedia Australia Pty Ltd	9	**100.0**	F	9	100.0	F
Grundy Organization Pty Ltd	9	**100.0**	F	9	100.0	F
Jack Irish Dead Point Holdings Pty Ltd	15	**75.0**	F		–	NC
Jack Irish Dead Point Pty Ltd	15	**75.0**	F		–	NC
Jack Irish Series 2 Holdings Pty Ltd	15	**75.0**	F		–	NC
Jack Irish Series 2 Pty Ltd	15	**75.0**	F		–	NC
Jack Irish Series Holdings Pty Ltd	15	**75.0**	F		–	NC
Jack Irish Series Pty Ltd	15	**75.0**	F		–	NC
Rake 3 Holdings Pty Ltd	15	**75.0**	F		–	NC
Rake 3 Pty Ltd	15	**75.0**	F		–	NC
Rake 4 Holdings Pty Ltd	15	**75.0**	F		–	NC
Rake 4 Pty Ltd	15	**75.0**	F		–	NC
Rake 5 Holdings Pty Ltd	15	**75.0**	F		–	NC
Rake 5 Pty Ltd	15	**75.0**	F		–	NC
Sunshine Series Holdings Pty Ltd	15	**75.0**	F		–	NC
Sunshine Series Pty Ltd	15	**75.0**	F		–	NC
The Broken Shore Holdings Pty Ltd	15	**75.0**	F		–	NC
The Broken Shore Pty Ltd	15	**75.0**	F		–	NC
The Principal Series Holdings Pty Ltd	15	**75.0**	F		–	NC
The Principal Series Pty Ltd	15	**75.0**	F		–	NC
BELGIUM*						
FremantleMedia Belgium NV		**100.0**	F		100.0	F
BRAZIL*						
FremantleMedia Brazil Produção de Televisâo Ltda		**100.0**	F		100.0	F
CANADA*						
FremantleMedia Canada Inc		**100.0**	F		100.0	F
Ludia Inc		**100.0**	F		100.0	F
Miso Film Canada Inc		**51.0**	F		51.0	F
Umi Mobile Inc		**35.3**	E		35.3	E
CHINA*						
Fremantle (Shanghai) Culture Media Co. Ltd		**100.0**	F		100.0	F
Radical Media Co. Ltd	14	**34.5**	E	14	34.5	E
CROATIA*						
FremantleMedia Hrvatska d.o.o.		**100.0**	F		100.0	F

Content	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
DENMARK*						
Blu A/S		**100.0**	F		100.0	F
Miso Estate ApS		**51.0**	F		51.0	F
Miso Film ApS		**51.0**	F		51.0	F
Miso Holding ApS		**51.0**	F		51.0	F
FINLAND*						
FremantleMedia Finland Oy		**100.0**	F		100.0	F
FRANCE*						
1. 2. 3. Productions SAS		**100.0**	F		100.0	F
Fidélité Films SAS	2	**48.3**	F		–	NC
Fontaram SAS		**51.0**	F		51.0	F
FremantleMedia France SAS		**100.0**	F		100.0	F
Kwaï SAS		**51.0**	F		51.0	F
TV Presse Productions SAS		**100.0**	F		100.0	F
GERMANY*						
Divimove GmbH		**75.3**	F		75.3	E
FremantleMedia International Germany GmbH		**99.7**	F		99.7	F
Radical Media GmbH	14	**34.5**	E	14	34.5	E
RTL Group Licensing Asia GmbH		**99.7**	F		99.7	F
RTL Group Services GmbH		**99.7**	F		99.7	F
UFA Brand Communication GmbH	11	**–**	NC	3	99.7	F
UFA Distribution GmbH		**99.7**	F		99.7	F
UFA Fiction 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		**100.0**	F		100.0	F
GREECE*						
Fremantle Productions SA		**100.0**	F		100.0	F
HONG KONG*						
Fremantle Productions Asia Ltd		**100.0**	F		100.0	F
HUNGARY*						
UFA Magyarorszag Kft		**99.7**	F		99.7	F
INDIA*						
Fremantle India TV Productions Pvt Ltd		**100.0**	F		100.0	F
INDONESIA*						
PT Dunia Visitama Produksi		**100.0**	F		100.0	F
ISRAEL*						
Abot Hameiri Communications Ltd		**51.0**	F		51.0	F
ITALY*						
Boats Srl		**62.5**	F		62.5	F
FremantleMedia Italia Spa		**100.0**	F		100.0	F
Offside Srl		**62.5**	F		62.5	F
Quarto Piano Srl		**100.0**	F		100.0	F
Wildside Srl		**62.5**	F		62.5	F

Content	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
LUXEMBOURG*						
Duchy Digital SA		**99.7**	F		99.7	F
European News Exchange SA		**76.5**	F		76.5	F
MALAYSIA*						
AGT Productions Sdn Bhd	19	**100.0**	F	19	100.0	F
MEXICO*						
FremantleMedia Mexico SA de CV		**100.0**	F		100.0	F
THE NETHERLANDS*						
Benelux Film Investments BV		**49.8**	JV		49.8	JV
Fiction Valley BV	8	**100.0**	F	8	100.0	F
FremantleMedia Netherlands BV	8	**100.0**	F	8	100.0	F
FremantleMedia Overseas Holdings BV		**100.0**	F		100.0	F
Grundy Endemol Productions VOF		**50.0**	JV		50.0	JV
Grundy International Holdings (I) BV		**100.0**	F		100.0	F
No Pictures Please Productions BV	8	**75.0**	F	8	75.0	F
RTL Nederland Film Venture BV	17	**99.7**	F	17	99.7	F
RTL Nederland Productions BV	17	**99.7**	F	17	99.7	F
NORWAY*						
FremantleMedia Norge AS		**100.0**	F		100.0	F
Miso Film Norge AS		**51.0**	F		51.0	F
POLAND*						
FremantleMedia Polska Sp.Zo.o.		**100.0**	F		100.0	F
PORTUGAL*						
FremantleMedia Portugal SA		**100.0**	F		100.0	F
SINGAPORE*						
FremantleMedia Asia PTE Ltd		**100.0**	F		100.0	F
RTL Group Ventures PTE Ltd	12	**–**	NC		99.7	F
SPAIN*						
Fremantle de España SL	6	**99.6**	F	6	99.6	F
FremantleMedia España SA		**100.0**	F		100.0	F
SWEDEN*						
FremantleMedia Sverige AB		**100.0**	F		100.0	F
Miso Film Sverige AB		**51.0**	F		51.0	F
UK*						
Arbie Productions Ltd	16	**100.0**	F	16	100.0	F
Corona TV Ltd		**25.0**	E		25.0	E
Dancing Ledge Productions Ltd		**25.0**	E		25.0	E
Dr Pluto Films Ltd		**25.0**	E		25.0	E
Duck Soup Films Ltd		**25.0**	E		–	NC
Fremantle (UK) Productions Ltd	16	**100.0**	F	16	100.0	F
FremantleMedia Group Ltd	16	**100.0**	F	16	100.0	F
FremantleMedia Ltd	16	**100.0**	F	16	100.0	F
FremantleMedia Overseas Ltd	16	**100.0**	F	16	100.0	F
FremantleMedia Services Ltd		**100.0**	F		100.0	F
Full Fat Television Ltd		**25.0**	E		25.0	E
Label1 Television Ltd		**25.0**	E		–	NC
Man Alive Entertainment Ltd		**25.0**	E		25.0	E

Content	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
Naked Entertainment Ltd		**25.0**	E		25.0	E
RTL Group Support Services Ltd		**100.0**	F		100.0	F
Select TV Ltd		**100.0**	F		100.0	F
Squawka Ltd	20	**34.8**	E	20	34.8	E
Talkback Productions Ltd	10	**100.0**	F	10	100.0	F
TalkbackThames UK Ltd		**100.0**	F		100.0	F
Thames Television Holdings Ltd		**100.0**	F	16	100.0	F
Thames Television Ltd		**100.0**	F		100.0	F
UFA Fiction Ltd	3	**99.7**	F	3	99.7	F
Wild Blue Media Ltd		**25.0**	E		25.0	E
USA*						
495 Productions Holdings LLC	7	**75.0**	F	7	75.0	F
All American Music Group	11	**–**	NC	7	100.0	F
Allied Communications Inc		**100.0**	F		100.0	F
Amygdala Records Inc *(former Amygdala LLC)*	13	**100.0**	F	13	100.0	F
Big Balls LLC	7	**95.0**	F	7	95.0	F
Cathedral Technologies LLC	7	**75.0**	F	7	75.0	F
Eureka Productions LLC		**25.0**	E		25.0	E
FCB Productions Inc *(former Original Fremantle LLC)*	13	**100.0**	F	13	100.0	F
Fremantle Goodson Inc	11	**–**	NC	7	100.0	F
Fremantle Licensing Inc	6	**100.0**	F	6	100.0	F
Fremantle Productions Inc	7	**100.0**	F	7	100.0	F
Fremantle Productions Music Inc	11	**–**	NC	7	100.0	F
Fremantle Productions North America Inc	7	**100.0**	F	7	100.0	F
FremantleMedia Latin America Inc		**100.0**	F		100.0	F
FremantleMedia North America Inc	7	**100.0**	F	7	100.0	F
Good Games Live Inc	7	**100.0**	F	7	100.0	F
Haskell Studio Rentals Inc	7	**100.0**	F	7	100.0	F
Leroy & Morton Productions LLC	14	**34.5**	E	14	34.5	E
Max Post Inc	13	**100.0**	F	13	100.0	F
Music Box Library Inc	7	**100.0**	F	7	100.0	F
Op Services Inc	13	**100.0**	F	13	100.0	F
Original Productions LLC	13	**100.0**	F	13	100.0	F
Outpost Digital LLC	14	**34.5**	E	14	34.5	E
Pajama Pants Productions Inc	7	**75.0**	F	7	75.0	F
Radical Media LLC	14	**34.5**	E	14	34.5	E
Studio Production Services Inc	7	**100.0**	F	7	100.0	F
TCF Productions Inc *(former O'Merch LLC)*	13	**100.0**	F	13	100.0	F
The Baywatch Productions Company Corporation	11	**–**	NC	7	100.0	F
The Pet Collective LLC		**35.0**	E		35.0	E
Tiny Riot LLC	7	**100.0**	F	7	100.0	F
Vice Food LLC	7	**30.0**	JV	7	30.0	JV

Broadcasting radio	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
BELGUM*						
Cobelfra SA		**44.1**	F		44.1	F
Inadi SA		**44.1**	F		44.1	F
IP Belgium SA		**65.8**	F		65.8	F
New Contact SA		**49.8**	JV		49.8	JV
Radio H SA		**44.1**	F		44.1	F
FRANCE*						
Ediradio SA	2	**48.3**	F		99.7	F
ID (Information et Diffusion) Sàrl	2	**48.3**	F		99.7	F
IP France SA	2	**48.3**	F		99.7	F
IP Régions SA	2	**48.3**	F		99.7	F
RTL France Radio SAS	2	**48.3**	F		–	NC
RTL Net SAS	2	**48.3**	F		99.7	F
RTL Special Marketing Sàrl	2	**48.3**	F		99.7	F
SCP Sàrl	2	**48.3**	F		99.7	F
SERC SA	2	**48.3**	F		99.7	F
Sodera SA	2	**48.3**	F		99.7	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 Vermögensverwaltungsgesell-schaft 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		–	NC
Radio Hamburg GmbH & Co. KG		**29.1**	E		29.1	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		**74.8**	F		74.8	F
SWITZERLAND*						
Swiss Radioworld AG		**23.0**	E		23.0	E

(***) At 31 December 2017, the Group legally held 24.9% and 5.7% in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH, respectively. The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

Others	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
AUSTRALIA*						
SpotXchange Australia Pty Ltd		100.0	F		67.5	F
AUSTRIA*						
RTL Group Austria GmbH		99.7	F		99.7	F
BELGIUM*						
RTL Group Services Belgium SA *(former Audiomedia Investments Bruxelles SA)*		100.0	F		100.0	F
BRAZIL*						
Style Haul Brasil agenciamento de midia Ltda		100.0	F		–	NC
CANADA*						
BroadbandTV Corporation		57.3	F		57.3	F
RTL Canada Ltd		99.7	F		99.7	F
FRANCE*						
BCE France SAS		99.7	F		99.7	F
RTL AdConnect SA *(former IP Network SA)*		99.7	F		99.7	F
Société Immobilière Bayard d'Antin SA		99.7	F		99.7	F
SpotXchange France SAS		100.0	F		–	NC
GERMANY*						
Q division GmbH		29.9	JV		–	NC
RTL Group Central & Eastern Europe GmbH		99.7	F		99.7	F
RTL Group Deutschland GmbH		99.7	F		99.7	F
RTL Group Financial Services GmbH		99.7	F		–	NC
RTL Group Vermögensverwaltung GmbH		100.0	F		100.0	F
RTL Radio Luxembourg GmbH		99.7	F		99.7	F
Smartclip AG		99.8	F		93.4	F
Smartclip Holding AG		100.0	F		93.4	F
Sparwelt GmbH		99.7	F		99.7	F
SpotXchange Deutschland GmbH		99.8	F		83.9	F
UFA Film und Fernseh GmbH		99.7	F		99.7	F
INDIA*						
YoBoHo New Media Private Ltd		50.2	F		50.2	F
ITALY*						
Smartclip Italia Srl		100.0	F		93.4	F
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
IP Luxembourg Sàrl		99.7	F		99.7	F
Media Properties Sàrl		99.7	F		99.7	F
Media Real Estate SA *(former RTL Group Central & Eastern Europe SA)*		99.7	F		99.7	F
RTL AdConnect International SA *(former IP Network International SA)*		99.7	F		99.7	F
RTL Group Germany SA		99.7	F		99.7	F

Others	Note	Group's ownership 2017 (**)	Consolidated method (1)	Note	Group's ownership 2016 (**)	Consolidated method (1)
THE NETHERLANDS*						
Adfactor BV		59.8	F		–	NC
Flinders BV		19.9	E		–	NC
Future Whiz Media BV	18	29.7	JV	18	29.7	JV
HelloSparkle BV		24.9	E		–	NC
Livis BV *(former Dutch Learning Company BV)*	17	99.7	F	17	99.7	F
NLziet Coöperatief UA		33.2	JV		33.2	JV
RTL Group Beheer BV	17	100.0	F		100.0	F
Smartclip Benelux BV		100.0	F		93.4	F
Solvo BV *(former Heilzaam BV)*		32.5	JV		32.5	JV
SpotXchange Benelux BV		99.0	F		83.9	F
The Entertainment Group BV	17	99.7	F		99.7	F
SINGAPORE*						
RTL Group Asia Pte Ltd		100.0	F		100.0	F
SpotX Singapore Pte Ltd		100.0	F		67.5	F
SWEDEN*						
SHOC Media Agency AB		100.0	F		93.4	F
Smartclip Nordics AB		100.0	F		93.4	F
SWITZERLAND*						
Goldbach Audience (Switzerland) AG		24.9	E		–	NC
UK*						
CLT-UFA UK Radio Ltd		99.7	F		99.7	F
SpotXchange Ltd		100.0	F		67.5	F
Style Haul UK Ltd		100.0	F		97.0	F
USA*						
BroadbandTV (USA) Inc		57.3	F		57.3	F
Clypd Inc		19.5	E		19.5	E
Inception VR Inc		17.7	E		–	NC
RTL US Holding Inc	7	100.0	F	7	97.0	F
SpotXchange Inc		100.0	F		67.5	F
Style Haul Inc		100.0	F		97.0	F
Style Haul Productions Inc		100.0	F		97.0	F
VideoAmp Inc		26.3	E		21.5	E
YoBoHo New Media Inc		50.2	F		50.2	F

* Country of incorporation

1 M: parent company
F: full consolidation
JV: joint venture (equity accounting)
JO: joint operation (proportionate consolidation)
E: equity accounting
NC: not consolidated
2 Groupe M6 ("de facto" control)
3 UFA Berlin Group
4 M-RTL Group
5 Atresmedia
6 Fremantle Licensing Group
7 FremantleMedia North America Group
8 FremantleMedia Productions Netherlands Group
9 FremantleMedia Australia (Holdings) Group
10 Talkback Productions Group
11 Company absorbed by a company of the Group
12 Company sold or liquidated
13 Original Productions
14 Radical Media
15 Easy Tiger Group
16 Company has elected to make use of the audit exemption in accordance with section 479A of UK Companies Act 2006
17 Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code
18 The Group holds certificates without voting rights providing a right to 7.5 % of dividends distributed, if any
19 Set up as a Special Purpose Vehicle ("SPV") for *Asia's Got Talent* of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose
20 From 30 November 2015, FremantleMedia ("FMM") and Squawka entered into an agreement and loan agreement. At 31 December 2015 FMM granted a loan and did not hold any share. Nevertheless conditions are met to consider a joint control by FMM already at 31 December 2015. The initial contractual arrangement was modified in 2016 and as a result FremantleMedia has no longer the joint control but can exercise significant influence. The conversion of the loan (GBP 1 m) and a capital injection of GBP 3.5 m on 26 April 2016 provided a 34.8% stake to FremantleMedia.

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

AUDIT REPORT

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TO THE SHAREHOLDERS OF RTL GROUP S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated statement of financial position of RTL Group S.A. (the Company) and its subsidiaries (together “the Group”) as at 31 December 2017, and of their consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

What we have audited

The Group’s consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2017;
- The consolidated income statement for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated cash flow statement for the year then ended; and

The notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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

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

The non-audit services that we have provided to the Group, in the period from 1 January 2017 to 31 December 2017, are disclosed in the Note 7.3 to the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter:

Impairment of goodwill

Goodwill represents EUR 3,037 million or approximately 38 per cent of the Group total assets as of 31 December 2017.

Management perform an annual impairment test of the cash generating units 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.

How our audit addressed the Key audit matter

As part of our audit, we assessed the Group's process for determining and validating the future discounted cash flow forecasts of the cash generating units and selecting their peers in market-based valuation models.

We satisfied ourselves of 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.

Where necessary, we involved specialists to test the main parameters used in the DCF models (including the weighted average cost of capital) and the peers selection used in market-based valuation models.

We tested management sensitivity analysis for the cash-generating units presenting a higher risk of impairment, namely FremantleMedia and Style Haul.

We assessed the appropriateness of the Group's disclosures regarding goodwill contained in notes 2.3 and 8.2 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 94 million, and EUR 1,156 million as of 31 December 2017, 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 2017. Provisions for onerous contracts are recognised when management expects a lower than initially budgeted return on these rights. As of 31 December 2017, these provisions amount to EUR 107 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 2.2 and 8.13.1 of the consolidated financial statements.

Provisions for litigations

Provisions for litigations, reported under line items "Non-current provisions" and "current provisions" of the consolidated statement of financial position amount to EUR 94 million as of 31 December 2017.

These provisions relate to legal proceedings which the Group is a party to in the normal course of business.

The risk assessment on developments in legal disputes and the determination of whether or not a legal dispute requires a provision, and if so, how should it be measured, is determined to a high degree by assessments and assumptions of management. We focused on this area due to the judgmental nature of these provisions.

We assessed the Group's process to identify, assess, record and disclose legal disputes.

In particular, we obtained from management a written legal risk assessment, providing a description of the most significant litigations in the Group, their evolution since the last closing date and management's assessment of the probability of cash outflows. We also held regular interactions with the Group's legal department to validate their positions thereon.

As of the balance sheet date, we obtained external legal confirmations that we compared with management assessments.

We assessed the appropriateness of the Group's disclosures relating to provisions for litigations contained in notes 2.7 and 8.13.1 of the consolidated financial statements.

Key audit matter:
Control of Groupe M6
The Group holds less than 50 per cent of the voting rights of Groupe M6. Groupe M6 is a significant contributor to the Group's consolidated financial statements, representing approximately 27 per cent and 29 per cent of the Group's revenue and total asset respectively.

The Board of Directors considers that other holdings of Groupe M6 remain highly dispersed and other non-controlling shareholders have not organised their interests in such a way that they intend to vote differently from the Group.

The Board of Directors therefore considers that the Group has control over Groupe M6.

This assessment involves a certain degree of judgement, we therefore believe that this matter was of particular significance to our audit.

How our audit addressed the Key audit matter

As part of our audit, we have considered:
- the governance of Groupe M6. In particular the decision making power that the Group can exercise over Groupe M6 through its representation at their "Conseil de Surveillance", including the provisions to nominate or revoke members of the "Conseil de Surveillance";
- the respective size of the Group's holding of voting rights relative to the holdings of other vote holders and the voting patterns at previous shareholders meetings;
- any other rights arising from contractual arrangements.

We assessed the Group's disclosures regarding the control over Groupe M6 contained in note 2.1 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 consolidated annual report including the consolidated Directors' report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

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

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

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

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

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

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

The consolidated 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 consolidated Directors' report. The information required by Article 68bis 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" by the General Meeting of the Shareholders on 19 April 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 24 years.

Other matter

The Corporate Governance Statement includes the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, 6 March 2018

PricewaterhouseCoopers, Société coopérative

Represented by

Gilles Vanderweyen *Magalie Cormier*

GLOSSARY

Addressable TV
Technically a form of programmatic TV (automated ad serving). Major distinguishing factors are its household-level and real-time targeting. Advertisers can now buy audiences instead of programmes.

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

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

Advertising technology (also: ad tech)
Technological tools to sell advertising in the digital environment, for example using automated processes, such as programmatic advertising, or exchanges and market places.

Aggregator
A business that collects and organises content from multiple sources.

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

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

Brand-building platform
A platform, or medium, which, through its reach and the range of its viewers or listeners, enables brand owners and advertisers to establish and improve the identity of their brands.

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

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

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

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

Cash conversion rate
See note 3 to the Consolidated Financial Statements.

Cash flow
See note 3 to the Consolidated Financial Statements.

Cash flow statement
See note 3 to the Consolidated Financial Statements.

Commercial broadcaster (free-to-air)
Usually a privately owned business, active in television and/or radio broadcasting. Commercial broadcasters are financed to a large extent by the sale of advertising.

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

Compound Annual Growth Rate (CAGR)
A measure of growth over multiple time periods. CAGR can be thought of as the growth rate that gets you from the value at one point in time to the value at another point in time, assuming that the investment has been compounding over the time period.

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

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

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

Content vertical
A business or brand that aggregates content around a specific demographic or interest group.

Convergent currencies
Measurement of audiences across multiple platforms, such as TV and online, using a single metric, to give a combined audience figure for all viewing, irrespective of delivery channel.

Cross-media offers
Advertising products that cover more than one medium at the same time: for example, TV and online.

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

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

Digital revenue
“Digital” refers to internet-related activities, excluding online sales of merchandise (“e-commerce”). Digital revenue encompasses different categories of revenue, for example other advertising sales, the production/distribution of films, programmes and other rights, and professional services. To summarise: unlike some competitors, RTL Group only recognises pure digital businesses in this category/revenue stream and doesn’t consider e-commerce, home shopping or platform revenue as part of its digital revenue.

Digital Video Ad
An ad that is displayed online, through a web browser or browser-equivalent based internet activity that involves streaming video.

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

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

Docu drama / docu soap / docu series
A genre of radio and television programming that presents dramatised re-enactments of actual events in the style of a documentary.

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

EBIT
See note 3 to the Consolidated Financial Statements.

EBITA
See note 3 to the Consolidated Financial Statements.

EBITDA
See note 3 to the Consolidated Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

KPI
Key Performance Indicator (KPI) is a type of performance measurement. KPIs evaluate the success of an organisation or of a particular activity in which it engages.

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

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

LTIP
Long-term incentive plan ("LTIP"). See note 7.3.1. to the Consolidated Financial Statements.

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

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

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

Net debt to EBITDA ratio
See note 3 to the Consolidated Financial Statements.

Net financial debt
See note 3 to the Consolidated Financial Statements.

NOPAT
See note 3 to the Consolidated Financial Statements.

Non-linear content
Content that is provided and/or viewed on demand, outside of a linear broadcast schedule.

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

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

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

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

Overlaying
The superimposition of content (such as text, graphics, video) on a TV programme or advertisement shown on a TV screen.

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

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

Playlist start
The number of times a playlist – including video content and ads – is started.

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

Programme format
See "format" above.

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 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 2017.

Sales house
See "advertising sales house" above.

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.

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

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

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

TV household
A household equipped with at least one TV set.

Underlying revenue
Revenue adjusted for minor scope changes and at constant exchange rates.

Unique user
A metric that seeks to count as individuals, visitors who visit a website more than once in a given period of time.

Vertical network
A business that aggregates multiple content publishers into themed content verticals for which it may offer centralised advertising sales services.

Video view
The number of times a video has been viewed. Technology vendors may use the metric 'creative view' to help track which technical version of an ad was played in a particular environment, but that metric is used for technological analysis and not for measuring user engagement. Often confused with impression.

VOD/video-on-demand
A service that enables viewers to watch video content when they choose to, outside of any linear schedule.

- **AVOD – advertising-funded VOD**
  A typical example includes services from TV channels that allow free access to video content seven days after the broadcast, funded by advertising.
- **SVOD – subscription-funded VOD**
  A VOD service that is financed by subscription fees.
- **TVOD – transaction-funded VOD**
  A VOD service that is financed on single transactions per view or content item.

CREDITS

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18–19	Charly de Keersmaecker
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FIVE-YEAR SUMMARY

	Year to December 2017 €m	Year to December 2016 €m	Year to December 2015 €m	Year to December 2014[1] €m	Year to December 2013[2] €m
Revenue	**6,373**	6,237	6,029	5,808	5,824
– of which net advertising sales	**3,657**	3,594	3,510[3]	3,389[3]	3,336[3]
Other operating income	**148**	111	55	83	51
Consumption of current programme rights	**(2,093)**	(2,070)	(2,015)	(1,903)	(1,924)
Depreciation, amortisation, impairment and valuation allowance	**(223)**	(215)	(199)	(203)	(198)
Other operating expenses	**(3,026)**	(2,924)	(2,750)	(2,682)	(2,663)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(17)**	(15)	(6)	(104)	(10)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**21**	6	4	1	5
Profit from operating activities	**1,183**	**1,130**	**1,118**	**1,000**	**1,085**
Share of results of investments accounted for using the equity method	**63**	67	57	47	117
Earnings before interest and taxes ("EBIT")	**1,246**	**1,197**	**1,175**	**1,047**	**1,202**
Net interest expense	**(22)**	(21)	(25)	(23)	(22)
Financial results other than interest	**(2)**	3	13	(4)	70
Profit before taxes	**1,222**	**1,179**	**1,163**	**1,020**	**1,250**
Income tax expense	**(385)**	(363)	(300)	(287)	(302)
Profit for the year	**837**	**816**	**863**	**733**	**948**
Attributable to:					
RTL Group shareholders	**739**	720	789	652	870
Non-controlling interests	**98**	96	74	81	78
EBITA	**1,248**	1,205	1,167	1,144	1,148
Impairment of goodwill of subsidiaries	**–**	–	–	(88)	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	**(17)**	(15)	(6)	(16)	(10)
Impairment of disposal group	**–**	–	–	–	(10)
Impairment of investments accounted for using the equity method	**(6)**	–	–	4	68
Re-measurement of earn-out arrangements	**–**	1	10	2	1
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	**21**	6	4	1	5
Earnings before interest and taxes ("EBIT")	**1,246**	**1,197**	**1,175**	**1,047**	**1,202**
EBITDA	**1,464**	1,411	1,360	1,347	1,328
Basic earnings per share (in €)	**4.81**	4.69	5.14	4.25	5.67
Final dividend per share (in €)	**3.00**	3.00	3.00	3.50[4]	4.50[4]
Interim dividend per share (in €)	**1.00**	1.00	1.00[4]	2.00[4]	2.50[4]
Dividends paid (€million)	**614**	614	691	999	1,998
Average number of full-time equivalent employees	**11,011**	10,699	10,325	9,804	9,807
Net assets (€million)	**3,424**	3,552	3,409	3,275	3,593
Net (debt)/cash (€million)	**(545)**	(576)	(671)	(599)	6

1 Re-presented for changes in purchase price allocation
2 Re-presented following the application of IFRS 5 to Alpha Media Group (discontinued operations)
3 Unaudited
4 Including an extraordinary dividend

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