

Q3/2017

INTERIM REPORT

JANUARY TO SEPTEMBER 2017



ENTERTAIN. INFORM. ENGAGE.

RTL
GROUP

HIGHLIGHTS



Welcome.



RTL Group Co-CEO Bert Habets speaking at the dmexco Motion Hall 2017

ONE TEAM, ONE PLATFORM

On 2 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 USD 139.2 million, subject to a cash/debt adjustment, of which USD 7.7 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.

To accelerate the execution of this plan, RTL Group has decided to combine SpotX and Smartclip into one integrated ad-tech company by the end of 2018, to roll out the platform across the Group's operations and to scale it up with further acquisitions and partnerships.

The combined entity will focus on ad-server development, addressable TV, bringing dynamic ad insertion capabilities in house and close collaboration with the Group's minority shareholdings, VideoAmp and Clypd – positioning the company as an innovation leader among independent ad-tech platforms.



REACH MORE WITH TOTAL VIDEO

At this year's dmexco in Cologne, RTL Group together with RTL AdConnect and its partners showcased how it combines the best of Total Video for its advertising clients: incomparable international reach, premium content and brand safe environments, a high level of engagement with emotional content and innovative technology on multiple platforms.

RTL AdConnect used the opportunity to introduce the 'Total Video Marketplace', which allows advertisers and agencies to get direct and exclusive access to RTL AdConnect's pan-European digital portfolio, delivered in a brand safe environment. The new product combines the best of broadcasters' VOD, premium publishers' audience extension thanks to SpotX and Smartclip, and influencer marketing.

The speakers with X Factor finalists 5AM



“STRONG CORE BUSINESS DRIVES RECORD RESULTS”



Joint statement from
BERT HABETS and **GUILLAUME DE POSCH**,
Co-Chief Executive Officers of RTL Group

“In the third quarter, RTL Group once again demonstrated the healthy state of its core business. As indicated at the end of August, our families of channels in Germany and France continued to outperform their respective TV advertising market significantly. This drove RTL Group’s best ever third quarter revenue and operating profit.

We act from a position of strength and will keep up this momentum in the fourth quarter, heading for another set of strong full-year results. We continue to invest in exclusive programming to ensure that our channels and on-demand services have the most attractive proposition for both viewers and advertisers.

As we announced end of August, we are accelerating the execution of our Total Video strategy. This includes an ambitious growth plan for our ad-tech businesses with the main goal to create a global and independent monetisation platform for broadcasters, video-on-demand services and publishers. We are very happy to report that over recent months SpotX and Smartclip have made significant progress in expanding their collaboration. We have now decided to combine both companies into one integrated ad-tech company by the end of 2018. We will roll out the platform across our operations and scale it up with further acquisitions and partnerships.”

RTL GROUP'S GERMAN AND FRENCH BUSINESSES DRIVE RECORD Q3 RESULTS

Q3/2017: revenue up 1.5 per cent; EBITDA up 17.4 per cent

Mediengruppe RTL Deutschland and Groupe M6 with strong double-digit EBITDA growth in Q3/2017

January to September 2017: revenue up 2.8 per cent to €4,350 million;
adjusted EBITDA¹ up 3.4 per cent; reported EBITDA slightly down

Full-year EBITDA outlook lifted

Combination of SpotX and Smartclip into one integrated ad-tech company

Luxembourg, 9 November 2017 – RTL Group announces its results for the nine months ending 30 September 2017.

KEY FINANCIAL FIGURES

January to September

	2017 €m	2016 €m	Per cent change
Revenue	4,350	4,230	+2.8
Underlying revenue ²	4,308	4,221	+2.1
Reported EBITDA ³	889	903	(1.6)
Reported EBITDA margin (%)	20.4	21.3	
Reported EBITDA	889	903	
Impairment of investments accounted for using the equity method	(4)	–	
Depreciation, amortisation and impairment	(168)	(158)	
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	–	
EBIT	738	745	(0.9)
Net financial income/(expense)	(12)	(7)	
Income tax expense	(236)	(235)	
Profit for the period	490	503	(2.6)
Attributable to:			
– Non-controlling interests	56	60	
– RTL Group shareholders	434	443	(2.0)
Reported EPS (in €)	2.83	2.88	(1.7)

¹ EBITDA for January to September 2016 adjusted for the positive one-off effect from the gradual phase-out of the M6 Mobile contract (+€43 million)

² Adjusted for minor scope changes and at constant exchange rates

³ See note 4 to the condensed consolidated interim financial information

Q3/2017: RTL GROUP CLEARLY OUTPERFORMS GERMAN AND FRENCH TV ADVERTISING MARKETS

- In the third quarter of 2017, reported Group **revenue** was up 1.5 per cent to €1,372 million (Q3/2016: €1,352 million), mostly due to higher revenue from Mediengruppe RTL Deutschland and Groupe M6
- **EBITDA** was up strongly by 17.4 per cent to €263 million (Q3/2016: €224 million), driven by the strong performances in Germany and France: Mediengruppe RTL Deutschland's EBITDA was up 23.9 per cent, while Groupe M6 increased its EBITDA by 36.5 per cent
- **Net profit** attributable to RTL Group shareholders increased by 11.8 per cent to €114 million (Q3/2016: €102 million)

JANUARY TO SEPTEMBER 2017: TOTAL VIDEO STRATEGY FUELS REVENUE GROWTH

- Reported Group **revenue** increased by 2.8 per cent to €4,350 million (January to September 2016: €4,230 million), reaching a new record level. This was driven by higher revenue from Mediengruppe RTL Deutschland, Groupe M6 and RTL Group's rapidly growing digital businesses
- **Reported EBITDA** was down 1.6 per cent to €889 million for the first nine months of 2017 (January to September 2016: €903 million), mainly due to the positive one-off effect at Groupe M6 amounting to €43 million in 2016. Adjusted for this one-off effect, EBITDA was up 3.4 per cent
- RTL Group's **digital revenue**⁴ continued to show very dynamic growth, up 30.2 per cent to €560 million (January to September 2016: €430 million). This was mainly driven by organic growth at BroadbandTV and StyleHaul, the sale of American Gods to streaming service Amazon Prime Video and the first-time full consolidation of Smartclip and Divimove
- **Reported EBITDA margin** was at 20.4 per cent (January to September 2016: 21.3 per cent; adjusted for the one-off effect: 20.3 per cent)
- Accordingly, **net profit** attributable to RTL Group shareholders was slightly down year-on-year to €434 million (January to September 2016: €443 million)
- RTL Group's revenue is well diversified with 47.7 per cent from TV advertising, 18.7 per cent from content, 12.9 per cent from digital activities, 5.4 per cent from platform revenue, 4.0 per cent from radio advertising and 11.3 per cent other revenue
- **Net cash from operating activities** was €387 million, leading to a decreased operating cash conversion of 76 per cent (January to September 2016: 93 per cent)
- Following the payment of an interim dividend of €154 million on 7 September 2017, RTL Group had **net financial debt** of €1,097 million as of 30 September 2017 (30 June 2017: €1,000 million; 31 December 2016: €576 million)

⁴ Excluding e-commerce, home shopping and platform revenue for digital TV

OUTLOOK

RTL Group lifts its EBITDA outlook for 2017 and confirms its revenue outlook for the full year 2017 (most recently communicated on 30 August 2017), assuming there will not be major changes in the economic climate across RTL Group's markets:

- RTL Group continues to expect its total **revenue** for the fiscal year 2017 to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland
- At the same time, RTL Group's reported **EBITDA** for the full year 2017 is now expected to be slightly up (+1.0 per cent to +2.5 per cent) based on the strong Q3 performance and as the planned sale of RTL Group's buildings in Rue Bayard, Paris, will positively impact the Group's EBITDA in Q4/2017 (previously: broadly stable)

SEGMENTS: MEDIENGRUPPE RTL DEUTSCHLAND CLEARLY OUTPERFORMING GERMAN ADVERTISING MARKET

- During the first nine months of 2017, **Mediengruppe RTL Deutschland's** EBITDA increased by 4.8 per cent to €500 million (January to September 2016: €477 million). This improvement was mainly driven by higher TV and digital advertising and platform revenue. In Q3/2017, Mediengruppe RTL Deutschland's EBITDA was up 23.9 per cent, also profiting from higher advertising and platform revenue
- **Groupe M6's** EBITDA was down by 4.4 per cent to €258 million (January to September 2016: €270 million), mainly due to the positive one-off effect from the gradual phase-out of the M6 Mobile contract in 2016. Adjusted for this one-off effect, EBITDA was up 13.7 per cent. In Q3/2017, Groupe M6's EBITDA was up by 36.5 per cent thanks to the combined effect of the solid performance of the television division and the positive balance from the transfer of Girondins de Bordeaux players at the end of the season
- **FremantleMedia's** EBITDA was down 1.6 per cent to €60 million (January to September 2016: €61 million), mainly due to start-up losses from digital operations. Revenue however was up by 2.2 per cent to €983 million in the first nine months of 2017 (January to September 2016: €962 million)
- **RTL Nederland's** EBITDA was down to €46 million (January to September 2016: €60 million), mainly due to lower TV advertising revenue

REACH MORE WITH TOTAL VIDEO

MORE AD TECH

- On 2 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 USD 139.2 million, subject to a cash/debt adjustment, of which USD 7.7 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
- To accelerate the execution of this plan, RTL Group has decided to combine SpotX and Smartclip into one integrated ad-tech company by the end of 2018, to roll out the platform across the Group's operations and to scale it up with further acquisitions and partnerships
- The combined entity will focus on ad-server development, addressable TV, bringing dynamic ad-insertion capabilities in house and close collaboration with the Group's minority shareholdings, VideoAmp and Clypd – positioning the company as an innovation leader among independent ad-tech platforms

MORE CROSS-MEDIA

- Following the approvals of the French media regulator CSA (“Conseil supérieur de l’audiovisuel”) and the completion of the employee consultations, RTL Group and Groupe M6 closed the regrouping of the Group's French radio operations into Groupe M6 on 2 October 2017. The purchase agreement provides for a price of €199.8 million, as announced in May 2017. RTL Group's voting rights in Groupe M6 will be aligned to its economic shareholding of 48.26 per cent in Groupe M6 with effect as of 1 January 2018
- As already announced in February 2016, Groupe M6's radio business is currently relocating from Rue Bayard, Paris, to Neuilly-sur-Seine and will finalise the relocation in the first quarter of 2018. RTL Group has signed a binding agreement to sell its buildings in Rue Bayard for €113.9 million and will receive 85 per cent of the proceeds in 2017. Consequently, RTL Group expects a substantial positive EBITDA impact from this transaction in Q4/2017

MORE EXCLUSIVE PROGRAMMING

- On 13 November 2017 at 20:15, Vox will premiere the third and final season of their signature series *Club der roten Bänder*. As of 10 November, the first two episodes of the audience favourite will be available exclusively on TV Now ahead of the TV broadcast
- FremantleMedia continued to invest into the creative pipeline and acquired 75 per cent stake in Easy Tiger Productions, an Australian TV production company focused on prime-time scripted drama series. In October, the company also acquired a 25 per cent stake in the fast-growing independent UK production company, Label 1

FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

RTL Group controls its financial situation by means of various key performance indicators (KPIs) such as revenue, audience share in main target groups, EBITDA and EBITA, RTL Group Value Added, net debt and cash conversion.

For definitions and more details of these KPIs, please see note 4 to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2017.

REVENUE

In the first nine months of 2017, RTL Group estimates that the net TV advertising markets were down or stable in all markets in which the Group is active – with the exception of Spain.

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

	January to September 2017 Net TV advertising market growth rate (in per cent)	January to September 2017 RTL Group audience share in main target group (in per cent)	January to September 2016 RTL Group audience share in main target group (in per cent)
Germany	(2.0) to (3.0) ⁵	29.1 ⁶	28.4 ⁶
France	+/- 0.0 ⁷	22.4 ⁸	22.3 ⁸
The Netherlands	(6.3) ⁵	30.4 ⁹	31.4 ⁹
Belgium	(7.8) ⁵	36.6 ¹⁰	35.9 ¹⁰
Hungary	(0.4) ^{5,11}	31.3 ¹²	33.8 ¹²
Croatia	(10.0) ⁵	30.0 ¹³	28.0 ¹³
Spain	+0.8 ¹⁴	28.4 ¹⁵	29.6 ¹⁵

Reported revenue was up 2.8 per cent to €4,350 million (January to September 2016: €4,230 million). This was driven by higher revenue from Mediengruppe RTL Deutschland, Groupe M6 and RTL Group's rapidly growing digital businesses.

On a like-for-like basis (adjusted for portfolio changes and at constant exchange rates) revenue was up 2.1 per cent to 4,308 million (January to September 2016: €4,221 million).

5 Source: Industry and RTL Group estimates

6 Source: GfK, Target group: 14–59

7 Source: Groupe M6 estimate

8 Source: Mediamétrie.

Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9 and 6ter)

9 Source: SKO, Target group: 20–49, 18–24h

10 Source: Audimétrie.

Target group: shoppers 18–54, 17–23h

11 Commercial volume only – excluding state spend

12 Source: AGB Hungary, Target group: 18–49, prime time (including cable channels)

13 Source: AGB Nielsen Media Research.

Target group: 18–49, prime time

14 Source: Infoadex

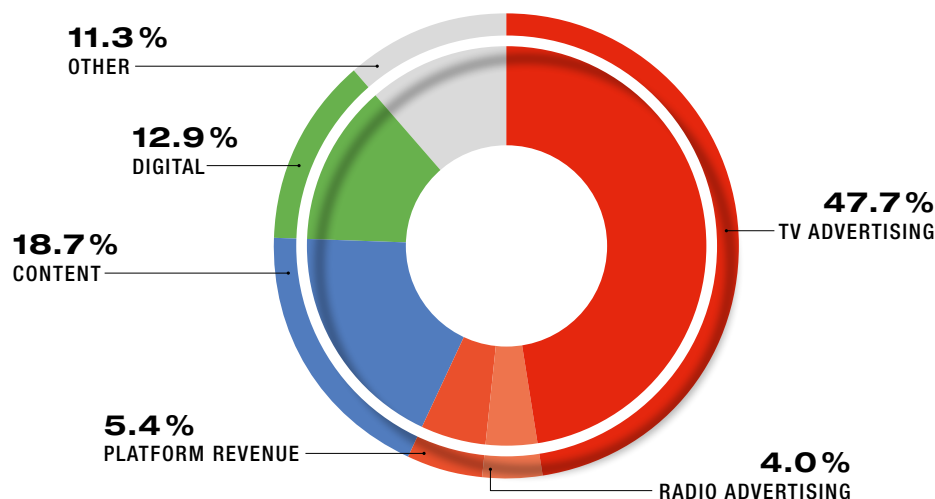
15 Source: TNS Sofres.

commercial target group: viewers aged 25–59 (previously 16–54)

RTL GROUP REVENUE SPLIT

RTL Group's revenue is well diversified with 47.7 per cent from TV advertising, 18.7 per cent from content, 12.9 per cent from digital activities, 5.4 per cent from platform revenue, 4.0 per cent from radio advertising and 11.3 per cent 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 and platform revenue as digital revenue. Revenue from e-commerce and home shopping are included in "other revenue". For more information, please see the RTL Group Annual Report 2016, pages 48 to 51.



EBITDA AND EBITA

Reported **EBITDA** was slightly down to €889 million (January to September 2016: €903 million), largely due to the lack of the positive one-off effect at Groupe M6 (+€43 million in 2016). Adjusted for this one-off effect, EBITDA was up 3.4 per cent year-on-year.

EBITA was down by 3.2 per cent to €732 million (January to September 2016: €756 million), mainly due to the lack of the positive one-off effect at Groupe M6 (+€43 million in 2016). The **EBITA margin** was 16.8 per cent (January to September 2016: 17.9 per cent).

Reported **EBITDA margin** came in at 20.4 per cent (January to September 2016: 21.3 per cent).

Group **operating expenses** were at €3,696 million in January to September 2017 compared to €3,607 million in January to September 2016.

FINANCIAL DEVELOPMENT OVER TIME

	January to September 2017 €m	January to September 2016 €m	January to September 2015 €m	January to September 2014 ¹⁶ €m	January to September 2013 ¹⁷ €m
Revenue	4,350	4,230	4,141	3,946	4,012
EBITDA	889	903	844	818	830
EBITA	732	756	716	677	713

¹⁶ Restated for changes in purchase price allocation
¹⁷ Restated for IFRS 11

FURTHER GROUP FINANCIALS

Main portfolio changes

Divimove

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove to modify the corporate governance of the company. RTL Group has recognised a gain of €14 million as a result of measuring at fair value its 75.5 per cent interest held in Divimove.

6&7 SAS

On 3 March 2017, Groupe M6, through its subsidiary M6 interactions, announced the launch of 6&7 SAS, a new music production and publishing label. M6 interactions holds 49 per cent of 6&7.

RTL CBS Asia Entertainment Network

On 15 July 2017, RTL Group sold all its shares in RTL CBS Asia Entertainment Network for USD 1 and realised a capital gain of €4 million.

Fidélité

On 20 July 2017, Groupe M6 acquired 100 per cent of the share capital of Fidélité Films. 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*.

Inception

On 31 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).

Reclamefolder.nl

On 1 September 2017, RTL Ventures has sold its interest in the online advertising leaflet platform *Reclamefolder.nl* to Persgroep Nederland.

Easy Tiger

On 18 September 2017, FremantleMedia Australia acquired a 75 per cent stake in Easy Tiger Productions, an Australian television production company focused on prime-time scripted drama series.

Adfactor

On 18 September 2017, RTL Nederland acquired 60 per cent stake in 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.

Investments accounted for using the equity method

The total contribution of these investments decreased to a profit amounting to €32 million (January to September 2016: €41 million).

Interest expense

Net interest expense amounted to €16 million (January to September 2016: €16 million) for the nine months ended 30 September 2017.

Income tax expense

In the first nine months of 2017, the tax expense was €236 million (January to September 2016: €235 million).

Profit attributable to RTL Group shareholders

The profit for the period attributable to RTL Group shareholders was €434 million (January to September 2016: €443 million), a slight decrease of 2.0 per cent.

Earnings per share

Reported earnings per share, based upon 153,549,707 shares, was €2.83 (January to September 2016: €2.88 per share based upon 153,566,511 shares).

Net debt position and cash conversion

The consolidated net debt position at 30 September 2017 was €1,097 million (31 December 2016: net debt of €576 million) after the Group paid a final 2016 dividend amounting to €460 million (€3.00 per share) on 27 April 2017 and an interim dividend amounting to €154 million on 7 September 2017. The Group continues to generate strong operating cash flow with an EBITA to cash conversion ratio of 76 per cent (January to September 2016: 93 per cent).

	As at 30 September 2017 € m	As at 31 December 2016 € m
Net debt position		
Gross balance sheet debt	(1,437)	(1,010)
Add: cash and cash equivalents	340	433
Add: cash deposit and others	–	1
Net debt position	(1,097)¹⁸	(576)

Major related party transactions

See in note 18 to the condensed consolidated interim financial information.

Subsequent events

See note 20 to the condensed consolidated interim financial information.

¹⁸ Of which €92 million held by Groupe M6 (2016: €173 million)

KEY FINANCIAL FIGURES

July to September (Q3)

	2017 €m	2016 €m	Per cent change
Revenue	1,372	1,352	+1.5
Reported EBITDA	263	224	+17.4
Reported EBITDA margin (%)	19.2	16.6	
EBITA	199	176	+13.1
EBITA margin (%)	14.5	13.0	
Reported EBITDA	263	224	
Depreciation, amortisation and impairment	(67)	(51)	
Impairment of investments accounted for using the equity method	(2)	–	
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	–	
EBIT	202	173	
Net financial expense	(4)	(8)	
Income tax expense	(71)	(52)	
Profit for the period	127	113	
Attributable to:			
– Non-controlling interests	13	11	
– RTL Group shareholders	114	102	+11.8
Reported EPS (in €)	0.75	0.66	

REVENUE

During the third quarter of 2017, **revenue** was up 1.5 per cent to €1,372 million (Q3/2016: €1,352 million). This was largely the result of a particularly strong performance in Germany and France as Mediengruppe RTL Deutschland and

Groupe M6 reported revenue growth of 7.8 per cent and 4.2 per cent respectively – both outperforming their respective TV advertising market significantly. Mediengruppe RTL Deutschland also profited from increasing platform revenue.

EBITDA AND EBITA

Reported **EBITDA** was up strongly by 17.4 per cent to €263 million (Q3/2016: €224 million), benefitting from very strong results at Mediengruppe RTL Deutschland and Groupe M6: Mediengruppe RTL Deutschland's EBITDA was up 23.9 per cent, profiting from higher advertising and platform revenue, while Groupe M6's EBITDA was up by 36.5 per cent thanks to increasing TV advertising revenue and a lower cost base compared to the previous year when M6 had broadcast matches of the Uefa Euro 2016.

EBITA was also up strongly by 13.1 per cent to €199 million (Q3/2016: €176 million).

Group **operating expenses** were at €1,202 million (Q3/2016: €1,194 million).

REVIEW BY SEGMENTS: NINE MONTHS TO 30 SEPTEMBER (JANUARY TO SEPTEMBER)

Revenue	2017 €m	2016 €m	Per cent change
Mediengruppe RTL Deutschland	1,573	1,501	+4.8
Groupe M6	937	910	+3.0
FremantleMedia	983	962	+2.2
RTL Nederland	330	347	(4.9)
RTL Belgium	135	141	(4.3)
RTL Radio (France)	112	120	(6.7)
Other segments	435	387	+12.4
Eliminations	(155)	(138)	–
Total revenue	4,350	4,230	+2.8
EBITDA	2017 €m	2016 €m	Per cent change
Mediengruppe RTL Deutschland	500	477	+4.8
Groupe M6	258	270	(4.4)
FremantleMedia	60	61	(1.6)
RTL Nederland	46	60	(23.3)
RTL Belgium	23	29	(20.7)
RTL Radio (France)	6	13	(53.8)
Other segments	(4)	(7)	–
Reported EBITDA	889	903	(1.6)
EBITDA margin	2017 per cent	2016 per cent	Percentage point change
Mediengruppe RTL Deutschland	31.8	31.8	–
Groupe M6	27.5	29.7	(2.2)
FremantleMedia	6.1	6.3	(0.2)
RTL Nederland	13.9	17.3	(3.4)
RTL Belgium	17.0	20.6	(3.6)
RTL Radio (France)	5.4	10.8	(5.4)
RTL Group	20.4	21.3	(0.9)

REVIEW BY SEGMENTS: THIRD QUARTER (Q3)

Revenue	2017 €m	2016 €m	Per cent change
Mediengruppe RTL Deutschland	498	462	+7.8
Groupe M6	273	262	+4.2
FremantleMedia	335	344	(2.6)
RTL Nederland	104	111	(6.3)
RTL Belgium	39	37	+5.4
RTL Radio (France)	33	36	(8.3)
Other segments	139	141	(1.4)
Eliminations	(49)	(41)	–
Total revenue	1,372	1,352	+1.5
EBITDA	2017 €m	2016 €m	Per cent change
Mediengruppe RTL Deutschland	135	109	+23.9
Groupe M6	86	63	+36.5
FremantleMedia	20	22	(9.1)
RTL Nederland	26	30	(13.3)
RTL Belgium	4	4	–
RTL Radio (France)	–	(1)	–
Other segments	(8)	(3)	–
Reported EBITDA	263	224	+17.4
EBITDA margin	2017 per cent	2016 per cent	Percentage point change
Mediengruppe RTL Deutschland	27.1	23.6	+3.5
Groupe M6	31.5	24.0	+7.5
FremantleMedia	6.0	6.4	(0.4)
RTL Nederland	25.0	27.0	(2.0)
RTL Belgium	10.3	10.8	(0.5)
RTL Radio (France)	–	–	–
RTL Group	19.2	16.6	+2.6

MEDIENGRUPPE RTL DEUTSCHLAND

Financial results

In the reporting period, the German net TV advertising market was estimated to be down between 2.0 and 3.0 per cent year-on-year. Mediengruppe RTL Deutschland outperformed the market significantly and reported growing advertising revenue. Total revenue was up by 4.8 per cent to €1,573 million (January to September 2016: €1,501 million), driven by higher advertising and platform revenue. Accordingly, EBITDA was up to €500 million (January to September 2016: €477 million) – despite higher investments into programming. In the third quarter alone, Mediengruppe RTL Deutschland's EBITDA was up 23.9 per cent, profiting from higher advertising and platform revenue.

	January to September 2017 €m	January to September 2016 €m	Per cent change
Revenue	1,573	1,501	+4.8
EBITDA	500	477	+4.8
EBITA	488	468	+4.3

Audience ratings

The combined average audience share of **Mediengruppe RTL Deutschland** in the target group of viewers aged 14 to 59 was up to 29.1 per cent¹⁹ in the first nine months of 2017 (January to September 2016: 28.4 per cent) – mainly due to the good performance of Vox, Nitro and RTL Plus. Over the first nine months of 2017, the German RTL family of channels increased the lead over its main commercial competitor, ProSiebenSat1 (24.2 per cent), to 4.9 percentage points (January to September 2016: lead of 3.3 percentage points).

With an audience share of 11.5 per cent in the target group of viewers aged 14 to 59 during the first nine months of 2017 (January to September 2016: 11.9 per cent), **RTL Television** remained the viewers' number one choice – ahead of Sat 1 (8.3 per cent), ZDF (8.2 per cent), ARD/Das Erste (7.6 per cent) and ProSieben (7.2 per cent).

The most watched programme on RTL Television in the first nine months of 2017 was the boxing match between Anthony Joshua and Wladimir Klitschko on 29 April 2017. The fight was watched by 9.52 million total viewers, on average 41.7 per cent of viewers aged 14 to 59 tuned in. Also popular was the European Qualifiers of the German National team as well as Formula One. The eleventh 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, scoring an average audience share of 36.2 per cent in the target group (2016: 37.3 per cent). In fiction, RTL Television launched new comedy series such as *Magda macht das schon!*, which scored an average audience share of 15.0 per cent in the target group (14 to 59).

Vox was the only big commercial channel in Germany to increase its average audience share in the target group of viewers aged 14 to 59 in the first nine months of 2017, recording a 6.8 per cent share (January to September 2016: 6.6 per cent). Among the popular formats setting new records was once more the music show *Sing meinen Song – Das Tauschkonzert* with an average audience share of 11.8 per cent (2016: 9.8 per cent). The latest season of *Die Höhle der Löwen* (Dragon's Den) started in September scoring an average audience share of 13.9 per cent until the end of the reporting period. In access prime time new records were set, too: *Hot oder Schrott – Die Alltestester* presenting ordinary people who are testing extraordinary



¹⁹ including pay-TV channels

production novelties from all over the world attracted an audience share of 9.3 per cent (2016: 8.5 per cent).

During the first nine months of 2017, the average audience share of **Nitro** rose up to 2.1 per cent in the target group of viewers aged 14 to 59 (January to September 2016: 1.7 per cent), making Nitro again the most popular men's channel in the target group of 14 to 59 year old male viewers (2.4 per cent). One backbone of the channel's popularity is sports, such as the second live broadcast of the ADAC Zurich 24h – Race which achieved a 2.7 per cent audience share (14 to 59) and the live broadcast of 2018 FIFA World Cup qualification match Turkey vs. Croatia with an audience share of 3.0 per cent in the target group of viewers aged 14 to 59.

RTL Plus, the latest addition to Mediengruppe RTL Deutschland's family of channels, celebrated its first anniversary in June 2017. In the first nine months of the year, RTL Plus attracted an audience share of 1.0 per cent in the target group of viewers aged 14 to 59. In the main target group of RTL Plus, women aged 40 to 64, the channel achieved an average audience share of 1.4 per cent.

From January to September 2017, the news channel **N-TV** attracted 1.1 per cent (January to September 2016: 1.1 per cent) of viewers aged 14 to 59 and a total audience share of 1.2 per cent. During the morning, an average 2.3 per cent of all viewers tuned in to N-TV (January to September 2016: 1.9 per cent).

In the reported period, **Super RTL** achieved an average daytime audience share of 21.1 per cent in its target group of children aged 3 to 13 (January to September 2016: 20.8 per cent, 6:00 to 20:15) and continued to be the most popular children's channel in Germany, ahead of Kika (19.6 per cent), Disney Channel (9.1 per cent) and Nickelodeon (8.0 per cent). The constant positive results were mainly driven by the morning pre-school programme slot Toggolino and the broadcast of several successful formats such as *Paw Patrol* or *Ranger Rob*.

During the first nine months of 2017, **RTL II** attracted 4.5 per cent of viewers aged 14 to 59 (January to September 2016: 4.9 per cent). In late prime time, *Naked attraction – Dating hautnah* (8.7 per cent) was very popular in this demographic. In prime time, the second season of *Curvy Supermodel – Echt. Schön. Kurvig.* attracted 4.5 per cent of the viewers aged 14 to 59 and was particularly popular with young female viewers aged 14 to 29, recording an audience share of 15.0 per cent in this demographic.

Digital and diversification

During the first nine months of 2017, Mediengruppe RTL Deutschland – combining the unit's catch-up TV service **TV Now**, TV sites, thematic websites, YouTube channels, pages on Facebook and the new video streaming service **Watchbox**, which started on 25 July – generated a total of 1,148 million (up 26 per cent) video views of professionally produced content (January to September 2016: 912 million).

GROUPE M6

Financial results

The French net TV advertising market was estimated to be stable compared to the first nine months of 2016. Groupe M6 significantly outperformed the French net TV advertising market, reporting a 3.9 per cent increase in free-to-air TV advertising revenue. Accordingly, Groupe M6's total revenue was up 3.0 per cent to €937 million (January to September 2016: €910 million). Reported EBITDA in 2017 was down 4.4 per cent to €258 million (January to September 2016: €270 million). Adjusted for the positive one-off effect from the gradual phase-out of the M6 Mobile contract (€43 million in January to September 2016), EBITDA was up 13.7 per cent year-on-year. In the third quarter alone, Groupe M6's EBITDA was up by 36.5 per cent thanks to the combined effect of the solid performance of the television division and the positive balance from the transfer of Girondins de Bordeaux players at the end of the season.

	January to September 2017 €m	January to September 2016 €m	Per cent change
Revenue	937	910	+3.0
EBITDA	258	270	(4.4)
EBITA	163	173	(5.8)

Audience ratings

Groupe M6's family of free-to-air channels slightly increased their audience share in the commercial target of women under 50 responsible for purchases with an average audience share of 22.4 per cent (January to September 2016: 22.3 per cent). The total audience share slightly decreased to 13.9 per cent (January to September 2016: 14.2 per cent).

In the first nine months of 2017, the political situation with the French elections benefited the news channels in particular. Accordingly, M6 recorded a slight drop in its audience share to 15.7 per cent among women under 50 responsible for purchases (January to September 2016: 16.2 per cent). *L'Amour est dans le pré* registered an average audience share of 32 per cent audience share in the target group for the 12th season. In access prime time, *Les Reines du Shopping*, *Chasseurs d'Appart*, *le 19h45* and *Scènes de Ménages* allowed M6 to confirm its strong position in the target group in the important time slot ranging from 18:00 to 21:00 on weekdays.

W9 increased its audience significantly and recorded an average audience share of 4.0 per cent in the target group of women under 50 responsible for purchases (January to September 2016: 3.8 per cent). The performance of W9 was driven by the reality-TV shows in access prime time and the high ratings scored in prime time thanks to the Europa League matches, movies, magazines and event documentaries. 6ter remained the leader for the commercial target of women under 50 responsible for purchases among the new DTT channels, increasing its audience share to 2.7 per cent (January to September 2016: 2.3 per cent).

Digital and diversification

Thanks to the performances of M6 Web, Groupe M6 confirmed its position of leading French online player with 21.2 million unique users a month on average across its network and across all devices (PC, tablet and mobile). During the reporting period, Groupe M6's total online video views grew significantly to 1.9 billion (January to September 2016: 1.3 billion), mainly driven by the success of the digital entertainment platform 6play and the development of Groupe M6's multi-platform networks. 6play continued to grow significantly with more than 18 million registered users 6play now generates close to 4 million video views per day on all screens – up 9 per cent year on year.

In the first nine months of 2017, 11 films were released in cinemas by Groupe M6's film distribution company SND, registering a combined 9.2 million cinema tickets sold, marked by the success of the Academy Award-winning *Lalaland* (more than 2.7 million) and *Lion* (1.8 million).



FREMANTLEMEDIA

Financial results

Revenue at RTL Group's content business, FremantleMedia, was up by 2.2 per cent to €983 million in the first nine months of 2017 (January to September 2016: €962 million). The increase is mainly due to higher revenue from FremantleMedia International, as well as growth in Western Europe and the scope effect from the change of consolidation method of Divimove. The absence of *American Idol* in 2017 was partly offset by production and distribution revenue from *American Gods*. FremantleMedia's EBITDA was only slightly down by 1.6 per cent to €60 million (January to September 2016: €61 million), mainly due to start-up losses from digital operations, partly offset by the performances of the unit's operations in Western Europe and North America.

	January to September 2017 €m	January to September 2016 €m	Per cent change
Revenue	983	962	+2.2
EBITDA	60	61	(1.6)
EBITA	47	47	-

Non-scripted

In February, US game show stalwart *Family Feud* hit a new record high, with its best performance for over 20 years, achieving a 7.7 household rating²⁰. *Family Feud* has achieved an average 6.6 household rating for the 2016/17 season, ranking as the number one game show in syndication.

With an average audience of 15.8 million viewers and a total audience share of 16.4 per cent, this year's *America's Got Talent* achieved the show's best ever ratings, and was the highest rated entertainment series in the US for the 2016/17 season.

Britain's Got Talent won 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 share among adults aged 16 to 34. *Britain's Got Talent* clocked up the UK's highest rated entertainment show of the year to date, peaking with an audience of 11.5 million viewers on 6 May 2017.

In May, ABC announced an agreement with FremantleMedia North America (FMNA) and 19 Entertainment 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 in 2017 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.

In September, FremantleMedia Netherlands launched their new quiz format, *Golden Brain*, to an audience of 818,000. The launch exceeded the slot average for the past 12 months amongst total viewers (6+) and young adults (20 to 34).



²⁰ 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 to 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. A second season has been picked up. In February, FMNA secured an exclusive multi-year agreement with *American Gods'* award-winning author Neil Gaiman, giving them 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 6-part historical drama *Charité* is the number one drama series in Germany for 2017 to date. A second series has been commissioned by broadcaster Das Erste.

Following the hugely successful *The Young Pope*, Wildside announced *The New Pope*, a joint production between Sky and HBO. Created and directed by Academy Award-winning director Paolo Sorrentino, it will go into production late next year in Italy.

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. The series will have its world premiere on Foxtel in Australia in 2018.

Kids and family entertainment

In May, it was announced that Netflix had ordered 13 half-hour episodes of *The Who Was? Show*. Based on Penguin's *Who HQ* book series that has sold 20 million copies to date, the multimedia series has been developed by Penguin Workshop with producers FremantleMedia Kids & Family Entertainment and Matador Content.

Digital and branded entertainment

In the first nine months of 2017, Europe's leading multi-platform network, Divimove, attracted a total of 12.7 billion video views (January to September 2016: 14.3 billion), a figure that reflects the recent reduction in partner channels from 1,200 to 1,000.

FremantleMedia content registered 269 million fans across YouTube, Facebook, Twitter and Instagram (up from 212 million in January to September 2016). In the first nine months of 2017, FremantleMedia content had a total of 18.4 billion views (up from 14 billion in January to September 2016) and 51.5 million subscribers across 285 channels (up from 36 million subscribers across 260 channels in January to September 2016).

In addition to 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. Darci Lynne's Golden Buzzer audition is the number one Facebook video in the world since its upload on 30 May, with 260 million video views until the end of the reporting period. It is also the number one TV clip uploaded to Facebook in the world in 2017 and the number one FremantleMedia Facebook clip of all time.

RTL NEDERLAND

Financial results

The Dutch net TV advertising market was estimated to be down 6.3 per cent in the first half of 2017. RTL Nederland's revenue decreased to €330 million (January to September 2016: €347 million), mainly driven by lower TV advertising revenue. This – in combination with continued investments into digital – resulted in a lower EBITDA of €46 million (January to September 2016: €60 million).

	January to September 2017 €m	January to September 2016 €m	Per cent change
Revenue	330	347	(4.9)
EBITDA	46	60	(23.3)
EBITA	36	52	(30.8)

Audience ratings

During the first nine months of 2017, the combined prime-time audience share of RTL Nederland's channels in the target group of viewers aged 20 to 49 was 30.4 per cent (January to September 2016: 31.4 per cent), ahead of the public broadcasters (24.7 per cent) and the SBS group (19.6 per cent).

RTL Nederland's flagship channel, **RTL 4**, registered an average audience share of 18.1 per cent in the target group of shoppers aged 20 to 49 (January to September 2016: 18.0 per cent). Popular programmes included *The Voice Of Holland*, *Holland's Got Talent*, *The Voice Kids* and the daily drama *Goede Tijden, Slechte Tijden*. Popular new formats include *Helemaal Het Einde*, *Verminkt* and *Janzen En Van Dijk Voor Al Uw Bruiloften En Partijen*.

RTL 5 achieved an audience share of 5.0 per cent among viewers aged 20 to 34 in the reporting period, down from 5.9 per cent in the first nine months of 2016. *Temptation Island* was by far the biggest success on RTL 5, while other successful programmes included *Adam Zoekt Eva VIPs*, *Slechtste Chauffeur van Nederland* and *Idols*.

The men's channel **RTL 7** increased its average audience share to 6.8 per cent among male viewers aged 20 to 49 in the first nine months of 2017 (January to September 2016: 6.0 per cent). Sports were once again among the most-watched programmes on RTL 7, especially due to the games of Ajax, which made it to the Euroleague finals.

During the first nine months of 2017, the women's channel **RTL 8** attracted an average audience share of 3.2 per cent among women aged 20 to 49 (January to September 2016: 3.6 per cent). Among the most popular new launches was *A Touch Of Frost* with an average audience share of 3.8 per cent.

Business and news channel **RTL Z** scored an audience share of 1.0 per cent in the target group viewers with upper social status aged 25 to 49 (January to September 2016: 0.7 per cent).

Digital and diversification

RTL Nederland's network of websites, apps and YouTube channels generated a total 1,481 million video views²¹ (including RTL MCN) in the first nine months of 2017, an increase of 37 per cent year on year (January to September 2016: 1,083 million). The most popular formats were *RTL Nieuws*, *RTL Boulevard*, *RTL Late Night*, *Temptation Island*, *Voetbal Inside* and all video content related to the daily soap *Goede Tijden, Slechte Tijden*.

RTL Nederland's video-on-demand service, **Videoland**, recorded subscriber growth of 53 per cent compared to December 2016.



rtlxl

21 Playlist starts

RTL BELGIUM

Financial results

In the first nine months of 2017, the net TV advertising market in French-speaking Belgium was estimated to be down 7.8 per cent while the net radio advertising market was estimated to be up by 5.6 per cent. RTL Belgium's revenue was down to €135 million (January to September 2016: €141 million), due to lower TV advertising revenue, partly offset by higher radio advertising revenue. Accordingly, EBITDA was down to €23 million (January to September 2016: €29 million).

	January to September 2017 €m	January to September 2016 €m	Per cent change
Revenue	135	141	(4.3)
EBITDA	23	29	(20.7)
EBITA	20	26	(23.1)

Corporate

RTL Belgium has announced on 14 September 2017 a transformation plan. No restructuring provision has been recognised at 30 September 2017 as there is a significant reasonable likelihood that staff representatives and management will discuss alternatives to the announced preliminary plan, making the outcome and timing of the latter unknown at the reporting date.

Audience ratings

The combined prime-time audience share of **RTL Belgium's** family of TV channels in the target group (shoppers aged 18 to 54) increased to 36.6 per cent (January to September 2016: 35.9 per cent). RTL Belgium's lead over the public channels also increased to 17.8 percentage points (January to September 2016: 14.8 percentage points).

The market-leading channel in French-speaking Belgium, **RTL-TVI**, achieved an average prime-time audience share of 26.5 per cent in the target group (January to September 2016: 26.2 per cent), 11.4 percentage points ahead of the second highest-rated channel, the French commercial broadcaster TF1 (January to September 2016: 10.2 percentage points). **Plug RTL** reported a prime-time audience share of 5.2 per cent among young viewers aged 15 to 34 (January to September 2016: 6.5 per cent), while **Club RTL** ended the first nine months of 2017 with a prime-time audience share of 6.6 per cent in its main target group of male viewers aged 18 to 54 (January to September 2016: 6.2 per cent).

According to the most recent CIM audience survey, covering April to June 2017, the Belgian radio family had a combined audience share of 28.8 per cent (April to June 2016: 30.9 per cent). **Radio Contact** is the leading music radio station (audience share April to June: 14.0 per cent) and **Bel RTL** is the number one general-interest radio station in the French community (audience share April to June: 14.1 per cent).

Digital and diversification

During the first nine months of 2017, the number of unique visitors on the **RTL.be** website reached 285,200 per day – minus 2 per cent year on year. RTL Belgium reached a total of 51 million video views in the reporting period (January to September 2016: 77 million).



RTL RADIO (FRANCE)

Financial results

The net radio advertising market in France was down by an estimated 3.9 per cent compared to the same period in 2016. Accordingly, revenue decreased by 6.7 per cent to € 112 million (January to September 2016: € 120 million). EBITDA was down, reaching €6 million (January to September 2016: € 13 million), mostly due to lower advertising sales and a higher cost base.

	January to September 2017 € m	January to September 2016 € m	Per cent change
Revenue	112	120	(6.7)
EBITDA	6	13	(53.8)
EBITA	2	8	(75.0)

Corporate

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

Audience ratings

In the latest audience survey by Médiamétrie for the period July to August 2017, **RTL Radio** (France)'s three radio stations reached a combined average audience share of 17.3 per cent.

The average audience share of the flagship station RTL Radio was 10.7 per cent (July to August 2016: 11.9 per cent). RTL Radio attracted a stable average of 5.7 million listeners a day (July to August 2016: 5.7 million listeners a day).

RTL 2 reached an average audience share over the period of 3.1 per cent (January to September 2016: 3.7 per cent). **Fun Radio** registered an average audience share of 3.5 per cent in the first nine months of 2017. Following a disputed allegation that Fun Radio had influenced the audience results unfairly, Médiamétrie published the radio audience figures of the survey covering the period July to August 2016 without Fun Radio. Therefore, RTL Radio is not in a position to publish comparable audience shares for Fun Radio for this period.

Digital and diversification

According to the latest available Médiamétrie results, covering the month of September 2017, **RTL Radio** has confirmed its position as the leading radio brand in France, achieving an average of 8.9 million unique visitors per month up 28 per cent compared to September 2016.



OTHER SEGMENTS

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

In the first nine months of 2017, the Hungarian net commercial TV advertising market (excluding state spend) was estimated to be down by 0.4 per cent. Despite this, **RTL Hungary's** revenue increased to €76 million (January to September 2016: €71 million), mainly driven by platform revenue of the main channel **RTL Klub** which can be collected since summer 2016. The unit's EBITDA doubled, now reaching €20 million (January to September 2016: €10 million), reflecting higher revenue and a significant positive one-off effect from a change in the ad tax law during the reporting period.

With a combined average prime-time audience share of 31.3 per cent among viewers aged 18 to 49 (January to September 2016: 33.8 per cent), the gap between the Hungarian RTL family of channels and its competitor **TV2 Group** was 10.7 percentage points (January to September 2016: 17.7 percentage points).

Flagship channel **RTL Klub** attracted an average 16.3 per cent of viewers aged 18 to 49 in prime time (January to September 2016: 18.3 per cent), well ahead of its closest commercial competitor **TV2** with 9.7 per cent (January to September 2016: 10.0 per cent). **RTL Hungary's** cable channels achieved a combined prime-time audience share of 15.0 per cent in the target group (January to September 2016: 15.5 per cent).

The catch-up TV service **RTL Most** is the leading local brand for professionally produced online video content. The service registered 19.9 million video views in the reporting period (January to September 2016: 23.1 million video views).

In Croatia, the net TV advertising market was estimated to be down 10.0 per cent, with **RTL Croatia** clearly outperforming the market. Revenue remained stable at €25 million (January to September 2016: €25 million), while EBITDA was down at minus €3 million, mainly reflecting higher programming cost (January to September 2016: minus €1 million).

RTL Croatia's channels achieved a combined prime-time audience share of 30.0 per cent in the target audience 18 to 49 (January to September 2016: 28.0 per cent). The increase is the result of stronger performances of **RTL Televizija** and **RTL2**.

The flagship channel **RTL Televizija** recorded a prime-time audience share of 20.0 per cent (January to September 2016: 17.9 per cent). **RTL2's** audience share increased to 7.4 per cent in prime time (January to September 2016: 7.1 per cent), while the only free-to-air children's channel **RTL Kockica** had a daytime²² audience share of 24.6 per cent in target group of children aged 4 to 14 (January to September 2016: 18.5 per cent).

In the first nine months of 2017, **RTL Croatia's** digital platforms recorded an increase of 62 per cent in its page views and reached 310 million (January to September 2016: 191 million). Its number of monthly unique visitors increased by 32 per cent to 1,159 million (January to September 2016: 812 million).



22 Daytime: 7:00 to 20:00

Atresmedia in Spain: The Spanish net TV advertising market was estimated to be up 0.8 per cent year on year. Driven by the first time consolidation of Smartclip Latam²³ as of July 2017, Atresmedia's total revenue grew by 2.0 per cent to €755 million (January to September 2016: €740 million), while first-nine months operating profit (EBITDA) was down by 1.9 per cent to €149 million (January to September 2016: €151 million). The company's net profit for the reporting period was slightly up at €103 million. The profit share of RTL Group was stable at €19 million.

In the first nine months of 2017, Atresmedia's family of channels recorded an audience share of 28.4 per cent in the target group of viewers aged 25 to 59 (January to September 2016: 29.6 per cent). Flagship channel **Antena 3** achieved an audience share of 12.3 per cent in the same target group (January to September 2016: 12.8 per cent) and Atresmedia's second largest channel, **La Sexta**, scored an audience share of 7.1 per cent in the target audience (January to September 2016: 8.1 per cent).

RTL Radio Deutschland reported revenue decreasing to €34 million (January to September 2016: €37 million), reflecting lower radio advertising revenue. As a result, EBITDA decreased to €4 million (January to September 2016: €6 million).

The **RTL Digital Hub** bundles RTL Group's investments in the online video segment, in particular BroadbandTV, StyleHaul and SpotX. It also includes the minority shareholdings in Clypd, a company specialising in the automated sale of linear TV advertising, and VideoAmp, a platform for cross-screen data optimisation.

BroadbandTV, a digital entertainment company which exists to empower creators and inspire audiences, continued to be the market leader across all relevant metrics in its industry in the first nine months of 2017, including total views and hours watched. Currently, the business achieves 29.4 billion monthly impressions and 259 million hours viewed per month. In January to September 2017, BroadbandTV registered a total of 244.5 billion video views²⁴ – up 69 per cent year on year. BroadbandTV's revenue was up 60 per cent compared to the same period in 2016.

StyleHaul continued to be the market leader in the style category with over 19.8 billion views on YouTube, 2.9 billion likes and almost 49 million comments on Instagram year-to-date in the first nine months of 2017 – consistently ranking above platform averages respectively on engagement. The StyleHaul community of over 4,000 YouTube primary creators has grown globally to over 32,000 highly curated influencers across all social platforms. Further, StyleHaul continues to drive meaningful results with revenue growing 27 per cent year on year.

In the first nine months of 2017, **SpotX**'s IFRS revenue was down 10 per cent compared to same period in 2016, mainly due to the elimination of clients that did not uphold SpotX's rigorous quality standards in addition to the lack of political spend. SpotX has been aggressively implementing market-leading brand safety initiatives in anticipation of ads.txt, an industry standard designed to eliminate arbitrage and fraud. SpotX has also invested heavily in advanced ad serving, header bidding and programmatic capabilities and is strongly positioned to enable its growing clientele of premium media owners including multi-channel video programming distributors, telcos, broadcasters and device manufacturers to safely sell inventory directly or in private marketplaces. Overall spend running through the SpotX platforms further continues to grow.

²³ In 2016, Mediengruppe RTL Deutschland acquired Smartclip's businesses in Germany, the Netherlands, Scandinavia and Italy. Smartclip's businesses in Spain and Latin America was not part of the transaction and was acquired by Atresmedia in May 2017.

²⁴ Only includes video views on YouTube and excludes all views on other video platforms including Facebook, Instagram, Snapchat, Netflix, Amazon, and strategic partner owned and operated platforms such as HuffPost and the NBA.

Outlook

RTL Group lifts its EBITDA outlook for 2017 and confirms its revenue outlook for the full year 2017 (most recently communicated on 30 August 2017), assuming there will not be major changes in the economic climate across RTL Group's markets:

- RTL Group expects its total **revenue** for the fiscal year 2017 to continue to grow moderately (+2.5 per cent to +5.0 per cent), driven by the Group's digital businesses and Mediengruppe RTL Deutschland
- At the same time, RTL Group's reported **EBITDA** for the full year 2017 is now expected to be slightly up (+1.0 per cent to +2.5 per cent) based on the strong Q3 performance and as the planned sale of RTL Group's buildings in Rue Bayard, Paris, will positively impact the Group's EBITDA in Q4/2017 (previously: broadly stable)
- Against the background of the delivery and/or international exploitation of two major productions being moved to 2018, RTL Group changes its revenue outlook for **FremantleMedia**: RTL Group now expects FremantleMedia's revenue to be broadly stable (previously moderately up), subject to stable exchange rates, with EBITDA progressing (unchanged)
- **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 within the next three to five years
- RTL Group will keep a **leverage target** of 0.5 and 1.0 times net debt to full-year EBITDA for the fiscal year 2017. RTL Group will continue to focus on **cash conversion** and expects 2017 levels to be broadly in line with previous years, not below 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 2017

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

for the periods to 30 September

Notes	Three months ended 30 September		Nine months ended 30 September	
	2017 €m	2016 €m	2017 €m	2016 €m
Revenue	1,372	1,352	4,350	4,230
Other operating income	8. 26	9	42	92
Consumption of current programme rights	(446)	(446)	(1,429)	(1,372)
Depreciation, amortisation, impairment and valuation allowance	(64)	(48)	(159)	(150)
Other operating expenses	(692)	(700)	(2,108)	(2,085)
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(3)	(3)	(11)	(11)
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 7	–	21	–
Profit from operating activities	200	164	706	704
Share of results of investments accounted for using the equity method	2	9	32	41
Earnings before interest and taxes ("EBIT")	4. 202	173	738	745
Interest income	1	1	3	4
Interest expense	(7)	(6)	(19)	(20)
Financial results other than interest	9. 2	(3)	4	9
Profit before taxes	198	165	726	738
Income tax expense	(71)	(52)	(236)	(235)
Profit for the period	127	113	490	503
Attributable to:				
RTL Group shareholders	114	102	434	443
Non-controlling interests	13	11	56	60
Profit for the period	127	113	490	503
EBITA	4. 199	176	732	756
Impairment of investments accounted for using the equity method	(2)	–	(4)	–
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(3)	(3)	(11)	(11)
Re-measurement of earn-out arrangements	1	–	–	–
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 7	–	21	–
Earnings before interest and taxes ("EBIT")	4. 202	173	738	745
EBITDA	4. 263	224	889	903
Depreciation, amortisation and impairment	(67)	(51)	(168)	(158)
Impairment of investments accounted for using the equity method	(2)	–	(4)	–
Re-measurement of earn-out arrangements	1	–	–	–
Gain from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7. 7	–	21	–
Earnings before interest and taxes ("EBIT")	4. 202	173	738	745
Earnings per share (in €)				
– Basic	0.75	0.66	2.83	2.88
– Diluted	0.75	0.66	2.83	2.88

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the periods to 30 September

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2017 € m	2016 € m	2017 € m	2016 € m
Profit for the period		127	113	490	503
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurement of post-employment benefit obligations		(1)	(12)	5	(33)
Income tax		–	3	(2)	7
		(1)	(9)	3	(26)
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(30)	1	(64)	(6)
Effective portion of changes in fair value of cash flow hedges	16.2	(14)	(11)	(65)	(28)
Income tax		4	4	20	9
		(10)	(7)	(45)	(19)
Change in fair value of cash flow hedges transferred to profit or loss	16.2	(11)	(1)	(31)	(1)
Income tax		4	–	10	–
		(7)	(1)	(21)	(1)
Fair value gains/(losses) on available-for-sale financial assets		(2)	1	(4)	3
Income tax		–	–	–	–
		(2)	1	(4)	3
		(49)	(6)	(134)	(23)
Other comprehensive loss for the period, net of income tax		(50)	(15)	(131)	(49)
Total comprehensive income for the period		77	98	359	454
Attributable to:					
RTL Group shareholders		67	87	306	397
Non-controlling interests		10	11	53	57
Total comprehensive income for the period		77	98	359	454

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2017 €m	31 December 2016 €m
Non-current assets			
Programme and other rights		100	100
Goodwill		3,035	3,039
Other intangible assets		247	225
Property, plant and equipment		354	290
Investments accounted for using the equity method	11.	408	427
Loans and other financial assets		142	167
Deferred tax assets		283	317
		4,569	4,565
Current assets			
Programme rights		1,338	1,160
Other inventories		22	15
Income tax receivable		56	19
Accounts receivable and other financial assets	18. 1.	1,705	2,025
Cash and cash equivalents		335	433
		3,456	3,652
Assets classified as held for sale	12.	16	83
Current liabilities			
Loans and bank overdrafts		860	493
Income tax payable		34	52
Accounts payable	18. 1.	2,631	2,842
Provisions	15.	106	145
		3,631	3,532
Liabilities directly associated with non-current assets classified as held for sale	12.	–	–
Net current assets/(liabilities)		(159)	203
Non-current liabilities			
Loans	18. 1.	577	517
Accounts payable		451	405
Provisions	15.	248	249
Deferred tax liabilities		36	45
		1,312	1,216
Net assets		3,098	3,552
Equity attributable to RTL Group shareholders		2,639	3,077
Equity attributable to non-controlling interests		459	475
Equity		3,098	3,552

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the periods to 30 September

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 period	-	-	-	-	-	443	443	60	503
Foreign currency translation differences	-	-	(5)	-	-	-	(5)	(1)	(6)
Effective portion of changes in fair value of cash flow hedges, net of tax	16.2.	-	-	(19)	-	-	(19)	-	(19)
Change in fair value of cash flow hedges transferred to profit or loss, net of tax	-	-	-	(1)	-	-	(1)	-	(1)
Fair value gains on available-for-sale financial assets, net of tax	-	-	-	-	3	-	3	-	3
Re-measurement of post-employment benefit obligations, net of tax	-	-	-	-	-	(24)	(24)	(2)	(26)
	-	-	(5)	(20)	3	419	397	57	454
Capital transactions with owners:									
Dividends	16.3.	-	-	-	-	(614)	(614)	(71)	(685)
Cancellation of shares	-	-	-	-	-	(2)	(2)	-	(2)
Equity-settled transactions, net of tax	-	-	-	-	-	4	4	3	7
Transactions on non-controlling interests without a change in control	17.	-	-	-	-	(4)	(4)	(1)	(5)
Transactions on non-controlling interests with a change in control	17.	-	-	-	-	(3)	(3)	1	(2)
Derivatives on equity instruments	-	-	-	-	-	1	1	1	2
Transactions on treasury shares of associates	-	-	-	-	-	(2)	(2)	-	(2)
	-	-	-	-	-	(620)	(620)	(67)	(687)
Balance at 30 September 2016	192	(47)	(122)	28	76	2,604	2,731	445	3,176
Balance at 1 January 2017	192	(48)	(84)	52	75	2,890	3,077	475	3,552
Total comprehensive income:									
Profit for the period	-	-	-	-	-	434	434	56	490
Foreign currency translation differences	-	-	(62)	-	-	-	(62)	(2)	(64)
Effective portion of changes in fair value of cash flow hedges, net of tax	16.2.	-	-	(44)	-	-	(44)	(1)	(45)
Change in fair value of cash flow hedges transferred to profit and loss, net of tax	-	-	-	(21)	-	-	(21)	-	(21)
Fair value losses on available-for-sale financial assets, net of tax	-	-	-	-	(4)	-	(4)	-	(4)
Re-measurement of post-employment benefit obligations, net of tax	-	-	-	-	-	3	3	-	3
	-	-	(62)	(65)	(4)	437	306	53	359
Capital transactions with owners:									
Dividends	16.3.	-	-	-	-	(614)	(614)	(70)	(684)
Equity-settled transactions, net of tax	-	-	-	-	-	4	4	4	8
Disposal of treasury shares	16.1.	-	1	-	-	-	1	-	1
Transactions on non-controlling interests without a change in control	17.	-	-	-	-	(126)	(126)	(2)	(128)
Transactions on non-controlling interests with a change in control	17.	-	-	-	-	(8)	(8)	-	(8)
Derivatives on equity instruments	-	-	-	-	-	(1)	(1)	(1)	(2)
	-	1	-	-	-	(745)	(744)	(69)	(813)
Balance at 30 September 2017	192	(47)	(146)	(13)	71	2,582	2,639	459	3,098

The accompanying notes form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

for the periods to 30 September

Notes	Three months ended 30 September		Nine months ended 30 September	
	2017 €m	2016 €m	2017 €m	2016 €m
Cash flows from operating activities				
Profit before taxes	198	165	726	738
Adjustments for:				
– Depreciation and amortisation	64	52	165	154
– Value adjustments, impairment and provisions	5	(6)	63	62
– Share-based payments expenses	3	3	8	7
– Re-measurement of earn-out arrangements	(1)	–	–	–
– Gain on disposal of assets	(25)	(3)	(40)	(20)
– Financial results including net interest expense and share of results of investments accounted for using the equity method	–	16	14	23
Use of provisions	(34)	(21)	(76)	(57)
Working capital changes	3	48	(169)	(60)
Income taxes paid	(40)	(32)	(304)	(222)
Net cash from operating activities	173	222	387	625
Cash flows from investing activities				
Acquisitions of:				
– Programme and other rights	6. (26)	(25)	(73)	(95)
– Subsidiaries, net of cash acquired	7. (16)	(9)	(44)	(57)
– Other intangible and tangible assets	(59)	(40)	(121)	(94)
– Other investments and financial assets	11. (14)	(4)	(35)	(35)
	(115)	(78)	(273)	(281)
Proceeds from the sale of intangible and tangible assets	12. 15	5	62	47
Disposal of other subsidiaries, net of cash disposed of	2	–	2	–
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	4	4	6	5
Interest received	1	1	3	3
	22	10	73	55
Net cash used in investing activities	(93)	(68)	(200)	(226)
Cash flows from financing activities				
Interest paid	(1)	(1)	(16)	(16)
Transactions on non-controlling interests	(6)	(7)	(6)	(8)
Disposal of treasury shares	–	–	1	–
Term loan facility due to shareholder	18. 1. 106	53	408	215
Proceeds from loans	6. 59	7	90	34
Repayment of loans	6. 18. 2. (15)	(6)	(75)	(14)
Dividends paid	(163)	(165)	(683)	(686)
Net cash used in financing activities	(20)	(119)	(281)	(475)
Net increase/(decrease) in cash and cash equivalents	60	35	(94)	(76)
Cash and cash equivalents and bank overdrafts at beginning of period	272	329	431	444
Effect of exchange rate fluctuation on cash held	(2)	(2)	(7)	(6)
Effect of cash in disposal group held for sale	–	(1)	–	(1)
Cash and cash equivalents and bank overdrafts at end of period	330	361	330	361

The accompanying notes form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. REPORTING ENTITY AND STATEMENT OF COMPLIANCE

RTL Group SA (the “Company”), the parent company, is domiciled and incorporated in Luxembourg. This condensed consolidated interim financial information is presented in accordance with the requirements of IAS 34 Interim Financial Reporting as adopted by the European Union and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2016.

RTL Group (“the Group”) forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities. Management have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, RTL Group continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved on 8 November 2017 by the Audit Committee upon delegation granted by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the interim consolidated financial statements as of and for the period ended 30 September 2017 are the same as for the consolidated financial statements as of and for the year ended 31 December 2016, which form the basis for this condensed consolidated interim financial information.

The new standards, amendments to existing standards and interpretations can be found in the consolidated financial statements for the financial year 2016.

The assessment of the impact of the following new standards and interpretation not yet effective and not been early adopted by the Group can be found in the condensed consolidated interim financial information for the six month period ended 30 June 2017.

- **IFRS 15, “Revenue from contracts with customers”** (including amendments to IFRS 15) – effective from 1 January 2018^{1,3};
- **IFRS 9, “Financial instruments”** (and related amendment on general hedge accounting) – effective from 1 January 2018¹;
- **IFRS 16, “Leases”** – effective from 1 January 2019²;
- **IFRIC 22, “Foreign Currency 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 2018².

Additionally, the following new standard, amendments to existing standards and interpretation, that are not yet effective, have not been early adopted by the Group:

- **IFRS 17, “Insurance Contracts”** – effective from 1 January 2021²;
- **IFRIC 23, “Uncertainty over Income Tax Treatments”** – effective from 1 January 2019²;
- **Amendments to IFRS 9, “Prepayment Features with Negative Compensation”** – effective from 1 January 2019²;
- **Amendments to IAS 28, “Long-term Interests in Associates and Joint Ventures”** – effective from 1 January 2019².

¹ Endorsed by the European Union (EU) for periods beginning on or after 1 January 2018

² This standard and interpretation have not yet been endorsed by the EU

³ Clarifications to IFRS 15 have not yet been endorsed by the EU

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

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 Groupe M6 (the "34 % Rule"). The new TV broadcasting authorisation, and therefore the removal of the 34% Rule, will enter into force on 1 January 2018. In the previous years, the 34% Rule only applied to RTL Group in practice, which in any case had de facto control over Groupe M6.

Ahead of the finalisation of the terms and conditions of a new long-term incentive plan ("LTIP") for senior management covering the period 2017-2019, RTL Group's management have accrued an amount of €13 million as at 30 September 2017 (September 2016: €15 million) based upon the same contractual terms as the previous plan (2014-2016). This management estimate will be revised once the new LTIP (2017-2019) has been approved in its entirety.

FremantleMedia distributes a catalogue of children's and family titles to broadcasters and exploits ancillary rights. Advances made to production companies increased to €26 million at 30 September 2017 (€18 million at 31 December 2016). Significant judgment is applied when assessing the recoverability of advances paid for titles related to the Kids and Entertainment division.

4. 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 25 of the condensed consolidated interim financial information.

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".

Net debt

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”.

	September 2017 € m	September 2016 ⁴ € m
Current loans and bank overdrafts	(860)	(830)
Non-current loans	(577)	(527)
	(1,437)	(1,357)
Deduction of:		
Cash and cash equivalents	335	365
Marketable securities and other short-term investments	5	1
Financial assets related to the sales and leasebacks	–	2
Net debt	(1,097)	(989)

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:

	September 2017 € m	September 2016 € m
Net cash from operating activities	387	625
Adjusted by:		
– Income tax paid	304	222
Acquisitions of:		
– Programme and other rights	(73)	(95)
– Other intangible and tangible assets	(121)	(94)
Proceeds from the sale of intangible and tangible assets	62	47
Operating free cash flow	559	705
EBITA	732	756
Operating cash conversion ratio	76 %	93 %

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.

⁴ September 2016 represented (the cash pooling accounts receivable are no more included in the net debt, €1 million at 30 September 2016)

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 6). 66 per cent of the present value of operating leases and of satellite transponder service agreements are also taken into account when calculating the average invested capital.

	September 2017 € m	September 2016 € m
EBITA	732	756
Deduction of shares of results of investments accounted for using the equity method and already taxed	(17)	(20)
	715	736
Net basis after deduction of uniform tax rate	479	493
Shares of results of investments accounted for using the equity method and already taxed	17	20
NOPAT	496	513
Invested capital at beginning of year	4,181	4,006
Invested capital at end of the period	4,354	4,161
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 the period	300	331
Adjusted average invested capital	4,578	4,413
Cost of capital	275	265
RVA	221	248

5. FINANCIAL RISK MANAGEMENT

5.1. Financial risks factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's consolidated financial statements as at 31 December 2016. There has been no change in the risk management policies and organisation since year end.

5.2. Accounting classifications and fair value hierarchy

5.2.1. Financial instruments by category

Except for the long-term loan arrangement with Bertelsmann SA & Co. KGaA, the fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

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 (31 December 2016: €557 million).

5.2.2. Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured at fair value.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Available-for-sale investments	58	5	–	53
Derivatives used for hedging ⁵	31	–	31	–
At 30 September 2017	89	5	31	53

Liabilities				
Derivatives used for hedging ⁶	41	–	41	–
Liabilities in relation to put options on non-controlling interests	18	–	–	18
At 30 September 2017	59	–	41	18

There were no transfers between Levels 1, 2 and 3 during the nine-month period ended 30 September 2017.

	Total €m	Level 1 €m	Level 2 €m	Level 3 €m
Assets				
Available-for-sale investments	58	9	–	49
Derivatives used for hedging ⁷	111	–	111	–
Derivatives in relation to call options	3	–	–	3
At 31 December 2016	172	9	111	52
Liabilities				
Derivatives used for hedging ⁸	38	–	38	–
Liabilities in relation to put options on non-controlling interests	28	–	–	28
At 31 December 2016	66	–	38	28

There were no transfers between Levels 1, 2 and 3 during the year 2016.

5 ■ Out of which €7 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39

6 ■ Out of which €24 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

7 ■ Out of which €16 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39

8 ■ Out of which €25 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

9 ■ 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

10 ■ 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

11 ■ 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

12 ■ 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

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

The following tables present the change in Level 3 instruments for the period ended 30 September:

	Financial assets at fair value through profit or loss € m	Assets Available- for-sale investments € m	Total assets € m	Liabilities Liabilities at fair value through profit or loss € m
Balance at 1 January 2017	3	49	52	28
Acquisitions and additions	–	4	4	–
Gains and losses recognised in profit or loss ("Financial results other than interest")	–	–	–	5
Other changes	(3)	–	(3)	(15)
Balance at 30 September 2017	–	53	53	18
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period	–	–	–	–

	Financial assets at fair value through profit or loss € m	Assets Available- for-sale investments € m	Total assets € m	Liabilities Liabilities at fair value through profit or loss € m
Balance at 1 January 2016	6	47	53	28
Gains and losses recognised in profit or loss ("Financial results other than interest")	(1)	–	(1)	–
Balance at 30 September 2016	5	47	52	28
Total losses for the period included in profit or loss for assets and liabilities held at the end of the reporting period	(1)	–	(1)	–

6. SEGMENT REPORTING

Three months ended 30 September	Mediengruppe RTL Deutschland		Groupe M6		FremantleMedia		RTL Nederland		RTL Belgium		RTL Radio (France)		Other segments		Eliminations		Total Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Revenue from external customers	497	462	273	262	299	313	104	111	38	37	33	35	128	132	-	-	1,372	1,352
Inter-segment revenue	1	-	-	-	36	31	-	-	1	-	-	1	11	9	(49)	(41)	-	-
Total revenue	498	462	273	262	335	344	104	111	39	37	33	36	139	141	(49)	(41)	1,372	1,352
Profit/(loss) from operating activities	128	101	41	33	21	16	23	26	3	4	(1)	(3)	(15)	(13)	-	-	200	164
Share of results of investments accounted for using the equity method	2	5	-	-	(3)	1	-	-	-	-	-	-	3	3	-	-	2	9
EBIT	130	106	41	33	18	17	23	26	3	4	(1)	(3)	(12)	(10)	-	-	202	173
EBITDA	135	109	86	63	20	22	26	30	4	4	-	(1)	(8)	(3)	-	-	263	224
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)	(5)	(3)	(44)	(29)	(2)	(5)	(3)	(4)	(1)	-	(1)	(2)	(8)	(5)	-	-	(64)	(48)
EBITA	130	106	42	34	18	17	23	26	3	4	(1)	(3)	(16)	(8)	-	-	199	176
Impairment of investments accounted for using the equity method	-	-	-	-	(2)	-	-	-	-	-	-	-	-	-	-	-	(2)	-
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	-	-	(1)	(1)	1	-	-	-	-	-	-	-	(3)	(2)	-	-	(3)	(3)
Re-measurement of earn-out arrangements	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	-	-	-	-	-	-	-	-	-	-	-	-	7	-	-	-	7	-
EBIT	130	106	41	33	18	17	23	26	3	4	(1)	(3)	(12)	(10)	-	-	202	173
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7)	(6)
Financial results other than interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	(3)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(71)	(52)
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	127	113

Notes to the Condensed consolidated interim financial information

Nine months ended 30 September	Mediengruppe RTL Deutschland		Groupe M6		FremantleMedia		RTL Nederland		RTL Belgium		RTL Radio (France)		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	2017 €m	2016 €m	2017 €m	2016 €m	2017 €m	2016 €m
Revenue from external customers	1,572	1,500	930	905	870	862	330	347	134	140	111	118	403	358	-	-	4,350	4,230
Inter-segment revenue	1	1	7	5	113	100	-	-	1	1	1	2	32	29	(155)	(138)	-	-
Total revenue	1,573	1,501	937	910	983	962	330	347	135	141	112	120	435	387	(155)	(138)	4,350	4,230
Profit/(loss) from operating activities	467	445	158	168	48	47	37	52	20	26	2	8	(26)	(42)	-	-	706	704
Share of results of investments accounted for using the equity method	20	22	1	1	(5)	-	(1)	-	-	-	-	-	17	18	-	-	32	41
EBIT	487	467	159	169	43	47	36	52	20	26	2	8	(9)	(24)	-	-	738	745
EBITDA	500	477	258	270	60	61	46	60	23	29	6	13	(4)	(7)	-	-	889	903
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)	(12)	(9)	(95)	(97)	(13)	(14)	(10)	(8)	(3)	(3)	(4)	(5)	(20)	(11)	-	-	(157)	(147)
EBITA	488	468	163	173	47	47	36	52	20	26	2	8	(24)	(18)	-	-	732	756
Impairment of investments accounted for using the equity method	-	-	-	-	(4)	-	-	-	-	-	-	-	-	-	-	-	(4)	-
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(1)	(1)	(4)	(4)	-	-	-	-	-	-	-	-	(6)	(6)	-	-	(11)	(11)
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	-	-	-	-	-	-	-	-	-	-	-	-	21	-	-	-	21	-
EBIT	487	467	159	169	43	47	36	52	20	26	2	8	(9)	(24)	-	-	738	745
Interest income																	3	4
Interest expense																	(19)	(20)
Financial results other than interest																	4	9
Income tax expense																	(236)	(235)
Profit for the period																	490	503

Notes to the Condensed consolidated interim financial information

	Mediengruppe RTL Deutschland		Groupe M6 ⁹		FremantleMedia ¹⁰		RTL Nederland		RTL Belgium ¹¹		RTL Radio (France) ¹²		Other segments ¹³		Eliminations		Total Group	
	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m	September 2017 €m	December 2016 €m
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)	1,695	1,620	1,613	1,564	1,997	1,930	405	405	162	171	142	144	698	748	(148)	(158)	6,564	6,424
Investments accounted for using the equity method	65	79	11	9	15	34	8	6	-	-	-	-	309	299	-	-	408	427
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	16	83	-	-	16	83
Segment assets	1,760	1,699	1,624	1,573	2,012	1,964	413	411	162	171	142	144	1,023	1,130	(148)	(158)	6,988	6,934
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)	1,035	1,074	577	581	537	540	137	148	85	96	61	57	346	411	(144)	(154)	2,634	2,753
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment liabilities	1,035	1,074	577	581	537	540	137	148	85	96	61	57	346	411	(144)	(154)	2,634	2,753
Invested capital	725	625	1,047	992	1,475	1,424	276	263	77	75	81	87	678	719	(4)	(4)	4,354	4,181
Segment assets																	6,988	6,934
Deferred tax assets																	283	317
Income tax receivable																	56	19
Other assets																	379	597
Cash and cash equivalents																	335	433
Total assets																	8,041	8,300
Segment liabilities																	2,634	2,753
Deferred tax liabilities																	36	45
Income tax payable																	34	52
Other liabilities																	2,239	1,898
Total liabilities																	4,943	4,748

9 Groupe M6 was the main contributor to the acquisitions of programme and other rights reported at 30 September 2017 by the Group in the investing activities (€47 million; 30 September 2016: €87 million). Groupe M6 has secured during the third quarter of 2017 an external funding of €170 million, including a bond issue (EuroPP – 7 years) of €50 million and three bilateral credit facilities with a maturity of 5 years; at 30 September 2017, the bond had been issued

10 Wildside Srl benefited from new loans for €34 million and reimbursed an amount of €26 million during the nine months ended 30 September 2017 (nine months ended 30 September 2016: €20 million and €6 million, respectively)

11 RTL Belgium has announced on 14 September 2017 a transformation plan. No restructuring provision has been recognised at 30 September 2017 as there is a significant reasonable likelihood that staff representatives and management will discuss alternatives to the announced preliminary plan, making the outcome and timing of the latter unknown at the reporting date

12 Accounting misstatements over previous years in the Group reporting of the French radio segment had conducted the Group to recognise at 31 December 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

For the first nine months of 2016, revenue overstatement amounted to €1.1 million, and understatement of EBITA, EBITDA and net result of the French radio segment amounted to €1.7 million, €1.7 million and €0.7 million, respectively, which have been corrected in the last quarter of 2016

13 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 entitles 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 30 September 2017 reported in deduction of the "Other operating expenses"

7. ACQUISITIONS AND DISPOSALS

Had the business combinations occurred at the beginning of the year, the revenue and the profit attributable to RTL Group would not have materially changed.

7.1. Details of main acquisitions and disposals, increases in interest held in subsidiaries

September 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 30 September 2017.

The transaction qualifies as a business combination since RTL Group gained the control of Divimove. Before the 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. This fair value was measured by reference to the discounted cash flow model used by management. The related gain is reported in “Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”.

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 provisional 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 within the FremantleMedia segment.

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
Provisional 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

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 Obélix 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
Cash and cash equivalents in operations acquired	–
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 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 30 September 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 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 €7 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 30 September 2017.

Transaction-related costs of €0.3 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
Current programme rights	3
Accounts receivable and other financial assets	5
Loans	(4)
Accounts payable	(6)
Net assets acquired	(1)
Provisional goodwill	7
Total purchase consideration	6
Cash and cash equivalents in operations acquired	(1)
Cash outflow on acquisition	5

Other transactions

- 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 €4 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 €1 million.
- 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 in June 2017 the remaining shares in RTL US Holding Inc. As a result, RTL Group indirectly holds 100 per cent of the shares of Style Haul. 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 9).
- Since the gain of control in June 2013, RTL Group held a call option on the 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, including a 100 per cent sale of the business.
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.
- 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, reported in “Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”.

	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	–

September 2016 (updated at 30 September 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 30 September 2017 (€nil million at 31 December 2016).

Transaction-related costs of €0.2 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”.

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, which remains unpaid at 30 September 2017.

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 Cinema was allocated to the Groupe M6 cash-generating unit.

Transaction-related costs were insignificant.

	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

Other transactions

- A second instalment of the SpotX Inc earn-out was paid during the second quarter 2016 for an amount of €4 million. The fair value of the derivative related to the SpotX call option was decreased to €2 million at 30 June 2016 and remained unchanged at 30 September 2016 (31 December 2016: €nil million). The related expense of €1 million was reported in “Financial results other than interest” in September 2016 (see note 9).
- The consideration recognised in November 2013 at the time of the gain of control of Miso Holding ApS 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. The financial liability was re-measured from €5 million to €6 million at 30 June 2016. The financial liability amounted to €6 million at 31 December 2016 and remains unchanged at 30 September 2017. The related expense of €1 million was reported in September 2016 in “Financial results other than interest” (see note 9).
- Since the gain of control of 495 Productions Holdings LLC on 26 March 2014 by RTL Group, the minority shareholder holds a put option on the remaining 25 per cent non-controlling interests. The financial liability was re-measured to €3 million at 30 June 2016 (31 December 2015: €7 million) in line with the future performance plan. The related income of €4 million was reported in September 2016 in “Financial results other than interest” (see note 9). The financial liability amounted to €nil million at 31 December 2016 and remains unchanged at 30 September 2017.

7.2. Assets and liabilities acquired

Detail of the net assets acquired and goodwill are as follows:

	2017 € m
Purchase consideration	
– Cash paid	49
– Deferred consideration	2
– Payments on prior years' acquisitions	(30)
Total purchase consideration	21
Less:	
Fair value of previously held equity interests	25
Call option	3
Fair value of net assets acquired	(5)
Goodwill	44

7.3. Cash outflow on acquisitions

The net assets and liabilities acquired and goodwill are as follows:

	2017 Fair value € m
Cash and cash equivalents	5
Non-current programme and other rights	5
Other intangible assets	1
Current programme rights	3
Accounts receivable and other financial assets	24
Accounts payable	(22)
Loans	(6)
Net deferred tax liabilities	(4)
Non-controlling interests	(1)
Net assets acquired	5
Goodwill	44
Fair value of previously held equity interests	(25)
Call option	(3)
Total purchase consideration	21
Deferred consideration	(2)
Payments on prior years' acquisitions	30
Cash and cash equivalents in operations acquired	(5)
Cash outflow on acquisitions	44

8. OTHER OPERATING INCOME

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 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 at 30 September 2016.

9. FINANCIAL RESULTS OTHER THAN INTEREST

	Note	September 2017 €m	September 2016 €m
Cash flow hedges ineffectiveness		12	9
Net gain on other financial instruments at fair value through profit or loss	7	(5)	(1)
Other financial results		(3)	1
		4	9

10. IMPAIRMENT TEST

During the first six months of 2017, RTL Group's management conducted impairment tests on some cash generating units ("CGU") and investments accounted for using the equity method where indications of a possible change in recoverable amount arose and on those that had the most limited headroom as at 31 December 2016.

RTL Group management consider that there was no indication during the third quarter to change the conclusions disclosed in the June 2017 interim report.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Main changes in the Group's ownership interest in associates

September 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 €1 million at 30 September 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.

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 30 June 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 30 September 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 30 September 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 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 30 September 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 30 September 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 30 September 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, reported in “Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree”.

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 30 September 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.

September 2016 (updated at 30 September 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 bringing the Group’s shareholding to 75.5 per cent; RTL Group continued to have a significant influence in Divimove GmbH at 30 June 2016. On 15 June 2016, the shareholders decided to amend the option agreement related to the last 24.5 per cent. The fair value of the derivative related to the call option remained unchanged at 30 June 2016 (€3 million) (30 September 2017: see note 7).

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 30 September 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 30 September 2017 (31 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.

An impairment loss of €4 million related to Squawka Ltd (“Squawka”) has been recognised at 30 September 2017, of which €2 million at 30 June 2017. The carrying amount of Squawka is €nil million at 30 September 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 30 September 2017 (31 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 30 September 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 million at 30 June 2016. The carrying amount of Eureka is €2 million at 30 September 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 30 September 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 30 September 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 30 September 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 30 September 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 30 September 2017 (€nil million at 31 December 2016).

Main changes in the Group's ownership interest in joint ventures

September 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 €0.4 million at 30 September 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 30 September 2017 (€1 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, reported in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

September 2016 (updated at 30 September 2017)

On 15 January 2016, RTL Nederland Ventures BV ("RTL Nederland") acquired 32.6 per cent of Heilzaam BV, operating eHealth information websites. The purchase consideration of €1 million was mainly contributed to the company. The transaction qualified as a joint arrangement as RTL Nederland jointly controls the company.

12. ASSETS CLASSIFIED AS HELD FOR SALE

Real estate properties

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.

During the first quarter of 2017, RTL Group has received €42 million related to disposals, realised over the previous years, of companies owning properties in Luxembourg (30 September 2016: €32 million).

Following the decision of RTL Group's Board of Directors on 21 July 2017, a sale agreement was concluded on 3 August 2017 for the disposal of the properties located on rue Bayard ("Golden triangle") in Paris and held by Bayard d'Antin SA. The sale proceeds amount to €113.9 million (VAT excluded); the capital gain is estimated at €86 million before income tax (€56 million net of income tax). The closing date is expected to be in December 2017; the criteria for classifying the properties in assets held for sale were met at 30 September 2017.

13. SEASONALITY OF OPERATIONS

The Group's broadcast business is subject to strong seasonal fluctuations and hence the results for the first nine months of 2017 do not necessarily permit predictions as to its future performance. Advertising revenue is impacted by underlying economic conditions and the cyclical demand for advertising – which during the important fourth quarter normally offset the traditionally weaker summer months. Considerable uncertainty concerning the allocation of budgets between sales houses, notably in the Group's largest market of Germany, provides additional complications in terms of the full-year outcome.

The Group's content arm, FremantleMedia, usually generates a higher proportion of both revenue and EBITA in the second half of the year partly due to the seasonality of programme sales but also to the revenue generated by the distribution, licensing and merchandising business. This seasonality is not expected to be substantially different for 2017 but the timing of the delivery and/or exploitation of certain high value drama productions, combined with exchange rate volatility, is expected to impact revenue growth in the last quarter of 2017.

Digital revenue growth is also subject to strong seasonality but in 2017 is also being impacted by brand safety concerns around online video. These continued concerns may continue to impact the development of the Group's digital activities in the run-up to the end of the year.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €434 million (September 2016: €443 million) and a weighted average number of ordinary shares outstanding during the period of 153,549,707 (September 2016: 153,566,511) calculated as follows:

	September 2017	September 2016
Profit attributable to RTL Group shareholders (in €million)	434	443
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	154,742,806	154,787,554
Capital decrease	-	(21,067)
Effect of treasury shares held	(1,168,701)	(1,168,701)
Effect of liquidity programme	(24,398)	(31,275)
Weighted average number of ordinary shares	153,549,707	153,566,511
Basic earnings per share (in €)	2.83	2.88
Diluted earnings per share (in €)	2.83	2.88

15. PROVISIONS

Provisions for litigation are described in the annual report 2016. No significant change occurred over the nine months period 2017. No further information is disclosed as it may harm the Group's position.

16. EQUITY

16. 1. Treasury shares

The Company's General Meeting held on 16 April 2014 had 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' 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 has entered on 28 April 2014 into a liquidity agreement (the "Liquidity Agreement"). During the period ended 30 September 2017, under the Liquidity Agreement, the Liquidity Provider has:

- purchased 197,109 shares at an average price of €69.98; and
- sold 205,498 shares at an average price of €70.74, in the name and on behalf of the Company.

At 30 September 2017, a total of 39,099 (31 December 2016: 47,488) RTL Group shares are held by the Company and €0.9 million (31 December 2016: €7.0 million) are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

16. 2. Hedging reserves

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 30 September 2017, the hedging reserve decreased by €96 million, before tax effect. This consists of:

- decrease by €56 million due to foreign exchange contracts that existed at 2016 year end and which were still hedging off-balance sheet commitments at 30 September 2017;
- decrease by €31 million due to foreign exchange contracts that existed at 2016 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2017 from the hedging reserve to income statement;
- decrease by €9 million due to foreign exchange contracts entered into in 2017 hedging new off-balance sheet commitments.

Between 31 December 2015 and 30 September 2016, the hedging reserve had decreased by €29 million before tax effect. This consisted of:

- decrease by €34 million due to foreign exchange contracts that existed at 2015 year end and which were still hedging off-balance sheet commitments at 30 September 2016;
- decrease by €1 million due to foreign exchange contracts that existed at 2015 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2016 from the hedging reserve to income statement;
- increase by €6 million due to foreign exchange contracts entered into in 2016 hedging new off-balance sheet commitments.

16. 3. Dividends

On 19 April 2017, the Annual General Meeting of Shareholders decided, after having taken into account the interim dividends of €1 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.

17. NON-CONTROLLING INTERESTS

Transactions on non-controlling interests without a change in control

September 2017

- 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 (see note 7);
- Groupe M6 has acquired and disposed of own shares in respect to the forward purchase contract and the liquidity programme;
- Smartclip (see note 7);
- RTL Group has committed 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 by exercising its call option for a total amount of USD 139.2 million (subject to cash/debt adjustments) of which USD 7.7 million to be contributed to SpotX. 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. A related liability has been recognised through equity at 30 September 2017. The non-controlling interests will be derecognised on 1 October 2017, the completion date;
- StyleHaul (see note 7).

September 2016

- CBS Studios International contributed for € 1 million in a capital increase in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share;
- RTL Group had been diluted by 3.3 per cent to 67.5 per cent in the share capital of SpotX Inc following the exercise by employees of their options;
- Groupe M6 had acquired and disposed of own shares in respect to the employee share option plans, the forward purchase contract and the liquidity programme (€(3) million).

Transactions on non-controlling interests with a change in control

September 2017

These transactions related to Divimove, Adfactor and Easy Tiger and (see note 7).

September 2016

This related to Smartclip (see note 7).

18. RELATED PARTY TRANSACTIONS

18.1. Transactions with shareholders

Financing

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 Bertelsmann España 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 30 September 2017 and 31 December 2016, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is € nil million (September 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 30 September 2017 and 31 December 2016, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA. The interest income for the period is €nil million (September 2016: €nil million).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 30 September 2017, the balance of the cash pooling receivable and payable amounts to €3 million (31 December 2016: €nil million). The interest income/expense for the period is insignificant (September 2016: insignificant).

Loans from Bertelsmann SE & Co. KGaA and 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 BeProcurement Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 30 September 2017, the term loan balance amounts to €500 million (31 December 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 30 September 2017, the total of revolving and swingline loan amounts to €797 million (31 December 2016: €389 million).

The interest expense for the period amounts to €11 million (September 2016: €12 million). The commitment fee charge for the period amounts to €0.4 million (September 2016: €0.4 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 SA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA SA 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 SA 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 2015.

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.

For the interim periods, the Commission is determined on management's reasonable estimate on both expected annual taxable results of the tax group RGD and the tax group Bertelsmann SE & Co. KGaA. This estimate is reviewed on a quarterly basis to take into account actual year-to-date results and material known developments affecting the two entities for the remaining part of the year.

At 30 September 2017, the balance payable to BCH amounts to €383 million (31 December 2016: €578 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €297 million (31 December 2016: €423 million).

For the period ended 30 September 2017, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €86 million (September 2016: €94 million). The Commission amounts to €nil million (September 2016: €11 million).

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €2 million (September 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.

18. 2. Main transaction with investments accounted for using the equity method

At 30 September 2017, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €10 million (31 December 2016: €44 million).

19. COMMITMENTS AND CONTINGENCIES

On 31 March 2017, the State of the Grand Duchy of Luxembourg, RTL Group SA and CLT-UFA SA signed the renewal of the concessions. With these agreements, the mission covering the provision of public service broadcasting for Luxembourg has been extended for a period of three years, from 2021 to 2023, and the permissions concerning the frequencies of RTL Radio Luxembourg and Television have been extended to 2030. Bertelsmann SE & Co. KGaA, RTL Group SA and CLT-UFA SA committed to maintain the headquarters of the Corporate Centre of RTL Group and the operations of CLT-UFA SA and its technical service provider, Broadcasting Center Europe SA, in Luxembourg.

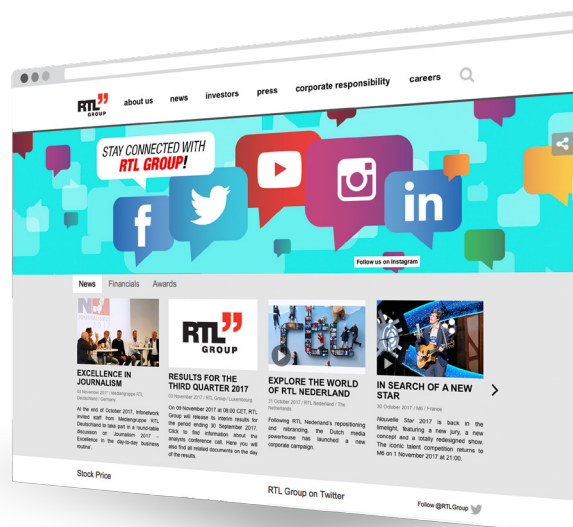
20. SUBSEQUENT EVENTS

On 1 August 2017, MairDumont and Mediengruppe RTL Deutschland announced their intent to combine the activities of MairDumont Media and Netletix 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. RTL Group has significant influence in Mairdumont Netletix entities, which will be accounted for using the equity method.

The acquisition of RTL Radio (France) by Groupe M6 was completed on 1 October 2017. RTL Group management do not expect the proposed acquisition to have a material impact, except for the envisaged synergies. The dilution of RTL Group's ownership of RTL Radio (France) from 100 per cent to 48 per cent would not be significant in terms of profit and equity attributable to RTL Group shareholders. The transaction would also imply that the RTL Radio (France) segment (see in Note 6) would no longer be shown separately as from the closing of the transaction. RTL Radio (France) performance would be embedded into the Groupe M6 segment, which would not affect the latter significantly. Comparative segment information would be adjusted to reflect the transaction.

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. FMM has significant influence in Label1, which will be accounted for using the equity method.

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Financial Calendar

7 March 2018	Full-year results 2017
17 May 2018	Interim results January to March 2018
29 August 2018	Half-year results 2018
8 November 2018	Interim results January to September 2018

Credits

Cover	VOX/Bernd-Michael Maurer, Mediengruppe RTL Deutschland/Stefan Gregorow
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