

week 9 / 26 February 2013

backstage



STRONG FINANCIALS IN 2012

Full-year EBITA exceeds €1 billion, for the third consecutive year
Record result from Mediengruppe RTL Deutschland
Five new TV channels launched

United States
Mel B to judge on
America's Got Talent

United Kingdom
FremantleMedia
Kids & Family to publish
Aquabats DVD

Luxembourg
RTL Lëtzebuerg and
Maison Moderne host
Luxembourg Media
Awards



Cover

Anke Schäferkordt and Guillaume de Posch,
Co-CEOs of RTL Group

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QUICK VIEW



Mel B brings girl power to *America's Got Talent*
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Destroying boredom and seeking justice for all
FremantleMedia
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The best of Luxembourgish advertising
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"A clear focus on maintaining our leadership positions and delivering financially"
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“A CLEAR FOCUS ON MAINTAINING OUR LEADERSHIP POSITIONS AND DELIVERING FINANCIALLY”

On 25 February 2012, RTL Group published its full-year results for the fiscal year 2012. *Backstage* asked Anke Schäferkordt and Guillaume de Posch, Co-CEOs of RTL Group, about the company's performance.

Luxembourg – 26 February 2013
RTL Group



Anke Schäferkordt and Guillaume de Posch

How did RTL Group perform in 2012?

Anke Schäferkordt: The current macro environment is challenging for everyone. In 2012, it was only in Germany that the TV advertising market grew slightly. The French, Dutch and Belgian markets were estimated to be down, following a significant slowdown over the second half of the year. And the markets in Spain, Hungary and Croatia continued to see a more pronounced decline. 2012 was also a strong sports year, with both the Olympics and the Euro Football Championships airing during the year. Typically, this drives audiences to the public broadcasters.

To sum it up: in 2012, markets were not easy. Amid these challenging conditions, RTL Group performed well: revenue was up 4 per cent to €6 billion, mainly driven by Mediengruppe RTL Deutschland, FremantleMedia, and positive exchange rate effects. With €1.08 billion, our reported EBITA exceeded €1 billion for the third consecutive year. The net result for RTL Group shareholders was €597 million, a decrease of 14 per cent, mainly due to a non-cash impairment of €72 million against the Group's carrying value in Grupo Antena 3.

Why did RTL Group's revenue grow and EBITA decrease?

Guillaume de Posch: The EBITA decrease was due to the following factors: the higher profit contribution from the German TV operations was offset by lower results from operations facing more challenging market conditions in other countries, higher investment in programming and portfolio effects.

How did the big broadcasters perform?

Anke Schäferkordt: Strong audience performance continues to form the basis of RTL Group's success. And we again achieved high audience shares in our core markets. In Germany, the Netherlands, Belgium and Hungary our families of channels remained the clear market leaders. In our two biggest markets, France and Germany, RTL Group's families of channels gained TV advertising share.

Our largest profit centre, Mediengruppe RTL Deutschland achieved a combined audience share of 33.7 per cent among young viewers aged 14 to 49, and remained the clear market leader, 5.9 percentage points ahead of its main commercial competitor. EBITA increased by 9.8 per cent to €581 million – the best ever full-year operating profit for RTL Group's largest profit centre.

Guillaume de Posch: In France, Groupe M6 was again the only major French media group to increase its total audience share year-on-year. As a result, the combined total audience share of Groupe M6 grew to 15.5 per cent. EBITA of Groupe M6 decreased to €224 million as a result of lower advertising revenue and higher programming investment related to the Euro 2012 football championship. M6 also acquired the rights for the Euro 2016 which will be held in France.

RTL Nederland attracted a combined prime time audience share of 32.3 per cent in the commercial target group, with a significant lead of 12.3 percentage points over its main commercial competitor. Following record results in 2011, EBITA decreased to €97 million due to a weaker TV advertising market and scope changes resulting from the exit of the Dutch radio stations



Denis Balbir, Vincent Coueffe, Jean-Michel Larque and Jean-Marc Ferreri presented the Euro 2012 on M6

What about FremantleMedia?

Guillaume de Posch: RTL Group's production arm FremantleMedia continued to produce top prime time shows for the leading broadcasters in almost every major TV market in the world; the company's revenue grew by 19.7 per cent to €1,711 million, driven by growth in the US, UK, Germany and Asia-Pacific, exchange rate effects, and recharges without margins to third parties for certain production contracts.

Despite this revenue growth, EBITA – which was impacted by positive and negative one-off effects in 2012 – was slightly down to €138 million, mainly due to continued pressure from broadcasters on margins and volumes.

What did RTL Group achieve on the strategic front in 2012?

Anke Schäferkordt: Above all, what remains clear to us is the attractiveness of the TV, content and digital business. TV viewing time has remained at high levels and in most countries, it is rising.

Viewers are using smart phones, tablets and laptops at the same time as TV. Linear TV and non-linear programme consumption enrich each other. When the markets come back, TV and online should be the first to benefit.

So, looking at 2012, our focus has been on strengthening the business in broadcast, content and online while also retaining our disciplined approach to costs. We've continued to build our leadership position, investing in our businesses and are pleased with what we've been able to do in the areas we do control. We've again shown our commitment to running the business well, and to remaining at the forefront of operating excellence. We have protected margins through efficiencies, but we have not cut to the heart of the business. We have invested where it makes sense, for example in our family of channels: In 2012, we launched five new channels, a unique feat in our history: RTL Nitro in Germany, 6ter in France, RTL Telekids in the Netherlands, RTL II in Hungary and Big RTL Thrill in India.

Guillaume de Posch: We have also seen good progress in content. FremantleMedia's new management team, under the leadership of CEO Cécile Frot-Coutaz, has put a clear focus on fuelling its creative pipeline, developing new formats and building brands, across a range of genres. This has resulted in a new corporate structure being announced on 1 February 2013. In addition, a new division, FremantleMedia International and Kids, has been created re-grouping the distribution and kids businesses. FremantleMedia also concluded deals with Netflix and Hulu and launched four Youtube funded channels. This demonstrates the company's capabilities to produce original, quality programming for multiple media platforms. In this environment there are more and more opportunities to either exploit existing formats or to develop new brands.

Can you tell us something about the interim dividend?

Guillaume de Posch: The Board of Directors of RTL Group met on 24 February 2013 and accordingly decided to approve an interim dividend, comprising an ordinary dividend of €5.1 per share and an extraordinary dividend of

€5.4 per share. The total dividend, amounting to €1.6 billion, will be funded out of the Group's existing net cash position – which will be around €1.1 billion end of February 2013 – and by debt, in the form of a shareholder loan, from Bertelsmann. The terms and conditions of this loan have been benchmarked to market rates and will be provided at arm's length and at attractive terms for RTL Group. A conservative debt level creates a more efficient capital structure, in line with the industry, and still provides sufficient flexibility for the Group to invest in the future.

And finally, the Board of Directors also approved a new dividend policy for the Group. Going forward, our new dividend policy will target a payout of between 50 and 75 per cent of the consolidated net profit. RTL Group is a cash generative business. With a conservative debt level and strong cash flows, this policy gives us plenty of headroom for our plans to develop the business.

What is your outlook for 2013?

Anke Schäferkordt: It will come as no surprise to you that we are pretty cautious with our outlook statement. Economic conditions remain challenging and accordingly visibility extremely limited. The Group will remain focused on maintaining its leadership positions, disciplined in its cost management and concentrated on delivering solid results for our shareholders. We are pursuing opportunities in broadcast, content and digital in order to develop the business further in future years.



Tree Fu Tom, co-developed by CBeebies and FremantleMedia, was one of the highest rated new series on BBC's children's programming in 2012

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RTL GROUP'S REVENUE REACHES A RECORD €6.0 BILLION, DESPITE AN INCREASINGLY CHALLENGING ECONOMIC ENVIRONMENT

- Reported Group revenue up 4.0 per cent to €6.0 billion, reflecting higher revenue from Mediengruppe RTL Deutschland and FremantleMedia, and exchange rate effects
- For the third consecutive year, RTL Group generated an EBITA of more than €1 billion, despite an increasingly challenging economic environment
 - EBITA decreased 4.9 per cent to €1,078 million as a significantly higher profit contribution from the German TV operations was offset by lower results from operations facing more challenging market conditions in other countries, higher investment in programming and portfolio effects such as the disposal of the Dutch radio stations
 - Reported EBITA margin remains at a healthy level of 18.0 per cent (2011: 19.7 per cent)
- Net profit attributable to RTL Group shareholders down to €597 million (2011: €696 million), mainly due to an impairment amounting to €72 million on RTL Group's shareholding in the Spanish broadcaster Grupo Antena 3
- Net cash from operating activities was €925 million, resulting in an operating cash conversion of 101 per cent and a net cash position of €1,051 million at the end of 2012
- Throughout 2012, European TV advertising markets clearly reflected local macroeconomic developments: while the German TV advertising market was slightly up, the French, Dutch and Belgian markets were estimated to be down year-on-year, with a significant slowdown over the second half of the year; markets in Spain, Hungary and Croatia continued to experience a more pronounced decline
- 44 per cent of RTL Group's revenue originates from a broad range of non-advertising activities such as content production, rights trading, teleshopping, e-commerce, merchandising

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RTL GROUP MAKES GOOD PROGRESS IN ALL STRATEGIC FIELDS – BROADCASTING, CONTENT AND DIGITAL

Broadcasting

- In total, RTL Group launched five new TV channels in 2012 – a significant investment to further strengthen the broadcasting business:
 - 1 April 2012: launch of digital free-TV channel RTL Nitro in Germany. This is the most successful channel launch in recent years, with an audience share of 0.7 per cent among young viewers in December 2012
 - 1 September 2012: launch of digital children's channel RTL Telekids in the Netherlands
 - 1 October 2012: launch of family entertainment cable channel RTL II in Hungary; in the period October to December 2012, RTL II attracted an average audience share of 0.8 per cent among viewers aged 18 to 49
 - 5 November 2012: launch of action entertainment channel Big RTL Thrill in India, RTL Group's first broadcasting venture outside of Europe; the channel already reaches more than 25 million households
 - 12 December 2012: launch of 6ter in France, Groupe M6's new general entertainment channel for the whole family. 6ter has quickly become the audience leader among the six new DTT channels launched in France at that time

Content

- FremantleMedia's key formats capture mass audiences around the globe
 - *American Idol* has been the number one entertainment series in the US – the biggest TV market worldwide – for the past nine years
 - With an average total audience share of 40.8 per cent, *Britain's Got Talent* was the highest rated entertainment series in the UK for 2012
 - The local versions of *The Farmer Wants A Wife* in France, the Netherlands and Germany continued to score excellent ratings, with audience shares of up to 43.7 per cent
- FremantleMedia's new management team has put a clear focus on fuelling its creative pipeline, developing new formats and building brands, across a broad range of genres, while maintaining market leadership in its core business areas
 - The new structure announced on 1 February 2013 will create a Digital & Branded Entertainment division alongside a new global division focused on distribution and kids & family entertainment. Other commercial ancillary activities will be undertaken by the local production companies
 - The kids & family entertainment division has signed a new five-year partnership with BBC Children's to develop and co-produce a continuous sequence of new children's programmes

RTL GROUP MAKES GOOD PROGRESS IN ALL STRATEGIC FIELDS – BROADCASTING, CONTENT AND DIGITAL (CONTINUED)

Digital

- RTL Group's online platforms and on-demand offers across Europe collectively generated more than 2.4 billion video views of professionally produced content in 2012 – up 25 per cent year-on-year
- Mobile video views increased by 58 per cent to 118 million in Germany and by 119 per cent to 70.5 million in France
- RTL Group's online network comprises more than 200 websites, reaching an average 61 million unique users a month
- On 17 October 2012, RTL Nederland announced the acquisition of Videostrip, the Netherland's leading online video advertising network, which generated 1.3 billion video views and delivered 392 million ads in 2012
- FremantleMedia has become the highest-rated TV producer on Youtube, with 101 channels registering 4.5 billion views in 2012
 - The Youtube channels for the UK versions of *X Factor* and *Got Talent* have generated well over a billion hits around the world
 - In addition to its established TV format brands, FremantleMedia launched four Youtube-funded channels in 2012. The move is part of the company's strategy to produce original, quality programming for multiple media platforms

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DESTROYING BOREDOM AND SEEKING JUSTICE FOR ALL

FremantleMedia

FremantleMedia Kids & Family Entertainment and Shout Factory will release season one of the popular American action-comedy TV-series, *The Aquabats! Super Show!* on DVD.

United Kingdom – 26 February 2013



The Aquabats!

The series was created by Christian Jacobs, one of the brains behind the Nick Junior series *Yo Gabba Gabba!*. A mix of live action and animation, *The Aquabats! Super Show!* is based on the superhero mythology of The Aquabats, a real-life Californian rock band which series co-creator Jacobs fronts as lead singer.

Formed in the 1990s, The Aquabats are based in Southern California and are on a never-ending quest to right wrongs, destroy boredom and seek justice for all. When they're not busy saving the world, they can be found on tour, traveling the highways and by-ways of the land in their trusty super-customized Battle Tram.

The series premiered on 3 March 2012 on the American cable network The Hub. The series' first season concluded on 16 June 2012 following a run of 13 episodes, having generated a largely positive critical reception and consistently high ratings for the channel.

All of season one's 13 episodes of wacky crime-fighting, music videos and outlandish villains are included in the 2-Disc deluxe collection to be released on 21 May 2013. Special guests on the show include 'Weird Al' Yankovic, Lou Diamond Phillips (Southland), Samm Levine (Freaks & Geeks), Jon Heder (Napoleon Dynamite) and more.

THE BEST OF LUXEMBOURGISH ADVERTISING

RTL Lëtzebuerg



Nathalie Reuter, co-host of the ceremony

On 20 February, RTL Lëtzebuerg and media group Maison Moderne, got together to celebrate the best advertising campaigns at the 2013 Media Awards ceremony.

Luxembourg – 22 February 2013

Some 800 communications professionals from agencies to announcers, got together to celebrate Luxembourg's creativity at a ceremony co-hosted by Nathalie Reuter (RTL Lëtzebuerg) and Jean-Michel Gaudron (Maison Moderne). The event opened with a moving tribute to Claude Moes and Tom Gloesener, two Luxembourgish personalities in communications and design, who died in 2012.

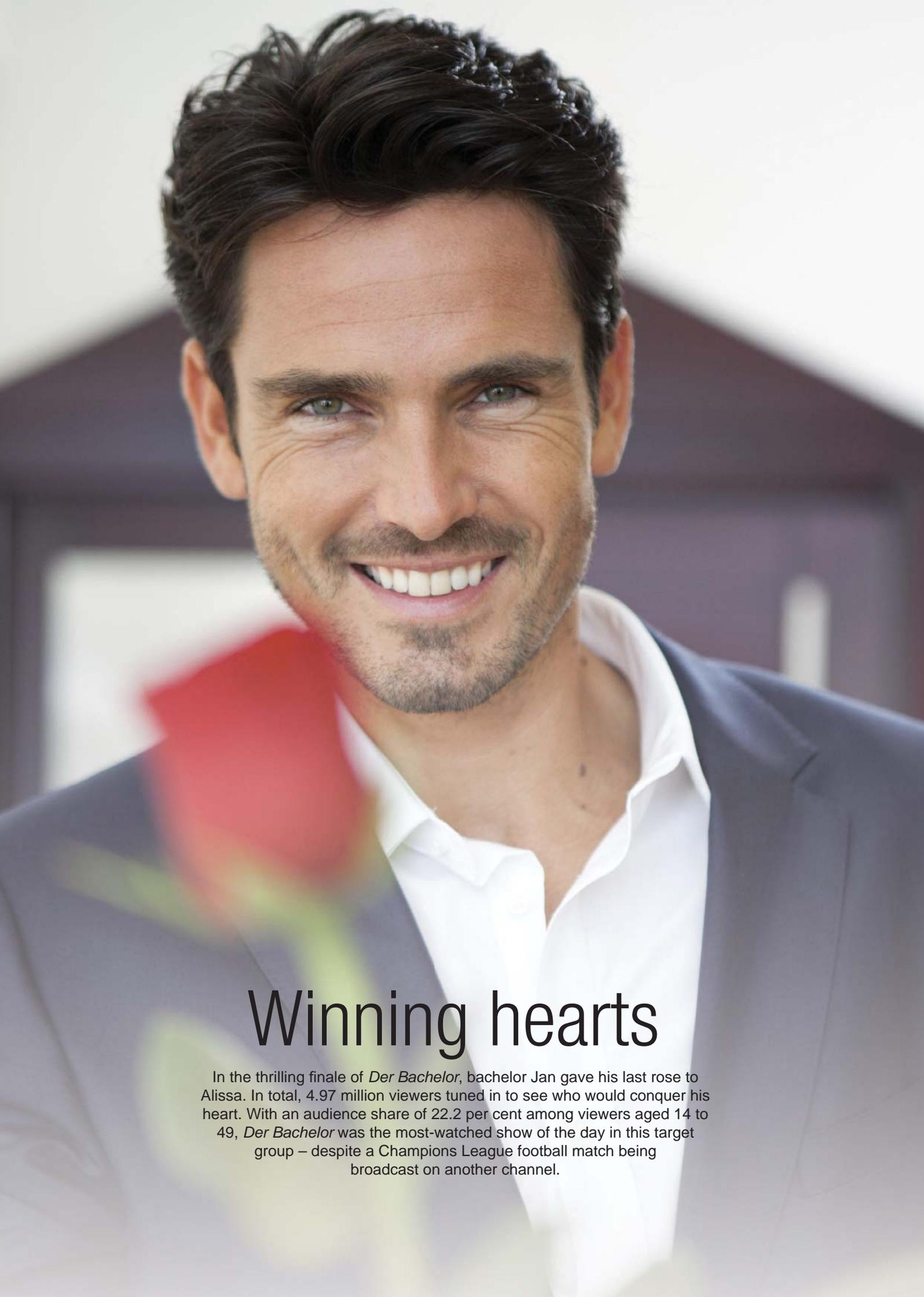


Around 800 communications professionals attended the event

In all, 48 advertising files were nominated in five specific categories: Internet, print, Business-to-Business (B2B) press, radio and TV / cinema. Among the winners: IP Luxembourg's Newmedia department (Bronze and Audience Award in the Internet category) for its 'Recruitment' campaign for Air Rescue, and IP Productions, which won two awards, in the TV / cinema category for the 'Prevention of psychosocial risks in the workplace' campaign for Luxembourg's Labour and Mines Inspectorate (Bronze), and the 'Alzheimer Awareness' campaign for the Luxembourg Alzheimer Association (Gold and Audience Award).

Over the course of the evening, the audience watched or re-watched TV adverts that had aired on RTL Télé Lëtzebuerg more than 30 years ago. They also enjoyed the comical performance of Freddy Tougaux, whose talent was discovered last year on the programme *La France a un incroyable talent* on M6.

Presided over by Fred Bouchard, Director of Media Marketing (Belgium), the jury for the 2013 Media Awards was made up of Luxembourgish members as well as foreign experts, including Luc Bieber, Managing Director of TNS-Ilres, Patrick Ernzer, in charge of communications for the Chamber of Commerce, and Olivier Mores, in charge of communications for P&T.



Winning hearts

In the thrilling finale of *Der Bachelor*, bachelor Jan gave his last rose to Alissa. In total, 4.97 million viewers tuned in to see who would conquer his heart. With an audience share of 22.2 per cent among viewers aged 14 to 49, *Der Bachelor* was the most-watched show of the day in this target group – despite a Champions League football match being broadcast on another channel.

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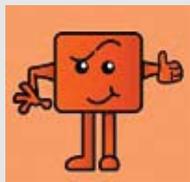


RTL 4 gets the country dancing

RTL 4

On 22 February 2013, RTL 4 honoured all sorts of dance styles with the launch of a new talent show called *Everybody Dance Now*.

The Netherlands – 22 February 2013



MediaSmart now available on social networks

Super RTL

The MediaSmart initiative promoted by Super RTL is now represented on social networks as well.

Germany – 25 February 2013



RTL Lëtzebuerg goes into extra time

RTL Lëtzebuerg

RTL Lëtzebuerg has signed an agreement with the Fédération Luxembourgeoise de Football (FLF) to continue airing *Goal*, its magazine dedicated to football in Luxembourg. RTL Newmedia has launched an application for sports fans for this occasion.

Luxembourg – 26 February 2013



RTL 4's four-day mission

RTL 4

On the RTL 4 show *Mijn Leven in Puin*, presenter Peter van der Vorst and two professionals help participants fight a mental disorder of our modern age: compulsive hoarding. The show is broadcast Tuesdays at 20:30, starting 26 February.

The Netherlands – 26 February 2013



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