In 2011, RTL Group increased...

RTL Group delivers

Revenue +4.2%

EBIT +9.9%

Net Profit +13.9%

Highest ever EBITA

€1,134m

Germany
IP Deutschland expands portfolio

United Kingdom
FremantleMedia acquires Recipes To Riches

France
M6 Web introduces ‘Spot Oversize’

Belgium
Club RTL launches Kidz RTL
Cover:
Montage with RTL Group CEO Gerhard Zeiler (right) and CFO Elmar Heggen
After a record result in 2010, how was RTL Group able to top that again in 2011?
The European TV advertising markets reflected a mixed picture and became increasingly challenging during the year 2011. While there were rather flat developments in Western Europe, the markets in Southern and Eastern Europe reported lower advertising revenue compared to 2010. Nevertheless, RTL Group’s consolidated revenue increased by 4.2 per cent to €5,765 million compared to €5,532 million in 2010, mainly based on higher revenue from FremantleMedia and RTL Nederland.

RTL Group succeeded in maintaining its profitability at the very high level achieved in 2010. Reported EBITA was €1,134 million, slightly up from €1,132 million, while the EBITA margin again reached almost 20 per cent. Net profit attributable to RTL Group shareholders was up 13.9 per cent to €696 million after €611 million in 2010.

How did the big broadcasters perform?
All of our families of channels maintained or increased their strong audience shares. This was the foundation to outperform the increasingly challenging TV advertising markets in almost every country we operate in.

In Germany, the EBITA of Mediengruppe RTL Deutschland in the key 14 to 49 target group remained stable at the previous year’s record level of 35.0 per cent. The RTL family of channels increased its market leadership over its main commercial competitor, ProSiebenSat1, from 5.3 to 6.1 percentage points.

In France, the reported EBITA of Groupe M6 was up 1.6 per cent to €249 million, based on significantly higher profit contributions from its television channels. With its complementary family of channels, Groupe M6’s combined total audience share increased to 15.2 per cent over the period. In the main commercial target group, housewives aged under 50, the combined audience share was also up, to 23.0 per cent.

Achieving its best viewer ratings since 1997, RTL Nederland again significantly outperformed a growing Dutch TV advertising market. Its EBITA rose by a huge 21.8 per cent to €134 million, due to higher profit contributions from both TV and radio activities. The profit centre’s four free-to-air TV channels achieved a combined prime time audience share of 35.2 per cent among viewers aged 20 to 49.

What about FremantleMedia?
FremantleMedia reported strong revenue growth of 12.3 per cent, driven by a strong performance in North America and the first-time full consolidation of recent acquisitions Radical Media and Ludia. In terms of profitability, 2011 was a year of stabilisation for FremantleMedia – at a high level. Despite continued general pressure on margins and volumes from broadcasters, EBITA of FremantleMedia was
slightly up year-on-year, at €143 million. In 2011, FremantleMedia’s global network of production companies was responsible for nearly 9,200 hours of TV programming in 58 countries, making it one of the largest creators of award-winning international programme brands. The company continued to produce the highest-rated entertainment shows for broadcasters in the biggest TV markets worldwide – including the US, the UK, Germany, France, the Netherlands and Australia – and distributed its programmes to more than 150 countries.

What did RTL Group achieve on the strategic front in 2011?
RTL Group developed its international portfolio during 2011, to safeguard our leading market positions and to develop new businesses.

In July 2011, RTL Group announced that it had exercised its put option towards Talpa Media Holding, and the transaction closed in December 2011. Following this put option, RTL Group exchanged Talpa Media’s 26.3 per cent minority shareholding in RTL Nederland for the Group’s 73.7 per cent interest in Radio 538, Radio 10 Gold and Slam FM. The asset deal with Talpa Media, signed and closed in 2007, created significant value for RTL Group and also strengthened RTL Nederland. The profit centre’s family of TV channels has reached new levels of profitability, with EBITA up from €68 million in 2006 to an exceptional €108 million in 2011.

Additionally, we bought out minority shareholders in Hungary and Croatia to build strong families of channels. Targeted online acquisitions in Germany and the Netherlands significantly strengthened our new media activities in these countries. Finally, we signed an agreement to exit the declining Greek broadcasting market.

What is your outlook for 2012?
Currently, we see different developments in the various countries we operate in. After the fourth quarter of 2011 was down in most countries, many had feared that an overall negative development would continue. But looking at January and February 2012, we can say that this did not happen. Given the high volatility of the various TV advertising markets throughout Europe, and the very short-term bookings cycle, it is not possible to give full-year guidance at the moment. However, RTL Group has repeatedly demonstrated that it can operate successfully in very difficult economic environments.

RTL Group reports higher revenue, net profit, EBITA stable

- Reported Group revenue up 4.2 per cent to €5,765 million, mainly based on higher revenue from FremantleMedia and RTL Nederland

- Following an exceptional 2010, RTL Group’s profitability remained very high: reported EBITA was €1,134 million, while return on sales decreased slightly to 19.7 per cent

- Net profit attributable to RTL Group shareholders up 13.9 per cent to €696 million

- Net cash from operating activities was €1,044 million, resulting in an operating cash conversion of 104 per cent and a net cash position of €1,238 million at the end of 2011

- Proposed dividend for 2011 of €5.10 per share, based on RTL Group’s continued strong financial performance and robust treasury position (2010: €5.00 per share)

- European TV advertising markets reflect a mixed picture in 2011: rather flat developments in Western Europe, with the exception of Belgium and the Netherlands, which were up. The markets in Southern and Eastern Europe reported lower advertising revenue compared to 2010

- Exit of Alpha Media Group, treated as discontinued operations; unwind of Talpa transaction completed
RTL Group’s profit centres outperform their peers

- With RTL Television reporting significantly higher audience ratings, Mediengruppe RTL Deutschland continued to increase its clear audience leadership over its main competitor, ProSiebenSat1, to 6.1 percentage points. With an EBITA of €529 million, the profit centre achieved its second-best result ever – by a large margin – despite a challenging German TV advertising market and higher investments in programming.

- In France, M6 was the only major French channel to increase its audience share year-on-year, while digital channel W9 reported significant growth, both in terms of advertising revenue and audience ratings. EBITA of Groupe M6 was up 1.6 per cent to €249 million.

- RTL Nederland scored its best ratings since 1997 and succeeded in capitalising them into double-digit growth of TV advertising revenue. EBITA increased 21.8 per cent to €134 million for both TV and radio operations.

- RTL Group’s production arm FremantleMedia reported revenue growth of 12.3 per cent, driven by higher revenue in North America and the first-time full consolidation of recent acquisitions Radical Media and Ludia. FremantleMedia’s EBITA was up 2.1 per cent to €143 million, despite general pressure on margins and volumes from broadcasters.

- RTL Radio in France reported EBITA growth of 25.0 per cent, at €30 million.

RTL Group strengthens its portfolio

- Full control of RTL Nederland: following the exercise of a put option, RTL Group exchanged its 73.7 per cent interest in Radio 538 for Talpa Media Holding’s 26.3 per cent minority shareholding in RTL Nederland.

- Building a family of channels in Hungary: RTL Group acquired a portfolio of seven Hungarian cable channels plus a further 31 per cent shareholding in the country’s number one channel, RTL Klub. This acquisition, plus a separate smaller deal, brings RTL Group’s shareholding in RTL Klub to 100 per cent, and provides the ideal platform on which to build a complementary family of channels, and to safeguard market leadership in Hungary.

- Full control of the Croatian broadcasting operation: RTL Group acquired the respective 13 per cent shareholdings of its local business partners in RTL Hrvatska (RTL Televizija and RTL 2, launched in January 2011).

- Decision to exit the Greek broadcasting market: in the light of the country’s serious and on-going economic and financial crisis RTL Group sold its 70 per cent majority shareholding in Alpha Media Group to the Greek entrepreneur Dimitris Contominas.

- In June 2011, RTL Group swapped its 30 per cent shareholding in Ren TV for a 7.5 per cent shareholding in the Russian media company National Media Group (NMG), as part of an agreement with the current shareholders of NMG.

- Mediengruppe RTL Deutschland to launch new free-TV channel, RTL Nitro, on 1 April 2012.
RTL Group’s new media activities continue to grow strongly

• In 2011, RTL Group’s online platforms and on-demand offers across Europe collectively generated 1.9 billion video views of professionally produced content – up 35 per cent year-on-year

• Total online advertising revenue was up 23 per cent year-on-year, driven by video advertising

• RTL Group companies have launched 125 mobile applications, registering 38 million downloads to date

• Mobile live TV services are now available in Germany, France, the Netherlands, Belgium and Luxembourg

• Pay-TV channels in Germany, France and the Netherlands are operating at a profit
IP Deutschland expands its portfolio

With Planet of Tech, Netzathleten presents the sixth vertical and closes the gap for specific technical environments that are increasingly in demand from advertisers.

Germany - 5 March 2012

For this reason, the technical content that was previously offered as a section under the Entertainweb.de umbrella now has its own website: PlanetOfTech.de. Currently Planet of Tech bundles 30 partner sites including Apfeltaik.de, Stereopoly.de and Computerhilfen.de, and reaches 3.72 million unique users (according to Agof Internet Facts 2011-11). Netzathleten Media are continuing the series here too, and will ensure the network becomes one of the top offers by adding further partner sites.

IP Deutschland takes over its marketing from now on, offering brand-name advertisers credible, high-quality branded environments for a technology-loving, free-spending target audience. The main focus is on hardware, software, mobile and consumer electronics – a mix for ‘real guys’. A look at the users confirms this impression: with Planet of Tech, Netzathleten Media has created a vertical that attracts a very clearly male profile. 71 percent of the users are men. They are young (18 to 39), educated and interested in technology, and quality and brand products are important to them. When it comes to purchasing decisions, they are regarded as ‘first movers’. All good reasons to use these environments in brand communication. Advertisers are spoiled for choice, because in addition to standard ads there is a selection of special forms of advertising such as half-page ads and pushdown ads, as well as the option of homepage events or interactive micro specials.
FremantleMedia acquires Recipes To Riches format

FremantleMedia and FremantleMedia Enterprises acquired the format and licensing rights to Recipe To Riches, a new reality competition series that sees home cooks battle for a cash prize and the chance to have their original recipe chosen and sold nationwide in a supermarket chain.

North America - 5 March 2012

Already a hit in Canada, Recipe To Riches kicks off with a cross-country search where a panel of food experts chooses finalists in a new food category each week. These categories can include anything from Sweet Puddings and Pies, to Cakes, Appetizers, Main Courses, or Sweet and Savoury Snacks. The top three finalists in each category fight for their recipes to be chosen as the category winner and awarded the weekly cash prize. The winning products are then immediately made available in grocery stores nationwide, allowing viewers to taste the products before they cast their vote to decide the ultimate Recipe To Riches champion.

Rob Clark, Director Global Entertainment Development at FremantleMedia, says: “Recipe To Riches is a ground-breaking programme. For the viewer, it’s the first truly interactive food show; in Idols, you can buy and enjoy the music, in Recipe To Riches, the viewer can eat the winning recipe. What could be more satisfying? Sight, sound, smell and taste, all in one TV show. We’re delighted to have acquired Recipe To Riches and we are very much looking forward to bringing local versions of the show to audiences around the world.”

FremantleMedia will roll the format out to international audiences through its worldwide network of production companies, and FME will represent the worldwide licensing rights to the brand (outside of Canada), working closely with the creative production teams to integrate retailers and sponsors into the show, create and launch products with retail partners, and develop brand extensions through social networks and live events to drive audience participation.
In 1995, Club RTL began by defining itself as a children’s rather than men’s channel. In recent months, Club RTL has been working to regain a privileged position with this target demographic, aiming to become a channel with "more personality, punch and dynamism," says Stéphane Rosenblatt, Director of Television at RTL Belgium, in an article for the daily newspaper Le Soir. In this respect, it is also about the channel retaking its traditional position, specifically among the 18 to 54 age group.

RTL Belgium’s second channel, the market leader among the 4 to 10 age group, is now offering its young audience a tailor-made environment with Kidz RTL. Between 6:30 and 9:30 in the week and up to 15:00 at weekends, Club RTL changes its name to offer viewers a ‘new channel within the channel’. The aim is also to strengthen the brand among younger audiences. A new corporate design allows the public to properly differentiate between the two channels. The programming will remain identical, with Disney and Studio 100 productions including Lutin Plop, Fred et Samson and Mega Windy.

For the male audience – where its market share in the 18 to 54 target audience has increased by 41 percent since September 2011, according to the channel – the main innovation is the launch of Scènes de crimes on 18 March, presented by the journalist Salima Belabbas. Broadcast every Sunday during prime time, the show delves into the heart of the most baffling criminal investigations and follows the lives of the police and their struggle against organised crime.

As for films, series and sports, Club RTL is sticking to its fundamentals. New films include National Treasure 2, Basic Instinct, Fast & Furious and Terminator 3. Also, the series CSI:Miami, CSI:NY and CSI:Las Vegas are moving from Plug RTL and from now on will be aired Saturdays on Club RTL.
This in-stream video format is one of eight new formats offered by M6 Publicité Digital in its strategy of distribution channel diversification. They join the new ‘10play’ in-banner video formats launched last January. The ‘oversize’ format optimises the interactivity and display of the video ads that are running. M6 Publicité Digital thus reinforces its status as a forerunner and trailblazer in online video advertising.

The first brand to benefit from this new advertising format is the French perfume company Guerlain, for the launch of “La Petite Robe Noire” perfume. The ‘oversize ads’ ensure the video plays outside the frame of the original player in uncommon or exceptional dimensions (but without filling the screen).

From 5 to 25 March, more than a million ads will run on multiple screens on Groupe M6 catch-up TV services (M6 Replay and W9 Replay on computer, IPTV/Connected TV, Mobile, Tablet), including more than 600,000 ‘oversize ads’ on computer screens.

M6 Web, which manages Groupe M6 digital and interactive services, works with Groupe M6 brands and channels to expand new screens (PC, IPTV, tablets, smartphones) by offering innovative content and M6 Replay (catch-up TV service) and by running more than 45 million videos each month. Almost 12 million unique visitors consulted Groupe M6 websites in December 2011 (Médiamétrie NetRatings).
RTL Belgium pays tribute

In conjunction with the release of the film ‘Cloelo’ in cinemas on 14 March 2012, Claude François is honoured on RTL Belgium. While Bel RTL searches the biggest fan of Claude François, RTL-TVI will broadcast ‘Podium’ featuring Benoît Poelvoorde (pictured) as Claude François on 10 March.
The German TV market in February

Mediengruppe RTL Deutschland channels achieved a combined market share of 34.8 per cent in February among the 14 to 49 age group, 6.2 percentage points ahead of the ProSiebenSat1 channels (28.6 per cent).

Germany - 2 March 2012

The Dutch TV market in February

In February 2012 RTL Nederland's channels scored a combined audience share of 32.5 per cent among viewers aged 20 to 49, a 5 per cent increase over the same month last year (31 per cent). Ahead of the public service broadcasters and SBS group channels, which reached 28.9 per cent and 20.4 per cent of viewers respectively.

The Netherlands - 6 March 2012

Immersion journalism captivates M6 viewers

On 29 February 2012, M6 broadcast the first two episodes of *Zita, dans la peau de*... in prime time. The topics, obesity and the lives of charwomen, made the documentary series a ratings hit: Up to 3.3 million viewers tuned in.

France - 2 March 2012

TV listings magazines lead the pack

A glance at the sales figures of magazines in Germany reveals that the seven top-selling titles are TV listings guides.

Luxembourg - 2 March 2012

What do cooking, farming and humour have in common?

For the sixth episode of *Top Chef*, M6 viewers were treated to some unusual guests on the programme: the farmers from *L'Amour est dans le Pré* and the comedians from Jamel Comedy Club.

France - 5 March 2012

Any time, anywhere, any device

RTL Belgium and Telenet expand their collaboration. As of 1 March 2012, RTL-TVI, Club RTL and Plug RTL are available on Yelo, the digital television platform on Wi-Fi launched by the operator.

Belgium - 6 March 2012