KBC presentation
22 May 2012
Andrew Buckhurst

The leading European entertainment network
Agenda

● INTRODUCTION
  ○ Business Review
  ○ Strategy Update
RTL Group
Qtr 1 2012: highlights

REVENUE
Continuing operations
EUR 1.32 billion

REPORTED EBITA
Continuing operations
EUR 191 million

Strong audience shares
in major markets
GERMANY, FRANCE, NETHERLANDS

2012: impact of portfolio changes:
unwind of Talpa transaction,
exit from Greek TV and new Hungarian cable channels

EBITA MARGIN
14.4%

CASH CONVERSION
104%

NET CASH POSITION
EUR 1.32 billion

DIVIDEND PAYMENT (26/4)
EUR 789 million

>MIXED MARKET CONDITIONS BUT EBITA MAINTAINED AT SECOND HIGHEST LEVEL
Agenda

- Introduction
- **BUSINESS REVIEW**
- Strategy Update
Germany & France
Advertising and audiences 2012

NET ADVERTISING MARKET DEVELOPMENT (in %)
Q1 2012 vs Q1 2011

Source: RTL Group estimates, Médiamétrie, delta versus same period 2011 (ytd April)

NET ADVERTISING MARKET DEVELOPMENT (in %)
2011 vs 2010

Source: RTL Group estimates, Médiamétrie, delta versus same period 2011 (ytd April)

YTD AUDIENCE SHARE – FAMILY OF CHANNELS
14-49 (in %)

Source: RTL Group estimates, Nielsen, delta versus same period 2011 (ytd April)

YTD AUDIENCE SHARE – FAMILY OF CHANNELS
HOUSEWIVES <50 ALL DAY (in %)

Source: RTL Group estimates, Médiamétrie, delta versus same period 2011 (ytd April)
Groupe M6 : M6 and W9; TF1 Group : TF1, TMC and NT1; France TV : Fr2-5
KEY FACTS 2011

● Continues to produce the highest rated entertainment shows around the world
  ○ In the US, season ten of American Idol was once again the most watched prime time entertainment series
  ○ Newly launched in the US, The X Factor premiered in September to an audience of 12.5 million viewers, making it Fox’s most watched new autumn series launch for five years
  ○ In the UK, season eight of The X Factor was the highest rated entertainment series of the year
  ○ In Germany season eight of the local version of Idols was at its highest level since series one

● Growth in revenue driven by new acquisitions with EBITA margin suffering due to continued pressure on margins and difficult comparatives

KEY FINANCIALS (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>FY 2011</th>
<th>FY 2010</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>1,429</td>
<td>1,272</td>
</tr>
<tr>
<td>EBITA</td>
<td>143</td>
<td>140</td>
</tr>
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</table>
### Netherlands & Belgium
### Advertising and audiences 2012

#### NET TV ADVERTISING MARKET DEVELOPMENT (in %)

<table>
<thead>
<tr>
<th></th>
<th>Market</th>
<th>RTL</th>
<th>SBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2012 vs Q1 2011</td>
<td>-4.0</td>
<td>-5.0</td>
<td>-4.0</td>
</tr>
</tbody>
</table>

Source: RTL Group estimates

#### YTD AUDIENCE SHARE – FAMILY OF CHANNELS

<table>
<thead>
<tr>
<th>Channel</th>
<th>YTD Audience Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL</td>
<td>33.8</td>
</tr>
<tr>
<td>SBS</td>
<td>20.2</td>
</tr>
<tr>
<td>Ned 1-3</td>
<td>28.2</td>
</tr>
</tbody>
</table>

Source: RTL Group estimates, 20-49, PRIMETIME (in %); delta versus same period 2011 (ytd April)

#### NET TV ADVERTISING MARKET DEVELOPMENT (in %)

<table>
<thead>
<tr>
<th></th>
<th>Market</th>
<th>RTL</th>
<th>RTBF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2012 vs Q1 2011</td>
<td>-6.0</td>
<td>-7.0</td>
<td>-5.0</td>
</tr>
</tbody>
</table>

Source: RTL Group estimates

#### YTD TV AUDIENCE SHARE – FAMILY OF CHANNELS

<table>
<thead>
<tr>
<th>Channel</th>
<th>YTD TV Audience Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTL Belgium</td>
<td>37.7</td>
</tr>
<tr>
<td>Pubcaster</td>
<td>18.7</td>
</tr>
<tr>
<td>AB</td>
<td>4.6</td>
</tr>
<tr>
<td>French Channels</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Source: RTL Group estimates, shoppers 18-54, PRIMETIME (in %); delta versus same period 2011 (ytd April)
Agenda

- Introduction
- Business Review
- **STRATEGY UPDATE**
1. WHAT ARE THE CHALLENGES OF 'DIGITAL'?

2. WHAT IS OUR STRATEGIC RESPONSE?

3. DIGITAL FACT VS DIGITAL FICTION
What Are The Challenges of Digital?

1. Increasing Competition
   - More “TV” than ever
   - New and traditional players competing for business
     - Higher demand for premium content
     - Pressure on ad prices

2. Technological Change
   - Merged TV and online world
   - Abuse of TV signal
   - Emerging gatekeepers
   - Separation of channel and format brands

3. Shift in Consumer Behaviour
   - Non-linear TV viewing
   - TV goes mobile
   - Further fragmentation of TV usage
   - Diminishing relevance of linear TV
   - Potential shift of advertising budgets
1. WHAT ARE THE CHALLENGES OF DIGITAL?
2. WHAT IS OUR STRATEGIC RESPONSE?
3. DIGITAL FACT vs DIGITAL FICTION
What Is Our Strategic Response?

Invest and Experiment

- 1.9 billion video views in 2011
- +35% yoy
- 125 Apps already launched
- 38m and growing
- Total App Downloads
- ONLINE & MOBILE
- NON-LINEAR OFFERS
- TV & More
What Is Our Strategic Response?

Capture non-linear growth opportunities by actively shaping non-linear and leveraging RTL’s brand.

1. Content acquisition and aggregation

   - Acquire the rights

2. Distribution of non-linear products

   - Be available on all screens

3. Advertising sales

   - Sell advertising ourselves

4. Business model and monetization

   - Create flexibility to grow

5. Measurement currencies for advertising

   - Maintain and expand our audience
What are the challenges of digital?

What is our strategic response?

Digital fact vs digital fiction
Digital Fact versus Digital Fiction

**Fragmentation:**
‘Audiences are moving away from TV and spreading thinly across thousands of destinations.’

**Targeting:**
‘Advertisers are demanding targeting, which TV does not provide’

**Non-Linear:**
‘The demand for ‘on-demand’ is cannibalizing linear TV audiences’

**Disintermediation:**
‘New platforms and technologies are allowing producers to bypass broadcasters’

**Linear TV Usage (in minutes/day)**

<table>
<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>242</td>
<td>287</td>
</tr>
<tr>
<td>Europe</td>
<td>203</td>
<td>228</td>
</tr>
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+45 min
+25 min

Source: Eurodata TV Worldwide

"The fact remains that Americans are not turning off.....The TV screen remains the dominant platform on which to consume video content." Nielsen May 2012

"Increasingly the way we are thinking is that media is being polarised into a TV and digital world, and what gets squeezed in the middle is …magazines and newspapers…..I think it’s a TV and digital world that we live in. And it is starting to rebalance towards TV in many cases, because TV drives word of mouth" Mark Read WPP’s Director of Strategy and CEO of WPP Digital, May 2012

‘..broadcaster sites are the most popular destinations to obtain TV content, with all of them increasing the number of visitors….’

Top two UK ‘YouTube’ channels?
BGT & X Factor.

Source: Thinkbox

"Catch-up is consolidating its position as the primary role for web VOD, as broadcaster owned players dominate other VOD activity"

Have watched TV on the web
Use PC VOD primarily as a TV catch up service

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2010</th>
<th>2012</th>
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<tbody>
<tr>
<td>64%</td>
<td>80%</td>
<td>78%</td>
<td>89%</td>
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Source: thinkbox
Qualities that define a successful ‘digital’ entertainment company remain the same:

- Great Content
- Strong Brands
- Massive Reach