RTL GROUP

TV stands for Total Video

JPM CEO Conference
London, 29 June 2016
Guillaume de Posch
Agenda

1  STRATEGY

- Introduction to Total Video
- Content
- Ad Tech
- Data
Overview
‘Total Video’ describes the dynamic expanding TV universe

TV as we know it …

TV landscape has been fragmenting generation by generation

… evolving to Total TV …

Now non-linear offers grow in quantity and quality, moving closer to traditional TV as TV-like offers

… as an integrated eco-system

Digital tech, data and new types of content are embedded in Total TV
TV universe

Linear TV universe has expanded for generations and this will continue …

Fragmentation expected to accelerate

… targeting more niche audiences or business models

… via new distribution platforms

Definitions: Long-form is > 30 minutes, Short-form is < 30 minutes, Lower invest is defined as content produced <50K per hour. Higher invest is defined as content produced for >50k.

Source: Market sizes are internal estimations from a combination of internal business unit estimations and research sources.
TV universe

... expanding from linear to non-linear – illustrated in four ‘Quadrants’

Audiences expect...
- More choice
- More personalized viewing
- Less advertising, better experience

Advertisers expect...
- Higher ROI (driven by efficiencies)
- Fully transparent reporting
- Innovative cross-platform or cross-market campaigns
Viewing time
‘Total Video’ is currently not fully measured …

Total video viewing time
Minutes per user per day / estimated

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>France</th>
<th>USA</th>
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<tbody>
<tr>
<td>Online short-form</td>
<td>6</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Online long-form (SVOD/Catch-up TV)</td>
<td>232m</td>
<td>249m</td>
<td>328m</td>
</tr>
<tr>
<td>Time-shifted (DVR)</td>
<td>13</td>
<td>10</td>
<td>29</td>
</tr>
<tr>
<td>Linear TV</td>
<td>5</td>
<td>6</td>
<td>25</td>
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“Leakage” can only be estimated – TV measurement systems only slowly catching up

Source: IHS May 2016, user defined as internet user between 18-64 evenly balanced by demographic, age, gender and income
... while the total addressable video market is steadily increasing

**Estimated ‘Total Video’ market development**

- **In € billion**
- Source: IHS May 2016

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<tbody>
<tr>
<td><strong>2015E</strong></td>
<td>3.7</td>
<td>4.7</td>
<td>69</td>
</tr>
<tr>
<td><strong>2020E</strong></td>
<td>4.6</td>
<td>3.5</td>
<td>12</td>
</tr>
<tr>
<td><strong>CAGR</strong></td>
<td>+4%</td>
<td>+5%</td>
<td>+4%</td>
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</table>

**SVOD**

**Catch up TV**

**Linear and time-shifted TV**

**Online short-form**

**Intro**

- **Catch Up TV**
- **SVOD**
- **YouTube / Facebook**
- **Other online short-form**
- **Linear / Time shifted TV**
Our strategic priorities across the 4 quadrants

Follow the viewers and explore presence in all video segments...

- **Long form**
  - 4: Explore potential SVOD offerings

- **Short form**
  - 3: Invest in digital first content and brands
  - 2: Expand our presence in MCNs globally and monetize

Our ambition for ... audience
- Capture growth in total video, regain younger audiences, prevent unmeasured viewing

... advertisers
- Offer wider scope of advertising products in ‘Total Video’
Strategic priorities

...while investing in key success factors: exclusive content, ad-tech and data

- Unique content remains essential in a ‘Total Video’ universe
- Digital technology will be key enabler
- Ability to unlock data is going to be key
Agenda

1. STRATEGY

1. TV Broadcast Family
2. MCN
3. Originals
4. Content
5. Ad tech
6. Data
Broadcast family

Expansion of RTL broadcast family – linear and non-linear

Continue to expand broadcasting family – especially in non-linear

Investing in our family of channels remains top-priority

Catch-up is now an integral part of our family – and is treated as its own brand

Continue to optimize channel portfolio & launch new channels
Broadcast family

We have never launched as many new channels as in the last three years

- 27 FTA channels
- 32 basic pay channels
- 31 radio channels

+6 FTA channels added since 2013
+9 Pay-TV channels added since 2013
+2 radio stations added since 2013
MCNs
Short-form business expanding beyond YouTube

New platforms are gaining scale – driving growth and monetisation opportunities

Our MCNs enjoy high audience growth

Continue to build the RTL Group Digital Hub
Growth

Multi-platform presence likely to become more & more relevant to distribution

Platforms expanding to videos

**Facebook**
- Serious about video, now focus on live
- 8bn daily video views (Nov’15), x2 April 2015

**Go90**
- Verizon sub. OTT, packed with originals
- Launch – Fall 2015
- Commissioned StyleHaul 2 original series

**Amazon**
- Launching various video initiatives: SVOD as stand-alone, Video Direct for UGC
- Commissioned StyleHaul 2 original series

**The Huffington Post**
- Outspeak – citizen journalism with BBTV
- Launch – Fall 2015
- 41m video impressions in 2015

The rise of new social video platforms

**Snapchat**
- Very popular among younger audiences
- 10bn daily video views (April 2016)

**Instagram**
- Very strong, well integrated with Facebook
- 400m active users, 51% are male (2015)

**YouNow**
- Livestreaming app
- 100m user sessions / month (April 2015)

**Vine**
- 6-second looping videos sharing app
- 200m active users, 1.5bn daily loops (Dec 2015)

**Twitter**
- Own and embeddable videos + Focus on live with Periscope
- 90% of Twitter video watch happen on mobile
- Periscope: 1m users

Develop longer-form content and create editorial partnerships

Multiply innovative short-form formats and recruit new talent
Digital first brands

**Invest into digital first brands and web-original content**

- Invest in digital first brands, expand web original content
- First steps made to create new digital brands
- But more investment needed to gain relevance and brand value
Digital first brands

We are building digital brands in key verticals…

Examples: non-exhaustive partners
Digital first brands
... as well as ramping-up our web original content

RTL Group web original content
Purely commissioned for web, excl. branded content
*Estimate*

- 1h15 movie on YouTube
- 75% of budget covered by product placement
- 3.3 million views

BBTV incl. YB & Stylehaul: 1,764
FM Broadcasters: ~500
FY 2015: 130

~2400hrs

Illustrative examples only

- #1 Pre-school Kids MCN on YouTube
- Creating in-house kids content at scale

Source: Web original content is still a rough estimation. Broadcasters includes web original content from GE, FR, NL
Strategic priorities in content
Fremantle is positioning itself in all ‘Total Video’ quadrants

- **A**: Maintain the core business and maximize the network
  - Keep existing hits on air
  - Roll out formats to new territories

- **B**: Develop the pipeline
  - Create new formats
  - Accelerate the scripted strategy
  - Expand across value chain
  - Strengthen off-YouTube distribution
  - Develop new verticals

- **C**: Build a scalable digital business
  - Higher invest
  - Lower invest
## Develop pipeline

Our scripted strategy is showing growth potential

<table>
<thead>
<tr>
<th>1</th>
<th>Major series <strong>American Gods</strong> and <strong>Young Pope</strong> progressing</th>
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</thead>
<tbody>
<tr>
<td><strong>American Gods</strong> (Starz)</td>
<td>- Casting for major roles complete with Ricky Whittle (<em>Hollyoaks, Mistresses</em>) as lead</td>
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<tr>
<td></td>
<td>- Filming started, launch in 2017</td>
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<tr>
<td><strong>The Young Pope</strong> (HBO/Sky/Canal+)</td>
<td>- Paolo Sorrentino mini-series starring Jude Law and Diane Keaton</td>
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<tr>
<td></td>
<td>- Produced by <strong>Wildside</strong></td>
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<td></td>
<td>- Launches in 2016 (TBC)</td>
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<tr>
<th>2</th>
<th>Continued success in non-English language</th>
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<tr>
<td></td>
<td>- First subtitled drama ever to be aired in the US</td>
</tr>
<tr>
<td></td>
<td>- Highest rated subtitled drama in UK history</td>
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<tr>
<td></td>
<td>- #1 in the Scandinavia</td>
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<tr>
<td></td>
<td>- Season 2 in development</td>
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<tr>
<td></td>
<td>- Season 2 in production</td>
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<tr>
<td></td>
<td>- UK adaptation in development (Euston)</td>
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<tr>
<td></td>
<td>- Successful launch season on Canal+</td>
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<tr>
<td></td>
<td>- Second season commissioned</td>
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<table>
<thead>
<tr>
<th>3</th>
<th>Wide range of new commissions / developments</th>
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<tbody>
<tr>
<td><strong>Hard Sun</strong> (BBC/Hulu)</td>
<td>- Euston Films’ first commission. In pre-production</td>
</tr>
<tr>
<td><strong>Wentworth</strong> (SoHo Aus)</td>
<td>- S4 launching, two more commissioned</td>
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<td></td>
<td>- 2 international remakes</td>
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<tr>
<td><strong>Picnic at Hanging Rock</strong> (Foxtel)</td>
<td>- FM Australia adaptation of 1970 mystery film</td>
</tr>
<tr>
<td><strong>Ruby King</strong> (ITV)</td>
<td>- Euston Films legal drama</td>
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<tr>
<td></td>
<td>- At script stage with Graham Mitchell</td>
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<tr>
<td><strong>Baghdad Central</strong> (C4)</td>
<td>- Euston Films post-war Iraq drama</td>
</tr>
<tr>
<td></td>
<td>- At script stage with Stephen Butchard</td>
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Develop pipeline
Helped by a range of bolt-on talent and M&A deals over the past year

<table>
<thead>
<tr>
<th>DATE</th>
<th>HOLDING</th>
<th># of IP</th>
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<tbody>
<tr>
<td>Sep 2015</td>
<td>51%</td>
<td>3 Shows in production or funded development</td>
</tr>
<tr>
<td>Jan 2015</td>
<td>25%</td>
<td>2 Shows in funded development</td>
</tr>
<tr>
<td>Sep 2015</td>
<td>25%</td>
<td>5 Shows in production or funded development in UK and US</td>
</tr>
<tr>
<td>Dec 2015</td>
<td>25%</td>
<td>4 Shows in production or funded development</td>
</tr>
<tr>
<td>Dec 2015</td>
<td>25%</td>
<td>1 Show in funded development</td>
</tr>
<tr>
<td>May 2016</td>
<td>25%</td>
<td>new Wild Blue Media and Dancing Ledge</td>
</tr>
<tr>
<td>June 2016</td>
<td>25%</td>
<td>new Wild Blue Media and Dancing Ledge</td>
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These deals are already contributing IP to the pipeline
Ad tech

Technology connects content, publishers and advertisers in the online world

Legal and regulatory: Ad tech

- Ad tech
- Technology connects content, publishers and advertisers in the online world
- Media tech becoming relevant – publishers selecting ad-tech
- SpotX capturing market growth but face full ad-stack competition
- Need to develop own integrated ad-stack

ILLUSTRATIVE

Example: Trend to create full ad-stack
Ad tech strategy

We are accelerating our position to build a holistic ad-stack for RTL Group

1. Grow assets
   - Roadmap in execution

2. Extend capabilities
   - Prepare for convergence

3. Strengthen European presence
   - Secure EU-footprint with acquisition

4. Integrate ad tech family and foster group wide tech-projects
   - “Build” own tech capabilities

5. Potential for global network / alliances?
   - Build alliances
Data

Data will be key facilitator to drive media sales and user experience

- Data is a new battleground
- First moves to develop data strategies
- We will increase efforts and potentially acquire additional competencies
Data 1.0
Digital data and traditional TV are moving closer together

TV data as we know it...
- TV only panel data
- No targeting on FTA TV
- Basic online targeting (cookies)
- No insights beyond TV usage

... currently transforming...
- Inclusion of online video data (e.g., catch-up)
- Evolving cross-screen targeting
- More insights – but no full 'user journey'

... with big goals ahead
- Total video measurement (cross-platform, linear / non-linear)
- Potentially address advertising on household or device level
- Real time user behavior with closed loop (from ad to purchase)

Our role
Low engagement in data management
First projects initiated – on track to gain data business insights
Manage own data and execute for business success
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