



Thomas Rabe
Chief Executive Officer
RTL Group

Chief Executive's report

2021 was a successful year for RTL. We achieved record results thanks to the recovery of the advertising markets, our strong market positions and active portfolio management. And we made significant progress in the creation of national media champions, as well as the growth of our streaming services and content business Fremantle.

"We have made significant progress in executing our strategy to establish national cross-media champions to compete with the global tech platforms."

Thomas Rabe

An all-time high

RTL Group performed strongly in 2021. Group revenue increased by 10.3 per cent to €6.6 billion. It was up 13.5 per cent organically compared to 2020 and 4.3 per cent compared to 2019. TV advertising revenue increased by 16.0 per cent, content revenue from Fremantle by 25.3 per cent and streaming revenue by 31.2 per cent.

The full-year Adjusted EBITA after streaming investments was €1,152 million in 2021 – a 35.1 per cent increase. This, together with capital gains from the disposals of SpotX, Ludia and VideoAmp, led to a record Group profit of almost €1.5 billion.

The Group's Board of Directors has proposed a dividend of €5.00 per share for 2021, which is in line with our dividend policy and represents a dividend yield of 10.3 per cent. We will continue to create value for our shareholders by driving market consolidation and implementing the growth plans for our streaming and content businesses.

A strategy with three priorities

RTL Group's strategy is based on three priorities. Firstly, to strengthen RTL Group's **core** businesses by investing in premium content, strengthening our families of channels, focusing on cost control and portfolio management, and driving market consolidation. Secondly, to expand the Group's **growth** businesses, in particular our streaming services, advertising technology and addressable TV, and global content production from Fremantle. And finally, to foster **alliances & partnerships** which span from advertising sales and content production to technology and data.

To keep the management teams across the Group informed during the pandemic, Thomas Rabe continues to hold virtual management meetings.



Leading TV consolidation in Europe

Since the summer of 2020, we have expressed our conviction that alliances, mergers and the creation of national TV champions in Europe are necessary. Given the ever-growing competition from the global tech platforms, we believe it is necessary to scale up and bundle resources. This will enable us to increase our investments in exclusive, local content, in our streaming services and in tech & data.

One year ago we said: we are ready to act. Today, we are leading TV consolidation in Europe. In May 2021, we announced the combination of Groupe TF1 and Groupe M6 in France. The transaction is aimed to close at the beginning of 2023. RTL Group will then own 16 per cent of the combined group, after selling an 11 per cent stake to Groupe Bouygues – the principal shareholder of Groupe TF1 – for €641 million. With full-year revenue of more than €3.4 billion, the new group will be the fourth largest European broadcasting group. The synergy potential – i.e. the positive impact on operating profit Adjusted EBITA – is estimated at €250 million to €350 million per year by 2026. This demonstrates the value creation potential of in-country consolidation.

In June 2021, we announced the combination of RTL Nederland and John de Mol's Talpa Network. The completion of the transaction is expected in 2022. Talpa Network will contribute its TV, radio, print, digital, e-commerce and other assets to RTL Nederland and will receive a 30 per cent shareholding in the enlarged RTL Nederland in return. RTL Group will hold the remaining 70 per cent and will continue to fully consolidate RTL Nederland. The synergies of the merger are estimated between €100 million and €120 million per year, to be fully realised by 2025.

A German cross-media champion

In January 2022, RTL Deutschland acquired Gruner + Jahr's German publishing assets and brands to create Germany's first cross-media champion. The synergies are estimated to be €100 million per year, to be fully realised by 2025. These synergies – three quarters of which are growth-driven – result from more exclusive and diverse cross-media content, increased appeal for Germany's top creative talent and optimised cross-media advertising campaigns.

A more focused Group

As part of our strategy to create national media champions, we decided to sell RTL Belgium to DPG Media and Groupe Rossel, and RTL Croatia to Central European Media Enterprises (CME).

To focus our portfolio, we also sold our interests in the US ad-tech companies SpotX and VideoAmp, and in the Canadian mobile video game company Ludia.

A one-app, all-media solution

In November 2021, we rebranded our German streaming service from TV Now to RTL+. We are preparing for the expansion of RTL+ to a cross-media entertainment service, comprising video, audio (music, podcasts, audio books) and text (e-magazines). The one-app, all-media offer will be based on state-of-the-art technology with a high degree of personalisation.

Strong partnerships are vital to grow our streaming services. In November 2020, Deutsche Telekom and RTL Deutschland announced the expansion of their cooperation. We integrated our streaming service RTL+ Premium with Deutsche Telekom's TV offer, Magenta TV, contributing significantly to the rapid growth of RTL+ in 2021. We have also agreed to increase cooperation in advertising technology, advertising sales and content – with a particular focus on addressable TV.

Ambitious streaming targets

During 2021, we invested heavily in technology, marketing and content to further boost the growth of our streaming services. By the end of the year, we registered more than 3.8 million paying subscribers for RTL+ in Germany and Videoland in the Netherlands, meaning that our subscriber base grew by 74 per cent year on year.

We have significantly raised our streaming targets. Compared to 2021, we plan to triple the annual content investments to around €600 million by 2026. On this basis, we aim to grow the number of paying subscribers for RTL+ and Videoland to 10 million by the end of 2026, to increase our streaming revenue to €1 billion and to reach profitability for the two services in 2026.

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A global content powerhouse

We also have big ambitions for Fremantle, our global content business. We will accelerate the company's expansion – both organically and via M&A – with a revenue target of €3 billion by 2025, thus doubling the revenue compared with 2020.

Since 2012, Fremantle has successfully expanded into scripted drama and established a global production network in 20 countries – organically and via acquisitions such as Wildside, Kwaï and Miso Film. This helped to significantly expand partnerships with global and national streaming services, which in 2021 accounted for more than 15 per cent of Fremantle's total revenue.

There is a strong and growing demand for high-end factual content and documentaries, in particular from streaming services. Fremantle responded to this demand by establishing a new global factual division, with the aim of replicating its success in scripted.

M&A is part of the €3 billion revenue growth plan for Fremantle – and we have been active with four acquisitions since April 2021. Firstly, we increased our stake in Abot Hameiri, taking full ownership of one of the leading entertainment producers in Israel. We also stepped up our shareholding in Eureka to a majority position, and we fully acquired twelve production labels from Nent Group in the Nordics. In March 2022, we acquired 70 per cent of Lux Vide, one of the leading Italian production companies for scripted content.

Throughout 2021, Fremantle continued to have major creative successes across all genres. The film *The Hand of God*, produced for Netflix and directed by Paolo Sorrentino, has been nominated as Best International Feature Film in the 2022 Academy Awards. In March 2022, Fremantle signed a three-year international filmmaking agreement with Oscar-winning actress Angelina Jolie. These achievements show that Fremantle has firmly established itself as a home and attractive partner for the best creative minds, especially in the areas of fictional productions and documentaries.

A united RTL brand

With all these changes, the time had come to reposition our core RTL brand with a new identity and based on a clear set of principles. Standing for inspiration, energy and attitude, our new brand identity – RTL United – does exactly that. With our new multicoloured logo, we combine the power of a one-brand strategy with the customisation possibilities of the digital world.

The rebranding started with RTL Group and RTL Deutschland, with the international roll-out following in 2022. RTL, as Europe's leading entertainment brand, stands for positive entertainment and independent journalism.