

Quarterly statement

January to September 2023: Strong growth of streaming revenue and subscribers amid challenging advertising markets

- January to September 2023: Group revenue down 6.9 per cent to €4.66 billion due to lower TV advertising revenue and lower Fremantle revenue; Group revenue down 6.0 per cent organically
- Continued strong growth of RTL Group’s streaming services RTL+ and Videoland: paying subscribers up 30.3 per cent year on year to 6.2 million, streaming revenue up 21.0 per cent for the period January to September 2023
- Q3/2023: Group revenue down 10.3 per cent to €1.6 billion; Group revenue down 9.2 per cent organically due to timing effects at Fremantle and lower TV advertising revenue; TV advertising revenue down 3.7 per cent in Q3/2023 compared to minus 12.5 per cent in H1/2023
- RTL Group’s family of TV channels in Germany gained audience shares, extending the lead over its main commercial competitor ProSiebenSat1
- Due to persistent weakness of the TV advertising markets, in particular in Germany, RTL Group now expects its TV advertising revenue to decline by a mid-single-digit percentage in the second half of 2023 (previous guidance: “stable to slightly growing”) and Fremantle’s full-year revenue to be lower than expected due to more muted buyer activity
- Despite market share gains in Germany and cost containment measures, RTL Group now expects full-year revenue for 2023 of around €6.9 billion (previous guidance: around €7.0 billion) and an Adjusted EBITA of around €900 million (previous guidance: around €950 million)

Luxembourg, 8 November 2023 – RTL Group today published the following quarterly statement for the first nine months of 2023 (January to September 2023).

CEO’s quote

Thomas Rabe, Chief Executive Officer of RTL Group, says:

“Despite challenging market conditions, we are pursuing the transformation of our businesses with significant streaming and technology investments. Our streaming business grew strongly, with around 1.5 million net paying subscribers added over the past 12 months. In October, we started a major marketing campaign for Germany’s first all-inclusive entertainment app, RTL+ – comprising video, audio and text in one app.

As expected, the decrease in TV advertising revenue has slowed down significantly in the third quarter and we have seen strong performance across the Group in September.

Going into the fourth quarter, however, the European advertising markets are turning out to be softer than we expected, and despite countermeasures, we have had to adjust our outlook.”

Revenue

Group revenue was down 6.9 per cent to €4,661 million (January to September 2022: €5,006 million), mainly due to significantly lower TV advertising revenue from broadcasting businesses and lower Fremantle revenue. Group revenue was down 6.0 per cent organically¹. **Group revenue in the third quarter of 2023** was down 10.3 per cent to €1,552 million (Q3/2022: €1,730 million), mainly due to timing effects at Fremantle and lower TV advertising revenue.

The revenue of RTL Group's content business, **Fremantle**, was down 7.0 per cent to €1,534 million (January to September 2022: €1,650 million), also due to lower buyer activity. In the third quarter of 2023, Fremantle revenue declined by 21.0 per cent to €527 million, mainly due to lower buyer activity and extraordinarily strong performance in Q3/2022 when major productions such as season two of *The Mosquito Coast*, *Too Hot To Handle* (UK) and *Wedding Season* were delivered. In Q4/2023, Fremantle plans to deliver major productions such as *Priscilla*, *Domino Day*, *Mamma Mia! I Have a Dream*, *Helgoland* and *WWII: From the Frontlines*.

Streaming revenue² from RTL+ and Videoland was up 21.0 per cent to €236 million (January to September 2022: €195 million), driven by a significantly higher number of paying subscribers in Germany and the Netherlands.

RTL Group's total **advertising revenue** decreased by 8.5 per cent to €2,303 million (January to September 2022: €2,517 million), of which €1,778 million represented **TV advertising revenue** (January to September 2022: €1,972 million), €251 million **digital advertising revenue** (January to September 2022: €259 million) and €130 million **radio advertising revenue** (January to September 2022: €135 million).

In the third quarter of 2023, RTL Group's total **advertising revenue** decreased by 1.8 per cent to €766 million (Q3/2022: €780 million), of which €591 million represented **TV advertising revenue** (Q3/2022: €614 million), €86 million **digital advertising revenue** (Q3/2022: €80 million) and €43 million **radio advertising revenue** (Q3/2022: €42 million).

RTL Group's **distribution revenue**³ remained stable at €327 million (January to September 2022: €329 million).

Net debt

As of 30 September 2023, RTL Group had net debt of €-687 million⁴ (31 December 2022: net cash of €180 million).

¹ Adjusted for portfolio changes and at constant exchange rates. Further details can be found in Key performance indicators on page 13 of RTL Group's interim report 2023

² Streaming revenue includes SVOD, TVOD, in-stream and distribution revenue from RTL+ in Germany, RTL+ in Hungary (including RTL+/RTL+ Active/RTL+ Light) and Videoland/RTL XL in the Netherlands

³ Revenue generated across all distribution platforms (cable, satellite, internet TV) including subscription and re-transmission fees

⁴ Net cash/(debt) excludes current and non-current lease liabilities. Including these, net debt as of 30 September 2023 was €-1,043 million (31 December 2022: net debt of €-205 million). See Key performance indicators on page 16 of RTL Group's interim report 2023

TV markets

Net TV advertising market growth rates and RTL Group audience shares in main target groups

RTL Group estimates that net TV advertising markets were significantly down in Germany, France and the Netherlands for the first nine months of 2023. A summary of RTL Group's key markets is shown below, including estimates of net TV advertising market growth rates and the audience shares in the main target audience group.

	Net TV advertising market growth rate January to September 2023 (in per cent)	RTL Group audience share in main target group January to September 2023 (in per cent)	RTL Group audience share in main target group January to September 2022 (in per cent)
Germany	-11.0 to -12.0 ⁵	27.4 ⁶	27.1 ⁶
France	-4.0 to -5.0 ⁷	22.0 ⁸	22.4 ⁸
Netherlands	-7.9 ⁵	34.3 ⁹	34.6 ⁹

Operational highlights

RTL Group maintains its strategic framework of strengthening the Group's **core** businesses, expanding RTL Group's **growth** businesses, and fostering **alliances and partnerships** in the European media industry.

By the end of September 2023, RTL Group had registered **6.234 million paying subscribers** for its streaming services RTL+ in Germany and Hungary, and Videoland in the Netherlands, an increase of **30.3** per cent year on year (end of September 2022: 4.784 million).

- Paying subscribers for **RTL+ in Germany** increased by **26.9** per cent year on year to **4.665** million (end of September 2022: 3.675 million). The strategic partnership with Deutsche Telekom to bundle RTL+ Premium in Magenta TV continued to contribute significantly to the growth.
- Paying subscribers for **Videoland** in the Netherlands grew **16.2** per cent year on year to **1.289** million (end of September 2022: 1.109 million).
- The number of paying subscribers for **RTL+ in Hungary** (including RTL+ Active) was **0.280** million at the end of September 2023. RTL+ in Hungary was launched in November 2022.¹⁰

In August 2023, **RTL Deutschland** started the roll-out of Germany's first multimedia app RTL+, with video, music, podcasts, audiobooks and magazine content in one single app. To further increase awareness and establish RTL+ among its target group, RTL Deutschland has recently launched a major cross-media marketing campaign that will run until the end of the year.

In the first nine months of 2023, **RTL Deutschland's combined audience share** in the main commercial target group of viewers aged 14 to 59 increased to 27.4 per cent (January to September 2022: 27.1 per cent), extending the lead over its main commercial competitor ProSiebenSat1 to 5.7 percentage points (January to September 2022: lead of 4.6 percentage points).

⁵ Industry and RTL Group estimates

⁶ Source: GfK, Target group: 14 to 59, including pay-TV channels

⁷ Source: Groupe M6 estimate

⁸ Source: Médiamétrie. Target group: women under 50 responsible for purchases (free-to-air channels: M6, W9, 6ter and Gulli)

⁹ Source: SKO. Target group: 25 to 54, 18h-24h

¹⁰ The previous services, RTL Most and RTL Most+, were integrated into RTL+ under the packages RTL+ Light and RTL+ Active. Therefore, RTL+ has three models: a direct-to-consumer subscription model without advertising, a TV subscription model (for example via an IPTV subscription), and a registration-based advertising-funded model

As the exclusive partner in Germany, **RTL Deutschland** kicked off its **NFL coverage** in September, scoring higher audience shares in the target groups of viewers aged 14 to 59 and 14 to 49 compared to the previous season.

At the end of August 2023, **RTL Deutschland completed the reorganisation of its publishing business**, which is now focused on its core brands such as *Stern*, *Geo*, *Capital*, *Brigitte*, *Gala*, *Schöner Wohnen*, *Eltern* and *Chefkoch*. Other titles and line extensions have been sold or discontinued, except for *Art* – which remains within the RTL portfolio. With the reorganisation, **costs** are being reduced in all areas of the publishing business – especially in corporate functions, IT, office space, publishing and editorial teams – by a total of €70 million per annum. Staff in publishing will be reduced by around 700 FTEs. In addition, staff will be reduced in the other RTL Deutschland businesses by around 300 FTEs by 2025, bringing the total reduction to 1,000 FTEs.

In France, **Groupe M6** completed the sale of its online thematic media and services division to Prisma Media in October 2023.

To further boost the company's drama & film business, **Fremantle** recently formed a **strategic alliance with IBI Investment House** for a **€150 million fund to finance high-quality scripted TV and film projects**. The partnership creates a bespoke funding model to fast-track the production of Fremantle projects. Three projects have already been targeted for the first wave of the fund, including the feature film *Maria* starring Angelina Jolie. In addition, all TV projects approved through the fund will be distributed internationally by Fremantle.

Within its **entertainment** business, Fremantle announced new seasons of the quiz show *Password* in the UK and in Spain and also two new seasons of *The Piano* in the Netherlands and Denmark. Fremantle also launched *Italia's Got Talent* on Disney+ – the first time this global hit format is available on a streaming service. Within the **drama & film** business, *Neighbours* returned to screens on Amazon Freevee and *Sullivan's Crossing* debuted on The CW in the US. Fremantle company Element Pictures was awarded The Golden Lion for *Poor Things* and The Apartment Pictures was awarded the Volpi Cup for Best Actress for *Priscilla* at this year's Venice Film Festival. Within the **documentary** business, *House of Kardashian*, a thought-provoking documentary series exploring the life of the Kardashian-Jenner family, was launched by Fremantle's 72 Films on Sky.

In August, RTL Deutschland's advertising sales houses, **Ad Alliance**, signed an agreement to take over the **advertising sales of the digital portfolio of Bauer Advance** from 1 January 2024. The partnership includes all digital brands of the Bauer Media Group and is a further step towards RTL Group's envisaged ad sales consolidation.

Outlook

Due to persistent weakness of the TV advertising markets, in particular in Germany, RTL Group has revised its outlook as follows:

- RTL Group now expects its **TV advertising revenue** to decline by a mid-single-digit percentage in the second half of 2023 (previous guidance: “stable to slightly growing”) and Fremantle’s full-year revenue to be lower than expected due to more muted buyer activity. Based on this, RTL Group now expects full-year revenue for 2023 of around €6.9 billion (previous guidance: around €7.0 billion).
- RTL Group now expects its **Adjusted EBITA** for 2023 to be around €900 million (previous guidance: around €950 million). The Group continues to expect streaming start-up losses of around €200 million. Consequently, the Group expects Adjusted EBITA before streaming start-up losses to be around €1.10 billion (previous guidance: around €1.15 billion).
- RTL Group’s **dividend policy** remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.

RTL Group confirms the growth targets for its streaming services RTL+ in Germany and Hungary and Videoland in the Netherlands: By 2026, the Group plans to increase its annual content spend to around €600 million for its streaming services. On this basis, RTL Group aims to grow the number of paying subscribers for RTL+ and Videoland to 10 million, to increase its streaming revenue to €1 billion and to reach profitability in 2026.

RTL Group confirms the growth target for its global content business Fremantle to reach full-year revenue of €3 billion by 2025. To achieve this goal, RTL Group will invest in Fremantle – both organically and via acquisitions – in all territories across entertainment, drama and film, and factual shows and documentaries.

Outlook for the full year 2023

	2022	2023e
Revenue	€7,224m	~€6.9bn
Adjusted EBITA	€1,083m	~€900m
Streaming start-up losses	€233m	~€200m
Adjusted EBITA before streaming start-up losses	€1,316m	~€1.10bn

Strategic targets for RTL Group’s streaming services¹¹

	2022	2026e
Paying subscribers	5.5m	10m
Streaming revenue	€267m	€1bn
Content spend per annum	€304m	~€600m

Profitability is expected by 2026¹².

¹¹ RTL+ in Germany and Hungary and Videoland in the Netherlands

¹² Total of Adjusted EBITA from RTL+, Videoland/RTL XL and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of RTL+ in Germany and Hungary and Videoland/RTL XL in the Netherlands includes synergies with TV channels at business unit level. For the definition of Adjusted EBITA please see Key performance indicators on page 14 of RTL Group’s interim report 2023

Figures presented in this quarterly statement are not audited.

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About RTL Group

RTL Group is a leading entertainment company across broadcast, streaming, content and digital, with interests in 56 television channels, seven streaming services and 36 radio stations. The Group's families of TV channels are either number one or number two in six European countries, while RTL Group owns or has interests in radio stations in France, Germany, Spain and Luxembourg. RTL Deutschland is the Group's largest business unit and Germany's first cross-media champion, operating across TV, streaming, radio, digital and publishing. RTL Group's streaming services include RTL+ in Germany and Hungary, Videoland in the Netherlands, and 6play in France. Fremantle is one of the world's largest creators, producers and distributors of scripted and unscripted content, responsible for around 12,000 hours of programming per year, alongside an international network of teams operating in 27 countries. The streaming tech company Bedrock and the ad tech company Smartclip are also owned by RTL Group. As a market leader, RTL Group strives to foster alliances and partnerships within the European media industry, for example by building one-stop advertising sales houses in Germany and the Netherlands with Ad Alliance and driving international advertising sales with RTL AdAlliance. Bertelsmann is the majority shareholder of RTL Group, which is listed on the Luxembourg and Frankfurt stock exchanges and a member of the MDAX stock index.

Find out more on [rtl.com](https://www.rtl.com).