

**RTL Group S.A.**  
**Société Anonyme**

**Audited annual accounts**  
**for the year ended 31 December 2016**

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## Directors' report

### I. OVERVIEW

Advertising markets across Europe were largely positive over the course of 2016 despite the mixed macro-economic climate. RTL Group experienced significant variations across the months and quarters of the year, making it difficult to predict market trends with any certainty. Nonetheless, all European net TV advertising markets in RTL Group's territories were up year on year, with the exception of the Netherlands and Hungary.

Against this background, RTL Group generated consolidated total revenue of €6,237 million (2015: €6,029 million), an EBITA of €1,205 million (2015: €1,167 million) and a net profit attributable to RTL Group shareholders of €720 million (2015: €789 million) which was down mainly due to higher tax charges.

The main developments in 2016 were as follows:

- Despite strong competition from the public channels broadcasting the Uefa European Football Championship and the Olympic Games, Mediengruppe RTL Deutschland's channels recorded a stable combined audience share of 28.4 per cent (2015: 28.4 per cent) in the target group of viewers aged 14 to 59. The German RTL family of channels significantly widened its lead over its main commercial competitor, ProSiebenSat1, to 3.1 percentage points (2015: 1.7 percentage points). EBITA was up from €684 million in 2015 to €705 million – an increase of 3.1 per cent;
- Groupe M6's combined audience share was significantly up at 23.5 per cent in the key commercial target group of women under 50 responsible for purchases (2015: 22.5 per cent), thanks to higher audience shares from M6 and 6ter. Flagship channel M6 performed remarkably well, retaining its status as the second most-watched channel in France among women under 50 responsible for purchases, with an average audience share of 16.0 per cent (2015: 15.4 per cent) and the highest growth of all TV channels in the target group (up 0.6 percentage points). Groupe M6's EBITA was up strongly at €252 million (2015: €205 million);
- In 2016, FremantleMedia's global network of production companies saw hours broadcast increase by 16 per cent to 11,981 hours (2015: 10,313 hours); the total number of FremantleMedia programmes broadcast worldwide increase by 13 per cent to 423 (2015: 375) and the number of formats aired by 7 per cent to 61 (2015: 57). Combined with FremantleMedia International's sales catalogue of more than 20,000 hours which are sold to over 200 territories, FremantleMedia remains one of the largest creators and distributors of award-winning international programme brands in the world. EBITA increased to €110 million (2015: €103 million), reflecting higher profit contributions from content coming through the pipeline as a result of recent acquisitions and investments;
- Despite the big sporting events being broadcast on the public channels, RTL Nederland's channels reached a combined prime-time audience share of 32.3 per cent in the target group of viewers aged 20 to 49 – only slightly down from 32.7 per cent in 2015. RTL Nederland's channels remained clearly ahead of the public broadcasters (25.4 per cent) and the SBS group (20.0 per cent). Despite lower TV advertising revenue, RTL Nederland's revenue increased slightly to the record level of €495 million (2015: €490 million). This increase was mainly driven by growing platform and sponsoring revenue and higher revenue from the company's live entertainment operations which typically generate lower margins than TV broadcasting. This, along with higher programme costs and investment in the SVOD platform Videoland, resulted in an EBITA down 15.8 per cent to €85 million (2015: €101 million);
- Despite the broadcast of the Uefa Euro 2016 matches on the public channels, RTL Belgium's family of TV channels achieved a combined prime-time audience share of 36.2 per cent among shoppers aged 18 to 54 (2015: 36.6 per cent), maintaining its position as the clear market leader in French-speaking Belgium. RTL Belgium maintained its comfortable lead over the public channels, with 15.8 percentage points (2015: 17.6 percentage points). EBITA was below the previous year at €43 million (2015: €45 million), reflecting higher costs in RTL Belgium's TV and radio business;
- RTL Radio was the leading station in France for the 13th consecutive year. With the average audience share growing to 12.5 per cent (2015: 11.8 per cent), RTL Radio remained ahead of the next commercial competitors NRJ and Europe 1 by 5.7 percentage points each. At the end of the year (survey covering November/December 2016), with over 6.8 million daily listeners, RTL had reached its second best historical score ever, up 391,000 new listeners compared to the same period in 2015. EBITA was down at €5 million (2015: €24 million), mainly reflecting one-off effects.

Consistently with the past, RTL Group S.A. (“RTL Group” or “the Company”) has continued to centralise financing and treasury functions of the Group through central foreign currency risk management and cash pooling arrangements with Group subsidiaries. Furthermore, RTL Group has two major investments in CLT-UFA S.A. (99.7 per cent of share capital) and in FremantleMedia S.A. (100 per cent of share capital).

The profit of RTL Group S.A. for the year 2016 amounted to €964 million (2015: €565 million). This improvement is mainly due to a one-off gain of €296 million from the sale of RTL Canada Ltd to an affiliated undertaking, an increase in dividends received from subsidiaries of €108 million and an improvement in the net result from interest and other financial items of €2 million which more than offset the rise in net operating expenses of €7 million.

## II. SUMMARY INCOME STATEMENT

<i>In € million</i>	2016	2015
Other operating income <sup>(1)</sup>	3	2
Operating expenses <sup>(2)</sup>	(51)	(43)
<b>Operating result</b>	<b>(48)</b>	<b>(41)</b>
Financial income <sup>(3)</sup>	1,015	610
Financial expenses <sup>(4)</sup>	(3)	(4)
<b>Financial result</b>	<b>1,012</b>	<b>606</b>
<b>Profit for the financial year</b>	<b>964</b>	<b>565</b>

(1) Other operating income mainly relates to the recharge of administrative and management services

(2) Operating expenses mainly include staff costs of €29 million (2015: €27 million), general expenses of €12 million (2015: €10 million) and consulting fees of €5 million (2015: €3 million)

(3) Financial income mainly includes dividends of €709 million (2015: €601 million), a one-off gain of €296 million from the sale of RTL Canada Ltd to an affiliated undertaking, as well as interest income of €10 million (2015: €9 million)

(4) Financial expenses mainly include interest charges of €2 million (2015: €2 million) and a value adjustment in respect of financial assets of €1 million (2015: € nil million). In 2015, they also included a net foreign exchange loss of €1 million

## III. RESEARCH AND DEVELOPMENT

The Company did not carry out any research and development.

## IV. OWN SHARES

RTL Group S.A. has an issued share capital of €191,845,074 (2015: €191,900,551) divided into 154,742,806 (2015: 154,787,554) fully paid-up shares with no nominal value.

On 3 April 2006, RTL Group S.A. acquired 173,300 own shares for a total acquisition cost of €12,198,587. These shares were acquired with the view to fulfil the Company’s obligation in the event of the exercise of share options by the beneficiaries in the context of the Stock Option Plan issued in 2000.

Following the shareholders' resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock markets in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on 28 April 2014 into a liquidity agreement (the "Liquidity Agreement") with Kepler Capital Markets S.A. (the "liquidity provider"). During the year 2016, under the Liquidity Agreement, the Liquidity Provider has purchased 574,728 (2015: 695,197) shares for an amount of €42,428,890 (2015: €57,116,832) and sold 562,659 (2015: 670,734) shares for an amount of €41,734,009 (2015: €55,189,251). A non-distributable reserve ("Reserve for own shares or own corporate units") had been constituted from the "Profit brought forward" account for an amount of €15,463,637 (2015: €14,972,774).

At 31 December 2016, the Company directly held 220,788 own shares (2015: 208,719) and indirectly through a Company's subsidiary 995,401 own shares (2015: 995,401).

At 31 December 2016, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €69.73 per share (2015: €77.05).

## V. SIGNIFICANT LITIGATIONS

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant.

Most of these claims involve complex issues and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognized when the risk of a loss becomes likely and when it is possible to make a reasonable estimate of the expected financial effect of a proceeding. The publication of this information on a case-by-case basis, however, would seriously prejudice the company's position in the ongoing legal proceedings or in any related settlement discussions.

The main legal proceedings to which RTL Group is a party are disclosed below.

Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert has not yet rendered his report. Similar proceedings of other small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

Brandi Cochran was employed as a model on the television series *The Price Is Right* from July 2002 until February 2010 and was claiming wrongful termination and other allegations due to her gender and pregnancy. Her claim was brought against FremantleMedia North America ("FMNA"). The Court entered judgment in January 2013 and awarded her damages in the amount of USD 9 million (compensatory damages of USD 1 million and punitive damages of USD 8 million; subject to interest at the rate of 10 per cent per annum until paid) plus attorney's fees. FMNA appealed the verdict. FMNA also filed a post-trial motion for a new trial, which was granted in March 2013 (and the verdict was vacated). In December 2014, the Appellate Court remanded the parties for a new trial, which was set to begin in April 2016. However, in February 2016, the parties reached a settlement agreement, which resolved this matter. The related cash-out in 2016 was USD 3 million, net of insurance reimbursement, without significant impact on the income statement.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's audience ratings by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie called a special committee, which ultimately decided to remove Fun Radio from Médiamétrie's survey to be published in July 2016. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the ratings surveys as from September 2016 but, since then, decided to lower Fun Radio's audience results, arguing a possible "halo effect". Thereafter, Fun Radio initiated a procedure to challenge the scientific reliability of the Médiamétrie calculation. In December 2016, the main competitors of Fun Radio also filed a claim for damages claiming unfair competition.

## **VI. CORPORATE GOVERNANCE**

The RTL Group Board of Directors is committed to high standards of corporate governance. RTL Group has applied the principles of good governance for years, even before the Ten Principles of Corporate Governance were implemented by the Luxembourg Stock Exchange – principles that RTL Group is in line with and submitted to.

More information on this topic can be found in the “Investors” section of the Company’s website (RTLGroup.com). It contains RTL Group’s corporate governance charter, and regularly updated information, such as the latest version of the Company’s governance documents (articles of incorporation, statutory accounts, minutes of shareholders’ meetings), and information on the composition and mission of the RTL Group Board and its Committees. The “Investors” section also contains the financial calendar and other information that may be of interest to shareholders.

## **VII. SUBSEQUENT EVENTS**

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. (“BBTV”) non-controlling interests. RTL Group announced on 31 January 2017 that it decided not to exercise this call option for the remaining non-controlling interests in BBTV and agreed to explore, jointly with the minority shareholders of BBTV, all strategic alternatives for the company. This would include a 100% sale of the business. The call option has now expired. In addition, for a period of 2 years from 31 January 2017, the non-controlling shareholders are entitled to an exit mechanism whereby they can first offer their stake to RTL Group and, if RTL Group does not accept the offer, drag RTL Group’s stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders’ stake.

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH (“Divimove”) to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until the first half of 2019, at the latest. The strike price of the option is based on a variable component. The transaction qualifies as a business combination since RTL Group gains the control of Divimove.

On 27 September 2016, Magyar RTL Televízió Zártkörűen Működő Részvénytársaság (“RTL Hungary”) entered into an agreement to acquire 30 per cent stake representing 51 per cent of the voting rights in Central Digital Media Kft (“Central Digital Media”), one of the leading web publishers in Hungary. Central Digital Media is operating a number of websites and mobile apps. Central Digital Media is ranked as one of the top three online media companies in Hungary, based on web analytics. The acquisition, subject to approval by the Hungarian competition authority, would significantly accelerate the Group’s strategy to increase RTL Hungary’s presence in the digital media market. The transaction would qualify as a business combination since M-RTL would gain control of Central Digital Media. RTL Hungary would also hold call options on the remaining 70 per cent shares exercisable 18 months after the deal completion. However, in the second part of February 2017, the Hungarian competition authority decided to refuse its approval of the transaction. RTL Hungary is currently assessing this decision and possible legal actions.

## **VIII. PROFIT APPROPRIATION**

The annual accounts of RTL Group show a profit for the financial year 2016 of €964,392,448 (2015: €565,205,027). Taking into account the share premium account of €4,691,802,190 (2015: €4,691,802,190) and the profit brought forward of €70,590,918 (2015: €125,525,131), the amount available for distribution is €5,572,238,665 (2015: €5,227,966,107), net of an interim dividend of €154,546,891 (€1.00 per share) as decided by the Board of Directors of RTL Group on 24 August 2016 and paid on 8 September 2016 (2015: €154,566,241) i.e. €1.00 per share).

## **IX. PRINCIPAL RISKS, UNCERTAINTIES AND OUTLOOK**

Principal risks and uncertainties and outlook are disclosed in the consolidated financial statements and the related Directors' report.

## **X. LUXEMBOURG LAW ON TAKEOVER BIDS**

The following disclosures are made in accordance with article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

### **a) Share capital structure**

RTL Group S.A. has issued one class of shares which is admitted to trading on the Frankfurt Stock Exchange, Euronext Brussels and the Luxembourg Stock Exchange. No other securities have been issued. The issued share capital as at 31 December 2016 amounts to €191,845,074 represented by 154,742,806 shares with no par value, each fully paid-up.

### **b) Transfer restrictions**

At the date of this report, all RTL Group S.A. shares are freely transferable but shall be subject to the provisions of the applicable Belgian and Luxembourg insider dealing and market manipulation laws, which prevent anyone who has material non-public information about a company from dealing in its shares and from committing market manipulations. A detailed Dealing Code contains restrictions on dealings by directors and certain employees of RTL Group S.A. and its subsidiaries.

### **c) Major shareholding**

The shareholding structure of RTL Group S.A. as at 31 December 2016 is as follows: Bertelsmann Capital Holding GmbH held 75.1 per cent, 24.1 per cent were publicly traded and the remaining 0.8 per cent were held collectively as treasury stock by RTL Group S.A. and one of its subsidiaries.

### **d) Special control rights**

All the issued and outstanding shares of RTL Group S.A. have equal voting rights and with no special control rights attached.

### **e) Control system in employee share scheme**

RTL Group S.A.'s Board of Directors is not aware of any issue regarding section e) of article 11 of the Luxembourg Law on Takeover Bids of 19 May 2006.

### **f) Voting rights**

Each share issued and outstanding in RTL Group S.A. represents one vote. The Articles of Association do not provide for any voting restrictions. In accordance with the Articles of Association, a record date for the admission to a general meeting is set and certificates for the shareholdings and proxies shall be received by RTL Group S.A. the 14th day before the relevant date at 24 hours (Luxembourg time). Additional provisions may apply under Luxembourg law.

### **g) Shareholders' agreement with transfer restrictions**

RTL Group S.A.'s Board of Directors has no information about any agreements between shareholders which may result in restrictions on the transfer of securities or voting rights.

### **h) Appointment of Board members, amendments of the Articles of Association**

The appointment and replacement of Board members and the amendments of the Articles of Association are governed by Luxembourg Law and the Articles of Association. The Articles of Association are published under the 'Investors' Corporate Governance Section on [RTLGroup.com](http://RTLGroup.com).

**i) Powers of the Board of Directors**

The Board of Directors is vested with the broadest powers to manage the business of RTL Group S.A.. It may take all acts of administration and of disposal in the interest of RTL Group S.A.. The Board of Directors has set up several committees whose members are Directors. The responsibilities and functionalities of the Board of Directors and its committees are described in the Articles of Association and the Corporate Governance Charter, published under the 'Investors' Corporate Governance Section on [RTLGroup.com](http://RTLGroup.com). The Company's General Meeting held on 16 April 2014 has authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This authorisation is valid for five years and the purchase price is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group S.A. share over the last five trading days preceding the acquisition.

**j) Significant agreements or essential business contracts**

The Board of Directors is not aware of any significant agreements to which RTL Group S.A. is party and which take effect, alter or terminate upon a change of control of RTL Group S.A. following a takeover bid.

**k) Agreements with Directors and employees**

The Executive Committee members are entitled to contractual severance payments in case of dismissal, to the exception of dismissal for serious reasons.

8 March 2017

The Board of Directors



## Board of Directors

### Non-Executive Directors

Thomas Rabe, Chairman

Martin Taylor<sup>1</sup>, Vice-Chairman and Chairman of Nomination and Compensation Committee

Thomas Götz

Rolf Hellermann<sup>2</sup> (from 20 April 2016)

Bernd Hirsch (from 20 April 2016)

Bernd Kundrun

Jacques Santer<sup>1</sup>

Rolf Schmidt-Holtz

James Singh<sup>1</sup>, Chairman of Audit Committee

### Executive Directors

Guillaume de Posch (Co-Chief Executive Officer)

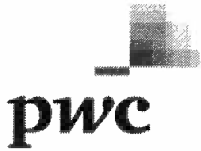
Anke Schäferkordt (Co-Chief Executive Officer)

Elmar Heggen (Chief Financial Officer)

<sup>1</sup> Independent director

<sup>2</sup> Following co-optation as from 26 August 2015





## **Audit report**

To the Shareholders of  
**RTL Group S.A.**

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### **Report on the annual accounts**

We have audited the accompanying annual accounts of RTL Group S.A., which comprise the balance sheet as at 31 December 2016, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of RTL Group S.A. as of 31 December 2016, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Other matter**

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

### **Report on other legal and regulatory requirements**

The Directors' report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement as published on the Company's website [www.rtlgroup.com](http://www.rtlgroup.com) is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 8 March 2017

A handwritten signature in black ink, appearing to read 'Gilles Vanderweyen', is written over a horizontal line.

Gilles Vanderweyen

## Balance sheet at 31 December 2016

ASSETS	Notes	2016 €	2015 €
<b>C. Fixed assets</b>		<b>7,077,591,213</b>	6,774,421,535
<b>I. Intangible assets</b>	<b>3.1.</b>	<b>465,137</b>	321,453
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration and need not be shown under C.I.3		465,137	321,453
<b>II. Tangible assets</b>	<b>3.2.</b>	<b>6,226</b>	50,744
2. Plant and machinery		727	1,256
3. Other fixtures and fittings, tools and equipment		5,499	49,488
<b>III. Financial assets</b>	<b>3.3.</b>	<b>7,077,119,850</b>	6,774,049,338
1. Shares in affiliated undertakings	3.3.1.	6,623,398,493	6,670,815,452
2. Loans to affiliated undertakings	3.3.2.	442,166,589	91,679,118
3. Participating interests		10,171,137	10,171,137
5. Investments held as fixed assets	3.3.3.	1,383,631	1,383,631
6. Others loans	3.3.4.	-	-
<b>D. Current assets</b>		<b>502,420,786</b>	564,738,465
<b>II. Debtors</b>	<b>3.4.</b>	<b>475,564,112</b>	487,016,328
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	3.4.1./3.4.2.	475,478,810	486,716,864
4. Other debtors			
a) becoming due and payable within one year		85,302	299,464
<b>III. Investments</b>	<b>3.5.</b>	<b>15,463,637</b>	14,972,774
2. Own shares		15,463,637	14,972,774
<b>IV. Cash at bank and in hand</b>		<b>11,393,037</b>	62,749,363
<b>E. Prepayments</b>	<b>3.6.</b>	<b>183,761,118</b>	138,018,501
<b>TOTAL (ASSETS)</b>		<b><u>7,763,773,117</u></b>	<b><u>7,477,178,501</u></b>

The notes in the annex form an integral part of the annual accounts.

## Balance sheet at 31 December 2016

	Notes	2016 €	2015 €
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>A. Capital and reserves</b>	<b>3.7.</b>	<b>5,805,803,683</b>	5,461,101,286
I. Subscribed capital	3.7.1.	191,845,074	191,900,551
II. Share premium account		4,691,802,190	4,691,802,190
IV. Reserves			
1. Legal reserve	3.7.2.	19,184,507	19,190,054
2. Reserve for own shares		15,463,637	14,972,774
4. Other reserves, including the fair value reserve			
b) other non available reserves		7,071,800	7,071,800
V. Profit or loss brought forward		70,590,918	125,525,131
VI. Profit or loss for the financial year		964,392,448	565,205,027
VII. Interim dividends		(154,546,891)	(154,566,241)
<b>B. Provisions</b>		<b>10,221,581</b>	9,895,008
1. Provision for pensions and similar obligations	3.8.	10,221,581	9,895,008
<b>C. Creditors</b>	<b>3.9.</b>	<b>1,727,179,046</b>	1,844,053,901
2. Amounts owed to credit institutions			
a) becoming due and payable within one year		4,006	1,914
4. Trade creditors			
a) becoming due and payable within one year		2,069,086	3,155,818
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year	3.9.1.	1,701,685,309	1,808,999,511
8. Other creditors			
a) Tax authorities	3.9.2.	396,077	378,959
b) Social security authorities		286,796	336,882
c) Other creditors	3.9.3.		
i) becoming due and payable within one year		22,737,772	22,486,758
ii) becoming due and payable after more than one year		-	8,694,059
<b>D. Deferred income</b>	<b>3.6.</b>	<b>220,568,807</b>	162,128,306
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		<b><u>7,763,773,117</u></b>	<b><u>7,477,178,501</u></b>

The notes in the annex form an integral part of the annual accounts.

## Profit and loss account for the year ended 31 December 2016

	Notes	2016 €	2015 €
4. Other operating income	4.1.	3,404,182	1,658,126
5. Raw materials and consumables and other external expenses		(17,978,179)	(13,308,283)
a) Raw materials and consumables		(309,401)	(285,956)
b) Other external expenses	4.2.	(17,668,778)	(13,022,327)
6. Staff costs	4.3.	(28,979,727)	(26,642,017)
a) Wages and salaries		(26,530,859)	(24,371,665)
b) Social security costs		(1,009,678)	(884,963)
i) relating to pensions		(653,488)	(607,383)
ii) other social security costs		(356,190)	(277,580)
c) Other staff costs		(1,439,190)	(1,385,389)
7. Value adjustments		(220,541)	(452,671)
a) in respect of formation expenses and of tangible and intangible fixed assets	3.1./ 3.2.	(220,541)	(165,822)
b) in respect of current assets		-	(286,849)
8. Other operating expenses	4.4.	(4,086,055)	(1,703,219)
9. Income from participating interests	4.5.	1,004,543,263	600,701,683
a) derived from affiliated undertakings		1,004,543,263	600,701,683
10. Income from other investments and loans forming part of the fixed assets		3,796,110	1,647,205
a) derived from affiliated undertakings	3.3.2.	2,837,485	1,644,716
b) other income not included under a)	3.3.4.	958,625	2,489
11. Other interest receivable and similar income		6,858,092	7,181,020
a) derived from affiliated undertakings	4.6.	4,593,239	5,137,377
b) other interest and similar income		2,264,853	2,043,643
13. Value adjustments in respect of financial assets and of investments held as current assets		(738,994)	(186,030)
14. Interest payable and similar expenses	4.7.	(2,145,919)	(3,637,676)
a) concerning affiliated undertakings		(224,349)	(417,095)
b) other interest and similar expenses		(1,921,570)	(3,220,581)
15. Tax on profit or loss		-	(21,400)
16. Profit or loss after taxation		964,452,232	565,236,738
17. Other taxes not shown under items 1 to 16	4.8.	(59,784)	(31,711)
18. Profit or loss for the financial year		964,392,448	565,205,027

The notes in the annex form an integral part of the annual accounts.

## 1. GENERAL

RTL Group S.A. (the “Company” or “RTL Group”) was incorporated as a “Société Anonyme” on 30 December 1972 under the name of Compagnie Luxembourgeoise pour l’Audiovisuel et la Finance, abbreviated to “Audiofina”. The Articles of Association were published in the “Mémorial C des Sociétés et Associations” on 27 March 1973, under the number 52. They were modified on several occasions, the last time on 25 May 2016. The Company is formed for an unlimited period.

On 25 July 2000, the name of the Company was changed to RTL Group.

The registered office of the Company is established at 43, boulevard Pierre Frieden, L-1543 Luxembourg.

The Company’s financial year starts on 1 January and ends on 31 December of each year.

The purpose of the Company is the national and international development in the audiovisual, communication and information sectors and all related technologies. The Company can also take holdings through granting of loans, merging, subscription or other form of investment in any company, undertaking, association or other legal entity, existing or to be constituted, whatever its form or nationality, having a purpose which is similar or complementary to that of the Company. The Company can undertake any commercial, industrial or financial operation linked directly or indirectly to its purpose or of such a nature that it facilitates or favours its realisation. The Company may also undertake any action useful or necessary for the accomplishment of its purpose.

The Company is listed on the Brussels, Frankfurt and Luxembourg Stock Exchanges.

The Company also prepares consolidated financial statements which are published according to the provisions of the law and may be obtained at their registered office or on their official website.

The consolidated financial statements of RTL Group are included in the consolidated accounts of Bertelsmann SE & Co. KGaA, the ultimate parent company of RTL Group. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Strasse 270, D-33311 Gütersloh, Germany. Consolidated financial statements of Bertelsmann SE & Co. KGaA may be obtained at their registered office or on their official website.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Amended Law dated 19 December 2002, determined and applied by the Board of Directors.

The annual accounts have been prepared under the historical cost convention except for items relating to foreign exchange hedging activities.

All monetary amounts in the notes are in Euro unless otherwise indicated.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore fairly present the financial position and results.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial year(s). Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



## 2.2. Foreign currency translation

The Company maintains its accounts in Euro and both the balance sheet and profit and loss account are expressed in this currency.

Transactions in foreign currencies are recorded at the rate of exchange ruling on the transaction date. With the exception of non-monetary fixed assets, all assets and liabilities denominated in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. Related realised and unrealised gains and losses are recognised in the profit and loss account.

## 2.3. Foreign exchange risk and derivatives

RTL Group companies ("the Group") operate internationally and are exposed to foreign exchange risk arising from various currency exposures, including most notably exposures to USD and GBP. For the Group as a whole, cash flow, net income and net worth are optimised by reference to Euro. Foreign exchange risks faced by individual Group companies, however, are managed or hedged against the functional currency of the relevant entity.

Group Treasury periodically collects from the Group companies forecasts of foreign currency exposures arising from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currency risk are responsible for hedging their exposures in accordance with the Treasury policies approved by the Board of Directors. Companies in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk. Group Treasury is responsible for hedging the net position in each currency by using external foreign currency derivative contracts.

The foreign currency management policy of the Group is to hedge 100 per cent of the recognised monetary foreign currency exposures arising from cash, receivables, payables, loans and borrowings denominated in currencies other than Euro.

Within this framework, RTL Group enters into foreign currency derivative contracts with banking institutions (external) and with Group subsidiaries (internal).

Unrealised losses and gains resulting from the revaluation of the foreign currency derivative contracts (internal and external) are recognised in the profit and loss account with a counterpart in the balance sheet in "Deferred income" or "Prepayments", respectively.

## 2.4. Intangible assets

Intangible assets are stated at cost, including expenses incidental thereto, less accumulated amortisation. They include software amortised on a straight-line basis over their estimated useful life of three years. Where the Company considers that an intangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## 2.5. Tangible assets

Tangible assets are stated at cost, including expenses incidental thereto, less accumulated depreciation. Depreciation is recognised on a straight-line basis over the estimated useful lives of the tangible assets:

- Plant and machinery: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where the Company considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## 2.6. Financial assets

Shares in affiliated undertakings, participating interests as well as investments held as fixed assets such as call options on shares in affiliated undertakings and in participating interests are recorded on the balance sheet at acquisition cost, including expenses incidental thereto. A value adjustment is made when there is a durable diminution in their value. These value adjustments are not continued if the reasons for which these value adjustments were made have ceased to apply.

Investments are classified as affiliated undertakings if the Group is able to exercise control over the company concerned.

Dividends from shares in affiliated undertakings and participating interests are recognised in the profit and loss account when declared by decision of the General Meeting.

Loans to affiliated undertakings and other loans are recorded on the balance sheet at acquisition cost including expenses incidental thereto or nominal value. When the market value or the recoverable value is lower than the acquisition cost or nominal value, a value adjustment is recorded. These value adjustments are not continued if the reasons for which these value adjustments were made have ceased to apply.

## 2.7. Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments when their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## 2.8. Own shares

Own shares are recorded at acquisition cost and are classified as current assets. A value adjustment is recorded when the market value is lower than the acquisition cost. In accordance with article 49.5 of the Law on Commercial Companies, a non-distributable reserve ("Reserve for own shares") is constituted for an equivalent amount from "Profit or loss brought forward".

## 2.9. Cash at bank and in hand

The Company reports in the balance sheet the net amount of the debit and credit positions of the bank accounts when these positions relate to the same nature of bank account with the same currency in the same bank and a netting agreement exists with the bank. If these conditions are not met, credit positions are recorded as bank overdrafts in "Amounts owed to credit institutions".

## 2.10. Cash pooling arrangements

In order to optimise cash management, RTL Group has implemented a cash pooling policy to centralise the Group's liquid funds:

- The local cash pooling includes the majority of the Luxembourg subsidiaries: B&CE S.A., Broadcasting Center Europe S.A., CLT-UFA S.A., Data Center Europe S.à r.l., Duchy Digital S.A., IP Luxembourg S.à r.l., IP Network International S.A., Luxradio S.à r.l., Media Assurances S.A., Media Properties S.à r.l., MP D S.A., MP E S.A., MP H S.A., RTL Belux S.A., RTL Belux S.A. & Cie S.E.C.S., Media Real Estate S.A. (former RTL Group Central and Eastern Europe S.A.) and RTL Group Germany S.A. This automated cash pooling is made with a local banking institution. The conditions of the cash pooling are determined on an arm's length basis and based on specific risks linked to each Group company. The basis rate is EONIA adjusted for a margin (from -0.25% to -0.40% on credit margin with a minimum of 0% in case of very low interest rates and +0.50% on debit margin);

- The European cash pooling comprises the following Group companies: Audiomedia Investments S.A. (Belgium), BLU A/S (Denmark), CLT-UFA S.A. (Luxembourg), FremantleMedia Espana S.A. (Spain), FremantleMedia Finland OY (Finland), FremantleMedia Norge AS (Norway), FremantleMedia Group Ltd (United Kingdom), FremantleMedia Italia S.p.A. (Italy), FremantleMedia Netherlands B.V. (the Netherlands), FremantleMedia Polska SP. Z.O.O. (Poland), FremantleMedia Sverige AB (Sweden), Immobilière Bayard d'Antin S.A. (France), IP Luxembourg S.à r.l. (Luxembourg), IP Network SRL (Italy), Miso Film Sverige AB (Sweden), M-RTL ZRT (Hungary), RTL Services Kft (Hungary), RTL Belgium S.A.(Belgium), RTL Disney Fernsehen GmbH & Co. KG (Germany), RTL Group Beheer B.V. (the Netherlands), RTL Group Deutschland GmbH (Germany), RTL Hrvatska d.o.o. (Croatia), RTL Nederland Holding B.V. (the Netherlands), RTL Television GmbH (Germany), StyleHaul UK Ltd (United Kingdom), Universum Film GmbH (Germany), Wildside SRL (Italy). The interest rate of the cash pooling is based on EONIA, adjusted for a margin reflecting the specific risks attached to the Group companies;
- The non-European cash pooling comprises the following Group companies: FremantleMedia Asia Pte Ltd (Singapore), FremantleMedia Australia PTY Ltd (Australia), FremantleMedia Canada Inc. (Canada), FremantleMedia Latin America Inc. (United States of America), FremantleMedia North America Inc. (United States of America), FremantleMedia Productions North America (United States of America), Ludia Inc. (Canada), RTL Canada Ltd (Canada), RTL Group Asia Pte Ltd (Singapore), RTL US Holdings Inc. (United States of America) and StyleHaul Inc. (United States of America). The interest rate of the cash pooling is based on LIBOR, adjusted for a margin that can extend from +0.50% to +2% and from -0.40% to -0.25%.

Cash pooling arrangements are recorded on the balance sheet as "Amounts owed by affiliated undertakings becoming due and payable within one year" or "Amounts owed to affiliated undertakings becoming due and payable within one year" respectively.

#### **2.11. Prepayments**

The Company reports under this caption expenditure incurred during the financial year but relating to a subsequent financial year (see also Note 2.3.).

#### **2.12. Provisions**

Provisions are intended to cover losses or liabilities, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

The Company participates in a defined benefit plan. This plan is financed internally via accruals which are determined by independent qualified actuaries using the aggregate cost method (percentage of payroll). The level of accruals exceeds the minimum financing requirement. In case of bankruptcy, the benefits are preserved through the PSVaG insolvency reinsurance.

#### **2.13. Creditors**

Creditors are recorded at their reimbursement value or, if applicable, their residual amount.

#### **2.14. Deferred income**

This liability item includes income received during the financial year but related to a subsequent financial year (see also Note 2.3.).

#### **2.15 Presentation of comparative financial data**

Some figures for the year ended 31 December 2015 have been reclassified to comply with the Grand-Ducal regulation dated 18 December 2015 governing the contents and presentation of the balance sheet and profit and loss account. Management believe that the required reclassifications are not material.

In addition, captions in the balance sheet and in the profit and loss account have been fully aligned with the new terminology and numbering conventions set out in the above mentioned regulation. Consistent with the past, captions which are used neither in the current nor in the previous year have been omitted.

### 3. BALANCE SHEET

#### 3.1. Intangible assets

At 31 December 2016, "Intangible assets" mainly consisted of licences which are recorded and amortised according to the policies described in Note 2.4.

In 2016, "Intangible assets" evolved as follows:

Acquisition cost at 31.12.2015	9,230,582
Acquisitions/Increases	326,690
<b>Acquisition cost at 31.12.2016</b>	<b>9,557,272</b>
Accumulated value adjustments at 31.12.2015	(8,909,129)
Amortisation charges for the year	(183,006)
<b>Accumulated value adjustments at 31.12.2016</b>	<b>(9,092,135)</b>
Net book value at 31.12.2015	321,453
<b>Net book value at 31.12.2016</b>	<b>465,137</b>

#### 3.2. Tangible assets

In 2016, "Tangible assets" evolved as follows:

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Acquisition cost at 31.12.2015	5,800	786,808	792,608
Acquisitions	-	16,585	16,585
Decreases	(1,115)	(534,979)	(536,094)
<b>Acquisition cost at 31.12.2016</b>	<b>4,685</b>	<b>268,414</b>	<b>273,099</b>
Accumulated value adjustments at 31.12.2015	(4,544)	(737,320)	(741,864)
Decreases	1,115	511,411	512,526
Depreciation charges for the year	(529)	(37,006)	(37,535)
<b>Accumulated value adjustments at 31.12.2016</b>	<b>(3,958)</b>	<b>(262,915)</b>	<b>(266,873)</b>
Net book value at 31.12.2015	1,256	49,488	50,744
<b>Net book value at 31.12.2016</b>	<b>727</b>	<b>5,499</b>	<b>6,226</b>

### 3.3. Financial assets

#### Shares

In 2016, "Shares" evolved as follows:

	Shares in affiliated undertakings	Participating interests	Investments held as fixed assets
Acquisition cost at 31.12.2015	6,676,531,452	10,171,137	1,383,631
Acquisition	15,600	-	-
Capital increase	1,331,984	-	-
Disposal	(49,364,543)	-	-
<b>Acquisition cost at 31.12.2016</b>	<b>6,628,514,493</b>	<b>10,171,137</b>	<b>1,383,631</b>
Accumulated value adjustments at 31.12.2015	(5,716,000)	-	-
Reversal of value adjustment	600,000	-	-
<b>Accumulated value adjustments at 31.12.2016</b>	<b>(5,116,000)</b>	<b>-</b>	<b>-</b>
Net book value at 31.12.2015	6,670,815,452	10,171,137	1,383,631
<b>Net book value at 31.12.2016</b>	<b>6,623,398,493</b>	<b>10,171,137</b>	<b>1,383,631</b>

#### 3.3.1. Shares in affiliated undertakings

##### Acquisition

In 2016, the Company acquired additional shares in CLT-UFA S.A. for €15,600.

##### Capital increase

On 10 February 2016, RTL Group fully subscribed a capital increase in RTL Canada Ltd of €1,331,984.

##### Disposal

On 18 March 2016, the Company sold its investment in Immobilière Bayard d'Antin S.A. of €37 to RTL Group Vermögensverwaltung GmbH, an affiliated undertaking.

On 1 August 2016, the Company sold its investment in RTL Canada Ltd to UFA Film- und Fernseh GmbH, an affiliated undertaking, resulting in a gain of €295,515,509 (Note 4.5.).

##### Reversal of value adjustment

On 31 December 2016, the Company determined that the reasons for the value adjustments of the investment in Fremantle Productions Asia Ltd ceased to apply. For this reason, the value adjustment of €600,000 was reversed.

**Details of shares**

Name of the company	Legal form	Country	Activity	Direct % held	Acquisition cost	Accumulated value adjustments	Net	Equity before result for the year 2015	Result of the last period closed 2015
<b>Shares in affiliated undertakings</b>									
CLT-UFA	S.A.	Luxembourg	Holding/TV/Radio	99.7	5,504,066,504	-	5,504,066,504	2,889,196,843	518,398,723
FremantleMedia Group	Ltd	United Kingdom	Holding	100	999,423,096	-	999,423,096	239,565,139	7,506,123
SpotXchange	Inc.	USA	Programmatic TV platform	67.5	118,719,955	-	118,719,955	27,009,434	5,372,655
Grundy International Operations	Ltd	Antigua and Barbuda	Holding	100	5,116,000	(5,116,000)	-	77,305	-
Fremantle Productions Asia	Ltd	Hong Kong	Production	100	1,180,000	-	1,180,000	762,283	11,725
RTL Group Asia Pte	Ltd	Singapore	Holding	100	8,938	-	8,938	(338,707)	(354,646)
					<b>6,628,514,493</b>	<b>(5,116,000)</b>	<b>6,623,398,493</b>		
<b>Participating interests</b>									
Clypd	Inc.	USA	Video advertising	19.5	10,171,137	-	10,171,137	20,594,603	(7,938,901)
					<b>10,171,137</b>	<b>-</b>	<b>10,171,137</b>		
<b>Investments held as fixed assets</b>									
BeProcurement	S.à r.l.	Luxembourg	Sourcing and financing	10	1,383,631	-	1,383,631	13,814,599	(109,000)
					<b>1,383,631</b>	<b>-</b>	<b>1,383,631</b>		

(1) Amounts according to statutory accounts for 2016. Equity is net of an interim dividend of €33 per share, i.e. a total amount of €651,733,995, paid in December 2016

(2) The acquisition cost of the investment in SpotXchange Inc. comprise of the stake currently held and the contingent consideration payable. The call option to acquire the remaining stake is exercisable in 2017 and was not recognised in the annual accounts

(3) Amounts on a 100% basis before dividend distribution, if any.

**3.3.2. Loans to affiliated undertakings**

In 2016, "Loans to affiliated undertakings" evolved as follows:

Gross amount at 31.12.2015	91,679,118
Increase	350,487,471
<b>Gross amount at 31.12.2016</b>	<b>442,166,589</b>
Accumulated value adjustments at 31.12.2015	-
<b>Accumulated value adjustments at 31.12.2016</b>	<b>-</b>
Net book value at 31.12.2015	91,679,118
<b>Net book value at 31.12.2016</b>	<b>442,166,589</b>

At 31 December 2016, "Loans to affiliated undertakings" consisted of the following:

- Loans of €208,000,000 and €136,880,000 granted to UFA Film- und Fernseh GmbH on 1 August 2016 and 22 December 2016, with a maturity date of 3 August 2026, bearing interest as follows: EURIBOR swap rate 10 years plus 0.85%. The interest accrued on the loans at 31 December 2016 amount to €1,072,569;
- Loan of USD 100,000,000 (€96,024,582) granted to Fremantle Productions North America Inc. on 1 June 2015, bearing interest as follows: LIBOR 6 months plus 1.00% and with maturity date of 1 December 2019. The interest accrued on the loan at 31 December 2016 amounted to USD 197,281 (€189,438).

In 2016, total interest receivable amounted to €2,837,485 (2015: €1,644,716).

### 3.3.3. Investments held as fixed assets

At 31 December 2016, "Investments held as fixed assets" related to a 10 per cent stake held in BeProcurement S.à r.l. A twenty-five year shareholders agreement has been concluded between Bertelsmann SE & Co KGaA and RTL Group. The shareholders agreement stipulates that 50 per cent of the aggregate amount of corporate and trade tax that, in the absence of existing tax losses carried forward of BeProcurement S.à r.l., if any, would have otherwise been incurred by the Company, will be paid to RTL Group as a preferred dividend with a minimum amount of €1 million per year. The minimum dividend of €1 million became payable as from 2016 onwards. The first dividend income will be recognised following the approval of the annual accounts 2016 of BeProcurement S.à r.l..

### 3.3.4. Other loans

At 31 December 2016 and 2015, "other loans" consisted of a loan of €22,400,000 (2015: €22,400,000) to Alpha Doriforiki Tileorasi S.A. granted on 24 June 2010 and 1 February 2012, bearing interest as follows: EURIBOR plus 3.50% from 24 June 2010, 0% from 2 January 2012 and 4% from 31 December 2015. Repayments are scheduled in annual instalments of €4,500,000 from 2016 to 2018 with a final instalment for the remaining balance in 2019. The interest accrued on the loan at 31 December 2016 amounted to €961,114 (2015: €2,489). The loan and interest are fully impaired primarily given the economic Greek crisis and uncertainty of their recoverability at 31 December 2016.

## 3.4. Debtors

### 3.4.1. Amounts owed by affiliated undertakings - RTL Group companies

At 31 December 2016, amounts owed by RTL Group companies consisted of:

- Cash pooling with a number of Group companies in multiple currencies for €345,219,020 (2015: €341,990,499) net of a value adjustment of €290,530 (2015: €286,849) bearing interest at an adjusted EONIA / LIBOR rate as described in Note 2.10. and without maturity date. Total interest income during the year 2016 amounted to €1,687,534 (2015: €2,454,938) (Note 4.6.);
- An advance of GBP 97,067,757 (€115,964,108) (2015: €133,781,382) granted to FremantleMedia Group Ltd, bearing interest at a rate of 1.7% and with maturity date of 21 November 2017. The interest accrued on the advance at 31 December 2016 amounted to GBP 180,889 (€216,103) (2015: €95,582);
- A loan of €7,465,000 (2015: €5,995,000) granted to FremantleMedia España S.A., bearing interest at a rate of 2.7% and with maturity date of 3 July 2017. The interest accrued on the loan at 31 December 2016 amounted to €198,495 (2015: €172,305);
- A loan of SGD 5,000,000 (€3,325,574) (2015: €3,250,975) granted to FremantleMedia Asia Pte Ltd on 17 February 2009, bearing interest at a rate of 3.4% and with maturity date of 29 December 2017. The interest accrued on the loan at 31 December 2016 amounted to SGD 169,020 (€112,417) (2015: €299);

- A loan of BRL 2,200,000 (€626,959) granted to FremantleMedia Brazil Produção de Televisão Ltda on 15 September 2016, bearing interest at a rate of 16.4% with maturity date of 15 March 2017, and a loan of BRL 1,000,000 (€284,982) granted to FremantleMedia Brazil Produção de Televisão Ltda on 3 November 2016 bearing interest at a rate of 15.9% with maturity date 3 May 2017. The interest accrued on the loans at 31 December 2016 amounted to BRL 134,550 (€38,344);
- Trade receivables with a number of group companies for €2,027,808 (2015: €635,537) without interest and maturity date.

Total interest accrued on the amounts owed by affiliated undertakings at 31 December 2016 amounted to €565,359 (31 December 2015: €291,049).

Refer to Note 4.6. for details on "Other interest receivable and similar income derived from affiliated undertakings".

### 3.4.2. Amounts owed by affiliated undertakings - shareholder

In 2006, RTL Group entered into a "Deposit Agreement" with Bertelsmann SE & Co. KGaA, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points and on a one to six month basis on EURIBOR plus 10 basis points;
- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:
  - All shares of its wholly owned French subsidiary Média Communication SAS;
  - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL;
  - All its interests in the German limited liability partnership Gruner + Jahr GmbH & Co. KG;
  - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd.

At 31 December 2016, RTL Group did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million on a one to three month basis and € nil million on an overnight basis). The interest income for the period was € nil (2015: € nil).

The interests in Gruner + Jahr AG Co. KG and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA S.A., a subsidiary of RTL Group, in connection with the accounts receivable related to the Profit and Loss Pooling and Compensation Agreements as defined below.

At 31 December 2016, accrued interests amounted to € nil (2015: € nil).

### 3.5. Investments - own shares

On 3 April 2006, RTL Group S.A. acquired 173,300 own shares for an amount of €12,198,587 from Group companies Audiomeia Investments S.A. and B.& C.E. S.A. The acquisition cost per share (€70.39) was determined according to the average stock price over the last 6 months preceding the acquisition by RTL Group S.A.

Following the shareholders' resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock markets in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on 28 April 2014 into a liquidity agreement (the "Liquidity Agreement") with Kepler Capital Markets S.A. (the "Liquidity Provider"). During the year 2016, under the Liquidity Agreement, the Liquidity Provider has purchased 574,728 (2015: 695,197) shares for an amount of €42,428,890 (2015: €57,116,832) and sold 562,659 (2015: 670,734) shares for an amount of €41,734,009 (2015: €55,189,251). At 31 December 2016, the Company held 47,488 (2015: 35,419) shares for a value of €3,265,050 (2015: €2,774,187) under the Liquidity Agreement.



At 31 December 2016, the Company directly held 220,788 (2015: 208,719) own shares and indirectly through a Company's subsidiary 995,401 own shares (2015: 995,401). At 31 December 2016, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €69.73 per share (31 December 2015: €77.05)

No dividend income is recognised on own shares held by the Company, including shares held under the liquidity agreement. The relevant number of the shares held under the liquidity agreement is determined as of the official date of the dividend payment.

At 31 December 2016, the Company had a deposit with the Liquidity Provider under the terms of the Liquidity Agreement of €7.0 million (2015: €7.7 million).

### 3.6. Prepayments / Deferred income

At 31 December 2016, the amounts mainly related to the Group's foreign exchange derivatives, assets and liabilities amounting to €183,136,868 (2015: €137,468,291) and €220,568,807 (2015: €162,128,306), respectively (Note 2.3.). The variation versus 2015 was mainly due to new foreign exchange derivative contracts entered into in the normal course of the Group's operations.

### 3.7. Capital and reserves

The changes in capital and reserves during the year are summarised in the table below:

	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares (Note 3.5.)	Other non available reserves	Profit or loss brought forward	Interim dividends	Profit or loss for the financial year	Total
At 31.12.2015	191,900,551	4,691,802,190	19,190,054	14,972,774	7,071,800	125,525,131	(154,566,241)	565,205,027	5,461,101,286
Allocation of 2015 result	-	-	-	-	-	410,638,786	154,566,241	(565,205,027)	-
Capital reduction	(55,477)	-	(5,547)	-	-	(1,503,365)	-	-	(1,564,389)
Dividend distribution	-	-	-	-	-	(463,578,771)	(154,546,891)	-	(618,125,662)
Profit or loss for the financial year	-	-	-	-	-	-	-	964,392,448	964,392,448
Other movements	-	-	-	490,863	-	(490,863)	-	-	-
At 31.12.2016	191,845,074	4,691,802,190	19,184,507	15,463,637	7,071,800	70,590,918	(154,546,891)	964,392,448	5,805,803,683

Changes in capital and reserves can be explained by:

- The profit for the financial year 2016;
- The allocation of the profit for the year ended 31 December 2015 by the Annual General Meeting of shareholders held on 20 April 2016, which decided the allocation of the profit for the financial year 2015 for €410,638,786 to "Profit or loss brought forward" and a dividend of €3 per share, i.e. a total amount of €463,578,771, from "Profit or loss brought forward";
- The payment on 8 September 2016 of an interim dividend of €1 per share, i.e. a total amount of €154,546,891 as decided by the Board of Directors of RTL Group S.A. on 24 August 2016;
- The allocation to the "Reserve for own shares" pursuant to article 49.5 of the Law on Commercial Companies of €490,863;
- A capital reduction: On 25 May 2016, an Extraordinary General Meeting of Shareholders acknowledged that 44,748 bearer shares in circulation had not been deposited in accordance with the provisions of the Law of 28 July 2014 regarding the immobilisation of bearer shares and units ("Immobilisation Law"). As a consequence and in accordance with the Immobilisation Law, these shares were cancelled and subscribed capital reduced by an amount of €55,477. The legal reserve was adjusted accordingly. A total amount of €1,564,389 was deposited in escrow with the Luxembourg Caisse de Consignation.

### 3.7.1. Subscribed capital

At 31 December 2016, the subscribed capital amounted to €191,845,074 (2015: €191,900,551) and was represented by 154,742,806 shares (2015: 154,787,554), all fully paid-up and without designation of nominal value. All shares had equal rights and obligations.

The Company has appointed ING Luxembourg as depository for its bearer shares to comply with the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg.

### 3.7.2. Legal reserve

In accordance with Luxembourg company law, the Company is required to allocate a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the subscribed share capital. The legal reserve is not available for distribution to the shareholders.

### 3.8. Provision for pensions and similar obligations

The provisions for pensions at 31 December 2016 represented commitments from the Company towards its own employees and amounted to €10,221,581 (2015: €9,895,008).

### 3.9. Creditors

#### 3.9.1. Amounts owed to affiliated undertakings

At 31 December 2016, "Amounts owed to affiliated undertakings" consisted of:

- Cash pooling account payable with a number of Group companies in various currencies. At 31 December 2016, the corresponding liability amounted to €1,699,419,077 (2015: €1,777,646,215), of which €1,387,635,288 towards CLT-UFA S.A. (2015: €1,389,400,398) and €87,465,736 towards Immobilière Bayard d'Antin S.A. (2015: €68,072,637). Total interest expense during the year 2016 amounted to €202,042 (2015: €320,413) (Note 4.7.);
- Trade creditors with a number of Group companies for €2,266,232 (2015: €1,835,472) without interest and maturity date.

The short-term advances from Immobilière Bayard d'Antin S.A., Sodera S.A., IP France S.A. and SERC S.A. outstanding at 31 December 2015 were repaid in 2016.

Total interest accrued on the amounts owed to affiliated undertakings at 31 December 2016 amounted to € nil (2015: €17,824).

#### 3.9.2. Tax authorities

The Company is subject in Luxembourg to the general tax regulations applicable to all companies. The Company has received final assessments for income tax up to 2011 and net wealth tax up to 2012.

From 1 January 2002, the Company is part of a tax unity including other Luxembourg Group companies. Unused tax losses existing at 31 December 2016, for the tax unity in Luxembourg, amount to €4,403 million (2015: €4,424 million). In the event that one or several Group companies would have taxable income, these companies will not record income tax charges (towards RTL Group), respectively RTL Group will not record income tax profits (towards the Group companies) as long as the tax unity will benefit from unused tax losses.

#### 3.9.3. Other creditors

At 31 December 2016, "Other creditors" included accounts payable to employees for short-term and long-term incentives. The decrease if compared to 2015 was due to payments made prior to the end of 2016.

#### 4. PROFIT AND LOSS ACCOUNT

##### 4.1. Other operating income

In 2016, "Other operating income" mainly related to the recharge of services and can be broken down as follows:

	2016	2015
<b>Recharges to Group companies</b>		
Administrative and management services	3,143,922	960,654
Other	202,235	276,180
	<b>3,346,157</b>	1,236,834
<b>Recharges to third parties</b>		
Administrative and management services	34,005	148,534
Other	24,020	272,758
	<b>58,025</b>	421,292
<b>Total</b>	<b>3,404,182</b>	1,658,126

The increase in recharges to group companies mainly related to legal and consulting fees incurred for one-off projects in 2016.

##### 4.2. Other external expenses

In 2016, "Other external expenses" evolved as follows:

	2016	2015
General expenses	12,220,972	9,954,194
Consulting fees	5,447,806	3,068,133
<b>Total</b>	<b>17,668,778</b>	13,022,327

The increase in "Other external expenses" included higher fees incurred for corporate projects.

##### 4.3. Staff costs

In 2016, the Company had an average of 101 employees (2015: 87) who were dedicated to corporate functions.

##### 4.4. Other operating expenses

In 2016, "Other operating expenses" mainly related to an increase in operating provisions.

#### 4.5. Income from participating interests

During 2016, "Income from participating interests" evolved as follows:

	2016	2015
CLT-UFA S.A. dividend:		
- Ordinary dividend	59,085,645	68,932,972
- Interim dividend	649,942,095	531,768,699
Immobilière Bayard d'Antin S.A. dividend	14	12
Gain on disposal of RTL Canada Ltd (Note 3.3.1.)	295,515,509	-
<b>Total</b>	<b>1,004,543,263</b>	<b>600,701,683</b>

#### 4.6. Other interest receivable and similar income derived from affiliated undertakings

In 2016, "Other interest receivable and similar income derived from affiliated undertakings" evolved as follows:

	2016	2015
Interest on loans and advances (Note 3.4.1.)	2,260,100	2,682,439
Interest on cash pooling arrangements (Note 3.4.1.)	1,687,534	2,454,938
Foreign exchange gains, net	645,605	-
<b>Total</b>	<b>4,593,239</b>	<b>5,137,377</b>

"Foreign exchange gains, net" consisted of the following:

	2016
Realised foreign exchange gains	513,698,292
Unrealised foreign exchange gains on assets and liabilities and on foreign currency derivatives	46,391,908
	<b>560,090,200</b>
Realised foreign exchange losses	(487,132,228)
Unrealised foreign exchange losses on assets and liabilities and on foreign currency derivatives	(72,312,367)
	<b>(559,444,595)</b>
<b>Total</b>	<b>645,605</b>

#### 4.7. Interest payable and similar expenses

In 2016, "Interest payable and similar expenses" evolved as follows:

	2016	2015
Financial expenses for guarantees	1,921,570	1,825,942
Interest on cash pooling arrangements (Note 3.9.1.)	202,042	320,413
Interest on short-term advances from Group companies (Note 3.9.1.)	22,270	96,682
Foreign exchange losses, net	-	1,394,639
<b>Total</b>	<b>2,145,882</b>	<b>3,637,676</b>

#### 4.8. Other taxes not shown under items 1 to 16

In 2016, "Other taxes not shown under items 1 to 16" related to withholding tax of €56,574 (2015: € 31,649) and net wealth tax of €3,210 (2015: €62).

### 5. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

At 31 December 2016, the principal shareholder of the Company is Bertelsmann Capital Holding GmbH, a company incorporated under German law. Since the public offering made in 2013, Bertelsmann Capital Holding GmbH holds 75.1%.

During the year 2016, all significant transactions entered into with related parties have been done at arm's length.

#### 5.1. Transactions with shareholders

In 2016, "Transactions with shareholders" amounted to €1,180,479 (2015: €962,371).

#### 5.2. Transactions with key management personnel

Transactions with key management personnel can be summarised as follows:

<i>In € million</i>	2016	2015
Short-term benefits	8.2	8.0
Long-term benefits	4.4	4.4
Post-employment benefits	0.2	0.2
<b>Total</b>	<b>12.8</b>	<b>12.6</b>

#### 5.3. Directors' fees

In 2016, a total of €630,082 (2015: €622,685) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group S.A.

## 6. OFF-BALANCE SHEET COMMITMENTS

### 6.1. Outstanding forward currency contracts

At 31 December 2016, in accordance with the foreign currency management policy described in Note 2.3. RTL Group has entered into foreign currency derivative contracts with banking institutions (external) and with Group companies (internal).

The net foreign currency exposure resulting from the open contracts at year-end can be detailed as follows:

Currency	With banking institutions	With Group Companies
AUD	26,125,999	(26,132,025)
CAD	(11,839,238)	11,857,975
CHF	(4,472,514)	4,469,514
DKK	(5,978)	-
GBP	48,313,917	(48,107,546)
HKD	803,926	(805,926)
HUF	(6,679,614,793)	6,682,296,834
PLN	(684,727)	668,238
RON	(160,000)	166,667
SEK	96,898	(65,314)
SGD	2,159,680	(1,976,944)
USD	906,231,380	(906,009,498)
ZAR	(5,155,740)	5,142,740

In the table, the positive amounts correspond to a sale of the related currency (short position) and the negative amounts correspond to a purchase of the related currency (long position).

### 6.2. Guarantees and other similar commitments

The Company has given guarantees to third parties and to Group companies as detailed below:

	2016	2015
Guarantees and other similar commitments to third parties	<b>243,428,182</b>	225,542,897
Licence agreements to third parties	<b>214,408,604</b>	71,737,699
Long-term commitments to third parties	<b>40,000,000</b>	40,000,000
Other commitments to Group companies	<b>1,645,302</b>	2,078,353
<b>Total</b>	<b>499,482,088</b>	339,358,949

The increase mostly related to higher commitments to Uefa and Fifa.

Certain UK companies in the FremantleMedia Group have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at 31 December 2016 year end.

The Company has issued a letter of support to RTL Hrvatska d.o.o., an affiliated undertaking, confirming that the Company is able and willing to continue to provide financial support to enable the affiliate to continue in operation for at least twelve months.

The Company has issued a letter of support to RTL Group Asia Pte Ltd, an affiliated undertaking, confirming that the Company undertakes to provide financial support to RTL Group Asia Pte Ltd to enable it to meet its liabilities as and when they fall due.

The Company also declared itself joint and several liable for debts arising from the legal transactions entered into by 12 Dutch entities in which it indirectly holds the majority of shares in the issued share capital. It also provided a letter of comfort to the directors of Fremantle Group Pension Trust Limited, confirming that it would support the on-going funding needs of the Fremantle Group Pension plan.

## 7. SUBSEQUENT EVENTS

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. ("BBTV") non-controlling interests. RTL Group announced on 31 January 2017 that it decided not to exercise this call option for the remaining non-controlling interests in BBTV and agreed to explore, jointly with the minority shareholders of BBTV, all strategic alternatives for the company. This would include a 100% sale of the business. The call option has now expired. In addition, for a period of 2 years from 31 January 2017, the non-controlling shareholders are entitled to an exit mechanism whereby they can first offer their stake to RTL Group and, if RTL Group does not accept the offer, drag RTL Group's stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders' stake.

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until the first half of 2019, at the latest. The strike price of the option is based on a variable component. The transaction qualifies as a business combination since RTL Group gains the control of Divimove.

On 27 September 2016, Magyar RTL Televízió Zártkörűen Működő Részvénytársaság ("RTL Hungary") entered into an agreement to acquire 30 per cent stake representing 51 per cent of the voting rights in Central Digital Media Kft ("Central Digital Media"), one of the leading web publishers in Hungary. Central Digital Media is operating a number of websites and mobile apps. Central Digital Media is ranked as one of the top three online media companies in Hungary, based on web analytics. The acquisition, subject to approval by the Hungarian competition authority, would significantly accelerate the Group's strategy to increase RTL Hungary's presence in the digital media market. The transaction would qualify as a business combination since M-RTL would gain control of Central Digital Media. RTL Hungary would also hold call options on the remaining 70 per cent shares exercisable 18 months after the deal completion. However, in the second part of February 2017, the Hungarian competition authority decided to refuse its approval of the transaction. RTL Hungary is currently assessing this decision and possible legal actions.

## **MANAGEMENT RESPONSIBILITY STATEMENT**

We, Guillaume de Posch and Anke Schäferkordt, Chief Executive Officers and Elmar Heggen, Chief Financial Officer, confirm, to the best of our knowledge, that these 2016 annual accounts which have been prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of annual accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group S.A. and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group S.A., together with a description of the principal risks and uncertainties that they face.

Luxembourg, 8 March 2017

**Anke Schäferkordt and Guillaume de Posch**  
Chief Executive Officers

**Elmar Heggen**  
Chief Financial Officer