

RTL Group S.A.
Société Anonyme

Audited annual accounts
for the year ended 31 December 2017

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Directors' report

I. OVERVIEW

Advertising market conditions across Europe were challenging during 2017. RTL Group experienced significant variations across the months and quarters of the year, making it difficult to predict market trends with certainty. All European net TV advertising markets in RTL Group's territories were down or stable year on year.

During the year to December 2017, RTL Group's total revenue was up 2.2 per cent to €6,373 million (2016: €6,237 million), reaching a new record high. EBITDA reached a new record level of €1,464 million compared to €1,411 million in 2016. Net profit attributable to RTL Group shareholders was €739 million (2016: €720 million).

The main developments in 2017 were as follows:

- In 2017, the combined average audience share of Mediengruppe RTL Deutschland in the target group of viewers aged 14 to 59 increased to 28.9 per cent (2016: 28.7 per cent) – mainly due to strong performances from Nitro and RTL Plus. The German RTL family of channels significantly widened its lead over its main commercial competitor, ProSiebenSat1, to 4.5 percentage points (2016: 3.2 percentage points). EBITDA was up from €718 million in 2016 to €743 million – an increase of 3.5 per cent – despite the challenging environment in which the German net TV advertising market was estimated to be down between 0.5 and 1.5 per cent.
- Groupe M6's combined audience share was up to 22.3 per cent in the key commercial target group of women under 50 responsible for purchases (2016: 22.2 per cent), thanks to higher audience shares from W9 and 6ter. Flagship channel M6 retained its status as the second most-watched channel in France among women under 50 responsible for purchases, with an average audience share of 15.7 per cent (2016: 16.0 per cent). Groupe M6's EBITDA was down to €389 million (2016: €400 million), mainly due to the positive one-off effect from the settlement of the M6 Mobile contract amounting to €42 million in 2016. Adjusted for this effect, EBITDA was up 9 per cent, underlining the strong operating performance of the unit.
- In 2017, FremantleMedia's global network of production companies saw hours broadcast increase by 5 per cent to 12,553 hours (2016: 11,981 hours); the total number of FremantleMedia programmes broadcast worldwide grew by 6 per cent to 447 (2016: 423) and the number of formats aired increased by 3 per cent to 63 (2016: 61). Combined with FremantleMedia International's sales catalogue of more than 20,000 hours of programming sold to over 200 territories, FremantleMedia remains one of the largest creators and distributors of award-winning international programme brands in the world. EBITDA increased to €140 million (2016: €129 million), reflecting higher profit contributions from the businesses in North America and Europe.
- In 2017, RTL Nederland's channels reached a combined prime-time audience share of 31.1 per cent in the target group of viewers aged 25 to 54 – down from 32.0 per cent in 2016. RTL Nederland's channels remained clearly ahead of the public broadcasters (25.0 per cent) and the SBS group (19.9 per cent). The Dutch TV advertising market remained under pressure during 2017, and was estimated to be down 5.1 per cent year on year. Along with higher investment in the SVOD platform Videoland, this resulted in an EBITDA down 9.4 per cent to €87 million (2016: €96 million).
- In 2017, RTL Belgium celebrated its 30th anniversary. In its anniversary year, RTL Belgium recorded the best start to the season since 2006. Throughout the year, the Belgian family of channels attracted a combined audience of 36.9 per cent of shoppers aged 18 to 54 (2016: 36.2 per cent), maintaining its position as the market leader in French-speaking Belgium, and increasing its lead over the public channels to 18.4 percentage points (2016: 15.8 percentage points). Against the background of a declining TV advertising market that was estimated to be down 5.8 per cent year on year, EBITDA was below the previous year at €21 million (2016: €48 million), reflecting significant 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 for the year 2017 amounted to €642 million (2016: €964 million). This drop is mainly due to a one-off gain of €296 million from the sale of RTL Canada Ltd to an affiliated undertaking in 2016 and an increase in value adjustments on financial receivables of €36 million in 2017. These adverse effects were partially offset by higher interest income, dividends and favourable net foreign exchange effects (€7 million), a decrease in operating expenses of €2 million and an increase in operating income of €1 million.

II. SUMMARY INCOME STATEMENT

<i>In € million</i>	2017	2016
Operating income ⁽¹⁾	4	3
Operating expenses ⁽²⁾	(49)	(51)
Operating result	(45)	(48)
Financial income ⁽³⁾	727	1,015
Financial expenses ⁽⁴⁾	(40)	(3)
Financial result	687	1,012
Profit for the financial year	642	964

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

(2) Operating expenses mainly include staff costs of €28 million (2016: €29 million), general expenses of €12 million (2016: €12 million) and consulting fees of €6 million (2016: €5 million)

(3) Financial income includes dividends of €709 million (2016: €709 million), interest income and net foreign exchange gains of €18 million (2016: €11 million). In 2016, they also included gains on the sale of an affiliated undertaking of €296 million.

(4) Financial expenses include value adjustments in respect of financial assets of €38 million (2016: €1 million) and interest charges of €2 million (2016: €2 million)

III. RESEARCH AND DEVELOPMENT

The Company did not carry out any research and development.

IV. OWN SHARES

RTL Group has an issued share capital of €191,845,074 (2016: €191,845,074) divided into 154,742,806 (2016: 154,742,806) fully paid-up shares with no nominal value.

On 3 April 2006, RTL Group 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 2017, under the Liquidity Agreement, the Liquidity Provider has purchased 250,418 (2016: 574,728) shares for an amount of €17,261,648 (2016: €42,428,890) and sold 263,604 (2016: 562,659) shares for an amount of €18,344,050 (2016: €41,734,009). 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 €13,755,875 (2016: €15,463,637).

At 31 December 2017, the Company directly held 207,602 own shares (2016: 220,788) and indirectly through a Company's subsidiary 995,401 own shares (2016: 995,401).

At 31 December 2017, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €67.07 per share (2016: €69.73).

V. SIGNIFICANT LITIGATIONS

Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. 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 concluded in February 2018 that the likelihood of damages cannot be proven with certainty. It is assumed that the court will render its judgment in the second half of 2018. This judgment will be open to appeal. Similar proceedings of other small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's audience results by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie decided to remove Fun Radio from its surveys. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the audience results surveys as from September 2016. Nevertheless, Médiamétrie decided to lower Fun Radio's audience results in its published surveys, alleging the existence of a "halo effect". Following a procedure initiated by Fun Radio, a judicial expert was appointed in December 2017 to examine Médiamétrie's assessment of the alleged "halo effect". In any case, as from September 2017, Médiamétrie has again published the full audience results for Fun Radio. In parallel to the above procedure, the main competitors of Fun Radio also filed, in December 2016, a claim for damages, claiming unfair competition. However, in the meantime, two of the claimants withdrew their claim and from the proceedings. The rest of the procedure is currently still ongoing.

No further information is disclosed as it may harm the Group's position;

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

On 1 January 2018, the Company contributed its investment in SpotX Inc to FremantleMedia Group Limited, an affiliated undertaking, resulting in a gain of approximately €96 million.

On 2 January 2018, UFA Films und Fernseh GmbH (“UFA”) acquired 100 per cent of United Screens AB (“United Screens”), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network (“MPN”) in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. Additionally, RTL Group plans to invest SEK 25 million to fund the company’s growth plan across the Nordic region. A portion of the purchase price has been paid into an escrow account to serve as collateral for cash adjustments and potential warranty claims. The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The Revolving Loan with Bertelsmann SE & Co. KGaA terminated on 23 February 2018. RTL Group has re-negotiated an extension for another 5-year period, at similar terms and conditions, except for the spread, which is reduced from 60 basis points to 40 basis points on reference interest rates (EONIA / EURIBOR). However, the reference rates have been floored at zero per cent minimum.

VIII. PROFIT APPROPRIATION

The annual accounts of RTL Group show a profit for the financial year 2017 of €642,428,692 (2016: €964,392,448). Taking into account the share premium account of €4,691,802,190 (2016: €4,691,802,190) and the profit brought forward of €418,503,565 (2016: €70,590,918), the amount available for distribution is €5,598,187,411 (2016: €5,572,238,665), net of an interim dividend of €154,547,036 (€1.00 per share) as decided by the Board of Directors of RTL Group on 29 August 2017 and paid on 7 September 2017 (2016: €154,546,891 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 2017 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 2017 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.

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. 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.

6 March 2018

The Board of Directors

Board of Directors

Non-Executive Directors

Thomas Rabe, Chairman
Martin Taylor¹, Vice-Chairman and Chairman of Nomination and Compensation Committee
Thomas Götz
Rolf Hellermann
Bernd Hirsch
Bernd Kundrun
Guillaume de Posch (as from 1 January 2018)
Jacques Santer¹ (until 19 April 2017)
Jean-Louis Schiltz¹ (as from 19 April 2017)
Rolf Schmidt-Holtz
James Singh¹, Chairman of Audit Committee

Executive Directors

Guillaume de Posch (Co-Chief Executive Officer) (until 31 December 2017)
Anke Schäferkordt (Co-Chief Executive Officer) (until 19 April 2017)
Bert Habets (Co-Chief Executive Officer as from 19 April 2017) (Chief Executive Officer as from 1 January 2018)
Elmar Heggen (Deputy Chief Executive Officer as from 1 January 2018, Chief Financial Officer)

¹ Independent director



Audit report

To the Shareholders of
RTL Group S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of RTL Group S.A. (the “Company”) as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Company’s annual accounts comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under those Regulation, Law and standards are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts” section of our report.

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

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company, in the period from 1 January 2017 to 31 December 2017, are disclosed in the Note 4.2 to the annual accounts.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="295 750 826 813"><i>Recoverability of shares in affiliated undertakings</i></p> <p data-bbox="295 842 831 965">Investments in shares in affiliated undertakings amount to 6,752 million EUR or approximately 85% of the total assets of the Company at year-end.</p> <p data-bbox="295 994 831 1272">Management performed an annual impairment test to assess whether the recoverable amount of each of those investments is at least equal to their respective carrying value. The recoverable amount can be determined through different valuation techniques; the most regularly used by Management being the discounted cash flow (DCF) model.</p> <p data-bbox="295 1301 831 1529">This matter was of particular significance to our audit as Management's assessment of the recoverable amount required estimation and judgment, such as the future expected cash flows generated by the investments, the discounting factor and other key assumptions of the DCF model.</p> <p data-bbox="295 1574 831 1697">Management's assessment for determining the recoverable amount is further described in Note 2.6. of the accompanying annual accounts.</p>	<p data-bbox="847 842 1465 1182">We assessed the Company's ability to reliably determine the recoverable amount of its investments. To do so, we assessed the robustness of its impairment test, and in particular the method for determining the future discounted cash flows. In doing so, we focused our procedures primarily on the most significant investments being CLT-UFA S.A., FremantleMedia Group Ltd and SpotX Inc. We also verified the methodology used by Management to determine the Weighted Average Cost of Capital (WACC).</p> <p data-bbox="847 1211 1465 1429">We satisfied ourselves of the reasonability of the future cash flows by comparing them with the current budgets and forecasts in the three year plan prepared by Management and approved by the Board of Directors, and when possible benchmarking them against general and sector specific market expectations.</p> <p data-bbox="847 1458 1465 1552">Where necessary, we involved valuation specialists to test the main parameters used in the DCF models (including the weighted average cost of capital).</p>



Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Directors' 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 identified above 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 that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation 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.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.



As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

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

The Corporate Governance Statement is published on the Company's website (www.rtlgroup.com). The information required by Article 68ter 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, which is included in the Corporate Governance Statement, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 19 April 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 24 years.

Other matter

The Corporate Governance Statement includes, when applicable, the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) 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.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 6 March 2018

A handwritten signature in black ink, appearing to read 'Gilles Vanderweyen', is written over a faint, larger version of the same signature.

Gilles Vanderweyen

Balance sheet at 31 December 2017

ASSETS	Notes	2017 €	2016 €
C. Fixed assets		7,195,225,629	7,077,591,213
I. Intangible assets	3.1.	334,297	465,137
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		334,297	465,137
II. Tangible assets	3.2.	4,656	6,226
2. Plant and machinery		445	727
3. Other fixtures and fittings, tools and equipment		4,211	5,499
III. Financial assets	3.3.	7,194,886,676	7,077,119,850
1. Shares in affiliated undertakings	3.3.1.	6,752,069,711	6,623,398,493
2. Loans to affiliated undertakings	3.3.2.	431,262,197	442,166,589
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.	-	-
D. Current assets		717,406,388	502,420,786
II. Debtors	3.4.	697,484,010	475,564,112
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year	3.4.1./3.4.2.	695,987,843	475,478,810
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year	3.4.3.	1,278,123	-
4. Other debtors			
a) becoming due and payable within one year		218,044	85,302
III. Investments		13,755,875	15,463,637
2. Own shares	3.5.	13,755,875	15,463,637
IV. Cash at bank and in hand		6,166,503	11,393,037
E. Prepayments	3.6.	65,052,494	183,761,118
TOTAL (ASSETS)		<u>7,977,684,511</u>	<u>7,763,773,117</u>

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

Balance sheet at 31 December 2017

	Notes	2017 €	2016 €
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	3.7.	5,830,044,667	5,805,803,683
I. Subscribed capital	3.7.1.	191,845,074	191,845,074
II. Share premium account		4,691,802,190	4,691,802,190
IV. Reserves			
1. Legal reserve	3.7.2.	19,184,507	19,184,507
2. Reserve for own shares		13,755,875	15,463,637
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		418,503,565	70,590,918
VI. Profit or loss for the financial year		642,428,692	964,392,448
VII. Interim dividends		(154,547,036)	(154,546,891)
B. Provisions		11,522,483	10,221,581
1. Provision for pensions and similar obligations	3.8.	11,522,483	10,221,581
C. Creditors	3.9.	2,070,435,053	1,727,179,046
2. Amounts owed to credit institutions			
a) becoming due and payable within one year		1,500	4,006
4. Trade creditors			
a) becoming due and payable within one year		1,980,413	2,069,086
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year	3.9.1.	2,045,923,527	1,701,685,309
8. Other creditors			
a) Tax authorities	3.9.2.	1,129,774	396,077
b) Social security authorities		306,538	286,796
c) Other creditors	3.9.3.		
i) becoming due and payable within one year		16,826,616	22,737,772
ii) becoming due and payable after more than one year		4,266,685	-
D. Deferred income	3.6.	65,682,308	220,568,807
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		7,977,684,511	7,763,773,117

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

Profit and loss account for the year ended 31 December 2017

	Notes	2017 €	2016 €
4.	Other operating income	3,598,940	3,404,182
5.	Raw materials and consumables and other external expenses	(18,360,032)	(17,978,179)
a)	Raw materials and consumables	(261,103)	(309,401)
b)	Other external expenses	(18,098,929)	(17,668,778)
6.	Staff costs	(27,820,923)	(28,979,727)
a)	Wages and salaries	(24,663,230)	(26,530,859)
b)	Social security costs	(1,355,349)	(1,009,678)
i)	relating to pensions	(713,468)	(653,488)
ii)	other social security costs	(641,881)	(356,190)
c)	Other staff costs	(1,802,344)	(1,439,190)
7.	Value adjustments	(271,743)	(220,541)
a)	in respect of formation expenses and of tangible and intangible fixed assets	(271,743)	(220,541)
8.	Other operating expenses	(2,029,471)	(4,086,055)
9.	Income from participating interests	709,027,740	1,004,543,263
a)	derived from affiliated undertakings	709,027,740	1,004,543,263
10.	Income from other investments and loans forming part of the fixed assets	8,568,694	3,796,110
a)	derived from affiliated undertakings	6,662,738	2,837,485
b)	other income not included under a)	1,905,956	958,625
11.	Other interest receivable and similar income	10,160,972	6,858,092
a)	derived from affiliated undertakings	7,597,659	4,593,239
b)	other interest and similar income	2,563,313	2,264,853
13.	Value adjustments in respect of financial assets and of investments held as current assets	(38,030,229)	(738,994)
14.	Interest payable and similar expenses	(2,285,857)	(2,145,919)
a)	concerning affiliated undertakings	(240,441)	(224,349)
b)	other interest and similar expenses	(2,045,416)	(1,921,570)
16.	Profit or loss after taxation	642,558,091	964,452,232
17.	Other taxes not shown under items 1 to 16	(129,399)	(59,784)
18.	Profit or loss for the financial year	642,428,692	964,392,448

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 19 April 2017. 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 its registered office and on its 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 its registered office and on its 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 mainly from signed output deals and programme rights in order to monitor the Group's overall foreign currency exposure. Entities exposed to foreign currencies 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 positions 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. The off-balance exposures and firm commitments are partly hedged according to the provision of the foreign exchange policy.

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 through profit and loss is recorded when the market value is lower than the acquisition cost. In accordance with article 430.18 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: 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., RTL AdConnect International S.A. (former IP Network International S.A.), Luxradio S.à r.l., Media Assurances S.A., Media Properties S.à r.l., RTL Belux S.A., RTL Belux S.A. & Cie S.E.C.S., Media Real Estate 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: B. & C.E. S.A., 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), RTL AdConnect Srl (Italy) (former IP Network Srl), 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 Group Services Belgium S.A. (former Audiomeia Investments S.A. (Belgium)), 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: Abot Hameiri Communication Ltd (Israel), FremantleMedia Asia Pte Ltd (Singapore), FremantleMedia Australia PTY Ltd (Australia), FremantleMedia Canada Inc. (Canada), FremantleMedia Productions North America Inc. (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.

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.).

3. BALANCE SHEET

3.1. Intangible assets

At 31 December 2017, "Intangible assets" mainly consisted of licences which are recorded and amortised according to the policies described in Note 2.4..

In 2017, "Intangible assets" evolved as follows:

Acquisition cost at 31.12.2016	9,557,272
Acquisitions/Increases	139,333
Acquisition cost at 31.12.2017	9,696,605
Accumulated value adjustments at 31.12.2016	(9,092,135)
Amortisation charges for the year	(270,173)
Accumulated value adjustments at 31.12.2017	(9,362,308)
Net book value at 31.12.2016	465,137
Net book value at 31.12.2017	334,297

3.2. Tangible assets

In 2017, "Tangible assets" evolved as follows:

	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Acquisition cost at 31.12.2016	4,685	268,414	273,099
Acquisition cost at 31.12.2017	4,685	268,414	273,099
Accumulated value adjustments at 31.12.2016	(3,958)	(262,915)	(266,873)
Depreciation charges for the year	(282)	(1,288)	(1,570)
Accumulated value adjustments at 31.12.2017	(4,240)	(264,203)	(268,443)
Net book value at 31.12.2016	727	5,499	6,226
Net book value at 31.12.2017	445	4,211	4,656

3.3. Financial assets

Shares

In 2017, "Shares" evolved as follows:

	Shares in affiliated undertakings	Participating interests	Investments held as fixed assets
Acquisition cost at 31.12.2016	6,628,514,493	10,171,137	1,383,631
Acquisition	128,680,156	-	-
Acquisition cost at 31.12.2017	6,757,194,649	10,171,137	1,383,631
Accumulated value adjustments at 31.12.2016	(5,116,000)	-	-
Value adjustment	(8,938)	-	-
Accumulated value adjustments at 31.12.2017	(5,124,938)	-	-
Net book value at 31.12.2016	6,623,398,493	10,171,137	1,383,631
Net book value at 31.12.2017	6,752,069,711	10,171,137	1,383,631

3.3.1. Shares in affiliated undertakings

Acquisition

In 2017, the Company acquired the 36.4 per cent (on a fully diluted basis) equity in SpotX Inc. it did not already own by exercising its call option for a total amount of €128,680,156.

Value adjustment

On 15 July 2017, RTL Group Asia Pte Ltd had disposed of all shares held in RTL CBS Asia Entertainment Network LLP, its sole investment, for USD 1. Therefore, the Company recorded a value adjustment on its investment in RTL Group Asia Pte Ltd of €8,938 (Note 4.7.).

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 2016	Result of the last period closed 2016
Shares in affiliated undertakings									
CLT-UFA	S.A.	Luxembourg	Holding/TV/Radio	99.7	5,504,066,504	-	5,504,066,504	2,664,174,706 ⁽¹⁾	500,022,603 ⁽¹⁾
FremantleMedia Group	Ltd	United Kingdom	Holding	100	999,423,096	-	999,423,096	237,724,419	(17,474,605)
SpotX	Inc.	USA	Video advertising platform	100	247,400,111	-	247,400,111	30,300,936 ⁽³⁾	11,167,128 ⁽³⁾
Grundy International Operations	Ltd	Antigua and Barbuda	Holding	100	5,116,000	(5,116,000)	-	68,521 ⁽⁴⁾	- ⁽⁴⁾
Fremantle Productions Asia	Ltd	Hong Kong	Production	100	1,180,000	-	1,180,000	681,991 ⁽⁴⁾	24,641 ⁽⁴⁾
RTL Group Asia Pte	Ltd	Singapore	Holding	100	8,938	(8,938)	-	(693,353)	(419,070)
					6,757,194,649	(5,124,938)	6,752,069,711		
Participating interests									
Clypd	Inc.	USA	Video advertising	19.5	10,171,137	-	10,171,137	3,033,635 ⁽⁴⁾	(7,484,385) ⁽⁴⁾
					10,171,137	-	10,171,137		
Investments held as fixed assets									
Bertelsman Business Support	S.à r.l.	Luxembourg	Sourcing and financing	10	1,383,631	-	1,383,631	1,016,705,599	6,552,532
					1,383,631	-	1,383,631		

(1) Amounts according to annual accounts for 2017. Equity is net of an interim dividend of €33 per share, i.e. a total amount of €651,733,995, paid in December 2017

(2) Except unless otherwise stated, amounts on a 100% basis before dividend distribution, if any, and converted at 2017 closing rate, if required

(3) Amounts according to consolidated IFRS accounts converted at 2017 closing rate

(4) Amounts according to unaudited IFRS accounts converted at 2017 closing rate

3.3.2. Loans to affiliated undertakings

In 2017, "Loans to affiliated undertakings" evolved as follows:

Gross amount at 31.12.2016	442,166,589
Decrease	(10,904,392)
Gross amount at 31.12.2017	431,262,197
Accumulated value adjustments at 31.12.2016	-
Accumulated value adjustments at 31.12.2017	-
Net book value at 31.12.2016	442,166,589
Net book value at 31.12.2017	431,262,197

At 31 December 2017, "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 2017 amounted to €1,072,569;

- Loan of USD 100,000,000 (€85,113,627) 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 2017 amounted to USD 230,283 (€196,001).

In 2017, total interest receivable amounted to €6,662,738 (2016: €2,837,485).

3.3.3. Investments held as fixed assets

At 31 December 2017, "Investments held as fixed assets" related to a 10 per cent stake held in Bertelsmann Business Support S.à r.l. (former 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 Bertelsmann Business Support 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 of €1 million was recognised following the approval of the annual accounts 2016 of BeProcurement S.à r.l..

3.3.4. Other loans

At 31 December 2017, "Other loans" consisted of a loan of €22,400,000 (2016: €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 2017 amounted to €1,099,789 (2016: €961,114). The loan and interest are fully impaired primarily given the economic Greek landscape and uncertainty of their recoverability at 31 December 2017.

3.4. Debtors

3.4.1. Amounts owed by affiliated undertakings - RTL Group companies

At 31 December 2017, amounts owed by RTL Group companies consisted of:

- Cash pooling with a number of Group companies in multiple currencies for €612,847,490 (2016: €345,219,020) net of a value adjustment of €28,634,053 (2016: €290,530) bearing interest at an adjusted EONIA / LIBOR rate as described in Note 2.10. and without maturity date. Total interest income during the year 2017 amounted to €2,581,168 (2016: €1,687,534) (Note 4.6.);
- An advance of GBP 97,067,757 (€110,044,165) (2016: €115,964,108) granted to FremantleMedia Group Ltd, bearing interest at a rate of 1.6% and with maturity date of 21 November 2018. The interest accrued on the advance at 31 December 2017 amounted to GBP 177,591 (€201,332) (2016: €216,103);
- A loan of €7,640,000 (2016: €7,465,000) granted to FremantleMedia España S.A., bearing interest at a rate of 2.7% and with maturity date of 2 July 2018. The interest accrued on the loan at 31 December 2017 amounted to €205,505 (2016: €198,495). The loan and interest are fully impaired;
- A loan of BRL 3,200,000 (€824,211) granted to FremantleMedia Brazil Produção de Televisão Ltda on 13 July 2017, bearing interest at a rate of 11.5% with maturity date of 15 January 2018. The interest accrued on the loans at 31 December 2017 amounted to BRL 175,328 (€45,159). The loan and interest are fully impaired;
- Trade accounts receivable with a number of group companies for €1,528,909 (2016: €2,027,808) without interest and maturity date.

Total interest accrued on the amounts owed by affiliated undertakings at 31 December 2017 amounted to €201,332 (31 December 2016: €565,359), net of a value adjustment of €250,664 (2016: € nil).

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 2017, RTL Group did not hold any deposit with Bertelsmann SE & Co. KGaA (2016: € nil million on a one to three month basis and € nil million on an overnight basis). The interest income for the period was € nil (2016: € 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.

At 31 December 2017, accrued interests amounted to € nil (2016: € nil).

3.4.3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests

At 31 December 2017, "Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests" consisted of a convertible note of USD 1,500,000 (€1,276,704) granted to Clypd Inc. on 27 December 2017 with maturity date of 7 April 2018, bearing interest at a rate of 8%. The interest accrued on the loan at 31 December 2017 amounted to USD 1,667 (€1,419).

3.5. Own shares

On 3 April 2006, RTL Group acquired 173,300 own shares for an amount of €12,198,587 from Group companies RTL Group Services Belgium S.A. (former Audiomediam 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.

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 2017, under the Liquidity Agreement, the Liquidity Provider has purchased 250,418 (2016: 574,728) shares for an amount of €17,261,648 (2016: €42,428,890) and sold 263,604 (2016: 562,659) shares for an amount of €18,344,050 (2016: €41,734,009). At 31 December 2017, the Company held 34,302 (2016: 47,488) shares for a value of €2,430,120 (2016: €3,265,050) under the Liquidity Agreement.

At 31 December 2017, the Company directly held 207,602 (2016: 220,788) own shares and indirectly through a Company's subsidiary 995,401 own shares (2016: 995,401). At 31 December 2017, RTL Group's share price, as listed on the Frankfurt Stock Exchange, was €67.07 per share (31 December 2016: €69.73).

In 2017, the Company recorded a value adjustment on own shares of €625,359 (2016: €204,018) (Note 4.7.).

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 2017, the Company had a deposit with the Liquidity Provider under the terms of the Liquidity Agreement of €1.2 million (2016: €7.0 million).

3.6. Prepayments / Deferred income

At 31 December 2017, the amounts mainly related to the Group's foreign exchange derivatives, assets and liabilities amounting to €64,487,782 (2016: €183,136,868) and €65,682,308 (2016: €220,568,807), respectively (Note 2.3.). The variation versus 2016 was mainly due to the weakening of USD and GBP against EUR in 2017.

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 3.6.)	Other non available reserves	Profit or loss brought forward	Interim dividends	Profit or loss for the financial year	Total
At 31.12.2016	191,846,074	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
Allocation of 2016 result	-	-	-	-	-	809,845,557	154,546,891	(964,392,448)	-
Dividend distribution	-	-	-	-	-	(463,640,672)	(154,547,036)	-	(618,187,708)
Profit or loss for the financial year	-	-	-	-	-	-	-	642,428,692	642,428,692
Other movements	-	-	-	(1,707,762)	-	1,707,762	-	-	-
At 31.12.2017	191,846,074	4,691,802,190	19,184,507	13,755,875	7,071,800	418,503,565	(154,547,036)	642,428,692	5,830,044,667

Changes in capital and reserves can be explained by:

- the profit for the financial year 2017;
- the allocation of the profit for the year ended 31 December 2016 by the Annual General Meeting of shareholders held on 19 April 2017, which decided the allocation of the profit for the financial year 2016 for €809,845,557 to "Profit or loss brought forward" and a dividend of €3 per share, i.e. a total amount of €463,640,672, from "Profit or loss brought forward";
- the payment on 7 September 2017 of an interim dividend of €1 per share, i.e. a total amount of €154,547,036 as decided by the Board of Directors of RTL Group on 29 August 2017;
- the allocation to the "Reserve for own shares" pursuant to article 430.18 of the Law on Commercial Companies of €1,707,762.

3.7.1. Subscribed capital

At 31 December 2017, the subscribed capital amounted to €191,845,074 (2016: €191,845,074) and was represented by 154,742,806 shares (2016: 154,742,806), 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 2017 represented commitments from the Company towards its own employees and amounted to €11,522,483 (2016: €10,221,581).

3.9. Creditors

3.9.1. Amounts owed to affiliated undertakings

At 31 December 2017, "Amounts owed to affiliated undertakings" consisted of:

- Cash pooling account payable with a number of Group companies in various currencies. At 31 December 2017, the corresponding liability amounted to €2,043,733,764 (2016: €1,699,419,077), of which €1,610,469,253 towards CLT-UFA S.A. (2016: €1,387,635,288), €169,000,613 towards Immobilière Bayard d'Antin S.A. (2016: €87,465,736) and €72,247,746 towards RTL Belgium S.A. (2016: €72,344,165). Total interest expense during the year 2017 amounted to €240,441 (2016: €202,042) (Note 4.8.);
- Trade creditors with a number of Group companies for €2,189,763 (2016: €2,266,232) without interest and maturity date.

Total interest accrued on the amounts owed to affiliated undertakings at 31 December 2017 amounted to € nil (2016: € nil).

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 2012 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 2017, for the tax unity in Luxembourg, amounted to €4,356 million (2016: €4,403 million) without expiry date. 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 2017, "Other creditors" included accounts payable to employees, thereof €4,266,685 due after more than one year (2016: € nil).

4. PROFIT AND LOSS ACCOUNT

4.1. Other operating income

In 2017, "Other operating income" mainly related to the recharge of services and can be broken down as follows:

	2017	2016
Recharges to Group companies		
Administrative and management services	2,676,433	3,143,922
Other	634,864	202,235
	3,311,297	3,346,157
Recharges to third parties		
Administrative and management services	-	34,005
Other	287,643	24,020
	287,643	58,025
Total	3,598,940	3,404,182

4.2. Other external expenses

In 2017, "Other external expenses" evolved as follows:

	2017	2016
General expenses	12,042,270	12,220,972
Consulting fees	6,056,659	5,447,806
Total	18,098,929	17,668,778

"General expenses" included fees related to PricewaterhouseCoopers, the Company's auditor, and their affiliates regarding continuing operations as follows:

	2017	2016
Audit services pursuant to legislation	498,558	482,865
Audit-related services	-	57,000
Non-audit services	232,402	38,917
Total	730,960	578,782

4.3. Staff costs

In 2017, the Company had an average of 104 employees (2016: 101) who were dedicated to corporate functions.

4.4. Other operating expenses

In 2017, "Other operating expenses" mainly related to attendance fees for Board members and licences charges. The decrease compared to 2016 was mainly due to lower additions to operating provisions.

4.5. Income from participating interests

During 2017, "Income from participating interests" evolved as follows:

	2017	2016
CLT-UFA S.A. dividend:		
- Ordinary dividend	59,085,645	59,085,645
- Interim dividend	649,942,095	649,942,095
Immobilière Bayard d'Antin S.A. dividend	-	14
Gain on disposal of RTL Canada Ltd	-	295,515,509
Total	709,027,740	1,004,543,263

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

In 2017, "Other interest receivable and similar income derived from affiliated undertakings" evolved as follows:

	2017	2016
Interest on cash pooling arrangements	2,581,168	1,687,534
Interest on loans and advances	2,310,067	2,260,100
Foreign exchange gains, net	2,706,424	645,605
Total	7,597,659	4,593,239

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

	2017	2016
Realised foreign exchange gains	446,036,548	513,698,292
Unrealised foreign exchange gains on assets and liabilities and on foreign currency derivatives	42,633,945	46,391,908
	488,670,493	560,090,200
Realised foreign exchange losses	(462,358,651)	(487,132,228)
Unrealised foreign exchange losses on assets and liabilities and on foreign currency derivatives	(23,605,418)	(72,312,367)
	(485,964,069)	(559,444,595)
Total	2,706,424	645,605

4.7. Value adjustments in respect of financial assets and of investments held as current assets

In 2017, "Value adjustments in respect of financial assets and of investments held as current assets" evolved as follows:

	2017	2016
Cash pooling accounts receivable (Note 3.4.1.)	28,343,523	3,681
Amounts owed by affiliated undertakings - loans and advances (Note 3.4.1.)	8,913,734	172,670
Own shares (Note 3.5.)	625,359	204,018
Other loans (Note 3.3.4.)	138,675	958,625
Shares in affiliated undertakings (Note 3.3.1.)	8,938	(600,000)
Total	38,030,229	738,994

The value adjustments on cash pooling accounts receivable and on "Amounts owed by affiliated undertakings" mainly related to RTL Group Asia Pte Ltd, FremantleMedia España S.A., Fremantle Productions Asia Pte Ltd and FremantleMedia Brazil Produção de Televisão Ltda.

4.8. Interest payable and similar expenses

In 2017, "Interest payable and similar expenses" evolved as follows:

	2017	2016
Financial expenses for guarantees	2,045,416	1,921,570
Interest on cash pooling arrangements (Note 3.9.1.)	240,441	202,042
Interest on short-term advances from Group companies	-	22,307
Total	2,285,857	2,145,919

4.9. Other taxes not shown under items 1 to 16

In 2017, "Other taxes not shown under items 1 to 16" related to withholding tax of €124,584 (2016: €56,574) and net wealth tax of €4,815 (2016: €3,210).

5. RELATED PARTIES TRANSACTIONS

At 31 December 2017, the principal shareholder of the Company was Bertelsmann Capital Holding GmbH, a company incorporated under German law. Since the public offering made in 2013, Bertelsmann Capital Holding GmbH held 75.1% of the shares of the Company.

During the year 2017, all significant transactions entered into with related parties have been done at arm's length.

5.1. Transactions with shareholders

In 2017, "Transactions with shareholders" amounted to €1,274,140 (2016: €1,180,479).

5.2. Transactions with key management personnel

Transactions with key management personnel can be summarised as follows:

<i>In € million</i>	2017	2016
Short-term benefits	7.6	8.2
Long-term benefits	3.3	4.4
Post-employment benefits	0.5	0.2
Total	11.4	12.8

5.3. Directors' fees

In 2017, a total of €1,035,247 (2016: €630,082) was allocated in the form of attendance fees to the members of the Board of Directors of RTL Group.

6. OFF-BALANCE SHEET COMMITMENTS

6.1. Outstanding forward currency contracts

At 31 December 2017, 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	45,324,334	(45,321,063)
CAD	(12,412,204)	12,416,007
CHF	(57,362,338)	57,354,010
CZK	43,553,956	(43,553,956)
DKK	(709,527)	698,550
GBP	37,259,718	(37,059,465)
HKD	(5,000)	-
HRK	212,061	-
HUF	(8,307,036,500)	8,308,306,559
ILS	22,143	-
NOK	11,471	-
PLN	(705,205)	688,064
RON	(1,157,466)	1,164,148
SEK	116,306,022	(116,278,001)
SGD	152,430	(134,570)
USD	947,403,943	(947,078,392)
ZAR	(885,630)	873,630

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:

	2017	2016
Guarantees and other similar commitments to third parties	261,358,777	243,428,182
Licence agreements to third parties	218,061,029	214,408,604
Long-term commitments to third parties	40,000,000	40,000,000
Other commitments to Group companies	1,648,960	1,645,302
Total	521,068,766	499,482,088

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 2017 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 also declared itself joint and several liable for debts arising from the legal transactions entered into by 9 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

On 1 January 2018, the Company contributed its investment in SpotX Inc to FremantleMedia Group Limited, an affiliated undertaking, resulting in a gain of approximately €96 million.

On 2 January 2018, UFA Films und Fernseh GmbH ("UFA") acquired 100 per cent of United Screens AB ("United Screens"), a Swedish company with a Finnish subsidiary, for SEK 120 million on a cash and debt free basis. United Screens is the leading multi-platform network ("MPN") in the Nordic countries. With this investment, RTL Group expands its footprint as the leading European media company in online video. Additionally, RTL Group plans to invest SEK 25 million to fund the company's growth plan across the Nordic region. A portion of the purchase price has been paid into an escrow account to serve as collateral for cash adjustments and potential warranty claims. The transaction qualifies as a business combination since RTL Group gained the control of United Screens.

The Revolving Loan with Bertelsmann SE & Co. KGaA terminated on 23 February 2018. RTL Group has re-negotiated an extension for another 5-year period, at similar terms and conditions, except for the spread, which is reduced from 60 basis points to 40 basis points on reference interest rates (EONIA / EURIBOR). However, the reference rates have been floored at zero per cent minimum.

MANAGEMENT RESPONSIBILITY STATEMENT

We, Bert Habets, Chief Executive Officer and Elmar Heggen, Deputy Chief Executive Officer and Chief Financial Officer, confirm, to the best of our knowledge, that these 2017 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 6 March 2018

Bert Habets
Chief Executive Officer

Elmar Heggen
Deputy Chief Executive Officer
Chief Financial Officer

