

RTL Group

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H1/2022: RTL Group reports record revenue and 4.5 million paying streaming subscribers

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- Group revenue up 8.7 per cent to €3.3 billion in H1/2022 to a new record level, stable organically
- Q2/2022: Group revenue up 6.5 per cent to €1,714 million, down 4.1 per cent organically due to slowing TV advertising markets, in particular in Germany
- H1/2022: Adjusted EBITA up 3.7 per cent to €501 million despite more challenging macroeconomic conditions and higher streaming start-up losses. Adjusted EBITA margin at 15.3 per cent
- H1/2022: Group profit at €304 million, down from €929 million in H1/2021 which benefited from significant capital gains on disposals
- Paying subscribers for RTL Group's streaming services in Germany and the Netherlands up 48.0 per cent to more than 4.5 million. Streaming revenue up 21.5 per cent to €130 million

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- H1/2022: Progress on Fremantle growth plan with five acquisitions and step-ups completed and revenue up 8.1 per cent to €983 million
- Consolidation: on the proposed merger of Groupe TF1/Groupe M6, the case team of the French competition authority concluded that the proposed transaction raises significant competition concerns. The hearings before the Board (Collège) of the French competition authority will take place in September, a decision by the authority is expected in October. On the proposed merger of Talpa Network/RTL Nederland, a decision is expected in autumn
- Portfolio management: disposals of VideoAmp, RTL Belgium and RTL Croatia completed
- Full-year outlook for 2022 revised, due to challenging macroeconomic environment: Adjusted EBITA of €1.05 to €1.15 billion (previous guidance: ~€1.15 billion) and streaming start-up losses of ~€250 million ('Adjusted EBITA before streaming start-up losses' of €1.3 to €1.4 billion (previous guidance: ~€1.4 billion))

Luxembourg, 5 August 2022 – RTL Group announces its reviewed results for the six months ending 30 June 2022.

H1/2022: Record Group revenue and Adjusted EBITA ahead of H1/2021 despite more challenging macroeconomic conditions and higher streaming start-up losses

- **Group revenue** was up 8.7 per cent to €3,276 million (H1/2021: €3,014 million), mainly thanks to the strong performance of RTL Nederland, higher streaming revenue, scope effects at RTL Deutschland (from the acquisitions of Gruner + Jahr and Super RTL) and Fremantle as well as positive foreign exchange rate effects. Group revenue was stable organically¹ compared to the first half of 2021, as organic revenue growth at RTL Nederland and Groupe M6 was offset by negative effects from the timing of production deliveries at Fremantle.
- In the first half of 2022, RTL Group's families of TV channels in Germany and the Netherlands reported **higher audience shares** and increased their audience lead over their main commercial competitors.
- **Q2/2022 Group revenue** was up 6.5 per cent to €1,714 million (Q2/2021: €1,610 million), as scope effects, positive foreign exchange rate effects and growth in streaming revenue more than offset timing effects at Fremantle and a decrease in TV advertising revenue.
- **Streaming revenue**² from RTL+ and Videoland was up 21.5 per cent to €130 million (H1/2021: €107 million).
- **Distribution revenue**³ was up 3.3 per cent to €220 million (H1/2021: €213 million).
- **Adjusted EBITA** was up 3.7 per cent to €501 million (H1/2021: €483 million) despite higher streaming start-up losses, driven by significantly higher profit contributions from RTL Nederland. The **Adjusted EBITA margin** was 15.3 per cent (H1/2021: 16.0 per cent). Adjusted EBITA before streaming start-up losses was up 7.1 per cent to €575 million (H1/2021: €537 million).
- **Group profit** was €304 million (H1/2021: €929 million). The first half of 2021 was positively impacted by capital gains of €745 million from the sale of SpotX.
- **Net cash from operating activities** was at €84 million (H1/2021: €214 million), while the operating cash conversion rate⁴ came in at 35 per cent (H1/2021: 82 per cent).
- On 30 June 2022, RTL Group had **net cash**⁵ of €35 million (31 December 2021: net cash of €657 million).

CEO quote

“RTL Group continues to deliver on its targets for its growth businesses of streaming and content.”

Statement from **Thomas Rabe**, Chief Executive Officer of RTL Group:

“RTL Group had a solid first half of the year 2022, despite the growing economic uncertainties resulting from the war in Ukraine, increasing inflation and supply chain issues. Thanks to our investments into streaming and content and the strong performance of RTL Nederland, our first-half revenue reached a new record level of €3.3 billion. Despite significantly higher streaming start-up losses and a slowdown of the TV advertising markets since March, RTL Group generated a higher Adjusted EBITA – once again demonstrating our ability to generate strong financial results even in challenging conditions.

Given the challenging macroeconomic environment and its impact on advertising markets in particular, we have decided to revise RTL Group's outlook for the full year 2022. RTL Group now expects its Adjusted EBITA to come in at between €1.05 and €1.15 billion including streaming start-up losses and €1.3 and €1.4 billion before streaming start-up losses.

RTL Group continues to deliver on its targets for its growth businesses of streaming and content. Our streaming services continued to grow dynamically and passed the 4.5 million paying subscriber mark. In the second half of 2022, we will expand RTL+ to become a cross-media entertainment service. Our content business is also accelerating, with five acquisitions and step-ups in the past six months, major talent deals and 30 planned films for 2022.

We have also made significant progress in executing our strategy to establish national cross-media champions. The integration of RTL Deutschland and Gruner + Jahr is progressing according to plan, and we sold RTL Belgium and RTL Croatia. We expect the competition authorities in France and the Netherlands to decide on the proposed combinations of both Groupe TF1 and Groupe M6, and Talpa Network and RTL Nederland in autumn. We remain convinced that market consolidation is necessary to compete with the global tech platforms.”

Strategy

Strengthening RTL Group's core – creating national media champions

- **Proposed merger between Groupe TF1 and Groupe M6:** In its recently issued report, the case team of the French competition authority considers that the proposed transaction raises significant competition concerns (in particular on the advertising market). The report does not prejudge the final decision by the Board (Collège) of the French competition authority. The nature and scope of the remedies required in the report of the case team would render the parties' proposal irrelevant, in which case the parties would withdraw it. The parties – who intend to maintain their proposal as presented – will respond to the competition authority by around mid-August. The hearings before the Board of the French competition authority are scheduled for 5 and 6 September 2022. A decision is expected in October 2022.
- **Proposed merger between Talpa Network and RTL Nederland:** The transaction is subject to approval from the competent authorities. A decision is expected in autumn 2022.
- On 1 January 2022, **RTL Deutschland** fully acquired **Gruner + Jahr's (G+J) German publishing assets and brands** and on 1 April 2022 50 per cent of Deutsche Medien Manufaktur (DMM) for the final purchase price of €228 million on a cash-free and debt-free basis⁶, to create Germany's first cross-media champion. G+J contributed popular and trusted media brands such as *Stern*, *Brigitte*, *Geo*, *Capital*, *Schöner Wohnen*, *Eltern*, *Landlust* and *Art* to RTL Deutschland, and the integration is progressing well. The potential synergies of the transaction (Adjusted EBITA run-rate impact) are estimated at around €100 million per year, to be fully realised by 2025. RTL Deutschland is on track to achieve these synergies.
- On 4 January 2022, RTL Group sold its entire shareholding in **VideoAmp** – a US software and data company for media measurement – for US-\$104 million (€92 million) in cash.
- On 31 March 2022, RTL Group closed the sale of **RTL Belgium** to the Belgian media companies DPG Media and Groupe Rossel for €154 million net of cash disposed. On 1 June 2022, RTL Group completed the sale of **RTL Croatia** to Central European Media Enterprises (CME) for €40 million net of cash disposed. Both sales are in line with RTL Group's strategy to drive consolidation in the European TV industry, and to build national cross-media champions.

Boosting growth businesses

- On 30 June 2022, RTL Group registered **4.506 million paying subscribers** for its streaming services RTL+ in Germany and Videoland in the Netherlands – up 48.0 per cent year on year (30 June 2021: 3.045 million).
 - Paying subscribers for **RTL+** increased 68.9 per cent year on year to 3.427 million (30 June 2021: 2.029 million). The strategic partnership with Deutsche Telekom to bundle RTL+ Premium within Magenta TV contributed significantly to the growth.
 - Paying subscribers for **Videoland** grew 6.2 per cent year on year to 1.079 million (30 June 2021: 1.016 million).
- In February 2022, **RTL Deutschland** signed an exclusive agreement for an extensive, multi-year programme deal with the US production company **Warner Bros. Entertainment**. Starting from Q1/2022, RTL Deutschland received access to exclusive films and series, including HBO Max originals. In addition, RTL Deutschland will receive exclusive free-TV rights to future feature films and access to Warner Bros.’ vast library of high-quality series and feature films across all genres. In April 2022, RTL Deutschland has expanded its licensing agreement with **Paramount Global Content Distribution** to acquire an attractive programme package for the streaming service RTL+ and its free-TV channels including German premieres and highlights from Paramount’s library.
- In the first quarter of 2022, **RTL Deutschland** recorded audience successes with the live broadcast of the **Uefa Europa League matches** on its linear TV channels and on the streaming service RTL+. In May 2022, RTL Deutschland announced an extensive deal with Uefa to broadcast half of all football matches of the **German national team** in the Uefa Nations League until 2028, and the European Qualifiers for both the Fifa World Cup 2026 and Uefa Euro 2028. The deal also includes the broadcast of test matches of the German national team as well as final round matches of the Uefa Nations League even without German participation. The acquisition of these sports rights is part of RTL Deutschland’s strategy to further grow in both linear television and streaming.
- In March 2022, **Fremantle** signed a three-year international filmmaking agreement with Oscar-winning actress **Angelina Jolie**. Fremantle and Angelina Jolie will jointly develop a variety of feature films, documentaries and original series that she will produce, direct, or star in.
- In March 2022, **Fremantle** acquired 70 per cent of the shareholding in the leading Italian scripted production company **Lux Vide**. Successful series from the production company include *Medici* for Netflix, *Leonardo* for Amazon Prime, *Devils* for Sky, *The Bible Collection* – sold in 144 countries, *Don Matteo* – now in its 13th season and *DOC* – the medical drama becoming Rai’s highest-rated series in 15 years. In the same month, Fremantle acquired a 25 per cent stake in **Fabel Entertainment**, known for the series, *Bosch*.
- In April 2022, **Fremantle** increased its stake in **Dancing Ledge Productions** from 25 per cent to 61 per cent. The UK-based production company is behind drama series such as *The Responder* and *The Salisbury Poisonings*.
- In May 2022, **Fremantle** acquired 51 per cent of **Element Pictures**, the production company behind Academy-Award-, Golden-Globe- and BAFTA-winning films *The Favourite* and *Room*, the global drama *Normal People*, and the mini-series *Conversations With Friends*.
- In June 2022, **Fremantle** increased its ownership in the US/Australian production company **Eureka** to 100 per cent, having already acquired a majority stake in 2021.

All aforementioned transactions further demonstrate Fremantle’s strategic plan to invest in and grow premium production companies and creative talents from around the world.

Fostering alliances and partnerships

- In February 2022, RTL Group announced its decision to combine its fully-owned businesses RTL AdConnect, G+J iMS and the media division of Smartclip to create an international advertising sales champion called **RTL AdAlliance**. RTL AdAlliance will provide international advertisers with simplified access to a unique portfolio of media brands across TV, digital video, radio/audio, online, mobile and print.
- In May 2022, RTL Group's European ad-tech business, **Smartclip**, fully acquired the French ad-tech company **Realytics**. The acquisition complements RTL Group's ad-tech stack: Realytics systematically analyses the impact of TV advertising on advertiser websites and ensures data availability for digital ad decisioning.

Outlook

Following the initial outlook for the full year 2022 dated 17 March 2022, RTL Group communicated on 6 May 2022 that the German advertising market had been weaker than expected in March and April. Since then, current trading and future prospects of most European advertising markets have continued to soften. Due to this development, the effects of the Fifa World Cup in November and December, and numerous external factors – in particular the war in Ukraine, inflation, energy supply and supply chain issues – RTL Group revised its outlook.

The outlook does not reflect the announced consolidation moves in France and the Netherlands as they are still subject to regulatory approvals, but reflects the acquisition of Lux Vide (as at 3 March 2022), Dancing Ledge Productions (as at 6 April 2022) and Element Pictures (as at 10 May 2022) by Fremantle and the sales of RTL Belgium (as at 31 March 2022) and RTL Croatia (as at 1 June 2022)⁷.

On this basis and subject to the above:

- RTL Group expects its **revenue** to increase to between €7.3 and €7.5 billion (previous guidance: ~€7.4 billion). The revenue increase is explained by positive scope and foreign exchange rate effects of approximately €0.5 billion and organic revenue growth of €0.2 billion to €0.4 billion, depending on the performance of the TV advertising markets in H2/2022.
- RTL Group expects its **Adjusted EBITA** for 2022 to be between €1.05 and €1.15 billion (previous guidance: ~€1.15 billion), including streaming start-up losses of approximately €250 million (2021: €166 million), unchanged from the previous guidance. The Group expects its 'Adjusted EBITA before streaming start-up losses' to be between €1.3 and €1.4 billion (previous guidance: ~€1.4 billion).
- RTL Group's **dividend policy** remains unchanged: RTL Group plans to pay out at least 80 per cent of the adjusted full-year net result.

	2021e	2021	2022e old	2022e new
Revenue	~€6.5bn	€6,637m	~€7.4bn	€7.3bn- €7.5bn
Adjusted EBITA	~€1,050m	€1,152m	~€1.15bn	€1.05bn-€1.15bn
Streaming start-up losses	~€150m	€166m	~€0.25bn	~€0.25bn
'Adjusted EBITA before streaming start-up losses'	~€1,200m	€1,318m	~€1.4bn	€1.3bn- €1.4bn

RTL Group: strategic targets for the streaming services RTL+ and Videoland

	2021	2026e
Paying subscribers	3.804m	10m
Streaming revenue	€223m	€1bn
Content spend per annum	€209m	~€600m

Profitability is expected by 2026⁸.

Fremantle: revenue target

Fremantle targets full-year revenue of €3 billion by 2025.

To reach this goal and keep up with the increasing demand for content, RTL Group will invest significantly in Fremantle – both organically and via acquisitions – in all territories across drama and film, entertainment and factual shows and documentaries.

Key financials

	H1/2022 €m	H1/2021 €m	Per cent change
Revenue	3,276	3,014	+8.7
Adjusted EBITA	501	483	+3.7
Adjusted EBITA margin (%)	15.3	16.0	
Adjusted EBITA	501	483	+3.7
Significant special items	(23)	(12)	
Impairment and reversals of investments accounted for using the equity method	–	–	
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(18)	(7)	
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	111	766	
Fair value measurements of investments and re-measurement of earn- out arrangements	(84)	(28)	
EBIT	487	1,202	(59.5)
Financial result	(49)	5	

Income tax expense	(134)	(278)	
Group profit	304	929	(67.3)
Attributable to:			
– RTL Group shareholders	245	863	(71.6)
– Non-controlling interests	59	66	
Basic and diluted EPS (in €)	1.58	5.58	(71.6)

Download

The full report for the interim results 2022 will be available to download at <https://company.rtl.com/en/RTL-Group-interim-results-2022/>

¹ Adjusted for portfolio changes and at constant exchange rates. Further details can be found in **Key performance indicators** on page 11 of RTL Group's interim report 2022

² Streaming revenue includes SVOD, TVOD, in-stream and distribution revenue from RTL+ and Videoland/RTL XL

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

⁴ Operating cash conversion rate reflects the level of operating profits converted into cash. Further details can be found in **Key performance indicators** on pages 13 to 14 of RTL Group's interim report 2022

⁵ Net cash/(debt) excludes current and non-current lease liabilities. Including these, net debt as of 30 June 2022 was €-358 million (31 December 2021: net cash of €325 million). See **Key performance indicators** on page 14 of RTL Group's interim report 2022

⁶ €210 million was already paid in 2021. The following Gruner + Jahr assets are not part of the transaction and will remain with Bertelsmann: DDV Mediengruppe (*Sächsische Zeitung*), Territory, AppLike Group and G+J's 25 per cent shareholding in Spiegel Gruppe

⁷ In addition, the outlook includes, among other scope effects, the deconsolidation of SpotX (as at 30 April 2021) and Ludia (as at 8 September 2021) and the full consolidation of Eureka (as at 17 May 2021), Super RTL (as at 1 July 2021), This is Nice Group (as at 30 September 2021) and Gruner + Jahr (as at 1 January 2022)

⁸ Total of Adjusted EBITA from RTL+, Videoland/RTL XL, Salto and Bedrock as consolidated on RTL Group level. The Adjusted EBITA of RTL+ and Videoland/RTL XL includes synergies with TV channels on business unit level. For the definition of Adjusted EBITA please see **Key performance indicators** on page 12 of RTL Group's interim report 2022

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