

**We invest in winners.** This means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### RTL Group S.A.

The RTL Group, headquartered in Luxembourg, is one of Europe's leading media companies, with 68 television channels and 31 radio stations. RTL is majority-owned (76%) by the Bertelsmann Group. Structural changes in television consumption have weighed on the share price of the RTL Group as streaming services, media libraries and video platforms have overtaken the classic distribution channels. Then, in spring 2020, when advertising revenues plummeted 40% as a result of the coronavirus crisis and the dividend for 2019 was cancelled as a precautionary measure, the stock market valuation fell to just EUR 4 billion. We used this circumstance to build up our share position, because television, with its immense reach, is not going away and the function of this medium will remain intact even in a digital world. Average daily viewing time in Germany is 3.5 hours, and in 2020 this figure will be even higher. Television satisfies the need for quality news as well as for distraction and relaxation. It also provides a structure for everyday life. Advertising achieves the highest visual attention in this "lean-back mode", and advertising revenues rebounded with corresponding rapidity. By offering up its content to users via laptops, tablets and smartphones, RTL is providing an impressive demonstration of how robust its increasingly digital business model is as an entertainment network. The digital portfolio

nearly doubled in the course of the year to 6 billion digital visits (IVW method). With its Fremantle studio, RTL also boasts a leading content producer in the English-speaking world, for its own productions as well as for productions commissioned by Amazon, Netflix and Apple. RTL's European streaming services and open technology platforms are gaining momentum, which means that the integration of TVNOW into Dt. Telekom's MagentaTV offering presents great potential. This collaboration also includes RTL's Smartclip advertising technology platform, which can be used to link the reach of linear TV with the future market of personalised advertising (addressable TV). We also expect significant extraordinary income from the sale of US subsidiary SpotX (Ad-Tech). RTL is already largely debt-free and highly profitable (table, in euros).

	2021e	2020e	2019	2018	2017
Sales in billions	6.6	5.8	6.7	6.5	6.4
EBITA in billions	1.0	0.7	1.1	1.2	1.2
FCF conversion	95%	90%	105%	90%	104%
Dividend/Share	4.00	2.50	-	4.00	4.00

A large part of the operating profit (EBITA) can be converted into free cash flow (FCF), which is used to pay dividends. At least 80% of the adjusted after-tax result will be distributed each year. At the current share price level (EUR 40) we expect a dividend yield of 6%, and 10% in the coming year.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky

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