



ISSUER RATING
LongTerm

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings downgrades RTL Group SA's long-term rating from A to A-, assigning a Stable outlook.
- RTL Group S.A. (RTL) is a leading media company operating across television, radio, streaming, content production and digital services in Europe.
- The rating downgrade reflects an unforeseen deterioration in RTL's financial risk profile, driven by a sharper-than-expected 33% yoy decline in EthiFinance Ratings adjusted EBITDA (excluding gain/loss impacts from sale of subsidiaries and other investments, FV measurement of investments, and special items included in the company's adjusted EBITDA) and compounded by substantial shareholder distributions of €832m in 1H26. These distributions included an extraordinary dividend linked to the disposal of RTL Nederland and are expected to reverse in FY26e part of the deleveraging achieved in FY25, reducing the group's financial headroom amid weaker operating performance and the integration of Sky Deutschland (Sky D). In FY25, the credit metrics improved despite the decline in profitability, mainly supported by positive internally generated cash flow (free cash flow after dividends and equity movements, including disposal proceeds) of €156m (vs -€52m in FY24). This primarily reflected €1.17bn in proceeds from the sale of RTL Nederland, a lower dividend payout, and optimised net working capital. Despite the sharp decline in our calculated adjusted EBITDA, the EthiFinance Ratings net adjusted leverage ratio improved from 1.1x in FY24 to 0.6x in FY25. The interest coverage ratio slightly declined to 12.0x (down from 13.3x in FY24), as lower adjusted EBITDA outweighed the reduction in interest expenses. Based on 1H26 results, which showed flat revenue and lower profitability yoy, and in line with management guidance, we forecast organic revenue growth of 1.0% on a constant-perimeter basis for FY26e, in addition to a 7-month revenue contribution from SKY D of around €1.0bn. However, with the management's expectation of no positive contribution of EBITDA from SKY D to RTL in FY26e, we expect the resulting dilutive effect and integration costs to reduce our adjusted EBITDA margin to around 10.1%, before a gradual improvement from 2028 towards 11.0%. This improvement is expected to depend mainly on the successful integration and ramp-up of Sky D, which management expects to generate c. €250m in total synergies (of which 75% to 80% cost synergies) through portfolio rationalisation and operational efficiencies within the forecast period (until end-2028). Henceforth, we forecast the net adjusted leverage ratio to deteriorate to around 1.5x in FY26e. From 2027, however, we expect cumulative internally generated FCF of more than €300m to drive deleveraging towards a net adjusted leverage ratio below 1.0x by 2028. The interest coverage ratio will remain within the thresholds for the current rating, within a range of 13.0x to 22.0x over the forecast period.
- The deterioration in profitability in FY25 was mainly driven by a 4.3% decline in organic revenue, attributable to TV, radio, and print advertising, as well as content revenue, which together accounted for 72% of FY25 sales. Declining German and French TV advertising revenue was partly offset by growth in digital advertising and streaming revenue of 27.7% and 26.3%, respectively, in FY25. However, these two segments together accounted for less than 20% of total sales. Fremantle's revenue decline reflected lower entertainment revenue in the US and the UK, alongside continued pressure across the global production market. The overall decline in TV ads revenue translated into profitability margin compression from 14.6% to 10.2%, given linear advertising's high contribution margin and the largely fixed nature of broadcasting costs, including content, transmission and personnel. Streaming revenue (RTL+, M6+), which remains a strategic focus for management, continued its yoy ramp-up and represented 8.5% of FY25 sales (vs 6.4% in FY24). We expect this contribution to rise further to around 12% by 2027, supported by the integration of Comcast's Sky D and cross-selling to existing RTL+ subscribers. Across the media industry, streaming viewership is growing faster than linear TV viewership, mainly driven by its subscription-based model that generates recurring and stable revenue. This shift is creating a substitution effect, with streaming platforms attracting more advertising as they capture larger audiences, particularly among younger generations.
- In June 2026, RTL completed its previously announced acquisition of Sky D, with a cash outflow of €65m to settle the target's net working capital and debt-like items, plus share-linked variable consideration of up to €377m that has not yet been paid and has not been factored as debt adjustment considering the uncertainty about its occurrence. Although Sky D has historically been loss-making, its subscription-based revenue model (accounting for around 88% of total revenue) provides immediate scale in subscriptions and sports content. The acquisition expands RTL's reach beyond ad-funded streaming into pay-TV and hybrid bundles combining linear, on-demand, and premium sports content. We view it as strategically transformative, enhancing RTL's business profile while preserving robust credit metrics.
- Despite the downgrade, our rating remains supported by RTL's growing recurring streaming revenue and low net leverage on a sustained basis, albeit a temporary deterioration is expected in the short-term. These mitigate integration risks associated with the historical financial performance of Sky D. RTL also benefits from the strong financial and strategic backing of its majority shareholder, Bertelsmann SE, which holds a 75% stake and provides the bulk of the group's financing through shareholder facilities, which accounted for up to 86.1%

of RTL's total debt at end-June 2026. Almost half of that debt carried a weighted average fixed rate of 3.5%. This shareholder support reduces RTL's credit risk and supports its competitive positioning within the European media sector.

- Under our methodology, the media & entertainment industry has moderate ESG risks (sector heatmap score between 2 and 3.5), which is neutral for our industry assessment. The company's ESG score remains unchanged (between 1.5 and 3.5), resulting in a neutral impact on our company assessment. Hence, our overall ESG impact is neutral on the company's anchor rating.

Issuer Description

Headquartered in Luxembourg, RTL Group is a leading European media company specializing in broadcasting, content production, and digital entertainment. RTL operates 86 television channels, 7 streaming platforms, and 42 radio stations across 26 countries, including Germany, France, Spain, and Luxembourg. With 100m people in the DACH region and more than €2.5bn of yearly content spend, its television portfolio is among the largest in Europe, featuring prominent channels like RTL, Sky Television in DACH region and M6 in France. RTL also owns 'Fremantle', one of the world's largest television content producers. The company is majority-owned by Bertelsmann, a multinational media conglomerate, and is publicly listed on the Frankfurt stock exchange at a free float of 22.3% and a market capitalisation of €4.74bn as of 23 October 2026.

For FY25, RTL reported revenue of €6.0bn and EthiFinance Ratings' adjusted EBITDA of €612m (equivalent to a margin of 10.2%). The EthiFinance Ratings net adjusted leverage ratio stood at 0.6x (vs 1.1x in FY24). As of end-June 2026, the group recorded LTM revenue of €6.1bn, and LTM EthiFinance Ratings' adj EBITDA of €628m (equivalent to a margin of 10.2%).

Liquidity

We assess the liquidity profile of RTL group SA as "Good" reflecting its strong refinancing profile as well as its high level of liquidity.

Main Financial Figures

Main financial figures. millions of EUR						
	FY24	FY25	FY26e ⁽¹⁾	FY27e	FY28e	25vs24%
Turnover	6 254	6 018	7 099	7 899	7 978	-3.8%
Adj EBITDA ⁽²⁾	916	612	715	820	868	-33.2%
Adj EBITDA Margin ⁽²⁾	14.6%	10.2%	10.1%	10.4%	10.9%	-4.5pp
EBIT	613	243	242	315	374	-60.4%
EBIT Margin	9.8%	4.0%	3.4%	4.0%	4.7%	-5.8pp
EBT	701	1 145	191	247	327	63.3%
Total Assets	9 798	10 488	10 264	10 648	10 509	7.0%
Equity	5 193	5 515	4 755	4 749	4 772	6.2%
Total Financial Debt ⁽³⁾	1 590	1 270	1 368	1 406	1 227	-20.1%
Net Financial Debt ⁽³⁾	1 003	345	1 067	963	817	-65.6%
Equity/ Adj TFD ⁽³⁾	327%	434%	348%	338%	389%	107.6pp
NFD/ Adj EBITDA ^{(2) (3)}	1.1x	0.6x	1.5x	1.2x	0.9x	-0.5x
Adj Funds From Operations	757	472	579	660	713	-37.6%
Adj FFO/ NFD ⁽³⁾	75%	137%	54%	69%	87%	61.3pp
Adj EBITDA/ Interest ⁽²⁾	13.3x	12.0x	15.1x	12.6x	19.7x	-1.3x

(1) FY26e revenue forecast includes 7 months of SKY Deutschland revenue contribution since the acquisition was completed in June 2026.

(2) EthiFinance Ratings' adj EBITDA excludes (i) the gain / loss from sale of subsidiaries and other investments, (ii) fair value measurement of investments and (iii) the significant special items reported by the company.

(3) Total Adjusted Debt includes the IFRS 16 debt and pension benefits on top of the reported debt.

Credit Rating

Credit Rating	
Business Risk Profile	BBB
<i>Industry risk assessment</i>	<i>BBB</i>
<i>Industry's ESG</i>	<i>Neutral</i>
<i>Competitive Positioning</i>	<i>BBB-</i>
<i>Governance</i>	<i>BBB</i>
Financial Risk Profile	A+
<i>Cash flow and leverage</i>	<i>A</i>
<i>Capitalisation</i>	<i>AAA</i>
<i>Company's ESG</i>	<i>Neutral</i>
Anchor Rating	A-
<i>Modifiers</i>	<i>-</i>
Final Rating	A-

Rating Sensitivity

- List of ratings:
 - LT Rating: A-

Factors that may (individually or collectively) impact the rating:

- Positive factors (↑)**

We could upgrade RTL's long-term rating if the credit metrics were to improve from their current level. This would mainly result from a recovery in the DACH and French Ads markets and a successful integration of SKY D. It would also result from a less aggressive financial policy with reduced dividend payout. A trigger for such an upgrade would be a net adjusted leverage ratio below 0.4x and an interest coverage ratio above 23.0x, something which we do not anticipate at present considering the current rating action.

- Negative factors (↓)**

We could further downgrade the long-term rating should the group's credit metrics materially deviate from our current expectations. Such a downgrade could be triggered by a net adjusted leverage ratio above 1.5x coupled with an interest coverage ratio below 13.0x, on a sustained basis.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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