



ISSUER RATING
Long term

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms RTL GROUP SA's long-term rating at A, maintaining its Stable outlook.
- Our rating affirmation is founded on the group's robust financial profile, which remains within the 'AA' category, supported by strong credit metrics in FY23 (NFD/EBITDA < 1.0x; EBITDA/Interest > 20.0x; Equity/Adj Debt > 300%). In FY23, RTL group's revenues declined by 4.1% organically, due to a drop in TV advertising revenue (38% of FY23 sales), mainly in Germany. The EthiFinance Ratings-adjusted EBITDA margin declined by 250 bps YoY to reach 14.4%, reflecting this revenue decrease, despite a 3.5% reduction in programme rights costs that couldn't offset the margin decline. Consequently, cashflow generated internally (FCF after dividends) was strongly negative, which ultimately led to a deterioration of the EthiFinance Ratings-adjusted net leverage ratio to 0.8x (from 0.3x in FY22). However, we expect this ratio to significantly improve to reach 0.2x in FY24, on the back of an anticipated €1.1bn cash inflow from the sale of RTL Nederland to DPG media, which is expected to be completed by end-2024.
- RTL is positioned as one of Europe's largest and most popular entertainment networks, with profitability margins in line with the industry average (EBIT margin of 11%-12% and EBITDA margin of 15%-17%). Its offerings across television, radio, digital streaming and content production positions RTL as a cross-platform content provider. Additionally, RTL benefits from strong financial and strategic support from its majority shareholder Bertelsmann group, which holds a 76.3% stake and c. 80% of RTL's total debt. Bertelsmann's backing further strengthens RTL's competitive position within the media landscape.
- However, our rating is constrained by limited product diversification, due to a heavy reliance on TV-related revenue streams, primarily advertising and content—which accounted for approximately 80% of FY23 sales. Streaming revenue (RTL+), though a strategic focus for management, represented only 4.5% of FY23 sales and is projected to reach 10% by FY26. At the industry-level, global streaming activity growth is outpacing the traditional linear TV viewership, mainly due to its subscription-based model allowing for recurring and stable revenue generation. This shift is creating a substitution effect, with streaming platforms attracting more advertising activity as they capture larger audiences, particularly among younger generations.
- 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 sector has a low impact on climate, biodiversity and resource use, while also providing valuable infrastructure to communities – a factor we assess favorably. However, given its extensive reach and influence through advertising for instance, the industry could pose risks to consumers, making corporate responsibility, quality of information, and related ethical considerations particularly crucial.
- Due to the unavailability of ESG data for 2023, 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 Luxemburg, RTL group is a leading European media company specializing in broadcasting, content production, and digital entertainment. RTL operates 56 television channels, 7 streaming platforms, and 36 radio stations across several countries, including Germany, France, the Netherlands and Belgium. Its television portfolio is among the largest in Europe, featuring prominent channels like RTL Television in Germany 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 Frankfurt Borse with a market capitalization of €4.68bn as of October 17, 2024.

For FY23, the company reported revenues of €6.23bn for EthiFinance Ratings-adjusted EBITDA of €896m (equivalent to a margin of 14.4%). The EthiFinance Ratings-adjusted net leverage ratio stood at 0.8x.

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 & Forecasts

Main financial figures, millions of EUR						
	FY22	FY23	FY24e	FY25e	FY26e	23vs22
Turnover	6 589	6 234	6 546	6 873	7 217	-5.4%
Adj EBITDA ⁽¹⁾	1 111	896	900	940	1 000	-19.4%
Adj EBITDA Margin ⁽¹⁾	16.9%	14.4%	13.8%	13.7%	13.9%	-2.5pp
EBIT	828	620	564	634	680	-25.1%
EBIT Margin	12.6%	9.9%	8.6%	9.2%	9.4%	-2.6pp
EBT	896	722	654	611	660	-19.4%
Total Assets	10 149	9 251	8 762	8 831	8 776	-8.8%
Equity	5 220	5 100	5 035	4 976	4 987	-2.3%
Total Financial Debt ⁽²⁾	1 238	1 409	1 193	1 225	1 058	13.8%
Net Financial Debt ⁽²⁾	373	758	212	302	328	103.2%
Equity/Adj TFD ⁽²⁾	422%	362%	422%	406%	471%	-59.7pp
NFD/ Adj EBITDA ^{(1) (2)}	0.3x	0.8x	0.2x	0.3x	0.3x	0.5x
Adj Funds From Operations	868	763	668	767	822	-12.1%
Adj FFO/ NFD ⁽²⁾	233%	101%	315%	254%	251%	-132.0pp
Adj EBITDA/ Interest ⁽¹⁾	61.7x	24.9x	20.8x	26.2x	30.4x	-36.8x

(1) 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.

(2) Total Adjusted Debt includes the IFRS 16 debt, pension benefits and earn-outs on top of the reported debt.

Credit Rating

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

Rating Sensitivity

- List of ratings:
 - LT Rating: A

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

- **Positive factors (↑)**

A rating upgrade is unlikely to occur given the already excellent financial profile of the company. However, a potential upgrade could occur should the EBITDA/Interest ratio exceed 30.0x, along with a net cash position, on a sustainable basis.

- **Negative factors (↓)**

We could downgrade our rating should the group's credit metrics significantly deviate from our expectations going forward. Such a downgrade could be triggered by a NFD/EBITDA ratio above 1.0x coupled with an EBITDA/Interest ratio below 20.0x, on a sustainable 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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