

A professional portrait of Siegfried Luther, an older man with short grey hair and blue eyes, smiling slightly. He is wearing a dark navy blue suit jacket over a light blue and white checkered shirt and a vibrant red tie. His hands are clasped together in front of him. The background is a blurred office or conference room with soft, warm lighting.

“Encouraged by the strong performance of our European operations, we are looking for opportunities to build on our three-dimensional strategy – creating families of channels, diversifying revenue streams, targeting new regional markets – to generate value for our shareholders.”

Siegfried Luther, Chairman of the Board of Directors

Chairman's statement

The strength of our Group strategy has once again been demonstrated by our operating and financial performance. Our financial results for 2006 show revenue and profit both increasing by double-figure percentage points. The story is the same in our profit centres where almost all have returned record operating results.

However, advances in technology are fast changing the world about us, and in particular the television and radio industries. Therefore, the Board has discussed in its meetings not only our strategy in different markets and regions, but also with some intensity the challenges presented by the digital era. Our response is that our three-pillar strategy – building families of channels, diversifying revenue streams, and targeting carefully selected new markets – is just as valid in the digital age and we see no reason to adjust it at this stage. I am pleased to report that, with our strong content and brands, our Board sees far more opportunity than threat for the Group in the digital future, and that our management team takes the same view.

Our approach continues to create value for our shareholders. Our share price has improved over the year from €68.00 to €84.70 and throughout the year has outperformed the DJ STOXX index of European media shares. Our market capitalisation grew by almost a quarter over the year to finish at €13.1 billion – a long way from the €4.4 billion figure at the end of 2002.

In April 2006, the Annual General Meeting renewed the mandate of Gerhard Zeiler as Executive Director of RTL Group for a term of five years. Based on this decision, the Board of Directors renewed Gerhard Zeiler's assignment as Chief Executive Officer of RTL Group. Since Gerhard Zeiler took the position in March 2003, he has significantly enhanced the value of the company and has positioned RTL Group as the leading European entertainment network. I believe his commitment to RTL Group is important for the continuation of our profitable growth.

In July 2006, Gérald Frère, Gilles Samyn and Jocelyn Lefebvre resigned from RTL Group's Board of Directors. The resignations followed the agreement between Groupe Bruxelles Lambert S.A. (GBL) and Bertelsmann according to which Bertelsmann bought back GBL's 25.1 per cent stake in Bertelsmann. The buyback was announced in May 2006 and completed on 4 July 2006. The Board thanks Gérald Frère, Gilles Samyn and Jocelyn Lefebvre for their contribution in building RTL Group's strong position and for their loyal services as members of the Board of Directors. Günther Grüger, Executive Vice President Corporate Controlling and Strategy of Bertelsmann AG, joined the RTL Group Board at the end of August.

On a final note, I know for certain that our progress could not be achieved without the tremendous effort, initiative, creativity and dedication of people at all levels of our Group companies, and I would like to thank everyone for their commitment and hard work. It is showing in our achievements.



Siegfried Luther
Chairman