

Prehistoric Park DVD

In August 2006, the *Prehistoric Park* DVD was released and entered the UK DVD charts at No. 2. It went on to sell over 100,000 copies by the end of the year.

UK
DVD charts

No.2



The X Factor

ITV 1's No.1 entertainment series for young adults in 2006 and also the No.1 entertainment show in Colombia, with audience shares exceeding 60 per cent.



American Idol

Judge Randy Jackson says: "This is the greatest music talent show ever." And fellow jurist Paula Abdul calls the show a "cultural phenomenon".

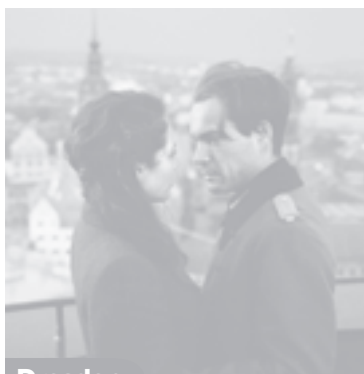
No. of viewers (final show)
in million

35.6m



Poker Face

First broadcast in the UK on ITV in the summer of 2006. So far, the brand new game show has been sold to 12 territories across the globe including Germany, Australia and Latin America.

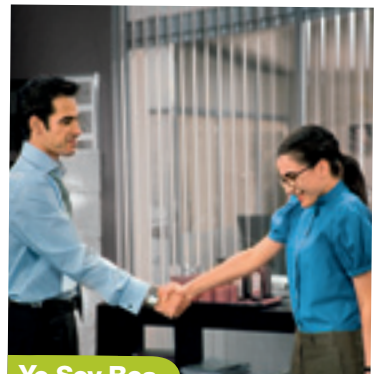


Dresden

The two-part drama, produced by Teamworx and aired in March 2006 on German public broadcaster ZDF, won the German TV Award for 'Best TV Movie.'

No. of viewers
in million

12m



Yo Soy Bea

The local adaptation of *Betty La Fea (Ugly Betty)* became Spain's highest rated telenovela ever with 4.1 million viewers.

No. of viewers
in million

4.1m

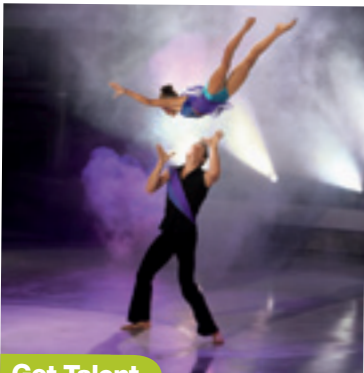


Verliebt in Berlin

A white wedding for Lisa Plenske: the first season's final episode of Grundy UFA's telenovela was watched by more than 7 million viewers.

No. of viewers
in million

7m



Got Talent

Having earned high ratings for NBC in the summer of 2006, the new format became an instant international hit. So far it has been sold to 14 territories.



La Squadra

Airing on Rai Tre since 2000, *La Squadra* averages a weekly audience of 2.2 million viewers.

No. of viewers
in million

2.2m



Highlights 2006

Another year of strong performance

FremantleMedia, RTL Group's worldwide production business, had another strong year. Revenue was up 19.1 per cent as it continued to enjoy successes both with new formats and established programme brands in all its key markets. For the first time, the company generated revenue of more than €1 billion. EBITA increased by 23.1 per cent to €128 million.

FremantleMedia Production

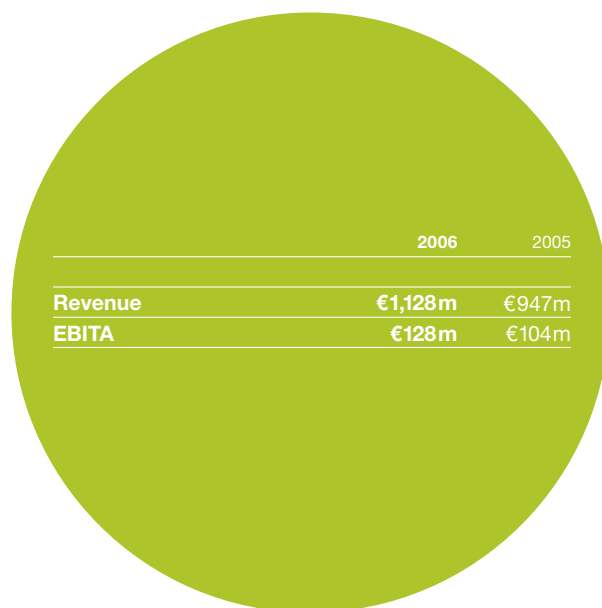
The company is one of the largest creators of international programme brands, producing programming in 22 countries. In the US, the company concluded season five of *American Idol* for Fox with 35.6 million viewers watching the final show, making it the most successful primetime series on US television.

In Germany, the production business continued to succeed with top-rated serial drama, light entertainment, daily soaps and event movies.

The UK business saw the launch of *Poker Face*, the return of the classic game show *The Price is Right* and *The X Factor*, which finished its third series in the UK with record audiences and a massive number of phone votes.

FremantleMedia Enterprises (FME)

A new division, FME is responsible for exploiting and developing FremantleMedia's properties off-screen in areas such as merchandising, the internet, interactive television and wireless.



Number of hours produced

Programmes	2006	2005
New	2,780	2,632
Existing	7,377	5,920
Total	10,157	8,552

Breakdown of the hours produced by main markets

	2006	2005
UK	2,071	1,213
Germany	1,307	1,263
United States	661	483
France	423	371
Italy	138	320



“Offering broadcasters a brand rather than simply a TV show gives them a degree of certainty and predictability.”

Tony Cohen,
CEO of FremantleMedia

Television and the brand: a meeting of minds at FremantleMedia



The TV market is changing. Developing hit shows remains the aim but for an international production company like FremantleMedia that goal is only the beginning. A TV show whose format can gainfully be replicated across markets, and whose success offers the potential for brandbuilding and ancillary rights, is a far healthier proposition than a one-hit wonder. FremantleMedia is a master of the art of producing travelling formats, as these successful shows are known in the industry.

In many countries, audiences are fragmented across multiple channels. Broadcasters are finding it increasingly difficult to attract mass audiences, and also questioning the cost implications of maintaining in-house production. According to Tony Cohen, CEO of RTL Group's worldwide production arm FremantleMedia, these challenges are here to stay: “For us, offering broadcasters a brand rather than simply a TV show has never been more important. Broadcasters want audiences and seek publicity, and successful entertainment formats, tried and tested in other markets, can deliver both. It offers them a degree of certainty and reliability.”

Think *Idols* and *The X Factor* – but also think of popular serials, telenovelas, game shows and reality shows such as *The Price is Right*, *Family Feud*, *The Apprentice*, *Ugly Betty*, *Poker Face* and *Got Talent*. One of the biggest questions facing FremantleMedia is when a show becomes a success in one market, do you develop it internationally? Or do you set out to research, test and create shows that will work across borders? Tony clarifies the process: “Ultimately you always produce for the local market, the first market. The creative process doesn't work any differently than it always has. Centralised production would be very hard – local markets only care about what works locally.”

What has changed then? “Well,” says Tony, “the difference now is what we can do once a programme has been a success in one territory. We spot successes that can work elsewhere, and we can focus our production companies in areas we think have potential. It takes a long time to get a show on the air first time, but once proven, the take up and roll out can get faster and faster. In recent years we have become more systematic about this.”

Tony expands on this approach: “There are certain characteristics which when they come together can point to an



international success. Something that's had a major territory launch, like the UK or US, and on a mainstream channel. Then it should ideally be a show which is long-running or has a repeatable format, and has a clearly defined structure, distinct from anything else. We'll also consider the new platform possibilities, and the potential for income from events, merchandising or interactivity."

There are then two ways the process can work. FremantleMedia has a production presence in 22 territories and these teams will set about creating the local production of the show. Or, where FremantleMedia has no local production operation, the company pitches the show to a local broadcaster who uses a local production company. Either way the producer is then assigned consultants familiar with the mechanics and production of the show, offering the quality control and support that are crucial to the broadcasters. "These people are key to a successful roll out," says Tony. "Their aim is to make a show that's true to the spirit of the original success."

Another key to the business success of FremantleMedia is diversity. Tastes are different across markets, and tastes change over time. Sometimes this can happen unpredictably, such as the recent resurgence in drama and telenovelas crossing over successfully to non-Hispanic territories. So a portfolio of different genres is important, as is a wide portfolio of shows within each genre. "They don't all have to be immediate break-out successes," says Tony. "A mixture of fast-growing hits alongside big local successes and smaller, slower burners – shows whose success spreads gradually – is a good balance."

Once a show is a successful brand, of course, there is scope for ancillary rights management and interactivity. Whether the show suits voting, consumer products, scratch cards or



online karaoke, as long as such extension fits the essence of the brand, it can be a brand builder and money earner. The need to protect each brand is not lost on the company, and FremantleMedia Enterprises (FME) exists to do this, maintaining a direct relationship with any third-party licensees. FME is also pioneering ways of using technology to create an engaging experience, such as the success of text-voting for *American Idol*. Or even building the brand through 'old' technology, such as the live Las Vegas stage show of *The Price is Right*.

Though a part of the RTL Group, FremantleMedia's revenue and profits come mostly from non-RTL broadcasters. This is the best way to manage things from Tony's point of view: "Broad relationships with all the broadcasters in each market is best for business. Where the relationship with RTL Group as a whole helps is in size and stability. There are a lot of small operators in the production business. With FremantleMedia, broadcasters know they are dealing with someone who is financially sound."

The UK base is important to Tony as well. By his reckoning, production companies in the UK accounted for over half the world's travelling formats in the past year (with the US and the Netherlands making up a sizeable chunk of the rest). "The UK has a large and very competitive independent production sector, and this makes it a hotbed of innovation and creativity. In-house production isn't the best way to get creativity, and broadcasters generally accept this is a good thing, and are open minded to new concepts being pitched." And new concepts, of course, are the bread and butter of a company like FremantleMedia.