



## Overheated Year-End in the TV Market

### Further Information on Excessive Demand and Expected Delivery Issues in the November/December Period

As mentioned in our previous communication, the fourth quarter of 2023 may witness substantial demand pressures in the television market, potentially leading to significant campaign delivery challenges.

We are currently facing considerable difficulties in the month of October. However, the excess demand expected in the months of November and December has prompted RTL Sales House to introduce an unexpected measure, known as the 'Extraordinary Demand Index.'

Since the release of RTL Friday's statement, the legal team of MAKSZ has thoroughly examined RTL Sales House's communication regarding modifications to the General Contractual Terms and Conditions for 2023. According to the preliminary legal opinion, this unilateral action does not appear legally vulnerable, as the sales house has adhered to the requirement of providing a 10-day notice for any changes to the General Terms and Conditions (as stipulated in M-RTL's 2023 GTC II.2 section). Additionally, it is noted that advertisers/clients have the right to cancel their contracts due to the possibility of price adjustments.

After addressing the legal concerns, it is worthwhile to explore the market opportunities and understand why RTL Sales House took this step.

1. The magnitude of excess demand in the television market (November/December 2023) compelled RTL Sales House to manage it through an extraordinary increase in the entire portfolio's prices or through substantial underdeliveries that advertisers/clients may have to bear for years.
  - a. The development of excess demand may have been significantly influenced by:
    - i. Annual advertiser under-commitments due to the economic situation and the release of reserved budgets in the last quarter (concentrated in the fourth quarter). This situation significantly complicates inventory planning and management for all sales houses.
2. Alongside the excess demand, the stagnation of available GRP mass further reinforces RTL Sales House's need to implement this extraordinary measure.
3. The fact that RTL Sales House is compelled to adjust prices for 2023 suggests that market players may announce even higher price increases than in previous years in 2024 (Big Picture).

In summary, it can be stated that in a situation of such excessive demand, price increases proportionate to the level of excess demand are inevitably required. However, it is important to note that such a decision should be made in consultation with market players sooner, to enable advertisers to respond and prepare adequately."