Cheuvreux – Autumn Conference

TF1 Presentation

September 28, 2005

Disclaimer

All forward-looking statements are TF1 management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

TF1

Advertising

Broadcasting France

Other activities

Conclusion

Advertising: H1 2005

TF1 Channel	- 0.9 %
Thematic channels France	+ 14 %
Internet	+ 33 %

Market situation

✓ A difficult economic situation

✓ Trend: structural re-composition of households consumption

- - - FMCG's
+++ Entertainment-services products

TF1 investments structure is changing

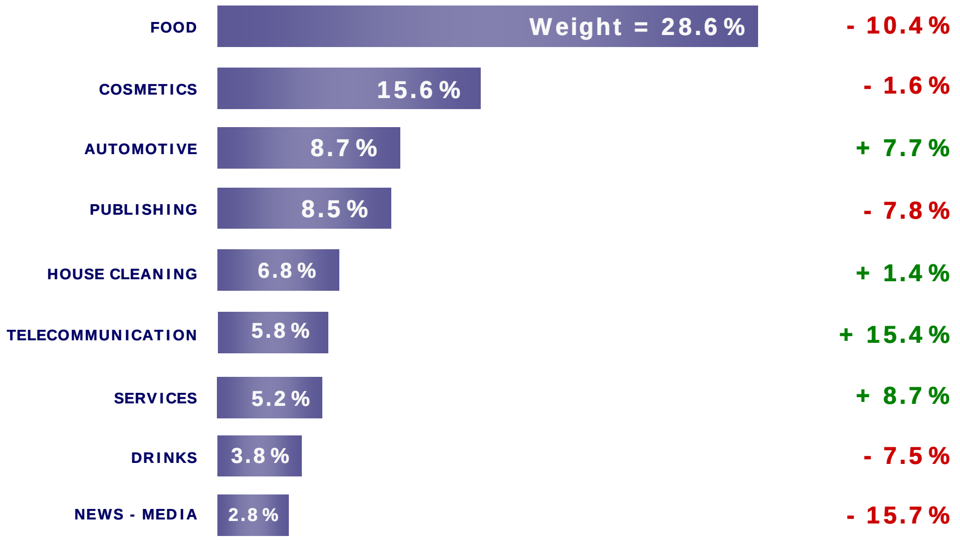
✓ Temporary: Reduction of ad. Investments from the food sector (H1 2005)

✓ The structure of TF1 advertising revenue is following the households consumption re-composition

Advertising: sectorial breakdown

January to August 2005

Change vs Jan-Aug 04



Source : TNS Secodip – 2005 vs 2004 – January to August

Communication: market needs

For FMCG's or equally for « entertainment-services » products

Search for power / mass-communication

Role of TF1 core channel

« Entertainment-services » products

Look for more sophisticated communication needs
Look for more complex messages
Look for more targeted media

Role of theme channels and Internet

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A real potential of growth

French advertising market underinvested

- ✓ **Media ad. spends / GDP below other European countries**

Access to TV for new sectors

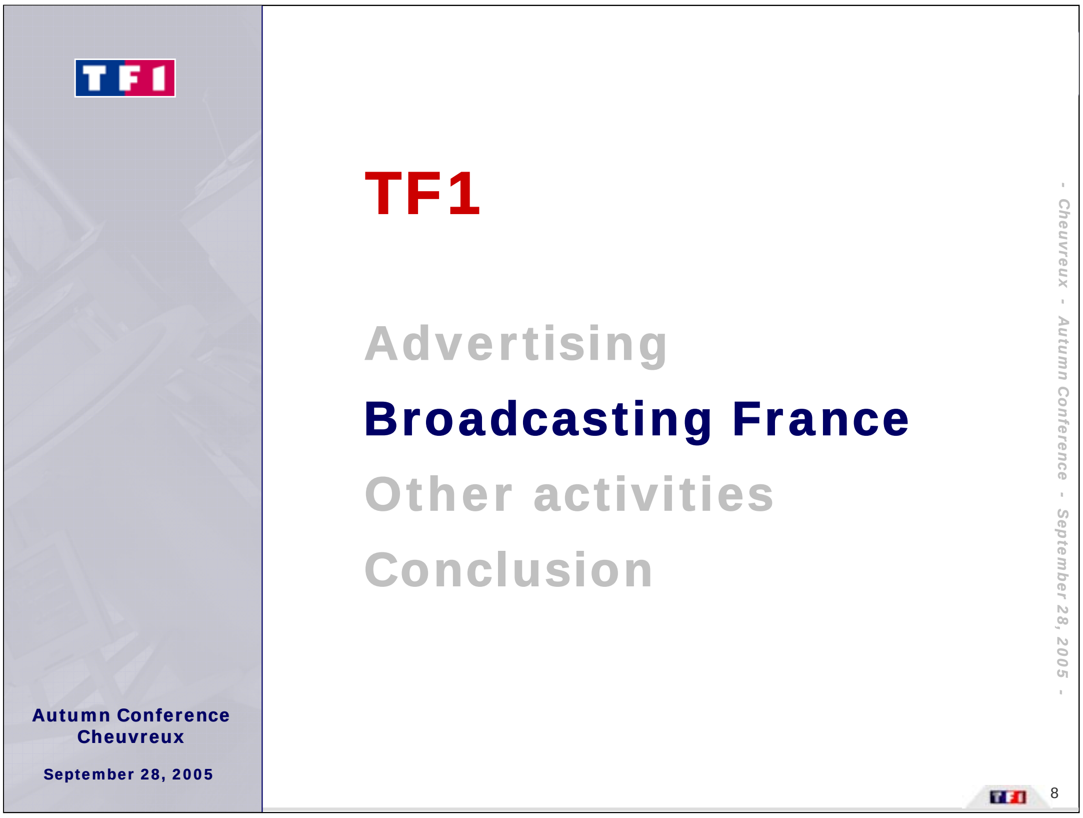
- ✓ **Retail: authorised from 2007**
- ✓ **Cinema: next to come ?**

TV additional revenue estimates: between €117 M and €230 M*

Potential advertising deregulation

- ✓ **Increase of the average number of minutes per hour ?**
- ✓ **Transition from 60' sequential hours to exact clock hours ?**

* Estimates made by media agencies : BIPE: €117 M – Initiative Media: €230 M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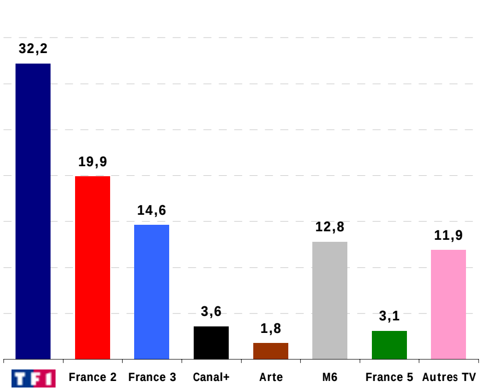
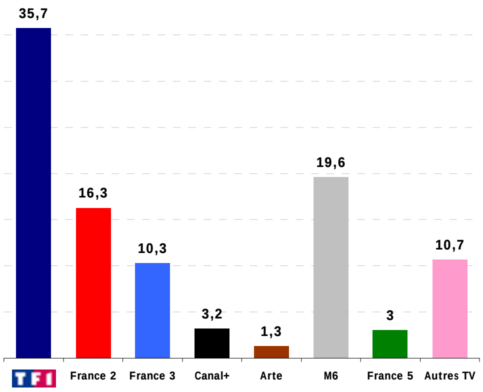
TF1: the strong leader

Ind. 4+ / Audience share/ Jan. - Aug. 2005



+0.2 pt vs Jan-Aug 2004*
+0.9 pt vs Jan-Aug 2003

Women<50 / Audience share / Jan. – Aug. 2005



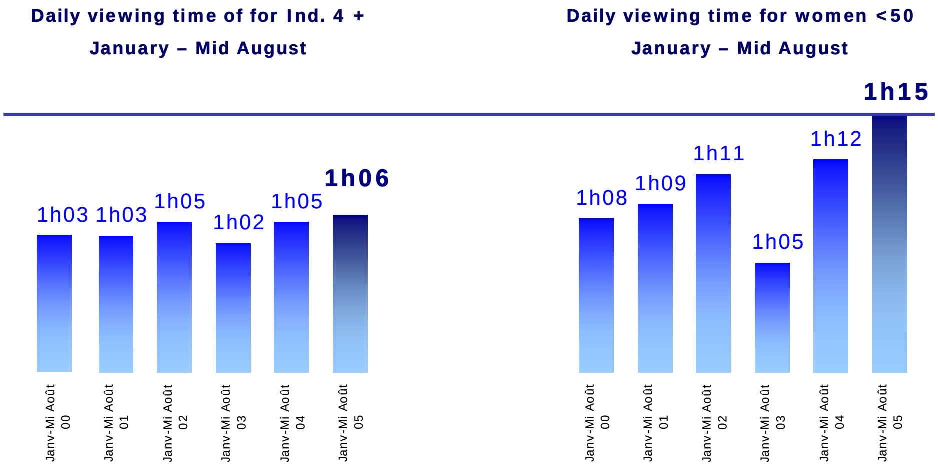
+0.3 pt vs Jan-Aug 2004*
+1.8 pt vs Jan-Aug 2003

* Reminder: *Euro 2004* + *La Ferme Célébrités 1* were broadcast in H1 2004

Source: Médiamétrie / January - August 2005

TF1: best audience on commercial target

On average, Women <50 watch TF1 1h15' every day



Source: Médiamétrie / Women < 50 / January – 21 August 2005

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TF1 Group Leadership

A strengthening of TF1 group with a 35.0% audience share

	Ind. 4+	
Total TF1 Group	35.0%	*(+0.6 pt vs Wave 8)*
TF1	32.0%	*(+0.5 pt)*
Thematic channels	3.0%	*(+0.1 pt)*

Source : Médiamétrie / Médiamat (27 Dec. 2004-12 June 2005) / Audience share Ind. 4+

Source : Médiamétrie / MédiaCabSat Wave 9 (12/27/04-06/12/05) / Audience share Individuals 4 +/ whole base

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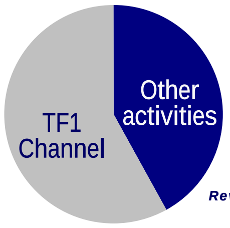
Other activities: a growth driver for the Group

A growing part of the revenue

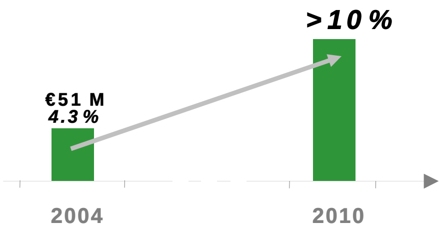


Revenue split in 2004

42 % of the revenue in 2004

Target:
> 50 % of the revenue in 2010

Profitability: a growth potential



Mid-term target:
Operating profitability > 10 %

Accelerate profitable growth investments

TPS: a growing and profitable business

Key figures H1 2005

Revenue: €198.0 M (+ 6%)
Op. Profit: €4.6 M

Total subscribers : 1.65 M (+ 93.3 k vs H1 04)
Subscribers Sat. and ADSL : 1.35 M (+ 82.3 k vs H1 04)

Satellite market share: 42% on new subs (vs 39% H1 04)

An always improving offer

✓ The best of **US studios**, exclusive **sport events**, **new channels**

A growing ADSL distribution

✓ TPS through **ADSL** available for **10 M households** at the end of 2005

Improvement of the profitability

✓ 2005: **net income breakeven**

✓ 2005 operating profit: ~ €5-10 M*

* Figures at 100%

Outlooks and developments

Growth of the subscribers base in 2005

- ✓ **A stable subscribers base in H1**
- ✓ **Lost of the French Premiere League: very limited impact**

L1 Churn: ~ 30,000 subscribers in 2005
No impact on the ARPU*

* 90% of «L1 subs.» choose the new TPS offer incl.

+ 80,000 net subscribers satellite and ADSL in 2005

Launch of the pay DTT at the end of 2005

- ✓ **A new distribution platform for TPS star**
- ✓ **TPS commercial operator**

The High Definition with TPS star

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Eurosport: the leading sport brand in Europe

Key figures H1 2005

Revenue: €143.3 M
Op. profit: €24.2 M

Brand awareness in Europe : 86% (1)

EUROSPORT	EUROSPORT 2	eurosport.com
104 M Households	17 M Households	13 M visits (2)
54 M paying subs	15 M paying subs	6 versions
54 countries	37 countries	5 languages
19 languages	6 languages	

A market of more than 300 M households

2008 target

Revenue: ~ €350 M
Op. margin: > 15%

(1) EMS 2005 (2) July 2005

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Eurosport: new businesses

Sportitalia: 84% of households

- ✓ From 124,000 initialized households to 12 M in 18 months
- ✓ 25 August, Sportitalia was awarded the Italian 2nd League rights (Monday and Friday, play off and play out, international rights)
- ✓ The breakeven is to occur in 2006/2007

26 August: launch of Si Live 24, the first ongoing sport news channel on the Italian market

The Italian activities are accounted under the equity method in TF1 consolidated accounts

Eurosport: Organizer of sport events

Eurosport* promotes **a new world car race championship** and owns all commercial rights:

- ✓ TV rights
- ✓ Marketing rights on all circuits and cars
- ✓ Video rights, merchandising, mobility…

2005 revenue
€10 M

* Through its subsidiary KSO Ltd (60%)

E-tf1: growth and profitability

Key figures H1 2005

Revenue : €30.4 M (+ 11%)
Op. profit : €1.8 M

tf1.fr: 3.0 M unique visitors (+ 50%)*

PROGRAMS CREATOR

LINKS CREATOR

N°1 media website
N°1 SMS editor
N°1 special phone calls media editor

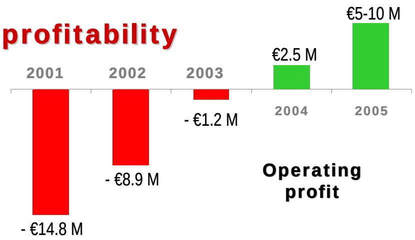
A strong growth revenue

2005 FY revenue forecast > €62 M (growth > +24%)

An ongoing improvement of the profitability

Breakeven in 2004

Mid-Term profitability: > 10%



Strategy: Develop revenue on all media
Accelerate growth investments

* June 2005 vs. June 2004 – Source : Médiamétrie / Xiti / panel NielsenNetRatings / Cyberestat

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A complementary strategy: Power + Affinity

Strengthen the **power** of the N°1 generalist media website tf1.fr
Go and find growth on new market **segments**

Generalist Portal mirror of the channel

tf1.fr

+

Independent thematic sites

Youth
Sports
News
Women
Cinema / VOD

Multi-channel Commercialisation of this audience

Advertising

e-Business

Direct marketing

Sale of contents

POWER

AFFINITY

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VOD: A development project for the Group

Launch of a Video On Demand offer in November 2005

TF1 VIDEO

VOD

TPS

Natural expansion
of the business
Complementary revenue

Revenue 2007: €7 M

Catalogue of
rights

Distribution network: Internet, TV through ADSL
Reception: PC and TV

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Conclusion: our strategy

Consolidate the uncontested leadership of the broadcasting businesses

Develop high-growth potential businesses

Eurosport: a new challenge: the World!

Channels developments
World channel
Italy
WTCC

Internet: accelerate the growth !

Thematic sites (youth, women, cinema, sports)
VOD, e-commerce

TF1 Publicité: let's conquer Off-Media !

360° vision

TF1 **N°1 multi-media communication group**

Notes

September 28, 2005

Consolidated P/L: operational breakdown

€M	H1 2005	H1 2004	Δ / 04 %
Net advertising revenue	881.2	889.5	- 0.9 %
Programming costs	(451.7)	(439.0)	+ 2.9 %
Gross margin	278.2	296.4	- 6.1 %
Diversification & other revenue	580.6	602.7	- 3.7 %
Other operating expenses	(525.7)	(540.4)	- 2.7 %
Depreciation and amortisation	(64.6)	(80.2)	- 19.5 %
Operating profit	268.5	278.5	- 3.6 %
Cost of net debt	(8.2)	(11.0)	- 25.5 %
Other financial income and expenses	4.2	0.1	ns
Income tax expense	(86.8)	(99.9)	- 13.1 %
Net profit attributable to the group	176.6	166.1	+ 6.3 %

Contributions – H1 2005

€M	Revenue	Operating profit	Operating margin H1 2005	Operating margin H1 2004
Broadcast France	1,073.1	224.9	21.0 %	22.4 %
Incl. Téléshopping	*49.1*	*5.9*	*12.0 %*	*16.8 %*
e-TF1	*30.4*	*1.8*	*5.9 %*	*9.8 %*
Distribution	198.0	4.6	2.3 %	5.6 %
Audiovisual rights	106.2	7.8	7.3 %	5.4 %
Incl. TF1 Vidéo	*67.0*	*7.3*	*10.9 %*	*9.7 %*
International broadcasting	124.6	22.2	17.8 %	17.6 %
Other activities	(5.1)	9.0	ns	ns
Intra-companies eliminations	(26.9)	-		
Total	1,469.9	268.5	18.3 %	18.6 %

Broadcast France : TF1, TF1 Entreprises, Teleshopping, Eurosport France, LCI, Odyssée, TF6, TV Breizh, Série Club, Histoire, e-TF1, Glem, Alma, TAP, TPP, Studios 107, TF1 Films Production
Distribution : TPS
Audiovisual rights : TF1 Vidéo, CIC, RCV, Ciby DA, TF1 International, Téléma, TCM. Cabale
International broadcasting : Eurosport International, Europa TV, KSO & SRW
Other activities : Métro, Visiowave, Prima TV, Syalis

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Financial ratios

€M	2004	June 04	June 05
Shareholder's funds	976	918	989
Net debt	414	606	553
Gearing <= 1*	42%	66%	56%

Target:
40 % – 60%
max 70%

	2004	June 04	June 05
EBITDA / net interests => 10*	24	32	38
FFO / net debt => 0.5*	0.79	1.11	1.07

A strong financial wealth: A / A-1 Stable
(S&P rating)

* S&P target

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Consolidated cash flow statement

€M	30 June 05	31 Dec. 04	30 June 04
Cash position at beginning of period	142.3	184.2	184.2
Operating cash flow before cost of net debt and income taxes	295.5	490.0	336.2
Income taxes paid	(95.8)	(148.3)	(84.4)
Change in operating working capital needs	(156.5)	(10.0)	(179.6)
Net cash flow from operating activities	43.2	331.6	72.2
Net cash used in investing activities	(18.5)	(119.5)	(80.9)
Net cash used in financing activities	(134.3)	(252.1)	(150.2)
Total change in cash position	(109.6)	(41.9)	(167.4)
Cash position at end of period	32.7	142.3	16.8

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Programming costs*

€M	H1 2005	H1 2004	Δ / 04 €M
Entertainment	132.9	133.7	- 0.8
TV drama & series	131.0	94.0	+ 37.0
Sports	62.9	93.1	- 30.2
News	60.3	58.2	+ 2.1
Movies	51.0	49.6	+ 1.4
Children programmes	13.6	10.4	+ 3.2
Total programming costs	**451.7**	**439.0**	**+ 12.7**

i.e. a change in H1 2005 of: **+ 2.9%**

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* Incl. retired and expired rights

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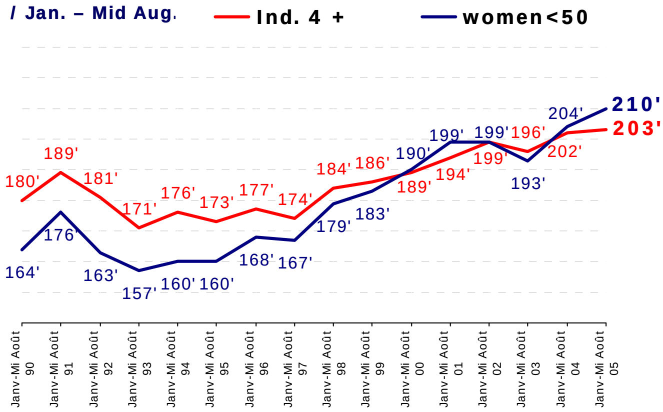
Television: the most popular media in France

84% of the French people watch TV every day

3 out of 4 watch TF1 every day jour

Daily viewing time / Jan. – Mid Aug.



3h23' for Individuals 4 +
3h30' for women <50

Source: Médiamétrie / January – 21 August 2005

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TF1: the best resistance to pay TV penetration

Audience share

	Current market* (i.e. 24,8% pay TV penetration)	Cable & sat environment** (100% pay TV penetration)	Degree of resistance
TF1	31.9 %	25.1 %	79%
TF1's theme channels	3.0 %	11.0 %	
TF1 group	34.9 %	36.1 %	
France 2	19.6 %	14.0 %	71%
France 3	14.6 %	8.9 %	61%
France 5	3.2 %	1.3 %	41%
M6	13.1 %	8.5 %	65%

TF1 : The best resistance to the market fragmentation

The market fragmentation widens the gap between TF1 and its competitors

* Source: Mediamétrie – H1 2005, ind. 4+ ** Source: Mediacabsat 9 (December 2004 – June 2005)

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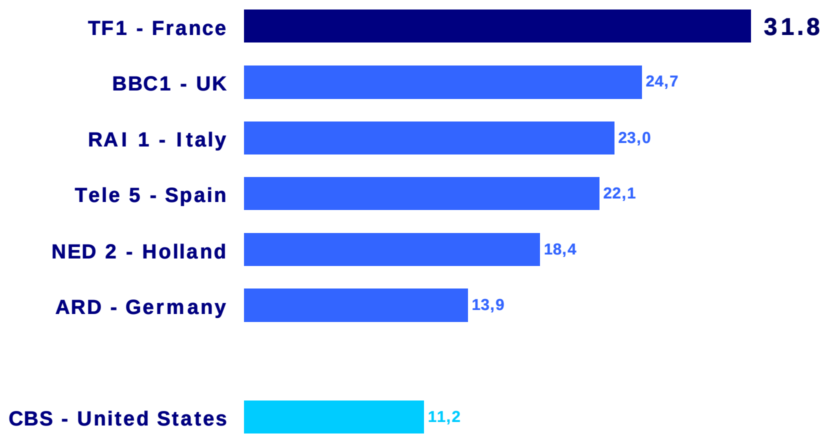
TF1: a unique situation in Europe

Annual audience share in 2004
of the domestic leading channel



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Source : Médiamétrie / year 2004

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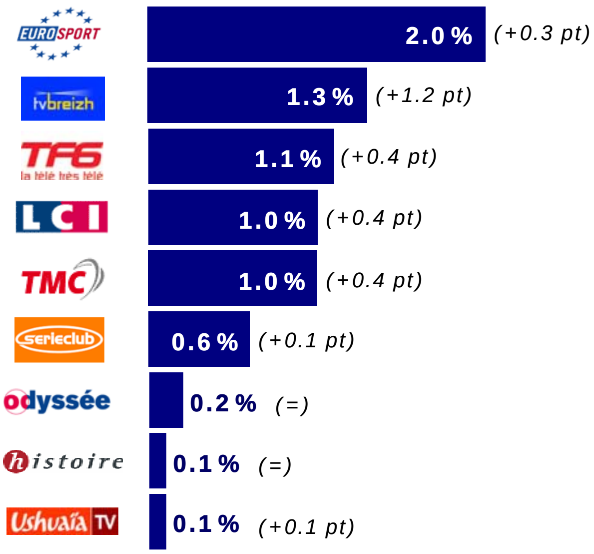
TF1 Group leadership

Ongoing improvement of TF1 Group channels: audience share: +4.2 pts (in 4 years) to 11.0%



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Source : Médiamétrie / MédiaCabSat wave 9 (Jan.-June 2005) vs Wave 1 (Jan.-June 2001)
Audience share / Individuals 4 + / whole base

Strengths of TF1 Publicité

The referent advertising media for any mass-communication

TF1 commercials audience

	1994	2004	var.
Women < 50	**4.8%**	**5.8%**	**+ 1.0 pt**
Ind. between 25 and 49	**4.3%**	**5.1%**	**+ 0.8 pt**

TF1: Exclusivity and Power*

	TF1	France 2 + M6
Women <50	**92%**	**8%**
Ind. 25-49	**94%**	**6%**

Source : Médiamétrie

* Ad breaks> 12% on the target – H1 2005

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TF1 match with market needs

ADVERTISERS EXPECT A GLOBAL ANSWER

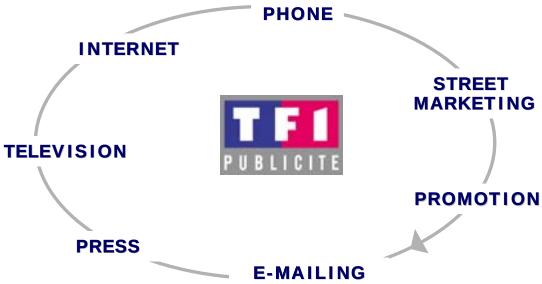
A COMPLETE MEDIA ANSWER

With referent and complementary media

AN OFF-MEDIA ANSWER

Creation of a dedicated off-media structure relying on the know-how developed by TF1 Licences

A 360° device



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Digital Terrestrial Television

17 channels for the free offer => March 2005

State-owned		News *
Generalists		Music *
Mini generalists		Youth *

11 channels for the pay offer => End 2005

Premium	Sport
Mini generalists	Cinema
News	TV dramas
	15-35 years old
Youth	Documentaries

TF1 Group channels

* To be launched in Q4 2005

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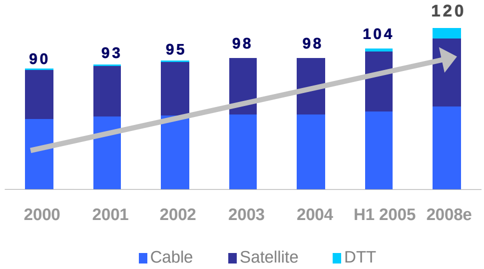
Eurosport: N°1 pan-European channel*

Fast-growing distribution of the channel …

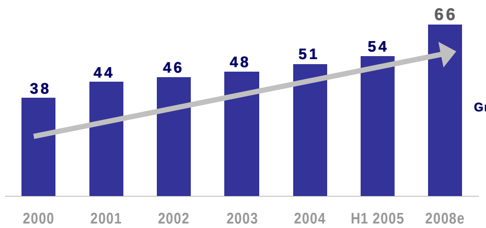
- A market of more than **300 M households**
- Distributed on all networks (cable, satellite, DTT, ADSL, mobile phones…)

End of June 2005:
104 M households

Growth of households (in M)



… and growth of paying subs



Growth of paying subs (in M)

6,200 hours of programs
45% LIVE

* Cable and satellite in Europe – source PETV

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