LE GROUPE

PRESS RELEASE

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2017 FIRST-HALF RESULTS

Group audience share on the key target[1] rises to 32.5% (+1.1 points)
Advertising revenue growth of 1.6%
Current operating profit of €107.6 million (margin: 10.4%)

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 21 July 2017 to close off the financial statements for the six months ended 30 June 2017.
The results shown below (presented using the segmental reporting structure adopted by the TF1 group), and historical revenue and operating profit data, are available on the corporate website: www.groupe-tf1.fr/en.

CONSOLIDATED FIGURES (€m)	Q1 2017	Q1 2016	Q2 2017	Q2 2016	H1 2017	H1 2016	Chg. €m	Chg.%
Revenue	**498.9**	481.9	**537.8**	543.3	**1,036.7**	**1,025.2**	**11.5**	**1.1%**
TF1 group advertising revenue	*365.1*	*356.1*	*417.0*	*414.0*	*782.1*	*770.1*	*12.0*	*1.6%*
Revenue from other activities	*133.8*	*125.8*	*120.8*	*129.3*	*254.6*	*255.1*	*(0.5)*	*-0.2%*
Current operating profit/(loss)	**36.3**	**14.8**	**71.3**	**42.7**	**107.6**	**57.5**	**50.1**	**87.1%**
Current operating margin	*7.3%*	*3.1%*	*13.3%*	*7.9%*	*10.4%*	*5.6%*	*-*	*+4.8pts*
Operating profit/(loss)	**30.5**	**(19.2)**	**65.5**	**22.0**	**96.0**	**2.8**	**93.2**	**ns**
Cost of net debt	(0.9)	(0.2)	(0.2)	(0.4)	(1.1)	(0.6)	(0.5)	ns
Net profit/(loss) attributable to the Group	**27.7**	**(13.1)**	**46.9**	**12.5**	**74.6**	**(0.6)**	**75.2**	**ns**

Consolidated revenue for the first half of 2017 reached €1,036.7 million, up €11.5 million (1.1%) year-on-year, and comprised:

- **Group advertising revenue** of €782.1 million, up 1.6%, driven mainly by stronger revenue from the DTT channels and a very good performance in sponsorship.
- **Revenue from other activities** of €254.6 million, stable year-on-year.

Current operating profit reached €107.6 million, an increase of €50.1 million year-on-year, including €30.7 million of savings arising from the lack of any major sporting events during the first half of 2017. The effects of the multi-channel strategy adopted from the back to school period in 2016 and of the transformation of the Group had a positive impact of €19.4 million on first-half current operating profit, with a contribution of 1.9-point to the improvement in margin. Recurring cost savings of €14 million were achieved under the "Recover" plan.

The Group posted an **operating profit** of €96.0 million after charging €11.6 million of non-current expenses related to the amortisation of intangible assets identified in connection with the Newen Studios acquisition.

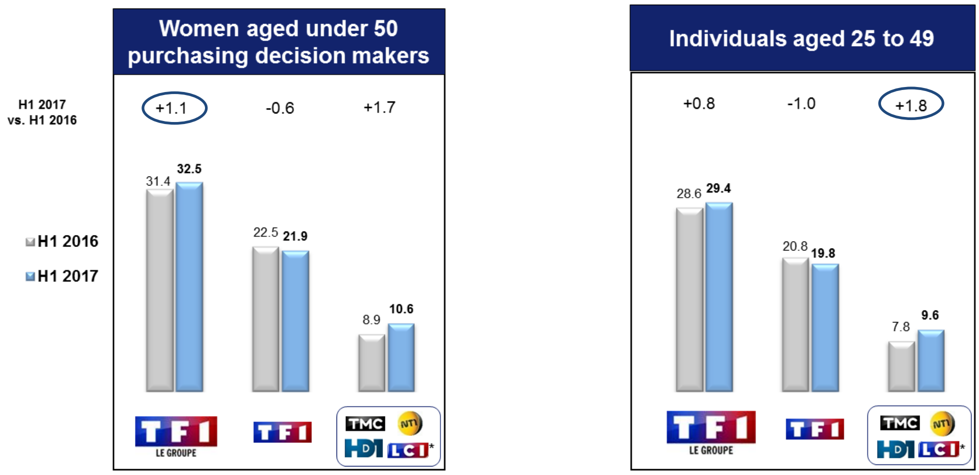
Overall, **net profit attributable to the Group** was €74.6 million, including the gain arising on the divestment of the equity interest in Groupe AB, in the Group's share of the profits and losses of joint ventures and associates.

[1] W<50PDM: women aged under 50 purchasing decision-makers.

Audiences[2]

The TF1 group continued to roll out its multi-channel strategy in the first half. The five free-to-air channels[3] attracted a combined audience share of 32.5% among W<50PDM (+1.1 points year-on-year). Within this target audience, a slight fall in the share taken by the TF1 core channel (21.9%, -0.6 of a point year-on-year) was more than offset by audience growth for the four DTT channels pool[4] (10.6%, +1.7 points year-on-year).

This fine performance confirmed the TF1 group's market-leading position, and represented the strongest year-on-year growth of any French broadcaster among target audiences. Since the end of the first quarter in particular, the TF1 group has widened the gap over its main rivals, both among W<50PDM and 25-49 year-olds.



LCI not included prior to the freeview switchover on 5 April 2016

TF1 was the most-watched channel among W<50PDM in all timeslots, especially in access prime time[5] thanks to the gameshow *The Wall* (18.0% of W<50PDM). Prime time schedules also have strong pulling power via flagship entertainment brands (*The Voice*, *Koh-Lanta* with 6.3 million viewers and a 42% share of W<50PDM), successful French dramas (*Munch*, with up to 6.3 million viewers), and renewed American series like *Lethal Weapon* (*L'Arme Fatale*) with a record 7.1 million viewers.

The Group's DTT pool[3], the market audience leader in key advertising targets, achieved the strongest rise in audiences of any market player (+1.7 points year-on-year for W<50PDM, +1.8 points for 25-49 year-olds). Much of this was due to the successful repositioning of TMC, which grew targeted audiences faster than any other DTT channel in the first half of 2017 (+1.2 points for 25-49 year-olds, +1.7 points for high socio-professional category).

LCI became France's no.2 news channel in the first half of 2017, with an audience share in May of 0.8% among individuals aged 4 and over and 0.6% of high socio-professional category. In a period dominated by the French presidential and legislative elections TF1, LCI and the Group's digital channels achieved high audiences across all platforms: for example, the Great Debate of 20 March attracted 9.9 million viewers on TF1, 345,000 viewers on LCI, and over 3.3 million video views[6].

MYTF1 had its best-ever semester, with the number of video views up 14% at 628 million, driven by digital audiences for the Group's flagship entertainment brands such as *The Voice* (70 million video views, up 14%; *Koh-Lanta*, 44 million video views, 50% more than in the previous season).
With effect from 24 April 2017, authentication has been required for internet users to watch the video of an entire programme on a mobile, tablet or PC. As a result, the number of identified internet users has to date risen from 9 million to 12.5 million.

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[2] Source: Médiamétrie.
[3] TF1, TMC, NT1, HD1 and LCI.
[4] TMC, NT1, HD1 and LCI.
[5] 6pm to 8pm.
[6] Across all platforms.

Analysis by segment

€m	Q1 2017	Q1 2016	Q2 2017	Q2 2016	H1 2017	H1 2016	Chg.	Chg.%
Broadcasting	**404.1**	**389.4**	**451.3**	**448.7**	**855.4**	**838.1**	**17.3**	**2.1%**
TV advertising on free-to-air channels	*348.0*	*341.3*	*397.2*	*394.9*	**745.2**	*736.2*	*9.0*	*1.2%*
Other revenues	*56.1*	*48.1*	*54.1*	*53.8*	*110.2*	*101.9*	*8.3*	*8.2%*
Studios & Entertainment	**94.8**	**92.5**	**86.5**	**94.6**	**181.3**	**187.1**	**(5.8)**	**-3.1%**
Consolidated revenue	**498.9**	**481.9**	**537.8**	**543.3**	**1,036.7**	**1,025.2**	**11.5**	**1.1%**
Cost of programmes	**(233.5)**	**(232.4)**	**(248.7)**	**(265.4)**	**(482.2)**	**(497.8) ***	**15.6**	**-3.1%**
Broadcasting	**26.6**	**4.9**	**64.9**	**33.1**	**91.5**	**38.0**	**53.5**	**ns**
of which Free platforms	13.9	-3.5	51.9	21.6	65.8	18.1	47.7	ns
Studios & Entertainment	**9.7**	**9.9**	**6.4**	**9.6**	**16.1**	**19.5**	**(3.4)**	**-17.4%**
Current operating profit/(loss)	**36.3**	**14.8**	**71.3**	**42.7**	**107.6**	**57.5**	**50.1**	**87.1%**

** The cost of programmes published for H1 2016 was €517.5 million, including €19.7 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €497.8 million.*

Broadcasting

Advertising revenue for the Group's free-to-air TV channels rose by 1.2% year-on-year, thanks to very good DTT audience figures and sponsorship revenue.
Other revenue for the Broadcasting segment increased by €8.3 million (+8.2%). After a good first-quarter performance, growth in digital advertising revenue offset weaker interactivity in the second quarter.

The cost of programmes for the first half was €482.2 million, a saving of €15.6 million relative to the first half of 2016, reflecting:

- the impact (net of the cost of replacement programmes) of €30.7 million due to the broadcasting of games from the Euro 2016 football tournament;
- the exclusion of LCI's cost of programmes in the first quarter of 2016, prior to the channel's freeview switchover;
- reinvestment in programmes (especially coverage of the World Handball Championship and Confederations Football Cup).

The Broadcasting segment recorded a current operating profit of €91.5 million, up €53.5 million year-on-year. The contribution from the free-to-air channels improved by €47.7 million mainly on stronger advertising revenue, reduction in the cost of programmes, and cost savings achieved under the "Recover" plan.

Studios & Entertainment

Revenue for the Studios & Entertainment segment fell by €5.8 million (3.1%) year-on-year.
The non-recognition in revenue of disposals of co-production shares to certain broadcasters since the start of the year was compensated by the positive effect of the first-time consolidation of Tuvalu Media Group and Blue Spirit. Increased revenue at TF1 Studios partly offset a dip in revenue at Newen Studios, due largely to less favourable production cycles than a year previously.
TF1 Entertainment posted further growth in the first half of 2017.

Studios & Entertainment reported an operating profit of €16.1 million, a drop of €3.4 million, which was mainly due to the fact that programme delivery volumes will be greater in the second half of the year.

Financial position

Shareholders' equity attributable to the Group was €1,503 million at 30 June 2017, out of a balance sheet total of €3,402 million.

The net cash position at 30 June 2017 was €248 million, compared with €187 million at 31 December 2016; the increase was mainly due to cash generated by operating activities.

Outlook

The TF1 group's performances in the first half of 2017 – advertising revenue growth of 1.2% for the five free-to-air channels, a 1.1-point rise in audience share in target advertising markets, an increased share of the gross advertising market, and higher margins – all confirm the positive trend that began in the autumn of 2016 and the relevance of its multi-channel strategy.

At a time of fierce competition in terms of scheduling, we will invest in high-impact programmes in the second half of the year while remaining within our overall objectives. The broadcasting of new programmes, such as the summer saga *Demain nous appartient* (produced by Newen Studios) and French dramas (*La Mante*, *Le Tueur du Lac*, *Les Chamois* and *Les Bracelets Rouges*), combined with the return of strong, iconic brands such as *Koh-Lanta*, *Danse avec les stars* and *The Voice Kids* will impact positively the second half of the year.

The second half of the year will also open up new opportunities for advertisers to invest in slots for 2018, especially in digital via the EBX[7] European digital airtime sales alliance and the launch of Studio71 France. In addition, the launch of territory-specific advertising in Belgium will enable advertisers to target French-speaking Belgian audiences from late 2017 onwards.

TF1 Group is reiterating its full-year guidance:

- Maintain its share of the advertising market by extracting maximum value from its premium inventories and growing its DTT channels and digital content, while achieving €25 million to €30 million of recurring savings (excluding cost of programmes) under the "Recover" plan.
- Over the 2017-2019 period, continue to limit the cost of programmes by optimising its investment in content, so as to hold the average annual cost of programmes (excluding major sporting events) for the five free-to-air channels at €980 million.
- Improve its profitability: the target is for double-digit current operating margin in 2019, combined with growth in non-advertising revenue for the five free-to-air channels which is expected to account for at least one-third of our consolidated revenue in 2019.

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.
The presentation and financial information report for the first half of 2017 are available on our corporate website: http://www.groupe-tf1.fr/en.
A conference call is scheduled for 24 July 2017 at 09.00am (Paris time).
For details of how to connect to the conference call go to http://www.groupe-tf1.fr/en/investisseurs.

TF1 GROUP
CORPORATE COMMUNICATIONS DIVISION - vduval@tf1.fr
INVESTOR RELATIONS - comfi@tf1.fr
@GroupeTF1

[7] European Broadcaster Exchange