TF1 LE GROUPE

PRESS RELEASE

TF1 GROUP RESULTS FOR THE FIRST NINE MONTHS OF 2020

Nine-month revenue down 16% at €1,361.4 million[1]

Good third-quarter performance from Broadcasting, with revenue up €18.0 million
Cost of programmes reduced by €30.5 million year-on-year

Nine-month current operating profit of €125.6 million

Boulogne, 28 October 2020

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 28 October 2020 to close off the financial statements for the first nine months of 2020. The results below are presented using the segmental reporting structure adopted by the TF1 group and in accordance with IFRS 16 (applicable from 1 January 2019). Revenue and operating profit data (published and restated) are available in our Financial Information Report for the first nine months of 2020 and on the TF1 group corporate website: www.groupe-tf1.fr/en.

€m	Q3 2020	Q3 2019	Chg. %	9m 2020	9m 2019	Chg. €m	Chg. %
TF1 group advertising revenue	346.5	322.4	7.5%	962.9	1,158.4	(195.5)	-16.9%
Revenue from other activities	131.4	147.0	-10.6%	398.5	456.2	(57.7)	-12.6%
Consolidated revenue							
Broadcasting	372.8	354.8	5.1%	1,056.1	1,245.6	(189.5)	-15.2%
o/w Advertising	*328.4*	*303.4*	*8.2%*	*914.5*	*1,094.8*	*(180.3)*	*-16.5%*
Studios & Entertainment	67.8	76.5	-11.4%	199.6	245.3	(45.7)	-18.6%
Unify	37.3	38.1	-2.1%	105.7	123.7	(18.0)	-14.6%
Consolidated revenue	**477.9**	**469.4**	**1.8%**	**1,361.4**	**1,614.6**	**(253.2)**	**-15.7%**
Cost of programmes	**(183.0)**	**(213.5)**	**-14.3%**	**(521.8)**	**(659.7)**	**137.9**	**-20.9%**
Broadcasting	51.7	14.1	x3.5	127.6	156.6	(29.0)	-18.5%
Studios & Entertainment	7.2	7.7	-6.5%	7.2	25.0	(17.8)	-71.2%
Unify	(1.1)	(0.4)	x2.5	(9.2)	2.8	(12.0)	N/A
Current operating profit	**57.8**	**21.4**	**x2.5**	**125.6**	**184.4**	**(58.8)**	**-31.9%**
Current operating margin	12.1%	4.6%	+7.5pts	9.2%	11.4%	-	-2.2pts
Net profit attributable to the Group	**38.7**	**10.5**	**x3.5**	**77.1**	**117.8**	**(40.7)**	**-34.6%**

Results for the first nine months of 2020

Consolidated revenue of the TF1 group for the first nine months of 2020 was **€1,361.4 million**, down €253.2 million (15.7%) year-on-year.
Group advertising revenue was €962.9 million (-16.9% year-on-year). After a first half affected by the impacts of the Covid-19 crisis, **the third quarter saw an increase of €24.1 million (7.5%) in advertising revenue** relative to the comparable period of 2019.

Current operating profit for the first nine months of 2020 was **€125.6 million**[2], down €58.8 million (versus a drop of €95 million in the first half of 2020). **The 2020 nine-month figure reflects a third-quarter operating profit of €57.8 million**, up €36.4 million year-on-year, due partly to higher revenues and partly to extra savings on the cost of programmes (€30.5 million lower than in 2019).

Net profit attributable to the Group was **€77.1 million**, down €40.7 million year-on-year.

[1] Down 16% excluding a negative impact of €1.8 million from changes in structure (newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).
[2] Current operating profit after leases (excluding the impact of IFRS 16) for the first nine months of 2020 was €123.0 million, down €58.6 million year-on-year.

Analysis by segment

Since lockdown and throughout the ongoing health crisis, the TF1 group has continued to prioritise the health of its employees and Covid-safe working practices, while adapting to the changing environment and ensuring business continuity.

Broadcasting[3]

French people's appetite for TV did not waver in the summer or the back-to-school period of 2020, as shown by the high daily average viewing time for the first nine months of the year (3 hours 49 minutes). As lockdown ended, TV consumption among individuals aged 4+ in the third quarter of 2020 was up 16 minutes year-on-year, at 3 hours 18 minutes. This renewed enthusiasm was also evident among 25-49 year-olds, with the average daily viewing time for this age bracket up 14 minutes year-on-year at 2 hours 48 minutes.

— **The TF1 group increased its audience share among the advertising target of 25-49 year-olds in the first nine months of 2020 to 29.2% (+0.1 of a point).**

With activity at entertainment venues (such as theatres and cinemas) slow to resume and certain restrictions remaining in force as a result of the Covid-19 crisis, TF1 confirmed its ability to bring people together across all programme genres and audiences. The Group delivered strong news programmes and high-quality content, to meet viewers' need for news while continuing to keep them entertained:

- **Gold standard news programming**, with high viewing figures in the back-to-school period. Audiences for the evening news bulletins were sharply higher year-on-year, averaging 5.7 million, with a 1.4-point increase in audience share among individuals aged 4+. Meanwhile, the lunchtime bulletins averaged 5.0 million viewers, upping their audience share among individuals aged 4+ by 0.6 of a point.
- **Strong French drama offer**, with the success of the all-new *Pourquoi je vis ?* (8.3 million viewers) and *Grand Hôtel* (5.4 million).
- **Iconic entertainment shows** that are still hugely successful, such as *Koh Lanta* on TF1 (peak of 6.7 million viewers) and *Quotidien* on TMC (peak of 1.9 million viewers).
- **The return of must-see sporting events** such as the semi-final and final of the UEFA Champions League, which attracted 6.5 million and 11.4 million viewers respectively.

— **Broadcasting segment revenue amounted to €1,056.1 million** in the first nine months of 2020, down €189.5 million (15.2%) year-on-year.

- Broadcasting segment advertising revenue for the first nine months of 2020 was €914.5 million, a decrease of €180.3 million or 16.5%. After a first half hit hard by cuts to advertising spend in response to the Covid-19 crisis, the third quarter saw revenue rise by €25 million (8.2%) year-on-year. This reflects catch-up spending by advertisers, and especially by those in the food, retail, personal care, e-commerce and car sectors. Advertisers benefited from the high viewing figures posted in late summer and the back-to-school period, such as those for major sporting events like the Champions League final and the successful launch of first-run episodes of shows like *Koh Lanta.* Only a few sectors – such as travel, tourism and cosmetics – remain in decline.
- Revenue from other Broadcasting segment activities was €9.1 million lower year-on-year, due mainly to lower revenue at TF1 Production and TF1 Films Production.

— **The cost of programmes on the Group's five free-to-air channels reached €521.8 million** in the first nine months of 2020. In the third quarter, and especially during the summer, the Group made further savings of €30.5 million, taking total savings over the first nine months of 2020 to €137.9 million. This performance, building on the efforts of the first half, reflects both a reduction in the unit price of programmes broadcast and optimisation of the recycling of rights between the Group's channels. **Those savings were achieved without sacrificing the requirement for quality programmes, enabling viewing figures to remain high.**

— **Broadcasting segment current operating profit for the first nine months of 2020 was €127.6 million**, down €29.0 million year-on-year, generating current operating margin of 12.1% (-0.5 of a point year-on-year). Programming cost savings combined with a resumption in advertising spend in the third quarter meant that the Group was able to return to a profitability level close to that of 2019.

[3] Médiamétrie.

Studios & Entertainment

— **Studios & Entertainment segment revenue for the first nine months of 2020 was €199.6 million**, down €45.7 million year-on-year[4]. The segment was hit particularly hard by the Covid-19 crisis, as shows and concert tours were cancelled, some cinema releases were postponed, and shooting was suspended in April and May.

  Newen was one of the first producers to restart operations, with production resuming on its two flagship daily soaps (*Demain Nous Appartient* and *Plus Belle La Vie*) in mid-May for episodes delivered in June. Production on the new daily soap *Ici tout commence* began during the summer. The Group's studios outside France – such as Reel One, Tuvalu and De Mensen – also returned to normal activity levels. Newen enjoys good visibility, with the book of orders rising to more than 1,600 hours in the third quarter.

  At TF1 Studios, a reduction in the number of films going on general release was partly offset by higher back catalogue sales.

  Finally, TF1 Entertainment saw a sharp fall in revenue due to the deferral or cancellation of projects at music label Play Two, and the postponement to 2021 of scheduled events (especially at the La Seine Musicale venue).

— **Studios & Entertainment posted a current operating profit of €7.2 million** for the first nine months of 2020, mainly comprising the positive contribution in the third quarter. That represents a year-on-year decrease of €17.8 million.

Unify

— **The Unify division posted revenue of €105.7 million**, down €18.0 million year-on-year.

  With their focus on everyday issues, the Marmiton and Doctissimo websites touched a chord with the French public and continued to attract **solid audience ratings**, both during and after lockdown. For example, Marmiton reported 560 million sessions in the first nine months of 2020, up 38% year-on-year.

  After a first half that was hit hard by the Covid-19 crisis, advertising spend recovered gradually in the third quarter, taking revenue close to the 2019 level. However, revenue from digital advertising, programmatic and business solution was still down on the previous year at the end of September.

  Social e-commerce (subscription box sales) posted further growth in the third quarter. By the end of September *Beautiful Box* and *Gambettes Box* had each increased the number of boxes shipped by over 50,000 year-on-year.

— **Unify posted a current operating loss of €9.2 million**, a net year-on-year downswing of €12.0 million, in line with the drop in revenue seen mainly in the first half of the year.

Financial position

Shareholders' equity attributable to the Group was €1,627.9 million at 30 September 2020 out of a balance sheet total of €3,511.7 million.

The Group posted €77.0 million of **free cash flow after working capital requirements**[5] in the first nine months of 2020, a year-on-year decrease of just €17.5 million that was mainly due to the impact of the Covid-19 crisis.

The lack of a dividend payout and the improvement in operating working capital requirements meant that the Group reported net debt of €70.7 million at 30 September 2020, before lease obligations (net debt of €162.2 million after lease obligations), versus net debt of €126.3 million at 31 December 2019 (net debt of €225.8 million after lease obligations).

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[4] The deconsolidation of the Téléshopping business in the second quarter of 2019 had a negative impact of €20.2 million in the first nine months of 2020.

[5] Net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated after changes in working capital requirements related to operating activities.

Outlook

The Group's 2020 nine-month results were lifted by a positive contribution from the third quarter, which saw a gradual return of advertising spend across most sectors. TF1 showed its ability to work with advertisers through the economic recovery as lockdown restrictions were lifted.

The Group is lining up a rich and varied mix of programmes for the end of the year, featuring the return of flagship shows (*Mask Singer* Season 2), the launch of the new gameshow *District Z*, first-run movies (*Le Sens de la Fête* and *A Star is Born*), and the launch of the new daily soap *Ici Tout Commence*.

Following on from regulatory progress during the summer (addressable TV, movie advertising on TV, and an end to movie-free days on TV channels), the industry is poised to benefit from further changes, including a more level playing field between established broadcasters and new entrants (in particular via the transposition of the Audiovisual Media Services directive into French law).

During the fourth quarter of 2020, Salto – the new French video-on-demand platform based on an alliance between TF1, France Télévisions and M6 – is set to start recruiting subscribers following its launch on 20 October.

Given the ongoing uncertainties about how the Covid-19 pandemic will evolve in France, and the lack of visibility currently facing many French companies and households, it is not possible at this stage to set objectives for the rest of 2020 or for 2021.

Our fourth-quarter performance will be largely dependent on the changing behaviour of our advertisers, in both Broadcasting and Digital.

In parallel, the resumption of shooting in France and elsewhere suggests that Newen can hope for a return to sustained activity levels through to the end of the year, subject to the uncertainties inherent in the health crisis.

The statutory auditors have conducted a review of the financial statements, on which they have issued a report.
Our financial information report for the first nine months of 2020 is available on our corporate website at https://www.groupe-tf1.fr/
A results announcement call is scheduled for 28 October 2020 at 6.30pm (Paris time).
For details of how to connect go to https://www.groupe-tf1.fr/en/investors/results-and-publications, and click on "Access our results announcements for the current year".

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