TF1 LE GROUPE

PRESS RELEASE

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TF1 GROUP CAPITAL MARKETS DAY: "TOMORROW IS OURS"

The TF1 group reiterates its guidance and shares its ambitions for its new businesses
The group is forecasting improved return on capital employed three years from now[1]

TF1 is hosting a Capital Markets Day to showcase its vision of the Group for the years ahead as it continues with its transformation, and the prospects for value creation. The purpose of the day is to share the ambitions and strategic thinking in each of the Group's key businesses: broadcasting, production, content distribution, and online services.

The TF1 group provides a unique offer of free and paid-for content and services, addressing the various ways in which consumers use content.

Television is still the most-consumed of all media in France, averaging 3 hours and 44 minutes a day[2]. It remains the leading platform for consumption of video content[3]: 91% of video viewing time on any type of screen is spent watching TV programmes. For 15-24-year-olds, the figure is nearly 70%, demonstrating their strong appetite for TV content. Although linear consumption still accounts for the majority of TV screen time, delinearised consumption is on a sharp uptrend.

In an increasingly competitive landscape, the TF1 group's channels are more than ever the go-to option, as witness the 47 million French people who watch them every week. This reach is testimony to the Group's ability to deliver high-quality content to a very broad audience at the right time by adapting to changing behaviours and trends.

This status as a content distribution powerhouse illustrates the central role played by the TF1 group and its airtime sales house in creating instant brand value for advertisers, and is enhanced by the use of technology and data.

In addition to monetising its attraction power with advertisers, the TF1 group has changed its core business model via the MYTF1 replay platform and soon through the Salto OTT platform. Furthermore, by monetising its content and add-on services through telecom operators, the renewed business model will deliver an additional revenue stream.

The TF1 group is also transforming itself by accelerating fast into new growth territories, production and digital, that are already creating value.

Newen, a major multi-genre producer with a diversified customer base.

Since it was acquired by the TF1 group in 2016, Newen – France's leading independent producer – has expanded and diversified its customer base, drawing on a rich pool of independent producers and talents to build acknowledged expertise in all genres (from drama to animation) and budgets (from multi-million to low-cost).

The Newen group has a reputation for excellence across the board, from writing through production to distribution, and intends to capitalise on this expertise to expand its footprint in Europe.

Newen is a profitable and growing production house, aiming to produce over 300 hours of drama in 2019 and to increase volumes over the next three years, after two years of strong growth[4].

[1] ROCE = (Current Operating Profit – theoretical tax + profit of joint-ventures and associates) for fiscal year N / average of the capital employed for fiscal years N-1 and N; capital employed = total shareholders 'equity including non-controlling interests + net debt end of fiscal year. 2017 ROCE was 8.9%.
[2] Source: Médiamétrie – H1 2018 data. Individuals aged 4 & over
[3] Source: Médiamétrie 2017 – Estimate based on the following panels: Médiamat 2017, Global TV April-June 2017, Médiamétrie Netratings.
[4] Including volumes produced for the TF1 group.

Setting up a new digital business enables the TF1 group to provide a complementary offer based on web-sourced content for internet users, and to strengthen its offer towards advertisers.

The acquisition of the aufeminin group[5] has led to the build-up of a digital entity consisting of high-profile brands (aufeminin, Marmiton, My Little Paris, Livingly Media, MinuteBuzz, Studio71, Beauté Test, etc) centred on strong universal interests (wellness, lifestyle, food, beauty, parenting, etc) and targeted communities.

Thanks to the unique proprietary technology developed by Livingly Media, the TF1 group has access to a digital inventory marketing tool that optimises campaign performance and a solid track record in the American market. The ability to build engaged communities around strong brands, and to understand and gain insights on those communities, will guarantee the ability for the Group to deliver a B2C social e-commerce offer combined with expert support for advertisers in disintermediated mode.

The ambition of the digital entity is to continue growing revenue, with an objective of around €250 million in three years' time and an EBITDA margin of at least 15% by the end of that period.

Alongside the organic growth of these two divisions, the Group is announcing that an investment budget in the region of €50 million a year over three years will be dedicated to acquisitions.

With these moves into digital and production, the TF1 group is reducing its dependency on the French TV advertising market, by developing businesses that offer not only better visibility with longer economic cycles, but also greater flexibility thanks to a more variable cost base. The TF1 group is reiterating its ambition to deliver growth in revenue from activities other than advertising on the five free-to-air channels, with those other activities expected to account for at least one-third of consolidated revenue in 2019.

The Group is also reiterating its guidance of growth in the current operating margin rate (excluding major sporting events) from 2018, and a double-digit current operating margin rate in 2019).

The overall effect of these various growth levers will be an improved return on capital employed[6] for the TF1 group three years from now.

The presentation is available on our corporate website: http://www.groupe-tf1.fr/en.
For details of how to connect to the Investor Day webcast, go to: https://www.groupe-tf1.fr/en/investors/results-and-publications/financial-results-and-publications

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[5] 95.26% equity interest held as of today; announcement on 7 September 2018 of the intention to launch a simplified cash tender offer followed by a squeeze-out.
[6] ROCE = (Current Operating Profit – theoretical tax + profit of joint-ventures and associates) for fiscal year N / average of the capital employed for fiscal years N-1 and N; capital employed = total shareholders 'equity including non-controlling interests + net debt end of fiscal year. 2017 ROCE was 8.9%.