Boulogne-Billancourt – February 16, 2012

Consolidated revenue held steady at €2,620m
Strong growth of 22.8% in current operating profit to €283m

The TF1 Board of Directors, chaired by Nonce Paolini, met on February 15, 2012 to adopt the financial statements for the year ended December 31, 2011.

CONSOLIDATED FIGURES (€m)	9m 2011	9m 2010	Change %	Q4 2011	Q4 2010	Change %	2011	2010	Change %
Revenue	**1,838.8**	**1,826.0**	**+0.7%**	**780.9**	**796.4**	**-1.9%**	**2,619.7**	**2,622.4**	**-0.1%**
TF1 Channel advertising	*1,054.4*	*1,071.1*	*-1.6%*	*449.7*	*478.7*	*-6.1%*	*1,504.1*	*1,549.8*	*-2.9%*
Other activities	*784.4*	*754.9*	*+3.9%*	*331.2*	*317.7*	*+4.2%*	*1,115.6*	*1,072.6*	*+4.0%*
Current operating profit	**195.5**	**124.9**	**+56.5%**	**87.4**	**105.5**	**-17.2%**	**282.9**	**230.4**	**+22.8%**
Operating profit	**195.5**	**220.8**	**-11.5%**	**87.4**	**92.4**	**-5.4%**	**282.9**	**313.2**	**-9.7%**
Cost of net debt	0.4	(15.7)	na	0.1	(2.5)	na	0.5	(18.2)	na
Net profit attributable to the Group	**125.2**	**169.7**	**-26.2%**	**57.5**	**58.6**	**-1.9%**	**182.7**	**228.3**	**-20.0%**

In 2011, the TF1 Group held **consolidated revenue steady** at €2,620m.

This figure includes:

- **TF1 channel advertising revenue** of €1,504.1m, 2.9% lower than in 2010, with the volume of advertising screened contracting in a turbulent economic environment ;
- **Revenue from other activities** of €1,115.6m, up 4.0% year-on-year. This reflects the increase in revenue arising from the acquisitions of TMC, NT1 and Metro France, and the performances of our diversification subsidiaries. Bear in mind that the 2010 figure included €33m from the resale of rights to the 2010 FIFA World Cup, while the 2011 figure includes €13m from the resale of rights to the Rugby World Cup.

Advertising revenue for the TF1 group as a whole was 1.6% higher at €1,821.5m, due to growth in video advertising on the Internet and the first-time consolidation of TMC and NT1, the acquisition of which has given the Group a stronger presence in the rapidly-expanding free-to-air DTT market.

Improvement in current operating margin

The Group made a **current operating profit** of €282.9m in the year ended December 31, 2011, an improvement of €52.5m (**22.8%**) on the 2010 figure.
Current operating margin was **10.8% in 2011**, compared with **8.8% in 2010**.

Net profit attributable to the Group of €183m

Cost of net debt represented a net gain of €0.5m in 2011, compared with a net expense of €18.2m in the previous year; the year-on-year change reflects the effects of debt reduction and a positive net cash position on average during 2011.
Income tax expense for the year ended December 31, 2011 was €88.7m, €19.8m more than in the previous year, in line with the improvement in current operating profit.

The contribution from associates in 2011 was a net loss of €13.7m, mainly comprising an impairment loss recognised against the interest in Metro France.

Net profit attributable to the Group for the year ended December 31, 2011 was €182.7m.

In 2010, a non-recurring gain of €82.8m was recognised in accordance with the revised IFRS 3 following the remeasurement at fair value of the equity interests in TMC and NT1, and in the subsidiaries SPS (online betting) and 1001 Listes (e-commerce). Excluding this effect, net profit attributable to the Group rose by 25% year-on-year.

ON SE RETROUVE TOUS SUR

Analysis by segment

€m	Q1 2011	Q1 2010	Q2 2011	Q2 2010	Q3 2011	Q3 2010	Q4 2011	Q4 2010	2011	2010
Broadcasting France	499.4	479.7	552.8	562.2	442.3	424.0	640.3	643.7	2,134.8	2,109.6
Audiovisual Rights	29.0	32.4	21.1	27.6	23.0	22.3	42.4	60.6	115.5	142.9
International Broadcasting	84.5	84.0	89.3	97.2	95.9	93.0	98.2	90.2	367.9	364.4
Other Activities	1.5	0.8	-	0.7	-	2.1	-	1.9	1.5	5.5
Total consolidated revenue	**614.4**	**596.9**	**663.2**	**687.7**	**561.2**	**541.4**	**780.9**	**796.4**	**2,619.7**	**2,622.4**
Broadcasting France	62.4	39.0	118.6	45.6	6.6	12.9	78.9	103.8	266.5	201.3
Audiovisual Rights	0.1	(4.5)	(11.2)	(1.1)	(14.5)	(2.4)	(14.5)	2.8	(40.1)	(5.2)
International Broadcasting	10.0	5.3	17.6	21.4	16.9	16.8	20.7	16.4	65.2	59.9
Other Activities	(11.0)	4.0	-	(5.3)	-	(6.8)	2.3	(17.5)	(8.7)	(25.6)
Current operating profit	**61.5**	**43.8**	**125.0**	**60.6**	**9.0**	**20.5**	**87.4**	**105.5**	**282.9**	**230.4**

Broadcasting France (Source: Médiamétrie)

In 2011, the TF1 channel enjoyed audience share of 23.7% among individuals aged 4 and over, rising to 26.7% of "women aged under 50 purchasing decision-makers". TF1 achieved 99 of the top 100 audience ratings in 2011, the second-best performance by the channel since Médiamat was set up in 1989.

Revenue from the **Broadcasting France** division totalled €2,134.8m, up 1.2% thanks to good performances by TF1 Entreprises (driven by trade licences and music partnerships), by e-TF1 (sale of online videos, and rollout of MYTF1 to new operators), and by the Production business (13 co-produced films topped 1 million box office entries, including *Intouchables* which had attracted 16.7m box office entries by end December 2011), and also to the first-time consolidation of TMC and NT1.

TF1 programming costs came to €905.5m, versus €951.2m in 2010. This improvement of €45.7m (4.8%) was due to:

- €40.9m of savings due to the differential between the cost of the 2010 FIFA World Cup (screened in 2010) and the cost of the 2011 Rugby World Cup (screened in September and October 2011);
- €4.8m of savings on other programmes.

The Broadcasting France division made a current operating profit of €266.5m in 2011, compared with €201.3m in 2010. Current operating margin was substantially higher in 2011 at 12.5%, versus 9.5% for the previous year.

Audiovisual Rights

Revenue for the **Audiovisual Rights** division for the year ended December 31, 2011 totalled €115.5m, down €27.4m relative to the previous year. This decline reflects a contraction in revenue from the Video business, a lower level of box office entries than in 2010, and the reclassification of some catalogue sales as intercompany items following the inclusion of TMC and NT1 in the consolidation. The division made a current operating loss of €40.1m, due to the effect of the fall in revenue and the recognition of costs related to the *Miracle at St Anna* dispute.

Broadcasting International

Despite the troubled global economic climate and the fact that no major sporting events were broadcast in 2011, revenue at **Eurosport International** rose by 1.0% in 2011 to €367.9m, with the drop in advertising revenue more than offset by higher subscription revenue.

Current operating profit rose by 8.8% year-on-year to €65.2m, giving operating margin of 17.7% (versus 16.4% in 2010). This excellent level of profitability is a result of the Eurosport group's continuing tight control of overheads and programming costs, which in 2011 did not include any major sporting events.

Very healthy financial position maintained

As of December 31, 2011, shareholders' equity attributable to the Group stood at €1,575.1m, out of a balance sheet total of €3,354.4m. Net debt at end December 2011 was €40.6m, versus a positive net cash position of €16.8m at end 2010; the year-on-year change reflects the €58.5m acquisition in late December 2011 of previously-leased premises occupied by staff from TF1 SA and LCI.

Dividend of €0.55 per share

The Board will ask the Annual General Meeting, called for April 19, 2012, to approve a dividend of €0.55 per share, representing a yield of 4.8% on the basis of the average share price during 2011 (€11.48).
The ex-date will be April 26, 2012, the date of record will be April 30, 2012, and the payment date will be May 2, 2012.

2012 outlook

The economic climate remains unstable in 2012, and the resulting uncertainties are generating substantial volatility in decision-making by advertisers.

In the circumstances, we are working on the assumption that our consolidated revenue will remain flat in 2012. We are also maintaining our objective for control over TF1 channel programming costs, which we expect to average €930m in 2012 and 2013.

Cancellation of shares

The Board of Directors has decided to cancel 100,000 treasury shares acquired in 2011. Following this cancellation, the number of shares and voting rights will be 210,933,003, and the share capital will be €42,186,600.60.

Corporate governance

Acting on the recommendation of the Director Selection Committee, the Board of Directors will ask the Annual General Meeting to approve the co-opting of Janine Langlois-Glandier (who chairs the Mobile Medias Forum) to serve as a Director, replacing Alain Pouyat whose term of office expires on April 19, 2012.

The Board is satisfied that Mrs Langlois-Glandier would qualify as an independent director by reference to the independence criteria specified in the AFEP-MEDEF corporate governance code; her appointment would increase the number of independent directors and female directors to 4 out of 12.

Executive compensation

In line with the AFEP-MEDEF corporate governance recommendations, information about remuneration has today been posted on the www.groupe-tf1.fr website, in the Finance/Governance/Compensation of corporate officers section.

The financial statements have been audited, and the auditors have issued an unqualified audit opinion.

The full financial statements, including the notes, are available on www.groupe-tf1.fr.

A webcast of the Analyst Meeting at which the full-year results are presented will be available on www.groupe-tf1.fr from 11 a.m. Paris time on February 16, 2012

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Financial Report

2011

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Results

Financial Indicators

These key figures are extracted from TF1 consolidated financial data.

€m	2011	2010
Revenue	**2,619.7**	**2,622.4**
TF1 channel advertising revenue	*1,504.1*	*1,549.8*
Revenue from other activities	*1,115.6*	*1,072.6*
Current operating profit	**282.9**	230.4
Operating profit	**282.9**	313.2
Net profit attributable to the Group	**182.7**	228.3
Operating cash flow*	**346.4**	297.2
Shareholders' equity attributable to the Group	**1,575.1**	1,538.9
Net surplus cash (+) / Net debt (-)	**(40.6)**	16.8
Earnings per share (€)	**0.86**	1.07
Diluted earnings per share (€)	**0.86**	1.06

** Before cost of net debt and income taxes*

	2011	2010
Weighted average number of shares outstanding ('000)	**212,436**	213,396
Closing share price at end of period (€)	**7.5**	13.0
Market capitalisation at end of period (€bn)	**1.6**	2.8

Consolidated income statement in management accounting format

€m	2011	2010
TF1 Channel		
Advertising revenue	1,504.1	1,549.8
Advertising costs	(75.2)	(75.9)
NET BROADCASTING REVENUE	**1,428.9**	**1,473.9**
Royalties and levies		
- Royalties	(60.6)	(58.5)
- CNC (National Centre for Cinematography)	(82.0)	(84.2)
- Tax on broadcast advertising	(6.4)	(6.1)
Broadcasting costs		
- TDF, satellites, transmission costs	(25.7)	(44.9)
Programming costs (excluding exceptional sporting events)	**(881.4)**	**(873.6)**
Exceptional sporting events	**(24.1)**	**(77.6)**
GROSS PROFIT	**348.7**	**329.0**
Diversification revenue and other revenue from operations	1,114.7	1,070.9
Other operating expenses	(1,072.2)	(1,064.5)
Depreciation, amortisation, provisions and impairment, net	(108.3)	(105.0)
CURRENT OPERATING PROFIT	**282.9**	**230.4**
Non-current operating income and expenses	-	82.8
OPERATING PROFIT	**282.9**	**313.2**
Cost of net debt	**0.5**	**(18.2)**
Other financial income and expenses	**5.1**	**(2.5)**
Income tax expense	(88.7)	(68.9)
Share of profits/(losses) of associates	(13.7)	5.7
NET PROFIT	**186.1**	**229.3**
ATTRIBUTABLE TO THE GROUP	**182.7**	**228.3**
Attributable to minority interests	3.4	1.0

Income statement contributions by segment

€m	Revenue 2011	Revenue 2010	Current operating profit 2011	Current operating profit 2010
BROADCASTING FRANCE	**2,134.8**	**2,109.6**	**266.5**	**201.3**
TF1 SA [a]	1,511.0	1,561.3	177.8	143.3
Téléshopping (Home Shopping)	100.4	101.9	2.9	3.9
Theme Channels – France [b]	308.8	252.5	38.9	27.5
TF1 Entreprises	49.4	43.8	5.7	2.4
Production [c]	26.4	16.7	4.4	(1.9)
e-TF1	85.0	78.2	9.2	2.5
Other [d]	53.8	55.2	27.6	23.6
AUDIOVISUAL RIGHTS	**115.5**	**142.9**	**(40.1)**	**(5.2)**
Catalogue [e]	37.2	54.1	(28.4)	4.3
TF1 Vidéo	78.3	88.8	(11.7)	(9.5)
BROADCASTING INTERNATIONAL	**367.9**	**364.4**	**65.2**	**59.9**
OTHER ACTIVITIES	**1.5**	**5.5**	**(8.7)**	**(25.6)**
SPS [f]	1.5	1.6	(8.7)	(23.6)
1001 Listes [g]	-	3.9	-	(2.0)
TOTAL CONTINUING OPERATIONS	**2,619.7**	**2,622.4**	**282.9**	**230.4**

[a] Includes SNC Aphélie.
[b] Includes Eurosport France, LCI, TV Breizh, TMC, NT1, TF6, Série Club, Stylía, Histoire, Ushuaïa TV and TF1 Thématiques (formerly TF1 Digital).
[c] TV and movie production entities.
[d] Mainly comprises TF1 Publicité, Metro France Publications, and TF1 DS (which carries the resale of sports broadcasting rights).
[e] Mainly comprises TF1 Droits Audiovisuels, TF1 International, and TCM (sold on April 19, 2011).
[f] SPS was sold on May 2, 2011.
[g] 1001 Listes was sold on February 4, 2011.

Quarterly performances

Revenue by segment (€m)	Q1 2011	Q1 2010	Q2 2011	Q2 2010	H1 2011	H1 2010
Broadcasting France	499.4	479.7	552.8	562.2	1,052.2	1,041.9
Audiovisual Rights	29.0	32.4	21.1	27.6	50.1	60.0
Broadcasting International	84.5	84.0	89.3	97.2	173.8	181.2
Other Activities	1.5	0.8	-	0.7	1.5	1.5
Total TF1 group	**614.4**	**596.9**	**663.2**	**687.7**	**1,277.6**	**1,284.6**

Revenue by segment (€m)	Q3 2011	Q3 2010	Q4 2011	Q4 2010	FY 2011	FY 2010
Broadcasting France	442.3	424.0	640.3	643.7	2,134.8	2,109.6
Audiovisual Rights	23.0	22.3	42.4	60.6	115.5	142.9
Broadcasting International	95.9	93.0	98.2	90.2	367.9	364.4
Other Activities	-	2.1	-	1.9	1.5	5.5
Total TF1 group	**561.2**	**541.4**	**780.9**	**796.4**	**2,619.7**	**2,622.4**

Current operating profit by segment (€m)	Q1 2011	Q1 2010	Q2 2011	Q2 2010	H1 2011	H1 2010
Broadcasting France	62.4	39.0	118.6	45.6	181.0	84.6
Audiovisual Rights	0.1	(4.5)	(11.2)	(1.1)	(11.1)	(5.6)
Broadcasting International	10.0	5.3	17.6	21.4	27.6	26.7
Other Activities	(11.0)	4.0	-	(5.3)	(11.0)	(1.3)
Total TF1 group	**61.5**	**43.8**	**125.0**	**60.6**	**186.5**	**104.4**

Current operating profit by segment (€m)	Q3 2011	Q3 2010	Q4 2011	Q4 2010	2011	2010
Broadcasting France	6.6	12.9	78.9	103.8	266.5	201.3
Audiovisual Rights	(14.5)	(2.4)	(14.5)	2.8	(40.1)	(5.2)
Broadcasting International	16.9	16.8	20.7	16.4	65.2	59.9
Other Activities	-	(6.8)	2.3	(17.5)	(8.7)	(25.6)
Total TF1 group	**9.0**	**20.5**	**87.4**	**105.5**	**282.9**	**230.4**

Key events of 2011

January

January 4, 2011: Médiamat TV audience ratings now include timeshift viewers (people who record programmes and watch them later via videotape or DVD recorders, routers and personal video recorders, or other timeshift technology).

January 24, 2011: TF1 launches its application for the iPad and iPhone, giving users free-of-charge access to live TF1 content in HD, catch-up programmes, and exclusive bonus videos.

January 31, 2011: WAT.tv launches its iPhone application enabling users to find, share and recommend the best of the videos selected by WAT.tv.

February

February 1, 2011: LCI Radio ceases broadcasting, following the failure to obtain an analogue licence from the CSA (the French audiovisual regulator), and the current suspension of the Digital Terrestrial Radio rollout programme in France.

February 3, 2011: *Tout simplement*, a TF1 in-house disability awareness initiative, received a Special Award from the jury at the Creative Human Resources awards organised by ACCE (the French association of recruitment advertising agencies).

February 4, 2011: TF1 sells its entire interest in 1001 Listes to the Galeries Lafayette group.

February 7, 2011: TF1 Publicité launches its new "TV Tags" interactive advertising solutions, which use an on-screen tag in TV ads to tell viewers they can find a special offer or further information on TF1conso.fr.

February 17, 2011: TMC achieves a record for DTT channels by attracting 2 million viewers for the film *Dirty Dancing,* or 17% of "women aged under 50 purchasing decision-makers".

February 25, 2011: Films co-produced by TF1 win 3 *César* awards: Best Actress and Best Original Screenplay for *Le Nom des Gens (*TF1 Droits Audiovisuels), and Best Production Design for *Les Aventures Extraordinaires d'Adèle Blanc-Sec* (TF1 Films Production).

March

March 3, 2011: *Mes Amis, mes Amours, mes Emmerdes*, a drama shown on TF1, receives the award for Best Serial at the *Lauriers du Sénat* ceremony.

March 11, 2011: Eurosport 2 breaks the 50 million household barrier, driven by high-quality programming and coverage of team and new-generation sports.

March 17, 2011: La Française des Jeux launches *Mille Bornes*, a new scratchcard game developed in association with Dujardin, the TF1 Entreprises subsidiary that owns the Mille Bornes brand.

March 18, 2011: TF1's enhanced TV portal, MyTF1, becomes available to Free subscribers.

March 28, 2011: The TF1 Group, exclusive holder of rights to the Rugby World Cup, resells some of its rights to France Télévisions and Canal+, including the rights to live screenings of 28 of the 48 matches in the tournament.

April

April 1, 2011: TF1 Publicité launches the unique, tailored "Puissance 5" scheme for Yves Rocher, giving the brand a presence in the highest-profile time slots across all TF1 media.

April 2, 2011: TF1 newscasts are now produced using Process News and Sports 2 (the Group's in-house news and sports production systems).

April 4, 2011: launch of the TF1News free iPhone application.

April 5, 2011: Eurosport unveils its new visual identity across all its channels, designed to strengthen the brand and reinforce its top-end image.

April 18, 2011: With the distribution agreements for the pay TV channels expiring on December 31, 2011, these channels initiate a consultation exercise among all the distributors in the market seeking proposals for take-up of the channels.

April 19, 2011: TF1 sells its interest in TCM DA to the M6 group.

April 25, 2011: The new *Les Prêtres* album is released.

May

May 2, 2011: The TF1 group appoints Jean-François Lancelier as Executive Vice President of Broadcasting, Programmes and Production.

May 2, 2011: The TF1 group sells 100% of the shares in online gaming and sports betting company SPS to Solfive, after approval by ARJEL (the French online gaming regulator) of the transfer of the licences.

May 3, 2011: A CSA Institute survey shows that LCI is the best-known news channel among French people aged 15 and over, with brand recall of 73%. The same survey names Eurosport as the best-known sports channel among the same group, with brand recall of 72%.

May 4, 2011: TF1 Licences launches the *Hello Kitty* monthly magazine, aimed at 3-7 year-olds.

May 5, 2011: TF1 hosts the 2nd "Innovation Campus".

TF1 Vidéo signs a distribution agreement with Cinram International Inc, a leading worldwide creator/distributor of grouped multimedia content.

May 12, 2011: launch of the new politics show *Parole Directe*.

May 23, 2011: TF1 selects Ringier Romandie to sell advertising airtime on the channel to Swiss advertisers.

May 24, 2011: LCI achieves its best audiences since 2003, with growth of 45% among pay-TV subscribers aged 4 and over and of 46% among pay-TV subscribers in higher socio-professional categories over the period from mid-February to mid-April 2011 (versus the period from September 2010 to February 2011)[1].

[1] Source: Médiamat/Médiaplanning and Médiamat'Thématik (inter-mediate wave 21.1 Pay TV universe February 14, 2011 to April 10, 2011 and wave 20 – August 30, 2010 to February 13, 2011)

May 31, 2011: The TF1 group presents its growth levers at its first Analyst and Investor Day.

June

June 1, 2011: Wat.tv and TF1.fr become exclusive partners of Twitter in France by adding the "follow" button on their sites.

The consultation initiated by the TF1 group on the take-up of its pay TV channels (Eurosport, Eurosport 2, LCI, TV Breizh, Ushuaïa TV and Histoire) and associated services enjoys positive feedback from ISPs.

June 7, 2011: The first *Social VOD* is launched by TF1 Vision on Facebook with the latest show from comedian Florence Foresti. This new experience gives users the chance to rent and watch the video, and to use Facebook to invite their friends to watch it too.

June 14, 2011: The TF1 group Purchasing Department receives the award for "Purchasing Management and Team of the Year" at the 5th annual award ceremony of the French Federation of Managers and Purchasers.

June 20, 2011: TF1 Entreprises launches iPad and iPhone versions of *Mille Bornes*, the best-selling French card game in the world.

June 21, 2011: The Paris court of first instance orders TF1 Droits Audiovisuels to pay €32 million in compensation to the producer of the film *Miracle at St Anna*, its bankers, and the writer and director. Back in October 2007, TF1 Droits Audiovisuels had signed an agreement to distribute the film in the four principal European territories (excluding Italy). At the end of 2008, TF1 Droits Audiovisuels refused to distribute the film on the grounds of non-compliance with the contractual specifications, and demanded that the contract be terminated. Following the court ruling, the dispute went to mediation, as a result of which the parties agreed on July 21 to waive all further claims in return for compensation paid by TF1.

June 28, 2011: Nicolas Canteloup is to join TF1 in October to host a daily topical comedy show.

July

July 6, 2011: TF1 organises its first Innovation Summer School, involving 20 conferences and workshops for Group employees held over 3 days.

July 17, 2011: TF1 launches its first-ever summer roadshow, meeting audiences at 12 French beach resorts.

July 18, 2011: TF1 signs a partnership deal with Sony Pictures Television Distribution covering the studio's drama serials as well as movie/TV and movie catalogues.

July 28, 2011: The TF1 group finalises the acquisition of the 65.7% interest in Metro France held by Metro International, taking TF1's interest to 100%.

August

August 24, 2011: TF1 signs an agreement with SFR giving NeufBox subscribers access to MyTF1.

September

September 8, 2011: TF1 consolidates its digital offering with a global brand, MYTF1, available on all screens.

September 8, 2011: TF1 and Europacorp sign a partnership deal to produce English-language TV series.

September 9, 2011: the TF1 group launches the Rugby World Cup across its channels.

October

October 4, 2011: the TF1 group wins 3rd prize, out of 120 companies, in the French Regulatory Financial Information Transparency awards.

October 7, 2011: Eurosport launches the Live Score iPhone and iPad application, giving users the latest scores in 9 languages.

October 24, 2011: TF1 launches its second corporate communications campaign.

October 26, 2011: TF1 launches a collection of Tintin figurines to coincide with the release of the Steven Spielberg movie.

November

November 2, 2011: *Intouchables*, a movie co-produced by TF1 Films Production, goes on general release. The original soundtrack is distributed by TF1 Musique, while TF1 Vidéo owns the VOD and DVD/Blu-ray rights.

November 14, 2011: TF1 launches the Disabled Persons' Jobs Week.

November 22, 2011: TF1 rolls out the Tweet Replay during the final of the second series of *Danse avec les Stars*, so that viewers can follow Twitter reactions while watching the catch-up video.

November 24, 2011: The MYTF1 app, launched in January 2011 for iPad, iPhone and iPod touch, passes the two-million download mark.

December

December 5, 2011: In association with Boulanger TF1 launches LIB'TÉLÉ, an innovative digital terrestrial pay-TV subscription package.

December 12, 2011: In line with its commitment to corporate social responsibility, TF1 opens up an electric car-sharing scheme to all of its employees.

December 31, 2011: TF1 achieves 99 of the top 100 audience ratings of 2011, the channel's second-best performance since Médiamat started in 1989[2].

[2] Source: Médiamétrie

Management Review – 2011

Boulogne-Billancourt – February 15, 2012

Significant events of 2011

Significant events for the year are described in note 1 to the consolidated financial statements.

Changes in accounting policy

TF1 has not made any changes in accounting policy during 2011, other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2011 (see note 2-2-1), which have no impact on the financial statements.

Revenue

Since 2007, the TF1 group has been faced with structural changes in its competitive, technological and regulatory environment, coupled with volatile economic conditions. The strategy implemented in recent years has made the Group stronger and better able to adapt to these upheavals. It now has a multi-channel free-to-air offering, backed up by a complementary range of pay-TV channels. The revamped digital and internet offering is the most innovative in the market. Diversifications have been rationalised and demonstrate their capacity to deliver fresh growth, thanks to a strong commercial momentum.

So despite the tough economic conditions, TF1 was able to hold full-year revenue steady in 2011 at €2,619.7m (down €2.7m, a fall of just 0.1%).

Consolidated revenue for 2011 comprised:

- €1,504.1m of advertising revenue from the TF1 channel, down €45.7m (2.9%). This reflects a lower volume of advertising screened (against a particularly tough comparative in 2010), together with new signs of European economic weakness in the second half of 2011.
- €1,115.6m of diversification revenues, up €43.0m (4.0%) on 2010.

Diversification revenue for 2011 includes:

- the €47.9m impact of a change in the scope of consolidation over the first six months of 2011 relating to the newly-acquired equity interests in TMC and NT1 (fully consolidated since the acquisition of control on July 1, 2010);
- €13.0m for the resale of rights to the 2011 Rugby World Cup, recognised in the third quarter of 2011;
- 100% of the revenue generated by Metro France since July 28, 2011 (€15.4m).

Bear in mind that 2010 revenue included €33.0m from the resale of rights to the FIFA 2010 World Cup, recognised in the second quarter of 2010.

Advertising revenue for the TF1 group as a whole reached €1,821.5m, up €28.2m (1.6%), driven by the first-time consolidation of TMC and NT1 channels and growth in Internet and radio advertising, plus the first-time consolidation of Metro France.

TF1 group consolidated revenue for the fourth quarter of 2011 amounted to €780.9m, down €15.5m (1.9%).

This comprised:

- €449.7m of advertising revenue from the TF1 channel, €29.0m (6.1%) lower than in the final quarter of 2010.
  Advertising volumes for the TF1 channel contracted in the fourth quarter of 2011, due to deteriorating economic conditions and a tough comparative.
- €331.2m of diversification revenue, up by €13.5m (4.2%), driven by the success of the Production business, the first-time consolidation of Metro, and an increase in Eurosport International subscription revenue.

Advertising revenue for the TF1 group as a whole reached €554.3m in the fourth quarter of 2011, a drop of €12.1m (2.1%). Stripping out the TF1 channel, advertising revenue for the Group's other media outlets rose by €16.9m (19.3%).

The geographical split of consolidated revenue is 85.0% from France, 13.1% from the rest of the European Union, and 1.9% from other countries.

Programming costs and other operating costs

TF1 channel programming costs were €905.5m in 2011 (versus €951.2m). This net improvement of €45.7m (4.8%) was attributable to:

- non-recurrence of the FIFA 2010 World Cup, generating savings of €77.6m, or €63.3m net of the €14.3m cost of replacement programmes;
- the €24.1m cost of the 2011 Rugby World Cup, screened in September and October 2011, or €22.4m net of the €1.7m cost of replaced programmes;
- savings of €4.8m on other programmes.

After excluding exceptional sporting events, TF1 channel programming costs totalled €881.4m, an increase of €7.8m on the 2010 figure (€873.6m); this includes the cost of programmes to replace the FIFA 2010 World Cup matches screened in 2010. This performance illustrates the Group's ability to optimise programming and costs.

Movies and children's programmes posted savings of 6.3% and 7.3% respectively, due to fewer films being shown (and at a lower average cost) and to better use of the back catalogue.
Other genres saw programming costs rise:

- entertainment, gameshows and magazine programmes (+2.7%), due to a rise in the number of entertainment shows broadcast;
- dramas and serials (+0.7%), due to more first-runs and serials being shown (and despite better use of the back catalogue);
- sports (+1.4%), excluding exceptional sporting events, with two more matches involving the French national soccer team screened than in the previous year;
- news (+6.3%), due to repeats or extended versions of highly successful programmes and to a rise in the number of special editions.

In the fourth quarter of 2011, programming costs were €266.1m, an increase of €8.0m. This builds in the €10.8m cost of Rugby World Cup matches broadcast in October, and savings of €0.8m on replacement programmes.

Operating costs eased by €12.8m to €1,323.0m, despite an additional €34.5m in costs arising from the newly-acquired equity interests in TMC and NT1 and from the acquisition of Rugby World Cup rights that were subsequently resold.
In 2011, the TF1 group generated €12m of recurring operating cost savings.

Net depreciation, amortisation, provisions and impairment totalled €108.3m for the year ended December 31, 2011, compared with €105.0m for the previous year.

In the fourth quarter of 2011, operating costs fell by €12.6m, while net depreciation, amortisation, provisions and impairment rose by €7.2m.

Operating profit

Current operating profit was €52.5m (22.8%) higher year-on-year, including €13.4m from the first-time consolidation of the newly-acquired equity interests in TMC and NT1.
Current operating margin rose to 10.8%, from the 8.8% achieved over 2010 as a whole. This improved profitability reflects the successful adaptation of the TF1 business model, and the benefits of a radical refocusing of the Group.

Bear in mind that the 2010 operating profit figure includes a €95.9m gain arising from the remeasurement of the previously-held equity interests in TMC and NT1, recognised in non-current operating income.
In addition, the €6.1m gain arising from the remeasurement of the previously-held equity interest in SPS, initially recognised in the first quarter of 2010 as a component of current operating profit by Broadcasting International, was reclassified as non-current operating income in the fourth quarter.
Finally, the impairment losses taken against the goodwill on SPS and 1001 Listes generated non-current operating expenses of €12.2m and €7.0m respectively in 2010.
These various accounting adjustments had a net positive effect of €82.8m in 2010.

The Group made an operating profit of €282.9m for the year ended December 31, 2011, against €313.2m in the previous year.

Current operating profit amounted to €87.4m in the fourth quarter of 2011, €18.1m lower than in the comparable period of 2010.
Fourth-quarter current operating margin was 11.2%, against 13.2% in the fourth quarter of 2010. This was nonetheless the second-best fourth-quarter performance for five years, despite lower advertising revenue and the inclusion of part of the cost of the Rugby World Cup.

Each new quarter offers confirmation of the effectiveness of the measures taken to migrate to a more favourable business model.

Net profit

On average over 2011, the TF1 group was in a positive net cash position. Cost of net debt represented a net gain of €0.5m for the year, against a net expense of €18.2m in 2010.

Other financial income and expenses showed a net gain of €5.1m in 2011, versus a net expense of €2.5m in 2010; the year-on-year change was due to currency hedge remeasurements.

Income tax expense for the year to December 31, 2011 was €88.7m, up €19.8m; this was in line with the rise in current operating profit after allowing for a tax gain arising on the sale of SPS.

Associates contributed a net loss of €13.7m for the year ended December 31, 2011, versus a profit of €5.7m in the previous year. The year-on-year change was due to the following factors:

- the AB Group ceased to be accounted for as an associate from July 1, 2010;
- an impairment loss of €7.9m was taken against the interest in Metro France.

Net profit attributable to the Group was €182.7m in the year ended December 31, 2011, versus €228.3m for the previous year, a fall of €45.6m.
Bear in mind that in 2010, net profit attributable to the Group included the effect of the accounting adjustments described under "Operating profit".

Minority interests amounted to €3.4m in the year ended December 31, 2011, compared with €1.0m in the previous year.
Full-year net profit was therefore €186.1m, versus €229.3m in 2010.

Net profit attributable to the Group for the fourth quarter of 2011 was €57.5m, versus €58.6m a year earlier; net profit was €58.5m, versus €59.2m a year earlier.

Financial position

As of December 31, 2011, shareholders' equity attributable to the Group stood at €1,575.1m, out of a balance sheet total of €3,354.4m.

The TF1 group had net debt of €40.6m at end 2011, versus net cash of €16.8m at end 2010.

On December 21, 2011, TF1 paid €58.5m to acquire a previously rented building occupied by staff from TF1 SA and LCI.

As of December 31, 2011, the TF1 group had confirmed bilateral credit facilities of €1,015m with various banks. This portfolio of credit facilities is renewed regularly as and when each facility expires (terms of 1 to 6 years, depending on the facility), so that the Group has sufficient liquidity at all times.

Gearing (the ratio of net debt to shareholders' equity attributable to the Group) stood at 2.6% as of December 31, 2011, indicating the robust financial health of the TF1 group.

On July 22, 2011, Standard and Poor's upgraded TF1's credit rating from BBB/positive outlook to BBB+/stable outlook, reflecting the Group's healthy financial position.

Dividend

The Board will ask the Annual General Meeting, called for April 19, 2012, to approve a dividend of €0.55 per share, representing a yield of 4.8% on the basis of the average share price during 2011 (€11.48).
The ex-date will be April 26, 2012, the date of record will be April 30, 2012, and the payment date will be May 2, 2012.

1.

Broadcasting France

Revenue for the Broadcasting France division was €2,134.8m in 2011, up €25.2m (1.2%) on 2010.

Current operating profit advanced by €65.2m to €266.5m.
Current operating margin reached 12.5%, versus 9.5% for the previous year, an improvement of 3.0 points.

Fourth-quarter revenue for the division totalled €640.3m, down €3.4m (0.5%). Current operating profit was €24.9m lower at €78.9m, giving fourth-quarter operating margin of 12.3% (versus 16.1% a year earlier).

1.1. TF1 channel

TF1 channel revenue fell by 3.2% (€50.3m) in 2011, to €1,511.0m. Advertising revenue was 2.9% lower at €1,504.1m.

Current operating profit advanced by €34.5m to €177.8m, taking current operating margin to 11.8%, an improvement of 2.6 points relative to the 2010 level (9.2%).

Fourth-quarter revenue for the TF1 channel was down 6.0% at €451.9m, a fall of €28.9m. Current operating profit was €37.1m lower, at €50.1m. 2011 fourth-quarter advertising revenue totalled €449.7m, down €29.0m (6.1%).

TF1[3]

A market full of opportunity

In 2011, 8.7 million TV sets were sold in France, driven by the end of the digital switch-off and the screening of exceptional sporting events

[3] Source: Médiamétrie – Market leadership in TF1 prime time slots (8.45 pm – 10.30 pm)
Source: Médiamétrie/GFK – Multimedia coverage survey – October/ December 2011

The average daily viewing time for individuals aged 4 and over reached 3 hours, 47 minutes, 15 minutes more than in 2010. Among “women aged under 50 purchasing decision-makers”, average daily viewing time was 3 hours 56 minutes, a year-on-year increase of 14 minutes.

The analogue signal was finally switched off in France on November 30, 2011. At end 2011 99.8% of French people had access to at least 18 channels. Access to a multi-channel offering is now the norm in France.

Against this backdrop, DTT and ADSL are seeing rapid growth at the expense of cable and satellite subscriptions. At end December 2011, coverage of French households was as follows:

- 60.6% (+2.0 points year-on-year) connected to DTT;
- 30.8% (+6.9 points) to ADSL or fibre optic;
- 13.2% (-1.9 points) to satellite pay-TV;
- 9.4% (+1.2 points) to free-to-air satellite;
- 6.5% (-0.9 of a point) to cable pay-TV;
- 3.9% (+0.4 of a point) to free-to-air cable.

Market leadership confirmed

The TF1 channel achieved an audience share of 23.7% among individuals aged 4 and over (versus 24.5% in 2010), rising to 26.7% among “women aged under 50 purchasing decision-makers” (versus 28.1%).
TF1 is market leader across all target audiences, 8.8 points ahead of its nearest rival in individuals aged 4 and over, rising to 9.5 points for “women aged under 50 purchasing decision-makers”.

TF1 attracted 99 of the top 100 ratings for 2011 (versus 97 in 2010), the channel’s second-best performance since Médiamat began in 1989. The record audience in 2011 was 15.4 million for the Rugby World Cup final between France and New Zealand on October 23, 2011.

This confirms TF1’s unique market position and must-see status: it was the only French channel to attract over 9 million prime time viewers during 2011 (on 37 occasions), while 4 programmes attracted more than 10 million.

TF1 has adapted its positioning to compete with the broader range of free-to-air TV channels.
The priority is to be a star performer in the 7 p.m. to 1 a.m. period. These slots have high audience potential, and hence high monetisation potential. In this time period, TF1 has a higher audience share than for the day as a whole (25.5% of individuals aged 4 and over), and a wider gap over its nearest rival (11.7 points). The effect is similar for the target audience of "women aged under 50 purchasing decision-makers", with 29.4% of the audience and a 9.4-point lead over the closest rival.

TF1 remains the leading channel in France across all audience segments, and a genuine audiovisual brand builder.
It aims to offer viewers attractive and user-friendly programming, with strong brands and regular must-see shows in entertainment, drama, sport, American serials, movies, and news. The channel is also the broadcaster for major sports events such as the Rugby World Cup. The TF1 editorial policy, built on popular, event-driven programming, has made the channel no.1 across all genres.

Prime time market leader

Over 2011 as a whole, the TF1 channel attracted an average of 6.2 million prime time viewers (versus 6.3 million in the previous year).

Within TF1's prime time slots, the channel was the most watched on 9 evenings out of 10 (in line with 2010).

So despite audience dispersion, TF1 remains the biggest mass media player in France.

No.1 across all genres

Entertainment: in 2011, TF1 once again delivered must-see programming that attracted huge audiences. The *Les Enfoirés* show on March 11 was watched by 12.5 million viewers, its historical record.

The final of season 11 of *Koh Lanta* attracted 7.9 million viewers on December 16, the show's highest audience rating since 2007.
TF1 is also building strong new brands: the second season 2 of *MasterChef* attracted 5.2 million viewers, up 0.6 million on the previous year, with an average market share of 31% in the target audience for advertisers.
Danse avec les Stars, a new prime-time show launched in February 2011, has already clocked up two successive series with an average audience of 5.1 million and 30% market share among "women aged under 50 purchasing decision-makers".

Finally, *Après le 20h, c'est Canteloup* – a daily satire show launched in 2011 – attracted 9.4 million viewers on November 30, 2011.

Sport: the Rugby World Cup was the stand-out event. The France/New Zealand final attracted 15.4 million viewers, or 82% of individuals aged 4 and over, 89% of men aged under 50 and 75% of "women aged under 50 purchasing decision-makers". This is the third-highest rating for a rugby match since Médiamétrie was set up, and the highest rating for any programme in the last four years. The France/Wales semi-final was watched by 9.5 million, while 8.2 million tuned in to the Euro 2012 football qualifier between France and Bosnia Herzegovina on October 11, 2011.

American drama serials: TF1 screened the 7 most-watched American imports during 2011. *Mentalist* attracted its best-ever viewing figures during season 3, with 10.4 million viewers tuning in on August 31. *House* (French title: *Dr House*) and *Criminal Minds* (French title: *Esprits Criminels*) also enjoyed record audiences in 2011, of 9.5 million (June 14) and 9.4 million (March 30) respectively. Audiences for *CSI: Crime Scene Investigation* (French title: *Les Experts*) peaked at 9.1 million for the triple crossover on March 13, with audience share for the three episodes reaching 47% among "women aged under 50 purchasing decision-makers".
The first run of series 6 of *Grey's Anatomy* attracted 7.9 million viewers, and achieved an average 50% audience share among the key advertising target audience (a record for this series), rising to 70% for the final episode.

French drama: during 2011, French drama drew large audiences. *Doc Martin* attracted 9.1 million viewers on January 10, *Bienvenue aux Edelweiss* was watched by 8.9 million people, while *Joséphine, Ange Gardien* attracted an audience of 8.5 million on February 21.
Section de Recherches achieved its best ratings since 2006 (7.7 million on March 24, 2011).

Movies: TF1 achieved excellent ratings for its movies, especially *De l'Autre Côté du Lit* (9.4 million viewers), *Die Hard 4* (9.0 million, best for an American film since November 2008), LOL (8.3 million), *Prête-moi ta main* and *Le Code a changé* (8.1 million each), *RTT* (8.0 million), *Les Bronzés 3* (7.9 million) and *I am Legend* (French title: *Je suis une Légende,* 7.6 million).

News: TF1's regular news bulletins are the most widely-watched in Europe. In 2011, audiences peaked at 12.5 million for the 8 p.m. bulletin (September 18) and at 8.5 million for the 1 p.m. bulletin (March 12).

Timeshift audiences: positive initial results

Since January 3, 2011, the Médiamat ratings published by Médiamétrie have included timeshift viewers (people who record programmes and watch them later via videotape or DVD recorders, set-top routers and personal video recorders, or other timeshift technology). Catch-up viewing is not yet captured in the figures.

In 2011, 61% of households with TV also had timeshift capability.

Full-year results were encouraging, with timeshift adding an extra 1.7% to TV consumption on average, or an extra 3 minutes and 39 seconds per day of TV viewing. Of this, 42% is consumed on the day the programme is broadcast.
For example, *Dr House* gained more than 720,000 viewers for a single broadcast thanks to the timeshift audience.
For the advertising target audience, timeshift viewers added an extra 4 minutes and 43 seconds (a gain of 2.1%).

Advertising revenue [4]

Gross plurimedia advertising spend (including the internet) rose by 5.5% (€1.4bn) in 2011, to €27.1bn, with TV advertising making the largest contribution to growth (37.6%).

Television (national and regional channels, DTT, cable and satellite) was the no.1 medium in terms of advertising spend, with market share of 31.8% (up 0.3 of a point year-on-year) and full-year gross revenue of €8.6bn (up 6.6% year-on-year).
Advertising spend on free-to-air DTT continues to grow rapidly (up 28.4% to €2.4bn).

Print media still ranks second behind TV in France, with gross advertising revenue of €7.7bn (up 4.0%) in 2011.

Gross advertising revenue for the **TF1 channel** fell by 1.5% over 2011 as a whole. Revenue rose by 3.3% in the first quarter and by 1.0% in the second, but fell by 5.6% in the third and by 4.3% in the fourth. The TF1 channel's share of gross advertising revenue across the TV market as a whole was 37.2%.

Gross advertising spend by sector shows a mixed picture due to the downturn in economic activity and a fall in household consumption.
Growth sectors relative to 2010 were:

- Cosmetics & Beauty (+6.0%);
- Auto/Transport (+4.8%);
- Financial Services (+6.5%);
- Retail (+6.6%).

Over the same period, some sectors declined:

- Food (-7.4%);
- Household Cleaning (-9.9%);
- Telecoms (-9.6%);
- Publishing (-20.8%);
- Healthcare (-7.4%);
- Culture/Leisure (-15.4%).

In volume terms, the amount of advertising shown declined in 2011, after strong growth in 2010. Volumes fell sharply in the second half of 2011, after only a slight decline in the first half of the year.

[4] Source: Kantar Media Intelligence

In an uncertain economic climate, advertisers are adopting a wait-and-see attitude, and their spend is more volatile.
The TF1 advertising business is drawing strength from the new distribution methods it has introduced, and is adapting to changes in the market thanks to new negotiating strategies and an improved inventory management.

Full-year net advertising revenue for the TF1 channel was down 2.9% (€45.7m) at €1,504.1m. Revenue fell by €9.5m (2.6%) in the first quarter, then rose by €2.7m (0.7%) in the second before slipping again by €9.9m (3.2%) in the third and by €29.0m (6.1%) in the fourth.

2011 Rugby World Cup[5]

During the third and fourth quarters of 2011, TF1 broadcast the Rugby World Cup, a major event for the Group. Throughout the tournament, the Group achieved excellent performances and set new records across its various media.

The **TF1 channel** attracted an average audience of 4.2 million for the 20 matches screened, giving a 51% audience share among individuals aged 4 and over.
On average, the six matches featuring the French team were watched by 8.9 million viewers, or 69% of the audience among individuals aged 4 and over. Audience ratings were high for other target segments, with averages of 59% among “women aged under 50 purchasing decision-makers” and 79% among men aged 15-49.

The France/New Zealand final, broadcast on October 23, drew the biggest audience not just for the tournament but for any programme on any channel in the year to date. A total of 15.4 million viewers watched the match, or an audience share of 82% among individuals aged 4 and over. It also proved appealing across the whole spectrum of viewers, attracting not only 89% of men aged 15-49 but also 75% of “women aged under 50 purchasing decision-makers”. These are the third best ratings ever for a rugby match since Médiamat was set up, and the highest ratings for any channel and any programme since 2007.

The audience for the *Le Mag’ de la Coupe du Monde de Rugby* show peaked on October 15 after the France/Wales match at 6.3 million, or a 51% audience share among individuals aged 4 and over. On average, this magazine pulled in 1.9 million viewers, representing 29% audience share among individuals aged 4 and over, rising to 41% among men aged 15-49.

Programming was rolled out across all the **MYTF1** platform, which offered all the 2011 Rugby matches, catch-up coverage of the 48 matches, exclusive video content, and a wide range of tie-in articles and reports.
The official Rugby World Cup site, deployed jointly by TF1 and Eurosport, attracted 14 million hits and over 40 million page views.
The site also offered the opportunity to view live coverage of the 20 matches carried on TF1 using an innovative player that enabled users to control the live feed, plus a *Cover it live* function offering added editorial content.
More than half of web users took advantage of these innovative social TV tools. In total, over 2.3 million live sessions were recorded.
Video and highlights packages were also popular with viewers.

The 360 strategy adopted for the tournament proved a resounding success.

In financial terms, the Rugby World Cup will have a full-year impact on TF1 channel programming costs of €24.1m (including rights and production) for the 20 matches screened, giving an average cost of €1.2m per match (versus €2.5m in 2007).

The partial resale of rights to France Télévisions and Canal+ for €13.0m led to the recognition of a loss on disposal in the third quarter of 2011, though this loss had already been fully provided in the fourth quarter of 2010.

[5] Source: Médiamétrie – Médiamat set up in 1989
Source: eStat Streaming TV

1.2. Home Shopping [6]

After growing by 2.2% in 2010, the retail sector as a whole shrank by 0.2% in 2011, while the home shopping market contracted by 0.4% over the same period. The most buoyant sectors were shoes, leather goods and non-textile accessories (+16.0%), sports goods and auto accessories (+12.4%), and household electricals (up 8.3%). By contrast, apparel contracted by 2.2% and textile accessories by 10.5%.
Online sales rose by 22.6% in value terms in 2011 to €38bn (versus €31bn in 2010), confirming the buoyancy of e-commerce in France. Websites recorded over 420 million transactions during the year, 80 million more than in 2010.
There is also rapid growth in m-commerce (sales made via smartphones and PDAs); sales of this type represented 2% of the revenue of France's leading e-commerce sites in 2011.
There are now 30.7 million online shoppers in France, 3 million more than a year ago.
Over the past twelve months, the number of active e-commerce sites reached a new high of 100,400, a year-on-year increase of 18,000 (23%).

Against this backdrop, the Home Shopping business generated revenue of €100.4m, down 1.5% on the 2010 figure of €101.9m. This fall was mainly due to a drop in sales for the flagship Téléshopping brand and a lower average order value for Infomercials; the number of orders rose, but not enough to offset this.

The Place des Tendances business continued its success, with 200 active brands, an impressive 91% rise in the number of customers during the year, and rapid growth in the transformation rate.

Home Shopping made a current operating profit of €2.9m in 2011, down €1.0m, with lower revenue from Infomercials failing to offset cost savings.

[6] Source: Fevad

1.3. Theme channels [7]

99.8% of French households can now receive at least 18 channels. By contrast, at end 2006 just 39% of French households with a TV set had access to multi-channel offerings.
The audience share of free-to-air digital terrestrial TV (DTT) channels is still rising, reaching 23.1% in 2011 (individuals aged 4 and over), compared with 19.7% at end December 2010.
The audience share for these channels surged by 30% in 2010, but in 2011 growth was a more modest 17%.

Pay-TV channels had an audience share of 11.7% among individuals aged 4 and over in 2011, down 0.5 of a point year-on-year.

Against this backdrop, the TF1 group's theme channels posted revenue of €308.8m in 2011, a year-on-year rise of €56.3m (22.3%). This was largely driven by the effect of consolidating 100% of TMC and NT1 from July 1, 2010, which added €47.9m of revenue in 2011. On a comparable structure basis, theme channel revenue rose by 3.3% in 2011, driven not only by TMC and NT1 but also by TV Breizh and LCI.
Other revenue – mainly from subscriptions – saw a slight 1.1% rise year-on-year. Theme channel advertising revenue advanced by €54.9m (42.3%) in 2011, to €184.8m. Growth on a comparable structure basis was 5.4%. Dynamic performances at TMC, NT1 and LCI more than offset a decline in advertising revenue for the other theme channels as they faced head-on competition from free-to-air DTT channels.

Current operating profit reached €38.9m in 2011, up €11.4m. Group operating profit included €13.4m attributable to the first-time consolidation of the newly-acquired equity interests in TMC and NT1.
Current operating margin came to 12.6%, versus 10.9% in the previous year, boosted by revenue growth, excellent results at TMC and NT1, and careful cost management.

[7] Sources: Médiamat / Médiaplanning
Médiamat'Thématik - wave 21 versus wave 20
GFK / Multimedia coverage survey

The TF1 group has also secured the distribution of its pay-TV offering by entering into non-exclusive distribution agreements with France's main cable, satellite and ADSL operators. These deals bear witness to the appeal of the Group's pay-TV offering, but also bolster its business model by securing distribution revenue while broadening audience reach.

TMC

In 2011, TMC was once again France's no.1 DTT channel, and also cemented its status as the no.5 national TV channel (individuals aged 4 and over) for the second consecutive year.

The channel had an audience share of 3.5% in 2011 among individuals aged 4 and over (versus 3.3% in 2010, up 6%), rising to 3.9% among "women aged under 50 purchasing decision-makers" (versus 3.6% in 2010, up 8%).

TMC attracted an average prime time audience of 900,000 in 2011 (100,000 more than in 2010), and broadcast more than double the number of shows with more than a million viewers (151, versus 65 in 2010).

Three movies drew more than 2 million viewers in 2011: *Lethal Weapon 4* (French title: *L'Arme Fatale 4)*, *Dirty Dancing* and *Transformers.*

The channel recorded 31 of the top 100 audience ratings for DTT, thanks to strong programming in movies, magazine shows, entertainment, French drama and American serials.

NT1

NT1 is the fastest-growing of all TV channels among the target audience of "women aged under 50 purchasing decision-makers", with an audience share of 2.4% (50% more than in 2010).
Overall, NT1 has a 1.9% audience share among individuals aged 4 and over (versus 1.6% for the previous year, an increase of 19%).

These impressive growth figures reflect stronger schedules, and joint work with the TF1 group's programming teams..

Since September 2011, NT1 has been the third most popular DTT channel among "women aged under 50 purchasing decision-makers".

NT1 attracted an average prime time audience of 600,000 (an increase of 100,000 year-on-year), with 12 programmes drawing audiences of more than a million. These included the movie *Shooter* (French title: *Shooter, Tireur d'Elite*), which set a new record for the channel with over 1.5 million viewers. And for the first time in its history, NT1 programmes filled two slots in the top 100 DTT ratings.

Eurosport France

The Eurosport France channel had 7.7 million paying subscribers in 2011, up 0.7%.

The channel's audience was 6.4% higher than in 2010, with 30,000 viewers per average quarter-hour. This is an impressive performance, given the tough competition in sports broadcasting, and reflects the drive to strengthen content.

After 2010, which featured a number of sporting events highly attractive to advertisers, there was a sharp fall in advertising revenue; subscription revenue, by contrast, rose slightly year-on-year.

Programming costs rose in 2011, reflecting the decision made at the start of the year to strengthen the channel's content and more intensive use of the rights catalogue. The effect was to some extent mitigated by the non-recurrence in 2011 of rights costs relating to some specific major events screened in 2010.

The drop in advertising revenue underlies the fall in current operating profit in 2011.

Eurosport France has acquired the broadcasting rights to "ProD2", the second tier of professional rugby in France, from 2011 to 2015.

TV Breizh

In the first half of 2011, TV Breizh became the no.1 cable and satellite pay-TV channel among individuals aged 4 and over (pay-TV subscribers) and cemented its market leadership among "women aged under 50 purchasing decision-makers" (pay-TV subscribers), achieving initialised audience shares of 1.4% (up 0.2 of a point year-on-year) and 1.7% (unchanged year-on-year) respectively.

These audience figures have been achieved by attractive family programming, with American films (such as the uncut version of *Lethal Weapon* (French title: *L'Arme Fatale*) and *Jurassic Park*) and American and French drama serials pulling in over 200,000 viewers.

Viewing figures per average quarter-hour were up 26% year-on-year at 39,420.

TV Breizh is accessible to 14.3 million people, and to 24% of households with TV sets.

Despite challenging economic and competitive conditions, TV Breizh maintained excellent margins.

LCI

LCI's editorial repositioning, launched in 2010, has helped the channel achieve significant growth in audiences among individual pay-TV subscribers in higher socio-professional categories, with a 1.0% audience share. The channel gained 0.2 of a point (25% growth for individuals in higher socio-professional categories) versus the previous year, and now ranks fourth among French pay-TV channels.
Audiences per average quarter-hour rose sharply to 23,000 (up 35% year-on-year).
The channel can be received by 15.1 million people and by 26% of households with a TV set.

Recognised by advertisers as a benchmark news channel, LCI saw a rise in advertising revenue in 2011 – a remarkable achievement, given the mounting competition from free-to-air news channels. Ongoing cost optimisation led to further improvements at current operating level.

Découverte division

In 2011, the Découverte division affinity channels all continued to enhance their content, and performed well in terms of both revenue and profit.

Histoire is pursuing its editorial policy while it builds brand penetration, and Ushuaïa TV is expanding its must-see HD programming. Stylía, launched in October 2010, is continuing with its upscale editorial policy as it develops its brand.

TF6 and Série Club

In 2011, TF6 – owned 50/50 by M6 and TF1 – had 0.6% audience share among initialised individuals aged 4 and over (unchanged year-on-year).
During 2011, the channel continued to refocus on its advertising target audience in the 15-34 age bracket by screening must-see entertainment shows like *Cauet fait le tour* and age-group favourite serials like *Numb3rs* or *Smallville.* TF6 also shows the best action movies and TV movies, such as *Batman Forever* and *Point Break*.
In a tough competitive environment, advertising revenue contracted, and the effect was only partly offset by higher subscription revenue, leading to lower revenue for the channel overall.

The Série Club channel – also owned 50/50 by M6 and TF1 – increased its audience figures by 22% year-on-year to 16,000 viewers per average quarter-hour. The channel had 0.3% audience share among initialised individuals aged 4 and over in 2011.
The rise of DTT has intensified competition for cable and satellite channels, but Série Club is proving resilient in terms of both audiences and advertising revenue.
Série Club – a specialist serials channel – sought to maintain its appeal in 2011 by bolstering its schedules with US imports like *Mad Men* and *Stargate Atlantis* and popular French dramas like *Louis la Brocante.*
Série Club reported growth in both revenues and margins in 2011.

TF6 and Série Club renegotiated their distribution contracts in 2011, in particular the contract with CanalSat.

1.4. TF1 Entreprises

TF1 Entreprises posted revenue of €49.4m in 2011, 12.8% higher than in the previous year.

This growth, combined with lower operating costs, led to a sharp €3.3m rise in current operating profit for TF1 Entreprises, from €2.4m to €5.7m. Current operating margin was 6.0 points higher at 11.5%.

Music [8]

The music and disc market contracted by 3.9% in 2011 compared to the previous year. Physical sales fell by 11.5%, but digital sales rose by 25.7% and now represent 21% of total sales.

After a year of successful musical partnerships in 2010, the trend continued through 2011 with fine performances from Les Prêtres (*Gloria*, 489,000 albums sold in the year), Zaz (455,000), Nolwenn Leroy (800,000) and Johnny Hallyday (300,000).

The tour of *Mozart, the Rock Opera* ended on a high note, with over 1.3 million tickets sold since the show first opened.

Licences

The Licences business continued to expand in 2011; among the licences developed during the year were *Ushuaïa*, *Barbapapa*, *MasterChef* and *Mille Bornes*.

[8] Source: SNEP data

Games [9]

In 2011, the French games market contracted by 2.8% by value (excluding jigsaw puzzles and trading card games) and by 1.5% by volume.
TF1 Games saw its market share slip from 8.0% in 2010 to 7.7% in 2011, but nonetheless turned in a strong performance as volumes sold rose by 88,000 units year-on-year to 1,860,000, including:
- 465,000 boxed sets from the *Mille Bornes* range;
- 272,000 *Barbapapa* and Gogo's bracelets;
- 128,000 boxed sets of the *Le Cochon qui rit* game.

TF1 Entreprises/Dujardin also launched, in partnership with Française des Jeux, an FDJ-*Mille Bornes* scratchcard, of which 26 million have been sold.

Other

In October 2011, TF1 Entreprises launched a highly popular collection of Tintin figurines, while the Automotocompare.fr website – launched in the third quarter of 2010 – has demonstrated how effectively TF1 is able to exploit its brands.
These two businesses contributed to the division's overall revenue growth.

[9] Source: NPD data

1.5. Production

Revenue for the Production business surged by €26.4m (up 58.1%) in 2011, driven by both TF1 Films Production and TF1 Production. Current operating profit was €4.4m, an improvement of €6.3m on the previous year's loss. Current operating margin was 16.7%.

TF1 Films Production [10]

Box office entries at French cinemas in 2011 totalled 215.6 million, 4.2% higher than in 2010. This figure is well above the 191.0 million average recorded over the past ten years, and the highest for 45 years (234.2 million in 1966). Cinema attendances were particularly buoyant in the second half (up 14.8% year-on-year), after a 6.2% contraction in the first half.
A significant factor was the growth in box office entries for French films, which rose by 21.4% to 89.6 million. French films also increased their market share to 41.6%, versus 35.7% in 2010.

TF1 Films Production co-produced 21 films in 2011 (versus 13 releases in 2010), 13 of which had topped one million box office entries by the end of the year.

A major success was *Intouchables*, which headed the box office listings with 16.7 million to end 2011. This makes it only the second French film to have topped the box office listings in any year.

Thanks to these successes, revenue and current operating profit at TF1 Films Production both rose year-on-year in 2011.

Film	Release date (2011)	Box office entries
INTOUCHABLES*	November 11	16,668,475
RIEN A DECLARER	February 2	8,150,825
HOLLYWOO*	December 7	1,906,703
CASE DEPART	July 6	1,799,734
LA NOUVELLE GUERRE DES BOUTONS	September 21	1,542,331
LES TUCHE	July 1	1,534,020
L'ELEVE DUCOBU	June 22	1,484,628
LA GUERRE DES BOUTONS	September 14	1,454,876
LA FILLE DU PUISATIER	April 20	1,401,319
LARGO WINCH 2	February 16	1,350,999
LE FILS A JO	January 12	1,238,549
LA CHANCE DE MA VIE	January 5	1,047,705
SANS IDENTITE	March 2	1,003,307
LA CROISIERE	April 20	673,307
COLOMBIANA	July 27	607,574
LE MARQUIS	March 9	515,194
LA PROIE	April 13	354,068
ON NE CHOISIT PAS SA FAMILLE	November 9	345,639
MON PERE EST FEMME DE MENAGE	April 13	297,713
ET SOUDAIN TOUT LE MONDE ME MANQUE	April 20	240,905
LES ADOPTES*	November 23	171,324

** Films still on release as of December 31, 2011*

[10] Sources: Ecran Total – as of January 4, 2012 and CNC

TF1 Production

In the year to December 31, 2011, TF1 Production delivered around 445 hours of programming to the TF1 group (52 hours or 13% more than in 2010), including 153 hours to TMC and NT1 (57 hours or 41% more than in 2010).

TF1 Production recorded higher revenue year-on-year, and a sharp improvement in current operating profit thanks to tight cost control. TF1 is committed to producing quality programmes, for the Group or third parties, while at the same time optimising production costs.

Highlights for TF1 Production during the year included producing the smash hit *Danse avec les Stars*, Rugby World Cup tie-in shows, and magazine programmes for TMC (especially *90' enquêtes*) and for NT1. TF1 Production also managed the tour by the Les Prêtres singers.

1.6. e-TF1 [11]

The e-TF1 business posted full-year revenue of €85.0m (up 8.7%) in 2011.
Advertising revenue at e-TF1 advanced by €5.3m (24.3%) year-on-year to €27.1m.

A fall in interactivity due to programming effects was more than offset by the rollout of the MYTF1 platform on the four leading ISPs and by the success of advertising around online video. Over 2011 as a whole, 1.2 billion free videos were viewed on the Group's websites, and 547 million were watched in catch-up mode (95 million more than in the comparable period of 2010). In terms of time spent watching on-line video, the TF1 group is the leading player among French media groups, and is in the top 3 in France alongside the major international players [12].
TF1 has consolidated its digital offering around a global brand, MYTF1, available across all media. At end December 2011, the MYTF1.fr site was attracting 7.9 million unique visitors[13] per month, and is the leading media site in terms of unique visitors.

Revenue growth and cost control, plus better margins at WAT and new contracts with operators for MYTF1, underpinned a €6.7m rise in current operating profit to €9.2m. The Group's digital activities are highly profitable: current operating margin was 10.8% over the year as a whole (versus 3.2% in 2010).

[11] Source: eStat Streaming TV
[12] Source: Médiamétrie//NetRatings – All connection sites - France - November 2011
[13] Source: NNR Panel, all sites, December 2011.

1.7. Other

Revenue recorded on the "Other" line in 2011 totalled €53.8m, versus €55.2m in 2010.
The 2011 figure includes revenue of €13.0m from the resale of 2011 Rugby World Cup rights, booked in the third quarter. This compares with the €33.0m booked in the second quarter of 2010 for the resale of FIFA 2010 World Cup rights..
It also includes revenue generated by Metro France, 100% of which has been recognised since the acquisition of control on July 28, 2011 (impact: €15.4m).
Advertising revenue booked on this line totalled €30.6m, versus €13.7m in 2010, the increase being mainly due to the consolidation of 100% of the revenue from Metro.

Current operating profit was €27.6m, up €4.0m year-on-year.

Third-party advertising airtime sales [14]

In 2011, TF1 Publicité sold advertising airtime for the 123 local, regional and themed radio stations in the **Indés Radios** grouping.
This grouping is a strong player in the French radio market, and remains market leader in the target 25-49 age bracket with an offering that reaches 8.3 million listeners a day. The combination of locally-based media and broad audience reach is highly effective for advertisers.

[14] Sources: Médiamétrie 126 000 Radio – Nov-Dec 2011 – Monday - Friday – 5 am – midnight – Target 13 +
Kantar Média – Gross advertising spend – National Radio – All sectors – FY 2011 (versus FY 2010).

Gross advertising spend on the radio networks on which TF1 Publicité sells airtime rose by 16.6% in 2011, compared with growth of just 6.5% for the national radio market. With market share of 11.7% (1 point higher than in 2010), TF1 Publicité is a major player in the radio advertising market.

TF1 Publicité also sells advertising airtime for a dozen themed, add-on and branded channels, including the Disney and Cartoon channels.

Metro France [15]

On July 28, 2011, the TF1 group – which had held a 34.3% interest in Metro France Publications since 2003 – completed the acquisition of the remaining 65.7%. With effect from that date, Metro France has been fully consolidated in the TF1 group consolidated financial statements.

Metro – which produces daily freesheets and internet news content – increased its print runs during 2011. The paper edition is now available in 15 French cities, with 770,000 copies distributed a day. In a market where competition is particularly intense, with two major rivals, Metro ranks no.2 with two million daily readers.
With the backing of the TF1 group – one of whose missions is to inform across all media – Metro France rolled out an aggressive strategy at end 2011, with a specific focus on digital.

Metro France contributed €15.4m to TF1 group revenue in 2011; its contribution to operating profit was immaterial.
2.

[15] Source: OJD

Audiovisual Rights

The Audiovisual Rights division posted revenue of €115.5m in 2011, €27.4m less than in 2010.
At operating level, the division's performance deteriorated sharply, as the current operating loss increased from €5.2m to €40.1m.

2.1. Catalogue [16]

For an overview of the French cinema market in 2011, see the comments on TF1 Films Production in section 1.5.

The Catalogue business generated revenue of €37.2m in 2011, against €54.1m in the previous year. This decline was due to the sharing of revenues under an agreement signed with UGC, the elimination of intercompany sales to TMC and NT1 (previously recorded as third-party sales), and the sale of the TCM DA catalogue on April 19, 2011.
During 2011, revenue from catalogue sales was not enough to offset the decrease in revenue from new films, with box office entries lower than in 2010 even though three more films were released.
The business made a current operating loss of €28.4m, including the entire cost relating to the *Miracle at St Anna* dispute (which was reclassified to this division when a mediated settlement was reached on July 25, 2011).

2.2. TF1 Vidéo [17]

Revenue from the Video business was down 11.8% at €78.3m.

The French video market (DVD, Blu-ray and VoD) shrank by 2.7% in 2011, with French consumers spending a total of €1.5bn. Household spending on physical video fell by some 9%; this was partly due to a smaller offering than in 2010, especially in genres usually popular on video such as action and comedy. Overall, the new DVD release market shrank by 13% in 2011. At the same time, the continuing high levels of video piracy – despite the best efforts of Hadopi (the French copyright enforcement agency) – had a very adverse impact on the video sector, putting a brake on growth in Blu-ray and VoD.
High definition media are continuing to expand. Blu-ray sales rose by 20% in 2011 to €210m, equivalent to 10 million units. Blu-ray represented 16% of video sales in 2011 (vs. 12% in 2010).

[16] Source: CNC
[17] Source: SEVN-GFK

VoD confirmed its growth potential: the market is worth an estimated €230m, 50% higher than in 2010.

During 2011, against a backdrop of severe price erosion, TF1 saw a decline in DVD and Blu-ray sales. TF1 Vidéo scored notable hits with *Elle s'appelait Sarah, Nicolas Canteloup* and *L'élève Ducobu*, but sales were lower than in 2010.
Video on demand (MYTF1VOD) saw impressive revenue growth of 38%. The site and brand have received a makeover, with TF1 consolidating its digital offering around a global brand (MYTF1) accessible through all media.
Kiosk sales were higher year-on-year thanks to *Barbie* and *Rien à Déclarer*.

The decline in revenue was partly cushioned by lower overheads, giving a current operating loss of €11.7m, €2.2m worse than in the previous year.

3.

Broadcasting International[18]

The Eurosport channel can be received by 128.8 million households in Europe (up 5.8 million year-on-year), in 59 countries and 20 languages. The Asia-Pacific rollout of the channel is ongoing, with the subscriber base reaching 4.9 million at end 2011 (10.0% year-on-year growth).

Revenue for the Eurosport International group rose by €3.5m (1.0%) to €367.9m in the year ended December 31, 2011. Subscription revenue advanced by 4.0%, while advertising revenue fell by 4.1% to €74.9m. This was largely due to the non-recurrence of the major sporting events screened in 2010 (such as the 2010 FIFA World Cup, the Olympic Games and the Africa Cup of Nations), and to the gloomy state of the global economy. Current operating profit was up €5.3m at €65.2m.
Eurosport International achieved current operating margin of 17.7% in 2011, an improvement of 1.3 points on the previous year. The key factors were tight cost control, and a reduced number of major sporting events.

The Eurosport International paying subscriber base grew by 7.6%, driven by the expansion of the channel in Russia, Poland and the United Kingdom, along with the HD offering and the development of Eurosport 2.

The success of the Eurosport HD channel (5.0 million new subscribers) confirms the commercial appeal of HD

Growth in the subscriber base for Eurosport 2 (57.1 million subscribers, up 9.2 million year-on-year) and Eurosport 2 HD (1.8m subscribers) is being largely driven by Mediterranean countries and Scandinavia. Eurosport 2, which offers joint broadcasting of major events including team sports and new-generation sports, has now passed the 55-million subscriber mark.

Audience figures for the Eurosport International channel fell sharply in the first quarter of 2011, due to the non-recurrence of the major sporting events screened in 2010. However, audiences recovered in the next three quarters thanks largely to cycling, tennis and snooker, and to expansion of the live offering.

[18] Source: cumulative audiences for Eurosport channels in European countries

Average audiences rose by 3.0% over 2011 as a whole, despite more intense competition from other sports channels and from some national general-interest channels.

Eurosport 2 audiences surged by 48.3%, helping to maintain the Eurosport channels' overall audience ratings.

Internet viewing figures remained buoyant (15.0% higher than in 2010), putting Eurosport in the top rank of European sports network websites. Available in 14 local versions worldwide, the Eurosport website attracted a daily average of 2.7 million[19] unique visitors to end December 2011.
Eurosport's websites can also be accessed via smartphones and tablets in 10 languages. The iPhone app was downloaded by 5.4 million users (74.2% more than in 2010) and consulted by 520,000 users.
In addition, the channel was distributed over the internet to a monthly average of 71,000 customers (up 86.6%).

4. Other Activities

The TF1 group continued with the rationalisation of its diversification activities during 2011, starting with the sale of its entire interest in 1001 Listes to Galeries Lafayette on February 4, 2011.
On May 2, 2011, TF1 sold 100% of its shares in its online gaming and sports betting subsidiary SPS to Solfive, a company whose shareholders include the Chief Executive Officer of SPS.
In the fourth quarter of 2011, Solfive sold the SPS group on to the Unibet group. In accordance with the terms of the sale agreement between the TF1 group and Solfive, a gain of €2.4m was paid over to the TF1 group.

Revenue recognised for SPS in 2011 amounted to €1.5m, compared with €1.6m in the previous year. 1001 Listes generated revenue of €3.9m in 2010.
Overall, Other Activities reported an operating loss of €8.7m for 2011, compared with €25.6m for the previous year.

5. Post balance sheet events

There are no post balance sheet events to report.

6.

[19] Source: ComScore Networks / unique visitor cookies / November 2011

Human Resources update

On December 31, 2011, the TF1 group had 4,122 employees, compared with 4,082 a year earlier.

The main changes during the year relate to the divestment of SPS and 1001 Listes, and the consolidation of Metro France.

7. Corporate governance

Acting on the recommendation of the Director Selection Committee, the Board of Directors will ask the Annual General Meeting to approve the nomirnation of Janine Langlois-Glandier (who chairs the Mobile Medias Forum) to serve as a Director, replacing Alain Pouyat whose term of office expires on April 19, 2012.

The Board is satisfied that Mrs Langlois-Glandier would qualify as an independent director by reference to the independence criteria specified in the AFEP-MEDEF corporate governance code; her appointment would increase the number of independent directors and female directors to 4 out of 12.

8. Stock market performance

On December 31, 2011, TF1 shares closed at €7.54, 42.0% lower than on December 31, 2010. Over the same period, the CAC 40 lost 17.0%, the SBF 120 lost 16.2%, and the CAC Media index lost 16.4%.

The TF1 group had a market capitalisation of €1.6bn as of December 31, 2011, compared with €2.8bn a year earlier.

9.

Cancellation of treasury shares

On February 15, 2012, the Board of Directors decided to cancel 100,000 shares acquired in November and December 2011. Following this cancellation, the number of shares and voting rights stands at 210,933,003, and the share capital stands at €42,186,600.60.

10. Share ownership

	December 31, 2011		
	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.6%	43.6%
Treasury shares	100,000	0.05%	-
TF1 Employees	13,159,913	6.2%	6.2%
via the FCPE TF1	*13,071,427*	*6.2%*	*6.2%*
via registered shares	*88,486*	*0.0%*	*0.0%*
Free float - France (1) (2)	28,873,082	13.7%	13.7%
Free float - Rest of world (2)	76,953,711	36.5%	36.5%
Total	211,033,003	100.0%	100.0%

	December 31, 2010		
	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.1%	43.1%
Treasury shares	14,625	0.01%	-
TF1 Employees	12,149,695	5.7%	5.7%
via the FCPE TF1	*12,025,780*	*5.6%*	*5.6%*
via registered shares	*123,915*	*0.1%*	*0.1%*
Free float - France (1) (2)	34,833,010	16.3%	16.3%
Free float - Rest of world (2)	74,466,865	34.9%	34.9%
Total	213,410,492	100.0%	100.0%

	December 31, 2009		
	Number of shares	% of capital	% of voting rights
Bouygues	91,806,565	43.0%	43.0%
Treasury shares	14,625	0.01%	-
TF1 Employees	11,466,260	5.4%	5.4%
via the FCPE TF1	*11,341,320*	*5.3%*	*5.3%*
via registered shares	*124,940*	*0.1%*	*0.1%*
Free float - France (1) (2)	37,348,254	17.5%	17.5%
Free float - Rest of world (2)	72,774,788	34.1%	34.1%
Total	213,410,492	100.0%	100.0%

(1) Including non-identified holders
(2) Estimations by Euroclear

Outlook

The economy remains unstable in 2012, and the resulting uncertainty is generating significant volatility in decision-making by advertisers.

In the circumstances, we are working on the assumption that consolidated revenue will remain flat in 2012. We are also maintaining our objective for control over TF1 channel programming costs, which we expect to average €930m in 2012 and 2013.

Nevertheless, we have solid fundamentals. Aware the environment is unstable, we have radically transformed our organisation, leaving us ready to face new challenges.
We will continue to develop our multi-channel offerings to the benefit of viewers and advertisers alike, drawing on our pro-active and innovative advertising sales teams.

We have high ambitions for new media in 2012, built notably on a solid and proven growth model for our digital activities.

Our pay-TV business model has been secured for the next three years, and rationalisation of our diversification activities is now largely complete.

Cost control remains a priority, and our robust financial position is a major asset amid the current uncertainty.

We will also pursue our corporate citizenship and corporate responsibility initiatives, playing our part in promoting social cohesion and diversity.

Consolidated Financial Statements for 2011

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.

Consolidated balance sheet

ASSETS (€m)	*Note*	**Dec. 31, 2011**	**Dec. 31, 2010**
Goodwill	*7*	**874.3**	**883.5**
Intangible assets		**142.0**	**147.4**
Audiovisual rights	*8.1*	70.8	77.5
Other intangible assets	*8.2*	71.2	69.9
Property, plant and equipment	*9*	**230.8**	**186.1**
Investments in associates	*10*	**1.3**	**13.9**
Non-current financial assets	*12.1*	**167.6**	**181.2**
Non-current tax assets	*28.2.2*	**5.8**	**2.6**
Total non-current assets		**1,421.8**	**1,414.7**
Inventories		**648.5**	**631.4**
Programmes and broadcasting rights	*11*	635.6	617.7
Other inventories		12.9	13.7
Trade and other debtors	*12.4*	**1,241.8**	**1,227.3**
Current tax assets		**0.5**	**7.6**
Other current financial assets	*12*	**5.9**	**4.4**
Cash and cash equivalents	*12.5*	**35.9**	**39.3**
Total current assets		**1,932.6**	**1,910.0**
Held-for-sale assets		**-**	**-**
TOTAL ASSETS		**3,354.4**	**3,324.7**

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**Dec. 31, 2011**	**Dec. 31, 2010**
Share capital	*13.1*	42.2	42.7
Share premium and reserves		1,350.2	1,267.9
Net profit for the period attributable to the Group		182.7	228.3
Shareholders' equity attributable to the Group		**1,575.1**	**1,538.9**
Minority interests		12.1	8.7
Total shareholders' equity		**1,587.2**	**1,547.6**
Non-current debt	*14 & 15*	**18.0**	**16.1**
Non-current provisions	*16.1*	**40.0**	**44.4**
Non-current tax liabilities	*28.2.2*	**9.9**	**11.0**
Total non-current liabilities		**67.9**	**71.5**
Current debt	*15*	**58.5**	**6.1**
Trade and other creditors	*14*	**1,563.7**	**1,638.5**
Current provisions	*16.2*	**56.6**	**51.7**
Current tax liabilities		**20.2**	**5.7**
Other current financial liabilities	*14*	**0.3**	**3.6**
Total current liabilities		**1,699.3**	**1,705.6**
Liabilities relating to held-for-sale assets		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,354.4**	**3,324.7**
Net cash (+) / Net debt (-)	*15*	**(40.6)**	**16.8**

Consolidated income statement

(€m)	Note	2011	2010
Net advertising revenue		1,821.5	1,793.3
- TF1 channel		*1,504.1*	*1,549.8*
- Other media		*317.4*	*243.5*
Diversification revenue excluding advertising		798.2	829.1
Revenue	*17*	**2,619.7**	**2,622.4**
Other operating revenue		0.8	-
External production costs	*18*	(702.9)	(664.5)
Other purchases and changes in inventory	*19*	(432.3)	(517.7)
Staff costs	*20*	(432.8)	(434.9)
External expenses	*21*	(469.7)	(502.2)
Taxes other than income taxes	*22*	(145.2)	(145.6)
Depreciation and amortisation, net		(78.4)	(90.5)
Provisions and impairment, net		(29.9)	(14.5)
Other operating income	*23*	87.5	78.3
Other operating expenses	*23*	(133.9)	(100.4)
Current operating profit		**282.9**	**230.4**
Non-current operating income	*24*	-	102.0
Non-current operating expenses	*24*	-	(19.2)
Operating profit		**282.9**	**313.2**
Income associated with net debt	*25*	1.4	3.1
Expenses associated with net debt	*25*	(0.9)	(21.3)
Cost of net debt		**0.5**	**(18.2)**
Other financial income	*26*	5.9	2.4
Other financial expenses	*26*	(0.8)	(4.9)
Income tax expense	*28*	(88.7)	(68.9)
Share of profits/(losses) of associates	*10*	(13.7)	5.7
Net profit from continuing operations		**186.1**	**229.3**
Net profit from discontinued or held-for-sale operations		**-**	**-**
Net profit		**186.1**	**229.3**
attributable to the Group		**182.7**	***228.3***
attributable to minority interests		*3.4*	*1.0*
Weighted average number of shares outstanding ('000)	*29*	212,436	213,396
Basic earnings per share from continuing operations (€)	*29*	0.86	1.07
Diluted earnings per share from continuing operations (€)	*29*	0.86	1.06

Statement of recognised income and expense

(€m)	2011	2010
Consolidated net profit for the period	**186.1**	**229.3**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	2.4	2.4
Net tax effect of equity items not reclassifiable to profit or loss	(0.8)	(0.8)
Share of non-reclassifiable income and expense of associates recognised in equity	-	-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments	2.3	3.7
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	0.2	0.4
Net tax effect of equity items reclassifiable to profit or loss	(0.8)	(1.2)
Share of reclassifiable income and expense of associates recognised in equity	-	-
Income and expense recognised directly in equity	**3.3**	**4.5**
Total recognised income and expense	**189.4**	**233.8**
attributable to the Group	186.0	232.8
attributable to minority interests	3.4	1.0

Consolidated statement of changes in equity

(€m)	Note	Share Capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Share-holders' equity attributable to the Group**	Minority interests	**Total share-holders' equity**
BALANCE AT DECEMBER 31, 2009		**42.7**	**3.7**	**(0.4)**	**1,351.4**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**
Capital increase (share options exercised)		-	-	-	-	-	**-**	-	**-**
Share-based payment		-	-	-	1.5	-	**1.5**	-	**1.5**
Purchase of treasury shares		-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares		-	-	-	-	-	**-**	-	**-**
Dividends paid		-	-	-	(91.8)	-	**(91.8)**	**-**	**(91.8)**
Other transactions with shareholders		-	-	-	-	-	**-**	**7.5**	**7.5**
Consolidated net profit for the period		**-**	**-**	**-**	**228.3**	**-**	**228.3**	**1.0**	**229.3**
Income & expense recognised directly in equity		**-**	**-**	**-**	**-**	**4.5**	**4.5**	**-**	**4.5**
BALANCE AT DECEMBER 31, 2010		**42.7**	**3.7**	**(0.4)**	**1,489.4**	**3.5**	**1,538.9**	**8.7**	**1,547.6**
Capital increase (share options exercised)		-	0.1	-	-	-	**0.1**	-	**0.1**
Share-based payment		-	-	-	1.0		**1.0**	-	**1.0**
Purchase of treasury shares		-	-	(26.5)	-	-	**(26.5)**	-	**(26.5)**
Cancellation of treasury shares		(0.5)	(3.8)	26.2	(21.9)	-	**(0.0)**	-	**(0.0)**
Dividends paid		-	-	-	(117.2)	-	**(117.2)**	-	**(117.2)**
Other transactions with shareholders		-	-	-	(7.2)	-	**(7.2)**	-	**(7.2)**
Consolidated net profit for the period		**-**	**-**	**-**	**182.7**	**-**	**182.7**	**3.4**	**186.1**
Income & expense recognised directly in equity		**-**	**-**	**-**	**-**	**3.3**	**3.3**	**-**	**3.3**
BALANCE AT DECEMBER 31, 2011		**42.2**	**-**	**(0.7)**	**1,526.8**	**6.8**	**1,575.1**	**12.1**	**1,587.2**

Consolidated cash flow statement

(€m)	Note	2011	2010
Consolidated net profit (including minority interests)		186.1	229.3
Depreciation, amortisation, provisions and impairment (excluding current assets)		79.7	107.7
Intangible assets and goodwill		*48.2*	*74.9*
Property, plant and equipment		*29.7*	*29.4*
Financial assets		*0.2*	*1.8*
Non-current provisions		*1.6*	*1.6*
Other non-cash income and expenses		(14.6)	(15.8)
Effect of fair value remeasurement		(2.5)	(106.0)
Share-based payment		1.0	1.5
Net (gain)/loss on asset disposals		(3.5)	0.6
Share of (profits)/losses and dividends of associates		13.7	(5.7)
Dividend income from non-consolidated companies		(1.7)	(1.5)
Sub-total		**258.2**	**210.1**
Cost of net debt		(0.5)	18.2
Income tax expense (including deferred taxes)		88.7	68.9
Operating cash flow		**346.4**	**297.2**
Income taxes (paid)/reimbursed		(73.2)	(52.7)
Change in operating working capital needs		(82.1)	56.9
Net cash generated by/(used in) operating activities		**191.1**	**301.4**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(100.9)	(51.0)
Cash inflows from disposals of property, plant and equipment and intangible assets		1.9	2.6
Cash outflows on acquisitions of financial assets		(5.4)	(6.6)
Cash inflows from disposals of financial assets		-	-
Effect of changes in scope of consolidation	*30.2*	8.8	(192.9)
Purchase price of investments in consolidated activities		*(4.8)*	*(201.7)*
Proceeds from disposals of investments in consolidated activities		*16.8*	-
Net liabilities related to consolidated activities		-	-
Other cash effects of changes in scope of consolidation		*(3.2)*	*8.8*
Dividends received		1.7	1.5
Change in loans and advances receivable		(0.8)	0.5
Net cash generated by/(used in) investing activities		**(94.7)**	**(245.9)**
Cash received on exercise of share options		0.1	-
Purchases and sales of treasury shares		(26.5)	-
Dividends paid during the year		(117.2)	(91.8)
Cash inflows from new debt contracted	*30.3*	0.2	18.7
Repayment of debt (including finance leases)	*30.3*	(8.7)	(500.6)
Net interest paid (including finance leases)		0.5	(11.6)
Net cash generated by/(used in) financing activities		**(151.6)**	**(585.3)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(55.2)**	**(529.8)**
Cash position at start of period		**37.0**	**566.8**
Change in cash position during the period		(55.2)	(529.8)
Cash position at end of period	*30.1*	**(18.2)**	**37.0**

Notes to the consolidated financial statements

The notes to the consolidated financial statements are included in the full version of the financial statements, and are available on the TF1 corporate website via the following link:
http://www.groupe-tf1.fr/en/finance/financial-results-publications/financial-reports/2011-6451274-843.html

Diary dates

April 19, 2012: Shareholders' Annual General Meeting
April 26, 2012: 2011 dividend ex-date
May 2, 2012: 2011 dividend payment date
May 14, 2012: Revenue and financial statements for the first quarter of 2012
July 26, 2012: Revenue and financial statements for the first half of 2012, analyst meeting
November 13, 2012: Revenue and financial statements for the first nine months of 2012

These dates may be subject to change.

Télévision Française 1

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