

Boulogne-Billancourt – April 30, 2014

Q1 2014 FINANCIAL RESULTS
Consolidated revenue: €470m (-1.6%)
Stable advertising revenue
Operating profit: €11m (up €32m)

The TF1 Board of Directors, chaired by Nonce Paolini, met on April 30, 2014 to adopt the financial statements for the first quarter of 2014.

In accordance with IFRS 5, the financial statements present separately the net profit of Eurosport International, which is accounted for as discontinued or held-for-sale operation¹.

In accordance with IFRS 11, the Group's share of the net profit/loss of TF6 and Serieclub is reported in "Share of profits/losses of joint ventures and associates".

As a result of applying these standards, the 2013 first-quarter financial statements have been restated.

CONSOLIDATED FIGURES (€m)	Q1 2014	Q1 2013	Chg €m	Chg %
Revenue	469.7	477.2	(7.5)	-1.6%
TF1 group advertising revenue	354.1	355.7	(1.6)	-0.4%
Revenue from other activities	115.6	121.5	(5.9)	-4.9%
Current operating profit/(loss)	10.9	(20.7)	31.6	ns
Operating profit/(loss)	10.9	(20.7)	31.6	ns
Cost of net debt	0.3	0.1	0.2	ns
Net profit/(loss) from continuing operations	8.0	(8.0)	16.0	ns
Net profit/(loss) from discontinued or held-for-sale operations	8.4	3.5	4.9	x 2.4
Net profit	16.4	(4.5)	20.9	ns
Net profit attributable to the Group	14.6	(6.3)	20.9	ns

TF1 group **consolidated revenue** for the first quarter of 2014 was €469.7m (-1.6%), in an unchanged economic environment.

This figure comprises:

- **Group advertising revenue** of €354.1m, down €1.6m (-0.4%), reflecting intense competitive pressure;
- **Revenue from other activities** of €115.6m (-4.9%), notably due to lower sales for the Video business, which is facing a sharp contraction in the physical video market.

Operating profit: €10.9m (up €31.6m)

The Group made a **current operating profit** of €10.9m, an improvement of €31.6m year-on-year.

Despite lower revenues, profitability improved for the fourth quarter running thanks to timing differences in programming schedules (football matches involving the French national team, the NRJ Music Awards, *Koh Lanta*, etc) coupled with efforts to adapt the business model that have been going on for several years.

Under Phase II of the optimisation plan launched in 2012 (€85m by end 2014), the Group generated €4m of recurring savings in the first quarter of 2014, all of them productivity-related. In total, €60m of recurring savings have been achieved since mid-2012.

¹The financial statements of Eurosport International are presented in Note 4 to the consolidated financial statements.

Net profit attributable to the Group: €14.6m (up €20.9m)

Income tax expense for the first quarter of 2014 was €2.0m. This compares with the tax gain of €12.6m recorded in the first quarter of 2013, in line with the operating loss for that period.

Net profit from continuing operations came to €8.0m, an improvement of €16.0m.

Net profit from Eurosport International, accounted for as a **held-for-sale operation**, amounted to €8.4m, an increase of €4.9m. This bottom-line improvement reflects continuing tight control over the cost base, plus the first synergies to feed through from the partnership with Discovery Communications.

Net profit attributable to the Group for the first quarter of 2014 was €14.6m, **an improvement of €20.9m**.

Analysis by segment

€m	Q1 2014	Q1 2013	Chg.
Broadcasting and Content	385.3	387.3	(2.0)
<i>of which TV advertising</i>	332.9	331.8	+ 1.1
Consumer Products	51.1	54.2	(3.1)
Pay-TV	30.9	33.5	(2.6)
Holding company & other	2.4	2.2	+ 0.2
Consolidated revenue	469.7	477.2	(7.5)
Broadcasting and Content	3.6	(25.9)	+ 29.5
<i>of which cost of programmes</i>	(230.4)	(258.2)	+ 27.8
Consumer Products	5.3	2.9	+ 2.4
Pay-TV	(2.3)	(2.0)	(0.3)
Holding company & other	4.3	4.3	+ 0.0
Current operating profit/(loss)	10.9	(20.7)	+ 31.6

Broadcasting and Content (Source: Médiamétrie)

In a freeview television market that remains highly competitive, the TF1 group's four free-to-air channels turned in a respectable performance. The combined audience share was 28.8% among individuals aged 4 and over (down 0.8 of a point), rising to 32.0% for the target audience of "women aged under 50 purchasing decision-makers" (down 1.0 point). This reflected highly competitive programming on rival free-to-air channels, especially the screening of the Winter Olympics on state-owned channels.

TF1 was still by far the leading TV channel in France during the first quarter of 2014, with audience shares of 22.8% among individuals aged 4 and over and 24.3% among "women aged under 50 purchasing decision-makers". TF1 ranked first across all programme genres, and was the most-watched channel for 90% of programmes shown in prime time.

Against a backdrop of intense competition, TMC retained its status as the fifth most popular French national channel and as the established market leader in DTT, with audience shares of 3.2% among individuals aged 4 and over and 3.7% among "women aged under 50 purchasing decision-makers".

NT1 had audience share of 1.9% among individuals aged 4 and over, and was the fourth most popular DTT channel among "women aged under 50 purchasing decision-makers" with audience share of 2.9%.

In the first quarter of 2014, HD1 remained the leading player among the 6 new HD channels launched at end 2012, with audience shares of 0.9% among individuals aged 4 and over and 1.1% among "women aged under 50 purchasing decision-makers".

Revenue for the **Broadcasting and Content** segment fell by €2.0m (-0.5%) year-on-year to €385.3m. Advertising revenue for the Group's 4 free-to-air channels was virtually unchanged at €332.9m, up 0.3% year-on-year. This stability in revenue was achieved despite broader supply of advertising airtime (largely due to the growing power of DTT channels) and the lack of any marked upturn in demand.

Other Broadcasting and Content segment revenue was down year-on-year due to slippage in revenues at Metronews and lower interactivity revenue as a result of less favourable programming.

The **cost of programmes** for the Group's free-to-air channels for the first quarter of 2014 was €230.4m, versus €258.2m a year earlier, representing a considerable saving of €27.8m.

This context-specific fall in the cost of programmes is explained partly by timing differences in programming schedules, and partly by a measured programming spending adapted to the economic and competitive environment of the first quarter of 2014. Overall, the Broadcasting and Content segment posted a current operating profit of €3.6m for the first quarter of 2014, versus a loss of €25.9m a year earlier.

Consumer Products

Consumer Products segment revenue for the first quarter of 2014 totalled €51.1m, down 5.7% on the first quarter of 2013.

This decline was due largely to the Video business, which still faces a very challenging market. TF1 Entreprises posted revenue growth of 17.7%, building on existing successes and new productions. On a constant structure basis, Home Shopping started the year on a slight uptrend (bear in mind that the Place des Tendances business was sold in November 2013).

Tight cost control helped the segment increase current operating profit by €2.4m to €5.3m.

Pay-TV

The **Pay-TV** segment reported a 7.8% drop in revenue in the first quarter of 2014, to €30.9m.

Competition from an expanded freeview offer and a gloomy environment for advertising hit the segment's revenue hard.

However, rigorous management of the cost base helped mitigate the effect at operating level, with the current operating loss increasing by just €0.3m to €2.3m.

Financial position

The TF1 group strengthened its financial position in the period. At end March 2014, shareholders' equity stood at €1,719.4m, out of a balance sheet total of €3,614.8m. Net cash of continuing operations amounted to €254.4m, an increase of €65.5m relative to December 31, 2013; this included the recognition by TF1 of the balance of the proceeds from the capital reduction by Groupe AB.

Outlook

The Group is reiterating its target of achieving the remaining €25 million of the promised €85 million recurring savings under Phase II of the optimisation plan by the end of 2014.

As regards the advertising market, advertisers are still adopting a wait-and-see attitude and offering little visibility on future spending, in a context of enlarged offer. However, the strong programming events on the TF1 core channel over the rest of 2014 will represent excellent investment opportunities for advertisers.

For the TF1 group, the coming months offer a rich pipeline of events (broadcasting of the 2014 FIFA World Cup across all of the Group's screens, an intensification of the partnership with Discovery, and the application to switch LCI to freeview). The TF1 group will continue to show caution and determination in moving the industry forwards and adapting its business model, while actively pursuing the objective of creating shareholder value.

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.
Our financial information report for the first quarter of 2014 is available on our corporate website: <http://www.groupe-tf1.fr/>.
A conference call will take place at 18.30 hours (Paris time).
Details of how to connect to the conference call are on our corporate website: <http://www.groupe-tf1.fr/>.

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