



## Fixed Income – non deal roadshow

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November 9th 2005

### **Disclaimer**

All forward-looking statements are TF1 management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.



# TF1

## Introduction

Advertising

Broadcasting France

Other activities

Conclusion

Fixed income  
Non deal roadshow

November 9th 2005

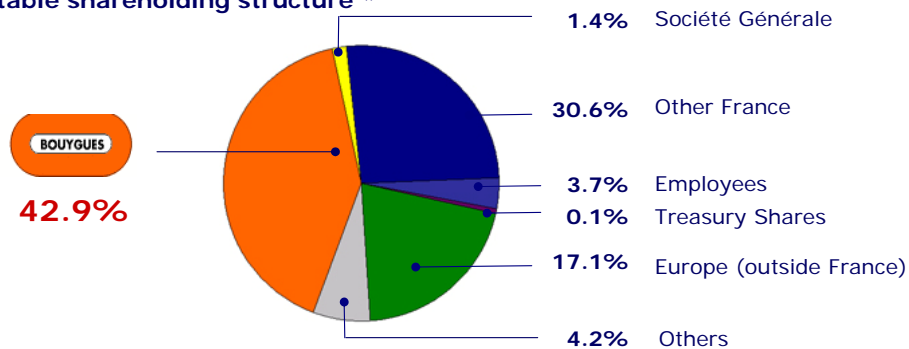
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## TF1 key figures

- Turnover 2004 : €2,850 M / Operating profit 2004 : €383 M (IFRS)
- Market Capitalisation (04/11/05) : €4.6 Bn
- Employees\* : 3,889
- Stable shareholding structure \*



- Rating :  { A long term, stable  
A1 short term

\* As of 30<sup>th</sup> June 2005

## Key events: a moving group

- Launch of **Eurosport 2** and **Ushuaïa TV** and acquisition of 40% of **TMC**
- Agreements between **TPS** and **Neuf Télécom** and **TPS** and **Telecom Italia** for the distribution of the TPS offer to Neuf TV and Alice subscribers
- March 2005: Launch of the **DTT** free channels under MPEG 2 technology, including **TF1** and **TMC**
- **Eurosport** becomes the **first** cable and satellite channel (equal with RTL9) and TF1 makes **6** of its channels to the **top 10**\*
- TF1 obtains all the rights for **exclusive** broadcasting in France of the 2010 and 2014 **Football World Cup** at a cost of €120 M and €130 M respectively
- **Disposal** of **Studios 107** and **Visiowave**

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\* Source : MédiaCabSAT wave 9 – 27<sup>th</sup> December 2004 / 12<sup>th</sup> June 2005



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## 9 months 2005 Turnover

€M – IFRS figures	9 months 2005	9 months 2004	Change(%)
<i>TF1 channel advertising</i>	<i>1,177.6</i>	<i>1,189.3</i>	<i>- 1.0%</i>
<i>Other activities</i>	<i>878.3</i>	<i>879.4</i>	<i>- 0.1%</i>
<b>Total</b>	<b>2,055.9</b>	<b>2,068.7</b>	<b>- 0.6%</b>

On a comparable basis, the revenue from **other activities grew by 1.0%** and TF1 Group's consolidated revenue decreased by 0.2% over the first 9 months of 2005.

Assuming that adv. Investments from the Food sector had been stable over the first 9 months compared with the same period last year, TF1 channel advertising revenue would have grown by 2.3%.

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## Market situation

- A difficult economic situation
- Trend: structural re-composition of households consumption

- - - **FMCG's**  
+++ **Entertainment-services products**



### TF1 investments structure is changing

- Temporary: Reduction of ad. Investments from the food sector (H1 2005)
- The structure of TF1 advertising revenue is following the households consumption re-composition

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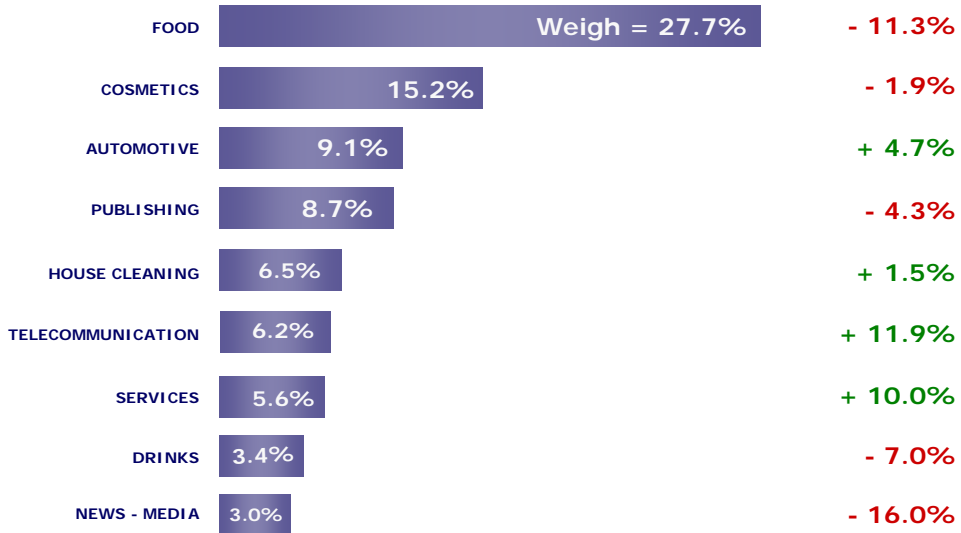


## Advertising: sectorial breakdown



January to September 2005

Change  
vs Jan-Sept. 04



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Source : TNS Secodip – 2005 vs 2004 – January to September



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## A real potential of growth

### French advertising market underinvested

- Media ad. spends/GDP below other European countries

### Access to TV for new sectors

- Retail: authorised from 2007
- Cinema: next to come ?



TV additional  
revenue estimates:  
between €117 M  
and €230 M\*

### Potential advertising deregulation

- Increase of the average number of minutes per hour ?
- Transition from 60' sequential hours to exact clock hours ?





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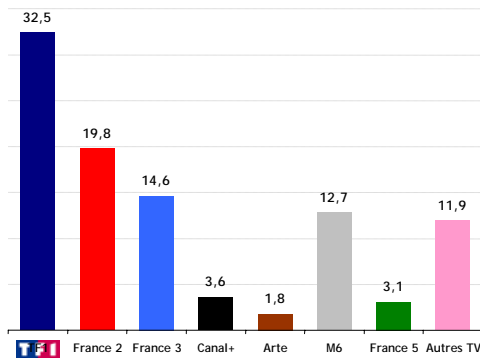
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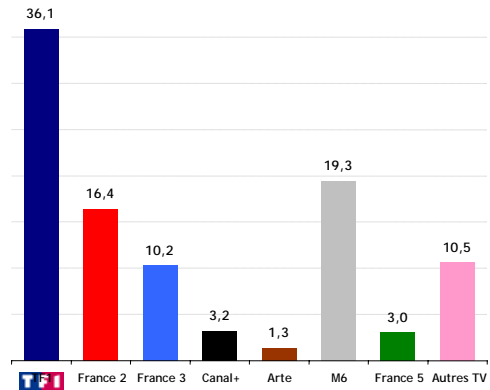
# TF1: the strong leader

Ind. 4+ / Audience share / Jan. - Oct. 2005



+0.5 pt vs Jan-Oct 2004\*  
+1.0 pt vs Jan-Oct 2003

Women < 50 / Audience share / Jan. - Oct. 2005



+0.6 pt vs Jan-Oct 2004\*  
+2.0 pts vs Jan-Oct 2003

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\* Reminder: Euro 2004 + La Ferme Célèbrités 1 were broadcast in H1 2004

Source: Médiamétrie / January - September 2005



## TF1: the best resistance to pay TV penetration

		<b>Audience share</b>		
		Current market* (i.e. 24,8% pay TV penetration)	Cable & sat environment** (100% pay TV penetration)	Degree of resistance
<b>TF1</b>	<b>31.9 %</b>	→	<b>25.1 %</b>	<b>79%</b>
<b>TF1's theme channels</b>	<b>3.0 %</b>	→	<b>11.0 %</b>	
<b>TF1 group</b>	<b>34.9 %</b>	→	<b>36.1 %</b>	
<b>France 2</b>	<b>19.6 %</b>	→	<b>14.0 %</b>	<b>71%</b>
<b>France 3</b>	<b>14.6 %</b>	→	<b>8.9 %</b>	<b>61%</b>
<b>France 5</b>	<b>3.2 %</b>	→	<b>1.3 %</b>	<b>41%</b>
<b>M6</b>	<b>13.1 %</b>	→	<b>8.5 %</b>	<b>65%</b>

**TF1** : The best resistance to the market fragmentation

The market fragmentation widens the gap between TF1 and its competitors

\* Source: Mediamétrie – H1 2005, ind. 4+

\*\* Source: Mediacabsat 9 (December 2004 – June 2005)



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## Other activities: successful developments



**N° 1 European channel**



**Breakeven in 2005**



**All kinds of home-shopping**



**N° 1 French editor**



**N° 4<sup>th</sup> distributor in theatre\***



**N° 1 free daily newspaper in France**



**N° 1 media website**

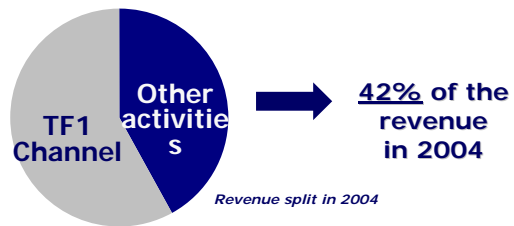
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\* In 2005

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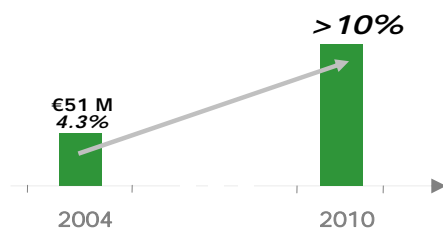
## Other activities: a growth driver for the Group

### A growing part of the revenue



Target:  
> 50% of the revenue in 2010

### Profitability: a growth potential



Mid-term target:  
**Operating profitability**  
> 10%

**Accelerate profitable growth investments**

## TPS: a growing and profitable business

### Key figures H1 2005

Revenue: €198.0 M (+ 6%)  
Op. Profit: €4.6 M



Total subscribers : 1.65 M (+ 93.3 k vs H1 04)  
Subscribers Sat. and ADSL : 1.35 M (+ 82.3 k vs H1 04)  
Satellite market share: 42% on new subs (vs 39% H1 04)



### An always improving offer

- The best of **US studios**, exclusive **sport events**, **new channels**

### A fast growing ADSL distribution

- 40% of 2005 recruitments
- TPS through **ADSL** available for **10 M households** at the end of 2005 and to **~80 % of the French population in 2010**

### Improvement of the profitability

- 2005: **net income breakeven**
- 2005 operating profit: ~ €5-10 M\*



\* Figures at 100%



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## Outlooks and developments

### Growth of the subscribers base in 2005

- A stable subscribers base in H1
- Lost of the French Premiere League: very limited impact

L1 Churn: ~ 30,000 subscribers in 2005  
No impact on the ARPU\*

\* 90% of «L1 subs.» choose the new TPS offer incl.



### Launch of the pay DTT at the end of 2005

- A new distribution platform for **TPS star**
- TPS commercial operator

The High Definition with **TPS star**



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## Digital Terrestrial Television

### 17 channels for the free offer => March 2005

State-owned	   						News
Generalists							Music
Mini generalists							Youth

MPEG 2

### 11 channels for the pay offer => End 2005

Premium					Sport
Mini generalists					Cinema
News					TV dramas
Youth					15-35 years old
					Documentaries

MPEG 4



TF1 Group channels

\* To be launched in Q4 2005

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## Eurosport: the leading sport brand in Europe

### Key figures H1 2005

Revenue: €143.3 M  
Op. profit: €24.2 M

Brand awareness in  
Europe : 86% <sup>(1)</sup>



104 M Households  
54 M paying subs  
54 countries  
19 languages



17 M Households  
15 M paying subs  
37 countries  
7 languages

★EUROSPORT.com

13 M visits <sup>(2)</sup>  
6 versions  
5 languages



**A market of more than  
300 M households**

### 2008 target



Revenue: ~ €350 M  
Op. margin: > 15%

<sup>(1)</sup> EMS 2005

<sup>(2)</sup> July 2005

## Eurosport: new businesses

### Sportitalia: 84% of households



- From 124,000 initialized households to 12 M in 18 months
- 25 August, Sportitalia was awarded the Italian 2<sup>nd</sup> League rights (Monday and Friday, play off and play out, international rights)
- The breakeven is to occur in 2006/2007

### 26 August: launch of Si Live 24, the first ongoing sport news channel on the Italian market



The Italian activities are accounted under the equity method in TF1 consolidated accounts

### Eurosport: Organizer of sport events



Eurosport\* promotes a **new world car race championship** and owns all commercial rights:

- TV rights
- Marketing rights on all circuits and cars
- Video rights, merchandising, mobility...

2005 revenue  
**€10 M**

\* Through its subsidiary KSO Ltd (60%)

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## E-tf1: growth and profitability

### Key figures H1 2005

Revenue : €30.4 M (+ 11%)  
Op. profit : €1.8 M

tf1.fr: 3.0 M unique visitors  
(+ 50%)\*



N° 1 media website  
N° 1 SMS editor  
N° 1 special phone calls  
media editor

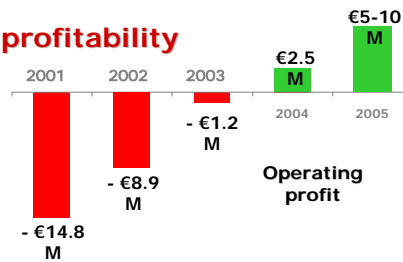
### A strong growth revenue

2005 FY revenue forecast > €62 M ( growth > +24% )

### An ongoing improvement of the profitability

Breakeven in 2004

Mid-Term profitability: > 10%



**Strategy:** Develop revenue on all media  
Accelerate growth investments

\* June 2005 vs. June 2004 – Source : Médiamétrie / Xiti / panel NielsenNetRatings / Cyberestat

## VOD: A development project for the Group

Launch of a Video On Demand offer in November 2005



VOD



Natural expansion  
of the business  
Complementary revenue

Revenue 2007: €7 M

Catalogue of  
rights



**Distribution network: Internet, TV through ADSL**  
**Reception: PC and TV**

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## Conclusion: our strategy

**Consolidate the uncontested leadership of the broadcasting businesses**

**Develop high-growth potential businesses**

**Eurosport: a new challenge: the World!**

Channels developments  
World channel  
Italy  
WTCC

**Internet: accelerate the growth !**

Thematic sites (youth, women, cinema, sports)  
VOD, e-commerce

**TF1 : let's conquer Off-Media !**

360° vision



**N°1 multi-media  
communication group**

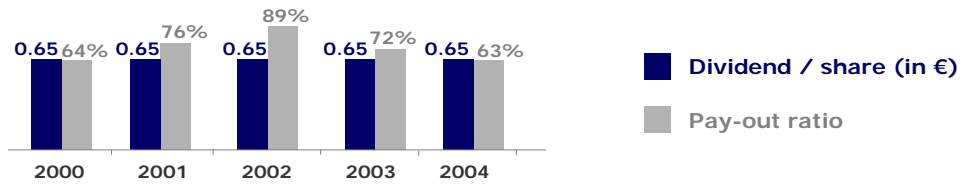


## Uses of cash

### M&A operations

2001: **Eurosport** (€375 M) + **Série Club** (€23 M)  
2002: **TPS** (€297 M)  
2003: Publications **Metro France** (€12 M)  
2004: **Sportitalia** + **Prima TV** (€35 M) + **Histoire** (€4 M)

### A shareholder friendly dividend policy



### Share buy-back programme

500,000 shares acquired and cancelled in 2004 for €11.9 M  
1,370,000 shares acquired and cancelled beginning 2005 for €32.5 M

## Financial ratios

€M	2004	June 04	June 05
Shareholder's funds	976	918	989
Net debt	414	606	553
Gearing $\leq 1^*$	42%	66%	56%

Target:  
**40 % – 60%**  
**max 70%**

	2004	June 04	June 05
EBITDA / net interests $\Rightarrow 10^*$	24	32	38
FFO / net debt $\Rightarrow 0.5^*$	0.79	1.11	1.07

**A strong financial wealth: A / A-1 Stable**  
 (S&P rating)

\* S&P target



## Liquidity and debt 30<sup>th</sup> June 2005

**Total committed lines: € 1,449 M**

	Origin
Used financing lines: € 565 M	Bond Issue (maturity 10) : € 500 M
Unused financing lines: € 884 M	Syndicated loan (maturity 06) : € 23 M
	Bilateral credit lines (maturity 06-10) : € 913 M
	Leasing (maturity < 1 year) : € 3 M
	Leasing (maturity > 1 year) : € 14 M

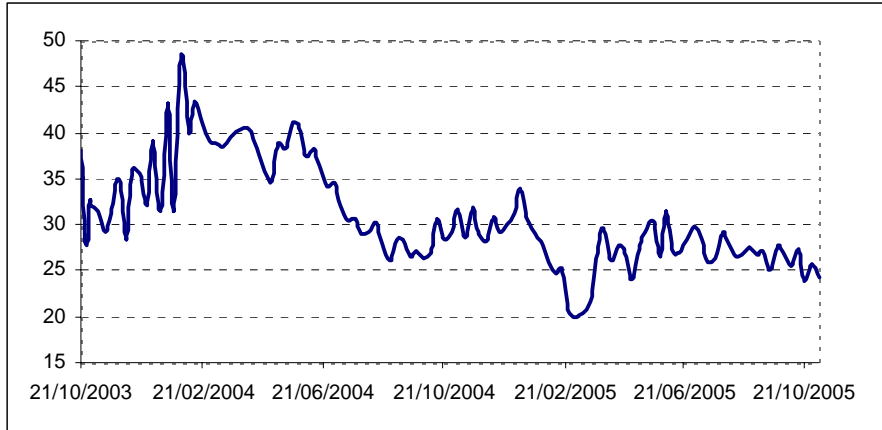
**No rating triggers  
No financial covenant**

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## TF1 : Bid asset swap spread



Source : Bloomberg

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## Notes

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## Consolidated P/L: operational breakdown

€M	H1 2005	H1 2004	Δ / 04 %
<b>Net advertising revenue</b>	881.2	889.5	- 0.9%
<b>Programming costs</b>	(451.7)	(439.0)	+ 2.9%
<b>Gross margin</b>	278.2	296.4	- 6.1%
<b>Diversification &amp; other revenue</b>	580.6	602.7	- 3.7%
<b>Other operating expenses</b>	(525.7)	(540.4)	- 2.7%
<b>Depreciation and amortisation</b>	(64.6)	(80.2)	- 19.5%
<b>Operating profit</b>	268.5	278.5	- 3.6%
<b>Cost of net debt</b>	(8.2)	(11.0)	- 25.5%
<b>Other financial income and expenses</b>	4.2	0.1	ns
<b>Income tax expense</b>	(86.8)	(99.9)	- 13.1%
<b>Net profit attributable to the group</b>	176.6	166.1	+ 6.3%

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## Contributions – H1 2005

€M	Revenue	Operating profit	Operating margin	
			H1 2005	H1 2004
<b>Broadcast France</b>	<b>1,073.1</b>	<b>224.9</b>	<b>21.0%</b>	<b>22.4%</b>
<i>Incl.</i> Téléshopping	49.1	5.9	12.0%	16.8%
e-TF1	30.4	1.8	5.9%	9.8%
<b>Distribution</b>	<b>198.0</b>	<b>4.6</b>	<b>2.3%</b>	<b>5.6%</b>
<b>Audiovisual rights</b>	<b>106.2</b>	<b>7.8</b>	<b>7.3%</b>	<b>5.4%</b>
<i>Incl.</i> TF1 Vidéo	67.0	7.3	10.9%	9.7%
<b>International broadcasting</b>	<b>124.6</b>	<b>22.2</b>	<b>17.8%</b>	<b>17.6%</b>
<b>Other activities</b>	<b>(5.1)</b>	<b>9.0</b>	<b>ns</b>	<b>ns</b>
<b>Intra-companies eliminations</b>	<b>(26.9)</b>	<b>-</b>		
<b>Total</b>	<b>1,469.9</b>	<b>268.5</b>	<b>18.3%</b>	<b>18.6%</b>

**Broadcast France** : TF1, TF1 Entreprises, Teleshopping, Eurosport France, LCI, Odyssee, TF6, TV Breizh, Série Club, Histoire, e-TF1, Glem, Alma, TAP, TPP, Studios 107, TF1 Films Production

**Distribution** : TPS

**Audiovisual rights** : TF1 Vidéo, CIC, RCV, Ciby DA, TF1 International, Téléma, TCM, Cabale

**International broadcasting** : Eurosport International, Europa TV, KSO & SRW

**Other activities** : Métro, Visiowave, Prima TV, Syllis

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## Consolidated cash flow statement

€M	30 June 05	31 Dec. 04	30 June 04
<b>Cash position at beginning of period</b>	142.3	184.2	184.2
Operating cash flow before cost of net debt and income taxes	295.5	490.0	336.2
Income taxes paid	(95.8)	(148.3)	(84.4)
Change in operating working capital needs	(156.5)	(10.0)	(179.6)
<b>Net cash flow from operating activities</b>	43.2	331.6	72.2
<b>Net cash used in investing activities</b>	(18.5)	(119.5)	(80.9)
<b>Net cash used in financing activities</b>	(134.3)	(252.1)	(150.2)
<b>Total change in cash position</b>	(109.6)	(41.9)	(167.4)
<b>Cash position at end of period</b>	32.7	142.3	16.8

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## Programming costs \*

€M	H1 2005	H1 2004	Δ / 04 €M
Entertainment	132.9	133.7	- 0.8
TV drama & series	131.0	94.0	+ 37.0
Sports	62.9	93.1	- 30.2
News	60.3	58.2	+ 2.1
Movies	51.0	49.6	+ 1.4
Children programmes	13.6	10.4	+ 3.2
<b>Total programming costs</b>	<b>451.7</b>	<b>439.0</b>	<b>+ 12.7</b>

i.e. a change in H1 2005 of: + 2.9%

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\* Incl. retired and expired rights



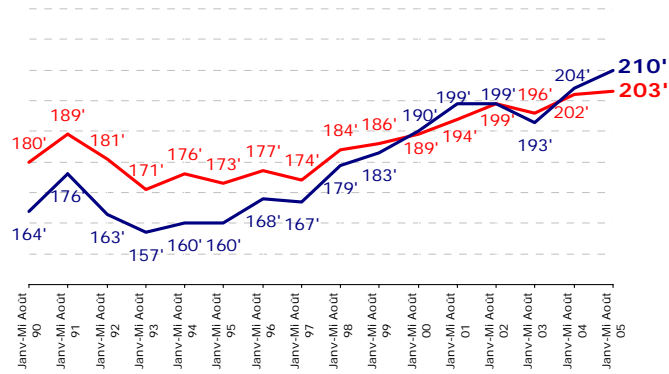
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## Television: the most popular media in France

**84%** of the French people watch TV every day

**3 out of 4** watch **TF1** every day

Daily viewing time / Jan. – Mid Aug. — Ind. 4 + — women <50



**3h23'** for Individuals 4 +  
**3h30'** for women <50

Source: Médiamétrie / January – 21 August 2005

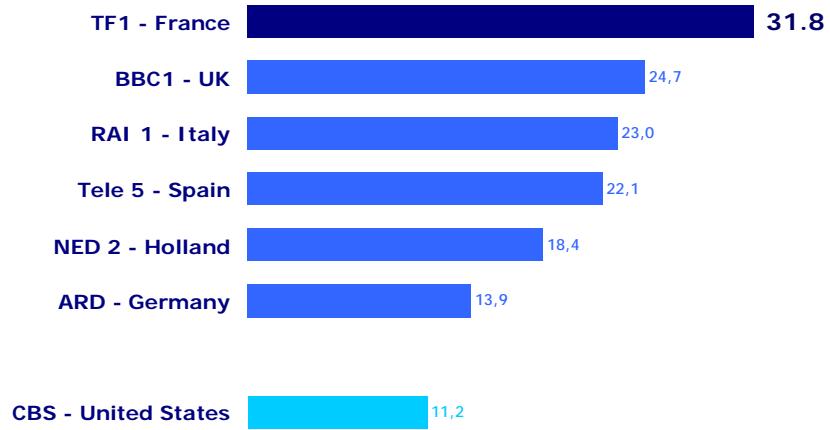


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## TF1: a unique situation in Europe

### Annual audience share (%) in 2004 of the domestic leading channel



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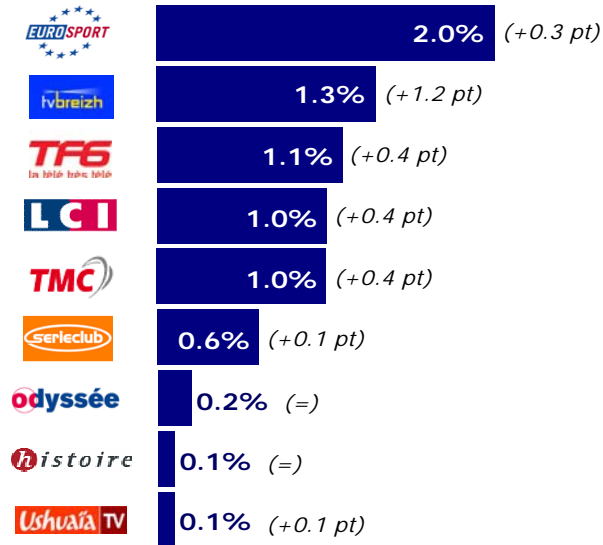
Source : Médiamétrie / year 2004



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## TF1 Group leadership

**Ongoing improvement of TF1 Group channels:  
audience share: +4.2 pts (in 4 years) to 11.0%**



Source : Médiamétrie / MédiaCabSat wave 9 (Jan.-June 2005) vs Wave 1 (Jan.-June 2001)  
Audience share / Individuals 4+ / whole base

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## Strengths of TF1 Publicité

The referent advertising media  
for any mass-communication

### **TF1** commercials audience

	1994	2004	var.
Women < 50	4.8%	5.8%	+ 1.0 pt
Ind. between 25 and 49	4.3%	5.1%	+ 0.8 pt



### TF1: Exclusivity and Power\*

	<b>TF1</b>	<b>2 + 6</b>
Women <50	92%	8%
Ind. 25-49	94%	6%

Source : Médiamétrie

\* Ad breaks > 12% on the target – H1 2005

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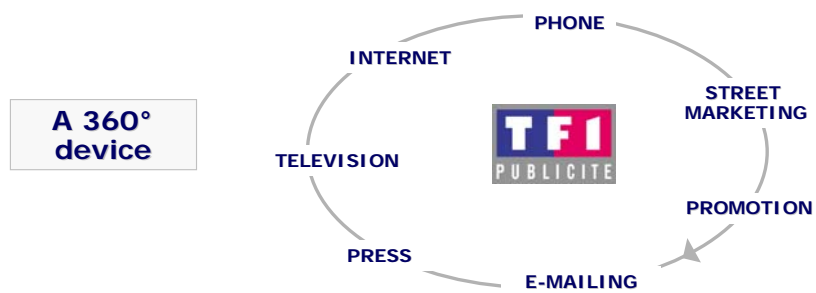
## TF1 match with market needs

### ADVERTISERS EXPECT A GLOBAL ANSWER

➤ **A COMPLETE MEDIA ANSWER**  
With referent and complementary media



➤ **AN OFF-MEDIA ANSWER**  
Creation of a dedicated off-media structure relying on the know-how developed by TF1 Licences



# Eurosport: N° 1 pan-European channel\*

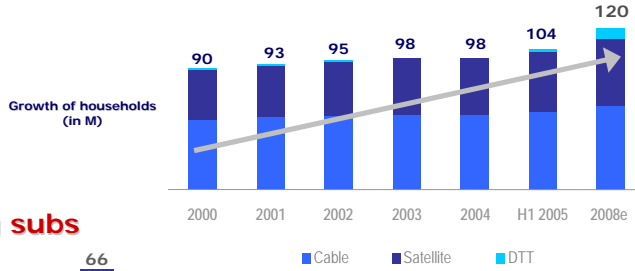
## Fast-growing distribution of the channel ...



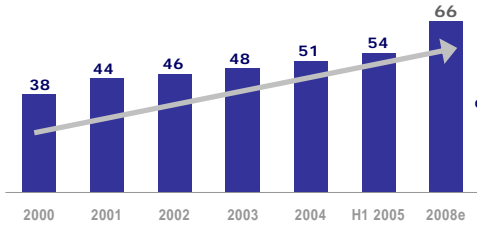
Ø A market of more than **300 M households**

Ø Distributed on all networks (cable, satellite, DTT, ADSL, mobile phones...)

**End of June 2005:  
104 M households**



## ... and growth of paying subs



6,200 hours of programs  
45% **LIVE**

\* Cable and satellite in Europe – source PETV

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## A complementary strategy: Power + Affinity

Strengthen the **power** of the N°1 generalist media website tf1.fr  
Go and find growth on new market **segments**

Generalist Portal  
mirror of the channel

tf1.fr



POWER

Independent thematic  
sites



Youth  
Sports  
News  
Women  
Cinema / VOD



AFFINITY

Multi-channel  
Commercialisation  
of this audience



Advertising  
e-Business  
Direct marketing  
Sale of contents

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## Contacts

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