

TF1 – TMT Conference



London - June 2006

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.

– Merrill Lynch – TMT Conference – June 2006 –



Introduction

TF1 Group's Channels

Advertising

Strategy

2005 – 2006 : a new step of development

- ✓ **Development of TF1's core activities: Content editor**
- ✓ **Expertise on federative themes:**
News, Sport, Entertainment/Games, TV drama/Cinema, Youth
- ✓ **Creation of contents and products around those themes**
- ✓ **Adaptability to all devices and uses**



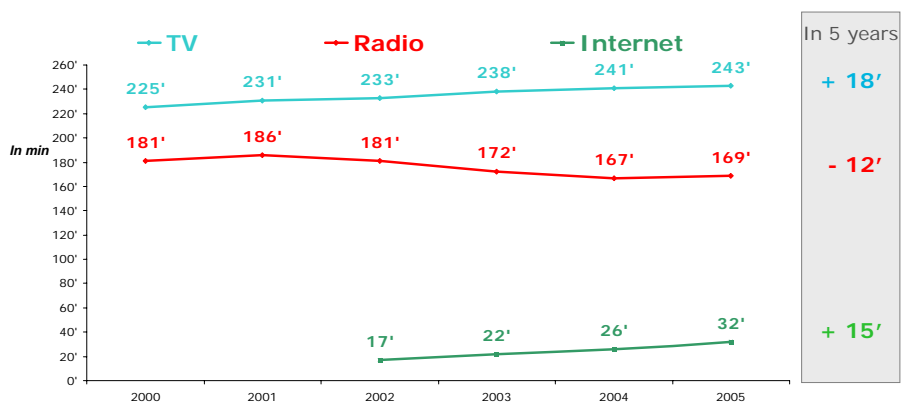
TF1 : creator of household-known and modern brands



Introduction
 TF1 Group's Channels
 Advertising
 Strategy

French people and TV : increasing consumption

Daily using time by consumer



- The daily TV viewing time is still increasing.
- The development of Internet is not made at the expense of TV viewing.

Whole base
 TV : DET 4 years or + - Source : Médiamétrie / Médiamat
 Radio : DEÀ 15/13 years or + - Source : Médiamétrie / 75,000-126,000
 Internet : 2 years or + - Source : Médiamétrie / Nielsen NetRatings Panel / Internet Equipment and Usages

Audiences: a leadership reinforced



- ✓ TF1: 48 of the 50 best audiences over the first 4 months 2006
- ✓ TF1: 23 programmes above 10 M viewers (vs. 9 over the same period in 2005)
- ✓ TF1: 54 programmes above 9 M viewers (vs. 22 over the same period in 2005)



Source : Médiamétrie Médiamat – Jan-Apr 2006

7

Merrill Lynch – TMT Conference – June 2006

Leading complementary channels

	Ranking ¹	Target	Audience share Ind 4+ ²	
5 channels in the top 10	1°	AB+ Men 15-49	Total TF1 Group	34.2%
	3°	Women 15-49		
	5°	Indiv. 25-59		
	8°	AB+		
	9°	15-34		
	Indiv. 15-49	TF1 ²	32.1%	
	AB+	Thematic channels ¹	2.1%	
	AB+			
	AB+			

- ✓ A portfolio of leading theme channels, with strong contents, for every advertising target and on every support

¹ Source : Médiamétrie / MédiaCabSat 10 / Audience share Ind 4+ / Whole base – Ranking excluding FTA terrestrial channels

² Source : Médiamétrie / Médiamat (05 Sept. 2005 - 19 Feb. 2006) / Audience share Ind. 4+

8

Merrill Lynch – TMT Conference – June 2006

TF1: the best resistance to pay TV & DTT penetration

Audience share

	Sept 05 – Feb 06			Jan 2006		
	Current market* (i.e. 24.8% pay TV penetration)	Cable & sat environment** (100% pay TV)	Degree of resistance	Current market* (i.e. 24.8% pay TV penetration)	DTT environm.* (1.3 M hh)	Degree of resistance
TF1	32.1%	26.1%	81%	32.0%	29.4%	92%
France 2	19.5%	14.1%	72%	19.1%	16.2%	85%
France 3	15.2%	9.6%	63%	14.7%	12.8%	87%
France 5	3.2%	1.4%	44%	3.3%	2.8%	85%
M6	12.2%	7.7%	63%	12.2%	9.0%	74%

TF1 : The best resistance to the market fragmentation

The market fragmentation widens the gap between TF1 and its competitors

* Source: Médiamétrie – Ind. 4+

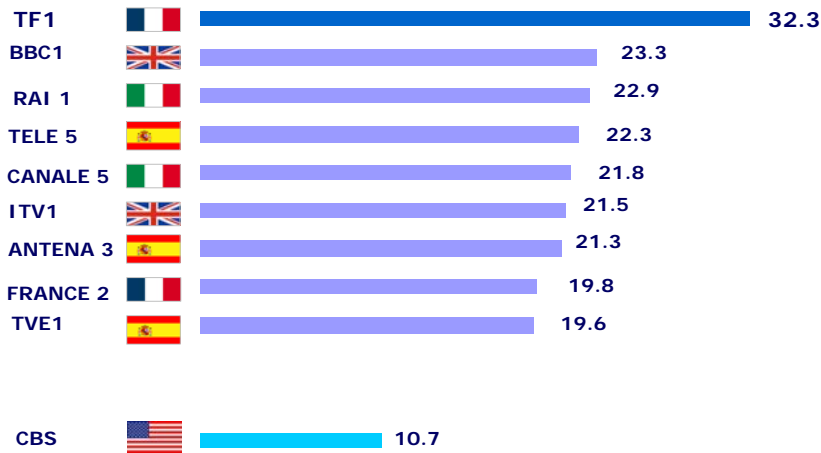
** Source: Mediacabsat 10 – Sept. 2005 / Feb. 2006 – Ind. 4+

9

Merrill Lynch – TMT Conference – June 2006

TF1: a unique situation in Europe

Annual audience share (%) in 2005 of the European domestic channels



Source : Médiamétrie / year 2005

10

Merrill Lynch – TMT Conference – June 2006

Conclusion

- ✓ TV remains the most popular media in France.
=> The TV consumption is still increasing !
- ✓ TF1 reinforces its leading position with a policy of exclusive, eventful and live programmes.
- ✓ TF1 is preparing the future by:
 1. Securing the best contents;
 2. Developing leading theme channels that reach the key commercial targets;
 3. Adopting new technologies (HD broadcasting, 16/9°, digital final transmission suite...);
 4. Packaging its contents for each new device (Mobiles, Internet, Podcasting...).



Introduction

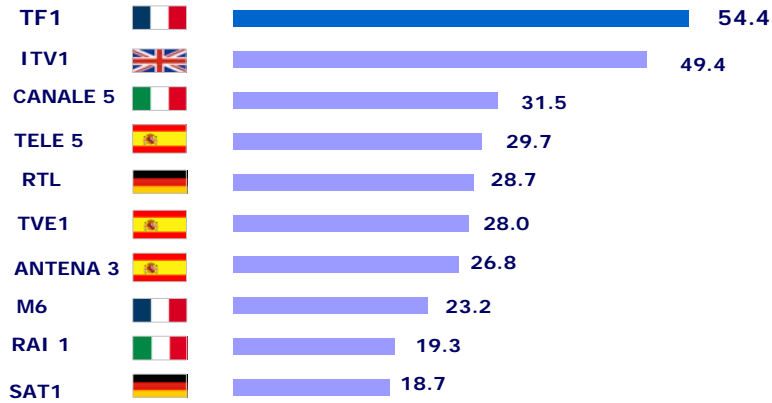
TF1 Group's Channels

Advertising

Strategy

TF1: the best advertising market share

Annual advertising market share (%) in 2005 of the European domestic channels



Source : Television 2005 / International Key Facts / 12th Edition

Merrill Lynch - TMT Conference - June 2006

13

Advertising guidance



	4 months 2006	4 months 2005	Change
TF1 advertising market share	54.3%	53.9%	+ 0.4 pt

Net advertising revenue



H1 guidance : + 4%

Merrill Lynch - TMT Conference - June 2006

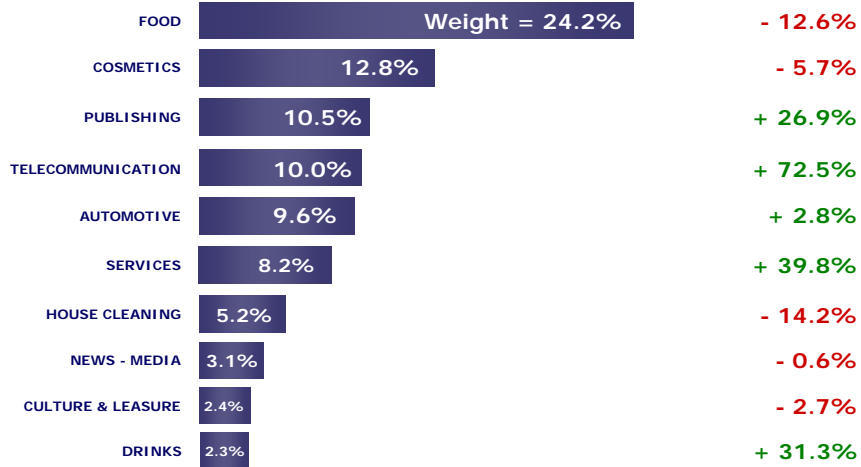
14

Advertising: sectorial breakdown



January to April 2006

Change vs. Jan-Apr 05



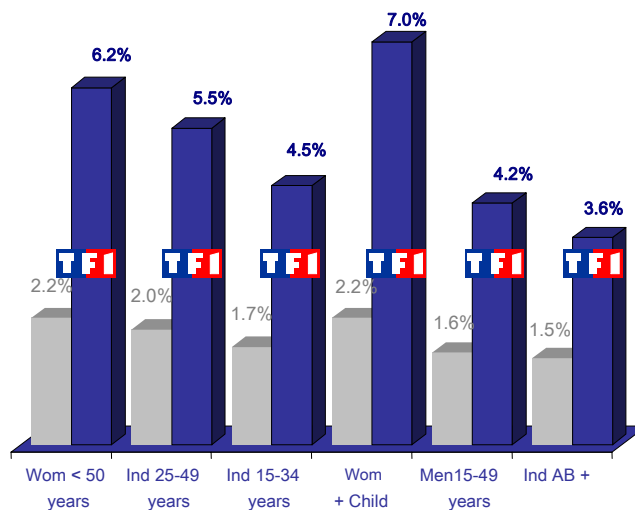
Merrill Lynch - TMT Conference - June 2006

Source : TNS Secodip - 2006 vs. 2005 - January to April

15

TF1: a commercial audience 2 or 3 times higher than on other channels

Commercial audience - 2005

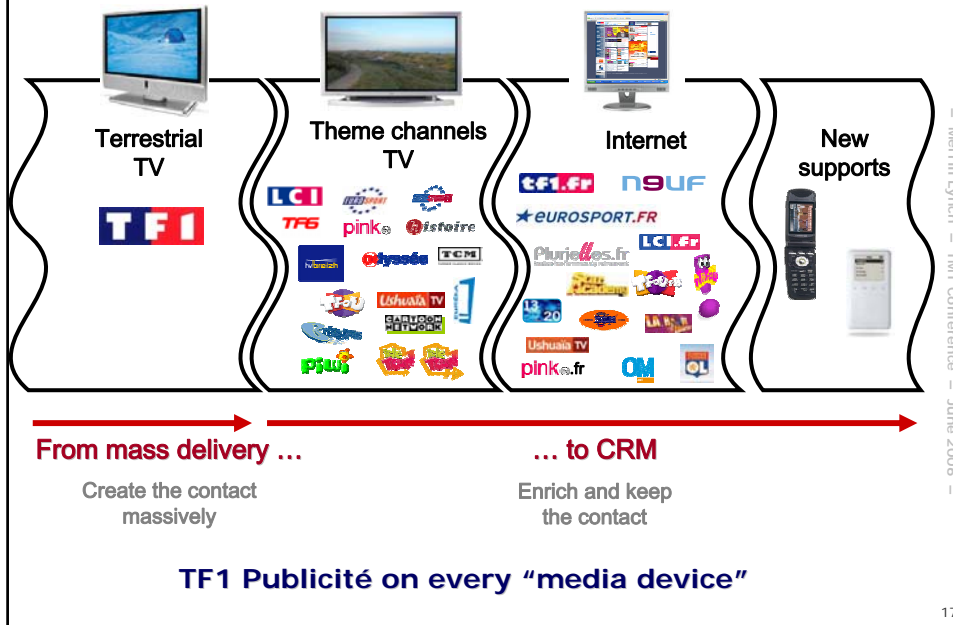


Merrill Lynch - TMT Conference - June 2006

Source Médiamétrie - 2005 - TF1 commercial audience in comparison with competitors (France 2 - France 3- Canal + - M6)

16

TF1 Publicité, the multimedia agency



A new growth opportunity: European advertising deregulation

- From 60' sequential hour to the o'clock hour
 - Additional ad breaks (in TV dramas, movies....)
 - Advertising limit : 20% per hour
 - Opening of TV advertising to forbidden sectors (for ex : cinema)
- Vertical text on the right side: - Merrill Lynch - TMT Conference - June 2006 -
- Page number: 18



Introduction

TF1 Group's Channels

Advertising

Strategy




TF1 Group *after TPS*: tomorrow

Revenue (€M)	2005		2008
TPS*	365		0
Thematic channels**	318	<u>Cagr + 8% / y</u> →	400
Other activities	475	<u>Cagr + 8% / y</u> →	600
New Developments	0		250
Total	1,158		1,250

* IFRS 5 impact

** France (excl. adv) + Eurosport International

TF1 Group after TPS: profitability

Operating profitability	2005	2008
TF1 Channel	16%	
TPS *	4.7%	
Other activities excl. TPS	10.7%	
New developments	0%	
Total other activities	8.9%	~ 10% 
TF1 Group	12.9%	

* IFRS 5 impact

Merrill Lynch – TMT Conference – June 2006

21

An ongoing growth of the core business

2005 key figures*

Revenue: €292.7 M
Operating profit : €31.8 M



A strategy of expansion

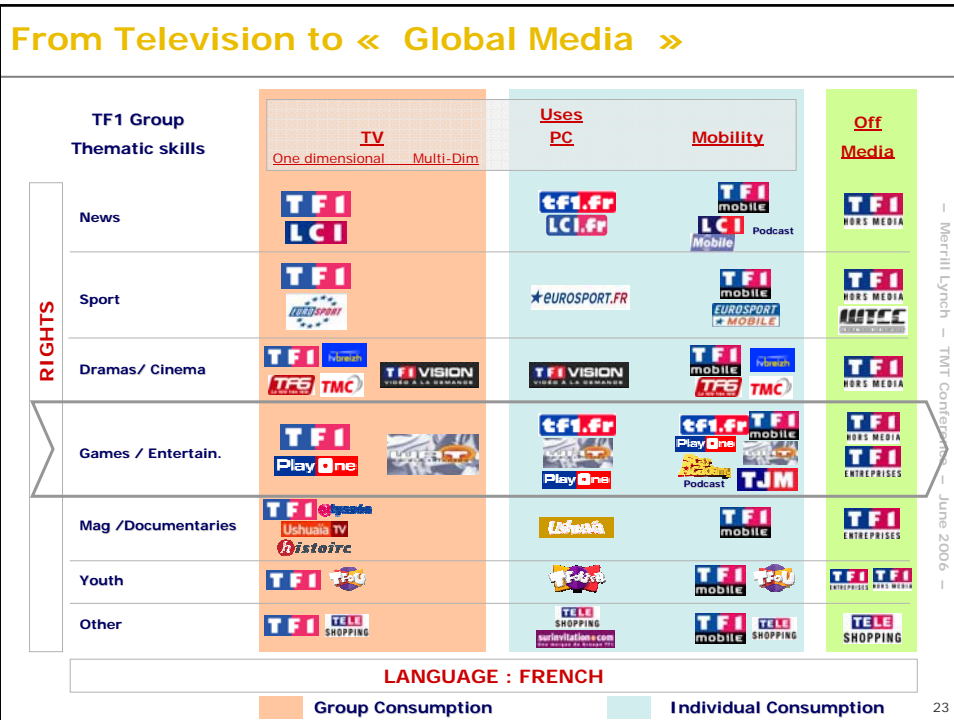
- ✓ **Geographical**
 - Launch of Eurosport in Asia/Pacific
- ✓ **Technological**
 - Broadcast of the Eurosport channel in HD
- ✓ **Linguistic**
 - Launch of new versions
- ✓ **Of the products offer**
 - Development of the portfolio of events organized by Eurosport
 - Development of Eurosport Group on mobile and Internet
- ✓ **Of the brand**



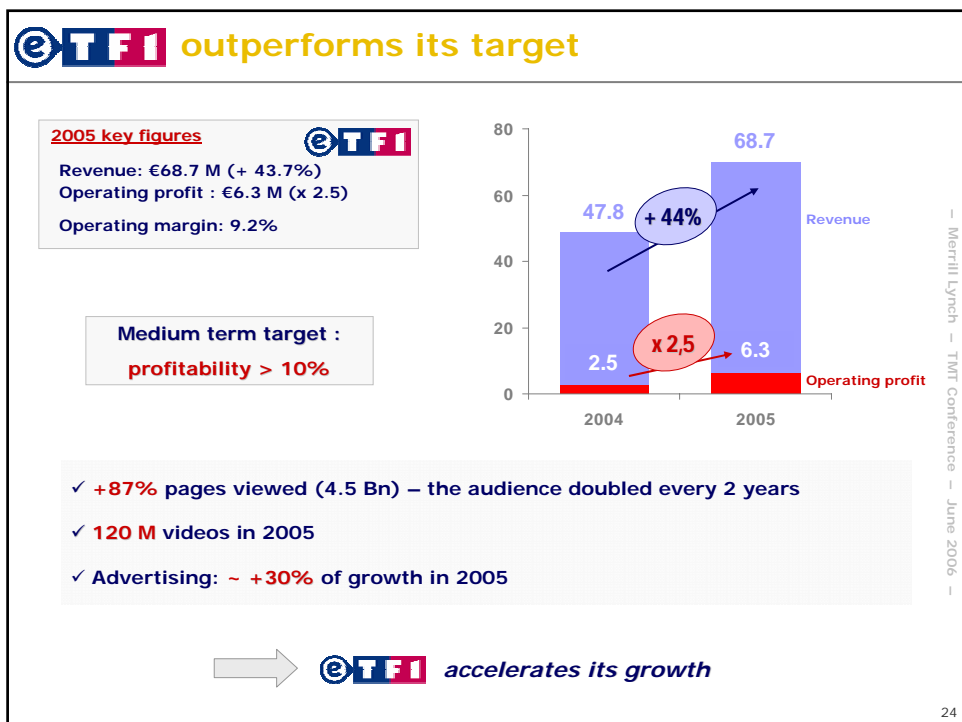
Merrill Lynch – TMT Conference – June 2006

* Contribution to TF1 Group consolidated Profit and Loss account

22



23



24

New media: a growth accelerator for the Group

Take opportunities on high speed Internet (fixed, mobile)

Development of  reached through a strategy of alliances and partnerships

- Agreement with  (N°1 alternative ISP in France)

- Creation of  with 

— Merrill Lynch — TMT Conference — June 2006 —

25

New Media : growth accelerator for the Group

Take opportunities on fast Internet (fixed, mobile)

Development of new multi-device contents

1st project (Games) : PlayOne

- Concept : games available on every device



2nd project (Community) : WAT (We Are Talented)

- Concept : Package audio and video contents from and for net surfers in order to create a brand and a community



— Merrill Lynch — TMT Conference — June 2006 —

* Temporary name

26

Bouygues Telecom and TF1 launch a new offer



- A natural partnership between
 - A **Telecom operator** recognised for its innovative capacity 
 - And a **major content provider** for mobile telephony 
- A innovative and **attractive** voice and data offer
- An original market positioning
- A 5 years agreement
- Launched in **May 2006**
- Target: **300,000** subscribers over the first year

Conclusion

TF1 Group Strategy

- **Consolidating leadership in programs editing in France and abroad**
- **Developing TF1 brands' consumption on every "media" devices**
- **Adapting and creating programs and services to new technologies**

Notes



 London - June 2006

Programming Costs *

€M	2005	2004	Δ / 04 €M
Entertainment	272.9	275.9	- 3.0
TV drama & series	270.6	217.1	+ 53.5
Sport	117.2	146.7	- 29.5
News	116.6	116.0	+ 0.6
Movies	118.1	113.2	+ 4.9
Youth	24.0	24.3	- 0.3
Total programming costs	919.4	893.2	+ 26.2
			2005 change : + 2.9%

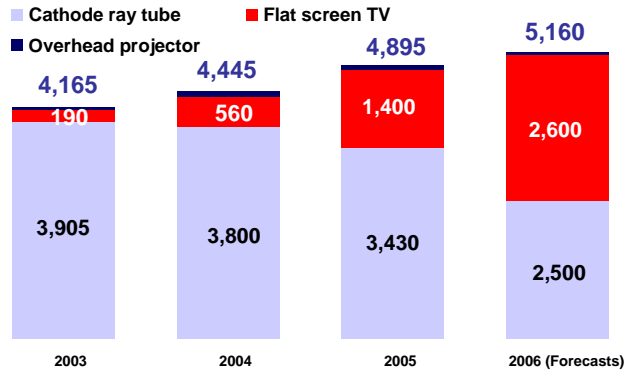
* incl. retired and expired rights

30

— Merrill Lynch — TMT Conference — June 2006 —

New households' equipment stimulates TV consumption

TV SET MARKET : SALES FORECASTS
IN VOLUME (in thousands of products)



- A fast growing market (+10% 2005 vs. 2004) supported by the dynamism of flat screen sales.
- 2006 : flat screen sales will overtake other screens sales.
- This enthusiasm for new technologies creates strong expectations of TV consumption in outstanding conditions (sound and picture).

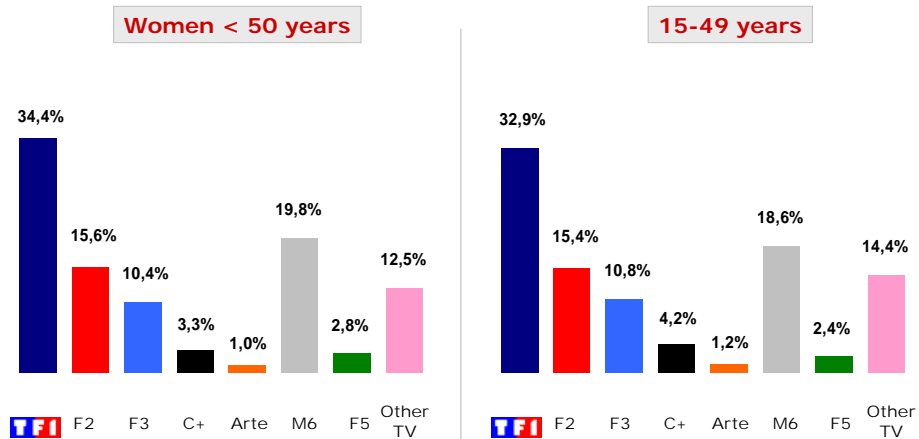
Source : GFK

31

Merrill Lynch - TMT Conference - June 2006

A strong audience share on key targets

January – April 2006



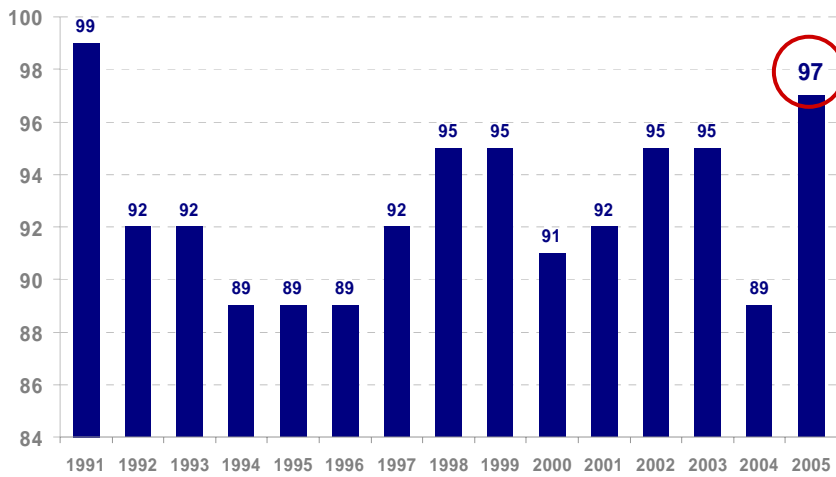
Source : Médiamétrie Jan-Apr 2006

32

Merrill Lynch - TMT Conference - June 2006

TF1 : always higher !

97 programmes of TF1 in the 100 best audiences (2005 - Individuals aged 4 and +)



Best top 100 for TF1 since 1991

Source : Médiamétrie / Individuals aged 4 and above / 2005

Merrill Lynch - TMT Conference - June 2006

33



N°1 pan-European channel

A "must have" channel

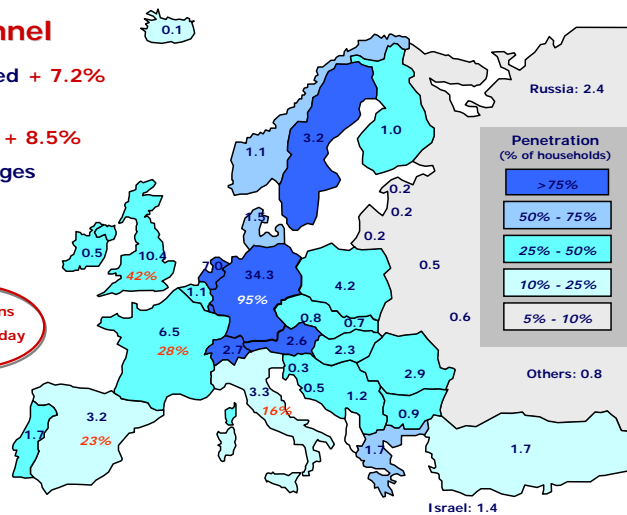
105 M households reached + 7.2%
best growth since 1996

56 M paying subs + 8.5%

54 countries / 19 languages

French
German
English
Dutch
Spanish
Portuguese
Italian
Greek
Swedish
Norwegian
Danish
Finnish
Polish
Russian
Turkish
Hungarian
Czech
Romanian
Bulgarian

21 millions
viewers / day



H1 2006 : launch of the Serbian version

Eurosport is available in mother tongue for 85% of the households.

34

Expanding eTF1's audience

Agreement between **n9UF** and **TF1**

2004 key figures



- 3.3 M residential customers



The N°1 alternative high speed Internet Provider in France works with :

eTF1 for the edition

TF1 PUBLICITE for the advertising agency

The **eTF1 n9UF** universe will enter the **top 10** of French websites

A reach which will boost advertising revenue.

— Merrill Lynch — TMT Conference — June 2006 —

35



- **The promise :**

« I play, I win »

- **The concept :**

A general vision of the game...
...delivered on every device

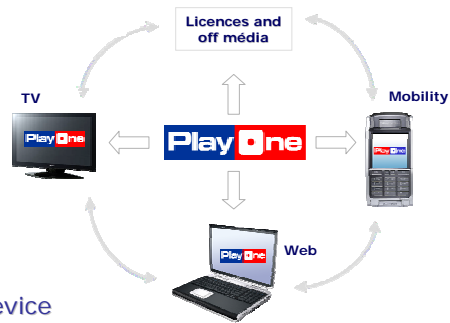
→ « *Playing everywhere at anytime* »

- **The stake :**

Develop a “cross” brand for game for TF1 Group



Becoming a multimedia game leader in 3 years time



— Merrill Lynch — TMT Conference — June 2006 —

36

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 => Beginning 2006

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

MPEG 4

TPS DTT offer: €24.90* /month => Mid Feb 2006

- > All FTA channels
- > 5 paying channels : TPS Star, Eurosport, LCI, TF6, Paris Première



* Including the rental of the set top box

TF1 - TMT Conference



London - June 2006