

# TF1 GROUP

## CONSOLIDATED FINANCIAL STATEMENTS

**31 DECEMBER 2018**

The consolidated financial statements of the TF1 group for the year ended 31 December 2018 should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2017 and 31 December 2016, prepared in accordance with international financial reporting standards, as presented in the 2017 French-language *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on 8 March 2018 under reference number D.18-0113. An English-language version of the audited consolidated financial statements for the year ended 31 December 2017 is included in the TF1 2017 Registration Document, available on the TF1 corporate website at: <https://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels>.

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

## CONSOLIDATED INCOME STATEMENT

(€m)	Note	Full year 2018	Full year 2017 <sup>(1)</sup>
Advertising revenue		1,662.2	1,565.7
Other revenue		626.1	566.7
<b>Revenue</b>	5.1	<b>2,288.3</b>	<b>2,132.4</b>
Other income from operations		44.7	43.1
Purchases consumed and changes in inventory	5.2	(957.7)	(877.1)
Staff costs	5.3	(470.7)	(453.2)
External expenses	5.4	(416.5)	(398.7)
Taxes other than income taxes	5.5	(132.7)	(131.2)
Depreciation and amortisation, net		(213.0)	(173.2)
Provisions and impairment, net		(70.6)	(53.7)
Other current operating income	5.6	253.5	244.2
Other current operating expenses	5.6	(129.6)	(146.9)
<b>Current operating profit/(loss)</b>		<b>195.7</b>	<b>185.7</b>
Non-current operating income		-	-
Non-current operating expenses	5.7	(22.0)	(23.3)
<b>Operating profit/(loss)</b>		<b>173.7</b>	<b>162.4</b>
Income associated with net debt		0.2	0.2
Expenses associated with net debt		(2.2)	(1.7)
<b>Cost of net debt</b>	5.8	<b>(2.0)</b>	<b>(1.5)</b>
Other financial income	5.9	7.0	15.8
Other financial expenses	5.9	(2.1)	(9.5)
Income tax expense	5.11	(48.3)	(44.8)
Share of profits/(losses) of joint ventures and associates		0.2	14.2
<b>Net profit/(loss) from continuing operations</b>		<b>128.5</b>	<b>136.6</b>
<b>Net profit/(loss) from discontinued or held-for-sale operations</b>		<b>-</b>	<b>-</b>
<b>Net profit/(loss)</b>		<b>128.5</b>	<b>136.6</b>
<b>attributable to the Group:</b>		<b>127.9</b>	<b>136.3</b>
<i>Net profit/(loss) from continuing operations</i>		<i>127.9</i>	<i>136.3</i>
<b>attributable to non-controlling interests:</b>		<b>0.6</b>	<b>0.3</b>
<i>Net profit/(loss) from continuing operations</i>		<i>0.6</i>	<i>0.3</i>
Weighted average number of shares outstanding (in '000)		209,891	209,664
Basic earnings per share from continuing operations (€)	7.4.2	0.61	0.65
Diluted earnings per share from continuing operations (€)	7.4.2	0.61	0.65
Basic earnings per share from held-for-sale operations (€)		-	-
Diluted earnings per share from held-for-sale operations (€)		-	-

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15.

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	Full year 2018	Full year 2017 <sup>(1)</sup>
<b>Consolidated net profit/(loss) for period</b>	<b>128.5</b>	<b>136.6</b>
<b>Items not reclassifiable to profit or loss</b>		
Actuarial gains and losses on employee benefits	(3.8)	(1.2)
Net change in fair value of equity instruments	(7.4)	
Net tax effect of equity items not reclassifiable to profit or loss	1.0	(1.0)
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity		
<b>Items reclassifiable to profit or loss</b>		
Remeasurement of hedging instruments <sup>(2)</sup>	6.6	(6.5)
Remeasurement of available-for-sale financial assets		
Change in cumulative translation adjustment of controlled entities	0.6	
Net tax effect of equity items reclassifiable to profit or loss	(2.3)	2.2
Share of reclassifiable income and expense of joint ventures and associates recognised in equity		
<b>Income and expense recognised directly in equity</b>	<b>(5.3)</b>	<b>(6.5)</b>
<b>Total recognised income and expense</b>	<b>123.2</b>	<b>130.1</b>
<i>attributable to the Group</i>	122.6	129.8
<i>attributable to non-controlling interests</i>	0.6	0.3

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15.

<sup>(2)</sup> Includes amounts reclassified to profit or loss: -€7.8 million in 2018, -€4.1 million in 2017.

## CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	Full year 2018	Full year 2017 <sup>(1)</sup>
Net profit/(loss) from continuing operations (including non-controlling interests)		128.5	136.6
Depreciation, amortisation, provisions & impairment (excluding current assets)	6.2.1	279.5	231.8
Net (gain)/loss on asset disposals		(1.3)	7.0
Share of (profits)/losses and dividends of joint ventures and associates		1.0	(12.9)
Other non-cash income and expenses	6.2.2	(44.4)	(36.5)
<b>Sub-total</b>		<b>363.3</b>	<b>326.0</b>
Cost of net debt		2.0	1.5
Income tax expense (including deferred taxes)		48.3	44.8
<b>Operating cash flow</b>		<b>413.6</b>	<b>372.3</b>
Income taxes (paid)/reimbursed		(67.3)	(21.2)
Change in operating working capital needs	6.2.3	16.9	(82.0)
<b>Net cash generated by/(used in) operating activities</b>		<b>363.2</b>	<b>269.1</b>
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(212.4)	(189.7)
Cash inflows from disposals of property, plant & equipment and intangible assets		2.0	0.9
Cash outflows on acquisitions of financial assets		(2.4)	(35.0)
Cash inflows from disposals of financial assets		5.7	9.2
Effect of changes in scope of consolidation	6.3.1	(261.3)	66.8
<i>Purchase price of investments in consolidated activities</i>		(326.4)	(32.6)
<i>Proceeds from disposals of consolidated activities</i>		1.5	90.5
<i>Net liabilities related to consolidated activities</i>		-	-
<i>Other cash effects of changes in scope of consolidation</i>		63.6	8.9
Dividends received		0.1	0.1
Other cash flows from investing activities		(0.4)	(2.2)
<b>Net cash generated by/(used in) investing activities</b>		<b>(468.7)</b>	<b>(149.9)</b>
Cash received on exercise of stock options		0.4	3.0
Purchases and sales of treasury shares		-	-
Other transactions between shareholders		(182.0)	(3.0)
Dividends paid during the period	7.4.4	(73.5)	(58.6)
Cash inflows from new debt contracted		-	42.8
Repayment of debt (including finance leases)		(22.0)	(25.7)
Net interest paid (including finance leases)		(2.1)	(1.5)
<b>Net cash generated by/(used in) financing activities</b>		<b>(279.2)</b>	<b>(43.0)</b>
<b>Impact of exchange rate movements</b>		<b>0.2</b>	
<b>CHANGE IN CASH POSITION – CONTINUING OPERATIONS</b>		<b>(384.5)</b>	<b>76.2</b>
<b>Cash position at start of period</b>		<b>495.5</b>	<b>419.3</b>
Change in cash position		(384.5)	76.2
<b>Cash position at end of period</b>		<b>111.0</b>	<b>495.5</b>

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15.

## CONSOLIDATED BALANCE SHEET

ASSETS (€m)	Note	31/12/2018	31/12/2017 <sup>(1)</sup>
<b>Goodwill</b>	7.3.1	<b>817.1</b>	<b>580.4</b>
<b>Intangible assets</b>		<b>287.3</b>	<b>234.6</b>
Audiovisual rights	7.1.1	144.2	170.8
Other intangible assets	7.3.2	143.1	63.8
<b>Property, plant and equipment</b>	7.3.3	<b>191.5</b>	<b>177.2</b>
<b>Investments in joint ventures and associates</b>	7.3.4	<b>20.8</b>	<b>22.2</b>
<b>Non-current financial assets</b>	7.3.5	<b>40.5</b>	<b>54.5</b>
<b>Non-current tax assets</b>		-	-
<b>Total non-current assets</b>		<b>1,357.2</b>	<b>1,068.9</b>
<b>Inventories</b>		<b>520.9</b>	<b>615.9</b>
Programmes and broadcasting rights	7.1.2	505.8	597.8
Other inventories		15.1	18.1
<b>Trade and other debtors</b>	7.2.1	<b>1,141.9</b>	<b>1,203.2</b>
<b>Current tax assets</b>		<b>17.6</b>	<b>13.0</b>
<b>Other current financial assets</b>		<b>2.2</b>	-
<b>Cash and cash equivalents</b>	7.5.1	<b>117.3</b>	<b>495.8</b>
<b>Total current assets</b>		<b>1,799.9</b>	<b>2,327.9</b>
<b>TOTAL ASSETS</b>		<b>3,157.1</b>	<b>3,396.8</b>
<b>Net surplus cash (+) / Net debt (-)</b>		<b>(27.5)</b>	<b>256.7</b>

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15 and IFRS 9.

## CONSOLIDATED BALANCE SHEET (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Note	31/12/2018	31/12/2017 <sup>(1)</sup>
Share capital	7.4.1	42.0	42.0
Share premium and reserves		1,406.1	1,409.2
Net profit/(loss) for the period attributable to the Group		127.9	136.3
<b>Shareholders' equity attributable to the Group</b>		<b>1,576.0</b>	<b>1,587.5</b>
Non-controlling interests		2.6	(0.1)
<b>Total shareholders' equity</b>		<b>1,578.6</b>	<b>1,587.4</b>
<b>Non-current debt</b>	7.5.1	<b>126.9</b>	<b>232.6</b>
<b>Non-current provisions</b>	7.3.6	<b>41.1</b>	<b>38.8</b>
<b>Non-current tax liabilities</b>	5.11	<b>45.4</b>	<b>39.6</b>
<b>Total non-current liabilities</b>		<b>213.4</b>	<b>311.0</b>
<b>Current debt</b>	7.5.1	<b>17.9</b>	<b>6.5</b>
<b>Trade and other creditors</b>	7.2.2	<b>1,327.0</b>	<b>1,467.8</b>
<b>Current provisions</b>	7.2.3	<b>20.2</b>	<b>16.5</b>
<b>Current tax liabilities</b>		-	-
<b>Other current financial liabilities</b>		-	7.6
<b>Total current liabilities</b>		<b>1,365.1</b>	<b>1,498.4</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>3,157.1</b>	<b>3,396.8</b>

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15 and IFRS 9.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Treasury shares	Reserves	Translation reserve	Income & expense recognised directly in equity	Shareholders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
<b>BALANCE: 31/12/2016</b>	<b>41.9</b>	<b>13.5</b>	-	<b>1,447.9</b>	-	<b>(9.9)</b>	<b>1,493.4</b>	<b>(0.8)</b>	<b>1,492.6</b>
Impact of IFRS 15 on opening equity <sup>(1)</sup>	-	-	-	(0.7)	-	-	<b>(0.7)</b>	-	<b>(0.7)</b>
<b>BALANCE: 31/12/2016 RESTATED</b>	<b>41.9</b>	<b>13.5</b>	-	<b>1,447.2</b>	-	<b>(9.9)</b>	<b>1,492.7</b>	<b>(0.8)</b>	<b>1,491.9</b>
Capital increase (stock options exercised)	0.1	2.9	-	-	-	-	<b>3.0</b>	-	<b>3.0</b>
Share-based payment	-	-	-	5.1	-	-	<b>5.1</b>	-	<b>5.1</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(58.6)	-	-	<b>(58.6)</b>	-	<b>(58.6)</b>
Other transactions with shareholders	-	-	-	17.1	-	-	<b>17.1</b>	0.3	<b>17.4</b>
<b>Total transactions with shareholders</b>	<b>0.1</b>	<b>2.9</b>	-	<b>(36.4)</b>	-	-	<b>(33.4)</b>	<b>0.3</b>	<b>(33.1)</b>
<b>Consolidated net profit/(loss) for period</b>	-	-	-	<b>136.3</b>	-	-	<b>136.3</b>	<b>0.3</b>	<b>136.6</b>
<b>Income and expense recognised directly in equity</b>	-	-	-	-	-	<b>(6.5)</b>	<b>(6.5)</b>	-	<b>(6.5)</b>
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(1.6)	-	-	<b>(1.6)</b>	0.1	<b>(1.5)</b>
<b>BALANCE: 31/12/2017 RESTATED</b>	<b>42.0</b>	<b>16.4</b>	-	<b>1,545.5</b>	-	<b>(16.4)</b>	<b>1,587.5</b>	<b>(0.1)</b>	<b>1,587.4</b>

(€m)	Share capital	Share premium	Treasury shares	Reserves	Translation reserve	Income & expense recognised directly in equity	Shareholders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
<b>BALANCE: 31/12/2017</b>	<b>42.0</b>	<b>16.4</b>	-	<b>1,539.9</b>	-	<b>(16.4)</b>	<b>1,581.9</b>	<b>(0.1)</b>	<b>1,581.8</b>
Impact of IFRS 15 on opening equity <sup>(1)</sup>	-	-	-	(0.5)	-	-	<b>(0.5)</b>	-	<b>(0.5)</b>
Impact of IFRS 9 on opening equity <sup>(2)</sup>	-	-	-	6.1	-	-	<b>6.1</b>	-	<b>6.1</b>
<b>BALANCE: 31/12/2017 RESTATED</b>	<b>42.0</b>	<b>16.4</b>	-	<b>1,545.5</b>	-	<b>(16.4)</b>	<b>1,587.5</b>	<b>(0.1)</b>	<b>1,587.4</b>
Capital increase (stock options exercised)	-	0.4	-	-	-	-	<b>0.4</b>	-	<b>0.4</b>
Share-based payment	-	-	-	4.3	-	-	<b>4.3</b>	-	<b>4.3</b>
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(73.5)	-	-	<b>(73.5)</b>	-	<b>(73.5)</b>
Other transactions with shareholders	-	-	-	(67.9)	-	-	<b>(67.9)</b>	1.6	<b>(66.3)</b>
<b>Total transactions with shareholders</b>	-	<b>0.4</b>	-	<b>(137.1)</b>	-	-	<b>(136.7)</b>	<b>1.6</b>	<b>(135.1)</b>
<b>Consolidated net profit/(loss) for period</b>	-	-	-	<b>127.9</b>	-	-	<b>127.9</b>	<b>0.6</b>	<b>128.5</b>
<b>Income and expense recognised directly in equity</b>	-	-	-	-	-	<b>(5.3)</b>	<b>(5.3)</b>	-	<b>(5.3)</b>
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	2.6	-	-	<b>2.6</b>	0.5	<b>3.1</b>
<b>BALANCE: 31/12/2018</b>	<b>42.0</b>	<b>16.8</b>	-	<b>1,538.9</b>	-	<b>(21.7)</b>	<b>1,576.0</b>	<b>2.6</b>	<b>1,578.6</b>

<sup>(1)</sup> Impact of IFRS 15, applied by the Group as of 1 January 2018 with retrospective effect from end 2016 (see Notes 2.2.1 & 2.6.1).

<sup>(2)</sup> Impact of IFRS 9, applied by the Group as of 1 January 2018 with retrospective effect from end 2017 (see Notes 2.2.1, 2.6.1. & 2.6.2).

Refer to Note 7-4, "Consolidated shareholders' equity", for an analysis of these changes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Significant events of 2018

### 1-1. Acquisition of the aufeminin group

On 27 April 2018, having obtained the necessary clearances from all the relevant authorities, the TF1 group and Axel Springer completed the acquisition by the TF1 group of Axel Springer's majority equity interest in the aufeminin group (78.07% of the capital and 77.94% of the voting rights) at a price of €39.47 per aufeminin share. The TF1 group thereby obtained control over the aufeminin group, which is fully consolidated with effect from 27 April 2018. Subsequently, the TF1 group continued its policy of increasing its stake in the aufeminin group, firstly through a public tender offer launched on 14 June 2018 and completed on 4 July 2018, and secondly through a squeeze-out procedure launched on 19 October 2018 and completed on 1 November 2018, such that by the end of the reporting period TF1 had a 100% equity interest in the aufeminin group.

The aufeminin group generated revenue of €113 million and an operating profit of €12 million in its financial year ended 31 December 2017.

For further information, refer to Note 3 ("Changes in scope of consolidation").

### 1-2. Buyout of non-controlling interests in Newen

On 5 April 2018 the TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1, signed an agreement with a view to the acquisition by TF1 of the remaining 30% of the share capital and voting rights, which would give TF1 100% of Newen Studios.

Following clearance of the agreement from the French Competition Authority on 3 July 2018, the TF1 group completed the transaction on 5 July 2018, giving TF1 100% of the shares and voting rights of Newen Studios as of that date.

The transaction was accounted for as a transaction between shareholders in the 2018 third-quarter financial statements, and resulted in settlement of the liability for the commitment to the non-controlling shareholders carried in the TF1 balance sheet as of 30 June 2018 (see Note 7-5-1, "Net debt").

### 1-3. New segmental reporting structure

Following the acquisition of the aufeminin group as part of the TF1 group's digital investment strategy, the TF1 group's operations are with effect from 1 April 2018 split into three operating segments:

- Broadcasting;
- Studios & Entertainment;
- Digital (renamed Unify at the start of January 2019).

For a definition of those segments, refer to Note 4 ("Operating segments").

The comparative financial statements have not been restated because the effect of reclassifying the Group's existing consolidated operations is not material.

## 2 Accounting principles and policies

### **Accounting policies**

The financial statements have been prepared on a going concern basis.

Accounting policies are described in text boxes at the start of the relevant notes to the financial statements.

## **2-1. Declaration of compliance and basis of preparation**

The consolidated financial statements of the TF1 group for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of 19 July 2002.

They include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They also take account of recommendation no. 2016-01 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 2 December 2016.

The consolidated financial statements are presented in millions of euros.

They were closed off by the Board of Directors on 14 February 2019, and will be submitted for shareholder approval at the Annual General Meeting on 18 April 2019.

## **2-2. New and amended IFRS accounting standards and interpretations**

### **2-2-1. Principal new IFRS standards mandatorily applicable from 1 January 2018**

In preparing its consolidated financial statements for the year ended 31 December 2018, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2017, plus the new standards applicable from 1 January 2018.

The principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2018 are:

#### **✓ IFRS 9 - Financial Instruments**

On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018.

The TF1 group did not elect early adoption of IFRS 9.

The Group has applied the IFRS 9 rules on recognition of credit risk and on classification, measurement and impairment of financial instruments retrospectively with effect from 1 January 2018, with no adjustments to comparatives on first-time application. The hedge accounting rules have also been applied with effect from 1 January 2018, using a prospective approach in accordance with IFRS 9.

The impact of IFRS 9 on the TF1 group financial statements is immaterial (less than €2 million).

#### **✓ IFRS 15 - Revenue from Contracts with Customers**

On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 11 and IAS 18. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The TF1 group did not elect early adoption of IFRS 15. The Group applied IFRS 15 retrospectively as of 1 January 2018, and the 2017 comparatives presented in 2018 have been restated to reflect the impacts of the new standard.

Within the TF1 group, the effects on (i) distribution contracts and (ii) the date of recognition of revenue generated by rights sales (especially TV and SVoD) are not material.

The impacts of applying IFRS 15 on the balance sheet as of 31 December 2016, the interim periods of 2017 and the year ended 31 December 2017 are presented in Note 2-5.

## **2-2-2. New IFRS standards and interpretation mandatorily applicable from 1 January 2019**

### **✓ IFRS 16: Leases**

On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. The new standard, which was endorsed by the European Union on 31 October 2017, is applicable from 1 January 2019. The TF1 group did not elect early adoption of IFRS 16, and has assessed the consequences of applying it. The impacts of applying IFRS 16 on the balance sheet as of 31 December 2017, the interim periods of 2018 and the year ended 31 December 2018 are presented in Note 2-6.

### **✓ IFRIC 23: Uncertainty Over Income Tax Treatments**

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which is mandatorily applicable from 1 January 2019 and was endorsed by the European Union on 23 October 2018. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The TF1 group has not elected early adoption of IFRIC 23. The impact of applying IFRIC 23 as of 1 January 2019 is immaterial.

## **2-3. Changes in accounting policy**

The TF1 group did not make any changes in accounting policy in 2018 other than those described in Note 2-2-1.

## **2-4. Exercise of judgement and use of estimates**

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments. In addition, the Group uses estimates and assumptions, regarded as realistic and reasonable, for the remeasurement of assets, liabilities, income and expenses; those estimates and assumptions may have a material impact on the amounts reported in the financial statements. Subsequent events or circumstances may result in changes to those estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

Accounting policies applied to balance sheet items that require the use of estimates are indicated in the relevant notes to the financial statements. Estimates are used in particular for goodwill (see Note 7-3-1), audiovisual and broadcasting rights (see Note 7-1), revenue recognition (see Note 5-1), deferred taxation (see Note 5-11), and retirement benefit obligations (see Note 7-3-6).

## **2-5. Impact of first-time application of IFRS 15 on the opening balance sheet and the income statement**

The TF1 group applied IFRS 15 for the first time in 2018, with the comparatives presented for the 2017 financial year restated to reflect the adjustments described below.

The first-time application of IFRS 15 had a negative impact of €0.7 million on opening shareholders' equity as of 1 January 2017; this is reflected in the 2017 comparatives as presented in the 2018 financial statements. The quarter-by-quarter impacts of the first-time application of IFRS 15 on the TF1 group's revenue and net profit comparatives for 2017 are summarised below:

(€m)		Impact on revenue		
Period	Distribution contracts	Rights sales	TOTAL	
Q1 2017	1.1	3.4	4.5	
Q2 2017	1.5	0.1	1.6	
Q3 2017	0.8	1.0	1.8	
Q4 2017	1.8	- 2.2	- 0.4	
<b>Full year 2017</b>	5.2	2.3	7.5	

(€m)		Impact on net profit		
Period	Distribution contracts	Rights sales	TOTAL	
Q1 2017	-	0.3	0.3	
Q2 2017	-	- 0.1	- 0.1	
Q3 2017	-	0.3	0.3	
Q4 2017	-	- 0.3	- 0.3	
<b>Full year 2017</b>	-	0.2	0.2	

## 2-6. Impact of first-time application of IFRS 16 on the opening balance sheet and the income statement

This note presents the effects of first-time application of IFRS 16 on the consolidated financial statements and key performance indicators of the TF1 group for 2018.

The Group has elected to use the practical expedients permitted by the standard, and to exclude leases with a term of less than twelve months and leases relating to assets of less than €5,000. The Group has also elected to account for each lease component within a contract as a distinct lease, separately from the non-lease (service) components of the contract.

As permitted by IFRS 16, TF1 has elected not to apply the standard to leases of intangible assets.

The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation in respect of property leases. The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of French property leases, the lease term is generally nine years.

IFRS 16 has the effect of reducing consolidated shareholders' equity as of 31 December 2017 by €2.7 million, net of deferred taxes.

## 2-6-1. Impacts on the income statement and balance sheet

(€m)	FY 2017	Q1 2018	H1 2018	9M 2018	FY 2018
External expenses (restatement of lease expense)		4.5	9.4	14.6	20.0
Depreciation		(3.8)	(7.9)	(12.3)	(17.0)
<b>Current operating profit – IFRS 16 impact</b>	<b>-</b>	<b>0.7</b>	<b>1.5</b>	<b>2.3</b>	<b>3.0</b>
Financial expenses		(1.0)	(2.0)	(3.0)	(4.0)
<b>Net debt – IFRS 16 impact</b>	<b>-</b>	<b>(1.0)</b>	<b>(2.0)</b>	<b>(3.0)</b>	<b>(4.0)</b>
Deferred taxes		0.1	0.2	0.2	0.3
<b>Net profit – IFRS 16 impact</b>	<b>-</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>(0.7)</b>

(€m)	FY 2017	Q1 2018	H1 2018	9M 2018	FY 2018
<b>ASSETS</b>					
Non-current assets – IFRS 16 right-of-use asset (gross value)	142.8	142.9	152.2	152.3	158.4
Non-current assets – IFRS 16 right-of-use asset (depreciation)	(39.9)	(43.7)	(51.0)	(55.4)	(60.1)
<b>Non-current assets – impact of IFRS 16</b>	<b>102.9</b>	<b>99.2</b>	<b>101.2</b>	<b>96.9</b>	<b>98.3</b>
<b>TOTAL ASSETS – IMPACT OF IFRS 16</b>	<b>102.9</b>	<b>99.2</b>	<b>101.2</b>	<b>96.9</b>	<b>98.3</b>

EQUITY AND LIABILITIES	FY 2017	Q1 2018	H1 2018	9M 2018	FY 2018
Reserves	(2.7)	(2.7)	(2.8)	(2.8)	(2.8)
Net profit for the period		(0.2)	(0.3)	(0.5)	(0.6)
<b>Shareholders' equity – impact of IFRS 16</b>	<b>(2.7)</b>	<b>(2.9)</b>	<b>(3.1)</b>	<b>(3.3)</b>	<b>(3.4)</b>
Non-current liabilities	92.6	88.9	88.9	84.7	84.8
Deferred tax liabilities	(1.4)	(1.5)	(1.7)	(1.7)	(1.8)
<b>Non-current liabilities – impact of IFRS 16</b>	<b>91.2</b>	<b>87.4</b>	<b>87.2</b>	<b>83.0</b>	<b>83.0</b>
Current debt	14.4	14.7	17.1	17.2	18.7
<b>Current liabilities – impact of IFRS 16</b>	<b>14.4</b>	<b>14.7</b>	<b>17.1</b>	<b>17.2</b>	<b>18.7</b>
<b>TOTAL EQUITY AND LIABILITIES – IMPACT OF IFRS 16</b>	<b>102.9</b>	<b>99.2</b>	<b>101.2</b>	<b>96.9</b>	<b>98.3</b>

### 3 Scope of consolidation: significant changes and held-for-sale operations

#### **Accounting policy: business combinations, divestments and goodwill**

Business combinations are accounted for using the acquisition method in accordance with IFRS 3.

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, subject to the exceptions specified in IFRS 3 (such as deferred taxes).

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. For each business combination, the Group can elect to account for non-controlling interests:

- at fair value (full goodwill method); or
- at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets (partial goodwill method), with the difference treated as an adjustment to the goodwill arising on the acquisition.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss or in other comprehensive income. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to the provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill (i.e. gain from a bargain purchase).

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in Note 7-3-1. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

In the event of a partial sale of the component operations of a CGU, or if a CGU is split up, the TF1 group usually allocates the goodwill of the CGU in proportion to the relative values (as defined in the IFRS 13 hierarchy of valuation methods, see Note 7-3-5) of the divested, retained or split operations at the sale/split date, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with paragraph 86 of

IAS 36.

The consolidated financial statements of the TF1 group for the year ended 31 December 2018 include the financial statements of the companies listed in Note 9-5.

### 3-1. Significant changes in scope of consolidation in 2018

#### ✓ Acquisition of control over the aufeminin group

Having obtained the necessary clearances from the relevant authorities, the TF1 group obtained exclusive control over the aufeminin group on 27 April 2018 by acquiring 78.07% of its capital and 77.94% of its voting rights. The aufeminin group was fully consolidated in the TF1 group financial statements with effect from 30 April 2018 based on a 78.74% equity interest (including a commitment by the Group to buy out a further 0.67% interest).

The acquisition was made at a price of €39.47 per share, giving a total purchase consideration of €294.1 million.

The TF1 group then continued its policy of increasing its stake in the aufeminin group, firstly through a public tender offer launched on 14 June 2018 and completed on 4 July 2018, and secondly through a squeeze-out procedure launched on 19 October 2018 and completed on 1 November 2018, giving TF1 a 100% interest.

As of 31 December 2018, the aufeminin group is consolidated by TF1 on the basis of a 100% equity interest.

The acquisition generated partial goodwill provisionally measured at €203.9 million pending completion of the purchase price allocation, which is being conducted with assistance from an independent expert. The main assets remeasured in connection with the acquisition are brands and customer relationships (see Note 7-3-2), and the associated deferred taxes (see Note 5-11-2).

The total amount of acquisition-related costs recognised for this transaction in 2017 and 2018 was approximately €5 million.

Following the acquisition of the aufeminin group, the TF1 group changed its segmental reporting structure, and since 30 June 2018 has reported a new "Digital" operating segment (renamed Unify at the start of 2019), mainly comprising the aufeminin group (see Note 4, "Operating segments").

#### ✓ Acquisition of control over the Gammed group

On 9 November 2018, the TF1 group obtained control of the online advertising sales house Gammed by acquiring 60% of its capital and voting rights.

The entities of the Gammed group are fully consolidated with effect from 1 November 2018, within the Digital segment. Provisional partial goodwill of €11.2 million has been recognised on this acquisition, pending the final purchase price allocation.

The acquisition was accompanied by the signature of a shareholder agreement giving the non-controlling shareholders an option to sell their 40% equity interest to TF1 in three stages between 2019 and 2022. The fair value of this commitment was determined on the basis of the company's acquisition business plan and recognised as a financial liability, with a corresponding amount deducted from shareholders' equity.

#### ✓ Acquisition of control over Doctissimo

On 10 October 2018, the TF1 group obtained control over Doctissimo, which operates and monetises a health and wellness site, by acquiring 100% of its capital and voting rights. Doctissimo is fully consolidated with effect from 1 October 2018, within the Digital segment.

This transaction generated partial goodwill provisionally measured at €9.2 million after a purchase price allocation conducted with assistance from an independent expert, and the recognition of a non-depreciable brand and the associated deferred taxes.

#### ✓ Acquisition of control over the Pupkin group

On 10 July 2018, the Newen group obtained control of the Dutch group Pupkin (a drama producer) by acquiring 60% of its capital and voting rights.



The entities of the Pupkin group are fully consolidated with effect from 1 July 2018 within the Studios & Entertainment segment. Provisional partial goodwill of €3.2 million has been recognised on this acquisition, pending the final purchase price allocation.

The acquisition was accompanied by the signature of a shareholder agreement giving the non-controlling shareholders an option to sell their 40% equity interest to Newen between 2021 and 2024. The fair value of this commitment was determined on the basis of the company's acquisition business plan and recognised as a financial liability, with a corresponding amount deducted from shareholders' equity.

#### ✓ **Acquisition of control over Studio71 France**

At the start of 2018, the TF1 group acquired exclusive control over Studio71 France, in which it now has a 51% equity interest and which is therefore fully consolidated in the TF1 consolidated financial statements with effect from 1 January 2018m, and which has been reclassified to the new Digital segment.

This transaction generated goodwill definitively measured at €8.2 million.

### **3-2. Significant changes in scope of consolidation in 2017**

#### ✓ **Acquisition of Tuvalu**

Following the acquisition of a 70.65% equity interest in Tuvalu that gave TF1 exclusive control over that company on 6 February 2017, Tuvalu is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2017. Tuvalu is included in the Studios & Entertainment segment for financial reporting purposes. This acquisition is part of the development strategy for the Group's production activities.

## **4 Segment information**

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operating decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operating decision-maker.

Management assesses segmental performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

Following the acquisition of the aufeminin group as part of the TF1 group's digital investment strategy, the TF1 group's operations are with effect from 1 April 2018 split into three operating segments:

### **Broadcasting**

The Broadcasting segment includes all of the Group's TV channels, and websites directly associated with those channels. Revenues from these activities are generated by selling advertising airtime and by fees collected from cable, satellite and ADSL operators.

This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's platforms (such as interactivity between viewers and programmes), and subsidiaries involved in production and audiovisual rights acquisition on behalf of the Group's TV channels (in accordance with French broadcasting regulations) and websites.



## **Studios & Entertainment**

This segment consists of two sub-segments:

- ✓ Content subsidiaries whose activities are primarily focused on producing, acquiring, developing and commercialising audiovisual or music rights, licences and brands for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and all other exploitation rights in France or internationally, including physical and online video sales.

Although these activities (carried on by TF1 Studios, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.

More specifically, TF1 Studios and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European TV and video rights distributors.

Consequently, TF1 management considers it relevant to monitor their financial performance collectively.

- ✓ The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level (see Note 9-6, "Events after the reporting period").

## **Digital**

The Digital segment comprises content creation and special-interest web communities; monetisation of the digital audiences generated; and physical goods and services aimed at those audiences such as gift boxes, magazines and live events.

Operations carried out within the segment include building and buying in audiences via special-interest online content and brand development; developing and running special-interest online communities; and developing and showcasing talent via multi-channel networks (MCNs). Monetisation is achieved by selling digital advertising airtime through stand-alone airtime-buying contracts and programmatic marketing auctions, and by selling gift boxes, magazines and live events with sponsorship from advertisers.

Audience development and targeting through social media also contribute to these operations.

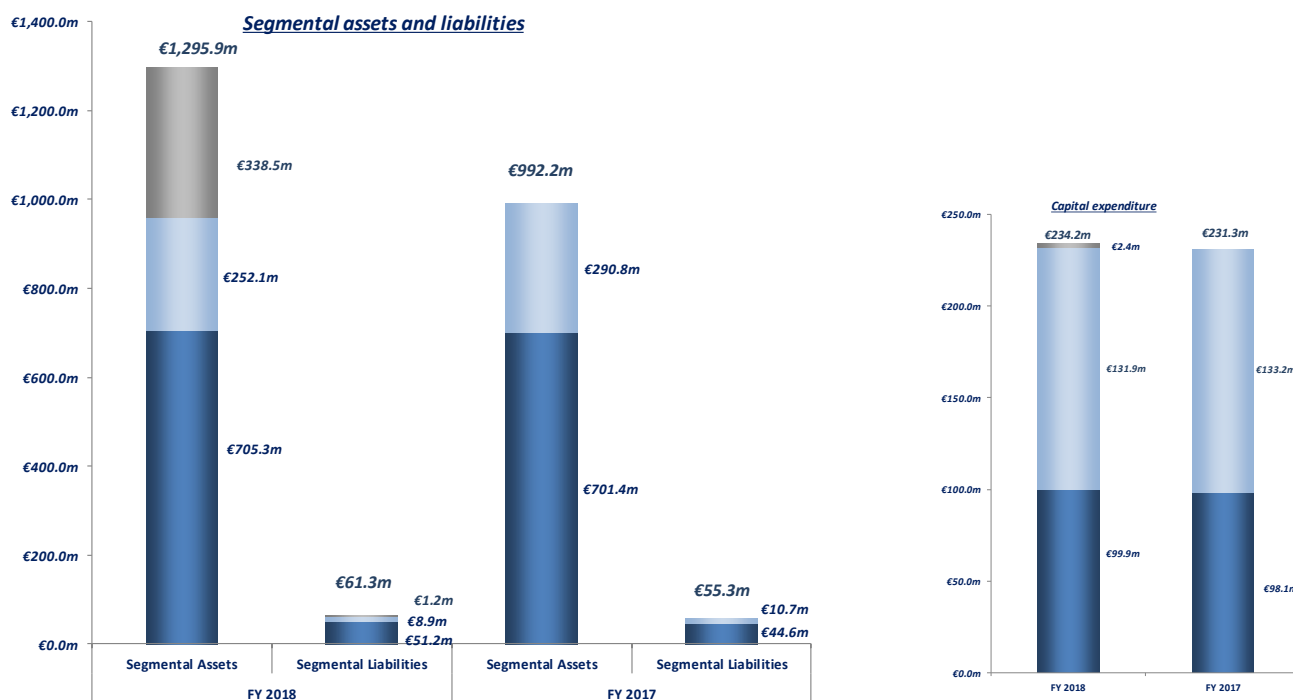
The existing TF1 businesses reclassified to the Digital segment are TF1 Digital Factory, Studio 71 France, Vertical Station (formerly MinuteBuzz, previously part of the Broadcasting segment) and Neweb (previously part of the Studios & Entertainment segment). Goodwill allocated to those reclassified activities has been reallocated to the Digital segment for segmental reporting purposes. The reallocated goodwill was determined on the basis of the relative value of each reclassified business or, for recent acquisitions, of the initial value of goodwill. The relative values used correspond to the recoverable amount.

Because the impact of those reclassifications on segmental data for 2017 and the first quarter of 2018 is immaterial, the change in segmental reporting presentation for the entities concerned has been applied prospectively from 31 March 2018 onwards.

#### 4-1. Information by operating segment

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		DIGITAL		TOTAL TF1 GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>SEGMENTAL INCOME STATEMENT</b>								
Segment revenue	1,789.6	1,746.3	424.2	421.3	116.1	-	2,329.9	2,167.6
Elimination of inter-segment transactions	(25.9)	(28.7)	(15.6)	(6.5)	(0.1)	-	(41.6)	(35.2)
<b>GROUP REVENUE CONTRIBUTION</b>	<b>1,763.7</b>	<b>1,717.6</b>	<b>408.6</b>	<b>414.8</b>	<b>116.0</b>	<b>-</b>	<b>2,288.3</b>	<b>2,132.4</b>
<i>of which Advertising revenue</i>	1,588.2	1,554.9	2.4	10.8	71.6	-	1,662.2	1,565.7
<i>of which Other revenue</i>	175.5	162.7	406.2	404.0	44.4	-	626.1	566.7
<b>CURRENT OPERATING PROFIT/(LOSS)</b>	<b>149.8</b>	<b>143.3</b>	<b>33.8</b>	<b>42.4</b>	<b>12.1</b>	<b>-</b>	<b>195.7</b>	<b>185.7</b>
<i>% operating margin on Group contribution</i>	8.5%	8.3%	8.3%	10.2%	10.4%	-	8.6%	8.7%
Share of profits/(losses) of joint ventures and associates	0.5	14.3	(0.1)	(0.1)	(0.2)	-	0.2	14.2
Net profit/(loss) from discontinued or held-for-sale operations	-	-	-	-	-	-	-	-
<b>BALANCE SHEET ITEMS</b>								
Segmental assets	705.3	701.4	252.1	290.8	338.5	-	1,295.9	992.2
Segmental liabilities	51.2	44.6	8.9	10.7	1.2	-	61.3	55.3
Investments in joint ventures and associates	10.3	20.8	0.9	1.4	9.6	-	20.8	22.2
Capital expenditure	99.9	98.1	131.9	133.2	2.4	-	234.2	231.3

#### Key:




Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

Segmental liabilities include current and non-current provisions.

#### 4-2. Information by geographical segment

Revenue is generated mainly in France (excluding non-European territories), as shown in the graphic below; there was no significant year-on-year change in the geographical split of sales.

2018		<b>(€m)</b>	<b>Revenue</b>	
			<b>2018</b>	<b>2017</b>
	94.2%	France (excluding non-European territories)	2,156.1	2,045.3
	4.2%	Continental Europe	96.5	77.7
	1.6%	Other countries	35.7	9.4
		<b>TOTAL</b>		<b>2,288.3</b>

France accounts for the vast majority of the Group's assets and capital expenditure; the amounts for other geographical segments are immaterial.

## 5 Notes to the income statement

### 5-1. Revenue

#### Accounting policy:

TF1 recognises revenue either when the performance obligation is satisfied or when the customer obtains control over the good or service sold. Control is defined as the ability to direct the use of, and obtain substantially all of the remaining benefits from, an asset.

The specific revenue recognition policies applied to each business line are as follows:

#### Broadcasting segment

- **Advertising revenue:** Sales of advertising airtime are recognised on transmission of the related advertisement.
  - **TF1 group channels:** Advertising airtime sold by the Group's channels is measured either individually (spot by spot) or on a more aggregated basis according to campaign audience objectives (guaranteed GRP sales), applying the Group's general terms and conditions of sale and the specific terms applicable to each advertiser.

Where the Group uses third-party advertising sales houses to sell advertising airtime but retains control over that airtime (as is the case in Switzerland and Belgium), it regards itself as acting as principal; the amount recognised in consolidated revenue is the gross sales revenue before deducting commission charged by the third party.
  - **Third-party media:** Where the TF1 group sells advertising airtime on media owned by third parties, it is acting as a commercial agent for that airtime, and therefore recognises only its commission as revenue.
- **Other revenue:**
  - **Theme channel distribution revenue:** Fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or as a fixed annual fee invoiced to the operator. Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year.
  - **Unencrypted channel distribution revenue:** "TF1 Premium" (an offer which includes access to the signal for the TF1 group's unencrypted channels plus a range of add-on services and content such as enhanced catch-up, start-over and bonus channels) is sold and billed to TV and telecoms operators by the Group. The operators invoice fees to TF1 for transmission of the content and services. TF1 regards itself as acting as agent in the provision of this transmission service, and recognises the revenue net of transmission fees.
  - **Other sources of revenue:** These include interactivity revenue, which arises when viewers play or vote during shows broadcast on TF1 group channels. The revenue collected is recognised gross in real time as and when calls are received; commission charged by telecoms operators is recognised as an expense, on the basis that the Group retains control over the programming of its interactive slots.

#### Studios & Entertainment segment

- **Production and sale of audiovisual rights:** Sales of audiovisual rights (whether acquired or produced in-house) are recognised on the date when the rights are opened.

The TF1 group uses internet service providers (ISPs) to make its video on demand (VoD) services available. VoD revenue is recognised net of commission charged by ISPs, based on statements supplied by each ISP.

Revenue from physical sales of DVDs is recognised when the end customer makes a purchase, at the price at which the product is sold to the retailer or distributor.
- **Distance selling, games, music and live shows:** Revenue from sales of merchandise and products by the Group's publishing and distribution activities is recognised on the date of delivery to the customer and reported net of (i) provisions for expected goods returns and (ii) paybacks made under certain distribution contracts.

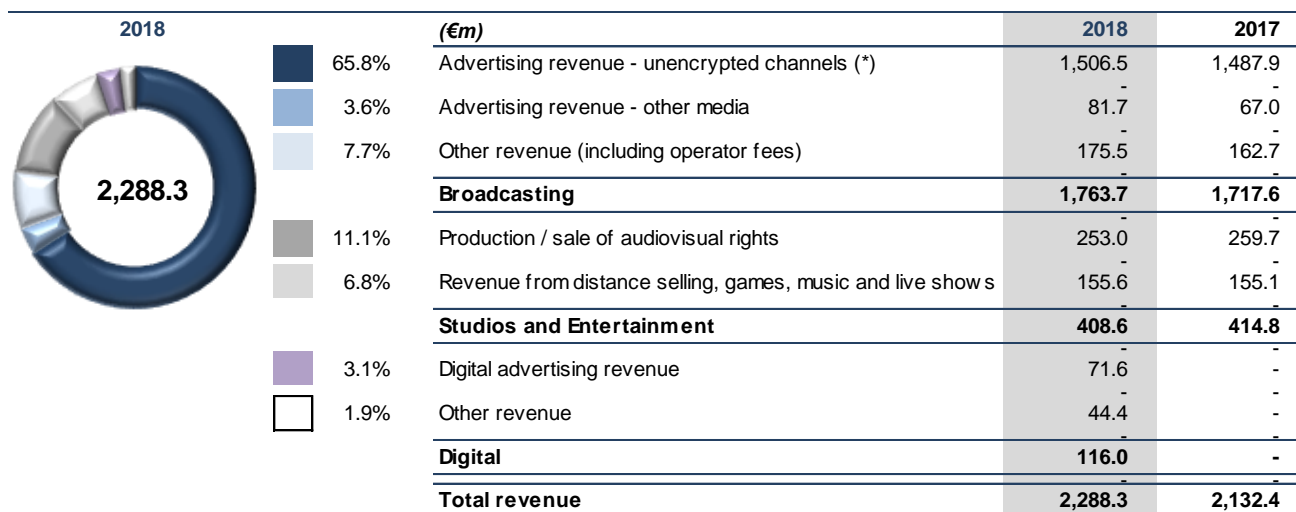
Other revenue also includes sales-based royalties invoiced under licence agreements.

#### Digital segment

- **Advertising revenue:** Content on the segment's websites generates audiences, which are monetised with advertisers. Sales of advertising airtime are recognised when the relevant page and/or advertising banner has been viewed. Where the TF1 group uses a third-party advertising sales house or a third-party programmatic advertising auction platform and the third party deducts a commission before remitting the balance to the Group, the revenue is recognised net of the commission charged by the third party.

- **Other revenue:** The TF1 group has also developed physical offers targeted at web communities, such as gift boxes, magazines and events. Revenue on sales of those physical offers is recognised on the date of delivery to the customer.

An analysis of revenue is provided below:



(\*) Includes revenue from the 5 unencrypted channels and digital advertising revenue from LCI.

## 5-2. Purchases consumed and changes in inventory

This item breaks down as follows:

(€m)	2018	2017
External production consumed <sup>(1)</sup>	(671.7)	(699.8)
Purchases of services <sup>(2)</sup>	(203.5)	(124.8)
Purchases of goods	(39.6)	(36.4)
Other purchases	(42.9)	(16.1)
<b>Purchases consumed and changes in inventory</b>	<b>(957.7)</b>	<b>(877.1)</b>

<sup>(1)</sup> "External production consumed" relates mainly to programmes acquired from third parties and broadcast by TF1, TMC, TFX and TF1 Séries Films, and by the theme channels TV Breizh, Histoire and Ushuaïa TV.

<sup>(2)</sup> The increase in "Purchases of services" is mainly due to the acquisitions made by the TF1 group during the year.

## 5-3. Staff costs

Staff costs break down as follows:

2018	(€m)	2018	2017
	Staff remuneration	(321,1)	(300,9)
	Social security charges	(131,0)	(128,3)
	Statutory employee profit-sharing	(11,6)	(18,8)
	Share-based payment expense	(5,7)	(5,2)
	Other staff costs	(1,3)	-
	<b>Staff costs</b>	<b>(470,7)</b>	<b>(453,2)</b>

Defined-contribution pension plan expenses are included in "Social security charges", and totalled €26 million in 2018 (2017: €26 million).

Expenses relating to retirement benefits under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see Note 7-3-6). Retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of stock option plans and performance share plans, calculated in accordance with IFRS 2 (see Note 7-4-5).



## 5-4. External expenses

External expenses break down as follows:

2018		(€m)	2018	2017
<p>(416.5)</p>	36.1%	Subcontracting	(150.4)	(125.6)
	10.0%	Rent and associated charges	(41.6)	(41.8)
	26.1%	Agents' fees and professional fees	(108.6)	(112.1)
	11.9%	Advertising, promotion and public relations	(49.4)	(51.3)
	15.9%	Other external expenses	(66.5)	(67.9)
		<b>External expenses</b>		<b>(416.5)</b>

## 5-5. Taxes other than income taxes

Taxes other than income taxes break down as follows:

2018		(€m)	2018	2017
<p>(132.7)</p>		<b>Audiovisual taxes</b>	<b>(91.7)</b>	<b>(91.2)</b>
	58.6%	- National Centre for Cinematography (CNC) taxes	(77.7)	(77.6)
	10.6%	- Other audiovisual taxes	(14.0)	(13.6)
		<b>Other taxes</b>	<b>(41.0)</b>	<b>(40.0)</b>
	10.2%	- Local business taxes	(13.6)	(12.7)
	10.4%	- Payroll-based taxes	(13.8)	(13.5)
	10.2%	- Miscellaneous taxes	(13.6)	(13.8)
	<b>Taxes other than income taxes</b>		<b>(132.7)</b>	<b>(131.2)</b>

## 5-6. Other current operating income and expenses

Other current operating income and expenses consist of the following items:

(€m)	2018	2017
In-house production capitalised, and cost transfers	146.6	134.9
Reversals of unused provisions	8.9	19.4
Operating grants	9.7	5.6
Investment grants	27.6	27.8
Foreign exchange gains	5.8	18.4
Other income (including proceeds from divestments of consolidated entities and audiovisual tax credit) (1)	54.9	38.1
<b>Other current operating income</b>	<b>253.5</b>	<b>244.2</b>
Royalties and paybacks to rights-holders	(101.3)	(100.1)
Bad debts written off	(1.8)	(8.2)
Foreign exchange losses	(10.4)	(16.7)
Other expenses (including carrying amount of divested consolidated entities)	(16.1)	(21.9)
<b>Other current operating expenses</b>	<b>(129.6)</b>	<b>(146.9)</b>

(1) The increase in 2018 is mainly due to an increase in the audiovisual tax credit.

## 5-7. Non-current operating income and expenses

**Accounting policy:** These line items contain a limited number of income and expense items, which are unusual but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operating performance.

The non-current operating expenses reported in the income statement (€22.0 million in 2018, €23.3 million in 2017) represent amortisation charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation. As of 31 December 2018, those rights had been amortised in full.

## 5-8. Cost of net debt

**Accounting policy:**

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

"Expenses associated with net debt" comprise:

- interest expense on current and non-current debt;
- amortisation of financial assets and liabilities measured at amortised cost;
- expenses arising from currency hedges;
- expenses arising from the use of fair value accounting for financial assets and financial liabilities (such as changes in the fair value of the ineffective portion of currency derivatives, and in the fair value of cash equivalents and of financial assets used for treasury management purposes);
- expenses arising on the disposal of assets used for treasury management purposes.

Interest expense is recognised in the income statement in the period in which it is incurred.

"Income associated with net debt" comprises:

- interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- income arising from currency hedges;
- other revenues generated by cash equivalents and financial assets used for treasury management purposes;
- income arising from the use of fair value accounting for financial assets and financial liabilities (such as changes in the fair value of the ineffective portion of currency derivatives, and in the fair value of cash equivalents and of financial assets used for treasury management purposes);
- income generated by the disposal of assets used for treasury management purposes.

Cost of net debt breaks down as follows:

(€m)	2018	2017
Interest income	0.1	0.2
Income and revenues from financial assets	0.1	-
<b>Income associated with net debt</b>	<b>0.2</b>	<b>0.2</b>
Interest expense on debt	(2.2)	(1.7)
<b>Expenses associated with net debt</b>	<b>(2.2)</b>	<b>(1.7)</b>
<b>Cost of net debt</b>	<b>(2.0)</b>	<b>(1.5)</b>

## 5-9. Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2018	2017
Dividend income	0.1	0.1
Gains on financial assets <sup>(1)</sup>	5.8	11.4
Gains arising from changes in value of forward currency purchase/sale contracts	0.1	-
Gains arising from the effect of discounting assets and liabilities	-	0.6
Other income	1.0	3.7
<b>Other financial income</b>	<b>7.0</b>	<b>15.8</b>
Losses on financial assets <sup>(1)</sup>	(0.2)	(8.1)
Losses arising from changes in value of forward currency purchase/sale contracts	(0.1)	(0.1)
Losses arising from the effect of discounting assets and liabilities	(1.8)	(1.1)
Other expenses	-	(0.2)
<b>Other financial expenses</b>	<b>(2.1)</b>	<b>(9.5)</b>

(1) The gains and losses recognised in 2017 and 2018 relate mainly to the divestment of the equity interest in Teads.

## 5-10. Net income and expense on financial assets and financial liabilities

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income/expense and items affecting operating profit:

(€m)	Financial: 2018	Financial: 2017	Operating: 2018	Operating: 2017
Net income/(expense) on loans and receivables at amortised cost	0.2	-	(11.2)	(7.0)
Net income/(expense) on financial assets at fair value	-	3.8	-	-
<i>financial assets designated at fair value through profit or loss</i>	-	-	-	-
<i>financial assets held for trading</i>	-	3.8	-	-
Net income/(expense) on available-for-sale financial assets	-	3.3	-	(0.1)
Net income/(expense) on financial liabilities at amortised cost	(4.0)	(2.2)	-	-
Net income/(expense) on derivatives	0.1	(0.1)	2.2	(5.8)
Net income/(expense) on financial assets fair value through profit or loss	5.6	-	-	-
Other net income/(expense)	1.0	-	0.1	-
<b>Net income and expense on financial assets and financial liabilities</b>	<b>2.9</b>	<b>4.8</b>	<b>(8.9)</b>	<b>(12.9)</b>

## 5-11. Income taxes

### Accounting policy:

Deferred taxation is recognised using the liability method on all temporary differences existing at the end of the reporting period between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are presented in the balance sheet in non-current assets or liabilities, after offset of assets and liabilities in each tax jurisdiction.

### 5-11-1. Current and deferred taxes

#### 5-11-1-1. Income statement

<b>(€m)</b>	<b>2018</b>	<b>2017</b>
Current taxes	(63.4)	(48.4)
Deferred taxes	15.1	3.6
<b>Income tax expense</b>	<b>(48.3)</b>	<b>(44.8)</b>

In line with the 2018 Finance Act as voted in by the French National Assembly in December 2017, temporary differences for the Group's French entities have been calculated using a gradually reducing tax rate. The rates used range from 34.43% (for temporary differences reversing before 31 December 2018) to 25.83% (for temporary differences reversing after 31 December 2021). These arrangements remain in place as of 31 December 2018.

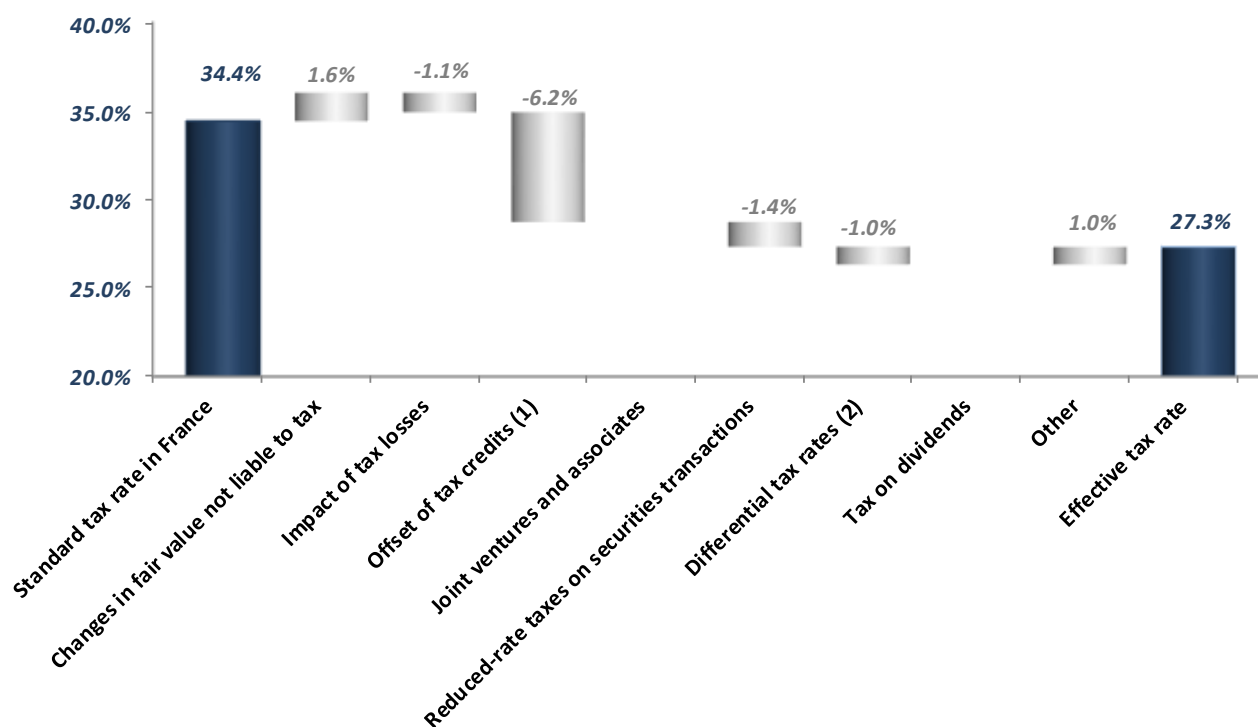
For the year ended 31 December 2017, the tax rate payable includes the exceptional corporate tax contribution introduced by Amending Finance Act no. 2017.1640, which raised the Group's overall tax rate to 44.43% for that year.

#### 5-11-1-2. Tax proof

<b>(€m)</b>	<b>2018</b>	<b>2017</b>
<b>Net profit attributable to the Group</b>	<b>127.9</b>	<b>136.3</b>
Income tax expense	48.3	44.8
Net profit from discontinued operations	-	-
Non-controlling interests	0.6	0.3
<b>Net profit from continuing operations before tax and non-controlling interests</b>	<b>176.8</b>	<b>181.4</b>

TF1 made a group tax election on 1 January 1989, and has renewed this election regularly since that date.

## Tax proof



<b>2017 rationalisation</b>	<b>34.4%</b>	<b>1.4%</b>	<b>(0.4%)</b>	<b>(4.8%)</b>	<b>(2.7%)</b>	<b>(1.0%)</b>	<b>5.3%</b>	<b>(9.7%)</b>	<b>2.2%</b>	<b>24.7%</b>
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(1) Mainly the Employment Competitiveness Tax Credit and the Audiovisual Tax Credit

(2) For 2017, includes the impact of the exceptional corporate tax contribution.

## 5-11-2. Deferred tax assets and liabilities

### 5-11-2-1. Change in net deferred tax position

(€m)	2018	2017
<b>Net deferred tax asset/(liability) at 1 January</b>	<b>(39.6)</b>	<b>(42.9)</b>
Recognised in equity	(1.3)	1.2
Recognised in profit or loss	15.1	3.6
Changes in scope of consolidation and other items <sup>(1)</sup>	(19.6)	(1.5)
<b>Net deferred tax asset/(liability) at 31 December</b>	<b>(45.4)</b>	<b>(39.6)</b>

(1) In 2018, the movement was mainly attributable to the first-time consolidation of the aufeminin group, and includes deferred taxes on the fair value remeasurement of brands and customer relationships as part of the purchase price allocation.

### 5-11-2-2. Principal sources of deferred taxation

The principal sources of deferred taxation are as follows:

(€m)	2018	2017
Provisions		
Provisions for programmes	0.6	1.2
Provisions for retirement benefit obligations	10.1	9.2
Provisions for impairment of audiovisual rights	0.6	0.6
Provisions for trade debtors	0.5	0.6
Other provisions	6.8	5.5
Employee profit-sharing	2.2	1.8
Tax losses available for carry-forward	3.7	0.5
Other deferred tax assets	7.4	2.7
Offset of deferred tax assets and liabilities	(31.9)	(22.1)
<b>Deferred tax assets</b>	<b>-</b>	<b>-</b>
Accelerated tax depreciation	(32.1)	(34.3)
Depreciation of head office building	(6.5)	(6.5)
Remeasurement of assets	(34.3)	(20.8)
Other deferred tax liabilities	(4.4)	(0.7)
Offset of deferred tax assets and liabilities	31.9	22.1
<b>Deferred tax liabilities</b>	<b>(45.4)</b>	<b>(40.2)</b>
<b>Net deferred tax asset/(liability) at 31 December</b>	<b>(45.4)</b>	<b>(40.2)</b>

Unrecognised deferred tax assets totalled €12.8 million (versus €8.9 million as of 31 December 2017), and comprised tax losses, the recovery of which is not sufficiently probable to justify recognition. The movement during the year relates mainly to the American subsidiary acquired during the period.

### 5-11-2-3. Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
<b>Deferred tax assets</b>	<b>20.0</b>	<b>1.8</b>	<b>10.1</b>	<b>(31.9)</b>	<b>-</b>

Deferred tax assets recoverable after more than five years relate to timing differences in the recording of provisions for retirement benefit obligations.

## 6 Notes to the consolidated cash flow statement

### 6-1. Definition of cash position

The TF1 group's net cash position comprises:

- debt, comprising non-current and current financial liabilities;
- cash and cash equivalents, comprising cash in hand, instant access deposits, cash equivalents, overdrafts and short-term bank loans, and current account credit balances;
- financial assets contractually allocated to the repayment of debt.

A reconciliation between the cash position in the cash flow statement and the "Cash and cash equivalents" line in the balance sheet is presented below:

<b>(€m)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Cash and cash equivalents in the balance sheet	117.3	495.8
Cash of held-for-sale operations	-	-
Treasury current account credit balances	(0.2)	(0.3)
Bank overdrafts and short-term bank loans	(6.1)	-
<b>Closing cash position per the cash flow statement</b>	<b>111.0</b>	<b>495.5</b>

### 6-2. Net cash generated by/used in operating activities

#### 6-2-1. Depreciation, amortisation, provisions and impairment

An analysis of depreciation, amortisation, provisions and impairment is provided below:

<b>(€m)</b>	<b>2018</b>	<b>2017</b>
Intangible assets	263.1	228.3
Property, plant and equipment	16.2	18.0
Financial assets	-	2.1
Non-current provisions	0.2	(16.6)
<b>Total depreciation, amortisation, provisions &amp; impairment, net</b>	<b>279.5</b>	<b>231.8</b>

#### 6-2-2. Other non-cash income and expenses

Other non-cash income and expenses comprise the following items:

<b>(€m)</b>	<b>2018</b>	<b>2017</b>
Effect of fair value remeasurement	0.7	5.3
Share-based payment	5.7	5.2
Dividend income from non-consolidated entities	(0.1)	(0.1)
Grants released to profit or loss	(50.7)	(46.9)
<b>Total other non-cash income and expenses</b>	<b>(44.4)</b>	<b>(36.5)</b>

### 6-2-3. Change in operating working capital needs

The change in operating working capital needs breaks down as follows:

(€m)	2018	2017
Increase/(decrease) in net inventories	(98.9)	(61.4)
Increase/(decrease) in trade and other debtors	(69.9)	167.6
Decrease/(increase) in trade and other creditors	159.4	(73.5)
Decrease/(increase) in other liabilities	(7.5)	49.3
<b>Increase/(decrease) in operating working capital needs before taxes</b>	<b>(16.9)</b>	<b>82.0</b>

### 6-3. Net cash generated by/used in investing activities

#### 6-3-1. Cash effect of changes in scope of consolidation

This item breaks down as follows:

(€m)	2018	2017
Net cash outflows on acquisitions	(262.8)	(23.7)
Net cash inflows from disposals	1.5	90.5
<b>Effect of changes in scope of consolidation</b>	<b>(261.3)</b>	<b>66.8</b>

"Net cash outflows on acquisitions" consists of the following items:

(€m)	2018	2017
Cash and cash equivalents acquired	63.7	8.9
Financial assets acquired	0.9	6.7
Other assets acquired	157.0	35.1
Non-controlling interests acquired	0.1	(0.0)
Other liabilities acquired	(116.6)	(42.0)
Net assets acquired	105.2	8.7
Share of net assets acquired (A)	89.8	7.7
Goodwill (B)	236.7	24.9
<b>Cash outflow (A) + (B)</b>	<b>326.5</b>	<b>32.6</b>
Cash and cash equivalents acquired	63.7	8.9
Cash of companies joining the consolidation during the period without acquisition	-	-
<b>Net cash outflow</b>	<b>262.8</b>	<b>23.7</b>

The movements in the items "Cash and cash equivalents acquired", "Other assets acquired" and "Other liabilities acquired" relate mainly to the acquisition of the aufeminin group during the year (see Note 1, "Significant events of 2018").

The table below shows the cash flow effects of disposals of subsidiaries:

(€m)	2018	2017
Cash inflows	1.5	90.5
Cash divested	-	-
Subscriptions to capital increases carried out by subsidiaries	-	-
<b>Net cash inflow</b>	<b>1.5</b>	<b>90.5</b>

For 2018, cash inflows mainly comprise the proceeds from the divestment of the 47.85% equity interest in Direct Optic.  
For 2017, cash inflows mainly comprise the proceeds from the divestment of the 33.5% equity interest in Groupe AB.



## 7 Notes to the consolidated balance sheet

### 7-1. Audiovisual rights and broadcasting rights

#### 7-1-1. Audiovisual rights

**Accounting policy:**

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 Droits Audiovisuels and TF1 Entertainment; audiovisual rights produced by Newen Studios; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under "Audiovisual rights".

Amortisation methods for the various categories of audiovisual rights are as follows:

- producer shares in French drama acquired by broadcasters: amortised on a straight line basis over the projected period of rights exploitation, in line with the expected pattern of consumption of future economic benefits;
- producer shares in French drama produced by the TF1 group: amortised on a reducing balance basis, in line with the expected pattern of consumption of future economic benefits;
- shares in movie co-productions and audiovisual distribution rights: amortised on a reducing balance basis, in line with the expected pattern of consumption of future economic benefits;
- audiovisual trading rights: amortised on a straight-line basis over the contractual term or the projected period of rights exploitation;
- music rights: amortised over 2 years, 75% of gross value in the first year and the remaining 25% in the second year.

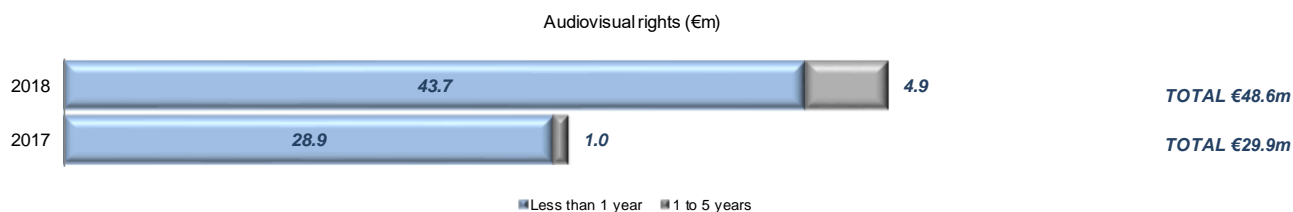
**Use of estimates and judgement:**

Impairment losses are recognised against audiovisual rights on a case by case basis, following an analysis of the expected future economic benefits relative to their carrying amount.

Movements during 2018 and 2017 were as follows:

<b>(€m)</b>	<b>Gross value</b>	<b>Amortisation</b>	<b>Impairment</b>	<b>Total audiovisual rights</b>
<b>31 December 2016</b>	<b>2,381.5</b>	<b>(2,111.7)</b>	<b>(95.4)</b>	<b>174.4</b>
Increases	226.3	(145.5)	(94.3)	(13.5)
Decreases	(3.6)	2.9	22.8	22.1
Changes in scope of consolidation and reclassifications	(5.2)	(7.5)	0.5	(12.2)
<b>31 December 2017</b>	<b>2,599.0</b>	<b>(2,261.8)</b>	<b>(166.4)</b>	<b>170.8</b>
Increases	207.4	(180.8)	(98.2)	(71.6)
Decreases	(38.3)	34.7	31.3	27.7
Changes in scope of consolidation and reclassifications	13.6	4.9	(1.2)	17.3
<b>31 December 2018</b>	<b>2,781.7</b>	<b>(2,403.0)</b>	<b>(234.5)</b>	<b>144.2</b>

The chart below shows the maturities of capitalisable audiovisual rights acquisition contracts entered into by the Group to secure future programming schedules.



## 7-1-2. Programmes and broadcasting rights

### Accounting policy:

#### ✓ Initial recognition:

In order to secure programming schedules for future years, the Group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, such rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The balance sheet line item "Programmes and broadcasting rights" includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the Group's channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at the end of each reporting period.

#### ✓ Accounting for consumption of programmes:

TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of that transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

	Rules by type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

#### ✓ Impairment and write-offs:

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above.

**Use of estimates and judgement:**

Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been transmitted and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

✓ Rights acquired to secure future programming schedules:

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described above.

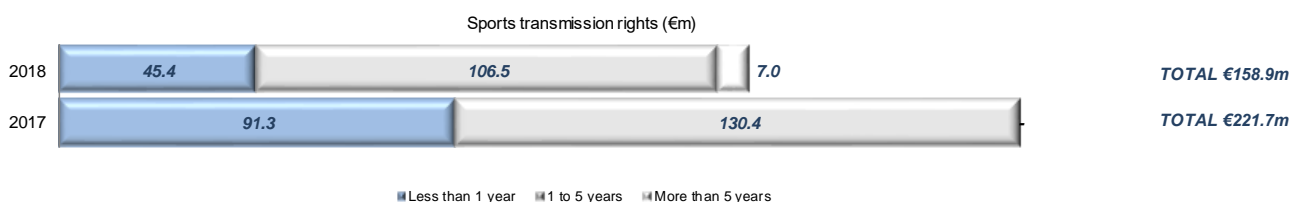
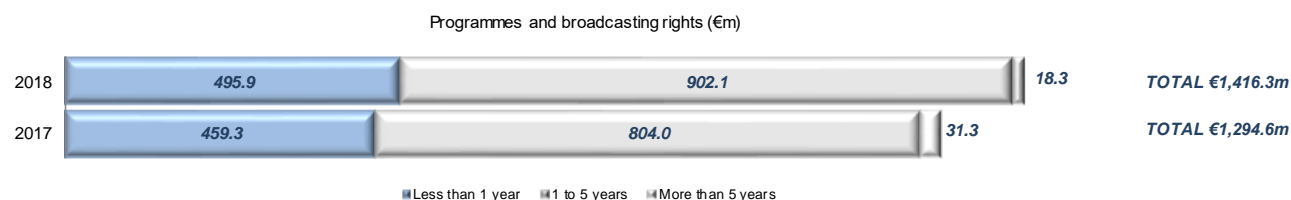
(€m)	Gross value	Impairment (net)	Inventories
<b>1 January 2017</b>	<b>802.8</b>	<b>(140.9)</b>	<b>661.9</b>
Net movement	(55.3)	(8.8) <sup>(1)</sup>	<b>(64.1)</b>
Changes in scope of consolidation and reclassifications	-	-	-
<b>31 December 2017</b>	<b>747.5</b>	<b>(149.7)</b>	<b>597.8</b>
Net movement	(81.2)	(11.0) <sup>(2)</sup>	<b>(92.2)</b>
Changes in scope of consolidation and reclassifications	0.2	0.1	-
<b>31 December 2018</b>	<b>666.4</b>	<b>(160.6)</b>	<b>505.8</b>

<sup>(1)</sup> Includes €54.5 million of impairment losses charged, €45.7 million of impairment losses reversed.

<sup>(2)</sup> Includes €57.7 million of impairment losses charged, €46.7 million of impairment losses reversed

The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de Droits economic interest grouping.

The charts below show the maturities of broadcasting and sports transmission rights acquisition contracts entered into by the Group to secure future programming schedules.



Some of those broadcasting and sports transmission rights contracts are expressed in U.S. dollars; the amounts involved were the U.S. dollar equivalent of €64.4 million in 2018 and €48.1 million in 2017.

In 2018, programmes and broadcasting rights related mainly to TF1 SA (€547.9 million, versus €502.7 million in 2017) and to the Acquisition de Droits economic interest grouping (€727.5 million, versus €735.2 million in 2017).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€158.5 million in 2018, €221.7 million in 2017).

## 7-2. Current assets and liabilities

### 7-2-1. Trade and other debtors

#### Accounting policy:

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At the end of each subsequent reporting period, they are measured at amortised cost using the effective interest method.

This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to joint ventures, associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment.

Impairment of trade debtors is measured using an expected loss model at the time of initial recognition. Because the Group's trade debtors do not have a material financing component, a standard simplified expected loss model is applied to all such debtors.

Carrying amount 2018			Gross value	Impairment	Carrying	Carrying
		(€ million)	2018	2018	amount 2018	amount 2017
<p>1,141.9</p>	59.0%	Trade debtors	682.5	(8.3)	674.2	654.9
	16.2%	Supplier prepayments <sup>(1)</sup>	186.0	(1.0)	185.0	190.6
	19.2%	Other operating debtors <sup>(2)</sup>	219.8	-	219.8	283.2
	3.9%	Other debtors	173.8	(128.7)	45.1	63.4
	1.7%	Prepayments	17.8	-	17.8	11.1
		<b>Trade and other debtors</b>	<b>1,279.9</b>	<b>(138.0)</b>	<b>1,141.9</b>	<b>1,203.2</b>

<sup>(1)</sup> This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.

<sup>(2)</sup> Primarily amounts due to the government, local authorities, employees and social security bodies.

Movements in provisions for impairment of trade and other debtors during the period are shown below:

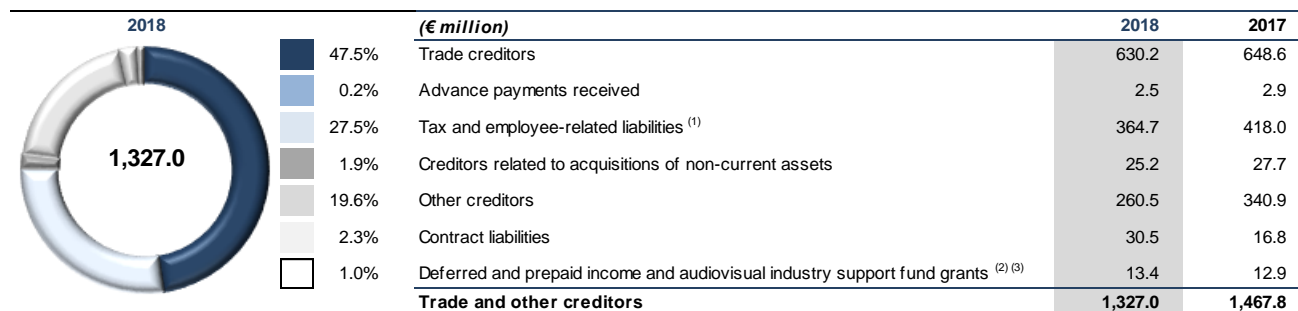
(€m)	2018	2017
<b>Impairment as of 1 January</b>	<b>(131.1)</b>	<b>(130.6)</b>
Additional provisions booked during the year	(6.1)	(13.2)
Reversals for debts written off during the year	3.2	12.2
Recovered during the year	3.3	2.0
Held-for-sale operations	-	-
Changes in scope of consolidation and reclassifications	(7.3)	(1.5)
<b>Impairment as of 31 December – continuing operations</b>	<b>(138.0)</b>	<b>(131.1)</b>

## 7-2-2. Trade and other creditors

### 7-2-2-1. Breakdown of trade and other creditors

#### **Accounting policy:**

Grants received by the TF1 group mainly comprise grants received by the Group's production companies from funds set up to support the audiovisual industry, in particular grants awarded by the French National Centre for Cinematography (CNC). Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other current operating income" on exploitation of the corresponding rights.



<sup>(1)</sup> Mainly comprises VAT payable, and amounts owed to employees and social security bodies.

<sup>(2)</sup> Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the CNC.

<sup>(3)</sup> Mainly comprises prepaid income.

### 7-2-2-2. Movement in contract liabilities

	Upfront payments	Audience guarantees on advertising campaigns	Sales of rights not yet opened	Other	Total
<b>1 January 2018</b>	7.8	5.5	1.5	2.0	<b>16.8</b>
Increases	7.4	3.9	9.5	3.0	<b>23.8</b>
Revenue recognised during the period	(7.8)	(5.5)	(1.5)	(2.0)	<b>(16.8)</b>
Changes in scope of consolidation	5.8	-	-	0.9	<b>6.7</b>
<b>31 December 2018</b>	<b>13.2</b>	<b>3.9</b>	<b>9.5</b>	<b>3.9</b>	<b>30.5</b>

## 7-2-3. Current provisions

#### **Accounting policy:**

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

#### **Use of estimates and judgement:**

Provisions include those booked to cover litigation and claims of whatever kind, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining those assumptions, TF1 management may if necessary rely on the assessments of external advisors.

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are determined in the same way as non-current provisions (see Note 7-3-6).

The table below shows movements in current provisions during 2018:

<i>(€m)</i>	Litigation and claims: employees	Litigation and claims: commercial	Other contractual litigation, claims, and risks	Other	Total current provisions
<b>1 January 2018</b>	<b>2.8</b>	<b>3.5</b>	<b>2.0</b>	<b>8.2</b>	<b>16.5</b>
Charges	0.9	1.4	1.0	9.3	<b>12.6</b>
Reversals: used	(0.5)	(1.5)	(0.1)	(2.3)	<b>(4.4)</b>
Reversals: unused	(0.5)	(0.2)	-	(0.3)	<b>(1.0)</b>
Changes in scope of consolidation and reclassifications	0.4	0.9	-	(4.8)	<b>(3.5)</b>
<b>31 December 2018</b>	<b>3.1</b>	<b>4.1</b>	<b>2.9</b>	<b>10.1</b>	<b>20.2</b>

No material contingent liabilities had been identified as of the date of preparation of the financial statements.

Provisions for commercial litigation and claims mainly relate to ongoing disputes with customers, producers and rights-holders.

Provisions for other contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, including guarantees given by TF1 in connection with divestments of equity interests.

✓ Alleged abuse of dominant position in the advertising market:

Canal Plus, M6 and NextRadioTV each filed a complaint with the French Competition Authority against TF1 alleging abuse of dominant position in the French television advertising market; TF1 Publicité presented its counter-arguments. TF1 submitted an economic study to the French Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrated the pro-competitive impact of TF1's position in the advertising market. The French Competition Authority has formally closed the NextRadioTV and Canal Plus investigations and rejected their complaints. Investigation of the M6 complaint is ongoing.

✓ Alleged restraint of trade:

The Canal+ group filed a complaint with the Competition Authority against TF1, M6 and France Télévisions relating to certain practices adopted in the buying of rights to original French movies known as "catalogue" movies; TF1 presented its counter-arguments. TF1 received a notice of grievance in February 2018, and has since provided various items to assist the Competition Authority's investigation.

These risks are not at present covered by any provision in the TF1 consolidated financial statements.

### **7-3. Non-current assets and liabilities**

#### **Accounting policy:**

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections in business plans approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated using market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm's length transaction.

#### **Use of estimates and judgement:**

The carrying amount of goodwill in the TF1 consolidated financial statements is reviewed at least annually. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).

#### **Impairment**

At the end of each reporting period, the Group assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those taken against goodwill.

### 7-3-1. Goodwill

The table below shows movements in goodwill for the period, by segment:

(€m)	Broadcasting	Studios & Entertainment	Digital	TOTAL
<b>Goodwill at 1 January 2017</b>	<b>409.3</b>	<b>151.6</b>	-	<b>560.9</b>
Acquisitions	-	22.8	-	22.8
Disposals	-	-	-	-
Reclassifications	-	(3.3)	-	(3.3)
Impairment	-	-	-	-
<b>Goodwill at 31 December 2017</b>	<b>409.3</b>	<b>171.1</b>	-	<b>580.4</b>
Acquisitions	8.2	4.3	224.1	236.7
Disposals	-	-	-	-
Reclassifications	(9.9)	(11.3)	21.2	-
Impairment	-	-	-	-
<b>Goodwill at 31 December 2018</b>	<b>407.7</b>	<b>164.1</b>	<b>245.3</b>	<b>817.1</b>

In 2018, the movements in goodwill were generated by the acquisitions described in Note 1, "Significant events of 2018", in particular the goodwill arising on the acquisition of the aufeminin group.

In accordance with the revised IFRS 3, the TF1 group has for those acquisitions elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

In 2017, the movement in goodwill includes in particular the acquisitions made by the Newen group, including that of the Tuvalu group.

(€m)	Broadcasting segment		Studios & Entertainment segment		Digital segment		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Number of CGUs</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>4</b>
Broadcasting CGU	407.7	409.3	-	-	-	-	407.7	409.3
Newen/TF1 Studios CGU	-	-	164.1	171.1	-	-	164.1	171.1
TF1 Entertainment CGU	-	-	-	-	-	-	-	-
Home Shopping CGU	-	-	-	-	-	-	-	-
Digital CGU	-	-	-	-	245.3	-	245.3	-
<b>Total</b>	<b>407.7</b>	<b>409.3</b>	<b>164.1</b>	<b>171.1</b>	<b>245.3</b>	<b>-</b>	<b>817.1</b>	<b>580.4</b>

Based on impairment tests conducted using the method described below, no impairment of goodwill was identified as of 31 December 2018.

#### Impairment testing of goodwill

##### Broadcasting and Studios & Entertainment segments

The recoverable amount of each of the four CGUs in these two segments (Broadcasting, Newen/TF1 Studios, TF1 Entertainment and Home Shopping) was determined by calculating the value in use using the discounted cash flow (DCF) method, based on three-year cash flow projections compiled from plans and budgets approved by the TF1 Board of Directors. Cash flows beyond the projection time horizon were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.



The business plans used in the tests were prepared on the basis of revenue growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:

- the impacts on advertising spend of the economic situation and competitive environment, and of trends in how content is consumed;
- the acceleration of the transformation of the TF1 group, and the organic expansion of its activities;
- the ongoing implementation of a resolutely multi-channel, multi-media and multi-line strategy that allies mass audience power with targeting across all platforms, plus the expansion of production activities and the development of new monetisation techniques, which is reflected by:
  - securing the stream of core business TV content (including news) and advertising;
  - delivering a high-performance digital offering;
  - ongoing build-up of Newen to reinforce the production side;
  - opening up new distribution channels (platformization, OTT) and exploiting data.

The perpetual growth rate used for impairment testing as of 31 December 2018 was in a range between 1% and 2% for all four CGUs, compared with 2% as of 31 December 2017. The after-tax discount rate used as of 31 December 2018 was 6.01% (versus 6.09% as of 31 December 2017); it was determined on the basis of external data sources using the method described in Note 7-3 above. The year-on-year change is explained mainly by a fall in the risk-free rate and unlevered beta, partly offset by an increase in the risk premium (source: market data provided by the firm Associés en Finances).

For the four CGUs, analyses were performed of the sensitivity of the calculations to key assumptions (discount rate, growth rate, normative cash flows), both individually and using combinations of discount rate and normative cash flow scenarios, including reasonably possible changes in those assumptions. Those analyses identified no probable scenario in which the recoverable amount of the CGUs would fall below their carrying amount.

For confidentiality reasons, the results of those analyses are presented on an aggregated basis for the three CGUs in the Studios & Entertainment segment.

For those CGUs, recoverable amount would equal the carrying amount of the assets tested if the following assumptions (taken individually) were to be applied:

<b>2018</b>	<b>Change in discount rate</b>	<b>Change in normative cash flows</b>
Broadcasting CGU	808 bp	-73%
Studios & Entertainment CGUs (aggregated)	899 bp	-77%

<b>2017</b>	<b>Change in discount rate</b>	<b>Change in normative cash flows</b>
Broadcasting CGU	541 bp	-64%
Studios & Entertainment CGUs (aggregated)	740 bp	-72%

For the Broadcasting CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €1,485 million (€1,099 million at end 2017).

For the aggregated Studios & Entertainment CGUs, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €471 million (€479 million at end 2017).

#### Digital segment

The Digital segment was built mainly around the acquisitions of the aufeminin group (estimated valuations of which were prepared for the purposes of the public tender offer in June 2018 and the squeeze-out in November 2018 by two independent experts, the accountancy firm Ledouble and Banque Rothschild), of Doctissimo (October 2018), and of the Ganned group (November 2018).

Consequently, the recoverable amount of the CGU was determined using a fair value calculation based on (i) the purchase consideration in the case of companies acquired in 2018, and (ii) valuation multiples observed for comparable businesses in the case of previously acquired companies.

This method was judged to give the fairest representation of the recoverable amount.

### 7-3-2. Intangible assets (other than audiovisual rights, cf. note 7-1-1)

**Accounting policy:**

Intangible assets (other than audiovisual rights) mainly comprise operating licences (other than broadcasting licences and audiovisual rights), brands and similar rights, and software. On the acquisition date, they are measured as follows:

- at acquisition cost, net of accumulated amortisation and impairment losses; or
- at fair value as of the acquisition date, if acquired in a business combination.

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised using the straight-line method over their expected useful lives.

Intangible assets with indefinite useful lives, such as commercial brands owned by the Group, are not amortised. These brands are tested for impairment (see Note 7-3).

The figures shown below are net carrying amounts:

<b>(€m)</b>	<b>Indefinite-lived brands <sup>(1)</sup></b>	<b>Concessions, patents &amp; similar rights</b>	<b>Other <sup>(2)</sup></b>	<b>TOTAL</b>
<b>1 January 2017</b>	<b>36.2</b>	<b>18.0</b>	<b>8.6</b>	<b>62.8</b>
Increases	-	1.6	3.4	5.0
Amortisation & impairment	-	(7.9)	(3.6)	(11.5)
Decreases	-	-	(0.3)	(0.3)
Changes in scope of consolidation and reclassifications	-	0.1	7.7	7.8
<b>31 December 2017</b>	<b>36.2</b>	<b>11.8</b>	<b>15.8</b>	<b>63.8</b>
Increases	-	0.2	6.4	6.6
Amortisation & impairment	-	(6.8)	(8.7)	(15.5)
Decreases	-	-	0.7	0.7
Changes in scope of consolidation and reclassifications	76.0	5.9	5.6	87.5
<b>31 December 2018</b>	<b>112.2</b>	<b>11.1</b>	<b>19.8</b>	<b>143.1</b>
<i>gross value</i>	<i>112.2</i>	<i>74.4</i>	<i>49.9</i>	<i>236.5</i>
<i>amortisation and impairment</i>	<i>-</i>	<i>(67.4)</i>	<i>(26.0)</i>	<i>(93.4)</i>

<sup>(1)</sup> The movement due to changes in scope of consolidation for “Indefinite-lived brands” mainly reflects the recognition of brands as a result of the purchase price allocations of the aufeminin group and Doctissimo as of the date control was obtained (see Note 3-1, “Significant changes in scope of consolidation in 2018”).

<sup>(2)</sup> The movement in the “Other” column mainly reflects the recognition of customer relationships in the aufeminin group purchase price allocation.

Impairment tests conducted on other indefinite-lived brands using the method described in Note 7-3 identified no indication of impairment as of 31 December 2018.

### 7-3-3. Property, plant and equipment

#### Accounting policy:

- **Property, plant and equipment owned outright**

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings:	25 to 50 years
Technical installations:	3 to 7 years
Other property, plant and equipment:	2 to 10 years
Land is not depreciated.	

Where an asset is made up of components with different useful lives, those components are recognized and depreciated as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other current operating income and expenses".

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the years ended 31 December 2018 and 2017 (the figures shown are net carrying amounts):

(€m)	Land	Buildings	Technical facilities	Technical facilities held under finance leases	Other property, plant and equipment	Property, plant & equipment under construction	TOTAL
<b>1 January 2017</b>	<b>61.9</b>	<b>76.1</b>	<b>14.3</b>	<b>0.2</b>	<b>21.4</b>	<b>0.1</b>	<b>174.0</b>
Increases	-	3.7	3.0	-	12.2	1.4	<b>20.3</b>
Depreciation & impairment	-	(3.2)	(5.7)	(0.4)	(8.9)	-	<b>(18.2)</b>
Decreases	-	0.1	-	-	(0.1)	-	-
Changes in scope of consolidation and reclassifications	-	(2.9)	3.7	0.2	0.2	(0.1)	<b>1.1</b>
<b>31 December 2017</b>	<b>61.9</b>	<b>73.8</b>	<b>15.3</b>	<b>(0.0)</b>	<b>24.8</b>	<b>1.4</b>	<b>177.2</b>
Increases	-	5.3	5.6	-	15.2	6.0	<b>32.1</b>
Depreciation & impairment	-	(3.2)	(6.4)	-	(7.5)	-	<b>(17.1)</b>
Decreases	-	0.1	(0.3)	-	(1.9)	-	<b>(2.1)</b>
Changes in scope of consolidation and reclassifications	-	0.2	1.3	-	2.6	(2.7)	<b>1.4</b>
<b>31 December 2018</b>	<b>61.9</b>	<b>76.2</b>	<b>15.5</b>	<b>(0.0)</b>	<b>33.2</b>	<b>4.7</b>	<b>191.5</b>
<i>gross value</i>	<i>61.9</i>	<i>110.3</i>	<i>166.7</i>	<i>10.0</i>	<i>131.3</i>	<i>4.7</i>	<b><i>484.9</i></b>
<i>depreciation and impairment</i>	<i>-</i>	<i>(34.1)</i>	<i>(151.2)</i>	<i>(10.0)</i>	<i>(98.1)</i>	<i>-</i>	<b><i>(293.4)</i></b>

### 7-3-4. Investments in joint ventures and associates

**Accounting policy:**

Because goodwill included in the carrying amount of investments in associates and joint ventures is not presented separately, this goodwill is not tested individually for impairment, in accordance with IAS 36. The total carrying amount is tested for impairment by comparing its recoverable amount to its carrying amount if there is evidence that the investment is impaired.

The table below gives details of investments in joint ventures and associates:

(€m)	Groupe AB <sup>(1)</sup>	Other <sup>(2)</sup>	TOTAL
<b>1 January 2017</b>	<b>76.7</b>	<b>12.6</b>	<b>89.3</b>
Share of profit/(loss) for the period	-	0.4	<b>0.4</b>
Provision for impairment	-	-	-
Dividends paid	-	(1.2)	<b>(1.2)</b>
Changes in scope of consolidation and reclassifications	(76.7)	10.1	<b>(66.6)</b>
Provision for risks	-	0.3	<b>0.3</b>
<b>31 December 2017</b>	<b>-</b>	<b>22.2</b>	<b>22.2</b>
Share of profit/(loss) for the period	-	0.2	<b>0.2</b>
Provision for impairment	-	-	-
Dividends paid	-	(1.3)	<b>(1.3)</b>
Changes in scope of consolidation and reclassifications	-	(0.3)	<b>(0.3)</b>
Provision for risks	-	-	-
<b>31 December 2018</b>	<b>-</b>	<b>20.8</b>	<b>20.8</b>

<sup>(1)</sup> Groupe AB was divested on 31 March 2017.

<sup>(2)</sup> Primarily Série Club (Broadcasting operating segment): €10 million as of 31 December 2018 and €10.8 million as of 31 December 2017, and Vertical Station (Digital operating segment): €9.5 million as of 31 December 2018 and €9.7 million as of 31 December 2017.

No other material income or expenses recognised directly in equity were reported by joint ventures or associates.

### 7-3-5. Other non-current financial assets

#### **Accounting policy:**

With effect from 1 January 2018, financial assets are classified in one of three categories (financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets fair value through profit or loss) depending on the business model for managing the asset and the contractual cash flow characteristics of the asset, which for each of those categories respectively are:

- assets held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- assets held within a business model whose objective is to hold assets in order to collect contractual cash flows and cash flows from selling the asset;
- assets held within any other business model.

IFRS 9 also allows an elective treatment for equity instruments not held for trading, under which changes in fair value can be recognised through other comprehensive income (OCI); this treatment must be elected for each instrument individually, and is irrevocable.

#### **Classification:**

The TF1 group holds financial assets in the following categories:

- **Financial assets at amortised cost:** These are assets held within a business model whose objective is to hold assets in order to collect contractual cash flows ("basic loans"). The TF1 group classifies the following assets within this category: trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to joint ventures, associates and non-consolidated entities. Such assets are accounted for using the effective interest method, which means that on initial recognition they are measured at fair value (acquisition cost plus transaction costs). They are assessed individually for objective evidence of impairment.
- **Financial assets at fair value:** The Group classifies the following financial assets in this category:
  - **Equity instruments owned by the Group:** These are assets held within a business model whose objective is to hold assets in order to collect contractual cash flows and cash flows from selling the asset. TF1 classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. They are accounted for at fair value through profit or loss or through OCI, depending on the option elected by the Group. None of the Group's equity interests is held for trading.
  - **Derivative instruments (other than designated and effective hedging instruments):** These are held-for-trading instruments (other business models).

#### **Use of estimates and judgement:**

IFRS 13 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- Level I: measurement based on quoted prices in active markets
- Level II: measurement based on observable market parameters
- Level III: measurement based on non-observable market parameters

The methods used by the TF1 group in applying those principles are as follows:

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no quoted market price is available, fair value is estimated using other valuation methods such as the actual valuation of comparable transactions (revenue or EBITDA multiples) or the discounted cash flow method, which rely on observable (level II) or non-observable (level III) parameters.

Financial instruments whose fair value cannot be measured reliably are carried at cost.

The fair value of interest rate derivatives and currency derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data at the end of the reporting period (level II method).

Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.



### 7-3-5-1. Financial assets by category

2018 (€m)	Financial assets at amortised cost	Financial assets at fair value		Level (1)	TOTAL
		Fair value through profit or loss	Fair value through OCI		
Other non-current financial assets	3.9	1.5	35.1	III	40.5
Trade and other debtors	1,141.9				1,141.9
Other current financial assets					-
<i>Currency derivatives</i>			2.2	II	2.2
<i>Interest rate derivatives</i>					-
<i>Financial assets used for treasury     management purposes</i>					-
Cash and cash equivalents	117.3				117.3

(1) See "Use of estimates and judgement" section of Note 7-3-5.

In 2017, the Group classified equity interests in non-consolidated entities as available for-sale financial assets, initially recognised at fair value (acquisition cost plus transaction costs). At the end of subsequent reporting periods, they were remeasured at fair value through profit or loss.

2017 (€m)	Financial assets at fair value through profit or loss			Available- for-sale financial assets	Loans and receivables	Held-to- maturity investments	TOTAL
	Designated at fair value on initial recognition	Held for trading	Level (1)				
Other non-current financial assets	-	-	III	51.8	2.7	-	54.5
Trade and other debtors	-	-		-	1,203.2	-	1,203.2
Other current financial assets	-	-		-	-	-	-
<i>Currency derivatives</i>	-	-	II	-	-	-	-
<i>Interest rate derivatives</i>	-	-		-	-	-	-
<i>Financial assets used for treasury     management purposes</i>	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	495.8	-	495.8

(2) See "Use of estimates and judgement" section of Note 7-3-5.

No transfers between levels in the fair value hierarchy were made in either 2018 or 2017.

### 7-3-5-2. Other non-current financial assets

**Accounting policy:**

This category mainly comprises equity instruments at fair value through profit or loss or through OCI, depending on the option elected by the Group. TF1 classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence.

Equity instruments are classified at fair value through profit or loss if the investee's business activities are aligned on the Group's core business.

Other non-current financial assets break down as follows:

(€m)	31/12/2018	31/12/2017
Equity investments in non-consolidated entities	36.6	51.8
Loans and advances to non-consolidated equity investees	-	-
Loans receivable	0.5	0.4
Deposits and caution money	3.4	2.3
<b>Other financial assets</b>	<b>40.5</b>	<b>54.5</b>

- **Equity investments in non-consolidated entities**

The main equity investments in non-consolidated entities as of 31 December 2018 break down as follows:

(€m)	% interest at year-end	Financial assets at fair value		Total
		through profit or loss	through OCI	
Studio71	6%		27.5	27.5
Other		1.5	7.6	9.1
<b>Equity investments in non-consolidated entities</b>		<b>1.5</b>	<b>35.1</b>	<b>36.6</b>

In 2018, an overall negative change in fair value of €7.4 million was recognised through OCI in respect of equity investments in non-consolidated entities.

The main equity investments in non-consolidated entities as of 31 December 2017 break down as follows:

(€m)	% interest at year-end	Gross value 2017	Impairment 2017	Carrying amount 2017
A1 International	50%	12.8	(12.8)	-
Sofica Valor 8	100%	1.8		1.8
Soread	12%	1.6	(1.6)	-
Studio71	6%	27.5	-	27.5
Other items		25.8	(3.3)	22.5
<b>Equity investments in non-consolidated entities</b>		<b>69.5</b>	<b>(17.7)</b>	<b>51.8</b>

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2018 or 2017.



### 7-3-6. Non-current provisions

#### **Accounting policy:**

The main types of non-current provisions are described below.

#### ▪ **Provisions for retirement benefits**

The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed via the Group's pension funds.

Employees of the TF1 group's French subsidiaries belong to general and supplementary French pension schemes. These are defined-contribution plans, under which the TF1 group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

#### **Use of estimates and judgement:**

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the company;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. Since 1 January 2011, the TF1 group has recognised actuarial gains and losses directly in equity, in accordance with the revised IAS 19.

#### ▪ **Provisions for risks relating to commitments, litigation and claims**

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

#### **Use of estimates and judgement:**

These provisions are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period.

### 7-3-6-1. Analysis of non-current provisions

The table below shows movements in non-current provisions during 2018 and 2017:

(€m)	Provisions for:			TOTAL
	Retirement benefits	Risks relating to commitments, litigation and claims <sup>(1)</sup>	Other	
<b>31 December 2016</b>	<b>41.4</b>	<b>12.8</b>	-	<b>54.2</b>
Charges	3.4	-	-	3.4
Reversals: used	(4.0)	(10.9)	-	(14.9)
Reversals: unused	(5.1)	-	-	(5.1)
Actuarial (gains)/losses	1.2	-	-	1.2
Changes in scope of consolidation and reclassifications	-	-	-	-
<b>31 December 2017</b>	<b>36.9</b>	<b>1.9</b>	-	<b>38.8</b>
Charges	3.0	-	0.3	3.3
Reversals: used	(1.0)	(1.8)	-	(2.8)
Reversals: unused	(2.1)	-	-	(2.1)
Actuarial (gains)/losses	3.8	-	-	3.8
Changes in scope of consolidation and reclassifications	0.2	(0.1)	-	0.1
<b>31 December 2018</b>	<b>40.8</b>	<b>(0.0)</b>	<b>0.3</b>	<b>41.1</b>

<sup>(1)</sup> Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

### 7-3-6-2. Provisions for retirement benefit obligations

#### Accounting policy:

Use of estimates and judgement: provisions for retirement benefit obligations are calculated by the TF1 group itself using the projected unit credit method, as described in Note 7-3-6 above. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.

#### Main actuarial assumptions

	2018	2017	2016	2015	2014
Discount rate (Iboxx A10)	2.1%	1.5%	1.7%	2.1%	2.0%
Expected rate of return on plan assets	2.7%	1.5%	1.7%	2.1%	2.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	INSEE	INSEE	INSEE	INSEE	INSEE

The staff turnover rate used in calculating the provision at 31 December 2018 was 2.5%, reduced from that used in 2017 (6.6%). In accordance with recommendation 2013-02 issued by the CNCC (the French auditors' professional body), only voluntary departures may be used when calculating the staff turnover rate for this purpose. Consequently, the staff turnover rates have been revised in 2018, based on actual voluntary departures in previous years.

A reduction of 70 basis points in the discount rate applied would increase the obligation by €3.8 million. Under the accounting policies applied by the Group, the resulting actuarial losses would be recognised directly in equity.

#### Expense recognised in the income statement for retirement benefit obligations

(€m)	2018	2017
Current service cost	(2.5)	(2.8)
Interest expense on the obligation	(0.6)	(0.8)
Expected return on plan assets	0.1	0.2
Past service cost	-	-
<b>Expense recognised</b>	<b>(3.0)</b>	<b>(3.4)</b>
<i>amount recognised in "Staff costs"</i>	<i>(3.0)</i>	<i>(3.4)</i>
<b>Actual return on plan assets</b>	<b>0.1</b>	<b>0.2</b>

Changes in the fair value of the retirement benefit obligation and of plan assets

(€m)	Retirement benefit obligation 2018	Fair value of plan assets 2018	Carrying amount 2018	Carrying amount 2017
<b>Start of period</b>	<b>43.5</b>	<b>(6.6)</b>	<b>36.9</b>	<b>41.4</b>
Current service cost for the period	2.5	-	2.5	2.8
Interest cost (unwinding of discount)	0.6	-	0.6	0.8
Reversals of provisions	(3.1)	-	(3.1)	(9.1)
Actuarial (gains)/losses	3.8	-	3.8	1.2
Changes in scope of consolidation and reclassifications	0.2	-	0.2	-
Expected return on plan assets	-	(0.1)	(0.1)	(0.2)
Held-for-sale operations	-	-	-	-
<b>End of period</b>	<b>47.5</b>	<b>(6.7)</b>	<b>40.8</b>	<b>36.9</b>

Plan assets are in the form of contributions paid into "Fonds Club no.1", a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 3% in 2018. As of 31 December 2018, the fund had an estimated fair value of €6.7 million.

## 7-4. Shareholders' equity

### 7-4-1. Share capital

**Accounting policy:**

Treasury shares acquired by the TF1 group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

As of 31 December 2018, the share capital of TF1 SA consisted of 209,928,940 fully paid ordinary shares. Movements in share capital during 2018 were as follows:

	Number of shares outstanding	Number of treasury shares	Total number of shares
<b>1 January 2017</b>	<b>209,417,542</b>	-	<b>209,417,542</b>
Capital increases	448,200		448,200
Purchases of treasury shares <sup>(1)</sup>		-	-
Share exchange transaction			-
Cancellation of treasury shares			-
<b>31 December 2017</b>	<b>209,865,742</b>	-	<b>209,865,742</b>
Capital increases	63,198		63,198
Purchases of treasury shares <sup>(1)</sup>		-	-
Share exchange transaction			-
Cancellation of treasury shares			-
<b>31 December 2018</b>	<b>209,928,940</b>	-	<b>209,928,940</b>
<i>Par value</i>	<i>€0.20</i>	<i>€0.20</i>	<i>€0.20</i>

<sup>(1)</sup> Treasury shares: see Note 7-4-6 on share buybacks below.

### 7-4-2. Earnings per share

**Accounting policy:**

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the end of the reporting period and excluding anti-dilutive instruments.

Non-dilutive stock subscription option plans are excluded from this calculation.

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of performance share plans, and of stock subscription option plans where the exercise price is lower than the average quoted market price of TF1 shares over the period.

	2018	2017
<b>Net profit attributable to the Group</b> (in millions of euros)	127.9	136.3
<b>Weighted average number of ordinary shares</b>	<b>209,890,686</b>	<b>209,663,692</b>
<b>Basic earnings per share</b> (in euros)	0.61	0.65
<b>Average number of ordinary shares after dilution</b>	<b>210,999,171</b>	<b>210,306,111</b>
<b>Diluted earnings per share</b> (in euros)	0.61	0.65

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

<b>(number of shares)</b>	2018	2017
Weighted average number of ordinary shares for the period	209,890,686	209,663,692
Dilutive effect of stock subscription option plans	607,485	310,319
Dilutive effect of performance share plans	501,000	332,100
<b>Average number of ordinary shares after dilution</b>	<b>210,999,171</b>	<b>210,306,111</b>

In both 2018 and 2017, only share subscription option plan no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

#### 7-4-3. Other transactions with shareholders

For 2018, the amounts shown on this line correspond mainly to purchases of shares in the aufeminin group via the public tender offer and squeeze-out procedure subsequent to TF1 obtaining control (see Note 1, "Significant events of 2018").

For 2017, this line relates to the remeasurement of liabilities for commitments to buy out non-controlling shareholders, in particular those of Newen Studios.

#### 7-4-4. Changes in equity not affecting the income statement

##### Dividends

The proposed dividend in respect of the year ended 31 December 2018, to be paid in 2019, amounts to €84.0 million, or €0.40 per share.

The dividend paid in 2018 in respect of the year ended 31 December 2017 amounted to €73.5 million, or €0.35 per share.

The yield on TF1 shares for each of the last five financial years is presented in section 6.5.3. of the Registration Document.

Because the dividend payable in 2019 is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at 31 December 2018.

## 7-4-5. Share-based payment and stock option plans

### 7-4-5-1. Past stock option and performance share plan (PSP) awards

	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	2017 plan	2018 plan	TF1 2016 PSP	TF1 2017 PSP	Newen PSP	TF1 2018 PSP
Date of Shareholders' Meeting	14/04/2011	14/04/2011	17/04/2014	17/04/2014	13/04/2017	19/04/2018	14/04/2016	13/04/2017	13/07/2016	19/04/2018
Date of Board meeting	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016	27/04/2017	25/04/2018	26/04/2016	27/04/2017	29/07/2016	25/04/2018
Date of grant	10/06/2011	12/06/2012	12/06/2015	08/06/2016	12/06/2017	08/06/2018	08/06/2016	12/06/2017	29/08/2016	08/06/2018
Type of plan	subscription					performance share				
Total number of options/shares awarded	1,500,000	1,437,200	1,308,800	642,000	710,400	700,900	170,000	172,000	1,037,401	172,300
- to corporate officers	7,200	7,200	16,000	13,000	13,000	13,000	-	-	-	-
- to the 10 employees awarded the greatest number	272,000	302,000	368,000	114,000	118,000	103,000	79,600	80,500	475,489	86,500
Total number of options/shares awarded subject to performance conditions	1,500,000	1,437,200	1,308,800	642,000	710,400	700,900	170,000	172,000	1,037,401	172,300
Start date of exercise/vesting period	10/06/2015	12/06/2016	12/06/2018	08/06/2019	12/06/2020	08/06/2021	08/06/2019	12/06/2020	31/03/2017	08/06/2021
Expiration date	10/06/2018	12/06/2019	12/06/2022	08/06/2023	12/06/2024	08/06/2025	08/06/2023	12/06/2024	31/03/2020	08/06/2025
Exercise price	€12.47	€6.17	€15.46	€10.99	€11.45	€9.83	N/A			
Terms of exercise	Options may be exercised and shares sold from 4th anniversary of date of grant		Options may be exercised and shares sold from 3rd anniversary of date of grant		Vesting from 3rd anniversary of date of grant Shares may be sold from 4th anniversary of date of grant					
Number of shares subscribed at 31 December 2018	274,400	666,915	-	-	-	-	-	-	120,741	-
Cumulative number of options/performance shares cancelled, not awarded, or forfeited	1,225,600	162,800	112,900	54,300	36,100	500	9,900	-	476,869	3,400
<b>Number of options/performance shares at end of period</b>	<b>0</b>	<b>607,485</b>	<b>1,195,900</b>	<b>587,700</b>	<b>674,300</b>	<b>700,400</b>	<b>160,100</b>	<b>172,000</b>	<b>439,791</b>	<b>168,900</b>

### 7-4-5-2. Movement in number of options and performance shares outstanding

	2018		2017	
	Number of options/performance shares	Weighted average subscription/purchase price (€)	Number of options/performance shares	Weighted average subscription/purchase price (€)
<b>Options/shares outstanding at 1 January</b>	<b>4,558,683</b>	<b>11.01</b>	<b>4,281,483</b>	<b>11.03</b>
Options/shares awarded	1,051,300	7.89	882,400	9.22
Options/shares cancelled, not vested, or forfeited	(55,800)	13.93	(157,000)	11.50
Options exercised/shares vested	(63,198)	6.17	(448,200)	6.59
Options/shares expired	(1,042,400)	12.47	-	-
<b>Options/shares outstanding at 31 December</b>	<b>4,448,585</b>	<b>9.96</b>	<b>4,558,683</b>	<b>11.01</b>
<i>Options/shares exercisable at 31 December</i>	<i>1,803,385</i>	<i>12.33</i>	<i>1,693,883</i>	<i>10.01</i>

A total of 63,198 options were exercised during 2018. The average residual life of options outstanding as of 31 December 2018 was 38 months (compared with 44 months as of 31 December 2017).

### 7-4-5-3. Share-based payment expense

#### **Accounting policy:**

TF1 may award stock subscription option plans and performance share plans to its employees (see Note 7-4-6-1).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the opposite entry recognised in equity.

The total expense relating to stock subscription option plans is measured at the date of grant using the Black-Scholes-Merton model, and is recognised on a straight-line basis over the vesting period.

The total expense relating to performance share plans is measured at the date of grant (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

The opposite entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see Note 5-1).

- **Expense related to stock option plans and performance share plans awarded by the TF1 group**

The expense related to stock option plans and performance share plans, as recognised in "Staff costs", breaks down as follows:

(€m)	Date of grant	Lock-up period	Residual fair value	Staff costs	
				2018	2017
Plan no. 13	12/06/2012	4 years		-	-
Plan no. 14	12/06/2015	3 years	-	0.5	1.2
Plan no. 15	08/06/2016	3 years	0.2	0.5	0.5
2017 plan	12/06/2017	3 years	0.6	0.4	0.2
2018 plan	08/06/2018	3 years	0.5	0.1	-
TF1 2016 PSP	08/06/2016	3 years	0.3	0.6	0.6
TF1 2017 PSP	12/06/2017	3 years	1.0	0.7	0.4
Newen PSP	29/08/2016	7 months	0.4	0.3	1.7
TF1 2018 PSP	08/06/2018	3 years	1.3	0.3	-
<b>Total</b>				<b>3.4</b>	<b>4.6</b>

Stock option plan expense was computed using the Black-Scholes model and the following assumptions:

	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no. 12	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70
Plan no. 14	€15.46	28%	5.18 years	0.41%	1.57%	-15%	€2.75
Plan no. 15	€10.99	34%	5.14 years	-0.18%	1.81%	-15%	€2.15
2017 plan	€11.45	30%	5.14 years	-0.24%	1.78%	-15%	€1.85
2018 plan	€9.83	26%	5.14 years	-0.01%	3.23%	-15%	€0.89

The average maturity used is less than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 stock options with the same maturity.

For 2018, the expense relating to the TF1 performance share plan was determined on the basis of the reference quoted market price of TF1 shares at the date of grant, i.e. €9.38.

For 2017, the expense relating to the TF1 performance share plan was determined on the basis of the reference quoted market price of TF1 shares at the date of grant, i.e. €11.72.

- **Expense related to employee benefit plans awarded by the Bouygues group**

The expense related to plans awarded by the Bouygues group to TF1 group employees was not material for 2018.

#### 7-4-5-4. Share buybacks

TF1 did not repurchase any of its own shares during 2018 or 2017.

#### 7-4-5-5. Call options granted to non-controlling interests

The TF1 group had no commitments in place at 31 December 2018 that constituted a call option exercisable by non-controlling interests.

#### 7-4-6. Cash flow hedge reserve

<b>(€m)</b>	<b>2018</b>	<b>2017</b>
<b>Reserve as of 1 January</b>	<b>(4.6)</b>	<b>1.9</b>
Cash flow hedges reclassified to profit or loss during the period <sup>(1)</sup>	7.8	(4.1)
Change in fair value of new cash flow hedges contracted during the period	(1.2)	(2.4)
Change in fair value of existing portfolio of cash flow hedges during the period	-	-
<b>Reserve as of 31 December</b>	<b>2.0</b>	<b>(4.6)</b>

<sup>(1)</sup> Amounts reclassified from equity to profit or loss are recognised as a component of operating profit.



## 7-5. Net debt and financial liabilities

### 7-5-1. Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	31/12/2017	Cash flows	Changes in scope of consolidation	Fair value changes via OCI/profit or loss	Transactions between shareholders	31/12/2018
Cash and cash equivalents	495.8	(441.9)	63.4			117.3
Financial assets used for treasury management purposes	-					-
Overdrafts, short-term bank loans and current account credit balances	(0.3)	(6.0)				(6.3)
<b>Available cash</b>	<b>495.5</b>	<b>(447.9)</b>	<b>63.4</b>		<b>-</b>	<b>111.0</b>
Fair value of interest rate derivatives	-					-
Non-current debt <sup>(1)</sup>	(232.6)	17.8	(15.0)	(1.6)	104.5	(126.9)
Current debt, excluding overdrafts and short-term bank loans <sup>(1)</sup>	(6.2)	4.2	(1.0)	(0.2)	(8.4)	(11.6)
<b>Total debt</b>	<b>(238.8)</b>	<b>22.0</b>	<b>(16.0)</b>	<b>(1.8)</b>	<b>96.1</b>	<b>(138.5)</b>
<b>Net surplus cash (+) / Net debt (-)</b>	<b>256.7</b>	<b>(425.9)</b>	<b>47.4</b>	<b>(1.8)</b>	<b>96.1</b>	<b>(27.5)</b>

<sup>(1)</sup> Non-current debt and current debt as of 31 December 2017 include the fair value of the commitments made by TF1 to buy out non-controlling shareholders, primarily in Newen Studios and its subsidiaries.

#### 7-5-1-1. Cash and cash equivalents

##### **Accounting policy:**

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts, and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs.

Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees, joint ventures or associates, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are financial assets classified in the "Loans and receivables" category, and carried at amortised cost.

Cash and cash equivalents consist of the following items:

(€m)	2018	2017
Cash	42.4	64.0
Money-market funds	0.3	0.6
Treasury current accounts <sup>(1)</sup>	74.6	431.2
<b>Cash and cash equivalents of continuing operations</b>	<b>117.3</b>	<b>495.8</b>

<sup>(1)</sup> Includes €73.0 million with Bouygues Relais.

## 7-5-2. Financial liabilities

### **Accounting policy:**

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost.

- Financial liabilities at **fair value** through profit or loss comprise:
  - liabilities regarded as held for trading, comprising liabilities incurred principally with a view to their redemption in the near term;
  - liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.
- Non-derivative financial liabilities at **amortised cost** mainly comprise borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see Note 8-2-2).

### • **Commitments to buy out non-controlling interests:**

Commitments to buy out non-controlling interests are recognised as a financial liability, in accordance with IAS 32, with the opposite entry recognised in equity. Apart from discounting effects (recognised in "Expenses associated with net debt"), the effects of subsequent changes in the liability are also recognised in equity.

**Use of estimates and judgement:** the fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bank counterparties. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

The table below shows financial liabilities by category:

2018 (€m)	Financial liabilities at fair value through profit or loss			Commitments to buy out non-controlling interests measured at fair value	Level (1)	Financial liabilities at amortised cost	TOTAL
	Designated at fair value on initial recognition	Held for trading	Level (1)				
Non-current debt	-	-		34.2	III	92.7	126.9
Current debt	-	-		11.5	III	6.4	17.9
Trade and other creditors	-	-		-		1,327.0	1,327.0
Other current financial liabilities	-	-		-		-	-
<i>Currency derivatives</i>	-	-		-		-	-
<i>Interest rate derivatives</i>	-	-		-		-	-

<sup>(1)</sup> See "Use of estimates and judgement" section of Note 7-3-5.

2017 (€m)	Financial liabilities at fair value through profit or loss			Commitments to buy out non-controlling interests	Level (1)	Financial liabilities at amortised cost	TOTAL
	Designated at fair value on initial recognition	Held for trading	Level (1)				
Non-current debt	-	-		124.2	III	108.4	232.6
Current debt	-	-		3.5	III	3.0	6.5
Trade and other creditors	-	-		-		1,467.8	1,467.8
Other current financial liabilities	-	-		-		-	-

<sup>(1)</sup> See "Use of estimates and judgement" section of Note 7-3-5.

- **Fair value of financial liabilities**

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded by the Group as an approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets on the basis of market data at the end of the reporting period (level II method).

## 8 Risk management

### 8-1. Capital management policy

The TF1 group has a policy of maintaining a stable capital base, apart from any share buybacks (see the present Annual Financial Report and Registration Document).

In terms of equity capital, the Group uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in Note 7-5-1 and of shareholders' equity, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

As of 31 December 2018, the Group had net debt of €27.5 million, giving a gearing ratio of 1.7%. As of 31 December 2017, the Group had net surplus cash of €256.7 million, so gearing was zero.

### 8-2. Financial risk management policy

Liquidity risk and market risk (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the Treasury unit within the Accounting, Tax, Treasury and Financing department.

#### 8-2-1. Liquidity risk

The Treasury unit is responsible for ensuring that the Group has access to adequate, sustainable and appropriate sources of financing. This involves:

- regular multi-currency pooling of surplus cash held by all entities controlled by TF1, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating credit facilities with phased maturities, and ensuring that such facilities are in place at all times.

The Group assesses liquidity risk by reference to the global drawdown on its confirmed credit facilities, net of available cash.

#### Financing risk:

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of seizing opportunities for organic growth or acquisitions, while at the same time optimizing the cost of financing by actively managing and renewing the portfolio of credit facilities. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and not subject to covenants regarding financial ratios, and are backed up by a cash pooling agreement with the Bouygues Group.

2018  (€m)	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	130.0	910.0	1,040.0	92.0	-	92.0	948.0
Finance leases	-	(0.1)	(0.1)	-	(0.1)	(0.1)	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>130.0</b>	<b>909.9</b>	<b>1,039.9</b>	<b>92.0</b>	<b>(0.1)</b>	<b>91.9</b>	<b>948.0</b>

2017 (€m)	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	150.0	865.0	1,015.0	108.0	-	108.0	907.0
Finance leases	(0.0)	0.1	0.1	(0.0)	0.1	0.1	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>150.0</b>	<b>865.1</b>	<b>1,015.1</b>	<b>108.0</b>	<b>0.1</b>	<b>108.1</b>	<b>907.0</b>

#### Credit rating:

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB+/stable/A-2 (June 2018).

#### Maturity of non-derivative financial liabilities

The tables below provide a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2018 (€m)	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,326.1	1,326.1	-	1,326.1
Other financial liabilities	144.8	17.9	126.9	144.8
<b>TOTAL</b>	<b>1,470.9</b>	<b>1,344.0</b>	<b>126.9</b>	<b>1,470.9</b>

2017 (€m)	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,467.8	1,467.8	-	1,467.8
Other financial liabilities	239.1	6.5	232.6	239.1
<b>TOTAL</b>	<b>1,706.9</b>	<b>1,474.3</b>	<b>232.6</b>	<b>1,706.9</b>

#### Investment of surplus cash

The Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses, which must be:

- liquid, i.e. immediately accessible (current accounts, interest-bearing instant access accounts, etc), with a maturity of no more than 3 months;
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk, and with no possibility of a sub-zero rate;
- contracted with high-grade counterparties.

As of 31 December 2018, €73.0 million out of the Group's €117.3 million of cash and cash equivalents was invested with Bouygues Relais under the terms of the cash pooling arrangement between the two entities.

(€m)	2018	2017
Interest-bearing bank account	3.6	4.0
Bouygues Relais cash pooling agreement	73.0	431.2
Other treasury current accounts	40.7	60.6
<b>TOTAL</b>	<b>117.3</b>	<b>495.8</b>

## 8-2-2. Market risk

The Group manages its exposure to interest rate risk and exchange rate risk by using hedging instruments such as swap contracts and forward purchases/sales. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Treasury unit monitors the financial markets on a regular basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. The unit submits hedging scenarios to the Accounting, Tax, Treasury and Financing department for approval; once they have been approved, it executes and administers the relevant market transactions.

### Accounting policy:

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IFRS 13.

The Group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

- Derivative financial instruments designated as hedges

For hedge accounting purposes, a hedge may be classified into one of two categories:

- fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability or of a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;
- cash flow hedges, which hedge the exposure to variability in cash flows attributable to:
  - an asset or liability such as a floating-rate loan or borrowing;
  - a highly probable forecast transaction; or
  - foreign exchange risk relating to a firm commitment.

At the inception of a hedge, the Group formally designates the financial instrument to which hedge accounting will apply, and documents:

- the hedging relationship;
- the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;
- cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.

- Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivatives not designated as hedges within the meaning of IAS 39 are recognised in the income statement.

## 8-2-2-1. Interest rate risk

The objective of the Group's interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate, in order to minimise cost of net debt over the short and medium term.

### Exposure and sensitivity to interest rate risk:

The schedules below analyse financial assets and financial liabilities, and the net exposure, by interest rate type and maturity.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate <sup>(1)</sup>	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
<b>2018</b>										
(€m)										
Less than 1 year	1.2	116.1	(17.9)	-	(16.7)	116.1	-	-	(16.7)	116.1
1 to 5 years	-	-	(126.9)	-	(126.9)	-	-	-	(126.9)	-
<b>TOTAL</b>	<b>1.2</b>	<b>116.1</b>	<b>(144.8)</b>	<b>-</b>	<b>(143.6)</b>	<b>116.1</b>	<b>-</b>	<b>-</b>	<b>(143.6)</b>	<b>116.1</b>

<sup>(1)</sup> Includes commitments to buy out non-controlling interests.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate <sup>(1)</sup>	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
<b>2017</b>										
(€m)										
Less than 1 year	3.7	492.1	(6.5)	-	(2.8)	492.1	-	-	(2.8)	492.1
1 to 5 years	-	-	(232.6)	-	(232.6)	-	-	-	(232.6)	-
<b>TOTAL</b>	<b>3.7</b>	<b>492.1</b>	<b>(239.1)</b>	<b>-</b>	<b>(235.4)</b>	<b>492.1</b>	<b>-</b>	<b>-</b>	<b>(235.4)</b>	<b>492.1</b>

<sup>(1)</sup> Includes commitments to buy out non-controlling interests.

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% across the entire yield curve for 2017 and 2018.

It is defined as the impact of applying this 1% movement to the net floating-rate exposure (this exposure being assumed to be constant over one year).

	2018		2017	
	Pre-tax impact on profit or loss	Pre-tax impact on equity	Pre-tax impact on profit or loss	Pre-tax impact on equity
(€m)				
Impact of a movement of +1% in interest rates	1.2	-	4.9	-
Impact of a movement of -1% in interest rates	ns <sup>(1)</sup>	-	ns <sup>(1)</sup>	-

<sup>(1)</sup> As of 31 December 2018, the level of short-term interest rates is such that TF1 has no material exposure to a fall in interest rates.

### Interest rate derivatives:

The TF1 group has not held any interest rate derivatives since 2011.

## 8-2-2-2. Foreign exchange risk

### Risk of significant fluctuations in the euro/dollar exchange rate, and techniques used to manage that risk

The Group is exposed to the risk of fluctuations in the exchange rate between the euro and the U.S. dollar because it acquires American programmes and consumer goods and pays for them in U.S. dollars.

Consequently, any significant appreciation in the U.S. dollar could have a negative effect on the Group's results.

Over an 18-month time horizon, the risk is managed using appropriate hedging instruments that provide protection against a deterioration in the exchange rate position and eliminate the cash effect over the duration of the hedge. At the same time, the Group is committed to reducing its exposure to the U.S. dollar by increasing the extent to which it uses the euro as the currency of payment in programme acquisition contracts.

### Multi-currency foreign exchange risk

#### Accounting policy:

**Foreign currency translation:** transactions denominated in foreign currencies carried out by subsidiaries are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

The Group's exposure to foreign exchange risk is of an operating nature. It derives from recurring cash flows under multi-year broadcasting and sports transmission rights acquisition contracts denominated in U.S. dollars and Swiss francs, and advertising airtime sales denominated in Swiss francs.

During 2018, over 97% of the Group's cash inflows were in euros, 1.9% in U.S. dollars, and 0.4% in Swiss francs. As regards cash outflows, 95.2% (including acquisitions of audiovisual rights) were in euros, 4.6% in U.S. dollars, 0.1% in Swiss francs, and 0.1% in Canadian dollars.

The objective of the Group's foreign exchange risk management policy is to lock in a maximum exchange rate or guarantee a minimum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

### Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk as of 31 December 2018:

Equivalent value in euros at 2018 closing exchange rates (€m)	USD <sup>(1)</sup>	GBP	CHF <sup>(2)</sup>	Other currencies	Total
Assets	(2.7)	(8.3)	9.1	2.1	0.2
Liabilities	(26.3)	(8.4)	4.3	1.8	(28.6)
Off balance sheet commitments	(42.3)	-	-	-	(42.3)
<b>Pre-hedging position</b>	<b>(71.3)</b>	<b>(16.7)</b>	<b>13.4</b>	<b>3.9</b>	<b>(70.7)</b>
Forwards and futures	38.4	-	(8.9)	-	29.6
Currency swaps	8.0	-	-	-	8.0
<b>Net post-hedging position</b>	<b>(24.9)</b>	<b>(16.7)</b>	<b>4.5</b>	<b>3.9</b>	<b>(33.1)</b>

<sup>(1)</sup> Net exposure in USD: some Group entities (GIE AD, TF1 Droits Audiovisuels) enter into multi-year rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments. Most of the inventories purchased by Dujardin and the Home Shopping business are paid for in U.S. dollars. TF1 SA hedges some U.S. dollar overheads.

<sup>(2)</sup> Net exposure in Swiss francs (CHF): this mainly relates to the ordinary activities of TF1; forward contracts in CHF are contracted solely to hedge future cash flows.



The table below shows the Group's exposure to foreign exchange risk as of 31 December 2017:

Equivalent value in euros at 2017 closing exchange rates (€m)	USD	GBP	CHF	Other currencies	Total
Assets	8.5	0.1	4.8	0.2	13.7
Liabilities	(46.2)	-	(0.6)	-	(46.7)
Off balance sheet commitments	(37.0)	-	-	-	(37.1)
<b>Pre-hedging position</b>	<b>(74.7)</b>	<b>0.1</b>	<b>4.2</b>	<b>0.2</b>	<b>(70.1)</b>
Forwards and futures	77.8	-	-	-	77.8
Currency swaps	13.7	-	-	-	13.7
<b>Net post-hedging position</b>	<b>16.8</b>	<b>0.1</b>	<b>4.2</b>	<b>0.2</b>	<b>21.4</b>

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying that 1% movement to the net pre-hedging positions presented above;
- the change in the fair value of the portfolio of foreign exchange instruments in place at the end of the reporting period, applying the accounting treatments specified in IFRS 13.

(€m)	2018				2017			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	0.2	(0.3)	(0.3)	0.3	(0.2)	-	(0.6)	0.6
GBP	0.2	(0.2)	-	-	-	-	-	-
CHF	-	-	0.1	(0.1)	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(0.2)</b>	<b>-</b>	<b>(0.6)</b>	<b>0.6</b>

As of 31 December 2018, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net foreign-currency accounting position arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies involved would be +€0.2 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2017 was +€0.6 million.

#### Analysis of foreign exchange derivative instruments by currency

The tables below analyse foreign exchange hedging instruments by currency at the end of the reporting period:

31 December 2018 (in millions)	Currency	Nominal amount of hedges				Fair value (in euros)	
		Total foreign- currency amount	Amount in euros			Total amount	Of which designated as cash flow hedges
			Total	Less than 1 year	1 to 5 years		
Currency swaps	USD	9.2	8.0	8.0	-	(0.1)	(0.1)
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	44.0	38.4	36.2	2.2	2.2	2.2
Forward sales	CHF	10.0	8.9	8.9	-	0.0	0.0
<b>TOTAL</b>			<b>37.6</b>	<b>35.4</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>

31 December 2017 (in millions)	Currency	Nominal amount of hedges				Fair value (in euros)	
		Total foreign-currency amount	Amount in euros			Total amount	Of which designated as cash flow hedges
			Total	Less than 1 year	1 to 5 years		
Currency swaps	USD	16.4	13.7	13.7	-	(0.1)	(0.1)
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	93.3	77.8	67.5	10.2	(6.6)	(6.6)
Forward sales	CHF	-	-	-	-	-	-
<b>TOTAL</b>			<b>91.4</b>	<b>81.2</b>	<b>10.2</b>	<b>(6.8)</b>	<b>(6.8)</b>

The nominal amount represents the amount sold or purchased forward in the currency.

Fair value is the difference between (i) the nominal amount translated into euros at a forward rate recalibrated to reflect closing exchange rates and (ii) the nominal amount translated into euros at closing exchange rates.

### Accounting classification and treatment

All foreign exchange instruments used by the Group are contracted to hedge its exposure to financial risks. In accordance with IFRS 13, they are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the relevant criteria, in particular where there has been a reversal of the initial strategy.

Transactions designated as cash flow hedges are used by TF1 SA to hedge sports transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	TOTAL Fair value of financial instruments
<b>2018</b>				
Foreign exchange instruments – assets	-	-	-	
Foreign exchange instruments – liabilities	(0.1)	-	2.2	<b>2.2</b>
<b>TOTAL</b>	<b>(0.1)</b>	<b>-</b>	<b>2.2</b>	<b>2.2</b>
<b>2017</b>				
Foreign exchange instruments – assets	-	-	-	
Foreign exchange instruments – liabilities	(0.1)	-	(6.6)	<b>(6.7)</b>
<b>TOTAL</b>	<b>(0.1)</b>	<b>-</b>	<b>(6.6)</b>	<b>(6.7)</b>

### Change in fair value of foreign exchange instruments

Changes in the fair value of foreign exchange instruments that qualify for hedge accounting consist of two elements:

- ✓ an effective portion (i.e. the portion closely correlated to changes in the fair value of the hedged items), which is recognised in remeasurement reserves as a component of equity;
- ✓ an ineffective portion.

## CHANGE IN FAIR VALUE OF FOREIGN EXCHANGE INSTRUMENTS

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	TOTAL
<b>2018</b>	0.1	-	(11.3)	<b>(11.1)</b>
effective portion	-	-	(10.1)	
ineffective portion	0.1	-	(1.2)	
<b>2017</b>	(0.1)	-	(11.4)	<b>(11.5)</b>
effective portion	-	-	(11.8)	
ineffective portion	(0.1)	-	0.5	

### Counterparty risks:

The Group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2018, no single customer of the Group represented more than 2% of consolidated revenue.

The five largest customers represented no more than 10% of consolidated revenue.

The ten largest customers represented no more than 15% of consolidated revenue.

In 2018, no single supplier of the TF1 group represented more than 4% of consolidated revenue.

The five largest suppliers represented no more than 15% of consolidated revenue.

The ten largest suppliers represented no more than 20% of consolidated revenue; this figure reflects the specialised nature of some suppliers within the audiovisual industry, such as production studios.

### Risk of non-recovery of debtors

2018	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	<b>682.5</b>	583.1	99.4	76.7	12.1	10.6
Provisions for impairment of trade debtors	<b>(8.3)</b>	(1.9)	(6.4)	(0.5)	(3.1)	(2.8)
<b>TOTAL trade debtors, net</b>	<b>674.2</b>	<b>581.2</b>	<b>93.0</b>	<b>76.2</b>	<b>9.0</b>	<b>7.8</b>

2017	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	<b>661.3</b>	587.8	73.5	65.6	4.0	3.9
Provisions for impairment of trade debtors	<b>(6.6)</b>	(1.5)	(5.1)	(0.9)	(2.3)	(1.9)
<b>TOTAL trade debtors, net - continuing operations</b>	<b>654.7</b>	<b>586.3</b>	<b>68.4</b>	<b>64.7</b>	<b>1.7</b>	<b>2.0</b>

In 2016, the TF1 group introduced a trade debtor management software program with recovery, risk management and financial information modules.

This program has standardised reminder processes across the Group's vendors, and bolstered the resources dedicated to revenue collection.

This has helped keep the risk of non-payment by customers to less than 0.15% of total annual billings.

### **Advertising airtime sales**

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who over the years have often become regular airtime buyers, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy for managing the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are aware.

Those terms include:

- upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser;
- upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If those payment terms are rejected, TF1 Publicité may refuse to sell airtime to the buyer;
- payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management department which performs regular financial health checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

### **Subscriptions to pay-TV channels**

There is no significant risk of non-recovery as regards revenues payable by cable operators in France.

### **Consumer activities**

The Home Shopping business is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

### **Rights sales**

Rights sales within France present little risk since the main customers are French broadcasters and ISP/video operators, who are relatively few in number and are high grade counterparties with no history of payment default.

Risks are also limited as regards rights sales outside France, because the media needed to exploit the audiovisual works are not supplied until after the majority of the contractual amounts due have been paid.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

### **Financial counterparties**

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see Note 8-2-1 on liquidity risk).

## 9 Other notes to the financial statements

### 9-1. Off balance sheet commitments:

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.

A commitment is reciprocal if the future commitment given by the Group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: Note 7-1-2 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and Note 8-2-1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the Group.

The various types of commitments given and received by the Group are described below:

#### - Guarantee commitments:

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

#### - Reciprocal contractual commitments:

##### Image transmission:

Image transmission commitments relate to the supply of television transmission services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

##### Commitments relating to equity interests:

This item comprises firm or optional commitments to deliver or receive securities.

##### Other reciprocal contractual commitments:

This comprises commitments given or received under various contracts not associated with the recurring operations of Group companies.

##### Operating leases:

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the end of the reporting period.

Operating lease commitments represent future lease payments due during the period in which the lease is reasonably certain to apply. That period may include lease extension periods where the Group expects to exercise the extension option. The leases involved are contracted in connection with the Group's ordinary activities and relate to assets such as land, buildings and equipment. The commitments disclosed do not include leases where the as-new value of the leased asset is less than €5,000, or leases for which it is reasonably certain that the lease term is less than twelve months. Future lease payments are discounted using either (i) the interest rate implicit in the lease or (ii) an incremental borrowing rate, and exclude variable lease payments that do not depend on an index or a rate.

Operating lease commitments as of 31 December 2017 have been restated in line with the policies described above.

### Finance leases:

This item shows the minimum future lease payments under finance leases outstanding at the end of the reporting period.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

#### 9-1-1. Guarantee commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
<b>Guarantee commitments</b>					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.9	-	11.2	14.1	14.0
<b>Guarantee commitments given</b>	<b>2.9</b>	<b>-</b>	<b>11.2</b>	<b>14.1</b>	<b>14.0</b>
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	-	-	-	-	-
<b>Guarantee commitments received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Guarantee commitments, net</b>	<b>2.9</b>	<b>-</b>	<b>11.2</b>	<b>14.1</b>	<b>14.0</b>

#### 9-1-2. Reciprocal contractual commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
<b>Miscellaneous contractual commitments</b>					
Image transmission	24.0	43.0	0.3	67.3	82.2
Commitments relating to equity interests <sup>(1)</sup>	-	-	-	-	365.0
Other items	66.8	3.2	-	70.0	112.1
<b>Miscellaneous contractual commitments given</b>	<b>90.8</b>	<b>46.2</b>	<b>0.3</b>	<b>137.3</b>	<b>559.3</b>
Image transmission	24.0	43.0	0.3	67.3	82.2
Commitments relating to equity interests <sup>(1)</sup>	-	-	-	-	365.0
Other items	66.8	3.2	-	70.0	112.1
<b>Miscellaneous contractual commitments received</b>	<b>90.8</b>	<b>46.2</b>	<b>0.3</b>	<b>137.3</b>	<b>559.3</b>
<b>Miscellaneous contractual commitments, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> In 2017, commitments relating to equity interests include commitments relating to the acquisition of the aufeminin group (see Note 1, "Significant events of the year").

#### 9-1-3. Operating leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Operating lease commitments	18.7	58.4	26.4	103.5	107.0
<b>Total commitments</b>	<b>18.7</b>	<b>58.4</b>	<b>26.4</b>	<b>103.5</b>	<b>107.0</b>

## 9-2. Related party information

### 9-2-1. Executive remuneration

Total remuneration paid during 2018 to key executives of the Group (i.e. the 10 members of the TF1 Management Committee mentioned in the Registration Document) was €7.9 million, comprising:

(€m)	2018	2017
Fixed remuneration	4.8	4.7
Variable remuneration and benefits in kind	3.1	2.8

Additional information:

- the portion of expenses relating to stock options and performance shares awarded to these key executives was €0.8 million for the year ended 31 December 2018;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €2.0 million.

The Bouygues group offers the members of its Executive Committee, who include Gilles Pélisson, a supplementary pension capped at 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2018 to the investment fund of the insurance company which manages the scheme was €0.4 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

### 9-2-2. Transactions with other related parties

Transactions with other related parties are summarised in the table below:

(€m)	Income		Expenses		Debtors		Creditors	
	2018	2017	2018	2017	2018	2017	2018	2017
Parties with an ownership interest	47.5	47.9	(29.8)	(16.4)	89.5 <sup>(1)</sup>	443.8 <sup>(1)</sup>	13.1	11.7
Joint ventures	-	0.4	-	-	2.6	2.0	-	-
Associates	-	-	-	-	0.4	-	-	-
Other related parties	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>47.5</b>	<b>48.3</b>	<b>(29.8)</b>	<b>(16.4)</b>	<b>92.5</b>	<b>445.8</b>	<b>13.1</b>	<b>11.7</b>

<sup>(1)</sup> Primarily the Bouygues Relais cash pooling agreement (see Note 8-2-1).

In 2018, agreements entered into with joint ventures and associates relate primarily to operating transactions in the ordinary course of business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements entered into with parties with an ownership interest comprise agreements with Bouygues SA and with other Bouygues group companies that are subsidiaries of Bouygues SA. Those agreements are of an ordinary commercial nature (including in particular sales of advertising airtime to Bouygues Telecom and services purchased from Bouygues Energies & Services), except in the case of transactions with Bouygues Relais under the short-term cash pooling agreement.

The off balance sheet commitments reported in Note 9-1 do not include any material commitments to related parties.

### 9-3. Auditors' fees

The table below shows fees paid by the Group to its auditors:

(€ '000)	Mazars				EY				Other audit firms			
	Amount		%		Amount		%		Amount		%	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Audit of consolidated and individual company financial statements</b>	<b>(901)</b>	<b>(778)</b>	<b>97%</b>	<b>92%</b>	<b>(879)</b>	<b>(660)</b>	<b>96%</b>	<b>88%</b>	<b>(461)</b>	<b>(402)</b>	<b>98%</b>	<b>85%</b>
- TF1 SA	(236)	(219)			(247)	(214)			-	-		
- Subsidiaries	(665)	(559)			(632)	(446)			(461)	(402)		
<b>Other procedures and services related directly to the audit engagement</b>	<b>(29)</b>	<b>(66)</b>	<b>3%</b>	<b>8%</b>	<b>(37)</b>	<b>(90)</b>	<b>4%</b>	<b>12%</b>	<b>(9)</b>	<b>(37)</b>	<b>2%</b>	<b>8%</b>
- TF1 SA	-	(32)			-	(86)			-	-		
- Subsidiaries	(29)	(34)			(37)	(4)			(9)	(37)		
<b>Audit-related fees</b>	<b>(930)</b>	<b>(844)</b>	<b>100%</b>	<b>100%</b>	<b>(916)</b>	<b>(750)</b>	<b>100%</b>	<b>100%</b>	<b>(470)</b>	<b>(439)</b>	<b>100%</b>	<b>93%</b>
<b>Other services provided by audit firms to fully consolidated subsidiaries</b>												
Company law , tax and employment law	-	-	-	-	-	-	-	-	-	-	-	-
Other (if > 10% of audit-related fees)	-	-	-	-	-	-	-	-	-	(34)	-	7%
<b>Other fees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>-</b>	<b>-</b>
<b>TOTAL AUDITORS' FEES</b>	<b>(930)</b>	<b>(844)</b>	<b>100%</b>	<b>100%</b>	<b>(916)</b>	<b>(750)</b>	<b>100%</b>	<b>100%</b>	<b>(470)</b>	<b>(473)</b>	<b>100%</b>	<b>100%</b>

The amount of fees paid by the TF1 group to its auditors for the statutory audit of the consolidated and individual company financial statements for the year ended 31 December 2018 was €2.2 million.

The amount of fees paid by the Group in 2018 for services other than statutory audit (other procedures and services related directly to the audit engagement, and other services provided by the audit firms to fully consolidated companies) was €0.1 million (CSR report, assurance and advisory services on corporate actions during the year).

### 9-4. Dependence on licences

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997.

The licence was renewed for a further five-year period (via decision no. 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

In accordance with Articles 28-1, 82 and 99 of the law of 30 September 1986 as amended, TF1's broadcasting licence has been "automatically" renewed several times.

TF1 also has a supplementary licence to broadcast in high definition (HD), awarded by the CSA (the French broadcasting regulator) in decision No. 2008-424 of 6 May 2008, for a ten-year period ending 5 May 2018.



## 9-5. Detailed list of companies included in the consolidation

### **Consolidation methods**

#### **Subsidiaries**

Subsidiaries are entities over which TF1 exercises control. TF1 controls an entity where it has (i) power over the entity, (ii) exposure, or rights, to variable returns from its involvement with the entity, and (iii) the ability to affect those returns. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

The Group accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, 100% of all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Non-controlling interests in equity and in net profit are identified separately under "Non-controlling interests" in the consolidated balance sheet and the consolidated income statement.

#### **Joint ventures**

Joint ventures are equity investees over which TF1 contractually shares control with one or more other parties.

Joint ventures are accounted for by the equity method.

#### **Associates**

An associate is an entity over which TF1 exercises significant influence, which means that it has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

The Group accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

### **Translation of the financial statements of foreign entities:**

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity under "Share premium and reserves".

On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

COMPANY	COUNTRY	ACTIVITY	31 December 2018		31 December 2017	
			% INTEREST	METHOD	% INTEREST	METHOD
<b>Broadcasting</b>						
<b>TF1 SA</b>	<b>France</b>	<b>Broadcasting</b>	<b>Parent company</b>	<b>-</b>	<b>Parent company</b>	<b>-</b>
E-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
GIE ACHAT DROITS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
GIE APHELIE	France	Real estate company	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
HOLDING NEWEN STUDIOS	France	Holding company	100.00%	Full	-	-
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
Raise M4E	France	Management of equity holdings	99.50%	Equity	-	-
SERIE CLUB	France	Theme channel	50.01%	Equity	50.01%	Equity
TF1 DISTRIBUTION (formerly PREFAS 6)	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 ONE INNOVATION	France	Holding company	100.00%	Full	-	-
TF1 PRODUCTION (formerly GLEM)	France	Programme production	100.00%	Full	100.00%	Full
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
TF1 SERIES FILMS	France	Theme channel	100.00%	Full	100.00%	Full
TFX	France	Theme channel	100.00%	Full	100.00%	Full
TMC	Monaco	Theme channel	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
<b>Studios &amp; Entertainment</b>						
17 JUIN DEVELOPPEMENT	France	Holding company	69.04%	Full	69.04%	Full
17 JUIN DEVELOPPEMENT ET PARTICIPATIONS	France	Holding company	69.63%	Full	69.63%	Full
17 JUIN FICTION	France	Audiovisual production	69.04%	Full	69.04%	Full
17 JUIN MEDIA	France	Audiovisual production	69.04%	Full	69.04%	Full
17 JUIN PROD	France	Audiovisual production	69.04%	Full	69.04%	Full
ABRAFILMS	France	Audiovisual production	80.00%	Full	80.00%	Full
AGE OF MEDIA NETWORK BV	Netherlands	Audiovisual production	-	-	42.50%	Equity
AND SO ON	France	Audiovisual production	100.00%	Full	100.00%	Full
BARJAC PRODUCTION	France	Audiovisual production	100.00%	Full	100.00%	Full
BEAUTY HOLDING	France	Audiovisual production	-	-	82.44%	Full
BIRBO	Denmark	Audiovisual production	33.33%	Equity	-	-
BLUE SPIRIT HOLDING	France	Audiovisual production	100.00%	Full	100.00%	Full
BLUE SPIRIT LAB	France	Audiovisual production	100.00%	Full	100.00%	Full
BLUE SPIRIT PRODUCTION	France	Audiovisual production	100.00%	Full	100.00%	Full
BLUE SPIRIT STUDIO	France	Audiovisual production	100.00%	Full	100.00%	Full
BOXEUR 7	France	Audiovisual production	100.00%	Full	100.00%	Full
CAPA DEVELOPPEMENT	France	Holding company	88.09%	Full	88.09%	Full
CAPA DRAMA	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA ENTREPRISE	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA EVENTS	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA PICTURES	France	Audiovisual production	79.28%	Full	79.28%	Full
CAPA PRESSE	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA PROD	France	Audiovisual production	88.09%	Full	88.09%	Full

CAPA SERIES	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA VS3	France	Audiovisual production	100.00%	Full	100.00%	Full
CCCP TELEVISIE BV	Netherlands	Audiovisual production	51.00%	Full	51.00%	Full
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
COLUMN FILM NEDERLAND BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
COLUMN PROJECTS	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
COSTUMES ET DECO	France	Audiovisual production	100.00%	Full	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	-	-	47.85%	Equity
DUJARDIN	France	Producer of board/card games	100.00%	Full	100.00%	Full
EXPLORER	France	Audiovisual production	88.09%	Full	88.09%	Full
JUST KIDS	France	Audiovisual production	100.00%	Full	100.00%	Full
LEONIS	France	Audiovisual production	100.00%	Full	100.00%	Full
LES FILMS A5	France	Audiovisual production	88.09%	Full	88.09%	Full
LVPB	France	Audiovisual production	100.00%	Full	100.00%	Full
MDA CONSEIL	France	Management consultancy	100.00%	Full	-	-
NERIA PRESSE	France	Audiovisual production	100.00%	Full	100.00%	Full
NERIA PRODUCTIONS	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN DISTRIBUTION	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN DISTRIBUTION LTD	United Kingdom	Holding company	100.00%	Full	100.00%	Full
NEWEN IT ALL	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN SERVICES	France	Holding company	100.00%	Full	100.00%	Full
NEWEN STUDIOS	France	Holding company	100.00%	Full	100.00%	Full
NIMBUS FILM	Denmark	Audiovisual production	33.08%	Equity	-	-
NIMBUS FILM HOLDING	Denmark	Holding company	33.08%	Equity	-	-
NIMBUS FILM SALES	Denmark	Audiovisual production	33.08%	Equity	-	-
PLAY 2	France	Music production	25.00%	Full	25.00%	Full
PROD 360	France	Audiovisual production	100.00%	Full	100.00%	Full
PRODUCTION VALLEY	France	Audiovisual production	100.00%	Full	100.00%	Full
PULSATIONS	France	Audiovisual production	69.04%	Full	69.04%	Full
PULSATIONS MULTIMEDIA	France	Audiovisual production	69.04%	Full	69.04%	Full
PUPKIN FILM	Netherlands	Audiovisual production	100.00%	Full	-	-
PUPKIN FILM & TELEVISIE	Netherlands	Audiovisual production	100.00%	Full	-	-
PUPKIN FILM HOLDING	Netherlands	Holding company	100.00%	Full	-	-
RENDEZ VOUS PRODUCTION SERIES	France	Audiovisual production	100.00%	Full	100.00%	Full
ROYAL ME UP PRODUCTIONS	France	Audiovisual production	80.00%	Full	80.00%	Full
SINEMATIK	Belgium	Audiovisual production	-	-	100.00%	Full
SNC EDITIONS MUSICALES BOXEUR DE LUNE	France	Audiovisual production	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
STUDIO BLUE SPIRIT CANADA	Canada	Audiovisual production	100.00%	Full	100.00%	Full
STUDIOS DE MARSEILLE	France	Audiovisual production	100.00%	Full	100.00%	Full
STUDIOS DE SETE	France	Audiovisual production	100.00%	Full	100.00%	Full
STUDIOS POST & PROD	France	Audiovisual production	100.00%	Full	100.00%	Full
TEL SETE	France	Audiovisual production	100.00%	Full	100.00%	Full
TELECIP	France	Audiovisual production	100.00%	Full	100.00%	Full
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TELFRACTANCE	France	Audiovisual production	100.00%	Full	100.00%	Full
TELFRACTANCE SERIE	France	Audiovisual production	100.00%	Full	100.00%	Full
TF HOLDING	France	Holding company	100.00%	Full	-	-
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 ENTERTAINMENT	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full

TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TOOCO	France	Audiovisual production	66.00%	Full	66.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
TUVALU DIGITAL BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
TUVALU MEDIA BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
TUVALU MEDIA GROUP BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
TUVALU MEDIA NETHERLANDS BV	Netherlands	Holding company	100.00%	Full	100.00%	Full
TUVALU MEDIA NETHERLANDS MANAGEMENT BV	Netherlands	Holding company	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
WATERLAND SERVICES BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
YELLOW THING	France	Audiovisual production	33.34%	Equity	33.34%	Equity

#### Digital

ALFEMMINILE.COM	Italy	Digital content management	100.00%	Full	-	-
AUFEMININ	France	Digital content management	100.00%	Full	-	-
AUFEMININ.COM PRODUCTIONS	France	Digital content management	100.00%	Full	-	-
BEMFEMENINO	Brazil	Digital content management	100.00%	Full	-	-
BIGGIE HOLDING	France	Holding company	100.00%	Full	-	-
BONZAI DIGITAL	France	Digital marketing consultancy	100.00%	Full	100.00%	Full
CUP HOLDING	France	Audiovisual production	-	-	82.28%	Full
CUP INTERACTIVE SAS	France	Audiovisual production	85.64%	Full	82.28%	Full
DEVTRIBU	France	Audiovisual production	85.64%	Full	82.44%	Full
DOCTISSIMO	France	Digital content management	100.00%	Full	-	-
ENFEMENINO.COM	Spain	Digital content management	100.00%	Full	-	-
ETOILE CASTING SAS	France	Digital content management	100.00%	Full	-	-
FACTORY ELEVEN	France	Audiovisual production	85.64%	Full	82.44%	Full
FINDER STUDIOS	France	Digital content management	51.00%	Full	-	-
GAMNED	France	Advertising airtime sales	100.00%	Full	-	-
GAMNED BENELUX	Belgium	Advertising airtime sales	100.00%	Full	-	-
GAMNED DO BRAZIL	Brazil	Advertising airtime sales	100.00%	Full	-	-
GAMNED GROUP	France	Advertising airtime sales	100.00%	Full	-	-
GAMNED MIDDLE EAST	United Arab Emirates	Advertising airtime sales	100.00%	Full	-	-
GAMNED SEA	Malaysia	Advertising airtime sales	100.00%	Full	-	-
GAMNED SUISSE	Switzerland	Advertising airtime sales	100.00%	Full	-	-
GBE & W	France	Digital content management	100.00%	Full	-	-
GOFEMININ.DE	Germany	Digital content management	100.00%	Full	-	-
JOYCE	France	Digital content management	100.00%	Full	-	-
LES PROS DE LA PETITE ENFANCE	France	Digital content management	42.82%	Equity	-	-
LIVINGLY MEDIA INC	United States	Digital content management	100.00%	Full	-	-
MAGNETISM	France	Digital marketing consultancy	100.00%	Full	-	-
MARMITON	France	Digital content management	100.00%	Full	-	-
MAYANE COMMUNICATIONS	France	Digital content management	85.64%	Full	72.76%	Full
MERCI ALFRED	France	Digital content management	100.00%	Full	-	-
VERTICAL STATION (formerly MINUTEBUZZ)	France	Digital content management	70.90%	Equity	70.90%	Equity
MY LITTLE BOX KK	Japan	e-commerce	100.00%	Full	-	-
MY LITTLE CAMPUS	France	e-commerce	100.00%	Full	-	-
MY LITTLE PARIS	France	e-commerce	100.00%	Full	-	-
NETMUMS LTD	United Kingdom	Digital content management	100.00%	Full	-	-
NEWEB	France	Holding company	100.00%	Full	100.00%	Full
NEWEB DEVELOPPEMENT	France	Audiovisual production	85.64%	Full	82.44%	Full

NEWEB REGIE	France	Audiovisual production	85.64%	Full	82.44%	Full
TF1 NUMERIQUE	France	Holding company	100.00%	Full	-	-
SOFEMININE.CO.UK	United Kingdom	Digital content management	100.00%	Full	-	-
TF1 DIGITAL CONTENT	France	Holding company	100.00%	Full	100.00%	Full
WEWOMEN	United States	Digital content management	100.00%	Full	-	-
YKONE	France	Digital marketing consultancy	100.00%	Full	-	-
YKONE USA	United States	Digital marketing consultancy	100.00%	Full	-	-

## 9-6. Events after the reporting period

On 30 January 2019, the TF1 group announced that it had entered into exclusive negotiations to sell Téléshopping's distance selling business and stores to former Téléshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales. The TF1 group has committed to continue broadcasting teleshopping programmes on its channels for the next five years. The proposed transaction will, as required by law, be subject to scrutiny by the relevant employee representative bodies.