

# POST Q1 2020 RESULTS

INVESTOR PRESENTATION



**LE GROUPE**

# MOVING TO TOTAL VIDEO

- 1** | OVERVIEW OF TF1 GROUP PROFILE AND FRENCH MEDIA MARKET (P.3)
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**1**

**Overview of TF1 group  
profile and French  
media market**

# TF1 Group : Achieving a more balanced portfolio by diversifying the model with content production and digital



## newen CONTENT PRODUCTION

### DRAMA

TELFRANCE



(PUPKIN)

DE  
MEN  
SEN

### DOCUMENTARIES

CAPA

### ANIMATION

BLUESPIRIT  
PRODUCTIONS

### ENTERTAINMENT/ TALK SHOWS



PRODUCTION  
VALLEY

17JUN

### TV MOVIES

ROE  
REEL ONE  
ENTERTAINMENT

## TV BROADCASTING

### FTA CHANNELS



### THEME CHANNELS



### OTHER BROADCASTING ACTIVITIES



### OTHER ENTITIES



## unify DIGITAL

### PUBLISHERS



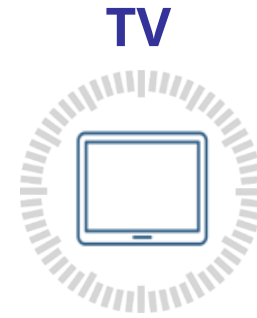
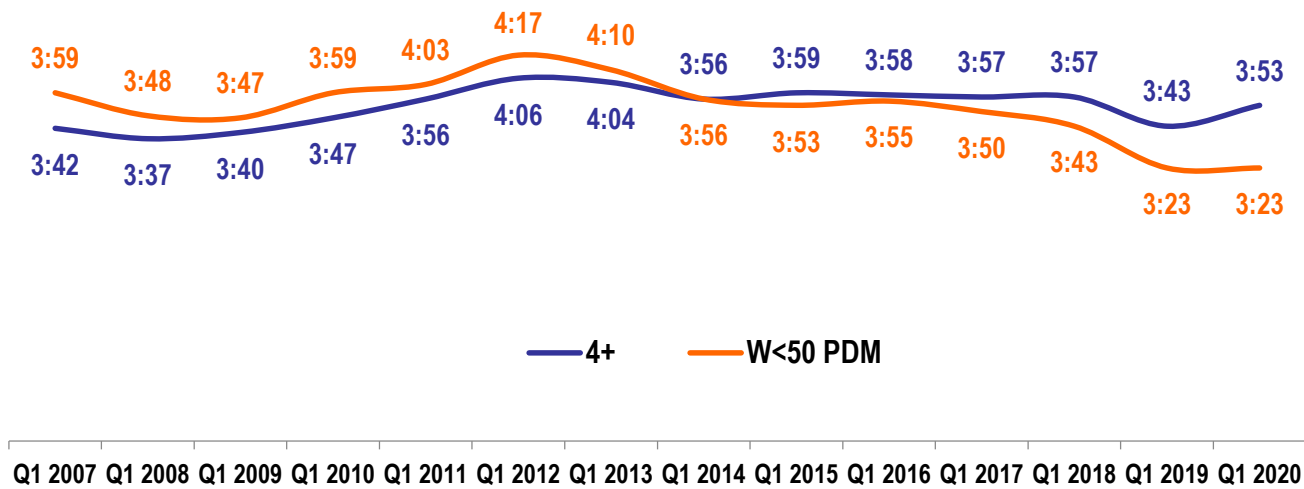
### BRAND SOLUTIONS AND SERVICES



### SOCIAL MEDIA E-COMMERCE



# French people nearly watch 4 hours of TV a day with a sharp increase since the beginning of the lockdown



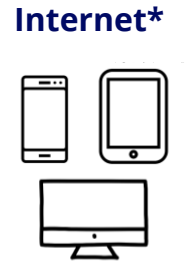
**3:53**

**4:44** during the first two weeks of the lockdown\*\*



**Radio**

**1:59**



**Internet\***

**2:21**



**43,5 million people**

**Daily reach for TV**



**30 million people**

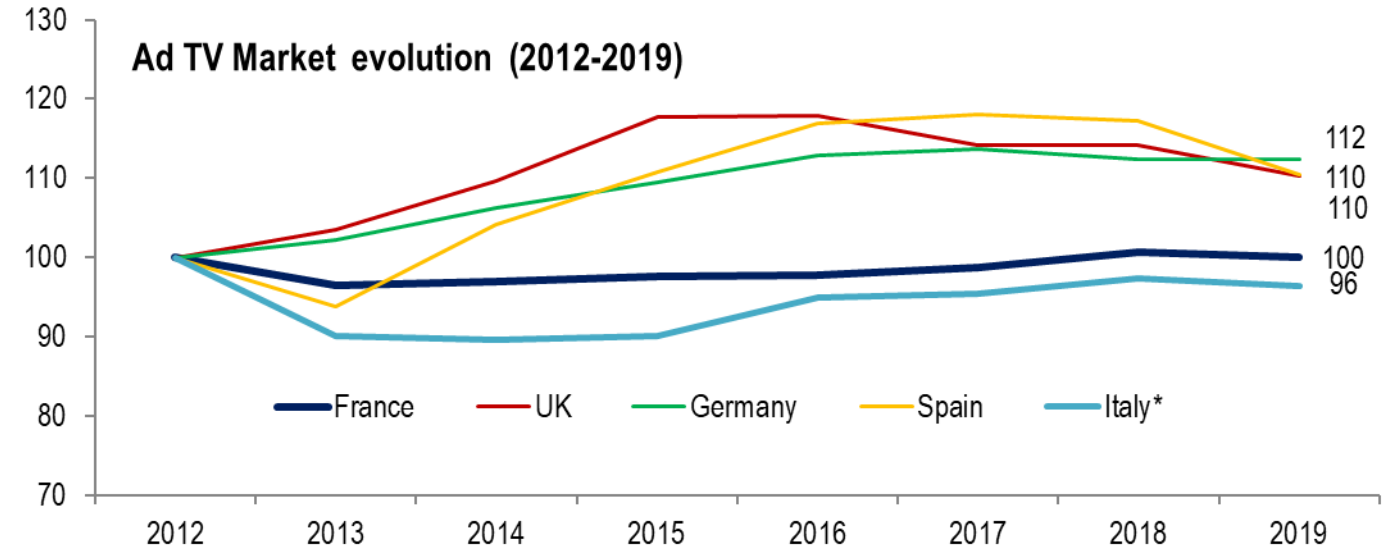
**Daily reach**



Source: Médiamétrie – Médiamat TV – Q1 2020  
 Radio : Q1 2020 / Internet: Q1 2020 reference target all individuals.  
 \* Internet Surf time only  
 \*\* 16-29 March 2020 (+1:14 vs March 2019) – 4+

# France is still underinvested in TV advertising

AD TV MARKET (PER INHABITANT)	2019
	74€
	65€*
	55€
	51€
	43€

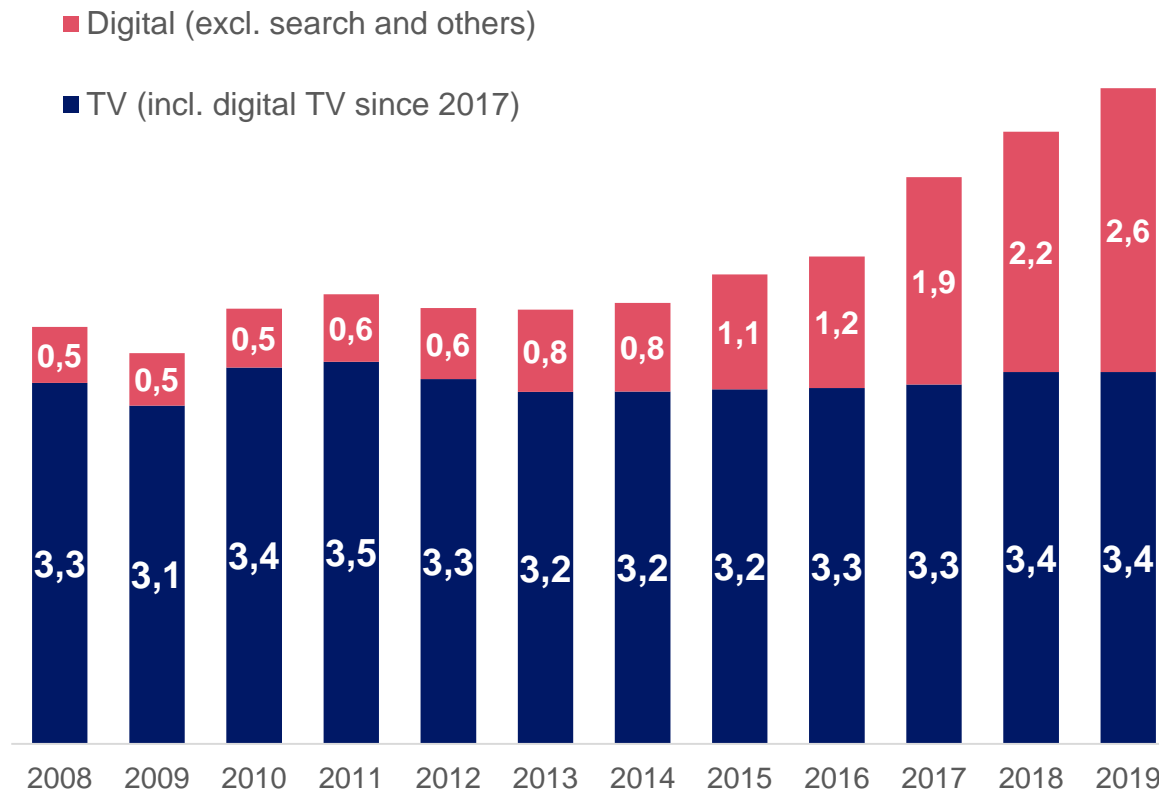


\* Estimates for 2019

Sources: IREP (France)/ Exchangewire (UK), Vaunet Market (Germany), El Pais (Spain), Barclays estimates (January 2020 - Italy)

# French net advertising market

Evolution of TV and digital advertising market (€ billion)



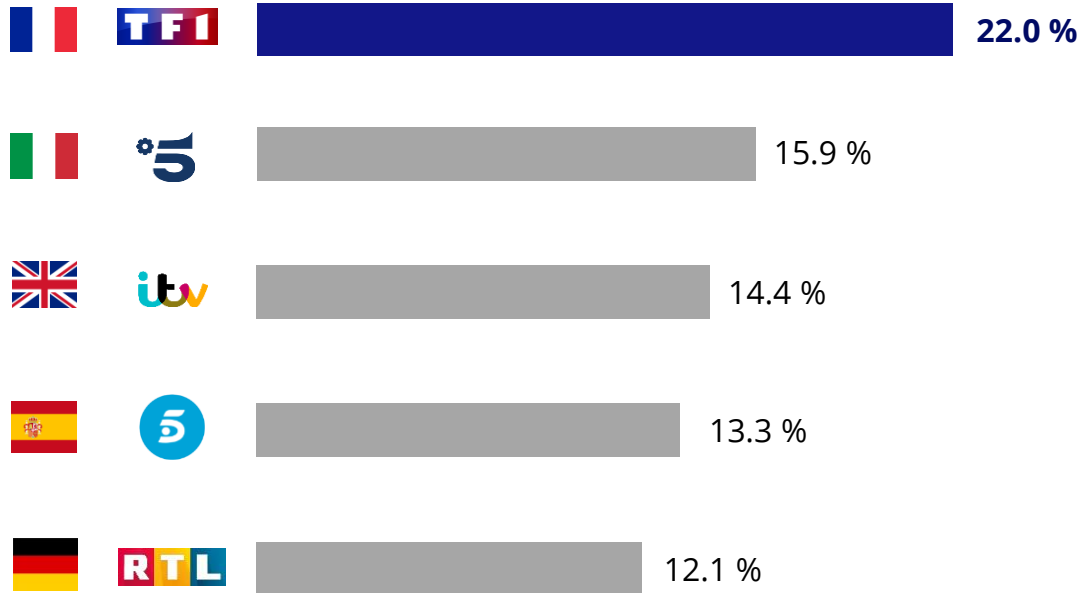
Media net ad revenue (€bn)	2018	2019
<b>DIGITAL</b>	<b>5.2</b>	<b>5.9</b>
Search	2.3	2.5
Display	1.0	1.2
Social	1.2	1.4
Others	0.7	0.8
<b>TV (incl. digital TV)</b>	<b>3.4</b>	<b>3.4</b>
<b>PRESS</b>	<b>2.2</b>	<b>2.1</b>
<b>OUTDOOR ADVERTISING</b>	<b>1.3</b>	<b>1.3</b>
<b>RADIO</b>	<b>0.7</b>	<b>0.7</b>
<b>CINEMA</b>	<b>0.1</b>	<b>0.1</b>
<b>TOTAL</b>	<b>12.9</b>	<b>13.5</b>

Source: IREP

# Best audience share in Europe for the TF1 channel

## Largest market share of any private sector European TV channel

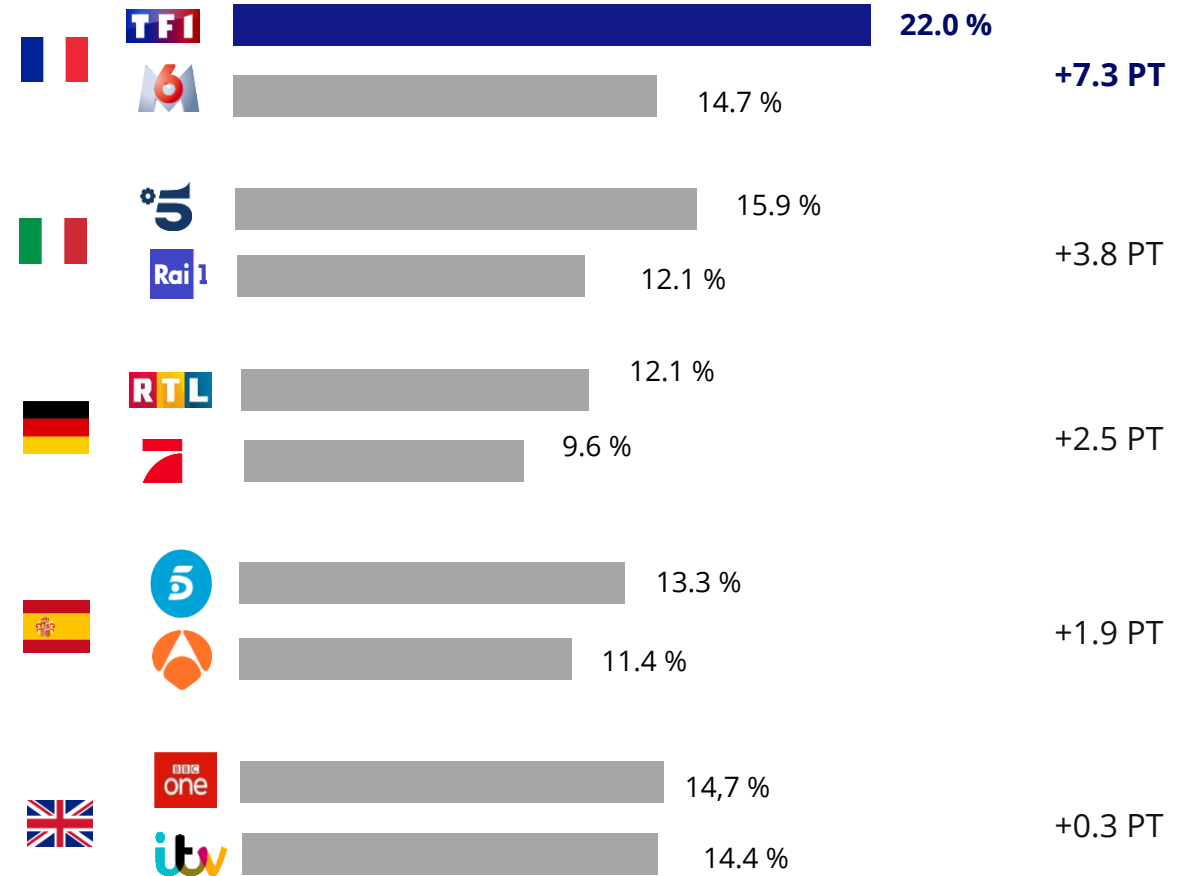
(% 2019 audience share of commercial target)



## Unrivalled lead in Europe over #2

(% 2019 audience share of commercial target)

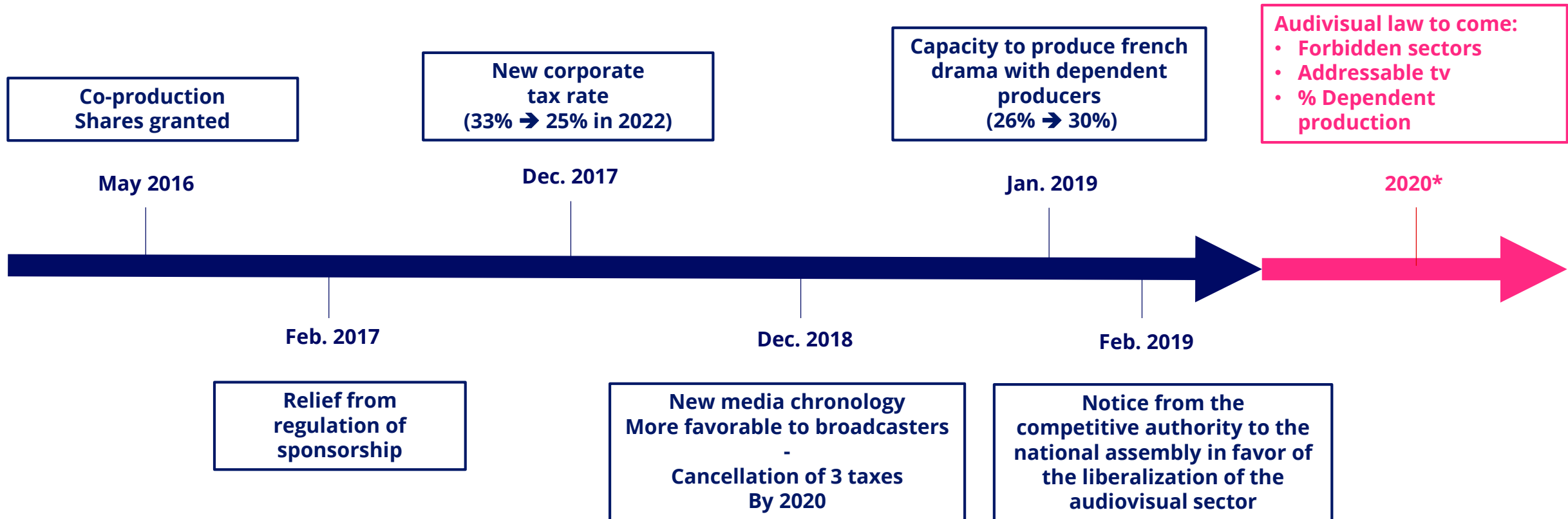
Δ VS CHALLENGER



Source: Médiamétrie (France) - W<50PDM / Eurodata TV - BARB - Kantar Media (UK) - 16-44 yo / Eurodata TV - AGB - GFK (Germany) - 14-49 yo / Kantar Media (Spain) - 18-59 yo ABCD inhab. Cities > 10,000 inhab. / Eurodata TV - Auditel - AGB Nielsen (Italy) - 15-64 yo



# Positive impacts of changes in regulation making us confident for the future



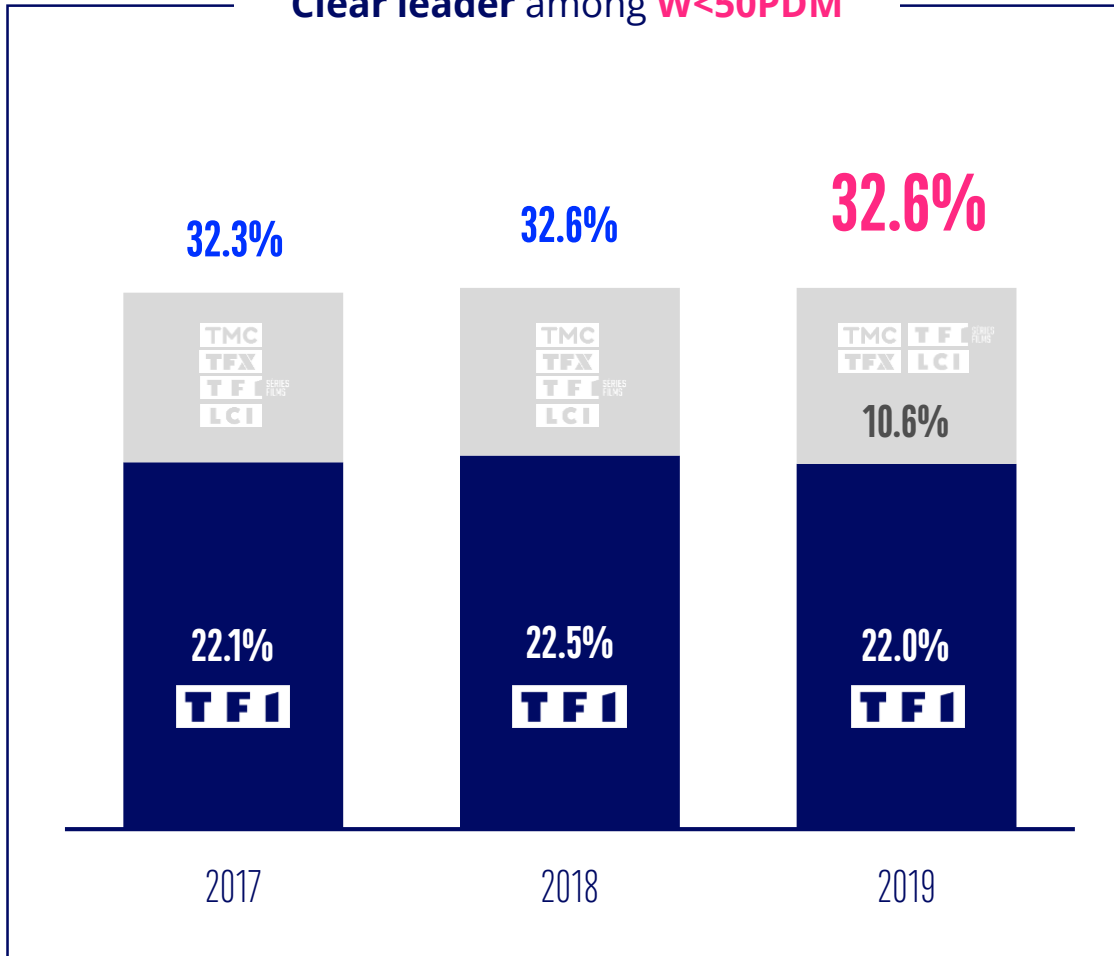
\*Postponement of the Audiovisual law because of the Covid-19 crisis

**2**

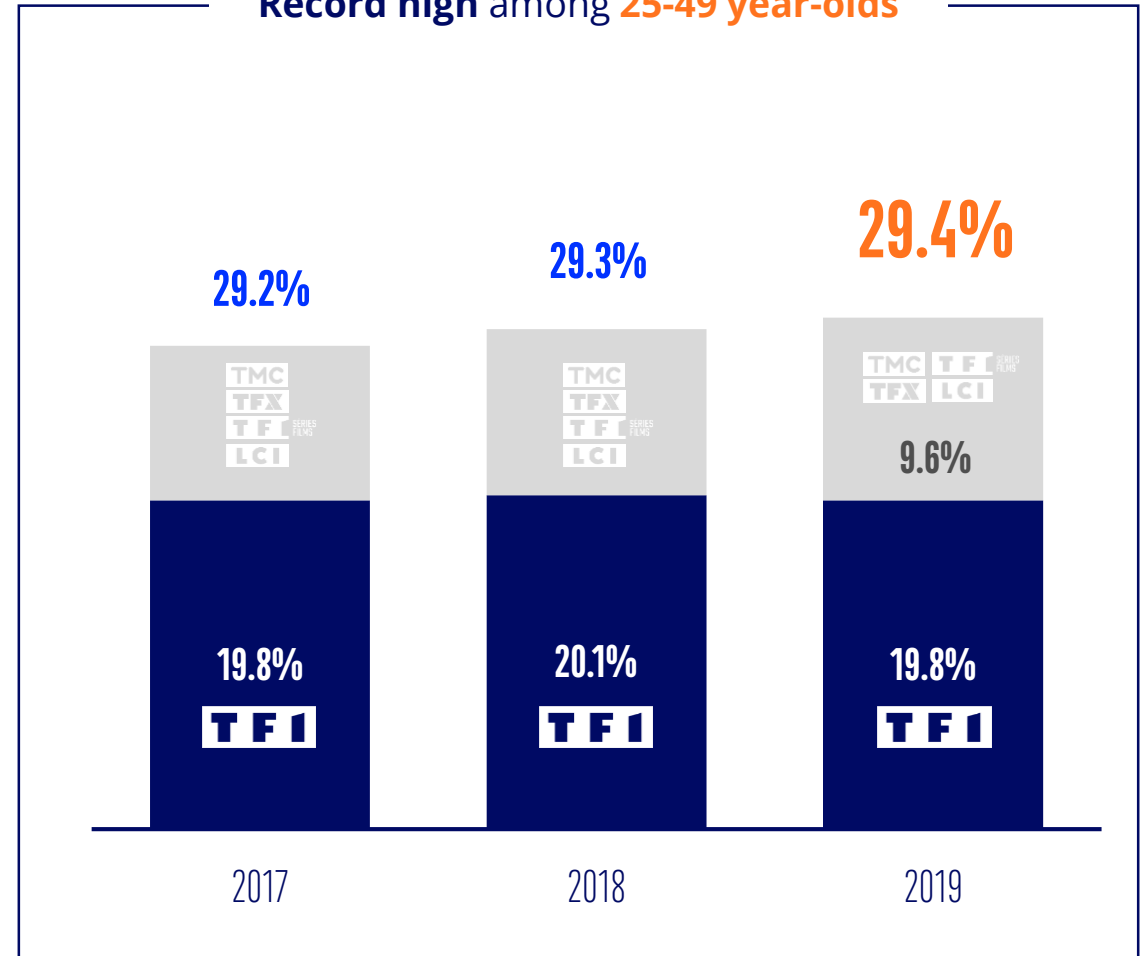
**2019: delivering on our  
objectives thanks to  
smart strategic moves**

# A winning, multi-channel strategy

**Clear leader** among **W<50PDM**

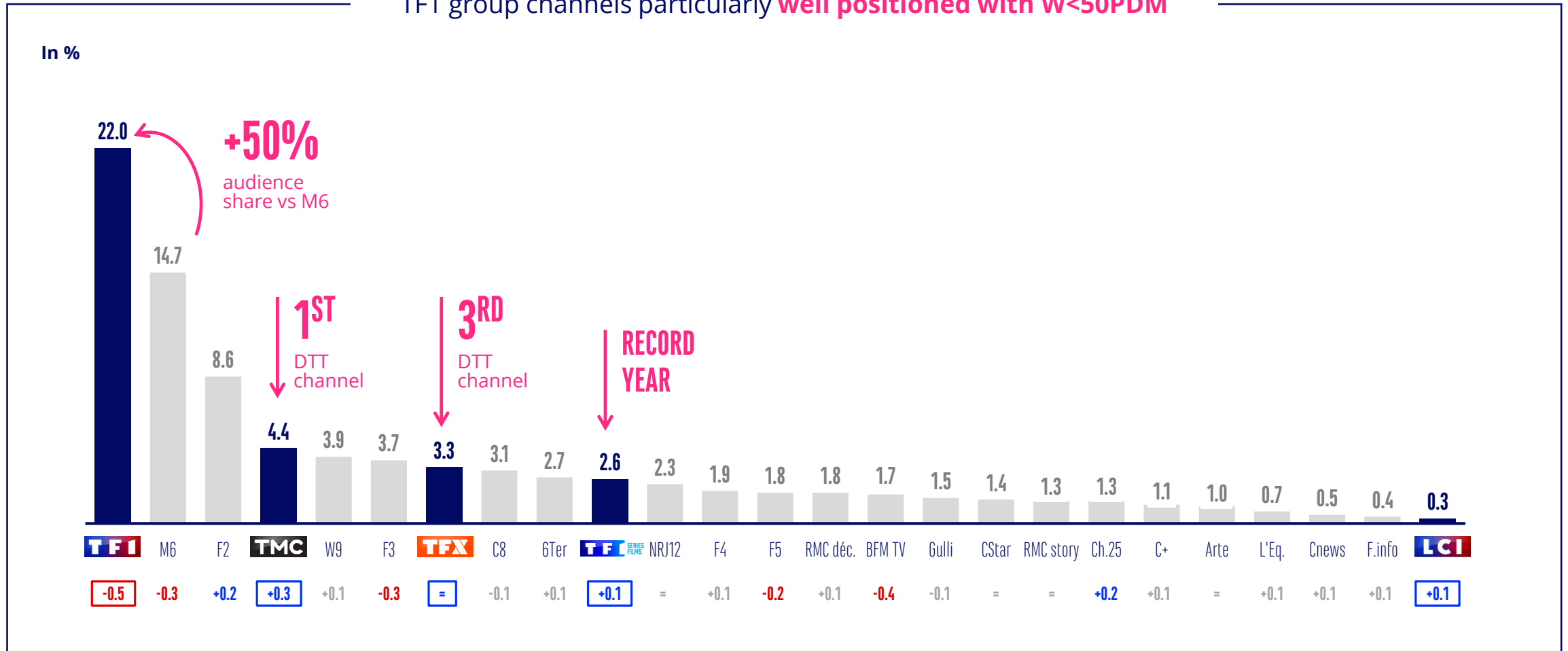


**Record high** among **25-49 year-olds**



# A winning, multi-channel strategy

TF1 group channels particularly **well positioned with W<50PDM**



# TF1 channel : powerful content and unrivalled choice

| All Top 100 audiences among W<50PDM

## FRENCH DRAMA



Up to 8.5m viewers for *Le Bazar de la Charité*

## ENTERTAINMENT



Up to 7.3m viewers for *Mask Singer*

## SPORT



Up to 10.7m viewers for the 1/4 final of the *Women's Football World Cup*

## US SERIES



Up to 6.8m viewers for *Manifest*

# TMC, TFX and TF1 SÉRIES FILMS : effective complementarity

| Exclusive content for target audiences



12% share of 25-49 year-olds



12% share of 25-49 year-olds

| Content recycling maximised



+500,000 next-day viewers



+800,000 viewers for 1<sup>st</sup> repeat

# New ways to monetise our channels

## Proven effectiveness of TV advertising

- High ROI
- 26 days' carryover effect

## Used by pure players

- Pure players are spending more: **+34% in 2 years**

## Better monetisation driven by data

- **MYTF1: revenue growth (+8% vs 2018)**
- **More than 30%** of inventory is **data targeted** (vs 20% in 2018)  
Targeted spots sell on average for **35% more** than ordinary inventory
- **27 million registered users**, including 6.7m 16-24 year-olds
- **1.8 billion video views**, **+24% year-on-year**

## TF1 Premium (full-year impact)



NETFLIX

Vinted

amazon

MY TF1



# Salto: another brick in the wall for our range of video products

## The biggest shop window for French creative talent

- **15,000 hours** of content across all genres **from day 1**
- **20,000 hours** by the **end of the year**
- **First-run content** every month
- **Recommendation system** fronted by celebrities and influencers

## Room for Salto in the French content platform marketplace

- **Broad range** of content
- **Distinctively local**
- **Pilot launch** in **June**
- **Commercial launch** expected in **Autumn 2020**
- Subscription rates in the **€5 to €10** range per month



# Programming costs well monitored

## COMPLEMENTARY INITIATIVES ...

- **Multi-channel** strategy
- Better **recycling** of content
- New acquisitions policy: **cherry picking** vs output deals, **extended rights**
- Programme spend adapted to **seasonal trends**

## ... HELPING TO KEEP COSTS DOWN

- **We delivered on our guidance :**  
€985m in 2019 (-€29m vs 2018)
- **Good inventory management:**  
€650m in 2019 (-19% in 3 years)

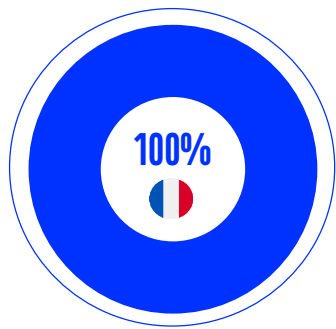


# Newen: successful international expansion

2016

100% of the revenue made in France

2 main clients

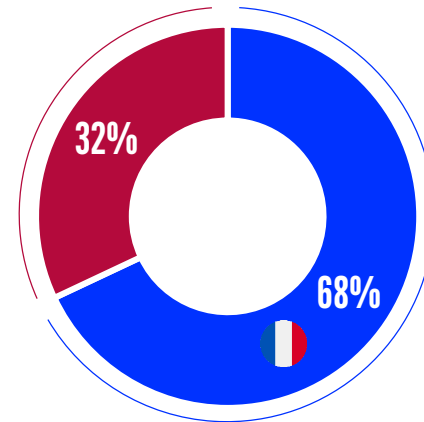


- International
- France



2019

Revenue driven by international operations\*



- International
- France

A large number of French and international clients

## PRODUCTION

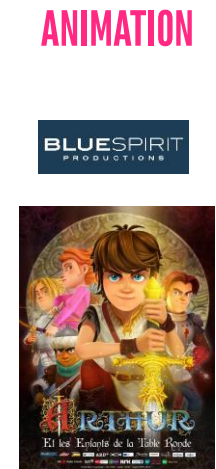
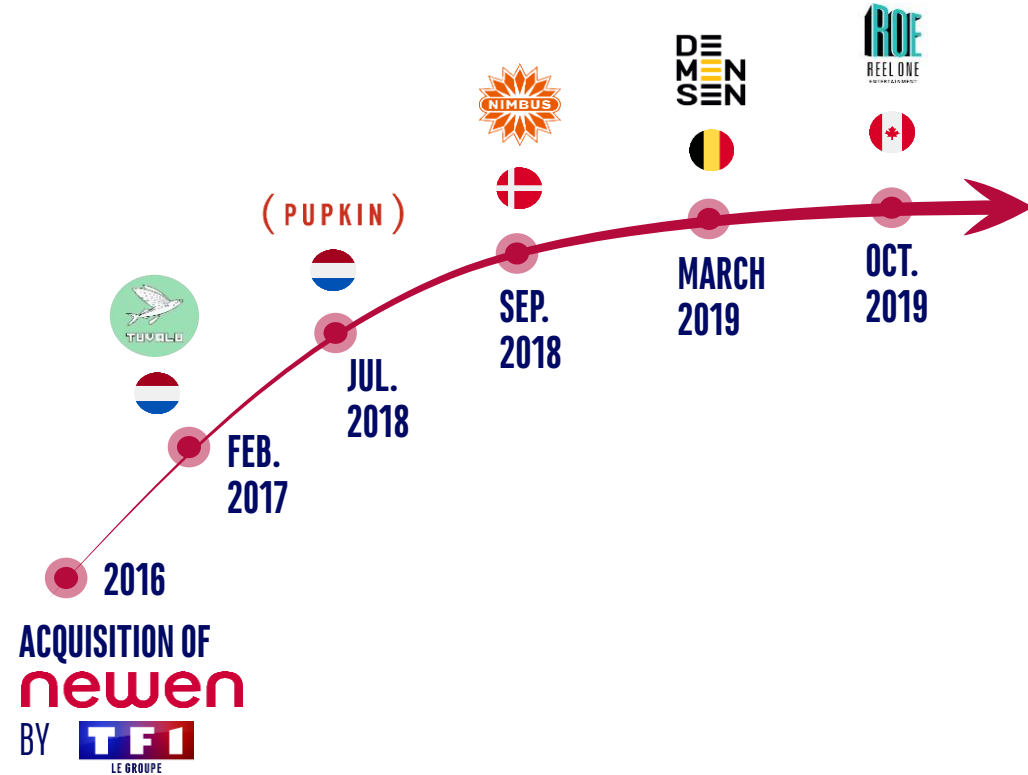


## DISTRIBUTION



\*Based on geographical location of the entity

# Newen: enhanced diversity of content thanks to an international build-up



# Unify: a year of building up the division

**Unify division** created in February 2019

Locations rationalised from **7 to 4 sites**

**New management team**

**Recruitment drives** in  France and  Germany

Launch of the **Unify Advertising** one-stop advertising sales house in Q4 2019

**Synergies** between the various **Unify** entities and with the **TF1 group**

A TRANSITIONAL YEAR THAT DENTED PROFITS BUT...

... THE FUNDAMENTALS ARE THERE FOR TAKE-OFF IN 2020

# Unify: how we are meeting the challenges

## KEY CHALLENGES

### I RELAUNCHING OUR BRANDS

## WHAT WE ARE DOING

- **Scaling up** our brands (e.g. **Marmiton** with **21.4m monthly users in 2019**, that's **1 in 3 French people**)
- **Improving the user experience** across all devices (mobile apps, websites, etc)

### I EXPANDING SOCIAL E-COMMERCE

- **Refocusing on 3 strong brands** in France (**My Little Box**, **Beautiful Box** and **Gambettes Box**)

### I CAPITALISING ON GROWTH MARKETS

- Developing **programmatic ad buying** (**Gammed!**)
- Migrating to a **more community-value based** model (**My Little Paris**)

**3**

**Q1 2020: a quarter  
impacted by the initial  
effects of the Covid-19**

# A reshaped grid to adapt to the situation, both from an editorial and economic point of view

## A grid refocused on News

Extended slots for News bulletins and access prime time



## Family programmes on TF1, and maximum of reruns on TNT

TF1: an enhanced family movies offer (in replay)



TNT: sharp decrease in movies during prime time and postponement of TV reality shows...



## Longer slots

Prime time with a single new episode (drama) and shortening of entertainment shows in order to maximize the number of prime time



Rising ratings (daily viewing time rating)  
but a significant decline in audience shares

## Advertising: impact of the Covid-19

- The Covid-19 has a significant impact on demand for advertising.** There are 3 main phases:
- From 14.02 to 14.03: **targeted cancellations**, mainly in the tourism-hospitality sector
  - From 14 to 22 March: **announcement of lockdown measures, large scale cancellations in every sector**
  - From 22 March: **a decrease of the cancellations** but still **no recovery of the activity**

The 4 main sectors of TF1 Pub being impacted are:

**car industry, cosmetic/beauty, food and tourism/hospitality**

- **Advertising durations have declined hard in March and April**, mainly during the 2<sup>nd</sup> half of March with **-32% yoy (i.e -1h22/ day)**
- We reach **-52% yoy** for the last week of March (**i.e -1h56**)

**The advertising revenue has been significantly impacted on March 2020; as will be April and May**

## Newen: shootings suspensions and lack of visibility on activities resuming

- Early delivery of some productions in the final quarter of 2019
- Impact of the Covid-19 crisis: complete shutdown of shooting in France and other countries in the last two weeks of the quarter
  - ✓ Most impact on the programme genres that are shot daily (representing approximately 30% of production division revenue)
- The order book as of 31 March was in line with the end-2019 level at over 1,500 hours, reflecting delays in the delivery of productions already ordered



# Unify: decline of advertising and business services

- Audiences for the Marmiton and Doctissimo sites saw particularly strong growth in the first quarter (24% more visits to Marmiton year-on-year)



*Special lockdown recipes on Marmiton*



*Chatbot on LCI and Doctissimo*

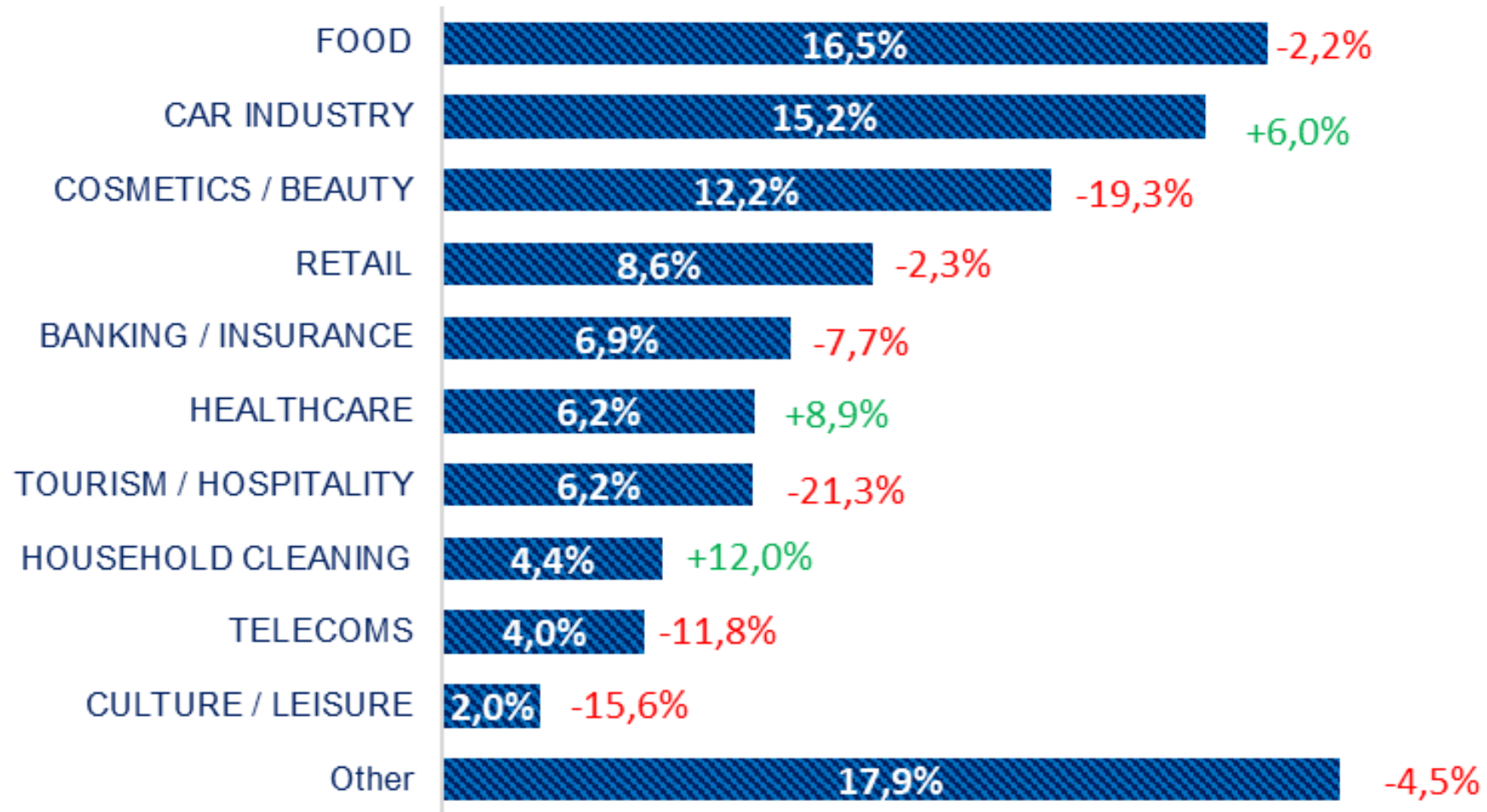
- Revenue from digital advertising, programmatic and advertiser services was hit hard by the cancellation of advertising campaigns in France and elsewhere from March onwards
- Social e-commerce (subscription box sales) proved resilient, as ad campaigns on the TF1 group's TV channels pulled in new subscribers
- Lower revenues, and costs associated with the ongoing reorganisation of the division, weighed on profitability

## Q1 2020 consolidated revenue

€m	Q1 2020	Q1 2019	Chg. €m	Chg. %
<b>BROADCASTING</b>	<b>389.9</b>	<b>419.7</b>	<b>(29.8)</b>	<b>-7.1%</b>
<i>Advertising revenue</i>	<i>341.7</i>	<i>375.6</i>	<i>(33.9)</i>	<i>-9.0%</i>
<i>Other revenue</i>	<i>48.2</i>	<i>44.1</i>	<i>4.1</i>	<i>9.3%</i>
<b>STUDIOS &amp; ENTERTAINMENT</b>	<b>68.5</b>	<b>93.5</b>	<b>(25.0)</b>	<b>-26.7%</b>
<i>Production / sale of audiovisual rights</i>	<i>54.4</i>	<i>55.4</i>	<i>(1.0)</i>	<i>-1.8%</i>
<i>Revenue from games, music, live shows &amp; home shopping</i>	<i>14.1</i>	<i>38.1</i>	<i>(24.0)</i>	<i>-63.0%</i>
<b>UNIFY</b>	<b>35.5</b>	<b>40.5</b>	<b>(5.0)</b>	<b>-12.3%</b>
<i>Web publishing (digital content, social e-commerce)</i>	<i>26.4</i>	<i>31.7</i>	<i>(5.3)</i>	<i>-16.7%</i>
<i>Other revenue (digital marketing)</i>	<i>9.1</i>	<i>8.8</i>	<i>0.3</i>	<i>3.4%</i>
<b>TOTAL REVENUE</b>	<b>493.9</b>	<b>553.7</b>	<b>(59.8)</b>	<b>-10.8%</b>

Excluding the effect of changes in structure, Q1 2020 revenue drops by -8,5%.

## Q1 2020 trends in gross ad spend for TF1 group channels



Source: Kantar media, Q1 2020 vs Q1 2019. Gross advertising spend (excluding sponsorship) for the 5-free-to-air channels.

# Cost of programmes for the 5 FTA channels

€m	Q1 2020	Q1 2019	Chg. €m	Chg. %
Entertainment	-68.0	-71.2	(3.1)	4.4%
TV dramas / TV movies / Series / Theatre	-67.6	-77.9	(10.3)	13.2%
News	-35.2	-35.1	0.1	-0.2%
Movies	-25.5	-26.2	(0.8)	3.0%
Youth	-3.0	-2.4	0.6	-27.3%
Sport	0.2	-9.3	(9.5)	102.1%
<b>TOTAL PROGRAMMING COSTS</b>	<b>-199.1</b>	<b>-222.1</b>	<b>(23.0)</b>	<b>-10.3%</b>

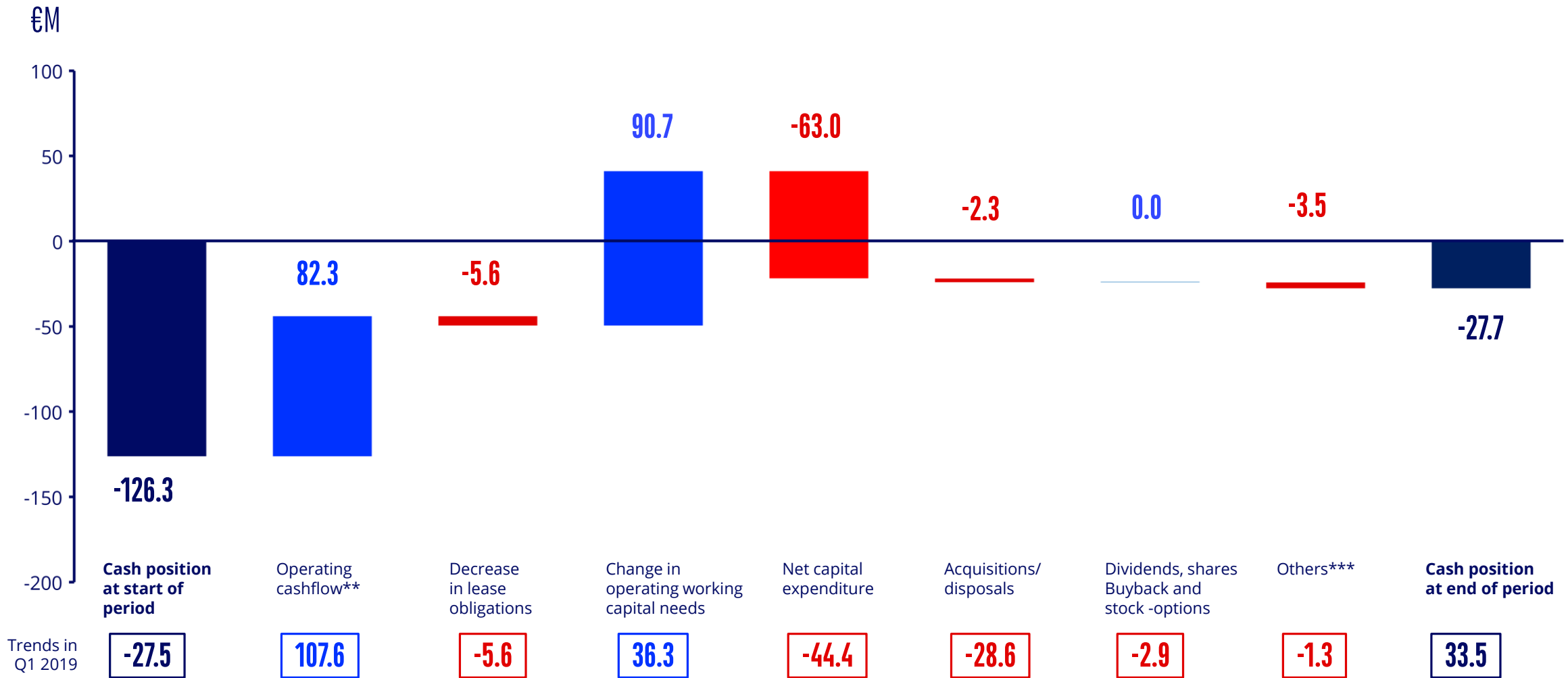
# Current operating profit per segment

€m	Q1 2020	Q1 2019	Chg. €m	Chg. %
<b>BROADCASTING</b>	<b>43.8</b>	<b>49.9</b>	<b>(6.1)</b>	<b>-12.2%</b>
<i>Margin</i>	<i>11.2%</i>	<i>11.9%</i>	-	<i>-0.7pt</i>
<b>STUDIOS &amp; ENTERTAINMENT</b>	<b>2.1</b>	<b>13.1</b>	<b>(11.0)</b>	<b>-84.0%</b>
<i>Margin</i>	<i>3.1%</i>	<i>14.0%</i>	-	<i>-10.9pts</i>
<b>UNIFY</b>	<b>(3.9)</b>	<b>(0.1)</b>	<b>(3.8)</b>	<b>N/A</b>
<i>Margin</i>	<i>-11.0%</i>	<i>-0.2%</i>	-	<i>-10.7pts</i>
<b>CURRENT OPERATING PROFIT</b>	<b>42.0</b>	<b>62.9</b>	<b>(20.9)</b>	<b>-33.2%</b>
<i>Margin</i>	<i>8,5%</i>	<i>11,4%</i>	-	<i>-2.9pts</i>

# Consolidated income statement

€m	Q1 2020	Q1 2019	Chg. €m	Chg. %
<b>CONSOLIDATED REVENUE</b>	<b>493.9</b>	<b>553.7</b>	<b>(59.8)</b>	<b>-10.8%</b>
Total costs of programmes	(199.1)	(222.1)	23.0	-10.3%
Other charges, depreciation, amortization, provision	(252.8)	(268.7)	15.9	-5.9%
<b>CURRENT OPERATING PROFIT</b>	<b>42.0</b>	<b>62.9</b>	<b>(20.9)</b>	<b>-33.2%</b>
<i>CURRENT OPERATING MARGIN</i>	<i>8.5%</i>	<i>11.4%</i>	-	<i>-2.9pts</i>
Other operating income and expenses	0.0	0.0	0.0	N/A
<b>OPERATING PROFIT</b>	<b>42.0</b>	<b>62.9</b>	<b>(20.9)</b>	<b>-33.2%</b>
Cost of net debt	(1.0)	(0.4)	(0.6)	150.0%
Other financial income and expenses	(1.8)	(0.6)	(1.2)	200.0%
Income tax expense	(13.6)	(20.5)	6.9	-33.7%
Share of profits / (losses) of associates	(0.8)	(0.1)	(0.7)	700.0%
<b>NET PROFIT</b>	<b>23.9</b>	<b>40.3</b>	<b>(16.4)</b>	<b>-40.7%</b>
Net profit attributable to the Group	24.0	40.6	(16.6)	-40.9%

# Trends in net cash position Q1 2020 (excluding the impact of IFRS 16\*)



\*Excluding lease obligations

\*\*Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid

\*\*\*Acquisitions of financial assets, net change in loans, cost of net debt, net change in borrowings

## Outlook: guidances

- The ongoing crisis will have **a very strong impact on the second quarter of 2020** across all of our activities
- As announced in our 1 April 2020 press release, **the TF1 group has withdrawn our objectives for 2020** because of the Covid-19 crisis
- The TF1 group **objectives for 2021 remain suspended**



**4**



**TF1:**

**a Group that cares**

# TF1: a Group that cares

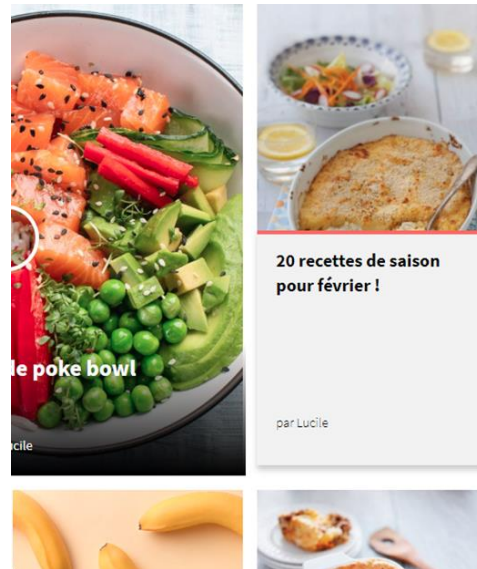
## The 3 pillars of our social engagement initiatives:



### Towards a more sustainable society: our channels engage



### Marmiton focuses on "healthy eating"



### Newen Foundation launched in 2019

*"This partnership aims at [...] encouraging diversity in the French creative industries."*

Bibiane Godfroid,  
Chairwoman of the Newen Foundation

### CSR policy recognised by extra-financial ratings agencies



# At the heart of the health crisis, TF1 group is committed alongside associations to :

- Identify the needs of hospitals and nursing homes
- Collect products and services offers from companies
- Appeal to the public generosity to support healthcare staff, the sick, the vulnerable people and fund medical research



## In the news



## Free TV spots



## On digital



## On social networks



# 5 | Appendix

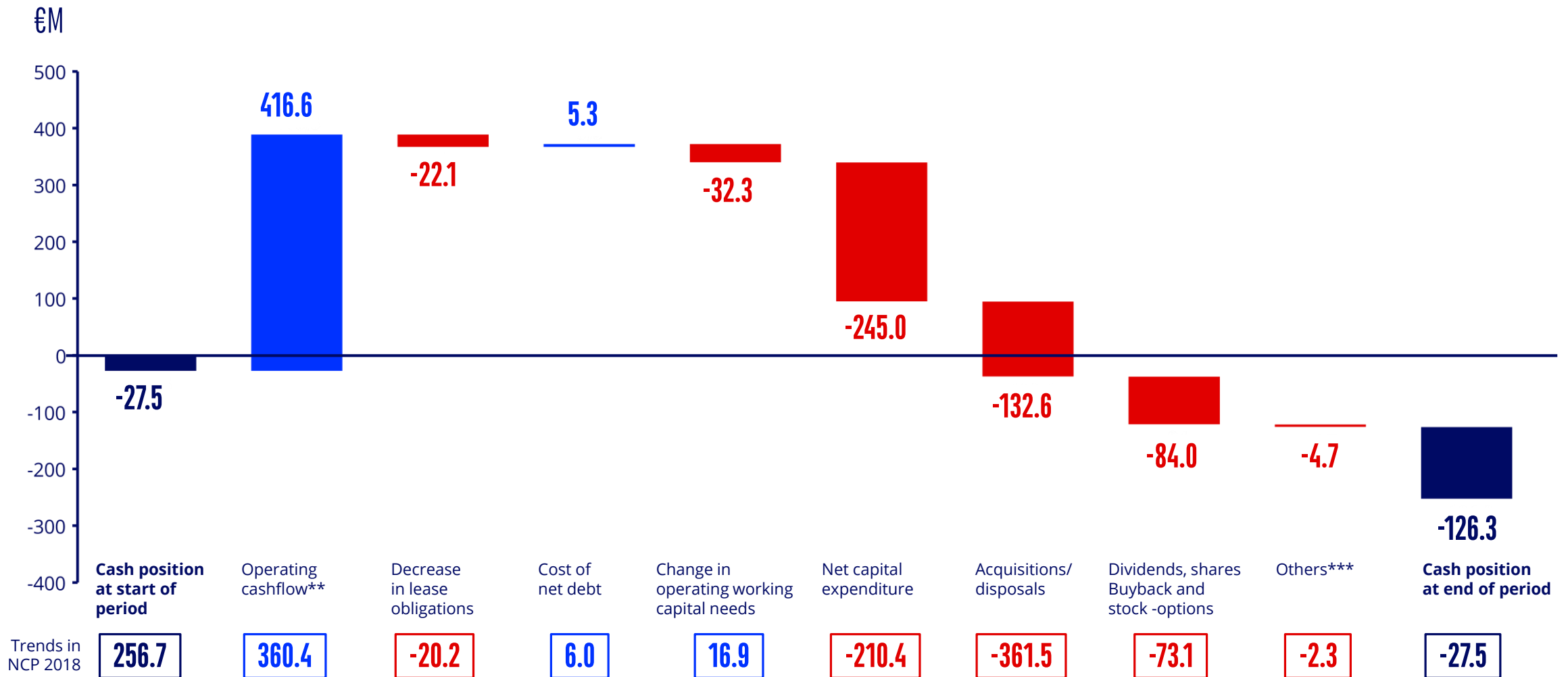
## 2019: Key results

€m	FY 2019	FY 2018	Chg. €m	Chg. %
<b>Consolidated revenue</b>	<b>2,337.3</b>	<b>2,288.3</b>	<b>49.0</b>	<b>2.1%</b>
<i>TF1 group advertising revenue</i>	1,658.1	1,662.2	(4.1)	-0.2%
<i>Revenue from other activities</i>	679.2	626.1	53.1	8.5%
<b>Consolidated revenue</b>	<b>2,337.3</b>	<b>2,288.3</b>	<b>49.0</b>	<b>2.1%</b>
Broadcasting	1,774.2	1,763.7	10.5	0.6%
<i>o/w Advertising</i>	1,567.4	1,588.2	(20.8)	-1.3%
Studios & Entertainment	390.0	408.6	(18.6)	-4.6%
Digital (Unify)	173.1	116.0	57.1	49.2%
<b>Cost of programmes</b>	<b>(985.5)</b>	<b>(1,014.2)</b>	<b>28.8</b>	<b>-2.8%</b>
<b>Current operating profit</b>	<b>255.1</b>	<b>198.8</b>	<b>56.3</b>	<b>28.3%</b>
<b>Current operating margin</b>	<b>10.9%</b>	<b>8.7%</b>	<b>-</b>	<b>2.2</b>
Broadcasting	185.5	151.0	34.5	22.8%
Studios & Entertainment	57.9	35.5	22.4	63.1%
Digital (Unify)	11.7	12.3	(0.6)	-4.9%
<b>Operating profit</b>	<b>255.1</b>	<b>176.8</b>	<b>78.3</b>	<b>44.3%</b>
<b>Net profit attributable to the Group</b>	<b>154.8</b>	<b>127.4</b>	<b>27.4</b>	<b>21.5%</b>

## 2019: Cost of programmes for the 5 FTA channels

(€M)	FY 2019	FY 2018	CHG.€M	CHG.%
DRAMA / TV MOVIES / SERIES / PLAYS	-331.8	-348.2	(16.4)	-4.7%
VARIETY / GAMESHOWS / MAGAZINES	-271.4	-238.5	32.9	13.8%
FILMS	-148.3	-159.0	(10.8)	-6.8%
NEWS (INCL. LCI)	-134.7	-136.7	(1.9)	-1.4%
SPORTS	-87.4	-118.9	(31.4)	-26.4%
CHILDREN'S PROGRAMMES	-11.8	-13.0	(1.1)	-8.7%
<b>TOTAL</b>	<b>-985.5</b>	<b>-1,014.2</b>	<b>(28.8)</b>	<b>-2.8%</b>

# Trends in net cash position 2019 (excluding the impact of IFRS 16\*)



\*Excluding lease obligations

\*\*Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid

\*\*\*Acquisitions of financial assets, net change in loans, cost of net debt, net change in borrowings



**Philippe DENERY – CFO**  
[pdenery@tf1.fr](mailto:pdenery@tf1.fr)

**Stéphanie LAVAL – Head of Investor Relations**  
[slaval@tf1.fr](mailto:slaval@tf1.fr)

**Anais AMGHAR – Investor Relations**  
[aamghar@tf1.fr](mailto:aamghar@tf1.fr)

**IR team**  
[comfi@tf1.fr](mailto:comfi@tf1.fr)

**TF1**  
**1 Quai du Point du Jour**  
**92 656 Boulogne-Billancourt Cedex**  
**France**  
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