Financial Information

First 9 months of 2016

Financial information for the first 9 months of 2016

1. Financial information for the first 9 months of 2016

1.1. Consolidated results

Financial indicators

These key figures are extracted from TF1 consolidated financial data.

(€ million)	9 months 2016	9 months 2015	Full year 2015
Revenue	**1,426.7**	**1,400.0**	**2,004.3**
Group advertising revenue	*1,064.6*	*1,082.2*	*1,554.2*
Revenue from other activities	*362.1*	*317.8*	*450.1*
Current operating profit/(loss)	**46.6**	**106.8***	**158.0***
Operating profit/(loss)	**(22.1)**	**91.8***	**141.2***
Net profit/(loss) attributable to the Group from continuing operations	**(13.8)**	**64.9***	**99.9***
Operating cash flow**	**136.6**	**103.9**	**164.0**
Basic earnings per share from continuing operations (€)	**(0.07)**	**0.31**	**0.47**
Diluted earnings per share from continuing operations (€)	**(0.07)**	**0.31**	**0.47**
Shareholders' equity attributable to the Group	**1,437.5**	**1,717.5**	**1,741.7**
Net surplus cash/(net debt) of continuing operations	**148.1**	**234.8**	**700.8**

** Includes the €33.7 million gain arising on the deconsolidation of Eurosport France*

*** Before cost of net debt and income taxes*

	9 months 2016	9 months 2015	Full year 2015
Weighted average number of ordinary shares outstanding (in '000)	209,457	211,374	210,786
Closing share price at end of period (€)	8.63	12.55	10.25
Market capitalisation at end of period (€bn)	1.8	2.7	2.2

Income statement contributions – continuing operations

Nine-month revenue and current operating profit

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 ("Operating segments") to the condensed consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr/en.

Contribution to revenue

(€ million)	9 months 2016	9 months 2015	Full year 2015
Broadcasting	**1,161.4**	**1,219.0**	**1,736.1**
Free platforms	1,052.4	1,091.9	1,569.0
Other platforms and related activities	109.0	127.1	167.1
Studios & Entertainment	**265.3**	**181.0**	**268.2**
REVENUE	**1,426.7**	**1,400.0**	**2,004.3**

Contribution to current operating profit

(€ million)	9 months 2016	9 months 2015	Full year 2015
Broadcasting	**21.5**	**89.3**	**134.6**
Free platforms	(7.5)	33.5	71.1
Other platforms and related activities	29.0	55.8	63.5
Studios & Entertainment	**25.1**	**17.5**	**23.4**
CURRENT OPERATING PROFIT	**46.6**	**106.8**	**158.0**

Contribution to operating profit/(loss)

(€ million)	9 months 2016	9 months 2015	Full year 2015
Broadcasting	**(28.4)**	**74.3**	**117.8**
Free platforms	(56.8)	18.5	54.3
Other platforms and related activities	28.4	55.8	63.5
Studios & Entertainment	**6.3**	**17.5**	**23.4**
OPERATING PROFIT/(LOSS)	**(22.1)**	**91.8**	**141.2**

Breakdown of Group advertising revenue (continuing operations)

Contribution to advertising revenue

(€ million)	9 months 2016	9 months 2015	Full year 2015
Broadcasting	**1,058.5**	**1,082.2**	**1,554.2**
Free platforms	1,028.6	1,053.0	1,511.2
Other platforms and related activities	29.9	29.2	43.0
Studios & Entertainment	**6.1**	**-**	**-**
ADVERTISING REVENUE	**1,064.6**	**1,082.2**	**1,554.2**

Cost of programmes on free platforms, by type

(€ million)	9 months 2016	9 months 2015	Full year 2015
Total cost of programmes	**737.4***	**673.1**	**956.2**
Major sporting events	*46.1*	*7.8*	*26.8*
Total excluding major sporting events	**691.3***	**665.3**	**929.4**
Variety/Gameshows/Magazines	194.7	207.1	285.5
Drama/TV movies/Series/Plays	235.6*	230.3	316.7
Sport (excluding major sporting events)	31.0	30.0	45.0
News	102.3	80.1	107.3
Films	116.8	108.3	159.9
Children's programmes	10.9	9.5	15.0

** Includes €20.9 million of non-current expenses relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of April 27, 2015 that allows broadcasters to own co-production shares in respect of their investments in independent productions.*

The cost of programmes on free platforms includes the cost of LCI programmes with effect from that channel's switchover to freeview in April 2016.

1.2. Key events of the first 9 months of 2016

January

January 14, 2016

The TF1 group acquired from FIFA a package of media rights for the next four major world football competitions.
The Group will offer exclusive, free-to-air broadcasts on TF1 of the top 28 matches from the 2018 FIFA World Cup™ in Russia and the 2022 FIFA World Cup™ in Qatar.
The TF1 group also acquired full rights to the 2019 FIFA Women's World Cup™ in France and the 2017 FIFA Confederations Cup in Russia.

January 15, 2016

For the second year running, the Group's head office hosted the #TCDF 2015 awards, organised jointly by TF1 and Labcom to recognise initiatives taken by women active in various areas of the digital industry.

January 26, 2016

Having obtained the necessary clearances from the regulatory authorities, FLCP (the holding company of the Newen group) and TF1 completed the acquisition by TF1 of a 70% equity interest in FLCP. At the same time, FLCP was renamed Newen Studios, bringing together Newen and Neweb. The existing shareholders, including the management team, retain a 30% interest.

February

The Group's Purchasing Department retained its "Responsible Supplier Relations" accreditation until January 2017.
The department (which handles all purchasing other than rights buying) has held this accreditation for three consecutive years since January 2014. Awarded by the French mediation agency Médiation Nationale Interentreprises and the French national federation of managers and buyers (CDAF), this accreditation reflects TF1's overall supplier relations policy and attests to the commitments made by the Group's purchasing managers in areas such as financial fair dealing, ethical standards, and the promotion of balanced long-term relationships with suppliers.

February 17, 2016

Gilles Pélisson was appointed Chairman and Chief Executive Officer, to take office on February 19, 2016. Prior to that date, Gilles Pélisson had been preparing for his new role, with support from Nonce Paolini.
A 58-year-old graduate of ESSEC and Harvard business schools, Gilles Pélisson has run Eurodisney and Accor, which are major listed companies providing services to consumers. He has also run Noos and Bouygues Telecom, both of which operate in a regulated sector undergoing significant technological changes. Gilles Pélisson has extensive international experience and a track record of good staff relations. He knows TF1 well, having served on its Board of Directors since 2009.

February 24, 2016

The Newen Studios group acquired 100% of the equity capital of Rendez Vous Production Série, which is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

March

The TF1 group's licensing agent was selected by IMPS to represent the iconic *Schtroumpfs* (Smurfs) brand in France.

March 22, 2016

e-TF1 announced that it had taken a 51% majority equity interest in the digital marketing company Bonzai Digital.

April

The TF1 group announced a three-year deal, in partnership with France Galop and LeTROT, to broadcast a daily horse-racing show on LCI. The deal includes the prestigious Qatar Prix de l'Arc de Triomphe and Prix d'Amérique Opodo races.

April 5, 2016

The LCI news channel switched to freeview on DTT channel 26.

May

May 12, 2016

The first two episodes of the brand new drama series *Marseille*, produced by Netflix, were shown on TF1.

May 24, 2016

The TF1 group signed a new partnership deal with the professional bodies representing French programme producers and distributors (SATEV, SEDPA, SPECT, SPFA, SPI and USPA), designed to promote creativity in the French audiovisual industry. For the first time ever, the TF1 group and all the trade bodies representing producers and distributors reached agreement on the following points:

- The TF1 group renewed its commitment to devote 12.5% of its net broadcasting advertising revenue over the next four years to original drama, documentaries, cartoons, live shows and music videos.

- The proportion of the TF1 group's total spend invested in content from "dependent" producers was raised to 36%, split into two tranches:

  - a tranche capped at 26% reserved for subsidiaries of the TF1 group;

  - a further 10% tranche, representing "room for manoeuvre" enabling TF1 to obtain – on terms specified in the agreement – broader rights (linear and non-linear) from production companies in which the TF1 group does not own an equity interest.

- The proportion of the TF1 group's total spend invested in content from "independent" producers is 64%.

- In addition, the TF1 group will be entitled – subject to certain conditions – to more favourable access to coproduction shares and revenue rights over and above those stipulated in the 2015 agreements.

- The TF1 group's support for creativity is also demonstrated by the guarantee that 75% of its spend will be invested in original productions, and by the commitment to bear a greater share of writing and development costs.

May 24, 2016

The France Télévisions and TF1 groups signed an industry-wide agreement with the professional bodies representing French producers and distributors of audiovisual programmes (SATEV, SEDPA, SPECT, SPFA, SPI and USPA). The agreement relates to the negotiation of distribution mandates for audiovisual works co-produced by broadcasters that count towards their obligations to invest in independent production, as required by Article 6 of Decree no. 2015-483 of April 27, 2015.

- If an executive producer has no distribution capability or master distribution contract, or decides to opt out of distribution in a specific case, the new agreement specifies a "fair, transparent and non-discriminatory" competitive tendering mechanism for the awarding of distribution mandates to the broadcasters' distribution subsidiaries or to independent producers.

- The agreement lays down the basis on which an executive producer may opt out of using its in-house distribution capacity or a distributor with whom it has a master distribution contract, and the control exercised by the CSA (the French broadcasting industry regulator) over the terms of such an opt-out.

- The agreement establishes effective terms for the exercise of distribution mandates applicable to all distributors of audiovisual content, so as to guarantee the circulation of programmes.

June

June 9, 2016

TF1 became a partner of Viva Technology, organiser of France's first world-scale event dedicated to innovation and the economy of tomorrow.

June 9, 2016

TF1 became the 100% owner of the capital of TMC, France's benchmark free-to-air DTT channel, following the buyout of the 20% equity interest in TMC held by the Principality of Monaco. The transaction was carried out via a share exchange, enabling the Principality of Monaco – as a shareholder of TF1, with a 1.1% stake – to retain an interest in the success of TMC and of the TF1 group.

July

July 26, 2016

Ahead of the launch of the new digital news platform under the LCI brand, the TF1 group selected the text-to-video solution offered by Wibbitz, as already used by Metronews.

July 29, 2016

In connection with the acquisition of Itas by TDF, TF1 and TDF signed an agreement that will definitively reverse the sale of OneCast to Itas by TF1 that took place at the end of 2014.

September

September 22, 2016

The TF1 group acknowledged the order issued by the CSA to LCI requiring it to discontinue so-called "cross-promotion" of the LCI channel on the TF1 core channel, and is complying with that decision.
Nevertheless, the TF1 group is keen to open dialogue with the CSA on changes in the landscape of French rolling news channels arising from the arrival of France Info, and the consequences for the undertakings made by the TF1 group.

1.3. Analysis of consolidated results

New segments

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 ("Operating segments") to the condensed consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr/en. For details of how consolidated entities are allocated between the operating segments, refer to our corporate website or to Note 15 ("Detailed List of companies included in the consolidation") to the condensed consolidated financial statements.

Revenue

Consolidated revenue for the first nine months of 2016 was €1,426.7 million, up €26.7 million (1.9%) year-on-year.

This mainly reflects two contrasting factors:

- on the upside, the consolidation of Newen Studios with effect from January 1, 2016;
- on the downside, the effect of the deconsolidation on March 31, 2015 of Eurosport France (which contributed €17.8 million of revenue in the first quarter of 2015) and the resale of Rugby World Cup rights in the third quarter of 2015.

Advertising revenue

Group advertising slipped by 1.6% (or €17.6 million) to €1,064.6 million. It comprised:

- €1,015.9 million of net advertising revenue for the Group's free-to-air channels, down 0.9% on the first nine months of 2015, due to summer audience figures and a disappointing advertising market in the back-to-school period. With effect from January 1, 2016 this figure includes revenue from the LCI channel.

- €48.7 million of revenue generated by advertising on other Group media, €8 million lower than in the first nine months of 2015. This fall reflects a reduction in advertising revenue from *Metronews*, the print edition of which was discontinued in 2015, and the non-renewal of airtime sales contracts for beIN SPORTS and the Discovery group.

Overall, the Group's DTT channels continued to advance thanks to strong audience ratings among key target markets for advertisers. This partly compensated for a slight fall in revenue for the TF1 core channel, and the ending of airtime sales contracts for the beINSPORTS and Discovery special-interest pay-TV channels in France.

Revenue from other activities

Revenue from the Group's other activities for the first nine months of 2016 reached €362.1 million, up €44.3 million (+13.9%), mainly as a result of the following changes in structure:

- the deconsolidation on March 31, 2015 of Eurosport France, which had been included in the first quarter of 2015;
- the consolidation of Newen Studios with effect from January 1, 2016.

Cost of programmes and other current operating income/expenses

Cost of programmes

Following publication of the decree of April 27, 2015 allowing broadcasters to own co-production shares in respect of their investments in independent productions, shares in co-productions financed subsequent to the decree are now recognised prior to broadcast, at the time of delivery of the production to the channel (see Note 10 to the condensed consolidated financial statements). The co-existence of two different accounting treatments for productions depending on whether they were financed before or after the decree has resulted in the recognition of an additional expense. Because the co-existence of these two accounting treatments arises for only a limited time, the expense is treated as non-current. This expense totalled €20.9 million in the first nine months of 2016 (including €19.7 million in the first half of the year), and is expected to reach €26 million over 2016 as a whole.

To end September 2016, the cost of programmes for the TF1 group's free-to-air channels, after stripping out non-current expenses, amounted to €716.5 million, up €43.4 million year-on-year. This increase was due largely to the cost of screening all the Euro 2016 matches carried on the Group's channels (€46.1 million), and to the cost of LCI programmes from April 5, 2016.

Excluding major sporting events and non-current expenses, the cost of programmes for the five free-to-air channels (including LCI) over the first nine months of 2016 was €670.4 million, versus €665.3 million for four free-to-air channels in the comparable period of 2015. This represents a fairly substantial year-on-year reduction on a like-for-like basis.

Other expenses and impairment, provisions, depreciation and amortisation

These items increased by €43.5 million year-on-year in the first nine months of 2016. This was mainly due to the net effect of changes in structure, with the first-time consolidation of expenses incurred by Newen Studios but also a reduction in the cost base at Metronews following discontinuation of the print edition.

Current operating profit

Current operating profit for the nine months to end September 2016 amounted to €46.6 million, down €60.2 million, mainly as a result of:
- the differential in the cost of major sporting events (€46.1 million in 2016, versus €7.8 million in 2015);
- the €33.7 million gain recognised in 2015 on the deconsolidation of Eurosport France.

Current operating margin was 3.3%, down 4.3 points year-on-year.

Operating profit/loss

Non-current operating expenses of €68.7 million were recognised in the first nine months of 2016, including:
- non-current expenses associated with the TF1 group transformation plan;
- the operating loss of the LCI channel, for which the first quarter of 2016 was a transitional period with no more revenue generated from cable operators pending the freeview switchover on April 5, 2016;
- the one-off expense arising from the co-existence of two different accounting treatments for French dramas depending on whether or not they are subject to the decree enacted in 2015;
- amortisation charged against intangible assets identified in the Newen Studios purchase price allocation.

Consequently, the TF1 group reported an operating loss of €22.1 million in the first nine months of 2016, representing a negative year-on-year swing of €113.9 million. This is attributable to changes in structure (non-recurrence of the €33.7 million gain on deconsolidation of Eurosport France booked in 2015), the increase in cost of programmes related to Euro 2016, and the non-current expenses described above.

Net profit/(loss)

Cost of net debt to end September 2016 was €1 million, following the first-time consolidation of Newen Studios.

There was a net tax saving of €8.2 million for the period, compared with a €26.3 million tax charge in the first nine months of 2015, reflecting a higher level of tax losses year-on-year.

Joint ventures and associates contributed a net profit of €4.3 million in the period, a year-on-year improvement of €3 million, reflecting stronger results at Groupe AB.

Overall, the first nine months ended with a net loss attributable to the Group from continuing operations of €13.8 million, a negative year-on-year swing of €78.7 million.

Net profit attributable to non-controlling interests amounted to €2.2 million in the nine months to end September 2016. This includes the share of profits attributable to the minority shareholders of Newen Studios.

Financial position

Shareholders' equity attributable to the Group was €1,437.5 million as of September 30, 2016, out of a balance sheet total of €3,181.1 million.

Net cash of continuing operations as of September 30, 2016 was €148.1 million, against €133.1 million as of June 30 2016 and €700.8 million as of December 31, 2015. These movements reflect the cash outflow on the acquisition of 70% of Newen Studios, the €167.3 million dividend payout, and €21.4 million of share buybacks during the second and third quarters.

As indicated in February 2016, the Newen Studios acquisition had a net effect of €293 million on the Group's financial position as of March 31, 2016, comprising (i) the acquisition of a 70% equity interest on January 26, 2016, (ii) the inclusion of Newen's net debt in the consolidated financial statements, and (iii) the recognition of the fair value of commitments entered into by TF1 to buy out the minority shareholders.

As of September 30, 2016, the Group had confirmed bilateral credit facilities totalling €985 million with various banks.

Drawdowns under these facilities as of September 30, 2016 amounted to €90.7 million, and related to Newen.
These facilities are renewed regularly as each facility reaches its contractual expiry date so that the Group always has sufficient liquidity.

1.4. Segment information

Broadcasting

Revenue (€m)	9m 2016	9m 2015	Chg. %
Free platforms	**1,052.4**	**1,091.9**	**-3.6%**
TV advertising	1,015.9	1,025.5	-0.9%
Other revenue	36.5	66.4	-45%
Other platforms and related activities	**109.0**	**127.1**	-14.2%
Broadcasting	**1,161.4**	**1,219.0**	**-4.7%**

Current operating profit/(loss) (€m)	9m 2016	9m 2015	Chg. %
Free platforms	**-7.5**	**33.5**	**-122.4%**
Other platforms and related activities	**29.0**	**55.8**	**-48.0%**
Broadcasting	**21.5**	**89.3**	**-75.9%**

Broadcasting segment revenue for the first nine months of 2016 was €1,161.4 million, down 4.7% or €57.6 million year-on-year. The 2015 nine-month figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on March 31, 2015.

Current operating profit for the segment was €21.5 million, down €67.8 million year-on-year. After stripping out the effects of changes in structure and the deconsolidation of Eurosport France, current operating profit was €34.1 million lower year-on-year, due mainly to a rise in the cost of programmes for the Group's free-to-air channels in the first nine months of 2016.

Free platforms

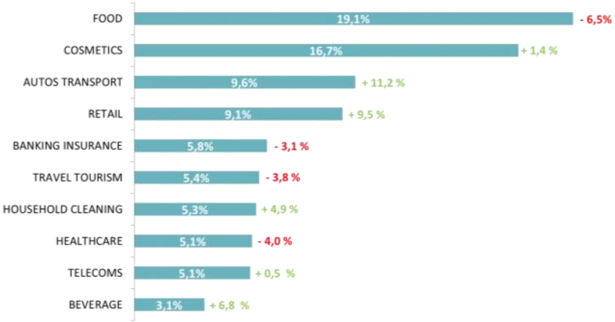
The Group's free platforms generated revenue of €1,052.4 million in the first nine months of 2016, down 3.6% year-on-year, and comprising:

- TV advertising revenue of €1,015.9 million, down 0.9% year-on-year. The figure for 2016 includes advertising revenue generated by the LCI channel;
- revenue from other activities of €36.5 million, down €29.9 million year-on-year.

Advertising revenue[1]

The TF1 group's free-to-air channels reported a 2% increase in gross revenue relative to the first nine months of 2015.

Trends in gross advertising spend for those channels (excluding LCI) during 2016 to date are shown below.



Source: Kantar Média, 9 months 2016 vs. 9 months 2015.

Net advertising revenue for the five free-to-air channels to end September 2016 was down year-on-year (by 0.9%), due to summer viewing figures and a disappointing advertising market in the back-to-school period. From 2016 onward these figures include advertising revenue from the LCI channel, though such revenue was only minimal during the first quarter as the channel was not available in freeview until April 5, 2016. In the third quarter of 2016, advertising revenue from the free-to-air channels was down 4.3% year-on-year.

The Group's DTT channels saw further growth thanks to strong audience ratings among target women viewers, but this only partly offset lower revenue for the TF1 core channel.

[1] *2016 plurimedia spend excluding sponsorship and internet (5 media)*

Other revenue

Other revenue from free platforms fell by €29.9 million year-on-year, reflecting:

- the discontinuation of the print version of the *Metronews* newspaper between the two periods;
- the absence of cable operator revenue for LCI from January 1, 2016;
- the ending of airtime sales contracts for the beINSPORTS and Discovery channels;
- a tough comparative for TF1 Production, which in the first quarter of 2015 was running the *Les Prêtres* tour.
- Bear in mind also that revenue for the first nine months of 2015 was boosted by the deconsolidation of Eurosport France in the first quarter and the resale of sports rights in the third quarter.

Current operating profit/(loss)

In the first nine months of 2016, the free platforms made a current operating loss of €7.5 million, a year-on-year negative swing of €41 million. The main factors were the drop in revenue, the cost of screening the Euro 2016 football tournament, and a loss at LCI (where advertising revenue failed to offset the ending of distribution revenue), although the effect was mitigated by an improved cost base at *Metronews* following discontinuation of the print edition.

- **Free-to-air channels**[1]

Market

Average daily TV viewing time is stabilising at a high level in 2016, and among individuals aged 4 and over now stands at 3 hours 40 minutes, including 10 minutes in time-shift (catch-up and recordings). This is one minute more than a year ago, with a drop in live viewing more than offset by time-shift viewing.

Among "women aged under 50 purchasing decision-makers" (W<50PDM), average daily viewing time was 3 hours 36 minutes, up 3 minutes year-on-year. These figures do not include time spent watching live or catch-up television on other devices (e.g. computers, tablets and smartphones), or outside the home on any device.

The six HD DTT channels launched in December 2012 have now achieved a 100% initialisation rate. Since the switch-off on April 5, 2016 their audience share among individuals aged 4 and over has reached 8.2%, an increase of 2.4 points.

9-month audience figures

In this highly competitive environment the TF1 group is continuing with its multi-channel strategy, focusing on target markets for advertisers and strategic slots; it has maintained an average prime-time audience of 7 million over the first nine months of 2016[2] while keeping the cost of programmes under control.

The TF1 group was France's leading private-sector broadcaster in the first nine months of 2016, with its five free-to-air channels having a combined audience share of 27.0% among individuals aged 4 and over (-0.6 of a point year-on-year).
Among the target market of W<50PDM the audience share was 31.4% (-0.5 of a point).

Third-quarter audience figures

The summer season saw fierce competition in programming, largely due to the screening of major sporting events. Since the end of August, audience ratings among W<50PDM have risen sharply for all of the Group's channels relative to 2015, confirming the validity of the multi-channel strategy.

Audience growth in September 2016

In September 2016 the TF1 group was market leader among individuals aged 4 and over, and saw a marked increase in its share of key target markets for advertisers.
Among target audiences for advertisers, September was the best of the nine first months of 2016 to date (33.7% share of the key target market of W<50PDM, 1.8 points higher than in September 2015, and 30.5% of individuals in the 25-49 age bracket, up 1.2 points on September 2015).

All of the Group's channels increased their share of the W<50PDM market relative to September 2015: TF1 by 0.3 of a point to 23.2%; TMC by 0.3 of a point to 4.0%; NT1 by 0.7 of a point to 4.1%; and HD1 by 0.4 of a point to 2.3%.

Among viewers in the 25-49 age bracket, the Group's DTT channels also raised their audience share relative to September 2015: TMC by 0.5 of a point to 3.9%; NT1 by of 0.6 of a point to 3.3%; and HD1 by 0.3 of a point to 1.8%. However, the TF1 core channel's share of this audience slipped by 0.4 of a point to 21.3% in September.

[1] *Source: Médiamétrie-Médiamat. LCI: excludes pay-TV figures*

[2] *Source: Médiamétrie-Mediamat/Prime time slots, 9pm-10.45pm*

TF1

TF1 is still the clear leader among French television channels.

Over the first nine months of 2016 the channel had audience share of 20.4% among individuals aged 4 and over, versus 21.3% a year previously.
Among W<50PDM, the audience share is 22.3% in 2016 to date, versus 23.5% a year earlier. The gap between TF1 and its nearest private-sector rival in this key target market is 6.1 points (versus 8.3 points in the first nine months of 2015).
This confirms TF1's unique position and its status as the must-see channel.

In the first nine months of 2016, 78 TF1 programmes attracted more than 7 million viewers, and 25 drew over 8 million (versus 6 for all rival channels combined, or zero if sports programmes are excluded).
In addition, 44 of the top 50 audience ratings in the first nine months of the year were for TF1 programmes.
The TF1 core channel attracts an average prime-time audience of 5.3 million.

In September, the channel upped its share of the W<50PDM audience by 0.3 of a point to 23.2%, boosted by the return of programs like *Koh-Lanta* and *The Voice Kids* and the successful launches of the drama *La Vengeance aux yeux clairs* and the series *Blindspot*.

The back-to-school schedules on the TF1 channel delivered fine prime-time audience ratings: an average of 5.2 million viewers and a 29% share among W<50PDM, an increase of 0.9 of a point relative to September 2015 prime-time slots.
TF1 was the most-watched channel among women viewers in the 5pm to 8pm slot, thanks to true life story programmes such as *4 mariages pour une lune de miel* (31% share of women viewers). Overall, September was the best month in this time slot for the W<50PDM market since December 2013.

Core channel performing well across all genres

The channel's **flagship entertainment brands** attracted big audiences in September 2016: 6.2 million viewers and a 41% audience share of W<50PDM for *Koh-Lanta*, and 4.7 million viewers and a 30% audience share of W<50PDM for *The Voice Kids*.

The month also saw some successful launches, both for **French drama** and **American series**:
- an average of 6.6 million viewers and a 33% consolidated audience share for *La Vengeance aux yeux clairs* among W<50PDM. The drama attracted 0.9 million time-shift viewers, including 0.6 million in catch-up. The first episode drew a total of 7.5 million viewers (live and time-shift).
- 4.7 million viewers and a 33% consolidated audience share for *Blindspot* among W<50PDM. This new series has attracted audiences of up to 5.9 million and a 35% share of W<50PDM, as well as substantial catch-up audiences (as many as 1.2 million for the *Out of Control* episode).

French movies have also achieved excellent performances. In September, the free-to-air premiere of *Barbecue* attracted 6.4 million viewers (35% share of W<50PDM), while *Elysium* drew 5.5 million (31% of W<50PDM).

News: The TF1 channel's regular news bulletins are still the most watched in Europe.
In September, the lunchtime bulletin averaged more than 5 million viewers and an audience share of over 40%, while the evening bulletin drew up to 6.5 million viewers and remains the undisputed market leader.
The channel's news magazine programmes are also proving popular.
Since the back-to-school period, *Reportages* has attracted up to 4.2 million viewers and a very high audience share (up to 31% of individuals aged 4 and over), while *Sept à Huit* has pulled in up to 3.7 million viewers.
The *Vie Politique* show achieved its biggest-ever audience of 2.3 million viewers on September 11.

Sport: TF1 was the lead broadcaster in France for the Euro 2016 football tournament, an unmissable sporting event.
The channel achieved excellent audience figures, including a record for an opening match when the France/Romania game was watched by an average audience of 14.5 million.
On July 7, the Germany/France semi-final drew 19.2 million viewers on TF1, an audience share of 68.2% among individuals aged 4 and over.
Overall, the tournament attracted an average prime-time audience of 9.6 million on the TF1 core channel (40% audience share), and the channel achieved 6 of the top 10 audience ratings for Euro 2016 matches.

DTT channels

Over the first nine months of the year the TF1 group's DTT activities, comprising the TMC, NT1, HD1 and LCI channels, retained their market leadership and achieved the strongest growth among target audiences. Overall, they had a combined audience share of 6.6% among individuals aged 4 and over (+0.3 of a point year-on-year), rising to 9.1% among W<50PDM (+0.7 of a point year-on-year) and 7.7% among individuals aged 25 to 49 (+0.4 of a point year-on-year).

In the third quarter, the Group's DTT channels were the undisputed market leader, posting the strongest growth among individuals aged 4 and over and W<50PDM.
The channels' combined audience share reached 7% among individuals aged 4 and over (+0.8 of a point year-on-year), 9.2% among W<50PDM (+0.9 of a point year-on-year), and 7.8% among individuals aged 25 to 49 (+0.6 of a point year-on-year).

LCI has been available on free-to-air DTT since April 5, 2016.

In September, the DTT channels reported impressive growth in audiences. The repositioning of TMC, illustrated by the launch of *Quotidien* on September 12, drove the channel's audience share among 25-49 year-olds to 3.9%, versus 3.4% in September 2015.

NT1 and HD1 also raised their audience shares among W<50PDM to 4.1% and 2.3% respectively.

LCI attracted an audience share of 0.4% in September among individuals aged 4 and over following the rollout of the channel's new schedules at the end of August 2016.

TMC

Over the first nine months of 2016, TMC had an audience share of 2.8% among individuals aged 4 and over (-0.3 of a point year-on-year), 3.4% among W<50PDM (-0.1 of a point year-on-year) and 3.2% among individuals aged 25 to 49 (-0.1 of a point year-on-year).

TMC is the leading DTT channel for prime-time viewing, thanks largely to a movie offering that attracts an average of over one million viewers.

Les Visiteurs 2 was watched by 2.3 million people, the biggest audience for a movie on DTT during the first nine months of 2016.
Meanwhile *Avatar* attracted 1.3 million viewers in September 2016.

The Euro 2016 football tournament enabled TMC to post its best-ever audience when 3.5 million people watched the Slovakia/England match, making the channel the second most-watched in France on the evening of June 20 and setting a record daytime audience share of 5.8% among individuals aged 4 and over.

During the third quarter, and especially in September, TMC began the process of moving up-market. Since this repositioning started, with the launch of the new programme *Quotidien* on September 12 and a makeover for its logo and visual identity, TMC has climbed three places in the TV channel rankings. Since September 12, TMC has ranked fourth both among W<50PDM (4.4% audience share) and among individuals aged 25-49 (4.4% audience share).

Quotidien, presented by Yann Barthès, has attracted an average of 1.1 million viewers since it was launched on September 12, with 1.4 million tuning in for the launch show. The programme has achieved an audience share of up to 12% in the 25-49 age bracket, and 14% of ABC1 viewers.

Another highlight is the successful launch of the first-run series *DC's Legends of Tomorrow* with 1.1 million viewers and a 4.7% audience share among individuals aged 4 and over (9.5% for individuals aged 25 to 49).

Finally, there were strong viewing figures for two flagship TF1 franchises making their DTT debut: *Mentalist* (up to 700,000 viewers) and *Profilage* (up to 1 million viewers).

NT1

NT1 continued to gain market share among target audiences during the first nine months of 2016. Among W<50PDM the channel gained 0.3 of a point, reaching 3.4%.

September was a landmark month for NT1 as it took the no.4 slot in the French national channel rankings for the target market of W<50PDM; the channel achieved a 2.4% share among individuals aged 4 and over (+0.3 of a point year-on-year), rising to 4.1% among W<50PDM (+0.7 of a point year-on-year).

Secret Story cemented its success, making NT1 the no.1 national channel among 15-24 year-olds in the 6pm slot.

Joséphine ange gardien, a drama originally screened on TF1, averaged 770,000 viewers and an audience share of over 4% among W<50PDM, peaking at 1 million viewers and a 5.8% share of the W<50PDM audience.

The channel's movie offering is popular with women and younger viewers, including *Bad Teacher* (800,000 viewers, 5.9% audience share among W<50PDM, 12% among 15-24 year-olds) and *Profs* (750,000 viewers, 4.6% audience share among W<50PDM).

HD1

Launched in December 2012, HD1 posted the strongest growth of any HD DTT channel during the first nine months of 2016. The channel had a 1.7% audience share among individuals aged 4 and over (+0.5 of a point year-on-year) and performed strongly with key target markets for advertisers, with a 1.7% share of individuals aged 25-49 (+0.3 of a point year-on-year) and a 2.2% share of W<50PDM (+0.4 of a point year-on-year).

TF1 – Segment information

During September 2016, HD1 confirmed its status as the leading HD DTT channel in prime time, with the schedules boosted by first-run programmes such as *Humans* and DTT premieres such as *Unforgettable*.
Movies pulled in some of the biggest audiences of September with *Mes beaux-parents et nous* (770,000 viewers), *Waterworld* (730,000 viewers) and *Erin Brockovich* (680,000 viewers).

HD1 also repeated the four *La Vengeance aux yeux clairs* episodes the day after their initial screening on TF1, attracting an average of 0.4 million viewers and a 3% audience share among W<50PDM.

LCI

On December 17, 2015, the CSA (the French broadcasting regulator) approved the switchover of LCI to freeview, which took place on April 5, 2016.

At the end of August 2016, the channel gave its schedules a makeover.

However, LCI is maintaining its editorial stance, focused on analysis and explanation of news stories. The channel has welcomed star presenters such as Yves Calvi (who has attracted up to 211,000 viewers) and François Xavier Ménage.

LCI's audience share among individuals aged 4 and over has risen during the year, from 0.2% in the second quarter to 0.3% in the third quarter and 0.4% in September.

- **Other activities**

Publications Metro France

Since July 2015, Metronews has been a 100% digital news platform, with the print edition discontinued in response to the crisis in the freesheet advertising market.
Metronews saw a sharp fall in revenue during the first nine months of 2016. However, the operating result progressed thanks to significant improvements in the cost base.

During the third quarter, the Group combined its digital news operations, bringing together LCI, Metronews and MyTF1news within LCI.fr. This news platform complements the existing news offering, and is in line with the Group's broader digital transformation strategy.

The dissolution of Publications Metro France and transfer of its net assets to LCI took effect on July 1, 2016.

Consequently, there was no revenue or operating profit from Publications Metro France in the third quarter of 2016.

TF1 Publicité (third-party airtime sales)

Both revenue and operating profit from third-party advertising airtime sales (for radio stations, and TV channels from outside the Group) were down in the nine months to end September 2016 due to the ending of airtime sales for the pay-TV channels of beIN SPORTS and Discovery in France.

TF1 Films Production

Cinema footfall reached 150 million in the first nine months of 2016, up 4.1% year-on-year. September 2016 saw a footfall of 10 million, up 5.1% year-on-year.

During the first nine months of 2016, 15 films co-produced by TF1 Films Production went on general release (versus 11 in the first nine months of 2015), attracting a combined total of 17.4 million box office entries in France (versus 9.1 million a year earlier).

Films co-produced by TF1 Films Production include *Les Tuche 2, Le Rêve américain* (4.6 million box office entries), *Camping 3* (3.2 million), *Les Visiteurs 3* (2.2 million) and *Retour chez ma mère* (1.9 million).

The revenue contribution from TF1 Films Production increased during the period to end September 2016, but its contribution to current operating profit declined.

TF1 Production

TF1 Production's revenue contribution fell sharply in the first nine months of 2016, mainly because the prior-year comparative was boosted by live shows, in particular the *Les Prêtres* tour.
A total of 331 hours of programmes were delivered to end September 2016, versus 389 hours in the comparable period of 2015, reflecting the non-recurrence of the programme *Meilleur Menu* and a reduced volume of magazine programmes for DTT). Programmes delivered by TF1 Production during the first nine months of 2016 included five episodes of *Ninja Warrior* and the *Vie Politique* show for TF1 and episodes for season 3 of *Bachelor* for NT1. TF1 Production also contributed to the broadcasting of Euro 2016 matches and spin-off magazine programmes.
Nine-month current operating profit was stable year-on-year.

Other platforms and related activities

Revenue from other platforms and related activities fell by 14.2% to €109 million. The 2015 figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on March 31, 2015.
After stripping out the contribution from Eurosport France, revenue fell only slightly year-on-year, by €0.3 million.

Similarly, current operating profit was down year-on-year at €29.0 million, a fall of €26.8 million. After stripping out the effects of the deconsolidation of Eurosport France in the first quarter of 2015, current operating profit was up €6.9 million year-on-year.

- **e-TF1**

TF1 is pursuing its digital strategy, working closely with the Group's TV channels.

Digital activities recorded strong growth in the first nine months of the year thanks to increased levels of interactivity and to advertising revenue from MYTF1. The extra audiences generated by the Group's digital platforms are continuing to grow substantially.
For example, the drama *Le secret d'Elise* was seen by 1.1 million catch-up viewers on MyTF1, taking the total viewing figures for this series to 8.3 million.
A total of 859 million videos were viewed on MyTF1 during the first nine months of 2016, a year-on-year increase of 17%.
The most popular programmes on MyTF1 in 2016 to date have been *The Voice*, *Secret Story*, *Koh-Lanta* and *Grey's Anatomy*.
The total number of videos watched on MyTF1 around the screening of *La Vengeance aux yeux clairs* was 12.8 million, including 250,000 for the preview and 1.2 million for the alternative ending.

e-TF1 operates the TFOU MAX subscription-based kids' video offering, either as part of a pay-TV bundle or as a stand-alone service.
e-TF1 is also building a digital marketing consultancy business, including the acquisition of Bonzai Digital during the first quarter of 2016.

Overall, e-TF1 has achieved strong growth in both revenue and operating profit to end September 2016.

- **Theme Channels France**

French pay-TV channels as a whole attracted an audience share of 10.0% during the first nine months of 2016, versus 10.2% a year earlier.

Pay-TV offerings are facing competition from the continuing growth of the new free-to-air DTT channels.

Revenue for the TF1 group's theme channels (TV Breizh, Ushuaïa, Histoire) fell during the first nine months of 2016 due to a drop in advertising revenue. However, tight cost control helped the three channels to maintain their profitability.

TV Breizh

TV Breizh further consolidated its position as the benchmark pay-TV channel. With an audience share of 0.6% among individuals aged 4 and over[1], it is a leading player in the French pay-TV market thanks to a programming policy built around series and drama. Among the new dramas added to schedules in the first half of 2016 were *Profilage* and *Walker, Texas Ranger*.

Histoire and Ushuaïa

Ushuaïa's programming policy is based on adventure and discovery, with a year-round focus on environmental issues.
Ushuaïa Le Mag was relaunched in a new format in April, with a month-long season dedicated to bird life, launched with a special programme featuring the leading French conservationist Allain Bougrain Dubourg.

Histoire is continuing with its programming policy, focusing on building awareness of its brand as the gold standard history channel on cable, satellite and ADSL.

During the first nine months of 2016, both channels saw a decline in revenue but improved profitability relative to the comparable period of 2015.

Studios & Entertainment

Revenue (€m)	9m 2016	9m 2015	Chg. %
Studios & Entertainment	**265.3**	**181.0**	46.6%

Current operating profit/(loss) (€m)	9m 2016	9m 2015	Chg. €m
Studios & Entertainment	**25.1**	**17.5**	43.4%

Over the first nine months of 2016, revenue for the Studios & Entertainment segment rose by €84.3 million year-on-year to €265.3 million. Current operating profit reached €25.1 million, up

[1] *Source: Médiamétrie/Médiamat'Thématik (wave 31, extended competition universe)*

€7.6 million year-on-year. These figures include the contribution from Newen Studios, consolidated with effect from January 1, 2016.

- **Newen Studios**

Following the acquisition of Newen Studios on January 26, 2016, the contribution from this entity is included in the consolidated financial statements retrospectively from January 1, 2016.

Founded in 2008, Newen Studios is a major player in audiovisual production and distribution in France.

During the first nine months of 2016, Newen Studios continued shooting episodes of *Candice Renoir* (season 5), *Nina* (season 2), *Cassandre* (episodes 1 and 2), *Plus Belle la Vie* (including a special episode) and the drama series *Versailles.*

July saw the launch of the *Plus belle la Vie* box set, the first-ever spin-off of this type from a French TV soap; the set included a unique tie-in gift, cosmetics or ornaments selected by partner brands, and a magazine.

- **TF1 Droits Audiovisuels – TF1 International**

Ten films went on general release during the first nine months of 2016 (five more than in the comparable period of 2015): *Carol, Josephine 2, Perfect Day, Dalton Trumbo, Tout pour être heureux 2, Le fantôme de Canterville* and *Joyeuse fête des mères*, and in the third quarter *Truman, Débarquement immédiat* and *C'est quoi cette famille*.

The Catalogue business has been boosted by the success of *Qu'est-ce qu'on a fait au bon Dieu?*.

In the nine months to end September 2016, the contribution of TF1 Droits Audiovisuels and TF1 International to revenue was up year-on-year, but their contribution to operating profit was down.

- **TF1 Vidéo**

The physical video market contracted by 14% in value terms to end August 2016 relative to the same period in 2015[1].

The digital market grew by 22% in value terms to end August 2016, driven by SVoD.

TF1 Vidéo posted an increase in digital revenue during the first nine months of 2016, thanks largely to new partners.

In a challenging physical video market, and hampered by the timing of releases, TF1 Vidéo saw a decline in both revenue and current operating profit in the first nine months of 2016.

- **Home Shopping**

The Home Shopping business reported a drop in both revenue and current operating profit to end September 2016. This was largely due to a significant fall in the number of orders during the period, the business having suffered from supply chain problems in the first half of the year.

- **TF1 Entertainment**

The games business has been boosted by international sales of *Chrono Bomb* and *Tresor Detector*.

The collection of *Tintin* figurines has also been selling well internationally, and the *Eiffel Tower* collection is performing strongly.

Over the first nine months of the year, TF1 Entertainment experienced revenue growth but a fall in current operating profit.

The licensing business has performed well, especially the licences relating to *The Voice*, *Ushuaïa*, the *All Blacks* and *Nickelodeon*.

[1] *Source: GFK, end August 2016 for physical and digital.*

1.5. Corporate social responsibility

Diversity and solidarity

- **TF1 Foundation welcomes its 9th annual intake**

As part of its commitment to providing job and training opportunities for young people from deprived neighbourhoods, the TF1 Foundation has welcomed its 9th annual intake.
The twelve candidates selected at the recruitment session on June 14 joined the TF1 group in mid-September on two-year apprenticeship contracts, supported by training and one-to-one tuition. Each of them is being mentored by a member of the TF1 team, who will pass on their contacts and experience. The scheme covers over twenty job profiles associated with journalism, audiovisual production and other activities with the company.

- **TF1 staff helping others**

On June 2, TF1 staff came together to walk for charity, raising money for the leukodystrophy charity ELA, under the slogan "Mets tes baskets et bats la maladie dans l'entreprise" ("Help fight illness by wearing your trainers for a day at work"). In recognition of the 3,667,016 steps logged on that one day, the TF1 Solidarity Committee donated €12,000 to ELA.

The charity event organised by the TF1 Foundation on June 28 also proved a great success. Two hundred employees volunteered to collect and sort a whole range of items. Overall, a total of 250 boxes containing clothes, toys, books, school equipment and household linen were distributed to around thirty charities.

Gender balance

- **The TF1 group's first-ever internal mentoring programme**

Friday September 30 saw the launch of the TF1 group's first-ever internal mentoring programme, attended by CEO Gilles Pélisson and HR director Arnaud Bosom. Aimed at women with potential, it supplements the cross-mentoring programme already developed with Cisco and Bouygues Telecom.

The programme is entirely voluntary, with mentors offering personal support to their mentees on a confidential basis.

A key objective of the TF1 programme is to support women on their career path so as to increase the proportion of women at senior executive level (at present, women make up 32% of the Group Management Committee). For 2016/ 2017, 11 mentors and 11 mentees will participate in the programme.
The mentors will support their mentees all year round in furtherance of agreed objectives in areas such as career development, interpersonal skills and networking.

- **FIFTY-FIFTY - the TF1's women's network one year on**

Since setting up the network in September 2015, the three founders of FIFTY-FIFTY have organised and attended a series of events around the issue of gender balance: conferences, workshops, personal development and coaching initiatives, and dinners with inspirational speakers. So far, the 200 members of FIFTY-FIFTY have had access to over 60 events. This extensive programme of events owes a great deal to the partnership with the Professional Women's Network (PWN), a networking and leadership development platform for professional women.
FIFTY-FIFTY has become an influential and innovative voice on social media, differentiating itself by its focus on gender balance. Indeed, over 20% of the network's members are men, and three members of the TF1 Executive Committee also belong to the network.
On October 1, 2016 the network renewed its partnership agreement with PWN, giving its members access to a programme of more than a hundred workshops. The second annual inter-network conference will be held in early December, on the topic "The digital revolution: an opportunity for gender balance".

Awards for our financial and non-financial communication

- **Grands Prix de la Transparence awards**

At the 7th annual awards in early October 2016, the TF1 group was awarded the overall *Grand Prix de la Transparence* for the third consecutive year. This prize is awarded to the best performer across all categories.
These annual awards, organised by Labrador Company, are adjudicated by a scientific committee[6] representing users of financial information, and reward French companies on the basis of the quality and accessibility of their regulated information across all categories of user. This year, 18 new criteria were added relating to corporate social and environmental responsibility and digital accessibility.
The TF1 group's 2015 Registration Document broke new ground by featuring an integrated report for the first time. This report describes how the Group creates value over the short, medium and long term, and its relations with stakeholders.

- **DJSI Europe and World indices, Gaïa Index prize**

On October 8, 2016, TF1 retained its place in the DJSI Europe and World indices. TF1 is the only French broadcasting group to feature in these sustainability indices, which apply stringent criteria.
TF1 was also awarded 2nd prize in the CSR category[7] under the auspices of the Gaïa Index, which covers French midcaps.

[6] *The scientific committee includes representatives from the fund management industry, individual investors, Paris market players, investment clubs, company directors, financial analysts, the Paris bourse, universities, and CSR specialists.*

[7] *In the category of companies that generate revenue of more than €500 million.*

1.6. Human resources update

As of September 30, 2016 the TF1 group had 2,864[8] employees on permanent contracts, versus 2,572 a year earlier and 2,567 as of December 31, 2015.

1.7. Stock market performance

TF1 shares closed at €8.63 on September 30, 2016, 31.5% lower than the closing price on September 30, 2015. Over the same period, the CAC 40 and SBF 120 fell by 1.5% and 0.1% respectively.
During the first nine months of 2016, the TF1 share price dropped by 14.4%, while the CAC 40 lost 2.9% and the SBF 120 2.3%.

The total market capitalisation of the TF1 group stood at €1.8 billion on September 30, 2016, compared with €2.7 billion on September 30, 2015.

1.8. Outlook

The Group confirms its assumption of very slight growth in the TV advertising market over 2016 as a whole.

In terms of scheduling, the TF1 core channel is looking at a fourth quarter featuring further episodes of strong entertainment brands like Koh Lanta and The Voice Kids; a new season of Danse avec les stars; Miss France; launches of French drama series (Emma, Coup de foudre à Jaipur, La Main du Mal, Louis(e), Munch) and American series such as First Murder; and a number of TV film premieres. Meanwhile, Group TF1 will continue to review the editorial line of its DTT channels.

The Group is revising its 2016 full-year estimate for the cost of programmes on the five free-to-air channels downward from €980 million to €970 million (excluding non-current expenses and major sporting events). The Group has implemented the first tranche of operational efficiencies under the "OneTransfo" plan, which is expected to generate additional savings of between €5 million and €10 million in 2016. These measures will be extended through 2017 via "Recover", a cost-saving plan with an expected full-year impact in the region of €25 million to €30 million, in response to a less favourable than anticipated environment. This plan applies across all of the cost base apart from the cost of programmes.

In addition, the Group is reiterating its 2016 full-year estimate for non-current expenses of €86 million, including €26 million of non-current expenses arising from the change in accounting treatment of French drama productions after the decree of April 2015.

The positive trends in audience ratings during September and the Group's ability to adapt its cost structure should lead to a full year 2016 in line with estimates.

TF1 Group goes on with its transformation plan, implying the implementation of its multi-channel strategy, with a particular focus on the relaunch of TMC, the development in production and digital, as well as the adaptation of the cost structure to take into account market trends.

[8] *People employed on permanent contracts at Newen are included in TF1 group consolidated headcount with effect from the third quarter of 2016.*

1.9. Movements in share capital

Since the start of 2016, a total of 281,493 shares have been issued as the result of the exercise of stock options. Following purchases of TF1 shares made on the stock market under the share buyback programme, the Board of Directors approved the cancellation of 1,420,718 treasury shares.

After taking account of these movements, the number of shares and voting rights stands at 209,382,342, and the share capital is €41,876,468.40.

1.10. Corporate governance

On the advice of the Director Selection Committee, and having concluded that it was preferable not to separate the role of Chairman from that of Chief Executive Officer, the Board of Directors chose Gilles Pélisson to serve as Chairman and Chief Executive Officer.
In accordance with the Board's decision, Gilles Pélisson took up office as Chairman and Chief Executive Officer on February 19, 2016.

2. Condensed consolidated financial statements for the 9 months ended September 30, 2016

Consolidated income statement

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.

(€m)	Note	9 months to Sept. 30 2016	9 months to Sept. 30 2015	Third quarter 2016	Third quarter 2015	Full year 2015
Advertising revenue		1,064.6	1,082.2	294.5	307.5	1,554.2
Other revenue		362.1	317.8	107.0	111.8	450.1
Revenue		**1,426.7**	**1,400.0**	**401.5**	**419.3**	**2,004.3**
Other income from operations		5.1	-	(0.3)	-	-
Purchases consumed and changes in inventory		(667.8)	(723.5)	(197.8)	(231.6)	(1,017.6)
Staff costs		(294.2)	(239.7)	(86.9)	(71.8)	(327.4)
External expenses		(264.0)	(245.2)	(77.1)	(75.1)	(341.0)
Taxes other than income taxes		(91.0)	(88.7)	(30.3)	(25.1)	(124.0)
Depreciation and amortisation, net		(108.1)	(40.8)	(16.8)	(13.3)	(56.5)
Provisions and impairment, net		(49.4)	25.4	(30.5)	6.8	11.7
Other current operating income		163.3	88.3	47.7	19.4	106.3
Other current operating expenses		(74.0)	(69.0)	(20.4)	(19.1)	(97.8)
Current operating profit/(loss)		**46.6**	**106.8**	**(10.9)**	**9.5**	**158.0**
Non-current operating income		-	-	-	-	-
Non-current operating expenses	*10*	(68.7)	(15.0)	(14.0)	(3.1)	(16.8)
Operating profit/(loss)		**(22.1)**	**91.8**	**(24.9)**	**6.4**	**141.2**
Income associated with net debt		0.6	0.9	0.1	0.2	1.2
Expenses associated with net debt		(1.6)	(0.1)	(0.5)	(0.1)	(0.1)
Cost of net debt		**(1.0)**	**0.8**	**(0.4)**	**0.1**	**1.1**
Other financial income		0.7	0.5	0.2	0.1	0.8
Other financial expenses		(1.7)	(0.8)	(0.1)	(0.2)	(4.0)
Income tax expense		8.2	(26.3)	8.4	(2.8)	(42.3)
Share of profits/(losses) of joint ventures and associates		4.3	1.3	4.2	-	6.5
Net profit/(loss) from continuing operations		**(11.6)**	**67.3**	**(12.6)**	**3.6**	**103.3**
Net profit/(loss) from discontinued or held-for-sale operations	*5.10*	**-**	**-**	**-**	**-**	**-**
Net profit/(loss)		**(11.6)**	**67.3**	**(12.6)**	**3.6**	**103.3**
attributable to the Group:		***(13.8)***	***64.9***	***(13.2)***	***3.9***	***99.9***
Net profit/(loss) from continuing operations		*(13.8)*	*64.9*	*(13.2)*	*3.4*	*99.9*
attributable to non-controlling interests:		***2.2***	***2.4***	***0.6***	***(0.3)***	***3.4***
Net profit/(loss) from continuing operations		*2.2*	*2.4*	*0.6*	*(0.3)*	*3.4*

Weighted average number of shares outstanding (in '000)	209,457	211,374	210,024	210,764	210,786
Basic earnings per share from continuing operations (€)	(0.07)	0.31	(0.07)	0.02	0.47
Diluted earnings per share from continuing operations (€)	(0.07)	0.31	(0.07)	0.02	0.47

Statement of recognised income and expense

(€m)	9 months to Sept. 30 2016	9 months to Sept. 30 2015	Full year 2015
Consolidated net profit/(loss) for period	**(11.6)**	**67.3**	**103.3**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits	(5.2)	-	(3.5)
Net tax effect of equity items not reclassifiable to profit or loss	1.8	-	1.2
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity	-	-	-
Items reclassifiable to profit or loss			
Remeasurement of hedging instruments [1]	(1.1)	(2.9)	(2.2)
Remeasurement of available-for-sale financial assets	-	-	-
Change in cumulative translation adjustment of controlled entities	-	-	-
Net tax effect of equity items reclassifiable to profit or loss	0.4	1.0	0.8
Share of reclassifiable income and expense of joint ventures and associates recognised in equity	-	0.5	0.6
Income and expense recognised directly in equity	**(4.1)**	**(1.4)**	**(3.1)**
Total recognised income and expense	**(15.7)**	**65.9**	**100.2**
attributable to the Group	(17.9)	63.5	96.8
attributable to non-controlling interests	2.2	2.4	3.4

[1] *Includes €0.4 million relating to the reclassification of cash flow hedges to profit or loss during the first nine months of 2016.*

Consolidated cash flow statement

(€m)	Note	9 months to Sept. 30 2016	9 months to Sept. 30 2015	Full year 2015
Net profit/(loss) from continuing operations (including non-controlling interests)		(11.6)	67.3	103.3
Depreciation, amortisation, provisions & impairment (excluding current assets)		164.4	38.2	54.1
Net (gain)/loss on asset disposals		0.4	(33.4)	(32.4)
Share of (profits)/losses and dividends of joint ventures and associates		(2.8)	13.1	7.9
Other non-cash income and expenses		(6.6)	(6.8)	(10.1)
Sub-total		**143.8**	**78.4**	**122.8**
Cost of net debt		1.0	(0.8)	(1.1)
Income tax expense (including deferred taxes)		(8.2)	26.3	42.3
Operating cash flow		**136.6**	**103.9**	**164.0**
Income taxes (paid)/reimbursed		(39.0)	(21.3)	(35.1)
Change in operating working capital needs		30.5	37.9	8.4
Net cash generated by/(used in) operating activities		**128.1**	**120.5**	**137.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(148.2)	(28.2)	(57.6)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.4	0.1	0.2
Cash outflows on acquisitions of financial assets		(6.3)	(4.6)	(6.2)
Cash inflows from disposals of financial assets		-	-	-
Effect of changes in scope of consolidation	*11*	(112.7)	3.6	494.5
Purchase price of investments in consolidated activities		*(185.6)*	*-*	*-*
Proceeds from disposals of consolidated activities		*2.2*	*36.4*	*526.9*
Net liabilities related to consolidated activities		*-*	*-*	*-*
Other cash effects of changes in scope of consolidation		70.7	*(32.8)*	*(32.4)*
Dividends received		-	0.1	0.2
Other cash flows from investing activities		(3.1)	(1.4)	1.7
Net cash generated by/(used in) investing activities		**(269.9)**	**(30.4)**	**432.8**
Cash received on exercise of stock options		1.7	4.3	4.5
Purchases and sales of treasury shares		(21.4)	(40.0)	(40.0)
Other transactions between shareholders		(1.2)	-	(14.6)
Dividends paid during the period	*13*	(167.3)	(317.3)	(317.3)
Cash inflows from new debt contracted		2.6	-	0.1
Repayment of debt (including finance leases)		(0.2)	(1.3)	(1.3)
Net interest paid (including finance leases)		(1.0)	0.8	1.1
Net cash generated by/(used in) financing activities		**(186.8)**	**(353.5)**	**(367.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**(328.6)**	**(263.4)**	**202.6**
Cash position at start of period – continuing operations		**700.8**	**498.2**	**498.2**
Change in cash position during the period – continuing operations		(328.6)	(263.4)	202.6
Cash position at end of period – continuing operations		**372.2**	**234.8**	**700.8**

Consolidated balance sheet

ASSETS (€m)	*Note*	**Sept. 30, 2016**	**Dec. 31, 2015**	**Sept. 30, 2015**
Goodwill	*5*	**554.4**	**431.6**	**431.6**
Intangible assets		**246.7**	**125.2**	**112.4**
Audiovisual rights		185.6	65.0	52.7
Other intangible assets		61.1	60.2	59.7
Property, plant and equipment		**175.2**	**170.1**	**170.3**
Investments in joint ventures and associates	*6*	**92.2**	**84.8**	**79.4**
Non-current financial assets		**37.8**	**30.1**	**35.0**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,106.3**	**841.8**	**828.7**
Inventories		**730.4**	**726.9**	**736.8**
Programmes and broadcasting rights		711.7	713.4	718.2
Other inventories		18.7	13.5	18.6
Trade and other debtors		**932.0**	**937.4**	**948.0**
Current tax assets		**37.2**	**-**	**8.3**
Other current financial assets		**0.3**	**4.5**	**3.8**
Cash and cash equivalents	*9*	**374.9**	**703.1**	**238.9**
Total current assets		**2,074.8**	**2,371.9**	**1,935.8**
Assets of held-for-sale operations		**-**	**-**	**490.5**
TOTAL ASSETS		**3,181.1**	**3,213.7**	**3,255.0**
Net surplus cash (+) / Net debt (-)	*9*	**148.1**	**700.8**	**234.8**

Consolidated balance sheet (continued)

SHAREHOLDERS’ EQUITY AND LIABILITIES (€m)	*Note*	Sept. 30, 2016	Dec. 31, 2015	Sept. 30, 2015
Share capital		42.2	42.1	42.4
Share premium and reserves		1,409.1	1,599.7	1,610.2
Net profit/(loss) for the period attributable to the Group		(13.8)	99.9	64.9
Shareholders’ equity attributable to the Group		**1,437.5**	**1,741.7**	**1,717.5**
Non-controlling interests		2.4	20.1	24.1
Total shareholders’ equity	*7*	**1,439.9**	**1,761.8**	**1,741.6**
Non-current debt	*9*	**218.9**	**-**	**-**
Non-current provisions		**55.4**	**51.3**	**50.4**
Non-current tax liabilities		**41.5**	**11.8**	**29.6**
Total non-current liabilities		**315.8**	**63.1**	**80.0**
Current debt	*9*	**7.9**	**2.3**	**4.1**
Trade and other creditors		**1,384.1**	**1,339.7**	**1,393.3**
Current provisions		**33.4**	**36.6**	**35.9**
Current tax liabilities		**-**	**10.2**	**-**
Other current financial liabilities		**-**	**-**	**0.1**
Total current liabilities		**1,425.4**	**1,388.8**	**1,433.4**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS’ EQUITY & LIABILITIES		**3,181.1**	**3,213.7**	**3,255.0**

Consolidated statement of changes in equity

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2015	**42.1**	**11.7**	**(20.0)**	**1,715.8**	**(7.9)**	**1,741.7**	**20.1**	**1,761.8**
Capital increase (stock options exercised)	0.1	1.6	-	-	-	**1.7**	-	**1.7**
Share-based payment	-	-	-	1.6	-	**1.6**	-	**1.6**
Purchase of treasury shares	-	-	(21.4)	-	-	**(21.4)**	-	**(21.4)**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(167.2)	-	**(167.2)**	(0.1)	**(167.3)**
Other transactions with shareholders	-	-	28.2	(2.3)	-	**25.9**	(24.9)	**1.0**
Total transactions with shareholders	**0.1**	**1.6**	**6.8**	**(167.9)**	**-**	**(159.4)**	**(25.0)**	**(184.4)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**(13.8)**	**-**	**(13.8)**	**2.2**	**(11.6)**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(4.1)**	**(4.1)**	**-**	**(4.1)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**(126.9)**	-	**(126.9)**	**5.1**	**(121.8)**
BALANCE AT SEPTEMBER 30, 2016	**42.2**	**13.3**	**(13.2)**	**1,407.2**	**(12.0)**	**1,437.5**	**2.4**	**1,439.9**

(€ million)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2014	**42.3**	**7.3**	**-**	**1,958.6**	**(4.8)**	**2,003.4**	**36.5**	**2,039.9**
Capital increase (stock options exercised)	0.1	4.2	-	-	-	**4.3**	-	**4.3**
Share-based payment	-	-	-	0.7	-	**0.7**	-	**0.7**
Purchase of treasury shares	-	-	(40.0)	-	-	**(40.0)**	-	**(40.0)**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(317.3)	-	**(317.3)**	-	**(317.3)**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Total transactions with shareholders	**0.1**	**4.2**	**(40.0)**	**(316.6)**	**-**	**(352.3)**	**-**	**(352.3)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**64.9**	**-**	**64.9**	**2.4**	**67.3**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(1.4)**	**(1.4)**	**-**	**(1.4)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**2.9**	-	**2.9**	**(14.8)**	**(11.9)**
BALANCE AT SEPTEMBER 30, 2015	**42.4**	**11.5**	**(40.0)**	**1,709.8**	**(6.2)**	**1,717.5**	**24.1**	**1,741.6**

Notes to the condensed consolidated financial statements

1. Significant events

1-1. Acquisition of the Newen Studios group

On January 26, 2016, having obtained the necessary clearances from the regulatory authorities, TF1 completed the acquisition of a 70% equity interest in Newen Studios, the parent company of the Newen group. The Newen group is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

This acquisition had an impact of €293 million on the TF1 group's net debt, including (i) the acquisition cost of the 70% equity interest, (ii) the fair value of the commitment to buy out the 30% interest held by the minority shareholders, and (iii) 100% of the net debt carried by the Newen group.

On February 24, 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Série. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

As a result of asset and liability valuations carried out as part of the purchase price allocation process, production and distribution rights have been provisionally remeasured at a gross fair value of €67.7 million. These rights are being amortised on a straight line basis from January 1, 2016 over an average period of three years (depending on the programme). The resulting expense is included in "Non-current operating expenses" in the consolidated income statement.

After taking account of all these factors and of the associated deferred tax effects, total provisional goodwill of €113 million has been recognised as of September 30, 2016.

1-2. Buyout of the minority shareholding in TMC

On June 9, 2016, the TF1 group bought out the Principality of Monaco's 20% stake in the TMC channel, raising the Group's stake in the channel to 100%. The transaction was carried out via a share exchange, enabling the Principality of Monaco – which became a shareholder of TF1, with a 1.1% stake – to retain an interest in the success of TMC and of the TF1 group. This change in ownership has no effect on the agreements between the Principality of Monaco and the TF1 group, or on the way the channel (whose head office and operations remain in Monaco) is currently run.

This transaction between shareholders is accounted for in accordance with the revised IFRS 3 (Business Combinations). It has no impact in the consolidated financial statements on either profit or loss for the period or the consolidation method used for TMC's operations (full consolidation); the net impact of €5 million is recognised in shareholders' equity attributable to the Group.

1-3. New segmental reporting structure

To reflect the new strategic orientation of the TF1 group, the group's activities are with effect from January 1, 2016 allocated to one of two operating segments:

- ✓ Broadcasting
- ✓ Studios & Entertainment

For definitions of those segments, see Note 0 ("Operating segments"). Historical revenue and operating profit data are available on our corporate website via the link http://www.groupe-tf1.fr/en/investors/mediacenter. For details of how consolidated entities are allocated between the operating segments, refer to Note 15, ("List of companies included in the consolidation").

2. Accounting principles and policies

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the nine months ended September 30, 2016 were prepared in accordance with IAS 34, "Interim Financial Reporting". They include the minimum content and disclosures defined in IAS 34 and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 as published in the 2015 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on March 9, 2016 under reference number D.16-0124. An English-language version of the audited consolidated financial statements for the year ended December 31, 2015 is included in the 2015 TF1 Registration Document, available on the TF1 corporate website via the link http://www.groupe-tf1.fr/sites/default/files/pdf-financiers/tf1_2015_uk_v14-09-2016.pdf.

The consolidated financial statements of the TF1 group include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They comply with recommendation no. 2009-R-03 on the presentation of financial statements, as issued by the CNC (the French national accounting standard-setter, now known as the ANC) on July 2, 2009.

They are presented in millions of euros.

The condensed consolidated financial statements were closed off by the Board of Directors on October 27, 2016, and have been subject to a review by the statutory auditors.

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

2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after January 1, 2016

In preparing its condensed consolidated financial statements for the nine months ended September 30, 2016, 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 December 31, 2015.

2-2-2. *New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union*

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 15: Revenue from Contracts with Customers	January 1, 2018	On May 28, 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which has not been endorsed by the European Union, is applicable from January 1, 2018 with early adoption permitted. The impact of this standard is currently under review.
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2018	On July 24, 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, which has not been endorsed by the European Union, is applicable from January 1, 2018. The impact of this standard is currently under review.
IFRS 16: Leases	January 1, 2019	On January 16, 2016, the IASB issued IFRS 16, “Leases”. IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and 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. IFRS 16, which has not been endorsed by the European Union, is applicable from January 1, 2019. The impact of this standard is currently under review.

2-3. Changes in accounting policy

TF1 has not made any changes in accounting policy during 2016 to date.

2-4. Use of estimates

Preparation of the condensed consolidated financial statements requires the TF1 group to make various estimates and use various assumptions regarded as realistic or reasonable. Subsequent events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group’s assets, liabilities, equity or net profit.
The principal accounting policies requiring the use of estimates are:

- impairment of audiovisual rights (whether recognised as intangible assets or carried as inventory);
- impairment of goodwill (where there is evidence of impairment);
- impairment of programmes and broadcasting rights;
- measurement of provisions.

These estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended December 31, 2015 and the 2015 interim financial statements. As of the date on which the financial statements were closed off by the Board of Directors, management believes that as far as possible, these estimates incorporate all information available to it.

2-5. Seasonal trends

Advertising revenues are traditionally lower in January/February and July/August than during the rest of the year.

3. Changes in scope of consolidation

3-1. Acquisitions of Newen Studios and Rendez-Vous Production Série

Following the acquisition of a 70% equity interest in Newen Studios that gave TF1 exclusive control over that company, Newen Studios and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016 (see Note 1, "Significant Events"). They are included in the Studios & Entertainment operating segment for financial reporting purposes.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period from 2018 to 2023 in accordance with the terms of each undertaking. In the consolidated financial statements for the nine months ended September 30, 2016 the commitment entered into by TF1 to buy out the minority shareholders' 30% interest has been measured at fair value on the basis of discounted cash flow projections. The resulting amount has been recognised as a non-current financial liability in accordance with IAS 32, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

The commitment to buy out the minority shareholders has been accounted for as an advance purchase under the revised IFRS 3. This means that the TF1 group's percentage interest in the Newen group has been increased to 100%, and that the entire net profit or loss of the Newen group is treated as attributable to the shareholders of TF1 with no non-controlling interests recognised.

On February 24, 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Série. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

3-2. Bonzai Digital

On February 19, 2016, e-TF1 acquired a 51% equity interest in Bonzai Digital, a company specialising primarily in targeted advertising solutions. Bonzai Digital is fully consolidated with effect from January 1, 2016. It is included in the Broadcasting operating segment for financial reporting purposes.

The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 49% interest to e-TF1 between 2017 and 2019. The fair value of the resulting commitment has been recognised as a non-current financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

3-3. Beauté Test

On April 6, 2016, the Newen group acquired a 75% equity interest in Devtribu, the company behind Beauté-test.com, a cosmetics testing and comparison website. Devtribu is fully consolidated with effect from April 1, 2016 and is included in the Studios & Entertainment segment for financial reporting purposes.

3-4. Blue Spirit

On September 30, 2016, the Newen group took control of the Blue Spirit group, which specialises in animation production, by raising its equity interest from 49.5% to 85%.

The Blue Spirit group entities, accounted for by the equity method up to and including September 30, 2016, will be fully consolidated from October 1, 2016.

4. Operating segments

In the first quarter of 2016, the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities. This change is intended to better reflect the new strategic orientation of the Group following recent transactions, in particular the divestment of the Eurosport group and the acquisition of the Newen group, as well as the implementation of new organisational structures at executive management level and across the Group more generally.
The segment information presented below has been updated to take account of this change in the Group's internal performance measurement and management reporting structures. For details of how Group entities are allocated to these segments, refer to Note 15, "List of companies included in the consolidation".

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 operational decision-makers to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker; they are not aggregated for segment reporting purposes.
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.

The TF1 group reports the following operating segments:

Broadcasting

The Broadcasting segment includes all of the Group's TV channels and websites. Revenues from these activities are generated by selling advertising airtime fees 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 rights acquisition on behalf of the Group's TV channels and websites.

Studios & Entertainment

This segment includes:

- ✓ Content subsidiaries whose activities are primarily focused on producing and acquiring content for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and other exploitation rights in France or internationally, and from physical and online video sales.
- ✓ Entertainment activities in the broadest sense including music publishing, card and board games, licensing and live show venues.
- ✓ The Home Shopping business, including online and in-store sales.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**9 months 2016**	**9 months 2015**	**9 months 2016**	**9 months 2015**	**9 months 2016**	**9 months 2015**
Segment revenue	1,176.2	1,232.5	262.1	183.3	1,438.3	1,415.8
Elimination of inter-segment transactions	(14.8)	(13.5)	3.2	(2.3)	(11.6)	(15.8)
GROUP REVENUE CONTRIBUTION	**1,161.4**	**1,219.0**	**265.3**	**181.0**	**1,426.7**	**1,400.0**
of which Advertising revenue	*1,058.5*	*1,082.2*	*6.1*	*0.0*	*1,064.6*	*1,082.2*
of which Other revenue	*102.9*	*136.8*	*259.2*	*181.0*	*362.1*	*317.8*
OPERATING PROFIT/(LOSS) (1)	**(28.4)**	**74.2**	**6.3**	**17.6**	**-22.1**	**91.8**
% operating margin on Group contribution	*-2.4%*	*6.1%*	*2.4%*	*9.7%*	*-1.5%*	*6.6%*
Share of profits/(losses) of joint ventures & associates (2)	3.9	1.5	0.4	(0.2)	4.3	1.3

1) *In 2015, operating profit for the Broadcasting segment included the gain arising on the deconsolidation of Eurosport France.*

2) *The share of profits/(losses) of joint ventures and associates by segment breaks down as follows:*
- Broadcasting segment: mainly relates to Groupe AB and SérieClub.
- Studios & Entertainment segment: mainly relates to Direct Optic Participations.

5. Goodwill

With effect from January 1, 2016, goodwill has been reallocated to cash generating units (CGUs) as shown in the table below; comparative information has been restated on the same basis. This reallocation was performed using an approach based on the relative values of each component of the CGU, in accordance with IAS 36.

(€m)	**Broadcasting**	**Studios & Entertainment**	**TOTAL**
Goodwill at January 1, 2015	**448.7**	**25.1**	**473.8**
Acquisitions	-	-	-
Disposals	(42.2)	-	(42.2)
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at September 30, 2015	**406.5**	**25.1**	**431.6**
Goodwill at January 1, 2016	**406.5**	**25.1**	**431.6**
Acquisitions	2.8	120.0	122.8
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at September 30, 2016	**409.3**	**145.1**	**554.4**
Gross value	*409.3*	*145.1*	*554.3*
Accumulated impairment	-	-	-

Goodwill recognised during the period relates to the acquisitions described in Note 3, “Changes in scope of consolidation”; the amounts involved are provisional. In accordance with the revised IFRS 3 the TF1 group has for these 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.

6. Investments in joint ventures and associates

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

(€m)	Eurosport group	Groupe AB [(1)]	Other [(2)]	Total
Country	**France**	**France**	**France**	
January 1, 2015	**504.5**	**74.1**	**3.2**	**581.8**
Share of profit/(loss) for the period	(0.3)	(0.1)	1.7	**1.3**
Provision for impairment	-	-	-	**-**
Dividends paid	(14.2)	-	(0.2)	**(14.4)**
Changes in scope of consolidation and reclassifications	0.5	-	0.7	**1.2**
Provision for risks	-	-	-	**-**
IFRS 5 reclassification	(490.5)	-	-	**(490.5)**
September 30, 2015	**-**	**74.0**	**5.4**	**79.4**
January 1, 2016	**-**	**72.3**	**12.5**	**84.8**
Share of profit/(loss) for the period	-	2.5	1.3	**3.8**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	(1.0)	**(1.0)**
Changes in scope of consolidation and reclassifications	-	-	4.6	**4.6**
Provision for risks	-	-	-	**-**
September 30, 2016	**-**	**74.8**	**17.4**	**92.2**

(1) Given the timescale for finalisation of the financial statements of Groupe AB, the share of this entity's profits recognised as of September 30, 2016 was calculated on the basis of its results for the fourth quarter of 2015 and the first half of 2016.

(2) Other investments in joint ventures and associates mainly comprise TF6, SérieClub, Direct Optic Participations, and within Newen Studios the entities Blue Spirit and Yellow Thing.

No other income and expense recognised directly in equity was reported by joint ventures or associates.

7. Other movements in shareholders' equity

The line item "Other movements in shareholders' equity (changes in accounting policy and scope of consolidation, other items)" in the consolidated statement of changes in shareholders' equity mainly relates to the recognition of liabilities for commitments to buy out minority shareholders, in particular those of Newen Studios.

The movement in the "Non-controlling interests" column relates to the inclusion in the consolidated financial statements of the non-controlling interests arising from the acquisition of the Newen group.

The amounts shown in the line item "Other transactions between shareholders" relate primarily to the buyout by TF1 of the Principality of Monaco's 20% equity interest in the TMC subsidiary, in exchange for TF1 shares (see Note 1, "Significant events").

8. Stock option plan no. 15 and free share allotment plan

On June 8, 2016, the TF1 group issued:

- ✓ A stock option plan (plan no. 15), comprising 641,700 options exercisable on or after June 8, 2020 at an exercise price of €10.99. The fair value of this plan was measured at €1.4 million; this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period of the options.

- ✓ A free share allotment plan comprising 169,900 shares, with a three-year vesting period. The fair value of this plan was measured at €1.9 million; this amount is being charged to profit or loss (in “Staff costs”) over the three-year vesting period of the shares.

Vesting of the options and shares awarded under these two plans is contingent on the attainment of performance objectives based on the Group’s consolidated revenue, operating profit and net profit during the three-year vesting period.

The impact of these plans on the consolidated financial statements as of September 30, 2016 is immaterial.

9. Net surplus cash

- ✓ Net surplus cash (or net debt) as reported by the TF1 group comprises the following items:

(€m)	Dec. 31, 2015	Cash flows	Changes in scope of consolidation	Other movements	Sept. 30, 2016
Cash and cash equivalents	703.1	(399.5)	71.3		374.9
Financial assets used for treasury management purposes	-				-
Available cash	**703.1**	**(399.5)**	**71.3**	**-**	**374.9**
Interest rate derivatives - assets	-				-
Interest rate derivatives - liabilities	-				-
Fair value of interest rate derivatives	-				-
Non-current debt	-	(15.6)	(203.3)		(218.9)
Current debt, excluding overdrafts and current accounts in credit	-	13.2	(18.4)	-	(5.2)
Overdrafts and current accounts in credit	(2.3)	0.2	(0.6)		(2.7)
Total debt	**(2.3)**	**(2.2)**	**(222.3)**	**-**	**(226.8)**
Net surplus cash (+) / Net debt (-)	**700.8**	**(401.7)**	**(151.0)**	**-**	**148.1**

Non-current debt and current debt as of September 30, 2016 include the fair value of the commitments made by TF1 to buy out majority shareholders, primarily those with an equity interest in Newen Studios and its subsidiaries (see Note 1, “Significant events”).

As of September 30, 2016, TF1 had confirmed bilateral bank credit facilities of €985 million, including €110 million for Newen, backed up by a cash pooling agreement with the Bouygues Group. As of September 30, 2016, drawdowns under those facilities amounted to €90.7 million, all of which related to the Newen facility.

- ✓ Definition of cash position:

The cash flow statement analyses movements in the net cash position, which equals cash and cash equivalents less bank overdrafts and current accounts in credit.

(€m)	Sept. 30, 2016	Dec. 31, 2015
Cash and cash equivalents in the balance sheet	374.9	703.1
Cash of held-for-sale operations	-	-
Current accounts in credit	(2.2)	(2.3)
Bank overdrafts	(0.5)	-
Total net cash position at end of period per the cash flow statement	**372.2**	**700.8**

10. Non-recurring expenses

The non-current operating expenses of €68.7 million reported in the income statement represent (i) costs incurred on the reorganisation of the Group and on the freeview switchover of the LCI channel and (ii) amortisation charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation (see Note 1, "Significant events").

They also include the effect of changes in French regulations relating to the production of French drama: with effect from the decree of April 27, 2015, the Group is entitled to co-production shares in respect of its investments in French drama productions. Consequently, as indicated in the description of the Group's accounting policies, some of the acquisition costs for these rights are capitalised as intangible assets and are subject to amortisation and impairment charges on the basis of expected future receipts, while the remainder continues (as was previously the case for all such investments) to be recognised in inventory and charged to profit or loss as and when the programme is broadcast.
Because impairment is charged against the capitalised component earlier than the date on which the inventory is consumed, the fact that the workdown of existing contracts is being taken into account simultaneously with the recognition of the new contracts generated an additional expense of €20.9 million during the period, reported in "Non-current operating expenses". Amortisation and impairment charged against capitalised co-production are included in the cost of programmes (see Note 9.11.2 to the 2015 consolidated financial statements as included in the 2015 Registration Document).

11. Cash flow statement - effect of changes in scope of consolidation

The figures shown in this section of the cash flow statement relate to the impact of the acquisitions of Newen Studios, Rendez-Vous Production Série, Bonzai Digital and Beauté Test.

12. Provisions for retirement benefit obligations

The discount rate used to measure provisions for retirement benefit obligations (iBoxx A10+) was 1.0967% as of September 30, 2016, 99 basis points lower than the rate applied in the financial statements for the year ended December 31, 2015. The impact of this change in the discount rate in the condensed consolidated financial statements for the nine months ended September 30, 2016 is to increase the retirement benefit obligation by €5.2 million; this amount has been recognised as an actuarial loss.

13. Dividends paid

The table below shows the dividend per share paid by the TF1 Group on April 26, 2016 in respect of the 2015 financial year, and the amount paid in 2015 in respect of the 2014 financial year.

	Paid in 2016	Paid in 2015
Total dividend (€m)	167.2	317.3
Dividend per ordinary share (€)	0.80	1.50

14. Events after the reporting period

On October 12, 2016, following TDF's acquisition of Itas, TF1 and TDF implemented the agreement signed on July 29, 2016 which reversed the agreements signed in 2014 at the time of the sale of the TF1 subsidiary OneCast. Under the agreement, TF1 is to receive early payment of the contingent consideration agreed in 2014 as final settlement, and is to sell the Itas share warrants acquired on the same date.
The financial effects of the agreement will be recognised in the TF1 group consolidated income statement in the fourth quarter of 2016.

15. List of companies included in the consolidation

Following the change to the segmental reporting structure, the allocation of consolidated entities to the various operating segments is as indicated below:

			September 30, 2016		December 31, 2015	
COMPANY	COUNTRY	ACTIVITY	% CONTROL	METHOD	% CONTROL	METHOD
Broadcasting						
TF1 SA	***France***	***Broadcasting***	***Parent company***		***Parent company***	
TELE MONTE CARLO	Monaco	Theme channel	100.00%	Full	80.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Digital news platform	-	-	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	100.00%	Full	100.00%	Full
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
APHELIE	France	Real estate company	100.00%	Full	100.00%	Full
FIRELIE	France	Real estate company	100.00%	Full	100.00%	Full
PERELIE	France	Real estate company	100.00%	Full	100.00%	Full
E-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
BONZAI DIGITAL	France	Digital marketing consultancy	100.00%	Full	-	-
GIE TF1 ACQUISITIONS DE DROITS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Equity	50.00%	Equity
TF6 GESTION	France	TF6 management company	50.00%	Equity	50.00%	Equity
SERIE CLUB	France	Theme channel	50.00%	Equity	50.01%	Equity
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Theme channels holding company	100.00%	Full	100.00%	Full
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
PREFAS 18	France	Holding company	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	33.50%	Equity

COMPANY	COUNTRY	ACTIVITY	September 30, 2016 % CONTROL	September 30, 2016 METHOD	December 31, 2015 % CONTROL	December 31, 2015 METHOD
Studios & Entertainment						
NEWEN STUDIOS	France	Programme production	100.00%	Full	-	-
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	100.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	-	-	34.00%	Equity
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	47.85%	Equity	47.85%	Equity
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 ENTREPRISES	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of board/card games	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full

Télévision Française 1

Société anonyme with share capital of €41,876,468.40
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