Financial Information
First nine months of 2017

Financial Report – First nine months of 2017

1. Financial information

1.1. Key figures

Financial indicators

These key figures are extracted from TF1 consolidated financial data.

(€ million)	9M 2017	9M 2016	FY 2016
Revenue	**1,466.6**	**1,426.7**	**2,062.7**
Group advertising revenue	*1,082.1*	*1,064.6*	*1,530.1*
Revenue from other activities	*384.5*	*362.1*	*532.6*
Current operating profit/(loss)	**115.5**	**46.6**	**129.4**
Operating profit/(loss)	**98.0**	**(22.1)**	**45.7**
Net profit/(loss) attributable to the Group from continuing operations	**84.7**	**(13.8)**	**41.7**
Operating cash flow before cost of net debt and income taxes	**239.1**	**136.6**	**267.5**
Basic earnings per share from continuing operations (€)	**0.40**	**(0.07)**	**0.20**
Diluted earnings per share from continuing operations (€)	**0.40**	**(0.07)**	**0.20**
Shareholders' equity attributable to the Group	**1,513.6**	**1,437.5**	**1,493.4**
Net surplus cash/(net debt) of continuing operations	**297.1**	**148.1**	**186.7**

	9M 2017	9M 2016	FY 2016
Weighted average number of ordinary shares outstanding (in '000)	**209,603**	**209,457**	**209,444**
Closing share price at end of period (€)	**12.37**	**8.63**	**9.45**
Market capitalisation at end of period (€bn)	**2.59**	**1.8**	**1.98**

Income statement contributions – continuing operations

The results shown below are presented using the segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 ("Operating segments") to the condensed consolidated financial statements.

€m	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	9m 2017	9m 2016	Chg.	Chg.%
Broadcasting	**404.1**	**389.4**	**451.3**	**448.7**	**330.7**	**323.3**	**1,186.1**	**1,161.4**	**24.7**	**2.1%**
TV advertising on free-to-air channels	*348.0*	*341.3*	*397.2*	*394.9*	*284.4*	*279.7*	**1,029.6**	*1,015.9*	*13.7*	*1.3%*
Other revenues	*56.1*	*48.1*	*54.1*	*53.8*	*46.3*	*43.6*	*156.5*	*145.5*	*11.0*	*7.6%*
Studios & Entertainment	**94.8**	**92.5**	**86.5**	**94.6**	**99.2**	**78.2**	**280.5**	**265.3**	**15.2**	**5.7%**
Consolidated revenue	**498.9**	**481.9**	**537.8**	**543.3**	**429.9**	**401.5**	**1,466.6**	**1,426.7**	**39.9**	**2.8%**
Cost of programmes	(233.5)	(232.4)	(248.7)	(265.4)	(211.7)	(218.7)	**(693.9)**	**(716.5)** *	**22.6**	**-3.2%**
Broadcasting	**26.6**	**4.9**	**64.9**	**33.1**	**-8.0**	**-16.5**	**83.5**	**21.5**	**62.0**	**x3.9**
of which Free platforms	13.9	-3.5	51.9	21.6	-17.7	-25.6	48.1	(7.5)	55.6	ns
Studios & Entertainment	**9.7**	**9.9**	**6.4**	**9.6**	**15.9**	**5.6**	**32.0**	**25.1**	**6.9**	**27.5%**
Current operating profit/(loss)	**36.3**	**14.8**	**71.3**	**42.7**	**7.9**	**-10.9**	**115.5**	**46.6**	**68.9**	**x2.5**

** The cost of programmes published for 9M 2016 was €737.4 million, including €20.9 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €716.5 million.*

Contribution to advertising revenue

(€ million)	9M 2017	9M 2016
Broadcasting	**1,074.8**	**1,058.5**
Free platforms	1,041.2	1,028.6
Other platforms and related activities	36.3	29.9
Studios & Entertainment	**7.3**	**6.1**
ADVERTISING REVENUE	**1,082.1**	**1,064.6**

Contribution to current operating profit/(loss)

(€ million)	9M 2017	9M 2016
Broadcasting	**83.5**	**21.5**
Free platforms	48.1	(7.5)
Other platforms and related activities	35.4	29.0
Studios & Entertainment	**32.0**	**25.1**
CURRENT OPERATING PROFIT/(LOSS)	**115.5**	**46.6**

Cost of programmes on free platforms, by type

(€ million)	**9M 2017**	**9M 2016***
Variety/Gameshows/Magazines	197.7	194.7
Drama/TV movies/Series/Plays	222.7	214.7
Sport (excluding major sporting events)	39.3	31.0
News	107.6	102.3
Films	116.6	116.8
Children's programmes	9.9	10.9
Total excluding major sporting events	**693.9**	**670.4**
Major sporting events	*0.0*	*46.1*
Total cost of programmes	**693.9**	**716.5**

The cost of programmes includes the cost of LCI programmes with effect from that channel's switchover to freeview on 5 April 2016.

** The cost of programmes published for 9M 2016 was €737.4 million, including €20.9 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €716.5 million.*

1.2. Significant events

January

12 January 2017

The TF1 group announces that it is taking a 6.1% equity stake in Studio71, a subsidiary of the major German media group ProsiebenSat.1. Studio71 is the no.4 MCN worldwide with over 6 billion video views per month. This partnership forms part of a pan-European alliance, with ProsiebenSat.1 simultaneously entering into a similar arrangement with Mediaset, the leading private-sector media group in Italy. For the launch of Studio71 in France the TF1 group will use Finder Studios, of which it is a shareholder.

23 January 2017

The TF1 group and the shareholders of MinuteBuzz complete the acquisition by TF1 of a majority equity interest in MinuteBuzz.

30 January 2017

TF1 confirms that it has accepted a conditional offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB.

February

1 February 2017

Agnès Rosoor is appointed Chief Executive Officer of Teleshopping and Chairwoman of Top Shopping.

6 February 2017

The Newen group acquires a majority equity interest in Tuvalu Media Group, the leading independent producer in the Netherlands.

18 February 2017

Tatiana Silva is to present weather forecasts on TF1 and LCI, starting in March.

21 February 2017

The TF1 group takes a minority equity stake in Play Two, a new independent producer of music, concerts, live shows and records, founded in October 2016.

22 February 2017

The TF1 group is partnering with Viva Technology again, and will represent the Media industry at this year's show. With more than 45,000 visitors, 5,000 start-ups and 106 countries represented, this event has become the global rendezvous for game changers.

March

31 March 2017

TF1 completes the sale of its 33.5% equity interest in Groupe AB to Mediawan SA.

April

10 April 2017

The TF1 Group launches the second season of its start-up incubation programme in association with Numa. This second intake, selected on the basis of the opportunities for synergies between their products and services and the group's various businesses, will be supported and mentored by the incubator Numa for more than a year.

May

12 May 2017

The TF1 channel signs an agreement with the media sales agency Transfer, under which Transfer will sell airtime on the channel in Belgium from September 2017.

June

9 June 2017

Alongside Mediaset (Spain and Italy) and ProSiebenSat.1, the TF1 group announces the creation of European Broadcaster Exchange (EBX), an airtime sales agency offering pan-European video campaigns on digital in a 100% brand safe, premium environment. The three groups will have equal shares in the new venture. The agreement is subject to clearance from the relevant European competition authorities.

EBX gives the three media groups a framework for competing more effectively against major multinational players by using technology, innovation and premium content to offer advertisers new ways of reaching customers.

It is structured as an open partnership, giving scope for bringing other European media groups on board in future.

23 June 2017

Studio71 France is to launch in September as part of the pan-European digital alliance between the TF1 group and the ProSiebenSat.1 group around Studio71, the no.3 MCN worldwide.

The launch of Studio71 France, which will draw substantially on the content of Finder Studios, marks a step change in the TF1 group's drive to enhance its premium content offering on digital platforms.

Meanwhile, the "Lolywood" collective, which has achieved a very high profile in France, will join the Studio71 comedy/humour talent roster in September.
Founded by Ugo Marchand, Manu and Choopa, Lolywood ranks no.4 in monthly comedy audience ratings on YouTube with 226 million video views and 1.6 million subscribers.

July

29 July 2017

Sixteen months ago, the TF1 group entered into commercial discussions with Numericable-SFR which led, in July 2016, to the creation of a new offering called "TF1 Premium". This package entitled Numericable-SFR to distribute the TF1 group's freeview channels, the MYTF1 catch-up service and new associated services.

The TF1 group is disappointed that Numericable-SFR terminated those discussions in April 2017.

From 29 July 2017, the expiry date of the contracts, in the absence of any agreement with the TF1 group, Numericable-SFR is no longer authorised to exploit commercially MYTF1 or the TF1 group's freeview channels.

As a result, the TF1 group is no longer in a position to supply the MYTF1 catch-up service to Numericable-SFR, and has required Numericable-SFR to cease commercial exploitation of the TF1, TMC, NT1, HD1 and LCI channels.

August

4 August 2017

TF1 announces that it has acquired seasons 1 and 2 of *Molang* (a cartoon series for 3-to-6-year-olds produced by Millimages) for its "TFOU" kids offering, and will also contribute to the pre-financing of season 3.

September

13 September 2017

Formula 1® enters into a multi-year agreement with TF1 for the exclusive rights to show full free-to-air coverage of four Grands Prix including the French Grand Prix, the Monaco Grand Prix and two other selected races.

The agreement will take effect at the start of the 2018 championship.

14 September 2017

The TF1 group's Internal Communications division wins Bronze in the Corporate Communications/ Internal Communications category at the "2017 Grands Prix Stratégies" awards.

25 September 2017

The TF1 group distinguishes itself at the 8th annual "Grands Prix de la Transparence" awards, taking the "Grand Prix CAC MID 60"* award for the fourth consecutive year.

** The CAC MID 60 comprises sixty French companies of national or European importance. It ranks immediately after the CAC 40 and the CAC Next 20, with which it forms the SBF 120.*

28 September 2017

Thierry Thuillier is appointed as the TF1 group's Executive Vice President News, succeeding Catherine Nayl. He also joins the TF1 group's Executive Committee.

1.3. Analysis of consolidated results

The results shown below are presented using the segmental reporting structure adopted by the TF1 group, as described in Note 4 ("Operating segments") to the condensed consolidated financial statements.

Revenue

Consolidated revenue for the first nine months of 2017 amounted to €1,466.6 million (up 2.8%), and comprised:

- group advertising revenue of €1,082.1 million (+1.6%), driven mainly by stronger revenue from the DTT channels and a very good performance in sponsorship;
- revenue from other activities of €384.5 million, up €22.4 million (+6.2%), thanks to fine performances from digital activities and the Studios & Entertainment segment.

Cost of programmes and other current operating income/expenses

Cost of programmes

The cost of programmes was €693.9 million, a reduction of €22.6 million relative to the first nine months of 2016, reflecting:

- an impact of €36.9 million due to the screening of matches from the Euro 2016 football tournament (net of the cost of replacement programmes);
- the exclusion of LCI's cost of programmes in the first quarter of 2016, prior to the channel's freeview switchover;
- reinvestment in programmes: *Quotidien* (broadcasted on TMC since September 2016), coverage of the football Confederations Cup and World Handball Championship (in the first half of 2017), and the daily soap *Demain nous appartient* (broadcasted from 17 July 2017).

Other expenses and charges for depreciation, amortisation, impairment and provisions

Other expenses and charges for depreciation, amortisation, impairment and provisions for the first nine months of 2017 fell by €6.4 million year-on-year, mainly reflecting the €21 million cost savings achieved under the "Recover" plan.

Current operating profit/(loss)

Current operating profit for the first nine months of 2017 was €115.5 million, up €68.9 million year-on-year, mainly as a result of:

- the effects of the multi-channel strategy and the transformation of the Group;
- the differential in the cost of major sporting events (savings of €36.9 million, net of replacement programmes);
- recurring savings of €21 million under the "Recover" plan.

Current operating margin was 7.9%, up 4.6 points year-on-year.

Operating profit/(loss)

The Group posted an operating profit of €98.0 million in the first nine months of 2017, after charging €17.5 million of non-current expenses related to the amortisation of intangible assets identified in connection with the Newen Studios acquisition.

Net profit/(loss)

Net profit attributable to the Group amounted to €84.7 million. This figure includes the gain arising on the divestment of the equity interest in Groupe AB.

Financial position

Shareholders' equity attributable to the Group stood at €1,514 million as of 30 September 2017, out of a balance sheet total of €3,283 million.

Net cash as of 30 September 2017 was €297 million, versus €187 million as of 31 December 2016, mainly as a result of cash generated by operations.

1.4. Segment information

BROADCASTING

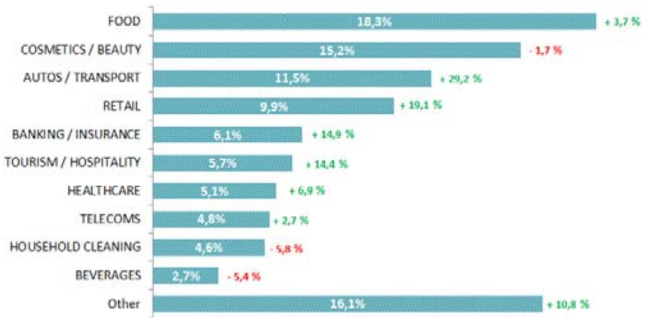
Revenue (€m)	9M 2017	9M 2016	Chg %
Free platforms	**1,066.0**	**1,052.4**	**1.3%**
- TV advertising on free platforms	1,029.6	1,015.9	1.3%
- Other revenue	36.4	36.5	-0.3%
Other platforms and related activities	**120.1**	**109.0**	10.2%
Broadcasting	**1,186.1**	**1,161.4**	**2.1%**

Free platforms

Advertising revenue

The TF1 group's five free-to-air channels reported an 8.3% increase in gross revenue relative to the first nine months of 2016.

Trends in gross advertising spend (excluding sponsorship) for those channels by sector during 2017 to date are shown below.



Source: Kantar Media, 9M 2017 vs. 9M 2016.

Advertising revenue for the Group's free-to-air channels rose by 1.3% to €1,029.6 million in the first nine months of 2017. Bear in mind that because the LCI channel did not switch to freeview until 5 April 2016, advertising revenue from that channel was immaterial in the first quarter of 2016.

The Group's DTT channels saw further growth thanks to strong audience figures, especially among advertising targets.

The top line was also boosted by very good sponsorship revenue, following regulatory changes at the start of the year.

Current operating profit/(loss)

The Broadcasting segment reported a current operating profit of €83.5 million, up €62.0 million year-on-year. The contribution from free platforms advanced by €55.6 million, mainly as a result of higher advertising revenue, a reduction in the cost of programmes, and cost savings achieved under the "Recover" plan.

Free-to-air channels: market overview

Average daily TV viewing time during the first nine months of 2017 among individuals aged 4+ remained high at 3 hours 39 minutes, 1 minute less than a year previously. Viewing time for catch-up and recordings increased by 1 minute year-on-year, while live viewing time fell by 2 minutes over the same period.

These figures do not include time spent watching live or catch-up television on other devices (computers, tablets, smartphones, etc.), or outside the home on any device.

Over the first nine months of 2017, the 6 HD DTT channels launched in December 2012 had a combined audience share of 9.1% among individuals aged 4+ (+1.5 points), rising to 9.2% (up 0.8 of a point) among "women aged under 50 purchasing decision-makers" (W<50PDM).

Free-to-air channels: audiences

In this highly competitive environment the TF1 group is forging ahead with its multi-channel strategy while keeping the cost of programmes under control.
The Group was France's leading private-sector broadcaster in the first nine months of 2017, with its five free-to-air channels having a combined audience share of 27.7% among individuals aged 4+ (+0.7 of a point year-on-year) and 32.0% among W<50PDM (+0.6 of a point).

TF1

Over the first nine months of 2017 the channel had audience share of 19.8% among individuals aged 4+ (-0.6 of a point year-on-year), and 21.8% among W<50PDM (-0.5 of a point year-on-year).

Following a summer marked by the launch of the *Demain nous appartient* saga, TF1 posted strong audience figures in the back-to-school period, achieving its second-best month of 2017 to date with 20.3% of individuals aged 4+.

- **Entertainment**: Audiences for the second season of *Ninja Warrior* showed an increase. The series finale attracted nearly 5 million viewers (36% share of W<50PDM). *Koh-Lanta* was watched by up to 6.2 million people (43% share of W<50PDM) and *The Voice Kids* by up to 5 million (28% of W<50PDM).

  In the access prime time slot[1], the TF1 channel confirmed its position as market leader and grew audiences year-on-year by 0.3 of a point along individuals aged 4+ and 0.9 of a point among W<50PDM. In September, *Demain nous appartient* confirmed its anchor role in the schedules with up to 3.4 million viewers and an average 21% share of W<50PDM.

- **French drama**: TF1 scored hits with *La Mante*, which topped the ratings with an average of 5.6 million viewers (and 6.5 million for the launch), and with the new season of *Profilage* (up to 5.8 million viewers).

- **News**: The regular news bulletins enjoyed high viewing figures: up to 6.2 million for the lunchtime bulletin and up to 7.1 million for the weekend evening bulletin.

- **Sport**: The football matches featuring the French national tem drew more than 7 million viewers, and 8.1 million tuned in for the France-Luxembourg game, the biggest audience for a France match since March 2013. *Téléfoot*, which is celebrating its 40th anniversary this year, hit 40 million video views in September 2017 on MYTF1 and on the show's social networks. This performance was driven by the daily update (10 million views in September), the Sunday round-up, and French national team matches.

DTT channels

The Group's DTT arm, consisting of four channels (TMC, NT1, HD1 and LCI), is France's leading DTT offering and achieved the strongest audience growth year-on-year. The channels had a combined audience share of 10.2% among W<50PDM and 9.2% among 25-49 year-olds for the first nine months of 2017.

TMC

Over the first nine months of 2017 TMC had an audience share of 4.1% among 25-49 year-olds (+0.9 of a point year-on-year), and 4.2% among W<50PDM (+0.8 of a point year-on-year).

TMC performed very well in September, consolidating its position as the clear leader in DTT among advertisers' target audiences.

Quotidien began its new season with higher audiences, averaging 1.3 million viewers and an audience share of 10.0% among 25-49 year-olds and 12% among ABC1s.

In movies and documentaries, TMC enjoyed fine ratings with the movies *Le maître d'école* (1.2 million viewers), *Fast and Furious 6* (1.1 million viewers), *Le Cerveau* (913,000 viewers) and *Le bonheur est dans le pré* (885,000 viewers); the shows *Madame Foresti* (790,000 viewers) and *Gad Elmaleh, Papa est en haut* (770,000 viewers); and the documentary series *90' enquêtes* (up to 890,000 viewers).

NT1

NT1 continues to make inroads into its target audiences: women and young adults. Over the first nine months of 2017 the channel had audience share of 3.7% among 15-34 year-olds, up 0.2 of a point (+6%) year-on-year.

NT1 had a particularly good summer thanks to the successful new reality TV show *10 couples parfaits*, which drew up to 23% of 15-24 year-olds.

In September, *Secret Story* – the flagship programme for millennials – attracted up to 630,000 viewers for the daily show, and averaged a 12% audience share among 15-24 year-olds. NT1 is now cementing its place as the third most-watched channel for this target age group.

Documentaries and movies accounted for the channel's top three audience ratings of September: the documentary *De 6 à 16 ans, les enfants au cœur des familles* (872,000 viewers), the movie *Tatie Danielle* (814,000 viewers) and the documentary *Appels d'urgence* (741,000 viewers).

HD1

HD1 is building its audiences around an offering of French drama and movies.

Over the first nine months of the year, HD1 had a 1.9% share of 25-49 year-olds (+0.2 of a point year-on-year), rising to 2.2% among W<50PDM (stable year-on-year).

[1] *6pm-8pm*

HD1 continues to do well in French drama, with *Section de recherches* (up to 1 million viewers in the third quarter of 2017); and in movies, with 821,000 viewers for *United 93* ("*Vol 93")* and 815,000 for Stephen King's *It* (*"Ça",* 815,000 viewers).

LCI

LCI is consolidating its position as France's no.2 news channel with a 0.7% audience share among individuals aged 4+ in the first nine months of 2017 (+0.5 of a point year-on-year).

The channel had a succesful back-to-school period thanks to the new programmes and new faces introduced from 28 August.

Audiences for *La Matinale* more than doubled, averaging 56,000 in September, a 1.9% share of individuals aged 4+ (1.8% of 25-49 year-olds, 2.9% of ABC1s). *La République LCI* tripled the audience in the late morning slot (10am-noon), averaging 60,000 viewers (1.5% of individuals aged 4+, 2.7% of ABC1s). *24h Pujadas, l'info en questions* increased its audience compared to September 2016. Early evening (6.15pm-8pm) remains the most-watched time slot with an average of 146,000 viewers, up 22% year-on-year. The show's audience peaked at 200,000 in September.

TF1 Publicité (third-party airtime sales)

Although radio airtime sales were stronger year-on-year in the first nine months of 2017, overall revenue from third-party airtime sales (for radio stations, non-Group television channels, etc.) was lower over the same period.

TF1 Films Production

Cinema footfall reached 150.35 million in the first nine months of 2017, a slight year-on-year increase of 0.2%.

In the first nine months of 2017, 16 movies co-produced by TF1 Films Production went on general release (versus 15 a year earlier), attracting a combined 18.3 million box office entries in France. The stand-out performers were *Raid Dingue* (4.5 million), *Valérian et la cité des mille planètes* (4 million) and *Alibi.com* (3.5 million).

TF1 Films Production's contribution to revenue and current operating profit was lower in the first nine months of 2017 than a year earlier, mainly on lower royalties as a result of a tough comparative in 2016.

TF1 Production

TF1 Production's contribution to Group revenues was slightly higher than in the first nine months of 2016.

A total of 275 hours of programmes were delivered to end September 2017, compared with 334 hours a year earlier. This reflects the absence of morning scripted reality series (*Petits secrets entre voisins* and *Petits secrets en famille*) and of a new season of *Bachelor*.

In 2017 to date, TF1 Production has delivered to TF1 five episodes of *Les français ont du génie* and three political debates, as well as contributing to the coverage of the World Handball Championships and the Confederations Cup.

Current operating profit was lower than in the first nine months of 2016.

Other platforms and related activities

e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels. The extra audiences generated by the Group's digital platforms are continuing to grow substantially.

Over the first nine months of the year MYTF1, which hosts content from the TF1, TMC, NT1 and HD1 channels, recorded a rise in advertising revenue driven by good audience figures. The number of video views on MYTF1 (933 million in the year to date) is 10% up year-on-year, boosted by the launch of *Demain nous appartient* (52 million video views).
The Voice is still the most viewed show (72 million video views), followed by *Les Feux de l'amour* (67 million) and *Quotidien* (53 million).
Since 24 April 2017, viewers have been required to log in to watch entire programmes across the three digital screens. As a result, the number of identified internet users to date has increased to 16 million, including a rise of 3 million in the third quarter of 2017.

With effect from 1 January 2017, the subscription-only kids' offering TFOU MAX was transferred to TF1 Vidéo.

Overall, e-TF1 posted an improvement in both revenue and operating profit in the period.

Thematic channels

French pay-TV channels as a whole attracted an audience share of 10.0% among individuals aged 4+ during the first nine months of 2017, stable year-on-year[1]. The TF1 group is looking to enrich its schedules across its pay-TV channels: for TB Breizh, this involves using flagship series to differentiate the channel and pull in big audiences, while for Histoire and Ushuaïa TV the aim is to emphasise their unique brand positioning with event programming and one-off specials.

Revenue for the TF1 group's theme channels (TV Breizh, Ushuaïa, Histoire) advanced during the first nine months of 2017 on stronger advertising revenue. At the same time, tight cost control enabled the three channels to improve their profitability.

TV Breizh

TV Breizh continues to build up its schedules around "gold" series such as *Magnum*, *Les feux de l'amour* and *MacGyver.*
This has helped the channel secure top spot among pay-TV channels with subscribers to cable/satellite bundles, with a 0.6% share of individuals aged 4+. TV Breizh reaches an average of 5.7 million French people each month[2].

Histoire and Ushuaïa

Ushuaïa TV has the highest brand recognition of any non-fiction pay-TV channel, according to the CSA Institute index. A scheduling policy built around event TV (such as the "Adventurers Month" strand in March 2017 devoted to adventurers and explorers) has led to a marked rise in audience share among W<50PDM[1]. Ushuaïa has also launched its own YouTube channel. In September 2017, the channel carried a series of programmes celebrating 30 years of the *Ushuaïa* documentary programme.

Histoire, which will be 20 years old this year, is France's no.1 history channel and is making inroads in both its target markets (25-49 year-olds and ABC1s)[1]. Special programmes to mark the anniversary will continue until the end of the year.

STUDIOS & ENTERTAINMENT

Revenue (€m)	9M 2017	9M 2016	Chg %
Studios & Entertainment	**280.5**	**265.3**	5.7%

Current operating profit/(loss) (€m)	9M 2017	9M 2016	Chg. €m
Studios & Entertainment	**32.0**	**25.1**	6.9

Studios

Newen Studios

The expansion of Newen continued with the acquisition of Tuvalu Media Group, the leading independent producer in the Netherlands, which specialises in unscripted programmes, scripted reality, drama and digital.
In addition, Newen Studios has entered into an alliance with A+E Networks under which Newen has exclusive rights to sell A+E's successful programmes and formats in France, and to produce some of them locally.

Newen Studios continues to diversify and extend its order book. During the third quarter of 2017, Newen Studios continued production on episodes of *Candice Renoir* (season 6) for France 2, *Cassandre* for France 3, *Demain nous appartient* (daily soap) for TF1, *Plus Belle la Vie* (daily/prime-time soap) for France 3, and the *Rire pour un toit* show for M6.

A number of dramas produced by Newen Studios proved to be ratings hits during the period. Highlights included the launch of *Demain nous appartient* on TF1 on 17 July. The show attracted 3.3 million viewers on launch day (23% of individuals aged 4+), and a record consolidated first-week audience: a further 940,000 timeshift viewers took the total audience to 4.3 million (27% of individuals aged 4+).

TF1 Studio

Nine films went on general release in the first nine months of 2017 (versus ten in the comparable period of 2016), two of which did very well: *Il a déjà tes yeux* (1.4 million box office entries) and *Alibi.com* (3.6 million box office entries).

New releases performed well for TF1 Vidéo in the first nine months of 2017, especially the video release of the movie *Radin.* VoD revenue also rose year-on-year thanks to the success of new exclusive releases including *Radin* and *Demain tout commence*.

[1] *Médiamétrie – Médiamat.*
[2] *Médiamat'Thématik (wave 33, January-June 2017), Pay-TV universe.*

Entertainment

TF1 Entertainment

TF1 Entertainment enjoyed a good first nine months, with revenue and operating profit both advancing. Music was the main growth driver, including the Label (with contributions from *The Voice*, M.Pokora, the NRJ Music Awards and Vincent Niclo); live show partnerships (with *Disney on Ice*, *Saturday Night Fever* and *Les Choristes*); and performing artists including Calogero, Indochine and Patricia Kaas.

Home Shopping

The Home Shopping business saw sales fall year-on-year in the first nine months of 2017, largely due to stockout issues that are currently being resolved Tighter control over variable costs, mainly in warehousing facilities, helped the business improve its current operating profit year-on-year.
The Téléshopping channel, which celebrates its 30th anniversary this year, achieved its best sales in the early part of 2017 with two products: Minci Cook and Range Max.

1.5. Outlook

During the first nine months of 2017, the TF1 group's five free-to-air channels increased their share of the key target audience (by 0.6 of a point) and their share of the gross advertising market, generating 1.3% growth in their advertising revenue. This confirms the positive trend that began in the autumn of 2016 and the relevance of the multi-channel strategy.
Meanwhile, the Group is implementing its multi-business strategy, as demonstrated by the growing contribution of Studios & Entertainment to operating profit (up €6.9 million year-on-year).

At a time of fierce competition in terms of scheduling, the fourth quarter will see all TF1 group channels delivering high-impact programmes: renewed shows like the daily soap *Demain nous appartient*, new French drama (*Le Tueur du lac, Les Chamois, Les Bracelets rouges*), and iconic shows (*Koh-Lanta*, *Danse avec les stars*, *Miss France, NRJ Music Awards* and the new *Les Enfoirés Kids)*.

During the fourth quarter of 2017, the Group will continue its content monetisation strategy with:
- the launch of Studio 71 France in the context of the European alliance around the Studio 71 MCN[1] ;
- the launch of territory-specific advertising in Belgium enabling advertisers to target francophone Belgian audiences;
- the implementation of the EBX[2] airtime sales alliance to sell advertising space on digital content.

The Group is therefore reiterating its guidance:

- For 2017, maintain its share of the advertising market by extracting maximum value from premium inventories and growing DTT channels and digital content, while achieving €25 million to €30 million of recurring savings (excluding cost of programmes) under the "Recover" plan.

- Over the 2017-2019 period, continue to limit the cost of programmes by optimising investment in content, so as to hold the average annual cost of programmes (excluding major sporting events) for the five free-to-air channels at €980 million.

- Improve profitability: the target is for double-digit current operating margin in 2019, combined with growth in revenue from activities other than advertising on the five free-to-air channels; the Group expects those other activities to account for at least one-third of consolidated revenue in 2019.

[1] Multi Channel Network.
[2] European Broadcaster Exchange.

"TF1 Initiatives": translating CSR into societal engagement

"TF1 Initiatives" is a new approach that gives a clearer, more coherent view of the overall societal engagement of the TF1 group, whether through its broadcasting and corporate activities or the TF1 Foundation. There will be three key areas of engagement – solidarity, diversity, and sustainable society – united within the strong brand identity of TF1 Initiatives. The public launch at the end of 2017 will be backed by an information campaign.

Sustainable society

Ushuaïa TV: 30 years of *Ushuaïa Nature*

Ushuaïa TV carried a special evening of programming on Thursday 21 September to celebrate the 30th anniversary of this iconic programme. The coverage began with an exclusive interview by the journalist Bénédicte Le Chatelier with Nicolas Hulot, the programme's former presenter, now Minister for Ecological and Inclusive Transition. He looked back over the big moments in the history of the programme, as it adapted to reflect changes in his own view of the world. The evening continued with some of the most memorable sequences from *Ushuaïa Nature*, and the screening of viewers' five favourite episodes.

Awards for investigative reporting by Christine Oberdorff for Ushuaïa TV

At the closing ceremony of the 6th Deauville Green Awards, Ushuaïa TV's documentary *Climat-Guerres-Migration : les liaisons dangereuses*, presented by the investigative journalist Christine Oberdorff, received two awards. In this documentary, now available on Ushuaïa TV's YouTube channel, Christine Oberdorff focuses on the links between climate change, war and migration in Iraqi Kurdistan. Through drought and coastal erosion, nature is causing as much damage as bombs and, like war, is driving people into exile. The documentary draws a parallel with people seeking to leave Senegal, giving a platform for mothers to speak out against the dangers of illegal emigration on makeshift boats and to Reza, a photographer who teaches the children of exiles to love the planet and not just their home country. From the Middle East to West Africa, these stories of resilience and the desire to offer young people a future are a source of inspiration.

Solidarity

StopIlletrisme, a TF1 Initiatives Foundation programme led by its Director, Samira Djouadi

#STOPILLETTRISME (formerly B.A.ba Solidarité), which has Audrey Crespo-Mara as patron and is chaired by Samira Djouadi, is a network of companies committed to promoting access to reading, writing and other core skills for all of their employees. This non-profit organisation offers companies an innovative tuition scheme (involving staff volunteers and pro bono tutors) to support illiterate people on vocational training programmes, whether in-house staff or employees of partner companies. Since 2013, many leading French companies – Crédit Agricole, GSF, the La Poste group, L'Oréal, Manpower, Orange, Publicis Groupe, SNCF and the TF1 group – have signed up to the scheme. On 15 September 2017, as part of National Literacy Action Week, a grand reception was hosted by L'Oréal to highlight the initiatives being taken by StopIlletrisme. This reception, attended by the Minister of Labour, provided an opportunity to rally more companies to support this major national cause.
Since 2014, TF1 has provided support to around 50 people with the help of 130 mentors.

Diversity

"Diversity" label renewed

In July 2017, the TF1 group renewed the "Diversity" label that it first obtained in December 2010. The certification agency AFNOR conducted an audit at the end of March, which was followed by a presentation to the accreditation committee on 6 July. The TF1 group, which is a strong supporter of diversity both internally and in its broadcast output, is delighted to have the "Diversity" label confirmed; an official ceremony will be held in November.

Reception for "Tous en stage", a TF1 Initiatives Foundation scheme

On Monday 18 September, TF1 hosted the annual reception for the "Tous en Stage" project, attended by TF1 CEO Gilles Pélisson and by the Minister of National Education Jean-Michel Blanquer. This non-profit organisation, chaired by Samira Djouadi, brings together a number of companies to support 9th-grade/year 10 students from deprived neighbourhoods in finding and profiting from their first work placements. These placements, in the form of a contractualised one-

week internship, are unusual in that they are split between several companies to give students the widest possible vision of job opportunities. A simple, quick-to-use digital platform has been set up to streamline contacts between colleges and businesses.
Since 2015, the project has enabled 295 students from 17 colleges around the Greater Paris region to enjoy high-quality placements. Launched by the TF1 Foundation in 2015, the project now has a network of 22 partners, including companies, institutions, start-ups and non-profit organisations: Adecco Group, Agence Dagobert, Air France, Arcancil, Auchan, Chimex, Coca-Cola, Conseil Economique Social et Environnemental, Eurosport, Fondation Entreprendre, IBM, L'Oréal, Libération, Manpower Group, Evry City Hall, Microsoft, Ministry of National Education, PriceMinister, Schneider Electric, Suez, Technopole Val d'Oise, Ubisoft, Unis cité.

1.7 Human resources update

As of 30 September 2017 the TF1 group had 2,724 employees on permanent contracts.

1.8 Diary dates

- **16 February 2018:** 2017 annual results

This date may be subject to change.

2. Condensed consolidated financial statements 30 September 2017

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

Consolidated income statement

(€m)	Note	9 months to 30 Sept 2017	9 months to 30 Sept 2016	Third quarter 2017	Third quarter 2016	Full year 2016
Advertising revenue		1,082.1	1,064.6	300.0	294.5	1,530.1
Other revenue		384.5	362.1	129.9	107.0	532.6
Revenue		**1,466.6**	**1,426.7**	**429.9**	**401.5**	**2,062.7**
Other income from operations		29.1	5.1	13.2	(0.3)	14.1
Purchases consumed and changes in inventory		(616.9)	(667.8)	(183.6)	(197.8)	(923.2)
Staff costs		(310.4)	(294.2)	(102.9)	(86.9)	(403.9)
External expenses		(269.2)	(264.0)	(91.7)	(77.1)	(369.9)
Taxes other than income taxes		(87.3)	(91.0)	(24.0)	(30.3)	(127.2)
Depreciation and amortisation, net		(111.4)	(108.1)	(43.2)	(16.8)	(177.6)
Provisions and impairment, net		(36.1)	(49.4)	(19.6)	(30.5)	(80.6)
Other current operating income		144.2	163.3	61.5	47.7	242.6
Other current operating expenses		(93.1)	(74.0)	(31.7)	(20.4)	(107.6)
Current operating profit/(loss)		**115.5**	**46.6**	**7.9**	**(10.9)**	**129.4**
Non-current operating income		-	-	-	-	-
Non-current operating expenses	*10*	(17.5)	(68.7)	(5.9)	(14.0)	(83.7)
Operating profit/(loss)		**98.0**	**(22.1)**	**2.0**	**(24.9)**	**45.7**
Income associated with net debt		0.1	0.6	(0.1)	0.1	0.6
Expenses associated with net debt		(1.3)	(1.6)	-	(0.5)	(1.8)
Cost of net debt		**(1.2)**	**(1.0)**	**(0.1)**	**(0.4)**	**(1.2)**
Other financial income		10.1	0.7	0.8	0.2	4.3
Other financial expenses		(6.3)	(1.7)	(2.7)	(0.1)	(8.8)
Income tax expense		(30.8)	8.2	2.4	8.4	(5.9)
Share of profits/(losses) of joint ventures and associates		14.3	4.3	7.2	4.2	9.9
Net profit/(loss) from continuing operations		**84.1**	**(11.6)**	**9.6**	**(12.6)**	**44.0**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**	**-**	**-**
Net profit/(loss)		**84.1**	**(11.6)**	**9.6**	**(12.6)**	**44.0**
attributable to the Group:		***84.7***	***(13.8)***	***10.1***	***(13.2)***	***41.7***
Net profit/(loss) from continuing operations		*84.7*	*(13.8)*	*10.1*	*(13.2)*	*41.7*
attributable to non-controlling interests:		***(0.6)***	***2.2***	***(0.5)***	***0.6***	***2.3***
Net profit/(loss) from continuing operations		*(0.6)*	*2.2*	*(0.5)*	*0.6*	*2.3*
Weighted average number of shares outstanding (in '000)		209,603	209,457	209,753	210,024	209,444
Basic earnings per share from continuing operations (€)		0.40	(0.07)	0.04	(0.07)	0.20
Diluted earnings per share from continuing operations (€)		0.40	(0.07)	0.05	(0.07)	0.20
Basic earnings per share from held-for-sale operations (€)		-	-	-	-	-
Diluted earnings per share from held-for-sale operations (€)		-	-	-	-	-

Statement of recognised income and expense

(€m)	9 months to 30 September 2017	9 months to 30 September 2016	Full year 2016
Consolidated net profit/(loss) for period	**84.1**	**(11.6)**	**44.0**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits		(5.2)	(3.7)
Net tax effect of equity items not reclassifiable to profit or loss		1.8	1.3
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]	(7.5)	(1.1)	0.8
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	2.6	0.4	(0.3)
Share of reclassifiable income and expense of joint ventures and associates recognised in equity		-	
Income and expense recognised directly in equity	**(4.9)**	**(4.1)**	**(1.9)**
Total recognised income and expense	**79.2**	**(15.7)**	**42.1**
attributable to the Group	79.8	(17.9)	39.7
attributable to non-controlling interests	(0.6)	2.2	2.4

[1] *Includes -€4.0 million relating to the reclassification of cash flow hedges to profit or loss during the first nine months of 2017.*

Consolidated balance sheet

ASSETS (€m)	*Note*	**30/09/2017**	**31/12/2016**	**30/09/2016**
Goodwill	*5*	**574.7**	**560.9**	**554.4**
Intangible assets		**254.8**	**237.2**	**246.7**
Audiovisual rights		192.7	174.4	185.6
Other intangible assets		62.1	62.8	61.1
Property, plant and equipment		**175.3**	**174.0**	**175.2**
Investments in joint ventures and associates	*6*	**22.0**	**89.3**	**92.2**
Non-current financial assets		**58.3**	**31.7**	**37.8**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,085.1**	**1,093.1**	**1,106.3**
Inventories		**643.7**	**677.5**	**730.4**
Programmes and broadcasting rights		624.0	661.9	711.7
Other inventories		19.7	15.6	18.7
Trade and other debtors		**1,008.2**	**979.8**	**932.0**
Current tax assets		**-**	**40.2**	**37.2**
Other current financial assets		**-**	**4.9**	**0.3**
Cash and cash equivalents	*9*	**546.3**	**420.2**	**374.9**
Total current assets		**2,198.2**	**2,122.6**	**2,074.8**
Assets of held-for-sale operations		**-**	**-**	**-**
TOTAL ASSETS		**3,283.3**	**3,215.7**	**3,181.1**
Net surplus cash (+) / Net debt (-)		**297.1**	**186.7**	**148.1**

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**30/09/2017**	**31/12/2016**	**30/09/2016**
Share capital		42.0	41.9	42.2
Share premium and reserves		1,386.9	1,409.8	1,409.1
Net profit/(loss) for the period attributable to the Group		84.7	41.7	(13.8)
Shareholders' equity attributable to the Group		**1,513.6**	**1,493.4**	**1,437.5**
Non-controlling interests		(0.6)	(0.8)	2.4
Total shareholders' equity		**1,513.0**	**1,492.6**	**1,439.9**
Non-current debt		**241.2**	**224.9**	**218.9**
Non-current provisions		**56.0**	**54.2**	**55.4**
Non-current tax liabilities		**36.5**	**42.9**	**41.5**
Total non-current liabilities		**333.7**	**322.0**	**315.8**
Current debt		**8.0**	**8.6**	**7.9**
Trade and other creditors		**1,388.1**	**1,368.0**	**1,384.1**
Current provisions		**16.7**	**24.5**	**33.4**
Current tax liabilities		**15.1**	**-**	**-**
Other current financial liabilities		**8.7**	**-**	**-**
Total current liabilities		**1,436.6**	**1,401.1**	**1,425.4**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,283.3**	**3,215.7**	**3,181.1**

Consolidated cash flow statement

(€m)	Note	9 months to 30 September 2017	9 months to 30 September 2016	Full year 2016
Net profit/(loss) from continuing operations (including non-controlling interests)		84.1	(11.6)	44.0
Depreciation, amortisation, provisions & impairment (excluding current assets)		159.2	164.4	242.9
Net (gain)/loss on asset disposals		(6.0)	0.4	0.5
Share of (profits)/losses and dividends of joint ventures and associates		(13.1)	(2.8)	(8.4)
Other non-cash income and expenses		(17.1)	(6.6)	(18.6)
Sub-total		**207.1**	**143.8**	**260.4**
Cost of net debt		1.2	1.0	1.2
Income tax expense (including deferred taxes)		30.8	(8.2)	5.9
Operating cash flow		**239.1**	**136.6**	**267.5**
Income taxes (paid)/reimbursed		30.6	(39.0)	(53.4)
Change in operating working capital needs		14.2	30.5	14.5
Net cash generated by/(used in) operating activities		**283.9**	**128.1**	**228.6**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(156.5)	(148.2)	(205.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		1.0	0.4	0.3
Cash outflows on acquisitions of financial assets		(30.0)	(6.3)	(7.3)
Cash inflows from disposals of financial assets		9.2	-	2.5
Effect of changes in scope of consolidation	*11*	69.2	(112.7)	(104.9)
Purchase price of investments in consolidated activities		*(25.0)*	*(185.6)*	*(186.5)*
Proceeds from disposals of consolidated activities		*90.7*	*2.2*	*9.5*
Net liabilities related to consolidated activities		*-*	*-*	*-*
Other cash effects of changes in scope of consolidation		*3.5*	*70.7*	*72.1*
Dividends received		0.1	-	-
Other cash flows from investing activities		(2.4)	(3.1)	(0.8)
Net cash generated by/(used in) investing activities		**(109.4)**	**(269.9)**	**(315.6)**
Cash received on exercise of stock options		2.3	1.7	1.9
Purchases and sales of treasury shares		-	(21.4)	(21.4)
Other transactions between shareholders		(1.4)	(1.2)	(0.8)
Dividends paid during the period		(58.6)	(167.3)	(167.3)
Cash inflows from new debt contracted		17.0	2.6	85.7
Repayment of debt (including finance leases)		(5.6)	(0.2)	(91.4)
Net interest paid (including finance leases)		(1.2)	(1.0)	(1.2)
Net cash generated by/(used in) financing activities		**(47.5)**	**(186.8)**	**(194.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**127.0**	**(328.6)**	**(281.5)**
Cash position at start of period – continuing operations		**419.3**	**700.8**	**700.8**
Change in cash position during the period – continuing operations		127.0	(328.6)	(281.5)
Cash position at end of period – continuing operations		**546.3**	**372.2**	**419.3**

Consolidated Statement of changes in shareholders' 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 31 DECEMBER 2016	**41.9**	**13.5**	**-**	**1,447.9**	**(9.9)**	**1,493.4**	**(0.8)**	**1,492.6**
Capital increase (stock options exercised)	0.1	2.2	-	-	-	**2.3**	-	**2.3**
Share-based payment	-	-	-	3.8	-	**3.8**	-	**3.8**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(58.6)	-	**(58.6)**	-	**(58.6)**
Other transactions with shareholders	-	-	-	1.2	-	**1.2**	0.4	**1.6**
Total transactions with shareholders	**0.1**	**2.2**	**-**	**(53.6)**	**-**	**(51.3)**	**0.4**	**(50.9)**
Consolidated net profit/ (loss) for period	**-**	**-**	**-**	**84.7**	**-**	**84.7**	**(0.6)**	**84.1**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(4.9)**	**(4.9)**	**-**	**(4.9)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(8.3)	-	**(8.3)**	0.4	**(7.9)**
BALANCE AT 30 SEPTEMBER 2017	**42.0**	**15.7**	**-**	**1,470.7**	**(14.8)**	**1,513.6**	**(0.6)**	**1,513.0**
						-	**-**	**-**

(€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 31 DECEMBER 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 30 SEPTEMBER 2016	**42.2**	**13.3**	**(13.2)**	**1,407.2**	**(12.0)**	**1,437.5**	**2.4**	**1,439.9**

Notes to the condensed consolidated financial statements

1. Significant events

1.1 Divestment of Group AB

On 30 January 2017, TF1 accepted a conditional offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB. As of 31 March 3017, the conditions had been met and the divestment of the equity interest took effect, generating a provisional gain pending validation of the net cash position of Groupe AB as of 31 March 2017. The final purchase price allocation was determined in September 2017, at which point the definitive gain was recognised in "Share of profits/(losses) of joint ventures and associates" in the consolidated income statement.

1.2 Acquisition of the Tuvalu Group

On 6 February 2017, the Newen group completed the acquisition of a 70.65% equity interest in Tuvalu Media Netherlands BV, parent company of the Tuvalu group (audiovisual production in the Netherlands and Belgium). The Tuvalu group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2017.
The vendors and the Newen group entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to Newen Studios, and Newen Studios has an option to acquire, the residual 29.35% equity interest between 2020 and 2023.

1.3 Acquisition of Minute Buzz

In January 2017, the TF1 group completed the acquisition of a 62.9% equity interest in Minute Buzz, a media group that specialises in the aggregation and production/broadcasting of videos on social networks. A shareholder agreement between the existing shareholders and the TF1 group stipulates that the founders of Minute Buzz will enjoy considerable management autonomy, and specifies the terms of exercise of reciprocal undertakings whereby the founders have an option to sell to TF1, and TF1 has an option to acquire, the founders' residual 37.1% equity interest between 2017 and 2020.
Under the terms of the agreements between the TF1 group and the founders, the TF1 group acquired a further 4.7% interest in June 2017, taking its total equity interest to 67.6%.
Minute Buzz is accounted for by the equity method in the TF1 group consolidated financial statements with effect from 1 January 2017.

1.4 Equity stake in Studio 71

In January 2017, the TF1 group took a 6.1% equity interest in Studio71. This equity interest is measured at fair value, and is included in "Non-current financial assets" in the TF1 group consolidated balance sheet.

2. Accounting principles and policies

2.1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the nine months ended 30 September 2017 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 31 December 2016 as published in the 2016 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on 8 March 2017 under reference number D.17-0136. An English-language version of the audited consolidated financial statements for the year ended 31 December 2016 is included in the 2016 TF1 Registration Document, available on the TF1 corporate website via the link http://www.groupe-tf1.fr/en/press-release/finance-press-releases/2016-registration-document.
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 2 July 2009.

The consolidated financial statements are presented in millions of euros.

The consolidated financial statements were closed off by the Board of Directors on 30 October 2017, 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 1 January 2017

In preparing its condensed consolidated financial statements for the nine months ended 30 September 2017, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2016.

2.2.2. New standards, amendments and interpretations issued by the IASB and endorsed by the European Union

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 15: Revenue from Contracts with Customers	1 January 2018	On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 11 and IAS 18. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The TF1 group has not early adopted IFRS 15, which it will apply retrospectively with effect from 1 January 2018; the 2017 figures presented in 2018 will also be restated to reflect the impacts of IFRS 15 (presentation of a comparative reporting period). The process of implementing IFRS 15 within the TF1 group is ongoing; an impact assessment has concluded that the impacts of applying the new standard are immaterial. The key issues assessed were distribution contracts, and the date of recognition of revenue generated by rights sales (especially TV and SVoD).
IFRS 9: Financial Instruments: Classification and Measurement	1 January 2018	On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The TF1 group has decided not to early adopt this standard. The Group will apply the classification, measurement and impairment principles of IFRS 9 retrospectively with effect from 1 January 2018, with no restatement of prior period comparatives on first time application. The hedge accounting principles of IFRS 9 will also be applied by the Group with effect from 1 January 2018, using a prospective approach in

		accordance with the standard. The impact of applying IFRS 9 is estimated to be very immaterial at Group level.

2.2.3. 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 16: Leases	1 January 2019	On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner analogous 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 yet been endorsed by the European Union, is applicable from 1 January 2019. The TF1 group has elected to use the retrospective approach for the first time application of IFRS 16. The impact of IFRS 16 is currently under review.

2.3. Changes in accounting policy

The TF1 group has not make any changes in accounting policy during 2017 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 those 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.

Those estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended 31 December 2016 and the 2016 and 2017 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, those 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 Divestment of Group AB

Following the divestment of Groupe AB (see Note 1, "Significant events"), the TF1 group's 33.5% equity interest was deconsolidated at the end of the first quarter of 2017. The gain arising on the divestment was recognized in "Share of profits/(losses) of joint ventures and associates" in the consolidated income statement (provisionally as of 31 March 2017, and definitively as of 30 September 2017).

3.2 Acquisition of the Tuvalu Group by Newen Studios

Following the acquisition of a 70.65% equity interest in Tuvalu Media Netherlands BV that gave Newen Studios exclusive control over that company, Tuvalu Media Netherlands BV and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2017 (see Note 1, "Significant events"). They are included in the Studios & Entertainment operating segment for financial reporting purposes.
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 Tuvalu group has been increased to 100%, and the entire net profit or loss of the Tuvalu group is treated as attributable to the shareholders of TF1 with no non-controlling interests recognised;
- the commitment to buy out the residual 29.35% equity interest held by the minority shareholders has been recognised in "Non-current debt" in the 30 September 2017 consolidated financial statements, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

This transaction generated goodwill provisionally measured at €15.9 million, pending completion of the purchase price allocation.

3.3 Acquisition of Minute Buzz

Following the acquisition of a 62.9% equity interest in Minute Buzz, and given that the founders and the TF1 group exercise joint control over that company, Minute Buzz is accounted for by the equity method in the TF1 group consolidated financial statements with effect from 1 January 2017 (see Note 1, "Significant events" and Note 6, "Investments in joint ventures and associates"). It is included in the Broadcasting operating segment for financial reporting purposes.
During the second quarter of 2017 the TF1 group acquired additional shares; those acquisitions took the Group's equity interest in Minute Buzz to 67.6% but did not alter the latter's control or governance arrangements.

Because the interest in Minute Buzz is accounted for by the equity method, the commitments to buy out the residual 32.4% equity interest are accounted for as financial instruments and recognised at their fair value as of 30 September 2017; at the date of inception of the commitments, that value was estimated to be zero.

3.4 Acquisition of Play 2

In April 2017, in accordance with undertakings entered into on 14 February 2017, the TF1 group acquired a 25% equity interest in Play 2 (a company involved in production of music, concerts and live shows and in music publishing, founded in October 2016). The acquisition, for €0.3 million, was made via triple voting right shares that give entitlement to 50.01% of the voting rights. The shareholder agreement between the TF1 group and the two founders gives the TF1 group control over Play 2, which consequently is fully consolidated in the TF1 group consolidated financial statements from 1 April 2017.

4. Operating segments

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the type of customer base. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operating decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operating decision-maker.
Management assesses segmental performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 group reports the following operating segments:

Broadcasting

The Broadcasting segment includes all of the Group's TV channels and websites. Revenues from those 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 (in accordance with French broadcasting regulations) and websites.

Studios & Entertainment

This segment consists of two sub-segments:

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

  Although these activities (carried on by TF1 Studios, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.
  More specifically, TF1 Studios and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European TV and video rights distributors.
  Consequently, TF1 management considers it relevant to monitor their financial performance collectively.

- ✓ The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	30/09/2017	30/09/2016	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Segment revenue	1,204.0	1,176.2	281.1	262.1	1,485.1	1,438.3
Elimination of inter-segment transactions	(17.9)	(14.8)	(0.6)	3.2	(18.5)	(11.6)
GROUP REVENUE CONTRIBUTION	**1,186.1**	**1,161.4**	**280.5**	**265.3**	**1,466.6**	**1,426.7**
of which Advertising revenue	*1,074.8*	*1,058.5*	*7.3*	*6.1*	*1,082.1*	*1,064.6*
of which Other revenue	*111.3*	*102.9*	*273.2*	*259.2*	*384.5*	*362.1*
OPERATING PROFIT/(LOSS)	**83.5**	**-28.4**	**32.0**	**6.3**	**115.5**	**-22.1**
% operating margin on Group contribution	*7.0%*	*-2.4%*	*11.4%*	*2.4%*	*7.9%*	*-1.5%*
Share of profits/(losses) of joint ventures and associates [1]	14.4	3.9	(0.1)	0.4	14.3	4.3

(1) For the Broadcasting segment, includes the impact of the divestment of Groupe AB as of 30 September 2017 (see Note 1, "Significant Events").

5. Goodwill

(€m)	Broadcasting	Studios & Entertainment	TOTAL
Goodwill at 1 January 2016	**406.5**	**25.1**	**431.6**
Acquisitions	2.8	120.0	122.8
Disposals		-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 30 September 2016	**409.3**	**145.1**	**554.4**
Goodwill at 1 January 2017	**409.3**	**151.6**	**560.9**
Acquisitions	-	17.0	17.0
Disposals	-	-	-
Reclassifications	-	(3.2)	(3.2)
Impairment	-	-	-
Goodwill at 30 September 2017	**409.3**	**165.4**	**574.7**
Gross value	*409.3*	*165.4*	*574.7*
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 pending completion of the purchase price allocation. In accordance with the revised IFRS 3 the TF1 group has for those acquisitions elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

As a result of asset and liability valuations carried out as part of the allocation of the purchase price of Beauté Test, the brand name and customer relationships were recognised as intangible assets at a fair value of €2.1 million net of deferred taxes. The customer relationships are being amortised on a straight line basis over five years, with the corresponding expense presented in "Depreciation and amortisation, net" in the consolidated income statement.

As part of the purchase price allocation of Blue Spirit conducted in the third quarter of 2016, valuations of the assets and liabilities of the acquired companies resulted in licences and customer relationships being recognised as intangible assets at a fair value of €0.8 million net of deferred taxes. These items are being amortised on a straight line basis over three years, with the corresponding expense presented in "Depreciation and amortisation, net" in the consolidated income statement.

6. Investments in joint ventures and associates

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

(€m)	GROUPE AB	Other (1)	TOTAL
1 January 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			**-**
30 September 2016	**74.8**	**17.4**	**92.2**
1 January 2017	**76.8**	**12.5**	**89.3**
Share of profit/(loss) for the period	-	0.5	**0.5**
Provisions for impairment	-	-	**-**
Dividends paid	-	(1.3)	**(1.3)**
Changes in scope of consolidation and reclassifications	(76.8)	10.3	**(66.5)**
Provision for risks	-	-	**-**
30 September 2017	**-**	**22.0**	**22.0**

(1) *Other investments in joint ventures and associates mainly comprise SérieClub, Direct Optic Participations and Minute Buzz.*

Groupe AB was divested on 31 March 2017; see Note 1, "Significant events" and Note 3, "Changes in scope of consolidation". The €14.3 million recognised for the share of profits/(losses) of joint ventures and associates mainly comprises the gain on the divestment of Groupe AB.

7. Other movements in shareholders' equity

The line item "Other movements (changes in accounting policy and scope of consolidation, other items)" in the consolidated statement of changes in shareholders' equity for the first nine months of 2017 mainly relates to the recognition of liabilities for commitments to buy out minority shareholders in the Tuvalu group, acquired on 6 February 2017 by the Newen Studios group.

8. 2017 stock option plan and 2017 performance share plan

On 12 June 2017 the TF1 group awarded:

- ✓ The 2017 stock option plan ("SO 2017"), consisting of 704,900 options exercisable on or after 12 June 2021 at a price of €11.45. The fair value of this plan was measured at €1.3 million (excluding employer's social security charges); this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period of the options.

- ✓ The 2017 performance share plan ("AGA 2017") involving the award of 172,000 shares, with a three-year vesting period. The fair value of this plan was measured at €2.0 million (excluding employer's social security charges); this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period.

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 30 September 2017 is immaterial.

9. Net surplus cash

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

(€m)	31/12/2016	Cash flows	Changes in scope of consolidation	Other movements	30/09/2017
Cash and cash equivalents	420.2	56.9	69.2		546.3
Financial assets used for treasury management purposes	-				-
Available cash	**420.2**	**56.9**	**69.2**	**-**	**546.3**
Fair value of interest rate derivatives	-				-
Non-current debt [(1)]	(224.9)	(9.6)	-	(6.7)	(241.2)
Current debt, excluding overdrafts and short-term bank loans [(1)]	(7.8)	(1.6)		1.4	(8.0)
Overdrafts and short-term bank loans	(0.8)	0.8			-
Total debt	**(233.5)**	**(10.4)**	**-**	**(5.3)**	**(249.2)**
Net surplus cash (+) / Net debt (-)	**186.7**	**46.5**	**69.2**	**(5.3)**	**297.1**

(1) *As of 30 September 2017, non-current debt and current debt include the fair value of the commitments made by TF1 to buy out minority shareholders, primarily those with an equity interest in Newen Studios and its subsidiaries.*

As of 30 September 2017, TF1 had confirmed bilateral bank credit facilities of €1,015 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 30 September 2017, drawdowns under those facilities amounted to €100.7 million, all of which related to the Newen Studios facility.

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

(€m)	30/09/2017	31/12/2016
Cash and cash equivalents in the balance sheet	546.3	420.2
Cash of held-for-sale operations	-	-
Treasury current account credit balances	-	(0.1)
Bank overdrafts	-	(0.8)
Total net cash position at end of period per the cash flow statement	**546.3**	**419.3**

10. Non-current operating expenses

The non-current operating expenses of €17.5 million reported in the income statement for the nine months ended 30 September 2017 represent amortisation charged against audiovisual rights remeasured at fair value as part of the purchase price allocation of Newen Studios and Rendez-Vous Production Séries.

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

The items presented within "Effect of changes in scope of consolidation" in the consolidated cash flow statement reflect the impacts of the acquisition of the Tuvalu group by Newen Studios, the acquisition of an equity interest in Minute Buzz by the TF1 group, and the divestment of the TF1 group's 33.5% equity interest in Groupe AB.

12. Dividends paid

The table below shows the dividend per share paid by the TF1 Group on 3 May 2017 in respect of the 2016 financial year, and the amount paid in 2016 in respect of the 2015 financial year.

	Paid in 2017	Paid in 2016
Total dividend (€m)	58.6	167.2
Dividend per ordinary share (€)	0.28	0.80

13. Events after the reporting period

On 6 October 2017, the *Conseil Constitutionnel* declared the 3% French dividend tax to be unconstitutional. The TF1 group filed requests for a refund of the tax paid to the authorities for the financial years from 2013 to 2017 inclusive, amounting to €19.3 million. The resulting tax gain will be recognised in the consolidated financial statements in the fourth quarter of 2017.

On 27 October 2017, the Conseil Constitutionnel declared certain provisions of the French Cinema and Moving Image Code (relating to the levy on television services), to be unconstitutional, with the effects of the decision deferred until 1 July 2018. Pending the introduction of new provisions, no impact has been recognised as of 30 September 2017.

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