Financial Information

First quarter of 2017

Financial Report – First Quarter of 2017

1. Financial Information – First quarter of 2017

1.1. Consolidated results

Financial indicators

These key figures are extracted from TF1 group consolidated financial data.

(€ million)	Q1 2017	Q1 2016	2016
Revenue	**498.9**	**481.9**	**2,062.7**
Group advertising revenue	*365.1*	*356.1*	*1,530.1*
Revenue from other activities	*133.8*	*125.8*	*532.6*
Current operating profit/(loss)	**36.3**	**14.8**	**129.4**
Operating profit/(loss)	**30.5**	**(19.2)**	**45.7**
Net profit/(loss) attributable to the Group from continuing operations	**27.7**	**(13.1)**	**41.7**
Operating cash flow before cost of net debt and income taxes	**82.1**	**30.5**	**267.5**
Basic earnings per share from continuing operations (€)	**0.13**	**(0.06)**	**0.20**
Diluted earnings per share from continuing operations (€)	**0.13**	**(0.06)**	**0.20**
Shareholders' equity attributable to the Group	**1,516.3**	**1,602.0**	**1,493.4**
Net cash of continuing operations	**215.1**	**340.8**	**186.7**

	Q1 2017	Q1 2016	2016
Weighted average number of ordinary shares outstanding (in '000)	**209,460**	**209,085**	**209,444**
Closing share price at end of period (€)	**11.20**	**11.38**	**9.45**
Market capitalisation at end of period (€bn)	**2.35**	**2.38**	**1.98**

Income statement contributions – continuing operations

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

€m	Q1 2017	Q1 2016	Chg.	Chg. %
Broadcasting	**404.1**	**389.4**	**14.7**	**3.8%**
TV advertising on free-to-air channels	*348.0*	*341.3*	*6.7*	*2.0%*
Other revenue	*56.1*	*48.1*	*8.0*	*16.6%*
Studios & Entertainment	**94.8**	**92.5**	**2.3**	**2.5%**
Consolidated revenue	**498.9**	**481.9**	**17.0**	**3.5%**
Cost of programmes	**(233.5)**	**(232.4)***	**(1.1)**	**0.5%**
Broadcasting	**26.6**	**4.9**	**21.7**	**ns**
of which: Free platforms	13.9	(3.5)	17.4	ns
Studios & Entertainment	**9.7**	**9.9**	**(0.2)**	**-2.0%**
Current operating profit	**36.3**	**14.8**	**21.5**	**ns**

** The cost of programmes published for Q1 2016 was €247.7 million, including €15.3 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €232.4 million.*

Contribution to advertising revenue

€m	Q1 2017	Q1 2016
Broadcasting	**362.7**	**354.6**
Free platforms	351.8	345.0
Other platforms and related activities	10.9	9.6
Studios & Entertainment	**2.4**	**1.5**
ADVERTISING REVENUE	**365.1**	**356.1**

Contribution to operating profit/(loss)

€m	Q1 2017	Q1 2016
Broadcasting	**26.6**	**(29.1)**
Free platforms	13.9	(37.5)
Other platforms and related activities	12.7	8.4
Studios & Entertainment	**3.9**	**9.9**
OPERATING PROFIT/(LOSS)	**30.5**	**(19.2)**

Analysis of cost of programmes on free platforms

(€ million)	**Q1 2017**	**Q1 2016***
Variety/Gameshows/Magazines	69.0	75.9
Drama/TV movies/Series/Plays	65.7	74.3*
Sport (excluding major sporting events)	16.1	10.8
News	37.9	29.9
Films	41.6	35.8
Children's programmes	3.2	5.7
Cost of programmes excluding major sporting events	**233.5**	**232.4**
Major sporting events	*0.0*	*0.0*
Total cost of programmes	**233.5**	**232.4**

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 Q1 2016 was €247.7 million, including €15.3 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €232.4 million.*

1.2. Key events of the first quarter of 2017

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 Téléshopping 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.

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 quarter of 2017 was €498.9 million, up €17.0 million (+3.5%) year-on-year.

Advertising revenue

Group advertising revenue for the first quarter of 2017 was €365.1 million, an rise of 2.5%, with advertising revenue from the free-to-air channels up 2.0%. This revenue growth was driven mainly by stronger revenue from the Group's DTT channels, a very good performance in sponsorship following recent regulatory changes, and an increase in digital advertising revenue.

Revenue from other activities

Non-advertising revenue for the first quarter of 2017 reached €133.8 million, up 6.4%, reflecting increased revenue from interactivity and the box-office success of TF1 Studios films.

Cost of programmes and other current operating income/ expenses

Cost of programmes

The cost of programmes for the TF1 group's free-to-air channels in the first quarter of 2017 was €233.5 million. This is very close to the 2016 first-quarter figure (down €1.1 million), illustrating our tight control over programme spend. Bear in mind also that in the first quarter of 2016 the cost of programmes did not include LCI, which switched to freeview on 5 April 2016.
The Group maintained a policy of firm control over programming during the first quarter, given the limited potential of the advertising market during the first two months of the year.

The biggest increases were in:
- news programmes (+€8.0 million) due mainly to the freeview switchover of LCI on 5 April 2016 and longer screen-time for the weekend news magazines *7 à 8* and *Reportages*;
- films, with more films being shown in Q1 2017 (26) than in Q1 2016 (24);
- sport (excluding major sporting events) due to the 2017 World Handball Championships.

The cost of drama programmes was €4.1 million lower year-on-year, due to the selection of lower-cost dramas for broadcast than in the first quarter of 2016. The cost of variety programmes was also lower, due to *The Voice* and *Koh-Lanta* being scheduled for later in the year than they were in 2016.

Other expenses and impairment, provisions, depreciation and amortisation

Other expenses and depreciation, amortisation and provisions were €5.6 million lower year-on-year in the first quarter of 2017, mainly as a result of costs savings achieved under the "Recover" plan.

Current operating profit

Current operating profit reached €36.3 million, up €21.5 million year-on-year. This performance is due partly to the effects of the cost-cutting and programming optimisation strategy applied from the back-to-school period of 2016, and partly to the fact that the scheduling of some programmes (*The Voice*, *Koh-Lanta*, and some French dramas) has been shifted to a later date than in the previous year. Recurring cost savings of €7 million were achieved under the "Recover" plan during the first quarter.

Current operating margin was 7.3%, up 4.2 points year-on-year.

Operating profit

The Group posted a €30.5 million operating profit after charging €5.8 million of non-current expenses related to the amortisation of intangible assets identified in connection with the Newen Studios acquisition; this is in line with the treatment applied in 2016.

Net profit

Cost of net debt was €0.9 million in the first quarter of 2017, reflecting the consolidation of Newen Studios.

Income tax expense was €9.2 million, versus a €9.1 million tax saving in the first quarter of 2016.

Joint ventures and associates contributed a net profit of €7.1 million in the first quarter of 2017 as opposed to a loss of €2.1 million a year earlier; this year-on-year improvement of €9.2 million was mainly due to the gain on the divestment of the equity interest in Groupe AB.

Net profit attributable to the Group from continuing operations for the quarter was €27.7 million, compared with a €13.1 million loss a year earlier, a year-on-year improvement of €40.8 million.

Financial position

Shareholders' equity attributable to the Group stood at €1,516.3 million as of 31 March 2017, out of a balance sheet total of €3,214.4 million.

The gross cash position as of 31 March 2017 was €468.2 million, compared with €419.3 million as of 31 December 2016.

This increase reflects:
- receipt of the proceeds from the divestment of the equity interest in Groupe AB;
- an equity investment in Studio71;
- the acquisition of Tuvalu by the Newen Studios group.

The net cash position as of 31 March 2017 was €215.1 million, versus €186.7 million as of 31 December 2016.

As of 31 March 2017, the TF1 group had confirmed bilateral credit facilities with various banks totalling €1,015 million.

As of the same date, drawdowns under those facilities amounted to €107.7 million, all of which related to the Newen facility. Credit 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)	Q1 2017	Q1 2016	Chg. %
Free platforms	**359.8**	**353.5**	**+1.8%**
- TV advertising on free-to-air channels	348.0	341.3	+2.0%
- Other revenue	11.8	12.2	-3.3%
Other platforms and related activities	**44.3**	**35.9**	**+23.4%**
Broadcasting	**404.1**	**389.4**	**+3.8%**

Broadcasting segment revenue for the first quarter of 2017 was €404.1 million, a year-on-year rise of 3.8% or €14.7 million. Current operating profit for the segment was €26.6 million, up €21.7 million year-on-year.

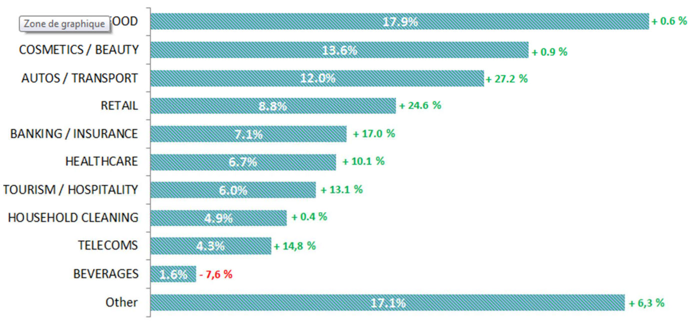
Free platforms

The Group's free platforms generated revenue of €359.8 million in the first quarter of 2017, up 1.8% year-on-year, comprising:
- TV advertising revenue of €348.0 million for the five free-to-air channels, up €6.7 million year-on-year;
- Revenue from other activities of €11.8 million, down €0.4 million year-on-year.

Advertising revenue[1]

The TF1 group's free-to-air channels reported a 9.1% year-on-year increase in gross revenue relative to the first quarter of 2016.

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



Source: Kantar Media, Q1 2017 vs. Q1 2016.

[1] *Plurimedia spend excluding sponsorship and internet (5 media).*

Advertising revenue for the Group's free-to-air channels rose by 2.0% to €348.0 million in the first quarter 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 target women viewers.

The top line was also boosted by very good sponsorship revenue, following recent regulatory changes.

Current operating profit

Free platforms reported a current operating profit of €13.9 million versus a loss of €3.5 million a year earlier, a €17.4 million improvement year-on-year. The main factors were higher advertising revenue, stable 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 quarter of 2017 among individuals aged 4 and over remained at a high level of 3 hours 57 minutes, only one minute less than a year previously. There was a one-minute rise in timeshift viewing, which offset only half of the two-minute fall in live viewing.

Among "women aged under 50 purchasing decision-makers" (W<50PDM), average daily viewing time was 3 hours 50 minutes, down five minutes year-on-year. These figures include catch-up consumption on IPTV. However, they 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 been boosted by increased coverage over the last twelve months. To end March 2017, these channels had a combined audience share of 8.8% among individuals aged 4 and over (+2.3 points), rising to 9.1% among W<50PDM (+1.6 points).

Free-to-air channels: audiences

In this highly competitive environment the TF1 group is forging ahead with its multi-channel editorial strategy, focusing on target markets for advertisers and on strategic slots. In the first quarter of 2017 the Group attracted an average of 7.0 million viewers in prime time[1] while keeping the cost of programmes under control.

The TF1 group's multi-channel, multi-platform strategy is continuing to pay off. The Great Debate between the main presidential candidates was a perfect illustration of the ambition underpinning this strategy, generating exceptional viewing figures across all platforms: 9.9 million viewers on TF1, 345,000 on LCI, and over one million on internet platforms (especially the LCI platform).

The TF1 group continued to roll out its multi-channel strategy in the first quarter, with the five free-to-air channels[2] attracting a combined audience share of 28.0% among individuals aged 4 and over (+0.7 of a point year-on-year).
Among the target audience of W<50PDM, the Group's audience share was 32.5% (+1.2 of a point year-on-year). Within this target, a slight fall in audience share for the TF1 channel (21.9%, -0.7 of a point year-on-year) was substantially offset by a higher audience share for the DTT channels (10.6%, +1.9 points year-on-year).

During the quarter, the Group launched ten new programme brands, covering all time slots and genres, including *The Wall*, *Louis(e)*, *Les Cerveaux*, *Colony* and *Chicago Med*.

March was a particularly remarkable month as the Group's audience share of W<50PDM hit 33.9% (+1.3 points year-on-year).

TF1

TF1 is still the clear leader among French television channels for all target audiences. The channel had a 20.1% share of individuals aged 4 and over, compared with 21.2% in the first quarter of 2016.

[1] *Source: Médiamétrie-Mediamat / Prime time slots, 9pm-11pm.*
[2] *Audiences for the TF1, TMC, NT1, HD1 and LCI channels.*

Among W<50PDM, audience share was 21.9% in the first quarter of 2017, versus 22.6% a year earlier. The gap between TF1 and the nearest rival private-sector channel in this key target market is 6.3 points.

This confirms TF1's unique position and its status as the must-see channel.

During the first quarter of 2017, TF1 attracted 19 of the top 20 audience ratings, and eight programmes on the channel drew more than 8 million viewers (with one attracting over 10 million).
The TF1 channel achieved an average prime-time audience of 5.1 million in the first quarter of 2017, nearly twice as many as its nearest private-sector rival.

The channel retained its no.1 spot across all genres:

- **Entertainment:** *Les Enfoirés* was watched by 10.6 million viewers on 3 March, and attracted a 55% share of W<50PDM. The sixth season of *The Voice* attracted up to 8.1 million viewers, and *Koh-Lanta* up to 6.9 million; both programmes averaged over 40% audience share among W<50PDM.

- **French drama:** This genre is hugely successful. *Entre deux mères* was watched by up to 7.2 million people, and took a 35% share of the W<50PDM target audience. The series *Section de recherches* drew up to 7.3 million viewers, and a 27% share of individuals aged 4 and over.

- **Movies:** French films turned in excellent performances, especially *Bienvenue chez les Ch'tis* (8.8 million viewers), *Les Bronzés font du ski* (8.0 million), *Lucy* (8.0 million) and *Samba* (6.2 million).

- **News:** The TF1 channel's regular news bulletins are still the most watched in Europe. The evening bulletin averaged 5.9 million viewers in the first quarter of 2017, with the audience peaking at 7.8 million for the 29 January bulletin.

- **Sport:** The final of the World Handball Championships, held in France, pulled in the channel's biggest audience of January with 8.7 million viewers (44% audience share).

The arrival of the gameshow *The Wall*, launched on 27 February, galvanised the access prime time slot on TF1; the show averaged 3.8 million viewers in March, and had a 20% share of the W<50PDM audience.

DTT channels

The Group's DTT arm, consisting of four channels (TMC, NT1, HD1 and LCI), is France's leading DTT offering and achieved very strong audience growth year-on-year. In the first quarter of 2017, the channels achieved a combined audience share of 7.9% among individuals aged 4 and over (+1.8 of a point year-on-year). Among W<50PDM, their audience share was 10.6% (+1.9 of a point year-on-year).

TMC

TMC had audience share of 3.4% of individuals aged 4 and over (+0.5 of a point year-on-year), and 4.5% among W<50PDM (+1.0 point).
The channel attracted its best ever audience (4.7 million viewers) on 24 January 2017 when it showed part of the World Handball Championship quarter-final between France and Sweden.

Thanks to its repositioning, TMC continues to be a big hitter in access prime time with *Quotidien* (record audience of 2.1 million on 24 January) and in its movie slots, which pulled in more than 1.5 million viewers for *The A-Team* (French title: *L'agence tous risques*) and *Babysitting*.

NT1

NT1 continues to gain market share among target audiences. The channel increased its share of individuals aged 4 and over by 0.2 of a point to 2.0%, and of W<50PDM by 0.3 of a point to 3.7%. The channel has now grown its share of this key target audience for three years running.

NT1 is a particularly strong performer in daytime series with shows such as *Grey's Anatomy* and its own programme *La villa des cœurs brisés*.

HD1

Launched in December 2012, HD1 continues to make progress and is the market leader among the six new HD channels for prime time viewing (averaging 430,000 viewers over the first quarter).
In the first quarter of 2017, HD1 recorded audience share of 1.9% among individuals aged 4 and over (+0.5 of a point year-on-year), rising to 2.2% among W<50PDM (+0.4 of a point).

LCI

The relaunch of LCI at the start of September 2016 (new schedules, new programmes, new faces and new studios), combined with a period of strong political news flow, helped LCI achieve strong growth: audience share among individuals aged 4 and over reached 0.6% in the first quarter of 2017.

The channel celebrated the first anniversary of its freeview switchover on 5 April and continues to make inroads; audience share of individuals aged 4 and over reached a new high of 0.7% in March, making LCI the second most-watched news channel in France.
The channel is performing well across all time slots, from morning to access prime time, thanks to: *LCI Matin* (51,000 viewers, 1.5% audience share), *La Médiasphère* (75,000, 2.1%) and *24 heures en questions* (280,000, 1.7%).

LCI also attracted audiences for the 20 March presidential debate, watched by 345,000 viewers.

TF1 Publicité (third-party airtime sales)

Although radio airtime sales were stronger year-on-year in the first quarter of 2017, overall revenue from third-party airtime sales (for non-Group television channels, radio stations, etc.) was down relative to the first quarter of 2016.

TF1 Films Production

Cinema footfall reached 60 million in the first quarter of 2017, down 3% year-on-year.

During the first quarter of 2017, seven films co-produced by TF1 Films Production went on general release, attracting a combined 10.7 million box office entries in France. The stand-out performers were *Raid Dingue* (4.5 million) and *Alibi.com* (3.5 million).

The revenue contribution from TF1 Films Production increased slightly in the first quarter of 2017, but its contribution to current operating profit was lower year-on-year.

TF1 Production

A total of 106 hours of programmes were delivered, compared with 156 hours in the first quarter of 2016. This reflects the absence of morning scripted reality series (*Petits secrets entre voisins* and *Petits secrets en famille*) and a reduction in the broadcast volume of the cookery reality show *L'Addition s'il vous plaît*.

This was partly offset by the delivery of other programmes: *#Weekend*, political debates, and five episodes of season 1 of *Les français ont du génie*.

Revenue at TF1 production was stable year-on-year, but current operating profit was lower.

Other platforms and related activities

Revenue from other platforms and related activities rose by €8.4 million. Digital revenue continued to record robust growth in the quarter, with interactivity performing strongly.

Current operating profit was also up sharply at €12.7 million, a rise of €4.3 million.

e-TF1

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

In March 2017 MYTF1, which offers programmes from TF1, TMC, NT1 and HD1, reached an all-time high on IPTV[1] with 11.5 million unique visitors[2]. MYTF1 is also recording fine catch-up audiences thanks to strong, attractive programme brands: *Grey's Anatomy* (average of 630,000 viewers), *Colony* (up to 754,000 viewers), *The Voice* (average of 640,000 viewers) and *Koh-Lanta* (average of 600,000 viewers).

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

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

Theme channels

French pay-TV channels as a whole drew an audience share of 10.2% during the first quarter of 2017, stable year-on-year[3]. Pay-TV offerings are facing competition from the continuing growth of free-to-air DTT channels.

Revenue for the Group's theme channels (TV Breizh, Ushuaïa, Histoire) advanced during the first quarter of 2017 due to an increase in advertising revenue. At the same time, tight cost control enabled the three channels to improve their profitability.

[1] *Catch-up on ISP set top boxes.*
[2] *Médiamétrie – Médiamat.*
[3] *Médiamétrie – Médiamat.*

TV Breizh

With a diverse offering of crime drama, comedy and cult series (including *Magnum* since the start of February), TV Breizh is France's no.2 pay-TV channel among viewers with a cable/satellite subscription. TV Breizh reaches nearly six million French people each month[1].
With a 1.1% audience share among W<50PDM, TV Breizh is France's third-ranking pay-TV channel[2].

Histoire and Ushuaïa

Ushuaïa TV has recorded its second best ever audience figures among individuals aged 4 and over since data began to be collected in 2011[1]. This performance confirms the success of a scheduling policy built around event TV such as the "Adventurers Month" strand in March 2017 devoted to adventurers and explorers of all kinds: divers, navigators, mountaineers, extreme photographers and elite sportsmen and women.

The Histoire channel is continuing with its programming policy, aiming to cement its status as the gold standard history channel on cable, satellite and ADSL. The channel recorded its best audience figures since 2012, with a 10% rise in audiences in six months[3].

STUDIOS & ENTERTAINMENT

Studios & Entertainment (€m)	Q1 2017	Q1 2016	Chg. %
Revenue	**94.8**	**92.5**	**+2.5%**
Current operating profit	**9.7**	**9.9**	**- 2.0%**

Revenue for the Studios & Entertainment segment rose by €2.3 million to €94.8 million. Current operating profit was €9.7 million, down slightly (by €0.2 million) year-on-year.

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.

[1] *Médiamat'Thématik (wave 32 – September 2016 - February 2017), extended competition universe (cable, satellite and ADSL subscribers).*
[2] *Médiamat'Thématik (wave 32, September 2016 - February 2017), Pay-TV universe.*
[3] *Médiamat'Thématik (wave 32 vs wave 31), extended competition universe.*

During the first quarter of 2017, Newen Studios continued shooting episodes of *Candice Renoir* (season 5), *Cassandre* (episodes 5 and 6), *Nina* (season 3), the daily soap *Plus Belle la Vie*, and the daily gameshow *Harry.* Newen is also preparing for shooting the saga *Demain nous appartient*, to be shown on TF1.

Dramas produced by Newen Studios attracted strong audiences during the quarter. For example, *Le Sang de la Vigne*, screened on France 3, drew an audience share of up to 16.9% of individuals aged 4 and over, representing nearly 4 million viewers. *Cassandre*, also shown on France 3, pulled in an audience share of up to 18% of individuals aged 4 and over, representing more than 4 million viewers.

TF1 Studios

Two films went on general release in the first quarter of 2017: *Il a déjà tes yeux* (1.4 million box office entries) and *Alibi.com* (3.5 million box office entries). These films performed better than the three films released in the first quarter of 2016.

Over the first quarter, TF1 Studios increased its contribution to both revenue and current operating profit.

TF1 Vidéo[4]

The physical video market contracted by 16.7% in value terms to end March 2017 relative to the same period in 2016.

The digital market ended 2016 up 9% in value terms versus 2015, driven mainly by 36% growth in SVoD.

New releases performed well for TF1 Vidéo in the first quarter of 2017, especially with the video release of the film *Radin.*

Higher digital revenue during the quarter enabled TF1 Vidéo to record a slight increase in overall revenue and hold current operating profit steady.

Home Shopping

The Home Shopping business saw sales fall year-on-year in the first quarter 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.

[4] *Market data: GFK. Digital: VoD, outright purchase and SVoD.*

TF1 Entertainment

TF1 Entertainment enjoyed a good first quarter, with revenue growth driven largely by the licensing business thanks to good performances from key franchises including The Voice, Nickelodeon, the All Blacks and Barbapapa.

Current operating profit for the quarter was lower than in the first quarter of 2016, reflecting a higher level of stock replenishment by major retail chains of TF1 Games products.

1.5. Corporate social responsibility

Diversity and equality of opportunity

Signature of the 4th agreement on people with disabilities

This fourth agreement, covering the period from 2017 to 2020 and signed with all the trade unions except the CGT, reflects the TF1 group's proactive approach to combatting all forms of discrimination against people with disabilities. There are four key pillars to the agreement:

- Recruiting people with disabilities, with a target of 20 employees and 12 interns during the term of the agreement.
- Outsourcing to sheltered workplace organisations. The Central Purchasing Department will suggest potential service providers in areas such as envelope stuffing, printing, catering and data entry.
- Staff awareness and training programmes, which are an essential tool in integrating people with disabilities into the Group's workforce, in changing people's perceptions, and in ensuring the agreement is properly implemented.
- Retaining employees who become disabled: adapting workstations, home working, and special paid leave (two days for healthcare, one day for administrative formalities).

The agreement also stipulates five days' leave for parents of children with disabilities, and a new part-time senior disability scheme under which employees who are within five years of qualifying for retirement can shift to part-time working in the run-up to retirement.

TF1 comes out in force to mark the 40th International Women's Day

The Internal Communications department marked International Women's Day on 8 March by organising a campaign to raise the profile of women working within the Group. This involved group photo opportunities, individual portraits and "making-ofs".

The Group's channels also played their part throughout the week of 4 March:

- video portraits on TF1 news bulletins of two women French Army helicopter pilots based in Mali, the astronaut Claudie Haigneré, and the three African-American scientists who inspired the film *Hidden Figures*;
- a special evening on Ushuaïa TV, meeting extraordinary women from the four corners of the earth;
- two documentaries for the Histoire channel: one telling the story of female war correspondents during World War II and how they helped emancipate journalism, and the other narrating the history of the iconic Dim lingerie brand.

On 8 March, TF1 organised a special Gender Diversity Masterclass for staff. Guests included Mercedes Erra (founder of BETC and Executive President of Havas WorldWide), Sophie Etchandy-Stabile (Chief Executive Officer of AccorHotelsFrance), Guy Mamou-Mani (chairman of Jamais sans Elles, a non-profit organisation campaigning for gender parity), and Laurence Dilouya (founder and director of Arrêt sur Image). Laurence Dilouya then led a coaching workshop for 150 TF1 employees, both men and women. Since 2012, she has been supporting TF1's female high-flyers with a "Female Leadership" programme. The women who followed this course were made aware of how they can be held back by their own reticence and the actions of others, but also learned about their role and mission as professional women.

Solidarity

Pièces Jaunes, Restos du Cœur, Sidaction: mobilising in support of three good causes

Once again, the TF1 group supported the Pièces Jaunes campaign. This campaign, run every year since 1989 by the Hôpitaux de Paris-Hôpitaux de France foundation, aims to collect as much loose change as possible to fund projects that improve the daily lives of children undergoing hospital treatment.

On 3 March, the TF1 channel broadcast *Mission ENFOIRÉS*, a concert featuring a host of well-known singers and performers under the Enfoirés banner to raise money for the Restos du Cœur charity. The show attracted over 10 million viewers. TF1 also carries appeals for donations to Restos du Cœur in other programmes and short features.

TF1 has been a supporter of Sidaction since the AIDS charity was founded 22 years ago. From 31 March to 3 April, TF1 programmes and news bulletins carried items raising awareness about the issue and encouraging viewers to donate generously to the fight against AIDS.

Fighting cancer with the Institut Curie

On 20 and 21 March, TF1 opened its doors to the Une Jonquille pour Curie campaign (Great Daffodil Appeal) to raise employee awareness of this issue. The campaign, run by the Institut Curie throughout March, encourages French people to support the fight against cancer.

Environment

Renewal of the partnership between the TF1 group and the Nicolas Hulot Foundation

On 10 January 2017, Gilles Pélisson and Nicolas Hulot signed a renewal of the partnership deal between the TF1 group and the Nicolas Hulot Foundation.
TF1 was a founder member of the Foundation in 2001, and ever since then has supported its information and mobilisation campaigns through corporate philanthropy initiatives. The partnership is in line with TF1's history of support for environmental causes, dating back to 1987 and the launch of *Ushuaïa*, a pioneering programme presented by Nicolas Hulot, which contributed significantly to changing public perceptions about the need to protect the beauty and resources of the planet while also enhancing the channel's image as a responsible corporate citizen.

Climate change masterclass

Under the terms of the new partnership deal with the Nicolas Hulot Foundation, the TF1 University and our CSR department hosted a climate change masterclass on 28 February 2017. Speakers at the event - entitled *Climat: en parler et agir!* ("Climate: speak up and act!") - included Nicolas Hulot, the scientist Valérie Masson Delmotte, Pascal Canfin (head of the French section of the WWF), and Helene Valade (Sustainable Development Director at Suez), with support from journalists, channel heads and lead researchers from TF1 and TF1 Publicité. Open to all of our staff, this conference was an opportunity for an update on how the Group is dealing with sustainable development challenges, both on the corporate level and through its programme output.

Waste sorting and recycling initiatives

Institut D Cube, which specialises in the recycling of confidential paper documents, issued an environmental certificate to TF1 on 28 March 2017, in recognition of the measures taken by the Group over several years to sort and recycle its waste.
Since 2013, our Corporate Services department has kept a register tracking the management of all the waste generated by the Group. This register covers the reuse, recycling and incineration of waste. Numerous measures have been introduced for the 22 types of waste generated by the Group (around 700 tonnes in all, 65% of which is recycled). Key initiatives include: transforming food waste into bio-methane (used as vehicle or heating fuel), or into compost for farmers in the Beauce region; converting waste paper into paper pulp; and reusing plastic bottle tops to make roadside emergency call points for the French motorway system. In 2016, the 150 kilograms of plastic bottle tops collected by TF1 were recycled to make several bicycles for people with disabilities via the "Handicap Prévention" charity. Electrical and electronic waste items can be given a second life thanks to the recovery and reuse of some components. The remaining metal parts are melted down.
By the end of 2017, all our employees will be able to sort their waste paper themselves, thanks to sort bins located on each floor of our premises.

1.6. Human resources update

As of 31 March 2017 the TF1 group had 2,813 employees on permanent contracts.

1.7. Outlook

The TF1 group stabilised its share of the gross advertising market in the first quarter of 2017, and we are reiterating our objective of maintaining our share of that market over the year as a whole.

The strategy implemented from the fourth quarter of 2016 has enabled us to deliver good performances in the first quarter: 2% advertising revenue growth for the five free-to-air channels, increased Group audience share year-on-year, and improved profitability.

The second quarter is being characterised by poor visibility, strong volatility in advertiser decisions, and the presidential and parliamentary elections.

We are reiterating our full-year guidance:

- Maintain our share of the advertising market by extracting maximum value from our premium inventories and growing our 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 our 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 our profitability: the target is for double-digit current operating margin in 2019, combined with growth in non-advertising revenue for the five free-to-air channels which we expect to account for at least one-third of our consolidated revenue in 2019.

1.8. Diary dates

- **3 May 2017:** Payment of the dividend
- **21 July 2017:** 2017 first-half revenue and financial statements
- **30 October 2017:** 2017 9-month revenue and financial statements

These dates may be subject to change.

2. Condensed consolidated financial statements March 31, 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	First quarter 2017	First quarter 2016	Full year 2016
Advertising revenue		365.1	356.1	1,530.1
Other revenue		133.8	125.8	532.6
Revenue		**498.9**	**481.9**	**2,062.7**
Other income from operations		8.4	3.3	14.1
Purchases consumed and changes in inventory		(214.3)	(231.6)	(923.2)
Staff costs		(102.1)	(104.4)	(403.9)
External expenses		(94.6)	(101.5)	(369.9)
Taxes other than income taxes		(33.6)	(33.1)	(127.2)
Depreciation and amortisation, net		(46.6)	(49.9)	(177.6)
Provisions and impairment, net		7.5	6.8	(80.6)
Other current operating income		45.6	70.0	242.6
Other current operating expenses		(32.9)	(26.7)	(107.6)
Current operating profit/(loss)		**36.3**	**14.8**	**129.4**
Non-current operating income		-	-	-
Non-current operating expenses	*9*	(5.8)	(34.0)	(83.7)
Operating profit/(loss)		**30.5**	**(19.2)**	**45.7**
Income associated with net debt		-	0.3	0.6
Expenses associated with net debt		(0.9)	(0.5)	(1.8)
Cost of net debt		**(0.9)**	**(0.2)**	**(1.2)**
Other financial income		0.3	0.2	4.3
Other financial expenses		-	(0.2)	(8.8)
Income tax expense		(9.2)	9.1	(5.9)
Share of profits/(losses) of joint ventures and associates	*6*	7.1	(2.1)	9.9
Net profit/(loss) from continuing operations		**27.8**	**(12.4)**	**44.0**
Net profit/(loss) from discontinued or held-for-sale operations		**-**		**-**
Net profit/(loss)		**27.8**	**(12.4)**	**44.0**
attributable to the Group:		***27.7***	***(13.1)***	***41.7***
Net profit/(loss) from continuing operations		*27.7*	*(13.1)*	*41.7*
attributable to non-controlling interests:		***0.1***	***0.7***	***2.3***
Net profit/(loss) from continuing operations		*0.1*	*0.7*	*2.3*
Weighted average number of shares outstanding (in '000)		209,460	209,085	209,444
Basic earnings per share from continuing operations (€)		0.13	(0.06)	0.20
Diluted earnings per share from continuing operations (€)		0.13	(0.06)	0.20

Statement of recognised income and expense

(€m)	First quarter 2017	First quarter 2016	Full year 2016
Consolidated net profit/(loss) for period	**27.8**	**(12.4)**	**44.0**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits		-	(3.7)
Net tax effect of equity items not reclassifiable to profit or loss		-	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)]	(1.4)	(2.9)	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	0.5	1.0	(0.3)
Share of reclassifiable income and expense of joint ventures and associates recognised in equity		-	
Income and expense recognised directly in equity	**(0.9)**	**(1.9)**	**(1.9)**
Total recognised income and expense	**26.9**	**(14.3)**	**42.1**
attributable to the Group	26.8	(15.0)	39.7
attributable to non-controlling interests	0.1	(0.7)	2.4

[(1)] *Includes -€1.1 million relating to the reclassification of cash flow hedges to profit or loss during the first quarter of 2017.*

Consolidated balance sheet

ASSETS (€m)	Note	31/03/2017	31/12/2016	31/03/2016
Goodwill	5	**577.2**	**560.9**	**598.1**
Intangible assets		**242.4**	**237.2**	**184.9**
Audiovisual rights		180.4	174.4	123.5
Other intangible assets		62.0	62.8	61.4
Property, plant and equipment		**173.9**	**174.0**	**174.1**
Investments in joint ventures and associates	6	**20.4**	**89.3**	**83.6**
Non-current financial assets		**60.9**	**31.7**	**32.8**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,074.8**	**1,093.1**	**1,073.5**
Inventories		**667.3**	**677.5**	**720.6**
Programmes and broadcasting rights		652.1	661.9	705.5
Other inventories		15.2	15.6	15.1
Trade and other debtors		**967.7**	**979.8**	**950.7**
Current tax assets		**34.0**	**40.2**	**8.3**
Other current financial assets		**1.7**	**4.9**	**-**
Cash and cash equivalents	8	**468.9**	**420.2**	**568.1**
Total current assets		**2,139.6**	**2,122.6**	**2,247.7**
Assets of held-for-sale operations		**-**	**-**	**-**
TOTAL ASSETS		**3,214.4**	**3,215.7**	**3,321.2**
Net surplus cash (+) / Net debt (-)		**215.1**	**186.7**	**340.8**

TF1 – Condensed consolidated financial statements for the first quarter of 2017

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	*Note*	**31/03/2017**	**31/12/2016**	**31/03/2016**
Share capital		41.9	41.9	42.1
Share premium and reserves		1,446.7	1,409.8	1,573.0
Net profit/(loss) for the period attributable to the Group		27.7	41.7	(13.1)
Shareholders' equity attributable to the Group		**1,516.3**	**1,493.4**	**1,602.0**
Non-controlling interests		(0.5)	(0.8)	33.2
Total shareholders' equity		**1,515.8**	**1,492.6**	**1,635.2**
Non-current debt	*8*	**248.2**	**224.9**	**203.7**
Non-current provisions		**55.1**	**54.2**	**51.3**
Non-current tax liabilities		**40.6**	**42.9**	**24.8**
Total non-current liabilities		**343.9**	**322.0**	**279.8**
Current debt	*8*	**5.6**	**8.6**	**23.6**
Trade and other creditors		**1,333.0**	**1,368.0**	**1,343.6**
Current provisions		**16.1**	**24.5**	**37.2**
Current tax liabilities		**-**	**-**	**-**
Other current financial liabilities		**-**	**-**	**1.8**
Total current liabilities		**1,354.7**	**1,401.1**	**1,406.2**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,214.4**	**3,215.7**	**3,321.2**

Consolidated cash flow statement

(€m)	Note	First quarter 2017	First quarter 2016	Full year 2016
Net profit/(loss) from continuing operations (including non-controlling interests)		27.8	(12.4)	44.0
Depreciation, amortisation, provisions & impairment (excluding current assets)		55.8	51.9	242.9
Net (gain)/loss on asset disposals		-	(0.6)	0.5
Share of (profits)/losses and dividends of joint ventures and associates		(7.1)	2.1	(8.4)
Other non-cash income and expenses		(4.5)	(1.6)	(18.6)
Sub-total		**72.0**	**39.4**	**260.4**
Cost of net debt		0.9	0.2	1.2
Income tax expense (including deferred taxes)		9.2	(9.1)	5.9
Operating cash flow		**82.1**	**30.5**	**267.5**
Income taxes (paid)/reimbursed		(1.3)	(9.6)	(53.4)
Change in operating working capital needs		(29.1)	(10.4)	14.5
Net cash generated by/(used in) operating activities		**51.7**	**10.5**	**228.6**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(53.0)	(49.4)	(205.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.5	0.1	0.3
Cash outflows on acquisitions of financial assets		(27.5)	(1.2)	(7.3)
Cash inflows from disposals of financial assets		-	-	2.5
Effect of changes in scope of consolidation	*10*	64.9	(99.2)	(104.9)
Purchase price of investments in consolidated activities		*(22.7)*	*(170.9)*	*(186.5)*
Proceeds from disposals of consolidated activities		*84.3*	*2.1*	*9.5*
Net liabilities related to consolidated activities		-	-	-
Other cash effects of changes in scope of consolidation		3.3	*69.6*	*72.1*
Dividends received		-	-	-
Other cash flows from investing activities		(2.0)	(0.5)	(0.8)
Net cash generated by/(used in) investing activities		**(17.1)**	**(150.2)**	**(315.6)**
Cash received on exercise of stock options		0.6	0.8	1.9
Purchases and sales of treasury shares		-	-	(21.4)
Other transactions between shareholders		(1.4)	-	(0.8)
Dividends paid during the period		-	-	(167.3)
Cash inflows from new debt contracted		17.3	3.0	85.7
Repayment of debt (including finance leases)		(1.3)	-	(91.4)
Net interest paid (including finance leases)		(0.9)	(0.1)	(1.2)
Net cash generated by/(used in) financing activities		**14.3**	**3.7**	**(194.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**48.9**	**(136.0)**	**(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		48.9	(136.0)	(281.5)
Cash position at end of period – continuing operations		**468.2**	**564.8**	**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)	-	0.6	-	-	-	**0.6**	-	**0.6**
Share-based payment	-	-	-	1.2	-	**1.2**	-	**1.2**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	1.1	-	**1.1**	-	**1.1**
Total transactions with shareholders	**-**	**0.6**	**-**	**2.3**	**-**	**2.9**	**-**	**2.9**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**27.7**	**-**	**27.7**	**0.1**	**27.8**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**	**-**	**(0.9)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**(6.8)**	-	**(6.8)**	**0.2**	**(6.6)**
BALANCE AT 31 MARCH 2017	**41.9**	**14.1**	**-**	**1,471.1**	**(10.8)**	**1,516.3**	**(0.5)**	**1,515.8**

(€ 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 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)	-	0.8	-	-	-	**0.8**	-	**0.8**
Share-based payment	-	-	-	0.3	-	**0.3**	-	**0.3**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Total transactions with shareholders	**-**	**0.8**	**-**	**0.3**	**-**	**1.1**	**-**	**1.1**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**(13.1)**	**-**	**(13.1)**	**0.7**	**(12.4)**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(1.9)**	**(1.9)**	**-**	**(1.9)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**(125.8)**	-	**(125.8)**	**12.4**	**(113.4)**
BALANCE AT 31 MARCH 2016	**42.1**	**12.5**	**(20.0)**	**1,577.2**	**(9.8)**	**1,602.0**	**33.2**	**1,635.2**

Notes to the condensed consolidated financial statements

1. Significant events

1.1 Divestment of Groupe AB

On 30 January 2017, TF1 confirmed that it had accepted a conditional offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB. As of 31 March 2017, the conditions had been fulfilled and the divestment of the equity interest took effect, generating a provisional gain that was recognised in "Share of profits/(losses) of joint ventures and associates" in the consolidated income statement. The definitive amount of the gain on this divestment will be determined during the second quarter of 2017 on the basis of the actual net cash position of Groupe AB as of 31 March 2017.

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 2019 and 2023.

1.3 Acquisition of MinuteBuzz

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. Under a shareholder agreement between the existing shareholders and the TF1 group, the founders of Minute Buzz will enjoy considerable management autonomy. The shareholder agreement also specifies the terms of exercise of the reciprocal undertakings whereby the founders have an option to sell to TF1, and TF1 has an option to acquire, the residual 37.1% equity interest between 2017 and 2020.

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 Studio71

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 "Equity investments in non-consolidated entities" 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 three months ended 31 March 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 27 April 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 financial statements for the three months ended 31 March 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 18 and IAS 11. The new standard was endorsed by the European Union on 29 October 2016 and is applicable from 1 January 2018 with early adoption permitted. The impact of this standard is currently under review.
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 impact of this standard is currently under review.

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 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 yet been endorsed by the European Union, is applicable from 1 January 2019. The impact of this standard 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 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.

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 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 Divestment of Groupe AB

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

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 31 March 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"). It is included in the Broadcasting operating segment for financial reporting purposes.

Because the interest in Minute Buzz is accounted for by the equity method, the commitments to buy out the residual 37.1% equity interest are accounted for as financial instruments and recognised at their fair value as of 31 March 2017; at the date of inception of the commitments, that value was estimated to be zero.

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. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operational decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational 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 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 and 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 appropriate 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	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**	**Q1 2017**	**Q1 2016**
Segment revenue	409.2	394.0	95.4	90.8	504.6	484.8
Elimination of inter-segment transactions	(5.1)	(4.6)	(0.6)	1.7	(5.7)	(2.9)
GROUP REVENUE CONTRIBUTION	**404.1**	**389.4**	**94.8**	**92.5**	**498.9**	**481.9**
of which Advertising revenue	*362.7*	*354.6*	*2.4*	*1.5*	*365.1*	*356.1*
of which Other revenue	*41.4*	*34.8*	*92.4*	*91.0*	*133.8*	*125.8*
OPERATING PROFIT/(LOSS)	**26.6**	**4.9**	**9.7**	**9.9**	**36.3**	**14.8**
% operating margin on Group contribution	*6.6%*	*1.3%*	*10.2%*	*10.7%*	*7.3%*	*3.1%*
Share of profits/(losses) of joint ventures and associates [1]	7.3	(1.9)	(0.2)	(0.2)	7.1	(2.1)

[1] *For the Broadcasting segment, includes the impact of the divestment of Groupe AB as of 31 March 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	2.7	163.8	166.5
Disposals		-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 March 2016	**409.2**	**188.9**	**598.1**
Goodwill at 1 January 2017	**409.3**	**151.6**	**560.9**
Acquisitions	-	16.3	16.3
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 March 2017	**409.3**	**167.9**	**577.2**
Gross value	*409.3*	*167.9*	*577.2*
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.

The purchase price allocations relating to the acquisitions of Newen Studios and Bonzai Digital in 2016 are now complete. Following those allocations, the final amount of goodwill recognized is €114.3 million for the Newen group, and immaterial for Bonzai Digital.

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	72.4	**12.4**	**84.8**
Share of profit/(loss) for the period	(2.4)	0.3	**(2.1)**
Provision for impairment			**-**
Dividends paid			**-**
Changes in scope of consolidation and reclassifications		0.9	**0.9**
Provision for risks			**-**
31 March 2016	**70.0**	**13.6**	**83.6**
1 January 2017	**76.8**	**12.5**	**89.3**
Share of profit/(loss) for the period	-	0.1	**0.1**
Provision for impairment	-	-	**-**
Dividends paid	-	-	**-**
Changes in scope of consolidation and reclassifications	(76.8)	7.8	**(69.0)**
Provision for risks	-	-	**-**
31 March 2017	**-**	**20.4**	**20.4**

(1) Other investments in joint ventures and associates include SérieClub, Direct Optic Participations, Minute Buzz, and within Newen Studios the entity Yellow Thing.

Groupe AB was divested on 31 March 2017; see Note 1, "Significant events" and Note 3, "Changes in scope of consolidation". The €7.1 million recognised in the quarter for the share of profits/(losses) of joint ventures and associates mainly comprises the provisional gain arising on the divestment of Groupe AB; the definitive amount of the gain will be determined during the second quarter of 2017.

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 (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 the Tuvalu group (acquired on 6 February 2017 by the Newen Studios group).

8. 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	31/03/2017
Cash and cash equivalents	420.2	(16.2)	64.9		468.9
Financial assets used for treasury management purposes	-				-
Available cash	**420.2**	**(16.2)**	**64.9**	**-**	**468.9**
Fair value of interest rate derivatives	-				-
Non-current debt [1]	(224.9)	(17.3)	(7.4)	1.4	(248.2)
Current debt, excluding overdrafts and short-term bank loans [1]	(7.8)	1.2		1.7	(4.9)
Overdrafts and short-term bank loans	(0.8)	0.1			(0.7)
Total debt	**(233.5)**	**(16.0)**	**(7.4)**	**3.1**	**(253.8)**
Net surplus cash (+) / Net debt (-)	**186.7**	**(32.2)**	**57.5**	**3.1**	**215.1**

As of 31 March 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 31 March 2017, TF1 had confirmed bilateral bank credit facilities of €1,015 million, including €140 million for Newen, backed up by a cash pooling agreement with the Bouygues Group. As of 31 March 2017, drawdowns under those facilities amounted to €107.7 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 treasury current account credit balances.

(€m)	31/03/2017	31/12/2016
Cash and cash equivalents in the balance sheet	468.9	420.2
Cash of held-for-sale operations	-	-
Treasury current account credit balances	-	(0.1)
Bank overdrafts	(0.7)	(0.8)
Total net cash position at end of period per the cash flow statement	**468.2**	**419.3**

9. Non-recurring expenses

The non-current operating expenses of €5.8 million reported in the income statement represent amortisation charged against Newen Studios and Rendez-Vous Production Séries audiovisual rights that were remeasured at fair value as part of the purchase price allocation.

10. 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.

11. Dividends paid

The table below shows the dividend per share to be 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

12. Events after the reporting period

No significant event after the reporting period had occurred as of 27 April 2017, the date when the financial statements for the three months ended 31 March 2017 were closed off by the Board of Directors.

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