Management Report
First nine months of 2019

Management report – First nine months of 2019

1. Financial Information – First nine months of 2019

1.1. Consolidated results

Financial indicators

These key figures are extracted from TF1 Group consolidated financial data. The results below are presented in accordance with IFRS 16, applicable from 1 January 2019.

(€ million)	9M 2019	9M 2018
Revenue	**1,614.6**	**1,575.6**
Group advertising revenue	*1,158.4*	*1,151.7*
Revenue from other activities	*456.2*	*423.9*
Current operating profit/(loss)	**184.4**	**126.6**
Operating profit/(loss)	**184.4**	**110.1**
Net profit/(loss) attributable to the Group	**117.8**	**81.2**
Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid	**290.8**	**234.8**
Basic earnings per share from continuing operations (€)	**0.56**	**0.39**
Diluted earnings per share from continuing operations (€)	**0.56**	**0.39**
Shareholders' equity attributable to the Group	**1,581.1**	**1,527.9**
Net debt of continuing operations[1]	**53.3**	**50.9**

	9M 2019	9M 2018
Weighted average number of ordinary shares outstanding ('000)	**210,321**	**209,884**
Closing share price (€)	**8.06**	**9.09**
Market capitalisation (€bn)	**1.7**	**1.9**

[1] *Excluding lease obligations (IFRS 16).*

Income statement contributions – continuing operations

The results below are presented using the segmental reporting structure as described in Note 4 to the consolidated financial statements.

€m	Q3 2019	Q3 2018	9m 2019	9m 2018	Chg. €m	Chg. %
Consolidated revenue	**469.4**	**492.0**	**1,614.6**	**1,575.6**	**39.0**	**2.5%**
TF1 group advertising revenue	*322.4*	*339.3*	*1,158.4*	*1,151.7*	*6.7*	*0.6%*
Revenue from other activities	*147.0*	*152.7*	*456.2*	*423.9*	*32.3*	*7.6%*
Consolidated revenue	**469.4**	**492.0**	**1,614.6**	**1,575.6**	**39.0**	**2.5%**
Broadcasting	**354.8**	**363.4**	**1,245.6**	**1,232.4**	**13.2**	**1.1%**
o/w Advertising	*303.4*	*321.3*	*1,094.8*	*1,113.2*	*(18.4)*	*-1.7%*
Studios & Entertainment	**76.5**	**96.0**	**245.3**	**281.8**	**(36.5)**	**-13.0%**
Digital (Unify)	**38.1**	**32.6**	**123.7**	**61.4**	**62.3**	**101.5%**
Cost of programmes	**(213.5)**	**(226.6)**	**(659.7)**	**(725.9)**	**66.2**	**-9.1%**
Current operating profit	**21.4**	**24.6**	**184.4**	**126.6**	**57.8**	**45.7%**
Current operating margin	*4.6%*	*5.0%*	*11.4%*	*8.0%*		*+3.4pts*
Broadcasting	**14.1**	**14.4**	**156.6**	**94.3**	**62.3**	**66.1%**
Studios & Entertainment	**7.7**	**7.9**	**25.0**	**27.3**	**(2.3)**	**-8.4%**
Digital (Unify)	**(0.4)**	**2.3**	**2.8**	**5.0**	**(2.2)**	**-44.0%**
Operating profit	**21.4**	**19.1**	**184.4**	**110.1***	**74.3**	**67.5%**
Net profit attributable to the Group	**10.5**	**15.6**	**117.8**	**81.2**	**36.6**	**45.1%**

* In the first nine months of 2018, current operating profit included €16.5 million of non-current charges relating to amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Analysis of cost of programmes

(€ million)	9M 2019	9M 2018
Total cost of programmes	**659.7**	**725.9**
TV dramas / TV movies / Series / Theatre	**209.8**	**236.8**
Entertainment	**195.8**	**168.0**
News (including LCI)	**101.4**	**102.0**
Movies	**95.6**	**105.1**
Youth	**7.3**	**7.5**
Sport	**49.9**	**106.5**

1.2. Significant events of the first nine months of 2019

January

10 January 2019

The TF1 group is ranked 20th in the Ethics and Boards 2018 "Women on Boards" awards out of the 120 French large caps in the SBF 120, up four places from 2017. The Group retained its position as the highest-ranked media group, ahead of M6 (36th), Lagardère (42nd) and Bolloré (88th).

24 January 2019

The TF1 group and national fibre operator Videofutur announce a new global distribution agreement. Under the agreement, Videofutur will distribute all the TF1 group's free-to-air DTT channels (TF1, TMC, TFX, TF1 Séries Films and LCI), alongside non-linear services associated with those channels.

30 January 2019

The TF1 group enters into exclusive negotiations with Jérôme Dillard, former CEO of Téléshopping, with a view to selling the operational side of Téléshopping's business. At a time when the distance selling business is changing radically, the TF1 group has decided to concentrate on broadcasting telesales programmes on its channels.
Jérôme Dillard has committed to retaining all staff. The TF1 group has agreed to continue broadcasting teleshopping programmes for the next five years.

February

5 February 2019

The TF1 Group announces the creation of Unify, its new digital division, which brings together the new digital activities of the TF1 group (excluding OTT and Replay TV): the Aufeminin group (Aufeminin, Marmiton, MyLittleParis, etc.), Doctissimo, Neweb (Les Numériques, ZDNet, Paroles de Maman, etc.), Gamned!, Studio 71, Vertical Station and TF1 Digital Factory.
With a presence in 10 countries and more than 100 million unique visitors every month, Unify becomes the no.1 digital group built around federating content, original productions, talents, events and services dedicated to female themes, health and entertainment.
Unify is currently present in three businesses: Publishers, Brand Solutions & Services, and Social e-commerce.

The creation of this digital division will generate synergies with the TF1 group both editorially and commercially. Unify and TF1 Publicité will be able to marry their know-how and expertise to provide advertisers with all-new optimised cross-media solutions.

March

1 March 2019

Newen takes a majority 60% stake in De Mensen, one of Belgium's leading producers of audiovisual content.

11 March 2019

The TF1 group announces the implementation, effective 11 March 2019, of a share buyback programme, as authorised by the Board of Directors and in accordance with the authority granted by the Annual General Meeting of TF1 shareholders on 19 April 2018. The repurchased shares will be cancelled.

26 March 2019

TF1 and Netflix announce an agreement around the event series *Le Bazar de la Charité*. This first major partnership between Netflix and a French broadcaster, which was initiated by TF1 Studio (who are distributing the series on behalf of Quad Télévision), will give Netflix exclusive worldwide SVOD rights for four years.

April

10 April 2019

The TF1 group announces that it will carry exclusive coverage of the entire 2019 Rugby World Cup, hosted by Japan from 20 September to 2 November. For the first time ever, a single media group is to broadcast the whole competition free-to-air. This is a further illustration of the TF1 group's unrivalled ability to bring the biggest events to the widest possible audience.

11 April 2019

The TF1 group announces that its has completed the sale of the operational side of its Teleshopping business (product sourcing, marketing, TV production, etc) to former Teleshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales, consumer goods, specialist retail and customer relations.

May

23 May 2019

François Pellissier becomes Managing Director of TF1 Publicité and Sport at the TF1 group and joins the Executive Committee, succeeding Régis Ravanas (Executive Vice President, Advertising & Diversification) who has decided to leave the Group. He will continue to head up the Group's Sport division, working closely with Ara Aprikian, Executive Vice President, Content.

June

24 June 2019

TF1 and IP Belgium announce that they have signed an agreement on the marketing of TF1 channel advertising space in Belgium.
This new collaboration will enable IP Belgium to make Belgian advertisers a competitive offer representing 13% Belgian audience share[1]. Advertisers will enjoy additional coverage of their advertising targets and the chance to associate their brands with engaging, federating programmes in premium environments.

July

11 July 2019

Newen announces its intention to acquire a majority interest in Reel One, a leading player in the production and licensing of drama for the North American and global markets, which generates 90% of its revenue outside of Canada. Tom Berry is to continue in his role as CEO of Reel One within the Newen group.
Newen's acquisition of Reel One is subject to the approval of the Department of Canadian Heritage under the Investment Canada Act.

August

12 August 2019

Following the favourable opinion from the CSA (the French audiovisual regulator) on 17 July 2019 and the authorisation issued on 12 August 2019 by the French Competition Authority, the TF1, M6 and France Télévisions groups announce that the Salto joint venture will be able to commence operations.
With Salto, the France Télévisions, M6 and TF1 groups will pool their resources in an ambitious local response to evolving audience expectations, while further strengthening their active participation in the French and European creative industries.

September

17 September 2019

At its first meeting, held on 16 September 2019, the Supervisory Board of Salto elects Gilles Pélisson (Chairman & CEO of the TF1 group) to serve as its Chairman for a two-year term of office.
Thomas Follin, previously a member of the M6 group's Executive Committee, is appointed to lead the operational management of Salto, taking up the post on 16 September 2019 with the aim of launching the platform in the first quarter of 2020.

[1] *Source: CIM / Audience share PRA 18-54 / 17.00-23.00 2018.*

1.3. Analysis of consolidated results

The results below are presented using the segmental reporting structure as presented in Note 4 "Operating segments" to the consolidated financial statements, and in accordance with IFRS 16 (applicable from 1 January 2019).

Revenue

Consolidated revenue of the TF1 group for the first nine months of 2019 reached €1,614.6 million, an increase of €39.0 million, including €38.1 million for the effects of changes in structure (impact of newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).
Advertising revenue was €1,158.4 million, up 0.6% year-on-year, reflecting:

- a 1.7% decrease in advertising revenue for the Broadcasting segment due to a particularly tough third-quarter comparative (Q3 2018 included the men's Football World Cup);
- the favourable effects of the first-time consolidation of Unify from May 2018.

Cost of programmes and other current operating income/expenses

Cost of programmes

The cost of programmes on the Group's five free-to-air channels for the first nine months of the year was €659.7 million, down €66.2 million year-on-year. The year-on-year saving was mainly due to the screening in 2018 of the men's Football World Cup. The fourth quarter will see strategic reinvestment in programming (in particular the Rugby World Cup, *Le Bazar de la Charité* and *Mask Singer*), to attract large audiences and maintain a high share among key targets.

Other expenses and depreciation, amortisation and provisions

Other expenses and depreciation, amortisation and provisions increased by €47,4 million year-on-year, mainly due to the consolidation of the Aufeminin group since May 2018 and the additional acquisitions made during the first nine months of 2019 within the Digital (Unify) and Production activities.

Current operating profit

The Group posted current operating profit for the first nine months of 2019 of €184.4 million, an increase of €57.8 million.

Current operating margin increased sharply over the period to 11.4%, 3.4 points higher year-on-year.

Operating profit

Group operating profit for the first nine months of 2019 was €184.4 million. The 2018 nine-month figure included €16.5 million of non-current expenses, related to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Net profit

Net profit attributable to the Group for the first nine months of 2019 was up €36.6 million at €117.8 million.

Financial position

Shareholders' equity attributable to the Group was €1,581.1 million at 30 September 2019 out of a balance sheet total of €3,234.1 million.

Excluding lease obligations[1], the TF1 group had net debt of €53.3 million at 30 September 2019 (net debt of €147.8 million including lease obligations[1]), compared with net debt of €27.5 million at 31 December 2018 (net debt of €130.9 million including lease obligations[1]), enabling the dividend payout as well as funding the expansion of our production activities and our acquisitions.

As of 30 September 2019, TF1 had confirmed bilateral bank credit facilities of €1,010 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 30 September 2019, drawdowns amounted to €104 million, all of which related to the Newen Studios facility.

[1] Under IFRS 16, applicable from 1 January 2019.

1.4. Segment information

Broadcasting

Revenue

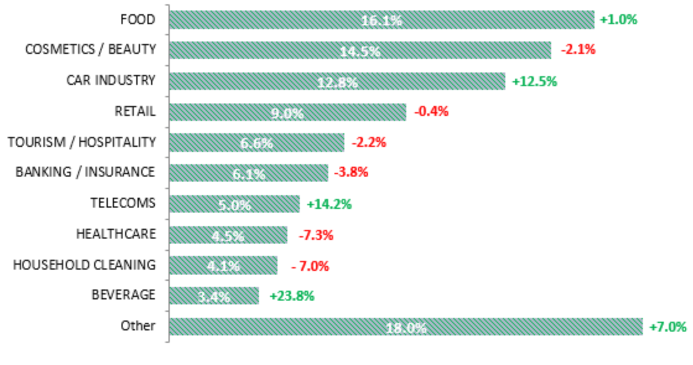
Broadcasting segment revenue reached €1,245.6 million, up €13.2 million (+1.1%).

Advertising revenue for the Broadcasting segment for the first nine months of 2019 was 1.7% lower at €1,094.8 million. After a stable first half, the third quarter was affected by a particularly tough comparative due to the screening in 2018 of the final phases of the men's Football World Cup, which helped the Group post exceptional linear and non-linear advertising revenue driven by high audience figures.

Revenue from other Broadcasting segment activities advanced by €31.6 million. This increase reflected the incremental revenue contribution from the agreements signed with telecoms operators and Canal+, the resale to Canal+ of broadcasting rights for the women's Football World Cup in the second quarter, and a strong performance for interactivity in the third quarter.

Gross revenue for the TF1 group's free-to-air channels for the first nine months of 2019 was 2.7% higher than in the comparable period of 2018.

Trends in gross advertising spend (excluding sponsorship) by sector for the first nine months of 2019 are shown in the chart below.



Source: Kantar Media, 9M 2019 vs. 9M 2018.

Current operating profit

The Broadcasting segment reported current operating profit of €156.6 million, a substantial year-on-year rise of €62.3 million, generating current operating margin of 12.6% (up 5 points year-on-year).

Free-to-air channels – market review[1]

Average daily TV viewing time during the first nine months of 2019 among individuals aged 4+ remained high at 3 hours 26 minutes, down 7 minutes year-on-year for live viewing alone. Time-shift viewing (catch-up and recording) was relatively stable year-on-year (+1 minute). For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time was 3 hours 5 minutes, down 14 minutes year-on-year, mainly on live viewing.

These figures do not include "portable" consumption (live or catch-up viewing on other devices such as computers, tablets and smartphones), or outside the home on any device. Médiamétrie estimates "portable" consumption to be at least 10 minutes.

Free-to-air channels – audience ratings[2]

In a highly competitive market, the TF1 group continues to reap the benefits of its multi-channel strategy and editorial transformation.
Despite tough comparatives due to the screening of the men's Football World Cup in the previous year, the Group remained the market leader in both key targets:

- 32.1% audience share among W<50PDM (-0.3 of a point);
- 29.1% audience share among 25-49 year-olds (-0.1 of a point).

TF1

With a 19.3% audience share of individuals aged 4+ for the first nine months of 2019, the TF1 core channel maintained its lead of more than 10 points over its nearest private-sector rival.

The channel also achieved 44 of the top 50 audience ratings to end September 2019, across all genres (News, Sport, French drama, Entertainment, Movies and American series).

- **Entertainment:** The third quarter saw the return of the big-hitting franchises *Danse avec les stars* and *The Voice Kids*, which attracted 33% and 29% among W<50PDM on their respective launches. Earlier in the year, shows like *Le Monde des Enfoirés* (9.4 million viewers,

[1]*Source: Médiamétrie – Médiamat.*

[2] *Source: Médiamétrie.*

44% share of individuals aged 4+), *Koh-Lanta* (38% share of W<50PDM, 36% of 25-49 year-olds) and *The Voice* (32% of W<50PDM, 29% share of 25-49 year-olds) pulled in large audiences.

- **Sport** The relevant decision to broadcast the women's Football World Cup paid off: close to 11 million viewers tuned in, and 6 of the top 20 audiences in 2019 to date have been for matches in the tournament. In rugby, the France-Argentina World Cup match attracted a 57% share of individuals aged 4+, and 4.3 million viewers. Rugby World Cup matches not involving the French national team drew a 25% share of individuals aged 4+, and 38% among the target audience of men aged 15-49.

- **French drama:** The Group's drama output went from strength to strength with new productions like *Le Temps est Assassin* (32% average share of W<50PDM, 6.3 million viewers for the first episode) and *Jamais sans toi, Louna* (27% average share of W<50PDM). *Demain Nous Appartient*, shown every weekday on TF1 in access prime time, continues to build audiences, attracting up to 3.8 million viewers.

- **Foreign series:** After the first-half success of the first season of the series *Manifest* (average audience shares of 41% among W<50PDM and 34% among 25-49 year-olds), *SWAT* made a successful return as its second series garnered up to 3.5 million viewers.

- **News** programmes continued to achieve high audience ratings, with average audiences of 41% for the lunchtime bulletin and 26% for the evening bulletin among individuals aged 4+, with a peak audience of 7.6 million.

- **Movies**: The movie offer continues to pull in big audiences. Highlights in the third quarter included *Raid Dingue* (6.6 million viewers, 30.5% share of individuals aged 4+); *On a retrouvé la 7ème compagnie* (5.1 million viewers, 28% share of W<50PDM) and *Marseille* (4.6 million viewers, 30% share of W<50PDM).

DTT channels

The TF1 group's DTT arm – TMC, TFX, TF1 Séries Films and LCI – maintained its market leadership in the first nine months of 2019 with a combined audience share of 10.4% among W<50PDM (+0.4 of a point year-on-year) and 9.5% amongst 25-49 year-olds (+0.4 of a point year-on-year).

TMC

TMC is the fourth-ranking national channel on commercial targets, and the leading DTT channel among individuals aged 4+. Over the first nine months of 2019, the channel's audience share was 4.2% for both W<50PDM and 25-49 year-olds (+0.2 of a point year-on-year in both cases).

Audiences for *Quotidien* in access prime time set new records as the programme pulled clear of its rivals. The show's new season averaged 4% among individuals aged 4+, 11% among 25-49 year-olds and 12% among the key target of ABC1s, with a peak of 1.5 million viewers.

TMC is also broadcasting the Rugby World Cup, and the six matches screened on the channel were watched by 7% of 25-49 year-olds on average.

Prime-time movies also performed well: *Doctor Strange, Le Transporteur: Héritage* and *Le Maître d'école* each pulled in 1.1 million viewers.

TFX

The channel took a 3.3% share of the W<50PDM audience (-0.1 of a point year-on-year), and retained its no.3 ranking among DTT channels for this target market.

The channel also continues to perform well among younger viewers in the 15-24 age bracket, with reality TV shows including *La Bataille des couples* and *Beauty Match* (both of which had a 13% audience share for this age bracket).

TF1 Séries Films

TF1 Séries Films posted a 2.6% share of the W<50PDM target audience, up +0.2 of a point year-on-year.

The channel's continuing rise was driven by an appealing mix of series (*The Handmaid's Tale* with a 4% share of W<50PDM, *Fear the walking dead* with 3% of W<50PDM); movies (*La Ligne verte* with 0.7 million viewers, *Gladiator* with 0.6 million); and French drama (good performances from *Alice Nevers).*

LCI

Finally, LCI confirmed its status as France's no.2 rolling news channel with a 1.0% share of individuals aged 4+, up 0.4 of a point year-on-year, helped by a refreshed autumn schedule featuring new faces (Elisabeth Martichoux, Jean-Michel Apathie).

TF1 Publicité (third-party airtime sales)

Revenue from third-party airtime sales (for radio stations, non-Group TV channels, etc.) was up year-on-year, especially in radio.

TF1 Films Production[1]

Footfall advanced by 5% in the first nine months of 2019 to 150.2 million box office entries. French films took an estimated market share of 34.4% in the period (versus 37.5% a year earlier) and American films a 54.5% share (versus 48.8% a year earlier).
Only one French film featured in the top 5 during the period: *Qu'est-ce qu'on a encore fait au bon Dieu?,* co-produced by TF1 Films Production.

Only one film co-produced by TF1 Films Production, *Anna*, went on general release in the third quarter of 2019; it attracted 0.7 million cinema-goers.

In the first nine months of 2019, six films co-produced by TF1 Films Production went on general release, generating a total of 10 million box office entries (one of which, *Qu'est-ce qu'on a encore fait au bon Dieu?*, topped the one-million mark with 6.7 million box office entries). In the comparable period of 2018, nine films went on general release, generating a total of 19 million box office entries and including four that topped the one-million mark.

The revenue from TF1 Films Production was stable year-on-year in the first nine months of 2019, while operating profit was higher.

TF1 Production

In the first nine months of 2019 TF1 Production produced around 360 hours of programmes, compared with 312 hours a year earlier. The increase was due mainly to true life stories *(Plus Belles Vacances* for TF1 and *Beauty Match* for TFX), and to scripted reality (*Petits secrets en famille*). Of the total output, 64% is to be screened on TF1, versus 67% for the first nine months of 2018.

The revenue contribution from TF1 Production decreased year on year while the current operating profit contribution was stable year-on-year.

[1] *Source: CNC*

[2] *Excluding news content, XTRA content and live sessions. Source: eStat Médiamétrie – AT Internet – Orange.*

e-TF1

MYTF1 performed well during the first nine months of 2019 with 1.2 billion video views[2], up 18% year-on-year. As a result, non-linear advertising revenue increased year-on-year despite a tough comparative due to the screening in 2018 of the men's Football World Cup, which generated exceptional linear and non-linear advertising revenue.

Interactivity made a stronger third-quarter contribution in 2019 than in 2018, with the shows *Petits Plats en équilibre* and *12 Coups de midi* both performing well.

Overall, revenue at e-TF1 rose year-on-year in the first nine months of 2019, while operating profit was stable.

Theme channels (TV Breizh, Ushuaïa and Histoire)

French pay-TV channels as a whole attracted an audience share of 10.3% among individuals aged 4+ during the first nine months of 2019, stable year-on-year[3].

Revenue for the TF1 group's theme channels rose slightly year-on-year in the first nine months of 2019, while operating profit remained slightly down on the previous year.

Studios & Entertainment

Studios

Newen Studios

Revenue at Newen was in line with seasonal trends for the third quarter. Newen continued to deliver the two daily soaps it makes for TF1 and France Télévisions, and also delivered documentaries (including *Hippocrate* for France Télévisions).

The acquisition in early October of Reel One, a Canadian producer and distributor of TV movies, will diversify the Newen catalogue by adding a genre popular with many broadcasters.

TF1 Studio

In the third quarter of 2019, three TF1 Studio films went on general release, versus five a year earlier. Those three releases attracted 1.7 million box office entries, of which 1.2 million were for the film *C'est quoi cette mamie*.

[3] *Médiamétrie – Médiamat.*

VoD and physical video sales fell, in a structurally declining market.

Overall, TF1 Studios posted lower revenue in the third quarter, but current operating profit held steady.

Entertainment

TF1 Entertainment

Both revenue and current operating profit rose year-on-year at TF1 Entertainment in the first nine months of 2019.

The main growth drivers were:
- PlayTwo: strong performances thanks to the Gims live tour, and digital sales of his albums;
- Games/Dujardin: healthy sales of the *Burger Quiz* and *Limite/Limite* games.

Digital (Unify)

Most of the revenue growth achieved in the third quarter of 2019 came from social e-commerce and programmatic activities in France.

Following the acquisitions made in recent months, the main focus in 2019 is on reorganising the business to build an integrated digital business unit. A key step was the rollout in September 2019 of Unify Advertising, a one-stop advertising sales house, offering high-powered digital solutions that complement those offered on the Group's TV channels.

Revenue from the digital division (Unify) for the first nine months of 2019 was €123.7 million, and operating profit reached €2.8 million.

1.5. Outlook

Our 2019 nine-month results confirm that we are well on track to improve our profitability, in line with our targets.

We are reiterating the following guidance:

- in 2019:
  - double-digit current operating margin;

- on average over 2019-2020:
  - total cost of programmes of €990 million;

- in 2021:
  - revenue of at least €250 million from the Unify digital division;
  - EBITDA margin of at least 15% from the Unify digital division;
  - improvement in the TF1 group's return on capital employed[9] relative to the 2018 level.

1.6. Events after the reporting period

- At the start of October, Newen finalised the acquisition of Reel One by obtaining approval for the deal from the Department of Canadian Heritage.
- The TF1 and Canal+ groups have acquired the rights to the UEFA Women's Euro 2021 football tournament. TF1 group channels will carry exclusive free-to-air coverage of the 14 highest profile fixtures including the opening match, every match involving the French national team, five other pool matches, two quarter-finals, both semi-finals, and the final.
- Following a Shareholders' General Meeting and Board Meeting of Vertical Station held on 11 October 2019, a new management team has been put in place. Unify (represented by its Chairman, Olivier Abecassis) will chair the Vertical Station Board of Directors, while Nicolas Capuron has been appointed Chief Executive Officer of Vertical Station alongside his role as Managing Director of Video Production and Strategy at Unify.

[9] ROCE = the ratio of [current operating profit - theoretical income tax expense + net profit from associates] for a given year to average capital employed that year and the previous year. Capital employed = shareholders' equity including minority interests + net debt at period-end. Excluding the impact of IFRS 16, the TF1 group's ROCE was 8.8% in 2018.

1.7. Corporate social responsibility

C'est quoi cette question?, a short programme to change the optics on difference

A second season of the short magazine programme *C'est quoi cette question?* was broadcast on TF1 in July and August 2019. The programme is designed to change attitudes on difference and to advocate diversity. It is supported by TF1 Initiatives and directed and produced by CAPA Presse and Benoit Masocco. It debunks conventional ideas by interviewing to camera people whose difference arouses both curiosity and prejudice, asking direct questions to which the programme's witnesses reply openly, honestly and with humour.

The first season gave a new perspective on physical disability, Down's syndrome, gays & lesbians and sink estate kids. This year we broadcast authentic testimonies by 19 anonymous witnesses around four new themes: transgender people, seniors, the blind and sight-impaired, and overweight people. The programmes are still available to view on mytf1.fr : https://www.tf1.fr/tf1/cest-quoi-cette-question.

Raising staff awareness: "Nifty ways to save energy!"

Staff were asked to support our ISO 50001 certification by changing their workplace behaviour. The Group obtained ISO 50001 certification* in July 2018 and successfully passed the associated audit in June 2019.

On 3 October, workshops devised by our Corporate Services department in collaboration with TF1 Events enabled staff to discuss, consider and review their everyday energy-saving practices, and to compete for prizes.

Via the "Battle vélo" ("Bike battle") game, staff were able to pedal their way to discovering how much energy they use when they leave their computer or meeting room lights switched on.

The "Money Watt" game, based on "Money Drop", tested staff knowledge on the environment and saving energy.

Last but not least, a recycling workshop helped staff update their practical knowledge on this important topic.

Before the summer TF1 also renewed its commitment to the City of Paris and to partner enterprises by signing the Climate Action Paris Charter.

* ISO 50001 is a standard applied globally, as well as at French and European level. The aim is to enable any organisation to apply a methodical process of continuous improvement to achieve measurable results on energy efficiency, use and consumption. Under the standard the Group has committed to reduce its energy consumption by 25%-30% by 2025.

Raising staff awareness: "Responsible tourism"

Just before the summer holidays another workshop introduced staff to "responsible tourism", which respects the environment by encouraging tourists to meet and talk to locals, and to participate in local development.

Organised jointly by the Group's CSR department and TF1 SA's Works Council, the event was led by Alice and Stéphane, who co-wrote Learn & Kiff, and Aurélien Seux, co-founder and manager of responsible tour operator Double Sens.

In tandem with this awareness-raising exercise, a new "responsible tourism" range is now being offered by the group's Works Councils in the autumn catalogue.

1.8. Human resources update

As of 30 September 2019, the TF1 group had 3,176 employees on permanent contracts.

1.9. Diary dates

- 14 February 2020: 2019 full-year results
- 29 April 2020: 2020 first-quarter results
- 23 July 2020: 2020 first-half results
- 28 October 2020: 2020 first nine-month results

These dates may be subject to change.

2. Condensed consolidated financial statements and appendix: First nine months of 2019

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report. The financial statements are restated for the impacts of first-time application of IFRS 16.

CONSOLIDATED INCOME STATEMENT

(€m)	Note	9 months 2019	9 months 2018 [1]	3rd quarter 2019	3rd quarter 2018 [1]	Full year 2018 [1]
Advertising revenue		1,158.4	1,151.7	322.4	339.3	1,662.2
Other revenue		456.2	423.9	147.0	152.7	626.1
Revenue	*5*	**1,614.6**	**1,575.6**	**469.4**	**492.0**	**2,288.3**
Other income from operations		29.4	32.7	10.0	8.4	44.7
Purchases consumed and changes in inventory		(662.6)	(678.4)	(210.6)	(217.0)	(957.7)
Staff costs		(343.9)	(322.8)	(107.4)	(112.1)	(470.7)
External expenses		(296.2)	(277.9)	(97.5)	(90.8)	(396.3)
Taxes other than income taxes		(91.8)	(94.9)	(25.0)	(27.3)	(132.7)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets		(160.4)	(157.3)	(49.2)	(46.0)	(213.0)
Net amortisation expense on right of use of leased assets		(14.0)	(12.5)	(4.6)	(4.6)	(17.1)
Provisions and impairment, net		5.5	(24.0)	(0.9)	(7.6)	(70.6)
Other current operating income		185.7	175.3	64.2	54.8	253.5
Other current operating expenses		(81.9)	(89.3)	(27.0)	(25.3)	(129.6)
Current operating profit/(loss)		**184.4**	**126.5**	**21.4**	**24.5**	**198.8**
Non-current operating income		-	-	-	-	-
Non-current operating expenses		-	(16.5)	-	(5.5)	(22.0)
Operating profit/(loss)		**184.4**	**110.0**	**21.4**	**19.0**	**176.8**
Income associated with net debt		0.4	0.2	0.3	-	0.2
Expenses associated with net debt		(1.7)	(1.4)	(0.5)	(0.2)	(2.2)
Cost of net debt		**(1.3)**	**(1.2)**	**(0.2)**	**(0.2)**	**(2.0)**
Interest expense on lease obligations		(2.8)	(3.0)	(0.9)	(1.0)	(4.0)
Other financial income		1.2	7.0	(0.2)	0.9	7.0
Other financial expenses		(4.6)	(2.8)	(1.9)	(1.5)	(2.2)
Income tax expense		(59.5)	(30.0)	(8.3)	(2.8)	(47.9)
Share of profits/(losses) of joint ventures and associates	*7*	(0.3)	0.3	0.3	0.2	0.2
Net profit/(loss) from continuing operations		**117.1**	**80.3**	**10.2**	**14.6**	**127.9**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**	**-**	**-**
Net profit/(loss)		**117.1**	**80.3**	**10.2**	**14.6**	**127.9**
attributable to the Group:		***117.8***	***81.2***	***10.5***	***15.6***	***127.4***
attributable to non-controlling interests:		***(0.7)***	***(0.9)***	***(0.3)***	***(1.0)***	***0.5***
Weighted average number of shares outstanding (in ‘000)		210,321	209,884	210,657	209,895	209,891
Basic earnings per share from continuing operations (€)		0.56	0.39	0.05	0.08	0.61
Diluted earnings per share from continuing operations (€)		0.56	0.38	0.05	0.07	0.61

(1) *Restated for the impacts of first-time application of IFRS 16.*

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	9 months 2019	9 months 2018 [1]	Full year 2018 [1]
Consolidated net profit/(loss) for period	**117.1**	**80.3**	**127.9**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits [2]	(8.8)		(3.8)
Net change in fair value of equity instruments [3]	(8.1)	(5.7)	(7.4)
Net tax effect of equity items not reclassifiable to profit or loss	3.3	0.2	1.0
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 [4]	(1.2)	5.6	6.6
Remeasurement of available-for-sale financial assets			
Change in cumulative translation adjustment of controlled entities	0.6	0.2	0.6
Net tax effect of equity items reclassifiable to profit or loss	0.4	(1.9)	(2.3)
Share of reclassifiable income and expense of joint ventures and associates recognised in equity			
Income and expense recognised directly in equity	**(13.8)**	**(1.6)**	**(5.3)**
Total recognised income and expense	**103.3**	**78.7**	**123.2**
attributable to the Group	103.7	78.4	122.6
attributable to non-controlling interests	(0.4)	0.3	0.6

(1) *Restated for the impacts of first-time application of IFRS 16.*

(2) *Corresponds to the reduction in the discount rate from 2.10% as of 31 December 2018 to 0.58% as of 30 September 2019.*

(3) *In the first nine months of 2019, negative net changes in the fair value of non-consolidated equity investments recognised in equity amounted to €8.1 million.*

(4) *Includes €1.4 million relating to the reclassification of cash flow hedges to profit or loss during the first nine months of 2019.*

CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	9 months 2019	9 months 2018 [(1)]	Full year 2018 [(1)]
Net profit/(loss) from continuing operations (including non-controlling interests)		117.1	80.3	127.9
Net charges to/(reversals of) depreciation, amortisation, impairment of property, plant and equipment and intangible assets, and non-current provisions		173.8	186.8	279.5
Amortisation, impairment and other adjustments on right of use of leased assets		14.5	12.5	17.1
Net (gain)/loss on asset disposals		-	(0.7)	(1.3)
Share of (profits)/losses and dividends of joint ventures and associates	*7*	0.8	0.9	1.0
Other non-cash income and expenses		(26.1)	(31.8)	(44.4)
Sub-total		**280.1**	**248.0**	**379.8**
Income taxes paid		(48.8)	(43.2)	(67.3)
Income tax expense (including deferred taxes and liabilities on uncertain tax positions)		59.5	30.0	47.9
Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid		**290.8**	**234.8**	**360.4**
Cost of net debt/income from net surplus cash and interest expense on lease obligations		4.1	4.2	6.0
Change in operating working capital needs [(2)]		(17.8)	11.3	16.9
Net cash generated by/(used in) operating activities		**277.1**	**250.3**	**383.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(165.6)	(141.1)	(212.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.4	1.2	2.0
Cash outflows on acquisitions of financial assets		(0.4)	(2.0)	(2.4)
Cash inflows from disposals of financial assets		-	5.7	5.7
Effect of changes in scope of consolidation	*9*	(18.6)	(236.6)	(261.3)
Purchase price of investments in consolidated activities		*(23.6)*	*(298.7)*	*(326.4)*
Proceeds from disposals of consolidated activities		*0.4*	*1.5*	*1.5*
Net liabilities related to consolidated activities		*-*	*-*	*-*
Other cash effects of changes in scope of consolidation		*4.6*	*60.6*	*63.6*
Dividends received		0.1	0.1	0.1
Other cash flows from investing activities		(1.3)	(0.2)	(0.4)
Net cash generated by/(used in) investing activities		**(185.4)**	**(372.9)**	**(468.7)**
Cash received on exercise of stock options		3.5	0.2	0.4
Purchases and sales of treasury shares		(3.5)	-	-
Other transactions between shareholders	*10*	(3.1)	(164.4)	(182.0)
Dividends paid during the period		(83.9)	(73.6)	(73.5)
Cash inflows from new debt contracted		35.1	(0.2)	-
Repayments of borrowings		(19.3)	(1.2)	(22.0)
Repayments of lease obligations		(13.4)	(11.8)	(16.2)
Net interest paid		(3.8)	(4.3)	(6.0)
Net cash generated by/(used in) financing activities		**(88.4)**	**(255.3)**	**(299.3)**
Impact of exchange rate movements		**0.3**	**0.1**	***0.2***
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**3.6**	**(377.8)**	**(384.5)**
Cash position at start of period		**111.0**	**495.5**	**495.5**
Change in cash position		3.6	(377.8)	(384.5)
Cash position at end of period		**114.6**	**117.7**	**111.0**

(1) *Restated for the impacts of first-time application of IFRS 16.*

(2) *Current assets minus current liabilities, excluding (i) taxes and (ii) current debt and financial instruments used to hedge debt, which are classified in financing activities.*

CONSOLIDATED BALANCE SHEET – ASSETS

ASSETS (€m)	*Note*	**30/09/2019**	**31/12/2018** [1]	**30/09/2018** [1]
Goodwill	*6*	**831.1**	**817.1**	**841.5**
Intangible assets		**315.1**	**287.3**	**216.9**
Audiovisual rights		174.1	144.2	155.4
Other intangible assets		141.0	143.1	61.5
Property, plant and equipment		**200.5**	**191.5**	**180.2**
Right of use of leased assets		**88.3**	**98.2**	**96.9**
Investments in joint ventures and associates	*7*	**21.0**	**20.8**	**20.9**
Non-current financial assets		**35.8**	**40.5**	**41.9**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,491.8**	**1,455.4**	**1,398.3**
Inventories		**551.3**	**520.9**	**571.7**
Programmes and broadcasting rights		535.1	505.8	551.5
Other inventories		16.2	15.1	20.2
Trade and other debtors		**1,060.9**	**1,141.9**	**1,124.1**
Current tax assets		**-**	**17.6**	**36.0**
Other current financial assets		**0.6**	**2.2**	**0.4**
Cash and cash equivalents	*8*	**129.5**	**117.3**	**122.5**
Total current assets		**1,742.3**	**1,799.9**	**1,854.7**
Assets of held-for-sale operations		**-**	**-**	**-**
TOTAL ASSETS		**3,234.1**	**3,255.3**	**3,253.0**

[1] *Restated for the impacts of first-time application of IFRS 16.*

CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**30/09/2019**	**31/12/2018** [(1)]	**30/09/2018** [(1)]
Share capital		42.1	42.0	42.0
Share premium and reserves		1,421.2	1,405.2	1,404.7
Net profit/(loss) for the period attributable to the Group		117.8	127.4	81.2
Shareholders' equity attributable to the Group		**1,581.1**	**1,574.6**	**1,527.9**
Non-controlling interests		1.0	0.6	(2.1)
Total shareholders' equity		**1,582.1**	**1,575.2**	**1,525.8**
Non-current debt	*8*	**149.5**	**126.9**	**139.9**
Non-current lease obligations	*8*	**77.9**	**84.8**	**84.7**
Non-current provisions		**52.0**	**41.1**	**39.3**
Non-current tax liabilities		**42.7**	**43.7**	**31.8**
Total non-current liabilities		**322.1**	**296.5**	**295.7**
Current debt	*8*	**33.3**	**17.9**	**33.5**
Current lease obligations	*8*	**16.6**	**18.6**	**17.2**
Trade and other creditors		**1,250.4**	**1,326.9**	**1,364.5**
Current provisions		**21.2**	**20.2**	**16.3**
Current tax liabilities		**8.2**	**-**	**-**
Other current financial liabilities		**0.2**	**-**	
Total current liabilities		**1,329.9**	**1,383.6**	**1,431.5**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,234.1**	**3,255.3**	**3,253.0**

(1) *Restated for the impacts of first-time application of IFRS 16.*

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31/12/2017 (1)	**42.0**	**16.4**	**1,545.5**	**(16.4)**	**1,587.5**	**(0.1)**	**1,587.4**
Impact of IFRS 16 on opening equity (2)	-	-	(0.8)	-	**(0.8)**	(1.9)	**(2.7)**
BALANCE AT 31/12/2017 – RESTATED	**42.0**	**16.4**	**1,544.7**	**(16.4)**	**1,586.7**	**(2.0)**	**1,584.7**
Capital increase (stock options exercised)	-	0.2	-	-	**0.2**	-	**0.2**
Share-based payment	-	-	3.9	-	**3.9**	-	**3.9**
Purchase of treasury shares	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	(73.5)	-	**(73.5)**	-	**(73.5)**
Other transactions with shareholders	-	-	(69.8)	-	**(69.8)**	0.1	**(69.7)**
Total transactions with shareholders	**-**	**0.2**	**(139.4)**	**-**	**(139.2)**	**0.1**	**(139.1)**
Consolidated net profit/(loss) for period	**-**	**-**	**81.2**	**-**	**81.2**	**(0.9)**	**80.3**
Income and expense recognised directly in equity	**-**	**-**	**-**	**(1.6)**	**(1.6)**	**0.1**	**(1.5)**
Other movements (changes in scope of consolidation & other items)	-	-	0.8	-	**0.8**	0.6	**1.4**
BALANCE AT 30/09/2018	**42.0**	**16.6**	**1,487.3**	**(18.0)**	**1,527.9**	**(2.1)**	**1,525.8**

(€m)	Share capital	Share premium	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31/12/2018 – RESTATED	**42.0**	**16.8**	**1,537.5**	**(21.7)**	**1,574.6**	**0.6**	**1,575.2**
Capital increase (stock options exercised)	0.1	3.4	-	-	**3.5**	-	**3.5**
Share-based payment	-	-	2.1	-	**2.1**	-	**2.1**
Purchase of treasury shares	-	-	(3.5)	-	**(3.5)**	-	**(3.5)**
Cancellation of treasury shares	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	(84.0)	-	**(84.0)**	-	**(84.0)**
Other transactions with shareholders (3)	-	-	(17.7)	-	**(17.7)**	-	**(17.7)**
Total transactions with shareholders	**0.1**	**3.4**	**(103.1)**	**-**	**(99.6)**	**-**	**(99.6)**
Consolidated net profit/(loss) for period	**-**	**-**	**117.8**	**-**	**117.8**	**(0.7)**	**117.1**
Income and expense recognised directly in equity	**-**	**-**	**-**	**(13.8)**	**(13.8)**	**-**	**(13.8)**
Other movements (changes in scope of consolidation & other items)	-	-	2.1	-	**2.1**	1.1	**3.2**
BALANCE AT 30/09/2019	**42.1**	**20.2**	**1,554.3**	**(35.5)**	**1,581.1**	**1.0**	**1,582.1**

(1) *Restated for the impacts of IFRS 15 and IFRS 9, applied by the Group as of 1 January 2018.*

(2) *Impact of IFRS 16, applied by the Group as of 1 January 2019 with full retrospective effect (see Note 2.6.1).*

(3) *In 2019, "Other transactions with shareholders" mainly comprise buyouts of, and commitments to buy out, all the non-controlling shareholders of the De Mensen group following the acquisition of control in March 2019 and amounting to €10.5 million.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Significant events

Acquisition of control over the De Mensen group

On 28 February 2019, the Newen group finalised the acquisition of a 60% equity interest in the De Mensen group, a Belgian audiovisual producer.
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, and the Newen group has an option to acquire, the residual 40% equity interest between 2022 and 2028.
Provisional goodwill of €13.5 million was recognised on this acquisition as of the date control was obtained, pending the final purchase price allocation. The impact on net debt (including the commitment to buy out the residual 40% interest) was €27.5 million.

See Note 3 ("Changes in scope of consolidation").

Sale of Téléshopping's distance selling business and stores

On 11 April 2019, the TF1 group sold Téléshopping's distance selling business and stores to former Téléshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales. The TF1 group committed to continue broadcasting teleshopping programmes on its channels for the next five years.
As a result, the Téléshopping and Topshopping entities have been deconsolidated with effect from 1 April 2019.

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 2019 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 2018 as published in the 2018 *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on 7 March 2019 under reference number D.19-0121. An English-language version of the audited consolidated financial statements for the year ended 31 December 2018 is included in the 2018 TF1 Registration Document, available on the TF1 corporate website via the link https://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels.

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 take account of recommendation no. 2016-01 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 2 December 2016.

They are presented in millions of euros (€m), and include comparatives restated for first-time application of IFRS 16 and IFRIC 23 where applicable.

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 2019

In preparing its condensed financial statements for the nine months ended 30 September 2019, 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 2018, except for changes required to meet the obligations contained in the IFRS standards applicable as of 1 January 2019 as described below.

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 replaces IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees ends the distinction previously made between operating leases and finance leases. Lessees are required to account for all leases with a term of more than one year relating to assets with a value of more than 5,000 dollars in a manner similar to that previously specified for finance leases under IAS 17; this involves recognising an asset for the rights, and a liability for the obligations, arising under the lease. The Group has elected the full retrospective method for first-time application of IFRS 16. IFRS 16 allows entities to apply the standard to leases of intangible assets, but the Group has elected not to do so. The estimated impacts of applying IFRS 16 on the financial statements as of 30 September 2018 and 31 December 2018 are presented in Note 2.6.1.

IFRIC 23: Uncertainty Over Income Tax Treatments	1 January 2019	On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. This new interpretation, which was endorsed by the European Union on 23 October 2018, was applicable from 1 January 2019 and was not early adopted by the TF1 group. The impact of applying IFRIC 23 as of 1 January 2019 is immaterial.

2-3. Changes in accounting policy

The TF1 group has not made any changes in accounting policy during 2019 to date other than those described in Note 2.2.1 above.

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 2018 and the 2018 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.

2-6. Impacts of first-time application of new standards on the opening balance sheet and the income statement

2-6-1. Impacts of first-time application of IFRS 16

This note presents the effects of the first-time application of IFRS 16 on the TF1 group's consolidated financial statements, and on key performance indicators for 2018.
The TF1 group has elected to apply the practical expedients permitted by IFRS 16 to exclude leases with a term of less than twelve months and leases relating to assets with a value of less than €5,000. The Group has also elected to account for each lease component separately, distinguishing the lease components from the non-lease (service) components. TF1 has elected not to apply the option permitted by IFRS 16 of applying the standard to leases of intangible assets.

The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of property leases in France, the lease term is generally nine years.

The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation in respect of property leases.

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

The impacts of first-time application of IFRS 16 on 2018 comparative balance sheets and income statements are summarised below:

(€m)

INCOME STATEMENT	**FY 2017**	**Q1 2018**	**H1 2018**	**9m 2018**	**FY 2018**
External expenses (restatement of lease expense)		4.5	9.4	14.8	20.1
Net amortisation expense on right of use of leased assets		(3.8)	(7.9)	(12.5)	(17.1)
Current operating profit - impacts of IFRS 16	**-**	**0.7**	**1.5**	**2.3**	3.0
Interest expense on lease obligations		(1.0)	(2.0)	(3.0)	(4.0)
Cost of net debt - impacts of IFRS 16	**-**	**(1.0)**	**(2.0)**	**(3.0)**	(4.0)
Deferred taxes		0.1	0.2	0.2	0.3
Net profit - impacts of IFRS 16	**-**	**(0.2)**	**(0.3)**	**(0.5)**	(0.7)

(€m)

ASSETS	**31/12/2017**	**31/03/2018**	**30/06/2018**	**30/09/2018**	**31/12/2018**
Right of use of leased assets (gross)	142.8	142.9	152.3	152.3	158.4
Right of use of leased assets (amortisation)	(39.9)	(43.7)	(51.0)	(55.4)	(60.2)
Non-current assets - impacts of IFRS 16	**102.9**	**99.2**	**101.3**	**96.9**	**98.2**
TOTAL ASSETS - IMPACTS OF IFRS 16	**102.9**	**99.2**	**101.3**	**96.9**	**98.2**

LIABILITIES AND EQUITY	**31/12/2017**	**30/03/2018**	**30/06/2018**	**30/09/2018**	**31/12/2018**
Consolidation reserves	(2.7)	(2.7)	(2.8)	(2.8)	(2.8)
Net profit for the period		(0.2)	(0.3)	(0.5)	(0.6)
Shareholders' equity - impacts of IFRS 16	**(2.7)**	**(2.9)**	**(3.1)**	**(3.3)**	(3.4)
Non-current lease obligations	92.6	88.9	88.9	84.7	84.8
Deferred tax liabilities	(1.4)	(1.5)	(1.7)	(1.7)	(1.7)
Non-current liabilities - impacts of IFRS 16	**91.2**	**87.4**	**87.2**	**83.0**	**83.1**
Current lease obligations	14.4	14.7	17.1	17.2	18.6
Current liabilities - impacts of IFRS 16	**14.4**	**14.7**	**17.1**	**17.2**	**18.6**
TOTAL LIABILITIES & EQUITY - IMPACTS OF IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**

2-6-2. Impacts of first-time application of IFRIC 23

The TF1 group has applied IFRIC 23 retrospectively with effect from 1 January 2019, with no restatement of comparatives on first-time application. First-time application has no impact on consolidated shareholders' equity, and results in the provisions for risks relating to corporate income taxes being reclassified as tax liabilities. The impact of IFRIC 23 is immaterial at Group level.

3 Changes in scope of consolidation

3-1. Acquisition of control over the De Mensen group

On 28 February 2019, the Newen group finalised the acquisition of a 60% equity interest in the De Mensen group, a Belgian audiovisual producer. The De Mensen group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 March 2019.
The newly-acquired companies are included in the Studios & Entertainment operating segment for financial reporting purposes.

Provisional goodwill of €13.5 million was recognised on this acquisition as of the date control was obtained, pending the final purchase price allocation. The impact on net debt (including the commitment to buy out the residual 40% interest) was €27.5 million.

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, and the Newen group has an option to acquire, the residual 40% equity interest between 2022 and 2028. The fair value of those commitments was determined on the basis of the company's acquisition business plan and recognised as a financial liability, with a corresponding amount deducted from shareholders' equity.

3-2. Sale of Téléshopping's distance selling business and stores

On 30 January 2019, the TF1 group announced that it had entered into exclusive negotiations to sell Téléshopping's distance selling business and stores to former Téléshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales. The TF1 group committed to continue broadcasting teleshopping programmes on its channels for the next five years. The sale agreement was signed on 15 March 2019, and the sale was completed on 11 April 2019.
As a result, the Téléshopping and Topshopping entities have been deconsolidated with effect from 1 April 2019. The divested sub-group contributed revenue of €20.2 million and net profit of approximately €1 million to the TF1 group in the three months ended 31 March 2019. The impact of the divestment on the TF1 group financial statements is immaterial.

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

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

Broadcasting

The Broadcasting segment includes all of the Group's TV channels and websites. 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 audiovisual rights acquisition on behalf of the Group's TV channels (in accordance with French broadcasting regulations) and websites.

Studios & Entertainment

This segment consists of two sub-segments:

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

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

- ✓ The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level. As mentioned in Note 1, "Significant events", the distance selling and stores businesses of the Téléshopping unit were divested in the second quarter of 2019.

Digital

The Digital segment comprises content creation and special-interest web communities; monetisation of the digital audiences generated; and physical goods and services aimed at those audiences such as gift boxes, magazines and live events.
Operations carried out within the segment include building and buying in audiences via special-interest online content and brand development; developing and running special-interest online communities; and developing and showcasing talent via multi-channel networks (MCNs). Monetisation is achieved by selling digital advertising space through stand-alone space-buying contracts and programmatic marketing auctions, and by selling gift boxes, magazines and live events with sponsorship from advertisers.
Audience development and targeting through social media also contribute to these operations.

The existing TF1 businesses reclassified to the Digital segment in the second quarter of 2018 were TF1 Digital Factory, Studio 71 France and Vertical Station (formerly MinuteBuzz), previously part of the Broadcasting segment; and Neweb, previously part of the Studios & Entertainment segment. Goodwill allocated to those reclassified activities was reallocated to the Digital segment in the second quarter of 2018. The reallocated goodwill was determined on the basis of the relative value of each reclassified business or, for recent acquisitions, of the initial value of goodwill. The relative values used correspond to the recoverable amount.

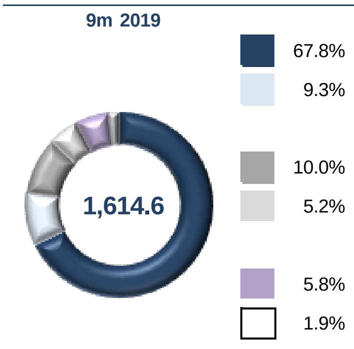
Because the impact of those reclassifications on segmental data for the first quarter of 2018 was immaterial, the change in segmental reporting presentation for the entities concerned was applied prospectively from 31 March 2018.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		DIGITAL		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	9m 2019	9m 2018	9m 2019	9m 2018	9m 2019	9m 2018	9m 2019	9m 2018
Segment revenue	1,265.2	1,248.4	252.1	291.2	123.7	61.5	1,641.0	1,601.1
Elimination of inter-segment transactions	(19.6)	(16.0)	(6.8)	(9.4)	-	(0.1)	(26.4)	(25.5)
GROUP REVENUE CONTRIBUTION	**1,245.6**	**1,232.4**	**245.3**	**281.8**	**123.7**	**61.4**	**1,614.6**	**1,575.6**
of which Advertising revenue	1,094.8	1,113.1	-	2.4	63.5	36.2	1,158.3	1,151.7
of which Other revenue	150.8	119.3	245.3	279.4	60.2	25.2	456.3	423.9
CURRENT OPERATING PROFIT/(LOSS)	**156.6**	**94.3**	**25.0**	**27.3**	**2.8**	**5.0**	**184.4**	**126.6**
% operating margin on Group contribution	13%	8%	10%	10%	2%	8%	11%	8%
Interest expense on lease obligations	(1.4)	(1.5)	(1.2)	(1.3)	(0.3)	(0.1)	(2.8)	(3.0)
CURRENT OPERATING PROFIT/(LOSS) after leases	**155.2**	**92.8**	**23.8**	**26.0**	**2.5**	**4.9**	**181.6**	**123.6**
Share of profits/(losses) of joint ventures and associates	0.4	0.6	(0.2)	-	(0.5)	(0.2)	(0.3)	0.4

"Current operating profit/(loss) after leases" represents current operating profit after deducting interest expense on lease obligations.

5 Analysis of revenue

TF1 group consolidated revenue for the first nine months of 2019 breaks down as follows:



(€m)	9m 2019	9m 2018	Chg €m	Chg %
Advertising revenue	1,094.9	1,113.1	(18.2)	-2%
Other revenue	150.8	119.3	31.5	26%
Broadcasting	**1,245.7**	**1,232.4**	**13.3**	**1%**
Production / sale of audiovisual rights	160.8	182.2	(21.4)	-12%
Revenue from games, music, live shows and distance selling	84.5	99.6	(15.1)	-15%
Studios & Entertainment	**245.3**	**281.8**	**(36.5)**	**-13%**
Web publishing (digital content and social e-commerce)	93.6	52.4	41.2	
Other revenue (digital marketing)	30.0	9.0	21.0	
Digital (*)	**123.6**	**61.4**	**62.2**	
Total revenue	**1,614.6**	**1,575.6**	**39.0**	**2%**

** Aufeminin, Doctissimo and Gamned were included in the consolidation for the first time on 30 April, 1 October and 1 November 2018 respectively.*

6 Goodwill

In accordance with the revised IFRS 3 the TF1 group has, for acquisitions made during the period, 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.

Movements in goodwill during the nine months to 30 September 2018 were due mainly to the acquisition of the aufeminin group and the creation of the Digital division.

(€m)	Broadcasting	Studios & Entertainment	Digital	TOTAL
Goodwill at 1 January 2018	**409.3**	**171.1**	**-**	**580.4**
Acquisitions	8.3	4.2	248.6	261.1
Disposals		-	-	-
Reclassifications	(9.9)	(11.3)	21.2	-
Impairment	-	-	-	-
Goodwill at 30 September 2018	**407.7**	**164.0**	**269.8**	**841.5**
Goodwill at 1 January 2019	**407.7**	**164.1**	**245.3**	**817.1**
Acquisitions	-	12.9	1.1	14.0
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Impairment	-	-	-	-
Goodwill at 30 September 2019	**407.7**	**177.0**	**246.4**	**831.1**

The increase in goodwill in the Studios & Entertainment segment during the first nine months of 2019 mainly relates to the acquisition of De Mensen, on which the provisional goodwill was determined as follows:

	De Mensen
Acquisition price	**17.5**
Net assets acquired, excluding goodwill	
Non-current assets	(9.7)
Current assets	(20.5)
Non-current liabilities	1.8
Current liabilities	22.0
Unacquired portion	**2.4**
Provisional goodwill	**13.5**

7 Investments in joint ventures and associates

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

(€m)	Vertical Station	Série Club	Other	TOTAL
1 January 2018	9.6	10.8	**1.8**	**22.2**
Share of profit/(loss) for the period	(0.2)	0.6	-	**0.4**
Provision for impairment	-	-	-	**-**
Dividends paid	-	(1.3)	-	**(1.3)**
Changes in scope of consolidation and reclassifications	0.1	-	(1.5)	**(1.4)**
Other	-	-	1.0	**1.0**
30 September 2018	**9.5**	**10.1**	**1.3**	**20.9**
1 January 2019	**9.5**	**10.0**	**1.3**	**20.8**
Share of profit/(loss) for the period	(0.5)	0.4	(0.2)	**(0.3)**
Provision for impairment	-	-	-	**-**
Dividends paid	-	(0.5)	-	**(0.5)**
Changes in scope of consolidation and reclassifications	-	-	1.0	**1.0**
Other	-	-	-	**-**
30 September 2019	**9.0**	**9.9**	**2.1**	**21.0**

8 Net cash position

The TF1 group's net cash position comprises:

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

Net surplus cash (or net debt) as reported by the TF1 group excludes non-current and current lease obligations, and comprises the following items:

(€m)	31/12/2018	Translation differences	Changes in scope of consolidation (1)	Cash flows	Changes in fair value via equity or profit/loss	Other movements	30/09/2019
Cash and cash equivalents	117.3		3.2	9.0			129.5
Financial assets used for treasury management purposes	-						-
Overdrafts, short-term bank loans and current account credit balances	(6.3)		1.3	(9.9)			(14.9)
Available cash	**111.0**		**4.5**	**(0.9)**		**-**	**114.6**
Fair value of interest rate derivatives	-						-
Non-current borrowings	(126.9)		(1.4)	(12.0)	(2.8)	(6.4)	(149.5)
Current debt excluding overdrafts, short-term bank loans and current account credit balances	(11.6)		(1.4)	(3.8)	(0.5)	(1.1)	(18.4)
Total debt	**(138.5)**		**(2.8)**	**(15.8)**	**(3.3)**	**(7.5)**	**(167.9)**
Net surplus cash/(net debt)	**(27.5)**		**1.7**	**(16.7)**	**(3.3)**	**(7.5)**	**(53.3)**
Lease obligations (2)	(103.4)					8.9	(94.5)
Net surplus cash (+) / Net debt (-) including lease obligations	**(130.9)**		**1.7**	**(16.7)**	**(3.3)**	**1.4**	**(147.8)**

(1) *"Changes in scope of consolidation" refers mainly to the acquisition of control over the De Mensen group during the period (see Note 3, "Changes in scope of consolidation").*

(2) *Movements in lease obligations mainly comprise repayments of lease obligations during the period, and new obligations arising from leases contracted during the period.*

As of 30 September 2019, TF1 had confirmed bilateral bank credit facilities of €1,010 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. Drawdowns as of 30 September 2019 amounted to €104 million, all of which was drawn down by Newen Studios.

The consolidated cash flow statement analyses changes in the Group's cash position, which at period-end consisted of the following items:

(€m)	30/09/2019	31/12/2018
Cash and cash equivalents in the balance sheet	129.5	117.3
Treasury current account credit balances	(0.7)	(0.2)
Bank overdrafts and short-term bank loans	(14.2)	(6.1)
Total cash position at period-end per the cash flow statement	**114.6**	**111.0**

9 Cash flow statement – effect of changes in scope of consolidation

For the first nine months of 2019, the items shown in this section of the cash flow statement relate mainly to the effects of the first-time consolidation of the De Mensen group.

For the first nine months of 2018, the items shown in this section of the cash flow statement relate mainly to the effects of the first-time consolidation of the aufeminin group in the first half of 2018.

10 Cash flow statement – other transactions between shareholders

For the first nine months of 2018, "Other transactions between shareholders" mainly comprises (i) purchases of aufeminin shares subsequent to TF1 obtaining control over aufeminin (mainly in the public tender offer that closed on 4 July 2018) and (ii) the buyout of the 30% non-controlling interests in the Newen group.

11 2019 stock option plan

On 12 June 2019, the TF1 group awarded the 2019 stock option plan, consisting of 1,810,500 options exercisable on or after 12 June 2021 at a price of €8.87 and expiring on 12 June 2029. The fair value of the expense relating to that plan was measured at €1.8 million (excluding employer's social security charges); this amount is being charged to profit or loss (in "Staff costs") over the two-year vesting period of the options.

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

The impact of this plan on the consolidated financial statements as of 30 September 2019 is not material.

12 Dividends paid

The table below shows the dividend per share paid by the TF1 Group on 2 May 2019 in respect of the 2018 financial year, and the amount paid in 2018 in respect of the 2017 financial year.

	Paid in 2019	Paid in 2018
Total dividend (€m)	**83.9**	73.5
Dividend per ordinary share (€)	**0.40**	0.35

13 Events after the reporting period

On 4 October 2019, Newen acquired a majority interest alongside the founder in Première Bobine (Reel One), a major Canadian drama producer and distributor operating in the North American and international markets. The group devises, produces and markets programs for the biggest American and European channels, and for SVoD platforms.

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