



**LE GROUPE**

Financial Report  
2018

# Financial Report – 2018

<b>1. 2018 Financial Information.....</b>	<b>3</b>
1.1. Consolidated results .....	3
1.2. Significant events of 2018 .....	6
1.3. Analysis of consolidated results .....	9
1.4. Segment information .....	12
1.5. Corporate social responsibility .....	17
1.6. Human resources update .....	19
1.7. Stock market performance.....	19
1.8. Outlook.....	19
1.9. Movements in share capital .....	19
1.10. Corporate governance.....	19
1.11. Diary dates.....	20
<b>2. 2018 Consolidated Financial Statements.....</b>	<b>21</b>
Consolidated income statement.....	21
Statement of recognized income and expense .....	22
Consolidated cash flow statement .....	23
Consolidated balance sheet .....	24
Consolidated balance sheet (continued) .....	25
Consolidated statement of changes in shareholders' equity .....	26
Notes to the consolidated financial statements.....	28

# 1. 2018 Financial Information

## 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 9 and IFRS 15, applicable from 1 January 2018.

<i>(€ million)</i>	2018	2017
<b>Revenue</b>	<b>2,288.3</b>	<b>2,132.4</b>
<i>Group advertising revenue</i>	<i>1,662.2</i>	<i>1,565.7</i>
<i>Revenue from other activities</i>	<i>626.1</i>	<i>566.7</i>
Current operating profit/(loss)	<b>195.7</b>	<b>185.7</b>
Operating profit/(loss)	<b>173.7</b>	<b>162.4</b>
Net profit/(loss) from continuing operations	<b>128.5</b>	<b>136.6</b>
Operating cash flow before cost of net debt and income taxes	<b>413.6</b>	<b>372.3</b>
Basic earnings per share from continuing operations (€)	<b>0.61</b>	<b>0.65</b>
Diluted earnings per share from continuing operations (€)	<b>0.61</b>	<b>0.65</b>
Shareholders' equity attributable to the Group	<b>1,576.0</b>	<b>1,587.5</b>
Net surplus cash/(net debt) of continuing operations	<b>(27.5)</b>	<b>256.7</b>
	2018	2017
Weighted average number of ordinary shares outstanding ('000)	<b>209,891</b>	<b>209,664</b>
Closing share price at end of year (€)	<b>7.08</b>	<b>12.29</b>
Market capitalisation at end of year (€bn)	<b>1.49</b>	<b>2.58</b>

## Income statement contributions – continuing operations

The results below are presented using the new segmental reporting structure adopted from the second quarter of 2018 onwards, as described in Note 4 to the consolidated financial statements.

The new Digital segment combines the operations of the Aufeminin group with those of Newweb, Studio71, TF1 Digital Factory and Vertical Station<sup>1</sup>, along with the more recently acquired Doctissimo and Gammed! Given the immateriality of the impacts on 2017 and the first quarter of 2018, prior periods have not been restated.

€m	Q4 2018	Q4 2017	FY 2018	FY 2017	Chg. €m	Chg. %
<b>Consolidated revenue</b>	<b>712.7</b>	<b>657.9</b>	<b>2,288.3</b>	<b>2,132.4</b>	<b>155.9</b>	<b>7.3%</b>
<b>Broadcasting</b>	<b>531.3</b>	<b>528.6</b>	<b>1,763.7</b>	<b>1,717.6</b>	<b>46.1</b>	<b>2.7%</b>
<i>TV advertising on free-to-air channels</i>	443.6	452.2	1,501.9	1,484.6	17.3	1.2%
<b>Studios &amp; Entertainment</b>	<b>126.8</b>	<b>129.3</b>	<b>408.6</b>	<b>414.8</b>	<b>(6.2)</b>	<b>-1.5%</b>
<b>Digital *</b>	<b>54.6</b>	<b>-</b>	<b>116.0</b>	<b>-</b>	<b>116.0</b>	<b>N/A</b>
<b>Current operating profit/(loss)</b>	<b>71.5</b>	<b>69.2</b>	<b>195.7</b>	<b>185.7</b>	<b>10.0</b>	<b>5.4%</b>
<b>Broadcasting</b>	<b>56.5</b>	<b>59.8</b>	<b>149.8</b>	<b>143.3</b>	<b>6.5</b>	<b>4.5%</b>
<b>Studios &amp; Entertainment</b>	<b>7.7</b>	<b>9.4</b>	<b>33.8</b>	<b>42.4</b>	<b>(8.6)</b>	<b>-20.3%</b>
<b>Digital *</b>	<b>7.3</b>	<b>-</b>	<b>12.1</b>	<b>-</b>	<b>12.1</b>	<b>N/A</b>
<b>Cost of programmes</b>	<b>(288.3)</b>	<b>(290.0)</b>	<b>(1,014.2)</b>	<b>(983.9)</b>	<b>(30.3)</b>	<b>3.1%</b>
<i>Football World Cup</i>	-	-	(71.7)	-	(71.7)	N/A

\* The aufeminin group is included in the consolidation with effect from May 2018

<sup>1</sup> Accounted for by the equity method. Formerly MinuteBuzz.

## Analysis of cost of programmes

(€ million)	2018	2017
<b>Total cost of programmes</b>	<b>1,014.2</b>	<b>983.9</b>
<i>Major sporting events</i>	71.7	-
<b>Total excluding major sporting events</b>	<b>942.5</b>	<b>983.9</b>
Variety/Gameshows/Magazines	238.5	273.9
Drama/TV movies/Series/Plays	348.2	325.2
Sport (excluding major sporting events)	47.1	59.2
News (including LCI)	136.7	142.5
Films	159.0	169.0
Children's programmes	13.0	14.2

## Cost of programmes – analysis by income statement line item

(€ million)	2018	2017
Purchases consumed and changes in inventory	(831.2)	(787.8)
Staff costs	(79.8)	(81.1)
External expenses	(13.8)	(23.2)
Depreciation, amortisation, impairment and provisions, net	(91.4)	(89.6)
Other IFRS income statement line items	2.0	(2.2)
<b>Amount recognised in current operating profit</b>	<b>(1,014.2)</b>	<b>(983.9)</b>

## 1.2. Significant events of 2018

### January

#### 18 January 2018

An agreement was signed for the acquisition by the TF1 group of the Axel Springer group's majority equity interest of approximately 78% in the Aufeminin group at a price of €38.74 per share (subject to customary adjustments at the completion date).

Completion of this deal is subject to clearance from the regulatory authorities in France and Austria.

#### 24 January 2018

The TF1 group announced that it has renewed its long-standing partnership with the French national football team for another 4 years and is expanding its football coverage by screening the Nations League, UEFA Euro 2020 qualifiers and the 2022 World Cup.

#### 29 January 2018

The TF1 group finalised the revamp of its brand portfolio with the rebranding of NT1 as TFX and HD1 as TF1 Séries Films.

#### 30 January 2018

The TF1 group announced the signature of a global distribution agreement with Bouygues Telecom, including the TF1 Premium offer and add-on services. At the same time, the two parties renewed the distribution agreement for the TF1 group's theme channels: Histoire, TV Breizh and Ushuaïa TV.

### February

#### 1 February 2018

With effect from the expiry date of the contracts (31 January 2018) and in the absence of any agreement with the TF1 group, Orange was no longer authorised to sell its subscribers MYTF1 or the TF1 group's free-to-air channels.

Consequently, the TF1 group had to suspend the supply of the MYTF1 catch-up service to Orange. It also requested Orange to cease selling its subscribers the TF1, TMC, TFX, TF1 Séries Films and LCI channels.

### March

#### 2 March 2018

The TF1 group condemned the contempt shown by the Canal+ group for its subscribers by its unilateral

decision to suspend distribution of the TF1 group's channels and add-on services.

#### 8 March 2018

The TF1 group joined a broad coalition of European digital players to urge the authorities to carry out an in-depth review of the draft European e-privacy regulation.

#### 8 March 2018

The TF1 group filed its 2017 registration document with the AMF (the French financial markets authority).

#### 8 March 2018

Orange and the TF1 group announced the signature of a new global distribution agreement covering all TF1 group channels, and non-linear services associated with those channels including extended catch-up viewing on MYTF1, exclusive premieres of programmes ahead of TV broadcast, two new channels (TF1 +1 and TMC +1) available from autumn 2018, and 4K UHD screening of event programmes.

#### 9 March 2018

Maylis Çarçalı was appointed TF1 Group Vice President, Communication and Brands.

#### 29 March 2018

The TF1 group announced the renewal of its long-standing partnership with World Rugby for Rugby World Cup 2019, to be held in Japan from 20 September to 2 November 2019.

France is one of the world's biggest rugby broadcast markets and was a driving force behind record broadcast growth during Rugby World Cup 2015, which saw the live audience increase by 48% to 479 million, while live audiences in Europe increased by 75%.

### April

#### 5 April 2018

The TF1 group and the minority shareholders of Newen Studios, a 70% subsidiary of TF1, signed an agreement with a view to TF1 acquiring 30% of the capital and voting rights of Newen Studios, which would give TF1 100% control.

**25 April 2018**

The TF1 group and Free signed a new global distribution agreement. Under the agreement, Free is to distribute all the TF1 group's channels, plus non-linear services associated with those channels.

**27 April 2018**

Having obtained the necessary clearances from all the relevant authorities in France and Austria, the TF1 group finalised the acquisition of the Aufeminin group from Axel Springer. Olivier Abecassis, a member of the TF1 group Executive Committee, was appointed Chairman & CEO.

**May****2 May 2018**

Following the appointment of Olivier Abecassis as Chairman & CEO of the Aufeminin group, the TF1 group reshuffled its senior management team: Arnaud Bosom, Executive Vice President, Human Resources and CSR, will supervise the broadcast technology and IT teams, while Christine Bellin, Vice President, Strategy, Development and Transformation, will head up the Innovation and Digital teams.

**22 May 2018**

The TF1 group filed the draft offer document for its simplified tender offer for the shares of Aufeminin.

**June****15 June 2018**

The France Télévisions, M6 and TF1 groups announced that they are joining forces to build a French OTT platform: SALTO. This alliance between France's top three broadcasters reflects their ongoing commitment to keep pace with changes in French viewing habits. A stand-alone company, owned in equal shares by the three groups, will be set up to operate the platform, once clearance has been obtained from the competent authorities.

**July****3 July 2018**

Following clearance from the French Competition Authority, the TF1 group announced that it had finalised the acquisition of the residual 30% stake in the Newen Studios group. Bibiane Godfroid was appointed Chairwoman of Newen Studios.

**12 July 2018**

The TF1 and Lagardère groups announced that they had opened exclusive negotiations with a view to TF1 acquiring 100% of Doctissimo.

**September****3 September 2018**

The TF1 group was a big winner at the 2018 CB News Media Awards, carrying off six awards including "Best TV Channel" for TF1 and "Best Show" for *Burger Quiz*.

**7 September 2018**

The TF1 took its interest above the 95% threshold of the capital and voting rights of Aufeminin, and announced a squeeze-out offer for the remaining shares.

**14 September 2018**

The TF1 group renewed its partnership with the professional bodies representing French producers and distributors of audiovisual programmes (SATEV, SPECT, SPFA, SPI and USPA) to promote creativity in the French broadcasting industry. The proportion of the TF1 group's total spend invested in content from "dependent" producers – reserved for TF1 subsidiaries – has now been adjusted to 30% of the Group's obligation to invest in original drama, documentaries, cartoons, live shows and music videos. This agreement amends the initial agreement signed on 24 May 2016 and will apply for a three-year period from 1 January 2019.

**18 September 2018**

The TF1 group held a Capital Markets Day at which it reiterated its guidance and shared its ambition for its new businesses. The Group confirmed that it expects to improve its return on capital employed within three years.

**October****3 October 2018**

TF1 filed a joint prospectus on a squeeze-out procedure to acquire the remaining shares in Aufeminin.

**10 October 2018**

The TF1 group finalised the acquisition of 100% of the shares of Doctissimo. The deal brings TF1 a strong brand with a substantial community, and strengthens its position with female consumers.

## **TF1 - 2018 Financial Information**

### **18 October 2018**

TF1 launched the squeeze-out procedure for the remaining shares in Aufeminin.

### **25 October 2018**

The TF1 group signed an agreement with the National Football League to broadcast the Super Bowl.

## **November**

### **5 November 2018**

The TF1 group signed an agreement to screen the finals of the Men's and Women's World Handball Championships.

### **12 November 2018**

The TF1 group announced the acquisition of Gammed! The deal aims to marry the audiences of TF1's digital arm with programmatic effectiveness to develop an integrated, high-powered advertising offer.

### **14 November 2018**

The TF1 group and the Canal+ group signed a new global distribution agreement, under which Canal+ can include in its offers all TF1 group channels and non-linear services.

### **22 November 2018**

The TF1 group acquired the rights to the Men's and Women's World Handball Championships. The Group will screen up to four matches from each tournament. If a French team qualifies for a final, the Group will carry exclusive free-to-air coverage of that final.



## 1.3. Analysis of consolidated results

The results below are presented using the new segmental reporting structure adopted by the TF1 group starting in the second quarter of 2018, as presented in Note 4 "Operating segments" to the consolidated financial statements, and in accordance with IFRS 9 and IFRS 15 (applicable from 1 January 2018).

### Revenue

Consolidated revenue of the TF1 group for 2018 was €2,288.3 million, up €155.9 million (+7.3%<sup>1</sup>) on 2017, thanks to:

- Constant-structure revenue growth of €40.0 million year-on-year, reflecting (in the case of the Broadcasting segment) the agreements signed during 2018 with all France's telecoms operators, and a good performance in TV and digital advertising revenue.
- Revenue growth of €115.9 million due to the impact of the acquisitions made during the year. The diversification strategy is paying off, especially with the consolidation of the activities of Unify, the new Digital division built around Aufeminin (which joined the Group in May 2018).

### Cost of programmes and other current operating income/expenses

#### Cost of programmes

The cost of programmes of the five free-to-air channels for 2018 was up €1,014.2 million, up €30.3 million year-on-year, and included €71.7 million for the Football World Cup. This confirms the Group's ability to optimise its programming cost structure while keeping audiences high.

### Other expenses and depreciation, amortisation and provisions

Other expenses and depreciation, amortisation and provisions increased by €115.6 million year-on-year in 2018, mainly due to the first-time consolidation of the Aufeminin group.

### Current operating profit/(loss)

The Group posted a current operating profit for 2018 of €195.7 million, an improvement of €10.0 million, even though this was a year that saw the screening of the Football World Cup (at a cost of €71.7 million). This performance reflects the Group's success in integrating new revenue streams, but also its capacity to optimise profitability by adapting its cost structure. Including the costs of broadcasting the World Cup, the current operating margin rate held steady year-on-year at 8.6%. Excluding World Cup costs, the current operating margin rate was 11.7% (up 3 points year-on-year), meaning that the Group has attained its objective of increasing the current operating margin rate excluding major sporting events relative to 2017.

### Operating profit/(loss)

Group operating profit for 2018 was €173.7 million after charging €22.0 million of non-current expenses, which in 2018 relate to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

### Net profit/(loss)

Net profit attributable to the Group for 2018 was €127.9 million. After excluding the gain booked in 2017 on the divestment of the equity interest in Groupe AB, net profit rose year-on-year in 2018.

<sup>1</sup> Excluding the effects of changes in structure, 2018 revenue growth was 1.9%.

## Financial position

Shareholders' equity attributable to the Group was €1,576 million at 31 December 2018 out of a balance sheet total of €3,157 million.

Cash and cash equivalents amounted to €117 million at 31 December 2018, versus €496 million at end December 2017.

Net debt was €27.5 million at 31 December 2018 (versus a net cash surplus of €257 million at end December 2017), after taking account of the acquisitions of the Aufeminin group and of the residual 30% interest in Newen Studios.

As of 31 December 2018, TF1 had confirmed bilateral bank credit facilities of €1,040 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 31 December 2018, drawdowns under those facilities amounted to €92 million, all of which related to Newen Studios.

The Board of Directors has reiterated that a €50 million share buyback programme is planned, on the basis of the 11th resolution as approved by the shareholders at the Annual General Meeting of 19 April 2018.

## Shareholder returns

To reward shareholders for the capital they have invested, the Board of Directors will ask the Annual General Meeting of 18 April 2019 to approve the payment of a dividend of €0.40 per share, 14% more than for 2017, representing 65% of net profit.

The ex-date will be 29 April, the date of record will be 30 April, and the payment date will be 2 May 2019.

## Share ownership

	31 December 2018		
	Number of shares	% of capital	% of voting rights
<b>Bouygues</b>	<b>91,946,297</b>	<b>43.8%</b>	<b>43.8%</b>
<b>TF1 employees</b>	<b>15,312,888</b>	<b>7.3%</b>	<b>7.3%</b>
<i>via the FCPE TF1 fund (3)</i>	<i>15,121,278</i>	<i>7.2%</i>	<i>7.2%</i>
<i>as registered shares (4)</i>	<i>191,610</i>	<i>0.1%</i>	<i>0.1%</i>
<b>Free float</b>	<b>102,669,755</b>	<b>48.9%</b>	<b>48.9%</b>
<i>Free float - rest of world (2)</i>	<i>63,826,445</i>	<i>30.4%</i>	<i>30.4%</i>
<i>Free float - France (1) (2)</i>	<i>38,843,310</i>	<i>18.5%</i>	<i>18.5%</i>
<b>Treasury shares</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>209,928,940</b>	<b>100.0%</b>	<b>100.0%</b>

	31 December 2017		
	Number of shares	% of capital	% of voting rights
<b>Bouygues</b>	<b>91,946,297</b>	<b>43.8%</b>	<b>43.8%</b>
<b>TF1 employees</b>	<b>14,284,038</b>	<b>6.8%</b>	<b>6.8%</b>
<i>via the FCPE TF1 fund (3)</i>	<i>14,080,439</i>	<i>6.7%</i>	<i>6.7%</i>
<i>as registered shares (4)</i>	<i>203,599</i>	<i>0.1%</i>	<i>0.1%</i>
<b>Free float</b>	<b>103,635,407</b>	<b>49.4%</b>	<b>49.4%</b>
<i>Free float - rest of world (2)</i>	<i>69,575,270</i>	<i>33.2%</i>	<i>33.2%</i>
<i>Free float - France (1) (2)</i>	<i>34,060,137</i>	<i>16.2%</i>	<i>16.2%</i>
<b>Treasury shares</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>209,865,742</b>	<b>100.0%</b>	<b>100.0%</b>

	31 December 2016		
	Number of shares	% of capital	% of voting rights
<b>Bouygues</b>	<b>91,946,297</b>	<b>43.8%</b>	<b>43.8%</b>
<b>TF1 employees</b>	<b>15,202,469</b>	<b>7.3%</b>	<b>7.3%</b>
<i>via the FCPE TF1 fund (3)</i>	<i>15,043,947</i>	<i>7.2%</i>	<i>7.2%</i>
<i>as registered shares (4)</i>	<i>158,522</i>	<i>0.1%</i>	<i>0.1%</i>
<b>Free float</b>	<b>102,268,776</b>	<b>48.8%</b>	<b>48.8%</b>
<i>Free float - rest of world (2)</i>	<i>60,290,960</i>	<i>28.8%</i>	<i>28.8%</i>
<i>Free float - France (1) (2)</i>	<i>41,977,816</i>	<i>20.0%</i>	<i>20.0%</i>
<b>Treasury shares</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total</b>	<b>209,928,940</b>	<b>100.0%</b>	<b>100.0%</b>

(1) Includes unidentified holders of bearer shares.

(2) Estimates based on Euroclear statements.

(3) Employee shareholders subscribing to the company savings scheme.

(4) Employees holding registered shares exercise their votes individually.

## Significant events after the reporting period

### The TF1 Group is entering into exclusive negotiations with a view to selling the operational side of the home shopping business

At a time when the distance selling business is changing fast, the TF1 group has decided to concentrate on broadcasting telesales programmes on its channels and therefore is proposing to sell the operational side (product sourcing, marketing, TV production, etc.) to Teleshopping's former CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales, consumer goods, specialist retail and customer relations, with whom TF1 has entered into exclusive negotiations.

Jérôme Dillard has committed to retaining all staff. In return, the TF1 group has agreed to continue broadcasting teleshopping programmes on its channels for the next five years.

The proposed transaction will, as required by law, be subject to scrutiny by the relevant employee representative bodies.

**The TF1 group announces the creation of Unify, its new digital division**

Unify brings together the new digital activities of the TF1 group (excluding OTT and catch-up TV): the Aufeminin group (Aufeminin, Marmiton, MyLittleParis, etc.), Doctissimo, Newweb (Les Numériques, ZDNet, Paroles de Maman, etc.), Ganned!, Studio 71, Vertical Station and TF1 Digital Factory.

With a presence in 10 countries and more than 100 million unique visitors every month, Unify has become 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 positioned in three business lines: Publishers, Brand Solutions & Services, and Social Media 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.

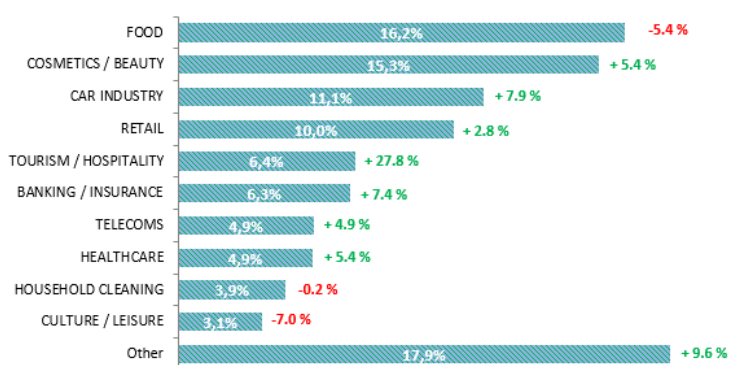
## 1.4. Segment information

### Broadcasting

#### Advertising revenue

Over 2018 as a whole, the TF1 group's free-to-air channels saw their gross revenue rise by 4.8% relative to 2017.

The chart below shows trends in gross advertising spend (excluding sponsorship) by sector in 2019 across the five free-to-air channels:



Source: Kantar Média, 2018 vs. 2017.

Advertising revenue from the Group's five free-to-air channels reached €1,501.9 million, up +1.2% year-on-year, and accounted for 66% of consolidated revenue.

The Group's DTT channels continued to advance thanks to strong audiences, especially among target groups.

The top line was also boosted by another very good performance from sponsorship revenue.

#### Current operating profit

Current operating profit for the Broadcasting segment was up €6.5 million year-on-year at €149.8 million, after taking account of the cost of screening the Football World Cup. This increase was mainly due to good TV advertising revenue performances and to the agreements signed with telecoms operators.

<sup>1</sup> Source: Médiamétrie – Médiamat.

#### Free-to-air channels – market review<sup>1</sup>

Average daily TV viewing time during 2018 among individuals aged 4+ remained high at 3 hours 36 minutes, down 6 minutes year-on-year. Viewing time for catch-up and recordings held steady year-on-year, while live viewing time fell by 6 minutes over the same period. For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time was 13 minutes lower year-on-year at 3 hours 22 minutes, though this was due solely to reduced live viewing.

These figures do not include time spent watching live or catch-up television on other devices (computers, tablets, smartphones, etc.), or outside the home on any device. Médiamétrie estimates such non-linear consumption at 10 minutes a day in 2018.

#### Free-to-air channels – audience ratings<sup>2</sup>

In a highly competitive market, the TF1 group is reaping the benefits of its multi-channel strategy and editorial transformation.

The Group has strengthened its market leadership across all target audiences, and especially among younger viewers where its channels have seen the strongest growth. The figures clearly demonstrate the Group's ability to deploy offers suited to every type of audience:

- 32.6% audience share among W<50PDM (+0.3 of a point), widening the gap from the Group's nearest private-sector rival by over 12%
- 29.3% among 25-49 year-olds (+0.1 of a point)
- 33.8% among 15-24 year-olds (+1.1 points)
- 30.3% among 15-34 year-olds (+1.3 points)
- 26.9% among ABC1s (+0.6 of a point)

#### TF1

For the TF1 core channel, 2018 was its best year since 2015, both in terms of its share of the W<50PDM target audience (22.5%) and the increase in that share (+0.4 of a point).

<sup>2</sup> Source: Médiamétrie

Once again, TF1 confirmed its status as France's most-watched channel, with 91 of the top 100 audience ratings, including the no.1 slot for the World Cup Final (19.4 million viewers). The channel also took the top spot in each genre (News, Sport, French Drama, Light Entertainment, Movies and American Series).

- Sport** The highlight of 2018 was undoubtedly the success of the Football World Cup. As well as live match coverage, which attracted an average of 9 million viewers (rising to an average of 14 million for matches featuring France), TF1 showcased the event across a whole range of special tie-in programmes including magazines, documentaries and one-off specials. The final of the European Women's Handball Championship also proved a hit, attracting 5.4 million viewers and a peak of 8.1 million - testimony to the channel's unrivalled capacity to promote its content and pull in ever larger audiences. Over the year, TF1 posted 42 of the top 50 sports audiences.
- French drama** TF1 drama offers a diverse mix of bold, ambitious, hard-hitting event TV in prime time (*Jacqueline Sauvage* with 8.8 million viewers, *Le Jour où j'ai brûlé mon cœur*, *Les Bracelets rouges*, *Les Innocents* and *Insoupçonnables*), alongside established franchises that turned in very good performances such as the *Joséphine/Camping Paradis* crossover (7.5 million viewers) and *Section de Recherches* (6.8 million). Another notable feature was the fine performance by the access prime time soap *Demain nous appartient*: up to 4.5 million viewers, and 200,000 more than last year on average. Over 2018, TF1 drama significantly increased its share of target audiences (+2 points for W<50PDM, +1 point for 25-49 year-olds), and also posted 42 of the year's top 50 drama audience ratings.
- Foreign series** The standout success was the launch of *The Good Doctor*, which attracted up to 7.9 million viewers, closely followed by the adaptation of Joël Dicker's *La Vérité sur l'Affaire Harry Québert* (up to 6.7 million). The big franchises – *Lethal Weapon* (“*L'Arme fatale*”), *Grey's Anatomy* and *Criminal Minds* (“*Esprits Criminels*”) – turned in solid performances, especially with target audiences. TF1 achieved 49 of the top 50 audiences ratings for foreign series in 2018.

- News** The channel's regular news bulletins are still clear market leaders, both at lunchtime (up to 7.5 million viewers) and in the evening (peak of 9.7 million for Emmanuel Macron's address to the nation). News magazines are enjoying a revival, with up to 4.7 million viewers for *Sept à Huit* and 5.3 million for *Reportages*. Other highlights of the year included the creation of a new regular show, *Le 20H Le Mag*, which topped the rankings with up to 5.9 million viewers, and the launch of a new strand of documentary tie-ins to the channel's event dramas (documentary *Jacqueline Sauvage: victime ou coupable ?*). In total, 15 programmes from TF1's news output attracted over 7.0 million viewers, and the channel provided 48 of the year's top 50 audience ratings for news programmes.
- Light entertainment** TF1 was the only channel to get a light entertainment show into the French top 100 audience ratings. Not only did *Les Enfoirés* take top slot in the genre with 10.2 million viewers, but second and third place also went to TF1 with *Canteloup* (7.6 million) and *Miss France* (7.5 million). They were followed by the channel's big franchises: *The Voice* (7.1 million), *Danse avec les Stars* (which had an excellent season, upping its audience share among W<50PDM by 5 points to 33%) and *Koh Lanta* (up to 5.9 million viewers). TF1 occupied 43 of the top 50 slots for unscripted shows in 2018.
- Movies** French comedies co-produced by TF1 proved popular with the viewing public: *Qu'est-ce qu'on a fait au bon Dieu?* was the most-watched movie on TV in 2018 with 8.7 million viewers, followed by *Les Tuche* (7.7 million) and *Rien à déclarer* (7.1 million). TF1 scooped all 30 of the top movie audiences, and was the only channel to get any movies into the best overall audience rankings.

#### DTT channels

The TF1 group's DTT channels - TMC, TFX, TF1 Séries Films and LCI - maintained their market leadership with a combined audience share of 10.1% among W<50PDM (-0.1 of a point year-on-year) and 9.2% among 25-49 year-olds (-0.1 of a point year-on-year).



## TF1 - 2018 Financial Information

### TMC

TMC is still France's most-watched DTT channel, with a 4.1% share of the target W<50PDM audience. It also achieved the highest audience on any DTT channel in 2018 with 4.7 million viewers for the France/Colombia football friendly, and attracted 24 of the top 50 DTT audiences. The channel continues to gain traction, with the successful revival of *Burger Quiz* (up to 2.3 million viewers) and good performances from *Quotidien*. TMC also carries the most popular movie offer on DTT, achieving the best DTT movie audience of the year for *Jurassic World* (up to 1.8 million viewers) and pulling in over a million viewers for 40 of its movies.

### TFX

Fine performances during the year took TFX to no.3 slot in the DTT channel rankings for the W<50PDM target audience (3.3% share) and confirmed the channel's no.2 ranking among 15-24 year-olds.

The channel's best audiences were for movies (*Le jour de gloire* with 1.3 million viewers and *Bienvenue à Marly-Gomont* with 1.2 million), and for the Germany/Netherlands football match (1.2 million). Documentaries, magazines and reality TV shows in access prime time (*La Villa des cœurs brisés* with an 11% share of 15-24 year-olds) also scored a big success. Finally, the channel expanded its attractive factual programming offer for younger viewers with shows like *Tattoo Cover* (5% of W<50PDM, 9% of 15-24 year-olds) and the all-new *Beauty Match* (7% of W<50PDM, 13% of 15-24 year-olds).

### TF1 Séries Films

TF1 Séries Films posted the second-fastest growth of any channel among the W<50PDM target audience in 2018, increasing its share by 0.3 of a point to 2.5% and showing that the channel's editorial policy - based on a triptych of movies, French drama and American series - is delivering. The channel posted 18 of the top 20 HD DTT ratings in 2018, led by movies in the *Lethal Weapon* ("L'Arme Fatale") franchise with 1.2 million viewers, the landmark series *The Handmaid's Tale* ("La servante écarlate") with up to 1.2 million, and the drama *Le Mec de la tombe d'à côté* with 0.9 million.

### LCI

Between January and December 2018 LCI saw a sharp rise in audiences from 0.6% to 1.5% among individuals aged 4+, further confirming its status as France's no. 2 news channel. The channel attracted a 0.7% share of individuals aged 4+ on average in 2018, and achieved its all-time record audience of nearly 1 million for *La Grande Explication*, presented by David Pujadas.

Shows presented by the channel's big names also showed very strong momentum: *La Matinale* with Pascale de la Tour du Pin (111,000 viewers in December 2018), *L'Heure de Bachelot* (148,000), *Audrey&Co* with Audrey Crespo-Mara (150,000) and *Perriscope* with Pascal Perri (133,000).

### 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, thanks in particular to the agreement with Discovery Communications that came into effect on 1 January 2018.

### TF1 Films Production<sup>1</sup>

Cinema footfall in France fell for the second consecutive year (by 4.3% relative to 2017), to 200.5 million. Against this backdrop, TF1 Films Production turned in a fine performance in 2018, with the 13 films co-produced by the company between them attracting over 25 million box office entries; that represents nearly 2 million more than for the 21 films released in 2017. The year saw some notable box-office successes: three TF1 Films Production co-productions made it into the top 5 of 2018 releases: *Les Tuche 3* (no.2 with 5.7 million box office entries), *La ch'tite famille* (no.3 with 5.6 million) and *Le Grand bain* (no.5 with 4.2 million). TF1 Films Production was also boosted by successes for *Taxi 5* (3.7 million) and *Tout le monde debout* (2.4 million).

The revenue contribution from TF1 Films Production for 2018 was stable year-on-year, but its contribution to operating profit decreased.

<sup>1</sup> Source: CBO Box Office.

**TF1 Production**

TF1 Production produced around 460 hours of programmes in 2018, versus 410 hours in 2017. The main reasons for the increase were:

- a strong sporting calendar, featuring 2018 World Cup matches and tie-in programmes, the European Handball Championship, and the return of Formula 1 to TF1 with four Grands Prix;
- new programme launches such as *Beauty match* for TFX and *Les plus belles vacances* for TF1, and delivery of season 2 of *Mon plus beau Noël* and of *Petits secrets entre voisins*;
- major brand content campaigns on behalf of Système U, Carrefour, Ferrero and the French road safety agency.

TF1 Production's revenue contribution was stable year-on-year, but its contribution to Group operating profit increased.

**Other platforms and related activities****e-TF1**

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

MYTF1 performed well during the year with 1.4 billion video views<sup>1</sup>, up 9% year-on-year, bolstered by success across all genres: *Demain nous appartient*, *The Voice*, *The Good Doctor*, *Paw Patrol*, *Quotidien*, *2018 Football World Cup* and *La Villa des cœurs brisés*.

Both revenue and operating profit at e-TF1 increased year-on-year.

**Theme channels**

French pay-TV channels as a whole attracted an audience share of 10.1% among individuals aged 4+ during 2018, up 0.1 of a point year-on-year<sup>2</sup>.

Revenue for the TF1 group's theme channels (TV Breizh, Ushuaïa, Histoire) fell a little year-on-year. At the same time, cost control helped the three channels stabilise their profitability.

**TV Breizh**

TV Breizh had its best-ever year in 2018, with an average 0.7% audience share of individuals aged 4+<sup>3</sup> making it France's most-watched pay-TV channel in the year.

Much of this performance was due to the 50th anniversary of the cult series *Columbo*, celebrated on TV Breizh at the end of the year. The anniversary was marked with seven evening specials dedicated to the show, giving the channel its best-ever week with a 0.8% audience share.

**Ushuaïa**

In six months, Ushuaïa TV has grown its audience by 9% for individuals aged 4+ and by 11% for W<50PDM<sup>1</sup>. The channel has reached record brand recognition levels, ranking no.1 amongst pay-TV nature/science channels with 65% (up 4 points year-on-year).

**Histoire**

Audiences for the Histoire channel have increased slightly over the last six months (+4%)<sup>1</sup>. The channel continues to screen first-run series and dramas such as *Tutankhamun*, alongside special event-driven strands such as a 3-month programme cycle built around commemorations of the 1918 Armistice.

**Studios & Entertainment****Studios****Newen Studios**

Newen extended its international footprint in 2018 with the acquisition of the drama producer Pupkin. The group also has a presence in Denmark following the acquisition of a minority interest in Nimbus, which produces drama and feature-length films.

Alongside successful daily shows (*Demain Nous Appartient*, *Plus Belle La Vie*, *Magazine de la Santé*), the end of 2018 saw the screening of the first series produced by Newen in France for Amazon: *Deutsch-Les-Landes*.

<sup>1</sup> Excluding news content, XTRA content and live sessions. Source: eStat Médiamétrie – AT Internet – Orange.

<sup>2</sup> Médiamétrie – Médiamat.

<sup>3</sup> Source: Médiamat/Thématique. Wave 35.

## TF1 - 2018 Financial Information

Newen also continued to diversify and add to its order book with productions including *Osmosis* (for Netflix) and *Mores* (also for Netflix, via Newen subsidiary Pupkin).

### TF1 Studio

A total of 10 films went on general release in 2018, compared with 13 in 2017. The runaway success of two of last year's releases – *Alibi.com* and *Il a déjà tes yeux* – was not matched by the 2018 releases.

At the same time, physical video sales decreased, in a market that is in structural decline.

Consequently, both revenue and current operating profit at TF1 Studio were lower year-on-year.

### Entertainment

#### TF1 Entertainment

TF1 Entertainment had a good 2018, with growth in both revenue and operating profit. The main factors were:

- Play Two: success for new albums released during the year by Maître Gims, Trois Cafés Gourmands and David Hallyday;
- "La Seine Musicale" music venue: strong ticket sales for major concerts, plus steady growth for the recording and rehearsal space;
- Licences: good performances thanks to a strong portfolio of brands (including Ushuaïa) and TV programme tie-ins (including *The Voice* and *Danse Avec Les Stars*).
- Music and live shows: good top-line performances from tie-ins featuring artists including Mylène Farmer, Johnny Hallyday and Patrick Bruel); the record label (with Jenifer); live show partnerships (*Bodyguard*, *Jesus*, *Team Lab*); and the *Inside PSG* and *Inside Opéra* immersive experiences.

### Home Shopping

Sales of goods fell year-on-year in 2018 due to a drop in order levels. Although sales margins were slightly higher, the drop in orders led to a reduction in current operating profit.

### Digital

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Revenue from Unify, the new Digital segment, totalled €116.0 million, and includes revenue from the Aufeminin group (consolidated from May 2018).

The segment made a current operating profit of €12.1 million for that period, giving a current operating margin rate of 10.4%. These results are impacted by costs related to the acquisition of the Aufeminin group.



## 1.5. Corporate social responsibility

### Diversity/Inclusion

#### Boosting the number of female experts on TV

On 15 October, TF1 Initiatives hosted the second of its “Expertes à la Une” one-day events, aimed at increasing the proportion of female expert commentators appearing on the Group’s news output. Building on the success of the first event in 2016, the 2018 event brought five media partners on board (AFP, Aufeminin, Les Échos, La Montagne and Marie Claire), alongside the Vox Femina not-for-profit organisation. “Expertes à la Une” is focusing on two key areas as it seeks to break down barriers to women appearing on the media:

- Coaching and support for women in public speaking roles: the 2018 event saw 75 female experts from Paris and the provinces attending workshops, finding out how to structure their arguments and manage their image while also legitimising their expertise and status.

- Raising awareness of gender parity issues among editorial staff: the event gave journalists an opportunity to meet female experts in a range of fields (e.g. economics, innovation, politics, the law, society, sport and the arts) and expand their contact lists.

The TF1 group is seriously committed to fair representation and to promoting the use of female experts in its news output. Over the past three years, the Group has partnered with Vox Femina to support the “Femmes en Vue” competition, with the winning female experts given personalised media training on-site at TF1 headquarters.

#### TF1 channels and social networks back the national day of action on school bullying

On 5 November, TF1 backed France’s national day of action on school bullying. Harry Roselmack hosted an evening special, and the channel screened the drama *Le jour où j’ai brûlé mon cœur*, freely adapted from Jonathan Destin’s true-life story *Condamné à me tuer*.

Jonathan was a shy teenager, who hid his suffering for six years. From age 10 to 16, he went through hell at his primary school, at two secondary schools and a vocational training college. Wherever he studied, he was taunted, insulted, bullied and hit. Finally, aged just 16, he tried to commit suicide by setting fire to himself.

In making the drama, TF1 worked with the Ministry of Education to devise the on-screen message to accompany the helpline number shown at the end of the show. In parallel, the government campaign to raise awareness of school bullying was picked up on the Group’s TV channels and social networks.

TF1 Initiatives places great emphasis on the theme of “Living Together”, especially through its partnership with Respect Zone, a campaign against bullying and harassment on social

networks, whose logo and charter are featured on the Group’s websites and social media accounts. Various non-profit organisations campaigning against school bullying (including Respect Zone) attended the evening gala launch of the show on 29 October.

#### On a tous un rôle à jouer: a play to challenge preconceptions about disability

The TF1 group mounted an internal awareness-raising session in support of European Disability Employment Week. On 23 November, the Diversity Unit invited staff to attend *On a tous un rôle à jouer*, an interactive theatre event that deconstructs stereotypes, especially preconceptions about people with disabilities. Based on scenes from workplace life, the show is interspersed with spontaneous interactions with the audience, inviting them to share their feelings and ask questions while providing them with simple but insightful take-home messages.

#### The TF1 Foundation partners with CREO-ADAM to mentor young entrepreneurs

On 7 December, the TF1 Initiatives Foundation hosted a session at TF1 headquarters for young entrepreneurs from the 2018-19 intake of the CREO-ADAM non-profit organisation, introducing the TF1 employee who will mentor them. Each mentor will support a budding entrepreneur through a series of meetings over the next three months, helping them prepare for a grand oral presentation at TF1 headquarters on 26 and 27 March 2019.

CREO sponsors young entrepreneurs from disadvantaged neighbourhoods, offering them advice and networking opportunities.

CREO was founded in 2006 by two company bosses who wanted to pass on what they had learned through the process of setting up their own businesses. It is based in the northern Paris suburb of Aulnay-sous-Bois.

### Environment

#### TF1 Initiatives sessions: the “Climate Fresco”

On 19 December 2018, TF1 staff were invited to take part in the “Climate Fresco”, a two-hour creative and immersive workshop on climate disruption for beginners and the experienced alike. The “Climate Fresco” harnesses collective intelligence to transmit very quickly messages about climate, and about the causes and effects of different aspects of climate change. Twenty employees took part in the workshop, which will be followed up by a further five workshops in 2019, so that staff can share ideas about environmentally responsible consumption.

## **TF1 - 2018 Financial Information**

### **Recycling bins everywhere!**

Since 24 December 2018, dedicated recycling bins have been introduced on every floor of the TF1 headquarters building in Boulogne, in addition to the flexible workspaces. Employees no longer have their own waste bin by their desk. Instead, they must sort their waste and dispose of it using separate communal bins in their workspace for paper, plastic, and other rubbish. The idea is for this simple environmentally-aware act to become part of the daily office routine.

Bins have also been introduced for recycling coffee pods, and for staff to retrieve batteries that have been partially used by news teams but still have some life remaining.

## 1.6. Human resources update

As of 31 December 2018, the TF1 group had 3,135 employees on permanent contracts.<sup>9</sup>

## 1.7. Stock market performance

On 31 December 2018, TF1 shares closed at a price of €7.08; this represents a decrease of 42% over the calendar year.

Over the same period, the CAC 40 fell by 11% and the SBF 120 by 12%.

The market capitalisation of the TF1 group as of 31 December 2018 was €1.486 billion, 42% lower than a year earlier.

## 1.8. Outlook

Our 2018 results confirm our ability to improve our profitability by adjusting our core business model while moving into new growth territories.

We have achieved our objective of an improvement, within one year, of our current operating margin rate excluding major sporting events (11.7% in 2018 versus 8.7% in 2017). Close control over the cost of programmes excluding major sporting events in 2018 (€942.5 million) has meant that this year we have already taken the cost of programmes below our objective of €960 million on average over the 2018-2020 period.

In addition, revenue from sources other than advertising on our free-to-air channels represented 34% of our consolidated revenue in 2018. This shows that our external growth strategy is paying off, and contributing to both top-line growth and improved profitability. It also means that we have met our objective of at least one-third of consolidated revenue one year ahead of schedule.

We will continue our transformation in 2019, and are reiterating the following guidance:

- in 2019:
  - o target of double-digit current operating margin rate.

<sup>9</sup> Includes Aufeminin employees on permanent contracts.

<sup>10</sup> 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

- in 2021:
  - o revenue of at least €250 million from our Unify digital division;
  - o EBITDA margin of at least 15% from our Unify digital division;
  - o an improvement in our return on capital employed<sup>10</sup> relative to 2018.

Finally, we are adjusting our objective for the cost of programmes to an average of €990 million including major sporting events for the 2019-2020 period, compared with €1,014 million in 2018.

## 1.9. Movements in share capital

Between 1 January and 31 December 2018, 63,198 shares were created as a result of the exercise of stock options. TF1 did not hold any of its own shares during that period.

As of 31 December 2018, the number of shares and voting rights stood at 209,928,940, and the share capital was €41,985,788.

## 1.10. Corporate governance

Acting on the advice of the Director Selection Committee, the Board of Directors will ask the Annual General Meeting of 18 April 2019 to reappoint Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat as Directors for a three-year term of office.

The Board of Directors will seek approval for the appointment of Marie Pic-Pâris Allavena as a director for a three-year term of office, replacing Janine Langlois Glandier whose term of office is expiring. The Board warmly thanks Janine Langlois Glandier for the quality of her contribution during her seven years as an independent director. The arrival of Marie Pic-Pâris Allavena would add to the effectiveness of the Board: she is a high profile business leader, whose extensive professional experience would complement the broadcasting industry expertise of the current Directors. Marie Pic-Pâris Allavena is CEO and a director of the Eyrolles group; a director and Chair of the Risk

year. Capital employed = shareholders' equity including minority interests + net debt at period-end. The TF1 group's ROCE was 8.8% in 2018.

## TF1 - 2018 Financial Information

Committee of Banque Populaire Rives de Paris; and a director and Chair of the Risk Committee of Banque Palatine. The Board of Directors has assessed Marie Pic-Pâris Allavena by reference to the independence criteria established by the AFEP/MEDEF Code of Corporate Governance and concluded that she had no business relationship with the TF1 group, and that she qualifies as an independent director.

Subject to shareholder approval and excluding employee representative Directors, the TF1 Board of Directors would continue to have four female independent Directors, which means that the proportions of female and independent Directors would both remain at 44%.

### 1.11. Diary dates

- **18 April 2019:** Annual General Meeting
- **29 April 2019:** 2019 first-quarter revenue and financial statements
- **29 April 2019:** 2018 dividend ex date
- **30 April 2019:** Date of record for dividend payments
- **2 May 2019:** Dividend payment date
- **24 July 2019:** 2019 first-half revenue and financial statements
- **29 October 2019:** 2019 9-month revenue and financial statements

These dates may be subject to change.

## 2. 2018 Consolidated Financial Statements

The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

### Consolidated income statement

(€m)	Note	Full year	Full year
		2018	2017 <sup>(1)</sup>
Advertising revenue		1,662.2	1,565.7
Other revenue		626.1	566.7
<b>Revenue</b>	<b>5.1</b>	<b>2,288.3</b>	<b>2,132.4</b>
Other income from operations		44.7	43.1
Purchases consumed and changes in inventory	5.2	(957.7)	(877.1)
Staff costs	5.3	(470.7)	(453.2)
External expenses	5.4	(416.5)	(398.7)
Taxes other than income taxes	5.5	(132.7)	(131.2)
Depreciation and amortisation, net		(213.0)	(173.2)
Provisions and impairment, net		(70.6)	(53.7)
Other current operating income	5.6	253.5	244.2
Other current operating expenses	5.6	(129.6)	(146.9)
<b>Current operating profit/(loss)</b>		<b>195.7</b>	<b>185.7</b>
Non-current operating income		-	-
Non-current operating expenses	5.7	(22.0)	(23.3)
<b>Operating profit/(loss)</b>		<b>173.7</b>	<b>162.4</b>
Income associated with net debt		0.2	0.2
Expenses associated with net debt		(2.2)	(1.7)
<b>Cost of net debt</b>	<b>5.8</b>	<b>(2.0)</b>	<b>(1.5)</b>
Other financial income	5.9	7.0	15.8
Other financial expenses	5.9	(2.1)	(9.5)
Income tax expense	5.11	(48.3)	(44.8)
Share of profits/(losses) of joint ventures and associates		0.2	14.2
<b>Net profit/(loss) from continuing operations</b>		<b>128.5</b>	<b>136.6</b>
<b>Net profit/(loss) from discontinued or held-for-sale operations</b>		<b>-</b>	<b>-</b>
<b>Net profit/(loss)</b>		<b>128.5</b>	<b>136.6</b>
<b>attributable to the Group:</b>		<b>127.9</b>	<b>136.3</b>
Net profit/(loss) from continuing operations		127.9	136.3
<b>attributable to non-controlling interests:</b>		<b>0.6</b>	<b>0.3</b>
Net profit/(loss) from continuing operations		0.6	0.3
Weighted average number of shares outstanding (in '000)		209,891	209,664
Basic earnings per share from continuing operations (€)	7.4.2	0.61	0.65
Diluted earnings per share from continuing operations (€)	7.4.2	0.61	0.65
Basic earnings per share from held-for-sale operations (€)		-	-
Diluted earnings per share from held-for-sale operations (€)		-	-

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15.

## Statement of recognized income and expense

(€m)	Full year 2018	Full year 2017 <sup>(1)</sup>
<b>Consolidated net profit/(loss) for period</b>	<b>128.5</b>	<b>136.6</b>
<b>Items not reclassifiable to profit or loss</b>		
Actuarial gains and losses on employee benefits	(3.8)	(1.2)
Net change in fair value of equity instruments	(7.4)	
Net tax effect of equity items not reclassifiable to profit or loss	1.0	(1.0)
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity		
<b>Items reclassifiable to profit or loss</b>		
Remeasurement of hedging instruments <sup>(2)</sup>	6.6	(6.5)
Remeasurement of available-for-sale financial assets		
Change in cumulative translation adjustment of controlled entities	0.6	
Net tax effect of equity items reclassifiable to profit or loss	(2.3)	2.2
Share of reclassifiable income and expense of joint ventures and associates recognised in equity		
<b>Income and expense recognised directly in equity</b>	<b>(5.3)</b>	<b>(6.5)</b>
<b>Total recognised income and expense</b>	<b>123.2</b>	<b>130.1</b>
<i>attributable to the Group</i>	122.6	129.8
<i>attributable to non-controlling interests</i>	0.6	0.3

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15.

<sup>(2)</sup> Includes amounts reclassified to profit or loss: -€7.8 million in 2018, -€4.1 million in 2017.

## Consolidated cash flow statement

(€m)	Note	Full year 2018	Full year 2017 <sup>(1)</sup>
Net profit/(loss) from continuing operations (including non-controlling interests)		128.5	136.6
Depreciation, amortisation, provisions & impairment (excluding current assets)	6.2.1	279.5	231.8
Net (gain)/loss on asset disposals		(1.3)	7.0
Share of (profits)/losses and dividends of joint ventures and associates		1.0	(12.9)
Other non-cash income and expenses	6.2.2	(44.4)	(36.5)
<b>Sub-total</b>		<b>363.3</b>	<b>326.0</b>
Cost of net debt		2.0	1.5
Income tax expense (including deferred taxes)		48.3	44.8
<b>Operating cash flow</b>		<b>413.6</b>	<b>372.3</b>
Income taxes (paid)/reimbursed		(67.3)	(21.2)
Change in operating working capital needs	6.2.3	16.9	(82.0)
<b>Net cash generated by/(used in) operating activities</b>		<b>363.2</b>	<b>269.1</b>
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(212.4)	(189.7)
Cash inflows from disposals of property, plant & equipment and intangible assets		2.0	0.9
Cash outflows on acquisitions of financial assets		(2.4)	(35.0)
Cash inflows from disposals of financial assets		5.7	9.2
Effect of changes in scope of consolidation	6.3.1	(261.3)	66.8
<i>Purchase price of investments in consolidated activities</i>		(326.4)	(32.6)
<i>Proceeds from disposals of consolidated activities</i>		1.5	90.5
<i>Net liabilities related to consolidated activities</i>		-	-
<i>Other cash effects of changes in scope of consolidation</i>		63.6	8.9
Dividends received		0.1	0.1
Other cash flows from investing activities		(0.4)	(2.2)
<b>Net cash generated by/(used in) investing activities</b>		<b>(468.7)</b>	<b>(149.9)</b>
Cash received on exercise of stock options		0.4	3.0
Purchases and sales of treasury shares		-	-
Other transactions between shareholders		(182.0)	(3.0)
Dividends paid during the period	7.4.4	(73.5)	(58.6)
Cash inflows from new debt contracted		-	42.8
Repayment of debt (including finance leases)		(22.0)	(25.7)
Net interest paid (including finance leases)		(2.1)	(1.5)
<b>Net cash generated by/(used in) financing activities</b>		<b>(279.2)</b>	<b>(43.0)</b>
<b>Impact of exchange rate movements</b>		<b>0.2</b>	
<b>CHANGE IN CASH POSITION – CONTINUING OPERATIONS</b>		<b>(384.5)</b>	<b>76.2</b>
<b>Cash position at start of period</b>		<b>495.5</b>	<b>419.3</b>
Change in cash position		(384.5)	76.2
<b>Cash position at end of period</b>		<b>111.0</b>	<b>495.5</b>

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15.

## Consolidated balance sheet

ASSETS (€m)	Note	31/12/2018	31/12/2017 <sup>(1)</sup>
<b>Goodwill</b>	7.3.1	<b>817.1</b>	<b>580.4</b>
<b>Intangible assets</b>		<b>287.3</b>	<b>234.6</b>
Audiovisual rights	7.1.1	144.2	170.8
Other intangible assets	7.3.2	143.1	63.8
<b>Property, plant and equipment</b>	7.3.3	<b>191.5</b>	<b>177.2</b>
<b>Investments in joint ventures and associates</b>	7.3.4	<b>20.8</b>	<b>22.2</b>
<b>Non-current financial assets</b>	7.3.5	<b>40.5</b>	<b>54.5</b>
<b>Non-current tax assets</b>		-	-
<b>Total non-current assets</b>		<b>1,357.2</b>	<b>1,068.9</b>
<b>Inventories</b>		<b>520.9</b>	<b>615.9</b>
Programmes and broadcasting rights	7.1.2	505.8	597.8
Other inventories		15.1	18.1
<b>Trade and other debtors</b>	7.2.1	<b>1,141.9</b>	<b>1,203.2</b>
<b>Current tax assets</b>		<b>17.6</b>	<b>13.0</b>
<b>Other current financial assets</b>		<b>2.2</b>	-
<b>Cash and cash equivalents</b>	7.5.1	<b>117.3</b>	<b>495.8</b>
<b>Total current assets</b>		<b>1,799.9</b>	<b>2,327.9</b>
<b>TOTAL ASSETS</b>		<b>3,157.1</b>	<b>3,396.8</b>
<b>Net surplus cash (+) / Net debt (-)</b>		<b>(27.5)</b>	<b>256.7</b>

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15 and IFRS 9.



## Consolidated balance sheet (continued)

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> (€ million)	<i>Note</i>	<b>31/12/2018</b>	<b>31/12/2017</b> <sup>(1)</sup>
Share capital	7.4.1	42.0	42.0
Share premium and reserves		1,406.1	1,409.2
Net profit/(loss) for the period attributable to the Group		127.9	136.3
<b>Shareholders' equity attributable to the Group</b>		<b>1,576.0</b>	<b>1,587.5</b>
Non-controlling interests		2.6	(0.1)
<b>Total shareholders' equity</b>		<b>1,578.6</b>	<b>1,587.4</b>
<b>Non-current debt</b>	7.5.1	<b>126.9</b>	<b>232.6</b>
<b>Non-current provisions</b>	7.3.6	<b>41.1</b>	<b>38.8</b>
<b>Non-current tax liabilities</b>	5.11	<b>45.4</b>	<b>39.6</b>
<b>Total non-current liabilities</b>		<b>213.4</b>	<b>311.0</b>
<b>Current debt</b>	7.5.1	<b>17.9</b>	<b>6.5</b>
<b>Trade and other creditors</b>	7.2.2	<b>1,327.0</b>	<b>1,467.8</b>
<b>Current provisions</b>	7.2.3	<b>20.2</b>	<b>16.5</b>
<b>Current tax liabilities</b>		-	-
<b>Other current financial liabilities</b>		-	7.6
<b>Total current liabilities</b>		<b>1,365.1</b>	<b>1,498.4</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>3,157.1</b>	<b>3,396.8</b>

<sup>(1)</sup> Restated for the impacts of first-time application of IFRS 15 and IFRS 9.

**Consolidated statement of changes in shareholders' equity**

(€m)	Share capital	Share premium	Treasury shares	Reserves	Translation reserve	Income & expense recognised directly in equity	Shareholders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
<b>BALANCE: 31/12/2016</b>	<b>41.9</b>	<b>13.5</b>	<b>-</b>	<b>1,447.9</b>	<b>-</b>	<b>(9.9)</b>	<b>1,493.4</b>	<b>(0.8)</b>	<b>1,492.6</b>
Impact of IFRS 15 on opening equity <sup>(1)</sup>	-	-	-	(0.7)	-	-	(0.7)	-	(0.7)
<b>BALANCE: 31/12/2016 RESTATED</b>	<b>41.9</b>	<b>13.5</b>	<b>-</b>	<b>1,447.2</b>	<b>-</b>	<b>(9.9)</b>	<b>1,492.7</b>	<b>(0.8)</b>	<b>1,491.9</b>
Capital increase (stock options exercised)	0.1	2.9	-	-	-	-	3.0	-	3.0
Share-based payment	-	-	-	5.1	-	-	5.1	-	5.1
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(58.6)	-	-	(58.6)	-	(58.6)
Other transactions with shareholders	-	-	-	17.1	-	-	17.1	0.3	17.4
<b>Total transactions with shareholders</b>	<b>0.1</b>	<b>2.9</b>	<b>-</b>	<b>(36.4)</b>	<b>-</b>	<b>-</b>	<b>(33.4)</b>	<b>0.3</b>	<b>(33.1)</b>
<b>Consolidated net profit/(loss) for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136.3</b>	<b>-</b>	<b>-</b>	<b>136.3</b>	<b>0.3</b>	<b>136.6</b>
<b>Income and expense recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6.5)</b>	<b>(6.5)</b>	<b>-</b>	<b>(6.5)</b>
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(1.6)	-	-	(1.6)	0.1	(1.5)
<b>BALANCE: 31/12/2017 RESTATED</b>	<b>42.0</b>	<b>16.4</b>	<b>-</b>	<b>1,545.5</b>	<b>-</b>	<b>(16.4)</b>	<b>1,587.5</b>	<b>(0.1)</b>	<b>1,587.4</b>

(€m)	Share capital	Share premium	Treasury shares	Reserves	Translation reserve	Income & expense recognised directly in equity	Shareholders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
<b>BALANCE: 31/12/2017</b>	<b>42.0</b>	<b>16.4</b>	<b>-</b>	<b>1,539.9</b>	<b>-</b>	<b>(16.4)</b>	<b>1,581.9</b>	<b>(0.1)</b>	<b>1,581.8</b>
Impact of IFRS 15 on opening equity <sup>(1)</sup>	-	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Impact of IFRS 9 on opening equity <sup>(2)</sup>	-	-	-	6.1	-	-	6.1	-	6.1
<b>BALANCE: 31/12/2017 RESTATED</b>	<b>42.0</b>	<b>16.4</b>	<b>-</b>	<b>1,545.5</b>	<b>-</b>	<b>(16.4)</b>	<b>1,587.5</b>	<b>(0.1)</b>	<b>1,587.4</b>
Capital increase (stock options exercised)	-	0.4	-	-	-	-	0.4	-	0.4
Share-based payment	-	-	-	4.3	-	-	4.3	-	4.3
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(73.5)	-	-	(73.5)	-	(73.5)
Other transactions with shareholders	-	-	-	(67.9)	-	-	(67.9)	1.6	(66.3)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>(137.1)</b>	<b>-</b>	<b>-</b>	<b>(136.7)</b>	<b>1.6</b>	<b>(135.1)</b>
<b>Consolidated net profit/(loss) for period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127.9</b>	<b>-</b>	<b>-</b>	<b>127.9</b>	<b>0.6</b>	<b>128.5</b>
<b>Income and expense recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5.3)</b>	<b>(5.3)</b>	<b>-</b>	<b>(5.3)</b>
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	2.6	-	-	2.6	0.5	3.1
<b>BALANCE: 31/12/2018</b>	<b>42.0</b>	<b>16.8</b>	<b>-</b>	<b>1,538.9</b>	<b>-</b>	<b>(21.7)</b>	<b>1,576.0</b>	<b>2.6</b>	<b>1,578.6</b>

<sup>(1)</sup> Impact of IFRS 15, applied by the Group as of 1 January 2018 with retrospective effect from end 2016 (see Notes 2.2.1 & 2.6.1).

<sup>(2)</sup> Impact of IFRS 9, applied by the Group as of 1 January 2018 with retrospective effect from end 2017 (see Notes 2.2.1, 2.6.1. & 2.6.2).

Refer to Note 7-4, "Consolidated shareholders' equity", for an analysis of these changes.



## **Notes to the consolidated financial statements**

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For the notes to the consolidated financial statements, refer to the full set of consolidated financial statements, available on our corporate website at: <http://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels>.

### **Télévision Française 1**

*Société anonyme* with capital of €41,985,788 - Registered No. 326 300 159 R.C.S. Nanterre

Postal address:

TF1 – 1 quai du Point du Jour – 92656 Boulogne Cedex – France

Tel: +33 (0) 1 41 41 12 34

Registered office: 1, quai du Point du Jour – 92656 Boulogne Cedex – France

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### **Contact**

#### **Investor Relations Department**

Tel: +33 (0) 1 41 41 49 73 / E-mail: [comfi@tf1.fr](mailto:comfi@tf1.fr)

Website: <http://www.groupe-tf1.fr/en/investisseurs>