



**LE GROUPE**

# **INVESTOR PRESENTATION**

## **Post Q3 2016 Results**

This presentation contains certain forward-looking statements based on current expectations, forecasts and assumptions that involve risks and uncertainties. These statements are based on information available to the Company as of the date hereof. All forward-looking statements are TF1 management's present expectations of future events, beliefs, intentions or strategies and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

# TF1 Group activities and organisation



## BROADCAST

### FREE PLATFORMS



REAL ESTATE

### OTHER PLATFORMS & RELATED ACTIVITIES



## STUDIOS & ENTERTAINMENT



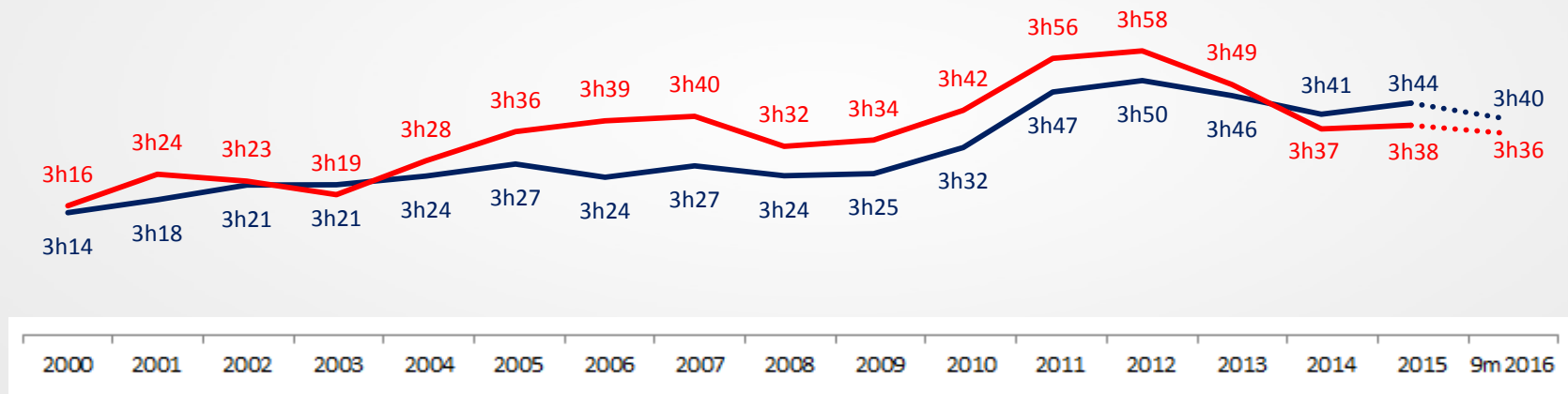
\*Owned at 50%

# TV consumption remains at a high level

Evolution of TV consumption (linear & IPTV) between 2000 and the first nine months 2016

Individuals aged 4+: 3h40, i.e. + 1' vs. 9M 2015

Women<50 PDM\*: 3h36, i.e. + 3' vs. 9M 2015



These figures do not include viewing time (live or catch-up) spent on secondary devices (computers, tablets, smartphones). However, Médiamétrie has been measuring daily catch-up IPTV consumption since September 29, 2014, and these figures have been included in viewing time statistics from the fourth quarter of 2014.

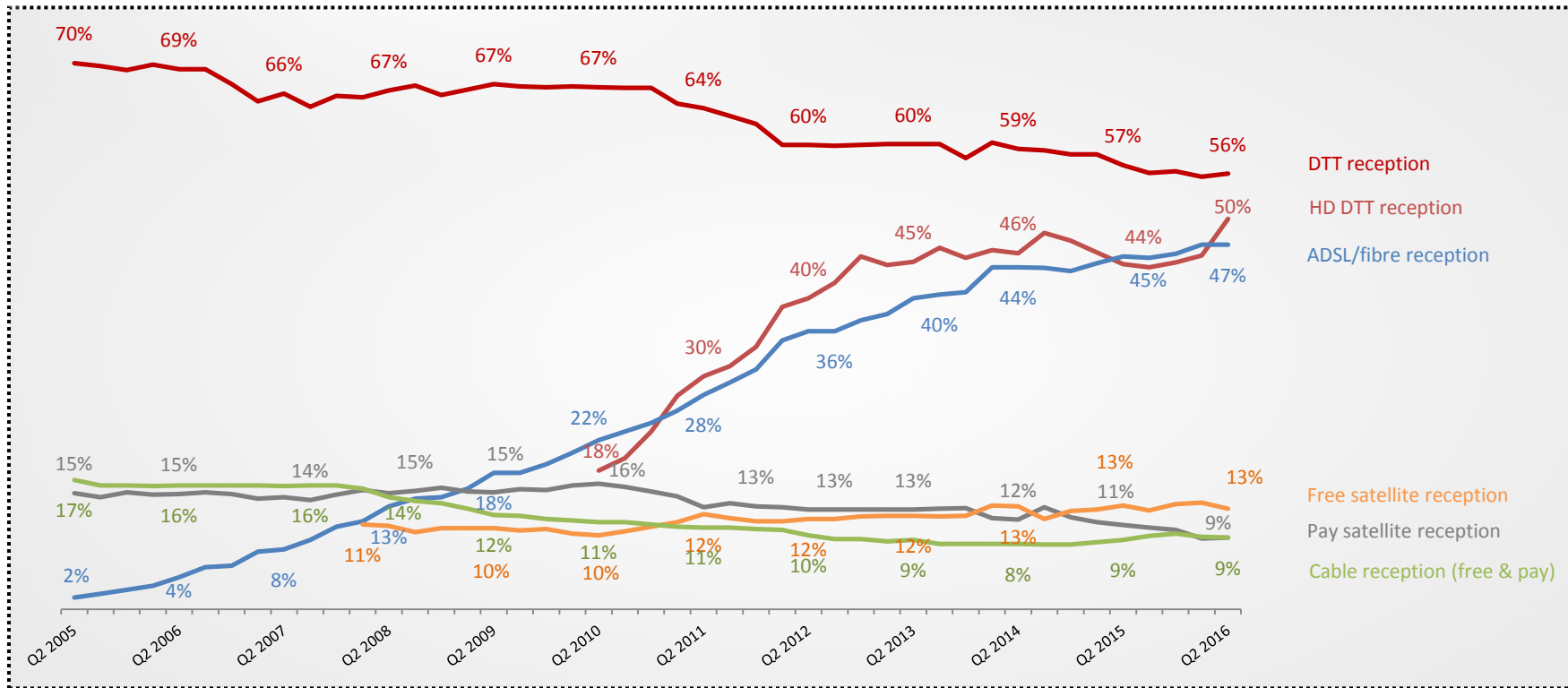
\*Women aged under 50 purchasing decision-makers

Source: Médiamétrie – Médiamat

# TV reception modes in France

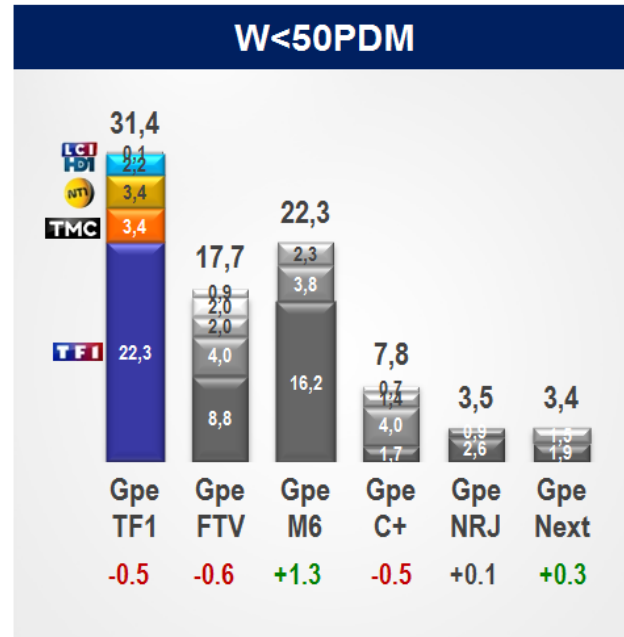
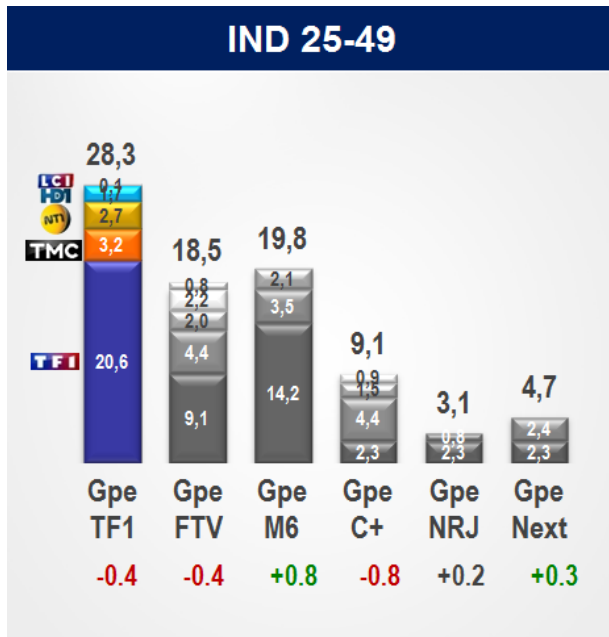
## EVOLUTION OF RECEPTION MODES AS A % OF HOUSEHOLDS

(Main reception mode as a % of households equipped with TV)



# TF1 Group: large leader on commercial targets

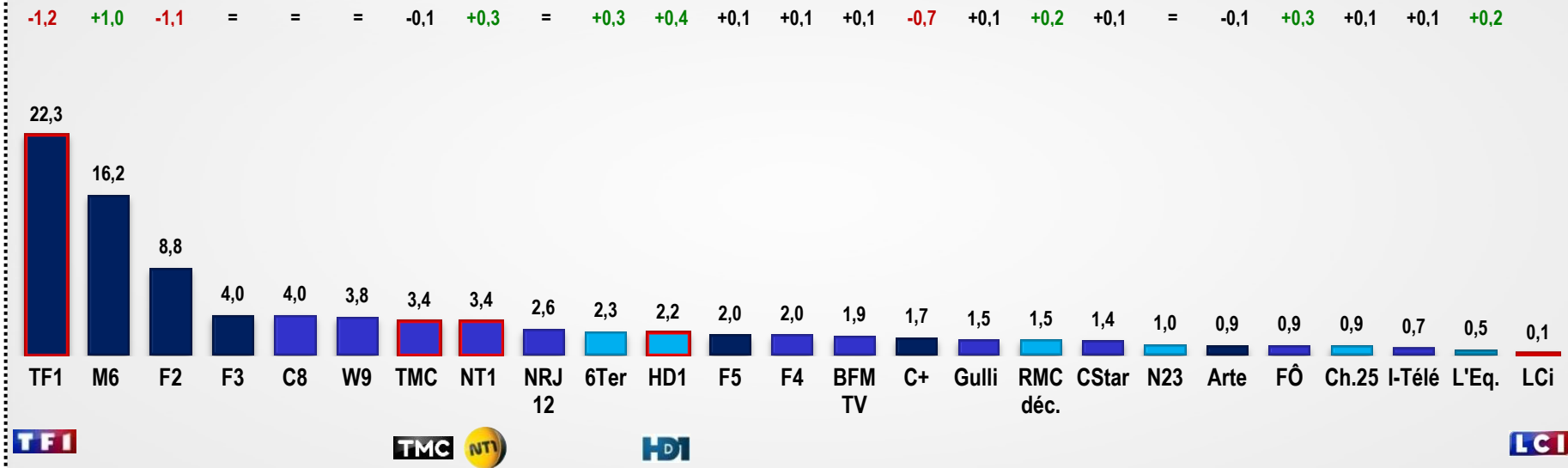
TF1 Group market share from January to September 2016 (%)



LCI: exclude the results of the pay channel  
 Source: Médiamétrie – Médiamat – January-September 2016 (versus same period in 2015)

# Share of viewing among W<50PDM - from January to September 2016

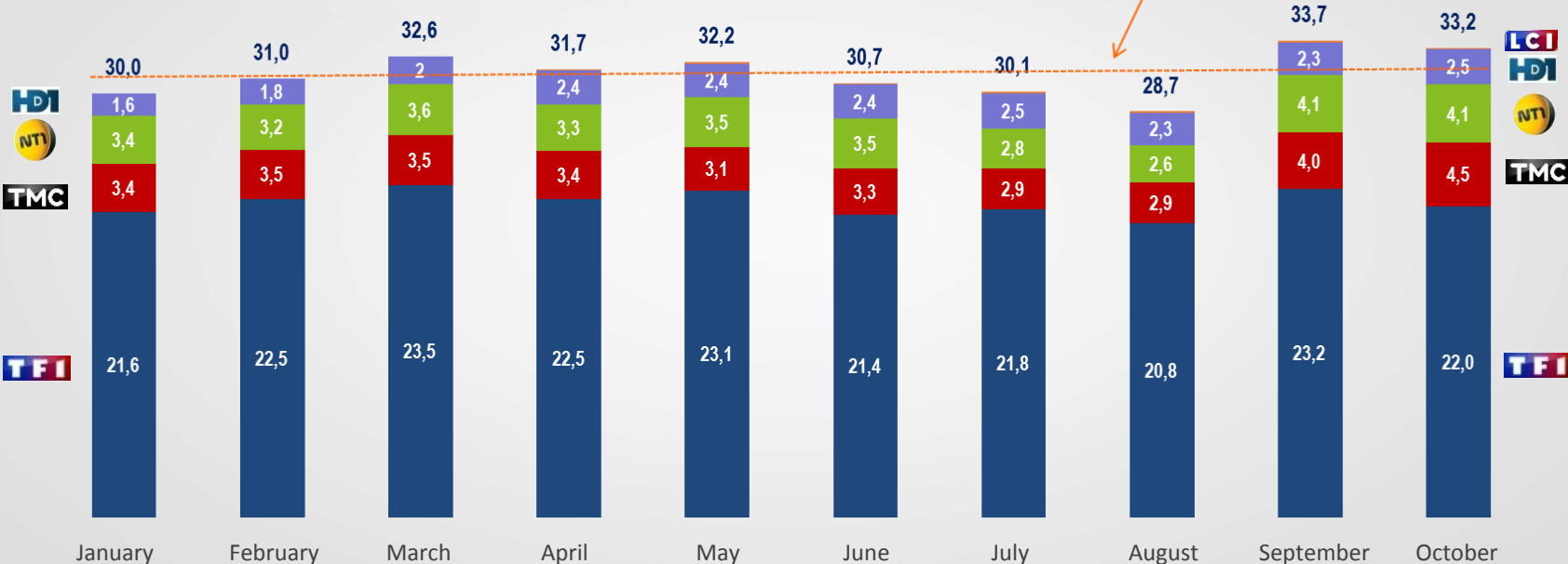
Market share from January to September 2016 vs the same period in 2015 (%)



# Group audience ratings improving since September

## Evolution of market share for the TF1 Group (%)

January-October 2016 (W<50PDM)



Average Jan - Oct: 31.6

LCI: exclude the results of the pay channel  
 Source: Médiamétrie – Médiamat – January-October 2016 (vs same period in 2015)

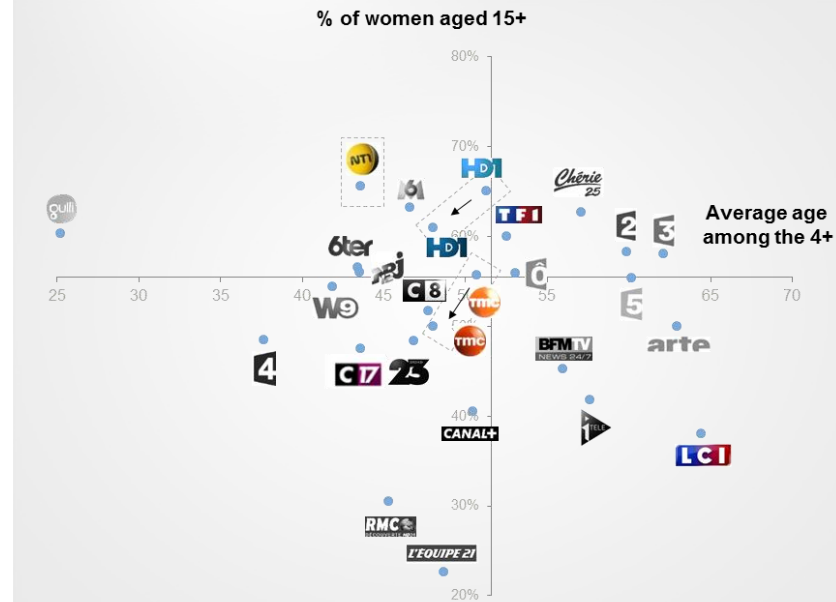


# The new positioning of the TF1 Group DTT channels

## Synthesis of the targeted positioning for TMC / NT1 / HD1

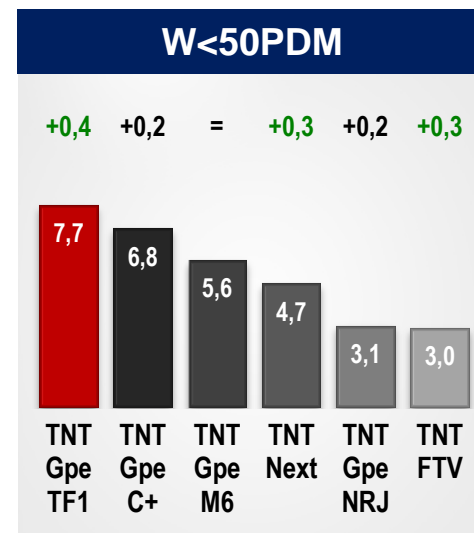
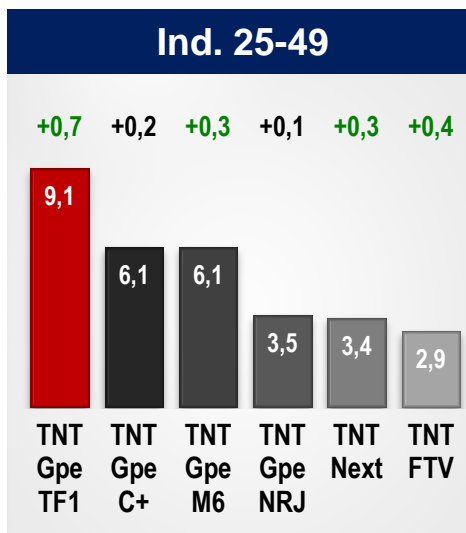
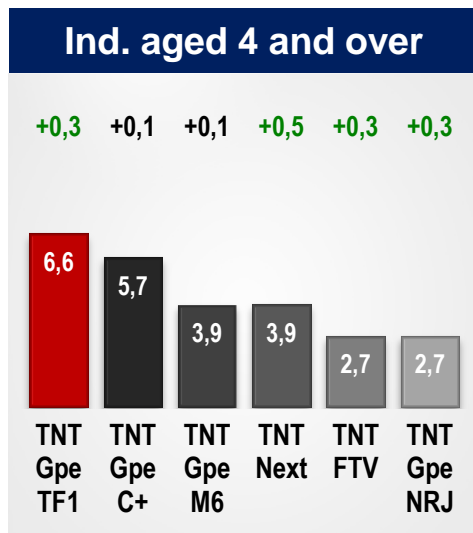
	<b>TMC</b>	<b>NT1</b>	<b>HD1</b>
<b>Commercial target</b>	Ind. 25-49	W<50PDM	W<50PDM + Ind. 25-49
<b>Editorial Flavour</b>	A+	Women 20-40	Series, movies
<b>Evolution of the positioning</b>	<ul style="list-style-type: none"> <li>• More A+</li> <li>• More mixed</li> <li>• Younger</li> </ul>	Same positioning	<ul style="list-style-type: none"> <li>• Younger</li> <li>• More mixed</li> </ul>

## Evolution of the positioning of TF1 Group free-to-air channels



# TF1 Group DTT channels: large leadership

Market share from January to September 2016 vs same period in 2015 (%)



TF1 Group: TMC + NT1 + HD1+ LCI  
 France TV Group: F4 + F0  
 M6 Group: W9 + 6ter

C+ Group: C8 + CStar + i-Télé  
 NRJ Group: NRJ12 + Chérie 25  
 NextRadioTV Group: BFM TV + RMC Découverte

LCI: exclude the results of the pay channel  
 Source: Médiamétrie – Médiamat – January-September 2016 (vs same period in 2015)

# TF1 performs well on commercial targets and strategic slots in Sept 2016

## New records on the midday slot



- **Best month** among W<50PDM for more than one year

25% among W<50PDM and 34% among Ind. aged 4+



- **Best month** among Ind. aged 4+ since February 2016

- **Best month** among W<50PDM since November 2015

40% among Ind. aged 4+ and 33% among W<50PDM

## Leader among W<50PDM from 5:00pm to 8:00pm



**Best month** among W<50PDM  
(26% of audience share)

21% among W<50PDM

+1pt vs H1 2016



This slot increased its audience share among W<50PDM : 16%

+2pts vs Money Drop in H1 2016

**20% of the market share among W<50PDM**

From 5:00pm to 8:00pm during the week

## A popular Prime Time

**5.2m**

viewers

**29%**

among W<50PDM

**+0.9pt**

vs Sept. 2015



- 6.2m viewers
- 41% among W<50PDM

# TMC Successful repositioning from September, 12<sup>th</sup> 2016

## New TMC: already very successful

**DTT leader** among Ind. 25-49

**The 5<sup>th</sup> national channel** among A+ target

**The 4<sup>th</sup> national channel** among Ind.25-49

**3.3% (+0.5pt vs H1 2016)** among Ind. aged 4+

**4.4% (+1.2 pt vs H1 2016)** among Ind. 25-49 (4,2% among A+ target)

## A Prime-Time strengthened with unseen programmes



**Unseen on the DTT**  
1.3 million viewers

## Successful launch of the programme *Quotidien*

**1.1m**

viewers on average

**10%**

among Ind. 25-49



**9m**

videos viewed on average per month

**The 4<sup>th</sup> national channel**  
among A+ target

# Digital performs well in 2016

## A significant increase

**847m**  
of videos viewed

**+15%**  
in one year

Source: January - September 2016

## Top programmes



**GREY'S ANATOMY**

## Continuous innovation

Example with the programme *La Vengeance aux Yeux Clairs*



The total number of videos around the screening of *La Vengeance aux yeux clairs* was 12.8 million including 250,000 for the preview and 1.2 million for the alternative ending.

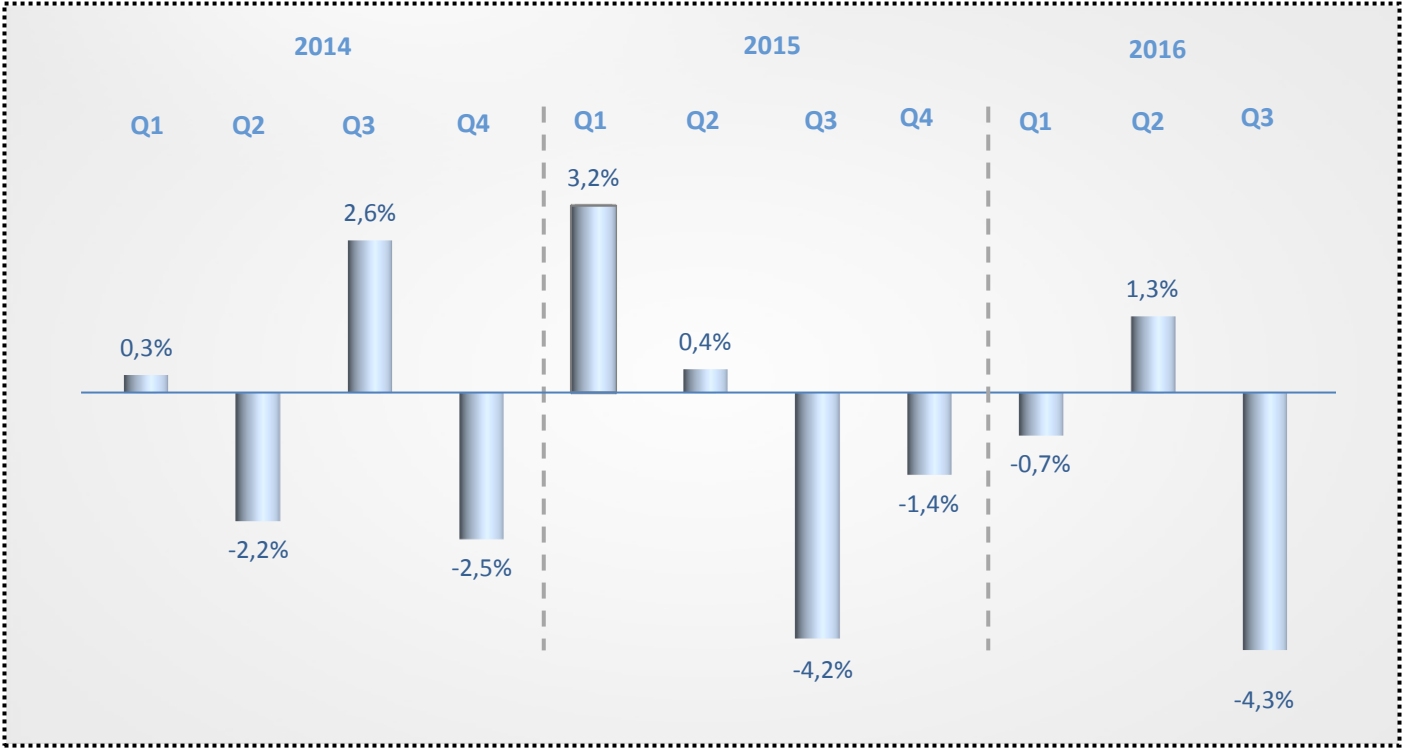


VOD pay broadcast

- 153,000 pay-to-watch VoD episodes (rent or buy)
- Illustration of the Group's ability to monetise digital content

Source: Médiamétrie – Médiamat – September 2016 / VoD as of 2016/10/11

# An advertising revenue\* of €1,016m for the first nine months 2016



\*Sales revenues, 5 FTA channels (including LCI and TF1 Switzerland)

# Leading news offer within TF1 Group

## LCI Revamping of the news channel

Since April 5, 2016, LCI became a free-to-air channel

- ✓ New talents
- ✓ New studio
- ✓ Bi-Media offering

And results are already visible:

The new programme of Yves Calvi  
*24h en questions:*



- ✓ Up to 306,000 viewers (US Election)
- ✓ Up to 1.3% of market share among A+ target

## TF1 Daily news: the market leader

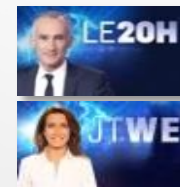
News show at 1 p.m.: average of 5 million viewers

*(vs 2.5 million viewers for our closest competitor)*

News show at 8 p.m.: average of 5.2 million viewers

*(vs 4.3 million viewers for our closest competitors)*

Magazines: record of 4.2 million viewers for  
*Reportages*



# **FINANCIAL INFORMATION**

## **- FIRST NINE MONTHS 2016 -**



# New presentation reflects changes in our business mix and organisation

## Changes in our business mix:



- Divestment of Eurosport (France and International)
- Acquisition of a production arm built around Newen Studios
- Reorganisation of our diversification and cinema activities
- Switch of LCI in Free-To-Air DTT

## New financial reporting structure based on two segments:

- Broadcasting
  - Free platforms
  - Other platforms and related activities
- Studios and Entertainment



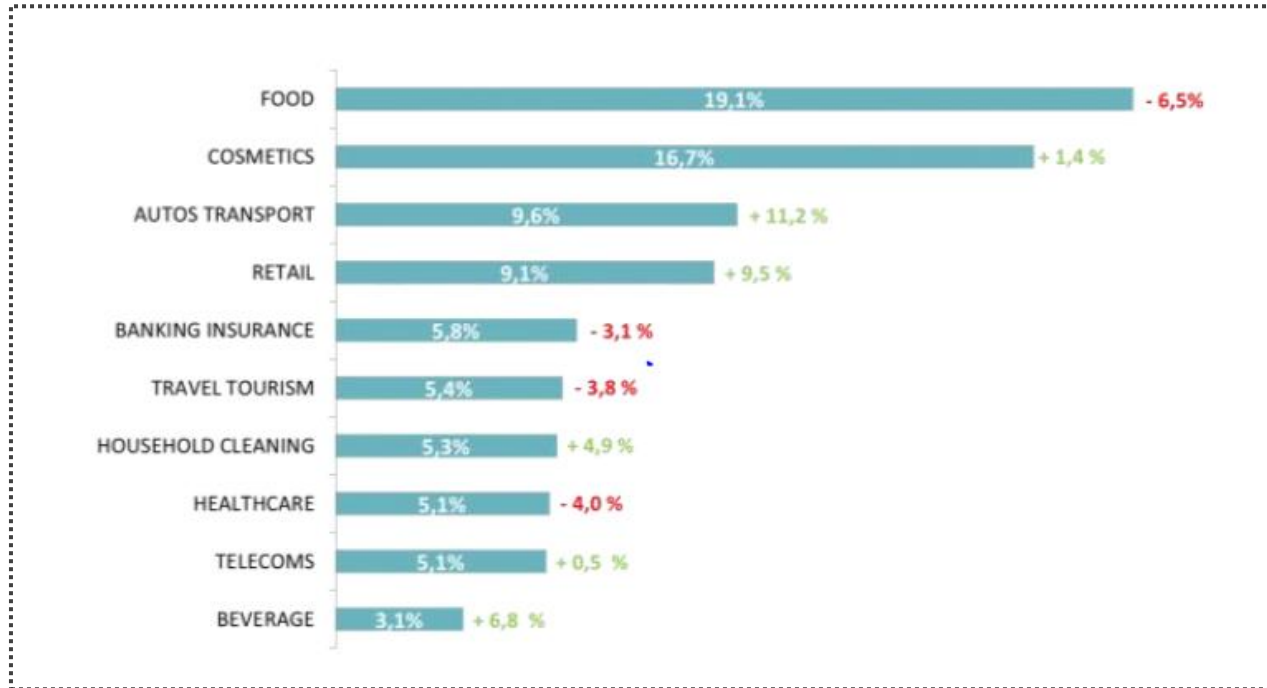
### Broadcast Operational Sub-Segments

-  Free platforms
-  Other platforms and related activities

# Revenue

€m	9m 2016	9m 2015	Var. €m	Var. %
<b>BROADCASTING</b>	<b>1 161,4</b>	<b>1 219,0</b>	<b>(57,6)</b>	<b>-4,7%</b>
o/w FREE PLATFORMS	1 052,4	1 091,9	(39,5)	-3,6%
<i>o/w TV advertising</i>	<i>1 015,9</i>	<i>1 025,5</i>	<i>(9,6)</i>	<i>-0,9%</i>
<i>o/w Other revenues</i>	<i>36,5</i>	<i>66,4</i>	<i>(29,9)</i>	<i>-45,0%</i>
o/w OTHER PLATFORMS AND RELATED ACTIVITIES	109,0	127,1	(18,1)	-14,2%
<b>STUDIOS &amp; ENTERTAINMENT</b>	<b>265,3</b>	<b>181,0</b>	<b>84,3</b>	<b>46,6%</b>
<b>TOTAL REVENUE</b>	<b>1 426,7</b>	<b>1 400,0</b>	<b>26,7</b>	<b>1,9%</b>

# Trends in gross advertising spend for TF1 Group channels (excluding LCI) during the first nine months 2016



# Evolution of the costs of programmes

€m	5 FTA channels	4 FTA channels	Var. €m	Var. %
	9m 2016	9m 2015		
Entertainment	194,7	207,1	(12,4)	-6,0%
TV dramas/TV movies/Series/Theatre	235,6	230,3	5,3	2,3%
Sports (excl. One-off sporting events)	31,0	30	1,0	3,2%
News	102,3	80,1	22,2	27,7%
Movies	116,8	108,3	8,5	7,8%
Youth	10,9	9,5	1,4	15,0%
<b>TOTAL COST OF PROGRAMMES (excl. One-off sporting events)</b>	<b>691,3</b>	<b>665,3</b>	<b>26,0</b>	<b>3,9%</b>
<b>One-off sporting events</b>	<b>46,1</b>	<b>7,8</b>	<b>38,3</b>	<b>ns</b>
<b>TOTAL COST OF PROGRAMMES</b>	<b>737,4</b>	<b>673,1</b>	<b>64,3</b>	<b>9,6%</b>
<i>o/w non current charges (coproduction rights)</i>	<i>20,9</i>			
<b>TOTAL CURRENT COSTS OF PROGRAMMES</b>	<b>716,5</b>	<b>673,1</b>	<b>43,4</b>	<b>6,4%</b>
<b>TOTAL COSTS OF PROGRAMMES Excluding non current charges &amp; one-off sporting events</b>	<b>670,4</b>	<b>665,3</b>	<b>5,1</b>	<b>0,8%</b>

# French drama audiovisual-rights shares-status

## Before the April 27, 2015, ruling

- 100% of broadcast rights were inventories and valued at the rhythm of broadcast
- No audiovisual shares



April 27, 2015



## After the April 27, 2015, ruling

- 100% of broadcast rights are inventoried and valued at the rhythm of broadcast
- 100% of audiovisual rights shares are counted as fixed assets and valued at Ready-to-Broadcast, meaning prior to broadcast

## Non current expenses

During the transitional period between the workdown of the old contracts and the recognition of the new contracts, this change will result in two types of expense being recognised simultaneously

- Impairment of co-production shares derived from the new contracts
- Consumption of rights derived from the old contracts

**Exceptional impact of €26m in 2016, including €21m for the first nine months 2016**

# Consolidated income statement (1/2)

€m	9m 2016	9m 2015	Var. €m	Var. %
<b>CONSOLIDATED REVENUES</b>	<b>1 426,7</b>	<b>1 400,0</b>	<b>26,7</b>	<b>1,9%</b>
Total costs of programmes	716,5 *	673,1	43,4	6,4%
Other charges, depreciation, amortization, provision	663,6	620,1	43,5	7,0%
<b>CURRENT OPERATING PROFIT</b>	<b>46,6</b>	<b>106,8</b>	<b>(60,2)</b>	<b>-56,4%</b>
CURRENT OPERATING MARGIN	3,3%	7,6%		

\* Exclude 20,9 million euros of non-current expenses

# Current operating profit by segment

€m

	9m 2016	9m 2015	Var. €m	Var. %
<b>BROADCASTING</b>	<b>21,5</b>	<b>89,3</b>	<b>(67,8)</b>	<b>(0,8)</b>
o/w FREE PLATFORMS	(7,5)	33,5	(41,0)	NS
o/w OTHER PLATFORMS AND RELATED ACTIVITIES	29,0	55,8	(26,8)	(0,5)
<b>STUDIOS AND ENTERTAINMENT</b>	<b>25,1</b>	<b>17,5</b>	<b>7,6</b>	<b>0,4</b>
<b>CURRENT OPERATING PROFIT</b>	<b>46,6</b>	<b>106,8</b>	<b>(60,2)</b>	<b>(0,6)</b>

## Consolidated income statement (2/2)

€m	9m 2016	9m 2015	Var. €m	Var. %
<b>CURRENT OPERATING PROFIT</b>	<b>46,6</b>	<b>106,8</b>	<b>(60,2)</b>	<b>-56,4%</b>
Other operating income and expenses	(68,7)	(15,0)	(53,7)	-
<b>OPERATING PROFIT</b>	<b>(22,1)</b>	<b>91,8</b>	<b>(113,9)</b>	<b>ns</b>
Costs of ne debt	(1,0)	0,8	(1,8)	ns
Other financial income and expenses	(1,0)	(0,3)	(0,7)	ns
Income tax expense	8,2	(26,3)	34,5	ns
Share of profits / (losses) of associates	4,3	1,3	3,0	ns
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>(11,6)</b>	<b>67,3</b>	<b>(78,9)</b>	<b>ns</b>
Post-tax profit from discontinued/held-for-sale operations	-	-	-	-
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>(11,6)</b>	<b>67,3</b>	<b>(78,9)</b>	<b>ns</b>
Net profit attributable to the Group	(13,8)	64,9	(78,7)	ns
<i>Attributable to non-controlling interests</i>	<i>2,2</i>	<i>2,4</i>	<i>(0,2)</i>	<i>-8,3%</i>



# Consolidated balance sheet

	September 30th 2016	September 30th 2015	Var. €m
<b>CONSOLIDATED ASSETS (€m)</b>			
Total non-current assets	1 106,3	841,8	264,5
Total current assets	2 074,8	2 371,9	(297,1)
Held-for-sale assets			
<b>TOTAL ASSETS</b>	<b>3 181,1</b>	<b>3 213,7</b>	<b>(32,6)</b>
<b>Net cash (+)</b>	<b>148,1</b>	<b>700,8</b>	<b>(552,7)</b>
<b>CONSOLIDATED LIABILITIES (€m)</b>			
Total shareholders' equity	1 439,9	1 761,8	(321,9)
<i>o/w shareholders' equity attributable to the Group</i>	1 437,5	1 741,7	(304,2)
Total non-current liabilities	315,8	63,1	252,7
Total current liabilities	1 425,4	1 388,8	36,6
Liabilities related to held-for-sale operations			
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>3 181,1</b>	<b>3 213,7</b>	<b>(32,6)</b>

# OUTLOOK

# Outlook

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

## Advertising Market

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

## “OneTransfo” plan

- Reactive cost saving plan:

The Group has implemented the first tranche of operational efficiencies which is expected to generate savings of between €5m and €10m in 2016.

- “Recover” plan:

A cost-saving plan, in 2017, with an expected full-year impact in the region of €25m to €30m.

## Costs of programmes

The Group is revising its 2016 full-year estimate for the cost of programmes on the five free-to-air channels downward from €980m to €970m (excluding non-current expenses and major sporting events).

# Strong programmes to come before the end of the year

## Entertainment



The 2<sup>nd</sup> best launch among W<50PDM

## Special events



Miss France



## French Drama



## US series



## Movies



# REINVENTING THE GROUP

# Transformation objectives

**To become a standard setter in the creation of audiovisual content, in France and abroad**

**To strengthen our market leadership in freeview TV in France, maintaining our pulling power by delivering federating content**

**To create the benchmark digital offering in the market**

**To be the leading sales house on the French market,  
providing a premium and convergent offer targeted and data driven  
in order to answer to the business challenges of our clients**

# The TF1 of tomorrow: a proactive, motivated team



**Arnaud BOSOM**  
HR and Corporate Social Responsibility



**Frédéric IVERNEL**  
Communication  
and Brands



**Catherine NAYL**  
News



**Ara APRIKIAN**  
Contents



**Jean-Michel COUNILLON**  
Legal Affairs



**Gilles PÉLISSON**  
CEO



**Philippe DENERY**  
Finance and Purchasing



**Christine BELLIN**  
Strategy  
Development  
Transformation



**Olivier ABECASSIS**  
Innovation and Digital



**Régis RAVANAS**  
Advertising and  
diversification

## → PREPARING FOR THE FUTURE

1

Relaunching the channel's business model

2

Optimising the portfolio of channels

3

Development and new business models

## → REINVENTING OURSELVES

4

Reinventing the core business

5

Content purchasing and production

6

Agility and simplification



# APPENDIX

# Landscape of DTT market in France

TF1 GROUP

STATE-OWNED CHANNELS

M6 GROUP

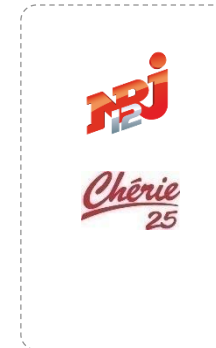
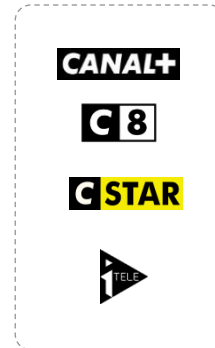
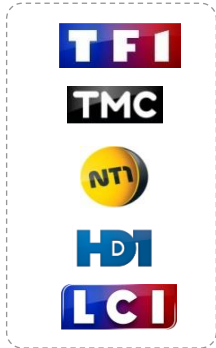
CANAL+ GROUP

NRJ GROUP

NextRadioTV

OTHERS

FREE DTT



Lagardère

Amaury

Private Investors

French Parliament

PAY DTT



# Regulation: current situation

## Obligations to invest

- ✓ 3.2% in the co-production of European cinema works\*
- ✓ 12.5% for the commissioning of national heritage audiovisual works\*
  - 65% of the previous investments commissioned from independent producers
  - a producer is considered independent where the broadcaster owns less than 15% of its capital

\* of the previous year's net annual advertising turnover, within a calendar year

## Advertising

- ✓ Up to 12' per hour
- ✓ Up to 9' per hour on average each day
- ✓ Movies: up to 2 slots and 6' of advertising
- ✓ State-owned channels: no advertising broadcast from 8pm to 6am

## Obligations to broadcast

- ✓ Cinema and audiovisual works: 60% European-origin and 40% French origin at least
- ✓ A maximum of 192 movies per year
- ✓ A minimum of 2/3 of the annual broadcasting airtime devoted to French-speaking programmes
- ✓ 750 hours of children's programmes
- ✓ 800 hours of news bulletins and magazines

## Media Independence

- ✓ **49% maximum ownership** (of the capital of a company operating a domestic DTT service with an average annual audience share >8% of total TV audience)
- ✓ **7 DTT licences**
- ✓ **2 out of 3 media** (among TV, radio and daily press, with national coverage)

# Regulation: what we are lobbying for

## Advertising

Prohibited sectors:

- ✓ Promotions in the retail sector
- ✓ Cinema (movie trailers...)
- ✓ Tobacco / Alcohol

## Fiscal Issues

- ✓ **Audiovisual taxes** (CNC, France TV, radio, press): **€90m** in 2015
- ✓ **Audiovisual sector financing** (obligations to invest): **€288m** in 2015

## Production & Content

- ✓ Mandates for distribution of content
- ✓ >36% of dependent production
- ✓ 15% of ownership threshold (above which a producer is considered as dependent)

**MORE FAIRNESS IN COMPETITION BETWEEN TV AND DIGITAL**

# CSR commitment

## Inclusive & Cohesive

- **In the content**
  - ✓ Large visibility offered to associations on TF1's channels
  - ✓ Promoting diversity and women
  - ✓ Diversity training given to employees of the production department
  - ✓ Diversity and Solidarity committees
- **In the company**
  - ✓ Employment and wage policies, social framework
  - ✓ Diversity label and equal opportunities policy
  - ✓ HSS policy and collective agreements
  - ✓ TF1 Corporate Foundation

## Ethics & Deontological

- **In the content**
  - ✓ Fulfilling commitments with audience, notably in terms of journalistic ethics
  - ✓ Personal data protection
  - ✓ Fight against piracy
- **In the company**
  - ✓ Compliance Department
  - ✓ Code of Ethics' roll out
  - ✓ Responsible Purchases
  - ✓ Signature of the UN Global Compact since 2006



- ✓ Dialogue with stakeholders
- ✓ Transparency in communication

## Sustainable

- **In the content**
  - ✓ Ushuaïa TV since 2005
  - ✓ More than 1000 topics in TV News Bulletin every year
  - ✓ Special editorial content ahead of the COP 21
  - ✓ Dedicated ad slots for responsible advertisers
- **In the company**
  - ✓ Energy and GHG reduction plan
  - ✓ Ecoprod's collective
  - ✓ Urban mobility plan
  - ✓ Responsible Purchases

## Innovative

- **In the content**
  - ✓ New Formats and partnerships
  - ✓ MYTF1 digital platform
- **In the company**
  - ✓ TF1's University, Masterclass
  - ✓ Innovation Department
  - ✓ Media for Equity

# Rewarded efforts of TF1 Group in terms of CSR

## Gaïa



TF1 Group received the **second prize** among the mid-caps in October.

## Oekom



TF1 Group has the **Prime Status**. It means that it is considered by Oekom as a leader in terms of CSR in its industry.

## Ethibel Sustainability Europe



TF1 Group belongs to this index for an additional year.

## Dow Jones Sustainability Index



TF1 is **the only French media group** integrated in DJSI Europe and DJSI World.

Note that it is a CSR stock index which is particularly exigent.



**LE GROUPE**

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