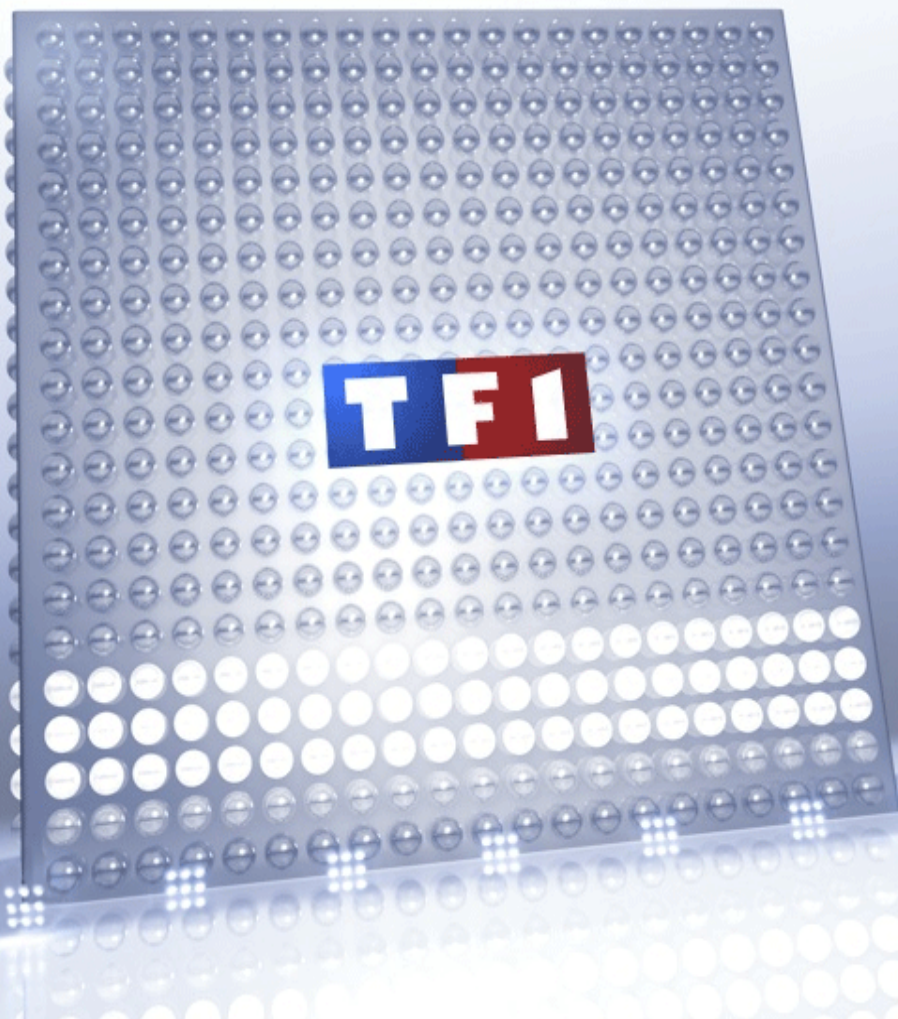


TF1 analysts meeting

# 2007 FY results

February 21, 2008



**2007 Overview**

**2007 Accounts**

**Strategic Review**

# 2007 : a changing environment



1. **Strong rise of the DTT channels**
2. **Growth of TV and Internet consumption**
3. **Different ways to consume TV content**
4. **New players on the market**
5. **Evolution of the advertising market**

# 2007 : TF1 on all fronts



## 1. A widening leadership

- n° 1 FTA channels : TOP 100 best audiences
- n° 1 DTT channel with TMC
- n° 1 pay TV channel with Eurosport
- n° 1 media website in France
- n° 1 sports website in Europe

## 2. Advertising revenue growth

- TF1 channel : + 0.6 %
- FrenchThematic channels : + 24 %
- Internet : + 77 %

## 3. Diversification : the growth engine

- Performance above expectations : + 10.5 % (revenue)

## 4. Promising partnerships

- AB : developing synergies
- Overblog : investing in start-up
- Eurosport/Yahoo ! : new kind of partnership

# 2007 : the first stage year



## 1. A new corporate governance

- Separated functions of the Chairman of the Board and the CEO of TF1
- New Management Committees
- New Managers

## 2. An evolving organisation

- Implementation of a Purchase Department, a New Media Department, a marketing Group Department and a SPV for the purchase of broadcasting rights,
- Reorganisation of the Music / Tv Drama & Broadcast Departments
- Sports are now run by the News Department

## 3. A cross-organised management

- 8 main projects focused on optimisation
- A review of internal process
- A reinforced and shared cost-control plan : « optimax »
- Projects management

# 2007 key events



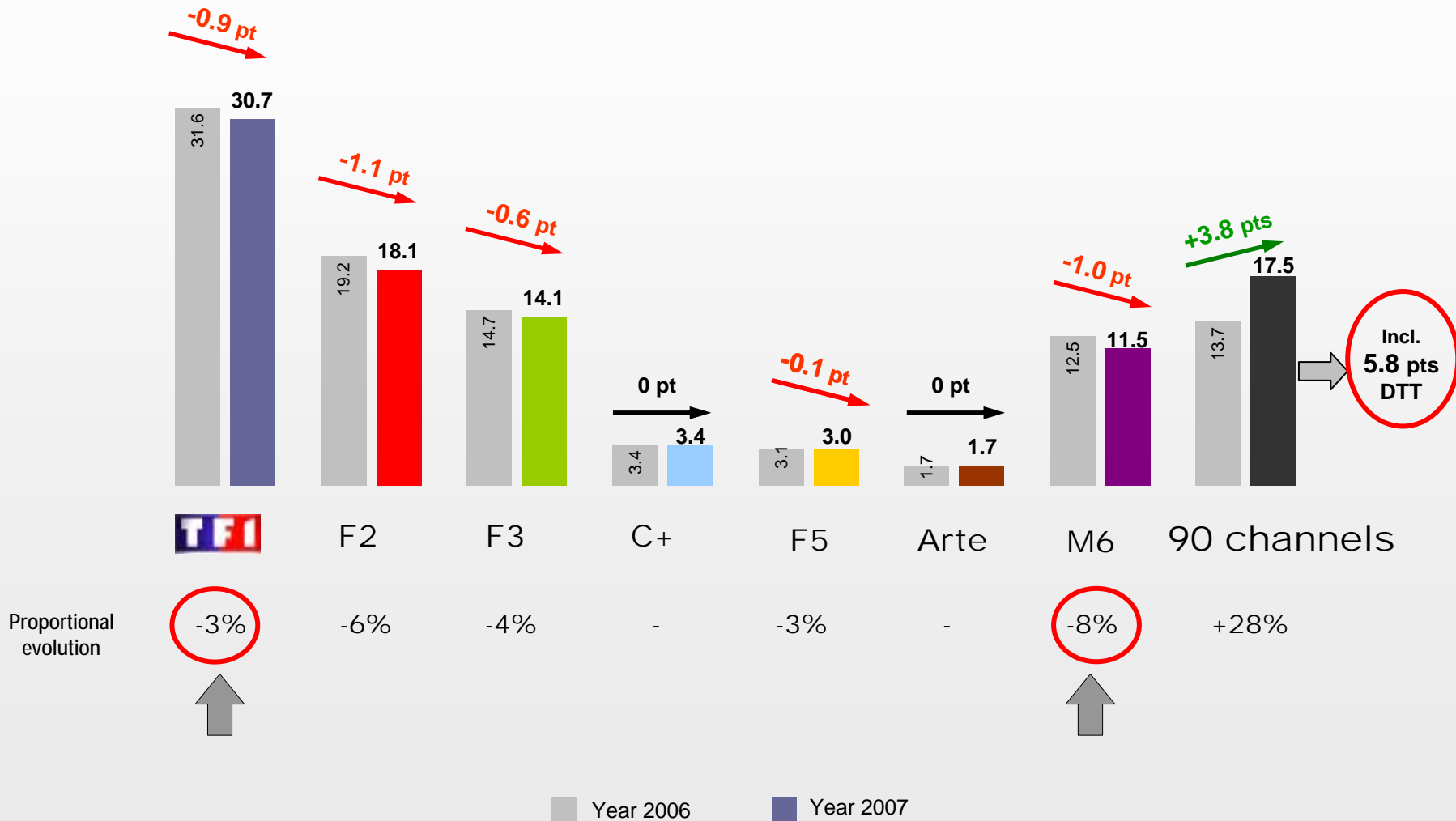
- **January 4** : closure of the TPS/Canal+ deal
- **January 21** : Yahoo ! – Eurosport partnership
- **April** : 33.5 % stake in AB Group
- **June 11** : 67.4 % stake in Aronet (Embauche.com)
- **June 16** : 100% stake in the games publisher Dujardin
- **November** : withdrawal from Planète Media (children magazine)  
  
closedown of the game channel JET  
  
gain of a HD licence
- **January 2008** : TFou became a Web TV



# TF1 : the best record of national TV channels



Audience share – Ind 4 years or +



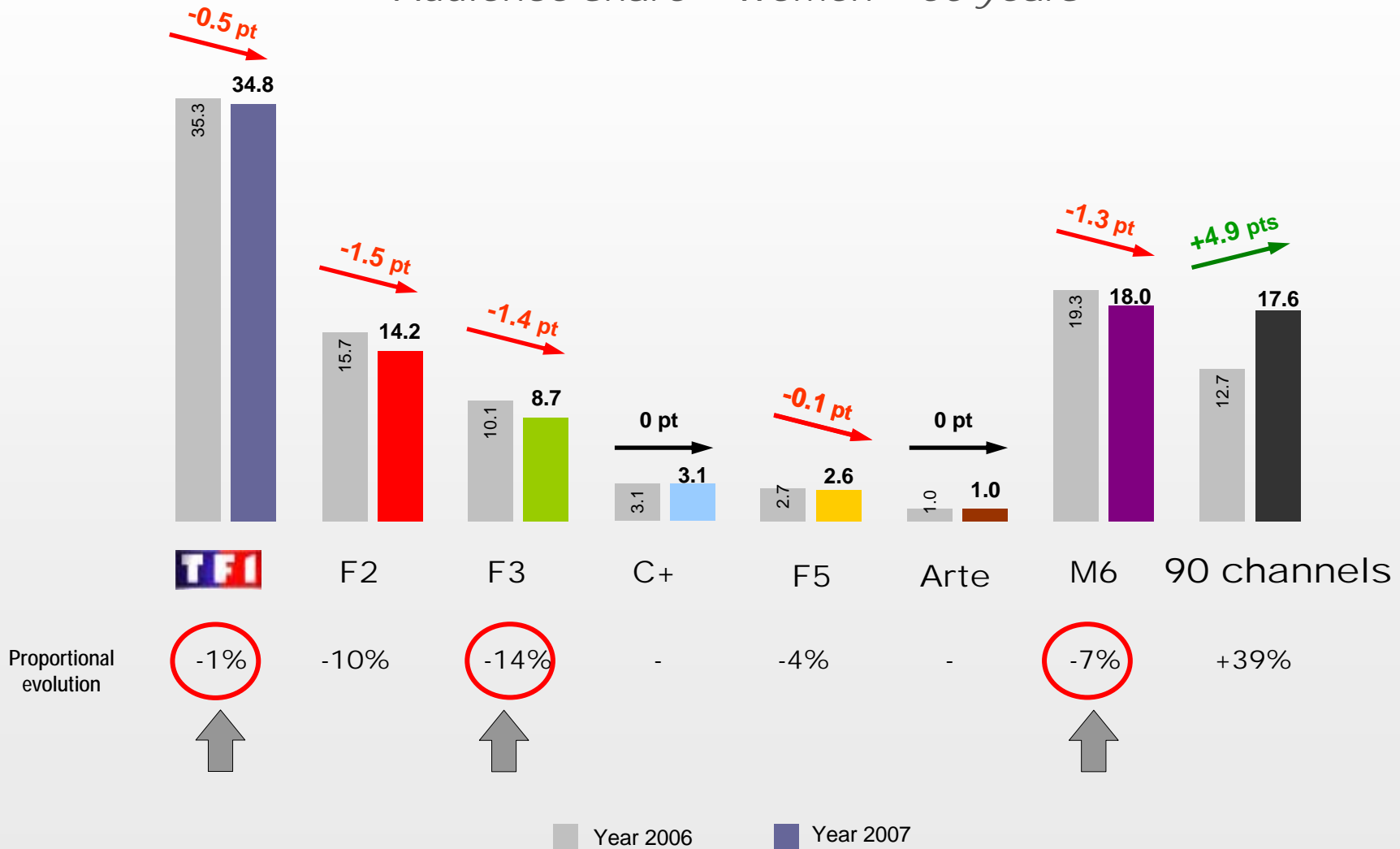
- TF1 - 2007 FY accounts - February 21st 2008 -



# TF1 confirms its leadership on the commercial target



Audience share - Women < 50 years

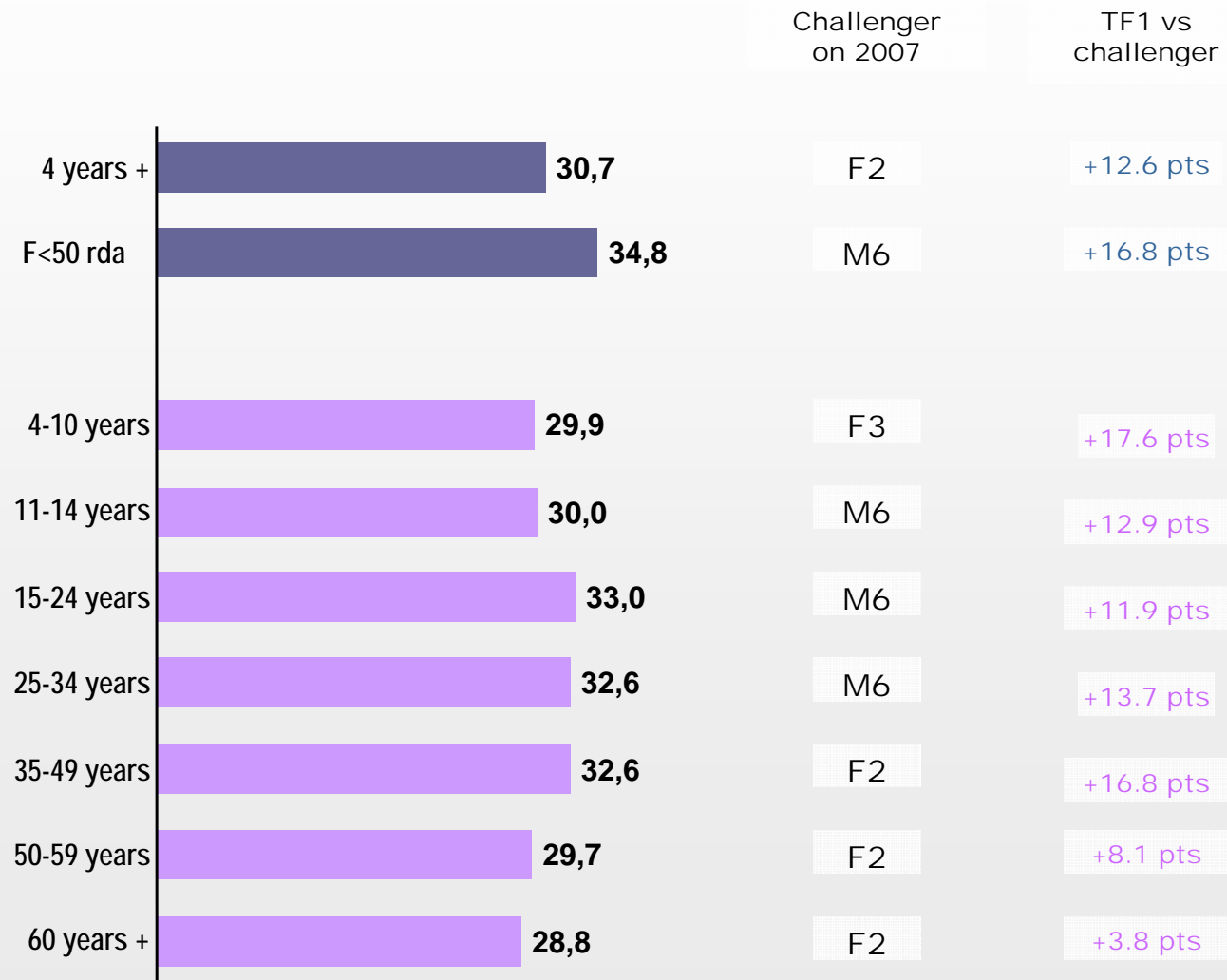


- TF1 - 2007 FY accounts - February 21st 2008 -

# TF1 : a unique position



## TF1 : leader on all targets



- TF1 - 2007 FY accounts - February 21st 2008 -

# Variety : the TF1 programmes trump card



## The top 100 best audiences

- 14 Sport programmes (*rugby and football*)
- 48 US Series
- 12 French TV Drama
- 11 News programmes
- 11 Movies
- 4 Entertainment



# TF1 : a unique position



**TF1**  
PRIME TIME  
7.1m

F2  
PRIME TIME  
4.3m

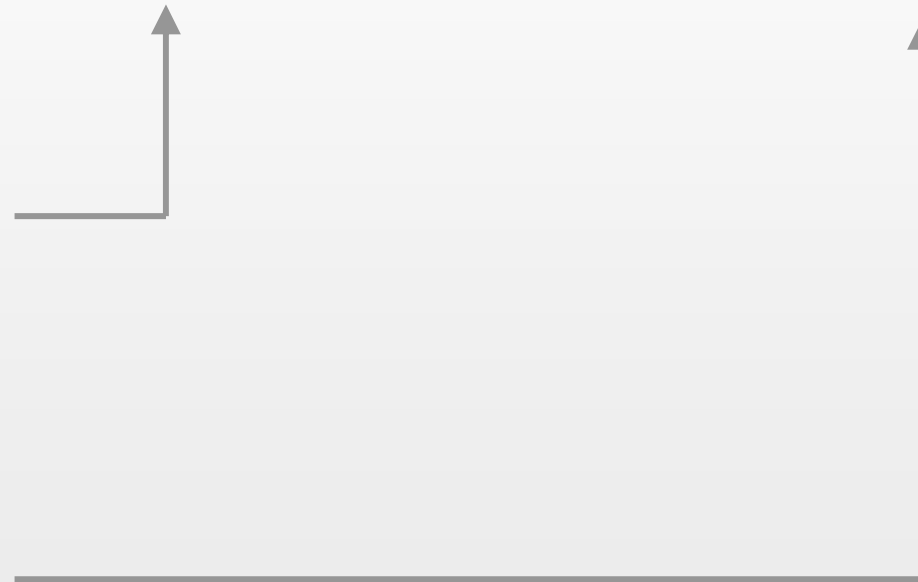
M6  
PRIME TIME  
3.5m

F3  
PRIME TIME  
3.3m

**90 channels**  
other TV  
PRIME TIME  
3.3m

**TF1**  
ACCESS  
4.3m

**TF1**  
Night time  
3.4m

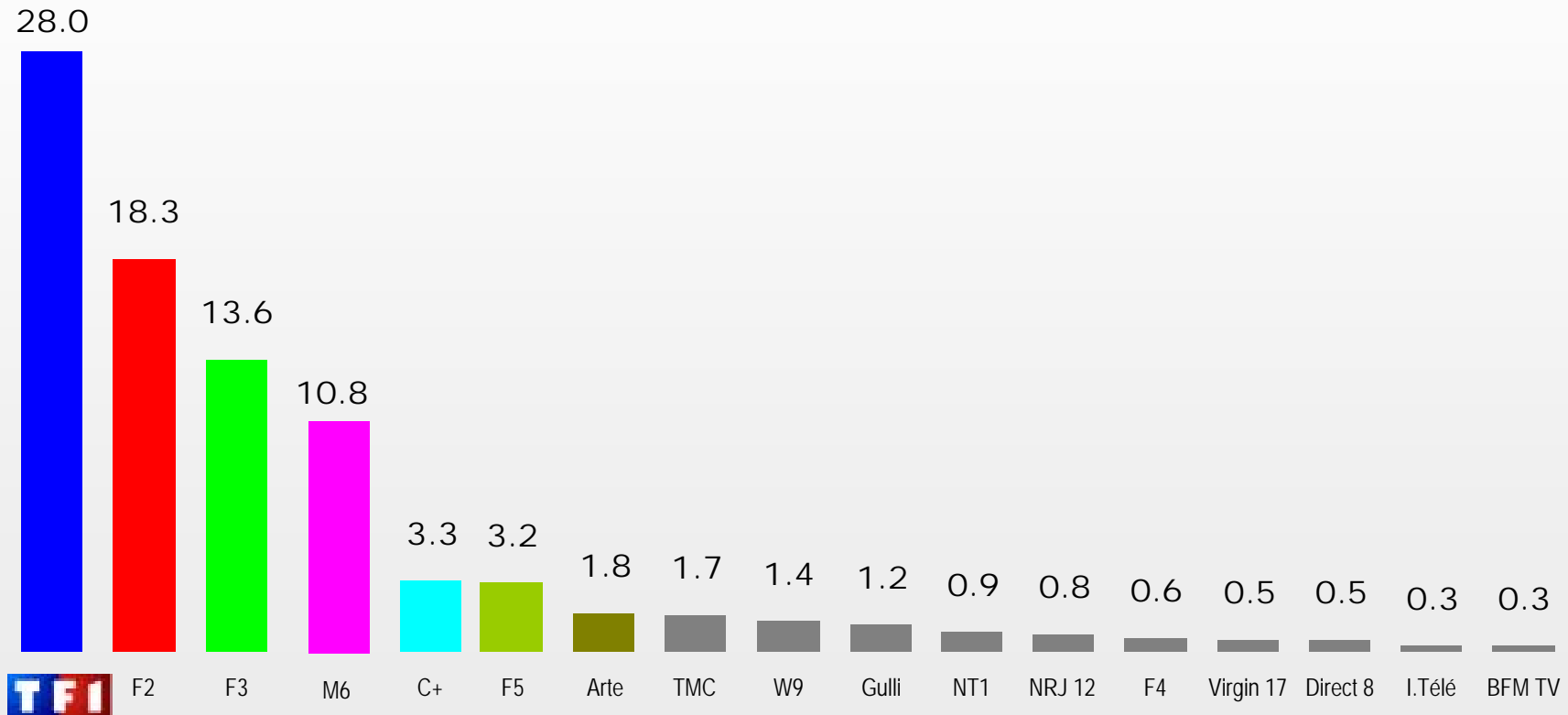


- TF1 - 2007 FY accounts - February 21st 2008 -

# January, 2008 : TF1 confirms its leadership on a fragmented market



*Audience share on Individuals 4 years or +*



- TF1 - 2007 FY accounts - February 21st 2008 -

# 2007 : the DTT success



## A widening coverage

- 7.1 M connected households
  - 83% national coverage
- } (end december 2007)

## A strong investment in programmes

- Cinema, Sport, Entertainment

## An audience structure already mature

- At the start : more men and children
- Today : women and seniors

**A discovery and curiosity effect  
but  
an economic model to be confirmed**

# a performing thematic channels portfolio



EUROSPORT

LCI

serieclub

TMC

Ushuaïa TV

tvbreizh

TF6  
La télé très télé.

odyssee

histoire



## The leading channel on DTT



### ▶ The unchallenged general-interest channel with :

- ▶ exclusive and recent TV series
- ▶ qualitative movies
- ▶ more and more creative programmes (entertainment, games and magazines)

### ▶ Exceptional records

- ▶ 3.5% audience share in 2007 ; a record on December with 4% audience share
- ▶ the top 20 ratings on DTT in 2007
- ▶ Strong growth of revenue : +85%

### ▶ A performing business model

- ▶ a strong advertising dynamic
- ▶ first breakeven year since its launch : operating profit of 0.9 €M

### ▶ TMC : N° 7 general-interest channel

**Target : becoming the channel N°5**



# The breakeven of the pay-TV channels portfolio



: N°1 cable and satellite channel



: The leading channel on advertising target (Wom.15-49 ans / Wom.+child.) on cable and satellite



: Coverage x2 (distribution on CanalSat)

The young adults leading channel on cable & satellite (15-49 years)



: Coverage x2 (Distribution on CanalSat)

A positive change of the editorial grid



: Stability in very competitive markets



: Strong coverage growth (through the Canalsat distribution)



**TF1's ongoing  
growth on the Web**

# In 2007, TF1 network is established in the top 10 French websites

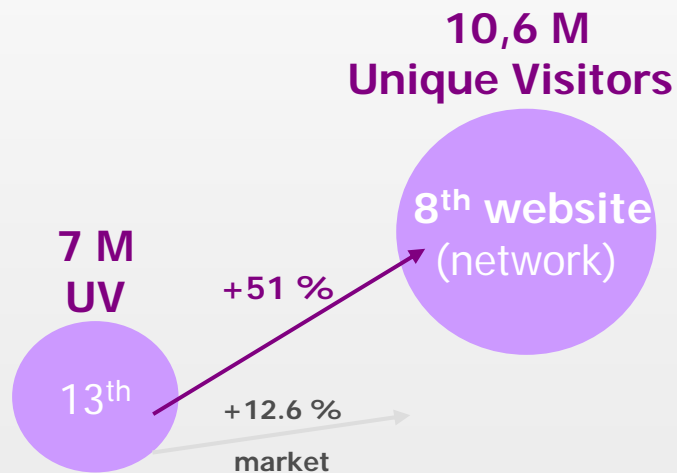


**TF1 Network**  
8<sup>th</sup> French Website

**All Thematics** **TF1**  
In the top 4

Jan. 2007

Jan. 2008



Ranking jan. 2008



3<sup>rd</sup> News website



2<sup>nd</sup> Sports website



3<sup>rd</sup> Youth website



3<sup>rd</sup> Women website

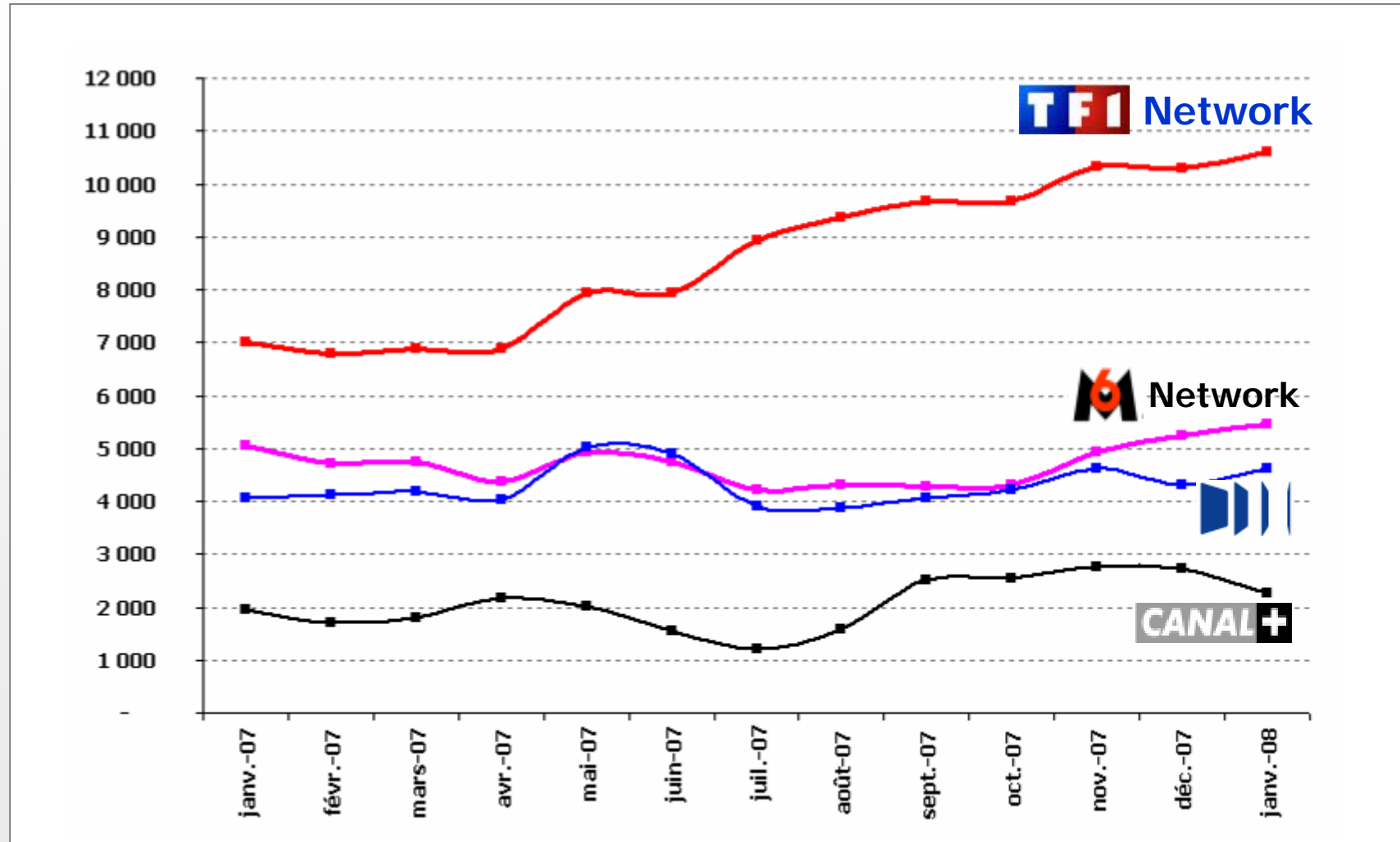


3<sup>rd</sup> Video platform

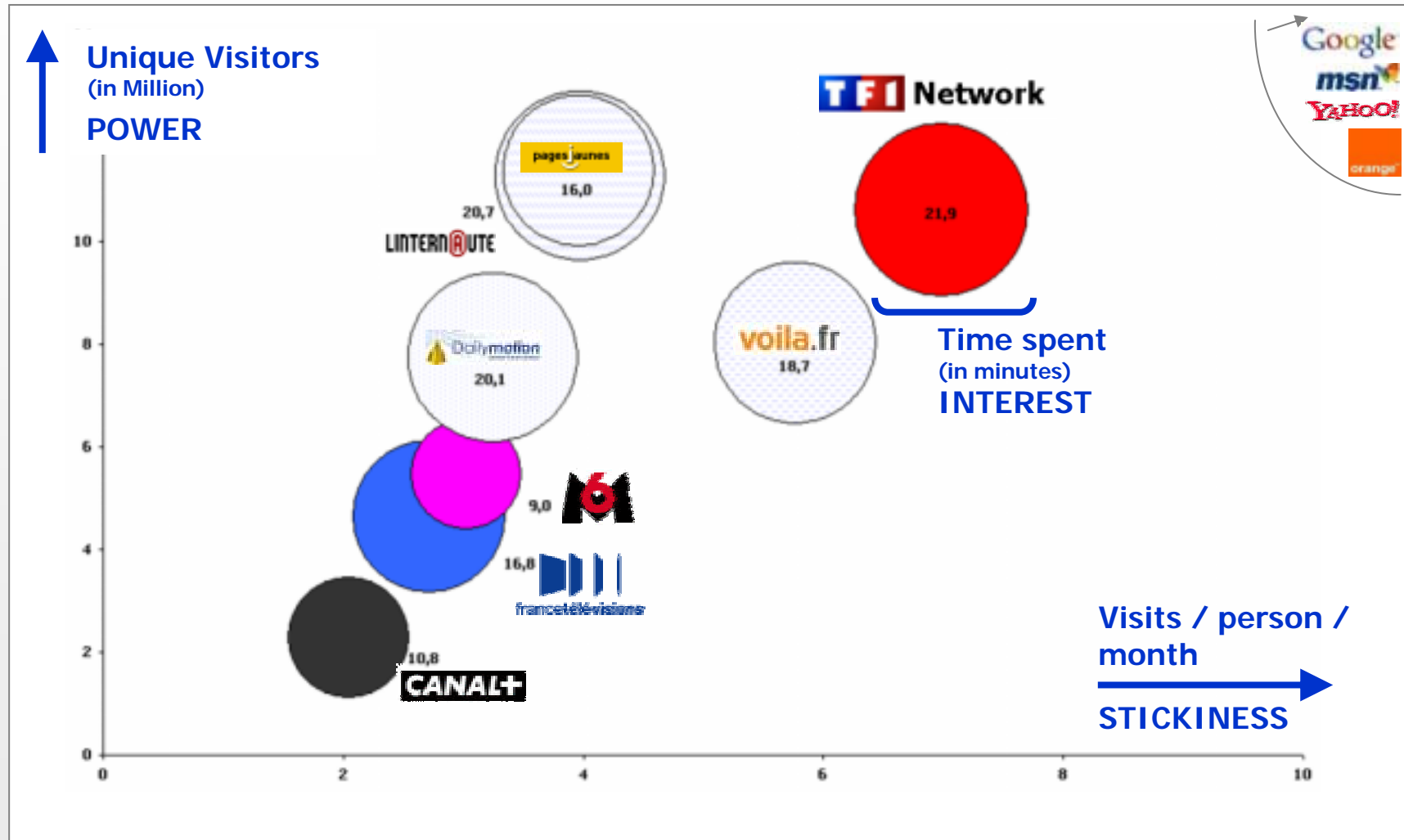


2<sup>nd</sup> Community platform

# In 2007, TF1 increased its audience faster than its competitors



# In 2007, TF1 increased its audience faster than its competitors



- TF1 - 2007 FY accounts - February 21st 2008 -

Sources : Panel NNR Médiamétrie,  
Home & Work, application Internet exclus



# EUROSPORT : a new leading website in Europe



Thousand of Unique Visitors <sup>(1)</sup>

1	Eurosport Network	7,117
2	BBC Sport	6,719
3	Yahoo! Sport	6,466
4	SkySports.com	4,088
5	Marca	3,558

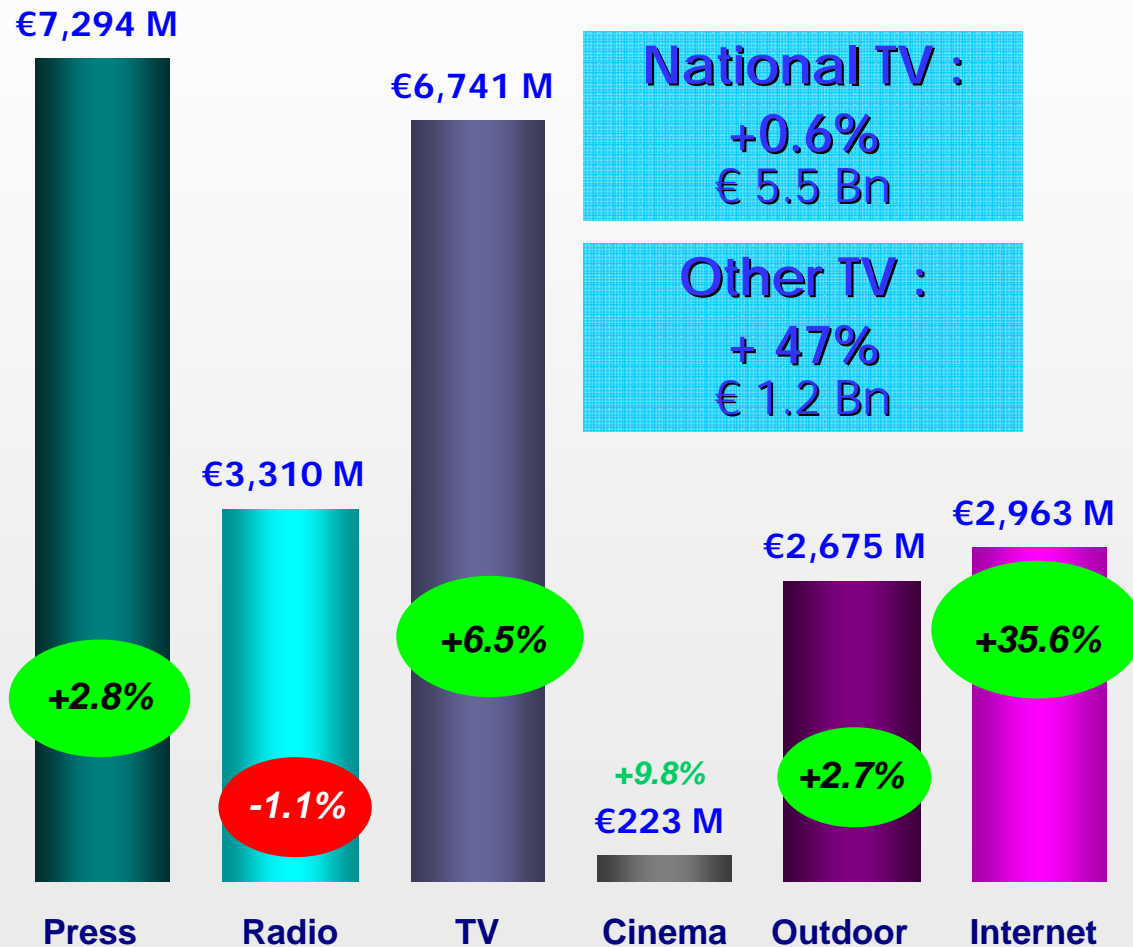
**Unique Visitors : + 40% between June and December 2007**  
*Since the Yahoo ! partnership*

- TF1 - 2007 FY accounts - February 21st 2008 -

(1) Unique Visitors average between June and December 2007 - source comScore 2007



# Internet and Other TV lead the growth of multimedia gross investments



**National TV :**  
+0.6%  
€ 5.5 Bn

**Other TV :**  
+ 47%  
€ 1.2 Bn

**MULTIMEDIA**  
+6.6%  
€ 23.2 Bn

**Non Internet :**  
+3.4%  
€20.2 Bn

**Non Internet and Other TV**  
: +1.2%  
€16.1 Bn

- TF1 - 2007 FY accounts - February 21st 2008 -

Source : TNS Media Intelligence – 2007 vs 2006

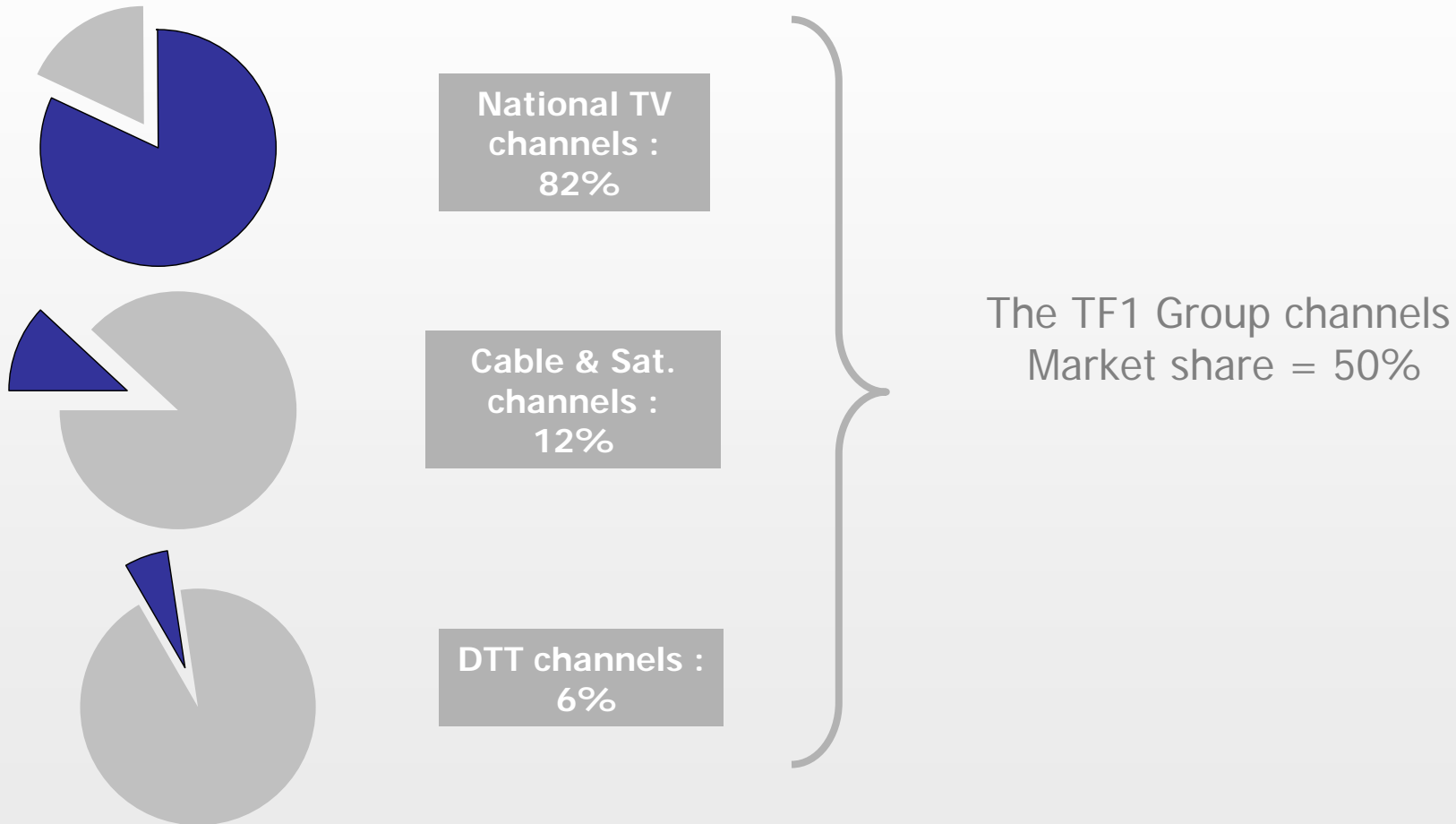


# TF1 maintains its positions



## TV Market

(breakdown of gross multimedia investments)



- TF1 - 2007 FY accounts - February 21st 2008 -

# FY 2007 Advertising

## TF1 benefited from the growth of new media



**+2.0%**



+0.6%  
to €1,718 M



French thematic  
Channels  
+24%  
to €92 M



Internet  
Advertising  
+77%  
to €18 M

# Main changes on TF1 channel in 2007



- ▶ Publishing (- 26.4%)
- ▶ Sponsoring (- 6.4%)
- ▶ Increase of traditionnal ad breaks : (+3.1%)

*retail  
house cleaning  
services*



*publishing  
telecoms  
automotive*



# Retail sector: growth potential



5.3% gross TV  
investments  
€292 M

56% Brand  
advertising  
44% Retail  
products  
advertising

  
TF1 market share  
58.6%



1<sup>st</sup> advertiser on the plurimedia market (€2.8 Bn )  
2007 TV market share : 12.7% vs ~ 30% for the market on average



**Diversification**  
**the 2007 growth engine**

**TF1 Entreprises Revenue\* : €40.5 M (+ 5.7%)**



- ▶ Developing revenues from broadcast or generated programmes by the Group channels
- ▶ Trading of high potential brands with strong awareness and multi-positioning
- ▶ Editing music from TF1 channel programmes





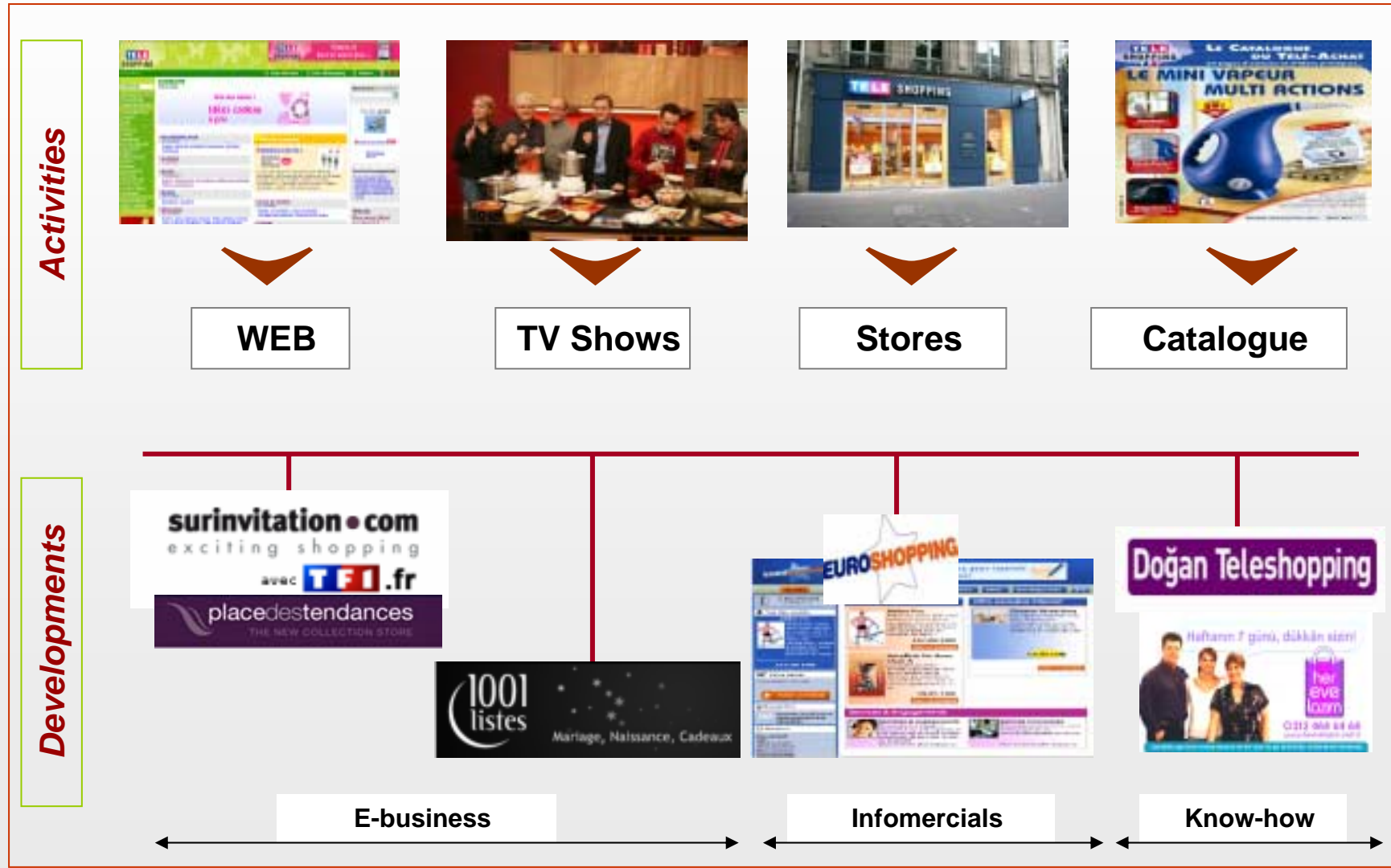
**Acquisition of Dujardin Games**  
**> 200 games in the library**



# TELE The success of the multi-support development TFI

SHOPPING

Total turnover\* : €153.1 M (+ 38.7%)



- TFI - 2007 FY accounts - February 21st 2008 -

**TF1 Video turnover\* : €166.7 M (+ 5.6%)**  
**23 million DVD sold in 2007**

**Video market\*\* : - 10.7% (in value)**

**Strong growth of the « Movie » activity : +20% (vs. 2006)**

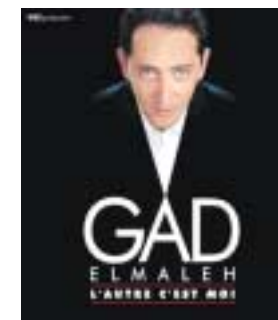


**The most innovating and distributed VOD platform of the market**

**A triple digit growth rate of the 2007 turnover**



**400,000 customers /  
 4,000 programmes**



\* Group consolidated figures

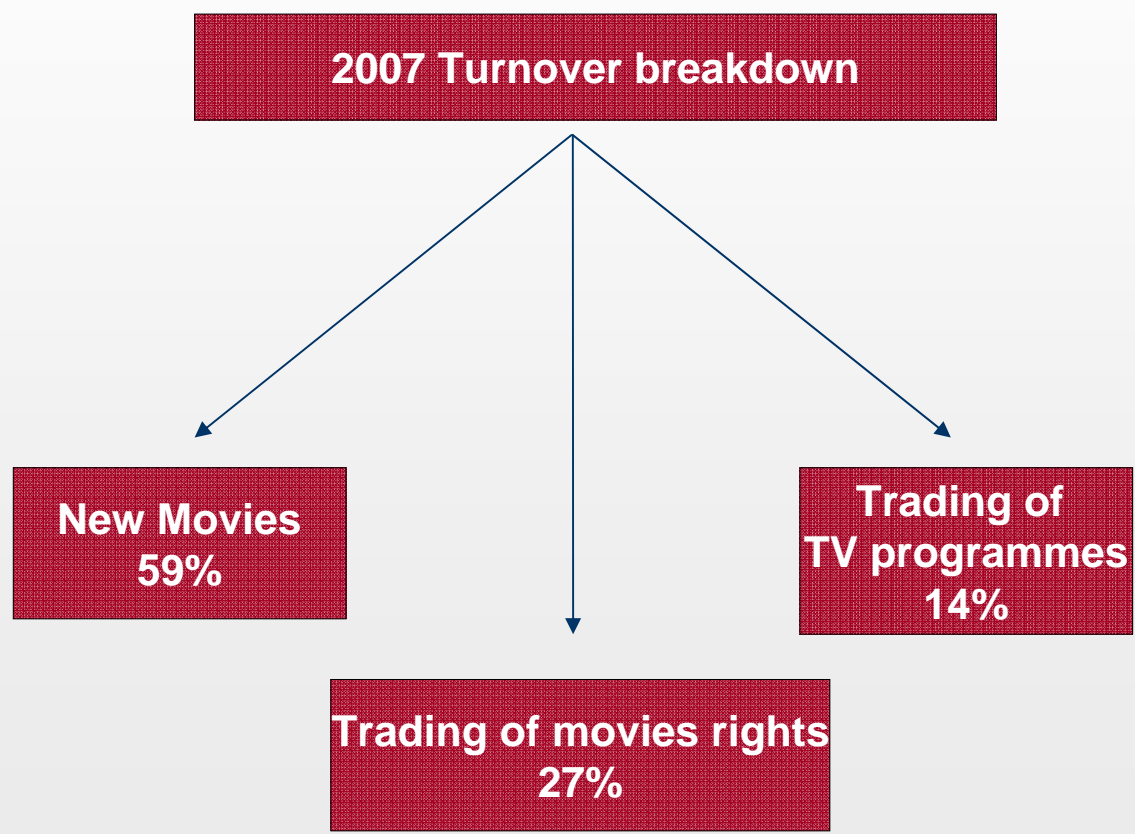
\*\*End Decembre 2007 – Source GFK



# Amongst the theatre distribution leaders



**TF1 International turnover\* in 2007 : €87.7 M (+ 33.4 %)**



- TF1 - 2007 FY accounts - February 21st 2008 -

\* Données consolidées Groupe

# Eurosport : an ongoing international expansion



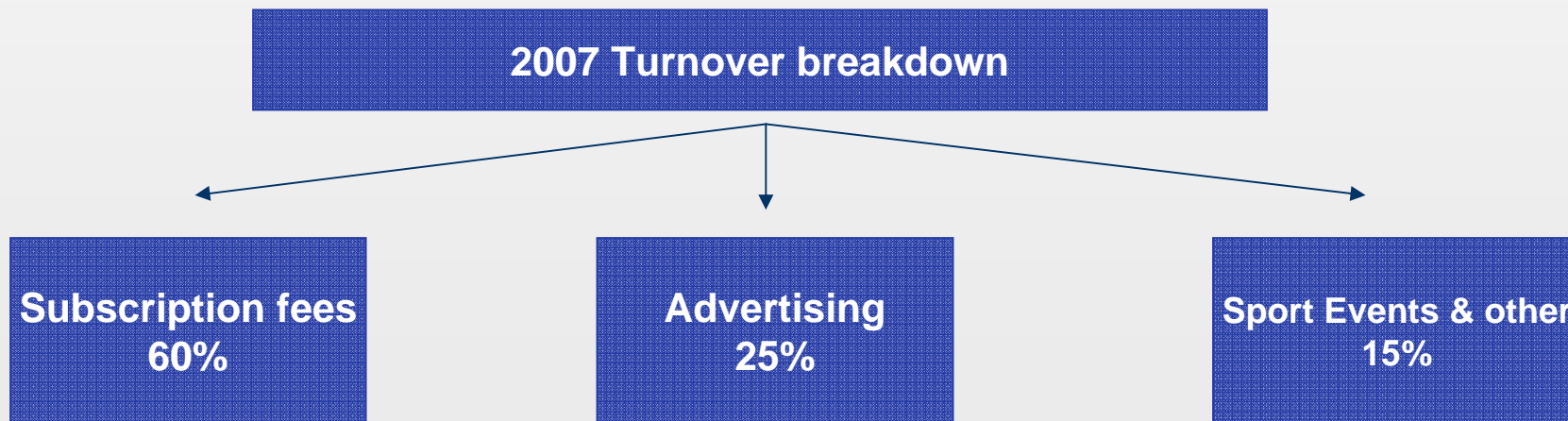
**THE most well-known and distributed channel in Europe**



**Eurosport International Turnover\*: €272.5 M (+5.2%)**  
**Eurosport Group turnover\* : €339,3 M (+5.8%)**

**Eurosport International operating profit\*: €32.3 M (+8.4%)**  
**Eurosport Group operating profit\*: €34.8 M (+16.6%)**

**112 million households**  
**68 million subscribers**  
**59 countries / 20 languages**



\* Group consolidated figures

2007 Overview

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Strategic Review

# Revenue evolution



€M	2007	2006	Change	%
<b>Consolidated revenue</b>	<b>2,763</b>	<b>2,654</b>	<b>109</b>	<b>+ 4.1%</b>
<b>TF1 core channel advertising revenue</b>	<b>1,718</b>	<b>1,708</b>	<b>10</b>	<b>+ 0.6%</b>
<b>Diversification revenue</b>	<b>1,045</b>	<b>946</b>	<b>99</b>	<b>+ 10.5%</b>
<b><i>Breakdown of the consolidated advertising revenue</i></b>				
<b>TF1 core channel</b>	<b>1,718</b>	<b>1,708</b>	<b>10</b>	<b>+ 0.6%</b>
<b>Theme Channels in France</b>	<b>92</b>	<b>74</b>	<b>18</b>	<b>+ 24.3%</b>
<b>Internet France</b>	<b>18</b>	<b>10</b>	<b>8</b>	<b>+ 80%</b>
<b>Eurosport International</b>	<b>72</b>	<b>79</b>	<b>(7)</b>	<b>- 8.9%</b>
<b>Total advertising revenue</b>	<b>1,900</b>	<b>1,871</b>	<b>29</b>	<b>+ 1.6%</b>

# TF1 channel programming costs



€M	2007	2006	Change	%
<b>Total programming costs *</b>	<b>1,024.2</b>	<b>1,060.1</b>	<b>(35.9)</b>	<b>(3.4%)</b>
<b>Sports events</b>	<b>49.9</b>	<b>113.6</b>	<b>(63.7)</b>	<b>(56.1%)</b>
<b>Total programming costs (exl. sports events)</b>	<b>974.3</b>	<b>946.5</b>	<b>27.8</b>	<b>2.9%</b>
Entertainment	254.5	265.3	(10.8)	(4.1%)
TV Dramas / TV movies / Series / Theatre	290.1	279.1	11.0	3.9%
Sports ( <i>exl. World Cup</i> )	146.2	146.5	(0.3)	(0.2%)
News	119.2	114.4	4.8	4.2%
Movies	138.8	114.7	24.1	21.0%
Youth	25.5	26.5	(1.0)	(3.8%)

- TF1 - 2007 FY accounts - February 21st 2008 -

\* Including retired or abandoned rights

# Consolidated income statement (1/2)



€M	2007	2006	Change	%
<b>Consolidated revenue</b>	<b>2,763.6</b>	<b>2,653.7</b>	<b>109.9</b>	<b>4.1%</b>
Total programming costs	(1,024.2)	(1,060.1)	35.9	(3.4%)
Total other operating charges	(1,304.9)	(1,181.3)	(123.6)	10.5%
<b>EBITDA</b>	<b>434.5</b>	<b>412.3</b>	<b>22.3</b>	<b>5.4%</b>
<i>EBITDA margin</i>	<i>15.7%</i>	<i>15.5%</i>		
Amortisation and provisions	(129.3)	(111.5)	(17.8)	16.0%
<b>Operating profit</b>	<b>305.2</b>	<b>300.8</b>	<b>4.4</b>	<b>1.5%</b>
<i>Operating margin</i>	<i>11.0%</i>	<i>11.3%</i>		

## Consolidated income statement (2/2)



€M	2007	2006	Variation	%
<b>Operating profit</b>	<b>305.2</b>	<b>300.8</b>	<b>4.4</b>	<b>1.5%</b>
Cost of net debt	(21.4)	(11.6)	(9.8)	84.5%
Other financial income and expenses	28.7	(4.9)	33.6	ns
Income tax expense	(93.0)	(98.7)	5.7	(5.8%)
Share of profits/ losses of associates	8.3	13.1	(4.8)	(36.6%)
<b>Net profit from continuing operations</b>	<b>227.8</b>	<b>198.7</b>	<b>29.1</b>	<b>14.6%</b>
<b>Net profit of discontinued operations</b>	<b>-</b>	<b>253.6</b>	<b>-</b>	<b>-</b>
<b>Net profit</b>	<b>227.8</b>	<b>452.3</b>	<b>(224.5)</b>	<b>(49.6%)</b>
Minority interests	-	(0.2)	(0.2)	ns
<b>Net profit attributable to the Group</b>	<b>227.8</b>	<b>452.5</b>	<b>(224.7)</b>	<b>(49.7%)</b>

# Consolidated balance sheet



<b>ASSETS (€M)</b>	<b>31/12/07</b>	<b>31/12/06</b>	<b>Change</b>
<b>Total non-current assets</b>	<b>1,844.5</b>	<b>1,532.6</b>	<b>311.9</b>
<b>Total current assets</b>	<b>1,807.2</b>	<b>2,128.0</b>	<b>(320.8)</b>
<b>Total assets</b>	<b>3,651.7</b>	<b>3,660.6</b>	<b>(8.9)</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES (€M)</b>	<b>31/12/07</b>	<b>31/12/06</b>	<b>Change</b>
<b>Shareholders' equity (attributable to the Group)</b>	<b>1,394.0</b>	<b>1,358.0</b>	<b>36.0</b>
<b>Non-current liabilities</b>	<b>653.1</b>	<b>540.8</b>	<b>112.3</b>
<b>Current liabilities</b>	<b>1,604.6</b>	<b>1,761.8</b>	<b>(157.2)</b>
<b>Total shareholders' equity and liabilities</b>	<b>3,651.7</b>	<b>3,660.6</b>	<b>(8.9)</b>
<b>TOTAL GROUP financial net debt</b>	<b>597.3</b>	<b>378.5</b>	<b>218.8</b>
<b>Gearing</b>	<b>42.8%</b>	<b>27.9%</b>	



# Consolidated cash flow statement



Cash flow statement summary (€M)	31/12/07	31/12/06
<b>Net profit*</b>	<b>227.8</b>	<b>198.7</b>
Operating cash flow before net interest expense and income taxes	393.4	393.0
Income taxes paid	(99.8)	(112.0)
Change in operating working capital needs	34.4	42.4
<b>Net cash generated by operating activities</b>	<b>328.0</b>	<b>323.4</b>
<b>Net cash generated by investing activities</b>	<b>(332.3)</b>	<b>(192.8)</b>
<b>Net cash generated by financing operations</b>	<b>(235.0)</b>	<b>(33.8)</b>
<b>Change in cash position</b>	<b>(241.9)</b>	<b>96.8</b>
<b>Cash position at beginning of period</b>	<b>271.8</b>	<b>175.0</b>
<b>Cash position at end of period</b>	<b>29.9</b>	<b>271.8</b>

\* Net profit from continuing activities

# FY08 forecast revenue



€M	2006	2007	2008	change 08/07
Total TF1 Group Revenue	2,654	2,763	2,830	+ 2.4%

2007 Overview

FY 2007 Accounts

**Strategic Review**

- 1. Improving our performances**
2. TF1, the tomorrow editor
3. Investing in order to control our content
4. Acting as a global media

# 1. Improving our performances



## ➤ Ongoing optimization of our means :

- Organization / work methods
- Synergies / networked organization
- Costs : from programmes to daily expenses
- Skills : welcoming new talents

**General mobilization  
around “Optimax” Plan**

# 1. Improving our performances



## ➤ Combining growth and profitability

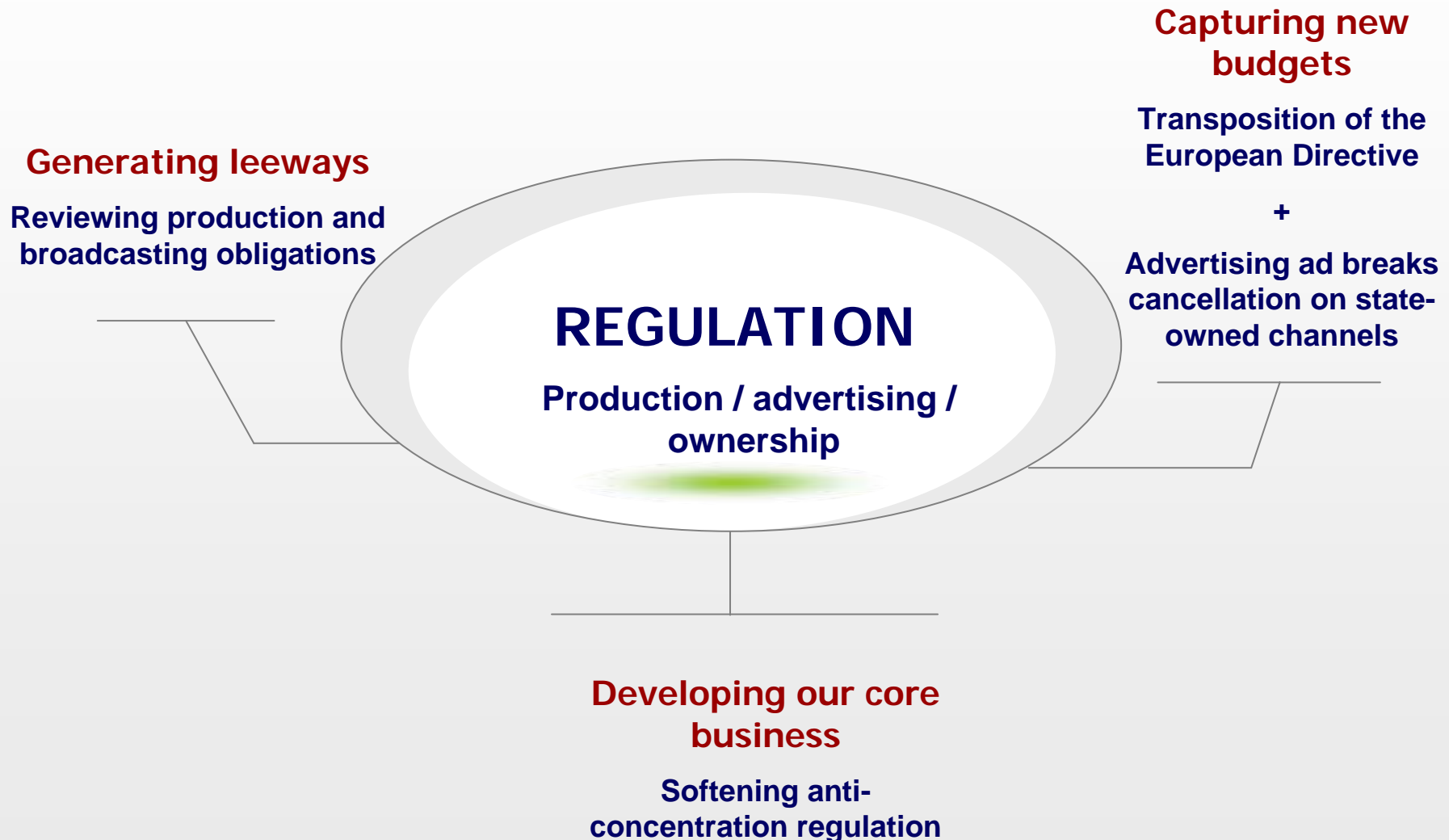
- High selectivity in our choices
- Looking for activities with a faster cash-back
- Controlling development costs
- Operating our know-how in new playgrounds

**2 targets for the next 4/5 years**  
**50% of total revenue from diversification**  
**EBITDA margin around 20%**

# 1. Improving our performances



## ➤ Taking advantage of the new regulations



# 1. Improving our performances



## ➤ TF1 group expenses framework

€M	2007	
Consolidated revenue	2,763	62% : TF1 channel advertising revenue 38% : diversifications
TF1 channel operating expenses	(1,508)	30% : production investment / broadcasting and levies (~ €460 M) = <b>linked to regulation</b> 40% : non regulated programmes (~ €650 M) = <b>target of stabilization</b> 30% charges (~ €400 M) = <b>optimization</b>
Diversification expenses	(950)	



# 1. Improving our performances



## ➤ Turnover potential growth

€M	2007	
Consolidated revenue	2,763	<ul style="list-style-type: none"><li>• Better monetizing our audiences</li><li>• Extending advertising agency competences : on line, other TV, press, ...</li><li>• External and organic growth</li><li>• Cancelling TV advertising on state-owned channels</li><li>• Transposition of European directive</li><li>• Softening anti-concentration regulation</li><li>• Earlier launch of the "bonus channel"</li><li>• Acquisition of an other DTT channel ?</li></ul>

# 1. Improving our performances



## ➤ Profitability potential

€M	2007	
<p><b>TF1 channel operating expenses</b></p>	<p><b>(1,508)</b></p>	<ul style="list-style-type: none"> <li>• Stabilization of programming costs</li> <li>• Renegotiation of content agreements (entertainment and sport)</li> <li>• SPV (audiovisual rights acquisitions)</li> <li>• Purchase Department</li> <li>• Day-to-day cost control</li>   <li>• Evolution of production obligations</li> <li>• Evolution of broadcasting obligations</li> <li>• Decrease of transmission costs (switch off)</li> </ul>
<p><b>Diversifications expenses</b></p>	<p><b>(950)</b></p>	<ul style="list-style-type: none"> <li>• Purchase Department</li> <li>• Day-to-day cost control</li> <li>• Closing of non-profitable activities</li> </ul>

# Strategic Review



1. Improving our performances
- 2. TF1, the tomorrow editor**
3. Investing in order to control our content
4. Acting as a global media

## 2. TF1, the tomorrow editor



### ➤ **Developing our free-to-air offer**

- **Strengthening TF1 leadership**
- **Doing TMC the 5th French generalist TV channel**
- **Preparing our « Bonus channel »**
- **Acquiring an additional TV channel ?**

## 2. TF1, the tomorrow editor



### ➤ Reinforcing our pay-TV offer

- **Developing Eurosport to East and Asia areas**
- **Overhauling discovery channel's editorial grid (Histoire, Odyssée and Ushuaïa)**
- **Reinventing LCI business model by optimizing synergies with TF1**

## 2. TF1, the tomorrow editor



### TF1 channel : The “show case” TV

#### ▶ Allocation by the French watch-dog of a HD channel

Free on DTT from October 2008

More than 1000 hours of full HD programmes

50% HD programmes in 2009

#### ▶ wide-screen TV

75 % of the programmes grid at end 2008 vs 45% end 2007

#### ▶ original & subtitled version

15 programmes per month (US series and movies)

#### ▶ Accessibility

60 % subtitled programmes for deaf and hard hearing people  
and launch of audio-description for blind people

**TF1 will remain a unique channel**



# Strategic Review



1. Improving our performances
2. TF1, the tomorrow editor
- 3. Investing in order to control our content**
4. Acting as a global media

# 3. Investing in order to control our contents



## ➤ By long-term agreements :

- 10 out of 15 best US series are on TF1
- Agreements with the main US and French majors
- Formula 1 (2012) - Rugby (2011) - Football (2010/2014)

## ➤ By well-balanced partnerships with producers

- Magazines, Entertainment and Games (Endemol,...)
- TV Dramas (looking for co-production stakes,...)

## ➤ By active in-house productions

- Setting up TF1 Formats : monitoring, developing, creating programmes
- Increase the activity of the in-house production department



### 3. Investing to control our contents



#### Revitalized in-house creativity and know-how



High potential of growth

# Strategic Review



1. Improving our performances
2. TF1, the tomorrow editor
3. Investing in order to control our content
4. **Acting as a global media**

## 4. Acting as a global media



### ➤ **New media : the heart of our offer**

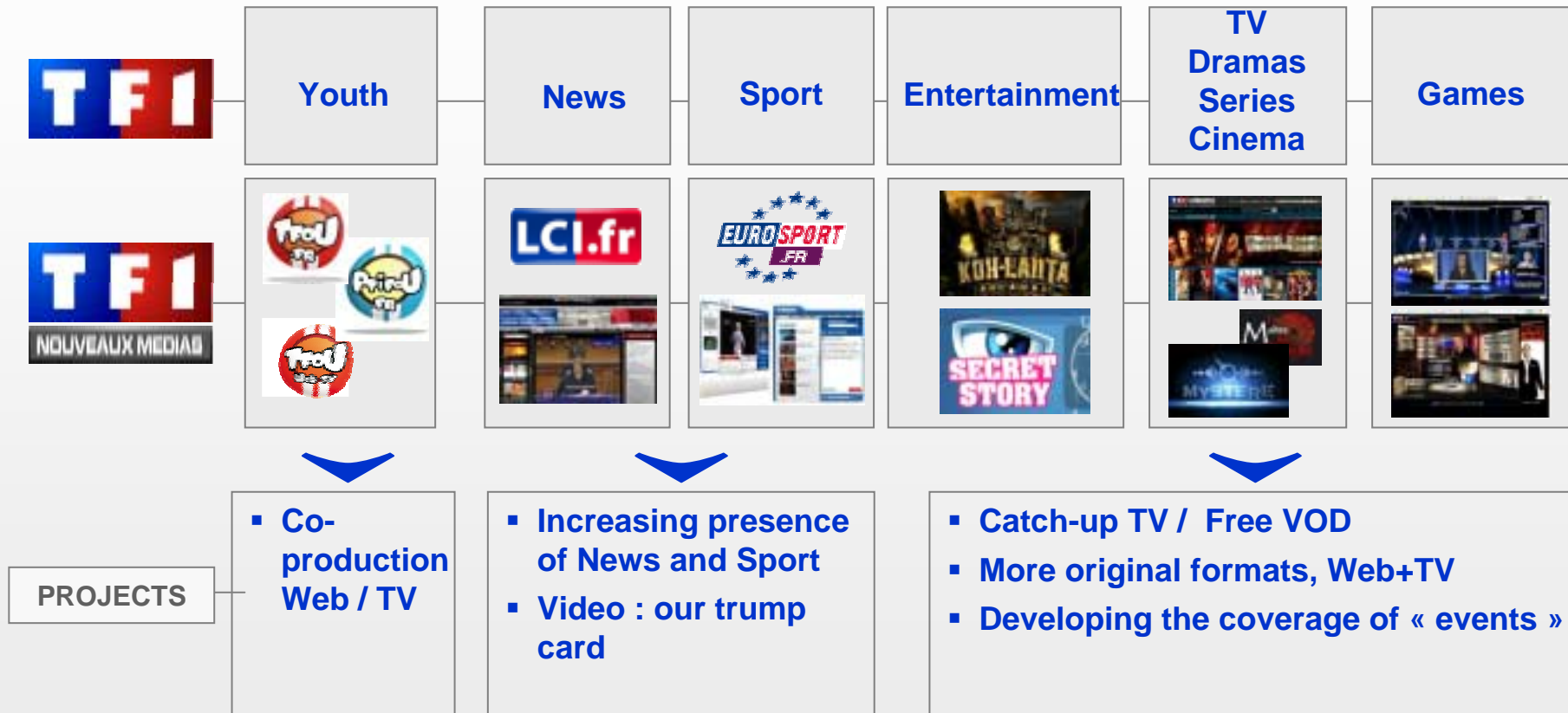
- **Multiply bounces between our TV channel, and Web, mobile TV, TVIP**  
« our programmes everywhere, at anytime, on any advice »
- **Continue to invest on web 2.0 pure-players and e-business**  
« our know-how on each and every playground »

**New relationships with all targets**

# 4. Acting as a global media



**Bounce between TV and the Web : already a reality**



- TF1 - 2007 FY accounts - February 21st 2008 -

**A full integrated process from script to production in passing by acquisition**

# 4. Acting as a global media



**Bounce between TV and the web : already a reality**



**Developing stickiness and proximity between media and targets**  
**Developing relationship with “participative” viewers**

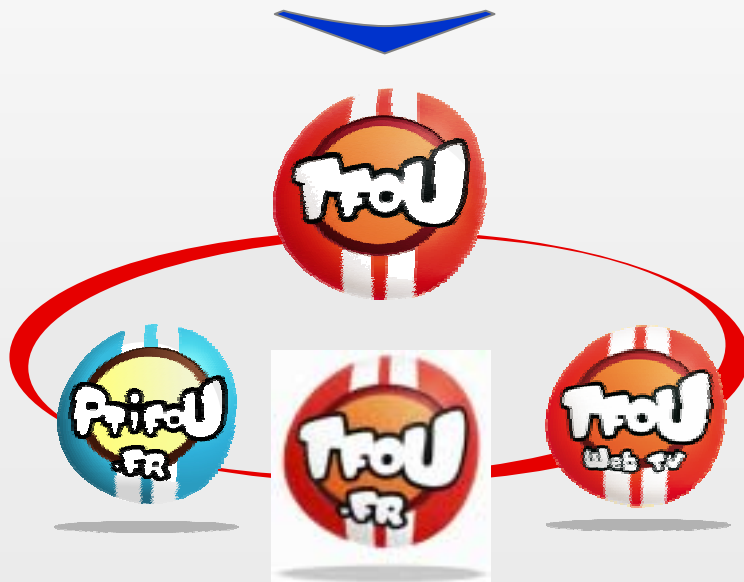
# TFOU, from a programme on TF1 to a global media pilot



**TFOU creates bounces between TF1 channel and other devices  
A pioneer business model**

A multimedia brand

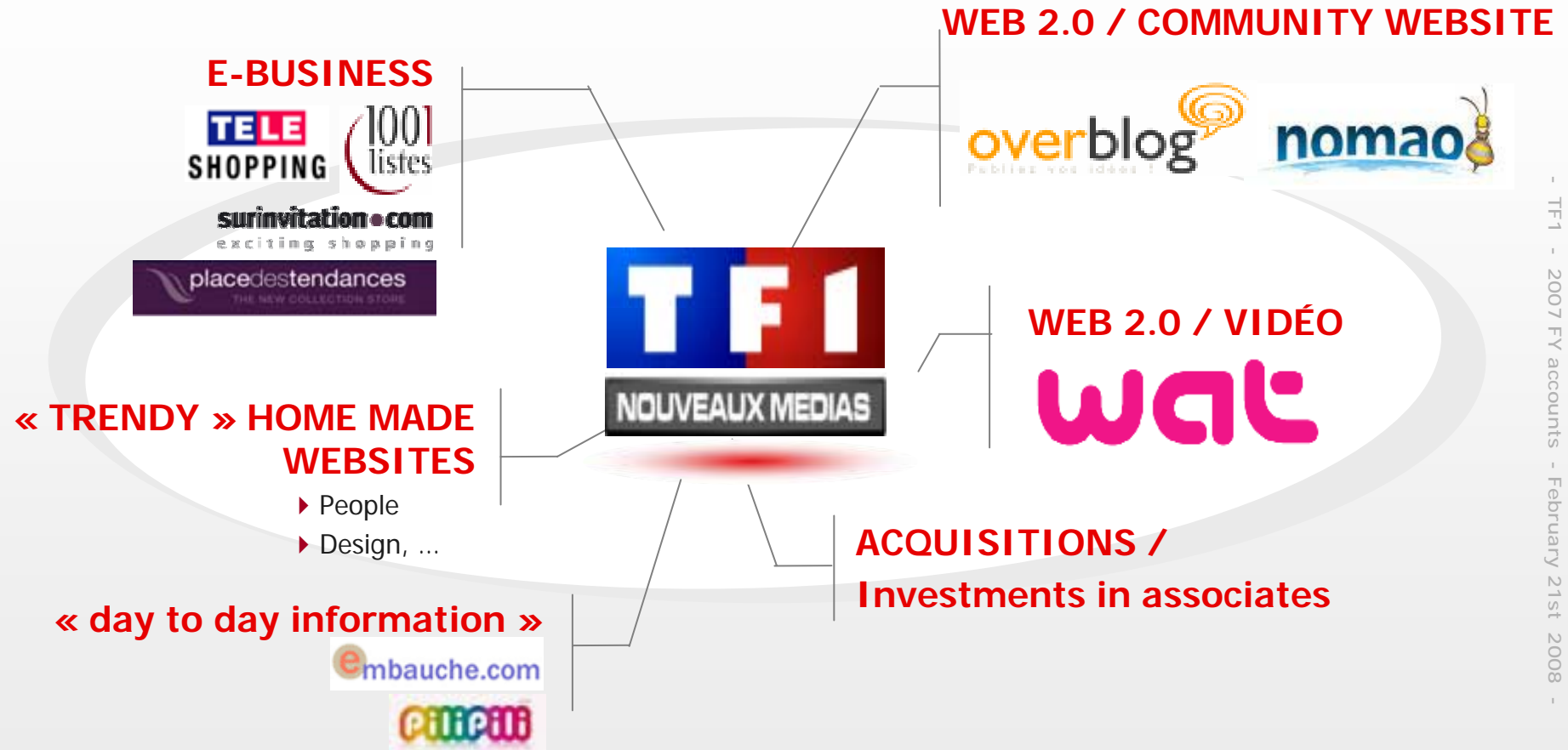
Production of original  
programmes mixing Web, TV  
and licenced products



# 4. Acting as a global media



## Developing our pure-player offer

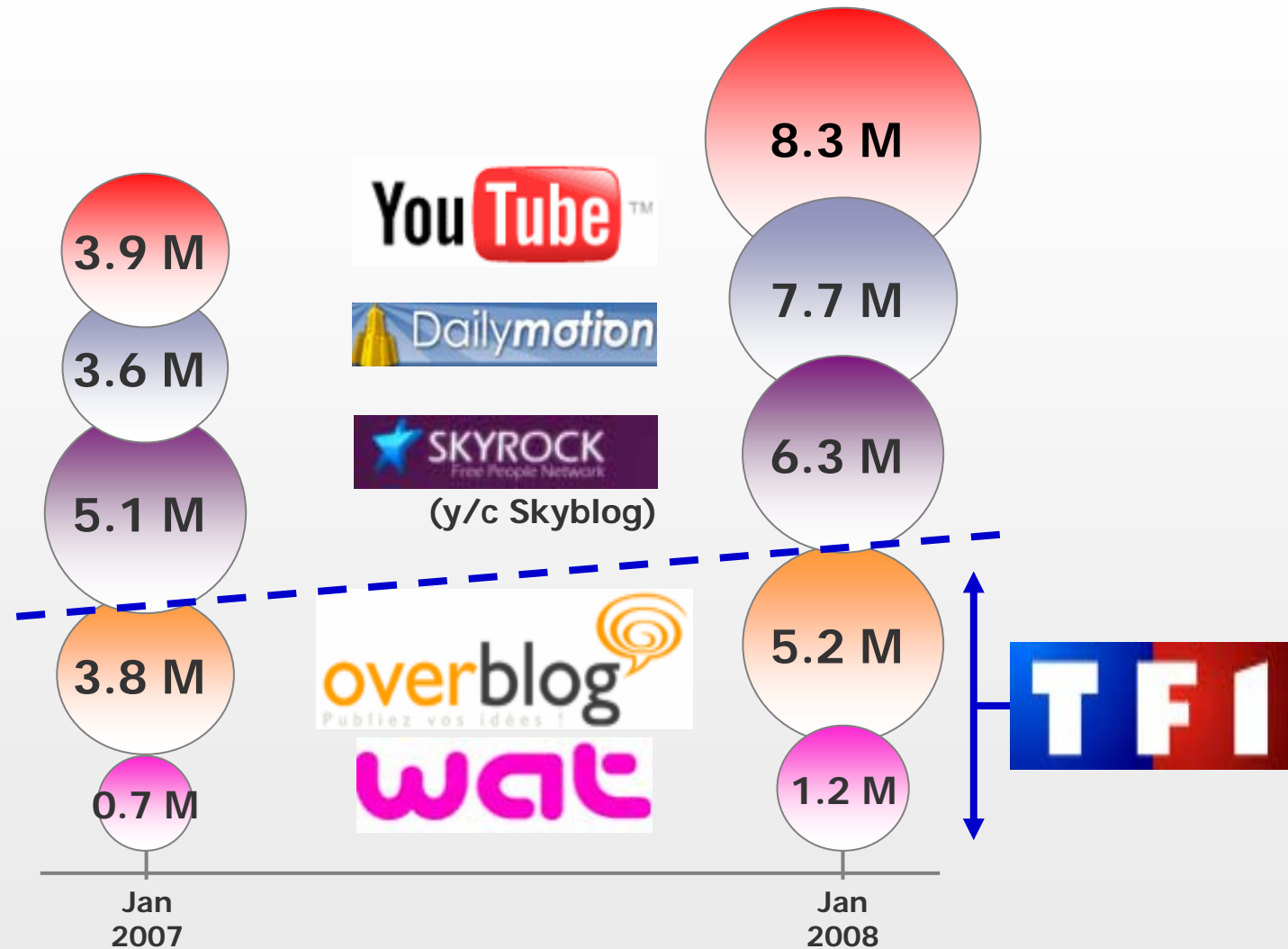


Answering websurfers' and advertisers' expectations

## 4. Acting as a global media



TF1 has built a complete 2.0 offer - blogs, video and community website



- TF1 - 2007 FY accounts - February 21st 2008 -

Sources : Panel NNR Médiamétrie, January 2008  
Home & Work, internet application excluded  
- Number of Individual Visits



## 4. Acting as a global media



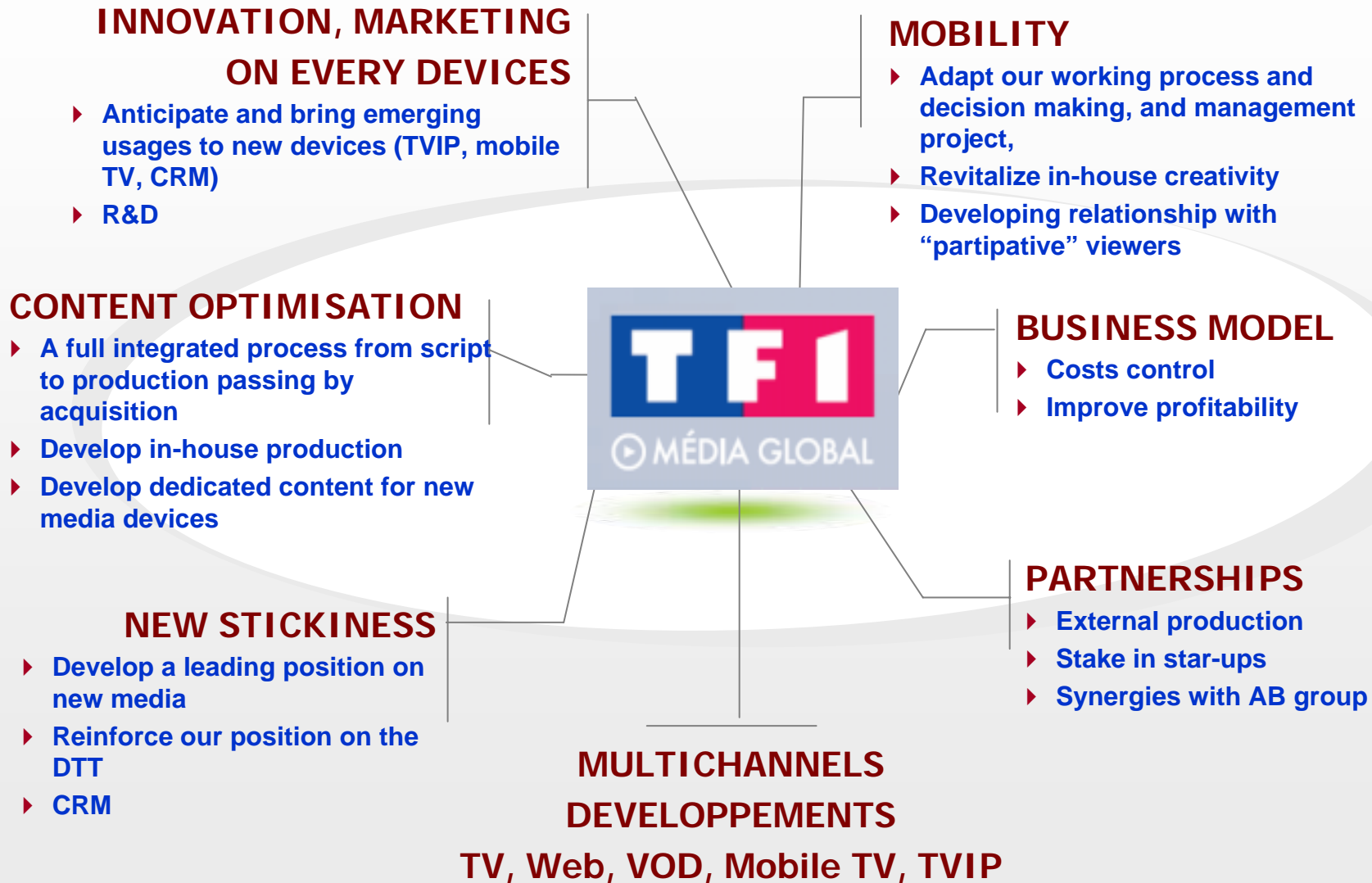
### Main direction for TF1

- **Increase audience monetisation on the web, specially with our 2.0 offers**
  - Launch of an on-line advertising agency
  
- **Become a leading player on video broadcasting**
  - TF1 Programmes and library, VOD offers and catch-up TV
  
- **Intensify our Internet development through partnerships and/or acquisitions**

# 4. Acting as a global media



- TF1 - 2007 FY accounts - February 21st 2008 -



# 2008, the key year



## ➤ Intensify our know-how

- Free-to-air TV, Pay TV, Home shopping, Video, Distribution, Games, Licences, Web...

## ➤ Developing new positions

- On line advertising agency, Web 2.0, e-business, in-house production, Mobile TV, TVIP

## ➤ Modernizing our process

- Wide Screen, High Definition, Process News sport 2, Broadcast

## ➤ Optimising our organization

- Organisation, work methods, expenses, margins...

**TF1: mobilisation for tomorrow with the trump card of TV/Internet tandem**

**TF1, a full-integrated editor, content producer and agregator, on every networks, building a new relationship with its audience targets and, offering its advertisers a complete & exclusive range of contacts**



Presentation to the analysts of the  
**2007 Annual results**

February 21, 2008

