



Analysts presentation

Half year results 2008

August, 1st 2008

Disclaimer

All forward-looking statements are TF1 management's present expectations of future events 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.

Summary

2008 Half year activities

TF1 Channel

Diversification

Financial results

Our ambition: from TV to the 360° media

4 challenges ahead

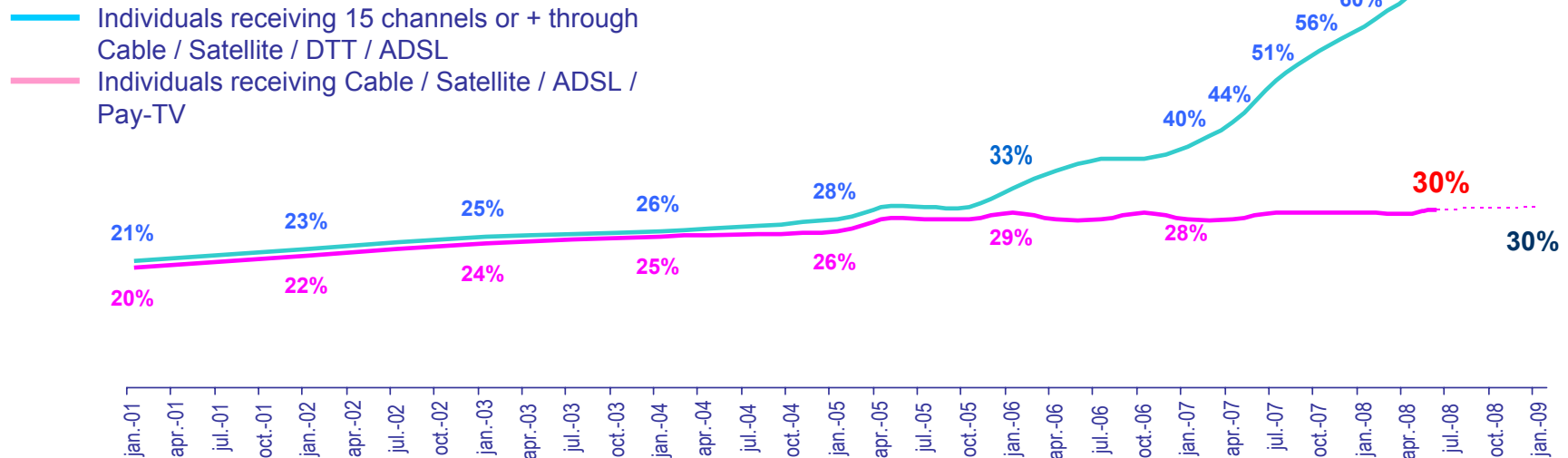
1. **Technology : large screens, HD, IPTV, Catch-up, VOD**
2. **Competition : DTT, ADSL, Cable and Satellite, Internet**
3. **Finance : profitability and growth**
4. **Customers : shift in consumer behaviour**



2008: critical year to prepare the future

On a fast moving market...

Quarterly evolution : breakdown of Individual according to the number of available channels
4 years or + equipped TV

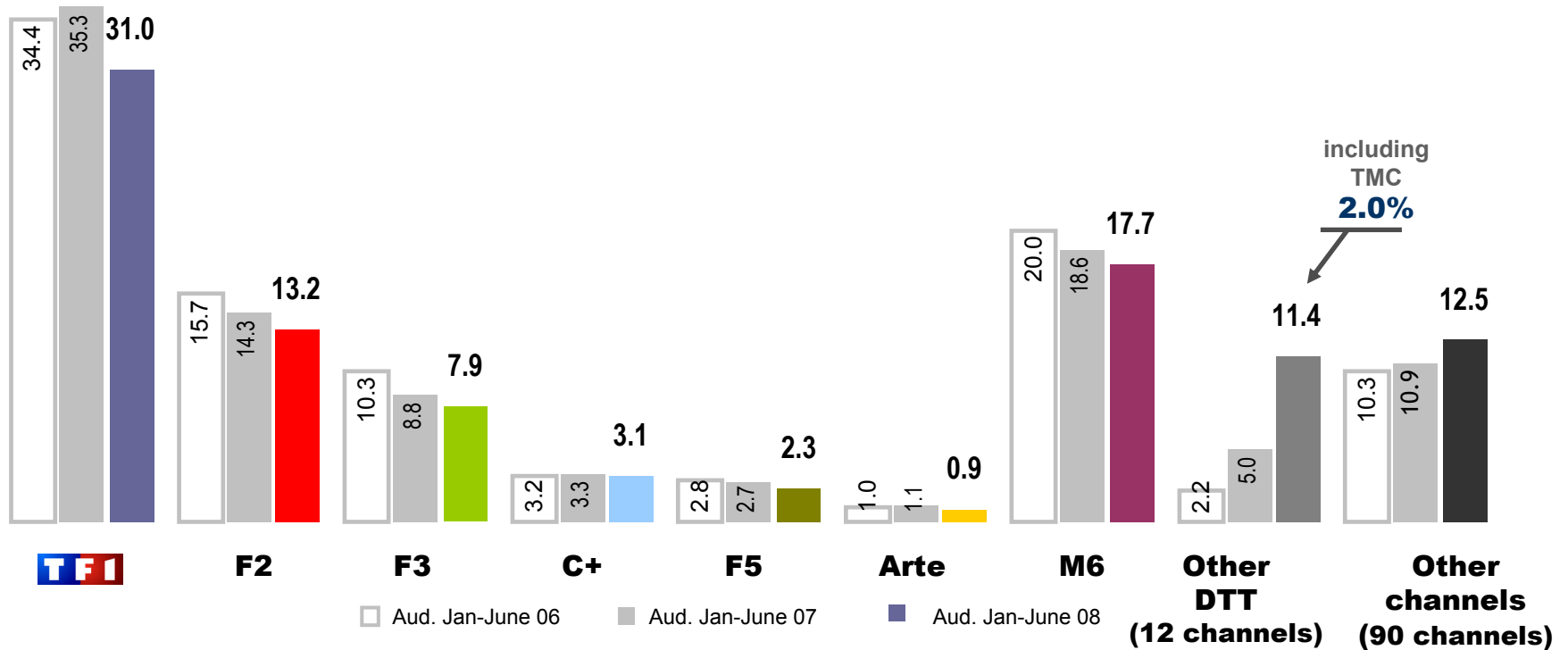


- **DTT : driver of the digital revolution**
- **Cable and Satellite: a low market growth**
- **ADSL: market growth**
- **Internet: quick expansion**
- **Large screens & HD market expansion**

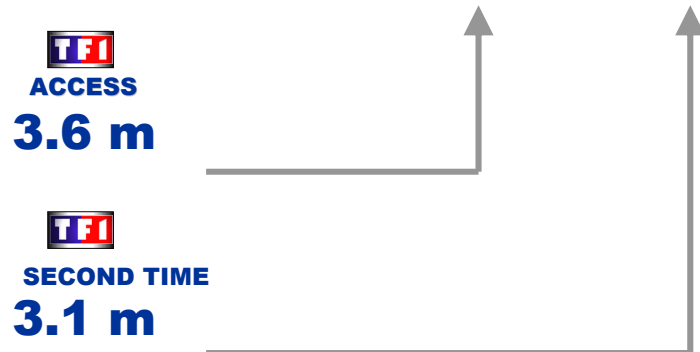
...the audience share of national channels is falling down since 2006

Audience share: Women < 50

2008 vs 2006 →	-10%	-16%	-23%	-3%	-18%	-10%	-12%	+418%	+21%
2008 vs 2007 →	-12%	-6%	-10%	-6%	-15%	-18%	-5%	+128%	+15%



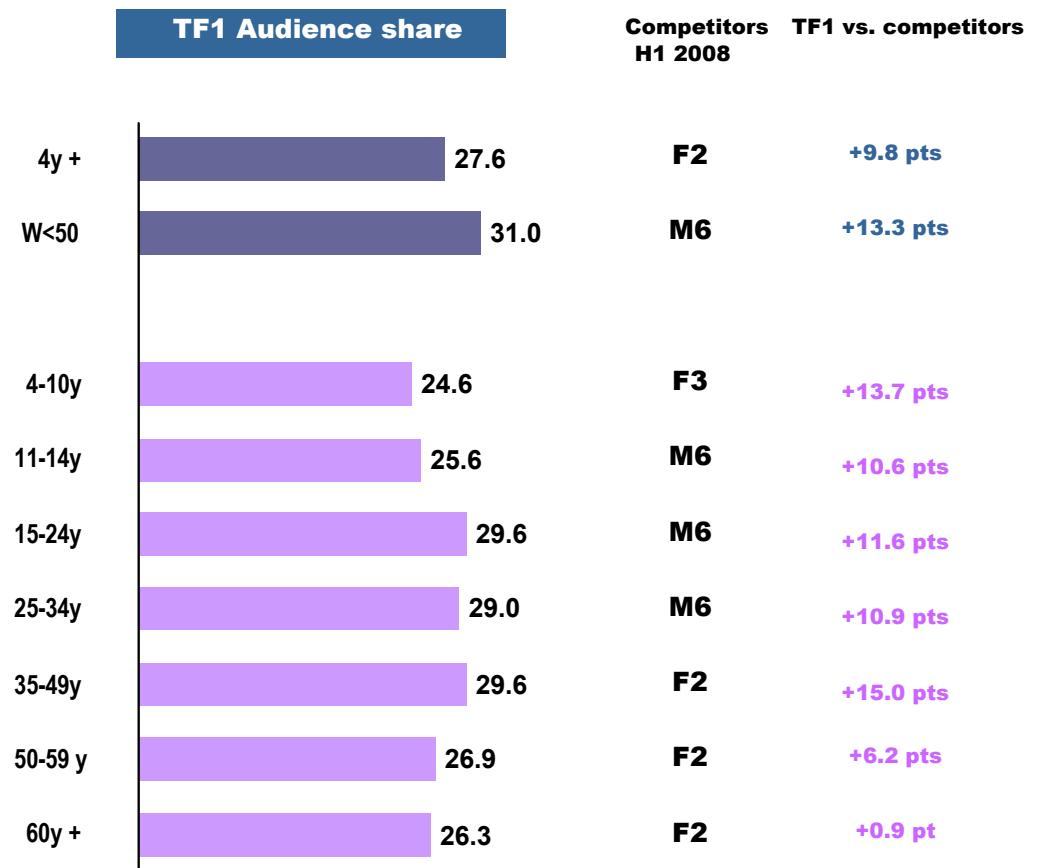
But TF1 maintains a strong leadership...



Access (6.15-7.45 pm) – Prime Time (9-10.45 pm) –
Second time (10.45pm/0.30 am)

...with a unique position

...on all targets



...confirmed on the DTT environment

Audience share

January - June 2008

Mediamat environment* (69% multi-channel penetration)			DTT environment*	Attractivity
TF1	27.6%	→	27.5%	100%
France 2	17.8%	→	16.6%	93%
France 3	13.3%	→	12.1%	91%
M6	11.2%	→	10.9%	97%



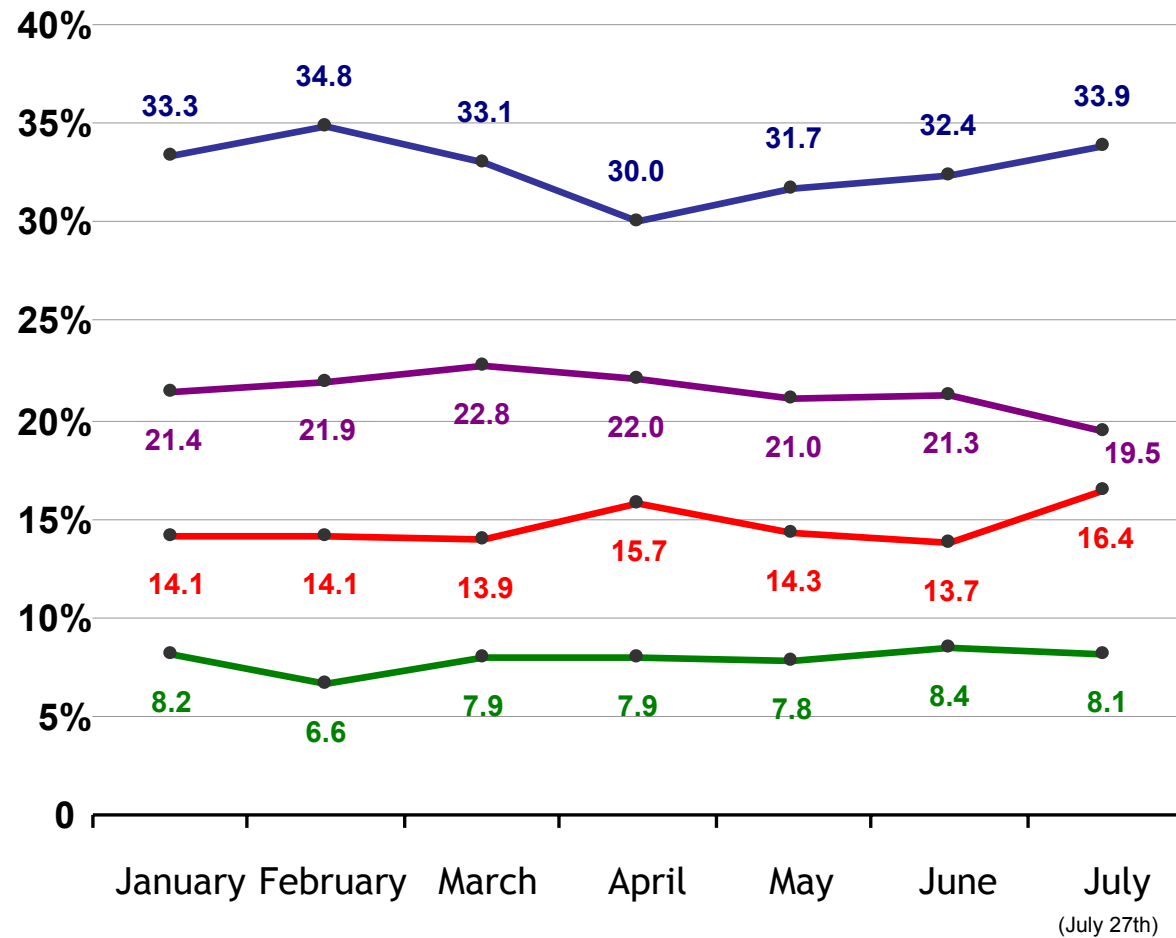
TF1 attractiveness is greater than its competitors

A strong prime time

Audience share: Women < 50

9.00-10.45 pm

TF1 F2 F3 M6

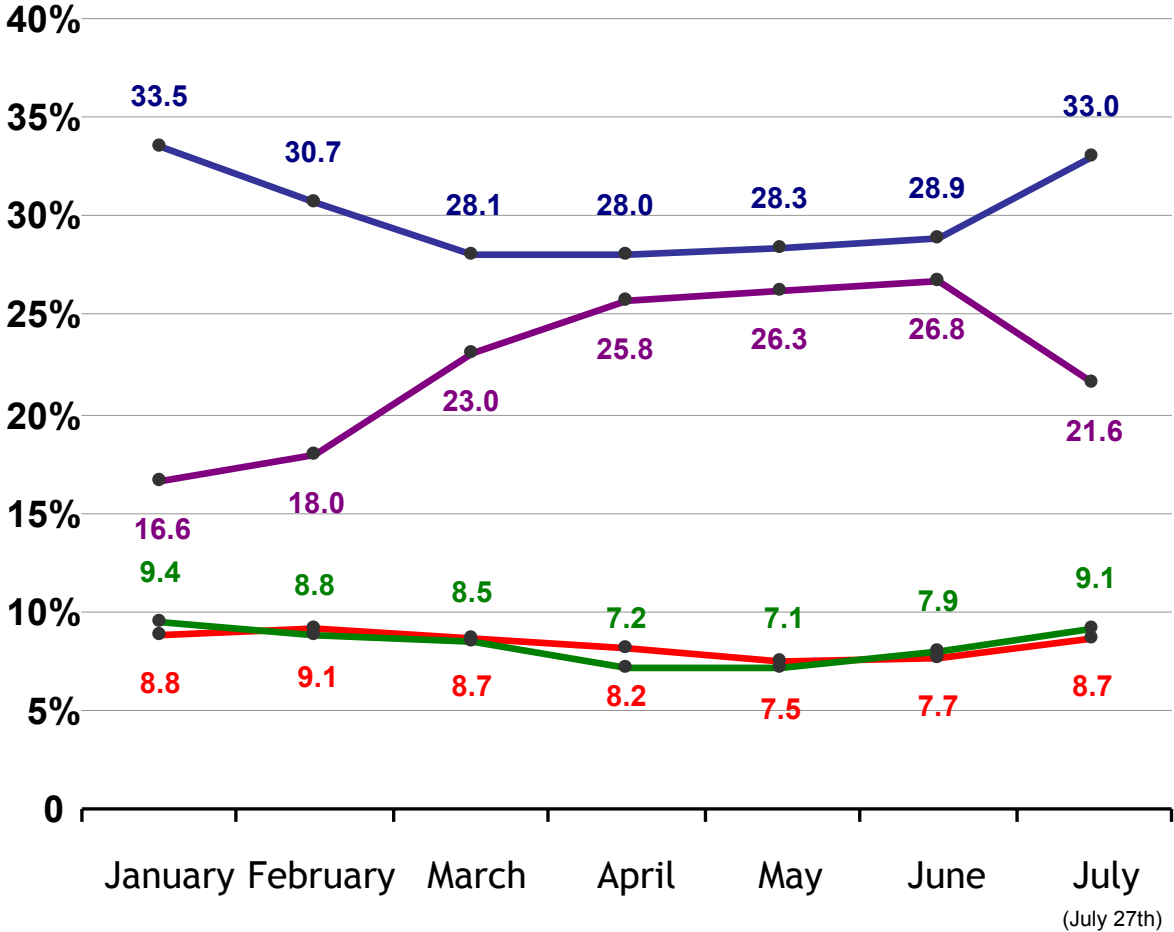


A temporary decrease in access time over the first 6 months

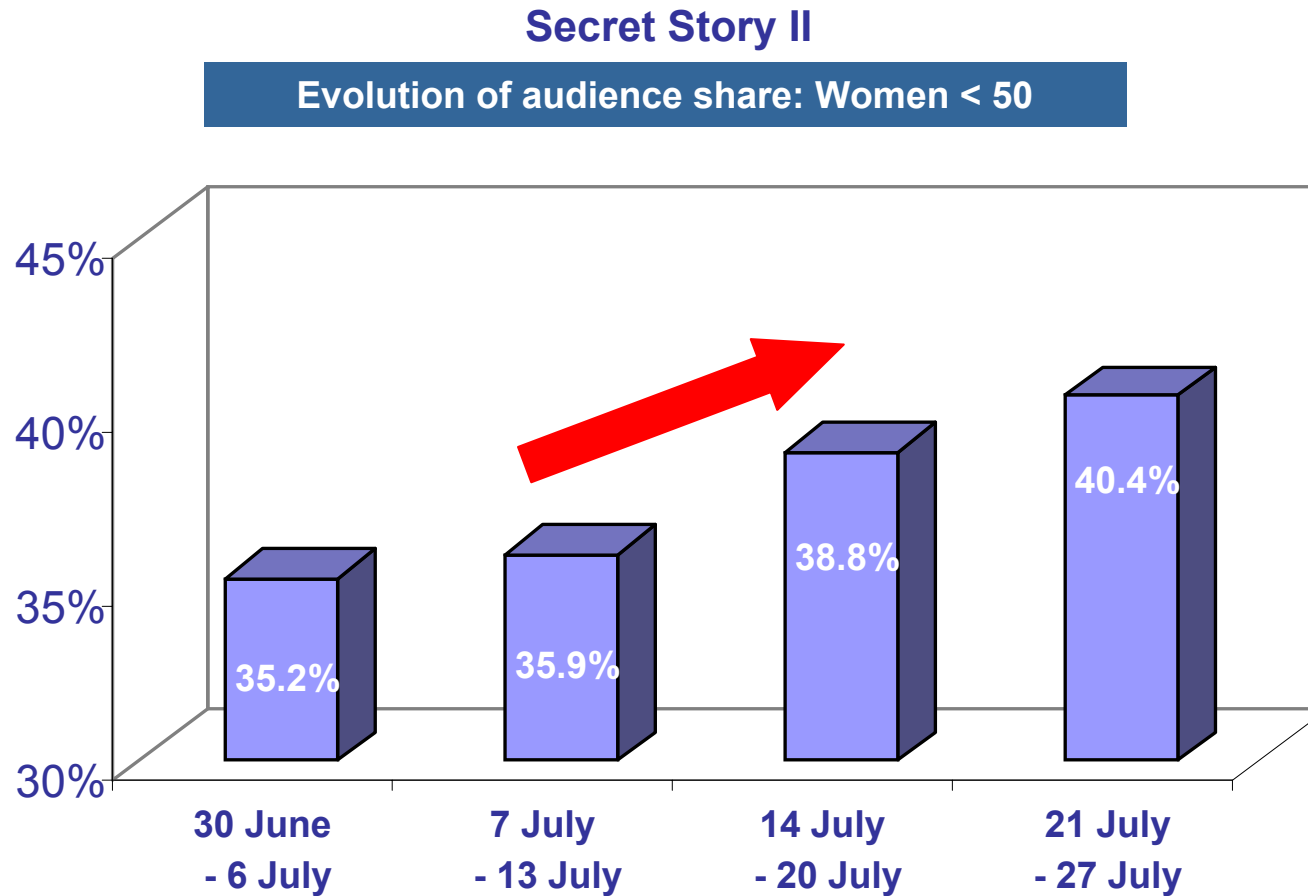
Audience share: Women < 50

6.00-7.45 pm

TF1 F2 F3 M6



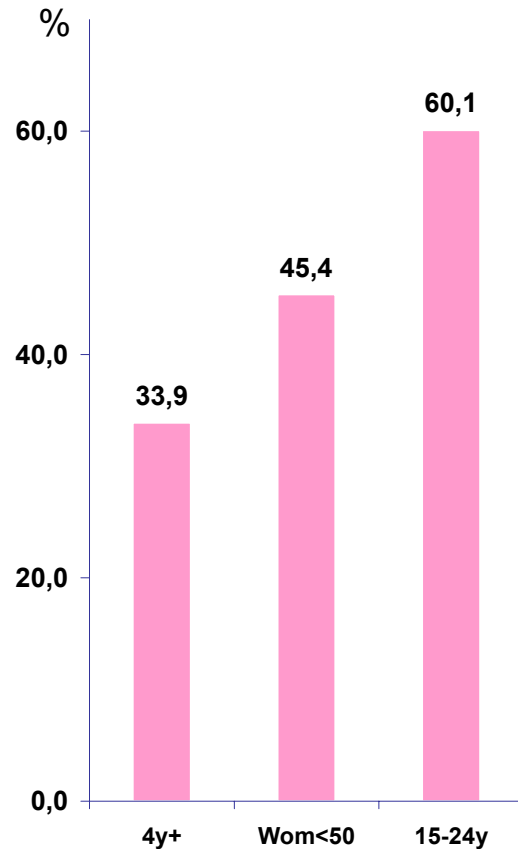
Secret Story II pushes up access time



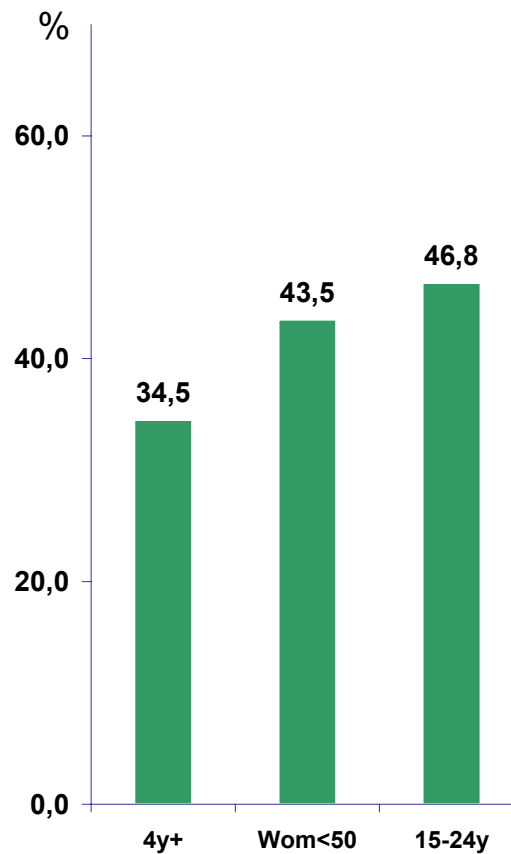
A strong and federative program

Reality TV on TF1: a true success

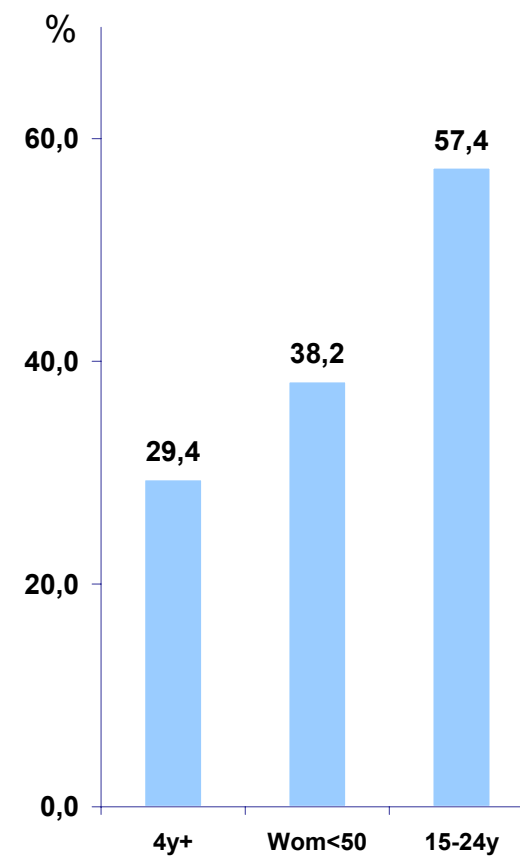
Audience share – Summer 2008



Ile de la Tentation
Second time



Koh Lanta
Prime Time



Secret Story
Second Time

A successful half year

- **Euro was a success:**
 - **6.8 million TV viewers**
 - **34 % audience share on 4 years+**
 - **47 % audience share on men 15-49**
 - **54 % of contacts**
- **92 of the 100 best audiences**
- **12 programs reaching over 9.0 million TV viewers**
- **55 programs reaching over 8.0 million TV viewers**
- **Successful US series, French TV dramas, second time magazines, Champion's League, "Les Enfoirés", "Star'Ac", ...**






TF1 the most powerful channel on every programs

A solid position on TV and Web

Audience share : 4 years+ NATIONAL
JANUARY-JUNE 2008

TV

	27.6 %
	2.0%
Chaînes du Câble & Satellite 	1.4%
TF1 GROUP	31.0%

WEB

TF1 Network :
1st network
among
French TV
websites

TF1 Network

7th network
of websites

11 M
unique
visitors

June 2008

13th

+39%

7,9 M
unique
visitors

June 2007



3rd Sports website



5th Youth website



6th News website



3rd Women website



3rd Video platform



2nd Community platform *

Source : Panel Médiamétrie NNR

* incl. premium blog

A contrasted advertising revenue

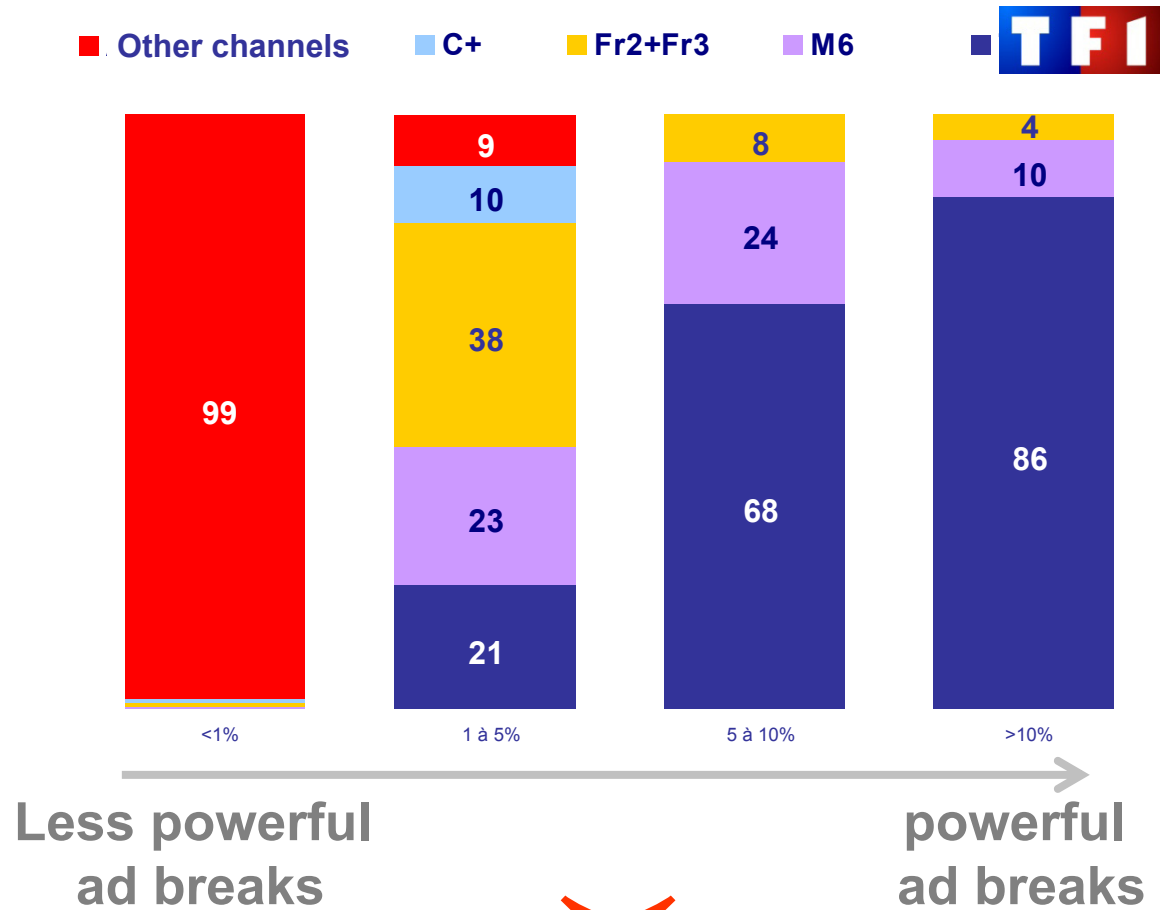
Breakdown of the Group advertising revenue

TF1 Channel	891.2	924.7	- 33.5	- 3.6 %
French Theme channels	48.3	44.4	+ 3.9	+ 8.8 %
Internet France	8.9	7.7	+ 1.2	+ 15.6 %
Eurosport international	40.0	36.6	+ 3.4	+ 9.3 %
Total advertising revenue	988.5	1,013.4	- 24.9	- 2.5 %

- **A gloomy economic context**
- **Advertisers affected by the economic environment**
- **Redeployment of ad investments**

Power remains a determining competitive skill

Breakdown of powerful ad breaks by audience and channels



TF1 outperforms on main powerful ad breaks

Summary

2008 Half year activities

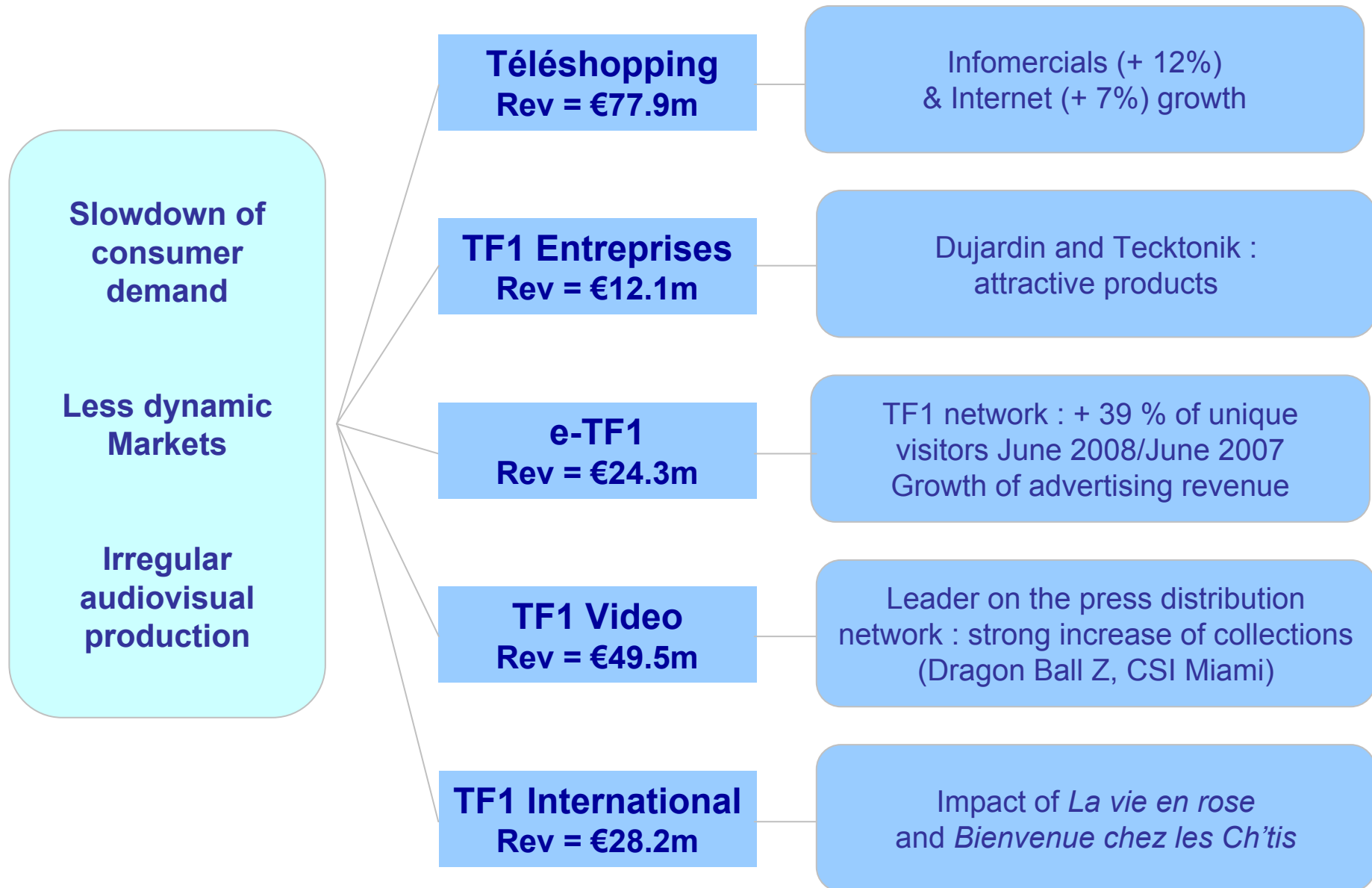
The TF1 Channel

Diversification

Financial results

Our ambition: from TV to the 360° media

Activities affected by the economic environment



Great performance of the French theme channels



2.0% audience share in H1 2008
Leader in DTT
39/50 of DTT best audience ratings



6.7 millions weekly TV viewers
1.6% audience share on average in H1 2008
Leader of the French theme channels



Revenue

€96.2m (H1 2008) vs. €95.1m (H1 2007), + 1.2%

Operating Profit

€4.2m (H1 2008) vs. €1.5m (H1 2007)

NB : Revenue from subsidiaries are contributions to consolidated data

Source : Mediamétrie MediaCabSat survey of theme channel audience figures between December 31, 2007 and June 15, 2008

and international broadcasting



114m households

59 countries

20 linguistic versions

Eurosport 2 : received by 32m households at end June 2008

25 May 2008: launch of the Eurosport HD channel in Europe
Paying off more important than expected (distribution agreements in 24 countries*)

Growth of subscription and advertising revenue : + 11.4%

A dynamic Internet activity: n° 1 of sports websites in Europe

Eurosport Events: a growing activity

A year rich in sporting events : Euro 2008, Beijing's Olympic Games...

Revenue

€148.0m (H1 2008) vs. €132,9m (H1 2007), + 11.4%

Operating profit

€18.3m (H1 2008) vs. €18.0m (H1 2007)



* Signed at end of July 2008

NB : Revenue from subsidiaries are contributions to consolidated data

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Revenue

€M	H1 2008	H1 2007	Change	%
Consolidated revenue	1,363.5	1,430.6	- 67.1	- 4.7 %
TF1 core channel advertising revenue	891.2	924.7	- 33.5	- 3.6 %
Diversification revenue	472.3	505.9	- 33.6	- 6.6 %

Consolidated revenue evolution

€M	H1 2008	H1 2007	Change	%
France Broadcasting	1,135.2	1,172.5	- 37.3	- 3.2 %
<i>TF1 Channel</i>	895.6	928.0	- 32.4	- 3.5 %
<i>Thematic channels in France</i>	96.2	95.1	+ 1.1	+ 1.2 %
<i>Téléshopping group</i>	77.9	79.3	- 1.4	- 1.8 %
<i>TF1 Entreprises</i>	12.1	13.2	- 1.1	- 8.3 %
<i>e-tf1</i>	24.3	27.1	- 2.8	- 10.3 %
<i>In-house production companies</i>	18.7	18.6	+ 0.1	+ 0.5 %
<i>Others</i>	10.4	11.2	- 0.8	- 7.1 %
Audiovisual rights	77.7	125.1	- 47.4	- 37.9 %
<i>TF1 Video</i>	49.5	70.3	- 20.8	- 29.6 %
<i>Catalogue</i>	28.2	54.8	- 26.6	- 48.5 %
International Broadcasting	150.3	133.0	+ 17.3	+ 13.0 %
Other activities	0.3	-	+ 0.3	na
Total revenue	1,363.5	1,430.6	- 67.1	- 4.7 %

TF1 channel programming costs

€M	H1 2008	H1 2007	Change	%
Total programming costs*	514.1	468.7	+ 45.4	+ 9.7 %
Sports events	54.4	-	-	-
Total programming costs (excl. sports events)	459.7	468.7	- 9.0	- 1.9 %
Entertainment	130.4	122.4	+ 8.0	+ 6.5 %
TV dramas / TV movies / Series / Theatre	135.4	140.5	- 5.1	- 3.6 %
Sports (<i>excl. Euro 2008</i>)	67.8	70.6	- 2.8	- 4.0 %
News	56.7	62.0	- 5.3	- 8.5 %
Movies	56.2	62.4	- 6.2	- 9.9 %
Youth	13.2	10.8	+ 2.4	+ 22.2 %

* Including reforms and retired/abandoned rights

Consolidated income statement (1/2)

€M	H1 2008	H1 2007	Change	%
Consolidated revenue	1,363.5	1,430.6	- 67.1	- 4.7 %
Total programming costs	- 514.1	- 468.7	- 45.4	+ 9.7 %
Total other operating charges and revenue	- 611.4	- 632.2	+ 20.8	- 3.3 %
EBITDA	238.0	329.7	- 91.7	- 27.8 %
<i>EBITDA margin</i>	17.5 %	23.0 %		
Amortisation and provisions	- 66.6	- 66.2	+ 0.4	+ 0.6 %
Operating profit	171.4	263.5	- 92.1	- 35.0 %
<i>Operating margin</i>	12.6 %	18.4 %		

Consolidated income statement (2/2)

€M	H1 2008	H1 2007	Change	%
Operating profit	171.4	263.5	- 92.1	- 35.0 %
Cost of net debt	- 15.2	- 8.1	- 7.1	+ 87.7 %
Other financial income and expenses	13.9	17.1	- 3.2	- 18.7 %
Income tax expense	- 50.8	- 86.4	+ 35.6	- 41.2 %
Share of profits/losses of associates	5.7	- 0.4	+ 6.1	ns
Net profit	125,0	185.7	- 60.7	- 32.7 %
Minority interests	-	-	-	-
Net profit attributable to the Group	125,0	185.7	- 60.7	- 32.7 %

Cost-saving plan

€M	H1 2008
Operating result	171.4

Main impacts on the operating profit for the first half year 2008

Renegotiation of contracts	+ 1.4	} - 4.4
Reduction of other charges	+ 10.0	
Abandoned activities (JET. TFou...)	+ 5.2	
Reorganisation costs	- 21.0	
Euro 2008 costs	- 54.4	

Consolidated balance sheet

ASSETS (€M)	30/06/08	31/12/07	Change
Total non-current assets	1,905.6	1,844.5	61.1
Total current assets	1,914.7	1,807.2	107.5
Total assets	3,820.3	3,651.7	168.6
SHAREHOLDERS' EQUITY AND LIAB. (€M)	30/06/08	31/12/07	Change
Shareholders' equity (att. to the Group)	1,337.4	1,394.0	- 56.6
Non-current liabilities	768.8	653.1	115.7
Current liabilities	1,714.1	1,604.6	109.5
Total shareholders' equity and liabilities	3,820.3	3,651.7	168.6
TOTAL GROUP financial debt	705.8	597.3	108.5
Gearing	52.8%	42.8%	

Consolidated cash flow statement

Cash flow statement summary (€M)	30/06/08	30/06/07
Net profit	125.0	185.7
Operating cash flow before net interest expenses	222.9	286.5
Income taxes paid	- 41.3	- 44.8
Change in operating working capital needs	- 23.4	- 97.4
Net cash generated by operating activities	158.2	144.3
Net cash generated by investing activities	- 65.1	- 155.3
Net cash generated by financing operations	- 83.1	- 172.7
Change in cash position	10.0	- 183.7
Cash position at beginning of period	29.9	271.8
Cash position at end of period	39.9	88.1

EURO 2008

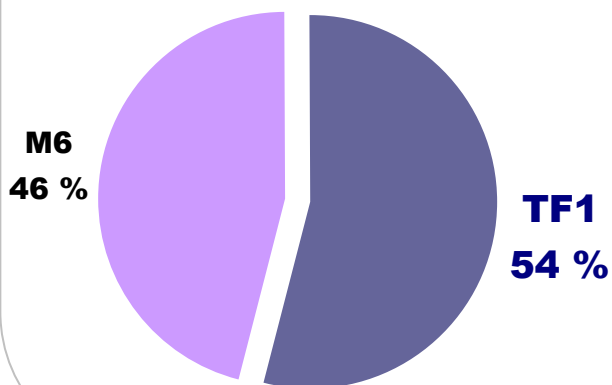
Audience

- **TF1: 6.8m TV viewers**

(6.2m for M6)

- **TF1: 4 matches with over 8.0m TV viewers** (2 matches for M6)

- **TF1: 54% of contacts ***



Advertising

- **Net revenue TF1 [classic + affiliation] = €29.2M**

- **Ad breaks occupancy (in time) = 94.1%**

1st round: 95.1%

2nd round: 91.8%

No significant decrease in ad spending after the failure of the French team



* TF1's audience share on all matches
Source : Médiamétrie - Médiamat

Sales target 2008

€M	2006	2007	2008	Change 08/07
Consolidated revenue	2,654	2,763	2,680	- 3%

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3 strategic axis

1st axis: reorganise to improve our performances

2nd axis: expand our TV leadership

3rd axis: undertake a 360° strategy



**Our brands, our contents, our know-how
on every fields**

1st axis: reorganise to improve our performances

1. Our team: a good mix of experience and diversity

- **Finance, HR, Purchase, Marketing**
« The Challenger spirit »
- **Broadcasting dept, Programming grid, News, TF1 Digital, Advertising agency**
« Change in continuity »
- **Top Executive, Executive and Management Committees**
« A new governance »



Synergy
Team Spirit
Complementarities

1st axis: reorganise to improve our performances

2. Result-oriented methods and processes

- **Management:** ERP, “Cockpit”, Plan, commitment committee
- **Purchasing:** bid offers, synergies within the TF1 Group
- **HR:** enhance workforce efficiency
- **Programming:** a new way of negotiation
- **Information:** a unique management
- **Projects:** only one project manager



Productivity gains
Cost optimisation plan
Fine-tuning

1st axis: reorganise to improve our performances

One main project: News

Previously: 3 structures and 3 independent editorial departments



Current situation

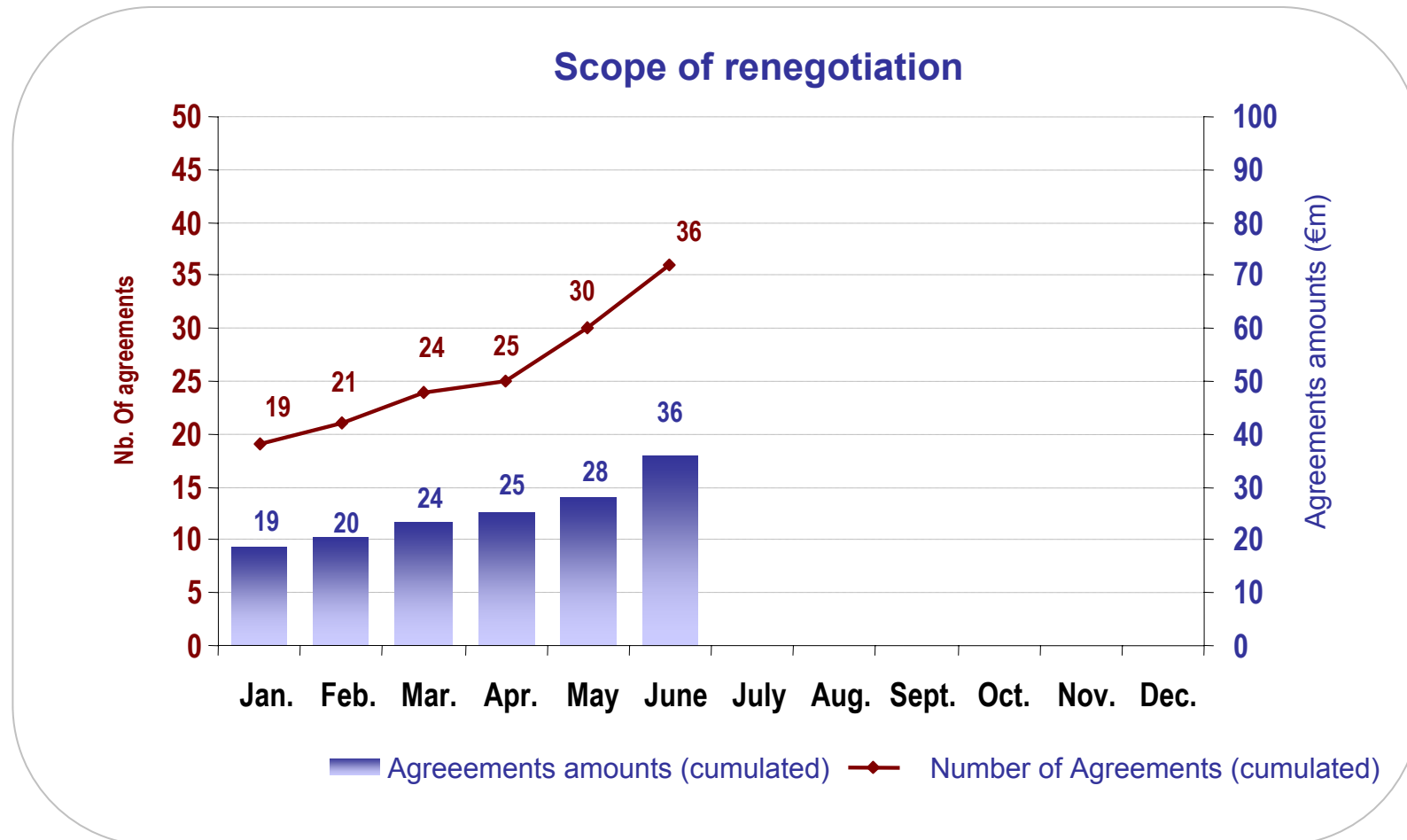
- A unique management
- Common support functions
- Shared editorial departments
- A multi-channel editorial project
- Optimized means on ground
- Reinforced efficiency
- Professionals motivated by change
- A new process for News



**A less expensive
multi-channel
department**

1st axis: reorganise to improve our performances

New purchasing methods



2nd axis: expand our TV leadership

1. Strengthen our programmes on TF1

- **Re-launch of the in-house creativity with:**
TF1 Production department, TF1 Formats
- **Develop new relationships with producers:**
TF1 Pitch : June 23/24
72 auditioned companies, 10 standards selected
series of meetings: producers, writers-directors, artistic agents...
- **Strengthen win-win partnerships:**
Endemol, Coyote, Formidooble, Be aware, Adventure Line...



**A more innovative programming line-up
relying upon sound basis**

2nd axis: expand our TV leadership

2. Focus on strategic time frame

Prime

Access

Second time

News

- ▶ TF1: 11 out of the 15 most successful US Network series
- ▶ News: new evening News bulletin
- ▶ Access: strong and federative brands



- ▶ New programmes on every genre

2nd axis: expand our TV leadership

3. Strengthen our complementary offer

- **TMC**: a growing leader, profitable and promising
- **Eurosport**: the Eurosport 2 trump card, Eastern new territories
- **Discovery Channels**: niche channels, Pay TV assets



**A promising global offer
to be enriched by stronger positions on DTT**

3rd axis: undertake a 360° strategy

Ushuaïa: a 360° brand

Internet

www.ushuaia.com → the Internet portal
<http://ushuaia-terre.tf1.fr> → the Internet portal dedicated to sustainable development (455k pages viewed since April 2008)

Ushuaïa TV



TV Channel

About sustainable development issues and protection of the environment. (2,2 million subscribers at end June 2008)



Ushuaïa Nature,
TV show hosted
by Nicolas Hulot
and broadcast on
TF1
7.5 million
TV viewers*



Video VOD

www.tf1vision.fr

Licenses

Spin-off products reflecting the core values of the brand



Ushuaïa Edition

Magazines
Fine books
Education books

* TV Show of July, 2nd 2008

3rd axis: undertake a 360° strategy

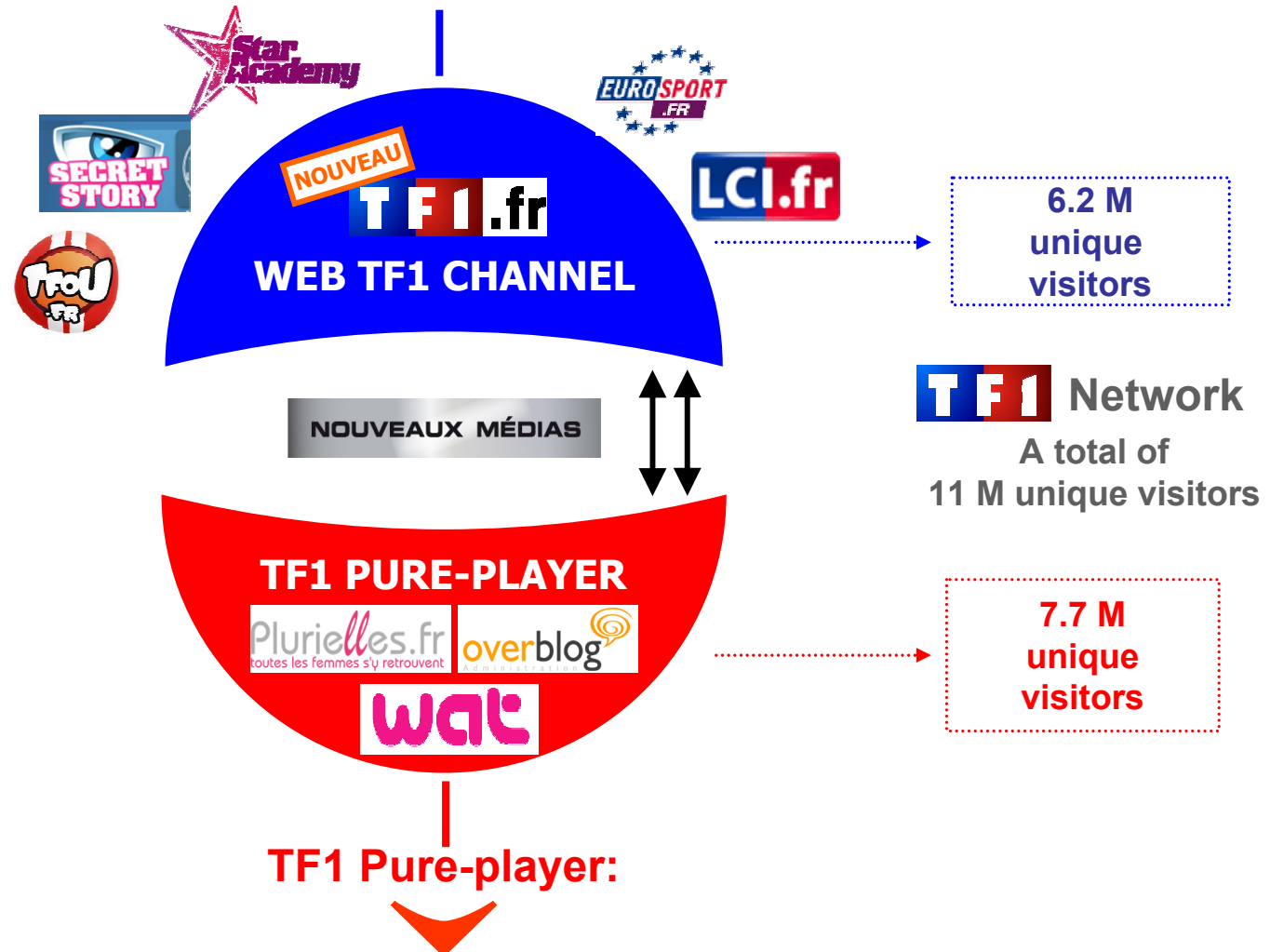
TF1 have started 4 new projects on new media



- 1. Organic growth using our editorial & advertising agency know-how**
- 2. Acquisitions of companies with high potential business**
- 3. Strategic partnerships, particularly with producers**

3rd axis: undertake a 360° strategy

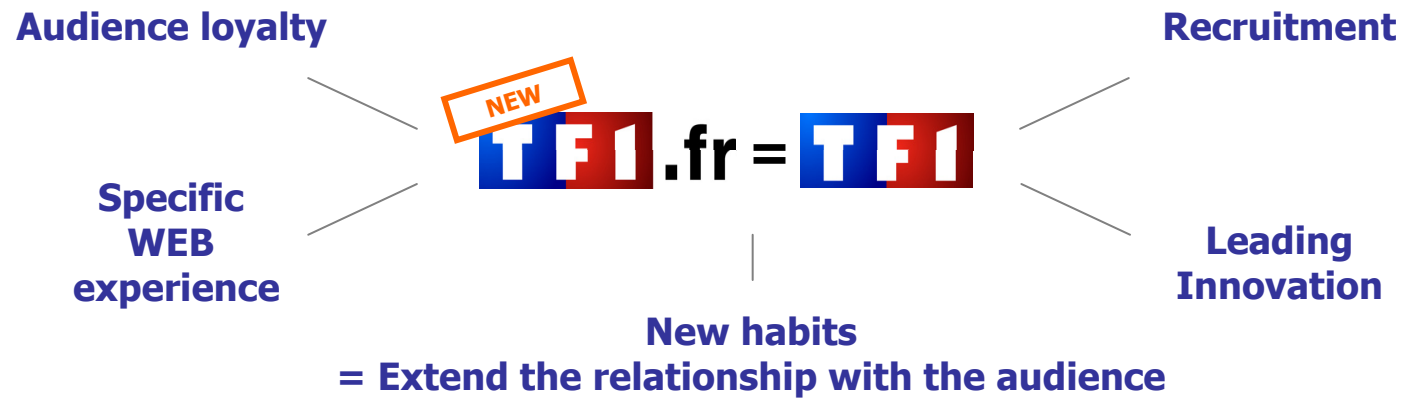
New TF1.fr: fully “marketing-consistent” with the TF1 Core Channel



**An offer of websites taking into account habits and ad investments
Thematic websites independent from TF1.fr and TF1 channel**

3rd axis: undertake a 360° strategy

TF1.fr: review the world and the values of the TF1 brand



6 projects by end of 2008



3rd axis: undertake a 360° strategy

Interaction with the channel

Co-production 

**Online game in immersion with
« Monster Buster Club » ***



- TF1 co-finance the development
- Exclusivity on the French web network (100% online adv)
- Standard sold abroad

Acquisition of rights 

**Mix promotion on TF1 /
Web specific approach**



- A 2-year volume deal
- Endemol produces the TV shows
- TF1 exploit these rights on New media

Self-running 

**Programmes promotion on the
web**



- Be Aware provide TF1 with the record of its show and rush
- TF1 develop & exploit the new media contents



Securising audiovisual rights is a strategic issue

* Negotiation about to be settled

3rd axis: undertake a 360° strategy

Secret Story: a great success



3.8 million TV viewers on average in Second Time

120 million pages viewed in 4 weeks (+32% vs. Secret Story 2007)

440,000 daily visits on the website (+16% vs Secret Story 2007)



The continuum is launched

3rd axis: undertake a 360° strategy

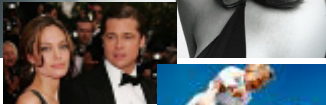
TF1 pure player

Web site for women audience

Plurielles.fr



People
(April)



Interior design
(May)



Parents
Children
2009

Community and 2.0

wat

overblog
Publiez vos idées !

nomao

- Overblog : 2nd blog platform
- WAT : 3rd video 2.0 web site

Targeted thematic web site
(Captive advertisers, high CPM)



Cars - Moto
(mid. Sept.)



Movies/Drama



A pure-player web offer dedicated to specific targets and daily web usage thanks to strong online brands

3rd axis: undertake a 360° strategy

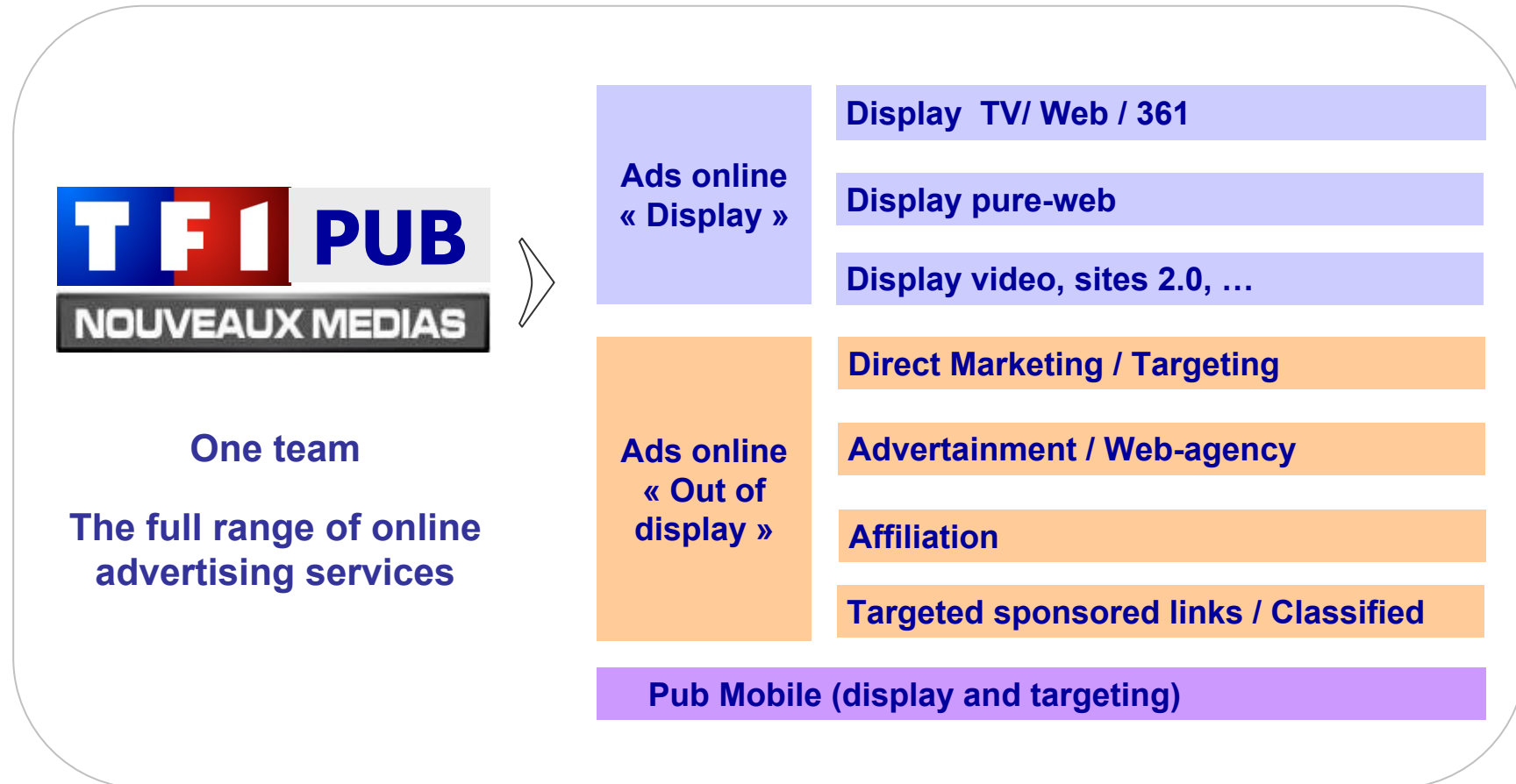
Emerging supports



TF1 preempts the new communication territories by developing its editorial and advertising agency know-how

3rd axis: undertake a 360° strategy

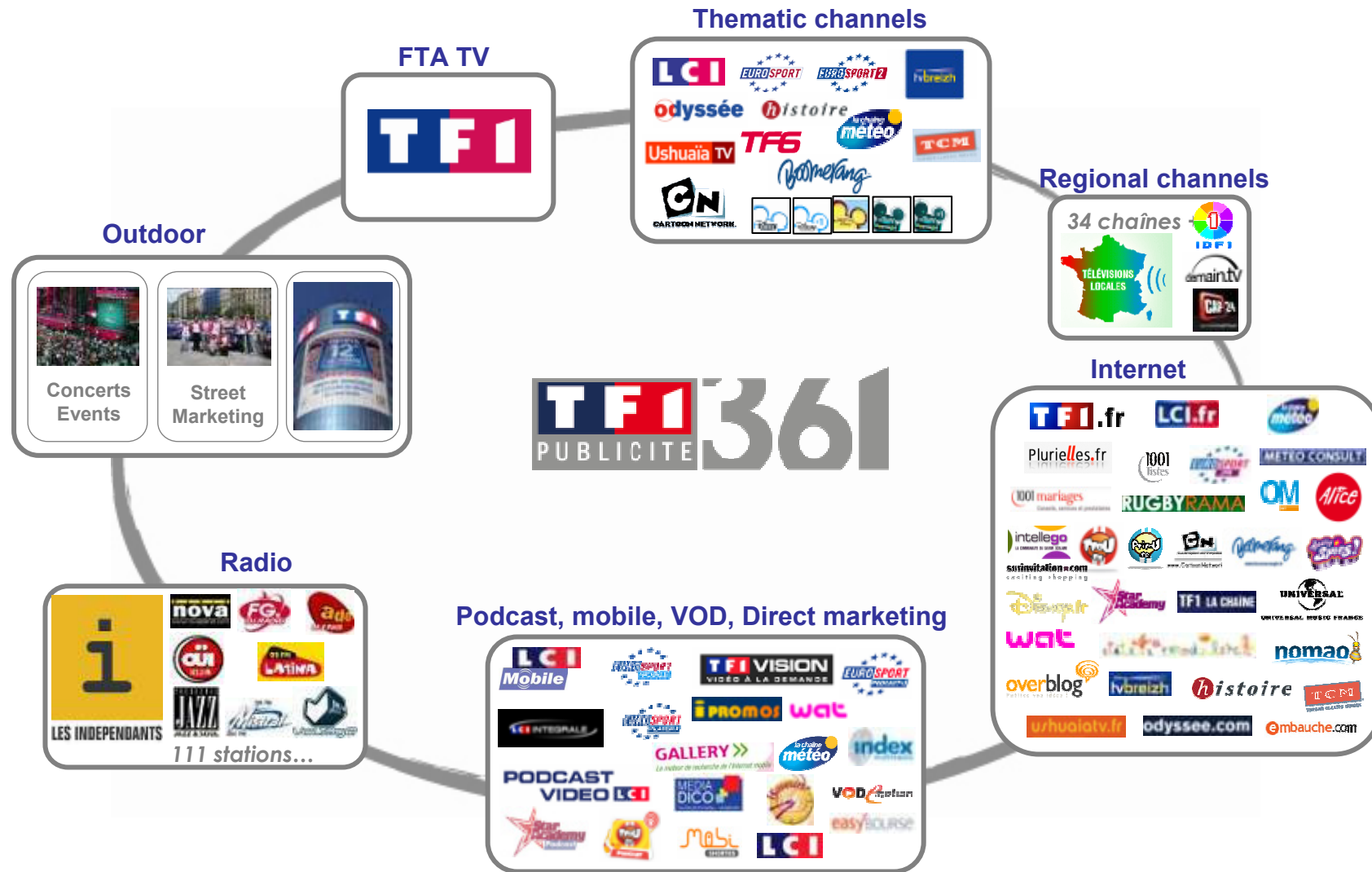
A full advertising solution



The online advertising agency is launched

3rd axis: undertake a 360° strategy

The 1st plurimedia agency



5 trump cards for the future

1. A group ready for anything

- A team
- An organisation
- Processes

2. Financial means

- Gearing at 52.8%
- Canal+ Put
- Assets: AB Group, Eurosport, TF1 International
- A solid shareholder: Bouygues
- S&P rating (A-)

3. A multi-channel presence

- Free TV / Pay TV
- Free newspapers (Metro)
- Web
- Video/VOD
- E-commerce

5 skills for the future

4. A multi-support advertising agency

- TV
- Web
- Radio
- Off media
- Free Newspapers

5. New fields to be explored

- Partnerships
- Games / Betting on sports and horses
- Innovative devices
- TV on Mobile
- Catch up
- CRM: from mass audience to customer base approach

Our ambition

Reaching **everybody** with show-case TV
around outstanding and federative programs

Offering **everyone** the opportunity to prolonge its own experience
through multimedia and affiliate activities

Building a **customised client base** on the Web
to benefit from new ways of business

Improving our **financial performances**
while investing for the future



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August, 1 2008