

# FY2019

# ANNUAL RESULTS



**LE GROUPE**

14 FEBRUARY 2020

**MOVING TO TOTAL VIDEO**

# MOVING TO TOTAL VIDEO

## **1** | 2019: DELIVERING ON OUR OBJECTIVES THANKS TO SMART STRATEGIC MOVES

- 1 - A winning, multi-channel, multi-screen strategy
- 2 - Newen: successful international expansion
- 3 - Unify: reorganising to prepare for growth

## **2** | 2019: FINANCIAL RESULTS IN LINE WITH OUR OBJECTIVES

- 1 - Double-digit margin objective achieved
- 2 - Shareholder return in line with our results

## **3** | 2020 AND BEYOND: OPPORTUNITIES FOR A TOTAL VIDEO GROUP

- 1 - Renewed ambition for our offers in a Total Video market
- 2 - Newen: accelerating the business and building alliances
- 3 - Unify: rebound expected from 2020

1

2019:

**delivering on our objectives**

thanks to smart strategic moves

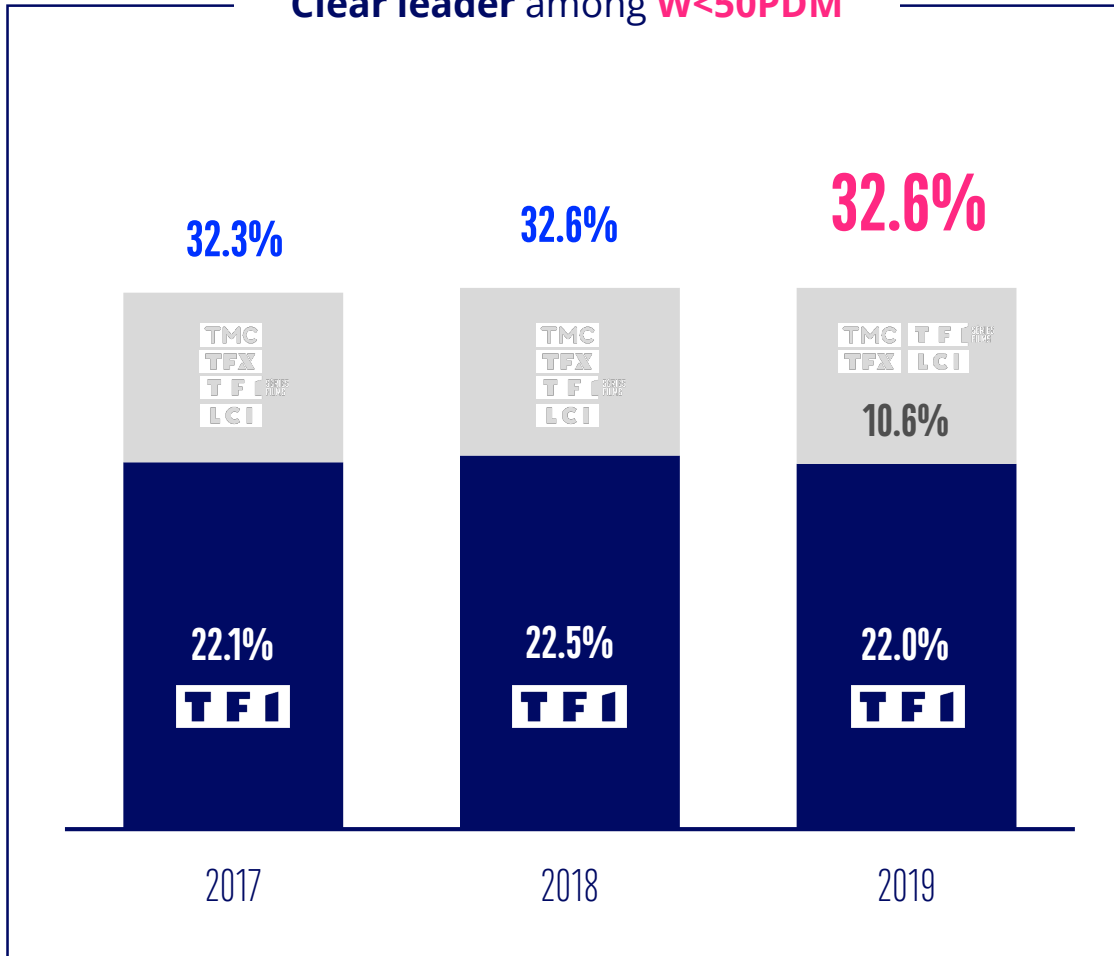
# 1-1

**A winning,  
multi-channel,  
multi-screen  
strategy**

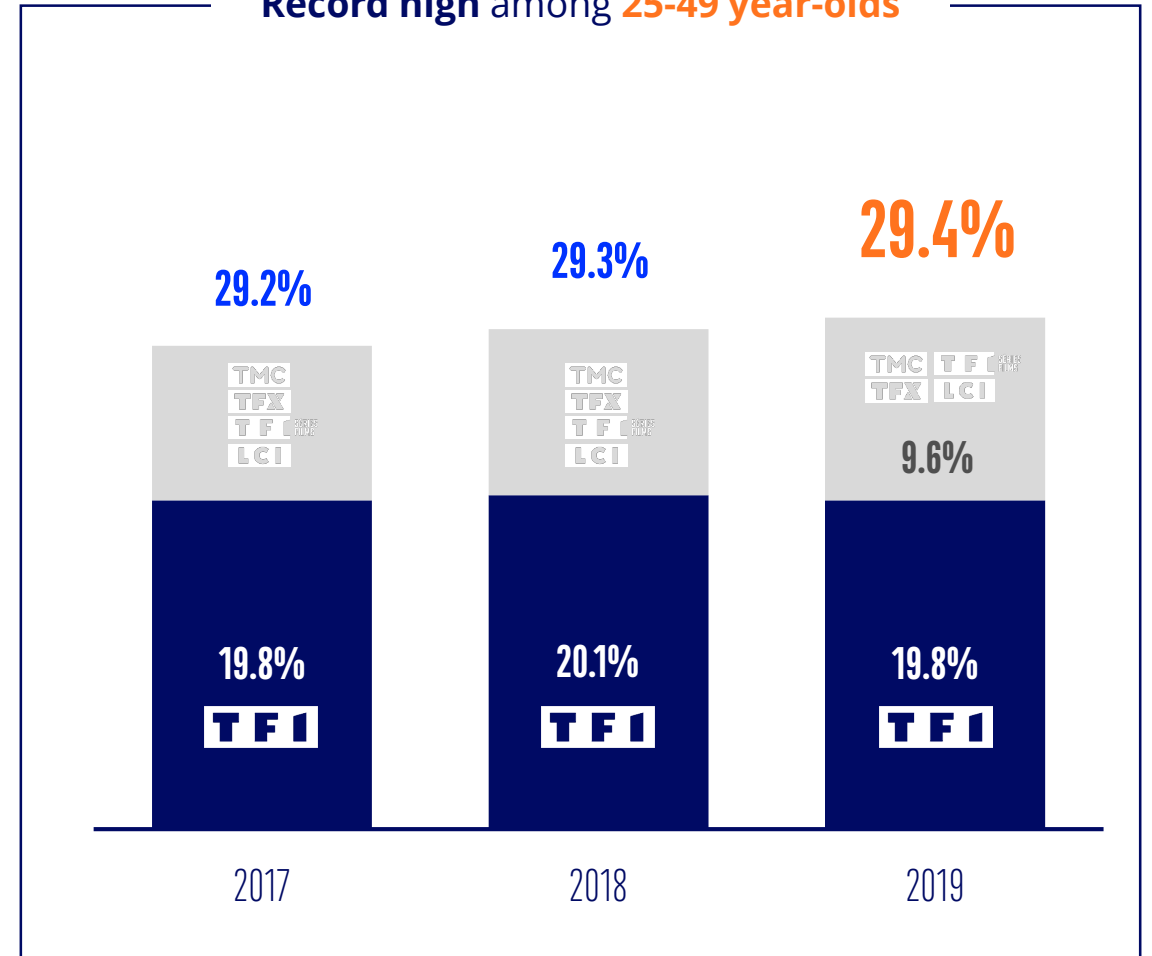


# A WINNING, MULTI-CHANNEL STRATEGY

Clear leader among **W<50PDM**

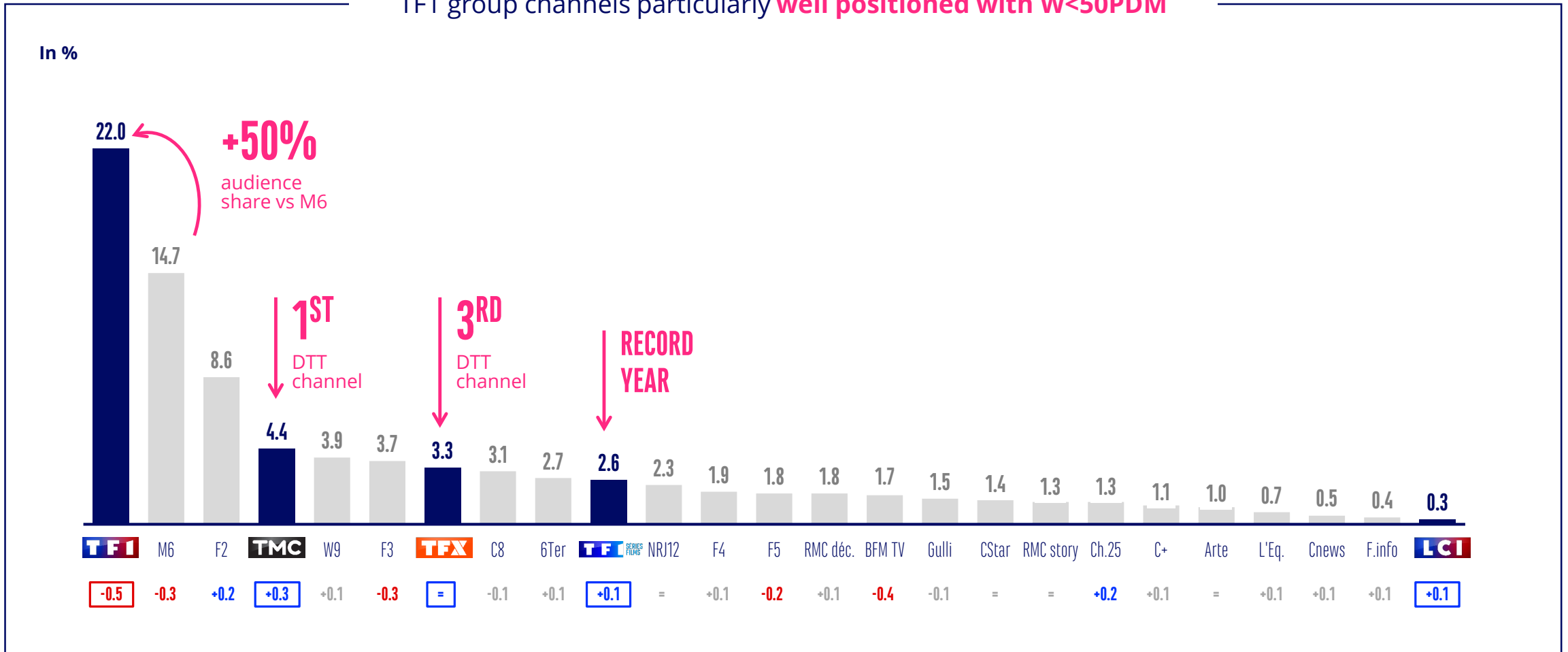


Record high among **25-49 year-olds**



# A WINNING, MULTI-CHANNEL STRATEGY

TF1 group channels particularly **well positioned with W<50PDM**



# POWERFUL CONTENT AND UNRIVALLED CHOICE

TF1 core channel: **all Top 100 audiences** among W<50PDM  
**98 of the Top 100 audiences** among 25-49 year-olds

## FRENCH DRAMA

All of the top 50 audiences



Up to **8.5m** viewers  
 for *Le Bazar de la Charité*

## ENTERTAINMENT

43 of the top 50 audiences



Up to **7.3m** viewers  
 for *Mask Singer*

## SPORT

Top 3 audiences



Up to **10.7m** viewers  
 for the *1/4 final of the Women's Football World Cup*

## US SERIES

All of the top 50 audiences



Up to **6.8m** viewers  
 for *Manifest*



# EXCELLENT DYNAMIC FOR NEWS

TF1 core channel: **49 of the top 50 audiences**

**TF1**



**4.9m** viewers on average

**+2.4m** vs **.2**

**TF1**



**5.3m** viewers on average

**+0.8m** vs **.2**

**TF1**

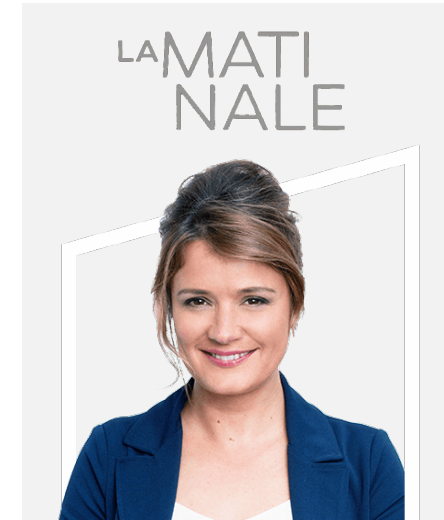


**5.2m** viewers on average

**+2.7m** vs **.2** (lunchtime)

**+1.0m** vs **.2** (evening)

**LCI**



**1%** share of **individuals aged 4+**

**No.2** news channel among individuals aged 4+ and ABC1s

# TMC, TFX AND TF1 SÉRIES FILMS: EFFECTIVE COMPLEMENTARITY

## EXCLUSIVE CONTENT FOR TARGET AUDIENCES



**12%** share of 25-49 year-olds



**10%** share of 25-49 year-olds



**12%** share of 25-49 year-olds

## CONTENT RECYCLING MAXIMISED



**+500,000** next-day viewers

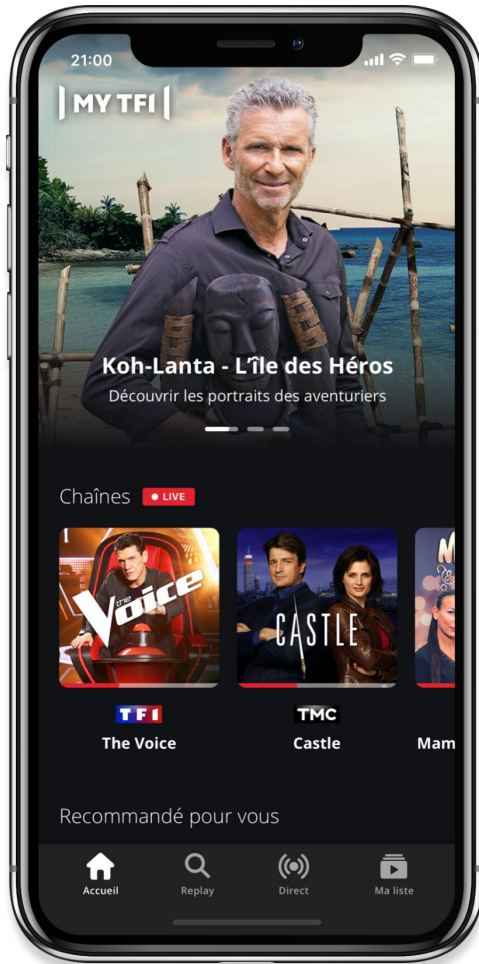


**+800,000** viewers for 1<sup>st</sup> repeat



**3m** viewers for the France/Bolivia football friendly

# THANKS TO MYTF1, THE GROUP IS MOVING TO TOTAL VIDEO



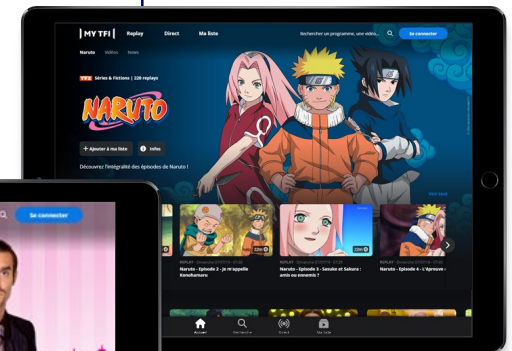
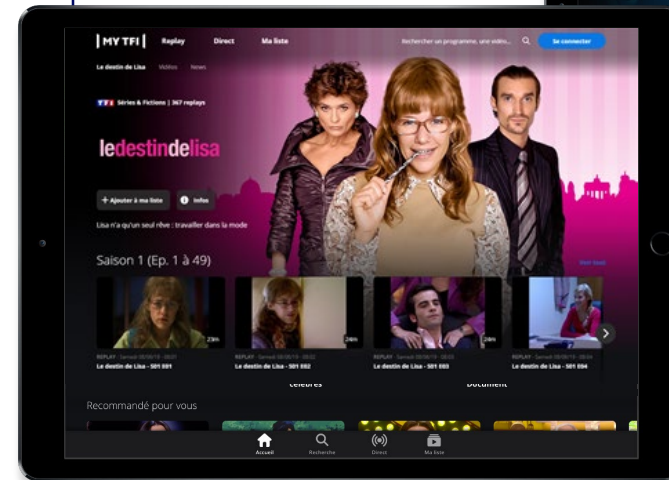
## MYTF1

### Fresh, personalised user experience

- available since **June 2019**
- **functionalities to the highest standards** in the market
- **more immersive 100% video** experience

### Catch-up TV, enhanced by our AVOD offer

- **exclusive content: manga, telenovela, etc**
- **first-run series**
- **premieres, catch-up, highlights**

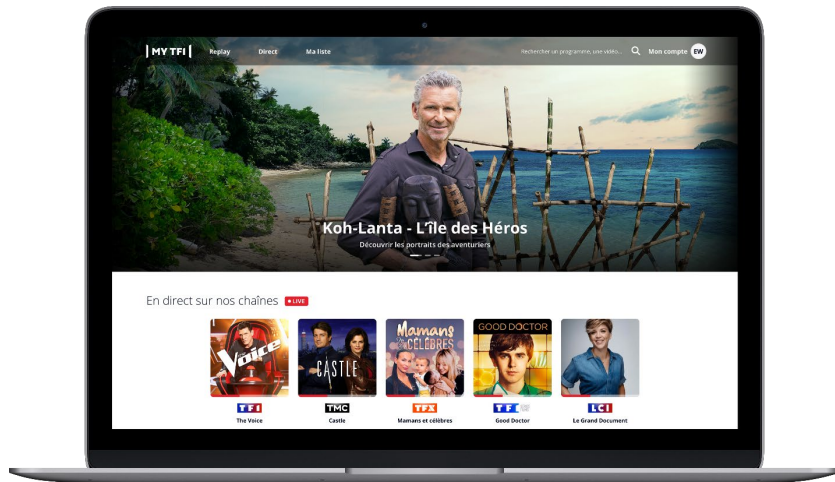


# MYTF1: FRANCE'S NO.1 CATCH-UP SERVICE

**27 MILLION** registered users, including **6.7m** 16-24 year-olds

**1.8 BILLION** video views, **+24%** year-on-year

**UP TO 30%** extra viewers vs. day after 1<sup>st</sup> broadcast



Source: Mediamat IPTV & Panel Internet global - 2019

## FRENCH DRAMA



**+1.4 M** viewers (+23% extra viewers vs. day after 1<sup>st</sup> broadcast)

## FRENCH DRAMA



**+500 000** viewers (+14% extra viewers vs. day after 1<sup>st</sup> broadcast)

# NEW WAYS TO MONETISE OUR CHANNELS

## Proven effectiveness of TV advertising

- High ROI
- 26 days' carryover effect

## Used by pure players

- Pure players are spending more: **+34% in 2 years**

## Better monetisation driven by data

- **More than 30%** of inventory is **data targeted** (vs 20% in 2018)
- Targeted spots sell on average for **35% more** than ordinary inventory



NETFLIX

Vinted

amazon

| MY TF1 |

# REVENUES OF €1,774 m ; UP €10.5 m YEAR ON YEAR

## SLIGHT DIP IN ADVERTISING REVENUE IN 2019 DUE TO...

- Tough comparative (Men's Football World Cup)
- 3 Rugby World Cup matches cancelled
- Social unrest in France during December

## ... MORE THAN OFFSET BY:

- **Growing sectors:** Retail, Car Industry & Telecoms
- **MYTF1: revenue growth (+8% vs 2018)** on price and volume effects
- **TF1 Premium** (full-year impact)

## COMPLEMENTARY INITIATIVES ...

- **Multi-channel** strategy
- Better **recycling** of content
- New acquisitions policy: **cherry picking** vs output deals, **extended rights**
- Programme spend adapted to **seasonal trends**

## ... HELPING TO KEEP COSTS DOWN

- **We delivered on our guidance :**  
€985m in 2019 (-€29m vs 2018)
- **Good inventory management:**  
€650m in 2019 (-19% in 3 years)

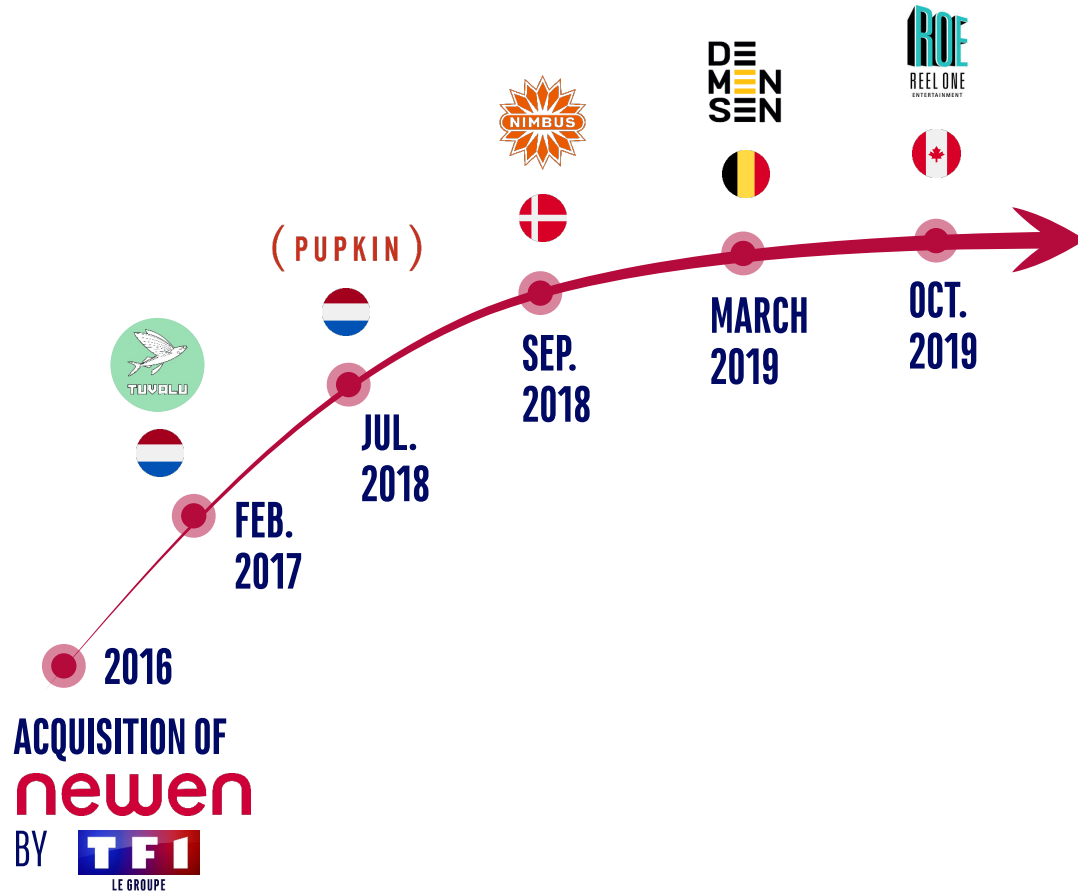
**1-2**  
**newen**  
**successful**  
**international**  
**expansion**



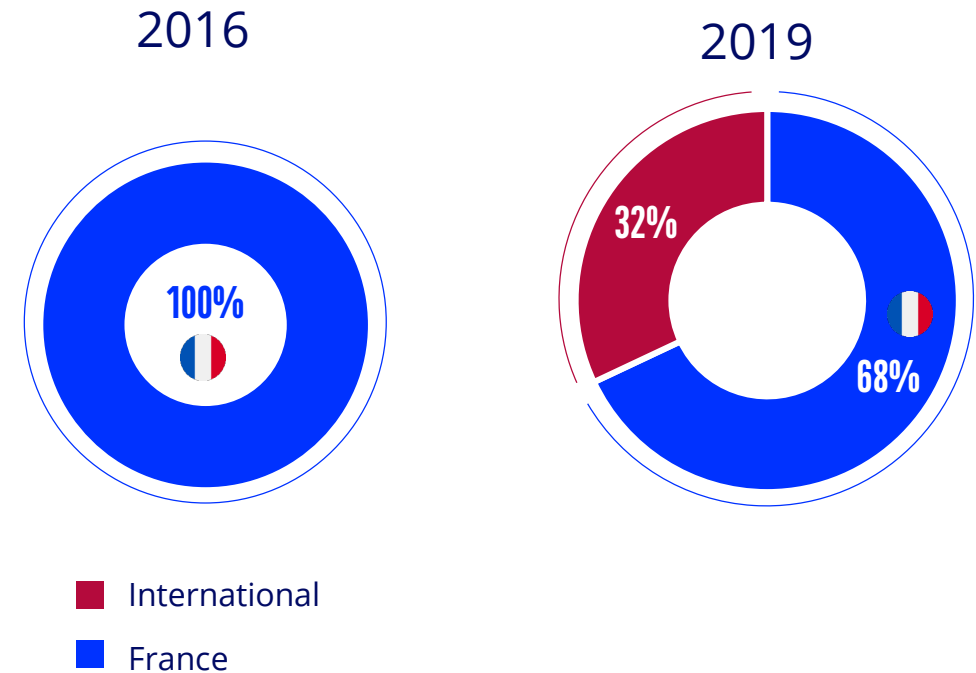


# NEWEN: STRONG TOP-LINE GROWTH AND HIGH MARGINS

## International build-up



## Revenue driven by international operations\*



\*Based on geographical location of the entity

# NEWEN: ENHANCED DIVERSITY OF CONTENT

## DRAMA

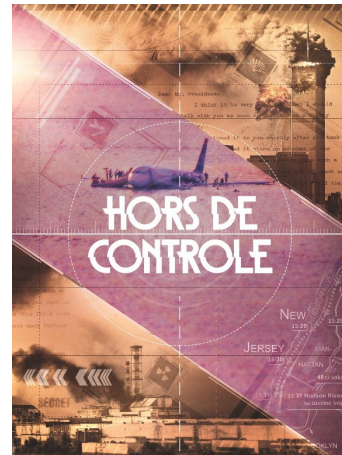
TELFRENCE



**5.2m**  
viewers on average

## DOCUMENTARY/ MAGAZINE

CAPA 17JUN media



Distributed in  
**87 COUNTRIES**

## ANIMATION

BLUESPIRIT PRODUCTIONS



**50 hours**  
for delivery in 2020  
(2x vs 2019)

## TV MOVIES

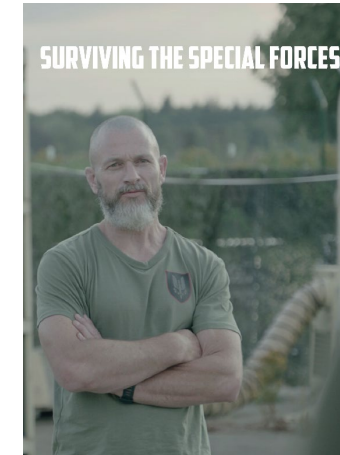
ROE REEL ONE ENTERTAINMENT



**MORE THAN 50**  
TV movies produced  
in 2019

## ENTERTAINMENT

DE MEN SEN



**60%** audience share  
of individuals aged 4+

## CINEMA

TELFRENCE



**300,000**  
box office entries

# NEWEN: CLIENT BASE INCREASING AND DIVERSIFYING

FROM 2 MAIN CLIENTS IN 2016 ...



france•tv  
CANAL+

... TO A LARGE NUMBER OF FRENCH AND INTERNATIONAL CLIENTS IN 2019

## PRODUCTION

TF1 LE GROUPE RMC STORY 6 arte france•tv CANAL+

OCS ARD 1 vtm npo b één

NETFLIX prime video snapchat

## DISTRIBUTION

TF1 LE GROUPE 6 arte france•tv CANAL+ RTL SVFY

tve 4 npo #0 1 OR A&E ZDF mbc nrk svt  
MEDIASETespaña. SONY rtbf.be HOT RTS  
Discovery NATIONAL GEOGRAPHIC Rai Italia FOX AMC NETWORKS  
T2 ocs vrt HBO VIACOM INTERNATIONAL MEDIA NETWORKS DIRECTV

NETFLIX amazon Apple Disney hulu

2019

**1-3**  
**unify**  
**reorganising**  
**to prepare**  
**for growth**



# UNIFY: A YEAR OF BUILDING UP THE DIVISION

**Unify division** created in February 2019

Locations rationalised from **7 to 4 sites**

**New management team**

**Recruitment drives** in  France and  Germany

Launch of the **Unify Advertising** one-stop advertising sales house in Q4 2019

**Synergies** between the various **Unify** entities and with the **TF1 group**

A TRANSITIONAL YEAR THAT DENTED PROFITS BUT...

... THE FUNDAMENTALS ARE THERE FOR TAKE-OFF IN 2020

# UNIFY: HOW WE ARE MEETING THE CHALLENGES

## KEY CHALLENGES

### I RELAUNCHING OUR BRANDS

## WHAT WE ARE DOING

- **Scaling up** our brands (e.g. **Marmiton**)
- **Improving the user experience** across all devices (mobile apps, websites, etc)

### I EXPANDING SOCIAL E-COMMERCE

- **Refocusing on 3 strong brands** in France (**My Little Box**, **Beautiful Box** and **Gambettes Box**)

### I CAPITALISING ON GROWTH MARKETS

- Developing **programmatic ad buying** (**Gammed!**)
- Migrating to a **more community-value based** model (**My Little Paris**)

# MARMITON: THE RECIPE FOR A SUCCESSFUL BRAND RELAUNCH



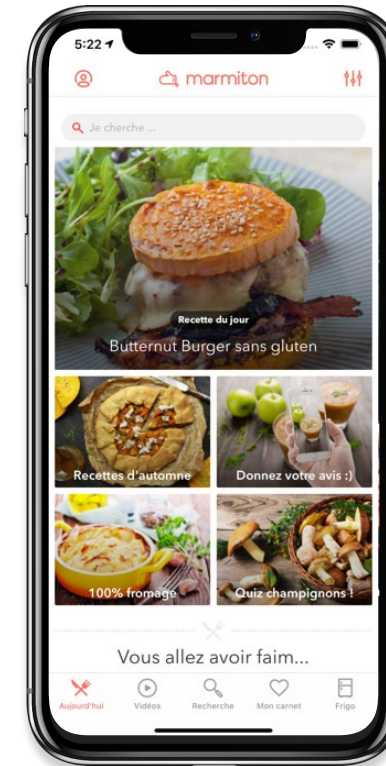
## Relaunch to increase brand appeal

- Higher profile on **social networks**
- More **videos** (+50% year-on-year)

## Good brand recognition

- **21.4m** monthly users, that's **1 in 3 French people**
- **In the Top 15** of France's most powerful **digital brands** (+16 places)

## First synergies with a short programme on TF1 and online



 **21.4M**  
users

 **3M** fans

 **528K** followers

2

2019:

**financial results**

in line with our objectives



**2-1**

**Double-digit** margin  
objective **achieved**

# FY 2019 CONSOLIDATED REVENUE

(€M)	FY 2019	FY 2018	CHG.€M	CHG.%
<b>BROADCASTING</b>	<b>1,774.2</b>	<b>1,763.7</b>	<b>10.5</b>	<b>0.6%</b>
<i>ADVERTISING REVENUE</i>	<i>1,567.4</i>	<i>1,588.2</i>	<i>(20.8)</i>	<i>-1.3%</i>
<i>OTHER REVENUE</i>	<i>206.8</i>	<i>175.5</i>	<i>31.3</i>	<i>17.8%</i>
<b>STUDIOS &amp; ENTERTAINMENT</b>	<b>390.0</b>	<b>408.6</b>	<b>(18.6)</b>	<b>-4.6%</b>
<i>PRODUCTION / SALE OF AUDIOVISUAL RIGHTS</i>	<i>263.2</i>	<i>253.0</i>	<i>10.2</i>	<i>4.0%</i>
<i>REVENUE FROM GAMES, MUSIC, LIVE SHOWS &amp; HOME SHOPPING</i>	<i>126.8</i>	<i>155.6</i>	<i>(28.8)</i>	<i>-18.5%</i>
<b>DIGITAL (UNIFY)</b>	<b>173.1</b>	<b>116.0</b>	<b>57.1</b>	<b>49.2%</b>
<i>WEB PUBLISHING (DIGITAL CONTENT, SOCIAL E-COMMERCE)</i>	<i>135.8</i>	<i>96.4</i>	<i>39.4</i>	<i>40.9%</i>
<i>OTHER REVENUE (DIGITAL MARKETING)</i>	<i>37.3</i>	<i>19.6</i>	<i>17.7</i>	<i>90.3%</i>
<b>TOTAL REVENUE</b>	<b>2,337.3</b>	<b>2,288.3</b>	<b>49.0</b>	<b>2.1%</b>

Excluding the effect of changes in structure, FY2019 revenue drops by -0.2%

# COST OF PROGRAMMES FOR THE 5 FTA CHANNELS

(€M)	FY 2019	FY 2018	CHG.€M	CHG.%
DRAMA / TV MOVIES / SERIES / PLAYS	-331.8	-348.2	16.4	-4.7%
VARIETY / GAMESHOWS / MAGAZINES	-271.4	-238.5	(32.9)	13.8%
FILMS	-148.3	-159.0	10.8	-6.8%
NEWS (INCL. LCI)	-134.7	-136.7	1.9	-1.4%
SPORTS	-87.4	-118.9	31.4	-26.4%
CHILDREN'S PROGRAMMES	-11.8	-13.0	1.1	-8.7%
<b>TOTAL</b>	<b>-985.5</b>	<b>-1,014.2</b>	<b>28.8</b>	<b>-2.8%</b>

# CURRENT OPERATING PROFIT PER SEGMENT

(€M)	FY 2019	FY 2018	CHG.€M	CHG.%
<b>BROADCASTING</b>	<b>185.5</b>	<b>151.0</b>	<b>34.5</b>	<b>22.8%</b>
<i>MARGIN</i>	10.5%	8.6%	-	+1.9PT
<b>STUDIOS &amp; ENTERTAINMENT</b>	<b>57.9</b>	<b>35.5</b>	<b>22.4</b>	<b>63.1%</b>
<i>MARGIN</i>	14.8%	8.7%	-	+6.1PT
<b>DIGITAL (UNIFY)</b>	<b>11.7</b>	<b>12.3</b>	<b>(0.6)</b>	<b>-4.9%</b>
<i>MARGIN</i>	6.8%	10.6%	-	-3.8PT
<b>CURRENT OPERATING PROFIT</b>	<b>255.1</b>	<b>198.8</b>	<b>56.3</b>	<b>28.3%</b>
<i>MARGIN</i>	10.9%	8.7%	-	+2.2PT

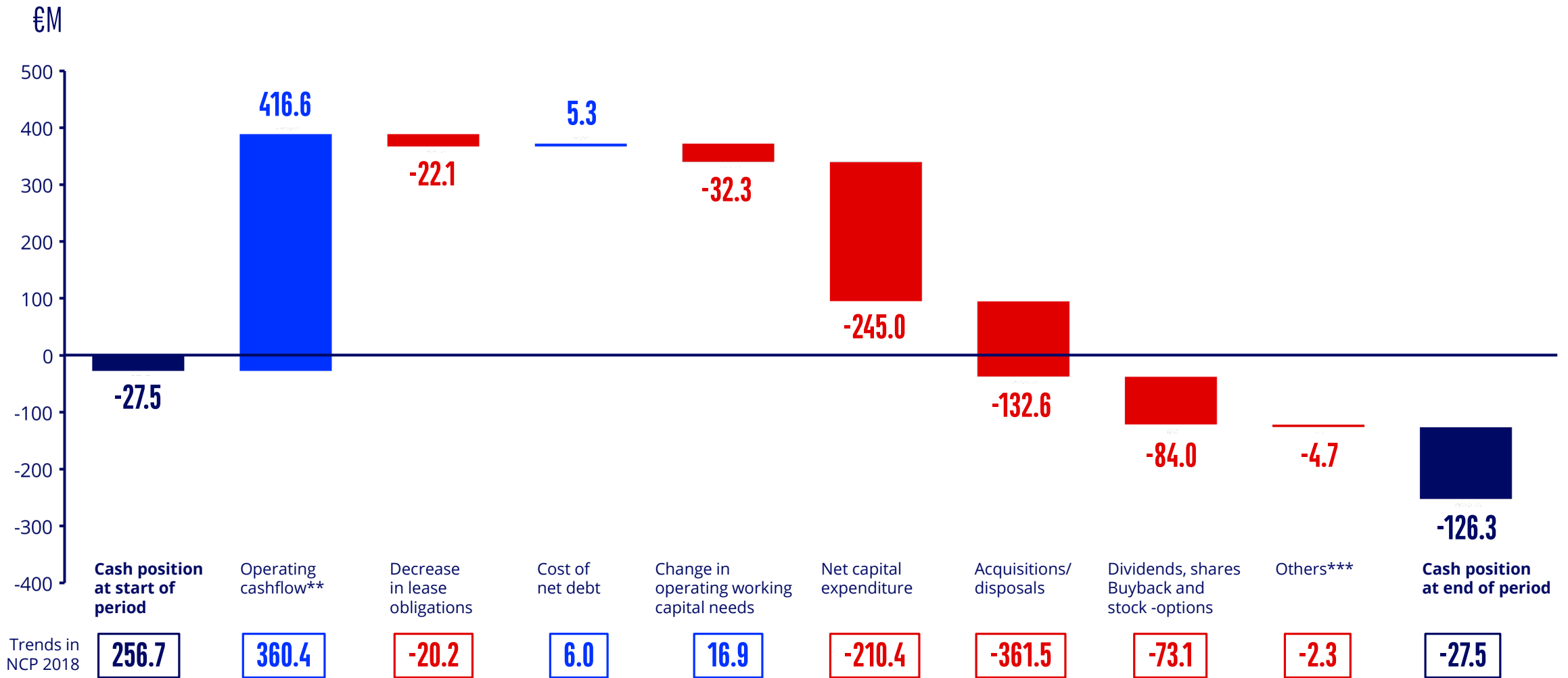
# CONSOLIDATED INCOME STATEMENT

(€M)	FY 2019	FY 2018	CHG.€M	CHG.%
<b>CONSOLIDATED REVENUE</b>	<b>2,337.3</b>	<b>2,288.3</b>	<b>49.0</b>	<b>2.1%</b>
TOTAL COSTS OF PROGRAMMES	(985.5)	(1,014.2)	28.8	-2.8%
OTHER CHARGES, DEPRECIATION, AMORTIZATION, PROVISION	(1,096.7)	(1,075.3)	(21.5)	2.0%
<b>CURRENT OPERATING PROFIT</b>	<b>255.1</b>	<b>198.8</b>	<b>56.3</b>	<b>28.3%</b>
<i>CURRENT OPERATING MARGIN</i>	<i>10.9%</i>	<i>8.7%</i>	-	+2.2PT
OTHER OPERATING INCOME AND EXPENSES	0.0	(22.0)	22.0	N/A
<b>OPERATING PROFIT</b>	<b>255.1</b>	<b>176.8</b>	<b>78.3</b>	<b>44.3%</b>
COST OF NET DEBT	(1.6)	(2.0)	0.4	-20.0%
OTHER FINANCIAL INCOME AND EXPENSES	(6.5)	4.8	(11.3)	-235.4%
INCOME TAX EXPENSE	(82.0)	(47.9)	(34.1)	71.2%
SHARE OF PROFITS / (LOSSES) OF ASSOCIATES	(6.1)	0.2	(6.3)	N/A
<b>NET PROFIT</b>	<b>155.2</b>	<b>127.9</b>	<b>27.3</b>	<b>21.3%</b>
NET PROFIT ATTRIBUTABLE TO THE GROUP	154.8	127.4	27.4	21.5%

# BALANCE SHEET

<b>CONSOLIDATED ASSETS (€M)</b>	<b>DEC.31<sup>ST</sup> 2019</b>	<b>DEC. 31<sup>ST</sup> 2018</b>	<b>CHG.€M</b>
TOTAL NON-CURRENT ASSETS	1,507.3	1,455.4	51.9
TOTAL CURRENT ASSETS	1,836.8	1,799.9	36.9
<b>TOTAL ASSETS</b>	<b>3,344.1</b>	<b>3,255.3</b>	<b>88.8</b>
<b>CONSOLIDATED LIABILITIES (€M)</b>			
	<b>DEC.31<sup>ST</sup> 2019</b>	<b>DEC. 31<sup>ST</sup> 2018</b>	<b>CHG.€M</b>
TOTAL SHAREHOLDERS' EQUITY	1,564.1	1,575.2	(11.1)
<i>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP</i>	<i>1,562.4</i>	<i>1,574.6</i>	<i>(12.2)</i>
TOTAL NON-CURRENT LIABILITIES	377.5	296.5	81.0
TOTAL CURRENT LIABILITIES	1,402.5	1,383.6	18.9
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>3,344.1</b>	<b>3,255.3</b>	<b>88.8</b>
NET DEBT (-) EXCLUSIVE OF LEASING OBLIGATIONS	(126.3)	(27.5)	(98.8)
NET DEBT (-) INCLUDING LEASING OBLIGATIONS	(225.8)	(130.9)	(94.9)

# TRENDS IN NET CASH POSITION 2019 (EXCLUDING THE IMPACT OF IFRS 16\*)



\*Excluding lease obligations

\*\*Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid

\*\*\*Acquisitions of financial assets, net change in loans, cost of net debt, net change in borrowings

# OUTLOOK: GUIDANCES REITERATED

## 2020

- | **Double-digit current operating margin**
  
- | **Cost of programmes at €985 million**

## 2021

- | Revenue of **at least €250 million** from the **unify** digital division
  
- | EBITDA margin of **at least 15%** from the **unify** digital division
  
- | **Improvement in the TF1 group's return on capital employed** relative to the 2018 level (8.8%)



**2-2**

**Shareholder return**  
in line with **our results**

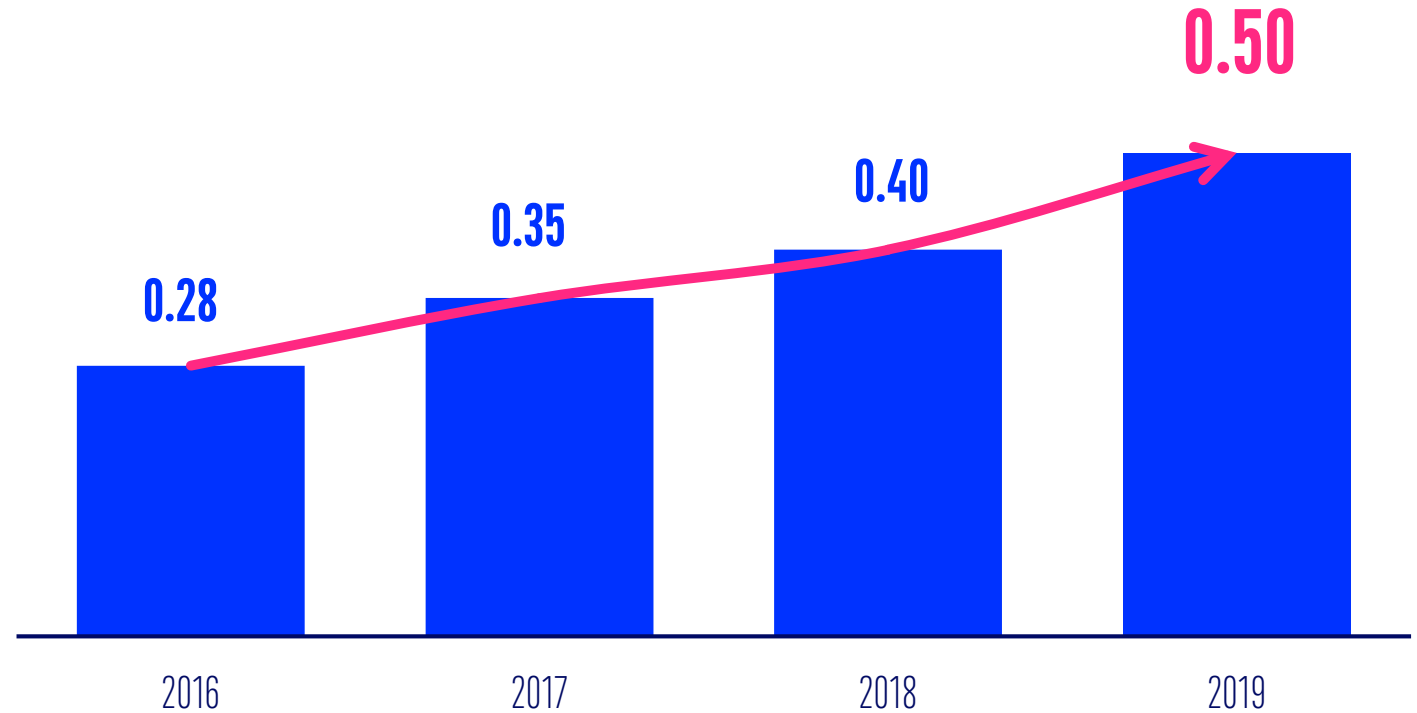
# RETURN TO SHAREHOLDERS

€ 105 m\*

2016-2019 evolution  
(€/share)

€ 0.50\*\*  
PER SHARE

Representing 68% OF 2019 NET PROFIT  
(66% IN 2018)



\*On the basis of the number of shares making up TF1 capital on 12/31/2019 at 210,242,074 shares

\*\*Subject to approval by the Annual General Meeting of 17 April 2020

3

**2020 and beyond:  
opportunities**  
for a Total Video Group

# 3-1

Renewed ambition  
**for our offers in a**  
**Total Video market**

# IN 2020, TV WILL BE TAILORED EVERYWHERE AND ON ALL SCREENS

| Now: ad buying available via **programmatic**  
and **data** targeting...

| ... Coming soon: **segmented** ad  
buying **accessible to all advertisers**

# METRICS ADAPTED TO NEW VIEWING HABITS



MÉDIAMAT NOW  
**3hrs 30min**

Measures TV viewing  
in the home

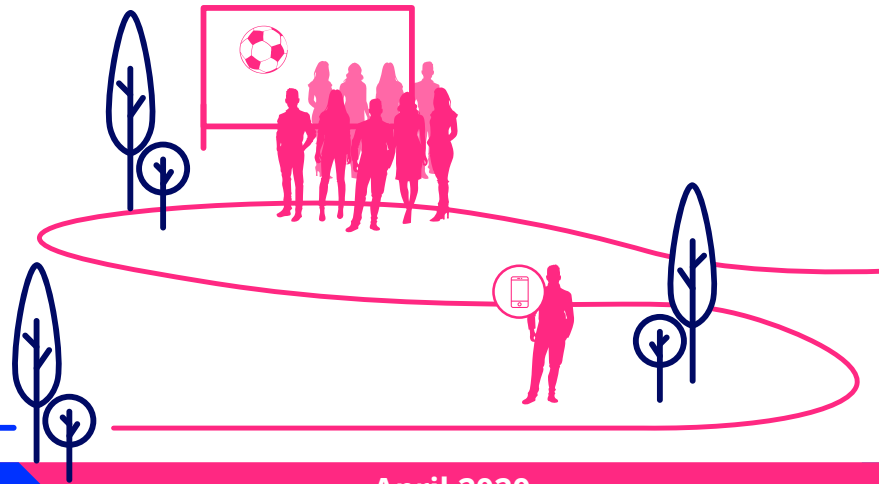


Today



OUT-OF-HOME AND ON-THE-MOVE  
**+10min**

**Out-of-home**  
(Vacations, weekend breaks, holiday homes, at work, etc.)  
**On-the-move**  
(Bars/Train stations/Airports/Public places, etc)

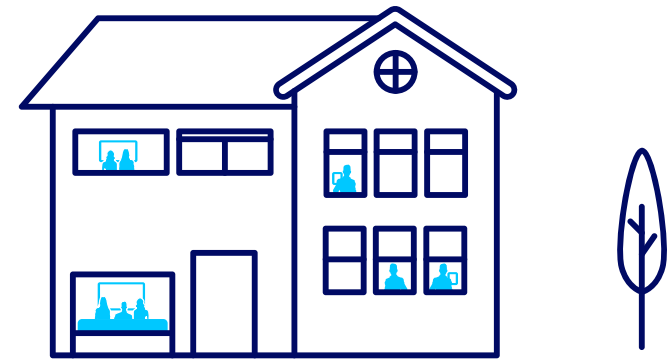


April 2020



MÉDIAMAT UNIFIED AUDIENCE  
**+2min 30sec**

Measures online screens at home

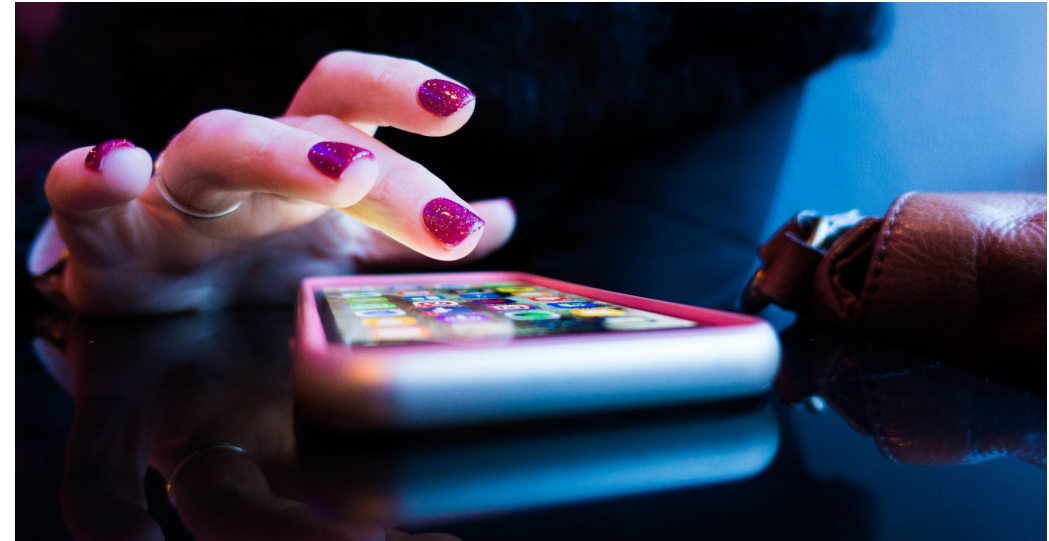


During 2021

# 2 COMPLEMENTARY MODELS SUPPORTING TOTAL VIDEO

Unmissable events  
and flagship programmes

Personalised, on-demand consumption,  
on a mass scale



**CONTENT IS KING**

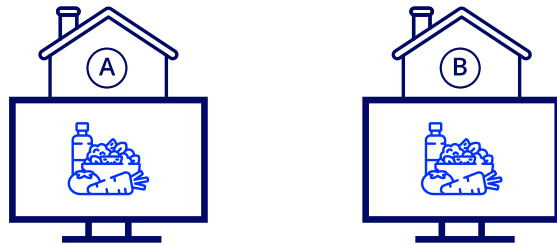
+

**MEDIA IS TECH / DATA**

$$\text{TOTAL VIDEO} = \text{CONTENT} + \text{TECH} + \text{DATA}$$

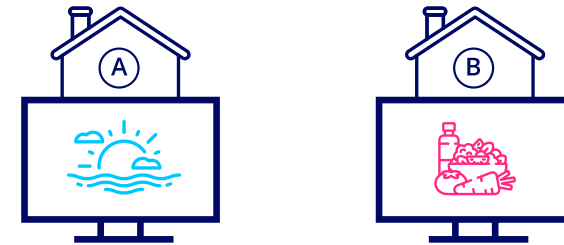
# HOW SEGMENTED TV CAN CREATE VALUE

TODAY



Current regulations force broadcasters to show **the same ads** to all viewers

TOMORROW



**Segmented TV** brings an extra dimension by allowing **targeted advertising spots**

**Attract a new type of advertiser** by offering maximum effectiveness at a low entry price for SMEs (Small & Medium enterprises)

**Expand the ad offer** for **existing clients** by providing **complementary solutions** to address key targets

Initial pilots in **Q3 2020**



# SALTO: ANOTHER BRICK IN THE WALL FOR OUR RANGE OF VIDEO PRODUCTS

## The biggest shop window for French creative talent

- **15,000 hours** of content across all genres **from day 1**
- **20,000 hours** by the **end of the year**
- **First-run content** every month
- **Recommendation system** fronted by celebrities and influencers

## Room for Salto in the French content platform marketplace

- **Broad range** of content
- **Distinctively local**
- **Pilot launch** in **June**
- **Commercial launch** in **September**
- Subscription rates in the **€5 to €10** range



3-2

**newen**

**accelerating** the business  
and building **alliances**

# NEWEN: BUILDING SYNERGIES

## International expansion helps to:

- create and build **synergies between Newen group entities** (recycling, joint development of formats)
- respond to **demand for ever more global content**, especially from **internet platforms**



**BAND OF SPIES**

Series in **8 EPISODES**



**TEAM CHOCOLATE**

Series in **7 EPISODES**



**KAMP WAES**

Series in **8 EPISODES**

# NEWEN: STILL WINNING NEW CLIENTS

## I Growing power of internet platforms



**NETFLIX**

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**UNDERCOVER**  
*(SEASONS 2 & 3)*

Series in **10 EPISODES**



UNDERCOVER



**NETFLIX** prime video



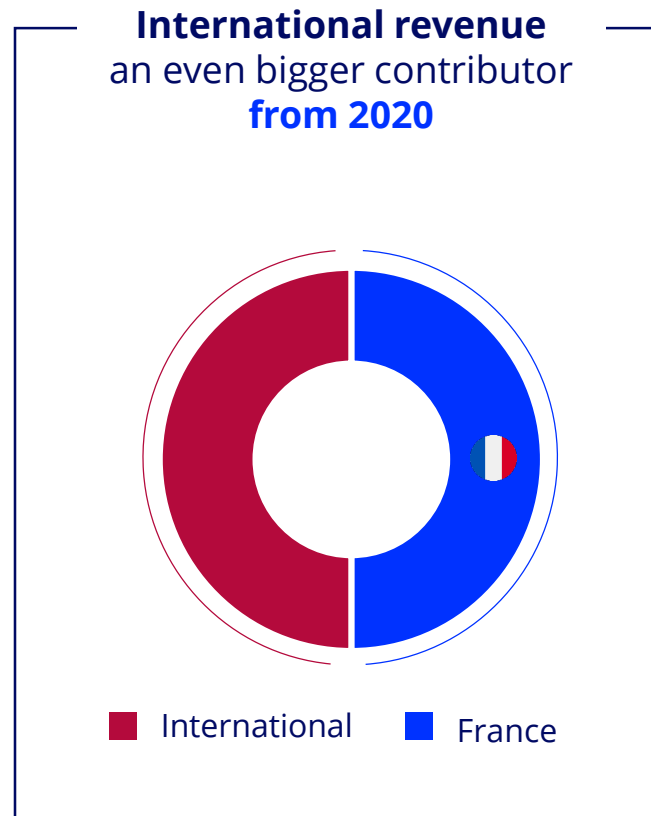
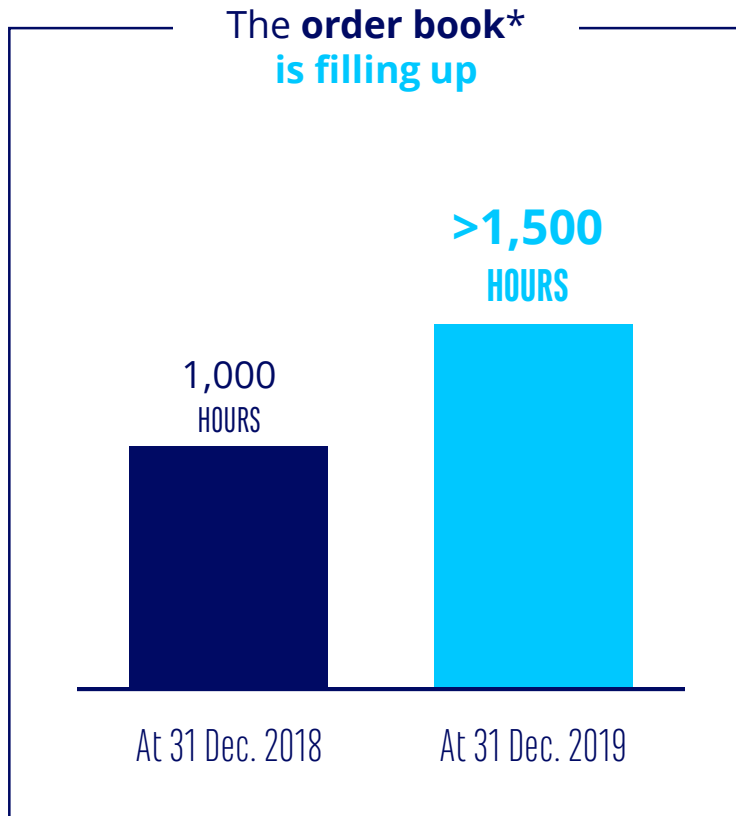
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**TV MOVIES**  
**SALE**



THE WRONG BABYSITTER

# NEWEN: CONTINUING GROWTH



**Larger-scale distribution**

- Building deeper catalogues: **more than 5,000 hours**
- Appointment of a **Head of Distribution for the Newen Group and TF1 Studio**

**newen**

\*Projects > €1m, and excluding Reel One

3-3

unify

rebound expected

from 2020

# REBOUND EXPECTED IN 2020 FROM CURRENT AND FUTURE ACTION PLANS

**Growth in advertising revenue** (direct sales and programmatic)  
thanks to the **Unify Advertising sales house**

**Relaunching our brands**



**International expansion of**



(especially in Germany)

**Rollout of business solutions**  
in France and internationally



# TF1: A GROUP THAT CARES

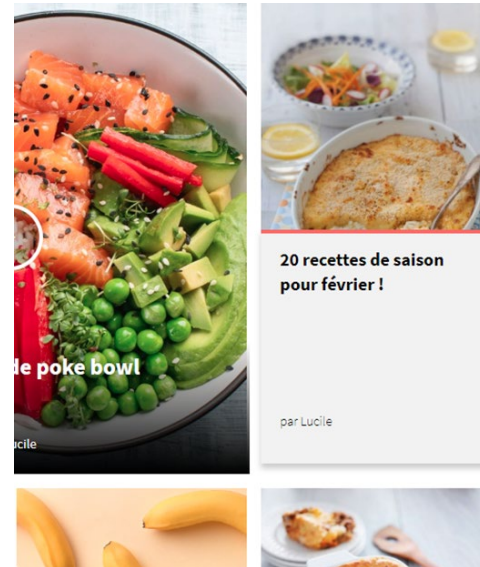
The 3 pillars of our social engagement initiatives:



**Towards a more sustainable society:**  
our channels engage



Marmiton focuses on **“ healthy eating ”**



**Newen Foundation**  
launched in 2019

*“This partnership aims at [...] encouraging diversity in the French creative industries.”*

Bibiane Godfroid,  
Chairwoman of the Newen Foundation

**CSR policy** recognised by **extra- financial ratings agencies**





# SUSTAINABLE GROWTH MOMENTUM... AND OPPORTUNITIES

- **TV consumption figures revised upward** thanks to modernised audience metrics
- **Tech-driven advertising:** programmatic TV, segmented advertising
- **Tighter control over the cost of programmes** and **double-digit margin maintained**
- **Audiovisual reform:** could open new prospects for us
- **Salto:** a platform with **local content on an unprecedented scale**
- **Newen:** **international expansion**, and new clients in the shape of **internet platforms**
- **Unify:** **sound fundamentals** with strong **growth potential**

## A TOTAL VIDEO GROUP

Q & A