

# 2012 RESULTS PRESENTATION

19 February 2013



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.



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**2012 REVIEW**

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# ROBUST FINANCIAL PERFORMANCE



**STRONG RESISTANCE IN CRISIS CONTEXT**



# ECONOMIC ENVIRONMENT WEIGHING ON ADVERTISING MARKET



**-4.2%**

**TREND IN NET TV MARKET IN H1 2012 \***

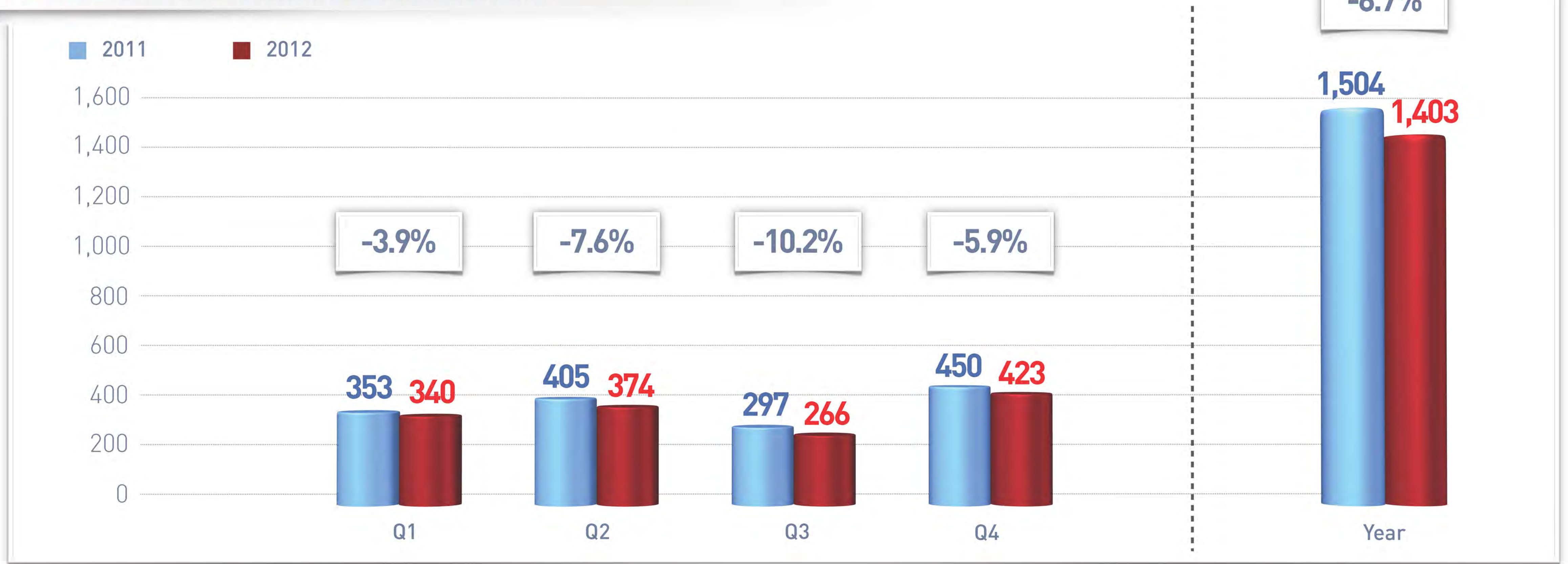
Same trend expected in H2 2012

**CHALLENGING PERIOD FOR THE TV MARKET**



# TF1 CHANNEL IMPACTED BY ECONOMIC ENVIRONMENT

**TF1** NET ADVERTISING REVENUE (€m) :

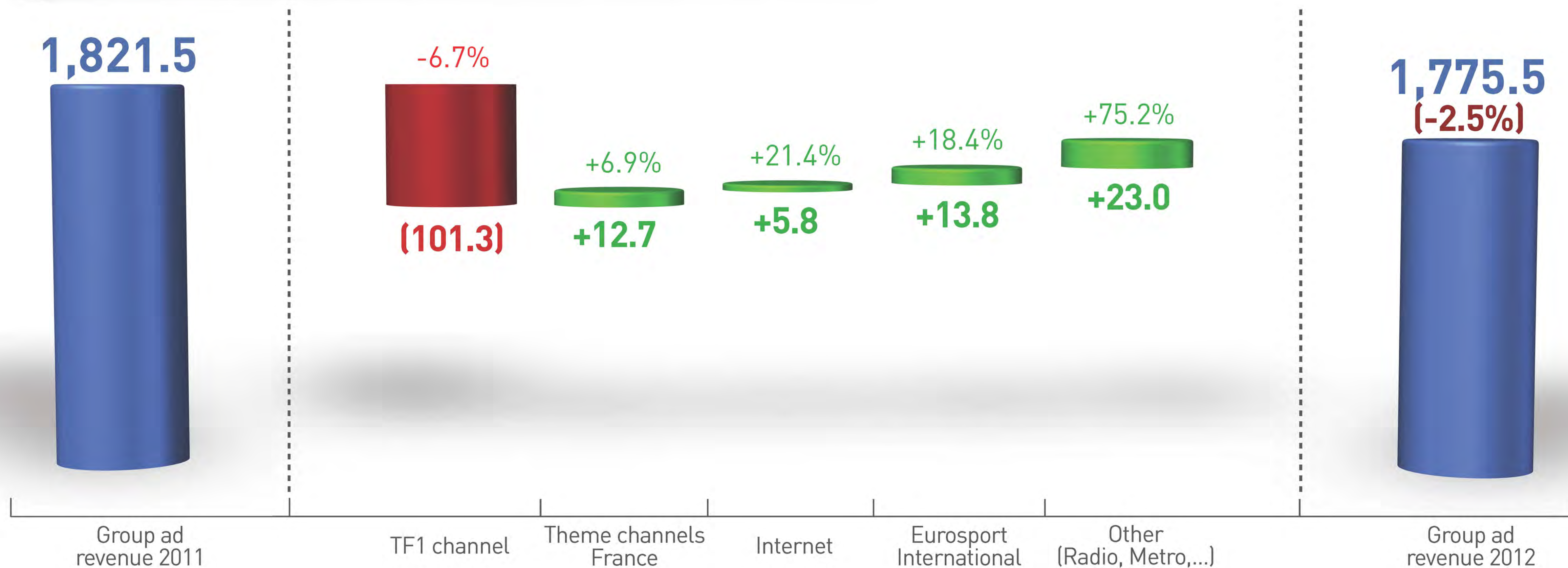


**TF1 CHANNEL AD REVENUE UNDER PRESSURE**



# STRONG ADVERTISING MOMENTUM IN OTHER MEDIA

ADVERTISING REVENUE (€m) :



**REAL SOURCES OF GROWTH**



# A GLOBAL ADVERTISING STRATEGY TO FACE A COMPLEX EQUATION

## 1 - NEW RESOURCES

### Change in ad purchasing behaviour

- Introduction of MPI (Internalised Media Planning)
- Launch of LA PLACE MEDIA

### New indicators

- Development of "GRP QP" (Quantities Purchased)
- Implementation of new ad target: "Shoppers"

### Initiatives in TV

- Increase in segmentation

## 2 - SYNERGIES

### DTT :

- Launch of HD1 and Numéro 23



### Theme channels :

- Sport and Youth divisions strengthened with BeinSport and Boing



### Digital :

- Strong growth in online video ads

### Diversification :

- Ad agency for MFM Radio and Metro



## 3 - NEW TERRITORIES

### New advertising opportunities:

- Innovative second-screen approaches (Check'in, Shazam partnership, MyTF1 Connect, etc.)



- Brand and product channels (Yves Rocher, etc.)

**DYNAMIC AD AGENCY IN CONSTANT DEVELOPMENT**



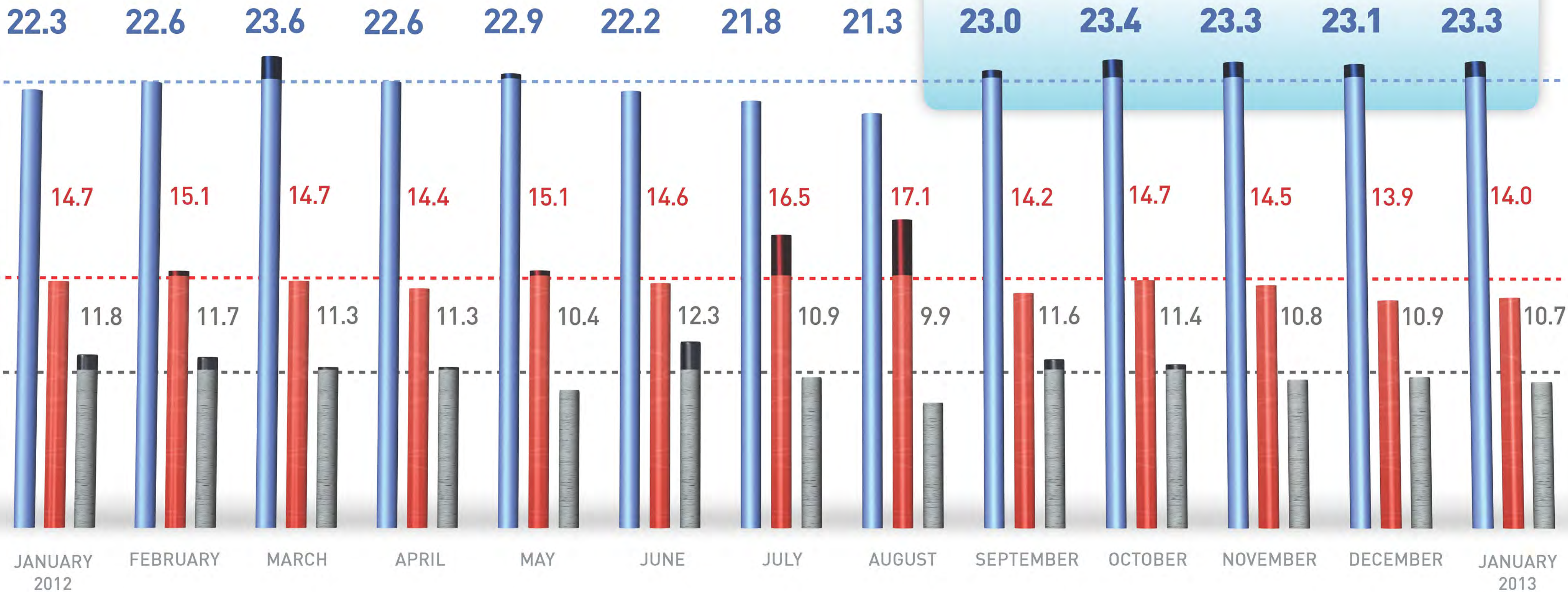
# TF1 AUDIENCE RATINGS REMAIN INCOMPARABLE IN 2012

AUDIENCE SHARE ON INDIVIDUALS AGED 4 AND OVER (%)

**TF1** 22.7%  
AVERAGE AUDIENCE SHARE FY 2012

**2** 14,9%  
AVERAGE AUDIENCE SHARE FY 2012

**6** 11,2%  
AVERAGE AUDIENCE SHARE FY 2012



**RELEVANT PROGRAMMING**



# INNOVATION AT THE HEART OF TF1 PROGRAMMES

**TF1** 25 NEW PROGRAMS, OF WHICH 18 SUCCESSES (> 70 %) \*

PRIME TIME



ACCESS



AFTERNOON



MORNING



ALL DAY LONG

**CHALLENGE MET**



# RECORDS IN ALL PROGRAMME CATEGORIES IN 2012

- ▶ Number of  programmes in the top 100 of each programme category in 2012

**99** Entertainment

**97** TV News

**93** US Series

**88** French drama

**56** Films

**UNDISPUTED LEADER**

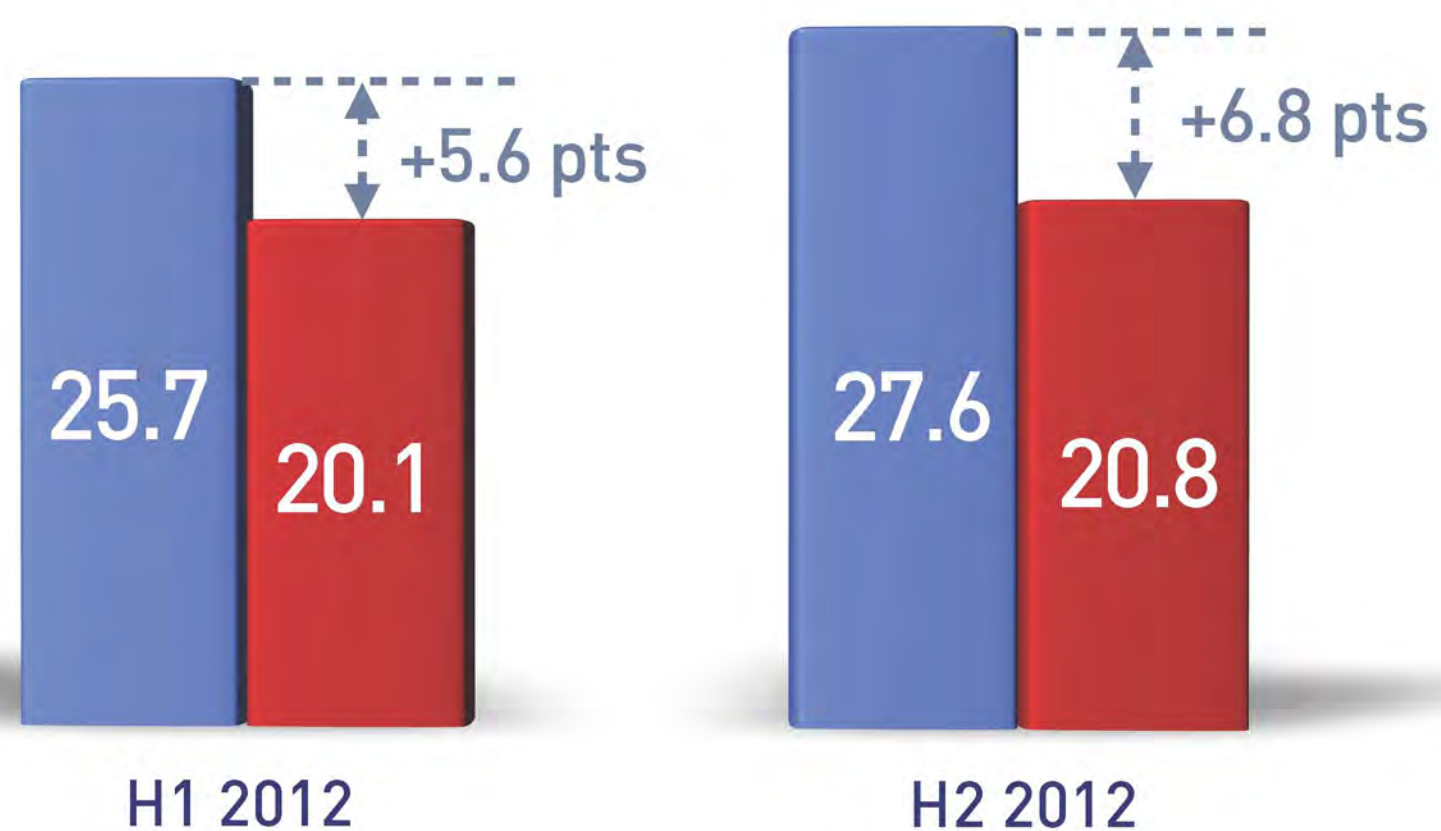


# TF1 EXTENDS ITS LEAD IN NEWS

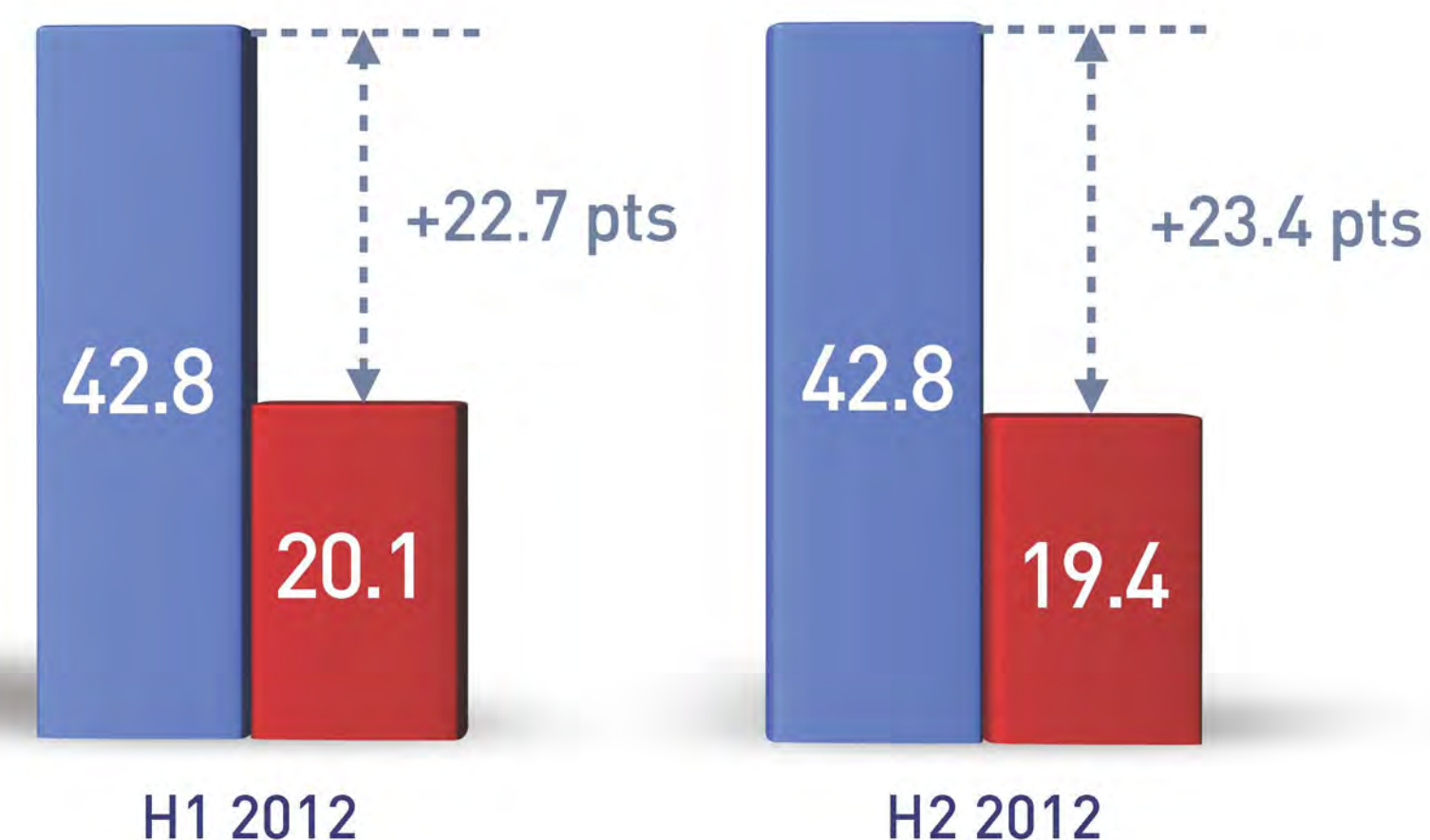
- ▶ New faces
- ▶ New editorial
- ▶ Still a unifying programme



Market share for 8 o'clock news in 2012 \*



Market share for 1 o'clock news in 2012 \*



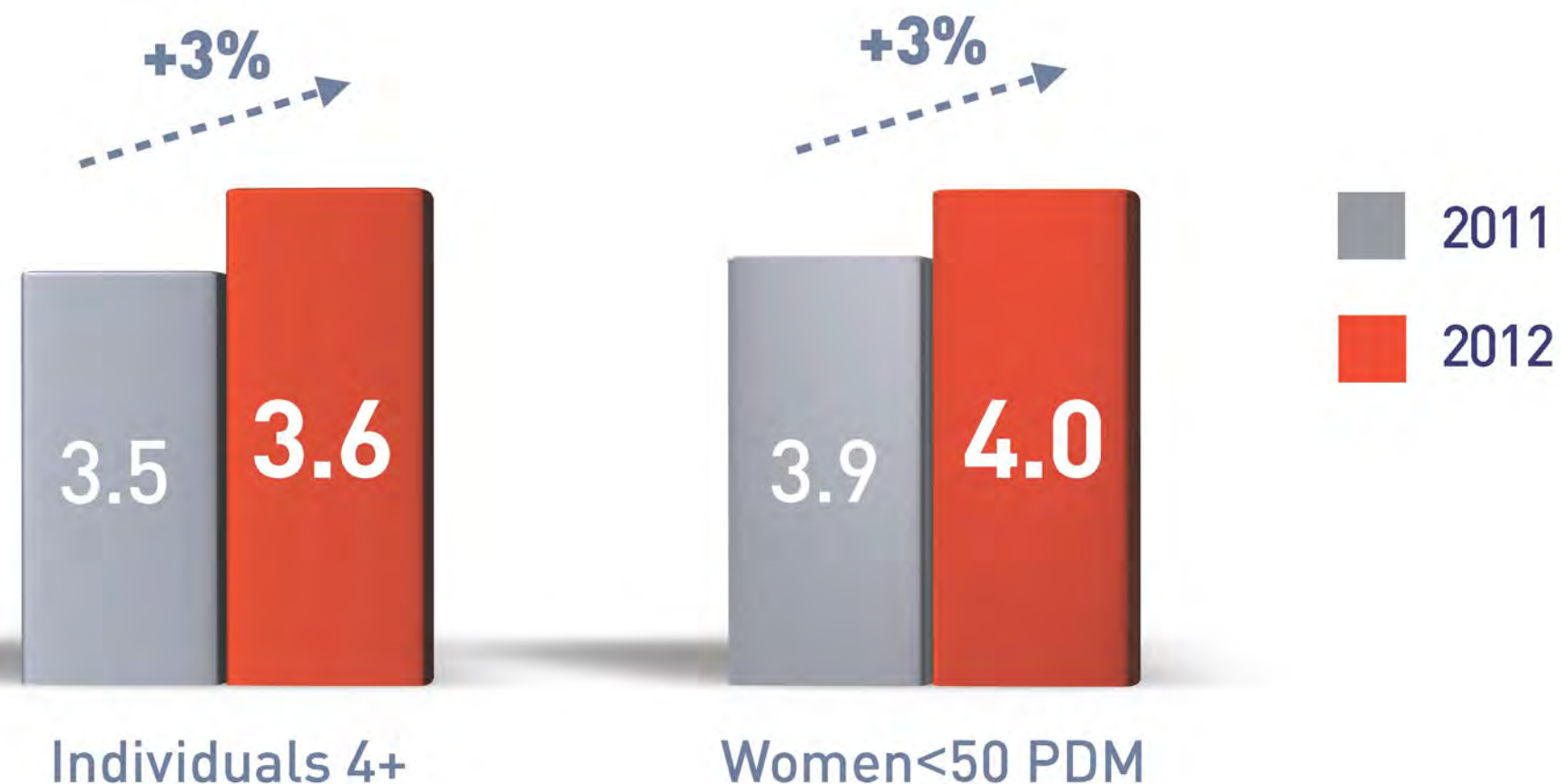
## SUCCESSFUL RENEWAL OF NEWS PROGRAMMING





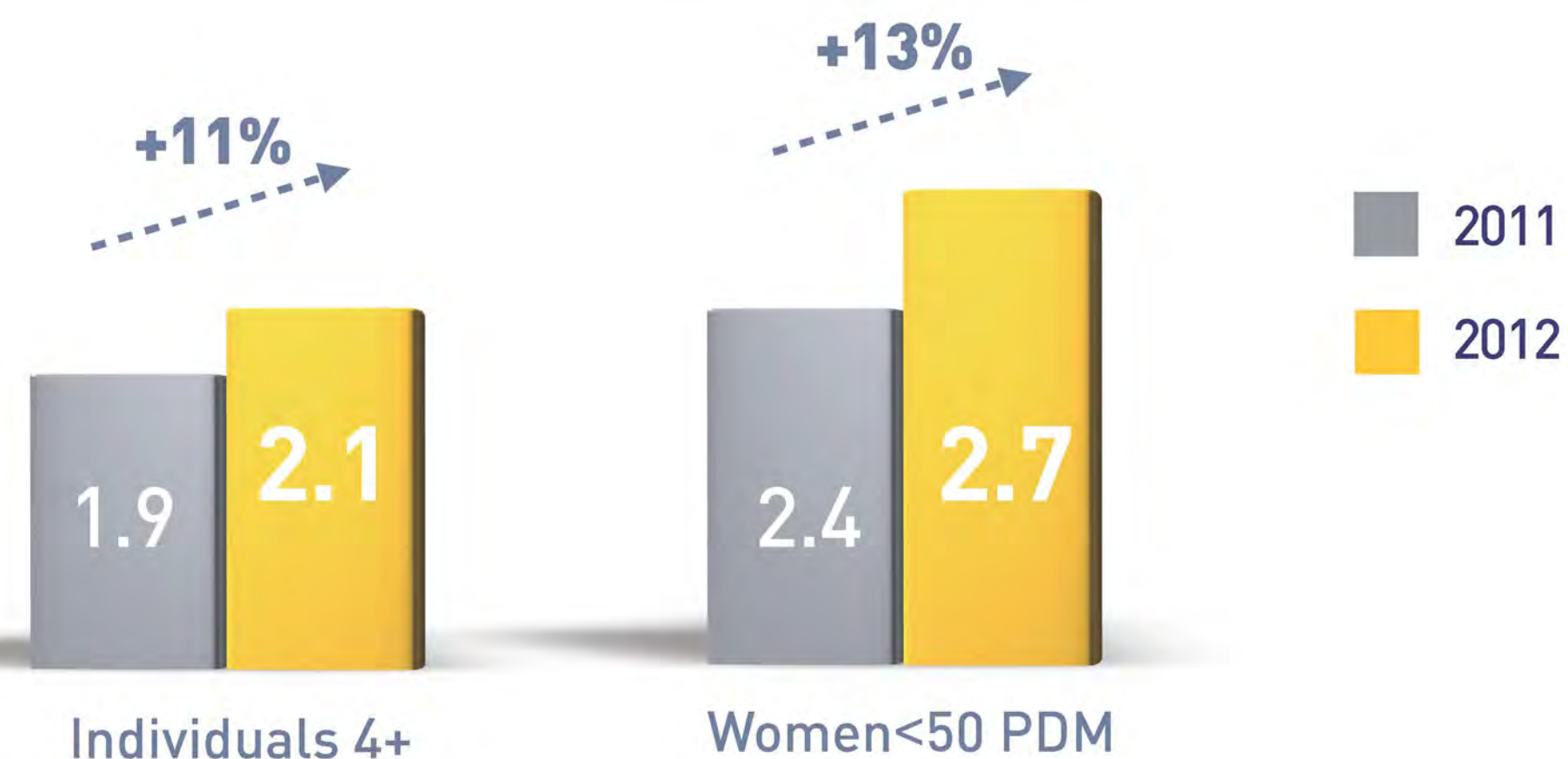
# TMC AND NT1 CONFIRM THEIR INCREASE

## TMC AUDIENCE SHARE (%)



- 5<sup>th</sup>** TV channel in France
- 5** out of top 10 DTT audience ratings in 2012
- 800 k** TV viewers prime-time\*

## NT1 AUDIENCE SHARE (%)



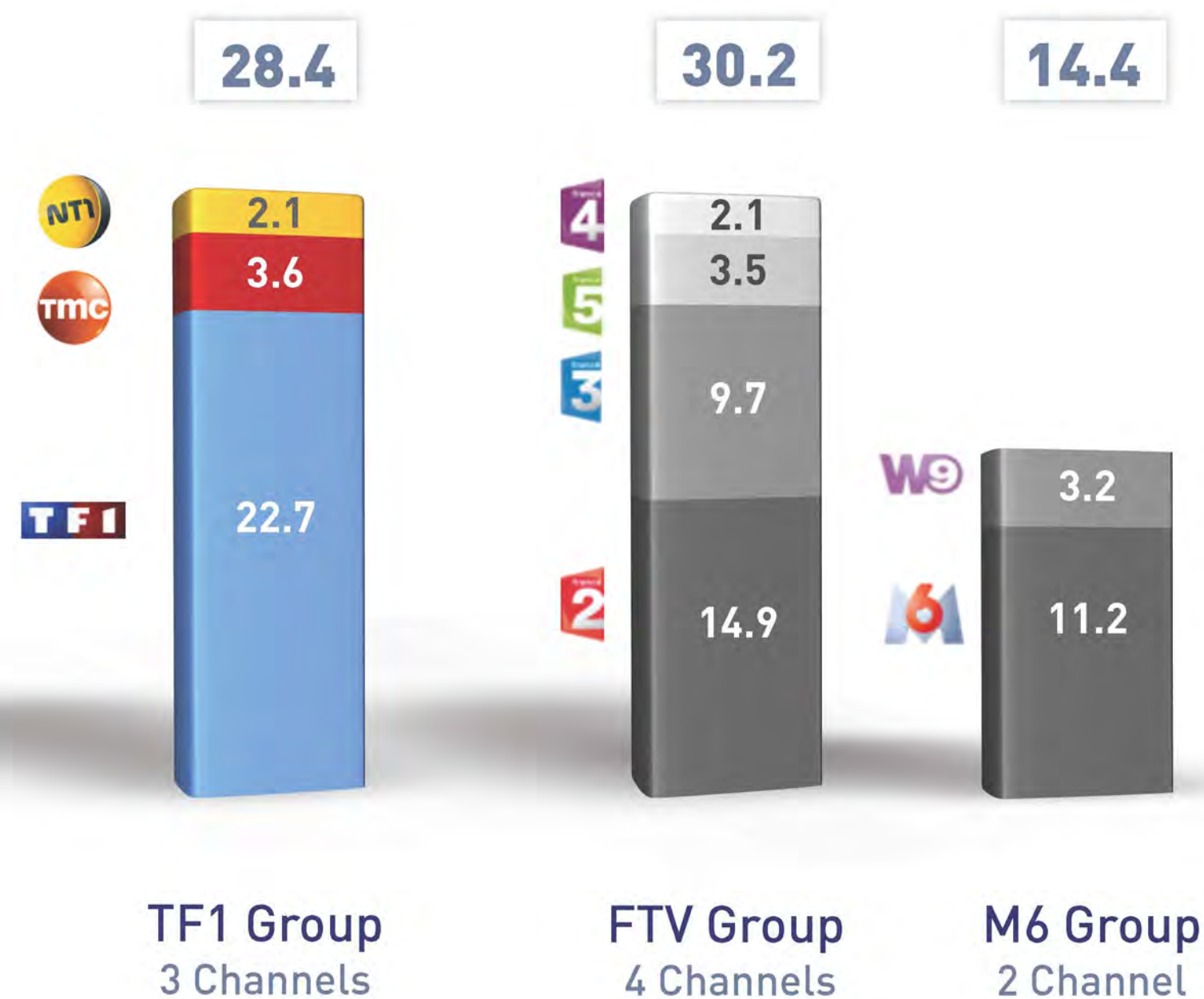
- 13%** rise in Women <50, PDM
- 40** programmes with more than 1m TV viewers
- 600 k** TV viewers prime-time\*

## COMPLEMENTARY EDITORIAL FIT

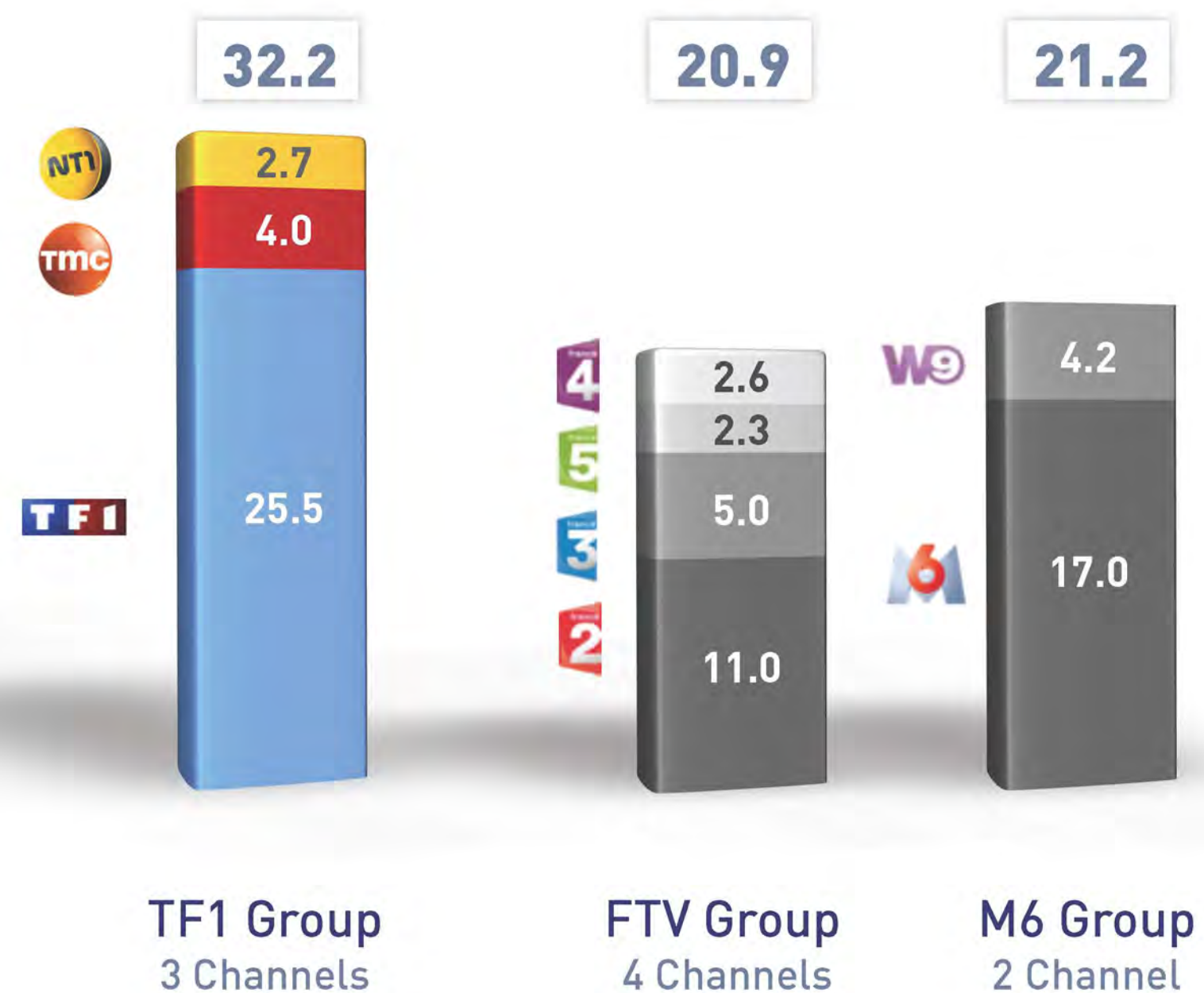


# 2012: THE TF1 GROUP STRENGTHENS ITS CORE BUSINESS

AUDIENCE SHARE INDIVIDUALS 4+ (%)



AUDIENCE SHARE WOMEN <50 PDM (%)



**TF1 GROUP: UNRIVALLED OFFER**



# HDI : FOURTH CHANNEL FOR THE TF1 GROUP

## ▶ Best audience rating of the 6 new HD DTT channels



- Monday 14 January 2013 : **435,000** TV viewers (with the film 36, quai des Orfèvres)

## ▶ And a strong drama offer



- Tuesday 15 January 2013 : **299,000** and **277,000** TV viewers (with Alice Nevers)

## A PROMISING CHANNEL



# DIGITAL ENHANCES THE TV EXPERIENCE

Widespread use,  
strong position for TF1

DEFERRED  
CONSUMPTION



Emerging and promising

INTERACTIVITY



Under  
development

TV VIEWER  
CONSUMER



**TF1, THE BEST DIGITAL FOOTPRINT ON THE MARKET\***

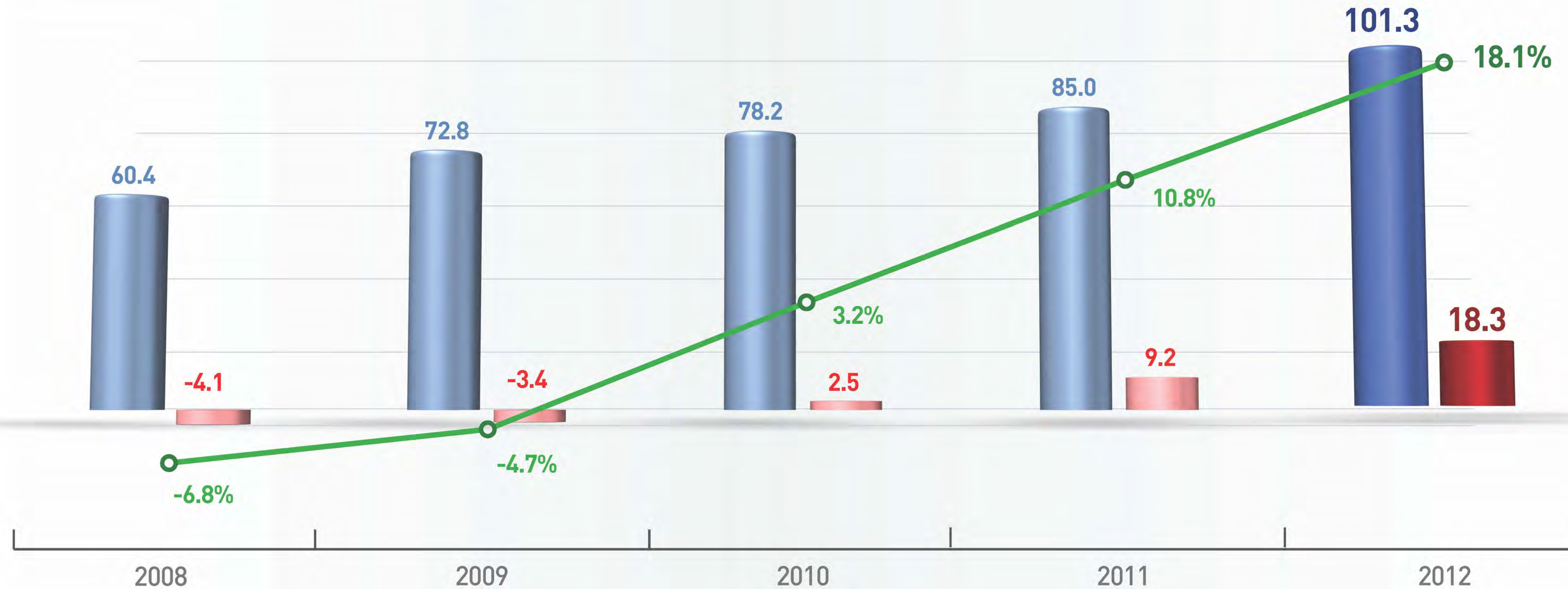
\* Source : Social Media Awards



# DIGITAL: CONTINUED IMPROVEMENT IN FINANCIAL PERFORMANCE

## E-TF1 PERFORMANCE SINCE 2008

■ Total revenue (€m) ■ Current. op. income (€m) — Current operating margin (%)



**MODERN AND PROFITABLE**





## RENEWED OFFERING

- ▶ **New format**
- ▶ **Extended circulation:**
  - 20 new towns
  - 90 % of urban population covered
- ▶ **New organisation:**
  - Metro is a pioneer in reverse publishing. First press title in France to adopt this approach
- ▶ **3-digit digital growth:**
  - Metro website audience doubled <sup>1</sup>
  - No.7 news app on mobiles <sup>2</sup>

## REVENUE GROWTH

- ▶ **Winning back market share (national advertising) <sup>3</sup>**
  - +3.7 points for Metro
  - -4.6 points for 20 Minutes
  - +0.8 point for Direct Matin
- ▶ **6% growth in net revenue**
- ▶ **Recovery in value**
  - +3% average price of national page
- ▶ **Metro strong points : strong increase (+79%) in special campaigns** (samples, co-distribution, street marketing)

## VALUABLE MEDIA FOR THE GROUP

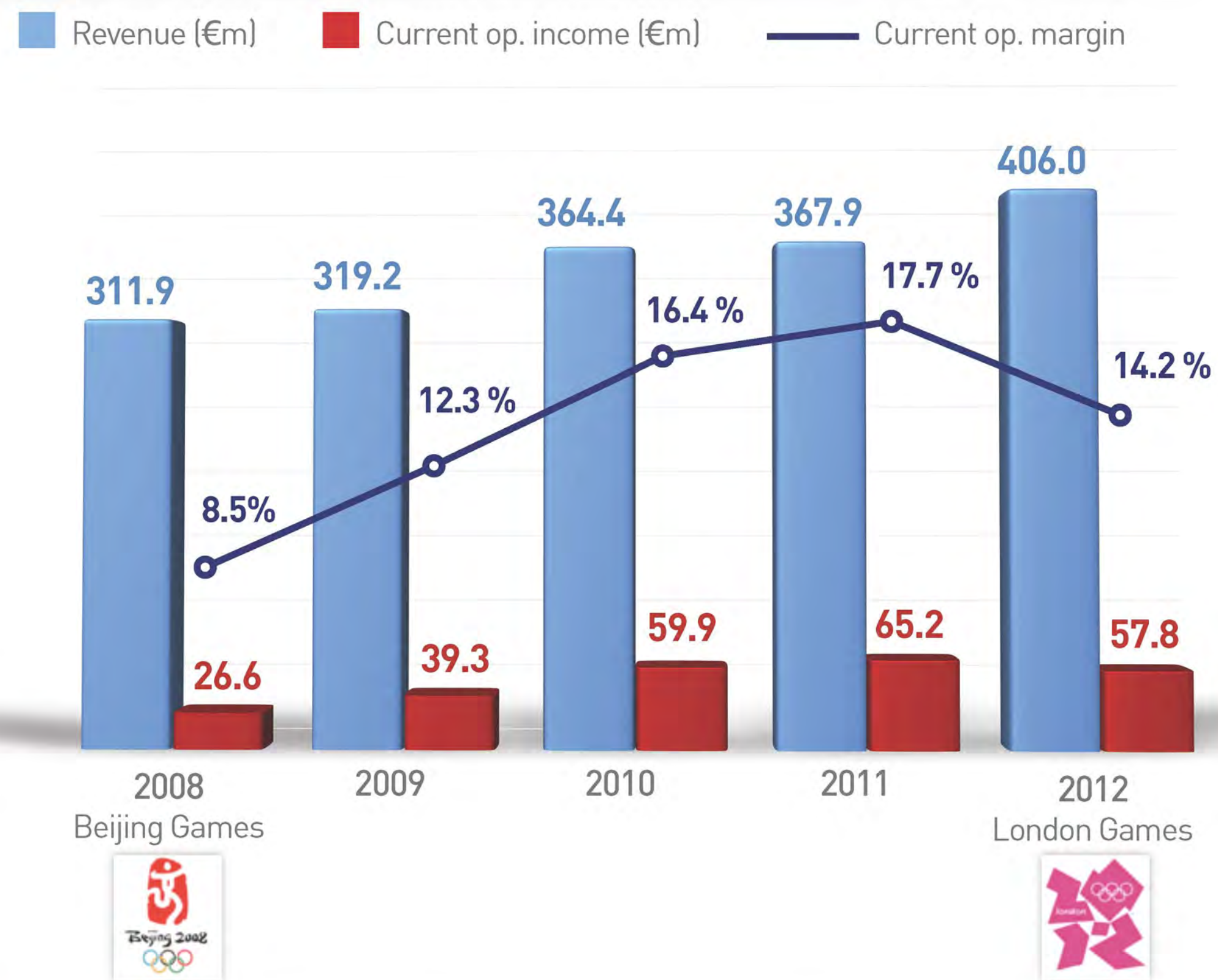


# EUROSPORT INTERNATIONAL : GROWTH STRATEGY



- +18%** rise in advertising revenue in 2012
- 132 M** European households receive Eurosport (up 3m on 2011)
- +9%** Rise in number of households receiving Eurosport2 (62.5 million at end-December 2012)
- 10 M** Users downloaded the Eurosport app in 2012 (+85.2%)

## EUROSPORT INTERNATIONAL FINANCIAL PERFORMANCE SINCE 2008



## DEVELOPMENT & PROFITABILITY



### 3 KEY AREAS

#### DEVELOPMENT OF EUROSPORT BUSINESS

- ▶ Synergies and complementary capabilities in content
- ▶ Development opportunities
- ▶ Discovery acquires 20% share in Eurosport

#### DEVELOP PAY TV CONTENT IN FRANCE

- ▶ Create a flagship range of theme channels in France
- ▶ Build around the content and brand portfolios of the two groups
- ▶ Discovery acquires a 20% share in TV Breizh, Histoire, Ushuaïa TV and Stylia

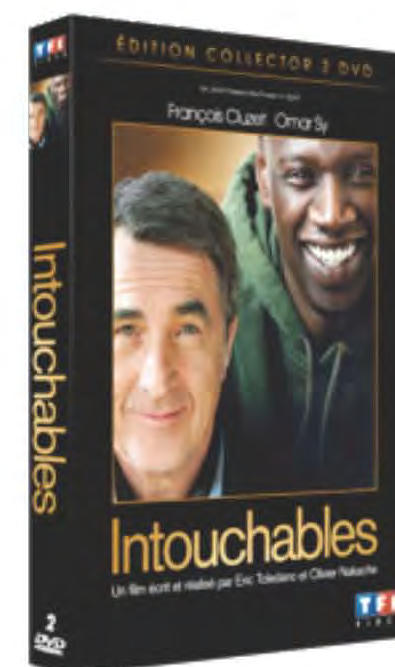
#### DEVELOPMENT OF PRODUCTION ACTIVITIES

- ▶ Magazine and documentary programmes of international standing
- ▶ Harness the expertise of TF1 Production

**A STRONGER POSITION IN PAY CONTENT PUBLISHING**



# DYNAMIC ACTIVITIES



## NON-ADVERTISING GROWTH SOURCES

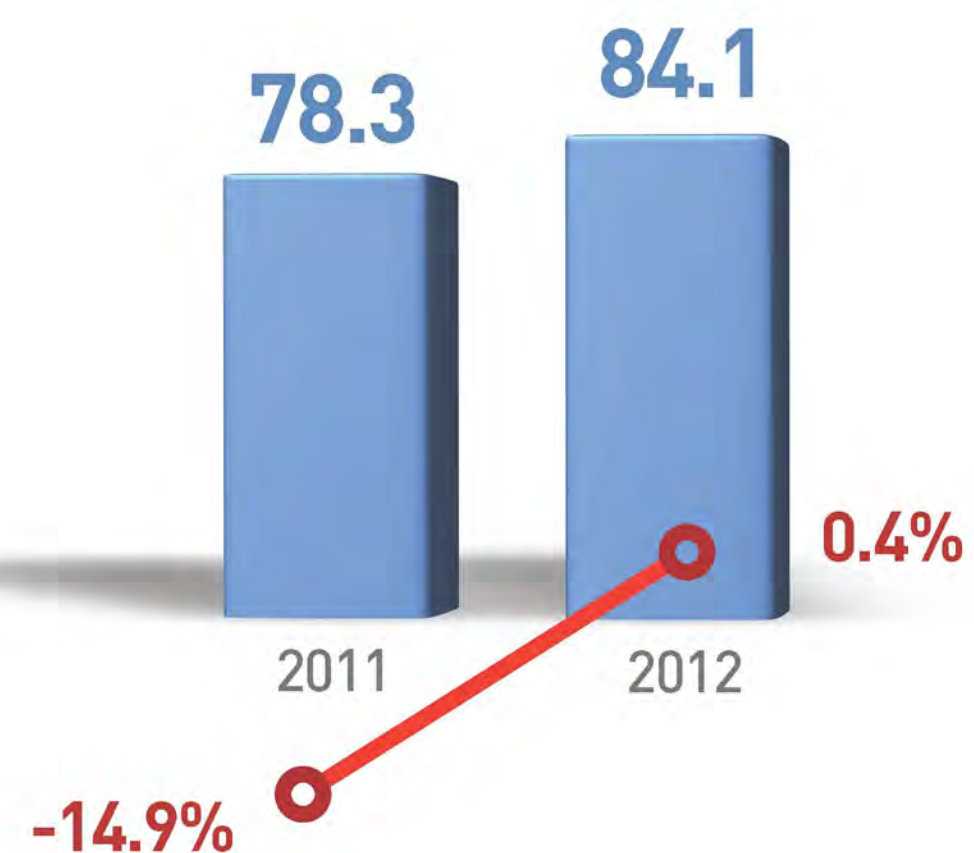


# EXTENSIVELY REORGANISED STRUCTURES

## TF1 VIDEO



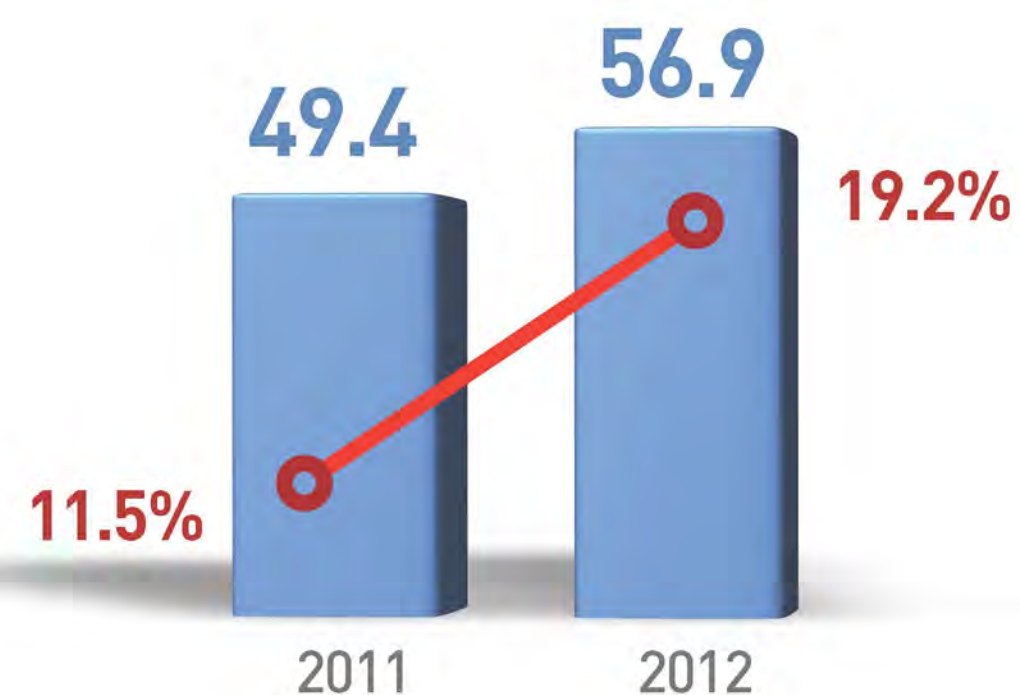
- ▶ Sales force outsourced
- ▶ Newsagent/kiosk business reorganised
- ▶ Single marketing department



## TF1 ENTREPRISES



- ▶ TF1 Games / Dujardin :
  - Assembly and production streamlined
  - Sales force outsourced



■ Revenue (€m)  
— Current op. margin

tvbreizh



TF1 PRODUCTION

# REPOSITIONNED BUSINESSES



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**2012 REVIEW**

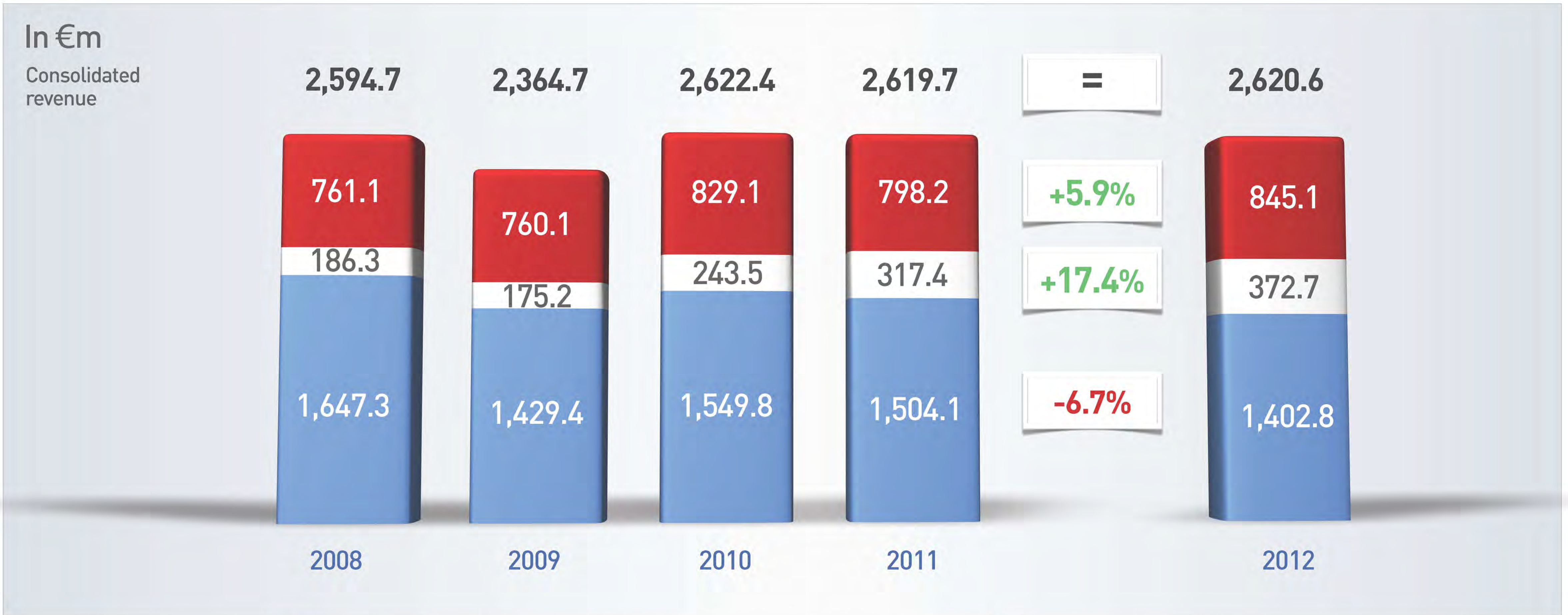
**FINANCIAL STATEMENTS**

**OUTLOOK**

**QUESTION & ANSWER**



# ADVERTISING REVENUE EVOLUTION



■ Advertising revenue TF1 channel  
 ■ Advertising revenue other supports  
 ■ Revenue from other activities



# TF1 CORE CHANNEL PROGRAMMING COSTS EVOLUTION

€m	2012	2011	Var. €m	Var. %
<b>TOTAL PROGRAMMING COSTS</b>	<b>935.5</b>	<b>905.5</b>	<b>+30.0</b>	<b>+3.3%</b>
ÉVÉNEMENTS SPORTIFS	24.2	24.1	+0.1	+0.4%
<b>TOTAL HORS ÉVÉNEMENTS SPORTIFS</b>	<b>911.3</b>	<b>881.4</b>	<b>+29.9</b>	<b>+3.4%</b>
Entertainment	270.2	253.9	+16.3	+6.4%
TV dramas / TV movies / Series / Theatre	291.0	277.0	+14.0	+5.1%
Sports (excl.one-off sporting events)	100.8	108.4	-7.6	-7.0%
News	117.5	113.2	+4.3	+3.8%
Movies	113.6	111.0	+2.6	+2.3%
Youth	18.2	17.9	+0.3	+1.7%

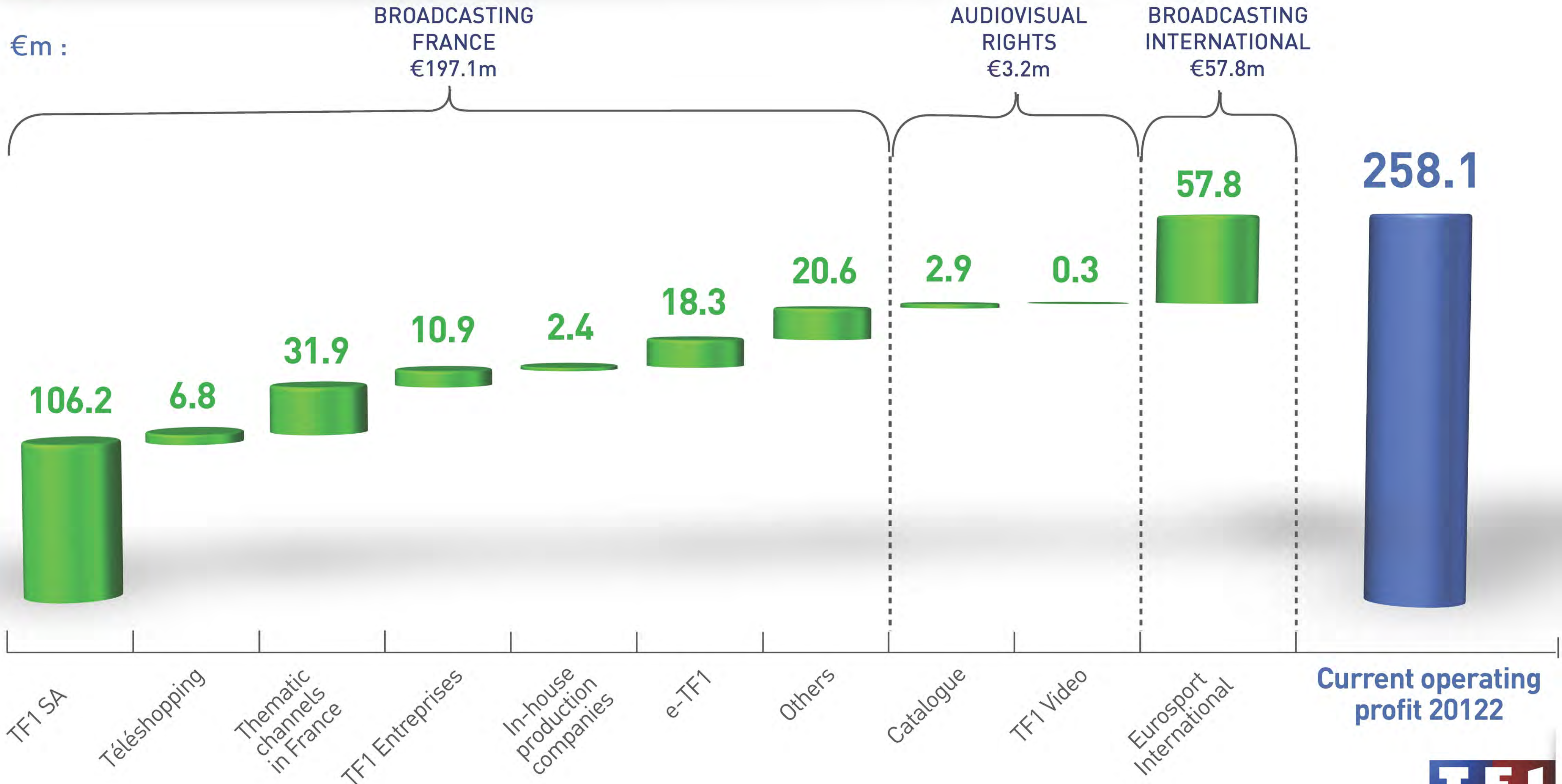


# CONSOLIDATED INCOME STATEMENT (1/2)

€m	2012	2011	Var. €m	Var. %
<b>Consolidated revenue</b>	<b>2,620.6</b>	<b>2,619.7</b>	<b>+0.9</b>	<b>+0.0%</b>
Total programming costs	(935.5)	(905.5)	-30.0	+3.3%
Total other charges	(1,342.6)	(1,323.0)	-19.6	+1.5%
Depreciation and amortisation, provisions and impairment (net)	(84.4)	(108.3)	+23.9	-22.1%
<b>Current operating profit</b>	<b>258.1</b>	<b>282.9</b>	<b>-24.8</b>	<b>-8.8%</b>
CURRENT OPERATING MARGIN	9.8%	10.8%	-1.0 pt	
Other operating income and expenses	(47.7)	-	-47.7	na
<b>Operating profit</b>	<b>210.4</b>	<b>282.9</b>	<b>-72.5</b>	<b>-25.6%</b>



# CURRENT OPERATING PROFIT BY SEGMENT





# PHASE II OF THE OPTIMISATION PLAN : 2012 ACHIEVEMENTS

## 2 MAJOR OBJECTIVES

REDUCE COSTS

INTRODUCE MORE FLEXIBILITY

## 3 LEVERS

OPTIMISATION  
of TF1 channel programming costs

€8m

Gains in  
PRODUCTIVITY

€0m

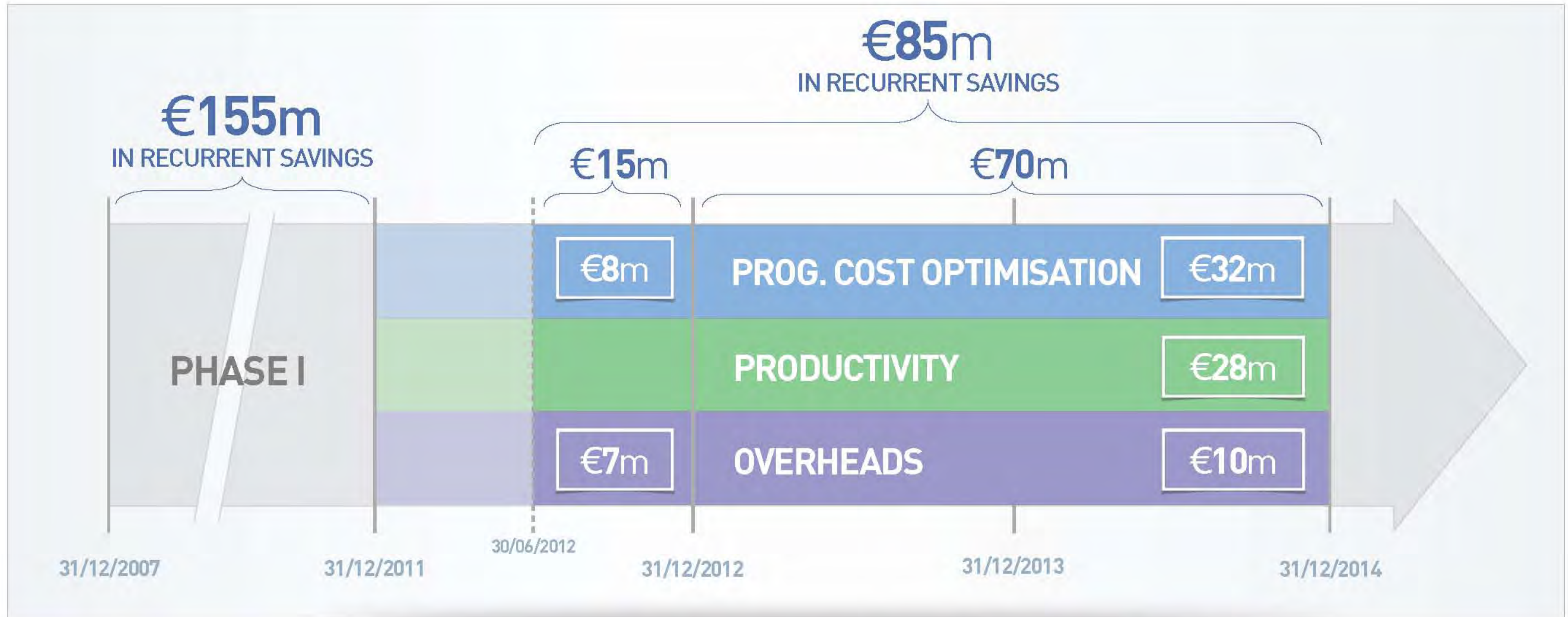
Reduce  
OVERHEADS

€7m

**€15M OF RECURRENT SAVINGS IN 2012**



# ACCELERATION OF PHASE II OF THE OPTIMISATION PLAN



**ONGOING ADAPTATION OF BUSINESS MODEL**



# CONSOLIDATED INCOME STATEMENT (2/2)

€m	2012	2011	Var. €m	Var. %
<b>OPERATING PROFIT</b>	<b>210.4</b>	<b>282.9</b>	<b>-72.5</b>	<b>-25.6%</b>
Cost of net debt	-	0.5	-0.5	na
Other financial income and expenses	5.8	5.1	+0.7	+13.7%
Income tax expense	(70.5)	(88.7)	+18.2	-20.5%
Share of profits / (losses) of associates	(6.4)	(13.7)	+7.3	-53.3%
<b>NET PROFIT</b>	<b>139.3</b>	<b>186.1</b>	<b>-46.8</b>	<b>-25.1%</b>
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>136.0</b>	<b>182.7</b>	<b>-46.7</b>	<b>-25.6%</b>
ATTRIBUTABLE TO MINORITY INTERESTS	3.3	3.4	-0.1	-2.9%



# CONSOLIDATED BALANCE SHEET

ASSETS (€m)	31 DEC. 2012	31 DEC. 2011	Var. €m
Total non-current assets	1,408.4	1,421.8	-13.4
Total current assets	2,209.4	1,932.6	+276.8
<b>TOTAL ASSETS</b>	<b>3,617.8</b>	<b>3,354.4</b>	<b>+263.4</b>

SHAREHOLDERS' EQUITY AND LIAB. (€m)	31 DEC. 2012	31 DEC. 2011	Var. €m
Shareholder's equity	1,801.8	1,587.2	+214.6
Of which shareholder's equity attributable to the Group	1,684.8	1,575.1	+109.7
Non-current liabilities	62.7	67.9	-5.2
Current liabilities	1,753.3	1,699.3	+54.0
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>3,617.8</b>	<b>3,354.4</b>	<b>+263.4</b>
NET CASH (+) / DEBT (-)	236.3	(40.6)	+276.9

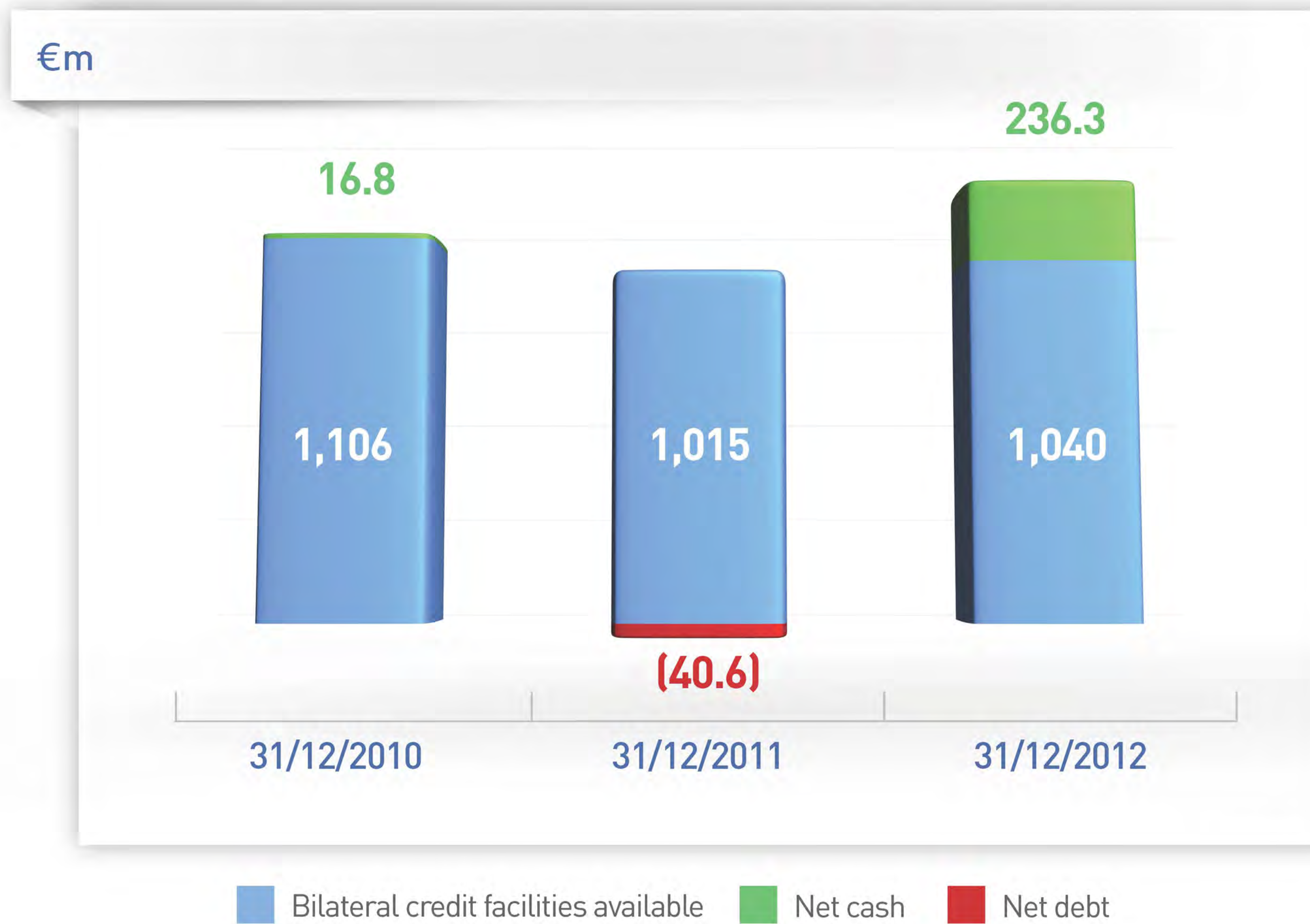


# CONSOLIDATED CASH FLOW STATEMENT

€m	2012	2011	Var. M€
Operating cash flow	277.0	346.4	-69.4
Income taxes (paid)/reimbursed	(102.1)	(73.2)	-28.9
Change in operating working capital needs	87.6	(82.1)	+169.7
<b>Net cash generated by/(used in) operating activities</b>	<b>262.5</b>	<b>191.1</b>	<b>+71.4</b>
Net cash generated by/(used in) investing activities	(58.6)	(94.7)	+36.1
Net cash generated by/(used in) financing activities	68.7	(151.6)	+220.3
<b>CHANGE IN CASH POSITION</b>	<b>272.6</b>	<b>(55.2)</b>	<b>+327.8</b>
<b>CASH POSITION AT BEGINNING OF PERIOD</b>	<b>(18.2)</b>	<b>37.0</b>	<b>-55.2</b>
<b>CASH POSITION AT END OF PERIOD</b>	<b>254.4</b>	<b>(18.2)</b>	<b>+272.6</b>



# A HEALTHY BALANCE SHEET





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**QUESTION & ANSWER**



# DIVIDEND PROPOSED AT THE ANNUAL GENERAL MEETING

ON 18 APRIL 2013



■ Dividend paid (€ per share)

— Return rate  
(average price of TF1 share over the year)



# OUR ROADMAP FOR 2013-2014

**1**

**BUILD A NEW FREEVIEW OFFER MODEL**

**2**

**GROW THE CONSUMER OFFER**

**3**

**STRENGTHEN THE PAY OFFER**

**SHARPEN  
COMPETITIVE EDGE**



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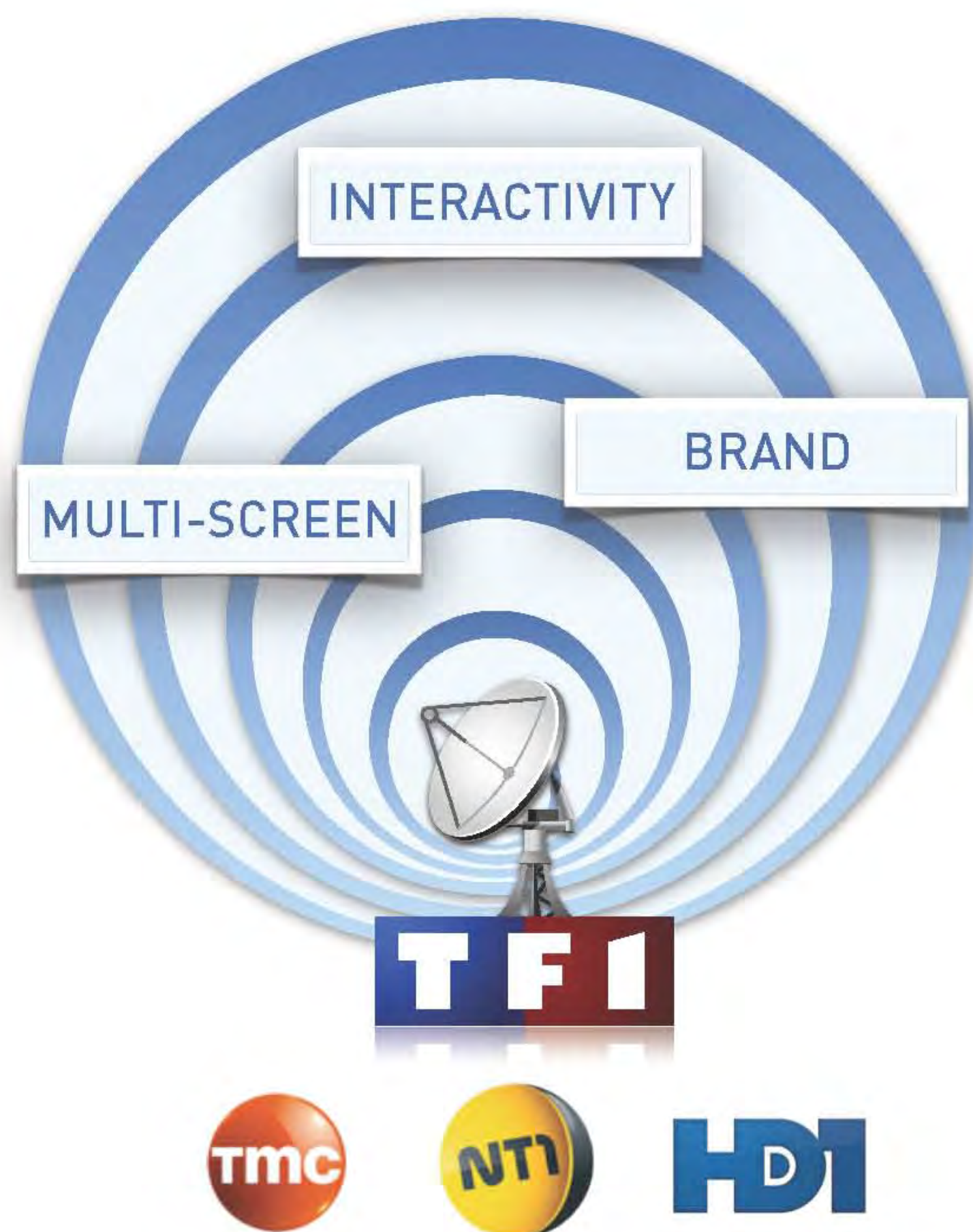
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# FREEVIEW OFFER: TOWARDS A NEW MODEL (1/2)



- ▶ REINFORCE GROUP AUDIENCE
- ▶ CONTINUE TO DEVELOP WINNING NEW PROGRAMMES
- ▶ STRENGTHEN COMPLEMENTARY FIT OF POSITIONINGS
- ▶ STEP UP SYNERGIES AMONG GROUP CHANNELS
- ▶ OPTIMISE RIGHTS MANAGEMENT

**INTENSIFY TF1 CHANNEL  
INFLUENCE ACROSS ALL ACTIVITIES**



# FREEVIEW OFFER: TOWARDS A NEW MODEL (2/2)

PRODUCTION

TRADING

DIGITAL



PLURIMEDIA AD SALES AGENCIES



TV



WEB



FREE  
PRESS



RADIO

UP  
S  
T  
R  
E  
A  
M

- ▶ DEVELOP INTERNAL PRODUCTION
- ▶ INVEST IN INNOVATIVE FORMATS, ALONE OR IN PARTNERSHIP
- ▶ OPTIMISE CROSS-MEDIA PURCHASING
- ▶ BUILD ON AGREEMENT WITH UGC
- ▶ SELECT HIGH-PERFORMANCE FILMS AT A REASONABLE PRICE

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- ▶ MAINTAIN THE VALUE OF OUR AD SLOTS
- ▶ BRING OUR ADVERTISERS MORE GLOBAL SERVICES
- ▶ STRENGTHEN MASS MEDIA / ONE-TO-ONE SYNERGIES
- ▶ KEEP LOOKING TO TAKE ON ADVERTISING FOR NEW MEDIA
- ▶ STEP UP OUR DIGITAL EXPANSION



## ▶ BEFORE

- Audience generated a single revenue source
- Programming costs had to be profitable on that revenue source alone

## ▶ TODAY

- Audience generates additional revenue sources
- Programming costs are considered as part of a more global economy

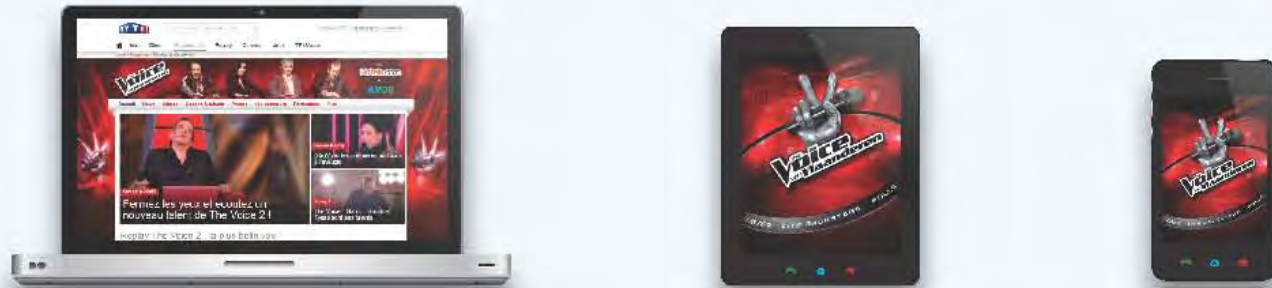
**TF1 CHANNEL AT THE CENTRE OF A RENEWED ECOSYSTEM**



# TF1 CHANNEL: CREATING VALUE (2/2)

- ▶ From the channel to numerous by-products
- ▶ An unrivalled “361” offer

## MULTI-SCREEN CATCH-UP



## MERCHANDISING



## SOCIAL TV, SOCIAL NETWORKS



## SECOND-SCREEN INNOVATION



**TF1 CHANNEL AT THE CENTRE OF NEW REVENUE**



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COMPETITIVE EDGE



## OPPORTUNITIES TO BE SEIZED

- ▶ **INCREASINGLY CONNECTED TV VIEWERS**
  - Growth in mobile use
  - Complementary screens echoing each other
  - Increased demand to take part
  
- ▶ **ADVERTISERS WITH STRONGER TARGETING OBJECTIVES**
  - Need for better customer knowledge
  - Desire to reach customers directly
  - Search for personalised contact
  
- ▶ **TECHNOLOGY FOR MORE INTERACTIVITY?**
  - Potential of tablets
  - Emergence of Mobile First

### NEW NEEDS



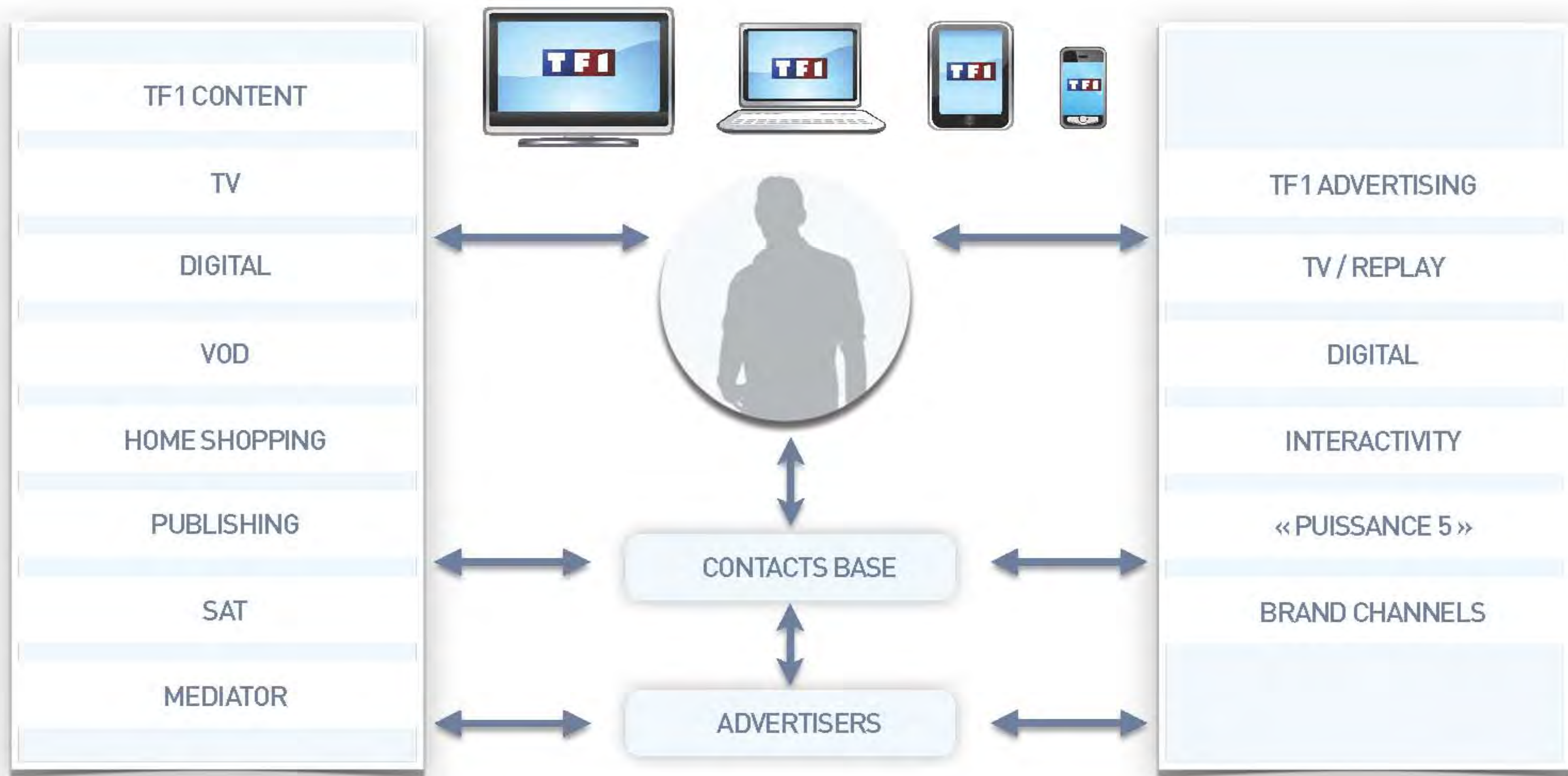
# BUSINESS ADVANTAGES

- ▶ **REVOLUTION IN OUR OFFER**
  - Fully 360 programme design
  - Sharp rise in freeview/pay 2.0 services
- ▶ **INTERACTIVE OFFER**
  - Taking full advantage of social networks
- ▶ **OUR BRANDS : A MAJOR STRONG POINT**
  - Unrivalled promotion and value ability
  - Increasingly diverse merchandising
- ▶ **INCREASINGLY NUMEROUS AND TARGETED CONTACTS**
  - Contact qualification becoming operational
  - Qualified customer bases underway
  - Highly promising contact platforms

**INCREASING EXPERTISE**



# A UNIQUE SYSTEM



## PLATFORMS WITH EMERGING POTENTIAL



# OUR ROADMAP FOR 2013-2014

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**STRENGTHEN THE PAY OFFER**

SHARPEN  
COMPETITIVE EDGE



UshuaïaTVhistoireSTYLIAtvbreizhEUROSPORT

▶ **POTENTIAL ENHANCED BY PARTNERSHIP WITH**  **Discovery**  
COMMUNICATIONS™

Project to build a broader offer

- Discovery channels relevant for French market
- Complementary fit with existing TF1 group offer
- Our channel grids enhanced by Discovery content

**CREATE A COMPETITIVE OFFER  
FOR THE FRENCH MARKET**



# EUROSPORT & DISCOVERY : NUMEROUS SYNERGIES

## DISTRIBUTION

- ▶ JV created in January 2013
- ▶ Aim: improved shared proposal for a global offer



**SYNERGIES AND GROWTH**

## ADVERTISING

- ▶ Eurosport: pan-European advertising expertise
- ▶ Discovery: strong know-how in local advertising
- ▶ Pooled marketing



**TAKE ADVANTAGE OF MAJOR COMPLEMENTARITIES**

## DEVELOPMENT

- ▶ New territories to be targeted
- ▶ New rights to be negotiated



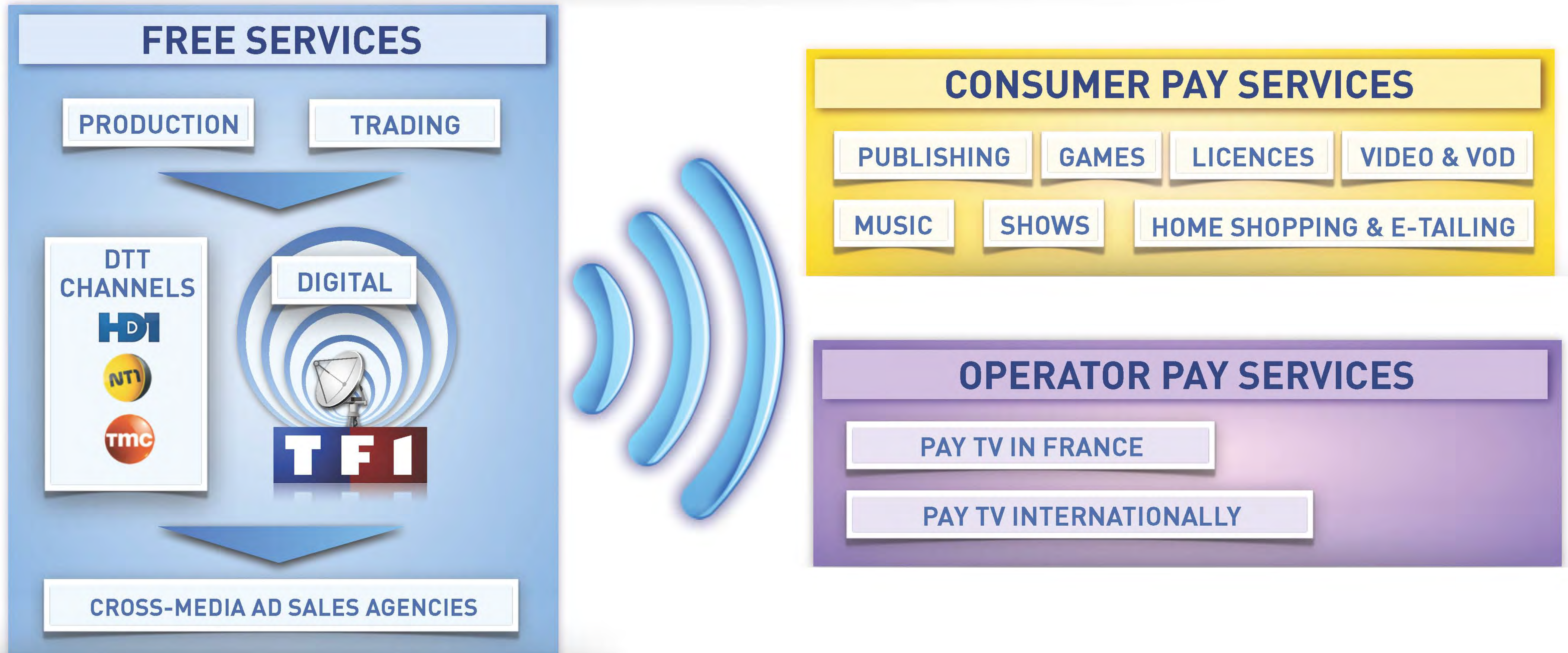
**GROWTH, IN THE CONTINUITY OF EUROSPORT STRATEGY**



**A PROMISING PARTNERSHIP**



# UNLOCKING SYNERGIES IN ACTIVITY CENTRES



**2007 / 2012: A TRANSFORMED GROUP**



# UNLOCKING SYNERGIES IN ACTIVITY CENTRES

## MARKET

RISE IN TV VIEWING HOURS

MULTI-EQUIPPED HOUSEHOLDS

NEW TECHNOLOGIES

NEW USES

## STRENGTHS

UNDENIABLE EXPERTISE

HIGH VALUE ADDED

RECOGNISED LEADERSHIP POSITION

HEALTHY FINANCIAL STRUCTURE

CONTENT ROLLED OUT ACROSS ALL MEDIA

GROUP OPEN TO PARTNERSHIP

NEW MODEL DEVELOPED THROUGH STRONG BRANDS

## OFFERS

INNOVATIVE AND CROSS-MEDIA BUSINESS OFFERS

## TARGETS

TV VIEWERS

CONSUMERS

WEB USERS

MOBILE USERS

ADVERTISERS

DISTRIBUTORS

**A WELL-POSITIONED GROUP**



# OUTLOOK IN 2013

	€m	2012	2013	Change
Consolidated revenue		2,621	2,540	-3%

- ▶ Uncertain economic outlook
- ▶ Very little visibility



## OUR SHORT-TERM RESPONSE TO THE LACKLUSTRE ECONOMY

- ▶ **SOFTEN THE BLOW OF THE ECONOMIC ENVIRONMENT**
  - Accelerate the optimisation plan
  - Prices adapted to market
  - More selectivity in our choices
  - Committed teams to get through the situation
- ▶ **CONTINUE TO CULTIVATE OUR STRONG POINTS FOR THE FUTURE**
  - Give nothing away in terms of audience
  - Strengthen our internal and external synergies
  - Pursue our innovative developments with caution
  - Take increasing advantage of partnerships
  - Benefit from tightened management with an experienced Executive Committee

**DEALING HEAD ON WITH THE PRESENT  
WHILE PREPARING FOR THE FUTURE**



## OUR MEDIUM-TERM RESPONSE (1/2)

- ▶ **THE MARKET IS SET TO EVOLVE**
  - Fragmentation will stabilise
  - Leadership premium set to regain strong value
  - Regulation will provide room for manoeuvre
  - Social TV will be confirmed as a growth driver
  - Delinearisation will benefit the most innovative
  - Demand will increasingly be multi-screen and multi-use
  - Advertising investment will concentrate on 360° groups

**A COMPLEMENTARY FIT BETWEEN MASS MEDIA AND ONE-TO-ONE WILL BE THE KEY TO BUSINESS SUCCESS**



## OUR MEDIUM-TERM RESPONSE (2/2)

- ▶ **THE GROUP IS GIVING ITSELF THE MEANS TO BOUNCE BACK**
  - Leadership position further strengthened between now and 2015
  - Unique market value
  - Leading multi-screen/multi-use strategy
  - Strong position in social and non-linear TV
  - Multi-channel business offer and increasingly 360°
  - Partnerships coming into full bloom
  - Constant capacity for innovation and adaptation
  - High-performance organisation, processes and management
  - Our keywords: pragmatism and anticipation

**THE CHANNELS AT THE HEART OF A NEW ECOSYSTEM**



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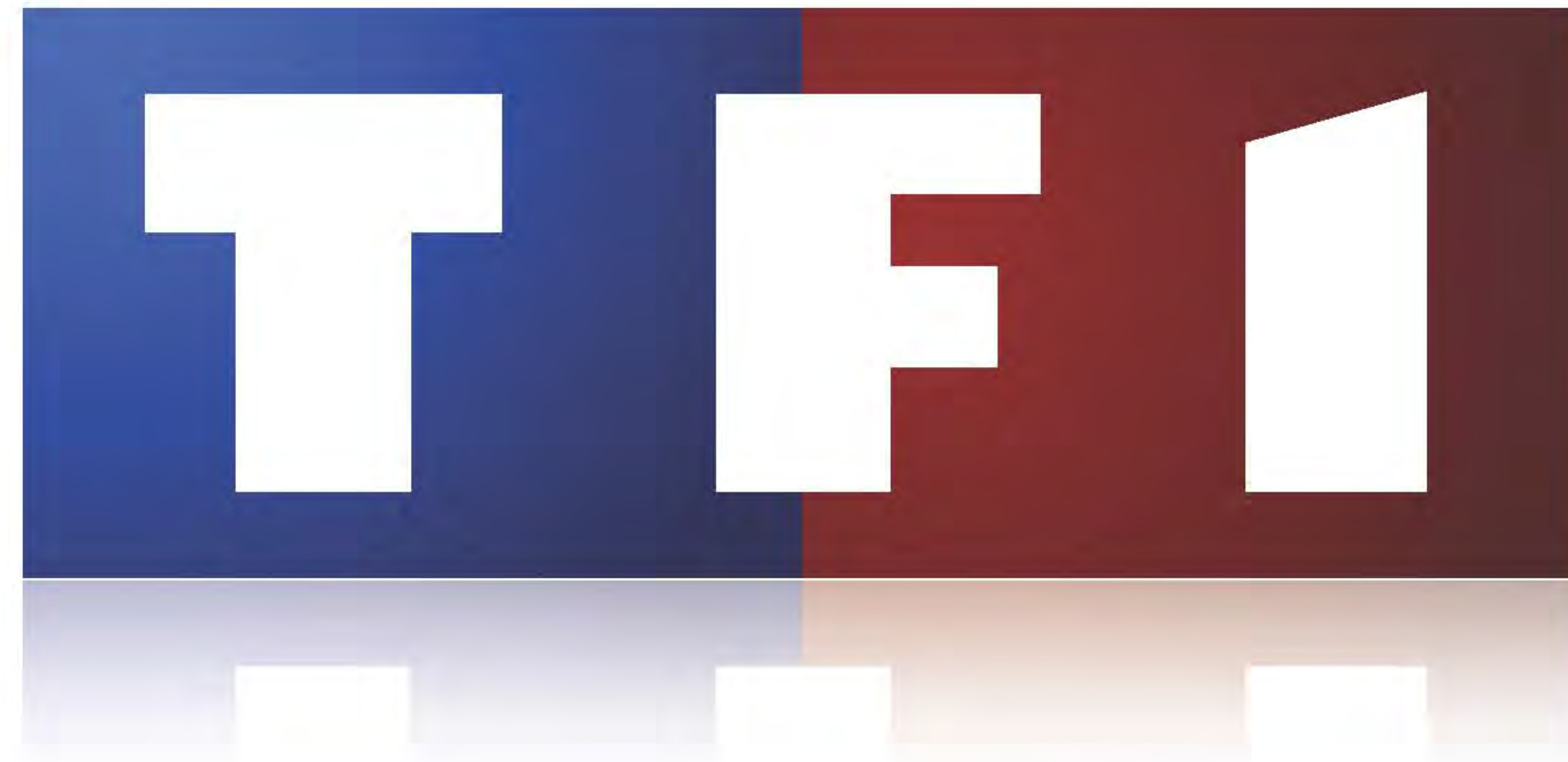
**2012 REVIEW**

**FINANCIAL STATEMENT**

**OUTLOOK**

**QUESTION & ANSWER**





# 2012 RESULTS PRESENTATION

19 February 2013