

# 2008 TMT conference

June 4th 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.**

# Revenue evolution

€M	Q1 2008	Q1 2007	Change	%
<b>Broadcasting France</b>	<b>557.7</b>	<b>581.6</b>	<b>(23.9)</b>	<b>(4.1%)</b>
<i>TF1 SA</i>	442.5	458.0	(15.5)	(3.4%)
<i>Theme channels in France</i>	46.4	46.2	0.2	0.4%
<i>Group Téléshopping</i>	38.0	41.9	(3.9)	(9.3%)
<i>TF1 Entreprises</i>	5.6	7.0	(1.4)	(20.0%)
<i>e-tf1</i>	12.4	13.9	(1.5)	(10.8%)
<i>In-house production companies</i>	7.5	8.9	(1.4)	(15.7%)
<i>Others</i>	5.2	5.7	(0.5)	(8.8%)
<b>Audiovisual rights</b>	<b>36.5</b>	<b>60.7</b>	<b>(24.2)</b>	<b>(39.9%)</b>
<i>TF1 Vidéo</i>	24.6	27.7	(3.1)	(11.2%)
<i>Catalogue</i>	11.9	33.0	(21.1)	(63.9%)
<b>International broadcasting</b>	<b>64.2</b>	<b>60.0</b>	<b>4.2</b>	<b>7.0%</b>
<b>Total revenue</b>	<b>658.4</b>	<b>702.3</b>	<b>(43.9)</b>	<b>(6.3%)</b>

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# Consolidated income statement

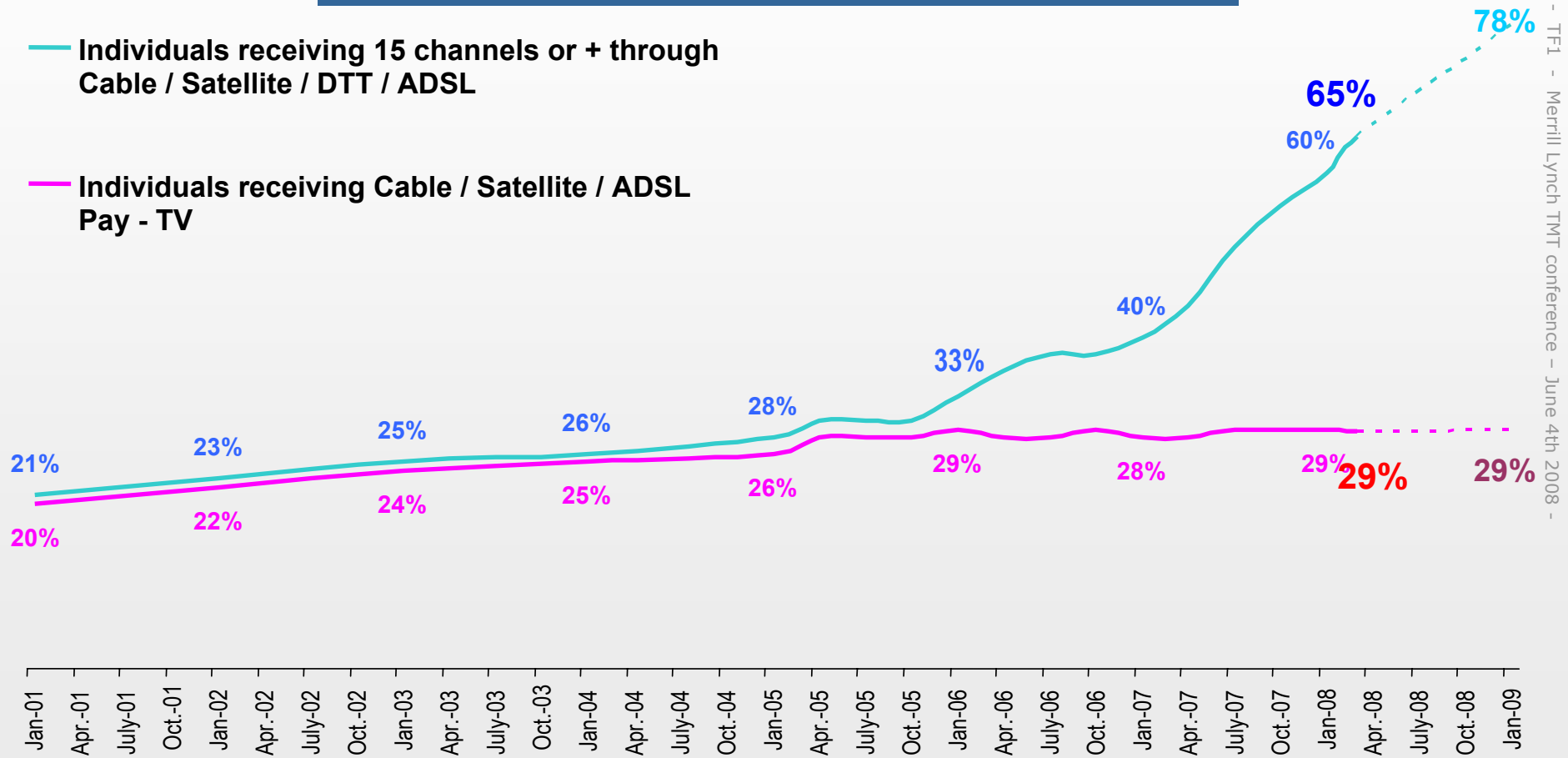
€M	Q1 2008	Q1 2007	Change	%
<b>Consolidated revenue</b>	<b>658.4</b>	<b>702.3</b>	<b>(43.9)</b>	<b>(6.3%)</b>
Total programming cost	(235.5)	(227.3)	(8.2)	3.6%
Total other operating income and expenses	(297.3)	(315.6)	18.3	(5.8%)
Amortisation and depreciation	(26.8)	(34.4)	7.6	(22.1%)
<b>Operating income</b>	<b>98.8</b>	<b>125.0</b>	<b>(26.2)</b>	<b>(21.0%)</b>
Cost of net debt	(4.4)	(3.5)	(0.9)	25.7%
Other financial income and expenses	2.7	9,5	(6,8)	(71,6%)
Income tax expense	(28.6)	(42.0)	13.4	(31.9%)
Share of profits / losses of associates	1.9	(0.5)	2.4	-
<b>Net result from continuing operations</b>	<b>70.4</b>	<b>88.5</b>	<b>(18.1)</b>	<b>(20.5%)</b>

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# At the end of April 2008, 65% of the French receive more than 15 channels

## channels

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



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Source Médiamétrie-Médiamat – Téléreport Données Individuelles & MMW



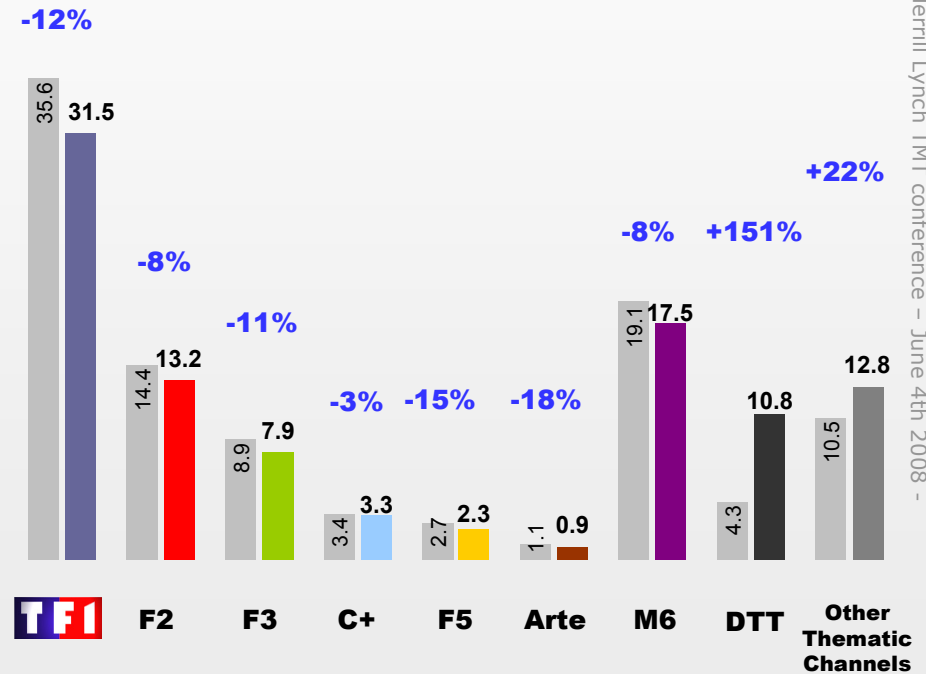
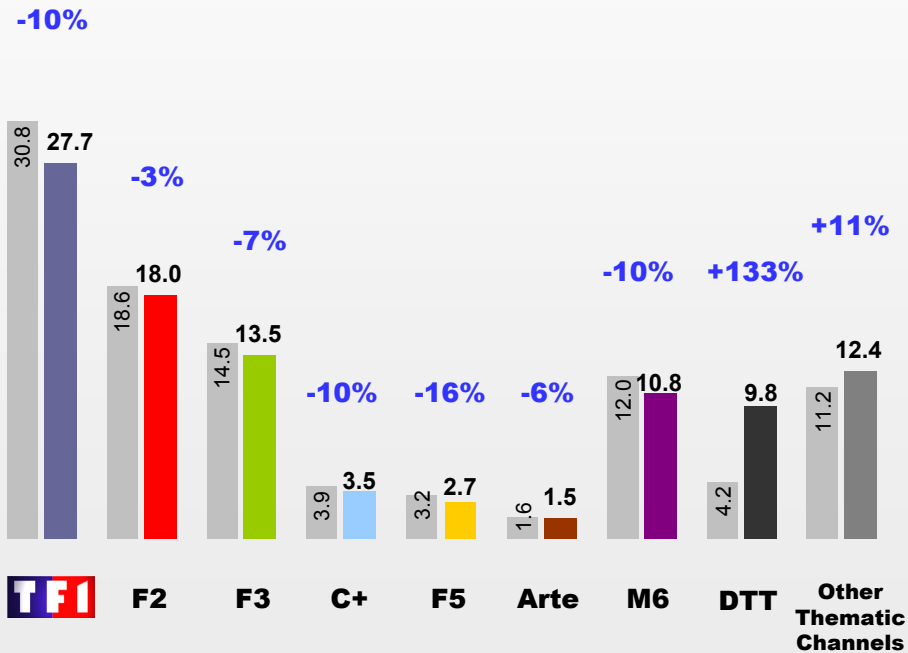
# Other TV's ongoing growth impacts all national TV channels

■ Jan.-April 2007

■ Jan.-April 2008

Ind. 4 years or +

Wom. < 50 years



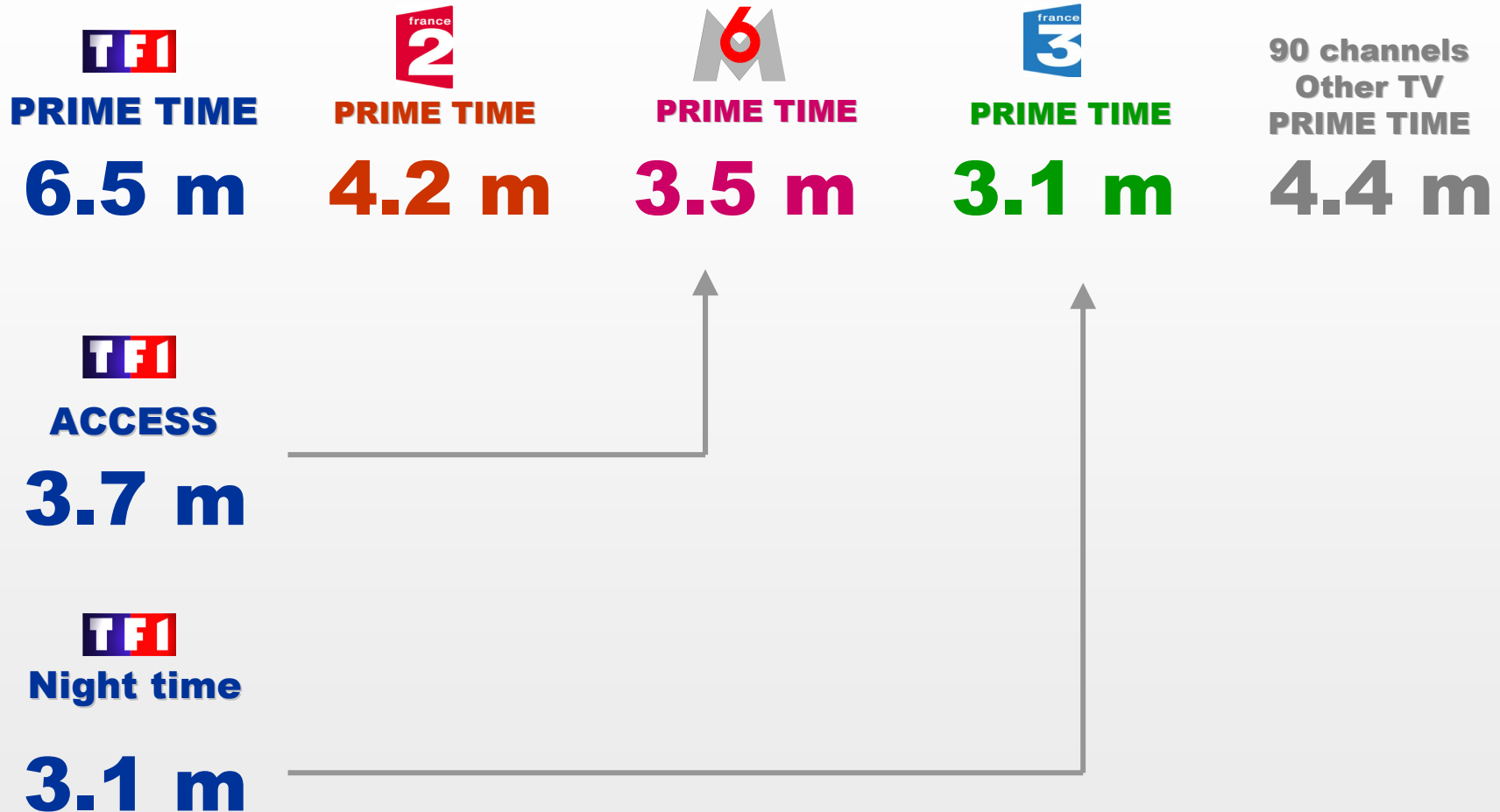
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Source Médiamétrie / Médiamat



# TF1 : a unique position

January - April 2008



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Time slots : Access (18h15/19h45) - Prime Time (21h/22h45) - night time (22h45/24h30)

# TF1, the most attractive channel

## Audience share

*From January to April 2008*

	Mediamat environment* (i.e. ~30% pay TV penetration)		DTT environment* (100% TNT)		Cabsat environment**		
				Degree of résistance		Degree of résistance	
<b>TF1</b>	<b>27.7%</b>	→	<b>27.5%</b>	<b>99%</b>	→	<b>24.9%</b>	<b>90%</b>
<b>France 2</b>	18.0%	→	16.6%	<b>92%</b>	→	12.9%	<b>72%</b>
<b>France 3</b>	13.5%	→	11.9%	<b>88%</b>	→	9.0%	<b>67%</b>
<b>M6</b>	10.8%	→	10.6%	<b>98%</b>	→	8.6%	<b>80%</b>

**TF1** : the best resistance to the market fragmentation

The market fragmentation widens the gap between TF1 and its competitors

\* Source: Médiamétrie - Mediamat - Ind. 4 years or + - From January to April 2008

\*\* Mediacabsat V14 September to February 2008



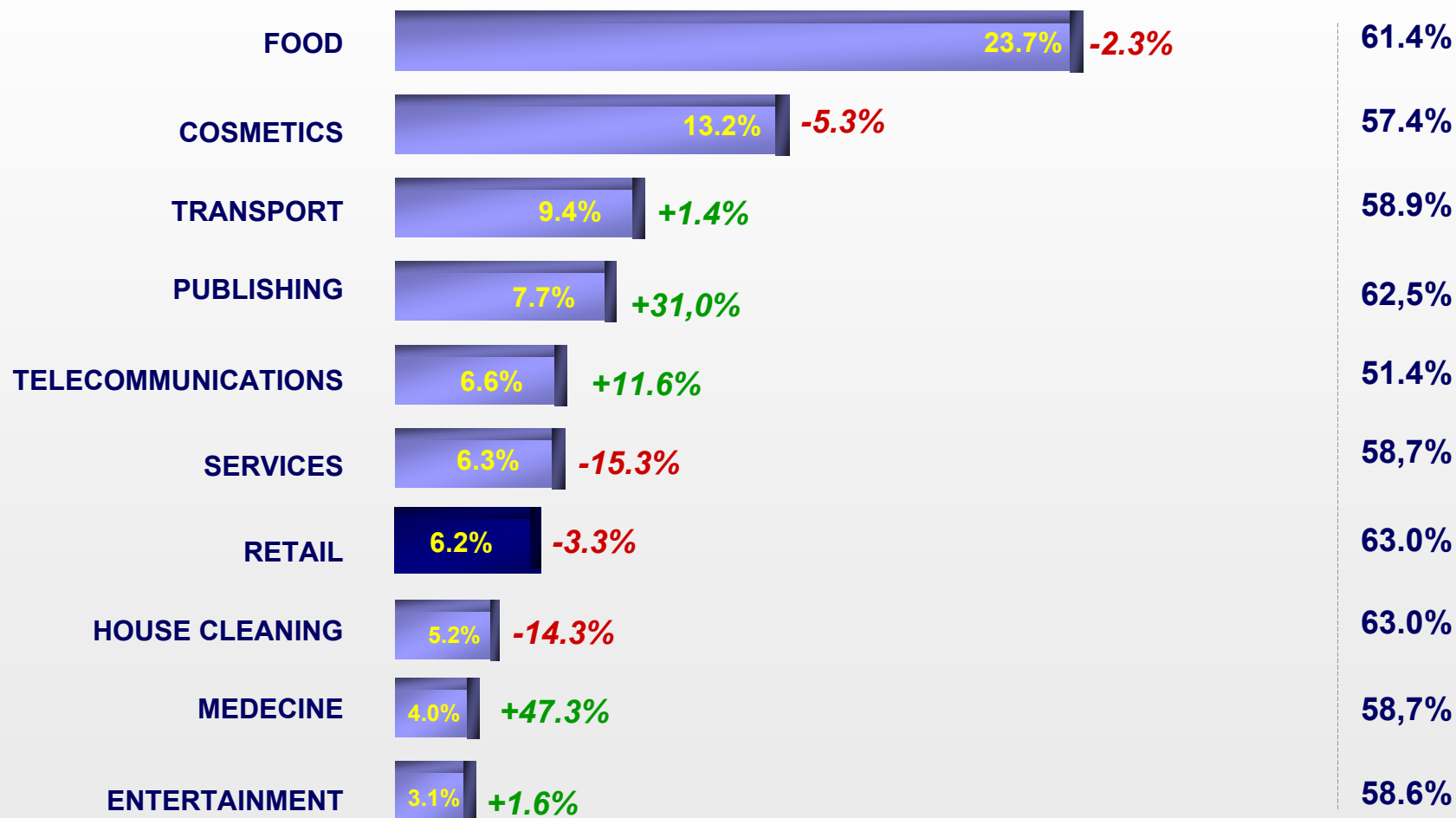
# Advertising revenues broken down by sectors (Jan-Apr. 08)

 Weight

 Investments' change

Gross investments on TF1

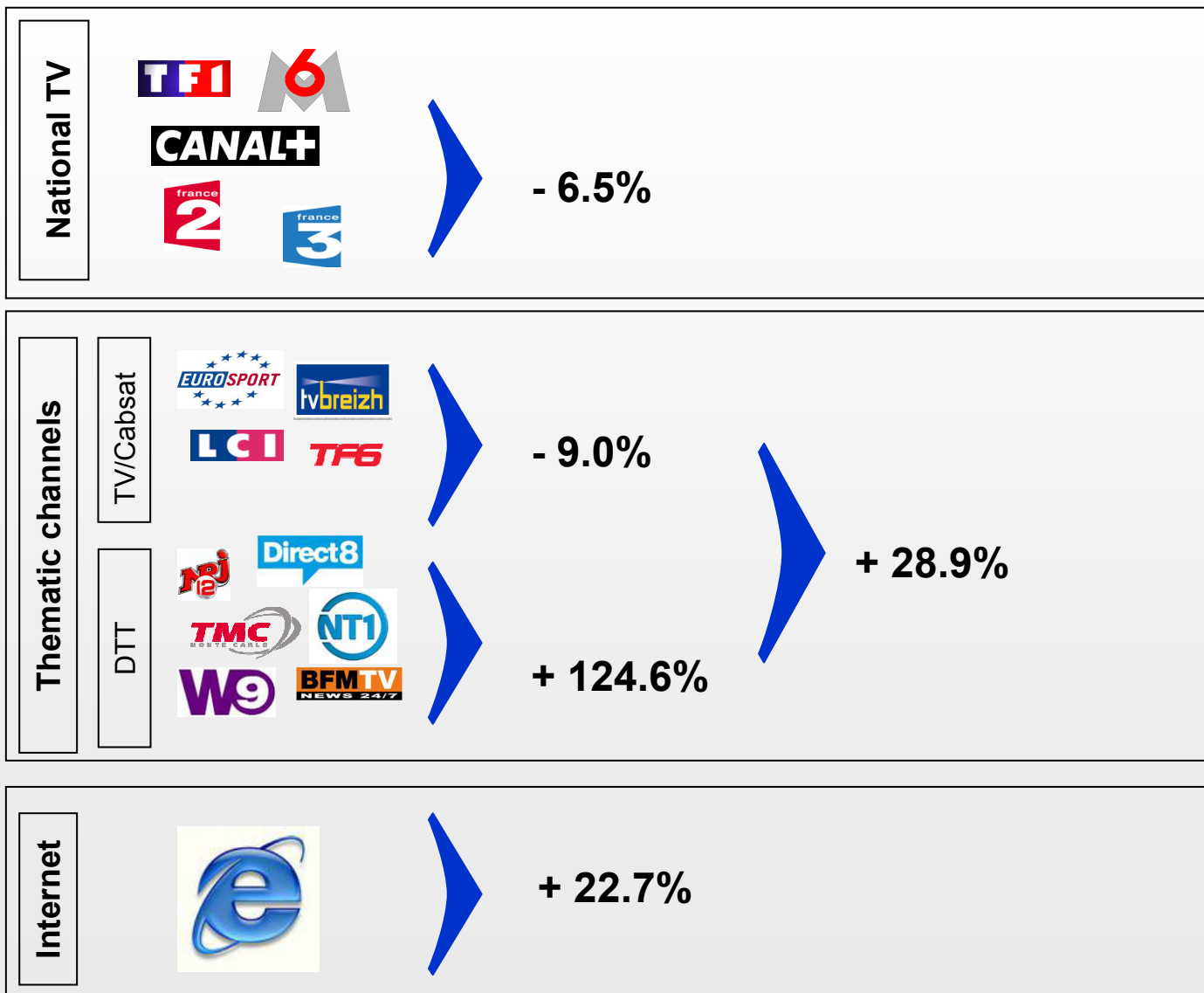
TF1 market share



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# Q1 08 : advertising market evolution

January – March 2008 vs January – March 2007



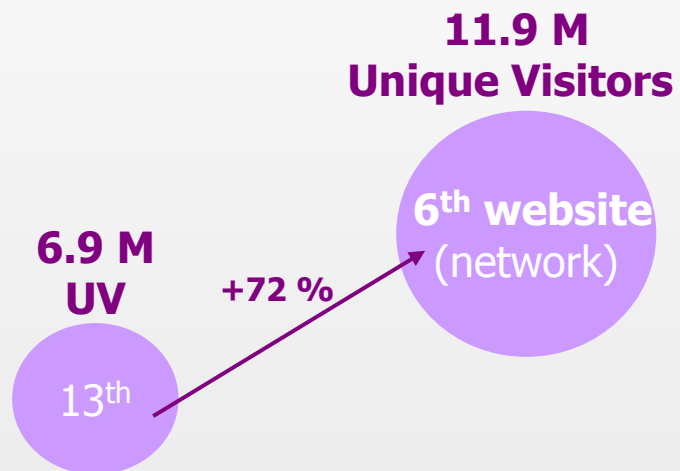
# TF1 network is established in the top 10 French websites

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

**All Thematics TF1**  
**are in the top 4**

*March 2007*

*March 2008*



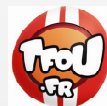
*Ranking march 2008*



▷▷ **3<sup>rd</sup> News website**



▷▷ **2<sup>nd</sup> Sports website**



▷▷ **4<sup>th</sup> Youth website**



▷▷ **3<sup>rd</sup> Women website**



▷▷ **3<sup>rd</sup> Video platform**

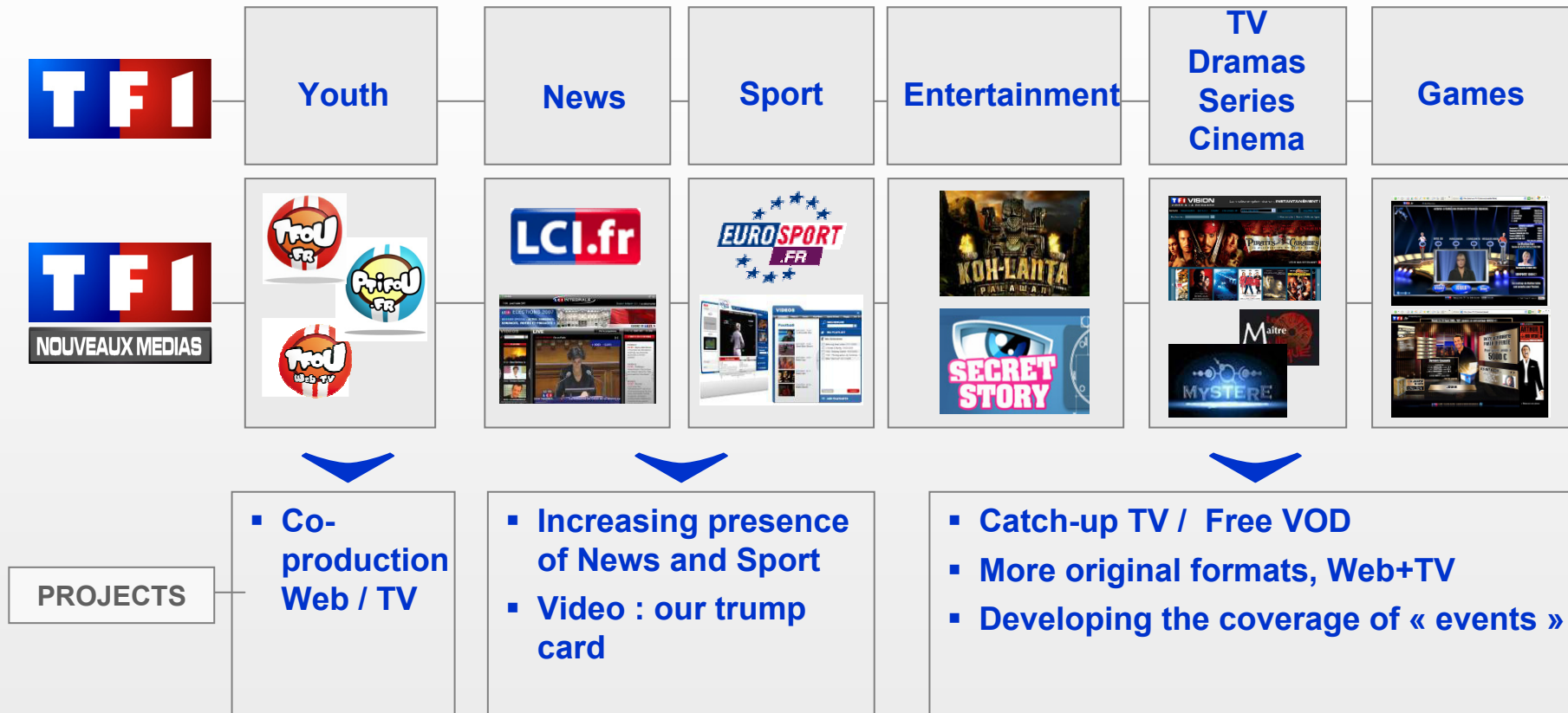


▷▷ **2<sup>nd</sup> Community platform**

**TF1 network advertising revenue : + 20%**

Sources : Panel NNR Médiamétrie March 2008 - Home & Work Internet application excluded

# The global media strategy : already a reality



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

# Improving our performances

€M	2007	
Consolidated revenue	2,763	<p><b>62% : TF1 channel advertising revenue</b></p> <p><b>38% : Diversifications</b></p>
		<p><b>Better monetizing our audiences :</b> <i>Acting as a Global Media</i></p> <p><b>Extending advertising agency competences</b></p> <p><b>External and organic growth</b></p> <p><b>Developing our free-to-air offer</b> <i>Good performances of TMC</i></p> <p><b>Reinforcing our pay-TV offer :</b> <i>Reorganisation of the discovery channels</i></p> <p><b>No more advertising on state-owned TV channels</b></p> <p><b>Putting into force the European Directive</b></p> <p><b>Changing the anti-concentration regulation</b></p> <p><b>Earlier launch of the “bonus channel”</b></p> <p><b>Acquisition of an other DTT channel ?</b></p>

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# Improving our performances

€M	2007	
<p><b>TF1 channel operating expenses</b></p>	<p><b>(1,508)</b></p>	<p><b>30% : production investment / broadcasting and levies (~ € 460 M) = linked to regulation</b></p> <p><b>40% : non regulated programmes (~ € 650 M) = target of stabilization</b></p> <p><b>30% charges (~ € 400 M) = optimization</b></p> <p><b>Stabilization of programming costs</b></p> <p><b>Renegotiation of content agreements (entertainment and sport) <i>Renewal of the Endemol agreement, reengineering of the In-house production division</i></b></p> <p><b>Implementation of synergies for right acquisitions</b></p> <p><b>Setting up a Purchase Department <i>First results</i></b></p> <p><b>Day-to-day cost control</b></p> <p><b>Limiting production constraints</b></p> <p><b>Flexibility in broadcasting obligations</b></p> <p><b>Transmission costs reduction with the switch off</b></p>
<p><b>Diversifications expenses</b></p>	<p><b>(950)</b></p>	<p><b>Purchase Department</b></p> <p><b>Day-to-day cost control</b></p> <p><b>Closing non-profitable activities</b></p>

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# Improving our performances

## Main financial targets

- **2008 consolidated revenue : ~ - 3%**
  - The current situation of the media market
  - Uncertain economic environment
  - Lack of visibility on the regulatory framework
- **Diversified activities : 50% of consolidated revenue in 2011/2012**
- **Consolidated EBITDA margin in 2011/2012 : ~ 20%**
- **Programming costs stabilization**

# Appendix





# Specific datas

## TF1 channel advertising

- The current situation of the media market
- The uncertain economic environment
- The lack of visibility on the regulatory framework

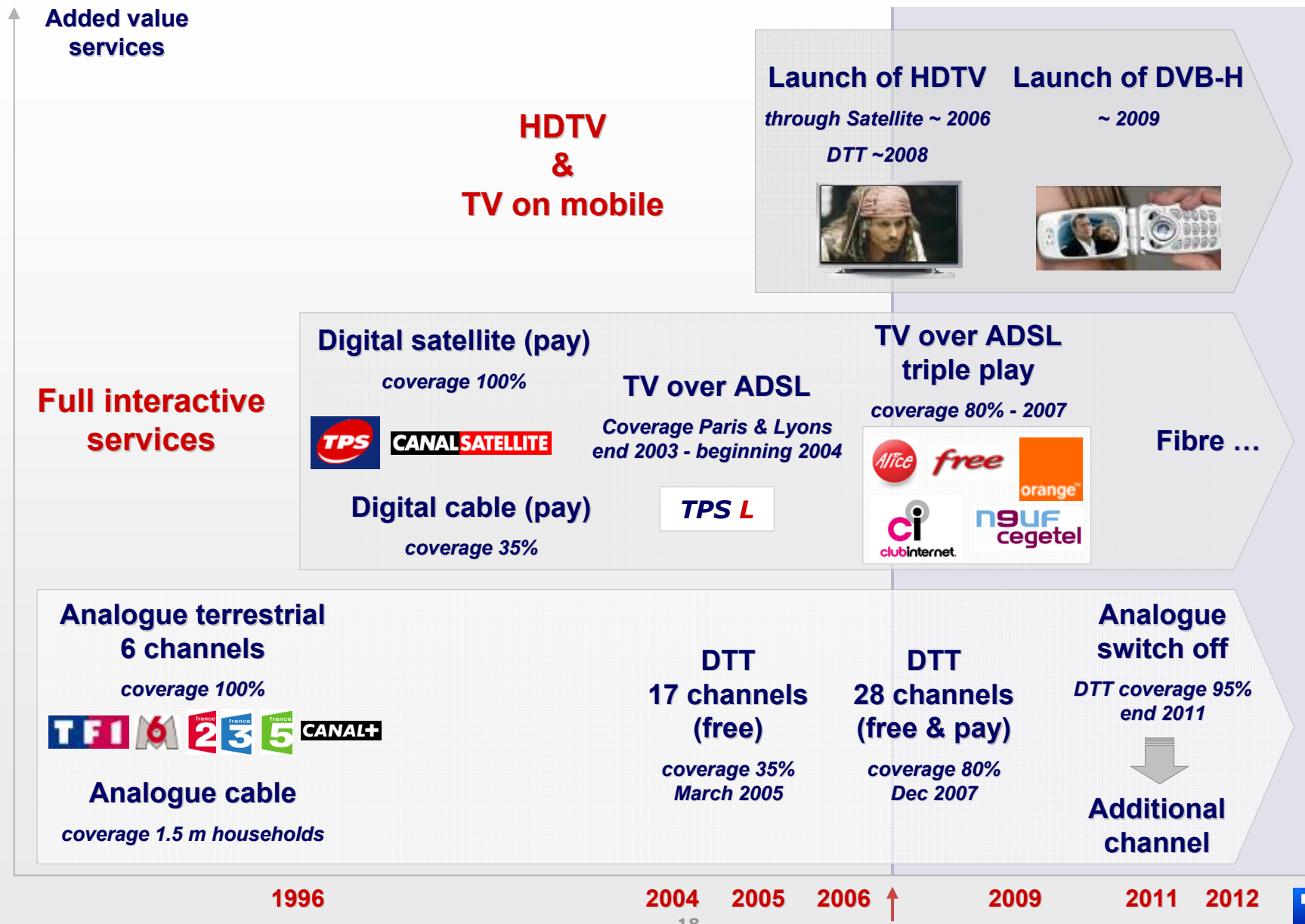
## TF1 channel programming costs

- 2008 Euro : around €50 m
- 2010 Football World Cup: €120 m ; 2014 Football World Cup: €130 m
- 2011 Rugby World Cup: ~ €50 m ;
- Stabilization target in 2011/2012

## Targets

- Consolidated Revenue FY 2008 : ~ - 3%
- 50% of total revenue from diversification in 2011/2012
- Consolidated EBITDA margin : ~ 20% in 4 to 5 years from now

# A more and more competitive environment



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# Digital Terrestrial Television

## 17 free-to-air channels + canal bonus in 2011

State-owned	     	 	News
Generalists	 		Music
Mini generalists	    		Youth

MPEG 2

## 11 paying channels

Premium	 	 	Sport
Mini generalists	 		Cinema
News			15-35 years old
Youth			Documentaries

MPEG 4



TF1 Group channels

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# France: The most regulated market in Europe

## TF1: legal environment

### ADVERTISING

- Duration: daily average: 6 ' / hour  
max: 12 ' / hour
- Sector non authorized to advertise on TV: cinema...
- Sliding hour measurement vs. o'clock hour in Europe
- Interruption of programmes: 1 ad break max /movie
- Advertising on France's Public Televisions

### PROGRAMMING

- Investment obligations in French and EU programmes (16% of ad. revenue in TV dramas. 3.2% in Movies ...)
- Broadcast: max. 192 movies / year  
min. 1.000 hours of children's programmes  
min. 800 hours of news programmes

### SHAREHOLDING

- 49% ownership law

**Deregulation could come in Europe & France**

# Agenda

- **July 31** **H1 2008 Revenue & Accounts**
- **August 1** **Analysts Meeting**
- **November 13** **Q3 Revenue & Accounts**

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## Contacts



**Philippe DENERY**  
*Deputy General Manager  
Chief Financial Officer*  
☎: 33-1 41 41 44 11  
✉: 33-1 41 41 29 10  
📧: pdenery@tf1.fr



**Anne BLAZY**  
*Head of Investor Relations*  
☎: 33-1 41 41 42 57  
✉: 33-1 41 41 29 10  
📧: ablazy@tf1.fr



**Frédéric LE JACQ**  
*Manager*  
☎: 33-1 41 41 33 59  
✉: 33-1 41 41 29 10  
📧: flejacq@tf1.fr



**Pia DOMMERGUE**  
*Assistant*  
☎: 33-1 41 41 27 32  
✉: 33-1 41 41 29 10  
📧: pdommergue@tf1.fr



**Valérie FRESCHÉL**  
*Manager*  
☎: 33-1 41 41 25 68  
✉: 33-1 41 41 29 10  
📧: vfreschel@tf1.fr

### IR department

☎: 33-1 41 41 27 32  
✉: 33-1 41 41 29 10  
📧: comfi@tf1.fr



1 quai du Point du Jour  
92656 Boulogne Cedex – France  
<http://www.tf1finance.fr>



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