

PRESS RELEASE

Boulogne, 30 October 2019

RESULTS FOR THE FIRST NINE MONTHS OF 2019

Revenue rises to €1,615 million, up €39 million (+2.5%)¹

Current operating margin up 3.4 points year-on-year at 11.4%

Net profit attributable to the Group up 45.1% year-on-year

Guidance reiterated

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 29 October 2019 to close off the financial statements for the first nine months of 2019. The results below are presented using the segmental reporting structure adopted by the TF1 group and in accordance with IFRS 16 (applicable from 1 January 2019). Revenue and operating profit data (published and restated) are available in our 2019 nine-month Financial Information Report and on the TF1 group corporate website: www.groupe-tf1.fr/en.

€m	Q3 2019	Q3 2018	9m 2019	9m 2018	Chg. €m	Chg. %
Consolidated revenue	469.4	492.0	1,614.6	1,575.6	39.0	2.5%
<i>TF1 group advertising revenue</i>	<i>322.4</i>	<i>339.3</i>	<i>1,158.4</i>	<i>1,151.7</i>	<i>6.7</i>	<i>0.6%</i>
<i>Revenue from other activities</i>	<i>147.0</i>	<i>152.7</i>	<i>456.2</i>	<i>423.9</i>	<i>32.3</i>	<i>7.6%</i>
Consolidated revenue	469.4	492.0	1,614.6	1,575.6	39.0	2.5%
Broadcasting	354.8	363.4	1,245.6	1,232.4	13.2	1.1%
<i>o/w Advertising</i>	<i>303.4</i>	<i>321.3</i>	<i>1,094.8</i>	<i>1,113.2</i>	<i>(18.4)</i>	<i>-1.7%</i>
Studios & Entertainment	76.5	96.0	245.3	281.8	(36.5)	-13.0%
Digital (Unify)	38.1	32.6	123.7	61.4	62.3	101.5%
Cost of programmes	(213.5)	(226.6)	(659.7)	(725.9)	66.2	-9.1%
Current operating profit	21.4	24.6	184.4	126.6	57.8	45.7%
<i>Current operating margin</i>	<i>4.6%</i>	<i>5.0%</i>	<i>11.4%</i>	<i>8.0%</i>		<i>+3.4pts</i>
Broadcasting	14.1	14.4	156.6	94.3	62.3	66.1%
Studios & Entertainment	7.7	7.9	25.0	27.3	(2.3)	-8.4%
Digital (Unify)	(0.4)	2.3	2.8	5.0	(2.2)	-44.0%
Operating profit	21.4	19.1	184.4	110.1*	74.3	67.5%
Net profit attributable to the Group	10.5	15.6	117.8	81.2	36.6	45.1%

Consolidated revenue of the TF1 group for the first nine months of 2019 reached **€1,614.6 million**, an increase of €39.0 million (including €38.1 million for the effects of changes in structure¹). Advertising revenue was €1,158.4 million, up 0.6% year-on-year, reflecting:

- a 1.7% decrease in advertising revenue for the Broadcasting segment due to a particularly tough third-quarter comparative (Q3 2018 included the men's Football World Cup);
- the favourable effects of the first-time consolidation of Unify from May 2018.

The Group posted **current operating profit** for the first nine months of 2019 of **€184.4 million**², an increase of €57.8 million. **Current operating margin** increased sharply over the period to **11.4%**, 3.4 points higher year-on-year.

Net profit attributable to the Group for the first nine months of 2019 was up €36.6 million at **€117.8 million**.

¹ Including €38.1 million for the effects of changes in structure (impact of newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).

² Current operating profit after leases (i.e. excluding the impact of IFRS 16) for the first nine months of 2019 was €181.6 million, up €58.1 million year-on-year.

* In the first nine months of 2018, operating profit included €16.5 million of non-current charges relating to amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Analysis by segment

Broadcasting

- **Broadcasting segment revenue** reached €1,245.6 million, up €13.2 million (+1.1%).
 - Advertising revenue for the Broadcasting segment for the first nine months of 2019 was 1.7% lower at €1,094.8 million. After a stable first half, the third quarter was affected by a particularly tough comparative due to the screening in 2018 of the final phases of the men's Football World Cup, which helped the Group post exceptional linear and non-linear advertising revenue driven by high audience figures.
 - Revenue from other Broadcasting segment activities advanced by €31.6 million. This increase reflected the incremental revenue contribution from the agreements signed with telecoms operators and Canal+, the resale to Canal+ of broadcasting rights for the women's Football World Cup in the second quarter, and a strong performance for interactivity in the third quarter.

The audience share of the TF1 group among key targets remained high, at 32.1% of W<50PDM³ and 29.1% of 25-49 year-olds. Viewing figures were particularly strong in advertisers' preferred slots: access prime time and prime time⁴ (34% of W<50PDM, up 1.8 points over the last three years). This performance reflects the screening of flagship programmes and new productions. The relevant decision to broadcast the women's Football World Cup paid off, as close to 11 million viewers tuned in. The Group also scored multiple successes with new drama, such as *Le Temps est Assassin* (32% average share of W<50PDM). The return of big-hitting franchises also proved a success, with the launch of *Danse avec les stars* attracting a 33% share of W<50PDM.

News programmes continued to achieve high audience ratings, with average audiences of 41% for the lunchtime bulletin and 26% for the evening bulletin among individuals aged 4+, with a peak audience of 7.6 million. Finally, LCI confirmed its status as France's no.2 rolling news channel with a 1.0% share of individuals aged 4+, and a refreshed autumn schedule boosted by new names.

- The **cost of programmes** on the Group's five free-to-air channels for the first nine months of the year was €659.7 million, down €66.2 million year-on-year. The year-on-year saving was mainly due to the screening in 2018 of the men's Football World Cup. The fourth quarter will see strategic reinvestment in programming (in particular the Rugby World Cup, *Le Bazar de la Charité* and *Mask Singer*), to attract large audiences and maintain a high share among key targets.
- The **Broadcasting segment** reported **current operating profit** of €156.6 million, a substantial year-on-year rise of €62.3 million, generating current operating margin of 12.6% (up 5 points year-on-year).

Studios & Entertainment

- **Studios & Entertainment segment revenue** for the first nine months of 2019 was €245.3 million, down €36.5 million year-on-year. This decrease was mainly due to the deconsolidation of Téléshopping, divested at the start of April 2019.

Revenue at Newen was in line with seasonal trends for the third quarter. The acquisition in early October of Reel One, a Canadian producer and distributor of TV movies, will diversify the Newen catalogue by adding a genre popular with many broadcasters.

Finally, revenue continued to grow at TF1 Entertainment, driven by its PlayTwo music label, offsetting a weaker performance from TF1 Studios since the start of the year.

- The segment posted a **current operating profit** of €25.0 million, down €2.3 million year-on-year, and generated an operating margin of 10.2%.

Digital (Unify)

- **Revenue from the Digital segment (Unify)** totalled €123.7 million. Most of the revenue growth achieved in the third quarter came from social e-commerce and programmatic activities in France.

Following the acquisitions made in recent months, the main focus in 2019 is on reorganising the business to build an integrated digital business unit. A key step was the rollout in September 2019 of Unify Advertising, a one-stop advertising sales house, offering high-powered digital solutions that complement those offered on the Group's TV channels.

- **Current operating profit** amounted to €2.8 million.

³ Women aged under 50 purchasing decision-makers.

⁴ 6pm-11pm.

Financial position

Shareholders' equity attributable to the Group was €1,581.1 million at 30 September 2019 out of a balance sheet total of €3,234.1 million.

Excluding lease obligations⁵, the TF1 group had net debt of €53.3 million at 30 September 2019 (net debt of €147.8 million including lease obligations⁵), compared with net debt of €27.5 million at 31 December 2018 (net debt of €130.9 million including lease obligations⁵). Cash flow generated by operating activities was higher year-on-year at €277.1 million, enabling the dividend payout as well as funding the expansion of our production activities and our acquisitions.

Extra-financial performance

During the first nine months of 2019, the TF1 group retained its place in two extra-financial indices, reflecting its commitment to corporate social responsibility: the DJSI index (re-confirmed in September) and the MSCI index (re-confirmed in July).

More recently, the TF1 group retained its position as the highest-ranked media group in the global top 100 companies for gender equality⁶, underlining our commitment to equality in the workplace and to representing the diversity of society as a whole.

Outlook

Our 2019 nine-month results confirm that we are well on track to **improve our profitability**, in line with our targets.

We are reiterating the following guidance:

- **in 2019:**
 - o **double-digit current operating margin;**

- **on average over 2019-2020:**
 - o **total cost of programmes of €990 million;**

- **in 2021:**
 - o **revenue of at least €250 million from the Unify digital division;**
 - o **EBITDA margin of at least 15% from the Unify digital division;**
 - o **improvement in the TF1 group's return on capital employed⁷ relative to the 2018 level.**

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report. Our financial information report for the first nine months of 2019 is available on our corporate website at <http://www.groupe-tf1.fr/>. A conference call is scheduled for 30 October at 9am (Paris time). For details of how to connect go to <http://www.groupe-tf1.fr/en/investisseurs>.

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⁵ Under IFRS 16, applicable from 1 January 2019.

⁶ Source: Equileap.

⁷ ROCE = the ratio of [current operating profit - theoretical income tax expense + net profit from associates] for a given year to average capital employed that year and the previous year. Capital employed = shareholders' equity including minority interests + net debt at period-end. Excluding the impact of IFRS 16, the TF1 group's ROCE was 8.8% in 2018.