

PRESS RELEASE

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TF1 GROUP 2017 ANNUAL RESULTS

Full-year revenue growth of 3.0%

Current operating profit of €185 million

Margin rate of 8.7%, up 2.4 points

Group share of target audience¹ higher year-on-year at 32.3%

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 15 February 2018 to close off the financial statements for the year ended 31 December 2017.

The results shown below (presented using the segmental reporting structure adopted by the TF1 group), and historical revenue and operating profit data, are available on our corporate website: www.groupe-tf1.fr.

CONSOLIDATED FIGURES (€m)	Q4 2017	Q4 2016	Chg. €m	Chg.%	2017	2016	Chg. €m	Chg.%
Revenue	658.3	636.0	22.3	3.5%	2,124.9	2,062.7	62.2	3.0%
TF1 group advertising revenue	479.6	465.5	14.1	3.0%	1,561.7	1,530.1	31.6	2.1%
Revenue from other activities	178.7	170.5	8.2	4.8%	563.2	532.6	30.6	5.7%
Current operating profit/(loss)	69.8	82.8	(13.0)	-15.7%	185.3	129.4	55.9	43.2%
Current operating margin rate	10.6%	13.0%	-	-2.4pts	8.7%	6.3%	-	+2.4pts
Operating profit/(loss)	64.0	67.8	(3.8)	-5.6%	162.0	45.7	116.3	x3.5
Cost of net debt	(0.3)	(0.2)	(0.1)	50%	(1.5)	(1.2)	(0.3)	25.0%
Net profit/(loss) attributable to the Group	51.2	55.5	(4.3)	-7.7%	136.1	41.7	94.4	x3.3

Consolidated revenue for the year ended 31 December 2017 was **€2,124.9 million**, up €62.2 million year-on-year, comprising:

- advertising revenue of €1,561.7 million, up €31.6 million (+2.1%) on 2016;
- revenue from other activities of €563.2 million, up €30.6 million (+5.7%) year-on-year.

Full-year **current operating profit** reached **€185.3 million** in 2017, compared with €129.4 million a year earlier, an increase of €55.9 million. This mainly reflects:

- the effects of the multi-channel strategy and the transformation of the Group;
- a saving of €22.7 million on the cost of programmes, including the absence of major sporting events (or a saving of €36.9 million, net of replacement programmes);
- recurring savings of €27 million under the "Recover" plan.

Operating margin rose by 2.4 points to 8.7%, compared with 6.3% a year earlier.

The Group posted an **operating profit** of **€162.0 million**, after charging €23.3 million of non-current expenses related to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Net profit attributable to the Group amounted to **€136.1 million**. As well as net profit from operations, this also includes gains on the divestment of equity interests in Groupe AB and Teads; a tax gain from the reimbursement of the 3% levy on dividends; and an exceptional corporate income tax contribution related to changes in the tax rate at the end of the year.

¹ W<50PDM: Women aged under 50 purchasing decision-makers.

Audiences²

The **TF1 group**, France's leading private-sector television group in 2017, slightly increased its share of the target audience of W<50PDM by 0.2 of a point year-on-year to 32.3%, and also upped its share of the 25-49 year-olds target audience by 0.3 of a point to 29.2%.

The Group's five unencrypted channels had a combined audience share of 27.7% among individuals aged 4 and over in 2017, up 0.3 of a point year-on-year.

A particular highlight was the successful renewal of strong access prime time³, with each channel addressing complementary targets:

- TF1: the daily soap *Demain nous appartient*, produced by Newen Studios, attracted an average audience of 3.4 million, including 0.6 million catch-up viewers;
- TMC: *Quotidien* built on its initial success, boosting the channel's audience growth;
- TFX⁴: the reality TV franchises *10 couples parfaits* and *La Villa des cœurs brisés* achieved ratings success;
- TF1 Séries Films⁴: French and American series were popular among women viewers (*Section de recherches*, for example);
- LCI: David Pujadas, a new face on LCI, enjoyed success with *24h Pujadas, l'info en questions*.

The **TF1 core channel** confirmed its market leadership in 2017, growing its share of W<50PDM in the second half of the year with its usual range of mainstream programmes and event TV. The channel achieved 19 of the top 20 audience ratings of 2017, with successes across all programme genres. French drama had the most entries of any genre (42 programmes) in the top 100 audiences of 2017, and TF1 led the way with a diverse range of must-see prime time drama (*Le tueur du lac* with 7.2 million viewers, *Mention Particulière* with 6.5 million) alongside established franchises that performed very well (*Section de Recherches* with up to 7.3 million viewers, *Alice Nevers* with up to 6.5 million).

In news and current affairs, TF1 scored the highest audience rating of the year with the Great Presidential Debate (9.9 million viewers). The channel's regular news bulletins remained well ahead of the competition with up to 6.9 million viewers on weekday evenings and up to 7.8 million on weekend evenings.

The **Group's DTT channels** (TMC, TFX, TF1 Séries Films, LCI) are market leaders for target audiences averaged over a 24-hour day. They had an excellent year, raising their share of the W<50PDM target audience by 0.5 of a point to 10.2%. This was due to the successful repositioning of TMC, which grew its audience share by a substantial 0.6 of a point among the target market of 25-49 year-olds and by 1.0 point among ABC1s.

LCI captured an audience share of 0.6% among individuals aged 4 and over, and confirmed its status as France's no. 2 news channel.

MYTF1 also turned in a fine performance in 2017 as the number of video views hit 1.3 billion⁵, boosted by flagship programmes like *Demain nous appartient* (101 million) and *Quotidien* (65 million).

Since April 2017, viewers have been required to log in to watch entire programmes across the three digital screens. As a result, the number of identified internet users has doubled to 18 million.

Analysis by segment

€m	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	Q4 2017	Q4 2016	2017	2016	Chg.	Chg.%
Broadcasting	404.1	389.4	451.3	448.7	330.7	323.3	527.5	508.5	1,713.6	1,669.9	43.7	2.6%
<i>TV advertising on unencrypted channels</i>	348.0	341.3	397.2	394.9	284.4	279.7	450.892	439.4	1,480.5	1,455.3	25.2	1.7%
<i>Other revenues</i>	56.1	48.1	54.1	53.8	46.3	290.2	76.6	69.1	233.1	1,517.1	18.5	8.6%
Studios & Entertainment	94.8	92.5	86.5	94.6	99.2	78.2	130.8	127.5	411.3	392.8	18.5	4.7%
Consolidated revenue	498.9	481.9	537.8	543.3	429.9	401.5	658.3	636.0	2,124.9	2,062.7	62.2	3.0%
Cost of programmes	(233.5)	(232.4)	(248.7)	(265.4)	(211.7)	(218.7)	(290.0)	(290.1)	(983.9)	(1,006.6) *	22.7	-2.3%
Broadcasting	26.6	4.9	64.9	33.1	(8.0)	(16.5)	59.8	66.0	143.3	87.5	55.8	63.8%
<i>of which Free platforms</i>	13.9	(3.5)	51.9	21.6	(17.7)	(25.6)	47.6	52.7	95.7	45.2	50.5	x2.1
Studios & Entertainment	9.7	9.9	6.4	9.6	15.9	5.6	10.0	16.8	42.0	41.9	0.1	0.2%
Current operating profit/(loss)	36.3	14.8	71.3	42.7	7.9	(10.9)	69.8	82.8	185.3	129.4	55.9	0.4

* The cost of programmes published for 2016 was €1,032 million, including €25.4 million of non-recurring expenses. Excluding non-recurring expenses, the cost of programmes was €1,006.6 million.

² Source: Médiamétrie-Médiamat.

³ 6pm-8pm

⁴ NT1 and HD1 were rebranded as TFX and TF1 Séries Films respectively at the end of January 2018.

⁵ Excluding news content, XTRA content and live sessions.

Broadcasting

Revenue for the Broadcasting segment reached €1,713.6 million in 2017, an increase of €43.7 million, reflecting stronger advertising revenue for the five unencrypted channels (up €25.2 million) and top-line growth for the theme channels and digital activities.

Advertising revenue from the TF1 group's five unencrypted channels amounted to €1,480.5 million (+1.7% year-on-year), contributing 69.7% of consolidated revenue.

The **cost of programmes** for the TF1 group's five unencrypted channels, in the absence of any major sporting events, showed year-on-year savings of €22.7 million and a total of €983.9 million in 2017. These figures include controlled reinvestment in the DTT channels to support the multi-channel strategy.

Digital activities enjoyed robust growth during the year on the back of increased interactivity and growth in advertising revenue at MYTF1, boosted by strong programming.

Current operating profit for the Broadcasting segment for 2017 was €143.3 million, up €55.8 million year-on-year, driven largely by the advertising performance of the unencrypted channels, savings in the cost of programmes, and recurring savings under the "Recover" plan.

Studios & Entertainment

Revenue from the Studios & Entertainment segment rose by €18.5 million in 2017. On a like-for-like basis (i.e. after eliminating the additional amount of co-production shares awarded by Newen in 2017 and recognised in "Other revenue" at €27 million), organic growth accounted for 38% (€17.4 million) of the growth in segment revenue, and external growth for 62% (€28.1 million). The main contribution to the segment's external growth came from Newen's acquisition of Tuvalu.

The segment made a **current operating profit** of €42.0 million in 2017, stable relative to 2016, as good performances on the production side offset weaker profits from home shopping and movies. 2017 was also a year of investment, which is expected to deliver improvements in profitability from 2018 onwards.

Financial position

Shareholders' equity attributable to the Group was €1,581.9 million as of 31 December 2017, out of a balance sheet total of €3,390.3 million.

The gross cash position as of 31 December 2017 was €495.5 million (up €76.2 million on the previous year-end) after the dividend payout of €58.6 million, the cash outflow on the acquisition of equity interests in Tuvalu and Studio71, and the proceeds from the divestment of equity interests in Groupe AB and Teads.

The net cash position as of 31 December 2017 was €256.7 million, after taking account of the net debt carried by Newen Studios and options to buy out minority interests.

To reward investors, the Board of Directors will ask the Annual General Meeting, scheduled for 19 April 2018, to approve a dividend of €0.35 per share.

The ex-date will be 30 April, the date of record will be 2 May, and the payment date will be 3 May 2018.

Movements in share capital

Between 1 January and 31 December 2017, 448,200 shares were created as a result of the exercise of stock options. TF1 did not hold any of its own shares during that period.

As of 31 December 2017, the number of shares and voting rights stands at 209,865,742, and the share capital is €41,973,148.40.

Executive remuneration

In accordance with the AFEP-MEDEF recommendations, disclosures about executive remuneration are being published today on the corporate website at www.groupe-tf1.fr/en: go to Investors / Governance / Report on Remuneration.

Corporate governance

Acting on the recommendations of the Director Selection Committee, the Board of Directors will ask the Annual General Meeting of 19 April 2018 to renew the terms of office of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as directors for a further three years.

The terms of office of the two employee representative directors expire in 2018. The employee representative directors are directly elected by TF1 employees in advance of the Annual General Meeting. The Annual General Meeting of 19 April 2018 will know the names of the employee representative directors elected, who will serve for two years.

Outlook

During 2018, the TF1 group will press ahead with its multi-channel, multi-media and multi-line strategy, and continue to grow its digital and production activities.

The Group will carry exclusive unencrypted coverage of 28 matches from the Football World Cup across its channels; continue to refresh its range of series (*La vérité sur l'affaire Harry Quebert*), French drama (*Les bracelets rouges*, *Insoupçonnable*) and entertainment (*L'aventure Robinson*, *Running Wild*); consolidate the access prime time slot (*Quotidien*, *Demain nous appartient*); and develop its news and current affairs offer.

In distribution, the Group will – in line with what was achieved with Altice-SFR in 2017 and Bouygues Telecom in early 2018 – offer TF1 Premium (content plus new services) to all operators.

In digital, the recently-announced acquisition of the aufeminin group will pave the way for a different relationship with advertisers built on strong internet audiences delivered by highly-engaged web communities around aufeminin brands (aufeminin.com, Marmiton, My Little Paris); these brands have a presence in over 20 countries, with many followers even paying for gift box plans⁶. The integration of aufeminin with the TF1 group could take place (after clearance from the competition authorities) during the first half of 2018. This will be one of the priorities for accelerating the Group's digital transformation in 2018.

The TF1 group expects:

- **from 2018 onwards: growth in current operating margin** at Group level (excluding major sporting events);
- **average annual cost of programmes reduced to €960 million** (excluding major sporting events) for the five unencrypted channels for the **2018-2020 period**, thanks to optimisation of investment in content.

As the same time, the TF1 group is reiterating:

- its ambition to deliver **growth in revenue from activities other than advertising on the five unencrypted channels, with those other activities expected to account for at least one-third of consolidated revenue in 2019;**
- its **target of double-digit current operating margin in 2019.**

The financial statements have been audited, and an unqualified audit report has been issued by the auditors.

Find the full financial statements and notes at <http://www.groupe-tf1.fr/en>.

The analyst meeting presenting TF1 group's results will be streamed on the website <http://www.groupe-tf1.fr/> starting 11.00 hours Paris time on 16 February 2018.

The presentation is available on <http://www.groupe-tf1.fr/en>.

For details of how to connect to the conference call go to <http://www.groupe-tf1.fr/en/investisseurs>.

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⁶ Under the "Beautiful Box" plan, users pay a monthly subscription and receive a surprise monthly gift box, which beauty brands can use to promote their products.