

PRESS RELEASE

TF1 GROUP 2020 FIRST-QUARTER RESULTS

Revenue of €494 million, down 10.8%¹ due to a drop in advertising

High reactivity in cost of programmes, with savings of €23 million

Current operating profit down at €42 million

First quarter impacted by the initial effects of Covid-19

Boulogne, 29 April 2020

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 29 April 2020 to close off the financial statements for the first quarter of 2020. 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 2020 first-quarter Financial Information Report and on the TF1 group corporate website: www.groupe-tf1.fr/en.

€m	Q1 2020	Q1 2019	Chg. €m	Chg. %
TF1 group advertising revenue	356.7	394.9	(38.2)	-9.7%
Revenue from other activities	137.2	158.8	(21.6)	-13.6%
Consolidated revenue				
Broadcasting	389.9	419.7	(29.8)	-7.1%
o/w Advertising	341.7	375.6	(33.9)	-9.0%
Studios & Entertainment	68.5	93.5	(25.0)	-26.7%
Unify	35.5	40.5	(5.0)	-12.3%
Consolidated revenue	493.9	553.7	(59.8)	-10.8%
Cost of programmes	(199.1)	(222.1)	(23.0)	10.3%
Broadcasting	43.8	49.9	(6.1)	-12.2%
Studios & Entertainment	2.1	13.1	(11.0)	-84.0%
Unify	(3.9)	(0.1)	(3.8)	N/A
Current operating profit	42.0	62.9	(20.9)	-33.2%
Current operating margin	8.5%	11.4%	-	-2.9pts
Net profit attributable to the Group	24.0	40.6	(16.6)	-40.9%

Consolidated revenue of the TF1 group for the first quarter of 2020 reached **€493.9 million**, down €59.8 million (10.8%) year-on-year¹. **Excluding the effects of changes in structure**, TF1 group revenue **decreased by 8.5%**.

Group advertising revenue was €356.7 million, down 9.7% year-on-year. After a performance in line with our expectations in January and February, this decrease reflects a gradual increase in cancellations of advertising campaigns during March in response to the Covid-19 crisis.

Current operating profit amounted to **€42.0 million**², down €20.9 million. The Group was able to limit this decrease through major efforts to achieve cost savings and to adjust programming schedules in light of the crisis.

Overall, the impact of the crisis over the last two weeks of March was a reduction of around €35 million to €40 million in advertising revenue, which in turn led to erosion of around €10 million at gross profit level. The Group also incurred specific extra costs on combatting Covid-19, estimated at around €3 million, giving an overall adverse effect on current operating profit of around €13 million.

Net profit attributable to the Group was **€24.0 million**, down €16.6 million year-on-year.

¹ Includes €12.7 million for the effects of changes in structure (newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).

² Current operating profit after leases (i.e. excluding the impact of IFRS 16) for Q1 2020 was €41.1 million, down €20.8 million year-on-year.

Analysis by segment

Right from the start of the lockdown period, the TF1 group took steps to ensure that all its staff and partners were carrying out their duties in compliance with the safety guidance issued by the government. From mid-March onwards, the Group adopted teleworking on a massive scale, with around 90% of employees working from home during the lockdown period.

Broadcasting³

— **The audience share of the TF1 group among advertising targets remained high** in the first quarter, at 31.6% of W<50PDM⁴ and 28.8% of 25-49 year-olds. The start of the year featured the return of strong entertainment brands like *The Voice* and *Koh-Lanta*, successful French dramas such as *Peur sur le lac* and *Munch*, and US series like *New Amsterdam* and *Magnum*.

From March onwards, as lockdown measures brought a halt to filming in front of live audiences, the Group was forced to adjust its programming schedules:

- Increased news coverage, with extended news bulletins and expert commentators (up to 9.2 million viewers and 31.8% audience share for the evening bulletin, and up to 9.0 million viewers and 43.9% audience share for the lunchtime bulletin).
- Repeats of family favourites like the movie *Les Tuche* on TF1 (5.8 million viewers, 25.2% audience share) and the series *Friends* and *Une nounou d'enfer (The Nanny)* on TFX.
- Retaining first-run shows like *The Voice*, *Koh Lanta*, *Quotidien* and *C Canteloup*, but adapting the running time or format in line with the new restrictions on filming.
- Sourcing alternative programmes in access prime time following the suspension of filming on the daily saga *Demain nous appartient*, including a number of launches (*Sept à huit la quotidienne*, *Qui veut gagner des millions à la maison*).
- Substantial uplift in non-linear audiences on MYTF1, which posted a record audience in the quarter with 580 million video views⁵, up 44% year-on-year.

— **Broadcasting segment revenue amounted to €389.9 million, a decrease of €29.8 million or 7.1%.**

- Broadcasting segment advertising revenue for the first quarter of 2020 was 9.0% lower year-on-year at €341.7 million. After slight revenue growth early in the year, airtime sales have since March seen significant postponements and cancellations of advertising campaigns. Initially confined to the travel and tourism sector, this spread to most other sectors once the first Covid-19 lockdown measures were introduced.
- Revenue from other Broadcasting segment activities advanced by €4.1 million year-on-year. This rise reflects a good performance in interactivity, linked to strong audience ratings for flagship shows like *The Voice*, *Petits plats en équilibre* and *Les 12 coups de midi*.

— **The cost of programmes on the Group's five free-to-air channels was €199.1 million.** The programme spend budgeted at the start of the year was adjusted in line with the drop in advertising revenue, generating savings of €23.0 million in the quarter. This rapid response from our teams helped reduce the impact of the crisis on Broadcasting segment gross profit.

— **Broadcasting segment current operating profit was €43.8 million**, down €6.1 million year-on-year and generating current operating margin of 11.2% (-0.7 of a point year-on-year), testimony to the segment's rapid response capabilities.

Since it emerged at the start of March, the crisis has confirmed the status of TV as a medium for every generation.

Médiamétrie metrics show that the average daily viewing time in France during the first two weeks of lockdown was 4 hours 44 minutes, **a year-on-year increase of 1 hour 14 minutes⁶**. Over the same period, the average time young people in the 15-34 age bracket spent watching TV rose from 1 hour 37 minutes to 2 hours 35 minutes. Throughout the crisis, TF1 – as a mass media group – is playing its societal role to the full. During March, viewers watched the TF1 core channel for an average of 48 minutes a day, 15% more than in March 2019.

³ Médiamétrie.

⁴ Women aged under 50 purchasing decision-makers.

⁵ 4-screen audiences including live, excluding news and ISP apps

⁶ From 16 to 29 March 2020 vs March 2019.

Studios & Entertainment

- **Studios & Entertainment segment revenue for Q1 2020 was €68.5 million, down €25.0 million year-on-year.** This decrease was mainly due to the €20 million impact of the deconsolidation of Téléshopping in the second quarter of 2019.

As expected, first-quarter revenue at Newen was affected by the early delivery of some productions in the final quarter of 2019. Some of the drop in revenue was also due to the complete shutdown of shooting in France and other countries in the last two weeks of the quarter. The order book as of 31 March was in line with the end-2019 level at over 1,500 hours, reflecting delays in the delivery of productions already ordered.

At TF1 Studio, revenue was down year-on-year due to fewer films going on general release, and the continuing structural decline in physical video sales.

Finally, TF1 Entertainment saw a slight decrease in revenue due to seasonal effects, plus the cancellation of live music shows and the closure of La Seine Musicale from March onwards.

- **Studios & Entertainment posted a current operating profit of €2.1 million.** The year-on-year decrease was due not only to reduced revenue, but also to a tough comparative due largely to a reversal of outstanding purchase invoices not received that was booked in the first quarter of 2019.

Unify

- **The Unify division posted revenue of €35.5 million, down €5.0 million year-on-year.**

Revenue from digital advertising, programmatic and advertiser services was hit hard by the cancellation of advertising campaigns in France and elsewhere from March onwards. **At the same time, audiences for the Marmiton and Doctissimo sites saw particularly strong growth in the first quarter (24% more visits to Marmiton year-on-year⁷),** driven by initiatives set up in response to the crisis (such as special lockdown recipes and chatbots).

Social e-commerce (subscription box sales) proved resilient in the quarter, as ad campaigns on the TF1 group's TV channels pulled in new subscribers.

- **Unify posted a current operating loss of €3.9 million, €3.8 million more than the Q1 2019 loss.** Lower revenues, and costs associated with the ongoing reorganisation of the division, weighed on profitability (which is traditionally weaker at the start of the year).

Financial position

Shareholders' equity attributable to the Group was €1,588.6 million at 31 March 2020 out of a balance sheet total of €3,476.1 million.

Net debt at 31 March 2020 was €27.7 million before lease obligations⁸ and €127.7 million after lease obligations⁸, compared with €126.3 million and €225.8 million respectively at 31 December 2019.

⁷ Google Analytics.

⁸ Under IFRS 16, applicable from 1 January 2019.

Showing solidarity in the Covid-19 crisis

As the Covid-19 crisis took hold in the first quarter of 2020, the TF1 group rallied round with a series of initiatives:

- Regular screening on our channels of public information announcements about what the public in general, and kids in particular, can do to prevent the spread of the virus.
- **Donating advertising slots for charity appeals aimed at the public and corporate donors including support for frontline health workers, helping hospital patients and older people in care homes or self-isolation keep in touch with their families, medical research and medical equipment.**
- **Unify donating some of its online advertising space to support hospitals and charities fighting the pandemic.**
- Partnering the *Nation Apprenante* (Learning Nation) campaign of the Ministry of National Education and Youth by providing free access to content on the Ushuaïa TV and Histoire TV channels (also accessible on the MYTF1 platform).

Outlook

Our first-quarter 2020 results reflect the initial impacts of the Covid-19 crisis, but also our capacity to adapt rapidly in terms of programme schedules and cost control.

The ongoing crisis will have a very strong impact on the second quarter of 2020 across all of our activities, due to the extension of the lockdown period and the fact that we cannot continue to adjust our variable costs on the same scale over the longer term. In addition, resumption of our normal activities could be a slow and gradual process.

Despite the significant economic fallout from this major crisis, we remain confident in our ability to rise to the challenge. We have a robust financial position, with low debt and access to bilateral credit facilities. Our activities have a long-term future, and the current crisis only serves to strengthen the legitimacy of what we do.

As announced in our 1 April 2020 press release, we have withdrawn our objectives for 2020. Our objectives for 2021 remain suspended.

Our Financial Information Report for the first quarter of 2020 is available at <http://www.groupe-tf1.fr/en>.
A conference call on our first-quarter results is scheduled for 18.30 CET on 29 April 2020.
For details of how to connect go to <https://www.groupe-tf1.fr/en/investors/results-and-publications>, and then "Access the results for the fiscal year"

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