First half 2020
Financial Report

# Financial Information – First half of 2020

# 1. Financial Information – First half of 2020

## 1.1. Consolidated results

### Financial indicators

*These key figures are extracted from TF1 Group consolidated financial data. The results below are presented in accordance with IFRS 16, applicable from 1 January 2019.*

| *(€ million)* | **H1 2020** | **H1 2019** |
|---|---|---|
| Revenue | **883.5** | **1,145.2** |
| *Group advertising revenue* | *616.4* | *836.0* |
| *Revenue from other activities* | *267.1* | *309.2* |
| Current operating profit/(loss) | **67.8** | **163.0** |
| Operating profit/(loss) | **67.8** | **163.0** |
| Net profit/(loss) from continuing operations | **38.4** | **107.3** |
| Operating cash flow after cost of net debt/income from net surplus cash, interest expense on lease obligations, and income taxes paid | **138.7** | **235.7** |
| Basic earnings per share from continuing operations (€) | **0.18** | **0.51** |
| Diluted earnings per share from continuing operations (€) | **0.18** | **0.51** |
| Shareholders' equity attributable to the Group | **1,589.5** | **1,562.4** |
| Net surplus cash/(net debt) of continuing operations[1] | **(22.1)** | **(126.3)** |

| | **H1 2020** | **H1 2019** |
|---|---|---|
| Weighted average number of ordinary shares outstanding ('000) | **210,268** | 210,153 |
| Closing share price at end of period (€) | 4.81 | 9.26 |
| Market capitalisation at end of period (€bn) | 1.01 | 1.95 |

[1] *Excluding lease obligations (IFRS 16).*

## Income statement contributions – continuing operations

*The results below are presented using the segmental reporting structure as described in Note 3 to the consolidated financial statements.*

| €m | Q1 2020 | Q1 2019 | Q2 2020 | Q2 2019 | H1 2020 | H1 2019 | Chg. €m | Chg. % |
|---|---|---|---|---|---|---|---|---|
| TF1 group advertising revenue | 356.7 | 394.9 | 259.7 | 441.1 | 616.4 | 836.0 | (219.6) | -26.3% |
| Revenue from other activities | 137.2 | 158.8 | 129.9 | 150.4 | 267.1 | 309.2 | (42.1) | 13.6% |
| **Consolidated revenue** | | | | | | | | |
| Broadcasting | 389.9 | 419.7 | 293.4 | 471.1 | 683.3 | 890.8 | (207.5) | -23.3% |
| *o/w Advertising* | *341.7* | *375.6* | *244.4* | *415.8* | *586.1* | *791.4* | *(205.3)* | *-25.9%* |
| Studios & Entertainment | 68.5 | 93.5 | 63.3 | 75.3 | 131.8 | 168.8 | (37.0) | -21.9% |
| Unify | 35.5 | 40.5 | 32.9 | 45.1 | 68.4 | 85.6 | (17.2) | -20.1% |
| **Consolidated revenue** | **493.9** | **553.7** | **389.6** | **591.5** | **883.5** | **1,145.2** | **(261.7)** | **-22.9%** |
| **Cost of programmes** | **(199.1)** | **(222.1)** | **(139.7)** | **(224.1)** | **(338.8)** | **(446.2)** | **107.4** | **-24.1%** |
| Broadcasting | 43.8 | 49.9 | 32.1 | 92.6 | 75.9 | 142.5 | (66.6) | -46.7% |
| Studios & Entertainment | 2.1 | 13.1 | (2.1) | 4.2 | 0.0 | 17.3 | (17.3) | -100.0% |
| Unify | (3.9) | (0.1) | (4.2) | 3.3 | (8.1) | 3.2 | (11.3) | N/A |
| **Current operating profit** | **42.0** | **62.9** | **25.8** | **100.1** | **67.8** | **163.0** | **(95.2)** | **-58.4%** |
| Current operating margin | 8.5% | 11.4% | 6.6% | 16.9% | 7.7% | 14.2% | - | -6.6pts |
| **Net profit attributable to the Group** | **24.0** | **40.6** | **14.4** | **66.7** | **38.4** | **107.3** | **(68.9)** | **-64.2%** |

## Analysis of cost of programmes

| *(€ million)* | H1 2020 | H1 2019 |
|---|---|---|
| **Total cost of programmes** | **(338.8)** | **(446.2)** |
| Dramas / TV movies / Series / Plays | (109.0) | (150.2) |
| Variety / Gameshows / Magazines | (107.1) | (138.2) |
| News (including LCI) | (65.7) | (70.2) |
| Movies | (52.3) | (55.5) |
| Children’s programmes | (4.2) | (5.3) |
| Sports | (0.5) | (26.9) |

# 1.2. Key events of the first half of 2020

## January

**6 January 2020**

Géraldine L'Hénaff is appointed Managing Director of Unify Advertising, the advertising sales house of Unify (the TF1 group's digital pure player unit). Géraldine reports to Marie Le Guével, Executive Vice President and Chief Revenue and Communities Officer at Unify.

**28 January 2020**

TF1 is the highest-ranked French brand in the 2019 BAV TOP 50 awards for France's most powerful and connected brands.

**31 January 2020**

Unify becomes the 100% shareholder of Vertical Station.

## February

**10 February 2020**

At the 25th *Lauriers de l'Audiovisuel* Radio and TV awards ceremony, the TF1 group wins awards in two categories: *Le Bazar de la Charité* for best serial, and *Quotidien* for best magazine.

**11 February 2020**

The TF1 Group wins six prizes at the 27th *Trophées du Film Français* awards.

**12 February 2020**

Newen announces the launch of a new UK production company, Ringside Studios, a collaboration with Gub Neal (one of the most prominent producers in the UK) and production house DoveTale Media. Ringside Studios will develop high-quality English and international dramas, which may be distributed by Newen.

**27 February 2020**

By partnering with the charity *La Maison des Femmes*, which provides a safe space for victims of violence, Unify reaffirms its commitment to give a platform to all women in all their struggles, through its media brands, its communities and its events.

## March

**23 March 2020**

Covid-19: the TF1 group is committed more than ever. At this time of crisis, it is too soon for us to estimate how all the impacts of Covid-19 will affect our results, which will depend on a whole range of factors including the extent and duration of the pandemic, the preventive and support measures implemented by governments in the countries where we operate, and the eligibility of our staff for temporary lay-off support schemes.
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 a consequence of the crisis, the TF1 group is taking the logical decision to suspend its objectives as announced in February 2020 until the situation becomes clearer.

## April

**1 April 2020**

Given the impacts of the Covid-19 crisis, the TF1 Group withdraws the proposal to ask the Annual General Meeting of 17 April 2020 to approve the distribution of a dividend, as well as its two objectives for the 2020 financial year: double-digit current operating margin, and a cost of programmes of €985 million.

**2 April 2020**

TF1 Group mobilises to support the people of France and showcase everyday heroes: working alongside charities to broaden access to ad slots for good causes; supporting the Paris and French Hospitals Foundations through a unique initiative, with TF1 Factory producing a video appeal for donations free of charge to be rolled out on a massive scale across all media; and giving clear answers to the questions people are asking.

France Télévisions, Altice Media, TF1, M6, NRJ, L'Équipe, Arte and Canal+ groups announce they are joining together to create the Technical Association of DTT Broadcasters (*L'Association Technique des Editeurs de la TNT*: ATET), with a mission to raise the profile of DTT channels and promote their interests.

**7 April 2020**

Unify brands mobilise to support the people of France: Marmiton launches the #ensembleencuisine campaign, Doctissimo launches a chatbot and Facebook Live sessions with Dr Gérald Kierzek, Aufeminin launches its new “Simple Pleasures” short story competition, Unify (at a time of heavy internet use by its users) is offering some of its advertising space free of charge to those who are on the front line against the pandemic.

**27 April 2020**

As a fervent defender of gender equality in the workplace, the TF1 group extends parental leave entitlement beyond the legal minimum so all parents – women and men, straight and gay – can take time off work to spend time with their child. The scheme covers biological and adoptive parents, and includes children born through assisted reproductive technology or surrogacy.

**30 April 2020**

The TF1 group is launching a new range of podcasts, downloadable free of charge from all the streaming platforms (including Apple Podcast, Google Podcast, Spotify and Deezer). This new range complements the Group’s existing podcast range (LCI, Studio71, MyLittle Paris, etc). The five themes feature iconic presenters and tie into some of its flagship TV brands: celebrities, adventure, true crime, music, history.

## June

**2 June 2020**

Mediapro Group, a new key player in French football, and TF1 Group announce the signing of an unprecedented agreement. This four-year renewable partnership is based on three fundamental pillars:

- a brand license for a new “Telefoot” channel, named after the iconic TF1 football show;
- an editorial and content production partnership;
- a partnership of talents, with Grégoire Margotton and Bixente Lizarazu providing commentary on French Ligue 1 matches.

Sabina Gros joins Unify to take up the position of Executive Vice President and Chief Revenue and Publishers Officer France and Europe. As Chief Revenue Officer, her role is to develop and deliver growth in Unify’s advertising revenue via all channels: direct and programmatic sales, and data.

**8 June 2020**

TF1 Media Lab, the accelerator program at Station F, launched in 2018, welcomes its fifth intake of start-ups with 6 new start-ups with the objective of sparking synergies between innovative solutions and the know-how of industry specialists from within the TF1 Group.

**18 June 2020**

With French cinemas due to reopen their doors from 22 June, the TF1 group shows its commitment to and support for the French film industry by backing a major media campaign. From 22 June to 5 July, our TV channels will carry a free-of-charge ad campaign promoting the reopening of French cinemas. Our digital platforms will also run the campaign, starting on 29 June.

# 1.3. Analysis of consolidated results

*The results below are presented using the segmental reporting structure as presented in Note 3 “Operating segments” to the consolidated financial statements, and in accordance with IFRS 16 (applicable from 1 January 2019).*

## Revenue

Consolidated revenue of the TF1 group for the first half of 2020 was €883.5 million, down €261.7 million (22.9%) year-on-year. Stripping out the effects of changes in structure[1], TF1 group revenue decreased by 22.6%.

Group advertising revenue was €616.4 million, down sharply (26.3%) year-on-year. After a first quarter impacted by the first effects of the Covid-19 crisis, the second quarter saw a big drop in revenue as ad campaigns were pulled or postponed on a massive scale.

## Cost of programmes and other current operating income/ expenses

***Cost of programmes***

The cost of programmes on the Group’s five free-to-air channels was €338.8 million. The Group’s rapid response in adapting programme spend in line with the drop in advertising revenue generated savings of €107.4 million in the first half. Measures implemented included enhanced news programming at no extra cost, optimization of programming costs, and increasing the number of reruns.

***Other expenses and depreciation, amortisation and provisions***

Other expenses and depreciation, amortisation and provisions decreased by €59.1 million year-on-year in H1 2020, mainly due to the deconsolidation of Téléshopping from Q2 2019 and savings linked to the crisis.

## Current operating profit

Current operating profit amounted to €67.8 million, down €95.2 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.

Impact of Covid-19: Overall, the impact of the health crisis on the Group’s first-half performance was around €250 million in lost revenue, and an impact on current operating profit of around €100 million.

## Operating profit

Group operating profit amounted to €67.8 million, down €95.2 million.

## Net profit

Net profit attributable to the Group was €38.4 million, down €68.4 million year-on-year.

## Financial position

Shareholders’ equity attributable to the Group was €1,589.5 million at 30 June 2020 out of a balance sheet total of €3,446.2 million.

Seasonal effects and the lack of a dividend payout meant that the Group reported net debt of €22.1 million at 30 June 2020, excluding lease obligations (net debt of €114.3 million after lease obligations), compared with net debt of €126.3 million at 31 December 2019 (net debt of €225.8 million including lease obligations).

As of 30 June 2020, TF1 had confirmed bilateral bank credit facilities of €965 million, including €170 million for Newen. Those facilities were backed up by a cash pooling agreement with the Bouygues Group. As of 30 June 2020, drawdowns under those facilities amounted to €164 million, all of which related to Newen.

[1] €7.4 million for the effects of changes in structure (newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).

# 1.4. Segment information

## Broadcasting

### *Revenue*

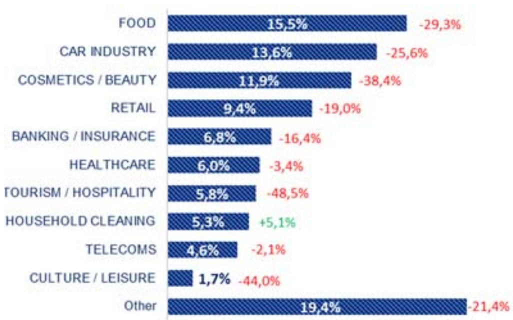
Broadcasting segment revenue amounted to €683.3 million, a year-on-year decrease of €207.5 million or 23.3%.

- Broadcasting segment advertising revenue for the first half of 2020 was €586.1 million, a decrease of €205.3 million or 25.9%. Advertisers began pulling or postponing their campaigns in mid-March. This situation accelerated rapidly in April and May, and during lockdown. Since lockdown ended, the downtrend has slowed as advertisers gradually return in certain sectors such as telecoms, e-commerce and healthcare. The TF1 advertising airtime sales house has been active throughout the crisis, helping clients prepare their advertising messages and attracting new advertisers.

- Revenue from other Broadcasting segment activities was down €2.2 million year-on-year. Excluding the impact of the resale of broadcasting rights to the Women's Football World Cup in the second quarter of 2019, revenue rose year-on-year thanks to good interactivity performances on shows like *Koh-Lanta*, *Petits plats en équilibre* and *Les 12 coups de midi*.

2020 first-half gross revenue for the TF1 group's free-to-air channels was 24.9% lower than in the comparable period of 2019.

Trends in gross advertising spend (excluding sponsorship) by sector for H1 2020 are shown in the chart below.




*Source: Kantar Média, H1 2020 vs. H1 2019.*

### *Current operating profit*

Broadcasting segment current operating profit was €75.9 million, down €66.6 million year-on-year and generating current operating margin of 11.1% (-4.9 of a point year-on-year). Savings in programming costs absorbed over half of the drop in Broadcasting segment revenue, demonstrating the Group's flexibility.

### *Free-to-air channels – market review*[1]

Average daily TV viewing time during the first half of 2020 among individuals aged 4+ rose to 3 hours 56 minutes, up 26 minutes year-on-year. Most of that extra viewing time came during lockdown, when average daily viewing time reached 4 hours 34 minutes (up 1 hour 9 minutes year-on-year). For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time in the first half was 3 hours 30 minutes, a year-on-year increase of 20 minutes.

These figures do not include "portable" consumption (live or catch-up viewing on other devices such as computers, tablets and smartphones), or outside the home on any device. Médiamétrie is continuing to adapt its audience metrics to better reflect how people actually consume TV. Viewing outside the home is being captured in the data from 30 March 2020 (adding around an extra 10 minutes, based on metrics for early 2020 pre-lockdown). Home consumption on other devices is due to be added to the metrics in 2021.

### *Free-to-air channels – audience ratings*[2]

During the first half, against the backdrop of the Covid-19 crisis, the TF1 group benefited from an increased appetite for TV viewing in France, retaining its market leadership among key audiences:

- 29.6% audience share among 25-49 year-olds (stable year-on-year);
- 31.9% audience share among W<50PDM (-0.8 of a point vs. H1 2019).

### TF1

Throughout the crisis, TF1 confirmed its unique power to bring people together across all programme genres and audiences, achieving record viewing figures. During lockdown, the Group adapted its news coverage and other content to meet viewers' need for news while continuing to

[1] *Source: Médiamétrie – Médiamat.*

[2] *Source: Médiamétrie*

keep them entertained. The TF1 core channel attracted 15 of the top 20 audiences (excluding news programmes) during lockdown. There was no loss of momentum as the lockdown was eased: in June, 25 programmes screened on TF1 attracted more than 6 million viewers.

.

- **French drama**: *Demain nous appartient* pulled in very good audiences when it returned in June, after the suspension of shooting and screening during lockdown. On the eve of its 3rd anniversary, viewing figures for the daily access prime time saga peaked at 3.9 million, with an average 23% share of the W<50PDM target audience.

- **Foreign series**: despite the difficult context of the Covid-19 crisis, viewers enthusiastically embraced a new medical drama series shown on TF1 in the second quarter. *The Resident* resonated with the public, attracting a 35% share of the W<50PDM target audience and peak viewing figures of 5.2 million.

- **News**: during a period of heavy news flow linked to the Covid-19 crisis, TF1's expanded and refreshed news offering pulled in large audiences. The running time of TF1 news bulletins was significantly extended, to provide the most comprehensive and rigorous coverage possible of the health crisis combined with daily reports on the positive initiatives being taken by ordinary people. During lockdown, TF1 attracted 16 of the top 20 biggest audiences for news programmes, with the no.1 slot taken by President Macron's address to the nation on 13 April (14.6 million viewers, and 37.3% audience share of individuals aged 4+). In June, TF1 maintained its status as France's premier source of news. The evening bulletin averaged 6.1 million viewers (with a peak of 9.9 million on Sunday 14 June) and a 28% share of individuals aged 4+, while the lunchtime bulletin retained its unchallenged lead with a 40.6% share of individuals aged 4+.

- **Entertainment**: TF1's revised schedules during the Covid-19 crisis appealed to the public, and confirmed the success of the channel's flagship unscripted brands. *Koh Lanta* offered viewers an evening of escapism every Friday, and 6 episodes of the cult show featured in the top 20 audience ratings during lockdown (excluding news programmes), with a peak of 7.6 million viewers. The rapid return of *C'est Canteloup* to the screen attracted up to 7.9 million viewers. TF1 flagship show *The Voice* enjoyed an exceptional season, with an average 32% share of the target W<50PDM audience and up to 4.2 million viewers every Saturday.

- **Movies**: TF1 bolstered its movie offerings around two strong genres: popular cult comedies like *Les Visiteurs* (best audience in the period for any programme other than news, with 8 million viewers) and international family franchises like the *Harry Potter* saga (the first 5 movies in the series each attracted over 7 million viewers).

### DTT channels

During the first half of 2020, the TF1 group's DTT arm – TMC, TFX, TF1 Séries Films and LCI – maintained its market leadership with combined audience shares of 10.4% among W<50PDM and 9.7% among 25-49 year-olds, slightly down year-on-year.

#### *TMC*

TMC confirmed its market-leading status in the second quarter of 2020 across all targets combined, with audience shares of 3.1% of individuals aged 4+, and 4.1% of W<50PDM and 25-49 year-olds. The channel altered its schedules in response to the Covid-19 crisis, and scored great successes with the following programmes:

- *Quotidien* enjoyed its best-ever month in June with 1.9 million viewers, and its biggest audience ever for a single show (2.5 million);
- movies pulled in good audiences, especially *Mechanic: Resurrection* with 1.6 million viewers and *Le Transporteur* [The Transporter] with 1.5 million;
- documentaries and entertainment, which maintained their momentum with 1.1 million tuning in for *Martin Weill: Covid-19 – La fin de l'American Dream?*

#### *TFX*

In the second quarter of 2020 TFX retained its ranking as France's no.3 DTT channel among the W<50PDM target audience (3.2% share), up slightly (by 0.1 of a point) on Q2 2019. This performance reflects:

- core programming that leads the way in the DTT sphere, with renewed success for iconic shows like *Une nounou d'enfer* [The Nanny], *Super Nanny* and *Total Reno* [Fixer-Upper];
- unscripted shows and movies, still the backbone of the channel's prime time schedules, with bloopers show *Les bêtisiers* (average 0.7 million viewers), emergency services documentary *Appels d'urgences* (average 0.6 million) and the movie *Oblivion* (1.1 million);

- effective monetisation of TF1 brands, with an average audience of 0.8 million for *Camping Paradis.*

### *TF1 Séries Films*

The channel retained its no.2 slot among HD DTT channels in the second quarter of 2020, with individuals aged 4+ (1.7% share) and W<50PDM (2.5% share), and was market leader in prime time with those audiences*.* During the Covid-19 lockdown, the channel showed that French drama (series or one-offs) is a ratings cert, as shown by *Alice Nevers* and *Le mec d'à côté*, both of which averaged 0.9 million viewers over the quarter as a whole. The evening movie slot on TF1 Séries Films also showed its pulling power with cult films like *L'Arme fatale 4* [Lethal Weapon 4] with 1.2 million viewers and *La résurrection du Christ* [Risen] with 0.9 million.

### *LCI*

LCI retained its slot as France's second most-watched news channel in the first half of 2020 with an audience share of 1.3% among individuals aged 4+, up +0.3 of a point year-on-year.
In June, LCI confirmed its status as no.1 news channel by viewing time per viewer, with an average of 30 minutes a day. During the Covid-19 crisis, when news flow has been heavy and French people have been avid viewers of news content, LCI has stood out, with programmes like the special edition of *24h Pujadas* featuring Professor Raoult: LCI was France's most-watched news channel during the interview, which attracted 722,000 viewers.

### TF1 Publicité (third-party airtime sales)

Revenue from third-party airtime sales (for radio stations, non-Group TV channels, etc.) fell year-on-year, mainly in radio, in line with the drop in advertising spend due to the Covid-19 crisis.

### TF1 Films Production[1]

French cinemas closed on 15 March due to Covid-19, and started reopening gradually from 22 June. This meant that TF1 Films Productions did not release any films during the period, and postponed the scheduled releases. At the same time, the unusual circumstances led to a year-on-year increase in revenue from the back catalogue.

The revenue contribution from TF1 Films Production was stable year-on-year in the first half of 2020, but current operating profit improved.

[1] *Source: CNC and CBO Box Office.*

### TF1 Production

TF1 Production experienced a loss of business in the first half of 2020, with the Covid-19 crisis delaying delivery of many magazine programmes, and with major sporting events scheduled for the first half of 2020 postponed to 2021.

This meant that although revenue was stable year-on-year, operating profit at TF1 Production was sharply down.

### e-TF1

Despite the absence of any major sporting events during the Covid-19 crisis, interactivity revenue rose, driven by excellent performances from daily shows (*Petits Plats en équilibre* and *Les 12 coups de midi*), and from *Koh-Lanta* and *Auto-Moto* (which altered their formats and number of shows in light of the crisis).

Despite a year-on-year decrease in revenue at MYTF1 (on lower advertising revenue), e-TF1 posted a slight increase in revenue to end June 2020, though current operating profit was down year-on-year.

### Theme channels (TV Breizh, Ushuaïa TV and Histoire TV)[2]

The Group's three theme channels achieved record audiences in the first half of 2020:
- Ushuaïa TV was the no.2 ranked documentary channel, and achieved strong growth in its core target (reach: 3.8 million visitors per month);
- Histoire TV was the most-watched history channel, with 3.6 million viewers;
- TV Breizh confirmed its ranking as no.1 theme channel for the 7th time running with a 0.7% audience share, and achieved its best-ever reach of 7.1 million individuals per month.

Revenue and current operating profit for the pay-TV channels as a whole were down year-on-year in the first half of 2020, due to lower advertising revenue and the renegotiation of the distribution contract with Canal+.

## Studios & Entertainment

### Studios

#### *Newen Studios*

In the first half of 2020, the effect of lower activity levels at Newen (due to the suspension of shooting in France and other countries during lockdown) was partly offset by the first-time consolidation of

[2] *Wave 39 Mediamat'Thématik (January-June 2020)*

Canadian company Reel One, acquired in the fourth quarter of 2019. Newen was also one of the first producers to restart operations, with production resuming on its two flagship daily shows (*Demain Nous Appartient* and *Plus Belle La Vie*) in mid-May for episodes delivered in June. Finally, the order book as of 30 June remained at a healthy level of more than 1,500 hours, reflecting delays in the delivery of productions already ordered.

#### *TF1 Studio*

TF1 Studio rescheduled its 2020 general release line-up following the closure of French cinemas from mid-March to mid-June in response to the Covid-19 crisis. Meanwhile, the activity of MYTF1 VOD has been growing, especially during lockdown.

As a result, first-half revenue and current operating profit decreased relative to 2019.

### Entertainment

#### *TF1 Entertainment*

The Covid-19 crisis led to a reduction in revenue and current operating profit versus H1 2019 for TF1 Entertainment; this reflected the closure of the Seine Musicale venue from mid-March, the cancellation of live shows, and the postponement or cancellation of projects at the Play Two music label.

## Unify

Audiences for the Marmiton and Doctissimo sites saw particularly strong growth in the first half (437 million visits to Marmiton, up 56% year-on-year), thanks to a refocusing of the editorial line on everyday cooking and what French people needed during lockdown.

The Unify division posted revenue of €68.4 million, down €17.2 million year-on-year.

Revenue from digital advertising, programmatic and advertiser services was hit hard by the cancellation, postponement or non-appearance of advertising campaigns in France and elsewhere from the beginning of March onwards.

Social e-commerce (subscription box sales) proved resilient in the period, as ad campaigns on the TF1 group's TV channels for My Little Box and Gambettes Box boosted sales and pulled in new subscribers.

Unify posted a current operating loss of €8.1 million, a net year-on-year downswing of €11.3 million, in line with the drop in revenue.

# 1.5. Outlook

Given the impacts of the Covid-19 crisis seen in the first half and the ongoing uncertainty on how the virus will spread and with what impact, the TF1 group has withdrawn its guidance for 2021 (revenue of at least €250 million and EBITDA margin of at least 15% for Unify, and for the Group an improvement in return on capital employed versus the 2018 level).

Our 2020 first-half results reflect our capacity to adapt rapidly in terms of programming and cost control, against a backdrop of sharply falling revenues across all our businesses.

Since lockdown ended, the downtrend in advertising revenue is gradually easing, with some advertisers resuming their spend to support the recovery in consumption.

The Group is lining up a rich, varied back-to-school season, featuring the return of flagship programmes (*Mask Singer* Season 2, *The Voice Kids*), first-run movies (*Le Sens de la Fête* and *A Star is Born*), new launches (*Grand Hôtel, HPI, Ici Tout Commence*), and the arrival on LCI of new presenters such as Darius Rochebin and Eric Brunet.

In parallel, the resumption of shooting in France and elsewhere points to a return to sustained activity levels through to the end of the year, subject to the uncertainties inherent in the health crisis. Finally, some activities such as live shows and concerts are still shut down, with no visibility on when they will resume.

# 1.6. Significant events after the reporting period

None.

# 1.7. Corporate social responsibility

## Solidarity

### TF1 is supporting charities during the health crisis

From mid-March, the TF1 group used its channels and digital platforms to help charities dealing with the Covid-19 crisis, via targeted campaigns focused on:

- the needs of hospitals and care homes, from front-line staff to patients and their families, and funding for medical equipment;
- medical research into emerging viruses, including coronaviruses;
- supporting people living in poverty or loneliness, who have been especially vulnerable during the crisis;
- the impact of lockdown on domestic violence against women

The TF1 group also adapted programming schedules to include special shows raising funds for charities playing a key role in these areas. A total of 40 special editions of *Qui veut gagner des millions ? à la maison* were screened, raising more than €600,000 split between four good causes: the Paris and French Hospitals Foundation, the French Medical Research Foundation, *Les Restos du Cœur* food aid charity, and the women's aid charity *La Fondation des Femmes*.

In addition, the Group supported nearly 30 charities associated with the Covid-19 crisis, whether by donating ad slots for awareness campaigns or by producing video charity appeals on a pro bono basis.

## Inclusion

### Ethics & Boards 2019 Awards

The TF1 group is proud to be the no.1 media company and 22nd best company overall (out of the 120 major French companies in the SBF 120 index), according to the 2019 Ethics & Boards awards for female representation on corporate decision-making bodies.

For many years, the TF1 group has adopted an ambitious, pro-active policy of defending the role of women within the group and on its channels. We see ourselves as a driver of change on the key issue of gender balance in the corporate sphere.

The Group is continuing its "Gender Balance and Performance" action plan, with measures in place at every stage of a woman's career path: at the hiring stage; in our policy on promotion and pay; through training, mentoring and awareness programs; and by supporting parental rights as a lever for gender parity in the workplace.

All these initiatives are bearing fruit, with increased representation of women within our company and our decision-making bodies. For example, our Management Committee (comprising our top 160 managers) is now 45% women, up from 29% in 2014.

### Parental leave

To show its commitment to gender equality in the workplace, the TF1 group has extended parental leave entitlement beyond the legal minimum so that all parents – women and men, straight and gay – can take time off work to spend time with their child. The scheme covers biological and adoptive parents, and includes children born through assisted reproductive technology (ART) or surrogacy.

The existing paternity leave entitlement has been extended to 4 weeks (20 working days) from the initial 11 calendar days, and rebranded as "second-parent parental leave". It includes days off on the birth of the child, regardless of the second parent's gender.

The leave entitlement for the parent with primary childcare responsibility (including children born through ART or surrogacy) is 16 weeks. This applies to all biological or adoptive parents, whether of the same or a different sex from their partner, and also to lone-parent families.

Adoption leave has been extended by a further six weeks to allow time to prepare the home for the arrival of the adoptee.

**Moteur! project**

TF1 has renewed its partnership with Moteur!, a social project that organises a competition in which young people aged 14 to 22 are invited to make a 90-second video about someone who inspires them. By showcasing inspirational role models, the project aims to encourage young people to learn and grow, thereby promoting equality of opportunity and helping their job prospects.

### Sustainable society

**EPE-LCI Awards**

Through this partnership with *Entreprises pour l'environnement* (EPE), LCI is helping raise awareness of environmental issues among its viewers.

Students and graduates aged under 30 were invited to submit projects setting out concrete solutions that align their ecological beliefs more closely with their future career.

This year's topic was "Nature in the City": how can the cities of tomorrow protect the health and well-being of citizens, and maintain biodiversity in an urban setting?

LCI supported the competition by supplying editorial content and a presence on the LCI.fr. website, and was represented on the jury. This year's winner: *Les jeunes pousses*, a project for an urban micro-farm in Avignon 100% dedicated to ecological transition.

## 1.8. Corporate governance

The Selection and Remuneration Committee has proposed to the Board of Directors that the remuneration of the Executive Officer for the 2020 financial year should take account of the quality of his handling of the Covid-19 crisis. This exceptional remuneration, as stipulated in the general principles for determining remuneration in respect of 2020[7], will be assessed by reference to defined criteria.
On the proposal of the Executive Officer, the maximum amount of remuneration he can receive in addition to his fixed remuneration will be reduced by one-third, and will be capped at 100% of his fixed remuneration.
These items will submitted for a vote by TF1 shareholders at the Annual General Meeting to be held in April 2021.

The Board of Directors has taken note of the reappointment of Catherine Dussart and Olivier Bouygues as Directors at the Annual General Meeting of 17 April 2020. The Board has also welcomed new members. Sabrina Zerbib and Sophie Leveaux have joined the Board as employee representative directors while Charlotte Bouygues, Head of e-commerce at Aufeminin, has joined as permanent representative of SCDM, replacing Martin Bouygues. The Board would like to thank Martin Bouygues for his 33 years serving on the TF1 Board of Directors and supporting the TF1 group.

The proportion of both independent directors and female directors on the Board remains at 44% (without taking account of the two employee representative directors, both of whom are women).

## 1.9. Human resources update

As of 30 June 2020, the TF1 group had 3,202 employees on permanent contracts.

## 1.10. Stock market performance

TF1 shares closed at €4.81 per share on 30 June 2020 representing a drop of 35.0% since the start of the year. Over the same period the CAC 40 and the SBF 120 indices decreased by 17.4% and the Stoxx Europe 600 Media index by 20.0%.

The total market capitalization of the TF1 group stood at €1.012 billion as of 30 June 2020, versus €1.556 billion as of 31 December 2019.

## 1.11. Share ownership

| | 30 June 2020 | | |
|---|---|---|---|
| | Number of shares | % of capital | % of voting rights |
| **Bouygues** | **91,946,297** | **43.7%** | **43.7%** |
| **TF1 employees** | **17,715,281** | **8.4%** | **8.4%** |
| *via the FCPE TF1 fund (3)* | *17,332,133* | *8.2%* | *8.2%* |
| *as registered shares (4)* | *383,148* | *0.2%* | *0.2%* |
| **Free float** | **100,731,413** | **47.9%** | **47.9%** |
| *Free float - rest of world (1)* | *50,486,949* | *24.0%* | *24.0%* |
| *Free float - France (1) (2)* | *50,244,464* | *23.9%* | *23.9%* |
| **Treasury shares** | **4,583** | **0.0%** | **0.0%** |
| **Total** | **210,397,574** | **100.0%** | **100.0%** |

[7] Refer to Chapter 3.5.1 of the TF1 2019 Universal Registration Document.

(1) *Estimates based on Euroclear statements.*
(2) *Includes unidentified holders of bearer shares.*
(3) *Shares held by employees under the employee share ownership scheme. FCPE TF1 Actions, the fund associated with the scheme, receives voluntary contributions from employees and the top-up contribution paid by the company. It invests in TF1 shares by buying them directly on the market. The Supervisory Board of the FCPE TF1 Actions fund exercises the voting rights attached to the equity securities in its portfolio and decides whether to tender the securities into a public offer.*
(4) *Employees holding registered shares exercise their voting rights individually.*

# 1.12. Related parties

There have been no significant changes in respect of related parties since publication of the 2019 TF1 *Document d'Enregistrement Universel* (Universal Registration Document) filed with the *Autorité des Marchés Financiers* (AMF) on 10 March 2020 under reference number D.20-0118 (an English-language version of which is available on the TF1 corporate website), other than movements in the treasury current account with Bouygues Relais.

# 1.13. Risk factors

Since the beginning of March 2020, the crisis caused by the spread of the Covid-19 virus has had a significant impact on the TF1 group's operations, especially during the period of lockdown. All of our advertising customers have been affected, leading to a significant number of TV and digital advertising campaigns being pulled, to a greater or lesser extent depending on the sector. In addition, our production and entertainment operations have been affected by the suspension of shooting and the cancellation of live events such as stage shows and music concerts.

Overall, the impact of the health crisis on the Group's first-half performance was around €250 million in lost revenue, and an impact on current operating profit of around €100 million. Given the impacts of the Covid-19 crisis seen in the first half and the ongoing uncertainty on how the virus will spread and with what impact, it is difficult to quantify the impacts over 2020 as a whole with any precision.

Consequently, to supplement the description of the principal risk factors (and of the risk management policies to address them) in section 2 of our 2019 Universal Registration Document (filed on 10 March 2020 as no. D.20-0118, and available in English at https://www.groupe-tf1.fr/sites/default/files/pdf-financiers/universal_registration_document_2019_tf1_group.pdf), we are providing further information on the risk factors mentioned below, in particular with reference to the consequences of the Covid-19 crisis:

**Risks related to the growth of digital terrestrial television and to the development of the internet and new media**

*Description of the risk*

The TF1 group operates in a constantly changing competitive environment.

- The amount of time spent watching linear television is on a structural downtrend, as shown by a reduction in average individual viewing times. Although television was revitalised during lockdown, with viewing times sharply higher in spring 2020, it is probable that once the health crisis is over, television will revert to a trend closer to that seen in recent years. However, the new audience metrics introduced by Médiamétrie from April 2020, which take account of TV consumption outside the home (on all screens including smartphones, tablets, etc) mean that actual usage is now captured and monetisable. The increase in consumption from adding out-of-home viewing was measured at around 10 minutes in the early part of 2020, prior to lockdown.

**Risks related to the consequences of the Covid-19 crisis**

*Description of the risk*

Risk of a new health crisis (from Covid-19 or any other pandemic) leading to national or international lockdown, which would generate difficulties in sourcing programmes as happened in the first half of 2020; impacts could be felt at all levels of the production chain, including suspension of shooting (of drama and unscripted shows, but not of news programmes), dubbing, and post-production; inability to source foreign programmes (in particular American series and TV movies, that fill a significant portion of the Group's programme schedules); and postponement of major sporting events.
There are also longer-term risks associated with the slowness of recovery. For example, since May 2020 some impacts have persisted despite the easing of lockdown:
• poor visibility on the sourcing of foreign programmes and on the possibility of resumption of shooting outside France and Europe;
• postponement of the Euro 2020 football tournament to the summer of 2021, requiring rearrangement of programming schedules.

*How the risk is being managed*

The Group has shown great agility in adapting to the Covid-19 crisis. By reshuffling its schedules from the first week in March and drawing on available programme inventory to offer innovative programming, the Group generated strong viewer appeal, as witness the record audiences achieved in March, April and May.
To mitigate the longer-term consequences of the crisis and to be prepared in the event of a further deterioration in the health situation, TF1 has introduced new practices to ensure better recycling of programmes across its channels and optimise programming costs.
In addition, the TF1 group has an extensive programme inventory that it can use to fill schedules in the event of difficulties sourcing new programmes.

**Cyber-security**

*How the risk is being managed*

To enhance its management of digital risk, TF1 has retained the services of Program Assurance Cybersécurité, a specialist audit and consultancy firm. The aim is to ensure that the financial, technical and human resources deployed by the Group properly address the risks of cyber-attacks affecting our strategic operations. This external support also means that our cyber-security trajectory and roadmap can be updated very quickly in response to emerging cyber-threats.
Action plans have been implemented to enhance protection of the TF1 group's transmission infrastructures, alongside procedures to detect and react to security incidents. Finally, a disaster recovery plan is currently being rolled out.

**Complaint against TF1 by Molotov to the Competition Authority**

On 30 April 2020, the Competition Authority dismissed Molotov's complaint due to lack of evidence. However, Molotov has appealed against this decision.

**Complaint and claim filed with the CNIL**

On 26 June 2020, the NGO Privacy International applied to CNIL, the French data protection agency, for an investigation into whether the Doctissimo website complies with the General Data Protection Regulation (GDPR).
In response to the allegations, Doctissimo wrote to CNIL clarifying some of the issues raised in the investigation request, and informing CNIL of the status of GDPR deployment on the website.
To date, Doctissimo is unaware of what action CNIL intends to take in response to the call for an investigation.

In addition, on 8 June 2020 TF1 received a complaint from CNIL about the placing of cookies on the MYF1 service published by TF1.
TF1 is looking into these various actions and ensuring that GDPR requirements and CNIL guidelines are being deployed.
**Risks related to cookies and internet trackers**

*Description of the risk*

On 19 June 2020, the *Conseil d'Etat* partially voided the aforementioned CNIL decision, on grounds that by inferring a general prohibition on "cookie walls" from the GDPR the CNIL had exceeded the limits of what was legally possible under guidelines, which are a "flexible" legal instrument. The CNIL has indicated that it has "noted the *Conseil d'État* ruling and will strictly abide by it". As regards the rest, the *Conseil d'État* upheld the bulk of the CNIL interpretations and recommendations contained in the aforementioned CNIL decision and the related guidelines. Amendments to the guidance to reflect the partial voidance relating to cookie walls, and the adoption of the recommendation on cookies and trackers, are expected in or after September 2020, though the precise timescale has not yet been specified.

## 1.14. Diary dates

- **28 October 2020**: 2020 nine-month results

Diary dates may be subject to change.

# 2. Condensed consolidated financial statements first half of 2020

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report. The financial statements are restated for the impacts of first-time application of IFRS 16.

## Consolidated income statement

| (€m) | 1st half 2020 | 1st half 2019 | | 2nd quarter 2020 | 2nd quarter 2019 | Full year 2019 |
|---|---|---|---|---|---|---|
| Advertising revenue | 616.4 | 836.0 | | 259.7 | 441.1 | 1,658.1 |
| Other revenue | 267.1 | 309.2 | | 129.9 | 150.4 | 679.2 |
| **Revenue** | **883.5** | **1,145.2** | | **389.6** | **591.5** | **2,337.3** |
| Other income from operations | 15.5 | 19.4 | | 6.9 | 7.0 | 40.1 |
| Purchases consumed and changes in inventory | (325.6) | (452.0) | | (126.7) | (226.3) | (953.6) |
| Staff costs | (211.3) | (236.5) | | (101.8) | (126.0) | (484.8) |
| External expenses | (187.3) | (198.7) | | (85.3) | (103.3) | (434.5) |
| Taxes other than income taxes | (44.4) | (66.8) | | (17.8) | (32.5) | (126.1) |
| Net depreciation and amortisation expense on property, plant and equipment and intangible assets | (110.6) | (104.9) | | (54.7) | (50.5) | (248.0) |
| Net amortisation expense on right of use of leased assets | (9.5) | (9.4) | | (4.7) | (4.6) | (19.1) |
| Provisions and impairment, net | 10.6 | 0.1 | | 3.7 | 0.1 | (29.0) |
| Other current operating income | 94.2 | 121.5 | | 38.0 | 74.9 | 291.9 |
| Other current operating expenses | (47.3) | (54.9) | | (21.4) | (30.2) | (119.1) |
| **Current operating profit/(loss)** | **67.8** | **163.0** | | **25.8** | **100.1** | **255.1** |
| Non-current operating income | - | - | | - | - | - |
| Non-current operating expenses | - | - | | - | - | - |
| **Operating profit/(loss)** | **67.8** | **163.0** | | **25.8** | **100.1** | **255.1** |
| Income associated with net debt | 0.1 | 0.2 | | (0.1) | 0.2 | 0.7 |
| Expenses associated with net debt | (1.5) | (1.2) | | (0.3) | (0.7) | (2.3) |
| **Cost of net debt** | **(1.4)** | **(1.0)** | 0 | **(0.4)** | **(0.5)** | **(1.6)** |
| Interest expense on lease obligations | (1.7) | (1.9) | | (0.8) | (0.9) | (3.7) |
| Other financial income | 1.3 | 1.4 | | 0.8 | 0.7 | 1.4 |
| Other financial expenses | (5.1) | (2.8) | | (2.8) | (1.4) | (7.9) |
| Income tax expense | (21.8) | (51.2) | | (8.2) | (30.8) | (82.0) |
| Share of profits/(losses) of joint ventures and associates | (1.4) | (0.6) | | (0.6) | (0.6) | (6.1) |
| **Net profit/(loss) from continuing operations** | **37.7** | **106.9** | | **13.8** | **66.6** | **155.2** |
| **Net profit/(loss) from discontinued or held-for-sale operations** | **-** | **-** | | **-** | **-** | **-** |
| **Net profit/(loss)** | **37.7** | **106.9** | | **13.8** | **66.6** | **155.2** |
| ***attributable to the Group:*** | ***38.4*** | ***107.3*** | | ***14.4*** | ***66.7*** | ***154.8*** |
| ***attributable to non-controlling interests:*** | ***(0.7)*** | ***(0.4)*** | | ***(0.6)*** | ***(0.1)*** | ***0.4*** |
| Weighted average number of shares outstanding (in '000) | 210,268 | 210,153 | | 210,294 | 209,886 | 210,301 |
| Basic earnings per share from continuing operations (€) | 0.18 | 0.51 | | 0.07 | 0.19 | 0.74 |
| Diluted earnings per share from continuing operations (€) | 0.18 | 0.51 | | 0.07 | 0.19 | 0.74 |

## Statement of recognized income and expense

| (€m) | 1st half 2020 | 1st half 2019 | Full year 2019 |
|---|---|---|---|
| **Consolidated net profit/(loss) for period** | **37.7** | **106.9** | **155.2** |
| **Items not reclassifiable to profit or loss** | | | |
| Actuarial gains and losses on employee benefits [(1)] | 2.0 | (4.3) | (9.7) |
| Net change in fair value of equity instruments [(2)] | (9.1) | (6.5) | (26.5) |
| Net tax effect of equity items not reclassifiable to profit or loss | (1.6) | 1.9 | 3.5 |
| Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity | (0.6) | | |
| **Items reclassifiable to profit or loss** | | | |
| Remeasurement of hedging instruments | (0.1) | (1.0) | (1.4) |
| Change in cumulative translation adjustment of controlled entities | 0.2 | 0.4 | 0.8 |
| Net tax effect of equity items reclassifiable to profit or loss | 0.1 | 0.3 | 0.4 |
| Share of reclassifiable income and expense of joint ventures and associates recognised in equity | | | |
| **Income and expense recognised directly in equity** | **(9.1)** | **(9.1)** | **(32.8)** |
| **Total recognised income and expense** | **28.6** | **97.8** | **122.4** |
| *attributable to the Group* | 29.3 | 98.2 | 121.9 |
| *attributable to non-controlling interests* | (0.7) | (0.4) | 0.5 |

*(1)* *Corresponds to a change in actuarial assumptions, including an increase in the discount rate from 0.92% as of 31 December 2019 to 1.29% as of 30 June 2020.*

*(2)* *In the first half of 2020, negative net changes in the fair value of non-consolidated equity investments recognised in equity amounted to €9.1 million.*

## Consolidated cash flow statement

| (€m) | Note | 1st half 2020 | 1st half 2019 | Full year 2019 |
|---|---|---|---|---|
| Net profit/(loss) from continuing operations (including non-controlling interests) | | 37.7 | 106.9 | 155.2 |
| Net charges to/(reversals of) depreciation, amortisation, impairment of property, plant and equipment and intangible assets, and non-current provisions | | 108.6 | 121.7 | 283.0 |
| Amortisation, impairment and other adjustments on right of use of leased assets | | 9.8 | 9.4 | 19.1 |
| Net (gain)/loss on asset disposals | | 0.7 | - | 5.0 |
| Share of (profits)/losses and dividends of joint ventures and associates | *6* | 1.4 | 0.6 | 1.3 |
| Other non-cash income and expenses | | (7.9) | (19.0) | (43.7) |
| **Sub-total** | | **150.3** | **219.6** | **419.9** |
| Income taxes paid | | (33.4) | (35.1) | (85.3) |
| Income tax expense (including deferred taxes and liabilities on uncertain tax positions) | | 21.8 | 51.2 | 82.0 |
| **Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid** | | **138.7** | **235.7** | **416.6** |
| Cost of net debt/income from net surplus cash and interest expense on lease obligations | | 3.1 | 2.9 | 5.3 |
| Change in operating working capital needs [1] | | 104.8 | 10.2 | (32.3) |
| **Net cash generated by/(used in) operating activities** | | **246.6** | **248.8** | **389.6** |
| Cash outflows on acquisitions of property, plant & equipment and intangible assets | | (115.3) | (120.0) | (246.3) |
| Cash inflows from disposals of property, plant & equipment and intangible assets | | - | 0.1 | 1.3 |
| Cash outflows on acquisitions of financial assets | | - | (0.4) | (0.7) |
| Cash inflows from disposals of financial assets | | 0.5 | - | 0.2 |
| Effect of changes in scope of consolidation | *8* | 0.3 | (17.4) | (37.7) |
| *Purchase price of investments in consolidated activities* | | *(3.0)* | *(22.5)* | *(51.3)* |
| *Proceeds from disposals of consolidated activities* | | *1.0* | *0.5* | *0.5* |
| *Net liabilities related to consolidated activities* | | - | - | - |
| *Other cash effects of changes in scope of consolidation* | | *2.4* | *4.6* | *13.1* |
| Dividends received | | 0.1 | - | 0.1 |
| Other cash flows from investing activities | | (10.3) | (1.6) | (3.8) |
| **Net cash generated by/(used in) investing activities** | | **(124.7)** | **(139.3)** | **(286.9)** |
| Cash received on exercise of stock options | | - | 3.5 | 3.5 |
| Purchases and sales of treasury shares | | - | (3.5) | (3.5) |
| Other transactions between shareholders | | (4.7) | (3.1) | (19.8) |
| Dividends paid during the period | | - | (83.8) | (84.0) |
| Cash inflows from new debt contracted | *7* | 172.2 | 19.3 | 46.8 |
| Repayments of borrowings | *7* | (132.6) | (1.1) | (31.1) |
| Repayments of lease obligations | | (9.6) | (9.1) | (18.4) |
| Net interest paid | | (2.8) | (2.7) | (4.9) |
| **Net cash generated by/(used in) financing activities** | | **22.5** | **(80.5)** | **(111.4)** |
| **Impact of exchange rate movements** | | **(0.3)** | **0.2** | ***0.3*** |
| **CHANGE IN CASH POSITION – CONTINUING OPERATIONS** | | **144.1** | **29.2** | **(8.4)** |
| **Cash position at start of period** | | **102.6** | **111.0** | **111.0** |
| Change in cash position | | 144.1 | 29.2 | (8.4) |
| **Cash position at end of period** | | **246.7** | **140.2** | **102.6** |

*[1] Current assets minus current liabilities, excluding (i) taxes and (ii) current debt and financial instruments used to hedge debt, which are classified in financing activities*

## Consolidated balance sheet (assets)

| **ASSETS** (€m) | **30/06/2020** | **31/12/2019** | **30/06/2019** |
|---|---|---|---|
| **Goodwill** | **845.2** | **845.2** | **831.1** |
| **Intangible assets** | **318.5** | **312.5** | **308.5** |
| Audiovisual rights | 165.3 | 157.4 | 167.3 |
| Other intangible assets | 153.2 | 155.1 | 141.2 |
| **Property, plant and equipment** | **210.0** | **206.2** | **198.0** |
| **Right of use of leased assets** | **86.2** | **93.8** | **92.8** |
| **Investments in joint ventures and associates** | **11.7** | **12.3** | **20.4** |
| **Non-current financial assets** | **35.9** | **37.3** | **37.8** |
| **Non-current tax assets** | **-** | **-** | **-** |
| **Total non-current assets** | **1,507.5** | **1,507.3** | **1,488.6** |
| **Inventories** | **561.7** | **521.4** | **531.1** |
| Programmes and broadcasting rights | 545.9 | 508.2 | 518.0 |
| Other inventories | 15.8 | 13.2 | 13.1 |
| **Trade and other debtors** | **1,113.9** | **1,205.0** | **1,199.0** |
| **Current tax assets** | **14.1** | **4.8** | **-** |
| **Other current financial assets** | **0.2** | **0.3** | **1.1** |
| **Cash and cash equivalents** | **248.8** | **105.3** | **149.1** |
| **Total current assets** | **1,938.7** | **1,836.8** | **1,880.3** |
| **Assets of held-for-sale operations** | **-** | **-** | **-** |
| **TOTAL ASSETS** | **3,446.2** | **3,344.1** | **3,368.9** |

## Consolidated balance sheet (shareholders' equity and liabilities)

| SHAREHOLDERS' EQUITY AND LIABILITIES (€m) | 30/06/2020 | 31/12/2019 | 30/06/2019 |
|---|---|---|---|
| Share capital | 42.1 | 42.0 | 42.1 |
| Share premium and reserves | 1,509.0 | 1,365.6 | 1,426.6 |
| Net profit/(loss) for the period attributable to the Group | 38.4 | 154.8 | 107.3 |
| **Shareholders' equity attributable to the Group** | **1,589.5** | **1,562.4** | **1,576.0** |
| Non-controlling interests | 1.6 | 1.7 | 0.1 |
| **Total shareholders' equity** | **1,591.1** | **1,564.1** | **1,576.1** |
| **Non-current debt** | **233.2** | **200.1** | **152.6** |
| **Non-current lease obligations** | **72.1** | **79.4** | **81.5** |
| **Non-current provisions** | **51.0** | **50.9** | **46.6** |
| **Non-current tax liabilities** | **46.2** | **47.1** | **41.9** |
| **Total non-current liabilities** | **402.5** | **377.5** | **322.6** |
| **Current debt** | **37.7** | **31.5** | **25.2** |
| **Current lease obligations** | **20.1** | **20.1** | **16.8** |
| **Trade and other creditors** | **1,379.4** | **1,335.9** | **1,390.8** |
| **Current provisions** | **15.4** | **14.8** | **20.9** |
| **Current tax liabilities** | **-** | **-** | **16.5** |
| **Other current financial liabilities** | **-** | **0.2** | **-** |
| **Total current liabilities** | **1,452.6** | **1,402.5** | **1,470.2** |
| **Liabilities of held-for-sale operations** | **-** | **-** | **-** |
| **TOTAL SHAREHOLDERS' EQUITY & LIABILITIES** | **3,446.2** | **3,344.1** | **3,368.9** |

# Consolidated statement of changes in shareholders' equity

| | Note | Share capital & share premium | Reserves related to share capital & retained earnings | Consolidated reserves & profit/(loss) for period | Treasury shares held | Items recognised directly in equity | TOTAL - GROUP | Non-controlling interests | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **POSITION AT 31/12/2018** | | **58.8** | **1,413.8** | **123.7** | **-** | **(21.7)** | **1,574.6** | **0.6** | **1,575.2** |
| **Movements in the first half of 2019** | | | | | | | - | | - |
| Net profit/(loss) | | - | - | 107.4 | - | | 107.4 | (0.4) | 107.0 |
| Translation adjustments | | - | - | | - | | - | - | - |
| Other recognised income & expense | | - | - | - | - | (9.1) | (9.1) | - | (9.1) |
| **Total comprehensive income** | | **-** | **-** | **107.4** | **-** | **(9.1)** | **98.3** | **(0.4)** | **97.9** |
| Share capital and reserves transactions, net | | 3.5 | - | - | - | - | 3.5 | - | 3.5 |
| Acquisitions & disposals of treasury shares | | - | (3.5) | - | - | - | (3.5) | - | (3.5) |
| Acquisitions & disposals without loss of control | | - | - | - | - | - | - | - | - |
| Dividends distributed | | - | (83.8) | - | - | - | (83.8) | (0.1) | (83.9) |
| Share-based payment | | - | - | 1.4 | - | - | 1.4 | - | 1.4 |
| Other transactions (changes in scope of consolidation, other transactions with shareholders, & other items) | | - | - | (14.5) | - | - | (14.5) | - | (14.5) |
| **POSITION AT 30 JUNE 2019** | | **62.3** | **1,326.5** | **218.0** | **-** | **(30.8)** | **1,576.0** | **0.1** | **1,576.1** |
| **Movements in the second half of 2019** | | | | | | | | | |
| Net profit/(loss) | | - | - | 47.4 | - | - | 47.4 | 0.8 | 48.2 |
| Translation adjustments | | - | - | - | - | - | - | - | - |
| Other recognised income & expense | | - | - | - | - | (23.8) | (23.8) | - | (23.8) |
| **Total comprehensive income** | | **-** | **-** | **47.4** | **-** | **(23.8)** | **23.6** | **0.8** | **24.4** |
| Share capital and reserves transactions, net | | - | - | - | - | - | - | - | - |
| Acquisitions & disposals of treasury shares | | (0.1) | - | - | - | - | (0.1) | - | (0.1) |
| Acquisitions & disposals without loss of control | | - | - | (4.9) | - | - | (4.9) | - | (4.9) |
| Dividends distributed | | - | 0.1 | (0.3) | - | - | (0.2) | 0.1 | (0.1) |
| Share-based payment | | - | - | 1.4 | - | - | 1.4 | - | 1.4 |
| Other transactions (changes in scope of consolidation, other transactions with shareholders, & other items) | | - | - | (33.5) | - | - | (33.5) | 0.7 | (32.8) |
| **POSITION AT 31/12/2019** | | **62.2** | **1,326.6** | **228.1** | **-** | **(54.5)** | **1,562.4** | **1.7** | **1,564.1** |
| **Movements in the first half of 2020** | | | | | | | - | | - |
| Net profit/(loss) | | - | - | 38.4 | - | - | 38.4 | (0.7) | 37.7 |
| Translation adjustments | | - | - | - | - | | - | | - |
| Other recognised income & expense | | - | - | - | - | (9.1) | (9.1) | | (9.1) |
| **Total comprehensive income** | | **-** | **-** | **38.4** | **-** | **(9.1)** | **29.3** | **(0.7)** | **28.6** |
| Share capital and reserves transactions, net | | 0.1 | 18.3 | (18.3) | - | - | 0.1 | - | 0.1 |
| Acquisitions & disposals of treasury shares | | - | - | - | - | - | - | - | - |
| Acquisitions & disposals without loss of control | | - | - | (1.4) | - | - | (1.4) | - | (1.4) |
| Dividends distributed | | - | - | - | - | - | - | - | - |
| Share-based payment | | - | - | 0.5 | - | - | 0.5 | - | 0.5 |
| Other transactions (changes in scope of consolidation, other transactions with shareholders, & other items) | | - | - | (1.4) | - | - | (1.4) | 0.6 | (0.8) |
| **POSITION AT 30 JUNE 2020** | | **62.3** | **1,344.9** | **245.9** | **-** | **(63.6)** | **1,589.5** | **1.6** | **1,591.1** |

# Notes to the consolidated financial statements

## 1. Significant events

**Covid-19 pandemic and its economic impact**

From March 2020 onwards, the TF1 group has been significantly impacted by the Covid-19 pandemic, the government measures announced in response (in particular, the lockdown imposed on the French population from 17 March), and the resulting economic crisis. The impacts on the Group were described in press releases issued on 23 March and 1 April 2020.
Starting on 11 May 2020, the Group began to gradually resume operations, in particular its audiovisual production activities.

**IMPACTS ON THE GROUP'S OPERATIONS**

**Broadcasting segment**
All the Group's advertising customers have experienced a contraction in their business due to the lockdown. From mid-March, this resulted in the deferral or cancellation of many advertising campaigns, triggering a sharp fall in advertising revenue from that point in spite of a marked rise in audiences and the consumption of content in all forms and across all devices.
In parallel, the Group is adapting its schedules to circumstances day by day so as to offer high-quality entertainment and escapist family viewing alongside reliable and transparent information on the latest developments. And as it has proved in the past, the TF1 group has a degree of flexibility in its cost base that can temporarily help cushion the reduction in revenues and limit the erosion of profitability for the segment.

**Studios & Entertainment segment**
Content production (especially at Newen) was gradually shut down as lockdown measures were implemented in the countries where the Group operates. This has led to delays in delivery of programmes currently in production, causing the order book to be pushed back to 2021-23. Suspension of shooting had a substantial impact on studio revenue and profits. This was already being felt by the end of March for some Newen productions, such as those filmed daily (which account for some 30% of production revenues).
Production of content - especially daily shows and series - resumed gradually from the date lockdown was eased in May 2020.

At the same time, scheduled events such as cinema releases, live shows and concerts remain shut down until mid-September; this is having a substantial impact on revenue and profits from those activities.

**Unify segment**
Online advertising is subject to the same trends as those seen for advertising in our broadcasting operations, with many advertisers pulling campaigns that had been in preparation. Similarly, programmatic advertising has been hit by a sharp fall in demand (and a corresponding drop in CPM), triggering a marked reduction in revenue in spite of rising audiences across the various Unify sites (Marmiton, Aufeminin, Doctissimo, etc).

Social e-commerce (subscription box sales) and affiliation activities have so far been relatively unaffected by the economic downturn.

**Impacts at Group level**
At Group level, despite flexibility measures deployed across all segments, the sudden drop in activity levels has led to non-productive costs being incurred that cannot be adjusted in the same time-frame. In addition, the Group has incurred additional costs to ensure that on-site employees are safe from any health risks on our premises.

In the current context of a gradual resumption in operations, it is still too soon to assess how all of these impacts will affect the Group's performances, which will depend on a whole range of factors including lockdown exit strategies and the preventive and support mechanisms implemented by governments in the countries where the Group does business.

**OTHER FINANCIAL IMPACTS**

**Withdrawal of proposed dividend distribution at the Annual General Meeting**

To show solidarity and to share the sacrifices expected of all the Group's partners and staff, the Board of Directors decided to withdraw the proposal to ask the Annual General Meeting of 17 April 2020 to approve the distribution of a dividend.
The Board meeting of 28 July confirmed that no dividend would be paid out of 2019 profits.

**Suspension and partial withdrawal of objectives**
In its press release of 23 March 2020, the TF1 group informed the market of the suspension of all the objectives announced when its 2019 full-year results were published.
Subsequently, in its press release of 1 April 2020, the Group announced that it had withdrawn the two objectives set for the 2020 financial year: double-digit current operating margin, and a cost of programmes of €985 million.
In a press release issued on 29 July 2020, the Group also withdrew its objectives for 2021, i.e. (i) an improvement in ROCE relative to the 2018 level and (ii) revenue of at least €250 million and EBITDA of at least 15% for Unify (the Digital division).

**MEASURING THE IMPACT OF THE COVID-19 CRISIS**

The impact of the Covid-19 crisis, and its repercussions for the TF1 group's 2020 first-half performance, is an estimated loss of approximately €250 million of advertising revenue, mainly due to advertising campaigns being pulled or postponed.
Optimisation of programme schedules (including buying in specific programmes), and cost savings on cancelled or deferred operations, partly mitigated the loss of revenue.
State support measures for Group employees on part-time working led to the recognition of €2 million of income.
Overall, after taking account of costs incurred to combat Covid-19 and non-productive overheads, which were relatively immaterial in the period (less than €5 million), the impact of the pandemic on first-half current operating profit is estimated to be in the region of €100 million.
The above items are measured relative to the Group's prior-year performances, and to actual trends observed in the early part of 2020 (up to mid-March) in the case of advertising revenue and cancelled or deferred operations.

## 2. Accounting principles and policies

### 2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2020 were prepared in accordance with IAS 34, "Interim Financial Reporting". They include the minimum content and disclosures defined in IAS 34 and consequently should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019 as published in the 2019 Document d'enregistrement universel, filed with the Autorité des Marchés Financiers (AMF) on 10 March 2020 under reference number D.20-0118. An English-language version of the audited consolidated financial statements for the year ended 31 December 2019 is included in the 2019 Universal Registration Document, available on the TF1 corporate website:
https://www.groupe-tf1.fr/en/investors/results-and-publications.

The consolidated financial statements of the TF1 group include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They take account of recommendation no. 2016-01 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 2 December 2016.

The consolidated financial statements are presented in millions of euros.

### 2-2. New and amended IFRS accounting standards and interpretations

#### 2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after 1 January 2020

In preparing its condensed financial statements for the six months ended 30 June 2020, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2019, except for changes required to meet the obligations contained in the IFRS standards applicable as of 1 January 2020 as described below.

- **Amendments to IFRS 9, IAS 39 and IFRS 7**

On 26 September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 (phase 1) in connection with the reform of interest rate benchmarks. Those amendments were endorsed by the European Union on 16 January 2020, and are applicable retrospectively from 1 January 2020.
The impact of the amendments on the Group is immaterial.

- **Amendments to IFRS 3**

On 22 October 2018, the IASB issued amendments to IFRS 3 to clarify the definition of a "business" in a business combination. Those amendments were endorsed by the European Union on 21 April 2020, and apply to accounting periods beginning on or after 1 January 2020.
The impact of the amendments on the Group is immaterial.

#### 2-3. Changes in accounting policy

The TF1 group has not made any changes in accounting policy during 2020 to date.

#### 2-4. Use of estimates

Preparation of the condensed consolidated financial statements requires the TF1 group to make various estimates and use various assumptions regarded as realistic or reasonable. Subsequent events or circumstances may result in changes to those estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.
The principal accounting policies requiring the use of estimates are:

- impairment of audiovisual rights (whether recognised as intangible assets or carried as inventory);
- impairment of goodwill (where there is evidence of impairment);
- impairment of programmes and broadcasting rights;
- measurement of provisions.

Those estimates were made using the same valuation approaches as were used in preparing the financial statements for the year ended 31 December 2019 and the 2019 interim financial statements, supplemented by the specific analyses of goodwill described in Note 5. As of the date on which the financial statements were closed off by the Board of Directors, management believes that as far as possible, those estimates incorporate all information available to it.

#### 2-5. Seasonal trends

Advertising revenues are traditionally lower in January/February and July/August than during the rest of the year. The extent of those seasonal fluctuations varies from year to year.
In the period to June 2020, those effects have been accentuated by the impacts of the Covid-19 pandemic (see Note 1).

## 3. Operating segments

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operating decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operating decision-maker.
Management assesses segmental performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 group reports the following operating segments:

**Broadcasting**

The Broadcasting segment includes all of the Group's TV channels and websites. Revenues from those activities are generated by selling advertising airtime and by fees collected from cable, satellite and ADSL operators.
This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's platforms (such as interactivity between viewers and programmes), and subsidiaries

involved in production and audiovisual rights acquisition on behalf of the Group's TV channels (in accordance with French broadcasting regulations) and websites.

**Studios & Entertainment**

This segment consists of two sub-segments:

- ✓ Content subsidiaries whose activities are primarily focused on producing, acquiring, developing and commercialising audiovisual or music rights, licences and brands for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and all other exploitation rights in France or internationally, including physical and online video sales.

  Although these activities (carried on by TF1 Studios, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.
  More specifically, TF1 Studios and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European TV and video rights distributors.
  Consequently, TF1 management considers it relevant to monitor their financial performance collectively.

- ✓ The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level. As mentioned in Note 1, "Significant events of 2019" in the consolidated financial statements included in the 2019 Universal Registration Document, the distance selling and stores businesses of the Téléshopping unit were divested in the second quarter of 2019.

**Digital**

The Digital segment comprises (i) content publishing and special-interest web communities; monetisation of the digital audiences generated; and physical goods and services aimed at those audiences such as subscription boxes, magazines and live events, and (ii) digital agency and marketing activities.
Content creation also includes creating and buying audiences via special-interest online content and brand development; developing and running special-interest online communities; and developing and showcasing talent via multi-channel networks (MCNs). Monetisation is achieved by selling digital advertising space through stand-alone space-buying contracts and programmatic marketing auctions, and by selling subscription boxes, magazines and live events with sponsorship from advertisers.
In parallel, digital agency and marketing activities combine all services for digital advertisers including advertising agency services, audience development and targeting through e-commerce sites and social networks, and affiliation services.

| *(€m)* | BROADCASTING | | STUDIOS & ENTERTAINMENT | | DIGITAL | | TOTAL TF1 GROUP | |
|---|---|---|---|---|---|---|---|---|
| *SEGMENTAL INCOME STATEMENT* | H1 2020 | H1 2019 | H1 2020 | H1 2019 | H1 2020 | H1 2019 | H1 2020 | H1 2019 |
| Segment revenue | 697.2 | 905.8 | 132.6 | 173.1 | 68.5 | 85.7 | 898.3 | 1,164.6 |
| Elimination of inter-segment transactions | (13.9) | (15.0) | (0.8) | (4.3) | (0.1) | (0.1) | (14.8) | (19.4) |
| **GROUP REVENUE CONTRIBUTION** | **683.3** | **890.8** | **131.8** | **168.8** | **68.4** | **85.6** | **883.5** | **1,145.2** |
| *of which Advertising revenue* | 586.1 | 791.4 | 0.0 | 0.0 | 30.3 | 44.6 | 616.4 | 836.0 |
| *of which Other revenue* | 97.2 | 99.4 | 131.8 | 168.8 | 38.1 | 41.0 | 267.1 | 309.2 |
| **CURRENT OPERATING PROFIT/(LOSS)** | **75.9** | **142.5** | **0.0** | **17.3** | **(8.1)** | **3.2** | **67.8** | **163.0** |
| *% operating margin on Group contribution* | 11% | 16% | 0% | 10% | -12% | 4% | 8% | 14% |
| *Interest expense on lease obligations* | (0.8) | (0.9) | (0.7) | (0.8) | (0.2) | (0.2) | (1.7) | (1.9) |
| **CURRENT OPERATING PROFIT/(LOSS) after leases** | **75.1** | **141.6** | **(0.7)** | **16.5** | **(8.3)** | **3.0** | **66.1** | **161.1** |
| Share of profits/(losses) of joint ventures and associates | (1.6) | 0.3 | 0.2 | (0.2) | 0.0 | (0.7) | (1.4) | (0.6) |

"Current operating profit/(loss) after leases" represents current operating profit after deducting interest expense on lease obligations.

## 4. Analysis of revenue

TF1 group consolidated revenue for the first half of 2020 breaks down as follows:

H1 2020


| | (€m) | H1 2020 | H1 2019 | Chg. €m | Chg. % |
|---|---|---|---|---|---|
| 66.3% | Advertising revenue | 586.1 | 791.4 | (205.3) | -26% |
| 11.0% | Other revenue | 97.2 | 99.4 | (2.2) | -2% |
| | **Broadcasting** | **683.3** | **890.8** | **(207.5)** | **-23%** |
| 12.2% | Production / sale of audiovisual rights | 107.8 | 110.5 | (2.7) | -2% |
| 2.7% | Revenue from games, music, live shows and distance selling | 24.0 | 58.3 | (34.3) | -59% |
| | **Studios and Entertainment** | **131.8** | **168.8** | **(37.0)** | **-22%** |
| 6.1% | Web publishing (digital content and social e-commerce) | 53.5 | 67.7 | (14.2) | -21% |
| 1.7% | Business solutions/digital marketing | 14.9 | 17.9 | (3.0) | -17% |
| | **Digital** | **68.4** | **85.6** | **(17.2)** | **-20%** |
| | **Total revenue** | **883.5** | **1,145.2** | **(261.7)** | **-23%** |

## 5. Goodwill

In accordance with the revised IFRS 3 the TF1 group has, for acquisitions made during the period, elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

| *(€m)* | Broadcasting | Studios & Entertainment | Digital | TOTAL |
|---|---|---|---|---|
| **Goodwill at 1 January 2019** | **407.7** | **164.1** | **245.3** | **817.1** |
| Acquisitions | - | 12.9 | 1.2 | 14.0 |
| Disposals | - | - | - | - |
| Translation adjustments | - | - | - | - |
| Reclassifications | - | - | - | - |
| Impairment | - | - | - | - |
| **Goodwill at 30 June 2019** | **407.7** | **177.0** | **246.4** | **831.1** |
| | | | | |
| **Goodwill at 1 January 2020** | **407.7** | **192.3** | **245.2** | **845.2** |
| Acquisitions | - | 0.8 | - | 0.8 |
| Disposals | - | - | - | - |
| Translation adjustments | - | (0.7) | - | (0.7) |
| Adjustment | - | (0.1) | - | (0.1) |
| Reclassifications | - | - | - | - |
| Impairment | - | - | - | - |
| **Goodwill at 30 June 2020** | **407.7** | **192.3** | **245.2** | **845.2** |

### Impairment testing of goodwill

Impairment testing of goodwill as of 31 December 2019 involved determining recoverable amounts on the basis of:

- three-year cash flow projections aligned on the business plan presented to and approved by the TF1 Board of Directors at the end of 2019;
- cash flows beyond the projection time horizon (normative cash flows) extrapolated at a perpetual growth rate of between 1% and 2.5%, depending on the nature of the CGU’s business;
- discount rates (weighted average cost of capital) measured on the basis of end-2019 market data.

As of 31 March 2020, an indication of potential impairment was identified as a result of the slowdown in the Group’s operations. Given the absence as of that date of sufficient information to estimate the consequences of the pandemic crisis on normative cash flow projections, goodwill was tested for impairment as of 31 March 2020 on the basis of the methods and sensitivity analyses carried out at the end of 2019 and of discount rates updated as of 31 March 2020 (see note 5 to the first-quarter financial statements).

As of 30 June 2020, the Covid-19 crisis led during the second quarter to a marked slowdown in the Group’s operations (reduced revenue from TV and digital advertising, suspension of shooting, and cancellation of live shows and other events), which adversely affected operating performance (see Note 1, “Significant events”). These factors, coupled with a decrease in the TF1 share price, represent an indication of potential impairment, especially for those Group operations with a relatively new business model subject to constant and rapid change.

Consequently, the business plan prepared at the end of 2019 was reviewed at the end of June 2020 to simulate the consequences of the ongoing crisis (such as can be estimated at this stage) for cash flow projections for 2020, 2021 and 2022. The resulting simulation for the 2020-2022 period was submitted to the TF1 Board of Directors on 28 July 2020.

The value of goodwill as of 30 June 2020 was assessed on the basis of this simulation of future cash flows using the same method as was applied by the Group at the end of 2019, as described in Note 7.3.1 to the 2019 full-year consolidated financial statements. For the Digital CGU, given the significant fall in advertising revenue observed in the first half of 2020 and uncertainties about the pace of recovery for these activities in France at a time of strong growth in the digital advertising market, the cash flow projections derived from the 2020-2022 simulation were extended to 2023 and 2024. This was done to better capture the recovery scenario for this business, and to return to the long-term growth rate for the segment built into the extrapolation of cash flows beyond 2024 (i.e. retaining the perpetual growth rate applied at the end of 2019).

The discount rates determined as of 30 June 2020, using market rates and based on the same peer comparison sample as at the end of 2019, were as follows: 6.22% for the Broadcasting and Studios & Entertainment segments (versus 6.14% at 31 December 2019), and 8.76% for the Digital CGU (versus 7.85% at 31 December 2019).

Based on those assumptions, the impairment tests conducted did not indicate any evidence that the goodwill associated with the CGUs was impaired as of 30 June 2020. Nevertheless, the recoverable amount of the Digital CGU is very close to the carrying amount of the CGU's net assets, a conclusion confirmed by an independent expert valuation of the CGU.

The same sensitivity analyses were performed as of 30 June 2020 as were performed at the end of 2019 (see Note 7.3.1 to the 2019 consolidated financial statements). The results of those analyses are shown below.

The recoverable amount of each CGU would equal the carrying amount of the assets tested if the following assumptions (taken individually) were to be applied:

| June 2020 | Change in discount rate | Change in normative cash flows | Change in perpetual growth rate |
|---|---|---|---|
| Broadcasting CGU | 824 bp | -67% | -933 bp |
| Studios & Entertainment CGUs (aggregated) | 1,187 bp | -80% | -1,409 bp |
| Digital CGU | 1 bp | 0% | -2 bp |

| December 2019 | Change in discount rate | Change in normative cash flows | Change in perpetual growth rate |
|---|---|---|---|
| Broadcasting CGU | 693 bp | -66% | -878 bp |
| Studios & Entertainment CGUs (aggregated) | 1,001 bp | -80% | -1,364 bp |
| Digital CGU | 80 bp | -15% | -90 bp |

For the Broadcasting CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €1,131 million (€1,084 million at end 2019).
For the aggregated Studios & Entertainment CGUs, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €644 million (€584 million at end 2019).
For the Digital CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would be lower than the carrying amount by €55 million (€15 million at end 2019).

## 6. Investments in joint ventures and associates

The table below gives details of investments in joint ventures and associates:

| *(€m)* | Vertical Station | Série Club | Other | TOTAL |
|---|---|---|---|---|
| **1 January 2019** | 9.4 | **10.0** | **1.4** | **20.8** |
| Share of profit/(loss) for the period | (0.7) | 0.3 | (0.2) | **(0.6)** |
| Provision for impairment | - | - | - | **-** |
| Dividends paid | - | - | - | **-** |
| Changes in scope of consolidation and reclassifications | - | - | 0.1 | **0.1** |
| Other | 0.2 | - | (0.1) | **0.1** |
| **30 June 2019** | **8.9** | **10.3** | **1.2** | **20.4** |
| | | | | |
| **1 January 2020** | **-** | **9.9** | **2.4** | **12.3** |
| Share of profit/(loss) for the period | - | 0.4 | (1.8) | **(1.4)** |
| Provision for impairment | - | - | - | **-** |
| Dividends paid | - | - | - | **-** |
| Changes in scope of consolidation and reclassifications | - | - | - | **-** |
| Other | - | - | 0.8 | **0.8** |
| **30 June 2020** | **-** | **10.3** | **1.4** | **11.7** |

## 7. Net cash position

The TF1 group's net cash position comprises:

- cash and cash equivalents, comprising cash in hand, instant access deposits, cash equivalents, overdrafts and short-term bank loans, and current account credit balances;
- debt, comprising non-current and current financial liabilities;
- financial assets contractually allocated to the repayment of debt.
-

Net surplus cash (or net debt) as reported by the TF1 group excludes non-current and current lease obligations, and comprises the following items:

| *(€m)* | 31/12/2019 | Translation adjustments | Changes in scope of consolidation | Cash flows | Changes in fair value via equity or profit/loss | Other movements | 30/06/2020 |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 105.3 | | 2.4 | 141.1 | | | 248.8 |
| Financial assets used for treasury management purposes | - | | | | | | - |
| Overdrafts, short-term bank loans and current account credit balances | (2.8) | | | 0.6 | | | (2.2) |
| **Available cash** | **102.5** | **-** | **2.4** | **141.7** | **-** | **-** | **246.6** |
| Fair value of interest rate derivatives | - | | | | | | - |
| Non-current borrowings | (200.1) | 1.7 | | (36.9) | (3.2) | 5.3 | (233.2) |
| Current debt excluding overdrafts, short-term bank loans and current account credit balances | (28.7) | 0.9 | | (2.7) | - | (5.0) | (35.5) |
| **Total debt** | **(228.8)** | **2.6** | **-** | **(39.6)** | **(3.2)** | **0.3** | **(268.7)** |
| **Net surplus cash/(net debt)** | **(126.3)** | | **2.4** | **102.1** | **(3.2)** | **0.3** | **(22.1)** |
| Lease obligations [(1)] | (99.5) | | | (9.6) | | 16.9 | (92.2) |
| **Net surplus cash (+) / Net debt (-) including lease obligations** | **(225.8)** | **-** | **2.4** | **92.5** | **(3.2)** | **17.2** | **(114.3)** |

*(1) Mainly comprises repayments of lease obligations during the period, and new obligations arising from leases contracted during the period.*

As of 30 June 2020, TF1 had confirmed bilateral bank credit facilities of €965 million, including €170 million for Newen. Those facilities were backed up by a cash pooling agreement with the Bouygues Group.
As of 30 June 2020, drawdowns under those facilities amounted to €164 million, all of which related to the Newen facility.

The consolidated cash flow statement analyses changes in the Group's cash position, which at period-end consisted of the following items:

| *(€m)* | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Cash and cash equivalents in the balance sheet | 248.8 | 105.3 |
| Cash of held-for-sale operations | - | - |
| Treasury current account credit balances | - | (0.1) |
| Bank overdrafts and short-term bank loans | (2.2) | (2.7) |
| **Total cash position at period-end per the cash flow statement** | **246.6** | **102.5** |

## 8. Cash flow statement – effect of changes in scope of consolidation

For the six months ended 30 June 2019, the items shown in this section of the cash flow statement relate mainly to the effects of the first-time consolidation of the De Mensen group in the first quarter of 2019.

## 9. Dividends paid

To show solidarity and to share the sacrifices expected of all the Group's partners and staff, the Board of Directors decided to withdraw the proposal to ask the Annual General Meeting of 17 April 2020 to approve the distribution of a dividend.

| | Paid in 2020 | Paid in 2019 |
|---|---|---|
| Total dividend (€m) | - | 84.0 |
| Dividend per ordinary share (€) | - | 0.40 |

## 10. Events after the reporting period

No events after the reporting period have been identified by the Group.

# 3. Statutory Auditors' report

Statutory Auditors' Review Report on the half-yearly Financial Information - for the period from January 1 to June, 30, 2020

**MAZARS**
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie
S.A. à directoire et conseil de surveillance
Au capital de € 8.320.000
784 824 153RCS Nanterre

Commissaire aux Comptes
Membre de la compagnie
Régionale de Versailles

**ERNST & YOUNG Audit**
Tour First
TDA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
344 366 315 RCS Nanterre

Commissaire aux Comptes
Membre de la compagnie
Régionale de Versailles

*This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your General Assemblies and in accordance with the requirements of the French monetary and financial code, article L.451-1-2 III, we hereby report to you:

- the review of the accompanying (condensed) half-yearly consolidated financial statements of TF1, for the period from 1 January 2020 to 30 June 2020,

- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors held on July 28, 2020, on the basis of the information available at that stage in an evolving context of the COVID-19 crisis and difficulties in understanding its impacts and anticipate future prospects. Our role is to express a conclusion on these financial statements based on our review.

**I – Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

**II – Specific verification**

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review, established on July 28, 2020.

We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, 28 July 2020

The statutory auditors

| | |
|---|---|
| MAZARS | ERNST & YOUNG Audit |
| Gilles Rainaut | Nicolas Pfeuty |

# 4. Statement of person responsible

I certify that to the best of my knowledge the condensed consolidated first-half financial statements for the past half-year have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of affiliated undertakings and that the attached first-half review of operations provides an accurate representation of significant events in the first six months of the year and of their impact on the first-half financial statements, of the main related-party transactions and of the main risks and uncertainties for the remaining six months.

Boulogne-Billancourt, 28 July 2020

Chairman and CEO

Gilles C. Pélisson

**Télévision Française 1**
*Société anonyme* with capital of €42,079,514.80 - Registered No. 326 300 159 R.C.S. Nanterre
Postal address:
TF1 – 1 quai du Point du Jour – 92656 Boulogne Cedex – France
Tel: +33 (0) 1 41 41 12 34

---

**Contact**

**Investor Relations Department**
E-mail: comfi@tf1.fr
Website: http://www.groupe-tf1.fr/en/investisseurs