Financial Information

First quarter of 2016

Financial Information – First quarter of 2016

1. Financial Information – First quarter of 2016

1.1. Consolidated results

Financial indicators

These key figures are extracted from TF1 consolidated financial data.

(€ million)	Q1 2016	Q1 2015	FY 2015
Revenue	**481.9**	**475.1**	**2,004.3**
Group advertising revenue	*356.1*	*363.1*	*1,554.2*
Revenue from other activities	*125.8*	*112.0*	*450.1*
Current operating profit/(loss)	**14.8**	**28.1***	**158.0***
Operating profit/(loss)	**(19.2)**	**28.1***	**141.2***
Net profit/(loss) attributable to the Group from continuing operations	**(13.1)**	**32.7***	**99.9***
Operating cash flow**	**30.5**	**(0.2)**	**164.0**
Basic earnings per share from continuing operations (€)	**(0.06)**	**0.15**	**0.47**
Diluted earnings per share from continuing operations (€)	**(0.06)**	**0.15**	**0.47**
Shareholders' equity attributable to the Group	**1,602.0**	**2,044.1**	**1,741.7**
Net surplus cash/(net debt) of continuing operations	**340.8**	**572.0**	**700.8**

** Includes the gain arising on the deconsolidation of Eurosport France (€33,7m)*
*** Before cost of net debt and income taxes.*

	Q1 2016	Q1 2015	FY 2015
Weighted average number of ordinary shares outstanding (in '000)	209,085	211,612	210,786
Closing share price at end of period (€)	11.38	16.5	10.25
Market capitalisation at end of period (€bn)	2.4	3.5	2.2

Income statement contributions – continuing operations

Quarterly revenue and current operating profit/(loss)

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 ("Operating segments") to the condensed consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr. For details of how consolidated entities are allocated between the operating segments, refer to Note 13 ("Detailed list of companies included in the consolidation") to the condensed consolidated financial statements.

Contribution to revenue

(€ million)	Q1 2016	Q1 2015	FY 2015
Broadcasting	**389.4**	**418.0**	**1,736.1**
Free platforms	353.5	366.3	1,569.0
Other platforms and related services	35.9	51.7	167.1
Studios & Entertainment	**92.5**	**57.1**	**268.2**
REVENUE	**481.9**	**475.1**	**2,004.3**

Contribution to current operating profit/(loss)

(€ million)	Q1 2016	Q1 2015	FY 2015
Broadcasting	**4.9**	**22.6**	**134.6**
Free platforms	(3.5)	(18.6)	71.1
Other platforms and related services	8.4	41.2	63.5
Studios & Entertainment	**9.9**	**5.5**	**23.4**
CURRENT OPERATING PROFIT/(LOSS)	**14.8**	**28.1**	**158.0**

Cost of programmes on free platforms, by type

(€ million)	**Q1 2016**	**Q1 2015**	**FY 2015**
Total cost of programmes	**247.7***	**243.5**	**956.2**
Major sporting events	-		26.8
Total excluding major sporting events	**247.7***	**243.5**	**929.4**
Variety/Gameshows/Magazines	75.9	75.1	285.5
Drama/TV movies/Series/Plays	89.6*	91.9	316.7
Sport (excluding major sporting events)	10.8	10.3	45.0
News	29.9	27.5	107.3
Films	35.8	35.6	159.9
Children's programmes	5.7	3.1	15.0

** Includes €15.3 million of non-current expenses relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of April 27, 2015 that allowed broadcasters to own co-production shares in respect of their investments in independent productions.*

The cost of programmes will include the cost of LCI programmes with effect from that channel's switchover to freeview in April 2016.

1.2. Significant events of the first quarter of 2016

January 14, 2016

The TF1 group announces that it has acquired from FIFA a package of media rights for the next four major world football competitions, enhancing the Group's line-up of major sporting events across all its media platforms (broadcast and digital).
The Group will offer exclusive, free-to-air broadcasts on TF1 of the top 28 matches from the 2018 FIFA World Cup™ in Russia and the 2022 FIFA World Cup™ in Qatar.
The TF1 group has also acquired full rights to the 2019 FIFA Women's World Cup™ in France and the 2017 FIFA Confederations Cup in Russia.

January 15, 2016

For the second year running, the Group's head office hosts the #TCDF 2015 awards, organised jointly by TF1 and Labcom to recognise initiatives taken by women active in various areas of the digital industry.

January 26, 2016

Having obtained the necessary clearances from the regulatory authorities, FLCP (the holding company of the Newen group) and TF1 announce that they have completed the acquisition by TF1 of a 70% equity interest in FLCP. At the same time, FLCP is renamed Newen Studios, bringing together Newen and Neweb. The existing shareholders, including the management team, retain a 30% interest.

February 2016

The Group's Purchasing Department retains its "Responsible Supplier Relations" accreditation until January 2017.
The department (which handles all purchasing other than rights buying) has held this accreditation for three consecutive years since January 2014. Awarded by the French mediation agency *Médiation Nationale Interentreprises* and the French national federation of managers and buyers (CDAF), this accreditation reflects TF1's overall supplier relations policy and attests to the commitments made by the Group's purchasing managers in areas such as financial fair dealing, ethical standards, and the promotion of balanced long-term relationships with suppliers.
It is testimony to the proactive, professional approach to purchasing and corporate social responsibility adopted by all Group entities in their day-to-day dealings with suppliers.

February 17, 2016

Gilles Pélisson is appointed as Chairman and Chief Executive Officer, to take office on February 19, 2016. Prior to that date, Gilles Pélisson had been preparing for his new role, with support from Nonce Paolini.

A 58-year-old graduate of ESSEC and Harvard business schools, Gilles Pélisson has run Eurodisney and Accor, both of which are major listed companies providing services to consumers. He has also run Noos and Bouygues Telecom, both of which operate in a regulated sector undergoing significant technological changes. Gilles Pélisson has extensive international experience and a track record of good staff relations. He knows TF1 well, having served on its Board of Directors since 2009.

March 11, 2016

Les Enfoirés is watched by 11.6 million viewers, attracting an audience share of 57% share among "women aged under 50 purchasing decision-makers", a year-on-year increase of 3 percentage points.

March 22, 2016

e-TF1 announces that it has taken a majority equity interest of 51% in the digital marketing company Bonzai Digital.

March 2016

The TF1 group's licensing agent is selected by IMPS to represent the iconic *Schtroumpfs* (Smurfs) brand in France. The arrangement covers the management of spin-off products and promotional licences, and TF1 Licences is planning a major licensing programme around this classic brand.

Events after the reporting period

LCI:

On April 5, 2016, the LCI news channel switched over to freeview on DTT channel 26.

1.3. Analysis of consolidated results

Boulogne-Billancourt – April 26, 2016

New segments

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 (“Operating segments”) to the condensed consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr. For details of how consolidated entities are allocated between the operating segments, refer to Note 13 (“Detailed list of companies included in the consolidation”) to the condensed consolidated financial statements.

Revenue

Consolidated revenue for the first quarter of 2016 was €481.9 million, up €6.8 million (1.4%) year-on-year.

This was mainly a result of the following changes in Group structure:

- the deconsolidation with effect from March 31, 2015 of Eurosport France, which contributed revenue of €17.8 million in the first quarter of 2015;
- the consolidation of Newen Studios with effect from January 1, 2016.

Advertising revenue

Group advertising fell by 1.9% (or €7.0 million) to €356.1 million. This comprised:

- €341.3 million of net TV advertising revenue for the free-to-air channels. This represents only a very slight fall (-0.7%) given the tough comparative from the first quarter of 2015, when TV advertising revenue rose by 3.2% year-on-year. With effect from January 1, 2016 this figure includes revenue from the LCI channel, which was immaterial in the first quarter of 2016.

  The Group’s DTT channels saw further growth thanks to strong audience ratings among target women viewers.

  This partly offset lower revenue for the TF1 core channel. In a context of good demand, and despite slippage in audience share over the period, TF1 maintained its strategy of preserving the value of key advertising slots.

- €14.8 million of revenue from advertising on other Group media, €4.7 million down on the first quarter of 2015. This fall was largely due to lower advertising revenue following discontinuation of the print edition of the *Metronews* newspaper in July 2015, and to the ending of airtime sales contracts for pay-TV theme channels (beIN SPORTS and Discovery in France).

Non-advertising revenue

Non-advertising revenue for the first quarter of 2016 was €125.8 million, up €13.8 million (12.3%) year-on-year, reflecting the effects of the following changes in Group structure:

- the inclusion in the first quarter of 2015 of Eurosport France, which was deconsolidated on March 31, 2015;
- the consolidation of Newen Studios with effect from January 1, 2016.

Cost of programmes and other current operating income/ expenses

Cost of programmes

Following publication of the decree of April 27, 2015 that allows broadcasters to own co-production shares in respect of their investments in independent productions, shares in co-productions financed subsequent to the decree are now recognised prior to broadcast, at the time of delivery of the production to the channel (see Note 9 to the condensed consolidated financial statements). The co-existence of two different accounting treatments for productions depending on whether they were financed before or after the decree has resulted in the recognition of an additional expense. Because the co-existence of these two accounting treatments arises for only a limited time, this expense is treated as non-current. This expense amounted to €15.3 million in the first quarter of 2016, and is expected to reach €26 million over 2016 as a whole.

The cost of programmes for the TF1 group's free-to-air channels, after stripping out non-current expenses, amounted to €232.4 million for the first quarter of 2016, down €11.1 million year-on-year. The Group maintained a policy of tight control over programming during the first quarter, given the limited potential of the advertising market during the first two months of the year.

The biggest increases were in news programmes (+€2.4 million) due to longer screen-time for the weekend news magazines *7 à 8* and *Reportages* and in children's programmes (+€2.6 million), due partly to an increase in the number of new shows and partly to timing differences in scheduling.
There were more limited increases in Entertainment, Sport and TV movies, reflecting a higher level of investment in the Group's DTT channels.
The cost of Drama programmes was €16.4 million lower year-on-year (after stripping out non-recurring expenses), due to scheduling decisions.

Other expenses and depreciation, amortisation and provisions

Other expenses and depreciation, amortisation and provisions increased by €31.2 million in the first quarter of 2016, mainly as a result of the first-time consolidation of Newen Studios. After stripping out this effect, these charges fell year-on-year due to the deconsolidation of Eurosport France and cost reductions at Metronews following discontinuation of the newspaper's print edition.

Current operating profit

The TF1 group made a current operating profit of €14.8 million in the first quarter of 2016, down €13.3 million relative to the first quarter of 2015. However, the 2015 first-quarter figure included the operating results of Eurosport France, which was deconsolidated on March 31, 2015, and also the gain arising on that deconsolidation.

After stripping out the effects of this change in the structure of the Group, current operating profit increased year-on-year, thanks to tight control over programming costs and the first-time consolidation of Newen Studios.

Current operating margin was 3.1%, down 2.8 points year-on-year.

Operating profit/(loss)

Non-current operating expenses of €34 million were booked in the first quarter of 2016, including:
- the operating loss of the LCI channel, for which the first quarter of 2016 was a transitional period with no revenue generated from cable operators pending the freeview switchover on April 5, 2016;
- the one-off expense arising from the co-existence of two different accounting treatments for French dramas depending on whether or not they are subject to the decree enacted in 2015;
- non-current expenses arising from the implementation of the TF1 group's new ambition.

Consequently, the TF1 group made an operating loss of €19.2 million in the first quarter of 2016, representing a year-on-year negative swing of €47.3 million. However, this swing is less pronounced after taking account of the Eurosport France operating profit of €33.7 million included in the 2015 first-quarter figure.

Net profit/(loss)

Cost of net debt was €0.2 million in the first quarter of 2016, following the first-time consolidation of Newen Studios.

There was a net tax saving of €9.1 million for the period, versus €4.5 million in the first quarter of 2015, reflecting a higher tax loss year-on-year.

Joint ventures and associates contributed a net loss of €2.1 million for the quarter, a decrease of €2.8 million year on year, due to the absence of any share of profits from the Eurosport group and to the loss posted by Groupe AB.
Overall, the first quarter ended with a net loss attributable to the Group from continuing operations of €12.4 million, a negative year-on-year swing of €46.1 million.

Net profit attributable to non-controlling interests for the first quarter of 2016 was €0.7 million. This includes the share of profits attributable to the minority shareholders of Newen Studios.

Financial position

Shareholders' equity attributable to the Group stood at €1,602.0 million as of March 31, 2016, out of a balance sheet total of €3,321.2 million.

Net cash of continuing operations as of March 31, 2016 was €340.8 million, versus €700.8 million as of December 31, 2015 and €572.0 million as of March 31, 2015.

As indicated in February 2016, the acquisition of 70% of Newen Studios had an impact of €291 million on the Group's financial position as of March 31, 2016, comprising (i) the acquisition of a 70% equity interest on January 26, 2016, (ii) the inclusion of Newen's net debt in the consolidated financial statements, and (iii) recognition of the fair value of call and put options relating to potential future equity transactions.

As of March 31, 2016, the Group had confirmed bilateral credit facilities totalling €910.0 million with various banks.

None of the facilities was drawn down at the end of the reporting period.
These facilities are renewed regularly as they expire so that the Group always has sufficient liquidity.

1.4. Segment information

1.4.1 BROADCASTING

Revenue (€m)	Q1 2016	Q1 2015	Chg. %
Free platforms	**353.5**	**366.3**	**-3.5%**
TV advertising	341.3	343.6	-0.7%
Other revenue	12.2	22.7	-46.3%
Other platforms and related activities	**35.9**	**51.7**	**-30.6%**
Broadcasting	**389.4**	**418.0**	**-6.8%**

Current operating profit/(loss) (€m)	Q1 2016	Q1 2015	Chg. €m
Free platforms	**(3.5)**	**(18.6)**	**+15.1**
Other platforms and related activities	**8.4**	**41.2**	**(32.8)**
Broadcasting	**4.9**	**22.6**	**(17.7)**

Broadcasting segment revenue for the first quarter of 2016 was €389.4 million, down 6.8% or €28.6 million year-on-year. The 2015 first-quarter figure includes €17.8 million of revenue from Eurosport France, 100% of which was sold to Eurosport SAS on March 31, 2015.

The segment made a current operating profit of €4.9 million, €17.7 million lower year-on-year. After stripping out the effects of the sale and deconsolidation of Eurosport France, current operating profit was €16.0 million higher year-on-year, thanks mainly to lower programming costs for the Group's free-to-air channels in the first quarter of 2016 and to improvements in the cost base at Metronews.

Free platforms

The Group's free platforms generated revenue of €353.5 million in the first quarter of 2016, down 3.5% year-on-year, and comprising:

- TV advertising revenue of €341.3 million, down 0.7% year-on-year. The figure for 2016 includes advertising revenue generated by the LCI channel, which was immaterial in the first quarter of 2016;
- revenue from other activities of €12.2 million, down €10.5 million year-on-year.

Advertising revenue[1]

The TF1 group's free-to-air channels reported a 3.5% year-on-year increase in gross revenue relative to the first quarter of 2015.

Trends in gross advertising spend for those channels during 2016 to date are shown below.

Source: Kantar Media, Q1 2016 vs. Q1 2015.

Advertising revenue for the Group's free-to-air channels fell by 0.7% to €341.3 million in the first quarter of 2016. Starting in 2016 these figures include advertising revenue from the LCI channel, though such revenue was only minimal during the

[1] 2015 plurimedia spend excluding sponsorship and internet (5 media)

first quarter as the channel was not available in freeview until April 5, 2016. By comparison, advertising revenue from the free-to-air channels rose by 3.2% year-on-year in the first quarter of 2015.

The Group's DTT channels saw further growth thanks to strong audience ratings among target women viewers. This partly compensated for lower revenue for the TF1 core channel. In a context of a good demand, and despite slippage in audience share over the period, TF1 maintained its strategy of preserving the value of key advertising slots.

Other revenue

Other revenue from free platforms fell by €10.5 million year-on-year, reflecting:

- the discontinuation of the print version of the *Metronews* newspaper between the two periods;
- the absence of revenue from cable operators for LCI from January 1, 2016;
- the ending of airtime sales contracts for the beIN SPORTS channels;
- a tough comparative for TF1 Production, which in the first quarter of 2015 was running the *Les Prêtres* tour.

Current operating profit/(loss)

Free platforms made a current operating loss of €3.5 million, a year-on-year improvement of €15.1 million, mainly due to an €11.1 million reduction in the cost of programmes and an improved cost base at Metronews following the discontinuation of the print edition.

- **Free-to-air channels**[1]

Market

Average daily TV viewing time during the first quarter of 2016 among individuals aged 4 and over was 3 hours 58 minutes, 1 minute less than a year previously. Among "women aged under 50 purchasing decision-makers", average daily viewing time was 3 hours 55 minutes, up 2 minutes year-on-year. These figures include catch-up consumption on IPTV. However, they do not include time spent watching live or catch-up television on other devices (e.g. computers, tablets and smartphones), or outside the home on any device.

The six HD DTT channels launched in December 2012 have increased their coverage of French households by 35% in twelve months. To end March 2016, these channels had a combined audience share of 6.5% among individuals aged 4 and over, rising to 7.5% among "women aged under 50 purchasing decision-makers", versus 4.9% and 6.3% respectively a year earlier.

Audiences

In this highly competitive marketplace, the TF1 group is striving to offer programming that:

- offers a perfect fit between the Group's four general-interest channels;
- is tailored to seasonal patterns in the advertising market;
- delivers high-impact content in slots with substantial monetisation potential;
- maintains a substantial audience share gap over rival broadcasters;
- is attractive to advertisers' target markets.

The Group's audience among individuals aged 4 and over fell by 0.4 of a point to 27.3%.
For the key target market of "women aged under 50 purchasing decision-makers", market share fell by 0.5 of a point to 31.3%.
However, these audience shares have been rising steadily since January 2016. In March 2016, the audience share among the target markets of purchasing decision-makers reached 32.6%, the best month since June 2015.

TF1

TF1 is still the undisputed leader among French television channels. The channel had an audience share of 21.2% among individuals aged 4 and over, compared with 21.8% in the first quarter of 2015.
Among "women aged under 50 purchasing decision-makers", the audience share was 22.6% in the first quarter of 2016, versus 23.7% a year earlier. The gap between TF1 and the nearest rival private-sector channel in this key target market is 6.6 points.

This confirms TF1's unique position and status as the must-see channel.

[1] Source: Médiamétrie – Médiamat.

During the first quarter of 2016, TF1 was the only channel to attract more than 7 million viewers, a feat it achieved on 31 occasions. Twelve of its programmes drew more than 8 million viewers, and one attracted over 10 million. In addition, the channel captured all of the top 40 audience ratings during the quarter.

The TF1 channel attracted an average prime-time audience of 5.7 million in the first quarter of 2016, over twice as many as its nearest private-sector rival.

The channel retained its no.1 spot across all genres:

Entertainment: *Les Enfoirés* was watched by 11.6 million viewers on March 11, and attracted a record 57% share among "women aged under 50 purchasing decision-makers", 3 percentage points more than the previous year. The fourth season of *The Voice* averaged a 46% share of the same target market, and *Koh Lanta* 41%.

American series: The new season of *Grey's Anatomy* drew 4.9 million viewers during the quarter, achieving a 41% share among "women aged under 50 purchasing decision-makers".

French drama: This genre is enjoying great success. *Le secret d'Elise* pulled in 8.3 million viewers, with a 37% audience share among "women aged under 50 purchasing decision-makers", while the series *Clem* attracted 6.2 million viewers on average and a 31% share of the same target audience.

Movies: French movies turned in an excellent performance, with *Les Tuche* watched by 8.8 million and *Les Visiteurs* by 7.2 million.

News: The TF1 channel's regular news bulletins are still the most watched in Europe. The evening bulletin attracted 6.0 million viewers on average and the 1 o'clock news bulletin, 5.5 million viewers on average. The audience share for the news magazine *Reportages* peaked at 36%.

Sport: The France/Russia football match, a warm-up game ahead of the Euro 2016 football tournament, attracted 5.9 million viewers.

DTT channels

The Group's DTT activities, consisting of three channels (TMC, NT1 and HD1) in the first quarter of 2016, achieved very strong audience growth year-on-year. In the first quarter of 2016, they attracted a 6.1% share among individuals aged 4 and over, up 0.2 of a point year-on-year. Among "women aged under 50 purchasing decision-makers", the audience share rose by 0.5 of a point year-on-year to 8.7%. The TF1 group is the French market leader in DTT. LCI has been available on Free DTT since April 5, 2016.

TMC

TMC had an audience share of 2.9% among individuals aged 4 and over (down 0.2 of a point year-on-year), rising to 3.5% among "women aged under 50 purchasing decision-makers" (up 0.1 of a point).
TMC is the leading DTT channel for evening viewing, thanks largely to a movie offering that attracts an average of over one million viewers.
The Expendables 2 was watched by 1.9 million people, the biggest audience for a movie on DTT during the first quarter of 2016.

NT1

NT1 continues to gain market share among target audiences. The channel held onto its 1.8% share of individuals aged 4 and over, but raised its share of "women aged under 50 purchasing decision-makers" by 0.3 of a point to 3.4%.

NT1 is a particularly strong performer in daytime series, with shows such as *Grey's Anatomy* and *Friends*.

HD1

Launched in December 2012, HD1 continues to make progress and is the market leader among the six new HD channels for evening viewing.
The channel, dedicated to all forms of narrative, achieved audience share of 1.4% among individuals aged 4 and over in the first quarter of 2016 (up 0.4 of a point year-on-year), rising to 1.8% among "women aged under 50 purchasing decision-makers" (up 0.1 of a point).
HD1 attracted an average prime time audience of 0.4 million, thanks to French drama (*Section de recherches* attracted an all-time high for the channel of 839,000) and movies such as *The Bourne Supremacy* (French title: *La mort dans la peau*).

LCI

On December 17, 2015, the CSA (the French broadcasting regulator) approved the switchover of LCI to freeview, which took place on April 5, 2016.

Pending the freeview switchover, the channel was only accessible free of charge during the first quarter of 2016 via unscrambled cable operator packages and over the internet. As a result, LCI had only a very limited audience during the period.

The channel will have an editorial makeover in September 2016.

However, LCI maintained its editorial stance, focused on analysis and explanation of news stories. The channel continues to offer strong brands like *Le Club LCI* and the first news programme for kids, *Le petit JT*.

- **Other activities**

Publications Metro France

In January 2016, the metronews.fr website had 7.1 million unique visitors[1].
Since July 2015, Metronews has been a 100% digital news platform, the print edition having been discontinued in response to the crisis in the freesheet advertising market.
Consequently, Metronews saw a sharp fall in revenue. However the operating result progressed thanks to significant improvements in the cost base.

TF1 Publicité (third-party airtime sales)

Third-party advertising airtime sales (for radio stations, and TV channels from outside the Group) was lower year-on-year due to the ending of airtime sales for the pay-TV channels of beIN SPORTS and Discovery in France. Revenue from airtime sales for radio stations increased year-on-year.

TF1 Films Production

Cinema footfall reached 61 million in the first quarter of 2016, up 8.1% year-on-year.
During 2016 to date, 7 movies co-produced by TF1 Films Production have gone on general release (versus 2 in the first quarter of 2015), attracting a combined 6.5 million box office entries in France.

The standout movie was *Les Tuche 2, Le rêve américain*, co-produced by TF1 Films Production, which drew 4.6 million cinema-goers.
Consequently, TF1 Films Production increased its contribution to Group revenue and current operating profit.

TF1 Production

TF1 Production's revenue contribution decreased in the first quarter of 2016, mainly because the prior-year comparative was boosted by live shows, in particular the *Les Prêtres* tour.

During the first quarter of 2016, 156 hours of programmes were delivered to the Group's channels, four more than in the first quarter of 2015. Highlights for TF1 Production included the delivery of the episodes of *L'addition s'il vous plaît* for the TF1 channel and the reality show *Le Bachelor* for NT1, helping to boost current operating profit.

Other platforms and related activities

Revenue from other platforms and related activities fell by 30.6% to €35.9 million. The 2015 first-quarter figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on March 31, 2015.
After stripping out the Eurosport France contribution, revenue rose by €2.0 million year-on-year.

Similarly, current operating profit was down year-on-year at €8.4 million, a fall of €32.8 million. After stripping out the effects of the deconsolidation of Eurosport France in the first quarter of 2015, current operating profit was up €0.9 million year-on-year.

- **e-TF1**

TF1 is pursuing its digital strategy, working closely with the Group's TV channels. The extra audiences generated by the Group's digital platforms are continuing to grow substantially.

In February 2016, IPTV attracted over 21 million unique visitors. MYTF1, which offers programmes from TF1, TMC, NT1 and HD1, reached an all-time high with 10.7 million unique visitors. The drama *Le secret d'Elise* was watched online by 1.1 million, taking the total viewing figures for this series to 8.3 million.

The TFOU MAX subscription-based kids' video offering continues to be operated by e-TF1, either as part of a pay-TV bundle or as a stand-alone service.

[1] Source: Médiamétrie – Internet Global – January 2016

e-TF1 is also building a digital marketing consultancy business, including the acquisition of Bonzai Digital during the first quarter of 2016.

Overall, e-TF1 recorded growth in both revenue and operating profit during the period.

- **Theme Channels France**

French pay-TV channels as a whole attracted an audience share of 10.2% during the first quarter of 2016, versus 10.4% a year earlier[1]. Pay-TV offerings are facing competition from the continuing growth of free-to-air DTT channels.

Revenue for the Group's theme channels (TV Breizh, Ushuaïa, Histoire) fell during the first quarter of 2016 due to a drop in advertising revenue. However, tight cost control led to an improvement in profitability across the three channels.

TV Breizh

TV Breizh further consolidated its position as the benchmark pay-TV channel. With an audience share of 0.6% among individuals aged 4 and over[2], it is the leading player in the French pay-TV market thanks to a programming policy built around series and drama.

Histoire and Ushuaïa

Ushuaïa's programming policy is based on adventure and discovery, with a year-round focus on environmental issues.
Histoire is continuing with its programming policy, focusing on building awareness of its brand as the gold standard history channel on cable, satellite and ADSL.

Studios & Entertainment

Revenue (€m)	Q1 2016	Q1 2015	Chg. %
Studios & Entertainment	**92.5**	**57.1**	**+62.0%**

Current operating profit/(loss) (€m)	Q1 2016	Q1 2015	Chg. €m
Studios & Entertainment	**9.9**	**5.5**	**+4.4**

Revenue for the Studios & Entertainment segment rose by €35.4 million to €92.5 million. Current operating profit was €9.9 million, up €4.4 million year-on-year. These figures include the contribution from Newen Studios, consolidated with effect from January 1, 2016.

- **Newen Studios**

Following the acquisition of Newen Studios on January 26, 2016, that company's contribution is included in the consolidated financial statements with retrospective effect from January 1, 2016.

Founded in 2008, Newen Studios is a major player in audiovisual production and distribution in France.

During the first quarter of 2016, Newen Studios continued shooting episodes of *Candice Renoir*, *Nina* (series 2), *Cassandre* (episodes 1 & 2) and *Plus Belle la Vie*, and the talk show *Folie Passagère*.

Dramas produced by Newen Studios delivered on-screen successes during the quarter. *Le Sang de la Vigne*, shown on France 3, attracted a 16.3% share of individuals aged 4 and over, equating to an average audience of nearly 4 million. *Plus belle La Vie*, also on France 3, drew the highest audience rating since September 2015 with 19.2% of individuals aged 4 and over, representing an average audience of just under 5.1 million. In prime time, the series achieved 15.5% audience share and averaged 3.8 million viewers.
Newen Studios is continuing to work on projects with France Télévisions. It has taken a majority interest in Beaute-test.com, a website that offers users the opportunity to test cosmetics, and has also bought out the minority shareholders in Rendez-Vous Production Série.

[1] *Médiamétrie – Mediamat*
[2] *Source: Médiamétrie/Médiamat'Thématik (wave 31, extended competition universe)*

- **TF1 Droits Audiovisuels – TF1 International**

During the first quarter of 2016, the cinema distribution arm of TF1 Droits Audiovisuels saw a drop in revenue, the 2015 first-quarter performance having been boosted by the international distribution of *Qu'est-ce qu'on a fait au bon Dieu?*. Three movies went on general release in the first quarter of 2016 (*Carol, Josephine 2* and *Perfect Day*), two more than in the comparable period of 2015.
However, the Catalogue business achieved growth in the quarter thanks to the success in the export market of the *Profilage* series and *No Second Chance*.
Overall, these businesses increased their contribution to both revenue and current operating profit in the first quarter of 2016.

TF1 Vidéo

The physical video market contracted by 14.7% in value terms to end February 2016 relative to the same period in 2015[1].

The digital market grew by 59% in value terms to end January 2016.

In the first quarter of 2016, TF1 Vidéo recorded a drop in revenue but managed to limit the fall in current operating profit. During the first quarter of 2015 TF1 Vidéo was exploiting two movies (*Maya the Bee*, French title: *La grande aventure de Maya l'abeille*) and *Joker* on an all-rights basis, but that was not the case in the first quarter of 2016.

However, digital revenue increased year-on-year thanks largely to the e-cinema exploitation of the movie *Made in France*.

- **Home Shopping**

Both revenue and current operating profit fell year-on-year for the Home Shopping business, reflecting a drop in the number of orders placed during the period.

- **TF1 Entertainment**

TF1 Entreprises, now renamed TF1 Entertainment, had a good first quarter with substantial growth in both revenue and current operating profit. During the first quarter of 2016, TF1 Licences became the agent for the *Les Schtroumpfs* (Smurfs) brand. Exploitation of the *Chrono Bomb* game in international markets continued.

Finally, TF1 Entertainment is still promoting collections based on the R8 Gordini classic car and the Eiffel Tower.

[1] *Source: GFK, end February 2016 for physical, end January 2016 for digital.*

1.5. Corporate social responsibility

Employment

Second agreement on gender parity

In January 2016, TF1 and trade union representatives signed a second Group-wide agreement on gender parity in the workplace, which the Group sees as a fundamental issue.
Gender parity, and diversity in general, are key drivers of wealth, creativity and performance, and this second agreement underlines the Group's commitment to this principle. The agreement covers issues such as recruitment, career planning and salary policy, but also the work/life balance – another area in which Group policy on gender parity can make a real difference.

TF1 signs up to the Parents At Work Charter

In line with the commitments contained in the gender parity agreement, Arnaud Bosom (TF1 Executive Vice President, Human Resources and CSR) and Jérôme Ballarin (Chairman of "OPE", the French Parental Work/Life Balance Observatory) signed the Parents at Work Charter on April 4, 2016. This represents yet another step in our commitment to work/life balance.

By signing up to the Charter, TF1 is affirming its willingness to support its employees, both men and women, as they try to better reconcile the conflicting time demands of work and family life.

Society

TF1 commits to "Living Together" with the MYFRANCE project

The MYFRANCE project has been launched at TF1's head office, where Gilles Pélisson was joined by Najat Vallaud-Belkacem (Minister for National Education, Higher Education and Research), Samira Djouadi (Director of the TF1 Enterprise Foundation), Memona Hinterman (CSA Board member and chair of the CSA Diversity Working Group), Bouchra Réjani (Executive Director of Shine France) and Nikos Aliagas, patron of the project.
MYFRANCE brings together around sixty young people aged between 10 and 15 from six schools in the Greater Paris area to devise and film one-and-a-half minute videos that show what "Living Together" means to them. The videos will be posted on the MYTF1 website.

In May, a jury of 11 industry professionals will select the best video. In addition, the jury will award video equipment to the three best schools, so that the film-makers of tomorrow can continue to make their mark. The students who make the best video will also win video equipment for use by their whole school, and will have the opportunity to see their work broadcast on the TF1 group's channel on July 14.

Women's sport: diversity behind and in front of the camera

As part of the "Four Seasons of Women's Sport" event on February 6 and 7, the TF1 group turned the spotlight not only on sportswomen, but also on female sports journalists.
This event, initiated by the CSA, was intended to bring together all broadcast media and key players in the world of sport in order to increase awareness of the growing involvement of women in sport and to raise the profile of women's sport in the media. There will be four events during the year, one at the start of each season. This initiative is in line with the Group's commitment to diversity, as expressed in the gender parity agreement and the creation of the "Fifty-Fifty" network.

Sidaction: TF1 plays its part

From March 28 to April 3, TF1 lent its weight to the fight against AIDS. Throughout the week, ten celebrities took part in the *Money Drop* show in aid of Sidaction, the French AIDS charity. From Thursday March 31 to Sunday April 3, a number of shorts were screened in which members of the public were invited to talk about HIV.

TF1 is a strong supporter of good causes and has backed Sidaction since it was founded 22 years ago.

1.6. Outlook

After a first quarter of 2016 characterised by poor visibility and strong volatility in decision-making by advertisers, TF1 is sticking with its forecast that the net TV advertising market will remain flat over 2016 as a whole.

The coming months promise a rich event flow: the screening of the Euro 2016 football tournament (hosted by France) across our platforms, a series of must-see French dramas, and the launch of a revamped news offering spearheaded by LCI in freeview. These flagship programmes will offer ample opportunities for our advertisers to invest in high-powered slots.

In an intensely competitive French media market, the TF1 group has set itself a new ambition for the years ahead:

- to become a standard setter in the creation of audiovisual content, in France and abroad;
- to strengthen our market leadership in freeview TV in France, maintaining our pulling power by delivering federating content;
- to create the benchmark digital offering in the market;
- to be the only ad saleshouse able to provide a unique powerful offer as well as a very precise targetting.

The cost of programmes for our five free-to-air channels is expected to be in the region of €980 million in 2016, excluding non-recurring expenses and major sporting events.

Finally, the Group is revising the 2016 full-year estimate for non-current expenses, which is now expected to be €86 million. This figure includes the ongoing implementation of the freeview model at LCI, the accelerated transformation of the Group in pursuit of its new ambition, non-current expenses arising from the treatment of French drama productions after the decree of April 27, 2015 (€26 million), and – as announced at the start of the year – the accounting effects of the first-time consolidation of Newen Studios.

1.7. Corporate governance

New Chairman and Chief Executive Officer

On the advice of the Director Selection Committee, and having concluded that it was in the interests of the Group not to separate the role of Chairman from that of Chief Executive Officer, the Board of Directors chose Gilles Pélisson to serve as Chairman and Chief Executive Officer.

In accordance with the Board's decision, Gilles Pélisson took up office as Chairman and Chief Executive Officer on February 19, 2016.

2. Condensed consolidated financial statements March 31, 2016

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report

Consolidated income statement

(€m)	Note	First quarter 2016	First quarter 2015	Full year 2015
Advertising revenue		356.1	363.1	1,554.2
Other revenue		125.8	112.0	450.1
Revenue		**481.9**	**475.1**	**2,004.3**
Other income from operations		3.3	-	-
Purchases consumed and changes in inventory		(231.6)	(265.0)	(1,017.6)
Staff costs		(104.4)	(88.6)	(327.4)
External expenses		(101.5)	(89.2)	(341.0)
Taxes other than income taxes		(33.1)	(32.7)	(124.0)
Depreciation and amortisation, net		(49.9)	(14.1)	(56.5)
Provisions and impairment, net		6.8	12.8	11.7
Other current operating income		70.0	61.6	106.3
Other current operating expenses		(26.7)	(31.8)	(97.8)
Current operating profit/(loss)		**14.8**	**28.1**	**158.0**
Non-current operating income		-	-	-
Non-current operating expenses	*9*	(34.0)	-	(16.8)
Operating profit/(loss)		**(19.2)**	**28.1**	**141.2**
Income associated with net debt		0.3	0.5	1.2
Expenses associated with net debt		(0.5)	-	(0.1)
Cost of net debt		**(0.2)**	**0.5**	**1.1**
Other financial income		0.2	0.4	0.8
Other financial expenses		(0.2)	(0.5)	(4.0)
Income tax expense		9.1	4.5	(42.3)
Share of profits/(losses) of joint ventures and associates		(2.1)	0.7	6.5
Net profit/(loss) from continuing operations		**(12.4)**	**33.7**	**103.3**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**
Net profit/(loss)		**(12.4)**	**33.7**	**103.3**
attributable to the Group:		***(13.1)***	***32.7***	***99.9***
Net profit/(loss) from continuing operations		*(13.1)*	*32.7*	*99.9*
Net profit/(loss) from discontinued or held-for-sale operations		-	-	-
attributable to non-controlling interests:		***0.7***	***1.0***	***3.4***
Net profit/(loss) from continuing operations		*0.7*	*1.0*	*3.4*
Net profit/(loss) from discontinued or held-for-sale operations		-	-	-
Weighted average number of shares outstanding (in '000)		209,085	211,612	210,786
Basic earnings per share from continuing operations (€)		(0.06)	0.15	0.47
Diluted earnings per share from continuing operations (€)		(0.06)	0.15	0.47

Statement of recognised income and expense

(€m)	First quarter 2016	First quarter 2015	Full year 2015
Consolidated net profit/(loss) for period	**(12.4)**	**33.7**	**103.3**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits	-	-	(3.5)
Net tax effect of equity items not reclassifiable to profit or loss	-	-	1.2
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity	-	-	-
Items reclassifiable to profit or loss			
Remeasurement of hedging instruments [(1)]	(2.9)	5.5	(2.2)
Remeasurement of available-for-sale financial assets	-	-	-
Change in cumulative translation adjustment of controlled entities	-	-	-
Net tax effect of equity items reclassifiable to profit or loss	1.0	(2.0)	0.8
Share of reclassifiable income and expense of joint ventures and associates recognised in equity	-	0.5	0.6
Income and expense recognised directly in equity	**(1.9)**	**4.0**	**(3.1)**
Total recognised income and expense	**(14.3)**	**37.7**	**100.2**
attributable to the Group	(15.0)	36.7	96.8
attributable to non-controlling interests	0.7	1.0	3.4

(1) *Includes €0 million relating to the reclassification of cash flow hedges to profit or loss during the first quarter of 2016.*

Consolidated cash flow statement

(€m)	Note	First quarter 2016	First quarter 2015	Full year 2015
Net profit/(loss) from continuing operations (including non-controlling interests)		(12.4)	33.7	103.3
Depreciation, amortisation, provisions & impairment (excluding current assets)		51.9	12.1	54.1
Net (gain)/loss on asset disposals		(0.6)	(33.6)	(32.4)
Share of (profits)/losses and dividends of joint ventures and associates		2.1	(0.7)	7.9
Other non-cash income and expenses		(1.6)	(6.7)	(10.1)
Sub-total		**39.4**	**4.8**	**122.8**
Cost of net debt		0.2	(0.5)	(1.1)
Income tax expense (including deferred taxes)		(9.1)	(4.5)	42.3
Operating cash flow		**30.5**	**(0.2)**	**164.0**
Income taxes (paid)/reimbursed		(9.6)	(7.7)	(35.1)
Change in operating working capital needs		(10.4)	83.9	8.4
Net cash generated by/(used in) operating activities		**10.5**	**76.0**	**137.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(49.4)	(6.2)	(57.6)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.1	-	0.2
Cash outflows on acquisitions of financial assets		(1.2)	(0.2)	(6.2)
Cash inflows from disposals of financial assets		-	-	-
Effect of changes in scope of consolidation	*10*	(99.2)	3.6	494.5
Purchase price of investments in consolidated activities		*(170.9)*	*-*	*-*
Proceeds from disposals of consolidated activities		*2.1*	*36.3*	*526.9*
Net liabilities related to consolidated activities		*-*	*-*	*-*
Other cash effects of changes in scope of consolidation		*69.6*	*(32.7)*	*(32.4)*
Dividends received		-	-	0.2
Other cash flows from investing activities		(0.5)	0.3	1.7
Net cash generated by/(used in) investing activities		**(150.2)**	**(2.5)**	**432.8**
Cash received on exercise of stock options		0.8	1.0	4.5
Purchases and sales of treasury shares		-	-	(40.0)
Other transactions between shareholders		-	-	(14.6)
Dividends paid during the period		-	-	(317.3)
Cash inflows from new debt contracted		3.0	-	0.1
Repayment of debt (including finance leases)		-	(0.8)	(1.3)
Net interest paid (including finance leases)		(0.1)	0.5	1.1
Net cash generated by/(used in) financing activities		**3.7**	**0.7**	**(367.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**(136.0)**	**74.2**	**202.6**
Cash position at start of period – continuing operations		**700.8**	**498.2**	**498.2**
Change in cash position during the period – continuing operations		(136.0)	74.2	202.6
Cash position at end of period – continuing operations		**564.8**	**572.4**	**700.8**

Consolidated balance sheet

ASSETS (€m)	*Note*	**March 31, 2016**	**Dec. 31, 2015**	**March 31, 2015**
Goodwill	*5*	**598.1**	**431.6**	**431.6**
Intangible assets		**184.9**	**125.2**	**107.9**
Audiovisual rights		123.5	65.0	47.1
Other intangible assets		61.4	60.2	60.8
Property, plant and equipment		**174.1**	**170.1**	**174.1**
Investments in joint ventures and associates	*6*	**83.6**	**84.8**	**583.4**
Non-current financial assets		**32.8**	**30.1**	**29.0**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,073.5**	**841.8**	**1,326.0**
Inventories		**720.6**	**726.9**	**680.7**
Programmes and broadcasting rights		705.5	713.4	663.6
Other inventories		15.1	13.5	17.1
Trade and other debtors		**950.7**	**937.4**	**936.8**
Current tax assets		**8.3**	**-**	**25.1**
Other current financial assets		**-**	**4.5**	**16.4**
Cash and cash equivalents		**568.1**	**703.1**	**576.9**
Total current assets		**2,247.7**	**2,371.9**	**2,235.9**
Assets of held-for-sale operations		**-**	**-**	**-**
TOTAL ASSETS		**3,321.2**	**3,213.7**	**3,561.9**
Net surplus cash (+) / Net debt (-)	*8*	**340.8**	**700.8**	**572.0**

Consolidated balance sheet (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**March 31, 2016**	**Dec. 31, 2015**	**March 31, 2015**
Share capital		42.1	42.1	42.3
Share premium and reserves		1,573.0	1,599.7	1,969.1
Net profit/(loss) for the period attributable to the Group		(13.1)	99.9	32.7
Shareholders' equity attributable to the Group		**1,602.0**	**1,741.7**	**2,044.1**
Non-controlling interests		33.2	20.1	22.7
Total shareholders' equity		**1,635.2**	**1,761.8**	**2,066.8**
Non-current debt		**203.7**	**-**	**-**
Non-current provisions		**51.3**	**51.3**	**48.7**
Non-current tax liabilities		**24.8**	**11.8**	**32.9**
Total non-current liabilities		**279.8**	**63.1**	**81.6**
Current debt		**23.6**	**2.3**	**4.9**
Trade and other creditors		**1,343.6**	**1,339.7**	**1,376.8**
Current provisions		**37.2**	**36.6**	**31.7**
Current tax liabilities		**-**	**10.2**	**-**
Other current financial liabilities		**1.8**	**-**	**0.1**
Total current liabilities		**1,406.2**	**1,388.8**	**1,413.5**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,321.2**	**3,213.7**	**3,561.9**

Consolidated Statement of changes in shareholders' equity

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2015	**42.1**	**11.7**	**(20.0)**	**1,715.8**	**(7.9)**	**1,741.7**	**20.1**	**1,761.8**
Capital increase (stock options exercised)	-	0.8	-	-	-	**0.8**	-	**0.8**
Share-based payment	-	-	-	0.3	-	**0.3**	-	**0.3**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Total transactions with shareholders	**-**	**0.8**	**-**	**0.3**	**-**	**1.1**	**-**	**1.1**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**(13.1)**	**-**	**(13.1)**	**0.7**	**(12.4)**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(1.9)**	**(1.9)**	**-**	**(1.9)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**(125.8)**	-	**(125.8)**	**12.4**	**(113.4)**
BALANCE AT MARCH 31, 2016	**42.1**	**12.5**	**(20.0)**	**1,577.2**	**(9.8)**	**1,602.0**	**33.2**	**1,635.2**
BALANCE AT DECEMBER 31, 2014	**42.3**	**7.3**	**-**	**1,958.6**	**(4.8)**	**2,003.4**	**36.5**	**2,039.9**
Capital increase (stock options exercised)	-	1.0	-	-	-	**1.0**	-	**1.0**
Share-based payment	-	-	-	0.1	-	**0.1**	-	**0.1**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	**-**	**-**
Other transactions with shareholders	-	-	-	-	-	**-**	**-**	**-**
Total transactions with shareholders	**-**	**1.0**	**-**	**0.1**	**-**	**1.1**	**-**	**1.1**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**32.7**	**-**	**32.7**	**1.0**	**33.7**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**4.0**	**4.0**	**-**	**4.0**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	2.9	-	**2.9**	**(14.8)**	**(11.9)**
BALANCE AT MARCH 31, 2015	**42.3**	**8.3**	**-**	**1,994.3**	**(0.8)**	**2,044.1**	**22.7**	**2,066.8**

Notes to the condensed consolidated financial statements

1 Significant events

1-1. Acquisition of the Newen Studios group

On January 26, 2016, having obtained the necessary clearances from the regulatory authorities, TF1 completed the acquisition of a 70% equity interest in Newen Studios, the parent company of the Newen group.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period starting in 2018. In the consolidated financial statements for the three months ended March 31, 2016 the commitment entered into by TF1 to buy out the minority shareholders' 30% interest was measured at fair value on the basis of discounted cash flow projections. The resulting amount was recognised as a non-current financial liability in accordance with IAS 32, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

This acquisition had an impact of €291 million on the TF1 group's net debt, including (i) the acquisition cost of the 70% equity interest, (ii) the fair value of the commitment to buy out the minority shareholders, and (iii) 100% of the Newen group's net debt. The Newen group is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

During the first quarter of 2016, the Newen Studios group acquired 100% of the equity capital of Rendez Vous Production Série. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

These transactions generated goodwill of €163.8 million, which is a provisional amount pending completion of the goodwill allocation process.

1-2. New segmental reporting structure:

To reflect the new strategic orientation of the TF1 group, the group's activities are from January 1, 2016 allocated to one of two operating segments:

- ✓ Broadcasting
- ✓ Studios & Entertainment

For definitions of those segments, see Note 4 ("Operating segments"). Historical revenue and operating profit data are available on our corporate website: http://www.groupe-tf1.fr/en/investors/results-and-publications/financial-results-and-publications. For details of how consolidated entities are allocated between the operating segments, refer to Note 13 ("List of companies included in the consolidation").

2 Accounting principles and policies

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the three months ended March 31, 2016 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 December 31, 2015 as published in the 2015 *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on March 9, 2016 under reference number D.16-0124. An English-language version of the audited consolidated financial statements for the year ended December 31, 2015 is included in the TF1 Registration Document, available on the TF1 corporate website at http://www.groupe-tf1.fr/sites/default/files/pdf-financiers/tf1_2015_uk.pdf.

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 comply with recommendation no. 2009-R-03 on the presentation of financial statements, as issued by the CNC (the French national accounting standard-setter, now known as the ANC) on July 2, 2009.

The consolidated financial statements are presented in millions of euros.

The consolidated financial statements were closed off by the Board of Directors on April 26, 2016, and have been subject to a review by the statutory auditors.

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 January 1, 2016*

In preparing its condensed financial statements for the three months ended March 31, 2016, 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 December 31, 2015.

2-2-2. New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 15: Revenue from Contracts with Customers	January 1, 2018	On May 28, 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which has not been endorsed by the European Union, is applicable from January 1, 2018 with early adoption permitted. The impact of this standard is currently under review.
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2018	On July 24, 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard, which has not been endorsed by the European Union, is applicable from January 1, 2018.
IFRS 16: Leases	January 1, 2019	On January 16, 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16, which has not been endorsed by the European Union, is applicable from January 1, 2019.

2-3. Changes in accounting policy

TF1 has not made any changes in accounting policy during 2016 to date, other than those required to comply with IFRS requirements applicable on or after January 1, 2016 (see Note 2-2-1), which have no material impact on the financial statements.

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 these 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.

These estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended December 31, 2015 and the 2015 interim financial statements. As of the date on which the financial statements were closed off by the Board of Directors, management believes that as far as possible, these 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.

3 Changes in scope of consolidation

3-1. Newen Studios

Following the acquisition of a 70% equity interest in Newen Studios that gave TF1 exclusive control over that company, Newen Studios and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016 (see Note 1, “Significant Events”). They are included in the Studios & Entertainment operating segment for financial reporting purposes
The commitment to buy out the minority shareholders has been accounted for as an advance purchase under IFRS 3. This means that the TF1 group’s percentage interest in the Newen group has been increased to 100%, and that the entire net profit or loss of the Newen group is treated as attributable to the shareholders of TF1.

3-2. Bonzaï Digital

The subsidiary Bonzai Digital, acquired on February 19, 2016, is fully consolidated with effect from March 31, 2016. It is included in the Broadcasting operating segment for financial reporting purposes.
The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 49% interest to e-TF1 between 2017 and 2019. The fair value of the resulting commitment has been recognised as a non-current financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders’ equity.

4 Operating segments

In the first quarter of 2016, the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities. This change is intended to better reflect the new orientation of the Group following recent transactions, in particular the divestment of the Eurosport group and the acquisition of the Newen group, as well as the implementation of new organisational structures at executive management level and across the Group more generally.
The segment information presented below has been updated to take account of this change in the Group's internal performance measurement and management reporting structures. For details of how Group entities are allocated to these segments, refer to Note 13, "Detailed list of companies included in the consolidation".

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold to the Group's various customer bases. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operational decision-makers to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker; they are not aggregated for segment reporting purposes.
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 these activities are generated by selling advertising airtime fees 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 rights acquisition on behalf of the Group's TV channels and websites.

Studios & Entertainment

This segment includes:

- ✓ Content subsidiaries whose activities are primarily focused on producing and acquiring content for exploitation independently of the Group's broadcasting operations. Revenue may be derived from fees for the sale of broadcasting rights and other exploitation rights in France or internationally, and from physical and online video sales.
- ✓ Entertainment activities in the broadest sense, including music publishing, card and board games, licensing and live show venues.
- ✓ The Home Shopping business, including online and in-store sales.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**Q1 2016**	**Q1 2015**	**Q1 2016**	**Q1 2015**	**Q1 2016**	**Q1 2015**
Segment revenue	394.0	420.1	90.8	58.0	484.8	478.1
Elimination of inter-segment transactions	(4.6)	(2.1)	1.7	(0.9)	(2.9)	(3.0)
GROUP REVENUE CONTRIBUTION	**389.4**	**418.0**	**92.5**	**57.1**	**481.9**	**475.1**
of which Advertising revenue	*354.6*	*363.1*	*1.5*	*0.0*	*356.1*	*363.1*
of which Other revenue	*34.8*	*54.9*	*91.0*	*57.1*	*125.8*	*112.0*
CURRENT OPERATING PROFIT/(LOSS) (1)	**4.9**	**22.6**	**9.9**	**5.5**	**14.8**	**28.1**
% operating margin on Group contribution	*1.3%*	*5.4%*	*10.7%*	*9.6%*	*3.1%*	*5.9%*
Share of profits/(losses) of joint ventures and associates (2)	(1.9)	0.7	(0.2)	-	(2.1)	0.7

(1) In 2015, operating profit for the Broadcasting segment included the gain arising on the deconsolidation of Eurosport France.

(2) The breakdown of the share of profits and losses of joint ventures and associates (see Note 6) by segment is as follows:

- Broadcasting segment: mainly relates to Groupe AB and SérieClub.

- Studios & Entertainment segment: mainly relates to Direct Optic Participations.

5 Goodwill

With effect from January 1, 2016, goodwill has been reallocated to cash generating units (CGUs) as shown in the table below; comparative information has been restated on the same basis. This reallocation was performed using an approach based on the relative values of each component of the CGU, in accordance with IAS 36.

(€m)	Broadcasting	Studios & Entertainment	TOTAL
Goodwill at January 1, 2015	**406.5**	**25.1**	**431.6**
Acquisitions	-	-	-
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at December 31, 2015	**406.5**	**25.1**	**431.6**
Acquisitions	2.7	163.8	166.5
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at March 31, 2016	**409.2**	**188.9**	**598.1**
Gross value	*409.2*	*188.9*	*598.1*
Accumulated impairment	-	-	-

Goodwill recognised during the period relates to the acquisitions described in Note 3, “Changes in scope of consolidation”; the amounts involved are provisional, pending completion of the goodwill allocation process. In accordance with the revised IFRS 3 the TF1 group has for these acquisitions 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.

6 Investments in joint ventures and associates

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

(€m)	Eurosport group	Groupe AB (1)	Other (2)	Total
Country	**France**	**France**	**France**	
January 1, 2015	**504.5**	74.1	**3.2**	**581.8**
Share of profit/(loss) for the period	0.5	(0.1)	0.3	**0.7**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	0.2	**0.2**
Changes in scope of consolidation and reclassifications	0.7	-	-	**0.7**
Provision for risks	-	-	-	**-**
March 31, 2015	**505.7**	**74.0**	**3.7**	**583.4**
January 1, 2016	**-**	**72.4**	**12.4**	**84.8**
Share of profit/(loss) for the period	-	(2.4)	0.3	**(2.1)**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	0.9	**0.9**
Provision for risks	-	-	-	**-**
March 31, 2016	**-**	**70.0**	**13.6**	**83.6**

(1) Given the timescale for finalisation of the financial statements of Groupe AB, the share of this entity's losses recognised as of March 31, 2016 was calculated on the basis of its results for the fourth quarter of 2015.

(2) Other investments in joint ventures and associates mainly comprise TF6, SérieClub, Direct Optic Participations and UGC Distribution.

No other income and expense recognised directly in equity was reported by joint ventures or associates.

7 Other movements in shareholders' equity (changes in accounting policy and scope of consolidation, other items)

This line item in the consolidated statement of changes in shareholders' equity mainly relates to the recognition of liabilities for commitments to buy out minority shareholders, in particular those of Newen Studios.

The movement in the "Non-controlling interests" column relates to the inclusion in the consolidated financial statements of the non-controlling interests arising from the consolidation of the Newen group.

8 Net surplus cash

✓ Net surplus cash (or net debt) as reported by the TF1 group comprises the following items:

(€m)	March 31, 2016	Dec. 31, 2015
Cash and cash equivalents	568.1	703.1
Financial assets used for treasury management purposes	-	-
Available cash	**568.1**	**703.1**
Fair value of interest rate derivatives	-	-
Non-current debt	(203.7)	-
Current debt	(23.6)	(2.3)
Total debt	**(227.3)**	**(2.3)**
Net surplus cash/(net debt) – continuing operations	**340.8**	**700.8**

As of March 31, 2016, non-current debt and current debt include the fair value of the commitments made by TF1 to buy out minority shareholders, primarily those with an equity interest in Newen Studios and its subsidiaries (see Note 1, "Significant events").
The change in net surplus cash during the period includes the €291 million effect of the acquisition of the Newen group.

As of March 31, 2016, TF1 had confirmed bilateral bank credit facilities of €910 million, backed up by a cash pooling agreement with the Bouygues Group. As of March 31, 2016, nothing was drawn down under that cash pooling agreement.

Definition of cash position:

The cash flow statement analyses movements in the net cash position, which equals cash and cash equivalents less bank overdrafts and treasury current account credit balances.

(€m)	March 31, 2016	Dec. 31, 2015
Cash and cash equivalents in the balance sheet	568.1	703.1
Cash of held-for-sale operations	-	-
Treasury current account credit balances	(2.2)	(2.3)
Bank overdrafts	(1.1)	-
Total net cash position at end of period per the cash flow statement	**564.8**	**700.8**

9 Non-recurring expenses

The non-current operating expenses of €34.0 million reported in the income statement represent costs incurred on the reorganisation of the Group and on the freeview switchover of the LCI channel. They also include the effect of changes in French regulations relating to the production of French drama:

With effect from the decree of April 27, 2015, the Group is entitled to co-production shares in respect of its investments in French drama productions. Consequently, as indicated in the description of the Group's accounting policies, some of the acquisition costs for these rights are capitalised and are subject to amortisation and impairment charges on the basis of expected future receipts, while the remainder continues to be recognised (as was previously the case for all such investments) in inventory and charged to profit or loss as and when the programme is broadcast.
Because impairment is charged against the capitalised component earlier than the date on which the inventory is consumed, the fact that the workdown of existing contracts is being taken into account simultaneously with the recognition of new contracts generated an additional expense of €15.3 million in the first quarter of 2016, reported in "Non-current operating expenses". Amortisation and impairment charged against capitalised co-production shares are included in the cost of programmes (see Note 9.11.2 to the 2015 consolidated financial statements as included in the 2015 Registration Document).

10 Cash flow statement - effect of changes in scope of consolidation

The figures shown in this section of the cash flow statement relate to the acquisitions of Newen Studios, Rendez-Vous Production Série and Bonzai Digital.

11 Dividends paid

The table below shows the dividend per share paid by the TF1 Group on April 26, 2016 in respect of the 2015 financial year, and the amount paid in 2015 in respect of the 2014 financial year.

	Paid in 2016	**Paid in 2015**
Total dividend (€m)	168.4	317.3
Dividend per ordinary share (€)	0.80	1.50

12 Events after the reporting period

There are no events after the reporting period to report.

13 Detailed list of companies included in the consolidation

Following the change to the segmental reporting structure, the allocation of consolidated entities to the various operating segments is as indicated below:

			March 31, 2016		December 31, 2015	
COMPANY	COUNTRY	ACTIVITY	% CONTROL (1)	METHOD	% CONTROL (1)	METHOD
Broadcasting						
Free platforms						
TF1 SA	***France***	***Broadcasting***	***Parent company***		***Parent company***	
TELE MONTE CARLO	Monaco	Theme channel	80.00%	Full	80.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Digital news platform	100.00%	Full	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	100.00%	Full	100.00%	Full
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
APHELIE	France	Real estate company	100.00%	Full	100.00%	Full
FIRELIE	France	Real estate company	100.00%	Full	100.00%	Full
PERELIE	France	Real estate company	100.00%	Full	100.00%	Full
Other platforms and related activities						
e-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
WAT	France	Internet content & services	-	-	-	-
BONZAI DIGITAL	France	Digital marketing consultancy	100.00%	Full	-	-
GIE TF1 Acquisitions de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Theme channel	-	-	-	-
EUROSPORT GROUP	France	Audiovisual production, scheduling & broadcasting	-	-	-	-
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Equity	50.00%	Equity
TF6 GESTION	France	TF6 management company	50.00%	Equity	50.00%	Equity
SERIE CLUB	France	Theme channel	50.00%	Equity	50.01%	Equity
STYLIA	France	Theme channel	-	-	-	-
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Theme channels holding company	100.00%	Full	100.00%	Full
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
PREFAS 18	France	Holding company	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	33.50%	Equity

COMPANY	COUNTRY	ACTIVITY	March 31, 2016 % CONTROL (1)	March 31, 2016 METHOD	December 31, 2015 % CONTROL (1)	December 31, 2015 METHOD
Studios & Entertainment						
Newen Studios group	France	Programme production	100.00%	Full	-	-
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	47.85%	Equity	47.85%	Equity
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 ENTREPRISES	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of board/card games	100.00%	Full	100.00%	Full
SF2J	France	Producer of board/card games	-	-	-	-
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full

Diary dates

- **July 21, 2016:** 2016 first-half revenue and financial statements
- **October 27, 2016:** 2016 nine-month revenue and financial statements

These dates may be subject to change.

Télévision Française 1

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