



## SG Conference – Paris The Premium Review

December 1<sup>st</sup>, 2005

### **Disclaimer**

All forward-looking statements are TF1 management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.



# TF1

## Introduction

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## 9 months 2005 Turnover

€M – IFRS figures	9 months 2005	9 months 2004	Change(%)
<i>TF1 channel advertising</i>	<i>1,177.6</i>	<i>1,189.3</i>	<i>- 1.0%</i>
<i>Other activities</i>	<i>878.3</i>	<i>879.4</i>	<i>- 0.1%</i>
<b>Total</b>	<b>2,055.9</b>	<b>2,068.7</b>	<b>- 0.6%</b>

On a comparable basis, the revenue from **other activities grew by 1.0%** and TF1 Group's consolidated revenue decreased by 0.2% over the first 9 months of 2005.

Assuming that adv. investments from the Food sector had been stable over the first 9 months compared with the same period last year, TF1 channel advertising revenue would have grown by 2.3%.

## Contributions – 9 months 2005

€M	Revenue	Operating profit	Operating margin	
			9 months 2005	9 months 2004
<b>Broadcasting France</b>	<b>1,458.6</b>	<b>211.9</b>	<b>14.5%</b>	<b>16.7%</b>
<i>Incl.</i> Téléshopping	67.3	7.6	11.3%	14.3%
e-TF1	44.1	3.0	6.8%	7.2%
<b>Distribution</b>	<b>298.1</b>	<b>22.5</b>	<b>7.5%</b>	<b>7.0%</b>
<b>Audiovisual rights</b>	<b>158.0</b>	<b>11.7</b>	<b>7.4%</b>	<b>3.0%</b>
<i>Incl.</i> TF1 Vidéo	99.4	8.3	8.4%	8.7%
<b>International broadcasting</b>	<b>190.4</b>	<b>25.3</b>	<b>13.3%</b>	<b>10.2%</b>
<b>Other activities</b>	<b>(5.1)</b>	<b>8.8</b>	<b>ns</b>	<b>ns</b>
<b>Intra-companies eliminations</b>	<b>(44.1)</b>	<b>-</b>		
<b>Total</b>	<b>2,055.9</b>	<b>280.2</b>	<b>13.6%</b>	<b>13.8%</b>

**Broadcast France** : TF1, TF1 Entreprises, Teleshopping, Eurosport France, LCI, Odyssee, TF6, TV Breizh, Série Club, Histoire, TMC, e-TF1, Glem, Alma, TAP, TPP, Studios 107, TF1 Films Production

**Distribution** : TPS

**Audiovisual rights** : TF1 Vidéo, CIC, RCV, Ciby DA, TF1 International, Téléma, TCM, Cabale

**International broadcasting** : Eurosport International, Europa TV, KSO & SRW

**Other activities** : Métro, Visiowave, Prima TV, Syalis

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## TF1 Group: a solid position

### Leadership of TF1 core channel

- Audience share: **32.5%**<sup>(1)</sup> on individuals aged 4+
- Advertising market share: **54.3%**<sup>(2)</sup>
- **96 programs in the 100 best audiences** between Jan. and Oct. 2005

### Leading theme channels<sup>(3)</sup>

- **6 channels in the top 10** in terms of audience share
- **Eurosport: 1<sup>st</sup> theme channel in France** (equal with RTL9)

### Successful developments

- **Eurosport International: more than 104 M households**
- **TPS: 1.65 M subs - breakeven in 2005**
- **Internet: a growth driver** (advertising, sale of contents...)

<sup>(1)</sup> Source: Médiamétrie / January - October 2005

<sup>(2)</sup> Source: TNS Sécodip / January - October 2005

<sup>(3)</sup> Source: Médiaabsat 9





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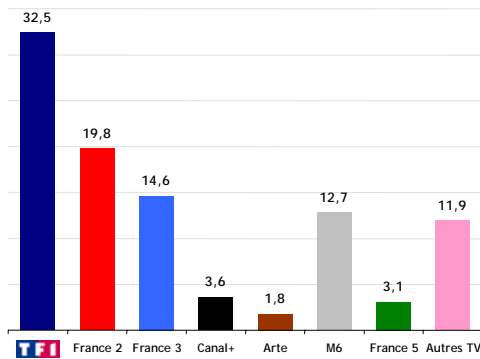
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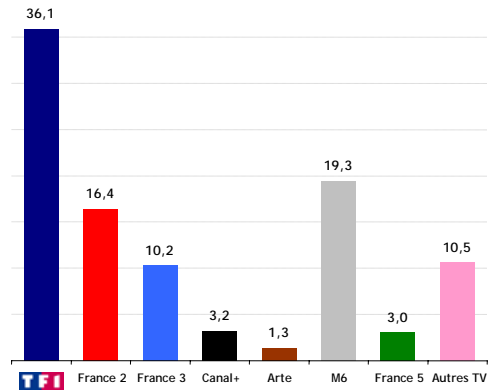
# TF1: the strong leader

**Ind. 4+ / Audience share / Jan. - Oct. 2005**



**+0.5 pt vs. Jan-Oct 2004\***  
**+1.0 pt vs. Jan-Oct 2003**

**Women<50 / Audience share / Jan. - Oct. 2005**



**+0.6 pt vs. Jan-Oct 2004\***  
**+2.0 pts vs. Jan-Oct 2003**

\* Reminder: Euro 2004 + La Ferme Célèbrités 1 were broadcast in H1 2004

Source: Médiamétrie / January - October 2005



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## TF1: the best resistance to pay TV penetration

		<b>Audience share</b>		
		Current market* (i.e. 24,8% pay TV penetration)	Cable & sat environment** (100% pay TV penetration)	Degree of resistance
<b>TF1</b>	<b>31.9 %</b>	→	<b>25.1 %</b>	<b>79%</b>
<b>TF1's theme channels</b>	<b>3.0 %</b>	→	<b>11.0 %</b>	
<b>TF1 group</b>	<b>34.9 %</b>	→	<b>36.1 %</b>	
<b>France 2</b>	<b>19.6 %</b>	→	<b>14.0 %</b>	<b>71%</b>
<b>France 3</b>	<b>14.6 %</b>	→	<b>8.9 %</b>	<b>61%</b>
<b>France 5</b>	<b>3.2 %</b>	→	<b>1.3 %</b>	<b>41%</b>
<b>M6</b>	<b>13.1 %</b>	→	<b>8.5 %</b>	<b>65%</b>

**TF1** : The best resistance to the market fragmentation

The market fragmentation widens the gap between TF1 and its competitors

\* Source: Mediamétrie – H1 2005, ind. 4+

\*\* Source: Mediacabsat 9 (December 2004 – June 2005)





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## Market situation

- A difficult economic situation
- Trend: structural re-composition of households consumption

- - - **FMCG's**  
+++ **Entertainment-services products**



### TF1 investments structure is changing

- Temporary: Reduction of ad. Investments from the food sector (H1 2005)
- The structure of TF1 advertising revenue is following the households consumption re-composition

## Advertising: sectorial breakdown



January to October 2005

Change  
vs Jan-Oct. 04

Sector	Weight	Change vs Jan-Oct. 04
FOOD	Weight = 27.4%	- 10.7%
COSMETICS	14.8%	- 0.4%
AUTOMOTIVE	9.3%	+ 3.4%
PUBLISHING	8.8%	- 4.2%
TELECOMMUNICATION	6.5%	+ 16.9%
HOUSE CLEANING	6.2%	+ 1.1%
SERVICES	5.8%	+ 5.8%
NEWS - MEDIA	3.1%	- 15.9%
DRINKS	3.1%	- 7.1%

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Source : TNS Secodip - 2005 vs 2004 - January to October



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## A real potential of growth



### French advertising market underinvested

- Media ad. spends/GDP below other European countries

### Access to TV for new sectors

- Retail: authorised from 2007
- Cinema: next to come ?



TV additional  
revenue estimates:  
between €117 M  
and €230 M\*

### Potential advertising deregulation

- Increase of the average number of minutes per hour ?
- Transition from 60' sequential hours to exact clock hours ?

\* Estimates made by media agencies : BIPE: €117 M – Initiative Media: €230 M





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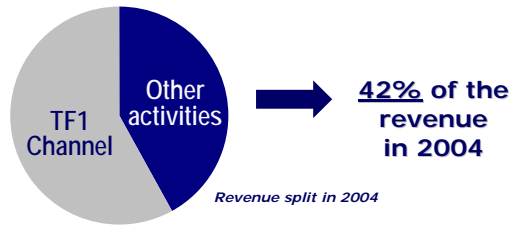
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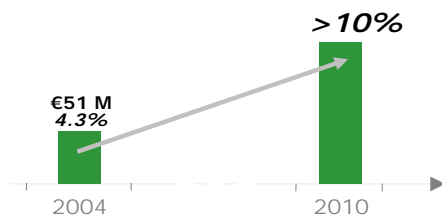
## Other activities: a growth driver for the Group

### A growing part of the revenue



Target:  
**> 50% of the  
revenue in 2010**

### Profitability: a growth potential



Mid-term target:  
**Operating  
profitability  
> 10%**

**Accelerate profitable growth investments**

## TPS: a growing and profitable business

### Key figures H1 2005

Revenue: €198.0 M (+ 6%)  
Op. Profit: €4.6 M



Total subscribers : 1.65 M (+ 93.3 k vs H1 04)  
Subscribers Sat. and ADSL : 1.35 M (+ 82.3 k vs H1 04)  
Satellite market share: 42% on new subs (vs 39% H1 04)



### An always improving offer

- The best of **US studios**, exclusive **sport events**, **new channels**

### A fast growing ADSL distribution

- 40% of 2005 recruitments
- TPS through **ADSL** available for **10 M households** at the end of 2005 and to **~80 % of the French population in 2010**

### Improvement of the profitability

- 2005: **net income breakeven**
- 2005 operating profit: ~ €5-10 M\*



\* Figures at 100%



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## Outlooks and developments

### Growth of the subscribers base in 2005


- A stable subscribers base in H1
- Lost of the French Premiere League: very limited impact

L1 Churn: ~ 30,000 subscribers in 2005  
No impact on the ARPU\*

\* 90% of «L1 subs.» choose the new TPS offer incl.



### Launch of the pay DTT at the end of 2005

- A new distribution platform for 
- TPS commercial operator

The High Definition with 





## Eurosport: the leading sport brand in Europe

### Key figures H1 2005

Revenue: €143.3 M  
Op. profit: €24.2 M

Brand awareness in  
Europe : 86% <sup>(1)</sup>



104 M Households  
54 M paying subs  
54 countries  
19 languages



17 M Households  
15 M paying subs  
37 countries  
7 languages

★EUROSPORT.com

13 M visits <sup>(2)</sup>  
6 versions  
5 languages



**A market of more than  
300 M households**

### 2008 target



Revenue: ~ €350 M  
Op. margin: > 15%

<sup>(1)</sup> EMS 2005

<sup>(2)</sup> July 2005

## Eurosport: a new business

### Eurosport: Organizer of sport events



Eurosport\* promotes **a new world car race championship** and owns all commercial rights:

- TV rights
- Marketing rights on all circuits and cars
- Video rights, merchandising, mobility...

2005 revenue  
**€10 M**

10 week-ends

3 continents



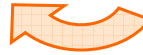
\* Through its subsidiary KSO Ltd (60%)

## E-tf1: growth and profitability

### Key figures H1 2005

Revenue : €30.4 M (+ 11%)  
Op. profit : €1.8 M

tf1.fr: 3.0 M unique visitors  
(+ 50%)\*



N° 1 media website  
N° 1 SMS editor  
N° 1 special phone calls  
media editor

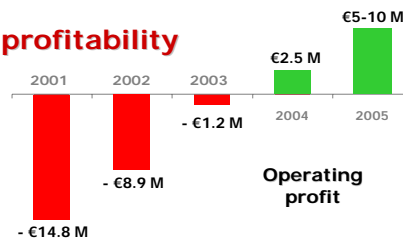
### A strong growth revenue

2005 FY revenue forecast > €62 M ( growth > +24% )

### An ongoing improvement of the profitability

Breakeven in 2004

Mid-Term profitability: > 10%



**Strategy:** Develop revenue on all media  
Accelerate growth investments

\* June 2005 vs. June 2004 – Source : Médiamétrie / Xiti / panel NielsenNetRatings / Cyberestat

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## VOD: A development project for the Group

Launch of a Video On Demand offer in November 2005



VOD



Natural expansion  
of the business  
Complementary revenue

Revenue 2007: €7 M

Catalogue of  
rights



**Distribution network: Internet, TV through ADSL**  
**Reception: PC and TV**

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## Conclusion: our strategy

**Consolidate the uncontested leadership of the broadcasting businesses**

**Develop high-growth potential businesses**

**Eurosport: a new challenge: the World!**

Channels developments  
World channel  
Italy  
WTCC

**Internet: accelerate the growth !**

Thematic sites (youth, women, cinema, sports)  
VOD, e-commerce

**TF1: let's conquer Off-Media !**

360° vision



**N°1 multi-media  
communication group**



## Notes

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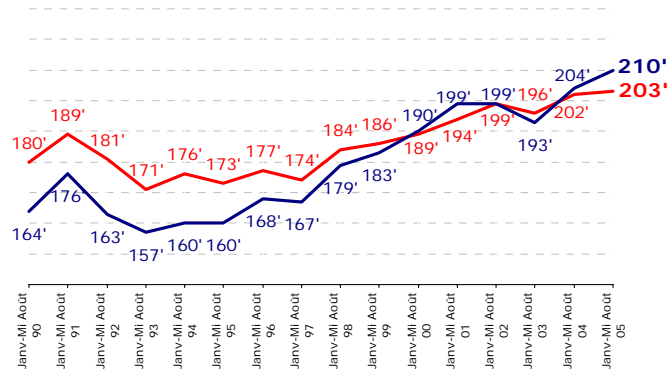
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## Television: the most popular media in France

**84%** of the French people watch TV every day

**3 out of 4** watch **TF1** every day

Daily viewing time / Jan. – Mid Aug. — Ind. 4 + — women <50



**3h23'** for Individuals 4 +  
**3h30'** for women <50

Source: Médiamétrie / January – 21 August 2005



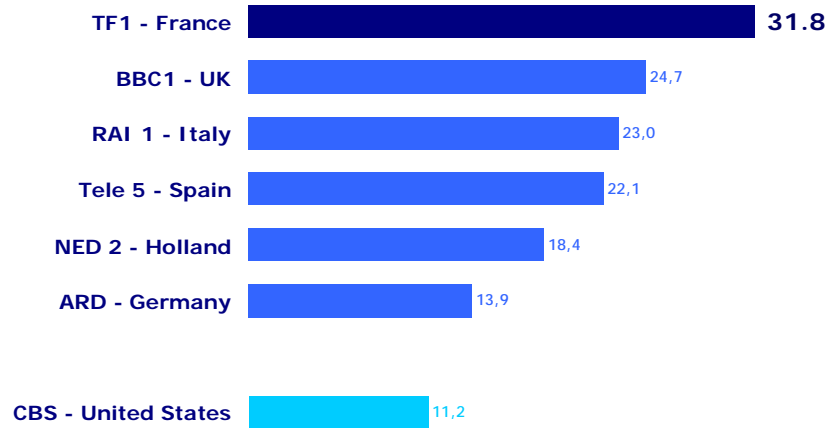
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## TF1: a unique situation in Europe

### Annual audience share (%) in 2004 of the domestic leading channel



Source : Médiamétrie / year 2004

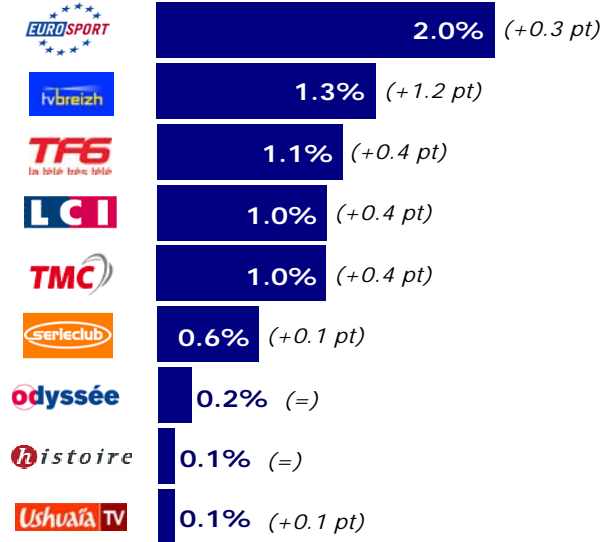


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## TF1 Group leadership

**Ongoing improvement of TF1 Group channels:  
audience share: +4.2 pts (in 4 years) to 11.0%**



Source : Médiamétrie / MédiaCabSat wave 9 (Jan.-June 2005) vs Wave 1 (Jan.-June 2001)  
Audience share / Individuals 4+ / whole base

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## Strengths of TF1 Publicité

The referent advertising media  
for any mass-communication

### **TF1** commercials audience

	1994	2004	var.
Women < 50	4.8%	5.8%	+ 1.0 pt
Ind. between 25 and 49	4.3%	5.1%	+ 0.8 pt



### TF1: Exclusivity and Power\*

	<b>TF1</b>	<b>2 + 6</b>
Women <50	92%	8%
Ind. 25-49	94%	6%

Source : Médiamétrie

\* Ad breaks > 12% on the target – H1 2005

**TF1** 27

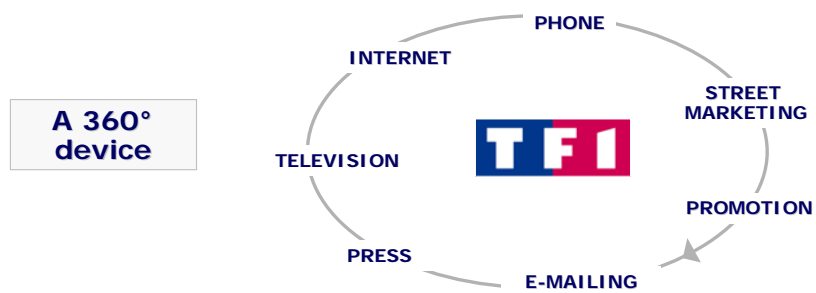
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## TF1 match with market needs

### ADVERTISERS EXPECT A GLOBAL ANSWER

➤ **A COMPLETE MEDIA ANSWER**  
With referent and complementary media

➤ **AN OFF-MEDIA ANSWER**  
Creation of a dedicated off-media structure  
relying on the know-how developed by TF1 Licences



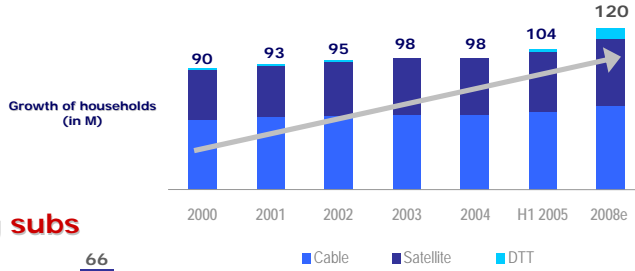
# Eurosport: N° 1 pan-European channel\*

## Fast-growing distribution of the channel ...

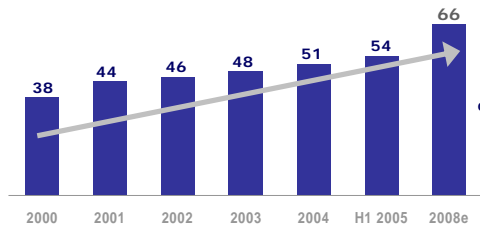


- A market of more than 300 M households
- Distributed on all networks (cable, satellite, DTT, ADSL, mobile phones...)

End of June 2005:  
104 M households



## ... and growth of paying subs



Growth of paying subs (in M)

6,200 hours of programs  
45% **LIVE**

\* Cable and satellite in Europe – source PETV

## A complementary strategy: Power + Affinity

Strengthen the **power** of the N°1 generalist media website tf1.fr  
Go and find growth on new market **segments**

Generalist Portal  
mirror of the channel

tf1.fr



POWER

Independent thematic  
sites



Youth  
Sports  
News  
Women  
Cinema / VOD



AFFINITY

Multi-channel  
Commercialisation  
of this audience



Advertising  
e-Business  
Direct marketing  
Sale of contents


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# Digital Terrestrial Television

## 17 channels for the free offer => March 2005

State-owned						News
Generalists						Music
Mini generalists						Youth

MPEG 2

## 11 channels for the pay offer => End 2005

Premium					Sport
Mini generalists					Cinema
News					TV dramas
Youth					15-35 years old
					Documentaries

MPEG 4



TF1 Group channels

\* To be launched in November 2005



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## 9 months 2005: consolidated net profit: €181.2 M (+ 8.4%)

Boulogne, November 22, 2005

TF1 Board of Directors met on November 22, 2005, under the chairmanship of Patrick Le Lay, and examined the following accounts for the first nine months 2005:

<b>CONSOLIDATED FIGURES</b> IFRS (€M)	9 months 2005	9 months 2004	Full Year 2004	Change 05/ 04
<b>Total revenue</b>	<b>2,055.9</b>	<b>2,068.7</b>	<b>2,849.6</b>	<b>- 0.6%</b>
<i>Incl. TF1 channel advertising</i>	<i>1,177.6</i>	<i>1,189.3</i>	<i>1,645.5</i>	<i>- 1.0%</i>
<i>Other activities</i>	<i>878.3</i>	<i>879.4</i>	<i>1,204.1</i>	<i>- 0.1%</i>
<b>Operating profit</b>	<b>280.2</b>	<b>285.1</b>	<b>383.0</b>	<b>- 1.7%</b>
<b>Cost of net debt</b>	<b>(12.6)</b>	<b>(15.9)</b>	<b>(20.6)</b>	<b>- 20.8%</b>
<b>Net profit (attributable to the group)</b>	<b>181.2</b>	<b>167.2</b>	<b>224.7</b>	<b>+ 8.4%</b>

Over the first nine months of 2005, TF1 Group revenue was slightly down (-0.6%) to €2,055.9 M. Net advertising revenue for TF1 channel decreased by 1.0% and revenue from other activities was stable (-0.1%). On a comparable basis<sup>1</sup>, revenue from other activities was up 1.0%.

After an eventful October, TF1 audience share for the period January to October 2005 increased by 0.5 pt (32.5%) on individuals aged 4 and above and by 0.6 pt (36.1%) on women below 50 compared with the same period last year<sup>2</sup>.

Programming costs were up 3.8% over the first nine months of the year to €667.4 M. For the full year 2005, the growth of programming costs for TF1 channel will be limited to 3.0% maximum.

The Group's operating profit was down 1.7% to €280.2 M (including a capital gain of € 14.2 M from the disposal of Visiowave) compared with the first nine months of 2004. The drop is mainly attributable to the slight decrease in the Group's revenue combined with the TF1 core channel's increase in programming costs.

*NB: Forecasts included in this press release reflect elements currently known by TF1. They depend on economics fluctuations of the coming months.*

Over the first nine months of 2005, the net profit attributable to the Group was up 8.4% compared with the same period last year to €181.2 M, i.e. a net margin on revenue of 8.8%. This improvement, when the operating profit was down, stems mainly from a decrease in the cost of financial debt and a lower tax outlay due to the disposal of Visiowave.

At September 30, 2005, shareholder's funds totalled €994.0 M, on a balance sheet total of €3,344.6 M. The consolidated financial net debt amounted to €568.0 M, which represented 57.1% of shareholder's funds.

### Outlooks

For 2005, TF1 channel net advertising revenue should follow the trend of the first nine months of the year, when, on a comparable basis (accounting standards and scope of consolidation), the other activities should grow.

Since August 2005, TF1 secured the exclusive broadcasting rights for Formula 1 motor racing for the seasons 2006 and 2007, as well as Warner and Buena Vista International catalogues on a multi-year agreements basis.

### REMINDER:

The full TF1's 9 months report is available under the following address:  
<http://www.tf1finance.fr>

### Contacts :

Investors Relations Department: 33 1 41 41 27 32  
Press contact: 33 1 41 41 36 08

Internet : <http://www.tf1finance.fr> - E-mail: [comfi@tf1.fr](mailto:comfi@tf1.fr)

<sup>1</sup> Excluding the impact of the disposal of Visiowave and Studios 107 in Q2 2005 (Elimination of Studios 107 and Visiowave revenue over the first 9 months of 2004 and 2005) and excluding the consolidation of TMC in Q3 2005 (Elimination of TMC 9 months 2005 revenue).

<sup>2</sup> Source : Médiamétrie.

## Contacts

TF1, 1 quai du Point du Jour  
92656 Boulogne Cedex – France  
<http://www.tf1finance.fr>



**Jean-Pierre MOREL**  
*Deputy General Manager*  
*Chief Financial Officer*  
Tel : 33-1 41 41 25 99  
Fax : 33-1 41 41 29 10  
E-mail: [jpmo@tf1.fr](mailto:jpmo@tf1.fr)

### IR department

Tel : 33-1 41 41 27 32  
Fax : 33-1 41 41 29 10  
e-mail : [comfi@tf1.fr](mailto:comfi@tf1.fr)



**Anne BLAZY**  
*Head of Investor Relations*  
Tel : 33-1 41 41 42 57  
Fax : 33-1 41 41 29 10  
E-mail : [ablazy@tf1.fr](mailto:ablazy@tf1.fr)



**Albin de BEAUREGARD**  
*Officer*  
Tel : 33-1 41 41 37 82  
Fax : 33-1 41 41 29 10  
E-mail: [adebeauregard@tf1.fr](mailto:adebeauregard@tf1.fr)



**Pia DOMMERGUE**  
*Assistant*  
Tel : 33-1 41 41 27 32  
Fax : 33-1 41 41 29 10  
E-mail: [pdommergue@tf1.fr](mailto:pdommergue@tf1.fr)



**Aurélie GASNOT**  
*Assistant*  
Tel: 33-1 41 41 44 97  
Fax : 33-1 41 41 29 10  
E-mail : [agasnot@tf1.fr](mailto:agasnot@tf1.fr)



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