Financial Information
First half of 2018

Financial Information – First Half of 2018

1. 2018 1st half-year management report

1.1. Key figures

Financial indicators

These key figures are extracted from TF1 group consolidated financial data. The results below are presented in accordance with IFRS 9 and IFRS 15, applicable from 1 January 2018.

(€ million)	H1 2018	H1 2017
Revenue	**1,083.6**	**1,042.8**
Group advertising revenue	*812.4*	*784.2*
Revenue from other activities	*271.2*	*258.6*
Current operating profit/(loss)	**100.5**	**108.0**
Operating profit/(loss)	**89.5**	**96.4**
Net profit/(loss) attributable to the Group from continuing operations	**65.8**	**74.8**
Operating cash flow before cost of net debt and income taxes	200.5	183.7
Basic earnings per share from continuing operations (€)	**0.31**	**0.36**
Diluted earnings per share from continuing operations (€)	**0.31**	**0.36**
Shareholders' equity attributable to the Group	**1,511.6**	**1,502.8**
Net surplus cash/(net debt) of continuing operations	**(122.2)**	**247.6**

	H1 2018	H1 2017
Weighted average number of ordinary shares outstanding (in '000)	**209,878**	**209,528**
Closing share price at the end of period (€)	**9.03**	**12.26**
Market capitalisation at end of period (€bn)	**1.90**	**2.57**

Income statement contributions – continuing operations

The results below are presented using the new segmental reporting structure adopted by the TF1 group starting in the second quarter of 2018, as presented in Note 4 "Operating segments" to the condensed consolidated financial statements.

Following the acquisition of the aufeminin group on 27 April 2018[1], a new segmental reporting structure is being applied, starting in the second quarter of 2018. The main change is the creation of a new "Digital" segment, which combines the operations of the aufeminin group with those of Neweb, Studio71, TF1 Digital Factory and MinuteBuzz[2]. Given the immateriality of the impacts on 2017 and the first quarter of 2018, prior periods have not been restated.

€m	Q1 2018	Q1 2017	Q2 2018	Q2 2017	H1 2018	H1 2017	Chg. €m	Chg. %
Consolidated revenue	**499.3**	**503.4**	**584.3**	**539.4**	**1,083.6**	**1,042.8**	**40.8**	**3.9%**
Broadcasting	**402.3**	**404.9**	**466.7**	**452.6**	**869.0**	**857.5**	**11.5**	**1.3%**
TV advertising on unencrypted channels	*349.8*	*348.9*	*404.6*	*398.4*	*754.5*	*747.3*	*7.1*	*1.0%*
Studios & Entertainment	**97.0**	**98.5**	**88.8**	**86.8**	**185.8**	**185.3**	**0.5**	**0.3%**
Digital *	**-**	**-**	**28.8**	**-**	**28.8**	**-**	**28.8**	**N/A**
Current operating profit/(loss)	**38.3**	**36.9**	**62.2**	**71.1**	**100.5**	**108.0**	**(7.5)**	**-6.9%**
Broadcasting	**26.4**	**26.6**	**52.9**	**64.9**	**79.3**	**91.5**	**(12.2)**	**-13.3%**
Studios & Entertainment	**11.9**	**10.3**	**6.7**	**6.2**	**18.6**	**16.5**	**2.1**	**12.7%**
Digital *	**-**	**-**	**2.6**	**-**	**2.6**	**-**	**2.6**	**N/A**
Cost of programmes	**(230.0)**	**(233.5)**	**(269.2)**	**(248.7)**	**(499.2)**	**(482.2)**	**(17.0)**	**3.5%**
Football World Cup	*-*	*-*	*(46.0)*	*-*	*(46.0)*	*-*	*(46.0)*	*N/A*

* The aufeminin group is included in the consolidation with effect from May 2018

Cost of programmes

(€ million)	H1 2018	H1 2017
Total cost of programmes	**499.2**	**482.2**
Major sporting events	46.0	0.0
Total excluding major sporting events	**453.2**	**482.2**
Variety/Gameshows/Magazines	123.4	141.7
Drama/TV movies/ Series/Plays	163.5	148.3
Sport (excluding major sporting events)	26.9	30.6
News	69.1	75.0
Films	65.9	80.3
Children's programmes	4.3	6.3

[1] Acquisition of the Axel Springer group's 78.1% stake in the aufeminin group on 27 April 2018. On completion of the public tender offer (4 July), TF1 held 93.28% of the aufeminin group.
[2] Accounted for by the equity method.

1.2. Significant events of the first half of 2018

January

18 January 2018

An agreement was signed for the acquisition by the TF1 group of the Axel Springer group's majority equity interest of approximately 78% in the aufeminin group at a price of €38.74 per share (subject to customary adjustments at the completion date).
Completion of this deal is subject to clearance from the regulatory authorities in France and Austria.

24 January 2018

The TF1 group announced that it has renewed its long-standing partnership with the French national football team for another 4 years and is expanding its football coverage by screening the Nations League, UEFA Euro 2020 qualifiers and the 2022 World Cup.

29 January 2018

The TF1 group finalised the revamp of its brand portfolio with the rebranding of NT1 as TFX and HD1 as TF1 Séries Films.

30 January 2018

The TF1 group announced the signature of a global distribution agreement with Bouygues Telecom, including the TF1 Premium offer and add-on services. At the same time, the two parties renewed the distribution agreement for the TF1 group's theme channels: Histoire, TV Breizh and Ushuaïa TV.

February

1 February 2018

With effect from the expiry date of the contracts (31 January 2018) and in the absence of any agreement with the TF1 group, Orange was no longer authorised to sell its subscribers MYTF1 or the TF1 group's free-to-air channels.
Consequently, the TF1 group had to suspend the supply of the MYTF1 catch-up service to Orange.
It also requested Orange to cease selling its subscribers the TF1, TMC, TFX, TF1 Séries Films and LCI channels.

March

2 March 2018

The TF1 group condemned the contempt shown by the Canal+ group for its subscribers by its unilateral decision to suspend distribution of the TF1 group's channels and add-on services.

8 March 2018

The TF1 group joined a broad coalition of European digital players to urge the authorities to carry out an in-depth review of the draft European e-privacy regulation.

8 March 2018

The TF1 group filed its 2017 registration document with the AMF (the French financial markets authority).

8 March 2018

Orange and the TF1 group announced the signature of a new global distribution agreement covering all TF1 group channels, and non-linear services associated with those channels including extended catch-up viewing on MYTF1, exclusive premieres of programmes ahead of TV broadcast, two new channels (TF1 +1 and TMC +1) available from autumn 2018, and 4K UHD screening of event programmes.

9 March 2018

Maylis Çarçabal was appointed TF1 Group Vice President, Communication and Brands.

29 March 2018

The TF1 group announced the renewal of its long-standing partnership with World Rugby for Rugby World Cup 2019, to be held in Japan from 20 September to 2 November 2019.
France is one of the world's biggest rugby broadcast markets and was a driving force behind record broadcast growth during Rugby World Cup 2015, which saw the live audience increase by 48% to 479 million, while live audiences in Europe increased by 75%.

April

5 April 2018

The TF1 group and the minority shareholders of Newen Studios, a 70% subsidiary of TF1, signed an agreement with a view to TF1 acquiring 30% of the capital and voting rights of Newen Studios, which would give TF1 100% control.

25 April 2018

The TF1 group and Free signed a new global distribution agreement. Under the agreement, Free is to distribute all the TF1 group's channels, plus non-linear services associated with those channels.

27 April 2018

Having obtained the necessary clearances from all the relevant authorities in France and Austria, the TF1 group finalised the acquisition of the aufeminin group from Axel Springer. Olivier Abecassis, a member of the TF1 group Executive Committee, was appointed Chairman & CEO.

May

2 May 2018

Following the appointment of Olivier Abecassis as Chairman & CEO of the aufeminin group, the TF1 group reshuffled its senior management team: Arnaud Bosom, Executive Vice President, Human Resources and CSR, will supervise the broadcast technology and IT teams, while Christine Bellin, Vice President, Strategy, Development and Transformation, will head up the Innovation and Digital teams.

22 May 2018

The TF1 group filed the draft offer document for its simplified tender offer for the shares of aufeminin.

June

15 June 2018

The France Télévisions, M6 and TF1 groups announced that they are joining forces to build a French OTT platform: SALTO. This alliance between France's top three broadcasters reflects their ongoing commitment to keep pace with changes in French viewing habits. A stand-alone company, owned in equal shares by the three groups, will be set up to operate the platform, once clearance has been obtained from the competent authorities.

1.3. Analysis of consolidated results

The results below are presented using the new segmental reporting structure adopted by the TF1 group starting in the second quarter of 2018, as presented in Note 4 "Operating segments" to the condensed consolidated financial statements, and in accordance with IFRS 9 and IFRS 15 (applicable from 1 January 2018).

Revenue

Consolidated revenue of the TF1 group for the first half of 2018 was €1,083.6 million, versus €1,042.8 million for the first half of 2017, an increase of €40.8 million (+3.9%). This comprised:

- Advertising revenue of €812.4 million, up €28.2 million (+3.6%) year-on-year, reflecting growth for the five free-to-air channels (+1%) and in H1 2018 digital advertising revenues.
- Revenue from other activities of €271.2 million, up €12.6 million (+4.9%) year-on-year, mainly as a result of the first distribution revenue streams from telecoms operators for the TF1 Premium offer.

Cost of programmes and other current operating income/ expenses

Cost of programmes

The cost of programmes on the five free-to-air channels was €499.2 million, a rise of €17.0 million. That figure includes the €46 million cost of screening 18 games from the Football World Cup during June[1]. Excluding the impact of this special event, the cost of programmes was €453.2 million. The savings – achieved while maintaining audience shares – reflect the benefits of the rights buying strategy adopted over the last two years, lower unit prices achieved by renegotiating programme buying deals, and optimization through multi-channel screening.

Other current operating income/expenses

Other expenses and depreciation, amortisation and provisions increased by €31.3 million year-on-year in the first half of 2018, mainly due to the first-time consolidation of the aufeminin group.

Current operating profit

Current operating profit for the first half of 2018 was €100.5 million, versus €108.0 million a year earlier, a fall of €7.5 million. The cost of the World Cup (€46 million impact in H1 2018) was largely offset by control over the cost of programmes and growth in production activities.

The current operating margin rate was down 1.1 points at 9.3%, versus 10.4% a year previously. Excluding the cost of the World Cup (€46 million impact in Q2 2018), the 2018 first-half current operating margin rate would have been 13.5%.

Operating profit

Operating profit for the period was €89.5 million, after charging €11.0 million of non-current expenses related to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Net profit

Net profit attributable to the Group was €65.8 million, down €9.0 million year-on-year. Bear in mind however that the 2017 first-half net profit figure included part of the gain on the divestment of the equity interest in Groupe AB.

Financial position

Shareholders' equity attributable to the Group was €1,511.6 million at 30 June 2018 out of a balance sheet total of €3,374.3 million.

Cash and cash equivalents amounted to €120.4 million at 30 June 2018, versus €495.5 million at end December 2017. This reduction was mainly due to cash outflows on the acquisition of the 78.07% stake in the aufeminin group held by Axel Springer, and of the additional interest acquired on 30 June through the public tender offer[2] for the remaining shares. As of 30 June 2018, the TF1 group had an equity interest of 82.99% in the aufeminin group. With the public tender offer now completed, the TF1 group holds a 93.28% interest in the aufeminin group.

[1] The cost of replacement programmes in the second quarter of 2018 was €8.8 million.

[2] The public tender offer was open from 14 June 2018 to 4 July 2018.

Net debt was €122.2 million at 30 June 2018 (versus a net cash surplus of €256.7 million at end December 2017), after taking account mainly of the commitment under the terms of the public tender offer to buy out the remaining listed shares of aufeminin as of 30 June (17.01% equity interest), plus the net debt carried by Newen Studios and options to buy out minority interests.

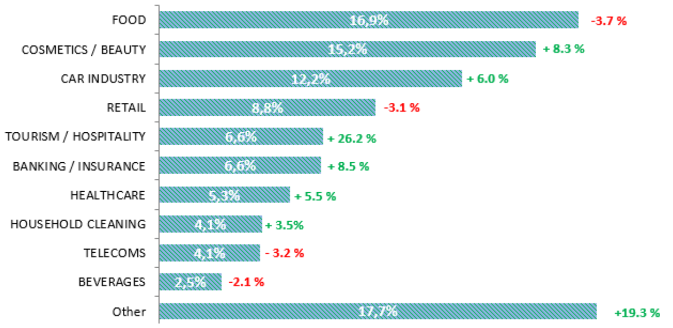
As of 30 June 2018, TF1 had confirmed bilateral bank credit facilities of €1,015 million with various banks. Drawdowns under those facilities at that date amounted to €107.7 million, all of which related to the Newen facility. Credit facilities are renewed regularly as each facility reaches its contractual expiry date so that the Group always has sufficient liquidity.

1.4. Segment information

Broadcasting

Advertising revenue

First-half gross revenue (excluding sponsorship) for the TF1 group's free-to-air channels was 6.3% higher than in the first half of 2017.



Source: Kantar Media, H1 2018 vs. H1 2017.

First-half advertising revenue from the Group's five free-to-air channels was €754.5 million, up 1.0% year-on-year. In the second quarter, year-on-year growth reached 1.6%, boosted by excellent performances from the exclusive unencrypted coverage of the Football World Cup on TF1.

Current operating profit

Current operating profit for the Broadcasting segment for the first half of 2018 was €12.2 million lower at €79.3 million, after taking account of the cost of screening the Football World Cup.

Free-to-air channels – market review

Average daily TV viewing time during the first half of 2018 among individuals aged 4+ remained high at 3 hours 44 minutes. For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time was 12 minutes lower year-on-year at 3 hours 30 minutes. Among individuals aged 4+, viewing time for catch-up and recordings increased by 1 minute year-on-year, while live viewing time fell by 4 minutes over the same period. For W<50PDM, catch-up and recordings viewing time advanced by 1 minute year-on-year, while live viewing fell by 13 minutes over the same period. These figures do not include time spent watching live or catch-up television on other devices (computers, tablets, smartphones, etc.), or outside the home on any device.

Free-to-air channels – audience ratings

In this highly competitive environment the TF1 group is forging ahead with its multi-channel strategy while keeping the cost of programmes under control.

In the first half of 2018, the TF1 group achieved a 32.5% share of the target audience of W<50PDM, in line with the previous year. In the second quarter of 2018, the Group posted an audience share of 32.7%, significantly higher (by 0.5 of a point) than in the first quarter of the year, mainly as a result of good audience ratings for the exclusive unencrypted coverage of the Football World Cup on the Group's channels.

TF1

For the third consecutive quarter, the TF1 core channel increased its share of the W<50PDM target audience, which reached 22.4% in the second quarter of 2018 (up 0.5 of a point year-on-year). Over the first half as a whole, the channel occupied 18 of the top 20 ratings slots for individuals aged 4+, and all 20 for 25-49 year-olds.

- **Sport**
  For TF1, the exclusive free-to-air broadcaster of the Football World Cup in France, June 2018 was its best month among 25-49 year-olds since January 2015. The channel achieved the three biggest audiences of the first half: France vs. Australia (12.6 million viewers, 69% share of individuals aged 4+); France vs. Argentina (12.5 million viewers, 72% share of individuals aged 4+) and France vs. Peru (10.7 million, 66% share of individuals aged 4+).
  The four games involving the French national team averaged 11.2 million viewers (68% of individuals aged 4+).
  Another highlight was the TF1 coverage of the Monaco Formula 1 Grand Prix in May, which pulled in 2.2 million viewers (22% share of individuals aged 4+ and of 25-49 year-olds).

- **French drama**
  TF1 showcased a powerful, diversified, ambitious and bold offer of event TV drama in prime-time: *Traqués* with 6.6 million viewers and *Coup de Foudre à Bora Bora* with 5.7 million (31% audience share of W<50PDM).

There was also a very impressive return for the big brands, especially among target audiences, delivering highly consistent performances for the channel: *Clem* with up to 5.6 million viewers (33% average share of W<50PDM) *L'arme fatale* (*Lethal Weapon*) with 4.9 million viewers (25% share of W<50PDM), and *Section de recherches* with up to 6.8 million viewers (27% share of individuals aged 4+).

Finally, the access prime time daily soap *Demain nous appartient* continues to grow audiences month by month, posting its best-ever month in June 2018 with a 22% share of W<50PDM.

- **News**
  The channel's regular news bulletins are still by far the leaders in France, and grew their audience share among individuals aged 4+: year-on-year[1], the audience share was up 1.0 point for the weekday evening bulletin, 0.8 of a point for the weekday lunchtime bulletin, and 0.7 of a point for the weekend lunchtime and evening bulletins.

  The special edition of the lunchtime bulletin on 12 April 2018, featuring French President Emmanuel Macron as the studio guest, attracted a 51.5% share of individuals aged 4+, the biggest audience share since 2009. Overall, on TF1, LCI and MYTF1 combined, the interview reached a total of 10.7 million viewers at least once during the broadcast. The new *Le 20H Le Mag* short news magazine programme continues to ramp up its audiences month by month, attracting up to 5.9 million viewers.

- **Entertainment**
  The flagship entertainment brands continue to deliver: *Koh-Lanta* posted a record for the season as 5.8 million viewers tuned in for the finale (45% share of W<50PDM, 43% share of 25-49 year-olds), and *The Voice* (season 8) proved as popular as ever, averaging 5.7 million viewers over the season (36% share of W<50PDM and 32% of 25-49 year-olds).

- **Movies**
  The Sunday evening movie slot is posting fine ratings, the stand-outs being *Ant-Man* (5.3 million viewers) and *Battleship* (5.2 million).

[1] For the period from January to mid-June (schedules were affected by the Football World Cup from mid-June onwards).

DTT channels

The TF1 group's DTT channels – TMC, TFX, TF1 Séries Films and LCI – drew a combined audience share of 10.2% among W<50PDM in the first half of 2018, stable versus 2017 as a whole but down slightly (by 0.4 of a point) on the first half of 2017. Among 25-49 year-olds, the audience share was 9.3% (down 0.3 of a point year-on-year).
During the first half of 2018, TMC took 11 of the top 20 ratings slots for French DTT channels among individuals aged 4+, and 16 of the top 20 DTT ratings for 25-49 year-olds.

TMC

In the first half of 2018, TMC was the most-watched DTT channel among the target audience of 25-49 year-olds thanks mainly to *Quotidien* in access prime time (up to 1.6 million viewers) and to consistently strong prime time offers such as the movie *Transporter 2* (1.6 million viewers).

The launch of *Burger Quiz* in the second quarter of 2018 proved a success as the launch show attracted the biggest audience for an unscripted entertainment show on a French DTT channel: 1.9 million viewers (16% share of 25-49 year-olds and of ABC1s). The gameshow also set an all-time record among French DTT channels for seven-day viewing, with the first episode aggregating 2.3 million viewers in the week after broadcast.

TFX

The TFX channel has been boosted by the rebranding at the end of January to position it as the most powerful general-interest mini-channel for a younger demographic (15-34 year olds).

The access prime time reality TV show *La Villa des cœurs brisés* (season 3) attracted an average audience of 500,000.

TF1 Séries Films

The TF1 Séries Films channel was also helped by the end-January rebranding, as its share of the target W<50PDM audience rose by +0.3 of a point year-on-year to 2.5%. This performance was built on an attractive movie offering, including *Lethal Weapon 4* (1.2 million viewers) and *Angels & Demons* (854,000 viewers).

LCI

LCI held its audience share at 0.6% among individuals aged 4+ during the first half of 2018, and has now been France's no.2 news channel for more than a year. The weekday *La Matinale* current affairs magazine, anchored by Pascale de la Tour du Pin, achieved further growth and in April hit an all-time high of 76,000 viewers (2.5% share of individuals aged 4+).

LCI was the most-watched French news channel during the interview with Emmanuel Macron at lunchtime on 12 April, with 251,000 viewers and a 1.7% share of individuals aged 4+ (4x the usual audience for this slot). Another highlight was the success of the documentary *Macron, le dynamiteur*, which had its first screening on LCI, attracting 188,000 viewers and a 1.2% share of individuals aged 4+.

TF1 Publicité (third-party airtime sales)

Revenue from third-party airtime sales (for radio stations, non-Group TV channels, etc.) was up year-on-year, thanks in particular to the agreement with Discovery Communications that came into effect on 1 January 2018.

TF1 Films Production

Cumulative cinema footfall in the first half of 2018 was 103 million, down slightly (by 1.9%) year-on-year.
With nearly 18 million box office entries, TF1 Films Production enjoyed a remarkable start to 2018, taking all 4 of the top slots in the box office ratings: *Les Tuche 3* (5.7 million), *La ch'tite famille* (5.6 million), *Taxi 5* (3.5 million) and *Tout le monde debout* (2.4 million).

By the end of the first half of 2018, the nine films that went on general release in the period had attracted 19.1 million cinema-goers. By comparison, the 14 films co-produced by TF1 Films Production in the first half of 2017 attracted 13.7 million box office entries.

The revenue and operating profit contribution from TF1 Films Production were both lower year-on-year in the first half of 2018.

TF1 Production

In the first half of 2018 TF1 Production produced around 210 hours of programmes (in line with the first half of 2017).

This reflects the absence of a new season of *L'addition s'il vous plait* and the political debates of the previous year, but also the delivery of new documentaries for the DTT channels.

TF1 Production's contribution to Group revenue was slightly lower year-on-year. However, there was a modest year-on-year rise in current operating profit.

e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels.

The Group's digital operations saw a rise in advertising revenue at MYTF1 during the first half of 2018, reflecting growth in the number of video views to 704 million[1], up 12% year-on-year, largely driven by flagship programmes such as *Demain nous appartient* (83 million video views), *La Villa des cœurs brisés* (77 million), *The Voice* (63 million), *Paw Patrol* (45 million) and the Football World Cup (25 million)[2].

By contrast, interactivity revenue was lower year-on-year over the first half as a whole, due to less favourable programming (no gameshows in access prime time in February or March) and the absence of major sporting events (versus the World Handball Championships in the first quarter of 2017); however, second-quarter interactivity revenue was stronger than in the previous year.

Theme channels

French pay-TV channels as a whole attracted an audience share of 10.4% among individuals aged 4+ during the first half of 2018, up 0.4 of a point year-on-year[3].

Revenue for the TF1 group's theme channels (TV Breizh, Ushuaïa, Histoire) fell a little year-on-year. At the same time, tight cost control helped the three channels improve their profitability slightly.

[1] *Excluding news content, XTRA content and live sessions.*
[2] *Data up to and including 15 July 2018.*
[3] *Médiamétrie-Médiamat*

TV Breizh

The channel secured top spot in the extended pay-TV universe for the third consecutive wave, reaching an all-time high for a Médiamat'Thématik wave with a 0.7% share of individuals aged 4+[1] (+37% year-on-year).

In 2018, TV Breizh has been continuing with its "gold" scheduling strategy, with *Walker, Texas Ranger* and the complete *Experts Vegas* (*CSI: Crime Scene Investigation*).

Ushuaïa

In six months, Ushuaïa TV has grown its audience share by 9% for individuals aged 4+ and by 11% for W<50PDM[1].

Ushuaïa is maintaining its "event TV" policy, built around programme cycles and one-off specials featuring high-profile presenters.

Histoire

Audiences for the Histoire channel have increased slightly over the last six months (+4%)[1]. The channel continues to screen first-run series and dramas such as *Tutankhamun*.

Studios & Entertainment

Studios

Newen Studios

Having obtained clearance from the French Competition authority, the TF1 group has acquired the remaining 30% equity interest in the Newen Studios group.
Bibiane Godfroid has been appointed Chairwoman of Newen Studios.

TF1 Studio

Four films went on general release in the second quarter of 2018, compared with two a year earlier. However, the runaway success of last year's two releases – *Alibi.com* and *Il a déjà tes yeux* – has not been matched by the 2018 first-half releases.

Entertainment

TF1 Entertainment

TF1 Entertainment had a good first half of 2018, achieving growth in revenue thanks mainly to:

- Music and live shows: good top-line performances from tie-ups with performers including Indochine and *On a tous quelque chose de Johnny*; the record label, with Lou, Evan and Marco and revenue from *The Voice*; live show partnerships (*Bodyguard*, *Jesus*, *Paw Patrol*); and the *Inside PSG* and *Inside Opéra* immersive experiences.
- Play Two: the Kids United tour and the successful release of the new Maître Gims album.
- The La Seine Musicale concert hall, which in April 2018 celebrated the first anniversary of its opening, has already hosted more than 300 shows and welcomed 450,000 concert-goers.

Home Shopping

Sales of goods fell year-on-year in the first half of 2018 due to a drop in order levels. Although sales margins held steady year-on-year, the drop in orders led to a reduction in current operating profit.

Digital

Following the acquisition of the aufeminin group on 27 April 2018, a new segmental reporting structure is being applied, starting in the second quarter of 2018. The main change is the creation of a new "Digital" segment, which combines the operations of the aufeminin group with those of Neweb, Studio71, TF1 Digital Factory and MinuteBuzz[2]**.**

Revenue from the new Digital segment for the first half of 2018 totalled €28.8 million, and includes revenue from the aufeminin group (consolidated from May 2018 onwards).

The segment made a 2018 first-half current operating profit of €2.6 million, including the results of operations from the aufeminin group for the final two months.

[1] *Médiamat'Thématik (Wave 35 – January to June 2018), pay-TV universe.*

[2] *Accounted for by the equity method.*

1.5. Outlook

Since the start of 2018, the Group has signed distribution agreements with all the telecoms operators; the creation of *SALTO*[11], a French OTT platform developed in partnership with France Télévisions and M6, will ultimately deliver an offer that combines television programmes (live and in catch-up) with exclusive content. During the second quarter, TF1 has acquired a majority stake in the aufeminin group; the ongoing negotiations with the Lagardère group to acquire Doctissimo will enable us to expand our footprint in the health, nutrition and family verticals[12]. Finally, TF1 has bought out the remaining 30% minority interests in Newen Studios[13].

Our 2018 first-half results confirm that we are well on track to achieve our guidance with:

- current operating margin (excluding major sporting events) up 3.1 points year-on-year;
- cost of programmes (excluding major sporting events) of €453.2 million, versus €482.2 million a year earlier;
- advertising revenue from the free-to-air channels representing 69.6% of consolidated revenue, versus 71.7% a year earlier.

We will mark the back-to-school period by screening new series (*The Good Doctor* and *La Vérité sur l'Affaire Harry Quebert*), plus entertainment shows with the comeback of *Ninja Warrior* and *The Voice Kids* and the launch of *Big Bounce*. We will continue to support French drama, bringing *Jacqueline Sauvage* and *Insoupçonnable* to the screen.

Based on our first-half results, we are able to reiterate our guidance:

- from 2018 onwards: growth in current operating margin rate at Group level (excluding major sporting events);
- average annual cost of programmes at €960 million (excluding major sporting events) for the five free-to-air channels for the 2018-2020 period, thanks to optimisation of investment in content;
- growth in revenue from activities other than advertising on the five free-to-air channels, with those other activities expected to account for at least one-third of consolidated revenue in 2019;
- a target of double-digit current operating margin rate in 2019.

1.6. Events after the reporting period

The Newen Studios group becomes a 100% owned subsidiary of the TF1 group

Following clearance from the Competition Authority, the TF1 group announced on 3 July 2018 that it had finalised the acquisition of the residual 30% stake in the Newen Studios group. Bibiane Godfroid was appointed Chairwoman of Newen Studios, replacing Fabrice Larue who is leaving the group to pursue new projects.

TF1 and Lagardère open exclusive negotiations with a view to the acquisition of Doctissimo

The TF1 group and the Lagardère group announced that they have opened exclusive negotiations with a view to TF1 acquiring 100% of Doctissimo, a vertical media pioneer in the online health/wellness segment in France focusing mainly on health, nutrition and family issues. Any final agreement will be subject to scrutiny by employee representative bodies as required by legislation.

[11] A stand-alone company, owned in equal shares by the three groups, will be set up to operate the platform once clearance has been obtained from the competent authorities.
[12] Any final agreement will be subject to scrutiny by employee representative bodies as required by legislation.
[13] Acquisition completed on 3 July 2018.

1.7. Corporate social responsibility

DIVERSITY/INCLUSION

Disability and the media: TF1 supports Duo Day

In France, 12 million people have disabilities, but in 80% of them their disability is not obvious. To raise the profile of this issue among viewers, TF1 and LCI lent their support to Duo Day, on 26 April. A nationwide initiative set up by the Secretary of State for people with disabilities, Duo Day aims to raise public awareness by "buddying up" disabled and able-bodied people across business, sport, the arts – and of course the media. So the TF1 weather report, the lottery draw (via La Française des Jeux) and the LCI morning news programme were each presented in tandem, with the regular journalists and presenters alongside people with disabilities.
TF1 also sponsored a conference held in Lyon on 30 May, on the theme of "Disability through the lens of the media: an inclusive view?", hosted by the University of Lyon 2 Lumière on the initiative of Professor Charles Gardou, the Education Culture and Politics Research Forum and the Reliance Disability, Education and Society Research Collective.

TF1 Initiatives tournament in association with the "Sport dans la ville" charity

On Saturday 19 May, 350 kids from deprived urban areas in the Auvergne Rhône Alpes region took part in the TF1 Initiatives tournament, organised jointly with the "Sport dans la ville" charity at its Lyon campus. This sports fun day was supported by Grégoire Margotton, who provided game commentary as well as anecdotes from his career as a sports broadcaster. Meanwhile, a women's team and a men's team from TF1 took part in the corporate tournament on Sunday 17 June at the French national football centre at Clairefontaine.
Both these initiatives sprang from the partnership created by TF1 at the end of 2017 with Sport dans la ville, a charity that uses sport to promote social inclusion around the core values of solidarity, self-help and diversity.

Fighting LGBT discrimination – TF1 partners the "Out d'Or" awards

TF1 partnered the 2nd "Out d'or" awards, the only event of its type in France. The awards honour performers, journalists and celebrities who have embodied a positive image of people from the LGBTI (lesbian, gay, bisexual, transgender and intersex) community. The 2018 awards were based on the theme of fake news, especially where this encourages hate speech towards LGBTI minorities. The "Out d'Or" provide a platform for those affected to speak out, and to show fair and diverse images of the LGBTI community to push back against hate speech and LGBTI-phobia.

Tech For Good: Facil'ITI start-up rewarded by TF1 at Vivatech

The Vivatech exhibition, held from 24 to 26 May 2018, set a new record with over 100,000 visitors. During this 3rd annual event, the TF1 MediaLab unveiled a number of TF1 innovative projects, including 4 start-ups chosen for their social usefulness: Ladies Sport, Facil'ITI (website accessibility), VR for Impact (virtual reality in the service of good causes), and SparkNews (impact journalism).
Out of thirty or so partner start-ups, it was Facil'ITI that took the overall start-up prize.
Facil'ITI has developed an application that adapts websites to meet the ergonomic needs of users with visual, motor and/or cognitive impairments. The aim is to improve accessibility for people who find it difficult or uncomfortable to navigate sites. From Parkinson's disease and visual impairment to dyslexia or epilepsy, Facil'ITI can adapt any site to help users cope. It's simple: set up a user profile, and activate the app free of charge on sites where it's embedded.
Keen to make its own digital platforms more accessible, the TF1 group has embedded the app on the LCI.fr site. Users can now click on an "Accessibility" button on the home page to access all the features of the app, making LCI the first news channel to offer this type of solution.

Anti-discrimination shorts airing on TF1 from 21 July

C'est quoi cette question?, a documentary strand produced and directed by CAPA Presse, is being aired on TF1 starting 21 July 2018. The first season looks at four social groups that are too often victims of prejudice: wheelchair users, lesbians and gays, young people in urban ghettoes, and people with Down's syndrome.
Interviewees talk frankly, directly, movingly and sometimes wittily to camera about their love lives, everyday tasks, and how society perceives them. They deal with questions that many of us wonder about, but no-one dares to ask. The aim: to encourage dialogue, mutual respect, open-mindedness, and the acceptance of difference. Arnaud Bosom, TF1 group Executive Vice President, Human Resources and CSR, says: "Promoting diversity is at the heart of what we aim to do: sharing positive vibes. As a media organisation, we have a responsibility not just to hold a mirror up to social change, but also to drive social cohesion. Through our programmes, we aim to reflect the full spectrum of society so that we can speak to each individual. We want to show the full richness of France, without no-go areas and avoiding stereotypes. C'est quoi cette question? is part of our TF1 Initiatives approach. We're proud to be airing this original format on TF1 and MYTF1."

The long (3-minute) version of all of the episodes will also be available from 21 July on MYTF1.

ENVIRONMENT

Ushuaïa TV collects 6 prizes at the Deauville Green Awards festival

Six documentaries co-produced or pre-bought by Ushuaïa TV received prizes at the Deauville Green Awards closing ceremony on 20 June 2018. The same evening, Christophe Sommet, head of theme channels at the TF1 group, presented the Ushuaïa TV Special Prize to Another world is possible, a film made by Canadian activist Slater Jewel Kember. The Deauville Green Awards are an international competition (400 films from 30 countries) that brings together public bodies, regional authorities, media groups, producers, industrialists, and citizens with a commitment to use broadcast media to publicise eco-responsibility initiatives. That's a perfect fit with the mission that Ushuaïa has pursued since it was founded in 2005. The channel uses documentaries, news magazines and feature-length films to showcase positive steps being taken by artisans of change in their daily efforts to make the world a better place. Ushuaïa TV deliberately favours an upbeat approach to raising awareness, steering clear of scaremongering, preaching or moralising. This commitment extends beyond environmental matters to diversity and solidarity issues.

1.8. Corporate governance

At the Annual General Meeting of TF1 shareholders on 19 April 2018, Laurence Danon Arnaud, Martin Bouygues and Bouygues SA (represented by Philippe Marien) were reappointed as directors for a three-year term of office.
Those reappointments mean that the proportion of independent directors on the Board remains at 44%, as does the proportion of female directors (not counting the two employee representative directors, who are both women).

1.9. Human resources update

As of 30 June 2018 the TF1 group had 3,046 employees on permanent contracts[14].

1.10. Stock market performance

TF1 shares closed at €9.03 per share on 30 June 2018, 26.35% lower than the closing price on 30 June 2017. Over the same period, the CAC 40 and SBF 120 indices rose by 3.96% and 4.33% respectively, while the Euro Stoxx Media index fell by 4.06%.

During the first six months of 2018, the TF1 share price fell by 26.50%. Over the same period, the CAC 40 and SBF 120 indices rose by 0.21% and 0.33% respectively, while the Euro Stoxx Media index fell by 3.68%.

The total market capitalization of the TF1 group stood at €1.895 billion as of 30 June 2018, compared with € 2.57 billion as of 31 December 2017.

1.11. Share ownership

	30 June 2018		
	Number of shares	**% of capital**	**% of voting rights**
Bouygues	**91,946,297**	**43.8 %**	**43.8 %**
TF1 employees *Via the FCPE TF1 fund* *As registered shares*	**15,218,108** 15,011,762 206,346	**7.3%** 7.2% 0.1%	**7.3 %** 7.2 % 0.1%
Free float	**102,723,735**	**48.9 %**	**48.9 %**
Treasury shares	**0**	**0.0%**	**0.0%**
TOTAL	**209,888,140**	**100.0%**	**100.0%**

1.12. Related parties

There have been no significant changes in respect of related parties since publication of the 2017 TF1 *Document de Référence* (Registration Document) filed with the *Autorité des Marchés Financiers* (AMF) on 8 March 2018 under reference number D.18-0113 (an English-language version of which is available on the TF1 corporate website), other than movements in the treasury current account with Bouygues Relais.

[14] Includes aufeminin employees on permanent contracts.

1.13. Risk factors

In a constantly changing competitive, technological and regulatory environment, the TF1 group is exposed to risks that could, if they materialise, have negative effects on its business, financial position and assets.

The principal risk factors identified by the Group are as follows:

•Operational risks:
-risk of loss of key programmes;
-risk that bought-in programmes will become unsuitable for broadcast;
- risk of dependency on programmes bought in at a high unit cost;
-risks associated with the economic environment.

•Industrial and environmental risks:
-broadcasting of TF1 programmes: risk of signal transmission interruption and execution risk;
-cyber-attacks;
-risk of intrusion during public or live broadcasts;
-risks related to the growth of digital terrestrial television and to the development of the internet and new media;
-risks associated with changes to spectrum allocation and the DTT switchover to MPEG-4.

Legal risks related to:
-broadcasting licences and CSA enforcement powers;
-societal pressure on advertising and programmes;
-additional taxes or legislative changes;
-private copying via network personal video recorder (NPVR) on the cloud;
-fees for the signal and services associated with TF1 programming (TF1 Premium);
-intellectual property rights (copyright and related rights);
-competition law;
-litigation and claims.

•Corporate social responsibility risks (labour, social and environmental)

•Credit and/or counterparty risks

•Financial risks:
-liquidity risk;
-market risk.

The TF1 group operates general and specific risk management policies to address these risks. In addition, the Group's internal control system plays a role in monitoring the conduct and effectiveness of operations, and in ensuring that the Group makes efficient use of its resources. However, such policies and systems cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

Since publication of the principal risk factors (and of the risk management policies to address those risks) in pages 44 to 51 of our 2017 Registration Document (available at https://www.groupe-tf1.fr/sites/default/files/pdf-financiers/registration_document_tf1_2017_19_april_2018.pdf), further developments have occurred on the following issues:

Risks related to competition law

Alleged abuse of dominant position in the advertising market

Canal Plus, M6 and NextRadioTV each filed a complaint with the French Competition Authority against the TF1 group alleging abuse of dominant position in the French television advertising market.
The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in January 2015. TF1 submitted an economic study to the French Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrated the pro-competitive impact of TF1's position in the advertising market.
Investigation of the M6 complaint is ongoing. However, the French Competition Authority has formally closed the NextRadioTV and Canal Plus investigations and rejected their complaints.

Alleged restraint of trade

The Canal Plus group filed a complaint with the French Competition Authority against TF1 alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances.
The French Competition Authority issued a notice of grievance to TF1 in early 2018, and the TF1 group responded in April.

Risks related to the fee for the signal and services associated with TF1 programming (TF1 Premium)

Description of the risk
In 2016, ahead of the renewal of distribution contracts for the TF1, TMC, TFX, TF1 Séries Films and LCI channels and the MYTF1 service with the main ISPs and Canal+, TF1 sought an overall fee for the services provided.

How the risk is being managed
Various legal actions were filed in 2017 and 2018 in connection with the negotiation of TF1 Premium distribution agreements with the main ISPs.
Agreements were eventually reached with SFR, Bouygues Telecom, Orange and Free.
As regards Canal+, legal actions have been initiated between the two parties, but discussions aimed at reaching an agreement are ongoing.

1.14. Diary dates

- **25 July 2018:** Half-year revenues and financial statements
- **18 September 2018:** Capital markets day
- **30 October 2018:** 9-month revenues and financial statements

These dates may be subject to change.

2. Condensed consolidated financial statements 30 June 2018

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

2.1 Consolidated income statement

(€m)	Note	1st half 2018	1st half 2017 (1)	2nd quarter 2018	2nd quarter 2017(1)	Full year 2017 (1)
Advertising revenue		812.4	784.2	443.7	418.2	1,565.7
Other revenue		271.2	258.6	140.6	121.2	566.7
Revenue	*5*	**1,083.6**	**1,042.8**	**584.3**	**539.4**	**2,132.4**
Other income from operations		24.3	15.9	5.9	7.5	43.1
Purchases consumed and changes in inventory		(461.4)	(433.3)	(247.7)	(219.0)	(877.1)
Staff costs		(210.7)	(207.5)	(116.3)	(105.4)	(453.2)
External expenses		(196.5)	(183.2)	(104.9)	(84.7)	(398.7)
Taxes other than income taxes		(67.6)	(63.3)	(34.3)	(29.7)	(131.2)
Depreciation and amortisation, net		(111.3)	(68.2)	(54.7)	(21.6)	(173.2)
Provisions and impairment, net		(16.4)	(16.5)	(8.2)	(24.0)	(53.7)
Other current operating income		120.5	82.7	71.0	37.1	244.2
Other current operating expenses		(64.0)	(61.4)	(32.9)	(28.5)	(146.9)
Current operating profit/(loss)		**100.5**	**108.0**	**62.2**	**71.1**	**185.7**
Non-current operating income		-	-	-	-	-
Non-current operating expenses	*9*	(11.0)	(11.6)	(5.4)	(5.8)	(23.3)
Operating profit/(loss)		**89.5**	**96.4**	**56.8**	**65.3**	**162.4**
Income associated with net debt		0.2	0.2	0.1	0.2	0.2
Expenses associated with net debt		(1.2)	(1.3)	(0.7)	(0.4)	(1.7)
Cost of net debt		**(1.0)**	**(1.1)**	**(0.6)**	**(0.2)**	**(1.5)**
Other financial income		6.1	9.3	4.9	9.0	15.8
Other financial expenses		(1.3)	(3.6)	-	(3.6)	(9.5)
Income tax expense		(27.4)	(33.4)	(19.8)	(23.9)	(44.8)
Share of profits/(losses) of joint ventures and associates		0.1	7.1	-	(0.0)	14.2
Net profit/(loss) from continuing operations		**66.0**	**74.7**	**41.3**	**46.6**	**136.6**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**	**-**	**-**
Net profit/(loss)		**66.0**	**74.7**	**41.3**	**46.6**	**136.6**
attributable to the Group:		***65.8***	***74.8***	***41.0***	***46.8***	***136.3***
Net profit/(loss) from continuing operations		*65.8*	*74.8*	*41.0*	*46.8*	*136.3*
attributable to non-controlling interests:		***0.2***	***(0.1)***	***0.3***	***(0.2)***	***0.3***
Net profit/(loss) from continuing operations		*0.2*	*(0.1)*	*0.3*	*(0.2)*	*0.3*
Weighted average number of shares outstanding (in '000)		209,878	209,528	209,886	209,528	209,664
Basic earnings per share from continuing operations (€)		0.31	0.36	0.20	0.23	0.65
Diluted earnings per share from continuing operations (€)		0.31	0.36	0.20	0.23	0.65

(1) *Restated for the impacts of first-time application of IFRS 15.*

2.2 Statement of recognised income and expense

ERRATUM dated 08/29/2018: within the statement of recognised income and expense as of 30 June 2018, in accordance with IFRS 9 applicable from 1 January 2018, the impact of the fair value remeasurement of equity instruments must be accounted among items not reclassifiable to profit or loss, and not in items reclassifiable to profit or loss.

(€m)	1st half 2018	1st half 2017 (1)	Full year 2017 (1)
Consolidated net profit/(loss) for period	**66.0**	**74.7**	**136.6**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits			(1.2)
Net tax effect of equity items not reclassifiable to profit or loss			(1.0)
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 (2)	5.4	(4.2)	(6.5)
Fair value remeasurement of equity instruments	(3.9)		
Change in cumulative translation adjustment of controlled entities	0.4		
Net tax effect of equity items reclassifiable to profit or loss	(1.8)	1.5	2.2
Share of reclassifiable income and expense of joint ventures and associates recognised in equity			
Income and expense recognised directly in equity	**0.1**	**(2.7)**	**(6.5)**
Total recognised income and expense	**66.1**	**72.0**	**130.1**
attributable to the Group	65.8	72.1	129.8
attributable to non-controlling interests	0.3	(0.1)	0.3

(1) *Restated for the impacts of first-time application of IFRS 15.*

(2) *Includes €3.3 million relating to the reclassification of cash flow hedges to profit or loss during the first half of 2018.*

2.3 Consolidated cash-flow statement

(€m)	Note	1st half 2018	1st half 2017 (1)	Full year 2017 (1)
Net profit/(loss) from continuing operations (including non-controlling interests)		66.0	74.7	136.6
Depreciation, amortisation, provisions & impairment (excluding current assets)		130.2	95.9	231.8
Net (gain)/loss on asset disposals		0.8	(5.5)	7.0
Share of (profits)/losses and dividends of joint ventures and associates		(0.1)	(7.1)	(12.9)
Other non-cash income and expenses		(24.8)	(8.8)	(36.5)
Sub-total		**172.1**	**149.2**	**326.0**
Cost of net debt		1.0	1.1	1.5
Income tax expense (including deferred taxes)		27.4	33.4	44.8
Operating cash flow		**200.5**	**183.7**	**372.3**
Income taxes (paid)/reimbursed		(38.6)	20.5	(21.2)
Change in operating working capital needs		(41.1)	(26.5)	(82.0)
Net cash generated by/(used in) operating activities		**120.8**	**177.7**	**269.1**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(96.8)	(93.7)	(189.7)
Cash inflows from disposals of property, plant & equipment and intangible assets		1.1	0.7	0.9
Cash outflows on acquisitions of financial assets		(2.0)	(28.4)	(35.0)
Cash inflows from disposals of financial assets		3.5	9.2	9.2
Effect of changes in scope of consolidation	*10*	(230.9)	64.5	66.8
Purchase price of investments in consolidated activities		*(291.8)*	*(23.7)*	*(32.6)*
Proceeds from disposals of consolidated activities		*1.5*	*84.6*	*90.5*
Net liabilities related to consolidated activities		*-*	*-*	*-*
Other cash effects of changes in scope of consolidation		*59.4*	*3.6*	*8.9*
Dividends received		-	-	0.1
Other cash flows from investing activities		(1.5)	(2.5)	(2.2)
Net cash generated by/(used in) investing activities		**(326.6)**	**(50.2)**	**(149.9)**
Cash received on exercise of stock options		0.1	1.4	3.0
Purchases and sales of treasury shares		-	-	-
Other transactions between shareholders	*11*	(94.7)	(1.4)	(3.0)
Dividends paid during the period	*13*	(73.5)	(58.6)	(58.6)
Cash inflows from new debt contracted		1.3	24.3	42.8
Repayment of debt (including finance leases)		(2.0)	(6.5)	(25.7)
Net interest paid (including finance leases)		(0.7)	(0.8)	(1.5)
Net cash generated by/(used in) financing activities		**(169.5)**	**(41.6)**	**(43.0)**
Impact of exchange rate movements		**0.2**	**-**	
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**(375.1)**	**85.9**	**76.2**
Cash position at start of period		**495.5**	**419.3**	**419.3**
Change in cash position		(375.1)	85.9	76.2
Cash position at end of period		**120.4**	**505.2**	**495.5**

(1) *Restated for the impacts of first-time application of IFRS 15.*

2.4 Consolidated balance sheet

ASSETS (€m)	Note	30/06/2018	31/12/2017 [(2)]	30/06/2017 [(1)]
Goodwill	6	**838.0**	**580.4**	**575.7**
Intangible assets		**219.8**	**234.6**	**247.4**
Audiovisual rights		156.4	170.8	184.2
Other intangible assets		63.4	63.8	63.2
Property, plant and equipment		**179.8**	**177.2**	**176.8**
Investments in joint ventures and associates	7	**20.9**	**22.2**	**22.7**
Non-current financial assets		**44.7**	**54.5**	**58.8**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,303.2**	**1,068.9**	**1,081.4**
Inventories		**594.8**	**615.9**	**656.5**
Programmes and broadcasting rights		572.6	597.8	637.5
Other inventories		22.2	18.1	19.0
Trade and other debtors		**1,257.9**	**1,203.2**	**1,158.7**
Current tax assets		**20.4**	**13.0**	**-**
Other current financial assets	8	**76.0**	**-**	**-**
Cash and cash equivalents	8	**122.0**	**495.8**	**505.7**
Total current assets		**2,071.1**	**2,327.9**	**2,320.9**
TOTAL ASSETS		**3,374.3**	**3,396.8**	**3,402.3**
Net surplus cash (+) / Net debt (-)		**(122.2)**	**256.7**	**247.6**

[(1)] Restated for the impacts of first-time application of IFRS 15.

[(2)] Restated for the impacts of first-time application of IFRS 15 and IFRS 9.

2.5 Consolidated balance sheet

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	*Note*	**30/06/2018**	**31/12/2017** (2)	**30/06/2017** (1)
Share capital		42.0	42.0	41.9
Share premium and reserves		1,403.8	1,409.2	1,386.1
Net profit/(loss) for the period attributable to the Group		65.8	136.3	74.8
Shareholders' equity attributable to the Group		**1,511.6**	**1,587.5**	**1,502.8**
Non-controlling interests		(0.2)	(0.1)	-
Total shareholders' equity		**1,511.4**	**1,587.4**	**1,502.8**
Non-current debt	*8*	**139.0**	**232.6**	**249.1**
Non-current provisions		**38.5**	**38.8**	**56.0**
Non-current tax liabilities		**35.0**	**39.6**	**39.7**
Total non-current liabilities		**212.5**	**311.0**	**344.8**
Current debt	*8*	**181.2**	**6.5**	**9.0**
Trade and other creditors		**1,452.1**	**1,467.8**	**1,519.3**
Current provisions		**17.0**	**16.5**	**13.9**
Current tax liabilities		**-**	**-**	**9.6**
Other current financial liabilities		**0.1**	**7.6**	**2.9**
Total current liabilities		**1,650.4**	**1,498.4**	**1,554.7**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,374.3**	**3,396.8**	**3,402.3**

(1) *Restated for the impacts of first-time application of IFRS 15.*

(2) *Restated for the impacts of first-time application of IFRS 15 and IFRS 9.*

2.6 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 31/12/2016	**41.9**	**13.5**	**-**	**1,447.9**	**(9.9)**	**1,493.4**	**(0.8)**	**1,492.6**
Impact of IFRS 15 on opening equity (1)	-	-	-	(0.7)	-	**(0.7)**	-	**(0.7)**
BALANCE AT 31/12/2016 – RESTATED	**41.9**	**13.5**	**-**	**1,447.2**	**(9.9)**	**1,492.7**	**(0.8)**	**1,491.9**
Capital increase (stock options exercised)	-	1.4	-	-	-	**1.4**	-	**1.4**
Share-based payment	-	-	-	2.4	-	**2.4**	-	**2.4**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(58.6)	-	**(58.6)**	-	**(58.6)**
Other transactions with shareholders	-	-	-	1.1	-	**1.1**	0.4	**1.5**
Total transactions with shareholders	**-**	**1.4**	**-**	**(55.1)**	**-**	**(53.7)**	**0.4**	**(53.3)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**74.8**	**-**	**74.8**	**(0.1)**	**74.7**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(2.7)**	**(2.7)**	**-**	**(2.7)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(8.3)	-	**(8.3)**	0.5	**(7.8)**
BALANCE AT 30 JUNE 2017	**41.9**	**14.9**	**-**	**1,458.6**	**(12.6)**	**1,502.8**	**-**	**1,502.8**

(€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 31/12/2017	**42.0**	**16.4**	**-**	**1,539.9**	**(16.4)**	**1,581.9**	**(0.1)**	**1,581.8**
Impact of IFRS 15 on opening equity (1)	-	-	-	(0.5)	-	**(0.5)**	-	**(0.5)**
Impact of IFRS 9 on opening equity (2)	-	-	-	6.1	-	**6.1**	-	**6.1**
BALANCE AT 31/12/2017 – RESTATED	**42.0**	**16.4**	**-**	**1,545.5**	**(16.4)**	**1,587.5**	**(0.1)**	**1,587.4**
Capital increase (stock options exercised)	-	0.1	-	-	-	**0.1**	-	**0.1**
Share-based payment	-	-	-	2.5	-	**2.5**	-	**2.5**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(73.5)	-	**(73.5)**	-	**(73.5)**
Other transactions with shareholders (3)	-	-	-	(70.0)	-	**(70.0)**	0.2	**(69.8)**
Total transactions with shareholders	**-**	**0.1**	**-**	**(141.0)**	**-**	**(140.9)**	**0.2**	**(140.7)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**65.8**	**-**	**65.8**	**0.2**	**66.0**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(0.8)	-	**(0.8)**	(0.6)	**(1.4)**
BALANCE AT 30 JUNE 2018	**42.0**	**16.5**	**-**	**1,469.5**	**(16.4)**	**1,511.6**	**(0.2)**	**1,511.4**

(1) *Impact of IFRS 15, applied by the Group as of 1 January 2018 with retrospective effect at end 2016 (see Notes 2.2.1 & 2.6.1).*

(2) *Impacts of IFRS 9 and IFRS 15, applied by the Group as of 1 January 2018 with retrospective effect at end 2017 (see Notes 2.2.1, 2.6.1 and 2.6.2).*

(3) *In 2018, the impact of recognising the liability for the commitment to buy out the non-controlling interests in the aufeminin group on TF1 group shareholders' equity as of the date when control was obtained was a reduction of €73 million (see Note 1, "Significant events"); the remaining amount was netted off against equity attributable to the non-controlling interests of aufeminin SA. On completion of the public tender offer on 4 July 2018, the impact of the liability relating to that commitment was reduced to €47.4 million.*

2.7 Notes to the condensed consolidated financial statements

1 Significant events

Acquisition of a majority equity interest in the aufeminin group

On 27 April 2018, having obtained the necessary clearances from all the relevant authorities, the TF1 group and Axel Springer completed the acquisition by the TF1 group of Axel Springer's majority equity interest in the aufeminin group (78.07% of the capital and 77.94% of the voting rights) at a price of €39.47 per aufeminin share. The aufeminin group generated revenue of €113 million and an operating profit of €12 million in its financial year ended 31 December 2017. The TF1 group thereby obtained control over the aufeminin group, which is fully consolidated with effect from 27 April 2018.

On 22 May 2018 the TF1 group filed a simplified compulsory public tender offer for the remaining outstanding shares at the same price. The offer was authorised by the French financial markets authority (Autorité des Marchés Financiers – AMF) on 12 June 2018; it opened on 14 June 2018 and ended on 4 July 2018.
As of 30 June 2018, the TF1 group held an equity interest of 82.99% in the aufeminin group, which is fully consolidated in the financial statements.

For further information, refer to Note 3 ("Changes in scope of consolidation") and Note 14 ("Events after the reporting period").

New segmental reporting structure

Following the acquisition of the aufeminin group as part of the TF1 group's digital investment strategy, the TF1 group's operations are with effect from 1 April 2018 split into three operating segments:

- Broadcasting;
- Studios & Entertainment;
- Digital.

For a definition of those segments, refer to Note 4 ("Operating segments").
The comparative financial statements have not been restated because the effect of reclassifying the Group's existing consolidated operations is not material.

Buyout of non-controlling interests in Newen

On 5 April 2018 the TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1, signed an agreement with a view to the acquisition by TF1 of the remaining 30% of the share capital and voting rights, which would give TF1 100% of Newen Studios. This buyout, which was pending clearance from the French competition authority as of 30 June 2018, will be accounted for as a transaction between shareholders in the 2018 third-quarter financial statements.
This commitment was already recognised as a financial liability as of 31 December 2017, and has been adjusted as of 30 June 2018 to reflect the amount actually payable. All costs required to complete this transaction were accrued as of 30 June 2018.

2 Accounting principles and policies

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2018 were prepared in accordance with IAS 34, "Interim Financial Reporting". They include the minimum content and disclosures defined in IAS 34 and consequently should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2017 as published in the 2017 Document de Référence filed with the AMF on 8 March 2018 under reference number D.18-0113. An English-language version of the audited consolidated financial statements for the year ended 31 December 2017 is included in the 2017 TF1 Registration Document, available on the TF1 corporate website via the link https://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels.

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 also take account of recommendation no. 2013-03 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 7 November 2013.

The consolidated financial statements are presented in millions of euros.

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

2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after 1 January 2018

In preparing its condensed financial statements for the three months ended 30 June 2018, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2017, except for changes required to meet the obligations contained in the IFRS standards applicable as of 1 January 2018 as described below.

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 15: Revenue from Contracts with Customers	1 January 2018	On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 11 and IAS 18. The new standard, which was endorsed by the European Union on 29 October 2016, was applicable from 1 January 2018. The TF1 group did not elect early adoption of IFRS 15. It has applied IFRS 15 retrospectively as of 1 January 2018. Consequently, shareholders' equity at end 2016 and the income statement for the first half of 2017 have been restated for the impacts of IFRS 15, which are presented in Note 2.6.1 to the consolidated financial statements.
IFRS 9: Financial Instruments	1 January 2018	On 24 July 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 was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The TF1 group did not elect early adoption of IFRS 9. The Group has applied the IFRS 9 rules on classification, measurement and impairment of financial instruments retrospectively with effect from 1 January 2018, with no adjustments to comparatives. The hedge accounting rules have also been applied with effect from 1 January 2018, using a prospective approach in accordance with IFRS 9. Consequently, shareholders' equity at end 2017 has been restated for the impacts of IFRS 9, which are presented in Note 2.6.2 to the consolidated financial statements.

2-2-2. New standards, amendments and interpretations issued by the IASB and endorsed by the European Union

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 16: Leases	1 January 2019	

		On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees 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. The Group has elected the retrospective method for first-time application of IFRS 16. The impact of IFRS 16 is currently under review. Given the expected changes in standards and various uncertainties, in particular regarding determination of the term of leases, the detailed lease disclosures in the consolidated financial statements for the year ended 31 December 2017 are not indicative of the impact that first-time application of IFRS 16 could have on the TF1 group financial statements.

2-2-3. 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
IFRIC 23: Uncertainty Over Income Tax Treatments	1 January 2019	On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The TF1 group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it.

2-3. Changes in accounting policy

The TF1 group has not made any changes in accounting policy during 2018 to date other than those described in Note 2.2.1 above.

2-4. Use of estimates

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

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

Those estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended 31 December 2017 and the 2017 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, those estimates incorporate all information available to it.

2-5. Seasonal trends

Advertising revenues are traditionally lower in January/February and July/August than during the rest of the year.

2-6. Impacts of first-time application of new standards on the opening balance sheet and the income statement

2-6-1. Impacts of first-time application of IFRS 15

The first-time application of IFRS 15 has had specific impacts on the Group in the following areas:
- distribution agency agreements relating to music albums, and agency agreements relating to territory specific advertising in Switzerland and Belgium: the TF1 group has determined that it acts as principal in these agreements, as a result of which the gross amount of revenue is recognised in accordance with IFRS 15;
- sales of rights (in particular TV and SVoD rights): the TF1 group recognises the revenue generated by these services on the date when the rights are opened.

The first-time application of IFRS 15 had a negative impact of €0.7 million on opening shareholders' equity as of 1 January 2017.

The first-time application of IFRS 15 had positive impacts of €6.1 million on revenue, €0.4 million on operating profit and €0.2 million on net profit for the first half of 2017 (presented as a comparative to the first half of 2018).

2-6-2. Impacts of first-time application of IFRS 9

The first-time application of IFRS 9 had a positive impact of €6.1 million on shareholders' equity at end 2017, reflecting (i) the recognition of unrealised gains on investments in non-consolidated entities and (ii) credit risks recognised for expected losses on initial recognition of receivables.

3 Changes in scope of consolidation

3-1. Acquisition of control over the aufeminin group

Having obtained the necessary clearances from the relevant authorities, the TF1 group obtained exclusive control over the aufeminin group, in which it held a 78.07% equity interest as of 27 April 2018. The aufeminin group is fully consolidated in the TF1 group financial statements with effect from 30 April 2018 based on a 78.74% equity interest (including a commitment by the Group to buy out a further 0.67% interest).

The acquisition was made at a price of €39.47 per share, giving a total purchase consideration of €294.1 million. It generated goodwill provisionally measured at €248.7 million, pending completion of the purchase price allocation.

On 22 May 2018 the TF1 group filed a simplified compulsory public tender offer for the remaining outstanding shares at the same price; that offer was authorised by the AMF on 12 June 2018 and opened on 14 June 2018. Under the terms of the offer, TF1 granted the non-controlling shareholders a put option over their shares, exercisable up to and including 4 July 2018 at the same price (€39.47 per share).

As of 30 June 2018, TF1 held an 82.99% equity interest in the aufeminin group, fully consolidated by TF1.

In the consolidated financial statements for the six months ended 30 June 2018, the commitment by TF1 to buy out the interests held by the non-controlling shareholders was measured on the basis of assumptions about the maximum cash outflows for the residual shares likely to be acquired. The commitment was recognised as a current financial liability in accordance with IAS 32, with a corresponding amount deducted from shareholders' equity, as of the date control was obtained. As of 30 June 2018, the outstanding liability amounted to €68.1 million.

The total amount of acquisition-related costs recognised for this transaction in 2017 and 2018 was approximately €5 million.

As of the date control was obtained, this acquisition had an impact of €332.3 million on the TF1 group's net debt, including the cost of acquiring 100% of the equity capital of the aufeminin group.

Following the acquisition of the aufeminin group, the TF1 group has changed its segmental reporting structure, and with effect from 30 June 2018 is reporting a new operating segment: Digital (see Note 4, "Operating segments").

3-2. Acquisition of control over Studio 71 France

The TF1 group has acquired exclusive control over Studio 71 France, in which it has a 51% equity interest and which is therefore fully consolidated in the TF1 consolidated financial statements with effect from 1 January 2018. Studio 71 France is included in the new Digital operating segment for financial reporting purposes.

This transaction generated goodwill provisionally measured at €8.2 million, pending completion of the purchase price allocation.

4 Operating segments

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

Following the acquisition of the aufeminin group as part of the TF1 group's digital investment strategy, the TF1 group's operations are with effect from 1 April 2018 split into three operating segments:

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

Studios & Entertainment
This segment consists of two sub-segments:

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

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

- The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level.

Digital
The Digital segment comprises content creation and special-interest web communities; monetisation of the digital audiences generated; and physical goods and services aimed at those audiences such as gift boxes, magazines and live events.
Operations carried out within the segment include building and buying in audiences via special-interest online content and brand development; developing and running special-interest online communities; and developing and showcasing talent via multi-channel networks (MCNs). Monetisation is achieved by selling digital advertising space through stand-alone space-buying contracts and programmatic marketing auctions, and by selling gift boxes, magazines and live events with sponsorship from advertisers.

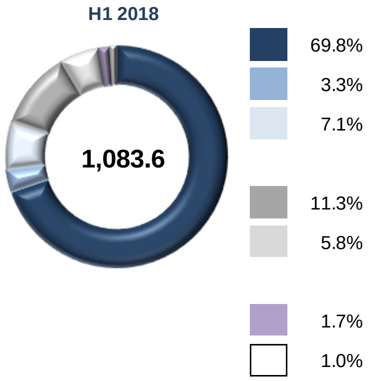
Audience development and targeting through social media also contribute to these operations.
The existing TF1 businesses reclassified to the Digital segment are TF1 Digital Factory, Studio 71 France and MinuteBuzz (previously part of the Broadcasting segment) and Neweb (previously part of the Studios & Entertainment segment. Goodwill allocated to those reclassified activities has been reallocated to the Digital segment for segmental reporting purposes. The reallocated goodwill was determined on the basis of the relative value of each reclassified business or, for recent acquisitions, of the initial value of goodwill. The relative values used correspond to the recoverable amount.
Because the impact of those reclassifications on segmental data for 2017 and the first quarter of 2018 is immaterial, the change in segmental reporting presentation for the entities concerned has been applied prospectively from 31 March 2018 in the 2018 first-half financial statements.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		DIGITAL		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**
Segment revenue	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**	**H1 2018**	**H1 2017**
Elimination of inter-segment transactions	880.2	868.8	191.4	183.2	28.9	-	1,100.5	1,052.0
GROUP REVENUE CONTRIBUTION	(11.2)	(11.3)	(5.6)	2.1	(0.1)	-	(16.9)	(9.2)
of which Advertising revenue	**869.0**	**857.5**	**185.8**	**185.3**	**28.8**	**-**	**1,083.6**	**1,042.8**
of which Other revenue	*792.0*	*779.0*	*2.4*	*5.2*	*18.1*	-	*812.5*	*784.2*
OPERATING PROFIT/(LOSS)	*77.0*	*78.5*	*183.4*	*180.1*	*10.7*	-	*271.1*	*258.6*
% operating margin on Group contribution	**79.3**	**91.5**	**7.6**	**4.9**	**2.6**	**-**	**89.5**	**96.4**
Share of profits/(losses) of joint ventures and associates (1)	*9.1%*	*10.7%*	*4.1%*	*2.6%*	*9.0%*	-	*8.3%*	*9.2%*

(1) *For the Broadcasting segment, includes the impact of the gain on disposal of Groupe AB in the first half of 2017.*

5 Analysis of revenue

TF1 group consolidated revenue for the first half of 2018 breaks down as follows:



(€m)	H1 2018	H1 2017
Advertising revenue - unencrypted channels	756.2	748.9
Advertising revenue - other media	35.7	30.1
Other revenue (including operator fees)	77.0	78.6
Broadcasting	**868.9**	**857.6**
Production / sale of audiovisual rights	122.7	122.8
Distribution / consumer products & services	63.1	62.4
Studios and Entertainment	**185.8**	**185.2**
Digital advertising revenue	18.1	-
Other revenue	10.8	-
Digital	**28.9**	**-**
Total revenue	**1,083.6**	**1,042.8**

6 Goodwill

(€m)	Broadcasting	Studios & Entertainment	Digital	TOTAL
Goodwill at 1 January 2017	**409.3**	**151.6**	**-**	**560.9**
Acquisitions	-	16.9	-	16.9
Disposals		-	-	-
Reclassifications	-	(2.1)	-	(2.1)
Impairment	-	-	-	-

Goodwill at 30 June 2017	**409.3**	**166.4**	**-**	**575.7**
Goodwill at 1 January 2018	**409.3**	**171.1**	**-**	**580.4**
Acquisitions	8.3	0.7	248.6	257.6
Disposals	-	-	-	-
Reclassifications [(1)]	(9.9)	(11.4)	21.3	-
Impairment	-	-	-	-
Goodwill at 30 June 2018	**407.7**	**160.4**	**269.9**	**838.0**
Gross value	*407.7*	*160.4*	*269.9*	*838.0*
Accumulated impairment	-	-	-	-

(1) The reclassifications in the first half of 2018 refer to the reallocation of goodwill on businesses transferred from their original segments to the Digital segment (see Note 4, "Operating segments").

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 purchase price allocation. In accordance with the revised IFRS 3 the TF1 group has for those 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.

7 Investments in joint ventures and associates

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

(€m)	Groupe AB [(1)]	Other [(2)(3)]	TOTAL
1 January 2017	76.8	**12.5**	**89.3**
Share of profit/(loss) for the period	-	-	**-**
Provision for impairment	-	-	**-**
Dividends paid	-	-	**-**
Changes in scope of consolidation and reclassifications	(76.8)	10.2	**(66.6)**
Provision for risks	-	-	**-**
30 June 2017	**-**	**22.7**	**22.7**
1 January 2018	**-**	**22.2**	**22.2**
Share of profit/(loss) for the period	-	0.1	**0.1**
Provision for impairment	-	-	**-**
Dividends paid	-	-	**-**
Changes in scope of consolidation and reclassifications	-	(1.4)	**(1.4)**
Provision for risks	-	-	**-**
30 June 2018	**-**	**20.9**	**20.9**

(1) Groupe AB was divested on 31 March 2017.

(2) Direct Optic Participations was divested on 2 May 2018.

(3) Other investments in joint ventures and associates mainly comprise SérieClub and MinuteBuzz.

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

8 Net cash position

The TF1 group's net cash position comprises:
- debt, comprising non-current and current financial liabilities;
- cash and cash equivalents, comprising cash in hand, instant access deposits, cash equivalents, overdrafts and short-term bank loans, and current account credit balances;
- financial assets contractually allocated to the repayment of debt.

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

(€m)	31/12/2017	Cash flows	Changes in scope of consolidation	Other movements	30/06/2018
Cash and cash equivalents	495.8	(142.9)	(230.9)		122.0
Financial assets used for treasury management purposes	-			76.0	76.0
Available cash	**495.8**	**(142.9)**	**(230.9)**	**76.0**	**198.0**
Fair value of interest rate derivatives	-				-
Non-current debt [(1)]	(232.6)	0.3	(12.2)	105.5	(139.0)
Current debt excluding overdrafts, short-term bank loans and current account credit balances [(1)(2)]	(6.2)	0.4	(2.2)	(171.6)	(179.6)
Overdrafts, short-term bank loans and current account credit balances	(0.3)	(1.3)			(1.6)
Total debt	**(239.1)**	**(0.6)**	**(14.4)**	**(66.1)**	**(320.2)**
Net surplus cash (+) / Net debt (-)	**256.7**	**(143.5)**	**(245.3)**	**9.9**	**(122.2)**

(1) *These movements mainly comprise the reclassification of the commitment to buy out the residual 30% interest in Newen Studios from non-current to current debt (see Note 14, "Events after the reporting period").*

(2) *As of 30 June 2018, current debt also included the liability for TF1's commitment to buy out the equity interests of the non-controlling shareholders of the aufeminin group (see Note 1, "Significant events").*

As of 30 June 2018, TF1 had confirmed bilateral bank credit facilities of €1,015 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 30 June 2018, drawdowns under those facilities amounted to €107.7 million, all of which related to the Newen Studios facility.
The consolidated cash flow statement analyses changes in the Group's cash position, which at period-end consisted of the following items:

(€m)	30/06/2018	31/12/2017
Cash and cash equivalents in the balance sheet	122.0	495.8
Treasury current account credit balances	(0.2)	(0.3)
Bank overdrafts and short-term bank loans	(1.4)	-
Total cash position at period-end per the cash flow statement	**120.4**	**495.5**

9 Non-current operating expenses

The non-current operating expenses of €11.0 million reported in the income statement for the first half of 2018 represent amortisation charged against audiovisual rights remeasured at fair value as part of the purchase price allocation of Newen Studios and Rendez-Vous Production Séries.

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

The items shown in this section of the cash flow statement for the first half of 2018 relate mainly to the effects of the first-time consolidation of the aufeminin group.
For the first half of 2017, the items shown in this section of the cash flow statement reflect the effects of the acquisition of the Tuvalu group by Newen Studios, the acquisition of an equity interest in MinuteBuzz by the TF1 group, and the divestment of the TF1 group's 33.5% equity interest in Groupe AB.

11 Cash flow statement – other transactions between shareholders

Other transactions between shareholders mainly comprise cash posted as collateral by TF1 in connection with the commitment to buy out the equity interests held by the non-controlling shareholders of the aufeminin group.

12 2018 stock option plan and 2018 performance share plan

On 8 June 2018 the TF1 group awarded:

- The 2018 stock option plan, consisting of 700,600 options exercisable on or after 8 June 2021 at a price of €9.83. The fair value of this plan was measured at €0.6 million (excluding employer's social security charges); this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period of the options.

- The 2018 performance share plan, involving the award of 168,900 shares, with a three-year vesting period. The fair value of this plan was measured at €1.6 million (excluding employer's social security charges); this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period.

Vesting of the options and shares awarded under these two plans is contingent on the attainment of performance objectives based on the Group's consolidated revenue, operating profit and net profit during the three-year vesting period.

The impact of these plans on the consolidated financial statements as of 30 June 2018 is not material.

13 Dividends paid

The table below shows the dividend per share paid by the TF1 Group on 3 May 2018 in respect of the 2017 financial year, and the amount paid in 2017 in respect of the 2016 financial year.

	Paid in 2018	**Paid in 2017**
Total dividend (€m)	**73.5**	58.6
Dividend per ordinary share (€)	**0.35**	0.28

14 Events after the reporting period

End of the public tender offer for publicly quoted aufeminin shares
The public tender offer filed by the TF1 group for the publicly quoted aufeminin shares closed on 4 July 2018. On completion of the offer, the TF1 group holds an equity interest of 93.28% in the aufeminin group.
The residual liability for the TF1 group's commitment to buy out aufeminin shares following completion of the tender offer relates to shares held, or to be held in future, by aufeminin employees; those shares are covered by liquidity contracts granted by TF1. The amount of the residual liability as of 4 July 2018 was €5.7 million.

Acquisition of additional equity interest in Newen Studios
On 3 July 2018, the TF1 group obtained clearance from the French competition authority for the agreement of 5 April 2018 between TF1 and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1. Consequently, on 5 July 2018 TF1 completed the acquisition of the remaining 30% of the shares and voting rights of Newen Studios, giving TF1 100% of the company's shares and voting rights.
Because TF1 has exclusive control over Newen Studios, the acquisition will be accounted for as a transaction between shareholders in the 2018 third-quarter financial statements; it will also result in the settlement of the liability for the commitment to the non-controlling shareholders carried in the TF1 balance sheet as of 30 June 2018.

Exclusive negotiations to acquire Doctissimo
On 12 July 2018, the TF1 group and the Lagardère group announced that they had opened exclusive negotiations with a view to TF1 acquiring 100% of Doctissimo.

3. Statutory Auditors' report

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

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Télévision Française 1, for the period from January 1 to June 30, 2018,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

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

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

Without qualifying the conclusion expressed above, we draw your attention to the changes in accounting methods regarding the impacts related to the first-time application of IFRS 9 "Financial instruments" and IFRS 15 "Revenue from Contracts with Customers", as described in note 2.6 of the condensed half-yearly consolidated Financial Statements.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Courbevoie et Paris-La Défense, le July 24, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG Audit
Gilles Rainaut	Marc Biasibetti	Laurent Vitse

4. Statement of person responsible

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

Boulogne-Billancourt, 24 July 2018

Chairman and CEO

Gilles C. Pélisson

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