Financial information
First quarter of 2018

Financial information – First quarter of 2018

1. Financial Information – First quarter of 2018

1.1. Consolidated results

Financial indicators

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

(€ million)	Q1 2018	Q1 2017
Revenue	**499.3**	**503.4**
Group advertising revenue	*368.7*	366.0
Revenue from other activities	*130.6*	137.4
Current operating profit/(loss)	**38.3**	**36.9**
Operating profit/(loss)	**32.6**	**31.1**
Net profit/(loss) attributable to the Group from continuing operations	**24.8**	**28.0**
Operating cash flow before cost of net debt and income taxes	94.6	82.1
Basic earnings per share from continuing operations (€)	**0.12**	**0.13**
Diluted earnings per share from continuing operations (€)	**0.12**	**0.13**
Shareholders' equity attributable to the Group	**1,612.5**	**1,515.9**
Net surplus cash of continuing operations	**280.0**	**215.1**

	Q1 2018	Q1 2017
Weighted average number of ordinary shares outstanding (in '000)	**209,871**	**209,460**
Closing share price at end of period (€)	**11.03**	**11.20**
Market capitalisation at end of period (€bn)	**2.31**	**2.35**

Income statement contributions – continuing operations

The results shown below are presented using the segmental reporting structure adopted by the TF1 group, as described in Note 4 ("Operating segments") to the condensed consolidated financial statements.

€m	Q1 2018	Q1 2017	Chg. €m	Chg. %
Consolidated revenue	**499.3**	**503.4**	**(4.1)**	**-0.8%**
Broadcasting	**402.3**	**404.9**	**(2.6)**	**-0.6%**
TV advertising on unencrypted channels	*349.8*	*348.9*	*0.9*	*0.3%*
Other revenues	*52.5*	*56.0*	*(3.5)*	*-6.3%*
Studios & Entertainment	**97.0**	**98.5**	**(1.5)**	**-1.5%**
Current operating profit/(loss)	**38.3**	**36.9**	**1.4**	**3.8%**
Broadcasting	**26.4**	**26.6**	**(0.2)**	**-0.8%**
of which unencrypted platforms	*15.3*	*13.9*	*1.4*	*10.1%*
Studios & Entertainment	**11.9**	**10.3**	**1.6**	**15.5%**
Cost of programmes	**(230.0)**	**(233.5)**	**3.5**	**-1.5%**

Contribution to advertising revenue

(€ million)	Q1 2018	Q1 2017
Broadcasting	**366.3**	**363.6**
- Unencrypted platforms	353.8	352.8
Studios & Entertainment	**2.4**	**2.4**
ADVERTISING REVENUE	**368.7**	**366.0**

Analysis of cost of programmes

(€ million)	Q1 2018	Q1 2017
Total cost of programmes	**230.0**	**233.5**
Major sporting events	0.0	0.0
Total excluding major sporting events	**230.0**	**233.5**
Variety/Gameshows/Magazines	66.8	69.0
Drama/TV movies/Series/Plays	81.8	65.7
Sports (excluding major sporting events)	10.2	16.1
News	34.6	37.9
Films	34.3	41.6
Children's programmes	2.3	3.2

1.2. Key events of the first quarter 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 unencrypted 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. This agreement reinstated distribution by Orange of all TF1 group channels, and of the non-linear services associated with the 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%.

1.3. Analysis of consolidated results

The results shown below are presented using the segmental reporting structure adopted by the TF1 group, as described 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 for the first quarter of 2018 was €499.3 million, versus €503.4 million a year earlier, a slight decrease of 0.8%. This comprised:

- advertising revenue of €368.7 million, up €2.7 million (0.7%) on the first quarter of 2017;
- revenue from other activities of €130.6 million, down €6.8 million year-on-year. This reflects the fact that TF1 Studio[1] had no films that went on theatre release in the first quarter of 2018, plus lower interactivity revenues due to an unusually tough comparative from the first quarter of 2017 (the gameshows: *The Wall* and *Les 12 coups de Midi,* and the World Handball Championships).

Cost of programmes and other current operating income/ expenses

Cost of programmes

The cost of programmes for the TF1 group's five unencrypted channels was €230.0 million, a reduction of €3.5 million relative to the first quarter of 2017. Those savings reflect: the initial benefits of the rights buying strategy adopted by the Group 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 showed a slight reduction of €2 million in the first quarter of 2018.

[1] TF1 Studio produces and distributes made-for-cinema films; it is separate from TF1 Films Production, which finances films in accordance with the Group's obligations to invest in cinema.

Current operating profit

First-quarter 2018 current operating profit was €38.3 million, against €36.9 million a year earlier, a rise of €1.4 million. This improvement is linked to cost control, including the €3.5 million savings on cost of programmes.

The current operating margin rate rose by 0.4 of a point to 7.7%, compared with 7.3% a year earlier.

Operating profit

The Group posted an operating profit of €32.6 million, after charging €5.7 million of non-current expenses related to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Net profit

The overall result was a net profit attributable to the Group of €24.8 million, down €3.2 million. However, the 2017 first-quarter figure includes part of the gain arising on the divestment of TF1's equity interest in Groupe AB.

Financial position

Shareholders' equity attributable to the Group was €1,612.5 million as of 31 March 2018, out of a balance sheet total of €3,260.3 million.

Cash and cash equivalents amounted to €519.4 million as of 31 March 2018, versus €495.5 million as of 31 December 2017.

The net cash position as of 31 March 2018 was €280.0 million (versus €256.7 million as of 31 December 2017), after taking account of the net debt carried by Newen Studios and options to buy out minority interests.

As of 31 March 2018, the Group had confirmed bilateral credit facilities totalling €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.

Significant events after the reporting period

Agreement to buy out the 30% interest held by the founding shareholders of Newen Studios

The TF1 group and the minority shareholders of Newen Studios, a 70%-owned subsidiary of TF1, have signed, on 5 April 2018, an agreement with a view to TF1 acquiring 30% of the capital and voting rights of Newen Studios, which would give TF1 100% control. The acquisition of the residual interest in the capital of Newen Studios by TF1 is subject to clearance from the French Competition Authority.

1.4. Segment information

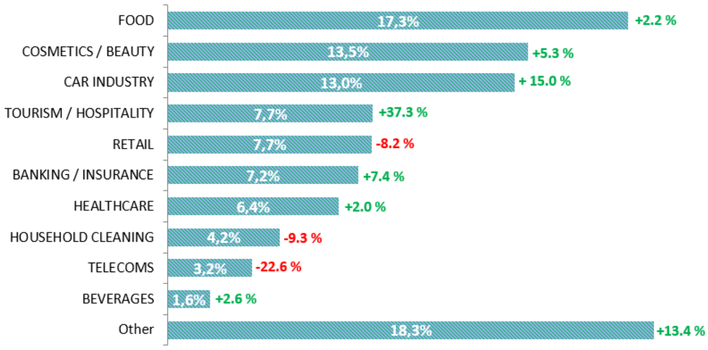
Broadcasting

Revenue (€m)	Q1 2018	Q1 2017	Chg. €m
Unencrypted platforms	**364.3**	**360.6**	**3.7**
- TV advertising on unencrypted channels	349.8	348.9	0.9
- Other revenue	14.5	11.7	2.8
Other platforms and related activities	**38.0**	**44.3**	**-6.3**
Broadcasting	**402.3**	**404.9**	**-2.6**

Unencrypted platforms

Advertising revenue

First-quarter gross revenue (excluding sponsorship) for the TF1 group's unencrypted channels was 6.0% higher than in the first quarter of 2017.



Source: Kantar Media, Q1 2018 vs. Q1 2017.

Advertising revenue from the TF1 group's five unencrypted channels amounted to €349.8 million (+0.3% year-on-year), and was impacted by negotiations on distribution agreements with some operators and by the first advertising revenue streams from Belgium.

Current operating profit

The Broadcasting segment reported a current operating profit of €26.4 million for the first quarter of 2018, stable year-on-year. This figure includes a higher level of amortisation expense on co-production shares delivered in the quarter than in the comparative period of 2017.

Unencrypted channels – market review

Average daily TV viewing time during the first quarter of 2018 among individuals aged 4+ remained high at 3 hours 57 minutes, stable year-on-year. Viewing time for catch-up and recordings increased by 1 minute year-on-year, while live viewing time fell by 1 minute 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.

Unencrypted 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 quarter of 2018, the TF1 group achieved a 32.2% share of the target audience of W<50PDM[1], in line with 2017 as a whole and slightly down (by 0.3 of a point) on the first quarter of 2017. This fine performance was achieved in spite of a one-week suspension by Canal+ of access to the TF1 group's channels, and strong competition from coverage of the Winter Olympics on France Télévisions.

TF1

For the second consecutive quarter, the TF1 core channel increased its share of the W<50PDM target audience, which reached 22.1% in the first quarter of 2018 (up 0.2 of a point year-on-year). The channel attracted all of the top 30 audiences in the quarter thanks to its range of general-interest, must-see programmes, especially in prime time.

- **French drama:** TF1 offers a diverse, bold and ambitious range of strong, must-see prime-time programmes including *Les Innocents* (average of 6.5 million viewers, peak of 7.1 million) and *Les Bracelets Rouges* (average of 6.4 million viewers, peak of 6.8 million). There was also a very impressive return for the big brands, especially among target audiences, delivering highly consistent performances for the channel: *Clem* with 5.6 million viewers, first-run episodes of *L'arme fatale* (*Lethal Weapon*) with 5.0 million, *Grey's Anatomy*

[1] *Women aged under 50 purchasing decision makers*

with 4.7 million and *Section de recherches* with 6.1 million.

- **News**: The channel's regular news bulletins remained well ahead of the competition, with audience shares up year-on-year among individuals aged 4+ and W<50PDM (up to 6.9 million viewers on weekday evenings and up to 7.9 million on weekend evenings). The interview with Nicolas Sarkozy on the evening bulletin was watched by 7.4 million people. The TF1 channel has optimised the 8pm-9pm "crossroads" slot with the launch in mid-March of *Le 20H Le Mag*, a new ten-minute current affairs programme designed to enhance the news offer and anchor the identity of this slot, at reasonable cost.

- **Entertainment**: The big entertainment brands continue to deliver, with *Koh-Lanta* attracting 5.5 million viewers and *The Voice* (season 8) 6.2 million. The one-off evening special *Les Enfoirés 2018* pulled in 10.2 million viewers, the biggest audience in 2018 to date.

- **Movies**: The Sunday evening movie slot is posting fine ratings, the stand-outs being *Les Tuche* (7.7 million viewers) and *Rien à Déclarer* (7.1 million).

DTT channels

The TF1 group's DTT arm – comprising TMC, TFX, TF1 Séries Films and LCI – drew a combined audience share of 10.1% among W<50PDM in the first quarter of 2018, relatively stable versus 2017 as a whole but down slightly (by 0.5 of a point) on the first quarter of 2017. Among 25-49 year-olds, the audience share was 9.2% (down 0.3 of a point year-on-year).

TMC

In the first quarter of 2018, TMC was the most-watched DTT channel among the target audience of 25-49 year-olds thanks to *Quotidien* in access prime time (average of 1.3 million viewers in the quarter, 9% share of 25-49 year-olds) and to consistently strong prime time (leading DTT channel, and average 4.4% share of 25-49 year-olds in the quarter). Stand-out prime-time ratings included the movie *Salt* (1.4 million viewers) and the France-Colombia football match (4.7 million, the second-biggest DTT audience ever).

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 channel has seen its audience share among 15-34 year-olds increase by 0.3 of a point year-on-year to 4.1%.

The access prime time reality TV show *La Villa des cœurs brisés* attracts audiences of up to 700,000.

TF1 Séries Films

The TF1 Séries Films channel was also helped by the end-January rebranding, as the share of the target W<50PDM audience rose by 0.3 of a point year-on-year to 2.5%. This performance was driven by a strong movie offering including the *L'Arme Fatale* (Lethal Weapon) saga, *Voyage au centre de la Terre* (Journey to the Centre of the Earth) and *Avalanche*.

LCI

LCI captured an audience share of 0.6% among individuals aged 4+, and has consolidated its status as France's no. 2 news channel over the last twelve months. The weekday *La Matinale* current affairs magazine, anchored by Pascale de la Tour du Pin, achieved further growth and posted an all-time high 2.1% audience share in March.

LCI was the most-watched news channel for the Socialist Party debate on 7 March: 204,000 viewers and 0.9% audience share, four times higher than usual for this slot.

The special coverage of the national memorial service for Colonel Beltrame also attracted good ratings, peaking at 157,000 viewers.

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 quarter of 2018 was 61 million, in line with the 2017 first-quarter figure.

During the first quarter of 2018, four films co-produced by TF1 Films Production went on general release: *Passenger* (0.6 million box office entries), *Les Tuche* 3 (5.6 million), *La ch'tite famille* (5.3 million) and *Tout le monde debout* (1.8 million).

Overall, the four films co-produced by TF1 Films Production in the first quarter generated over 13 million box office entries. As a comparison, the seven co-produced films on general release in the first quarter of 2017 generated a cumulative 10.7 million box office entries.

Three films attracted more than a million cinema-goers, the same as in the first quarter of 2017.

The revenue contribution from TF1 Films Production fell slightly year-on-year in the first quarter of 2018, but current operating profit remained stable year-on-year.

TF1 Production

In the first quarter of 2018 TF1 Production produced around 92 hours of programmes (versus 106 in the first quarter of 2017). The reduction was mainly due to the absence of political debate programmes. The number of hours delivered to DTT channels increased by 13 hours, with the delivery of season 1 of *Regarde-moi: un silence pour tout se dire* on TFX.
TF1 Production's contribution to Group revenue was slightly lower year-on-year. However, current operating profit increased year-on-year.

Other platforms and related activities

e-TF1

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

Digital activities saw a rise in advertising revenue on MYTF1 in the first quarter of 2018, reflecting an increase in the number of video views to 365 million[1] (up 10% year-on-year) driven largely by flagship programmes such as *La Villa des cœurs brisés* (65 million video views), *Demain nous appartient* (44 million) and *The Voice* (33 million).

However, interactivity revenue was lower year-on-year, 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).

[1] *Excluding news content, XTRA content and live sessions.*

Theme channels

French pay-TV channels as a whole attracted an audience share of 10.3% among individuals aged 4+ during the first quarter of 2018, stable year-on-year[2].

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

TV Breizh

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

The channel once again secured top spot in the extended pay-TV universe with a 0.7% share of individuals aged 4+ (+31% year-on-year)[3].

Histoire and Ushuaïa

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

Audiences for the Histoire channel are stabilising[3]. The channel continues to screen first-run series and dramas such as *Tutankhamun*.

Studios & Entertainment

Revenue (€m)	Q1 2018	Q1 2017	Change
Studios & Entertainment	**97.0**	**98.5**	**-1.5**

Current operating profit/(loss) (€m)	Q1 2018	Q1 2017	Change
Studios & Entertainment	**11.9**	**10.3**	**1.6**

Studios

Newen Studios

Amazon has announced that it has acquired full broadcasting rights to *Demain nous appartient*, the TF1 daily soap produced by Newen via its Telfrance subsidiary. This means that each episode screened on TF1 will be made available on Amazon Prime Video France 48 hours after initial broadcast, a very short time-lag.

[2] *Médiamétrie – Médiamat.*
[3] *Médiamat'Thématik (wave 34 – September 2017 to February 2018), Pay-TV universe.*

The TF1 group has signed an agreement to buy out the 30% equity interest held by the founding shareholders of Newen Studios. The acquisition of this residual stake should be seen in the context of growth in trading volumes for Newen Studios in 2017 and solid development prospects for 2018. Since January 2016, when TF1 acquired its 70% stake, the growth strategy announced at the time has been implemented while allowing the subsidiary to retain its editorial freedom and commercial independence. This has enabled the Newen group to remain a trusted partner of all of its broadcaster clients in France.

TF1 Studio

There were no general releases during the first quarter of 2018, compared with two successful releases in the first quarter of 2017 (*Alibi.com* and *Il a déjà tes yeux*).

Entertainment

TF1 Entertainment

TF1 Entertainment had a good first quarter of 2018, with growth in both revenue and operating profit. The main factors were:

- The “La Seine Musicale” music venue, which recorded excellent ticket sales for major concerts (Norah Jones, Seal, Véronique Samson, Julien Clerc), plus a steady rise in bookings at the “Studio RFX” recording and rehearsal space.
- Play Two, with the successful launch of the new Maître Gims album (especially via streaming).
- Music/live shows: good revenue performance from live show partnerships (*Bodyguard*, *Jésus*, *Pat Patrouille*, etc.) and the *Inside PSG* immersive experience.

Home Shopping

Despite a drop in orders placed, gross margin held steady year-on-year.

1.5. Corporate social responsibility

In the first quarter of 2018, TF1 channels once again hosted solidarity campaigns, helping good causes reach the widest possible audience.

“Pièces jaunes” campaign: Iconic cartoon character “Petit Nicolas” was once again the face of this campaign, which for the last 29 years has encouraged everyone to donate their loose change to support children undergoing hospital treatment and their families. Throughout the campaign, which ran from 10 January to 17 February, the TF1 channel donated advertising slots to raise awareness and encourage donations, backed up by threads on the Group’s social networks and MYTF1. From 8 to 14 January, the *Les 12 coups de midi* quiz show featured a special “Pièces jaunes” week: the charity collected winnings earned in the final round for correct answers given by the “Maîtres de Midi” in each day’s final round.
This year, TF1 also provided collection boxes for staff and visitors to donate their loose change.

Sidaction: The TF1 group has backed AIDS charity Sidaction since it was founded 24 years ago. From Friday 23 to Sunday 25 March, TF1, TMC, TFX and LCI used their programmes and news bulletins to raise awareness and encourage donations to support the fight against HIV and AIDS in a variety of ways:
- a series of short programmes called *Ensemble contre le SIDA* (“Together against AIDS”), shown after the lunchtime news from Monday 19 to Friday 23 March, featuring vox-pops with members of the public about HIV and an appeal for donations;
- various reports about the fight against HIV, shown in Jean-Pierre Pernaut’s lunchtime news bulletin and evening bulletins (anchored by Gilles Bouleau and Anne-Claire Coudray), and on the LCI rolling news channel;
- on the *Les 12 coups de midi* quiz show, in which the “Maîtres de Midi” competed daily to win the most money for the fight against AIDS, as part of a special “Sidaction week” featuring the charity’s CEO Florence Thune;
- displaying the 110 donations hotline number on screen during programmes and appeals.

Over the entire period, red ribbons were handed out to TF1 employees at the coffee stalls and restaurants, in the headquarters building and at the Home Shopping offices.

“Restos du Cœur”: Following on from the support for the campaign carried on the Group’s channels during the winter of 2017-2018, the charity show *Enfoirés 2018: Musique* was shown at 9pm on Friday 9 March on TF1. *Enfoirés 2018* CDs and DVDs, featuring the entire show and many extras, went on sale from Saturday 10 March, with all proceeds going to the “Restos du Cœur”.

First-ever “Week of Engagement” for TF1 staff, from 9 to 13 April.

As part of the “TF1 Initiatives” social engagement approach launched in December 2017, the TF1 group held its first-ever ‘Week of Engagement”, with two objectives:
- raising employee awareness of the work of TF1 Initiatives;
- inviting staff to become key players by making a long-term commitment.

The week was packed with positive, collaborative events, including a master class on the roots of engagement; the awarding of 10 €2,500 prizes to 10 good causes supported personally by individual staff members; a joint effort to produce murals for the “La Vie au Grand Air” child protection charity; a hackathon to improve the accessibility of the Group’s websites; and the development of “Entourage”, a not-for-profit app designed to help people support the homeless in their neighbourhood.

PROMOTING GENDER PARITY AND DIVERSITY

International Women’s Rights Day 2018

On Tuesday 16 January 2018, Fifty-Fifty – the TF1 group’s gender diversity network – held a joint evening event with its partner organisation Professional Women's Network (PWN) to explore the issues of women's careers, including a special screening of the movie *Numéro Une* at TF1 headquarters.
Directed by Tonie Marshall, *Numéro Une* exposes the problems encountered by professional women in their careers. Fifty-Fifty and PWN then led a debate on gender balance in business, and specifically on how women can access the top table. The round table – moderated by Valérie Rocoplan, Chairwoman of Talentis – comprised Tonie Marshall (director and producer of *Numéro Une*), Véronique Zerdoun (producer of *Numéro Une*), Diane Deperrois (head of Human Resources at Axa France) and Catherine Puiseux (head of CSR at the TF1 group and the leader of TF1 Initiatives).

To mark International Women’s Rights Day 2018, senior management got together with TF1 Initiatives, the Internal Communications and Talent departments and the Fifty-Fifty network to mount a range of events for the Group’s female employees:
- an assertiveness master class (“Dare to be yourself”) led by Erwan Deveze, a specialist in neuroscience and management, that shed light on the human brain and emotions, followed by a round table discussion moderated by Isabelle Gounin focusing on inspiring life stories of women in the TF1 group;

- a life coaching workshop ("Increase your influence, visibility and impact") led by Laurence Attias, a qualified HEC Executive Coach;
- a women's self-defence/career development workshop led by Jean-Karim Sahbi, a 5th dan black belt and state-accredited instructor. The workshop aimed not only to help women build self-confidence and control their emotions, but also to become aware of their physical and mental capabilities and draw parallels between their sporting and professional potential.

DIVERSITY/INCLUSION

"Sport dans la Ville"/TF1 Initiatives partnership: launch of the "Job dans la Ville" program at TF1 on 17 January

TF1 Initiatives has partnered with "Sport dans la ville", a charity that uses sport to promote social inclusion around the core values of solidarity, self-help and diversity. Through its dedicated jobs program "Job dans la ville", the charity helps young people from troubled neighbourhoods enter the world of work. This year, the program is being followed by 1,000 young people aged 16 to 22. They are supported in making career choices, enrolling on training courses and finding an employer.
Gilles Pélisson, TF1 group Chairman & CEO, is the patron of the 2018 "Job dans la ville" intake. To mark the launch of the 2018 campaign, TF1 invited the charity and 200 of the young people on the program to its headquarters. A group of around ten of them met Gilles Pélisson.

AWARDS

Top Employer certification

On 6 February, TF1's parent company Bouygues SA and all its subsidiaries obtained Top Employer 2018 certification. This certification recognises the best corporate human resources practices. Bouygues is the first group in France to have certification awarded to all of its subsidiaries.
Every year, the Top Employers Institute conducts an in-depth international survey to identify the best employers. Companies complete an "HR Best Practices" questionnaire covering over 600 HR processes. Their responses are then subject to audit and critical analysis.

Renewal of the "Responsible Supplier Relations and Purchasing" label

TF1, which was first awarded the "Responsible Supplier Relations and Purchasing" label in 2014, had the label renewed on 28 March 2018 by Afnor Certification and the accreditation committee.
The label assesses the extent to which companies are delivering on the 10 pledges contained in the Responsible Supplier Relations Charter, and rewards those whose practices demonstrate the ability to build lasting and balanced relationships with their suppliers.
Awarded for a 3-year period, the label recognises the process of continuous improvement in which TF1 and its Purchasing Department have been engaged for many years. Although the process is co-ordinated by the Purchasing Department, it also involves other departments from across the TF1 group including Human Resources & CSR, Finance, Legal Affairs, General Affairs, and the operating divisions.
The certificate will be officially handed over to TF1 at the next meeting of the Charter and Label steering committee, on 12 July at the French Economy Ministry at Bercy (Paris).

1.6. Human resources update

As of 31 March 2018, the TF1 group had 2,722 employees on permanent contracts.

1.7. Outlook

Since the start of the year, the TF1 group has been delivering on its previously-announced strategy: distribution agreements have been signed with Bouygues Telecom, Orange and Iliad-Free, and negotiations with Canal+ are ongoing; the TFX and TF1 Séries Films channels have been rebranded; the strategic 8pm-9pm time-slot on the TF1 core channel has had a makeover; and the acquisition of the 30% stake held by the minority interests in Newen Studios has been announced[1].

During the second quarter, the Group will carry exclusive unencrypted coverage of Football World Cup matches across its channels, while also continuing to refresh French drama (*Traqués*, *Balthazar* and *Coup de Foudre à Bora Bora* on TF1) and entertainment (*Tattoo Cover* on TFX, *Burger Quiz* on TMC).
The planned acquisition of Axel Springer's 78.4% stake in the aufeminin group will enhance the TF1 group's digital offer, building on strong internet audiences delivered by highly-engaged web communities around aufeminin brands (aufeminin.com, Marmiton, My Little Paris). The French Competition Authority having given clearance for this deal on 23 April, all the conditions have been met for TF1 to acquire Axel Springer's 78.4% controlling interest and initiate a public tender offer.

The TF1 group's first-quarter results confirm the guidance previously issued:

- from 2018 onwards: growth in current operating margin at Group level (excluding major sporting events);
- average annual cost of programmes reduced to €960 million (excluding major sporting events) for the five unencrypted channels for the 2018-2020 period, thanks to optimisation of investment in content;
- growth in revenue from activities other than advertising on the five unencrypted 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 in 2019.

1.8. Diary dates

- **30 April 2018 :** 2017 dividend ex date
- **2 May 2018:** date of record for dividend payments
- **3 May 2018 :** payment of dividend
- **25 July 2018:** 2018 first-half revenue and financial statements
- **30 October 2018:** 2018 9-month revenue and financial statements

These dates may be subject to change.

[1] Pending clearance from the French Competition Authority.

2. Condensed consolidated financial statements First quarter of 2018

The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

2.1 Consolidated income statement

(€m)	*Note*	First quarter 2018	First quarter 2017 [(1)]	Full year 2017 [(1)]
Advertising revenue		368.7	366.0	1,565.7
Other revenue		130.6	137.4	566.7
Revenue	*5*	**499.3**	**503.4**	**2,132.4**
Other income from operations		18.4	8.4	43.1
Purchases consumed and changes in inventory		(213.7)	(214.3)	(877.1)
Staff costs		(94.3)	(102.1)	(453.2)
External expenses		(91.6)	(98.5)	(398.7)
Taxes other than income taxes		(33.4)	(33.6)	(131.2)
Depreciation and amortisation, net		(56.6)	(46.6)	(173.2)
Provisions and impairment, net		(8.2)	7.5	(53.7)
Other current operating income		49.5	45.6	244.2
Other current operating expenses		(31.1)	(32.9)	(146.9)
Current operating profit/(loss)		**38.3**	**36.9**	**185.7**
Non-current operating income		-	-	-
Non-current operating expenses	*9*	(5.7)	(5.8)	(23.3)
Operating profit/(loss)		**32.6**	**31.1**	**162.4**
Income associated with net debt		0.1	0.0	0.2
Expenses associated with net debt		(0.5)	(0.9)	(1.7)
Cost of net debt		**(0.4)**	**(0.9)**	**(1.5)**
Other financial income		1.2	0.3	15.8
Other financial expenses		(1.3)	0.0	(9.5)
Income tax expense		(7.6)	(9.5)	(44.8)
Share of profits/(losses) of joint ventures and associates		0.2	7.1	14.2
Net profit/(loss) from continuing operations		**24.7**	**28.1**	**136.6**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**
Net profit/(loss)		**24.7**	**28.1**	**136.6**
attributable to the Group:		***24.8***	***28.0***	***136.3***
Net profit/(loss) from continuing operations		*24.8*	*28.0*	*136.3*
attributable to non-controlling interests:		***(0.1)***	***0.1***	***0.3***
Net profit/(loss) from continuing operations		*(0.1)*	*0.1*	*0.3*
Weighted average number of shares outstanding (in '000)		209,871	209,460	209,664
Basic earnings per share from continuing operations (€)		0.12	0.13	0.65
Diluted earnings per share from continuing operations (€)		0.12	0.13	0.65

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

2.2 Statement of recognised income and expense

(€m)	First quarter 2018	First quarter 2017 [1]	Full year 2017 [1]
Consolidated net profit/(loss) for period	**24.7**	**28.1**	**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]	1.7	(1.4)	(6.5)
Remeasurement of available-for-sale financial assets			
Change in cumulative translation adjustment of controlled entities			
Net tax effect of equity items reclassifiable to profit or loss	(0.6)	0.5	2.2
Share of reclassifiable income and expense of joint ventures and associates recognised in equity			
Income and expense recognised directly in equity	**1.1**	**(0.9)**	**(6.5)**
Total recognised income and expense	**25.8**	**27.2**	**130.1**
attributable to the Group	25.9	27.1	129.8
attributable to non-controlling interests	(0.1)	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 quarter of 2018.*

2.3 Consolidated cash flow statement

(€m)	*Note*	**First quarter 2018**	**First quarter 2017 [(1)]**	**Full year 2017 [(1)]**
Net profit/(loss) from continuing operations (including non-controlling interests)		24.7	28.1	136.6
Depreciation, amortisation, provisions & impairment (excluding current assets)		70.8	55.8	231.8
Net (gain)/loss on asset disposals		0.8	-	7.0
Share of (profits)/losses and dividends of joint ventures and associates		(0.2)	(7.1)	(12.9)
Other non-cash income and expenses		(9.5)	(5.1)	(36.5)
Sub-total		**86.6**	**71.7**	**326.0**
Cost of net debt		0.4	0.9	1.5
Income tax expense (including deferred taxes)		7.6	9.5	44.8
Operating cash flow		**94.6**	**82.1**	**372.3**
Income taxes (paid)/reimbursed		(7.0)	(1.3)	(21.2)
Change in operating working capital needs		(16.2)	(29.1)	(82.0)
Net cash generated by/(used in) operating activities		**71.4**	**51.7**	**269.1**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(46.9)	(53.0)	(189.7)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.1	0.5	0.9
Cash outflows on acquisitions of financial assets		-	(27.5)	(35.0)
Cash inflows from disposals of financial assets		-	-	9.2
Effect of changes in scope of consolidation	*10*	1.2	64.9	66.8
Purchase price of investments in consolidated activities		-	*(22.7)*	*(32.6)*
Proceeds from disposals of consolidated activities		-	*84.3*	*90.5*
Net liabilities related to consolidated activities		-	-	-
Other cash effects of changes in scope of consolidation		*1.2*	*3.3*	*8.9*
Dividends received		0.1	-	0.1
Other cash flows from investing activities		0.1	(2.0)	(2.2)
Net cash generated by/(used in) investing activities		**(45.4)**	**(17.1)**	**(149.9)**
Cash received on exercise of stock options		0.1	0.6	3.0
Purchases and sales of treasury shares		-	-	-
Other transactions between shareholders		(1.3)	(1.4)	(3.0)
Dividends paid during the period		-	-	(58.6)
Cash inflows from new debt contracted		-	17.3	42.8
Repayment of debt (including finance leases)		(0.5)	(1.3)	(25.7)
Net interest paid (including finance leases)		(0.4)	(0.9)	(1.5)
Net cash generated by/(used in) financing activities		**(2.1)**	**14.3**	**(43.0)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**23.9**	**48.9**	**76.2**
Cash position at start of period		**495.5**	**419.3**	**419.3**
Change in cash position		23.9	48.9	76.2
Cash position at end of period		**519.4**	**468.2**	**495.5**

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

2.4 Consolidated balance sheet

ASSETS (€m)	*Note*	**31/03/2018**	**31/12/2017** (2)	**31/03/2017** (1)
Goodwill	*6*	**588.8**	**580.4**	**577.2**
Intangible assets		**216.2**	**234.6**	**242.4**
Audiovisual rights		156.4	170.8	180.4
Other intangible assets		59.8	63.8	62.0
Property, plant and equipment		**178.3**	**177.2**	**173.9**
Investments in joint ventures and associates	*7*	**22.4**	**22.2**	**20.4**
Non-current financial assets		**44.2**	**54.5**	**60.9**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,049.9**	**1,068.9**	**1,074.8**
Inventories		**618.1**	**615.9**	**667.3**
Programmes and broadcasting rights		600.5	597.8	652.1
Other inventories		17.6	18.1	15.2
Trade and other debtors		**1,058.3**	**1,203.2**	**967.7**
Current tax assets		**13.7**	**13.0**	**34.0**
Other current financial assets		**-**	**-**	**1.7**
Cash and cash equivalents	*8*	**520.3**	**495.8**	**468.9**
Total current assets		**2,210.4**	**2,327.9**	**2,139.6**
TOTAL ASSETS		**3,260.3**	**3,396.8**	**3,214.4**
Net surplus cash (+) / Net debt (-)		**280.0**	**256.7**	**215.1**

(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 (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	**31/03/2018**	**31/12/2017 [(2)]**	**31/03/2017 [(1)]**
Share capital	42.0	42.0	41.9
Share premium and reserves	1,545.7	1,409.2	1,446.0
Net profit/(loss) for the period attributable to the Group	24.8	136.3	28.0
Shareholders' equity attributable to the Group	**1,612.5**	**1,587.5**	**1,515.9**
Non-controlling interests	0.2	(0.1)	(0.5)
Total shareholders' equity	**1,612.7**	**1,587.4**	**1,515.4**
Non-current debt	**131.4**	**232.6**	**248.2**
Non-current provisions	**37.8**	**38.8**	**55.1**
Non-current tax liabilities	**38.6**	**39.6**	**40.5**
Total non-current liabilities	**207.8**	**311.0**	**343.8**
Current debt	**108.9**	**6.5**	**5.6**
Trade and other creditors	**1,306.7**	**1,467.8**	**1,333.5**
Current provisions	**18.7**	**16.5**	**16.1**
Current tax liabilities	**-**	**-**	**-**
Other current financial liabilities	**5.5**	**7.6**	**-**
Total current liabilities	**1,439.8**	**1,498.4**	**1,355.2**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	**3,260.3**	**3,396.8**	**3,214.4**

[(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)	-	0.6	-	-	-	**0.6**	-	**0.6**
Share-based payment	-	-	-	1.2	-	**1.2**	-	**1.2**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	1.1	-	**1.1**	-	**1.1**
Total transactions with shareholders	**-**	**0.6**	**-**	**1.6**	**-**	**2.2**	**-**	**2.2**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**28.0**	**-**	**28.0**	**0.1**	**28.1**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**	**-**	**(0.9)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(6.8)	-	**(6.8)**	0.2	**(6.6)**
BALANCE AT 31/03/2017	**41.9**	**14.1**	**-**	**1,470.7**	**(10.8)**	**1,515.9**	**(0.5)**	**1,515.4**

(€ million)	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	-	-	-	1.1	-	**1.1**	-	**1.1**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	(1.7)	-	**(1.7)**	0.2	**(1.5)**
Total transactions with shareholders	**-**	**0.1**	**-**	**(0.6)**	**-**	**(0.5)**	**0.2**	**(0.3)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**24.8**	**-**	**24.8**	**(0.1)**	**24.7**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**1.1**	**1.1**	**-**	**1.1**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(0.4)	-	**(0.4)**	0.2	**(0.2)**
BALANCE AT 31/03/2018	**42.0**	**16.5**	**-**	**1,569.3**	**(15.3)**	**1,612.5**	**0.2**	**1,612.7**

(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).

2.7 Notes to the condensed consolidated financial statements

1 Significant events

Acquisition of a majority equity interest in the aufeminin group

On 17 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 total price of €364.8 million (subject to customary adjustments at the completion date). Completion of this deal is subject to clearance from the regulatory authorities in France and Austria. Once the acquisition has been completed, the TF1 group will file a mandatory simplified tender offer for the remaining shares at the same price.

2 Accounting principles and policies

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the three months ended 31 March 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 *Autorité des Marchés Financiers* (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.

The consolidated financial statements were closed off by the Board of Directors on 25 April 2018, and have been subject to a review by the statutory auditors.

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

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

In preparing its condensed financial statements for the three months ended 31 March 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 quarter 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.

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.

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 a positive impact of €4.5 million on revenue, €0.6 million on operating profit and €0.3 million on net profit for the first quarter of 2017 (presented as a comparative to the first quarter 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 losses 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 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 Broadcasting 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.

The TF1 group reports the following operating segments:

Broadcasting

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

Studios & Entertainment

This segment consists of two sub-segments:

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

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

Consequently, TF1 management considers it relevant to monitor their financial performance collectively.

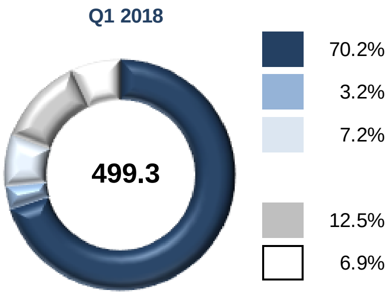
- ✓ The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**Q1 2018**	**Q1 2017**	**Q1 2018**	**Q1 2017**	**Q1 2018**	**Q1 2017**
Segment revenue	409.4	410.1	97.4	99.1	506.8	509.2
Elimination of inter-segment transactions	(7.1)	(5.2)	(0.4)	(0.6)	(7.5)	(5.8)
GROUP REVENUE CONTRIBUTION	**402.3**	**404.9**	**97.0**	**98.5**	**499.3**	**503.4**
of which Advertising revenue	*366.3*	*363.6*	*2.4*	*2.4*	*368.7*	*366.0*
of which Other revenue	*36.0*	*41.3*	*94.6*	*96.1*	*130.6*	*137.4*
OPERATING PROFIT/(LOSS)	**26.4**	**26.6**	**11.9**	**10.3**	**38.3**	**36.9**
% operating margin on Group contribution	*6.6%*	*6.6%*	*12.3%*	*10.5%*	*7.7%*	*7.3%*
Share of profits/(losses) of joint ventures and associates (1)	0.2	7.3	-	(0.2)	0.2	7.1

(1) *For the Broadcasting segment, includes the impact of the gain on disposal of Groupe AB as of 31 March 2017.*

5 Analysis of revenue

TF1 group consolidated revenue for the first quarter of 2017 breaks down as follows:



(€m)	Q1 2018	Q1 2017
Advertising revenue - unencrypted channels	350.4	349.7
Advertising revenue - other media	15.9	13.9
Other revenue (including operator fees)	36.0	41.3
Broadcasting	**402.3**	**404.9**
Production / sale of audiovisual rights	62.4	68.4
Distribution / consumer products & services	34.6	30.1
Studios and Entertainment	**97.0**	**98.5**
Revenue	**499.3**	**503.4**

6 Goodwill

(€m)	Broadcasting	Studios & Entertainment	TOTAL
Goodwill at 1 January 2017	**409.3**	**151.6**	**560.9**
Acquisitions	-	16.3	16.3
Disposals		-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 March 2017	**409.3**	**167.9**	**577.2**
Goodwill at 1 January 2018	**409.3**	**171.1**	**580.4**

Acquisitions	8.2	0.2	8.4
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 March 2018	**417.5**	**171.3**	**588.8**
Gross value	*417.5*	*171.3*	*588.8*
Accumulated impairment	-	-	-

Goodwill recognised during the period relates to the acquisition 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 that acquisition 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)]	TOTAL
1 January 2017	76.8	**12.5**	**89.3**
Share of profit/(loss) for the period	-	0.1	**0.1**
Provision for impairment			**-**
Dividends paid			**-**
Changes in scope of consolidation and reclassifications	(76.8)	7.8	**(69.0)**
Provision for risks			**-**
31 March 2017	**-**	**20.4**	**20.4**
1 January 2018	**-**	**22.2**	**22.2**
Share of profit/(loss) for the period	-	0.2	**0.2**
Provision for impairment	-	-	**-**
Dividends paid	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	**-**
Provision for risks	-	-	**-**
31 March 2018	**-**	**22.4**	**22.4**

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

(2) *Other investments in joint ventures and associates mainly comprise SérieClub, Direct Optic Participations and Minute Buzz.*

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

8 Net surplus cash

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

(€m)	31/12/17	Cash flows	Changes in scope of consolidation	Other movements [(2)]	31/03/18
Cash and cash equivalents	495.8	23.2	1.3	-	520.3
Financial assets used for treasury management purposes	-	-	-	-	-
Available cash	**495.8**	**23.2**	**1.3**	**-**	**520.3**
Fair value of interest rate derivatives	-	-	-	-	-

Non-current debt [(1)]	(232.6)	0.4	-	100.8	(131.4)
Current debt, excluding overdrafts and short-term bank loans [(1)]	(6.2)	0.1	-	(101.9)	(108.0)
Overdrafts and short-term bank loans	(0.3)	(0.6)	-	-	(0.9)
Total debt	**(239.1)**	**(0.1)**	**-**	**(1.1)**	**(240.3)**
Net surplus cash (+) / Net debt (-)	**256.7**	**23.1**	**1.3**	**(1.1)**	**280.0**

(1) *As of 31 March 2018, non-current debt and current debt include the fair value of the commitments made by TF1 to buy out non-controlling shareholders, primarily those with an equity interest in Newen Studios and its subsidiaries.*

(2) *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 12, "Events after the reporting period").*

As of 31 March 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 31 March 2018, drawdowns under those facilities amounted to €107.7 million, all of which related to the Newen Studios facility.

✓ Definition of cash position:

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

(€m)	**31/03/2018**	**31/12/2017**
Cash and cash equivalents in the balance sheet	520.3	495.8
Treasury current account credit balances	-	(0.3)
Bank overdrafts	(0.9)	-
Total net cash position at end of period per the cash flow statement	**519.4**	**495.5**

9 Non-current operating expenses

The non-current operating expenses of €5.7 million reported in the income statement for the first quarter 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 relate to the cash held by Mayane and Studios 71 France, which were consolidated for the first time in the first quarter of 2018.

For the first quarter 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 Minute Buzz by the TF1 group, and the divestment of the TF1 group's 33.5% equity interest in Groupe AB.

11 Dividends paid

The table below shows the dividend per share to be 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.

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

12 Events after the reporting period

Acquisition of additional equity interest in Newen Studios

The TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1, signed an agreement on 5 April 2018 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 transaction is subject to clearance from the competition authorities.
Because TF1 already has exclusive control over Newen Studios, the sub-group is fully consolidated. Consequently, the deal will be treated as a transaction between shareholders.

French Competition Authority clearance for the acquisition of the aufeminin group

On 23 April 2018, the TF1 group obtained clearance from the French Competition Authority to complete the acquisition of the Axel Springer group's majority equity interest of approximately 78% in the aufeminin group (see Note 1, "Significant events").

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