Financial report
First half of 2019

Financial report – First half of 2019

1. Financial Information – First half of 2019

1.1. Consolidated results

Financial indicators

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

(€ million)	H1 2019	H1 2018
Revenue	**1,145.2**	**1,083.6**
Group advertising revenue	*836.0*	812.4
Revenue from other activities	*309.2*	271.2
Current operating profit/(loss)	**163.0**	**102.0**
Operating profit/(loss)	**163.0**	**91.0**
Net profit/(loss) from continuing operations	**107.3**	**65.6**
Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid	**235.7**	**168.5**
Basic earnings per share from continuing operations (€)	**0.51**	**0.31**
Diluted earnings per share from continuing operations (€)	**0.51**	**0.31**
Shareholders' equity attributable to the Group	**1,576.0**	**1,510.5**
Net debt of continuing operations[1]	**(28.7)**	**(122.2)**

	H1 2019	H1 2018
Weighted average number of ordinary shares outstanding ('000)	**210,153**	**209,878**
Closing share price (€)	**9.26**	**9.03**
Market capitalisation (€bn)	**1.95**	**1.90**

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

Income statement contributions – continuing operations

The results below are presented using the segmental reporting structure as described in Note 4 to the consolidated financial statements.

€m	Q1 2019	Q1 2018	Q2 2019	Q2 2018	H1 2019	H1 2018	Chg. €m	Chg. %
Consolidated revenue	553.7	499.3	591.5	584.3	1,145.2	1,083.6	61.6	5.7%
TF1 group advertising revenue	*394.9*	*368.7*	*441.1*	*443.7*	*836.0*	*812.4*	*23.6*	*2.9%*
Revenue from other activities	*158.8*	*130.6*	*150.4*	*140.6*	309.2	*271.2*	*38.0*	*14.0%*
Consolidated revenue	553.7	499.3	591.5	584.3	1,145.2	1,083.6	61.6	5.7%
Broadcasting	419.7	402.3	471.1	466.7	890.8	869.0	21.8	2.5%
o/w Advertising	*375.7*	*366.3*	*415.7*	*425.6*	*791.4*	*791.9*	*(0.5)*	*-0.1%*
Studios & Entertainment	93.5	97.0	75.3	88.8	168.8	185.8	(17.0)	-9.1%
Digital (Unify)	40.5	-	45.1	28.8	85.6	28.8	56.8	x3.0
Cost of programmes	(222.1)	(230.0)	(224.1)	(269.2)	(446.2)	(499.2)	53.0	-10.6%
Current operating profit	62.9	39.0	100.1	63.0	163.0	102.0	61.0	x1.6
Current operating margin	*11.4%*	*7.8%*	*16.9%*	*10.8%*	*14.2%*	*9.4%*	*-*	*+4.8 pts*
Broadcasting	49.9	26.7	92.6	53.2	142.5	79.9	62.6	x1.8
Studios & Entertainment	13.1	12.3	4.2	7.1	17.3	19.4	(2.1)	-10.8%
Digital (Unify)	(0.1)	-	3.3	2.7	3.2	2.7	0.5	18.5%
Operating profit	62.9	33.3	100.1	57.7	163.0	91.0*	72.0	x1.8
Net profit attributable to the Group	40.6	24.6	66.7	41.0	107.3	65.6	41.7	x1.6

* In the first half of 2018, current operating profit included €11.0 million of n/on-current charges relating to amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Analysis of cost of programmes

(€ million)	H1 2019	H1 2018
Total cost of programmes	446.2	499.2
Variety/Gameshows/Magazines	138.2	123.4
Drama/TV movies/Series/Plays	150.2	163.5
News (including LCI)	70.2	69.1
Films	55.5	65.9
Children's programmes	5.3	4.3
Sports	26.9	72.9

1.2. Significant events of the first half of 2019

January

10 January 2019

The TF1 group is ranked 20th in the Ethics and Boards 2018 “Women on Boards” awards out of the 120 French large caps in the SBF 120, up four places from 2017. The Group retained its position as the highest-ranked media group, ahead of M6 (36th), Lagardère (42nd) and Bolloré (88th).

24 January 2019

The TF1 group and national fibre operator Videofutur announce a new global distribution agreement. Under the agreement, Videofutur will distribute all the TF1 group’s free-to-air DTT channels (TF1, TMC, TFX, TF1 Séries Films and LCI), alongside non-linear services associated with those channels.

30 January 2019

The TF1 group enters into exclusive negotiations with Jérôme Dillard, former CEO of Téléshopping, with a view to selling the operational side of Téléshopping’s business. At a time when the distance selling business is changing radically, the TF1 group has decided to concentrate on broadcasting telesales programmes on its channels.
Jérôme Dillard has committed to retaining all staff. The TF1 group has agreed to continue broadcasting teleshopping programmes for the next five years.

February

5 February 2019

The TF1 Group announces the creation of Unify, its new digital division, which brings together the new digital activities of the TF1 group (excluding OTT and Replay TV): the Aufeminin group (Aufeminin, Marmiton, MyLittleParis, etc.), Doctissimo, Neweb (Les Numériques, ZDNet, Paroles de Maman, etc.), Gamned!, Studio 71, Vertical Station and TF1 Digital Factory.
With a presence in 10 countries and more than 100 million unique visitors every month, Unify becomes the no.1 digital group built around federating content, original productions, talents, events and services dedicated to female themes, health and entertainment.
Unify is currently present in three businesses: Publishers, Brand Solutions & Services, and Social e-commerce.
The creation of this digital division will generate synergies with the TF1 group both editorially and commercially. Unify and TF1 Publicité will be able to marry their know-how and expertise to provide advertisers with all-new optimised cross-media solutions.

March

1 March 2019

Newen takes a majority 60% stake in De Mensen, one of Belgium’s leading producers of audiovisual content.

11 March 2019

The TF1 group announces the implementation, effective 11 March 2019, of a share buyback programme, as authorised by the Board of Directors and in accordance with the authority granted by the Annual General Meeting of TF1 shareholders on 19 April 2018. The repurchased shares will be cancelled.

26 March 2019

TF1 and Netflix announce an agreement around the event series *Le Bazar de la Charité*. This first major partnership between Netflix and a French broadcaster, which was initiated by TF1 Studio (who are distributing the series on behalf of Quad Télévision), will give Netflix exclusive worldwide SVOD rights for four years.

April

10 April 2019

The TF1 group announces that it will carry exclusive coverage of the entire 2019 Rugby World Cup, hosted by Japan from 20 September to 2 November. For the first time ever, a single media group is to broadcast the whole competition free-to-air. This is a further illustration of the TF1 group’s unrivalled ability to bring the biggest events to the widest possible audience.

11 April 2019

The TF1 group announces that its has completed the sale of the operational side of its Teleshopping business (product sourcing, marketing, TV production, etc) to former Teleshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales, consumer goods, specialist retail and customer relations.

May

23 May 2019

François Pellissier becomes Managing Director of TF1 Publicité and Sport at the TF1 group and joins the Executive Committee, succeeding Régis Ravanas (Executive Vice President, Advertising & Diversification) who has decided to leave the Group. He will continue to head up the Group's Sport division, working closely with Ara Aprikian, Executive Vice President, Content.

June

24 June 2019

TF1 and IP Belgium announce that they have signed an agreement on the marketing of TF1 channel advertising space in Belgium.
This new collaboration will enable IP Belgium to make Belgian advertisers a competitive offer representing 13% Belgian audience share[1]. Advertisers will enjoy additional coverage of their advertising targets and the chance to associate their brands with engaging, federating programmes in premium environments.

[1] Source: CIM / Audience share PRA 18-54 / 17.00-23.00 2018.

1.3. Analysis of consolidated results

The results below are presented using the segmental reporting structure as presented in Note 4 "Operating segments" to the consolidated financial statements, and in accordance with IFRS 16 (applicable from 1 January 2019).

Revenue

Consolidated revenue of the TF1 group for the first half of 2019 reached €1,145.2 million, an increase of €61.6 million (including organic growth of 29%) representing year-on-year growth of 5.7%. Advertising revenue was €836.0 million, up 2.9% year-on-year; this figure includes advertising revenue from both the Broadcasting and Digital (Unify) segments.

Cost of programmes and other current operating income/expenses

Cost of programmes

The cost of programmes on the Group's five free-to-air channels for the first half was €446.2 million, down €53.0 million year-on-year. This reflects close control over programming costs, but also the favourable impact this year of the broadcasting of the men's Football World Cup in 2018. Some of those savings are being reinvested in a promising line-up for the second half of 2019 featuring the Rugby World Cup, the landmark show *Mask Singer*, and the new drama *Le Bazar de La Charité*. The Group is reiterating its guidance of an average total cost of programmes of €990 million for 2019-2020.

Other expenses and depreciation, amortisation and provisions

Other expenses and depreciation, amortisation and provisions increased by €53.6 million year-on-year, mainly due to the consolidation of the Aufeminin group since May 2018 and the additional acquisitions made during the first half of 2019 within the Production and Digital (Unify) activities.

Current operating profit

The Group posted current operating profit for the first half of 2019 of €163.0 million, a rise of €61.0 million. Current operating margin increased sharply this half to 14.2%, 4.8 points higher year-on-year.

Operating profit

Group operating profit for the first half of 2019 was €163.0 million. The 2018 first-half figure included €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 for the first half of 2019 was up €41.7 million at €107.3 million.

Financial position

Shareholders' equity attributable to the Group was €1,576.0 million at 30 June 2019 out of a balance sheet total of €3,368.9 million.

Excluding lease obligations[1], the TF1 group had net debt of €28.7 million at 30 June 2019 (net debt of €127.0 million including lease obligations[1]), compared with net debt of €27.5 million at 31 December 2018 (net debt of €130.9 million including lease obligations[1]). Cash flow generated by operating activities was sharply higher year-on-year at €249 million, and covered the dividend payout as well as funding the expansion of our production activities and our acquisitions.

As of 30 June 2019, TF1 had confirmed bilateral bank credit facilities of €1,040 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 30 June 2019, drawdowns under those facilities amounted to €108 million, all of which related to the Newen Studios facility.

[1] Under IFRS 16, applicable from 1 January 2019.

1.4. Segment information

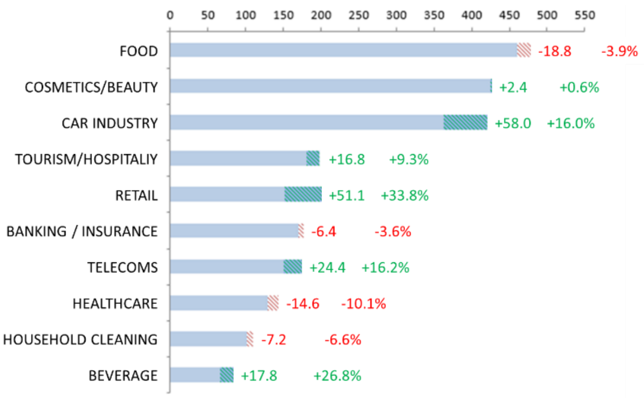
Broadcasting

Revenue

Broadcasting segment revenue reached €890.8 million, a rise of €21.8 million (+2.5%).
Advertising revenue for the Broadcasting segment was stable at €791.4 million (-0.1%): the broadcasting of the men's Football World Cup in 2018 had generated extra revenue last year. Non-linear advertising revenue continues to rise, both by volume and value.
Revenue from other Broadcasting segment activities advanced by €22.3 million. This increase reflected the incremental revenue contribution from the agreements signed with telecoms operators and Canal+, and the proceeds from the resale to Canal+ of the entire pay-TV rights to the women's Football World Cup.

2019 first-half gross revenue for the TF1 group's free-to-air channels was 3.7% higher than in the comparable period of 2018.

Trends in gross advertising spend (excluding sponsorship) for the five free-to-air channels by sector for the first half of 2019 are shown in the chart below.



Source: Kantar Media, H1 2019 vs. H1 2018.

Current operating profit

The Broadcasting segment reported a current operating profit of €142.5 million, up a hefty €62.6 million year-on-year. This represents a current operating margin of 16%, 6.8 points up on the first half of 2018, and the highest level since the first half of 2011. Semester after semester, the TF1 group is reaping the benefits of the transformation of its broadcasting activities towards a sustainable, value-creating model.

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

Average daily TV viewing time during the first half of 2019 among individuals aged 4+ remained high at 3 hours 35 minutes, down 9 minutes year-on-year for live viewing alone. Timeshift viewing (catch-up and recording) was relatively stable year-on-year (+1 minute). For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time was 14 minutes lower year-on-year at 3 hours 16 minutes (mainly live).

These figures do not include "portable" consumption (live or catch-up viewing on other devices such as computers, tablets and smartphones), or outside the home on any device. Médiamétrie estimates "portable" consumption at 15 minutes.

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

In a highly competitive market, the TF1 group continues to reap the benefits of its multi-channel strategy and editorial transformation.
The Group has strengthened its market leadership across all target audiences, and especially among younger viewers where its channels have seen the strongest growth. The figures clearly demonstrate the Group's ability to deploy offers suited to every type of audience:

- 32.7% audience share among W<50PDM (+0.2 of a point);
- 29.6% audience share among 25-49 year-olds (+0.4 of a point).

TF1

With a 27% share of individuals aged 4+ in the first half of 2019, the TF1 core channel maintained its lead of more than 10 points over its nearest private-sector rival.

The channel also achieved 44 of the top 50 audience ratings of the first half, across all genres (News, Sport, French drama, Entertainment, Movies and American series).

- **Entertainment:** TF1 posted the biggest audience of the year so far with *Monde des Enfoirés*, shown on 8 March, which attracted 9.4

[1] *Source: Médiamétrie – Médiamat.*

[2] *Source: Médiamétrie.*

million viewers (44% share of individuals aged 4+). Second and third place in the quarter's entertainment ratings were taken by the return of *Koh-Lanta* (38% of W<50PDM and 36% of 25-49 year-olds) and *The Voice* (32% of W<50PDM and 29% of 25-49 year-olds).

- **Sport** TF1 achieved all the top 10 audience ratings of June 2019 with its coverage of the FIFA Women's World Cup. The biggest audience was 10.7 million for the France-USA quarter-final, representing 49.6% of individuals aged 4+ and 60% of 25-49 year-olds.

  The five matches involving the French national team attracted an average of 9.9 million viewers on TF1.

- **French drama:** French drama on TF1 took 18 of the top 50 audiences in the first half, with season 2 of *Les Bracelets Rouges* and *Alice Nevers le juge est une femme*. *Demain Nous Appartient*, screened daily in access prime-time on TF1, is adding new viewers every month and set a new record (outside the summer season) with an audience share of 27% among W<50PDM (3.7 million viewers).

- **Foreign series:** TF1 scored a big success with season 1 of *Manifest* with average audience shares of 41% among W<50PDM and 34% among 25-49 year-olds. The programme also attracted up to 1.2 million catch-up viewers.

- **News:** Audiences for the TF1 news bulletins are still at high levels; the evening bulletin averaged 5.4 million viewers and the lunchtime bulletin 5.0 million over the first half.

- **Movies:** The TF1 core channel posted the top 6 movie audiences of the first half, including *Bienvenue chez les Ch'tis* (6.7 million viewers), *Alibi.com* (6.2 million) and *Sully* (6.2 million).

DTT channels

The TF1 group's DTT arm – TMC, TFX, TF1 Séries Films and LCI – maintained its market leadership in the first half of 2019 with combined audience shares of 10.7% among W<50PDM (+0.5 of a point year-on-year) and 9.8% amongst 25-49 year-olds (+0.9 of a point year-on-year).

TMC

TMC is the fourth-ranking national channel on commercial targets, and the leading DTT channel among individuals aged 4+. The channel's first-half audience share was 4.5% for both W<50PDM and 25-49 year-olds (+0.3 of a point year-on-year in both cases).

Audiences for *Quotidien* set new records as the programme pulled clear of its rivals. Viewing figures for season 3 were up on the first two seasons, averaging 1.4 million. On commercial targets, the show's current season recorded audience shares of 11.2% among 25-49 year-olds (no.3 national channel) and 12.5% among ABC1s (no.4 national channel).

Premium prime-time scheduling helped TMC post good audiences for matches from the women's Football World Cup, which averaged 1.2 million viewers on the channel with a peak of 1.9 million for the Sweden-USA match (10% share of 25-49 year-olds). Movies also performed well, including *Qu'est-ce qu'on a fait au bon Dieu?* (2.9 million viewers) and *Les visiteurs* (1.5 million).

TFX

The audience share among W<50PDM held steady year-on-year, and TFX retained its no.3 ranking among DTT channels for this target market.

The channel also continues to perform well among younger viewers in the 15-24 age bracket, with reality TV shows including *10 Couples Parfaits*.

TF1 Séries Films

TF1 Séries Films increased its share of the W<50PDM target audience by 0.1 of a point year-on-year to 2.6%.

The channel is particularly effective in access prime-time, in which it is the leading HD DTT channel with the series *Grey's Anatomy*.

LCI

In the first half of 2019 LCI saw its audience climb to 1% of individuals aged 4+, taking it to the no.2 slot among news channels behind BFMTV. The channel also recorded the best year-on-year growth of any news channel (+0.4 of a point among individuals aged 4+).

Audiences increased strongly across virtually the entire schedule:

- *La Matinale* achieved the strongest growth on any news channel among advertising targets during its time slot:
  - +0.7 of a point among 25-49 year-olds;
  - +1.4 points among ABC1s.

During the first half of 2019, *La Matinale* made the second most-watched news channel among ABC1s with a 4.3% share.

- *24H Pujadas* once again has the fastest-growing audience on any news channel, adding 0.4 of a point among individuals aged 4+ to reach a 1.2% audience share.

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 (especially radio), mainly on good first-half audience ratings.

TF1 Films Production[1]

Footfall advanced by 0.9% in the first half of 2019 to 104.6 million box office entries. Three films, all of them American, topped a million box office entries in June 2019, compared with just one (also American) in June 2018. On a rolling 12-month basis, cinema footfall is estimated at 202.1 million, 2.9% lower than in the previous 12-month period.

French films took an estimated market share of 39.2% in the first half of 2019 (versus 41.9% a year earlier) and American films a 48.1% share (versus 43.0% a year earlier). Market shares over the last 12 months are estimated at 38.0% for French films, 46.8% for American films and 15.2% for other films. Two French films featured in the top 5 for the first half of 2019: *Qu'est-ce qu'on a encore fait au bon Dieu?* (no.2, released 30 January) and *Nous finirons ensemble* (no.5, released 1 May).

Two films co-produced by TF1 Films Production went on general release in the second quarter of 2019:
- *Chamboul'tout* (released 3 April): 0.7 million box office entries;
- *Just a gigolo* (released 17 April): 0.3 million box office entries.

Between them, the two films released in the quarter attracted nearly 1 million cinema-goers. As a comparison, the five films released in the second quarter of 2018 generated 5.7 million box office entries, and one of them generated over one million (*Taxi 5*, with over 3.7 million).

During the first half of 2019, the five films co-produced by TF1 Films Production that went on general release drew combined box office entries of 9 million, one of them generating over one million (*Qu'est-ce qu'on a encore fait au bon Dieu?,* with 6.7 million). In the first half of 2018, nine films went on general release, generating combined box-office entries of 19 million; four of them attracted more than a million cinema-goers.

The revenue contribution from TF1 Films Production fell slightly in the first half of 2019, but operating profit was marginally higher.

TF1 Production

In the first half of 2019 TF1 Production produced around 270 hours of programmes (versus 210 hours in the first half of 2018). The increase was due mainly to true life stories (*Plus Belles Vacances* for TF1 and *Beauty Match* pour TFX), and to scripted reality (*Petits secrets en famille*). Of the total output, 59% is to be screened on TF1, compared with 63% over 2018 as a whole.

TF1 Production's contribution to Group revenue was down year-on-year, mainly due to a less favourable mix of genres, but its contribution to current operating profit increased slightly.

e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels and continuing to adapt to changes in consumption patterns, for example through the launch of the new version of MYTF1. The platform's user interface has been given a makeover to provide a new video viewing experience, with a catalogue of more than 8,500 hours (including 2,500 hours of exclusive content) and enhanced services. MYTF1 is also offering brands an optimised experience with a 100% video advertising inventory and the removal of display ads. This is coupled with creative new formats to deliver more effective ads, harnessing data collected from 24 million registered profiles to generate a better user experience.

MYTF1 turned in a good performance in the second quarter of 2019 with 393 million video views[2], versus 336 million a year earlier, driven by successes across all genres: *Demain nous appartient, Manifest* (the second-highest time-shift figure ever)*, Clem, Grey's Anatomy* and *10 Couples Parfaits*. This in turn boosted advertising revenue.

Interactivity made a reduced contribution in the quarter, because the boost from the FIFA Football World Cup in 2018 was not replicated this year There was also a weaker performance from the *Les 12 coups de midi* gameshow.

[1] *Source: CNC*

[2] *Excluding news content, XTRA content and live sessions. Source: eStat Médiamétrie – AT Internet – Orange.*

Second-quarter revenue at e-TF1 was higher year-on-year, while operating profit held steady.

Theme channels

French pay-TV channels as a whole attracted an audience share of 10.3% among individuals aged 4+ during the first half of 2019, stable year-on-year[1] (-0.1 of a point).

Revenue for the TF1 group's theme channels (TV Breizh, Ushuaïa, Histoire) rose slightly year-on-year in the first half of 2019, while operating profit held steady.

TV Breizh

For the fifth consecutive wave, TV Breizh was France's most-watched theme channel, with a 0.7% share of individuals aged 4+[2]. In June 2019, the channel set a new monthly record with a 0.9% audience share of individuals aged 4+ and W<50PDM.[3]

This performance reaffirms the popularity of the programming schedule, combining comedy and crime drama, with *Mentalist* performing particularly well.

Ushuaïa

Ushuaïa TV ranks 4th among its peers, and grew its audiences for the third consecutive wave (+11% year-on-year)[7]. This performance shows that the channel's editorial line is the right one, including the event TV strategy (such as "Adventurers' Month" in January, the "Forests" strand in March, and campaigning films in May). The channel is also continuing to partner environment-themed events such as the Deauville Green Awards, BiodiversiTerre, and the International Weather and Climate Forum.

Histoire

The Histoire channel retained its position as France's leading history channel, and increased audiences for the fourth consecutive wave. Viewing figures rose year-on-year for all strategic targets, and by as much as 68% for ABC1s.

Studios & Entertainment

Studios

[1] *Médiamétrie – Médiamat.*
[2] *Source: Médiamat'Thématik. Wave 37.*
[3] *Médiamat'Thématik premium, June 2019.*

Newen Studios

Daily shows continued to perform well during the quarter, including *Demain Nous Appartient* (which posted a record 24% average share of the target W<50PDM audience) and *Plus Belle La Vie.* In drama, *Candice Renoir* attracted 4.5 million viewers, while *Le Voyageur* – a one-off drama featuring Eric Cantona – drew 4.3 million. Unscripted shows and animation also did well: *Ça ne sortira pas d'ici*, hosted by Michel Cymes, pulled in an average of 11% of individuals aged 4+ in April, while the animated feature film *Le voyage du prince* (produced by Blue Spirit) received critical acclaim at the Annecy International Animation Film Festival. The series *Undercover*, produced by De Mensen, posted fine viewing figures on the Belgian channel VRT, with a consolidated audience share of 37.2%.

The first half of 2019 also saw further international expansion for Newen. In addition to the first-quarter acquisition of De Mensen, a major audiovisual production in company in Belgium, Newen announced on 11 July 2019 its intention to acquire Reel One[4], a Canadian TV movie producer/distributor. Reel One is a high-potential asset, building on Newen's existing strengths in audiovisual production and distribution.

TF1 Studio

In the first half of 2019, seven TF1 Studio films went on general release and two on e-cinema release, compared with four films going on general release a year earlier. Those films enjoyed mixed fortunes[5]: *Just a gigolo* (277,000 box-office entries), *Child's play* (186,000) and *Ni une ni deux* (78,000 entrées) performed below expectations, while *Roxane* (286,000) was on target. However *The Queen's Corgi* fared better, attracting 855,000 box office entries.
Distribution revenue was down year-on-year, as TV sales growth failed to offset a drop in international sales that had been boosted in 2018 by a good performance from *L'Extraordinaire voyage du fakir.* Finally, VoD and physical video sales fell, in structurally declining markets.

Entertainment

TF1 Entertainment

TF1 Entertainment turned in positive performances in the first half of 2019, with operating profit rising faster than revenue. The main factors were:

[4] Newen's acquisition of Reel One is subject to approval from the Department of Canadian Heritage under the Investment Canada Act.
[5] *CBO Box-office.*

- Play Two: good performances, linked to the Gims tour and digital sales of his albums;
- Games/Dujardin: success for the Burger Quiz game, which posted strong sales, and a good launch for the *Limite/Limite* game;
- Licences: stable year-on-year, as royalties for *Nickelodeon, Burger Quiz, Ushuaïa* and *Miraculous* offset lower revenues from *The Voice.*

These more than offset:
- La Seine Musicale: lower ticket sales for the La Grande Seine venue;
- Music/Live shows: weaker performances due to a tough comparative in the first half of 2018 in artist partnerships and live shows.

On 9 July 2019, TF1 announced that it was raising its stake in the Play Two music label to 51%. This development illustrates the TF1 group's ambition to be a leading partner of the music industry, through exposure for French and international talents on its channels and via its music-related subsidiaries: TF1 Musique, TF1 Spectacle, Une Musique and STS (which manages the Seine Musicale venue).

Digital (Unify)

Social e-commerce continues to grow, with the number of boxes sold in the first half up 14% year-on-year and stand-out performances from Gambettes Box and Beautiful Box.
In digital content production, the Group's sites are still pulling in large audiences, with Doctissimo reaching an all-time high of 13.8 million unique visitors in May 2019.
Finally, digital marketing made further advances, especially with Gamned! which is enjoying strong growth in the programmatic market.

The first half of 2019 also saw the first synergies between Unify and TF1, including *De l'astuce à l'assiette* (a short cookery programme shown daily on TF1 and TMC in association with Marmiton) and a campaign for the Lancôme brand devised by Aufeminin in collaboration with TF1 Publicité.

Unify generated first-half revenue of €85.6 million, and an operating profit of €3.2 million.

A highlight of the second half will be the launch of a single unified advertising offer that will give advertisers access to higher added-value campaigns spread across all Unify assets and brands.

1.5. Outlook

Our 2019 first-half results confirm our ability to improve profitability by adjusting our core business model while developing new growth territories.

During the second half of the year, the Group will continue to:
- broadcast premium programmes with broad appeal;
- deliver a simplified and enhanced customer experience, thanks to the recent makeover of the MYTF1 OTT platform and its rollout on operators' set top boxes and to the forthcoming launch of Salto[13];
- consolidate its position in audiovisual production and distribution;
- offer advertisers higher added-value solutions by exploiting data and unlocking synergies with the Unify advertising sales house.

We are reiterating the following guidance:
- in 2019:
    - target of double-digit current operating margin;
- on average over 2019-2020:
    - total cost of programmes of €990 million;
- in 2021:
    - revenue of at least €250 million from the Unify digital division;
    - EBITDA margin of at least 15% from the Unify digital division;
    - improvement in the TF1 group's return on capital employed[14] relative to the 2018 level.

1.6. Events after the reporting period

The TF1 group consolidates its position in the French music market by raising its stake in PlayTwo

The TF1 group has announced that it is raising its stake in PlayTwo, taking a majority equity interest of 51%. A music and live show producer founded in October 2016 by Julien Godin and Sébastien Duclos, PlayTwo has been France's leading independent label since 2017. The company supports the careers of popular performers including Gim's, MC Solaar, David Hallyday, Trois Cafés Gourmands, and Kids United.

Newen acquires Canadian company Reel One, a global leader in the production and distribution of TV movies

Newen is acquiring a majority stake in Reel One, a leading player in the production and distribution of scripted content for the North American and global markets. With 90% of its revenue generated outside of Canada, Reel One is an international player experiencing strong growth in the promising segments of TV movies and (more recently) TV series. Reel One develops, produces and markets programmes for leading commercial channels in the US, Europe and the rest of the world, as well as for SVoD platforms. The content created and marketed by Reel One is watched by millions of viewers around the world.
Reel One is a high-potential asset for Newen, building on its strengths in audiovisual production/distribution.

Founded in 2001 by Tom Berry, Reel One is headquartered in Montreal with offices in Los Angeles, London, Toronto and Vancouver. Newen has acquired a majority stake in all of Reel One's activities. The Canadian production activities will be housed in a subsidiary under Canadian control (with a minority stake held by Reel One). Tom Berry, who retains a minority stake in the group, will continue in his role as CEO of Reel One within the Newen group.

[13] Subject to approval from the French Competition Authority.
[14] ROCE = the ratio of [current operating profit - theoretical income tax expense + net profit from associates] for a given year to average capital employed that year and the previous year. Capital employed = shareholders' equity including minority interests + net debt at period-end. Excluding the impact of IFRS 16, the TF1 group's ROCE was 8.8% in 2018.

Newen's acquisition of Reel One is subject to approval by the Department of Canadian Heritage under the Investment Canada Act.

1.7. Corporate social responsibility

Sustainable Development Goals: the common theme of TF1's "Week of Engagement"

Between 8 and 12 April, TF1 held its 2nd "Week of Engagement": a period of intense activity mobilising employees around "TF1 Initiatives", the Group's social engagement project. The common theme for 2019 was the social and environmental transition required for companies to meet the UN's Sustainable Development Goals (SDGs) by 2030. Each day featured different activities: information sessions, inspirational talks, and brainstorming workshops, all designed to help staff understand the challenges and start thinking how to build those challenges into their working lives. The activities included an exhibition of photos on the SDGs; working together to create an "SDG tree" in partnership with Sparknews; the awarding of the "*Coup de Cœur*" prize to 10 employees who are personally engaged with a non-profit; the showing of award-winning short films from the "*Le Temps Presse*" Festival supported by Ushuaïa TV; and an Engagement Master Class on the theme "Can the media change the world?". Finally, the TF1 Innovation team used its IT development skills to improve the accessibility of the Group's websites and of the non-profit Entourage app, which enables locals to come to the assistance of homeless people in their area.

"*L'Etincelle*": a film tracing the story of the struggle for LGBTQ rights

On the International Day against Homophobia, Transphobia and Biphobia, the Histoire channel and TF1 Initiatives invited staff to the premiere of the documentary "*L'Etincelle, une histoire des luttes LGBTQ*". The film, written and directed by Benoît Masocco and produced by Capa, tells the story of lesbians, gays and trans people who lived through the repression of the 60s, the sexual liberation of the 70s, the AIDS tragedy of the 80s, and the struggle for the right to marry in the 2000s. From New York to Paris, San Francisco to Amsterdam, previously unseen testimonies and archive footage remind us of those times of struggle, celebration and anger. The film has been shown several times on the Histoire channel since 24 June. This continues TF1's engagement in the struggle against all forms of discrimination. In 2015, the Group signed the *L'Autre Cercle* association's LGBT Commitment Charter.

"MediaForGood" start-ups at the 4th annual Viva Technology

The 4th annual Viva Technology, the world's biggest conference for start-ups and innovation leaders, took place between 16 and 18 May in Paris. An early partner of the event, the TF1 group MediaLab stand showcased four start-ups who are taking forward the Group's transformation agenda and "better life" concerns. These start ups – FACIL'iti, Good-Loop, Guiti News and Le Drenche – are focusing their entire innovation effort on "Positive Impact".

FACIL'ITI is an innovative digital accessibility solution now running on the MyTF1 and LCI.fr websites.

Good-Loop is the first platform to give 50% of money raised by screening advertising videos to relevant non-profits. Brands thereby obtain 50%-70% greater advertising engagement.

Guiti News is the first French/refugee platform to give an alternative account of immigration. Each article is written jointly by a French journalist and a refugee journalist, functioning as a media and press freedom awareness campaign for young people.

Le Drenche is a platform that enables users to forge their own opinion and better understand the diversity of viewpoints. On each topic Le Drenche publishes two divergent accounts, each by engaged and competent writers. Le Drenche is already contributing to LCI.fr's digital content.

TF1's beehives: a commitment to preserving urban biodiversity

In May, four hives were installed on the terrace of one of TF1's two HQ buildings in Boulogne. Like other Bouygues group subsidiaries, TF1 is keen to raise staff awareness about the need to protect biodiversity and in particular to actively and responsibly safeguard bees. Bees and other pollinating insects are vitally important. The bee is the only pollinator whose decline has become apparent to humans. Company hives are a way to get staff interested in this major problem. Hive management events will be held for employees.

1.8. Corporate governance

The Annual General Meeting of 18 April 2019 voted in favour of the reappointment of Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat as Directors for a three-year term of office. It also voted in favour of the appointment of Marie Allavena as an independent director for a three-year term of office.

The Board of Directors confirmed Gilles Pélisson as Chairman and Chief Executive Officer of the TF1 group for a three-year term, following the renewal of his term of office as a director.

1.9. Human resources update

As of 30 June 2019, the TF1 group had 3,138 employees on permanent contracts.

1.10. Stock market performance

TF1 shares closed at €9.26 per share on 28 June 2019 representing a rise of 30.8% since the start of the year. Over the same period, the CAC 40, SBF 120 and the Stoxx Europe 600 Media indices rose by 17.1%, 16.3% and 11.4% respectively.

The total market capitalization of the TF1 group stood at €1.950 billion as of 28 June 2019, compared with € 1.486 billion as of 31 December 2018.

1.11. Share ownership

	30 June 2019		
	Number of shares	% of capital	% of voting rights
Bouygues	**91,946,297**	**43.6%**	**43.7%**
TF1 employees	**16,708,317**	**7.9%**	**7.9%**
via the FCPE TF1 fund (3)	*16,377,974*	*7.8%*	*7.8%*
as registered shares (4)	*330,343*	*0.2%*	*0.2%*
Free float	**101,587,460**	**48.2%**	**48.3%**
Free float - rest of world (1)	*60,989,230*	*29.0%*	*29,0%*
Free float - France (1) (2)	*40,598,230*	*19.3%*	*19.3%*
Treasury shares	**415,251**	**0.2%**	**0.0%**
Total	**210,657,325**	**100.0%**	**100.0%**

(1) *Estimates based on Euroclear statements.*

(2) *Includes unidentified holders of bearer shares.*

(3) *Shares held by employees under the employee share ownership scheme. FCPE TF1 Actions, the fund associated with the scheme, receives voluntary contributions from employees and the top-up contribution paid by the company. It invests in TF1 shares by buying them directly on the market. The Supervisory Board of the FCPE TF1 Actions fund exercises the voting rights attached to the equity securities in its portfolio and decides whether to tender the securities into a public offer.*

(4) *Employees holding registered shares exercise their voting rights individually.*

1.12. Related parties

There have been no significant changes in respect of related parties since publication of the 2018 TF1 *Document de Référence* (Registration Document) filed with the *Autorité des Marchés Financiers* (AMF) on 7 March 2019 under reference number D.19-0121 (an English-language version of which is available on the TF1 corporate website), other than movements in the treasury current account with Bouygues Relais.

1.13. Risk factors

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.

Since publication of the principal risk factors (and of the risk management policies to address those risks) in pages 59 to 71 of our 2018 Registration Document (available at https://www.groupe-tf1.fr/sites/default/files/pdf-financiers/registration_document_tf1_2018_0.pdf), further developments have occurred on the following issues:

Broadcasting of TF1 programmes – risk of signal transmission interruption and execution risk

Description of the risk

TF1's programmes are currently broadcast to French homes by:

- radio waves in unencrypted high definition DTT (on the R6 multiplex);
- satellite in high definition digital;
- cable in standard and high definition digital;
- ADSL and fibre optics, and in some cases in standard and high definition digital, via all the

internet service providers (Orange, Free, SFR and Bouygues Telecom).

TDF is by far the leading national TV signal transmission operator in DTT, with a network and technical resources currently unmatched by any other company.

TF1 is therefore dependent on TDF for signal transmission. The emergence of alternative transmission providers is not yet sufficiently advanced for TF1 to manage without TDF for the hosting of transmission equipment. As a consequence, in the event of an outage of the TDF network, TF1 cannot switch to other terrestrial transmission systems to provide quick and affordable coverage of its entire broadcast area.
The loss that TF1 could incur in the event of transmitter failure is proportional to the number of television viewers served by the transmitter. For this reason, TF1 has negotiated a digital transmission agreement requiring a very rapid response from TDF in the event of a failure, and has requested reinforced backup measures.
As regards operator bundles, TF1 is dependent on the technical resources and supervision/maintenance processes put in place by the operators.

How the risk is being managed

The variety of alternative networks to DTT (satellite, cable, ADSL and fibre) and of alternative operators minimises the impact of any failures of the DTT network, since those networks are not connected to each other and rely on their own separate resources.

Cyber-attacks

Description of the risk

The cyber-attacks that affected Sony Pictures and TV5 Monde in recent years led TF1 to reassess external threats that might disrupt transmission, and its operations in general. TF1 is aware that attempts to hack into corporate information systems are now a recurring problem; it has responded by further raising its vigilance threshold and is constantly working to ensure the security of its sites, operations and infrastructures.

How the risk is being managed

To guard against the risk of cyber-attack, security audits are conducted by external consultants to identify any weaknesses in access controls. However, no system can be 100% secure, and the techniques used to attack information systems are continually changing. Action plans have been implemented to enhance protection of the TF1 group's transmission infrastructures, alongside incident management procedures such as a rapid response plan for hacking attacks. The objective is to constantly upgrade sites and information systems, taking care to ensure that all external systems are included in any corrective measures that may be required.

Finally, if such a risk were to materialise, TF1 has contracted insurance cover commensurate with the level of risk, to protect against the consequences of a cyber-attack and manage the risk.

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

Description of the risk

The TF1 group operates in a constantly changing competitive environment, but the pace of change has accelerated since 2005:

- The development of DTT, including the launch of six new channels at the end of 2012, has played a significant role in fragmenting the audiences of incumbent channels.
- Changing patterns of consumption include the proliferation of free-to-air channels and the trend towards delinearised viewing (reflecting the rise of connected TV and video content on mobiles and tablets), and above all the arrival of SVoD operators including Netflix and Amazon Prime (soon to be joined by Disney+). This is eroding the amount of time people spend watching linear television.
- In addition to audience fragmentation, the proliferation of channels could generate inflationary pressure in the rights market, particularly for high-profile, attractive content such as drama series.

With this growth in unencrypted television offerings, TF1's audience share has inevitably been affected, but has nonetheless proved resilient: while the number of unencrypted channel offerings has increased fourfold since 2004 and SVoD platforms are making inroads, TF1's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 20.2% in 2018.
Although television viewing time is on a constant downtrend, this is partly offset by time-shift viewing (catch-up and recordings). However, current audience metrics do not include non-linear consumption on other devices (computers, tablets, smartphones, etc) live or in catch-up, or outside the home on any device. Médiamétrie estimates that non-linear consumption was 10 minutes a day in 2018. It is important to recast audience metrics so that they track consumption better and reflect how content is actually consumed. Viewing outside the home on all devices is due to be incorporated into Médiamat ratings from January 2020, enhancing our ability to monetise new viewing habits.

We would also point out that TF1 achieved 91 of the top 100 audience ratings in 2018, while the TF1 group as a whole – including our DTT channels – had an audience share of 27.7% among individuals aged 4 and over.

How the risk is being managed

TF1's ongoing exposure to fragmentation risk is being mitigated by taking the DTT channels up-market and increasing their complementarity, and also by the 2016 switchover of LCI to unencrypted, both of which are limiting the impact on the Group's premium channel.
In this context, the Group has consolidated the market leadership of the TF1 core channel by:

- building a coherent global offer through its unencrypted channels, thanks to high-powered programming;
- positioning itself as a major force in DTT through its portfolio of four complementary channels (TMC, TFX, TF1 Séries Films and LCI);
- optimising the acquisition of programmes for its premium channel and DTT channels by adopting a transverse organisational structure, providing the best fit between each channel's needs and programme purchases on the one hand, and exploiting and circulating acquired rights (subject to the TF1 group's undertakings) on the other;
- tightening its control over the value chain by using the in-house production subsidiary TF1 Production for part of its programme output;
- adapting its commercial policy to the new competitive landscape, especially through heavy marketing of slots in programmes with big audience-pulling potential;
- establishing MYTF1 as one of the leading French media websites.

TF1 is also building a position in the connected TV market at reasonable cost, and signing partnership agreements with manufacturers. The Group is following its audiences onto social media (including Twitter and Facebook) by offering viewer interactivity on flagship programmes carried on the premium channel (*Danse avec les Stars*, *The Voice*, *Miss France*).

Personalising the viewer experience also extends to advertising. Segmented advertising (as already practised on digital platforms) involves using geolocation, socio-demographic and interest-based data to substitute one ad for another in real time on linear TV to align on the viewer's profile, in compliance with the European General Data Protection Regulation (GDPR). TF1 Publicité is developing segmented advertising with the roll-out of the La Box Entreprises platform. SNPTV, the French national association of TV advertising (of which TF1 Publicité is a member) is working with representatives from telecoms operators to finalise the technical specifications for delivering segmented advertising, and is advocating for the practice to be included in the audiovisual industry reforms due to be introduced by the French government in 2020.

Finally, the ongoing process of adapting TV audience ratings metrics to the new media landscape, which began in 2011, will by the end of 2020 see the inclusion of live and catch-up viewers on computers, tablets and smartphones.

These new audience metrics will help mitigate fragmentation risk by capturing a segment of media consumption that is on an uptrend.

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

In 2018, the TF1 group secured multi-year distribution agreements with the main French distributors (SFR, Bouygues Telecom, Orange, Free, and the Canal+ group) as part of the drive to adapt its business model to the market trend towards digital.
The TF1 group will need to make sure it respects non-discrimination clauses, and will monitor closely the legal and regulatory framework of the new model, given that any change may impact the Group going forward.

Risks related to competition law

French Competition Authority decision of 25 April 2019 on the complaint by M6 alleging that TF1 abused its dominant position in the French television advertising market

Summary: In April 2014, M6 filed a complaint with the French Competition Authority relating to alleged anti-competitive practices adopted by the TF1 group.

The complaint related to (i) the granting of rebates by TF1 Publicité that were allegedly contingent on the advertisers agreeing to spend a very high proportion of their advertising budgets on the TF1 channel and (ii) the marketing by TF1 Publicité of linked advertising slots on the TF1, TF1 Series Films and Numéro 23 channels, allegedly constituting abuse of dominant position.

Following a two-year investigation, the Authority's investigations unit recommended rejecting M6's complaint on grounds of "insufficient evidence". However, the Authority decided to refer the case back for further investigation, and specifically for a more detailed review of the rebates granted by TF1 Publicité.

On completion of that further investigation, in October 2018 the investigations unit once again recommended rejection, ruling out any anti-competitive effect of the alleged practices complained of by M6.

In decision no. 19-D-07 of 25 April 2019, the Authority ruled that the alleged practices had not been proven and decided that there were no grounds for continuing the proceedings.

The Authority made it clear in its decision that the competitive landscape in the TV advertising sector had changed significantly over the last ten years and noted that TF1 Publicité "today no longer has the same economic power that it had in 2010" at the time of the decision in the TMC-NT1(TFX) case.

French Competition Authority decision of 27 May 2019 on the complaint by the Canal+ group against TF1, M6 and France Télévisions, and appeal by the Canal+ group

Summary: on 9 December 2013 the Canal+ group filed a complaint with the Competition Authority relating to practices allegedly adopted by TF1, France Télévisions (FTV) and M6 in the buying of rights to original French movies known as "catalogue" movies.

On completion of the investigation TF1, FTV and M6 received on 23 February 2018 a "notification of grievance" from the Authority, on the grounds that the rights of first and last refusal contained in the co-production contracts entered into by each company in respect of catalogue movies would have the potential cumulative effect of blocking access to a market defined as "the market for original French catalogue movies pre-financed by the free-to-air channels".

However, having reviewed the submissions made by TF1, FTV and M6, the rapporteurs recommended the Authority to drop the grievance; the Authority therefore rejected the Canal+ group's complaint, and closed the proceedings on 27 May 2019.

In rejecting the complaint, the Authority took the view that the various types of movie available (such as pre-financed and non pre-financed movies, and "classic" movies) were readily substitutable for one another, and that given the number of movies available (around 10,000 in total, only 1,688 of which had been pre-financed by incumbent TV groups and hence subject to priority and pre-emptive rights) there was in practice no block on market access.

However, the Canal+ group lodged an appeal against this decision with the Paris Appeal Court on 2 July 2019.

Protection of user data

e-TF1 digital services

The sites and apps published by TF1 are fully compliant with legal requirements on data protection. The privacy policy relating to users' personal data is online on all of the Group's digital assets, and requires express consent on registration. e-TF1 regularly checks that the recommendation on cookies and other web trackers contained in Article 32-II of the law of 6 January 1978 has been applied. This includes technical compliance audits of cookies and web trackers downloaded when users visit e-TF1 electronic communication services (web/mobile sites and apps). When signing contracts with tech companies, publishers or advertisers, e-TF1 insists that they comply with user data protection regulations. All online communication services (websites) published by e-TF1 now have a cookie policy, and e-TF1 has installed tools that allow users to disable third-party cookies.

1.14. Diary dates

- **30 October 2019:** 2019 9-month revenue and financial statements

These dates may be subject to change.

2. Condensed consolidated financial statements First half of 2019

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

2.1. Consolidated income statement

(€m)	Note	1st half 2019	1st half 2018 (1)	2nd quarter 2019	2nd quarter 2018		Full year 2018 (1)
Advertising revenue		836.0	812.4	441.1	443.7		1,662.2
Other revenue		309.2	271.2	150.4	140.6		626.1
Revenue	*5*	**1,145.2**	**1,083.6**	**591.5**	**584.3**		**2,288.3**
Other income from operations		19.4	24.3	7.0	5.9		44.7
Purchases consumed and changes in inventory		(452.0)	(461.4)	(226.3)	(247.7)		(957.7)
Staff costs		(236.5)	(210.7)	(126.0)	(116.4)		(470.7)
External expenses		(198.7)	(187.1)	(103.3)	(100.0)		(396.3)
Taxes other than income taxes		(66.8)	(67.6)	(32.5)	(34.2)		(132.7)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets		(111.2)	(111.3)	(51.6)	(54.7)		(213.0)
Net amortisation expense on right of use of leased assets		(9.4)	(7.9)	(4.6)	(4.1)		(17.1)
Provisions and impairment, net		6.4	(16.4)	1.2	(8.2)		(70.6)
Other current operating income		121.5	120.5	74.9	71.0		253.5
Other current operating expenses		(54.9)	(64.0)	(30.2)	(32.9)		(129.6)
Current operating profit/(loss)		**163.0**	**102.0**	**100.1**	**63.0**		**198.8**
Non-current operating income		-	-	-	-		-
Non-current operating expenses		-	(11.0)	-	(5.3)		(22.0)
Operating profit/(loss)		**163.0**	**91.0**	**100.1**	**57.7**		**176.8**
Income associated with net debt		0.2	0.2	0.2	0.1		0.2
Expenses associated with net debt		(1.2)	(1.2)	(0.7)	(0.7)		(2.2)
Cost of net debt		**(1.0)**	**(1.0)**	**(0.5)**	**(0.6)**	-	**(2.0)**
Interest expense on lease obligations		(1.9)	(2.0)	(0.9)	(1.0)		(4.0)
Other financial income		1.4	6.1	0.7	4.9		7.0
Other financial expenses		(2.8)	(1.3)	(1.4)	-		(2.2)
Income tax expense		(51.2)	(27.2)	(30.8)	(19.7)		(47.9)
Share of profits/(losses) of joint ventures and associates	*7*	(0.6)	0.1	(0.6)	(0.1)		0.2
Net profit/(loss) from continuing operations		**106.9**	**65.7**	**66.6**	**41.2**		**127.9**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**	**-**		**-**
Net profit/(loss)		**106.9**	**65.7**	**66.6**	**41.2**		**127.9**
attributable to the Group:		***107.3***	***65.6***	***66.7***	***41.0***		***127.4***
attributable to non-controlling interests:		***(0.4)***	***0.1***	***(0.1)***	***0.2***		***0.5***
Weighted average number of shares outstanding (in '000)		210,153	209,878	210,346	209,886		209,891
Basic earnings per share from continuing operations (€)		0.51	0.31	0.31	0.19		0.61
Diluted earnings per share from continuing operations (€)		0.51	0.31	0.32	0.19		0.61
Basic earnings per share from held-for-sale operations (€)		-	-	-			
Diluted earnings per share from held-for-sale operations (€)		-	-	-			

(1) Restated for the impacts of first-time application of IFRS 16.

2.2. Statement of recognised income and expense

(€m)	1st half 2019	1st half 2018 (1)	Full year 2018 (1)
Consolidated net profit/(loss) for period	**106.9**	**65.7**	**127.9**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits (2)	(4.3)		(3.8)
Net change in fair value of equity instruments (3)	(6.5)	(3.9)	(7.4)
Net tax effect of equity items not reclassifiable to profit or loss	1.9		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 (4)	(1.0)	5.4	6.6
Change in cumulative translation adjustment of controlled entities	0.4	0.4	0.6
Net tax effect of equity items reclassifiable to profit or loss	0.4	(1.8)	(2.3)
Share of reclassifiable income and expense of joint ventures and associates recognised in equity			
Income and expense recognised directly in equity	**(9.1)**	**0.1**	**(5.3)**
Total recognised income and expense	**97.8**	**65.8**	**123.2**
attributable to the Group	98.2	65.5	122.6
attributable to non-controlling interests	(0.4)	0.3	0.6

(1) *Restated for the impacts of first-time application of IFRS 16.*

(2) *Corresponds to the reduction in the discount rate from 2.10% as of 31 December 2018 to 1.31% as of 30 June 2019.*

(3) *In the first half of 2019, negative net changes in the fair value of non-consolidated equity investments recognised in equity amounted to €6.5 million.*

(4) *Includes €1.3 million relating to the reclassification of cash flow hedges to profit or loss during the first half of 2019.*

2.3. Consolidated cash flow statement

(€m)	Note	1st half 2019	1st half 2018 [1]	Full year 2018 [1]
Net profit/(loss) from continuing operations (including non-controlling interests)		106.9	65.7	127.9
Net charges to/(reversals of) depreciation, amortisation, impairment of property, plant and equipment and intangible assets, and non-current provisions		121.7	130.2	279.5
Amortisation, impairment and other adjustments on right of use of leased assets		9.4	8.0	17.1
Net (gain)/loss on asset disposals		-	0.8	(1.3)
Share of (profits)/losses and dividends of joint ventures and associates	*7*	0.6	(0.1)	1.0
Other non-cash income and expenses		(19.0)	(24.7)	(44.4)
Income taxes paid		(35.1)	(38.6)	(67.3)
Income tax expense (including deferred taxes and liabilities on uncertain tax positions)		51.2	27.2	47.9
Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid		**235.7**	**168.5**	**360.4**
Cost of net debt/income from net surplus cash and interest expense on lease obligations		2.9	3.0	6.0
Change in operating working capital needs [2]		10.2	(41.1)	16.9
Net cash generated by/(used in) operating activities		**248.8**	**130.4**	**383.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(120.0)	(96.8)	(212.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.1	1.1	2.0
Cash outflows on acquisitions of financial assets		(0.4)	(2.0)	(2.4)
Cash inflows from disposals of financial assets		-	3.5	5.7
Effect of changes in scope of consolidation	*9*	(17.4)	(230.9)	(261.3)
Purchase price of investments in consolidated activities		*(22.5)*	*(291.8)*	*(326.4)*
Proceeds from disposals of consolidated activities		*0.5*	*1.5*	*1.5*
Net liabilities related to consolidated activities		*-*	*-*	*-*
Other cash effects of changes in scope of consolidation		*4.6*	*59.4*	*63.6*
Dividends received		-	0.0	0.1
Other cash flows from investing activities		(1.6)	(1.5)	(0.4)
Net cash generated by/(used in) investing activities		**(139.3)**	**(326.6)**	**(468.7)**
Cash received on exercise of stock options		3.5	0.1	0.4
Purchases and sales of treasury shares		(3.5)	-	-
Other transactions between shareholders	*10*	(3.1)	(94.6)	(182.0)
Dividends paid during the period		(83.8)	(73.4)	(73.5)
Cash inflows from new debt contracted		19.3	1.3	-
Repayments of borrowings		(1.1)	(2.1)	(22.0)
Repayments of lease obligations		(9.1)	(7.5)	(16.2)
Net interest paid		(2.7)	(2.7)	(6.0)
Net cash generated by/(used in) financing activities		**(80.5)**	**(178.9)**	**(299.3)**
Impact of exchange rate movements		**0.2**	**0.2**	***0.2***
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**29.2**	**(374.9)**	**(384.5)**
Cash position at start of period		**111.0**	**495.5**	**495.5**
Change in cash position		29.2	(375.1)	(384.5)
Cash position at end of period		**140.2**	**120.4**	**111.0**

(1) *Restated for the impacts of first-time application of IFRS 16.*

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

2.4. Consolidated balance sheet - Assets

ASSETS (€m)	*Note*	**30/06/2019**	**31/12/2018** (1)	**30/06/2018** (1)
Goodwill	*6*	**831.1**	**817.1**	**838.0**
Intangible assets		**308.5**	**287.3**	**219.8**
Audiovisual rights		167.3	144.2	156.4
Other intangible assets		141.2	143.1	63.4
Property, plant and equipment		**198.0**	**191.5**	**179.8**
Right of use of leased assets		**92.8**	**98.2**	**101.3**
Investments in joint ventures and associates	*7*	**20.4**	**20.8**	**20.9**
Non-current financial assets		**37.8**	**40.5**	**44.7**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,488.6**	**1,455.4**	**1,404.5**
Inventories		**531.1**	**520.9**	**594.8**
Programmes and broadcasting rights		518.0	505.8	572.6
Other inventories		13.1	15.1	22.2
Trade and other debtors		**1,199.0**	**1,141.9**	**1,257.9**
Current tax assets		**-**	**17.6**	**20.4**
Other current financial assets		**1.1**	**2.2**	**76.0**
Cash and cash equivalents	*8*	**149.1**	**117.3**	**122.0**
Total current assets		**1,880.3**	**1,799.9**	**2,071.1**
Assets of held-for-sale operations		**-**	**-**	**-**
TOTAL ASSETS		**3,368.9**	**3,255.3**	**3,475.6**

(1) *Restated for the impacts of first-time application of IFRS 16.*

2.5. Consolidated balance sheet – Liabilities and equity

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**30/06/2019**	**31/12/2018** [(1)]	**30/06/2018** [(1)]
Share capital		42.1	42.0	42.0
Share premium and reserves		1,426.6	1,405.2	1,402.9
Net profit/(loss) for the period attributable to the Group		107.3	127.4	65.6
Shareholders' equity attributable to the Group		**1,576.0**	**1,574.6**	**1,510.5**
Non-controlling interests		0.1	0.6	(2.2)
Total shareholders' equity		**1,576.1**	**1,575.2**	**1,508.3**
Non-current debt	*8*	**152.6**	**126.9**	**139.0**
Non-current lease obligations	*8*	**81.5**	**84.8**	**88.9**
Non-current provisions		**46.6**	**41.1**	**38.5**
Non-current tax liabilities		**41.9**	**43.7**	**33.4**
Total non-current liabilities		**322.6**	**296.5**	**299.8**
Current debt	*8*	**25.2**	**17.9**	**181.2**
Current lease obligations	*8*	**16.8**	**18.6**	**17.1**
Trade and other creditors		**1,390.8**	**1,326.9**	**1,452.1**
Current provisions		**20.9**	**20.2**	**17.0**
Current tax liabilities		**16.5**	**-**	**-**
Other current financial liabilities		**-**	**-**	**0.1**
Total current liabilities		**1,470.2**	**1,383.6**	**1,667.5**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,368.9**	**3,255.3**	**3,475.6**

(1) *Restated for the impacts of first-time application of IFRS 16.*

2.6. Consolidated statement of changes in shareholders' equity

(€m)	Share capital	Share premium	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31/12/2017 [(1)]	**42.0**	**16.4**	**1,545.5**	**(16.4)**	**1,587.5**	**(0.1)**	**1,587.4**
IFRS 16 impact on opening equity [(2)]	-	-	(0.8)	-	**(0.8)**	(1.9)	**(2.7)**
BALANCE AT 31/12/2017 – RESTATED	**42.0**	**16.4**	**1,544.7**	**(16.4)**	**1,586.7**	**(2.0)**	**1,584.7**
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	-	-	(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	**-**	**-**	**65.6**	**-**	**65.6**	**0.1**	**65.7**
Income and expense recognised directly in equity	**-**	**-**	**-**		**-**	**0.1**	**0.1**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	(0.9)	-	**(0.9)**	(0.6)	**(1.5)**
BALANCE AT 30/06/2018	**42.0**	**16.5**	**1,468.4**	**(16.4)**	**1,510.5**	**(2.2)**	**1,508.3**

(€m)	Share capital	Share premium	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31/12/2018 [(2)]	**42.0**	**16.8**	**1,538.9**	**(21.7)**	**1,576.0**	**2.6**	**1,578.6**
IFRS 16 impact on opening equity [(2)]	-	-	(1.4)	-	**(1.4)**	(2.0)	**(3.4)**
BALANCE AT 31/12/2018 – RESTATED	**42.0**	**16.8**	**1,537.5**	**(21.7)**	**1,574.6**	**0.6**	**1,575.2**
Capital increase (stock options exercised)	-	3.5	-	-	**3.5**	-	**3.5**
Share-based payment	-	-	1.4	-	**1.4**	-	**1.4**
Purchase of treasury shares	-	-	(3.5)	-	**(3.5)**	-	**(3.5)**
Cancellation of treasury shares	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	(83.8)	-	**(83.8)**	-	**(83.8)**
Other transactions with shareholders [(3)]	-	-	(16.6)	-	**(16.6)**	-	**(16.6)**
Total transactions with shareholders	**-**	**3.5**	**(102.5)**	**-**	**(99.0)**	**-**	**(99.0)**
Consolidated net profit/(loss) for period	**-**	**-**	**107.3**	**-**	**107.3**	**(0.4)**	**106.9**
Income and expense recognised directly in equity	**-**	**-**	**-**	**(9.1)**	**(9.1)**	**-**	**(9.1)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	2.2	-	**2.2**	(0.1)	**2.1**
BALANCE AT 30/06/2019	**42.0**	**20.3**	**1,544.5**	**(30.8)**	**1,576.0**	**0.1**	**1,576.1**

(1) *Restated for the impacts of IFRS 15 and IFRS 9, applied by the Group as of 1 January 2018 .*

(2) *Impact of IFRS 16, applied by the Group as of 1 January 2019 with full retrospective effect (see Note 2.6.1).*

(3) *In 2019, "Other transactions with shareholders" mainly comprise buyouts of, and commitments to buy out, non-controlling shareholders of the De Mensen group following the acquisition of control in March 2019 and amounting to €10.5 million.*

2.7. Notes to the consolidated financial statements

1 Significant events

Acquisition of control over the De Mensen group

On 28 February 2019, the Newen group finalised the acquisition of a 60% equity interest in the De Mensen group, a Belgian audiovisual producer.

The vendors and the Newen group entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell, and the Newen group has an option to acquire, the residual 40% equity interest between 2022 and 2028.

Provisional goodwill of €13.5 million was recognised on this acquisition as of the date control was obtained, pending the final purchase price allocation. The impact on net debt (including the commitment to buy out the residual 40% interest) was €27.5 million.

See Note 3 (“Changes in scope of consolidation”).

Sale of Téléshopping’s distance selling business and stores

On 30 January 2019, the TF1 group announced that it had entered into exclusive negotiations to sell Téléshopping’s distance selling business and stores to former Téléshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales. The TF1 group has committed to continue broadcasting teleshopping programmes on its channels for the next five years. The sale agreement was signed on 15 March 2019, and the sale was completed on 11 April 2019.
As a result, the Téléshopping and Topshopping entities have been deconsolidated with effect from 1 April 2019.

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 2019 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 2018 as published in the 2018 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on 7 March 2019 under reference number D.19-0121. An English-language version of the audited consolidated financial statements for the year ended 31 December 2018 is included in the 2018 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 take account of recommendation no. 2016-01 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 2 December 2016.

They are presented in millions of euros (€m), and include comparatives restated for first-time application of IFRS 16 and IFRIC 23 where applicable.

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 2019

In preparing its condensed financial statements for the six months ended 30 June 2019, 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 2018, except for changes required to meet the obligations contained in the IFRS standards applicable as of 1 January 2019 as described below.

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 replaces IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees ends the distinction previously made between operating leases and finance leases. Lessees are required to account for all leases with a term of more than one year relating to assets with a value of more than 5,000 dollars in a manner similar to that previously specified for finance leases under IAS 17; this involves recognising an asset for the rights and a liability for the obligations arising under the lease. The Group has elected the full retrospective method for first-time application of IFRS 16. IFRS 16 allows entities to apply the standard to leases of intangible assets, but the Group has elected not to do so. The estimated impacts of applying IFRS 16 on the financial statements as of 30 June 2019 and 31 December 2018 are presented in Note 2.6.1.
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 impact of applying IFRIC 23 as of 1 January 2019 is immaterial.

2-3. Changes in accounting policy

The TF1 group has not made any changes in accounting policy during 2019 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 2018 and the 2018 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 16

This note presents the effects of the first-time application of IFRS 16 on the TF1 group's consolidated financial statements, and on key performance indicators for 2018.

The TF1 group has elected to apply the practical expedients permitted by IFRS 16 to exclude leases with a term of less than twelve months and leases relating to assets with a value of less than €5,000. The Group has also elected to account for each lease component separately, distinguishing the lease components from the non-lease (service) components. TF1 has elected not to apply the option permitted by IFRS 16 of applying the standard to leases of intangible assets.

The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of property leases in France, the lease term is generally nine years.

The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation in respect of property leases.

IFRS 16 has the effect of reducing consolidated shareholders' equity as of 31 December 2017 by €2.7 million, net of deferred taxes.

The impacts of first-time application of IFRS 16 on 2018 comparative balance sheets and income statements are summarised below:

(€m)	FY 2017	Q1 2018	H1 2018	9M 2018	FY 2018
External expenses (restatement of lease expense)		4.5	9.4	14.6	20.1
Net amortisation expense on right of use of leased assets		(3.8)	(7.9)	(12.3)	(17.1)
Current operating profit – impacts of IFRS 16	**-**	**0.7**	**1.5**	**2.3**	3.0
Interest expense on lease obligations		(1.0)	(2.0)	(3.0)	(4.0)
Cost of net debt – impacts of IFRS 16	**-**	**(1.0)**	**(2.0)**	**(3.0)**	(4.0)
Deferred taxes		0.1	0.2	0.2	0.3
Net profit – impacts of IFRS 16	**-**	**(0.2)**	**(0.3)**	**(0.5)**	(0.7)

(€m)

ASSETS	**31/12/2017**	**31/03/2018**	**30/06/2018**	**30/09/2018**	**31/12/2018**
Right of use of leased assets (gross)	142.8	142.9	152.3	152.3	158.4
Right of use of leased assets (amortisation)	(39.9)	(43.7)	(51.0)	(55.4)	(60.2)
Non-current assets – impacts of IFRS 16	**102.9**	**99.2**	**101.3**	**96.9**	**98.2**
TOTAL ASSETS – IMPACTS OF IFRS 16	**102.9**	**99.2**	**101.3**	**96.9**	**98.2**

LIABILITIES AND EQUITY	**31/12/2017**	**31/03/2018**	**30/06/2018**	**30/09/2018**	**31/12/2018**
Consolidation reserves	(2.7)	(2.7)	(2.8)	(2.8)	(2.8)
Net profit for the period		(0.2)	(0.3)	(0.5)	(0.6)

Shareholders' equity – impacts of IFRS 16	**(2.7)**	**(2.9)**	**(3.1)**	**(3.3)**	(3.4)
Non-current lease obligations	92.6	88.9	88.9	84.7	84.8
Deferred tax liabilities	(1.4)	(1.5)	(1.7)	(1.7)	(1.7)
Non-current liabilities – impacts of IFRS 16	**91.2**	**87.4**	**87.2**	**83.0**	**83.1**
Current lease obligations	14.4	14.7	17.1	17.2	18.6
Current liabilities – impacts of IFRS 16	**14.4**	**14.7**	**17.1**	**17.2**	**18.6**
TOTAL LIABILITIES & EQUITY – IMPACTS OF IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**

2-6-2. Impacts of first-time application of IFRIC 23

The TF1 group has applied IFRIC 23 retrospectively with effect from 1 January 2019, with no restatement of comparatives on first-time application. First-time application has no impact on consolidated shareholders' equity, and results in the provisions for risks relating to corporate income taxes being reclassified as tax liabilities. The impact of IFRIC 23 is immaterial at Group level.

3 Changes in scope of consolidation

3.1 Acquisition of control over the De Mensen group

On 28 February 2019, the Newen group finalised the acquisition of a 60% equity interest in the De Mensen group, a Belgian audiovisual producer. The De Mensen group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 March 2019.
The newly-acquired companies are included in the Studios & Entertainment operating segment for financial reporting purposes.

Provisional goodwill of €13.5 million was recognised on this acquisition as of the date control was obtained, pending the final purchase price allocation. The impact on net debt (including the commitment to buy out the residual 40% interest) was €27.5 million.

The vendors and the Newen group entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell, and the Newen group has an option to acquire, the residual 40% equity interest between 2022 and 2028. The fair value of those commitments was determined on the basis of the company's acquisition business plan and recognised as a financial liability, with a corresponding amount deducted from shareholders' equity.

3.2 Sale of Téléshopping's distance selling business and stores

On 30 January 2019, the TF1 group announced that it had entered into exclusive negotiations to sell Téléshopping's distance selling business and stores to former Téléshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales. The TF1 group has committed to continue broadcasting teleshopping programmes on its channels for the next five years. The sale agreement was signed on 15 March 2019, and the sale was completed on 11 April 2019.

As a result, the Téléshopping and Topshopping entities have been deconsolidated with effect from 1 April 2019. The divested sub-group contributed revenue of €20.2 million and net profit of approximately €1 million to the TF1 group in the three months ended 31 March 2019. The impact of the divestment on the TF1 group financial statements is immaterial.

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. As mentioned in Note 1, "Significant events", the distance selling and stores businesses of the Téléshopping unit were divested in the second quarter of 2019.

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 in the second quarter of 2018 are TF1 Digital Factory, Studio 71 France and Vertical Station (formerly MinuteBuzz), which were previously part of the Broadcasting segment; and Neweb, previously part of the Studios & Entertainment segment. Goodwill allocated to those reclassified activities was reallocated to the new segment in the second quarter of 2018. 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 the first quarter of 2018 was immaterial, the change in segmental reporting presentation for the entities concerned was applied prospectively from 31 March 2018.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		DIGITAL		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**
Segment revenue	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**
Elimination of inter-segment transactions	905.8	880.2	173.1	191.4	85.7	28.9	1,164.6	1,100.5
GROUP REVENUE CONTRIBUTION	(15.0)	(11.2)	(4.3)	(5.6)	(0.1)	(0.1)	(19.4)	(16.9)
of which Advertising revenue	**890.8**	**869.0**	**168.8**	**185.8**	**85.6**	**28.8**	**1,145.2**	**1,083.6**
of which Other revenue	791.4	792.0	-	2.4	44.6	18.1	836.0	812.5
CURRENT OPERATING PROFIT/(LOSS)	99.4	77.0	168.8	183.4	41.0	10.7	309.2	271.1
% operating margin on Group contribution	**142.5**	**79.9**	**17.3**	**19.4**	**3.2**	**2.7**	**163.0**	**102.0**
Interest expense on lease obligations	16%	9%	10%	10%	4%	10%	14%	9%
CURRENT OPERATING PROFIT/(LOSS) AFTER LEASES	(0.9)	(1.0)	(0.8)	(0.9)	(0.2)	(0.1)	(1.9)	(2.0)
Share of profits/(losses) of joint ventures and associates	**141.6**	**78.9**	**16.5**	**18.5**	**3.0**	**2.6**	**161.1**	**100.0**

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

5 Analysis of revenue

TF1 group consolidated revenue for the first half of 2019 breaks down as follows:

H1 2019	*(€m)*	H1 2019	H1 2018	Chg €m	Chg %
69.1%	Advertising revenue	791.4	791.9	(0.5)	0%
8.7%	Other revenue	99.4	77.1	22.3	29%
	Broadcasting	**890.8**	**869.0**	**21.8**	**3%**
9.6%	Production / sale of audiovisual rights	110.5	122.7	(12.2)	-10%
5.1%	Revenue from games, music, live shows and distance selling	58.3	63.1	(4.8)	-8%
	Studios & Entertainment	**168.8**	**185.8**	**(17.0)**	**-9%**
5.7%	Web publishing (digital content and social e-commerce) *	65.2	24.7	40.5	
1.8%	Other revenue (digital marketing)	20.4	4.1	16.3	
	Digital	**85.6**	**28.8**	**56.8**	
	Total revenue	**1,145.2**	**1,083.6**	**61.6**	**6%**

** Aufeminin, Doctissimo and Gamned have been included in the consolidation since 30 April, 1 October and 1 November 2018 respectively.*

6 Goodwill

(€m)	Broadcasting	Studios & Entertainment	Digital	TOTAL
Goodwill at 1 January 2018	**409.3**	**171.1**	**-**	**580.4**
Acquisitions [(1)]	8.3	0.7	248.6	257.6
Disposals		-	-	-
Reclassifications	(9.9)	(11.4)	21.3	-
Impairment		-	-	-
Goodwill at 30 June 2018	**407.7**	**160.4**	**269.9**	**838.0**
Goodwill at 1 January 2019	**407.7**	**164.1**	**245.3**	**817.1**
Acquisitions [(2)]	-	12.9	1.1	14.0
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Impairment	-	-	-	-
Goodwill at 30 June 2019	**407.7**	**177.0**	**246.4**	**831.1**

(1) *Movements in the first half of 2018 relate to the acquisition of the aufeminin group and the formation of the Digital division.*
(2) *The increase in goodwill in the Studios & Entertainment segment mainly relates to the acquisition of De Mensen.*

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

7 Investments in joint ventures and associates

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

(€m)	Vertical Station	Extension TV (ex-Série Club)	Other	TOTAL
1 January 2018	9.7	10.8	**1.7**	**22.2**
Share of profit/(loss) for the period	(0.2)	0.3	-	**0.1**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	(1.4)	**(1.4)**
Other	-	-	-	**-**
30 June 2018	**9.5**	**11.1**	**0.3**	**20.9**
1 January 2019	**9.5**	**10.0**	**1.3**	**20.8**
Share of profit/(loss) for the period	(0.7)	0.3	(0.2)	**(0.6)**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	0.1	**0.1**
Other	0.1	-	-	**0.1**
30 June 2019	**8.9**	**10.3**	**1.2**	**20.4**

8 Net cash position

The TF1 group's net cash position comprises:

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

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

(€m)	31/12/18	Cash flows	Changes in scope of consolidation (1)	Changes in fair value via equity or profit/loss	Transactions between shareholders	Other movements	30/06/19
Cash and cash equivalents	117.3	28.6	3.2				149.1
Financial assets used for treasury management purposes	-						-
Overdrafts, short-term bank loans and current account credit balances	(6.3)	(3.9)	1.3				(8.9)
Available cash	**111.0**	**24.7**	**4.5**		**-**		**140.2**
Fair value of interest rate derivatives	-						-
Non-current borrowings	(126.9)	(16.0)	(12.3)	(1.5)	4.1		(152.6)
Current debt excluding overdrafts, short-term bank loans and current account credit balances	(11.6)	(0.7)	(1.0)	(0.5)	(2.5)		(16.3)
Total debt	**(138.5)**	**(16.7)**	**(13.3)**	**(2.0)**	**1.6**	**-**	**(168.9)**

Net surplus cash/(net debt)	**(27.5)**	**8.0**	**(18.8)**	**(2.0)**	**1.6**	**-**	**(28.7)**
Lease obligations [2]	(103.4)					5.1	(98.3)
Net surplus cash (+) / Net debt (-) including lease obligations	**(130.9)**	**8.0**	**(18.8)**	**(2.0)**	**1.6**	**5.1**	**(127.0)**

[1] *Changes in scope of consolidation" refers mainly to the acquisition of control over the De Mensen group during the period (see Note 3, "Changes in scope of consolidation").*

[2] *Movements in lease obligations mainly comprise repayments of lease obligations during the period, and new obligations arising from leases contracted during the period.*

As of 30 June 2019, TF1 had confirmed bilateral bank credit facilities of €1,040 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 30 June 2019, €108 million had been drawn down from bank counterparties by Newen Studios.

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

(€m)	30/06/2019	31/12/2018
Cash and cash equivalents in the balance sheet	149.1	117.3
Treasury current account credit balances	-	(0.2)
Bank overdrafts and short-term bank loans	(8.9)	(6.1)
Total cash position at period-end per the cash flow statement	**140.2**	**111.0**

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

For the first half of 2019, the items shown in this section of the cash flow statement relate mainly to the effects of the first-time consolidation of the De Mensen group.

For the first half of 2018, the items shown in this section of the cash flow statement relate mainly to the effects of the first-time consolidation of the aufeminin group.

10 Cash flow statement – other transactions between shareholders

For the first half of 2018, "Other transactions between shareholders" mainly comprise cash posted as collateral by TF1 in connection with the commitment (entered into as part of the TF1 group's public tender offer for aufeminin) to buy out the equity interests held by the non-controlling shareholders of the aufeminin group.

11 2019 stock option plan

On 12 June 2019, the TF1 group awarded the 2019 stock option plan, consisting of 1,810,500 options exercisable on or after 12 June 2021 at a price of €8.87 and expiring on 12 June 2029. The fair value of the expense relating to that plan was measured at €1.8 million (excluding employer's social security charges); this amount is being charged to profit or loss (in "Staff costs") over the two-year vesting period of the options.

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

The impact on the consolidated financial statements as of 30 June 2019 is immaterial.

12 Dividends paid

The table below shows the dividend per share paid by the TF1 Group on 2 May 2019 in respect of the 2018 financial year, and the amount paid in 2018 in respect of the 2017 financial year.

	Paid in 2019	Paid in 2018
Total dividend (€m)	**83.8**	73.5
Dividend per ordinary share (€)	**0.40**	0.35

13 Events after the reporting period

On 11 July 2019, Newen signed an agreement to take a majority interest in Reel One alongside the company's founder. Reel One is a major Canadian drama producer and distributor operating in the North American and international markets; it develops, produces and markets programmes for the biggest American and European channels, and for SVoD platforms.

This acquisition is subject to approval from the Canadian authorities.

3. Statutory Auditors' report

Statutory Auditors' Review Report on the half-yearly Financial Information - For the period from January 1 to June 30, 2019

MAZARS
Tour Exaltis
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S.A. à directoire et conseil de surveillance
Au capital de € 8.320.000
784 824 153RCS Nanterre

Commissaire aux Comptes
Membre de la compagnie
Régionale de Versailles

ERNST & YOUNG Audit
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344 366 315 RCS Nanterre

Commissaire aux Comptes
Membre de la compagnie
Régionale de Versailles

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

Statutory Auditors' Review Report on the half-yearly Financial Information

To the Shareholders,

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

- the review of the accompanying (condensed) half-yearly consolidated financial statements of TF1, for the period from 1 January 2019 to 30 June 2019,
- 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 application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments", 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 half-yearly consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Paris-La Défense, 24 July 2019

The statutory auditors

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	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 2019

Chairman and CEO

Gilles C. Pélisson

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