Annual financial report

2018

Registration document

TF1 LE GROUPE

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Items comprising the Annual Financial Report are identified in the table of contents by the pictogram AFR

2018

REGISTRATION DOCUMENT

AND ANNUAL FINANCIAL REPORT

Disclaimer

This amended version of the Registration Document dated 23 April 2019 includes an adjustment made in chapter 5 on page 151.

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF – French stock exchange commission) on 7 March 2019, in accordance with article 212-13 of the General Regulation of the AMF.

This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the AMF.

It was prepared by the issuer and is the responsibility of the person whose signature appears therein.

It is available for consultation and download on the website www.groupe-tf1.fr/en

This is a free translation into English of the TF1 2018 registration document issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.

MESSAGE FROM THE CHAIRMAN & CEO

Photo credit: TF1/Christophe Chevalin

DEAR SHAREHOLDERS,

2018 was a good year for our Group, marked by an increase in both revenue and profits. We also continued and accelerated the transformation of our businesses in an extremely competitive market.

In our core business, we were able to reap the rewards of our multi-channel strategy. Advertising revenues were buoyed by the free-to-air channels, which in 2018 again grew their total audience share on both commercial targets[1]. The TF1 channel lifted its audience figures for the first time since 2015, suggesting that it has made the right editorial policy choices. The increase also demonstrates the channel's talent for attracting mass audiences, with successes in all genres: sport, with the Football World Cup (19 million French people watched the final); French drama, with *Jacqueline Sauvage* (nearly 9 million); and light entertainment, with The Voice (up to 7 million). The Group was bolstered by its strong DTT arm, which achieved audience share of over 10% in the target W<50PDM market thanks to the successful repositioning of its channels. TMC is a perfect illustration with, for example, the triumphant return of the cult show *Burger Quiz*. News also continued to grow its audiences, not only for the lunchtime and evening bulletins, but in particular for LCI, which had a scheduling overhaul in September and whose high-quality coverage was much appreciated by viewers, especially its coverage of events around the end of the year.
This rise in audience numbers was achieved at modest cost, despite the cost of the *Football World Cup* rights.

We have been able to advance our core business model by signing successful new distribution agreements for our channels and services with all the telecoms operators and Canal+. This new source of revenues reflects a fairer sharing of value in monetising our content. In future we will make our programmes available free-of-charge on catch-up on MyTF1, with enhanced services on operators' set top boxes, and on the Salto[2] OTT platform, in order to mesh even better with changes in viewing habits.

What's more, by investing in new growth territories in line with our strategy of the last three years, we have strengthened our position across the entire value chain: in the audiovisual production segment with Newen Studios, and in digital with the acquisition of the aufeminin group in the summer of 2018.

Last July, we raised our stake in Newen Studios to 100%, the strongest affirmation yet of our ambitions in content production. Newen Studios enjoys acknowledged expertise in all genres, from drama to animation, and in all price brackets, from big budget to low budget production, thanks to its pool of independent producers and talents. This year, Newen pursued its strategy of conquering new clients (such as OCS, Netflix and Amazon) and new markets, as witness its recent investments in Pupkin in the Netherlands, Nimbus in Denmark and De Mensen in Belgium .

The creation in 2019 of Unify, our new digital division, will enable us to offer web-derived content and strengthen its offer to advertisers with a complementary approach to traditional TV, in order to pick up value in a growing digital advertising market. The new division comprises recognised brands (Aufeminin, Marmiton, Doctissimo, Vertical Station, Studio71, etc.) based on strong themes (wellness, cookery, beauty, parenting, etc.) aimed at engaged communities. The TF1 group will also make a B2C offer (social media e-commerce with MyLittleParis) to this targeted public, and now has new ways of marketing digital inventories to advertisers, using proprietary tools developed by its subsidiaries Livingly Media in the United States and Gamned! in France.

As regards our employees, we have deployed tele-working wherever possible, and have continued to modernise and transform our work spaces. We also made progress in promoting women and gender equality, as witness the 2018 Ethics and Boards Women on Boards awards, which ranked the TF1 group 20th among SBF 120 companies, up 4 places in one year, and the Equileap ranking, which put the TF1 group in the World Top 20 companies for gender equality in 2018.

Finally, this year we have continued our dialogue with all stakeholders and defended our commitment to creating a more just and united society via the activities of TF1 Initiatives, a single brand bringing together all the Group's Corporate Social Responsibility actions around three pillars: solidarity, diversity and a sustainable society.

2019 will be a new year, full of challenges against a background of rapid change: in competitive terms, with the global digital players omnipresent; and in regulatory terms, with changes in the offing, especially the new audiovisual law. We have identified growth opportunities for all our businesses which will enable us to deliver higher profitability and create value for all our stakeholders.

Boulogne, 6 March 2019

Gilles C. PELISSON
Chairman and CEO of TF1

1 Women under 50 purchasing decision-makers (W<50PDM) and individuals aged 25-49.
2 Joint TF1, M6 and France Télévisions platform. Pending clearance from the competent authorities.

TF1 GROUP INTEGRATED REPORT

ABOUT THIS REPORT

METHODOLOGY

This report is inspired by the framework published by the International Integrated Reporting Council (IIRC). It builds on a pro-active initiative extending back several years in the area of Corporate Social Responsibility and transparent communication with all stakeholders.

It was prepared by an internal working group headed up by Financial Communication in collaboration with the Strategy, Development & Transformation, and CSR Departments.

SCOPE

The report covers the 2018 financial year (1 January to 31 December 2018), and TF1 group entities within the scope of the financial consolidation. It reminds readers of the objectives for 2018, provides a progress report, and includes medium/long-term projections to give a forward-looking vision of the Group in its environment.

GROUP PROFILE

NO.1
PRIVATE SECTOR FTA BROADCASTER IN FRANCE

5 FTA CHANNELS

32.6%
SHARE OF KEY TARGET AUDIENCE(1)

€2,288m
IN REVENUE

3,135
EMPLOYEES(2)

TF1 is an integrated media group with a vocation to **inform** and **entertain.** As France's leading media group we provide an **extensive content offer** and a huge range of **associated services.** We are also an established player in the **audiovisual production** and **digital** sectors.

TF1 continues to be **France's leading private-sector media group,** bringing together 32.6% of the target W<50PDM ("Women under 50 purchasing decision-makers") audience via its free-to-air (FTA) channels: TF1, TMC, TFX, TF1 Séries Films and LCI. To keep pace with changes in the way people view and consume content, we have also developed a **massive range of additional services,** notably through our MyTF1 platform, to provide wider access to our **content and constantly improve the user experience.** The TF1 group also screens theme channels to meet special-interest demand: TV Breizh, Histoire, Ushuaïa and Serieclub.

TF1's **airtime sales arm** markets the Group's content and services, as well as airtime on the Indés Radios network and ad space on numerous websites.

In recent years the TF1 group has extended and strengthened its position across the entire value chain: upstream in content production and downstream in digital.

Given the growing importance of content, we have continued the strategy adopted three years ago when we acquired Newen, which is **producing an ever larger range of content** and has recruited **talents** in France and across Europe via the acquisitions of stakes in Pupkin in the Netherlands, Nimbus in Denmark and De Mensen in Belgium to add to Tuvalu, also in the Netherlands.

This year's acquisition of aufeminin has led to the creation of a **digital division** called Unify, built around established brands like Marmiton, MyLittleParis, Studio71 and Doctissimo. The new division is developing web-derived content on strong themes (beauty, cookery, wellness, etc.) aimed at engaged communities. The TF1 group also has a B2C offer (social media e-commerce) and is offering advertisers new marketing options through proprietary tools developed by its subsidiaries Livingly Media in the United States and Gamned! in France.

Finally, the TF1 group has created a large range of **complementary businesses** in key entertainment and leisure fields, with TF1 Entertainment (board games, music and live show production, licences and publishing) and in the film industry with TF1 Films Production and TF1 Studio.

As a media group, TF1 is aware of its responsibilities and is engaged in high-quality dialogue with all its stakeholders in order to enhance transparency and continually improve its practices. The TF1 group has launched **TF1 Initiatives,** a brand that brings together all its CSR activities around three pillars: solidarity, diversity and sustainability.

OUR VALUES

PERFORMANCE FIRST

ALWAYS DARING

BE CREATIVE

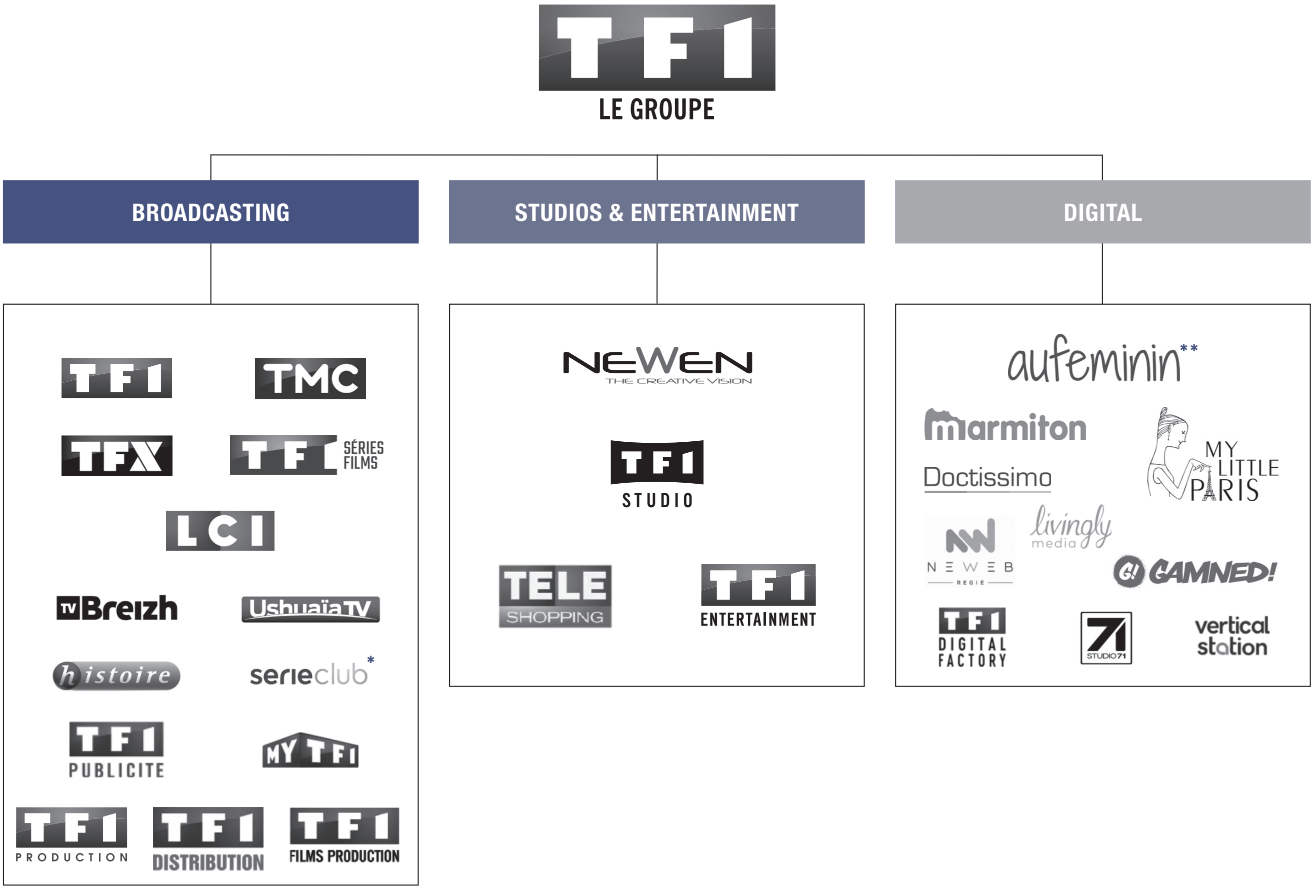
WORKING TOGETHER

TOTAL COMMITMENT

(1) Médiamétrie: target audience women aged under 50 purchasing decision-makers (W<50PDM)
(2) Group Open - Ended Contracts.

1. THE GROUP AND ITS ENVIRONMENT

ORGANISATION AND ACTIVITIES OF THE GROUP



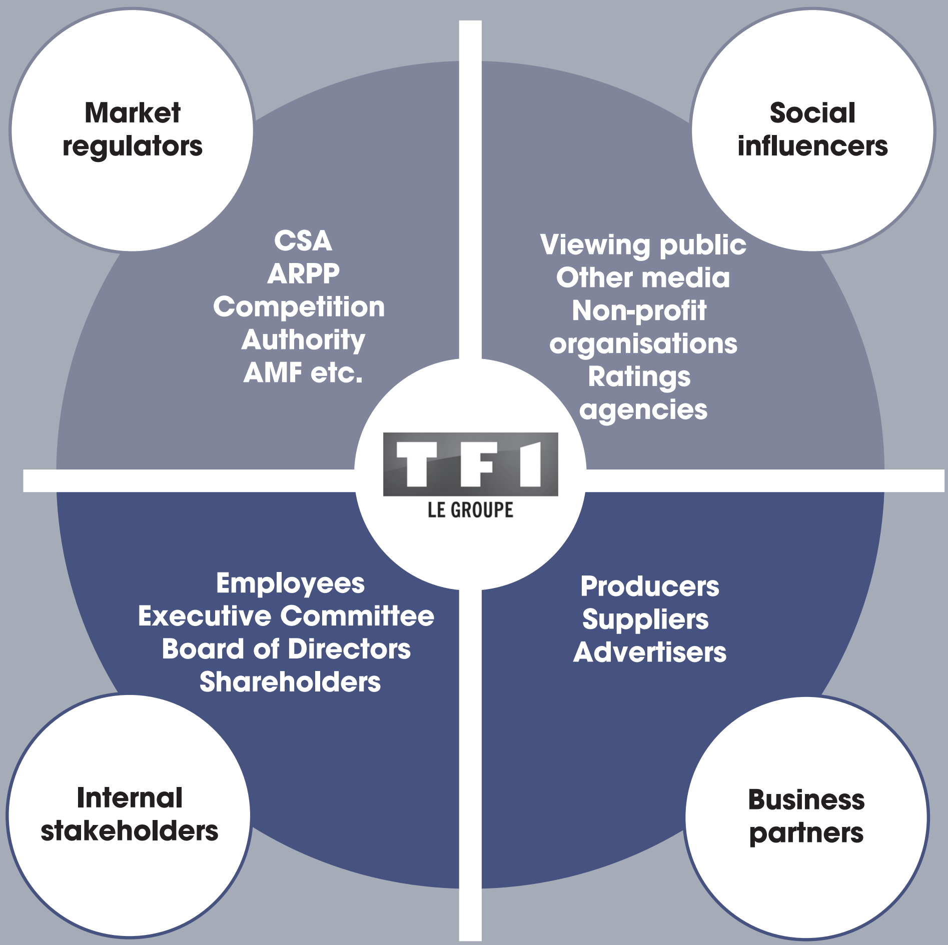
* Owned 50% by TF1 and 50% by M6.

** The aufeminin group has been consolidated since May 2018.

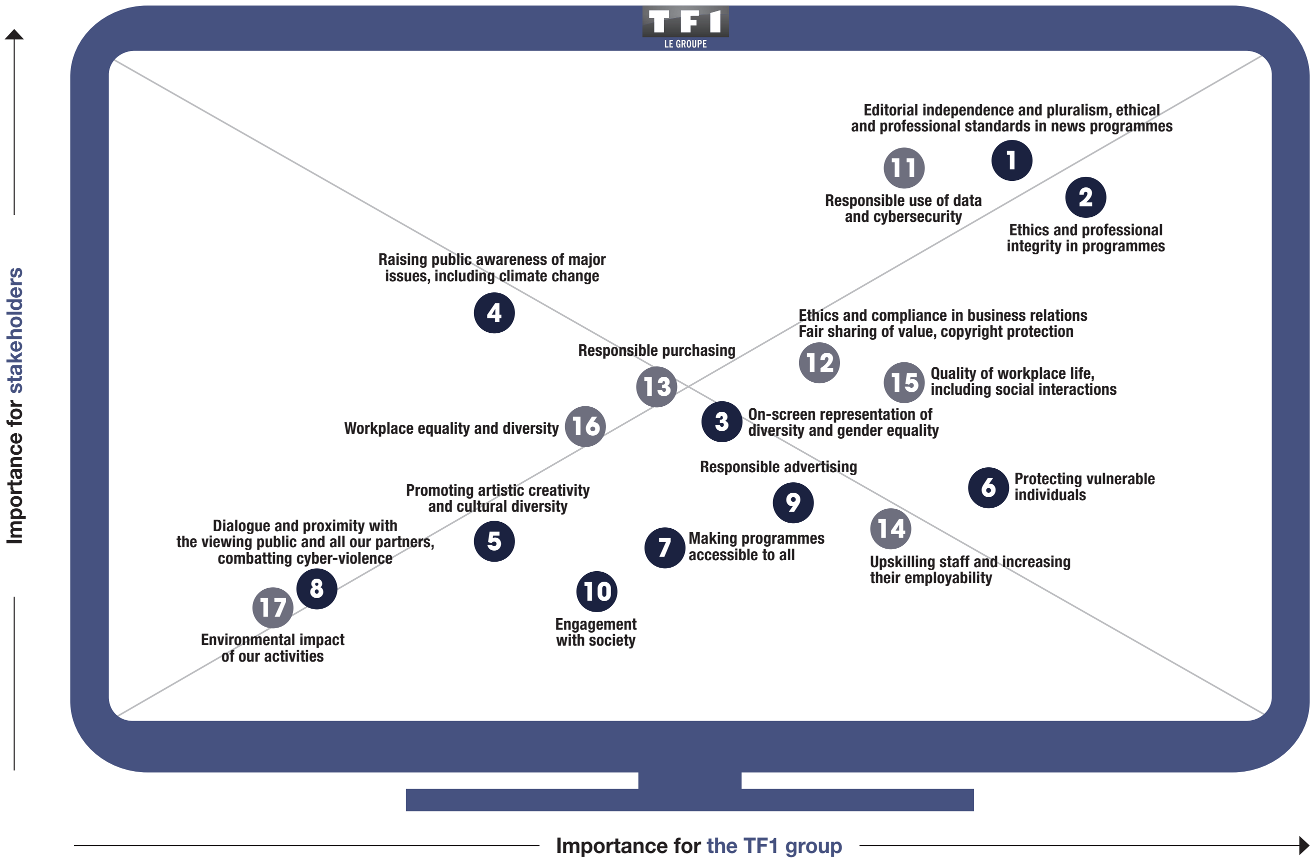
See Section 1.5.1 of this Registration Document for a simplified organisation chart showing the Group's subsidiaries.

OUR STAKEHOLDERS

In our corporate governance as in all our activities we apply ethical and responsible principles in our dealings with regulators, the viewing public, our customers and suppliers, and our staff. We account for our activities to the community in a manner that is **exhaustive** and **transparent.**



CSR – MATERIALITY MATRIX



OBJECTIVES RELATED TO THE ISSUES

Content related issues

1. Generate public confidence by providing news that is high-quality, independent and pluralist.
2. Unite the viewing public around programmes made for all, which comply strictly with ethical and professional commitments.
3. Reflect the diversity of French society in the content of our programmes fairly and without stereotyping.
4. Use programmes to raise public awareness of the main environmental and social challenges.
5. Enhance cultural offerings, favour the emergence of new talents, and encourage diversity of styles and modes of expression.
6. Provide trigger warnings and protect vulnerable viewers such as children and teenagers from inappropriate content and addiction.
7. Make programmes accessible to all, including people with sensory disabilities.
8. As the leading generalist media outlet, always listen to society in order to respond better to its needs. Make ourselves available to anyone who wants to contact the Group. Combat online violence.
9. Respect our commitment to provide wholesome, true and honest advertising.
10. Support non-profit organisations that are involved in important issues, particularly by giving them broadcast time.

Corporate issues

11. Protect the personal data of our customers, consumers and staff, and guarantee that those data are handled and used responsibly.
12. Establish ethical and effective governance principles and transparent communication. Strive for fairness in the sharing of value created by the various players in the Group's ecosystem, in particular by protecting copyright, which is a major source of economic equilibrium in our sector.
13. Apply the TF1 group's social responsibility principles to the supply chain.
14. For the company: be able to rely on the competence and commitment of staff, and on the quality of training courses. For staff: acquire knowledge and expertise in line with the company's needs, and gain more autonomy in building a career.
15. Reduce occupational hazards, develop social dialogue, maintain the health and safety of staff and quality of workplace life.
16. Guarantee equality of opportunity, in particular providing work for disabled workers, and promote diversity in the company. Ensure there is gender balance in terms of seniority and pay.
17. Reduce our direct environmental footprint. Encourage the cinema and audiovisual sectors generally to incorporate environmental protection in their practices.

SHARE OWNERSHIP AND STOCK MARKET INFORMATION

SHARE FACTSHEET

LISTED ON: Euronext Paris

MARKET: Compartment A

ISIN CODE: FR0000054900

MAIN INDICES:
SBF 120,
CAC MID 60,
CAC MID & SMALL,
NEXT 150®,
EURO STOXX® TMI Media.

CSR INDICES:
Dow Jones Sustainability World Index,
Dow Jones Sustainability Europe Index,
GAÏA Index,
Oekom (Prime status),
MSCI,
Ethibel Sustainability Index Excellence Europe,
Diversity & Inclusion Index.

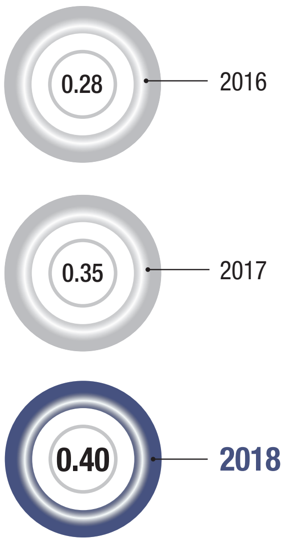
MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Gaïa
RATING

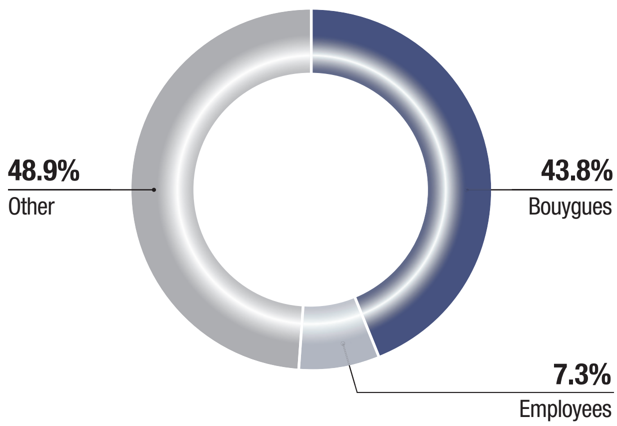
Corporate
Responsibility
Prime
rated by
ISS-oekom

included in
ETHIBEL
SUSTAINABILITY
INDEX
EXCELLENCE Europe

DIVIDEND FOR THE YEAR (€ PER SHARE)



SHARE OWNERSHIP AT 31/12/2018

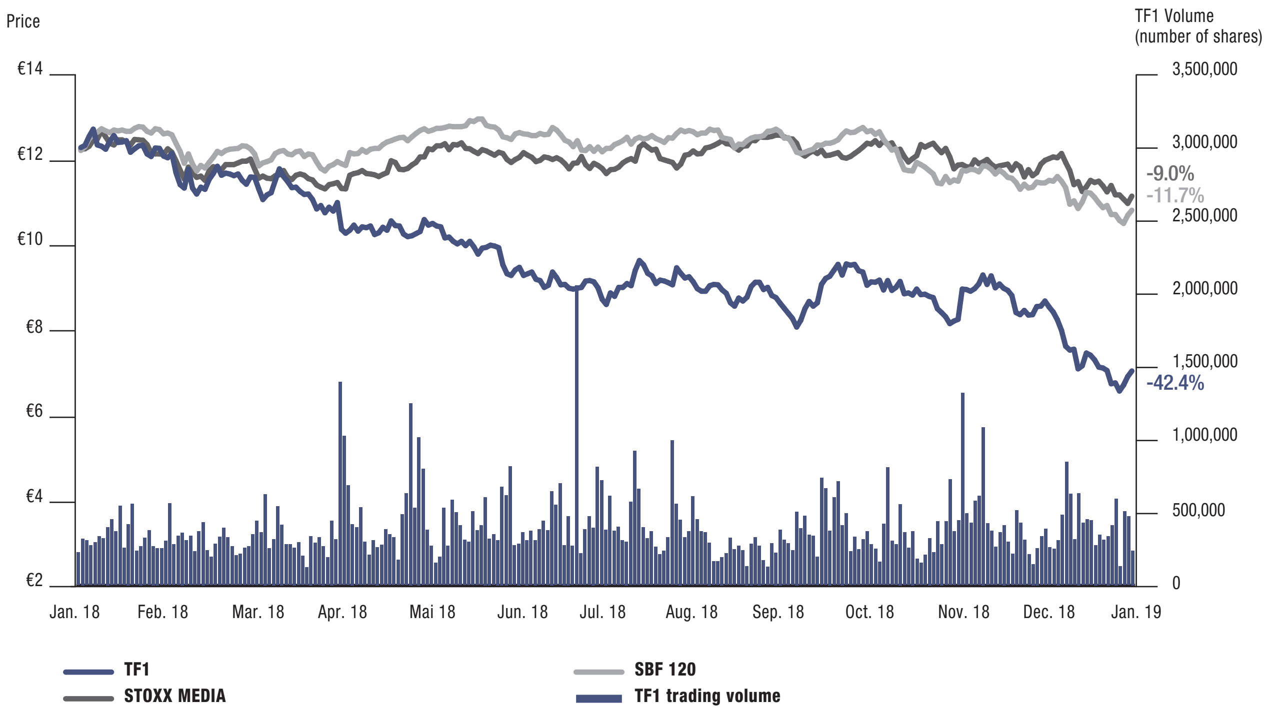


STOCK MARKET DATA

Share price *(€)*	**2018**	**2017**	**2016**
High (1)	12.75	13.43	11.99
Low (1)	6.61	9.35	7.80
2018 closing price	7.08	12.29	9.45
Performance over the year	-42.4%	+30.0%	-7.8%
CAC 40 performance over the year	-11.0%	+9.3%	+4.9%
SBF 120 performance over the year	-11.7%	+10.8%	+4.7%
Market capitalisation at 31 December (€m)	1,486	2,579	1,979
Average daily volume traded (thousands of shares) (2)	247	269	449
Number of shares in issue at 31 December (millions of shares)	209.9	209.9	209.4

(1) Highs and lows represent the outlying values recorded at close of trading.
(2) Source: Euronext

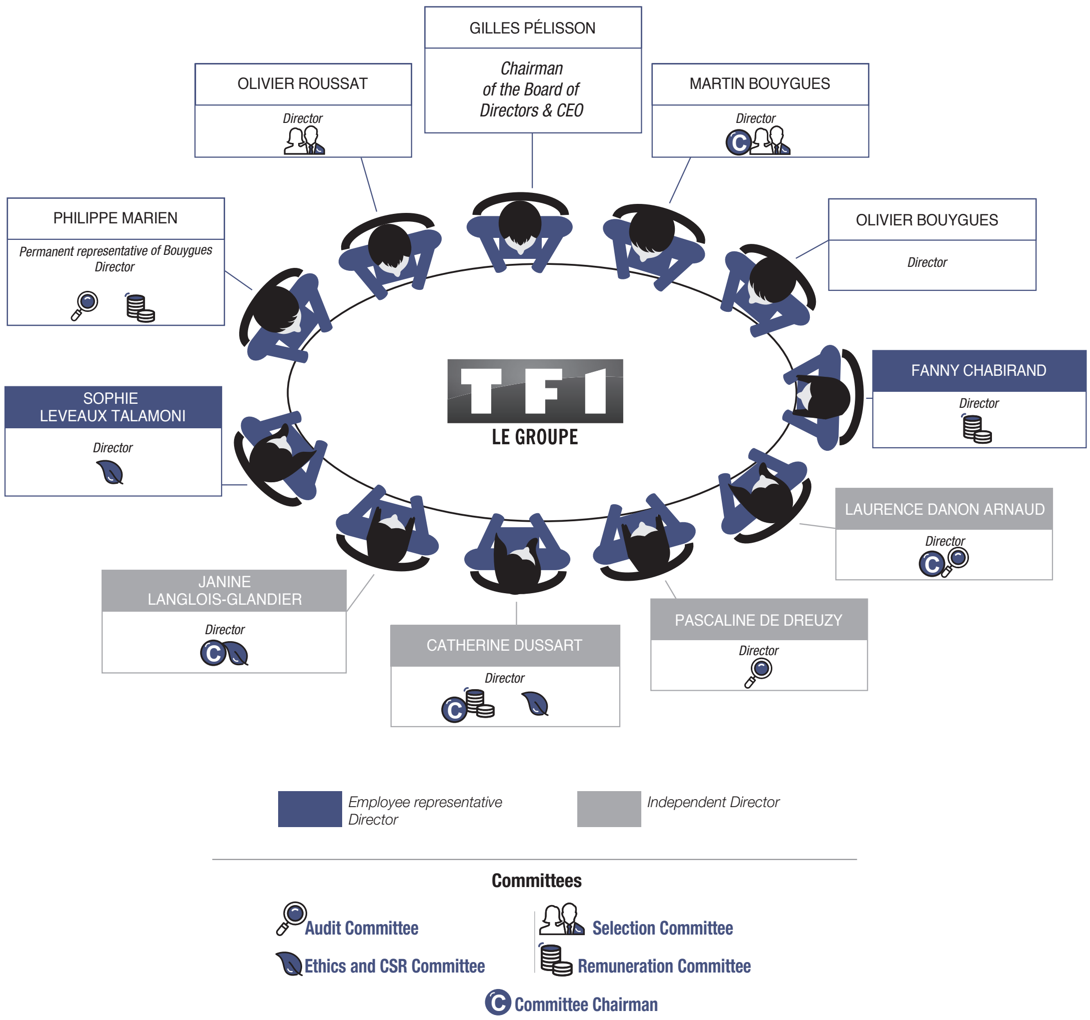
TF1 SHARE PRICE CHART



2. OUR GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS AND ITS SPECIALIST COMMITTEES

AT 14/02/2019



See Section 3.1.3 of this Registration Document for career résumés of Board members.

PROFILE OF THE BOARD

AT 14/02/2019

11
DIRECTORS

9 YEARS
AVERAGE LENGTH OF SERVICE

44%
INDEPENDENT DIRECTORS(1)

6
MEETINGS IN 2018

2
EMPLOYEE REPRESENTATIVES

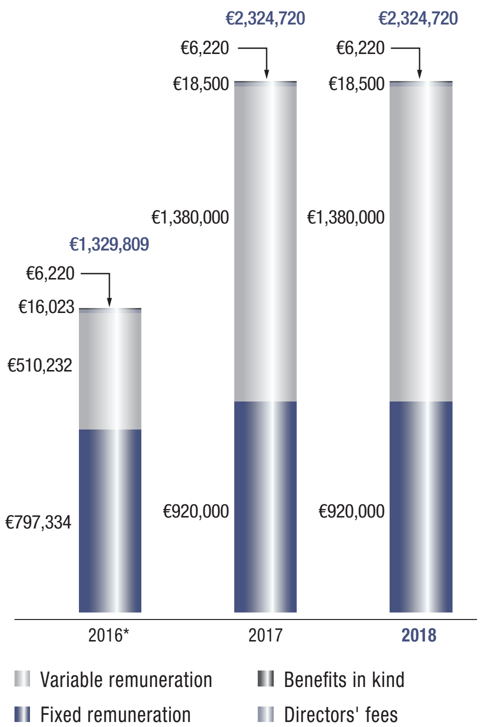
61 YEARS
AVERAGE AGE

44%
FEMALE DIRECTORS(1)

(1) Excluding employee representative directors.

EXECUTIVE OFFICER REMUNERATION POLICY: CRITERIA ALIGNED ON STRATEGY AND SUSTAINABLE DEVELOPMENT

TRENDS IN EXECUTIVE OFFICER'S REMUNERATION



**Gilles Pélisson, Executive Officer since 19 February 2016.*

EXECUTIVE OFFICER'S REMUNERATION

- The remuneration determined by the Board of Directors is in the general interests of the company, and takes into account the following three factors:
  - business performance;
  - stock market performance;
  - peer and intra-group comparisons.
- The following factors are taken into account in determining the Executive Officer's fixed remuneration:
  - the level and difficulty of his responsibilities;
  - his experience in the post;
  - his length of service with the Group;
  - practices followed by the Group or by companies carrying on comparable businesses.
- Variable remuneration is contingent on the attainment of objectives based on collective and individual criteria, both quantitative and qualitative. The variable remuneration of the Executive Officer is defined according to five criteria and capped at 150% of his fixed remuneration.
- Since 2014, the Executive Officer's variable remuneration has included a qualitative criterion relating to the company's CSR performance, requiring that TF1 retain its place in at least four extra-financial CSR indices; that was indeed the case in 2018 (DJSI, Ethibel, Gaia and Oekom).

REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

- Since 2017, the variable compensation of each Executive Committee member has included a CSR criterion, weighted at 5%. The actual criterion varies between each Executive Committee member, depending on their managerial responsibilities and the associated CSR issues.

3. OUR BUSINESS MODEL

OUR 6 KINDS OF CAPITAL

FINANCIAL CAPITAL

- Capital contributed by the shareholders.
- Capital provided by banks.
- Profits generated by the company.

2018 HIGHLIGHT

Payment of a dividend of €0.40 per share out of 2018 profits.

KEY FIGURES

2018 net profit: **€128.5 million**.

Shareholders' equity attributable to the Group at 31 December 2018: **€1,576 million**.

Net debt at 31 December 2018: **€27.5 million**.

Market capitalisation at 31 December 2018: **€1.49 billion**.

MANUFACTURING CAPITAL

- TF1's main building, including 5 studios.
- Production equipment (from production to broadcast).
- Board game manufacturing facility for TF1 Entreprises.

2018 HIGHLIGHTS

New studio set for TF1 news bulletins in the autumn, with modular decor and a new screen, enabling 3D tools and augmented reality to be incorporated. This is a response to new ways of presenting editorial messages, making them more informative and immediate.

Ongoing reconfiguration, transformation and modernisation of work spaces at the TF1 Tower and Atrium as part of the "TF1 by Nextdoor" project to encourage synergies, team-working ad innovation.

KEY FIGURES

Number of board games sold by TF1 Games Dujardin: **1.7 million**.

Number of hours of programmes broadcast by TF1: **over 7,000**.

Number of news items carried on TF1 bulletins: **over 10,000**.

NATURAL RESOURCES

TF1's activities mainly use:

- electricity (office management processes);
- fuel oil (generators and outside broadcast units).

Most greenhouse gas emissions are generated outside the Group by audiovisual production activities. This led to TF1 setting up the Ecoprod collective in 2009.

TF1's main impact is its ability to raise public awareness of green issues.

2018 HIGHLIGHTS

ISO 50001 (Energy Management Systems) for our HQ building in Boulogne.

Systematic upstream waste recycling at HQ buildings.

Raising staff awareness of climate change via the "Climate Fresco" collective workshop.

TF1 News launches the podcast "Positive Impacts", produced by Sylvia Amicône.

KEY FIGURES

3.3% less electricity consumed than in 2017.

56% of waste recycled.

INTELLECTUAL CAPITAL

- Editorial expertise
- Production and acquisition of audiovisual rights (cinema, series, drama, sport etc.).
- Commercial expertise in advertising airtime sales and relationships with advertisers.
- Intellectual property developed in-house and TF1 group brands (games, formats, licences, etc.).
- The ability to innovate, especially in processes and technologies.

2018 HIGHLIGHT

Launch of a start-up accelerator programme at Station F offering solutions around 3 focal points: creation, production and content distribution.

KEY FIGURES

10 start-ups incubated in 2018.

The MYTF1 platform attracted up to **19 million** unique users on ISP set-top boxes for catch-up TV[(1)].

1.4 billion free videos watched on MYTF1[(2)].

HUMAN CAPITAL

- Talent pool and staff commitment.
- Training and upskilling, especially in the digital universe.
- Goal congruence and company loyalty.
- Equal opportunities and diversity.

2018 HIGHLIGHTS

First year of tele-working following the agreement at the end of 2017.

Numerous campaigns to raise employee awareness of disability and employment opportunities for disabled workers.

First "TF1 staff engagement week" highlighting the importance of staff commitment to not-for-profits, the Masterclass, Solidarity Hackathon, etc.

KEY FIGURES

66% of employees said they were satisfied, based on the 2018 satisfaction survey.

89.8% of employees had a personal career interview.

80% of employees followed the 3-day "Careers Connect" programme to help them understand the Group's strategy and ecosystem.

World no.20 ranking earned by TF1 for women's status in the company (Equileap rankings).

SOCIAL CAPITAL

- Public trust and loyalty.
- Respect for ethical commitments and professional integrity, which are core to our mission.
- Channels that listen to viewers and internet users.
- Commitment to promoting social cohesion and "living together better" in France.

2018 HIGHLIGHTS

TF1 broadcast a short programme, *C'est Quoi Cette Question,* as part of the fight against discrimination in France.

2nd survey on "Women in the News", and the "Women Experts to the Fore" event designed to increase the number of female experts in TV news bulletins.

The Facil'ITI solution to improve the accessibility of websites for disabled people went live on LCI.fr and MyTF1.

KEY FIGURES

€38.4 million worth of donations (free airspace, game winnings, special evenings, etc) to 137 non-for-profits.

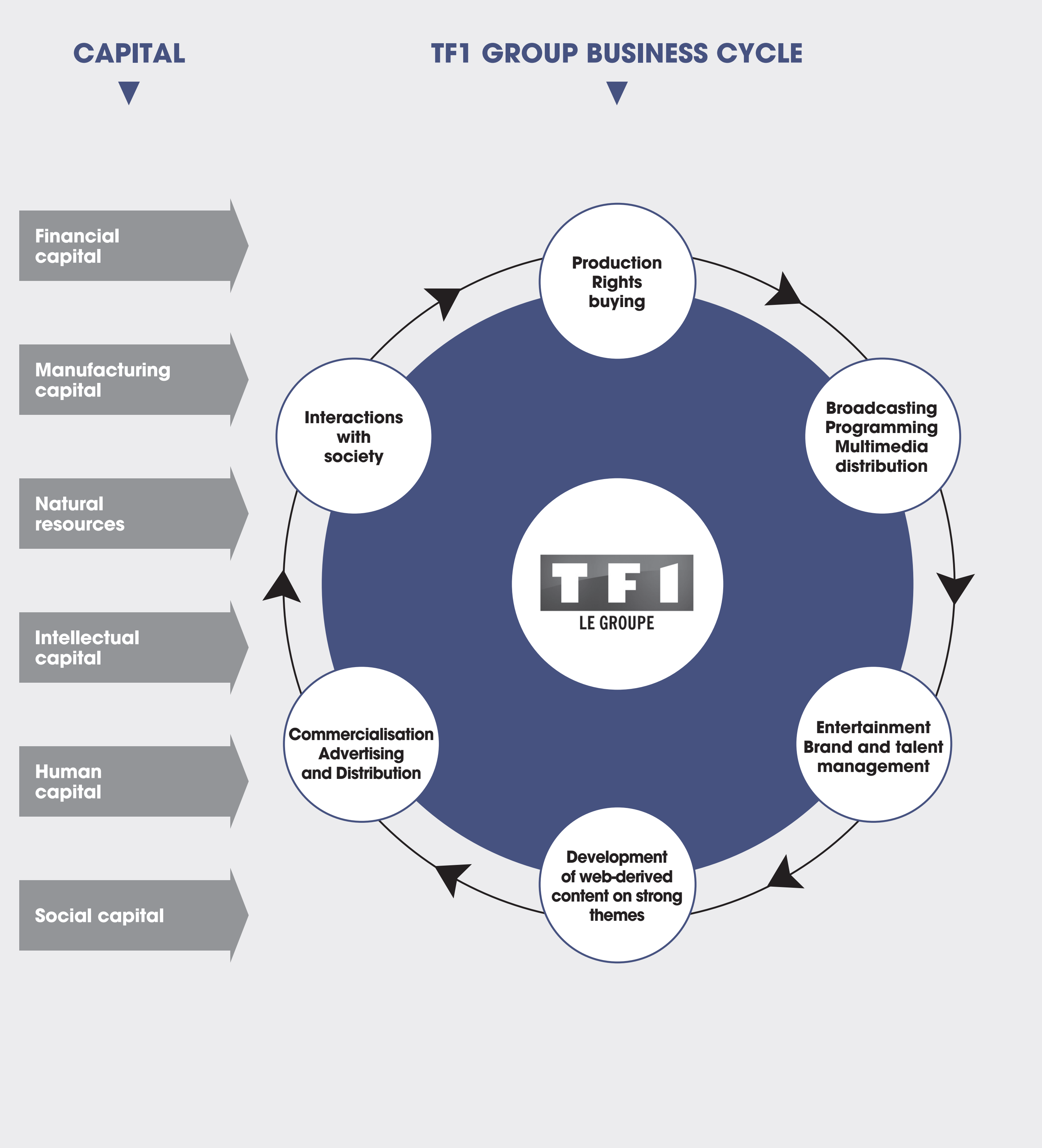
49,300 responses made by our Viewer Relations Department to viewer e-mails and phone calls.

73 million subscribers to the Group's social media networks (in total).

(1) *Médiamétrie/NetRatings (2018 average on IPTV).*

(2) *Excluding news content, XTRA content and live sessions.*

CREATING AND DISTRIBUTING VALUE



PRODUCTS

Broadcasting

FTA and pay-TV channels
Digital platform
Content
Advertising airtime

Studios & Entertainment

TV programmes and movies
VoD pay-to-view platform
Licences, board games, live shows, music

Digital (Unify)

Established brands
Web-derived content on strong themes (beauty, cookery, wellness, etc.)
B2C offer *(social media e-commerce)*

VALUE CREATED FOR / SUCCESSES

VIEWING PUBLIC

- All content genres across 5 complementary FTA channels;
- Live and catch-up offering on all platforms on all devices, for all audiences;
- Vast range of add-on services.

Mass audience, loyal and engaged: France's no.1 private-sector broadcaster.

OUR ADVERTISERS

- Variety of high-impact advertising slots for all targets;
- Innovative solutions (multi-platform, digital, targeted, real-time, etc.).

Loyal, multi-platform advertisers: TF1 Publicité won the "Best Airtime Agency" in the Agencies category(1).

FRENCH CONSUMERS

- High-quality, varied offering of consumer products and services (VoD, DVD, live shows, games, etc.);
- An offer that is accessible 24/7 and on all devices.

Revenue stream not wholly dependent on TV advertising: 34% of Group revenue comes from other sources.

REGULATORS, FRENCH STATE

- Scrupulous compliance with laws, regulations and commitments, with active involvement in policy-making;
- Major contributor to society through taxes and duties paid in France.

Proportion of Group programme budgets dedicated to works by "dependent" producers increased to 30%(2).

FRENCH AUDIOVISUAL LANDSCAPE

- Substantial financial contribution via the French production obligation promoting the development of the sector;
- Responsible employer of talents in the French audiovisual industry.

Supply of high-quality national content: TF1 had 42 of the top 50 French drama audiences in 2018.

CIVIL SOCIETY, NOT-FOR-PROFIT ORGANISATIONS

- Promoting diversity in the workplace and in programmes;
- Open to not-for-profit organisations via donations and free advertising time.

More than 130 not-for-profit organisations were helped in the areas of solidarity, promoting diversity and sustainable development.

OUR STAFF

- Advantageous terms of employment;
- Career and skills development favouring employability.

Teleworking was deployed in all activities wherever possible.

OUR SHAREHOLDERS

- Maximising asset value;
- Transparent communication;
- Consistent dividend distribution policy.

Loyal, active shareholders: Bouygues has been a shareholder since TF1 was privatised in 1987.

(1) CB News "Grand Prix des Médias" 2018.
(2) 26% prior to 1 January 2019.

4. MARKET TRENDS: A SOURCE OF OPPORTUNITY

MACRO TRENDS	1 GLOBAL PLAYERS OMNIPRESENT	2 ONGOING CHANGES IN HOW VIDEO CONTENT IS CONSUMED
BACKGROUND	The so-called GAFAN companies (Google + YouTube, Apple, Facebook, Amazon, Netflix) are strengthening their central role in direct interaction with consumers, across the entire value chain. They have unrivalled spending power in content, in technologies and in innovation. The dynamism of these mega-companies, stimulated by mutual rivalry, is leading to the creation of duopolies and oligopolies in some markets, including digital advertising (Google, Amazon, Facebook) and SVOD (as Netflix, Amazon and Apple, develop their own proprietory SVOD platforms).	Video consumption is increasing massively for all targets, especially on SVOD, with 23% of web users having used a subscription video service in the last 12 months[1]. The decline in daily TV viewing time is continuing, with consumers switching more to catch-up, 3 screens and SVOD[2]. The public is confirming its appetite for premium non-linear content and platform-specific content. In this environment, market players are creating or reinforcing their OTT offers, both in the United States (Disney+, Warner Media, Hulu, new NBC offer based on Sky Now TV expertise) and in Europe.
OPPORTUNITIES & RISKS	In order to be able to compete with these global players, established operators are growing by consolidating. In the United States, media behemoths are emerging, as witness the buyout of Warner Media by AT&T, 21st Century Fox by Disney and Sky by NBC-Comcast. M&A activity is also taking off in OTT in Europe, such as the 7TV project in Germany between ProSieben and Discovery, LOVEStv in Spain between Mediaset España, RTVE and Atresmedia, and RTL's pan-European project. The TF1 group has expanded by developing its production business (Newen), creating a digital division (aufeminin, Doctissimo, Gamned!) and forging equity alliances. The drive to expand was also behind the agreement with Prosieben and Mediaset in digital content production (Studio71), the launch of the OTT platform Salto with France Télévisions and M6, and the pooling of our digital inventories with those of Prosieben, Mediaset and Channel 4 within the EBX pan-European airtime agency.	Downstream of the value chain there is greater pressure to acquire talents and provide exclusive local content. This has led us to boost our premium content production capacity via our subsidiary Newen, which is also producing content for platforms like Netflix and Amazon. We have achieved excellent performances on all programme types, demonstrating our unique ability to bring together mass audiences around powerful must-see programmes including French drama (*Jacqueline Sauvage,* 8.8m viewers), light entertainment (*Enfoirés 2018,* 10.2m), news (the 16 July evening bulletin, 8.4m) and sport (World Cup Final, 19.4m)[2]. In digital, we are continuing to develop our direct interaction with consumers, and we now have a sizeable and coherent range built around MYTF1 (OTT and Premium) and pay-to-view offers with TFouMax and MYTF1Vod, but also via Studio71 and Vertical Station (formerly MinuteBuzz). Salto will ultimately complete this positioning.
KEY INDICATORS	– Acquisition of equity stakes in Tuvalu, Nimbus and Pupkin to strengthen Newen's position in Europe, especially in drama Logo Tuvalu / Nimbus / Pupkin. – Construction of a digital division around Aufeminin offering made-to-measure digital solutions for brands. – Announcement of the launch of Salto with France Télévisions and M6.	– Newen: no.1 drama producer in France. – 22 dramas shown on TF1 feature in the 2018 top audience figures[2]. – 19 of the top 20 catch-up audiences. – MyTF1 n° 1 in catch-up on IPTV (12.2 million unique visitors)[3]. – MyTF1 n° 1 in catch-up on OTT (11.6 million unique visitors on 3 screens)[4]. *(1) Source: Médiamétrie – October 2018.* *(2) Source: Médiamétrie 2018.* *(3) Médiamétrie/Médiamat IPTV – December 2018.* *(4) Source: Médiamétrie – December 2018.*

3 PLACING THE USER EXPERIENCE CENTRE STAGE	4 MONETISATION OF VIDEO CONTENT INSEPARABLE FROM TECHNOLOGY AND DATA
Digital players are transforming the consumer experience and setting ever more demanding viewing standards. Users are looking for an experience that is personalised, fluid, omni-channel and available 24/7 so that they can consume their preferred content more easily. Against this background, building customer loyalty requires the use of artificial intelligence and data. These tools enable the user experience to be enhanced via interfaces that are ever more technologically advanced and innovative, and affinity content that creates better engagement. For advertisers, digital players are reinventing ad solutions with a more service-driven experience, while the new formats offered to consumers are less intrusive and more innovative. There will probably be disruption on the voice side (connected home assistants, personal assistants).	The advertising market has seen programmatic become the main sales technique for digital advertising. Meanwhile the proliferation of data targeting offers in Europe means that advertisers can now achieve more value for money by allying the power of television with targeting. Advertisers are using data analysis to find out how effective their advertising spend has been.
Historically, we have provided a large and powerful news and entertainment offering in order to guarantee satisfaction to the largest number of people on all media. To respond to users' new demands we are constantly innovating to reinvent our direct interaction with our consumers. On all our platforms, the objective is to offer a coherent user pathway by addressing all consumer universes. Through our support for start-ups (in particular via our MediaLab programme at Station F), we are investing in innovation to better understand consumers' new needs. The Digital division (Unify) built around aufeminin is developing made-to-measure digital offers for brands via vertical communities (fashion, beauty, parenting, food, lifestyle, etc).	In 2018, our digital division bolstered its asset portfolio by acquiring aufeminin, Doctissimo and the programmatic media pioneer and expert Gamned!, in order to enhance our service offer for advertisers and enlarge our sources of monetisation. In our core business, digitalisation of selling methods is continuing, with the extension of La Box and the launch of La Box Entreprises to reach the small ad market directly. Finally, our airtime sales arm has strengthened its offer with the commercialisation of the OneData TV data campaigns and the ongoing partnership with RelevanC, a subsidiary of Casino which collects and analyses millions of store transactions.
– 1.7 million voice-activated connected home assistants[1]. – 10 start-ups accelerated in 2018. – 122.5m unique visitors for Aufeminin. – Presence in 10 countries. (1) Source: Médiamétrie – December 2018.	– 23m log-ins on MYTF1. – 97% of women reached at least once a month by the TF1 group[1]. – 850 million data impressions in 2019. – Over 1,000 data campaigns[2]. (1) June 2018 data. (2) MyTF1, LCI.fr.

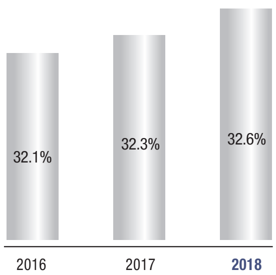
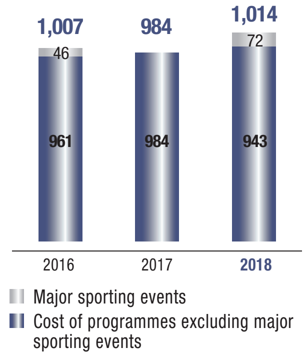
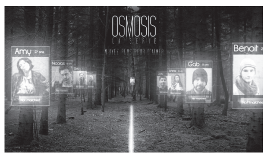
5. STRATEGIC OBJECTIVES AND RESOURCE ALLOCATION

STRATEGY

Ambition for 2021:

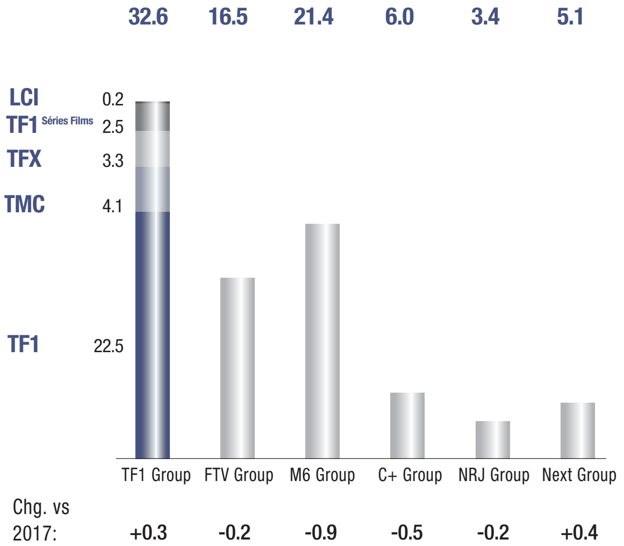
Our ambition is to position ourselves as a multi-TV channel, multi-platform, multi-business, multi-web community broadcaster. Our ambition is to be a leading integrated group, from production to distribution and a creator of media content, entertainment and news, both for the general public and for individual consumers.

To achieve our objectives and continue to improve our profitability, we are deploying the following levers:

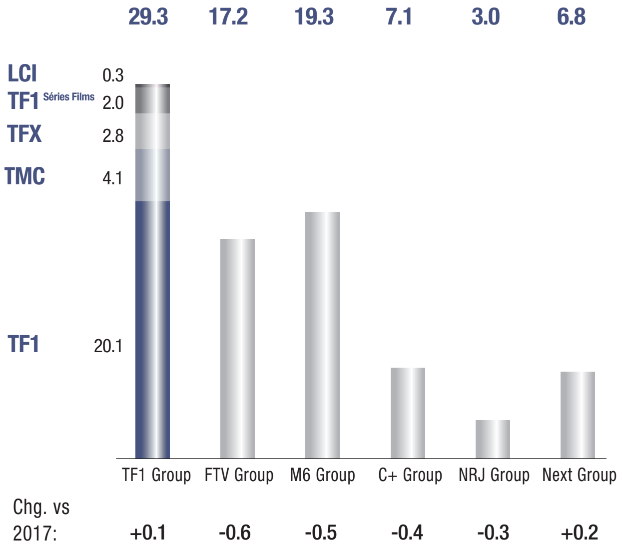
STRATEGIC OBJECTIVES	STRATEGIC LEVERS	DELIVERED
1 CONSOLIDATE AND REINVENT THE CORE BUSINESS	We are looking to lock in the TF1 channel's market-leading position and the rise of our DTT channels. We are capitalising on our ability to generate mass audiences – a major competitive advantage – and intend to retain classic event programming on our channels while evolving towards more mixed targets. We are also working to reinvent and reorganise our news offer. Our positioning is supported by a continuation of the efforts made over recent years in adapting our business model. TF1 will deploy a monetisation strategy designed to extract value from this premium position (in terms of audience pulling-power and reach) in advertising sales. We will continue to diversify our revenue drivers (EBX pan-European airtime sales agency, Sygma alliance, Premium global distribution agreements) and work on innovative solutions while looking at opportunities in segmented TV.	– TF1 Premium agreements altice SFR CANAL+ orange bouygues **TF1 group share of W<50PDM target**  **Trend in cost of programmes (€m)**  – Reach: nearly 80% of the public watch at least one Group channel during the week – 48 of the 50 top news audiences
2 ACCELERATE DEVELOPMENT IN GROWTH TERRITORIES	Building on a production arm strengthened through acquisitions, we will enlarge our client portfolio both in France and abroad, including by taking advantage of the opportunities created by digital platforms. The Digital division (Unify) built around aufeminin will implement a strategy designed to enable us to address a whole range of communities, to offer advertisers an enlarged panoply of innovative communication solutions, and to grow our expertise in advertising technologies. Finally, data will be a major plus point for the Group: we will aim to exploit the capital derived from MYTF1 to a greater extent, and to enhance it with data from the Digital division and via partnerships (RelevanC).	Growing revenues from sources other than advertising on the five FTA channels to at least one-third of consolidated revenue in 2019. Digital division to grow revenue to at least €250 million in three years' time and generate an EBITDA margin of at least 15% by the end of that period. unify  

6. OUR PERFORMANCE

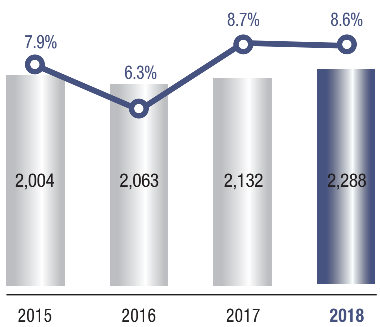
AUDIENCE SHARES OF WOMEN UNDER 50 PURCHASING DECISION-MAKERS (%)



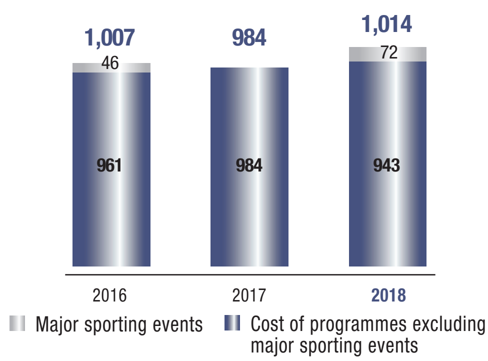
AUDIENCE SHARES OF INDIVIDUALS AGED 25-49 (%)



TOTAL REVENUE (€m)/ CURRENT OPERATING MARGIN



COST OF PROGRAMMES ON FTA CHANNELS (€m)



DYNAMIC ASSET MANAGEMENT

Acquisition of 30% non-controlling interest in **Newen Studios,** of which TF1 now owns **100%**

Newen Studios continued its **European expansion** by acquiring **Pupkin** (Netherlands) and **De Mensen** (Belgium), and taking a minority stake in **Nimbus** (Denmark)

Acquisition of **100%** of **Aufeminin** group

Creation of **Unify,** an umbrella brand for our **digital division** businesses including new acquisitions **Aufeminin, Doctissimo** and **Gamned!**

7. OUTLOOK

Our 2018 results confirm our ability to improve our profitability by adjusting our core business model while moving into new growth territories.

We have achieved our objective of an improvement, within one year, of our current operating margin rate excluding major sporting events (11.7% in 2018 versus 8.7% in 2017). Close control over the cost of programmes excluding major sporting events in 2018 (€942.5 million) has meant that this year we have already taken the cost of programmes below our objective of €960 million on average over the 2018-2020 period.

In addition, revenue from sources other than advertising on our free-to-air channels represented 34% of our consolidated revenue in 2018. This shows that our external growth strategy is paying off, and contributing to both top-line growth and improved profitability. It also means that we have met our objective of at least one-third of consolidated revenue one year ahead of schedule.

We will continue our transformation in 2019, and are reiterating the following guidance:

- in 2019:
  - target of double-digit current operating margin rate;
- in 2021:
  - revenue of at least €250 million from our Unify digital division;
  - EBITDA margin of at least 15% from our Unify digital division;
  - an improvement in our return on capital employed[1] relative to 2018.

Finally, we are adjusting our objective for the cost of programmes to an average of €990 million including major sporting events for the 2019-2020 period, compared with €1,014 million in 2018.

(1) 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. The TF1 group's ROCE was 8.8% in 2018.

PRESENTATION OF THE TF1 GROUP

1.1 GROUP MARKETS

1.1.1 TELEVISION MARKET

Television is historically the core business of TF1 group which produces five free-to-air channels (TF1, TMC, TFX, TF1 Séries Films, LCI) and theme channels (TV Breizh, Histoire, Ushuaïa and Série Club).

The television market has changed considerably over the last few years:

- a growing number of channels with the arrival of DTT in 2005, then DTT HD in 2012, with the total number of free-to-air channels currently standing at 27;
- television equipment has improved significantly with the introduction of internet-connected televisions;
- new personal, mobile screens have appeared *via* devices such as smartphones and tablets, promoting mobile consumption and the personalisation of media content;
- with generalised access to high-speed internet, these new uses have accelerated the delinearisation of content consumption, although linear consumption remains strong;
- pure player video entities such as Google, Amazon, Facebook, Apple and Netflix have consolidated their position, constituting a new way of broadcasting television content across different screens.

1.1.1.1 FRENCH AUDIOVISUAL LANDSCAPE, EQUIPMENT, RECEPTION MODES AND CONSUMPTION

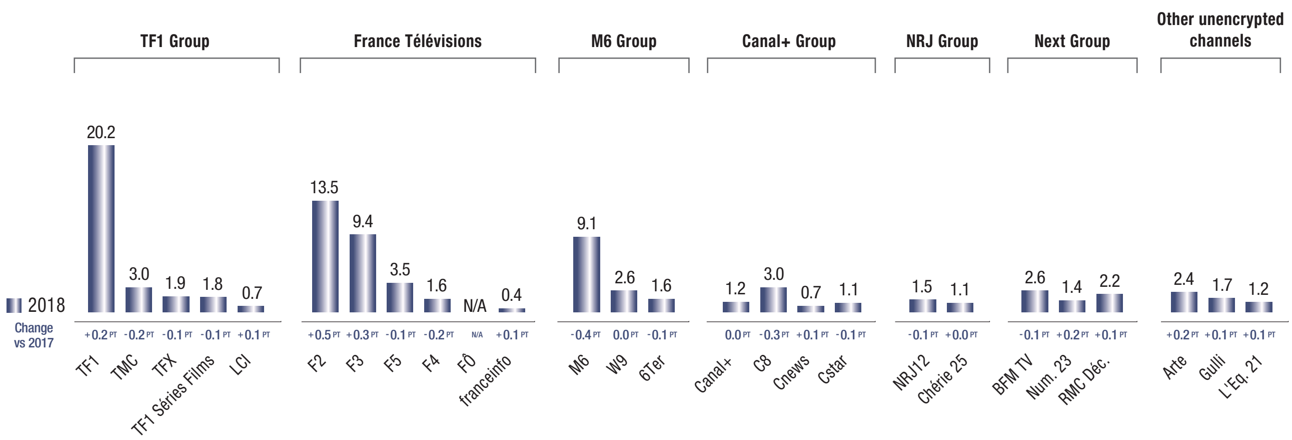
A CHANGING AUDIOVISUAL LANDSCAPE IN FRANCE

The French audiovisual landscape has changed considerably over the past several years:

- 6 free-to-air channels before 2005, 19 channels in 2005, 25 channels at the end of 2012 and 27 channels since 2016;
- emergence of new free-to-air television operators (NextRadioTV, NRJ Group, Canal Plus, Lagardère, Amaury);
- reduced audiences for historical channels, which have sought to maintain their positions by acquiring more channels.

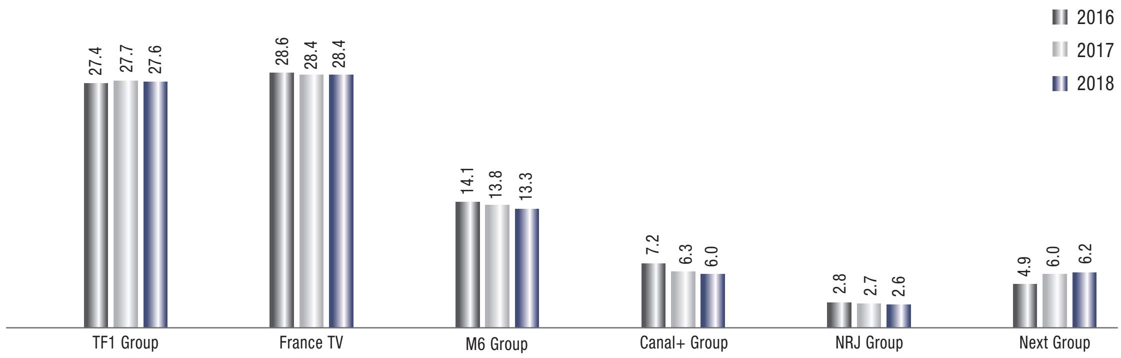
Against this backdrop, the channels' audience shares have evolved as shown in the graphs below(1):

AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER

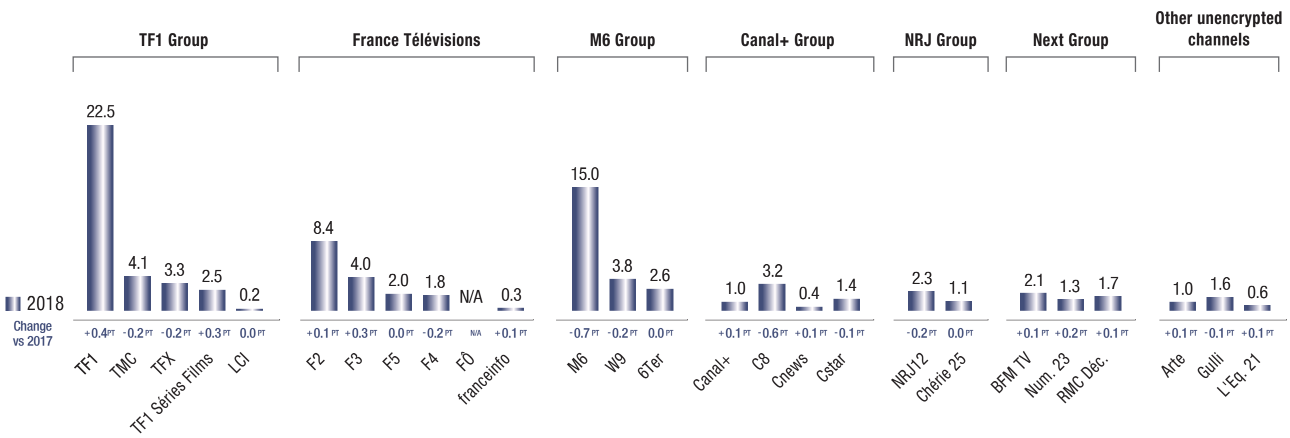


(1) *Médiamétrie – Médiamat.*

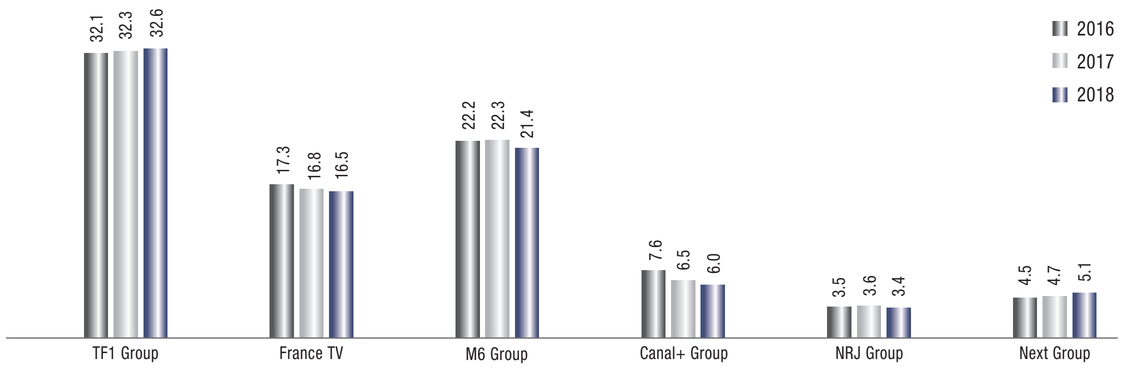
GROUP AUDIENCE SHARE OF INDIVIDUALS AGED 4 AND OVER



AUDIENCE SHARE OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS

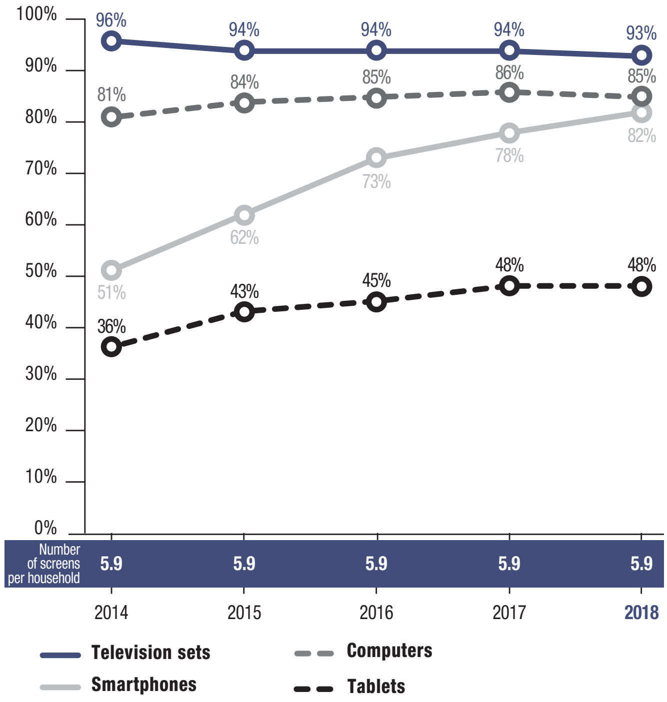


GROUP AUDIENCE SHARE OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS



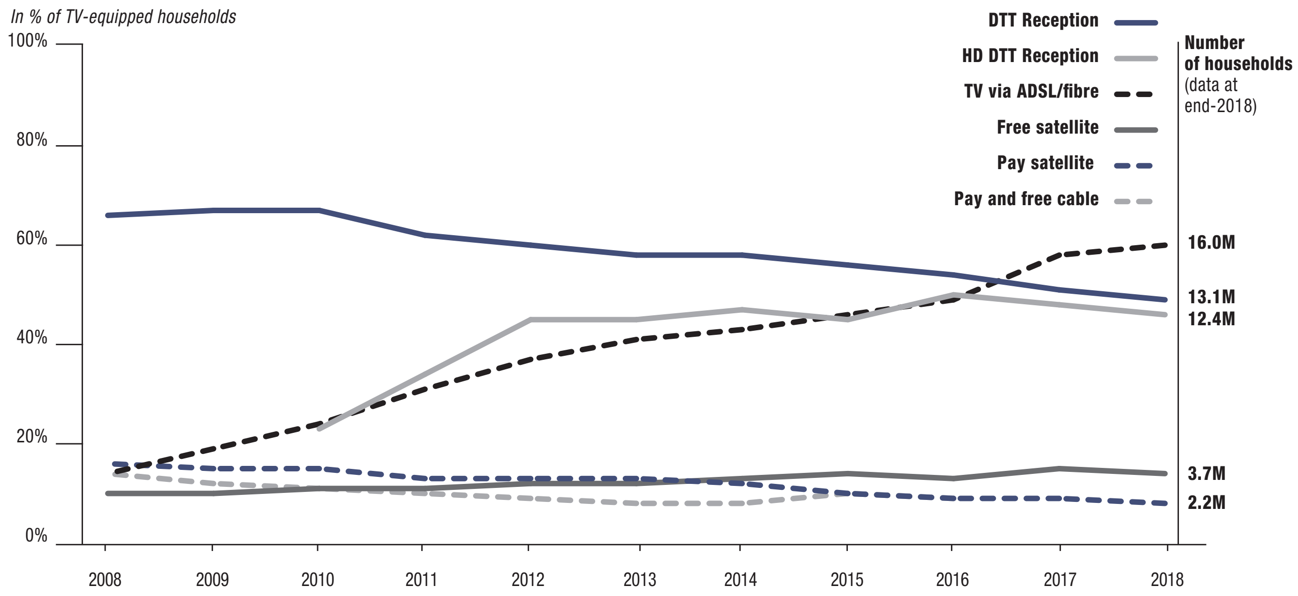
AUDIOVISUAL EQUIPMENT[(1)]

Almost every French household now has a television set: 93% have at least one TV set. The number of screens per household is stable at 5.9 screens, supported by the number of mobile screens



RECEPTION MODES[(2)]

In France, 50% of households receive television *via* DTT. Due to the increase in the eligibility of households for triple-play internet offers, IPTV (television *via* ADSL, cable/fibre optic) is continuing to grow with 60% penetration.

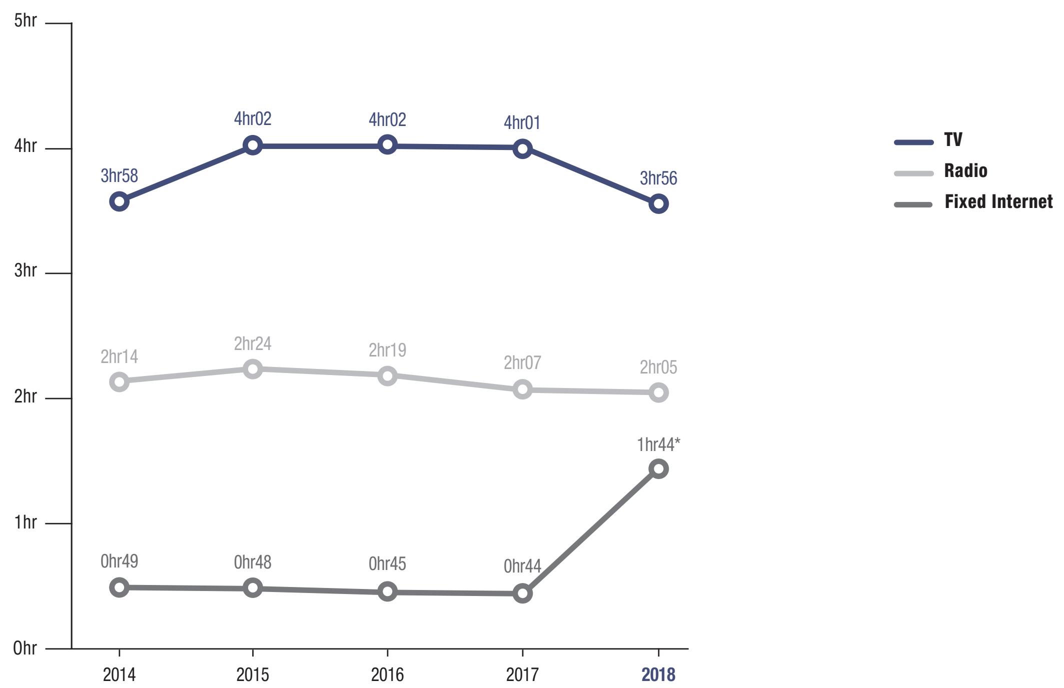


(1) *Médiamétrie – Home Devices and GfK for smartphones – Data at end 2018.*
(2) *Médiamétrie – Médiamat. Data at end 2018.*

CONSUMPTION

Television – the top media choice[1]

Television is still the most popular media with the French population on a daily basis. An individual aged 15 and over in France watches an average of 3 hours and 56 minutes of television a day, compared with 2 hours and 5 minutes for radio and 1 hour and 44 minutes surfing on the internet.

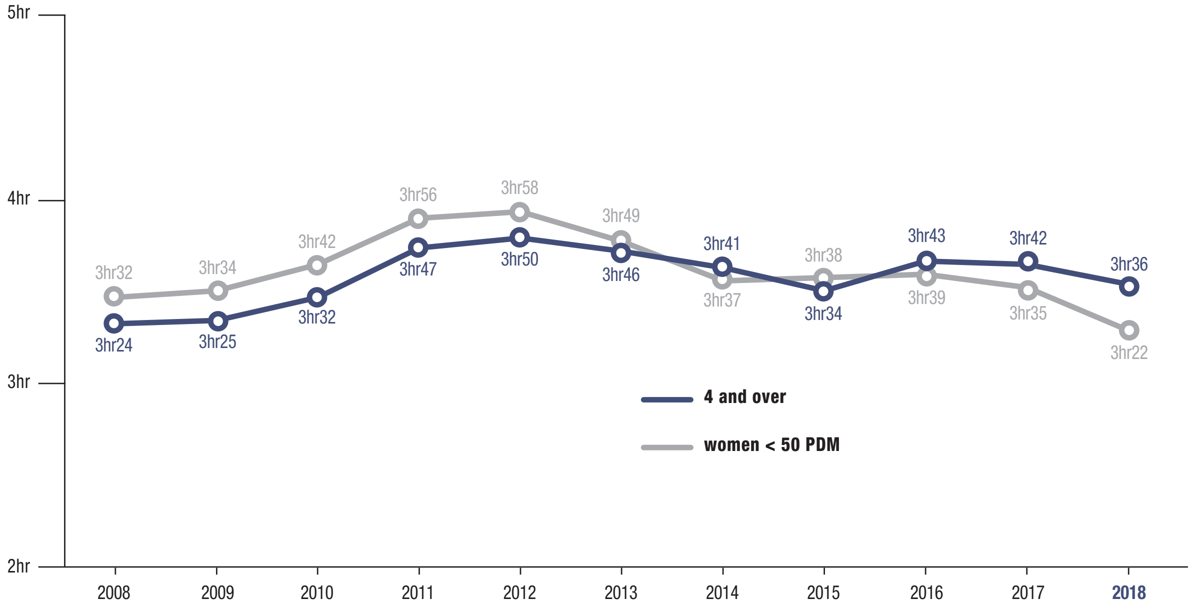


** Pre - 2018, the measurement did not include fixed internet.*
Since 2018, the measurement covers three-digital screen internet.

(1) Médiamétrie – Médiamat/Radio/Netratings.

TV viewing time remains at high levels(1)

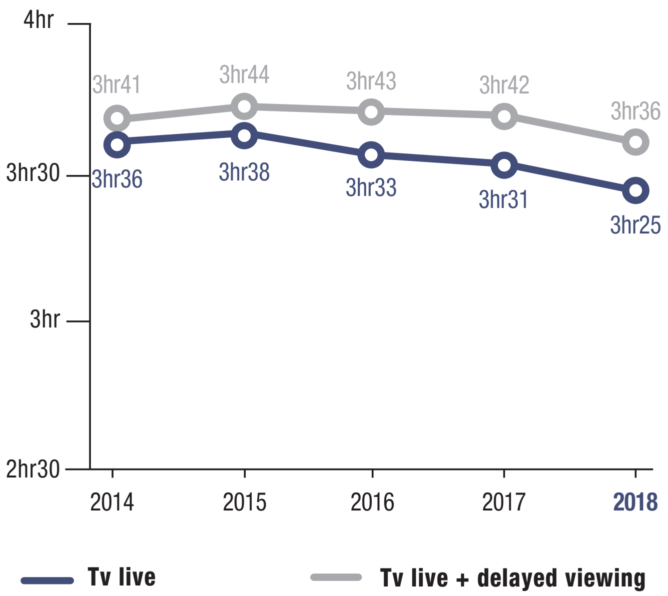
INDIVIDUAL VIEWING TIMES FOR INDIVIDUALS AGED 4 AND OVER AND WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS (W < 50 PDM)



The gradual integration of catch-up viewing(2)

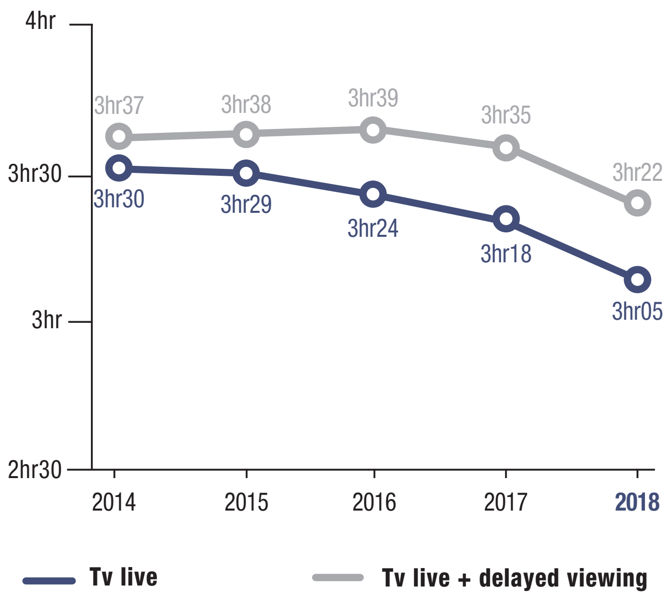
Médiamat audience ratings have since January 2011 integrated private recordings on hard disk, DVD recorders and video cassette recorders. Catch-up TV viewing was included in audience ratings in October 2014.

INDIVIDUAL VIEWING TIMES FOR INDIVIDUALS AGED 4 AND OVER



(1) Médiamétrie – Médiamat. Consolidated data
(2) Médiamétrie – Médiamat. Live and consolidated data.

LISTENING TIME OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS



Other TV viewing modes(1)

Other TV viewing modes have yet to be integrated in Médiamat ratings. They account for 9 minutes of viewing per day, or 4.1% of the total:

- live viewing outside the home totals 4 minutes, or 1.8% of total consumption. This figure does not include viewing at relatives' or friends' homes, which is already included in Médiamat statistics;
- live viewing on a non-TV medium (computer, smartphone or tablet) comes out at 5 minutes a day, or 2.3% of the Médiamat total;
- catch-up TV viewing on media other than TV sets comes out at 3 minutes, 30 seconds a day, or 1.5% of the Médiamat total.

THE GROWTH IN POPULARITY OF MULTI-SCREEN USAGE

At the end of December 2018, nearly 46.4 million French citizens aged 15 and over had access to the Internet, or over 88.1% of the population.

The increase in smartphone and tablet use continued in 2018: 38.2[2] million French citizens use mobiles and 20.8[2] million use tablets, whereas connections *via* computers were down to 38.7[2] million.

Multi-screen technology has, however, been on offer from the TF1 group for a long time now with 29.9 million French citizens accessing at least monthly the Group's websites and apps *via* at least one of the three digital screens. In detail, by device:

- 13.8 million(2) French citizens connect *via* their computers(3);
- 20.3 million(2) French citizens connect *via* their smartphones(3);
- 7.3 million(2) French citizens connect *via* their tablets(3).

TF1 group channels, through their inclusion in the MYTF1 digital brand (TF1, TMC, TFX and TF1 Séries Films) are achieving good digital audience ratings, whatever the screen:

- 12.2 million French citizens watch one of the TF1 group's channels*via* their television sets;(4)

and on MYTF1:

- 4.4 million French citizens watch videos on MYTF1 *via* their smartphones(5);
- 3.9 million French citizens watch videos on MYTF1 *via* their computers(5);
- 2 million French citizens watch videos on MYTF1 *via* their tablets(5).

The time spent per video viewer on the MYTF1 website is 1 hour and 49 minutes(5) a month on the three screens (and 2 hours and 6 minutes(5) on computers). MYTF1, with 9.1 million(5) unique video viewers, is the leading video provider of the generalist TV broadcasters.

(1) Médiamétrie – Global TV -15+ individuals.
(2) Global internet ratings panel – Médiamétrie – November 2018. Individuals aged 15+.
(3) Connected at least once to the device.
(4) Médiamétrie – Médiamat. Data – December 2018. Individuals aged 15+
(5) Global internet ratings panel Video – November 2018. Individuals aged 15+

1.1.1.2 TRENDS IN THE TELEVISION MARKET

SLOWDOWN IN THE FRAGMENTATION OF FREE-TO-AIR TELEVISION AND ONGOING RISE IN NON-LINEAR CONSUMPTION

The number of free-to-air channels in France is not expected to change significantly in the coming years.

The deployment of optical fibre is driven by the "Fibre 2025" plan (a government plan initiated in 2010 aimed at providing 100% of French households with ultra-high-speed connections by 2025), which should continue to promote an increase in the number of households eligible for IPTV.

Non-linear consumption of content should continue to rise, and its measure should be expanded to take account of new uses.

1.1.2 ADVERTISING MARKET

1.1.2.1 CHANGE IN NET PLURIMEDIA INVESTMENTS IN 2018[1]

Note: On the date of publication of this report, IREP's results for 2018 had not yet been published. The IREP data provided below relates to the first nine months of 2018, while the SRI data cover the whole of 2018.

PLURIMEDIA ADVERTISING – NET DATA

Net plurimedia investments first 9 months of 9	2018 net revenues (€m)	Change 2018 vs 2017 (in %)
Television	2,245	+2.3
Of which sponsoring	*180*	*+33.7*
Press	1,177	-6.4
Display	804	+0.8
Radio	373	+1.3
Cinema	59	-4.6
TOTAL	**4,658**	**-0.5**

Net annual digital investments 2018	2018 net revenues (€m)	Change 2018 *vs* 2017 (in %)
Annual Digital	4,876	+17.0
Of which Search	*2,275*	*+11.0*
Of which Display	*1,974*	*+30.0*

Over the first 9 months of 2018, revenues for the 5 historic media (excluding digital) were almost unchanged (-0.5% in one year) at €4,658 million. Three media grew in 2018: television which continued its upward momentum at +2.3%, due mainly to a strong performance from sponsorship (+33.7%) and the resilience of traditional advertising space (+0.2%), a result which included the effect of the World Cup. Radio was robust at +1.3% versus -4.2% in 2017, alongside outdoor advertising.

Over the full year, the digital advertising market (driven strongly by the display segment) posted growth of +17%. With €4,876 million in revenue (+€717 million versus 2017), digital should remain the leading media investment in France in 2018 for the third consecutive year.

(1) *IREP Reports – First nine months of 2018/21st edition of the Observatoire de l'e-pub from SRI.*

1.1.2.2 TELEVISION IN 2018[(1)]

TV MARKET (EXCLUDING SPONSORING)

In 2018, gross advertising revenues of TF1 Publicité excluding sponsoring were up by 4% to €5.2 billion. TF1 Publicité confirms its top position in the TV market, ahead of M6 Publicité, Canal+ Régie and Next Régie.

With gross advertising revenue of €3.7 billion, TF1 has a 29% market share, making it the top channel in the market. The Group's other free-to-air channels, TMC, TFX, TF1 Séries Films and LCI, performed well in 2018, accounting for €1.6 billion (*versus* €1.4 billion in 2017) and 12.5% of gross TV advertising revenue.

GROSS MARKET SHARE OF TV CHANNELS – ALL TV (EXCLUDING SPONSORING)

	2018	2017	2016
Free-to-air channels	**92.7%**	**93.5%**	**93.4%**
TF1 Publicité			
TF1	29.0%	29.5%	31.4%
TMC	5.6%	5.3%	4.3%
TFX	3.7%	3.9%	3.2%
TF1 Séries Films	2.6%	2.2%	1.5%
LCI	0.6%	0.7%	0.3%
M6 Publicité			
M6	17.0%	17.5%	17.2%
W9/6ter[(1)]	6.0%	6.0%	5.6%
France Télévisions Publicité			
France 2	3.1%	3.1%	3.2%
France 3	1.2%	1.3%	1.3%
France 4	0.0%	0.3%	0.2%
France 5	0.4%	0.4%	0.4%
France Ô	0.0%	0.0%	0.0%
Canal+ Régie			
C8 +[(2)]	6.0%	6.0%	n/a
Cstar	1.9%	1.9%	1.8%
CNews	1.0%	1.1%	1.9%
C8	n/a	n/a	5.4%
Canal+	n/a	n/a	1.7%
NEXT Média Solutions			
BFM TV	3.4%	3.9%	3.5%
RMC Découverte[(3)]	2.4%	0.0%	0.0%
RMC Story[(4)]	1.2%	0.9%	0.6%
RMC Découverte(s)	0.0%	2.5%	2.1%
NRJ Global			
NRJ12	3.1%	3.1%	3.5%
Chérie25	1.4%	1.2%	1.0%
Lagardère Publicité			
Gulli	1.5%	1.4%	1.9%
Amaury Média			
L'Équipe 21	1.5%	1.4%	1.2%
Pay-TV channels	**7.3%**	**6.5%**	**6.6%**
TOTAL TELEVISION	**100.0%**	**100.0%**	**100.0%**

(1) *W9 and 6TER are marketed jointly in the "Puissance TNT" offer.*
(2) *Canal+ and C8 are marketed jointly in the C8+ offer.*
(3) *N23 was marketed by TF1 Publicité until 2016.*
(4) *RMC Découverte, National Geographic Channel and Discovery Channel have been marketed jointly in the "RMC Découverte" offer since 2016.*

(1) *Gross advertising spend – extraction done on 24/01/2019 – Kantar Media – MXplorer – excluding TV sponsorship.*

1.1.2.3 DIGITAL DISPLAY IN 2018[1]

According to SRI France's e-advertising observatory, display continued its strong growth (+30%), and reached €1,974 million net in 2018. Net display investments now account for 40% of the digital market.

This growth is buoyed by different segments that are particularly dynamic, where the TF1 group is present:

- digital video: +47% (of which mobile video +76% and IPTV at +11%);
- programmatic buying: +46%;
- social: +63%.

Programmatic business: real-time sale of advertising space *via* an automatic link between sellers and buyers. The segment, which was initially more mature in the United States, has grown strongly in Europe. At end-2017, this market was worth nearly €12 billion[2] worldwide. The Aufeminin group is a pioneer in programmatic marketing in Europe. In 2014, the group launched its own, fully independent, marketplace, and was then the first to develop its own technology, Header Bidding, in 2016. In addition to its agility and technical strength, the Aufeminin group has a team of 15 experts across Europe and the United States, comprising a Programmatic Head, yield managers and sales representatives. The programmatic business is now one of the group's main growth drivers.

1.1.2.4 TF1 PUBLICITÉ: A CONTENT MARKETPLACE OFFERING COVERAGE, POWER AND TARGETING

THE LARGEST VIDEO ADVERTISING NETWORK IN FRANCE

In 2018, as a result of its premium content, available across all screens, TF1 Publicité consolidated its position in the video advertising market.

- The TF1 channel is still central to TF1 Publicité's value proposition, due to its unique capacity to unite all audiences types around major events: live sport (World Cup), leading entertainment shows (*Les Enfoirés*, *The Voice* etc.), as well as French productions (*Jacqueline Sauvage*, *Les Innocents*, *Balthazar* etc.).

  TF1 Publicité is fully benefiting from the Group's multi-channel strategy as a result of the complementary positioning of each DTT channel:

  - TMC, a smartainment channel for 25 to 49-year-olds and CSP+,
  - TFX, entertainment for 15 to 34-year-olds,
  - TF1 Séries Films, all types of drama, particularly popular with women aged 25 to 59,
  - LCI, France's second news channel and reference channel for 25 to 59-year-olds/CSP+ ;

  TF1 Publicité also has a presence on the thematic channels market, not only through the Group's channels (TV Breizh, Ushuaia, Histoire) but also as the French advertising network for the Discovery group (Eurosport 1 and 2, Discovery Channel, Discovery Family, Discovery Science, Discovery Investigation), which has put its trust in TF1 Publicité for another two years.

  On the strength of its premium content and winning contexts, in 2018, TF1 Publicité benefited from strong sponsorship growth.

- TF1 Publicité offers advertisers the opportunity to send their messages *via* new television media consumption modes, through catch-up viewing and on other screens: the advertising network offers plans on the TF1 group's own digital platforms (myTF1.fr and LCI.fr) as well as on network media platforms (Eurosport.fr and Twitch). Across the four screens, this digital offering reaches 29.6 million unique visitors (21.0 million on myTF1.fr alone)[3].
- In addition to the traditional video offering, in 2018, TF1 Publicité continued its digital expansion to offer advertisers new ways of associating their brand with content, *via* Vertical Station (ex-MinuteBuzz) and Studio71, references on the social media and brand content markets, respectively, which, amongst other things, target a young audience (15 to 34). The acquisition of the Aufeminin group, with all its iconic brands and powerful communities (Aufeminin, My Little Paris, and Marmiton) offers new opportunities for synergies, particularly in relation to data and special operations.

In total, 94.4% of French citizens are exposed, every month, to TF1 Publicité's multiscreen offering[4].

A POWERFUL AND DIVERSE PLURIMEDIA AND OFF-MEDIA OFFERING

In additional to its TF1 Publicité's video offering, advertisers can benefit from its powerful and diverse assets.

- Owing to Indés Radios and M Radio, TF1 Publicité is the leading French radio advertiser in the 25 to 49-year-old market, with 18.9% of commercial audience share[5]. The 131 local and regional Indés Radios stations provide full local network coverage and have the largest radio audience in France with almost 8.4 million listeners every day[6].

  After a successful ten-year partnership, the Indés Radio EIG has put its trust in TF1 Publicité for another four years.
- TF1 Publicité has a range of off-media marketing levers with which advertisers can associate their brands using a variety of communications tools offering amplification and differentiation: Endorsement, Licences, Publications, TF1 Spectacles, and Seine Musicale etc.

By harnessing all of its resources, TF1 Publicité can offer its customers unrivalled coverage and power, as well as crossmedia vertical strategic themes across all targets.

(1) *21st edition of the Observatoire de l'e-pub (Observatory of e-advertisement) from SRI, produced by PWC, in partnership with UDECAM, January 2019.*
(2) *IAB and IHS Markit European programmatic Market Sizing study (September 2018).*
(3) *Fixed/Mobile, Tablet MNR Panel, 12/2018 and Global internet ratings panel – Restit TV scope IPTV calendar month 12/2018. For MYTF1.fr only, items as of 10/2018.*
(4) *Cross-Media study – Médiamat. Médiamétrie – Wave June 2018 – Monthly coverage – with Aufeminin, excluding Doctissimo.*
(5) *Médiamétrie 126,000 Radio November-December 2018/Commercial Audience Share: Target 25 to 49-year-olds/Commercial Audience Share calculated on the basis of 16 commercial offers/Monday-Friday/5am to midnight.*
(6) *Médiamétrie 126,000 Radio – November-December 2018/Cumulative Audience/AQH/Target 13 and over Monday to Friday, 5am to midnight.*

2018: A YEAR OF INNOVATION AND CREATION

A pivotal year for Multiscreen Data

In 2018, TF1 Publicité accelerated the data initiative launched in 2015 which received a massive market response: over one thousand campaigns and nearly one billion digital prints delivered on the basis of data targeting, and more than thirty or so custom data targets purchased in television. Data targeting has proven its effectiveness: studies show that data targeted campaigns generate, on average, 6% more revenue for advertisers than campaigns targeted on the basis of sociodemographics(1), with the same budget.

TF1 Publicité rolled out its strategy across three areas to offer advertisers increasingly relevant data:

- To forge strong partnerships with new data providers to expand its range of data targeting across all devices. RelevanC now provides big brand purchaser segments on digital and other partnerships are under discussion ;
- To make the data logged accessible *via* programmatic buying – a rapidly expanding purchasing method: this is the focus of the Sygma platform, launched jointly with other plurimedia advertising networks ;
- To develop synergies with the Aufeminin group with the aim of offering significant volumes across specific segments with very high value-added for advertisers (for example: over 3.5 million Chocolat Lovers).

Virtual reality and real time: innovative tools

In 2018, TF1 Publicité continued to demonstrate its unique capacity to promote brands by creating powerful, innovative and engaging tools.

Due to the advertising network's virtual reality offering during the Football World Cup, advertisers could establish their presence within a high-quality contextual immersion. Also during the World Cup, the network offered near-live advertising, broadcasting viewers' reactions to the goals scored by the French team just after the match was broadcast.

In addition to the tools documented, TF1 Publicité is continuing its development work and partnerships to include advertisers in innovative proposals such as the chance to feature their brands or products in the post-production stage of a drama, *via* Mirriad virtual product placement. In addition, the advertising network offers advertisers Dynamic Content Optimization, campaigns which enable them to adapt their digital advertising creations in real time, as the broadcast takes place, according to criteria such as geolocation, weather or even interactions on social networks.

2019 OUTLOOK: ADVANCED VIDEO

In 2019, TF1 Publicité anticipates the arrival of advanced video and, in the near-term, segmented television, focusing on 4 areas:

- Above all, **interesting and exclusive *premium* content** with an attractive and unifying 2019 line up across all channels and all media: the women's Football World Cup, the Rugby World Cup, leading entertainment shows, the best box sets and exclusive new productions ;
- **The convergence** of television and digital sales methods and key indicators. In 2019, TF1 Publicité will propose, for the first time in France, a multi-screen offer, including television advertising, sold on the basis of cost per thousand data targets ;
- **The activation of data** on IPTV, the main means of digital consumption, to complete the supply of all types of data across all screens;
- **Programmatic buying** to simplify access to TF1 Publicité offers. La Box, a transactional and service platform that has been available to agencies for television since 2016, has now been extended to digital and radio.

  La Box Entreprises, with its Click & Buy version, makes it easy for advertisers to purchase their campaigns direct and online.

By the end of 2019, TF1 Publicité will be in a position to offer advertisers segmented television, subject to regulatory authorisation, thereby giving them the best of both worlds: all the qualities of Television combined with the possibilities opened up by Digital.

1.1.3 RIGHTS AND CONTENT MARKET

AUDIOVISUAL PRODUCTION

TF1 is mainly present in television production *via* the Newen group.

This sector has undergone significant changes over the last few years worldwide.

Traditional television operators acquired major interests in production companies. Among the most striking events, there was the merger of Discovery Communications and Liberty Global in order to purchase the All3Media production company as well as the British television group, ITV, which concluded its takeover of Talpa Media. Vivendi also signed an agreement to acquire a 26% stake in the company resulting from the Banijay and Zodiak merger. Lastly, in 2016, the TF1 group acquired a controlling interest in the Newen production company, a major player in television production in France and with an international presence.

In France, the industry is built around the relationship between producers and broadcasters which is governed by regulatory restrictions prohibiting the emergence of large national groups. In order to compete on an international level, French broadcasters, including public service broadcasters, aspire to integrate production companies.

This would require a change in the law which currently prohibits TF1 from devoting any more than 30% of its obligation to invest in proprietary audiovisual production from dependent companies (ownership of one share or more).

The production sector is fragmented in France, with no body or organisation producing an inventory of companies in the segment.

(1) MarketingScan tests carried out in 2017.

FILM PRODUCTION AND DISTRIBUTION OF FILM RIGHTS[1]

The TF1 group is a major player in cinema in France, present throughout the entire value chain:

- financing, production and/or acquisition: TF1 Film Productions; TF1 Droits Audiovisuels (under the TF1 Studio label);
- cinema distribution: TF1 Droits Audiovisuels – under the TF1 Studio label – with external partners;
- distribution to French and international distributors: TF1 Droits Audiovisuels (under the TF1 Studio label);
- physical and digital video publishing (TVOD/EST): TF1 Vidéo;
- free-to-air channel distribution: TF1 – TMC – TFX – TF1 Séries Films;
- catalogue distribution: TF1 Droits Audiovisuels; TF1 Films Production.

Through its TF1 Films Production subsidiary, the Group co-produces and pre-buys mostly family entertainment films, intended for broadcast on its channels and in response to its obligations to invest in French film production as set forth in the agreement with the CSA.

Through its TF1 Droits Audiovisuels subsidiary, which operates under the TF1 Studio label, the Group co-produces or buys the full rights to films in order to sell them on all French and international markets. The editorial policy prioritises entertainment, popular, event-based and ambitious films.

In France, the operating cycle for a cinematic is regulated by the media chronology of 21 December 2018, shown below:

MEDIA CHRONOLOGY

DURATION AFTER THEATRICAL RELEASE	4 months	8 months	17 months	18 months	22 months	24 months	27 months	29 months	30 months	36 months	44 months
	DVD/Blu-ray - Pay VOD										
		1st Pay-TV window (cinema services) *agreements with professional organisations*									
			2nd Pay-TV window (cinema services) and SVOD1 *agreements with professional organisations*								
				1st Pay-TV window (cinema services) *no industry-wide agreement*							
					Free-to-air and Pay TV (excluding cinema services) *Where the service applies co-production commitments of a minimum 3.2% of revenues*						
						2nd Pay-TV window (cinema services) and SVOD1 *no industry-wide agreement*					
									Free-to-air and Pay TV (excluding cinema services) *in other cases* **and SVOD2**		
										SVOD	
											free VOD

Cinema attendance in 2018 was down to 200.5 million tickets (-4.3% in one year). For the fifth year running, however, over 200 million cinema tickets were sold, and in 2018, France was still the European market leader with the highest level of attendance.

Attendance at French films increased by 1% in 2018 to reach over 77 million tickets. The market share for French films grew to 40% in 2018 compared to 37% in 2017.

Attendance at US films decreased by -11% to 90 million tickets in 2018. The market share for American films was estimated at 45% in 2018 (the lowest for a decade), compared with 51% in 2017.

In 2018, four French films generated over three million tickets, the same as in 2017. 11 French films generated over one million tickets (compared to 18 in 2017).

(1) Source CNC

The table below the best attended films in 2018:

Film	Country	Tickets sold *(€m)*
Incredibles 2	USA	5.8
*Les Tuche 3**	France	5.7
*La Ch'tite famille**	France	5.6
Avengers: Infinity War	USA	5.1
*Le Grand Bain**	France	4.2
Fantastic Beasts – The Crimes of Grindelwald	United Kingdom	3.7
Black Panther	USA	3.7
*Taxi 5**	France	3.7
Jurassic World: Fallen Kingdom	USA	3.6
Bohemian Rhapsody	USA	3.5

CBO Box Office.

* *Films co-produced by TF1 Films Production.*

THE VIDEO MARKET

The TF1 group not only has a presence on the video market *via* its subsidiary, TF1 Vidéo, whose business is now incorporated into TF1 Studio, but also as a digital distributor as TF1 Vidéo operates the video-on-demand service, TF1VOD. This service is currently available *via* certain ISPs (Free, Bouygues Telecom), hardware manufacturers (connected products: TV, game consoles, etc.) as well as directly in OTT (web, iOS/Android apps).

Since the end of 2016, MYTF1VOD teams also administer TFOU Max, the SVOD service (subscription video on demand) for children, with growth in 2018 and now viewed in almost 700,000 households.

In 2018, the SVOD market was particularly robust in France, the reference institution, GFK, estimating consumer spend at over €455 million, inclusive of tax, or estimated growth of 38.5% in one year. Probably as a direct result, VOD consumption is estimated to be down nearly 11% by volume and over 8% by value.

SVOD currently accounts for almost 2/3 of French digital video consumer spend.

Reminder: The pay digital video market is structured around three types of Consumer Products:

- Video on Demand, (or VOD);
- permanent downloads (or EST, Electronic Sell-Through);
- unlimited access subscription (or SVOD, Subscription Video on Demand).

THE TOYS AND GAMES MARKET[1]

TF1 group operates in the board game/toy market through TF1 Games-Dujardin, a department of TF1 Entertainment.

The market accounted for revenue of €2.5 billion in 2018, down 5% in one year.

In 2018, key market players in France were Hasbro, Lego, Playmobil, Mattel Vtech, Simba and Asmodée.

With a presence on this market both as a publisher and a distributor primarily of board games, TF1 Games-Dujardin is expanding its business to other categories of games/toys such as soft toys and crafting.

Up 2% in 2018, TF1 Games-Dujardin is now the 19th largest manufacturer of toys and games. Its catalogue includes the brand *Mille Bornes*, *Cochon qui rit*, it has successfully developed concepts for innovative board games for children (*Chrono Bomb*, *Trésor Detector*, more recently Escape Game), and a range of games inspired by programmes broadcast on TF1 channels (*Money Drop*, *Vendredi Tout est permis* and more recently, *Burger Quiz*).

Beyond France, TF1 Games-Dujardin operates on an international level in over 20 countries.

THE LICENCE MARKET

The TF1 group operates in the licence market through TF1 Licences, a department of TF1 Entertainment.

The licence market in France features the following players:

- international brand owners (Disney, Warner, etc.) that sell their brands directly and also rely on French licence agents to benefit from their knowledge of local market specifics;
- international brand agents (CPLG, The Licensing company, etc.);
- French brand agents (TF1 Licences, France Télévisions Distribution).

While there are no specific market indicators for licences, the market is correlated to French household consumption and to the ability of rights holders to invest in the promotion of their brands.

TF1 Licences is one of the French leaders in the licence market in France. It brings customers two types of exploitation of their brands:

- industrial licences: the sale of a product associated with a brand (for example, *Ushuaïa* beauty products) in exchange for royalties;
- promotional licences: associating a brand with a programme to boost visibility, in exchange for a flat-rate fee.

TF1 Licences is the agent for brands seen on TF1 group channels (*The Voice*, *Danse avec les Stars*, etc.) as well as for a range of powerful brands (*Barbapapa*, *The Smurfs*, *All Blacks*). These brands can be divided into two main categories: "Children" for the youth market and "Family" for a broader public.

1.1.4 E-COMMERCE MARKET

E-commerce developed with the emergence of the Internet and has grown in line with the development of mobile media (smartphones and tablets). In France, where the Aufeminin group conducts most of this business, online purchases totalled over €80 billion in 2017, making France the 3rd largest e-commerce market in Europe and the fifth largest in the world[2].

In addition, at end-2017, France had almost 600,000 box subscribers, 77% of whom were women (52% of which were aged 25 to 34)[3].

The diversity of the offer and the birth of new online sales concepts partly explain the market's dynamism and growth.

The Aufeminin group focused its e-commerce business on subscriber boxes which were developed in the US from 2010 and in France from 2011. Starting with cosmetics, the market is now well-diversified. In France there are currently over 300 box offers in various domains such as beauty, gastronomy, design, fashion, etc.[4]

(1) NPD ranking
(2) Xerfi study, le e-commerce grand public (October 2017).
(3) Ziqy, le petit livre blanc de la box par abonnement: comportement d'achat 2/3 (The little white book on box subscriptions: buying behaviour 2/3)(January 2018).
(4) BPI, le marché florissant des box mensuelles (the flourishing market for monthly box subscriptions) (May 2017).

1.2 GROUP ACTIVITIES

1.2.1 GROUP ACTIVITIES BY SECTOR

1.2.1.1 BROADCASTING[1]

TF1

In 2018, in a highly competitive but nonetheless controlled environment, TF1 confirmed its position as a major mainstream and event-based channel. TF1 has 91 of the top 100 television audience ratings (including the top rating) across all its programme genres. Market leader with 22.5% audience share for Women under 50 Purchasing Decision-Makers, its best audience since 2015, TF1 attracts 25 million viewers a day to its broadcasts and, in this way, is the leading creative space for building social connections in France.

TMC

In 2018, TMC was the leading DTT channel with a 4.1% audience share of its core target market, individuals aged 25 to 49 (4.1% in the WPDM<50 target), and had 24 of the 50 best DTT audiences. With strong performances from *Quotidien* and the successful revival of Burger Quiz, TMC confirmed its status as a modern, premium, not-to-be-missed channel. With strong cultural links, TMC stands out with its highly competitive cinema offering.

TFX

TFX is the TF1 group's channel targeting a *Millennial* audience. In 2018, TFX was once again the 2nd most successful channel for Individuals aged 15 to 24, as a result of its variety of generational programmes which have been the key to its success, in particular, TV reality shows and true life story programmes. In the target of women aged under 50 responsible for purchasing decisions the chain had an audience share of 3.3 %.

TF1 SERIES FILMS

TF1 Séries Films is the TF1 group's 100% cinema-series channel. In 2018, TF1 Séries Films recorded the 2nd highest growth with Women under 50 Purchasing Decision-Makers (after TF1) with an audience share of 2.5% in this target. The growth in popularity of the triad of cinema, French drama and US series, drove the channel's very balanced growth in terms of female audiences.

LCI

As the leading French news channel, LCI will be celebrating its 25th anniversary in 2019. Of all the French news channels, LCI is positioned as the debating channel, brought to life by major signings such as David Pujadas, Pascale de la Tour du Pin, Roselyne Bachelot, Audrey Crespo Mara and well-known columnists. Since it moved over to free-to-air DTT, LCI has increased its audience six-fold and is now the 2nd most successful news channel in terms of audience share with, in 2018, 0.7% of the audience of individuals aged 4 and over and more than 0.2% in the Women under 50 Purchasing Decision-Makers target. LCI is now a well-known brand across all platforms, its digital version lci.fr is one of the top news websites in France.

The 5 free-to-air channels in the TF1 group (TF1, TMC, TFX, TF1 Séries Films and LCI) in 2018 achieved a cumulative audience of 32.6 % in the main commercial target - Women under 50 responsible for purchasing decisions (FRDA<50), up 0.3 of a point on the year.

MYTF1

MYTF1 is the Group's digital platform, for broadcasting content in replay. MYTF1 is available on computers, smartphones and tablets, and included in the TV offers (IPTV) of the main internet service providers in France. In 2018, the Group's digital video audiences increased to reach 1.4 billion videos viewed.

TV BREIZH

As the leading Pay-TV channel, TV Breizh offers its subscribers access to so-called gold series and iconic TV heroes for all the family to enjoy.

HISTOIRE

Dealing with all periods in history, with a wide variety of subjects, this channel broadcasts documentaries, magazine programmes, docu-reality programmes and historical films in an attempt to use history to explain current events.

USHUAÏA TV

Thanks to a portfolio of documentary films and original, varied first-run magazine programmes, this channel offers a fascinating immersion into the heart of relatively unexplored deepest nature as well as a unique view of mankind and the planet.

SÉRIE CLUB

Co-owned 50/50 by TF1 and M6, Série Club is broadcast *via* cable, satellite and the main independent networks. Série Club is increasingly committed to selecting strong series that are or will become benchmarks. One specific feature of the channel is that it offers the majority of its programmes in multilingual versions.

TF1 PUBLICITÉ

TF1 Publicité, the leading multimedia advertising airtime sales network in France, is the business partner for advertisers and agencies. It markets the most complete product on the market for meeting targeting and coverage requirements. Thanks to its content marketplace, a gateway to a multi-screen media product, which is expanded by means of events and distribution channels (licensing and products), it creates relevant 360 degree systems, drawing on all the Group's assets (artists, licences, shows etc.) to add value for its clients.

TF1 Publicité markets numerous TV platforms (TF1, TMC, TF1 SERIES FILMS, LCI, Ushuaïa TV, Histoire, TV Breizh, Discovery Communications and Eurosport channels), digital (TF1, Twitch, TFOU, lci.fr) and Radio platforms (les Indés, M Radio and a powerful offer to overseas departments with Régie Radio Océan Indien, RCI, R2GP and Antenne Réunion).

(1) *Médiamétrie.*

TF1 group's recent digital acquisitions have enabled TF1 Publicité to offer innovative solutions to brands based on awareness, affinity and influence.

TF1 PRODUCTION

TF1 Production is a subsidiary of the TF1 group which produces programmes for TF1 group channels as well as promotional and corporate films.

TF1 Production activities primarily focus on 3 types of content:

- Non-scripted programmes (entertainment, true life stories, round-up programmes);
- Sport (re-broadcast of major sporting events and round-ups);
- Advertising and corporate.

TF1 FILMS PRODUCTION

TF1 Films Production co-produces and buys French and European feature films. It acquires broadcasting rights for the TF1 channel as well as co-producer shares, through which it is entitled to a part of the revenues generated by the films.

These investments allow TF1 to contribute 3.2% of advertising revenue to co-producing European films (of which 2.5% for works produced in French).

1.2.1.2 STUDIOS & ENTERTAINMENT

NEWEN

Created in 2010, Newen is a key player in the production and distribution of audiovisual content in France, with over 1,000 hours produced per year in fiction, TV shows and animation. Newen distributes a catalogue of over 5,000 hours on an international level. The Group produces both for the major French groups (France Télévisions, Canal +, M6, OCS, etc.) and for the international platforms (Netflix and Amazon).

Newen Studios' ambition is to be a melting pot for original French and European creative programming and already distributes its productions in over 80 countries. The Group is supported by an industrial framework with studios in the Paris region as well as in the south of France.

On an international level, in 2017, Newen acquired Tuvalu Media Group, the leading independent producer in the Netherlands, specialising in non-scripted broadcasts, scripted reality, drama and digital and then, in 2018, Pupkin, a drama production company. The Group also has a presence in Denmark, through the acquisition of a minority interest in Nimbus, a drama and feature film producer. Lastly, Newen recently took a majority stake in the equity of De Mensen, a key player in TV and film production in Belgium, both scripted and non-scripted. De Mensen produces for public and private chains in Belgium, platforms like Netflix and many international players attracted by its formats.

TF1 STUDIO

TF1 Studio is TF1 group's in-house cinema brand, bringing together the activities of TF1 Droits Audiovisuels, TF1 International and TF1 Vidéo. TF1 Studio's role is to initiate, co-produce or acquire new cinema projects, showcase films and support talent throughout the value chain: cinema/e-cinema releases, video, VOD, TV/SVOD sales in France, international sales, etc.

New digital broadcasting methods are at the heart of the studio's business activity which is the home for MYTF1VOD, the French VOD service and the SVOD service Jeunesse TFOUMAX.

With its unique digital DNA, TF1 Studio is also one of the most active promoters of e-cinema, the new premium channel for first-run films. TF1 Studio is also committed to promoting a catalogue of almost 1,000 heritage films.

TF1 ENTERTAINMENT

TF1 group's diversification, production and development subsidiary, TF1 Entertainment is a major player in five areas of the entertainment business: music, entertainment, licences, games/toys, collections and professional events.

With its highly developed expertise in creating, exploiting and distributing brands for more than 20 years, TF1 Entertainment owns and represents premium assets. TF1 Entertainment continuously adapts to new consumer uses and develops a broad range of entertainment solutions across all categories, to entertain, amuse and enchant a wide audience. TF1 Entertainment aims to back and innovative ambitious projects, create new products and new events, and develop new artists.

TELESHOPPING

Téléshopping is a home shopping player in France. This subsidiary's activities centre around two brands, Téléshopping and Euroshopping:

- Téléshopping operates teleshopping on TF1 *via* its programmes broadcast on the channel and its catalogues, website, its 2 stores and mass distribution presence thanks to its partnership with Venteo;
- Euroshopping broadcasts infomercials on a number of free-to-air, cable and satellite channels (RTL9, TFX, TMC, D8, Eurosport, etc.).

On 30 January 2019 the TF1 group announced it was in exclusive negotiations for the sale of its Teleshopping operations[(1)]

1.2.1.3 DIGITAL UNIT

In 2018, the creation of a new digital unit Unify enabled TF1 group to offer internet users a complementary product, based on original web content, and to strengthen its offering to advertisers.

The purchase of the Aufeminin group led to the formation of a digital unit bringing together very high-profile brands (Aufeminin, Marmiton, My Little Paris, Livingly Media, Vertical Station, Studio71, Beauté Test, Doctissimo etc.) based on strong themes (well-being, lifestyle, cooking, beauty, parenting, etc.) for a targeted audience.

Due to the unique proprietary technology developed by Livingly Media in the United States and by Gamned! in France, the TF1 group has digital inventory marketing tools for optimising campaign performances. Furthermore its ability to form communities that are committed to strong brands has enabled the Group to offer a BtoC product (social e-commerce), as well as offering disintermediated expertise to advertisers.

(1) *Cf. Press release of 30 January 2019.*

1.2.2 SIGNIFICANT HOLDINGS

SÉRIE CLUB

Co-owned 50/50 by TF1 and M6, Série Club is broadcast *via* cable, satellite and the main independent networks.

STUDIO71

TF1 group has accelerated its digital growth and acquired in 2017 a stake in Studio71 (6.1%), the 3rd-ranked global MCN[(1)] with over 7 billion videos viewed each month and 1,100 channels. It is the European leader in the number of subscribers per channel.

This association between key players in the European audiovisual landscape enables Studio71 to combine a powerful, quality audience with the development of new relations with the major international platforms.

1.2.3 REAL ESTATE

The TF1 group operates in a number of buildings, the main ones being listed below.

Main sites	Location	Surface area	Environmental label	Owned by TF1group
TF1	1, quai du point du jour, 92100 Boulogne-Billancourt	35,167 m²	N/A	Yes
Atrium	6, place Abel Gance, 92100 Boulogne-Billancourt	20,220 m²	N/A	No

(1) A MCN (Multi Channel Network) is a content and influence aggregator specialising in the management, promotion and monetisation of video content and digital talent on large platforms such as YouTube.

1.3 RESEARCH AND DEVELOPMENT

AFR

Research and Development (R&D) activities at TF1 derive mainly from activities involving experimental development and making "pilots". These expenses are generally incurred with a view to marketing a new product or service or broadcasting a new programme.

TF1 also develops, in parallel, software and systems with a view to gaining efficiency and contemplating specialised infrastructure so that it can innovate for new markets.

In 2018, R&D expenses for TF1 group amounted to €10.7 million.

For TF1 group, these new products, services and programmes can be identified as follows.

R&D EXPENSES LINKED TO PROGRAMMES

TF1 group's activity comprises a high share of creation and innovation in entertainment and drama programmes and film production, the outcome of which can be uncertain. This activity of innovating and creating new programming concepts involves the following stages:

- purchase of a format, a programme concept, a literary convention;
- completion of a sociological study of these new programmes with viewers;
- provision of a consultancy service;
- location scouting, casting, set design and episode production.

The R&D expenses linked to programmes therefore include:

- the various costs of these new drama, variety and entertainment formats, which have never been broadcast in this form on the channel, whether or not they can be broadcast, and how they impact the expenses for the period (cancelled or broadcast);
- the cost of literary conventions related to new concepts (not previously broadcast on the channel) cancelled during the period.

Newen Studios' activity also includes a very sizeable share of creation and innovation in non-scripted programmes, dramas and documentaries, whose results can be uncertain. This activity of innovating and creating new programming concepts involves the following stages:

- introduction of different creative teams to develop original non-scripted programmes;
- castings to find experts, journalists, hosts and actors, and thus help development;
- regular travel throughout Europe to present the company's creations and know-how to foreign broadcasters, but also to forge co-developments and partnerships;
- purchase of broadcast or paper formats, and of literary conventions, such as the rights to book adaptations for example;
- sociological studies on the values and expectations of the French, breakout groups to discover the latest trends and inspire producers, qualitative and quantitative studies on Newen's brands to enhance optimisation.

R&D EXPENSES RELATED TO TECHNOLOGICAL INNOVATION PLANS

As audiovisual content consumption modes and, more generally uses in terms of medias, change constantly, TF1 group adapts its offer by building on innovative technologies that require Research and Development expenditure.

2018 saw the launch of a number of voice-activated assistant and podcast projects for TF1:

- In February 2018, TF1 launched an interactive general knowledge quiz on the French Football team and the Football World Cup on Google Assistant, under the Telefoot brand name;
- In June 2018, the Telefoot teams launched their own podcast reprising the "Telefoot l'After" programme on Amazon Alexa, in partnership with Amazon, for the French launch of their connected speaker;
- In summer 2018, TF1 also made LCI news headlines available to Google Assistant and Amazon Alexa users *via* Flash Briefing and Narrative News formats. By the end of 2018, this content had already generated 100,000 plays.

The TF1 group focused once again on virtual reality, profiting from Football World Cup broadcasts to launch the mobile app, MYTF1 VR FIFA World Cup, in June 2018. Using this app, users were able to experience the event in 360 degree video. The virtual reality suite was made up of different zones where users could follow the matches live, watch replays, access statistics, or even relive the best moments. Users were able to unlock the app's true potential with a virtual reality headset offering a fully immersive experience. The app was a runaway success, coming 2nd in Apple App Store's entertainment category ratings over this period.

In February 2018, TF1 officially launched its Station F start-up acceleration programme. Following on from two business incubator seasons in partnership with Paris&Co, and then with NUMA, the programme's main aim is to create tests, prototypes and sales partnerships between the TF1 group and the start-ups receiving the support. Projects include:

- Synchronized and the MYTF1 product team worked on automated programme clipping so that clips can be accessed *via* the innovative Synchronized interface. This enables users to personalise their experience by aggregating and searching for their favourite sequences;
- Nomalab collaborated with the MediaFactoryTF1 team to set up a new platform service designed to simplify the management of content flows for independent producers;

- Facil'iti worked with digital product teams to install technology to make MYTF1.fr and LCI.fr. accessible to disabled people.

In November 2018, TF1 group announced a minority stake in Synchronized through its "TF1 One Innovation" fund for start-ups.

At the end of May 2018, third Viva Technology trade show took place in Paris Porte de Versailles, with TF1 as the media partner for the third consecutive year. the Group had a 400m² spaces where it welcomed 28 start-ups to talk about themes such as automated production and content distribution methods, new experiments, adtech, data and the positive impact of such technologies. Animations on the future of TV were proposed: VR, AR, voice-activated assistants, etc. The TF1 lab was decorated in the colours of the Football World Cup with an area dedicated to the MYTF1 VR FIFA World Cup app, the creation of a 3D player avatar and even a football match shown in 8K quality.

In terms of data, TF1 continued its authentication policy with the aim of building a qualified database of over 23 million users. New strategic partnerships were entered into with key mass market players to enhance customer knowledge and offer advertisers over 300 audience segments.

Wanting to facilitate data-related understanding and exchanges, TF1 Publicité took the initiative of creating a new market reference in conjunction with France Télévisions Publicité, creating target Shoppers, available on multi-screens. Based on the KANTAR television panel, these targets, which are available across 77 FMCG markets, represent individuals from those households generating the highest number of branded purchases in any given category. These targets are also available in digital, *via* the consent of TF1 Publicité with RelevanC, a Casino group subsidiary. When the 2019 Terms and Conditions of Sale were published, for the first time in France, TF1 Publicité offered a net cost per thousand for 44 target Shoppers across 5 screens. Data synergies were also initiated, as a result of recent TF1 group acquisitions, to consolidate a holistic client view of new verticals (Aufeminin, Marmiton, Les numériques, Doctissimo etc.) and to propose activation across all group digital platforms.

In September 2018, TF1 Publicité announced that a partnership had been signed with the UK start-up, Mirriad, with a view to offering a new advertising format, in-video advertising. This technology can incorporate products, posts and brand elements into TF1 group dramas in augmented reality, revolutionising product placement. The car manufacturer, Seat, was the first advertiser to benefit from this technology as part of a campaign taking place in January and February 2019 within the *Demain Nous Appartient* (Tomorrow We Share) programme, on TF1.

Lastly, TF1 teams began to roll out recommendation spaces to present a new MYTF1 personalised experience across all the Group's portals (OTT and IPTV).

Regarding Aufeminin, R&D expenses were related to the development of audience monetisation tools and the development of social e-commerce platforms and mobile applications.

1.4 TF1 GROUP HISTORY

2018

Distribution agreements signed with Bouygues Telecom, Orange, Iliad and Canal+

TF1 owns 100% of the Newen group

Acquisition of the Aufeminin group

Announcement of plans for a Salto OTT platform shared by TF1, France Télévisions and M6*

2017

Marketing agreement

for TF1 advertising space in Belgium

TF1 signs a distribution agreement with Altice-SFR

Newen takes a majority shareholding in Tuvalu

Sale of stake in AB Group

2016

TF1 acquires a 70% equity interest in the Newen Studios group

Gilles Pélisson is appointed Chairman and CEO of TF1 group.

TF1 became the 100% owner of the capital of TMC.

2015

TF1 sells its stake in Eurosport to the Discovery Communication group

The CSA approves free broadcasting for the LCI channel

2014

TF1 becomes a 49% shareholder in Eurosport and sells the controlling majority to the Discovery Communication group.

2012

The TF1 group launches HD1, the Group's fourth free-to-air channel

2011

TF1 groups its digital offer around the unifying brand, MYTF1, available on all screens

2010

Groupe AB and TF1 finalise the transaction aimed at TF1's acquisition of the 100% stake in the NT1 channel and 40% stake in the TMC channel held by AB Group

2008

TF1 is now available in HD on DTT

2007

TF1 and the AB Group finalise TF1's acquisition of a 33.5% minority share in Groupe AB

2005

TF1 and AB Group finalise the takeover of TMC from the Pathé group. TF1 and AB Group each hold 40% of the channel, with the Principality of Monaco holding the remaining 20%

Digital Terrestrial Television (DTT) arrives in France

2004

TF1 increases its stake in TV Breizh to 71.1%

The TF1 group finalises the acquisition of 100% of the capital of Histoire

2001

TF1 acquires 50%

of SérieClub and raises its stake to 100%

in Eurosport, by buying the shares of Canal+

and Havas

1996

Creation and launch of TPS, Télévision Par Satellite, in partnership with France Télévisions, France Télécom, CLT, M6, and Lyonnaise des Eaux

1995

The TF1.fr website is launched - to instant success

1994

The Bouygues group increases its stake in TF1 from 25% to 34%

The news channel LCI is launched on cable on 24 June

1991

Eurosport, the first pan-European sports channel, joins the TF1 group

1987

The Bouygues group becomes the operator of the TF1 channel, which is privatised and listed on the Stock Exchange on 24 July.

Francis Bouygues becomes the Chairman and Chief Executive Officer of TF1

* *Requires a licence from the relevant authorities*

1.5 INFORMATION ABOUT TF1

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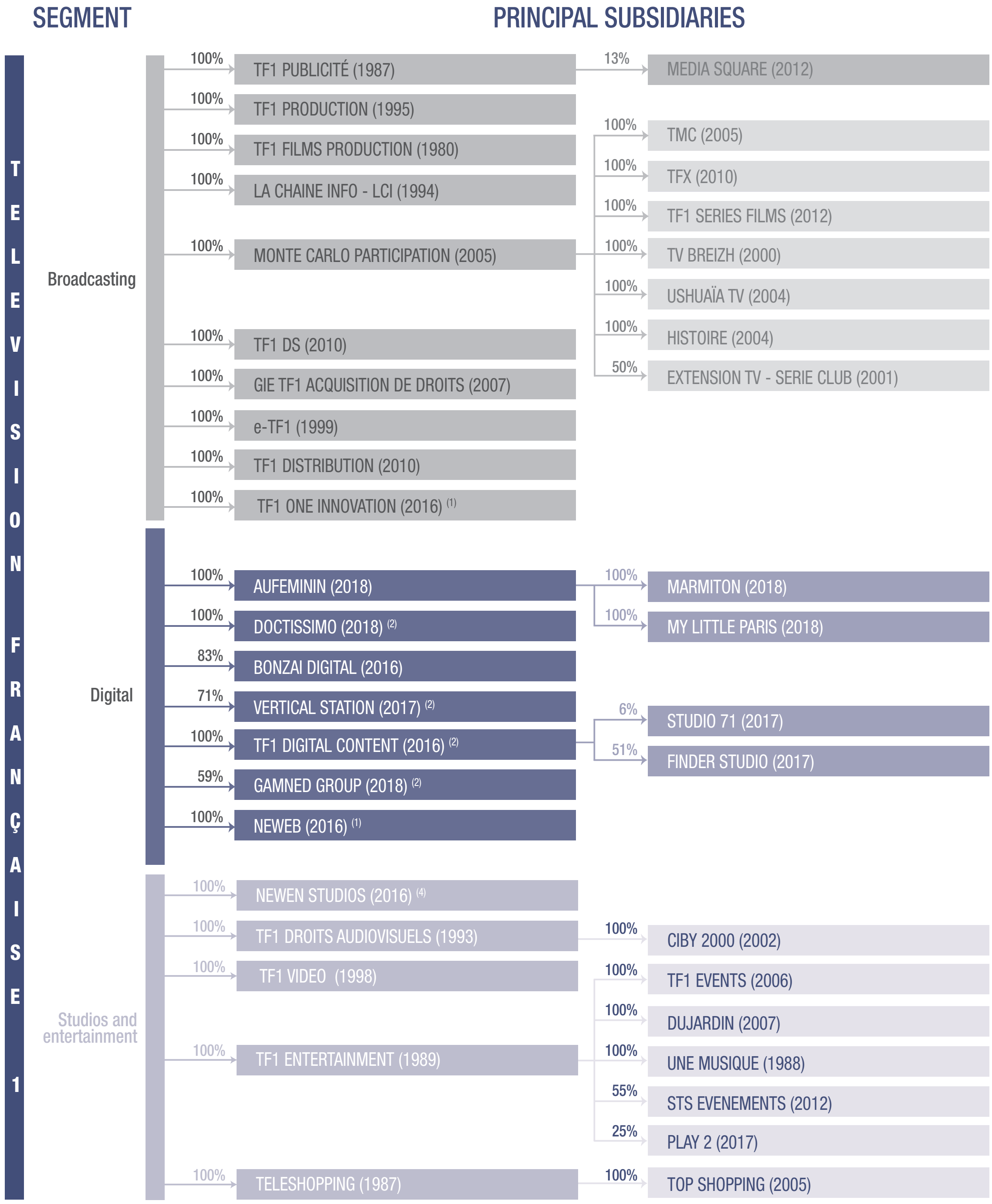
1.5.1 SIMPLIFIED ORGANISATION CHART AS OF 31 DECEMBER 2018

As a % of share capital held



The year of incorporation and/or acquisition is shown in parentheses.

(1) *Held via TF1 EXPANSION*
(2) *Held via UNIFY*
(3) *Held via NEWEN STUDIOS*
(4) *Group of approximately 70 subsidiaries*

1.5.2 GENERAL INFORMATION

Company name: TÉLÉVISION FRANÇAISE 1 – TF1

Registered Office: 1, quai du Point du jour, 92100 Boulogne-Billancourt, France

Telephone: +33 (0) 1 41 41 12 34

Registration number: 326 300 159 RCS Nanterre

APE code (principal business): 6020A – General interest broadcaster

LEI: 969500WQFC6OAQYG7E65

Legal form: French-law *société anonyme* (public limited company) with a Board of Directors

Date of incorporation: 17 September 1982

Date of expiration: 31 January 2082

Financial year: 1 January to 31 December

1.5.3 CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

The purpose of the company shall be:

- to operate an audiovisual communication service as authorised by applicable laws and regulations including in particular the conception, production, scheduling and broadcasting of television programmes, including advertising messages and announcements;
- to carry out, in France or abroad, industrial, commercial, financial, movable property or real property operations or transactions relating directly or indirectly to that purpose or to purposes which are similar, related or complementary or which may facilitate the attainment or development thereof or to any company asset, including:
  - assessing, producing, acquiring, selling, renting and exploiting recordings of images and/or sound, news reports and films intended for television, cinema or radio broadcasting,
  - undertaking advertising sales transactions,
  - providing services of all kinds for radio and television broadcasting;

all of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, capital contributions, limited partnerships, subscriptions, purchase of company shares or rights, mergers, alliances, joint ventures, inward or outward franchising of assets or rights, or by any other means.

The company shall act in accordance with its terms of reference and with applicable legislation.

1.5.4 DISTRIBUTION OF PROFITS (ARTICLE 26 OF THE ARTICLES OF ASSOCIATION)

Five per cent of the net profit for the financial year minus any prior-year losses shall be appropriated to constitute the legal reserve. Such appropriation shall cease to be mandatory once the legal reserve reaches an amount equal to one-tenth of the share capital. It shall become mandatory again when for any reason the reserve falls below one-tenth of the share capital.

Distributable earnings shall comprise net profit for the financial year minus (i) any prior-year losses and (ii) any amounts appropriated to reserves in compliance with the law and the Articles of Association, plus any retained earnings brought forward.

Those earnings shall be distributed between all shareholders in proportion to the number of shares they own.

1.5.5 GENERAL MEETINGS (ARTICLES 19 TO 24 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings shall be convened in accordance with the rules stipulated by law. General Meetings shall be open to all shareholders irrespective of the number of shares they own.

1.5.6 RIGHTS ATTACHED TO SHARES (ARTICLES 7 TO 9 OF THE ARTICLES OF ASSOCIATION)

Each share shall give entitlement to a share in the corporate assets and in the distribution of profits proportionate to the interest in the capital that it represents. Each shareholder shall have as many voting rights and may cast as many votes at Meetings as he has shares. Pecuniary and non-pecuniary rights may be restricted by law or under the Articles of Association. Under Article 7 of the Articles of Association, shareholders whose identity has not been declared to the company are stripped of voting rights. Article 8 of the Articles of Association refers to Article 40 of law no. 86-1067 of 30 September 1986, as amended, which stipulates a mechanism for capping voting rights. For a description of that mechanism refer to section 1.6, "Legal Environment".

1.5.7 IDENTIFIABLE BEARER SHARES (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

The company may at any time, on the conditions stipulated by laws and regulations, ask the central depository in charge of the securities issue account to divulge the name or company name, nationality, year of birth or incorporation and address of holders of securities giving immediate or future entitlement to vote at its Shareholders' Meetings, as well as the number of securities held by each shareholder and, where applicable, any restrictions thereon. Failure to provide such information may result in the full or partial stripping or suspension of the voting rights attached to the shares, and of any corresponding dividends.

1.5.8 CROSSING OF OWNERSHIP THRESHOLDS SPECIFIED IN THE ARTICLES OF ASSOCIATION (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

Any person acting alone or in concert who obtains at least 1%, 2%, 3% or 4% of the capital or voting rights shall within the five days following registration in their account of the shares that caused them to attain or exceed that threshold declare to the company, by sending a registered letter with acknowledgement of receipt to the registered office, the total number of shares and the number of voting rights they possess.

Such declaration must be made on the conditions stipulated above every time the threshold of 1%, 2%, 3% or 4% is crossed either upwards or downwards.

In the event of failure to make a declaration as stipulated above, those shares in excess of the thresholds that should have been declared shall be stripped of voting rights on the conditions stipulated by law if one or more shareholders holding at least 5% of the capital so request at a General Meeting.

1.5.9 SHAREHOLDER AGREEMENTS ENTERED INTO BY TF1

TF1 has entered into a number of shareholder agreements, the most significant of which are detailed below:

PROSIEBENSAT.1 DIGITAL CONTENT LP SHAREHOLDERS' AGREEMENT

TF1, Mediaset, and the other shareholders of ProsiebenSat.1 Digital Content LP have entered into a shareholder agreement relating to the equity stakes (6% in the case of TF1) taken by them in the capital of ProsiebenSat.1 Digital Content LP, a company governed by English law that operates Studio71, the no. 3 MCN (Multi Channel Network) worldwide. The principal terms of the agreement are as follows:

- TF1 has the right to designate one member of the Board of Directors of ProsiebenSat.1 Digital Content LP;
- TF1 has an option to buy the shares held by ProsiebenSat.1 Digital Content LP (49%) in the joint subsidiary that operates Studio71 in France in the event that the right to force a sale of TF1's shares in ProsiebenSat.1 Digital Content LP is exercised.

  ProsiebenSat.1 Digital Content LP will develop the activities of Studio71 through subsidiaries in France (with TF1) and in Italy and Spain (with Mediaset).

1.5.10 FACTORS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Refer also to the explanations about the licensing regime and legal restrictions on ownership of the share capital of TF1 provided in section 1.6 ("Legal Environment"). Specifically, Article 42–3 of the French Audiovisual Communication Act of 30 September 1986 as amended states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA (the French broadcasting regulator) without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure.

Pursuant to Article L. 225-37-5 of the French Commercial Code, the factors liable to have an impact on TF1 shares in the event of a public tender offer or exchange offer are as follows:

- capital structure: the relevant information is provided in section 1.8, "Share Ownership". The principal shareholders of TF1 as of 31 December 2018 were Bouygues (43.8% of the share capital) and TF1 group employees (7.2% of the share capital, *via* the "TF1 Actions" employee share ownership fund). Their votes could have an impact in the event of a public offer for TF1 shares;
- restrictions on the exercise of voting rights under the Articles of Association: under Article 7 of the Articles of Association voting rights are stripped from shareholders whose identity is not disclosed on demand by the company, or who fail to declare that they have crossed a threshold of 1%, 2%, 3% or 4% of the company's share capital or voting rights. These restrictions could have an impact in the event of a public offer for TF1 shares;
- restrictions on share transfers under the Articles of Association and contractual clauses notified to the company pursuant to Article L. 233-11 of the French Commercial Code: not applicable;
- direct or indirect holdings in the share capital of which TF1 is aware, pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code: this information is provided in section 1.8, "Share Ownership";
- list of holders of securities conferring special control rights, and description of those rights: not applicable;
- control mechanisms stipulated in employee share ownership schemes: under the rules of the "TF1 Actions" employee share ownership fund, it is the fund's Supervisory Board (rather than the employees themselves)

that exercises voting rights and decides whether to tender shares to a public offer. The Supervisory Board of the fund, which held 7.2% of the voting rights as of 31 December 2018, could have an impact on the outcome of a public offer for TF1 shares;

- agreements between shareholders of which the company is aware and which could place restrictions on the transfer of shares and the exercise of voting rights: not applicable;
- rules applicable to the appointment and replacement of members of the Board of Directors: the company is administered by a Board of Directors with between three and eighteen members subject to the dispensations stipulated by law. Pursuant to Article 66 of Law no. 86-1067 of 30 September 1986, at least one-sixth of the Board of Directors consists of employee representatives, one seat being reserved for engineers, managers and those in a similar category. The term of office of Directors other than employee representatives is three years. The term of office of Directors representing employees expires at the end of a two-year period starting from the date of their election. Directors other than employee representatives are appointed or reappointed by an Ordinary General Meeting of shareholders, which may also remove them from office at any time. Employee representative Directors are elected by the employees of TF1 and may only be removed from office by court order for misconduct in office. Directors may stand for re-election. Legal persons serving as Directors are required to appoint a standing representative on the conditions stipulated by law. Refer also to the information provided in the Chairman's report in section 3.1.1 "Composition of the Board of Directors";
- rules applicable to amendments to the company's Articles of Association: under Article L. 225-96 of the French Commercial Code, only an Extraordinary General Meeting of the shareholders has authority to amend the Articles of Association, and any clause that stipulates otherwise is deemed null and void;
- powers of the Board of Directors to issue and buy back shares: refer to the tables summarising authorisations and delegations of powers presented in section 1.7.5 below. In particular:
  - the authorisation to buy back the company's own shares, granted by the Annual General Meeting of 19 April 2018 (11th resolution) prohibits any order being placed during the period of a public offer for the company's shares; the Annual General Meeting scheduled for 18 April 2019 will be asked to replace that authorisation with a new authorisation with the same purpose (resolution 14),
  - as regards issuance of debt securities by public offering or private placement, it is appropriate that the Board of Directors should be able to act in the corporate interest by using the delegations of powers or authorisations granted by the Annual Meeting of 13 April 2017 (resolutions 14, 16, 17 and 19) even during the period of a public tender offer for the company's shares; the Annual General Meeting scheduled for 18 April 2019 will be asked to replace these authorisations with new authorisations with the same purpose (resolutions 16, 18, 19 and 21),
  - there is no current or pending resolution whereby the General Meeting of shareholders would delegate powers to the Board of Directors to issue share warrants during the period of a public offer for the company's shares;
- agreements entered into by the company that would be amended or lapse in the event of a change of control: refer to the explanations about the licensing regime provided in section 1.6, "Legal Environment". Specifically, Article 42–3 of the French Audiovisual Communication Act of 30 September 1986 as amended states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure;
- agreements under which Directors or employees would be entitled to compensation if they resign or are dismissed without genuine and serious cause or if their employment is terminated as a result of a public offer: not applicable.

1.5.11 AGREEMENTS ENTERED INTO BY CORPORATE OFFICERS OR SHAREHOLDERS WITH SUBSIDIARIES OR SUB-SUBSIDIARIES OF TF1

Pursuant to Article L. 225-37-4 of the French Commercial Code, any agreements entered into directly or *via* an intermediary between (i) the Chief Executive Officer, a Director, or a shareholder holding more than 10% of the voting rights of TF1 SA and (ii) any other company of which TF1 directly or indirectly owns more than half of the share capital, must be disclosed in the corporate governance report unless such agreements are entered into in the ordinary course of business on arm's length conditions. The company is not aware of the existence of any such agreements.

1.5.12 ARTICLES OF ASSOCIATION

The currently valid Articles of Association of TF1 can be consulted at the company's registered office, and are also available on the corporate website at: http://www.groupe-tf1.fr/en/investors/governance .

1.6 LEGAL ENVIRONMENT

1.6.1 SHARE OWNERSHIP

Under the terms of Article 39 of law no. 86-1067 of 30 September 1986 as amended, no single natural person or legal entity acting alone or in concert may directly or indirectly hold more than 49% of the capital or voting rights of a company that holds a licence to operate a national terrestrial television service whose average annual audience (terrestrial, cable and satellite) exceeds 8% of the total television audience.

Under the terms of Article 40 of law no. 86-1067 of 30 September 1986 as amended, no natural person or legal entity of non-European nationality may make any acquisition that has the effect of directly or indirectly increasing to more than 20% the percentage interest held by foreigners in the capital of a company that holds a licence to operate a terrestrial television service.

Under the terms of Article 41 of the law of 30 September 1986 as amended by the law of 9 July 2004, no single natural person or legal entity may directly or indirectly hold more than seven individual licences to operate a national Digital Terrestrial Television service.

1.6.2 LICENSING REGIME

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a ten-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997.

The licence was renewed for a further five-year period (via decision no. 96–614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

In accordance with Articles 28-1, 82 and 99 of the law of 30 September 1986 as amended, TF1's broadcasting licence has been "automatically" renewed several times.

TF1 also has a supplementary licence to broadcast in high definition (HD), awarded by the CSA (the French broadcasting regulator) in decision no. 2008-424 of 6 May 2008, for a ten-year period ending 5 May 2018.

In 2016, as part of the process of freeing up the 700 MHz spectrum for telecoms operators and the resulting shutdown of two DTT multiplexes, TF1 (at the request of the CSA) surrendered its licence to broadcast in standard definition (SD), retaining only its licence to broadcast in HD.

On 27 July 2017, the CSA (in decision no. 2017-523) renewed TF1's licence to broadcast on HD DTT for a further five-year period. This licence will expire on 5 May 2023.

Article 42–3 of the French Audiovisual Communication Act of 30 September 1986 states that TF1's licence to operate a national terrestrial television service may be withdrawn by the CSA without notice in the event of a substantive change in the data on the basis of which the licence was issued, in particular changes in the share ownership structure.

1.6.3 PRINCIPAL LEGAL TEXTS AND OBLIGATIONS

LEGAL TEXTS

- Terms of reference established by Decree no. 87–43 of 30 January 1987 and by the decision of 27 July 2017 renewing the licence granted to TF1;
- Law no. 86-1067 of 30 September 1986 as amended;
- Directive 2010/13/EU (the Audiovisual Media Services Directive) of 10 March 2010;
- Decree no. 2010-747 of 2 July 2010 as amended, on the contribution of terrestrial television services to the production of made-for-cinema films and audiovisual works;
- Decree no. 90–66 of 17 January 1990 as amended (obligations to broadcast);
- Decree no. 92–280 of 27 March 1992 (obligations relating to advertising and sponsorship).

The principal obligations currently in force relating to broadcasting and to investment in production are as follows:

- No more than 192 made-for-cinema films per year may be broadcast, of which no more than 144 May begin between 8.30pm and 10.30pm, and none may be broadcast on Wednesday or Friday evening, Saturday all day, or Sunday before 8.30pm;
- Quotas apply to made-for-cinema films and audiovisual works, across the entire output and in peak viewing hours, whereby at least 60% of broadcast material must be European and 40% must be original French works;
- At least two-thirds of annual broadcasting time on the TF1 core channel must be devoted to French-language programmes;
- There is an obligation to broadcast at least 900 hours of children's programmes annually, comprising 150 hours on the TFX channel and 750 hours on the TF1 core channel (the latter to include at least 650 hours of animation);
- There is an obligation to broadcast at least 800 hours of news programmes annually;
- There is an obligation to commission programmes, whereby 12.5% of net advertising revenue for the previous financial year must be spent on commissioning original French or European audiovisual works in the following categories: drama, documentaries, cartoons, live shows and music videos. This must include at least 120 hours of first-run French-language or European audiovisual works (including 30 hours of repeats) in slots starting between 8pm and 9.30pm;
- There is an obligation to invest 0.6% of net advertising revenue for the previous financial year in commissioning European or French-language cartoons (this figure is included in the 12.5%

general obligation mentioned above), with at least 0.45% of that revenue spent on commissioning from independent producers;

- There is a further obligation to invest 3.2% of net advertising revenue for the previous financial year in the co-production of European made-for-cinema films, with at least 2.5% of that revenue invested in French-language films and at least 75% of the orders placed with independent producers. Such investments must be made by a subsidiary of the broadcaster (TF1 Films Production, in the case of TF1) as a minority investor; the broadcaster and the co-producer should have broadly equivalent shares in the production;
- There is also an obligation to make all the channel's programmes (other than adverts) accessible to the deaf or hard-of-hearing. The CSA may agree to exempt some programmes from this obligation due to their specific nature (this dispensation is written into TF1's terms of reference).

Compliance with these obligations is monitored, and under Articles 42 to 42-11 of the law of 30 September 1986 the CSA has the power to impose financial penalties in the event of non-compliance.

To protect children and adolescents, TF1 has adopted a five-tier classification system giving an on-screen indication of the suitability of a programme for various age groups.

1.7 SHARE CAPITAL

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1.7.1 AMOUNT OF SHARE CAPITAL AND CATEGORY OF SHARES

As of 31 December 2017, the company had total share capital of €41,973,148.40, divided into 209,865,742 shares with a par value of €0.20 each; TF1 did not hold any of its own shares. The total number of voting rights, including shares stripped of voting rights, in accordance with the calculation method set out in the AMF General Regulation, was 209,865,742 votes.

Between 1 January and 31 December 2018, 63,198 shares were created as a result of the exercise of stock options.

As of 31 December 2018, the company had total share capital of €41,985,788, divided into 209,928,940 shares with a par value of €0.20 each; TF1 did not hold any of its own shares. The total number of voting rights, including shares stripped of voting rights, in accordance with the calculation method set out in the AMF General Regulation, was 209,928,940 votes.

No stock options were exercised between 1 January 2019 and 14 February 2019.

The shares in issue represent 100% of the existing capital and voting rights.

There are no founders' shares, profit certificates, convertible or exchangeable bonds, voting right certificates, investment certificates, double voting rights, or preference shares.

Shares are freely negotiable subject to the applicable legal and regulatory restrictions and specifically to the conditions stipulated by law no. 86-1067 of 30 September 1986 as amended. Shareholders are bound to comply with the specific requirements relating to ownership or acquisition of the company's shares as contained in the Articles of Association and in laws and regulations.

The company is authorised to make use of legal provisions identification of holders of securities granting the right to vote in its Shareholder Meetings immediately or at a later date. To ascertain the profile of its share owners, TF1 periodically reviews its registered and identification of holders of securities granting the right to vote in its bearer shareholder base, as identified through Euroclear.

1.7.2 SHARE BUYBACKS

USE DURING 2018 OF THE SHARE BUYBACK PROGRAMMES AUTHORISED BY ANNUAL GENERAL MEETINGS

The Annual General Meetings of 13 April 2017 and 19 April 2018 authorised the Board of Directors (as permitted under Articles L. 225-209 et seq. of the French Commercial Code) to buy shares in the company up to a limit of 10% of the number of shares making up the share capital on the date the buyback programme is used. These authorisations permit the Board of Directors to buy shares in the company in order to cancel them.

The Annual General Meetings of 13 April 2017 and 19 April 2018 authorised the Board of Directors to reduce the share capital by cancelling repurchased shares, up to a limit of 10% of the share capital per 24-month period.

Under the aforementioned authorisations, TF1 did not acquire any of its own shares in 2018. It did not own any of its own shares in 2018 or cancel any of its own shares in 2018.

TF1 did not acquire any of its own shares in the market between 1 January 2019 and 14 February 2019 under the authorisation granted by the Annual General Meeting of 19 April 2018.

The authorisation to buy back the company's own shares granted by the Annual General Meeting of 19 April 2018 expires on 19 October 2019. Accordingly, a proposal will be submitted to the next Annual General Meeting on 18 April 2019 to renew that authorisation on the basis described below.

1.7.3. DESCRIPTION OF THE NEW SHARE BUYBACK PROGRAMME SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING ON 18 APRIL 2019

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation, the company hereby provides a description of the share buyback programme that will be submitted for approval by the Annual General Meeting on 18 April 2019. That programme will replace the programme authorised by the Annual General Meeting of 19 April 2018.

NUMBER OF SHARES AND PERCENTAGE OF SHARE CAPITAL HELD BY TF1 – OPEN POSITIONS IN DERIVATIVES

As of 14 February 2019, the company did not own any of its own shares. It had no open position in derivatives.

OBJECTIVES OF THE BUYBACK PROGRAMME

The Board of Directors is requesting the Annual General Meeting of 18 April 2019 for authority to buy back the company's own shares, up to a maximum of 10% of the share capital.

That authorisation would cover various objectives, including those mentioned in Article 5 of Regulation 596/2014/EU on market abuse or a market practice recognised by the AMF.

Those objectives are:

- reducing the share capital by cancelling shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- allotting or transferring shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures stipulated by law, and particularly in connection with profit-sharing or stock option plans, or *via* company or Group savings schemes, or through the allotment of free shares;
- holding shares and as the case may be using them subsequently as a means of payment or exchange in the event of an acquisition, merger, demerger or transfer of assets, in accordance with applicable regulations;
- promoting market liquidity and regularising the market price of the company's shares, and avoiding pricing discrepancies not caused by market trends through the use of a liquidity contract managed by an investment services provider acting in accordance with market practices approved by the AMF;
- fulfilling obligations attached to debt securities, in particular securities giving entitlement to the allotment of shares in the company *via* redemption, conversion, exchange, or in any other way;
- implementing any market practice accepted by the AMF and more generally, conducting any transaction that complies with applicable regulations.

OBJECTIVES OF THE NEW BUYBACK PROGRAMME

Subject to approval by the Annual General Meeting of the resolution relating to share buybacks, the Board of Directors' meeting of 14 February 2019 decided to set the objectives of the new buyback programme as follows:

- reducing the share capital by cancelling shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- allotting or transferring shares to employees or corporate officers of the company or of related companies, in accordance with the requirements and procedures stipulated by law, and particularly in connection with profit-sharing or stock option plans, or via company or Group savings schemes, or through the allotment of free shares;

The Board of Directors reserves the right to extend the programme to other objectives included among those submitted to the Annual General Meeting of 18 April 2019 for approval. In that eventuality, the company would inform the market via a press release.

MAXIMUM PERCENTAGE OF SHARE CAPITAL – MAXIMUM NUMBER AND CHARACTERISTICS OF THE SHARES THAT THE COMPANY IS PROPOSING TO ACQUIRE – MAXIMUM PURCHASE PRICE

The programme allows the company to buy back its own shares at a price of up to €20 per share, subject to adjustments relating to corporate actions.

The Board of Directors has set the maximum amount of funds allocated to this buyback programme at €300 million, equivalent to a maximum of 15,000,000 shares based on the price of €20 per share submitted to the Annual General Meeting for approval.

As required by law, the total number of shares held at any given date may not exceed 10% of the share capital at that same date.

The shares acquired may be reallocated or transferred subject to the conditions set by the AMF, and in particular those contained in AMF Position-Recommendation DOC-2017–04, "Guidance on trading by listed issuers in their own securities and stabilisation measures".

Repurchased shares retained by TF1 are stripped of voting rights and are not entitled to payments of dividend.

Shares may be acquired, sold, transferred or exchanged by any means subject to AMF rules, on market or off market, *via* multilateral trading facilities or systematic internalisers or over the counter, by means of derivative financial instruments, and at any time, except during the period of a public tender offer or public exchange offer for the company's shares. The portion of the programme that may be carried out through block trades is not restricted, and may extend to the entire programme.

DURATION OF THE BUYBACK PROGRAMME

Eighteen months starting from the Annual General Meeting of 18 April 2019.

1.7.4 TRANSACTIONS IN TF1 SHARES DURING 2018 BY DIRECTORS AND KEY EXECUTIVES OR BY PERSONS REFERRED TO IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE

In accordance with Article 223-26 of the AMF General Regulation, the following table sets out transactions in TF1 shares carried out in 2018 by Directors and key executives or persons of equivalent status: not applicable.

1.7.5 FINANCIAL AUTHORISATIONS

FINANCIAL AUTHORISATIONS IN EFFECT AS OF THE DATE OF THE COMBINED GENERAL MEETING OF 18 APRIL 2019

The following table summarises financial authorisations granted by the General Meeting to the Board of Directors and still in effect, and the use made of such authorisations in 2018.

The only authorisations used during 2018 were those authorising grants of stock options and awards of performance shares to certain employees.

Autorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining[1]	Annual General Meeting	Resolution no.	Use made of autorisation during the year
Share buybacks and capital reduction							
Purchase by the company of its own shares	10% of share capital		18 months	6 months	19/04/2018	11	Not used
Capital reduction by share cancellation	10% of share capital per 24 month-period		18 months	6 months	19/04/2018	12	Not used
Issuance of securities							
Capital increase with PR[2]	€8.4 million	€900 million	26 months	2 months	13/04/2017	14	Not used
Capital increases by incorporation of share premium, profits or reserves	€400 million		26 months	2 months	13/04/2017	15	Not used
Capital increase without PR[2] by public offering	€4.2 million		26 months	2 months	13/04/2017	16	Not used
Capital increases without PR[2] through private placement	€4.2 million	€900 million	26 months	2 months	13/04/2017	17	Not used
Setting of issue price without PR[2], of shares or securities	10% of share capital		26 months	2 months	13/04/2017	18	Not used
Increase in the number of securities to be issued in the event of a capital increase with or without PR[2]	15% of initial issue		26 months	2 months	13/04/2017	19	Not used
Capital increase to remunerate in-kind contributions of shares or securities giving access to its capital	10% of share capital	€900 million	26 months	2 months	13/04/2017	20	Not used
Capital increase, without PR[2], to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	2 months	13/04/2017	21	Not used

Autorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining(1)	Annual General Meeting	Resolution no.	Use made of autorisation during the year
Issues reserved for employees and corporate officers							
Grants of stock options and/or purchase of shares	3% of share capital		38 months	14 months	13/04/2017	24	700,900 stock options were been awarded (0.33% of the share capital)
Awards of performance shares (existing or to be issued)	3% of share capital		38 months	2 months	14/04/2016	17	172,300 performance shares to be issued were awarded (0.08% of the share capital)
Capital increase reserved for employees and/or corporate officers participating in a company savings scheme (PEE)	2% of share capital		26 months	2 months	13/04/2017	23	Not used

(1) Starting from the vote at the Annual General Meeting of 18 April 2019.
(2) PR: pre-emptive rights.
(3) Awarded subject to performance conditions. Common limit. No award was made to the Chairman & Chief Executive Officer.

FINANCIAL AUTHORISATIONS SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING OF 18 APRIL 2019

The financial authorisations granted by the Annual General Meetings of 14 April 2016 and 13 April 2017 will expire in 2019, except for the authorisation relating to grants of stock options (Resolution 24 of the Annual General Meeting of 13 April 2017), which will expire in 2020. The authorisations relating to share buybacks and capital reductions by cancellation of shares (resolutions 11 and 12 of the Annual General Meeting of 19 April 2018) will also expire in 2019.

The table below sets out the financial authorisations that shareholders will be asked to grant to the Board of Directors at the Annual General Meeting of 18 April 2019.

These new delegations are in the same vein as similar ones authorised at previous Annual General Meetings and are consistent with usual practice and recommendations concerning the amount, ceiling and duration (26 months).

The company will not be permitted to buy back its own shares during the period of a public tender offer or public exchange offer. In addition, share buybacks may be carried out through the use of derivatives. the Board taking the view that the terms offered by such use might be in the financial interest of the company and shareholders. The 10% limit and €300 million allocation have both been maintained to ensure that the Board of Directors retains ample room for manoeuvre.This year's Annual General Meeting is being asked to approve the renewal of the authorisation to grant stock options so that the duration of the plans can be extended from 7 to 10 years.

Authorisation	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining[(1)]	Annual General Meeting	Resolution no.
Share buybacks and capital reduction						
Purchase by the company of its own shares	10% of share capital		18 months	18 months	18/04/2019	14
Capital reduction through cancellation of shares	10% of share capital per 24-month period		18 months	18 months	18/04/2019	15
Issuance of securities						
Capital increase with PR[(2)] by issue of shares or securities	€8.4 million	€900 million	26 months	26 months	18/04/2019	16
Capital increase through incorporation of share premium, profits or reserves	€400 million		26 months	26 months	18/04/2019	17
Capital increase without PR[(2)] by issuing shares or securities by public offering	€4.2 million	€900 million	26 months	26 months	18/04/2019	18
Capital increase without PR[(2)] by issuing shares or securities through a private placement	10% of share capital over 12 months €4.2 million	€900 million	26 months	26 months	18/04/2019	19
Setting of issue price, without PR[(2)], of shares or securities	10% of share capital		26 months	26 months	18/04/2019	20
Increase in the number of securities to be issued in the event of a capital increase with or without PR[(2)]	15% of initial issue		26 months	26 months	18/04/2019	21
Capital increase to remunerate in-kind contributions of shares or securities giving access to capital	10% of share capital	€900 million	26 months	26 months	18/04/2019	22
Capital increase without PR,[(2)], to remunerate securities tendered as part of a public exchange offer	€4.2 million	€900 million	26 months	26 months	18/04/2019	23
Issues reserved for employees and corporate officers						
Capital increase reserved for employees and/or corporate officers participating in a company savings scheme (PEE)	2% of share capital		26 months	26 months	18/04/2019	25
Grants of stock options	3% of share capital		38 months	38 months	18/04/2019	26
Awards of performance shares, whether existing or to be issued	3% of share capital		38 months	26 months	18/04/2019	27

(1) Starting from the vote at the Annual General Meeting of 18 April 2019.
(2) PR: pre-emptive rights.

1.7.6 POTENTIAL SHARE CAPITAL

As of 31 December 2018, a total of 661,083 stock subscription options (0.3% of the share capital) were no longer in their lock-up period and had an exercise price lower than the market price at 31 December 2018 (the last quoted price in the financial year) of €7.08.

Information about options outstanding is provided in Note 7.4 to the consolidated financial statements, in section 5 of this registration document and Annual Financial Report.

1.7.7 CHANGES IN SHARE CAPITAL DURING THE LAST FIVE YEARS

CHANGES IN SHARE CAPITAL TO 31 DECEMBER 2018

		Increase/decrease in share capital *(€)*				
Date	**Corporate action**	**Number of shares**	**Par value**	**Share premium & incorporation of reserves**	**Total capital after change** *(€)*	**Total number of shares**
From 01/01/2014 to 31/12/2014	Exercise of stock options in plan no. 11 at €5.98	268,751	53,750	1,553,380	42,305,752	211,528,764
	Exercise of stock options in plan no. 11 at €5.98	210,586	42,117	1,217,187	42,347,870	211,739,350
From 1/1/2015 to 27/10/2015	Exercise of stock options in plan no. 12 at €12.47	244,400	48,880	2,998,788	42,396,750	211,983,750
28/10/2015	Cancellation of own shares	(1,482,183)	(296,437)	19,703,564	42,100,313	210,501,567
From 29/10/2015 to 31/12/2015	Exercise of stock options in plan no. 11 at €5.98	20,000	4,000	115,600	42,104,313	210,521,567
	Exercise of stock options in plan no. 11 at €5.98	131,176	26,235	758,197	42,130,547	210,652,743
From 1/1/2016 to 26/10/2016	Exercise of stock options in plan no. 13 at €6.17	150,317	30,063	897,392	42,160,612	210,803,060
27/10/2016	Cancellation of own shares	(1,420,718)	(284,144)	12,814,113	41,876,468	209,382,342
From 27/10/2016 to 31/12/2016	Exercise of stock options in plan no. 13 at €6.17	35,200	7,040	210,144	41,883,508	209,417,542
	Exercise of stock options in plan 2011 at €12.47	30,000	6,000	368,100	41,889,508	209,447,542
From 1/1/2017 to 31/12/2017	Exercise of stock options in plan 2012 (no. 13) at €6.17	418,200	83,640	2,496,654	41,973,148	209,865,742
From 1/1/2018 to 31/12/2018	Exercise of stock options in plan no. 13 at €6.17	63,198	12,640	377,292	41,985,788	209,928,940

1.8 SHARE OWNERSHIP

AFR

1.8.1 MANAGEMENT OF TF1 SHARES

As the issuing company, TF1 provides its own registrar and paying agent services.

1.8.2 SHAREHOLDER AGREEMENTS RELATING TO THE CAPITAL OF TF1

As far as the company is aware there are at present no shareholder agreements or concert parties relating to the capital of TF1, and no agreements that if implemented could result in a change of control of the company at a future date.

1.8.3 SHAREHOLDERS AND OWNERSHIP STRUCTURE

NUMBER OF SHARES AND VOTING RIGHTS

Date	Number of shares comprising the share capital	Total number of voting rights	
		theoretical(1)	exercisable(2)
31 December 2018	209,928,940	209,928,940	209,928,940
31 December 2017	209,865,742	209,865,742	209,865,742
31 December 2016	209,417,542	209,417,542	209,417,542

(1) In compliance with Article 223-11 of the AMF General Regulation, the number is based on the total number of shares to which voting rights are attached, including shares from which voting rights have been stripped.
(2) This number, provided for information purposes, excludes shares from which voting rights have been stripped.

There are no double voting rights.

To the best of the company's knowledge, no TF1 shares have been pledged and TF1 has pledged none of its subsidiaries' shares.

The control structure of the company is described below. However, the company considers that there is no risk of abuse of control. The Board of Directors and Board committees include a significant proportion of independent Directors. In addition, TF1 applies the recommendations of the AFEP/MEDEF Corporate Governance Code, which is included as an annex to the TF1 Board's Rules of Procedure. The annex reproduces the Code in full, not just the recommendations.

To the best of the company's knowledge, there has been no material change in the ownership structure since 31 December 2018.

CHANGES IN OWNERSHIP STRUCTURE

To the best of the knowledge of the Board of Directors, changes in the company's share ownership structure over the past three years are as indicated below:

	31 December 2018			31 December 2017			31 December 2016		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Bouygues	**91,946,297**	**43.8%**	**43.8%**	**91,946,297**	**43.8%**	**43.8%**	**91,946,297**	**43.9%**	**43.9%**
Free float – rest of the world[(1)]	**63,826,445**	**30.4%**	**30.4%**	**69,575,270**	**33.2%**	**33.2%**	**60,290,960**	**28.8%**	**28.8%**
Free float France[(1)](2)	**38,843,310**	**18.5%**	**18.5%**	**34,060,137**	**16.2%**	**16.2%**	**41,977,816**	**20.0%**	**20.0%**
TF1 employees	**15,312,888**	**7.3%**	**7.3%**	**14,284,038**	**6.8%**	**6.8%**	**15,202,469**	**7.3%**	**7.3%**
via "FCPE TF1 Actions"[(3)]	*15,121,278*	*7.2%*	*7.2%*	*14,080,439*	*6.7%*	*6.7%*	*15,043,947*	*7.2%*	*7.2%*
as registered shareholders[(4)]	*191,610*	*0.1%*	*0.1%*	*203,599*	*0.1%*	*0.1%*	*158,522*	*0.1%*	*0.1%*
Treasury shares	-	-	-	-	-	-	-	-	-
TOTAL	**209,928,940**	**100%**	**100%**	**209,865,742**	**100%**	**100%**	**209,417,542**	**100%**	**100%**

(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.

DECLARATIONS OF CROSSING OF SHARE OWNERSHIP THRESHOLDS

Declarations of the crossing of share ownership thresholds by registered intermediaries or fund managers brought to the attention of TF1 in 2018. including statutory declarations brought to the attention of the AMF and declarations required under the TF1 Articles of Association brought to the attention of the company, were as follows.

Date of declaration	Date of transaction on the market	Registered intermediary or fund manager	Threshold	Nature of change	Number of shares	% of share capital	% of voting rights
10/01/2018	10/01/2018	CNP Assurances	2%	Down	4,107,064	1.95%	1.95%
07/03/2018	06/03/2018	Schroders	1%	Down	1,976,713	0.94%	0.94%
10/05/2018	08/05/2018	Wellington Management	3%	Up	6,428,686	3.06%	3.06%
16/05/2018	15/05/2018	Schroders	1%	Up	2,197,398	1.05%	1.05%
15/05/2018	14/05/2018	CNP Assurances	1%	Down	2,041,760	0.97%	0.97%
23/10/2018	22/10/2018	CDC Entreprise - Valeurs - Moyennes	2%	Up	4,207,877	2%	2%
21/11/2018	16/11/2018	Federated Global Investment Management	1%	Down	2,071,830	0.99%	0.99%

Since 31 December 2018:

- Amundi has declared that it passed above the threshold of 1.0% of the share capital and voting rights of TF1. Based on a total number of shares in issue of 209,928,940 as of 31 December 2018, Amundi's holding of 2,578,578 TF1 shares (and the same number of voting rights) represents 1.22% of the share capital and voting rights of TF1.
- Wellington Management has declared that it passed below the threshold of 3.0% of the share capital and voting rights, following a sale of shares on 18 January 2019. Based on a total number of shares in issue of 209,928,940 as of 31 December 2018, Wellington Management's holding of 5,913,917 TF1 shares (and the same number of voting rights) represents 2.81% of the share capital and voting rights of TF1.
- Wellington Management has declared that it corssed below the threshold of 2% of the share capital and voting rights, following a sale of shares on 4 February 2019. Based on a total number of shares in issue of 209,928,940 as of 31 December 2018, Wellington Management's holding of 4,114,800 TF1 shares (and the same number of voting rights), represents 1.96% of the share capital and voting rights of TF1.

To the best of the company's knowledge, there are no shareholders other than Bouygues, FCPE TF1 Actions, Newton Investment Management and DNCA holding more than 5% of the voting rights.

FCPE TF1 Actions, the vehicle for the TF1 group employee share ownership scheme, held 7.2% of the share capital as of 31 December 2018.

1.9 STOCK MARKET INFORMATION

1.9.1 DESCRIPTION OF TF1 SHARES

TF1 shares are quoted on Euronext Paris, compartment A.

ISIN code: FR0000054900; CFI: ESVUFN; ICB: 5553 – Broadcasting and Entertainment.

Ticker: TFI.

As of 31 December 2018, TF1 shares were listed in various stock market indices including: SBF 120, CAC Mid 60, CAC Mid & Small, Next 150 and Euro Stoxx® TMI Media.

There is currently no request pending for admission to another stock exchange.

1.9.2 SHARE PRICE AND VOLUMES

On 31 December 2018, TF1 shares closed at a price of €7.08; this represents a fall of 42% over 2018 as a whole, compared with a fall of 11% for the CAC 40 index and a fall of 12% for the SBF 120.

During 2018, the average share price was €9.74 and the average daily trading volume of TF1 shares was 246,504, 8% less than in 2017. The highest volume of shares traded in a single day was on 22 June 2018, when 1,265,855 shares were traded.

The market capitalisation of the TF1 group as of 31 December 2018 was €1,486 million. The P/E (price/earnings) ratio as of 31 December 2018 (based on net profit attributable to the Group) was 12x, compared with a P/E ratio of 19x as of 31 December 2017.

The table below shows trends in the share price and trading volumes in TF1 shares during 2018:

Month	High(1) (€)	Low(1) (€)	Last (€)	Average number of shares traded(2)	Market capitalisation(3) (€m)
January	12.75	12.08	12.08	205,822	2,535
February	12.18	11.23	11.63	190,766	2,440
March	11.82	10.79	11.03	202,260	2,315
April	10.60	10.23	10.35	336,971	2,172
May	10.63	9.32	9.32	270,910	1,956
June	9.51	9.00	9.03	303,650	1,895
July	9.65	8.63	9.28	281,747	1,949
August	9.16	8.55	8.55	171,613	1,795
September	9.59	8.11	9.09	254,254	1,908
October	9.21	8.18	9.00	244,742	1,889
November	9.33	8.38	8.46	241,617	1,775
December	8.28	6.61	7.08	264,011	1,486

Euronext.

(1) Highs and lows represent the outlying values recorded at close of trading.
(2) The volume of shares traded refers to average daily trading volumes on Euronext.
(3) Calculation based on the monthly closing price multiplied by the number of shares reported at the end of the month.

1.9.3 DIVIDENDS AND YIELD

No interim dividends were paid out of 2018 profits.

Dividends are remitted to shareholders from their date of payment, either by TF1 for registered shares or by financial institutions for managed registered shares and bearer shares.

Dividends that are not claimed within five years are remitted to the government.

Year	Total number of shares as of 31 December	Dividend paid for the year *(net, in €)*	Payment	Quoted market price *(€)* at close of trading			Yield based on last price
				High	Low	Last price	
2016	209,417,542	0.28	3 May 2017	11.99	7.8	9.45	3.0%
2017	209,865,742	0.35	3 May 2018	13.43	9.35	12.29	3.0%
2018	209,928,940	0.40[1]	2 May 2019	12.75	6.61	7.08	5.6%

(1) Subject to approval by the Annual General Meeting of 18 April 2019.

2

RISK FACTORS AFR

2.1 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.

2.1.1 OPERATIONAL RISKS

RISK OF LOSS OF KEY PROGRAMMES

DESCRIPTION OF THE RISK

The performance of TF1 depends partly on its ability to offer premium programmes in order to maintain its leadership in audience ratings. Consequently, the loss of key programmes represents a risk in terms of reduced audiences, and of reduced capacity to monetise those audiences.

HOW THE RISK IS MANAGED

Thanks to the talent of its artistic staff and its long-standing special relationships with French and foreign partner producers, TF1 currently offers the best programmes. Future programming streams are locked in *via* multi-year contracts with the biggest producers, reducing the risk of loss of key programmes in the medium and/or long term.

RISK THAT PROGRAMMES WILL BECOME UNSUITABLE FOR BROADCAST

DESCRIPTION OF THE RISK

To secure future supplies of key programmes, TF1 commits to certain programmes (especially series and feature films) at a very early stage relative to the date of transmission. The time-lag can be substantial, and visibility on new products is often low.

Because TF1 channels are constantly adapting their editorial line in response to changes in public taste, an artistic mismatch may sometimes arise between current editorial needs (aimed at maximising audiences) and past programme acquisitions. If such mismatches occur, they may lead to spikes in impairment losses taken against broadcasting rights inventory.

HOW THE RISK IS MANAGED

TF1's exposure to this risk is limited to multi-year contracts with the biggest producers. If such a risk were to materialise, there are two ways of mitigating the impact:

- the pooling of rights across the TF1 group's channels offers alternative solutions for using rights to a programme that becomes unsuitable for broadcast on TF1;
- as a last resort, some or all of the risk may be mitigated by selling the rights on to another market player.

RISKS ASSOCIATED WITH THE ECONOMIC ENVIRONMENT

DESCRIPTION OF THE RISK

In light of actual economic conditions during 2018 and the prospects for 2019, there is a risk of stagnation in the advertising market, which could have an adverse effect on projected trends in TF1 group revenues.

HOW THE RISK IS MANAGED

To protect against the effects of this stagnation, the TF1 group keeps all of its expenditure under constant review, and continually adapts its business model by identifying and tapping new sources of growth (see section 4.2 of this registration document).

2.1.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

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 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 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.

In addition, to protect against risks arising from operator networks, the contractual terms of the distribution agreements stipulate a guaranteed high level of service.

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 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.

TF1 was unaffected by the recent global virus attacks (including WannaCry and Petya). However, those attacks underlined the imperative need for companies to have a high-powered data back-up policy, combined with rapid-response patching capacity to apply security fixes quickly and effective firewall protection of datacentres. An analysis showed that while TF1 is fully confident in the effectiveness of its backup policy, there is a need to ensure firstly that security fixes are applied faster and more effectively across all IT assets, and secondly that firewalls are used systematically to protect IT and broadcasting datacentres. Two projects were launched in response: one to investigate the potential installation of a new reliable and fully-automated distributed software solution, and the other to protect all our datacentres with firewalls.

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 better manage the risk.

RISK OF INTRUSION DURING LIVE PUBLIC BROADCASTS

DESCRIPTION OF THE RISK

In the current security and social climate, TF1 has reassessed its exposure to the risk of intrusion affecting major entertainment shows broadcast live and in front of a public audience.

HOW THE RISK IS MANAGED

Reinforced security measures have been introduced to protect members of the public. Those measures are the responsibility of TF1 for in-house productions, and of the third-party production company for outsourced programmes. In order to retain absolute control over the output on its channels, TF1 has also introduced a slight delay of a few minutes when broadcasting major live entertainment shows in front of a public audience.

RISKS RELATED TO THE GROWTH OF DIGITAL TERRESTRIAL TELEVISION AND TO THE DEVELOPMENT OF THE INTERNET AND NEW MEDIA[1]

DESCRIPTION OF THE RISKS

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 the incumbent channels.
- Changing patterns of consumption include the trend towards delinearised viewing of unencrypted content (reflecting the rise of connected TV and video content on mobiles and tablets); this reached significant levels in 2018, and could erode the amount of time people spend watching linear TV.
- 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, TF1's audience share among individuals aged 4 and over has declined from 31.8% in 2004 to 20.3% in 2018.

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

HOW THE RISK IS 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;

(1) *Médiamétrie.*

- 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 spots 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 also 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*).

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 ASSOCIATED WITH CHANGES TO SPECTRUM ALLOCATION AND THE DTT SWITCHOVER TO MPEG-4

DESCRIPTION OF THE RISK

Following completion of the switchover to 100% digital in November 2011, the frequency spectrum is still subject to changes that may generate various types of risk for TF1's operations.

The arrival of first and second dividend 4G (the "700 band" and "800 band") risks generating interference for television viewers in some parts of France, since the spectrum relinquished to the mobile phone operators is adjacent to the DTT spectrum. The mobile phone operators are responsible for taking all the necessary measures to prevent interference to TV reception, in particular by installing filters. Those measures are monitored by ANFR (the French national frequencies agency).

Under law no. 2015-1267 of 14 October 2015 on the second digital dividend and the ongoing modernisation of Digital Terrestrial Television, part of the frequency spectrum (694 MHz-790 MHz, known as the "700 band"), currently allocated to television broadcasting, will be reallocated to telecommunications. The reallocation will be phased in gradually across 14 geographical regions. It began in April 2016 with the Île-de-France region; the roll-out has been successful, and will continue until the final region is completed in June 2019. The frequency changes will require viewers in each region to retune their devices to find and fix a signal. Although this change is starting to come to public attention following a nationwide information campaign on 5 April 2016 targeted at all DTT viewers, it may adversely affect reception of the TF1 channel. The ANFR is conducting local information campaigns in each region, which should minimise the risk.

HOW THE RISK IS MANAGED

Uninterrupted reception for viewers is a priority for TF1, which is working closely with the CSA (the French broadcasting regulator) as these developments progress. More generally, TF1 is maintaining close contact with regulators and legislators to try to limit the impact of these changes.

GENERAL POLICY ON MANAGING INDUSTRIAL AND ENVIRONMENTAL RISKS

The *Réagir* Committee, created in 2003, continues to work on monitoring and preventing major risks, especially those associated with TF1's key processes. It also updates TF1's risk mapping, and regularly tests business continuity plans that may be triggered when an exceptional event results in interrupted signal transmission or denial of access to the TF1 building.

Those plans rely on a secure external backup site (in place since 2007), which is operational for three processes: programme transmission, the production of news and weather bulletins (TF1 and LCI), and the preparation of advertising spots for the TF1 channel. The company's vital functions are included in the security plan through an alert and activity resumption process. Besides real-time security, numerous key areas such as accounting, treasury, payroll, e-TF1 and IT are protected to varying degrees by security systems.

Procedures are tested periodically so that the system can be adjusted if necessary. Broadcasting and transmission continuity is ensured 24/7, and an operations simulation is performed regularly.

There were no broadcasting incidents in 2018 that required fall-back on an external backup site.

Operational since 2011, *Réagir 1 Vigilance* is a preventive plan activated on an as-needed basis, and in particular at any time of heightened risk (building works, equipment maintenance, mass events, live broadcasts, service launches, software upgrades, IT continuity plan tests, etc.). This plan not only ensures that staff remain vigilant, it also offers improved responsiveness to incidents before they escalate. In 2018, 15 *Réagir 1 Vigilance* e-mails were sent to the relevant departments.

As in the case of operational risks, TF1 has insurance policies (including public liability and property) that could be called upon to cover some of the risks mentioned above.

2.1.3 LEGAL RISKS

RISKS RELATED TO BROADCASTING LICENCES AND CSA ENFORCEMENT POWERS

DESCRIPTION OF THE RISK

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997. The licence was renewed for a further five-year period (via decision no. 96-614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

The TF1 channel's broadcasting licence was renewed automatically for the 2002-2007 period by a CSA decision of 20 November 2001. Under Article 82 of the law of 30 September 1986 as amended, that licence was automatically extended to 2012, in return for a commitment to provide a DTT simulcast. A further CSA decision of 10 June 2003 amended TF1's licence and contract terms to build in the DTT simulcast stipulation.

The "Future Audiovisual and Television Broadcasting Modernisation Act" of 5 March 2007 introduced two automatic five-year extensions of TF1's licence. The first compensated for the early switch-off of the channel's analogue signal on 30 November 2011 and was subject to TF1 joining the consortium set up to implement the analogue switch-off. The second was in return for the channel's commitment to provide DTT coverage to 95% of the French population.

The CSA awarded TF1 a ten-year HD broadcasting licence on 6 May 2008, and withdrew TF1's standard definition (SD) licence as part of the 5 April 2016 switch-off.

In a decision dated 27 July 2017, the CSA extended TF1's licence for a further five years.

TMC, TFX and LCI each hold licences issued by the CSA on 10 June 2003, which expire on 29 February 2020.

On 25 July 2018, the CSA announced that it had decided to renew these channels' licences for a further five years, with no requirement to submit to a competitive tendering process. The channels must have agreed new contract terms with the CSA by 29 May 2019.

TF1 Séries Films holds a licence issued by the CSA on 3 July 2012, which is due to expire on 22 December 2022. On expiry, the channel could be granted a five-year renewal.

If TF1 fails to meet its contractual obligations, the CSA can, after giving formal notice and depending on the severity of the offence, impose one of the penalties set forth in Article 42-1 of the law of 30 September 1986. These include a fine; a temporary ban (of no more than one month) on producing, broadcasting or distributing the service, or a category of programme, or part of a programme, or one or more advertising spots; and reducing the term of the licence to use frequencies by up to one year.

HOW THE RISK IS MANAGED

TF1's compliance with its obligations is strictly monitored, and the company has a dedicated Programme Compliance Department tasked with ensuring that the channel's programmes comply with regulatory requirements.

RISKS RELATED TO SOCIETAL PRESSURE ON ADVERTISING AND PROGRAMMES

DESCRIPTION OF THE RISK

Political attitudes to societal issues such as violence or public health might induce the legislator to attempt to tighten legislation relating to advertising or programmes. TF1 takes this situation into account in discussions with its key partners, so that such issues can be addressed over time in the interests of all stakeholders.

In addition, TF1 has a policy of acquiring the best programmes from its production partners in France and internationally, and broadcasts programmes intended for a mass audience.

HOW THE RISK IS MANAGED

TF1's Programming and "Viewing & Compliance" teams exercise the utmost vigilance in protecting young viewers in order to keep this risk to a minimum.

Advertising intended to be shown on the Group's channels and/or *via* its on-demand audiovisual media services (MYTF1) is subject to pre-vetting by the ARPP (the French advertising regulator) for compliance with current laws and regulations, and with the rules of conduct established by the advertising industry representatives within the ARPP. No advert is broadcast unless it has been cleared by the ARPP.

In addition, the Programming & Broadcasting Division of TF1 Publicité, the Group's airtime sales house, views all adverts prior to broadcast, sometimes with input from Legal Affairs. Even if the ARPP has cleared an advert, TF1 Publicité may reject it or impose specific broadcast conditions on the advertiser, in cases where it regards an advert as inappropriate for the editorial line of the media on which it is to be shown, particularly as regards the family audience of TF1. In such cases, the advertiser or agency that produced the advert is informed by letter. The parties then seek a solution, adapting the content or time slot of the advert so that it is consistent with the editorial line of the media in question. If no solution can be found, the advert is not shown. This is made clear in the TF1 Publicité general terms and conditions of sale.

Adverts intended to be broadcast on radio stations for which TF1 Publicité handles airtime sales are not subject to the ARPP pre-vetting procedure. However, a dedicated team within the Programming & Broadcasting Division of TF1 Publicité listens to each advert to check that it complies with current regulations, rules of conduct, and the editorial line of the radio station.

RISKS RELATED TO ADDITIONAL TAXES OR LEGISLATIVE CHANGES

DESCRIPTION OF THE RISK

The law on the independence of public broadcasting, enacted on 15 November 2013, confirmed that advertising would continue to be carried on France Télévisions public-service channels between 6am and 8pm, even though the legislator had in 2011 adopted the principle that all advertising would be discontinued on France Télévisions on 1 January 2016. In return, the levy paid by other French television channels to fund the loss of revenue for France Télévisions was reduced to 0.5% of those channels' advertising revenue.

This example illustrates the economic risk to which television channels are exposed as a result of new taxes and levies, such as the levy on advertising spending.

In addition, given the repeated requests by France Télévisions, a resumption of advertising on public-service channels after 8pm cannot be ruled out, so this issue calls for particular vigilance.

HOW THE RISK IS MANAGED

Generally speaking, TF1 maintains close contact with regulators and legislators to try to limit the probability and impact of this risk.

RISK RELATING TO THE TARGET COUNTRY PRINCIPLE CONTAINED IN THE REVISED AUDIOVISUAL MEDIA SERVICES DIRECTIVE

DESCRIPTION OF THE RISK

Directive (EU) 2018/1808 of 14 November 2018, amending Directive 2010/13/EU (the Audiovisual Media Services or "AMS" Directive), will have to be transposed into French domestic law by 19 September 2020; this will be done as part of a draft Audiovisual Bill being prepared in the first quarter of 2019. Article 13 of the AMS Directive states that a Member State may require media service providers (TV or on-demand) targeting their territory but established in another Member State to contribute financially to the production of European works.

Such obligations may take the form of direct investment in content (buying or co-production, for example) and/or a contribution to national funds (such as the CNC in France). The financial contribution is based only on the revenues earned in the targeted Member State.

At present, the revenue generated by TF1 in Belgium is aggregated with its French revenues as the basis for calculating the financial contribution to new works in France. Once Article 13 comes into force, TF1 will have to separate out its French and Belgian revenues, and if Belgium so decides will have an obligation to make a financial contribution to new works in Belgium. Such obligations will in all likelihood be less onerous than in France, but may raise questions about the return on investment for Belgian co-productions.

In addition, the European Commission is exempting media service providers with low revenues or a low audience from Article 13, based on thresholds which are expected to be published in the first quarter of 2019.

RISKS RELATED TO THE FEE FOR THE SIGNAL AND SERVICES ASSOCIATED WITH TF1 PROGRAMMING (TF1 PREMIUM)

At the end of 2008, the TF1 and Canal Plus groups signed a distribution agreement for the TF1 Premium service. That agreement brought an end to negotiations that had begun in 2017, and to the various legal disputes between the two groups.

This means that the TF1 group has now secured distribution agreements lasting several years with the main French distributors including SFR, Bouygues Telecom, Orange and Free, 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 PIRACY OF AUDIOVISUAL CONTENT

DESCRIPTION OF THE RISK

In recent years TF1 has been the victim on a massive scale of piracy of content to which it owns the copyright and/or related rights, both on file-sharing sites and social media and on websites dedicated to pirated content. TF1 won damages in piracy cases against DailyMotion and YouTube in 2014 as compensation for losses caused. However, programmes are still being pirated, and the methods used are changing, especially with the use of dedicated set top boxes.

HOW THE RISK IS MANAGED

To prevent the risk of piracy of its programmes, TF1 has renewed its commitment to rolling out a wide-ranging strategy, involving:

- creating digital fingerprints for its programmes (using Content ID with YouTube, Rights Manager with Facebook and INA Signature with Dailymotion), which will – within the limits of the technology – prevent pirated content from being uploaded to those three platforms;
- a dedicated in-house unit tasked with identifying (as far as possible) pirated TF1 group content on streaming platforms and social networking sites, and ensuring that it is dereferenced manually;
- retaining an external service-provider to dereference pirated TF1 content on cyberlockers (direct download and streaming sites) and search engines;
- playing an active role in developing European copyright protection law (Directive on Copyright in the Digital Single Market), and establishing close ties with HADOPI (the French copyright protection agency) and the French legislator to strengthen anti-piracy measures.

RISKS RELATED TO COOKIES AND INTERNET TRACKERS

DESCRIPTION OF THE RISK

In January 2017, the European Commission issued a proposal for a new European ePrivacy Regulation, to replace the previous ePrivacy Directive of 2002. The proposed new regulation is complementary to the General Data Protection Regulation (GDPR), in that it deals with electronic communication data. The potential impacts on TF1 include (i) substantially restricting the Group's capacity to freely collect user data using cookies and trackers (files saved in users' browsers to track their browsing history), and (ii) strengthening the position of the internet giants (led by Facebook and Google) who do not rely on cookies and trackers to collect data (because they require users to log in) and who control web browsers (which under the current ePrivacy proposals will be where user consent and refusal would be centralised).

The proposed European ePrivacy regulation brings about a triple paradigm shift in the use of cookies:

- switch from implied consent (displaying a notification banner with no break in browsing) to explicit consent (users must opt in to receive cookies);
- setting up browsers to block all cookies as the default, whereas previously the default setting was to accept cookies;
- prohibition on the use of "cookie walls", the hitherto tolerated practice of making access to a site conditional on accepting cookies.

HOW THE RISK IS MANAGED

To mitigate risks related to cookies and internet trackers, TF1 has adopted an approach based on:

- active involvement in the European legislative process, to put a brake on that process and limit the economic impact on the TF1 group as far aspossible;
- gradual roll-out of registration (log-ins) to access MYTF1, first for live viewing and then catch-up;
- involvement in the project led by GESTE (the French association of online content providers) to develop a single log-in application along the lines of Facebook Connect.

GENERAL POLICY ON MANAGING LEGAL RISKS

In terms of legal risks, TF1 has a public liability insurance policy that covers the consequences of TF1 and its current and future subsidiaries being held liable for loss incurred by third parties; the amount of cover is commensurate with the risks incurred.

That insurance policy is arranged by the TF1 group Legal Affairs Division with leading insurance companies.

The deductibles under the policy were determined in light of the nature of the risks incurred and the potential reductions in premium, so as to optimise the overall cost of covering the risks to which TF1 is exposed.

RISKS RELATED TO COMPETITION LAW

ALLEGED ABUSE OF DOMINANT POSITION IN THE ADVERTISING MARKET

Canal Plus, M6 and NextRadioTV each filed a complaint with the French Competition Authority against the TF1 group, alleging abuse of dominant position in the French television advertising market. TF1 Publicité presented its counter-arguments and all the complaints were rejected, except for the M6 complaint (made in 2014) for which investigation is ongoing.

ALLEGED RESTRAINT OF TRADE

The Canal Plus, D8 and D17 groups filed a complaint with the Competition Authority on 6 December 2013, alleging that practices adopted by TF1, M6 and France Télévisions constituted a restraint of trade. Their complaint related to acquisitions of movie rights from the EoF network catalogue. The complainants argue that co-production contracts entered into by TF1, M6 and France Télévisions with the producers of EoF movies constitute vertical agreements some clauses of which (such as first refusal or pre-emption clauses) would have a cumulative effect of excluding other unencrypted channels: this vertical arrangement between each of the unencrypted television groups and the producers would have the effect of excluding or limiting the capacity of the other channels to acquire those rights.

To date, no notice of grievance has been issued to TF1 by the Competition Authority, whose investigations are ongoing.

BREACH OF PATENTS

Orange brought an action against Free in the Paris District Court alleging breach of European patents. It is alleged that Free fraudulently used two patents held by Orange, one of which – filed on 25 May 2004 – is said to prevent videos preselected by an internet user from being downloaded until the user is committed to watching the content, thereby saving bandwidth. This process is allegedly used by Free for the catch-up television services offered to its subscribers.

Orange claimed damages of €138 million from Free.

Free brought into the action the companies that broadcast the catch-up services of the principal French television channels, reflecting Free's view that "the conditions under which catch-up television platforms operate are determined and implemented by the television channels" and not by Free in its capacity as an internet service provider. Consequently, two TF1 group companies involved in the TF1 catch-up service were brought into the action: e-TF1 (which broadcasts the service) and TF1 Distribution (which contracted with Free to provide the service). France Télévisions, M6, Canal Plus, D8/D17, Equidia and GameOne were also brought into the action.

Orange withdrew its proceedings and waived its right of action against Free, which accepted this. In response to the withdrawal notices filed on 8 January 2018 by Free, F Distribution and Freebox, on 14 December 2018 e-TF1 and TF1 Distribution filed submissions with the judge directing preparations, requesting that the proceedings be declared closed at the hearing of 8 January 2019. A decision is expected on 22 March 219, following the hearings that took place on 12 February 2019.

2.1.4 RISKS RELATED TO OUR RESPONSIBILITY AS AN EMPLOYER

DESCRIPTION OF THE RISK

- For TF1 to succeed, it is essential that we have high-calibre, committed people working for us. If our attractiveness as an employer were to diminish such that we were less able to hire and retain the right skills and talents, that could harm our ability to attain our objectives and have a negative impact on our profits.
- The synergies between our different operations requires management to encourage multi-tasking among our people, along with a high degree of autonomy (which in turn locks in commitment).

HOW THE RISK IS MANAGED

Our Talent Development division pays great attention to the need for us to be an attractive employer, and for our staff to be highly employable.

Senior management at both head office and subsidiary level monitor employee-related indicators closely, especially those that illustrate our attractiveness for current and future employees.

Talent scouting includes outreach visits to selected universities and colleges, backed by an increased social media presence. Since 2016, we have been building our brand as an employer *via* the *Carrières Positives* (“Positive Careers”) tag-line.

Our talent development and recruitment approach also builds in a targeted remuneration policy, and training and career development programmes.

2.1.5 ETHICAL AND COMPLIANCE RISKS

ETHICAL APPROACH

REGULATORY ENVIRONMENT

The TF1 group operates in a complex and fast-changing regulatory, technological and competitive environment. In its TV broadcasting and on-demand audiovisual media services operations, the Group is committed to respecting the ethical principles and professional standards set out in the terms of each channel’s agreement with the CSA and in the regulations governing its activities (see section 1.6 of this registration document).

COMPLIANCE AND CSR POLICY

The TF1 group has since 2009 adopted a structured approach to compliance, overseen by the General Counsel in his capacity as Chief Ethics Officer. Since then, steady progress has been made on three fronts: Ethics, Compliance and Corporate Social Responsibility (see section 3.2 of this registration document).

The Ethics and CSR Committee met once in 2018. The Committee examined all the CSR actions being taken by the Group, especially those involving diversity, solidarity, sustainable development, and transparency of extra-financial reporting. Those actions and reporting for the year ended 31 December 2017 were the subject of an unqualified limited assurance report by Ernst & Young.

RISK OF REPUTATIONAL DAMAGE AND ETHICAL BREACHES

DESCRIPTION OF THE RISK

The principal risk in our relations with society is that we will fail to deliver on our public commitments to uphold ethical and professional standards in the content we produce and broadcast. TF1’s status as France’s most-watched channel means it has to set a particularly high standard. There is also a risk that the licence-to-operate might be withdrawn if the regulator were to rule that serious breaches had occurred.

HOW THE RISK IS MANAGED

Delivering on these commitments is a core concern of the TF1 group. Systems are in place to ensure that:

- the General Counsel and channel controllers discharge their responsibilities for ensuring that programmes are compliant;
- the Group’s News operations discharge their responsibilities and remain independent.

COMPLIANCE OF CONTENT WITH ETHICAL RULES AND PROFESSIONAL STANDARDS

PROGRAMME COMPLIANCE

The General Counsel’s department has overall responsibility for delivering on the commitments made through the agreements signed by all of the Group’s channels, and for dialogue with the CSA. They work closely with the Compliance Division, which reports to broadcasting operations and has specific responsibility for checking compliance with commitments on programme standards and the protection of younger viewers. Exchanges with the regulator take the form of face-to-face discussions or written submissions and result in requests and proposals for quantified objectives, and issuance of progress reports.

NEWS OUTPUT COMPLIANCE

The scope adopted for all content-related issues is the 2017 calendar year. The summary below shows that for that year, the CSA issued one warning relating to a breach of ethical rules and professional standards in respect of TF1 content.

Channel	Issue	Scope of CSA analysis	Nature of breach	CSA action
TF1	Involvement of minors in TV programmes Protecting the identity of minors	"7à8", 26 November 2017, report on child slavery	Breach of the principle that the anonymity of minors in distressed circumstances shown in TV programmes should be fully and effectively protected by all appropriate means: the CSA took the view that minors filmed in close-up in Benin could be at risk of being stigmatised or subject to reprisals.	Warning

However, no warnings or cease-and-desist orders relating to compliance breaches were made in respect of LCI content.

For the record, during 2017 TF1 broadcast 7,711 hours of programmes (excluding advertising slots) and around 10,000 news stories, while LCI screened between 19 and 20 hours of rolling news programmes a day.

NEWS DIVISION AND THE SOCIETY OF JOURNALISTS

The TF1 News Division has responsibility for ensuring that ethical principles and journalistic standards are applied.

The guarantor of editorial independence, it engages in dialogue and debate, acting as a first line of defence against any attempt to breach the ethical boundaries of journalism. The editorial team do not regard any news story as off limits and approach each story with balance, adopting a treatment commensurate with the news value of the story. The TF1 Society of Journalists was set up the day after privatisation and around 75% of the Group's 240 journalists belong to it, although presenters, editors-in chief and heads of news are not members. The role of the Society is to establish a space where any ethical issues relating to journalistic practices, integrity and independence can be discussed by members of the news team. The Society actively promotes the concept of responsible journalism, and can request meetings at any time with News Division management.

The News Division plays a role in the work of the Ethics & CSR Committee, helping to supplement and clarify the application of ethical principles insofar as they relate to News Division operations.

JOURNALISTS' CHARTER OF PROFESSIONAL ETHICS AND THE TF1 INDEPENDENCE AND PLURALISM COMMITTEE

The main unions representing journalists in France have adopted a Charter of Professional Ethics, available on the website of the Syndicat National des Journalistes (SNJ): http://www.snj.fr/sites/default/files/documents/Charte2011-SNJ.pdf (in French only). The National Collective Labour Agreement for Journalists, which applies to all of the 37,000 journalists who hold press accreditation in France, also includes ethical principles. Those principles are *de facto* adopted by the Group's journalists, who have press accreditation.

TF1's News Division is moving towards the adoption of a specific Code of Conduct for the Group's own journalists that will reflect law 2016-1524 of 14 November 2016, intended to strengthen the freedom, independence and pluralism of the media. That law requires each media group to have its own Code of Conduct, and to have set up (by 1 July 2017) an independent committee tasked with upholding the principles of integrity, independence and pluralism across the Group's news and programmes. On 27 April 2017, the TF1 Board of Directors appointed eight independent individuals who would form the Integrity, Independence and Pluralism Committee. The CSA was informed of these appointments in a letter dated 15 May 2017. The operating procedures of the Committee have not yet been finally determined. As required by the law of 14 November 2016, the Committee was consulted on the drafting of the Code of Conduct.

The rights, obligations and principles contained in the Code of Conduct will apply to all TF1 group journalists (including those working in digital media), who are already required to uphold the ethical and professional commitments made by the News Division in recent years.

PRE-VETTING OF NEWS ITEMS AND ERROR CORRECTION

Each news item is pre-vetted by at least five people: the Editor-in-Chief, the Deputy Editor-in-Chief, the Managing Editor, the presenter, and a department head. In addition, the Executive Vice-President News pre-vets many news items. If an error is made on air, it is often corrected by the presenter before the end of the bulletin. The Executive Vice-President News can also refer to the Head of Legal Affairs – News for advice at any time.

PRESS TRIPS AND EMBEDDED JOURNALISTS

Except for official travel, journalists can only take part in press trips with their line manager's approval, which is contingent on the organiser of the trip having been informed that there is no guarantee of editorial coverage.

TF1 regularly dispatches embedded journalists to accompany the French armed forces and some foreign armed forces (but without cutting itself off from other sources), because this offers an opportunity to get physically close to conflict zones. An embedded journalist is rarely the only special correspondent on the ground. TF1 also tries to cover stories without offers of assistance from the armed forces. In all cases where a journalist is embedded, viewers are informed of this when the news item is broadcast.

SENSATIONALIST STORIES AND AVOIDANCE OF DISTRESSING IMAGES

TF1 does not cover sensationalist stories unless they link to a wider social issue. The editorial team assesses such stories by reading despatches and carrying out preliminary enquiries, based on input from their specialist journalists.

A core principle is to avoid showing gratuitous violent images. Potentially challenging news items are prefaced by the presenter giving a trigger warning: "you may find some of these images distressing". Sources are always given for images, which are never altered except to add graphics. The Editor-in-Chief may require some potentially distressing images to be pixelated.

QUALITY OF IMAGE SOURCES AND AMATEUR VIDEO

The editorial team pays extremely close attention to the quality of image sources, and does not use amateur video unless the source can be properly verified. If amateur video is used, it may be cropped or edited; it is captioned as "amateur footage" and if necessary, the date when it was shot is also shown. Payments may be made for amateur video, based on a fee scale that reflects the nature of the event and the quality and duration of the footage.

BLOGGING BY TF1 GROUP JOURNALISTS

If a journalist associated with a TF1 group channel writes a blog or posts on social media, the editorial management team regards that person as incurring personal and corporate liability. The rules that apply to the Group's channels apply equally to blogs and social media: any deviation from impartiality will not be tolerated, and may lead to disciplinary action.

UNDERCOVER REPORTING

The editorial team believes there is a duty for journalists to report what is happening, even in a country that has barred journalists. Outside conflict zones, experienced journalists from the TF1 Investigations Unit may work undercover if the story justifies it, usually on social or economic stories.

ETHICAL RULES AND PROFESSIONAL STANDARDS FOR ADVERTISING

DESCRIPTION OF THE RISK

The principal risk in our relations with society is that we will fail to deliver on our public commitments to uphold ethical and professional standards in the content we produce and broadcast, including adverts.

HOW THE RISK IS MANAGED: REGULATORY COMPLIANCE

Adverts shown on TF1 group channels are subject to general regulation; industry joint regulation, *via* ARPP recommendations; and to CSA rulings. Such regulations, ethical standards and rules of conduct apply to all advertising messages, regardless of the media or format used to broadcast them. Since 1 January 2012, TF1 has applied the ARPP decision aimed at extending the same commitments as were made by TF1 to the CSA back in 1990 to advertising messages carried on all of the Group's on-demand audiovisual media services (MYTF1.fr, MYTF1 on IPTV, and the MYTF1 smartphone app). These include submission to the ARPP prior to broadcast and internal viewing of advertising messages.

For television and on-demand audiovisual media services, the outcomes of the ARPP pre-vetting process are always taken into account before an advert is shown.

TF1 Publicité is also represented on the ARPP Board of Directors and on the main trade bodies: the National TV Advertising Federation, CESP (the French media audience research bureau), and advertising industry forum EDI Pub. In this way, the TF1 group plays a role in shaping the ethical landscape of the advertising industry.

PROTECTION OF PERSONAL AND USER DATA

With the EU General Data Protection Regulation (GDPR) having come into force on 25 May 2018, the TF1 group has appointed a Data Protection Officer (DPO) and issued a general GDPR policy, consisting of internal rules and business-specific factsheets. Each TF1 employee is required to adhere to this data protection policy. To help staff assimilate the new policy, all the internal rules have also been turned into user-friendly tutorials.

TF1 and its subsidiaries have addressed the issue of accountability by developing procedures on the management of individual rights and personal data breaches, a set of frameworks on issues like retention periods, and checklists dealing with security and with privacy by design.

The internal rules are already available on the corporate intranet: the GDPR pages are currently being redesigned to add the tutorials, factsheets, procedures, frameworks and checklists, so that staff can have easy access to the regulatory documentation.

TF1 has also identified a need to provide training for operational and legal staff on security measures, to explain (i) concepts like encryption, pseudonymisation, anonymisation, user access management and traceability and (ii) why it matters to require one security measure rather than another when negotiating contracts.

Legal and operational staff have been provided with model data processing agreements (DPAs) and with standard supplier contract clauses, to help in reviewing existing contracts with subcontractors. The Group has also introduced a checklist for staff to use with new subcontractors, explaining the requirements incumbent on subcontractors under the GDPR.

Data processing registers have been compiled for TF1 and its subsidiaries, and distributed to each business segment for validation. Responsibility for updating the registers to reflect new processes has now been pushed down to segment level.

The Group is currently conducting tests with suppliers of various data privacy tools available on the market. This is because fluid and effective compliance requires us to industrialise updates to our registers, requests to exercise rights, and our ability to generate a compliance audit trail.

Compliance is a dynamic and ongoing process, and all of our activities are continuing their efforts to implement recommendations that will bring and keep our practices closer into line with GDPR requirements.

GENERAL INFORMATION SECURITY POLICY

In 2007, the TF1 group introduced an information security policy (updated in July 2016) in light of the then new threat of cyber-attacks, such as those that had affected Sony Pictures and TV5. This document is the cornerstone of security within the TF1 group. It defines the framework for all actions in terms of security governance including the scope of application, the role of each player, the bodies involved, and performance indicators.

On the protection of employee data, the policy specifies that:

- information system administrators have a duty not to view employees' personal data;
- data stored in the information system must be classified using confidentiality criteria that reflect the personal nature of the data;
- within each business segment and subsidiary, the data owner must always be identified. He or she must work with the DPO to ensure that data processing is legally compliant.
- each new sensitive application must be subject to an intrusion and security audit/test commissioned by TF1, or have ISO 27001 accreditation if it operates in the cloud (an example of the latter is the TF1 group's "Carrières positives" HR solution, which uses SAP SuccessFactors).

ADDITIONAL INFORMATION SECURITY MEASURES

The information security policy is supplemented by various extra measures:

- increased upstream security on IT projects including code security analysis for exposed online applications and pre-production robustness assessment of infrastructure assets;
- enhanced encryption on sensitive shared resources (especially within HR), including the USB sticks and e-mails of relevant personnel. Hard disks containing confidential or inside information, particularly those belonging to HR staff, are now fully encrypted. Around 30% of PCs are encrypted; this will increase to 100% after the planned rollout of Windows 10 in 2018/2019;
- ongoing efforts to educate staff about cyber-security with a phishing exercise aimed at all TF1 employees, notification of the results and sharing of best practice on the corporate intranet, with an awareness-raising video and memo from a member of the General Management Committee;
- creation of a Security Operations Centre (SOC) in October 2016 to monitor information systems security. The SOC significantly increases our ability to detect security incidents and cyber-attacks;
- introduction of a cloud computing directive in July 2016 for use in selecting IT solutions, requiring subcontractors to be ISO 27001 compliant if they handle personal data.

PROTECTION OF USER DATA

e-TF1 digital services

The sites and apps published by TF1 are fully compliant with legal requirements, as posted on the website of CNIL (the French data protection agency): https://www.cnil.fr/en/home. TF1 works closely with CNIL when publishing new data protection statements or updating existing statements. The personal data privacy policy is available online on all digital assets, and users must opt in when they register. 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.

Behavioural advertising

TF1 Publicité sells behavioural advertising (where the content is dictated by a user's browsing history and interests) on MYTF1, across all devices.

a) Users

TF1 Publicité and e-TF1, the publisher of MYTF1, have implemented various measures to ensure that users' rights under the French Data Protection Act (*loi Informatique et Liberté*) are respected:

- the privacy policy can be accessed online *via* all MYTF1 platforms;
- in February 2013, TF1 Publicité signed up to the IAB Europe charter on online behavioural advertising, which lays down best practices in this area;
- a banner is displayed informing users that by continuing to browse the MYTF1 website, they accept that cookies will be used to offer them services tailored to their interests, with a link that they can follow to change their cookie settings;
- introduction of a Consent Management Platform (CMP), through which users can alter their cookie settings to reflect what they want their data to be used for;
- implementation of the IAB Transparency and Consent Framework, to ensure that each player in the programmatic advertising chain respects user consents;
- in September 2013, TF1 Publicité signed a licensing agreement with the European Interactive Digital Advertising Alliance (EDAA). This allows TF1 Publicité to add an interactive "Ad Choices" icon to any behavioural advertising, which takes users to a page where they can opt in or out of receiving this type of advert.

Under the terms of the agreement, TF1 Publicité is subject to an annual audit by an outside body accredited by the EDAA, with a view to certification of its compliance with the best practices laid down in the IAB Europe Charter. Specifically, the following criteria are assessed:

- are users informed upfront about the privacy policy and their right to privacy;
- are tools available for users to choose whether or not their data are collected for behavioural advertising purposes;
- are there safeguards over the security, backup and storage of personal data;
- is there a ban on targeting children and on using "sensitive" segmentation criteria (such as ethnic background, political views, religious or philosophical beliefs or sexual orientation);
- is there a process for handling user complaints about behavioural advertising.

TF1 Publicité obtained certification from BPA Worldwide in September 2016. Since then, certification has been renewed annually (by BPA Worldwide), in line with the undertaking contained in the EDAA licensing agreement. The 2018 certification renewal is ongoing.

b) Contractual issues

TF1 Publicité has also committed to only choosing technical providers for its behavioural advertising activities who have themselves signed up to the IAB Europe Charter, so that regulatory requirements are met regardless of which company downloads the cookies.

Specifically, contracts entered into by the media trading desk require that not only the desk itself but also the advertiser must have a dedicated space on their respective platforms (separate from their general terms and conditions) where they display clear, unambiguous information for users about:

- how information about their browsing behaviour is obtained from their connected device, and how cookies are used to achieve this;
- how that information is used for advertising purposes, and in particular how it is used by the advertiser and/or media trading desk to generate targeted advertising;
- how they can block cookies and the different ways in which that can be done, how long cookies are retained for, and how blocking cookies may affect the user experience of the services offered through the platform.

The media trading desk guarantees that accepting cookies will not result in the collection of any personal data as defined by current legislation, including the IP address of the device *via* which the user has connected to the service.

In its 2019 Digital Media General Terms and Conditions of Sale, TF1 Publicité has toughened its stance on unauthorised third-party cookies. TF1 Publicité no longer allows cookies or other trackers to be downloaded or inserted unless (i) prior written consent has been obtained from TF1 Publicité and/or the publisher and (ii) the advertiser complies with a number of conditions stipulated in Article 6.1.4C of the 2019 Digital Media General Terms and Conditions of Sale.

The aim is to achieve tighter control over the downloading of trackers by advertisers, and to ensure that advertisers are made aware of their responsibilities. The Digital Media General Terms and Conditions of Sale, which apply to all of an advertiser's digital campaigns, place the following obligations on advertisers:

- advertisers must give precise information about proposed cookies (including the type of cookie, the information collected, the retention period, and the purpose to which the information will be put) so that TF1 Publicité can decide whether to give prior consent. TF1 Publicité reserves the right to accept or block cookies, depending on the information supplied by the advertiser;
- advertisers must produce a French-language document aimed at the relevant people, containing full up-to-date information that complies with legislation applicable to the data collected;
- if TF1 Publicité consents to the downloading and/or processing of cookies, the advertiser must sign an agreement with TF1 Publicité covering data protection and establishing the roles and responsibilities of each party;
- all data obtained from the downloading or processing of cookies and other trackers must be destroyed within no more than one month after the end of the advertising campaign;
- advertisers must comply with (i) applicable legislation: the French Data Protection Act of 1978, the European ePrivacy Regulation, and any legislation, regulation, ruling and/or decision issued by the CNIL that replaces or supplements such legislation and (ii) the IAB Europe Charter;
- data must not be used for any other purposes than those agreed between the parties ;
- any malfunction or security breach attributable to the downloading and/or processing of cookies must be remedied without delay;
- all necessary precautions must be taken to avoid divulging the data to any unauthorised person. The advertiser must retain evidence that it has fulfilled its obligations, and provide such evidence to the digital media publisher immediately on request;
- advertisers must send TF1 Publicité any additional information about data processing (especially about the tools used), and may not alter the characteristics of its processing routines without the prior consent of TF1 Publicité;
- advertisers must ensure that the same obligations are imposed on its own subcontractors, either directly or indirectly;
- advertisers are prohibited from using cookies connected with an advertising campaign to pass on data to any third party, including technical partners, either free of charge or for consideration;
- advertisers must restrict the use of cookies solely to the collection of statistical data as approved prior to the campaign, and must not use cookies for non-statistical purposes or in combination with any other data directly or indirectly held by the advertiser;
- advertisers warrant to TF1 Publicité that the conditions under which cookies and data are hosted comply with the security and privacy requirements contained in currently applicable regulations, and that the hosting facilities used are located within the European Union;
- advertisers are prohibited from collecting data regarded as "sensitive" under applicable legislation.

TF1 reserves the right to check that an advertiser is meeting its obligations, whether by using tools or technology or by requesting that the advertiser provide proof.

The 2019 Digital Media General Terms and Conditions of Sale also allow for penalties in the event that an advertiser breaches its obligations. These include (for example) suspension or even cancellation of the campaign; immediate deletion of the data; and a prohibition on the use of cookies in future campaigns.

2.1.6. RISKS RELATED TO THE CHALLENGES OF DIGITAL MEDIA

Risks related to the challenges of digital media are discussed in section 7 of this registration document.

2.1.7 CREDIT AND/OR COUNTERPARTY RISKS

Credit and/or counterparty risks are discussed in section 5 of this registration document, in Note 8 to the consolidated financial statements.

2.1.8 FINANCIAL RISKS

Financial risks (*i.e.* liquidity and market risks) are discussed in in section 5 of this registration document, in Note 8 to the consolidated financial statements.

2.2 INTERNAL CONTROL PROCEDURES

2.2.1 INTRODUCTION

This report describes the internal control procedures in place within the TF1 group. It covers TF1 SA (the parent company) and subsidiaries over which it exercises exclusive or majority control.

2.2.2 INTERNAL CONTROL ENVIRONMENT AND GENERAL PRINCIPLES

2.2.2.1 ORGANISATION AND OPERATING PROCEDURES

BACKGROUND

This report is based on information and analyses compiled in collaboration with the various players involved in internal control within TF1 and its subsidiaries, and gives a factual description of the control environment and the procedures in place.

The Internal Control Department co-ordinated the preparation of this report, which was validated by the Group Finance and Purchasing Division (DGAFA) and the Legal Affairs Division (DAJ) before being submitted to the Statutory Auditors and then presented to the Audit Committee and Board of Directors for approval.

Since 2007, TF1 has analysed its internal control system and presented its internal control report in full compliance with the internal control framework published on 22 January 2007 and derived from work carried out by the task force set up by the Autorité des Marchés Financiers (AMF), the French financial markets authority. The AMF reference framework was amended in 2010 to incorporate legislative and regulatory changes in the area of risk management, and the AMF recommendation on Audit Committees.

An internal control system should also contribute to control over operations, effectiveness of transactions, and efficient use of the company's resources. However, such policies and systems cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

TF1 continually and proactively adapts its internal control system to reflect the nature of its operations, its evolving business model and its strategic goals.

The general internal control environment is underpinned by the Group's corporate governance principles, but also by its organisational structure and operating procedures and by dissemination of its values and rules.

The organisation, composition and operating procedures of the Board of Directors and of the specialist committees that assist the Board (the Audit Committee, the Remuneration Committee and, since 2014, the Ethics and CSR Committee), as described in the section of the Chairman's report on corporate governance, comply with corporate governance rules and are conducive to effective internal control.

The Board, under the authority of its Chairman, determines the company's policies and, with the support of the Audit Committee, ensures that appropriate internal control systems are in place within the Group. Key commitments are subject to clear validation processes, with decisions being taken by Executive Management based on proposals from the relevant committees. The Board of Directors is kept regularly informed of such decisions. Gilles Pélisson, as Chairman and CEO of TF1, has operational and functional responsibility for implementing the strategy approved by the Board of Directors for the Group's operations. In particular, he is responsible for organising the deployment of internal control. He is supported by the Executive Committee (COMEX), which comprises the senior executives of TF1 group and meets weekly, and by the General Management Committee (CODG), which includes the heads of each business line and support function and meets monthly. These Committees enable him to communicate the key internal control policies, and to make executives aware of their responsibility for setting up and monitoring internal control systems in their area.

Powers are delegated to meet the twin objectives of making operational staff accountable and controlling commitments at the appropriate level. On the latter point, the company's organisational structure builds in segregation of duties: operational functions are kept separate from accounting functions so as to allow for independent control.

Every year, the Strategy Division works with the COMEX members to prepare a three-year plan setting out the broad lines of the Group's medium-term strategy. The first year of the plan corresponds to the budget for the forthcoming year, and lays down the framework for commitments made by managers of Group entities.

The three-year plan is a key element of the internal control environment, and includes the future direction of the business model as one of its objectives. As well as setting revenue and cost targets the plan also specifies the resources, structures and organisational methods needed to meet those targets.

A summary of the TF1 group three-year plan is presented to the Chairman and CEO and then to the Board of Directors, which approves the budget.

THE INTERNAL CONTROL SYSTEM AND ITS OBJECTIVES

In addition to the three-year plan, the TF1 group is constantly looking to improve its internal control system, maintaining close alignment with its objectives. Since 2007, TF1 has followed an approach applied by the Bouygues group for its main business lines (which include TF1), designed to develop an internal control system based on the AMF reference framework. This process identified a number of simple, measurable principles covering the company's key businesses.

The system is organised around two main components:

- accounting and financial internal control principles relating to the co-ordination, organisation and preparation of accounting and financial information; and
- general internal control principles encompassing all of the company's key processes.

The approach also builds in regular, structured meetings between internal control representatives from each of the Bouygues group's business lines, to organise monitoring of internal control and manage adaptations to deal with regulatory requirements. This shared system is regularly supplemented by internal control principles specific to TF1's operations, and to changes in its business model, strategic goals and environment.

Within the TF1 group, the internal control system is assessed through annual campaigns across a scope that is representative of the challenges and risks inherent in its various activities. A partial scope is covered each year, but the scope changes from year to year so that the majority of the control principles are addressed over a three-year cycle.

A self-assessment methodology is used. Within each entity, the person responsible for the process being analysed prepares and justifies his or her assessment of the application of internal control principles. This is then submitted for validation by a person with a critical perspective (line manager and/or business unit manager). Since 2014, most self-assessments have been in the form of interviews between the person responsible for the process and the head of internal control. This approach helps transmit knowledge about the internal control framework. However, the person responsible for the process still determines the overall rating.

The assessment process has several components: a numerical rating on a scale from one to four, a description of operating procedures, and comments on any discrepancies between operating procedures and best practice. The assessment is supplemented by proposed action plans, to ensure that the annual assessment campaigns result in tangible improvements in the management and security of processes.

The consolidated results of these campaigns are distilled into an aggregate summary by topic, function and operating entity. This serves to alert Executive Management to any inadequacy detected in processes, and to guide and prioritise action plans. The results are also presented regularly to the TF1 Audit Committee, which in turn informs the Board of Directors.

New businesses are incorporated into the assessment campaigns in a manner that reflects the gradual introduction within those entities of the processes, tools and methods used by the TF1 group to co-ordinate, oversee and control operations.

The 2018 assessment campaign addressed topics related to compliance programmes (anti-corruption, competitive practices, promotion of ethical conduct, and embargos), along with principles underpinning controls over financial reporting and strategic planning; organisation charts and delegated powers; acquisitions; purchasing and accounts payable; revenue from ordinary activities and trade receivables; cash management; and controls and verifications.

All revenue-generating entities within the TF1 group, except for the Digital business, fell within the scope of self-assessment.

Audit assignments are also carried out to check the accuracy of internal control self-assessments. Since 2014, Internal Audit and Internal Control have operated within a single Audit and Internal Control Division (DACI), helping to improve risk control and management within the TF1 group. The DACI also handles the mapping of risks associated with internal control.

IDENTIFYING AND MANAGING RISKS

Risk mapping relies on feedback from regular risk committee meetings within the operating units and support functions of Group entities about key events that could have an adverse impact on attainment of the objectives in the three-year plan.

These committees are tasked with identifying emerging risks, systematically reviewing all risks identified during previous years, and removing any risks that no longer apply.

Each risk has an "owner" who is responsible for describing the risk, developing scenarios and assigning probabilities, so that risks can be prioritised and specific risk mitigation measures developed. A distinction is drawn between measures that reduce the probability of a risk occurring, and those that reduce the impact of a risk occurring.

The risk committees also monitor progress on resources put in place to mitigate risk, and propose additional action plans as necessary.

For a description of the principal risks and how they are managed, refer to section 2.1 ("Risk Factors") of this registration document, which also describes the Group's policy on insurance. Market risks (including interest rate risk and exchange rate risk) are discussed in Note 8 to the consolidated financial statements (section 4 of this registration document).

2.2.2.2 CONTROL ACTIVITIES

Alongside internal control and risk management, the TF1 group also performs various controls within the operating divisions, and more directly *via* the support functions.

CONTROL OVER BROADCASTING AND OTHER VITAL COMPANY OPERATIONS

The Technologies Division is responsible for making programmes where it has been retained as producer; for the transmission of programmes, and the transmission network; and for developing and operating the IT applications required for the production of information and secure transaction processing.

Applications used to help ensure that accounting and financial information complies with best practice in control are described in the section on "Financial Information Systems" below.

The Technologies Division co-ordinates the identification, control and prevention of major technological risks liable to affect broadcasting service continuity and the ongoing conduct of the Group's vital operations.

To fulfil this remit, the Division works with the Corporate Services Division (responsible for property and facilities management) to develop security policies in two key areas:

Business continuity

Réagir, the crisis management process in place at TF1, identifies and updates the main risk prevention scenarios, and any disaster recovery scenarios required for key processes.

A secure external backup site is in place to ensure resumption of key processes: programme transmission, production of news bulletins, preparation and marketing of advertising spots, and operation of information systems (especially accounting, treasury and payroll).

Procedures are tested regularly so that the system can be adjusted if necessary.

A website and hotline are available so that employees can keep in touch in an emergency.

A crisis management manual has been produced that describes how the crisis management unit will operate in various scenarios.

Information systems security

In response to the increased risk of cyber-attack, the Technologies Division has introduced extra security measures that go beyond compliance with internal control principles on information systems security:

- extending the coverage of the Security Operation Cockpit (SOC) for continuous monitoring of information systems and detecting malfunctions caused by cyber-attacks;
- retaining a specialist TV transmission company on standby to transmit programmes autonomously for 24 to 48 hours;
- regular audit by external specialists to assess the resilience of systems and technical facilities to new risks, and to perform intrusion tests (including in the broadcasting space). The division also works with the Internal Communications Department on campaigns to raise user awareness of cyber-attacks, with a special focus on the vulnerability of attachments and web links.
- systematic involvement of IT security teams, and in particular the Head of Information Systems Security, at an early stage in the development of systems used to produce and transmit TV content. These teams ensure that the security policy is correctly applied, and that the system architecture selected is (and will remain) compatible with security imperatives.

PROGRAMME BUYING AND CONTROLS OVER PROGRAMME COMPLIANCE

TF1 enters into broadcasting rights contracts to secure programming for future years. The rights buying process is subject to an investment approval procedure, in which the role of each decision-maker is defined so as to ensure segregation of duties:

- the Rights Buying Division sets out the key features of the project, such as the unit price and the number of screenings;
- the Artistic Division checks that the programme complies with editorial policy;
- the Programming Division checks that the rights are aligned with the programming schedules of the Group's various channels, as well as with each channel's audience and inventory management targets;
- the Group Finance and Purchasing Division validates the inclusion of the acquisition in the cost of future programme schedules and the investment budget of the Programme Unit, the projected profitability of the acquisition, and the level of inventory. It also checks that the purchase price is in line with market prices and that performance clauses have been included.

Final approval is signed off by either the Chairman and CEO of the TF1 group, or by the Chief Executive Officer of the commissioning channel in line with delegated powers.

Sports rights are usually acquired by bidding in a tendering process. Such bids are governed by domestic regulations (the French Sport Code) and by European regulations. For the most significant projects, the Board of Directors sets up a special committee to advise on the bid.

Programmes broadcast on the Group's channels are subject to control by the CSA (the French broadcasting regulator) under agreements signed by the channels. Consequently, the TF1 group's Programme Compliance Division reviews programmes prior to broadcast on its channels, sometimes in collaboration with the Legal Affairs Division. This process also helps minimise the legal risks inherent in broadcasting television programmes.

Programmes intended for children are submitted for advice from psychologists, who are asked to preview the most sensitive programmes.

CONTROLS OVER ADVERTISING COMPLIANCE

Dedicated teams within TF1 Publicité preview all advertising spots for the channels on which they sell space (TF1, TMC, TFX, TF1 Séries Films and LCI). They also ensure that all the spots have been submitted to the ARPP (the French advertising self-regulatory organisation) for pre-vetting, and passed for broadcast.

TF1 Publicité monitors compliance with laws and regulations covering the broadcasting of advertising on various types of media. Teams from each broadcaster check that the maximum daily and hourly broadcast times for advertising are not exceeded.

STRATEGY, DEVELOPMENT AND TRANSFORMATION DIVISION (DSDT)

The TF1 group's Strategy, Development and Transformation Division is responsible for conducting strategic studies and making acquisitions, compiling the business plan, monitoring the Group's equity holdings, and piloting actions derived from the transformation plan in conjunction with Executive Management and members of the Executive Committee.

The DSDT also uses trend analysis to inform strategic studies and align major projects with expected changes in the industry environment.

Transformation plan

The transformation plan launched by Gilles Pélisson in March 2016 had two thrusts. "Preparing for the future" aimed to grow revenue from existing activities alongside new revenue streams. "Reinventing ourselves" sought to make the Group more streamlined and agile, and is now cascading down into projects driven by operational managers and staff, under the guidance of the relevant Executive Committee member.

Business plan

The strategic planning approach relies on an analysis of how markets, consumption and the competitive environment are changing. Risk mapping is also taken into account.

Long-term strategic and competitive trends in the media, internet and telecoms sectors are closely monitored in order to devise scenarios for how the TF1 group's operations can evolve.

In July of each year, once the strategic priorities have been approved and senior management has aligned itself with those priorities, strategic guidance notes are prepared and sent to all Group entities, who use them to develop their three-year plans including the budget for the first year. The budget represents a firm commitment by the management of each entity to the Chairman of the TF1 group. Performance against the budget is measured by the Group Finance and Purchasing Division.

Each company and/or entity prepares its own three-year plan, but receives active support from Group management to ensure that business plans are compiled to consistent and uniform standards across the Group.

The plan is approved by the Board of Directors annually.

Governance

The Strategy Committee meets every two months to review key business indicators and issues relating to strategy, partnerships, development and transformation.

Monthly Commitment Committees allow for rapid decision-making on acquisition proposals, monitor progress on ongoing acquisitions, and set guidelines for negotiation teams.

Managing equity holdings

The DSDT monitors equity holdings on a regular basis with support from Finance, Legal Affairs and operating divisions. RAISE, a specialist investment fund, makes and manages media-for-equity investments on behalf of the TF1 group. The DSDT ensures that business relations between media-for-equity investees and the Group's operating entities are optimised.

FINANCE AND PURCHASING DIVISION (DGAFA)

The DGAFA includes all of the Group's finance functions. It plays a control role by disseminating procedures, methods and guidance throughout the Group.

Audit and Internal Control Division (DACI)

The TF1 group's Internal Audit function conducts financial, operational and organisational audits in Group entities (except for audits of the reliability, security and operation of information systems, which are performed by the Bouygues group's Central Audit Department).

All of these audits are conducted according to an annual plan approved by the Executive Management and Audit Committee of the TF1 group. The quarterly Audit Committee meetings include progress reports on the plan, and presentations of key findings and recommendations of completed audits.

Audits are performed following a strict methodology aimed at meeting the standards set by the French Institute of Audit and Internal Control (IFACI). Each audit ends with a report containing recommendations, which are systematically incorporated in an action plan to be applied by the audited entity and monitored by the Internal Audit function.

Financial Support & Purchasing Division (DAFA)

The DAFA handles all non-core finance roles. In addition to a Rights-Holders Liaison unit for TF1 Studio, the DAFA also includes Financial Communications and Investor Relations; Purchasing (other than rights buying); the Tools and Projects Hub; and the Process & Data unit.

These roles are integral to the day-to-day functional support that the Group Finance Division provides to all the operating divisions.

Financial Communications and Investor Relations Department

The Financial Communications and Investor Relations Department engages with shareholders, investors and analysts. As described in more detail in the section on "Process for managing published financial information" below, the department ensures that the markets and the financial community are regularly updated to give them the clearest and most comprehensive understanding possible of the company's strategy and business environment. All this is done in strict compliance with market rules and the principle of equal treatment for all investors.

Group Purchasing Division (other than rights buying)

The Purchasing Division optimises the procurement process by applying a high-quality supplier referencing process and a rigorous methodology, in line with best practice.

Our Responsible Purchasing Approach is described in section 7.3.7 of this registration document.

Tools and Projects Hub

The Tools and Projects Hub is responsible for piloting upgrades to the financial information system based on the financial modules of the SAP package, and for deploying system improvements to support the ongoing transformation of DGAFA processes and methods.

Process and Data Unit

The main role of the Process and Data Unit is to measure the effectiveness of, and improvements to, the Group's financial processes. The unit supports finance staff in the ongoing transformation of their processes and methods, with a focus on improving their use of data.

Accounting, Tax, Treasury and Financing Division (DCFTF)

The Accounting and Tax Division (DCF) is responsible for establishing and applying accounting policies, and for preparing the individual and consolidated financial statements of Group companies.

- Accounting standards

The DCF monitors developments in international (IFRS) and French accounting standards, and ensures that appropriate accounting policies are in place. It also plays a co-ordinating and training role by drafting and distributing rules, procedures and accounting policies.

- Financial statements and tax returns

Within the DCF, teams are organised into activity areas and skills hubs. They keep accounting records of transactions entered into by TF1 group entities, and carry out all accounting closes required for the preparation of financial statements.

They also handle payments made by Group entities, applying procedures consistent with key internal control principles (such as segregation of duties and multiple independent validation), and payment security rules established by the Treasury department (such as authentication and tamper-proof payment media).

The DCF is also responsible for all the tax returns of individual TF1 group entities (including VAT, income tax, and other taxes and duties); it also manages and prepares tax returns for the group tax elections that exist within the TF1 group.

- Treasury and Financing department

This department assesses the Group's funding requirements and ensures that adequate funding is available from sustainable and diversified sources.

It provides centralised treasury management services for the Group (bank accounts, cash pooling, and interest rate and forex risk management), and oversees the security of the Group's money flows while reducing associated risks, including fraud, legal and counterparty risks.

Every year, the department works with the Strategy, Management Control and Investor Relations departments to produce a dossier for the Standard & Poor's ratings agency and the Banque de France, with whom it liaises throughout the year.

Group Performance Monitoring and Management Control Division (DPPCG)

The DPPCG monitors delivery on the objectives set in the annual budget as approved by the Board. Key steps in this process include:

- the monthly Group reporting package, which summarises and comments on key financial and operating information relating to the various Group entities and on current or future events that may have an impact.

  This document is based on the monthly reporting packages prepared and commented on by each business unit. These include a monthly accounts close, a revised end-of-year forecast, and performance indicators. The DPPCG checks, validates and analyses these packages and then prepares a consolidated dashboard at Group level, which is presented to Executive Management at a set time each month.

  At each monthly accounts close, the DPPCG and DCFTF work together to ensure that all expense and income items are recorded, and are recognised in the correct accounting period. Financial information used in management reporting and in the financial statements all derives from a shared Enterprise Resource Planning (ERP) platform common to all the main structures within the Group, which ensures consistency and control of the data outputs;
- two updates, to allow for adjustments to year-end projections and recalibrate action plans if required;
- a process of regular re-forecasting to assess the impact of current events;
- monthly operating indicators reflecting short-term management objectives for the various business units. These may be used to develop action plans, and hence to measure performance. This process has been rolled out in most Group entities, and enables operational managers at every level to be aware of all available performance indicators;
- a digital dashboard analysing the components of programming margin for the TF1, TMC, TFX, TF1 Séries Films and LCI channels. Additional margin analyses are prepared regularly for individual programmes, dayparts or hourly slots; these are used to focus action plans.

HUMAN RESOURCES AND CSR DIVISION (DGARH & CSR)

The Human Resources and CSR Division plays a key role in selecting, deploying, and developing the human capital needed for TF1 group entities to operate effectively.

It monitors compliance with the French Labour Code and changes in labour policy, in conjunction with the various employee representative bodies. It also co-ordinates the Group's professional training, which aims to develop the technical, interpersonal and managerial skills required for the exercise of each employee's responsibilities. TF1 cares about developing the skills of its staff and encourages job mobility between Group companies and divisions.

As part of the overall management cycle the Human Resources Division works with the operating divisions and support functions to plan future human resources needs. These needs are formalised and are an integral part of the three-year financial and strategic planning process determined by Executive Management. Succession plans for the top 50 senior executives are regularly updated. Any request for a new hire or internal promotion is subject to a formal approval procedure.

For a description of the Group's Corporate Social Responsibility policy, which contributes to internal control *via* the reporting of social and societal information, refer to section 7 of this registration document.

GENERAL COUNSEL'S DEPARTMENT AND LEGAL AFFAIRS DIVISION (DAJ)

The General Counsel's Department of the Group leads and co-ordinates two functions:

- the General Counsel's Department, directly responsible for:
  - managing relations with external bodies and authorities such as the CSA, the French Competition Authority, the French government and parliament, and the European Commission, working in conjunction with the Group's Institutional Relations and Regulatory Affairs Division;
  - monitoring laws, rules and decrees that affect the broadcasting industry;

- monitoring compliance with regulatory requirements (production-related obligations, CSA reporting, the French Competition Authority, business combinations, abuse of dominant position, restraint of trade, etc.);
- managing relations with trade bodies such as the French copyright collection agency (SACD) and the French TV producers association (USPA), and dealing with industry-wide agreements on broadcasting and production;
- providing support to the Group's Pay-TV channels in their contractual dealings with the main Pay-TV distributors and ISPs and in administrative cases brought before the CSA and the French Competition Authority;
- compliance with the Code of Ethics, and applying rules on personal and professional ethics and compliance;
- relations with the Group's Ethics and CSR Committee;

- the Legal Affairs Division (DAJ), responsible for:
  - determining the contracting policy and supervising its enforcement within the Group, and more generally monitoring and negotiating key acquisition, distribution and sales contracts in compliance with governance rules;
  - dealing with matters relating to company law (including secretarial support for Board Meetings and General Meetings of TF1 SA, as a publicly quoted company), and assessing legal aspects of business development proposals (corporate acquisitions and divestments, restructuring, etc.);
  - dealing with court proceedings and litigation: risks and claims are monitored in close collaboration with the Finance and Purchasing Division (DGAFA) to ensure that they are correctly reported in the financial statements;
  - managing intellectual property such as rights, brands and domain names, and protective measures (especially against piracy);
  - protection and free movement of personal data: TF1 has responded to the General Data Protection Regulation (GDPR) by designating a staff member from within the DAJ as a Data Protection Officer (DPO), with the role of co-ordinating personal data protection compliance and providing information and advice to other business lines and functions within the Group. The DPO will be supported by a network of data correspondents within each business line and function;
  - monitoring of management risk, insurance, and real estate assets. In particular, the DAJ ensures that there is adequate insurance cover and that premiums and deductibles are commensurate with risk exposure.

For several years, the General Counsel's Department and the DAJ have been involved in a process to enhance security and control over commitments. Tangible results of this process include establishing a Group-wide contracting policy, and standard contract models for all recurring commitments. The DAJ is also working to optimise and secure the insurance policies taken out by TF1 and its subsidiaries so as to be covered against potential risks.

Finally, the DAJ ensures that there is a consistent policy on delegation of powers within the organisation, and works with DGARH to apply that policy. Specifically, subsidiaries over which TF1 exercises exclusive control have been delegated powers based on guidelines established at Group level. In jointly-controlled subsidiaries, internal control is organised on the basis of the TF1 group's expertise and in compliance with shareholder agreements.

2.2.2.3 CONTROL PROCESS FOR PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION

FINANCIAL INFORMATION SYSTEMS

The Technologies Division, in conjunction with the Tools and Projects Hub, deploys and supervises the TF1 group's financial information systems (accounting, management, treasury and consolidation).

TF1 operates both internally-developed systems and commercial software. Finance-related applications are rigorously analysed, monitored and operated so as to ensure continuity of service, integrity, security, and legal compliance. As part of the Group's information security policy, technical support and training are provided to staff to help prevent virus or hacking attacks. This is backed by the "Eticnet Charter", a regularly updated document designed to ensure staff take these issues seriously.

TF1 has tools in place to guarantee control over commitments and payments:

- systematic centralised controls:
  - SAP access controls, based on a user role incompatibility matrix,
  - commitment approval procedures based on internal control rules.
- centralised creation and management of databases (suppliers, inventories);
- acceptance only of invoices that relate to a commitment validly approved within the system, by a shared invoice administration department, thereby enhancing segregation of duties between checking invoices on receipt, approving them for payment, and signing off the payment.

Payments made by Group entities are issued from SAP and are subject to multiple approvals including double signature; all payments are subject to formal banking signatory powers, which are updated on a regular basis.

PROCESS FOR THE PRODUCTION, CONSOLIDATION AND VALIDATION OF THE FINANCIAL STATEMENTS

Transaction recording

The TF1 group has documented accounting processes to ensure that transactions are accurately recorded in the correct accounting period, and that all and only those transactions that actually occur are recorded.

The DCF obtains assurance that the processes for collecting and processing financial information are reliable, especially *via* SAP and upstream applications (such as sales, purchases and payroll) that feed data into SAP. It issues sales invoices, processes payments received from customers, and handles any associated recovery proceedings; it also processes purchase invoices and pays suppliers within the legal time limits. The DCF files tax and regulatory declarations (having checked them for accuracy) and makes sure taxes are paid on time.

Interim accounting closes

At each accounting close, period-end adjusting entries are subject to a joint review by the accounting and management control functions.

The DCF ensures that asset valuation processes have been properly applied, consistently with the accounting policies described in the notes to the financial statements:

- *Goodwill and equity holdings recognised in the balance sheet:*

  Periodic review for evidence of impairment, annual impairment testing, and recognition of impairment losses as necessary.

- *Audiovisual rights and other assets:*

  Review of valuation with reference to the relevant criteria.

- *Off balance sheet commitments:*

  Annual review, focusing in particular on commitments to secure future programming schedules and involving the Programmes and Rights Buying divisions, the relevant channel, and the finance function.

- *Litigation and other risks:*

  Joint review with Legal Affairs, Human Resources and the operating divisions.

These processes, and their outputs, are reviewed by the Statutory Auditors.

The TF1 group prepares monthly consolidated financial statements using SAP-BFC (the industry standard consolidation tool), which builds in rigorous analyses and controls over data processing and outputs. Year-on-year movements in financial statement line items are analysed and fully explained.

Validation

Elective accounting treatments are reviewed with the Statutory Auditors ahead of each quarterly accounting close and presented to the Audit Committee.

The consolidated financial statements are reviewed each month by the Chief Financial Officer and presented to the Chairman & CEO.

The Statutory Auditors issue an audit opinion on the annual parent company and consolidated financial statements of TF1, and perform a review of the interim consolidated financial statements.

The Audit Committee reviews the consolidated financial statements and the Statutory Auditors' report each quarter, before they are presented to the Board of Directors.

PROCESS FOR MANAGING PUBLISHED FINANCIAL INFORMATION

Only duly authorised persons may communicate financial information to the market. In addition to the Chairman & CEO, these include the Executive Vice President, Group Finance and Purchasing; the Corporate Communications Division; and staff of the Financial Communications & Investor Relations Department.

Published documents are subject to a control and validation process prior to release. This involves not only the Finance function but also Legal Affairs, Human Resources & CSR, and Corporate Communications. Quarterly financial press releases are approved by the Audit Committee and the Board of Directors.

The Financial Communications & Investor Relations Department distributes and communicates financial information about the TF1 group and its strategy through, for example:

- the management reports of the Board of Directors;
- the registration document, half-yearly financial reports and quarterly financial information;
- financial press releases;
- presentations to financial analysts and investors.

The Group files its registration document with the AMF (the French financial markets authority). Before filing, the registration document is reviewed by the Statutory Auditors.

The Corporate Social Responsibility information contained in the registration document is also reviewed by an independent third party, in accordance with the implementation decree of Article 225 of the Grenelle 2 Act.

Each issue on which TF1 publishes information is accompanied by discussion and analysis that is validated by Executive Management and updated regularly, providing robust support in the Group's relations with market players.

To guarantee investors equal access to information, all published financial information materials are also made available in English and distributed through the following channels:

- information intended for the general public is posted online (or sent by post on demand) on the corporate website at www.groupe-tf1.fr/en immediately upon publication;
- regulated information is disseminated in accordance with the European Transparency Directive *via* a primary information provider;
- analyst meetings are accessible in full without restriction, *via* live or catch-up webcast or *via* conference call;
- foreign visits and discussions with market players are usually conducted by two representatives from TF1, to ensure that the information provided is accurate and to guarantee equal access to that information. Any documents presented on such occasions are posted immediately on the corporate website at www.groupe-tf1.fr/en.

2.2.2.4 OVERSIGHT OF INTERNAL CONTROL

The two first lines of defence – operational management, and control activities carried out within the support functions – must themselves be subject to further controls. This is the role of the third line of defence, consisting of Internal Audit and the Audit Committee.

INTERNAL AUDIT

Internal Audit performs analyses and tests, and prepares reports, that help senior management identify, manage and control risks more effectively.

As part of its role, Internal Audit obtains assurance (in conjunction with the Internal Control function's own assessment programmes) that self-assessments are accurate and that internal controls are actually being applied. In the process, Internal Audit helps raise staff awareness of internal control principles.

In addition, Internal Audit actively monitors best practice in control implemented within the Group.

A summary of internal audit assignments is presented to the Audit Committee every quarter.

AUDIT COMMITTEE

The Audit Committee was set up in 2003 and consists of three Directors. To guarantee its independence, no executive officer or employee of TF1 may sit on the Committee.

The Committee reviews the quarterly, half-year and annual financial statements before they are presented to the Board of Directors, and also receives a presentation on the conclusions of the Statutory Auditors. This review includes assessing whether the accounting policies used for the preparation of the financial statements are appropriate and have been consistently applied, and verifying the procedures used to collect and check the information used.

The Audit Committee is also advised of information about how the Group is perceived by the financial markets. This information is provided to the Committee in the form of a summary of what investors expect from the Group; a description of trends in the TF1 share price; and analyst consensus estimates of current-quarter and current-year revenues and profits.

The Audit Committee is provided with regular updates on the deployment of the internal control system, the results of assessment campaigns, major risks identified by the risk mapping process and progress against action plans to address risks. Each year, the third-quarter Audit Committee meeting validates the internal audit plan for the following year. A summary report on internal audit assignments, highlighting the risks and degree of control for each process audited, is presented to the Audit Committee on a regular basis.

2.2.3 CONCLUSION AND OUTLOOK

Throughout 2018, the TF1 group continued to reorganise its processes to make them more efficient and flexible and achieve greater cross-functionality between the entities. The participation rate in the internal control campaign was judged to be highly satisfactory.

TF1 extended the risk mapping process by updating, reassessing and prioritising risks identified in previous years, and adding new risks that could impair attainment of the Group’s medium-term strategic goals.

The Audit Committee was kept informed of all these activities on a regular basis.

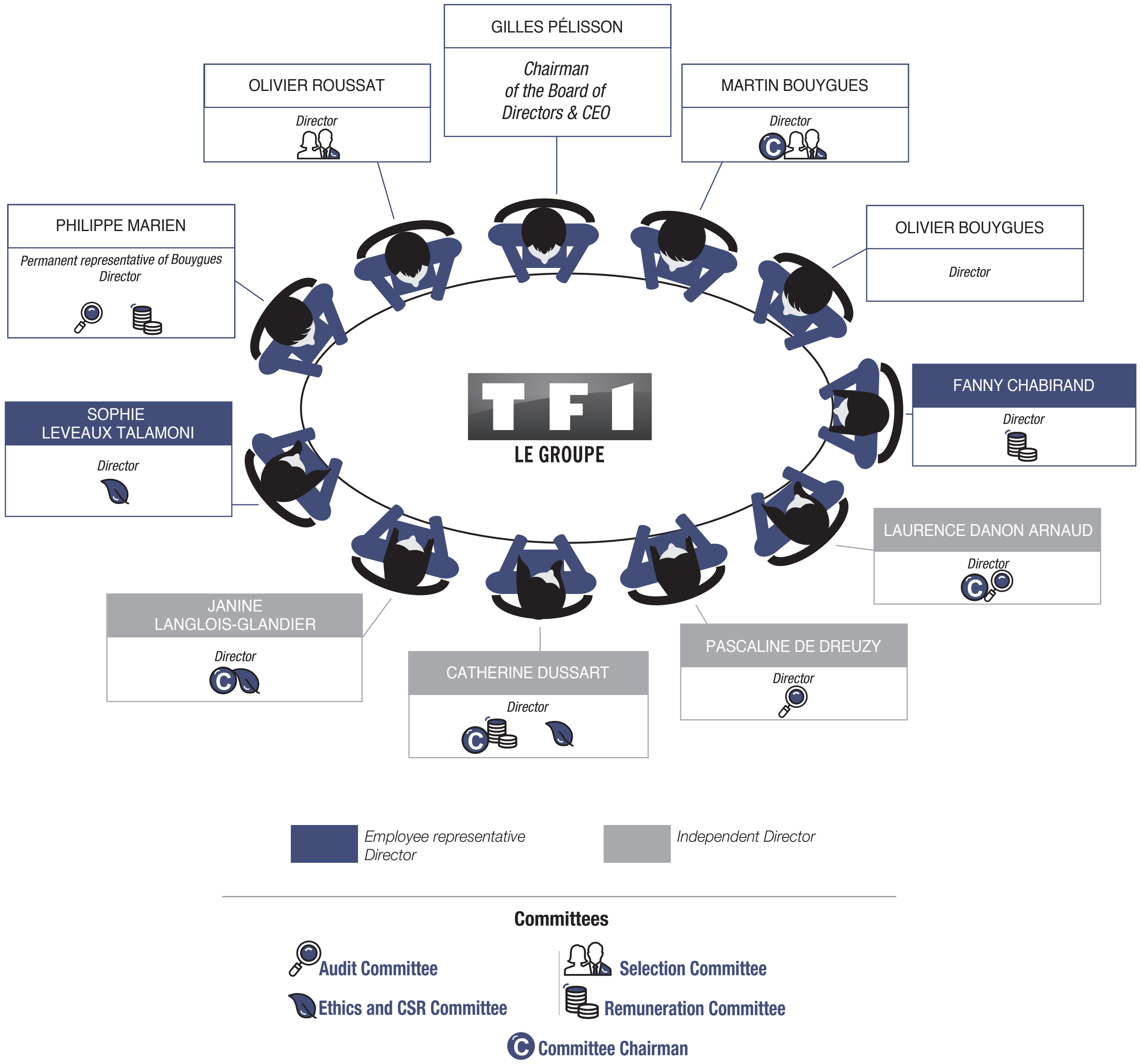
All of these objectives will be rolled forward, supporting a dynamic vision of internal control that relies above all on the skills, sense of responsibility and commitment of all Group employees.

3

CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE STATEMENT

3.1.1 COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES AT 31 DECEMBER 2018



Type of Director	Method of appointment	Term of office	Number of Directors
Non employee representative Directors	Appointed by an Ordinary General Meeting	3 years	3 to 18
Employee representative Directors	Elected by TF1 SA employees	2 years	2

Since the Annual General Meeting of 14 April 2016, the TF1 Board of Directors has had 11 members, 9 of whom are non employee representative Directors.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES DURING 2018

POSITION AS OF 31 DECEMBER 2018

	Departures	Appointments	Reappointed on 19 April 2018
Board of Directors			**by the Annual General Meeting**(1) Martin Bouygues Laurence Danon Arnaud Bouygues SA(2) **by election (22 March 2018)**(3) Fanny Chabirand Sophie Leveaux Talamoni
Audit Committee			Laurence Danon Arnaud – Chairwoman Philippe Marien
Ethics and CSR Committee			Sophie Leveaux Talamoni
Remuneration Committee			Fanny Chabirand Philippe Marien
Director Selection Committee			Martin Bouygues – Chairman

(1) The term of office of non employee representative Directors is three years.
(2) Permanent representative: Philippe Marien.
(3) Since the company's privatisation and pursuant to Article 66 of law no. 86-1067 of 30 September 1986 as amended, two Directors are elected by the employees of TF1 SA prior to the Annual General Meeting. Employee representative Directors have the same rights and obligations as non employee representative Directors.

3.1.2 COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED FOR APPROVAL BY THE ANNUAL GENERAL MEETING OF 18 APRIL 2019

Appointments and reappointments proposed at the Annual General Meeting of 18 April 2019		
Appointments	**Reappointments**	**Serving Directors**
Marie Pic-Pâris Allavena(1)	Pascaline de Dreuzy Gilles Pélisson Olivier Roussat	Martin Bouygues Olivier Bouygues Fanny Chabirand Laurence Danon Arnaud Catherine Dussart Bouygues SA(2) Sophie Leveaux Talamoni

(1) Replacing Janine Langlois-Glandier
(2) Permanent representative: Philippe Marien.

A career résumé of each Director is provided in section 3.1.3.

The latest composition of the Board of Directors can be viewed at any time on the corporate website:
https://www.groupe-tf1.fr/en/investors/governance/board-directors.

The Board of Directors seeks to improve the standard and effectiveness of corporate governance at TF1 by regularly reviewing its composition and diversity, together with the Directors' competencies, experience, commitment, motivation and accountability. Other issues assessed include the proportion of independent Directors and gender balance, and adopting the Board practices that are best suited to the company.

The Board has sought advice from the Director Selection Committee in anticipation of the forthcoming Annual General Meeting.

At its meeting of 14 February 2019, the Board reviewed the directorships that are due to expire at the forthcoming Annual General Meeting, taking into account the expertise of the serving Directors and the need to maintain the proportions of independent and female Directors. The Board paid particular attention to the experience and knowledge of the Group's businesses that each Director needs in order to contribute effectively to the work of the Board and its four committees. Overall, the Board has sought to maintain a balanced membership that can address the challenges facing the Group.

REAPPOINTMENT OF THREE DIRECTORS

For detailed explanations of the reasons for these reappointments, see the "Terms of office of Directors" section in Chapter 8 of this registration document.

The terms of office of Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat expire at the Annual General Meeting of 18 April 2019, called to approve the financial statements for the 2018 financial year.

The Board of Directors, in line with the recommendations of the Director Selection Committee, takes the view that those three Directors have been assiduous in their involvement in the work of the Board and its committees; their contribution has been highly valued. Their knowledge of the media, the audiovisual landscape and international industry brings insights to the Board.

The Board of Directors, acting on the recommendation of the Director Selection Committee, is asking the shareholders to approval the reappointment of these three Directors for a further three-year term of office expiring at the end of the General Meeting held in 2022 to approve the 2021 financial statements.

APPOINTMENT OF A NEW DIRECTOR

For a career résumé and detailed explanations of the reasons for this appointment, see the "Terms of office of Directors" section in Chapter 8 of this registration document.

In light of the expiry dates of the terms of office of serving Directors and the aim of ensuring the composition of the Board reflects changes in the Group's business mix (and in particular in its digital activities), the Board is proposing to appoint a new independent Director with a special interest in digital.

Having taken advice from the Director Selection Committee, the Board of Directors will ask the shareholders to approve the appointment of Marie Pic-Pâris Allavena as an independent non employee representative Director for a three-year term of office, expiring at the Annual General Meeting held in 2022 to approve the financial statements for the 2021 financial year, replacing Janine Langlois-Glandier whose term of office expires at the 2019 Annual General Meeting.

The Board of Directors also assessed Marie Pic-Pâris Allavena by reference to the independence criteria established by the AFEP/MEDEF Code of Corporate Governance. It concluded that she had no business relationship with the TF1 group, and that she qualifies as an independent Director.

COMPOSITION OF THE BOARD OF DIRECTORS AFTER THE ANNUAL GENERAL MEETING

Subject to approval by the Annual General Meeting of the 8th to 11th resolutions, the composition of the Board of Directors after the Annual General Meeting will be as follows:

- 4 female independent Directors: Laurence Danon, Pascaline de Dreuzy, Catherine Dussart and Marie Pic-Pâris Allavena;
- 2 employee representative Directors: Fanny Chabirand and Sophie Leveaux Talamoni;
- 1 Executive Director: Gilles Pélisson;
- 4 Directors representing the controlling shareholder: Martin Bouygues, Olivier Bouygues, Olivier Roussat and Bouygues SA (represented by Philippe Marien).

Excluding employee representative Directors, the TF1 Board of Directors would include: four independent Directors (44%) and four female Directors (also 44%), bearing in mind that Directors elected by employees do not count towards those percentages.

Also subject to the above, as from 18 April 2019, the committees would comprise:

Audit Committee

- Chairwoman: **Laurence Danon Arnaud**, independent Director.
- Members: **Pascaline de Dreuzy**, independent Director; **Philippe Marien**.

Ethics and CSR Committee

- Chairwoman: **Catherine Dussart**, independent Director.
- Members: **Marie Pic-Pâris Allavena**, independent Director; **Sophie Leveaux Talamoni**, , employee representative Director.

Director Selection Committee

- Chairman: **Martin Bouygues**.
- Member: **Olivier Roussat**.

Remuneration Committee

- Chairwoman: **Pascaline De Dreuzy**, independent Director.
- Members: **Fanny Chabirand**, employee representative Director; **Philippe Marien**.

3.1.3 DIRECTORSHIPS AND OTHER POSITIONS HELD BY DIRECTORS

Directorships and other positions held by Directors of TF1 as of 31 December 2018 and during the past five years are listed below. The Directors are compliant with the rules on multiple directorships.

GILLES PÉLISSON

Born 26 May 1957 – French

Chairman & CEO, appointed 19 February 2016
Director since 18 February 2009 – independent until 28 October 2015

Current term expires: **2019**
Holds **3,000 TF1 shares**
Business address: **1, quai du Point du jour 92100 Boulogne-Billancourt, France**

EXPERTISE AND EXPERIENCE

Gilles Pélisson is a graduate of ESSEC and holds an MBA from Harvard Business School. He began his career in 1983 with the Accor group, first in the United States and then in the Asia-Pacific region. At Accor, he served as CEO of the Courtepaille restaurant chain and co-Chairman of the Novotel hotel chain. He was appointed CEO of Euro Disney in 1995 and Chairman and CEO in 1997. He moved to the Suez group in 2000 and then to Bouygues Telecom in June 2001, where he served as CEO, and then Chairman and CEO from February 2004. He was appointed CEO of Accor in January 2006, then Chairman and CEO until January 2011.

From 2011 to 2015 he was an independent Director of Barrière (hotels and casinos in France), NH Hoteles (Spain), Sun Resorts International (Mauritius), Accenture (USA) and TF1, and Senior Advisor to the Jefferies investment bank (New York).

He has been Chairman and Chief Executive Officer of TF1 since 19 February 2016.

OTHER DIRECTORSHIPS AND POSITIONS WITHIN THE TF1 GROUP

In France: Chairman and Director of the TF1 Corporate Foundation.

Outside France: Acting Chairman of Télé Monte-Carlo (TMC)

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairman and founder-Director of the Gérard & Gilles Pélisson Foundation for the Paul Bocuse Institute.

Outside France: Director of Accenture PLC (USA).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

December 2018 – Director of aufeminin.

2017 – Chairman and Director of Monte-Carlo Participations.

2016 – Director of the Lucien Barrière group. Director of Sun Resorts International (Mauritius). Senior Advisor to Jefferies Inc., New York (United States).

2014 – Director of NH Hoteles (Spain).

MARTIN BOUYGUES

Born 3 May 1952 – French

Director since 1 September 1987
Chairman of the Director Selection Committee

Current term expires: **2021**
Holds **1,044 TF1 shares**
Business address: **32, avenue Hoche – 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Martin Bouygues joined the Bouygues group in 1974 as a works supervisor. In 1978, he established Maison Bouygues, specialising in the sale of catalogue homes. A Director of Bouygues since 1982, Martin Bouygues was appointed Vice Chairman in 1987. In September 1989, Martin Bouygues succeeded Francis Bouygues as Chairman and CEO of Bouygues. At his instigation, Bouygues continued to expand its development in construction as well as in media (TF1), and launched Bouygues Telecom in 1996. In 2006 Bouygues acquired a stake in Alstom.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairman & CEO and Director of Bouygues (listed company). Chairman of SCDM. Permanent representative of SCDM, Chairman of SCDM Participations. Member of the Board of Directors of the Francis Bouygues Corporate Foundation.

Outside France: Member of the Board of Directors of the Skolkovo Foundation (Russia).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2018 - Permanent representative of SCDM, Chairman of Actiby

2016 – Member of the Supervisory Board and the Strategy Committee of Rothschild & Co (listed company, formerly Paris-Orléans).

2015 – Permanent representative of SCDM and Chairman of La Cave de Bâton Rouge.

OLIVIER BOUYGUES

Born 14 September 1950 – French

Director since 12 April 2005

Current term expires: **2020**
Holds **100 TF1 shares**
Business address: **32, avenue Hoche – 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Olivier Bouygues, a graduate of École Nationale Supérieure du Pétrole (ENSPM), joined the Bouygues group in 1974. He began his career in the group's Civil Works Division. From 1983 to 1988 at Bouygues Offshore, he was Director of Boscam, a Cameroon subsidiary, then Director of the France Works and Special Projects Division. From 1988 to 1992 he was Chairman and Chief Executive Officer of Maison Bouygues. In 1992 he became Bouygues Group Executive Vice President of Utilities Management, which combined the French and international activities of Saur. Olivier Bouygues has been a Director of Bouygues since 1984. In 2002 he was appointed Deputy Chief Executive Officer of Bouygues.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Deputy Chief Executive Officer and Director of Bouygues (listed company). Chief Executive Officer of SCDM. Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company). Member of the Board of Bouygues Immobilier. Chairman of SCDM Domaines.

Outside France: Chairman of the Board of Directors of Bouygues Europe (Belgium). Director of SCDM Energy Limited (United Kingdom). Chairman and CEO of Seci (Côte d'Ivoire).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Chairman of Sagri-E.

2016 – Permanent representative of SCDM in its capacity as a Director of Bouygues SA. Director of Bouygues Immobilier SA.

2015 – Chairman of SCDM Énergie. Director of Eranove (formerly Finagestion). Director of Sodeci (Côte d'Ivoire), CIE (Côte d'Ivoire) and Sénégalaise des Eaux (Senegal). Liquidator of SIR.

2014 – Director of Eurosport.

FANNY CHABIRAND

Born 14 September 1976 – French

Employee representative Director since 13 March 2012
Member of the Remuneration Committee

Current term expires: **2020**
Holds **20 TF1 shares**
Business address: **1, quai du Point-du-Jour**
92100 Boulogne-Billancourt, France

EXPERTISE AND EXPERIENCE

Fanny Chabirand holds a Masters degree in Tourism Science and Technology. She joined TF1 on 1 January 2007 and since then has worked as a commercial assistant on the TF1 Works Council.

OTHER DIRECTORSHIPS AND POSITIONS WITHIN THE TF1 GROUP

None.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

None.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

None.

LAURENCE DANON ARNAUD

Born 6 January 1956 – French

Independent Director since 22 July 2010
Chairwoman of the Audit Committee

Current term expires: **2021**
Holds **100 TF1 shares**
Business address: **30, bd Victor-Hugo**
92200 Neuilly-sur-Seine, France

EXPERTISE AND EXPERIENCE

Laurence Danon Arnaud enrolled at École Normale Supérieure Paris in 1977. She obtained an “agrégé” teaching qualification in Physics in 1980. After two years of research at the CNRS national scientific research laboratory, she enrolled at the École Nationale Supérieure des Mines engineering school in 1981, graduating in 1984 as a qualified engineer. Laurence then joined the French Ministry of Industry as head of the Industrial Development Department within the Industry & Research directorate of the Picardy region. Three years later she moved to the Hydrocarbons Directorate of the Ministry of Industry, where she headed up the Exploration-Production Department. In 1989, she joined the Elf group, working in commercial managerial roles in the Polymers Division before being appointed head of a unit within the Industrial Specialties Division in 1991. She took on a new role in 1994 as Director of the Global Functional Polymers Division. From 1996 to 2001 she was CEO of AtoFindley Adhesives, which became Bostik (world no. 2 in adhesives in 2000). In 2001, she was appointed as Chairwoman & CEO of Printemps and a member of the Executive Board of PPR (Pinault Printemps Redoute, now Kering), where she successfully oversaw the repositioning towards fashion and luxury goods. She won the “Enterprise” trophy at the “Femmes en or” (France’s “Women of the Year” awards) in 2006. Following the successful sale of Printemps in October 2006, she left this role in 2007.

Laurence joined the Edmond de Rothschild group in 2007 as a member of the Management Board of Edmond de Rothschild Corporate Finance, becoming Chairwoman in 2009. In just a few years she significantly raised the profile of the firm’s mid-cap/family M&A advisory business, engineering some ground-breaking deals. At the start of 2013 she moved to Leonardo & Co. SAS, the French subsidiary of the Italian investment bank Banca Leonardo (one of France’s leading M&A specialists handling 30 deals a year), as Chairwoman of the Board of Directors. Following the sale of Leonardo & Co. SAS to Natixis in 2015, Laurence joined her family firm Primerose SAS. Laurence is an officer of the Légion d’honneur and the Ordre de Mérite. She has also been elected to the Académie des Technologies.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairwoman of Primerose SAS. Director of Amundi, Groupe Bruxelles-Lambert and Gecina (listed companies).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2016 – Senior Advisor to Natixis Partners. Director of Cordial Investment & Consulting plc (United Kingdom).

2015 – Chairwoman of the Board of Directors of Leonardo & Co. Director of Diageo plc (United Kingdom).

PASCALINE DE DREUZY

Born 5 September 1958 – French

Independent Director since 14 April 2016
Member of the Audit Committee

Current term expires: **2019**
Holds **100 TF1 shares**
Business address: **7 rue du Laos - 75015 Paris, France**

EXPERTISE AND EXPERIENCE

A doctor at Hôpitaux de Paris, the holder of an EMBA from HEC and a company director diploma from Sciences-Po-IFA, and currently studying for a Corporate Finance Certificate at ICCF-HEC, Pascaline de Dreuzy has been overseeing innovative and pioneering cross-functional projects at the Necker-Enfants Malades hospital group for more than 25 years. From 2011 to 2013 she was a doctor-manager at strategy consulting firms (ANAP, Arthur Hunt), and then set up her own organisation: P2D Technology, which uses new technologies to build bridges between industry and healthcare, with the aim of helping frail and at-risk people stay in their homes. P2D solutions combine human and digital to improve quality of life while optimising healthcare costs. In a parallel career, she has been involved in the corporate world from an early age as a Director of one of the family holding companies that controls the PSA group. She is extremely committed to corporate governance: at the end of her term of office on the Board of the French Institute of Directors she joined the institute's CSR, Integrated Reporting, Risk Appetite and Family Company Governance expert groups, and also heads up one of the Institute's training modules.

She is a Knight of the Légion d'Honneur.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Director and member of the Audit Committee of the Séché Environnement Group since 2017, Director of the Fondation Hugot of the Collège de France since 2017, Director of Samu Social International since 2014, and Member of the Expert Committee of the Innovation Investment Fund (life sciences, digital and ecotechnologies) at Bpifrance since 2015.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2018 – Navya (listed company): Director and member of the Audit, Appointments and Compensation Committees.

2017 – Diaconesses-Croix Saint Simon Hospitals, Œuvre de la Croix Saint Simon Foundation.

2016 – French Institute of Directors – Director.

2015 – Diaconesses-Croix Saint Simon Hospitals – Chairwoman of the Ethics Committee.

2014 – SAPAR, family holding company of the PSA Peugeot Citroën group – Director.

CATHERINE DUSSART

Born 18 July 1953 – French

Independent Director since 18 April 2013
Chairwoman of the Remuneration Committee
Member of the Ethics and CSR Committee

Current term expires: **2020**
Holds **100 TF1 shares**
Business address: **25, rue Gambetta**
92100 Boulogne Billancourt, France

EXPERTISE AND EXPERIENCE

After studying management, Catherine Dussart began her career as a press officer and then became a producer. As a producer, she started out with short films, before moving naturally on to feature films, long-format documentaries and dramas for cinema and television with the creation of Les Productions Dussart in 1992 and CDP in 1994. Since then she has produced or co-produced nearly 100 films in around 15 countries. Her recent productions include A Tramway in Jerusalem by Amos Gitai and Graves Without a Name by Rithy Panh, presented in the official selection at the 2018 Venice Film Festival; 9 fingers by F.J.Ossang, winner of best screenplay at the 2017 Locarno Festival; The Exile by Rithy Panh, presented in the official selection at the 2016 Cannes Film Festival; Gospel by Pippo Delbono, presented in the official selection at the 2016 Venice Film Festival; France Is Our Mother Country by Rithy Panh (Fipa 2015); Chauthi Koot (The Fourth Direction) by Gurvinder Singh (India), presented in the official selection at the 2015 Cannes Film Festival; Kalo Pothi (The Black Hen) by Min Bahadur Bham (Nepal), winner of the critics prize at the 2015 Venice Film Festival; and The Missing Picture by Rithy Panh, which won the Un Certain Regard prize at the 2013 Cannes Film Festival and the Prix Italia and was also an Academy Award nominee for best foreign film.

Seven films are in production for 2019, including new films by Rithy Panh, Amos Gitai and Peter Greenaway that are currently shooting. Catherine Dussart is a consultant for the Doha Film Institute. She has been a member of the Board of Directors of the Franco-Russian Cinema Academy, and a member of the World Cinema Subsidy Commission of the French Ministry of Foreign Affairs; the Royalty Advances commission of the French National Cinematography Centre (CNC); and later Vice-Chairwoman and member of the CNC's Distribution Subsidy Commission.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: General Manager of Catherine Dussart Production-CDP.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2014 – Member of the Board of Directors of the Franco-Russian Cinema Academy.

JANINE LANGLOIS-GLANDIER

Born 16 May 1939 – French

Independent Director since 19 April 2012
Chairwoman of the Ethics and CSR Committee

Current term expires: **2019**
Holds **100 TF1 shares**
Business address: **17, rue de l'Amiral-Hamelin 75016 Paris, France**

EXPERTISE AND EXPERIENCE

Janine Langlois-Glandier is a graduate of the Institut d'Études Politiques de Paris, holds a post-graduate diploma in private law and is a barrister at the Paris bar. She joined ORTF (the French state radio broadcaster) in 1967, working in the Management Control and Finance Department and then in the Staff Department, where she managed employees in artistic and production roles.

In 1975 she joined Radio France, then Société Française de Production (SFP), where she was appointed General Counsel in 1981. She became Managing Director of Société Française de Production and SFPC, the film subsidiary of SFP, in 1983.

She was appointed Chairwoman of FR3 in 1985 and Chairwoman of La Sept (later ARTE) in 1986.

From 1987 to 1990 she chaired the Board of Directors of the French National Audiovisual Institute (INA). She was also a Director of Agence France-Presse (AFP) and the Committee for the Conservation of Audiovisual Archives.

She served as CEO of Pathé Cinéma and Chairwoman & CEO of Pathé Télévision and Pathé Interactive (a Pathé/Philips subsidiary) from 1991 to 1997.

During this period she was also a Director of the Libération newspaper and of Cinémathèque Française.

From 1997 to 2002 she worked for the Conseil Supérieur de l'Audiovisuel (CSA), the French audiovisual industry regulator, where she had specific responsibility for cinema, advertising and sport.

She has chaired the French Mobile Media Forum since 2005.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Chairwoman of the Mobile Media Forum. Director of Fransat (limited company) and La Semaine du Son (not-for-profit organisation).Member of the Cultural Board of La Monnaie de Paris.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

None.

SOPHIE LEVEAUX TALAMONI

Born 11 December 1964 – French

Employee representative Director since 3 April 2014
Member of the Ethics and CSR Committee

Current term expires: **2020**
Holds **10 shares in TF1**
Business address: **1, quai du Point-du-Jour – 92100 Boulogne-Billancourt, France**

EXPERTISE AND EXPERIENCE

Sophie Leveaux Talamoni has been TF1's Artistic Director of Acquisitions and international development manager since July 2008. She joined the Acquisitions Division of TF1 group in 1993 and was appointed Artistic Manager in 1995, since when she has gradually assumed broader responsibilities across the division's spectrum of activities.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

None.

OTHER DIRECTORSHIPS AND POSITIONS WITHIN THE TF1 GROUP

None.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

None.

PHILIPPE MARIEN

Born 18 June 1956 – French

Permanent representative of Bouygues in its capacity as Director since 20 February 2008
Member of the Audit Committee
Member of the Remuneration Committee

Current term expires: **2021**
Business address: **32, avenue Hoche - 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Philippe Marien is a graduate of École des Hautes Études Commerciales (HEC). He joined the Bouygues group in 1980 as an international finance manager. In 1984, he was special advisor for the takeover of the AMREP oil services group before being appointed Finance Director of Technigaz, a liquefied natural gas engineering contractor, in 1985. In 1986, he joined the Bouygues group Finance Department to take responsibility for financial aspects of the takeover of Screg. He was successively appointed Director of Finance and Cash Management at Screg (in 1987) and Director of Finance at Bouygues Offshore (in 1991). He was appointed Senior Vice President, Finance and Administration of Bouygues Offshore in 1998, then moved to Bouygues Bâtiment in 2000 as Chief Financial Officer. In March 2003, Philippe Marien became Chief Financial Officer of the Saur group, the Bouygues group's water management subsidiary, where he managed the sale of Saur first by Bouygues to PAI Partners, and then by PAI Partners to a new group of shareholders led by Caisse des Dépôts et Consignations. He was appointed Chief Financial Officer of the Bouygues group in September 2007. In February 2009 Philippe Marien was appointed Chairman of Bouygues Telecom's Board of Directors, a role he held until April 2013. His responsibilities within the Bouygues group increased and in 2015 he became Group Chief Operating Officer and Chief Financial Officer, with additional responsibilities for Group information systems and innovation and then (in 2016) for Human Resources. On 30 August 2016 he was appointed a Deputy Chief Executive Officer of Bouygues.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Deputy Chief Executive Officer of Bouygues (listed company). Chief Executive Officer of SCDM, Permanent representative of Bouygues in its capacity as Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company). Permanent representative of Bouygues in its capacity as member of the Board of Bouygues Immobilier.

Outside France: Director of Bouygues Europe (Belgium); Chairman and Administrator of Uniservice (Switzerland).

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Director of Bouygues Telecom. Permanent representative of Bouygues in its capacity as Director of C2S.

2016 – Permanent representative of Bouygues in its capacity as Director of Bouygues Immobilier.

2015 – Liquidator of Finamag.

BOUYGUES

Paris Trade and Companies Register (RCS) no. 572 015 246

Director, represented by Philippe Marien since 20 February 2008

Current term expires: **2021**
Holds **91,946,297 TF1 shares**
Registered office: **32, avenue Hoche - 75008 Paris, France**

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

Director of Alstom (listed company), Bouygues Construction, Bouygues Telecom and Colas (listed company). Director of GIE 32 Hoche. Member of the Board of Bouygues Immobilier. Member of the Board of Directors of the management body of Centre Gustave Eiffel (not-for-profit organisation). Member of the Board of Directors of GIE Registrar.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2017 – Director of Bouygues Immobilier and C2S.

2016 – Member of the Board of Directors of the Fondation Dauphine

OLIVIER ROUSSAT

Born 13 October 1964 – French

Director since 18 April 2013
Permanent representative from 9 April to 18 April 2013 of Société Française de Participation et de Gestion (SFPG) in its capacity as Director of TF1 until 2013.
Member of the Director Selection Committee

Current term expires: **2019**
Holds **100 TF1 shares**
Business address: **32, avenue Hoche - 75008 Paris, France**

EXPERTISE AND EXPERIENCE

Olivier Roussat is a graduate of the National Institute of Applied Sciences (INSA) in Lyon. He began his career in 1988 at IBM, where he occupied a number of positions in data network services, service delivery and pre-sales. In 1995 he joined Bouygues Telecom to set up the network management centre and network processes. He then became head of network operations and telecommunications and IT service delivery. In May 2003, he was appointed network manager and became a member of the Executive Committee of Bouygues Telecom. In January 2007 Olivier Roussat took charge of the performance and technology unit, which combines Bouygues Telecom's cross-functional technical and IT departments, including networks, information systems, process engineering, purchasing, corporate services and property development. He was also given responsibility for the headquarters and Technopôle buildings. He was appointed Deputy Chief Executive Officer of Bouygues Telecom in February 2007, then Chief Executive Officer in November 2007, before becaming Chairman and Chief Executive Officer of Bouygues Telecom in May 2013 and Chairman of the Board of Bouygues Telecom in November 2018. On 30 August 2016 he was appointed Deputy Chief Executive Officer of Bouygues.

OTHER DIRECTORSHIPS AND POSITIONS OUTSIDE THE TF1 GROUP

In France: Deputy Chief Executive Officer of Bouygues (listed company). Chairman of the Board of Bouygues Telecom. Director of Bouygues Construction. Member of the Board of Bouygues Immobilier.

FORMER DIRECTORSHIPS AND POSITIONS HELD IN THE PAST FIVE YEARS

2018 – Chief Executive Officer of Bouygues Telecom

2016 – Member of the Board of Directors of the Bouygues Telecom Corporate Foundation. Member of the Strategy Committee of Bouygues Energies & Services.

2014 – Director of Bouygues Energies & Services.

3.2 CORPORATE GOVERNANCE ARRANGEMENTS AFR

Taken in conjunction with section 3.1, the present section constitutes the "Report on Corporate Governance" required under Article L. 225-37 of the French Commercial Code. The report was prepared by the Secretary to the Board in conjunction with senior management and the Group Finance Department. It draws upon various internal documents (including the Articles of Association and Rules of Procedure, and minutes of Board and Board Committee Meetings). It takes account of current regulations; corporate governance recommendations issued by the AMF (the French financial markets authority); the recommendations contained in the AFEP/MEDEF Corporate Governance Code of Listed Corporations (the "AFEP/MEDEF Code"); the report of the French High Committee on Corporate Governance; and market practice.

Under the terms of the Articles of Association, the company is administered by a Board of Directors. The roles of Chief Executive Officer and Chairman of the Board are assumed by the same person.

The Board is at all times mindful of corporate governance arrangements at TF1, whether in terms of the composition of the Board or in making the most appropriate decisions about how the Board is organised and operates.

When deliberating, Board members are aware of the need to ensure that all shareholders are treated equally and that the Board should operate as effectively as possible.

TF1 has applied the AFEP/MEDEF Code since 2008. The latest version of the AFEP/MEDEF Code, issued in June 2018, is included as an annex to the Rules of Procedure of the TF1 Board of Directors.

The Board of Directors approved the present report at its meeting of 14 February 2019.

3.2.1 PRINCIPLES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

RULES APPLICABLE TO THE COMPOSITION OF THE BOARD OF DIRECTORS

The Articles of Association stipulate that the company is administered by a Board of Directors with between three and eighteen members. Pursuant to Article 66 of Law no. 86-1067 of 30 September 1986 as amended on broadcasting freedom, at least one-sixth of the Board of Directors consists of employee representatives.

In accordance with Article L. 225-47 of the French Commercial Code the Board of Directors elects from among its members a Chairman. The Chairman of the Board of Directors organises and directs the work of the Board. He ensures that the company's management bodies function properly, and in particular that the members of the Board are capable of fulfilling their duties.

In accordance with Article L. 225-51-1 of the French Commercial Code, responsibility for executive management is assumed either by the Chairman of the Board of Directors or by another person appointed by the Board of Directors. The Board of Directors is free to choose between the two alternative options for the executive management of the company. On a proposal from the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers.

The Articles of Association set the age limit for holding office as Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer at sixty-seven years.

The Articles of Association do not set an age limit for Directors.

All Directors are eligible for re-election.

NON EMPLOYEE REPRESENTATIVE DIRECTORS

Non employee representative Directors are appointed by a General Meeting of shareholders. Since 2015, the term of office of non employee representative Directors has been three years, in order to facilitate the phased rotation recommended by the AFEP/MEDEF Code.

EMPLOYEE REPRESENTATIVE DIRECTORS

Since the company's privatisation and pursuant to Article 66 of law no. 86-1067 of 30 September 1986 as amended, there have been two employee representative Directors. They are elected by the employees of TF1 SA. One is elected by an electoral college of managerial staff and journalists, the other by an electoral college of clerical, technical and supervisory staff. All employees with a contract of employment of at least three months at the date of the election are eligible to vote. All employees with a contract of employment of at least two years at the date of the election are eligible to stand.

Employee representative Directors hold office for two years. The term of office of an employee representative Director terminates on announcement of the results of the votes of the electoral colleges held to appoint employee representative Directors; such appointment normally takes place two weeks before the General Meeting at which the Director's term of office expires. If one or more seats of employee representative Directors fall vacant due to death, resignation, dismissal or termination of employment contract, the vacant seat is filled by an alternate.

Employee representative Directors have the same powers and responsibilities as non employee representative Directors.

Under the Board's Rules of Procedure, employee representative Directors are required to hold a smaller minimum number of TF1 shares during their term of office (10 shares) than non employee representative Directors (100 shares).

TF1 does not fall within the scope of law no. 2015-994 of 17 August 2015 on social dialogue and employment, which introduced into the French Commercial Code (Article L 225-27-1) a statutory requirement for employee representation on the Board of Directors of sociétés anonymes (public limited companies) above a certain size. Nor is TF1 under any obligation to arrange for employee shareholder representatives to be elected to the Board pursuant to Article L. 225- 23 of the French Commercial Code.

THE BOARD'S RULES OF PROCEDURE AND DIRECTORS' CODE OF CONDUCT

The Board's Rules of Procedure were adopted at a Board Meeting on 24 February 2013. They explain how the Board operates. They also describe how the Accounts Committee (renamed the Audit Committee in 2003) and the Director Selection Committee operate, and extend the powers of the Remuneration Committee (which had existed as a collegiate body since 1988). An Ethics and CSR Committee was set up in July 2014. A separate annex to the Rules of Procedure, the "Directors' Code of Conduct", specifies the rights and obligations of Directors.

The Rules of Procedure are updated regularly to take account of best practice in governance, and include in an annex the AFEP/MEDEF Code (currently the latest version as revised in June 2018).

The main sections of the Rules of Procedure describe the powers, characteristics and remit of the Board and its specialist committees. The Rules of Procedure also lay down principles for the annual evaluation of the Board's operating procedures.

The Rules of Procedure and Directors' Code of Conduct are available on the TF1 corporate website at:

https://www.groupe-tf1.fr/en/investors/governance

APPLICATION OF THE AFEP/MEDEF CORPORATE GOVERNANCE CODE

TF1 has for many years applied the majority of the recommendations contained in the AFEP/MEDEF Code.

In 2008, the Board of Directors decided that the company would voluntarily adhere to the AFEP/MEDEF Code, which is included as an annex to the Board's Rules of Procedure. An English-language version of the Code can be viewed on the AFEP website at: http://www.afep.com/wp-content/uploads/2018/06/AFEP/MEDEF-Code-revision-June-2018-ENG.pdf.

The table below shows TF1's departures from the AFEP/MEDEF Code, and the reasons for those departures.

Departure from AFEP/MEDEF Code	Explanation
Article 10.3: "It is recommended that at least one meeting not attended by the executive officers should be organised each year."	The Board believes it more appropriate that such meetings be attended by the independent Directors only, since this gives them the opportunity to express their views from their own distinctive standpoints, in a critical but supportive manner.
Article 16.1: "The Nominations Committee must mostly consist of independent Directors."	The Board of Directors believes that the current members of the Director Selection Committee (the title used by TF1 for its Nominations Committee) have a deep understanding of the media sector and its challenges; furthermore, their proposals have always complied with the AFEP/MEDEF Code recommendations regarding independence and gender balance on the Board.
Article 17.1: "The Compensation Committee must not include any executive officer and must mostly consist of independent Directors. It is recommended that the Chairman of the committee be independent and that one of its members be an employee Director."	The Board takes the view that the Remuneration Committee (the title used by TF1 for its Compensation Committee), which has only one non-independent member, is well balanced and hence is able to take decisions independently.

ASSESSMENT OF DIRECTOR INDEPENDENCE

Every year, the Board of Directors – having taken advice from the Director Selection Committee – assesses the position of each Director individually by reference to all of the independence criteria contained in the AFEP/MEDEF Code.

Under Article 8 of the AFEP/MEDEF Code, a Director is regarded as independent when he or she has no relationship of any kind with the company, its group or its management that may colour their judgment. The Code lists a number of independence criteria, which when applied to TF1 are as follows:

- not being, and not having been within the past five years: (i) an employee or executive officer of TF1; (ii) an employee, executive officer or Director of an entity consolidated by TF1; or (iii) an employee, executive officer or Director of TF1's parent or of an entity consolidated by that parent;
- not being an executive officer of an entity in which (i) TF1 directly or indirectly holds a directorship or (ii) an employee of TF1 is designated as a Director or (iii) an executive officer of TF1 (current, or who has held such office within the past five years) holds a directorship;
- not being a customer, supplier, investment banker, commercial banker or consultant that is (i) material to TF1 or its group or (ii) for which TF1 or its group represents a significant proportion of its business;
- not being related by close family ties to a corporate officer;
- not having been a Statutory Auditor of TF1 within the past five years;
- not having been a Director of TF1 for more than 12 years (a Director ceases to be independent once he or she has served on the Board for twelve years).

A non-executive officer cannot be regarded as independent if he or she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of TF1 or its group.

Based on the above criteria, the Board has identified the following Directors as independent Directors: Laurence Danon Arnaud, Pascaline de Dreuzy, Catherine Dussart and Janine Langlois-Glandier.

The four independent Directors have no business relationship with TF1. None of them receives variable compensation in cash or shares, or any compensation linked to the performance of TF1 or its group.

	AFEP/MEDEF Code independence criteria						
	Not having been an employee or executive officer of TF1 or the Bouygues group within the past 5 years	Cross-directorships	Material business relationship	Close family ties with corporate officer	Not having been TF1's auditor within the past 5 years	Not having been a TF1 Director for more than 12 years	Significant shareholder (>10% of the capital/voting rights)
Laurence Danon Arnaud	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Pascaline de Dreuzy	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Catherine Dussart	compliant	compliant	compliant	compliant	compliant	compliant	compliant
Janine Langlois-Glandier	compliant	compliant	compliant	compliant	compliant	compliant	compliant

The criterion of not having held office as a TF1 Director for more than 12 years is fulfilled by all four independent Directors.

The Board of Directors will ask the Annual General Meeting of 18 April 2019 to reappoint Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat as Directors for a three-year term of office, and to appoint Marie Pic-Pâris Allavena (replacing Janine Langlois-Glandier) for a three-year term of office.

Pascaline de Dreuzy would continue to have no business relationship with the TF1 group, and would retain her status as an independent Director by reference to all the AFEP/MEDEF Code criteria.

Marie Pic-Pâris Allavena would have no business relationship with the TF1 group, and would qualify as an independent Director by reference to all the AFEP/MEDEF Code criteria.

Subject to shareholder approval and excluding employee representative Directors, the TF1 Board of Directors would continue to have four independent Directors, which means that the proportion of independent Directors would be 44%.

The proportion of independent Directors on the Board committees is indicated in the description of the composition of each committee.

GENDER BALANCE ON THE BOARD

The TF1 Board of Directors has four female non employee representative Directors and two female employee representative Directors. This means that 44% of Board members are women (the employee representative Directors are excluded when determining the percentage).

The Board of Directors will ask the Annual General Meeting of 18 April 2019 to reappoint Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat as Directors for a three-year term of office, and to appoint Marie Pic-Pâris Allavena (replacing Janine Langlois-Glandier) for a three-year term of office.

Subject to shareholder approval of those reappointments, after the Annual General Meeting four of the Board's nine members (excluding employee representative Directors) would be women, i.e. 44%.

The proportion of female Directors on the Board committees is indicated in the description of the composition of each committee.

DIVERSITY AND COMMITMENT OF THE DIRECTORS

For a detailed description of the Board of Directors as of 31 December 2018, including the number of TF1 shares and directorships in other companies (including listed companies) held by each Director, refer to section 3.1.1 of this registration document.

The following table provides a summary presentation of the personal information and experience of the Directors, as well as their commitment to TF1's corporate governance, as of 31 December 2018.

All the Directors are French nationals. Martin Bouygues and Olivier Bouygues are brothers; the company is not aware of any other close family ties between Board members.

	Status	Female Male	Age	Competencies	Board committees	First appointed	Current term expires	Years service on Board	2018 Board atten-dance
Executive Director									
Gilles Pélisson	Not independent	M	61	Audiovisual and digital, International, Governance, Management, CSR, Finance		2009	2019	9	6/6 meetings
Independent Directors									
Laurence Danon Arnaud	Independent	F	62	International, Governance, Management, Finance	Chairwoman of Audit Committee	2010	2021	8	6/6 meetings
Pascaline de Dreuzy	Independent	F	60	Governance, CSR, Finance	Member of Audit Committee	2016	2019	2	6/6 meetings
Catherine Dussart	Independent	F	65	Audiovisual and digital, International, Management, CSR	Chariwoman of Remuneration Committee, member of Ethics and CSR Committee	2013	2020	5	5/6 meetings
Janine Langlois-Glandier	Independent	F	79	Audiovisual and digital, Institutional and regulatory, Governance, Management, CSR, Finance	Chairwoman of Ethics and CSR Committee	2012	2019	6	6/6 meetings
Employee representative Directors									
Fanny Chabirand	Not independent	F	42	Audiovisual and digital	Member of Remuneration Committee	2012	2020	6	6/6 meetings
Sophie Leveaux Talamoni	Not independent	F	54	Audiovisual and digital, International, CSR	Member of Ethics and CSR Committee	2014	2020	4	5/6 meetings
Non-independent Directors									
Martin Bouygues	Not independent	M	66	Audiovisual and digital, International, Governance, Management	Chairman of Director Selection Committee	2012	2020	6	6/6 meetings
Olivier Bouygues	Not independent	M	68	Audiovisual and digital, International, Governance, Management, CSR		2005	2020	13	6/6 meetings
Bouygues (represented by Philippe Marien)	Not independent	M	62	Audiovisual and digital, International, Governance, Management, Finance	Member of Audit Committee and Remuneration Committee	2008	2021	10	5/6 meetings
Olivier Roussat	Not independent	M	54	Audiovisual and digital, International, Governance, Management, Finance	Member of Director Selection Committee	2009	2019	9	6/6 meetings

Audiovisual and digital — International — Institutional and regulatory — Governance — Management — CSR — Finance

Average length of service of Directors: 9 years
Average age of Directors : 61 years
Percentage of women : 44%(1)
Percentage of independent Directors : 44% (1)

(1) Excluding employee representative Directors.

3.2.2 PRINCIPLES ON WHICH CORPORATE GOVERNANCE OPERATES

GOVERNANCE ARRANGEMENTS

The Board is required by law to elect one of its members (who must be a natural person) as Chairman, to organise and direct the work of the Board and ensure that the company's management bodies function properly. By law, the Board may choose to delegate responsibility for the executive management of the company to either (i) the Chairman of the Board of Directors or (ii) another natural person, who may or may not be a Director, with the title of Chief Executive Officer.

COMBINING THE OFFICES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Gilles Pélisson was appointed as Chairman and Chief Executive Officer at the Board Meeting of 17 February 2016 and took office on 19 February 2016, the day after the presentation of the financial statements for the 2015 financial year.

On the advice of the Director Selection Committee, the Board of Directors concluded that it was preferable not to separate the role of Chairman from that of Chief Executive Officer (given the size of the TF1 group, the specialist nature of its business, and past experience that the proposed governance structure was effective).

The Board of Directors confirmed Gilles Pélisson as Chairman and Chief Executive Officer following the renewal of his term of office as Director for three years by the Annual General Meeting of 14 April 2016.

The Board has not appointed a senior independent Director or Vice Chairman.

THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

In accordance with the law, the Chief Executive Officer has the broadest powers to act in the name of the company under all circumstances. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly accorded by law to Shareholders' Meetings and to the Board of Directors.

On taking office, Gilles Pélisson reconfigured the Executive Committee (EXCO), for which he assumed direct responsibility. The EXCO reports to Gilles Pélisson and is the senior managerial body in terms of high-level strategic decision-making within the TF1 group.

The EXCO implements the overall strategic orientations determined by the Board. It meets once a week. Key issues discussed include a status report on advertising, financial results, digital initiatives and economic trajectory; an update by each member on the salient matters within his or her sphere of operations, including their staff; and a look forward to major future events. A written record is kept of all decisions.

As of 31 December 2018, there were 10 EXCO members.

Alongside the Chairman and Chief Executive Officer are nine key executives:

- Operational:
  - Ara Aprikian: Executive Vice President, Content;
  - Régis Ravanas: Executive Vice President, Advertising & Diversification;
  - Thierry Thuillier: Executive Vice President of News;
- Transverse:
  - Olivier Abecassis: Chairman of Unify;
  - Christine Bellin: Vice President, Strategy, Development and Transformation;
  - Maylis Çarçabal: Vice President, Communication and Brands;
- Support:
  - Arnaud Bosom: Executive Vice President, Human Resources and CSR;
  - Jean-Michel Counillon: General Counsel;
  - Philippe Denery: Executive Vice President, Finance and Procurement.

LIMITS ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The measures in place to balance the exercise of executive powers with the powers of the Board of Directors contribute to good governance within the TF1 group.

The Board's Rules of Procedure specify which important decisions must be taken by the Board:

- the Board of Directors, with the assistance of an *ad hoc* committee if needed, examines and makes decisions on operations of real strategic importance;
- the strategic priorities, business plans and financing policy for each business segment and the Group are presented to the Board for approval;
- the Board must give its prior approval for any transaction regarded as being of major significance for the Group including investments, organic growth, external acquisitions, disposals, or internal restructuring, particularly where the transaction is outside the scope of the company's stated strategy;
- Board approval is required for the principal guarantees and major commitments entered into by the Group.

The TF1 Board of Directors met six times in 2018. It approved all corporate actions – in particular, acquisitions and disposals – likely to materially affect the Group's financial results, balance sheet structure or risk profile. One Board Meeting was devoted specifically to the three-year plan, with a focus on the strategic context.

In addition, a number of practices (some of them long-established) contribute to the good governance of the company and place limits on the powers of the Chairman and Chief Executive Officer. These include:

- the Board's Rules of Procedure, which were adopted in 2011 and specify rules for how the Board and its committees operate, along with the Directors' Code of Conduct;

- the four permanent Board committees: the collegiate body set up in 1988 to determine the remuneration of executive officers (now the Remuneration Committee); the Audit and Director Selection Committees, both set up in 2003; and the Ethics and CSR Committee, set up in 2014 to deal with ethical issues and the company's responsibilities towards the environment, its employees and society;
- the presence of two employee representative Directors on the Board (since the privatisation of TF1 in 1988), of whom one sits on the Ethics and CSR Committee (since 2014) and the other on the Remuneration Committee (since 2015);
- the presence of independent Directors on the Board and its committees (since 2003). Subject to the reappointment of Pascaline de Dreuzy, Gilles Pélisson and Olivier Roussat and the appointment of Marie Pic-Pâris Allavena as Directors at the Annual General Meeting, the Board will maintain the proportion of independent Directors at 44% (versus the 33.3% minimum recommended for controlled companies); the proportion of women on the Board will also remain at 44% (not counting the employee representative Directors, both of whom are women);
- the adoption in 2014 of four compliance programmes that supplement the Code of Conduct in the fields of anti-corruption, conflicts of interest, securities trading and competition;
- Committee of Independent Directors: the practice (introduced in 2015) of holding one meeting a year attended solely by the independent Directors, at which they can freely discuss any issue.

SUCCESSION PLANNING

At its meeting of 7 February 2019, as part of the discussion of the reappointment of Gilles Pélisson, the Director Selection Committee reviewed (i) succession planning arrangements for the Chairman and Chief Executive Officer and for the members of the Executive Committee and (ii) the Group's talent management policy, which helps identify internal and external candidates with the potential to progress to senior executive roles and support them with career development plans.

RULES GOVERNING HOW THE BOARD OPERATES

The TF1 Board of Directors operates in accordance with legal and regulatory requirements, the company's Articles of Association, the Board's Rules of Procedure, and the recommendations of the AFEP/MEDEF Corporate Governance Code.

The Board of Directors meets as often as the interests of the company require.

Under the Rules of Procedure, the Board must meet at least once a quarter. In the first quarter, the Board closes off the financial statements for the previous financial year. In the second quarter, it reviews the first-quarter financial statements. In the third quarter, the first-half financial statements are closed off and the strategic priorities are presented to the Board for approval. In the fourth quarter, the Board reviews the third-quarter financial statements and analyses revenue and profit estimates for the current year and subsequent year; in addition, the business plans and financing policies of the Group and its business segments are submitted for Board approval.

All Directors have the same powers and duties. Decisions are taken collectively.

Board decisions are only valid if at least half of the Board members are present, and are taken on a majority of the members present or represented. In the event of a tie, the Chairman of the meeting has the casting vote.

REMIT OF THE BOARD

The Board has a key role in determining the strategy and key orientations of the company and the Group, and in ensuring they are implemented.

Consequently, the Board's sphere of action includes:

- the strategic orientations of the company and the Group;
- significant corporate actions including internal restructuring, and major investment decisions (including acquisitions and disposals) likely to materially affect the Group's financial results, balance sheet structure or risk profile;
- monitoring delivery on the above;
- information provided to the shareholders and the financial markets;
- such inspections and verifications as it deems fit;
- determining the remuneration of corporate officers.

The Board aims to promote long-term value creation by TF1 group while taking into account the social and environmental challenges inherent in its activities.

Each Board Meeting includes an update on corporate actions and events since the previous meeting, and on ongoing key projects likely to be completed before the next meeting. At least once a quarter, the Board is informed by the executive management about the company's financial position, cash position and commitments.

Between Board Meetings, Directors receive all useful information about events or corporate actions that are material to the Group. More generally, they may request from the Chairman at any time all information or documents they regard as useful for fulfilling their remit.

COMPETENCIES AND EXPERTISE OF DIRECTORS

The Board's assessment pays particular attention to the training, competencies, experience and knowledge of the Group's businesses that each Director needs in order to contribute effectively to the work of the Board and its four committees (the Audit Committee, Remuneration Committee, Director Selection Committee and Ethics and CSR Committee).

More than half of the Directors work in the French audiovisual industry or in telecoms. The other Directors have a very good understanding of the audiovisual industry. For details of the professional experience of the Directors, refer to section 3.1.3 of this registration document.

A number of factors combine to ensure that Board discussions and decision-making are of good quality: the Board members' experience and personal commitment, their ability to understand the challenges and risks facing the Group's businesses, and the good mix of backgrounds and specialist interests.

The Board of Directors is balanced, diverse, experienced, and responsible.

The Board has not appointed any non-voting Directors.

DIRECTOR TRAINING

On being appointed to the Board, each Director is given a presentation on the company, its business segments, and the sectors in which it operates. This includes an induction programme in which the incoming Director meets the heads of each of the Group's main divisions. During their term of office, each Director may receive additional training from key executives of TF1 and its subsidiaries.

Each Director may also obtain further information on their own initiative, the Chairman being available at all times to provide the Board with explanations and information on significant matters.

During 2018, the Directors attended a demonstration of the new technologies being used in the TV news studio. Directors representing employees were given specific training on how listed companies are organised and the role of the Board of Directors.

PROVIDING INFORMATION TO DIRECTORS

In general, Directors must be provided in advance with the information necessary for decision-making. During Board discussions, they should make recommendations in full possession of the facts. Decisions are taken collectively.

Each Director has one vote. In the event of a tie, the Chairman has the casting vote. Employee representatives designated by the Economic and Social Committee attend Board Meetings, as do Executive Committee members and the Group Head of Legal Affairs (who acts as Secretary to the Board). The Statutory Auditors are invited to all Board Meetings called to examine the financial statements and the business plan. Key executives are invited to attend on a regular basis to give the Directors insights into market conditions, business performance, new developments and strategy.

The role of the Secretary to the Board is to ensure that the Board operates smoothly. The Secretary draws up the schedule of Meetings of the Board of Directors and its committees, prepares the agendas, sets the running order of Meetings in conjunction with the Chairman & CEO, and prepares draft minutes which are then submitted for approval by the Directors at the next Board Meeting. The Secretary also organises the Board evaluation process, assists in preparing documents made available to the shareholders ahead of the Annual General Meeting, and oversees relations with individual shareholders.

Before each Meeting, Directors are sent a notice of that Meeting and the minutes of the previous Meeting. During Meetings, Directors are provided with all documents and information required for their discussions and decision-making, together with a list of any risks that have been identified, in line with regulatory requirements and the company's interests. They also review the minutes of Board Committee Meetings.

Directors receive regular information about the company and the Group, including strategic plans and business plans; information for monitoring the Group's operations and their revenues; the company's financial position, cash position and commitments; any event that has or may have a material effect on the Group's consolidated results; and key events affecting human resources and staffing levels.

Since the final quarter of 2017, Directors have had the use of a secure digital platform that enables them to access Board and Committee documents and other useful documentation and information (schedule of Meetings, notices of Meetings, Articles of Association, Board Rules of Procedure, Corporate Governance Code, etc.).

DIRECTORS' CONDUCT AND OTHER INFORMATION

Conflicts of interest – Related party agreements – Convictions

To the best of TF1's knowledge, in the last five years no member of the Board has been:

- convicted of fraud or associated with a bankruptcy, compulsory administration or liquidation;
- incriminated or publicly sanctioned by any statutory or regulatory authority, including professional bodies;
- prevented by a court from acting as a member of a Board of Directors, Management Board or Supervisory Board of a publicly listed company or from running such a company.

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holdings of TF1's shares, except that each Director is required to own at least one share in the company. However, the Board's Rules of Procedure recommend that each non employee representative Director should own at least 100 shares during their term of office and comply with insider trading rules.

Directors are reminded annually of the obligation placed upon them to declare any trading in TF1 shares by themselves or by persons with close personal ties to them. This information is reported to the AMF individually (including the name of the person involved) and made public in a press release.

Article 5 of the Directors' Code of Conduct contains detailed provisions aimed at preventing conflicts of interest:

- "Directors must ensure that they do not perform an activity that would place them in a conflict of interest with the company. In particular, Directors shall not seek to hold an interest or invest in a company, whether a customer, supplier or competitor of the company, if this interest or investment could influence their actions in their role as a Director.
- Directors undertake to inform the Chairman of any conflict of interest, even of a potential nature, between their duties in relation to the company and their private interests and/or other duties, and not to take part in voting on any resolution directly or indirectly affecting them.
- If the situation requires, Directors may be obliged not to attend Board Meetings during deliberations and not to take part in any voting on a resolution and not to have access to documents and information brought to the attention of the other Directors concerning the subject in question. The Chairman of the Board of Directors may ask Directors at any time to confirm in writing that they are not subject to any conflict of interest."

The company is currently aware of the following potential conflicts of interest:

- Bouygues, the controlling shareholder, is represented on the Board of Directors by Martin Bouygues, Olivier Bouygues, Philippe Marien and Olivier Roussat. Gilles Pélisson is bound by an employment contract with Bouygues.
- Martin Bouygues and Olivier Bouygues are brothers. The company is not aware of any other close family ties between Board members.
- Fanny Chabirand and Sophie Leveaux Talamoni are bound by employment contracts with TF1.

To the best of the company's knowledge, there are no other service contracts between members of the Board of Directors and TF1 or any of its subsidiaries that provides for the award of any benefits under that contract.

To the best of the company's knowledge, no potential conflicts of interest currently exist between the duties of Board members to the company and their private interests or other duties.

The Statutory Auditors' special report on related party agreements and commitments (see section 6.3 of this registration document) describes the agreements and commitments submitted to the Board of Directors for authorisation and on which Directors abstained from voting for reasons related to actual or potential conflicts of interest.

EVALUATION OF THE BOARD OF DIRECTORS

In accordance with the Board's Rules of Procedure and the AFEP/MEDEF Code, the Board of Directors carries out an annual evaluation of how well the Board meets shareholder expectations. This involves a review of the composition, organisation and operation of the Board and its four committees.

The evaluation has three key objectives:

- evaluate how the Board and its committees are operating;
- check that important issues are suitably prepared and debated;
- measure the actual contribution of each Director to the Board's work through his or her competence and involvement in discussions.

Given the steady progress made on corporate governance issues and the clear satisfaction expressed by the Directors (both during evaluations, and at meetings) on how the Board is operating, the Board has decided to continue with a self-assessment approach rather than retaining a third party.

As in previous years, a detailed questionnaire designed to evaluate the performance of the Board and its committees was distributed to Directors and committee members. Nine of the ten questionnaires issued were returned (the same proportion as in 2017). The responses were compared with those of the two previous years to measure progress.

The evaluation allows each Director to give an opinion on the composition and operation of the Board; the relevance of agenda items; the quality of the discussions; the level of information provided; the assessment of commitments made; the analysis of potential risks; and corporate strategy. Specific questions included individual assessments of the other Directors and of their contribution to the work of the Board and of any committees on which they sit.

The main findings of the evaluation were:

The Directors reported a high or very high overall level of satisfaction on (i) the smooth running of the Board and its committees, (ii) the quality of the discussions and (iii) the contribution of each Director to the work of the Board.

Some Directors emphasised the Board's rigorous and methodical approach, and the courtesy and discretion shown by Board members, characterised by thoroughly professional and candid debate.

It was also noted that the Chairman regularly takes steps to ensure that the Board operates more effectively, keeps up-to-date with market practices, and makes sure the Directors are involved.

Other positive comments related to ongoing discussions with the management team, and invitations to special events such as the Investor Day and the Female Experts Day.

Previous suggestions from Directors

On the appointment to the Board of a new independent Director with a special interest in digital: the Board has taken this decision in light of the expiry of the serving Directors' terms of office and the need to change the composition of the Board to reflect the Group's evolving business mix (especially the recent step change in the Digital segment).

Consequently, the Board is asking the Annual General Meeting of 18 April 2019 to approve the appointment as a Director of Marie Pic-Pâris Allavena. As Chief Operating Officer of the Eyrolles group since 2008 she has been successful in helping to bring the book trade into the digital age, and TF1 will benefit from her expertise in that field..The Board also updated the Directors on steps taken to ensure the TF1 group is compliant with data protection regulations, and on information system security measures.

WORK OF THE BOARD OF DIRECTORS IN 2018

The Board of Directors meets at least once a quarter. Additional meetings are held for special presentations or to address exceptional issues.

In addition, when a special project is planned the Directors may ask some Board members to form an *ad hoc* committee to validate the project and assess its impact on the Group's financial statements and financial position. Such committees are regularly formed when important broadcasting contracts are to be signed or renewed.

The TF1 Board of Directors met six times in 2018. The quarterly meetings lasted an average of around two-and-a-half hours.

The agenda for quarterly meetings is split into three parts: business review, financial statements, and legal matters.

Recurring topics discussed at each meeting are:

- **Monitoring of the day-to-day management of the Group**, including:

Business review:

- detailed review of the operations and prospects of TF1 and its principal subsidiaries in 2018;
- trends in the competitive environment in which the Group's channels operate.

Financial statements:

- closing off the individual company and consolidated financial statements (annual in February, half-year in July, and quarterly in April and October), with the Statutory Auditors present;
- the auditors' opinion on the financial statements;
- reviewing financial results, the proposed appropriation of annual earnings, and the management report (including the report on corporate governance);
- closing off full-year and first-half accounting documents and forecasts;
- reviewing the Group's financial position, including financial commitments;
- risks/risk mapping (the Audit Committee having previously reviewed these issues).

Decisions and legal matters:

- preparations for the Annual General Meeting (agenda, draft resolutions, annual management report and other Board reports);
- authorisations of commitments and related party agreements;
- issues relating to employees, and in particular the policy on professional and pay equality;
- legislative and regulatory changes, and current status of ongoing litigation;
- delegation of financial powers to Gilles Pélisson on bond issues;
- renewal of the authority granted to the Chairman and Chief Executive Officer to give guarantees, endorsements and sureties.

- **Monitoring of major strategic orientations:**

the Board is closely involved in setting and implementing the Group's strategy.

Discussions among Board members relate to rights buying, development strategy, new sources of growth and potential acquisitions:

- decision-making, especially on investments needed for the development of the Group;
- a review at each meeting of a report on acquisitions, disposals, and major corporate actions in progress.

- **Corporate governance:** the issues dealt with include:

- changes in corporate governance rules and best practice;
- self-assessment of the Board, and annual update on how the Board is operating;
- minutes of meetings of the Audit, Director Selection, Remuneration, and Ethics and CSR Committees;
- composition of the Board and changes in composition of the committees, with particular reference to the proportion of female and independent Directors on the Board and to the diversity of competencies and backgrounds;
- the remuneration of the executive officer and awards of stock options for the financial year, and the associated reports to shareholders.

The Board's main decisions and discussion points in 2018 – in addition to the recurring topics listed above – were as follows:

Board Meeting of 15 February

2017 business review and annual financial statements.
Examination of the draft Audiovisual Law.
Acquisition of Aufeminin (favourable opinion from the Works Councils, submission of a firm offer and signature of the acquisition agreement).
Outsourcing of some IT functions: front office (PC, telephones, office applications, etc.) and back office (data servers).
Determining the 2017 remuneration of Gilles Pélisson (Chairman & CEO), report on his remuneration, special report on stock options, and special report on performance shares.
Determining the 2018 remuneration policy for Gilles Pélisson (Chairman & CEO).
Proposed reappointment of Laurence Danon Arnaud, Martin Bouygues, and Bouygues SA (permanent representative: Philippe Marien) as Directors.
Election of employee representative Directors.
Composition of the Board committees following the Annual General Meeting of 19 April 2018.
Description of the share buyback programme.
Calling of the Annual General Meeting and finalisation of the agenda, proposed resolutions, and reports to the meeting.
Approval of the press release.

Attendance rate
91 %

Board Meeting of 25 April

2018 first-quarter business review and financial statements.
Proposed law on fake news.
Comparison of regulatory burden on domestic media players as opposed to Google, Apple, Facebook, Amazon and Netflix.
Completion of the Aufeminin acquisition.
Increase of the stake in Newen Studios to 100%.
Disposal by Téléshopping of its 47% equity interest in Optiqual (Direct Optic).
Company and Group policy on professional and pay equality, diversity and disability, and amendment to the collective profit-sharing agreement.
Award of performance shares to the principal members of the Executive Committee and General Management Committee, and of stock options to senior executives on the Group Management Committee.
Consultation with the Works Council on strategic orientations.
Signature of new commercial lease with Aphélie on the TF1 headquarters building.
Approval of the press release.

Attendance rate
91 %

Board Meeting of 14 June

Approval of a partnership between TF1, France Télévisions and M6 to create Salto, a French OTT platform.
Proposed acquisition of Doctissimo.

Attendance rate
100%

Board Meeting of 24 July

2018 first-half business review and financial statements.
TF1's strategic priorities.
Examination of the draft Audiovisual Law (timetable and method).
Completion of the Aufeminin acquisition (squeeze-out procedure).
Result of the bid to UEFA for TV rights for the Euro 2020 football tournament.
Presentation on the Group's general data protection policy.
Approval of the press release.

Attendance rate
91 %

Board Meeting of 30 October

2018 third-quarter business review and financial statements.
Reforms to audiovisual industry regulations and legislation.
Renewal of the LCI, TMC and TFX broadcasting licences.
Media chronology.
Cuts to CNC audiovisual production subsidies.
Completion of the Aufeminin acquisition (delisting following the squeeze-out procedure).
Finalisation of the Doctissimo acquisition.
Staff representative elections and establishment of the Economic and Social Committee.
Status report on annual staff consultations.
Evaluation of the Board.
Update of the Board's Rules of Procedure to reflect the June 2018 revision of the AFEP/MEDEF Corporate Governance Code.
Proposed acquisition of the programmatic advertising company Gamned!.
Reorganisation of the Digital segment under an intermediate holding company, to unlock synergies by bringing together all Group subsidiaries and affiliates with a predominantly digital slant.
Refinancing of TF1 Vidéo.
Decision to buy back TF1 shares.
Authorisation of related party agreements.
Approval of the press release.

Attendance rate
100%

Board Meeting of 12 December

Strategy and three-year business plan.
Signature of the TF1 Premium agreement with the Canal Plus Group.
Rollout within TF1 of measures to combat corruption and influence trafficking under the "Sapin II" law.
Investments by the One Innovation Fund during 2018.
CSR: update on Group initiatives and policy.
Acquisition of sports broadcasting rights.
Proposed acquisition of the Belgian audiovisual production company De Mensen.
Info 2020 – proposed disposal of the trading goodwill of Ouest Info.

Attendance rate
100%

The table below shows the attendance rate of individual Directors at Board and Committee Meetings:

	Board of Directors		Audit Committee		Director Selection Committee		Remuneration Committee		Ethics and CSR Committee	
Gilles Pélisson	6/6	100%								
Martin Bouygues	6/6	100%			1	100%				
Olivier Bouygues	6/6	100%								
Fanny Chabirand	6/6	100%					2/2	100%		
Laurence Danon Arnaud	6/6	100%	4/4	100%						
Pascaline de Dreuzy	6/6	100%	4/4	100%						
Catherine Dussart	5/6	83%					2/2	100%	1	100%
Janine Langlois-Glandier	6/6	100%							1	100%
Sophie Leveaux Talamoni	5/6	83%							1	100%
Philippe Marien	5/6	83%	4/4	100%			2/2	100%		
Olivier Roussat	6/6	100%			1	100%				

The average attendance rate of Directors in 2018 was 94%.

In addition, when a major project is planned the Directors may ask some Board members to form an *ad hoc* committee to validate the project and assess its impact on the Group's financial statements and financial position. Such committees are regularly formed when important broadcasting contracts are to be signed or renewed.

This includes an *ad hoc* committee set up in connection with the bid for television rights to matches from the Euro 2020 football tournament organised by UEFA. That committee consisted of Gilles Pélisson, Laurence Danon Arnaud and Philippe Marien, alongside the relevant TF1 operational and support function managers (Ara Aprikian, Philippe Denery, Sébastien Frapier and François Péllissier).

COMMITTEE OF INDEPENDENT DIRECTORS

Since 2015, the independent non employee representative Directors have held separate meetings every year so that they can freely discuss any issue.

During 2018, the four independent Directors held one such meeting.

BOARD COMMITTEES

The Board of Directors may create one or more specialist committees, which function under its responsibility. The Board determines their composition and remit. These committees are composed exclusively of Directors and assist the Board in its work.

Each committee issues proposals, recommendations and opinions, and reports to the Board of Directors.

TF1's four specialist committees are the Audit Committee, the Remuneration Committee, the Director Selection Committee, and the Ethics and CSR Committee.

Each committee consists of two or three Directors. Any person serving as Chairman, Chief Executive Officer or Deputy Chief Executive Officer of TF1 cannot be a member of any of the committees.

The Directors believe that these rules guarantee that the committees are independent and effective. The Chair of each committee, who has the casting vote, may not be a member of the company's management or executive bodies. The Audit Committee, Ethics and CSR Committee and Remuneration Committee are chaired by independent Directors.

Committee Meetings are called by the Chair of the committee in question, or at the request of the Chairman of the Board of Directors. Opinions are delivered on a simple majority vote of the members. Each committee reports on its work to the next Board Meeting.

Before deliberating on any issue within the sphere of a committee's competence, the Board of Directors refers the matter to that committee and takes account of the minutes and report of that committee.

The Board of Directors regularly sets up *ad hoc* committees specifically tasked with examining acquisition or development proposals. The independent Directors appreciate the opportunity to set up such committees, and review Committee Meeting minutes carefully.

AUDIT COMMITTEE

COMPOSITION AND ATTENDANCE

In accordance with the AFEP/MEDEF Code, two thirds of the committee's members are independent and none is an executive officer. Ever since the committee was set up on 24 February 2003, its members have been chosen for their financial or accounting expertise.

Since 14 April 2016, the Audit Committee has consisted of Laurence Danon Arnaud (Chairwoman) and Pascaline de Dreuzy, both of whom are independent Directors, and Philippe Marien. The committee members have through the course of their careers gained a wealth of experience in corporate management, as well as in economics and finance. Their career résumés are provided in section 3.1.3 of this registration document.

In 2017, the committee members had a 100% attendance rate at all meetings.

REMIT

The Audit Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

Four meetings are scheduled each year, during which the committee reviews the quarterly, half-year or annual financial statements, plus cash management reports and the conclusions of the Internal Audit and Internal Control Departments before they are submitted to the Board.

The committee is tasked with overseeing issues relating to the preparation and audit of accounting and financial information. In particular, it oversees:

- the process for preparing financial information, which involves the committee:
  - examining the individual and consolidated financial statements before they are presented to the Board;
  - ensuring that the accounting policies used to prepare the financial statements are appropriate and consistently applied;
  - examining changes that have a material impact on the financial statements;
  - examining the principal estimates, judgements and elective treatments used in preparing the financial statements, and the main changes in the scope of consolidation;
  - approving materials used for financial communication purposes, and monitoring the reaction of the financial markets;
- the effectiveness of internal control and risk management systems;
- internal control procedures for the preparation of the financial statements, with assistance from internal departments and competent external advisors;
- the audit of the individual and consolidated financial statements by the Statutory Auditors, and the independence of the Statutory Auditors, which involves the committee:
  - examining in detail the fees paid to the Statutory Auditors by the company and the Group, and checking the size of those fees relative to the total fee income of each audit firm;
  - directing the procedure for selecting and reappointing the Statutory Auditors;
  - making recommendations on Statutory Auditors whose appointment is submitted to the Annual General Meeting for approval;
- all reports and recommendations to the Board of Directors on the foregoing matters, not only on a periodic basis and at accounting closes, but whenever warranted by a specific event.

To fulfil its remit, the committee has access to any accounting and financial documents it sees fit, and must be able to speak with the external auditors and with company employees responsible for financial statement preparation, cash management and internal audit without executive officers being present. The committee may hear observations from the Statutory Auditors without company representatives present, so that it can be sure the auditors have had full access to information and have all the resources needed to discharge their responsibilities. The Statutory Auditors present to the committee a summary of their work and of elective accounting treatments used at accounting closes.

The committee reports on its work at the next Meeting of the Board of Directors, and informs the Board without delay of any difficulties encountered. The deliberations of the Audit Committee, and the information communicated to the committee, are highly confidential and may not be divulged outside the Board of Directors.

WORK OF THE AUDIT COMMITTEE IN 2018

The committee met four times in 2018 and once in the first two months of 2019. The following were invited to each meeting: the Executive Vice President, Finance and Procurement; the head of Accounting, Tax, Treasury and Financing; the head of Internal Audit and Control; and the Statutory Auditors. Minutes of the proceedings of each meeting were compiled and presented to the Directors.

During the examination of the financial statements the Statutory Auditors provided the committee with a note pointing out key aspects of the scope of consolidation, the audit findings, and the elective accounting treatments applied. The Executive Vice President, Finance and Procurement, also submitted a note describing risk exposure and the company's major off-balance sheet commitments. The main recommendations of the Statutory Auditors gave rise to an action plan and a monitoring procedure.

The Audit Committee also monitored progress on the audit plan, analysed the year-on-year change in the share price, and reviewed major litigation and financial and legal risks.

REMUNERATION COMMITTEE

COMPOSITION AND ATTENDANCE

In accordance with the AFEP/MEDEF Code, the Remuneration Committee is chaired by an independent Director, and none of its members is an executive officer. The Remuneration Committee was created in 1988.

The committee's members are Catherine Dussart (Chairwoman and independent Director), Fanny Chabirand (an employee representative Director), and Philippe Marien. Their career résumés are provided in section 3.1.3 of this registration document.

The committee members had a 100% attendance rate at both meetings held in 2018.

REMIT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

The committee's remit is to:

- make proposals to the Board of Directors on the remuneration and benefits awarded to executive officers;
- propose rules for determining the variable remuneration of executive officers, and check annually that the remuneration is commensurate with the assessment of their performance and the company's medium-term strategy;
- make proposals for remuneration and incentive systems for senior executives, and for stock options and performance shares.

WORK OF THE REMUNERATION COMMITTEE IN 2018

The committee met twice in 2018 and once during the first two months of 2019. The committee gave the Board its opinion on the determination of the remuneration and supplementary pension of TF1's executive officer. It also met to review the terms and conditions of the new TF1 performance share and stock option plan granted by the Board of Directors in June 2018. Minutes of each meeting were compiled and presented to the Directors.

DIRECTOR SELECTION COMMITTEE

COMPOSITION AND ATTENDANCE

The Director Selection Committee was set up on 24 February 2003 and since 19 April 2012 has consisted of Martin Bouygues, who chairs the committee, and Olivier Roussat. Their career résumés are provided in section 3.1.3 of this registration document.

In 2018, the committee members had a 100% attendance rate.

REMIT OF THE DIRECTOR SELECTION COMMITTEE

The Director Selection Committee is governed by Rules of Procedure that specify its remit and are regularly amended by the Board of Directors.

The committee's remit is:

- to periodically examine issues relating to the composition, organisation and operation of the Board of Directors and to make recommendations to the Board;
- and in particular:
  - to assess possible candidates for directorships, bearing in mind that at least one-third of Board members must be independent Directors;
  - to examine proposals to create Board committees, and draw up a list of their powers and members;
  - to assess any measures required to fill executive officer posts that unexpectedly become vacant.

WORK OF THE DIRECTOR SELECTION COMMITTEE IN 2018

The committee met once in 2018 and once during the first two months of 2019. An assessment of the independence of Directors was discussed by the Director Selection Committee and reviewed by the Board of Directors prior to publication of the Annual Report.

The Director Selection Committee gave its opinion on the composition of the Board and recommended the Board of Directors to ask the Annual General Meeting of 19 April 2018 to reappoint Martin Bouygues, Laurence Danon Arnaud and Bouygues SA as Directors. Minutes of the committee's proceedings were presented to the Directors.

ETHICS AND CSR COMMITTEE

COMPOSITION AND ATTENDANCE

The Ethics and CSR Committee consists of at least two Directors. No executive officer may sit on the committee, which is chaired by an independent Director. A Director may not be appointed to the Ethics and CSR Committee if a corporate officer of TF1 is a member of a similar committee at a company in which that Director is himself or herself a corporate officer.

The Ethics and CSR Committee was formed on 24 July 2014, since when its members have been Janine Langlois-Glandier (Chairwoman) and Catherine Dussart, both of whom are independent Directors, and Sophie Leveaux Talamoni who is an employee representative Director. Their career résumés are provided in section 3.1.3 of this registration document.

In 2018, the committee members had a 100% attendance rate.

REMIT OF THE ETHICS AND CSR COMMITTEE

The Ethics and CSR Committee is governed by Rules of Procedure that specify its remit.

The committee's remit is:

- Ethics:
  - to help define rules of conduct or guiding principles to inspire the behaviour of executives and other employees;
  - to propose or offer an opinion on ways to promote exemplary professional behaviour;
  - to oversee compliance with those values and rules of conduct.
- CSR:
  - to examine at least once a year issues the Group is facing in terms of its responsibility to employees, the environment and society;
  - to give the Board its opinion on the CSR report required under Article L. 225-102-1 of the French Commercial Code.

In fulfilling its remit, the committee can meet with the Chairman of the Board of Directors or any person designated by him. The committee reports on its work to the next Meeting of the Board of Directors.

WORK OF THE ETHICS AND CSR COMMITTEE IN 2018

The committee met once in 2018 and once during the first two months of 2019.

The Committee reviewed key initiatives and issues in ethics, and the Group's Corporate Social Responsibility policy.

Ethics and Compliance: the Committee familiarised itself with some of the key issues arising in 2018. These included the CSA performance reports on the Group's TV channels; the signature of amendments to the agreements between the Group's channels and the CSA, setting out how the TF1 group's Integrity, Independence and Pluralism Committee will operate; and significant ongoing claims and litigation.The Committee expressed a favourable opinion on the actions taken in 2018 to ensure that the TF1 group is fully compliant, and that new regulatory requirements affecting the organisation of ethics and compliance are being implemented within the Group. In particular, the Committee appreciated the work done to ensure compliance with (i) the Sapin II law (whistle-blowing, codes of conduct, risk mapping and lobbying) and (ii) the new General Data Protection Regulation that took effect on 25 May 2018.Corporate Social Responsibility (CSR): the Committee expressed a favourable opinion on the actions taken by the Group in 2018, especially in terms of diversity, gender balance, solidarity, sustainable development, upskilling of employees, and the transparency of extra-financial reporting.The Group's CSR initiatives and reporting were verified by Ernst & Young, who issued a clean assurance report. TF1 has decided to continue the extra-financial reporting engagement of the independent verifier (Ernst & Young), even though it is no longer legally obliged to do so following the transposition into French law of European Directive 2014/95/EU on extra-financial information, which superseded the previous domestic requirements under the Grenelle II regime.The Committee validated the proposed action plans for 2019, which continue along similar lines.

SPECIFIC PROCEDURES FOR THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

Specific procedures for the participation of shareholders in General Meetings are described in section 6.1 of this registration document.

Dialogue with shareholders: refer to section 2.2.2 of this registration document.

FACTORS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

A description of factors liable to have an impact in the event of a public offer for TF1 shares is provided in section 1.5.10 of this registration document.

3.3 2018 REMUNERATION DISCLOSURES

Report on remuneration in accordance with Article L. 225-37-3 of the French Commercial Code

This chapter contains the reports required by the French Commercial Code and the tables recommended in:

- the AFEP/MEDEF Code of Corporate Governance as revised in June 2018, application of which is overseen by the High Committee on Corporate Governance;
- the AMF Recommendation of 22 December 2008 as amended on 26 November 2018, on executive remuneration disclosures to be included in the registration documents of listed companies.

3.3.1 REMUNERATION OF THE EXECUTIVE OFFICER

PRINCIPLES AND RULES FOR DETERMINING THE REMUNERATION OF THE EXECUTIVE OFFICER

General preliminary remarks

- The Executive Officer holds an employment contract with Bouygues SA.
- The Board of Directors has not granted the Executive Officer any entitlement to compensation for assumption, cessation or change of office, or for any non-competition undertaking in the event that he leaves the company.
- He has not been granted any deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration.
- The total remuneration of the Executive Officer takes into account the existence of a capped supplementary pension and the fact that he has not been granted any entitlement to compensation of the type mentioned above.
- Other than Directors' fees (see Table 2 below), the Executive Officer does not receive any remuneration from any subsidiary of the Bouygues group or of the TF1 group.

Role of the Board of Directors

The Board of Directors determines the criteria for awarding the variable portion of remuneration, and the overall amount of remuneration, to be paid to the Executive Officer of TF1. Before doing so, the Board consults the Remuneration Committee, which takes into account AFEP/MEDEF recommendations on the remuneration of executive officers of listed companies.

The remuneration determined by the Board of Directors is in the general interests of the company. Three factors are taken into account:

- the company's performance: the Board took the view that the remuneration should be commensurate with the work done and outcomes achieved in a highly complex economic, regulatory and competitive environment;
- stock market performance: the remuneration was considered in light of the company's performance on the stock market, in particular trends in its average share price;
- sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector executives in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

This remuneration and the associated social security charges are paid to the Executive Officer by Bouygues (which employs him) and then re-invoiced to TF1. Each year, the TF1 Board of Directors authorises the re-invoicing of this remuneration.

FIXED REMUNERATION

The Executive Officer's fixed remuneration is reviewed annually by the TF1 Board of Directors, in accordance with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. Fixed remuneration is determined in line with the general interests of the company, and takes into account the following factors:

- the level and difficulty of the Executive Officer's responsibilities;
- his experience in the post;
- his length of service with the Group;
- practices followed by the Group or by companies carrying on comparable businesses.

For 2018, Gilles Pélisson's fixed remuneration was set at €920,000.

BENEFITS IN KIND

Benefits in kind consist of the use of a company car and the part-time assignment of a personal assistant and a chauffeur/bodyguard for the personal needs of the Executive Officer.

Those benefits have been valued at €6,220 for the Executive Officer (Gilles Pélisson).

VARIABLE REMUNERATION

General policy on variable remuneration

The criteria for determining variable remuneration are set by the Board in light of AFEP/MEDEF recommendations.

The variable component is an integral part of the Executive Officer's remuneration.

General description of the method used to determine the Executive Officer's variable remuneration

An objective is defined for each criterion.

Those objectives are precisely defined, but are not disclosed for confidentiality reasons.

When an objective is attained, a variable portion corresponding to a percentage of fixed remuneration is awarded. If all five objectives are attained, the sum total of the five variable portions equals the overall cap of 150%, which the variable remuneration of the Executive Officer cannot exceed.

If an objective is exceeded or not attained, the variable portion is adjusted on a straight line basis within a specified range: the variable portion is subject to an upper limit, and is reduced to zero below a specified threshold. In any event, the sum total of the five variable portions calculated on this basis cannot under any circumstances exceed the overall cap, which for the Executive Officer is set at 150% of his fixed remuneration.

No deferred annual or multi-year variable remuneration is awarded to the Executive Officer.

The five criteria used to determine the variable portion

On the advice of the Remuneration Committee, since 2010 the Board has attached greater weight to qualitative criteria in the case of the Executive Officer, on the grounds that his performance must be measured by more than just financial results.

The Executive Officer's gross variable remuneration for 2018 is based on the performances of the TF1 and Bouygues groups, measured by reference to significant economic indicators that are stable and relevant over the long term:

- Quantitative:
  - Criterion P1: change in "consolidated net profit attributable to the Group" for Bouygues (30% of fixed remuneration when the objective is met; captures the financial performances of the entire Bouygues group).
  - Criterion P2: variance in TF1 current operating margin relative to the business plan (10% of fixed remuneration when the objective is met; gives the Executive Officer an incentive to improve the financial performances of the TF1 group).
  - Criterion P3: variance in "consolidated net profit attributable to the Group" for TF1 relative to the business plan (25% of fixed remuneration when the objective is met; rewards the Executive Officer for meeting budget commitments).
  - Criterion P4: year-on-year change in "consolidated net profit attributable to the Group" for TF1 excluding exceptional items (35% of fixed remuneration when the objective is met; captures growth performance relative to the previous financial year).
- Qualitative:
  - Criterion P5: this criterion comprises four qualitative sub-criteria, including one related to Corporate Social Responsibility (50% of fixed remuneration when the objectives are met).

In 2014, the Remuneration Committee decided that a Corporate Social Responsibility (CSR) criterion would be added to the qualitative criteria. This criterion is being applied again in 2018, and requires that TF1 retain its place in four extra-financial CSR indices. During 2018, the TF1 group did indeed retain its place in four such extra-financial indices (DJSI, Ethibel, Gaia and Oekom).

The table below summarises the method used to determine annual variable remuneration.

		Method used to determine variable remuneration		
		Theoretical annual variable remuneration if objective is attained	**Maximum theoretical annual variable remuneration if objective is exceeded**	**Annual variable remuneration awarded based on 2018 performance**
	Objective	*Cap (% of FR)*	*(% of FR)*	*(% of FR)*
P1	Change in "consolidated net profit attributable to the Group" for Bouygues	30%	60%	60%
P2	Variance in TF1 current operating margin relative to the business plan	10%	20%	17%
P3	Variance in "consolidated net profit attributable to the Group" for TF1 relative to the business plan	25%	50%	50%
P4	Year-on-year change in "consolidated net profit attributable to the Group" for TF1 excluding exceptional items	35%	70%	50%
P5	Qualitative objectives (including CSR criterion)	50%	50%	45%
		Total = 150% of FR	**Total = 250% of FR scaled down to 150%**	**Total = 222% of FR scaled down to 150%**
Cap		150%	150%	150%

FR: Fixed Remuneration.

Overall cap

The overall cap for variable remuneration is set at 150% of fixed remuneration.

The variable remuneration awarded to Gilles Pélisson (Executive Officer since 19 February 2016) for 2018 was €1,380,000, or 150% of his fixed remuneration.

The variable remuneration paid to the Executive Officer (Gilles Pélisson) in previous years was:

- 2016: 55.5% of his fixed remuneration, following his decision to waive 50% of his variable remuneration; without that waiver, his variable remuneration would have been 115% of his fixed remuneration;
- 2017: 150% of his fixed remuneration.

In addition, the Remuneration Committee decided that from 2017 onwards, if none of the P2, P3 or P4 components were to be payable, the total amount of the P1 and P5 components would be capped at 75% of fixed remuneration, *i.e.* half of the 150% overall cap.

EXCEPTIONAL REMUNERATION

In exceptional circumstances, the Board of Directors reserves the right, after taking advice from the Remuneration Committee, to award an exceptional bonus.

No exceptional remuneration was awarded to Gilles Pélisson for 2018.

DIRECTORS' FEES

The Executive Officer receives and retains Directors' fees paid by TF1.

STOCK OPTIONS AND PERFORMANCE SHARES

Because the Executive Officer (Gilles Pélisson) holds a contract of employment with Bouygues SA, the Bouygues Board of Directors may award him options giving entitlement to subscribe for new Bouygues shares.

During 2018, Gilles Pélisson received options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 1 June 2018 following a decision taken by the Bouygues Board of Directors on 16 May 2018.[(1).]

COMPENSATION FOR ASSUMPTION, CESSATION OR CHANGE OF OFFICE

The Executive Officer is not entitled to compensation or benefits due or potentially due as a result of cessation or change of office, or to any indemnity relating to a non-competition clause.

The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to any salaried Director. Although not a severance benefit as such, in the event of termination of the employment contract of a Director who is an employee of Bouygues SA, that Director would be entitled under the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) to compensation equal to approximately one year's salary.

ANNUAL GENERAL MEETING OF 19 APRIL 2018 – SAY ON PAY

The Annual General Meeting expressed a favourable opinion on the remuneration package awarded to Gilles Pélisson in respect of the 2017 financial year (5th resolution, passed with 86.4% of votes in favour).

The Annual General Meeting also approved the remuneration policy for the Chairman & Chief Executive Officer (principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total remuneration and benefits of all kinds awarded to Gilles Pélisson, 6th resolution, passed with 86.4% of votes in favour).

(1) For a description of the principles and rules applied in awarding these options, refer to the Bouygues registration document.

SUMMARY OF THE REMUNERATION OF THE EXECUTIVE OFFICER (GILLES PÉLISSON) IN RESPECT OF THE 2018 FINANCIAL YEAR

No remuneration other than that mentioned in the table below was paid to the Executive Officer by the TF1 and Bouygues groups.

TABLE 1 – SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED TO THE EXECUTIVE OFFICER

Gilles Pélisson – Chairman and CEO since 19/02/2016 *(€)*	2018	2017
Remuneration payable for the year (see Table 2)	2,324,720	2,324,720
Value of options awarded during the year (see Table 4)	148,144	263,736
Value of performance shares awarded during the year (see Table 6)	-	-
TOTAL	**2,472,864**	**2,588,456**
Change	-4%	-

TABLE 2 – REMUNERATION OF THE EXECUTIVE OFFICER (GILLES PÉLISSON)

Gilles Pélisson – Chairman and CEO since 19/02/2016 *(€)*	2018		2017	
	Gross amounts due before taxes	Gross amounts paid before taxes	Gross amounts due before taxes	Gross amounts paid before taxes
Fixed remuneration	920,000	920,000	920,000	920,000
Change	-	-	-	-
Variable remuneration	1,380,000	1,380,000	1,380,000	510,232[(1)]
Change	-	-	-	-
% Variable/Fixed[(2)]	150%	-	150%	-
Cap	150%	-	150%	-
Other remuneration[(3)]	-	-	-	-
Directors' fees	18,500	18,500	18,500	18,500
Benefits in kind	6,220	6,220	6,220	6,220
TOTAL	**2,324,720**	**2,324,720**	**2,324,720**	**1,454,952**

(1) Gilles Pélisson waived 50% of his variable remuneration for 2016; calculated using the specified criteria, his variable remuneration would have been €1,062,232.
(2) By reference to his fixed annual remuneration of €920,000.
(3) Gilles Pélisson received no additional remuneration whether from TF1, Bouygues, or subsidiaries of TF1.

For 2018, Gilles Pélisson's remuneration amounted to €2,324,720.

Gilles Pélisson's variable remuneration for 2018 was €1,380,000. The quantitative and qualitative criteria were met. Payment is suspended pending adoption of the 6th resolution at the Annual General Meeting of 18 April 2019 ("Ex post approval of components of remuneration and benefits paid or awarded to Gilles Pélisson in respect of 2018").

The following factors were taken into account in determining Gilles Pélisson's remuneration:

- The company's performance: the Board took the view that the remuneration was commensurate with the work done and the quality of outcomes. Factors taken into account included growth in Group audience figures; a 6.21% rise in advertising revenue; and an increase in current operating profit (of €10 million or +5.4%) in a year featuring the Football World Cup. In addition, the Group continued to transform its core business by signing distribution agreements with all the French telecoms operators and Canal Plus, locking in additional recurring revenue streams. The Group also continued its expansion in production, and firmed up on its digital strategy with the acquisition of the Aufeminin group.

  Finally, the Board looked at trends in the TF1 share price over the last two years. In a media sector that has been on an overall downtrend in recent months, the TF1 share price has fallen, but in line with that of its main European peers: the share has lost 25%, compared with falls of 57% for ProSieben, 42% for ITV and 33% for Mediaset;
- Sector and intra-group comparisons: the remuneration is benchmarked against that awarded to other media sector CEOs in France and the rest of Europe, and is based on rules that are applied consistently across the Bouygues group's business lines.

SUPPLEMENTARY PENSION

The Board Meeting of 30 October 2017 authorised the award of a supplementary pension to Gilles Pélisson, Chairman and Chief Executive Officer of TF1, with effect from 1 January 2018. Vesting of his supplementary pension rights is subject to certain conditions, which will apply to the defined-benefit collective pension agreement signed by Bouygues. Entitlement is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. Management of the scheme is contracted out to an insurance company.

- Performance conditions

Article 229 of the law of 6 August 2015 on growth requires that vesting of the pension rights of executive officers of listed companies in respect of a given financial year be subject to performance conditions.

For 2018, vesting of Gilles Pélisson's annual supplementary pension rights was determined on the basis of the attainment of objectives for average consolidated net profit relative to the annual budget for the 2016, 2017 and 2018 financial years.

For subsequent financial years, the basis will be the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary. The criteria have been met for 2018, taking his entitlement to 0.92% of his reference salary.

The annual supplementary pension is capped at eight times the annual upper limit for social security contributions[(1)]; for 2018, that cap is €317,856, which is below the ceiling of 45% of reference salary specified in the AFEP/MEDEF Code.

The Board of Directors also authorised the re-invoicing by Bouygues to TF1 of the portion of the premium paid to the insurance company in respect of Gilles Pélisson, for a period of one year from 1 January 2018.

DIRECTORS' FEES AND OTHER REMUNERATION RECEIVED BY NON-EXECUTIVE DIRECTORS

The Annual General Meeting of 23 April 2003 set the total amount of Directors' fees payable to TF1 Directors at €350,000 annually, leaving it to the Board of Directors to determine how this amount should be allocated.

Directors' fees are allocated as follows:

- The theoretical annual fee for each Director is €18,500. Since 1 January 2014, 70% of the fees have been allocated on the basis of attendance at Board Meetings, and 30% on the basis of the Director's responsibilities.
- Committee members:
  - Audit Committee: €3,000 per member per quarter;
  - Remuneration Committee: €1,350 per member per quarter;
  - Director Selection Committee: €1,350 per member per quarter;
  - Ethics and CSR Committee: €1,350 per member per quarter.

Not all of the €350,000 available for Directors' fees was used in 2018.

The total gross amount of Directors' fees before taxes paid to Directors (including Gilles Pélisson) was €276,406, as indicated in the tables below.

TABLE 3 – DIRECTORS' FEES AND OTHER REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS (€)

Non-executive Director	Type of remuneration	Gross amounts before tax due for 2018	Gross amounts before tax due for 2017
Martin Bouygues	Directors' fees	23,900	20,200
Olivier Bouygues	Directors' fees	18,500	18,500
Fanny Chabirand* (employee representative)	Directors' fees	23,900	23,900
Laurence Danon Arnaud	Directors' fees	30,500	30,500
Pascaline de Dreuzy	Directors' fees	30,500	28,650
Catherine Dussart	Directors' fees	27,142	29,300
Janine Langlois-Glandier	Directors' fees	23,900	23,900
Sophie Leveaux Talamoni[(1)] (employee representative)	Directors' fees	21,922	22,050
Philippe Marien	Directors' fees	33,742	35,900
Olivier Roussat	Directors' fees	23,900	22,050
TOTAL		**257,906**	**254,950**

* *Directors' fees due to the employee representative Directors were paid directly to two trade unions: CFTC (€21,922) and FO (€23,900).*

(1) The annual upper limit for social security contributions for 2018 is €39,732.

No other remuneration was paid to the non-executive Directors in respect of their corporate office.

The only remuneration paid by TF1 to Martin Bouygues, Olivier Bouygues, Olivier Roussat and Philippe Marien was TF1 Directors' fees.

The salaried Directors, Fanny Chabirand and Sophie Leveaux Talamoni, received no exceptional remuneration in respect of their corporate office in the TF1 group.

Directors' fees paid to the Executive Officer were as follows:

DIRECTORS' FEES PAID TO THE EXECUTIVE OFFICER

(€)	Gross amounts before tax due for 2018	Gross amounts before tax due for 2017
Gilles Pélisson	18,500	18,500
TOTAL	**18,500**	**18,500**

3.3.2 REPORT ON STOCK OPTIONS AND PERFORMANCE SHARES

As required by Articles L. 225-184 and L. 225-197-4 of the French Commercial Code.

This chapter contains the reports required by the French Commercial Code and the tables recommended in the AFEP/MEDEF Code of Corporate Governance or in AMF pronouncements on executive remuneration disclosures to be included in the registration documents of listed companies.

During 2018, the Board of Directors awarded stock subscription options and performance shares.

PRINCIPLES AND RULES FOR AWARDS OF STOCK OPTIONS AND PERFORMANCE SHARES

AUTHORISATIONS GIVEN TO THE BOARD OF DIRECTORS BY THE ANNUAL GENERAL MEETING

Currently valid authorisations: The 24th resolution of the Annual General Meeting of 13 April 2017 renewed, for a 38-month period, the authorisation of the Board of Directors to award to employees and corporate officers of TF1 or related companies, on one or more occasions, options to subscribe for new or existing shares.

The 17th resolution of the Annual General Meeting of 14 April 2016 authorised the Board of Directors, for a 38-month period, to award to employees and corporate officers of TF1 or related companies, on one or more occasions, performance shares which at the Board's discretion may be either existing shares repurchased by the company or new shares issued for the purpose.

To that end, the Annual General Meeting delegated powers to the Board of Directors to set conditions for making such awards, with a view to linking the remuneration of key executives more closely with the performance and future of the Group and with the outcomes of their work.

The maximum amount of such awards was set at 3% of the share capital.

The 17th and 24th resolutions on stock options and performance share awards stipulate that:

- the Board of Directors determines the conditions, in particular the maximum amount for the awarding of stock options or shares to the Executive Officers, as well as the performance criteria applicable to such awards;
- the Board of Directors draws up a list or determines the categories of other beneficiaries of options or shares, and determines the performance criteria applicable to such awards.

Under the 24th resolution on stock options, no discount is permitted. Depending on the circumstances:

- the subscription price must be no less than the average quoted share price over the 20 trading days preceding the date of grant;
- the purchase price of shares must be no less than (i) the average quoted share price over the 20 trading days preceding the date of grant or (ii) the average price at which the shares were purchased by the company pursuant to Articles L. 225-208 and L. 225-209 of the Commercial Code.

Since 2011, the Board of Directors has granted options entitling their holders to subscribe for new TF1 shares subject to performance conditions. The Board of Directors has decided not to award any TF1 stock options or TF1 performance shares to the Executive Officer.

GENERAL RULES ON AWARDS OF STOCK OPTIONS AND PERFORMANCE SHARES

The Board of Directors has taken into account the recommendations of the AFEP/MEDEF Code and of the AMF.

The general rules applied are summarised below:

- stock options or performance shares are awarded to attract key executives and employees, secure their loyalty, reward them, and give them a medium- and long-term interest in the company's development, reflecting their contribution to value creation;
- stock option and performance share plans are awarded to approximately 150 employees of TF1 (or of Group companies) who sit on any of the three management bodies. Grantees are selected and individual awards decided so as to reflect each beneficiary's responsibilities and performance, with particular attention paid to high-potential executives;

- no stock options or performance shares are awarded to the Executive Officer (Gilles Pélisson);
- no discount is applied to grants of stock options;
- awards of stock options and performance shares are subject to performance conditions;
- executives who benefit from these plans are informed about insider trading. Various internal rules have been issued to prevent insider trading. These include establishing a list of individuals with access to privileged information, reminders of prohibitions on trading, and information about stock market law. A dedicated compliance programme was approved and distributed during 2015;
- all TF1 stock option plans and TF1 performance share plans prohibit employees who are on the TF1 insiders list from exercising their options, or selling shares derived from exercised options or awarded shares, during the period preceding publication of the financial statements. That period extends for thirty calendar days up to and including the day of publication of the TF1 half-year and full-year financial statements, and for fifteen calendar days up to and including the day of publication of the quarterly financial statements. This prohibition also applies during any period in which such persons are aware of privileged information, and on the date of publication of such information;
- options are automatically cancelled on termination of the grantee's employment contract or corporate office, unless given special dispensation or in the event of disability or retirement.

PERFORMANCE CRITERIA APPLICABLE TO STOCK OPTIONS AND PERFORMANCE SHARES AWARDED IN 2018

The following performance criteria determine the number of stock options/performance shares awarded:

- actual consolidated revenue on a constant structure basis versus budget:
  - if actual performance is equal to or better than 95% of the objectives, 100% of the options and performance shares will vest,
  - if actual performance is equal to or better than 85% but less than 95% of the objectives, the options and performance shares will vest up to the actual percentage performance, calculated on a straight line basis,
  - if actual performance is less than 85% of the objectives, no options or performance shares will vest;
- actual ratio of current operating profit to consolidated revenue versus budget, provided that ratio is at least 3%:
  - if actual performance is equal to or better than 90% of the objectives, 100% of the options and performance shares will vest,
  - if actual performance is equal to or better than 75% but less than 90% of the objectives, the options and performance shares will vest up to the actual percentage performance, calculated on a straight line basis,
  - if actual performance is less than 75% of the objectives, no options or performance shares will vest;
- a third criterion – attaining a current operating margin rate of 10% in 2019 and 2020 – has been introduced for the 2018 performance share plan:
  - if the actual rates achieved in 2019 and 2020 are greater than or equal to 10%: 100% of the shares awardable under criteria 1 and 2 would be awarded,
  - if the actual rates achieved in 2019 and 2020 are less than 10%: 50% of the shares awardable under criteria 1 and 2 would be awarded.

Options and performance shares would vest as follows:

- 50% on the basis of the arithmetical average of performances for 2018 and 2019 on a constant structure basis, as compared with the budgets for those years;
- 50% on the basis of the arithmetical average of performances for 2019 and 2020 on a constant structure basis, as compared with the budgets for those years.

Each of the two criteria carries a 50% weight.

SPECIFIC RULES APPLICABLE TO CORPORATE OFFICERS

No stock options or performance shares are awarded to the Executive Officer (Gilles Pélisson).

POLICY ON STOCK OPTIONS AND PERFORMANCE SHARES

Acting on a proposal from the Remuneration Committee, the Board has authorised the use of two forms of medium/long-term incentive plan for key executives.

These plans are intended to:

- keep key executives motivated to deliver growth in revenue and profitability (performance shares);
- foster team spirit by setting collective objectives and giving everyone an interest in sustaining the transformation of TF1 over time;
- build the loyalty of executives over the long term (stock options).

APPLICATION OF PERFORMANCE CONDITIONS FOR PREVIOUS PLANS

2011: For stock option plan no. 12 (awarded in 2011), 100% of the options have vested. The calculation was made on the basis of the arithmetical average of performances in 2011, 2012 and 2013 on a constant structure basis, as compared with the budgets set in 2010, 2011 and 2012 for the 2011, 2012 and 2013 financial years, respectively.

2012: For plan no. 13 (awarded in 2012), 100% of the options have vested. The calculation was made on the basis of the arithmetical average of performances in 2012, 2013, 2014 and 2015 on a constant structure basis, as compared with the budgets set in 2011, 2012, 2013 and 2014 for the 2012, 2013, 2014 and 2015 financial years, respectively.

2015: For plan no. 14 (awarded in 2015), the performance conditions have been met. 50% of the options have vested on the basis of growth in consolidated revenue and 50% on the basis of the ratio of current operating profit to consolidated revenue. The calculation was made on the basis of the arithmetical average of performances in 2015, 2016 and 2017 on a constant structure basis, as compared with the budgets set in 2014, 2015 and 2016 for the 2015, 2016 and 2017 financial years, respectively.

2016: For stock option plan no. 15 (awarded in 2016) and the performance share plan awarded in 2016, the performance conditions have been met. The calculation was made (i) 50% on the basis of the arithmetical average of performances in the 2016 and 2017 financial years on a constant structure basis, as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years on a constant structure basis as compared with the budgets set for those financial years. Performances for the 2016, 2017 and 2018 financial years were assessed on a constant structure basis by reference to the budgets set in 2015, 2016 and 2017 for the 2016, 2017 and 2018 financial years, respectively.

2017: For plan no. 16 and the performance share plan awarded in 2017, the calculation will be made (i) 50% on the basis of the arithmetical average of performances in the 2017 and 2018 financial years on a constant structure basis, as compared with the budgets set for those financial years and (ii) 50% on the basis of the arithmetical average of performances in the 2018 and 2019 financial years on a constant structure basis as compared with the budgets set for those financial years. Performances for the 2017, 2018 and 2019 financial years will be assessed on a constant structure basis by reference to the budgets set in 2016, 2017 and 2018 for the 2017, 2018 and 2019 financial years, respectively.

Vesting of the stock options and performance shares will be determined by reference to two criteria, each carrying a 50% weight:

1. Actual consolidated revenue on a constant structure basis versus budget

- If actual performance is equal to or better than 95% of the objectives:
  - 100% of the stock options and 100% of the performance shares would vest.
- If actual performance is equal to or greater than 85% but less than 95% of the objectives:
  - The options and performance shares would vest up to the actual percentage performance, calculated on a straight line basis.
- If actual performance is less than 85%:
  - No options or performance shares would vest.

2. Actual ratio of current operating profit to consolidated revenue (versus budget), provided that ratio is at least 3%:

- If actual performance is equal to or better than 90% of the objectives:
  - 100% of the stock options and 100% of the performance shares would vest.
- If actual performance is equal to or better than 75% but less than 90% of the objectives:
  - The options and performance shares would vest up to the actual percentage performance, calculated on a straight line basis.
- If actual performance is less than 75%:
  - No options or performance shares would vest.

The Remuneration Committee will examine the performance criteria on which vesting of the stock options and performance shares is contingent.

GENERAL INFORMATION AND CHARACTERISTICS OF STOCK OPTIONS

Terms and period of exercise: see Table 8.

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED IN 2018

STOCK SUBSCRIPTION OPTIONS GRANTED OR EXERCISED DURING THE YEAR

Options giving entitlement to subscribe for TF1 shares were awarded in 2018 (see Table 8).

On 25 April 2018, the Board of Directors approved the granting on 8 June 2018 of 700,900 options, equivalent to 0.3% of the share capital, to 121 grantees from the TF1 group.

The exercise price of €9.83 per share is the average of the quoted market prices on the 20 trading days preceding 8 June 2018.

On the date of grant, the value of each option (as measured using the method applied for the purposes of the consolidated financial statements) was €0.89.

Gilles Pélisson was not awarded any stock subscription options.

During 2018, a total of 63,198 options were exercised, all of them under plan no. 13 (exercise price: €6.17). No discount was applied.

As of 31 December 2018, the only potentially exercisable TF1 stock subscription options were those granted under plan no. 13 (607,485 options, equivalent to 0.3% of the share capital).

STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY THE EXECUTIVE OFFICER DURING THE YEAR

Gilles Pélisson was not awarded any options to purchase or subscribe for TF1 shares in 2018.

In connection with the office he holds at Bouygues, Gilles Pélisson received during 2018 options giving entitlement to subscribe for new Bouygues shares; those options were awarded on 1 June 2018 following a decision taken by the Bouygues Board of Directors on 16 May 2018.

TABLE 4 – OPTIONS GRANTED TO THE EXECUTIVE OFFICER IN 2018

Name of Executive Officer	Plan no. and date	Type of option (purchase or subscription)	Value of option based on method used in consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Gilles Pélisson	Bouygues plan Board Meeting date: 16/05/2018 Date of grant: 01/06/2018	Subscription	€1.8518	80,000	€41.75	02/06/2020 to 01/06/2028
TOTAL			**€148,144**	**80,000**		

The exercise price was calculated by reference to the average of the opening quoted market prices on the twenty trading days preceding 1 June 2018; no discount was applied.

TABLE 5 – OPTIONS EXERCISED BY THE EXECUTIVE OFFICER OF TF1 IN 2018

The Executive Officer (Gilles Pélisson) did not exercise any stock subscription options in 2018.

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STOCK SUBSCRIPTION OPTIONS AWARDED BY TF1 OR ANY GROUP COMPANY, GRANTED TO OR EXERCISED BY SALARIED DIRECTORS DURING THE YEAR

Options granted to salaried Directors in 2018 were as follows:

Name of salaried Director	Plan no. and date	Type of option (purchase or subscription)	Number of options granted/exercised during the year	Exercise price
Sophie Leveaux Talamoni	Plan no. 17 Board Meeting date: 25/04/2018 Date of grant: 08/06/2018	Subscription	13,000	€9.83
TOTAL			**13,000**	

Sophie Leveaux Talamoni did not exercise any stock subscription options in 2018.

PERFORMANCE SHARES

A performance share plan was awarded in 2018.

TABLE 6 – PERFORMANCE SHARES GRANTED TO THE EXECUTIVE OFFICER

No performance shares were awarded by TF1 to the Executive Officer (Gilles Pélisson) in 2018.

TABLE 7 – PERFORMANCE SHARES THAT BECAME AVAILABLE TO THE EXECUTIVE OFFICER DURING THE YEAR

No performance shares became available as none has been awarded by the company to the Executive Officer (Gilles Pélisson).

PAST STOCK OPTION AWARDS AND OTHER INFORMATION

TABLE 8 – PAST STOCK OPTION AWARDS

	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	Plan no. 16	Plan no. 17
Date of Shareholders' Meeting	14/04/2011	14/04/2011	17/04/2014	17/04/2014	13/04/2017	19/04/2018
Date of Board Meeting	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016	27/04/2017	25/04/2018
Date of grant	10/06/2011	12/06/2012	12/06/2015	08/06/2016	12/06/2017	08/06/2018
Type of plan	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription
Total number of options granted subject to performance conditions	1,500,000	1,437,200	1,308,800	642,000	710,400	700,900
to corporate officers	*7,200*	*7,200*	*16,000*	*13,000*	*13,000*	*13,000*
to the 10 employees awarded the greatest number	*272,000*	*302,000*	*368,000*	*114,000*	*118,000*	*103,000*
Start date of exercise period	10/06/2015	12/06/2016	12/06/2018	08/06/2019	12/06/2020	08/06/2021
Expiration date	10/06/2018	12/06/2019	12/06/2022	08/06/2023	12/06/2024	08/06/2025
Subscription price	€12.47	€6.17	€15.46	€10.99	€11.45	€9.83
Terms of exercise	Options may be exercised and shares sold from 4th anniversary of date of grant	Options may be exercised and shares sold from 4th anniversary of date of grant	Options may be exercised and shares sold from 3rd anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant	Options may be exercised from 3rd anniversary of date of grant and shares sold from 4th anniversary of date of grant
Number of shares subscribed at 31 December 2018	274,400	666,915	-	-	-	-
Cumulative number of options cancelled, not awarded, or forfeited	1,225,600	162,800	112,900	54,300	36,100	500
Number of options outstanding at end of period	0	602,485	1 195,900	587,700	674,300	700,400

For an analysis of the movement in the number of options outstanding, refer to Note 7.4.5.2 to the TF1 consolidated financial statements for the year ended 31 December 2018. The expense recognised for the stock subscription option plans granted by TF1 is presented in Note 7.4.5.3 to the consolidated financial statements. The value per option on the date of grant, calculated according to the Black-Scholes model, is €1.18 (plan no. 12), €0.70 (plan no. 13), €2.75 (plan no. 14), €2.15 (plan no. 15), €1.85 (plan no. 16) and €0.89 (plan no. 17).

The most recently lapsed plan is stock option plan no. 11, which expired on 20 March 2016.

Employee	Total number of options awarded/shares subscribed or purchased	Exercise price	Expiry date	Plan no.
Stock options granted to the ten employees (other than corporate officers) of TF1 (or any company within the scope of companies entitled to award stock options) who were awarded the most options in 2018				
Christophe Marx	13,000	9.83	08/06/2025	17
Romain Bessi	13,000	9.83	08/06/2025	17
Frédéric Pedraza	10,000	9.83	08/06/2025	17
Frédéric Carné	10,000	9.83	08/06/2025	17
Nathalie Toulza	9,500	9.83	08/06/2025	17
Laurent Bliaut	9,500	9.83	08/06/2025	17
Tristan Du Laz	9,500	9.83	08/06/2025	17
Jérôme Dessaux	9,500	9.83	08/06/2025	17
Yann Geneste	9,500	9.83	08/06/2025	17
Corinne Derudder	9,500	9.83	08/06/2025	17
Stock options exercised by the ten employees (other than corporate officers) of TF1 who exercised the most options in 2018				
Hervé Pavard	7,998	6.17	12/06/2019	13

PAST PERFORMANCE SHARE AWARDS AND OTHER INFORMATION

TABLE 9 – PAST PERFORMANCE SHARE AWARDS

	2016 performance shares	2017 performance shares	2018 performance shares
Date of Shareholders' Meeting	14 April 2016	13 April 2017	19 April 2018
Date of Board Meeting	26 April 2016	27 April 2017	25 April 2018
Date of grant	8 June 2016	12 June 2017	8 June 2018
Type of shares	New shares to be issued	New shares to be issued	New shares to be issued
Maximum number of shares awarded subject to performance conditions	170,000	172,000	172,300
to corporate officers	*0*	*0*	*0*
to the 10 employees awarded the most shares	*79,600*	*80,500*	*86,500*
Vesting period	8 June 2016 to 7 June 2019	12 June 2017 to 11 June 2020	8 June 2018 to 7 June 2021
Lock-up period	8 June 2019 to 7 June 2020	12 June 2020 to 11 June 2021	8 June 2021 to 7 June 2022
Date available for sale	From 8 June 2020	From 12 June 2021	From 8 June 2022
Continuing employment condition	Yes	Yes	Yes
Performance conditions	Yes	Yes	Yes
Number of shares vested as of 31 December 2018	-	-	-
Number of shares cancelled or forfeited	9,900	-	3,400
Number of shares not yet vested	160,100	172,000	168,900

The value per performance share on the date of grant, calculated according to the Black-Scholes model, is €11.40 (2016 plan), €11.72 (2017 plan), and €9.38 (2018 plan).

PERFORMANCE SHARES AWARDED DURING THE YEAR BY TF1 (OR ANY COMPANY WITHIN THE SCOPE OF COMPANIES ENTITLED TO AWARD PERFORMANCE SHARES) TO THE TEN EMPLOYEES OF TF1 (OR OF ANY COMPANY WITHIN THAT SCOPE) AWARDED THE MOST PERFORMANCE SHARES

Name	Number of performance shares awarded in 2018	Vesting date
Ara Aprikian	12,000	08/06/2021
Régis Ravanas	12,000	08/06/2021
Philippe Denery	9,000	08/06/2021
Arnaud Bosom	8,500	08/06/2021
Thierry Thuillier	8,500	08/06/2021
Olivier Abecassis	8,500	08/06/2021
Jean-Michel Counillon	7,500	08/06/2021
Christine Bellin	7,500	08/06/2021
Maylis Çarçabal	6,500	08/06/2021
Olivier Jacobs	6,500	08/06/2021

3.3.3 OTHER DISCLOSURES ABOUT THE EXECUTIVE OFFICER

TABLE 10 – MULTI-YEAR VARIABLE REMUNERATION OF THE EXECUTIVE OFFICER

No deferred annual or multi-year variable remuneration is awarded to the Executive Officer.

TABLE 11 – OTHER DISCLOSURES ABOUT THE EXECUTIVE OFFICER

	Employment contract		Supplementary pension scheme(2)		Compensation or benefits due or liable to become due on cessation or change of office(3)		Non-competition indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Pélisson	X(1)		X(3)			X(4)		X

(1) Gilles Pélisson has an employment contract with Bouygues SA, and not with TF1 SA.

(2) See "Supplementary Pension" above. The annual supplementary pension entitlement is set at 0.92% of the reference salary (average of three best years) for each year of scheme membership, subject to a cap set at eight times the annual upper limit for social security contributions (2018 value of the cap: €317,856). This pension scheme is closed, and membership is obligatory. Entitlement is acquired only after ten years' service with the Bouygues group and is contingent on the beneficiary still being with the Group at the date of retirement. The Bouygues group is not required to set aside provisions for this supplementary pension, which takes the form of an insurance policy with an insurer from outside the Group. This annual supplementary pension has been subject to the approval procedure for related party agreements.

(3) See "Supplementary Pension" above. The Annual General Meeting of 13 April 2017 approved the supplementary pension awarded to Gilles Pélisson with 75% of the votes cast. Subject to certain conditions, Gilles Pélisson will be entitled to benefit from a supplementary pension scheme on his retirement. This supplementary pension scheme is subject to performance conditions. Vesting of his annual supplementary pension rights will be subject to conditions relating to performances within his control. Those conditions relate to the attainment of objectives for average consolidated net profit relative to the annual budget

- *for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;*
- *for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.*

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary.

(4) Severance benefits: The Bouygues group and its subsidiaries have not made any commitment or promise regarding the payment of severance benefits to the Executive Officer. Nor has any such commitment or promise been made to the salaried Directors of Bouygues. Although not a severance benefit as such, a Director who is an employee of Bouygues SA is covered by the relevant collective agreement (in the case of Bouygues SA, the collective agreement for managers in the building industry in the Paris region) and consequently is entitled to any compensation stipulated by that agreement on termination of an employment contract. Any such compensation would be re-invoiced to TF1 on a pro rata basis for the number of years of service as an employee or corporate officer of the TF1 group.

3.4 REPORT ON THE PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE REMUNERATION PAYABLE TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN 2019

The Board of Directors closed off and approved this report at its meeting of Thursday 14 February 2019.

3.4.1 GENERAL PRINCIPLES

The Board of Directors has determined nine general principles on the basis of which the 2019 remuneration and benefits of the Chairman and Chief Executive Officer of TF1 will be determined.

1. Compliance with AFEP/MEDEF Code recommendations.
2. No severance benefit or non-competition indemnity on leaving office.
3. Level of remuneration that takes into account the existence of a capped supplementary pension and the fact that no severance benefit or non-competition indemnity has been granted.
4. Remuneration commensurate with the level and difficulty of the Executive Officer's responsibilities. Remuneration commensurate with the Executive Officer's experience in the position held and his length of service with the Group.
5. Remuneration that takes account of the practices applied in groups or enterprises carrying on comparable activities.
6. An incentivising remuneration structure comprising the following:
   - fixed remuneration;
   - annual variable remuneration;
   - Directors' fees;
   - limited benefits in kind;
   - supplementary pension.
7. No deferred annual variable remuneration. No multi-year variable remuneration.
8. Discretion left to the Board of Directors to decide to pay exceptional remuneration but reserved for truly exceptional circumstances.
9. No additional remuneration paid to the Executive Officer by any Group subsidiary apart from Directors' fees.

3.4.2 CRITERIA USED IN 2019 BY THE BOARD OF DIRECTORS TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL REMUNERATION AND BENEFITS OF ALL KINDS OF THE EXECUTIVE OFFICER

FIXED REMUNERATION

€920,000

ANNUAL VARIABLE REMUNERATION

A maximum of 150% of fixed remuneration, i.e. capped at €1,380,000.

The annual variable remuneration would be determined by applying four criteria (three of them referring to the three-year business plan), opening up the possibility of the Executive Officer receiving four variable components: P1, P2, P3 and P4.

P1 Actual free cash flow[1] of the Bouygues group for the financial year/Objective = Free cash flow per the 2019 plan

P2 Actual current operating margin of TF1 for the financial year/Objective = current operating margin per the 2019 plan

P3 Actual consolidated net profit (CNP)[2] of TF1 for the financial year/Objective = CNP per the 2019 plan, capped if 20% or more below CNP for the previous financial year (2018)

P4 Qualitative criteria (including a CSR criterion)

METHOD USED TO DETERMINE ANNUAL VARIABLE REMUNERATION FOR 2019

The method for determining the annual variable remuneration of the Executive Officer would be the following:

(FR = Fixed Remuneration)

P1, P2 AND P3

The effective weight of each criterion used to determine each variable portion awarded (P1, P2 and P3) reflects the actual performance achieved during the year.

Each variable portion (P) is calculated as follows:

1) For P1:

- If actual P1 performance is more than 20% below the Objective P1 = 0.
- If actual P1 performance is between [Objective – 20%] and the Objective P1 = 0-40% of FR.

(1) Free cash flow after change in operating working capital requirements (including those related to non-current assets used in operations).
(2) This indicator will be adjusted to eliminate exceptional items.

- If actual P1 performance is between Objective and [Objective +20%] P1 = 40%-55% of FR.

Between these limits the effective weight of P1 is determined by linear interpolation.

2) For P2:

- If actual P2 performance is more than 10% below the Objective P2 = 0.
- If actual P2 performance is between [Objective – 10%] and the Objective P2 = 0-35% of FR.
- If actual P2 performance is between Objective and [Objective +20%] P2 = 35%-45% of FR.

Between these limits the effective weight of P2 is determined by linear interpolation.

3) For P3:

- If actual P3 performance is more than 10% below the Objective P3 = 0.
- If actual P3 performance is between [Objective – 10%] and the Objective P3 = 0-35% of FR.
- If actual P3 performance is between Objective and [Objective +20%] P3 = 35%-60% of FR.

Between these limits the effective weight of P3 is determined by linear interpolation.

This indicator will be adjusted to eliminate exceptional items.

If the consolidated net profit of TF1 per the plan is 20% or more below consolidated net profit for the previous financial year (2018), P3 is capped at 25%.

P4

The Board of Directors determines the effective weight of P4, subject to a strict cap of 40% of FR.

CAP

The sum of the four components P1, P2, P3 and P4 calculated according to the above method may never exceed a **cap of 150% of FR**.

If neither the P2 nor the P3 component is payable, the total amount of components P1 and P4 may not exceed a cap of 75% of the fixed remuneration.

DIRECTORS' FEES

Directors' fees paid by a subsidiary of the Group would be retained by the Executive Officer.

BENEFITS IN KIND

The Executive Officer would be allocated a company car.

STOCK OPTIONS AND PERFORMANCE SHARES

The Executive Officer (Gilles Pélisson) has a contract of employment with Bouygues SA. Consequently, the Bouygues Board of Directors may award him options giving entitlement to subscribe for new Bouygues shares.[1]

SUPPLEMENTARY PENSION SCHEME

The Executive Officer would be eligible for a defined-benefit collective pension scheme governed by Article L. 137-11 of the French Social Security Code. This pension scheme would have the following characteristics:

1. Pension rights that vest each year and are capped at 0.92% of the reference salary.
2. Conditions for joining the scheme and other eligibility conditions whereby the beneficiary must:
   - be a member of the Bouygues SA Management Committee on the date of retirement;
   - have at least ten years' service with the Bouygues group at the date of retirement;
   - have definitively ended his professional career at a Group company (this condition is fulfilled when the employee is part of the workforce at the date of retirement);
   - be at least 65 years old at the date of retirement;
   - fulfil the eligibility criteria for pension benefits under the basic social security pension scheme and the mandatory supplementary schemes (ARRCO and AGIRC).
3. Reference salary equal to the average gross salary for the three best calendar years received by the Executive Officer within the Bouygues group during his period of membership of the Bouygues Management Committee, adjusted to reflect changes in the value of pension entitlement points under the AGIRC scheme on the date of cessation of corporate office or of the termination of his contract of employment.

   The reference gross salary is that used to calculate social security contributions in accordance with Article L. 242-1 of the French Social Security Code.
4. Frequency of vesting of rights: annual.
5. Cap: 8x the annual upper limit for Social Security contributions[2] (cap of €317,856 in 2018).
6. Funding is contracted out to an insurance company, to which an annual contribution is paid.
7. Performance criteria:

a) Definition of the performance objective ("the Objective"):

2019 financial year: Objective = That the average of TF1 consolidated net profit figures for the 2017, 2018 and 2019 financial years ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plans for those three financial years ("Plan Average"),

Each subsequent financial year: Objective = that the average of TF1's consolidated net profit figures for the financial year then ended and the two financial years that preceded it ("Average CNP") is no more than 10% below the average of the consolidated net profit figures specified in the plan for the financial year then ended and the plans for the two financial years that preceded it.

b) Terms for determining the vesting of pension rights based on performance:

- If the Average CNP meets the Objective: **Annual pension rights = 0.92% of the reference salary;**
- If the Average CNP is more than 20% below the Plan Average: **Annual pension rights = 0.**

Between those lower and upper limits pension rights will vary on a straight-line basis between 0% and 0.92% of the reference salary.

(1) For details of how such options are awarded, refer to the Bouygues registration document.
(2) The upper limit for Social Security contributions was €39,732 for 2018.

4

2018 ACTIVITY AND RESULTS AFR

4.1 KEY EVENTS OF 2018

JANUARY

24 January 2018

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

30 January 2018

Signature of a global distribution agreement with Bouygues Telecom.

MARCH

8 March 2018

Signature of a global distribution agreement with Orange.

29 March 2018

The TF1 group announces the renewal of its partnership with World Rugby for the Rugby World Cup 2019.

APRIL

25 April 2018

Signature of a global distribution agreement with Free.

27 April 2018

The TF1 group finalises the acquisition of the Aufeminin group from Axel Springer.

JUNE

15 June 2018

France Télévisions, M6 and TF1 announce the creation of a French OTT platform: SALTO. A stand-alone company owned in equal shares by the three groups will be set up once clearance has been obtained from the competent authorities.

JULY

3 July 2018

The TF1 group announces that it has finalised the acquisition of the residual 30% interest in the Newen Studios group, giving TF1 a 100% stake.

SEPTEMBER

14 September 2018

The TF1 group renews its partnership with the professional bodies representing French producers and distributors of audiovisual programmes (SATEV, SPECT, SPFA, SPI and USPA) to promote creativity in the French broadcasting industry. The proportion of the TF1 group's total spend invested in content from "dependent" producers has now been raised to 30% of the Group's obligation to invest in original drama, documentaries, cartoons, live shows and music videos.

OCTOBER

10 October 2018

The TF1 group finalises the acquisition of 100% of Doctissimo.

NOVEMBER

12 November 2018

The TF1 group announces the acquisition of Gamned!.

14 November 2018

Signature of a global distribution agreement with Canal+.

22 November 2018

The TF1 group acquires the rights to the Men's and Women's World Handball Championships and will screen up to 4 matches from each competition plus the two finals.

4.2 2018 ACTIVITY AND RESULTS

The results below are presented using the new segmental reporting structure adopted from the second quarter of 2018 onwards, as described in Note 4 to the consolidated financial statements.

The new Digital segment combines the operations of the Aufeminin group with those of Neweb, Studio71, TF1 Digital Factory and Vertical Station[1], along with the more recently acquired Doctissimo and Gamned! Given the immateriality of the impacts on 2017 and the first quarter of 2018, prior periods have not been restated.

4.2.1 TF1 GROUP

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

(1) Accounted for by the equity method. Formerly MinuteBuzz.

CONSOLIDATED FIGURES

(€m)	2018	2017
Revenue	**2,288.3**	**2,132.4**
Group advertising revenue	*1,662.2*	*1,565.7*
Revenue from other activities	*626.1*	*566.7*
Current operating profit/(loss)	**195.7**	**185.7**
Operating profit/(loss)	**173.7**	**162.4**
Net profit/(loss) from continuing operations	**128.5**	**136.6**
Operating cash flow before cost of net debt and income taxes	413.6	372.3
Basic earnings per share from continuing operations (€)	0.61	0.65
Diluted earnings per share from continuing operations (€)	0.61	0.65
Shareholders' equity attributable to the Group	1,576.0	1,587.5
Net surplus cash/(net debt) of continuing operations	(27.5)	256.7

Consolidated revenue of the TF1 group for 2018 was €2,288.3 million, up €155.9 million (+7.3%)[1] on 2017, thanks to:

- constant-structure revenue growth of €40.0 million year-on-year, reflecting (in the case of the Broadcasting segment) the agreements signed during 2018 with all France's telecoms operators, and a good performance in TV and digital advertising revenue;
- revenue growth of €115.9 million due to the impact of the acquisitions made during the year. The diversification strategy is paying off, especially with the consolidation of the activities of Unify, the new Digital division built around Aufeminin (which joined the Group in May 2018).

ANALYSIS OF COST OF PROGRAMMES

(€m)	2018	2017
Total cost of programmes	**1,014.2**	**983.9**
Major sporting events	71.7	-
Total excluding major sporting events	**942.5**	**983.9**
Variety/Gameshows/Magazines	238.5	273.9
Drama/TV movies/Series/Plays	348.2	325.2
Sport (excluding major sporting events)	47.1	59.2
News (including LCI)	136.7	142.5
Films	159.0	169.0
Children's programmes	13.0	14.2

COST OF PROGRAMMES – ANALYSIS BY INCOME STATEMENT LINE ITEM

(€m)	2018	2017
Purchases consumed and changes in inventory	(831.2)	(787.8)
Staff costs	(79.8)	(81.1)
External expenses	(13.8)	(23.2)
Depreciation, amortisation, impairment and provisions, net	(91.4)	(89.6)
Other IFRS income statement line items	2.0	(2.2)
Amount recognised in current operating profit	**(1,014.2)**	**(983.9)**

The cost of programmes of the five free-to-air channels for 2018 was €1,014.2 million, up €30.3 million year-on-year, and included €71.7 million for the Football World Cup. This confirms the Group's ability to optimise its programming cost structure while keeping audiences high.

(1) Excluding the effects of chanegs in structure, 2018 revenue growth was 1.9%.

OTHER EXPENSES AND DEPRECIATION, AMORTISATION AND PROVISIONS

Other expenses and depreciation, amortisation and provisions increased by €115.6 million year-on-year in 2018, mainly due to the first-time consolidation of the Aufeminin group.

CURRENT OPERATING PROFIT/(LOSS)

The Group posted a current operating profit for 2018 of €195.7 million, an improvement of €10.0 million, even though this was a year that saw the screening of the Football World Cup (at a cost of €71.7 million). This performance reflects the Group's success in integrating new revenue streams, but also its capacity to optimise profitability by adapting its cost structure.

Including the costs of broadcasting the World Cup, the current operating margin rate held steady year-on-year at 8.6%. Excluding World Cup costs, the current operating margin rate was 11.7% (up 3 points year-on-year), meaning that the Group has attained its objective of increasing the current operating margin rate excluding major sporting events relative to 2017.

OPERATING PROFIT/(LOSS)

Group operating profit for 2018 was €173.7 million after charging €22.0 million of non-current expenses, which in 2018 relate to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

NET PROFIT/(LOSS)

Net profit attributable to the Group for 2018 was €127.9 million. After excluding the gain booked in 2017 on the divestment of the equity interest in Groupe AB, net profit rose year-on-year in 2018.

FINANCIAL POSITION

Shareholders' equity attributable to the Group was €1,576 million at 31 December 2018 out of a balance sheet total of €3,157 million.

Cash and cash equivalents amounted to €117 million at 31 December 2018, versus €496 million at end December 2017.

Net debt was €27.5 million at 31 December 2018 (versus a net cash surplus of €257 million at end December 2017), after taking account of the acquisitions of the Aufeminin group and of the residual 30% interest in Newen Studios.

As of 31 December 2018, 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 31 December 2018, drawdowns under those facilities amounted to €92 million, all of which related to Newen Studios.

The Board of Directors has reiterated that a €50 million share buyback programme is planned, on the basis of the 11th resolution as approved by the shareholders at the Annual General Meeting of 19 April 2018.

SHAREHOLDER RETURNS

To reward shareholders for the capital they have invested, the Board of Directors will ask the Annual General Meeting of 18 April 2019 to approve the payment of a dividend of €0.40 per share, 14% more than for 2017, representing 65% of net profit.

The ex-date will be 29 April, the date of record will be 30 April, and the payment date will be 2 May 2019.

INCOME STATEMENT CONTRIBUTIONS – CONTINUING OPERATIONS

(€m)	Q1 2018	Q1 2017	Q2 2018	Q2 2017	Q3 2018	Q3 2017	Q4 2018	Q4 2017	FY 2018	FY 2017	Chg. €m	Chg. %
Consolidated revenue	**499.3**	**503.4**	**584.3**	**539.4**	**492,0**	**431.7**	**712.7**	**657.9**	**2,288.3**	**2,132.4**	**155.9**	**7.3%**
Broadcasting	**402.3**	**404.9**	**466.7**	**452.6**	**363.4**	**331.5**	**531.3**	**528.6**	**1,763.7**	**1,717.6**	**46.1**	**2.7%**
TV advertising on free-to-air channels	*349.8*	*348.9*	*404.6*	*398.4*	*303.9*	*285.1*	*443.6*	*452.2*	*1,501.9*	*1,484.6*	*17.3*	*1.2%*
Studios & Entertainment	**97.0**	**98.5**	**88.8**	**86.8**	**96.0**	**100.2**	**126.8**	**129.3**	**408.6**	**414.8**	**(6.2)**	**-1.5%**
Digital*	**-**	**-**	**28.8**	**-**	**32.6**	**-**	**54.6**	**-**	**116.0**	**-**	**116.0**	**N/A**
CURRENT OPERATING PROFIT/(LOSS)	**38.3**	**36.9**	**62.2**	**71.1**	**23.7**	**8.5**	**71.5**	**69.2**	**195.7**	**185.7**	**10.0**	**5.4%**
Broadcasting	**26.4**	**26.6**	**52.9**	**64.9**	**14.0**	**(8.0)**	**56.5**	**59.8**	**149.8**	**143.3**	**6.5**	**4.5%**
Studios & Entertainment	**11.9**	**10.3**	**6.7**	**6.2**	**7.5**	**16.5**	**7.7**	**9.4**	**33.8**	**42.4**	**(8.6)**	**-20.3%**
Digital*	**-**	**-**	**2.6**	**-**	**2.2**	**-**	**7.3**	**-**	**12.1**	**-**	**12.1**	**N/A**
Cost of programmes	**(230.0)**	**(233.5)**	**(269.2)**	**(248.7)**	**(226.7)**	**(211.7)**	**(288.3)**	**(290.0)**	**(1,014.2)**	**(983.9)**	**(30.3)**	**3.1%**
Football World Cup	-	-	*(46.0)*	-	*(25.7)*	-	-	-	*(71.7)*	-	*(71.7)*	*N/A*

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

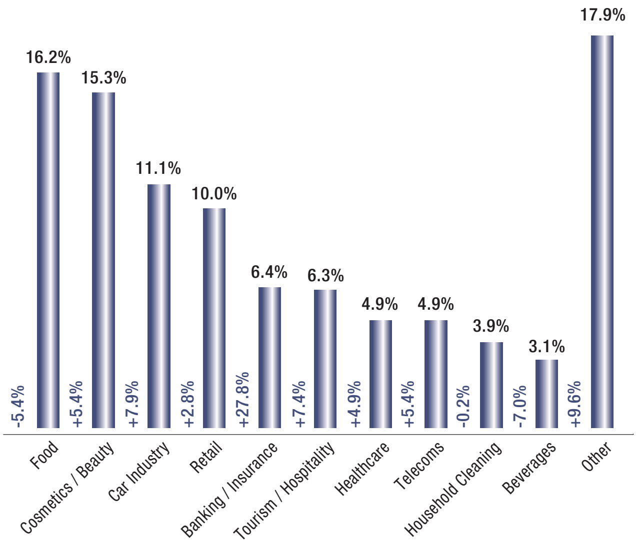
BROADCASTING

FREE-TO-AIR BROADCASTING

Advertising revenue

Over 2018 as a whole, the TF1 group's free-to-air channels saw their gross revenue rise by 4.8% relative to 2017.

The chart below shows trends in gross advertising spend (excluding sponsorship) by sector in 2019 across the five free-to-air channels:



Kantar Média, 2018 vs. 2017.

Advertising revenue from the Group's five free-to-air channels reached €1,501.9 million, up 1.2% year-on-year, and accounted for 66% of consolidated revenue.

The Group's DTT channels continued to advance thanks to strong audiences, especially among target groups.

The top line was also boosted by another very good performance from sponsorship revenue.

Current operating profit

Current operating profit for the Broadcasting segment was up €6.5 million year-on-year at €149.8 million, after taking account of the cost of screening the Football World Cup. This increase was mainly due to good TV advertising revenue performances and to the agreements signed with telecoms operators.

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

Average daily TV viewing time during 2018 among individuals aged 4+ remained high at 3 hours 36 minutes, down 6 minutes year-on-year. Viewing time for catch-up and recordings held steady year-on-year, while live viewing time fell by 6 minutes over the same period. For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time was 13 minutes lower year-on-year at 3 hours 22 minutes, though this was due solely to reduced live viewing.

These figures do not include time spent watching live or catch-up television on other devices (computers, tablets, smartphones, etc.), or outside the home on any device. Médiamétrie estimates such non-linear consumption at 10 minutes a day in 2018.

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

In a highly competitive market, the TF1 group is reaping 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:

- 32.6% audience share among W<50PDM (+0.3 of a point), widening the gap from the Group's nearest private-sector rival by over 12%;
- 29.3% among 25-49 year-olds (+0.1 of a point);
- 33.8% among 15-24 year-olds (+1.1 points);
- 30.3% among 15-34 year-olds (+1.3 points);
- 26.9% among ABC1s (+0.6 of a point).

TF1

For the TF1 core channel, 2018 was its best year since 2015, both in terms of its share of the W<50PDM target audience (22.5%) and the increase in that share (+0.4 of a point).

Once again, TF1 confirmed its status as France's most-watched channel, with 91 of the top 100 audience ratings, including the no. 1 slot for the World Cup Final (19.4 million viewers). The channel also took the top spot in each genre (News, Sport, French Drama, Light Entertainment, Movies and American Series).

- **Sport:** The highlight of 2018 was undoubtedly the success of the Football World Cup. As well as live match coverage, which attracted an average of 9 million viewers (rising to an average of 14 million for matches featuring France), TF1 showcased the event across a whole range of special tie-in programmes including magazines, documentaries and one-off specials. The final of the European Women's Handball Championship also proved a hit, attracting 5.4 million viewers and a peak of 8.1 million – testimony to the channel's unrivalled capacity to promote its content and pull in ever larger audiences. Over the year, TF1 posted 42 of the top 50 sports audiences.
- **French drama:** TF1 drama offers a diverse mix of bold, ambitious, hard-hitting event TV in prime time (*Jacqueline Sauvage* with 8.8 million viewers, *Le Jour où j'ai brûlé mon cœur*, *Les Bracelets rouges*, *Les Innocents* and *Insoupçonnables*), alongside established franchises that turned in very good performances such as the *Joséphine/Camping Paradis* crossover (7.5 million viewers) and *Section de Recherches* (6.8 million). Another notable feature was the fine performance by the access prime time soap *Demain nous appartient*: up to 4.5 million viewers, and 200,000 more than last year on average. Over 2018, TF1 drama significantly increased its share of target audiences (+2 points for W<50PDM, +1 point for 25-49 year-olds), and also posted 42 of the year's top 50 drama audience ratings.

(1) Médiamétrie – Médiamat.
(2) Médiamétrie.

- **Foreign series:** The standout success was the launch of *The Good Doctor,* which attracted up to 7.9 million viewers, closely followed by the adaptation of Joël Dicker's *La Vérité sur l'Affaire Harry Québert* (up to 6.7 million). The big franchises – *Lethal Weapon (L'Arme Fatale)*, *Grey's Anatomy* and *Criminal Minds (Esprits Criminels)* – turned in solid performances, especially with target audiences. TF1 achieved 49 of the top 50 audiences ratings for foreign series in 2018.
- **News:** The channel's regular news bulletins are still clear market leaders, both at lunchtime (up to 7.5 million viewers) and in the evening (peak of 9.7 million for Emmanuel Macron's address to the nation). News magazines are enjoying a revival, with up to 4.7 million viewers for *Sept à Huit* and 5.3 million for *Reportages*. Other highlights of the year included the creation of a new regular show, *Le 20H Le Mag*, which topped the rankings with up to 5.9 million viewers, and the launch of a new strand of documentary tie-ins to the channel's event dramas (documentary *Jacqueline Sauvage: victime ou coupable ?*). In total, 15 programmes from TF1's news output attracted over 7.0 million viewers, and the channel provided 48 of the year's top 50 audience ratings for news programmes.
- **Light entertainment:** TF1 was the only channel to get a light entertainment show into the French top 100 audience ratings. Not only did *Les Enfoirés* take top slot in the genre with 10.2 million viewers, but second and third place also went to TF1 with *C Canteloup* (7.6 million) and *Miss France* (7.5 million). They were followed by the channel's big franchises: *The Voice* (7.1 million, *Danse avec les Stars* (which had an excellent season, upping its audience share among W<50PDM by 5 points to 33%) and *Koh Lanta* (up to 5.9 million viewers). TF1 occupied 43 of the top 50 slots for unscripted shows in 2018.
- **Movies:** French comedies co-produced by TF1 proved popular with the viewing public: *Qu'est-ce qu'on a fait au bon Dieu?* was the most-watched movie on TV in 2018 with 8.7 million viewers, followed by *Les Tuche* (7.7 million) and *Rien à déclarer* (7.1 million). TF1 scooped all 30 of the top movie audiences, and was the only channel to get any movies into the best overall audience rankings.

DTT channels

The TF1 group's DTT channels – TMC, TFX, TF1 Séries Films and LCI – maintained their market leadership with a combined audience share of 10.1% among W<50PDM (-0.1 of a point year-on-year) and 9.2% among 25-49 year-olds (-0.1 of a point year-on-year).

TMC

TMC is still France's most-watched DTT channel, with a 4.1% share of the target W<50PDM audience. It also achieved the highest audience on any DTT channel in 2018 with 4.7 million viewers for the France/Colombia football friendly, and attracted 24 of the top 50 DTT audiences. The channel continues to gain traction, with the successful revival of *Burger Quiz* (up to 2.3 million viewers) and good performances from *Quotidien.* TMC also carries the most popular movie offer on DTT, achieving the best DTT movie audience of the year for *Jurassic World* (up to 1.8 million viewers) and pulling in over a million viewers for 40 of its movies.

TFX

Fine performances during the year took TFX to no. 3 slot in the DTT channel rankings for the W<50PDM target audience (3.3% share) and confirmed the channel's no. 2 ranking among 15-24 year-olds.

The channel's best audiences were for movies (*Le jour de gloire* with 1.3 million viewers and *Bienvenue à Marly-Gomont* with 1.2 million), and for the Germany/Netherlands football match (1.2 million). Documentaries, magazines and reality TV shows in access prime time (*La Villa des cœurs brisés* with an 11% share of 15-24 year-olds) also scored a big success. Finally, the channel expanded its attractive factual programming offer for younger viewers with shows like *Tattoo Cover* (5% of W<50PDM, 9% of 15-24 year-olds) and the all-new *Beauty Match* (7% of W<50PDM, 13% of 15-24 year-olds).

TF1 Séries Films

TF1 Séries Films posted the second-fastest growth of any channel among the W<50PDM target audience in 2018, increasing its share by 0.3 of a point to 2.5% and showing that the channel's editorial policy – based on a triptych of movies, French drama and American series – is delivering. The channel posted 18 of the top 20 HD DTT ratings in 2018, led by movies in the *Lethal Weapon (L'Arme Fatale)* franchise with 1.2 million viewers, the landmark series *The Handmaid's Tale (La servante écarlate)* with up to 1.2 million, and the drama *Le Mec de la tombe d'à côté* with 0.9 million.

LCI

Between January and December 2018 LCI saw a sharp rise in audiences from 0.6% to 1.5% among individuals aged 4+, further confirming its status as France's no. 2 news channel. The channel attracted a 0.7% share of individuals aged 4+ on average in 2018, and achieved its all-time record audience of nearly 1 million for *La Grande Explication*, presented by David Pujadas.

Shows presented by the channel's big names also showed very strong momentum: *La Matinale* with Pascale de la Tour du Pin (111,000 viewers in December 2018), *L'Heure de Bachelot* (148,000), *Audrey&Co* with Audrey Crespo-Mara (150,000) and *Perriscope* with Pascal Perri (133,000).

TF1 Publicité (third-party airtime sales)

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

TF1 Films Production(1)

Cinema footfall in France fell for the second consecutive year (by 4.3% relative to 2017), to 200.5 million. Against this backdrop, TF1 Films Production turned in a fine performance in 2018, with the 13 films co-produced by the company between them attracting over 25 million box office entries; that represents nearly 2 million more than for the 21 films released in 2017. The year saw some notable box-office successes: three TF1 Films Production co-productions made it into the top 5 of 2018 releases: *Les Tuche 3* (no. 2 with 5.7 million box office entries), *La ch'tite famille* (no. 3 with 5.6 million) and *Le Grand bain* (no. 5 with 4.2 million). TF1 Films Production was also boosted by successes for *Taxi 5* (3.7 million) and *Tout le monde debout* (2.4 million).

The revenue contribution from TF1 Films Production for 2018 was stable year-on-year, but its contribution to operating profit decreased.

(1) CBO Box Office.

TF1 Production

TF1 Production produced around 460 hours of programmes in 2018, versus 410 hours in 2017. The main reasons for the increase were:

- a strong sporting calendar, featuring 2018 World Cup matches and tie-in programmes, the European Handball Championship, and the return of Formula 1 to TF1 with four Grands Prix;
- new programme launches such as *Beauty match* for TFX and *Les plus belles vacances* for TF1, and delivery of season 2 of *Mon plus beau Noël* and of *Petits secrets entre voisins*;
- major brand content campaigns on behalf of Système U, Carrefour, Ferrero and the French road safety agency.

TF1 Production's revenue contribution was stable year-on-year, but its contribution to Group operating profit increased.

OTHER PLATFORMS AND RELATED ACTIVITIES

e-TF1

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

MYTF1 performed well during the year with 1.4 billion video views(1), up 9% year-on-year, bolstered by success across all genres: *Demain nous appartient, The Voice, The Good Doctor, Paw Patrol, Quotidien, 2018 Football World Cup* and *La Villa des cœurs brisés*.

Both revenue and operating profit at e-TF1 increased year-on-year.

Theme channels

French Pay-TV channels as a whole attracted an audience share of 10.1% among individuals aged 4+ during 2018, up 0.1 of a point year-on-year(2).

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

TV Breizh

TV Breizh had its best-ever year in 2018, with an average 0.7% audience share of individuals aged 4+(3) making it France's most-watched Pay-TV channel in the year.

Much of this performance was due to the 50th anniversary of the cult series Columbo, celebrated on TV Breizh at the end of the year. The anniversary was marked with seven evening specials dedicated to the show, giving the channel its best-ever week with a 0.8% audience share.

Ushuaïa

In six months, Ushuaïa TV has grown its audience by 9% for individuals aged 4+ and by 11% for W<50PDM(3). The channel has reached record brand recognition levels, ranking no. 1 amongst Pay-TV nature/science channels with 65% (up 4 points year-on-year).

Histoire

Audiences for the Histoire channel have increased slightly over the last six months (+4%)(3). The channel continues to screen first-run series and dramas such as *Tutankhamun,* alongside special event-driven strands such as a 3-month programme cycle built around commemorations of the 1918 Armistice.

STUDIOS & ENTERTAINMENT

STUDIOS

Newen Studios

Newen extended its international footprint in 2018 with the acquisition of the drama producer Pupkin. The group also has a presence in Denmark following the acquisition of a minority interest in Nimbus, which produces drama and feature-length films.

Alongside successful daily shows (*Demain Nous Appartient, Plus Belle La Vie, Magazine de la Santé*), the end of 2018 saw the screening of the first series produced by Newen in France for Amazon: *Deutsch-Les-Landes*.

Newen also continued to diversify and add to its order book with productions including *Osmosis* (for Netflix) and *Mores* (also for Netflix, *via* Newen subsidiary Pupkin).

TF1 Studio

A total of 10 films went on general release in 2018, compared with 13 in 2017. The runaway success of two of last year's releases – *Alibi.com* and *Il a déjà tes yeux* – was not matched by the 2018 releases.

At the same time, physical video sales decreased, in a market that is in structural decline.

Consequently, both revenue and current operating profit at TF1 Studio were lower year-on-year.

ENTERTAINMENT

TF1 Entertainment

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

- Play Two: success for new albums released during the year by Maître Gims, Trois Cafés Gourmands and David Hallyday;
- *La Seine Musicale* music venue: strong ticket sales for major concerts, plus steady growth for the recording and rehearsal space;
- licences: good performances thanks to a strong portfolio of brands (including Ushuaïa) and TV programme tie-ins (including *The Voice* and *Danse avec les Stars*);
- music and live shows: good top-line performances from tie-ins featuring artists including Mylène Farmer, Johnny Hallyday and Patrick Bruel); the record label (with Jenifer); live show partnerships (*Bodyguard, Jesus, Team Lab*); and the *Inside PSG* and *Inside Opéra* immersive experiences.

Home Shopping

Sales of goods fell year-on-year in 2018 due to a drop in order levels. Although sales margins were slightly higher, the drop in orders led to a reduction in current operating profit.

(1) Excluding news content, XTRA content and live sessions. eStat Médiamétrie – AT Internet – Orange.
(2) Médiamétrie – Médiamat.
(3) Mediamat'Thématik. Wave 35.

DIGITAL

Revenue from Unify, the new Digital segment, totalled €116.0 million, and includes revenue from the Aufeminin group (consolidated from May 2018).

The segment made a current operating profit of €12.1 million for that period, giving a current operating margin rate of 10.4%. These results are impacted by costs related to the acquisition of the Aufeminin group.

4.2.2 OUTLOOK

Our 2018 results confirm our ability to improve our profitability by adjusting our core business model while moving into new growth territories.

We have achieved our objective of an improvement, within one year, of our current operating margin rate excluding major sporting events (11.7% in 2018 versus 8.7% in 2017). Close control over the cost of programmes excluding major sporting events in 2018 (€942.5 million) has meant that this year we have already taken the cost of programmes below our objective of €960 million on average over the 2018-2020 period.

In addition, revenue from sources other than advertising on our free-to-air channels represented 34% of our consolidated revenue in 2018. This shows that our external growth strategy is paying off, and contributing to both top-line growth and improved profitability. It also means that we have met our objective of at least one-third of consolidated revenue one year ahead of schedule.

We will continue our transformation in 2019, and are reiterating the following guidance:

- in 2019:
  - target of double-digit current operating margin rate;
- in 2021:
  - revenue of at least €250 million from our Unify digital division,
  - EBITDA margin of at least 15% rom our Unify digital division,
  - an improvement in our return on capital employed[1] relative to 2018.

Finally, we are adjusting our objective for the cost of programmes to an average of €990 million including major sporting events for the 2019-2020 period, compared with €1,014 million in 2018.

4.2.3 EVENTS AFTER THE REPORTING PERIOD

For a description of events after the reporting period, refer to Note 9.6 to the consolidated financial statements as presented in this registration document.

In addition to the items shown in the notes to the consolidated financial statements, Newen announced on 28 February the acquisition of a majority stake (60%) in De Mensen, a key player in TV and film production in Belgium.

4.2.4 ROLE OF TF1 IN DEALINGS WITH ITS SUBSIDIARIES AND PARENT COMPANY

For details of positions held by key executives of TF1 in the principal subsidiaries, refer to the "Corporate Governance" section of this registration document.

The TF1 group consists of around a hundred directly or indirectly owned operating subsidiaries (see the organisation chart provided in section 1.5.1 of this registration document), mostly located in France.

The role of TF1 is to define the overall strategic priorities of the Group, and to provide leadership in areas such as identifying synergies and harmonising procedures.

It also provides corporate support functions to its subsidiaries in fields such as management, human resources, advisory services and finance. Those services are invoiced by TF1 to the subsidiaries concerned.

For information about services provided by Bouygues to TF1, refer to the disclosures about related-party agreements and commitments in section 8.3 of this registration document, and to the Statutory Auditors' report on such agreements and commitments in section 6.3 of this registration document.

From a financial point of view, TF1 ensures that its subsidiaries are adequately capitalised. The TF1 Treasury department manages and consolidates the treasury and financing needs of all entities controlled by the Group, and supervises those needs for other Group entities.

(1) 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. The TF1 group's ROCE was 8.8% in 2018.

4.2.5 THE TF1 PARENT COMPANY (TF1 SA)

RESULTS OF TF1 SA

In 2018, TF1 SA generated revenue of €1,198.7 million (+2.6% versus 2017), of which €1,156.3 million came from advertising revenue (+0.5% versus 2017). Operating profit for the year was €61.0 million, a decrease of €17.8 million relative to 2017. Net financial income was €26.0 million (versus €12.6 million in 2017). Net profit for the year was €91.7 million (versus €131.6 million in 2017).

Expenses falling within the scope of Article 39-4 of the French General Tax Code, which are non-deductible for corporate income tax purposes, amounted to €309,351 in 2018. The income tax incurred on those expenses was €106,510. Those expenses will be submitted to the Annual General Meeting for approval, in accordance with Article 223 *quater* of the French General Tax Code.

APPROPRIATION AND DISTRIBUTION OF TF1 SA PROFITS

In the resolutions submitted for your approval we are asking you to approve the parent company financial statements and the consolidated financial statements for the year ended 31 December 2018 and, having noted the existence of distributable profits of €634,828,645.87 (comprising net profit for the year of €91,702,495.32 and retained earnings of €543,126,150.55), to decide to appropriate and distribute that sum as follows, as proposed by the Board of Directors:

- distribution of a cash dividend of €83,971,576.00 (representing a dividend of €0.40 per €0.20 par value share);
- appropriation of the balance of €550,857,069.87 to retained earnings.

The ex-date of the dividend on the Euronext Paris market will be 29 April 2019. The date of record (i.e. the day at the end of which the post-settlement positions entitled to the dividend are determined) will be 30 May 2019. The payment date of the dividend will be 2 May 2019.

We are also asking for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 may hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

Year ended	Net dividend paid per share
31/12/2015	€0.80
31/12/2016	€0.28
31/12/2017	€0.35

DISCLOSURES ABOUT CUSTOMER AND SUPPLIER PAYMENT TERMS AS SPECIFIED IN ARTICLE D.441-4 OF THE FRENCH COMMERCIAL CODE.

CUSTOMER PAYMENT TERMS

	Article D. 441-4.I.2 of the French Commercial Code: Invoices issued and due for payment that remain unpaid at the end of the reporting period					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Ageing profile of payment arrears						
Number of invoices	1,239					38
Total amount of invoices *(€ ex VAT)*	179,253,206.75	2,148,087.36	268,137.07	30,209.41	536,387.23	2,982,821.07
Total revenue for the year *(€ ex VAT)*	1,198,717,224.77					
Percentage of revenue for the year *(ex VAT)*	14.95%	0.18%	0.02%	0.00%	0.04%	0.25%
(B) Invoices excluded from (A) because they are disputed or not recognised in the accounts						
Number of invoices excluded	0					
Total amount of invoices excluded *(€ ex VAT)*	0					
(C) Benchmark payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to determine arrears	Contractual terms: 30 days from end of invoice month – 45 days from end of invoice month					

SUPPLIER PAYMENT TERMS

	Article D. 441-4.I.1 of the French Commercial Code: Invoices received and due for payment that remain unpaid at the end of the reporting period					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Ageing profile of payment arrears						
Number of invoices	1,340					182
Total amount of invoices *(€ ex VAT)*	118,035,893.63	577,099.41	911,419.74	280,493.41	151,250.16	1,920,262.72
Total purchases for the year *(€ ex VAT)*	941,784,000.66					
Percentage of total purchases for the year *(ex VAT)*	12.53%	0.06%	0.10%	0.03%	0.02%	0.20%
(B) Invoices excluded from (A) because they are disputed or not recognised in the accounts						
Number of invoices excluded	3					
Total amount of invoices excluded *(€ ex VAT)*	167,090.00					
(C) Benchmark payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to determine arrears	Contractual payment terms (in most cases): end of invoice month +45 days					

4.2.6 PRINCIPAL ACQUISITIONS AND DIVESTMENTS

The principal acquisitions and divestments of the period are described in Note 3 to the consolidated financial statements as presented in this registration document.

5

FINANCIAL STATEMENTS AFR

5.1 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the TF1 group for the year ended 31 December 2018 should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2017 and 31 December 2016, prepared in accordance with international financial reporting standards, as presented in the 2017 French-language *Document de Référence* filed with the Autorité des Marchés Financiers (AMF) on 8 March 2018 under reference number D. 18-0113. An English-language version of the audited consolidated financial satements for the year ended December 2017 is included in the TF1 2017 registration document, available on the TF1 corporate website at: http://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels . The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

5.1.1 CONSOLIDATED INCOME STATEMENT

(€m)	Note	Full year 2018	Full year 2017*
Advertising revenue		1,662.2	1,565.7
Other revenue		626.1	566.7
Revenue	*5.1*	**2,288.3**	**2,132.4**
Other income from operations		44.7	43.1
Purchases consumed and changes in inventory	*5.2*	(957.7)	(877.1)
Staff costs	*5.3*	(470.7)	(453.2)
External expenses	*5.4*	(416.5)	(398.7)
Taxes other than income taxes	*5.5*	(132.7)	(131.2)
Depreciation and amortisation, net		(213.0)	(173.2)
Provisions and impairment, net		(70.6)	(53.7)
Other current operating income	*5.6*	253.5	244.2
Other current operating expenses	*5.6*	(129.6)	(146.9)
Current operating profit/(loss)		**195.7**	**185.7**
Non-current operating income		-	-
Non-current operating expenses	*5.7*	(22.0)	(23.3)
Operating profit/(loss)		**173.7**	**162.4**
Income associated with net debt		0.2	0.2
Expenses associated with net debt		(2.2)	(1.7)
Cost of net debt	*5.8*	**(2.0)**	**(1.5)**
Other financial income	*5.9*	7.0	15.8
Other financial expenses	*5.9*	(2.1)	(9.5)
Income tax expense	*5.11*	(48.3)	(44.8)
Share of profits/(losses) of joint ventures and associates		0.2	14.2
Net profit/(loss) from continuing operations		**128.5**	**136.6**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**
NET PROFIT/(LOSS)		**128.5**	**136.6**
attributable to the Group:		127.9	136.3
Net profit/(loss) from continuing operations		*127.9*	*136.3*
attributable to non-controlling interests:		0.6	0.3
Net profit/(loss) from continuing operations		*0.6*	*0.3*
Weighted average number of shares outstanding (in '000)		209,891	209,664
Basic earnings per share from continuing operations (€)	*7.4.2*	0.61	0.65
Diluted earnings per share from continuing operations (€)	*7.4.2*	0.61	0.65
Basic earnings per share from held-for-sale operations (€)		-	-
Diluted earnings per share from held-for-sale operations (€)		-	-

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

5.1.2 STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	Full year 2018	Full year 2017[1]
Consolidated net profit/(loss) for period	**128.5**	**136.6**
Items not reclassifiable to profit or loss	**-**	**-**
Actuarial gains and losses on employee benefits	(3.8)	(1.2)
Net change in fair value of equity instruments	(7.4)	-
Net tax effect of equity items not reclassifiable to profit or loss	1.0	(1.0)
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity	-	-
Items reclassifiable to profit or loss	**-**	**-**
Remeasurement of hedging instruments[2]	6.6	(6.5)
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	0.6	-
Net tax effect of equity items reclassifiable to profit or loss	(2.3)	2.2
Share of reclassifiable income and expense of joint ventures and associates recognised in equity	-	-
Income and expense recognised directly in equity	**(5.3)**	**(6.5)**
TOTAL RECOGNISED INCOME AND EXPENSE	**123.2**	**130.1**
attributable to the Group	*122.6*	*129.8*
attributable to non-controlling interests	0.6	0.3

(1) Restated for the impacts of first-time application of IFRS 15.
(2) Includes amounts reclassified to profit or loss: €(7.8) million in 2018, €(4.1) million in 2017.

5.1.3 CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	Full year 2018	Full year 2017*
Net profit/(loss) from continuing operations (including non-controlling interests)		128.5	136.6
Depreciation, amortisation, provisions & impairment (excluding current assets)	6.2.1	279.5	231.8
Net (gain)/loss on asset disposals		(1.3)	7.0
Share of (profits)/losses and dividends of joint ventures and associates		1.0	(12.9)
Other non-cash income and expenses	6.2.2	(44.4)	(36.5)
Sub-total		**363.3**	**326.0**
Cost of net debt		2.0	1.5
Income tax expense (including deferred taxes)		48.3	44.8
Operating cash flow		**413.6**	**372.3**
Income taxes (paid)/reimbursed		(67.3)	(21.2)
Change in operating working capital needs	6.2.3	16.9	(82.0)
Net cash generated by/(used in) operating activities		**363.2**	**269.1**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(212.4)	(189.7)
Cash inflows from disposals of property, plant & equipment and intangible assets		2.0	0.9
Cash outflows on acquisitions of financial assets		(2.4)	(35.0)
Cash inflows from disposals of financial assets		5.7	9.2
Effect of changes in scope of consolidation	6.3.1	(261.3)	66.8
Purchase price of investments in consolidated activities		*(326.4)*	*(32.6)*
Proceeds from disposals of consolidated activities		*1.5*	*90.5*
Net liabilities related to consolidated activities		-	-
Other cash effects of changes in scope of consolidation		*63.6*	*8.9*
Dividends received		0.1	0.1
Other cash flows from investing activities		(0.4)	(2.2)
Net cash generated by/(used in) investing activities		**(468.7)**	**(149.9)**
Cash received on exercise of stock options		0.4	3.0
Purchases and sales of treasury shares		-	-
Other transactions between shareholders		(182.0)	(3.0)
Dividends paid during the period	7.4.4	(73.5)	(58.6)
Cash inflows from new debt contracted		-	42.8
Repayment of debt (including finance leases)		(22.0)	(25.7)
Net interest paid (including finance leases)		(2.1)	(1.5)
Net cash generated by/(used in) financing activities		**(279.2)**	**(43.0)**
Impact of exchange rate movements		**0.2**	
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**(384.5)**	**76.2**
Cash position at start of period		**495.5**	**419.3**
Change in cash position		(384.5)	76.2
Cash position at end of period		**111.0**	**495.5**

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

5.1.4 CONSOLIDATED BALANCE SHEET

Assets (€m)	Note	31/12/2018	31/12/2017*
Goodwill	**7.3.1**	**817.1**	**580.4**
Intangible assets		**287.3**	**234.6**
Audiovisual rights	7.1.1	144.2	170.8
Other intangible assets	7.3.2	143.1	63.8
Property, plant and equipment	**7.3.3**	**191.5**	**177.2**
Investments in joint ventures and associates	**7.3.4**	**20.8**	**22.2**
Non-current financial assets	**7.3.5**	**40.5**	**54.5**
Non-current tax assets		**-**	**-**
Total non-current assets		**1,357.2**	**1,068.9**
Inventories		**520.9**	**615.9**
Programmes and broadcasting rights	7.1.2	505.8	597.8
Other inventories		15.1	18.1
Trade and other debtors	**7.2.1**	**1,141.9**	**1,203.2**
Current tax assets		**17.6**	**13.0**
Other current financial assets		**2.2**	**-**
Cash and cash equivalents	**7.5.1**	**117.3**	**495.8**
Total current assets		**1,799.9**	**2,327.9**
TOTAL ASSETS		**3,157.1**	**3,396.8**
Net surplus cash (+)/Net debt (-)		**(27.5)**	**256.7**

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

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	Note	31/12/2018	31/12/2017*
Share capital	*7.4.1*	42.0	42.0
Share premium and reserves		1,406.1	1,409.2
Net profit/(loss) for the period attributable to the Group		127.9	136.3
Shareholders' equity attributable to the Group		**1,576.0**	**1,587.5**
Non-controlling interests		2.6	(0.1)
Total shareholders' equity		**1,578.6**	**1,587.4**
Non-current debt	*7.5.1*	126.9	232.6
Non-current provisions	*7.3.6*	41.1	38.8
Non-current tax liabilities	*5.11*	45.4	39.6
Total non-current liabilities		**213.4**	**311.0**
Current debt	*7.5.1*	17.9	6.5
Trade and other creditors	*7.2.2*	1,327.0	1,467.8
Current provisions	*7.2.3*	20.2	16.5
Current tax liabilities		-	-
Other current financial liabilities		-	7.6
TOTAL CURRENT LIABILITIES		**1,365.1**	**1,498.4**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,157.1**	**3,396.8**

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

5.1.5 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Treasury shares	Reserves	Translation reserve	Income & expense recognised directly in equity	Share-holders' equity attri-butable to the Group	Non-controlling interests	Consolidated shareholders' equity
BALANCE: 31/12/2016	**41.9**	**13.5**	**-**	**1,447.9**	**-**	**(9.9)**	**1,493.4**	**(0.8)**	**1,492.6**
Impact of IFRS 15 on opening equity[1]	-	-	-	(0.7)	-	-	(0.7)	-	(0.7)
BALANCE: 31/12/2016 RESTATED	**41.9**	**13.5**	**-**	**1,447.2**	**-**	**(9.9)**	**1,492.7**	**(0.8)**	**1,491.9**
Capital increase (stock options exercised)	0.1	2.9	-	-	-	-	3.0	-	3.0
Share-based payment	-	-	-	5.1	-	-	5.1	-	5.1
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(58.6)	-	-	(58.6)	-	(58.6)
Other transactions with shareholders	-	-	-	17.1	-	-	17.1	0.3	17.4
Total transactions with shareholders	**0.1**	**2.9**	**-**	**(36.4)**	**-**	**-**	**(33.4)**	**0.3**	**(33.1)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**136.3**	**-**	**-**	**136.3**	**0.3**	**136.6**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(6.5)**	**(6.5)**	**-**	**(6.5)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	(1.6)	-	-	(1.6)	0.1	(1.5)
BALANCE: 31/12/2017 RESTATED	**42.0**	**16.4**	**-**	**1,545.5**	**-**	**(16.4)**	**1,587.5**	**(0.1)**	**1,587.4**

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

(€m)	Share capital	Share premium	Treasury shares	Reserves	Translation reserve	Income & expense recognised directly in equity	Share-holders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
BALANCE: 31/12/2017	**42.0**	**16.4**	**-**	**1,539.9**	**-**	**(16.4)**	**1,581.9**	**(0.1)**	**1,581.8**
Impact of IFRS 15 on opening equity[(1)]	-	-	-	(0.5)		-	(0.5)	-	(0.5)
Impact of IFRS 9 on opening equity[(2)]	-	-	-	6.1	-	-	6.1	-	6.1
BALANCE: 31/12/2017 RESTATED	**42.0**	**16.4**	**-**	**1,545.5**	**-**	**(16.4)**	**1,587.5**	**(0.1)**	**1,587.4**
Capital increase (stock options exercised)	-	0.4	-	-	-	-	0.4	-	0.4
Share-based payment	-	-	-	4.3	-	-	4.3	-	4.3
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(73.5)	-	-	(73.5)	-	(73.5)
Other transactions with shareholders	-	-	-	(67.9)	-	-	(67.9)	1.6	(66.3)
Total transactions with shareholders	**-**	**0.4**	**-**	**(137.1)**	**-**	**-**	**(136.7)**	**1.6**	**(135.1)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**127.9**	**-**	**-**	**127.9**	**0.6**	**128.5**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(5.3)**	**(5.3)**	**-**	**(5.3)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	2.6	-	-	2.6	0.5	3.1
BALANCE: 31/12/2018	**42.0**	**16.8**	**-**	**1,538.9**	**-**	**(21.7)**	**1,576.0**	**2.6**	**1,578.6**

(1) Impact of IFRS 15, applied by the Group as of 1 January 2018 with retrospective effect from end 2016 (see Notes 2.2.1 & 2.6.1).
(2) Impact of IFRS 9, applied by the Group as of 1 January 2018 with retrospective effect from end 2017 (see Notes 2.2.1, 2.6.1. & 2.6.2).

Refer to Note 7.4, "Consolidated shareholders' equity", for an analysis of these changes.

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 SIGNIFICANT EVENTS OF 2018

1.1 ACQUISITION OF THE AUFEMININ GROUP

On 27 April 2018, having obtained the necessary clearances from all the relevant authorities, the TF1 group and Axel Springer completed the acquisition by the TF1 group of Axel Springer's majority equity interest in the Aufeminin group (78.07% of the capital and 77.94% of the voting rights) at a price of €39.47 per aufeminin share. The TF1 group thereby obtained control over the Aufeminin group, which is fully consolidated with effect from 27 April 2018. Subsequently, the TF1 group continued its policy of increasing its stake in the Aufeminin group, firstly through a public tender offer launched on 14 June 2018 and completed on 4 July 2018, and secondly through a squeeze-out procedure launched on 19 October 2018 and completed on 1 November 2018, such that by the end of the reporting period TF1 had a 100% equity interest in the Aufeminin group.

The Aufeminin group generated revenue of €113 million and an operating profit of €12 million in its financial year ended 31 December 2017.

For further information, refer to Note 3 ("Changes in scope of consolidation").

1.2 BUYOUT OF NON-CONTROLLING INTERESTS IN NEWEN

On 5 April 2018 the TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1, signed an agreement with a view to the acquisition by TF1 of the remaining 30% of the share capital and voting rights, which would give TF1 100% of Newen Studios.

Following clearance of the agreement from the French Competition Authority on 3 July 2018, the TF1 group completed the transaction on 5 July 2018, giving TF1 100% of the shares and voting rights of Newen Studios as of that date.

The transaction was accounted for as a transaction between shareholders in the 2018 third-quarter financial statements, and resulted in settlement of the liability for the commitment to the non-controlling shareholders carried in the TF1 balance sheet as of 30 June 2018 (see Note 7.5.1, "Net debt").

1.3 NEW SEGMENTAL REPORTING STRUCTURE

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

- Broadcasting;
- Studios & Entertainment;
- Digital (renamed Unify at the start of January 2019).

For a definition of those segments, refer to Note 4 ("Operating segments").

The comparative financial statements have not been restated because the effect of reclassifying the Group's existing consolidated operations is not material.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

Accounting policies

The financial statements have been prepared on a going concern basis.

Accounting policies are described in text boxes at the start of the relevant notes to the financial statements.

2.1 DECLARATION OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated financial statements of the TF1 group for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of 19 July 2002.

They include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They also take account of recommendation no. 2016-01 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 2 December 2016.

The consolidated financial statements are presented in millions of euros.

They were closed off by the Board of Directors on 14 February 2019, and will be submitted for shareholder approval at the annual General Meeting on 18 April 2019

2.2 NEW AND AMENDED IFRS ACCOUNTING STANDARDS AND INTERPRETATIONS

2.2.1 Principal new IFRS standards mandatorily applicable from 1 January 2018

In preparing its consolidated financial statements for the year ended 31 December 2018, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2017, plus the new standards applicable from 1 January 2018.

The principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2018 are:

IFRS 9 – Financial Instruments

On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018.

The TF1 group did not elect early adoption of IFRS 9.

The Group has applied the IFRS 9 rules on recognition of credit risk and on classification, measurement and impairment of financial instruments retrospectively with effect from 1 January 2018, with no adjustments to comparatives on first-time application. The hedge accounting rules have also been applied with effect from 1 January 2018, using a prospective approach in accordance with IFRS 9.

The impact of IFRS 9 on the TF1 group financial statements is immaterial (less than €2 million).

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 11 and IAS 18. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The TF1 group did not elect early adoption of IFRS 15. The Group applied IFRS 15 retrospectively as of 1 January 2018, and the 2017 comparatives presented in 2018 have been restated to reflect the impacts of the new standard.

Within the TF1 group, the effects on (i) distribution contracts and (ii) the date of recognition of revenue generated by rights sales (especially TV and SVOD) are not material.

The impacts of applying IFRS 15 on the balance sheet as of 31 December 2016, the interim periods of 2017 and the year ended 31 December 2017 are presented in Note 2.5.

2.2.2 New IFRS standards and interpretation mandatorily applicable from 1 January 2019

IFRS 16 – Leases

On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. The new standard, which was endorsed by the European Union on 31 October 2017, is applicable from 1 January 2019. The TF1 group did not elect early adoption of IFRS 16, and has assessed the consequences of applying it. The impacts of applying IFRS 16 on the balance sheet as of 31 December 2017, the interim periods of 2018 and the year ended 31 December 2018 are presented in Note 2.6.

IFRIC 23 – Uncertainty Over Income Tax Treatments

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which is mandatorily applicable from 1 January 2019 and was endorsed by the European Union on 23 October 2018. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The TF1 group has not elected early adoption of IFRIC 23.

The impact of applying IFRIC 23 as of 1 January 2019 is immaterial.

2.3 CHANGES IN ACCOUNTING POLICY

The TF1 group did not make any changes in accounting policy in 2018 other than those described in Note 2.2.1.

2.4 EXERCISE OF JUDGEMENT AND USE OF ESTIMATES

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments. In addition, the Group uses estimates and assumptions, regarded as realistic and reasonable, for the remeasurement of assets, liabilities, income and expenses; those estimates and assumptions may have a material impact on the amounts reported in the financial statements. 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.

Accounting policies applied to balance sheet items that require the use of estimates are indicated in the relevant notes to the financial statements. Estimates are used in particular for goodwill (see Note 7.3.1), audiovisual and broadcasting rights (see Note 7.1), revenue recognition (see Note 5.1), deferred taxation (see Note 5.11), and retirement benefit obligations (see Note 7.3.6).

2.5 IMPACT OF FIRST-TIME APPLICATION OF IFRS 15 ON THE OPENING BALANCE SHEET AND THE INCOME STATEMENT

The TF1 group applied IFRS 15 for the first time in 2018, with the comparatives presented for the 2017 financial year restated to reflect the adjustments described below.

The first-time application of IFRS 15 had a negative impact of €0.7 million on opening shareholders' equity as of 1 January 2017; this is reflected in the 2017 comparatives as presented in the 2018 financial statements. The quarter-by-quarter impacts of the first-time application of IFRS 15 on the TF1 group's revenue and net profit comparatives for 2017 are summarised below:

(€m)	Impact on revenue		
Period	**Distribution contracts**	**Rights sales**	**TOTAL**
Q1 2017	1.1	3.4	4.5
Q2 2017	1.5	0.1	1.6
Q3 2017	0.8	1.0	1.8
Q4 2017	1.8	(2.2)	(0.4)
FULL YEAR 2017	**5.2**	**2.3**	**7.5**

(€m)	Impact on net profit		
Period	**Distribution contracts**	**Rights sales**	**TOTAL**
Q1 2017	-	0.3	0.3
Q2 2017	-	(0.1)	(0.1)
Q3 2017	-	0.3	0.3
Q4 2017	-	(0.3)	(0.3)
FULL YEAR 2017	**-**	**0.2**	**0.2**

2.6 IMPACT OF FIRST-TIME APPLICATION OF IFRS 16 ON THE OPENING BALANCE SHEET AND THE INCOME STATEMENT

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

The Group has elected to use the practical expedients permitted by the standard, and to exclude leases with a term of less than twelve months and leases relating to assets of less than €5,000. The Group has also elected to account for each lease component within a contract as a distinct lease, separately from the non-lease (service) components of the contract.

As permitted by IFRS 16, TF1 has elected not to apply the standard to leases of intangible assets.

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. 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 French property leases, the lease term is generally nine years.

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

2.6.1 Impacts on the income statement and balance sheet

(€m)	12/2017	03/2018	06/2018	09/2018	12/2018
External expenses (restatement of lease expense)	-	4.5	9.4	14.6	20.0
Depreciation	-	(3.8)	(7.9)	(12.3)	(17.0)
Current operating profit – IFRS 16 impact	-	0.7	1.5	2.3	3.0
Financial expenses	**-**	**(1.0)**	**(2.0)**	**(3.0)**	**(4.0)**
Net debt – IFRS 16 impact	-	(1.0)	(2.0)	(3.0)	(4.0)
Deferred taxes	**-**	**0.1**	**0.2**	**0.2**	**0.3**
Net profit – IFRS 16 impact	-	(0.2)	(0.3)	(0.5)	(0.7)

	12/2017	03/2018	06/2018	09/2018	12/2018
(€m)					
ASSETS					
Non-current assets – IFRS 16 right-of-use asset (gross value)	142.8	142.9	152.2	152.3	158.4
Non-current assets – IFRS 16 right-of-use asset (depreciation)	(39.9)	(43.7)	(51.0)	(55.4)	(60.1)
Non-current assets – impact of IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**
TOTAL ASSETS – IMPACT OF IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**

	12/2017	03/2018	06/2018	09/2018	12/2018
(€m)					December 2018
EQUITY AND LIABILITIES					
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 – impact of IFRS 16	**(2.7)**	**(2.9)**	**(3.1)**	**(3.3)**	**(3.4)**
Non-current liabilities	92.6	88.9	88.9	84.7	84.8
Deferred tax liabilities	(1.4)	(1.5)	(1.7)	(1.7)	(1.8)
Non-current liabilities – impact of IFRS 16	**91.2**	**87.4**	**87.2**	**83.0**	**83.0**
Current debt	14.4	14.7	17.1	17.2	18.7
Current liabilities – impact of IFRS 16	**14.4**	**14.7**	**17.1**	**17.2**	**18.7**
TOTAL EQUITY AND LIABILITIES – IMPACT OF IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**

NOTE 3 SCOPE OF CONSOLIDATION: SIGNIFICANT CHANGES AND HELD-FOR-SALE OPERATIONS

Accounting policy: business combinations, divestments and goodwill

Business combinations are accounted for using the acquisition method in accordance with IFRS 3.

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, subject to the exceptions specified in IFRS 3 (such as deferred taxes).

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. For each business combination, the Group can elect to account for non-controlling interests:

- **at fair value (full goodwill method); or**
- **at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets (partial goodwill method), with the difference treated as an adjustment to the goodwill arising on the acquisition.**

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss or in other comprehensive income. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to the provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill (*i.e.* gain from a bargain purchase).

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in Note 7.3.1. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

In the event of a partial sale of the component operations of a CGU, or if a CGU is split up, the TF1 group usually allocates the goodwill of the CGU in proportion to the relative values (as defined in the IFRS 13 hierarchy of valuation methods, see Note 7.3.5) of the divested, retained or split operations at the sale/split date, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with paragraph 86 of IAS 36.

The consolidated financial statements of the TF1 group for the year ended 31 December 2018 include the financial statements of the companies listed in Note 9.5.

3.1 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2018

Acquisition of control over the Aufeminin group

Having obtained the necessary clearances from the relevant authorities, the TF1 group obtained exclusive control over the Aufeminin group on 27 April 2018 by acquiring 78.07% of its capital and 77.94% of its voting rights. The Aufeminin group was fully consolidated in the TF1 group financial statements with effect from 30 April 2018 based on a 78.74% equity interest (including a commitment by the Group to buy out a further 0.67% interest).

The acquisition was made at a price of €39.47 per share, giving a total purchase consideration of €294.1 million.

The TF1 group then continued its policy of increasing its stake in the Aufeminin group, firstly through a public tender offer launched on 14 June 2018 and completed on 4 July 2018, and secondly through a squeeze-out procedure launched on 19 October 2018 and completed on 1 November 2018, giving TF1 a 100% interest.

As of 31 December 2018, the Aufeminin group is consolidated by TF1 on the basis of a 100% equity interest.

The acquisition generated partial goodwill provisionally measured at €203.9 million pending completion of the purchase price allocation, which is being conducted with assistance from an independent expert. The main assets remeasured in connection with the acquisition are brands and customer relationships (see Note 7.3.2), and the associated deferred taxes (see Note 5.11.2).

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

Following the acquisition of the Aufeminin group, the TF1 group changed its segmental reporting structure, and since 30 June 2018 has reported a new “Digital” operating segment (renamed Unify at the start of 2019), mainly comprising the Aufeminin group (see Note 4, “Operating segments”).

Acquisition of control over the Gamned group

On 9 November 2018, the TF1 group obtained control of the online advertising sales house Gamned by acquiring 60% of its capital and voting rights.

The entities of the Gamned group are fully consolidated with effect from 1 November 2018, within the Digital segment. Provisional partial goodwill of €11.2 million has been recognised on this acquisition, pending the final purchase price allocation.

The acquisition was accompanied by the signature of a shareholder agreement giving the non-controlling shareholders an option to sell their 40% equity interest to TF1 in three stages between 2019 and 2022. The fair value of this commitment 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.

Acquisition of control over Doctissimo

On 10 October 2018, the TF1 group obtained control over Doctissimo, which operates and monetises a health and wellness site, by acquiring 100% of its capital and voting rights. Doctissimo is fully consolidated with effect from 1 October 2018, within the Digital segment.

This transaction generated partial goodwill provisionally measured at €9.2 million after a purchase price allocation conducted with assistance from an independent expert, and the recognition of a non-depreciable brand and the associated deferred taxes.

Acquisition of control over the Pupkin group

On 10 July 2018, the Newen group obtained control of the Dutch group Pupkin (a drama producer) by acquiring 60% of its capital and voting rights.

The entities of the Pupkin group are fully consolidated with effect from 1 July 2018 within the Studios & Entertainment segment. Provisional partial goodwill of €3.2 million has been recognised on this acquisition, pending the final purchase price allocation.

The acquisition was accompanied by the signature of a shareholder agreement giving the non-controlling shareholders an option to sell their 40% equity interest to Newen between 2021 and 2024. The fair value of this commitment 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.

Acquisition of control over Studio71 France

At the start of 2018, the TF1 group acquired exclusive control over Studio71 France, in which it now has a 51% equity interest and which is therefore fully consolidated in the TF1 consolidated financial statements with effect from 1 January 2018, and which has been reclassified to the new Digital segment.

This transaction generated goodwill definitively measured at €8.2 million.

3.2 SIGNIFICANT CHANGES IN SCOPE OF CONSOLIDATION IN 2017

Acquisition of Tuvalu

Following the acquisition of a 70.65% equity interest in Tuvalu that gave TF1 exclusive control over that company on 6 February 2017, Tuvalu is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2017. Tuvalu is included in the Studios & Entertainment segment for financial reporting purposes. This acquisition is part of the development strategy for the Group’s production activities.

NOTE 4

SEGMENT INFORMATION

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 directly associated with those channels. Revenues from these 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 (see Note 9.6, "Events after the reporting period").

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 airtime through stand-alone airtime-buying contracts and programmatic marketing auctions, and by selling gift boxes, magazines and live events with sponsorship from advertisers. Audience development and targeting through social media also contribute to these operations.

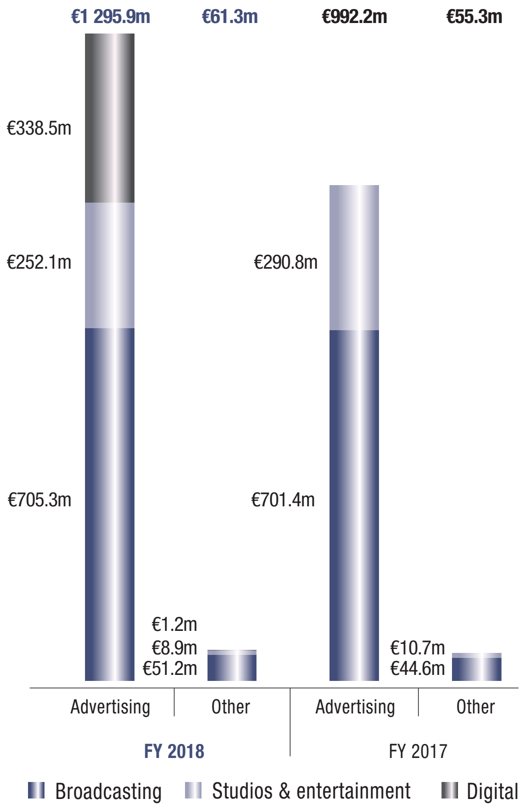
The existing TF1 businesses reclassified to the Digital segment are TF1 Digital Factory, Studio71 France, Vertical Station (formerly MinuteBuzz, previously part of the Broadcasting segment) and Neweb (previously part of the Studios & Entertainment segment). Goodwill allocated to those reclassified activities has been reallocated to the Digital segment for segmental reporting purposes. The reallocated goodwill was determined on the basis of the relative value of each reclassified business or, for recent acquisitions, of the initial value of goodwill. The relative values used correspond to the recoverable amount.

Because the impact of those reclassifications on segmental data for 2017 and the first quarter of 2018 is immaterial, the change in segmental reporting presentation for the entities concerned has been applied prospectively from 31 March 2018 onwards.

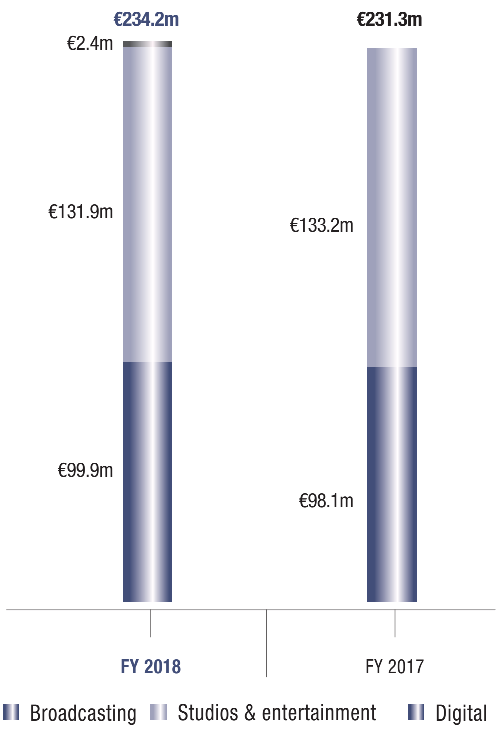
4.1 INFORMATION BY OPERATING SEGMENT

SEGMENTAL INCOME STATEMENT *(€m)*	BROADCASTING		STUDIOS & ENTERTAINMENT		DIGITAL		TOTAL TF1 GROUP	
	2018	2017	2018	2017	2018	2017	2018	2017
Segment revenue	1,789.6	1,746.3	424.2	421.3	116.1	-	2,329.9	2,167.6
Elimination of inter-segment transactions	(25.9)	(28.7)	(15.6)	(6.5)	(0.1)	-	(41.6)	(35.2)
GROUP REVENUE CONTRIBUTION	**1,763.7**	**1,717.6**	**408.6**	**414.8**	**116.0**	**-**	**2,288.3**	**2,132.4**
of which Advertising revenue	*1,588.2*	*1,554.9*	*2.4*	*10.8*	*71.6*	-	*1,662.2*	*1,565.7*
of which Other revenue	*175.5*	*162.7*	*406.2*	*404.0*	*44.4*	-	*626.1*	*566.7*
CURRENT OPERATING PROFIT/(LOSS)	**149.8**	**143.3**	**33.8**	**42.4**	**12.1**	**-**	**195.7**	**185.7**
% operating margin on Group contribution	8.5%	8.3%	8.3%	10.2%	10.4%	-	8.6%	8.7%
Share of profits/(losses) of joint ventures and associates	0.5	14.3	(0.1)	(0.1)	(0.2)	-	0.2	14.2
Net profit/(loss) from discontinued or held-for-sale operations	-	-	-	-	-	-	-	-
BALANCE SHEET ITEMS								
Segmental assets	705.3	701.4	252.1	290.8	338.5	-	1,295.9	992.2
Segmental liabilities	51.2	44.6	8.9	10.7	1.2	-	61.3	55.3
Investments in joint ventures and associates	10.3	20.8	0.9	1.4	9.6	-	20.8	22.2
Capital expenditure	99.9	98.1	131.9	133.2	2.4	-	234.2	231.3

SEGMENTAL ASSETS AND LIABILITIES



CAPITAL EXPENDITURE

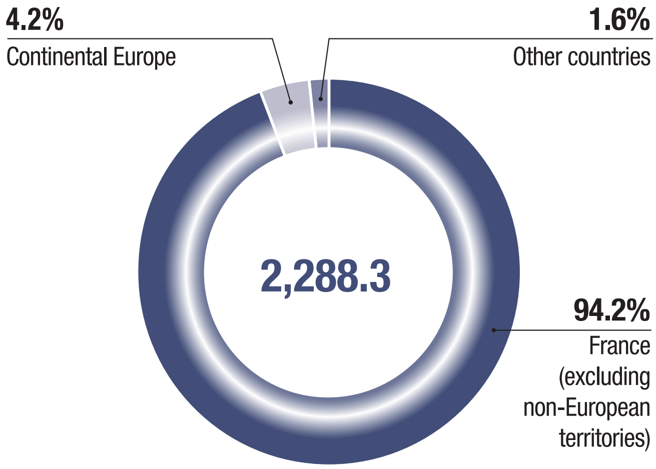


Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

Segmental liabilities include current and non-current provisions.

4.2 INFORMATION BY GEOGRAPHICAL SEGMENT

Revenue is generated mainly in France (excluding non-European territories), as shown in the graphic below; there was no significant year-on-year change in the geographical split of sales.



(€m)	Revenue 2018	Revenue 2017
France (excluding non-European territories)	2,156.1	2,045.3
Continental Europe	96.5	77.7
Other countries	35.7	9.4
TOTAL	**2,288.3**	**2,132.4**

France accounts for the vast majority of the Group's assets and capital expenditure; the amounts for other geographical segments are immaterial.

NOTE 5 NOTES TO THE INCOME STATEMENT

5.1 REVENUE

Accounting policy:

TF1 recognises revenue either when the performance obligation is satisfied or when the customer obtains control over the good or service sold. Control is defined as the ability to direct the use of, and obtain substantially all of the remaining benefits from, an asset.

The specific revenue recognition policies applied to each business line are as follows:

Broadcasting segment

- **Advertising revenue: Sales of advertising airtime are recognised on transmission of the related advertisement.**
  - **TF1 group channels: Advertising airtime sold by the Group's channels is measured either individually (spot by spot) or on a more aggregated basis according to campaign audience objectives (guaranteed GRP sales), applying the Group's general terms and conditions of sale and the specific terms applicable to each advertiser.**
    Where the Group uses third-party advertising sales houses to sell advertising airtime but retains control over that airtime (as is the case in Switzerland and Belgium), it regards itself as acting as principal; the amount recognised in consolidated revenue is the gross sales revenue before deducting commission charged by the third party.
  - **Third-party media: Where the TF1 group sells advertising airtime on media owned by third parties, it is acting as a commercial agent for that airtime, and therefore recognises only its commission as revenue.**
- **Other revenue:**
  - **Theme channel distribution revenue: Fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or as a fixed annual fee invoiced to the operator. Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year.**
  - **Unencrypted channel distribution revenue: "TF1 Premium" (an offer which includes access to the signal for the TF1 group's unencrypted channels plus a range of add-on services and content such as enhanced catch-up, start-over and bonus channels) is sold and billed to TV and telecoms operators by the Group. The operators invoice fees to TF1 for transmission of the content and services. TF1 regards itself as acting as agent in the provision of this transmission service, and recognises the revenue net of transmission fees.**
  - **Other sources of revenue: These include interactivity revenue, which arises when viewers play or vote during shows broadcast on TF1 group channels. The revenue collected is recognised gross in real time as and when calls are received; commission charged by telecoms operators is recognised as an expense, on the basis that the Group retains control over the programming of its interactive slots.**

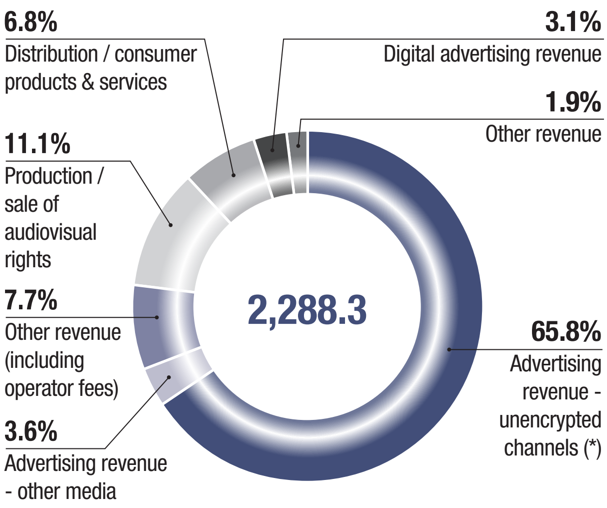
Studios & Entertainment segment

- **Production and sale of audiovisual rights: Sales of audiovisual rights (whether acquired or produced in-house) are recognised on the date when the rights are opened.The TF1 group uses internet service providers (ISPs) to make its video on demand (VOD) services available. VOD revenue is recognised net of commission charged by ISPs, based on statements supplied by each ISP.**
  Revenue from physical sales of DVDs is recognised when the end customer makes a purchase, at the price at which the product is sold to the retailer or distributor.
- **Distance selling, games, music and live shows: Revenue from sales of merchandise and products by the Group's publishing and distribution activities is recognised on the date of delivery to the customer and reported net of (i) provisions for expected goods returns and (ii) paybacks made under certain distribution contracts.**
  Other revenue also includes sales-based royalties invoiced under licence agreements.

Digital segment

- **Advertising revenue: Content on the segment's websites generates audiences, which are monetised with advertisers. Sales of advertising airtime are recognised when the relevant page and/or advertising banner has been viewed. Where the TF1 group uses a third-party advertising sales house or a third-party programmatic advertising auction platform and the third party deducts a commission before remitting the balance to the Group, the revenue is recognised net of the commission charged by the third party.**
- **Other revenue: The TF1 group has also developed physical offers targeted at web communities, such as gift boxes, magazines and events. Revenue on sales of those physical offers is recognised on the date of delivery to the customer.**

An analysis of revenue is provided below:



(€m)	2018.12	2017.12
Advertising revenue – unencrypted channels*	1,506.5	1,487.9
Advertising revenue – other media	81.7	67.0
Other revenue (including operator fees)	175.5	162.7
Broadcasting	**1,763.7**	**1,717.6**
Production/sale of audiovisual rights	253.0	259.7
Home shopping, games, music and live shows revenue	155.6	155.1
Studios and Entertainment	**408.6**	**414.8**
Digital advertising revenue	71.6	-
Other revenue	44.4	-
Digital	**116.0**	**-**
Revenue	**2,288.3**	**2,132.4**

* *Includes revenue from the 5 unencrypted channels and digital advertising revenue from LCI.*

5.2 PURCHASES CONSUMED AND CHANGES IN INVENTORY

This item breaks down as follows:

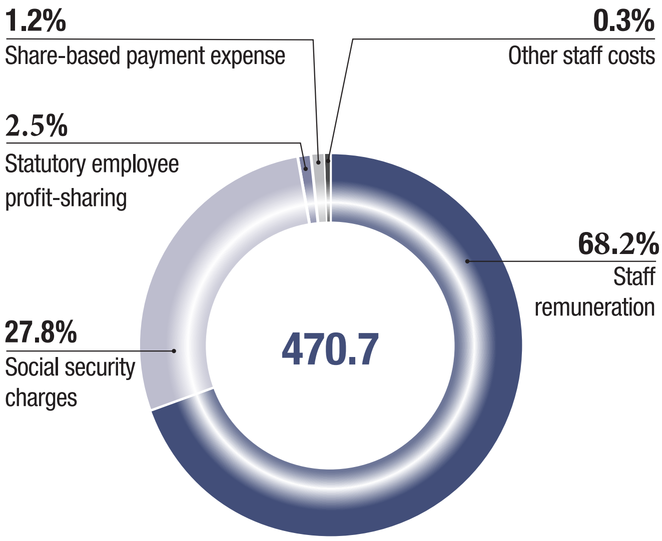
(€m)	2018	2017
External production consumed(1)	(671.7)	(699.8)
Purchases of services(2)	(203.5)	(124.8)
Purchases of goods	(39.6)	(36.4)
Other purchases	(42.9)	(16.1)
Purchases consumed and changes in inventory	**(957.7)**	**(877.1)**

(1) *"External production consumed" relates mainly to programmes acquired from third parties and broadcast by TF1, TMC, TFX and TF1 Séries Films, and by the theme channels TV Breizh, Histoire and Ushuaïa TV.*

(2) *The increase in "Purchases of services" is mainly due to the acquisitions made by the TF1 group during the year.*

5.3 STAFF COSTS

Staff costs break down as follows:



(€m)	2018	2017
Staff remuneration	(321.1)	(300.9)
Social security charges	(131.0)	(128.3)
Statutory employee profit-sharing	(11.6)	(18.8)
Share-based payment expense	(5.7)	(5.2)
Other staff costs	(1.3)	-
Staff costs	**(470.7)**	**(453.2)**

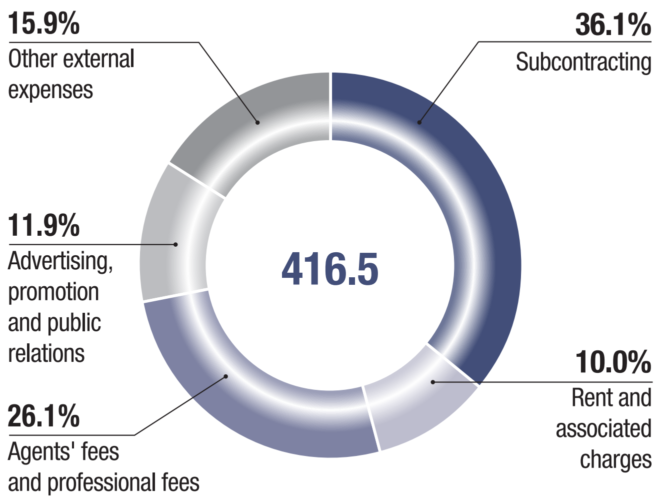
Defined-contribution pension plan expenses are included in "Social security charges", and totalled €26 million in 2018 (2017: €26 million).

Expenses relating to retirement benefits under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see Note 7.3.6). Retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of stock option plans and performance share plans, calculated in accordance with IFRS 2 (see Note 7.4.5).

5.4 EXTERNAL EXPENSES

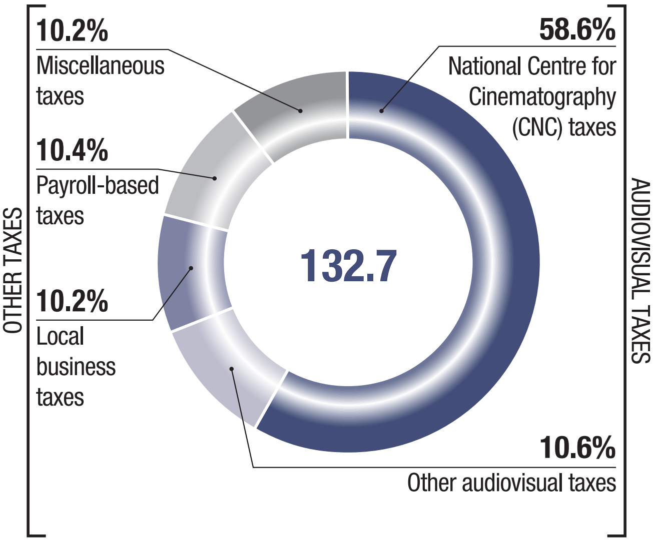
External expenses break down as follows:



(€m)	2018	2017
Subcontracting	(150,4)	(125,6)
Rent and associated charges	(41,6)	(41,8)
Agents' fees and professional fees	(108,6)	(112,1)
Advertising, promotion and public relations	(49,4)	(51,3)
Other external expenses	(66,5)	(67,9)
External expenses	**(416,5)**	**(398,7)**

5.5 TAXES OTHER THAN INCOME TAXES

Taxes other than income taxes break down as follows:



(€m)	2018	2017
Audiovisual taxes	**(91,7)**	**(91,2)**
■ National Centre for Cinematography (CNC) taxes	(77,7)	(77,6)
■ Other audiovisual taxes	(14,0)	(13,6)
Other taxes	**(41,0)**	**(40,0)**
■ Local business taxes	(13,6)	(12,7)
■ Payroll-based taxes	(13,8)	(13,5)
■ Miscellaneous taxes	(13,6)	(13,8)
Taxes other than income taxes	**(132,7)**	**(131,2)**

5.6 OTHER CURRENT OPERATING INCOME AND EXPENSES

Other current operating income and expenses consist of the following items:

(€m)	2018	2017
In-house production capitalised, and cost transfers	146.6	134.9
Reversals of unused provisions	8.9	19.4
Operating grants	9.7	5.6
Investment grants	27.6	27.8
Foreign exchange gains	5.8	18.4
Other income *(including proceeds from divestments of consolidated entities and audiovisual tax credit)**	54.9	38.1
Other current operating income	**253.5**	**244.2**
Royalties and paybacks to rights-holders	(101.3)	(100.1)
Bad debts written off	(1.8)	(8.2)
Foreign exchange losses	(10.4)	(16.7)
Other expenses *(including carrying amount of divested consolidated entities)*	(16.1)	(21.9)
Other current operating expenses	**(129.6)**	**(146.9)**

* *The increase in 2018 is mainly due to an increase in the audiovisual tax credit.*

5.7 NON-CURRENT OPERATING INCOME AND EXPENSES

Accounting policy

These line items contain a limited number of income and expense items, which are unusual but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operating performance.

The non-current operating expenses reported in the income statement (€22.0 million in 2018, €23.3 million in 2017) represent amortisation charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation. As of 31 December 2018, those rights had been amortised in full.

5.8 COST OF NET DEBT

Accounting policy

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

"Expenses associated with net debt" comprise:

- **interest expense on current and non-current debt;**
- **amortisation of financial assets and liabilities measured at amortised cost;**
- **expenses arising from currency hedges;**
- **expenses arising from the use of fair value accounting for financial assets and financial liabilities (such as changes in the fair value of the ineffective portion of currency derivatives, and in the fair value of cash equivalents and of financial assets used for treasury management purposes);**
- **expenses arising on the disposal of assets used for treasury management purposes.**

Interest expense is recognised in the income statement in the period in which it is incurred.

"Income associated with net debt" comprises:

- **interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;**
- **income arising from currency hedges;**
- **other revenues generated by cash equivalents and financial assets used for treasury management purposes;**
- **income arising from the use of fair value accounting for financial assets and financial liabilities (such as changes in the fair value of the ineffective portion of currency derivatives, and in the fair value of cash equivalents and of financial assets used for treasury management purposes);**
- **income generated by the disposal of assets used for treasury management purposes.**

Cost of net debt breaks down as follows:

(€m)	2018	2017
Interest income	0.1	0.2
Income and revenues from financial assets	0.1	-
Income associated with net debt	**0.2**	**0.2**
Interest expense on debt	(2.2)	(1.7)
Expenses associated with net debt	**(2.2)**	**(1.7)**
Cost of net debt	**(2.0)**	**(1.5)**

5.9 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses break down as follows:

(€m)	2018	2017
Dividend income	0.1	0.1
Gains on financial assets*	5.8	11.4
Gains arising from changes in value of forward currency purchase/sale contracts	0.1	-
Gains arising from the effect of discounting assets and liabilities	-	0.6
Other income	1.0	3.7
Other financial income	**7.0**	**15.8**
Losses on financial assets*	(0.2)	(8.1)
Losses arising from changes in value of forward currency purchase/sale contracts	(0.1)	(0.1)
Losses arising from the effect of discounting assets and liabilities	(1.8)	(1.1)
Other expenses	-	(0.2)
Other financial expenses	**(2.1)**	**(9.5)**

* *The gains and losses recognised in 2017 and 2018 relate mainly to the divestment of the equity interest in Teads.*

5.10 NET INCOME AND EXPENSE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income/expense and items affecting operating profit:

(€m)	Financial: 2018	Financial: 2017	Operating: 2018	Operating: 2017
Net income/(expense) on loans and receivables at amortised cost	0.2	-	(11.2)	(7.0)
Net income/(expense) on financial assets at fair value	-	3.8	-	-
financial assets designated at fair value through profit or loss	-	-	-	-
financial assets held for trading	-	*3.8*	-	-
Net income/(expense) on available-for-sale financial assets	-	3.3	-	(0.1)
Net income/(expense) on financial liabilities at amortised cost	(4.0)	(2.2)	-	-
Net income/(expense) on derivatives	0.1	(0.1)	2.2	(5.8)
Net income/(expense) on financial assets fair value through profit or loss	5.6	-	-	-
Other net income/(expense)	1.0	-	0.1	-
Net income and expense on financial assets and financial liabilities	2.9	4.8	(8.9)	(12.9)

5.11 INCOME TAXES

Accounting policy:

Deferred taxation is recognised using the liability method on all temporary differences existing at the end of the reporting period between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are presented in the balance sheet in non-current assets or liabilities, after offset of assets and liabilities in each tax jurisdiction.

5.11.1 Current and deferred taxes

5.11.1.1 Income statement

(€m)	2018	2017
Current taxes	(63.4)	(48.4)
Deferred taxes	15.1	3.6
Income tax expense	**(48.3)**	**(44.8)**

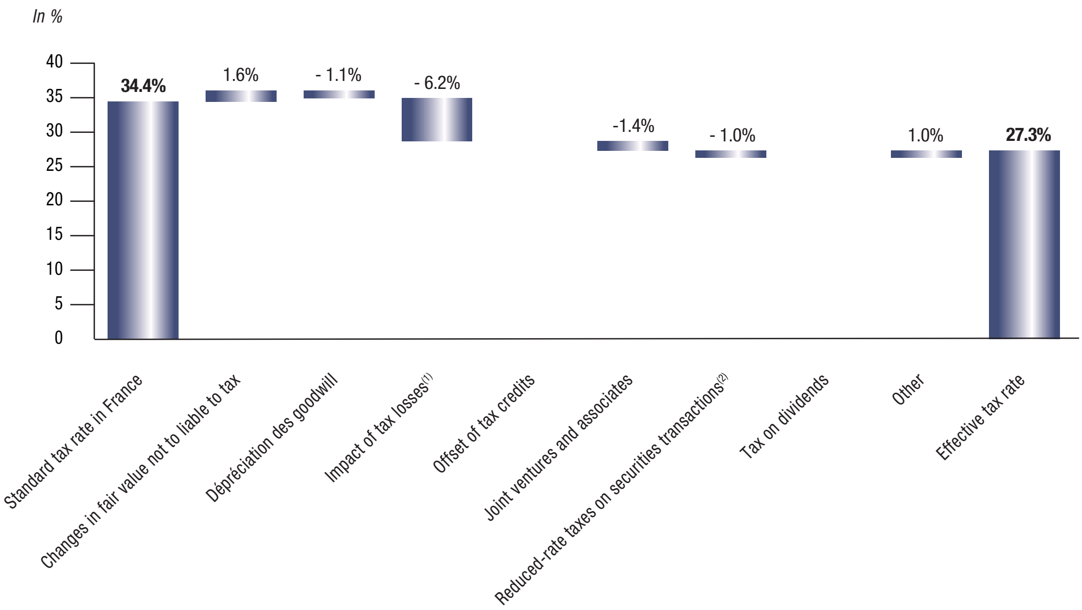
In line with the 2018 Finance Act as voted in by the French National Assembly in December 2017, temporary differences for the Group's French entities have been calculated using a gradually reducing tax rate. The rates used range from 34.43% (for temporary differences reversing before 31 December 2018) to 25.83% (for temporary differences reversing after 31 December 2021). These arrangements remain in place as of 31 December 2018. For the year ended 31 December 2017, the tax rate payable includes the exceptional corporate tax contribution introduced by Amending Finance Act no. 2017.1640, which raised the Group's overall tax rate to 44.43% for that year.

5.11.1.2 Tax proof

(€m)	2018	2017
Net profit attributable to the Group	**127.9**	**136.3**
Income tax expense	48.3	44.8
Net profit from discontinued operations	-	-
Non-controlling interests	0.6	0.3
Net profit from continuing operations before tax and non-controlling interests	**176.8**	**181.4**

TF1 made a group tax election on 1 January 1989, and has renewed this election regularly since that date.

TAX PROOF



Rationalisation 2017	**34.4%**	**1.4%**	**(0.4)%**	**(4.8)%**	**(2.7)%**	**(1.0)%**	**5.3%**	**(9.7)%**	**2.2%**	**24.7%**

(1) Mainly the Employment Competitivnes Tax Credit and the Audiovisual Tax Credit.
(2) For 2017, includes the impact of the exceptional corporate tax contribution.

5.11.2 Deferred tax assets and liabilities

5.11.2.1 Change in net deferred tax position

(€m)	2018	2017
Net deferred tax asset/(liability) at 1 January	**(39.6)**	**(42.9)**
Recognised in equity	(1.3)	1.2
Recognised in profit or loss	15.1	3.6
Changes in scope of consolidation and other items*	(19.6)	(1.5)
Net deferred tax asset/(liability) at 31 December	**(45.4)**	**(39.6)**

* *In 2018, the movement was mainly attributable to the first-time consolidation of the Aufeminin group, and includes deferred taxes on the fair value remeasurement of brands and customer relationships as part of the purchase price allocation.*

5.11.2.2 Principal sources of deferred taxation

The principal sources of deferred taxation are as follows:

(€m)	2018	2017
Provisions		
Provisions for programmes	0.6	1.2
Provisions for retirement benefit obligations	10.1	9.2
Provisions for impairment of audiovisual rights	0.6	0.6
Provisions for trade debtors	0.5	0.6
Other provisions	6.8	5.5
Employee profit-sharing	2.2	1.8
Tax losses available for carry-forward	3.7	0.5
Other deferred tax assets	7.4	2.7
Offset of deferred tax assets and liabilities	(31.9)	(22.1)
Deferred tax assets	**-**	**-**
Accelerated tax depreciation	(32.1)	(34.3)
Depreciation of head office building	(6.5)	(6.5)
Remeasurement of assets	(34.3)	(20.8)
Other deferred tax liabilities	(4.4)	(0.7)
Offset of deferred tax assets and liabilities	31.9	22.1
Deferred tax liabilities	**(45.4)**	**(40.2)**
Net deferred tax asset/(liability) at 31 December	**(45.4)**	**(40.2)**

Unrecognised deferred tax assets totalled €12.8 million (versus €8.9 million as of 31 December 2017), and comprised tax losses, the recovery of which is not sufficiently probable to justify recognition. The movement during the year relates mainly to the American subsidiary acquired during the period.

5.11.2.3 Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
Deferred tax assets	**20.0**	**1.8**	**10.1**	**(31.9)**	**-**

Deferred tax assets recoverable after more than five years relate to timing differences in the recording of provisions for retirement benefit obligations.

NOTE 6

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

6.1 DEFINITION OF CASH POSITION

The TF1 group's net cash position comprises:

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

A reconciliation between the cash position in the cash flow statement and the "Cash and cash equivalents" line in the balance sheet is presented below:

(€m)	31/12/2018	31/12/2017
Cash and cash equivalents in the balance sheet	117.3	495.8
Cash of held-for-sale operations	-	-
Treasury current account credit balances	(0.2)	(0.3)
Bank overdrafts and short-term bank loans	(6.1)	-
Closing cash position per the cash flow statement	**111.0**	**495.5**

6.2 NET CASH GENERATED BY/USED IN OPERATING ACTIVITIES

6.2.1 Depreciation, amortisation, provisions and impairment

An analysis of depreciation, amortisation, provisions and impairment is provided below:

(€m)	2018	2017
Intangible assets	263.1	228.3
Property, plant and equipment	16.2	18.0
Financial assets	-	2.1
Non-current provisions	0.2	(16.6)
TOTAL DEPRECIATION, AMORTISATION, PROVISIONS & IMPAIRMENT, NET	**279.5**	**231.8**

6.2.2 Other non-cash income and expenses

Other non-cash income and expenses comprise the following items:

(€m)	2018	2017
Effect of fair value remeasurement	0.7	5.3
Share-based payment	5.7	5.2
Dividend income from non-consolidated entities	(0.1)	(0.1)
Grants released to profit or loss	(50.7)	(46.9)
TOTAL OTHER NON-CASH INCOME AND EXPENSES	**(44.4)**	**(36.5)**

6.2.3 Change in operating working capital needs

The change in operating working capital needs breaks down as follows:

(€m)	2018	2017
Increase/(decrease) in net inventories	(98.9)	(61.4)
Increase/(decrease) in trade and other debtors	(69.9)	167.6
Decrease/(increase) in trade and other creditors	159.4	(73.5)
Decrease/(increase) in other liabilities	(7.5)	49.3
Increase/(decrease) in operating working capital needs before taxes	**(16.9)**	**82.0**

6.3 NET CASH GENERATED BY/USED IN INVESTING ACTIVITIES

6.3.1 Cash effect of changes in scope of consolidation

This item breaks down as follows:

(€m)	2018	2017
Net cash outflows on acquisitions	(262.8)	(23.7)
Net cash inflows from disposals	1.5	90.5
Effect of changes in scope of consolidation	**(261.3)**	**66.8**

Net cash outflows on acquisitions" consists of the following items:

(€m)	2018	2017
Cash and cash equivalents acquired	63.7	8.9
Financial assets acquired	0.9	6.7
Other assets acquired	157.0	35.1
Non-controlling interests acquired	0.1	(0.0)
Other liabilities acquired	(116.6)	(42.0)
Net assets acquired	105.2	8.7
Share of net assets acquired (A)	89.8	7.7
Goodwill (B)	236.7	24.9
Cash outflow (A) + (B)	**326.5**	**32.6**
Cash and cash equivalents acquired	63.7	8.9
Cash of companies joining the consolidation during the period without acquisition	-	-
Net cash outflow	**262.8**	**23.7**

The movements in the items "Cash and cash equivalents acquired", "Other assets acquired" and "Other liabilities acquired" relate mainly to the acquisition of the Aufeminin group during the year (see Note 1, "Significant events of 2018").

The table below shows the cash flow effects of disposals of subsidiaries:

(€m)	2018	2017
Cash inflows	1.5	90.5
Cash divested	-	-
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow	**1.5**	**90.5**

For 2018, cash inflows mainly comprise the proceeds from the divestment of the 47.85% equity interest in Direct Optic.

For 2017, cash inflows mainly comprise the proceeds from the divestment of the 33.5% equity interest in Groupe AB.

NOTE 7 NOTES TO THE CONSOLIDATED BALANCE SHEET

7.1 AUDIOVISUAL RIGHTS AND BROADCASTING RIGHTS

7.1.1 Audiovisual rights

Accounting policy

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 Droits Audiovisuels and TF1 Entertainment; audiovisual rights produced by Newen Studios; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under "Audiovisual rights".

Amortisation methods for the various categories of audiovisual rights are as follows:

- **producer shares in French drama acquired by broadcasters: amortised on a straight line basis over the projected period of rights exploitation, in line with the expected pattern of consumption of future economic benefits;**
- **producer shares in French drama produced by the TF1 group: amortised on a reducing balance basis, in line with the expected pattern of consumption of future economic benefits;**
- **shares in movie co-productions and audiovisual distribution rights: amortised on a reducing balance basis, in line with the expected pattern of consumption of future economic benefits;**
- **audiovisual trading rights: amortised on a straight-line basis over the contractual term or the projected period of rights exploitation;**
- **music rights: amortised over 2 years, 75% of gross value in the first year and the remaining 25% in the second year.**

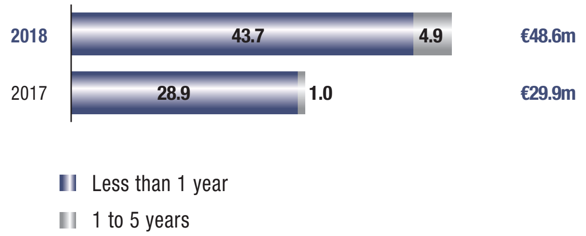
Use of estimates and judgement

Impairment losses are recognised against audiovisual rights on a case by case basis, following an analysis of the expected future economic benefits relative to their carrying amount.

Movements during 2018 and 2017 were as follows:

(€m)	Gross value	Amortisation	Impairment	Total audiovisual rights
31 December 2016	**2,381.5**	**(2,111.7)**	**(95.4)**	**174.4**
Increases	226.3	(145.5)	(94.3)	(13.5)
Decreases	(3.6)	2.9	22.8	22.1
Changes in scope of consolidation and reclassifications	(5.2)	(7.5)	0.5	(12.2)
31 December 2017	**2,599.0**	**(2,261.8)**	**(166.4)**	**170.8**
Increases	207.4	(180.8)	(98.2)	(71.6)
Decreases	(38.3)	34.7	31.3	27.7
Changes in scope of consolidation and reclassifications	13.6	4.9	(1.2)	17.3
31 December 2018	**2,781.7**	**(2,403.0)**	**(234.5)**	**144.2**

The chart below shows the maturities of capitalisable audiovisual rights acquisition contracts entered into by the Group to secure future programming schedules.



7.1.2 Programmes and broadcasting rights

Accounting policy:

- **Initial recognition:**

In order to secure programming schedules for future years, the Group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, such rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The balance sheet line item "Programmes and broadcasting rights" includes:

- **in-house productions, made by TF1 group companies for TF1 channels;**
- **external productions, comprising broadcasting rights acquired by the Group's channels.**

The value of programmes and broadcasting rights is measured as follows:

- **in-house production: at overall production cost (direct costs plus a portion of indirect production costs);**
- **broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at the end of each reporting period.**

- **Accounting for consumption of programmes:**

TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of that transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

	Rules by type of programme		
	Dramas with a running time of at least 52 minutes	**Films, TV movies, serials and cartoons**	**Other programmes and broadcasting rights**
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

- **Impairment and write-offs:**

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above.

Use of estimates and judgement:

Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been transmitted and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

- **Rights acquired to secure future programming schedules:**

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described above.

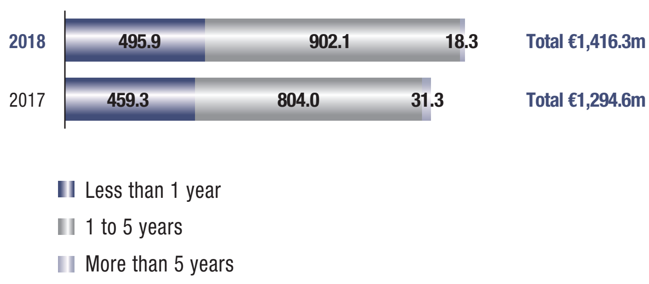
(€m)	Gross value	Impairment (net)	Inventories
1 January 2017	**802.8**	**(140.9)**	**661.9**
Net movement	(55.3)	(8.8)(1)	(64.1)
Changes in scope of consolidation and reclassifications	-	-	-
31 December 2017	**747.5**	**(149.7)**	**597.8**
Net movement	(81.2)	(11.0)(2)	(92.2)
Changes in scope of consolidation and reclassifications	0.2	0.1	-
31 December 2018	**666.4**	**(160.6)**	**505.8**

(1) Includes €54.5 million of impairment losses charged, €45.7 million of impairment losses reversed.
(2) Includes €57.7 million of impairment losses charged, €46.7 million of impairment losses reversed.

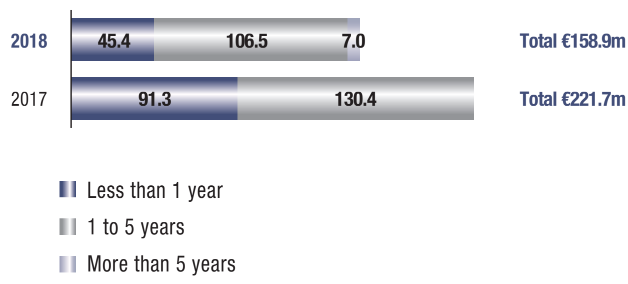
The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de Droits economic interest grouping.

The charts below show the maturities of broadcasting and sports transmission rights acquisition contracts entered into by the Group to secure future programming schedules.

PROGRAMMES AND BROADCASTING RIGHTS (€M)



SPORT TRANSMISSION RIGHTS (€)



Some of those broadcasting and sports transmission rights contracts are expressed in US dollars; the amounts involved were the US dollar equivalent of €64.4 million in 2018 and €48.1 million in 2017.

In 2018, programmes and broadcasting rights related mainly to TF1 SA (€547.9 million, versus €502.7 million in 2017) and to the Acquisition de Droits economic interest grouping (€727.5 million, versus €735.2 million in 2017).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€158.5 million in 2018, €221.7 million in 2017).

7.2 CURRENT ASSETS AND LIABILITIES

7.2.1 Trade and other debtors

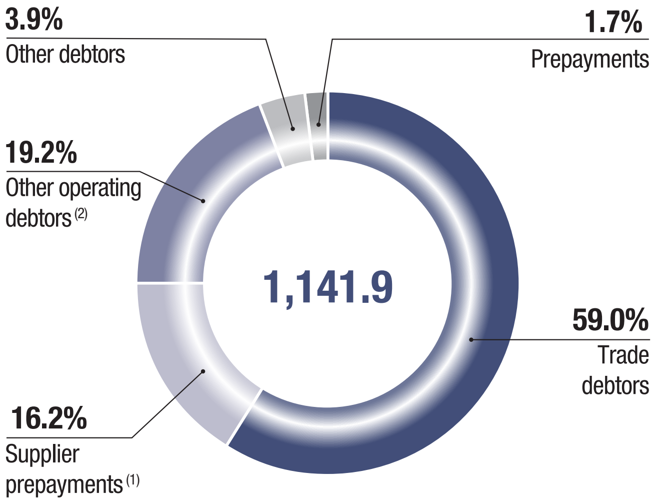
Accounting policy:

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At the end of each subsequent reporting period, they are measured at amortised cost using the effective interest method.

This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to joint ventures, associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment.

Impairment of trade debtors is measured using an expected loss model at the time of initial recognition. Because the Group's trade debtors do not have a material financing component, a standard simplified expected loss model is applied to all such debtors.



(1) This line includes advance payments in respect of programmes and sports transmission rights.

(2) Primarly amounts due to the government, local authorities, employees and social security bodies

(€m)	Gross value 2018	Impairment 2018	Carrying amount 2018	Carrying amount 2017
Trade debtors	682.5	(8.3)	674.2	654.9
Supplier prepayments(1)	186.0	(1.0)	185.0	190.6
Other operating debtors(2)	219.8	-	219.8	283.2
Other debtors	173.8	(128.7)	45.1	63.4
Prepayments	17.8	-	17.8	11.1
Trade and other debtors	**1,279.9**	**(138.0)**	**1,141.9**	**1,203.2**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.
(2) Primarily amounts due to the government, local authorities, employees and social security bodies.

Movements in provisions for impairment of trade and other debtors during the period are shown below:

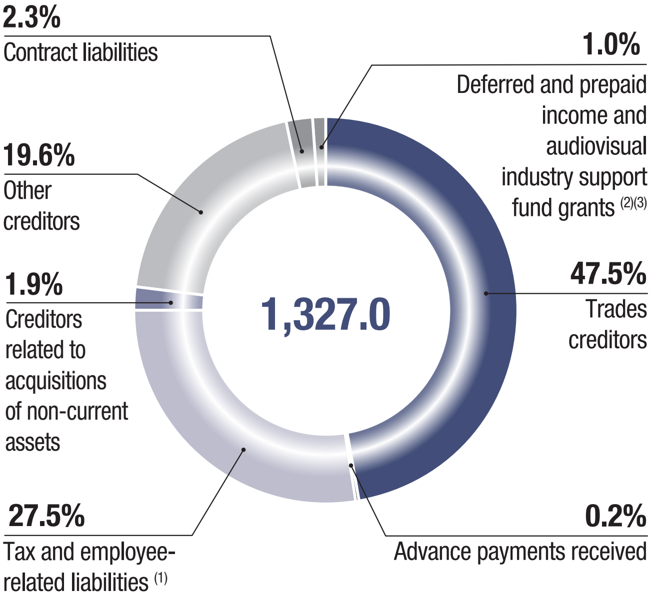
(€m)	2018	2017
Impairment as of 1 January	**(131.1)**	**(130.6)**
Additional provisions booked during the year	(6.1)	(13.2)
Reversals for debts written off during the year	3.2	12.2
Recovered during the year	3.3	2.0
Held-for-sale operations	-	-
Changes in scope of consolidation and reclassifications	(7.3)	(1.5)
Impairment as of 31 December – continuing operations	**(138.0)**	**(131.1)**

7.2.2 Trade and other creditors

7.2.2.1 Breakdown of trade and other creditors

Accounting policy:

Grants received by the TF1 group mainly comprise grants received by the Group's production companies from funds set up to support the audiovisual industry, in particular grants awarded by the French National Centre for Cinematography (CNC). Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other current operating income" on exploitation of the corresponding rights.



(€m)	2018	2017
Trades creditors	630.2	648.6
Advance payments received	2.5	2.9
Tax and employee-related liabilities[1]	364.7	418.0
Creditors related to acquisitions of non-current assets	25.2	27.7
Other creditors	260.5	340.9
Contract liabilities	30.5	16.8
Deferred and prepaid income and audiovisual industry support fund grants[2][3]	13.4	12.9
Trade and other creditors	**1,327.0**	**1,467.8**

(1) Mainly comprises VAT payable, and amounts owed to employees and social security bodies.
(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the CNC.
(3) Mainly comprises prepaid income.

7.2.2.2 Movement in contract liabilities

	Upfront payments	Audience guarantees on advertising campaigns	Sales of rights not yet opened	Other	Total
1 January 2018	**7.8**	**5.5**	**1.5**	**2.0**	**16.8**
Increases	7.4	3.9	9.5	3.0	23.8
Revenue recognised during the period	(7.8)	(5.5)	(1.5)	(2.0)	(16.8)
Changes in scope of consolidation	5.8	-	-	0.9	6.7
31 December 2018	**13.2**	**3.9**	**9.5**	**3.9**	**30.5**

7.2.3 Current provisions

Accounting policy:

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

Use of estimates and judgement:

Provisions include those booked to cover litigation and claims of whatever kind, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining those assumptions, TF1 management may if necessary rely on the assessments of external advisors.

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are determined in the same way as non-current provisions (see Note 7.3.6).

The table below shows movements in current provisions during 2018:

(€m)	Litigation and claims: employees	Litigation and claims: commercial	Other contractual litigation, claims, and risks	Other	Total current provisions
1 January 2018	**2.8**	**3.5**	**2.0**	**8.2**	**16.5**
Charges	0.9	1.4	1.0	9.3	12.6
Reversals: used	(0.5)	(1.5)	(0.1)	(2.3)	(4.4)
Reversals: unused	(0.5)	(0.2)	-	(0.3)	(1.0)
Changes in scope of consolidation and reclassifications	0.4	0.9	-	(4.8)	(3.5)
31 December 2018	**3.1**	**4.1**	**2.9**	**10.1**	**20.2**

No material contingent liabilities had been identified as of the date of preparation of the financial statements.

Provisions for commercial litigation and claims mainly relate to ongoing disputes with customers, producers and rights-holders.

Provisions for other contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, including guarantees given by TF1 in connection with divestments of equity interests.

Alleged abuse of dominant position in the advertising market:

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

Alleged restraint of trade:

The Canal+ group filed a complaint with the Competition Authority against TF1, M6 and France Télévisions relating to certain practices adopted in the buying of rights to original French movies known as "catalogue" movies; TF1 presented its counter-arguments. TF1 received a notice of grievance in February 2018, and has since provided various items to assist the Competition Authority's investigation.

These risks are not at present covered by any provision in the TF1 consolidated financial statements.

7.3 NON-CURRENT ASSETS AND LIABILITIES

Accounting policy:

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections in business plans approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated using market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm's length transaction.

Use of estimates and judgement:

The carrying amount of goodwill in the TF1 consolidated financial statements is reviewed at least annually. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).

Impairment

At the end of each reporting period, the Group assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those taken against goodwill.

7.3.1 Goodwill

The table below shows movements in goodwill for the period, by segment:

(€m)	Broadcasting	Studios & Entertainment	Digital	TOTAL
Goodwill at 1 January 2017	**409.3**	**151.6**	**-**	**560.9**
Acquisitions	-	22.8	-	22.8
Disposals	-	-	-	-
Reclassifications	-	(3.3)	-	(3.3)
Impairment	-	-	-	-
Goodwill at 31 December 2017	**409.3**	**171.1**	**-**	**580.4**
Acquisitions	8.2	4.3	224.1	236.7
Disposals	-	-	-	-
Reclassifications	(9.9)	(11.3)	21.2	-
Impairment	-	-	-	-
Goodwill at 31 December 2018	**407.7**	**164.1**	**245.3**	**817.1**

In 2018, the movements in goodwill were generated by the acquisitions described in Note 1, "Significant events of 2018", in particular the goodwill arising on the acquisition of the Aufeminin group.

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

In 2017, the movement in goodwill includes in particular the acquisitions made by the Newen group, including that of the Tuvalu group.

(€m)	Broadcasting segment		Studios & Entertainment segment		Digital segment		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017
Number of CGUs	1	1	3	3	1	-	5	4
Broadcasting CGU	407.7	409.3	-	-	-	-	407.7	409.3
Newen/TF1 Studios CGU	-	-	164.1	171.1	-	-	164.1	171.1
TF1 Entertainment CGU	-	-	-	-	-	-	-	-
Home Shopping CGU	-	-	-	-	-	-	-	-
Digital CGU	-	-	-	-	245.3	-	245.3	-
TOTAL	**407.7**	**409.3**	**164.1**	**171.1**	**245.3**	**-**	**817.1**	**580.4**

Based on impairment tests conducted using the method described below, no impairment of goodwill was identified as of 31 December 2018.

Impairment testing of goodwill

Broadcasting and Studios & Entertainment segments

The recoverable amount of each of the four CGUs in these two segments (Broadcasting, Newen/TF1 Studios, TF1 Entertainment and Home Shopping) was determined by calculating the value in use using the discounted cash flow (DCF) method, based on three-year cash flow projections compiled from plans and budgets approved by the TF1 Board of Directors. Cash flows beyond the projection time horizon were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The business plans used in the tests were prepared on the basis of revenue growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:

- the impacts on advertising spend of the economic situation and competitive environment, and of trends in how content is consumed;
- the acceleration of the transformation of the TF1 group, and the organic expansion of its activities;
- the ongoing implementation of a resolutely multi-channel, multi-media and multi-line strategy that allies mass audience power with targeting across all platforms, plus the expansion of production activities and the development of new monetisation techniques, which is reflected by:
  - securing the stream of core business TV content (including news) and advertising,
  - delivering a high-performance digital offering,
  - ongoing build-up of Newen to reinforce the production side,
  - opening up new distribution channels (platformization, OTT) and exploiting data.

The perpetual growth rate used for impairment testing as of 31 December 2018 was in a range between 1% and 2% for all four CGUs, compared with 2% as of 31 December 2017. The after-tax discount rate used as of 31 December 2018 was 6.01% (versus 6.09% as of 31 December 2017); it was determined on the basis of external data sources using the method described in Note 7.3 above. The year-on-year change is explained mainly by a fall in the risk-free rate and unlevered beta, partly offset by an increase in the risk premium (source: market data provided by the firm Associés en Finances).

For the four CGUs, analyses were performed of the sensitivity of the calculations to key assumptions (discount rate, growth rate, normative cash flows), both individually and using combinations of discount rate and normative cash flow scenarios, including reasonably possible changes in those assumptions. Those analyses identified no probable scenario in which the recoverable amount of the CGUs would fall below their carrying amount.

For confidentiality reasons, the results of those analyses are presented on an aggregated basis for the three CGUs in the Studios & Entertainment segment.

For those CGUs, recoverable amount would equal the carrying amount of the assets tested if the following assumptions (taken individually) were to be applied:

2018	Change in discount rate	Change in normative cash flows
Broadcasting CGU	808 bp	-73%
Studios & Entertainment CGUs (aggregated)	899 bp	-77%

2017	Change in discount rate	Change in normative cash flows
Broadcasting CGU	541 bp	-64%
Studios & Entertainment CGUs (aggregated)	740 bp	-72%

For the Broadcasting CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €1,485 million (€1,099 million at end 2017).

For the aggregated Studios & Entertainment CGUs, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €471 million (€479 million at end 2017).

Digital segment

The Digital segment was built mainly around the acquisitions of the Aufeminin group (estimated valuations of which were prepared for the purposes of the public tender offer in June 2018 and the squeeze-out in November 2018 by two independent experts, the accountancy firm Ledouble and Banque Rothschild), of Doctissimo (October 2018), and of the Gamned group (November 2018).

Consequently, the recoverable amount of the CGU was determined using a fair value calculation based on (i) the purchase consideration in the case of companies acquired in 2018, and (ii) valuation multiples observed for comparable businesses in the case of previously acquired companies.

This method was judged to give the fairest representation of the recoverable amount.

7.3.2 Intangible assets (other than audiovisual rights, cf. Note 7.1.1)

Accounting policy:

Intangible assets (other than audiovisual rights) mainly comprise operating licences (other than broadcasting licences and audiovisual rights), brands and similar rights, and software. On the acquisition date, they are measured as follows:

- **at acquisition cost, net of accumulated amortisation and impairment losses; or**
- **at fair value as of the acquisition date, if acquired in a business combination.**

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised using the straight-line method over their expected useful lives.

Intangible assets with indefinite useful lives, such as commercial brands owned by the Group, are not amortised. These brands are tested for impairment (see Note 7.3).

The figures shown below are net carrying amounts:

(€m)	Indefinite-lived brands[1]	Concessions, patents & similar rights	Other[2]	TOTAL
1 January 2017	**36.2**	**18.0**	**8.6**	**62.8**
Increases	-	1.6	3.4	5.0
Amortisation & impairment	-	(7.9)	(3.6)	(11.5)
Decreases	-	-	(0.3)	(0.3)
Changes in scope of consolidation and reclassifications	-	0.1	7.7	7.8
31 December 2017	**36.2**	**11.8**	**15.8**	**63.8**
Increases	-	0.2	6.4	6.6
Amortisation & impairment	-	(6.8)	(8.7)	(15.5)
Decreases	-	-	0.7	0.7
Changes in scope of consolidation and reclassifications	76.0	5.9	5.6	87.5
31 December 2018	**112.2**	**11.1**	**19.8**	**143.1**
gross value	*112.2*	*74.4*	*49.9*	*236.5*
amortisation and impairment	-	*(67.4)*	*(26.0)*	*(93.4)*

(1) The movement due to changes in scope of consolidation for "Indefinite-lived brands" mainly reflects the recognition of brands as a result of the purchase price allocations of the Aufeminin group and Doctissimo as of the date control was obtained (see Note 3.1, "Significant changes in scope of consolidation in 2018").

(2) The movement in the "Other" column mainly reflects the recognition of customer relationships in the Aufeminin group purchase price allocation.

Impairment tests conducted on other indefinite-lived brands using the method described in Note 7.3 identified no indication of impairment as of 31 December 2018.

7.3.3 Property, plant and equipment

Accounting policy:

- **Property, plant and equipment owned outright**

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings:	25 to 50 years
Technical installations:	3 to 7 years
Other property, plant and equipment:	2 to 10 years

Land is not depreciated.

Where an asset is made up of components with different useful lives, those components are recognized and depreciated as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other current operating income and expenses".

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the years ended 31 December 2018 and 2017 (the figures shown are net carrying amounts):

(€m)	Land	Buildings	Technical facilities	Technical facilities held under finance leases	Other property, plant and equipment	Property, plant & equipment under construction	TOTAL
1 January 2017	**61.9**	**76.1**	**14.3**	**0.2**	**21.4**	**0.1**	**174.0**
Increases	-	3.7	3.0	-	12.2	1.4	20.3
Depreciation & impairment	-	(3.2)	(5.7)	(0.4)	(8.9)	-	(18.2)
Decreases	-	0.1	-	-	(0.1)	-	-
Changes in scope of consolidation and reclassifications	-	(2.9)	3.7	0.2	0.2	(0.1)	1.1
31 December 2017	**61.9**	**73.8**	**15.3**	**(0.0)**	**24.8**	**1.4**	**177.2**
Increases	-	5.3	5.6	-	15.2	6.0	32.1
Depreciation & impairment	-	(3.2)	(6.4)	-	(7.5)	-	(17.1)
Decreases	-	0.1	(0.3)	-	(1.9)	-	(2.1)
Changes in scope of consolidation and reclassifications	-	0.2	1.3	-	2.6	(2.7)	1.4
31 December 2018	**61.9**	**76.2**	**15.5**	**(0.0)**	**33.2**	**4.7**	**191.5**
gross value	*61.9*	*110.3*	*166.7*	*10.0*	*131.3*	*4.7*	*484.9*
depreciation and impairment	-	(34.1)	(151.2)	(10.0)	(98.1)	-	(293.4)

7.3.4 Investments in joint ventures and associates

Accounting policy:

Because goodwill included in the carrying amount of investments in associates and joint ventures is not presented separately, this goodwill is not tested individually for impairment, in accordance with IAS 36. The total carrying amount is tested for impairment by comparing its recoverable amount to its carrying amount if there is evidence that the investment is impaired.

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

(€m)	Groupe AB[(1)]	Other[(2)]	TOTAL
1 January 2017	**76.7**	**12.6**	**89.3**
Share of profit/(loss) for the period	-	0.4	0.4
Provision for impairment	-	-	-
Dividends paid	-	(1.2)	(1.2)
Changes in scope of consolidation and reclassifications	(76.7)	10.1	(66.6)
Provision for risks	-	0.3	0.3
31 December 2017	**-**	**22.2**	**22.2**
Share of profit/(loss) for the period	-	0.2	0.2
Provision for impairment	-	-	-
Dividends paid	-	(1.3)	(1.3)
Changes in scope of consolidation and reclassifications	-	(0.3)	(0.3)
Provision for risks	-	-	-
31 December 2018	**-**	**20.8**	**20.8**

(1) Groupe AB was divested on 31 March 2017.
(2) Primarily Série Club (Broadcasting operating segment): €10 million as of 31 December 2018 and €10.8 million as of 31 December 2017, and Vertical Station (Digital operating segment): €9.5 million as of 31 December 2018 and €9.7 million as of 31 December 2017.

No other material income or expenses recognised directly in equity were reported by joint ventures or associates.

7.3.5 Other non-current financial assets

Accounting policy:

With effect from 1 January 2018, financial assets are classified in one of three categories (financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets fair value through profit or loss) depending on the business model for managing the asset and the contractual cash flow characteristics of the asset, which for each of those categories respectively are:

- **assets held within a business model whose objective is to hold assets in order to collect contractual cash flows;**
- **assets held within a business model whose objective is to hold assets in order to collect contractual cash flows and cash flows from selling the asset;**
- **assets held within any other business model.**

IFRS 9 also allows an elective treatment for equity instruments not held for trading, under which changes in fair value can be recognised through other comprehensive income (OCI); this treatment must be elected for each instrument individually, and is irrevocable.

Classification:

The TF1 group holds financial assets in the following categories:

- **Financial assets at amortised cost: These are assets held within a business model whose objective is to hold assets in order to collect contractual cash flows ("basic loans"). The TF1 group classifies the following assets within this category: trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to joint ventures, associates and non-consolidated entities. Such assets are accounted for using the effective interest method, which means that on initial recognition they are measured at fair value (acquisition cost plus transaction costs). They are assessed individually for objective evidence of impairment.**
- **Financial assets at fair value: The Group classifies the following financial assets in this category:**
  - **Equity instruments owned by the Group: These are assets held within a business model whose objective is to hold assets in order to collect contractual cash flows and cash flows from selling the asset. TF1 classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. They are accounted for at fair value through profit or loss or through OCI, depending on the option elected by the Group. None of the Group's equity interests is held for trading,**
  - **Derivative instruments (other than designated and effective hedging instruments): These are held-for-trading instruments (other business models).**

Use of estimates and judgement:

IFRS 13 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- **Level I: measurement based on quoted prices in active markets;**
- **Level II: measurement based on observable market parameters;**
- **Level III: measurement based on non-observable market parameters.**

The methods used by the TF1 group in applying those principles are as follows:

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no quoted market price is available, fair value is estimated using other valuation methods such as the actual valuation of comparable transactions (revenue or EBITDA multiples) or the discounted cash flow method, which rely on observable (level II) or non-observable (level III) parameters.

Financial instruments whose fair value cannot be measured reliably are carried at cost.

The fair value of interest rate derivatives and currency derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data at the end of the reporting period (level II method).

Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

7.3.5.1 Financial assets by category

2018 *(€m)*	**Financial assets at amortised cost**	**Financial assets at fair value**			**TOTAL**
		Fair value through profit or loss	**Fair value through OCI**	**Level***	
Other non-current financial assets	3.9	1.5	35.1	III	40.5
Trade and other debtors	1,141.9	-	-		1,141.9
Other current financial assets	-	-	-		-
Currency derivatives	-	-	2.2	II	2.2
Interest rate derivatives	-	-	-		-
Financial assets used for treasury management purposes	-	-	-		-
Cash and cash equivalents	117.3	-	-		117.3

* See "Use of estimates and judgement" section of Note 7.3.5.

In 2017, the Group classified equity interests in non-consolidated entities as available for-sale financial assets, initially recognised at fair value (acquisition cost plus transaction costs). At the end of subsequent reporting periods, they were remeasured at fair value through profit or loss.

2017 *(€m)*	**Financial assets at fair value through profit or loss**						**TOTAL**
	Designated at fair value on initial recognition	**Held for trading**	**Level***	**Available-for-sale financial assets**	**Loans and receivables**	**Held-to-maturity investments**	
Other non-current financial assets	-	-	III	51.8	2.7	-	54.5
Trade and other debtors	-	-		-	1,203.2	-	1,203.2
Other current financial assets	-	-		-	-	-	-
Currency derivatives	-	-	II	-	-	-	-
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	495.8	-	495.8

* See "Use of estimates and judgement" section of Note 7.3.5.

No transfers between levels in the fair value hierarchy were made in either 2018 or 2017.

7.3.5.2 Other non-current financial assets

Accounting policy:

This category mainly comprises equity instruments at fair value through profit or loss or through OCI, depending on the option elected by the Group. TF1 classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence.

Equity instruments are classified at fair value through profit or loss if the investee's business activities are aligned on the Group's core business.

Other non-current financial assets break down as follows:

(€m)	**31/12/2018**	**31/12/2017**
Equity investments in non-consolidated entities	36.6	51.8
Loans and advances to non-consolidated equity investees	-	-
Loans receivable	0.5	0.4
Deposits and caution money	3.4	2.3
Other financial assets	**40.5**	**54.5**

Equity investments in non-consolidated entities

The main equity investments in non-consolidated entities as of 31 December 2018 break down as follows:

(€m)	% interest at year-end	Financial assets at fair value through profit or loss	through OCI	Total
Studio71	6%	-	27.5	27.5
Other	-	1.5	7.6	9.1
Equity investments in non-consolidated entities	**-**	**1.5**	**35.1**	**36.6**

In 2018, an overall negative change in fair value of €7.4 million was recognised through OCI in respect of equity investments in non-consolidated entities.

The main equity investments in non-consolidated entities as of 31 December 2017 break down as follows:

(€m)	% interest at year-end	Gross value 2017	Impairment 2017	Carrying amount 2017
A1 International	50%	12.8	(12.8)	-
Sofica Valor 8	100%	1.8	-	1.8
Soread	12%	1.6	(1.6)	-
Studio71	6%	27.5	-	27.5
Other items	-	25.8	(3.3)	22.5
Equity investments in non-consolidated entities	**-**	**69.5**	**(17.7)**	**51.8**

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2018 or 2017.

7.3.6 Non-current provisions

Accounting policy:

The main types of non-current provisions are described below.

- Provisions for retirement benefits

The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed *via* the Group's pension funds.

Employees of the TF1 group's French subsidiaries belong to general and supplementary French pension schemes. These are defined-contribution plans, under which the TF1 group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Use of estimates and judgement:

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the company;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. Since 1 January 2011, the TF1 group has recognised actuarial gains and losses directly in equity, in accordance with the revised IAS 19.

- Provisions for risks relating to commitments, litigation and claims

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

Use of estimates and judgement:

These provisions are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period.

7.3.6.1 Analysis of non-current provisions

The table below shows movements in non-current provisions during 2018 and 2017:

	Provisions for:			
(€m)	Retirement benefits	Risks relating to commitments, litigation and claims*	Other	TOTAL
31 December 2016	**41.4**	**12.8**	**-**	**54.2**
Charges	3.4	-	-	3.4
Reversals: used	(4.0)	(10.9)	-	(14.9)
Reversals: unused	(5.1)	-	-	(5.1)
Actuarial (gains)/losses	1.2	-	-	1.2
Changes in scope of consolidation and reclassifications	-	-	-	-
31 December 2017	**36.9**	**1.9**	**-**	**38.8**
Charges	3.0	-	0.3	3.3
Reversals: used	(1.0)	(1.8)	-	(2.8)
Reversals: unused	(2.1)	-	-	(2.1)
Actuarial (gains)/losses	3.8	-	-	3.8
Changes in scope of consolidation and reclassifications	0.2	(0.1)	-	0.1
31 December 2018	**40.8**	**(0.0)**	**0.3**	**41.1**

* *Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.*

7.3.6.2 Provisions for retirement benefit obligations

Accounting policy:

Use of estimates and judgement:

provisions for retirement benefit obligations are calculated by the TF1 group itself using the projected unit credit method, as described in Note 7.3.6 above. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.

MAIN ACTUARIAL ASSUMPTIONS

	2018	2017	2016	2015	2014
Discount rate (Iboxx A10)	2.1%	1.5%	1.7%	2.1%	2.0%
Expected rate of return on plan assets	2.7%	1.5%	1.7%	2.1%	2.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	INSEE	INSEE	INSEE	INSEE	INSEE

The staff turnover rate used in calculating the provision at 31 December 2018 was 2.5%, reduced from that used in 2017 (6.6%). In accordance with recommendation 2013-02 issued by the CNCC (the French auditors' professional body), only voluntary departures may be used when calculating the staff turnover rate for this purpose. Consequently, the staff turnover rates have been revised in 2018, based on actual voluntary departures in previous years.

A reduction of 70 basis points in the discount rate applied would increase the obligation by €3.8 million. Under the accounting policies applied by the Group, the resulting actuarial losses would be recognised directly in equity.

EXPENSE RECOGNISED IN THE INCOME STATEMENT FOR RETIREMENT BENEFIT OBLIGATIONS

(€m)	2018	2017
Current service cost	(2.5)	(2.8)
Interest expense on the obligation	(0.6)	(0.8)
Expected return on plan assets	0.1	0.2
Past service cost	-	-
Expense recognised	**(3.0)**	**(3.4)**
amount recognised in "Staff costs"	(3.0)	(3.4)
Actual return on plan assets	**0.1**	**0.2**

CHANGES IN THE FAIR VALUE OF THE RETIREMENT BENEFIT OBLIGATION AND OF PLAN ASSETS

(€m)	Retirement benefit obligation 2018	Fair value of plan assets 2018	Carrying amount 2018	Carrying amount 2017
Start of period	**43.5**	**(6.6)**	**36.9**	**41.4**
Current service cost for the period	2.5	-	2.5	2.8
Interest cost (unwinding of discount)	0.6	-	0.6	0.8
Reversals of provisions	(3.1)	-	(3.1)	(9.1)
Actuarial (gains)/losses	3.8	-	3.8	1.2
Changes in scope of consolidation and reclassifications	0.2	-	0.2	-
Expected return on plan assets	-	(0.1)	(0.1)	(0.2)
Held-for-sale operations	-	-	-	-
End of period	**47.5**	**(6.7)**	**40.8**	**36.9**

Plan assets are in the form of contributions paid into "Fonds Club no. 1", a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 3% in 2018. As of 31 December 2018, the fund had an estimated fair value of €6.7 million.

7.4 SHAREHOLDERS' EQUITY

7.4.1 Share capital

Accounting policy:

Treasury shares acquired by the TF1 group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

As of 31 December 2018, the share capital of TF1 SA consisted of 209,928,940 fully paid ordinary shares. Movements in share capital during 2018 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
1 January 2017	**209,417,542**	**-**	**209,417,542**
Capital increases	448,200		448,200
Purchases of treasury shares*		-	-
Share exchange transaction			-
Cancellation of treasury shares			-
31 December 2017	**209,865,742**	**-**	**209,865,742**
Capital increases	63,198		63,198
Purchases of treasury shares*		-	-
Share exchange transaction			-
Cancellation of treasury shares			-
31 December 2018	**209,928,940**	**-**	**209,928,940**
Par value	€0.20	€0.20	€0.20

* *Treasury shares: see Note 7.4.6 on share buybacks below.*

7.4.2 Earnings per share

Accounting policy:

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the end of the reporting period and excluding anti-dilutive instruments.

Non-dilutive stock subscription option plans are excluded from this calculation.

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of performance share plans, and of stock subscription option plans where the exercise price is lower than the average quoted market price of TF1 shares over the period.

	2018	2017
Net profit attributable to the Group *(in millions of euros)*	127.9	136.3
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**209,890,686**	**209,663,692**
Basic earnings per share *(in euros)*	0.61	0.65
AVERAGE NUMBER OF ORDINARY SHARES AFTER DILUTION	**210,999,171**	**210,306,111**
Diluted earnings per share *(in euros)*	0.61	0.65

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2018	2017
Weighted average number of ordinary shares for the period	209,890,686	209,663,692
Dilutive effect of stock subscription option plans	607,485	310,319
Dilutive effect of performance share plans	501,000	332,100
Average number of ordinary shares after dilution	**210,999,171**	**210,306,111**

In both 2018 and 2017, only share subscription option plan no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

7.4.3 Other transactions with shareholders

For 2018, the amounts shown on this line correspond mainly to purchases of shares in the Aufeminin group *via* the public tender offer and squeeze-out procedure subsequent to TF1 obtaining control (see Note 1, "Significant events of 2018").

For 2017, this line relates to the remeasurement of liabilities for commitments to buy out non-controlling shareholders, in particular those of Newen Studios.

7.4.4 Changes in equity not affecting the income statement

Dividends

The proposed dividend in respect of the year ended 31 December 2018, to be paid in 2019, amounts to €84.0 million, or €0.40 per share.

The dividend paid in 2018 in respect of the year ended 31 December 2017 amounted to €73.5 million, or €0.35 per share.

The yield on TF1 shares for each of the last five financial years is presented in section 6.5.3. of the registration document.

Because the dividend payable in 2019 is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at 31 December 2018.

7.4.5 Share-based payment and stock option plans

7.4.5.1 Past stock option and performance share plan (PSP) awards

	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	2017 plan	2018 plan	TF1 2016 PSP	TF1 2017 PSP	Newen PSP	TF1 2018 PSP
Date of Shareholders' Meeting	14/04/2011	14/04/2011	17/04/2014	17/04/2014	13/04/2017	19/04/2018	14/04/2016	13/04/2017	13/07/2016	19/04/2018
Date of Board meeting	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016	27/04/2017	25/04/2018	26/04/2016	27/04/2017	29/07/2016	25/04/2018
Date of grant	10/06/2011	12/06/2012	12/06/2015	08/06/2016	12/06/2017	08/06/2018	08/06/2016	12/06/2017	29/08/2016	08/06/2018
Type of plan	subscription						performance share			
Total number of options/shares awarded	1,500,000	1,437,200	1,308,800	642,000	710,400	700,900	170,000	172,000	1,037,401	172,300
to corporate officers	*7,200*	*7,200*	*16,000*	*13,000*	*13,000*	*13,000*	-	-	-	-
to the 10 employees awarded the greatest number	*272,000*	*302,000*	*368,000*	*114,000*	*118,000*	*103,000*	*79,600*	*80,500*	*475,489*	*86,500*
Total number of options/shares awarded subject to performance conditions	1,500,000	1,437,200	1,308,800	642,000	710,400	700,900	170,000	172,000	1,037,401	172,300
Start date of exercise/vesting period	10/06/2015	12/06/2016	12/06/2018	08/06/2019	12/06/2020	08/06/2021	08/06/2019	12/06/2020	31/03/2017	08/06/2021
Expiration date	10/06/2018	12/06/2019	12/06/2022	08/06/2023	12/06/2024	08/06/2025	08/06/2023	12/06/2024	31/03/2020	08/06/2025
Exercise price	€12.47	€6.17	€15.46	€10.99	€11.45	€9.83				N/A
Terms of exercise	Options may be exercised and shares sold from 4th anniversary of date of grant		Options may be exercised and shares sold from 3rd anniversary of date of grant		Vesting from 3rd anniversary of date of grant Shares may be sold from 4th anniversary of date of grant					
Number of shares subscribed at 31 December 2018	274,400	666,915	-	-	-	-	-	-	120,741	-
Cumulative number of options/performance shares cancelled, not awarded, or forfeited	1,225,600	162,800	112,900	54,300	36,100	500	9,900	-	476,869	3,400
Number of options/performance shares at end of period	0	607,485	1,195,900	587,700	674,300	700,400	160,100	172,000	439,791	168,900

7.4.5.2 Movement in number of options and performance shares outstanding

	2018		2017	
	Number of options/ performance shares	Weighted average subscription/ purchase price *(€)*	Number of options/ performance shares	Weighted average subscription/ purchase price *(€)*
Options/shares outstanding at 1 January	**4,558,683**	**11.01**	**4,281,483**	**11.03**
Options/shares awarded	1,051,300	7.89	882,400	9.22
Options/shares cancelled, not vested, or forfeited	(55,800)	13.93	(157,000)	11.50
Options exercised/shares vested	(63,198)	6.17	(448,200)	6.59
Options/shares expired	(1,042,400)	12.47	-	-
Options/shares outstanding at 31 December	**4,448,585**	**9.96**	**4,558,683**	**11.01**
Options/shares exercisable at 31 December	*1,803,385*	*12.33*	*1,693,883*	*10.01*

A total of 63,198 options were exercised during 2018. The average residual life of options outstanding as of 31 December 2018 was 38 months (compared with 44 months as of 31 December 2017).

7.4.5.3 Share-based payment expense

Accounting policy:

TF1 May award stock subscription option plans and performance share plans to its employees (see Note 7.4.6.1).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in “Staff costs”, with the opposite entry recognised in equity.

The total expense relating to stock subscription option plans is measured at the date of grant using the Black-Scholes-Merton model, and is recognised on a straight-line basis over the vesting period.

The total expense relating to performance share plans is measured at the date of grant (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

The opposite entry for the movement in this reserve during the period is charged to “Staff costs” in the income statement (see Note 5.1).

Expense related to stock option plans and performance share plans awarded by the TF1 group

The expense related to stock option plans and performance share plans, as recognised in “Staff costs”, breaks down as follows:

(€m)	Date of grant	Lock-up period	Residual fair value	Staff costs 2018	Staff costs 2017
Plan no. 13	12/06/2012	4 years		-	-
Plan no. 14	12/06/2015	3 years	-	0.5	1.2
Plan no. 15	08/06/2016	3 years	0.2	0.5	0.5
2017 plan	12/06/2017	3 years	0.6	0.4	0.2
2018 plan	08/06/2018	3 years	0.5	0.1	-
TF1 2016 PSP	08/06/2016	3 years	0.3	0.6	0.6
TF1 2017 PSP	12/06/2017	3 years	1.0	0.7	0.4
Newen PSP	29/08/2016	7 months	0.4	0.3	1.7
TF1 2018 PSP	08/06/2018	3 years	1.3	0.3	-
TOTAL				**3.4**	**4.6**

Stock option plan expense was computed using the Black-Scholes model and the following assumptions:

	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no. 12	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70
Plan no. 14	€15.46	28%	5.18 years	0.41%	1.57%	-15%	€2.75
Plan no. 15	€10.99	34%	5.14 years	-0.18%	1.81%	-15%	€2.15
2017 plan	€11.45	30%	5.14 years	-0.24%	1.78%	-15%	€1.85
2018 plan	€9.83	26%	5.14 years	-0.01%	3.23%	-15%	€0.89

The average maturity used is less than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 stock options with the same maturity.

For 2018, the expense relating to the TF1 performance share plan was determined on the basis of the reference quoted market price of TF1 shares at the date of grant, *i.e.* €9.38.

For 2017, the expense relating to the TF1 performance share plan was determined on the basis of the reference quoted market price of TF1 shares at the date of grant, *i.e.* €11.72.

Expense related to employee benefit plans awarded by the Bouygues group

The expense related to plans awarded by the Bouygues group to TF1 group employees was not material for 2018.

7.4.5.4 Share buybacks

TF1 did not repurchase any of its own shares during 2018 or 2017.

7.4.5.5 Call options granted to non-controlling interests

The TF1 group had no commitments in place at 31 December 2018 that constituted a call option exercisable by non-controlling interests.

7.4.6 Cash flow hedge reserve

(€m)	2018	2017
Reserve as of 1 January	**(4.6)**	**1.9**
Cash flow hedges reclassified to profit or loss during the period*	7.8	(4.1)
Change in fair value of new cash flow hedges contracted during the period	(1.2)	(2.4)
Change in fair value of existing portfolio of cash flow hedges during the period	-	-
Reserve as of 31 December	**2.0**	**(4.6)**

* *Amounts reclassified from equity to profit or loss are recognised as a component of operating profit.*

7.5 NET DEBT AND FINANCIAL LIABILITIES

7.5.1 Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	31/12/2017	Cash flows	Changes in scope of consolidation	Fair value changes *via* OCI/profit or loss	Transactions between shareholders	31/12/2018
Cash and cash equivalents	495.8	(441.9)	63.4			117.3
Financial assets used for treasury management purposes	-					-
Overdrafts, short-term bank loans and current account credit balances	(0.3)	(6.0)				(6.3)
Available cash	**495.5**	**(447.9)**	**63.4**		**-**	**111.0**
Fair value of interest rate derivatives	-					-
Non-current debt*	(232.6)	17.8	(15.0)	(1.6)	104.5	(126.9)
Current debt, excluding overdrafts and short-term bank loans*	(6.2)	4.2	(1.0)	(0.2)	(8.4)	(11.6)
Total debt	**(238.8)**	**22.0**	**(16.0)**	**(1.8)**	**96.1**	**(138.5)**
Net surplus cash (+)/Net debt (-)	**256.7**	**(425.9)**	**47.4**	**(1.8)**	**96.1**	**(27.5)**

* *Non-current debt and current debt as of 31 December 2017 include the fair value of the commitments made by TF1 to buy out non-controlling shareholders, primarily in Newen Studios and its subsidiaries.*

7.5.1.1 Cash and cash equivalents

Accounting policy:

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts, and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees, joint ventures or associates, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are financial assets classified in the "Loans and receivables" category, and carried at amortised cost.

Cash and cash equivalents consist of the following items:

(€m)	2018	2017
Cash	42.4	64.0
Money-market funds	0.3	0.6
Treasury current accounts*	74.6	431.2
Cash and cash equivalents of continuing operations	**117.3**	**495.8**

* *Includes €73.0 million with Bouygues Relais.*

7.5.2 Financial liabilities

Accounting policy:

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost.

- **Financial liabilities at fair value through profit or loss comprise:**
  - **liabilities regarded as held for trading, comprising liabilities incurred principally with a view to their redemption in the near term;**
  - **liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.**
- **Non-derivative financial liabilities at amortised cost mainly comprise borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.**

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see Note 8.2.2).

- **Commitments to buy out non-controlling interests:**
  Commitments to buy out non-controlling interests are recognised as a financial liability, in accordance with IAS 32, with the opposite entry recognised in equity. Apart from discounting effects (recognised in "Expenses associated with net debt"), the effects of subsequent changes in the liability are also recognised in equity.

Use of estimates and judgement:

the fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bank counterparties. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

The table below shows financial liabilities by category:

2018 *(€m)*	**Financial liabilities at fair value through profit or loss**			**Commitments to buy out non-controlling interests measured at fair value**	**Level***	**Financial liabilities at amortised cost**	**TOTAL**
	Designated at fair value on initial recognition	**Held for trading**	**Level***				
Non-current debt	-	-		34.2	III	92.7	126.9
Current debt	-	-		11.5	III	6.4	17.9
Trade and other creditors	-	-		-		1,327.0	1,327.0
Other current financial liabilities	-	-		-		-	-
Currency derivatives	-	-		-		-	-
Interest rate derivatives	-	-		-		-	-

* *See "Use of estimates and judgement" section of Note 7.3.5.*

2017 *(€m)*	**Financial liabilities at fair value through profit or loss**			**Commitments to buy out non-controlling interests**	**Level***	**Financial liabilities at amortised cost**	**TOTAL**
	Designated at fair value on initial recognition	**Held for trading**	**Level***				
Non-current debt	-	-		124.2	III	108.4	232.6
Current debt	-	-		3.5	III	3.0	6.5
Trade and other creditors	-	-		-		1,467.8	1,467.8
Other current financial liabilities	-	-		-		-	-

* *See "Use of estimates and judgement" section of Note 7.3.5.*

Fair value of financial liabilities

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded by the Group as an approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets on the basis of market data at the end of the reporting period (level II method).

NOTE 8

RISK MANAGEMENT

8.1 CAPITAL MANAGEMENT POLICY

The TF1 group has a policy of maintaining a stable capital base, apart from any share buybacks (see the present Annual Financial Report and registration document).

In terms of equity capital, the Group uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in Note 7.5.1 and of shareholders' equity, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

As of 31 December 2018, the Group had net debt of €27.5 million, giving a gearing ratio of 1.7%. As of 31 December 2017, the Group had net surplus cash of €256.7 million, so gearing was zero.

8.2 FINANCIAL RISK MANAGEMENT POLICY

Liquidity risk and market risk (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the Treasury unit within the Accounting, Tax, Treasury and Financing department.

8.2.1 Liquidity risk

The Treasury unit is responsible for ensuring that the Group has access to adequate, sustainable and appropriate sources of financing. This involves:

- regular multi-currency pooling of surplus cash held by all entities controlled by TF1, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating credit facilities with phased maturities, and ensuring that such facilities are in place at all times.

The Group assesses liquidity risk by reference to the global drawdown on its confirmed credit facilities, net of available cash.

Financing risk

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of seizing opportunities for organic growth or acquisitions, while at the same time optimizing the cost of financing by actively managing and renewing the portfolio of credit facilities. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and not subject to covenants regarding financial ratios, and are backed up by a cash pooling agreement with the Bouygues Group.

2018 *(€m)*	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	130.0	910.0	1,040.0	92.0	-	92.0	948.0
Finance leases	-	(0.1)	(0.1)	-	(0.1)	(0.1)	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**130.0**	**909.9**	**1,039.9**	**92.0**	**(0.1)**	**91.9**	**948.0**

2017 *(€m)*	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total	
Confirmed bilateral facilities	150.0	865.0	1,015.0	108.0	-	108.0	907.0
Finance leases	(0.0)	0.1	0.1	(0.0)	0.1	0.1	-
Bouygues cash pooling agreement	-	-	-	-	-	-	-
TOTAL	**150.0**	**865.1**	**1,015.1**	**108.0**	**0.1**	**108.1**	**907.0**

Credit rating

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB+/stable/A-2 (June 2018).

Maturity of non-derivative financial liabilities

The tables below provide a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2018 *(€m)*	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,326.1	1,326.1	-	1,326.1
Other financial liabilities	144.8	17.9	126.9	144.8
TOTAL	**1,470.9**	**1,344.0**	**126.9**	**1,470.9**

2017 *(€m)*	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,467.8	1,467.8	-	1,467.8
Other financial liabilities	239.1	6.5	232.6	239.1
TOTAL	**1,706.9**	**1,474.3**	**232.6**	**1,706.9**

Investment of surplus cash

The Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses, which must be:

- liquid, *i.e.* immediately accessible (current accounts, interest-bearing instant access accounts, etc.), with a maturity of no more than 3 months;
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk, and with no possibility of a sub-zero rate;
- contracted with high-grade counterparties.

As of 31 December 2018, €73.0 million out of the Group's €117.3 million of cash and cash equivalents was invested with Bouygues Relais under the terms of the cash pooling arrangement between the two entities.

(€m)	2018	2017
Interest-bearing bank account	3.6	4.0
Bouygues Relais cash pooling agreement	73.0	431.2
Other treasury current accounts	40.7	60.6
TOTAL	**117.3**	**495.8**

8.2.2 Market risk

The Group manages its exposure to interest rate risk and exchange rate risk by using hedging instruments such as swap contracts and forward purchases/sales. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Treasury unit monitors the financial markets on a regular basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. The unit submits hedging scenarios to the Accounting, Tax, Treasury and Financing department for approval; once they have been approved, it executes and administers the relevant market transactions.

Accounting policy:

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IFRS 13.

The Group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

- **Derivative financial instruments designated as hedges**

  For hedge accounting purposes, a hedge may be classified into one of two categories:

  - **fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability or of a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;**
  - **cash flow hedges, which hedge the exposure to variability in cash flows attributable to:**
    - **an asset or liability such as a floating-rate loan or borrowing;**
    - **a highly probable forecast transaction; or**
    - **foreign exchange risk relating to a firm commitment.**

At the inception of a hedge, the Group formally designates the financial instrument to which hedge accounting will apply, and documents:

- **the hedging relationship;**
- **the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.**

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- **fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;**
- **cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.**

- **Derivative financial instruments not designated as hedges**

  Gains and losses arising from changes in the fair value of derivatives not designated as hedges within the meaning of IAS 39 are recognised in the income statement.

8.2.2.1 Interest rate risk

The objective of the Group's interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate, in order to minimise cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk:

The schedules below analyse financial assets and financial liabilities, and the net exposure, by interest rate type and maturity.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2018 *(€m)*	**Fixed rate**	**Floating rate**	**Fixed rate***	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**
Less than 1 year	1.2	116.1	(17.9)	-	(16.7)	116.1	-	-	(16.7)	116.1
1 to 5 years	-	-	(126.9)	-	(126.9)	-	-	-	(126.9)	-
TOTAL	**1.2**	**116.1**	**(144.8)**	**-**	**(143.6)**	**116.1**	**-**	**-**	**(143.6)**	**116.1**

* *Includes commitments to buy out non-controlling interests.*

2017 *(€m)*	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
	Fixed rate	Floating rate	Fixed rate*	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	3.7	492.1	(6.5)	-	(2.8)	492.1	-	-	(2.8)	492.1
1 to 5 years	-	-	(232.6)	-	(232.6)	-	-	-	(232.6)	-
TOTAL	**3.7**	**492.1**	**(239.1)**	**-**	**(235.4)**	**492.1**	**-**	**-**	**(235.4)**	**492.1**

* *Includes commitments to buy out non-controlling interests.*

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% across the entire yield curve for 2017 and 2018.

It is defined as the impact of applying this 1% movement to the net floating-rate exposure (this exposure being assumed to be constant over one year).

(€m)	2018		2017	
	Pre-tax impact on profit or loss	Pre-tax impact on equity	Pre-tax impact on profit or loss	Pre-tax impact on equity
	1.2	-	4.9	-
Impact of a movement of -1% in interest rates	ns*	-	ns	-

* *As of 31 December 2018, the level of short-term interest rates is such that TF1 has no material exposure to a fall in interest rates.*

Interest rate derivatives:

The TF1 group has not held any interest rate derivatives since 2011.

8.2.2.2 Foreign exchange risk

Risk of significant fluctuations in the euro/dollar exchange rate, and techniques used to manage that risk

The Group is exposed to the risk of fluctuations in the exchange rate between the euro and the US dollar because it acquires American programmes and consumer goods and pays for them in US dollars.

Consequently, any significant appreciation in the US dollar could have a negative effect on the Group's results.

Over an 18-month time horizon, the risk is managed using appropriate hedging instruments that provide protection against a deterioration in the exchange rate position and eliminate the cash effect over the duration of the hedge. At the same time, the Group is committed to reducing its exposure to the US dollar by increasing the extent to which it uses the euro as the currency of payment in programme acquisition contracts.

Multi-currency foreign exchange risk

Accounting policy

Foreign currency translation:

transactions denominated in foreign currencies carried out by subsidiaries are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

The Group's exposure to foreign exchange risk is of an operating nature. It derives from recurring cash flows under multi-year broadcasting and sports transmission rights acquisition contracts denominated in US dollars and Swiss francs, and advertising airtime sales denominated in Swiss francs.

During 2018, over 97% of the Group's cash inflows were in euros, 1.9% in US dollars, and 0.4% in Swiss francs. As regards cash outflows, 95.2% (including acquisitions of audiovisual rights) were in euros, 4.6% in US dollars, 0.1% in Swiss francs, and 0.1% in Canadian dollars.

The objective of the Group's foreign exchange risk management policy is to lock in a maximum exchange rate or guarantee a minimum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk

The table below shows the Group's exposure to foreign exchange risk as of 31 December 2018:

Equivalent value in euros at 2018 closing exchange rates *(€m)*	USD[(1)]	GBP	CHF[(2)]	Other currencies	Total
Assets	(2.7)	(8.3)	9.1	2.1	0.2
Liabilities	(26.3)	(8.4)	4.3	1.8	(28.6)
Off balance sheet commitments	(42.3)	-	-	-	(42.3)
Pre-hedging position	**(71.3)**	**(16.7)**	**13.4**	**3.9**	**(70.7)**
Forwards and futures	38.4	-	(8.9)	-	29.5
Currency swaps	8.0	-	-	-	8.0
Net post-hedging position	**(24.9)**	**(16.7)**	**4.5**	**3.9**	**(33.1)**

(1) *Net exposure in USD: some Group entities (GIE AD, TF1 Droits Audiovisuels) enter into multi-year rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments. Most of the inventories purchased by Dujardin and the Home Shopping business are paid for in US dollars. TF1 SA hedges some US dollar overheads.*
(2) *Net exposure in Swiss francs (CHF): this mainly relates to the ordinary activities of TF1; forward contracts in CHF are contracted solely to hedge future cash flows.*

The table below shows the Group's exposure to foreign exchange risk as of 31 December 2017:

Equivalent value in euros at 2017 closing exchange rates *(€m)*	USD	GBP	CHF	Other currencies	Total
Assets	8.5	0.1	4.8	0.2	13.7
Liabilities	(46.2)	-	(0.6)	-	(46.7)
Off balance sheet commitments	(37.0)	-	-	-	(37.1)
Pre-hedging position	**(74.7)**	**0.1**	**4.2**	**0.2**	**(70.1)**
Forwards and futures	77.8	-	-	-	77.8
Currency swaps	13.7	-	-	-	13.7
Net post-hedging position	**16.8**	**0.1**	**4.2**	**0.2**	**21.4**

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying that 1% movement to the net pre-hedging positions presented above;
- the change in the fair value of the portfolio of foreign exchange instruments in place at the end of the reporting period, applying the accounting treatments specified in IFRS 13.

	2018				2017			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
(€m)	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	0.2	(0.3)	(0.3)	0.3	(0.2)	-	(0.6)	0.6
GBP	0.2	(0.2)	-	-	-	-	-	-
CHF	-	-	0.1	(0.1)	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
TOTAL	**(0.4)**	**(0.5)**	**(0.2)**	**0.2**	**(0.2)**	**-**	**(0.6)**	**0.6**

As of 31 December 2018, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net foreign-currency accounting position arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies involved would be +€0.2 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2017 was +€0.6 million.

Analysis of foreign exchange derivative instruments by currency

The tables below analyse foreign exchange hedging instruments by currency at the end of the reporting period:

		Nominal amount of hedges				Fair value (in euros)	
			Amount in euros				
31 December 2018 *(in millions)*	**Currency**	**Total foreign-currency amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total amount**	**Of which designated as cash flow hedges**
Currency swaps	USD	9.2	8.0	8.0	-	(0.1)	(0.1)
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	44.0	38.4	36.2	2.2	2.2	2.2
Forward sales	CHF	10.0	8.9	8.9	-	0.0	0.0
TOTAL			**37.6**	**35.4**	**2.2**	**2.1**	**2.1**

		Nominal amount of hedges				Fair value (in euros)	
			Amount in euros				
31 December 2017 *(in millions)*	**Currency**	**Total foreign-currency amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total amount**	**Of which designated as cash flow hedges**
Currency swaps	USD	16.4	13.7	13.7	-	(0.1)	(0.1)
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	93.3	77.8	67.5	10.2	(6.6)	(6.6)
Forward sales	CHF	-	-	-	-	-	-
TOTAL			**91.4**	**81.2**	**10.2**	**(6.8)**	**(6.8)**

The nominal amount represents the amount sold or purchased forward in the currency.

Fair value is the difference between (i) the nominal amount translated into euros at a forward rate recalibrated to reflect closing exchange rates and (ii) the nominal amount translated into euros at closing exchange rates.

Accounting classification and treatment

All foreign exchange instruments used by the Group are contracted to hedge its exposure to financial risks. In accordance with IFRS 13, they are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the relevant criteria, in particular where there has been a reversal of the initial strategy.

Transactions designated as cash flow hedges are used by TF1 SA to hedge sports transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis.

(€m)	**Ineligible for hedge accounting**	**Designated as fair value hedges**	**Designated as cash flow hedges**	**TOTAL Fair value of financial instruments**
2018				
Foreign exchange instruments – assets	-	-	-	-
Foreign exchange instruments – liabilities	(0.1)	-	2.2	2.2
TOTAL	**(0.1)**	**-**	**2.2**	**2.2**
2017				
Foreign exchange instruments – assets	-	-	-	-
Foreign exchange instruments – liabilities	(0.1)	-	(6.6)	(6.7)
TOTAL	**(0.1)**	**-**	**(6.6)**	**(6.7)**

Change in fair value of foreign exchange instruments
Changes in the fair value of foreign exchange instruments that qualify for hedge accounting consist of two elements:

- an effective portion (*i.e.* the portion closely correlated to changes in the fair value of the hedged items), which is recognised in remeasurement reserves as a component of equity;
- an ineffective portion.

CHANGE IN FAIR VALUE OF FOREIGN EXCHANGE INSTRUMENTS

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	TOTAL
2018	**0.1**	**-**	**(11.3)**	**(11.1)**
effective portion	-	-	(10.1)	-
ineffective portion	0.1	-	(1.2)	-
2017	**(0.1)**	**-**	**(11.4)**	**(11.5)**
effective portion	-	-	(11.8)	-
ineffective portion	(0.1)	-	0.5	-

Counterparty risks:
The Group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2018, no single customer of the Group represented more than 2% of consolidated revenue.

The five largest customers represented no more than 10% of consolidated revenue.

The ten largest customers represented no more than 15% of consolidated revenue.

In 2018, no single supplier of the TF1 group represented more than 4% of consolidated revenue.

The five largest suppliers represented no more than 15% of consolidated revenue.

The ten largest suppliers represented no more than 20% of consolidated revenue; this figure reflects the specialised nature of some suppliers within the audiovisual industry, such as production studios.

Risk of non-recovery of debtors

			Past due			
2018 *(€m)*	Carrying amount	Not past due	Total	< 6 months	6-12 months	> 12 months
Trade debtors	682.5	583.1	99.4	76.7	12.1	10.6
Provisions for impairment of trade debtors	(8.3)	(1.9)	(6.4)	(0.5)	(3.1)	(2.8)
TOTAL TRADE DEBTORS, NET	**674.2**	**581.2**	**93.0**	**76.2**	**9.0**	**7.8**

			Past due			
2017 *(€m)*	Carrying amount	Not past due	Total	< 6 months	6-12 months	> 12 months
Trade debtors	661.3	587.8	73.5	65.6	4.0	3.9
Provisions for impairment of trade debtors	(6.6)	(1.5)	(5.1)	(0.9)	(2.3)	(1.9)
TOTAL TRADE DEBTORS, NET – CONTINUING OPERATIONS	**654.7**	**586.3**	**68.4**	**64.7**	**1.7**	**2.0**

In 2016, the TF1 group introduced a trade debtor management software program with recovery, risk management and financial information modules.

This program has standardised reminder processes across the Group's vendors, and bolstered the resources dedicated to revenue collection.

This has helped keep the risk of non-payment by customers to less than 0.15% of total annual billings.

Advertising airtime sales

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who over the years have often become regular airtime buyers, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy for managing the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are aware. Those terms include:

- upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser;
- upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If those payment terms are rejected, TF1 Publicité may refuse to sell airtime to the buyer;
- payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management department which performs regular financial health checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

Subscriptions to Pay-TV channels

There is no significant risk of non-recovery as regards revenues payable by cable operators in France.

Consumer activities

The Home Shopping business is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

Rights sales

Rights sales within France present little risk since the main customers are French broadcasters and ISP/video operators, who are relatively few in number and are high grade counterparties with no history of payment default.

Risks are also limited as regards rights sales outside France, because the media needed to exploit the audiovisual works are not supplied until after the majority of the contractual amounts due have been paid.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Financial counterparties

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see Note 8.2.1 on liquidity risk).

NOTE 9

OTHER NOTES TO THE FINANCIAL STATEMENTS

9.1 OFF BALANCE SHEET COMMITMENTS:

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.

A commitment is reciprocal if the future commitment given by the Group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: Note 7.1.2 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and Note 8.2.1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the Group.

The various types of commitments given and received by the Group are described below:

Guarantee commitments:

This item comprises guarantees provided in connection with commercial contracts or leases.

None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Reciprocal contractual commitments

Image transmission

Image transmission commitments relate to the supply of television transmission services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests

This item comprises firm or optional commitments to deliver or receive securities.

Other reciprocal contractual commitments

This comprises commitments given or received under various contracts not associated with the recurring operations of Group companies.

Operating leases

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the end of the reporting period.

Operating lease commitments represent future lease payments due during the period in which the lease is reasonably certain to apply. That period may include lease extension periods where the Group expects to exercise the extension option. The leases involved are contracted in connection with the Group's ordinary activities and relate to assets such as land, buildings and equipment. The commitments disclosed do not include leases where the as-new value of the leased asset is less than €5,000, or leases for which it is reasonably certain that the lease term is less than twelve months. Future lease payments are discounted using either (i) the interest rate implicit in the lease or (ii) an incremental borrowing rate, and exclude variable lease payments that do not depend on an index or a rate.

Operating lease commitments as of 31 December 2017 have been restated in line with the policies described above.

This item shows the minimum future lease payments under finance leases outstanding at the end of the reporting period.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

Finance leases

9.1.1 Guarantee commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.9	-	11.2	14.1	14.0
Guarantee commitments given	**2.9**	**-**	**11.2**	**14.1**	**14.0**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	-	-	-	-	-
Guarantee commitments received	**-**	**-**	**-**	**-**	**-**
Guarantee commitments, net	**2.9**	**-**	**11.2**	**14.1**	**14.0**

9.1.2 Reciprocal contractual commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Miscellaneous contractual commitments					
Image transmission	24.0	43.0	0.3	67.3	82.2
Commitments relating to equity interests*	-	-	-	-	365.0
Other items	66.8	3.2	-	70.0	112.1
Miscellaneous contractual commitments given	**90.8**	**46.2**	**0.3**	**137.3**	**559.3**
Image transmission	24.0	43.0	0.3	67.3	82.2
Commitments relating to equity interests*	-	-	-	-	365.0
Other items	66.8	3.2	-	70.0	112.1
Miscellaneous contractual commitments received	**90.8**	**46.2**	**0.3**	**137.3**	**559.3**
MISCELLANEOUS CONTRACTUAL COMMITMENTS, NET	**-**	**-**	**-**	**-**	**-**

* *In 2017, commitments relating to equity interests include commitments relating to the acquisition of the Aufeminin group (see Note 1, "Significant events of the year").*

9.1.3 Operating leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Operating lease commitments	**18.7**	**58.4**	**26.4**	**103.5**	**107.0**
TOTAL COMMITMENTS	**18.7**	**58.4**	**26.4**	**103.5**	**107.0**

9.2 RELATED PARTY INFORMATION

9.2.1 Executive remuneration

Total remuneration paid during 2018 to key executives of the Group (*i.e.* the 10 members of the TF1 Management Committee mentioned in the registration document) was €7.9 million, comprising:

(€m)	2018	2017
Fixed remuneration	4.8	4.7
Variable remuneration and benefits in kind	**3.1**	**2.8**

Additional information:

- the portion of expenses relating to stock options and performance shares awarded to these key executives was €0.8 million for the year ended 31 December 2018;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €2.0 million.

The Bouygues group offers the members of its Executive Committee, who include Gilles Pélisson, a supplementary pension capped at 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2018 to the investment fund of the insurance company which manages the scheme was €0.4 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

9.2.2 Transactions with other related parties

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2018	2017	2018	2017	2018	2017	2018	2017
Parties with an ownership interest	47.5	47.9	(29.8)	(16.4)	89.5*	443.8*	13.1	11.7
Joint ventures	-	0.4	-	-	2.6	2.0	-	-
Associates	-	-	-	-	0.4	-	-	-
Other related parties	-	-	-	-	-	-	-	-
TOTAL	**47.5**	**48.3**	**(29.8)**	**(16.4)**	**92.5**	**445.8**	**13.1**	**11.7**

* *Primarily the Bouygues Relais cash pooling agreement (see Note 8.2.1).*

In 2018, agreements entered into with joint ventures and associates relate primarily to operating transactions in the ordinary course of business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements entered into with parties with an ownership interest comprise agreements with Bouygues SA and with other Bouygues group companies that are subsidiaries of Bouygues SA. Those agreements are of an ordinary commercial nature (including in particular sales of advertising airtime to Bouygues Telecom and services purchased from Bouygues Energies & Services), except in the case of transactions with Bouygues Relais under the short-term cash pooling agreement.

The off balance sheet commitments reported in Note 9.1 do not include any material commitments to related parties.

9.3 AUDITORS' FEES

The table below shows fees paid by the Group to its auditors:

	Mazars				EY				Other audit firms			
	Amount		%		Amount		%		Amount		%	
(€m)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Audit of consolidated and individual company financial statements	**(901)**	**(778)**	**97%**	**92%**	**(879)**	**(660)**	**96%**	**88%**	**(461)**	**(402)**	**98%**	**85%**
TF1 SA	*(236)*	*(219)*			*(247)*	*(214)*			-	-		
Subsidiaries	*(665)*	*(559)*			*(632)*	*(446)*			*(461)*	*(402)*		
Other procedures and services related directly to the audit engagement	**(29)**	**(66)**	**3%**	**8%**	**(37)**	**(90)**	**4%**	**12%**	**(9)**	**(37)**	**2%**	**8%**
TF1 SA	-	*(32)*			-	*(86)*			-			
Subsidiaries	*(29)*	*(34)*			*(37)*	*(4)*			*(9)*	*(37)*		
Audit-related fees	**(930)**	**(844)**	**100%**	**100%**	**(916)**	**(750)**	**100%**	**100%**	**(470)**	**(439)**	**100%**	**93%**
Other services provided by audit firms to fully consolidated subsidiaries												
Company law, tax and employment law	-	-	-	-	-	-	-	-	-	-	-	-
Other (if > 10% of audit-related fees)	-	-	-	-	-	-	-	-	-	(34)	-	7%
Other fees	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(34)**	**-**	**-**
TOTAL AUDITORS' FEES	**(930)**	**(844)**	**100%**	**100%**	**(916)**	**(750)**	**100%**	**100%**	**(470)**	**(473)**	**100%**	**100%**

The amount of fees paid by the TF1 group to its auditors for the statutory audit of the consolidated and individual company financial statements for the year ended 31 December 2018 was €2.2 million.

The amount of fees paid by the Group in 2018 for services other than statutory audit (other procedures and services related directly to the audit engagement, and other services provided by the audit firms to fully consolidated companies) was €0.1 million (CSR report, assurance and advisory services on corporate actions during the year).

9.4 DEPENDENCE ON LICENCES

TF1 is an audiovisual communications service that requires a licence. Initially, TF1 was awarded a 10-year licence from 4 April 1987 (under the law of 30 September 1986); that licence expired in 1997.

The licence was renewed for a further five-year period (*via* decision no. 96–614 of 17 September 1996) from 16 April 1997, with no requirement to submit to a competitive tendering process.

In accordance with Articles 28-1, 82 and 99 of the law of 30 September 1986 as amended, TF1's broadcasting licence has been "automatically" renewed several times.

TF1 also has a supplementary licence to broadcast in high definition (HD), awarded by the CSA (the French broadcasting regulator) in decision no. 2008-424 of 6 May 2008, for a ten-year period ending 5 May 2018.

9.5 DETAILED LIST OF COMPANIES INCLUDED IN THE CONSOLIDATION

Consolidation methods

Subsidiaries

Subsidiaries are entities over which TF1 exercises control. TF1 controls an entity where it has (i) power over the entity, (ii) exposure, or rights, to variable returns from its involvement with the entity, and (iii) the ability to affect those returns. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

The Group accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, 100% of all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Non-controlling interests in equity and in net profit are identified separately under "Non-controlling interests" in the consolidated balance sheet and the consolidated income statement.

Joint ventures

Joint ventures are equity investees over which TF1 contractually shares control with one or more other parties.

Joint ventures are accounted for by the equity method.

Associates

An associate is an entity over which TF1 exercises significant influence, which means that it has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

The Group accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

Translation of the financial statements of foreign entities:

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity under "Share premium and reserves". On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

COMPANY	COUNTRY	ACTIVITY	31 December 2018 % INTEREST	31 December 2018 METHOD	31 December 2017 % INTEREST	31 December 2017 METHOD
Broadcasting						
TF1 SA	**France**	**Broadcasting**	**Parent company**	**-**	**Parent company**	**-**
E-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
GIE ACHAT DROITS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
GIE APHÉLIE	France	Real estate company	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
HOLDING NEWEN STUDIOS	France	Holding company	100.00%	Full	-	-
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
RAISE M4E	France	Management of equity holdings	99.50%	Equity	-	-
SÉRIE CLUB	France	Theme channel	50.01%	Equity	50.01%	Equity
TF1 DISTRIBUTION (formerly PRÉFAS 6)	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 ONE INNOVATION	France	Holding company	100.00%	Full	-	-
TF1 PRODUCTION (formerly GLEM)	France	Programme production	100.00%	Full	100.00%	Full
TF1 PUBLICITÉ	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
TF1 SÉRIES FILMS	France	Theme channel	100.00%	Full	100.00%	Full
TFX	France	Theme channel	100.00%	Full	100.00%	Full
TMC	Monaco	Theme channel	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
USHUAÏA TV	France	Theme channel	100.00%	Full	100.00%	Full
Studios & Entertainment						
17 JUIN DÉVELOPPEMENT	France	Holding company	69.04%	Full	69.04%	Full
17 JUIN DÉVELOPPEMENT ET PARTICIPATIONS	France	Holding company	69.63%	Full	69.63%	Full
17 JUIN FICTION	France	Audiovisual production	69.04%	Full	69.04%	Full
17 JUIN MEDIA	France	Audiovisual production	69.04%	Full	69.04%	Full
17 JUIN PROD	France	Audiovisual production	69.04%	Full	69.04%	Full
ABRAFILMS	France	Audiovisual production	80.00%	Full	80.00%	Full
AGE OF MEDIA NETWORK BV	Netherlands	Audiovisual production	-	-	42.50%	Equity
AND SO ON	France	Audiovisual production	100.00%	Full	100.00%	Full
BARJAC PRODUCTION	France	Audiovisual production	100.00%	Full	100.00%	Full
BEAUTY HOLDING	France	Audiovisual production	-	-	82.44%	Full
BIRBO	Denmark	Audiovisual production	33.33%	Equity	-	-
BLUE SPIRIT HOLDING	France	Audiovisual production	100.00%	Full	100.00%	Full
BLUE SPIRIT LAB	France	Audiovisual production	100.00%	Full	100.00%	Full
BLUE SPIRIT PRODUCTION	France	Audiovisual production	100.00%	Full	100.00%	Full

			31 December 2018		31 December 2017	
COMPANY	COUNTRY	ACTIVITY	% INTEREST	METHOD	% INTEREST	METHOD
BLUE SPIRIT STUDIO	France	Audiovisual production	100.00%	Full	100.00%	Full
BOXEUR 7	France	Audiovisual production	100.00%	Full	100.00%	Full
CAPA DÉVELOPPEMENT	France	Holding company	88.09%	Full	88.09%	Full
CAPA DRAMA	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA ENTREPRISE	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA EVENTS	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA PICTURES	France	Audiovisual production	79.28%	Full	79.28%	Full
CAPA PRESSE	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA PROD	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA SÉRIES	France	Audiovisual production	88.09%	Full	88.09%	Full
CAPA VS3	France	Audiovisual production	100.00%	Full	100.00%	Full
CCCP TELEVISIE BV	Netherlands	Audiovisual production	51.00%	Full	51.00%	Full
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
COLUMN FILM NEDERLAND BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
COLUMN PROJECTS	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
COSTUMES ET DECO	France	Audiovisual production	100.00%	Full	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	-	-	47.85%	Equity
DUJARDIN	France	Producer of board/card games	100.00%	Full	100.00%	Full
EXPLORER	France	Audiovisual production	88.09%	Full	88.09%	Full
JUST KIDS	France	Audiovisual production	100.00%	Full	100.00%	Full
LEONIS	France	Audiovisual production	100.00%	Full	100.00%	Full
LES FILMS A5	France	Audiovisual production	88.09%	Full	88.09%	Full
LVPB	France	Audiovisual production	100.00%	Full	100.00%	Full
MDA CONSEIL	France	Management consultancy	100.00%	Full	-	-
NERIA PRESSE	France	Audiovisual production	100.00%	Full	100.00%	Full
NERIA PRODUCTIONS	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN DISTRIBUTION	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN DISTRIBUTION LTD	United Kingdom	Holding company	100.00%	Full	100.00%	Full
NEWEN IT ALL	France	Audiovisual production	100.00%	Full	100.00%	Full
NEWEN SERVICES	France	Holding company	100.00%	Full	100.00%	Full
NEWEN STUDIOS	France	Holding company	100.00%	Full	100.00%	Full
NIMBUS FILM	Denmark	Audiovisual production	33.08%	Equity	-	-
NIMBUS FILM HOLDING	Denmark	Holding company	33.08%	Equity	-	-
NIMBUS FILM SALES	Denmark	Audiovisual production	33.08%	Equity	-	-
PLAY 2	France	Music production	25.00%	Full	25.00%	Full
PROD 360	France	Audiovisual production	100.00%	Full	100.00%	Full
PRODUCTION VALLEY	France	Audiovisual production	100.00%	Full	100.00%	Full
PULSATIONS	France	Audiovisual production	69.04%	Full	69.04%	Full
PULSATIONS MULTIMEDIA	France	Audiovisual production	69.04%	Full	69.04%	Full
PUPKIN FILM	Netherlands	Audiovisual production	100.00%	Full	-	-
PUPKIN FILM & TELEVISIE	Netherlands	Audiovisual production	100.00%	Full	-	-
PUPKIN FILM HOLDING	Netherlands	Holding company	100.00%	Full	-	-
RENDEZ VOUS PRODUCTION SÉRIES	France	Audiovisual production	100.00%	Full	100.00%	Full

			31 December 2018		31 December 2017	
COMPANY	COUNTRY	ACTIVITY	% INTEREST	METHOD	% INTEREST	METHOD
ROYAL ME UP PRODUCTIONS	France	Audiovisual production	80.00%	Full	80.00%	Full
SINEMATIK	Belgium	Audiovisual production	-	-	100.00%	Full
SNC EDITIONS MUSICALES BOXEUR DE LUNE	France	Audiovisual production	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
STUDIO BLUE SPIRIT CANADA	Canada	Audiovisual production	100.00%	Full	100.00%	Full
STUDIOS DE MARSEILLE	France	Audiovisual production	100.00%	Full	100.00%	Full
STUDIOS DE SETE	France	Audiovisual production	100.00%	Full	100.00%	Full
STUDIOS POST & PROD	France	Audiovisual production	100.00%	Full	100.00%	Full
TEL SETE	France	Audiovisual production	100.00%	Full	100.00%	Full
TELECIP	France	Audiovisual production	100.00%	Full	100.00%	Full
TÉLÉSHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TELFRANCE	France	Audiovisual production	100.00%	Full	100.00%	Full
TELFRANCE SÉRIE	France	Audiovisual production	100.00%	Full	100.00%	Full
TF HOLDING	France	Holding company	100.00%	Full	-	-
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 ENTERTAINMENT	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TOOCO	France	Audiovisual production	66.00%	Full	66.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
TUVALU DIGITAL BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
TUVALU MEDIA BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
TUVALU MEDIA GROUP BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
TUVALU MEDIA NETHERLANDS BV	Netherlands	Holding company	100.00%	Full	100.00%	Full
TUVALU MEDIA NETHERLANDS MANAGEMENT BV	Netherlands	Holding company	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
WATERLAND SERVICES BV	Netherlands	Audiovisual production	100.00%	Full	100.00%	Full
YELLOW THING	France	Audiovisual production	33.34%	Equity	33.34%	Equity
Digital						
ALFEMMINILE.COM	Italy	Digital content management	100.00%	Full	-	-
AUFEMININ	France	Digital content management	100.00%	Full	-	-
AUFEMININ.COM PRODUCTIONS	France	Digital content management	100.00%	Full	-	-
BEMFEMENINO	Brazil	Digital content management	100.00%	Full	-	-
BIGGIE HOLDING	France	Holding company	100.00%	Full	-	-
BONZAI DIGITAL	France	Digital marketing consultancy	100.00%	Full	100.00%	Full
CUP HOLDING	France	Audiovisual production	-	-	82.28%	Full
CUP INTERACTIVE SAS	France	Audiovisual production	85.64%	Full	82.28%	Full
DEVTRIBU	France	Audiovisual production	85.64%	Full	82.44%	Full
DOCTISSIMO	France	Digital content management	100.00%	Full	-	-
ENFEMENINO.COM	Spain	Digital content management	100.00%	Full	-	-
ETOILE CASTING SAS	France	Digital content management	100.00%	Full	-	-
FACTORY ELEVEN	France	Audiovisual production	85.64%	Full	82.44%	Full

			31 December 2018		31 December 2017	
COMPANY	COUNTRY	ACTIVITY	% INTEREST	METHOD	% INTEREST	METHOD
FINDER STUDIOS	France	Digital content management	51.00%	Full	-	-
GAMNED	France	Advertising airtime sales	100.00%	Full	-	-
GAMNED BENELUX	Belgium	Advertising airtime sales	100.00%	Full	-	-
GAMNED DO BRAZIL	Brazil	Advertising airtime sales	100.00%	Full	-	-
GAMNED GROUP	France	Advertising airtime sales	100.00%	Full	-	-
GAMNED MIDDLE EAST	United Arab Emirates	Advertising airtime sales	100.00%	Full	-	-
GAMNED SEA	Malaysia	Advertising airtime sales	100.00%	Full	-	-
GAMNED SUISSE	Switzerland	Advertising airtime sales	100.00%	Full	-	-
GBE & W	France	Digital content management	100.00%	Full	-	-
GOFEMININ.DE	Germany	Digital content management	100.00%	Full	-	-
JOYCE	France	Digital content management	100.00%	Full	-	-
LES PROS DE LA PETITE ENFANCE	France	Digital content management	42.82%	Equity	-	-
LIVINGLY MEDIA INC	United States	Digital content management	100.00%	Full	-	-
MAGNETISM	France	Digital marketing consultancy	100.00%	Full	-	-
MARMITON	France	Digital content management	100.00%	Full	-	-
MAYANE COMMUNICATIONS	France	Digital content management	85.64%	Full	72.76%	Full
MERCI ALFRED	France	Digital content management	100.00%	Full	-	-
MY LITTLE BOX KK	Japan	e-commerce	100.00%	Full	-	-
MY LITTLE CAMPUS	France	e-commerce	100.00%	Full	-	-
MY LITTLE PARIS	France	e-commerce	100.00%	Full	-	-
NETMUMS LTD	United Kingdom	Digital content management	100.00%	Full	-	-
NEWEB	France	Holding company	100.00%	Full	100.00%	Full
NEWEB DÉVELOPPEMENT	France	Audiovisual production	85.64%	Full	82.44%	Full
NEWEB REGIE	France	Audiovisual production	85.64%	Full	82.44%	Full
TF1 NUMÉRIQUE	France	Holding company	100.00%	Full	-	-
SOFEMININE.CO.UK	United Kingdom	Digital content management	100.00%	Full	-	-
TF1 DIGITAL CONTENT	France	Holding company	100.00%	Full	100.00%	Full
VERTICAL STATION (formerly MINUTEBUZZ)	France	Digital content management	70.90%	Equity	70.90%	Equity
WEWOMEN	United States	Digital content management	100.00%	Full	-	-
YKONE	France	Digital marketing consultancy	100.00%	Full	-	-
YKONE USA	United States	Digital marketing consultancy	100.00%	Full	-	-

9.6 EVENTS AFTER THE REPORTING PERIOD

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 proposed transaction will, as required by law, be subject to scrutiny by the relevant employee representative bodies.

5.3 INDIVIDUAL FINANCIAL STATEMENTS

5.3.1 PARENT COMPANY INCOME STATEMENT (FRENCH GAAP)

(€m)	Note	2018	2017
Operating income		**1,342.9**	**1,301.8**
TF1 channel advertising revenue	2.12 & 4.1	1,156.3	1,150.2
Revenue from other services		29.4	8.3
Income from ancillary activities		13.0	10.0
Revenue		**1,198.7**	**1,168.5**
Inventorised production		(0.1)	0.4
Capitalised production		0.7	0.1
Operating grants		0.0	0.0
Reversals of depreciation, amortisation, provisions and impairment		44.6	41.4
Cost transfers	4.2	90.2	86.4
Other income		8.8	5.0
Operating expenses		**(1,281.9)**	**(1,223.0)**
Purchases of raw materials and other supplies	4.3	(522.3)	(504.4)
Change in inventory	4.3	(33.5)	(59.1)
Other purchases and external charges	4.4	(275.4)	(205.1)
Taxes other than income taxes	4.5	(89.1)	(86.0)
Wages and salaries	4.6	(129.4)	(144.0)
Social security charges	4.6	(53.5)	(62.4)
Depreciation, amortisation, provisions and impairment			
■ amortisation of television programmes		(6.2)	(5.7)
■ amortisation and depreciation of other non-current assets		(43.9)	(27.3)
■ impairment of non-current and current assets		(68.4)	(74.3)
■ provisions for liabilities and charges		(9.6)	(5.0)
Other expenses	4.7	(50.6)	(49.7)
OPERATING PROFIT		**61.0**	**78.8**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		151.1	170.2
Financial expenses		(125.1)	(157.6)
NET FINANCIAL INCOME/(EXPENSE)	**4.8**	**26.0**	**12.6**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**87.0**	**91.4**
Exceptional income		**28.1**	**131.5**
Exceptional income from operating transactions		11.7	13.5
Exceptional income from capital transactions		5.6	105.3
Reversals of provisions and impairment		10.8	12.7
Exceptional expenses		**(15.0)**	**(93.2)**
Exceptional expenses on operating transactions		(0.0)	(4.8)
Exceptional expenses on capital transactions		(4.0)	(82.9)
Depreciation, amortisation, provisions and impairment		(11.0)	(5.5)
EXCEPTIONAL ITEMS	**4.9**	**13.1**	**38.3**
Employee profit-sharing		0.0	0.0
Income taxes	4.10 & 4.11	(8.4)	1.9
NET PROFIT/(LOSS)		**91.7**	**131.6**

5.3.2 PARENT COMPANY BALANCE SHEET (FRENCH GAAP)

ASSETS *(€m)*	Note	31/12/2018 Net	31/12/2017 Net
Intangible assets	**2.2 & 3.1**	**36.8**	**36.9**
Audiovisual rights		29.9	27.8
Other intangible assets		6.9	9.1
Property, plant and equipment	**2.3 & 3.2**	**36.8**	**25.3**
Technical facilities		7.2	6.2
Other property, plant and equipment		25.0	18.2
Property, plant and equipment under construction		4.6	0.9
Non-current financial assets	**2.4 & 3.3**	**1,381.7**	**816.3**
Investments in subsidiaries and affiliates		1,381.5	816.2
Other long-term investment securities		0.0	0.0
Loans receivable		0.0	0.0
Other non-current financial assets		0.2	0.1
NON-CURRENT ASSETS		**1,455.3**	**878.5**
Inventories and work in progress	**2.5 & 3.4**	**92.0**	**123.7**
Advance payments	2.6 & 3.5.1	139.7	117.9
Trade debtors	2.7 & 3.5.2	224.5	288.0
Other debtors	3.5.3	391.2	445.7
Short-term investments and cash	2.8 & 3.6	196.4	621.3
Prepayments	3.7	3.7	4.4
CURRENT ASSETS		**1,047.5**	**1,601.0**
Unrealised foreign exchange losses		0.0	3.1
TOTAL ASSETS		**2,502.8**	**2,482.6**

LIABILITIES AND SHAREHOLDERS' EQUITY *(€m)*	Note	31/12/2018	31/12/2017
Share capital		42.0	42.0
Share premium		16.8	16.5
Legal reserve		4.3	4.3
Other reserves		774.8	774.8
Retained earnings		543.0	484.8
Net profit/(loss) for the year		91.7	131.6
Restricted provisions	2.10	15.8	16.4
SHAREHOLDERS' EQUITY	**3.8**	**1,488.4**	**1,470.4**
PROVISIONS FOR LIABILITIES AND CHARGES	**2.11 & 3.9**	**90.4**	**96.9**
Bank borrowings(1)		0.0	0.0
Trade creditors(2)		419.8	286.2
Tax and employee-related liabilities		214.4	209.5
Amounts payable in respect of non-current assets		123.0	149.7
Amounts payable in respect of non-current assets		8.5	4.9
Other liabilities		156.2	260.2
Deferred income		1.8	4.8
LIABILITIES	**3.10**	**923.7**	**915.3**
Unrealised foreign exchange gains		0.3	0.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,502.8**	**2,482.6**
(1) of which bank overdrafts and bank accounts in credit.		*0.0*	*0.0*
(2) of which intra-group current accounts.		*419.8*	*286.2*

5.3.3 PARENT COMPANY CASH FLOW STATEMENT (FRENCH GAAP)

CASH FLOW STATEMENT *(€m)*	2018	2017
1 – Operating activities		
■ Net profit for the year	91.7	131.6
■ Depreciation, amortisation, provisions and impairment(1)(2)	50.5	22.2
■ Investment grants released to the income statement	0.0	0.0
■ Net (gain)/loss on disposals of non-current assets	(3.3)	(26.1)
Operating cash flow before changes in working capital	**138.9**	**127.7**
■ Acquisitions of television programmes(2)	(4.0)	(2.1)
■ Amortisation and impairment of television programmes(2)	5.6	2.0
■ Inventories	31.6	55.4
■ Trade and other operating debtors	121.8	(153.7)
■ Trade and other operating creditors	(128.4)	43.2
■ Advance payments received from third parties, net	(21.8)	(5.0)
Change in operating working capital needs	**4.8**	**(60.2)**
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**143.7**	**67.5**
2 – Investing activities		
■ Acquisitions of property, plant & equipment and intangible assets(1)(2)	(89.4)	(77.8)
■ Disposals of property, plant & equipment and intangible assets(1)(2)	1.1	0.0
■ Acquisitions of investments in subsidiaries and affiliates and own shares	(548.4)	0.0
■ Disposals/reductions of investments in subsidiaries and affiliates	4.1	104.8
■ Net change in amounts payable in respect of non-current assets	3.5	2.4
■ Net change in other non-current financial assets	0.0	0.1
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(629.1)**	**29.5**
3 – Financing activities		
■ Change in shareholders' equity	0.4	2.9
■ Net change in debt	133.6	(22.6)
■ Dividends paid	(73.5)	(58.6)
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**60.5**	**(78.3)**
TOTAL CHANGE IN CASH POSITION	**(424.9)**	**18.7**
Cash position at beginning of period	621.3	602.6
Change in cash position	(424.9)	18.7
Cash position at end of period	196.4	621.3

(1) Excludes television programmes recognised as non-current assets.
(2) Acquisitions, consumption, disposals and retirements of television programmes, which are accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

5.4 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended 31 December 2018 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

NOTE 1 SIGNIFICANT EVENTS

ACQUISITION OF THE AUFEMININ GROUP

On 27 April 2018, having obtained the necessary clearances from all the relevant authorities, TF1 SA and Axel Springer completed the acquisition by TF1 SA of Axel Springer's majority equity interest in the Aufeminin group (78.07% of the capital and 77.94% of the voting rights) at a price of €39.47 per aufeminin share.

Subsequently, TF1 SA continued its policy of increasing its stake in the Aufeminin group, firstly through a public tender offer launched on 14 June 2018 and completed on 4 July 2018, and secondly through a squeeze-out procedure launched on 19 October 2018 and completed on 1 November 2018, giving TF1 SA a 100% interest.

BUYOUT OF NON-CONTROLLING INTERESTS IN NEWEN

On 5 April 2018 the TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1 SA, signed an agreement with a view to the acquisition by TF1 SA of the remaining 30% of the share capital and voting rights, which would give TF1 SA 100% of Newen Studios.

Following clearance of the agreement from the French Competition Authority on 3 July 2018, the TF1 group completed the transaction on 5 July 2018, giving the Group 100% of the shares and voting rights of Newen Studios as of that date (direct interest of 86.15%, and indirect interest of 13.85% *via* Holding Newen Studios, a company 100% owned by TF1 SA).

NOTE 2 ACCOUNTING POLICIES

The accounting policies described below have been applied in compliance with the principles of prudence, lawfulness and fairness in order to represent faithfully the company's assets, liabilities and financial position and the results of its operations, in accordance with the following fundamental concepts:

- going concern;
- consistency of method from one period to the next;
- accrual basis of accounting;

and in accordance with the general rules applicable to the preparation and presentation of annual individual company financial statements in France.

The basic method used for measuring items recorded in the books of account is the historical cost method.

2.1 COMPARABILITY OF THE FINANCIAL STATEMENTS

There were no changes in accounting policy during the year ended 31 December 2018.

2.2 INTANGIBLE ASSETS

2.2.1 Audiovisual rights

Audiovisual rights comprise:

- drama co-production shares;
- television programmes intended for broadcast on the TF1 channel.

2.2.1.1 Drama co-production shares

This line item shows acquisitions of drama co-production shares made since the new regulations came into force in 2015, as an add-on to acquisitions of broadcasting rights for certain programmes. Such acquisitions enable TF1 SA to own certain tangible and intangible assets, in particular the exploitation rights for those programmes.

Payments for such co-production shares are definitively recognised as intangible assets when (i) technical acceptance has occurred and (ii) the rights period has opened for the broadcasting rights acquired in parallel with the co-production share. Payments made for co-production shares before those conditions are met are recognised in the balance sheet as intangible assets in progress. Intangible assets in progress also include advances paid for literary works ahead of co-production contracts.

Co-production shares are amortised over their expected useful lives. A provision for impairment is recognised if expected future revenues are lower than the net book value of the asset.

Tax depreciation is charged against co-production shares in accordance with the policies described in Note 2.10, "Restricted provisions".

2.2.1.2 Television programmes

This line item shows residual drama co-production shares that pre-date the new regulations, and production shares in other programmes. Television programmes are recognised as intangible assets at the time of technical acceptance and opening of rights, and are measured at the contractual acquisition price. Payments made for rights before those conditions are met are recognised in the balance sheet as intangible assets in progress with effect from the end of shooting.

The amortisation rules applied to capitalised programmes are the same as those for programme inventories (see Note 2.5, "Inventories").

A provision for impairment is recorded once it becomes probable that a programme including a production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. Tax depreciation is charged against television programmes not yet transmitted in accordance with the policies described in Note 2.10, "Restricted provisions".

2.2.2 Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation methods and periods are summarised below:

Technical facilities	Straight line	3 to 7 years
Other property, plant and equipment	Straight line	3 to 10 years

2.4 NON-CURRENT FINANCIAL ASSETS

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.

Annual impairment tests are performed on the basis of revenue and profit projections, primarily derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls significantly below acquisition cost other than on a temporary basis, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the investee and a provision for liabilities and charges.

Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in Note 2.10, "Restricted provisions".

2.5 INVENTORIES

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.

Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- Programmes not individually valued in the contract:

Type of programme	Dramas with a running time of at least 52 minutes	Films, TV movies, serials, cartoons	Other programmes
1st transmission	80%	50%	100%
2nd transmission	20%	50%	

- Programmes individually valued in the contract: consumption reflects the contract price.

"Other programmes" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.

A provision for impairment is recognised:

- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management);
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

Rights acquisition contracts not recognised in inventory at the end of the reporting period are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in "Advance payments"; these contracts are discussed in the section on inventories.

2.6 ADVANCE PAYMENTS

This line includes (i) sums paid to acquire rights to broadcast programmes for which technical acceptance and/or opening of rights has yet to occur and (ii) sums paid for production shares in television programmes where shooting has not been completed at the end of the reporting period. A provision for impairment may be taken against advance payments where necessary.

Payments made to purchase sports transmission rights are recognised in “Advance payments” until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

2.7 TRADE DEBTORS

Trade debtors are recognised at face value.

Doubtful or disputed accounts are written down *via* an impairment provision that reflects the age of the debt and the situation of the debtor.

2.8 SHORT-TERM INVESTMENTS AND CASH

TF1 SA provides centralised treasury management for the Group. Treasury current account debit balances are classified as cash in order to achieve consistency with the classification of treasury current account credit balances included in “Other borrowings”.

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2.9 FOREIGN-CURRENCY TRANSACTIONS AND UNREALISED FOREIGN EXCHANGE GAINS/LOSSES

Invoices received and issued in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency payables/receivables at the end of the financial year are translated using the exchange rate prevailing as of 31 December. Unrealised foreign currency translation losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.

The company also recognizes unrealised gains and losses arising on currency hedges associated with payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees (see Note 5.2.1).

Any unrealised foreign exchange losses arising as a result are covered by a provision included in “Provisions for liabilities and charges”.

2.10 RESTRICTED PROVISIONS

This item comprises:

- tax depreciation on drama co-production shares and television programmes, calculated from the first day of the month following the end of shooting. This tax depreciation is reversed on the date when the asset is definitively recognised as an intangible asset (in the case of co-production shares) or when it is transmitted or written off as no longer transmittable (in the case of television programmes).
- The tax depreciation described above is calculated in accordance with the rules defined by the French tax authorities on 3 July 1970. The monthly percentages used are:

Month 1	20%
Month 2	15%
Months 3 to 9	5%
Months 10 to 24	2%

- tax depreciation of software and licences acquired on or before 31 December 2016 or developed internally, in addition to the accounting depreciation recognised in the balance sheet;
- tax depreciation on transaction costs on acquisitions of equity interests, calculated over five years on a straight line basis.

2.11 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2.11.1 Retirement benefits

The company's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by pension funds.

TF1 SA employees belong to general and supplementary French pension schemes. These are defined-contribution plans, under which the company's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the company;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. These actuarial gains and losses are recognised in the income statement, as charges to or reversals of provisions for liabilities and charges.

2.11.2 Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2.12 ADVERTISING REVENUE

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such transactions are reported on a non-netted basis in "Revenue" and in "External charges".

2.13 OFF BALANCE SHEET COMMITMENTS:

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

2.14 FINANCIAL INSTRUMENTS

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. That exposure arises from transactions carried out by TF1 SA itself, and from foreign exchange guarantees provided to subsidiaries as part of the Group's centralised foreign exchange risk management policy.

Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

NOTE 3

NOTES TO THE BALANCE SHEET

3.1 INTANGIBLE ASSETS

3.1.1 Audiovisual rights

Audiovisual rights break down as follows:

Gross value *(€m)*	01/01/2018	Increases	Decreases	Transfers	31/12/2018
Drama co-production shares	121.3	53.4	(2.0)	14.3	187.0
Drama co-production shares in progress	15.7	13.8		(13.4)	16.1
Television programmes	6.8	7.0	(7.4)	(0.9)	5.5
TOTAL	**143.8**	**74.2**	**(9.4)**	**0.0**	**208.6**
Amortisation	**01/01/2018**	**Increases**	**Decreases**		**31/12/2018**
Drama co-production shares	20.7	33.8	(1.1)		53.4
Television programmes		6.2	(6.2)		0.0
TOTAL	**20.7**	**40.0**	**(7.3)**	**0.0**	**53.4**
Impairment	**01/01/2018**	**Increases**	**Decreases**		**31/12/2018**
Drama co-production shares	95.2	61.8	(31.7)		125.3
Television programmes	0.1		(0.1)		0.0
TOTAL	**95.3**	**61.8**	**(31.8)**	**0.0**	**125.3**
Net value	**27.8**				**29.9**

Commitments relating to drama co-production shares for future years break down as follows:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Drama co-production shares	28.2	44.7	0.0	72.9	15.2

Television programmes break down as follows:

(€m)	2018	2017
VALUE OF PROGRAMMES AT 1 JANUARY	**6.8**	**10.3**
Acquisitions	6.1	6.4
Consumption on transmission	(6.2)	(5.7)
Expired and retired rights, and net book value of resold rights	(1.2)	(4.2)
VALUE OF PROGRAMMES AT 31 DECEMBER	**5.5**	**6.8**
PROVISIONS FOR IMPAIRMENT		
1 January	**0.1**	**0.4**
Charges	0.0	0.1
Reversals	(0.1)	(0.4)
31 December	**0.0**	**0.1**

As of 31 December 2018, the risk of non-transmission for programmes with a co-production component was €3.7 million, which was covered by previously-established restricted provisions using the policy described in Note 2.10.

The table below shows the maturity of television programme acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Television programmes	1.2	1.0	0.1	2.3	26.6

3.1.2. Other intangible assets

Movements in other intangible assets are shown below:

Gross value (€m)	01/01/2018	Increases	Decreases	Transfers	31/12/2018
Software	25.6	0.1			25.7
Other intangible assets	1.6				1.6
Intangible assets in progress	0.0	1.0			1.0
TOTAL	**27.2**	**1.1**	**0.0**	**0.0**	**28.3**
Amortisation	**01/01/2018**	**Increases***	**Decreases**		**31/12/2018**
Software	16.7	3.1			19.8
Other intangible assets	1.4	0.2			1.6
TOTAL	**18.1**	**3.3**			**21.4**
Net value	**9.1**				**6.9**

* *Included in "Amortisation and depreciation of other non-current assets" in the income statement.*

3.2 PROPERTY, PLANT AND EQUIPMENT

The table below shows movements in property, plant and equipment during the year:

Gross value (€m)	01/01/2018	Increases	Decreases	Transfers	31/12/2018
Technical facilities	75.6	3.0	(2.3)	0.8	77.1
Other property, plant and equipment	99.4	12.6	(14.3)		97.7
Other property, plant and equipment in progress	0.9	4.5		(0.8)	4.6
TOTAL	**175.9**	**20.1**	**(16.6)**	**0.0**	**179.4**
Depreciation	**01/01/2018**	**Increases***	**Decreases**		**31/12/2018**
Technical facilities	69.4	2.6	(2.1)		69.9
Other property, plant and equipment	81.2	4.2	(12.7)		72.7
TOTAL	**150.6**	**6.8**	**(14.8)**		**142.6**
Net value	**25.3**				**36.8**

* *Included in "Amortisation and depreciation of other non-current assets" in the income statement.*

3.3 NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(€m)	Equity investments	Other long-term investment securities	Loans receivable	Other	Total
GROSS VALUE AT 1 JANUARY 2018	**868.3**	**0.0**	**0.0**	**0.1**	**868.4**
Increases					
TF1 Numérique – capital increase	50.0				50.0
TF1 Vidéo – capital increase	15.0				15.0
Newen Studios	52.0				52.0
Holding Newen Studios	44.6				44.6
Aufeminin	386.8				386.8
Decreases					**0.0**
Deposits and caution money				**0.1**	**0.1**
GROSS VALUE AT 31 DECEMBER 2018	**1,416.7**	**0.0**	**0.0**	**0.2**	**1,416.9**
Provisions for impairment					
1 January 2018	**52.1**	**0.0**	**0.0**	**0.0**	**52.1**
Charges	0.0				0.0
Reversals	(16.9)				(16.9)
31 December 2018	**35.2**	**0.0**	**0.0**	**0.0**	**35.2**
NET VALUE AT 31 DECEMBER 2018	**1,381.5**	**0.0**	**0.0**	**0.2**	**1,381.7**

The €16.9 million of impairment losses recognised during the period relate to 100%-owned subsidiaries (see Note 2.4).

3.4 INVENTORIES AND WORK IN PROGRESS

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2018	Total 2017
INVENTORY AT 1 JANUARY	**142.1**	**2.3**	**144.4**	**201.2**
PURCHASES DURING THE YEAR	**522.3**	**185.6**	**707.9**	**636.9**
Consumption on transmission	(508.2)	(187.2)	(695.4)	(665.8)
Expired, retired and resold rights	(47.6)	1.5	(46.1)	(29.8)
TOTAL CONSUMPTION	**(555.8)**	**(185.7)**	**(741.5)**	**(695.6)**
INVENTORY AT 31 DECEMBER	**108.6**	**2.2**	**110.8**	**144.4**
CHANGE IN INVENTORY	**(33.5)**	**(0.1)**	**(33.6)**	**(56.8)**
PROVISIONS FOR IMPAIRMENT				
1 January	**20.8**	**0.0**	**20.8**	**24.1**
Charges	6.6		6.6	10.8
Reversals	(8.6)		(8.6)	(14.1)
31 December	**18.8**	**0.0**	**18.8**	**20.8**

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Programmes and broadcasting rights(1)	851.6	878.5	15.1	1,745.2	1,690.2
Sports transmission rights(2)	43.9	102.6	6.9	153.4	221.7
TOTAL	**895.5**	**981.1**	**22.0**	**1,898.6**	**1,911.9**

(1) Includes contracts entered into by GIE TF1 Acquisitions de droits on behalf of TF1 SA and shown in that entity's assets or off balance sheet commitments.
(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast on TF1), and shown in that entity's assets or off balance sheet commitments.

The portion of these contracts expressed in foreign currencies is €54.3 million (all in US dollars).

3.5 ADVANCE PAYMENTS AND DEBTORS

3.5.1 Advance payments

This mainly comprises advance payments for programme broadcasting rights and sports transmission rights, amounting to €134.1 million.

3.5.2 Trade debtors

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to actual revenues. The amount owed by TF1 Publicité to TF1 SA was €181.4 million as of 31 December 2018, compared with €262.5 million as of 31 December 2017.

3.5.3 Other debtors

This item mainly comprises VAT recoverable, and balances on current accounts with subsidiaries.

3.5.4 Provisions for impairment of advance payments and debtors

(€m)	01/01/2018	Charges	Reversals	31/12/2018
Advance payments	0.0			0.0
Trade debtors	0.1			0.1
Other debtors	2.0		(2.0)	0.0
TOTAL	**2.1**	**0.0**	**(2.0)**	**0.1**

3.5.5 Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets		0.2		0.2
Current assets*	615.1	0.6		615.7
TOTAL	**615.1**	**0.8**	**0.0**	**615.9**

** Includes trade and other debtors, net of impairment provisions.*

3.6 SHORT-TERM INVESTMENTS AND CASH

This item breaks down as follows:

Gross value *(€m)*	2018	2017
Short-term investments	**0.0**	**0.0**
Bank deposits (instant access)	6.0	4.4
Treasury current accounts with debit balances*	190.2	622.4
Advertising airtime sales	0.2	0.2
Cash	**196.4**	**627.1**
TOTAL	**196.4**	**627.1**
Provisions for impairment of current accounts and short-term investments		
1 January	**5.8**	**12.5**
Charges	0.0	0.0
Reversals	(5.8)	(6.7)
31 December	**0.0**	**5.8**
NET VALUE	**196.4**	**621.3**

* *As of 31 December 2018, €73 million was placed with Bouygues Relais (31 December 2017: €431 million), and intra-group current account balances amounted to €117.2 million (31 December 2017: €191.4 million). The impairment reversal of €5.8 million during 2018 relates to the current account with the subsidiary TF1 Vidéo; the impairment reversal of €6.7 million during 2017 relates to the current accounts with Top Shopping, TFM Distribution and TF1 Vidéo.*

3.7 PREPAID EXPENSES

Prepaid expenses amounted to €3.7 million as of 31 December 2018, compared with €4.4 million as of 31 December 2017.

3.8 SHAREHOLDERS' EQUITY

The share capital is divided into 209,928,940 ordinary shares with a par value of €0.2, all fully paid.

(€m)	01/01/2018	Appropriation of profit (2018 AGM)*	Increases	Decreases	31/12/2018
Share capital	42.0				42.0
Share premium	16.5		0.3		16.8
Legal reserve	4.3				4.3
Retained earnings	484.8	58.2			543.0
Other reserves	774.8				774.8
Profits pending appropriation	131.6	(131.6)			0.0
Net profit for the year	0.0	0.0	91.7		91.7
Sub-total	**1,454.0**	**(73.4)**	**92.0**	**0.0**	**1,472.6**
Restricted provisions	16.4		6.5	(7.1)	15.8
TOTAL	**1,470.4**	**(73.4)**	**98.5**	**(7.1)**	**1,488.4**
Number of shares	**209,865,742**		**63,198**		**209,928,940**

* *Dividends paid from 3 May 2018.*

Restricted provisions comprise the following items:

(€m)	01/01/2018	Charges	Reversals	31/12/2018
Audiovisual rights	9.3	5.5	(4.8)	10.0
Transaction costs on acquisitions of equity interests	0.6	1.0		1.6
Software and licences	6.5		(2.3)	4.2
TOTAL	**16.4**	**6.5**	**(7.1)**	**15.8**

3.9 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are established using the methods described in Note 2.11. Movements during the year were as follows:

(€m)	01/01/2018	Charges	Reversals (used)	Reversals (unused)	31/12/2018
Provisions for litigation and claims	5.8	7.5	(3.4)	(0.5)	9.4
Provisions for related entities	63.1	50.1	(63.1)		50.1
Provisions for retirement benefit obligations	24.8	3.1	(0.6)	(1.4)	25.9
Provisions for miscellaneous liabilities and charges	0.0	5.0			5.0
Provisions for unrealised foreign exchange losses	3.2		(3.2)		0.0
TOTAL	**96.9**	**65.7**	**(70.3)**	**(1.9)**	**90.4**

Provisions for litigation and claims cover tax risks, legal risks and employee claims.

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The provision for miscellaneous liabilities and charges relates to the risk of an unrealised loss on a purchase commitment.

The €25.9 million provision for retirement benefit obligations represents the present value of the obligation (€31 million) minus the fair value of plan assets (€5.1 million). The main assumptions used in calculating the present value of the obligations are:

- discount rate: 2.1042%;
- salary inflation rate: 2.00%;
- age on retirement: 62 years.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

3.10 CREDITORS

3.10.1 Bank borrowings

TF1 SA had confirmed credit facilities of €900 million with various banks as of 31 December 2018, none of which was drawn down at that date; of that amount, €130 million was due to expire within less than one year and €770 million after more than one year.

3.10.2 Other borrowings

This item comprises surplus cash invested on behalf of subsidiaries under cash pooling agreements, totalling €419.8 million as of 31 December 2018 and €286.2 million as of 31 December 2017.

3.10.3 Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €148.7 million (€250.9 million as of 31 December 2017).

3.10.4 Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Other borrowings	419.8			419.8
Trade creditors	214.4			214.4
Tax and employee-related liabilities	123.0			123.0
Amounts payable in respect of non-current assets	8.5			8.5
Other liabilities	155.9	0.3		156.2
TOTAL	**921.6**	**0.3**	**0.0**	**921.9**

3.10.5 Accrued income and expenses

(€m)			
Accrued income included in:		**Accrued expenses included in:**	
Trade debtors	7.4	Trade creditors	84.6
Other debtors	34.1	Tax and employee-related liabilities	65.4
		Amounts payable in respect of non-current assets	4.7
		Other liabilities	149.7

3.11 DEFERRED INCOME

Deferred income (€1.8 million) relates to the subsidiary TF1 Publicité, and represents commitments to provide advertising slots to customers free of charge. The corresponding amount as of 31 December 2017 was €4.7 million.

NOTE 4

NOTES TO THE INCOME STATEMENT

4.1 REVENUE

Advertising revenue of €1,156.3 million was recognised in 2018 (including €17.6 million with non-French customers), compared with €1,150.2 million in 2017 (including €15.2 million with non-French customers).

4.2 COST TRANSFERS

This item (€90.2 million in 2018, versus €86.4 million in 2017) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

4.3 PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES AND CHANGES IN INVENTORY

These items relate to broadcasting rights consumed during the period, amounting to €555.8 million (2017: €563.5 million). See Note 3.4.

4.4 OTHER PURCHASES AND EXTERNAL CHARGES

This item includes costs of €95.7 million relating to sports transmission rights in 2018, compared with €42 million in 2017. The increase relates mainly to rights to the 2018 Football World Cup.

It also includes transmission costs of €8.4 million (including occasional provision of circuits), of which €0.9 million were recharged to other entities within the TF1 group. The net amount was therefore €7.5 million in 2018, compared with €8.8 million in 2017.

4.5 TAXES OTHER THAN INCOME TAXES

The main item included on this line is the contribution to the French cinematographic industry support fund (€67.8 million in 2018, compared with €64 million in 2017). It also includes €5.2 million in respect of the tax on broadcast advertising for 2018 (versus €5 million in 2017).

4.6 WAGES, SALARIES AND SOCIAL SECURITY CHARGES

For 2018, this item includes an accrued expense of €6.8 million for the voluntary profit-sharing scheme, compared with €9.1 million in 2017.

4.7 OTHER EXPENSES

This item includes payments to copyright-holders and holders of related rights, amounting to €50.2 million in 2018 (versus €49.2 million in 2017).

4.8 NET FINANCIAL INCOME/EXPENSE

The components of net financial income/expense are as follows:

(€m)	2018	2017
Dividends and transfers of profits/losses from partnerships	53.6	39.0
Net interest paid or received	1.5	1.5
Provision for impairment of equity investments*	16.9	26.1
Provisions for impairment of current accounts	5.8	6.7
Provisions for risks relating to shares of partnership losses	(50.1)	(63.0)
Foreign exchange losses and provisions for unrealised foreign currency translation losses	(1.7)	2.3
NET	**26.0**	**12.6**

* *See Note 3.3.*

Interest received from related companies in 2018 was €1.5 million, compared with €1.5 million in 2017.

4.9 EXCEPTIONAL ITEMS

Exceptional items break down as follows:

(€m)	2018	2017
Retirement/expiration of rights and gains/losses on disposals of intangible assets	(1.7)	(3.7)
Retirement and gains/losses on disposals of property, plant and equipment	(0.7)	0.0
Net change in provisions (including tax depreciation)	(0.3)	7.1
Gains/(losses) on disposals of non-current financial assets	4.1	26.1
Miscellaneous income	11.7	8.8
NET	**13.1**	**38.3**

The net change in provisions during 2018 comprises a net charge to provisions for claims and litigation of €0.9 million, and a net reversal of tax depreciation of €0.6 million. The net change in provisions during 2017 comprised a net reversal of provisions for claims and litigation of €3.6 million, and a net reversal of tax depreciation of €3.5 million.

The net gain on disposals of non-current financial assets in 2018 (€4.1 million) arose from a sale of equity holdings to a non-group company. The net gain on disposals of non-current financial assets in 2017 (€26.1 million) comprised €26.6 million of gains on disposals of equity holdings, net of €0.5 million for a loss on an intra-group transfer.

Miscellaneous income mainly comprises tax relief.

4.10 INCOME TAXES

This item breaks down as follows:

(€m)	2018	2017
Income tax expense incurred by the tax group (net of tax credits)	(45.3)	(53.3)
Income tax credit receivable from companies entitled to tax credits	37.6	35.3
Prior-period tax gains	0.7	0.0
Net change in provision for income taxes	(1.4)	0.2
Tax on dividends	0.0	19.7
INCOME TAXES	**(8.4)**	**1.9**
Profit before tax and profit-sharing	100.1	129.7
Effective tax rate	8.39%	-1.5%

Exceptional items generated a tax charge of €3.7 million.

TF1 made a group tax election on 1 January 1989. Under the group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The group tax election included 30 companies as of 31 December 2018.

The tax group had no tax losses available for carry-forward as of 31 December 2018.

The difference between the standard French tax rate and the effective tax rate, in both 2018 and 2017, is due to deductions relating to income not taxed at the full rate (dividends, long-term capital gains) and adjustments related to the tax group (tax savings arising from the losses of tax group member companies, and eliminations/reinstatements of intra-group transactions).

The total amount of tax losses of subsidiaries that generated savings for the tax group in 2018 and may generate a tax liability in the future is €7.7 million.

4.11 DEFERRED TAX POSITION

The table below shows future tax effects that have not yet been recognised by TF1 SA but will be recognised when the underlying transactions are recognised in the income statement, calculated using a tax rate of 32.02%.

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	4.5	-
Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, unrealised foreign exchange gains and losses, and other non-deductible expenses	-	5.5

4.12 UTILISATION OF COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

For the year ended 31 December 2018, TF1 SA recognised a competitiveness and employment tax credit (*crédit d'impôt compétitivité et emploi* – CICE) of €0.6 million, as a deduction from staff costs. A tax gain of €0.2 million relating to the CICE of LCI (a tax-transparent entity) was also recognised.

The CICE enabled various expenditures to be incurred in 2018 that helped improve competitiveness. In particular, the company invested €20.1 million in property, plant and equipment, mainly technical video equipment and office equipment.

NOTE 5 OTHER INFORMATION

5.1 OFF BALANCE SHEET COMMITMENTS:

The tables below show off balance sheet commitments by type and maturity:

Commitments given *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Operating leases	26.5	61.3	0.9	88.7	75.4
Image transmission contracts	5.5	7.0	0.0	12.5	19.1
Guarantees(1)	2.8		11.2	14.0	14.0
Commitments relating to equity interests(2)	1.2	1.6		2.8	469.0
Other commitments(3)	0.1			0.1	6.8
TOTAL	**36.1**	**69.9**	**12.1**	**118.1**	**584.3**

Commitments received *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Operating leases	26.5	61.3	0.9	88.7	75.4
Image transmission contracts	5.5	7.0	0.0	12.5	19.1
Commitments relating to equity interests(2)	1.2	1.6		2.8	469.0
Other commitments(3)	2.2			2.2	0.0
TOTAL	**35.4**	**69.9**	**0.9**	**106.2**	**563.5**

(1) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.
(2) This item comprises firm or optional commitments to deliver or receive securities.
(3) Other commitments given and received mainly comprise the fair value of currency instruments (see Note 5.2.1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of those items (see note 3.10.1).

TF1 SA had not contracted any complex commitments as of 31 December 2018.

5.2 USE OF HEDGING INSTRUMENTS

5.2.1 Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

At the end of each reporting period, TF1 recognises:

- the foreign exchange loss or gain arising from the application of the foreign exchange guarantees described above;
- unrealised foreign exchange gains and losses arising on payables and receivables carried in its own balance sheet or in the balance sheets of subsidiaries to which it has provided guarantees.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

As of 31 December 2018, the equivalent value of such hedging instruments contracted with banks was €37.5 million:

- €38.4 million of forward purchases (all in US dollars, valued at the closing exchange rate);
- minus €8.9 million of forward purchases (all in Swiss francs, valued at the closing exchange rate);
- plus €8.0 million of currency swaps (all in US dollars, valued at the closing exchange rate).

5.3 EMPLOYEES

The average headcount of TF1 SA is as follows:

	2018	2017
Clerical and administrative	70	70
Supervisory	240	261.9
Managerial	918	957
Journalists	224	235
Interns	17	35
Intermittent employees	156	65
TOTAL	**1,625**	**1,624**

5.4 EXECUTIVE REMUNERATION

Total remuneration paid during 2018 to key executives of the TF1 group (*i.e.* the ten members of the TF1 Management Committee mentioned in the Annual Report) was €7.9 million.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €2 million.

The Bouygues group offers the members of its Executive Committee, who include Gilles Pélisson, a supplementary pension capped at 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2018 to the investment fund of the insurance company which manages the scheme was €0.4 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

5.5 STOCK OPTIONS AND PERFORMANCE SHARE PLANS

Disclosures about stock options and performance shares awarded to employees are provided in the "Report on stock options and performance shares for 2018" in the TF1 registration document.

5.6 DIRECTORS' FEES

The amount of Directors' fees paid in 2018 was €0.3 million.

5.7 AUDITORS' FEES

The amount of fees paid by TF1 SA to its auditors for the 2018 financial year was €0.5 million. The amount paid for other audit services and for services other than statutory audit for 2018 was €0.1 million (CSR report, and assurance and advisory work in connection with corporate actions during the period).

5.8 CONSOLIDATION

TF1 SA is consolidated in the financial statements of the Bouygues group, using the full consolidation method.

5.9 LIST OF SUBSIDIARIES, AFFILIATES AND OTHER EQUITY INVESTMENTS

Company/Group	Currency	Share capital	Equity other than share capital and profit/loss	Share of capital held	Gross book value of investment[(1)]	Net book value of investment[(1)]	Outstanding loans and advances	Guarantees provided[(2)]	Revenues for most recent financial year	Profit/(loss) for most recent financial year	Dividends received during the year
In thousands of euros (or other currency as specified)											
I. Subsidiaries (at least 50% of the capital held by TF1 SA)											
▪ TF1 PUBLICITÉ		2,400	4,969	100.00%	3,038	3,038	31,134	-	1,659,658	19,013	14,300
▪ TF1 FILMS PRODUCTION		2,550	34,020	100.00%	1,768	1,768	18,150	-	41,598	1,593	
▪ TÉLÉSHOPPING		5,127	2,631	100.00%	5,130	5,130	-	-	60,512	(5,062)	
▪ TF1 ENTERTAINMENT		3,000	1,431	100.00%	3,049	3,049	-	-	34,185	7,379	8,000
▪ E-TF1		1,000	359	100.00%	1,000	1,000	-	-	115,349	34,882	23,200
▪ TF1 VIDEO		3,000	6,799	100.00%	23,100	15,000	-	-	32,172	(7,327)	-
▪ TF1 EXPANSION		269	194,980	100.00%	291,291	291,291	-	-	0	(6,109)	-
▪ TF1 DROITS AUDIOVISUELS		15,000	2,633	100.00%	138,431	128,859	-	-	53,191	1,226	4,995
▪ LA CHAINE INFO		4,500	1,383	100.00%	2,059	59	18,398	-	22,770	(31,663)	-
▪ OUEST INFO		40	(184)	100.00%	2,617	17	694	-	1,564	(786)	-
▪ TF1 PRODUCTION		10,080	6,753	100.00%	39,052	39,052	-	-	86,664	3,819	2,999
▪ TF1 MANAGEMENT		40	(9)	100.00%	80	80	-	-	0	0	-
▪ PRÉFAS 20		40	(18)	100.00%	40	40	-	-	0	(4)	-
▪ TF1 NUMÉRIQUE		50,040	68	100.00%	50,040	50,040	-	-	0	(83)	-
▪ PRÉFAS 24		40	(4)	100.00%	40	40	-	-	0	(7)	-
▪ PRÉFAS 25		40	(7)	100.00%	40	40	-	-	0	(4)	-
▪ TF1 DISTRIBUTION		40	(374)	100.00%	40	40	6,770	-	94,999	454	-
▪ TF1 DS		100	(1)	100.00%	100	100	-	-	99,391	(33)	-
▪ NEWEN STUDIOS		27,822	(3,553)	86.15%	197,654	197,654	-	-	1,636	(11,543)	-
▪ HOLDING NEWEN STUDIOS		28,598	(185)	100.00%	44,556	44,556			-	(65)	
▪ AUFEMININ		1,933	131,049	100.00%	386,744	386,744			27,210	20,024	
▪ MONTE CARLO PARTICIPATION		33,700	49,780	100.00%	213,827	213,827	105,000	-	91	62,952	-
▪ GIE ACQUISITION DE DROITS		0	0	93.00%	0	0	232,883	-	311,910	(19,105)	-
II Affiliates (10% to 50% of the capital held by TF1 SA)											
▪ MÉDIAMÉTRIE*		14,880	20,994	10.80%	44	44	-	-	93,039	3,960	100
▪ A1 INTERNATIONAL**		20	5,015	50.00%	12,809	0	-	-	0	(3,779)	-
▪ SMR6		75	11	20.00%	15	15	5	-	78	3	-
III Other equity investments (less than 10% of the capital held by TF1 SA)											
▪ MÉDIAMÉTRIE EXPANSION*		843	43	2.42%	91	0	-	-	0	(71)	-
▪ SÉRIE CLUB		50	1,381	0.004%	2	2	-	-	11,445	870	-
▪ APHÉLIE		2	94,716	0.05%	0	0	-	-	19,025	15,051	-
TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS					**1,416,656**	**1,381,484**	**413,034**	**0**	**-**	**-**	**53,594**

(1) Includes transaction costs where relevant.
(2) "Guarantees provided" represent guarantees given by TF1 SA to cover possible default by a subsidiary and disclosed in off balance sheet commitments.
** "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2017 financial year.*
*** "Share capital", "Equity other than share capital and profit/loss", revenues, and profit/loss all relate to the 2009 financial year.*

NOTE 6 EVENTS AFTER THE REPORTING PERIOD

On 30 January 2019, TF1 SA 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 proposed transaction will, as required by law, be subject to scrutiny by the relevant employee representative bodies.

6

STATUTORY AUDITOR'S REPORTS

6.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2018

To the Annual General Meeting of TF1,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of TF1 for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, section 1, of Regulation (EU) no. 537/2014 or by the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de Commissaire aux Comptes*).

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

MEASUREMENT OF EQUITY INVESTMENTS

RISK IDENTIFIED

Relevant note to the financial statements: 2.4 – Non-current financial assets

As at 31 December 2018, the equity investments recorded in assets for the net carrying amount of €1,381.7m, represent 55% of the total balance sheet of your company. They are recognized at the date of their entry at acquisition cost, corresponding to the cost of purchase plus any acquisition expenses, to which additional tax depreciation is applied over five years. These equity investments are depreciated when their value in use is less than their net carrying amount.

As stated in Note 2.4 to the financial statements, the value in use of each equity investment is determined on the basis of the forecasts established by your company, according to the business outlook and profitability prospects measured notably on the basis of the business plans and the discounted cash flows method.

The determination of the value in use of each equity investment is based on the assumptions and estimates drawn up by management, notably the projected cash flows derived from the business plans, the growth rate used for these projected cash flows and the discount rate applied to them.

We considered the measurement of the equity investments to be a key audit matter, given the high degree of estimation and judgement used by management and the sensitivity of the values in use to changes in the projection assumptions.

OUR RESPONSE

In order to assess the reasonableness of the values in use of the equity investments, based on the information provided to us, our work consisted mainly of the following:

- familiarizing ourselves with the budgetary process and the key controls related to said process;
- obtaining the methods of calculation of the values in use and, in particular, the projected cash flows for the companies to which these equity investments relate, in order to:
  - evaluate their consistency with the medium-term business plans approved by management and presented to the Board of Directors of your company for approval,
  - verify the consistency of the assumptions used with the economic environment at closing date,
  - assess the assumptions used for the determination of the normative cash flow, beyond the medium-term business plan,
  - compare the forecasts used for prior periods as well as for the financial year ended 31 December 2017 with the corresponding actual figures in order to assess the achievement of past targets,
  - verify the permanence of the methods used;
- assessing, with the support of our valuation specialists, the discount rates used for the calculation of the value in use;
- verifying the arithmetical accuracy of the calculations of the values in use used by your company;
- performing sensitivity analyses, in particular relating to the equity investments whose recoverable amounts are close to their carrying amounts.

We have nothing to report on the assessment and the sensitivity tests performed.

PROGRAMMES AND RIGHTS

RISK IDENTIFIED

Relevant notes to the financial statements: 2.2.1 and 3.1.1. Audiovisual rights, 2.5. and 3.4. Inventories and work-in-progress, 2.6. Advance payments, and 3.5.1. Advance payments

- The programmes, broadcasting rights and audiovisual rights, recognized in the balance sheet or presented as off-balance-sheet commitments, constitute the programmes and rights.

  The programmes and broadcasting rights correspond to firm contracts, sometimes multi-year contracts, for the acquisition of programmes and rights to broadcast sports events taken out by your company in order to secure its programming for the coming years.

  As at 31 December 2018, these programmes and broadcasting rights are recognized in inventories for €92M when they are deemed "broadcastable", *i.e.*, when the following criteria are met:
  - technical acceptance has been obtained,
  - the date of the opening-up of the rights is reached.

The value of the inventories is determined based on the production cost or the acquisition cost less consumptions for the year. When a programme has been purchased for a single broadcast, it is 100% amortized upon its broadcast. When the purchase is for two or more broadcasts, except in specific contractual cases, the programme is consumed according to the rules defined by your company depending on the type of programme concerned;

- The audiovisual rights mainly correspond (i) to television programmes for broadcast and (ii) to the producers' shares invested by your company.

  As at 31 December 2018, these audiovisual rights are recognized, at their contractual acquisition cost, in intangible assets related to audiovisual rights for a net value of €30m. The amortization of these fixed assets is determined, by category of audiovisual rights, according to the methods set out in Note 2.2.1 to the financial statements;
- Off-balance-sheet commitments, given directly or indirectly by your company, concern the programmes and rights for which the company considers that the criteria described hereabove have not been met. These commitments are valued for the contractual amounts or, in the case of output deals, for the estimated amount of future disbursements after deduction of advance payments made. Contracts for the acquisition of programmes and rights, in respect of securing the programming for the coming years, amount to €1,901m as at 31 December 2018;
- The programmes and rights are depreciated when their recoverable amount is less than their net carrying amount. The recoverable amount of these programmes and rights is determined:
  - in the case of the programmes and broadcasting rights, when it is probable that a programme will not be broadcast based on its broadcasting probability assessed on the basis of forecast programme schedules validated by management,
  - in the case of co-production shares in drama, based on expected forecast revenue.

We considered that the reality and the valuation of the programmes, broadcasting rights and audiovisual rights, as well as the completeness of the commitments made relating to these programmes and rights constituted a key audit matter, given the significant share represented by these programmes and rights in your company's accounts, and the high level of estimation and judgement used by management to assess the value of these programmes, broadcasting rights and audiovisual rights.

OUR RESPONSE

Our work mainly consisted of the following:

- familiarizing ourselves with the internal control procedures and the information systems set up contributing to the recognition of the programmes, broadcasting rights and audiovisual rights, as well as the corresponding expenses;
- as regards the programmes and broadcasting rights:
  - conducting IT general controls on the management software used by your company,
  - reviewing and ensuring the reliability of the transfers of data between the inventory management interfaces, as well the key reports obtained from these applications used for our audit,
  - testing the design and effectiveness of the key controls set up by your company on the processes for the recognition and estimation of the programmes and broadcasting rights;
- performing substantive analytical procedures on the movements in the inventories of programmes and rights.

On the basis of a sample, we:

- assessed the value of the fixed assets in progress by consistency with the stage of completion of the productions in progress and the related expenses;
- tested the value of the audiovisual rights in the company's catalogue:
  - by assessing the analysis of the future economic benefits performed by your company,
  - by examining whether the depreciation rates thus determined by type of right were correctly applied;
- tested the correct recording in the balance sheet or in off-balance-sheet commitments by consistency with the technical acceptance and the date of the opening-up of the rights;
- tested the value of the programmes and the broadcasting rights held in inventory:
  - by reconciling the programmes present in inventory with the contracts signed,
  - by reconciling the programmes not depreciated with the programmes in the forecast schedule,
  - by performing a retrospective analysis on the unwinding of depreciation and scrapping for which no provision was recognized;
- examined the correct application of the rules on the consumption of inventories defined by your company by reconciliation with the broadcasting findings;
- assessed the value of the off-balance-sheet commitments and prepayments on trade orders:
  - by assessing through discussion and/or reconciliation with legal documentation, the main assumptions used within the scope of the estimation of the broadcasting rights purchased to secure programming for future years,
  - by evaluating the main assumptions used within the scope of the valuation of the commitments given in respect of the output deals.

We have nothing to report on the implementation of these procedures on the programmes and rights.

ADVERTISING REVENUE LINKED TO THE COMMERCIALS BROADCAST

RISK IDENTIFIED

Relevant notes to the financial statements: 2.7 Trade debtors, 2.12 Advertising, 3.5.2 Trade debtors, 3.10.3 Other liabilities, 3.11 Deferred income and 4.1 Revenue.

The advertising revenue linked to the commercials broadcast represents the major part of your company's revenue (€1,156m as at 31 December 2018). Your company's trade debtors owed by TF1 Publicité in terms of net value amount to €181m as at 31 December 2018. Other liabilities mainly include credit notes and discounts granted as well as deferred income.

Sales of advertising airtime are recognized when the corresponding commercials are broadcast. The advertising revenue linked to the commercials broadcast recognized by your company corresponds to the amount of sales of advertising airtime invoiced to the advertisers less the agency commission, and is made in strict compliance with French regulations (agreement signed with the CSA – *Conseil Supérieur de l'Audiovisuel*, the French broadcasting regulatory authority).

Sales of airtime are made according to the general terms and conditions of sale, and the terms specific to each advertiser and agency. There are two main types of sales:

- sales of airtime with an audience target (guaranteed GRP) based on the reconciliation of the broadcasting information on audience levels obtained by companies that are recognized specialists in the measurement of audiences and advertising volumes;

- sales of airtime on a "spot by spot" basis, which result from negotiation between the advertisers and the broadcasters.

The implementation of pricing is subject to an estimate which integrates performance criteria relating to the achievement of the targets defined for a campaign (achievement of the guaranteed GRP, etc.). These estimates are reflected in the accounts by discounts in the form of credit notes or deferred income in respect of free commercials.

In view of the predominance of advertising revenue in your company's revenue, and as this advertising revenue is based on various estimates, we considered its valuation to be a key audit matter.

OUR RESPONSE

Within the scope of our work:

- we familiarized ourselves with the procedures and information systems set up to monitor the recognition of the advertising revenue and its valuation.
- we tested the key controls, as well as the IT general controls and application controls for the main information systems, with regard to:
  - segregation of duties,
  - the entry of campaign contractual terms and prices into the system,
  - the amount of advertising revenue calculated by the system for each campaign, which we compared to the contractual commitments in terms of audience and price.
- we assessed the correlation between the accounting entries justifying the revenue for the period and all the amounts collected, taking into account the variations in trade debtors, invoices to be drawn up, deferred income and VAT.
- we also performed the following procedures on a sample of advertising airtime contracts:
  - we analyzed the contractual clauses and reconciled the financial data with the accounting documents issued (invoices and/or credit notes),
  - we tested the compliance of the methods applied with the rules defined in the relevant notes to the financial statements,
  - we tested the level of the estimates established as at 31 December 2018 (invoices or credit notes to be issued) in view of the performances achieved by the portfolio of contracts and the unwinding of the discounts provisioned from one period to the next.

We have nothing to report on the implementation of these procedures on advertising revenue.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

We attest that the information relating to payment times referred to in Article D. 441-4 of the French Commercial Code (*Code de Commerce*) is fair and consistent with the financial statements.

INFORMATION ON CORPORATE GOVERNANCE

We attest that the Corporate Governance section of the Board of Directors' management report sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de Commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de Commerce*) relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code (*Code de Commerce*) relating to the items considered by your company to be likely to have an impact in the event of a public tender or exchange offer, we have verified its consistency with the documents from which it was taken and which were provided to us. Based on this work, we have nothing to report on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of TF1 by your Annual General Meeting held on 15 May 2001 for Mazars and on 14 April 2016 for ERNST & YOUNG Audit.

As at 31 December 2018, Mazars was in its 18^{th} year and ERNST & YOUNG Audit in its 3^{rd} year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its Internal Audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de Commerce*), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France, as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de Commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de Commissaire aux Comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, 14 February 2019

The Statutory Auditors

French original signed by:

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	Laurent Vitse

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2018

To the Annual General Meeting of TF1,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of TF1 for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de Commissaire aux Comptes*).

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

PROGRAMMES AND RIGHTS

RISK IDENTIFIED

Relevant note to the consolidated financial statements: 7.1. Audiovisual rights and broadcasting rights

The programmes, broadcasting rights and audiovisual rights, recognized in the balance sheet or presented as off-balance-sheet commitments, constitute the programmes and rights.

- The programmes and broadcasting rights correspond to firm contracts, sometimes multi-year contracts, for the acquisition of programmes and rights to broadcast sports events taken out by the Group in order to secure its programming for the coming years.

As at 31 December 2018, these programmes and broadcasting rights are recognized in inventories for €506m when they are deemed "broadcastable", *i.e.*, when the following criteria are met:

– technical acceptance has been obtained,

– the date of the opening-up of the rights is reached.

The value of the inventories is determined based on the production cost or the acquisition cost less consumptions for the year. When a programme has been purchased for two or more broadcasts, except in specific contractual cases, it is consumed according to the rules defined by the Group depending on the type of programme concerned.

- The audiovisual rights mainly correspond (i) to the shares in films and audiovisual programmes produced or co-produced by the Group and/or (ii) to the audiovisual rights distributed by the Group.

  As at 31 December 2018, these audiovisual rights are recognized, at their historical cost, in intangible assets related to audiovisual rights for a net value of €144m. The amortization of these fixed assets is determined, by category of audiovisual rights, according to the methods set out in Note 7.1.1 to the consolidated financial statements.

- Off-balance-sheet commitments, given by the Group in the amount of €1,624m as at 31 December 2018, concern the programmes and rights for which the Group considers that the criteria described hereabove have not been met. These commitments are valued for the contractual amounts or, in the case of output deals, for the estimated amount of future disbursements after deduction of advance payments made.
- The programmes and rights are depreciated when their recoverable amount is less than their net carrying amount. The recoverable amount of these programmes and rights is determined:
  – in the case of the programmes and broadcasting rights, on the basis of their broadcasting probability assessed based on forecast programme schedules validated by management,
  – in the case of the audiovisual rights, on the basis of the analysis of the future economic benefits defined by type of right.

We considered that the reality and the valuation of the programmes, broadcasting rights and audiovisual rights, as well as the completeness of the commitments made relating to these programmes and rights, constituted a key audit matter, given the significant share represented by these programmes and rights in the Group's accounts, and the high level of estimation and judgement used by management to assess the value of these programmes, broadcasting rights and audiovisual rights.

OUR RESPONSE

Our work mainly consisted of the following:

- familiarizing ourselves with the internal control procedures and the information systems set up contributing to the recognition of the programmes, broadcasting rights and audiovisual rights, as well as the corresponding expenses;
- as regards the programmes and broadcasting rights:
  – conducting IT general controls on the management software used by the Group's most significant subsidiaries,
  – reviewing and ensuring the reliability of the transfers of data between the inventory management interfaces, as well the key reports obtained from these applications used for our audit,
  – testing the design and effectiveness of the key controls set up by the Group on the processes for the recognition and estimation of the programmes and broadcasting rights;
- performing substantive analytical procedures on the movements in the inventories of programmes and rights.

On the basis of a sample, we:

- assessed the value of the fixed assets in progress by consistency with the stage of completion of the productions in progress and the related expenses;
- tested the value of the audiovisual rights in the catalogue:
  – by assessing the analysis of the future economic benefits performed by the Group,
  – by examining whether the depreciation rates thus determined by type of right were correctly applied;
- tested the correct recording in the balance sheet or in off-balance-sheet commitments by consistency with the technical acceptance and the date of the opening-up of the rights;
- tested the value of the programmes and the broadcasting rights held in inventory:
  – by reconciling the programmes present in inventory with the contracts signed,
  – by reconciling the programmes not depreciated with the programmes in the forecast schedule,
  – by performing a retrospective analysis on the unwinding of depreciation and scrapping for which no provision was recognized;
- examined the correct application of the rules on the consumption of inventories defined by the Group by reconciliation with the broadcasting findings;
- assessed the value of the off-balance-sheet commitments:

 – by assessing through discussion and/or reconciliation with legal documentation, the main assumptions used within the scope of the estimation of the broadcasting rights purchased to secure programming for future years,
 – by evaluating the main assumptions used within the scope of the valuation of the commitments given in respect of the output deals;
- assessed the permanence of the methods used to calculate non-GAAP indicators such as the cost of the programmes.

We have nothing to report on the implementation of these procedures on the programmes and rights.

ADVERTISING REVENUE LINKED TO THE COMMERCIALS BROADCAST

RISK IDENTIFIED

Relevant notes to the consolidated financial statements: 2 Accounting principles and policies, 5.1 Operating revenues, 7.2.1 Trade and other debtors, and 7.2.2 Trade and other creditors.

The advertising revenue linked to the commercials broadcast represents the major part of your group's revenue (€1,588m as at 31 December 2018). Your group's trade debtors in terms of net value amount to €674m as at 31 December 2018. Other liabilities mainly include credit notes and discounts granted as well as deferred income.

Sales of advertising airtime are recognized when the corresponding commercials are broadcast. The advertising revenue linked to the commercials broadcast recognized by the Group corresponds to the amount of sales of advertising airtime invoiced to the advertisers, and is made in strict compliance with French regulations (agreement signed with the CSA – *Conseil Supérieur de l'Audiovisuel*, the French broadcasting regulatory authority).

Sales of airtime are made according to the general terms and conditions of sale, and the terms specific to each advertiser and agency. There are two main types of sales:

- sales of airtime with an audience target (guaranteed GRP) based on the reconciliation of the broadcasting information on audience levels obtained by companies that are recognized specialists in the measurement of audiences and advertising volumes;
- sales of airtime on a "spot by spot" basis, which result from negotiation between the advertisers and the broadcasters.

The implementation of pricing is subject to an estimate which integrates performance criteria relating to the achievement of the targets defined for a campaign (achievement of the guaranteed GRP, etc.).

These estimates are reflected in the accounts by discounts in the form of credit notes or deferred income in respect of free commercials.

In view of the predominance of advertising revenue in the Group's revenue, and as the advertising revenue is based on these various estimates, we considered its valuation to be a key audit matter.

OUR RESPONSE

Within the scope of our work:

- we familiarized ourselves with the procedures and information systems set up to monitor the recognition of the advertising revenue and its valuation.
- we tested the key controls, as well as the IT general controls and application controls for the main information systems, with regard to:
  – segregation of duties,
  – the entry of campaign contractual terms and prices into the system,
  – the amount of advertising revenue calculated by the system for each campaign, which we compared to the contractual commitments in terms of audience and price;
- we studied the correlation between the accounting entries justifying the revenue for the period and all the amounts collected, taking into account the variations in trade debtors, invoices to be drawn up, deferred income and VAT;
- we also performed the following procedures on a sample of contracts:
  – we analyzed the contractual clauses and reconciled the financial data with the accounting documents issued (invoices and/or credit notes),
  – we tested the compliance of the methods applied with the rules defined in the relevant notes to the consolidated financial statements,
  – we tested the level of the estimates established as at 31 December 2018 (invoices or credit notes to be issued) in view of the performances achieved by the portfolio of contracts and the unwinding of the discounts provisioned from one period to the next.

We have nothing to report on the implementation of these procedures on advertising revenue.

ACQUISITION OF THE AUFEMININ GROUP

RISK IDENTIFIED

Relevant notes to the consolidated financial statements: Significant events of 2018, 3 Scope of consolidation: significant changes and held-for-sale operations, 3.1 Significant changes in scope of consolidation in 2018, and 7.3.1 Goodwill.

On 27 April 2018, your company purchased 78.07% of the Aufeminin group from Axel Springer. On that occasion your company took control of this group and consolidated it according to the full consolidation method. Your company then filed a public tender offer, open from 14 June to 4 July 2018, enabling it to acquire 93.28% of the capital of aufeminin. Subsequently it pursued its policy to increase its stake, reaching 95.26% on 7 September 2018. On 19 October 2018, your company then filed a public repurchase offer, followed by a compulsory buy-out bid. As at 31 December 2018, your company thus holds 100% of the Aufeminin group.

The purchase from Axel Springer was made at the price of €39.47 per share, in accordance with the purchase agreement. It is reflected by the recognition of provisional partial goodwill in the amount of €203.9m. The following purchases, performed at the same unit price, were treated as transactions between shareholders.

We considered the acquisition of aufeminin to be a key audit matter in view of:

- the materiality of this acquisition and the significant share that it represents in the Group's goodwill;
- the assumptions adopted by management to measure the fair value of the assets acquired and the liabilities assumed as at the date of takeover.

OUR RESPONSE

Our work mainly consisted of:

- obtaining the documentation relating to this transaction, such as the purchase agreement, the public tender offer and the public repurchase offer;
- discussing with management to gain an understanding of the characteristics of this acquisition and examining whether it was treated in compliance with the applicable accounting provisions under standards IFRS 10 and IFRS 3 (Revised);
- performing limited review procedures on the consolidated balance sheet of the aufeminin subgroup as at 30 April 2018;
- examining the conditions of initial consolidation, familiarizing ourselves with the analyses performed by your group concerning the correct application of your group's accounting principles to the Aufeminin group, and examining the determination of provisional goodwill;
- based on the independent expert's report on the allocation of provisional goodwill, and with the assistance of our own valuation experts, assessing the nature of the expert's work and conclusions, and the assumptions adopted for the revaluation of the assets and liabilities acquired on the basis of the criteria under the applicable accounting standards;
- assessing the appropriateness of the financial information provided in the notes to the consolidated financial statements concerning this acquisition.

SPECIFIC VERIFICATIONS

As required by French legal and regulatory texts, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

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

We attest that the consolidated non-financial statement provided for in Article L. 225-102-1 of the French Commercial Code (*Code de Commerce*) is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, the information contained in this statement has not been verified by us regarding its fairness or consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of TF1 by your Annual General Meeting held on 15 May 2001 for Mazars and on 14 April 2016 for ERNST & YOUNG Audit.

As at 31 December 2018, Mazars was in its 18th year and ERNST & YOUNG Audit in its 3rd year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its Internal Audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de Commerce*), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France, as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de Commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de Commissaire aux Comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie et Paris-La Défense, 14 February 2019

The Statutory Auditors

French original signed by:

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	Laurent Vitse

6.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Annual General Meeting held to approve the financial statements for the year ended 31 December 2018

To the Annual General Meeting of TF1,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*) of the continuation of the implementation, during the year ended 31 December 2018, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

AGREEMENTS AND COMMITMENTS AUTHORIZED AND MADE DURING THE YEAR ENDED 31 DECEMBER 2018

In accordance with Article L. 225-40 of the French Commercial Code (*Code de Commerce*), we have been notified of the following related party agreements and commitments made during the financial year ended 31 December 2018 which received prior authorization from your Board of Directors.

1) SHARED SERVICES AGREEMENT WITH BOUYGUES

At its meeting on 30 October 2018, your Board of Directors authorized the renewal, for a period of one year as from 1 January 2019, of the shared services agreement concluded on 23 February 2016 between your company and Bouygues. Under this agreement, Bouygues provides the various companies in its group with specialist services in different fields, such as finance, law, human resources, insurance, sustainable development, patronage, new technologies and advisory services.

Reasons justifying why the company benefits from this agreement

The purpose of this shared services agreement, a common arrangement in groups of companies, is to enable your company to benefit from specialist and management services that Bouygues provides to the various companies in its group in a number of fields.

Financial conditions

The principle of this agreement is based on rules of allocation and invoicing of the shared service costs including specific services and payment of residual shared costs limited to a percentage of revenue.

This agreement had no financial impact on financial year 2018.

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues, Mr Philippe Marien, permanent representative of Bouygues, and Mr Olivier Roussat.

2) TOP-UP PENSION GRANTED TO YOUR COMPANY'S CEO

According to Article L. 225-42-1 of the French Commercial Code (*Code de Commerce*), defined benefit pension commitments made for the benefit of the CEO, the General Manager or the Deputy General Managers of listed companies, are subject to the provisions governing related party agreements, a specific resolution being required for each beneficiary of such agreements.

In addition, since the entry into force of law no. 2015-990 of 6 August 2015 (the "Macron" law), in listed companies, in order to benefit from the commitments made concerning defined benefit pensions granted to these executives, beneficiaries must fulfil conditions related to their performance, assessed based on the performance of the company concerned.

At its meeting on 30 October 2018, your Board of Directors:

- recalled the conditions of performance which must be fulfilled by Mr Gilles Pélisson in order to benefit from the defined benefit pension granted to him as CEO of your company, as fixed by the Board of Directors at its meeting on 30 October 2017. These conditions concern the achievement of an average consolidated net income target as follows:
- for financial year 2018, based on the annual budgets for 2016, 2017 and 2018,
- for subsequent years, based on the annual budget for the current year and the annual budgets for the previous two financial years.

Depending on the achievement of the consolidated net income targets, Mr Gilles Pélisson's entitlement to the top-up pension will be between 0% and a maximum of 0.92% of the reference salary.

The annual supplementary pension benefit is capped at eight times the annual limit set by the Social Security;

- authorized, for Mr Gilles Pélisson, CEO of TF1, the renewal of a supplementary pension plan for a period of one year as from 1 January 2019, subject to certain conditions, for the vesting of supplementary pension entitlements, covered by the defined benefit pension agreement;
- entitlement to this top-up pension is only vested after ten years of service with the Bouygues group.

Reasons justifying why the company benefits from this agreement

The purpose of this agreement is to secure the loyalty of the members of Bouygues' Executive Committee, which includes Mr Gilles Pélisson. It also allows your company to benefit from a pooled negotiation conducted within the Bouygues group, between Bouygues and the managers of its various business units.

Financial conditions

Bouygues re-invoices your company for its share of the premiums paid to the insurance company.

This agreement had no financial impact on financial year 2018.

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

Mr Gilles Pélisson, CEO, did not take part in the vote.

3) OPEN INNOVATION SERVICES AGREEMENTS

At its meeting on 30 October 2018, your Board of Directors authorized the renewal, for a period of one year as from 1 January 2019, of the Open Innovation services agreement concluded with Bouygues, according to which the latter provides services to your company.

Reasons justifying why the company benefits from this agreement

This agreement defines the terms and conditions governing the performance and payment of Open Innovation services provided by Bouygues, directly or through its wholly-owned subsidiary Bouygues Développement, to your company.

Financial conditions

Advisory services are an integral part of Bouygues' shared services and are re-invoiced directly under the shared services agreement as the share of the residual amount of the shared service costs. In return for the management services, your company pays Bouygues a fixed monthly fee of €750 excluding taxes, on a *prorata temporis* basis, per investment in an innovative company.

This agreement had no financial impact on financial year 2018.

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

4) OFFICE SPACE PROVIDED BY THE ECONOMIC INTEREST GROUPING GIE "32 AVENUE HOCHE"

At its meeting on 30 October 2018, your Board of Directors authorized the renewal, for a period of one year as from 1 January 2019, of the agreement regarding the provision of office space owned by Bouygues on the first floor of 32, avenue Hoche in Paris.

Reasons justifying why the company benefits from this agreement

Under this agreement, your company benefits from office space and meeting rooms in central Paris, as well as related services such as reception, IT and secretarial services.

Financial conditions

This agreement is based on flat-rate fees.

It had no financial impact on financial year 2018.

Persons concerned

Bouygues being a member of the economic interest grouping G.I.E. "32 avenue Hoche": Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

5) USE OF AIRCRAFT OWNED BY AIRBY

At its meeting on 30 October 2018, your Board of Directors authorized the renewal of the agreement offering your company, for a period of one year as from 1 January 2019, the possibility of using the services of Airby, a company owned indirectly by Bouygues and SCDM, operator of a Global 6000 aircraft and other leased aircraft.

Reasons justifying why the company benefits from this agreement

This agreement covers the provision and use of aircraft (leased or owned by the Bouygues group) including all costs related to associated flight services.

Financial conditions

Under this agreement, the use of the Global 6000 is invoiced based on a single flat-rate tariff which remains unchanged at €7,000 per flight hour. The provision by Airby of leased aircraft is still invoiced at the market lease rate, plus €1,000 excluding taxes for chartering services.

This agreement had no financial impact on financial year 2018.

Persons concerned

Bouygues being shareholder of Airby and of your company: Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS

6

A) AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS WHOSE IMPLEMENTATION CONTINUED DURING THE YEAR ENDED 31 DECEMBER 2018

In accordance with Article R. 225-30 of the French Commercial Code (*Code de Commerce*), we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2018.

1) Shared services agreement with Bouygues

Authorized by your Board of Directors on 30 octobre 2017.

The Annual General Meeting of 19 April 2018 approved the renewal, for a period of one year as from 1 January 2018, of the shared services agreement concluded with Bouygues on 23 February 2016, according to which the latter provides the various companies in its group with specialist services in different fields, such as finance, law, human resources, insurance, sustainable development, patronage, new technologies, and more generally advisory services.

Financial conditions

In respect of financial year 2018, the amount invoiced by Bouygues was €3,454,142.16 excluding taxes, of which €3,460,944.69 excluding taxes related to 2018 and €6,802.53 excluding taxes corresponded to a regularization concerning financial year 2017.

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

2) Top-up pension granted to the CEO, Mr Gilles Pélisson

Authorized by your Board of Directors on 30 October 2017.

Defined-benefit pension commitments for the benefit of the CEO

The Annual General Meeting of 19 April 2018 approved the granting to Mr Gilles Pélisson, as from 1 January 2018, of a top-up pension, subject to performance conditions, *via* a group defined-benefit pension agreement signed by Bouygues. Entitlement to this top-up pension is only vested after ten years of service with the Bouygues group. Mr Gilles Pélisson's vesting of the annual top-up pension rights is contingent upon the fulfilment of performance conditions over which he may have had some control; these conditions are linked to the achievement of an average consolidated net income target in relation to the annual budget:

- for financial year 2018, based on the annual budgets for 2016, 2017 and 2018;
- for subsequent years, based on the annual budget for the current financial year and the annual budgets for the previous two financial years.

Depending on the achievement of the consolidated net income targets, entitlement to the top-up pension will be between 0% and a maximum of 0.92% of the reference salary.

The supplementary pension benefit is capped at eight times the annual limit set by the Social Security.

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

Mr Gilles Pélisson, CEO, did not take part in the vote.

Re-invoicing by Bouygues of pension contributions for the CEO

The Annual General Meeting of 19 April 2018 also approved the re-invoicing agreement concluded with Bouygues, for a period of one year as from 1 January 2018, in respect of the share of the premium paid by Bouygues to the insurance company for Mr Gilles Pélisson.

In respect of financial year 2018, Bouygues invoiced the amount of €442,950 excluding taxes (including the 24% tax paid to URSSAF).

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

Mr Gilles Pélisson, CEO, did not take part in the vote.

3) Office space provided by the economic interest grouping G.I.E. "32 avenue Hoche"

The Annual General Meeting of 19 April 2018 approved the renewal, for a period of one year as from 1 January 2018, of the agreement regarding the provision of office space on the first floor at 32, avenue Hoche in Paris.

Financial conditions

The amount paid to GIE "32 avenue Hoche" in respect of the provision of this office space was €14,911 excluding taxes.

Persons concerned

Bouygues being a member of the economic interest grouping GIE "32 avenue Hoche": Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

4) Commercial lease with Aphélie

Authorized by your Board of Directors on 13 May 2009.

The Annual General Meeting of 15 April 2010 approved the commercial lease entered into with Aphélie on 19 June 2009, concerning the Tower, North Wing and Central buildings of the Point du Jour property complex in Boulogne-Billancourt (Hauts-de-Seine). The lease was signed for a term of nine years and nine days.

Lease payments invoiced by Aphélie to your company for the first half of 2018 amounted to €7,047,410.06 excluding taxes.

Persons concerned

TF1 is a shareholder of Aphélie through your subsidiary TF1 Expansion.

5) Commercial lease with Firelie

Authorized by your Board of Directors on 10 November 2011.

The Annual General Meeting of 19 April 2012 approved the commercial lease entered into with Firelie on 9 January 2012 concerning the South Wing building. The lease was signed for a term of nine years and ten days from 22 December 2011, with a firm commitment for six years, six months and ten days. It should be noted that Firelie was taken over by Aphélie on 30 June 2017.

Lease payments invoiced by Aphélie to your company for the first half of 2018 amounted to €1,714,294.88 excluding taxes.

Persons concerned

TF1 is a shareholder of Aphélie through your subsidiary TF1.

B) AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS WHICH WERE NOT IMPLEMENTED DURING THE YEAR ENDED 31 DECEMBER 2018

In addition, we have been notified that the following agreements and commitments, which were approved by the Annual General Meeting in prior years, were not implemented during the year ended 31 December 2017.

1) Open Innovation services agreement

Authorized by your Board of Directors on 30 October 2017.

The Annual General Meeting of 19 April 2018 approved the Open Innovation services agreement concluded with Bouygues, according to which the latter provides your company with Open Innovation services.

This agreement defines the terms and conditions governing the performance and payment of Open Innovation services provided by Bouygues, directly or through its wholly-owned subsidiary Bouygues Développement, to your company.

No amount was invoiced by Bouygues in respect of financial year 2018.

Persons concerned

Bouygues being shareholder: Mr Martin Bouygues, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

2) Use of aircraft owned by Airby

Authorized by your Board of Directors on 30 October 2017.

Your Annual General Meeting of 19 April 2018 approved the agreement concluded with Airby covering the provision and use of aircraft (leased or owned by the Bouygues group) including all costs related to associated flight services.

In respect of the year 2018, your company did not use the aircraft and no amount was invoiced by Airby.

Persons concerned

Mr Martin Bouygues, a Bouygues shareholder, Mr Olivier Bouygues and Mr Olivier Roussat (Board members), and Mr Philippe Marien (permanent representative of Bouygues on the Board of Directors).

Courbevoie and Paris-La Défense, 6 March 2019

The Statutory Auditors

French original signed by:

MAZARS Gilles Rainaut	ERNST & YOUNG Audit Laurent Vitse

6.4 STATUTORY AUDITORS' REPORT ON THE REDUCTION IN CAPITAL

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Extraordinary General Meeting of 18 April 2019

Resolution no. 15

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Article L. 225-209 of the French Commercial Code (*Code de Commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors proposes that it be authorized, for a period of 18 months as from the date of this Shareholders' Meeting, to proceed with the cancellation of shares the company was authorised to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of 24 months in compliance with the article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

Done at Paris La Défense, 6 March 2019

The Statutory Auditors

French original signed by:

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	Laurent Vitse

6.5 STATUTORY AUDITORS' REPORT ON THE INCREASE IN CAPITAL RESERVED FOR EMPLOYEES WHO ARE MEMBERS OF A COMPANY SAVINGS SCHEME

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Extraordinary General Meeting of 18 April 2019

Resolution no. 25

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with articles L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report on the proposed delegation of authority to the Board of Directors to decide on an increase in capital by an issue of ordinary shares with cancellation of preferential subscription rights, reserved for employees and corporate officers of TF1 and for employees and corporate officers of French or foreign companies related to TF1 within the meaning of the legislation in force, who are members of any company or group savings scheme or any intercompany savings scheme, an operation upon which you are called to vote. The amount of this operation may not exceed 2% of the capital as at the date of the Board of Directors' decision.

This increase in capital is submitted for your approval in accordance with articles L. 225-129-6 of the French Commercial Code (*Code de Commerce*) and L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*).

Your Board of Directors proposes that, on the basis of its report, it be authorized, for a period of 26 months as from the date of this Shareholders' Meeting, to decide on an increase in capital and that your preferential subscription rights to the ordinary shares to be issued be cancelled. If applicable, it will be responsible for fixing the final conditions of this operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code (*Code de Commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the shares.

Subject to a subsequent examination of the conditions for the proposed increase in capital, we have no matters to report as to the methods used to determine the issue price for the ordinary shares to be issued set out in the Board of Directors' report.

As the final conditions for the increase in capital have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de Commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised this authorization.

Done at Paris La Défense, 6 March 2019

The Statutory Auditors

French original signed by:

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	Laurent Vitse

6.6 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND MARKETABLE SECURITIES WITH AND/OR WITHOUT CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Extraordinary General Meeting of 18 April 2019

Resolutions nos. 16, 18, 19, 20, 21, 22, 23 and 24

Statutory Auditors' report on the issue of shares and marketable securities with and/or without cancellation of preferential subscription rights

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report on the proposed authorisations allowing your Board of Directors to decide on whether to proceed with various issues of shares and/or marketable securities, operations upon which you are called to vote.

Your Board of Directors proposes, on the basis of its report, that:

- it be authorised, with the possibility to subdelegate in the conditions provided for by law, for a period of 26 months as from the date of this Shareholders' Meeting, to decide on whether to proceed with the following operations and to determine the final conditions of these issues, and proposes, where applicable, to cancel your preferential subscription rights:
  - issue without cancellation of preferential subscription rights (16th resolution) (i) of ordinary shares of the Company, and (ii) any marketable securities issued free or for valuable consideration, giving access by any means, immediately and/or in the future, at any time or at a fixed date, to ordinary shares to be issued by the Company,
  - issue with cancellation of preferential subscription rights, through an offering to the public (18th resolution) (i) of ordinary shares of the Company, and (ii) any marketable securities giving access by any means, immediately and/or in the future, to ordinary shares to be issued by the Company,
  - issue with cancellation of preferential subscription rights, through offerings in accordance with II of Article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) for an amount that does not exceed 10% of the share capital per year (19th resolution) (i) of ordinary shares of the Company, and (ii) any marketable securities giving access by any means, immediately and/or in the future, to ordinary shares to be issued by the Ccompany,
  - issue, in the event of a public exchange offer initiated by your company (23rd resolution) of ordinary shares of the company and/or marketable securities;
- it be authorized, under the 20th resolution and in accordance with the authorization presented in the 18th and 19th resolutions, to determine the issue price within the legal annual limit of 10% of the share capital;
- it be delegated, for a period of twenty-six months as from the date of this Shareholders' Meeting, the powers necessary to issue ordinary shares of the company and/or marketable securities giving access by any means, immediately and/or in the future, to ordinary shares to be issued by the company, in consideration for the contributions in kind made to the company and consisting of equity securities or marketable securities giving access to the capital (22nd resolution), within the limit of 10% of the share capital.

The overall nominal amount of increases in capital that can be implemented immediately or at a later date may not, under the 16th resolution, exceed €8,400,000 in respect of the 16th resolution.

The overall nominal amount of increases in capital that can be implemented immediately or at a later date may not, under the 24th resolution, exceed €4,200,000 in respect of the 18th, 19th, 20th, 21st, 22nd and 23rd resolutions and will be charged against the total maximum amount of €8,400,000 provided for in the 16th resolution.

These limits take into account the additional number of shares to create to implement the authorisations for capital increases with or without preferential rights of subscription, under the terms and conditions of article L.225-135-1 of the French Commercial Code if you adopt the 21st resolution.

The overall nominal amount of debt securities that can be issued may not, under the 24th resolution, exceed €900,000,000 euros for the 16th, 18th, 19th, 22nd and 23rd resolutions.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code (*Code de Commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued set out in the Board of Directors' report in respect of the 18th and 19th resolutions.

We have the following matters to report on the Board of Directors' report:

This report does not include the justification of the methods used to determine the issue price of the equity securities to be issued within the limit of 10% of the share capital per year under the 20th resolution. Consequently, we cannot report on the conditions of calculation of this issue price.

Moreover, as the methods used to determine the issue price of the equity securities to be issued in accordance with the 16th, 22nd and 23rd resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions in which the issues would be performed have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights according to the 18th and 19th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de Commerce*), we will issue a supplementary report, if necessary, when your Board of Directors has exercised these authorizations in the event of the issue of marketable securities that are equity securities giving access to other equity securities or giving entitlement to the allotment of debt securities, in the event of the issue of marketable securities giving access to equity securities to be issued and in the event of the issue of shares with cancellation of preferential subscription rights.

Done at Paris La Défense, on 3 April 2019

The Statutory Auditors

French original signed by:

MAZARS Gilles Rainaut	ERNST & YOUNG Audit Laurent Vitse

6.7 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION FOR ALLOCATION OF STOCK OPTIONS OR SHARE PURCHASE PLANS

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Combined General Meeting of Shareholders of 18 April 2019

Resolution no. 26

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de Commerce*), we hereby report on the authorization for allocation of stock options or share purchase plans reserved for, firstly, the salaried employees of your company or certain categories of personnel and, secondly, the corporate officers (or some of them) as defined by law, both of Télévision France 1 – TF1 and the companies or groups that are directly related to it within the meaning of Article L. 225-180 of the French Commercial Code (*Code de Commerce*), an operation on which you are called to vote.

The total number of options allocated may not represent more than 3% of the company's share capital on the date the Board of Directors authorizes the allocation, it being specified that the number of shares which may be subscribed or acquired within the scope of the allocation of free shares pursuant to the twenty-seventh resolution of the Combined General Assembly of 18 April 2019 (or a later decision) shall be deducted from this cap.

The total number of options which may be granted to the corporate officers pursuant to this authorization may not exceed a total number of shares representing more than 5% of the total grants made by the Board of Directors over thirty-eight months.

Your Board of Directors proposes that, on the basis of its report, you authorize it, for a period of thirty-eight months, to allocate stock options or share purchase plans.

It is the responsibility of the Board of Directors to prepare a report on the reasons for the stock options or share purchase plans and on the proposed methods used to determine the subscription or purchase price. Our role is to report on the proposed methods to determine the subscription or purchase price of the shares.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the subscription or purchase price are included in the Board of Director's report, and are in accordance with French laws and regulations.

We have no matters to report as to the proposed methods for the determination of the subscription or purchase price.

Courbevoie and Paris-La Défense, 6 March 2019

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	Laurent Vitse

6.8 STATUTORY AUDITORS' REPORT ON THE FREE ALLOCATION OF EXISTING SHARES OR SHARES TO BE ISSUED

This is a translation into English of the Statutory Auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Combined General Meeting of Shareholders of 18 April 2019

Resolution no. 27

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with Article L. 225-197-1 of the French Commercial Code (*Code de Commerce*), we hereby report on the proposed authorization for the free allocation of existing shares or shares to be issued, firstly, for the salaried employees of your company or certain categories of personnel and, secondly, the corporate officers (or some of them) as defined by law, both of Télévision France 1 – TF1 and the companies or groups that are directly related to it within the meaning of Article L. 225-197-1 of the French Commercial Code (*Code de Commerce*), an operation on which you are called to vote.

The total number of shares allocated in respect of this authorization may not represent more than 3% of the company's share capital on the date the Board of Directors authorizes the allocation, it being specified that the number of shares which may be subscribed or acquired within the scope of the free allocation of shares pursuant to the twenty-sixth resolution of the Combined General Assembly of 18 April 2019 (or a later decision) shall be deducted from this cap.

The number of shares able to be freely awarded to executive corporate officers, by virtue of this authorisation, may not exceed 0.03% of share capital over thirty-eight months.

Your Board of Directors proposes that, on the basis of its report, you authorize it, for a period of thirty-eight months to allocate, for free, existing shares or shares to be issued.

It is the responsibility of the Board of Directors to prepare a report on the proposed operation. Our role is to report on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Director's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Director's report relating to the proposed allocation of free shares.

Courbevoie and Paris-La Défense, 6 March 2019

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG Audit
Gilles Rainaut	Laurent Vitse

7

CORPORATE SOCIAL RESPONSIBILITY AFR

FOREWORD

ORGANISATION

All sectors of the company work together on all the social, environmental and societal aspects of the Group's Corporate Social Responsibility (CSR) policy, coordinated by the CSR Division (one person full time), who is also responsible for non-financial reporting.

Since 2016 the CSR Division, created in 2005, has reported to Arnaud Bosom, the Executive Committee member who also heads the Human Resources Division.

In 2014, the Board of Directors decided to set up an Ethics and CSR Committee (see section 3.2).

An update on CSR activities is presented at each Meeting of the Board of Directors by the Chairman of the Board, Gilles Pélisson.

MEMBERSHIP IN THE GLOBAL COMPACT

The Bouygues group, on behalf of all the businesses that it represents, including TF1, renewed its commitment alongside other French and international companies to respect and promote the ten principles of the Global Compact on human rights, labour, the environment, and anti-corruption.

In 2019, the TF1 group will publish SDG (sustainable development goal) reports in accordance with Global Compact recommendations.

REFERENCE FRAMEWORKS GOVERNING GROUP CSR REPORTING AND IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" PRINCIPLE

Under Article L225-102-1 of the decree transposing the European reporting directive of August 2018 into French law, the TF1 group, a subsidiary of the Bouygues group which consolidates its financial statements, is no longer obliged to publish a non-financial report, nor to have the content verified by an independent third party.

Nevertheless the TF1 group took the decision to publish this report, covering TF1 group employee-related, environmental and social issues, presented in accordance with French regulatory requirements of Decree no. 2012-557 of 24 April 2012 relating to Article 225 of the Grenelle 2 Act, as well as the Decree of 19 August 2016 (which requires reporting on significant GHG emissions, including scope 3 emissions, the circular economy, tackling food waste and other ways in which natural resources are used).

The Group also chose to continue to undergo third party auditing for the seventh year running. See the independent auditor's report on a selection of extra-financial information in section 7.4.

The definition and method of compilation of employee-related, environmental and social indicators is covered by two methodological guides shared with contributors, staff at Bouygues SA's Sustainable Development Division and the independent auditor.

SCOPE AND GENERAL PRINCIPLE OF COMPANY CONSOLIDATION

TF1 group generates revenues mainly in France and in Europe. In 2018, the breakdown was as follows: 94.2% (96.1% in 2017) in France, 4.2% (3.5% in 2017) in Europe excluding France, and 1.6% (0.4% in 2017) for other countries.

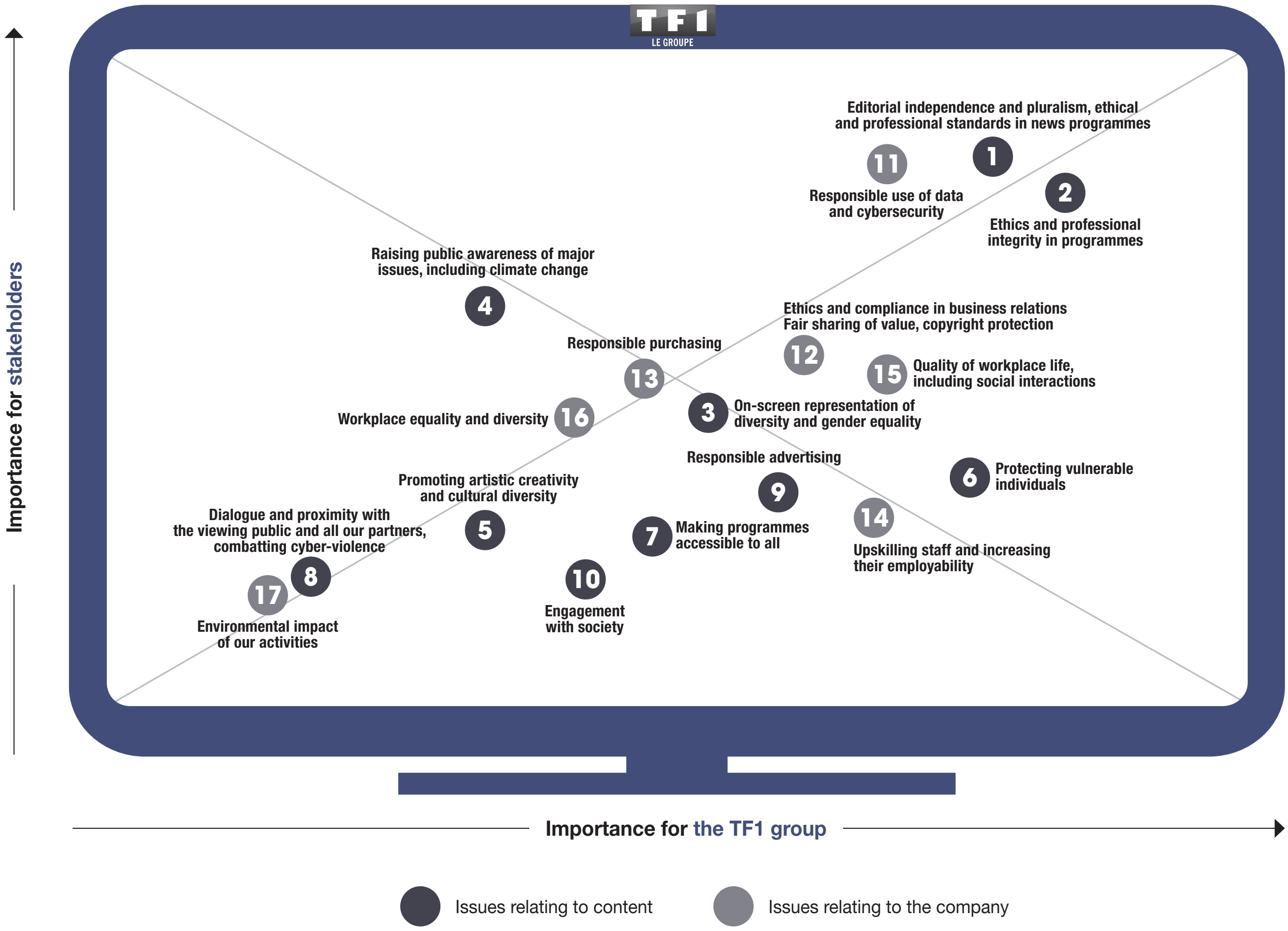
Fully and partially consolidated companies are included in reporting except where TF1 group does not operate the entity (*i.e.* does not have management responsibility for it). A company has management responsibility for an entity when it has the power to make decisions on the operational procedures of that entity.

Modifications made since the previous report: TF1 group's acquisition of the Aufeminin group, consolidated in the financial statements as of 30 April 2018 and aquisitions of Doctissimo and Gamned!.

The non-financial scope may vary by indicator. Where this is the case (scope less than 100% of revenues or total workforce), the scope is systematically specified in the introductory methodology note or directly in tables.

MATERIALITY STUDY

The details of the methodology implemented for the materiality study can be found in the report included in this document.



CHALLENGES, STAKEHOLDERS, DIALOGUE AND EXAMPLES OF ACTION[1]

Challenge [2]		Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
1	Editorial independence and news media pluralism, ethics and professional integrity	News Division, Society of Journalists, Legal Affairs Department, General Counsel's Department	Regulatory authority (CSA) Public; Public; Independence and Pluralism Committee	Participation in working groups, production of reports, proposals	In 2018: ■ First meeting of the Independence and Pluralism Committee set up in 2017 (still awaiting guidance from the French broadcasting regulatory authority (CSA) on operating methods). Indicators: comments (warning/formal notice) from the CSA for the last year studied (2017): 1 warning (Protection of the identity of minors in an episode of "Sept à Huit"). **See Section on Risks – Ethics and professional integrity/News**
2	Ethics and professional integrity in programmes	Programme units, Compliance Division, Legal Affairs Department, General Counsel's Department	French broadcasting regulatory authority (CSA), Producers, Public	Direct interaction with contributors to news and programme content, reminder of the agreement signed with the CSA in contracts	Annually: ■ Dialogue with producers; ■ Ongoing monitoring and viewing of programmes by the Broadcasting Division and Programme Compliance Division. Indicators: comments (warning/caution) from the CSA for the last year reviewed (2017): 0. **See Section on Risks – Ethics and professional integrity/programmes**
3	On-screen representation of national diversity and gender equality	Programme units, News Division, Human Relations Division, Training	Producers French broadcasting regulatory authority (CSA) Public	Reminder of the agreement signed with the CSA in contracts Organisation of conferences	Annually: ■ Quantitative commitments towards the CSA; ■ Letter to producers of non-scripted broadcasts reminding them to focus on diversity during castings. In 2018: ■ 2nd edition of the "Femmes dans l'info" (Women in the news) study; ■ Organisation of the "Expertes à la Une" event; ■ Partnership with Vox Femina/"Femmes en Vue" award and organisation by TF1 of media training for 24 women experts; ■ Broadcasting of the short programme, "C'est Quoi Cette Question" (What is this Question), on anti-discrimination issues. Indicator: women in TV news as a percentage of all participants. The result of the last internal study carried out in 2018 on TF1's news programmes was 39%, up 5% in terms of the presence of women in general (from 34 to 39%) and experts, in particular, (from 22 to 27%) compared with the study carried out in 2016. **See 7.3.10 Promoting diversity**
4	Raising public awareness of major issues, including climate change	Programme units, News Division, social media	Producers External Public Communication News Team Journalists	Dialogue with producers; Audience relations	Annually: ■ Stories advocating solutions, regularly covered by news programmes; ■ Messages in weather forecasts; ■ Editorial line entirely dedicated to sustainability on Ushuaia TV. In 2018: ■ Impact Positif, an online podcast created by LCI journalist, Sylvia Amicone. **See 7.2.1 General environmental approach**
5		Programme units, News Division, Innovation and Digital	Producers Public	Frequent meetings with producers, schools Creative workshops, Encouragement for more diverse casting	Annually: ■ Integration of cultural diversity in the rights purchasing approach; ■ Creative development for the Seine Musicale music venue, TF1 Musique, TF1 Film Productions; In 2018: ■ Renewed support for La Chance aux concours (which funds places at journalism school for young people), the partnership with FEMIS (training for screenwriters), new partnership with the non-profit organisation, Moteur!. **See 7.3.5 Sponsorship and partnership initiatives**

Challenge (2)		Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
6	Protection of vulnerable individuals	Channel and Broadcasting Division	Public French broadcasting regulatory authority (CSA)	Commitment to the CSA, annual review	Annually: ▪ No programmes that are prohibited for children under 18, content rating if not suitable for all audiences; ▪ Child psychologist who views all youth series purchased by TF1. **See 7.3.9 Protection of young viewers**
7	Making programmes accessible to all	Channel and Broadcasting Division	Public Non-profit organisations	Dialogue with organisations representing people affected by sensory disabilities, emails from viewers	Annually: ▪ Subtitling and audio description of programmes on all Group channels consistently exceed legal requirements. In 2018: ▪ Implementation of the Facil'ITI solution for website accessibility to MYTF1.fr and LCI.fr. The Facil'ITI start-up was incubated by Station F in the 2nd season of TF1 Medialab; ▪ Subtitling and audio description: development of dialogue and feedback with user associations. Indicators: subtitled programmes and number of programmes with audio description as a percentage of mandatory requirements. **See 7.3.8 Programme accessibility**
8	Dialogue and proximity with the viewing public and all our partners, fight against cyber violence	External Communication Division, Community managers; news Ombudsman;	Public	Personal replies to emails, phone calls and letters	Annually: ▪ Coordination of social media by community managers; ▪ Response from the News Ombudsman; ▪ Through the Foundation, organising meetings with sixth form students, work experience for secondary school pupils, and visits to TF1 studios; ▪ Respect Charter at all Group sites and on social media. (Partnership with Respect Zone). In 2018: ▪ Broadcasting of the TV movie, *Le Jour où j'ai brûlé mon cœur* (The Day when I burned my heart) part of the French Department of Education's anti-bullying campaign on broadcasting and on social networks. ▪ Indicators: the Group has millions of followers on social media (over 72 million in 2018). **See 7.3.4 Public relations**
9	Responsible advertising	TF1 Publicité; Sales Division; Development Division of TF1 Publicité;	ARPP; Public; Advertisers; Media agencies; French Competition Authority	Publication of general terms and conditions of sale; Website www.tf1pub.fr, References magazine; events, Campus, etc.	Annually: ▪ Advertising regulations and compliance rules applied to all advertising messages, whatever the medium and broadcasting format, including on-demand audiovisual media services. In 2018: ▪ Broadcasting a daily advertising spot on green products broadcast during sustainable development week. **See Section on Risks, Compliance and ethics in advertising**

Challenge [2]		Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
10	Social commitment	Broadcasting TF1 Publicité TF1 Initiatives Committee, Corporate Foundation, HR Division/Corporate Communication	Associations and NGOs	Responses to requests; Multi-year contracts and partnerships	Annually: ■ Various types of aids implemented by the channels and TF1 Publicité: production of commercials, free advertising, special campaigns, donation of game show winnings, etc. In 2018: ■ First year in which the TF1 Initiatives approach was rolled out; ■ Numerous events organised in partnership with Sport Dans la Ville, Fraternité Générale and Respect Zone; ■ Employee commitment programme, particularly the "commitment week" in April 2018. Indicators: Value of the Group's donations: €38.4 million. Number of recipient organisations: 137 **See 7.3.5 Partnership and sponsorship initiatives**
11	Responsible use of data and cybersecurity	Legal Affairs Department, TF1 Digital, TF1 Publicité, Internal Resources Division, HR Division	Employees, Internet users Service providers	Privacy policy available online on all MYTF1 media, intranet articles	Since 2007 ■ Policy for the processing and security of personal data collected, strengthening internal encryption techniques, signing of a confidentiality agreement for employees with access to personal data; ■ Signing of the IAB Europe European Charter by TF1 Publicité; ■ GDPR working group set up in 2017. In 2018: ■ Regular working group meetings to introduce a number of measures, including the appointment of a Data Protection Officer (DPO), development of a general GDPR policy comprising internal rules and "job" sheets, training, improved technical systems, user information etc. **See Section on Risks, Issues in digital media/Protection of personal data and users' data**
12	Ethics and compliance in business relations Fair distribution of value and protection of copyright	Legal Affairs Department and General Counsel's Department	Suppliers Public authorities, internet users Content-sharing platforms	Legal action and awareness-raising initiatives (fight against piracy)	Annually since 2015: ■ Ethics and CSR Committee; ■ Code of Ethics and Compliance Programmes; ■ Charter of Institutional Relations; ■ Ethics and Compliance risk mapping; ■ guide to day-to-day ethical practices; ■ Actions to remove illegal content from sharing platforms and social media using dedicated tools. **See Section on Risks, Ethics and social responsibility of the Group; Issues in digital media/Fight against piracy and protection of copyright**

Challenge (2)		Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
13	Responsible purchasing	Central Purchasing Division, Téléshopping, TF1 Entreprises, Rights Purchasing EIG	Suppliers Rights holders	Discussions with suppliers, Contractual clauses, Responsible Purchasing Charter	Annually: ■ Responsible purchasing policy: supplier assessment by EcoVadis, “Ethics and diversity” clause in contracts; ■ Revenue generated with companies specializing in the employment of disabled workers. In 2018: ■ Renewal of the Responsible Supplier Relations Label. Indicators: Revenue with the sheltered/adapted sector *i.e.* firms that only or predominantly employ people with disabilities (€K). In 2018: 261.1. Number of suppliers assessed by the EcoVadis platform in 2018: 183. **See 7.3.7 Responsible purchasing approach**
14	Developing the skills and employability of employees	HR/Talent Division	Employees	Performance appraisals and career interviews Themed breakfasts, meetings with the Chairman & CEO Communication of strategy *via* a monthly newsletter	Annually since 2016: ■ Training programme offered by the TF1 University to all employees based on Innovation, Business and Digital (Connect plan). Culture of learning, skills sharing and transfer (diverse apprenticeship formats, employees’ involvement in designing training courses, recognition of in-house expertise etc.). In 2018: ■ Launch of the GEPP (Jobs and career management) initiative; ■ End of the Connect course to educate employees’ about changes to their ecosystem and the digital challenges that business lines and the wider industry will face. Indicators: % of employees who had an annual performance appraisal. In 2018: 89.8%. Internal mobility as a proportion of total recruitment (%). In 2018: 37.9% **See 7.1.9 Skills development and 7.1.10 Attracting and retaining talent**
15	Quality of life at work, including social interactions	HR Division/Social Affairs, managers	Employees and staff representative bodies	Negotiation of agreements with staff representative bodies; communication publications	Annually ■ All Group companies have staff representative bodies; ■ Numerous agreements signed with personnel-representative bodies (diversity, disability, incentive schemes, working hours etc.). In 2018: ■ Elections for the new Social and Economic Committees; ■ Agreements signed: second amendment to the TF1 group’s incentive agreement in relation to targets; agreement on Social and Economic committee operating methods; agreement on electronic voting in union and other work-related elections; agreement on union methods; framework agreement regulating the various mandatory negotiations to be held by the TF1 group; ■ New edition of the satisfaction survey. Indicators: rate of participation in the survey and level of satisfaction. (46% and 66%). **See 7.1.6 Professional relationships and report on collective agreements**

Challenge (2)		Internal actors	Stakeholder	Dialogue method	Examples of actions and indicators
16	Workplace equality and diversity	HR Division/Operational HR teams and Social Affairs, managers	Employees and staff representative bodies	Negotiation of agreements with trade unions, internal publications	Since 2007 ■ Gender equality agreement; ■ Disability agreement. Since 2016: ■ Fifty-Fifty network; ■ Internal and external mentoring programme. In 2018: ■ Continuation of the Aufeminin leadership training to promote professional development for women within the company; ■ Disability awareness-raising initiatives were organised for HR – purchasing – corporate communication teams. Indicators: No. of disabled employees: % of female managers: 55% % of the Management Committee's 150 members who are women: 38%. **See 7.1.8 Equal opportunities and the fight against discrimination**
17	Environmental impact of the company	Corporate Services Division	Employees Suppliers	Clauses in specifications; Intranet articles	Since 2009 ■ Membership of the Ecoprod collective; ■ Travel plan since 2010; ■ Numerous measures to reduce energy use in buildings management and technical processes. In 2018: ■ ISO 50001 certification. ■ Signing of a Renewable Energy contract for the ATRIUM building. ■ Introduction of selective sorting. Indicators: Change in electricity consumption in 2018 compared with 2017: -3.3%. **See 7.2 Environmental information**

(1) The targets for each challenge can be found in the Report contained in the "materiality matrix" section.
(2) The challenges are not numbered in order of priority. This can be found in the materiality mapping shown in the Report contained in the "materiality matrix" section.

RECOGNITION OF THE PERFORMANCE OF TF1 GROUP IN STOCK MARKET INDICES ON SUSTAINABLE DEVELOPMENT

TF1 continued to feature in all of the following indices in 2018:

Ratings agencies	Index/rating
RobecoSam	▪ DJSI World and DJSI Europe Index
Vigeo (Eiris)	▪ Ethibel Sustainability Index Excellence Europe
Ethifinance	▪ GAÏA Index
Oekom	▪ Prime status
MSCI	▪ AA rating
Thomson Reuters	▪ Diversity & Inclusion Index

TF1 was also placed 20th in the Equileap world ranking for the place of women in the company (see: https://equileap.org/wp-content/uploads/2018/10/Equileap-Gender-Equality-Global-Report-and-Ranking-2018.pdf)

COMMITMENT OF MANAGEMENT, VARIABLE COMPONENT OF EXECUTIVE COMPENSATION

The Bouygues Management Institute regularly organises seminars attended by senior executives of TF1. The aim is to encourage managers to reflect on their role, responsibilities and the application of ethical principles in their day-to-day actions, and to unite Group senior management around common values.

Since January 2014, on a proposal by the Remuneration Committee, the Executive Director's variable remuneration has included a qualitative criterion on CSR performance: TF1's ongoing presence in at least four non-financial rating indices.

Since 2017, the variable compensation of each Executive Committee member has also included a CSR criterion, weighted at 5%. The actual criterion varies between each Executive Committee member, depending on their managerial responsibilities and the associated CSR issues.

7.1 SOCIAL INFORMATION

7.1.1 GENERAL APPROACH

In 2018, the TF1 group continued to restructure numerous divisions and business units. The changes were designed to support new forms of collaboration and the increasing digitisation of the Group's activities. With this in mind, the Group continued to redesign its work spaces to foster synergy, teamwork and innovation as part of the "TF1 by Nextdoor" project which will continue in 2019. In addition, TF1 group is keen to refocus on its core business while pursuing its digital ambitions.

In terms of training, TF1 has completed the roll out of its training programme (Connect) to educate employees about the new ecosystem and the digital challenges that its business lines and the wider industry will face.

To help develop employee skills and identify future business lines, the Group has launched an innovative jobs and career management initiative with the trade unions, by involving them in building career development modules to be offered to TF1 group employees. These modules will be trialled on pilot divisions/business lines in early January 2019. At the same time, negotiations will be launched in the first half of 2019.

In 2018, TF1 focused on pay increase for high-performing employees with less than four years of service, as well as for key talent. At the same time, it remained committed to closing the gender pay gap by means of a dedicated budget. This was successful and a large number of the pay gaps observed have been resolved. (See section on remuneration).

In 2018, the incentive scheme paid out an average of €2,217 to over 3,700 employees, due to the fact that the TF1 group had outperformed its targets in 2017. At the same time, TF1 continued its policy of internal savings. Where possible, only two-thirds of employees leaving the Group were replaced. TF1 has likewise continued its project to streamline its organisation by reducing the layers of management.

Concerning promotion and compliance with the provisions of the fundamental agreements of the International Labour Organization (ILO), TF1, which is a French company and whose workforce is mainly French, applies French, European and international law. Child or forced labour is strictly prohibited.

7.1.2 SOCIAL REPORTING PARAMETERS

Employees concerned: all employees having an employment contract with TF1 group.

The workforce percentages mentioned throughout this section are based on the 2018 data scope. Published data for 2016 and 2017 do not always cover the same scope, because newly acquired subsidiaries were gradually introduced into indicator calculations.

The indicators in this chapter cover four different scopes, expressed as a percentage of the workforce:

- 100%: World;
- 90%: France;
- 84%: World excluding Doctissimo, Aufeminin and Gamned!;
- 81%: France excluding Doctissimo, Aufeminin and Gamned!;
- 77%: France excluding Neweb, Play Two, Bonzai Digital, Doctissimo, Aufeminin and Gamned!;
- 72%: World excluding Newen, Doctissimo, Aufeminin and Gamned!;
- 68%: World excluding Newen, Neweb, Play Two, Bonzai Digital, Doctissimo, Aufeminin and Gamned!;
- 67%: France excluding Newen, Neweb, Bonzai Digital and Play Two, Doctissimo, Aufeminin and Gamned!.

Reference period: 1 January 2018 to 31 December 2018.

7.1.3 WORKFORCE

OPEN-ENDED (OE) AND FIXED-TERM (FT) CONTRACTS

INDICATOR: GROUP OE AND FT WORKFORCE

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2018**	**2017**	**2016**
Clerical, administration, technical and supervisory staff	100	955	646	706
Managerial	100	2,076	1,858	1,849
Journalists	100	560	553	552
TOTAL	**100**	**3,591**	**3,057**	**3,107**

INDICATOR: GROUP OE AND FT WORKFORCE BY GEOGRAPHIC REGION

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2018**	**2017**	**2016**
France	**90**	**3,232**	**2,936**	**3,064**
International	**10**	**359**	**121**	**43**
Europe (excluding France)	8	283	118	39
Africa and Middle East	<1	17	1	2
North America	1.2	42	2	2
Central and South America	<1	4		
Asia-Pacific	<1	13		
TOTAL	**100**	**3,591**	**3,057**	**3,107**

INDICATOR: AGE PYRAMID AND AVERAGE LENGTH OF SERVICE

At 31/12 *(Scope: World, OE, FT)* *Length of service excluding Newen, Doctissimo, Aufeminin, Gamned!*	**% workforce**	**2018**	**2017**	**2016**
< 25 years old	100	285	199	180
25-34 years old	100	1,086	760	628
35-44 years old	100	970	898	831
45-54 years old	100	923	886	810
55 and over	100	327	314	290
Average age	100	40	40	41
Average length of service at TF1 group	72	12	12	12

INDICATOR: TYPE OF EMPLOYMENT CONTRACT

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2018**	**2017**	**2016**
Number of employees on OE contract*	100	3,135	2,706	2,801
Number of employees on FT contract (including apprenticeship, work-study, professional development contract, etc.)	100	456	351	306
o/w number of employees with a professional development contract	*100*	*163*	*133*	*135*
o/w number of employees with an apprenticeship contract	*100*	*67*	*48*	*46*

* *Newen's employees with open-ended contracts have been consolidated into the TF1 group's workforce since the 3rd quarter of 2016. Bonzaï Digital's employees with open-ended contracts have been consolidated since January 2017, those of PlayTwo since August 2017. Doctissimo, Aufeminin and Gamned! employees with open-ended contracts have been consolidated since the 4th quarter of 2018.*

TEMPORARY EMPLOYMENT

TF1 GROUP POLICY ON THE USE OF TEMPORARY EMPLOYMENT

TF1 group strives for a modest level of temporary employment. At TF1 SA, which employs the bulk of the workforce, this is less than 5%, far lower than for other competing television companies. Currently, the Group mainly uses temporary employment in the production sector, through TF1 Production and the recently consolidated Newen group, which explains the increase in the full-time equivalents (FTE) of temporary staff since 2016. The use of temporary employment is standard industry practice in this sector, where activity is inherently unpredictable.

STATUS OF TEMPORARY STAFF IN TF1 GROUP

In order to provide temporary staff with high-quality social security cover, the STP (a private television union) signed the National Inter-Sector Collective Agreement establishing collective cover for death and disability insurance, which TF1 group has applied since 2008.

TF1 group also allows temporary staff fulfilling eligibility conditions to benefit from the social and cultural activities offered by the TF1 Works Councils.

Temporary staff's working for TF1 are also eligible for the Group's incentive and profit-sharing schemes, which draw on the Bouygues group's leveraged employee savings schemes.

INDICATOR: PERCENTAGE OF FTE WORKERS OVER 12 MONTHS REPRESENTED BY NON-PERMANENT EMPLOYEES (TEMPORARY STAFF, EXCLUDING FREELANCERS)

Jan-Dec. *(Scope: World excluding Doctissimo, Aufeminin and Gamned!. ∑ temporary staff end of month)/(∑ temporary staff end of month + Workforce on OE contracts at end of year N)*	**% workforce employees**	**2018**	**2017**	**2016**
Percentage of FTE workers	84	23.2%	25.5%	9.0%

EMPLOYEES FROM OUTSIDE TF1

INDICATOR: FTE OF TEMPORARY WORKERS OVER 12 MONTHS

Jan-Dec. *(Scope: France excluding Doctissimo, Aufeminin and Gamned!) (temporary workers) (∑ days of temporary employment x 7 hours/1,607 hours)*	**% workforce**	**2018**	**2017**	**2016**
	81	4.0	0.3	3.7

In its service contracts, TF1 group includes clauses on the promotion and respect of the fundamental ILO conventions, notably on the prohibition of forced labour.

HIRING AND DEPARTURES

TF1 group is continuing its workforce management approach. The large number resignations in 2017, particularly in sales and digital, fell in 2018.

INDICATORS: HIRING AND DEPARTURES

HIRES

Jan-Dec. *(Scope: World excluding Doctissimo, Aufeminin and Gamned!, open-ended and fixed-term).*	**% workforce**	**2018**	**2017**	**2016**
Number of hires on open-ended, fixed-term, apprenticeship contracts*, etc.	84	673	661	585
o/w open-ended recruitment, France	*84*	*241*	*252*	*172*

* *This calculation includes fixed-term contracts converted into open-ended contracts.*
For Bouygues reporting, the calculation excludes fixed-term contracts converted into open-ended contracts, which gives a figure of 557.

DEPARTURES BY REASON

Jan-Dec. *(Scope: France, excluding Doctissimo, Aufeminin and Gamned! open-ended)*	**% workforce**	**2018**	**2017**	**2016**
Number of resignations	81	104	119	88
Number of compulsory retirements	81	1	0	0
Number of retirements	81	4	2	2
Number of redundancies	81	117	132	146
Number of mutually agreed terminations of contract	81	65	81	89

FT DEPARTURES

Jan-Dec. *(Scope: France excluding Doctissimo, Aufeminin and Gamned!, fixed-term)*	**% workforce**	**2018**	**2017**	**2016**
Number of FT departures	81	310	394	423

INDICATOR: INSTABILITY RATE

Jan-Dec. *(Scope: France excluding Doctissimo, Aufeminin and Gamned! OE) (∑ OE resignations + ∑ OE redundancies + ∑ mutually agreed termination of contract)/average OE workforce)*	**% workforce**	**2018**	**2017**	**2016**
Instability rate	81	10.9%	12.2%	11.4%

7.1.4 ORGANISATION OF WORKING HOURS

ANNUAL WORKTIME: SUMMARY OF WORKTIME ADJUSTMENT AND WORKTIME REDUCTION AGREEMENTS

Agreements on adjusting and reducing working hours (Time Off In Lieu, or “TOIL”, agreements) have been reached in all Group companies since 2000 (changeover to 35 hours). They govern the different staff categories according to status, with agreements for permanent staff (production, technical and administrative staff and journalists) and for temporary workers.

Under the agreements applicable within TF1, non-managerial personnel work 37 hours per week and have 14 days of TOIL per year, and managerial staff, under a fixed number of working days (213 to 216 days), have 12 or 13 days of TOIL per year. The TOIL agreements negotiated therefore allow all staff to work on the basis of fewer annual hours than the statutory amount (1,607 hours and 218 days).

Working hours are monitored through a precise count of periods worked and not worked. This is sent each month to the employees concerned, who inform their Human Relations Division of any anomalies.

The workload is monitored at least once a year, usually during the annual performance review between the manager and employee. On the basis of this interview, line managers propose, where required, an action plan aimed at rectifying any imbalance. Employees can also request the intervention of a Human Relations manager in the event of any conflicting workload appraisals or when corrective measures seem inappropriate. By the end of the last performance reviews, 26 reviews and actions plans had been conducted.

Finally, a unanimous agreement on the reform of the working time account places an upper limit on the number of days that can be banked to encourage employees to take leave and thus improve work/life balance.

BONUSES RELATED TO WORKING TIME

The TOIL agreements established within the Group also provide for a set of bonuses to compensate for the constraints related to specific work organisations, given the constraints of the audiovisual business. Working time is assessed for the categories of staff concerned on a continuous broadcasting basis. As a result, the agreements take into account the issue of rotas, early-morning and late-night shifts, the number of days in the week worked in each rota, and weekends and/or public holidays worked.

POLICY ON TAKING REST DAYS AND LEAVE

All TF1 group companies are governed by worktime adjustment agreements that enable employees to manage their TOIL days, provided that each department continues to operate smoothly.

Likewise, to ensure that all employees have the opportunity to acquire new skills, for their own personal development and with no specific links to their jobs, the company allows TOIL days to be converted for personal development. TOIL days can thus be used by employees in order to finance all or part of the cost of the educational training chosen by the employee.

TELEWORKING

After an extended trial period of teleworking across several divisions, in 2018, the TF1 group rolled out teleworking in accordance with a TF1 group collective agreement signed with all the trade unions on 20 December 2017. This agreement entitles employees on open-ended employment contracts to 24 days a year where they can work from home or elsewhere for the whole day or for half a day, subject to their manager's approval.

This agreement will serve to enhance both employee performance and quality of life (by reducing commuting time, stress and fatigue), while improving their work/life balance and still maintaining a social link with the company. Nearly 40% of the workforce meeting the collective agreement's eligibility requirements (open-ended contract, 6 months of service, contractual working hours greater than or equal to 90%, excluding senior executives) made at least one teleworking request in 2018. 80% of these requests were approved. In 2019, the replacement of desktop computers with laptops for new divisions switching to "Flex Office" mode is likely to result in a higher number of requests.

INDICATOR: ANNUAL WORKTIME OF PTAS*

Status of PTAS* *(Scope: France, OE, FT)*	**Annual worktime of PTAS*** **(contractual and not actual hours)**
Non-management in constant hours and cycles (employees and supervisory staff)	From 1,569 to 1,576 hours
Managers working in cycles	From 1,584 to 1,591 hours
Managers with a fixed number of annual days	From 213 to 216 days
Senior executives	N/A

* *Production, technical and administrative staff.*

INDICATOR: ANNUAL WORKTIME OF JOURNALISTS

Status of journalists *(Scope: France, OE, FT)*	**Journalists' annual worktime (contractual and not actual hours)**
Journalists with a fixed number of annual days	From 208 to 215 days
Senior executives	N/A

ANNUAL WORKTIME: PART-TIME EMPLOYEES

The decision to work part-time is a personal choice in practically all cases in TF1 group.

INDICATOR: NUMBER OF PART-TIME EMPLOYEES

Average Jan-Dec. *(Scope: France excluding Doctissimo, Aufeminin and Gamned!, open-ended and fixed-term)*	**% workforce**	**2018**	**2017**	**2016**
Part-time employees	81	177	211	195
Percentage of part-time employees	81	6.1%	6.9%	7.0%

OVERTIME HOURS

INDICATOR: NUMBER AND AMOUNT PAID IN OVERTIME HOURS

Jan-Dec. *(Scope: France excluding Doctissimo, Aufeminin and Gamned!, open-ended and fixed-term, temporary staff)*	**% workforce**	**2018**	**2017**	**2016**
Overtime hours	81	149,266	153,768	51,153
Amount *(in euros)*	81	4,292,478	3,881,038	1,597,331

7.1.5 COMPENSATION AND EMPLOYEE SAVINGS

Despite the challenging and uncertain economic environment and increased competition in the market for advertising space, the mandatory annual negotiations for 2018 resulted in a 1.7% increase in basic pay. A 3.4% increase was negotiated for employees with between 1 and 4 years of service and in high demand in the labour market.

0.1% of these pay packages were to reduce gender pay gaps.

COMPENSATION & BENEFITS FUNCTION

Salary increases, made entirely on an individual basis, take account of key competencies for the future of the Group, the results obtained and market values.

The work begun in 2016 on pay benchmarks continued in 2018: new salary surveys were commissioned from the firm[1] Willis Towers Watson. The aim was to position the remuneration packages offered by TF1 group in relation to the market and update its practices if required. This enabled TF1 group to benchmark the pay of each of its employees and introduce payroll management tools (salary bands, hiring matrices, diversity targeting, etc.).

VARIABLE COMPONENTS

The compensation paid to TF1 group's top 400 managers includes a variable component linked to quantitative and qualitative objectives, the achievement of which is assessed during the annual interview.

GROSS COMPENSATION

INDICATOR: AVERAGE GROSS ANNUAL COMPENSATION BY PROFESSIONAL CATEGORY WITHIN THE GROUP

Scope: France excluding Doctissimo, Aufeminin and Gamned!, OE excluding suspended contracts (€)	% workforce	2018	2017	2016
Supervisory staff	81	40,844	39,610	41,233
Managerial	81	71,665	69,934	70,486
Journalists	81	74,490	73,611	81,544
All categories	81	67,434	65,795	67,789

INCENTIVE, PROFIT-SHARING AND EMPLOYEE SAVINGS SCHEMES

TF1 group employee savings scheme (PEG) was created on 15 December 1992.

The company's maximum matching contribution is €3,750 gross per employee per year, making a total gross contribution of €6.31 million. The matching contribution is 200% on the first €300 paid, which encourages the lowest-paid employees to save. Thereafter it is 100%, capped at a maximum of €3,750 per year.

To help employees prepare to fund their retirement, the Bouygues group has set up a retirement savings plan (PERCO). The company's matching contribution varies from 20% to 100% depending on the amount invested by the employee, with a maximum of €1,290 gross per employee per year. The total amount of employer's contributions was €327,876.48.

INDICATOR: RATES OF MEMBERSHIP OF THE GROUP EMPLOYEE SAVINGS SCHEME (PEG) AND RETIREMENT SAVINGS PLAN (PERCO)

(Scope: OE, FT)	% workforce	2018	2017	2016
Rates of membership of the Group employee savings scheme *(%) (World excluding Doctissimo, Aufeminin and Gamned!)*	84	77.2%	74.5%	77.2%
Rates of membership of the Group retirement savings plan (PERCO)*(%) (World excluding Doctissimo, Aufeminin and Gamned!)*	81	18.8%	17.1%	16.5%

(1) Three surveys were carried out: a "cross-sector" survey for corporate and support functions; an audiovisual survey organised in conjunction with other major industry players for functions specific to the audiovisual sector; lastly, a survey focusing on managers.

INDICATOR: AVERAGE GROSS AMOUNT PAID PER EMPLOYEE (PROFIT-SHARING AND INCENTIVE SCHEMES)

Year of payment (Scope: France excluding Doctissimo, Aufeminin and Gamned! all contracts)	% workforce	2018	2017	2016
Average gross amount paid per employee under profit-sharing scheme *(€)*	81	986	1,083	2,436
Average gross amount paid per employee under the incentive scheme *(€)*	81	2,238	0	0

An agreement was reached in 2016 and 2017, but the results have not yielded a payment.

Group employees own 7.2% of TF1's share capital (6.7% in 2017) through the TF1 Actions group investment fund.

7.1.6 PROFESSIONAL RELATIONSHIPS AND REPORT ON COLLECTIVE AGREEMENTS

OVERVIEW OF PROFESSIONAL RELATIONSHIPS WITHIN THE TF1 GROUP

All Group companies have staff representative bodies: employee delegates, Works Council, sole employee representative body, Health, Safety and Working Conditions Committee and union representatives, representing a total of 28 bodies and 193 elected representatives within TF1 group.

Since the Macron law, Economic and Social Committee elections have been in place by the required deadlines. All TF1 group bodies must have a committee by 31 December 2019.

In addition, the unions have full-time union officials (6 in total within TF1 SA).

REPORT ON COLLECTIVE AGREEMENTS

TF1 group signed several agreements with the trade unions in 2018, including:

- the second amendment to the TF1 group incentive scheme;
- the agreement on Social and Economic Committee operating methods;
- the agreement on electronic voting for union and other work-related elections;
- the agreement on union methods;
- the framework agreement regulating the various mandatory negotiations to be held by the TF1 group.

As part of the TF1 group annual pay negotiations, it was decided:

- to grant individual basic pay rises of 1.7% for employees in service on 1 February 2017 and individual basic pay rises of 3.4% for employees with between 1 and 4 years of service (employees hired between 1 January 2013 and 1 January 2017) and in high demand in the labour market. Pay rises will not be less than €30;
- the payment of 80.0% of public transport expenses (Navigo travel card & Vélib' bike rental);
- continuation of the full salary (100%) for employees taking partial or full paternity or childcare leave;
- the authorisation of four days' paid leave for employees with a commitment under a civil partnership contract (PACS).

AGREEMENT RELATIVE TO THE PRIVATE HEALTH INSURANCE SCHEME

Following the call for proposals for health insurance/disability insurance schemes launched in 2017, the TF1 group decided to change its insurance broker. An amendment to the health insurance scheme was signed to:

- lock in the health cover offered in terms of obligations under state approved contracts;
- set up a collective and optional supplementary scheme;
- improve some cover (alternative medicine, radiology, physiotherapy);
- improve osteopathy cover, given that employees are already offered the services of an osteopath twice a week, etc.

2018 STATISTICS FOR THE TF1 GROUP AS A WHOLE

(Scope: France excluding Doctissimo, Aufeminin and Gamned!)	Social and Economic Committee	Works Council	Employee delegates	Combined delegates	Board of Directors	Consolidated bodies (Rebsamen Act)	Total
CFTC	21	-	4	15	1	5	46
FO	3	-	1	1	-	2	7
CGC	1	-	-	-	-	-	1
CGT	4	-	-	-	-	-	4
CFDT	7	-	2	5	1	1	16
Independent	-	2	5	5	-	-	12
TOTAL	**36**	**2**	**12**	**26**	**2**	**8**	**86**

INDICATOR: NUMBER OF MEETINGS AND COLLECTIVE AGREEMENTS (SCOPE: FRANCE EXCLUDING DOCTISSIMO, AUFEMININ AND GAMNED!)

Number of Meetings with employee representatives (Works Council + Employee delegates + Health, Safety and Working Conditions Committee + Board of Directors + combined delegates)	**285**
Number of collective bargaining Meetings with union delegates	33
Number of collective agreements signed during the year	13
Number of negotiations with employee representative bodies on organisational changes	20

INDICATOR: PARTICIPATION RATE IN WORKS COUNCIL ELECTIONS

Scope: France	**% revenues**	**2018**	**2017**	**2016**
Rate of participation in latest Works Council elections	90	72.6%	76.0%	79.8%

7.1.7 HEALTH, SAFETY AND SECURITY CONDITIONS

The Group's approach aims to ensure the safety of employees, protect their health and improve their quality of life at work. The management seeks to raise employee awareness about preventing occupational hazards and implementing safety measures. By implementing its action plan, it can tackle absenteeism.

ABSENTEEISM AND REASONS FOR ABSENCE IN TF1 GROUP

INDICATOR: ABSENTEEISM

Jan-Dec. *(Scope: France excluding Doctissimo, Aufeminin and Gamned! open-ended)*	**% workforce**	**2018**	**2017**	**2016**
Absenteeism rate	81	2.54%	3.12%	2.97%
Total days' absence	81	24,106	26,316	26,590
Days absent for sickness	81	23,467	24,784	23,850
Days absent for occupational accidents	81	447	1,281	1,982
Number of days of absence for travel-related accidents	81	192	251	621
Number of days of absence for occupational illness	81	0	0	137

INDICATORS: WORK-RELATED-ACCIDENTS

(Scope: World excluding Doctissimo, Aufeminin and Gamned! all contracts excluding temporary staff)*	**% workforce**	**2018**	**2017**	**2016**
Number of work-related accidents with time off	84	14	20	20
Number of fatal work-related accidents (work-related/commuting)	84	0	0	0
Employees trained in health and safety	84	441	131	505
Frequency rate of work-related accidents*	84	3	4.5	4.0
Severity rate of work-related accidents*	84	0.1	0.3	0.4
Number of occupational illnesses	84	0	0	1

* *The calculation method was changed in 2018 to exclude contract workers. No work-related accident was reported for contract workers in 2018.*

CONTRIBUTORS TO THE HEALTH AND SAFETY APPROACH

The Medical Department is responsible for the day-to-day medical care of employees and for the prevention of occupational hazards. The occupational physician, assisted by three nurses, defines and implements individual and collective measures, such as in the case of employees sent to report from countries affected by the Ebola virus.

Employees can also contact the on-site social worker if they need to. Their role is to assess the situation and assist employees by liaising with specialised organisations.

TF1 group considers the dialogue on health and safety at work to be of the utmost importance. This takes place both through agreements signed with the trade unions on employee health and safety, and through the committees for health, safety and working conditions.

The Corporate and Security Services Division (DAGS) regularly gets involved in issues relating to health, safety and working conditions, for example by adapting premises or workstation ergonomics.

HEALTH AND SAFETY RISK PREVENTION

The Medical Department has run flu vaccination campaigns for many years. It also offers booster vaccinations and first aid kits to staff travelling on reporting assignments.

Occupational health physicians raise awareness of lifestyle issues among the workforce and alert HR if and when they identify psychosocial risks.

Regarding psychosocial risks, a procedure for dealing with harassment or acts of violence was revised and distributed to employees in September 2018, in conjunction with the Health and Safety Committee. This procedure will be included in the Internal Procedures. Training on this issue will be held in 2019 for Human Resources managerial staff and for managers in general.

Employees regularly attend medical check-ups arranged by TF1's Medical Department.

The Group's management, the Health, Safety and Working Conditions Committee and the occupational health team regularly issued recommendations on driving while on professional assignment, the use of AVIWEST transmission equipment or the security protocols to follow when reporting from high-risk areas.

All these players work together to ensure that regular training is provided in life saving and first aid.

All work-related accidents are analysed by the Health, Safety and Working Conditions Committee and corrective measures are implemented where necessary.

The DAGS has also beefed up site security procedures in view of the continuing threats in France, particularly towards the media. The tightened security procedures have resulted in increased security personnel at access points and the installation of special security perimeters, as well as a new entry control system.

Lastly, to prevent absenteeism and musculoskeletal disorders, osteopath appointments are offered twice a week to all employees covered by the private health insurance scheme.

HEALTH, SAFETY AND SECURITY TRAINING

Regular health and safety training is organised to keep employees' skills current and to inform them of regulatory changes.

Special attention is paid to health-related training, particularly through self coaching workshops on issues such as stress, emotions and positivity, which can be accessed free of charge and which aim to teach employees how to manage their emotions, improve personal stress management and regain positive energy, whilst encouraging teamwork. My Osteopratic training courses, designed and led by an osteopath, are tailor-made for the work-related situations encountered by our employees (reporters, make-up staff etc.).

Safety training is offered to employees where appropriate: Local security staff, workplace first-aiders, electrical accreditation, driver safety etc. Safety awareness training was offered to all employees covering the Football World Cup in Russia. "Urban area awareness and crowd control" training modules have been tailor-made for reporting staff.

MEASURING QUALITY OF LIFE AT WORK

To measure the quality of life at work, a health and well-being survey has been carried out every year since 2008. This voluntary questionnaire is offered to employees during their periodic medical check-ups. It is used to measure stress and anxiety levels and to implement action plans where necessary.

In 2017, the Health, Safety and Working Conditions Committee of TF1 SA commissioned another survey covering four areas: HR, audiovisual information, audiovisual technology, and accounting/ management/ finance. The results of the survey were presented to the Health, Safety and Working Conditions Committee at its meeting on 5 December 2017. A group-wide action plan was implemented in 2018 and rolled out, where applicable, to the areas in question to improve quality of life at work for staff in the departments concerned. A new questionnaire will be sent to employees in 2019.

TF1 group is mindful of the health benefits of sport and strives to create a pleasant working environment for its employees, offering them the use of a gym with discounted membership rates.

2018 SATISFACTION SURVEY

In the 2018 version of TF1 group opinion poll, 46% of employees expressed views on the 10 key issues covered by the questionnaire. With an average of 66% positive responses to the questionnaire as a whole, employees confirmed their largely positive opinion of the TF1 group and the corporate climate.

General results show that in an uncertain and highly competitive climate, the Group is changing and its strategy is becoming increasingly transparent. Employees' support these strategic movements and display a high level of pride, motivation and commitment.

In this changing environment, questions cover the Group's future, support for older members of staff and the operation, organisation and decision-making of group entities.

INDICATOR: PERCENTAGE OF EMPLOYEES WHO TOOK PART IN A SATISFACTION SURVEY

(Scope: France, open-ended excluding Doctissimo, Aufeminin, Gamned!)	% Workforce covered	2018	2017	2016
% of employees responding to the survey	-	46%	No survey	No survey
Satisfaction rate	81%	66%	-	-

7.1.8 EQUAL OPPORTUNITIES AND THE FIGHT AGAINST DISCRIMINATION

DIVERSITY: FROM CHARTER TO LABEL

As a mark of its commitment to openness to all, TF1 group signed the Diversity Charter on 11 January 2010. It was the first media group to apply for Diversity Label accreditation, which it obtained on 14 December 2010 and renewed in July 2017.

Through this programme, the Group deployed its diversity initiative as part of a proactive approach. The requirements of the label set out a strict framework for leading the whole company through an overall process of continuous improvement. It is a reflection of TF1 group's constant commitment to be open to everyone and to maintain diversity throughout the organisation.

All target populations (managers, employees involved in programme-making, viewer services staff and HR), totalling more than 2,131 people since 2010, have received training in issues relating to diversity and preventing discrimination. Example of titles:

- Diversity, a social dialogue issue;
- Managing diversity, a performance issue;
- Miversity in newscasts and magazine programmes;
- Women in leadership;
- Diversity and disability: awareness, integration and day-to-day actions;
- Diversity workshop in our newscasts;
- The key to reflecting the diversity of French society;
- Compiling, archiving and documenting images of diversity;
- Communication on the TF1 group diversity approach.

A Masterclass was also organised in March 2018 to train employees in diversity and gender equality in the workplace: *L'audace, comment oser pour se révéler* (Dare to be yourself) followed by two workshops open to employees *Marketing de soi* (self marketing) and *de la self défense au féminin* (self defence for women)

Since 2014, the TF1 group has had an external and anonymous counselling service, "Allodiscrim". It aims to inform and advise employees on the steps to take should they feel that they are experiencing discrimination or being unfairly treated within the company

INDICATOR: NUMBER OF EMPLOYEES HAVING RECEIVED TRAINING ON DIVERSITY AT WORK

(Scope: (Scope: France excluding Doctissimo, Aufeminin, Gamned! open-ended)	% workforce	2018	2017	2016
Number* of employees having received training on diversity at work	81%	33	124	420
Including programme contributors	*81%*	*0*	*90*	*7*
Cumulative total since 2010	81%	2,164	2,131	2,007
Including programme contributors	*81%*	*740*	*740*	*670*

* *The indicator concerns the number of employees in training. Some employees may have attended several training courses. Change in calculation method in 2017: The number of employees who received training through masterclasses is now excluded from this indicator.*

DISABLED EMPLOYEES

A fourth three-year agreement (for 2017-2020) on hiring people with disabilities and keeping them in employment was signed on 18 January 2017 by all the trade unions and approved by DIRECCTE on 24 July 2017.

This agreement includes a plan to hire 20 people with disabilities on open-ended or fixed-term contracts, as well as recruiting 12 interns over three years. It also continues the policy of granting the parents of disabled children additional leave, which can be taken as half-days. As at 31 December 2018, 18 employees had been hired on open-ended or fixed-term contracts, as well as 7 Interns.

Work-study programmes are a favoured approach given the shortage of applicants for skilled positions. For the fifth year running, the Group worked with Cap Emploi and its disability-friendly education partners to hold a job fair to include people with disabilities of all ages on work-study programmes. Subsidiaries of the Bouygues group joined the scheme in 2016.

For existing employees with disabilities, once again this year all requests for changes to the working environment were met through measures that included the co-financing of hearing aids, transport agreements, sign-language equipment for the hearing-impaired, and modifications to the working environment.

Specific training is given to employees likely to have a disabled person in their team.

To promote its open disability policy, TF1 partners various non-profit organisations such as Osons l'égalité and Club être, as well as attending job fairs such as ESSEC and ADAPT. It has also developed partnership agreements with sourcing companies to identify potential candidates or services provided by freelancers with disabilities (e.g. Hanploi, TIH Business platform). The TF1 group is also continuing to implement its inclusive advertising policy, especially in relation to job offers on its website, on social networks and across partner networks.

Detailed information on the disability initiative has now been incorporated into the digital onboarding platform for use by all new company employees.

TF1 group seeks to involve its target schools and universities, notably through the payment of its apprenticeship tax. TF1 group also responded to the invitation by the CSA and signed an agreement with several media and journalism schools aimed at fostering training and internships for students with disabilities.

Mission Actions Handicap continued its awareness-raising initiatives for all employees, particularly during European Disability Employment Week (theatrical awareness-raising workshops, games/competitions, corporate communications, films on invisible disabilities, focus on recognition of disabled worker status);

Lastly, an information booklet, *Faire reconnaître son handicap pour mieux vivre au quotidien* (Obtaining recognition of disabled status to improve everyday life), accompanied by a letter from the human resources department, was sent to all employees to highlight the importance of recognising disabled worker status to guarantee equal treatment for all by adapting workstations to all types of disabilities and thereby enable the entire workforce to perform their duties in the best possible conditions, as part of a real inclusion project.

INDICATOR: NUMBER OF DISABLED WORKERS EMPLOYED BY THE COMPANY

(Scope: France excluding Doctissimo, Aufeminin and Gamned!)	% workforce	2018	2017	2016
Number of disabled employees at 31/12 (all types of contracts)	81	81	78	67
Disabled employees hired during the year (fixed-term or open-ended contracts)	81	9	12	12

GENDER EQUALITY IN THE WORKPLACE

TF1 pursues an active policy promoting gender equality and fairness, particularly in the areas of recruitment, career development and pay (see Article 7.1.5 Compensation and employee savings).

The professional gender equality agreement signed in 2012 and renegotiated in 2016 emphasises several indicators presented annually to elected representatives and incorporating these themes (number of promotions by professional category and gender, number of transfers by gender, number of hires by professional category and by gender etc.)

There is a natural gender mix at the TF1 group with women accounting for 56% of employees, including senior managers (up from 37% in 2015 to 43.6% in 2018 among the Classifications C5 and +). However, this diversity varies in different parts of the business, with some divisions having a higher number of women and others a higher number of men. To address this, we ensure that new recruitment balances the diversity within each business line. The recruitment unit is conscious of the need to identify male and female candidates for each vacancy wherever possible.

TF1 is committed to increasing diversity in governance bodies by having a greater gender mix. The percentage of women on the Management Committee (150 group managers) has risen from 30% to 36% in 3 years

Four Executive Committee members' compensation is pegged to gender equality targets: 5% of the variable component of their pay is indexed to diversity criteria (male/female split and percentage of women promoted to top management roles, recruitment of women and percentage of women on the Management Committee).

This approach is in line with the targets set for 2020 by the Bouygues diversity plan of 50% women, and 44% in key roles. These targets were already practically reached by TF1 in 2018 with 50.9% female employees Group-wide and 42.5% in key roles.

To facilitate diversity at all levels of the company, HR has introduced career guidance and development initiatives for women. In total, 74 women have received Women in Leadership training since 2012.

Three cross-mentoring schemes (support for junior TF1 employees, depending on their professional development targets, on a voluntary basis, by seasoned professionals from TF1 or from another partner company) were set up which enabled 18 women to be mentored in 2017/2018. More than 80 women have been mentored since the scheme was first launched in 2015. More than 60 mentors, both men and women, have enabled this support to happen.

At the same time, concrete measures have been taken to foster a work/life balance such as teleworking, or reduced working hours for new mothers. On 4 April 2016, the Group signed the parenthood charter.

In September 2015, TF1 set up a Fifty-Fifty network with almost 200 members, 20% of them men. Created at the instigation of Group employees with the help of the Human Relations Division, its aim is to raise awareness of diversity and to spotlight the commitment of TF1 group towards this.

For its commitments and results, in 2018, the TF1 group was ranked in the top 20 companies worldwide for gender equality according to the Equileap survey. TF1 was ranked top Media group and came fifth out of all French companies listed in the top 20.

Breakdown of the workforce by gender at 31/12 *(Scope: World, open-ended and fixed-term contracts)*	**% workforce**	**2018**	**2017**	**2016**
Women	100	56%	52%	50%
Men	100	44%	48%	50%

INDICATOR: PROPORTION OF WOMEN STAFF BY STATUS

At 31/12 *(Scope: World, OE, FT)*	**% workforce**	**2018**	**2017**	**2016**
% of women, clerical, administrative, technical and supervisory staff	100	65%	58%	55%
% of women, managers	100	55%	53%	52%
% of women, journalists	100	44%	43%	40%
% women, total	100	56%	52%	50%

INDICATOR: PROPORTION OF WOMEN STAFF BY HIERARCHICAL LEVEL

At 31/12 *(Scope: France, excluding Doctissimo, Aufeminin, Gamned!, OE, FT)*	**% workforce**	**2018**	**2017**	**2016**
% of women in management as a whole (Deputy heads of department, C4 and higher)	81	42.3%	43.0%	40.7%
% women in junior management (Deputy heads of department, C4)	81	49.4%	51.6%	49.1%
% of women in senior management as a whole (Deputy heads of department, C5 and higher)	100	43.6%*	40.9%	38.1%
% of women in top management (Management Committee level)	81	36%	35.3%	34.5%

* *Scope: World*

INDICATOR: NUMBER OF NEW HIRES, WOMEN AND MEN

Hires *(Scope: World excluding Doctissimo, Aufeminin, Gamned! OE, FT)*	**% workforce**	**2018**	**2017**	**2016**
Women	84	429	416	332
Men	84	244	245	253
TOTAL	**84**	**673**	**661**	**585**

INDICATOR: SALARIES, WOMEN AND MEN

Average gross annual salary for young graduates (€)* *(Scope: France excluding Doctissimo, Aufeminin, Gamned! open-ended contracts)*	% workforce	Supervisory staff	Managerial	Journalists
Women	**81**			
2018		32,478	35,815	
2017			35,800	
2016			33,937	36,075
Men	**81**			
2018		26,650	37,050	35,685
2017			33,606	
2016			35,385	31,980

** Employees aged between 18 and 25 with less than one year of service. Female and male employees with the same education levels are hired on the same salary. All companies within the scope responded. On the other hand, Newen, Neweb, Bonzai Digital and PlayTwo, did not have employees meeting the criteria.*

INDICATOR: PROMOTION RATE OF WOMEN AND MEN

Promotion rate* *(Scope: France excluding Doctissimo, Aufeminin and Gamned! open-ended contracts)*	% workforce	2018	2017	2016
Women	81	9%	4.1%	8.8%
Men	81	8.7%	4.2%	6.6%

* *With a change in professional category*

7.1.9 SKILLS DEVELOPMENT

PERFORMANCE REVIEW

An effective development tool, the performance review allows employees to be actively involved in the evaluation process and to set targets jointly with their manager. Where necessary, this may lead to an action plan being drawn up to develop the employee's skills. Employees are assessed by applying the eight core competencies that underpin the Group's transformation approach, in addition to job-related competencies.

For the 2017/2018 round of appraisals, 89.8% of employees had an annual interview.

INDICATORS: PERCENTAGE OF EMPLOYEES HAVING AN ANNUAL INTERVIEW

(Scope: France excluding Doctissimo, Aufeminin and Gamned!, open-ended contracts)	% workforce	2018	2017	2016
% of employees having an annual interview	81	89.8%	90.8%	84.6%

CAREER INTERVIEW

In addition to the performance review, all employees have a career interview every two years. This consists of a discussion between the employee and manager about the employee's personal development plan and his or her medium-term career goals.

Employees can voice their preferences in terms of the tools they want to access to develop their competencies (e.g. training, skills assessment, participation in working groups, and attendance at conferences) and the support they expect from their manager or from experts.

The career interview is also an opportunity for employees to request more personal involvement by taking on an "extra role" such as a tutor or mentor.

The TF1 university offers training in line with its transformation targets and its commitments and obligations.

The teaching methods used aim to deploy a culture of learning, **skills sharing and transfer,** as reflected by:

- Various apprenticeship formats of differing lengths: courses, workshops, masterclasses, afterworks, digital platform, videos, and content on Workplace etc.;
- Involvement of employees in the design of training courses;
- Mobilisation and recognition of in-house expertise *via* in-house training, mentoring and tutoring;
- Recognition of apprenticeships with certifications throughout employees' professional careers: Connect – Digital Fabrik – management – languages etc.;
- Promotion of co-investment and funding *via* the Individual Learning Account (ILA) and the workforce development agency, AFDAS, to reduce the cost.

Its challenges:

- To set up all employees and managers to be **agents of change**, by enabling them to have greater control over the ecosystem, to have a Better understanding of the issues at stake and to contribute to TF1 group's transformation;
- To adapt and develop skills, especially digital expertise, **to anticipate changes in the jobs market** and help to improve the employability of the Group's workforce to prepare for the future;
- To inspire, encourage creativity, boost experimentation and discover new ways of working;
- To respect the Group's HR and societal commitments.

Everyone can become an agent of change through:

- The continuation – and completion – of Connect courses within the four business lines (Content, Digital, Info, Business) open to all employees to improve their understanding of the Group's strategy and ecosystem, as well as of outward-looking aspects such as innovation, business and digital. (80% of employees will have taken this course, offered since the end of 2016);
- The introduction of a new pilot accreditation programme, *via* the ILA, intended for group managers and focusing on new leadership methods, support for change and the implementation of innovative collaborative methods;
- The roll out of a major training programme for 800 interns, led by 36 in-house trainers from TF1 and LCI, focusing on the innovative news production tool (PNS3) and the new newscast studio set, as part of the Info 2020 project;
- The introduction of an excellence programme with ESSEC, devoted to decoding the strategic, organisational and individual impacts of model transformations;
- Discussions on career moves primarily aimed at employees whose jobs are in the process of changing.

Skills development, job trends and looking ahead to future career paths for employees *via*:

- Online access for all, *via* the Digital Academy on the University website, to an interactive programme which aims to develop digital skills (digital passports, 300 videos dedicated to digital and the impacts of the digital transformation);
- The continuation and completion of Digital Fabrik accreditation courses for 200 group employees;
- "Certify One Data" training offered to 150 members of the Management Committee;
- Looking ahead to new job trends such as for example:
  - Photojournalism training for reporting technicians,
  - Training in TV journalism techniques for producers,
  - Community management training for viewer services staff;
- Ongoing job skills training. (e.g.: copyright – Deduction at source – ORAD etc.);
- Training – workshops (social networks – CVs, etc.) – career reviews to support employees' mobility or professional development plans, in association with the mobility unit;
- Mentoring and tutoring workshops.

Creativity and experimentation through:

- The roll out of business skills training for ten intrapreneurs selected by the TF1 group business lab;
- A Connect+ programme aiming to make innovative Connect practices standard due to afterwork trials and sharing good practice *via* Workplace;
- Introductory workshops on new working methods, organised by the Business lab, broadcast on the university website and on Workplace.

RESPECT FOR THE GROUP'S HR AND SOCIETAL COMMITMENTS.

Special attention is paid to health-related training, particularly *via* self coaching workshops on issues such as stress, emotions and positivity, which can be accessed free of charge and which aim to teach employees how to manage their emotions, improve personal stress management and regain positive energy, whilst encouraging teamwork. My Osteopratic training courses, designed and led by an osteopath, are tailor-made for the work-related situations encountered by our employees (reporters, make-up staff etc.).

Safety training is offered to employees where appropriate: Local security staff, workplace first-aiders, electrical accreditation, driver safety etc. Safety awareness training was offered to all employees covering the Football World Cup in Russia. "Urban area awareness and crowd control" training modules have been tailor-made for reporting staff.

On the issue of diversity:

- 2018 saw the continuation of the Women in leadership training designed to promote professional development for women within the company;
- Disability awareness-raising initiatives for HR – purchasing – corporate communication teams, were organised.

INDICATORS: CONTINUING EDUCATION

(Scope: France excluding Doctissimo, Aufeminin, Gamned!, open-ended contracts)	% workforce		2018	2017	2016
Number and % of employees on open-ended contracts receiving training, not including Neweb, Play Two, Bonzai Digital, Aufeminin, Doctissimo and Gamned!	77	Number	1,796	1,266	1,870
	77	%	72.7	54.3	77.2
% of payroll spent on training	81	%	3.5	3.3	2.9
Total training hours, all training systems	81	Number	60,374	49,283	39,821
of which number of internal training hours	*81*	*Number*	*7,852*	*1,580*	*9,011*
Average training hours per active OE			23.2	21.1	16.4

INDICATOR: TRAINING OF NON-PERMANENT STAFF

(Scope: France excluding Doctissimo, Aufeminin, Gamned!, contract workers)	81	2018	2017	2016
Non-permanent employees who received training		76	61	598

CORPORATE COMMUNICATION AND EMPLOYEE COMMITMENT

To ensure that staff receives information on the Group and its development, Human Resources and the CSR Division relies on the Corporate Communication team and its various distribution channels.

An intranet site caters for employees' day-to-day information needs:

- about the Group and its activities and business lines, with around 50 publications a month (articles, press releases, exclusive video interviews and slide shows);
- about Corporate life (audiences, stock market, weather, trailers, cross-disciplinary projects, team focus and staff activities, special offers, privileges, practical info, etc.).

The website is also linked to the Company's HR portal, which provides work-related and career support for employees and managers (training, leave, performance appraisals, etc.), the TF1 University site (training courses and masterclasses), and the social networks of the TF1 and Bouygues groups as well as to the Workplace by Facebook social network.

An internal video channel, available on forty or so monitors across three sites (Boulogne and Plaine Saint Denis), and for PC, features a daily video and photo loop linked, or in addition to, editorial content on the intranet.

Lastly, other ways of passing on and sharing information on trends, topical issues and strategy concerning the Group are the conferences and seminars occasionally held for staff in a given business area or subsidiary, and meetings of the Group's 150 senior executives following each quarterly meeting of the Board of Directors. A document containing the key elements of this Management Committee Meeting is sent to all members the following day.

While continuing to communicate on the issue of *OneTransfo* (informing, educating and engaging employees), the Corporate Communication Division has implemented plans around major new projects that form part of the Group's transformation, particularly worktime organisation.

EMPLOYEE COMMITMENT

Employee support for the Group's philanthropic initiatives is essential. Each year, 24 managers mentor young people from the TF1 Corporate Foundation, listening to their concerns and offering them the benefit of their experience and contacts. Other managers have volunteered to mentor young women who work for the Group or its partner firms.

A founding member of *Stop-illettrisme*, an intercompany organisation which combats illiteracy, TF1 group has been involved with this issue since 2013. In all, 41 Group employees mentored 14 employees from the service company Samsic.

In 2018, an employee engagement plan was launched as part of TF1 Initiatives. This will offer tutoring to young people from the non-profit organisation Sport Dans la Ville, provide support for start-ups that try to make a difference, and encourage collective philanthropy projects.

7.1.10 ATTRACTING AND RETAINING TALENT

AGILE RECRUITMENT DEPARTMENT

The Central Recruitment Department created in January 2016 (with a team of four people dedicated to recruitment and mobility) responds effectively to the needs of the business by identifying, attracting and integrating talent. New sourcing practices have also been introduced, including the use of social media and headhunting. The Department works closely with HR, operational teams and the employer brand on this strategic process.

TALENT FACTORY

In addition, interns and students on work-study programmes are closely monitored by their tutor and HR during and at the end of their work placement with the Group.

Students identified as particularly competent and who match the values and needs of the business receive special attention *via* the "Talent Factory". The company stays in touch with them after they leave (through their manager, DDT, LinkedIn, etc.), sending them news and regularly inviting them to TF1 events.

DEDICATED PROGRAMMES

With the aim of retaining and rewarding talented individuals, for the first time, the TF1 group launched its excellence programme, One's, for its high-potential employees. In partnership with ESSEC, this programme combines several different formats such as classroom sessions, coaching or even co-working. In addition to this programme, there is an annual talent review to discuss targeted support for key managers.

The Leadership Connect programme will aim to support Key People move to managerial level *via* accreditation training devised with the EM Lyon business school and WDHB.

The Experts will be asked to act as ambassadors, particularly as part of the TF1 Campus programme.

Several formats are being studied for 2019 to fulfil the expectations and meet the challenges of high-potential juniors (HPJ).

INTERNAL MOBILITY

Given the nature of its business and its job profiles, TF1 is a highly diversified group with more than 250 different careers.

TF1 also has to adapt to fierce competition, particularly within the digital field. Within this transformation process, mobility is a source of added value both for the Group and its employees. It allows the Company to be responsive, adapt its organisation and embrace future skills and emerging new business opportunities. For employees, mobility is a source of personal and professional development, enabling them to expand their horizons and enhance their skills in diverse career paths.

The Group supports the career progression of its employees by empowering them through professional development workshops (how to write a CV, prepare for an interview or make effective use of professional networks such as LinkedIn).

Internal mobility is the first step in the recruitment process. This is governed by the mobility charter, the latest version of which is available on the Group's intranet, setting out clear rules of procedure to ensure equal treatment. HR managers are responsible for upholding these rules.

INDICATOR: INTERNAL MOBILITY AS A PROPORTION OF TOTAL RECRUITMENT

(Scope: France excluding Doctissimo, Aufeminin and Gamned!, OE) (Transfers within TF1 group + arrivals from Bouygues group)/(external recruits on OE contracts + transfers within TF1 group + arrivals from Bouygues group)	% revenues	2018	2017	2016
Internal mobility as a proportion of total recruitment *(%)*	81	37.9%	41.6%	58.4%

7.1.11 RELATIONS WITH SCHOOLS AND HOSTING OF INTERNS AND STUDENTS ON WORK-STUDY PROGRAMMES

In line with TF1 group's desire to support young people through the transfer of know-how and experience, work-study placements and internships play an important part in the organisation, since they are the employee's first contact with TF1 prior to recruitment.

Interns and work-study students enjoy a generous remuneration policy together with a wide range of job opportunities, attracting young talent from different educational backgrounds and reflecting the diversity of the Group's employment opportunities. The pay scale for interns varies depending on the student's qualifications. However, it is significantly higher than the statutory minimum. This ambitious policy for both trainees and those on work-study programmes reflects a desire to help train young people, identify new talent and welcome younger generations to the company.

In 2018, the TF1 group was a partner in ESSEC's Media and Digital Chair as well as in EDHEC's Explora programme. TF1 group's aim is to reach out to these students with these two specific partnerships, through research projects and subjects, shared and taught as part of their course.

In addition, in 2018, the Group launched the TF1 Campus programme across target schools for all business lines with job opportunities. This programme enables students to hear presentations from Group employees about their professional issues and challenges. This new format of interacting with students strengthens the employer brand by delivering content and meeting students through positive dialogue and exploration of the Group's job opportunities.

In 2018, for the second year running, the TF1 group was awarded the Happy Trainees label, a sign of real recognition from the work/study and internship community of their positive experiences with in the Group and with the Employer brand.

INDICATOR: NUMBER OF INTERNS UNDER AGREEMENTS WITH SCHOOLS

Scope: France excluding Doctissimo, Aufeminin and Gamned! Interns	% workforce	2018	2017	2016
Interns under agreements with schools	81	358	206	307

7.1.12 EMPLOYEE BENEFITS

The TF1 group endeavours to support its employees' work/life balance, The Employee relations department coordinates services to support the personal and family-related concerns of its employees.

CHILDCARE ALLOWANCE AND CRÈCHES

To facilitate childcare arrangements, a subsidy of €8 a day is awarded to employees with children under four years old who are cared either at crèche, or by a professional childminder at or outside the home.

The amount awarded is limited to €1,830 a year. Works Councils are responsible for managing childcare allowances.

Since 2019, the Group has worked with a group of workplace crèches to co-finance a number of childcare units. A system for providing occasional and emergency childcare will also be rolled out to all employees with a child aged three or under, as well as a homecare services platform to help them find full-time, after-school, emergency or occasional childcare as well as tutoring.

HOUSING ASSISTANCE

TF1 group makes financial contributions to the social housing agency Action Logement, which has been the umbrella organisation for the sector since 1 January 2017.

In 2018, TF1 group employees received various forms of assistance under this scheme, with 9 employees allocated housing. 7 home loans for first-time buyers, 3 *Loca-Pass*, 0 *MobiliPass*, 2 *Pass-Assistance* and 3 home renovation loans were granted. A total of 33 employees have benefited from the Mobili-Jeune scheme and 68 employees have been advised by housing associations. A total of 127 TF1 group employees benefited from the housing assistance scheme in 2018.

A representative of the housing assistance programme is regularly available to meet with employees and help them with the procedures involved and give advice about financing their home acquisition plans. In 2018, the representative was available on 3 occasions.

At year-end, management and members of the housing assistance commission drafted a Charter setting out housing allocation rules.

FITNESS AREA

TF1 strives to create a pleasant working environment for its employees, offering them the possibility to use the Fitness Area, a gym at a preferential rate of €20 a month for a one-year subscription.

Eight sports instructors are available to employees from Monday to Friday. In addition to 25 group classes, the Fitness Area has 24 cardio-training machines (treadmills, bikes, etc.), 11 weight machines and 2 steam rooms.

SOCIAL WORKER

A social worker is available during fixed weekly hours onsite at TF1 to inform employees of their rights and the aid for which they may qualify. He or she can also provide them with support in administrative procedures, advising them and putting them in touch with the relevant administrative bodies.

The social worker's role covers a wide range of areas: from help with initial and ongoing access to housing, family budgeting, debt mediation, education and family relationships (family mediation), to the prevention of psychosocial risks (professional mediation), health (including dependency and mental health), care for those with long-term illnesses, disability and the inability to work, and also plays an alert role concerning identified social problems. Bound by professional secrecy rules, the role of the social worker is to find practical responses or solutions to the problems experienced by employees.

SPORTS ASSOCIATION

Through TF1's sports association, the Group enables employees to practice sports in a number of areas. In 2017, the association had 19 sections and 350 members. The association also offers preferential subscriptions for sports clubs (e.g. Forest Hill and Club Med Gym).

HEALTHCARE EXPENSES

The manager of the healthcare insurance scheme sends a representative to the company each week to advise employees on procedures in connection with medical issues or to help them obtain a reimbursement under their supplementary health insurance schemes.

In 2018, TF1 group will continue to search for the best ways of supporting employees in their day-to-day lives.

MY PERSONAL ADVISOR

In 2018, a platform was set up to support family carers in the following areas:

- Family support (parenthood, family solidarity, separation, loss of a close family member etc.);
- Employment and retirement (Job searches, careers, transition to retirement etc.);
- Health and healthcare (health cover, access to care, disability, loss of independence etc.);
- Budget and related approaches (Budget management, housing, transport, administration etc.);
- Role and expectations of *Accompagnement des parcours de vie* (lifelong support) advisors:

  The platform provides information, counselling, advice and guidance on all social issues.

HELP FOR CARERS

The is an information service providing help for carers with elderly dependants, particularly in terms of offering support for elderly persons entering care homes.

With a simple telephone call, a dedicated Counsellor can offer support throughout the discussion phase, can help with form filling, and provide information and advice.

Counsellors can offer guidance in working out the elderly person's needs with regard to services, infrastructures and medical care. This study guides the choice of retirement establishment.

The counsellor helps with setting a budget, sourcing financial support and helping to obtain funding. Once these procedures have been completed, the counsellor organises appointments for visits to the establishments selected.

Finally, where an establishment meeting the employee's requirements is found, the counsellor provides administrative assistance with completing forms for admission to the establishment.

C'EVIDENTIA

TF1 group has renewed its partnership and offers all employees an optician service at TF1's head office.

7.2 ENVIRONMENTAL INFORMATION

7.2.1 GENERAL APPROACH

RISK FACTORS TAKEN INTO CONSIDERATION AND ENVIRONMENTAL APPROACH

TF1's activity is not subject to environmental risks associated with climate change, including in the event of a sharp rise in energy prices or tax on carbon emissions. Only TF1's head office located on the banks of the Seine has required the implementation of a flood prevention plan. This plan is described in the Industrial and Environmental Risks section of chapter Risk Factors of this document. The nature of the Group's activities at head offices also does not generate risks related to biodiversity or the quality of water and soil.

The direct environmental footprint of media activity is equivalent to that of the services sector in terms of greenhouse gas emissions. The media sector generates transport, the purchasing of electronic equipment and the consumption of electricity.

Media companies also owe it to their stakeholders to set an example. This is why the TF1 group has made a twofold commitment: to the "Ecoprod" policy, which strives to implement eco-friendly audiovisual production practices, and to the management of its internal processes.

The Group has deployed proactive measures across all its buildings and in all areas over which it has control: applying action plans and continuous improvement initiatives in connection with the consumption of fluids, electricity and raw materials (paper) and the management of waste, consistently above and beyond legal requirements. Collective catering, an environmental challenge but also an issue on which employees need to be educated, is the subject of an action plan led in close collaboration with the catering provider. These expectations, which are incorporated into Facility Management service specifications, were not reduced when general services were outsourced in June 2017.

Increasingly, energy consumption and waste management are factored in at an early stage of any project involving the technical solutions used by the Reporting Department and departments managing fixed equipment.

In 2018, the Group undertook new commitments to reduce its energy consumption, obtaining ISO 50001 certification.

The environmental impact of a media group is also indirect: it manifests itself through its ability to raise public awareness of this issue. The Group's channels and websites raise the environmental awareness of viewers and web users year-round in several areas, including weather forecasts, TV news stories, the Ushuaïa TV thematic channel, and campaigns on environmental information for children etc. The "Ushuaia Nature" programme, first broadcast on TF1, then on Ushuaia TV, celebrated its thirtieth anniversary in 2017. In 2018 the Group's online podcast, ImpactPositif, produced by LCI journalist, Sylvia Amicone, gave actors the floor to speak about social and ecological transition.

IN-HOUSE ENVIRONMENTAL MANAGEMENT STRUCTURES

The Corporate and Security Services Division, together with the service provider, Bouygues Energies et Services, is responsible for all plans to control consumption and manage waste. One full-time equivalent employee is dedicated to tracking the action plans, particularly in waste management, collecting indicators, keeping the EMS up to date and the ISO 50 001 certification process.

ENVIRONMENTAL ASSESSMENT OR CERTIFICATION PROCEDURES FOR BUSINESSES

ISO 50 001 CERTIFICATION – OBTAINED ON 17 JULY 2018

Following an energy audit at the La Tour building (85% of the company's total energy bill) which was completed on 9 May 2016, the ISO 50 001 certification project will include the implementation of EMS involving all Group players (Group Purchasing Division, Technological and IT Division, maintenance, servicing and catering service providers). It has enabled management to develop an organisational model, as well as a more accurate tool with which to pursue its target of reducing its environmental footprint and to finally obtain ISO 50 001 certification from AFNOR on 17 July 2018. A coordination committee was set up to carry out the mandatory monitoring required by the certification.

OTHER TOPICS

In addition to its legal obligations, TF1 checks air quality (dust content, hygrometry) and water quality (coffee machines, water fountains) five or six times a year. TF1 has Socotec inspect all its equipment (and air-cooling towers in particular).

TF1, and now its service provider, Bouygues Energies et Services, works on environmental issues with certified providers (ISO 9001 and/or 14001 for waste management, electrical equipment maintenance and furniture purchasing, etc.). In addition, within the context of setting up its Facility Management service, Bouygues Energies & Services renegotiated all service contracts, placing a higher value, during calls for tender, on its providers' individual CSR policies.

STAFF TRAINING AND COMMUNICATION MEASURES

Staff are regularly educated on sustainable development through specific sections of the Intranet and during dedicated events. Eco-friendly events were held as part of the ISO 50 001 certification process and upon the introduction of selective waste sorting. Employees were offered *La Fresque du Climat* (Climat Mural) workshops to improve their understanding of the causal links in play between various climate change-related phenomena.

Every year, two TF1 managers attend the "IMB – Social and Environmental Responsibility" seminar organised by the Bouygues group and regularly enhanced by new approaches to sustainable development and Group strategy.

EXPENDITURE ON PREVENTING THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITY – THE ENVIRONMENTAL FOOTPRINT OF PRODUCTION

The audiovisual sector emits roughly one million tonnes of CO_2 equivalent a year into the atmosphere, around a quarter of which is directly linked to shoots, according to a study of key figures in the industry carried out in France in 2011 and available at www.ecoprod.com(1) To reduce this footprint, TF1 launched the Ecoprod initiative in 2009 with the ADEME (French agency for the environment and energy management, AUDIENS), the Commission du Film d'Île-de-France, the Centre national du cinéma et de l'image animée, Pôle Médias du Grand Paris and France Télévisions.

Ecoprod has created an online resource centre at www.ecoprod.com. The resources are provided free of charge to industry professionals and presented regularly at events and through partnerships with specialised media. The website includes best practice sheets by business line, a carbon footprint calculator for audiovisual production (Carbon'Clap), a guide on eco-friendly production and first-hand testimonials useful to producers and other professionals in the industry. TF1's contribution amounts to €5,000 per annum.

TF1's activities do not give rise to the implementation of provisions on the reduction of environmental risks or the introduction of an organisation structure to manage pollution accidents outside Group companies.

MEASURES TAKEN TO ENSURE COMPLIANCE WITH LEGAL PROVISIONS

TF1 continues to monitor regulations governing its technical installations that are rated as having a potential ecological impact (ICPE under the French Environmental Code).

The installations governed by these regulations are classified according to activity, extent of activity and level of risk or harm involved, and are therefore subject either to authorisation or to declaration. TF1 has several installations subject to ICPE regulations, including electric generators, cooling units and cooling towers. All these installations comply with ICPE regulations and do not cause any harm. The checks made by TF1's maintenance teams are rigorous, and all the compulsory sanitary checks are compiled in an Annual Report that is sent to the competent authorities.

7.2.2 ENVIRONMENTAL REPORTING PARAMETERS

Reference period: 01/10/2017 to 30/09/2018

Scope of indicators:

- Companies housed in the "Tour" and "Atrium" headquarters buildings in Boulogne-Billancourt, accounting for 77.6% of the Group's employees and 85% of Group revenue at 30 September 2018;
- The subsidiary, TMC, in Monaco, introduced an environmental policy from late 2018. An initial electricity consumption indicator is provided in this report. TMC accounts for 1% of the workforce and 6.3% of revenue.

Other group activities, including Téléshopping, Aufeminin and Newen, are in shared office space, occupying a small surface area, for which the Corporate Services Division currently has neither the reporting data nor the ability to take significant action on the indicators.

HOW THE INDICATORS ARE READ

The measures and objectives set apply within the framework defined above and according to the following procedures:

- water and steam consumption measures are based on meter readings;
- electricity and consumption data is taken from bills and corroborated by remote readings obtained from EDF's internet site through a load-graph monitoring contract (TCC);
- bulky waste (skips), compacted paper, food waste, wet packaging waste, glass, used oil, batteries and accumulators, printing consumables and electronic waste are weighed by the contractor (TRIO *via* the contract with Bouygues Energies et Services) to which the Group has entrusted waste management and monitoring services. A waste registry is updated on a regular basis and waste monitoring forms are issued in accordance with current regulations. Invoicing is done by weight;
- refrigerant fluids are measured on the basis of statements from air-conditioning maintenance service providers;
- fuel oil consumption for electric generator units is calculated on the basis of the difference between the amount of fuel oil in the two tanks at the start and end of the period, accounting for any refills in the intervening period;
- fuel consumption is based on the statements provided by Total and related to professional card use for fill-ups.

(1) Study scope: the production of theatre-release films, video and television programmes, sound recording and music publishing, television programming and broadcasting, or businesses with the French Business Activity Codes 59 and 60.

7.2.3 POLLUTION AND NUISANCES

PREVENTING AND REMEDYING EMISSIONS

TF1 head office operations do not result in effluents being released into the water or soil.

In the specifications written for maintenance contractors, the Group requires certification that a policy aiming to reduce the use of products that are harmful for the environment has been observed.

Our maintenance partner, ONET, has introduced a solution for producing a surface-cleaning detergent and a disinfectant using fresh water and salt *via* a water electrolysis process.

In accordance with regulations, waste water from the canteens is filtered in a grease tank that is regularly emptied by PFD. Similarly, the surface water from the car parks is collected in a special tank for water containing hydrocarbons that is emptied by PFD.

CONSIDERATION OF NOISE POLLUTION AND ANY OTHER FORM OF ACTIVITY-SPECIFIC POLLUTION

NOISE AND ODOUR POLLUTION

Suppliers (of cooling systems, air-cooling towers, air handling facilities and electrical generator units) are assessed on the performance of their products in terms of noise pollution. An acoustics specialist is occasionally called in to verify the quality of these products. To measure the potential noise pollution for employees, the Group also calls on the services of a firm specialising in acoustics when doing work on its premises. The results are submitted to the Health and Safety Committees.

During the renovation of the headquarters' generators, a Venturi-type ventilation system was installed on the generator exhausts to improve the air mixture and consequently reduce the impact of exhaust gases.

EFFECT OF RADIOWAVES ON HEALTH

Regarding the broadcasting aerials located on the roof of the main TF1 building in Boulogne-Billancourt, measurements taken in 2007 and communicated to the Health & Safety Committees, showed that authorised levels in the approach area around the aerial were not being exceeded. Entrance to this area is reserved for a few technicians only, and the security zone is clearly marked and off-limits to unauthorised personnel. The instructions for the reception and broadcasting equipment installed in Satellite News Gathering (SNG) vehicles are updated on a regular basis.

Mobile aerials (broadcasting vehicles, air-transportable aerials) were also assessed by the approved laboratory, APAVE, which found no anomalies. Operators must follow safety procedures when installing such aerials, and a one-and-a-half metre safety zone is marked out around such equipment when on the ground.

Concerning the 4G transmission system used during news coverage operations, measurements made by the EMITECH laboratory show that the Specific Absorption Rates, or SAR, are clearly compliant. The maximum SAR for the head and the trunk must not exceed 2W/kg and the SAR measured by the laboratory EMITECH is 0.795W/kg. User instructions are displayed in news coverage logistics units and provided to the News Coverage Department.

The Medical Department is highly vigilant and examines every radiowave-emitting system that is put into service.

As was the case with the deployment of the WIFI network, each new facility is subject to measurement by APAVE. In 2015, a series of checks were carried out on radiation emitted by WIFI equipment within the areas occupied by e-TF1 teams and the results were sent to the Health and Safety Committees.

In 2017, new electromagnetic field emissions measurements were introduced for the AVIWEST DMNG PRO mobile broadcasting equipment used increasingly frequently by reporting teams. Measurements taken under real working conditions show field levels to be below reference exposure limit values (ELVs) and risks for workers from electromagnetic fields are low. The report was presented to the TF1 and LCI Health and Safety Committees and is available for consultation. No other facility was carried out in 2018.

TF1 checks parcels and envelopes received using an X-ray machine. Pursuant to regulations, this equipment is authorised by the French Nuclear Safety Authority and two managers were trained and appointed to the role of Radiation Protection Officer for the purposes of ensuring that equipment is checked and maintained in accordance with applicable regulations. An Annual Report is submitted to the Health and Safety Committees.

7.2.4 CIRCULAR ECONOMY

PREVENTION AND RECYCLING MEASURES, AS WELL AS OTHER FORMS OF WASTE RECOVERY AND DISPOSAL

The main waste-generating activities primarily concern catering (packaging waste, food waste), office activities that include paper and other office supplies, works undertaken on buildings to modify and maintain installed building services and equipment, and IT and audiovisual activities (electronic waste).

A wide-ranging plan to redevelop the premises was launched in August 2017, to move from traditional layouts to flexible office layouts. As a result, lots of staff were moved for the works to take place. An initiative with the service provider VALDELIA (an environmentally-friendly organisation responsible for operating an office furniture recycling network) to recycle old office furniture was again planned for summer 2018. Nevertheless, only 50% of these materials were recycled which explains the drop in the overall rate of recycling in 2017 and 2018. Illustration of some the prevention measures:

- TF1 informs its service providers of waste issues by including special criteria in calls for bids and contracts, and by taking shared action as part of the provision of the service. They do not use disposable wipes or non-biodegradable products for cleaning;
- in the event of moving, TF1 no longer uses disposable cardboard boxes. Instead, the company has made the choice of a more sustainable type of container which may be reused 30 times, hence making it possible to reduce the amount of waste cardboard (10,000 cardboard boxes purchased and scrapped per year were replaced by 1,000 reusable containers);

- numerous measures were introduced to reduce waste paper: paperless handling of documents (expense claims, annual performance appraisals), pin code required for colour printing, default printing on both sides of the paper; introduction of a print analysis tool (Watch doc); significant reduction in "local" printers; weight of paper reduced to 70g per sheet. The Group uses paper with EU Ecolabel certification;
- systematic office clearing and cleaning every time employees are moved;
- preventive disability initiative: recycling plastic stoppers to finance wheelchairs for the disabled;
- recycling oils from staff restaurants into bioethanol *via* the *"Allo les huiles"* company;
- introduction of a battery recycling project in early 2018: employees provided with containers for partially-used, but still serviceable, batteries from technical shoots;
- introduction of selective sorting on a voluntary basis across all floors at the end of December 2018.

Since January 2018, the TF1 group has used waste disposal services supplied by TRIO, *via* Bouygues Energies et Services. A waste monitoring form (BSD) is drawn up for each waste item in accordance with prevailing regulations (Article R. 541-43 of the French Environmental Code). TRIO coordinates waste collection with each of the collecting companies, who report back to it the weight and percentage of material recycled. Waste is sorted and recycled or else incinerated to produce energy. An in-house employee has been appointed to manage this tracking process.

INDICATOR: QUANTITY OF COLLECTED WASTE

Site	% revenues	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
TOTAL WASTE *(IN T)*	**85%**	**830**	**796**	**785**
Total waste recycled *(in t)*	**85%**	**467 (56%)**	**458 (58%)**	**514 (65%)**

MEASURES TO PREVENT FOOD WASTE

Dishes are weighed by the catering provider (SODEXO) in accordance with its contract and second helpings of bread have to be paid for, thereby naturally reducing food waste. Recycling bins were set up for unused condiment sachets at dish return stations.

Every year there is a specific day on which the issue of food waste is brought to the attention of consumers.

SUSTAINABLE USE OF RESOURCES

WATER CONSUMPTION

Water is primarily used in the air conditioning circuit, the washrooms and kitchens. Spraying the air-cooling towers accounts for 40% of the total water consumption of the La Tour building.

INDICATOR: WATER CONSUMPTION (IN CUBIC METRES)

Site	% revenues	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
TF1 – TOUR/ATRIUM	**85%**	**47,169**	**48,561**	**48,228**

Action taken since 2015:

- replacement of all defective water chiller hoses in Technical Process areas;
- service providers have been made more aware of reducing consumption;
- leak detection campaigns are conducted on a regular basis;
- consumption indicators specific to collective catering were introduced in the 2015-2017 contract (softened cold water and sanitary hot water);
- air-cooling towers are gradually being replaced with more efficient and economical towers;
- water meters will be installed on every floor of the La Tour building in 2019 to improve monitoring of potential excesses in energy consumption.

RAW MATERIALS CONSUMPTION

The drop in paper consumption continued in 2018. In addition to the measures detailed in point 7.2.4, the new redevelopment of Nextdoor into flexible office space currently being rolled out in TF1 buildings involves a sharp reduction in paper consumption with storage down to one unit per person.

INDICATOR: PAPER CONSUMPTION (IN TONNES)

Site	% revenues	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
TF1 – TOUR/ATRIUM	85%	30	34	45

In catering, TF1 and Bouygues Energies et Services, also requests service providers, through a contractual guarantee, to favour local sourcing, organic produce and seasonal vegetables. Since 2018, one entirely organic meal has been offered in both company restaurants on a daily basis.

ENERGY CONSUMPTION

Electricity

The TF1 group uses electricity for its everyday activities, kitchen equipment, and to power and cool the equipment used for producing and broadcasting programmes (studio lighting, machine rooms, final production, etc.). Electricity is also used to light and power office workstations.

The drop in consumption has been ongoing since 2010 (3.3% less in 2018 than in 2017) and is the result of improved facilities management through the technical building management tool, greater efficiency in the air-conditioning system and switching off air handling units in studios when not in use. The introduction, in late 2017, of a solution enabling oversight of energy consumption by area and by usage, has made it possible to reduce consumption over time (Smart Impulse solution).

New targets for a 25 to 30% reduction by 2025 compared with the reference year, 2011, were set as part of ISO 50 001 certification.

INDICATOR: ELECTRICITY CONSUMPTION (IN MEGAWATT HOURS)

	% revenues	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
TF1 – TOUR/ATRIUM	85%	20,098	20,796	22,060
TMC (MONACO)	6.3%	1,043	-	-

Fuel oil

Fuel oil is used in the electric generator on the production sites. These serve as the emergency power source in the event of an EDF power cut to continue broadcasts and other key processes. Ups and downs from one year to another are due to maintenance work carried out on high-voltage stations (particularly in 2017), and risk simulation exercises carried out to assess the continuity of key processes.

Fuel for vehicles used to film reports for TF1 and LCI (motorbikes, cars, mobile video trucks) was Premier and Excellium diesel and Super unleaded 98 or 95.

INDICATOR: FUEL CONSUMPTION (IN LITRES) REPORTING

	% revenues	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
GENERATOR FUEL OIL TF1 TOUR/ATRIUM	85%	13,674	22,001	10,465
FUEL ALL VEHICLES (REPORTING – COMPANY CARS)	85%	214,775	204,641	226,056

MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY

BUILDING MANAGEMENT

- starting in 2014, a programme to renew the air-cooling towers of the IGH office tower was initiated, consisting of the introduction of more efficient and economical towers;
- in 2016, a renovation programme for the building was commissioned with a view to replacing the lighting system with LED bulbs and the heat pumps by more economical equivalents (air conditioning).

In 2018:

- ongoing replacement of heat pumps (Air conditioning) with more economical equivalents, enabling optimised temperature regulation;
- change of electrical equipment boxes to enable oversight and metering by network type (power, lighting and office technology);
- replacement of triplex lifts in the South Wing and North Wing buildings, replacement of IGH goods lift and quadruplex with the introduction of destination control to make it more economical. Two more goods lifts will be replaced in 2019;
- replacement of lighting with LED technology, with motion sensors and dimmers in office areas and conference rooms;
- replacement of lighting with LED motion sensor technology in IGH car park levels -2 and -3 in December 2018;
- 4 air-cooling towers were changed and 2 new towers will be installed in 2019.

IN PRODUCTION PROCESSES (STUDIOS/NEWS COVERAGE/BROADCASTING)

In 2016, the LCI channel designed its studios with lighting provided entirely by LED bulbs which last longer, consume less energy and do not heat up. thereby cutting the studio's total consumption (lighting and A/C) to 7kW on average – a tenth of the consumption of a studio lit with conventional systems.

In 2018, TF1's newcast studio was also renovated with lighting provided entirely by LED technology, including the numerous screens that form part of its new decor.

The three new mobile video units are lighter, more modern and completely autonomous. They are also fitted with batteries that recharge when the vehicle is in motion, thus reducing energy consumption. The mobile video units comply with the "Euro 4" standard. are fitted with 6-speed gearboxes to limit consumption. A small generator, connected to a Vitron system, provides energy when needed. Equipment is switched on individually and only as required.

IN IT

Reorganisation of machine rooms and areas hosting the hardware used in production, storage and/or processing, taken into consideration. Several objectives were identified:

- to optimise space used to accommodate equipment (freeing up m² and focusing efforts on the smallest areas);
- to improve security (at several different levels: audiovisual and IT system – access – fire – supervision, etc.);
- to simplify the deployment of new infrastructures, (standardisation of methods, awareness-raising to ensure that projects take security into consideration);
- reducing energy consumption (Reduction in the number of machines and improved cooling and ventilation units).

Across all these items, experience gained with regard to Data Centres was used as an example and, in particular:

- the concept of "hot aisles" (just cooling equipment racks rather than entire rooms);
- densification within individual racks and better arrangement of cables to optimise air circulation;
- choosing equipment that adapts to the real-time load, that can even learn to anticipate, rather than withstand (changes in weather – different machine loads at different times of the day and night);
- virtualisation of several machines into one, use of the cloud (Private, Public or Hybrid) on a day-to-day basis or to manage overloads, thereby also limiting consumption;
- there are guidelines for successful layouts. Adaptation for TF1 use is underway. Its aim is to aid project managers and highlight the return on the investment in this cross-functional initiative;
- user workstations: wherever possible, group software together on a single machine to limit numbers.

USE OF RENEWABLE ENERGIES

The TF1 group took out a contract with EDF for the supply of kWh Équilibre-labelled electricity for 2017 and 2018. Every kWh consumed by TF1 commits EDF to produce the same quantity from installations using renewable energy sources. In 2018, and for implementation in 2019, TF1 signed a consultancy contract with EDF which includes a renewable energy option committing EDF in the same way. The contract signed with EDF covers 95.5% of consumption related to the two TF1 headquarters buildings in Boulogne-Billancourt, "Tour" and "Atrium". TF1 signed a contract with the energy supplier, Enercoop, which only supplies renewable electricity, to power the South Wing building and car parks (4.5% of overall consumption) of this headquarters.

7.2.5 CLIMATE CHANGE

MEASUREMENT OF GREENHOUSE GAS (GHG) EMISSIONS

GHG emissions were assessed within the scope of the EMS using the Bilan Carbone® carbon audit method. Calculations for the quantitative analysis below focused on Scopes 1,2, 3 and 3A.

Scopes 1 and 2 were updated with activity data from 01/10/2017 to 30/09/2018 and calculated using version 7 of the Bilan Carbone® assessment. Scope 3A is partially updated on a yearly basis *i.e.* waste generated, business travel (excluding report vehicles and company cars). The rest of scope 3A (purchases), will be updated in 2019.

Scope 3B (use of products, *i.e.*, watching programmes on the Group's channels) is potentially the largest source of emissions, but it is not considered measurable. Collecting these data would require accounting for the electrical consumption of all of the television sets, computers, tablets and mobile phones in France, prorated for the TF1 content that is watched on them. TF1 group does not have the means to collect the data on this consumption.

The most significant item in terms of GHG emissions was purchased products (scope 3A), approximately 60% of which which are purchases of programmes broadcast on the Group's channels.

- With regard to programme purchases, the Carbon'Clap tool, developed by the Ecoprod collective, of which TF1 is a founding partner, was used to measure shoot-related CO_2 emissions. Key figures have been established by production type on the basis of programmes made by the channel in-house (average hour of non-scripted programme: 8 tonnes; drama filmed in Île-de-France: 25 tonnes; drama filmed in Europe: 45 tonnes; exceptional sports events (such as World Cup Football: 1,550 tonnes)). These key figures were then applied to programme purchases, provided that said programmes were made specifically for TF1, broadcast during the year and recognised just once for accounting purposes (not including repeats);
- The majority of other purchasing is estimated on the basis of a financial factor.

The next items are travel (business and commuting), waste and fixed assets. Fixed assets (IT equipment) are no longer recognised in TF1's financial statements, following the outsourcing of IT services at the end of 2017.

INDICATOR: GREENHOUSE GAS EMISSIONS

Bilan Carbone® emissions by source *(in equivalent tonnes of CO_2 V.7 of the Bilan Carbone®)*	**From 01/10/2017 to 30/09/2018**	**From 01/10/2016 to 30/09/2017**	**From 01/10/2015 to 30/09/2016**
Scope 1: Direct emissions from fixed sources (generator fuel oil)	37	60	29
Scope 1: Direct emissions from mobile fuel combustion sources (reporting and company vehicles)	604	607	607
Scope 1: Direct fugitive emissions (refrigerant gases)	248[(1)]	487	410
Scope 2: Indirect electricity consumption-related emissions	1,216	1,258	1,334
Scope 2: Indirect steam consumption-related emissions	373	368	352
Scope 3: Emissions relating to energy consumption not covered by direct or indirect energy emissions	486	504	520
Scope 3: Products purchased	83,216	83,283	83,338
Scope 3: Fixed assets	-[(2)]	748	1,188
Scope 3: Waste generated	85	84	219
Scope 3: Business travel (excluding reporting and company vehicles)	3,316	3,764	3,735
Scope 3: Employee travel	1,329	1,329	1,290
TOTAL (EXCL. PRODUCT USE)	**90,909**	**92,492**	**93,021**

(1) The significant drop is related to ending use of R22 gas, a heavy greenhouse gas emitter.
(2) Following the IT outsourcing, the "buildings" source, related to the purchase of equipment is now recognised by the outsourcer in its own business.

Emissions by scope of the Greenhouse Gas (GHG) Protocol *(in equivalent tonnes of CO_2)*	**Uncertainty**	**From 01/10/2017 to 30/09/2018**	**From 01/10/2016 to 30/09/2017**	**From 01/10/2015 to 30/09/2016**
Scope 1	23%	889	1,154	1,046
Scope 2	10%	1,589	1,626	1,686
Ratio in tonnes of scope 1+2 CO_2 by employee		*1.04*	*0.90*	*0.95*
Ratio in tonnes of scope 1+2 CO_2 per million euro of revenue		*1.30*	*1.32*	*1.32*
Ratio in tonnes of scope 1+2 CO_2 per square metre		*39*	*44*	*43*
Scope 3A (excl. product use)	50%	88,432	89,712	90,289
TOTAL SCOPES 1, 2, 3A (EXCLUDING PRODUCT USE)		**90,909**	**92,492**	**93,021**

These figures were consolidated with those of the Bouygues group, as part of the Group's carbon accounting.

PLAN TO REDUCE GHG EMISSIONS

- Plan to cut electricity consumption by a target of 25 to 30% by 2025 compared with 2011 (ISO 50 001 approach)
- A purchasing and depreciation approach incorporating environmental criteria for IT hardware and broadcasting equipment;
- Employee travel (Corporate Travel Plan since 2010);
  - Corporate fleet: emissions limit of 160g/km of CO_2 set for petrol models and 150 g/km of CO_2 for diesel models. Approach to promote the use of hybrid models (10% of the fleet),
  - Incentive to use public transport *via* 80% reimbursement of public transport passes,

- Introduction of an electric vehicle car sharing service for employees' professional travel, replacing the use of taxis, In 2017, self-service electric bikes were added to this fleet,
- Creation of more parking spaces for employees' electric vehicles: +120% (creation of 17 spaces in 2017 making a total of 31 parking spaces). 30 parking spaces for electric cars are due to be added in 2019.

OTHER GASES

To comply with regulations on the gradual elimination of gases that damage the ozone layer (Regulation (EC) no. 2037/2000 of the European Parliament and the European Council of 29 June 2000, with a 1 deadline), TF1 replaced various air-conditioning system components (around 1,600 heat pumps and air-conditioning cabinets and five water chillers). Gas used in cooling equipment is one of the fluids covered by prevailing regulations. Every precaution is taken when purging obsolete equipment before scrapping.

7.3 SOCIETAL INFORMATION

7.3.1 GENERAL SOCIETAL APPROACH

As a broadcaster, TF1 group has a fundamental responsibility towards society. It is therefore committed to ensuring that its programmes comply with the ethical and professional commitments made to the public, and[1] that the information broadcast on Group channels is of the highest quality.

In terms of business ethics, in 2014, under the responsibility of its Corporate Secretary, Group Head of Ethics, TF1 initiated a structured Compliance approach with a dedicated organisation. TF1 group has its own Code of Ethics, as well as compliance programmes and training plans.

TF1 group has made tackling piracy a priority, cracking down on the illegal recording of Group content and pursuing an active content protection policy. The protection of personal data has become an increasingly important issue for the Group in recent years.

(For these topics: Programmes' compliance with Code of Conduct and business ethics commitments; anti-piracy, personal data management, see section 2.1 "Risk Factors")

The diversity of the programmes offered, their inclusive and non-discriminatory nature and the emphasis on solidarity and community spirit are all key issues for TF1. As a leading media group, it has made these central to its societal commitment. The TF1 Corporate Foundation, focused on the professional integration of young people from disadvantaged neighbourhoods, is a key player in the Group's diversity approach. To give greater consistency and visibility to this societal commitment, involving Broadcasting, the company and the Corporate Foundation, Gilles Pélisson decided to create an umbrella organisation and brand (TF1 INITIATIVES) encompassing actions in three key areas: solidarity, diversity and the sustainable society. TF1 INITIATIVES gave rise to over 100 initiatives that were shared both in-house and externally in 2018.

The Central Purchasing Division introduced a "Responsible Purchasing" approach when it was first established in 2008 and, in 2018, renewed its Responsible Supplier Relations label.

TF1 group encourages respectful and constructive dialogue with all its stakeholders. The development of a close relationship with the public, giving all individuals the opportunity to dialogue with the Group, is a key element of its communications.

7.3.2 SOCIETAL REPORTING PARAMETERS

Scope:

- Whole Group (excluding Aufeminin, Newen, Play Two and Bonzai Digital)

Period under review:

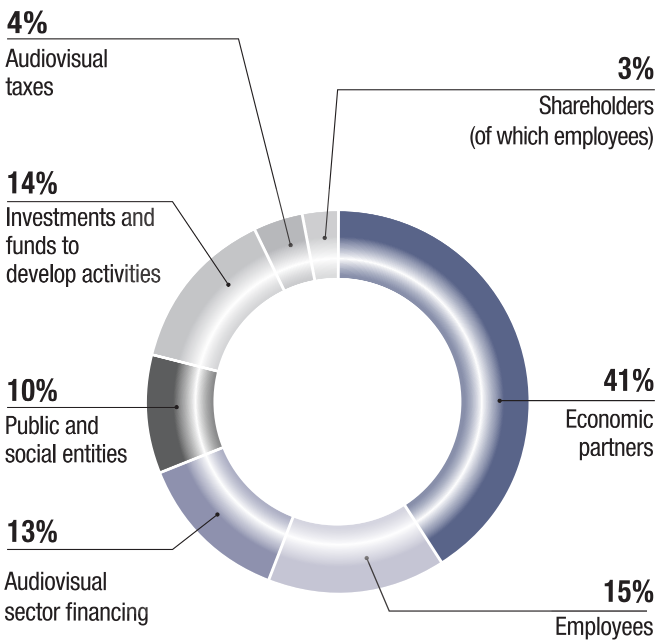
Reporting on societal issues concerns the period from 01/10/2017 to 30/09/2018 with the following exceptions:

- channels subtitling, calculated for 2018 by TF1's information systems;
- sponsorship, calculated by information systems for the whole of 2018.

(1) Conseil Supérieur de l'Audiovisuel – TF1 agreement: http://www.csa.fr/infos/textes/textes_detail.php?id=8169.

7.3.3 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

COMPANY'S ECONOMIC CONTRIBUTION IN 2018 (IN MILLIONS OF EUROS AND % OF REVENUES)



The diagram above shows the distribution of TF1 group 2018 revenues (€2,288 million) among its main stakeholders.

The graph illustrates the Group's contribution to the audiovisual sector in particular, through the payment of taxes, the support it provides *via* its production obligations and the royalties it pays to societies of authors:

- audiovisual taxes = Centre National de la Cinématographie (CNC) + taxes for the financing of France Télévisions + tax for community radio and press;
- public and social entities = corporate tax + company value-added contribution (CVAE) + social welfare bodies + social contributions;
- audiovisual sector financing = obligation to invest in French drama (12.5% of advertising revenues from previous year) and in film (3.2% of advertising revenues from previous year) + copyright;
- shareholders (including employees) = dividends paid in 2018 in respect of 2017 + share buybacks.

CORPORATE FOUNDATION INITIATIVES

Focusing on diversity and professional integration, the TF1 Corporate Foundation was ten years old in 2017. Each year it organises a campaign to recruit young people aged between 18 and 30 from deprived areas. Candidates are selected by a panel of professionals. They are offered a two-year work/study placement with TF1 group, supervised by a tutor and a mentor who will help them establish a network, instruct them on corporate principles and provide them with training recognised in the professional environment. The scheme covers more than 25 professions in the fields of journalism and audiovisual production, as well as the company's service businesses. For the 11th intake in September 2018, 9 candidates were selected.

Over the years, the Foundation has seen a real diversity in the candidates applying to TF1. It also gives those with no formal qualifications the chance to regain confidence and return to the job market.

The TF1 Corporate Foundation was instrumental in creating "Tous en stage", a network of more than 60 companies, local authorities, non-profit organisations and government agencies whose aim is to arrange collaborative temporary work placements for secondary school pupils from areas designated by local authorities as high-priority and extra high-priority in educational terms. The scheme is run in partnership with the French Ministry of Education and enables year 10 pupils from underprivileged neighbourhoods to learn about different careers. In 2018, TF1 received 300 pupils from 15 classes.

Each year, the TF1 Corporate Foundation organises events with sixth-form pupils and offers them support through innovative learning activities.

The TF1 Corporate Foundation is the brains behind the "Coding Bus", a digital project launched in association with a business consortium and government agencies which offers primary and secondary school pupils the chance to learn computer code.

INDICATORS: CORPORATE FOUNDATION INITIATIVES

At 31/12	2018	2017	2016
Young people from disadvantaged neighbourhoods recruited by the TF1 Corporate Foundation (winners of the annual competition)	10	12	13
High schools visited (students concerned)	20 (2,500)	17 (1,900)	16 (1,800)
Number of classes joining TF1 on work placements	15	14	6
Participation in the Forum des Métiers business event	15	15	10
Start-ups supported with the association CREO	20	26	26
Studio visits	25	14	14

7.3.4 AUDIENCE RELATIONS

AUDIENCE RELATIONS DEPARTMENT (ARD)

Building a strong relationship with the public is a priority for TF1 group.

The rollout of the audience dialogue system is a key feature of TF1's approach which involves forging closer ties with viewers. TF1's goal is to be an accessible media entity fostering interactive contacts with its audiences and bringing diversified programmes to its viewers.

The Audience Relations Department (ARD) was set up to implement a broad range of initiatives to develop an ongoing relationship with the public, to educate them about the channel, and to share its values with audiences and critics. Using the communication tools put in place – such as the TF1&Vous section accessible from MYTF1.fr, TF1's significant presence on social media, letters and phone calls – viewers can share their views on programmes and presenters at any time.

SOCIAL NETWORKS, GRASSROOTS EVENTS

TF1's presence on social media, through Facebook, Twitter, YouTube, Instagram, TikTok etc., is part of the same drive to build closer ties by offering people a unique space in which to dialogue and interact. In 2018, TF1's community managers took part in discussions with over 72 million followers who subscribe to the programmes', channel hosts' and presenters' accounts/pages, and to the TF1 group corporate communications page. Subscribers get exclusive programme information and loyalty offers, including invitations, goodies and advance showings. They can also share their views on programmes and services. TF1 group is present on social media through its presenters, many of whom engage with their followers.

Dialogue between the social media team and the public is now a key to promoting content, connecting with audiences and driving traffic to different screens. Using competitions, trailers and special campaigns, social media officers generate posts and content which foster engagement with an extremely broad community.

To generate maximum impact and "likes", the social media team organises regular Facebook Live events. Celebrities from the channel or artists who work with the Group's subsidiaries (performers from TF1 Musique, actors from TF1 Studio co-productions) also take part in these original live interviews.

INDICATORS: AUDIENCE RELATIONS

	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
Replies to private contacts *via* email and calls to the ARD*	49,377	56,350	45,000
Total number of followers on all social media and TF1 group accounts *(subsidiaries, programmes, presenters, etc.)*	73 million	64 million	56 million

* *ARD: Audience Relations Department.*

NEWS OMBUDSMAN

News ombudsman Françoise-Marie Morel receives the public's opinions, requests for explanations and complaints *via* the Audience Relations Department (on tf1.fr). She listens to comments about presenters and the treatment (or non-treatment) of news stories. She replies on her web page http://www.lci.fr/la-mediatrice-vous-repond/

She explains how newscasts are put together and what the rules are. She can also reply to certain individual queries. She advises the Editorial team when many people express similar reactions on a given issue.

TACKLING CYBERBULLYING: PARTNERSHIP BETWEEN TF1 AND RESPECT ZONE

Like all TF1 group websites and accounts, the News Ombudsman's website now contains a link to the Code of Conduct of Respect Zone, a non-profit organisation which the Group now partners. The aim of Respect Zone is to promote respect online. The Respect Zone label is easy to use and display, while its Code of Conduct encourages not only respect, but the moderation of digital space and content.

7.3.5 PARTNERSHIP AND SPONSORSHIP INITIATIVES

All of the Group's societal commitments implemented from late 2017 under the umbrella of "TF1 Initiatives" have been reorganised into three pillars (philanthropy, diversity and sustainable society) to promote social harmony in France. These are overseen by the CSR Director, who coordinates several working groups, including the "TF1 Initiatives Committee" which holds quarterly meetings for all contributors.

Non-profit organisations are key partners of TF1's societal commitment. The sponsorship initiatives that involve them are implemented by Broadcasting, TF1 Publicité, the company and the Corporate Foundation. One of the working groups consists of employees in charge of free advertising space at TF1 Publicité, broadcasting operations and social media, acting as a "one-stop shop" to respond fairly to non-profits that want to advertise on TF1.

TF1 Publicité and the TF1 channel provide direct assistance to non-profit organisations and help them raise their profile through: special prime time operations, commercial production and free broadcasting, or donations of game show prizes. Air time is offered to a varied range of organisations and causes. However, the Group is particularly keen to support nationwide non-profit organisations that help those in need, as well as medical research charities. Les Pièces Jaunes, Les Restos du Cœur, Sidaction, ELA (the fight against leukodystrophy) and now the Laurette Fugain organisation have become very important recurring operations.

The company has set aside a "TF1 Initiatives" budget for sponsorship activities. It can make donations to non-profit organisation partners selected for their work in the field of promoting diversity or living better together, including La Chance aux Concours, which funds places at journalism school for young people, Sport Dans la Ville, which helps young people into work through sport, Fraternité Générale, which encourages cultural events and celebrations, the Moteur! project which gives young people a voice through making short videos or Respect Zone, which promotes respect on social media (TF1 websites now display its logo and Charter).

PHILANTHROPY INDICATORS: NUMBER OF ORGANISATIONS CONCERNED, NATURE AND AMOUNT OF DONATIONS

	2018	2017	2016
Number of organisations having received donations	137	125	121
Cash donations to organisations (€m)	2,669	2,468	3,817
Donations in kind (value in €m)*	34,845	34,794	31,539
Sponsorship administrative costs and contributions to Foundations (€m)	950	1,464	1,961
TOTAL VALUE OF INITIATIVES (€M)	**38,465**	**38,727**	**37,317**

* *Free advertising, production of commercials, direct donations, donation of game show winnings.*

7.3.6 INNOVATION AND START-UP ECOSYSTEM, INTRAPRENEURSHIP

Launched in early 2018 at the start-up campus, Station F, the TF1 group rolled out its acceleration programme, designed to bring Media to international tech players and French industry-leading groups: new formats, new content, virtual reality, artificial intelligence, automation, new broadcasting methods, content recommendation etc.

- The acceleration programme, launched in January 2018 has already incubated 10 start-ups and generated concrete collaborations with employees (particularly on the following issues: site accessibility, new replay experiences, content distribution *via* messaging platforms, artificial intelligence in the news etc.).
- After Wibbitz (a text-to-video creation platform used by 150 publishers worldwide) and Lucette (a website recommending beauty products), the TF1 group, *via* its "One innovation" investment fund, announced its minority share in the start-up, Synchronized, a "Smart Video" platform which can transform any audiovisual programme into an enhanced and personalised experience, accelerated during Station F's first season.

In addition to its acceleration programme and "One inno" fund, innovation teams are working on several other strategic objectives:

- the intrapreneurship programme, "Business Lab", continued with employees involved in projects to test and develop new opportunities for the Group;
- the discovery of new ecosystems: the TF1 group is investing in the vocal interfaces field. Today, three applications (called "skills"), designed by TF1 group, are available for Alexa, Amazon's voice-activated assistant (Téléfoot, Marmiton, LCI). To access LCI news headlines, all you have to say is "Alexa, tell me the news". LCI, Telefoot and Marmiton are also available on Google Home;
- the Group also has a prototype design and development unit and a showroom dedicated to innovation. Underpinning this approach, the Open Innovation and New Business team is equipped to identify strategic development areas, developing prototype projects and examining their potential and relevance for TF1 group.

7.3.7 RESPONSIBLE PURCHASING APPROACH

TYPES OF PURCHASES

Rights purchases which, over the period in question, accounted for 47% of the Group's purchases, were made *via* Purchasing EIG. Since the main risk for this type of purchase is compliance risk (failure to comply with the agreement signed with the CSA), it is monitored by Broadcasting, the Legal Affairs Department and Internal Audit (see section 2.2).

The Central (Ex-rights) Purchasing Division is largely responsible for implementing the Responsible Purchasing approach, which is described below. It accounted for 20% of purchases.

TF1 Games and Téléshopping also purchase goods that are not covered by the Central Purchasing Division.

THE RESPONSIBLE PURCHASING APPROACH OF THE CENTRAL (EXCLUDING RIGHTS) PURCHASING DIVISION

To implement TF1's CSR approach at the Group's service providers and suppliers, in 2008 TF1 initiated a Responsible Purchasing approach excluding the purchasing of rights.

TF1 group is a signatory of the Responsible Supplier Relations Charter. This consists of ten commitments aimed at building balanced and sustainable relationships between the major companies that are signatories of the charter and their suppliers. By signing this charter, TF1 is demonstrating its desire to apply the best practices described and to establish a climate of mutual trust with its suppliers.

The Responsible Supplier Relations Label, which aims to recognise organisations with proven balanced and sustainable relationships with their suppliers, awarded to TF1 for the first time in 2014, was awarded once again on 28 March 2018 by AFNOR Certification and the label's Awards Committee.

This label is recognition for the continuous and long-established improvement approach taken by TF1 and the Purchasing Department.

All buyers from the Division are required to implement these commitments.

The Head of Purchasing coordinates the policy and provides operational leadership. Each year, the Responsible Purchasing Committee meets with buyers to review the implementation and adoption of the policy.

MAIN INITIATIVES

Through its Responsible Purchasing policy, the TF1 Purchasing Division adopts a multi-pronged approach in accordance with Bouygues group's CSR approach. This mainly includes promoting sustainable relations with its suppliers, applying CSR criteria to purchases, making greater use of the sheltered sector, tackling corruption and offering professional development for its buyers.

With a view to perpetuating balanced and sustainable relationships, implementing this commitment and guaranteeing the independence of its suppliers, Arnaud Bosom, Executive Vice President, Human Relations and CSR, was appointed as an internal mediator in November 2017. The mediator's role is to seek to settle, out of court, any potential disputes that may be referred to it, as part of a pro-active understanding of the supplier's situation and in the mutual interest of stakeholders. The mediator can be contacted direct at: mediateur@tf1.fr.

A map of the rudimentary risks, focusing on critical issues for the 57 families of the ex-rights purchasing nomenclature, was introduced in 2015 in accordance with ISO 26000 and 31000. The potential risks (environment, employment law, health and safety) were summarised and a list drawn up of the measures in place. These were accompanied by an action plan. Together these formed the comprehensive "parent company vigilance" action plan launched by Bouygues in 2017.

PROMOTING BALANCED AND SUSTAINABLE RELATIONS

The commitment of TF1 group Purchasing Division towards sustainable and balanced relations with its suppliers and partners remains a major objective.

TF1 prefers to have framework contracts with its suppliers, while establishing multi-annual contracts for services or supplies requiring significant investment and implementation. For several years, TF1 group has had a balanced contractual framework compliant with the legislation. In early 2015 it amended its General Terms and Conditions of Purchase.

A study carried out in 2017 showed that 27% of invoices owed by TF1 were paid late. TF1 is committed to improving its supplier and partner payment times with a target of reducing by half the percentage of invoices that are paid late in comparison with the deadline shown on the purchasing terms and conditions, by 2021. A Purchase to Pay process manager was appointed in September 2018. The manger's role will be to assess the main reasons for these late payments and propose an action plan.

SUPPLIER ASSESSMENT WITH ECOVADIS AND CSR QUESTIONNAIRE

Since 2008, one aspect of the Responsible Purchasing approach has been based on the CSR assessments of ex-rights suppliers. These assessments, carried out by EcoVadis, are focused on four components: the environment, social aspects, business ethics and purchasing policy. The assessments are used to prepare a report which provides a score for each component, an overall rating, the strengths, weaknesses and opportunities of the company assessed, a benchmark and 360-degree information.

Companies were assessed on two particular occasions:

- in the event of calls for tender or renegotiations of contracts worth over €500K, to include the CSR criterion in the final decision;
- on the basis of a file prepared using the purchasing risks mapping, cross referenced with the file of suppliers whose revenue from TF1 is in excess of €70K.

By the end of September 2018, 184 suppliers had been assessed using EcoVadis over the previous three years.

Of all the companies assessed, 31% employ between 101 and 1,000 people; 46% employ between 26 and 101 people and 23% less than 25 people.

The average score for the panel of suppliers contacted and assessed was 48.2/100 (the average for EcoVadis is 42/100). Fully 93% of these suppliers had their registered office in France. TF1 group itself scored 70.

Analysis of these conclusions further contributes to the successful management of supplier relations and is used to put in place an action plan with service providers identified as being at risk (based on the overall rating or one of the EcoVadis scores).

In addition to the EcoVadis assessments, the Purchasing Division has developed a "CSR Questionnaire" as a complementary supplier knowledge tool. This questionnaire covers all aspects of CSR, from the environment to safety, and uses a fast and effective analysis to identify key social issues for suppliers and verify their relevance within the purchasing process. The questionnaire is incorporated into all consultations and is a way of educating frontline staff at a very early stage in the process.

PURCHASER TRAINING AND INVOLVEMENT

To date, 80% of buyers in the Ex-rights Purchasing Division have been trained in responsible purchasing and CSR since 2015.

Moreover, 15% of the collective variable compensation of the Purchasing Division and buyers from the TF1 Group Purchasing Division, depends on their purchasing CSR actions: inclusion of CSR criteria in purchasing decisions monitoring of the management plan, promotion of the use of the sheltered sector, deployment of CSR assessments (EcoVadis or CSR questionnaire).

USE OF THE SHELTERED/ADAPTED SECTOR

The Purchasing Division maintains a list of establishments in the sheltered/adapted sector for a range of services, including printing, catering, packaging and mailing, creation and communication, the maintenance of green spaces and the recycling of cassettes.

INTEGRATION OF CSR CRITERIA AND CLAUSES IN TENDERS

An “ethics and compliance” clause referencing the Group’s Code of Ethics is included in contracts and the General Terms and Conditions of Purchase. The clause also states that TF1 and TF1 group companies are members of the UN Global Compact.

The Group’s entities make a commitment to other French and international companies to respect and promote the ten principles of the Compact in the areas of human rights, labour, the environment and anti-corruption, as well as adopting responsible purchasing practices. The contractor thus commits to respecting the principles set forth in the Compact, available on the Internet, and makes sure its subcontractors do the same. The contractor is informed that not respecting these principles will result in contract termination and/or is liable to cause serious damage to the image of TF1 group.

RESPONSIBLE ACTIONS OUTSIDE THE CENTRAL PURCHASING DIVISION

Acquired rights

Ethical issues surrounding rights acquisition (including potential corruption among rights-holders and broadcasters) are rare, because rights are granted by means of calls for tender which follow a strict procedure (publication of tender specifications, submission of secure bids, opening of bids in the presence of the Commission, etc.).

TF1 is careful to include compliance clauses in its bids, a policy which is usually reflected in – or inspired by – rights acquisition agreements.

Regarding TF1’s internal process, the bid prices are set by an Executive Management select committee, or for major rights (such as the FIFA or Rugby World Cup) by an *ad hoc* committee set up by the Board of Directors. The Legal Affairs Department is routinely involved in the preparation of bids.

Téléshopping

Téléshopping’s imported products account for 38% of total purchases. This percentage breaks down as follows:

- 48% directly from Chinese factories (under an Asian import agreement);
- 52% through Euro shopping suppliers (under an ESH-Infomercial framework agreement for US and/or European suppliers of products associated with demonstration videos).

For direct imports from China, the Téléshopping quality assurance department produces specifications which the purchasing agent (AKA Out Spring; Innomega; DAG Import) is responsible for enforcing. The agent visits factories on behalf of Téléshopping and coordinates the work with approved testing and verification laboratories on the ground (TÜV SÜD – SGS). In addition, staff from the Téléshopping Purchasing Division (three employees) go to China once or twice a year to visit supplier factories, accompanied by the local purchasing agent.

Other purchases in France and Europe come under a third specific contract (TSH type contract for French and European suppliers).

Each of the three standard contracts contains an ethics and compliance clause and a clause on compliance with employment regulations. The supplier undertakes to respect the provisions of international labour conventions, particularly those relating to forced labour and child labour, and is expressly prohibited from employing minors for the manufacture of the products covered by the contract or for any other related task.

The contracts also state that, because TF1 is a signatory of the Global Compact, the supplier must also fulfil the same commitments. This is an essential condition of the contract. The contracts also mention that TF1 group companies are committed to responsible purchasing practices. Suppliers must confirm that they have read the Responsible Supplier Relations Charter, available on the website http://www.relations-fournisseur-responsables.fr/charte-relations-fournisseur-responsables.

TF1 Games

TF1 Games and Dujardin publish and sell children’s games, which are sold to distributors in France and *via* distributor partners in Europe (or even worldwide, for some of the products).

There are two types of purchases:

- imports of finished products purchased from European or global suppliers;
- in-house development.

In the latter case, the TF1 Games team develops an idea or acquires a concept from an external author, drafts the specifications, and outsources production to a supplier under the supervision of a TF1 Games production manager. TF1 Games works with ten regular suppliers, including four in China, which mainly manufacture games that contain electronics. Card games are generally manufactured in Europe. Purchases in Asia (China) represent 82% of the purchasing total.

The specifications require a high level of product safety, with zero tolerance for non-compliance. Compliance tests are carried out in Hong Kong by the French laboratory INTERTEK acting on behalf of TF1.

The purchasing terms and conditions include the “Ethics and compliance” clause, in line with TF1 group’s Responsible Purchasing Charter. Staff from the TF1 Games Purchasing team travel to China to visit the headquarters of suppliers each year, with a factory tour every other year.

SUMMARY OF ACTIONS FOR DEPARTMENTS INVOLVED IN THE PROCESS

	Central Purchasing Division	Rights Purchasing Division	Téléshopping	TF1 Games
Publication of the Responsible Purchasing approach	Yes	-	-	-
Buyer training on responsible purchasing	Yes	Yes	Yes	-
CSR criteria included in tenders	Yes	Yes	Yes	-
EcoVadis assessment	Yes	No	No	No
CSR questionnaire sent out during tenders	Yes	No	No	No
Inclusion in the CSR risk map	Yes	Yes	Yes	Yes

RESPONSIBLE PURCHASING INDICATORS

	From 01/10/2017 to 30/09/2018	From 01/10/2016 to 30/09/2017	From 01/10/2015 to 30/09/2016
Total business scope *(€m)*	1,353.7	1,247.4	1,321.8
Expenses addressed by CSR criteria *(€m)*(1)	1,353.7	1,247.4	1,321.8
Share of expenses addressed *(in %)*	100%	100%(2)	95%
Number of suppliers assessed by EcoVadis or in the process of assessment	183	174	160
Revenue covered by an EcoVadis assessment or in the *process of assessment (€m)*	91.1	97.7(3)	396.2
Revenue with the sheltered/adapted sector *(€md)*	261.1	417.7	402.6
% of Central (Ex-rights) Purchasing Division buyers trained in responsible purchasing	80%(4)	100%	100.0%

(1) Expenditure covered by a responsible purchasing approach or purchasing procedures integrating CSR criteria (e.g. contracts incorporating a CSR/SD clause).
(2) Following the campaign in 2015 to include the CSR/Diversity clause in contracts, 100% of contracts now contain these clauses. Only non-contract purchases (an estimated 5% of purchase values) are not routinely addressed.
(3) The net decrease in the amount covered by EcoVadis assessments is due to the scrapping of EcoVadis assessments of rights providers, which proved to be of little relevance for the business.
(4) 1 buyer arriving in the Central (Ex-rights) Purchasing Division in late 2017 had not yet been trained by the end of 2018.

7.3.8 PROGRAMME ACCESSIBILITY

As a leading family-oriented channel, TF1 is duty bound to ensure that its programmes are accessible to everyone, particularly people with impaired hearing or vision.

SUBTITLING

Since September 2010 all TF1 programmes have been subtitled, in accordance with the Act of February 2005. In the case of news programmes, a special system has been introduced to deliver quick service combined with excellent quality when transcribing news item commentaries or what the journalist is saying in the studio. The system operates using a team of three people and voice recognition software. On 12 December 2011, TF1 signed the CSA's charter on Subtitling Quality.

The Group's theme channels go beyond their subtitling obligations.

INDICATOR: COMPLIANCE WITH SUBTITLING OBLIGATIONS BY GROUP CHANNELS

Channel	2018 obligation	2018 actual	2017 actual
TF1	100%	100%	100%
TMC	100%	100%	100%
TFX	60%	75%	79%
TF1 Séries Films	40%	89%	88%
Ushuaïa TV	10%	22%	28%
Histoire	10%	27%	31%
TV Breizh	20%	78%	77%
LCI	3 subtitled newscasts/day between 2pm and 8pm	1,029 subtitled newscasts between 2pm and 8pm	840 broadcasts between 2pm and 8pm

CONCERNING FRENCH SIGN LANGUAGE

Channel	2018 obligation	2018 actual	2017 actual
LCI	1 French language signed newscast/day at 8pm	1 French language signed newscast/day at 8pm	350 French language signed newscasts at 8pm

Although these obligations do not apply to advertising slots, in response to a request from some advertisers, the channel broadcasts their commercials with closed captioning for the hearing-impaired.

AUDIO DESCRIPTION

To serve the one million people in France suffering from impaired vision, TF1 offers programmes with audio description, a technique developed by the Valentin Haüy charity for the blind and visually impaired that allows people to "see" what is going on through an audio description of the action and setting.

INDICATOR: COMPLIANCE WITH AUDIO DESCRIPTION OBLIGATIONS

Channel	2018 obligation	2018 actual	2017 actual
TF1	100 audio-described programmes, including audio description for at least 55 new programmes on TF1	195 audio-described programmes, including audio description for 67 new programmes on TF1	134 audio-described programmes, including audio description for 69 new programmes on TF1
TMC	At least 22 new programmes with audio description on TMC	26 new programmes with audio description on TMC	29 new programmes with audio description on TMC
TF1 Séries Films	At least 12 new programmes with audio description on HD1	26 new programmes with audio description on TF1 Séries Films	30 new programmes with audio description on HD1
LCI	1 audio-described news programme per week	1 audio-described news programme per week	1 audio-described news programme per week

7.3.9 PROTECTION OF YOUNG VIEWERS

RATING INFORMATION FOR YOUNG VIEWERS AND YOUTH PROGRAMMES

Since 2002 terrestrial television channels have been required to display content rating signage during all non-advertising programmes that are not recommended for general viewing. Each channel is responsible for introducing the signage system and informs the CSA of its composition but remains solely responsible for rating decisions. The signage provides practical information about age appropriateness for each of the five categories (general, -10, -12, -16, -18). The TF1 channel does not broadcast any -18 rated programmes.

The Viewing Committee set up by TF1 brings together the heads of broadcasting, programming, programme compliance, acquisitions and youth programming.

To see all the child protection commitments made by TF1, read the requirements for applying the CSA's content rating signage system at http://www.csa.fr/infos/controle/television_signaletique_C.php.

A PSYCHOLOGIST FOR TFOU'S YOUTH PROGRAMMES

Over the last ten years, a child psychologist has viewed all the youth series purchased and works upstream in close cooperation with the artistic team on series co-produced by the channel. He or she suggests cuts or sometimes rates episodes as being unfit for broadcast, when he or she considers the images inappropriate for children. These recommendations are always followed.

7.3.10 PROMOTING DIVERSITY

The TF1 company fights against stereotypes and seeks to broadly represent diversities in civil society, as do the channels, with all of the players involved in these issues and free of any competitive spirit. To underscore and publicise this commitment, TF1 group applied to renew its diversity label in March 2017. Its application was granted in July 2017.

The CSR Director liaises with the Diversity unit and with representatives from the different programme units to articulate the actions and initiatives of TF1 group on diversity and relay this approach to government agencies, opinion leaders and civil society, in association with the Corporate Communication Divisions.

TF1 group strives to reflect the diversity of the whole of society on its channels and websites, without stereotyping or omissions. Quantified commitments are sent to the regulator each year. A letter is sent each year to the producers of TF1 magazine, game, entertainment and reality TV shows to raise awareness of the issue of diversity within the programmes they make for the channel. All employees responsible for programme production attend special training on taking account of diversity in all its aspects.

A study conducted with the News Division in 2016 had highlighted the under-representation of women in TV news (only 34% of speakers on TV news were women, and only 22% of experts). The action plan was implemented in 2017, comprising:

- a training plan for news contributors (120 journalists, researchers and editors);
- a partnership with the organisation Vox Femina and its competition "Femmes en Vue" to increase the number of female experts invited on to programmes. TF1 group hosts a media training day for the 24 winners;
- an annual female experts' day, with workshops and meetings with the Editorial Team.

The second round of the study, carried out in early 2018, showed a 5 percentage point increase for the two key figures (39% of speakers were women and 27% of "non-TF1" experts were women). The TF1 group continued its commitment in 2018 through its second "Expertes à la Une" (Experts in the Headlines) event, which brought together over 170 people on 15 October. To remove barriers stopping women from having a role in the media, "Expertes à la Une" focused its efforts on two areas:

- coaching and supporting women with their public speaking: for this second event, 75 experts received specific training to learn how to structure their speeches, manage their image as well as legitimise their know-how and status;
- raising editors' awareness of parity issues: this second event provided journalists, in particular, with a list of experts in different fields (economy, innovation, politics, justice, society, sport, culture etc.).

The French Drama Unit has produced high-quality programmes designed to nudge viewers towards a greater acceptance of difference: the series "Les Bracelets Rouges" (Red Wristbands), on cancer in children, the "Jacqueline Sauvage" one-off dramas on violence against women and "Le jour où j'ai brûlé mon cœur" (The Day I burned my heart) on bullying in schools, were extremely well received by audiences and were praised by the organisations concerned.

The Children's Programmes Unit, in association with the SACD[1], holds an annual competition with a social theme for young people studying animation. The theme of the 2018 competition was "Haut les mots, bas les mains" (Words up, hands down), inviting young viewers aged between 6 and 10 years to use words, not violence, to express themselves. The winning entry was chosen in December 2018. TF1 group and the SACD will jointly donate €15,000 towards financing the film, which went into production in January 2019.

Through its programmes, and internally, the TF1 group helps to change people's perceptions of one another and to promote talent across-the-board.

TF1 and LCI chose to get involved with the DUODAY, the national awareness day launched by the State Secretariat for disabled persons. Having committed to promoting diversity with TF1 Initiatives, the TF1 and LCI channels decided to get involved with this operation by offering disabled people the chance to co-present three flagship shows, alongside their usual presenters.

(1) SACD: Society of Authors and Composers of Dramatic Works.

To challenge received ideas and change perceptions, on Saturday 21 July last year, TF1 launched the magazine, *C'est quoi cette question?* (What is this Question?) which gives a voice to those who too often fall victim to prejudice as a result of their difference.

TF1 group conveys this conviction internally, advocating open and respectful relationships between employees and rejecting any discriminatory practices or attitudes. (See section 7.1.8 "Equal opportunities and the fight against discrimination").

In the outside world, the Group supports learning projects, the professional integration of young people and the various innovative schemes delivered by the TF1 Foundation or by supporting non-profit partners.

7.3.11 ISSUES IN DIGITAL MEDIA

REGULATION OF ONLINE PUBLIC COMMUNICATION SERVICES

For its digital audiovisual services (mainly MYTF1 websites and apps), TF1 group is subject to regulation of on-demand audiovisual services (see "Audiovisual regulations applying to ODAMS" below) and, as such, is also subject to CSA regulation. Where these services do not correspond with the legal definition of on-demand audiovisual services (for example, MYTF1), the Group is subject mainly to the Law of 21 June 2004 on confidence in the digital economy and to all provisions of the French Consumer Code. In all cases, the Group is also required to comply with the Law of 29 July 1881 on the freedom of the press (notably the prohibition of defamatory and insulting remarks and the vindication or negation of crimes against humanity), as well as, for all media, the regulations arising from the French Data Protection Act of 6 January 1978 and the ruling of 5 December 2013 on cookies and web trackers, and is therefore regulated by the French data protection authority (CNIL). The regulations on cookies ensure transparency with users as to the number of cookies stored on users' computers and the reasons for these, and in particular at countering "targeted" advertising.

AUDIOVISUAL REGULATION APPLYING TO ODAMS

Following the Act of 5 March 2009, the implementing orders of 2 July 2010 and 12 November 2010, and the CSA's ruling of 14 December 2010, TF1 group must comply with regulations on ODAMS for all its non-linear services under the meaning of the corresponding legal definition, irrespective of the media used (be it a PC, TV, smartphone, tablet or game console), as well as all non-linear services (such as catch-up TV) offered by the Group's channels. This regulation leads to obligations in terms of (i) the contribution to the production of European and French-speaking film and audiovisual works (for example, financing web series), (ii) exposure to European and French-speaking film and audiovisual works, (iii) advertising and sponsorship, (iv) the protection of young viewers (CSA signage on all programmes concerned and trusted zone listing programmes for general viewing) and (v) compliance.

7.4 INDEPENDENT VERIFIER'S REPORT ON A SELECTION OF NON-FINANCIAL INFORMATION

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended the 31/12/2018

To the Board of Directors,

Further to your request and in our quality as an independent verifier, member of the network of one of the Statutory Auditors of your entity Télévision Française 1 (TF1) (hereafter "entity"), we present our report on a selection of non-financial information established for the year ended on the 31/12/2018 detailed in Appendix 1 (hereafter referred to as the "Information"), that the entity has chosen to prepare and present in its management report.

RESPONSIBILITY OF THE ENTITY

As part of this voluntary approach, it is the responsibility of the entity to prepare the Information in accordance with the protocols used by the entity, concerning HR reporting on one hand and environmental and societal reporting on the other hand (hereafter referred to as the "Criteria"), available on request at the entity's headquarters and summarized in the management report.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role in response to the entity's request, based on our work, to express a limited assurance conclusion that the Information is fairly presented, in all material aspects, in accordance with the Criteria.

Nonetheless, it is not our role to give an opinion on the entire management report for the year ended on the 31/12/2018 or on the compliance with other applicable legal provisions.

NATURE AND SCOPE OF THE WORK

Our verification work mobilized the skills of five people and took place between October 2018 and February 2019.

We conducted the work described below in accordance with the international standard ISAE 3000 (International Standard on Assurance Engagements) and with the professional standards applicable in France.

- We assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry.
- We consulted documentary sources and conducted interviews to corroborate the qualitative information presented in Appendix 1.
- On quantitative information, we implemented:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions;
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out on TF1's head office activities, which cover 67% of the entity's consolidated workforce.

We consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 14th February 2019

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Eric Mugnier
Partner, Sustainable Development

Jean-François Bélorgey
Partner

APPENDIX 1: VERIFIED INFORMATION

Social information	
Quantitative information	*Qualitative information*
Total workforce and breakdown by open-ended and fixed-term contracts Breakdown of the workforce by gender Percentage of women managers Work-related accidents of employees excluding temporary workers (number of work-related accidents with time off, frequency rate of work-related accidents, severity rate of work-related accidents)	Fight against discrimination, equal opportunities Fight against discrimination through remuneration Social dialogue and new forms of work organization Training to adapt skills to digital transformation
Societal information	
Quantitative information	*Qualitative information*
Number of CSA interventions Total value of initiatives for philanthropy including the amount of donations in kind Percentage of women in TV news as a percentage of all participants speaking Percentage of expert women in TV news of all participants speaking	Conformity of programmes with ethical and compliance commitments in relation to the Charter of professional ethics for journalists and the Honesty, Independence and Pluralism Committee Measures taken to comply with the Global Data Protection Regulation Measures taken in relation to behavioural advertising

8

GENERAL MEETING

8.1 AGENDA

ORDINARY BUSINESS

- Approval of the individual financial statements and transactions for the 2018 financial year.
- Approval of the consolidated financial statements and transactions for the 2018 financial year.
- Approval of the related party transactions stipulated in Article L. 225-38 of the French Commercial Code.
- Appropriation of profits for the 2018 financial year and setting the amount of the dividend.
- Approval of a defined benefit pension commitment for Gilles Pélisson, Chairman and Chief Executive Officer.
- Approval of the components of remuneration and benefits paid or granted for the 2018 financial year to Gilles Pélisson as Chairman and Chief Executive Officer.
- Approval of the remuneration policy applicable to Gilles Pélisson, Chairman and Chief Executive Officer.
- Reappointment of Pascaline Aupepin de Lamothe Dreuzy as Director for a three-year term.
- Reappointment of Gilles Pélisson as Director for a three-year term.
- Reappointment of Olivier Rousat as Director for a three-year term.
- Appointment of Marie Pic-Pâris Allavena as Director for a three-year term.
- Reappointment of Mazars as Permanent Statutory Auditor for a term of six financial years.
- Expiring term for office of Thierry Colin as Alternate Auditor.
- Authorisation given to the Board of Directors to transact in the company's shares for an 18-month period, subject to a maximum of 10% of the share capital.

EXTRAORDINARY BUSINESS

- Authorisation given to the Board of Directors to reduce the share capital by cancelling treasury shares for an 18-month period.
- Delegation of authority granted to the Board of Directors to increase the share capital by public offer, while maintaining shareholders' preferential right of subscription, by issuing shares and any securities giving immediate or deferred access to the company's shares, for a 26-month period.
- Delegation of authority to the Board of Directors to increase the share capital by incorporating premiums, reserves, profits or others, for a 26-month period.
- Delegation of authority granted to the Board of Directors to increase the share capital by public offer, without shareholders' preferential right of subscription, by issuing shares and any securities giving immediate or deferred access to the company's shares, for a 26-month period.
- Delegation of authority granted to the Board of Directors to increase the share capital by private placement, without shareholders' preferential right of subscription, by issuing shares and any securities giving immediate or deferred access to the company's shares, for a 26-month period.
- Authorisation granted to the Board of Directors to set, according to the terms determined by the General Meeting, the issue price of equity securities without shareholders' preferential right of subscription, by public offer or private placement, for immediate or deferred issue, for a 26-month period.
- Authorisation granted to the Board of Directors to increase the number of shares to issue in the event of a capital increase with or without shareholders' preferential right of subscription, for a 26-month period.
- Delegation of authority to the Board of Directors to increase the share capital without shareholders' preferential right of subscription, with a view to remunerating contributions in kind granted to the company and consisting of equity securities or securities giving access to the capital of another company, not as part of a public exchange offer, for a 26-month period.
- Delegation of authority to the Board of Directors to increase the share capital, without shareholders' preferential right of subscription, to remunerate securities contributed to the company as part of a public exchange offer initiated by the company, for a 26-month period.
- Overall limitation of financial authorisations.
- Delegation of authority to the Board of Directors to increase the share capital, without shareholders' preferential right of subscription, in favour of employees or corporate officers of the company or affiliated companies who are members of a company savings plan, for a 26-month period.
- Authorisation granted to the Board of Directors to grant stock subscription or purchase options to employees or corporate officers of the company or affiliated companies, for a 38-month period.
- Authorisation granted to the Board of Directors to carry out awards of performance shares, issued or that may be issued, without shareholders' preferential right of subscription, in favour of employees or corporate officers of the company or affiliated companies, for a 38-month period.
- Authorisation to carry out formalities.

8.2 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS

GENERAL MEETING – ORDINARY BUSINESS

RESOLUTIONS 1 AND 2 – APPROVAL OF THE 2018 FINANCIAL STATEMENTS

SUBJECT AND PURPOSE

In the 1st and 2nd **resolutions** submitted to you for approval, we propose that you approve the individual and consolidated financial statements for 2018.

The activities of TF1 and its Group during the year just ended, their position, and the results from activities are included in Chapters 1 and 4 of the registration document. Individual financial statements and consolidated financial statements are inserted in chapter 5 of the registration document. Your Statutory Auditors will present their reports on the 2018 financial statements. These reports are inserted in chapter 6 of the registration document.

RESOLUTION 3 – APPROVAL OF RELATED-PARTY TRANSACTIONS

SUBJECT AND PURPOSE

The purpose of the 3rd **resolution** is to approve the related-party agreements and commitments, outlined in the Statutory Auditors' special report and concluded between TF1 and its Senior Executive or one of its Directors during the 2018 financial year, or between TF1 and another company with which it has senior executives or Directors in common, or, between TF1 and a shareholder owning more than 10% of the share capital.

The French Government states that "related-party transactions" are to prevent any conflicts of interest.

By law, these related-party agreements and commitments are, before their conclusion, submitted for prior approval of the Board of Directors, which considers the benefit to TF1 and its Group, and the corresponding financial terms and conditions. The Directors concerned do not take part in the vote.

In their special report in chapter 6 of the registration document, your Statutory Auditors present a detailed list of these related-party agreements and commitments, their corresponding financial terms and conditions and the amounts invoiced in 2018. The related-party transactions referred to in the special report which have already been approved by the General Meeting are not re-submitted for approval. Moreover, agreements relating to routine transactions carried out under conventional terms and conditions and agreements between TF1 and its wholly owned subsidiaries are not submitted for authorisation.

The agreements and commitments we ask you to approve after reading this report and the Statutory Auditors' special report are the following, with the understanding that in accordance with law the individuals in question will not take part in voting on this resolution:

Corporate Services Agreement with Bouygues

Authorisation and financial conditions

In its Meeting on 30 October 2018, the TF1 Board of Directors authorised the renewal of this agreement, for one year beginning 1 January 2019.

The agreement establishes rules for the division and invoicing of the costs of the corporate services among the different companies using them. The specific services provided at TF1's request are invoiced directly to TF1 according to the normal conditions of sale (at market price). The residual amount of the costs of the Corporate Services is reinvoiced to TF1 according to distribution keys. The invoice is limited to a percentage of revenue.

In 2018, Bouygues invoiced TF1 a total of €3.4 million, equivalent to 0.15% of the TF1 group's total revenues (compared with €3.4 million in 2017, or 0.16% of revenues).

Parties concerned

- Martin Bouygues, Olivier Bouygues, Olivier Roussat (Directors); Philippe Marien (Director representing Bouygues);
- Bouygues is a shareholder.

Interest

This agreement, a common feature of corporate groups, allows TF1 to benefit from expert services and coordination services which Bouygues makes available to the different companies within its group, in different areas.

Expertise

Bouygues provides TF1 with services and expertise in various areas such as finance, legal advice, human resources, insurance, sustainable development, philanthropy, innovation consulting, new technologies and so forth.Depending on its needs and in accordance with the agreement authorised annually by the Board of Directors, TF1 makes use of these services by requesting them from the experts at any time throughout the year as questions, issues or discussions arise.

Facilitation of the corporate functions

Besides advice and assistance, services include coordination of corporate functions, in particular the setting up of meetings where staff in a particular function (e.g. cash management) can exchange views, discuss technical issues and familiarise themselves with new developments.

Examples of these types of services in 2018 included:

- human resources: a number of TF1 group senior executives received training in Bouygues group techniques and values at the Bouygues Management Institute. Newly hired employees in the TF1 group took part in a Welcome Day organised by the Bouygues Group. In addition, the TF1 group Management Committee participated in the four annual Board Meetings of the Bouygues Group. Lastly, Bouygues also brought together Human Resources experts from various areas in the Group (e.g. Employee Affairs, Training, School Relations) for discussions. The Legal Affairs Department held a training session on current legal issues for TF1's HR Directors and managers. Also, the TF1 Human Relations and Organisation Department was given access to the Bouygues HR data query system;
- internal control: the TF1 group receives support from Bouygues concerning internal control and risk management tools and methodologies.

  During 2018, the Risk Managers of the Bouygues group's various businesses met several times to work on developing the internal control tool that will be implemented at TF1 in 2019 before the internal control campaign.

  In addition, the internal control framework was updated to include a section on trade embargos and export restrictions.

  Meetings were organised and led by Bouygues so that representatives of the businesses could:

  - Share knowledge of external benchmarks in relation to internal control and risk mapping to assess Group methods and compare these with other companies' practices,
  - Share information on regulatory changes, particularly in relation to the French law on the duty of diligence and the Sapin II Act;
- CSR (Corporate Social Responsibility): the TF1 group's CSR coordinator and other staff in charge of CSR initiatives in their departments rely on the momentum generated by the Bouygues Group's department in charge of sustainable development;
- Information Systems Division: The TF1 group Information Systems Division benefits from numerous synergies with Bouygues group divisions, thanks to active coordination by Bouygues. As a result, TF1 belongs to a virus-warning network and enjoys more general benefits such as IT security and global purchasing for IT hardware and software.

Lastly, in 2018 the Bouygues group, as a majority shareholder, regularly offered its support, both formally and/or informally, with operational issues, particularly in the legal and financial areas. For example, meetings on upcoming changes in accounting standards and their impacts.

Supplementary retirement pension granted to Gilles Pélisson, Chairman and Chief Executive Officer

Authorisation and financial conditions

The TF1 Board of Directors meeting of 30 October 2018 authorised the renewal, as of 1 January 2019, and for a period of one year, of the defined benefit pension commitment granted to Gilles Pélisson, Chairman and Chief Executive Officer of TF1, employee of Bouygues and member of the Bouygues General Management Committee, by Bouygues and the reinvoicing of the share of the premium paid to the insurance company by Bouygues.

The vesting of Gilles Pélisson's annual supplementary pension rights will be subject to TF1 performance conditions on which he will have had an impact; these performance conditions are linked to attaining an average consolidated net profit objective in relation to the annual budget:

- for the 2018 financial year: based on the 2016, 2017 and 2018 annual budgets;
- for subsequent financial years, based on the annual budget for that financial year and the two immediately previous financial years.

Depending on the level of attainment of the consolidated net profit objectives, the supplementary pension rights will be in a range from a minimum of 0% to a maximum of 0.92% of the reference salary. The annual supplementary pension is capped at eight times the annual upper limit for social security contributions; in 2019, that cap is €324,192, which is below the ceiling of 45% of reference salary specified in the AFEP/MEDEF Code. Beneficiaries become entitled to this supplementary pension only after ten years of service with the Bouygues group.

In respect of the 2018 financial year, Bouygues invoiced €442,950 excluding taxes (including the 24% tax paid to URSSAF).

Parties concerned

- Martin Bouygues, Olivier Bouygues and Olivier Roussat (Directors), Philippe Marien (permanent representative of Bouygues, Director), as well as Gilles Pélisson;
- Bouygues is a shareholder.

Benefit of this agreement for TF1

This agreement is intended to enable Bouygues to retain the members of its General Management Committee, one of whom is Gilles Pélisson. TF1 also benefits from the negotiations in the Bouygues group between Bouygues and the senior executives in its businesses.

Services contracts (open innovation)

Authorisation and financial conditions

The Board of Directors of TF1 on 30 October 2018 authorised the renewal, as of 1 January 2019, and for a period of one year, of the Bouygues services provision and investment management agreement, enabling TF1 to benefit from the open innovation expertise developed by Bouygues Développement, a wholly-owned subsidiary of Bouygues.

Providing advice is an integral part of Bouygues' corporate services and this service is directly invoiced through the corporate services agreement for the appropriate share of the residual amount of the corporate services expenses. As compensation for management services, Bouygues invoices, on a prorated basis, a monthly fixed remuneration of €750 excluding VAT through participation in a managed innovation company.

No amount was invoiced in 2018.

Parties concerned

- Martin Bouygues, Olivier Bouygues, and Olivier Roussat (Directors); Philippe Marien (permanent representative of Bouygues, Director);
- Bouygues is a shareholder.

Interest

This agreement defines the terms and conditions for the execution and the remuneration of the services provided by Bouygues, whether directly or through the intermediary of its wholly owned subsidiary Bouygues Développement, to TF1 in the field of open innovation.

The activity covering the management of TF1 equity interests in innovation companies is set up to manage these equity interests once the acquisition has been finalised. In particular, the services include monitoring of the investments held by TF1, and regular reporting to TF1 on projects discussed and decisions made by the aforementioned bodies.

Provision of offices with the Economic Interest Group (GIE) "32 Avenue Hoche"

Authorisation and financial conditions

In its meeting on 30 October 2018, the TF1 Board of Directors approved the renewal of the agreement for the provision of offices on the first floor of the building at 32, avenue Hoche, for a period of one year, starting 1 January 2019.

Financial conditions: the remuneration for the GIE (Economic Interest Group) in 2018 totalled €14,911 (excluding VAT).

Parties concerned

- Martin Bouygues, Olivier Bouygues, and Olivier Roussat (Directors); Philippe Marien (permanent representative of Bouygues, Director);
- Bouygues is a partner.

Interest

Under this agreement, the GIE "32 avenue Hoche" provides TF1 with offices for the reception of visitors and meeting rooms located in central Paris as well as related services for receiving visitors, computer facilities and secretarial services.

For the use of aircraft held by AirBy

Authorisation and financial conditions

In its meeting on 30 October 2018, the Board of Directors approved the agreement entitling TF1 to use the Global 6000 leased or owned by the Bouygues group and operated by AirBy, with the airplane and all related services included in the cost, for a period of one year from 1 January 2019.

Use of a Global 6000 aircraft is charged at a flat rate of €7,000 (excluding VAT) per flight hour, which includes the aircraft and all related services (pilot, fuel, etc.) provided during its use. When the aircraft provided by AirBy is leased, the cost is the leasing cost plus €1,000 excluding VAT for the chartering service provided by AirBy to TF1. This amount is invoiced each time such an aircraft is provided.

No amount was invoiced in 2018. TF1 has not used this facility since 2009.

Parties concerned

- Martin Bouygues, Olivier Bouygues, and Olivier Roussat (Directors). Philippe Marien (permanent representative of Bouygues, Director);
- Bouygues is a partner.

Interest

This agreement offers TF1 the use of aircraft operated by AirBy, a company owned indirectly by Bouygues and SCDM, and operator of a Global 6000, or, an equivalent aircraft.

RESOLUTION 4 – APPROPRIATION OF PROFITS FOR THE 2018 FINANCIAL YEAR AND SETTING OF THE DIVIDEND (€0.40 PER SHARE)

SUBJECT AND PURPOSE

In the 4th **resolution**, taking into account a distributable profit of €634,828,645.87, comprising net profit for the financial year of €91,702,495.32 and retained earnings of €543,126,150.55, you are asked to appropriate this sum as follows:

- distribution of a cash dividend of €83,971,576.00 (representing a dividend of €0.40 per €0.20 par value share);
- appropriation of €550,857,069.87 in retained earnings.

The dividend ex-date on the Euronext Paris market will be 29 April 2019. The dividend will be payable in cash on 2 May 2019 to shareholders of record at the close of business on 30 April 2019.

For natural persons who are residents of France for tax purposes, this dividend is subject to a single flat-rate withholding tax as set out in Article 200A of the French General Tax Code. This flat-rate tax at the single rate of 12.8% is duly applicable unless the taxpayer expressly opts for the sliding scale overall. With this option, the dividend is then eligible for the 40% rebate mentioned in section 3–2, Article 158 of the French General Tax Code.

We also ask for your authority to transfer to retained earnings the amount of dividend accruing to any of its own shares that TF1 May hold, in accordance with Article L. 225-210 of the French Commercial Code.

The amount of dividend distributed in respect of the three previous financial years was as follows:

	2015	2016	2017
Number of shares	209,033,985	209,417,542	209,865,742
Unit dividend	€0.80	€0.28	€0.35
Total dividend(1)(2)	€167,227,188.00	€58,636,911.76	€73,453,009.70

(1) Dividends actually paid, minus, where applicable, for shares held by TF1 not entitled to distribution.
(2) Dividends eligible for the 40% tax rebate mentioned in section 2 of Article 158.3 of the French General Tax Code (optionally from 2017).

RESOLUTION 5 – APPROVAL OF A RETIREMENT COMMITMENT IN FAVOUR OF GILLES PÉLISSON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the **5th Resolution** we ask you to approve the defined benefit pension offered to Gilles Pélisson, Chairman and Chief Executive Officer.

Mr. Pélisson has a supplementary retirement pension, subject to certain conditions, contained in the defined benefit pension agreement signed by Bouygues (see above).

Depending on the achievement of the targets, entitlement to the top-up pension will be between 0% and a maximum of 0.92% of the reference salary. The annual supplementary pension is capped at eight times the annual upper limit for social security contributions; for 2019, that cap is €324,192, which is below the ceiling of 45% of reference salary specified in the AFEP/MEDEF Code.

Pursuant to Article L225-42-1 of the French Commercial Code, the defined benefit pension obligation for Gilles Pélisson is hereby submitted for approval by this General Meeting as a result of his reappointment as Chairman and Chief Executive Officer. The reappointment of Mr. Pélisson to the Board of Directors is being proposed for approval by the General Meeting (9th Resolution), and his re-appointment as Chairman and Chief Executive Officer is to be made at the Board of Directors meeting held right after the General Meeting.

Gilles Pélisson will not take part in voting on this resolution.

RESOLUTION 6 – APPROVAL OF THE COMPONENTS OF REMUNERATION AND BENEFITS PAID OR GRANTED FOR THE 2018 FINANCIAL YEAR TO GILLES PÉLISSON AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the **6th resolution**, we invite you to approve the fixed and variable components of the total remuneration and benefits in kind paid or granted for the year ended 31 December 2018 to Gilles Pélisson as Chairman and Chief Executive Officer, as outlined in section 3.3 of the registration document.

Pursuant to Article L.225-100 of the French Commercial Code, the remuneration and benefits paid or awarded to the Chairman and Chief Executive Officer for period just ended is subject approval by the General Meeting, bearing in mind that the remuneration and benefits were set in accordance with the principles and criteria approved by the General Meeting of 19 April 2018, in its 6th Resolution.

The components of variable remuneration awarded for financial year 2018 may only be paid after such approval.

RESOLUTION 7 – APPROVAL OF THE REMUNERATION PACKAGE ATTRIBUTABLE TO GILLES PÉLISSON IN RELATION TO HIS TERM OF OFFICE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER

SUBJECT AND PURPOSE

In the **7th resolution**, we invite you to approve the remuneration policy, the principles and criteria for determining, distributing and granting the fixed, variable and exceptional components of the total remuneration and the benefits in kind attributable to Gilles Pélisson in relation to his term of office as Chairman and Chief Executive Officer, as outlined in section 3.4 of the registration document.

Pursuant to Article L.225-37-2 of the French Commercial Code, the principles and criteria applicable to determining, allotting and awarding the fixed, variable and extraordinary components of total remuneration and the benefits of all kinds awarded to Gilles Pélisson, Chairman and Chief Executive Officer, for 2019 are subject to the approval of the General Meeting, bearing in mind that those principles and criteria were drawn up by the Board of Directors upon the recommendation of the Remuneration Committee.

The General Meeting convened to approve the 2019 financial statements will be asked to approve the amounts that result from the application of those principles and criteria.

RESOLUTIONS 8 TO 11 – TERMS OF OFFICE OF DIRECTORS

SUBJECT AND PURPOSE

At its meeting of 14 February 2019, the Board of Directors reviewed the terms of office of Directors that were expiring at the next General Meeting, taking into account its composition, organisation, and functioning with regard to the rules of governance set forth in the Articles of Association; the Internal Procedures; the recommendations of the AMF, High Committee for Corporate Governance, AFEP/MEDEF Corporate Governance Code, and market practices; the expertise of current Directors, their availability, and their involvement; and the need to maintain the same level of independent Directors and women.

The Board of Directors paid particular attention to the Directors' experience and knowledge of the Group's businesses required for their effective participation in the work of the Board and its four committees.

Overall, the Board has sought to maintain a balanced membership that can address the challenges facing the Group.

The Board of Directors first obtained the opinion of the Selection Committee, which reviewed the offices held with regard to the independence criteria defined by the AFEP/MEDEF Code.

Reappointment of three Directors for three years

In the **8th, 9th and 10th resolutions**, we submit for your approval the reappointment of Pascaline Aupepin de Lamothe Dreuzy, Gilles Pélisson, and Olivier Roussat, given that their current terms of office expire at the end of the General Meeting on 18 April 2019 to approve the 2018 financial statements.

The Directors' *curricula vitae* are found in section 3.1 of the registration document.

The Board of Directors, in line with the recommendations of the Selection Committee, believes that these three Directors have been assiduous in their work on the Board and its committees, and that their contribution has been highly valued. Their knowledge of the media, the audiovisual landscape and international industry brings insights to the Board.

The Selection Committee has concluded that Pascaline Aupepin de Lamothe Dreuzy still has no business relationship with the TF1 group, and that she would continue in her capacity as independent Director with regard to all the criteria defined by the AFEP/MEDEF Code.

Pascaline Aupepin de Lamothe Dreuzy, an independent Director and member of the Audit Committee since April 2016 is a true professional, highly dedicated to ethical, social and humanistic values and possesses a wide experience in the business world. She contributes discussions on the Board of Directors and offers the Audit Committee her competency in financial and accounting matters (8th Resolution).

Gilles Pélisson has been a Director since 2009 and the Chairman and Chief Executive Officer since 19 February 2016. The Board has stressed the importance of the work he has accomplished in his three years at the helm of the TF1 group, (i) accelerating its transformation and implementing the multichannel, multimedia, and multibusiness strategy for a very complex period marked by major developments in technology, regulations, competition, and trade, and (ii) strengthening TF1's leading position in television, the Group's development in production and digital, while increasing the TF1 group's profitability (9th resolution).

Olivier Roussat, a Director and member of the Selection Committee since April 2013, has been Deputy Chief Executive Officer of Bouygues SA since August 2016 and Chairman of the Board of Directors of Bouygues Telecom since January 2019 and, until now, Chairman and Chief Executive Officer since May 2013. He shares with the Board his skills and knowledge, in France and internationally, in the telecom and media fields and the world of industry (10th resolution).

In 2018, their attendance rate at Board of Directors and Committee Meetings was 100%.

If their reappointment is approved, 4 out of 9 Directors would be independent and 4 out of 9 would be female, the same as at present (the two employee representative Directors are excluded from this calculation).

The Board of Directors will ask the shareholders to approve the reappointment of these Directors, for a further three-year term of office, expiring at the Annual General Meeting, held in 2022 to approve the financial statements for the 2021 financial year.

Appoint a new independent Director for a three-year period

Your Board, taking account of the expiration of the terms of office of all of the acting Directors, as well as the objective of having the Board's composition reflect the Group's activity, including in the Digital sector which has lately taken on a new dimension in 2018, proposed taking on a new independent Director who is a digital expert.

After seeking the guidance of the Selection Committee, the Board of Directors proposes that the shareholders (11th resolution) appoint Marie Pic-Pâris Allavena as Director not representing the staff, for a period of three years, or until the General Meeting to be held in 2022 to approve the 2021 financial statements, to replace Janine Langlois-Glandier, whose term of office will expire at the end of the Meeting.

The Board of Directors believes that the appointment of Marie Pic-Pâris Allavena, Chief Operating Officer of the Eyrolles SA Group since 2008, who successfully helped bring book publishing into the digital age, will add to the effectiveness of its work by giving the TF1 Group the advantage of her expertise in that field.

The Board of Directors has also reviewed the position of Marie Pic-Pâris Allavena with regard to the independence criteria defined by the AFEP/MEDEF Code. It concluded that she has no business relationship with the TF1 group and retained the qualification as independent Director.

Curriculum vitae of Marie Pic-Pâris Allavena

Marie Pic-Pâris Allavena (born 04 July 1960 in Boulogne Billancourt, of Monegasque nationality) is a graduate of ESSEC. She began her career in banking, at BNP Paribas and then at the Crédit Agricole Group, where she developed genuine skills in putting together complex banking transactions, such as aeroplane financing and LBOs.

In 1994 she founded her own business, Futurekids, a computer school introducing the new technologies to children as young as three. Her company is expanding in France and Monaco, directly and through the schools. She sold her company is 2002 to take on executive positions in consulting companies, including Bernhard Julhiet.

In 2006 she joined Serge Eyrolles as Corporate Secretary of the Eyrolles Group, an independent, family-owned publishing group. She was appointed Chief Executive of Eyrolles in 2008. For 11 years she has broadened the traditional editorial line in professional and technical fields into more popular subjects. Eyrolles books today are translated into 35 languages. Finally, Marie Pic-Pâris Allavena was among the first to develop digital books, partnering with major players like Apple and Amazon and thereby distributing content on all platforms and in all formats.

Offices and positions held

Member, Board of Directors of the Eyrolles Group

Member, Board of Directors of the Banque Populaire Rives de Paris, Chair of the Risk Committee

Member, Board of Directors of the Banque Palatine, Chair of the Risk Committee

Directorships and offices expiring in the last five years

Member, Board of Directors of Aufeminin from 2009 to 2018, Chair of the Audit Committee

Member, Board of Directors of La Procure from 2011 to 2015.

Number of TF1 shares held

Marie Pic-Pâris Allavena has stated that she will acquire the 100 TF1 shares that must be held by each new Director of the Board, in accordance with the Internal Procedures of the Board of Directors.

Composition of the Board of Directors after the General Meeting

Subject to approval by the Annual General Meeting of the 8th to 11th resolutions, the composition of the Board of Directors after the Annual General Meeting will be as follows:

- 4 independent Directors: Laurence Danon Arnaud, Pascaline de Dreuzy, Catherine Dussart and Marie Pic-Pâris Allavena;
- 2 Directors representing the staff: Fanny Chabirand and Sophie Leveaux Talamoni;
- 1 Executive Director: Gilles Pélisson;
- 4 Directors representing the controlling shareholder: Martin Bouygues, Olivier Bouygues, Olivier Roussat and Bouygues, represented by Philippe Marien.

Among its Directors not representing the staff, the Board of Directors of TF1 has: 4 independent Directors, a proportion of 44%, and also 4 women, a proportion of 44% (Directors elected by employees are not counted in determining percentages).

The average age (calculated on the date of the General Meeting) is 60 years.

The composition of the Board of Directors is updated regularly on the company's website (www.groupe-tf1.fr/en , Investors > Governance > Board of Directors).

RESOLUTIONS 12 AND 13 – TERMS OF OFFICE OF THE STATUTORY AUDITORS

SUBJECT AND PURPOSE

In the **12th resolution**, we invite you to reappoint Mazars as Permanent Statutory Auditor for a six-year term, ending after the General Meeting approving the 2024 financial statements

The Board of Directors, on recommendations from the Audit Committee, proposes that Mazars be reappointed as Permanent Statutory Auditor. It acknowledged that the experience and technical skill of the partners and managers have resulted in efficient and relevant audits as well as useful contributions to TF1.

The Board also deems that the Group's relationships with this firm ensure continuity and stability, a decisive factor in the quality of the audit work.

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in the registration document, chapter 5.2, Note 9.3 to the consolidated financial statements, and section 9.1.2.

The current term of office of Ernst & Young, second Permanent Statutory Auditor, expires at the end of the certification of the 2021 financial statements.

In the **13th resolution**, we invite you to acknowledge the expiry of the term of office of Thierry Colin, Alternate Auditor to Mazars.

As the appointment of an Alternate Auditor is no longer required, your Board of Directors, on the recommendation of the Audit Committee, proposes not reappointing this Auditor, and acknowledging the expiry of his term of office.

RESOLUTION 14 – PURCHASE OF TREASURY SHARES

SUBJECT AND PURPOSE

In the **14th resolution** which is submitted for your approval, we invite you to renew the authorisation given each year to the company to purchase treasury shares under a buyback programme.

The aims of the buyback programme are to:

- reduce the share capital by cancelling shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
- grant shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, through an allotment of free shares, or corporate or Group savings plans;
- retain shares and, where appropriate, use them subsequently as payment or exchange for acquisitions, mergers, demergers or transfers of assets, in compliance with regulatory requirements;
- promote market liquidity and the regularity in the listing of the company's equity securities, and prevent price variances not justified by market trends, by using a liquidity agreement to be managed by an investment services provider acting in compliance with AMF-approved market practice;
- fulfil obligations related to debt securities, in particular securities giving entitlement to company shares through redemption, conversion or exchange, or in any other manner;
- implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations.

At its meeting on 14 February 2019, your Board of Directors decided to restrict the objectives of the buyback programme to the first two points above. It reserves the right to extend the programme to other objectives. In such circumstances, the company would inform the market.

In 2018, TF1 did not buy back any of its shares.

On 14 February 2019, the company did not own any treasury shares.

Ceiling for the authorisation

The authorisation will be granted within the following limits:

- maximum percentage of the share capital authorised for repurchase: 10% of capital;
- maximum price per share: €20;
- maximum overall amount: €300 million;
- duration: 18 months.

These transactions may be carried out at any time, except during a takeover bid, a public offer of exchange or a standing market offer for the company's shares.

Treasury shares have no voting rights and dividends accruing to them are carried forward as retained earnings.

GENERAL MEETING – EXTRAORDINARY BUSINESS

The financial authorisations granted by the Annual General Meetings of 14 April 2016 and 13 April 2017 expire in 2019, except for the authorisation to grant stock options, which expires in 2020 (24th Resolution of the Combined General Meeting of 13 April 2017). The authorisations for share buybacks and capital reductions by cancellation of shares contained in the 11th and 12th Resolutions of the Combined General Meeting of 19 April 2018 expire in 2019.

We propose in Resolutions 15 to 27 that you renew all the financial authorisations in order to let your Board of Directors maintain its authorisations, on the terms and within the ceilings defined by the General Meeting,to finance the development of the Company, to undertake financial transactions useful for its strategy and to make investors of employees, without the need to convene special General Meetings of Shareholders.

These new delegations, which may have an impact on share capital, are in the same vein as similar ones authorised at previous Annual General Meetings and are consistent with usual practice and recommendations concerning the amount, ceiling and duration (26 months).

An extension of the authorisation to grant stock purchase or subscription options is proposed to this General Meeting, changing the duration of the plans from 7 to 10 years.

The table summarising the financial authorisations given to the Board of Directors in effect until this General Meeting and the use of those delegations appears under point 1.7.5 of the Registration Document.

RESOLUTION 15 – OPTION TO REDUCE SHARE CAPITAL BY CANCELLING SHARES

SUBJECT AND PURPOSE

We invite you to delegate, for a period of 18 months, all powers to the Board of Directors, for the purpose of cancelling all or part of the company shares acquired as part of the share purchase programmes authorised by the General Meeting.

The purpose of the 15th resolution is to authorise the Board of Directors, if it deems appropriate, to reduce the share capital of the company, on one or more occasions and by up to 10% of the share capital per 24-month period, by cancelling some or all of the shares acquired under the share purchase programmes authorised by the General Meeting. This authorisation would be granted for a period of 18 months and would replace the authorisation previously granted by the General Meeting of 19 April 2018.

Cancelling repurchased shares makes it possible to offset the dilutive impact on shareholders arising from the creation of new shares following, for example, the exercise of stock options.

In 2018, TF1 did not cancel any treasury shares.

RESOLUTIONS 16 TO 24 – OPTION TO INCREASE SHARE CAPITAL BY ISSUING SECURITIES

SUBJECT AND PURPOSE

We invite you to renew the previous authorisations delegating the powers of the General Meeting to the Board of Directors to issue securities giving immediate or deferred access to the company's capital, for a term of 26 months.

Over the years, the General Meeting has regularly granted the Board of Directors the necessary authorisations so that it may seize opportunities offered by the financial market, to complete the best transactions depending on the Company's strategy and working capital requirements, with a choice of securities giving access to the capital.

In addition, the 22nd resolution will make it easier for TF1 to carry out acquisitions or mergers with other companies without having to pay cash, and the 23rd will enable TF1 to propose to the shareholders of a listed company to exchange their shares for TF1 shares issued for this purpose, and thus enable TF1 to acquire shares in the company in question without having to use bank loans, for example.

The Board has not used the authorisations or financial delegations granted by the 2017 General Meeting expiring in 2019.

The different financial delegations and authorisations to be granted to the Board of Directors by the General Meeting of 18 April 2019 will replace, from the day of their approval by the General Meeting, those previously granted for the same purpose.

The delegations provided by these resolutions aim to issue capital shares and securities giving access to capital with or without preferential right of subscription. The policy of the TF1 Board of Directors is to privilege, on principle, the maintenance of shareholders' preferential right of subscription. Nevertheless, the cancellation of shareholders' preferential right of subscription may be necessary and in this case the Board of Directors can grant shareholders an irreducible and/or reducible priority subscription option.

The maximum nominal amount of immediate or deferred capital increases that may be performed under the authorisations to be granted, will be €8.4 million (20% of the capital – "overall ceiling") with preferential right of subscription (16th resolution) or €4.2 million (10% of capital – "sub-ceiling") without preferential right of subscription. The maximum nominal amount of debt securities to be issued under the authorisations to be granted will be €900 million.

The sub-ceiling applies to the following issues according to the type of transactions planned, namely:

- capital increases by offer to the public, or private placement (to qualified investors) without preferential right of subscription (18th and 19th resolutions);
- issues as compensation for in-kind contributions of securities from another company, and not part of a public exchange offer (22nd resolution);
- issues as compensation for in-kind contribution of securities in the context of a public exchange offer initiated by TF1 (23rd resolution).

The 17th resolution proposes authorising the Board of Directors to increase the share capital by incorporating reserves, profits, premiums or other sums which may be capitalised within the limit of a nominal amount of €400 million. This ceiling is independent and distinct from the overall ceiling established in the 16th resolution.

In accordance with law, the issue price of equity securities must be at least equal to the average of the quoted market prices on the three trading days preceding the day on which it is set, possibly reduced by a maximum discount of 5%. However, the 20th resolution proposes authorising the Board of Directors to derogate from the price setting conditions provided in the 18th and 19th resolutions by retaining an issue price equal to the average of the quoted market prices over a maximum period of 6 months preceding the issue or an issue price equal to the volume weighted average price on the day preceding the issue (VWAP 1 day) with a maximum discount of 10%.

In the 21st Resolution (the over-allocation clause), the proposal is made to allow the Board to seize opportunities in the financial markets by authorising it to vote additional issues for any capital increases with or without preferential subscription rights, within 30 days of the close of the subscription period, at the same price and up to a maximum of 15% of the original issue.

RESOLUTION 25 – DELEGATION TO INCREASE CAPITAL TO BENEFIT EMPLOYEES

SUBJECT AND PURPOSE

In the **25th resolution** submitted for your approval, we invite you to renew the authorisation granted to the Board of Directors, for a term of 26 months and up to 2% of the share capital, to carry out capital increases reserved for employees of the TF1 group who are members of the Group savings plan (PEE/PEG).

The subscription price may be determined by applying the maximum legal discount on the market price, in exchange for a lock-up period. The company is convinced that it is important that employees share in the success of the Group, in which they are the key players. The employee savings plans and capital increases reserved for employees enable them to generate savings and hold a direct stake in the Group's performance, which increases their commitment and motivation.

The 25th resolution aims to once again authorise the Board of Directors, for a term of 26 months, to carry out, in the proportion and at the time it will deem fit, one or more capital increases reserved for employees of the TF1 group who are members of the Group savings plan (PEE/PEG), within a maximum limit of 2% of the share capital, without any preferential right of subscription.

In accordance with Article L.3332-19 of the French Labour Code, the subscription price will be equal to the average listed price on the Euronext Paris Eurolist market during the twenty trading sessions prior to the date of the decision setting the opening date of the subscriptions, along with a maximum discount of 20% (or 30% if the lock-up period set in the plan is greater than or equal to ten years.)

As at 31 December 2018, 77.2% of employees with access to the TF1 PEG (84% workforce coverage) were members of the "FCPE TF1 Actions" PEE (company investment savings plan). Employees held 7.2% of the share capital and voting rights. The management company of the FCPE TF1 Actions company investment savings plan purchases, without discount, on the market, the TF1 shares held by the investment savings plan.

The cap set at 2% of share capital is independent of the authorisations for granting performance shares and stock options.

RESOLUTION 26 – OPTION TO ALLOCATE STOCK OPTIONS TO CERTAIN EMPLOYEES OR SENIOR EXECUTIVES

SUBJECT AND PURPOSE

In the **26th resolution**, you are invited to once again authorise the Board of Directors to grant stock options to individuals designated among the employees and corporate officers of the company or companies or economic interest groups related to it.

This mechanism follows from the desire to motivate and gain the loyalty of the principal senior executives of COMGT.

The options would be allocated without discount. Depending on the circumstances and the subscription price the share price shall be no less than the average quoted share price over the 20 trading days preceding the date of grant; or the average share price at which they were purchased by the company.

The exercise period for the stock options granted cannot exceed ten years from the date of their grant.

The authorisation to grant options proposed for renewal includes an overall ceiling for granting options and allocating performance shares, which is equal to 3% of the share capital. The number of options that may be granted to corporate officers shall not exceed 5% of total allocations. The 26th resolution also provide for the Board of Directors to set the conditions applicable to performance shares for all beneficiaries.

In 2018, the Board of Directors, on the proposal of the Remuneration Committee, granted, under the same performance conditions 700,900 stock options, i.e. 0.3% of the share capital, to senior executives of COMGT, who were the main beneficiaries of previous stock option plans (with the exception of the Chairman).

Information on the grant of stock options and performance shares, and the company's general grant policy are included in the Board of Directors' special report presented in Section 3.3 of the registration document.

RESOLUTION 27 – OPTION TO GRANT PERFORMANCE SHARES TO CERTAIN EMPLOYEES OR SENIOR EXECUTIVES

SUBJECT AND PURPOSE

In the **27th resolution**, you are invited to once again authorise the Board of Directors, for a period of thirty-eight months to grant performance shares in the company to individuals designated among the employees and corporate officers of the company or companies or economic interest groups related to it and to carry out, as appropriate, a capital increase.

Awards of free shares to the principal senior executives of COMEX and CODG are made in order to create shared objectives and to tie each objective to the need to continue the transformation of the company for that length of time.

The shares so awarded may be either existing shares, held by the Company in a buy-back program, or new shares to be issued by a capital increase without preferential subscription rights.

The beneficiaries would only become owners of the shares after a minimum vesting period of one year, set by the General Meeting, followed by a holding period to be set by the Board, during which the beneficiaries cannot sell their shares. The cumulative time of the vesting and holding periods may not be less than two years, with exceptions in event of death or disability as prescribed by law.

The proposed extension of the authorisation to award performance shares calls for a total cap on the granting of all stock options equal to 3% of the share capital. The number of performance shares that may be awarded to the executive corporate officers may not exceed 0.03 % of the capital. The 27th Resolution also calls for the Board of Directors to set the performance conditions that apply to all beneficiaries.

During 2018, the Board of Directors, upon proposal by the Remuneration Committee, made awards with three performance conditions of 172,300 performance shares, or 0.08 % of the share capital, to the principal members of TF1's executive bodies, the COMEX and the CODG (with the exception of the Chairman).

Information about the awards of performance shares and about the general policy on awards followed by the Company are given under point 3.3 of the Registration Document.

RESOLUTION 28 – AUTHORISATIONS FOR FORMALITIES

SUBJECT AND PURPOSE

In the **28th resolution** submitted for your approval, you are invited to authorise the completion of all legal or administrative formalities and all filing and publishing requirements of the legislation in force.

Information on the company's operations, to be provided under the law, is included in the management report that you received.

You are asked to vote on the proposed resolutions.

The Board of Directors.

8.3 DRAFT RESOLUTIONS

ORDINARY BUSINESS

FIRST RESOLUTION

(APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENTS AND TRANSACTIONS FOR THE 2018 FINANCIAL YEAR)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having acknowledged the individual financial statements for the 2018 financial year, in addition to the management report from the Board of Directors and the Statutory Auditors' report on the individual financial statements, approves the individual financial statements for the 2018 financial year as presented, as well as the transactions reflected in those financial statements and summarised in those reports.

SECOND RESOLUTION

(APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS AND TRANSACTIONS FOR THE 2018 FINANCIAL YEAR)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, having acknowledged the consolidated financial statements for the 2018 financial year, in addition to the Board of Directors' report on Group operations contained in the management report pursuant to Article L. 233-26 of the French Commercial Code, and the Statutory Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the 2018 financial year as presented, as well as the transactions reflected in those financial statements and summarised in those reports.

THIRD RESOLUTION

(APPROVAL OF THE RELATED-PARTY TRANSACTIONS STIPULATED IN ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, in accordance with Article L. 225-40 of the French Commercial Code, having acknowledged the Statutory Auditors' special report, approves the related-party transactions described in this report and not yet approved by the General Meeting.

FOURTH RESOLUTION

(APPROPRIATION OF PROFITS FOR THE 2018 FINANCIAL YEAR AND SETTING THE AMOUNT OF THE DIVIDEND)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, noting the distributable profit for the financial year of €634,828,645.87 and net profit of €91,702,495.32, and the retained earnings of €543,126,150.55, approves the following appropriation and distribution proposed by the Board of Directors:

- distribution of a cash dividend of €83,971,576.00 (representing a dividend of €0.40 per €0.20 par value share);
- appropriation of the balance in retained earnings €550,857,069.87.

The dividend ex-date on the Euronext Paris market will be 29 April 2019. The dividend will be payable in cash on 2 May 2019 to shareholders of record at the close of business on 30 April 2019.

For natural persons who are residents of France for tax purposes, this dividend is subject to a single flat-rate withholding tax as set out in Article 200A of the French General Tax Code. This flat-rate tax at the single rate of 12.8% is duly applicable unless the taxpayer expressly opts for the sliding scale overall. With this option, the dividend is then eligible for the 40% rebate mentioned in section 3–2, Article 158 of the French General Tax Code.

The General Meeting authorises the appropriation to Retained Earnings of the dividends on the shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the French Commercial Code.

The General Meeting notes that the dividends distributed for the last three financial years were as follows:

	2015	2016	2017
Number of shares	209,033,985	209,417,542	209,865,742
Unit dividend	€0.80	€0.28	€0.35
Total dividend(1)(2)	€167,227,188.00	€58,636,911.76	€73,453,009.70

(1) Dividends actually paid, minus, where applicable, for shares held by TF1 not entitled to distribution.
(2) Dividends eligible for the 40% tax rebate mentioned in section 2 of Article 158.3 of the French General Tax Code.

FIFTH RESOLUTION

(APPROVAL OF A DEFINED-BENEFIT PENSION COMMITMENT FOR GILLES PELISSON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, having acknowledged the Statutory Auditors' special report on related-party transactions, and in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, approved the commitment related to the defined-benefit retirement plan for Gilles Pélisson.

SIXTH RESOLUTION

(APPROVAL OF THE COMPONENTS OF REMUNERATION AND BENEFITS PAID OR GRANTED FOR THE 2018 FINANCIAL YEAR TO GILLES PELISSON AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, in accordance with Article L. 225-100 of the French Commercial Code, having acknowledged the report on corporate governance, approves the fixed and variable components of the total remuneration and benefits of any kind paid or granted for the 2018 financial year to Gilles Pélisson as Chairman and Chief Executive Officer, as presented in point 3.3 of the 2018 registration document.

SEVENTH RESOLUTION

(APPROVAL OF THE REMUNERATION POLICY APPLICABLE TO GILLES PÉLISSON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, as provided for by Article L. 225-37-2 of the French Commercial Code, having acknowledged the report on corporate governance, approves the principles and criteria for determining, distributing and granting the fixed, variable and exceptional components of the total remuneration and any benefits in kind that can be granted to Gilles Pélisson for his term of office as Chairman and Chief Executive Officer, as presented in point 3.4 of the 2018 registration document.

EIGHTH RESOLUTION

(REAPPOINTMENT OF PASCALINE AUPEPIN DE LAMOTHE DREUZY AS DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, reappoints Pascaline Aupepin de Lamothe Dreuzy as Director for a three-year term of office expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2021 financial year.

NINTH RESOLUTION

(REAPPOINTMENT OF GILLES PÉLISSON AS DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, reappoints Gilles Pélisson as Director for a three-year term of office expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2021 financial year.

TENTH RESOLUTION

(REAPPOINTMENT OF OLIVIER ROUSSAT AS DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, reappoints Olivier Roussat as Director for a three-year term of office expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2021 financial year.

ELEVENTH RESOLUTION

(APPOINTMENT OF MARIE PIC-PÂRIS ALLAVENA AS DIRECTOR FOR A THREE-YEAR TERM)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, appoints Marie Pic-Pâris Allavena as Director for a three-year term, replacing Janine Langlois-Glandier, whose term of office expires at the end of this Ordinary General Meeting.

The term of office of Marie Pic-Pâris Allavena will expire at the end of the Ordinary General Meeting called to approve the financial statements for the 2021 financial year.

TWELFTH RESOLUTION

(REAPPOINTMENT OF MAZARS AS PERMANENT STATUTORY AUDITOR FOR A TERM OF SIX FINANCIAL YEARS)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, reappoints Mazars as Permanent Statutory Auditor for a term of six financial years, expiring at the end of the Ordinary General Meeting called to approve the financial statements for the 2024 financial year.

THIRTEENTH RESOLUTION

(EXPIRING TERM OF OFFICE FOR THIERRY COLIN AS ALTERNATE AUDITOR)

The General Meeting, ruling in compliance with the quorum and majority conditions required for Ordinary General Meetings, acknowledges that the term of office of Thierry Colin as Alternate Auditor expires at the end of this General Meeting.

FOURTEENTH RESOLUTION

(AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO TRANSACT IN THE COMPANY'S SHARES FOR AN 18-MONTH PERIOD, SUBJECT TO A MAXIMUM OF 10% OF THE SHARE CAPITAL)

The General Meeting, ruling in compliance with the quorum and majority rules required for Ordinary General Meetings, pursuant to Article L. 225-209 of the French Commercial Code, having acknowledged the Board of Directors' report containing the description of the share buyback programme:

1. hereby authorises the Board of Directors to carry out or have the company carry out the buybacks, under the conditions set out below, of a number of shares representing up to 10% of the company's share capital at the date of the buyback, in compliance with the prevailing legal and regulatory conditions applicable at that date;
2. resolves that this authorisation may be used for the following purposes, corresponding either to a market practice accepted by the AMF or an objective provided for in Article 5 of regulation (EU) no. 596/2014 on market abuse, or an objective specified in Articles L. 225-209 *et seq.* of the French Commercial Code:
   - reduce the share capital by cancelling shares under the conditions provided for by law, subject to authorisation by the Extraordinary General Meeting;
   - grant shares to employees or corporate officers of the company or related companies under the terms and conditions laid down by law, in particular as part of profit-sharing schemes, stock option schemes, through an allotment of free shares, or corporate or Group savings plans;
   - retain shares and, where appropriate, use them subsequently as payment or exchange for acquisitions, mergers, demergers or transfers of assets, in compliance with regulatory requirements;
   - promote market liquidity and regularity in the company's equity securities listings, and avoid price variances not justified by market trends, by making use of a liquidity agreement to be managed by an investment service provider acting in compliance with AMF-approved market practice;

   – fulfil obligations related to debt securities, in particular securities giving entitlement to company shares through redemption, conversion or exchange, or in any other manner;
   – implement any market practice accepted by the AMF and generally to carry out any other transaction in compliance with prevailing regulations;
3. resolves that the vesting, sale, transfer or exchange of these shares may be carried out, on one or several occasions, in compliance with rules issued by the AMF in its position/recommendation no. 2017-04, on or off market, including on a multilateral trading facility (MTF) or *via* a systematic internaliser, or over the counter, in any manner, including the acquisition or disposal of blocks of shares, by using derivative financial instruments, and at any time,except during a takeover bid for the company's shares. The entire programme may be carried out through block trades;
4. resolves that the purchase price cannot exceed €20 (twenty euros) per share, subject to any adjustments relating to share capital transactions. If share capital is increased by incorporating premiums, earnings, reserves or free shares into capital, or in the event of a stock split or reverse stock split, the price indicated above shall be adjusted by a multiplication factor equal to the ratio of the number of shares making up the share capital before the transaction to the number of shares after the transaction;
5. sets at €300,000,000 (three hundred million euros), the maximum amount of funds that can be used for the authorised share buyback programme, corresponding to a maximum number of 15,000,000 shares purchased based on the previously authorised unit price of €20;
6. notes that, in accordance with law, the total shares held at any given date may not exceed 10% of the share capital outstanding at that date;
7. gives full powers to the Board of Directors, with the power to subdelegate, in accordance with applicable law, to implement this authorisation, place all stock orders, conclude all agreements, in particular with a view to the registration of purchases and sale of shares, completing all declarations and formalities with the AMF or any other body, and in general taking all necessary measures to execute the decisions taken within the scope of this authorisation;
8. resolves that the Board of Directors shall inform the General Meeting of the transactions carried out, in accordance with applicable regulations;
9. sets the period of validity of the present delegation at eighteen months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, and replaces any previous delegation of powers for the same purpose.

EXTRAORDINARY BUSINESS

FIFTEENTH RESOLUTION

(AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING TREASURY SHARES FOR AN 18-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, pursuant to Article L. 225-209 of the French Commercial Code, having acknowledged the Board of Directors' report and the Statutory Auditors' special report:

1. hereby authorises the Board of Directors to cancel, at its sole discretion, in one or more instances, all or part of the shares that the company holds or might come to hold as a result of the use of the various authorisations to buy up its own shares granted by the General Meeting to the Board of Directors, to the extent of up to 10% of the total number of the shares comprising the company's share capital on the date of the operation, in any given period of twenty-four months;
2. authorises the Board of Directors to charge the difference between the purchase value of the cancelled shares and their nominal value to all available premium and reserve funds;
3. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, full powers to carry out the capital reduction(s) resulting from cancellations of shares authorised by this resolution, to have the relevant entries made in the financial statements, to amend the Articles of Association accordingly, and generally to attend to all necessary formalities;
4. sets the period of validity of the present delegation at eighteen months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, and replaces any previous delegation of powers for the same purpose.

SIXTEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY PUBLIC OFFER, WHILE MAINTAINING SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY ISSUING SHARES AND ANY SECURITIES GIVING IMMEDIATE OR DEFERRED ACCESS TO THE COMPANY'S SHARES, FOR AN 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129, L. 225-192-2, L. 228-91, L. 228-92 and L. 228-93 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportions, at the times and according to the terms and conditions it deems appropriate, one or several capital increases by issuing with shareholders' preferential right of subscription, both in France and abroad, in euros, in foreign currencies or any monetary unit calculated with reference to several currencies, (i) ordinary company shares and (ii) any securities of any kind, issued against payment or free of charge, giving immediate

and/or deferred access by all means, at any moment or on a fixed date, to ordinary shares issued by the company, the subscription of which may be carried out either in cash or through offsetting of receivables;

2. resolves that the total amount of the cash capital increases likely to be performed immediately and/or at a future date under the present delegation cannot exceed an overall ceiling of €8,400,000 (eight million four hundred thousand euros) in nominal value, to which sum shall be added, where appropriate, the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares; the nominal amount of the ordinary shares that may be issued under the eighteenth, nineteenth, twenty-second, and twenty-third resolutions of this General Meeting will be deducted from this overall ceiling;
3. resolves that the securities giving access to the company's ordinary shares as issued may also consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediate securities. They may notably take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be issued in euros or foreign currencies or in any monetary units calculated with reference to several currencies;
4. resolves that the nominal amount of all of the debt securities likely to be issued under the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided, it being specified that this amount does not include the reimbursement of premium(s) above par, if this was established. The nominal amount of the debt securities which may be issued under the eighteenth, nineteenth, twenty-second, and twenty-third resolutions will be deducted from this overall ceiling. Loans that give access to the company's ordinary shares may carry interest at a fixed and/or variable rate, or include capitalisation, and may be repaid with or without a premium or amortised, it being specified that the shares may also be repurchased at the Stock Exchange or in the context of a purchase or exchange offer by the company;
5. in the event of use by the Board of Directors of the present delegation, it resolves that:
   - a. shareholders will have, in proportion to the sum of their shares, an irreducible preferential right of subscription to ordinary shares and securities which may be issued under the present resolution,
   - b. the Board of Directors will also have the power to grant shareholders a reducible right of subscription, which may be exercised in proportion to their rights and within the limits of their requests,
   - c. if irreducible subscriptions and, if applicable, reducible subscriptions do not absorb the entire issue of ordinary shares or securities performed under the present delegation, the Board may use, in the order it determines, any of the following options:
     - limit the issue to the amount of subscriptions collected, provided that this amounts to at least three quarters of the issue decided upon,
     - freely share all or part of the unsubscribed securities,
     - offer all or part of the unsubscribed securities to the public, on the French and/or international market and/or abroad;
   - d. the Board of Directors shall determine the characteristics, amount and terms and conditions of any issuance and of the securities issued. In particular, it shall determine the category of shares issued and shall set, bearing in mind the indications contained in its report, their subscription price, with or without premium, the terms and conditions of payment, their vesting date, retroactively if applicable, as well as the terms and conditions under which the securities issued under this resolution will give access to the company's ordinary shares, as well as the conditions under which the right to grant securities giving access to ordinary shares would be temporarily suspended in accordance with current legal provisions,
   - e. the Board of Directors will have full powers, with the right to subdelegate in accordance with the applicable law, to implement the present delegation, notably by concluding all agreements for this purpose, in particular with a view to the successful conclusion of any issue, in order to carry out the above issues, on one or more occasions, in the proportions and at the times when it sees fit, in France and/or where necessary, abroad and/or on the international market – as well as, where appropriate, to refrain from doing so – record the completion thereof and amend the Articles of Association accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorisations to carry out and successfully conclude these issues.
6. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued on the basis of the present delegation may provide entitlement;
7. sets the period of validity of the present delegation, at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, and replaces any previous delegation of powers for the same purpose.

SEVENTEENTH RESOLUTION

(DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATING PREMIUMS, RESERVES, PROFITS OR OTHERS, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules specified in Article L. 225-98 of the French Commercial Code, having acknowledged Board of Directors' report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportion and at the time it will deem fit, one or more capital increases by successively or simultaneously incorporating issue premiums, reserves, profits or other sums into the capital whose capitalisation will be lawful and compliant with the Articles of Incorporation, in the form of the allocation of free shares or an increase in the nominal value of existing shares or by a combination of these two methods;
2. resolves that the total amount of the capital increases likely to be performed under the present resolution cannot exceed €400,000,000 (four hundred million euros) it being specified that to that sum shall be added, where appropriate, the additional amount of ordinary shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares. The ceiling of the present delegation is

independent and distinct from the overall ceiling established in the sixteenth resolution;

3. in the event of use by the Board of Directors of the present delegation, it resolves that, in accordance with the provisions of Article L. 225-130 of the French Commercial Code, in the event of a capital increase in the form of an allocation of free shares, fractional shares will not be tradeable or transferrable and the corresponding capital securities will be sold; the sums derived from the sale will be allocated to the owners of the rights within the time specified in the regulations;
4. resolves that the Board of Directors will have all powers, with authority to subdelegate to any person authorised by law, to implement the present delegation, and generally, to take all measures and perform all formalities required for the successful performance of each capital increase, record the completion thereof and amend the Articles of Association accordingly;
5. sets the period of validity of the present delegation, at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, and replaces any previous delegation of powers for the same purpose.

EIGHTEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY PUBLIC OFFER, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY ISSUING SHARES AND ANY SECURITIES GIVING IMMEDIATE OR DEFERRED ACCESS TO THE COMPANY'S SHARES, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-192-2, L. 225-135, L. 225-136, L 228-92 and L. 228-93 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportions, at the times and according to the terms and conditions it deems appropriate, one or several capital increases by public offer, by issuing without shareholders subscription rights, both in France and abroad, in euros, in foreign currencies or any monetary unit calculated with reference to several currencies, (i) ordinary company shares and (ii) any securities of any kind, giving immediate and/or deferred access by all means, to any ordinary shares issued by the company, the subscription of which may be carried out either in cash or through offsetting of receivables;
2. resolves that the total amount of the capital increases likely to be performed immediately and/or at a future date under the present resolution cannot exceed €4,200,000 (four million two hundred thousand euros) in nominal amount, it being specified that to that sum shall be added, where appropriate, the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares. This amount will be deducted from the overall ceiling established in the sixteenth resolution;
3. resolves that the securities giving access to the company's ordinary shares as issued may also consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediate securities. They may notably take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be issued in euros or foreign currencies or in any monetary units calculated with reference to several currencies;
4. resolves that the nominal amount of all of the debt securities likely to be issued by virtue of the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided. This amount will be charged against the overall ceiling established in the sixteenth resolution, it being specified that this amount does not include the reimbursement of premium(s) above par, if this was established. Loans that give access to the company's ordinary shares may carry interest at a fixed and/or variable rate, or include capitalisation, and may be repaid with or without a premium or amortised, it being specified that the shares may also be repurchased at the Stock Exchange or in the context of a purchase or exchange offer by the company;
5. resolves to waive shareholders' preferential right of subscription to securities that may be issued under the present delegation, and to grant the Board of Directors the power to grant shareholders an irreducible and/or reducible priority to subscribe for such securities in accordance with the provisions of Article L. 225-135 of the French Commercial Code. If subscriptions, including any subscriptions by existing shareholders, do not absorb the entire capital increase, the Board of Directors may limit the amount of the transaction under the conditions provided by law;
6. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued under the present delegation may provide entitlement;
7. resolves that the Board of Directors shall determine the characteristics, amount and terms and conditions of any issuance and of the securities issued. In particular, it shall determine the category of shares issued and shall set, bearing in mind the indications contained in its report, their subscription price, with or without premium, their vesting date, retroactively if applicable, as well as the duration or the terms and conditions under which the securities issued on the basis of this resolution will give access to the company's ordinary shares, in accordance with the law, as well as the conditions under which the right to grant securities giving access to ordinary shares would be temporarily suspended in accordance with current legal provisions. It is specified that, unless the provisions of the twentieth resolution are applied, the issue price of the ordinary shares and securities shall be such that the sum immediately received by the company, plus any amount to be received subsequently by the company will be, for each share issued at least equal to the minimum amount stipulated by the regulations in force at the date of the issue, *i.e.* on this day, according to the provisions of Article R. 225-119 of the French Commercial Code, the weighted average of the prices quoted on the regulated market during the three trading days preceding the determination of the subscription price minus a potentially maximum discount of 5%;
8. resolves that the Board of Directors will have full powers, with the right to subdelegate in accordance with the applicable law, to implement the present delegation, notably by concluding all

agreements for this purpose, in particular with a view to the successful conclusion of any issue, in order to carry out the above issues, on one or more occasions, in the proportions and at the times when it sees fit, in France and/or where necessary, abroad and/or on the international market – as well as, where appropriate, to refrain from doing so – record the completion thereof and amend the Articles of Association accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorisations to carry out and successfully conclude these issues;

9. sets the period of validity of the present delegation, at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, and replaces any previous delegation of powers for the same purpose.

NINETEENTH RESOLUTION

(DELEGATION OF AUTHORITY GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY PRIVATE PLACEMENT, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY ISSUING SHARES AND ANY SECURITIES GIVING IMMEDIATE OR DEFERRED ACCESS TO THE COMPANY'S SHARES, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of Article L. 411-2 II of the French Monetary and Financial Code, and Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to decide upon, in the proportion and at the time it will deem fit, one or more capital increases, by means of the offer(s) stipulated in II of Article L. 411-2 of the French Monetary and Financial Code, by issuing without shareholders' preferential right of subscription, both in France and abroad, in euros, in foreign currencies or any monetary unit calculated with reference to several currencies, (i) ordinary company shares and (ii) any securities of any kind, giving immediate and/or deferred access by all means, to ordinary shares issued by the company, the subscription of which may be carried out either in cash or through offsetting of receivables;
2. resolves that the total amount of the capital increases likely to be performed immediately and/or at a later date under the present resolution can neither exceed 10% of share capital over a period of twelve months, nor €4,200,000 (four million two hundred thousand euros) the nominal amount of the capital increases will be charged against the overall ceiling established in the sixteenth resolution. Where appropriate, to this sum will be added the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares;
3. resolves that the securities giving access to the company's ordinary shares as issued may also consist of debt securities or be associated with the issue of such securities, or allow the issue thereof as intermediate securities. They may notably take the form of subordinated or non-subordinated securities with a fixed or indefinite duration and be issued in euros or foreign currencies or in any monetary units calculated with reference to several currencies;
4. resolves that the nominal amount of all of the debt securities likely to be issued under the present delegation cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided. This amount will be charged against the overall ceiling established in the sixteenth resolution, it being specified that this amount does not include the reimbursement of premium(s) above par, if this was established. Loans that give access to the company's ordinary shares may carry interest at a fixed and/or variable rate, or include capitalisation, and may be repaid with or without a premium or amortised, it being specified that the shares may also be repurchased at the Stock Exchange or in the context of a purchase or exchange offer by the company;
5. resolves to waive shareholders' preferential right of subscription to ordinary shares and/or securities that may be issued under the present delegation;
6. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued on the basis of the present delegation may provide entitlement;
7. resolves that the Board of Directors shall determine the characteristics, amount and terms and conditions of any issuance and of the securities issued. In particular, it shall determine the category of shares issued and shall set, bearing in mind the indications contained in its report, their subscription price, with or without premium, their vesting date, retroactively if applicable, as well as the duration or the terms and conditions under which the securities issued on the basis of this resolution will give access to the company's ordinary shares, in accordance with the law, as well as the conditions under which the right to allocate securities granting access to the company's ordinary shares would be temporarily suspended in accordance with current legal provisions. It is specified that, unless the provisions of the twentieth resolution are applied, the issue price of the ordinary shares and securities shall be such that the sum immediately received by the company, plus any amount to be received subsequently by the company will be, for each share issued at least equal to the minimum amount stipulated by the regulations in force at the date of the issue, *i.e.* on this day, according to the provisions of Article R. 225-119 of the French Commercial Code, the weighted average of the prices quoted on the regulated market during the three trading days preceding the determination of the subscription price minus a potentially maximum discount of 5%;
8. resolves that the Board of Directors will have full powers, with the right to subdelegate in accordance with the applicable law, to implement the present delegation, notably by concluding all agreements for this purpose, in particular with a view to the successful conclusion of any issue, in order to carry out the above issues, on one or more occasions, in the proportions and at the times when it sees fit, in France and/or where necessary, abroad and/or on the international market – as well as, where appropriate, to refrain from doing so – record the completion thereof and amend the Articles of Association accordingly, as well as to carry out any formalities and declarations and apply for any necessary authorisations to carry out and successfully conclude these issues;
9. sets the period of validity of the present delegation at twenty-six months from the date of the present General Meeting, it being

specified that this delegation cancels, to the extent of the unused amounts, any previous delegation of powers for the same purpose.

TWENTIETH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO SET, ACCORDING TO THE TERMS DETERMINED BY THE GENERAL MEETING, THE ISSUE PRICE OF EQUITY SECURITIES WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, BY PUBLIC OFFER OR PRIVATE PLACEMENT, FOR IMMEDIATE OR DEFERRED ISSUE, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the Statutory Auditors' special report and in accordance with the provisions of Article L. 225-136-1° paragraph 2 of the French Commercial Code, and to the extent that the securities to be issued, immediately or at a future date, are equivalent to company shares admitted for trading on a regulated market:

1. authorises the Board of Directors, with authority to subdelegate under and in accordance with applicable law, for each of the issues decided upon in application of the eighteenth and nineteenth resolutions and within a limit of 10% of share capital (as it existed on the date of the present General Meeting) over a period of twelve months, to depart from the price setting conditions set out in the regulations in force on the date on which this authorisation is exercised, *i.e.* on this day, according to the provisions of Article R. 225-119 of the French Commercial Code, and to set the issue price of equity securities to be issued immediately or at a later date, by public offering or private placement, according to the following procedures:
   - a. for equity securities to be issued immediately, the Board may choose between the following two procedures:
     - issue price equal to the average price recorded over a maximum period of six months preceding the issue,
     - issue price equal to the volume weighted average price on the day preceding the issue (VWAP 1 day) with a maximum discount of 10%,
   - b. for equity securities to be issued at a later date, the issue price will be such that the sum immediately received by the company plus that which they are likely to receive subsequently is, for each share, at least equal to the amount specified above;
2. resolves that the Board of Directors will have all powers to implement the present resolution under the conditions set out by the resolution under which the issue is decided;
3. sets the period of validity of the present authorisation at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, any previous authorisation for the same purpose.

TWENTY-FIRST RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE NUMBER OF SHARES TO ISSUE IN THE EVENT OF A CAPITAL INCREASE WITH OR WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code:

1. authorises the Board of Directors, with the power to subdelegate under and in accordance with applicable law, to decide, in the event of a capital increase with or without preferential right of subscription, to increase the number of shares to be issued, within thirty days of closing the subscription, within a limit of 15% of the initial issue, at the same price as that of the initial issue, subject to compliance with the ceiling(s) set out in the resolution under whose application the issue is decided;
2. sets the period of validity of the present authorisation at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, any previous authorisation for the same purpose.

TWENTY-SECOND RESOLUTION

(DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, WITH A VIEW TO REMUNERATING CONTRIBUTIONS IN KIND GRANTED TO THE COMPANY AND CONSISTING OF EQUITY SECURITIES OR SECURITIES GIVING ACCESS TO THE CAPITAL OF ANOTHER COMPANY, NOT AS PART OF A PUBLIC EXCHANGE OFFER, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-147 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, the powers to issue, based on the report of the contributions auditor mentioned in the 1st and 2nd paragraphs of Article L. 225-147 of the French Commercial Code, ordinary company shares or securities giving immediate and/or deferred access by all means, to ordinary shares that may be issued by the company, in order to pay for contributions in kind granted to the company and comprising shares or securities giving access to the capital of another company, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2. resolves that the total nominal amount of the capital increases likely to be performed, immediately or in the future, by virtue of the present delegation, is set at 10% of the share capital existing on the date of the present General Meeting. This nominal amount will be deducted from the overall ceiling set out in the sixteenth resolution;
3. resolves that the nominal amount of all of the debt securities that will be issued under the present resolution cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided, it being specified that this amount does not include the reimbursement of premium(s) above par, if this was established. This amount will be deducted from the overall ceiling established in the sixteenth resolution;
4. resolves, insofar as this is necessary, to cancel to the benefit of holders of equity securities or other securities that are the subject of contributions in kind, shareholders' preferential right of subscription to shares and/or securities that may be issued under the present delegation;
5. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued under the present delegation may provide entitlement;
6. resolves that the Board of Directors will have all powers, with the power to subdelegate under and in accordance with the law, to implement the present resolution, in particular to approve, on the basis of the report of the statutory auditor(s), the evaluation of contributions and the granting of specific benefits; to acknowledge the final completion of the share capital increases performed under the present delegation, amend the Articles of Association accordingly; carry out any formalities and declarations and apply for all the authorisations required to perform the issues, as well as determine the conditions under which the right to allocate securities granting access to ordinary shares would be temporarily suspended, in accordance with the applicable legal provisions;
7. sets the period of validity of the present delegation at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, and any previous delegation of powers for the same purpose.

TWENTY-THIRD RESOLUTION

(DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, TO REMUNERATE SECURITIES CONTRIBUTED TO THE COMPANY AS PART OF A PUBLIC EXCHANGE OFFER INITIATED BY THE COMPANY, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-148 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under and in accordance with applicable law, its authority to issue ordinary shares and/or securities to remunerate securities contributed under a public exchange initiated by the company, in France or abroad, according to local rules, on the securities of a company whose shares are admitted to trading on a regulated market as set out in Article L. 225-148 of the French Commercial Code;
2. resolves that the nominal amount of the total capital increases likely to be performed immediately or in the future under the present resolution cannot exceed a total amount of €4,200,000 (four million two hundred thousand euros), where appropriate, to this sum will be added the nominal amount of additional shares to be issued, to retain, in accordance with the law, the rights of holders of securities giving access to the company's ordinary shares. This amount will be deducted from the overall ceiling established in the sixteenth resolution;
3. resolves that the nominal amount of all of the debt securities that will be issued under the present resolution cannot exceed €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided, it being specified that this amount does not include the reimbursement of premium(s) above par, if this was established. This amount will be deducted from the overall ceiling established in the sixteenth resolution;
4. resolves to waive shareholders' preferential right of subscription to ordinary shares and/or securities that may be issued under the present delegation;
5. notes that the present delegation implies that the shareholders waive their preferential right of subscription to ordinary company shares to which the securities that may be issued under the present delegation may provide entitlement;
6. resolves that the Board of Directors will have all powers, with the power to subdelegate under and in accordance with the law, to implement the present resolution and in particular:
   - set the exchange ratio and, where appropriate, the amount of the balance in cash to be paid,
   - record the number of securities contributed to the exchange,
   - determine the dates, the conditions governing the issue, in particular the price and the vesting date, of new shares or, where

appropriate, securities giving immediate or deferred access to ordinary company shares,

- establish the conditions under which the right to allocate securities granting access to ordinary shares would be temporarily suspended in accordance with current legal provisions,
- record among the liabilities under the item "contribution premium", relating to the rights of the shareholders, the difference between the issue price of the new shares and their nominal value,
- assign all costs and taxes incurred or paid in connection with the authorised transaction to such "contribution premium", where applicable,
- in general take all useful measures and conclude all agreements to ensure the successful completion of the authorised transaction, record the resulting capital increases and amend the Articles of Association accordingly;

7. sets the period of validity of the present delegation at twenty-six months from the date of the present General Meeting, it being specified that the present delegation cancels, to the extent of the unused amounts, any previous delegation of powers for the same purpose.

TWENTY-FOURTH RESOLUTION

OVERALL LIMITATION OF FINANCIAL AUTHORISATIONS.

The General Meeting, ruling in compliance with the quorum and majority rules required for Extraordinary General Meetings, having read the report of the Board of Directors, resolves that:

- the total nominal amount of the cash capital increases likely to be performed, immediately or in the future, by virtue of the authorisations granted by the eighteenth, nineteenth, twentieth, twenty-first, twenty-second, and twenty-third resolutions of the present General Meeting, which will not include, where appropriate, the nominal amount of additional shares to be issued to retain the rights of holders of securities giving access to ordinary company shares, is set at €4,200,000 (four million two hundred thousand euros) and will be deducted from the overall ceiling of €8,400,000 (eight million four hundred thousand euros) set out in the sixteenth resolution of this General Meeting;
- the total nominal amount of debt securities likely to be issued by virtue of the authorisations granted by the sixteenth, eighteenth, nineteenth, twenty-second, and twenty-third resolutions of the present General Meeting, it being specified that this amount does not include the reimbursement of premium(s) above par, if this was established, is set at €900,000,000 (nine hundred million euros) or the corresponding value in any other currency or any unit of account on the date the issue is decided.

TWENTY-FIFTH RESOLUTION

(DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, IN FAVOUR OF EMPLOYEES OR CORPORATE OFFICERS OF THE COMPANY OR AFFILIATED COMPANIES WHO ARE MEMBERS OF A COMPANY SAVINGS PLAN, FOR A 26-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of the French Commercial Code, in particular Articles L. 225-129-6 (paragraph 1) and L. 225-138-1, and Articles L. 3332-1 *et seq.* of the French Labour Code:

1. delegates to the Board of Directors the authority to decide, at its sole discretion, in the proportion and at the time it will deem fit, one or more share capital increases, within a maximum limit of 2% of share capital existing on the date the decision is made, by issuing new shares to be paid up in cash and, where necessary, by the capitalisation of reserves, profits or premiums, and the allocation of free shares or other securities giving access to the capital under the conditions established by law; resolves that the ceiling for the present delegation is independent and distinct and that the amount of the resulting share capital increases will not be deducted from the other ceilings established in this General Meeting;
2. reserves subscription of all of the shares to be issued to TF1 employees and corporate officers and employees and corporate officers of French or foreign companies which are affiliated to TF1 according to the legislation in force, who belong to a company or Group savings plan or any inter-company savings plan;
3. resolves that the subscription price for new shares as set by the Board of Directors or its delegate, in accordance with the provisions of Article L. 3332-19 of the French Labour Code, upon each issue, may not be below the average opening listed price for the share on the Euronext Paris market over the twenty trading days preceding the date on which the decision to establish the opening date of the subscription is made;
4. notes that the present resolution cancels shareholders' preferential right of subscription for the benefit of the employees and corporate officers for whom the capital increase is reserved and waives all rights to other shares and securities giving access to the performance shares issued under this resolution;
5. delegates all powers to the Board of Directors to:
   - decide the date and terms of the issues performed under the present resolution; in particular decide whether the shares will be subscribed directly or through the intermediary of a common investment fund or of another entity in accordance with current legislation,
   - decide and set the terms for the allocation of free shares or other securities giving access to the share capital, pursuant to the authorisation granted in point 1. above; set the issue price of new shares to be issued pursuant to the rules defined above, the opening and closing dates of subscriptions, the vesting dates, the time period for payment, within the limit of a maximum of three years, and set the maximum number of shares that can be subscribed by each employee, per issue,

- record the completion of capital increases to reflect the amount of shares actually subscribed,
- complete directly or indirectly all transactions and formalities,
- amend the Articles of Association accordingly,
- charge the costs of the capital increases against the amount of the premium relating to each increase and deduct from such amount the necessary amounts so that the legal reserve is equal to one-tenth of the new amount of share capital after each increase,
- and generally do whatever is necessary.

Within the limits established by law and those that it may have previously set, the Board of Directors may delegate to the Chief Executive Officer or, with the latter's agreement, to one or several Chief Operating Officers, the powers granted to it under the present resolution;

6. sets the period of validity of the present delegation at twenty-six months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, any previous delegation of powers for the same purpose.

TWENTY-SIXTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT STOCK SUBSCRIPTION OR PURCHASE OPTIONS TO EMPLOYEES OR CORPORATE OFFICERS OF THE COMPANY OR AFFILIATED COMPANIES, FOR A 38-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Articles L. 225-177 to L. 225-186-1 of the French Commercial Code:

1. authorises the Board of Directors to grant, on one or more occasions, to those beneficiaries which it will name among the employees and corporate officers of the company and/or companies or groupings directly or indirectly connected with it pursuant to Article L. 225-180 of the French Commercial Code, stock options granting a right, of its choosing, to subscribe for new company shares to be issued as part of capital increase, or to purchase existing company shares resulting from a buyback of shares carried out by the company;
2. resolves that the total number of stock options that may be granted by virtue of the present authorisation cannot entitle the holders to subscribe or purchase a number of ordinary shares representing, on the allocation date and in light of the stock options already granted under the present delegation, more than 3% of share capital on the date of the Board of Directors' decision, it being specified that this ceiling is shared with that set for the performance shares awarded under the twenty-seventh resolution of this General Meeting;
3. resolves that the total number of stock options that may be granted to the company's Executive Directors by virtue of the present authorisation cannot entitle the holders to subscribe or purchase a number of ordinary shares representing, on the allocation date and in light of the stock options already granted under the present delegation, more than 5% of the total allocations made by the Board of Directors for thirty-eight months, it being specified that this ceiling will be, as applicable, shared with that set for the performance shares awarded to the corporate officers under the twenty-seventh resolution of this General Meeting.
4. resolves that if a stock option is granted, the subscription price paid by the beneficiaries will be set by the Board of Directors, without discount, on the day on which the stock options will be granted; this price cannot be lower than the average share price listed on the Euronext Paris stock exchange – or any other market which may come to replace this – during the twenty trading days preceding the day on which the stock options will be granted;
5. resolves that if a stock option is granted, the stock purchase price paid by the beneficiaries will be set by the Board of Directors, without discount, on the day on which the stock options will be granted and cannot be lower than the average share price listed on the Euronext Paris stock exchange – or any other market which may come to replace this – during the twenty trading days preceding the day on which the stock options will be granted, nor than the average purchase price of shares held by the company under Articles L. 225-208 and L. 225-209 of the French Commercial Code;
6. resolves that the length of the exercise period of the stock options granted under this authorisation, as recorded by the Board of Directors, cannot exceed ten years from their grant date;
7. notes that in accordance with Article L. 225-178 of the French Commercial Code, the present authorisation includes, for the beneficiaries of subscription options, an express waiver of their preferential right of subscription to shares which may be issued as the options are exercised;
8. delegates all powers to the Board of Directors, with the power to subdelegate within the legal limits, to set the other conditions and terms for the allocation of options and their exercise and in particular to:
   - determine the performance criteria applicable to the beneficiaries of the stock options, be they employees or corporate officers,
   - determine the other conditions under which the stock options will be granted and exercised, and draw up the list of beneficiaries of the stock options; in particular for stock options granted, as applicable, to corporate officers of the company, ensure that stock options cannot be exercised before their terms of office have ended, or determine the quantity of shares that must be held in bearer form until their terms of office have ended,
   - determine the periods for exercising the stock options, and, as appropriate, establish clauses prohibiting the immediate resale of any or all of the shares,
   - set the vesting date, even retroactively, of the new shares resulting from the exercise of the options,
   - decide on the terms and conditions under which the price and number of shares to be subscribed or purchased shall be adjusted, in particular in the cases provided for in the applicable laws in force,
   - provide for the right to temporarily suspend the exercise of options in the event of financial transactions or securities transactions,
   - limit, restrict or prohibit the exercise of options during certain periods or following certain events and its decision may cover all or part of the options and concern all or some of the beneficiaries,
   - enter into any agreement and take all measures, and complete all formalities to finalise the capital increase(s) that may be performed by virtue of the authorisation granted under the present resolution; amend the Articles of Association accordingly and generally do all that is necessary,

- as it sees fit, charge the costs of the capital increases to the corresponding premiums and deduct from this amount the sums required to bring the legal reserve to one-tenth of the new capital following each increase;

9. set the maximum period for use of this authorisation by the Board of Directors at thirty-eight months from the date of the present General Meeting, it being specified that this delegation cancels, to the extent of the unused amounts, any previous authorisation for the same purpose.

TWENTY-SEVENTH RESOLUTION

(AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO CARRY OUT AWARDS OF PERFORMANCE SHARES ISSUED OR THAT MAY BE ISSUED, WITHOUT SHAREHOLDERS' PREFERENTIAL RIGHT OF SUBSCRIPTION, IN FAVOUR OF EMPLOYEES OR CORPORATE OFFICERS OF THE COMPANY OR AFFILIATED COMPANIES, FOR A 38-MONTH PERIOD)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, having acknowledged the report of the Board of Directors and the Statutory Auditors' special report, and in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. authorises the Board of Directors to grant, on one or more occasions, to the beneficiaries indicated below, allocations of free shares, issued or that may be issued, in the company;
2. resolves that the beneficiaries of the shares, who will be named by the Board of Directors, may be salaried employees (or certain categories of employees) and/or corporate officers (or some of them) from both the TF1 company and the companies or economic interest groupings related to it, within the meaning of Article L. 225-197-2 of the French Commercial Code;
3. resolves that, under this authorisation, the Board of Directors can award a total number of shares representing not more than 3% of share capital in the company (as it exists when such a decision is made), it being specified that this ceiling will be, as applicable, during the period of validity of this authorisation, shared with that set for the shares that may be subscribed or acquired as part of the options granted under the twenty-sixth resolution of this General Meeting;
4. resolves that the total number of options that may be awarded to the company's corporate officers by virtue of the present authorisation cannot apply to more than 0.03% of the company's share capital under this authorisation, it being specified that this ceiling will be, as applicable, during the period of validity of this authorisation, shared with that set for the shares that may be subscribed or acquired by the Executive Directors under the options granted by virtue of the twenty-sixth resolution of this General Meeting.
5. resolves that the award of these shares to their beneficiaries will not vest until the end of a vesting period, the length of which will be set by the Board of Directors and cannot be less than one year;
6. resolves that the Board of Directors may, in addition, require a minimum holding period by the beneficiaries from the vesting of the shares;
7. resolves that, pursuant to law, the total duration of the vesting periods and, as applicable, holding periods of the shares cannot be less than two years:
8. resolves that award of performance shares will be awarded immediately, before the end of the vesting period, if the beneficiary has a disability as classified in the second or third category set forth in Article L. 341-4 of the French Social Security Code. In such circumstances, moreover, the shares will be immediately transferable;
9. authorises the Board of Directors to make use of the authorisations given or to be given by the General Meeting, pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code;
10. notes that the present authorisation duly includes, for the beneficiaries of ordinary shares that may be issued, an express waiver by the shareholders of their preferential right of subscription to ordinary shares which may be issued as the shares are vested, and of any right to the ordinary shares awarded on the basis of this authorisation;
11. resolves that the Board of Directors will have all powers to implement this authorisation in accordance with the laws and regulations, specifically for the purpose of:
    - draw up the list of beneficiaries of the shares issued or that may be issued, set the performance conditions and criteria applicable to them,
    - set the seniority conditions that the beneficiaries must fulfill,
    - provide for the option of temporarily suspending entitlements,
    - set all other conditions and terms by which the shares will be allocated,
    - complete all formalities to carry out the share buybacks and/or finalise the capital increase(s) that may be performed by virtue of the present authorisation, amend the Articles of Association accordingly, and generally do all that is necessary, with the option of subdelegation, in accordance with the law;
12. set the period of validity of the present authorisation at thirty-eight months from the date of the present General Meeting;
13. take note that this delegation cancels, as from this date, to the extent of any unused amounts, any previous delegation of powers for the same purpose.

TWENTY-EIGHTH RESOLUTION

(AUTHORISATION TO CARRY OUT FORMALITIES)

The General Meeting, ruling in compliance with the quorum and majority rules for Extraordinary General Meetings, hereby grants all powers to the bearer of an original, a copy or a transcript of the minutes of this General Meeting to accomplish all the legal or administrative formalities and to make all publications and registrations required by the prevailing legislation.

9

ADDITIONAL INFORMATION

9.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND INFORMATION CONCERNING THE VERIFICATION OF THE FINANCIAL STATEMENTS

AFR

9.1.1 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby certify that, having taken all reasonable steps, the information contained in this registration document, reflects the facts, to the best of my knowledge, and contains no omission that could alter its scope.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in compliance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and the consolidated companies, and that the management report (the content of which is listed in the cross-reference table in section 9.8 of this document), presents a true and fair view of the development and performance of the business, results and financial position of the company and the consolidated companies, as well as a description of the main risks and uncertainties facing them.

I have received an end-of-assignment letter from the Statutory Auditors, in which they state that they have checked the information relating to the company's financial position and financial statements included in this registration document and that they have read this document in its entirety.

The historical financial information provided in this document or incorporated herein by reference is covered by reports issued by the Statutory Auditors, as presented in chapter 6 of this document or incorporated herein by reference (see section 9.4). The reports issued by the Statutory Auditors for financial years 2017 and 2016 contained no comment.

Boulogne-Billancourt, 7 March 2019

Chairman and CEO

Gilles C. Pélisson

9.1.2 INFORMATION CONCERNING STATUTORY AUDITORS

Permanent Statutory Auditors	Date of first appointment	Expiry date of mandate
Ernst & Young Represented by Laurent Vitse Tour First, 1-2 place des Saisons – Paris La Défense 1 – 92400 Courbevoie	General Meeting of 14 April 2016	General Meeting approving the 2021 financial statements
Mazars Represented by Gilles Rainaut Immeuble Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie	General Meeting of 15 May 2001	General Meeting approving the 2018 financial statements
Alternate Statutory Auditors	**Date of first appointment**	**Expiry date of mandate**
Auditex (EY Group) Tour First, 1-2 place des Saisons – Paris La Défense 1 – 92400 Courbevoie	General Meeting of 14 April 2016	General Meeting approving the 2021 financial statements
Thierry Colin (Mazars Group) Immeuble Exaltis – 61, rue Henri-Regnault – 92400 Courbevoie	General Meeting of 15 May 2001	General Meeting approving the 2018 financial statements

The fees paid to the Statutory Auditors by TF1 and its subsidiaries are shown in chapter 5, Note 9.3 of this document.

9.1.3 NAME OF THE INDEPENDENT THIRD-PARTY VERIFIER OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

The social, environmental and societal information has been verified by Ernst & Young et Associés's sustainable development department. Ernst & Young et Associés is the independent third-party firm whose certification request has been approved by the French National Accreditation Body (COFRAC) under number 3-1050.

9.2 RELATIONS WITH SHAREHOLDERS

LEGAL INFORMATION AND INVESTOR RELATIONS

TF1 – 1, quai du Point-du-Jour – 92656 Boulogne-Billancourt Cedex Tel: +33 (1) 41 41 12 34

General Counsel: Jean-Michel Counillon

Group Legal and Business Affairs Director and Board Secretary: Sébastien Frapier – Email: relationsactionnaires@tf1.fr

Executive Vice President, Finance and Purchasing: Philippe Denery – Email: comfi@tf1.fr

DOCUMENTS AVAILABLE FOR PUBLIC CONSULTATION

Documents such as the Articles of Association, internal procedures of the Board of Directors and other reports of the Board of Directors to the Combined General Meeting of 18 April 2019 can be found on the company website at www.groupe-tf1.fr/en.

Anybody wishing to obtain additional information about TF1 group may, with no obligation, request documents at the following addresses:

- TF1 – Legal Affairs Department – 1, quai du Point du Jour – 92656 Boulogne-Billancourt Cedex, Tel.: +33 (0)1 41 41 40 75;
- TF1 – Investor Relations Department – 1, quai du Point du Jour – 92656 Boulogne-Billancourt Cedex, Tel: +33 (0)1 41 41 49 36, or comfi@tf1.fr.

9.3 CALENDAR

18 April 2019: Combined General Meeting of Shareholders

29 April 2019: 1st quarter results

29 April 2019: 2018 dividend ex-date

30 April 2019: Record date for dividend payment

2 May 2019: Dividend payment date

24 July 2019: interim results

29 October 2019: 3rd quarter results

These dates may be subject to change.

9.4 INFORMATION INCLUDED BY REFERENCE

The following information is included by reference in this document:

- the consolidated financial statements for the year ended 31 December 2017, the relevant report of the Statutory Auditors and the Group's management report included on pages 112 to 174 of the registration document filed with the French Financial Markets Authority (AMF) on 8 March 2018 under number D. 18-0113;
- the consolidated financial statements for the year ended 31 December 2016, the relevant report of the Statutory Auditors and the Group's management report included on pages 124 to 185 of the registration document filed with the French Financial Markets Authority (AMF) on 8 March 2017 under number D. 17-0136.

9.5 FINANCIAL PRESS RELEASES PUBLISHED IN 2018

AFR

Date of release	Topic
18 January 2018	Agreement between the TF1 group and the Axel Springer group for the acquisition of the Aufeminin group
24 January 2018	The TF1 group renews its partnership with the French national football team ('les Bleus') for four years and expanded its football offering
29 January 2018	Revamp of HD1 and NT1: HD1 renamed TF1 Séries Films and NT1 becomes TFX
30 January 2018	TF1 – Bouygues Telecom distribution agreement
16 February 2018	2017 annual results for TF1 group
8 March 2018	Publication of 2017 registration document
8 March 2018	TF1 group and Orange sign a new global distribution agreement
29 March 2018	TF1 group and World Rugby announce the renewal of their partnership
5 April 2018	TF1 group – Newen Studios
25 April 2018	First Quarter 2018 results for TF1 group
25 April 2018	TF1 group and Free sign a new global distribution agreement
27 April 2018	TF1 group finalises the acquisition of Aufeminin from Axel Springer
23 May 2018	Public tender offer for Aufeminin
15 June 2018	TF1, France Télévisions and M6 build a shared OTT platform
3 July 2018	Newen Studios group, wholly-owned subsidiary of TF1-Bibiane Godfroid Chairman of Newen Studios
25 July 2018	First half 2018 results for TF1 group
7 September 2018	Declaration of crossing of 95% share ownership threshold of aufeminin and planned squeeze out
14 September 2018	Partnership agreement to promote French production
18 September 2018	TFI group's Capital Markets Day
3 October 2018	Filing of draft briefing note about the Aufeminin squeeze out
10 October 2018	TF1 group finalises the acquisition of Doctissimo
11 October 2018	A second season for the TFI group's acceleration programme at Station F
18 October 2018	Publication of the joint briefing note – Aufeminin squeeze out
25 October 2018	TF1 group signs an agreement with the NFL to broadcast the Super Bowl
30 October 2018	TF1's results for the first 9 months of 2018
5 November 2018	TF1 group wins the broadcasting rights for the handball world championship finals
12 November 2018	TF1 group announces the acquisition of Gamned!
14 November 2018	TF1 group and Canal + sign a new global distribution agreement
22 November 2018	TF1 and BelnSports: agreement for the IHF handball world championships

All the regulated information is available on the website http://www.groupe-tf1.fr/en/investisseurs/regulated-information.

9.6 ADDRESSES OF MAIN SUBSIDIARIES AND HOLDINGS

- **1, quai du Point du Jour – 92100 Boulogne-Billancourt**

E-TF1

Histoire

La Chaîne Info – LCI

STS Evénements

Téléshopping

TF1 Digital Content

TF1 Audiovisual rights

TF1 Distribution

TF1 Entertainment

TF1 Events

TF1 Films Production

TF1 One Innovation

TF1 Production

TF1 Publicité

TF1 Séries Films

TF1 Video

TV Breizh

TFX

Une Musique

Ushuaïa TV

- **38-48, rue Victor Hugo, 92300 Levallois Perret**

Bonzaï Digital

- **ZA du Pot au Pin – Entrepôt A4, 33612 Cestas Cedex**

Dujardin

- **89, avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine**

Extension TV – Série Club

- **71, rue de la Victoire, 75009 Paris**

Newen Studios

- **6 bis, quai Antoine I^{er}, 98000 Monaco**

Télé Monte Carlo – (TMC)

- **174-178, quai de Jemmapes, 75010 Paris**

Vertical Station (ex-MinuteBuzz)

- **6th floor, 65 Gresham Street**

London, EC2V 7NQ United Kingdom

EBX

- **8-10, rue Saint-Fiacre/33-35 rue du Sentier, 75002 Paris**

Aufeminin

Doctissimo

Marmiton

- **13, boulevard de Rochechouart, 75009 Paris**

My Little Paris

- **1209 Orange Street Wilmington, DE 19801, USA**

Livingly Media

- **5, rue Cyrano de Bergerac, 75018 Paris**

Gamned!

9.7 CROSS-REFERENCE TABLE WITH THE SUBJECTS OF THE FIRST APPENDIX OF EU REGULATION 809/2004

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9.8 BOARD OF DIRECTORS' MANAGEMENT REPORT CROSS-REFERENCE TABLE

The management report and the consolidated report on the management of the Group are presented as a single report, as permitted by Article L.225-100-1, II of the French Commercial Code. The report on financial year 2018 is included in this Registration Document. It was approved by the TF1 Board of Directors on 14 February 2019.

INFORMATION REQUIRED BY THE FRENCH COMMERCIAL CODE, THE FRENCH MONETARY AND FINANCIAL CODE, THE FRENCH GENERAL TAX CODE AND THE FRENCH FINANCIAL MARKETS AUTHORITY (AMF) GENERAL REGULATION	Registration document
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9.9 CORPORATE GOVERNANCE REPORT CROSS-REFERENCE TABLE

The Corporate governance report prepared pursuant to articles L. 225-37 of the Commercial Code. appears in Chapter 3 of this Registration Document. It was approved by the Board of Directors on 14 February 2019.

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AFR

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9.11 GLOSSARY

ADSL: Asymmetric Digital Subscriber Line, high-speed network connection providing access to the Internet, fixed-line telephone, and television services.

AMF: Autorité des Marchés Financiers, the French Financial Markets Authority. Independent public authority which regulates the financial players and products and on the French stock market.

ARPP: *Autorité de Régulation Professionnelle* de la Publicité. ARPP, the French Regulatory Authority for Advertising, strives to foster legal, honest and truthful advertising in the interests of consumers, the public and advertising professionals.

WCR: working capital requirement. Current assets minus current liabilities (including current provisions but excluding current cash, financial liabilities and debt hedging instruments).

Gross advertising revenues: catalogue prices given by sellers of advertising space in accordance with their general conditions of sale, excluding discounts and reductions, applied to a volume of advertising sold.

Net advertising revenues: gross advertising revenues minus discounts granted to advertisers.

CNC: Centre national du Cinéma et de l'image animée. A public administrative body that implements the government's policy regarding cinema and other animation arts and industries, notably audiovisual, video and multimedia.

AFEP/MEDEF Corporate Governance Code: A set of recommendations on corporate governance and the remuneration of the Executive Directors of listed companies, published by the Association Française des Entreprises Privées (AFEP, the French association of large companies) and the Mouvement des Entreprises de France (MEDEF, the French business confederation).

Cost of programmes: the sum of the cost of the programmes broadcast on the Group's free-to-air channels and the cost of written-off or rights-expiring programmes, provisions made for programming (excluding sports events) and capital gains or losses from intra-group disposals.

CSA: Conseil Supérieur de l'Audiovisuel. Independent administrative authority created pursuant the Act of 17 January 1989, whose purpose is to guarantee the freedom of audiovisual communication in France under the conditions defined in Act 86-1067 of 30 September 1986.

Display: includes all marketing methods (programming and non-programming related), all devices (mobile, desktop, IPTV) and is broken down into 3 formats: classic display (banners, recommended content and content links), video display (instream and outstream formats) and special operations.

Individual viewing times (IVT): a ratings indicator measuring the average television viewing time per day of the individuals of a given population.

Internet service providers (ISP): company that provides internet access, *via* ADSL, cable or optical fibre.

W<50PDM: advertising target of women aged under 50 purchasing decision-makers.

Goodwill: difference between the acquisition price of a company and its net book value.

GRI: Global Reporting Initiative. A global initiative for reporting on economic, environmental and social performance.

GRP: Gross Rating Point. Indicator measuring the advertising pressure of a campaign on a given target. A GRP is equal to the average number of contact opportunities of an advertising campaign with its target, expressed in share points. It is calculated by multiplying coverage of the target by average repetition.

High Definition (HD): Image resolution with definition in excess of 720 lines. A Full HD picture may have up to nearly 2.1 million pixels, almost five times more than a standard image.

IFRS: International Financial Reporting Standards. The accounting standards that must be applied by listed companies in the preparation of their financial statements, in order to harmonise their presentation.

IPTV: Internet Protocole Television: access to television channels and services (such as catch-up) through a telecom operator's box

Interactivity: TV programme or website that seeks audience participation (voting, taking part in a game, etc.).

OTT: Over the top. Method of distributing content *via* the Internet without the involvement of an internet service provider.

Sponsorship: When an advertiser links their brand to a programme for visibility and possibly image enhancement, depending on the type of programme

Audience share: percentage of audience of a medium (television, radio, etc.) calculated in relation to the total audience for that medium.

Advertising market share: advertising investments made by an advertising sales agency or entity in a media market (television, radio, etc.).

Prime time: Part of the schedule when the audience is largest. In France, television prime time is in the evening, generally from 8.45pm. "Access prime time" is between 6.00pm and 8.00pm.

SACD: Société des auteurs et compositeurs dramatiques (Society of dramatic authors and composers), collectively manages copyright by collecting and distributing the royalties of its members, working in the performing arts and audiovisual sector.

Replay or catch-up TV: ability to watch all or some recent TV programmes on the internet. A free or pay service, it may also include supplements not shown with the original programme, such as summaries.

Connected television: refers both to a television set connected directly or indirectly to the Internet and the television offering from internet providers, broadcast *via* internet protocol television (see entry).

DTT: Digital Terrestrial Television. Digital television broadcast *via* the terrestrial network through a built-in or set-top box which converts images compressed at source.

Net cash: Available cash after the deduction of total debt.

Unique visitors: the total number of individuals who have visited a website or used an application at least once during the period under consideration. Individuals who visit the same website or use the same application several times are counted only once.

VOD: Video On Demand. A pay service whereby viewers can watch the programme of their choice at any time, for a payment.

9.12 INDEX

Registyration document is available on www.groupe-tf1.fr/en

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