



Financial Report

2014

Contents

CONTENTS	2
RESULTS	3
Financial indicators	3
Income statement contributions – continuing operations	4
Quarterly revenue and current operating profit/(loss)	5
Breakdown of Group advertising revenue – continuing operations	6
Cost of programmes by type for the four free-to-air channels	6
KEY EVENTS OF 2014	7
MANAGEMENT REVIEW	10
1. FINANCIAL PERFORMANCE	10
2. ANALYSIS BY SEGMENT	14
3. CORPORATE SOCIAL RESPONSIBILITY	23
OUTLOOK	25
2014 CONSOLIDATED FINANCIAL STATEMENTS	26
Consolidated balance sheet	26
Consolidated balance sheet (continued)	27
Consolidated income statement	28
Statement of recognised income and expense	29
Consolidated statement of changes in equity	30
Consolidated cash flow statement	31
Notes to the consolidated financial statements	32
DIARY DATES	33

Results

Financial indicators

The results presented below comply with international financial reporting standards (IFRS). As a result of applying IFRS 5 and IFRS 11, the 2013 financial statements have been restated as described below. Consequently, detailed contributions from the entities mentioned below are no longer included in the figures presented, and:

- the net profit of Eurosport International is reported in "Net profit/loss from discontinued or held-for-sale operations" for the period until May 30, 2014, and the TF1 group's 49% share of that entity's net profit is reported in "Share of profits/losses from joint ventures and associates" from June 1, 2014;
- the TF1 group's 50% share of the net profits/losses of TF6 and Serieclub is reported in "Share of profits/losses from joint ventures and associates".

For details of how IFRS 5 and IFRS 11 are applied, see the notes to the consolidated financial statements.

These key figures are extracted from TF1 consolidated financial data for continuing operations.

(€ million)	2014	2013
Revenue	2,091.8	2,075.3
Group advertising revenue	1,575.5	1,594.3
Revenue from other activities	516.3	481.0
Current operating profit/(loss)	116.5	146.7
Operating profit/(loss)	116.5	146.7
Net profit/(loss) attributable to the Group from continuing operations	99.9	98.2
Operating cash flow*	127.5	178.8
Basic earnings per share from continuing operations (€)	0.47	0.47
Diluted earnings per share from continuing operations (€)	0.47	0.47
Shareholders' equity attributable to the Group	2,003.4	1,703.7
Net surplus cash (+) / net debt (-) of continuing operations	497.0	188.9

* Before cost of net debt and income taxes

	2014	2013
Weighted average number of shares outstanding (in '000)	211,396	210,645
Closing share price at end of period (€)	12.7	14.0
Market capitalisation at end of period (€bn)	2.7	3.0

Income statement contributions – continuing operations

The following contributions are presented in accordance with IFRS 5 and IFRS 11.

(€ million)	Contribution to revenue		Contribution to current operating profit/(loss)	
	2014	2013	2014	2013
Broadcasting & Content	1,748.8	1,729.0	51.7	101.6
Broadcasting	1,638.8	1,656.0	36.0	92.8
Content	110.0	73.0	15.7	8.8
Consumer Products	209.6	205.1	14.8	25.3
TF1 Vidéo	56.4	58.0	1.0	0.8
Home Shopping	87.8	85.5	3.2	14.2
TF1 Entreprises	65.4	61.6	10.6	10.3
Pay-TV	125.2	132.0	1.5	3.1
Eurosport France	65.7	67.1	4.1	5.2
Theme Channels France	59.5	64.9	(2.6)	(2.1)
Holding company and Other	8.2	9.2	48.5	16.7
TOTAL	2,091.8	2,075.3	116.5	146.7

Quarterly revenue and current operating profit/(loss)

The following contributions are presented in accordance with IFRS 5 and IFRS 11.

(€ million)	Q1 2014	Q1 2013	Q2 2014	Q2 2013	Q3 2014	Q3 2013	Q4 2014	Q4 2013
Quarterly revenue								
Broadcasting & Content	385.3	387.3	480.8	459.0	355.1	347.5	527.6	535.2
Broadcasting	370.9	374.7	431.5	440.0	339.7	331.9	496.7	509.4
Content	14.4	12.6	49.3	19.0	15.4	15.6	30.9	25.8
Consumer Products	51.1	54.2	40.5	46.4	49.1	47.7	68.9	56.8
TF1 Vidéo	12.4	16.5	8.1	13.4	14.4	13.3	21.5	14.8
Home Shopping	27.4	28.1	20.3	20.3	19.1	18.5	21.0	18.6
TF1 Entreprises	11.3	9.6	12.1	12.7	15.6	15.9	26.4	23.4
Pay-TV	30.9	33.5	32.2	34.8	30.4	31.0	31.7	32.7
Eurosport France	16.1	17.1	17.2	18.2	16.1	15.7	16.3	16.1
Theme Channels France	14.8	16.4	15.0	16.6	14.3	15.3	15.4	16.6
Holding company and Other	2.4	2.2	2.5	2.3	2.4	2.3	0.9	2.4
CONSOLIDATED REVENUE	469.7	477.2	556.0	542.5	437.0	428.5	629.1	627.1
Quarterly current operating profit/(loss)								
Broadcasting & Content	3.6	(25.9)	7.9	54.5	(1.8)	2.7	42.0	70.3
Broadcasting	(0.4)	(26.6)	1.0	52.5	(5.2)	(1.6)	40.6	68.5
Content	4.0	0.7	6.9	2.0	3.4	4.3	1.4	1.8
Consumer Products	5.3	2.9	1.7	1.9	3.4	1.9	4.4	18.6
TF1 Vidéo	0.4	1.4	0.4	1.3	(0.4)	(0.8)	0.6	(1.1)
Home Shopping	2.4	0.9	1.2	(0.5)	0.4	(1.1)	(0.8)	14.9
TF1 Entreprises	2.5	0.6	0.1	1.1	3.4	3.8	4.6	4.8
Pay-TV	(2.3)	(2.0)	(0.8)	2.9	1.5	1.2	3.1	1.0
Eurosport France	(1.5)	(1.7)	0.0	3.9	2.6	0.8	3.0	2.2
Theme Channels France	(0.8)	(0.3)	(0.8)	(1.0)	(1.1)	0.4	0.1	(1.2)
Holding company and Other	4.3	4.3	4.5	4.0	4.5	4.2	35.2	4.2
CURRENT OPERATING PROFIT/(LOSS)	10.9	(20.7)	13.3	63.3	7.6	10.0	84.7	94.1

Breakdown of Group advertising revenue – continuing operations

<i>(€ million)</i>	2014	2013
Broadcasting & Content advertising	1,560.3	1,572.1
Television	1,476.7	1,488.0
Other media	83.6	84.1
Pay-TV advertising	15.2	22.2
Eurosport France	6.9	9.0
Theme Channels France	8.3	13.2
GROUP ADVERTISING REVENUE	1,575.5	1,594.3

Cost of programmes by type for the four free-to-air channels

<i>(€ million)</i>	2014	2013
Total cost of programmes	994.0	946.7
<i>Major sporting events</i>	73.7	-
Total excluding major sporting events	920.3	946.7
Entertainment/Gameshows/Magazines	282.6	285.1
Drama/TV movies/Series/Plays	318.1	321.9
Sport (excluding major sporting events)	49.9	60.4
News	103.3	100.8
Films	150.1	161.8
Children's programmes	16.3	16.7

Key events of 2014

January

January 15, 2014: Digital version of Metronews launched on the Apple kiosk.

January 21, 2014: Agreement signed between TF1 and Discovery Communications enabling Discovery to increase its 20% stake in Eurosport International to 51% ahead of schedule.

January 27, 2014: TF1 is the first company in the audiovisual sector to be awarded the "Responsible Supplier Relations" label celebrating French companies which have established long-lasting and fair relationships with their suppliers.

February

February 15, 2014: The *Star Wars Identities* exhibition is launched, produced by TF1 Musique's Shows division. Held at the Cité du Cinéma and presented in Europe for the first time, the exhibition offers the French public an interactive journey to the heart of the *Star Wars* saga.

March

March 1, 2014: Téléshopping opens its fourth store, at the Evry 2 shopping mall in the Paris suburbs.

March 3, 2014: TF1 Licences becomes the agent for two iconic brands: Bécassine, the archetypal female Breton character, and Solex, revitalised by its recent makeover.

March 6, 2014: RSE Médias forum, a corporate social responsibility group bringing together CSR managers working in the French media and headed up by TF1, publishes the first edition of its practical guide "Corporate Social Responsibility in the Media Sector".

March 13, 2014: Following a call for expressions of interest in November 2013, the TF1 Group, exclusive holder of the 2014 FIFA World Cup rights, sells broadcasting rights for all 64 matches in the competition to beIN SPORTS, including exclusive rights to 36 matches. TF1 retains exclusive free-to-air broadcasting rights for the 28 top fixtures, including French national team matches, the round of 16, the quarter finals, the two semi-finals and the final.

March 21, 2014: At the 21st *Anime & Manga Grand Prix* ceremony organised by *AnimeLand* magazine, *Les Mystérieuses Cités d'Or* won best international animation prize. Produced by Blue Spirit Productions in collaboration with TF1, this series of animations has been broadcast on TFOU since December 9, 2012. The series has excellent audience figures among younger viewers.

April

April 1, 2014: The TF1 Licences subsidiary wins three awards at the *Trophées des Marques* ceremony: Best Sport Licence, Best Brand Licence, and Best Innovation.

April 13, 2014: TF1 unveils its new advertising campaign with the tagline *Partageons des ondes positives*.

April 16, 2014: MYTF1VOD moves up to the no.2 slot in user-declared VoD services.

April 16, 2014: The movie *Qu'est-ce qu'on a fait au bon Dieu?*, co-produced by TF1 Films Production and TF1 Droits Audiovisuels, goes on general release.

May

May 7, 2014: Public hearing before the CSA (the French audiovisual regulator) on the application for the LCI channel to switch to freeview.

May 14, 2014: The selection of the movie *Grace of Monaco* for the official opening of the Cannes film festival gives the TF1 group high-profile exposure at this flagship event.

May 30, 2014: Discovery Communications completes the acquisition of a controlling interest in Eurosport International, raising its stake from 20% to 51%.

June

June 12, 2014: TF1 begins live coverage of the 20th FIFA World Cup in Brazil with an exceptional team assembled especially for the occasion.

June 24, 2014: The LCI channel celebrates its 20th anniversary.

2014 | Key Events

June 24, 2014: TF1 is the favourite established channel among French viewers for the second year running in the “TV Notes” popular vote organised by puremedias.com, “20 minutes” and RTL.

July

July 4, 2014: The France-Germany quarter-final attracts 16.9 million viewers, the best audience figure for the World Cup and an all-time high for a sports live broadcast outside prime time.

July 11, 2014: The Home Shopping business signs a strategic agreement with Venteo, for the distribution of its products through retailers. The business’s new partner is an instore video specialist with a presence in over 2,700 retail outlets and a 40-strong sales force.

July 29, 2014: The CSA announces that it has rejected the application for LCI to switch to freeview.

August

August 25, 2014: The TF1 group signs a deal with The Walt Disney Company France covering the new productions from the Marvel studios and the upcoming *Star Wars* movies. The deal includes rights to distribute content via new mobile media, and will benefit all of the Group’s channels.

September

September 5, 2014: At the 16th CB News media awards ceremony, the TF1 group receives a host of accolades from industry professionals, with six awards including the prestigious *Trophée Grand Prix des Médias 2014* and Best TV Channel. The other awards obtained by TF1 were:

- best TV entertainment show, for season 3 of *The Voice*;
- best media advertising campaign, for *Les Ondes positives*;
- best editorial or journalistic scoop for the exclusive interview with Vladimir Putin (in partnership with Europe 1);
- best advertising/special promotion event, for the Multicam Visa system deployed by TF1 Publicité and the MEC agency during the 2014 FIFA World Cup;
- honourable mention for *Sacrifice* in the TV news and documentary category.

September 10, 2014: The TF1 and ITAS groups begin exclusive negotiations with a view to the acquisition of OneCast (a TF1 subsidiary specialising in DTT multiplex transmission) by ITAS TIM (a subsidiary of the ITAS group).

September 12, 2014: *Koh Lanta* makes its much-anticipated return to TF1. The family adventure show got off to a flying start, attracting 6.9 million viewers (an audience share of 32% of individuals aged 4 and over), peaking at nearly 8 million at 9.50 p.m. This is the best *Koh Lanta* launch in terms of audience share since 2009.

September 22, 2014: To help advertisers pack a bigger punch with their campaigns, TF1 Publicité unveils a new “real time advertising” solution. This innovation enables advertisers to enhance and customise their advertising campaigns virtually in real time: advertisers can tweak an existing ad by altering features like text, photos, video, sound or colour.

October

October 8, 2014: TF1 is awarded the 2014 *Grand Prix de la Transparence* in recognition of the quality of the regulated information distributed in a range of documents (Registration Document, Half-Year Financial Report, website and Notice of the Annual General Meeting).

October 13, 2014: At the 10th annual *Rencontres Internationales de la Diversité* diversity forum, the TF1 Purchasing Department receives an award in the “Responsible Purchasing and Diversity” category.

October 15, 2014: The TF1 group announces that it is to join the pan-European Media for Equity alliance organised by the German ProSiebenSat.1 group.

October 21, 2014: At the *Trophée des Apps* ceremony, TF1 is awarded the prize for best second screen app (for MYTF1), while Metronews gets the prize for best news app.

October 23, 2014: LCI is notified that the judge appointed by the *Conseil d’État* has dismissed the fast-track application for the suspension of the July 29, 2014 decision by the CSA (the French audiovisual regulator) to reject the application for LCI to switch to freeview from January 1, 2015.

October 30, 2014: The TF1 group finalises the sale of its DTT multiplex transmission subsidiary OneCast to the ITAS group.

November

November 14, 2014: TF1 and YouTube announce the settlement of their long-standing litigation relating to the presence on YouTube of TF1 group content and programmes posted by users.

November 28, 2014: As part of its ongoing CSR commitments, TF1 issues a Group-wide Code of Ethics.

December

December 2, 2014: The Paris District Court orders Dailymotion to pay TF1, LCI, TF1 Vidéo and e-TF1 a total sum in excess of €1.3 million in damages as compensation for repeated breaches of its obligations under the French “Confidence in the Digital Economy” law.

December 16, 2014: TF1 is awarded two prizes by the jury at the Social Media Awards: one for the one-off broadcast featuring François Hollande shown on MYTF1News on November 6, the other for the Multicam system deployed on MYTF1 during the 2014 FIFA World Cup.

December 19, 2014: The TF1 corporate Foundation signs an agreement with the Minister for Cities, Youth and Sport and the prefect of the Val d’Oise region to promote job opportunities for young people from deprived neighbourhoods.

December 31, 2014: TF1 has achieved 95 of the top 100 audience ratings in 2014.

Management Review

Boulogne-Billancourt – February 18, 2015

Changes in accounting policy

In 2014, the TF1 group applied IFRS 10, IFRS 11 and IFRS 12 for the first time. The main impact for the Group is a change in the consolidation method used for TF6 and Serieclub, now accounted for by the equity method (refer to Notes 2.2 and 2.3 to the consolidated financial statements).

TF1 did not make any changes in accounting policy during 2014 other than those required to comply with IFRS requirements applicable on or after January 1, 2014 (see Note 2-2-1 to the consolidated financial statements), which had no material impact on the financial statements.

1. Financial performance

1.1. Revenue

Consolidated revenue for the year ended December 31, 2014 was €2,091.8 million, a year-on-year rise of €16.5 million (+0.8%).

Group advertising revenue was 1.2% lower at €1,575.5 million.

It comprised:

- €1,476.7 million of advertising revenue for the Group's four free-to-air channels. Revenue was down 0.8% year-on-year as the supply of advertising airtime increased, particularly due to the growing power of DTT channels. After holding steady over the first nine months of the year (+0.3% in the first quarter, -2.2% in the second quarter, +2.6% in the third quarter), advertising revenue for the Group's four free-to-air channels slipped by 2.5% in the fourth quarter. Prices remained under pressure due to the growing volume of airtime available in the market, and with the economy failing to pick up in the latter part of the year advertisers were keeping a very close eye on their budgets.

- €83.6 million of revenue generated by advertising on other Broadcasting & Content media, down 0.6% year-on-year. Third-party airtime sales and digital advertising performed well, but failed to offset the drop in advertising revenue at Metronews.
- €15.2 million of advertising revenue from Pay-TV media, 31.5% lower than in 2013. This decline came against a backdrop of intense competition, with the six new DTT channels considerably increasing the advertising slots available.

Non-advertising revenue for the year ended December 31, 2014 was €516.3 million, a year-on-year rise of €35.3 million (7.3%).

This figure includes €30 million of revenue from the resale of 2014 FIFA World Cup rights to beIN SPORTS. Growth was also driven by the commercial success of the Content, TF1 Entreprises and Home Shopping businesses.

1.2. Cost of programmes and other current operating income/expenses

The cost of programmes for the TF1 group's four free-to-air channels was €994.0 million in 2014, versus €946.7 million a year earlier, an increase of €47.3 million. This figure includes the €73.7 million cost of screening 28 matches from the 2014 FIFA World Cup on the TF1 channel during the second and third quarters of 2014.

This means that excluding major sporting events, the cost of programmes for 2014 showed a significant year-on-year saving of €26.4 million, mainly attributable to:

- savings of €15.4 million on programmes replaced by World Cup matches in the June and July 2014 schedules;
- €10 million of recurring savings under Phase II of the optimisation plan.

The cost of programmes for the fourth quarter of 2014 was €272.5 million, up €17.0 million year-on-year. This rise was due partly to tough comparatives (substantial non-recurring savings were achieved in the fourth quarter of 2013), and partly to a catch-up on programmes postponed from the first quarter of 2014.

Other expenses and depreciation, amortisation and provisions were reduced by €0.6 million over 2014 as a whole. Savings on personnel costs, and a gain arising from reclaimed SMS levies, offset costs associated with the 2014 FIFA World Cup rights held for resale.

Other expenses for the fourth quarter of 2014 were €5.6 million lower year-on-year. The provision booked for losses on the sale of 2015 Rugby World Cup rights was more than offset by the gain on the sale of OneCast.

In line with the commitments made under Phase II of the optimisation plan launched in 2012, TF1 generated €29 million of recurring savings in 2014, comprising €10 million on the cost of programmes for the TF1 channel (of which €3 million came in the fourth quarter) and €19 million in productivity gains (of which €7 million came in the fourth quarter).

Overall, €85 million of recurring savings have now been generated since mid-2012. This means that the objectives of Phase II of the optimisation plan have been met on schedule.

1.3. Current operating profit/(loss)

The Group made a current operating profit of €116.5 million over 2014 as a whole (including programming costs of €73.7 million associated with the 2014 FIFA World Cup); this compares with €146.7 million for 2013.

Operating margin was 5.6%, compared with 7.1% in 2013.

Fourth-quarter current operating profit was €84.7 million, against €94.1 million a year earlier.

Operating margin was 13.5%, compared with 15.0% a year earlier.

1.4. Net profit/(loss)

Cost of net debt was positive €1.1 million over 2014 as whole, as the Group ran a net cash surplus during the period.

Other financial income and expenses showed a net gain of €0.3 million for the year, mainly on remeasurements of currency hedges.

Income tax expense for 2014 was €29.8 million, versus €45.2 million for the previous year.

The share of profits and losses of joint ventures and associates rose by €14.5 million to €15.0 million. This includes the share of profits from Eurosport International for the months from June to December 2014, following the sale of a controlling stake in the company to Discovery Communications on May 30, 2014. Following the first-time application of IFRS 11, this line also includes the share of profits and losses of TF6 and Serieclub, previously accounted for using the proportionate consolidation method. As with the Group's fully-owned pay-TV channels, results at TF6 and Serieclub have been hit by competition from DTT channels in the advertising market.

The Group made a net profit from continuing operations of €103.1 million, down €0.1 million.

Net profit from discontinued or held-for-sale operations amounted to €315.9 million. This figure consists of the net profit of Eurosport International for the period from January to May 2014, plus the €299.5 million gain on the sale of a controlling stake in Eurosport International to Discovery Communications on May 30, 2014.

Overall, the 2014 full-year net profit was €419.0 million.

Net profit attributable to non-controlling interests was €6.3 million for 2014 as a whole, down €8.4 million year-on-year. This reduction reflects the fact that the share of the profits of Eurosport International has been recognised in "Share of profits/losses of joint ventures and associates" since May 30, 2014. Consequently, this line item includes the 20% interest held by Discovery Communications in the TF1 group's pay-TV theme channels. It also includes Discovery Communications' share of the net profit of Eurosport International for the period from January to May 2014.

Net profit attributable to the Group for 2014 as a whole was €412.7 million, versus €137.0 million for 2013.

1.5. Financial position

Shareholders' equity attributable to the Group was €2,003.4 million as of December 31, 2014, out of a balance sheet total of €3,724.0 million.

Net cash of continuing operations at year-end was €497.0 million, compared with €188.9 million a year earlier.

During 2014, the Group recorded cash inflows for:

- the balance of the proceeds from the capital reduction carried out by Groupe AB in 2013;
- the sale of 31% of Eurosport International to Discovery Communications on May 30, 2014;
- the sale of OneCast on October 30, 2014.

As of December 31, 2014, the TF1 group had confirmed bilateral credit facilities of €905 million with various banks.

None of the facilities was drawn down at the end of the reporting period. These facilities are renewed regularly as they expire so that the Group always has sufficient liquidity.

1.6. Shareholder returns

In order to reward investors, the Board of Directors will ask the Annual General Meeting, scheduled for April 16, 2015, to approve:

- firstly, the payment of a **dividend of €1.50 per share**, consisting of:
 - ✓ an **ordinary part of €0.28 per share**;
 - ✓ an **exceptional part of €1.22 per share**, following the TF1 group's sale of a controlling interest in its Eurosport International subsidiary.

The ex-date is April 24, 2015, the date of record is April 27, 2015, and the payment date is April 28, 2015.

- secondly, the implementation of a **share buyback programme of €60 million**, on the basis of the resolution to be submitted to the Annual General Meeting on April 16¹.

¹ The resolution to be submitted for approval at the AGM on April 16, 2015 is on the same terms as the 9th resolution adopted by the AGM of April 17, 2014.

Once these transactions have been completed, the Group will still have substantial net cash and hence will be able to finance the **investments needed for further development**.

1.7. Human resources update

As of December 31, 2014 the TF1 group had 2,694 employees on permanent contracts, versus 2,764 a year earlier.

1.8. Corporate governance

On the advice of the Director Selection Committee, the Board of Directors will ask the shareholders at the Annual General Meeting of April 16, 2015 to reappoint those Directors whose terms of office expire at that meeting. It is proposed that their new terms of office be staggered, in line with AFEP-MEDEF recommendations.

It is proposed that Claude Berda, Gilles Pélisson and Olivier Roussat be reappointed for a 1-year term of office (until the 2016 Annual General Meeting); that Olivier Bouygues, Catherine Dussart and Nonce Paolini be reappointed for a 2-year term of office (until the 2017 Annual General Meeting); and that Martin Bouygues, Laurence Danon and Bouygues SA be reappointed for a 3-year term of office (until the 2018 Annual General Meeting).

The Board of Directors would continue to have four independent directors (40%) and three women among those Board members who are not employee representatives, in addition to the two female directors who sit on the Board as employee representatives.

In addition, the Board of Directors meeting of February 18, 2015 decided to maintain the principle of "one share, one vote". To this end, the shareholders will be asked to approve an amendment to the TF1 Memorandum and Articles of Association at the Annual General Meeting on April 16, 2015.

Finally, TF1 is subject to specific regulations in its capacity as a broadcasting service that requires a licence in order to operate. Consequently, in the case of TF1 the issues of Board neutrality during the period of a public tender offer and anti-takeover provisions do not arise.

Any change in the share ownership structure of TF1 or Bouygues could potentially call into question TF1's licence to operate a national terrestrial television service, or even result in the withdrawal of the licence by the CSA (the French audiovisual regulator). This is because under Article 41-3-2 of the French law of September 30, 1986 governing audiovisual communication, any corporation (or individual) that controls (within the meaning of Article L. 233-3 of the French Commercial Code) a company that holds such a licence, or that has placed such a company under its authority or in a position of dependency upon it, is regarded as holding such a licence itself. Article 42-3 further stipulates that the licence may be withdrawn 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.

1.9. Stock market performance

On December 31, 2014, TF1 shares closed at a price of €12.72; this represents a fall of 9.2% over 2014 as a whole, versus a fall of 0.5% for the CAC 40 index and a rise of 0.7% for the SBF 120. Over two years, the TF1 share price has advanced by 43.7%, compared with 17.3% for the CAC 40 index and 20.3% for the SBF 120.

1.10. Share ownership

	December 31, 2014		
	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.5%	43.5%
TF1 employees	14,559,298	6.9%	6.9%
<i>via the FCPE TF1 fund</i>	14,386,411	6.8%	6.8%
<i>as registered shares</i>	172,887	0.1%	0.1%
Free float - rest of world (2)	73,704,536	34.8%	34.8%
Free float - France (1) (2)	31,318,633	14.8%	14.8%
Treasury shares	-	0.0%	0.0%
Total	211,528,764	100.0%	100.0%

	December 31, 2013		
	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.5%	43.5%
TF1 employees	14,707,698	7.0%	7.0%
<i>via the FCPE TF1 fund</i>	14,543,101	6.9%	6.9%
<i>as registered shares</i>	164,597	0.1%	0.1%
Free float - rest of world (2)	78,671,183	37.2%	37.2%
Free float - France (1) (2)	25,934,835	12.3%	12.3%
Treasury shares	-	0.0%	0.0%
Total	211,260,013	100.0%	100.0%

	December 31, 2012		
	Number of shares	% of capital	% of voting rights
Bouygues	91,946,297	43.7%	43.7%
TF1 employees	15,261,434	7.2%	7.2%
<i>via the FCPE TF1 fund</i>	15,176,013	7.2%	7.2%
<i>as registered shares</i>	85,421	0.0%	0.0%
Free float - rest of world (2)	76,846,349	36.5%	36.5%
Free float - France (1) (2)	26,570,241	12.6%	12.6%
Treasury shares	-	0.0%	0.0%
Total	210,624,321	100.0%	100.0%

(1) includes unidentified holders of bearer shares

(2) estimates based on Euroclear statements

The Board of Directors meeting of February 18, 2015 decided to maintain the principle of "one share, one vote". To this end, the shareholders will be asked to approve an amendment to the TF1 Memorandum and Articles of Association at the Annual General Meeting on April 16, 2015.

1.11. Movements in share capital

A total of 268,751 shares were issued during 2014 on the exercise of stock options.

After taking account of those issues, the number of shares and voting rights as of December 31, 2014 was 211,528,764.

The share capital was €42,305,752.80.

In addition, the Board of Directors has noted that 58,000 stock subscription options were exercised between January 1, 2015 and February 18, 2015.

1.12. Events after the reporting period

Events after the reporting period are described in Note 35 to the consolidated financial statements for the year ended December 31, 2014.

2. Analysis by segment

2.1. BROADCASTING AND CONTENT

Revenue (€m)	2014	2013	Chg %
Broadcasting	1,638.8	1,656.0	-1.0%
Advertising – TV	1,476.7	1,488.0	-0.8%
Advertising – other media	83.6	84.1	-0.6%
Other revenue	78.5	83.9	-6.4%
Content	110.0	73.0	+50.7%
Broadcasting & Content	1,748.8	1,729.0	+1.1%

Current operating profit/(loss) (€m)	2014	2013	Chg €m
Broadcasting	36.0	92.8	(56.8)
Content	15.7	8.8	+6.9
Broadcasting & Content	51.7	101.6	(49.9)

Broadcasting & Content segment revenue for 2014 was €1,748.8 million, a year-on-year rise of 1.1%.

Current operating profit fell by €49.9 million. This figure includes the €73.7 million cost of screening 28 matches from the 2014 FIFA World Cup during the second and third quarters of 2014.

Broadcasting & Content segment revenue for the fourth quarter of 2014 fell 1.4% to €527.6 million. Fourth-quarter current operating profit amounted to €42.0 million, compared with €70.3 million a year earlier.

2.1.1. Broadcasting

Over 2014 as a whole, Broadcasting revenue slipped by 1.0% to €1,638.8 million, comprising €1,560.3 million of advertising revenue (-0.8% year-on-year) and €78.5 million of non-advertising revenue (-6.4%).

Full-year current operating profit fell by €56.8 million to €36.0 million. This figure includes the €73.7 million cost of screening 28 matches from the 2014 FIFA World Cup on TF1 during the second and third quarters of 2014.

Advertising revenue¹

Full-year gross plurimedia advertising spend in 2014 was €30.9 billion.

This figure is based on a new methodology for measuring internet advertising spend, making year-on-year comparisons impossible.

Excluding the internet, gross plurimedia advertising spend rose by 3.4% year-on-year to €25.6 billion.

- Television remained the no.1 medium in terms of advertising spend during 2014, with gross advertising spend up 9.7% at €10.5 billion and a market share of 34.1%. Spend on free-to-air DTT (other than the established channels) continues to grow at a rapid pace (+19.0%), driven by the increasing level of penetration of the six new HD channels launched in December 2012. Gross revenues for the established channels rose by 5.0%.
- Print media still ranks second in France with gross revenue of €7.3 billion over 2014 as a whole, down 2.3% year-on-year, and a market share of 23.5%.
- Radio saw gross revenue rise by 2.5% to €4.7 billion.
- Outdoor advertising was virtually unchanged year-on-year at €2.7 billion (-0.7%), while cinema advertising slipped by 2.7% to €408.8 million.
- Internet advertising spend was €5.3 billion, representing a 17.1% market share.

The TF1 group's free-to-air channels reported a 4.5% year-on-year increase in gross revenue.

Trends in gross advertising spend for those four channels during 2014 are shown below.

¹ 2014 plurimedia spend excluding sponsorship (6 media, including internet)

2.3% and 3.1% respectively for these two segments at end 2013.

Audiences

In a more competitive marketplace, the TF1 group is striving to provide its four channels with the most complementary and appropriate range of programmes possible.

With all of the 25 freeview DTT channels still providing highly competitive schedules, the TF1 group's four free-to-air channels nonetheless turned in a very good performance, thanks in particular to the screening of the 2014 FIFA World Cup on the TF1 channel.

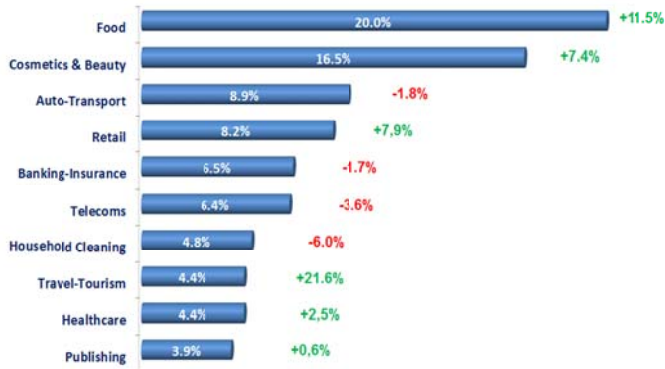
During 2014, they had a combined audience share of 28.7% among individuals aged 4 and over, down 0.2 of a point year-on-year. Among "women aged under 50 purchasing decision-makers", the combined audience share was 32.7%, versus 32.6% in 2013.

TF1

TF1 is still the undisputed leader among French television channels. The channel's audience share rose to 22.9% among individuals aged 4 and over, compared with an average of 22.8% in 2013. This performance was due partly to the screening of the 2014 FIFA World Cup on the TF1 channel during June and July. It is worth noting too that competition was more than usually intense at the start of 2014, largely due to prestige events (like the Winter Olympics) being broadcast on public-service channels during the first quarter. The audience share among "women aged under 50 purchasing decision-makers" was 25.0%, versus 25.2% in 2013.

Over 2014 as a whole, the average gap between TF1 and its nearest private-sector rival among individuals aged 4 and over was 12.8 points, versus 12.2 points in 2013.

Constant innovation is helping TF1 to confirm its unique position and its status as the must-see channel. The channel attracted 95 of the top 100 audiences in France during 2014.



Source: Kantar Media, January-December 2014 vs. January-December 2013.

Over 2014 as a whole, advertising revenue for the TF1 group's four free-to-air channels fell by a modest 0.8%. Advertising revenue for the segment's other media slipped by 0.6%, as a fine performance from third-party advertising airtime sales failed to fully offset lower advertising spend at Metronews.

Fourth-quarter advertising revenue for the Group's four free-to-air channels was down 2.5% year-on-year. The total volume of advertising screened on the Group's channels increased, but to a lesser extent than for other market players.

- **Free-to-air channels¹**

Market

Average daily TV viewing time remained high during 2014 among individuals aged 4 and over (at 3 hours 41 minutes), and also among "women aged under 50 purchasing decision-makers" (at 3 hours 37 minutes).

These figures do not include time spent watching live or catch-up television on second screens (computers, tablets, smartphones...), or outside the home (e.g. in second homes and public places) across all types of media. However, Médiamétrie has since September 29, 2014 been measuring daily catch-up consumption on IPTV, which is included in viewing time statistics from the fourth quarter of 2014.

Rollout of the six new HD DTT channels launched on December 12, 2012 is ongoing. The channels were potentially receivable in 74.7% of French households as of December 31, 2014. During 2014, they had a combined audience share of 3.8% among individuals aged 4 and over, and 5.0% among "women aged under 50 purchasing decision-makers". These figures demonstrate the growing pulling power of the six new channels, compared with their prior-year audience shares of

¹ Source: Médiamétrie – Médiamat.

The average prime time audience for the channel in 2014 was 6.0 million, more than double the 2.9 million average achieved by its closest private-sector challenger.

The channel also retained its no.1 spot across all genres:

Entertainment: *Les Enfoirés* was watched by 13.0 million viewers on March 14, and attracted a record 62% share among “women aged under 50 purchasing decision-makers”. The third season of *The Voice* attracted up to 10.1 million viewers, the highest for an entertainment programme since May 2007. The *Miss France* competition achieved its biggest audience since 2006, with 8.6 million viewers.

American series: *Mentalist* attracted up to 10.5 million viewers.

French drama: The renaissance of this genre continues. *Ce soir, je vais tuer l'assassin de mon fils* attracted 8.3 million viewers, more than any other one-off drama since January 2011.

Movies: TF1 scored the highest audience for a film since November 2010 with *Intouchables* and *Bienvenue chez les Ch'tis*, watched by up to 13.9 million and 11.5 million viewers respectively.

News programmes on TF1 continued to dominate the market. The TF1 channel's regular news bulletins are still the most watched in Europe. The evening bulletin drew up to 10.8 million viewers (the highest figure since September 2011).

Meanwhile, the lunchtime bulletin attracted an average of 5.8 million viewers (3 million more than the France 2 equivalent), and a 42% audience share of individuals aged 4 and over. The evening election specials in March and May were particularly popular, with viewing figures averaging 4.7 million for the two rounds of local elections and 6.2 million for the European elections.

The special D-Day commemoration programme on June 6 was watched by 2.5 million viewers in an afternoon slot, an audience share of 27% among individuals aged 4 and over.

2014 FIFA World Cup

In June and July 2014, TF1 broadcast the 2014 FIFA World Cup from Brazil. This was a major event for the TF1 group, which achieved excellent performances across all its media and throughout the competition.

The 28 matches shown on the TF1 channel were watched by an average of 9 million viewers, giving audience share of 46% among individuals aged 4 and over. These are the second-best figures for any World Cup after the 2006 tournament (in which France reached the final). The biggest audience was for the France-Germany quarter-final, watched by 16.9 million people in access prime time, representing an audience share of 72% among individuals aged 4 and over. The final between Argentina and eventual winners Germany attracted 13.6 million viewers.

This global event also proved a great success in terms of the Group's innovative digital spin-offs. These included an unprecedented second screen, offering web users live multi-cam coverage via six different cameras plus streaming statistics and replays of highlights just a few minutes after they happened via the “Wall of Goals”. Over the whole tournament, as many as 32 million videos were watched across the Group's media: 15 million live, and 17 million catch-up and bonus videos. The final alone generated over 900,000 live views (the best rating for a match not involving France, apart from the opening match). Overall, the 360 strategy deployed around the World Cup was a resounding success.

In financial terms, the impact of the 2014 FIFA World Cup on the cost of programmes for the TF1 group, comprising rights and production costs, was €73.7 million (€69.0 million for rights, and €4.7 million for production costs) spread across the 28 matches broadcast. This gives an average cost per match of €2.6 million (versus €2.9 million in 2010).

TMC

At a time of heavy investment in programmes, especially by rival DTT channels, TMC posted an audience share of 3.1% among individuals aged 4 and over, versus 3.4% a year earlier. Among “women aged under 50 purchasing decision-makers”, the channel's audience share proved more resilient, stabilising at 3.7%.

The channel is also a big hitter in prime time, averaging more than 700,000 viewers over 2014 as a whole.

Movies continue to score very high ratings, peaking in 2014 with 2.0 million viewers for *Transporter 2*.

Series continue to post good ratings, especially previously unscreened episodes of *Hercule Poirot* (1.5 million viewers) and *CSI:NY* (French title: *Les Experts Manhattan*, 1.2 million viewers). TMC also has excellent ratings for magazines, drawing record audiences for *90' enquêtes* (up to 1.3 million viewers).

NT1

During 2014, NT1 had an average audience share of 1.8% among individuals aged 4 and over (down 0.3 of a point), rising to 2.7% among “women aged under 50 purchasing decision-makers” (down 0.2 of a point).

The channel is a particularly big hitter in movies, with as many as 1.6 million viewers watching *X-Men Origins: Wolverine*, the best audience figures posted by NT1 in 2014.

NT1 also scored very well in entertainment, especially *Le Bachelor* which attracted 1.1 million viewers for the series finale. Finally, American series rated highly, especially *Client List* (up to 12% audience share among “women aged under 50 purchasing decision-makers”), *How I Met Your Mother* and *Walking Dead*.

HD1

Launched in December 2012 as one of the six new HD DTT channels, HD1 is dedicated to all forms of narrative. During 2014, HD1 had an audience share of 0.9% among individuals aged 4 and over, rising to 1.3% among “women aged under 50 purchasing decision-makers”.

HD1 attracted an average prime-time audience of 225,000 thanks to movies like *Lethal Weapon III* (French title: *L'arme fatale III*, 699,000 viewers), French drama (*Section de recherches*, 713,000 viewers), and American series such as *House* (French title: *Dr House*, 333,000 viewers).

HD1 is clearly building on its successful launch, and is set for further progress as its geographical rollout continues. By the end of December 2014, the channel had achieved a take-up rate of 74.7%.

• e-TF1

The TF1 group continued its digital innovation strategy, forging ever closer links between its channels and digital platforms, especially on flagship TF1 programmes in areas such as news and entertainment.

Online video once again performed very well on MYTF1.fr, thanks largely to good audiences for the 2014 FIFA World Cup. Médiamétrie has been producing a daily measure of IPTV audiences since September 29, 2014, providing more complete data about how viewers use the range of available media.

In November 2014, the TF1 group ranked 4th for time spent watching video, alongside the major multinationals¹.

Revenue slipped by 3.9% over 2014 as a whole to €98.9 million. Very strong performances during the FIFA World Cup failed to fully offset the dip in interactivity revenue at the start of the year, which reflected less favourable programming in 2014 than in 2013. Current operating profit was €21.2 million, up €0.1 million year-on-year. As a result, current operating margin improved to 21.4%, versus 20.5% in 2013.

• Other media

Metro France Publications²

The gross print media advertising market saw a further contraction in 2014, slipping by 3.2% from the 2013 level³.

The French market for daily free newspapers is highly competitive, with three rival publications: 20 minutes, Metronews and Direct Matin.

Against this backdrop the digital transformation of Metronews is ongoing, with the newspaper's app now the second most widely used news app in France. Every month, 11 million users access the brand via the various media on which it is available.

¹ Source: Médiamétrie NetRatings – November 2014

² Sources: One Global survey, October 2014; Médiamétrie MNR PIM survey, June 2014.

³ 2014 gross plurimedia spend excluding sponsorship (6 media, including internet)

Increasing traffic on the Metronews website is driving a sharp rise in internet-based revenue. However, this failed to offset the drop in revenue for the print edition, largely as a result of fierce price competition in the freesheet advertising market, though ongoing cost control helped limit the impact of revenue erosion at current operating level.

TF1 Publicité (third-party airtime sales)

Third-party airtime sales (for radio stations and non-Group TV channels) enjoyed revenue growth during 2014.

2.1.2. Content

Revenue from the Content business reached €110.0 million in 2014, a rise of €37.0 million year-on-year. This figure includes €30 million of revenue from the resale of 2014 FIFA World Cup rights to beIN SPORTS. Current operating profit was €15.7 million, versus €8.8 million for the previous year.

Cinema market¹

Cinema footfall advanced by 7.7% in 2014, with total box office entries reaching 208.4 million, well above the 196.5 million average recorded over the last 10 years. French movies performed well, with a market share of 44.0% (versus 33.8% in 2013), the highest level since 2008.

- **TF1 Droits Audiovisuels**

TF1 Droits Audiovisuels reported increased revenue over 2014 as a whole, driven largely by healthy back catalogue revenues and the general release of 10 films including triple Oscar winner *Dallas Buyers Club* and *Qu'est-ce qu'on a fait au bon Dieu?* (which attracted 12.2 million cinema-goers during its 25-week run). This fed through into a very marked improvement in current operating profit over the period.

- **TF1 Production**

TF1 Production made a lower contribution to Content business revenue this year due to a marked increase in intragroup activity: 571 hours of programming were delivered, 175 more than in 2013, with 108 hours of the increase attributable to the TF1 channel. A large part of that increase was due to productions delivered to TF1 in connection with the 2014 FIFA World Cup.

TF1 Production's contribution to Group operating profit improved, reflecting a favourable product mix in entertainment, a volume effect in some sports programmes, and a reduction in overheads following important structural reforms.

- **TF1 Films Production**

During 2014, 18 films co-produced by TF1 Films Production went on general release (versus 19 in 2013), attracting a combined total of 37.7 million box office entries (versus 18.4 million in 2013). Nine of those films attracted more than a million cinema-goers:

Film	Release date	Box office entries
La Belle et la bête	02/12/2014	1,826,779
Supercondriaque	02/26/2014	5,268,599
Non-Stop	02/26/2014	1,233,868
Qu'est-ce qu'on a fait au bon Dieu?	04/16/2014	12,236,166
Barbecue	04/30/2014	1,590,983
Lucy	08/06/2014	5,201,019
Samba	10/15/2014	3,108,923
Tu veux ou tu veux pas	10/01/2014	1,059,794
Paddington	12/03/2014	2,091,263

Source: CBO Box Office

As a result of these successes, there was a marked improvement in both co-production revenue and TF1 Films Production's contribution to operating profit.

¹ Source: CNC

2.2. CONSUMER PRODUCTS

Revenue (€m)	2014	2013	Chg %
TF1 Vidéo	56.4	58.0	-2.8%
Home Shopping	87.8	85.5	+2.7%
TF1 Entreprises	65.4	61.6	+6.2 %
Consumer Products	209.6	205.1	+2.2%

Current operating profit/(loss) (€m)	2014	2013	Chg €m
TF1 Vidéo	1.0	0.8	+0.2
Home Shopping	3.2	14.2	(11.0)
TF1 Entreprises	10.6	10.3	+0.3
Consumer Products	14.8	25.3	(10.5)

Revenue for the Consumer Products segment grew by 2.2% over 2014 as a whole and by 21.3% in the fourth quarter. TF1 Entreprises performed well, as did the Home Shopping business (despite a change in structure following the sale of Place des Tendances in the fourth quarter of 2013); this more than offset a 2.8% full-year drop in revenue at TF1 Vidéo. However, this revenue erosion – linked to the difficulties in the physical video market – was mitigated by the release of a number of successful titles during the year and by growth in video on demand.

Excluding the effect of the change in structure caused by the sale of Place des Tendances, the Consumer Products segment recorded growth in operating profit, to €14.8 million.

2.2.1. TF1 Vidéo

Market¹

Conditions in the French physical video market remain tough. The market was worth €799 million in 2014 versus €929 million in 2013, a contraction of 14.0%.

Meanwhile the digital market to end December 2014 was worth €259 million, representing year-on-year growth of 8.0% in value terms. The VoD market is 69 % of the total market, the EST market 17% and the SvoD market 14%.

TF1 Vidéo operating performance

TF1 Vidéo managed to peg the full-year drop in revenue to 2.8%, at €56.4 million. Operating profit meanwhile rose by €0.2 million to €1.0 million. This is a remarkable performance given the 14.0% contraction in the physical video market. TF1 Vidéo was boosted by the success of the movie *Qu'est-ce qu'on a fait au bon Dieu?*.

MYTF1VOD revenue advanced by 36% in 2014, against growth of just 8% for the market as a whole².

2.2.2. Home Shopping

Market³

The French retail trade as a whole suffered from the general economic malaise, contracting by 1.1% to end December 2014.

Online sales recorded further growth in 2014. Overall, French people spent €57 billion shopping online, a year-on-year increase of 11%, while the number of transactions rose by 15%.

The French e-commerce market represents 9% of the entire non-food retail sector. In 2014, the e-commerce market (excluding services) grew by 6% in a distance selling market (including e-commerce and excluding services) which improved by 3%.

Home Shopping operating performance

The Home Shopping business generated revenue of €87.8 million in 2014, up 2.7% year-on-year. Bear in mind however that the 2013 full-year figure includes revenue from the Place des Tendances business, which was sold in the fourth quarter of 2013. Excluding the effect of this change in structure, Home Shopping enjoyed robust revenue growth, thanks to a rise in the number of orders following the 2013 refreshment of the product mix and strong trading in sales outlets.

Current operating profit for 2014 was €3.2 million, down €11.0 million year-on-year. After stripping out the gain on the Place des Tendances disposal, profitability showed a very marked improvement as cost control remained tight across the whole of the business, despite the costs incurred on opening new sales outlets.

¹ GFK

² NPA/GFK Panel

³ Fevad: figures to end 2014

2.2.3. TF1 Entreprises

Markets

Music market

The French recorded music market¹ was worth €570.6 million in 2014, down 5.3% year-on-year. The physical market accounted for 71% of sales and shrank 11.5% year-on-year, while the digital market took a 29% share and grew by 6.0%. The fast-growing streaming market is now the leading source of revenue in the digital market and has overtaken downloading, which declined in 2014. Performing rights payments increased by 1.8% in 2014 to €112.0 million.

Card and board games market

The French card and board games market² was worth €230 million in 2014, down 2.1% on 2013.

TF1 Entreprises performance

Revenue at TF1 Entreprises hit an all-time high in 2014 at €65.4 million, up 6.2% on the previous year.

Each of the TF1 Entreprises businesses made a positive contribution:

- Licences, thanks largely to contracts tied into successful programmes like *The Voice*;
- Publishing, with further success for the *Tintin* and *Barbapapa* collections, and expansion in international activities;
- Music, thanks to in-house productions and co-productions (Les Prêtres, Vincent Niclo), partnerships with artists during 2014 (Coldplay, Calogero), and the *Star Wars Identities* exhibition;
- Games, driven by the success of action games such as Chrono Bomb (the no.3 best-seller at Christmas) and Money Drop (no.5).

TF1 Entreprises posted a current operating profit of €10.6 million, up €0.3 million (2.9%) year-on-year.

2.3. PAY-TV

The results presented below comply with international financial reporting standards (IFRS). As a result of applying IFRS 5 and IFRS 11, the 2013 financial statements have been restated as described below. Consequently, detailed contributions from the entities mentioned below are no longer included in the figures presented, and:

- the net profit of Eurosport International is reported in "Net profit/loss from discontinued or held-for-sale operations" for the period until May 30, 2014, and the TF1 group's 49% share of that entity's net profit is reported in "Share of profits/losses from joint ventures and associates" from June 1, 2014;
- the TF1 group's 50% share of the net profits/losses of TF6 and Serieclub is reported in "Share of profits/losses from joint ventures and associates".

For details of how IFRS 5 and IFRS 11 are applied, see the notes to the consolidated financial statements.

Revenue (€m)	2014	2013	Chg %
Eurosport France	65.7	67.1	-2.1%
Advertising	6.9	9.0	-23.3%
Other revenue	58.8	58.1	+1.2%
Theme Channels France	59.5	64.9	-8.3%
Advertising	8.3	13.2	-37.1%
Other revenue	51.2	51.7	-1.0%
Pay-TV	125.2	132.0	-5.2%

Current operating profit/(loss) (€m)	2014	2013	Chg €m
Eurosport France	4.1	5.2	(1.1)
Theme Channels France	(2.6)	(2.1)	(0.5)
Pay-TV	1.5	3.1	(1.6)

Pay-TV segment revenue for 2014 as a whole was down 5.2% year-on-year at €125.2 million. Competition from an expanded freeview offer and a persistently sluggish environment for advertising are hitting the segment's advertising revenue hard.

¹ SNEP (Syndicat National de l'édition Phonographique), 2014 Recorded Music Survey.

² Source: NPD Group.

Current operating profit for the Pay-TV segment slipped by €1.6 million, to €1.5 million.

2.3.1. Eurosport France

On May 30, 2014, the TF1 group announced that it had completed the sale of a controlling stake in Eurosport International to Discovery Communications. Consequently, the TF1 group's equity interest in Eurosport International fell from 80% to 49% on that date, but the Group retains an 80% equity interest in Eurosport France.

Eurosport France posted revenue of €65.7 million in 2014, 2.1% lower than in 2013. The main factor was a 23.3% slump in advertising revenue, reflecting the tough competitive environment in Pay-TV, though the effect was partly offset by a 1.2% increase in revenue from operators.

This revenue erosion fed through into current operating profit, which was €1.1 million lower at €4.1 million.

At the end of December 2014, 8.7 million French households were paying subscribers to Eurosport France, versus 8.8 million a year earlier.

2.3.2. Theme Channels France¹

Against a backdrop of an expansion in the free-to-air offer in France, pay-TV channels as a whole had a 10.7% audience share to end December 2014, down 0.1 of a point year-on-year.

The TF1 group's theme channels generated full-year revenue of €59.5 million in 2014, down 8.3% year-on-year. This fall reflects a marked decline in advertising revenue (37.1% or €4.9 million lower than in 2013), as pay-TV channels were hit hard by competition from freeview DTT.

Consequently, the Group's theme channels posted an operating loss of €2.6 million, though the year-on-year deterioration was limited to €0.5 million thanks to efforts made to reduce the cost base.

• LCI

LCI's editorial stance is focused on analysis and explanation of news stories. The channel offers strong brands like *Le Club LCI*, now being screened for the fourth successive year. Highlights of 2014 included coverage of the local and European elections, and of the football World Cup.

The channel reported heavier losses in 2014, due mainly to a deterioration in advertising revenue.

LCI's audience share held steady from January to June 2014 at 0.5% of individuals aged 4 and over.

The channel's application to the CSA (the French audiovisual regulator) to switch to freeview was rejected on July 29, 2014. An appeal has been lodged and is currently being examined.

• TV Breizh

TV Breizh confirmed its status as the no.1 cable/satellite pay-TV channel, with audience share up 0.1 of a point year-on-year to 1.3% for individuals aged 4 and over and stable at 1.4% for "women aged under 50 purchasing decision-makers".

In tough competitive and economic conditions, TV Breizh experienced an overall drop in revenue during 2014. Distribution revenue held steady, but advertising revenue declined. However, operating profit was higher than in 2013, thanks to cost reductions unlocked by the relocation of the channel from Lorient to Boulogne-Billancourt in March 2013 and savings on programming.

• Histoire, Ushuaïa, Styliá

These three "Découverte" channels had a combined audience share of 0.4% among individuals aged 4 and over in the period from January to June 2014.

Revenue from the three channels fell during 2014 against a backdrop of intense competitive pressure. This had a knock-on effect on profits, which were down year-on-year.

¹ Source: MédiamatThématik (wave 27, January-June 2014), Pay-TV universe, except for cumulative Pay-TV channel figures: Médiamat – cumulative January to June 2014.

2014 | Management review

Groupe TF1 decided to stop the broadcast of the Stylia channel on December 31, 2014, as no operator expressed an interest in carrying the channel after that date.

However, Histoire and Ushuaïa have strengthened their schedules. Since the start of 2014, both channels have been screening programmes drawn from the Discovery catalogue, increasing the emphasis on event television.

Holding company and other

Revenue (€m)	2014	2013	Chg %
Holding company and other	8.2	9.2	-10.9%

Current operating profit/(loss) (€m)	2014	2013	€m
Holding company and other	48.5	16.7	+31.8

Results for the “Holding Company and Other” segment were significantly impacted by the sale of OneCast to ITAS on October 30, 2014.

This sale resulted in the deconsolidation of OneCast with effect from November 1, 2014, which explains the 10.9% fall in revenue.

At the same time, the TF1 group recognised a gain on disposal, which led to a €31.8 million increase in operating profit for the segment.

3. Corporate social responsibility

Integrated Ethics, Compliance and CSR policy

In 2014, TF1 decided to implement an integrated Ethics, Compliance and CSR policy. The General Counsel, who has been head of ethics within the Group since 2009, was given overall responsibility for this new policy.

TF1 now has its own Code of Ethics, which was approved by the Board of Directors on July 24, 2014. The Code applies to everyone within the Group, and aims to unite its employees around core values and rules of good conduct: ensuring respect for the law and for the best interests of the Group, maintaining high-quality relations with internal and external stakeholders (including subsidiaries, colleagues, customers, suppliers, shareholders, public bodies and institutions), safeguarding corporate assets, preventing conflicts of interest, and guarding against corruption. The Code of Ethics is distributed to all permanent employees, and has been posted on the Group intranet and on the corporate website (www.groupe-tf1.fr).

In addition, dedicated compliance programmes have been developed to address four of the key issues contained in the Code of Ethics: Competition, Anti-Corruption, Conflicts of Interest and Stock Market Compliance.

At the same time, the Board of Directors decided to set up an Ethics and Corporate Social Responsibility Committee.

CSR policy aligned on the Global Reporting Initiative

Since September 2014, the TF1 group has had an online platform dedicated entirely to its corporate social responsibility policy.

This innovative development is based on the Global Reporting Initiative G4 (GRI G4) and the GRI Media Sector Supplement. Each issue is assessed in terms of the Group's commitment, progress on action plans, and performance measures.

In advance of implementation, a materiality survey was conducted with TF1 stakeholders – including a panel of viewers – to rank topics in order of importance.

This solution provides stakeholders with comparable, relevant and regularly updated information.

2014: widespread recognition for the TF1 group's CSR initiatives

On December 1, 2014, TF1 joined the Euronext Vigeo France 20 index, which brings together the 20 French companies most committed to sustainable development and is compiled by the Vigeo ratings agency.

Also in 2014, TF1 made its first appearance in the responsible investment universe compiled by the Oekom agency and retained its second place in the Gaia MidCaps index; the Group also retained its presence in the FTSE4Good, Ethibel, and DJSI Europe and World indices. Only 10 media companies made it into the DJSI World Index, and TF1 was the only French media group selected.

In October 2014, TF1 was awarded the *Grand Prix de la Transparence* for the accessibility, comparability, availability and clarity of its regulated information.

In the same month, the TF1 Purchasing Department received an award in the Responsible Purchasing and Diversity category at the 10th annual *Rencontres Internationales de la Diversité* forum.

And in February 2015, the French mediation agencies *Médiation Nationale Interentreprises* and *Médiation Marchés Publics*, together with the French national federation of managers and buyers (CDAF), confirmed that the TF1 Purchasing Department (excluding audiovisual rights) had retained its "Responsible Supplier Relations" accreditation until January 2016.

New three-year agreement on people with disabilities

As part of its ongoing policy of promoting job opportunities for people with disabilities, the TF1 group has signed a new agreement that applies to all Group companies. The main new feature of the 2014-2016 agreement (approved by DIRECCTE, the regional agency with responsibility for employment) is the introduction of specific leave (5 days, which can be split into half-days) for parents of disabled children.

The agreement also builds on the initiatives begun in the two previous agreements, in three areas:

- operating a proactive recruitment plan: the agreement calls for the hiring of 24 people (6 on fixed-term contracts of over 6 months, and 18 on sandwich course placements). Since the first agreement was signed in 2008, the TF1 group has recruited 91 disabled people (on permanent or fixed-term contracts);

- protecting the jobs of existing employees who have disabilities: 46% of registered disabled employees receive benefits financed by the *Mission Actions Handicap* fund;
- outsourcing activities to sheltered workplace organisations. Between 2009 and 2014, over €2 million of work was contracted out to such organisations.

2015 solutions: initiatives ahead of the COP 21 conference in Paris

On January 6, 2015, TF1 hosted a one-off conference to explore solutions to address climate change issues, to which the Group's business partners, advertisers, producers and suppliers were invited. At the event, moderated by Nonce Paolini, a series of guest speakers (Nicolas Hulot, Brice Lalonde, Jean-Pascal van Ypersele de

Strihou and Jean-Marc Jancovici) outlined the latest scientific findings and the currently available economic and diplomatic solutions.

In terms of editorial coverage, the TF1 News Department set up a specialist co-ordination unit at the end of 2014 bringing together environment and economics journalists, and also sought input from outside experts and climatologists in order to ramp up coverage throughout 2015. In addition, weather bulletins are often used to inform viewers about climate change and what they can do in practice to reduce their carbon footprint.

Finally, the Ushuaïa TV channel, which will celebrate its 10th anniversary in 2015, has prepared a series of 52-minute programmes that will focus on the international negotiations and the key issues involved.

Outlook

Although visibility remains poor, a combination of more favourable factors appears to be shaping up for the French economy in 2015, which could lead to a stabilisation of net revenue in the television advertising market.

In 2015, the TF1 group will continue to adapt its business model as it has done over the last few years, with the aim of improving profitability on two fronts:

- in revenue terms, by continuing to use its four free-to-air channels as the platform for an innovative offering built on strong brands and programmes, while taking advantage of all the opportunities provided by technology and digital;

- in cost terms, by optimising multi-channel exploitation of the Group's content while paying particularly close attention to the level of overheads.

This year, TF1 will once again draw on its many strengths to remain alert for new opportunities, accelerate the development of the Group, and participate in the debate on possible regulatory changes.

2014 consolidated financial statements

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

Consolidated balance sheet

ASSETS (€ million)	Note	Dec. 31, 2014	Dec. 31, 2013
Goodwill	6	473.8	473.8
Intangible assets	7	108.3	108.4
Audiovisual rights		46.8	48.0
Other intangible assets		61.5	60.4
Property, plant and equipment	8	176.3	190.0
Investments in joint ventures and associates	9	581.8	83.5
Non-current financial assets	11.3	29.2	17.6
Non-current tax assets		-	-
Total non-current assets		1,369.4	873.3
Inventories		694.3	679.1
Programmes and broadcasting rights	10	678.5	663.1
Other inventories		15.8	16.0
Trade and other debtors	11.4	1,136.6	1,126.3
Current tax assets		15.0	31.7
Other current financial assets		7.3	-
Cash and cash equivalents	11.5	501.4	289.3
Total current assets		2,354.6	2,126.4
Held-for-sale assets	4	-	645.6
TOTAL ASSETS		3,724.0	3,645.3
Net surplus cash (+) / Net debt (-)		497.0	256.1
<i>Net surplus cash of continuing operations</i>		497.0	188.9
<i>Net surplus cash of held-for-sale operations</i>		-	67.2

Consolidated balance sheet (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Note	Dec. 31, 2014	Dec. 31, 2013
Share capital	12.1	42.3	42.2
Share premium and reserves		1,548.4	1,524.5
Net profit/(loss) for the period attributable to the Group		412.7	137.0
Shareholders' equity attributable to the Group		2,003.4	1,703.7
Non-controlling interests		36.5	130.5
Total shareholders' equity		2,039.9	1,834.2
Non-current debt	14	-	1.2
Non-current provisions	15.1	48.4	40.8
Non-current tax liabilities	25.2	31.5	9.2
Total non-current liabilities		79.9	51.2
Current debt	14	4.4	99.2
Trade and other creditors	13.3	1,566.5	1,445.0
Current provisions	15.2	33.3	30.0
Current tax liabilities		-	16.2
Other current financial liabilities		-	3.8
Total current liabilities		1,604.2	1,594.2
Liabilities of held-for-sale operations	4	-	165.7
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		3,724.0	3,645.3

Consolidated income statements

(€ million)	Note	2014	2013
Advertising revenue		1,575.5	1,594.3
Other revenue		516.3	481.0
Revenue	16	2,091.8	2,075.3
Other income from operations		0.3	0.2
Purchased consumed and changes in inventory	17	(1,119.1)	(976.4)
Staff costs	18	(332.4)	(352.2)
External expenses	19	(362.4)	(368.1)
Taxes other than income taxes	20	(126.2)	(131.5)
Depreciation and amortisation, net		(55.4)	(61.4)
Provisions and impairment, net		10.0	(32.2)
Other current operating income	21	120.8	97.4
Other current operating expenses	21	(110.9)	(104.4)
Current operating profit/(loss)		116.5	146.7
Non-current operating income		-	-
Non-current operating expenses		-	-
Operating profit/(loss)		116.5	146.7
Income associated with net debt		1.2	0.6
Expenses associated with net debt		(0.1)	(0.2)
Cost of net debt	22	1.1	0.4
Other financial income	23	0.6	2.9
Other financial expenses	23	(0.3)	(2.1)
Income tax expense	25	(29.8)	(45.2)
Share of profits/(losses) of joint ventures and associates		15.0	0.5
Net profit/(loss) from continuing operations		103.1	103.2
Net profit/(loss) from discontinued or held-for-sale operations	26	315.9	48.5
Net profit/(loss)		419.0	151.7
attributable to the Group:		412.7	137.0
<i>Net profit/(loss) from continuing operations</i>		99.9	98.2
<i>Net profit/(loss) from discontinued or held-for-sale operations</i>		312.8	38.8
attributable to non-controlling interests:		6.3	14.7
<i>Net profit/(loss) from continuing operations</i>		3.2	5.0
<i>Net profit/(loss) from discontinued or held-for-sale operations</i>		3.1	9.7
Weighted average number of shares outstanding (in '000)		211,396	210,645
Basic earnings per share from continuing operations (€)		0.47	0.47
Diluted earnings per share from continuing operations (€)		0.47	0.47
Basic earnings per share from held-for-sale operations (€)		1.48	0.18
Diluted earnings per share from held-for-sale operations (€)		1.47	0.18

Statement of recognised income and expense

(€ million)	2014	2013
Consolidated net profit/(loss) for period	419.0	151.7
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	(6.3)	(3.0)
Net tax effect of equity items not reclassifiable to profit or loss	2.2	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 ⁽¹⁾	6.9	(5.7)
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	0.7	-
Net tax effect of equity items reclassifiable to profit or loss	(2.5)	2.1
Share of reclassifiable income and expense of joint ventures and associates recognised in equity	-	-
Income and expense recognised directly in equity ⁽²⁾	1.0	(5.6)
Total recognised income and expense	420.0	146.1
attributable to the Group	413.7	131.4
<i>attributable to non-controlling interests</i>	<i>6.3</i>	<i>14.7</i>

⁽¹⁾ Includes amounts reclassified to profit or loss: -€0.4 million in 2014, -€2.0 million in 2013

⁽²⁾ Includes -€0.2 million relating to discontinued or held-for sale operations in 2013

Consolidated statement of changes in equity

(€ million)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	Shareholders' equity attributable to the Group	Non-controlling interests	Consolidated shareholders' equity
BALANCE AT DECEMBER 31, 2012	42.1	-	-	1,635.2	(0.2)	1,677.1	117.0	1,794.1
Capital increase (share options exercised)	0.2	5.8	-	-	-	6.0	-	6.0
Share-based payment	-	-	-	0.6	-	0.6	-	0.6
Purchase of treasury shares	-	-	(3.3)	-	-	(3.3)	-	(3.3)
Cancellation of treasury shares	(0.1)	-	3.3	(3.3)	-	(0.1)	-	(0.1)
Dividends paid	-	-	-	(115.6)	-	(115.6)	(1.2)	(116.8)
Other transactions with shareholders	-	-	-	7.6	-	7.6	-	7.6
Total transactions with shareholders	0.1	5.8	-	(110.7)	-	(104.8)	(1.2)	(106.0)
Consolidated net profit/(loss) for period	-	-	-	137.0	-	137.0	14.7	151.7
Income and expense recognised directly in equity	-	-	-	-	(5.6)	(5.6)	-	(5.6)
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2013	42.2	5.8	-	1,661.5	(5.8)	1,703.7	130.5	1,834.2
Capital increase (share options exercised)	0.1	1.5	-	-	-	1.6	-	1.6
Share-based payment	-	-	-	0.6	-	0.6	-	0.6
Purchase of treasury shares	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	(116.2)	-	(116.2)	(8.7)	(124.9)
Other transactions with shareholders	-	-	-	-	-	-	-	-
Total transactions with shareholders	0.1	1.5	-	(115.6)	-	(114.0)	(8.7)	(122.7)
Consolidated net profit/(loss) for period	-	-	-	412.7	-	412.7	6.3	419.0
Income and expense recognised directly in equity	-	-	-	-	1.0	1.0	-	1.0
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	-	-	-	(91.6)	(91.6)
BALANCE AT DECEMBER 31, 2014	42.3	7.3	-	1,958.6	(4.8)	2,003.4	36.5	2,039.9

Refer to Note 12, "Consolidated shareholders' equity", for a breakdown of these changes.

Consolidated cash flow statement

(€ million)	Note	2014	2013
Net profit/(loss) from continuing operations (including non-controlling interests)		103.1	103.2
Depreciation, amortisation, provisions & impairment (excluding current assets)		50.1	64.9
<i>Intangible assets and goodwill</i>		31.5	39.0
<i>Property, plant and equipment</i>		17.8	23.9
<i>Financial assets</i>		(0.5)	-
<i>Non-current provisions</i>		1.3	2.0
Other non-cash income and expenses		(10.4)	(14.1)
Effect of fair value remeasurement		(4.1)	(0.8)
Share-based payment		0.6	0.6
Net (gain)/loss on asset disposals		(31.0)	(18.3)
Share of (profits)/losses and dividends of joint ventures and associates		(8.3)	(0.5)
Dividend income from non-consolidated entities		(0.2)	(1.0)
Sub-total		99.8	134.0
Cost of net debt		(1.1)	(0.4)
Income tax expense (including deferred taxes)		29.8	45.2
Operating cash flow		128.5	178.8
Income taxes (paid)/reimbursed		(33.1)	(48.8)
Change in operating working capital needs		12.7	(70.0)
Net cash generated by/(used in) operating activities		108.1	60.0
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(36.9)	(51.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.4	2.0
Cash outflows on acquisitions of financial assets		(9.3)	(3.4)
Cash inflows from disposals of financial assets		-	1.8
Effect of changes in scope of consolidation	28.2	306.0	6.0
<i>Purchase price of investments in consolidated activities</i>		-	-
<i>Proceeds from disposals of consolidated activities</i>		307.5	6.0
<i>Net liabilities related to consolidated activities</i>		-	-
<i>Other cash effects of changes in scope of consolidation</i>		(1.5)	-
Dividends received	28.2	30.4	1.0
Other cash flows from investing activities	28.2	25.5	53.3
Net cash generated by/(used in) investing activities		316.1	9.3
Cash received on exercise of share options		1.6	6.0
Purchases and sales of treasury shares		-	(3.3)
Other transactions between shareholders		-	-
Dividends paid during the period		(117.2)	(116.8)
Cash inflows from new debt contracted		-	0.2
Repayment of debt (including finance leases)	28.3	(2.6)	(4.6)
Net interest paid (including finance leases)		1.1	0.4
Net cash generated by/(used in) financing activities		(117.1)	(118.1)
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		307.1	(48.8)
Cash position at start of period – continuing operations	28.1	191.1	239.9
Change in cash position during the period – continuing operations		307.1	(48.8)
Cash position at end of period – continuing operations	28.1	498.2	191.1
CHANGE IN CASH POSITION – DISCONTINUED/HELD-FOR-SALE OPERATIONS:		2014	2013
Cash position at start of period – Discontinued or held-for-sale operations	4	69.6	13.9
Change in cash position – Discontinued or held-for-sale operations ^(a)	4	(34.5)	55.7
Deconsolidation of held-for-sale operations	4	(35.1)	-
Cash position at end of period – Discontinued or held-for-sale operations	4	-	69.6

(a) For a breakdown of these cash flows, see Note 4, "Held-for-sale operations".

Notes to the consolidated financial statements

The notes to the consolidated financial statements are presented in the full version of the financial statements, which can be accessed via the corporate website: go to [http://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-financiers?annee\[value\]\[year\]=2014](http://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-financiers?annee[value][year]=2014)

Diary dates

- **April 16, 2015:** Shareholders' Annual General Meeting
- **April 24, 2015:** ex-date for 2014 dividend
- **April 27, 2015:** date of record for 2014 dividend
- **April 28, 2015:** payment date for 2014 dividend
- **April 29, 2015:** 2015 first-quarter revenue and financial statements
- **July 23, 2015:** 2015 first-half revenue and financial statements
- **October 28, 2015:** 2015 9 months revenue and financial statements

These dates may be subject to change.

Télévision Française 1

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