# Financial Information

First 9 months of 2015

# Financial information for the first 9 months of 2015

# 1. Nine-Month Management Review

## 1.1. Consolidated results

### Financial indicators

*The results shown below are presented in accordance with IFRIC 21, "Levies", applied with effect from January 1, 2015 and also applied retroactively to the 2014 comparatives.*

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

| *(€ million)* | 9 months 2015 | 9 months 2014 | FY 2014 (12 months) | 9 months 2014 published |
|---|---|---|---|---|
| **Revenue** | 1,400.0 | 1,462.7 | 2,091.8 | 1,462.7 |
| *Group advertising revenue* | *1,082.2* | *1,093.1* | *1,575.5* | *1,093.1* |
| *Revenue from other activities* | *317 ,8* | *369.6* | *516.3* | *369.6* |
| Current operating profit/(loss) | 106.8 * | 30.7 | 116.5 | 31.8 |
| Operating profit/(loss) | 91.8 * | 30.7 | 116.5 | 31.8 |
| Net profit/(loss) attributable to the Group from continuing operations | 64.9 * | 30.2 | 99.9 | 30.9 |
| Operating cash flow ** | 103.9 | 69.2 | 128.5 | 70.3 |
| Basic earnings per share from continuing operations (€) | 0.31 | 0.15 | 0.47 | 0.15 |
| Diluted earnings per share from continuing operations (€) | 0.31 | 0.14 | 0.47 | 0.15 |
| Shareholders' equity attributable to the Group | 1,717.5 | 1,934.0 | 2,003.4 | 1,934.7 |
| Net surplus cash/(net debt) of continuing operations | 234.8 | 436.3 | 497.0 | 436.3 |

** Includes gain on deconsolidation of Eurosport France*
*** Before cost of net debt and income taxes*

| | 9 months 2015 | 9 months 2014 | FY 2014 (12 months) |
|---|---|---|---|
| Weighted average number of ordinary shares outstanding (in ‘000) | 211,374 | 211,366 | 211,396 |
| Closing share price at end of period (€) | 12.55 | 10.68 | 12.72 |
| Market capitalisation at end of period (€bn) | 2.7 | 2.3 | 2.7 |

## Income statement contributions – continuing operations

*The contributions shown below are presented in accordance with IFRIC 21, “Levies”, applied with effect from January 1, 2015 and also applied retroactively to the 2014 comparatives.*

| | Contribution to revenue | | | Contribution to current operating profit/(loss) | | | | Contribution to operating profit/(loss) | |
|---|---|---|---|---|---|---|---|---|---|
| *(€ million)* | 9 months 2015 | 9 months 2014 | FY 2014 | 9 months 2015 | 9 months 2014 | FY 2014 | 9 months 2014 published | 9 months 2015 | 9 months 2014 |
| **Broadcasting & Content** | **1,195.5** | **1,221.2** | **1,748.8** | **52.7** | **9.2** | **51.7** | **9.7** | **37.7** | **9.2** |
| Broadcasting | 1,130.7 | 1,142.1 | 1,638.8 | 39.4 | (5.1) | 36.0 | (4.6) | **24.4** | (5.1) |
| Content | 64.8 | 79.1 | 110.0 | 13.3 | 14.3 | 15.7 | 14.3 | **13.3** | 14.3 |
| **Consumer Products** | **145.7** | **140.7** | **209.6** | **10.5** | **10.3** | **14.8** | **10.4** | **10.5** | **10.3** |
| TF1 Vidéo | 36.4 | 34.9 | 56.4 | (0.3) | 0.4 | 1.0 | 0.4 | (0.3) | 0.4 |
| Home Shopping | 65.8 | 66.8 | 87.8 | 3.5 | 4.0 | 3.2 | 4.0 | 3.5 | 4.0 |
| TF1 Entreprises | 43.5 | 39.0 | 65.4 | 7.3 | 5.9 | 10.6 | 6.0 | 7.3 | 5.9 |
| **Pay-TV** | **58.8** | **93.5** | **125.2** | **32.8 *** | **(1.6)** | **1.5** | **(1.6)** | **32.8 *** | **(1.6)** |
| Eurosport France | 17.8 | 49.4 | 65.7 | 33.7 * | 1.1 | 4.1 | 1.1 | 33.7 * | 1.1 |
| Theme Channels France | 41.0 | 44.1 | 59.5 | (0.9) | (2.7) | (2.6) | (2.7) | (0.9) | (2.7) |
| **Holding company and other** | **0.0** | **7.3** | **8.2** | **10.8** | **12.8** | **48.5** | **13.3** | **10.8** | **12.8** |
| **TOTAL** | **1,400.0** | **1,462.7** | **2,091.8** | **106.8 *** | **30.7** | **116.5** | **31.8** | **91.8 *** | **30.7** |

* *Includes gain on deconsolidation of Eurosport France*

## Breakdown of Group advertising revenue (continuing operations)

| (€ million) | 9 months 2015 | 9 months 2014 | FY 2014 |
|---|---|---|---|
| | Contribution to advertising revenue | | |
| **Broadcasting & Content advertising** | **1,075.5** | **1,082.6** | **1,560.3** |
| Television | 1,025.5 | 1,026.1 | 1,476.7 |
| Other media | 50.0 | 56.5 | 83.6 |
| **Pay-TV advertising** | **6.7** | **10.5** | **15.2** |
| Eurosport France | 1.3 | 5.1 | 6.9 |
| Theme Channels France | 5.4 | 5.4 | 8.3 |
| **GROUP ADVERTISING REVENUE** | **1,082.2** | **1,093.1** | **1,575.5** |

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

| *(€ million)* | 9 months 2015 | 9 months 2014 | FY 2014 |
|---|---|---|---|
| **Total cost of programmes** | **673.1** | **721.5** | **994.0** |
| *Major sporting events* | **7.8** | *73.7* | *73.7* |
| **Total excluding major sporting events** | **665.3** | **647.8** | **920.3** |
| Entertainment/Gameshows/Magazines | 207.1 | 206.2 | 282.6 |
| Drama/TV movies/Series/Plays | 230.3 | 226.2 | 318.1 |
| Sport (excluding major sporting events) | 30.0 | 34.6 | 49.9 |
| News | 80.1 | 76.3 | 103.3 |
| Films | 108.3 | 93.1 | 150.1 |
| Children’s programmes | 9.5 | 11.4 | 16.3 |

# 1.2. Key events of the first nine months of 2015

### January

**January 6, 2015:** In anticipation of the "COP 21" climate conference to be held in Paris in December 2015, TF1 organises a one-off conference to explore climate change issues.

**January 19, 2015:** The TF1 and Canal+ groups announce that they have reached agreement on use of the broadcasting rights to the 2015 Rugby World Cup, which will take place in the United Kingdom between September 18 and October 31, 2015.

**January 27, 2015:** Expiry of the undertakings made by the TF1 group to the French Competition Authority following the acquisition of the TMC and NT1 channels in 2010.

### February

**February 18, 2015:** Ushuaïa TV celebrates its tenth anniversary.

### March

**March 17, 2015:** TF1 Publicité launches OneData. This new platform draws on extensive consumer data to offer advertisers better targeting of their campaigns.

**March 31, 2015:** Acquisition of 100% of Eurosport France by Eurosport SAS, a company owned 51% by Discovery Communications and 49% by the TF1 group.

### April

**April 13, 2015:** NBCUniversal, Mediengruppe RTL Deutschland and TF1 announce that they have entered into a unique international tripartite alliance to co-produce original US-style series.

### May

**May 1, 2015:** TF1 Vidéo launches its eCinéma brand, a premium digital service offering users access to feature films across the main VoD platforms as close as possible to general release in the movie's home country.

**May 19, 2015:** TMC and NT1 begin offering their programmes in high definition, in addition to standard definition. HD is available immediately across all the channel's output and throughout France, via the Fransat satellite bundle.

**May 21, 2015:** Announcement of plans to restructure Publications Metro France. Publication of the print edition of *Metronews* is to cease, but the digital business will continue with the aim of consolidating the position already built by the brand.

**May 26, 2015:** MYTF1 becomes the single digital brand for all four of the TF1 group's free-to-air channels, and extends its reach by offering content not previously shown on TV alongside the pay-to-view content accessible via MYTF1VOD.

### June

**June 17, 2015:** The *Conseil d'État* reverses the July 29, 2014 decision by the CSA (the French audiovisual regulator) to reject the application for LCI to switch to freeview.

**June 24, 2015**: At the "TV Notes" media awards, organised by puremedias.com, 20 Minutes and RTL, TF1 is chosen as a the favourite incumbent channel for the third year running.

### July

**July 22, 2015:** It is announced that TF1 and Discovery Communications have mutually agreed that TF1 will exercise its put option over its 49% interest in Eurosport and buy back from Discovery the latter's 20% interest in the pay-TV channels TV Breizh, Histoire and Ushuaïa.

### August

**August 31, 2015:** The TF1 group's Innovation Unit signs a partnership deal with Paris&Co (the city's economic development and innovation agency) to develop an incubator for ground-breaking start-ups.

### September

**September 4, 2015:** At the 17th annual *Grand Prix des Médias* event organised by CB News, the TF1 group wins an impressive six awards: best TV channel (TF1), best advertising airtime sales agency (TF1 Publicité), best entertainment show (*L'Emprise*), best TV news/documentary programme (*Le Petit JT*, LCI), best editorial/ journalistic scoop (report from Kobane, Syria), and best social media strategy (*Clem*, French drama).

**September 8, 2015:** The TF1 group submits four bids to the *Conseil Supérieur de l'Audiovisuel* (CSA), the French audiovisual regulator, in connection with the call for tenders to provide DTT and HD television services:

- the TMC channel, for broadcast in HD;
- the NT1 channel, for broadcast in HD;
- the LCI channel, for broadcast in free-to-air and HD;
- the Ha26 home shopping channel, in partnership with the M6 group.

**September 10, 2015:** The TF1 group retains its place in the DJSI World sustainable development stock market index.

**September 24, 2015:** TF1 launches a scheme to select the best business ideas submitted by students at the Epitech innovation and IT school. The scheme benefits the successful candidates by supporting them as they develop their projects, while also enabling TF1 to get in on the ground floor of exciting new projects.

# 1.3. Analysis of consolidated results

*Boulogne-Billancourt, October 28, 2015*

**Changes in accounting policy**

The TF1 group has applied IFRIC 21 for the first time in 2015, leading to a change in the timing of the recognition of levies. The impact of the resulting restatement is to reduce operating profit by €4.0 million for the first quarter of 2014, by €2.5 million for the first half of 2014, and by €1.1 million for the first nine months of 2014. There is no impact over 2014 as a whole.
For details of how IFRIC 21 is applied, see Note 2-2-1 to the consolidated financial statements.

## Revenue

Consolidated revenue for the first nine months of 2015 was €1,400.0 million, down €62.7 million (4.3%) year-on-year.

This mainly reflects the following factors:

- the effects of changes in the structure of the Group:
  - the deconsolidation with effect from March 31, 2015 of Eurosport France, which contributed revenue of €33.3 million in the second and third quarters of 2014 (including €16.1 million in the third quarter of 2014);
  - the deconsolidation with effect from October 30, 2014 of OneCast, which contributed revenue of €7.3 million in the first nine months of 2014 (including €2.4 million in the third quarter of 2014);
  - the shutdown on December 31, 2014 of the Stylía theme channel, which contributed revenue of €2.7 million in the first nine months of 2014 (including €0.9 million in the third quarter of 2014);
- a difference in the revenue generated by the resale of sports rights: €30 million from the resale of Football World Cup rights to beIN SPORTS in 2014, versus €13 million from the resale of Rugby World Cup rights to Canal+ in 2015.

After stripping out the effects described above, Group revenue was virtually unchanged year-on-year (-0.2%).

Third-quarter revenue was down 4.1% year-on-year at €419.3 million. After stripping out the effects described above, the fall was 2.7%.

*Advertising revenue*

Group advertising revenue for the first nine months of 2015 slipped by 1.0% (or €10.9 million) to €1,082.2 million. It comprised:

- €1,025.5 million of net advertising revenue for the Group's 4 free-to-air channels, virtually unchanged versus the comparable period of 2014 (-0.1%).

  The Group's DTT channels achieved better monetisation of their programming schedules, thanks largely to increased audience share at NT1 and HD1. This performance offset lower revenue for the TF1 core channel, which screened all 21 of its 2014 FIFA World Cup matches during June and July 2014, as opposed to the six pool matches from the Rugby World Cup that were shown in September 2015. With demand on an uptrend, and despite slippage in audience share over the period, TF1 maintained its strategy of not eroding the value of its advertising slots. These results demonstrate that the TF1 group's multi-channel strategy is the right one.

- €50.0 million of revenue generated by advertising on other Broadcasting & Content media, a drop of 11.5% (or €6.5 million) relative to the first nine months of 2014.
  Revenue was up for digital advertising and the third-party airtime sales business (which sells space for radio stations and TV channels from outside the TF1 group). This partly offset the sharp dip in revenue at Publications Metro France during the first nine months of 2015, reflecting lower advertising revenue in the first half and the shutdown of the print edition of the newspaper in July 2015.

- €6.7 million of advertising revenue from Pay-TV activities, down €3.8 million year-on-year due to the deconsolidation of Eurosport France from March 31, 2015.

Group advertising revenue for the third quarter was down 4.9% at €307.5 million.
After rising by 1.7% in the first half, advertising revenue for the free-to-air channels fell by 4.2% in the third quarter, largely due to a tough comparative in the third quarter of 2014.

*Non-advertising revenue*

Non-advertising revenue for the first nine months of 2015 was €317.8 million, down €51.8 million (14.0%) year-on-year, reflecting the following factors:

- the €39.9 million negative effect of changes in structure relating to Eurosport France (deconsolidated from March 31, 2015), OneCast (sold on October 30, 2014) and the Stylía channel (shut down on December 31, 2014);
- a difference in the revenue generated by the resale of sports rights: €30 million from the resale of Football World Cup rights to beIN SPORTS in 2014, versus €13 million from the resale of Rugby World Cup rights to Canal+ in 2015.

Lower interactivity revenues at e-TF1 were offset by a solid performance from TF1 Entreprises.

Third-quarter non-advertising revenue totalled €111.8 million, a drop of 1.8% (or €2.0 million).

## Cost of programmes and other current operating income/expenses

The cost of programmes for the TF1 group's four free-to-air channels for the first nine months of 2015 was €673.1 million, down €48.4 million year-on-year.

***Major sporting events***
The €73.7 million cost of broadcasting all 21 of the 2014 FIFA World Cup matches shown on TF1 was included in the September 2014 financial statements. This was partly offset by savings of €15.4 million on programmes replaced by World Cup matches in the programming schedules.
During the third quarter of 2015, the Group screened the first six matches in the Rugby World Cup, at a total cost of €7.8 million. Savings on programmes replaced in the schedules amounted to €3.3 million.

***Cost of programmes excluding major sporting events***
Excluding major sporting events, the cost of programmes for the first nine months of 2015 rose by €17.5 million to €665.3 million, including programmes broadcast in the slots occupied by FIFA World Cup matches in 2014. After taking account of the effect of programmes replaced by World Cup matches in 2014 and 2015, the rise was just €5.4 million). Against a backdrop of intense competition in terms of programming, and to compensate for the reduction in the number of World Cup matches broadcast, the Group screened more films than in the comparable period of 2014, adding €15.2 million to the cost of programmes. The cost of drama, TV movies and series was also higher, by €4.1 million. A makeover for the *Reportages* programme and a news-heavy start to 2015 pushed the cost of news programmes up by €3.8 million. The cost of entertainment, gameshow and magazine programmes rose marginally, by €0.9 million. On the plus side, the renegotiation of sports broadcasting rights generated cost savings of €4.6 million. Finally, there was a net saving of €1.9 million on children's programmes.

***Other expenses and depreciation, amortisation and provisions***
Other expenses and depreciation, amortisation and provisions fell by a total of €90.4 million in the first nine months of 2015. This marked drop was attributable mainly to:

- the effects of changes in structure, relating to the deconsolidation of Eurosport France (100% of which was sold to Eurosport SAS on March 31, 2015) and to OneCast and Stylía;
- the gain arising on the deconsolidation of Eurosport France;
- differences in the cost of resold sports rights (net of reversals of provisions) relating to the 2014 FIFA World Cup and the 2015 Rugby World Cup.

Apart from these effects, additional costs were incurred in "Other expenses" as a result of the development of the Content and Consumer Products businesses.

In the third quarter, other expenses and depreciation, amortisation and provisions fell by €22.2 million, representing a saving of €35.2 million after stripping out the cost of the resold Rugby World Cup Rights (net of provisions). These savings reflect the changes in structure relating to Eurosport France, OneCast and Stylía, plus the shutdown of the print edition of the *Metronews* newspaper and positive foreign exchange effects.

## Current operating profit

The TF1 group made a current operating profit of €106.8 million in the first nine months of 2015, a year-on-year rise of €76.1 million.
This figure includes the gain arising on the deconsolidation of Eurosport France, and the effect of the two World Cups.

As a result, current operating margin reached 7.6%, a year-on-year improvement of 5.5 points.

In the third quarter of 2015, current operating profit advanced by €0.5 million despite the €15.7 million fall in advertising revenue.

## Operating profit

A charge of €15.0 million (including €3.1 million booked in the third quarter) has been recognised in "Non-current operating expenses" for restructuring costs incurred by the TF1 group's news operations. Most of this relates to the discontinuation of the print edition of *Metronews*.

Consequently, the TF1 group reported an operating profit of €91.8 million in the first nine months of 2015, up €61.1 million year-on-year.

## Net profit

Cost of net debt was positive €0.8 million in the first nine months of 2015, as the Group ran a net cash surplus during the period.

Other financial income and expenses showed a €0.3 million net loss, mainly on remeasurements of derivative financial instruments.

Income tax expense was €26.3 million, up €15.8 million year-on-year. This reflected not only the improvement in operating profit but also a higher level of dividend taxes, in line with the increase in the dividend payout..

Joint ventures and associates made a contribution of €1.3 million in the first nine months of 2015. This represents a year-on-year fall of €9.2 million, resulting from a reduction in the share of the net profit of the Eurosport group. Since March 31, 2015, Eurosport France has been part of the Eurosport group.

Net profit attributable to the Group from continuing operations for the period was up €34.7 million at €64.9 million.

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

Net profit attributable to non-controlling interests amounted to €2.4 million in the first nine months of 2015.

## Financial position

Shareholders' equity attributable to the Group was €1,717.5 million as of September 30, 2015, out of a balance sheet total of €3,255.0 million.

Net cash of continuing operations as of September 30, 2015 was €234.8 million, versus €497.0 million as of December 31, 2014. The cash position at end September reflects:

- the dividend payout of €317.3 million in the first half of 2015;
- share buybacks of €40.0 million.

As of September 30, 2015, TF1 had confirmed bilateral credit facilities totalling €905.0 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.

## Events after the reporting period

Further to the agreements entered into on July 22, 2015 as described in Note 1 to the condensed consolidated financial statements, "Significant Events", TF1 completed the following transactions on October 1, 2015:

- the sale of its 49% interest in the Eurosport group to Discovery Communications for €490.5 million;
- the repurchase from Discovery Communications, earlier than initially planned, of the latter's 20% interest in the pay-TV channels TV Breizh, Histoire and Ushuaïa for €14.6 million.

# 1.4. Segment information

## 1.4.1 BROADCASTING AND CONTENT

| Revenue (€m) | 9m 2015 | 9m 2014 | Chg % |
|---|---|---|---|
| **Broadcasting** | **1,130.7** | **1,142.1** | **-1.0%** |
| Advertising: 4 free-to-air channels | 1,025.5 | 1,026.1 | -0.1% |
| Advertising: other activities | 50.0 | 56.5 | -11.5% |
| Other revenue | 55.2 | 59.5 | -7.2% |
| **Content** | **64.8** | **79.1** | **-18.1%** |
| **Broadcasting & Content** | **1,195.5** | **1,221.2** | **-2.1%** |

| Current operating profit/(loss) (€m) | 9m 2015 | 9m 2014 | Chg €m |
|---|---|---|---|
| **Broadcasting** | **39.4** | **(5.1)** | **+44.5** |
| **Content** | **13.3** | **14.3** | **(1.0)** |
| **Broadcasting & Content** | **52.7** | **9.2** | **+43.5** |

Broadcasting & Content segment revenue for the first nine months of 2015 was down 2.1% at €1,195.5 million.

The segment posted a current operating profit of €52.7 million, up €43.5 million year-on-year.
For the record, the operating profit from Broadcasting activities includes the cost of the first six Rugby World Cup matches in 2015, as opposed to all of the 21 matches screened during the 2014 FIFA World Cup. In addition, operating profit from Content activities was boosted in 2014 by the success of the movie *Qu'est-ce qu'on a fait au Bon Dieu?*

### Broadcasting

In the first nine months of 2015, Broadcasting activities generated revenue of €1,130.7 million (down 1.0%), comprising:

- advertising revenue for the four free-to-air channels of €1,025.5 million, virtually unchanged year-on-year (-0.1%);
- advertising revenue from other activities of €50.0 million, down 11.5% year-on-year, reflecting lower revenues in the first half followed by the shutdown of the paper edition of the *Metronews* newspaper on July 3, 2015;
- €55.2 million of non-advertising revenue, down 7.2% on weaker interactivity revenue.

Current operating profit for the period amounted to €39.4 million, a year-on-year improvement of €44.5 million, mainly as a result of the different impact of the Rugby World Cup (in 2015) and Football World Cup (in 2014) on the cost of programmes in the first nine months of the year.

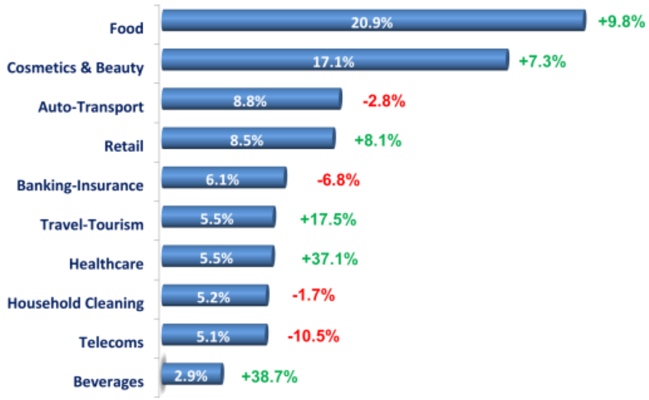
*Advertising revenue*[1]

To end September 2015, gross plurimedia advertising spend (i.e. before rebates and excluding the internet) rose by 0.9% year-on-year to €18.0 billion, following a 1.3% rise in the first quarter:

- Television remained the no.1 medium in terms of advertising spend and achieved the strongest growth during the period, rising by 6.5% to €7.7 billion.
  Spend on free-to-air DTT continues to grow at a rapid pace (8.4%), driven by increased penetration of the six new channels launched in December 2012. Gross revenues for the incumbent channels rose by 5.6%.
- Print media recorded further shrinkage in gross spend, which fell by 7.8% year-on-year to €4.7 billion.
- Radio saw gross revenue rise by 2.7% to €3.4 billion.
- Outdoor advertising fell by 0.9% year-on-year to €1.9 billion, while cinema advertising was up 5.1% at €278.1 million.

The TF1 group's free-to-air channels reported a 5.0% year-on-year increase in gross revenue relative to the first nine months of 2014.

Trends in gross advertising spend for those four channels during the first nine months of 2015 are shown below.




*Source: Kantar Media, January-September 2015 vs. January-September 2014.*

[1] 2015 plurimedia spend excluding sponsorship and internet (5 media)

Advertising revenue for the Group's four free-to-air channels was virtually unchanged year-on-year over the first nine months of 2015 (-0.1%), but fell by 4.2% in the third quarter.

The Group's DTT channels achieved better monetisation of their programming schedules, thanks largely to increased audience share at NT1 and HD1. This performance offset lower revenue for the TF1 core channel, which screened all 21 of its 2014 FIFA World Cup matches during the period to end September 2014, as opposed to the six pool matches from the Rugby World Cup shown in the period to end September 2015. With demand on an uptrend, and despite slippage in audience share over the period, TF1 maintained its strategy of not eroding the value of its advertising slots. These results demonstrate that the TF1 group's multi-channel strategy is the right one.

Advertising revenue from other activities was down 11.5% year-on-year, reflecting lower revenues in the first half followed by the shutdown of the paper edition of the *Metronews* newspaper on July 3, 2015.
However, both digital advertising and third-party airtime sales posted revenue growth in the first nine months of 2015.

- **Free-to-air channels**[1]

***Market***

Average daily TV viewing time during the first nine months of 2015 among individuals aged 4 and over was 3 hours 39 minutes, 1 minute more than in the comparable period of 2014.
Among "women aged under 50 purchasing decision-makers", average daily viewing time was 3 hours 33 minutes, 1 minute less than a year earlier. Since October 2014, these figures have included catch-up consumption on IPTV. However, they do not include time spent watching live or catch-up television on other devices (e.g. computers, tablets and smartphones), or outside the home on any device.

Rollout of the six new HD DTT channels launched on December 12, 2012 is ongoing. The channels were potentially receivable in 82.4% of the French population as of September 30, 2015. During the first nine months of 2015, these channels had a combined audience share of 5.5% among individuals aged 4 and over, rising to 7.1% among "women aged under 50 purchasing decision-makers". This compares with 3.7% and 4.9% respectively in the first nine months of 2014.

***Audiences***

In this more competitive marketplace, TF1 is striving to offer programming that:

- offers a perfect fit between the Group's four channels;
- is tailored to seasonal patterns in the advertising market;
- maintains a substantial audience share gap over rival broadcasters;
- delivers high-impact content in slots with strong monetisation potential;
- is attractive to advertisers' target markets.

The success of this approach is reflected in the average prime time audience share of the Group's four free-to-air channels among the key target market of "women aged under 50 purchasing decision-makers", which at 36.3% is 13.2 points ahead of the closest private-sector rival, 0.5 of a point more than it was a year ago.

However, the average audience share over the day as a whole among individuals aged 4 and over fell 1.2 points to 27.6%, reflecting particularly intense competitive pressures and the tough prior-year comparative arising from the screening of 21 matches from the 2014 FIFA World Cup.

**TF1**

TF1 is still the undisputed leader among French television channels. The channel's audience share among individuals aged 4 and over was 21.3%; this compares with 22.9% in the first nine months of 2014, when audience figures were boosted by the 2014 FIFA World Cup.
Among "women aged under 50 purchasing decision-makers", the audience share in the first nine months of 2015 was 23.5%, versus 24.9% a year earlier. The gap between TF1 and its nearest private-sector rival in this key target market is 8.3 points.

Constant innovation is helping TF1 confirm its unique position and status as the must-see channel. During the first nine months of 2015, it was the only channel to attract more than 8 million viewers, a feat it achieved on 27 occasions. During the period, four programmes on the TF1 channel drew more than 9 million viewers, and one attracted over 11 million. In addition, 118 of the channel's programmes pulled in over 7 million viewers (against just one for all of the rival channels combined), and the channel captured all of the top 40 audience ratings during the first nine months of 2015.

[1] Source: Médiamétrie – Médiamat.

The TF1 channel attracted an average prime time audience of 5.2 million to end September 2015, and was the most-watched channel for 87% of prime time programmes.

The channel retained its no.1 ranking across all genres:

**Entertainment:** *Les Enfoirés* was watched by 11.4 million viewers on March 13, the biggest audience so far this year, with a 54% audience share among "women aged under 50 purchasing decision-makers". The fourth season of *The Voice* attracted up to 8.8 million viewers. The audience for *C'est Canteloup* reached a peak of 9.0 million, and an average of 7.3 million every evening.

**American series:** The new season of *Mentalist* was watched by up to 8.6 million viewers, with an average 30% audience share among "women aged under 50 purchasing decision-makers". *Person of Interest* attracted up to 7.3 million viewers. The new series *Forever* was also a great success, averaging 6.2 million viewers and a 36% audience share among "women aged under 50 purchasing decision-makers".

**French drama:** The renaissance of this genre continues. *L'emprise* attracted 9.8 million viewers, the best audience for a drama since October 2007. The series *Clem* recorded the best viewing figures since its launch, pulling in up to 7.2 million viewers.

**Movies:** *Contagion* drew the biggest audience for a movie in 2015 to date, with 7.3 million viewers.
*Un plan parfait* was watched by 6.5 million people.

**News:** The TF1 channel's regular news bulletins are still the most watched in Europe. The evening bulletin drew up to 10.2 million viewers, and the lunchtime bulletin up to 7.2 million.

**Sport:** The final of the World Handball championship between France and Qatar was watched by 9.1 million viewers on TF1.
The audience for this year's major sporting event, the Rugby World Cup, averaged 9.4 million for the pool matches involving France.

### TMC

TMC, which ranked 5th among French nationwide channels in prime time in the first nine months of 2015, had an audience share of 3.1% among individuals aged 4 and over and 3.5% among "women aged under 50 purchasing decision-makers" (down 0.1 of a point year-on-year in both cases).

The channel's prime time audience averaged 700,000. Prime time movies proved especially popular, with an average audience of one million. The best performer was *Narnia 2*, which was watched by 1.5 million people. TMC also has excellent ratings for magazines with up to 1.1 million viewers for *90' enquêtes,* and also for American series with up to 1.3 million viewers for *CSI:NY* (French title: *Les experts Manhattan*).
TMC also set a new audience record for the channel when 3.3 million people watched the semi-final of the World Handball Championship.

### NT1

During the first nine months of 2015, NT1 had an average audience share of 2.0% among individuals aged 4 and over (up 0.2 of a point), rising to 3.1% among "women aged under 50 purchasing decision-makers" (up 0.3 of a point).
This places NT1 4th among DTT channels for "women aged under 50 purchasing decision-makers"; the channel has an average prime time audience of 500,000. NT1 is a particularly big hitter in movies, attracting up to 1.5 million viewers with *Men in Black 3*, the best audience figures posted by NT1 in 2015 to date.
NT1 is also performing very well in entertainment, in particular *Secret Story*: the excellent average audience of 0.8 million viewers for the first-run access prime time episode propelled the channel to the no.3 slot among "women aged under 50 purchasing decision-makers" and the no.1 slot for the 15-24 age bracket. Finally, American series also ranked highly, especially *Grey's Anatomy*, which enabled NT1 to occupy the no.4 slot among "women aged under 50 purchasing decision-makers" when it was broadcast.

### HD1

Launched in December 2012, HD1 is the market leader among the six new HD channels.
The channel, dedicated to all forms of narrative, achieved an audience share of 1.2% among individuals aged 4 and over in the first nine months of 2015 (up 0.3 of a point), rising to 1.8% among "women aged under 50 purchasing decision-makers" (a marked rise of 0.5 of a point).

HD1 was the only HD DTT channel to attract an average prime time audience of 300,000, thanks to French drama (*Section de recherches*, which set a new record for the channel with 817,000 viewers); movies (*The Descendants*, 788,000 viewers); and American series such as *House* (French title: *Dr House*) which took an audience share of up to 3.5% among “women aged under 50 purchasing decision-makers”.

HD1 is clearly building on its successful launch, and is set for further progress as its geographical rollout continues.

- **e-TF1**

TF1 is pressing on with its digital innovation strategy, working closely with the Group’s TV channels. A new version of the MYTF1 site was launched on May 26, 2015, uniting the digital offerings of the four free-to-air channels in a single brand and also providing a premium bundle of 100% digital content. The site’s responsive design means it can work across all devices, and offers an attractive showcase for advertisers as they face new challenges.
Online continues to perform very well. The TF1 group still ranks 4th for the number of videos watched, alongside the major multinationals[1].
Consumption of MYTF1 video content on IPTV is still showing strong growth. Since non-linear IPTV audience measurement was introduced in October 2014, MYTF1 has been the market leader in video consumption, and also holds the record for the biggest IPTV audience for a single programme with *L’emprise* (936,000 viewers on IPTV).

During the first half of 2015, e-TF1 launched the TFOU MAX subscription-based kids’ video offering, either as part of a pay-TV bundle or as a stand-alone service.

Overall, revenue slipped by 3.4% during the period to €72.1 million, as growth in advertising revenue failed to compensate for lower interactivity revenue.
Current operating profit for the Pay-TV segment rose by €1.4 million year-on-year, to €15.5 million. As a result, current operating margin reached 21.5%, a year-on-year improvement of 2.6 points.

- **Other media**

### Publications Metro France

On May 21, 2015, Publications Metro France announced a restructuring plan to address the unrelenting crisis in the advertising market in recent years. This plan involved discontinuing the print edition of the *Metronews* newspaper with the loss of 60 jobs. The objective is to consolidate the brand’s existing positions in the digital market.

Consequently, revenue for Publications Metro France was 2.2 times lower year-on-year in the first nine months of 2015.

### TF1 Publicité (third-party airtime sales)

Third-party airtime sales (for radio stations and non-Group TV channels) posted 4.9% revenue growth in the first nine months of 2015.

## Content

Revenue from the Content business was down 18.1% at €64.8 million. This year-on-year drop of €14.3 million was mainly due to the difference in the amount generated by the resale of sports rights for the two World Cups (€30 million for the 2014 FIFA World Cup, versus €13 million for the 2015 Rugby World Cup).
Current operating profit was €13.3 million, versus €14.3 million a year earlier, when profits were boosted by the movie *Qu’est ce qu’on a fait au bon Dieu?*

- **TF1 Droits Audiovisuels**

To end August 2015, footfall in French cinemas was nearly 5% lower year-on-year. French films accounted for an estimated 34.4% of the market over this period, against 45.7% in 2014[2].

During the first nine months of 2015, the cinema distribution arm of TF1 Droits Audiovisuels increased its revenue thanks to the international distribution of *Qu’est-ce qu’on a fait au bon Dieu?*. Five films went on general release in the first nine months of 2015 (two fewer than in the comparable period of 2014): *Les souvenirs*, *Comme un avion, Suite française, Les profs 2* and *Dheepan,* winner of the Palme d’Or at the 2015 Cannes Film Festival.

[1] Source: Médiamétrie NetRatings – August 2015

[2] Source: CNC, estimated cinema footfall to end August 2015.

The catalogue business was boosted by the success of the *Profilage* series in the export market.
Consequently, both revenue and operating profit increased in the first nine months of 2015.

- **TF1 Production**

TF1 Production's revenue contribution increased in the first nine months of 2015, driven mainly by live shows (especially the *Prêtres* tour).
In the first nine months of 2015, 386 hours of programmes were delivered to the Group's channels, versus 438 hours a year earlier. These figures reflect a tough prior-year comparative (9th season of the drama series *RIS*, 11 episodes of *Crossing Lines*, and production of the 2014 FIFA World Cup coverage with 28 matches screened). However entertainment, scripted reality shows and cartoons (with the *Mini Ninjas* series) all experienced growth during the period.

Nine-month operating profit at TF1 Production was stable year-on-year.

- **TF1 Films Production**

During the first nine months of 2015, 11 films co-produced by TF1 Films Production went on general release (versus 13 in the first nine months of 2014), attracting a combined total of 9.1 million box office entries (versus 30.4 million a year earlier).

Four TF1 Films Production films attracted more than one million cinema-goers, including *Les profs 2*, which was the leading French movie in terms of box-office entries with 3.5 million.

Overall, TF1 Films Production made a much lower contribution to revenue and current operating profit than a year earlier, mainly due to the tough comparative caused by the massive box office success of *Qu'est-ce qu'on a fait au bon Dieu?* in 2014.

## 1.4.2 CONSUMER PRODUCTS

| Revenue (€m) | 9m 2015 | 9m 2014 | Chg % |
|---|---|---|---|
| TF1 Vidéo | 36.4 | 34.9 | +4.3% |
| Home Shopping | 65.8 | 66.8 | -1.5% |
| TF1 Entreprises | 43.5 | 39.0 | +11.5% |
| **Consumer Products** | **145.7** | **140.7** | **+3.6%** |

| Current operating profit/(loss) (€m) | 9m 2015 | 9m 2014 | Chg €m |
|---|---|---|---|
| TF1 Vidéo | (0.3) | 0.4 | (0.7) |
| Home Shopping | 3.5 | 4.0 | (0.5) |
| TF1 Entreprises | 7.3 | 5.9 | +1.4 |
| **Consumer Products** | **10.5** | **10.3** | **+0.2** |

Consumer Products segment revenue for the first nine months of 2015 reached €145.7 million, up 3.6% year-on-year. Operating profit improved by €0.2 million to €10.5 million.

### TF1 Vidéo

TF1 Vidéo posted a 4.3% rise in revenue in the first nine months of 2015, to €36.4 million, and an operating loss of €0.3 million.

The French physical video market is still contracting (down 16.0% to end August 2015), while the overall digital market (VoD, EST and SVoD) grew by 7.0% year-on-year in the first half of 2015[1].

At TF1 Vidéo, revenue has been on an uptrend since the start of the year thanks to further growth in VoD, the all-rights exploitation of films like *Maya the Bee* (French title: *La grande aventure de Maya l'abeille*) and *Joker*, and the launch of the eCinéma label for films that go straight to VoD instead of general release in cinemas.

However, TF1 Vidéo saw a fall in revenue in the third quarter of 2015, due to the unfavourable comparative caused by the DVD release of the film *Qu'est-ce qu'on a fait au bon Dieu?* in the third quarter of 2014.

The decline in profitability at TF1 Vidéo during the first nine months is explained by technical and marketing costs associated with all-rights exploitation.

[1] Source: GFK, data to end August 2015 for the physical market, to end June 2015 for digital.

## Home Shopping

The Home Shopping business generated revenue of €65.8 million in the first nine months of 2015, down 1.5% year-on-year. The number of orders booked by the flagship Téléshopping brand was slightly lower than a year earlier. However, other activities reported further growth, both in the Infomercials partnership with Venteo and the retail stores business (which in September 2015 opened a seventh outlet, in Strasbourg).

Current operating profit for the first nine months of 2015 was €3.5 million, down €0.5 million year-on-year.

## TF1 Entreprises

Revenue at TF1 Entreprises surged by 11.5% year-on-year to €43.5 million in the first nine months of 2015. All of the businesses performed well:

The Licences business has been lifted since the start of the year by the launch of the Française des Jeux/Koh Lanta scratchcard, but is facing tough competition in kids' brands and less favourable programming schedules than in 2014.

The Games business is being boosted by sales of *Chrono Bomb*, both in France and internationally, and by new releases (*Tresor Detector* and *Saut' Qui Peut*).

Publishing continues to be a success, thanks to the *Tintin* collection and international activities.

Finally, the Music business has been helped by good results in music publishing (*NRJ Music Awards, Calogero*, etc.), while the *Harry Potter* exhibition attracted over 470,000 visitors.

Current operating profit reached €7.3 million, up €1.4 million year-on-year.

## 1.4.3 PAY-TV[1]

| Revenue (€m) | 9m 2015 | 9m 2014 | Chg % |
|---|---|---|---|
| **Eurosport France** | **17.8** | **49.4** | **ns** |
| Advertising | 1.3 | 5.1 | ns |
| Other revenue | 16.5 | 44.3 | ns |
| **Theme Channels France** | **41.0** | **44.1** | **-7.0%** |
| Advertising | 5.4 | 5.4 | 0.0% |
| Other revenue | 35.6 | 38.7 | -8.0% |
| **Pay-TV** | **58.8** | **93.5** | **-37.1%** |

| Current operating profit/(loss) (€m) | 9m 2015 | 9m 2014 | Chg €m |
|---|---|---|---|
| **Eurosport France** | **33.7** | **1.1** | **+32.6** |
| **Theme Channels France** | **(0.9)** | **(2.7)** | **+1.8** |
| **Pay-TV** | **32.8** | **(1.6)** | **+34.4** |

Eurosport France was sold to Eurosport SAS on March 31, 2015, but continued to be consolidated until that date.
Pay-TV segment revenue for the first nine months of 2015 was down €34.7 million at €58.8 million, reflecting the fact that the revenue from Eurosport France was no longer consolidated in the second and third quarters of 2015.

Current operating profit for the period, which includes the gain arising on the deconsolidation of Eurosport France, reached €32.8 million, versus the €1.6 million loss reported a year earlier.

## Eurosport France

Eurosport France was included in the consolidation up to and including March 31, 2015, the date on which Eurosport SAS acquired 100% of its capital.
Only the revenue generated by Eurosport France in the first quarter of the year (€17.8 million) is included in the 2015 nine-month figure.
Operating profit amounted to €33.7 million, including the current operating result for the first quarter and the gain arising on the deconsolidation of Eurosport France.
Over the first nine months of 2014, Eurosport generated revenue of €49.4 million and an operating profit of €1.1 million.

[1] Source: Médiamat'Thématik (wave 29, January-June 2015), Pay-TV universe, except for cumulative Pay-TV channel figures: Médiamat – to end September 2015.

## Theme Channels France

French pay-TV channels as a whole attracted an audience share of 10.1% to end September 2015, versus 10.8% a year earlier. Pay-TV offerings are facing competition from the continuing growth of free-to-air DTT.

The TF1 group's theme channels generated revenue of €41.0 million in the first nine months of 2015, down 7.0% (or €3.1 million) year-on-year. The main impact was the €2.7 million in lost revenue resulting from the shutdown of the Stylía channel on December 31, 2014.

The French theme channels posted an operating loss of €0.9 million, versus a €2.7 million loss a year earlier, thanks to an improvement in the cost base and the shutdown of Stylía (which posted a slight loss in the first nine months of 2014).

On October 1, 2015 the TF1 group announced that under the terms of its partnership with Discovery Communications it had completed the repurchase of Discovery's 20% equity interest in the Histoire, Ushuaïa and TV Breizh. With effect from that date, the Group owns 100% of the three channels (see Note 15 to the condensed consolidated financial statements).

- **LCI**

LCI's editorial stance remains focused on analysis and explanation of news stories. The channel continues to offer strong brands like *Le Club LCI* and the first news programme for kids, *Le petit JT*. The channel had an audience share of 0.4% of individuals aged 4 and over to end June 2015.
LCI saw a drop in revenue over the first nine months of the year. However, cost reductions enabled the channel to peg its operating losses.

LCI is still accessible on DTT pay-TV, and renewed its distribution agreements with the operators for 2015.
On June 17, 2015, the *Conseil d'État* overturned on procedural grounds the July 29, 2014 decision by the CSA (the French audiovisual regulator) to reject the application for LCI to switch to freeview. Consequently, the CSA has begun a reassessment of the LCI application. A hearing with LCI's representatives was held on September 14, and the CSA is due to deliver its conclusions before the end of 2015.

- **TV Breizh**

As the leading general interest mini-channel among viewers with access to an extended bundle of programmes, TV Breizh confirmed its role as a leading player in pay-TV. To end June 2015, the channel had an audience share of 1.3% among individuals aged 4 and over and 1.4% among "women aged under 50 purchasing decision-makers".

Thanks to this performance, TV Breizh posted revenue growth in the first nine months of 2015. Profitability has also improved year-on-year thanks to editorial repositioning and optimisation of programming costs.

- **Histoire and Ushuaïa**

Histoire and Ushuaïa had a combined audience share of 0.3% among individuals aged 4 and over to end June 2015.

Although revenue for these two channels rose during the first nine months of the year, revenue for the "Découverte" unit was down slightly year-on-year due to the shutdown of the Stylía channel on December 31, 2014. The unit improved its operating profit relative to the first nine months of 2014.

Ushuaïa TV increased its audience share among individuals aged 4 and over by 16% year-on-year to end June 2015, vindicating an editorial policy emphasising adventure and discovery. The channel celebrated its tenth anniversary in March 2015, and is highlighting environmental issues throughout the year ahead of the 2015 Paris Climate Conference.
Histoire is continuing to focus on its editorial policy and on building awareness of its brand as the gold standard history channel on cable, satellite and ADSL.

## 1.4.4 HOLDING COMPANY AND OTHER

| Revenue (€m) | 9m 2015 | 9m 2014 | Chg % |
|---|---|---|---|
| Holding company and other | 0.0 | 7.3 | -100.0% |

| Current operating profit/(loss) (€m) | 9m 2015 | 9m 2014 | Chg €m |
|---|---|---|---|
| Holding company and other | 10.8 | 12.8 | (2.0) |

On October 30, 2014 the TF1 group sold its OneCast transmission business, previously included in the "Holding Company and Other" segment.
In 2015, this segment generates no revenue. Current operating profit for the period, which now derives solely from property entities, amounted to €10.8 million.

# 1.5. Corporate social responsibility

### Solidarity

The TF1 group marked National Illiteracy Action Day on September 7, 2015 by attending an event hosted by the B.A.ba Solidarité charity, alongside its co-founders L'Oréal, Orange, SNCF, Manpower, La Poste and Publicis. The objective of the event was to raise corporate awareness of this poorly understood and at times taboo subject, and identify areas where concrete action can be taken. A founder member of B.A.ba Solidarité, the TF1 group has been involved in tackling illiteracy since 2013, with 70 of its employees providing literacy support to over 30 employees of Samsic, the Group's cleaning contractor.

### Promoting social mobility

At the end of September 2015, HD1 produced a pilot episode of a comedy that sprang from a highly unusual partnership. The 26-minute episode, entitled *Zadig et ta mère*, takes a wryly humorous look at the daily lives of two families from widely differing backgrounds who end up living together in a working-class suburb.
It emerged from a partnership between HD1, PM (a drama production company that has worked with TF1 for many years), the TF1 Enterprise Foundation, and the CGET (a French government agency promoting equality between regions).
Launched in January 2015, the project enabled four young people from deprived neighbourhoods to be coached in screenwriting techniques by two professional writers. It has culminated in this pilot episode, featuring a star-studded cast (including Hélène de Fougerolles, Eric Berger, Marie Béraud, Tatiana Rojo, Gwendal Marimoutou, Emir Seghir, Emmanuel Patron) and directed by Sophie Boudre.

### DJSI

The TF1 group has retained its place in the Dow Jones Sustainability (DJSI) World and Europe indices, the most highly regarded socially responsible investment indices in the world. The Group's sustainability results show substantial progress on social, environmental and responsible purchasing issues.

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

In addition to carrying content relating to the imminent COP 21 conference on its channels, the TF1 group is combining with its partners on a number of climate-related issues. July 2015 saw the distribution of a special "green" issue of REF, the TF1 Publicité magazine, wholly dedicated to sustainable development. On September 30, TF1 Publicité hosted the launch of the French version of Thomas Kosler's book *Goodvertising*, in association with Sidièse (the agency that supplied the French translation) and ADEME (the French environment and energy management agency). *Goodvertising* promotes advertising that is not only creative, but also sustainable.
On September 3, the TF1 Events subsidiary organised an event for the Climate Club, a group of French SMEs that adhere to the Global Compact. This included making videos for a new internet platform showcasing French SMEs that are proposing innovative solutions to combat climate change.
News bulletins on the TF1 core channel have stepped up their coverage of climate change issues: over 500 reports on the subject were broadcast in the first nine months of the year, focusing on solutions offered by science, business, politicians and ordinary people.

TFOU has launched its 6th annual animation competition with a new eco-friendly theme: "*LE MONDE SERA PLUS BEAU, SI LA TERRE A MOINS CHAUD"* ("A COOLER WORLD, A BETTER WORLD". This competition, designed to spot new talent in the field of animation, illustrates the commitment of the creative team in the TF1 kids' programming department to raise children's awareness of global warming. Organised jointly with the SACD (the French Society of Authors) and in association with Ushuaïa TV, the 2015/16 competition is intended to promote the protection of the planet and to encourage children to get involved.

### Innovation

On September 24, 2015, the TF1 Innovation Unit signed a partnership deal with Epitech, a specialist innovation and IT school. This involves developing an undergraduate admissions course in support of entrepreneurial projects developed by Epitech 5th-year students in disciplines relevant to TF1. The future start-up entrepreneurs will be mentored by staff from TF1, who will provide support and coaching in areas such as marketing, design, finance and law. This initiative will enable TF1 to get in on the ground floor of exciting new projects, accelerating the pace of innovation within the Group.

### *Journées du patrimoine*

On September 19 and 20, 2015, TF1 marked the *Journées du patrimoine* national heritage days by opening its premises to the public. Around fifty employees threw themselves into the role of tour guide for a day, showing the 2,620 visitors around the building.

# 1.6. Human resources update

As of September 30, 2015 the TF1 group had 2,572 employees on permanent contracts, versus 2,724 a year earlier and 2,694 (including Eurosport France) as of December 31, 2014.

# 1.7. Stock market performance

TF1 shares closed at €12.55 per share on September 30, 2015, 17.5% higher than the closing price on September 30, 2014.

Over the same period, the CAC 40 and SBF 120 rose by 0.9% and 2.1% respectively.

During the first nine months of 2015, the TF1 share price fell by 1.3%, compared with a rise of 4.3% for the CAC 40 index and 4.2% for the SBF 120.

The total market capitalisation of the TF1 group stood at €2.7 billion on September 30, 2015 (the same level as on December 31, 2014), compared with €2.3 billion on September 30, 2014.

# 1.8. Outlook

With no clear signs of economic recovery and visibility still poor, the net TV advertising market could remain stable in the fourth quarter of 2015.

# 1.9. Movements in share capital

Following repurchases of the company's own shares under the share buyback programme, the Board of Directors approved the cancellation of 1,482,183 shares.

As of October 28, 2015, there were 210,501,567 shares in issue, and the total number of exercisable voting rights stood at 209,013,985. The share capital was €42,100,313.40.

# 1.10. Corporate governance

The Board of Directors of TF1 has approved the choice of a successor to Nonce Paolini, whose term of office as Chairman & CEO expires in the first quarter of 2016.

Acting on the advice of its Selection Committee and having concluded that it would be preferable not to separate the functions of Chairman and Chief Executive Officer, the Board of Directors has chosen Gilles Pélisson to assume the position of Chairman & CEO.

Gilles Pélisson will be appointed Chairman & CEO on 17 February 2016 and will take up this office on 19 February 2016, the day after the publication of FY 2015 results. Until this date, Gilles Pélisson will prepare himself to exercise his new functions with the assistance of Nonce Paolini.

The Board of Directors thanked Nonce Paolini most sincerely for his nine years at the helm of the TF1 group. It underlined the importance of his accomplishments, carried out with a constant eye on constructive labour relations. TF1 has maintained its leadership position during a very complex period marked by a serious economic crisis and major technological, regulatory, competitive and market change.

During the same meeting, the Board of Directors appointed Mrs Catherine Dussart as an Independent Director and Chairwoman of the Remuneration Committee. It also appointed Mrs Fanny Chabirand as a Director representing the staff and as a member of the Remuneration Committee.

*Biography of Gilles Pélisson*

*Gilles Pélisson is 58 years old and a graduate of Essec and Harvard Business School. Gilles Pélisson has headed Eurodisney and Accor, major listed companies providing services to the public, as well as Noos and Bouygues Telecom, companies carrying out regulated activities in markets undergoing significant technological change. Gilles Pélisson has a wealth of experience in the international market and has always endeavoured to ensure constructive labour relations. He knows TF1 well where he has been a Director since 2009.*

# 2. Condensed consolidated financial statements: September 30, 2015

## Consolidated balance sheet

| **ASSETS** (€ million) | *Note* | Sept. 30, 2015 | Dec. 31, 2014 | Sept. 30, 2014 |
|---|---|---|---|---|
| **Goodwill** | *6* | **431.6** | **473.8** | **473.8** |
| **Intangible assets** | | **112.4** | **108.3** | **105.1** |
| Audiovisual rights | | 52.7 | 46.8 | 44.5 |
| Other intangible assets | | 59.7 | 61.5 | 60.6 |
| **Property, plant and equipment** | | **170.3** | **176.3** | **183.7** |
| **Investments in joint ventures and associates** | *7* | **79.4** | **581.8** | **577.7** |
| **Non-current financial assets** | | **35.0** | **29.2** | **21.8** |
| **Non-current tax assets** | | **-** | **-** | **-** |
| **Total non-current assets** | | **828.7** | **1,369.4** | **1,362.1** |
| **Inventories** | | **736.8** | **694.3** | **738.4** |
| Programmes and broadcasting rights | | 718.2 | 678.5 | 718.6 |
| Other inventories | | 18.6 | 15.8 | 19.8 |
| **Trade and other debtors** | | **948.0** | **1,136.6** | **1,118.9** |
| **Current tax assets** | | **8.3** | **15.0** | **14.2** |
| **Other current financial assets** | | **3.8** | **7.3** | **3.8** |
| **Cash and cash equivalents** | *11* | **238.9** | **501.4** | **439.1** |
| **Total current assets** | | **1,935.8** | **2,354.6** | **2,314.4** |
| **Assets of held-for-sale operations** | *8* | **490.5** | **-** | **-** |
| **TOTAL ASSETS** | | **3,255.0** | **3,724.0** | **3,676.5** |
| **Net surplus cash (+) / Net debt (-)** | | **234.8** | **497.0** | **436.3** |

## Consolidated balance sheet (continued)

| **SHAREHOLDERS' EQUITY AND LIABILITIES** (€ million) | *Note* | Sept. 30, 2015 | Dec. 31, 2014 | Sept. 30, 2014 |
|---|---|---|---|---|
| Share capital | *9* | 42.4 | 42.3 | 42.3 |
| Share premium and reserves | | 1,610.2 | 1,548.4 | 1,549.2 |
| Net profit/(loss) for the period attributable to the Group | | 64.9 | 412.7 | 342.5 |
| **Shareholders' equity attributable to the Group** | | **1,717.5** | **2,003.4** | **1,934.0** |
| Non-controlling interests | | 24.1 | 36.5 | 34.7 |
| **Total shareholders' equity** | | **1,741.6** | **2,039.9** | **1,968.7** |
| **Non-current debt** | *11* | **-** | **-** | **-** |
| **Non-current provisions** | | **50.4** | **48.4** | **47.4** |
| **Non-current tax liabilities** | | **29.6** | **31.5** | **27.3** |
| **Total non-current liabilities** | | **80.0** | **79.9** | **74.7** |
| **Current debt** | *11* | **4.1** | **4.4** | **2.8** |
| **Trade and other creditors** | | **1,393.3** | **1,566.5** | **1,598.7** |
| **Current provisions** | | **35.9** | **33.3** | **31.6** |
| **Current tax liabilities** | | **-** | **-** | **-** |
| **Other current financial liabilities** | | **0.1** | **-** | **-** |
| **Total current liabilities** | | **1,433.4** | **1,604.2** | **1,633.1** |
| **Liabilities of held-for-sale operations** | | **-** | **-** | **-** |
| **TOTAL SHAREHOLDERS' EQUITY & LIABILITIES** | | **3,255.0** | **3,724.0** | **3,676.5** |

# Consolidated income statement

| (€ million) | Note | 9 months to Sept. 30, 2015 | 9 months to Sept. 30, 2014 | Third quarter 2015 | Third quarter 2014 | Full year 2014 |
|---|---|---|---|---|---|---|
| Advertising revenue | | 1,082.2 | 1,093.1 | 307.5 | 323.2 | 1,575.5 |
| Other revenue | | 317.8 | 369.6 | 111.8 | 113.8 | 516.3 |
| **Revenue** | | **1,400.0** | **1,462.7** | **419.3** | **437.0** | **2,091.8** |
| Other income from operations | | - | 0.3 | - | 0.3 | 0.3 |
| Purchases consumed and changes in inventory | | (723.5) | (816.6) | (231.6) | (215.0) | (1,119.1) |
| Staff costs | | (239.7) | (237.2) | (71.8) | (74.2) | (332.4) |
| External expenses | | (245.2) | (264.0) | (75.1) | (91.4) | (362.4) |
| Taxes other than income taxes | | (88.7) | (89.1) | (25.1) | (25.6) | (126.2) |
| Depreciation and amortisation, net | | (40.8) | (41.0) | (13.3) | (12.4) | (55.4) |
| Provisions and impairment, net | | 25.4 | 35.2 | 6.8 | (2.8) | 10.0 |
| Other current operating income | | 88.3 | 52.2 | 19.4 | 14.9 | 120.8 |
| Other current operating expenses | | (69.0) | (71.8) | (19.1) | (21.8) | (110.9) |
| **Current operating profit/(loss)** | | **106.8** | **30.7** | **9.5** | **9.0** | **116.5** |
| Non-current operating income | | - | - | - | - | - |
| Non-current operating expenses | *12* | (15.0) | - | (3.1) | - | - |
| **Operating profit/(loss)** | | **91.8** | **30.7** | **6.4** | **9.0** | **116.5** |
| Income associated with net debt | | 0.9 | 0.8 | 0.2 | 0.3 | 1.2 |
| Expenses associated with net debt | | (0.1) | (0.1) | (0.1) | - | (0.1) |
| **Cost of net debt** | | **0.8** | **0.7** | **0.1** | **0.3** | **1.1** |
| Other financial income | | 0.5 | 0.3 | 0.1 | - | 0.6 |
| Other financial expenses | | (0.8) | (0.1) | (0.2) | - | (0.3) |
| Income tax expense | | (26.3) | (10.5) | (2.8) | (1.7) | (29.8) |
| Share of profits/(losses) of joint ventures and associates | *7* | 1.3 | 10.5 | - | 8.5 | 15.0 |
| **Net profit/(loss) from continuing operations** | | **67.3** | **31.6** | **3.6** | **16.1** | **103.1** |
| **Net profit/(loss) from discontinued or held-for-sale operations** | | **-** | **315.4** | **-** | **5.2** | **315.9** |
| **Net profit/(loss)** | | **67.3** | **347.0** | **3.6** | **21.3** | **419.0** |
| ***attributable to the Group:*** | | ***64.9*** | ***342.5*** | ***3.9*** | ***20.9*** | ***412.7*** |
| *Net profit/(loss) from continuing operations* | | *64.9* | *30.2* | *3.4* | *15.7* | *99.9* |
| *Net profit/(loss) from discontinued or held-for-sale operations* | | *-* | *312.3* | *-* | *5.2* | *312.8* |
| ***attributable to non-controlling interests:*** | | ***2.4*** | ***4.5*** | ***(0.3)*** | ***0.4*** | ***6.3*** |
| *Net profit/(loss) from continuing operations* | | *2.4* | *1.4* | *(0.3)* | *0.4* | *3.2* |
| *Net profit/(loss) from discontinued or held-for-sale operations* | | *-* | *3.1* | *-* | *-* | *3.1* |
| Weighted average number of shares outstanding (in '000) | | 211,374 | 211,366 | 210,764 | 211,396 | 211,396 |
| Basic earnings per share from continuing operations (€) | | 0.31 | 0.15 | 0.02 | 0.08 | 0.47 |
| Diluted earnings per share from continuing operations (€) | | 0.31 | 0.14 | 0.02 | 0.07 | 0.47 |
| Basic earnings per share from held-for-sale operations (€) | | - | 1.47 | - | 0.02 | 1.48 |
| Diluted earnings per share from held-for-sale operations (€) | | - | 1.47 | - | 0.03 | 1.47 |

## Statement of recognised income and expense

| (€ million) | 9 months to Sept. 30, 2015 | 9 months to Sept. 30, 2014 | Full year 2014 |
|---|---|---|---|
| **Consolidated net profit/(loss) for period** | **67.3** | **347.0** | **419.0** |
| **Items not reclassifiable to profit or loss** | | | |
| Actuarial gains/losses on employee benefits | - | (4.6) | (6.3) |
| Net tax effect of equity items not reclassifiable to profit or loss | - | 1.7 | 2.2 |
| 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] | (2.9) | 7.6 | 6.9 |
| Remeasurement of available-for-sale financial assets | - | - | - |
| Change in cumulative translation adjustment of controlled entities | - | - | - |
| Net tax effect of equity items reclassifiable to profit or loss | 1.0 | (2.7) | (2.5) |
| Share of reclassifiable income and expense of joint ventures and associates recognised in equity | 0.5 | 0.4 | 0.7 |
| **Income and expense recognised directly in equity** | **(1.4)** | **2.4** | **1.0** |
| **Total recognised income and expense** | **65.9** | **349.4** | **420.0** |
| *attributable to the Group* | 63.5 | 344.9 | 413.7 |
| *attributable to non-controlling interests* | 2.4 | 4.5 | 6.3 |

# Consolidated statement of changes in shareholders' 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, 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 | 1.0 | - | - | - | **1.1** | - | **1.1** |
| Share-based payment | - | - | - | 0.5 | - | **0.5** | - | **0.5** |
| 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** | **1.0** | **-** | **(115.7)** | **-** | **(114.6)** | **(8.7)** | **(123.3)** |
| **Consolidated net profit/(loss) for period** | **-** | **-** | **-** | **342.5** | **-** | **342.5** | **4.5** | **347.0** |
| **Income and expense recognised directly in equity** | **-** | **-** | **-** | **-** | **2.4** | **2.4** | **-** | **2.4** |
| Other transactions (changes in accounting policy and scope of consolidation, other items) | - | - | - | - | - | **-** | **(91.6)** | **(91.6)** |
| **BALANCE AT SEPTEMBER 30, 2014** | **42.3** | **6.8** | **-** | **1,888.3** | **(3.4)** | **1,934.0** | **34.7** | **1,968.7** |

| (€ 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, 2014** | **42.3** | **7.3** | **-** | **1,958.6** | **(4.8)** | **2,003.4** | **36.5** | **2,039.9** |
| Capital increase (share options exercised) | 0.1 | 4.2 | - | - | - | **4.3** | - | **4.3** |
| Share-based payment | - | - | - | 0.7 | - | **0.7** | - | **0.7** |
| Purchase of treasury shares | - | - | (40.0) | - | - | **(40.0)** | - | **(40.0)** |
| Cancellation of treasury shares | - | - | - | - | - | **-** | - | **-** |
| Dividends paid | - | - | - | (317.3) | - | **(317.3)** | - | **(317.3)** |
| Other transactions with shareholders | - | - | - | - | - | **-** | - | **-** |
| **Total transactions with shareholders** | **0.1** | **4.2** | **(40.0)** | **(316.6)** | **-** | **(352.3)** | **-** | **(352.3)** |
| **Consolidated net profit/(loss) for period** | **-** | **-** | **-** | **64.9** | **-** | **64.9** | **2.4** | **67.3** |
| **Income and expense recognised directly in equity** | **-** | **-** | **-** | **-** | **(1.4)** | **(1.4)** | **-** | **(1.4)** |
| Other transactions (changes in accounting policy and scope of consolidation, other items) | - | - | - | **2.9** | - | **2.9** | **(14.8)** | **(11.9)** |
| **BALANCE AT SEPTEMBER 30, 2015** | **42.4** | **11.5** | **(40.0)** | **1,709.8** | **(6.2)** | **1,717.5** | **24.1** | **1,741.6** |

## Consolidated cash flow statement

| (€ million) | Note | 9 months to Sept. 30, 2015 | 9 months to Sept. 30, 2014 | Full year 2014 |
|---|---|---|---|---|
| Net profit/(loss) from continuing operations (including non-controlling interests) | | 67.3 | 31.6 | 103.1 |
| Depreciation, amortisation, provisions & impairment (excluding current assets) | | 38.2 | 37.3 | 50.1 |
| *Intangible assets and goodwill* | | *24.1* | *21.9* | *31.5* |
| *Property, plant and equipment* | | *11.6* | *13.3* | *17.8* |
| *Financial assets* | | *-* | *-* | *(0.5)* |
| *Non-current provisions* | | *2.5* | *2.1* | *1.3* |
| Other non-cash income and expenses | | (8.5) | (6.4) | (10.4) |
| Effect of fair value remeasurement | | 1.1 | 0.2 | (4.1) |
| Share-based payment | | 0.7 | 0.5 | 0.6 |
| Net (gain)/loss on asset disposals | | (33.4) | 0.2 | (31.0) |
| Share of (profits)/losses and dividends of joint ventures and associates | | 13.1 | (3.8) | (8.3) |
| Dividend income from non-consolidated companies | | (0.1) | (0.2) | (0.2) |
| **Sub-total** | | **78.4** | **59.4** | **99.8** |
| Cost of net debt | | (0.8) | (0.7) | (1.1) |
| Income tax expense (including deferred taxes) | | 26.3 | 10.5 | 29.8 |
| **Operating cash flow** | | **103.9** | **69.2** | **128.5** |
| Income taxes (paid)/reimbursed | | (21.3) | (18.8) | (33.1) |
| Change in operating working capital needs | | 37.9 | 21.6 | 12.7 |
| **Net cash generated by/(used in) operating activities** | | **120.5** | **72.0** | **108.1** |
| | | | | |
| Cash outflows on acquisitions of property, plant & equipment and intangible assets | | (28.2) | (23.2) | (36.9) |
| Cash inflows from disposals of property, plant & equipment and intangible assets | | 0.1 | 0.3 | 0.4 |
| Cash outflows on acquisitions of financial assets | | (4.6) | (3.1) | (9.3) |
| Cash inflows from disposals of financial assets | | - | - | - |
| Effect of changes in scope of consolidation | *13* | 3.6 | 262.0 | 306.0 |
| *Purchase price of investments in consolidated activities* | | *-* | *-* | *-* |
| *Proceeds from disposals of consolidated activities* | | *36.4* | *262.4* | *307.5* |
| *Net liabilities related to consolidated activities* | | *-* | *-* | *-* |
| *Other cash effects of changes in scope of consolidation* | | *(32.8)* | *(0.4)* | *(1.5)* |
| Dividends received | | 0.1 | 30.4 | 30.4 |
| Other cash flows from investing activities | | (1.4) | 25.7 | 25.5 |
| **Net cash generated by/(used in) investing activities** | | **(30.4)** | **292.1** | **316.1** |
| | | | | |
| Cash received on exercise of share options | | 4.3 | 1.1 | 1.6 |
| Purchases and sales of treasury shares | | (40.0) | - | - |
| Other transactions between shareholders | | - | - | - |
| Dividends paid during the period | *14* | (317.3) | (117.2) | (117.2) |
| Cash inflows from new debt contracted | | - | 0.3 | - |
| Repayment of debt (including finance leases) | | (1.3) | (2.0) | (2.6) |
| Net interest paid (including finance leases) | | 0.8 | 0.7 | 1.1 |
| **Net cash generated by/(used in) financing activities** | | **(353.5)** | **(117.1)** | **(117.1)** |
| | | | | |
| **CHANGE IN CASH POSITION – CONTINUING OPERATIONS** | | **(263.4)** | **247.0** | **307.1** |
| | | | | |
| **Cash position at start of period – continuing operations** | | **498.2** | **191.1** | **191.1** |
| Change in cash position during the period – continuing operations | | (263.4) | 247.0 | 307.1 |
| **Cash position at end of period – continuing operations** | *11* | **234.8** | **438.1** | **498.2** |

| **CHANGE IN CASH POSITION – DISCONTINUED/HELD-FOR-SALE OPERATIONS:** | | 9 months to Sept. 30, 2015 | 9 months to Sept. 30, 2014 | Full year 2014 |
|---|---|---|---|---|
| **Cash position at start of period – Discontinued or held-for-sale operations** | *4* | **-** | **69.6** | **69.6** |
| Change in cash position – Discontinued or held-for-sale operations | *4* | | (34.5) | (34.5) |
| Deconsolidation of held-for-sale operations | *4* | | (35.1) | (35.1) |
| **Cash position at end of period – Discontinued or held-for-sale operations** | *4* | **-** | **-** | **-** |

# Notes to the condensed consolidated financial statements

## 1. Significant events

### 1.1 Agreement to sell the 49% equity interest in the Eurosport group

On July 22, 2015, pursuant to the agreements dated May 30, 2014, the TF1 and Discovery Communications groups mutually agreed that TF1 would:

- exercise its put option over its 49% interest in the Eurosport group for €490.5 million;
- buy back from Discovery earlier than initially planned the latter's 20% interest in the pay-TV channels TV Breizh, Histoire and Ushuaïa for €14.6 million.

Completion of these transactions took place on October 1, 2015 (see Note 15, "Events after the reporting period").
This new agreement extinguished, with effect from July 22, 2015, the previous reciprocal commitments between the two groups.

### 1.2 Sale of Eurosport France

On March 31, 2015, in accordance with the agreements between TF1 and Discovery Communications signed in January 2014 and following the surrender of Eurosport France's DTT pay-TV licence at the start of 2015, the TF1 group sold the whole of its remaining 80% equity interest in Eurosport France to Eurosport SAS.
In the consolidated financial statements for the nine months ended September 30, 2015, this loss of control resulted in the deconsolidation of the contribution from Eurosport France, generating a gain that was reported in "Other current operating income" as part of the operating profit of the Pay-TV segment.

## 2. Accounting policies

### 2.1 Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the nine months ended September 30, 2015 were prepared in accordance with IAS 34, "Interim Financial Reporting". They include the minimum content and disclosures defined in IAS 34 and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 as published in the 2014 *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on March 10, 2015 under reference number D.15-0115. An English-language version of the audited consolidated financial statements for the year ended December 31, 2014 is included in the TF1 Registration Document, available on the TF1 corporate website at http://medias.groupe-tf1.fr/documents/finance/document-de-reference/2014/en/index.htm.

The consolidated financial statements of the TF1 group include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They comply with recommendation no. 2009-R-03 on the presentation of financial statements, as issued by the CNC (the French national accounting standard-setter, now known as the ANC) on July 2, 2009.

The consolidated financial statements are presented in millions of euros.

The consolidated financial statements were closed off by the Board of Directors on October 28, 2015, and have been subject to a review by the statutory auditors.

### 2.2 New and amended IFRS accounting standards and interpretations

#### *2.2.1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after January 1, 2015*

In preparing its condensed financial statements for the nine months ended September 30, 2015, 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 December 31, 2014, plus any new standards, amendments and interpretations applicable from January 1, 2015.
The principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after January 1, 2015 are:

**IFRIC 21 –** Levies: effective date January 1, 2015; endorsed by the European Union on June 13, 2014. IFRIC 21, which is mandatorily applicable from January 1, 2015, has no material effect on the shareholder's equity of the TF1 group, but affects the timing of the recognition of certain levies (such as C3S and land taxes) during interim accounting periods.

The effects of first-time application of IFRIC 21 during 2015 were disclosed in Note 2.2.1 to the 2014 consolidated financial statements as published in the 2014 Registration Document, and are reproduced below:

| *(€ million)* | Operating profit/(loss) | | Net profit/(loss) | | Effects of IFRIC 21 | |
|---|---|---|---|---|---|---|
| | 2014 published | 2014 restated | 2014 published | 2014 restated | Operating profit/(loss) | Net profit/(loss) |
| First quarter | 10.9 | 6.9 | 16.4 | 13.9 | 4.0 | 2.5 |
| First half | 24.2 | 21.7 | 327.3 | 325.7 | 2.5 | 1.6 |
| 9 months | 31.8 | 30.7 | 347.7 | 347.0 | 1.1 | 0.7 |
| Full year | 116.5 | 116.5 | 419.0 | 419.0 | N/S | N/S |

The TF1 group has decided not to early adopt any of the pronouncements issued by the IASB and endorsed by the European Union that are permitted for early adoption with effect from January 1, 2015.

#### *2.2.2. New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union*

| Standard | IASB effective date | Expected impact on the TF1 group |
|---|---|---|
| **IFRS 15:** Revenue from Contracts with Customers | January 1, 2018 | On May 28, 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which has not yet been endorsed by the European Union, is applicable from January 1, 2018 with early adoption permitted.<br>The impact of this standard is currently under review. |
| **IFRS 9:** Financial Instruments: Classification and Measurement | January 1, 2018 | On July 24, 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, which has not yet been endorsed by the European Union, is applicable from January 1, 2018. |

### 2.3 Changes in accounting policy

TF1 has not made any changes in accounting policy during 2015 to date, other than those required to comply with IFRS requirements applicable on or after January 1, 2015 (see Note 2-2-1), which have no material impact on the financial statements.

### 2.4 Use of estimates

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

The principal accounting policies requiring the use of estimates are:

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

These estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended December 31, 2014 and the 2014 interim financial statements. As of the date on which the financial statements were closed off by the Board of Directors, management believes that as far as possible, these estimates incorporate all information available to it.

### 2.5 Seasonal trends

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

## 3. Changes in scope of consolidation

Following the sale of the TF1 group's entire 80% equity interest in Eurosport France (see Note 1, "Significant events"), that entity has been deconsolidated with effect from March 31, 2015.

Note that on October 30, 2014, the TF1 group sold the entire share capital of its subsidiary OneCast, which specialises in DTT multiplex transmission, to the ITAS group.

## 4. Discontinued and held-for-sale operations

In line with the accounting treatment applied from December 31, 2013 until May 30, 2014 – the date when the TF1 group sold an additional 31% interest in Eurosport International (Eurosport group excluding Eurosport France) to Discovery Communications – the activities of Eurosport International have been presented as a held-for-sale operation.

**Income statement of Eurosport International, held for sale as of May 31, 2014:**

| (€ million) | 5 months 2014 |
|---|---|
| **Revenue** | **159.5** |
| **Operating expenses** | **(133.7)** |
| **Operating profit/(loss)** | **25.8** |
| **Cost of net debt** | **0.1** |
| Other financial income and expenses | - |
| Income tax expense | (9.3) |
| **Net profit/(loss)** | **16.4** |

**Cash flow statement of Eurosport International, held for sale as of May 31, 2014:**

| | 5 months 2014 |
|---|---|
| Net cash generated by/(used in) operating activities – held-for-sale operations | 5.0 |
| Net cash generated by/(used in) investing activities – held-for-sale operations | (1.6) |
| Net cash generated by/(used in) financing activities – held-for-sale operations | (37.9) |
| **Total change in cash position of held-for-sale operations** | **(34.5)** |
| | |
| **CHANGE IN CASH POSITION – DISCONTINUED OR HELD-FOR-SALE OPERATIONS:** | |
| **Cash position at start of period – Discontinued or held-for-sale operations** | **69.6** |
| Change in cash position – Discontinued or held-for-sale operations | (34.5) |
| **Cash position at end of period – Discontinued or held-for-sale operations** | **35.1** |

## 5. Operating segments

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operational decision-makers to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker; they are not aggregated for segment reporting purposes.

Management assesses segmental performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 group reports the following operating segments:

### Broadcasting and Content

The Broadcasting and Content segment includes all services that are accessible to consumers free of charge. These activities generate revenue primarily from the sale of advertising space on broadcast media and the internet, and also on print media (until July 3, 2015, when this activity was discontinued).

This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's free-to-air channels, such as interactivity between viewers and programmes.
Finally, this segment includes content subsidiaries whose activities are primarily intended to produce content for another subsidiary that belongs to the Broadcasting and Content segment, such as the acquisition and exploitation of audiovisual rights, in-house production of programmes, or advertising airtime sales.

### Consumer Products

The Consumer Products segment includes all paid-for products and services sold by the Group to consumers, either directly or via an intermediary:

- ✓ distance selling via internet or telephone and in-store sales by the Home Shopping business (Téléshopping group);
- ✓ the activities of the TF1 Entreprises business, including music publishing, sales of card/board games and exploitation of licences;
- ✓ the acquisition and distribution of video products on physical and digital media.

### Pay-TV

This segment includes all paid-for services accessible via third-party operators. Revenues from these activities are generated mainly by the fees negotiated with and collected from cable, satellite and ADSL operators for access to the pay-TV channels produced by the TF1 group. The customer is an operator with whom the revenue is negotiated; the operator is responsible for relations with the end user, and in particular for collecting the price for the provision of the service to the end user.

### Holding company and other

This segment contains entities with no operational activities and entities that carry the Group's property assets. It also includes entities whose activities do not match the business models of any of the other segments but which are insufficiently material to constitute a separate segment.

| *(€ million)* | **BROADCASTING AND CONTENT** | | **CONSUMER PRODUCTS** | | **PAY-TV** | | **HOLDING COMPANY AND OTHER (3)** | | **TOTAL TF1 GROUP** | |
|---|---|---|---|---|---|---|---|---|---|---|
| ***SEGMENTAL INCOME STATEMENT*** | **Sept. 30, 2015** | **Sept. 30, 2014** | **Sept. 30, 2015** | **Sept. 30, 2014** | **Sept. 30, 2015** | **Sept. 30, 2014** | **Sept. 30, 2015** | **Sept. 30, 2014** | **Sept. 30, 2015** | **Sept. 30, 2014** |
| Segment revenue | 1,213.5 | 1,241.6 | 147.2 | 141.6 | 74.4 | 105.6 | 15.9 | 27.7 | 1,451.0 | 1,516.5 |
| Elimination of inter-segment transactions | (18.0) | (20.4) | (1.5) | (0.9) | (15.6) | (12.1) | (15.9) | (20.4) | (51.0) | (53.8) |
| **GROUP REVENUE CONTRIBUTION (1)** | **1,195.5** | **1,221.2** | **145.7** | **140.7** | **58.8** | **93.5** | **0.0** | **7.3** | **1,400.0** | **1,462.7** |
| *of which Advertising revenue* | *1,075.5* | *1,082.6* | *0.0* | *0.0* | *6.7* | *10.5* | *0.0* | *0.0* | *1,082.2* | *1,093.1* |
| *of which Other revenue* | *120.0* | *138.6* | *145.7* | *140.7* | *52.1* | *83.0* | *0.0* | *7.3* | *317.8* | *369.6* |
| **OPERATING PROFIT/(LOSS) (1)** | **37.7** | **9.2** | **10.5** | **10.3** | **32.8** | **-1.6** | **10.8** | **12.8** | **91.8** | **30.7** |
| *% operating margin on Group contribution* | *3.2%* | *0.8%* | *7.2%* | *7.3%* | *55.8%* | *-1.7%* | *N/S* | *N/S* | *6.6%* | *2.1%* |
| Share of profits/(losses) of joint ventures and associates (2) | (0.1) | 0.7 | - | - | 1.5 | 9.5 | (0.1) | 0.3 | 1.3 | 10.5 |

1) *In 2015, the fall in revenue and the improvement in operating profit for the Pay-TV segment are due mainly to the deconsolidation of Eurosport France.*

2) *The breakdown of the share of profits and losses of joint ventures and associates (see Note 7) by segment is as follows:*
*- Broadcasting and Content: relates to UGC Distribution and La Place Média*
*- Pay-TV: relates mainly to SérieClub in 2015, and to Eurosport SAS and its international subsidiaries in 2014;*
*- Holding Company & Other: relates to Groupe AB.*

3) *In 2014, the revenue contribution for the Holding Company & Other segment related to OneCast, the entire interest in which was sold on October 30, 2014.*

## 6. Goodwill

The €42.2 million movement in goodwill during the first nine months of 2015 is explained by the deconsolidation of Eurosport France (see Note 1, "Significant events").

## 7. Investments in joint ventures and associates

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

| *(€ million)* | Eurosport group [1] | Groupe AB [2] | Other [3] | Total |
|---|---|---|---|---|
| **Country** | **France** | **France** | **France** | |
| **January 1, 2014** | **-** | 80.2 | **3.3** | **83.5** |
| Share of profit/(loss) for the period | 10.3 | 0.2 | - | **10.5** |
| Provision for impairment | - | - | - | **-** |
| Dividends paid | - | (6.7) | - | **(6.7)** |
| Changes in scope of consolidation and reclassifications | 489.9 | - | - | **489.9** |
| Provision for risks | - | - | 0.5 | **0.5** |
| **September 30, 2014** | **500.2** | 73.7 | **3.8** | **577.7** |
| | | | | |
| **January 1, 2015** | **504.5** | **74.1** | **3.2** | **581.8** |
| Share of profit/(loss) for the period | (0.3) | (0.1) | 1.7 | **1.3** |
| Provision for impairment | - | - | - | **-** |
| Dividends paid | (14.2) | - | (0.2) | **(14.4)** |
| Changes in scope of consolidation and reclassifications | 0.5 | - | 0.7 | **1.2** |
| Provision for risks | - | - | - | **-** |
| IFRS 5 reclassification | (490.5) | - | - | **(490.5)** |
| **September 30, 2015** | **-** | **74.0** | **5.4** | **79.4** |

(1) *The interest in the Eurosport group was reclassified as a held-for-sale operation in the financial statements for the nine months ended September 30, 2015 (see Note 8 below).*
(2) *Given the timescale for finalisation of the financial statements of Groupe AB, the share of this entity's losses recognised as of September 30, 2015 was calculated on the basis of its results for the fourth quarter of 2014 and the first half of 2015.*
(3) *Other investments in joint ventures and associates mainly comprise TF6, SérieClub, Direct Optic Participations and UGC Distribution.*

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

## 8. Held-for-sale assets

In June 2015, the TF1 group entered into negotiations with the Discovery group with a view to the exercise, on October 1, 2015, of the TF1 group's put option over its 49% equity interest in the Eurosport group (see Note 1, "Significant events").
The equity-accounted interest in the Eurosport group was therefore reclassified as a held-for-sale operation in the consolidated balance sheet with effect from June 30, 2015. This reclassification has no material impact on the consolidated income statement.

## 9. Share capital

During the period, 454,986 new shares were issued on exercise of stock options, giving rise to a capital increase of €4.3 million (see the consolidated statement of changes in shareholders' equity). As of September 30, 2015, the share capital of TF1 SA consisted of 211,983,750 shares.
In addition, under the new share buyback programme approved by the Annual General Meeting of April 16, 2015, TF1 repurchased 2,969,765 of its own shares during the third quarter of 2015 for a total amount of €40.0 million.

## 10. Other movements in shareholders' equity (changes in accounting policy and scope of consolidation, other items)

The explanation of the items shown on the "Changes in accounting policy and scope of consolidation, other items" line in the consolidated statement of changes in shareholders' equity is as follows:

- The movement of €2.9 million in reserves attributable to the Group is attributable mainly to the retrospective application of IFRIC 21 (see Note 2.2, "New and amended accounting standards and interpretations").
- The reduction of €14.8 million in non-controlling interests corresponds to the deconsolidation of the 20% interest held by Discovery Communications in the Eurosport France subsidiary (see Note 1, "Significant events").

## 11. Net surplus cash

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

| *(€ million)* | **Sept. 30, 2015** | **Dec. 31, 2014** |
|---|---|---|
| Cash and cash equivalents | 238.9 | 501.4 |
| Financial assets used for treasury management purposes | - | - |
| **Total cash and cash equivalents** | **238.9** | **501.4** |
| **Fair value of interest rate derivatives** | **-** | **-** |
| Non-current debt | - | - |
| Current debt | (4.1) | (4.4) |
| **Total debt** | **(4.1)** | **(4.4)** |
| **Net surplus cash/(net debt) – continuing operations** | **234.8** | **497.0** |

As of September 30, 2015, TF1 had the following financing arrangements in place:

- Confirmed bilateral bank credit facilities of €905 million, backed up by a cash pooling agreement with the Bouygues Group under which nothing was drawn down as of September 30, 2015.
- In addition, TF1 had settled all of its outstanding finance lease obligations as of September 30, 2015.

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

| *(€ million)* | **Sept. 30, 2015** | **Dec. 31, 2014** |
|---|---|---|
| Cash and cash equivalents in the balance sheet | 238.9 | 501.4 |
| Cash of held-for-sale operations | - | - |
| Treasury current account credit balances | (4.1) | (3.2) |
| Bank overdrafts | - | - |
| **Total net cash position at end of period per the cash flow statement** | **234.8** | **498.2** |

## 12. Non-recurring expenses

The non-current operating expenses of €15.0 million reported in the income statement represent restructuring costs relating to the Group's news operations. Most of this relates to the discontinuation of the print edition activities of Publications Metro France. These costs may be subject to adjustment between now and the end of 2015.

## 13. Cash flow statement - effect of changes in scope of consolidation

- ✓ "Proceeds from disposals of consolidated activities" relates to the deferred portion of the consideration for the May 2014 sale of a 31% equity interest in Eurosport SAS, most of which was received during the first half of 2014 (as recorded on that line for 2014).
- ✓ "Other cash effects of changes in scope of consolidation" consists of the cash held by Eurosport France, which was sold and deconsolidated on March 31, 2015 (see Note 1, "Significant events").

## 14. Dividends paid

The table below shows the total dividend and dividend per share paid by the TF1 group on April 28, 2015 in respect of the 2014 financial year, and the amount paid in 2014 in respect of the 2013 financial year.

| | Paid in 2015 | Paid in 2014 |
|---|---|---|
| Total dividend (€ million) | 317.3 | 116.2 |
| Dividend per ordinary share (€) | 1.50 | 0.55 |

## 15. Events after the reporting period

Further to the agreements entered into on July 22, 2015 as described in Note 1, "Significant Events", TF1 completed the following transactions on October 1, 2015:

- the sale of its 49% interest in the Eurosport group to Discovery Communications for €490.5 million;
- the repurchase from Discovery Communications, earlier than initially planned, of the latter's 20% interest in the pay-TV channels TV Breizh, Histoire and Ushuaïa for €14.6 million.

# Diary dates

- **February 18, 2016:** 2015 full-year revenue and financial statements
- **April 14, 2016:** Annual General Meeting
- **April 28, 2016:** 2016 first-quarter revenue and financial statements

These dates may be subject to change.

**Télévision Française 1**

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