

## PRESS RELEASE

Boulogne, 15 February 2019

### TF1 GROUP 2018 FULL-YEAR RESULTS

**Third consecutive year of growth in Group share of target audience<sup>1</sup> to 32.6% (+0.3 of a point year-on-year)**

**Revenue up by €156 million (+7.3%), driven mainly by Broadcasting and Unify, the new digital division**

**Current operating profit: €196 million, an increase of €10 million**

**Dividend raised by 14% in 2018 to €0.40 per share<sup>2</sup>**

**Guidance of double-digit current operating margin rate in 2019 reiterated**

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 14 February 2019 to close off the financial statements for the year ended 31 December 2018.

The results below are presented using the segmental reporting structure adopted by the TF1 group and in accordance with IFRS 9 and IFRS 15 (applicable from 1 January 2018). Revenue and operating profit data (published and restated) are available in our 2018 Financial Information Report and on the TF1 group corporate website: [www.groupe-tf1.fr/en](http://www.groupe-tf1.fr/en).

CONSOLIDATED FIGURES (€m)	Q4 2018	Q4 2017	FY 2018	FY 2017	Chg. €m	Chg.%
<b>Revenue</b>	<b>712.7</b>	<b>657.9</b>	<b>2,288.3</b>	<b>2,132.4</b>	<b>155.9</b>	<b>7.3%</b>
TF1 group advertising revenue	510.5	480.7	1,662.2	1,565.7	96.5	6.2%
Revenue from other activities	202.2	177.2	626.1	566.7	59.4	10.5%
<b>Current operating profit/(loss)</b>	<b>71.5</b>	<b>69.2</b>	<b>195.7</b>	<b>185.7</b>	<b>10.0</b>	<b>5.4%</b>
Current operating margin rate	10.0%	10.5%	8.6%	8.7%	-	-0.1pt
<b>Operating profit/(loss)</b>	<b>65.9</b>	<b>63.4</b>	<b>173.7</b>	<b>162.4</b>	<b>11.3</b>	<b>7.0%</b>
<b>Net profit/(loss) attributable to the Group</b>	<b>46.2</b>	<b>51.1</b>	<b>127.9</b>	<b>136.3</b>	<b>(8.4)</b>	<b>-6.2%</b>

**Consolidated revenue** of the TF1 group for 2018 reached **€2,288.3 million**, up €155.9 million (+7.3%)<sup>3</sup> on 2017, thanks to:

- Constant-structure revenue growth of €40.0 million year-on-year, reflecting (in the case of the Broadcasting segment) the **agreements signed during 2018 with all France's telecoms operators**, and a good performance in **TV and digital advertising revenue**.
- Revenue growth of €115.9 million due to the impact of the acquisitions made during the year. The **diversification strategy** is paying off, especially with the consolidation of the activities of Unify, the new digital division built around aufeminin (which joined the Group in May 2018).

The Group posted a **current operating profit** for 2018 of **€195.7 million**, an improvement of €10.0 million, even though this was a year that saw the broadcasting of the Football World Cup (at a cost of €71.7 million). This performance reflects our success in **integrating new revenue streams**, but also our capacity to **optimise profitability by adapting our cost structure**.

Including the costs of broadcasting the World Cup, the current operating margin rate held steady year-on-year at 8.6%. **Excluding World Cup costs, the current operating margin rate was 11.7%** (up 3 points year-on-year), meaning that we have **attained our objective of increasing our current operating margin rate excluding major sporting events relative to 2017**.

**Group operating profit for 2018 was €173.7 million** after charging €22.0 million of non-current expenses, which in 2018 relate to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

**Net profit attributable to the Group for 2018 was €127.9 million. After excluding the gain booked in 2017 on the divestment of the equity interest in Groupe AB, net profit rose year-on-year in 2018.**

<sup>1</sup> W<50PDM: Women aged under 50 purchasing decision-makers.

<sup>2</sup> Subject to shareholder approval at the Annual General Meeting on 18 April 2019.

<sup>3</sup> Excluding the effect of changes in structure, revenue grew by 1.9% in 2018.

## Analysis by segment

Following the acquisition of the aufeminin group on 27 April 2018, a new segmental reporting structure has been adopted from the second quarter of 2018 onwards. The main change is the creation of a new Digital segment Unify, which combines the operations of the aufeminin group with those of Neweb, Studio71, TF1 Digital Factory and Vertical Station<sup>4</sup>, along with the more recently acquired Doctissimo and Gammed! Given the immateriality of the impacts on 2017 and the first quarter of 2018, prior periods have not been restated.

€m	Q4 2018	Q4 2017	FY 2018	FY 2017	Chg. €m	Chg. %
<b>Consolidated revenue</b>	<b>712.7</b>	<b>657.9</b>	<b>2,288.3</b>	<b>2,132.4</b>	<b>155.9</b>	<b>7.3%</b>
<b>Broadcasting</b>	<b>531.3</b>	<b>528.6</b>	<b>1,763.7</b>	<b>1,717.6</b>	<b>46.1</b>	<b>2.7%</b>
<i>TV advertising on free-to-air channels</i>	443.6	452.2	1,501.9	1,484.6	17.3	1.2%
<b>Studios &amp; Entertainment</b>	<b>126.8</b>	<b>129.3</b>	<b>408.6</b>	<b>414.8</b>	<b>(6.2)</b>	<b>-1.5%</b>
<b>Digital *</b>	<b>54.6</b>	<b>-</b>	<b>116.0</b>	<b>-</b>	<b>116.0</b>	<b>N/A</b>
<b>Current operating profit/(loss)</b>	<b>71.5</b>	<b>69.2</b>	<b>195.7</b>	<b>185.7</b>	<b>10.0</b>	<b>5.4%</b>
<b>Broadcasting</b>	<b>56.5</b>	<b>59.8</b>	<b>149.8</b>	<b>143.3</b>	<b>6.5</b>	<b>4.5%</b>
<b>Studios &amp; Entertainment</b>	<b>7.7</b>	<b>9.4</b>	<b>33.8</b>	<b>42.4</b>	<b>(8.6)</b>	<b>-20.3%</b>
<b>Digital *</b>	<b>7.3</b>	<b>-</b>	<b>12.1</b>	<b>-</b>	<b>12.1</b>	<b>N/A</b>
<b>Cost of programmes</b>	<b>(288.3)</b>	<b>(290.0)</b>	<b>(1,014.2)</b>	<b>(983.9)</b>	<b>(30.3)</b>	<b>3.1%</b>
<i>Football World Cup</i>	-	-	(71.7)	-	(71.7)	N/A

\* The aufeminin group is included in the consolidation with effect from May 2018

## Broadcasting

- **Revenue for the Broadcasting segment** reached €1,763.7 million, up €46.1 million. This increase reflects changes to the segment's business model with the contribution from revenue generated by the agreements signed with the telecoms operators and Canal+, alongside growth in advertising revenue at the five free-to-air channels (up €17.3 million, +1.2% year-on-year) in line with strong audience ratings for the Group's channels.

For the third consecutive year, the Group grew its share of the W<50PDM target, raising it by 0.3 of a point to 32.6% in 2018. The main driver was the TF1 core channel, whose share of this audience reached a substantial 22.5%, the channel's best performance since 2015. The TF1 core channel scored 91 of the top 100 audience ratings of 2018 (or 88 excluding the World Cup). Ratings successes came in all genres: sport with the Football World Cup, which pulled in over 19 million viewers for the final; French drama with *Jacqueline Sauvage* (8.8 million viewers); light entertainment with *The Voice* (7.1 million); news with the 16 July evening bulletin (8.4 million); and American series with *The Good Doctor* (7.9 million).

**The Group's DTT channels** (TMC, TFX, TF1 Séries Films, LCI) attracted a combined share of 10.1% of the target W<50PDM audience, virtually unchanged year-on-year (-0.1 of a point). TMC remains the most-watched DTT channel, with 24 of the 50 top DTT audience ratings in 2018, including *Burger Quiz* and *Quotidien*. TFX has risen to third place in the DTT rankings for the same target audience, and continues to perform strongly with younger viewers (15 to 24-year-olds) thanks to reality TV shows. TF1 Séries Films recorded the second-highest growth in audience share among W<50PDM and posted good audiences for the series *The Handmaid's Tale*. Finally, LCI cemented its place as France's no.2 news channel.

The Group's catch-up TV offer is viewed by an average of over 19 million unique visitors<sup>5</sup> a month. MYTF1 performed well during the year with 1.4 billion video views<sup>6</sup>, up 9% year-on-year, bolstered by success across all genres: *Demain nous appartient*, *The Voice*, *Good Doctor*, *Paw Patrol*, *Quotidien*, the Football World Cup and *La Villa des cœurs brisés*.

- The **cost of programmes** of the five free-to-air channels for 2018 was up €1,014.2 million, up €30.3 million year-on-year, and included €71.7 million for the Football World Cup<sup>7</sup>. This confirms the Group's ability to optimise its programming cost structure while keeping audiences high.
- The **Broadcasting segment** reported a **current operating profit** of €149.8 million, up €6.5 million year-on-year.

<sup>4</sup> Accounted for by the equity method. Formerly MinuteBuzz.

<sup>5</sup> Médiamétrie/NetRatings (2018 average on IPTV).

<sup>6</sup> Excluding news content, XTRA content and live sessions. Source: eStat Médiamétrie – AT Internet – Orange.

<sup>7</sup> The cost of replacement programmes was €13.4 million.

## Studios & Entertainment

- **Studios & Entertainment segment revenue** for 2018 was €408.6 million, down €6.2 million year-on-year. Newen Studios continues to grow. As well as producing and delivering its recurring flagship programmes, Newen has extended its geographical reach to Denmark (with Nimbus) and the Netherlands (with Pupkin), and broadened its customer base with productions this year for Netflix and Amazon.

Overall, growth in production activities combined with good results from TF1 Entertainment (especially the Play Two music label) did not fully offset lower revenue at TF1 Studios (where general release movies performed less well than in 2017) and the drop in sales from the physical video and home shopping businesses, which are operating in declining markets. The TF1 group has announced that it has entered into exclusive negotiations with a view to selling the operational side of the Téléshopping company (its Home Shopping business), in order to refocus on its core businesses<sup>8</sup>.

Segment revenues have also been impacted since the second quarter of 2018 by the reclassification of Newen's web activities (Neweb) to Unify, our new digital division.

- The segment posted a **current operating profit** of €33.8 million, down €8.6 million year-on-year. The main impacts were non-recurring charges associated with the buyout of the residual 30% equity interest in Newen at the start of July, and weaker performances from cinema and video.

## Digital

- **Revenue from Unify, our new Digital segment**, totalled €116.0 million; this includes revenue from the aufeminin group (consolidated from May 2018 onwards).
- The segment made a **current operating profit** of €12.1 million over the same period, giving a current operating margin rate of 10.4%, which was impacted by transaction costs related to the aufeminin acquisition.

## Financial position

Shareholders' equity attributable to the Group was €1,576 million at 31 December 2018 out of a balance sheet total of €3,157 million.

Cash and cash equivalents amounted to €117 million at 31 December 2018, versus €496 million at end December 2017.

Net debt was €27.5 million at 31 December 2018 (versus a net cash surplus of €257 million at end December 2017), after taking account of the acquisitions of the aufeminin group and of the residual 30% interest in Newen Studios.

The Board of Directors has reiterated that a **€50 million share buyback programme is planned**<sup>9</sup>, on the basis of the 11th resolution as approved by the shareholders at the Annual General Meeting of 19 April 2018.

To reward shareholders for the capital they have invested, the Board of Directors will ask the Annual General Meeting of 18 April 2019 to approve the payment of a **dividend of €0.40 per share**, 14% more than for 2017, representing 65% of net profit.

The ex-date will be 29 April, the date of record will be 30 April, and the payment date will be 2 May 2019.

## Movements in share capital

Between 1 January and 31 December 2018, 63,198 shares were created as a result of the exercise of stock options. TF1 did not hold any of its own shares during that period.

As of 31 December 2018, the number of shares and voting rights stood at 209,928,940, and the share capital was €41,985,788.

## Governance

Acting on the advice of the Director Selection Committee, the Board of Directors will ask the Annual General Meeting of 18 April 2019 to reappoint Pascaline de Dreuzy, Gilles Péliesson and Olivier Roussat as directors for a three-year term of office.

<sup>8</sup> Refer to the press release issued on 30 January 2019.

<sup>9</sup> When the decision is taken to launch the programme, the Group will publish the required information in accordance with regulatory requirements.

The Board of Directors will seek approval for the appointment of Marie Pic-Pâris Allavena as a director for a three-year term of office, replacing Janine Langlois Glandier whose term of office is expiring. The Board warmly thanks Janine Langlois Glandier for the quality of her contribution during her seven years as an independent director. The arrival of Marie Pic-Pâris Allavena would add to the effectiveness of the Board: she is a high profile business leader, whose extensive professional experience would complement the broadcasting industry expertise of the current Directors. Marie Pic-Pâris Allavena is CEO and a director of the Eyrolles group; a director and Chair of the Risk Committee of Banque Populaire Rives de Paris; and a director and Chair of the Risk Committee of Banque Palatine. The Board of Directors has assessed Marie Pic-Pâris Allavena by reference to the independence criteria established by the AFEP/MEDEF Code of Corporate Governance and concluded that she had no business relationship with the TF1 group, and that she qualifies as an independent director.

Subject to shareholder approval and excluding employee representative directors, the TF1 Board of Directors would continue to have four female independent Directors, so the proportions of female and independent directors would both remain at 44%.

## Outlook

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

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

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

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

- **in 2019:**
  - o **target of double-digit current operating margin rate;**
- **in 2021:**
  - o **revenue of at least €250 million from our Unify digital division;**
  - o **EBITDA margin of at least 15% from our Unify digital division;**
  - o **an improvement in our return on capital employed<sup>10</sup> relative to 2018.**

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

## Executive remuneration

*In accordance with the AFEP-MEDEF recommendations, disclosures about executive remuneration for 2018 are being published today on our corporate website at [www.groupe-tf1.fr/en](http://www.groupe-tf1.fr/en): go to Investors / Governance / Report on Remuneration.*

*The principles governing remuneration for our Chief Executive Officer for 2019 will be disclosed no later than the publication date of our 2018 Registration Document.*

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

Find the full financial statements and notes at <http://www.groupe-tf1.fr/en>.

The analyst meeting presenting the TF1 group's results will be streamed live on <http://www.groupe-tf1.fr/en> starting 11.00 hours Paris time on 15 February 2019.

The presentation is available on <http://www.groupe-tf1.fr/en>.

For details of how to connect go to <http://www.groupe-tf1.fr/en/investisseurs/en>.

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<sup>10</sup> ROCE = the ratio of [current operating profit - theoretical income tax expense + net profit from associates] for a given year to average capital employed that year and the previous year. Capital employed = shareholders' equity including minority interests + net debt at period-end. The TF1 group's ROCE was 8.8% in 2018.