PRESS RELEASE

TF1 GROUP 2019 FULL-YEAR RESULTS

Current operating margin of 10.9% (+2.2 points)

Revenue of €2,337 million (+2.1%)[1], driven by acquisitions

Net profit attributable to the Group up strongly, by 21.5% year-on-year

Dividend raised by 25% in 2019 to €0.50 per share[2]

Guidance reiterated

Boulogne, 14 February 2020

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 13 February 2020 to close off the financial statements for the year ended 31 December 2019. The results below are presented using the segmental reporting structure adopted by the TF1 group and in accordance with IFRS 16 (applicable from 1 January 2019). Revenue and operating profit data (published and restated) are available in our 2019 Financial Information Report and on the TF1 group corporate website: https://www.groupe-tf1.fr/en.

€m	Q4 2019	Q4 2018	FY 2019	FY 2018	Chg. €m	Chg. %
Consolidated revenue	**722.7**	**712.7**	**2,337.3**	**2,288.3**	**49.0**	**2.1%**
TF1 group advertising revenue	*499.7*	*510.5*	*1,658.1*	*1,662.2*	*(4.1)*	*-0.2%*
Revenue from other activities	*223.0*	*202.2*	*679.2*	*626.1*	*53.1*	*8.5%*
Consolidated revenue	**722.7**	**712.7**	**2,337.3**	**2,288.3**	**49.0**	**2.1%**
Broadcasting	528.6	531.3	1,774.2	1,763.7	10.5	0.6%
o/w Advertising	*472.6*	*475.0*	*1,567.4*	*1,588.2*	*(20.8)*	*-1.3%*
Studios & Entertainment	144.7	126.8	390.0	408.6	(18.6)	-4.6%
Digital (Unify)	49.4	54.6	173.1	116.0	57.1	49.2%
Cost of programmes	**(325.8)**	**(288.3)**	**(985.5)**	**(1,014.2)**	**28.8**	**-2.8%**
Current operating profit	**70.7**	**72.2**	**255.1**	**198.8**	**56.3**	**0,3**
Current operating margin	**9.8%**	**10.1%**	**10.9%**	**8.7%**	**-**	**2.2**
Broadcasting	28.9	56.7	185.5	151.0	34.5	22.8%
Studios & Entertainment	32.9	8.2	57.9	35.5	22.4	63.1%
Digital (Unify)	8.9	7.3	11.7	12.3	(0.6)	-4.9%
Operating profit	**70.7**	**66.7**	**255.1**	**176.8**	**78.3**	**44.3%**
Net profit attributable to the Group	**37.0**	**46.2**	**154.8**	**127.4**	**27.4**	**21.5%**

Consolidated revenue of the TF1 group for 2019 reached **€2,337.3 million**, an increase of €49.0 million[1]. Advertising revenue was €1,658.1 million, down slightly year-on-year (-0.2%), reflecting:

- lower advertising revenue in Broadcasting, with the effect of a tough comparative for the TF1 core channel partly offset by growth in advertising revenue for the DTT channels[3]and MYTF1;
- revenue growth for the digital segment (Unify), helped by its being consolidated over the full year for the first time in 2019.

The Group posted **current operating profit** of **€255.1 million**[4], a rise of €56.3 million. **Current operating margin** increased sharply over the period to **10.9%**, 2.2 points higher year-on-year, confirming that the Group has met its target of double-digit current operating margin in 2019.

Net profit attributable to the Group was up €27.4 million at **€154.8 million**.

[1] Includes €53.3 million for the effects of changes in structure (newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).
[2] Subject to approval by the Annual General Meeting of 17 April 2020.
[3] TMC, TFX, TF1 Séries Films and LCI.
[4] Current operating profit after leases (i.e. excluding the impact of IFRS 16) for 2019 was €251.4 million, up €56.6 million year-on-year.
[*] In 2018, operating profit included €22.0 million of non-current charges relating to amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Analysis by segment

Broadcasting

— **Broadcasting segment revenue reached €1,774.2 million, up €10.5 million (+0.6%).**

- Advertising revenue for the Broadcasting segment for 2019 was €1,567.4 million (-1.3%). In 2018, revenue was boosted by the successful coverage of the Men's Football World Cup. In the fourth quarter of 2019, the climate of social unrest in France adversely affected demand from advertisers, leading to a decrease in advertising revenue for the TF1 core channel. Revenue from the DTT channels[5] continued to grow, in line with the increase in audiences and ad spot prices. Advertising revenue at MYTF1 also increased, with an acceleration following the makeover in June 2019. This good performance is linked to growth in the number of video views (+24% year-on-year), combined with an increase in CPM[6] thanks to more efficient exploitation of the data obtained from the 27 million registered users.

- Revenue from other Broadcasting segment activities advanced by €31.3 million year-on-year. This increase reflected the full-year revenue contribution from the agreements signed with telecoms operators and Canal+, and the resale to Canal+ of broadcasting rights for the Women's Football World Cup in the second quarter.

The audience share of the TF1 group among targets remained high, at 32.6% of W<50PDM[7] and 29.4% of 25-49 year-olds. These results show that our multi-channel strategy – based on a higher-powered mix that will improve the return on our investment in content – is delivering. Key features include:

- Strengthening the access prime time and prime time[8] slots on the TF1 core channel, which are particularly popular with advertisers and viewers.
- Programming schedules featuring resolutely distinctive live content (French drama, entertainment, sport and news), with a mix of iconic programmes and successful gambles like the event drama *Le Bazar de la Charité* (7.8 million viewers), the new entertainment hit *Mask Singer* (5.7 million viewers), the Women's Football World Cup (up to 10.7 million viewers), and the regular evening news bulletin (average 5.3 million viewers over the year).
- Growth in audiences for the DTT channels[9], whose repositioning is paying off, with audience shares of 10.6% among W<50PDM (+0.5 of a point) and 9.6% among 25-49 year-olds (+0.4 of a point). TMC was France's fourth most-watched channel in 2019 among advertising targets, reaching a record audience share of 4.4% with those targets.
- A substantial uplift from non-linear audiences on MYTF1. TF1 had 8 of the 10 strongest audiences in catch-up, including *Manifest* (1.5 million extra viewers), *Le Bazar de la Charité* (1.4 million), and *Koh Lanta* (1.1 million).

— **The cost of programmes on the Group's five free-to-air channels was €985.5 million, in line with our guidance.** The year-on-year savings of €28.8 million were mainly due to the screening in 2018 of the Men's Football World Cup. The fourth quarter of 2019 saw increased strategic investment in programming, to attract large audiences and maintain a high share among targets.

— **Broadcasting segment current operating profit reached €185.5 million**, a substantial year-on-year rise of €34.5 million, generating current operating margin of 10.5% (+1.9 points year-on-year). The margin rate has doubled since 2016, reflecting the transformation of our Broadcasting activities to a more sustainable model.

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[5] TMC, TFX, TF1 Séries Films and LCI.
[6] Cost per thousand impressions.
[7] Women aged under 50 purchasing decision-makers.
[8] 7pm-11pm.
[9] TMC, TFX, TF1 Séries Films and LCI.

Studios & Entertainment

— **Studios & Entertainment segment revenue for 2019 was €390.0 million, down €18.6 million year-on-year.** Excluding the €43 million impact of the deconsolidation of Téléshopping in the second quarter of 2019, revenue would have increased by 6% year-on-year.

Newen Studios saw further growth in activity during 2019, with the timing of deliveries more favourable in the final quarter than in the first nine months, and was also boosted by international acquisitions (De Mensen in Belgium, Reel One in Canada), giving a total order book of more than 1,500 hours[10].

Finally, growth at TF1 Entertainment - especially for the PlayTwo music label - partially offset lower revenues at TF1 Studio, which is still affected by the contraction in physical video sales.

— **The segment posted a current operating profit of €57.9 million, up €22.4 million year-on-year, and generated an operating margin of 14.8%.** This increase was due to growth in Newen's international operations, and a return to profit for TF1 Studio's video business thanks to improved cost control.

Digital (Unify)

— **Revenue from the Digital segment (Unify) totalled €173.1 million, up €57.1 million year-on-year.** The rise was mainly due to this segment being consolidated over 12 months in 2019 as opposed to 8 months in 2018.

Following the acquisitions made in recent months, the main focus in 2019 was on reorganising the business to build an integrated digital division. In the fourth quarter of 2019, although social e-commerce reported growth (6% more gift boxes sold than in the fourth quarter of 2018), advertising revenue was down. That reflects a slight contraction in audiences in some European countries, and the impact on Livingly Media's US business of a change in media platform audience buying rules in an ever more competitive market.

Unify is well placed to deliver on its objectives thanks to the rollout in September 2019 of Unify Advertising (a one-stop ad sales agency providing access to all Unify brands and services) and a refocus on growth businesses and territories.

— **Current operating profit was down €0.6 million at €11.7 million,** as the reorganisation of the business dented profits. Unify posted EBITDA of €18.7 million in 2019 versus €17.7 million in 2018[11], giving a 2019 EBITDA margin of 10.8%.

Financial position

Shareholders' equity attributable to the Group was €1,562.4 million at 31 December 2019 out of a balance sheet total of €3,344.1 million.

Excluding lease obligations[12], the TF1 group had net debt of €126.3 million at 31 December 2019 (net debt of €225.8 million including lease obligations[12]), compared with net debt of €27.5 million at 31 December 2018 (net debt of €130.9 million including lease obligations[12]). The year-on-year increase is attributable mainly to the acquisitions of De Mensen and Reel One during the year for a total of €107 million.

In 2019, ROCE[13] came to 9.6%, an improvement on the 2018 figure of 8.8%.

To reward shareholders for the capital they have invested, the Board of Directors will ask the Annual General Meeting of 17 April 2020 to approve the payment of **a dividend of €0.50 per share**, representing 68% of net profit.
The ex-date will be 4 May, the date of record will be 5 May, and the payment date will be 6 May 2020.

Movements in share capital

Between 1 January and 31 December 2019, 728,385 shares were issued as a result of the exercise of stock options. TF1 did not hold any of its own shares during that period.

[10] Number of hours ordered net of hours delivered as of 31 December 2019, on projects worth more than €1 million and excluding Reel One (acquired Q4 2019).
[11] Unify was consolidated for only 8 months in 2018.
[12] Under IFRS 16, applicable from 1 January 2019.
[13] 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 non-controlling interests + net debt at period-end. ROCE is calculated before IFRS 16 impacts.

As of 31 December 2019, the number of shares and voting rights stood at 210,242,074, and the share capital was €42,048,414.80.

Governance

Acting on the advice of the Selection and Remuneration Committee, the Board of Directors will ask the Annual General Meeting of 17 April 2020 to reappoint Catherine Dussart and Olivier Bouygues as Directors for a three-year term of office.

The Board assessed the independence of Catherine Dussart and concluded that she would continue to have no business relationship with the TF1 group, and would retain her status as an independent Director by reference to all the AFEP-MEDEF Code criteria.
Subject to shareholder approval and excluding employee representative Directors, the TF1 Board of Directors would continue to have four female independent Directors, which means that the proportion of both female and independent Directors would be 44% (without taking account of the two employee representative Directors, both of whom are women).

The terms of office of the two employee representative Directors, Fanny Chabirand and Sophie Leveaux Talamoni, expire in 2020. Employee representative Directors are directly elected by TF1 employees in advance of the Annual General Meeting. The first round of elections takes place on 19 March 2020. The Annual General Meeting of 17 April 2020 will know the names of the two employee representative Directors who will have been elected for a two-year term.

Extra-financial performance

In October 2019, it was confirmed that the TF1 group had retained its place in the Gaïa extra-financial index. This means that the TF1 group was included in the following extra-financial indices in 2019: DJSI (Europe & World), MSCI, ISS (formerly Oekom) and Gaïa – official recognition of the Group's commitment to corporate social responsibility.

And the TF1 group consolidated its status as the highest ranked media group in the world's top 100 companies for gender equality[14], underlining our commitment to equal opportunities at work.

Outlook

Our 2019 full-year results confirm our capacity to improve our profitability in line with our target.

The TF1 group has sustainable growth momentum, and opportunities – in content, tech and data – to position itself as a major player in the video market.

We are announcing the following guidance:

In 2020:

- **double-digit current operating margin maintained;**
- **cost of programmes at €985 million;**

In 2021:

- **revenue of at least €250 million from the Unify digital division;**
- **EBITDA margin of at least 15% from the Unify digital division;**
- **improvement in the TF1 group's return on capital employed[15]** relative to the 2018 level (8.8%).

[14] Source: Equileap
[15] 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 non-controlling interests + net debt at period-end.

Executive remuneration

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

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 14 February 2020.
The presentation is available on http://www.groupe-tf1.fr/en.
For details of how to connect go to https://www.groupe-tf1.fr/en/investors/results-and-publications.

TF1 GROUP
CORPORATE COMMUNICATIONS - mcarcabal@tf1.fr
INVESTOR RELATIONS – comfi@tf1.fr