Financial information
First quarter of 2019

Financial information – First quarter of 2019

1. Financial Information – First quarter of 2019

1.1. Consolidated results

Financial indicators

These key figures are extracted from TF1 Group consolidated financial data. The results below are presented in accordance with IFRS 16, applicable from 1 January 2019.

(€ million)	Q1 2019	Q1 2018
Revenue	**553.7**	**499.3**
Group advertising revenue	*394.9*	368.7
Revenue from other activities	*158.8*	130.6
Current operating profit/(loss)	**62.9**	**39.0**
Operating profit/(loss)	**62.9**	**33.3**
Net profit/(loss) from continuing operations	**40.3**	**24.5**
Operating cash flow before cost of net debt and income taxes	**124.7**	**99.1**
Basic earnings per share from continuing operations (€)	**0.19**	**0.12**
Diluted earnings per share from continuing operations (€)	**0.19**	**0.12**
Shareholders' equity attributable to the Group	**1,598.8**	**1,574.6**
Net debt of continuing operations	**69.6**	**130.9**

	Q1 2019	Q1 2018
Weighted average number of ordinary shares outstanding ('000)	**209,960**	**209,871**
Closing share price (€)	**8.21**	**11.03**
Market capitalisation (€bn)	**1.72**	**2.13**

Income statement contributions – continuing operations

The results below are presented using the segmental reporting structure as described in Note 4 to the consolidated financial statements.

€m	Q1 2019	Q1 2018	Chg. €m	Chg. %
Consolidated revenue	**553.7**	**499.3**	**54.4**	**10.9%**
o/w TF1 group advertising revenue	*394.9*	*368.7*	*26.2*	*7.1%*
Consolidated revenue	**553.7**	**499.3**	**54.4**	**10.9%**
Broadcasting	**419.7**	**402.3**	**17.4**	**4.3%**
Studios & Entertainment	**93.5**	**97.0**	**(3.5)**	**-3.6%**
Digital (Unify)	**40.5**	**-**	**40.5**	**N/A**
Cost of programmes	**(222.1)**	**(230.0)**	**7.9**	**-3.4%**
Current operating profit	**62.9**	**39.0**	**23.9**	**61.3%**
Current operating margin	*11.4%*	*7.8%*	*-*	*+3.6pts*
Broadcasting	**49.9**	**26.7**	**23.2**	**86.9%**
Studios & Entertainment	**13.1**	**12.3**	**0.8**	**6.5%**
Digital (Unify)	**(0.1)**	**-**	**(0.1)**	**N/A**
Operating profit	**62.9**	**33.3***	**29.6**	**x1.9**
Net profit attributable to the Group	**40.6**	**24.6**	**16.0**	**x1.7**

* In the first quarter of 2018, current operating profit included €5.7 million of non-current charges relating to amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Analysis of cost of programmes

(€ million)	Q1 2019	Q1 2018
Total cost of programmes	**222.1**	**230.0**
Variety/Gameshows/Magazines	**71.2**	**66.8**
Drama/TV movies/Series/Plays	**77.9**	**81.8**
News (including LCI)	**35.1**	**34.6**
Films	**26.2**	**34.3**
Children's programmes	**2.4**	**2.3**
Sports	**9.3**	**10.2**

1.2. Key events of the first quarter of 2019

January

10 January 2019

The TF1 group is ranked 20th in the Ethics and Boards 2018 "Women on Boards" awards out of the 120 French large caps in the SBF 120, up four places from 2017. The Group retained its position as the highest-ranked media group, ahead of M6 (36th), Lagardère (42nd) and Bolloré (88th).

24 January 2019

The TF1 group and national fibre operator Videofutur announce a new global distribution agreement. Under the agreement, Videofutur will distribute all the TF1 group's free-to-air DTT channels (TF1, TMC, TFX, TF1 Séries Films and LCI), alongside non-linear services associated with those channels.

30 January 2019

The TF1 group enters into exclusive negotiations with Jérôme Dillard, former CEO of Téléshopping, with a view to selling the operational side of Téléshopping's business. At a time when the distance selling business is changing radically, the TF1 group has decided to concentrate on broadcasting telesales programmes on its channels.
Jérôme Dillard has committed to retaining all staff. The TF1 group has agreed to continue broadcasting teleshopping programmes for the next five years.

February

5 February 2019

The TF1 Group announces the creation of Unify, its new digital division, which brings together the new digital activities of the TF1 group (excluding OTT and Replay TV): the Aufeminin group (Aufeminin, Marmiton, MyLittleParis, etc.), Doctissimo, Neweb (Les Numériques, ZDNet, Paroles de Maman, etc.), Gamned!, Studio 71, Vertical Station and TF1 Digital Factory.

With a presence in 10 countries and more than 100 million unique visitors every month, Unify becomes the no.1 digital group built around federating content, original productions, talents, events and services dedicated to female themes, health and entertainment.
Unify is currently present in three businesses: Publishers, Brand Solutions & Services, and Social e-commerce.
The creation of this digital division will generate synergies with the TF1 group both editorially and commercially. Unify and TF1 Publicité will be able to marry their know-how and expertise to provide advertisers with all-new optimised cross-media solutions.

March

1 March 2019

Newen takes a majority 60% stake in De Mensen, one of Belgium's leading producers of audiovisual content.

11 March 2019

The TF1 group announces the implementation, effective 11 March 2019, of a share buyback programme, as authorised by the Board of Directors and in accordance with the authority granted by the Annual General Meeting of TF1 shareholders on 19 April 2018. The repurchased shares will be cancelled.

26 March 2019

TF1 and Netflix announce an agreement around the event series *Le Bazar de la Charité*. This first major partnership between Netflix and a French broadcaster, which was initiated by TF1 Studio (who are distributing the series on behalf of Quad Télévision), will give Netflix exclusive worldwide SVOD rights for four years.

1.3. Analysis of consolidated results

The results below are presented using the segmental reporting structure as presented in Note 4 "Operating segments" to the consolidated financial statements, and in accordance with IFRS 16 (applicable from 1 January 2019).

Revenue

Consolidated revenue of the TF1 group for the first quarter of 2019 reached €553.7 million, an increase of €54.4 million (+10.9%) year-on-year, including €18.7 million of organic growth and €35.7 million of external growth. Advertising revenue was €394.9 million, a year-on-year increase of 7.1%; this figure includes advertising revenue from both the Broadcasting and Digital segments.

Cost of programmes and other current operating income/expenses

Cost of programmes

The cost of programmes on the Group's five free-to-air channels was €222.1 million, down €7.9 million year-on-year. The Group has once again demonstrated its ability to optimise its programming cost structure while keeping audiences high, and is reiterating its guidance of an average total cost of programmes of €990 million for 2019-2020.

Other expenses and depreciation, amortisation and provisions

Other expenses and depreciation, amortisation and provisions increased by €38.4 million year-on-year, mainly due to the consolidation of the Aufeminin group and the additional acquisitions in 2018 within the Unify segment (Ykone, Magnetism, Doctissimo and Gamned!).

Current operating profit

The Group posted a current operating profit for the first quarter of 2019 of €62.9 million, a rise of €23.9 million. Current operating margin increased sharply this quarter to 11.4%, 3.6 points higher year-on-year.

Operating profit

Group operating profit for Q1 2019 was €62.9 million. In Q1 2018, it included €5.7 million of non-current expenses, related to the amortisation of audiovisual rights remeasured in connection with the Newen Studios acquisition.

Net profit

Net profit attributable to the Group for the first quarter of 2019 was up €16.0 million at €40.6 million.

Financial position

Shareholders' equity attributable to the Group was €1,598.8 million at 31 March 2019 out of a balance sheet total of €3,329.8 million.

Excluding lease obligations[1], the TF1 group had net surplus cash of €33.5 million at 31 March 2019 (net debt of €69.6 million including lease obligations[1]), compared with net debt of €27.5 million at 31 December 2018 (net debt of €130.9 million including lease obligations[1]). This positive trend in net debt illustrates the Group's ability to generate cash flows thanks to strong top-line growth.

As of 31 March 2019, TF1 had confirmed bilateral bank credit facilities of €1,040 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 31 March 2019, drawdowns under those facilities amounted to €108 million, all of which related to the Newen Studios facility.

In line with its previous announcement, the Group repurchased 415,251 of its own shares in the first quarter of 2019 at an average price of €8.50 per share, representing a total outlay of €3.5 million. As announced, the repurchased shares will be cancelled.

[1] IFRS 16, applicable from 1 January 2019.

1.4. Segment information

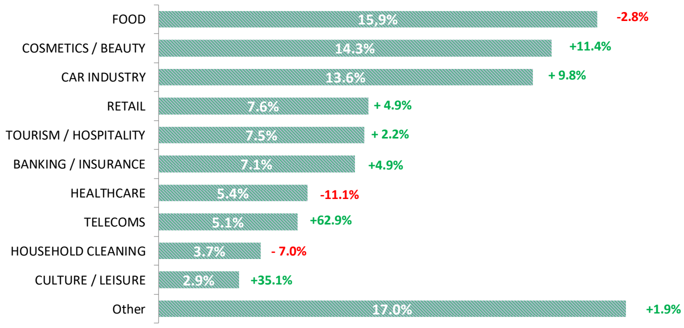
Broadcasting

Revenue

Revenue for the Broadcasting segment for the first quarter of 2019 reached €419.7 million, a rise of €17.4 million. This growth was a combination of stronger linear and non-linear advertising revenue linked to the Group's healthy viewing figures, and the incremental revenue contribution from the agreements signed with the telecom operators and Canal+.

2019 first-quarter gross revenue for the TF1 group's free-to-air channels was 5.4% higher than in the comparable period of 2018.

Trends in gross advertising spend (excluding sponsorship) by sector for the first quarter of 2019 are shown in the chart below.



Source: Kantar Média, Q1 2019 vs. Q1 2018.

Current operating profit

The Broadcasting segment reported a current operating profit of €49.9 million, up €23.2 million year-on-year. First-quarter current operating margin for the segment was 11.9%, up 5.3 points year-on-year. This rise illustrates the transformation of the Broadcasting segment towards a virtuous cycle of value creation, as diversification of revenue sources and incremental top-line gains combine with well-controlled programming costs.

Free-to-air channels – market review[1]

Average daily TV viewing time during the first quarter of 2019 among individuals aged 4+ remained high at 3 hours 43 minutes, down 14 minutes year-on-year for live viewing alone. Time-shift viewing (catch-up and recording) was relatively stable year-on-year. For the target audience of "women aged under 50 purchasing decision makers" (W<50PDM), average daily viewing time was 20 minutes lower year-on-year at 3 hours 23 minutes.

These figures do not include non-linear live or catch-up consumption on other devices (computers, tablets, smartphones, etc.), or outside the home on any device. Médiamétrie estimates non-linear consumption in the first quarter of 2019 at 10 minutes.

Free-to-air channels – audience ratings[2]

In a highly competitive market, the TF1 group continues to reap the benefits of its multi-channel strategy and editorial transformation.
The Group has strengthened its market leadership across all target audiences, and especially among younger viewers where its channels have seen the strongest growth. The figures clearly demonstrate the Group's ability to deploy offers suited to every type of audience:

- 32.3% audience share among W<50PDM (+0.1 of a point);
- 29.4% audience share among 25-49 year-olds (+0.8 of a point).

TF1

With a 27% share of individuals aged 4+, the TF1 core channel maintained its lead of more than 10 points over its nearest private-sector rival.

The channel also achieved 19 of the top 20 audience ratings of the quarter, across all genres (News, Sport, French drama, Entertainment, Movies and American series).

- **Entertainment:** TF1 posted the biggest audience of the year so far with *Monde des Enfoirés*, shown on 8 March, which attracted 9.4 million viewers (44% share of individuals aged 4+). Second and third place in the quarter's entertainment ratings were taken by the return of *Koh-Lanta* (5.6 million viewers, 20% of them in timeshift[3] and audience shares of 40% among W<50PDM and 39% among 25-49 year-olds) and *The Voice*.

[1] *Source: Médiamétrie – Médiamat.*
[2] *Source: Médiamétrie*

[3] *Timeshift = Catch-up TV + private recording*

- **Sport:** The highlight of the quarter was the Moldova/France football match, watched by 6.4 million people (28% share of individuals aged 4+).
- **French drama:** TF1 drama offers a diverse mix of bold, ambitious, hard-hitting event TV in prime time. Examples in the quarter included season 2 of *Les Bracelets Rouges* (average 5.9 million viewers, including 1.3 million or 20% of the total in timeshift[1]) and *Infidèles* (5.7 million viewers over the season).
- **Foreign series:** The first quarter saw the screening of the series *S.W.A.T.* (4.8 million viewers on average, peaking at 5.9 million) and the new season of *Grey's Anatomy* (37% average share of the W<50PDM audience).
- **News:** Audiences are on the up with the TF1 news bulletins still at high levels; the evening bulletin averaged 5.8 million viewers and the lunchtime bulletin 5.3 million.
- **Movies:** The TV premiere of *Radin* attracted the biggest TV audience for a movie in the quarter (6.1 million viewers, 24.3% of individuals aged 4+).

The TF1 group's DTT arm – TMC, TFX, TF1 Séries Films and LCI – maintained its market leadership with a combined audience share of 10.5% among W<50PDM (+0.4 of a point year-on-year) and 9.7% amongst 25-49 year-olds (+0.5 of a point year-on-year).

TMC

TMC retained its spot as France's most-watched DTT channel in March 2019 for the seventh month running, with a 4.5% share of the target W<50PDM audience. The channel's audience share also grew over the quarter as a whole, to 4.2% of W<50PDM and 25-49 year-olds (+0.2 of a point year-on-year). TMC also posted the quarter's biggest DTT audience with the movie *Qu'est-ce qu'on a fait au Bon Dieu ?* (2.9 million viewers), and achieved 9 of the top 20 DTT audience ratings. The entertainment shows *Quotidien* and *Burger Quiz* also performed well, with up to 1.9 million and 1.4 million viewers in the quarter respectively.

TFX

The channel turned in good performances with younger viewers in the 15-24 age bracket. The all-new season 4 of *La Villa des Cœurs Brisés* confirmed its success in the access prime time slot (most-watched DTT programme with 8% of W<50PDM and 11% of 15-24 year-olds), while the return of *Tattoo Cover* attracted an average 7% audience share among 15-24 year-olds.

TF1 Séries Films

The audience figures for TF1 Séries Films held steady year-on-year among W<50PDM, and rose by 0.1 of a point among 25-49 year-olds. The channel also attracted the best prime-time movie audience of the season with *l'Arme Fatale 3* (*Lethal Weapon 3*), pulling in 1 million viewers and a 4.9% share of individuals aged 4+. Finally, the strategy of re-screening TF1 event series after initial broadcast proved a success. The series included *Infidèles*, *Les Bracelets Rouges* and *Grey's Anatomy*, the new season of which enjoyed an average 37% audience share among W<50PDM in the quarter.

LCI

LCI retained its position as France's no.2 news channel in the first quarter of 2019 with a 1.1% share of individuals aged 4+, up 0.5 of a point year-on-year. It also recorded the strongest growth of any French TV channel among individuals aged 4+ for the second consecutive month (+51%) The most robust growth in March 2019 was for the shows *La Matinale*, *Audrey&Co*, *Perri Scope* and *24H Pujadas*.

TF1 Publicité (third-party airtime sales)

Revenue from third-party airtime sales (for radio stations, non-Group TV channels, etc.) was up year-on-year, thanks in particular to the agreement with Discovery Communications that came into effect on 1 January 2018.

TF1 Films Production[2]

Cinema footfall in March 2019 was 18.3 million, 12.0% lower than in March 2018. Over the first quarter of 2019, footfall was 58.8 million, down 4.5% year-on-year. On a rolling 12-month basis, cinema footfall is estimated at 198.3 million, 5.6% lower than in the previous 12-month period.

French films took an estimated market share of 46.9% in the first quarter of 2019 (versus 43.7% a year earlier) and American films a 44.1% share (versus 40.3% a year earlier). Market shares over the last 12 months are estimated at 40.2% for

[1] *Timeshift = Catch-up TV + private recording*

[2] *Source: CNC*

French films, 45.9% for American films and 13.9% for other films.

Three French films ranked in the top 10 for the first quarter of 2019: *Qu'est-ce qu'on a encore fait au bon Dieu ?* (1st), *Nicky Larson et le parfum de Cupidon* (9th) and *Le Chant du loup* (10th).

Three films co-produced by TF1 Films Production went on general release in the quarter:
- *Qu'est-ce qu'on a encore fait au bon Dieu ?*: 6.6 million box office entries;
- *All inclusive*: 0.8 million box office entries;
- *Jusqu'ici tout va bien*: 0.6 million box office entries.

Together, the three films released in the quarter accumulated nearly 8 million box office entries. As a comparison, the four films released in the first quarter of 2018 generated 13.4 million box office entries.

The revenue profit contribution from TF1 Films Production for the first quarter of 2019 as well as the contribution at operating profit level are slightly lower year-on-year.

TF1 Production

In the first quarter of 2019 TF1 Production produced around 117 hours of programmes, more than in the comparable period of 2018, mainly thanks to true life story programmes.

The revenue profit contribution from TF1 Production for the first quarter of 2019 as well as the contribution at operating profit level are slightly lower year-on-year, mainly due to a less favourable mix of genres.

Other platforms and related activities

e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels and continuing to adapt to changes in consumption patterns, for example through graphic and technical upgrades to the MYTF1 website.

MYTF1 performed well during the first quarter of 2019 with 374 billion video views[1], up 8% year-on-year, bolstered by success across all genres: *Demain nous appartient, Les Bracelets rouges, Koh-Lanta, Grey's Anatomy* and *La Villa des cœurs brisés*.

Interactivity also showed year-on-year growth, although its contribution is still limited. The shows *Petits plats en équilibre* and *Les 12 coups de midi*, and the return of *Qui veut gagner des millions*, contributed strongly and offset the discontinuation of gameshow *The Wall.*

Both revenue and operating profit rose year-on-year at e-TF1. There has been a change in structure at e-TF1: the subsidiaries Finder and TF1 Digital Factory have been reclassified to the Digital segment (Unify).

Theme channels

French pay-TV channels as a whole attracted an audience share of 10.2% among individuals aged 4+ during the first quarter of 2019, stable year-on-year[2] (-0.1 of a point).

Both revenue and operating profit for the TF1 group's theme channels (TV Breizh, Ushuaïa, Histoire) held steady year-on-year.

TV Breizh

For the fourth consecutive wave, TV Breizh was France's most-watched theme channel, with a 0.7% share of individuals aged 4+[3].

This performance reaffirms the popularity of the programming schedule, combining comedy and crime drama (with the return of *Mentalist* to the channel).

Ushuaïa

Ushuaïa TV is recording good growth: the channel's four-week coverage increased by 12% in six months to 2.7 million individuals, and the channel's audience has risen by 6% over the same period[3].

Histoire

The channel had its third best wave ever since Médiamat'Thematik ratings began. Four-week coverage rose sharply to 2.9 million viewers (up 22% in six months), confirming Histoire's status as the no.1 history channel.

[1] *Excluding news content, XTRA content and live sessions. Source: eStat Médiamétrie – AT Internet – Orange.*
[2] *Médiamétrie – Médiamat.*
[3] *Source: Mediamat'Thématik. Wave 36.*

Studios & Entertainment

Studios

Newen Studios

Newen continued to expand its geographical footprint in the first quarter of 2019 with the acquisition of De Mensen, a major player in audiovisual production in Belgium. De Mensen produces both drama and unscripted shows, not only for private and public sector broadcasters in Belgium, but also for the international market including platforms like Netflix (for whom the company co-produced *Undercover*).

In addition to successful daily shows (*Demain Nous Appartient, Plus Belle La Vie, Magazine de la Santé*), this quarter saw the delivery and screening of the series *Osmosis* on Netflix.

Revenue at Newen is set to increase in the months ahead given the pipeline currently in production.

Newen's results have been impacted by the reclassification of its digital activities (Neweb) to Unify, the TF1 group's digital segment.

TF1 Studio

The two TF1 Studio films that went on general release in the first quarter of 2019 met with only moderate success: *Ben is back* (132,000 box office entries) and *Jusqu'ici tout va bien* (575,000)[1]. No TF1 Studio films went on general release in the comparable period of 2018.

Distribution revenues increased year-on-year, driven by the sale of *L'Extraordinaire voyage du Fakir* and *The Wife* to Amazon.
However, physical video sales fell, in a structurally declining market.

The subsidiary's revenue and current operating profit were broadly stable year-on-year.

Entertainment

TF1 Entertainment

TF1 Entertainment had a good first quarter of 2019, with growth in both revenue and operating profit. The main factors were:
- Play Two: good performances, linked to the Maitre Gims tour;
- Games/Dujardin: success for the *Burger Quiz* game, which posted strong sales;
- Licences: stable year-on-year, as royalties for *Nickelodeon, Burger Quiz, Ushuaïa* and *Miraculous* offset lower revenues from *The Voice*;
- La Seine Musicale: while production revenue rose in the first quarter, ticket sales for the La Grande Seine concert hall were lower;
- Music/Live shows: weaker performances due to a tough comparative in the first quarter of 2018, which included concerts by M. Pokora and the *Stars 80* and *Bodyguard* shows.

Home Shopping

Sales of goods rose year-on-year due to an increase in order levels. Current operating profit on higher gross margin and stable overheads.
The TF1 group announced on 11 April that it had completed the sale of the operational side of the Home Shopping business[2], the results of which will be deconsolidated from the second quarter of 2019 onwards.

Digital (Unify)

Revenue from the Digital segment was €40.5 million. Overall, revenues were higher year-on-year, especially at Aufeminin.

The segment broke even at current operating profit level. This reflects seasonal trends in the business, and profit will pick up as the year progresses.

[1] *CBO Box-office.*

[2] *Refer to the press release issued on 11 April 2019.*

1.5. Corporate social responsibility

Living together better

A theatre performance to help understand and fight radicalisation

On Friday 25 January, the TF1 Enterprise Foundation staged a performance of *Lettres à Nour*, featuring its author Rachid Benzine, for the Foundation's partners and for the young people taking part in its programmes.

Accompanied by an actress, Rachid Benzine gave a live reading of *Lettres à Nour*, based on his novel *Nour, pourquoi n'ai-je rien vu venir ?* It takes the form of letters between a Muslim philosopher inspired by the Enlightenment and his 20-year-old daughter Nour, who flees to Iraq to join a lieutenant in the Islamic State movement whom she has secretly married.

The reading was followed by a debate on the radicalisation of young people between Rachid Benzine (a teacher and Islamic scholar, as well as a writer) and the audience.

TF1 says #Notocyberviolence in association with the Respect Zone NGO

On 4 February, TF1 marked the 16th anniversary of European Safer Internet Day by hosting an event organised by Respect Zone[12], an NGO that the Group has partnered since December 2017. The evening included a presentation of a survey conducted by consultants at Netino by WebHelp and Dentsu Consulting on behalf of Respect Zone and TF1, which revealed a sharp increase in both the volume of cyberviolence and the number of perpetrators. The event highlighted the actions being taken by Respect Zone and its partners to promote education and non-violent digital communication among young people. More than a hundred partners and celebrities committed to standing up for respect on social networks attended the event, signing up to an appeal to say #Notocyberviolence and to support the "Respect Charter" that the NGO is promoting across social networks.

Equality of opportunity

The TF1 group supports the "Moteur" project and launches the TF1 Initiatives Award

The Moteur![13] project, which advocates for equality of opportunity, organises a competition in which young people aged 14 to 22 are invited to make a video about someone who inspires them. The launch event for the 2019 award was hosted by TF1 on Monday 18 February. In line with our strong commitment to inclusion and equality of opportunity, three TF1 group channels (TF1, TMC and TFX) carried a trailer for the project until 3 March, to make young people aware of what Moteur![13] is doing and encouraging them to take part in the adventure. Ten prize-winners, selected by TF1 journalist Harry Roselmack (director of the film *Fractures* and a member of the 2019 jury), will be treated to a full-day immersive experience at TF1. It will be an opportunity for them to meet with media professionals and find out about the wide variety of things they do, and to see what goes on behind the scenes in the mass media.

Environment

TMC works alongside the Principality of Monaco to support energy transition

On Thursday 21 March, Céline Nallet (Managing Director of the TF1 group's DTT channels), on behalf of TMC, signed up to the Commitment Charter for the National Energy Transition Pact. TMC will contribute to the movement – which has already attracted over 700 signatories in the Principality – by reducing business travel through the use of videoconferencing links between the teams based in Paris and Monaco, by increasing tele-working and by switching to energy-saving equipment.

The National Pact was launched in January 2018 with HRH Prince Albert II as the first signatory, followed by his government. The aim is to commit Monaco to becoming carbon neutral by 2050. For full information about energy transition in Monaco, go to www.transition-energetique.gouv.mc.

[12] Respect Zone is a French NGO that provides positive communication tools to promote respect and prevent cyberviolence, through responsible freedom of expression and self-moderation. Reflecting their commitment to encourage mutual respect among internet users, the TF1 group's channels have adopted the Respect Zone label across all their social networks and websites (MYTF1, LCI.fr, Ushuaia TV).

[13] The Moteur! project jury, chaired in 2019 by Julie Bertuccelli, attracts big names from cinema and the arts every year, such as Samuel Le Bihan, Abd Al Malik and Mathieu Kassovitz.

1.6. Human resources update

As of 31 March 2019, the TF1 group had 3,137 employees on permanent contracts.

1.7. Outlook

Our 2019 first-quarter results confirm our ability to improve our profitability by adjusting our core business model while developing new growth territories.

We continue to adapt to our environment, and are reiterating the following guidance:

- in 2019:
  - target of double-digit current operating margin;

- on average over 2019-2020:
  - total cost of programmes of €990 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[14] relative to the 2018 level.

1.8. Diary dates

- **30 April 2019:** Date of record for dividend payments
- **2 May 2019:** Dividend payment date
- **24 July 2019:** 2019 first-half revenue and financial statements
- **29 October 2019:** 2019 9-month revenue and financial statements

These dates may be subject to change.

[14] 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. Excluding the impact of IFRS 16, the TF1 group's ROCE was 8.8% in 2018.

2. Condensed consolidated financial statements First quarter of 2019

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report. The financial statements are restated for the impacts of first-time application of IFRS 16.

2.1. Consolidated income statement

(€m)	Note	First quarter 2019	First quarter 2018 [1]	Full year 2018 [1]
Advertising revenue		394.9	368.7	1,662.2
Other revenue		158.8	130.6	626.1
Revenue	*5*	**553.7**	**499.3**	**2,288.3**
Other income from operations		12.4	18.4	44.7
Purchases consumed and changes in inventory		(225.7)	(213.7)	(957.7)
Staff costs		(110.5)	(94.3)	(470.7)
External expenses		(95.4)	(87.1)	(396.3)
Taxes other than income taxes		(34.3)	(33.4)	(132.7)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets		(59.6)	(56.6)	(213.0)
Net amortisation expense on right of use of leased assets		(4.8)	(3.8)	(17.1)
Provisions and impairment, net		5.2	(8.2)	(70.6)
Other current operating income		46.6	49.5	253.5
Other current operating expenses		(24.7)	(31.1)	(129.6)
Current operating profit/(loss)		**62.9**	**39.0**	**198.8**
Non-current operating income		-	-	-
Non-current operating expenses		-	(5.7)	(22.0)
Operating profit/(loss)		**62.9**	**33.3**	**176.8**
Income associated with net debt		-	0.1	0.2
Expenses associated with net debt		(0.4)	(0.5)	(2.2)
Interest expense on lease obligations		(1.0)	(1.0)	(4.0)
Cost of net debt and interest expense on lease obligations		**(1.4)**	**(1.4)**	**(6.0)**
Other financial income		0.7	1.2	7.0
Other financial expenses		(1.3)	(1.3)	(2.2)
Income tax expense		(20.5)	(7.5)	(47.9)
Share of profits/(losses) of joint ventures and associates	*7*	(0.1)	0.2	0.2
Net profit/(loss) from continuing operations		**40.3**	**24.5**	**127.9**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**	**-**
Net profit/(loss)		**40.3**	**24.5**	**127.9**
attributable to the Group:		***40.6***	***24.6***	***127.4***
attributable to non-controlling interests:		***(0.3)***	***(0.1)***	***0.5***
Weighted average number of shares outstanding (in '000)		209,960	209,871	209,891
Basic earnings per share from continuing operations (€)		0.19	0.12	0.61
Diluted earnings per share from continuing operations (€)		0.19	0.12	0.61

[1] *Restated for the impacts of first-time application of IFRS 16.*

2.2. Statement of recognised income and expense

(€m)	First quarter 2019	First quarter 2018 [(1)]	Full year 2018 [(1)]
Consolidated net profit/(loss) for period	**40.3**	**24.5**	**127.9**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits			(3.8)
Net change in fair value of equity instruments			(7.4)
Net tax effect of equity items not reclassifiable to profit or loss			1.0
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity			
Items reclassifiable to profit or loss			
Remeasurement of hedging instruments [(2)]	0.5	1.7	6.6
Remeasurement of available-for-sale financial assets			
Change in cumulative translation adjustment of controlled entities	0.2		0.6
Net tax effect of equity items reclassifiable to profit or loss	(0.2)	(0.6)	(2.3)
Share of reclassifiable income and expense of joint ventures and associates recognised in equity			
Income and expense recognised directly in equity	**0.5**	**1.1**	**(5.3)**
Total recognised income and expense	**40.8**	**25.6**	**123.2**
attributable to the Group	41.1	25.9	122.6
attributable to non-controlling interests	(0.3)	(0.1)	0.6

(1) *Restated for the impacts of first-time application of IFRS 16.*

(2) *Includes €0.3 million relating to the reclassification of cash flow hedges to profit or loss during the first quarter of 2019.*

2.3. Consolidated cash flow statement

(€m)	Note	First quarter 2019	First quarter 2018 [(1)]	Full year 2018 [(1)]
Net profit/(loss) from continuing operations (including non-controlling interests)		40.3	24.5	127.9
Net charges to/(reversals of) depreciation, amortisation, impairment and non-current provisions		65.0	70.8	279.5
Amortisation, impairment and other adjustments on right of use of leased assets		4.8	3.8	17.1
Net (gain)/loss on asset disposals		-	0.8	(1.3)
Share of (profits)/losses and dividends of joint ventures and associates	*7*	0.1	(0.2)	1.0
Other non-cash income and expenses		(7.4)	(9.5)	(44.4)
Sub-total		**102.8**	**90.2**	**379.8**
Cost of net debt		1.4	1.4	6.0
Income tax expense (including deferred taxes)		20.5	7.5	47.9
Operating cash flow		124.7	99.1	433.7
Income taxes (paid)/reimbursed		(15.8)	(7.0)	(67.3)
Change in operating working capital needs		36.3	(16.2)	16.9
Net cash generated by/(used in) operating activities		**145.2**	**75.9**	**383.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(44.4)	(46.9)	(212.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		-	0.1	2.0
Cash outflows on acquisitions of financial assets		(0.4)	-	(2.4)
Cash inflows from disposals of financial assets		-	-	5.7
Effect of changes in scope of consolidation	*9*	(15.5)	1.2	(261.3)
Purchase price of investments in consolidated activities		*(19.1)*	-	*(326.4)*
Proceeds from disposals of consolidated activities		-	-	*1.5*
Net liabilities related to consolidated activities		-	-	-
Other cash effects of changes in scope of consolidation		*3.6*	*1.2*	*63.6*
Dividends received		-	0.1	0.1
Other cash flows from investing activities		(1.4)	0.1	(0.4)
Net cash generated by/(used in) investing activities		**(61.7)**	**(45.4)**	**(468.7)**
Cash received on exercise of stock options		0.6	0.1	0.4
Purchases and sales of treasury shares		(3.5)	-	-
Other transactions between shareholders		(2.2)	(1.4)	(182.0)
Dividends paid during the period		-	-	(73.5)
Cash inflows from new debt contracted		15.9	-	-
Repayments of borrowings		(0.1)	(0.5)	(22.0)
Repayments of lease obligations		(4.6)	(3.5)	(16.2)
Net interest paid		(1.4)	(1.4)	(6.0)
Net cash generated by/(used in) financing activities		**4.7**	**(6.7)**	**(299.3)**
Impact of exchange rate movements		**0.2**		***0.2***
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**88.4**	**23.8**	**(384.5)**
Cash position at start of period		**111.0**	**495.5**	**495.5**
Change in cash position		88.4	23.8	(384.5)
Cash position at end of period		**199.4**	**519.4**	**111.0**

[(1)] *Restated for the impacts of first-time application of IFRS 16.*

2.4. Consolidated balance sheet - Assets

ASSETS (€m)	*Note*	**31/03/2019**	**31/12/2018** [(1)]	**31/03/2018** [(1)]
Goodwill	*6*	**831.9**	**817.1**	**588.8**
Intangible assets		**283.3**	**287.3**	**216.2**
Audiovisual rights		144.1	144.2	156.4
Other intangible assets		139.2	143.1	59.8
Property, plant and equipment		**196.0**	**191.5**	**178.3**
Right of use of leased assets		**97.8**	**98.2**	**99.2**
Investments in joint ventures and associates	*7*	**20.6**	**20.8**	**22.4**
Non-current financial assets		**43.6**	**40.5**	**44.2**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,473.2**	**1,455.4**	**1,149.1**
Inventories		**525.5**	**520.9**	**618.1**
Programmes and broadcasting rights		509.5	505.8	600.5
Other inventories		16.0	15.1	17.6
Trade and other debtors		**1,111.0**	**1,141.9**	**1,058.3**
Current tax assets		**14.2**	**17.6**	**13.7**
Other current financial assets		**2.2**	**2.2**	**-**
Cash and cash equivalents	*8*	**203.7**	**117.3**	**520.3**
Total current assets		**1,856.6**	**1,799.9**	**2,210.4**
Assets of held-for-sale operations		**-**	**-**	**-**
TOTAL ASSETS		**3,329.8**	**3,255.3**	**3,359.5**

(1) *Restated for the impacts of first-time application of IFRS 16.*

2.5. Consolidated balance sheet – Liabilities and equity

LIABILITIES AND EQUITY (€ million)	*Note*	**31/03/2019**	**31/12/2018** (1)	**31/03/2018** (1)
Share capital		42.0	42.0	42.0
Share premium and reserves		1,516.2	1,405.2	1,544.9
Net profit/(loss) for the period attributable to the Group		40.6	127.4	24.6
Shareholders' equity attributable to the Group		**1,598.8**	**1,574.6**	**1,611.5**
Non-controlling interests		0.1	0.6	(1.7)
Total shareholders' equity		**1,598.9**	**1,575.2**	**1,609.8**
Non-current debt	*8*	**152.4**	**126.9**	**131.4**
Non-current lease obligations	*8*	**85.2**	**84.8**	**88.9**
Non-current provisions		**41.9**	**41.1**	**37.8**
Non-current tax liabilities		**43.8**	**43.7**	**37.1**
Total non-current liabilities		**323.3**	**296.5**	**295.2**
Current debt	*8*	**17.8**	**17.9**	**108.9**
Current lease obligations	*8*	**17.9**	**18.6**	**14.7**
Trade and other creditors		**1,351.7**	**1,326.9**	**1,306.7**
Current provisions		**20.2**	**20.2**	**18.7**
Current tax liabilities		**-**	**-**	**-**
Other current financial liabilities		**-**	**-**	**5.5**
Total current liabilities		**1,407.6**	**1,383.6**	**1,454.5**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL LIABILITIES AND EQUITY		**3,329.8**	**3,255.3**	**3,359.5**

(1) *Restated for the impacts of first-time application of IFRS 16.*

2.6. Consolidated statement of changes in shareholders' equity

(€m)	Share capital	Share premium	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31/12/2017 (1)	**42.0**	**16.4**	**1,545.5**	**(16.4)**	**1,587.5**	**(0.1)**	**1,587.4**
Impact of IFRS 16 on opening equity (2)	-	-	(0.8)	-	**(0.8)**	(1.9)	**(2.7)**
BALANCE AT 31/12/2017 – RESTATED	**42.0**	**16.4**	**1,544.7**	**(16.4)**	**1,586.7**	**(2.0)**	**1,584.7**
Capital increase (stock options exercised)	-	0.1	-	-	**0.1**	-	**0.1**
Share-based payment	-	-	1.1	-	**1.1**	-	**1.1**
Purchase of treasury shares	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	(1.7)	-	**(1.7)**	0.2	**(1.5)**
Total transactions with shareholders	**-**	**0.1**	**(0.6)**	**-**	**(0.5)**	**0.2**	**(0.3)**
Consolidated net profit/(loss) for period	**-**	**-**	**24.6**	**-**	**24.6**	**(0.1)**	**24.5**
Income and expense recognised directly in equity	**-**	**-**	**-**	**1.1**	**1.1**	**-**	**1.1**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	(0.4)	-	**(0.4)**	0.2	**(0.2)**
BALANCE AT 31/03/2018 (1) (2)	**42.0**	**16.5**	**1,568.3**	**(15.3)**	**1,611.5**	**(1.7)**	**1,609.8**

(€m)	Share capital	Share premium	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31/12/2018	**42.0**	**16.8**	**1,538.9**	**(21.7)**	**1,576.0**	**2.6**	**1,578.6**
Impact of IFRS 16 on opening equity (2)	-	-	(1.4)	-	**(1.4)**	(2.0)	**(3.4)**
BALANCE AT 31/12/2018 – RESTATED	**42.0**	**16.8**	**1,537.5**	**(21.7)**	**1,574.6**	**0.6**	**1,575.2**
Capital increase (stock options exercised)	-	0.6	-	-	**0.6**	-	**0.6**
Share-based payment	-	-	0.7	-	**0.7**	-	**0.7**
Purchase of treasury shares	-	-	(3.5)	-	**(3.5)**	-	**(3.5)**
Cancellation of treasury shares	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	**-**	-	**-**
Other transactions with shareholders (3)	-	-	(16.4)	-	**(16.4)**	-	**(16.4)**
Total transactions with shareholders	**-**	**0.6**	**(19.2)**	**-**	**(18.6)**	**-**	**(18.6)**
Consolidated net profit/(loss) for period	**-**	**-**	**40.6**	**-**	**40.6**	**(0.3)**	**40.3**
Income and expense recognised directly in equity	**-**	**-**	**-**	**0.5**	**0.5**	**-**	**0.5**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	1.7	-	**1.7**	(0.2)	**1.5**
BALANCE AT 31/03/2019	**42.0**	**17.4**	**1,560.6**	**(21.2)**	**1,598.8**	**0.1**	**1,598.9**

(1) *Restated for the impacts of IFRS 15 and IFRS 9, applied by the Group as of 1 January 2018.*

(2) *Impact of IFRS 16, applied by the Group as of 1 January 2019 with full retrospective effect (see Note 2.6.1).*

(3) *In 2019, "Other transactions with shareholders" mainly comprise buyouts of, and commitments to buy out, non-controlling shareholders of the De Mensen group following the acquisition of control in March 2019 and amounting to €12.2 million.*

2.7. Notes to the consolidated financial statements

1 Significant events

Acquisition of control over the De Mensen group

On 28 February 2019, the Newen group finalised the acquisition of a 60% equity interest in the De Mensen group, a Belgian audiovisual producer.

The vendors and the Newen group entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell, and the Newen group has an option to acquire, the residual 40% equity interest between 2022 and 2028.

See Note 3 (“Changes in scope of consolidation”).

2 Accounting principles and policies

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the three months ended 31 March 2019 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 31 December 2018 as published in the 2018 *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on 7 March 2019 under reference number D.19-0121. An English-language version of the audited consolidated financial statements for the year ended 31 December 2018 is included in the 2018 TF1 Registration Document, available on the TF1 corporate website via the link https://www.groupe-tf1.fr/en/investisseurs/resultats-et-publications/rapports-annuels.

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 take account of recommendation no. 2016-01 on the presentation of financial statements, issued by the ANC (the French national accounting standard-setter) on 2 December 2016.

They are presented in millions of euros (€m), and include comparatives restated for first-time application of IFRS 16 and IFRIC 23 where applicable.

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 1 January 2019

In preparing its condensed financial statements for the three months ended 31 March 2019, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2018, except for changes required to meet the obligations contained in the IFRS standards applicable as of 1 January 2019 as described below.

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 16: Leases	1 January 2019	On 13 January 2016, the IASB issued IFRS 16, “Leases”. IFRS 16 replaces IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees ends the distinction currently made between operating leases and finance leases. Lessees are required to account for all leases with a term of more than one year and those relating to assets with a value of more than 5,000 dollars in a manner similar to that previously specified for finance leases under IAS 17; this involves recognising an asset for the rights, and a liability for the obligations, arising under the lease. The Group has elected the full retrospective method for first-time application of IFRS 16. IFRS 16 allows entities to apply the standard to leases of intangible assets, but the Group has elected not to do so. The estimated impacts of applying IFRS 16 on the financial statements as of 31 March 2019 and 31 December 2018 are presented in Note 2.6.1.
IFRIC 23: Uncertainty Over Income Tax Treatments	1 January 2019	On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The impact of applying IFRIC 23 as of 1 January 2019 is immaterial.

2-3. Changes in accounting policy

The TF1 group has not made any changes in accounting policy during 2019 to date other than those described in Note 2.2.1 above.

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 those 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.

Those estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended 31 December 2018 and the 2018 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, those 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.

2-6. Impacts of first-time application of new standards on the opening balance sheet and the income statement

2-6-1. Impacts of first-time application of IFRS 16

This note presents the effects of the first-time application of IFRS 16 on the TF1 group's consolidated financial statements, and on key performance indicators for 2018.

The TF1 group has elected to apply the practical expedients permitted by IFRS 16 to exclude leases with a term of less than twelve months and leases relating to assets with a value of less than €5,000. The Group has also elected to account for each lease component separately, distinguishing the lease components from the non-lease (service) components. TF1 has elected not to apply the option permitted by IFRS 16 of applying the standard to leases of intangible assets.

The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of property leases in France, the lease term is generally nine years. The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation in respect of property leases.

IFRS 16 has the effect of reducing consolidated shareholders' equity as of 31 December 2017 by €2.7 million, net of deferred taxes.

The impacts of first-time application of IFRS 16 on the 2018 comparative balance sheet and income statements are summarised below:

(€m)	FY 2017	Q1 2018	H1 2018	9m 2018	FY 2018
External expenses (restatement of lease expense)		4.5	9.4	14.6	20.0
Net amortisation expense on right of use of leased assets		(3.8)	(7.9)	(12.3)	(17.0)
Current operating profit - impacts of IFRS 16	**-**	**0.7**	**1.5**	**2.3**	3.0
Interest expense on lease obligations		(1.0)	(2.0)	(3.0)	(4.0)
Net debt - impacts of IFRS 16	**-**	**(1.0)**	**(2.0)**	**(3.0)**	(4.0)
Deferred taxes		0.1	0.2	0.2	0.3
Net profit - impacts of IFRS 16	**-**	**(0.2)**	**(0.3)**	**(0.5)**	(0.7)

(€m)

ASSETS	**31/12/17**	**31/03/18**	**30/06/18**	**30/09/18**	**31/12/18**
Right of use of leased assets (gross)	142.8	142.9	152.2	152.3	158.4
Right of use of leased assets (amortisation)	(39.9)	(43.7)	(51.0)	(55.4)	(60.1)
Non-current assets - impacts of IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**
TOTAL ASSETS - IMPACTS OF IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**

LIABILITIES AND EQUITY	**31/12/17**	**31/03/18**	**30/06/18**	**30/09/18**	**31/12/18**
Consolidation reserves	(2.7)	(2.7)	(2.8)	(2.8)	(2.8)
Net profit for the period		(0.2)	(0.3)	(0.5)	(0.6)
Shareholders' equity - impacts of IFRS 16	**(2.7)**	**(2.9)**	**(3.1)**	**(3.3)**	(3.4)

Non-current lease obligations	92.6	88.9	88.9	84.7	84.8
Deferred tax liabilities	(1.4)	(1.5)	(1.7)	(1.7)	(1.7)
Non-current liabilities - impacts of IFRS 16	**91.2**	**87.4**	**87.2**	**83.0**	**83.1**
Current lease obligations	14.4	14.7	17.1	17.2	18.6
Current liabilities - impacts of IFRS 16	**14.4**	**14.7**	**17.1**	**17.2**	**18.6**
TOTAL LIABILITIES & EQUITY - IMPACTS OF IFRS 16	**102.9**	**99.2**	**101.2**	**96.9**	**98.3**

2-6-2. Impacts of first-time application of IFRIC 23

The TF1 group has applied IFRIC 23 retrospectively with effect from 1 January 2019, with no restatement of comparatives on first-time application. First-time application has no impact on consolidated shareholders' equity, and results in the provisions for risks relating to corporate income taxes being reclassified as tax liabilities. The impact of IFRIC 23 is immaterial at Group level.

3 Changes in scope of consolidation

3.1 Acquisition of control over the De Mensen group

On 28 February 2019, the Newen group finalised the acquisition of a 60% equity interest in the De Mensen group, a Belgian audiovisual producer. The De Mensen group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 March 2019. Provisional goodwill of €13.5 million has been recognised on this acquisition, pending the final purchase price allocation.
The newly-acquired companies are included in the Studios & Entertainment operating segment for financial reporting purposes.

The vendors and the Newen group entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell, and Newen Studios has an option to acquire, the residual 40% equity interest between 2022 and 2028. The fair value of those commitments was determined on the basis of the company's acquisition business plan and recognised as a financial liability, with a corresponding amount deducted from shareholders' equity.

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

Following the acquisition of the Aufeminin group as part of the TF1 group's digital investment strategy, the TF1 group's operations are with effect from 1 April 2018 split into three operating segments:

Broadcasting

The Broadcasting segment includes all of the Group's TV channels and websites. Revenues from those activities are generated by selling advertising airtime and by fees collected from cable, satellite and ADSL operators.
This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's platforms (such as interactivity between viewers and programmes), and subsidiaries involved in production and audiovisual rights acquisition on behalf of the Group's TV channels (in accordance with French broadcasting regulations) and websites.

Studios & Entertainment

This segment consists of two sub-segments:

- ✓ Content subsidiaries whose activities are primarily focused on producing, acquiring, developing and commercialising audiovisual or music rights, licences and brands for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and all other exploitation rights in France or internationally, including physical and online video sales.

  Although these activities (carried on by TF1 Studios, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.
  More specifically, TF1 Studios and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European TV and video rights distributors.
  Consequently, TF1 management considers it relevant to monitor their financial performance collectively.

- ✓ The Home Shopping business, including online and in-store sales, is also included in this segment given its relatively small contribution at TF1 group level.

Digital

The Digital segment comprises content creation and special-interest web communities; monetisation of the digital audiences generated; and physical goods and services aimed at those audiences such as gift boxes, magazines and live events.
Operations carried out within the segment include building and buying in audiences via special-interest online content and brand development; developing and running special-interest online communities; and developing and showcasing talent via multi-channel networks (MCNs). Monetisation is achieved by selling digital advertising space through stand-alone space-buying contracts and programmatic marketing auctions, and by selling gift boxes, magazines and live events with sponsorship from advertisers. Audience development and targeting through social media also contribute to these operations.

The existing TF1 businesses reclassified to the Digital segment in the second quarter of 2018 are TF1 Digital Factory, Studio 71 France and Vertical Station (formerly MinuteBuzz), which were previously part of the Broadcasting segment; and Neweb, previously part of the Studios & Entertainment segment. Goodwill allocated to those reclassified activities was reallocated to the new segment in the second quarter of 2018. The reallocated goodwill was determined on the basis of the relative value of each reclassified business or, for recent acquisitions, of the initial value of goodwill. The relative values used correspond to the recoverable amount.

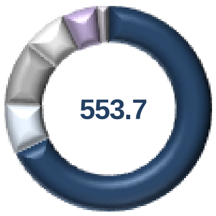
Because the impact of those reclassifications on segmental data for the first quarter of 2018 was immaterial, the change in segmental reporting presentation for the entities concerned was applied prospectively from 31 March 2018.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		DIGITAL		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Segment revenue	428.2	409.4	95.0	97.4	40.5	-	563.7	506.8
Elimination of inter-segment transactions	(8.5)	(7.1)	(1.5)	(0.4)	-	-	(10.0)	(7.5)
GROUP REVENUE CONTRIBUTION	**419.7**	**402.3**	**93.5**	**97.0**	**40.5**	**-**	**553.7**	**499.3**
CURRENT OPERATING PROFIT/(LOSS)	**49.9**	**26.7**	**13.1**	**12.3**	**(0.1)**	**-**	**62.9**	**39.0**
% operating margin on Group contribution	12%	7%	14%	13%	0%		11%	8%
ADJUSTED CURRENT OPERATING PROFIT/(LOSS)	**49.4**	**26.2**	**12.7**	**11.8**	**(0.2)**	**(0.0)**	**61.9**	**38.0**
Share of profits/(losses) of joint ventures and associates	0.1	0.1	-	-	(0.2)	(0.2)	(0.1)	(0.2)

5 Analysis of revenue

TF1 group consolidated revenue for the first quarter of 2019 breaks down as follows:

Q1 2019



	(€m)	Q1 2019	Q1 2018
67.9%	Advertising revenue	375.7	366.3
7.9%	Other revenue	44.0	36.0
	Broadcasting	**419.7**	**402.3**
10.0%	Production / sale of audiovisual rights	55.4	62.5
6.9%	Revenue from games, music, live shows & home shopping	38.1	34.5
	Studios & Entertainment	**93.5**	**97.0**
5.5%	Web publishing (digital content, social e-commerce)	30.6	-
1.8%	Other revenue (digital marketing)	9.9	-
	Digital	**40.5**	**-**
	Total revenue	**553.7**	**499.3**

6 Goodwill

(€m)	Broadcasting	Studios & Entertainment	Digital	TOTAL
Goodwill at 1 January 2018	**409.3**	**171.1**	**-**	**580.4**
Acquisitions	8.2	0.2	-	8.4
Disposals		-	-	-
Reclassifications	-	-	-	-
Impairment	-	-	-	-
Goodwill at 31 March 2018	**417.5**	**171.3**	**-**	**588.8**
Goodwill at 1 January 2019	**407.7**	**164.1**	**245.3**	**817.1**
Acquisitions	-	13.5	1.3	14.8
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Impairment	-	-	-	-
Goodwill at 31 March 2019	**407.7**	**177.6**	**246.6**	**831.9**

In accordance with the revised IFRS 3 the TF1 group has, for acquisitions made during the period, elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

7 Investments in joint ventures and associates

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

(€m)	Vertical Station	Série Club	Other	TOTAL
1 January 2018	9.7	10.8	**1.7**	**22.2**
Share of profit/(loss) for the period	(0.2)	0.4	-	**0.2**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	-	**-**
Provision for risks	-	-	-	**-**
31 March 2018	**9.5**	**11.2**	**1.7**	**22.4**

1 January 2019	**9.5**	**10.0**	**1.3**	**20.8**
Share of profit/(loss) for the period	(0.2)	0.1	-	**(0.1)**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	0.1	**0.1**
Provision for risks	(0.3)	-	-	**(0.3)**
31 March 2019	**9.0**	**10.1**	**1.5**	**20.6**

8 Net cash position

The TF1 group's net cash position comprises:

- cash and cash equivalents, comprising cash in hand, instant access deposits, cash equivalents, overdrafts and short-term bank loans, and current account credit balances;
- debt, comprising non-current and current financial liabilities;
- financial assets contractually allocated to the repayment of debt.

Net debt/net surplus cash does not include non-current and current lease obligations.

It breaks down as follows:

(€m)	31/12/2018	Cash flows	Changes in scope of consolidation (1)	Changes in fair value through equity or profit/loss	Transactions between shareholders	Other movements	31/03/2019
Cash and cash equivalents	117.3	83.2	3.2				203.7
Financial assets used for treasury management purposes	-						-
Overdrafts, short-term bank loans and current account credit balances	(6.3)	2.0					(4.3)
Available cash	**111.0**	**85.2**	**3.2**		**-**		**199.4**
Fair value of interest rate derivatives	-						-
Non-current debt	(126.9)	(15.8)	(2.8)	(0.7)	(6.2)		(152.4)
Current debt excluding overdrafts, short-term bank loans and current account credit balances	(11.6)	0.9	-	(0.2)	(2.6)		(13.5)
Total debt	**(138.5)**	**(14.9)**	**(2.8)**	**(0.9)**	**(8.8)**		**(165.9)**
Net surplus cash/(Net debt)	**(27.5)**	**70.3**	**0.4**	**(0.9)**	**(8.8)**		**33.5**
Lease obligations (2)	(103.4)	5.6				(5.3)	(103.1)
Net surplus cash/(Net debt) including lease obligations	**(130.9)**	**75.9**	**0.4**	**(0.9)**	**(8.8)**	**(5.3)**	**(69.6)**

(1) *"Changes in scope of consolidation" refers to the acquisition of control over the De Mensen group during the period (see Note 3).*

(2) *Movements in lease obligations mainly comprise repayments of lease obligations during the period, and new obligations arising from leases contracted during the period.*

As of 31 March 2019, TF1 had confirmed bilateral bank credit facilities of €1,040 million, including €140 million for Newen Studios, backed up by a cash pooling agreement with the Bouygues Group. As of 31 March 2019, drawdowns under those facilities amounted to €108 million, all of which related to the Newen Studios facility.

The consolidated cash flow statement analyses changes in the Group's cash position, which at period-end consisted of the following items:

(€m)	31/03/2019	31/12/2018
Cash and cash equivalents in the balance sheet	203.7	117.3
Treasury current account credit balances	-	(0.2)
Bank overdrafts and short-term bank loans	(4.3)	(6.1)
Total cash position at period-end per the cash flow statement	**199.4**	**111.0**

9 Cash flow statement – effect of changes in scope of consolidation

For the first quarter of 2019, the items shown in this section of the cash flow statement relate mainly to the effects of the first-time consolidation of the De Mensen group.

For the first quarter of 2018, the items shown in this section of the cash flow statement related to the adjustment to the acquired cash of Mayane and Studios 71 France, which were consolidated for the first time in the first quarter of 2018.

10 Dividends paid

The table below shows the dividend per share to be paid by the TF1 Group on 2 May 2019 in respect of the 2018 financial year, and the amount paid in 2018 in respect of the 2017 financial year.

	To be paid in 2019	Paid in 2018
Total dividend (€m)	**84.0**	73.5
Dividend per ordinary share (€)	**0.40**	0.35

11 Events after the reporting period

Sale of the operational activities of Téléshopping

On 30 January 2019, the TF1 group announced that it had entered into exclusive negotiations to sell Téléshopping's distance selling business and stores to former Téléshopping CEO Jérôme Dillard, an independent entrepreneur and acknowledged specialist in telesales. The TF1 group has committed to continue broadcasting teleshopping programmes on its channels for the next five years.
The sale agreement was signed on 15 March 2019, with the transfer of the shares completed on 11 April 2019.

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