LE GROUPE

PRESS RELEASE

TF1 GROUP 2020 FIRST-HALF RESULTS

Consolidated revenue of €884 million, down 23%[1], affected by the impact of the Covid-19 crisis

Highly reactive response, with €107 million savings on cost of programmes softening the impact of the fall in revenue

Current operating profit of €68 million

Boulogne, 29 July 2020

The TF1 Board of Directors, chaired by Gilles Pélisson, met on 28 July 2020 to close off the financial statements for the first half of 2020. 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 2020 first-half Financial Information Report and on the TF1 group corporate website: www.groupe-tf1.fr/en.

€m	Q1 2020	Q1 2019	Q2 2020	Q2 2019	H1 2020	H1 2019	Chg. €m	Chg. %
TF1 group advertising revenue	356.7	394.9	259.7	441.1	616.4	836.0	(219.6)	-26.3%
Revenue from other activities	137.2	158.8	129.9	150.4	267.1	309.2	(42.1)	13.6%
Consolidated revenue								
Broadcasting	389.9	419.7	293.4	471.1	683.3	890.8	(207.5)	-23.3%
o/w Advertising	*341.7*	*375.6*	*244.4*	*415.8*	*586.1*	*791.4*	*(205.3)*	*-25.9%*
Studios & Entertainment	68.5	93.5	63.3	75.3	131.8	168.8	(37.0)	-21.9%
Unify	35.5	40.5	32.9	45.1	68.4	85.6	(17.2)	-20.1%
Consolidated revenue	**493.9**	**553.7**	**389.6**	**591.5**	**883.5**	**1,145.2**	**(261.7)**	**-22.9%**
Cost of programmes	**(199.1)**	**(222.1)**	**(139.7)**	**(224.1)**	**(338.8)**	**(446.2)**	**107.4**	**-24.1%**
Broadcasting	43.8	49.9	32.1	92.6	75.9	142.5	(66.6)	-46.7%
Studios & Entertainment	2.1	13.1	(2.1)	4.2	0.0	17.3	(17.3)	-100.0%
Unify	(3.9)	(0.1)	(4.2)	3.3	(8.1)	3.2	(11.3)	N/A
Current operating profit	**42.0**	**62.9**	**25.8**	**100.1**	**67.8**	**163.0**	**(95.2)**	**-58.4%**
Current operating margin	8.5%	11.4%	6.6%	16.9%	7.7%	14.2%	-	-6.6pts
Net profit attributable to the Group	**24.0**	**40.6**	**14.4**	**66.7**	**38.4**	**107.3**	**(68.9)**	**-64.2%**

Gilles Pélisson, TF1 group Chairman & CEO, said:

"Our first-half results demonstrate our ability to adapt in the face of a crisis that has had a profound effect across all of our operations. They are a tribute to the outstanding commitment of the people who work for us, the resilience of our broadcasting model, and the unrivalled power of our content. We have everything in place to deliver exactly what our audiences and our clients want during the last four months of the year."

[1] Down 22.6% excluding €7.4 million for the effects of changes in structure (newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).

TF1 LE GROUPE

First-half results

Consolidated revenue of the TF1 group for the first half of 2020 was **€883.5 million**, down €261.7 million (22.9%) year-on-year. **Stripping out the effects of changes in structure[2]**, TF1 group revenue **decreased by 22.6%**.
Group advertising revenue was €616.4 million, down sharply (26.3%) year-on-year. After a first quarter impacted by the first effects of the Covid-19 crisis, the second quarter saw a big drop in revenue as ad campaigns were pulled or postponed on a massive scale.

Current operating profit amounted to **€67.8 million**[3], down €95.2 million. The Group was able to limit this decrease through major efforts to achieve cost savings and to adjust programming schedules in light of the crisis.

Impact of Covid-19: Overall, the impact of the health crisis on the Group's first-half performance was around €250 million in lost revenue, and an impact on current operating profit of around €100 million.

Consequently, **net profit attributable to the Group** was **€38.4 million**, down €68.9 million year-on-year.

Analysis by segment

The TF1 group has been able to adapt rapidly to the crisis, with protecting the health of its employees its first priority. Since mid-March, the Group has adapted its organisation and working practices to ensure business continuity. The Group has facilitated the use of teleworking, and implemented specific measures prioritising the ability of news teams to continue covering news stories.

Showing solidarity

In the midst of the Covid-19 crisis during the first half of 2020, the TF1 group opened up its TV channels and digital platforms to support good causes:

- **Charity appeals and pro bono advertising slots for awareness campaigns** supporting frontline health workers, hospital patients, older people in care homes or self-isolation, victims of violence against women, medical research into emerging viruses, and medical equipment.
- **Adapting our programme schedules** and screening special programmes, such as *Qui veut gagner des millions? à la maison*, raising funds for hospitals and for charities fighting the pandemic.

Broadcasting[4]

French people are watching more television than ever before, as shown by a very sharp rise in viewing times in the first half to 3 hours 56 minutes (up 26 minutes year-on-year), rising to 4 hours 34 minutes during lockdown[5] (up 1 hour 9 minutes year-on-year). In particular, young people in the 15-34 age bracket spent an average of 1 hour 59 minutes watching TV in the period, up 17 minutes year-on-year. Since lockdown ended, viewing times have remained high, averaging 3 hours 41 minutes in June (+20 minutes year-on-year).

— **The audience share of the TF1 group among the advertising target of 25-49 year-olds remained high** in the first half **at 29.6%, stable year-on-year.**

To support people through the crisis, the Group adapted its content during the first half, to better meet viewers' need for news and keep them entertained:

- **Gold standard news programming** with extended bulletins, expert commentators and leading politicians (average of 6.7 million viewers for the evening bulletin and 6.3 million for the lunchtime bulletin, up by 1.3 million and 1.2 million respectively year-on-year).
- **Enhanced movie offerings** around two strong genres: popular cult comedies like *Les Visiteurs* (8 million viewers) and international family franchises like the *Harry Potter* saga (average 7.2 million viewers per episode).

[2] €7.4 million (newly-consolidated acquisitions, net of the deconsolidation of Téléshopping).
[3] Current operating profit after leases (i.e. excluding the impact of IFRS 16) for H1 2020 was €66.1 million, down €95.0 million year-on-year.
[4] Médiamétrie.
[5] 16 March to 10 May 2020

- **Iconic entertainment programmes** like *Koh-Lanta* and *The Voice*, keeping viewers company for weeks by increasing the number of evening shows broadcast.
- **Non-linear content on MYTF1** that posted 961 million video views[6] in the first half, up 16% year-on-year.

— **Broadcasting segment revenue amounted to €683.3 million**, a year-on-year decrease of €207.5 million or 23.3%.

- Broadcasting segment advertising revenue for the first half of 2020 was €586.1 million, a decrease of €205.3 million or 25.9%. Advertisers began pulling or postponing their campaigns in mid-March. This situation accelerated rapidly in April and May, and during lockdown. Since lockdown ended, the downtrend has slowed as advertisers gradually return in certain sectors such as telecoms, e-commerce and healthcare. The TF1 advertising airtime sales house has been active throughout the crisis, helping clients prepare their advertising messages and attracting new advertisers.

- Revenue from other Broadcasting segment activities was down €2.2 million year-on-year. Excluding the impact of the resale of broadcasting rights to the Women's Football World Cup in the second quarter of 2019, revenue rose year-on-year thanks to good interactivity performances on shows like *Koh-Lanta*, *Petits plats en équilibre* and *Les 12 coups de midi*.

— **The cost of programmes on the Group's five free-to-air channels was €338.8 million**. The Group's rapid response in adapting programme spend in line with the drop in advertising revenue generated savings of €107.4 million in the first half. Measures implemented included **enhanced news programming at no extra cost, optimization of programming costs, and increasing the number of reruns**.

— **Broadcasting segment current operating profit was €75.9 million**, down €66.6 million year-on-year and generating current operating margin of 11.1% (-4.9 of a point year-on-year). Savings in programming costs **absorbed over half of the drop in Broadcasting segment revenue**, demonstrating the Group's flexibility.

Studios & Entertainment

— **Studios & Entertainment segment revenue for the first half of 2020 was €131.8 million**, down €37.0 million year-on-year. Excluding the impact of the deconsolidation of Téléshopping in the second quarter of 2019, the year-on-year decrease was €17 million.

In the first half of 2020, the effect of lower activity levels at Newen (due to the suspension of shooting in France and other countries during lockdown) was partly offset by the first-time consolidation of Canadian company Reel One, acquired in the fourth quarter of 2019. **Newen was also one of the first producers to restart operations**, with production resuming on its two flagship daily shows (*Demain Nous Appartient* and *Plus Belle La Vie*) in mid-May for episodes delivered in June. Finally, the order book as of 30 June remained at a healthy level of more than 1,500 hours, reflecting delays in the delivery of productions already ordered.

As TF1 Studios, a reduction in the number of films going on general release was offset by higher back catalogue sales.

Finally, TF1 Entertainment saw a sharp fall in revenue due to the postponement or cancellation of projects at music label Play Two and the closure of the La Seine Musicale venue from March onwards.

— **The segment broke even at current operating profit level in the first half**. The year-on-year fall is in line with the drop in revenue.

Unify

— **Audiences** for the Marmiton and Doctissimo sites saw particularly strong growth in the first half (437 million visits to Marmiton, up 56% year-on-year[7]), thanks to a refocusing of the editorial line on everyday cooking and what French people needed during lockdown.

[6] 4-screen audiences including live, excluding news and ISP apps.
[7] Google Analytics.

— **The Unify division posted revenue of €68.4 million**, down €17.2 million year-on-year.

Revenue from digital advertising, programmatic and advertiser services was hit hard by the cancellation, postponement or non-appearance of advertising campaigns in France and elsewhere from the beginning of March onwards.

Social e-commerce (subscription box sales) proved resilient in the period, as ad campaigns on the TF1 group's TV channels for My Little Box and Gambettes Box boosted sales and pulled in new subscribers.

— **Unify posted a current operating loss of €8.1 million**, a net year-on-year downswing of €11.3 million, in line with the drop in revenue.

Dividends

In a press release issued on 1 April 2020, the TF1 Board of Directors indicated that they had decided to abandon the proposal to ask the Annual General Meeting of 17 April 2020 to approve the distribution of a dividend. The resulting resolution to appropriate 2019 earnings in full to "Retained earnings" was passed with 99.99% of the votes at the Annual General Meeting. Nevertheless, the Board indicated that it would meet by August to review the situation.

Given the significant impacts of the Covid-19 crisis seen in the first half, and the uncertainties as to how the crisis will evolve over the second half, **the Board of Directors met on 28 July and decided irreversibly not to pay a dividend out of 2019 profits**.

However, the Group remains committed to **maintaining a policy of returning profits to shareholders in the long term**, as it has done in the past.

Financial position

Shareholders' equity attributable to the Group was €1,589.5 million at 30 June 2020 out of a balance sheet total of €3,446.2 million.

Seasonal effects and the lack of a dividend payout meant that the Group reported net debt of €22.1 million at 30 June 2020, excluding lease obligations[8] (net debt of €114.3 million after lease obligations[8]), compared with net debt of €126.3 million at 31 December 2019 (net debt of €225.8 million including lease obligations[8]).

Outlook

Given the impacts of the Covid-19 crisis seen in the first half and the ongoing uncertainty on how the virus will spread and with what impact, the TF1 group has withdrawn its guidance for 2021 (revenue of at least €250 million and EBITDA margin of at least 15% for Unify, and for the Group an improvement in return on capital employed versus the 2018 level).

Our 2020 first-half results reflect our capacity to adapt rapidly in terms of programming and cost control, against a backdrop of sharply falling revenues across all our businesses.

Since lockdown ended, the downtrend in advertising revenue is gradually easing, with some advertisers resuming their spend to support the recovery in consumption.

The Group is lining up a rich, varied back-to-school season, featuring the return of flagship programmes (*Mask Singer* Season 2, *The Voice Kids*), first-run movies (*Le Sens de la Fête* and *A Star is Born*), new launches (*Grand Hôtel*, *HPI*, *Ici Tout Commence*), and the arrival on LCI of new presenters such as Darius Rochebin and Eric Brunet.

In parallel, the resumption of shooting in France and elsewhere points to a return to sustained activity levels through to the end of the year, subject to the uncertainties inherent in the health crisis. Finally, some activities such as live shows and concerts are still shut down, with no visibility on when they will resume.

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

Governance[9]

The Selection and Remuneration Committee has proposed to the Board of Directors that the remuneration of the Executive Officer for the 2020 financial year should take account of the quality of his handling of the Covid-19 crisis. This exceptional remuneration, as stipulated in the general principles for determining remuneration in respect of 2020[10], will be assessed by reference to defined criteria.
On the proposal of the Executive Officer, the maximum amount of remuneration he can receive in addition to his fixed remuneration will be reduced by one-third, and will be capped at 100% of his fixed remuneration.
These items will submitted for a vote by TF1 shareholders at the Annual General Meeting to be held in April 2021.

The Board of Directors has taken note of the reappointment of Catherine Dussart and Olivier Bouygues as Directors at the Annual General Meeting of 17 April 2020. The Board has also welcomed new members. Sabrina Zerbib and Sophie Leveaux have joined the Board as employee representative directors while Charlotte Bouygues, Head of e-commerce at Aufeminin, has joined as permanent representative of SCDM, replacing Martin Bouygues. The Board would like to thank Martin Bouygues for his 33 years serving on the TF1 Board of Directors and supporting the TF1 group.

The proportion of both independent directors and female directors on the Board remains at 44% (without taking account of the two employee representative directors, both of whom are women)

In addition, the TF1 group was ranked 22nd best company overall (out of the 120 major French companies in the SBF 120 index) in the 2019 Ethics & Boards awards for female representation on corporate decision-making bodies.

The statutory auditors have conducted a review of the financial statements, on which they have issued a report.
The presentation and financial information report for the first half of 2020 are available on our corporate website: http://www.groupe-tf1.fr/en.
A results announcement call is scheduled for 29 July 2020 at 9.00am (Paris time).
For details of how to connect go to https://www.groupe-tf1.fr/en/investors/results-and-publications, and then “Access the results for the fiscal year”

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

Certified with wiztrust

[9] Biographies of the members of the TF1 Board of Directors are available on the TF1 corporate website (https://www.groupe-tf1.fr/en): go to the Investors page and select Governance / Board of Directors.

[10] Refer to Chapter 3.5.1 of the TF1 2019 Universal Registration Document.