

MESSAGE FROM GILLES PÉLISSON

A new
ambition

DEAR SHAREHOLDERS,

Your Group is operating in a world where the free-to-air television offering continues to expand and where global internet players are becoming increasingly active. Against this background, we can draw upon our huge talent pool to explore all creative avenues and technological innovations and thereby offer viewers increasingly immersive experiences.

During 2016 we have been engaged in a process of transforming our Group, and we have already achieved a lot. Our multi-channel strategy has taken on a new dimension with the repositioning of TMC, and LCI has successfully relaunched in the universe of free-to-air channels, as witness the fine audience figures for the fourth quarter of 2016. In production, our acquisition of a stake in Newen Studios opens up a range of possibilities in content creation and distribution, both internationally and in France, and we have signed agreements with the industry to achieve a better balance between producers and broadcasters. We have ramped up our digital activities in order to attract millennials, who will rejuvenate our mass-market TV audiences. Hence our decisions to take a majority stake in MinuteBuzz and a minority stake – alongside two major European broadcasters from Italy and Germany – in the international MCN Studio 71, with the aim of developing the brand in France, with the support of Finder Studios.

And finally, this year we have implemented an action plan to identify sources of productivity and improve our profitability.

Our operating methods have been streamlined to enable us to be bolder, more fleet-of-foot and more agile in our decision-making. Every one of our employees must be able to fully express his/her potential and contribute positively to the income growth of the company. In them, we have a pool of talents that is lively, imaginative and capable of re-inventing itself.



In this sense, 2017 will see even more substantial evidence of our ambitions as a multi-channel, multi-media, multi-activity group coming to fruition. Our teams are fired up with the will to win, determined to continue our transformation initiatives with the same energy and commitment as before.

We are primed and ready to strengthen our leadership in television, innovate in services to advertisers, accelerate our growth in production and digital, showcase our brands across all platforms, increase our profitability, and create value for our people and shareholders.

Boulogne, 8 March 2017

Gilles C. PELISSON
Chairman and CEO of TF1

ABOUT THE REPORT

The **TF1 group's integrated report** presents the Group and its environment, governance, business model, strategy and performance from the perspective of the valuation of its capital for the short-, medium- and long-term, and how this relates to our stakeholders.

METHODOLOGY

This report is based on the framework published by the International Integrated Reporting Council (IIRC). It builds on pro-active initiatives taken over a number of years in the area of social responsibility and transparent communication with all stakeholders.

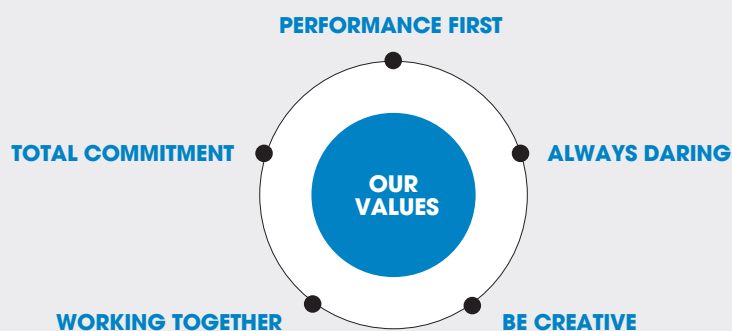
Throughout the process an internal working party led by TF1's Financial Communication Department working in close collaboration with several other departments, in particular Strategy, Development & Transformation and Corporate Social Responsibility, has been devising structures for the information.

The report prioritises relevance over completeness.

SCOPE

The report covers the 2016 fiscal year (from 01/01/2016 to 31/12/2016) and TF1 group entities included in the consolidated financial statements. It reminds readers of the objectives set for 2016 and includes medium- and long-term projections, thereby providing a forward-looking vision of the Group in its environment.

OUR VALUES



GROUP PROFILE

NO. 1
PRIVATE SECTOR
FREE-TO-AIR TELEVISION
COMPANY IN FRANCE

**5 FREE-TO-AIR
CHANNELS**



32.1%
GROUP AUDIENCE
SHARE⁽¹⁾

€2,063m
REVENUE

3,107
EMPLOYEES ⁽²⁾

TF1 is an **integrated media group** with a vocation to **inform and entertain**.

Broadcaster of France's **leading free-to-air channel**, the TF1 group provides content and an offering adapted to all platforms.

TF1 is the **leading private-sector free-to-air broadcaster** in France. It broadcasts five complementary free-to-air channels (TF1, TMC, NT1, HD1 and LCI)⁽³⁾, which together had an average 32.1% share of the key "women under 50 purchasing decision-makers" target audience in 2016.

This positioning is strengthened by the Group's constant adaptation to new ways of consuming content. So TF1 is adding a high-powered **digital dimension** to its channels. It is also offering exclusive digital content and video-on-demand in order to reach all audiences on all platforms.

The Group screens the following high-quality **theme channels** on pay-TV to meet special-interest demand: TV Breizh, Histoire, Ushuaïa and Serieclub (50% holding).

TF1's **sales house** offers advertisers the combined benefits of access to its mass-market television channels and to personal digital media. It also sells advertising space on independent radio stations and numerous websites.

In conjunction with its core business, the TF1 group is present in the **production and distribution of content** relating to its own channels. The main aim of taking a majority stake in Newen was to accelerate the international expansion of production and distribution.

Finally, the TF1 group has created a large range of **complementary businesses** in key areas such as home shopping, licences, board games, music and entertainment production, etc.

As a media group, TF1 is aware of its responsibilities and is engaged in **high-quality dialogue with all its stakeholders** in order to enhance transparency and continually improve its practices.

(1) Médiamétrie – Target: women under 50 purchasing decision-makers (W<50PDM).

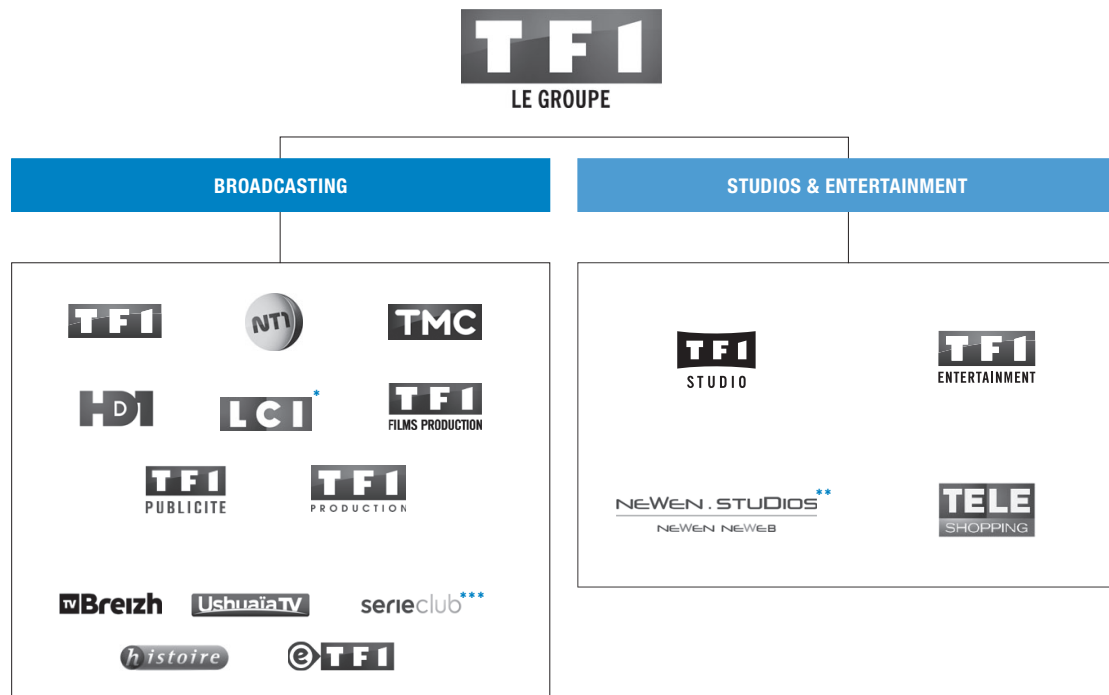
(2) Newen's employees on permanent contracts are aggregated with TF1 group employees.

(3) LCI has been free-to-air since 5 April 2016.

1. THE GROUP AND ITS ENVIRONMENT

SIMPLIFIED DIAGRAM OF THE GROUP'S ACTIVITIES

See Section 6.1.1 of this document for a simplified organisation chart showing the Group's subsidiaries.



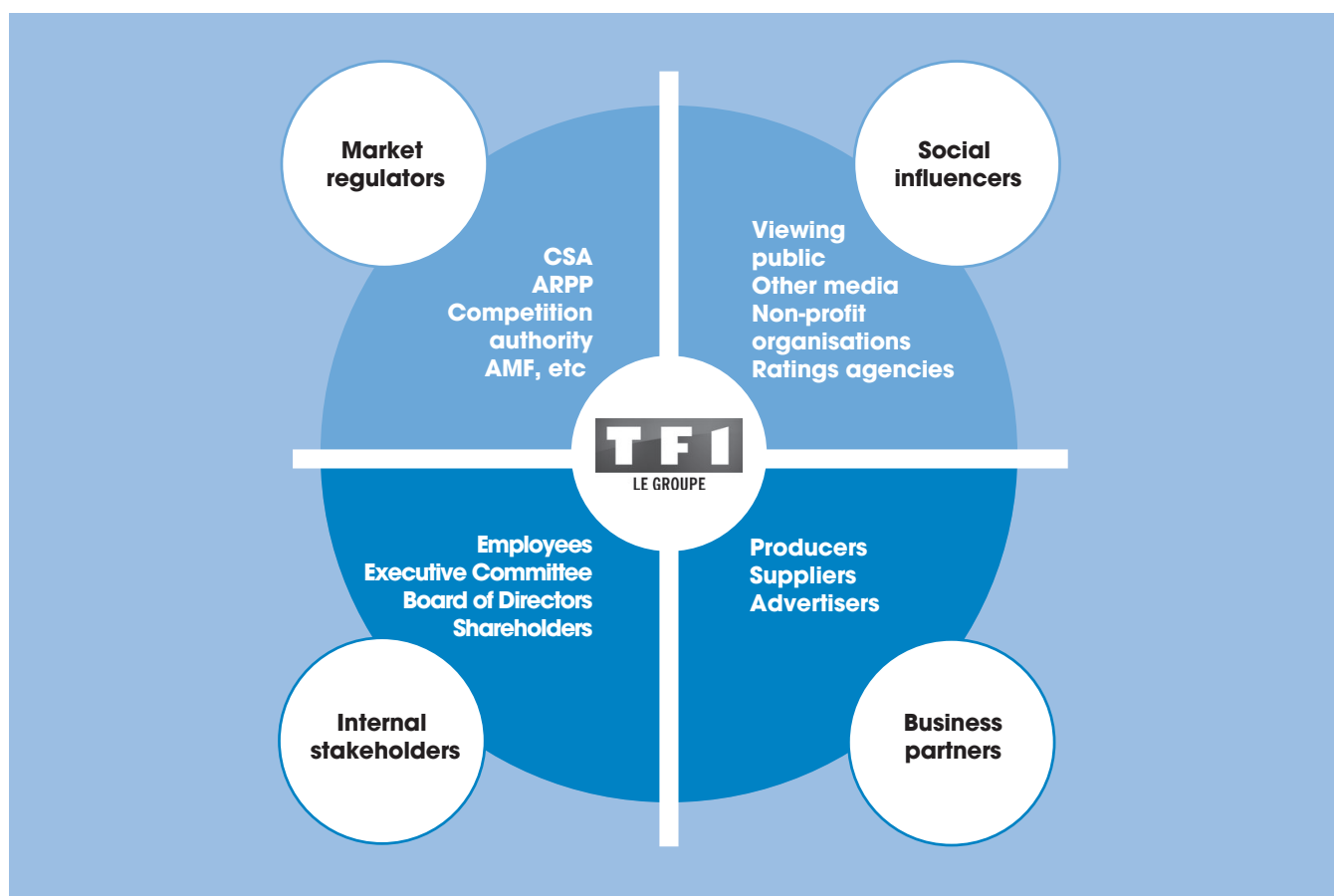
* LCI joined TF1's free-to-air offering in 2016.

** 70% owned by the TF1 group.

*** Owned 50/50 by the TF1 group and the M6 group.

OUR STAKEHOLDERS

In its corporate governance as in all our activities TFI group applies ethical and responsible principles in its dealings with regulators, the viewing public, its customers and suppliers, and its staff. We account for our activities to the community in a manner that is **exhaustive** and **transparent**.



See Section 7.3.4 for details of stakeholder concerns.

MATERIALITY MATRIX

THE MATERIALITY MATRIX RANKS CORPORATE SOCIAL RESPONSIBILITY CONCERNS RELATING TO THE TF1 GROUP

An initial materiality study was conducted with internal and external stakeholders in 2014. In 2016, a new survey was carried out, targeting the Group's employees in particular.

The list of concerns was revised to take into account:

- the previous mapping exercise;
- the needs of extra-financial ratings agencies (in particular DJSI, Oekom, Vigeo);
- the audiovisual regulatory framework (terms of reference agreed with the CSA);
- the CSR reporting benchmark and the materiality mapping of other French and anglophone media;
- key word occurrences in the press (4 national daily newspapers) in the last two years.

Employees were asked to rank 17 concerns relating to content produced or broadcast by the Group and to the conduct of the Group, including

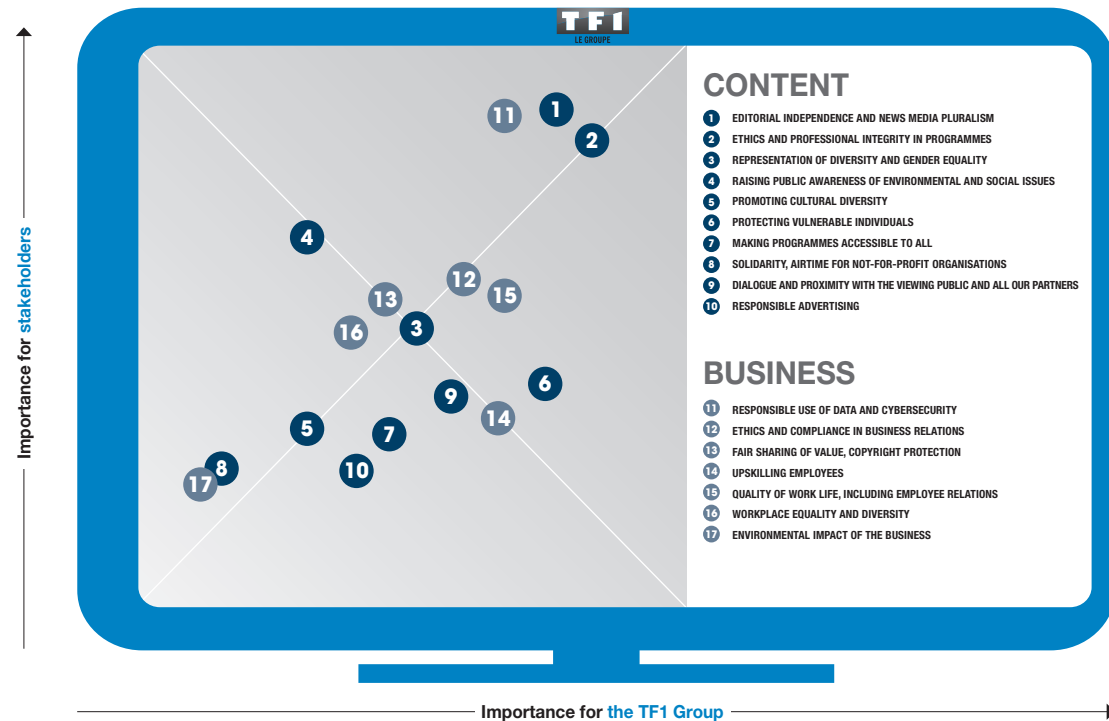
two new ones (cultural diversity in content and responsible advertising), according to people's expectations of the Group.

The importance of those concerns for TF1 in terms of the impact on its business was then assessed by the members of the Executive Committee in charge of Strategy and CSR, as well as the Investor Relations Department and Internal Control.

The main changes between the first and second mapping exercises relate to the growing importance for the business of:

- **data management**, which has now become a monetisable asset and hence more important to the Group;
- **editorial independence and news media pluralism**, in conjunction with societal expectations and the French law passed in this area in 2016 (law no. 2016-1524 of 14 November 2016 on strengthening media freedom, independence and pluralism);
- **upskilling employees and evolving working methods**, crucial in an increasingly digital ecosystem.

MATERIALITY MATRIX OF THE TF1 GROUP



SHARE OWNERSHIP AND STOCK MARKET INFORMATION



SHARE FACTSHEET

LISTED ON: Euronext Paris

MARKET: Compartiment A

ISIN CODE: FR0000054900

MAIN INDICES:

SBF 120,
CAC MID 60,
CAC MID & SMALL,
NEXT 150®,
EURO STOXX® TMI Media.

CSR INDICES:

Dow Jones Sustainability World Index,
Dow Jones Sustainability Europe Index,
GAIA Index,
Oekom,
MSCI,
Ethibel Sustainability Europe,
Ethibel Excellence,
Ethibel Pioneer.

Shares eligible for French equity savings plans (PEA) and the deferred settlement service (SRD) for long positions.

FINANCIAL TIMETABLE

13 APRIL 2017

Annual General Meeting of shareholders

28 APRIL 2017

2017 first-quarter revenue and financial statements

28 APRIL 2017

Dividend ex-date

2 MAY 2017

Dividend date of record

3 MAY 2017

Dividend payment date

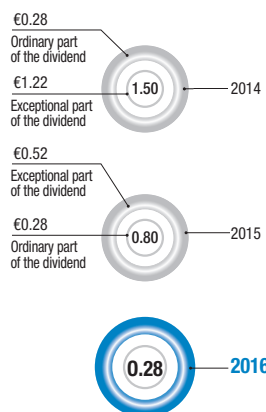
21 JULY 2017

2017 first-half revenue and financial statements

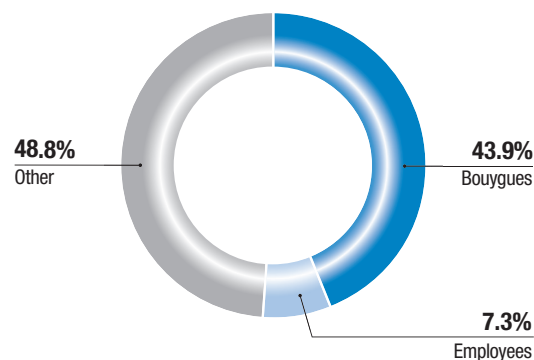
30 OCTOBER 2017

2017 nine-month revenue and financial statements

DIVIDEND FOR THE YEAR (€)



SHARE OWNERSHIP AT 31/12/2016



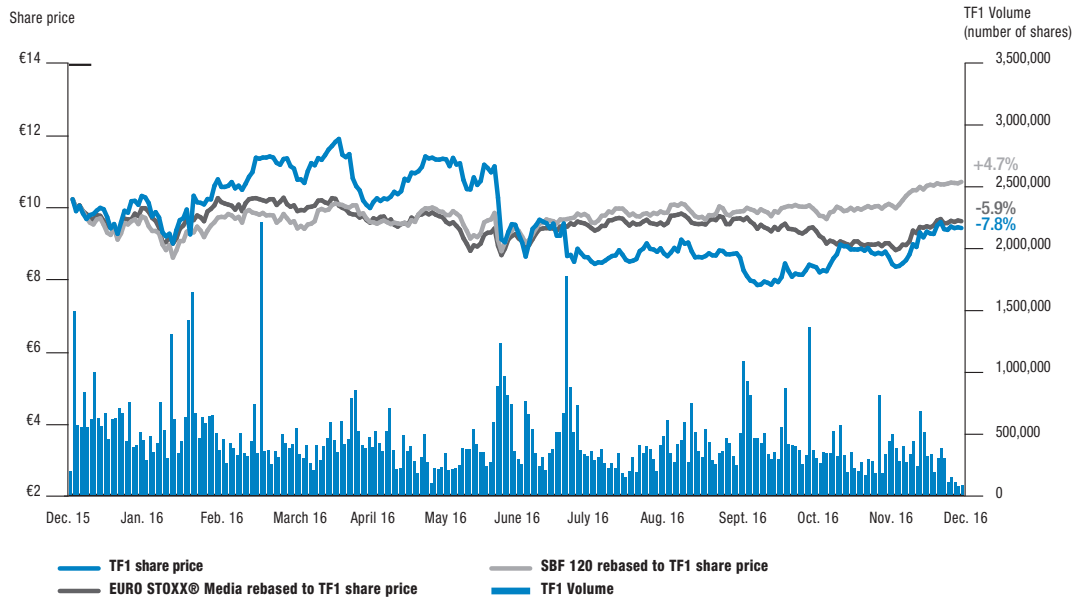
STOCK MARKET DATA

Share price (€)	2016	2015	2014
High ⁽¹⁾	11.99	17.17	14.80
Low ⁽¹⁾	7.80	9.73	10.1
Price at year-end	9.45	10.25	12.72
Performance over the year	-7.8%	-19.4%	-9.2%
CAC 40 performance over the year	+4.9%	+8.5%	-0.5%
SBF 120 performance over the year	+4.7%	+9.8%	+0.7%
Market capitalisation at 31 December (€m)	1,979	2,158	2,691
Average daily volume traded (thousands of shares) ⁽²⁾	440	552	442
Number of shares in issue at 31 December (millions of shares)	209.4	210.5	211.5

(1) Outlying values recorded at close of trading.

(2) Source: Euronext.

TF1 SHARE PRICE CHART



2. GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS AT 15/02/2017

- Bouygues is the reference shareholder and is responsible for compliance with obligations, including those relating to business continuity.
- Law no. 86-1067 of 30 September 1986 requires that for every six directors there must be one employee representative director.
- The composition of the Board takes into account AFEP/MEDEF recommendations on independence and increasing the number of female directors.
- The composition of the Board of Directors is as follows:

Gilles PÉLISSON*	Directors with a connection to the reference shareholder	Employee representative directors	Independent directors
Chairman of the Board of Directors Chief Executive Officer	Martin BOUYGUES Olivier BOUYGUES Olivier ROUSSAT Philippe MARIEN Permanent representative of Bouygues	Fanny CHABIRAND Sophie LEVEAUX TALAMONI	Laurence DANON Pascaline DE DREUZY Catherine DUSSART Janine LANGLOIS-GLANDIER

* Gilles Pélisson has been Chairman and CEO since 19 February 2016.

- Directors' biographies are shown in Section 2.1.3 of the present document.

PROFILE OF THE BOARD OF DIRECTORS AT 15/02/2017

11
DIRECTORS

8 YEARS
AVERAGE LENGTH
OF SERVICE

44%
INDEPENDENT
DIRECTORS⁽¹⁾

7
MEETINGS IN 2016

2
EMPLOYEE
REPRESENTATIVES

59 YEARS
AVERAGE AGE

44%
FEMALE DIRECTORS⁽¹⁾

(1) Excluding employee representative directors.

4 SPECIALIST COMMITTEES

AUDIT COMMITTEE

Since the Audit Committee was created on 24 February 2003, its members have been selected for their financial and accounting expertise. The Committee comprises Laurence Danon (Chairwoman, independent director), Pascaline de Dreuz (independent director) and Philippe Marien.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in 1988. It comprises Catherine Dussart (Chairwoman, independent director), Fanny Chabirand (employee representative director) and Philippe Marien.

DIRECTOR SELECTION COMMITTEE

Set up on 24 February 2003, the director Selection Committee comprises Martin Bouygues (Chairman) and Olivier Roussat.

ETHICS AND CSR COMMITTEE

Set up on 24 July 2014, the Ethics and CSR (Corporate Social Responsibility) Committee comprises Janine Langlois-Glandier (Chairwoman, independent director), Catherine Dussart (independent director) and Sophie Leveaux Talamoni (employee representative director).

EXECUTIVE COMMITTEE AT 31/12/2016

Under the responsibility of the Chairman and Chief Executive Officer, the Executive Committee is the Group's primary management body. It implements the strategic priorities determined by the Board of Directors. The Executive Committee meets weekly.

Gilles Pélisson
Chairman and CEO

Olivier Abecassis
Vice President, Innovation
and Digital

Ara Aprikian
Executive Vice
President, Content

Christine Bellin
Vice President, Strategy,
Development and
Transformation

Arnaud Bosom
Executive Vice President,
Human Relations and CSR

Jean-Michel Counillon
Corporate Secretary

Philippe Denery
Executive Vice President,
Finance and Procurement

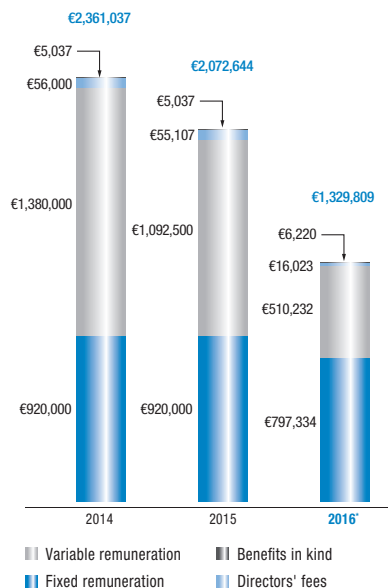
Frédéric Ivernol
Vice President, Communication
and Brands

Catherine Nayl
Executive Vice President, News

Régis Ravanos
Executive Vice
President, Advertising
& Diversification

EXECUTIVE OFFICER REMUNERATION POLICY ADAPTED TO THE ENVIRONMENT, RESPONSIBILITIES AND EXPERTISE

THREE-YEAR TRENDS IN EXECUTIVE OFFICER'S REMUNERATION



*Gilles Pélisson, Executive Officer since 19 February 2016.
NB: the remuneration paid for 2016 to Nonce Paolini, Executive
Officer until 18 February 2016, was €405,903 euros (not included
in the chart above).

No benefit on taking, leaving or changing office or non-competition indemnity.

No deferred annual variable remuneration, multi-year variable remuneration or exceptional remuneration.

TF1's Board of Directors reviews the Executive Officer's fixed remuneration annually in accordance with Article L. 225-53 of the French Commercial Code, after taking advice from the Remuneration Committee. The fixed remuneration is in the general interest of the company and takes into account the following factors:

- the level and difficulty of his responsibilities;
- his experience in the role;
- his length of service with the Group;
- practices within the Group or within companies carrying on comparable activities.

Variable remuneration depends on the achievement of collective and individual criteria, both quantitative and qualitative. The variable remuneration of the Executive Officer is defined by reference to five criteria and capped at 150% of his fixed remuneration.

3. BUSINESS MODEL

6 KINDS OF CAPITAL

<div data-bbox="289 573 354 632"></div> <div data-bbox="289 646 391 688">FINANCIAL CAPITAL</div> <ul style="list-style-type: none"> ■ Capital contributed by the shareholders. ■ Capital contributed by the banks. ■ Profits generated by the company. <div data-bbox="289 1066 440 1087">2016 HIGHLIGHTS</div> <p>€21.4m share buyback programme. Dividend of €0.28 per share paid for 2016. TF1 now holds 100% of TMC, the reference free-to-air digital channel, following the buyout of the Principality of Monaco's 20% stake in the company.</p> <div data-bbox="289 1255 396 1276">KEY FIGURES</div> <p>Shareholders' equity attributable to the Group at 31 December 2016: €1,493m. Market capitalisation at 31 December 2016: €1.98bn. Net cash: €187m at 31 December 2016.</p>	<div data-bbox="673 573 738 632"></div> <div data-bbox="673 646 836 688">MANUFACTURED CAPITAL</div> <ul style="list-style-type: none"> ■ TF1's main building, including five studios. ■ Production equipment (from production to broadcast). ■ Board game manufacturing facility for TF1 Entreprises. ■ Home Shopping depot and warehouses. <div data-bbox="673 1066 824 1087">2016 HIGHLIGHTS</div> <p>For the back-to-school period, LCI unveiled a new set, featuring remote-controlled cameras and divided into three: the presenter's desk, a sofa for chat, and a mezzanine for face-to-face interviews. A new diversification for TF1: the "Seine Musicale" on the Ile Séguin, on the river Seine just outside Paris. Via its subsidiary TF1 Entreprises, the TF1 group is partnering with Sodexo to manage and operate this new music venue, due to open in April 2017.</p> <div data-bbox="673 1365 781 1386">KEY FIGURES</div> <p>Number of board games sold by TF1 Games Dujardin: 2.5 million. Number of hours of programmes broadcast by TF1: 7,636. Number of news items carried on TF1 bulletins: 13,300.</p>	<div data-bbox="1057 573 1122 632"></div> <div data-bbox="1057 646 1175 688">NATURAL RESOURCES</div> <p>TF1's activities mainly use:</p> <ul style="list-style-type: none"> ■ electricity (office management processes); ■ fuel oil (generators and outside broadcast units). <p>Most greenhouse gas emissions are generated outside the Group by audiovisual production activities. This led to TF1 setting up the Ecoprod collective in 2009. TF1's main impact is its ability to raise public awareness of the issues involved.</p> <div data-bbox="1057 1066 1208 1087">2016 HIGHLIGHTS</div> <p>Numerous news programmes on TF1 dedicated to the environment and reporting on the COP 22 climate change conference; dedicated "#Cop Connection" programme on Ushuaïa TV and LCI. Partnership between TF1 editorial team and Tara Expeditions: TF1 news broadcasts cover the Tara scientific expedition to the South Pacific (one report per month). Renewal of the "Equilibre kWh" green electricity contract for 2017 and 2018. Each kWh consumed by TF1 commits EDF to produce the same amount of electricity from installations using renewable energy sources. "Sustainable Finance and Development" conference organised with Ernst & Young and C3D on 12 December.</p> <div data-bbox="1057 1522 1164 1543">KEY FIGURES</div> <p>More than 800 TV news items on sustainable development. 12% reduction in electricity consumption since 2012. More than 60% of the server farm virtualized. 65% of waste recycled or re-used.</p>
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INTELLECTUAL CAPITAL

- Editorial expertise.
- Production and acquisition of audiovisual rights (cinema, series, drama, sport etc.).
- Commercial expertise in advertising airtime sales, and the relationship with the advertisers.
- Intellectual property developed in-house and TF1 group brands (games, formats, licences, etc.).
- The ability to innovate, especially in processes and technologies.

2016 HIGHLIGHTS

TF1 partners Viva Technology, organiser of the first French event on innovation and the economy of the future to have global reach.

For the launch of the new LCI-branded digital news platform, the Group chose Wibbitz's text-to-video solution.

KEY FIGURES

8 start-ups incubated in 2016.

The MYTF1 platform on ISP set-top boxes attracted up to **10.7 million** unique users of catch-up TV⁽¹⁾.

1.3 billion free videos viewed on MYTF1⁽²⁾ (+15% year-on-year).



HUMAN CAPITAL

- Talent pool and staff commitment.
- Training and upskilling, especially in the digital universe.
- Goal congruence and company loyalty.
- Equal opportunities and diversity.

2016 HIGHLIGHTS

Signing of new three-year agreements on social mobility, workplace equality, disability and senior citizens.

Signing of the *Entreprises et quartiers* agreement with the central and greater Paris authorities to promote employment and economic growth in deprived urban areas.

Research on the representation of women and ethnic minorities in TF1 news bulletins.

MYFRANCE video competition for school students on the theme "Living Together".

"Female Experts to the Fore" on 5 December: a day celebrating female expertise (meeting female journalists, workshops, coaching, etc.).

KEY FIGURES

7 TF1 University masterclasses with a total of 1,407 participants.

9th annual intake for the TF1 Enterprise Foundation.

More than **80%** of vacancies filled by internal transfers.



SOCIAL CAPITAL

- Public trust and loyalty.
- Respect for ethical commitments and professional integrity, which are core to the Group's mission.
- Channels that listen to viewers and internet users.
- TF1 is part of the social fabric of France (must-see programmes and promoting good causes like food banks).

2016 HIGHLIGHTS

Publication of the "Practical Guide to Everyday Ethics" for all staff members, to accompany the TF1 Code of Ethics distributed in 2014.

Best audience figure in 2016 for the semi-final of the Euro 2016 football tournament between France and Germany (19.3m viewers).

TF1 is awarded gold class status in the RobecoSam rankings in the Dow Jones Sustainability Europe and World indices, and has its rankings confirmed in the other indices: Ethibel, OEKOM, Gaia (2nd in the mid cap class).

KEY FIGURES

90 of the top 100 audiences for the TF1 channel.

€37.3m of free airtime donated to **121** non-profit organisations.

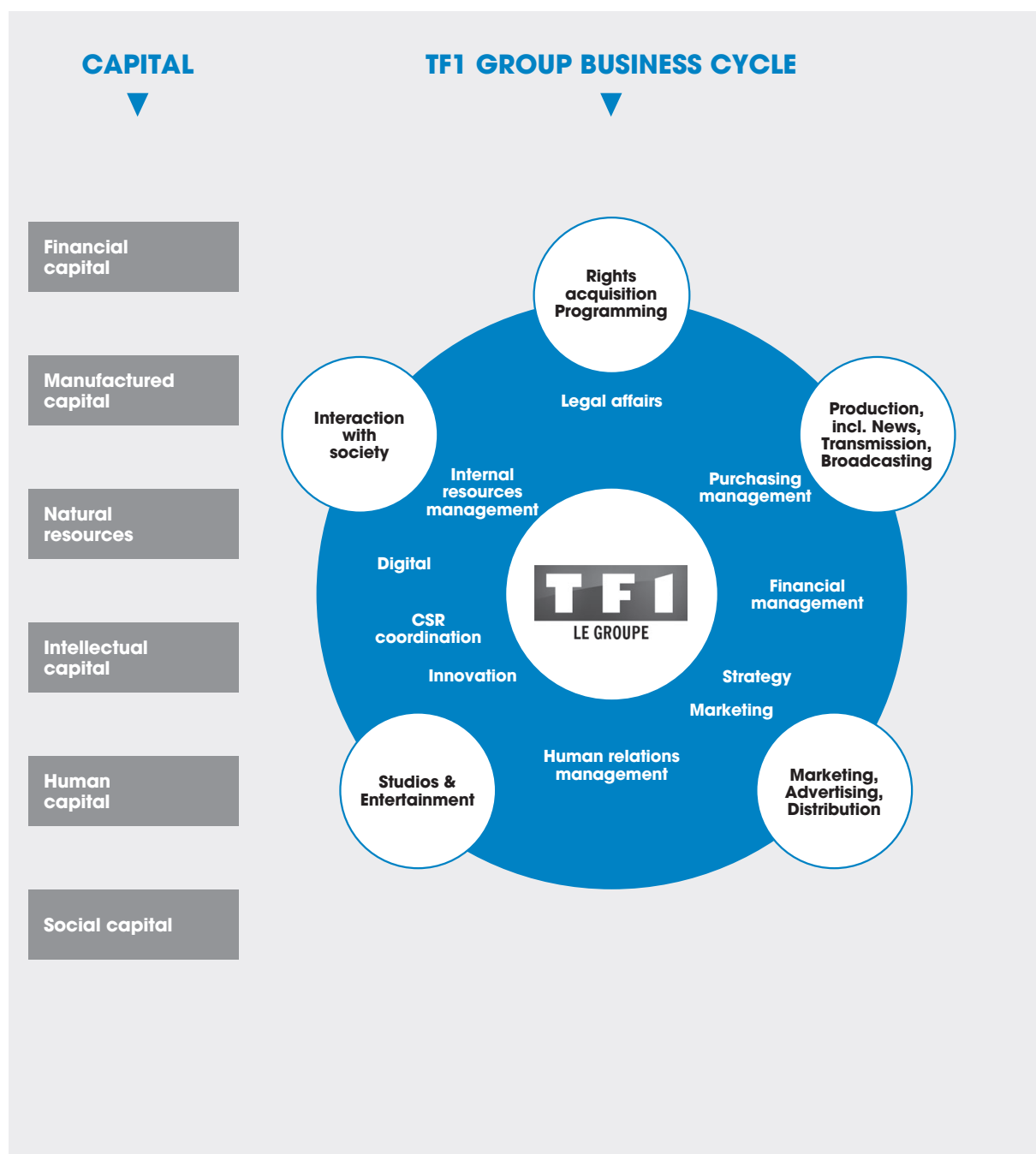
45,000 e-mail and phone responses by the viewer help desk.

58 million subscriptions on social networks.

(1) Médiamat IPTV Médiamétrie.

(2) Excluding news content, XTRA content and live sessions.

CREATING AND DISTRIBUTING VALUE





PRODUCTS

Broadcasting

Broadcasting of free-to-air and pay-TV channels
Digital broadcasting platform
Content distribution
Advertising space

Studios & Entertainment

Television and movie production
Acquisition
Distribution
Trading
Pay-to-view VOD distribution platform
Home shopping/e-commerce
Licences, board games, live shows, music

VALUE CREATED FOR

VIEWING PUBLIC

- All content genres on 5 complementary free-to-air channels.
- Live and catch-up offering on all platforms for all audiences.

OUR ADVERTISERS

- Variety of high-impact advertising slots for all targets.
- Innovative solutions (multi-platform, digital, targeted, real-time, etc.).

FRENCH CONSUMERS

- High-quality, varied offering of consumer products and services (VOD, DVD, live shows, home shopping, etc.).

REGULATORS, FRENCH STATE

- Scrupulous compliance with laws, regulations and commitments, with active involvement in policy-making.
- Major contributor to society through taxes and duties paid in France.

FRENCH BROADCASTING LANDSCAPE

- Substantial financial contribution via the French production obligation promoting the development of the sector.
- Responsible employer of talents in the French broadcasting industry.

CIVIL SOCIETY, NON-PROFIT ORGANISATIONS

- Promoting diversity in the workplace and in programmes.
- Open to non-profit organisations via donations and donated advertising space.

OUR STAFF

- Advantageous terms of employment.
- Career and skills development favouring employability.

OUR SHAREHOLDERS

- Maximising asset value.
- Transparent communication.
- Historically high dividend pay-out ratio.

SOME OF OUR SUCCESSES

Mass audience, loyal and engaged:
France's no.1 private-sector broadcaster

Loyal and multi-platform advertisers: TF1 Publicité voted France's best sales agency for the second year in a row⁽¹⁾

Income stream not dependent on advertising: MYTF1VOD, France's no.1 distribution platform⁽²⁾
Proportion of programme budgets dedicated to works by "dependent" producers has been increased to 36%⁽³⁾

Supply of high-quality national content: French drama accounted for 36 of the top 100 audience ratings

Diverse workforce: 24 youngsters from deprived areas recruited via the TF1 Enterprise Foundation since its inception

Recruitment and retention of best talents

Loyal, active shareholders: Bouygues has been a shareholder since TF1 was privatised in 1987

(1) Survey by Harris Interactive for CB News.

(2) Declared use of VOD platforms (CNC survey).

(3) A tranche capped at 26% is reserved for subsidiaries of the TF1 group, with the remaining 10% representing "room for manoeuvre" enabling TF1 to obtain – on terms specified in the agreement – broader rights from independent production companies.

4. RISKS AND OPPORTUNITIES

MACRO TRENDS	1 GROWING APPETITE FOR PREMIUM VIDEO CONTENT
CONTEXT	<p>Premium video content continues to attract mass audiences, especially around news, sport and drama blockbusters. In France, 9 of the 10 best audiences were for major sporting events, while there has been a big increase in audiences for French drama.</p> <p>At the same time the audiovisual production offering has been growing globally. In the United States, the number of series has more than doubled in 10 years⁽¹⁾.</p> <p>Google, Apple, Facebook, Amazon and Netflix are the main drivers of growth in this area, which they are using to recruit new customers. Intense competition to acquire the best formats means this content now costs more.</p> <p>(1) FX Network Research.</p>
OPPORTUNITIES & RISKS	<p>In order to secure access to content, broadcasters are moving up the value chain by seeking to own their own audiovisual formats. Hence the TF1 group's recent acquisition of production companies (notably Newen), the development of in-house production facilities and formation of global alliances between broadcasters and producers.</p> <p>The Group can continue to differentiate itself thanks to its unique free-to-air general interest offering, with its wide range of content (news, entertainment, sport, international series, local drama, etc.).</p>
KEY INDICATORS	<p>TRENDS IN COST OF PROGRAMMES BY GENRE</p> <p>Chg. €m : €(16)m €(5)m €4m €33m €14m €0m €31m €19m €50m</p> <p>Chg. % : -5.6% -1.5% +8.9% +31.1% +8.9% +0.7% +3.3% ns +5.3%</p> <p>Legend: ■ 2015 ■ 2016</p> <p>(1) Excluding coproduction shares reclassified as non-current (€25.4m). (2) Includes LCI costs from 5 April to 31 December 2016.</p>

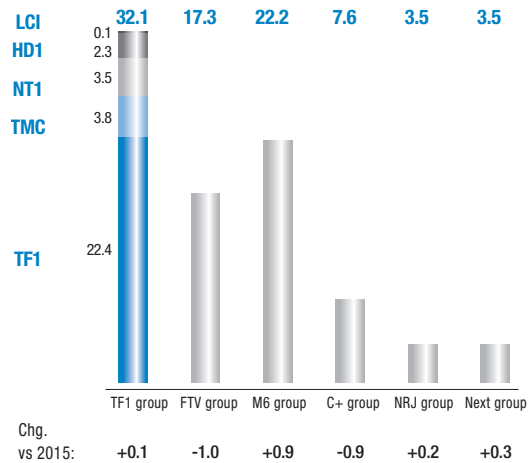
2 CHANGING USAGE AND THE EMERGENCE OF NEW FORMATS	3 INCREASINGLY PERSONALISED OFFERING	4 MORE AND MORE ENGAGED AND IMMERSIVE CONSUMPTION																																																			
<p>Ways of consuming content are changing rapidly: consumers want to be able to access the maximum content via a minimum of entry points, whenever they want and wherever they are (trend towards platformization).</p> <p>The growing consumption of content on mobile devices, especially by young people, requires formats that are adapted to modes of consumption: snacking on mobiles and binge watching OTT and on the web.</p> <p>Consumer choice is now based on quality and price. Consumers are abandoning the traditional prepaid packages in favour of pay-per-view.</p>	<p>In response to the individualisation of consumption made possible by mobiles, audiovisual players are upgrading their functionalities to offer consumers a personalised experience, using algorithms based on data collected by their usage databases.</p> <p>The advertisements shown are adapted to user profiles in order to obtain better engagement and commercial effectiveness.</p>	<p>The development of social networks is transforming the media landscape: they are a major lever on audiences and also a new point of entry and interaction for users.</p> <p>This public engagement is becoming even more important because of the new immersive technologies (augmented reality, virtual reality, etc.), which enable users to become totally invested in those universes.</p>																																																			
<p>New modes of consumption are broadening conventional free-to-air TV players' scope for exploiting content.</p> <p>TF1 group content is now available in multiple formats (direct, catch-up, bonus, etc.) suited to these new habits (e.g. binge watching).</p> <p>The Group is also strongly expanding its exclusive content for new platforms in order to reach younger generations. Hence its acquisition of MinuteBuzz and a stake in Studio 71.</p> <p>This is enabling the Group to diversify its revenue sources through "freemium" (mixed free/pay-per-view) offerings, funded with or without advertising.</p>	<p>Historically, the TF1 group has broadcast a broad big-hitting offering to satisfy the largest number of viewers.</p> <p>The Group is working to ally this with an offering that can be personalised by collecting data, subject to strict compliance with legal restrictions.</p> <p>This is enabling the Group to improve user experience while selling advertisers appropriate and effective programming slots. The Group is promoting the emergence of innovative advertising formats, such as brand content.</p>	<p>Televised media have major resonance in social networks, with TV programmes breaking records in the twittersphere.</p> <p>The Group has a strong social media profile so that it can communicate with followers. Acquiring MinuteBuzz will increase the Group's social media presence.</p>																																																			
<p>TRENDS IN AVERAGE DAILY VIEWING TIME</p> <table><thead><tr><th>Year</th><th>Tv live</th><th>Tv live + delayed viewing</th></tr></thead><tbody><tr><td>2011</td><td>3h51</td><td>3h56</td></tr><tr><td>2012</td><td>3h52</td><td>3h58</td></tr><tr><td>2013</td><td>3h43</td><td>3h49</td></tr><tr><td>2014</td><td>3h30</td><td>3h37</td></tr><tr><td>2015</td><td>3h29</td><td>3h38</td></tr><tr><td>2016</td><td>3h24</td><td>3h39</td></tr></tbody></table> <p>W<50PDM</p>	Year	Tv live	Tv live + delayed viewing	2011	3h51	3h56	2012	3h52	3h58	2013	3h43	3h49	2014	3h30	3h37	2015	3h29	3h38	2016	3h24	3h39	<p>TRENDS IN 2016 GROSS PLURIMEDIA ADVERTISING SPEND (EXCL. INTERNET) (€bn)</p> <table><thead><tr><th>Media Type</th><th>2016 Spend (€bn)</th><th>% Change</th><th>% of Total</th></tr></thead><tbody><tr><td>Television</td><td>11.4</td><td>+3.0%</td><td>43.7%</td></tr><tr><td>Print media</td><td>6.6</td><td>-3.5%</td><td>25.3%</td></tr><tr><td>Radio</td><td>5.0</td><td>+3.4%</td><td>19.1%</td></tr><tr><td>Outdoor advertising</td><td>2.7</td><td>+1.3%</td><td>10.3%</td></tr><tr><td>Cinema</td><td>0.5</td><td>+18.3%</td><td>1.9%</td></tr></tbody></table> <p>Total gross plurimedia excluding internet €26.1bn (+1.4%)</p>	Media Type	2016 Spend (€bn)	% Change	% of Total	Television	11.4	+3.0%	43.7%	Print media	6.6	-3.5%	25.3%	Radio	5.0	+3.4%	19.1%	Outdoor advertising	2.7	+1.3%	10.3%	Cinema	0.5	+18.3%	1.9%	<p>NUMBER OF FOLLOWERS ON SOCIAL NETWORKS (MILLION)</p> <table><thead><tr><th>Year</th><th>Followers (Million)</th></tr></thead><tbody><tr><td>2015</td><td>46</td></tr><tr><td>2016</td><td>58</td></tr></tbody></table> <p><small>* Aggregate number of followers on all social networks (Facebook, Twitter, Instagram, Snapchat, etc) and on accounts associated with the TF1 group (subsidiaries, programmes, presenters, etc). Non-duplicated figures.</small></p>	Year	Followers (Million)	2015	46	2016	58
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5. STRATEGY AND RESOURCE ALLOCATION

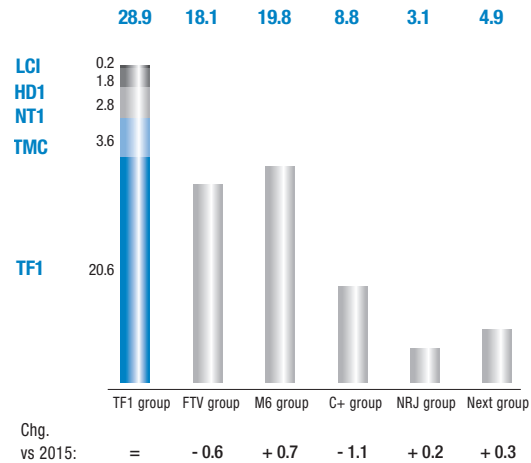
STRATEGY		
To position the TF1 group more extensively along the content value chain by adopting a resolutely client centric approach.		
STRATEGIC OBJECTIVE	STRATEGIC LEVER	KEY INDICATOR
1 DEVELOP CONTENT AT COMPETITIVE PRICES	<p>The TF1 group wants to continue providing an attractive and differentiating content offering.</p> <p>To achieve this, it needs to acquire content at competitive prices while pursuing its development in production-related activities.</p>	<p>COST OF PROGRAMMES FOR TF1 GROUP FREE-TO-AIR CHANNELS (€m)</p> <p>* LCI included in free-to-air from 5 April 2016.</p>
2 BROADEN CONTENT DISTRIBUTION	<p>The Group aims to broaden its distribution channels, not just in France but internationally. It seeks to better understand the audience it is creating, in order to achieve more targeted advertising and put together varied offerings. It is also looking to strengthen the bond with its consumers/viewers.</p>	<p>MODES OF RECEPTION OF TV CONTENT</p>
3 MAXIMISE THE MONETISATION OF LINEAR AND NON-LINEAR CONTENT	<p>The Group is working to enlarge its inventory (social networks, digital), and optimise content exploitation to improve monetisation (catch-up, VOD, social networks).</p> <p>In addition, to attract new budgets the Group needs to offer programming at European level.</p>	<p>TF1 GROUP ADVERTISING REVENUE (€m)</p>
4 BE A SOCIALLY RESPONSIBLE MARKET LEADER	<p>Conscious of its role as France's leading media outlet, the TF1 group continues to use its mass market reach to promote an inclusive and sustainable society.</p>	<p>Included in the DJSI Europe and World indices since 2003, the TF1 group has been making constant progress and was awarded Gold Class status in the media sector in January 2017.</p>

6. PERFORMANCE

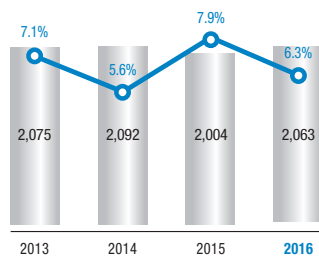
COMPARATIVE AUDIENCE SHARES OF WOMEN AGED UNDER 50 PURCHASING DECISION-MAKERS (%)



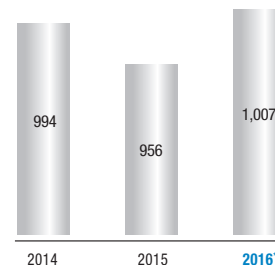
COMPARATIVE AUDIENCE SHARES OF INDIVIDUALS AGED 25-49 (%)



TOTAL REVENUE (€m)/ CURRENT OPERATING MARGIN RATE



COST OF PROGRAMMES OF FREE-TO-AIR CHANNELS (€m)



* LCI included in free-to-air from 5 April 2016

DYNAMIC ASSET MANAGEMENT

ACQUISITION OF
70%
OF NEWEN STUDIOS GROUP

TF1 OWNS
100%
OF TMC

TF1 HAS TAKEN A
MAJORITY STAKE
IN BONZAI DIGITAL

7. OUTLOOK

2016 was a year of transformation, in which the TF1 group set new operational priorities and implemented a new organisational structure. In 2017, we will push ahead with a resolutely multi-channel, multi-media and multi-activity strategy, combining pulling power with targeted reach on each channel and developing growth areas in DTT, digital and production.

To meet these challenges, the Group will strive to:

- develop attractive and distinctive content with a competitive cost base, in particular by expanding our production activities;
- broaden the distribution of content by multiplying the number of distribution channels and strengthening the bond with the viewer/consumer;
- improve the monetisation of both linear and non-linear content.

This strategy should help us improve our profitability: we are targeting double-digit current operating margin in 2019, with growth in non-advertising revenue for the five free-to-air channels expected to account for at least one-third of our consolidated revenue in that year.

On the production side, taking a stake in Newen Studios has opened many new opportunities in the creation and distribution of content, both in France and internationally. Our ongoing expansion in digital, across

all devices and networks, is intended to help us reach new targets with rejuvenated content, and better monetise user activity.

We will continue to apply our rigorous management approach, which from 2017 onwards will enable us to:

- limit the cost of programmes by optimising our investment in content. This will involve an overhaul of our rights buying policy, increasing in-house production, and developing content for digital devices. Over the next three years, this policy should enable the Group to hold the average annual cost of programmes (excluding major sporting events) for our five free-to-air channels at €980 million;
- achieve €25 million to €30 million of recurring savings (excluding cost of programmes) under the *Recover* plan;
- maintain our share of the advertising market by extracting maximum value from our premium inventories, and growing our DTT channels and digital content;
- take new initiatives in distribution so as to maximise the value of our services, both in France and internationally.

Our ambition is to strengthen our leadership in television, innovate in services to advertisers, accelerate our growth in production and digital, and showcase our brands across all platforms.