

# Merrill Lynch Media Conference



London, 8 June 2005





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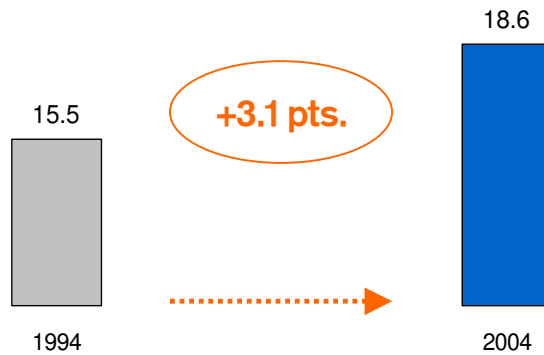
## History and key figures



# Performance history



## Hw.<50 audience share



## Consolidated turnover



## Programming costs



## Net profit (group share)



## Dividend per share



Update 2005



- ▶▶ French television landscape and DTT (Digital Terrestrial Television)
- ▶▶ Audiences, advertising, diversification
- ▶▶ M6 Mobile by Orange

# French Television Landscape



# French landscape : TV, a steady growth



## Advertising expenditures in % GDP

United Kingdom **0.92 %**

Spain **0.85 %**

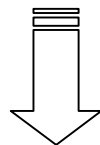
Germany **0.71 %**

Italy **0.68 %**

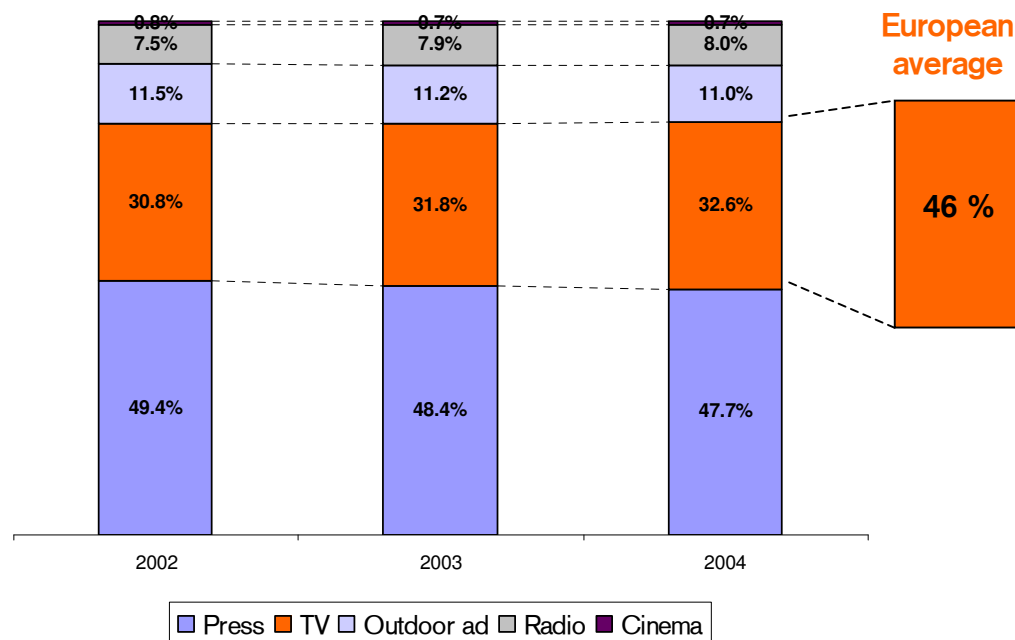
**France 0.65 %**

**European average 0.85 %**

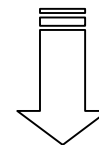
Source : Ad'Barometer, net figures



## Adv. expenditures breakdown in France (per segment)



Source : IREP, MMS Nielsen, InfoAdex

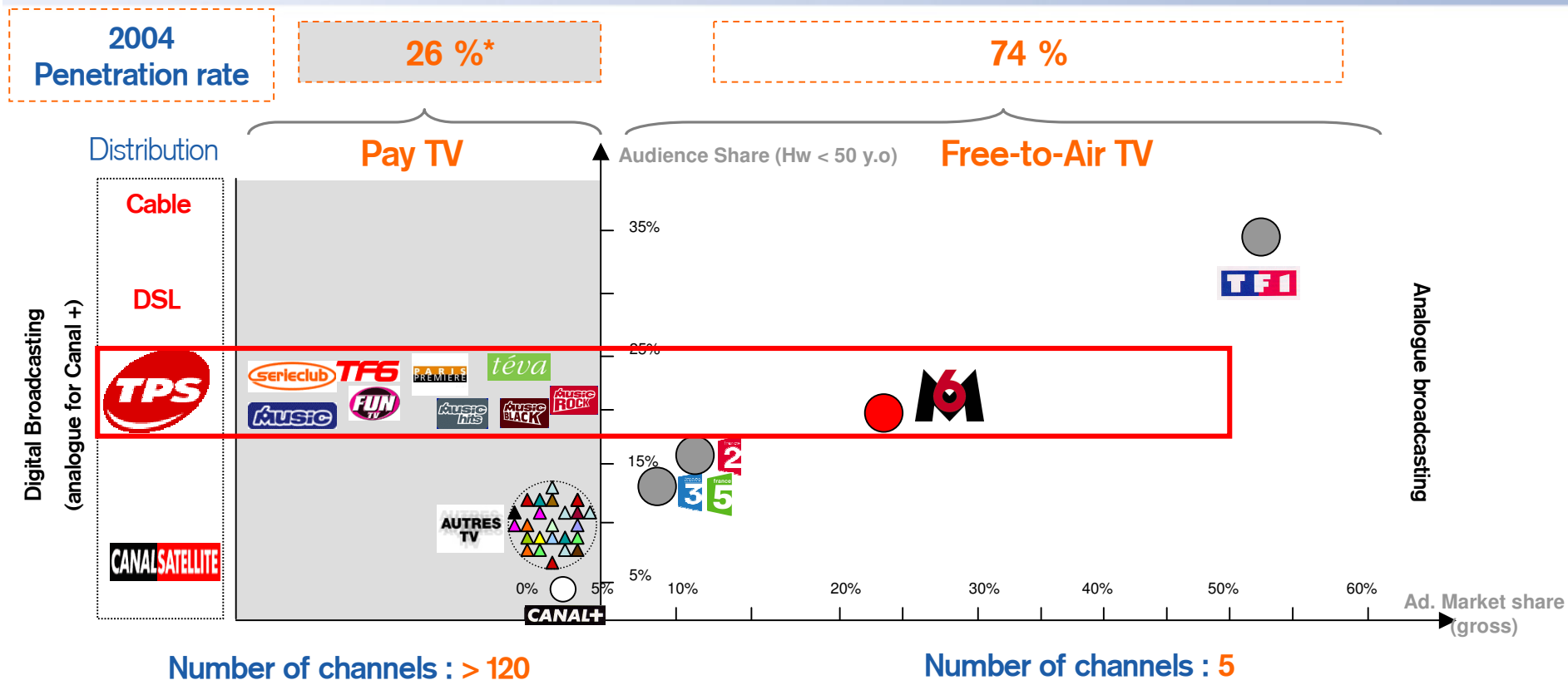


**2007 Retail advertising opening as main trigger to catch up**





# French landscape : FTA and Pay TV before DTT



The 20 first channels gather more than **50 %** of audiences and approx. **80 %** of multi channel ad revenues

Audience share « Other TV » (Hw < 50 y.o) : **9.7 %**

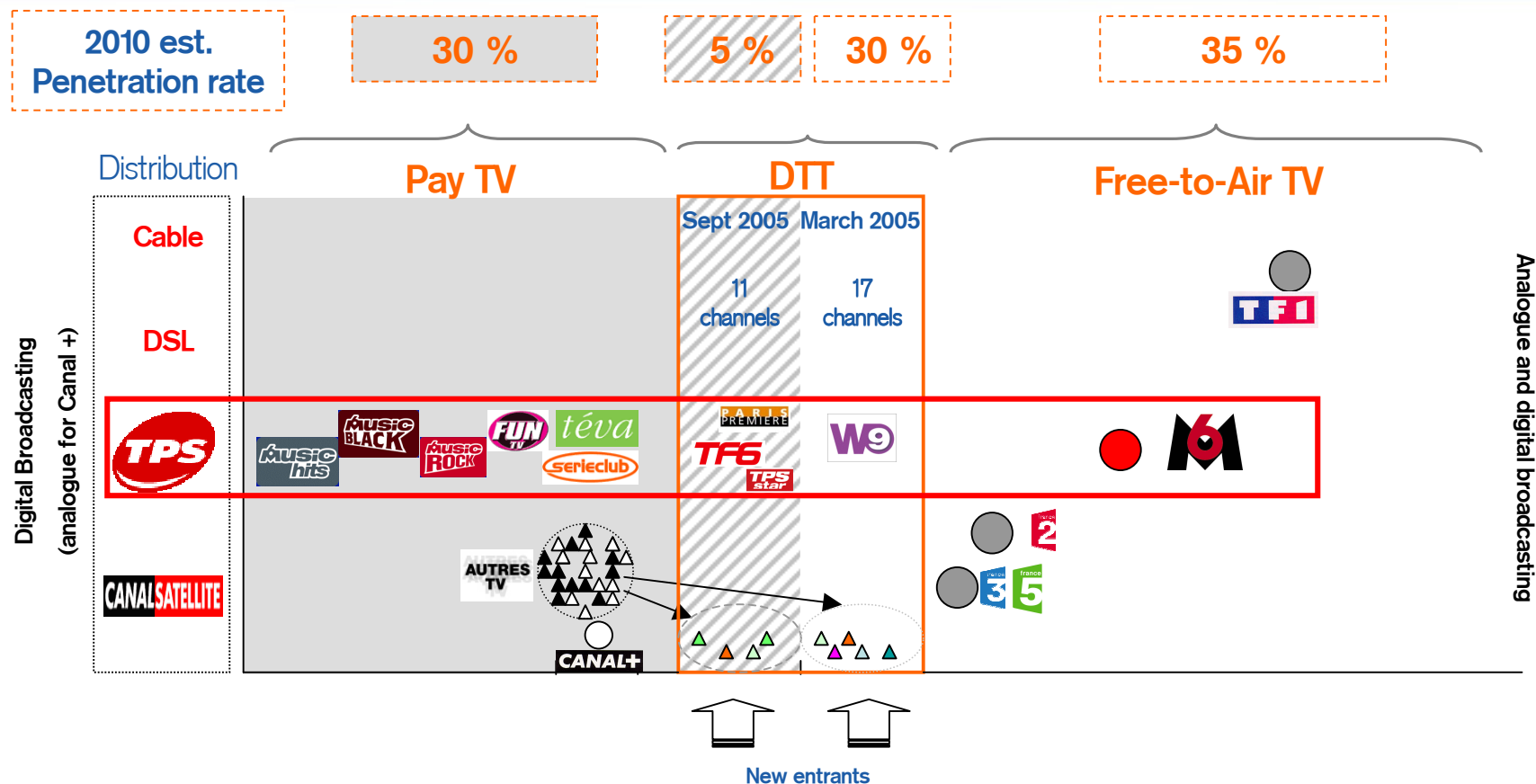
Total ad market share : **approx 90 %** (gross data 2003)

Total audience share (Hw < 50 y.o) : **86.6 %**

2004 data (except other indication), source : Médiamétrie, TNS MI

\* : 35 % including Canal +

# French landscape : FTA and Pay TV with DTT

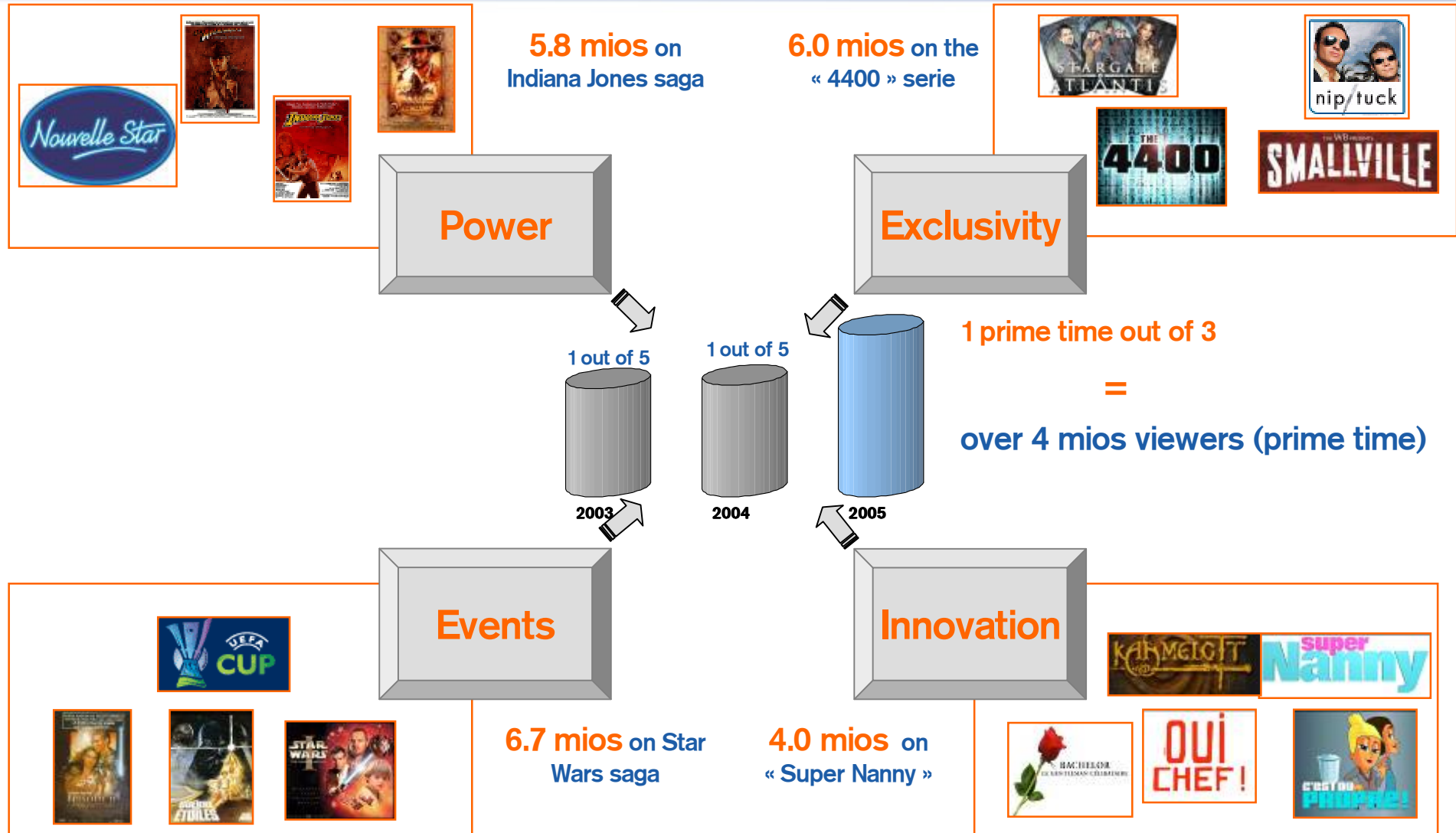


- ➔ Launch of Free DTT on the 31st of March 2005, approx. 400 000 set-top boxes sold as of today
- ➔ Launch of Pay DTT starting from September 2005
- ➔ Initial coverage : 35 % in March 2005, 80/85 % mid 2007

**Start of 2005 : Audiences, advertising,  
diversification**



# M6 programming strategy bearing its fruits



Average audience data : weeks 1 to 21

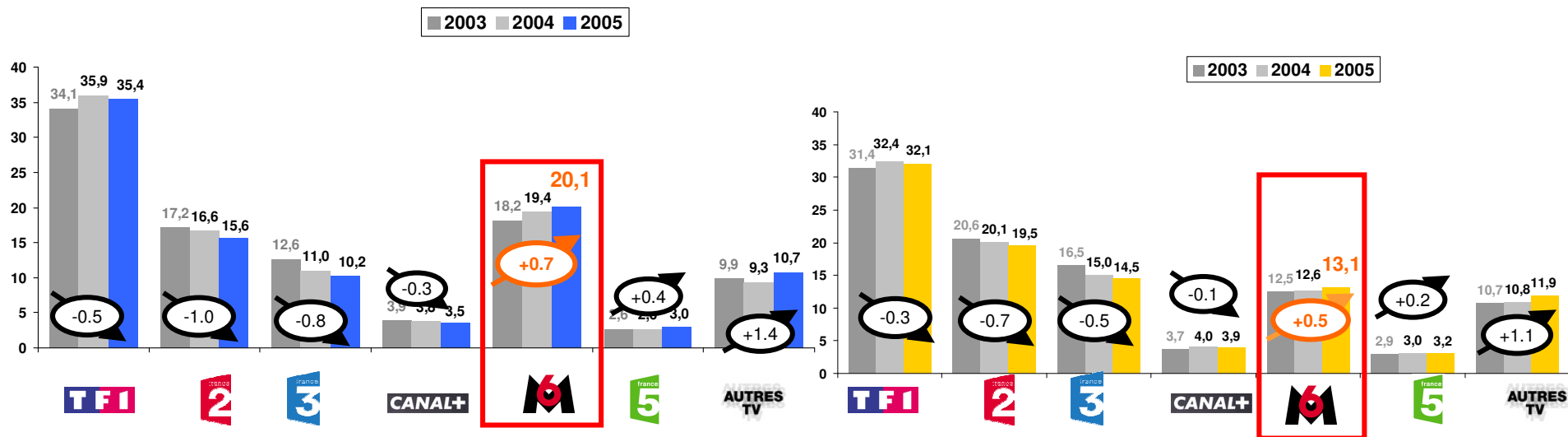
# M6 audience shares since beginning of 2005

weeks 1 to 21



All time record for a start of year for housewives under 50 y-o

M6 only national channel to increase its audience share on > 4 y-o individuals



source: Médiamétrie - Médiamat

In an ever more competitive and multichannel environment





# French TV advertising market

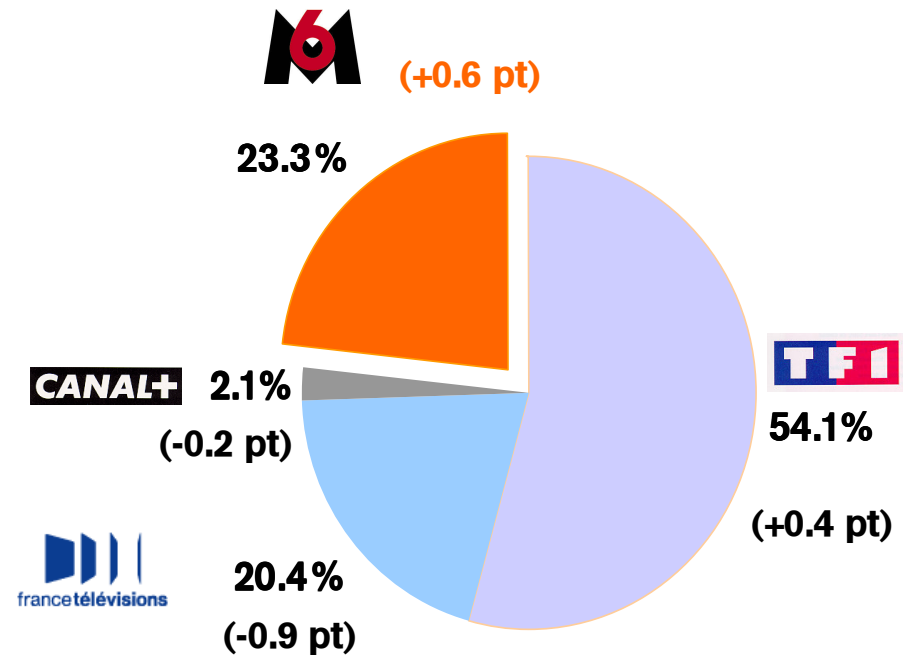
gross data jan-march 2005 vs jan-march 2004



TV Advertising market is up +0.6%  
jan-march 05 vs jan-march 04

TV advertising market share  
Change jan-march 05 vs jan-march 04

	Expenditure jan-march 2005	Change jan-march 05 jan-march 04
	<b>678 204 K€</b>	<b>+1.5%</b>
	<b>255 823 K€</b>	<b>-3.7%</b>
	<b>26 712 K€</b>	<b>-6.9%</b>
	<b>292 107 K€</b>	<b>+3.4%</b>



M6 achieves to overperform the french TV advertising market despite a demanding base effect

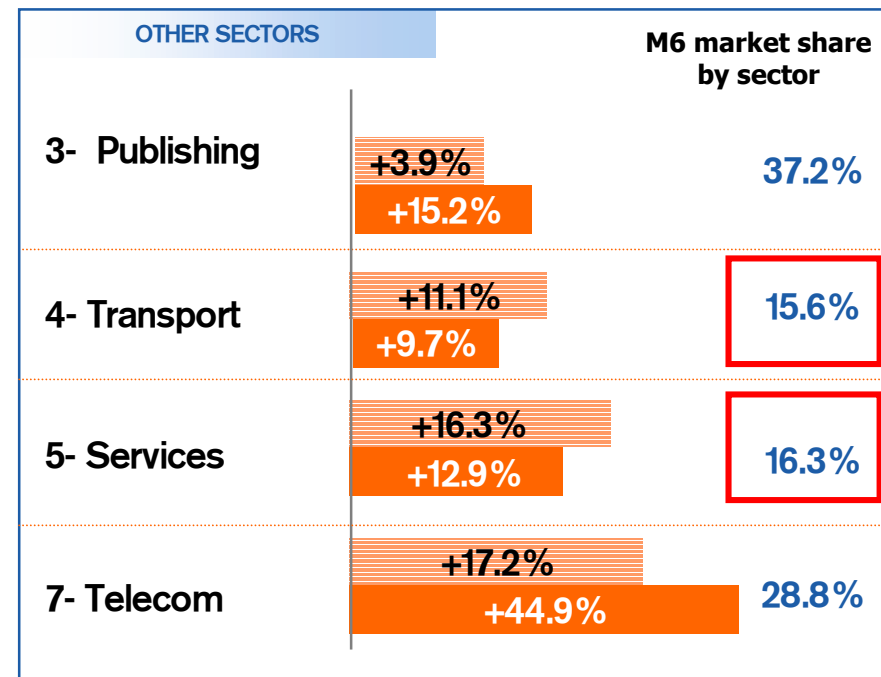
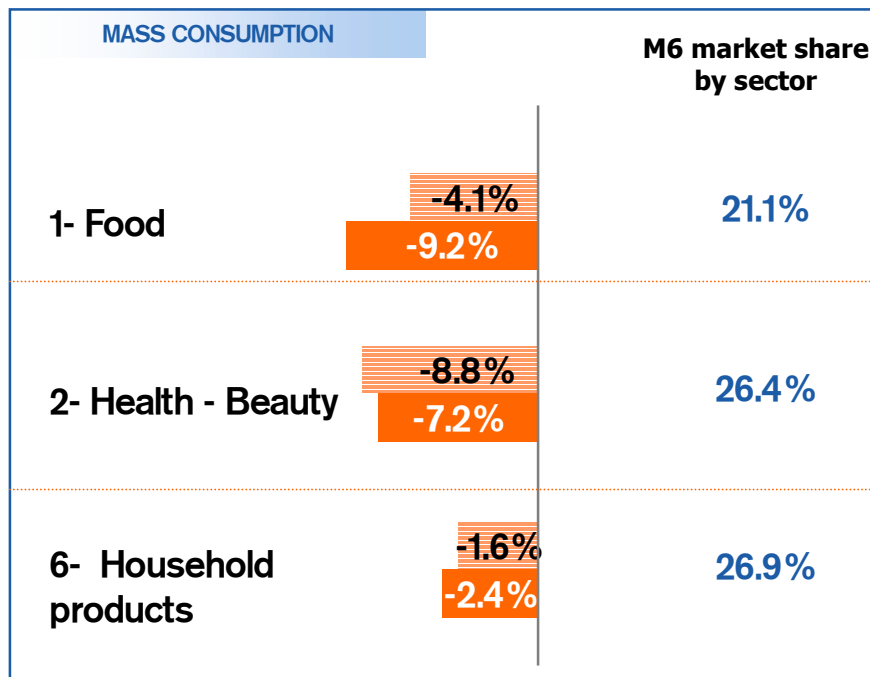
# TV 7 first sectors changes

jan-march 2005 vs jan-march 2004



TV advertising expenditures for mass consumption products declined  
M6 is the 2nd most attractive channel

Strong increase in telco sector expenditures with M6  
Other major sectors (Publishing, Transports and Services) were also very dynamic in Q1 2005



# Q1 consolidated sales



in M€	French GAAP			IFRS principles (*)		
	03.31.2005	03.31.2004	% change	03.31.2005	03.31.2004	% change
<b>Consolidated sales</b>	<b>305.4</b>	<b>293.0</b>	<b>+4.2%</b>	<b>307.5</b>	<b>294.4</b>	<b>+4.4 %</b>
incl. Advertising revenues	151.8	147.1	+3.2%	151.8	147.1	+3.2%
inc. Diversifications & digital TV	153.6	145.9	+5.3%	155.7	147.3	+5.7%

## Diversification Highlights Q1 2005



Amel Bent, Chimene Badi and Ilona Mitrecey topped the single and albums charts



## Digital Television Highlights Q1 2005

Launch of M6 Music Rock and M6 Music Black the 10th of january

Since march 31st, M6 Music Hits proposes 24-7 the best of music, with hits, new releases and live events





**M6 Mobile by Orange : 2005 significant  
development**



# M6 Mobile by Orange: 2005 significant development



- An MVNO\* agreement in 2 phases



**Licence  
start-up in  
June 2005**

**M6 Revenues :**

- Fixed fee / new sub.
- Variable fee / ARPU

**M6 Expenses :**

- Advertising

**Option:  
Full MVNO**

- Contents agreement



**Strengthen the position of M6 and Orange  
as leaders of TV & Video on Mobile**

\* MVNO – Mobile Virtual Network Operator



VERS TOUS LES NUMÉROS ORANGE®

### + SERVICES GRATUITS :

## REPORT DU CRÉDIT, TARIFICATION À LA SECONDE...

**= 19,90 €/MOIS**

## CADEAU DE BIENVENUE

**2 MOIS D'ACCÈS AU PORTAIL M6mobile by Orange<sup>(3)</sup>**

**+ 1 MOIS D'ABONNEMENT SMS À TOUTE L'ACTU PEOPLE M6**

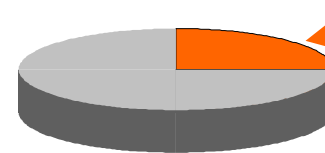
**100 SMS OFFERTS<sup>(4)</sup>**

AUX 10 000 PREMIERS CLIENTS

[illegible]

**M6 commitment : marketing and advertising, using M6 brand and knowledge of the commercial target**

4 to 5 mios  
subscribers



1 mio  
subscribers  
within 3 years

**= 19,90€ / month**



# Conclusion : levers for growth and profitability



Back-up slides



# Key figures

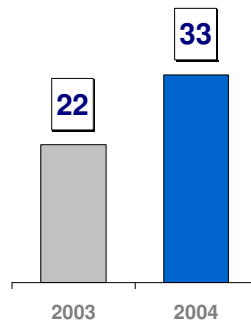


(m€)	2002*	2003	2004	% 04/03
<b>Consolidated sales</b>	<b>1071.3</b>	<b>1176.8</b>	<b>1192.8</b>	<b>+1.4%</b>
<i>Advertising revenues</i>	<i>556.6</i>	<i>575.2</i>	<i>598.8</i>	<i>+4.1%</i>
<i>Other revenues</i>	<i>514.7</i>	<i>601.6</i>	<i>594.0</i>	
<b>Operating profit</b>	<b>190.7</b>	<b>213.3</b>	<b>222.5</b>	<b>+4.3%</b>
<b>Operating margin</b>	<b>17.8%</b>	<b>18.1%</b>	<b>18.7%</b>	
<b>Net profit (group share)</b>	<b>111.0</b>	<b>131.6</b>	<b>138.7</b>	<b>+5.4%</b>
<b>Net margin</b>	<b>10.4%</b>	<b>11.2%</b>	<b>11.6%</b>	
Free Cash Flow	152.9	214.4	203.3	
Net cash	169.1	207.6	221.2	
<b>Dividend per share (€)</b>	<b>0.57</b>	<b>0.67</b>	<b>0.84</b>	<b>+25.4%</b>
<b>Pay-out ratio</b>	<b>67.0%</b>	<b>67.0%</b>	<b>80.0%</b>	
<b>Yield</b>	<b>2.7%</b>	<b>2.6%</b>	<b>4.0%</b>	

\* pro forma

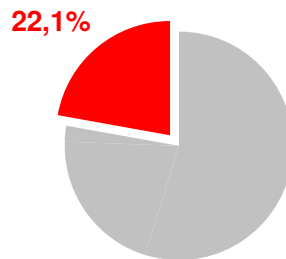


## Audiences



- A wider and family-oriented audience
- 33 times leader in Prime Time for the under 50 y.o public
- New all-time records on movies, series and shows.
- Progression of audience levels

## Advertising market



- Advertising revenues up by 4.1 %
- An increase in tariffs, volumes impacted in H2 by the Bercy agreements
- A 27 % ad. market share on the new sector of Press

## Programme

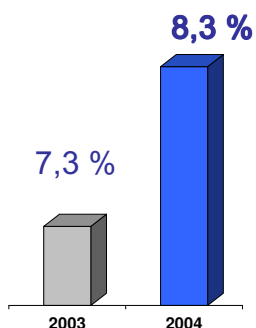
1€ invested in programme  
=  
1€ in gross margin

- A controlled increase : + 4.8 %
- Thanks to a high flexibility (+ 7.1 % in H1, + 2.6 % in H2)
- While proposing an impressive, structured, innovative programming grid.





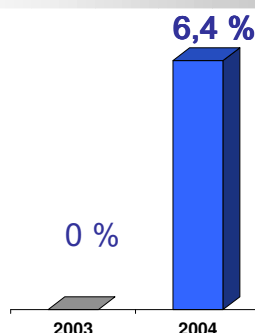
## Diversification



Diversification operating profit excl. FCGB

- An increased profitability
- A management of activities on a margin basis
- A 2005 more favorable outlook for SND and FC. Girondins de Bordeaux

## Digital Television



Thematic channels operating profit

- Performing thematic channels, both well targeted and complementary
- Strong audiences (20 % of audience share on TPS), increased advertising sales
- Acquisition and quick integration of Paris Première
- TPS, a balanced growth, a record year for recruitment, a lower churn and positive operating result

## Financial ratios

→ ROCE :	47.1 %
→ FCF :	203.3 M€
→ Pay-out Ratio :	80 %
→ Cash conversion ratio :	91 %

# Consolidated Balance Sheet - Assets



(in M€)	2004	2003	%
Acquisition goodwill	28.2	10.7	
Intangible assets	174.6	172.2	
Property, facilities and equipment	86.8	91.5	
Financial investments	9.7	8.7	
<b>NON-CURRENT ASSETS</b>	<b>299.3</b>	<b>283.1</b>	<b>+5.7%</b>
Inventory	267.7	226.2	
Receivables, prepaid expenses and accrued income	392.5	419.0	
Cash and marketable securities	231.5	253.6	
<b>CURRENT ASSETS</b>	<b>891.7</b>	<b>898.8</b>	<b>- 0.8%</b>
Deferred tax assets	29.3	33.9	
<b>TOTAL ASSETS</b>	<b>1,220.2</b>	<b>1,215.8</b>	<b>+0.4%</b>

# Consolidated Balance Sheet - Equity & Liabilities



(in M€)	2004	2003	%
<b>GROUP EQUITY</b>	<b>471.3</b>	<b>420.0</b>	<b>+ 12.2%</b>
Minority interest	-0.4	-1.2	
Provisions for liabilities and charges	61.3	67.1	
<b>FINANCIAL DEBT</b>	<b>10.3</b>	<b>46.0</b>	<b>- 77.6%</b>
<b>OPERATING AND OTHER LIABILITIES</b>	<b>671.7</b>	<b>677.1</b>	<b>- 0.8%</b>
Deferred tax liabilities	6.0	6.8	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,220.2</b>	<b>1,215.8</b>	<b>+0.4%</b>

# Analytical Consolidated Income Statement (1/3)



(in M€)	2004	2003	%
<b>M6 GROUP CONSOLIDATED TURNOVER</b>	<b>1,192.8</b>	<b>1,176.8</b>	<b>+1.4%</b>
<i>M6 TV network advertising revenues</i>	611.9	590.5	+ 3.6%
<i>M6 Group advertising revenues</i>	<b>598.8</b>	<b>575.2</b>	<b>+4.1%</b>
<i>Advertising agency costs</i>	-15.7	-16.2	- 3.1%
<i>Taxes and royalties</i>	-60.9	-60.3	+ 1.0%
<i>Broadcasting costs</i>	-34.6	-34.0	+ 1.8%
<b>Free to Air TV net revenues</b>	<b>500.7</b>	<b>480.0</b>	<b>+ 4.3%</b>
<i>Programming costs</i>	-248.6	-237.3	+ 4.8%
<b>GROSS MARGIN ON PROGRAMMING</b>	<b>252.1</b>	<b>242.7</b>	<b>+ 3.9%</b>
M6 TV Network operating profit	197.3	194.5	+ 1.4%
<i>Other Free to Air TV operating revenues</i>	<b>14.4</b>	<b>25.2</b>	<b>-42.9%</b>
Other Free to Air TV operating loss	-0.5	-1.2	- 58.3%
<b>FREE TO AIR TV OPERATING PROFIT</b>	<b>196.8</b>	<b>193.3</b>	<b>+ 1.8%</b>

# Analytical Consolidated Income Statement

(2/3)



(in M€)	2004	2003	%
<i>DIVERSIFICATION operating revenues</i>	<i>337.9</i>	<i>367.8</i>	<i>- 8.1%</i>
<b>DIVERSIFICATION OPERATING PROFIT</b>	<b>17.0</b>	<b>17.8</b>	<b>- 4.5%</b>
<i>TPS operating revenues</i>	<i>195.1</i>	<i>182.5</i>	<i>+6.9%</i>
<i>Thematic channels operating revenues</i>	<i>46.6</i>	<i>26.1</i>	<i>+78.5%</i>
TPS operating profit	0.4	1.3	
Thematic channels operating profit	8.3	0.9	
<i>DIGITAL TV operating revenues</i>	<i>241.7</i>	<i>208.6</i>	<i>+15.9%</i>
<b>DIGITAL TV OPERATING PROFIT</b>	<b>8.7</b>	<b>2.2</b>	
<b>M6 GROUP OPERATING PROFIT (EBIT)</b>	<b>222.5</b>	<b>213.3</b>	<b>+4.3%</b>
<i>% turnover</i>	<i>18.7%</i>	<i>18.1%</i>	

# Analytical Consolidated Income Statement

(3/3)



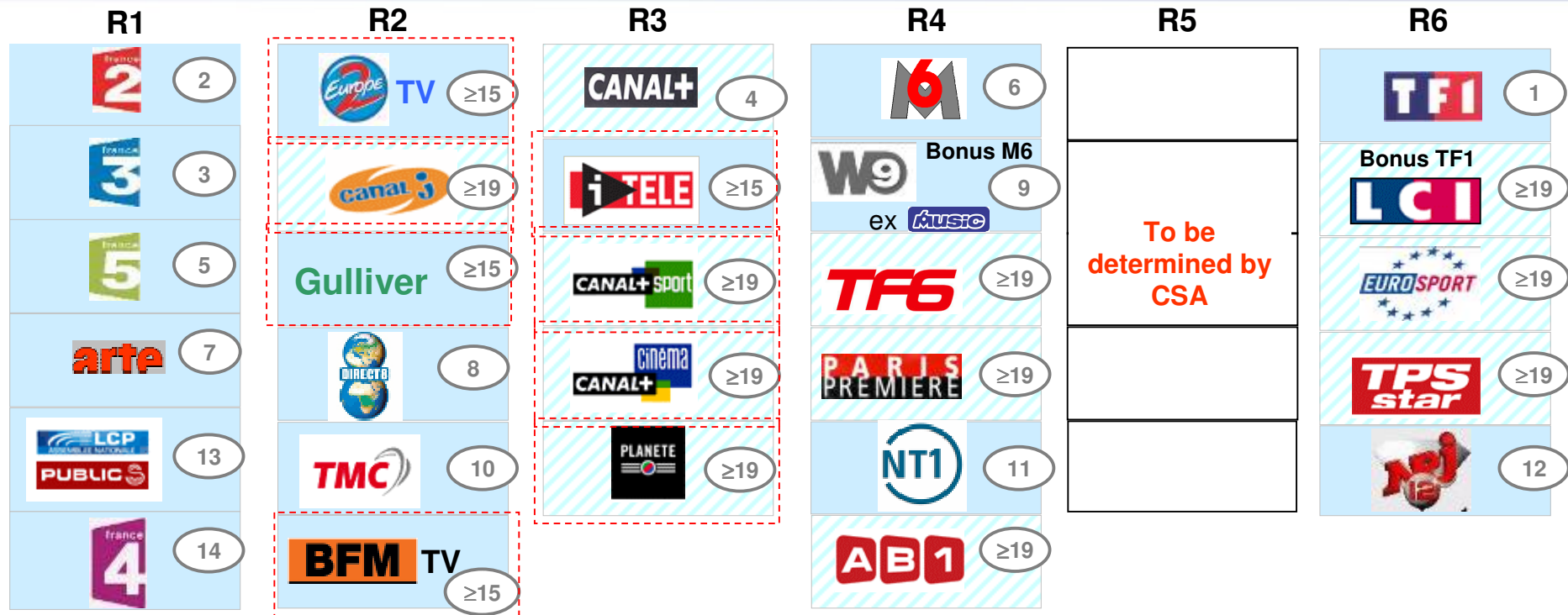
(in M€)	2004	2003	%
Net financial income	0.9	3.6	
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>223.4</b>	<b>216.9</b>	<b>+3.0%</b>
Net exceptional income/(expenses)	2.6	-9.3	
Goodwill amortisation	-6.5	-2.3	
Share of associates' results	-0.6	-1.6	
<b>PROFIT BEFORE TAX</b>	<b>218.9</b>	<b>203.7</b>	<b>+7.5%</b>
<i>% turnover</i>	<b>18.4%</b>	<b>17.3%</b>	<b>+6.0%</b>
Income tax	-80.7	-73.6	+9.6%
<b>PROFIT BEFORE MINORITY INTEREST</b>	<b>138.2</b>	<b>130.1</b>	<b>+ 6.2%</b>
<i>% turnover</i>	<b>11.6%</b>	<b>11.1%</b>	<b>+4.8%</b>
Minority interest	0.5	1.5	-66.7%
<b>NET PROFIT (Group share)</b>	<b>138.7</b>	<b>131.6</b>	<b>+5.4%</b>
<i>% turnover</i>	<b>11.6%</b>	<b>11.2%</b>	

# Consolidated Cash Flow Statement



(in M€)	2004	2003	%
Cash flow from operations (self-financing capability)	223.9	261.4	
Change in working capital requirements	-25.9	-5.4	
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>198.0</b>	<b>256.0</b>	<b>- 22.7%</b>
<b>CASH FLOW APPLIED TO INVESTING ACTIVITIES</b>	<b>-102.3</b>	<b>-101.6</b>	<b>+ 0.7%</b>
<b>CASH FLOW APPLIED TO FINANCING ACTIVITIES</b>	<b>-117.9</b>	<b>-118.0</b>	<b>- 0.1%</b>
Net change in cash and cash equivalents	-22.1	36.4	
<b>CASH AND CASH EQUIVALENTS AT YEAR-END</b>	<b>231.5</b>	<b>253.6</b>	<b>-8.7%</b>

# DTT channels



## Breakdown of DTT channels by group :

State owned channels	7	AB <sup>3</sup>	3
TF1 <sup>(1) (3)</sup>	6	NRJ	1
M6 <sup>1</sup>	5	Bolloré	1
Canal+	5	Nextradio	1
Lagardère <sup>2</sup>	3		

1. Of which co-ownership : TF6, TPS Star 2. of which Gulliver in partnership with France Télévisions 3 : of which co-ownership : TMC

- Free : 17
- Pay : 11
- Channels selected on the 9th of may 2005
- Channel position