



**Media Capital**

# **Full Year 2009 Results**



GRUPO MÉDIA CAPITAL SGPS, SA  
Sociedade Aberta  
Sede: Rua Mário Castelhana, n.º 40, Barcarena, Oeiras  
Matriculada na Conservatória do Registo Comercial de Cascais sob o n.º 17831 (Oeiras)  
Pessoa Colectiva n.º 502 816 481  
Capital Social: 89.583.970,80 euros

## FULL YEAR 2009 RESULTS

For the full year of 2009 Grupo Media Capital reports a Net Income of € 17.6 million and an EBITDA of € 50.1 million

- For 2009 Media Capital reports consolidated operating revenues of € 267.9 million, down 7% over the comparable period.
- An EBITDA of € 50.1 million, decreasing only 5% under a challenging economic environment and market downturn, in part offset by gains in market share, new revenues and an adequate management of costs. On this regard, excluding the impact of press, the activity of Plural España and TVI24's cost structure, operating costs would have been down by 11%. In 4Q EBITDA was € 3.9 million.
- Total advertising revenues of € 149.3 million, down 12% over 2008 on a comparable basis, although up 3% YoY in the 4Q, with expected gains in share in both total market and in the group of business segments where it operates.
- Total advertising market estimated to have dropped by 15%, a trend that is expected to have been reversed with the return to positive ground in the last quarter, with the segments in which the groups operates (TV, Radio and Internet) rendering the best relative performances.
- For a fifth consecutive year, TVI maintained its dominance in Portuguese TV audiences, with FTA shares of 35.0% in all day and 40.4% in prime time.
- The Audiovisual Production segment's activity expanded significantly in 2009, with EBITDA up 18% on a comparable basis, again proving content production as a differentiating factor. Plural Portugal produced over 1000 hours of programming while Plural Spain reaching nearly 3800 hours.
- EBITDA in Radio segment back to positive figures, benefiting from improvements in operational efficiency and from outperforming its advertising segment market.
- The good performance in Operational Cash Flow has allowed for a reduction in adjusted net debt to € 63.8 million (1.3x EBITDA), down € 36 million from year end in 2008 despite a total of € 20.4 million in dividends paid.

Queluz de Baixo, February 11, 2010

**Grupo Media Capital**

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## Relevant notes for 2009:

- In May 2008, Media Capital acquired the total shares representing the share capital of Plural Entertainment España SL (Plural) and has since fully consolidated its operations. For this reason, all tables and financial statements presented hereinafter, do not include the activities of Plural España from January to April 2008. However, comments on the operational performance for the Audiovisual Production segment include pro-forma analysis, i.e. including the activities of Plural España for the full semester in both 2008 and 2009.
  - In September 2008, Media Capital's Board of Directors approved the sale of MCE - Média Capital Edições and Edições Expansão Económica Lda., companies that developed the group's magazine editing and publishing business. For consolidation purposes, the sale of these companies took effect on July 31, 2008.
  - In June 2009, Media Capital announced the sale to Metro International, S.A. of its 35% stake in TRANSJORNAL - Edições de Publicações, S.A, the local editor of free daily newspaper Metro, for a global amount of € 200.000, which included all outstanding balances between Transjornal and Meglo - Média Global, SGPS, S.A. (a wholly owned subsidiary of Media Capital). The stake in Transjornal was accounted under the equity method and all impacts of this transaction have been accounted for under the Others reporting segment.
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### 1. Analysis of consolidated income statement

€ thousand	Full Year 2009	Full Year 2008	Var %	4 <sup>th</sup> Q 2009	4 <sup>th</sup> Q 2008	Var %
<b>Total operating revenue</b>	<b>267,868</b>	<b>287,371</b>	<b>-7%</b>	<b>73,865</b>	<b>81,927</b>	<b>-10%</b>
Television	156,590	168,376	-7%	45,556	42,824	6%
Audiovisual Production	107,916	92,908	16%	28,147	33,332	-16%
Entertainment	28,140	38,557	-27%	6,415	13,188	-51%
Radio	13,469	14,079	-4%	3,663	3,830	-4%
Others	(38,246)	(26,549)	44%	(9,914)	(11,247)	-12%
<b>Total operating expenses</b>	<b>217,743</b>	<b>234,669</b>	<b>-7%</b>	<b>54,970</b>	<b>66,911</b>	<b>-18%</b>
<b>EBITDA</b>	<b>50,125</b>	<b>52,702</b>	<b>-5%</b>	<b>18,895</b>	<b>15,016</b>	<b>26%</b>
<b>EBITDA margin</b>	<b>18.7%</b>	<b>18.3%</b>	<b>0.4pp</b>	<b>25.6%</b>	<b>18.3%</b>	<b>7.3pp</b>
Television	43,743	44,721	-2%	19,066	10,868	75%
Audiovisual Production	12,254	8,803	39%	3,415	4,444	-23%
Entertainment	(7,013)	1,801	n.a.	(4,556)	753	n.a.
Radio	288	(1,648)	n.a.	443	(150)	n.a.
Others	853	(975)	n.a.	527	(900)	n.a.
Depreciation and amortisation	12,527	14,177	-12%	3,230	4,061	-20%
<b>Operating income (EBIT)</b>	<b>37,598</b>	<b>38,525</b>	<b>-2%</b>	<b>15,666</b>	<b>10,955</b>	<b>43%</b>
Financial expenses, net	9,328	8,527	9%	4,510	3,462	30%
<b>Profit / (Loss) before inc. tax/ min.</b>	<b>28,270</b>	<b>29,998</b>	<b>-6%</b>	<b>11,155</b>	<b>7,493</b>	<b>49%</b>
Income tax	(9,568)	(9,578)	0%	(3,676)	(2,922)	26%
<b>Profit / (Loss) from continued operations</b>	<b>18,702</b>	<b>20,420</b>	<b>-8%</b>	<b>7,479</b>	<b>4,572</b>	<b>64%</b>
Profit / (Loss) from disc. operations	0	945	-100%	0	0	n.a.
Minority interests	(1,090)	(1,534)	-29%	(302)	(680)	-56%
<b>Net profit / (loss) for the period</b>	<b>17,612</b>	<b>19,832</b>	<b>-11%</b>	<b>7,178</b>	<b>3,892</b>	<b>84%</b>

For the full year of 2009 Grupo Media Capital reports total consolidated revenues of € 267.9 million, decreasing 7% over the comparable period and 10% in the fourth quarter, and an EBITDA of € 50.1 million, down 5% year on year but up 26% over the comparable quarter.

Operating income (EBIT) was down 2% to € 37,6 million, with net profit standing at € 17,6 million or 11% below the previous year despite the 84% increase in the final quarter. Net profit from continued operations was down 8% over the previous year, while 64% up YoY in the 4Q.

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating revenue</b>	<b>267,868</b>	<b>287,371</b>	<b>-7%</b>	<b>73,865</b>	<b>81,927</b>	<b>-10%</b>
Advertising	149,324	172,300	-13%	44,294	42,985	3%
Audiovisual Production	56,645	42,595	33%	13,143	16,796	-22%
Other revenues	61,899	72,476	-15%	16,428	22,146	-26%

In total consolidated revenues, advertising revenues were down 13% year on year (or 12% on a comparable basis i.e. excluding the press unit up until the end of July 2008), with decreases in all segments, including drops of 12% in the TV segment and 6% in the Radio segment. In the Other segment, advertising revenues were down 10% on a comparable basis (again excluding the press unit).

We highlight however the fact that total advertising revenues were back to growth in the final quarter of the year, increasing 3% after drops of 17% in 1Q, 21% in 2Q and 11% in 3Q, signalling not only the good performance of the Group relative to its competitors but also the recent improvements in the advertising market noticed in recent months.

According to the latest estimates available, the Portuguese advertising market dropped c.15% in 2009, with the segments in which the groups operates (TV, Radio and Internet) rendering the

best relative performances i.e. gaining on market share. Media Capital expects not only to have gained market share in the total ad market, but also in both its TV and Radio operations. Had it not been for the tough year on year comparable, given the broadcast by TVI in June 2008 of 20 matches of the UEFA Euro 2008 championship, the Group's outperformance would have been even more significant. We also highlight the fact that the final quarter of the year has seen the first positive YoY variance since 2Q 2008, with evidence of gradual improvements in month on month variances.

**Audiovisual Production revenues** include not only the impact of consolidation of Plural España as of May 2008, but also a strong organic growth in sales. Total revenues presented in the Audiovisual Production reporting segment differ from those here presented as the former include all intra-group sales, namely Plural Portugal's sales to TVI, which are eliminated in the consolidated figures presented in the table above.

Consolidated **Other revenues** were down 15%, resulting mostly from (i) the impact of lower activity in the entertainment segment, (ii) the impact of the sale of the press unit in both newsstand and other related revenues and (iii) the termination of the contract for the management of Canary Islands TV, in Spain.

Consolidated **Operating costs** were down 7% over the previous year, despite the impact of the consolidation of Plural España and the new cost structure of the new cable channel TVI24, gaining from lower programming costs in TV and the press unit sale. Excluding the impacts of both Plural España, TVI24 and the press unit, operating cost would have been down 11%, benefiting from the Group's continued effort in improving operational efficiency.

**Net financial expenses** were up 9% to € 5.1 million to € 9.3 million, reflecting the costs resulting from the exit from the FICA investment fund (State audiovisual production fund) in the final quarter of the year and the increase in costs with the interest rate swap contract. Excluding these two captions, the Group's net financial expenses would have been down € 2.8 million reflecting both the Group's solid balance sheet and the current low interest rates context.

As referred to in previous quarters, the amount of € 0.9 million, booked under profit from discontinued operations in 2008, corresponds to a final adjustment, booked in the 1st quarter of the year, to the total amount paid for the sale of the Outdoor advertising business, according to the terms and conditions set out in the Sale Agreement.

Consolidated **Net Profit** reached € 17.6 million, 11% below the previous year despite the 84% YoY increase in 4Q, while net profit from continued operations was down 8%, increasing 64% in 4Q.

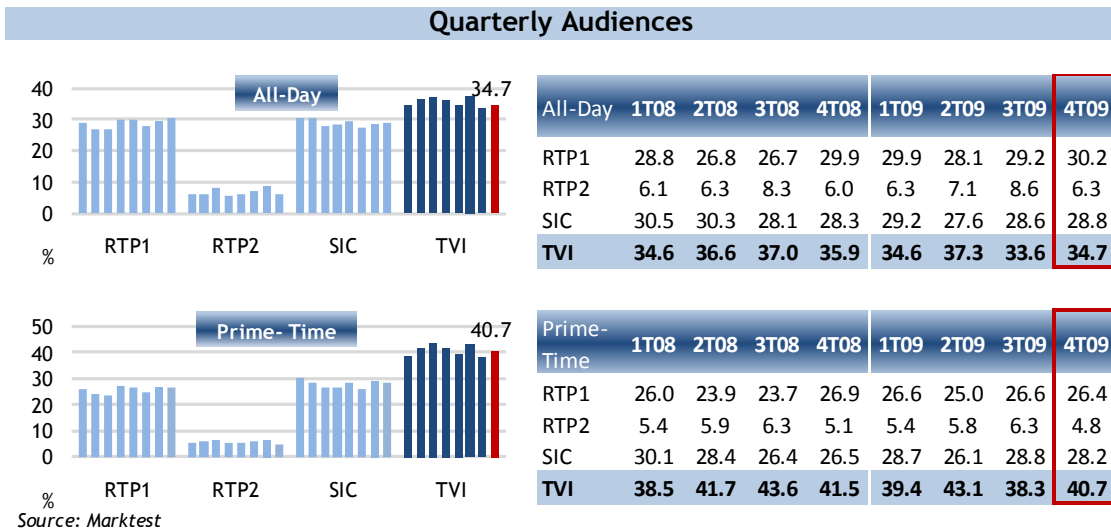
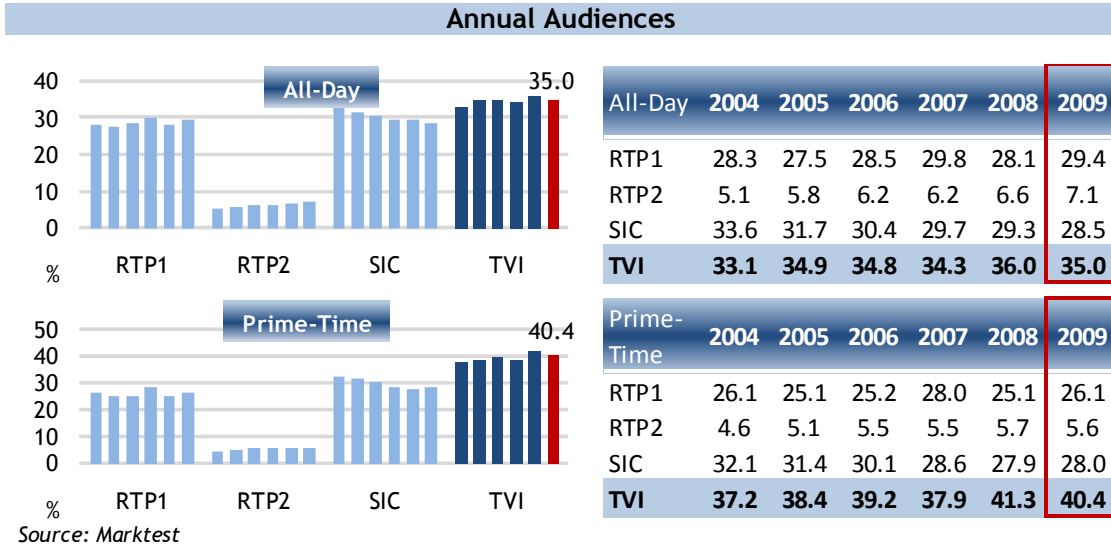
## 2. Television

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating revenue</b>	<b>156,590</b>	<b>168,376</b>	<b>-7%</b>	<b>45,556</b>	<b>42,824</b>	<b>6%</b>
Advertising	135,219	153,090	-12%	40,558	39,169	4%
Other revenues	21,370	15,286	40%	4,997	3,654	37%
<b>Operating Expenses</b>	<b>112,847</b>	<b>123,655</b>	<b>-9%</b>	<b>26,489</b>	<b>31,955</b>	<b>-17%</b>
<b>EBITDA</b>	<b>43,743</b>	<b>44,721</b>	<b>-2%</b>	<b>19,066</b>	<b>10,868</b>	<b>75%</b>
EBITDA margin	27.9%	26.6%	1.4pp	41.9%	25.4%	16.5pp
Depreciation and amortisation	5,764	5,190	11%	1,443	1,315	10%
<b>Operating income (EBIT)</b>	<b>37,979</b>	<b>39,531</b>	<b>-4%</b>	<b>17,624</b>	<b>9,553</b>	<b>84%</b>

The Television segment includes the activities of both TVI, with both its generalist FTA channel and the cable news channel TVI24, and the activity of Publipartner, a marketing management group company created to develop advertising related revenue sources. As a significant part of Publipartner's activity is directly related to TVI and the use of its advertising inventory, consolidated advertising revenues for the segment differ slightly from those of TVI alone.



Following the agreement signed between TVI and ZON TV Cabo, the leading cable platform in Portugal, on February 26<sup>th</sup>, TVI launched its first cable channel TVI24, a round-the-clock news channel. This launch has an impact on all comparisons over the comparable period of last year.



According to Marktest data, in 2009 TVI maintained, for the 5<sup>th</sup> year in a row, a solid lead in FTA audience shares, reaching an **all day share of 35.0%**. By the same token, and confirming the trend since 2001, TVI also kept an even more significant lead in **prime time**, with a **share of 40.4%**, leading SIC by over 12.4 pp. RTP ended the year in the third position, with a share of 26.1%.

Throughout the year, TVI maintained its usual programming structure, anchored on local fiction, entertainment, news and sports, with local fiction remaining a clear favourite among Portuguese viewers. Overall, Portuguese spoken contents represented 70% of TVI's average daily programming grid.

In **local fiction**, we highlight the Sunday prime time weekly broadcast of “**Equador**”, the largest TV production ever in Portugal, which throughout its 30 episodes reached an average share of 43.3%, corresponding to an average of 1.3 million viewers.



The soaps “Feitiço de Amor”, “Flor do Mar” and “Olhos nos Olhos” came to an end in 2009 with an outstanding performance, as they posted average shares of 47%, 45.6% and 43.4%, respectively.

In access to prime time, the sixth season of “Morangos com Açúcar” was as ever a great success, reaching an average audience share of 62.3% share among its core younger audiences in the 4/24 age group, whereas “Morangos com Açúcar - The Summer edition” also excelled, with an average share of 67.4% for the same target. The new episodes of season seven of “Morangos com Açúcar”, aired as of mid September, has also proven successful, with an average audience share of 70% in its core target.

In prime time, TVI premiered three other soap operas: “Deixa que te Leve”, “Sentimentos”, and “Meu Amor”. All three continued into 2010. The first premiered in May, with the total broadcasted episodes showing an average daily viewership of 1.1 million individuals and a 45.8% average share. In June, “Sentimentos” started and the final figures for 2009 are 990 thousand average viewers and a share of 43.1%. In October, “Flor do Mar” premiered and ended the year with an average audience share of 46.2%, corresponding to 1.4 million viewers, far above the peers performance.

As a result of its strategy to innovate and diversify the genres within drama, at the end of October TVI premiered the series “Ele é Ela”, with the 9 episodes broadcasted in 2009 posting an average share of 42.4% (880 thousand regular viewers).

In **information programming**, prime time news by “Jornal Nacional” continued to be one of the most watched news information programs, with a daily reach of over 1.1 million viewers and an audience share of 32.5%. Lunchtime news program “Jornal da Uma” maintained an average share of 28.5% (29.6 on working days), being the second most seen in its time slot.

In **sports**, TVI broadcasted several rounds of the Portuguese Cup averaging over 1.1 million viewers (share of 42.2%), and also several football matches featuring the Portuguese national team, including the friendly and qualifying matches for next year’s world cup which averaged 2.1 million viewers. As for the matches involving the under-21 national team, the audience share was 34.9%.

In **entertainment programming**, “Uma Canção para Ti”, a musical contest broadcasted on Sunday evenings, had two seasons (first and second half of the year), with the first one averaging 1.4 million viewers (share of 60.5%) and the last one 900 thousand viewers and 39.8% share. TVI also broadcasted “Nasci para Cantar”, with an average share of 41%. As regards regular entertainment programs, “Você na TV” (in the mornings, working days), had a share of 33.3% in total individuals and 36.9% in women, whereas “As Tardes da Júlia” (afternoons, working days), was the most watched program in its time slot, with an audience share of 33.3% in the whole surveyed universe and 35.9% in women.

With a special emphasis on weekend afternoons, TVI also had a leading position in what regards **international programs**, consisting of series and films. For a total of approximately 500 references, the films broadcasted on Saturdays afternoon had an average share of 30%, while the ones showed on Sundays had a market share of 31.1%.

Cable news channel **TVI24** begun its broadcast in late February and established itself as a relevant player among news channels. Despite being present in only one pay-tv distributor, and only little more than 10 months passed, TVI contacted more that 900 thousand viewers on a daily basis and posted an all-day share of 17%, considering the universe of news channels produced in Portugal. Such share rises up to 18.5% in prime time.

In terms of **financial performance**, the TV segment registered a decrease of 7% of its operating revenues. The advertising revenues fell by 12% (the percentage would be similar excluding Publipartner). Media Capital estimates that the FTA TV advertising market fell by c.13% relatively to 2008, meaning that TVI outperformed, despite the adverse basis of comparison, as in 2008 TVI benefited from the broadcasting of 20 out of the 31 UEFA European Football Championship matches. Had not been the “Euro 2008 effect”, the TVI’s relative performance against the market would have been substantially better, reflecting an adequate management of contents and a dynamic commercial approach. In the fourth quarter, it is worth mentioning the YoY





growth of total operating revenues (+6%), with advertising rising 4%, as a result of the recovery observed in the market, the audience performance and the occupancy optimisation.

Still on advertising, we highlight that in a year when the pay-tv penetration continued on the rise, (with Portugal being one of the countries where this metric stands at highest levels), as well as the number of available channels, the advertising in pay-tv channels is estimated to have underperformed the evolution of the FTA channels, thus demonstrating the importance of the latter when it comes to reaching commercially meaningful audiences.

**Other revenues** were up 40% in 2009, representing now 14% of total operating revenues of the segment (9% in 2008). This variation reflects, to a great extent, the contribution from TVI24, whose operating revenues started being registered in February, as well as the increase in revenues from the rendering of technical support services, which concentrated on the first quarter of 2009.

**Operating costs** observed an annual decrease of 9%. Such performance was a consequence, in a significant portion, of the savings achieved in programming costs, arising not only from the “Euro 2008 effect”, but also from relevant cuts in other sports contents, as well as international contents. The combined effect of these measures offset the increase registered in national contents (namely series) and, more importantly, the costs associated with TVI24 which, as afore mentioned, started in February 2009. Regarding the last quarter of the year, the costs fell by 17%, mostly motivated the lower programming costs with national contents (drama and entertainment) and international contents (namely films), which were able to compensate for the higher costs related to TVI24.

We again point out that a significant part of the contents broadcast by TVI are produced in-house by Plural Portugal, this allowing the group to retain its relevant added value.

All in all, in spite of the adverse evolution of the advertising market, through the success of its programming strategy, to seek for new sources of revenues and cost control, the TV segment saw its **EBITDA** was down only 2% versus 2008, with the margin decreasing only by 1pp from 28% to 27%.

### 3. Audiovisual Production

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating revenue</b>	<b>107,916</b>	<b>92,908</b>	<b>16%</b>	<b>28,147</b>	<b>33,332</b>	<b>-16%</b>
Advertising	0	1,347	-100%	0	(15)	-100%
Audiovisual production	98,767	75,217	31%	23,545	19,958	18%
Other revenues	9,149	16,344	-44%	4,601	13,389	-66%
<b>Operating Expenses</b>	<b>95,662</b>	<b>84,104</b>	<b>14%</b>	<b>24,732</b>	<b>28,888</b>	<b>-14%</b>
<b>EBITDA</b>	<b>12,254</b>	<b>8,803</b>	<b>39%</b>	<b>3,415</b>	<b>4,444</b>	<b>-23%</b>
EBITDA margin	11.4%	9.5%	1.9pp	12.1%	13.3%	-1.2pp
Depreciation and amortisation	3,114	5,081	-39%	852	1,799	-53%
<b>Operating income (EBIT)</b>	<b>9,140</b>	<b>3,722</b>	<b>146%</b>	<b>2,563</b>	<b>2,646</b>	<b>-3%</b>

The “Audiovisual Production” business segment was reported for the first time in the second quarter of 2008, following the acquisition of Plural Entertainment España in May 2008. The figures presented for the first four months of 2008 only include the activities of Plural Portugal (formerly named NBP).

Revenues for the Audiovisual Production segment totalled € 79.8 million, with EBITDA standing at € 8.8 million, resulting in an EBITDA margin of 11.4%.





On a pro-forma basis, considering 100% of Plural in both years, operating revenues would have decreased by 1% over the comparable period, while EBITDA would have been up 18%, improving EBITDA margin by 1.8 pp.

Plural España activities registered significant increases in its main revenue streams, namely in content production and sales to FTA channels (mostly Cuatro and Antena 3 and to lesser extent Telecinco), but also in revenues resulting from content productions for locals channels. These two activities registered a combined 44% YoY growth in revenues, with only a small fraction resulting from changes in the consolidation scope changes and/or extraordinary items. As of December 2009, the company Productora Canária de Programas, which renders production services to Televisión Autónoma de Canarias, was fully consolidated into the Group's accounts. Excluding the impact of this change in consolidation scope, revenues would have been up by 37%.

Such a performance in content production has made up nearly in full for the loss in revenues from the termination in mid 2008 of Socater's contract for managing the Canary Islands TV. Excluding the impact of this contract termination, changes in the consolidation scope and extraordinary items, Plural España's operating revenues would have been up 19% YoY.

Also with a marginal contribution to the increase in revenues, and included in the impact mentioned in the previous paragraph, was the gain registered with the acquisition of minorities in the movie production company Tesela (19% stake) that is now fully owned by the Group.

As for Plural Portugal, 2009 was a remarkable year as it continued to expand its production levels, with the 1,100 fiction episodes produced corresponding to over 1,000 hours of programming production in close cooperation with TVI, ensuring the success of such contents, namely its series and soap operas. The increase in activity along with improved operational efficiency, allowed for a 7% EBITDA YoY increase. Plural Portugal has also stepped up its international sales efforts, resulting in increased sales for its main soap operas and the development on new co-production projects in Africa, Europe and South America (including Brazil).

## 4. Entertainment

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating revenue</b>	<b>28,140</b>	<b>38,557</b>	<b>-27%</b>	<b>6,415</b>	<b>13,188</b>	<b>-51%</b>
Music & Event production	11,089	15,620	-29%	2,233	5,078	-56%
Cinema & Video	17,051	22,937	-26%	4,183	8,109	-48%
<b>Operating Expenses</b>	<b>35,153</b>	<b>36,756</b>	<b>-4%</b>	<b>10,971</b>	<b>12,435</b>	<b>-12%</b>
<b>EBITDA</b>	<b>(7,013)</b>	<b>1,801</b>	<b>n.a.</b>	<b>(4,556)</b>	<b>753</b>	<b>n.a.</b>
EBITDA margin	-24.9%	4.7%	-29.6pp	-71.0%	5.7%	-76.7pp
Depreciation and amortisation	190	190	0%	48	62	-23%
<b>Operating income (EBIT)</b>	<b>(7,203)</b>	<b>1,611</b>	<b>n.a.</b>	<b>(4,604)</b>	<b>691</b>	<b>n.a.</b>

The Entertainment includes the music edition and distribution, music publishing, artists booking and event production activities, as well as the cinema and video distribution business of CLMC - Multimedia.

Operating revenues for 2009 were down 27% over the previous year with decreases of 29% in **Music & Events** and 26% in the **Cinema & Video** business.

In the **Music & Events** business, the adverse economic environment impacted even further the structural decline in CD music sales, resulting in a drop of 17% in revenues in the Portuguese market. Digital sales, mostly through full tracks downloads and ringtones, reverted the trend experienced in previous years by declining 27%, deteriorating even further the impact of a drop of 16% in sales of CDs and music DVDs. As a result of such declines, the weight of digital sales for music labels as a whole in total revenues retreated back to 6%. Illegal downloading, file sharing



and physical copies of CDs and music DVDs continue to exert enormous pressure in music sales. Such illegal activities are also inducing labels to lower prices and strongly hindering the development of the digital sales market.

Under such an adverse framework, Farol's music CD sales dropped 38% in 2009, resulting in an estimated loss of market share from 24% to 17%, also significantly influenced by a very strong line-up in its 2008 release calendar, when most of its most successful performers released new albums.

The remaining revenues in this business unit experienced a less significant decline, dropping 13% despite the improvement in the event production business.

In this final quarter of the year, CD sales dropped 64% YoY, while the remaining businesses revenues were down 31% over the comparable period.

In the **Cinema & Video** market, although the number of movie spectators is expected to have declined by 2%, gross box office revenues were up by 5% following higher average ticket prices as the number of premiered 3D movies increased significantly.

Such a performance has been strongly determined by the strong set of releases by 20<sup>th</sup> Century Fox, with "Ice Age 3" topping box office charts in Portugal in 2009 and "Avatar" which in only two weeks in 2009 still managed to climb to #4 in the yearly charts, nearing half a million spectators. Both movies were distributed by CLMC.

Following the previous year trend, the DVD sales market again dropped, now by a further 10%, even if with a 5% increase in the number of units sold, with average sale prices sliding 14%, accompanied by slower sales of TV series. The DVD rental market and business maintained its downward trend as in previous periods, although no reliable information for this market segment is available.

The **Cinema & Video** business' revenues decreased by 26% over the comparable period. Movie distribution performed strongly as it increased by 43% on the back of the strong 20<sup>th</sup> Century Fox launches and strong performances by a number of independent productions, allowing CLMC to extend its market share by 4 pp to 16%. The performance in Cinema was however more than counterbalanced by the video business, due not only to drops in sales and rentals but also by the Warner Home Video distribution contract that ended in September.

**Operating costs** were down 4% over the comparable period, including a 1% increase in Cinema & Video mostly due to the impact of the Warner Video contract termination in 3Q. In Music & Events, operating costs were down 12% mostly due to the decrease in variable costs directly related with CD sales.

We note that there were significant non-recurring costs in both businesses, booked for their most part in this final quarter of the year. Such costs are directly related with provisions for back dated stock, rights and customer balances. Although still negative, the segment's results would improve significantly.

Consolidated **EBITDA** for the Entertainment segment was of € -7.0 million for the year, down from € 1.8 million over the comparable period.



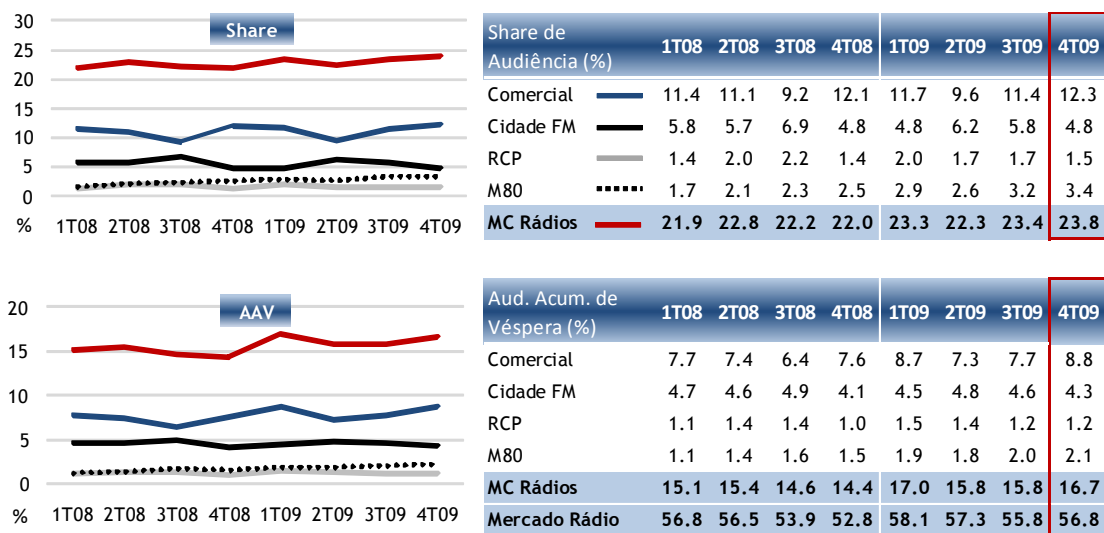
### 5. Radio

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating revenue</b>	<b>13,469</b>	<b>14,079</b>	<b>-4%</b>	<b>3,663</b>	<b>3,830</b>	<b>-4%</b>
Advertising	12,458	13,309	-6%	3,472	3,640	-5%
Other revenues	1,010	770	31%	190	191	0%
<b>Operating Expenses</b>	<b>13,181</b>	<b>15,727</b>	<b>-16%</b>	<b>3,219</b>	<b>3,980</b>	<b>-19%</b>
<b>EBITDA</b>	<b>288</b>	<b>(1,648)</b>	<b>n.a.</b>	<b>443</b>	<b>(150)</b>	<b>n.a.</b>
EBITDA margin	2.1%	-11.7%	13.8pp	12.1%	-3.9%	16.0pp
Depreciation and amortisation	2,345	2,230	5%	592	564	5%
<b>Operating income (EBIT)</b>	<b>(2,057)</b>	<b>(3,877)</b>	<b>-47%</b>	<b>(148)</b>	<b>(713)</b>	<b>-79%</b>

In the final quarter of 2009, Media Capital Radios (MCR) reached a combined audience share of 23.8%, its best 4Q result since the launch of MCR in 2001, and also its best result in any quarter since 2Q 2006. MCR's audience share was up 1.8 pp over the comparable quarter of the previous year.

We highlight the performances of *Radio Comercial*, the Group's flagship station, which achieved its best 4Q result since 2000, as well as the improvement of *M80* to an audience share of 3.4%, gaining 0.8 pp over the comparable period and 1.7 pp QoQ. *Rádio Clube* also improved from 1.4% to 1.5% YoY, as did *Best Rock* and *Romântica* up 0.2pp and 0.3 pp to 0.6% and 0.5% respectively.

In the year accumulated audiences, the MCR's radio stations gained 122 thousand new listeners, with gains in all stations with the exception of *Cidade FM*, which had a slight reduction in its total number of listeners over the previous year.



Source: Marktest; Quarterly evolution

MCR's total advertising revenues were down 6% in 2009, and down 5% in 4Q, therefore improving on the trend for the first nine months of the year, where it had accumulated a drop of 7%.

The Group estimates that MCR did outperform the radio advertising market, which in turn is expected to outperform the total advertising market, being second only to the internet market.

Total operating expenses in the segment were down a significant 16%, as a consequence of substantial effort to reduce costs and improve operational efficiency across the entire structure of the group's radio stations. Reductions were especially meaningful in marketing costs and from the adjustments to its staff structure that have taken place as of the final months of the previous



year. The ongoing effort to rationalise its operational structure, will allow MCR to not only adjust its cost base to current market conditions, but also allow it to develop its activities in a competitive manner for a foreseeable future. This restructuring effort has led to additional non-recurring restructuring costs, namely indemnities costs, which are in turn expected to lead to greater efficiency and improved profitability.

**Consolidated EBITDA** for the Radio segment was back to positive ground at € 0.3 million, improving from a negative result of € -1.6 million in 2008.

As for contents, *Rádio Clube* renewed its programming grid in October, aimed at upgrading the radio's concept, while maintaining its urban Talk Radio with a focus on information format.

As for M80, its formidable audience performance since its launch has led MCR to revise its broadcasting network strategy, allowing for a significant expansion in geographical coverage throughout 2010, aimed at enhancing MCR's portfolio profitability.

As for the online performance of MCR's stations, its number of page views and unique users increased to 11.5 million and 2.2 million respectively, while *Cotonete* the leading online radio format in Portugal, including over 300 thematic radios and over 40,000 personalised formats, was up 17% in its audiences, to an monthly average of 1.4 million unique users and 6.1 million page views.

## 6. Others

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating revenue</b>	<b>(38,246)</b>	<b>(26,549)</b>	<b>44%</b>	<b>(9,914)</b>	<b>(11,247)</b>	<b>-12%</b>
Advertising	3,206	6,738	-52%	838	944	-11%
Subscription & newstand revenues	0	3,228	-100%	0	0	n.m.
Other revenues	15,859	20,367	-22%	3,607	4,863	-26%
Consolidation adjustments	(57,312)	(56,881)	1%	(14,360)	(17,054)	-16%
<b>Operating Expenses</b>	<b>(39,099)</b>	<b>(25,573)</b>	<b>53%</b>	<b>(10,441)</b>	<b>(10,347)</b>	<b>1%</b>
Other expenses	17,423	31,023	-44%	4,166	6,542	-36%
Consolidation adjustments	(56,522)	(56,597)	0%	(14,608)	(16,889)	-14%
<b>EBITDA</b>	<b>853</b>	<b>(975)</b>	<b>n.a.</b>	<b>527</b>	<b>(900)</b>	<b>n.a.</b>
Depreciation and amortisation	1,114	1,487	-25%	296	321	-8%
<b>Operating income (EBIT)</b>	<b>(260)</b>	<b>(2,462)</b>	<b>-89%</b>	<b>231</b>	<b>(1,221)</b>	<b>n.a.</b>

Internet operations, shared services, central holding costs and consolidation adjustments are included in this segment. The figures presented also include the magazine publishing business up until the end of the month of July of 2008.

The year of 2009 proved to be quite lively in the internet business, and we highlight the following events:

- The launch of the renewed Autoportal, the group website for all matters related to the auto industry, including classifieds;
- The partnership with MySpace, the largest online community in the world with a focus on music and entertainment, under which the MC Multimedia is running the MySpace Portugal website and its commercial operation, and has allowed for the inclusion of value added contents in the IOL network, reinforcing its activity in music contents which are one of the mains axis in terms of advertising and brand sponsorship, not only online but also in all music related events;
- The deployment of the news site for TVI24, integrating both the TV and Internet newsrooms;



- The development of sites under new partnerships, namely “Superstars” for children, “Rituais” for healthy lifestyle, “leiloes.iol.pt” an auction site in a partnership with Sonaecom;
- The launch in June of the renewed sports site MaisFutebol, in the month when it completed its ninth year online;
- In early July MC Multimedia launched its new music channel [www.musica.iol.pt](http://www.musica.iol.pt), a website that aims to become an online reference and complement the incorporation of MySpace and the portfolio of the group’s radios under the IOL network, and making MC Multimedia the strongest player in online music in Portugal;
- The launch [www.lux.pt](http://www.lux.pt) under a partnership between Progres and MC Multimedia;
- In the corporate business activity, MCM has created the “*Insite*” service, a new business line aimed at small and mid-size companies, and specialized in designing, building and developing websites, while also presenting solutions for enhancing online visibility and brand awareness;
- The launch of the remolded *Agência Financeira* (economic and business news) website.

These events have decisively contributed to a 19% year on year increase in the IOL network number of page views, from a monthly average of 104 million in 2008 to an average of 123 million in 2009, with this average topping 136 million in the final quarter of the year. We also point out the success of TVI’s new online approach with its presence online through [www.tvi.iol.pt](http://www.tvi.iol.pt) and [www.tvi24.iol.pt](http://www.tvi24.iol.pt) leading online audiences in several months among the websites of FTA channels.

**Advertising revenues** in were down 52% year on year, resulting for the most part from the impact of the sale of the magazine business. The variance in **Other Revenues**, along with the significant impact of the aforementioned sale, also reflects the impact of both the sale of 35% stake the Transjornal and the capital gained booked in the 3<sup>rd</sup> quarter of 2008 with the sale of the press business.

Most of the variance in **Operating Costs** is also directly related with sale of the press business, although relevant savings have also been achieved in both the Internet operation and in central costs.

In the **consolidation adjustments** heading the greater part of these adjustments are due to the sale of audiovisual contents produced by Plural (Audiovisual segment) to TVI (TV segment).

The Others segment reports an **EBITDA** of € 0.9 million, a € 1.8 million improvement over the comparable period of 2008.



### 7. Cash flow

€ thousand	Full Year 2009	Full Year 2008	Var %	4th Q 2009	4th Q 2008	Var %
<b>Operating activities</b>						
Receipts	336,654	349,038	-4%	85,487	133,539	-36%
Payments	(292,447)	(317,569)	-8%	(67,139)	(112,297)	-40%
<b>Cash flows op. activities (1)</b>	<b>44,207</b>	<b>31,469</b>	<b>40%</b>	<b>18,347</b>	<b>21,242</b>	<b>-14%</b>
<b>Investing activities</b>						
Receipts	76,005	169,456	-55%	6,617	38,285	-83%
Payments	(81,554)	(151,832)	-46%	4,869	(68,154)	n.a.
<b>Cash flows inv. activities (2)</b>	<b>(5,549)</b>	<b>17,624</b>	<b>n.a.</b>	<b>11,486</b>	<b>(29,869)</b>	<b>n.a.</b>
<b>Financing activities</b>						
Receipts	68,404	140,120	-51%	15,976	45,407	-65%
Payments	(93,679)	(187,057)	-50%	(31,202)	(34,380)	-9%
<b>Cash flows fin. activities (3)</b>	<b>(25,275)</b>	<b>(46,937)</b>	<b>-46%</b>	<b>(15,226)</b>	<b>11,027</b>	<b>n.a.</b>
Variation of cash (4) = (1) + (2) + (3)	13,383	2,156	n.m.	14,607	2,400	n.m.
Cash at the beginning of the period	7,172	5,017	43%	5,947	4,772	25%
<b>Cash at the end of the period</b>	<b>20,556</b>	<b>7,172</b>	<b>187%</b>	<b>20,555</b>	<b>7,173</b>	<b>187%</b>

The **Cash Flow from Operating Activities** registered a positive variation of € 12.7 million in 2009, totalling € 44.2 million, with the comparison benefiting from the inclusion of Plural España as of May 2008.

**Cash Flows from Investing Activities** went from € 17.6 million to a negative € 5.5 million. Considering only the portion from fixed and intangible assets, the cash flow was € -7.7 million, comparing positively with the € -18.2 million of last year.

The **Cash Flow from Financing Activities** came in at € -25.3 million, resulting not only from the operational and investing cash-flows, but also from the payment of dividends that took place in the 2<sup>nd</sup> quarter, in a global amount of € 20.4 million.

### 8. Financial Debt

€ thousands	Dec 09	Dec 08	Change	Var %
<b>Group financial debt</b>	<b>128,866</b>	<b>130,076</b>	<b>(1,210)</b>	<b>-1%</b>
Bank loans / Commercial paper	124,096	125,359	(1,262)	-1%
Other debt	4,770	4,717	53	1%
<b>Cash &amp; equivalents</b>	<b>20,556</b>	<b>7,172</b>	<b>13,385</b>	<b>187%</b>
<b>Net debt</b>	<b>108,310</b>	<b>122,904</b>	<b>(14,594)</b>	<b>-12%</b>

Media Capital total financial net debt was down 12% or € 14.6 million from YE08 to YE09, hence reaching € 108.3 million. **The adjusted net debt**, i.e. excluding the net loans to Grupo Prisa, stood at € 63.8 million at the end of 2009 (€ 99.9 million at the end of 2008), thus confirming the Group's comfortable capital structure.



GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2009 AND 2008

(Amounts stated in thousands of Euros)

ASSETS	2009	2008
<b>NON-CURRENT ASSETS:</b>		
Goodwill	172,741	176,547
Intangible assets	21,452	10,964
Tangible assets	31,114	39,135
Assets held for sale	8	8,905
Transmission rights and television programs	59,526	47,046
Other non-current assets	1,470	4,143
Deferred tax assets	5,335	3,653
	<u>291,646</u>	<u>290,393</u>
<b>CURRENT ASSETS:</b>		
Transmission rights and television programs	8,903	8,842
Inventories	1,921	4,535
Trade and other receivables	53,594	81,504
Other current assets	60,971	55,679
Cash and cash equivalents	20,556	7,172
	<u>145,945</u>	<u>157,732</u>
<b>TOTAL ASSETS</b>	<u><u>437,591</u></u>	<u><u>448,125</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY:</b>		
Share capital	89,584	89,584
Reserves	22,495	22,333
Profit for the year	17,612	19,832
Equity attributable to equity holders of the parent	129,691	131,749
Equity attributable to minority interest	4,521	5,807
Total Equity	<u>134,212</u>	<u>137,556</u>
<b>LIABILITIES:</b>		
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	115,145	112,597
Provisions	7,144	7,308
Other non-current liabilities	22,148	30,682
Deferred tax liabilities	1,638	23
	<u>146,075</u>	<u>150,610</u>
<b>CURRENT LIABILITIES:</b>		
Borrowings	11,241	15,659
Trade and other payables	76,420	80,786
Other current liabilities	67,313	62,053
Derivative financial instruments	2,330	1,461
	<u>157,304</u>	<u>159,959</u>
Total liabilities	<u>303,379</u>	<u>310,569</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>437,591</u></u>	<u><u>448,125</u></u>





GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED

31 DECEMBER 2009 AND 2008

(Amounts stated in thousands of Euros)

	<u>2009</u>	<u>2008</u>
<u>CONTINUING OPERATIONS</u>		
<u>OPERATING REVENUE:</u>		
Sales	16,925	32,392
Services rendered	227,462	237,399
Other operating revenue	23,481	17,581
Total operating revenue	<u>267,868</u>	<u>287,372</u>
<u>OPERATING COSTS</u>		
Cost of programs issued and goods sold	(24,271)	(43,560)
Supplies and services	(112,626)	(116,942)
Employee benefits	(74,607)	(68,748)
Amortisation and depreciation	(12,527)	(14,177)
Provisions and impairment losses	(3,195)	(1,693)
Other operating expenses	(3,045)	(3,726)
Total operating expenses	<u>(230,271)</u>	<u>(248,846)</u>
Operating profit	<u>37,597</u>	<u>38,526</u>
<u>FINANCIAL EXPENSES</u>		
Finance costs, net	(9,162)	(7,962)
Loss on associated companies, net	(165)	(565)
Profit before tax	<u>(9,327)</u>	<u>(8,527)</u>
Income tax expense	(9,568)	(9,578)
Consolidated net profit for the year on continuing operations	<u>18,702</u>	<u>20,421</u>
Profit/(loss) for the year on discontinued operations	-	945
Consolidated net profit for the year	<u>18,702</u>	<u>21,366</u>
Attributable to:		
Equity holders of the parent	17,612	19,832
Minority interest	1,090	1,534
	<u>18,702</u>	<u>21,366</u>
Earnings per share on continuing and discontinued operations:		
Basic	0.0002	0.0002
Diluted	0.0002	0.0002
Earnings per share on continuing operations:		
Basic	0.0002	0.2235
Diluted	<u>0.0002</u>	<u>0.2235</u>



GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts stated in thousands of Euros)

	<u>2009</u>	<u>2008</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	336,654	349,038
Cash paid to suppliers	(162,291)	(186,661)
Cash paid to employees	(65,698)	(65,637)
Cash generated from operations	<u>108,665</u>	<u>96,740</u>
Other cash received/(paid) relating to operating activities	(64,458)	(65,271)
Net cash from operating activities (1)	<u>44,207</u>	<u>31,469</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
Investments	15,250	1,000
Disposal of tangible assets	450	245
Disposal of intangible assets	17,352	-
Investments subsidiaries	3	-
Repayment of loans granted	42,950	168,211
	<u>76,005</u>	<u>169,456</u>
Payments resulting from:		
Acquisition of investments	(9,810)	(13,603)
Acquisition of tangible assets	(7,170)	(14,163)
Acquisition of intangible assets	(493)	(4,066)
Loans granted	(64,081)	(120,000)
	<u>(81,554)</u>	<u>(151,832)</u>
Net cash from /(used in) investing activities (2)	<u>(5,549)</u>	<u>17,624</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	65,588	138,777
Interest and other similar income	2,816	1,343
	<u>68,404</u>	<u>140,120</u>
Cash paid relating to:		
Borrowings	(66,904)	(118,135)
Leases	(1,373)	(1,275)
Interest and other similar expenses	(2,501)	(6,098)
Dividends	(20,360)	(61,000)
Other financial expenses	(2,541)	(549)
	<u>(93,679)</u>	<u>(187,057)</u>
Net cash from/(used in) financing activities (3)	<u>(25,275)</u>	<u>(46,937)</u>
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	13,383	2,156
Cash and equivalents at the beginning of the year	7,172	5,017
Cash and equivalents at the end of the year	20,556	7,172