



# First Half 2019 Results

Grupo Média Capital, SGPS, S.A.

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 Coletiva n.º 502 816 481 | Capital Social: 89.583.970,80 euros

## FIRST HALF 2019 RESULTS

### Media Capital increases advertising revenues and reduces net debt

- **Consolidated Net income** was € 5.9 million, of which € 7.3 million were generated in the second quarter, thus largely compensating for the figures obtained in the first three months.
- Media Capital ended the first half of 2019 with an increase of 1% YoY in **advertising** revenues, reaching € 59.0 million. The Radio & Entertainment segment was important for this performance, as it grew advertising by 10%. In the Others segment (which includes Digital), the YoY variation was also +10%.
- The audience performance of Media Capital's **radios** continues to stand out, with this year's average audience reach reaching 27.5%, with the second of the three readings taken so far this year being the highest ever for any radio group in Portugal since 2003. In terms of formats, Rádio Comercial had the highest number of listeners ever, while M80 had its highest audience share ever in one of the readings. Cidade FM, targeted for youngsters, had a remarkable recovery this year.
- In **Digital**, and comparing with 2018 data, the number of visits and page views increased by 46% and 45%, respectively. Revenues were also on the upside, as mentioned above.
- In the **TV** segment, **advertising** was down 1% YoY. Adjusted EBITDA was € 9.1 million. The opex adjusted for restructuring charges increased by 8%, chiefly due to the spending in contents, with the aim of maintaining the audience leadership (especially in prime time). The effort put into costs was more predominant in the first quarter, as in the second the adjusted opex increase was milder (+3%).
- **Media Capital's adjusted EBITDA** was € 14.9 million, decreasing 25% YoY, with the reduction being lower in Q2 (-8%). The adjusted EBITDA margin went from 22.8% to 17.3%.
- **Operating cash flow** was € 15.9 million, while net debt decreased by € 12.0 million vs the end of 2018, assuming FY 2018 figures adjusted for IFRS 16. At the end of June, net debt stood at € 80.9 million.

Queluz de Baixo, 26<sup>th</sup> July 2019

**Introductory note:** Because a large portion of the activities carried out by the companies dedicated to the entertainment business (mostly related to events) is managed in tandem with the Group's radio business, Media Capital opted to include these activities in one single operating and reportable segment, now denominated "Radio & Entertainment". For comparability purposes, the maps below are pro-forma, i.e., 2018 figures reflect the adoption of the new segment for 2018 data.



## 1. Consolidated P&L

€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Total operating revenue</b>	<b>86,383</b>	<b>86,876</b>	<b>(1%)</b>	<b>47,076</b>	<b>48,149</b>	<b>(2%)</b>
Television	70,269	71,368	(2%)	38,686	39,584	(2%)
Audiovisual Production	15,267	15,713	(3%)	9,514	8,202	16%
Radio & Entertainment	12,101	9,848	23%	6,251	5,674	10%
Others	8,009	7,719	4%	4,053	3,966	2%
Consolidation Adjustments	(19,263)	(17,772)	(8%)	(11,428)	(9,276)	(23%)
<b>Total Operating Expenses ex-D&amp;A</b>	<b>72,142</b>	<b>67,449</b>	<b>7%</b>	<b>33,838</b>	<b>33,921</b>	<b>(0%)</b>
Restructuring Costs	686	353	94%	34	229	(85%)
<b>Total Opex ex-D&amp;A and Restructuring Costs</b>	<b>71,456</b>	<b>67,096</b>	<b>6%</b>	<b>33,804</b>	<b>33,692</b>	<b>0%</b>
<b>EBITDA</b>	<b>14,241</b>	<b>19,427</b>	<b>(27%)</b>	<b>13,238</b>	<b>14,228</b>	<b>(7%)</b>
<b>EBITDA Margin</b>	<b>16.5%</b>	<b>22.4%</b>	<b>(5.9pp)</b>	<b>28.1%</b>	<b>29.5%</b>	<b>(1.4pp)</b>
<b>EBITDA ex-Restructuring Costs</b>	<b>14,927</b>	<b>19,780</b>	<b>(25%)</b>	<b>13,272</b>	<b>14,457</b>	<b>(8%)</b>
<b>EBITDA Margin ex-Restructuring Costs</b>	<b>17.3%</b>	<b>22.8%</b>	<b>(5.5pp)</b>	<b>28.2%</b>	<b>30.0%</b>	<b>(1.8pp)</b>
Television	9,149	14,943	(39%)	9,756	11,592	(16%)
Audiovisual Production	(1,136)	295	n.a.	293	49	496%
Radio & Entertainment	5,803	3,498	66%	2,977	2,386	25%
Others	807	252	220%	474	270	76%
Consolidation Adjustments	304	793	(62%)	(228)	160	n.a.
Depreciation and Amortisation	4,399	3,028	45%	2,239	1,501	49%
<b>Operating income (EBIT)</b>	<b>9,843</b>	<b>16,399</b>	<b>(40%)</b>	<b>10,999</b>	<b>12,727</b>	<b>(14%)</b>
Financing Results	(1,383)	(1,616)	14%	(782)	(627)	(25%)
<b>Profit / (Loss) Before Inc. Tax and No Contrl. Int.</b>	<b>8,459</b>	<b>14,783</b>	<b>(43%)</b>	<b>10,217</b>	<b>12,099</b>	<b>(16%)</b>
Income Taxes	(2,570)	(4,292)	40%	(2,942)	(3,548)	17%
<b>Profit / (Loss) from Continued Operations</b>	<b>5,890</b>	<b>10,491</b>	<b>(44%)</b>	<b>7,276</b>	<b>8,551</b>	<b>(15%)</b>
<b>Net Profit / (Loss) for the Period</b>	<b>5,890</b>	<b>10,491</b>	<b>(44%)</b>	<b>7,276</b>	<b>8,551</b>	<b>(15%)</b>

In the first half of 2019 **operating revenues** were down 1%, reaching € 86.4 million (€ 86.9 million in 2018), with the Q2 YoY variation being -2%.

**Adjusted Opex** (excluding D&A and restructuring costs) increased by 6%, going from € 67.1 million to € 71.5 million. In Q2, adjusted opex was stable (0.0%), thus clearly improving vs the tendency observed in Q1 (+13%).

Excluding restructuring costs, **EBITDA** was € 1.7 million, which compares with € 14.9 million in the comparable period of last year (€ 19.8 million a year ago). The adjusted EBITDA margin went from 22.8% to 17.3%. In the second quarter, Adjusted EBITDA was down 8%, from € 14.5 million to € 13.3 million, with the margin coming down by less than 2pp, from 30.0% to 28.2%.

EBIT was € 9.8 million, comparing with € 16.4 million in 2018.

The introduction of IFRS 16 (related with the accounting treatment of contracts that qualify as leases and eliminates the distinction between financing and operating leases, thus leading to the booking of leases with a term of more than twelve months as right-of-use assets in the balance sheet and to the booking of the expenses as depreciations and amortisations as well as in financial results in the P&L as of 1 January 2019) led to a immaterial impact on consolidated accounts at the EBIT level. 2018 figures were not re-expressed to simulate to impacts on IFRS 16 on last year's numbers.

**Net financial results** improved 14% to € -1.4 million, benefiting from lower interest costs.

**Net profit** was € 5.9 million, comparing with € 10.5 million in 2018. The decrease was mostly due to the worse operating performance. That said, the

underperformance was less accentuated in Q2, as the decrease in net profit was 15%, from € 8.6 million to € 7.3 million.



€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Operating revenue</b>	<b>86,383</b>	<b>86,876</b>	<b>(1%)</b>	<b>47,076</b>	<b>48,149</b>	<b>(2%)</b>
Advertising	58,986	58,600	1%	33,737	34,322	(2%)
Other revenues	27,397	28,276	(3%)	13,339	13,827	(4%)

In 1H 2019, **advertising revenues** was up 1% (-2% in Q2). In TV, advertising was down 1% (-3% in Q2), whereas in Radio & Entertainment, the increase was pronounced (+10%), with a positive 5% in Q2. In the Others segment (which includes Digital, as well as the holding and shared services), advertising was up 10% (-7% in Q2).

**Other operating revenues**, which comprise mainly audiovisual production, sale of contents, multimedia and retransmission fees, were down 3% (-4% in Q2), chiefly because of a decrease in the revenues associated with multimedia. 2019 figures include € 1.0 million from the sale of tangible fixed assets in the Radio segment, registered in the first quarter.

## 2. Television



€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Operating revenue</b>	<b>70,269</b>	<b>71,368</b>	<b>(2%)</b>	<b>38,686</b>	<b>39,584</b>	<b>(2%)</b>
Advertising	47,335	48,019	(1%)	27,388	28,248	(3%)
Other revenues	22,934	23,350	(2%)	11,297	11,336	(0%)
<b>Operating Expenses, ex D&amp;A</b>	<b>61,533</b>	<b>56,581</b>	<b>9%</b>	<b>28,972</b>	<b>28,149</b>	<b>3%</b>
Restructuring Costs	414	157	164%	42	156	(73%)
<b>Total Opex ex-D&amp;A and Restructuring Costs</b>	<b>61,119</b>	<b>56,425</b>	<b>8%</b>	<b>28,929</b>	<b>27,993</b>	<b>3%</b>
<b>EBITDA</b>	<b>8,735</b>	<b>14,787</b>	<b>(41%)</b>	<b>9,714</b>	<b>11,436</b>	<b>(15%)</b>
EBITDA margin	12.4%	20.7%	(8.3pp)	25.1%	28.9%	(3.8pp)
<b>EBITDA ex-Restructuring Costs</b>	<b>9,149</b>	<b>14,943</b>	<b>(39%)</b>	<b>9,756</b>	<b>11,592</b>	<b>(16%)</b>
EBITDA Margin ex-Restructuring Costs	13.0%	20.9%	(7.9pp)	25.2%	29.3%	(4.1pp)
Depreciation and amortisation	1,973	1,236	60%	1,024	616	66%
<b>Operating income (EBIT)</b>	<b>6,762</b>	<b>13,550</b>	<b>(50%)</b>	<b>8,690</b>	<b>10,820</b>	<b>(20%)</b>

In the first half of 2019, and considering TVI's FTA (generalist) channel, TVI24, TVI Ficção and TVI Reality, the aggregate group of channels had an audience share of 19.6% in all day and 23.4% in prime time (20h-24h). In the Adults commercial target the audience shares were 20.3% in all day and 24.0% in prime time.

All Day (%)	UNIVERSE	ADULTS
<b>TVI Group</b>	<b>19.6</b>	<b>20.3</b>
SIC Group	22.5	23.3
RTP Group	16.6	17.4
Prime Time (%)	UNIVERSE	ADULTS
<b>TVI Group</b>	<b>23.4</b>	<b>24.0</b>
SIC Group	23.5	24.1
RTP Group	16.9	17.6



According to GfK (audience provider), TVI had an all day audience share of 17.3% in the Universe target (all individuals). In the main commercial target - Adults - TVI had an all day share of 17.9%

As for prime time and for the Universe target, TVI ranked number one, with a share of 21.5%, which represents an excess of 1.2pp over the number two player and 8.5pp over the third one. TVI leads in this time slot and target since 2001.

Regarding the prime time for the Adults target, TVI had a share of 22.0%, while the second and the third most watched channels had 20.9% and 13.6%, respectively.

During this period, TVI based its programming on local drama (fiction), entertainment, news and sports.

In **fiction**, the *novella* “Valor da Vida” stood out as the most watched *novela*, with an average audience of 1 million and 89 thousand viewers, corresponding to a share of 24.0%. Meanwhile, “A Teia” also led in its time slot, with an average audience of 787 thousand viewers and a share of 23.5%.

In **entertainment**, “Dança com as Estrelas”, led on Sunday nights, with an average audience of 1 million and 166 thousand viewers and a share of 27.3%. The show “Começar do Zero” had a share of 18.6% and more than 750 thousand viewers. Still on Sunday nights, “A Tua Cara Não Me É Estranha” had more than 700 thousand viewers and a share of 20.1%.

In **news**, “Jornal das 8” had approximately 900 thousand viewers and a share of 20.3%, benefiting from a bet on investigative journalism. It is also worthwhile to highlight the program attached to the “Jornal das 8”, broadcasted on Sunday nights, “Gente Que Não Sabe Estar”, with an average audience above 1.2 million and a share of 25.1%.

In **sports**, TVI is the FTA broadcaster of the Champions League, with a leading share of 41.1% and an average audience of almost 1.9 million individuals. In the male target, the share increases to 49.2%.

**TVI24** kept the audience leadership among Portuguese news channels, with an average audience of 56 thousand viewers. In the first six months of 2019, 24 of the most watched 25 programs among the Portuguese news channels were broadcasted by TVI24.

**TVI Reality** is the 51<sup>st</sup> most watched channel, in a total of 150 channels, with a share of 0.3% among pay-tv homes and 189 thousand viewers.

**TVI Internacional** continues to increase its worldwide presence. In 2019 it became available in one more platform (the fourth one) in Switzerland, representing an important step in what regards increasing the reach among the Portuguese

community living abroad. TVI Internacional is currently broadcasted in more than 40 platforms and 22 territories worldwide.

**TVI Ficção** continued to increase its presence, also becoming available in two additional platforms in Switzerland. It is currently broadcasted in 14 territories.

**TVI África** is broadcasted in Angola and Mozambique, with the main programs being “Top K” and “Palopiando”.

Regarding the sale of contents, and after winning the International Emmy for Best Telenovela in 2018, “Ouro Verde” was sold in Brasil to both Rede Bandeirantes and to a SVoD platform, as well as to other regions, such as Baltic countries, Macau, Francophone African countries. “Ouro Verde” is the second most sold *novella* by TVI/Plural. Finally, the *novella* “A Impostora” was sold to TF1, in France.

## FINANCIAL PERFORMANCE

In terms of financial performance, the TV segment had its **operating revenues** decreasing by 2% (also -2% in Q2).

**Advertising revenues** were down 1% YoY (-3% in Q2).

In turn, **other revenues**, which include, among other, retransmission fees, sale of contents and multimedia, were down 2% (0% in Q2), mostly as a result of decreasing multimedia activity and lower retransmission fees.

**Opex excluding restructuring charges** increased by 8% (+3% in Q2), chiefly due to higher costs associated with programming costs, with the aim of maintaining the leadership, especially in prime time.

The combined evolution of revenues and costs led to an adjusted EBITDA of € 9.1 million (-39% YoY), whereas in Q2 the figure was € 9.8 million (-16%).

The introduction of **IFRS 16** did not generate a relevant impact in EBIT.



### 3. Audiovisual Production

€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Operating revenue</b>	<b>15,267</b>	<b>15,713</b>	<b>(3%)</b>	<b>9,514</b>	<b>8,202</b>	<b>16%</b>
Advertising	-	-	-	-	-	-
Other revenues	15,267	15,713	(3%)	9,514	8,202	16%
<b>Operating Expenses, ex D&amp;A</b>	<b>16,575</b>	<b>15,610</b>	<b>6%</b>	<b>9,203</b>	<b>8,226</b>	<b>12%</b>
Restructuring Costs	172	192	(10%)	(18)	73	n.a.
<b>Total Opex ex-D&amp;A and Restructuring Costs</b>	<b>16,403</b>	<b>15,418</b>	<b>6%</b>	<b>9,221</b>	<b>8,153</b>	<b>13%</b>
<b>EBITDA</b>	<b>(1,307)</b>	<b>103</b>	<b>n.a.</b>	<b>311</b>	<b>(24)</b>	<b>n.a.</b>
EBITDA margin	(8.6%)	0.7%	(9.2pp)	3.3%	-0.3%	3.6pp
<b>EBITDA ex-Restructuring Costs</b>	<b>(1,136)</b>	<b>295</b>	<b>n.a.</b>	<b>293</b>	<b>49</b>	<b>496%</b>
EBITDA Margin ex-Restructuring Costs	(7.4%)	1.9%	(9.3pp)	3.1%	0.6%	2.5pp
Depreciation and amortisation	1,517	954	59%	764	476	60%
<b>Operating income (EBIT)</b>	<b>(2,825)</b>	<b>(851)</b>	<b>(232%)</b>	<b>(453)</b>	<b>(500)</b>	<b>9%</b>

Plural continues to be one of the main players in the audiovisual production sector, also with a relevant presence in the associated technical services/equipment and scenic design and construction.

In terms of the financial performance, this segment had **operating revenues** of € 15.3 million (-3%), reflecting the lower activity in Spain. On the contrary, in Portugal the activity recovered strongly in the second quarter, after a sharp drop in the first three months of the year, namely related with *novellas*. It is important to bear in mind that content production (as well as the other activities of Plural) typically does not follow a stable seasonality.

In Spain, the activity stands at residual levels, with a slim and flexible structure, the necessary one to address attractive commercial opportunities.

The **adjusted opex** stood increased 6%, due to the effort put into the quality of contents. In the second quarter, the variation was more relevant (+13%), as a result of the aforementioned higher activity in Portugal.

The **adjusted EBITDA** stood at € -1.1 million, which compares with € 0.3 million in 1H 2018. Nonetheless, in Q2 there was a YoY improvement, from € 0.0 million to € 0.3 million.

The introduction of **IFRS 16** did not generate a relevant impact in EBIT.

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## 4. Radio & Entertainment



€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Operating revenue</b>	<b>12,101</b>	<b>9,848</b>	<b>23%</b>	<b>6,251</b>	<b>5,674</b>	<b>10%</b>
Advertising	9,933	9,056	10%	5,457	5,197	5%
Other revenues	2,168	793	173%	794	476	67%
<b>Operating Expenses, ex D&amp;A</b>	<b>6,318</b>	<b>6,350</b>	<b>(1%)</b>	<b>3,284</b>	<b>3,288</b>	<b>(0%)</b>
Restructuring Costs	20	-	-	10	0	-
<b>Total Opex ex-D&amp;A and Restructuring Costs</b>	<b>6,298</b>	<b>6,350</b>	<b>(1%)</b>	<b>3,274</b>	<b>3,288</b>	<b>(0%)</b>
<b>EBITDA</b>	<b>5,783</b>	<b>3,498</b>	<b>65%</b>	<b>2,967</b>	<b>2,386</b>	<b>24%</b>
EBITDA margin	47.8%	35.5%	12.3pp	47.5%	42.0%	5.4pp
<b>EBITDA ex-Restructuring Costs</b>	<b>5,803</b>	<b>3,498</b>	<b>66%</b>	<b>2,977</b>	<b>2,386</b>	<b>25%</b>
EBITDA Margin ex-Restructuring Costs	48.0%	35.5%	12.4pp	47.6%	42.0%	5.6pp
Depreciation and amortisation	651	562	16%	321	277	16%
<b>Operating income (EBIT)</b>	<b>5,132</b>	<b>2,936</b>	<b>75%</b>	<b>2,646</b>	<b>2,109</b>	<b>25%</b>

In the three radio audience readings published in 2019, the data continues to point out the outstanding performance of the various formats that belong to Media Capital.

The most recent data by Media Capital registered an aggregate audience share of 35.8%, whereas the reach figure (AAV) was 26.9% (27.5% in the average of the three audience readings), with the AAV of the second reading being the highest ever for any Portuguese radio group since 2003 (28.5%).

In terms of formats, **Rádio Comercial had a share of 23.6%**, with the highest number ever of listeners, with an AAV of 18.5%, corresponding to more than 1.5 million people.

In turn, **M80 has been posting very good results**, with an audience share of 7.2% in the latest reading and having registered its highest figure ever in the first reading (10.2%). M80 stands out as the third most listened-to radio station in Portugal. The AAV attained in the third reading of 2019 was 6.5%.

As for other formats, **Cidade FM** had a strong recovery, with an audience share of **3.7%** and an AAV of 3.9%, its highest ever since the fifth reading of 2014.

Regarding innovation, the formats M80 and SmoothFM continued the process started last year, having now a total of 25 web radios (12 by M80, 6 by radio Comercial, 5 by Smooth FM and 2 by

Cidade FM), These are streaming radios that segment the most relevant clusters (both in genre and decades) for these FM formats. Such radios are not based on algorithms but rather on carefully playlists cherry picked by each format's team, both with a vast experience. This offer is available also through apps, and provides an invaluable extension of the FM products, thus increasing contact and brand awareness among listeners and advertisers, while proving that the Group's radios are already fully immersed in the digital transformation process.

On financial grounds, **advertising** improved by 10% YoY (+5% YoY in Q2), clearly outperforming the market.

Other **operating revenues** were up 173%, to € 2.2 million, benefiting not only from the activity of events and spot production, but mostly from the sale of tangible assets, with an impact € 1.0 million, which took place in Q1.

As for **opex**, it decreased by 1% (0% YoY in Q2), excluding restructuring costs.

**The adjusted EBITDA** improved by 66%, reaching € 5.8 million, with the corresponding margin close to 50%. In the second quarter, the adjusted EBITDA improved 25% to € 3.0 million (margin of 48%).

The introduction of **IFRS 16** did not generate a relevant impact in EBIT.

## 5. Others



€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Operating revenue</b>	<b>8,009</b>	<b>7,719</b>	<b>4%</b>	<b>4,053</b>	<b>3,966</b>	<b>2%</b>
Advertising	1,893	1,726	10%	964	1,032	(7%)
Other revenues	6,115	5,993	2%	3,090	2,934	5%
<b>Operating Expenses, ex D&amp;A</b>	<b>7,283</b>	<b>7,472</b>	<b>(3%)</b>	<b>3,579</b>	<b>3,695</b>	<b>(3%)</b>
Restructuring Costs	81	5	>999%	0	0	-
<b>Total Opex ex-D&amp;A and Restructuring Costs</b>	<b>7,202</b>	<b>7,467</b>	<b>(4%)</b>	<b>3,579</b>	<b>3,695</b>	<b>(3%)</b>
<b>EBITDA</b>	<b>726</b>	<b>247</b>	<b>194%</b>	<b>474</b>	<b>270</b>	<b>76%</b>
EBITDA margin	9.1%	3.2%	5.9pp	11.7%	6.8%	4.9pp
<b>EBITDA ex-Restructuring Costs</b>	<b>807</b>	<b>252</b>	<b>220%</b>	<b>474</b>	<b>270</b>	<b>76%</b>
EBITDA Margin ex-Restructuring Costs	10.1%	3.3%	6.8pp	11.7%	6.8%	4.9pp
Depreciation and amortisation	257	276	(7%)	130	132	(2%)
<b>Operating income (EBIT)</b>	<b>469</b>	<b>(29)</b>	<b>n.a.</b>	<b>345</b>	<b>138</b>	<b>150%</b>

This segment includes the remaining activities of the Group, including digital, holding and shared services.

In the first six months of the year, Media Capital reinforced its digital audiences, keeping the leadership in the TV segment (TVI, TVI24 and TVI Player) and now also in Lifestyle, with the own brand "SELFIE".

Comparing with the similar period of 2018, the variation in visits, page views and videos was 46%, 45% and -26%, respectively.

In the monthly audience ranking NetAudience, which measures reach (unique individuals contacted during a month), TVI was by far the best positioned TV brand, standing in the overall top 3 ranking.

On financial KPIs, **advertising revenues** improved 10% (-7% in Q2), whereas **other operating revenues** were up 2% (+5% in Q2).

**Adjusted EBITDA** was € 0.8 million (vs € -0.3 million in 1H 2018),



## 6. Capex

€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
<b>Capex</b>	<b>2,594</b>	<b>1,025</b>	<b>153%</b>	<b>2,019</b>	<b>655</b>	<b>208%</b>
Television	1,946	548	255%	1,535	347	342%
Audiovisual Production	313	403	(22%)	286	279	3%
Radio & Entertainment	139	25	465%	99	10	872%
Others	196	49	297%	99	18	441%

Overall capex was € 2.6 million, thus 153% YoY, mostly coming from the TV segment, due to investments in high definition.

The values reported do not include any amount related with right-of-use assets in the context of the adoption of the IFRS 16.





## 7. Cash Flow

€ thousand	1H 2019	1H 2018 PF	% Var	Q2 2019	Q2 2018 PF	% Var
Receipts	105,522	113,198	(7%)	57,331	62,235	(8%)
Payments	(89,631)	(89,973)	0%	(45,656)	(45,014)	(1%)
<b>Cash flows op. activities (1)</b>	<b>15,891</b>	<b>23,226</b>	<b>(32%)</b>	<b>11,674</b>	<b>17,221</b>	<b>(32%)</b>
Receipts	1,581	1,286	23%	244	0	-
Payments	(3,002)	(1,852)	(62%)	(1,247)	(495)	(152%)
<b>Cash flows inv. activities (2)</b>	<b>(1,421)</b>	<b>(566)</b>	<b>(151%)</b>	<b>(1,002)</b>	<b>(495)</b>	<b>(103%)</b>
Receipts	38,736	61,930	(37%)	23,314	36,783	(37%)
Payments	(53,332)	(84,382)	37%	(33,950)	(53,283)	36%
<b>Cash flows fin. activities (3)</b>	<b>(14,596)</b>	<b>(22,453)</b>	<b>35%</b>	<b>(10,636)</b>	<b>(16,500)</b>	<b>36%</b>
Cash at the beginning of the period	382	294	30%	220	275	(20%)
Variation of cash (4) = (1) + (2) + (3)	(126)	207	n.a.	36	226	(84%)
Effect of FX differences	(0)	0	n.a.	(0)	1	n.a.
<b>Cash at the end of the period</b>	<b>256</b>	<b>502</b>	<b>(49%)</b>	<b>256</b>	<b>502</b>	<b>(49%)</b>

**Operating cash flow** was € 15.9 million (€ 23.2 million in 2018), stemming from the TV and audiovisual segments, in both cases motivated by lower cash inflows, as a result of lower activity.

**Cash flow from investing** stood at € -1.4 million, comparing with € -0.6 million in 2018. Cash flow relate with tangible and intangible assets was € -3.0 million (€ -1.9 million a year ago).

**Cash flow from financing activities** was € -14.6 million (€ -22.5 million in 2018), reflecting the movements in operating and investing cash flow, as well as the variation of cash and equivalents.



## 8. Net debt

€ thousands	Jun 19	Dec 18	Abs Var	% Var	Jun 18	Abs Var	% Var
<b>Group financial debt</b>	<b>81,156</b>	<b>86,044</b>	<b>(4,888)</b>	<b>(6%)</b>	<b>74,609</b>	<b>6,547</b>	<b>9%</b>
Bank loans / Commercial paper / Bonds	78,632	84,533	(5,901)	(7%)	73,941	4,692	6%
Other debt	2,524	1,511	1,013	67%	669	1,855	277%
<b>Cash &amp; equivalents</b>	<b>256</b>	<b>382</b>	<b>(126)</b>	<b>(33%)</b>	<b>502</b>	<b>(246)</b>	<b>(49%)</b>
<b>Net debt</b>	<b>80,900</b>	<b>85,661</b>	<b>(4,761)</b>	<b>(6%)</b>	<b>74,108</b>	<b>6,793</b>	<b>9%</b>

Net debt at the end of June 2019 was € 80.9 million, representing a reduction of € 4.8 million vs the end of 2018. Notwithstanding, **applying the IFRS 16 impact to the YE 2018 figures**, net debt at the end of December would increase by € 7.2 million, standing at € 92.9 million. Hence, adjusting for this impact, **net debt would have decreased by € 12.0 million during this period.**

Media Capital continues to have a sound capital structure. The Group expects to maintain the operating cash flow performance and the reduction of net debt in 2019.

GRUPO MEDIA CAPITAL, S.G.P.S. S.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

(Amounts stated in Euro thousand)

	6 months ended		3 months ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
<b>OPERATING REVENUES:</b>				
Services rendered	62,450	63,088	35,754	36,706
Other operating revenue	23,933	23,788	11,321	11,443
Total operating revenue	<u>86,383</u>	<u>86,876</u>	<u>47,076</u>	<u>48,149</u>
<b>OPERATING EXPENSES:</b>				
Cost of programs broadcasted and goods sold	(12,874)	(8,959)	(3,421)	(3,984)
Subcontrats and third party supplies	(38,021)	(37,324)	(19,958)	(19,236)
Payroll expenses	(20,845)	(20,820)	(10,273)	(10,437)
Depreciation and amortization	(4,399)	(3,028)	(2,239)	(1,501)
Provisions and impairment losses	(39)	(137)	60	(80)
Other operating expenses	(363)	(209)	(246)	(184)
Total operating expenses	<u>(76,540)</u>	<u>(70,477)</u>	<u>(36,076)</u>	<u>(35,422)</u>
Net operating profit	<u>9,843</u>	<u>16,399</u>	<u>10,999</u>	<u>12,727</u>
<b>FINANCIAL EXPENSES:</b>				
Financial expense	(1,410)	(1,754)	(782)	(755)
Financial income	27	138	-	127
Finance costs, net	<u>(1,383)</u>	<u>(1,616)</u>	<u>(782)</u>	<u>(627)</u>
Profit before tax	8,459	14,783	10,217	12,099
Income tax expense	(2,570)	(4,292)	(2,942)	(3,548)
Consolidated net profit for continued operations	<u>5,890</u>	<u>10,491</u>	<u>7,276</u>	<u>8,551</u>
Attributable to:				
Equity holders of the parent	5,890	10,491	7,276	8,551
Earnings per share (Euros)				
Basic	0.0697	0.1241	0.0861	0.1012
Diluted	<u>0.0697</u>	<u>0.1241</u>	<u>0.0861</u>	<u>0.1012</u>

GRUPO MEDIA CAPITAL, S.G.P.S. S.A.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

(Amounts stated in Euro thousand)

<u>ASSETS</u>	<u>30.06.2019</u>	<u>31.12.2018</u>
<b>NON-CURRENT ASSETS:</b>		
Goodwill	149,374	149,374
Intangible assets	9,394	9,826
Tangible fixed assets and right-of-use assets	21,714	16,026
Investment in financial assets	5	5
Transmission rights and TV programs	41,426	48,146
Other non-current assets	2,275	2,410
Deferred income tax assets	2,043	2,161
	<u>226,231</u>	<u>227,949</u>
<b>CURRENT ASSETS:</b>		
Transmission rights and TV programs	32,522	31,136
Trade and other account receivable	31,508	30,700
Current tax assets	318	288
Other current assets	4,813	3,436
Cash and cash equivalents	256	382
	<u>69,418</u>	<u>65,941</u>
<b>TOTAL ASSETS</b>	<u>295,649</u>	<u>293,891</u>
<u><b>EQUITY AND LIABILITIES</b></u>		
<b>EQUITY:</b>		
Share capital	89,584	89,584
Reserves	53,914	32,362
Profit for the period	5,890	21,573
Equity attributable to controlling interests	<u>149,387</u>	<u>143,519</u>
Total Equity	<u>149,387</u>	<u>143,519</u>
<b>LIABILITIES:</b>		
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	37,122	46,115
Provisions	5,780	5,762
Deferred income tax liabilities	1,058	1,091
	<u>43,960</u>	<u>52,968</u>
<b>CURRENT LIABILITIES:</b>		
Borrowings	44,034	39,929
Trade and other payables	33,358	32,930
Other current liabilities	24,910	24,544
	<u>102,302</u>	<u>97,403</u>
Total liabilities	<u>146,262</u>	<u>150,371</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>295,649</u>	<u>293,891</u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

(Amounts stated in Euro thousand)

	<u>30.06.2019</u>	<u>30.06.2018</u>
<b><u>OPERATING ACTIVITIES:</u></b>		
Cash receipts from customers	105,522	113,198
Cash paid to suppliers	(51,135)	(50,428)
Cash paid to employees	(21,318)	(20,483)
Cash generated from operations	<u>33,069</u>	<u>42,287</u>
Cash received/(paid) relating to income tax	(56)	6
Other cash received/(paid) relating to operating activities	(17,122)	(19,068)
Net cash from operating activities (1)	<u>15,891</u>	<u>23,226</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Cash received relating to:		
The sale of subsidiaries	-	1,286
Disposal of fixed tangible and intangible assets	1,448	-
Investment subsidies	134	-
Interest and similar income	-	0
	<u>1,581</u>	<u>1,286</u>
Payments resulting from:		
Acquisition of tangible assets	(2,585)	(1,701)
Acquisition of intangible assets	(417)	(151)
	<u>(3,002)</u>	<u>(1,852)</u>
Net cash from /(used in) investing activities (2)	<u>(1,421)</u>	<u>(566)</u>
<b><u>FINANCING ACTIVITIES:</u></b>		
Cash received relating to:		
Borrowings	<u>38,736</u>	<u>61,930</u>
Cash paid relating to:		
Borrowings	(50,761)	(82,850)
Leases	(1,489)	(152)
Interest and other similar expenses	(923)	(1,304)
Other financial expenses	(160)	(76)
	<u>(53,332)</u>	<u>(84,382)</u>
Net cash from/(used in) financing activities (3)	<u>(14,596)</u>	<u>(22,453)</u>
Cash and equivalents at the beginning of the period	382	294
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	(126)	207
Exchange rate effect	(0)	0
Cash and equivalents at the end of the period	256	502