

GRUPO MEDIA CAPITAL SGPS, SA
Sociedade Aberta
Sede: Rua das Amoreiras, n.º 105, Lisboa
Matriculada na Conservatória do Registo Comercial de Lisboa sob o n.º 1891
Pessoa Colectiva n.º 502 816 481
Capital Social: 7.448.832,72 euros

YEAR 2004 RESULTS

- § In 2004, Media Capital advertising revenues increased 10% year-on-year: TV up 7%, Radio up 27%, Outdoors up 24%.
- § In Q4 2004, Media Capital advertising revenues increased 7% year-on-year: TV up 5%, Radio up 23%, Outdoors up 2%.
- § In 2004, TVI maintained its leadership in prime time audiences and in share of advertising market.
- § Year 2004 consolidated EBITDA increased 28% to €46.1 million. Q4 EBITDA grew by 30% to €17.4 million.
- § Consolidated EBITDA margin went up 3.1 p.p. to 21.1% in 2004. In Q4 EBITDA margin was up 5.2 p.p. to 28.0%.
- § Total debt down € 92 million to € 128 million from December 2003.
- § Net result improved €37.7 million from 2003.

Lisbon, 15th of March, 2005

Grupo Media Capital

Susana Gomes da Costa
Investor Relations Officer

1. Analysis of consolidated income statement

For the period ending December 31st, 2004, Media Capital Group reported **consolidated revenues** of €218.6 million, a 9% year-on-year increase and **EBITDA (net of all provisions)** of €46.1 million, up 28% from 2003. In Q4, EBITDA was up 30% resulting from a 6% increase in consolidated revenues and a 1% decline in total operating expenses.

Operating profit (EBIT) went up from €5.2 million last year to €19.1 million in 2004. **Net result** improved €37.7 million from 2003, reducing losses to €5.8 million in 2004.

The strong growth in consolidated revenues was due to strong advertising growth in the TV, Radio and Outdoor segments. The favourable trend in the advertising market, was due to the return of some of the major advertisers, like banking and car manufacturers, the positive contribution of one-off events like the Euro 2004 and the Rock in Rio Lisbon music festival and to general increases in occupancy and better pricing conditions.

Newsstand revenues, CD's and other non advertising revenues, excluding variation of production, increased 9% in 2004.

(€ thousands)	FY 04	FY 03	Var %	Q4 2004	Q4 2003	Var %
Total operating revenue	218,635	199,779	9%	62,327	58,688	6%
Television	149,234	135,324	10%	44,002	41,769	5%
Radio	14,624	12,461	17%	4,250	3,909	9%
Outdoors	19,331	15,537	24%	4,791	4,687	2%
Others	35,446	36,457	-3%	9,284	8,323	12%
Total operating expenses	172,514	163,780	5%	44,899	45,329	-1%
EBITDA	46,121	36,000	28%	17,428	13,359	30%
EBITDA margin	21.1%	18.0%		28.0%	22.8%	
Television	43,358	38,120	14%	15,762	14,519	9%
Radio broadcasting	2,232	1,085	106%	1,094	486	125%
Outdoors	3,418	1,525	124%	876	847	3%
Others	(2,886)	(4,731)	39%	(304)	(2,493)	88%
Depreciation and amortisation	16,407	21,987	-25%	4,049	5,733	-29%
Amortisation of goodwill	10,617	8,792	21%	2,698	2,674	1%
Net operating profit / (loss)	19,098	5,220	266%	10,681	4,952	116%
Financial expenses, net	17,123	25,138	-32%	3,324	7,003	-53%
Extraord. (income)/expenses, net	1,609	22,472	-93%	1,557	20,505	-92%
Loss before income tax/ minor. interests	366	(42,390)	N/A	5,800	(22,557)	N/A
Income tax for the period	(5,736)	(1,036)	453%	(3,472)	(823)	322%
Minority interests	(432)	(87)	400%	278	403	-31%
Net profit / (loss) for the period	(5,802)	(43,513)	87%	2,607	(22,977)	N/A

Operating expenses were up 5%, following higher non-advertising sales in the TV segment (€4.1 million higher costs), higher programming costs (€2.1 million) mainly related with the Euro 2004 coverage, €1.3 million from the rent of the group's head office (last year costs were recorded as depreciation as the office premises were sold at the end of 2003), an increase in TV production (€1.2 million) and higher marketing costs related to the re-launch of the Radios (€1.1 million).

In Q4, operating expenses were down 1% year-on-year (€0.4 million) mainly due to a decrease in the variable costs of the *Internet Service Provider* operation (€ 2.2 million), lower programming costs (€0.8 million) and provisions (€0.5 million), although higher costs of CD's sold (€3.0 million).

Depreciation and amortisation decreased 25% due to the sale of the head office at the end of 2003, the end of the depreciation and amortisation period of certain assets, especially in the internet business, and extraordinary write-downs of intangible assets that took place in December 2003.

Amortisation of Goodwill has increased in the period following the acquisition in 2004 of the remaining 15% of Meglo, the sub-holding which holds the group's interests in the operating companies (€29.2 million goodwill to be amortised along a 15 year period) and the acquisition in July 2004 of the remaining 35% on TCS, a Outdoor subsidiary (€3.4 million goodwill to be amortised over 16 years).

Financial expenses were down 32% mainly due to a 47% decrease (€6.7 million) in interest and other related expenses, following the reduction in total debt post-IPO from €221 million in December 2003 to €128 million in December 2004 and a decrease of 41% (€1.9 million) in refinancing costs and of 32% (€1.8 million) in financial discounts to advertisers. In Q4, interest and related expenses were 69% lower and financial discounts to advertisers were 45% below Q4 2003.

Income tax (mostly non cash) was booked and is due to the adjustments to the positive pre-tax gains, since goodwill amortization and other cost items like amortization of some intangible assets and financial costs at the holding, are not tax deductible under Portuguese tax regulations.

2. Television

(€ thousands)	FY 04	FY 03	Var %	Q4 2004	Q4 2003	Var %
Operating revenue	149,234	135,324	10%	44,002	41,769	5%
Advertising	127,993	119,604	7%	38,529	36,545	5%
Variation of production	3,615	4,228	-15%	(1,080)	2,466	N/A
Other revenues	17,626	11,491	53%	6,554	2,758	138%
Operating Expenses	105,876	97,204	9%	28,241	27,249	4%
EBITDA	43,358	38,120	14%	15,762	14,519	9%
EBITDA margin	29.1%	28.2%		35.8%	34.8%	

TV segment includes TV broadcasting, TV production and non-advertising TV related activities.

In 2004, and based on data from Markttest, TVI was again the number one TV station in prime time audience share, improving both prime time and all day audience shares. In Q4, TVI led audiences both in all day and in prime-time.

This improvement was a result of several novelties introduced by TVI in its programming grid during late summer and in the last quarter. Of these, we should highlight the remarkable success of the “**Quinta das Celebidades**” reality show (based on the “The Farm” format) that became the most successful show in Portuguese TV in 2004, and the agreement reached with Sport TV to broadcast 33 Portuguese first league soccer matches per season for the 2004/05 and 2005/06 seasons and the transmission rights for the highlights of the remaining games. Portuguese fiction, namely soaps and series, entertainment and comedy programs continued to attract high audiences thus confirming the success of TVI’s track record on national production.

Audiences (%)	RTP1	RTP2	SIC	TVI
All day				
Dec 03 ytd	27.1	5.7	34.6	32.5
Dec 04 ytd	28.3	5.1	33.6	33.1
Prime time				
Dec 03 ytd	24.7	5.7	32.8	36.8
Dec 04 ytd	26.1	4.6	32.1	37.2

Source: Markttest

Advertising revenues in TVI grew 7% year-on-year in 2004 and 5% in the fourth quarter. This growth was achieved through the increase in audience share, and also higher occupancy rates, lower agency commissions and commercial discounts.

On the other hand, volume rebates targets in the market conditioned the fair allocation of advertising spend amongst FTA TV networks in the last quarter of 2004 which combined with the economic slowdown in this same period, prevented TVI from taking full advantage of its audience share performance.

Variation of production revenues declined 15% following a smaller gap between production levels and TVI’s broadcasting pace.

Other revenues have showed a good performance, increasing 53% or €6.1 million, in the period mainly due to increases in sales of CD's (which represent the bulk of the other TV revenues), call-TV and non-advertising related activities (mainly concerts in Euro 2004 host cities). The agreement signed with Warner Music in November 2004 has caused CD sales to increase five-fold in the last quarter.

Operating expenses in the TV segment were up 4% in Q4 year-on-year, and are €8.7 million (9%) higher than 2003, of which:

- § Costs associated with non-advertising revenues were up €4.1 million;
- § Total programming costs increased €2.1 million year-on-year. Investments were made in Euro 2004 games and in diversifying the regular grid to include more football, films, comedies, and news in the morning, while reducing investment in reality shows.
- § €1.2 million relates to a higher level of TV productions;
- § €0.8 million increase came from the rent of the premises sold in 2003;

Consolidated EBITDA of the TV segment grew 14% year-on-year and EBITDA margins increased from 28.2% to 29.1%.

3. Radio

(€ thousands)	FY 04	FY 03	Var %	Q4 2004	Q4 2003	Var %
Operating revenue	14,624	12,461	17%	4,250	3,909	9%
Advertising	14,188	11,211	27%	4,158	3,384	23%
Other revenues	436	1,250	-65%	92	525	-82%
Operating Expenses	12,392	11,376	9%	3,155	3,423	-8%
EBITDA	2,232	1,085	106%	1,094	486	125%
EBITDA margin	15.3%	8.7%		25.8%	12.4%	

Media Capital Radios (MCR) combined audience share increased 27% from 18,5% in 2003 to 23.4% in 2004 with gains in every station. Q4 audiences were up 1% (21,3% to 21,6%) year on year, in a period where political instability favoured audiences in the "news" radio stations.

MCR was able to increase its advertising revenues above the market, accompanying the positive trend in audience share following the re-launches started in 2003.

MCR's total **advertising revenue** was up by 27% vs. 2003. This was achieved thanks to higher occupancy and an improved pricing environment, following the aforementioned increase in audience share.

Total operating expenses increased 9% mainly due to the marketing costs (€ 1.4 million) supporting the relaunch of Rádio Comercial and Rádio Clube Português. Rental costs also went up following new retransmission agreements in order to increase coverage. Operational costs in Q4 were down 8% from 2003 mainly due to the reversal of excess provisions booked along the year of 2004.

Consolidated EBITDA of Media Capital's radio operation more than doubled year-on-year, thanks to a significantly stronger market position. EBITDA margin was up by 6.6 p.p. to 15.3%.

4. Outdoor

(€ thousands)	FY 04	FY 03	Var %	Q4 2004	Q4 2003	Var %
Operating revenue	19,331	15,537	24%	4,791	4,687	2%
Advertising	19,299	15,510	24%	4,781	4,667	2%
Other revenues	32	27	18%	10	20	-50%
Operating Expenses	15,913	14,012	14%	3,915	3,841	2%
EBITDA	3,418	1,525	124%	876	847	3%
EBITDA margin	17.7%	9.8%		18.3%	18.1%	

Media Capital Outdoor (MCO)'s total **advertising revenue** was up 24% when compared to 2003. The good performance achieved by MCO was in part caused by the several events that took place in H1 2004 and for which MCO planned ahead, increasing capacity in some of its main products, and also due to increases in both occupancy rates and prices. The year on year increase in revenues in Q4 2004 was lower than the year total, mainly due to market's slowdown in this period coupled with the fact that the last quarter of 2003 already included part of the impact of the increased network capacity.

Operating costs increased 14% mainly because of variable concession costs following an increase in sales volume, higher fees to municipalities, and development costs of new projects during the year of 2004, such as MCO TV (Television network in subway stations) that was commercially launched in January 2005.

Consolidated EBITDA of MCO more than doubled to €3.4 million, with the EBITDA margin increasing from 9.8% to 17.7%, despite the higher costs associated with projects such as MCO TV, which did not contribute to the top line in 2004.

5. Others

(€ thousands)	FY 04	FY 03	Var %	Q4 2004	Q4 2003	Var %
Operating revenue	35,446	36,457	-3%	9,284	8,323	12%
Advertising	4,914	4,542	8%	1,553	1,101	41%
Subscriptions and newsstand	7,164	5,373	33%	2,214	1,652	34%
Other revenues	23,369	26,543	-12%	5,517	5,569	-1%
Operating Expenses	38,332	41,188	-7%	9,588	10,816	-11%
EBITDA	(2,886)	(4,731)	39%	(304)	(2,493)	88%

Internet operations, magazine publishing and certain central costs, are included in this segment.

Advertising revenues were up 8% in 2004, with subscriptions and newsstand revenues up by 33%, mainly as a result of a 95% increase in circulation of flagship magazine LUX. The gap between the increase in circulation and the increase of



advertising in magazines, caused advertising revenues to outgrow circulation in the last quarter. The bulk of advertising revenues comes from press, although the internet business is increasing its contribution.

Other revenues declined 12% mainly due to the expected fall in active users and minutes in the Internet Service Provider business since the broadband internet operation has been abandoned due to its low attractiveness. In Q4 2004, the other revenues line contains complementary product sales from the group's magazine operations, with the good performance in these sales offsetting the decline in Internet revenues.

Operating Costs were down 7% in 2004, with the costs related to the sale of magazine associated products being offset by the decrease in the variable costs of the *Internet Service Provider* operation. In Q4, operating costs were down 11%.

EBITDA improved 39% year-on-year, mainly as a result of improved margins in the *Internet Service Provider* business, following the renegotiation of contracts with the communication infrastructure suppliers, as well as the good performance in the Press division, now showing a positive contribution to total EBITDA due to the strong growth of its main title, Lux magazine, and to the good results obtained with the sale of products associated with magazines. In the Q4 2004, EBITDA has improved by 88% year-on-year to almost break-even.

6. Cash movements

(€ thousand)	FY 04	FY 03	Var %	Q4 2004	Q4 2003	Var %
Operating activities						
Receipts	255,475	221,712	15%	72,693	60,339	20%
Payments	(215,410)	(202,775)	6%	(48,934)	(53,953)	-9%
Cash flow bef. Extraord	40,065	18,937	112%	23,759	6,385	272%
Cash flows op. activities (1)	39,214	18,008	118%	23,724	6,027	294%
Investing activities						
Receipts	2,752	19,857	-86%	104	14,062	-99%
Payments	(36,394)	(26,216)	39%	(7,495)	(6,363)	18%
Cash flows inv. activities (2)	(33,642)	(6,358)	-429%	(7,391)	7,700	N/A
Financing activities						
Receipts	100,636	41,386	143%	76	(1,152)	N/A
Payments	(109,935)	(52,580)	109%	(12,748)	(11,562)	10%
Cash flows fin. activities (3)	(9,299)	(11,194)	17%	(12,672)	(12,714)	0%
Variation of cash (4) = (1) + (2) + (3)	(3,727)	455		3,661	1,013	
Cash at the beginning of the period	9,055	8,601		1,668	8,043	
Cash at the end of the period	5,329	9,055		5,329	9,055	

Cash flow from operating activities more than doubled in 2004, reaching €39.2 million against €18.0 million last year. The 15% improvement in operating receipts derives both from a growth of 9% in operational revenues and from improved operational efficiency in collections terms and conditions, that allowed the recoup of receivables from previous periods. The variance in operational payments is mainly related with the variance in the year's operational costs and in part to the recovery in payments due from the previous year.

Strong performance in operational cash flow in Q4 results from the increase in revenues and the fact that all relevant IPO related payments were completed in Q3, along with improved working capital management, through anticipation of collections and adjustments to external trade debt levels, now more in line with the group's regular activity.

Cash flows from investing activities amounted to €33.6 million in 2004. The payments are explained by €13.8 million in payments of financial investments (referring to the acquisition of Radio XXI, TCS and other acquisitions made in prior periods), €11.4 million of tangible capex (€3.0 million were paid on Q4) and €11.1 million of intangible capex (€1.3 million on Q4) mainly referring to the one-off payments of IPO fees and expenses. The €2.8 million receipts relate mainly to the balance of the proceeds from the sale of the head offices.

Cash flow from financing activities in 2004 resulted mainly from the €100 million of the IPO capital increase, partially offset by €92 million of debt reduction, €8.9 million of interest paid, and other payments related to financial charges including €2.7 million of the debt refinancing costs.

7. Debt

(€ thousands)	Dec-04	Dec-03	Change	Var %
Total Group debt	128,394	220,892	-92,498	-42%
Senior facility	116,853	183,353	-66,500	-36%
Other debt	11,541	37,539	-25,998	-69%

Media Capital decreased its senior facility and other debt from December 2003 to December 2004, primarily due to the use of the IPO net proceeds and strong operational cash performance.

8. Guidance for 2005

Advertising Market (var %)		4 – 6 %
Television Market		=
Radio Market		>
Outdoor Market		<
Total revenues (var %)	-----	4 – 6 %
Advertsing revenues (var%)		
Group	-----	8 – 10 %
TV	-----	4 – 6 %
Radio	-----	17 – 19 %
Outdoor	-----	25 – 28 %
Other	-----	8 – 10 %
EBITDA margins		
Group	-----	22 – 24 %
TV	-----	30 – 33 %
Radio	-----	21 – 24 %
Outdoor	-----	19 – 22 %
Other	-----	~ break even
Other financials		
Total Debt	-----	2.5 – 3.0 x EBITDA
Maintenance capex	-----	3.5 – 4.0% x Rev.
Growth / Investment Capex	-----	0.5 – 1.0 % x Rev.
Cost of Debt	-----	5 – 6 %

GRUPO MEDIA CAPITAL, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE PERIOD ENDED 31 DECEMBER 2004 and 2003

(Amounts stated in Euros)

	<u>2004</u>	<u>2003</u>
Advertising revenue	166,393,845	150,866,995
Subscriptions and newsstand revenue	7,163,547	5,373,065
Other operating revenue	45,077,580	43,539,315
Total operating revenue	<u>218,634,972</u>	<u>199,779,375</u>
Broadcasting costs	27,616,874	34,668,492
Cost of goods sold	5,497,380	1,766,346
Subcontracts and third party supplies	89,496,179	83,335,204
Payroll expenses	45,584,103	39,785,851
Other operating expenses	2,796,573	2,571,390
Total operating expenses	<u>170,991,109</u>	<u>162,127,283</u>
Depreciation of tangible assets	11,049,646	12,011,429
Amortisation of intangible assets	5,356,934	9,976,038
Amortisation of goodwill	10,616,731	8,792,214
Provisions	1,522,440	1,652,300
	<u>28,545,751</u>	<u>32,431,981</u>
Net operating profit / (loss)	<u>19,098,112</u>	<u>5,220,111</u>
Financial expenses, net	17,122,761	25,137,660
Extraordinary (income) / expenses, net	1,609,075	22,472,226
	<u>18,731,836</u>	<u>47,609,886</u>
Earning before income tax and minority interests	366,276	(42,389,775)
Income tax for the year	(5,736,203)	(1,036,375)
Loss applicable to minority interests	(432,396)	(86,558)
Net loss for the year	<u>(5,802,323)</u>	<u>(43,512,708)</u>

GRUPO MEDIA CAPITAL, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2004 and 2003

(Amounts stated in Euros)

	<u>2004</u>	<u>2003</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	5,328,709	9,055,444
Trade accounts receivable, net	30,457,269	26,014,301
Other current assets, net	6,237,897	12,064,353
Inventories, net	1,184,002	645,478
Accruals and deferrals	53,116,022	49,703,727
Total current assets	<u>96,323,899</u>	<u>97,483,303</u>
Medium and long-term assets:		
Other non current assets	<u>23,113,802</u>	<u>33,299,216</u>
Investments in affiliated companies, net	7,126,425	2,681,630
Tangible fixed assets, net	37,039,619	39,730,519
Intangible assets, net	22,043,845	9,540,713
Goodwill, net	156,893,551	135,098,959
TOTAL ASSETS	<u><u>342,541,141</u></u>	<u><u>317,834,340</u></u>
LIABILITIES:		
Current liabilities:		
Bank loans	15,754,913	39,860,063
Accounts payable to suppliers	30,238,392	31,268,964
Accounts payable to public entities	11,716,334	10,487,378
Other current liabilities	18,159,155	29,813,510
Accruals and deferrals	35,292,261	31,622,864
Total current liabilities	<u>111,161,055</u>	<u>143,052,779</u>
Medium and long-term liabilities:		
Bank loans	108,896,191	174,637,604
Accounts payable to public entities	1,141,307	1,380,102
Other non current liabilities	14,017,309	14,590,745
Deferred income tax	332,901	540,771
Total medium and long-term liabilities	<u>124,387,708</u>	<u>191,149,222</u>
TOTAL LIABILITIES	235,548,763	334,202,001
MINORITY INTERESTS	3,173,286	3,263,469
	<u>238,722,049</u>	<u>337,465,470</u>
SHAREHOLDERS' EQUITY:		
Share capital	7,448,833	4,619,956
Share premium account	197,928,606	55,932,438
Supplementary capital contributions	-	15,572,500
Accumulated losses	(95,756,024)	(52,243,316)
Net loss for the year	(5,802,323)	(43,512,708)
TOTAL SHAREHOLDERS' EQUITY	<u>103,819,092</u>	<u>(19,631,130)</u>
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	<u><u>342,541,141</u></u>	<u><u>317,834,340</u></u>

GRUPO MEDIA CAPITAL, SGPS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2004 and 2003

(Amounts stated in Euros)

	<u>2004</u>	<u>2003</u>
OPERATING ACTIVITIES:		
Collections from clients	255,475,431	221,712,258
Payments to suppliers	(124,021,428)	(115,340,643)
Payments to employees	<u>(44,561,762)</u>	<u>(41,680,138)</u>
Cash flow from operations	86,892,241	64,691,477
Other payments relating to operating activities, net	<u>(46,826,855)</u>	<u>(45,754,098)</u>
Cash flow before extraordinary items	40,065,386	18,937,379
Payments relating to extraordinary items	(851,561)	(929,632)
Cash flows from operating activities (1)	<u><u>39,213,825</u></u>	<u><u>18,007,747</u></u>
INVESTING ACTIVITIES:		
Receipts relating to:		
Sale of investments	100,000	4,883,671
Sale of tangible fixed assets	2,456,958	14,973,804
Subsidies	74,128	-
Dividends	<u>121,363</u>	<u>-</u>
	<u>2,752,449</u>	<u>19,857,475</u>
Payments relating to:		
Investments	(13,837,130)	(10,964,302)
Purchase of tangible fixed assets	(11,408,097)	(13,133,137)
Intangible assets	<u>(11,148,850)</u>	<u>(2,118,457)</u>
	<u>(36,394,077)</u>	<u>(26,215,896)</u>
Cash flows from investing activities (2)	<u><u>(33,641,628)</u></u>	<u><u>(6,358,421)</u></u>
FINANCING ACTIVITIES:		
Receipts relating to:		
Loans obtained	-	25,569,089
Capital increase / Supplementary capital contributions	100,147,420	15,572,500
Interest and similar income	<u>488,970</u>	<u>244,341</u>
	<u>100,636,390</u>	<u>41,385,930</u>
Payments relating to:		
Loans obtained	(90,203,187)	(29,795,953)
Interest	(8,895,724)	(12,765,228)
Other payments relating to financial expenses	<u>(10,836,411)</u>	<u>(10,019,184)</u>
	<u>(109,935,322)</u>	<u>(52,580,365)</u>
Cash flows from financing activities (3)	<u><u>(9,298,932)</u></u>	<u><u>(11,194,435)</u></u>
Variation of cash and equivalents (4) = (1) + (2) + (3)	(3,726,735)	454,891
Cash and equivalents at the beginning of the year	9,055,444	8,600,553
Cash and equivalents at the end of the year	5,328,709	9,055,444