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Full Year Results 2016

Grupo Média Capital, SGPS, S.A.

NOTE:

Free translation for information purposes only. In the event of discrepancies, the Portuguese language version prevails.



- TVI – 12th consecutive year as #1 channel in audiences
- #1 as group of channels
- TVI24 – #1 Portuguese news channel in prime time
- TVI Reality in the Top 10 of the pay-tv most watched channels
- TVI Ficção and TVI Internacional present in new platforms and regions



- Audiovisual productions that are leaders in their respective time slots
- Recordings in Mozambique, Chile, Angola and Brazil
- Growth in the areas of technical services as well as design and construction of sceneries



- Rádio Comercial keeps leadership and m80 becomes #4 radio with its best audience share ever
- The show “Parabéns in the Night” was sold-out in Lisbon and Oporto
- Premier of “Estúdio 24”, a music project between TVI24 and Radio Comercial
- Release of the book and CD “Eu Ajudo!” (solidarity project of Radio Comercial)



- Reinforcement of the sites and blogs universe
- New partnership with the digital magazine NiT (New in Town)
- Relevant increase in pageviews and videos
- 1 year of TVI Player: close to 1 million downloads
- New apps, functionalities and solutions in digital, with the launching of “Love on Top”, “Secret Story 6”, “Massa Fresca”
- Reinforcement of national and international partnerships, regarding contents and technological solutions

Other highlights:

- Launch of the prizes “Blog do Ano”
- Concert “A Única Mulher”, with the artists of the novel’s sound track, was very successful, with the tickets sold out
- Launching of the book and CD of the series “Massa Fresca”.

Prizes and awards:

- TVI wins the prize “Escolha do Consumidor” and five “Prémios Águila”
- TVI chosen by the magazine Exame as the best in its sector
- Prizes “Arco-íris”, attributed by ILGA Portugal to Fátima Lopes and Susana Bento Ramos
- Prizes “Personalidade Feminina LUX”: attributed to Lurdes Baeta (news), Ana Sofia (drama), Cristina Ferreira (entertainment), Alexandra Lencastre (theatre)
- Prizes “Personalidade Masculina LUX”: Pedro Pinto (news) and Manuel Luís Goucha (entertainment)
- Plural and Rádio Comercial both awarded for the prizes M&P
- Cristina Ferreira and Judite Sousa awarded with the prize “As mulheres mais influentes de Portugal em 2015” (Most influent women in Portugal), attributed by the magazine Executiva.pt
- Creative Department of TVI awarded with 8 prizes by M&P for creativity in self-promotion
- Sérgio Figueiredo and Alexandra Lencastre awarded at the Baile da Rosa event, with a prize in the areas of news and lifetime achievement, respectively.

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

FULL YEAR RESULTS 2016

Media Capital's net income increased by 10% to € 19.1 million

- In 2016, Media Capital's **EBITDA** improved by 3% YoY, reaching € 41.5 million, with operating revenues broadly stable, whilst operating expenses decreased by 1%. In the same period, **net income** was up 10% to € 19.1 million.
- In what regards **advertising**, in 2016 there was a YoY improvement of 4%.
- **TVI** kept the leadership in TV **audiences**, with an average share of 21.5% and 25.2% in all day and prime time, respectively. The positive gap over the second most watched channel was 3.9pp in all day and 3.1pp in prime time, in both cases improving vs 2015 (by 0.1pp and 0.2pp respectively). TVI leadership was also maintained when analysing groups of channels, with 25.0% in all day and 28.2% in prime time, i.e. respectively 3.7pp and 2.9pp above the second most watched group of channels.
- On financial grounds, the **TV** segment posted an EBITDA of € 33.6 million, improving 6% over 2015, and with a margin of 23.6%.
- In turn, the **Audiovisual Production** segment had a positive EBITDA contribution (€ 1.5 million), improving € 0.4 million vs 2015.
- The EBITDA of the **Radio** segment was € 5.4 million, corresponding to a margin of 30.4%. Taking into consideration the average audience share in 2016, Media Capital's aggregate group of radios had an audience share of 34.9%. Rádio Comercial continues to rank #1, with an average share of 23.5%. In turn, m80 – which registered the strongest improvement in Portugal (+1.0pp) – reached an average share of 6.9%, becoming the 4th most listened to radio station in the country.
- In **Digital**, advertising improved by 14% YoY in 2016.
- In terms of **operating cash flow**, there was a YoY improvement of 31%, to € 38.2 million, while **net debt** decreased by € 14.1 million, notwithstanding the amount of € 16.1 million of dividends paid out.

Queluz de Baixo, 23rd of February 2017



1. Consolidated P&L

€ thousand	2016	2015	% Var	Q4 2016	Q4 2015	% Var
Total operating revenue	174,027	174,386	0%	49,725	53,219	-7%
Television	142,236	141,661	0%	41,129	41,084	0%
Audiovisual Production	40,505	41,621	-3%	9,064	13,489	-33%
Radio	17,764	18,825	-6%	5,106	6,782	-25%
Others	16,358	16,587	-1%	3,773	4,278	-12%
Consolidation Adjustments	(42,837)	(44,308)	3%	(9,347)	(12,413)	25%
Total operating expenses ex-D&A	132,510	134,252	-1%	30,951	35,060	-12%
EBITDA	41,517	40,134	3%	18,774	18,159	3%
EBITDA Margin	23.9%	23.0%	0.8pp	37.8%	34.1%	3.6pp
Television	33,624	31,586	6%	14,624	13,032	12%
Audiovisual Production	1,484	1,097	35%	980	1,333	-27%
Radio	5,392	6,988	-23%	2,182	3,840	-43%
Others	211	(194)	N/A	327	348	-6%
Consolidation Adjustments	806	657	23%	660	(395)	N/A
Depreciation and amortisation	8,232	9,176	-10%	1,945	3,293	-41%
Operating income (EBIT)	33,285	30,957	8%	16,829	14,866	13%
Financing Results	(5,166)	(5,906)	13%	(930)	(1,496)	38%
Profit / (Loss) before inc. tax/ no contrl. Int.	28,119	25,051	12%	15,899	13,369	19%
Income Taxes	(9,018)	(7,751)	-16%	(5,580)	(4,256)	-31%
Profit / (Loss) from continued operations	19,101	17,300	10%	10,319	9,113	13%
Net profit / (loss) for the period	19,101	17,300	10%	10,319	9,113	13%

In 2016, **operating revenues** were stable vs 2015, reaching € 174.0 million. In 4Q16, revenues fell 7% to € 49.7 million. **Opex** was down 1%, from € 134.3 million to € 132.5 million. In the quarter, opex was down 12% to € 31.0 million.

Consolidated EBITDA improved 3% from € 40.1 million to € 41.5 million. In the quarter, there was a 3% increase, to € 18.8 million.

EBIT stood 8% above last year's comparable figure (+13% in the third quarter).

Net income improved by 10%, reaching € 19.1 million, whereas in 4Q the variation was higher (13%), benefiting from the improvement in the financial results line.



€ thousand	2016	2015	% Var	Q4 2016	Q4 2015	% Var
Operating revenue	174,027	174,386	0%	49,725	53,219	-7%
Advertising	121,403	116,574	4%	34,949	34,400	2%
Other revenues	52,624	57,812	-9%	14,776	18,819	-21%

2016 **advertising** revenues grew by 4%, with a 2% growth in 4Q. In the TV segment, the YoY variations were +4% and +1% respectively, in Radio +6% (both in the full year and in the quarter) and in Others (which includes Music, the holding and shared services) was +14% and +13%.

Other operating revenues, which comprise mainly the audiovisual production, sale of contents, multimedia and retransmission revenues, decreased by 9%, due essentially to lower activity in the multimedia and sale of contents businesses.



2. Television







€ thousand	2016	2015	Var %	Q4 2016	Q4 2015	Var %
Operating revenue	142,236	141,661	0%	41,129	41,084	0%
Advertising	101,035	97,556	4%	29,080	28,866	1%
Other revenues	41,201	44,106	-7%	12,049	12,218	-1%
Operating Expenses, ex D&A	108,612	110,075	-1%	26,505	28,052	-6%
EBITDA	33,624	31,586	6%	14,624	13,032	12%
EBITDA margin	23.6%	22.3%	1.3pp	35.6%	31.7%	3.8pp
Depreciation and amortisation	2,742	2,744	0%	717	690	4%
Operating income (EBIT)	30,882	28,843	7%	13,907	12,341	13%

Considering the aggregate groups of channels of each operator, TVI (comprising TVI, TVI24, TVI Ficção and TVI Reality) achieved a share of 25.0% in all day and 28.1% in prime time (20h-24h). The leadership was also maintained in the main commercial target – Adults –, as shown below.

All Day (%)	UNIVERSE	ADULTS
TVI Group	25.0	25.8
SIC Group	21.3	22.0
RTP Group	17.0	17.8

Prime Time (%)	UNIVERSE	ADULTS
TVI Group	28.1	28.5
SIC Group	25.1	25.9
RTP Group	16.9	17.6



In terms of individual channels, TVI's generalist channel confirmed yet again its #1 position, with a share of 21.5% in all day, thus 3.9pp above its closest competitor (improving the gap by 0.1pp over the last year), and 7.8pp above the third most watched channel.

In 2016, TVI also ranks in the first place in the main commercial target – Adults – where it registers a share of 22.1%, i.e. 3.9pp and 7.6pp above the second and third players respectively.

In prime time, TVI also beat the competition, with a share of 25.2%, meaning 3.1pp above the number

two channel (10.9pp advantage over the third one). A similar situation was achieved in the Adults target, with TVI capturing a 25.5% share, while the second and third most watched channels had 22.7% and 14.8% respectively.

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

FINANCIAL PERFORMANCE

In what regards financial performance, **operating revenues** in the TV segment rose slightly in 2016 to € 142.2 million. A similar YoY evolution was registered in 4Q.

Advertising revenues improved by 4% (+1% in 4Q16).

Other revenues, which encompass, among other, retransmission fees, sale of contents and multimedia services, were down 7%, mainly due to lower revenues in multimedia and sale of contents, as these were not completely offset by the positive impact of the better performance in retransmission fees. Concerning the fourth quarter, the variation was -1%.

Opex was down 1% YoY on a Ytd basis, while decreasing by 6% in 4Q. Hence, **EBITDA** in 2016 was € 33.6 million (+6% YoY), with a margin of 23.6%. In 4Q, EBITDA improved 12% to € 14.6 million, with a margin of 35.6%.



3. Audiovisual Production

€ thousand	2016	2015	Var %	Q4 2016	Q4 2015	Var %
Operating revenue	40,505	41,621	-3%	9,064	13,489	-33%
Advertising	0	0	0%	0	0	0%
Other revenues	40,505	41,621	-3%	9,064	13,489	-33%
Operating Expenses, ex D&A	39,021	40,524	-4%	8,084	12,155	-33%
EBITDA	1,484	1,097	35%	980	1,333	-27%
EBITDA margin	3.7%	2.6%	1.0pp	10.8%	9.9%	0.9pp
Depreciation and amortisation	3,262	3,166	3%	788	754	4%
Operating income (EBIT)	(1,778)	(2,069)	14%	192	580	-67%

The Audiovisual Production segment had total **operating revenues** of € 40.5 million in 2016 (-3%), whilst in the quarter there was a decrease of 33%.

In Portugal, operating revenues were down 3% YoY, due to a lower level of activity in content production as well as to the positive impact in 4Q15 resulting from the sale of non-core fixed assets. For that reason, in 4Q the decrease in revenues was higher (-31% YoY).

As for the activity in Spain, there was also a decrease in activity (-13%) for the year as a whole, whereas in the quarter the variation was more

significant (-60%). This lower level of activity in Spain is due to the fact that Plural is concentrating its activity in a niche market, by exploring and maximizing the profitability of its technical services area, rather than in the production of contents.

Opex was down 4% (-33% in 4Q16), as a result of lower activity in both Portugal and Spain.

EBITDA reached a positive figure of € 1.5 million, improving € 0.4 million vs 2015. In 4Q16, EBITDA was € 1.0 million (€ 1.3 million in 4Q15).



4. Radio

€ thousand	2016	2015	Var %	Q4 2016	Q4 2015	Var %
Operating revenue	17,764	18,825	-6%	5,106	6,782	-25%
Advertising	16,974	16,045	6%	4,959	4,660	6%
Other revenues	790	2,780	-72%	146	2,122	-93%
Operating Expenses, ex D&A	12,372	11,837	5%	2,924	2,942	-1%
EBITDA	5,392	6,988	-23%	2,182	3,840	-43%
EBITDA margin	30.4%	37.1%	-6.8pp	42.7%	56.6%	-13.9pp
Depreciation and amortisation	1,792	2,898	-38%	322	1,740	-81%
Operating income (EBIT)	3,600	4,089	-12%	1,860	2,099	-11%

The audience data continues to underline the outstanding performance of the formats explored by MCR. The average audience share of MCR's group of radios in 2016 was 34.9%.

Rádio Comercial continues to lead, with an average share of **23.5%**, whereas **m80** was the Portuguese radio that improved the most in 2016 (+1.0%pp to 6.9%), being now the fourth biggest radio in terms of audience share. **Cidade** also posted a positive evolution, gaining 0.1pp to 3.0%.

Concerning financials, **advertising revenues** were up 6% YoY (also 6% in the quarter), while **other operating revenues** decreased 72% YoY (-93% in 4Q16), as a result of the change in perimeter concluded in 4Q15.

Opex was 5% above the comparable period (-1% YoY in 4Q). **EBITDA** reached € 5.4 million (-23% YoY), whereas in the fourth quarter there was a 43% decrease from € 3.8 million to € 2.2 million.

5. Others

€ thousand	2016	2015	Var %	Q4 2016	Q4 2015	Var %
Operating revenue	16,358	16,587	-1%	3,773	4,278	-12%
Advertising	3,569	3,142	14%	1,032	913	13%
Other revenues	12,789	13,445	-5%	2,741	3,365	-19%
Operating Expenses, ex D&A	16,147	16,781	-4%	3,446	3,929	-12%
EBITDA	211	(194)	N/A	327	348	-6%
EBITDA margin	1.3%	-1.2%	2.5pp	8.7%	8.1%	0.5pp
Depreciation and amortisation	436	368	18%	117	108	8%
Operating income (EBIT)	(225)	(562)	60%	210	240	-13%

This segment includes the following areas: Digital, Music, as well as the holding and shared services.

Despite the strong competitive environment, MCD managed to continue to improve the quality and audiences of its network of sites, with positive impact on several KPI's. In fact, in 2016, pageviews increased 31% while video impressions grew 81% (with a particularly strong contribution from TVI Player).

Advertising revenues were up 14% YoY (13% in 4Q16), whereas **other revenues** were down 05% Ytd and fell 19% in 4Q.

The **EBITDA** of the segment was € 0.2 million (€ 0.3 million in the quarter), which compares with € -0.2 million in 2015 (€ 0.3 million in 4Q15).

6. Cash Flow

€ thousand	2016	2015	Var %	Q4 2016	Q4 2015	Var %
Receipts	233,380	225,392	4%	62,633	60,837	3%
Payments	(195,161)	(196,276)	1%	(44,030)	(48,411)	9%
Cash flows op. activities (1)	38,219	29,116	31%	18,604	12,426	50%
Receipts	2,972	12,498	-76%	1,309	8,941	-85%
Payments	(6,044)	(16,593)	64%	(1,839)	(10,210)	82%
Cash flows inv. activities (2)	(3,071)	(4,096)	25%	(529)	(1,269)	58%
Receipts	158,147	139,298	14%	44,620	31,407	42%
Payments	(197,604)	(161,772)	-22%	(63,012)	(38,640)	-63%
Cash flows fin. activities (3)	(39,457)	(22,474)	-76%	(18,392)	(7,233)	N/A
Cash at the beginning of the period	5,545	2,996	85%	1,553	1,621	-4%
Variation of cash (4) = (1) + (2) + (3)	(4,310)	2,547	N/A	(318)	3,924	N/A
Effect of FX variations	(1)	3	N/A	0	0	-56%
Cash at the end of the period	1,235	5,545	-78%	1,235	5,545	-78%

Cash flow from operating activities was € 38.2 million, comparing with € 29.1 million in the previous year. This resulted chiefly from the increase of cash inflows in the TV segment, following the recovery in advertising, as well as the cash in of pending receivables.

Cash flow from investing activities was € -3.1 million, while in 2015 it was € -4.1 million. The cash flow related with tangible and intangible

assets stood at € -5.4 million, thus lower than the € -7.6 million observed in 2015.

Cash flow from financing activities reached € -39.5 million (€ -22.5 million in 2015), reflecting the movements of both operating and investing activities, the dividends paid out (€ 16.1 million) as well as the change in cash and equivalents.



7. Net Debt

€ thousands	Dez 16	Dec 15	Abs Var	% Var
Group financial debt	99,329	117,768	(18,440)	-16%
Bank loans / Commercial paper / Bonds	98,500	117,160	(18,660)	-16%
Other debt	828	609	220	36%
Cash & equivalents	1,235	5,545	(4,310)	-78%
Net debt	98,094	112,223	(14,129)	-13%

Net debt decreased € 14.1 million when compared against December 2015, ending up at € 98.1 million by the end of December 2016.

Thus Media Capital maintains a comfortable capital structure.

It is worth mentioning that leasings, in a global amount of € 0.8 million, are included in the figure above.

GRUPO MEDIA CAPITAL, S.G.P.S. S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2015
(Amounts stated in Euro thousand)

	<u>2016</u>	<u>2015</u>
<u>OPERATING REVENUES:</u>		
Services rendered	132,188	125,955
Sales	99	147
Other operating revenue	<u>41,740</u>	<u>48,285</u>
Total operating revenue	<u>174,027</u>	<u>174,386</u>
<u>OPERATING EXPENSES:</u>		
Cost of programs broadcasted and goods sold	(16,697)	(17,520)
Subcontrats and third party supplies	(70,189)	(70,093)
Payroll expenses	(44,113)	(43,448)
Depreciation and amortization	(8,232)	(9,176)
Provisions and impairment losses	(883)	(1,083)
Other operating expenses	<u>(628)</u>	<u>(2,109)</u>
Total operating expenses	<u>(140,742)</u>	<u>(143,429)</u>
Net operating profit	<u>33,285</u>	<u>30,957</u>
<u>FINANCIAL EXPENSES:</u>		
Financial expense	(4,773)	(6,082)
Financial income	<u>139</u>	<u>406</u>
Finance costs, net	(4,634)	(5,676)
Gains (losses) on associated companies, net	<u>(532)</u>	<u>(230)</u>
Profit before tax	<u>28,119</u>	<u>25,051</u>
Income tax expense	(9,018)	(7,751)
Consolidated net profit for continued operations	<u>19,101</u>	<u>17,300</u>
Attributable to:		
Equity holders of the parent	19,101	17,300
Earnings per share (Euros)		
Basic	0.2260	0.2047
Diluted	<u>0.2260</u>	<u>0.2047</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2016 AND 2015

(Amounts stated in Euro thousand)

ASSETS	2016	2015
NON-CURRENT ASSETS:		
Goodwill	149,718	153,178
Intangible assets	13,098	15,167
Tangible fixed assets	16,609	15,476
Investments in associates	0	1,596
Assets held for sale	5	5
Transmission rights and TV programs	54,473	53,891
Other non-current assets	5,524	3,229
Deferred income tax assets	2,646	2,832
	<u>242,072</u>	<u>245,375</u>
CURRENT ASSETS:		
Transmission rights and TV programs	28,616	29,099
Inventories	-	13
Trade and other account receivable	38,020	39,791
Current tax assets	384	129
Other current assets	4,752	8,048
Cash and cash equivalents	1,235	5,545
	<u>73,007</u>	<u>82,626</u>
TOTAL ASSETS	<u><u>315,079</u></u>	<u><u>328,001</u></u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	89,584	89,584
Reserves	30,259	29,150
Profit for the period	19,101	17,300
Equity attributable to controlling interests	<u>138,944</u>	<u>136,034</u>
Total Equity	<u>138,944</u>	<u>136,034</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Borrowings	77,590	112,197
Provisions	6,898	7,108
Deferred income tax liabilities	1,226	1,294
	<u>85,715</u>	<u>120,598</u>
CURRENT LIABILITIES:		
Borrowings	21,738	5,572
Trade and other payables	40,273	38,746
Current tax liabilities	9	30
Other current liabilities	28,399	27,020
	<u>90,420</u>	<u>71,368</u>
Total liabilities	<u>176,135</u>	<u>191,967</u>
TOTAL EQUITY AND LIABILITIES	<u><u>315,079</u></u>	<u><u>328,001</u></u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 AND 2015
(Amounts stated in Euro thousand)

	<u>2016</u>	<u>2015</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	233,380	225,392
Cash paid to suppliers	(111,212)	(116,871)
Cash paid to employees	(41,840)	(41,944)
Cash generated from operations	<u>80,328</u>	<u>66,577</u>
Cash received/(paid) relating to income tax	(67)	176
Other cash received/(paid) relating to operating activities	(42,042)	(37,637)
Net cash from operating activities (1)	<u>38,219</u>	<u>29,116</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
The sale of subsidiaries	700	52
Disposal of fixed tangible and intangible assets	2,210	8,948
Disposal of assets held for sale	-	9
Dividends	63	112
Interest and similar income	0	53
Loans granted	-	3,323
	<u>2,972</u>	<u>12,498</u>
Payments resulting from:		
Business concentrations	(612)	(8,924)
Acquisition of tangible assets	(4,891)	(7,316)
Acquisition of intangible assets	(540)	(295)
Loans granted	-	(58)
	<u>(6,044)</u>	<u>(16,593)</u>
Net cash from /(used in) investing activities (2)	<u>(3,071)</u>	<u>(4,096)</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	<u>158,147</u>	<u>139,298</u>
Cash paid relating to:		
Borrowings	(176,971)	(139,985)
Leases	(690)	(1,143)
Interest and other similar expenses	(3,724)	(4,325)
Dividends	(16,058)	(15,821)
Other financial expenses	(162)	(499)
	<u>(197,604)</u>	<u>(161,772)</u>
Net cash from/(used in) financing activities (3)	<u>(39,457)</u>	<u>(22,474)</u>
Cash and equivalents at the beginning of the year	5,545	2,996
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	(4,310)	2,547
Exchange rate effect	(1)	3
Cash and equivalents at the end of the year	1,235	5,545