

A large, light gray, stylized graphic of a wheel or gear, centered on the page and partially obscured by a blue horizontal band.

# First Half 2018 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 2018 RESULTS

Media Capital presents its 1H 2018 results, reinforcing its leadership among the Portuguese media

- In the first six months of the year, **Media Capital kept its leadership in audiences and profitability**, strengthening its position in the competitive Portuguese media sector.
- **Net profit** improved 26% YoY, due to the growth in operating revenues, EBITDA and financial results.
- **Advertising revenues** were up 3%.
- Consolidated **EBITDA** reached € 19.4 million, 12% above the comparable period.
- **Financial results** improved 31% YoY, due to the lower average volume of net debt, lower all-in interest rate and favorable FX differences.
- The **TV** segment had an EBITDA of € 14.8 million. **TVI** kept the leadership in TV audience share for the 143<sup>th</sup> straight month, achieving an average of 20.6% and 23.8% in all day and prime time, respectively. The gap over the second most watched channel was 3.8pp in all day and 3.1pp in prime time. TVI's leadership in audiences was also maintained when analyzing by groups of channels (TVI, TVI24, TVI Ficção and TVI Reality, in the case of TVI), with 23.7% in all day and 26.4% in prime time, i.e., respectively 3.4pp and 2.5pp above the second most watched group of channels, although TVI has a lower number of channels.
- The **Radio** segment continued to improve its EBITDA, which in this period rose by 35% YoY to € 3.5 million, with a margin of 36.8%. Media Capital's radios continued to increase their audience levels, reaching 38.3% in the third reading of 2018 – 4.4pp above the main competitor and 0.2pp higher than its own reading of comparable period of 2017. Such performance benefited from the success of Radio Comercial's clear leadership (26.1%), which reached the highest number of listeners ever for a Portuguese radio, as well as to M80's, which reinforced its ranking as the third most listened to radio in Portugal.
- In the **Digital** business there was a strong improvement in audiences and revenues. In the comparison against the comparable period of 2017, the number of visits, page views and videos rose by 21%, 18% and 46% respectively, thus decisively contributing for the 19% increase in advertising revenues.
- It is worth highlighting the **cash flow generation**, with an improvement in operating cash flow from € 14.4 million to € 23.2 million, whereas net debt came down € 21.2 million and € 31.4 million when comparing against YE 2017 and June 2017, respectively. Hence, net debt stood at € 74.1 million at the end of June.

Queluz de Baixo, 20th July 2018



## 1. Consolidated P&L

€ thousand	1H 2018	1H 2017	% Var	Q2 2018	Q2 2017	% Var
<b>Total operating revenue</b>	<b>86,876</b>	<b>79,033</b>	<b>10%</b>	<b>48,149</b>	<b>43,957</b>	<b>10%</b>
Television	71,368	65,295	9%	39,584	36,645	8%
Audiovisual Production	15,713	12,519	26%	8,202	5,861	40%
Radio	9,536	9,143	4%	5,504	5,193	6%
Others	8,020	7,804	3%	4,138	3,886	6%
Consolidation Adjustments	(17,761)	(15,728)	(13%)	(9,279)	(7,628)	(22%)
<b>Total operating expenses ex-D&amp;A</b>	<b>67,449</b>	<b>61,702</b>	<b>9%</b>	<b>33,921</b>	<b>31,641</b>	<b>7%</b>
<b>EBITDA</b>	<b>19,427</b>	<b>17,331</b>	<b>12%</b>	<b>14,228</b>	<b>12,316</b>	<b>16%</b>
<b>EBITDA Margin</b>	<b>22.4%</b>	<b>21.9%</b>	<b>0.4pp</b>	<b>29.5%</b>	<b>28.0%</b>	<b>1.5pp</b>
Television	14,787	15,136	(2%)	11,436	11,148	3%
Audiovisual Production	103	(1,670)	N/A	(24)	(1,006)	98%
Radio	3,508	2,597	35%	2,391	1,798	33%
Others	237	417	(43%)	264	72	267%
Consolidation Adjustments	793	850	(7%)	160	303	(47%)
Depreciation and amortisation	3,028	3,838	(21%)	1,501	1,973	(24%)
<b>Operating income (EBIT)</b>	<b>16,399</b>	<b>13,493</b>	<b>22%</b>	<b>12,727</b>	<b>10,344</b>	<b>23%</b>
Financing Results	(1,616)	(2,334)	31%	(627)	(1,237)	49%
<b>Profit / (Loss) Before Inc. Tax and No Contrl. Int.</b>	<b>14,783</b>	<b>11,159</b>	<b>32%</b>	<b>12,099</b>	<b>9,107</b>	<b>33%</b>
Income Taxes	(4,292)	(2,840)	(51%)	(3,548)	(2,699)	(31%)
<b>Profit / (Loss) from Continued Operations</b>	<b>10,491</b>	<b>8,319</b>	<b>26%</b>	<b>8,551</b>	<b>6,407</b>	<b>33%</b>
<b>Net Profit / (Loss) for the Period</b>	<b>10,491</b>	<b>8,319</b>	<b>26%</b>	<b>8,551</b>	<b>6,407</b>	<b>33%</b>

In the first six months of 2018, **operating revenues** were up 10%, reaching € 86.9 million (€ 79.0 million in 1H 2017). **Opex** (excluding D&A) was also up, in this case by 9%, from € 61.7 million towards € 67.4 million.

The YoY evolution of both operating revenues and costs reflected, on top of the ordinary activity, the impact of the **adoption of IFRS 15** since 1 January 2018 - Revenues from Contracts with Customers. This implied an increase in both revenues and costs in the exact same amount (€ 5.0 million), i.e. neutral EBITDA and cash flow wise. Without such impact, operating revenues and costs would have increased by 4% and 1% on a YoY basis respectively. In the second quarter, the said evolution was +4% and 0%, respectively.

**Consolidated EBITDA** was € 19.4 million, increasing 12% YoY. EBITDA margin went from 21.9% to 22.4% (+0.4pp). Excluding the IFRS 15 impact, there would have been an improvement of 1.8pp, from 21.9% to 23.7%. In 2Q, EBITDA jumped 16% to € 14.2 million.

**EBIT** was € 16.4 million, 22% better than the value of 1H 2017, benefiting also from lower depreciations and amortisations.

**Net financial results** improved by € 0.7 million, through the reduction in interest costs (due both to a lower average net debt and to a lower cost of debt) and to favorable FX differences.

**Net income** rose by 26% to € 10.5 million, whereas in the second quarter there was a 33% improvement, to € 8.6 million.

-----



€ thousand	1H 2018	1H 2017	% Var	Q2 2018	Q2 2017	% Var
<b>Operating revenue</b>	<b>86,876</b>	<b>79,033</b>	<b>10%</b>	<b>48,149</b>	<b>43,957</b>	<b>10%</b>
Advertising	58,600	57,101	3%	34,322	33,853	1%
Other revenues	28,276	21,932	29%	13,827	10,104	37%

In 1H 2018, **advertising revenues** had a positive evolution, having increased 3% YoY (+1% in 2Q). In the TV segment, advertising was up 2% (0% in 2Q), whereas in the Radio segment there was an increase of 3% (+4% in 2Q), while in the Other segment (which includes Digital, Music & Events, shared services and holding) the variation was quite positive (+19% year to date and +27% in 2Q).

**Other operating revenues**, which comprise mainly audiovisual production, sale of contents, multimedia and retransmission revenues, increased by 29% (+37% in 2Q). This variation was mostly due to the already mentioned adoption of IFRS 15, without which the YoY change would be +6% (+14% in 2Q), benefiting from retransmission revenues, among other, such as audiovisual production and events.

## 2. Television



€ thousand	1H 2018	1H 2017	Var %	Q2 2018	Q2 2017	Var %
<b>Operating revenue</b>	<b>71,368</b>	<b>65,295</b>	<b>9%</b>	<b>39,584</b>	<b>36,645</b>	<b>8%</b>
Advertising	48,019	46,948	2%	28,248	28,109	0%
Other revenues	23,350	18,347	27%	11,336	8,536	33%
<b>Operating Expenses, ex D&amp;A</b>	<b>56,581</b>	<b>50,159</b>	<b>13%</b>	<b>28,149</b>	<b>25,497</b>	<b>10%</b>
<b>EBITDA</b>	<b>14,787</b>	<b>15,136</b>	<b>(2%)</b>	<b>11,436</b>	<b>11,148</b>	<b>3%</b>
EBITDA margin	20.7%	23.2%	(2.5pp)	28.9%	30.4%	(1.5pp)
Depreciation and amortisation	1,236	1,451	(15%)	616	717	(14%)
<b>Operating income (EBIT)</b>	<b>13,550</b>	<b>13,686</b>	<b>(1%)</b>	<b>10,820</b>	<b>10,431</b>	<b>4%</b>

Considering the TVI FTA (generalist) channel, TVI24, TVI Ficção and TVI Reality, TVI's aggregate group of channels led audiences, with 23.7% in all day and 26.4% in prime time (20h-24h). Such leadership was also maintained in the main commercial target - Adults - as shown below.

All Day (%)	UNIVERSE	ADULTS
<b>TVI Group</b>	<b>23.7</b>	<b>24.6</b>
SIC Group	20.3	20.9
RTP Group	16.6	17.3

Prime Time (%)	UNIVERSE	ADULTS
<b>TVI Group</b>	<b>26.4</b>	<b>27.1</b>
SIC Group	23.9	24.5
RTP Group	16.2	16.8



In terms of individual channels, TVI's generalist channel confirmed yet again its #1 position for the 143<sup>th</sup> consecutive month, with a share of 20.6% in all day, 3.8pp above the closest competitor and 8.2pp above the third most watched channel. TVI is the leader in this commercial target since 2005.

In 2018, TVI also ranks in the first place in the main commercial target - Adults - obtaining a share of 21.4%, i.e. 4.0pp and 8.3pp above the second and third players, respectively.

In prime time, TVI also beats the competition, with a share of 23.8%, meaning 3.1pp above the second channel and an 11.5pp advantage over the third one. TVI leads in this time slot since 2001.

A similar position was achieved in the Adults target, with TVI capturing a 24.4% share, while the second and third most watched channels had 21.4% and 12.8%, respectively.

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

In **fiction**, TVI led with the two novelas that have been aired this year: "A Herdeira", with an average audience of 1 million and 273 thousand viewers, being currently the most watched novela in Portugal, and "Jogo Duplo", airing latter in the night, and with an average audience of 815 viewers, also leading its time slot.

In **entertainment**, TVI's programmes continue to outbeat the competition, with a special emphasis on "Secret Story 7", which had an average audience of more than 1 million and 224 thousand viewers. "Secret Story - O Reencontro" was also a success, whereas the galas led Sunday nights, with an average audience of 1 million and 190 thousand viewers. "Apanha se Puderdes" continues to be a success, as it leads audiences in access to prime since its premiere. "Masterchef Junior" also posted impressive audience figures. Finally, the new program "Conta-me Como És", airing Saturday

early afternoons, had outstanding results, boosting audiences in that time slot.

TVI's **news** programing keeps its leading position both at lunchtime, with "Jornal da Uma" and at dinnertime, with "Jornal das 8".

**TVI24** kept its #1 ranking among news channels in prime time, with an average audience of 65 thousand views. In the first six months of 2018, out of the 25 most watched programmes broadcasted on news channels, 18 belong to TVI24's.

The **TVI Reality** channel leveraged on the success of "Secret Story 7" and "Secret Story - O Reencontro", ranking #22 in the overall channels list, with a total audience of 363 thousand viewers.

As regards the **sale of contents**, in 1H 2018 it was reached a new record in the number of countries where TVI's fiction is exhibited - 75, as "Ouro Verde" and "A Única Mulher" were sold to the North American market. Also, "A Herdeira" was sold to both Angola and Mozambique, whereas TVI's miniseries were sold to the US VOD and SVOD markets.

**TVI Internacional** continues to increase its worldwide footprint, and is currently broadcasted in more than 40 platforms and in 22 territories around the World.

**TVI Ficção** is broadcasted in 14 territories, and became available in two more platforms in Luxemburg and one more in Switzerland.

TVI was the big winner of the prizes "Troféus de Televisão" ("Television Trophies"), winning 16 out of the 24 available prizes. The main highlight was in fiction, with TVI winning all the prizes in the *novelas* category (6 in 6), while 2 of the 3 prizes in

the series category were also attributed to TVI's stars. In entertainment, the winning talk-show was TVI's "Você na TV" and the best hosts were also TVI's. In news, TVI won the prize for best investigative journalism piece, with Ana Leal being considered the best TV journalist, while José Carlos Araújo was named as the best news anchor. TVI24's sports program "Maisfutebol" won in its category.

## FINANCIAL PERFORMANCE

Regarding financial performance, **operating revenues** were up 9% YoY (2% without the impact from the adoption of IFRS 15, which only affected the line of "other revenues" and not EBITDA nor cash flow). In the second quarter, the YoY variation was +8% (+2% excluding the IFRS 15 effect).

**Advertising revenues** were up 2% (0% in the second quarter).

**Other revenues**, which encompass, among other, retransmission fees, sale of contents and multimedia services, were up 27% (0% if IFRS 15 adoption is taken out). In April-June, the YoY growth was 33% (6% excluding IFRS 15).

**Opex** increased 13% YoY or 3% if excluding IFRS 15 impacts, due to the effort put in better quality contents. In the quarter, the YoY variations were +10% and +1%, respectively.

**EBITDA** was € 14.8 million (-2% YoY), with a margin of 20.7% (22.3% excluding IFRS 15 adoption). Nonetheless, in the 2Q, EBITDA improved 3% to € 11.4 million, with a margin of 28.9% (30.7% excluding IFRS 15).

## 3. Audiovisual Production



€ thousand	1H 2018	1H 2017	Var %	Q2 2018	Q2 2017	Var %
<b>Operating revenue</b>	<b>15,713</b>	<b>12,519</b>	<b>26%</b>	<b>8,202</b>	<b>5,861</b>	<b>40%</b>
Advertising	0	0	-	0	0	-
Other revenues	15,713	12,519	26%	8,202	5,861	40%
<b>Operating Expenses, ex D&amp;A</b>	<b>15,610</b>	<b>14,189</b>	<b>10%</b>	<b>8,226</b>	<b>6,867</b>	<b>20%</b>
<b>EBITDA</b>	<b>103</b>	<b>(1,670)</b>	<b>N/A</b>	<b>(24)</b>	<b>(1,006)</b>	<b>98%</b>
EBITDA margin	0.7%	-13.3%	14.0pp	-0.3%	-17.2%	16.9pp
Depreciation and amortisation	954	1,614	(41%)	476	811	(41%)
<b>Operating income (EBIT)</b>	<b>(851)</b>	<b>(3,284)</b>	<b>74%</b>	<b>(500)</b>	<b>(1,817)</b>	<b>72%</b>

Plural continues to be one 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 Q1 2018, it kept its leadership not only in fiction, with the production of the novelas “A Herdeira” and “Jogo Duplo”, but also in entertainment, through the adaptation of the international format “Apanha se Puderés” (“Raid the Cage”), a contest which leads audience since its debut, in the 7-8pm time slot.

Furthermore, EMAV (technical services and equipment) rendered its services to several important audiovisual players in Iberia, and was responsible for the technical support to the broadcasting of various sports. In turn, EPC (scenery design and construction) was again one of the main suppliers in the Portuguese market – in the areas of entertainment, fiction and news, among other, with a special highlight for the involvement in the Eurovision Song Contest.

This segment had **operating revenues** of € 15.7 million (+26 YoY), primarily due to a substantial increase of content production in Portugal.

In **Portugal**, revenues were up 24% YoY, mostly as a result of higher content production for television.

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

**Opex** increased by 10% YoY (+20% in the quarter), due to the higher activity.

Hence, **EBITDA** reached a positive figure of € 0.1 million, improving € 1.8 million vs 1H 2017.

## 4. Radio

€ thousand	1H 2018	1H 2017	Var %	Q2 2018	Q2 2017	Var %
<b>Operating revenue</b>	<b>9,536</b>	<b>9,143</b>	<b>4%</b>	<b>5,504</b>	<b>5,193</b>	<b>6%</b>
Advertising	9,056	8,808	3%	5,197	5,001	4%
Other revenues	480	335	43%	307	192	60%
<b>Operating Expenses, ex D&amp;A</b>	<b>6,028</b>	<b>6,546</b>	<b>(8%)</b>	<b>3,113</b>	<b>3,395</b>	<b>(8%)</b>
<b>EBITDA</b>	<b>3,508</b>	<b>2,597</b>	<b>35%</b>	<b>2,391</b>	<b>1,798</b>	<b>33%</b>
EBITDA margin	36.8%	28.4%	8.4pp	43.4%	34.6%	8.8pp
Depreciation and amortisation	562	490	15%	277	298	(7%)
<b>Operating income (EBIT)</b>	<b>2,945</b>	<b>2,107</b>	<b>40%</b>	<b>2,115</b>	<b>1,500</b>	<b>41%</b>

Audience data continues to underline the good performance of the various radio stations held by Media Capital Rádios (MCR).

In the third audience measurement published in 2018, **MCR posted a leading aggregate share of 38.3%**, 4.4pp better than its closest competitor and 0.2pp above the equivalent audience reading of 2017.

It is worth highlighting the performance of **Radio Comercial**, which improved its share to 26.1% (#1). More importantly, Radio Comercial registered the highest level ever of listeners for a Portuguese radio (18.0%, corresponding to more than 1.5 million people).

In turn, **M80** had yet again a significant figure, with an average Ytd share of 8.2% (in line with the number posted in the comparable period of the last

year). **M80** thus continues to be not only the most-listened-to radio station among those without a nationwide coverage, but it also stands out as the third most-listened-to radio station in the country.

As for other formats, **Cidade FM** had a share of 2.8% (vs 2.4% a year before).

On financial grounds, **advertising revenues** improved 3% YoY (4% in 2Q), while other operating revenues grew 43% to € 0.5 million (60% to € 0.3 million in 2Q), driven mostly by events and spots production.

Operating efficiency continued, with **Opex** decreasing 8% YoY.

**EBITDA** soared 35% to € 3.5 million, with a 36.8% margin (+33% to € 2.4 million in 2Q, with a margin of 43.4%).



## 5. Others



€ thousand	1H 2018	1H 2017	Var %	Q2 2018	Q2 2017	Var %
<b>Operating revenue</b>	<b>8,020</b>	<b>7,804</b>	<b>3%</b>	<b>4,138</b>	<b>3,886</b>	<b>6%</b>
Advertising	1,726	1,452	19%	1,032	813	27%
Other revenues	6,294	6,352	(1%)	3,106	3,073	1%
<b>Operating Expenses, ex D&amp;A</b>	<b>7,782</b>	<b>7,387</b>	<b>5%</b>	<b>3,873</b>	<b>3,814</b>	<b>2%</b>
<b>EBITDA</b>	<b>237</b>	<b>417</b>	<b>(43%)</b>	<b>264</b>	<b>72</b>	<b>267%</b>
EBITDA margin	3.0%	5.3%	(2.4pp)	6.4%	1.9%	4.5pp
Depreciation and amortisation	276	283	(3%)	132	146	(9%)
<b>Operating income (EBIT)</b>	<b>(38)</b>	<b>134</b>	<b>N/A</b>	<b>132</b>	<b>(74)</b>	<b>N/A</b>

This segment includes the remaining business areas of Media Capital, including Digital, Music & Events, holding and shared services.

Despite the strong competitive environment, MCD continued to improve the quality and audiences of its network of sites, with positive impact on several KPI's.

In the first half of the year, the digital activity of Media Capital was marked by a relevant improvement of both audiences and revenues, boosted by MCD's core projects, namely TVI and TVI Player (outstanding performance of "Secret Story 7", "A Herdeira" and "Jogo Duplo"), TVI24, Maisfutebol and the Social & Lifestyle concept "Selfie". On a YtD basis, the overall digital projects had a relevant growth in visits, page views and videos of 21%, 18% and 46%, respectively.

The reinforcement of partnerships is critical in Media Capital's both day-to-day and strategic mindset. An example of this is the exclusive representation in Portugal of the main worldwide weather brand – The Weather Channel (TWC), encompassing on screen and online differentiating solutions for advertisers and brands on TWC's website and app.

On the innovation chapter, the "Secret Story 7" app had a sizable acknowledgement by the public and several media, as well as by the software development industry – for the first time in Portugal a TV show used artificial intelligent and machine learning technologies. As a result, the app usage tripled when comparing with previous apps of the same format, while also increasing the registered number of users, towards 300 thousand.

In what concerns branded content, the highlight goes to the projects "NOS Primavera Sound",

"Festival da Comida Continente" and "Millennium Estoril Open".

In sports, the first half of the year was marked by the reinforcement of the brand "Maisfutebol", with a new app, launched before the FIFA World Cup.

The first quarter was also impacted by the 25<sup>th</sup> birthdate of TVI, an event that triggered several digital initiatives, namely a dedicated website, with a video chronology of the main historical events of the channel throughout the years, and production and broadcasting for digital and for TVI Ficção channel of the programme "Alerta Gala".

In TVI Player (TVI's OTT), it is worth mentioning the support to Portuguese comedy, with the event "Mês da Comédia" (Comedy Month), which had the participation of several well-known comedians. Regarding users outside Portugal, it several new alternative were introduced for online payments regarding the subscription of the channels TVI Ficção and TVI Reality.

In terms of the presence in social networks, the Group's brands either maintained or increased their awareness vs direct competition, mostly on Instagram, Facebook and YouTube. As an example, TVI had a share of voice of 70% among FTA channels, while being the first brand in its segment to reach 1 million followers on Facebook and 250 thousand on Instagram. Still in social media, TVI became the first media company in Portugal as Partner Seller of its channels on YouTube.

On financial grounds, **advertising** increased by 19% YoY (+27% in 2Q), whilst **other revenues** were down 1% (+1% in 2Q).

The accumulated EBITDA was € 0.2 million, comparing with € 0.4 million a year ago.



## 6. Capex

€ thousand	1H 2018	1H 2017	% Var	Q2 2018	Q2 2017	% Var
<b>Capex</b>	<b>1,025</b>	<b>1,262</b>	<b>(19%)</b>	<b>655</b>	<b>845</b>	<b>(23%)</b>
Television	548	701	(22%)	347	463	(25%)
Audiovisual Production	403	410	(2%)	279	294	(5%)
Radio	25	52	(52%)	10	17	(39%)
Others	49	99	(50%)	18	72	(74%)

During 1H 2018, Media Capital registered a capex of € 1.0 million, 19% below last year's comparable period.

All segments showed a reduction of this KPI.



## 7. Cash Flow

€ thousand	1H 2018	1H 2017	Var %	Q2 2018	Q2 2017	Var %
Receipts	113,198	105,215	8%	62,235	55,524	12%
Payments	(89,973)	(90,797)	1%	(45,014)	(43,361)	(4%)
<b>Cash flows op. activities (1)</b>	<b>23,226</b>	<b>14,418</b>	<b>61%</b>	<b>17,221</b>	<b>12,163</b>	<b>42%</b>
Receipts	1,286	8	15171%	0	8	(100%)
Payments	(1,852)	(4,054)	54%	(495)	(1,047)	53%
<b>Cash flows inv. activities (2)</b>	<b>(566)</b>	<b>(4,046)</b>	<b>86%</b>	<b>(495)</b>	<b>(1,039)</b>	<b>52%</b>
Receipts	61,930	71,710	(14%)	36,783	43,647	(16%)
Payments	(84,382)	(81,965)	(3%)	(53,283)	(54,108)	2%
<b>Cash flows fin. activities (3)</b>	<b>(22,453)</b>	<b>(10,254)</b>	<b>(119%)</b>	<b>(16,500)</b>	<b>(10,461)</b>	<b>(58%)</b>
Cash at the beginning of the period	294	1,235	(76%)	275	689	(60%)
Variation of cash (4) = (1) + (2) + (3)	207	118	75%	226	664	(66%)
Effect of FX differences	0	(1)	N/A	1	(0)	N/A
<b>Cash at the end of the period</b>	<b>502</b>	<b>1,352</b>	<b>(63%)</b>	<b>502</b>	<b>1,352</b>	<b>(63%)</b>

**Cash flow from operating activities** was € 23.2 million, which positively compares with € 14.4 million in the previous year's first half. The variation is chiefly related with both cash inflows and outflows in the television segment.

**Cash flow from investing activities** was € -0.6 million (€ -4.0 million in 1H 2017). Cash flow related with tangible and intangible assets was € -

1.9 million, comparing with € -4.1 million registered a year ago.

**Cash flow from financing** activities reached € -22.5 million (€ -10.3 million in 1H 2017), reflecting the movements in operating and investing activities, and the change in cash and equivalents.





## 8. Net Debt

€ thousands	Jun 18	Dez 17	Abs Var	% Var	Jun 17	Abs Var	% Var
<b>Group financial debt</b>	<b>74,609</b>	<b>95,557</b>	<b>(20,948)</b>	<b>(22%)</b>	<b>106,865</b>	<b>(32,256)</b>	<b>(30%)</b>
Bank loans / Commercial paper / Bonds	73,941	94,765	(20,824)	(22%)	106,242	(32,301)	(30%)
Other debt	669	792	(123)	(16%)	623	45	7%
<b>Cash &amp; equivalents</b>	<b>502</b>	<b>294</b>	<b>207</b>	<b>70%</b>	<b>1,352</b>	<b>(850)</b>	<b>(63%)</b>
<b>Net debt</b>	<b>74,108</b>	<b>95,262</b>	<b>(21,155)</b>	<b>(22%)</b>	<b>105,513</b>	<b>(31,405)</b>	<b>(30%)</b>

**Net debt** decreased € 21.2 million vs the end of 2017, standing at € 74.1 million at the end of June 2018.

When comparing against June 2017, the reduction was higher, reaching € 31.4 million.

Media Capital maintains a comfortable capital structure.

GRUPO MÉDIA CAPITAL, S.G.P.S. S.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2018 AND 2017
(Amounts stated in Euro thousand)

	6 months ended		3 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
<b>OPERATING REVENUES:</b>				
Services rendered	63,088	60,671	36,706	35,397
Other operating revenue	23,788	18,362	11,443	8,560
Total operating revenue	<u>86,876</u>	<u>79,033</u>	<u>48,149</u>	<u>43,957</u>
<b>OPERATING EXPENSES:</b>				
Cost of programs broadcasted and goods sold	(8,959)	(10,704)	(3,984)	(5,669)
Subcontrats and third party supplies	(37,324)	(30,126)	(19,236)	(15,280)
Payroll expenses	(20,820)	(20,655)	(10,437)	(10,586)
Depreciation and amortization	(3,028)	(3,838)	(1,501)	(1,973)
Provisions and impairment losses	(137)	(84)	(80)	(72)
Other operating expenses	(209)	(133)	(184)	(35)
Total operating expenses	<u>(70,477)</u>	<u>(65,540)</u>	<u>(35,422)</u>	<u>(33,613)</u>
Net operating profit	<u>16,399</u>	<u>13,493</u>	<u>12,727</u>	<u>10,344</u>
<b>FINANCIAL EXPENSES:</b>				
Financial expense	(1,754)	(2,365)	(755)	(1,252)
Financial income	138	31	127	16
Finance costs, net	<u>(1,616)</u>	<u>(2,334)</u>	<u>(627)</u>	<u>(1,237)</u>
Profit before tax	<u>14,783</u>	<u>11,159</u>	<u>12,099</u>	<u>9,107</u>
Income tax expense	(4,292)	(2,840)	(3,548)	(2,699)
Consolidated net profit for continued operations	<u>10,491</u>	<u>8,319</u>	<u>8,551</u>	<u>6,407</u>
Attributable to:				
Equity holders of the parent	10,491	8,319	8,551	6,407
<b>Earnings per share (Euros)</b>				
Basic	0.1241	0.0984	0.1012	0.0758
Diluted	<u>0.1241</u>	<u>0.0984</u>	<u>0.1012</u>	<u>0.0758</u>

GRUPO MÉDIA CAPITAL, S.G.P.S. S.A.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2018 AND 31 DECEMBER 2017

(Amounts stated in Euro thousand)

<u>ASSETS</u>	<u>30.06.2018</u>	<u>31.12.2017</u>
<b>NON-CURRENT ASSETS:</b>		
Goodwill	149,374	149,374
Intangible assets	10,048	10,663
Tangible fixed assets	13,777	15,166
Assets held for sale	5	5
Transmission rights and TV programs	49,969	50,971
Other non-current assets	2,544	3,937
Deferred income tax assets	2,136	2,388
	<u>227,853</u>	<u>232,504</u>
<b>CURRENT ASSETS:</b>		
Transmission rights and TV programs	30,694	30,219
Trade and other account receivable	29,765	33,629
Current tax assets	388	340
Other current assets	5,277	4,258
Cash and cash equivalents	502	294
	<u>66,625</u>	<u>68,741</u>
<b>TOTAL ASSETS</b>	<u>294,478</u>	<u>301,244</u>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>EQUITY:</b>		
Share capital	89,584	89,584
Reserves	50,837	32,071
Profit for the period	10,491	19,787
Equity attributable to controlling interests	<u>150,912</u>	<u>141,442</u>
Total Equity	<u>150,912</u>	<u>141,442</u>
<b>LIABILITIES:</b>		
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	40,360	61,233
Provisions	5,737	5,798
Deferred income tax liabilities	1,125	1,159
	<u>47,222</u>	<u>68,190</u>
<b>CURRENT LIABILITIES:</b>		
Borrowings	34,250	34,324
Trade and other payables	36,260	31,370
Current tax liabilities	-	5
Other current liabilities	25,834	25,914
	<u>96,344</u>	<u>91,613</u>
Total liabilities	<u>143,566</u>	<u>159,803</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>294,478</u>	<u>301,244</u>

GRUPO MÉDIA CAPITAL, SGPS, S.A.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018 AND 2017

(Amounts stated in Euro thousand)

	<u>30.06.2018</u>	<u>30.06.2017</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	113,198	105,215
Cash paid to suppliers	(50,428)	(53,993)
Cash paid to employees	(20,483)	(21,122)
Cash generated from operations	<u>42,287</u>	<u>30,101</u>
Cash received/(paid) relating to income tax	6	326
Other cash received/(paid) relating to operating activities	(19,068)	(16,008)
Net cash from operating activities (1)	<u>23,226</u>	<u>14,418</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
The sale of subsidiaries	1,286	-
Disposal of fixed tangible and intangible assets	-	8
Interest and similar income	0	-
	<u>1,286</u>	<u>8</u>
Payments resulting from:		
Acquisition of tangible assets	(1,701)	(3,779)
Acquisition of intangible assets	(151)	(275)
	<u>(1,852)</u>	<u>(4,054)</u>
Net cash from /(used in) investing activities (2)	<u>(566)</u>	<u>(4,046)</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	61,930	71,710
	<u>61,930</u>	<u>71,710</u>
Cash paid relating to:		
Borrowings	(82,850)	(62,212)
Leases	(152)	(254)
Interest and other similar expenses	(1,304)	(1,675)
Dividends	-	(17,748)
Other financial expenses	(76)	(76)
	<u>(84,382)</u>	<u>(81,965)</u>
Net cash from/(used in) financing activities (3)	<u>(22,453)</u>	<u>(10,254)</u>
Cash and equivalents at the beginning of the period	294	1,235
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	207	118
Exchange rate effect	0	(1)
Cash and equivalents at the end of the period	502	1,352