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Full Year Results 2015

Grupo Media Capital, SGPS, S.A.

NOTE:

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



- Leader for the 11th consecutive year
- Leadership as group of channels
- New contents in local drama and entertainment : “A Única Mulher”, “Santa Bárbara”, “MasterChef”, “Secret Story”, “The Money Drop”, “Pequenos Gigantes”, “Dança com as Estrelas”, “A Quinta”
- TVI24 – leader among news channels in June; higher growth among the top10 cable channels
- TVI Ficção and TVI Internacional enter new countries and platforms
- Launch of TVI África (Multichoice – Angola and Mozambique) and TVI Reality (NOS – Portugal)



- “A Única Mulher”, recorded in Angola and Portugal, is audience leader in prime time
- Premiered in September, “Santa Bárbara” leads against its direct competitors
- International sales of technical services and sceneries to Angola and Spain



- MCR – growth in audience share
Rádio Comercial - number one radio in Portugal



- Launch of TVI Player digital platform
- 15 years of IOL and Maisfutebol
- New apps – “Masterchef”, “Você na TV”, TVI24
- Reinforcement of the blogs’ network
- MaisFutebol with its best figures ever

Awards and honours:

- “Mulheres” nominated for an international Emmy and winner of 4 Áquila awards
- Maria João Mira, the writer of “A Única Mulher”, was distinguished in the Scripts Diversity category by the High Commission for Migration
- Plural awarded in the “Meios e Publicidade” prizes, as the best Audiovisual Producer in Portugal
- Rádio Comercial elected “Marca de Confiança” (trust brand) by the consumers, wins “Meios e Publicidade” awards in the radio category
- TVI Player wins World Summit Awards as the most innovative Media & News project in Portugal and the prize for best widget/app tv in the ACEPI Navegantes XXI

FULL YEAR RESULTS 2015

Media Capital's net income grew by 5%, reaching € 17.3 million

- In 2015, Media Capital's EBITDA improved 6% YoY in 4Q. For the full year, there was a slight decrease of 2%, to € 40.1 million, with a corresponding margin of 23%.
- Consolidated advertising revenues went up by 5% YoY in the quarter and 2% for 2015 as a whole.
- **TVI** kept the leadership in TV audiences, with an average share of 22.5% and 26.5% in all day and prime time respectively. The positive gap over the second most watched channel was 3.8pp in all day and 2.9pp in prime time. TVI leadership was also maintained when analysing groups of channels, with 25.4% in all day and 28.7% in prime time, i.e. respectively 3.3pp and 2.4pp above the second largest group of channels. In the last quarter of the year, TVI launched TVI África and TVI Reality, thus reinforcing its leadership in Portugal and further boosting its international presence.
- The **TV** segment posted an EBITDA of €13.0 million in Q4. For the full year, the EBITDA was € 31.6 million and the margin 22.3%.
- The **Audiovisual Production** segment registered an annual EBITDA of € 1.1 million (vs. € 1.0 million in 2014) and a 4Q EBITDA of € 1.3 million.
- The **Radio's** EBITDA was € 3.8 million in the quarter and € 7.0 million in 2015, which corresponds to a margin of 37.1% and to a 55% improvement over 2014. At the end of 2015, Rádio Comercial maintained its status as #1 radio station (24.4% share, corresponding to a 2.0pp lead over its main competitor), whereas the MCR's aggregate group of radios reached a average share of 34.7% (32.8% in 2014).
- The launch of **TVI Player** was a major success and a significant milestone in 2015. This free app for web, iPad and iPhone, as well as Android (smartphone and tablet) is optimised for video viewing, allowing viewers to assist TVI's channels contents both in live stream or VOD, as well as exclusive contents.
- Financial results improved substantially in 2015 (22%), chiefly due to the negotiation of the financing terms, which allowed for a cost reduction in this line.

Queluz de Baixo, February 25th, 2016



1. Consolidated P&L

€ thousand	2015	2014	% Var	Q4 2015	Q4 2014	% Var
Total operating revenue	174,386	179,773	-3%	53,219	51,432	3%
Television	141,661	147,274	-4%	41,084	42,290	-3%
Audiovisual Production	41,621	40,173	4%	13,489	10,768	25%
Radio	18,825	16,060	17%	6,782	4,655	46%
Others	16,587	18,021	-8%	4,278	4,949	-14%
Consolidation Adjustments	(44,308)	(41,754)	-6%	(12,413)	(11,230)	-11%
Total operating expenses ex-D&A	134,252	138,861	-3%	35,060	34,308	2%
EBITDA	40,134	40,912	-2%	18,159	17,124	6%
EBITDA Margin	23.0%	22.8%	0.3pp	34.1%	33.3%	0.8pp
Television	31,586	34,863	-9%	13,032	15,209	-14%
Audiovisual Production	1,097	975	12%	1,333	459	190%
Radio	6,988	4,515	55%	3,840	1,761	118%
Others	(194)	138	N/A	348	(244)	N/A
Consolidation Adjustments	657	421	56%	(395)	(61)	N/A
Depreciation and amortisation	9,176	8,477	8%	3,293	2,038	62%
Operating income (EBIT)	30,957	32,435	-5%	14,866	15,086	-1%
Financing Results	(5,906)	(7,572)	22%	(1,496)	(1,354)	-11%
Profit / (Loss) before inc. tax/ no contrl. Int.	25,051	24,863	1%	13,369	13,732	-3%
Income Taxes	(7,751)	(8,388)	8%	(4,256)	(4,595)	7%
Profit / (Loss) from continued operations	17,300	16,475	5%	9,113	9,137	0%
Net profit / (loss) for the period	17,300	16,475	5%	9,113	9,137	0%

In 2015, Media Capital recorded **consolidated operating revenues** of € 174.4 million, decreasing 3%. In the fourth quarter (4Q15), the YoY variation was +3%, reaching € 53.2 million.

2015 **consolidated opex** was down 3% (to € 134.3 million), despite registering a 2% increase to € 35.1 million, in the last quarter of the year.

Consolidated EBITDA improved 6% to € 18.2 million in 4Q15 and registered a 2% decrease on a full year basis, reaching € 40.1 million.

Consolidated EBIT was € 31.0 million (which compares with € 32.4 million in 2014), while **net profit** was € 17.3 million, thus improving 5% vs the previous year.



€ thousand	2015	2014	% Var	Q4 2015	Q4 2014	% Var
Operating revenue	174,386	179,773	-3%	53,219	51,432	3%
Advertising	116,574	114,126	2%	34,400	32,741	5%
Other revenues	57,812	65,647	-12%	18,819	18,691	1%

In terms of revenues, **advertising** went up by 2%. In the Television segment the increase was 1%, while in the Radio segment it rose by 9%. The Others segment (which includes digital, music and events, the holding and shared services) decreased by 8%. In 4Q14, the YoY variations were +4% (Television), 17% (Radio) and -7% (Others).

Other operating revenues, which comprise mainly the audiovisual production, multimedia and retransmission fees, rose 1% in 4Q15 due to the audiovisual production and radio segments, while other revenues in the TV segment were down 15%, mostly driven by multimedia services. The latter also justifies the 12% decrease for the annual consolidated figures.

2. Television

€ thousand	2015	2014	Var %	Q4 2015	Q4 2014	Var %
Operating revenue	141,661	147,274	-4%	41,084	42,290	-3%
Advertising	97,556	96,187	1%	28,866	27,836	4%
Other revenues	44,106	51,087	-14%	12,218	14,454	-15%
Operating Expenses, ex D&A	110,075	112,411	-2%	28,052	27,081	4%
EBITDA	31,586	34,863	-9%	13,032	15,209	-14%
EBITDA margin	22.3%	23.7%	-1.4pp	31.7%	36.0%	-4.2pp
Depreciation and amortisation	2,744	3,489	-21%	690	827	-17%
Operating income (EBIT)	28,843	31,374	-8%	12,341	14,382	-14%

Considering the aggregate groups of channels of each operator, TVI (comprising TVI, TVI24, +TVI, TVI Ficção and TVI Direct) achieved a share of 25.4% in all day and 28.7% in prime time (20-24h), again being the number one player (also in Adults target, with 26.2% in all day and 29.2% in prime time).

All Day (%)	UNIVERSE	ADULTS
TVI Group	25.4	26.2
SIC Group	22.1	22.8
RTP Group	18.1	19.1

Prime Time (%)	UNIVERSE	ADULTS
TVI Group	28.7	29.2
SIC Group	26.3	27.0
RTP Group	16.1	17.0



In terms of individual channels, TVI's generalist channel confirmed its #1 position, with a share of 22.5% in all day (3.8pp and 7.7pp above the second and third positions), according to GfK. TVI is also the undisputed leader in the main commercial target – individuals with 15-years of age and older (Adults) -, where it registered 23.2%, which is equivalent to a positive advantage of 3.9pp and 7.3pp over the main two competitors.

In prime time, TVI also ranked in the first place, with a reinforced share of 26.5%, meaning a 2.9 pp lead

over the next channel (12.9pp over the third). In the Adults commercial target, TVI posted a share of 26.9%, thus clearly ahead of the second (24.1%) and third (14.3%) most watched channels.

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 decreased by 4% (-3% YoY in the quarter). **Advertising revenues** were up 1% versus last year (+4% in 4Q14).

On the other hand, **other revenues**, which essentially include retransmission fees and multimedia services, were down 14% (-15% in the quarter). Such reduction was mainly due to lower revenues in TV shows whose main revenue stream comes from calls. It is worth mentioning as well a significant increase in the internationalization of local drama contents, produced by Plural and broadcasted by TVI.

Opex decreased 2% vs 2014 (+4% YoY in the quarter).

The combined evolution of revenues and costs resulted in an **EBITDA** of € 31.6 million, with a margin of 22.3%. 4Q14 EBITDA was € 13.0 million (31.7% margin).



3. Audiovisual Production

€ thousand	2015	2014	Var %	Q4 2015	Q4 2014	Var %
Operating revenue	41,621	40,173	4%	13,489	10,768	25%
Advertising	0	0	0%	0	0	0%
Other revenues	41,621	40,173	4%	13,489	10,768	25%
Operating Expenses, ex D&A	40,524	39,198	3%	12,155	10,308	18%
EBITDA	1,097	975	12%	1,333	459	190%
EBITDA margin	2.6%	2.4%	0.2pp	9.9%	4.3%	5.6pp
Depreciation and amortisation	3,166	3,152	0%	754	764	-1%
Operating income (EBIT)	(2,069)	(2,177)	N/A	580	(304)	N/A

The Audiovisual Production segment reached total **operating revenues** of € 41.6 million, thus increasing 4% (+25% YoY in 4Q, to € 13.5 million). Both the quarterly and annual figures include revenues related with the sale of non-core fixed assets.

In Portugal, operating revenues were up by 30% in 4Q15, due to the performance of television productions and construction and sale of sceneries, as well as the rendering of technical services (in Portugal and abroad). For 2015 as a whole, there was also an increase in television production, which offset the lower revenues from the remaining areas.

As for the activity in Spain, despite the slight improvement over the last quarter of the year, operating revenues decreased during 2015. This was the result of a more targeted approach, aimed at directing all the efforts towards projects with more visibility and less risk in terms of the expected margins.

Opex increased by 12% (18% YoY in 4Q), mostly due to the higher activity in Portugal.

All in all, **EBITDA** was € 1.3 million in 4Q and € 1.1 million in 2015, thus improving versus the comparable periods.



4. Radio

€ thousand	2015	2014	Var %	Q4 2015	Q4 2014	Var %
Operating revenue	18,825	16,060	17%	6,782	4,655	46%
Advertising	16,045	14,710	9%	4,660	3,985	17%
Other revenues	2,780	1,350	106%	2,122	670	217%
Operating Expenses, ex D&A	11,837	11,545	3%	2,942	2,894	2%
EBITDA	6,988	4,515	55%	3,840	1,761	118%
EBITDA margin	37.1%	28.1%	9.0pp	56.6%	37.8%	18.8pp
Depreciation and amortisation	2,898	1,485	95%	1,740	358	386%
Operating income (EBIT)	4,089	3,030	35%	2,099	1,403	50%

The audience data continues to underline the outstanding performance of the formats explored by MCR.

Indeed, the aggregate radio stations owned by Grupo Media Capital registered, in 2015, an **average audience share of 34.7%**, which compares to 33.3% in 2014. The performance of **Rádio Comercial** was quite positive, as it kept being the

#1 radio with an average share of 24.4%, thus improving by 1.7pp versus 2014 and 2.0pp above the closest competitor.

In turn, **m80** – the 70's, 80's e 90's hits radio – had an average share of 5.9% (5.8% in 2014). It continues to stand out as the most listened to radio station among the ones without a nationwide network.

As for the other formats, **Cidade** had an average share of 3.0%), thus keeping the leadership amongst the radio stations whose main target are the youngsters.

MCR's **advertising revenues** improved 9% YoY (+17% YoY in the quarter). The group estimates to have outperformed the market, thus gaining market share. Other operating revenues improved € 1.4 million (€ 1.5 million in 4Q15), due to credit recovery that took place in 2015.

Opex was up 3% in 2015, (+2% in 4Q15).

Hence, **EBITDA** was € 7 million (+55% YoY), with a margin of 37.1% (+9.0pp). In 4Q, EBITDA was up 118% to € 3.8 million.

In 2015, as part of the radio's business expansion, the group acquired assets, including licences, that were registered as intangible assets. The respective depreciations were considered according to the Group's depreciation policy.

5. Others

€ thousand	2015	2014	Var %	Q4 2015	Q4 2014	Var %
Operating revenue	16,587	18,021	-8%	4,278	4,949	-14%
Advertising	3,142	3,408	-8%	913	979	-7%
Other revenues	13,445	14,612	-8%	3,365	3,970	-15%
Operating Expenses, ex D&A	16,781	17,883	-6%	3,929	5,193	-24%
EBITDA	(194)	138	N/A	348	(244)	N/A
EBITDA margin	-1.2%	0.8%	-1.9pp	8.1%	-4.9%	13.1pp
Depreciation and amortisation	368	351	5%	108	89	22%
Operating income (EBIT)	(562)	(213)	-164%	240	(333)	N/A

This segment includes the following areas: Digital, Music & Events, 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 its page views, visits and download indicators.

The **launch of TVI Player** was a major success and a significant milestone in 2015. This free app for web, iPad and iPhone, as well as Android (smartphone and tablet) is optimised for video

viewing, allowing viewers to assist TVI's channels contents both in live stream or VOD, as well as exclusive contents.

Advertising revenues were down 8% YoY (-7% in 4Q15), while **other revenues** dropped 8% and 15% in 4Q15.

In 4Q15, the **EBITDA** of the segment was positive by € 348 thousand, which compares to € -244 thousand in 4Q14. On an annual basis, EBITDA was € -194 thousand, which compares to € 138 thousand in the previous year.

6. Cash Flow

€ thousand	2015	2014	Var %	Q4 2015	Q4 2014	Var %
Receipts	225,392	219,651	3%	60,837	58,247	4%
Payments	(196,276)	(208,587)	6%	(48,411)	(45,889)	-5%
Cash flows op. activities (1)	29,116	11,064	163%	12,426	12,358	1%
Receipts	12,498	3,193	291%	8,941	358	2396%
Payments	(16,593)	(6,714)	-147%	(10,210)	62	N/A
Cash flows inv. activities (2)	(4,096)	(3,521)	-16%	(1,269)	421	N/A
Receipts	139,298	218,109	-36%	31,407	(38,185)	N/A
Payments	(161,772)	(227,895)	29%	(38,640)	25,646	N/A
Cash flows fin. activities (3)	(22,474)	(9,787)	-130%	(7,233)	(12,539)	N/A
Cash at the beginning of the period	2,996	5,237	-43%	1,621	2,751	-41%
Variation of cash (4) = (1) + (2) + (3)	2,547	(2,243)	N/A	3,924	240	1533%
Effect of FX variations	3	2	38%	0	4	-93%
Cash at the end of the period	5,545	2,996	85%	5,545	2,996	85%

Cash flow from operating activities was € 29.1 million, which compares with € 11.1 million in 2014.

It is worth pointing out that a relevant part of the improvement (€ 8.6 million, to be more precise) was due the replacement of the amount the Group had in factoring with a cheaper source of funds (bond issue).

Cash flow from investing activities was € -4.1 million, which compares with € -3.5 million in

2014. The cash outflow related with tangible and intangible assets was € -7.6 million, mainly due to the reduced capex in the first nine months of 2014 and high capex at the end of 2014 (with related payments taking place already in 2015).

Cash flow from financing activities amounted to € -22.5 million, reflecting the movements of both operating and investing activities, as well as the dividends paid out (€ 15.8 million) and the lower level of cash and equivalents vs. the end of the of 2014.



7. Net Debt

€ thousands	Dic 15	Dec 14	Abs Var	% Var
Group financial debt	117,768	118,719	(950)	-1%
Bank loans / Commercial paper / Bonds	117,160	117,154	6	0%
Other debt	609	1,565	(957)	-61%
Cash & equivalents	5,545	2,996	2,550	85%
Net debt	112,223	115,723	(3,500)	-3%

Despite the amount of dividends (€ 15.8 million), **net debt** decreased 3% (€ -3.5 million) vs the end of 2014, standing at the end of 2015 at 112.2 million.

It is worth mentioning that leaseings, in a global amount of € 0.6 million, are included in the figure above. Thus, Media Capital maintains a comfortable capital structure.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2015 AND 2014

(Amounts stated in Euro thousand)

ASSETS	2015	2014
NON-CURRENT ASSETS:		
Goodwill	153,178	153,568
Intangible assets	15,167	13,829
Tangible fixed assets	15,476	16,255
Investments in associates	1,596	1,685
Assets held for sale	5	8
Transmission rights and TV programs	53,891	48,481
Other non-current assets	3,229	3,693
Deferred income tax assets	2,832	3,536
	<u>245,375</u>	<u>241,055</u>
CURRENT ASSETS:		
Transmission rights and TV programs	29,099	33,585
Inventories	13	38
Trade and other account receivable	39,791	41,943
Current tax assets	129	245
Other current assets	8,048	12,180
Cash and cash equivalents	5,545	2,996
	<u>82,626</u>	<u>90,987</u>
TOTAL ASSETS	<u>328,001</u>	<u>332,042</u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	89,584	89,584
Reserves	29,150	28,829
Profit for the period	17,300	16,475
Equity attributable to controlling interests	<u>136,034</u>	<u>134,888</u>
Total Equity	<u>136,034</u>	<u>134,888</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Borrowings	112,197	103,656
Provisions	7,108	6,941
Deferred income tax liabilities	1,294	1,358
	<u>120,598</u>	<u>111,956</u>
CURRENT LIABILITIES:		
Borrowings	5,572	15,063
Trade and other payables	38,746	42,483
Current tax liabilities	30	53
Other current liabilities	27,020	27,600
	<u>71,368</u>	<u>85,199</u>
Total liabilities	<u>191,967</u>	<u>197,154</u>
TOTAL EQUITY AND LIABILITIES	<u>328,001</u>	<u>332,042</u>

GRUPO MEDIA CAPITAL, S.G.P.S. S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014
(Amounts stated in Euro thousand)

	<u>2015</u>	<u>2014</u>
<u>OPERATING REVENUES:</u>		
Services rendered	125,955	126,796
Sales	147	602
Other operating revenue	<u>48,285</u>	<u>52,375</u>
Total operating revenue	<u>174,386</u>	<u>179,773</u>
<u>OPERATING EXPENSES:</u>		
Cost of programs broadcasted and goods sold	(17,520)	(23,680)
Subcontrats and third party supplies	(70,093)	(66,079)
Payroll expenses	(43,448)	(45,896)
Depreciation and amortization	(9,176)	(8,477)
Provisions and impairment losses	(1,083)	(1,402)
Other operating expenses	<u>(2,109)</u>	<u>(1,803)</u>
Total operating expenses	<u>(143,429)</u>	<u>(147,338)</u>
Net operating profit	<u>30,957</u>	<u>32,435</u>
<u>FINANCIAL EXPENSES:</u>		
Financial expense	(6,082)	(8,204)
Financial income	<u>406</u>	<u>499</u>
Finance costs, net	(5,676)	(7,705)
Gains (losses) on associated companies, net	<u>(230)</u>	<u>132</u>
Profit before tax	<u>25,051</u>	<u>24,863</u>
Income tax expense	(7,751)	(8,388)
Consolidated net profit for continued operations	<u>17,300</u>	<u>16,475</u>
Attributable to:		
Equity holders of the parent	17,300	16,475
Earnings per share (Euros)		
Basic	0.2047	0.1949
Diluted	<u>0.2047</u>	<u>0.1949</u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014
(Amounts stated in Euro thousand)

	<u>2015</u>	<u>2014</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	225,392	219,651
Cash paid to suppliers	(116,871)	(115,806)
Cash paid to employees	(41,944)	(45,008)
Cash generated from operations	<u>66,577</u>	<u>58,837</u>
Cash received/(paid) relating to income tax	176	(889)
Other cash received/(paid) relating to operating activities	<u>(37,637)</u>	<u>(46,884)</u>
Net cash from operating activities (1)	<u>29,116</u>	<u>11,064</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
The sale of subsidiaries	52	-
Disposal of fixed tangible and intangible assets	8,948	948
Disposal of assets held for sale	9	383
Dividends	112	-
Interest and similar income	53	160
Loans granted	<u>3,323</u>	<u>1,703</u>
	<u>12,498</u>	<u>3,193</u>
Payments resulting from:		
Business concentrations	(8,924)	(294)
Acquisition of tangible assets	(7,316)	(4,040)
Acquisition of intangible assets	(295)	(582)
Loans granted	<u>(58)</u>	<u>(1,798)</u>
	<u>(16,593)</u>	<u>(6,714)</u>
Net cash from /(used in) investing activities (2)	<u>(4,096)</u>	<u>(3,521)</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	<u>139,298</u>	<u>218,109</u>
Cash paid relating to:		
Borrowings	(139,985)	(210,011)
Leases	(1,143)	(1,326)
Interest and other similar expenses	(4,325)	(4,005)
Dividends	(15,821)	(9,804)
Other financial expenses	<u>(499)</u>	<u>(2,749)</u>
	<u>(161,772)</u>	<u>(227,895)</u>
Net cash from/(used in) financing activities (3)	<u>(22,474)</u>	<u>(9,787)</u>
Cash and equivalents at the beginning of the year	2,996	5,237
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	2,547	(2,243)
Exchange rate effect	3	2
Cash and equivalents at the end of the year	5,545	2,996