



Media Capital

GRUPO MEDIA CAPITAL SGPS, SA

Sociedade Aberta

Sede: Rua Mário Castelhana, n.º 40, Barcarena, Oeiras

Matriculada na Conservatória do Registo Comercial de Cascais

Pessoa Colectiva n.º 502 816 481

Capital Social: 89.583.970,80 euros

MATERIAL INFORMATION

Impacts of the pandemic in the first half 2020 preliminary financial results

Under article 248-A of Portuguese Securities Code, and in accordance with the articles 7th and 17th no. 1 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and following CMVM's solicitation under the articles 23, no. 1, paragraph m) of the mentioned regulation, as well as the articles 359, no. 1, paragraph c) and article 360, no. 1, paragraph f) of the Portuguese Securities Code, Grupo Media Capital SGPS, S.A. (the Company) hereby informs the market regarding the preliminary impacts of the pandemic on the Group's financial results.

The information related with the COVID-19 pandemic effects and the financial statement of the Company considered in this document cannot be taken as final, as these results have not been neither approved nor scrutinized by the relevant corporate bodies of the Company. Furthermore, the financial information was not verified by an independent party nor object of auditing or revision by the Company's auditor.

Hence, this document incorporates financial information that is partial and can be subject to revision and correction. As such, and after the formal approval by its corporate bodies and revision by the auditors, the Company will inform the market concerning its definitive 2020 first-half financial results.

Highlights

- In the first half of 2020, and as a result of the combined effect of the pandemic and the reduction of TVI's generalist channel audience share when compared against the first six months of 2019, the Group's consolidated operating revenues took a toll, namely in terms of advertising revenues. These impacts were more pronounced from March to May. In fact, until June **consolidated operating revenues** came down by 36% (37% in the case of advertising), with the main YoY variations taking place in March (when the pandemic was declared), having its peak in April and showing a significant slowdown in May and especially in June. As mentioned, besides the effect of the pandemic, it is important to remember that in 2019 TVI was leading all day audience share until February while keeping the leadership in prime time until June. On the contrary, in the same period of 2020 TVI was not the leading channel in any of those important time slots.
- In this framework, and fully conscious of its relevance and responsibility as a reference Portuguese media group, both operating and strategic measures were taken as a way to properly address such difficult challenges, simultaneously guaranteeing the quality of the journalistic coverage and the quality of the remaining contents to the general public. The Group also successfully adopted the applicable health security measures deemed necessary to ensure the protection of its human resources and related third parties, including the prophylactic stoppage of some activities (e.g. audio-visual productions), the promotion of remote work and exceptional hygiene and control measures. Such procedures had an unavoidable negative impact on operating costs and profitability, which management considers justified considering the prominent role of the Group in the Portuguese society.
- At the same time, several **operating efficiency enhancement measures** were implemented in order to minimize the above-mentioned negative impacts. These encompassed the reduction of various operating costs, the delay of capital expenditures and a very strict management of **working capital**. As such, operating costs before depreciations and amortizations were down 8% YoY (9% if adjusted for restructuring charges), reaching € 66.6 million until June.
- As a result of the combined evolution of operating revenues and costs, **EBITDA** came down from a positive figure of € 14.2 million in 1H19 to € -11.2 million in the first half of 2020. Excluding restructuring costs, EBITDA would have decreased from € 14.9 million to € -9.9 million. In terms of **EBIT**, these came from € 9.8 million to € -15.9 million. **Net income** was € 14.4 million in 1H20, comparing against € 5.9 million in the comparable period of 2019.
- In terms of **net financial debt**, and due to a carefully treasury management, it has only increased by € 5 million since the end of 2019 (from € 88.5 million to € 93.5 million), which reflects a healthy liquidity position, reflected in an amount of cash and cash equivalents € 8.6 million at the end of June 2020, comparing with € 256 thousand in the same period.
- Notwithstanding the adverse environment, in this period the Group managed to evolve, launching new initiatives and contents, capable of addressing the need and wishes of its

target audience. The market has been recognizing such effects, with a consistent and notable improvement of the main key performance indicators (KPI) audience related. As a matter of fact, **TVI improved its audience share** in the adults all day target, from 13.9% in March to 15.4% in June, when in the comparable 2019 months those shares were 18.5% and 15.6% respectively. Moreover, in July 2020 that KPI improved yet again to 16.4%, thus clearly better than the 15.1% registered in July 2019.

- In the **radio and entertainment** segment, the Group's radio formats have been reinforcing the overall leadership, has MCR had its fourth consecutive audience measurement as the number one radio group in Portugal, winning 11 out of the 13 last audience measurement readings. That has been possible through the outstanding performance of the number radio in Portugal (Rádio Comercial) as well as through the notable audience increase by M80, with the latter obtaining its highest ever audience share (10.6%) in the most recent audience measurement. The pandemic impacts were felt mostly in the last four months, although in the last one (June) the YoY reduction of advertising revenues was approximately half of the observed in the month of May. In other words, there is evidence that the MCR had the capacity to recover both swiftly and rapidly, as long as the pandemic continues under control.
- In **Digital**, the number of videos and page views increased substantially during the first half (40% and 9% respectively), reflecting the confidence in the Group's brands.

Forward looking wise, the Group business continuity is not at stake, considering:

- The Group's both long and recent historical of leadership and profitability;
 - Despite its strong economic impacts, all things point out that the pandemic is a temporary event;
 - In the period under analysis coincided two important negative events: the abnormal audience decrease and the pandemic, thus having a multiplying effect on profitability;
 - Given the essence of the TV business, the historical performance shows that audience shares can and do vary quite a lot;
 - Over the last months, there is evidence of recovery regarding TVI's audience shares, which supports the normalization scenario described previously. Furthermore, new and better contents will be on air as early as next September.
 - Last June there was a softening of the pandemic negative impacts, coming namely with a sense of being under control, which improved the economic agents sentiment and outlook. That had an immediate positive impact on the Group's KPI's and financials. Such improvement is further confirmed in the more recent indications on the third quarter, notwithstanding the uncertainty regarding the future outcome of the COVID-19 pandemic;
 - Both the radio and digital operations show robustness in their main performance indicators (audience related)
- Hence, through the continuation of both external and internal contexts the Group expects to reinforce its competitive position in the sector and therefore and improvement of the Group's financials during the second half of the year.

Highlights of the main financial indicators

P&L

€ thousands	1S 2020	1S 2019	Var %
Operating Revenues	55,301	86,383	(36%)
EBITDA	(11,211)	14,241	n.a.
Operating Results (EBIT)	(15,904)	9,843	n.a.
Net profit	(14,412)	5,890	n.a.

Cash Flow Statement

€ thousands	1S 2020	1S 2019	Var %
Cash flows op. activities	(787)	15,891	n.a.
Cash flows inv. activities	(2,190)	(1,421)	(54%)
Cash flows fin. activities	8,613	(14,596)	n.a.
Cash at the beginning of the period	2,966	382	676%
Variation of cash (4) = (1) + (2) + (3)	5,636	(126)	n.a.
Effect of FX differences	0	(0)	n.a.
Cash at the end of the period	8,603	256	>999%

Nota: preliminary information that has not been approved the Company's corporate bodies nor audited nor revised by the Company's auditor. This information might be subject to changes.

Queluz de Baixo, 9th August 2020