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# Full Year Results 2017

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

## FULL YEAR RESULTS 2017

In the year of its 25<sup>th</sup> birthdate, Media Capital presents its 2017 results, which reinforces its leadership among the Portuguese media in terms of both market share and profitability, with own contents made in Portuguese

- In 2017, **net income** increased by 4% to € 19.8 million
- Consolidated **EBITDA** reached € 40.1 million, decreasing 3% YoY, although the cost cutting effort (-5%) allowed for an increase in the margin, from 23.9% in 2016 to 24.2% in 2017.
- Advertising revenues were down 2% for the full year vs 2016, although there was a 3% recovery in Q4.
- Notwithstanding the difficult advertising market environment, the **TV** segment showed an improvement in EBITDA margin, from 23.6% to 24.2%. **TVI** kept the leadership in TV **audience** share, achieving an average of 21.0% and 24.7% in all day and prime time, respectively. The gap over the second most watched channel was 3.9pp 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 23.8% in all day and 27.2% in prime time, i.e., respectively 3.1pp and 2.5pp above the second most watched group of channels (although TVI has a lower number of channels).
- The **Radio** segment achieved an EBITDA of € 6.5 million, with a margin of 35.1%, and was up 21% vs last year's figure. Throughout 2017, Media Capital's radios had their best performance ever in terms of average share (36.4%, thus 1.5pp better than 2016), with the fourth audience reading (out of five) providing a new record, with a 38.6% share. Such performance benefited from the success of Radio Comercial's clear leadership in the mornings, as well as to m80's steady but strong improvement in overall audiences.
- There are several motives to be proud of in what regards the contents produced by the Group in 2017, of which we highlight: (i) the investigative news produced by TVI's journalists; (ii) the leading fiction contents and (iii) the innovative entertainment programs.
- On this regard, the Group kept its strategic bet on internal audiovisual production, through Plural, with the creation and production of own contents, while acquiring successful international formats. Of the internal production in entertainment, it is worth to highlight "Apanha se Puderés", leading what had been an historically difficult time slot (7-8pm) since its debut.
- Finally, it is important to emphasize that Media Capital strictly complies with the plethora of regulations and codes that rule its activities, while at the same time having to pay out a sizeable amount of taxes and tax-like costs, both direct and indirect, that surpass the average for the Portuguese economy. Media Capital shows a continuous focus on promoting and developing both the identity and quality of national contents, thus providing a truly public service and an invaluable contribute to the development of the production activity, including the direct and indirect hiring of a high number of professional of the Portuguese audiovisual industry.

Queluz de Baixo, 27th February 2018



## 1. Consolidated P&L

| € thousand   | 2017           | 2016           | % Var        | Q4 2017       | Q4 2016       | % Var         |
|--|----------------|----------------|--------------|---------------|---------------|---------------|
| <b>Total operating revenue</b>                             | <b>165,463</b> | <b>174,027</b> | <b>-5%</b>   | <b>50,155</b> | <b>49,725</b> | <b>1%</b>     |
| Television   | 136,198        | 142,236        | -4%          | 41,377        | 41,129        | 1%            |
| Audiovisual Production                                     | 31,941         | 40,505         | -21%         | 11,096        | 9,064         | 22%           |
| Radio  | 18,542         | 17,764         | 4%           | 5,315         | 5,106         | 4%            |
| Others   | 15,980         | 16,358         | -2%          | 4,320         | 3,773         | 14%           |
| Consolidation Adjustments                                  | (37,197)       | (42,837)       | 13%          | (11,953)      | (9,347)       | -28%          |
| <b>Total operating expenses ex-D&amp;A</b>                 | <b>125,386</b> | <b>132,510</b> | <b>-5%</b>   | <b>32,823</b> | <b>30,951</b> | <b>6%</b>     |
| <b>EBITDA</b>  | <b>40,077</b>  | <b>41,517</b>  | <b>-3%</b>   | <b>17,332</b> | <b>18,774</b> | <b>-8%</b>    |
| <b>EBITDA Margin</b>                                       | <b>24.2%</b>   | <b>23.9%</b>   | <b>0.4pp</b> | <b>34.6%</b>  | <b>37.8%</b>  | <b>-3.2pp</b> |
| Television   | 32,962         | 33,624         | -2%          | 13,251        | 14,624        | -9%           |
| Audiovisual Production                                     | (320)          | 1,484          | N/A          | 1,307         | 980           | 33%           |
| Radio  | 6,514          | 5,392          | 21%          | 2,864         | 2,182         | 31%           |
| Others   | 449            | 211            | 112%         | 102           | 327           | -69%          |
| Consolidation Adjustments                                  | 472            | 806            | -41%         | (191)         | 660           | N/A           |
| Depreciation and amortisation                              | 7,903          | 8,232          | -4%          | 2,118         | 1,945         | 9%            |
| <b>Operating income (EBIT)</b>                             | <b>32,174</b>  | <b>33,285</b>  | <b>-3%</b>   | <b>15,214</b> | <b>16,829</b> | <b>-10%</b>   |
| Financing Results  | (4,482)        | (5,166)        | 13%          | (1,049)       | (930)         | -13%          |
| <b>Profit / (Loss) Before Inc. Tax and No Contrl. Int.</b> | <b>27,692</b>  | <b>28,119</b>  | <b>-2%</b>   | <b>14,164</b> | <b>15,899</b> | <b>-11%</b>   |
| Income Taxes   | (7,905)        | (9,018)        | 12%          | (4,067)       | (5,580)       | 27%           |
| <b>Profit / (Loss) from Continued Operations</b>           | <b>19,787</b>  | <b>19,101</b>  | <b>4%</b>    | <b>10,097</b> | <b>10,319</b> | <b>-2%</b>    |
| <b>Net Profit / (Loss) for the Period</b>                  | <b>19,787</b>  | <b>19,101</b>  | <b>4%</b>    | <b>10,097</b> | <b>10,319</b> | <b>-2%</b>    |

In 2017, **operating revenues** decreased 5% (+1% YoY in Q4), reaching € 165.5 million (€ 50.2 million in Q4). **Opex** (excluding D&A) also had a 5% decrease, from € 132.5 million to € 125.4 million. In Q4, opex was up 6% on a YoY basis, due to the effort put in the programming grid.

**Consolidated EBITDA** was € 40.1 million, decreasing 3%. In Q4, there was an 8% decrease, placing the quarterly EBITDA at € 17.3 million.

**EBIT** was € 32.2 million, 3% lower than a year ago, whereas in the quarter it dropped by 10% to € 15.2 million.

**Net income** was € 19.8 million, thus 4% above 2016, benefiting from both the improvement in financial results (despite € 0.5 million losses in foreign exchange differences) and income taxes. In the fourth quarter, net income reached € 10.1 million (-2% YoY).

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| € thousand               | 2017           | 2016           | % Var      | Q4 2017       | Q4 2016       | % Var     |
|--------------------------|----------------|----------------|------------|---------------|---------------|-----------|
| <b>Operating revenue</b> | <b>165,463</b> | <b>174,027</b> | <b>-5%</b> | <b>50,155</b> | <b>49,725</b> | <b>1%</b> |
| Advertising              | 118,946        | 121,403        | -2%        | 35,957        | 34,949        | 3%        |
| Other revenues           | 46,517         | 52,624         | -12%       | 14,198        | 14,776        | -4%       |

In 2017, **advertising revenues** stood 2% below 2016, although there was a 3% improvement in Q4). In the TV segment, advertising fell 3% YoY (+3% in Q4), whereas in the Radio segment there was an increase of 5% (2% in Q4). In the Other segment (which includes Digital, Music & Events, shared services and holding) the variation was -11% YoY (-4% in Q4).

**Other operating revenues**, which comprise mainly audiovisual production, sale of contents, multimedia and retransmission revenues, were down 12% YoY (-4% in Q4), with a decrease in all of these lines of revenue.

## 2. Television



| € thousand                            | 2017           | 2016           | Var %      | Q4 2017       | Q4 2016       | Var %       |
|---------------------------------------|----------------|----------------|------------|---------------|---------------|-------------|
| <b>Operating revenue</b>              | <b>136,198</b> | <b>142,236</b> | <b>-4%</b> | <b>41,377</b> | <b>41,129</b> | <b>1%</b>   |
| Advertising                           | 98,193         | 101,035        | -3%        | 29,986        | 29,080        | 3%          |
| Other revenues                        | 38,005         | 41,201         | -8%        | 11,390        | 12,049        | -5%         |
| <b>Operating Expenses, ex D&amp;A</b> | <b>103,236</b> | <b>108,612</b> | <b>-5%</b> | <b>28,126</b> | <b>26,505</b> | <b>6%</b>   |
| <b>EBITDA</b>                         | <b>32,962</b>  | <b>33,624</b>  | <b>-2%</b> | <b>13,251</b> | <b>14,624</b> | <b>-9%</b>  |
| EBITDA margin                         | 24.2%          | 23.6%          | 0.6pp      | 32.0%         | 35.6%         | -3.5pp      |
| Depreciation and amortisation         | 2,877          | 2,742          | 5%         | 727           | 717           | 1%          |
| <b>Operating income (EBIT)</b>        | <b>30,085</b>  | <b>30,882</b>  | <b>-3%</b> | <b>12,523</b> | <b>13,907</b> | <b>-10%</b> |

Considering the TVI FTA (generalist) channel, TVI24, TVI Ficção and TVI Reality, TVI's aggregate group of channels led audiences, with 23.8% in all day and 27.2% 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>23.8</b> | <b>24.8</b> |
| SIC Group        | 20.7        | 21.4        |
| RTP Group        | 16.9        | 17.7        |
| Prime Time (%)   | UNIVERSE    | ADULTS      |
| <b>TVI Group</b> | <b>27.2</b> | <b>27.9</b> |
| SIC Group        | 24.7        | 25.5        |
| RTP Group        | 16.1        | 16.8        |



In terms of individual channels, TVI's generalist channel confirmed yet again its #1 position, with a share of 21.0% in all day, 3.9pp above the closest competitor and 8.6pp above the third most watched channel. TVI is the leader in this time slot and commercial target since 2005.

In 2017, TVI also ranks in the first place in the main commercial target - Adults - obtaining a share of 21.8%, i.e. 4.1pp and 8.6pp above the second and third players, respectively.

In prime time, TVI also beats the competition, with a share of 24.7%, meaning 3.1pp above the second channel and a 12.5pp 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 25.3% share, while the second and third most watched channels had 22.4% and 12.8%, respectively.

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

In terms of programs, **"Pesadelo na Cozinha"** (**"Kitchen Nightmares"**), was a huge success, with an average audience above 1 million 500 thousand viewers. **"Apanha se Puderem"** (**"Raid the Cage"**), surpassed the competition of its time slot (access to prime time), whereas **"Masterchef Celebriedades"** and **"Masterchef Júnior"** were other important highlights in big entertainment. In fiction, **"Ouro Verde"**, **"A Herdeira"**, and **"Jogo Duplo"** also played an important role in what regards reaching the overall audience leadership, showing a big positive gap over the closest competition: +3.9pp in all day and +3.1pp in prime time, corresponding to shares of 21.0% and 24.7% respectively.

In news, **"Jornal das 8"** was the most watched news program in the Portuguese television during 322 days. It was also the unique news program that grew in its time slot (more than 4% vs 2016), with an average share of 23.7%.

**TVI24** completed yet another year leading audiences in prime time among news channels, with an average audience of 70 thousand viewers. In 2017, it was the 9<sup>th</sup> most watched channel amongst pay-tv channels. Furthermore, in the same year, 21 out of the 25 most watched programs among news channels belonged to TVI24.

In the sale of contents, 2017 was a record year in what regards the exhibition of TVI's fiction (64 countries). The mini-series **"Jacinta"** was one the highlights, with sales to 8 countries. The *telenovela* **"A Única Mulher"** was sold to Honduras, which becomes the 13<sup>th</sup> country (aside from Portuguese-speaking African countries) to broadcast this *telenovela*. For the first time, TVI has also reached an agreement regarding the sale of contents to Spain, namely the youth series **"Morangos com Açúcar"**.

In 2017, **TVI Internacional** became the first Portuguese channel to broadcast in Germany. In fact, **TVI Internacional** continues to increase its worldwide footprint, being now available in

Germany and in the Caribbean territories of Martinique, Guadelupe, Saint Martin, Saint Barthélemy and Guyana. Currently, there are now twenty one territories where this channel is available. Meanwhile, **TVI Ficção** is now available in Switzerland, thus reaching now a total of fourteen territories.

**TVI** won several awards in 2017. **TVI** and **Plural** won 17 of the 25 television trophies attributed by “TV 7 Dias”. Special highlight to the following categories: Best *Telenovela*, Best Actress, Best Actor, Best TV Hosts, Best News Anchor. TVI was also distinguished in the Marketeer wards in the TV-Media category.

In terms of **social networks**, TVI is the first TV generalist channel with a million followers on Facebook. TVI is also the most followed television brand on Instagram.

## FINANCIAL PERFORMANCE

Regarding financial performance, **operating revenues** decreased by 4% YoY, despite the 1% recovery in Q4.

**Advertising revenues** were down by 3% (+3% in Q4), negatively affected by the adverse market conditions.

**Other revenues**, which encompass, among other, retransmission fees, sale of contents and multimedia services, were down 8% (-5% in the quarter).

It is worth highlighting the effort to control costs, as **Opex** was down by 5% YoY for the full year, and were up 6% YoY in the three months from October to December. **EBITDA** was € 33.0 million (-2% YoY), with a margin of 24.2%. In the fourth quarter, EBITDA decreased by 9%, reaching € 13.3 million.



## 3. Audiovisual Production

### Audiovisual Production

| € thousand                            | 2017           | 2016           | Var %        | Q4 2017       | Q4 2016      | Var %      |
|---------------------------------------|----------------|----------------|--------------|---------------|--------------|------------|
| <b>Operating revenue</b>              | <b>31,941</b>  | <b>40,505</b>  | <b>-21%</b>  | <b>11,096</b> | <b>9,064</b> | <b>22%</b> |
| Advertising                           | 0              | 0              | 0%           | 0             | 0            | 0%         |
| Other revenues                        | 31,941         | 40,505         | -21%         | 11,096        | 9,064        | 22%        |
| <b>Operating Expenses, ex D&amp;A</b> | <b>32,261</b>  | <b>39,021</b>  | <b>-17%</b>  | <b>9,790</b>  | <b>8,084</b> | <b>21%</b> |
| <b>EBITDA</b>                         | <b>(320)</b>   | <b>1,484</b>   | <b>N/A</b>   | <b>1,307</b>  | <b>980</b>   | <b>33%</b> |
| EBITDA margin                         | -1.0%          | 3.7%           | -4.7pp       | 11.8%         | 10.8%        | 1.0pp      |
| Depreciation and amortisation         | 3,375          | 3,262          | 3%           | 953           | 788          | 21%        |
| <b>Operating income (EBIT)</b>        | <b>(3,695)</b> | <b>(1,778)</b> | <b>-108%</b> | <b>354</b>    | <b>192</b>   | <b>84%</b> |

Plural is the largest audiovisual production company in Portugal (and one the more important in Iberia), also with a relevant presence in the associated technical services/equipment and scenic design and construction. It kept its leadership not only in fiction, with the production of the telenovelas “Outro Verde”, “A Herdeira”, “Jogo Duplo” and “Elisa”, 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.

Plural is more internationalized than ever, with filming taking place in Mozambique, Chile, Angola, Brazil, Mexico and Macau. Furthermore, EMVA (technical services and equipment) was responsible for the technical support to the broadcasting of several sports. In turn, EPC (scenery design and construction) was again one the main suppliers in the Portuguese TV market.

TVI and Plural have already 4 international Emmy nominations, having won one with the *telenovela* “Meu Amor”. This year, Plural won the prize “Best Television Production Company”, awarded in the event “Prémios Meios & Publicidade 2017”.

This segment had **operating revenues** of € 31.9 million (-21 YoY). Nonetheless, in the Q4, there was a recovery of 22%, primarily due to a substantial increase of content production in Portugal.

In **Portugal**, accumulated revenues were down 16% YoY, mostly as a result of lower content production activity.

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

**Opex** decreased 17% YoY (+21% in Q4).

Hence, **EBITDA** reached a negative figure of € 0.3 million, down € 1.8 million vs 2016, due to the

lower activity in Portugal and Spain, although the latter was more significant on both absolute and relative terms.

## 4. Radio

| milhares de €                          | 2017          | 2016          | Var %      | 4T 2017      | 4T 2016      | Var %       |
|--|---------------|---------------|------------|--------------|--------------|-------------|
| <b>Rendimentos Operacionais</b>        | <b>18,542</b> | <b>17,764</b> | <b>4%</b>  | <b>5,315</b> | <b>5,106</b> | <b>4%</b>   |
| Publicidade                            | 17,790        | 16,974        | 5%         | 5,037        | 4,959        | 2%          |
| Outros Rendimentos                     | 752           | 790           | -5%        | 278          | 146          | 90%         |
| <b>Gastos Operacionais, ex D&amp;A</b> | <b>12,028</b> | <b>12,372</b> | <b>-3%</b> | <b>2,451</b> | <b>2,924</b> | <b>-16%</b> |
| <b>EBITDA</b>                          | <b>6,514</b>  | <b>5,392</b>  | <b>21%</b> | <b>2,864</b> | <b>2,182</b> | <b>31%</b>  |
| Margem EBITDA                          | 35.1%         | 30.4%         | 4.8pp      | 53.9%        | 42.7%        | 11.2pp      |
| Depreciações e Amortizações            | 1,075         | 1,792         | -40%       | 293          | 322          | -9%         |
| <b>Resultado Operacional (EBIT)</b>    | <b>5,439</b>  | <b>3,600</b>  | <b>51%</b> | <b>2,570</b> | <b>1,860</b> | <b>38%</b>  |

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

In the average of the five audience measurements published in 2017, **MCR posted a leading aggregate share of 36.4%**, improving 1.5pp vs the equivalent audience reading of 2016. The best audiences ever were registered in the fourth reading (38.6%).

It is worth highlighting the performance of **Radio Comercial**, which improved its average share from 23.5% to 23.7%.

In turn, **m80** had yet again a huge improvement, with an average share of 8.5% (clearly ahead of the 6.9% posted in 2016). Its all-time best share (9.7%) was achieved in 2017's third and fourth readings, which is much higher than any other level

obtained previously. Not only it continues to be the most-listened-to radio station among those without a nationwide coverage, but it stands out as the third most-listened-to radio station.

As for other formats, **Cidade** had an average share of 2.8% (3.0% in 2016).

On financial grounds, **advertising revenues** improved 5% YoY (+2% in Q4), while other operating revenues dropped 5% to € 0.8 million (+90% in Q4), mostly related to events.

**Opex** decreased 3% YoY in 2017 vs 2016, (-16% in Q4).

**EBITDA** increased 21% to € 6.5 million, with a 31% YoY improvement in Q4. The related margin reached an annual all-time high of 35.1% in 2017.



## 5. Others



| milhares de €                          | 2017          | 2016          | Var %       | 4T 2017      | 4T 2016      | Var %       |
|--|---------------|---------------|-------------|--------------|--------------|-------------|
| <b>Rendimentos Operacionais</b>        | <b>15,980</b> | <b>16,358</b> | <b>-2%</b>  | <b>4,320</b> | <b>3,773</b> | <b>14%</b>  |
| Publicidade                            | 3,161         | 3,569         | -11%        | 988          | 1,032        | -4%         |
| Outros Rendimentos Operacionais        | 12,819        | 12,789        | 0%          | 3,332        | 2,741        | 22%         |
| <b>Gastos Operacionais, ex D&amp;A</b> | <b>15,531</b> | <b>16,147</b> | <b>-4%</b>  | <b>4,219</b> | <b>3,446</b> | <b>22%</b>  |
| <b>EBITDA</b>                          | <b>449</b>    | <b>211</b>    | <b>112%</b> | <b>102</b>   | <b>327</b>   | <b>-69%</b> |
| Margem EBITDA                          | 2.8%          | 1.3%          | 1.5pp       | 2.4%         | 8.7%         | -6.3pp      |
| Depreciações e Amortizações            | 575           | 436           | 32%         | 145          | 117          | 23%         |
| <b>Resultado Operacional (EBIT)</b>    | <b>(126)</b>  | <b>(225)</b>  | <b>44%</b>  | <b>(43)</b>  | <b>210</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.

During 2017, MCD reinforced its strong position, reaching a coverage of more than 2.5 million unique users per month and close to 30 million visits per month in the 3 corporate websites and 14 product websites.

The TVI website kept the leadership in the TV segment, while in the Netaudience ranking it climbed from the 8<sup>th</sup> place to the 4<sup>th</sup>, with a coverage close to 20%. The Media Capital network of sites stood in the top 3 strongest groups in the digital market, with more than 170 thousand new registered users.

Video was yet again this year one the positive differentiation drivers of MCD, given the Group's high own content production capacity, with no match in the Portuguese audiovisual landscape.

2017 was also a year where there was a reinforcement of the contents provided. On one hand the IOL network got more media partners; on the other hand, a wide number of influencers (namely bloggers) partnered with MCD. It is also worth to highlight the creation of SELFIE, a digital magazine that centralizes the coverage and the exclusive contents regarding Media Capital's programs and faces.

On financial grounds, **advertising** decreased by 11% YoY (-4% in Q4), whilst **other revenues** were flat (+22% in Q4).

The EBITDA improved from € 0.2 million in 2016 to € 0.4 million this year. In Q4, EBITDA stood at € 0.1 million (€ 0.3 million in Q4 2016).



## 6. Capex

| milhares de €        | 2017         | 2016         | Var %       | 4T 2017      | 4T 2016      | Var %       |
|----------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| <b>Capex</b>         | <b>4,040</b> | <b>6,311</b> | <b>-36%</b> | <b>1,900</b> | <b>3,997</b> | <b>-52%</b> |
| Televisão            | 1,677        | 3,367        | -50%        | 362          | 1,967        | -82%        |
| Produção Audiovisual | 1,817        | 2,150        | -15%        | 1,237        | 1,538        | -20%        |
| Rádio                | 341          | 385          | -11%        | 213          | 197          | 8%          |
| Outros               | 205          | 409          | -50%        | 88           | 295          | -70%        |

During 2017, Media Capital registered a capex of € 4.0 million.

This represents a 36% decrease vs the previous year, with all segments decreasing.



## 7. Cash Flow

| milhares de €                                     | 2017            | 2016            | Var %       | 4T 2017         | 4T 2016         | Var %       |
|---|-----------------|-----------------|-------------|-----------------|-----------------|-------------|
| Recebimentos                                      | 221,465         | 233,380         | -5%         | 65,226          | 62,633          | 4%          |
| Pagamentos  | (191,946)       | (195,161)       | 2%          | (48,698)        | (44,030)        | -11%        |
| <b>Fluxos das atividades operacionais (1)</b>     | <b>29,519</b>   | <b>38,219</b>   | <b>-23%</b> | <b>16,528</b>   | <b>18,604</b>   | <b>-11%</b> |
| Recebimentos                                      | 1,294           | 2,972           | -56%        | 1,286           | 1,309           | -2%         |
| Pagamentos  | (6,418)         | (6,044)         | -6%         | (1,469)         | (1,839)         | 20%         |
| <b>Fluxos das atividades de investimento (2)</b>  | <b>(5,124)</b>  | <b>(3,071)</b>  | <b>-67%</b> | <b>(183)</b>    | <b>(529)</b>    | <b>66%</b>  |
| Recebimentos                                      | 137,765         | 158,147         | -13%        | 23,475          | 44,620          | -47%        |
| Pagamentos  | (163,098)       | (197,604)       | 17%         | (39,895)        | (63,012)        | 37%         |
| <b>Fluxos das atividades de financiamento (3)</b> | <b>(25,333)</b> | <b>(39,457)</b> | <b>36%</b>  | <b>(16,420)</b> | <b>(18,392)</b> | <b>11%</b>  |
| Caixa e equivalentes no início do período         | 1,235           | 5,545           | -78%        | 369             | 1,553           | -76%        |
| Var. caixa e seus equivalentes (4)=(1)+(2)+(3)    | (938)           | (4,310)         | 78%         | (74)            | (318)           | 77%         |
| Efeito das diferenças de câmbios                  | (3)             | (1)             | -206%       | (0)             | 0               | N/A         |
| <b>Caixa e equivalentes no final do período</b>   | <b>294</b>      | <b>1,235</b>    | <b>-76%</b> | <b>294</b>      | <b>1,235</b>    | <b>-76%</b> |

**Cash flow from operating activities** was € 29.5 million in 2017, which compares with € 38.2 million in the previous year. The variation is related with cash inflows in the television segment, associated to advertising and retransmission fees, as well as to the lower activity in Spain.

**Cash flow from investing activities** was € -5.1 million (€ -3.1 million in 9M 2016). Cash flow related with tangible and intangible assets was € -6.4 million, comparing with € -5.4 million

registered in 2016. This increase stems from the fact that most of 2016 capex occurred towards the end of the year and hence a relevant part of the payments are taking place in 2017.

**Cash flow from financing** activities was € -25.3 million (€ -39.5 million in 2016), reflecting the movements in operating and investing activities, as well as the distribution of dividends (€ 17.7 million in 2017 vs € 16.1 million) and the change in cash and equivalents.



## 8. Net Debt

| milhares de €  | Dez 17        | Dez 16        | Var Abs        | Var %       |
|--|---------------|---------------|----------------|-------------|
| <b>Dívida financeira</b>                             | <b>95,557</b> | <b>99,329</b> | <b>(3,772)</b> | <b>-4%</b>  |
| Empréstimos bancários / Papel comercial / Obrigações | 94,765        | 98,500        | (3,735)        | -4%         |
| Outro endividamento                                  | 792           | 828           | (37)           | -4%         |
| <b>Caixa &amp; equivalentes</b>                      | <b>294</b>    | <b>1,235</b>  | <b>(941)</b>   | <b>-76%</b> |
| <b>Dívida líquida</b>                                | <b>95,262</b> | <b>98,094</b> | <b>(2,831)</b> | <b>-3%</b>  |

**Net debt** decreased € 2.8 million vs the end of 2016, standing at € 95.3 million at the end of December 2017.

It is worth mentioning that dividends, in the amount of € 17.7 million, were distributed in the second quarter. Furthermore, in the third quarter € 15.0 million of the bond issue “Media Capital

2014-2019” were amortised, with a current outstanding amount of € 60.0 million.

Media Capital maintains a comfortable capital structure.



GRUPO MEDIA CAPITAL, S.G.P.S., S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016
(Amounts stated in Euro thousand)

|  | <u>2017</u>      | <u>2016</u>      |
|--|------------------|------------------|
| <b><u>OPERATING REVENUES:</u></b>                |                  |                  |
| Services rendered                                | 126,911          | 132,188          |
| Sales  | -                | 99               |
| Other operating revenue                          | <u>38,552</u>    | <u>41,740</u>    |
| Total operating revenue                          | <u>165,463</u>   | <u>174,027</u>   |
| <b><u>OPERATING EXPENSES:</u></b>                |                  |                  |
| Cost of programs broadcasted and goods sold      | (19,443)         | (16,697)         |
| Subcontrats and third party supplies             | (63,789)         | (70,189)         |
| Payroll expenses                                 | (41,678)         | (44,113)         |
| Depreciation and amortization                    | (7,903)          | (8,232)          |
| Provisions and impairment losses                 | (395)            | (883)            |
| Other operating expenses                         | <u>(81)</u>      | <u>(628)</u>     |
| Total operating expenses                         | <u>(133,289)</u> | <u>(140,742)</u> |
| Net operating profit                             | <u>32,174</u>    | <u>33,285</u>    |
| <b><u>FINANCIAL EXPENSES:</u></b>                |                  |                  |
| Financial expense                                | (4,576)          | (4,773)          |
| Financial income                                 | <u>94</u>        | <u>139</u>       |
| Finance costs, net                               | (4,482)          | (4,634)          |
| Gains (losses) on associated companies, net      | <u>(0)</u>       | <u>(532)</u>     |
| Profit before tax                                | <u>27,692</u>    | <u>28,119</u>    |
| Income tax expense                               | (7,905)          | (9,018)          |
| Consolidated net profit for continued operations | <u>19,787</u>    | <u>19,101</u>    |
| Attributable to:                                 |                  |                  |
| Equity holders of the parent                     | 19,787           | 19,101           |
| Earnings per share (Euros)                       |                  |                  |
| Basic  | 0.2341           | 0.2260           |
| Diluted  | <u>0.2341</u>    | <u>0.2260</u>    |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2017 AND 2016

(Amounts stated in Euro thousand)

| ASSETS                                       | 2017                  | 2016                  |
|--|-----------------------|-----------------------|
| <b>NON-CURRENT ASSETS:</b>                   |                       |                       |
| Goodwill                                     | 149,374               | 149,718               |
| Intangible assets                            | 10,663                | 13,098                |
| Tangible fixed assets                        | 15,166                | 16,609                |
| Investments in associates                    | -                     | 0                     |
| Assets held for sale                         | 5                     | 5                     |
| Transmission rights and TV programs          | 50,971                | 54,473                |
| Other non-current assets                     | 3,937                 | 5,524                 |
| Deferred income tax assets                   | 2,388                 | 2,646                 |
|  | <u>232,504</u>        | <u>242,072</u>        |
| <b>CURRENT ASSETS:</b>                       |                       |                       |
| Transmission rights and TV programs          | 30,219                | 28,616                |
| Inventories                                  | -                     | -                     |
| Trade and other account receivable           | 33,629                | 38,020                |
| Current tax assets                           | 340                   | 384                   |
| Other current assets                         | 4,258                 | 4,752                 |
| Cash and cash equivalents                    | 294                   | 1,235                 |
|  | <u>68,741</u>         | <u>73,007</u>         |
| <b>TOTAL ASSETS</b>                          | <u><u>301,244</u></u> | <u><u>315,079</u></u> |
| <b>EQUITY AND LIABILITIES</b>                |                       |                       |
| <b>EQUITY:</b>                               |                       |                       |
| Share capital                                | 89,584                | 89,584                |
| Reserves                                     | 32,071                | 30,259                |
| Profit for the period                        | 19,787                | 19,101                |
| Equity attributable to controlling interests | <u>141,442</u>        | <u>138,944</u>        |
| Total Equity                                 | <u>141,442</u>        | <u>138,944</u>        |
| <b>LIABILITIES:</b>                          |                       |                       |
| <b>NON-CURRENT LIABILITIES:</b>              |                       |                       |
| Borrowings                                   | 61,233                | 77,590                |
| Provisions                                   | 5,798                 | 6,898                 |
| Deferred income tax liabilities              | 1,159                 | 1,226                 |
|  | <u>68,190</u>         | <u>85,715</u>         |
| <b>CURRENT LIABILITIES:</b>                  |                       |                       |
| Borrowings                                   | 34,324                | 21,738                |
| Trade and other payables                     | 31,370                | 40,273                |
| Current tax liabilities                      | 5                     | 9                     |
| Other current liabilities                    | 25,914                | 28,399                |
|  | <u>91,613</u>         | <u>90,420</u>         |
| Total liabilities                            | <u>159,803</u>        | <u>176,135</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | <u><u>301,244</u></u> | <u><u>315,079</u></u> |

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts stated in Euro thousand)

|   | <u>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| <u>OPERATING ACTIVITIES:</u>                                    |                  |                  |
| Cash receipts from customers                                    | 221,465          | 233,380          |
| Cash paid to suppliers  | (108,926)        | (111,212)        |
| Cash paid to employees  | (40,765)         | (41,840)         |
| Cash generated from operations                                  | <u>71,774</u>    | <u>80,328</u>    |
| Cash received/(paid) relating to income tax                     | 309              | (67)             |
| Other cash received/(paid) relating to operating activities     | (42,564)         | (42,042)         |
| Net cash from operating activities (1)                          | <u>29,519</u>    | <u>38,219</u>    |
| <u>INVESTING ACTIVITIES:</u>                                    |                  |                  |
| Cash received relating to:                                      |                  |                  |
| The sale of subsidiaries  | 1,286            | 700              |
| Disposal of fixed tangible and intangible assets                | 8                | 2,210            |
| Dividends   | -                | 63               |
| Interest and similar income                                     | -                | 0                |
|   | <u>1,294</u>     | <u>2,972</u>     |
| Payments resulting from:  |                  |                  |
| Business concentrations   | -                | (612)            |
| Acquisition of tangible assets                                  | (5,854)          | (4,891)          |
| Acquisition of intangible assets                                | (564)            | (540)            |
|   | <u>(6,418)</u>   | <u>(6,044)</u>   |
| Net cash from/(used in) investing activities (2)                | <u>(5,124)</u>   | <u>(3,071)</u>   |
| <u>FINANCING ACTIVITIES:</u>                                    |                  |                  |
| Cash received relating to:                                      |                  |                  |
| Borrowings  | <u>137,765</u>   | <u>158,147</u>   |
| Cash paid relating to:  |                  |                  |
| Borrowings  | (141,400)        | (176,971)        |
| Leases  | (398)            | (690)            |
| Interest and other similar expenses                             | (3,397)          | (3,724)          |
| Dividends   | (17,748)         | (16,058)         |
| Other financial expenses  | (155)            | (162)            |
|   | <u>(163,098)</u> | <u>(197,604)</u> |
| Net cash from/(used in) financing activities (3)                | <u>(25,333)</u>  | <u>(39,457)</u>  |
| Cash and equivalents at the beginning of the year               | 1,235            | 5,545            |
| Net increase in cash and cash equivalents (4) = (1) + (2) + (3) | (938)            | (4,310)          |
| Exchange rate effect  | (3)              | (1)              |
| Cash and equivalents at the end of the year                     | 294              | 1,235            |