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First Half Results 2016

Grupo Media Capital, SGPS, S.A.

NOTE:

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



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



- “A Única Mulher” and “Santa Bárbara” lead in their respective time slots, while reaching record audience figures
- New series “Massa Fresca”
- Rendering of technical services outside Portugal



- MCR – improvement in audience share
- Rádio Comercial reinforces leadership
- The show “Parabéns in the Night” was sold-out in Lisbon and Oporto
- Launching of Estúdio 24, a music project between TVI24 and Radio Comercial



- Launching of the apps and site “EU VI”
- New partnership with the digital magazine NiT (New in Town)
- Relevant increase in pageviews and videos
- 1 year of TVI Player: 1 million unique users and 7.5 videos watched (monthly averages)

Prizes and awards:

- Prizes “Arco-íris”, attributed by ILGA Portugal to Fátima Lopes and Susana Bento Ramos
- Prizes “Personalidade Feminina LUX”: attributed to Lurdes Baeta (news), Ana Sofia (drama), Cristina Ferreira (entertainment), Alexandra Lencastre (theatre)
- Prizes “Personalidade Masculina LUX”: Pedro Pinto (news) and Manuel Luís Goucha (entertainment)
- TVI24 and Rádio Comercial both nominated for the prizes Marketeer, in the categories of TV-Media and Media, respectively.
- Cristina Ferreira and Judite Sousa awarded with the prize “As mulheres mais influentes de Portugal em 2015” (Most influent women in Portugal), attributed by the magazine Executiva.pt
- Rádio Comercial was again awarded with the prizes Meios e Publicidade, in the Media category
- TVI’s Creative Department won 8 prizes for self-promotion creativity in 2015/16, by Meios e Publicidade.

FIRST HALF 2016 RESULTS

Media Capital's EBITDA increased by 6% to € 17.2 million

- In the first six months of 2016 (1H16), Media Capital's EBITDA improved by 6% YoY, reaching € 17.2 million, with operating revenues improving 4%, whilst operating expenses increased by 3%.
- In what regards advertising, in 1H16 there was a YoY improvement of 6%.
- **TVI** kept the leadership in TV audiences, with an average share of 22.3% and 26.0% in all day and prime time respectively. The positive gap over the second most watched channel was 4.5pp in all day and 3.8pp in prime time. TVI leadership was also maintained when analysing groups of channels, with 25.9% in all day and 29.0% in prime time, i.e. respectively 4.5pp and 3.8pp above the second most watched group of channels. The leadership was also kept in the month of June alone, despite the fact that TVI did not broadcast any of the UEFA Euro 2016 matches.
- On financial grounds, the **TV** segment posted an EBITDA of € 14.7 million, improving 9% over the comparable period of 2015.
- In turn, the **Audiovisual Production** segment kept a positive EBITDA contribution.
- The EBITDA of the **Radio** segment was € 2.6 million, corresponding to a margin of 29.6% and improving 10% YoY. In the third audience reading, Media Capital's aggregate group of radios had an audience share of 36.2%, 1.3pp better than the second most listened to group. Rádio Comercial had an audience share of 24.4%, continuing to be the #1 radio and staying 2.3pp above the closest competitor.
- In terms of operating cash flow, there was a YoY improvement of 25%, to € 21.7 million, coupled with a quarterly YoY increase of 59%, towards € 19.5 million.

Queluz de Baixo, 21th of July 2016



1. Consolidated P&L

€ thousand	1H 2016	1H 2015	% Var	Q2 2016	Q2 2015	% Var
Total operating revenue	85,266	82,330	4%	46,224	44,395	4%
Television	70,260	67,948	3%	37,821	36,669	3%
Audiovisual Production	22,278	19,747	13%	11,275	9,829	15%
Radio	8,869	8,320	7%	4,987	4,936	1%
Others	8,541	8,289	3%	4,526	4,160	9%
Consolidation Adjustments	(24,682)	(21,975)	-12%	(12,385)	(11,199)	-11%
Total operating expenses ex-D&A	68,093	66,137	3%	34,782	33,721	3%
EBITDA	17,173	16,193	6%	11,442	10,674	7%
EBITDA Margin	20.1%	19.7%	0.5pp	24.8%	24.0%	0.7pp
Television	14,663	13,409	9%	9,449	8,826	7%
Audiovisual Production	122	336	-64%	(181)	(369)	51%
Radio	2,629	2,381	10%	1,772	1,850	-4%
Others	(285)	(164)	-74%	254	(20)	N/A
Consolidation Adjustments	44	231	-81%	148	386	N/A
Depreciation and amortisation	4,141	3,695	12%	2,159	1,976	9%
Operating income (EBIT)	13,032	12,497	4%	9,283	8,698	7%
Financing Results	(2,926)	(2,786)	-5%	(1,384)	(1,661)	17%
Profit / (Loss) before inc. tax/ no contrl. Int.	10,105	9,712	4%	7,899	7,037	12%
Income Taxes	(2,738)	(2,357)	-16%	(2,388)	(1,960)	-22%
Profit / (Loss) from continued operations	7,367	7,355	0%	5,511	5,077	9%
Net profit / (loss) for the period	7,367	7,355	0%	5,511	5,077	9%

In the first half of 2016, **operating revenues** were up 4%, reaching € 85.3 million. In 2Q16, revenues also grew 4%. **Opex** was up 3%, from € 66.1 million to € 68.1 million. In the quarter, opex exhibited the same evolution.

Consolidated EBITDA improved 6% from € 16.2 million to € 17.2 million. In the quarter, there was a 7% increase, to € 11.4 million.

EBIT stood 4% above last year's comparable figure (7% in the second quarter).

Net income was flat vs last year, reaching € 7.4 million, chiefly as a result of the financial results line, of which we highlight the positive impact registered in 1H15 regarding FX differences (related to financing, and amounting to € 0.3 million vs € -0.1 million this year) as well as the losses in associated companies (€ 0.6 million, related with the audiovisual production activity in Spain). However, in 2Q16, net income increased by 9%, towards € 5.5 million.



€ thousand	1H 2016	1H 2015	% Var	Q2 2016	Q2 2015	% Var
Operating revenue	85,266	82,330	4%	46,224	44,395	4%
Advertising	60,071	56,886	6%	34,297	33,157	3%
Other revenues	25,195	25,444	-1%	11,927	11,238	6%

In the first half of 2016, **advertising** revenues grew by 6% (+6% in TV, +5% in Radio and +3% in the Others segment, which includes Music and Events, the holding and shared services). In 2Q16, advertising went up by 3% (4% in TV, 0% in Radio and 4% in Others).

Other operating revenues, which comprise mainly the audiovisual production, sale of contents, multimedia and retransmission revenues, decreased by 1%, due to lower activity in the multimedia and sale of contents businesses.

2. Television


tvi24


INTERNACIONAL

tvficção
tváfrica
tvireality

+tvi

tvldirect

€ thousand	1H 2016	1H 2015	Var %	Q2 2016	Q2 2015	Var %
Operating revenue	70,260	67,948	3%	37,821	36,669	3%
Advertising	50,063	47,449	6%	28,673	27,675	4%
Other revenues	20,197	20,499	-1%	9,148	8,994	2%
Operating Expenses, ex D&A	55,596	54,539	2%	28,372	27,843	2%
EBITDA	14,663	13,409	9%	9,449	8,826	7%
EBITDA margin	20.9%	19.7%	1.1pp	25.0%	24.1%	0.9pp
Depreciation and amortisation	1,338	1,377	-3%	676	680	-1%
Operating income (EBIT)	13,326	12,033	11%	8,773	8,147	8%

Considering the aggregate groups of channels of each operator, TVI (comprising TVI, TVI24, TVI Ficção and TVI Reality) achieved a share of 25.9% in all day and 29.0% in prime time (20h-24h). The leadership was also maintained in the main commercial target – Adults -, as shown below.

All Day (%)	UNIVERSE	ADULTS
TVI Group	25.9	26.7
SIC Group	21.4	22.1
RTP Group	16.9	17.7

Prime Time (%)	UNIVERSE	ADULTS
TVI Group	29.0	29.5
SIC Group	25.2	25.9
RTP Group	16.7	17.3



In terms of individual channels, TVI's generalist channel confirmed yet again its #1 position, with a share of 22.3% in all day, thus 4.5pp above its closest competitor, and 8.4pp above the third most watched channel.

In 2016, TVI also ranks in the first place in the main commercial target – Adults – where it registers a share of 22.9%, i.e. 4.6pp and 8.2pp above the second and third players respectively.

In prime time, TVI also beat the competition, with a share of 26.0%, meaning 3.8pp above the number two channel (11.7pp advantage over the third one). A similar situation was achieved in the Adults

target, with TVI capturing a 26.3% share, while the second and third most watched channels had 22.8% and 14.9% respectively.

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

FINANCIAL PERFORMANCE

In what regards financial performance, **operating revenues** in the TV segment rose 3% YoY both in the first six months and in the second quarter.

Advertising revenues improved by 6% (+4% in 2Q16).

Other revenues, which encompass, among other, retransmission fees, sale of contents and multimedia services, were down 1%, mainly due to lower revenues in multimedia and sale of contents, as these were not completely offset by the positive impact of the better performance in retransmission fees. It is worth mentioning that in what regards the latter, TVI signed new contracts with MEO involving the generalist channel, TVI24 as well as the maintenance of TVI Ficção as an exclusive channel. Concerning the second quarter, the variation was positive (2%), this time with retransmission fees offsetting the negative YoY contribution of both multimedia and sale of contents.

Opex was up 2% YoY (also in 2Q), thus below the increase in operating revenues. Hence, **EBITDA** in 1H16 was € 14.7 million (+9% YoY), with a margin of 20.9%. In 2Q, EBITDA improved by 7% to € 9.4 million (margin of 25.0%).



3. Audiovisual Production

€ thousand	1H 2016	1H 2015	Var %	Q2 2016	Q2 2015	Var %
Operating revenue	22,278	19,747	13%	11,275	9,829	15%
Advertising	0	0	0%	0	0	0%
Other revenues	22,278	19,747	13%	11,275	9,829	15%
Operating Expenses, ex D&A	22,156	19,411	14%	11,455	10,198	12%
EBITDA	122	336	-64%	(181)	(369)	51%
EBITDA margin	0.5%	1.7%	-1.2pp	-1.6%	-3.8%	2.2pp
Depreciation and amortisation	1,441	1,395	3%	682	826	-17%
Operating income (EBIT)	(1,319)	(1,059)	N/A	(863)	(1,195)	28%

The Audiovisual Production segment had total **operating revenues** of € 22.3 million in the six months to June (+13%).

In Portugal, operating revenues were up 16% YoY (+17% in 2Q16), benefiting from the production of contents, which offset a slight decrease in the remaining activities.

As for the activity in Spain, there was a decrease in activity, mostly due to the delay in the production of contents.

Opex was up 14% (+12% in 2Q16), as a result of higher activity in Portugal.

EBITDA reached a positive figure of € 0.1 million, down € 0.2 million vs 1H15. In 2Q16, EBITDA improved € 0.2 million to € -0.2 million.



4. Radio

€ thousand	1H 2016	1H 2015	Var %	Q2 2016	Q2 2015	Var %
Operating revenue	8,869	8,320	7%	4,987	4,936	1%
Advertising	8,362	7,930	5%	4,710	4,697	0%
Other revenues	507	390	30%	277	238	16%
Operating Expenses, ex D&A	6,240	5,939	5%	3,216	3,085	4%
EBITDA	2,629	2,381	10%	1,772	1,850	-4%
EBITDA margin	29.6%	28.6%	1.0pp	35.5%	37.5%	-2.0pp
Depreciation and amortisation	1,156	775	49%	696	390	79%
Operating income (EBIT)	1,473	1,606	-8%	1,075	1,461	-26%

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

In the third audience measurement available for 2016, **MCR's aggregate figures show a share of 36.2%** (1.3pp above the second most listened to competitor). It is worth highlighting **Rádio Comercial's** share of **24.4%**, 2.3pp above the closest competitor.

In turn, **m80** – the 70's, 80's and 90's hits radio – had a share of 7.1% (+0.9pp above the

comparable period and the previous reading). It is the most listened to radio station among the ones that have no nationwide network.

As for the other formats, **Cidade** had a share of 3.2%, identical to the comparable reading of 2015.

Advertising revenues were up 5% YoY (0% in the quarter), while **other operating revenues** increased 30% YoY (+16% in 2Q16), reaching € 0.5 million (€ 0.3 million in 2Q16), mostly due to events.

Opex was 5% above the comparable period (4% in 2Q), growing considerably below operating revenues.

EBITDA reached € 2.6 million (+10% YoY), whereas in the second quarter there was a slight decrease from € 1.9 million to € 1.8 million.

5. Others

€ thousand	1H 2016	1H 2015	Var %	Q2 2016	Q2 2015	Var %
Operating revenue	8,541	8,289	3%	4,526	4,160	9%
Advertising	1,681	1,637	3%	928	892	4%
Other revenues	6,860	6,652	3%	3,598	3,268	10%
Operating Expenses, ex D&A	8,827	8,453	4%	4,272	4,180	2%
EBITDA	(285)	(164)	-74%	254	(20)	N/A
EBITDA margin	-3.3%	-2.0%	-1.4pp	5.6%	-0.5%	6.1pp
Depreciation and amortisation	206	148	39%	104	81	29%
Operating income (EBIT)	(492)	(312)	-57%	149	(101)	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 several KPI's. In fact, in 1H16, pageviews increased 33% while video impressions more than doubled (with a particularly strong contribution from TVI Player).

Advertising revenues were up 3% YoY (4% in 2Q16), whereas **other revenues** were up 3% YoY as well (10% in 2Q16).

The **EBITDA** of the segment was a negative € 0.3 million, which compares with € -0.2 in 1H15. In the quarter, EBITDA was positive (€ 0.3 million), improving by €0.3 million against last year.

6. Cash Flow

€ thousand	1H 2016	1H 2015	Var %	Q2 2016	Q2 2015	Var %
Receipts	120,665	114,066	6%	66,989	61,171	10%
Payments	(98,990)	(96,668)	-2%	(47,525)	(48,937)	3%
Cash flows op. activities (1)	21,675	17,398	25%	19,464	12,234	59%
Receipts	785	3,496	-78%	81	3,107	-97%
Payments	(2,582)	(5,192)	50%	(1,074)	(1,798)	40%
Cash flows inv. activities (2)	(1,796)	(1,695)	-6%	(992)	1,309	N/A
Receipts	78,980	62,739	26%	57,204	17,935	219%
Payments	(102,760)	(78,578)	-31%	(75,818)	(31,161)	-143%
Cash flows fin. activities (3)	(23,780)	(15,838)	-50%	(18,614)	(13,226)	N/A
Cash at the beginning of the period	5,545	2,996	85%	1,787	2,546	-30%
Variation of cash (4) = (1) + (2) + (3)	(3,901)	(136)	-2779%	(143)	317	N/A
Efect of FX variations	(1)	3	N/A	(0)	(0)	-29%
Cash at the end of the period	1,644	2,863	-43%	1,644	2,863	-43%

Cash flow from operating activities was € 21.7 million, comparing with € 17.4 million in the same period last year. This resulted chiefly from the

increase of cash in flows in the TV segment, both in the accumulated and in the quarterly figures.

Cash flow from investing activities was € -1.8 million, while last year it was € -1.7 million. The cash flow related with tangible and intangible assets stood at € -2.5 million, thus better than the € -5.1 million observed in the comparable period of 2015.

Cash flow from financing activities reached € -23.8 million (€ -15.8 million in 1H15), reflecting the movements of both operating and investing activities, the dividends paid out (€ 16.1 million) as well as the change in cash and equivalents.



7. Net Debt

€ thousands	Jun 16	Dec 15	Abs Var	% Var
Group financial debt	109,136	117,768	(8,632)	-7%
Bank loans / Commercial paper / Bonds	108,806	117,160	(8,353)	-7%
Other debt	330	609	(279)	-46%
Cash & equivalents	1,644	5,545	(3,902)	-70%
Net debt	107,493	112,223	(4,731)	-4%

Net debt decreased € 4.7 million when compared against December 2015, ending up at € 107.5 million by the end of June.

Thus Media Capital maintains a comfortable capital structure.

It is worth mentioning that leasings, in a global amount of € 0.3 million, are included in the figure above.

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

CONDENDES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2016 AND 31 DECEMBER 2015

(Amounts stated in Euro thousand)

ASSETS	30.06.2016	31.12.2015
NON-CURRENT ASSETS:		
Goodwill	152,624	153,178
Intangible assets	13,463	15,167
Tangible fixed assets	14,042	15,476
Investments in associates	1,588	1,596
Assets held for sale	5	5
Transmission rights and TV programs	52,515	53,891
Other non-current assets	3,095	3,229
Deferred income tax assets	2,784	2,832
	<u>240,118</u>	<u>245,375</u>
CURRENT ASSETS:		
Transmission rights and TV programs	32,874	29,099
Inventories	16	13
Trade and other account receivable	34,672	39,791
Current tax assets	383	129
Other current assets	6,595	8,048
Cash and cash equivalents	1,644	5,545
	<u>76,185</u>	<u>82,626</u>
TOTAL ASSETS	<u>316,302</u>	<u>328,001</u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	89,584	89,584
Reserves	30,438	29,150
Profit for the period	7,367	17,300
Equity attributable to controlling interests	<u>127,390</u>	<u>136,034</u>
Total Equity	<u>127,390</u>	<u>136,034</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Borrowings	98,765	112,197
Provisions	7,386	7,108
Deferred income tax liabilities	1,260	1,294
	<u>107,411</u>	<u>120,598</u>
CURRENT LIABILITIES:		
Borrowings	10,371	5,572
Trade and other payables	40,375	38,746
Current tax liabilities	28	30
Other current liabilities	30,727	27,020
	<u>81,502</u>	<u>71,368</u>
Total liabilities	<u>188,913</u>	<u>191,967</u>
TOTAL EQUITY AND LIABILITIES	<u>316,302</u>	<u>328,001</u>

GRUPO MEDIA CAPITAL, S.G.P.S. S.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016 AND 2015

(Amounts stated in Euro thousand)

	6 months ended		3 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
OPERATING REVENUES:				
Services rendered	64,714	61,590	36,785	35,299
Sales	44	70	5	25
Other operating revenue	20,507	20,669	9,434	9,071
Total operating revenue	<u>85,266</u>	<u>82,330</u>	<u>46,224</u>	<u>44,395</u>
OPERATING EXPENSES:				
Cost of programs broadcasted and goods sold	(6,344)	(8,982)	(4,031)	(4,486)
Subcontrats and third party supplies	(37,848)	(34,261)	(19,120)	(17,021)
Payroll expenses	(22,849)	(21,891)	(11,237)	(11,083)
Depreciation and amortization	(4,141)	(3,695)	(2,159)	(1,976)
Provisions and impairment losses	(357)	(159)	(70)	(656)
Other operating expenses	(695)	(844)	(324)	(476)
Total operating expenses	<u>(72,235)</u>	<u>(69,832)</u>	<u>(36,941)</u>	<u>(35,697)</u>
Net operating profit	<u>13,032</u>	<u>12,497</u>	<u>9,283</u>	<u>8,698</u>
FINANCIAL EXPENSES:				
Financial expense	(2,407)	(3,118)	(1,160)	(1,583)
Financial income	1	331	1	(90)
Finance costs, net	<u>(2,406)</u>	<u>(2,787)</u>	<u>(1,159)</u>	<u>(1,673)</u>
Gains (losses) on associated companies, net	(520)	1	(225)	13
Profit before tax	<u>(2,926)</u>	<u>(2,786)</u>	<u>(1,384)</u>	<u>(1,661)</u>
Income tax expense	(2,738)	(2,357)	(2,388)	(1,960)
Consolidated net profit for continued operations	<u>7,367</u>	<u>7,355</u>	<u>5,511</u>	<u>5,077</u>
Attributable to:				
Equity holders of the parent	<u>7,367</u>	<u>7,355</u>	<u>5,511</u>	<u>5,077</u>
Earnings per share (Euros)				
Basic	0.0872	0.0870	0.0652	0.0601
Diluted	<u>0.0872</u>	<u>0.0870</u>	<u>0.0652</u>	<u>0.0601</u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016 AND 2015

(Amounts stated in Euro thousand)

	<u>30.06.2016</u>	<u>30.06.2015</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	120,665	114,066
Cash paid to suppliers	(58,853)	(58,390)
Cash paid to employees	(21,602)	(21,342)
Cash generated from operations	40,209	34,335
Cash received/(paid) relating to income tax	(33)	206
Other cash received/(paid) relating to operating activities	(18,501)	(17,142)
Net cash from operating activities (1)	<u>21,675</u>	<u>17,398</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
The sale of subsidiaries	-	52
Disposal of fixed tangible assets and intangible assets	743	12
Dividends	42	70
Interest and similar income	0	49
Loans granted	-	3,313
	<u>785</u>	<u>3,496</u>
Payments resulting from:		
Acquisition of tangible assets	(2,067)	(5,098)
Acquisition of intangible assets	(437)	(39)
Loans granted	(78)	(54)
	<u>(2,582)</u>	<u>(5,192)</u>
Net cash from /(used in) investing activities (2)	<u>(1,796)</u>	<u>(1,695)</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	78,980	62,739
	<u>78,980</u>	<u>62,739</u>
Cash paid relating to:		
Borrowings	(84,346)	(59,507)
Leases	(398)	(615)
Interest and other similar expenses	(1,873)	(2,325)
Dividends	(16,058)	(15,821)
Other financial expenses	(86)	(310)
	<u>(102,760)</u>	<u>(78,578)</u>
Net cash from/(used in) financing activities (3)	<u>(23,780)</u>	<u>(15,838)</u>
Cash and equivalents at the beginning of the period	5,545	2,996
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	(3,901)	(136)
Exchange rate effect	(1)	3
Cash and equivalents at the end of the period	1,644	2,863