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# First Quarter 2017 Results

Grupo Media Capital, SGPS, S.A.

## FIRST QUARTER 2017 RESULTS

Media Capital's net income increased by 3% to € 1.9 million

- Media Capital's **net income** was up 3%, mostly due to the improvement in the financial results.
- In the same period, **advertising revenues** also came down 10% YoY.
- Consolidated **EBITDA** was down 12% YoY in the first quarter (Q1), reaching € 5.0 million, despite a relevant effort in cost cutting (-10%).
- **TVI** kept the leadership in TV **audience** share, registering an average of 21.6% and 25.0% in all day and prime time, respectively. The positive gap over the second most watched channel was 4.5pp in all day and 3.3pp in prime time. TVI's leadership in audiences was also maintained when analysing groups of channels, with 24.5% in all day and 27.4% in prime time, i.e. respectively 3.9pp and 2.6pp above the second most watched group of channels.
- On financial grounds, the **TV** segment posted an EBITDA of € 4.0 million, which compares with € 5.2 million in Q1 2016.
- The **Radio** segment had an EBITDA of € 0.8 million, with a margin 20.2%, down 7% vs last year's figure. In the first audience measurement for 2017, Media Capital's radios had an aggregate audience share of 34.0% in the first audience data available for 2017, thus improving 0.7pp vs both the first and the last figures of 2016.

Queluz de Baixo, 27<sup>th</sup> of April 2017



## 1. Consolidated P&L

€ thousand	Q1 2017	Q1 2016	% Var
<b>Total operating revenue</b>	<b>35,076</b>	<b>39,042</b>	<b>-10%</b>
Television	28,650	32,439	-12%
Audiovisual Production	6,658	11,003	-39%
Radio	3,950	3,882	2%
Others	3,919	4,015	-2%
Consolidation Adjustments	(8,099)	(12,297)	34%
<b>Total operating expenses ex-D&amp;A</b>	<b>30,061</b>	<b>33,311</b>	<b>-10%</b>
<b>EBITDA</b>	<b>5,015</b>	<b>5,731</b>	<b>-12%</b>
<b>EBITDA Margin</b>	<b>14.3%</b>	<b>14.7%</b>	<b>-0.4pp</b>
Television	3,988	5,215	-24%
Audiovisual Production	(664)	303	N/A
Radio	799	857	-7%
Others	345	(539)	N/A
Consolidation Adjustments	547	(105)	N/A
Depreciation and amortisation	1,865	1,982	-6%
<b>Operating income (EBIT)</b>	<b>3,149</b>	<b>3,748</b>	<b>-16%</b>
Financing Results	(1,097)	(1,542)	29%
<b>Profit / (Loss) before inc. tax/ no contrl. Int.</b>	<b>2,052</b>	<b>2,206</b>	<b>-7%</b>
Income Taxes	(140)	(350)	60%
<b>Profit / (Loss) from continued operations</b>	<b>1,912</b>	<b>1,856</b>	<b>3%</b>
<b>Net profit / (loss) for the period</b>	<b>1,912</b>	<b>1,856</b>	<b>3%</b>

In the first quarter of 2017, **operating revenues** were down 10%, reaching € 35.1 million. **Opex** (excluding D&A) also decreased by 10%, from € 33.3 million to € 30.1 million.

**Consolidated EBITDA** was € 5.0 million, decreasing € 0.7 million YoY in the first three months of the year.

**EBIT** was € 3.1 million, 16% lower than a year ago.

Notwithstanding, the quarterly **net income** was € 1.9 million, staying 3% above Q1 2016.

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€ thousand	Q1 2017	Q1 2016	% Var
<b>Operating revenue</b>	<b>35,076</b>	<b>39,042</b>	<b>-10%</b>
Advertising	23,249	25,774	-10%
Other revenues	11,827	13,268	-11%

In the first quarter, **advertising revenues** stood 10% below Q1 2016. In the TV segment, advertising fell -12% YoY, whereas in Radio there was an increase of 4%. In the Other segment (which includes Digital, shared services and holding) the variation was -15% YoY.

**Other operating revenues**, which comprise mainly the audiovisual production, sale of contents, multimedia and retransmission revenues, were down 11% YoY.



## 2. Television

€ thousand	Q1 2017	Q1 2016	Var %
<b>Operating revenue</b>	<b>28,650</b>	<b>32,439</b>	<b>-12%</b>
Advertising	18,838	21,390	-12%
Other revenues	9,811	11,049	-11%
<b>Operating Expenses, ex D&amp;A</b>	<b>24,661</b>	<b>27,224</b>	<b>-9%</b>
<b>EBITDA</b>	<b>3,988</b>	<b>5,215</b>	<b>-24%</b>
EBITDA margin	13.9%	16.1%	-2.2pp
Depreciation and amortisation	733	662	11%
<b>Operating income (EBIT)</b>	<b>3,255</b>	<b>4,553</b>	<b>-29%</b>

Considering the channels TVI (generalist channel), TVI24, TVI Ficção and TVI Reality, TVI led audiences, with 24.5% in all day and 27.4% 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>24.5</b>	<b>25.3</b>
SIC Group	20.6	21.2
RTP Group	15.6	16.3

  

Prime Time (%)	UNIVERSE	ADULTS
<b>TVI Group</b>	<b>27.4</b>	<b>28.0</b>
SIC Group	24.8	25.5
RTP Group	15.0	15.6



In terms of individual channels, TVI's generalist channel confirmed yet again its #1 position, with a share of 21.6% in all day, 4.5pp above the closest competitor and 8.8pp above the third most watched channel.

In 2017 also ranks in the first place in the main commercial target - Adults - where it registers a share of 22.3%, i.e. 4.6pp and 8.8pp above the second and third players respectively.

In prime time, TVI also beat the competition, with a share of 25.0%, meaning 3.3pp above the number two channel and a 12.4pp advantage over the third one. A similar situation was achieved in the Adults target, with TVI capturing a 25.5% share, while the second and third most watched channels had 22.4% and 13.2% respectively.

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

### FINANCIAL PERFORMANCE

In what regards financial performance, **operating revenues** in the TV segment decreased by 12% YoY.

**Advertising revenues** were also down by 12%, negatively affected by the adverse market evolution.

**Other revenues**, which encompass, among other, retransmission fees, sale of contents and multimedia services, were down 11% in the quarter, due to multimedia, retransmission fees and sales of contents.

It is worth highlighting the effort to control capex, as **Opex** was down by 9% YoY. **EBITDA** in Q1 was € 4.0 million (-24% YoY), with a margin of 13.9%.



### 3. Audiovisual Production

€ thousand	Q1 2017	Q1 2016	Var %
<b>Operating revenue</b>	<b>6,658</b>	<b>11,003</b>	<b>-39%</b>
Advertising	0	0	0%
Other revenues	6,658	11,003	-39%
<b>Operating Expenses, ex D&amp;A</b>	<b>7,322</b>	<b>10,700</b>	<b>-32%</b>
<b>EBITDA</b>	<b>(664)</b>	<b>303</b>	<b>N/A</b>
EBITDA margin	-10.0%	2.8%	-12.7pp
Depreciation and amortisation	803	759	6%
<b>Operating income (EBIT)</b>	<b>(1,467)</b>	<b>(456)</b>	<b>-222%</b>

This segment had **operating revenues** of € 6.7 million (-39 YoY).

In **Portugal**, revenues were down 38% YoY, mostly as a result of the unusually strong content production activity in Q1 2016.

**Opex** decreased 32% YoY.

Hence, **EBITDA** reached a negative figure of € 0.7 million, which is approximately € 1.0 million lower than in Q1 2016.



### 4. Radio

€ thousand	Q1 2017	Q1 2016	Var %
<b>Operating revenue</b>	<b>3,950</b>	<b>3,882</b>	<b>2%</b>
Advertising	3,807	3,652	4%
Other revenues	143	230	-38%
<b>Operating Expenses, ex D&amp;A</b>	<b>3,151</b>	<b>3,025</b>	<b>4%</b>
<b>EBITDA</b>	<b>799</b>	<b>857</b>	<b>-7%</b>
EBITDA margin	20.2%	22.1%	-1.9pp
Depreciation and amortisation	191	460	-58%
<b>Operating income (EBIT)</b>	<b>607</b>	<b>397</b>	<b>53%</b>

**Advertising revenues** improved 4% YoY, while other operating revenues dropped 38% to € 0.1 million, mostly related to events.

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

In the first audience measurement published in 2017, **MCR posted an aggregate share of 34.0%**, improving 0.7pp vs both the first and the latest audience figures of 2016.

It is worth highlighting the performance of **Radio Comercial**, with a share of 22.4%, 0.6% above the previous figure.

In turn, **m80** had a share of 7.3% (+1.2pp vs the comparable period of 2016). Not only it continues to be the most watched radio station among those without a nationwide coverage, but it is also the fourth most watched radio station, and very close to the third ranked radio station.

As for other formats, **Cidade** had a share of 3.1%, 0.1pp above the comparable period of 2016, and 0.4pp more than the previous reading.

As for **opex**, it increased by 4% YoY.

**EBITDA** decreased 7%, from € 0.9 million in Q1 2016 to € 0.8 million this year.

## 5. Outros



€ thousand	Q1 2017	Q1 2016	Var %
<b>Operating revenue</b>	<b>3,919</b>	<b>4,015</b>	<b>-2%</b>
Advertising	639	753	-15%
Other revenues	3,279	3,262	1%
<b>Operating Expenses, ex D&amp;A</b>	<b>3,574</b>	<b>4,554</b>	<b>-22%</b>
<b>EBITDA</b>	<b>345</b>	<b>(539)</b>	<b>N/A</b>
EBITDA margin	8.8%	-13.4%	22.2pp
Depreciation and amortisation	137	102	35%
<b>Operating income (EBIT)</b>	<b>208</b>	<b>(641)</b>	<b>N/A</b>

This segment includes the remaining business áreas of Media Capital, including Digital, 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 2017, pageviews increased by 13%.

**Advertising** decreased by 15% YoY, whilst **other revenues** improved by 1%.

The EBITDA improved from € -0.5 million in Q1 2016 to € 0.3 million this year.

## 6. Capex



€ thousand	Q1 2017	Q1 2016	% Var
<b>Capex</b>	<b>417</b>	<b>266</b>	<b>57%</b>
Television	238	219	9%
Audiovisual Production	116	9	—
Radio	35	9	312%
Others	27	28	-4%

During the first quarter, Media Capital registered a capex of € 0.4 million, staying above the Q1 2016 figure, and it is related with improvements

and expansions in studios and equipment, mostly in the Audiovisual Production segment.



## 7. Cash Flow

€ thousand	Q1 2017	Q1 2016	Var %
Receipts	49,691	53,676	-7%
Payments	(47,436)	(51,465)	8%
<b>Cash flows op. activities (1)</b>	<b>2,255</b>	<b>2,212</b>	<b>2%</b>
Receipts	0	704	-100%
Payments	(3,007)	(1,508)	-99%
<b>Cash flows inv. activities (2)</b>	<b>(3,007)</b>	<b>(804)</b>	<b>-274%</b>
Receipts	28,064	21,776	29%
Payments	(27,857)	(26,942)	-3%
<b>Cash flows fin. activities (3)</b>	<b>207</b>	<b>(5,166)</b>	<b>N/A</b>
Cash at the beginning of the period	1,235	5,545	-78%
Variation of cash (4) = (1) + (2) + (3)	(545)	(3,758)	85%
Effect of FX differences	(1)	(1)	-51%
<b>Cash at the end of the period</b>	<b>689</b>	<b>1,787</b>	<b>-61%</b>

**Cash flow from operating activities** was € 2.3 million, against € 2.2 million in Q1 2017. We highlight that the first quarter is typically one the weakest in what cash flow generation is concerned, and therefore should not be taken as a reference for the remainder of the year.

**Cash flow from investing activities** was € -3.0 million (€ -0.8 million in Q1 2016). Cash flow related with tangible and intangible assets was € -3.0 million, thus doubling the € -1.5 million registered in the comparable period of 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 € 0.2 million (€ -5.2 million in 2016), reflecting the movements of both operating and investing activities, as well as the change in cash and equivalents.



## 8. Net Debt

€ thousands	Mar 17	Dez 16	Abs Var	% Var
<b>Group financial debt</b>	<b>100,489</b>	<b>99,329</b>	<b>1,160</b>	<b>1%</b>
Bank loans / Commercial paper / Bonds	99,777	98,500	1,277	1%
Other debt	711	828	(117)	-14%
<b>Cash &amp; equivalents</b>	<b>689</b>	<b>1,235</b>	<b>(546)</b>	<b>-44%</b>
<b>Net debt</b>	<b>99,800</b>	<b>98,094</b>	<b>1,706</b>	<b>2%</b>

**Net debt** increased € 1.7 million vs the end of 2016, standing at € 99.8 million at the end of March.

It is worth mentioning that leasings, in a global amount of € 0.7 million are included in the figure above.

Thus Media Capital maintains a comfortable capital structure.

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

	<u>31.03.2017</u>	<u>31.03.2016</u>
<b><u>OPERATING REVENUES:</u></b>		
Services rendered	25,275	27,930
Sales	-	39
Other operating revenue	<u>9,801</u>	<u>11,073</u>
Total operating revenue	<u>35,076</u>	<u>39,042</u>
<b><u>OPERATING EXPENSES:</u></b>		
Cost of programs broadcasted and goods sold	(5,035)	(2,312)
Subcontrats and third party supplies	(14,847)	(18,728)
Payroll expenses	(10,069)	(11,612)
Depreciation and amortization	(1,865)	(1,982)
Provisions and impairment losses	(12)	(287)
Other operating expenses	<u>(98)</u>	<u>(371)</u>
Total operating expenses	<u>(31,927)</u>	<u>(35,293)</u>
Net operating profit	<u>3,149</u>	<u>3,748</u>
<b><u>FINANCIAL EXPENSES:</u></b>		
Financial expense	(1,113)	(1,247)
Financial income	<u>15</u>	<u>0</u>
Finance costs, net	(1,097)	(1,247)
Gains (losses) on associated companies, net	<u>-</u>	<u>(295)</u>
Profit before tax	<u>2,052</u>	<u>2,206</u>
Income tax expense	(140)	(350)
Consolidated net profit for continued operations	<u>1,912</u>	<u>1,856</u>
Attributable to:		
Equity holders of the parent	1,912	1,856
Earnings per share (Euros)		
Basic	0.0226	0.0220
Diluted	<u>0.0226</u>	<u>0.0220</u>



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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 MARCH 2017 AND 31 DECEMBER 2016

(Amounts stated in Euro thousand)

ASSETS	31.03.2017	31.12.2016
<b>NON-CURRENT ASSETS:</b>		
Goodwill	149,718	149,718
Intangible assets	12,511	13,098
Tangible fixed assets	15,747	16,609
Investments in associates	-	0
Assets held for sale	5	5
Transmission rights and TV programs	52,911	54,473
Other non-current assets	4,186	5,524
Deferred income tax assets	2,478	2,646
	<u>237,554</u>	<u>242,072</u>
<b>CURRENT ASSETS:</b>		
Transmission rights and TV programs	29,589	28,616
Trade and other account receivable	37,209	38,020
Current tax assets	219	384
Other current assets	6,038	4,752
Cash and cash equivalents	689	1,235
	<u>73,743</u>	<u>73,007</u>
<b>TOTAL ASSETS</b>	<u><b>311,297</b></u>	<u><b>315,079</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY:</b>		
Share capital	89,584	89,584
Reserves	49,452	30,259
Profit for the period	1,912	19,101
Equity attributable to controlling interests	<u>140,948</u>	<u>138,944</u>
Total Equity	<u>140,948</u>	<u>138,944</u>
<b>LIABILITIES:</b>		
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	76,987	77,590
Provisions	5,932	6,898
Deferred income tax liabilities	1,209	1,226
	<u>84,129</u>	<u>85,715</u>
<b>CURRENT LIABILITIES:</b>		
Borrowings	23,502	21,738
Trade and other payables	38,454	40,273
Current tax liabilities	10	9
Other current liabilities	24,255	28,399
	<u>86,221</u>	<u>90,420</u>
Total liabilities	<u>170,350</u>	<u>176,135</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>311,297</b></u>	<u><b>315,079</b></u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017 AND 2016
(Amounts stated in Euro thousand)

	<u>31.03.2017</u>	<u>31.03.2016</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	49,691	53,676
Cash paid to suppliers	(28,203)	(30,196)
Cash paid to employees	(10,216)	(10,870)
Cash generated from operations	<u>11,272</u>	<u>12,610</u>
Cash received/(paid) relating to income tax	289	(27)
Other cash received/(paid) relating to operating activities	(9,306)	(10,372)
Net cash from operating activities (1)	<u>2,255</u>	<u>2,212</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
Disposal of fixed tangible and intangible assets	0	704
Interest and similar income	-	0
	<u>0</u>	<u>704</u>
Payments resulting from:		
Acquisition of tangible assets	(2,825)	(1,234)
Acquisition of intangible assets	(182)	(274)
	<u>(3,007)</u>	<u>(1,508)</u>
Net cash from /(used in) investing activities (2)	<u>(3,007)</u>	<u>(804)</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	28,064	21,776
	<u>28,064</u>	<u>21,776</u>
Cash paid relating to:		
Borrowings	(26,060)	(24,963)
Leases	(188)	(196)
Interest and other similar expenses	(1,570)	(1,739)
Other financial expenses	(38)	(45)
	<u>(27,857)</u>	<u>(26,942)</u>
Net cash from/(used in) financing activities (3)	<u>207</u>	<u>(5,166)</u>
Cash and equivalents at the beginning of the period	1,235	5,545
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	(545)	(3,758)
Exchange rate effect	(1)	(1)
Cash and equivalents at the end of the period	689	1,787