



First Half 2020 Results

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

FIRST HALF 2020 RESULTS

- 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 starting 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 recall 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 implemented 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. audiovisual 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 € 66.5 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 1H 2019 to € -11.2 million in the first half of 2020. Excluding restructuring costs, EBITDA 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 1H 2020, comparing against € 5.9 million in the comparable period of 2019.
- In terms of net financial debt, and resulting from a careful cash management, it increased by only € 5 million since YE 2019 (from € 88.5 million to € 93.5 million).
- The mix of gradual convergence towards the normalization of economic activity, coupled with a clear improvement in TV audiences, as well as the maintenance of the leadership in radio, on top of the reactivation of the content production activity are all good prospects regarding the improvement of both operating and financial KPI's over the coming months.

Queluz de Baixo, 25th September 2020

Impacto of subsequent events:

With the exception of the information mentioned below, between 30th June of 2020 and the date when the condensed consolidated financial statements were approved, there were no relevant events nor additional uncertainties concerning the evolution of the pandemic and the Group's future activity that have had or might have material impacts in such financial statements.

On the 4th September 2020, Promotora de Informaciones, S.A. ("Prisa") announced to the market that it had reached several agreements regarding the sale of its 64.47% stake in Media Capital's equity through Vertix, SGPS, S.A. It further detailed that such deals followed a prospection conducted by a financial institution near potential investors. As reported, Vertix, SGPS, S.A. signed on that date various sale and purchase agreements with regards to its entire stake in Media Capital (64.47%), whose conclusion is subject to the competent authorizations by the applicable Portuguese regulatory institutions. On the same date, it was also reported to the market the revocation the by-law agreement between Pluris Investments, S.A. and Vertix SGPS, S.A. which took place on 14th May 2020 regarding the equity stakes held by both entities in Media Capital's share capital, with effect as of that date.



1. Consolidated P&L

€ thousand	1H 2020	1H 2019	% Var	Q4 2019
Total operating revenue	55,301	86,383	(36%)	(62,956)
Television	46,251	70,269	(34%)	(48,025)
Audiovisual Production	11,111	15,267	(27%)	(14,338)
Radio & Entertainment	6,245	12,101	(48%)	(10,772)
Others	7,003	8,009	(13%)	(5,099)
Consolidation Adjustments	(15,309)	(19,263)	21%	15,278
Total Operating Expenses ex-D&A	66,513	72,142	(8%)	(40,435)
Restructuring Costs	1,309	686	91%	(110)
Total Opex ex-D&A, Restructuring Costs	65,203	71,456	(9%)	(40,325)
EBITDA	(11,211)	14,241	n.a.	(22,521)
EBITDA Margin	(20.3%)	16.5%	(36.8pp)	35.8%
EBITDA ex-Restructuring Costs	(9,902)	14,927	n.a.	(22,631)
EBITDA Margin ex-Restructuring Costs	(17.9%)	17.3%	(35.2pp)	35.9%
Television	(9,284)	9,149	n.a.	(13,274)
Audiovisual Production	(2,516)	(1,136)	(122%)	(2,038)
Radio & Entertainment	934	5,803	(84%)	(6,625)
Others	159	807	(80%)	(1,004)
Consolidation Adjustments	804	304	165%	310
Depreciation and Amortisation	4,693	4,399	7%	(2,304)
Operating income (EBIT)	(15,904)	9,843	n.a.	(20,217)
Financing Results	(981)	(1,383)	29%	721
Profit / (Loss) Before Inc. Tax and No Contrl. Int.	(16,885)	8,459	n.a.	(19,496)
Income Taxes	2,473	(2,570)	n.a.	3,899
Profit / (Loss) from Continued Operations	(14,412)	5,890	n.a.	(15,597)
Net Profit / (Loss) for the Period	(14,412)	5,890	n.a.	(15,597)

As explained, in the first six months of 2020, **operating revenues** came down 36% to € 55.3 million.

Excluding D&A and restructuring charges, opex had a decrease of 9%, coming from € 71.5 million to € 65.2 million.

Excluding restructuring costs, consolidated EBITDA was € -9.9 million, which compares with € 14.9

million in the comparable period of 2019. The adjusted EBITDA margin moved from 17.3% to -17.9%.

As for **EBIT**, it reached € -15.9 million, vs € 9.8 million a year ago.

Net financial results improved by 29% to € -1.0 million, due to lower interest costs.

Net profit was € -14.4 million (€ 5.9 million in 1H 2019) chiefly as a result of worse operating performance.

€ thousand	1H 2020	1H 2019	% Var	Q4 2019
Operating revenue	55,301	86,383	(36%)	(62,956)
Advertising	37,346	58,986	(37%)	(41,363)
Other revenues	17,956	27,397	(34%)	(21,593)

In 1H 2020, **advertising revenues** came down 37% (-36% in TV, -40% in Radio & Entertainment and -37% in the Other segment). The main driver for such performance was the pandemic.

Other operating revenues, mostly composed by sale of contents, multimedia and retransmission

fees, were down 34%, mostly due to multimedia and retransmission fees. It is worth highlighting that the comparable period of 2019 benefited from the € 1.0 million related with the sale of tangible fixed assets in the Radio & Entertainment segment.

2. Television



€ thousand	1H 2020	1H 2019	% Var
Operating revenue	46,251	70,269	(34%)
Advertising	30,372	47,335	(36%)
Other revenues	15,879	22,934	(31%)
Operating Expenses, ex D&A	56,593	61,533	(8%)
Restructuring Costs	1,059	414	156%
Total Opex ex-D&A, Restructuring Costs	55,534	61,119	(9%)
EBITDA	(10,342)	8,735	n.a.
EBITDA margin	(22.4%)	12.4%	(34.8pp)
EBITDA ex-Restructuring Costs	(9,284)	9,149	n.a.
EBITDA Margin ex-Restructuring Costs	(20.1%)	13.0%	(33.1pp)
Depreciation and amortisation	2,101	1,973	6%
Operating income (EBIT)	(12,443)	6,762	n.a.

In the first six months of 2020, **the aggregate all day audience share** of TVI, TVI24, TVI Ficção and TVI Reality was 16.8%, while in prime time (8:00PM - 00:00AM) it was 19.3%. In the Adults target, the percentages were 17.5% in all day and 19.9% in prime time.

All Day (%)	UNIVERSE	ADULTS
TVI Group	16.8	17.5
SIC Group	24.1	25.2
RTP Group	16.2	17.0
Prime Time (%)	UNIVERSE	ADULTS
TVI Group	19.3	19.9
SIC Group	28.0	28.7
RTP Group	16.2	17.0

It is worth highlighting that, as result of the effort put in place in contents, especially in prime time, there was a clearly improvement of audience figures. As an example, TVI's generalist channel ended the first half of 2020 with an audience share in adults prime time of 17.9% in the month of June, which compares with 16.4% in January.

Moreover, in August, such metric further improved to 20.3%. Given the most recent changes in content strategy, the Group has high hopes that the path of audience recovery will keep up over the following months.

FINANCIAL PERFORMANCE

Operating revenues were down 34% in the period under analysis.

Advertising revenues dropped by 36% YoY, although the evolution was milder closer to the end of the period, due to the soften of the harsh overall economic environment and to the recovery in TVI audiences.

Other revenues, which include, among other, retransmission fees, sale of contents and multimedia, were down 31%, mostly due to multimedia and retransmission fees.

Opex excluding restructuring charges were down 9%, despite of the investment made in contents.

As such **EBITDA adjusted for restructuring charges** reached € -9.3 million (€ 9.1 million in 1H 2019).



3. Audiovisual Production

€ thousand	1H 2020	1H 2019	% Var
Operating revenue	11,111	15,267	(27%)
Advertising	-	-	-
Other revenues	11,111	15,267	(27%)
Operating Expenses, ex D&A	13,816	16,575	(17%)
Restructuring Costs	189	172	10%
Total Opex ex-D&A, Restructuring Costs	13,627	16,403	(17%)
EBITDA	(2,705)	(1,307)	(107%)
EBITDA margin	(24.3%)	(8.6%)	(15.8pp)
EBITDA ex-Restructuring Costs	(2,516)	(1,136)	(122%)
EBITDA Margin ex-Restructuring Costs	(22.6%)	(7.4%)	(15.2pp)
Depreciation and amortisation	1,605	1,517	6%
Operating income (EBIT)	(4,310)	(2,825)	(53%)

Plural continues to be one the main players in the audiovisual production sector, also with a relevant presence in the associated technical services/equipment and scenic design and construction.

In terms of the financial performance, this segment had **operating revenues** of € 11.1 million, thus down by 27% YoY, due to the pandemic, which

actually lead to a full stoppage of the activity, meanwhile normalized by the mid of May.

Due to the lower activity, **opex** was lower 17% YoY.

Adjusted for restructuring charges, EBITDA was € -2.5 million, comparing with € -1.1 million registered a year ago.

4. Radio & Entertainment



€ thousand	1H 2020	1H 2019	% Var
Operating revenue	6,245	12,101	(48%)
Advertising	5,928	9,933	(40%)
Other revenues	317	2,168	(85%)
Operating Expenses, ex D&A	5,310	6,318	(16%)
Restructuring Costs	-	20	(100%)
Total Opex ex-D&A, Restructuring Costs	5,310	6,298	(16%)
EBITDA	934	5,783	(84%)
EBITDA margin	15.0%	47.8%	(32.8pp)
EBITDA ex-Restructuring Costs	934	5,803	(84%)
EBITDA Margin ex-Restructuring Costs	15.0%	48.0%	(33.0pp)
Depreciation and amortisation	784	651	20%
Operating income (EBIT)	151	5,132	(97%)

In the three radio audience readings published in 2020, the data continues to point out the outstanding performance of the various formats that belong to Media Capital.

MCR's aggregate radio formats posted an average audience share of 39.8% in the first three readings, corresponding to their best performance ever. In the same period, the average reach (AAV) was 25.3%, which compares with 27.5% in the previous year. On the other hand, the reduction in AAV reflects the temporary reduction of radio consumption as a side effect of the pandemic. It is worth noticing that the radio market as a whole performed even worse on this metric, as its AAV came down from 60.1% to 55.0%). MCR remains as the number one Group in terms of AAV, having won 11 of the last 13 audience readings.

In terms of formats, **Rádio Comercial** had an **average share of 24.4%**, thus improving vs 2019 (when it had 22.2%).

In turn, **M80** had a remarkable evolution, with an **average share of 9.8%, with the last of this year's three readings being 10.6%, its highest ever**. M80 continues to stand out as the third most listened to radio station, despite not having a license for nationwide coverage.

As regards other formats, **Cidade FM** had an average share of 2.7%.

Regarding **innovation**, the formats M80 and SmoothFM continued the process started last year, having now a total of 22 web radios (12 by M80, 6 by radio Comercial, 5 by Smooth FM and 2 by

Cidade FM), on top of the 3 FM radios also available online. These are streaming radios that segment the most relevant clusters (both in genre and decades) for these FM formats. Such radios are not based on algorithms but rather on carefully playlists cherry picked by each format's team, both with a vast experience. This offer is available also through apps, and provides an invaluable extension of the FM products, thus increasing contact and brand awareness among listeners and advertisers, while proving that the Group's radios are already fully immersed in the digital transformation process


Financially wise, **advertising revenues** came down 40% YoY, notwithstanding the good performance in terms of audience share. The impacts of the pandemic were harder in the last four months of the semester, although in the last one (June) the YoY reduction of advertising was about half of the figure registered in May. This supports the case for the ability to rebound both quickly and profoundly.

Other operating revenues were down 85% towards € 0.3 million, resulting from a reduction in the activities of events and the production of spots, although the lion share of the impact has to do with the sale of tangible assets back in 2019, which then positively affected this line by € 1.0 million.

As for **opex**, it fell by 16% YoY, excluding restructuring charges.

Adjusted EBITDA decreased by 84% to € 0.9 million, with the margin over revenues being 15%.

5. Other



€ thousand	1H 2020	1H 2019	% Var
Operating revenue	7,003	8,009	(13%)
Advertising	1,194	1,893	(37%)
Other revenues	5,809	6,115	(5%)
Operating Expenses, ex D&A	6,906	7,283	(5%)
Restructuring Costs	61	81	(24%)
Total Opex ex-D&A, Restructuring Costs	6,845	7,202	(5%)
EBITDA	97	726	(87%)
EBITDA margin	1.4%	9.1%	(7.7pp)
EBITDA ex-Restructuring Costs	159	807	(80%)
EBITDA Margin ex-Restructuring Costs	2.3%	10.1%	(7.8pp)
Depreciation and amortisation	204	257	(21%)
Operating income (EBIT)	(106)	469	n.a.

This segment includes the remaining activities of the Group, including digital, holding and shared services.

When comparing with the similar period of 2019, the number of visits and pageviews increased by 16% and 9% respectively, whereas video plays jumped by 40%.

On financial grounds, **advertising revenues** were down 37%, while **other revenues** decreased 5%.

Adjusted for restructuring charges, **EBITDA** was € 0.2 million (vs € 0.8 million in 2019).



6. Cash Flow

€ thousand	1H 2020	1H 2019	% Var
Receipts	77,449	105,522	(27%)
Payments	(78,236)	(89,631)	13%
Cash flows op. activities (1)	(787)	15,891	n.a.
Receipts	116	1,581	(93%)
Payments	(2,306)	(3,002)	23%
Cash flows inv. activities (2)	(2,190)	(1,421)	(54%)
Receipts	61,136	38,736	58%
Payments	(52,522)	(53,332)	2%
Cash flows fin. activities (3)	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%

Operating cash flow was € -0.8 million, comparing with € 15.9 million of 1H 2019, mainly due to lower receipts in advertising, as activity plunged. Notwithstanding the Group managed not to fully reflect the reduction in EBITDA into cash flow, through a strict management of working capital.

Cash flow from investing was € -2.2 million, comparing with € -1.4 million in 1H 2019. Looking strictly to the portion related with tangible and intangible assets, it was € -2.3 million, thus better than the € -3.0 million a year ago. The cash flow

can have a meaningful time mismatch, depending on the payables period, which in this case justifies why cash out flow in 1H 2020 was significantly bigger than the capex.

Cash flow from financing stood at € 8.6 million (€ -14.6 million in 1H 2019), reflecting the movements in operating and investing cash flow, as well as the variation of cash and equivalents.



7. Net debt

€ thousands	Jun 19	Dec 19	Abs Var	% Var
Group financial debt	102,130	91,508	10,622	12%
Bank loans / Commercial paper / Bonds	93,162	88,723	4,438	5%
Other debt	8,969	2,785	6,184	222%
Cash & equivalents	8,603	2,966	5,636	190%
Net debt	93,527	88,542	4,986	6%

Net debt was € 93.5 million at the end of June, thus representing an increase of € 5.0 million vs the end of 2019.



8. Outlook

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, com a 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 Groups 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.

GRUPO MEDIA CAPITAL, S.G.P.S. S.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020 AND 2019
(Amounts stated in Euro thousand)

	6 months ended		3 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
OPERATING REVENUES:				
Services rendered	39,391	62,450	18,848	35,754
Other operating revenue	15,911	23,933	6,915	11,321
Total operating revenue	<u>55,301</u>	<u>86,383</u>	<u>25,763</u>	<u>47,076</u>
OPERATING EXPENSES:				
Cost of programs broadcasted and goods sold	(15,224)	(12,874)	(6,976)	(3,421)
Subcontrats and third party supplies	(30,233)	(38,021)	(13,267)	(19,958)
Payroll expenses	(21,585)	(20,845)	(9,903)	(10,273)
Depreciation and amortization	(4,693)	(4,399)	(2,336)	(2,239)
Provisions	1,407	(20)	856	(10)
Impairment losses	(629)	(19)	(203)	70
Other operating expenses	(249)	(363)	(55)	(246)
Total operating expenses	<u>(71,206)</u>	<u>(76,540)</u>	<u>(31,884)</u>	<u>(36,076)</u>
Net operating profit	<u>(15,904)</u>	<u>9,843</u>	<u>(6,121)</u>	<u>10,999</u>
FINANCIAL EXPENSES:				
Financial expense	(994)	(1,410)	(592)	(782)
Financial income	13	27	-	-
Finance costs, net	<u>(981)</u>	<u>(1,383)</u>	<u>(592)</u>	<u>(782)</u>
Profit before tax	(16,885)	8,459	(6,713)	10,217
Income tax expense	2,473	(2,570)	625	(2,942)
Consolidated net profit	<u>(14,412)</u>	<u>5,890</u>	<u>(6,088)</u>	<u>7,276</u>
Attributable to:				
Equity holders of the parent	(14,412)	5,890	(6,088)	7,276
Earnings per share (Euros)				
Basic	(0.1705)	0.0697	(0.0720)	0.0861
Diluted	<u>(0.1705)</u>	<u>0.0697</u>	<u>(0.0720)</u>	<u>0.0861</u>

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2020 AND 31 DECEMBER 2019

(Amounts stated in Euro thousand)

ASSETS	30/06/2020	31/12/2019
NON-CURRENT ASSETS:		
Goodwill	92,032	92,032
Intangible assets	8,625	9,075
Tangible fixed assets and right-of-use assets	10,826	13,423
Investment in financial assets	5	5
Transmission rights and TV programs	50,534	50,838
Other non-current assets	2,007	2,141
Deferred income tax assets	1,466	1,670
	<u>174,381</u>	<u>178,864</u>
CURRENT ASSETS:		
Transmission rights and TV programs	22,173	27,766
Trade and other account receivable	20,413	35,595
Current tax assets	3,691	196
Other current assets	5,490	5,051
Cash and cash equivalents	8,603	2,966
	<u>60,370</u>	<u>71,575</u>
TOTAL ASSETS	<u><u>234,750</u></u>	<u><u>250,439</u></u>
EQUITY AND LIABILITIES		
EQUITY:		
Share capital	89,584	89,584
Reserves	(875)	53,866
Profit for the period	(14,412)	(54,729)
Equity attributable to controlling interests	<u>74,297</u>	<u>88,721</u>
Total Equity	<u>74,297</u>	<u>88,721</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Borrowings	52,050	59,000
Leases liabilities	5,452	5,886
Provisions	1,934	3,366
Deferred income tax liabilities	990	1,024
	<u>60,426</u>	<u>69,276</u>
CURRENT LIABILITIES:		
Borrowings	41,162	23,012
Leases liabilities	3,466	3,611
Trade and other payables	33,483	40,820
Current tax liabilities	5,311	5,152
Other current liabilities	16,605	19,849
	<u>100,027</u>	<u>92,443</u>
Total liabilities	<u>160,453</u>	<u>161,718</u>
TOTAL EQUITY AND LIABILITIES	<u><u>234,750</u></u>	<u><u>250,439</u></u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020 AND 2019

(Amounts stated in Euro thousand)

	<u>30/06/2020</u>	<u>30/06/2019</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	77,449	105,522
Cash paid to suppliers	(50,874)	(51,135)
Cash paid to employees	(19,679)	(21,318)
Cash generated from operations	<u>6,896</u>	<u>33,069</u>
Cash received/(paid) relating to income tax	(68)	(56)
Other cash received/(paid) relating to operating activities	(7,615)	(17,122)
Net cash from operating activities (1)	<u>(787)</u>	<u>15,891</u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
Disposal of fixed tangible and intangible assets	-	1,448
Investment subsidies	116	134
	<u>116</u>	<u>1,581</u>
Payments resulting from:		
Acquisition of tangible assets	(2,049)	(2,585)
Acquisition of intangible assets	(257)	(417)
	<u>(2,306)</u>	<u>(3,002)</u>
Net cash from /(used in) investing activities (2)	<u>(2,190)</u>	<u>(1,421)</u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	61,136	38,736
Cash paid relating to:		
Borrowings	(50,099)	(50,761)
Leases	(1,808)	(1,489)
Interest and other similar expenses	(432)	(923)
Interest and other similar expenses IFRS 16	(93)	(77)
Other financial expenses	(90)	(84)
	<u>(52,522)</u>	<u>(53,332)</u>
Net cash from/(used in) financing activities (3)	<u>8,613</u>	<u>(14,596)</u>
Cash and equivalents at the beginning of the period	2,966	382
	-	-
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	5,636	(126)
Exchange rate effect	0	(0)
	-	-
Cash and equivalents at the end of the period	8,603	256