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# First nine months 2018 Results

Grupo Média Capital, SGPS, S.A.

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## FIRST NINE MONTHS 2018 RESULTS

Media Capital posts a net profit of € 12.1 million, 25% above the comparable period of 2017

- In the first nine months of the year, **Media Capital kept its leadership in audiences and profitability**, strengthening its position in the competitive Portuguese media sector.
- **Net profit** improved 25% YoY, due to the growth in operating revenues, EBITDA and financial results.
- **Advertising revenues** were up 2%.
- Consolidated **EBITDA** reached € 24.5 million, 8% above the comparable period.
- **Financial results** improved 32% YoY, due to the lower average volume of net debt, lower all-in interest rate and favorable FX differences.
- The **TV** segment had an EBITDA of € 18.8 million. **TVI** kept the leadership in TV audience share for the 146<sup>th</sup> straight month, achieving an average share of 20.2% and 23.9% in all day and prime time, respectively. The gap over the second most watched channel was 3.9pp in all day and 3.4pp 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 23.3% in all day and 26.4% in prime time, i.e., respectively 3.3pp and 2.6pp above the second most watched group of channels, although TVI has a lower number of channels.
- The **Radio** segment continued to improve its EBITDA, which in this period rose by 25% YoY to € 4.6 million, with a margin of 32.9%. Media Capital's radios continued to increase their audience levels, reaching 37.6% in the fourth reading of 2018 - 2.1pp above the main competitor. Such performance benefited from the success of Radio Comercial (24.9%), which this year reached the highest number of listeners ever for a Portuguese radio, as well as to M80's, which reinforced its ranking as the third most listened to radio in Portugal (share of 9.2%).
- In the **Digital** business there was a strong improvement in audiences and revenues. In the comparison against the comparable period of 2017, the number of visits, page views and videos rose by 14%, 15% and 39% respectively, thus decisively contributing for the 16% increase in advertising revenues.
- It is worth highlighting the **cash flow generation**, with an improvement in operating cash flow from € 13.0 million to € 24.5 million, whereas net debt came down € 2.1 million and € 17.7 million when comparing against YE 2017 and September 2017, respectively. Hence, net debt stood at € 93.1 million at the end of September 2018.

Queluz de Baixo, 29th October 2018

**Introductory Note:** 2017 values are presented on a pro-forma basis, incorporating the adoption of IFRS 15 - Revenues from Contracts with Customers - that took place since 1 January 2018. This implied an increase in both revenues and costs in the exact same amount, i.e. neutral EBITDA and cash flow wise. In terms of reported segments, the only one affected is TV.

€ thousand	3T 2017 PF	9M 2017 PF
<b>IFRS 15 impact</b>		
Total operating revenue	2,320	7,148
Total operating expenses ex-D&A	2,320	7,148

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## 1. Consolidated P&L

€ thousand	9M 2018	9M 2017 PF	% Var	Q3 2018	Q3 2017 PF	% Var
<b>Total operating revenue</b>	<b>126,003</b>	<b>122,456</b>	<b>3%</b>	<b>39,127</b>	<b>38,594</b>	<b>1%</b>
Television	103,852	101,969	2%	32,484	31,846	2%
Audiovisual Production	23,352	20,844	12%	7,638	8,325	(8%)
Radio	13,853	13,227	5%	4,317	4,084	6%
Others	11,976	11,660	3%	3,957	3,855	3%
Consolidation Adjustments	(27,030)	(25,244)	(7%)	(9,269)	(9,516)	3%
<b>Total operating expenses ex-D&amp;A</b>	<b>101,512</b>	<b>99,711</b>	<b>2%</b>	<b>34,063</b>	<b>33,180</b>	<b>3%</b>
<b>EBITDA</b>	<b>24,490</b>	<b>22,745</b>	<b>8%</b>	<b>5,063</b>	<b>5,414</b>	<b>(6%)</b>
<b>EBITDA Margin</b>	<b>19.4%</b>	<b>18.6%</b>	<b>0.9pp</b>	<b>12.9%</b>	<b>14.0%</b>	<b>(1.1pp)</b>
Television	18,797	19,712	(5%)	4,010	4,575	(12%)
Audiovisual Production	265	(1,627)	N/A	162	43	280%
Radio	4,559	3,650	25%	1,052	1,053	(0%)
Others	178	347	(49%)	(59)	(70)	15%
Consolidation Adjustments	691	663	4%	(101)	(187)	46%
Depreciation and amortisation	4,950	5,785	(14%)	1,921	1,947	(1%)
<b>Operating income (EBIT)</b>	<b>19,541</b>	<b>16,960</b>	<b>15%</b>	<b>3,142</b>	<b>3,467</b>	<b>(9%)</b>
Financing Results	(2,343)	(3,433)	32%	(727)	(1,099)	34%
<b>Profit / (Loss) Before Inc. Tax and No Contrl. Int.</b>	<b>17,198</b>	<b>13,527</b>	<b>27%</b>	<b>2,415</b>	<b>2,368</b>	<b>2%</b>
Income Taxes	(5,117)	(3,838)	(33%)	(825)	(998)	17%
<b>Profit / (Loss) from Continued Operations</b>	<b>12,081</b>	<b>9,690</b>	<b>25%</b>	<b>1,589</b>	<b>1,370</b>	<b>16%</b>
<b>Net Profit / (Loss) for the Period</b>	<b>12,081</b>	<b>9,690</b>	<b>25%</b>	<b>1,589</b>	<b>1,370</b>	<b>16%</b>

In the first nine months of 2018, **operating revenues** were up 3%, reaching € 126.0 million (€ 122.5 million in 9M 2017). In the third quarter, revenues grew by 1%. **Opex** (excluding D&A) was also up, in this case by 2%, from € 99.7 million towards € 101.5 million. In the quarter, opex increased by 3% to € 34.1 million.

**Consolidated EBITDA** was € 24.5 million, improving 8% YoY. EBITDA margin went from 18.6% to 19.4%. In 3Q, EBITDA decreased 6% to € 5.1 million.

**EBIT** was € 19.5 million, 15% better than the value of 9M 2017, benefiting also from lower depreciations and amortisations.

**Net financial results** improved 32% to € -2.3 million, through the reduction in interest costs (due both to a lower average net debt and to a lower cost of debt) and to favourable FX differences.

**Net income** rose by 25% to € 12.1 million, whereas in the third quarter there was a 16% improvement, to € 1.6 million.

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€ thousand	9M 2018	9M 2017 PF	% Var	Q3 2018	Q3 2017 PF	% Var
<b>Operating revenue</b>	<b>126,003</b>	<b>122,456</b>	<b>3%</b>	<b>39,127</b>	<b>38,594</b>	<b>1%</b>
Advertising	84,548	82,989	2%	25,948	25,887	0%
Other revenues	41,454	39,467	5%	13,178	12,707	4%

In 9M 2018, **advertising revenues** had a positive evolution, having increased 2% YoY (0% in 3Q). In the TV segment, advertising was up 1% (-1% in 3Q), whereas in the Radio segment there was an increase of 3% (+5% in 3Q), while in the Other segment (which includes Digital, Music & Events, shared services and holding) the variation was quite positive (+16% year to date and +12% in 3Q).

**Other operating revenues**, which comprise mainly audiovisual production, sale of contents, multimedia and retransmission revenues, increased by 5% (+4% in 3Q), benefiting from retransmission revenues, among other, such as multimedia and events.

## 2. Television



€ thousand	9M 2018	9M 2017 PF	Var %	Q3 2018	9M 2017 PF	Var %
<b>Operating revenue</b>	<b>103,852</b>	<b>101,969</b>	<b>2%</b>	<b>32,484</b>	<b>31,846</b>	<b>2%</b>
Advertising	69,075	68,207	1%	21,057	21,259	(1%)
Other revenues	34,776	33,763	3%	11,427	10,587	8%
<b>Operating Expenses, ex D&amp;A</b>	<b>85,055</b>	<b>82,258</b>	<b>3%</b>	<b>28,473</b>	<b>27,270</b>	<b>4%</b>
<b>EBITDA</b>	<b>18,797</b>	<b>19,712</b>	<b>(5%)</b>	<b>4,010</b>	<b>4,575</b>	<b>(12%)</b>
EBITDA margin	18.1%	19.3%	(1.2pp)	12.3%	14.4%	(2.0pp)
Depreciation and amortisation	1,893	2,150	(12%)	656	699	(6%)
<b>Operating income (EBIT)</b>	<b>16,904</b>	<b>17,562</b>	<b>(4%)</b>	<b>3,354</b>	<b>3,876</b>	<b>(13%)</b>

Considering the TVI FTA (generalist) channel, TVI24, TVI Ficção and TVI Reality, TVI's aggregate group of channels led audiences, with 23.3% in all day and 26.4% 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>23.3</b>	<b>24.2</b>
SIC Group	20.0	20.7
RTP Group	16.4	17.1
Prime Time (%)	UNIVERSE	ADULTS
<b>TVI Group</b>	<b>26.4</b>	<b>27.1</b>
SIC Group	23.8	24.5
RTP Group	15.8	16.3



In terms of individual channels, TVI's generalist channel confirmed yet again its #1 position for the 146<sup>th</sup> consecutive month, with a share of 20.2% in all day, 3.9pp above the closest competitor and 8.2pp above the third most watched channel. TVI is the leader in this commercial target since 2005.

In 2018, TVI also ranks in the first place in the main commercial target - Adults - obtaining a share of 21.1%, i.e. 4.1pp and 8.4pp above the second and third players, respectively.

In prime time, TVI also beats the competition, with a share of 23.9%, meaning 3.4pp above the second channel and a 12.1pp 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 24.5% share, while the second and third most watched channels had 21.2% and 12.3%, respectively.

During this period, TVI based its programming on local drama (fiction), entertainment and news. In the third quarter, TVI further enhanced the quality and broadness of its contents, through the acquisition of rights of the UEFA Champions League.

In **fiction**, TVI led with the three telenovelas that have been aired this year: "A Herdeira", with an average audience of 1 million and 280 thousand

viewers, during the period it was on air (1 year). “Jogo Duplo”, airing latter in the night, and with an average audience of 816 viewers and a share of 23.5%, also led its time slot. The series “Onde Está Elisa?”. On the 30<sup>th</sup> of September, the telenovela “Valor da Vida” premiered, being the most watched program on that day, with an average audience of 1 million and 115 thousand viewers and a share of 28.3%.

In **entertainment**, TVI’s programmes continue to outbeat the competition. The second season of “Pesadelo na Cozinha” (“Kitchen Nightmares”), first aired in September, leading on Sunday nights, with an average audience of 1 million and 357 thousand viewers and a share of 32.0%. The new program “Conta-me Como És”, airing Saturday early afternoons, had outstanding results, boosting audiences in that time slot. “Apanha se Puderés” continues to be a success, as it leads audiences in access to prime since its premiere. “A Tua Cara Não Me É Estranha” also posted impressive audience figures.

TVI’s **news** programing keeps its leading position both at lunchtime, with “Jornal da Uma” and at dinnertime, with “Jornal das 8”.

In **sports**, the broadcasting of the “UEFA Champions League” in September had a leading share of 39.4% (49.2% in the male target).

**TVI24** kept its #1 ranking among news channels in prime time, with an average audience of 65 thousand views. In the first six months of 2018, out of the 25 most watched programmes broadcasted on news channels, 19 belong to TVI24’s.

The **TVI Reality** channel leveraged on the success of “Secret Story 7” and “Secret Story – O Reencontro”, ranking #24 in the overall channels list, with a total audience of 318 thousand viewers.

As regards the **sale of contents**, in 9M 2018 it was reached a new record in the number of countries where TVI’s fiction is exhibited – 75. In November, “A Única Mulher” premiered in 14 French-speaking African countries. “Ouro Verde” and “A Única Mulher” were sold to the North-American territory and to several Eastern Europe countries. Also, “A Herdeira” was sold to both Angola and Mozambique, whereas TVI’s miniseries were sold to the US VOD and SVOD markets.

Meanwhile, **TVI channels** continue to increase their worldwide footprint. In the third quarter, TVI Internacional and TVI Ficção became available in more than one platform in Luxembourg. In Switzerland, the number is now three platforms (2 previously). In France, the third largest pay-tv operator (Bouygues) now includes TVI’s channels in their Portuguese speaking package. As for other countries, Germany is now also another country

where TVI channels are present. All in all, **TVI Internacional** is broadcasted in 22 territories around the World, being present in more than 40 platforms. **TVI Ficção** also grew its presence, being now available in 14 territories.

TVI was the big winner of the prizes “Troféus de Televisão” (“Television Trophies”), winning 16 out of the 24 available prizes. The main highlight was in fiction, with TVI winning all the prizes in the telenovela category (6 in 6), while 2 of the 3 prizes in the series category were also attributed to TVI’s stars. In entertainment, the winning talk-show was TVI’s “Você na TV” and the best hosts were also TVI’s. In news, TVI won the prize for best investigative journalism piece, with Ana Leal being considered the best TV journalist, while José Carlos Araújo was named as the best news anchor. TVI24’s sports program “Maisfutebol” won in its category.

In September, TVI and Plural were nominate for the 5<sup>th</sup> time for the International Emmy Awards, the most prestigious worldwide prize in TV. “Ouro Verde” is the only Portuguese speaking production to be nominated in the Best Telenovela category. Plural is now the most nominated European producing company for the Emmy International Awards.

This year, TVI became the first Portuguese brand to have more than 1 million followers on You Tube and the number one broadcaster on Instagram.

Also in 2018, TVI was awarded several prizes in Portugal. “Ouro Verde” won the prizes “autores” from Sociedade Portuguesa de Autores for the Best Fiction Program. TVI and Media Capital Digital also won 15 prizes attributed by Meios & Publicidade.

## FINANCIAL PERFORMANCE

Regarding financial performance, **operating revenues** were up 2% YoY. In the third quarter, the YoY variation was +2%.

**Advertising revenues** were up 1% (-1% in the third quarter).

**Other revenues**, which encompass, among other, retransmission fees, sale of contents and multimedia services, were up 3%. In July-September, the YoY growth was 8%.

**Opex** increased 3% YoY (+4% in the quarter). Such increase is the result of the effort put in better quality contents.

**EBITDA** was € 18.8 million (-5% YoY), with a margin of 18.1%. Nonetheless, in the 3Q, EBITDA decreased 12% to € 4.0 million, with a margin of 12.3%.



### 3. Audiovisual Production

€ thousand	9M 2018	9M 2017	Var %	Q3 2018	Q3 2017	Var %
<b>Operating revenue</b>	<b>23,352</b>	<b>20,844</b>	<b>12%</b>	<b>7,638</b>	<b>8,325</b>	<b>(8%)</b>
Advertising	0	0	-	0	0	-
Other revenues	23,352	20,844	12%	7,638	8,325	(8%)
<b>Operating Expenses, ex D&amp;A</b>	<b>23,087</b>	<b>22,472</b>	<b>3%</b>	<b>7,477</b>	<b>8,283</b>	<b>(10%)</b>
<b>EBITDA</b>	<b>265</b>	<b>(1,627)</b>	<b>N/A</b>	<b>162</b>	<b>43</b>	<b>280%</b>
EBITDA margin	1.1%	-7.8%	8.9pp	2.1%	0.5%	1.6pp
Depreciation and amortisation	1,839	2,422	(24%)	885	808	10%
<b>Operating income (EBIT)</b>	<b>(1,574)</b>	<b>(4,049)</b>	<b>61%</b>	<b>(723)</b>	<b>(765)</b>	<b>5%</b>

Plural continues to be one of 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 9M 2018, it kept its leadership not only in fiction, with the production of the novelas “A Herdeira”, “Jogo Duplo” and “Valor da Vida”, 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, during weekdays.

Furthermore, EMAV (technical services and equipment) rendered its services to several important audiovisual players in Iberia, and was responsible for the technical support to the broadcasting of various sports. In turn, EPC (scenery design and construction) was again one of the main suppliers in the Portuguese market – in the areas of entertainment, fiction and news, among other, with a special highlight for the involvement in the Eurovision Song Contest.

This segment had **operating revenues** of € 23.4 million (+12 YoY), primarily due to a substantial increase of content production in Portugal. In 3Q, the YoY variation was negative (-8%), due mostly from the activities of technical services and scenery design and construction.

In **Portugal**, revenues were up 11% YoY, mostly as a result of higher content production for television.

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

**Opex** increased by 3% YoY (-10% in the quarter), due to the variation in the activity.

Hence, **EBITDA** reached a positive figure of € 0.3 million, substantially improving from the € -1.6 million in 9M 2017. In the quarter, EBITDA also improved, but the absolute figure is less relevant, as shown in the table above.

## 4. Radio

€ thousand	9M 2018	9M 2017	Var %	Q3 2018	Q3 2017	Var %
<b>Operating revenue</b>	<b>13,853</b>	<b>13,227</b>	<b>5%</b>	<b>4,317</b>	<b>4,084</b>	<b>6%</b>
Advertising	13,195	12,753	3%	4,139	3,945	5%
Other revenues	658	474	39%	177	139	27%
<b>Operating Expenses, ex D&amp;A</b>	<b>9,294</b>	<b>9,577</b>	<b>(3%)</b>	<b>3,265</b>	<b>3,031</b>	<b>8%</b>
<b>EBITDA</b>	<b>4,559</b>	<b>3,650</b>	<b>25%</b>	<b>1,052</b>	<b>1,053</b>	<b>(0%)</b>
EBITDA margin	32.9%	27.6%	5.3pp	24.4%	25.8%	(1.4pp)
Depreciation and amortisation	840	782	7%	278	292	(5%)
<b>Operating income (EBIT)</b>	<b>3,719</b>	<b>2,868</b>	<b>30%</b>	<b>773</b>	<b>761</b>	<b>2%</b>

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

In the fourth audience measurement published in 2018, **MCR posted a leading aggregate share of 37.6%**, 2.1pp better than its closest competitor.

It is worth highlighting the performance of **Radio Comercial**, which improved its share to 24.9%, when it had had 24.6% at the end of 2017. Also worth noting is the fact that in the third reading, Radio Comercial registered the highest level ever of listeners for a Portuguese radio (18.0%, corresponding to more than 1.5 million people).

In turn, **M80** had yet again a significant figure, with a share of 9.2% (1pp better than the previous reading). M80 thus continues to be not only the most-listened-to radio station among those without a nationwide coverage, but it also stands out as the third most listened-to radio station in the country.

As for other formats, **Cidade FM** had a share of 2.3%.

Despite the outstanding on air performance so far this year, 2018 has been ground-breaking on digital as well. As a matter of fact, MCR created 14 web radios: 11 for M80 and 3 for Smooth FM.

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.

Finally, Radio Comercial was distinguished as "Rádio do Ano" ("Radio of the Year"), by Meios & Publicidade.

On financial grounds, **advertising revenues** improved 3% YoY (5% in 3Q), while other operating revenues grew 39% to € 0.7 million (27% to € 0.2 million in 3Q), driven mostly by events and spots production.

Operating efficiency continued, with **Opex** decreased in 9M 2018 by 3%. The YoY variation for 3Q was +8%.

**EBITDA** soared 25% to € 4.6 million, with a 32.9% margin (stable at € 1.1 million in 3Q, with a margin of 24.4%).

## 5. Others



€ thousand	9M 2018	9M 2017	Var %	Q3 2018	Q3 2017	Var %
<b>Operating revenue</b>	<b>11,976</b>	<b>11,660</b>	<b>3%</b>	<b>3,957</b>	<b>3,855</b>	<b>3%</b>
Advertising	2,531	2,173	16%	805	721	12%
Other revenues	9,445	9,486	(0%)	3,152	3,134	1%
<b>Operating Expenses, ex D&amp;A</b>	<b>11,798</b>	<b>11,312</b>	<b>4%</b>	<b>4,016</b>	<b>3,925</b>	<b>2%</b>
<b>EBITDA</b>	<b>178</b>	<b>347</b>	<b>(49%)</b>	<b>(59)</b>	<b>(70)</b>	<b>15%</b>
EBITDA margin	1.5%	3.0%	(1.5pp)	-1.5%	-1.8%	0.3pp
Depreciation and amortisation	377	431	(12%)	102	148	(31%)
<b>Operating income (EBIT)</b>	<b>(199)</b>	<b>(83)</b>	<b>(139%)</b>	<b>(161)</b>	<b>(217)</b>	<b>26%</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. On a YtD basis, the overall digital projects had a relevant growth in visits, page views and videos of 14%, 15% and 39%, respectively.

In the first nine months of the year, Media Capital Digital reinforced its leadership and growth of TVI in digital. TVI and TVI Player increased 50% and 25% vs 2017, respectively. For this performance to materialise, it was paramount the technical improvements that took place in the distribution of content, namely via apps, web sites, instant articles and Google AMP Pages, as well as a more aggressive bet in what concerns the production of contents. TVI24 also performed well, actually against the negative market trend regarding the news segment, while the projects "Mais Futebol" and "AutoPortal" more than twofold the consumption of video.

Another success lies on the the social and lifestyle project "Selfie", which now disputes the top 3 ranking in the Portuguese market, having also launched an extension in the on air channels TVI and TVI Ficção, through a daily program on weekdays and a magazine, broadcasted on Saturdays on TVI.

In entertainment, there was a massive response by the public to the reality shows, namely to the format "Love on Top", with digital being one the primary success triggers, through the second-screen app, that boosted the on air presence.

In terms of the presence in social networks, the Group's brands either maintained or increased their awareness vs direct competition, mostly on Instagram, Facebook and YouTube. TVI is the

number one media player in social networks, breaking for the first time the 1,000,000 threshold regarding the number of followers and subscribers. On YouTube, TVI became the first media company in Portugal as Partner Seller of its channels on YouTube.

On innovation, Media Capital was awarded by Google the financial support, through Google Digital News Initiative, regarding the monetisation of live videos, a project labelled as the "Large Project", being the first broadcaster to achieve this.

It is also worth highlighting the launching of the digital projects "Pesadelo na Cozinha" and "Conta-me Como És". The first nine months were impacted as well by the 25<sup>th</sup> birthdate of TVI, an event that triggered several digital initiatives, namely a dedicated website, with a video chronology of the main historical events of the channel throughout the years, and production and broadcasting for digital and for TVI Ficção channel of the programme "Alerta Gala".

On technology, a new solution was developed to meet the new European rules regarding personal data protection, integrated in a Consent Management Platform. Also, the video player was updated, with performance gains above 30%. Still on video, a new on line editing system was developed, which allowed to improve the automatic mechanisms that feed the TVI Player, as well as the on line editing tool for the update of all sites and apps with video.

On financial grounds, **advertising** increased by 16% YoY (+12% in 3Q), whilst **other revenues** stood broadly stable.

The accumulated EBITDA was € 0.2 million, comparing with a slightly negative figure a year ago.





## 6. Capex

€ thousand	9M 2018	9M 2017	% Var	Q3 2018	Q3 2017	% Var
<b>Capex</b>	<b>2,722</b>	<b>2,140</b>	<b>27%</b>	<b>1,698</b>	<b>878</b>	<b>93%</b>
Television	1,847	1,315	40%	1,299	614	112%
Audiovisual Production	640	580	10%	237	170	39%
Radio	99	128	(22%)	75	76	(2%)
Others	136	116	17%	87	17	399%

During 9M 2018, Media Capital registered a capex of € 2.7 million, 27% above last year's

comparable period, with the main contribution coming from the TV segment.

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## 7. Cash Flow

€ thousand	9M 2018	9M 2017	Var %	Q3 2018	Q3 2017	Var %
Receipts	165,139	156,238	6%	51,941	51,023	2%
Payments	(140,626)	(143,247)	2%	(50,654)	(52,450)	3%
<b>Cash flows op. activities (1)</b>	<b>24,513</b>	<b>12,991</b>	<b>89%</b>	<b>1,287</b>	<b>(1,427)</b>	<b>N/A</b>
Receipts	1,286	8	15171%	0	0	-
Payments	(2,685)	(4,950)	46%	(834)	(896)	7%
<b>Cash flows inv. activities (2)</b>	<b>(1,399)</b>	<b>(4,941)</b>	<b>72%</b>	<b>(834)</b>	<b>(896)</b>	<b>7%</b>
Receipts	150,998	114,290	32%	89,069	42,580	109%
Payments	(173,789)	(123,204)	(41%)	(89,407)	(41,239)	(117%)
<b>Cash flows fin. activities (3)</b>	<b>(22,791)</b>	<b>(8,914)</b>	<b>(156%)</b>	<b>(338)</b>	<b>1,341</b>	<b>N/A</b>
Cash at the beginning of the period	294	1,235	(76%)	502	1,352	(63%)
Variation of cash (4) = (1) + (2) + (3)	323	(864)	N/A	116	(982)	N/A
Effect of FX differences	(0)	(2)	98%	(0)	(1)	71%
<b>Cash at the end of the period</b>	<b>617</b>	<b>369</b>	<b>67%</b>	<b>617</b>	<b>369</b>	<b>67%</b>

**Cash flow from operating activities** was € 24.5 million, which positively compares with € 13.0 million in the previous year's first nine months. The variation chiefly comes from the television segment.

**Cash flow from investing activities** was € -1.4 million (€ -4.9 million in 9M 2017). Cash flow related with tangible and intangible assets was

€ -2.7 million, comparing with € -4.9 million registered a year ago.

**Cash flow from financing** activities reached € -22.8 million (€ -8.9 million in 9M 2017), reflecting the movements in operating and investing activities, the dividend paid out (€ 18.6 million) and the change in cash and equivalents.

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## 8. Net Debt

€ thousands	Sep 18	Dec 17	Abs Var	% Var	Sep 17	Abs Var	% Var
<b>Group financial debt</b>	<b>93,754</b>	<b>95,557</b>	<b>(1,802)</b>	<b>(2%)</b>	<b>111,174</b>	<b>(17,419)</b>	<b>(16%)</b>
Bank loans / Commercial paper / Bonds	92,864	94,765	(1,901)	(2%)	110,321	(17,457)	(16%)
Other debt	891	792	99	13%	853	38	4%
<b>Cash &amp; equivalents</b>	<b>617</b>	<b>294</b>	<b>323</b>	<b>110%</b>	<b>369</b>	<b>249</b>	<b>67%</b>
<b>Net debt</b>	<b>93,137</b>	<b>95,262</b>	<b>(2,125)</b>	<b>(2%)</b>	<b>110,805</b>	<b>(17,668)</b>	<b>(16%)</b>

**Net debt** decreased € 2.2 million vs the end of 2017, standing at € 93.1 million at the end of September 2018, despite the € 18.6 million dividend paid out in 3Q.

When comparing against September 2017, the reduction was higher, reaching € 17.7 million.

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 30 SEPTEMBRE 2018 AND 2017

(Amounts stated in Euro thousand)

	9 months ended		3 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
<b>OPERATING REVENUES:</b>				
Services rendered	90,779	88,641	27,691	27,969
Other operating revenue	35,224	26,667	11,435	8,305
Total operating revenue	<u>126,003</u>	<u>115,308</u>	<u>39,127</u>	<u>36,275</u>
<b>OPERATING EXPENSES:</b>				
Cost of programs broadcasted and goods sold	(13,778)	(14,975)	(4,819)	(4,271)
Subcontrats and third party supplies	(55,950)	(46,162)	(18,626)	(16,035)
Payroll expenses	(31,255)	(31,080)	(10,435)	(10,425)
Depreciation and amortization	(4,950)	(5,785)	(1,921)	(1,947)
Provisions and impairment losses	(99)	(105)	38	(21)
Other operating expenses	(431)	(241)	(222)	(108)
Total operating expenses	<u>(106,462)</u>	<u>(98,348)</u>	<u>(35,985)</u>	<u>(32,807)</u>
Net operating profit	<u>19,541</u>	<u>16,960</u>	<u>3,142</u>	<u>3,467</u>
<b>FINANCIAL EXPENSES:</b>				
Financial expense	(2,449)	(3,503)	(696)	(1,138)
Financial income	106	70	(32)	39
Finance costs, net	<u>(2,343)</u>	<u>(3,433)</u>	<u>(727)</u>	<u>(1,099)</u>
Profit before tax	<u>17,198</u>	<u>13,527</u>	<u>2,415</u>	<u>2,368</u>
Income tax expense	(5,117)	(3,838)	(825)	(998)
Consolidated net profit for continued operations	<u>12,081</u>	<u>9,690</u>	<u>1,589</u>	<u>1,370</u>
Attributable to:				
Equity holders of the parent	12,081	9,690	1,589	1,370
<b>Earnings per share (Euros)</b>				
Basic	0.1429	0.1147	0.0188	0.0162
Diluted	<u>0.1429</u>	<u>0.1147</u>	<u>0.0188</u>	<u>0.0162</u>

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBRE 2018 AND 31 DECEMBER 2017

(Amounts stated in Euro thousand)

ASSETS	30.09.2018	31.12.2017
<b>NON-CURRENT ASSETS:</b>		
Goodwill	149,374	149,374
Intangible assets	9,934	10,663
Tangible fixed assets	14,200	15,166
Assets held for sale	5	5
Transmission rights and TV programs	50,761	50,971
Other non-current assets	2,477	3,937
Deferred income tax assets	2,123	2,388
	<u>228,874</u>	<u>232,504</u>
<b>CURRENT ASSETS:</b>		
Transmission rights and TV programs	30,237	30,219
Trade and other account receivable	24,484	33,629
Current tax assets	443	340
Other current assets	4,383	4,258
Cash and cash equivalents	617	294
	<u>60,164</u>	<u>68,741</u>
<b>TOTAL ASSETS</b>	<u><u>289,038</u></u>	<u><u>301,244</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY:</b>		
Share capital	89,584	89,584
Reserves	32,281	32,071
Profit for the period	12,081	19,787
Equity attributable to controlling interests	<u>133,945</u>	<u>141,442</u>
Total Equity	<u>133,945</u>	<u>141,442</u>
<b>LIABILITIES:</b>		
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	45,771	61,233
Provisions	5,757	5,798
Deferred income tax liabilities	1,108	1,159
	<u>52,636</u>	<u>68,190</u>
<b>CURRENT LIABILITIES:</b>		
Borrowings	47,983	34,324
Trade and other payables	32,610	31,370
Current tax liabilities	-	5
Other current liabilities	21,863	25,914
	<u>102,456</u>	<u>91,613</u>
Total liabilities	<u>155,093</u>	<u>159,803</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>289,038</u></u>	<u><u>301,244</u></u>

GRUPO MEDIA CAPITAL, SGPS, S.A.
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBRE 2018 AND 2017

(Amounts stated in Euro thousand)

	<u>30.09.2018</u>	<u>30.09.2017</u>
<u>OPERATING ACTIVITIES:</u>		
Cash receipts from customers	165,139	156,238
Cash paid to suppliers	(78,043)	(80,663)
Cash paid to employees	(29,995)	(30,899)
Cash generated from operations	<u>57,102</u>	<u>44,676</u>
Cash received/(paid) relating to income tax	(49)	338
Other cash received/(paid) relating to operating activities	(32,539)	(32,024)
Net cash from operating activities (1)	<u><u>24,513</u></u>	<u><u>12,991</u></u>
<u>INVESTING ACTIVITIES:</u>		
Cash received relating to:		
The sale of subsidiaries	1,286	-
Disposal of fixed tangible and intangible assets	-	8
Interest and similar income	0	-
	<u>1,286</u>	<u>8</u>
Payments resulting from:		
Acquisition of tangible assets	(2,413)	(4,567)
Acquisition of intangible assets	(273)	(383)
	<u>(2,685)</u>	<u>(4,950)</u>
Net cash from /(used in) investing activities (2)	<u><u>(1,399)</u></u>	<u><u>(4,941)</u></u>
<u>FINANCING ACTIVITIES:</u>		
Cash received relating to:		
Borrowings	150,998	114,290
	<u>150,998</u>	<u>114,290</u>
Cash paid relating to:		
Borrowings	(152,251)	(101,755)
Leases	(235)	(323)
Interest and other similar expenses	(2,598)	(3,268)
Dividends	(18,593)	(17,748)
Other financial expenses	(112)	(110)
	<u>(173,789)</u>	<u>(123,204)</u>
Net cash from/(used in) financing activities (3)	<u><u>(22,791)</u></u>	<u><u>(8,914)</u></u>
Cash and equivalents at the beginning of the period	294	1,235
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)	323	(864)
Exchange rate effect	(0)	(2)
Cash and equivalents at the end of the period	617	369