



COFINA, SGPS, S.A.
Public Company

Head Office: Rua Manuel Pinto de Azevedo, 818 – Porto
Fiscal Number 502 293 225
Share Capital: 25,641,459 Euro

Financial Information – 3rd Quarter of 2019
(unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The financial information was prepared in accordance with the International Financial Reporting Standards as adopted in EU (IFRS-EU). Since January 1, 2019, IFRS 16 was adopted, and in accordance with this standard, 2018 information was not restated.

(thousand Euro)	3Q 2019	3Q 2018 restated	Var (%) 3Q19/3Q18
Operational revenues	22,359	22,127	1.0%
Circulation	11,088	11,668	-5.0%
Advertising	6,866	6,721	2.2%
Alternative marketing products and others	4,405	3,738	17.8%
Revenues per Segment	22,359	22,127	1.0%
Press	18,715	19,039	-1.7%
TV	3,644	3,088	18.0%
Operational costs (a)	18,365	18,428	-0.3%
Consolidated EBITDA (b)	3,994	3,699	8.0%
EBITDA Margin	17.9%	16.7%	+1.1 p.p.
Press	2,788	2,685	3.8%
EBITDA Margin Press	14.9%	14.1%	+0.8 p.p.
TV	1,206	1,014	18.9%
EBITDA Margin TV	33.1%	32.8%	+0.3 p.p.
Current Amortizations (-)	910	418	117.7%
EBIT	3,084	3,281	-6.0%
EBIT Margin	13.8%	14.8%	-1.0 p.p.
Net financial income / (loss)	(764)	(617)	23.8%
Earnings before Interests and Minority	2,320	2,664	-12.9%
Income taxes	1,079	1,243	-13.2%
Consolidated net profit from continuing operations	1,241	1,421	-12.7%
Net profit of discontinued operations	0	-372	-
Consolidated net profit	1,241	1,049	18.3%

(a) Operational costs excluding amortizations

(b) EBITDA = earnings before interests, taxes, depreciations and amortizations

Revenues increase 1% during the third quarter

The third quarter of 2019 was characterized by an increase in total revenues (+1%), which is related to a 2.2% increase in revenues from advertising and a 18% increase in revenues from marketing alternative products and others. Revenues from circulation recorded a 5% decrease.

In detailed terms, it is possible to verify that the TV segment recorded a 18% increase in total revenues, already representing around 16% of revenues, which more than compensated the 1.7% decrease verified in revenues from the press segment.

Consolidated EBITDA achieved approximately 4 million Euro, which reflects an 8% increase over EBITDA recorded in the same period of 2018. EBIT reached 3.1 million Euro, which corresponds to a 6% decrease.

Net profit of discontinued operations, in 2018, results from the restatement of 2018 figures, in order to reflect the sale occurred at the end of 2018, of the operation that Cofina held in Brazil, through its subsidiary AdCommedia and its associated Destak Brazil. The profit and loss statement of the third quarter of 2018 was restated in order to segregate into a separate line the profit attributable to those discontinuing units.

Consolidated net profit reached 1.2 million Euro, a 18% increase when compared with the same period of the previous year.

TV Segment – advertising increases 35% during the quarter

Cofina's TV segment consists on CMTV channel, the only generalist channel operating exclusively in cable.

(thousand Euro)	3Q 2019	3Q 2018 restated	Var (%) 3Q19/3Q18
Operational revenues	3,645	3,088	18.0%
Advertising	1,432	1,063	34.7%
Transmission fees and others	2,213	2,025	9.3%
Operational costs (a)	2,439	2,074	17.6%
EBITDA (b)	1,206	1,014	18.9%
EBITDA Margin	33.1%	32.8%	+0.3 p.p.

(a) Operational costs excluding amortizations

(b) EBITDA = earnings before interests, taxes, depreciations and amortizations

CMTV total revenues reached to approximately 3.6 million Euro, which represents a 18% increase. Advertising revenues reached 1.4 million Euro (+35%) and revenues from “transmission fees and others” achieved 2.2 million Euro (+9%).

EBITDA recorded was around 1.2 million Euro, which represents a 19% increase over EBITDA recorded in the same period of the previous year.

EBITDA Margin of this segment achieved 33.1%.

Press Segment

(thousand Euro)	3Q 2019	3Q 2018 restated	Var (%) 3Q19/3Q18
Operational revenues	18,714	19,039	-1.7%
Circulation	11,088	11,668	-5.0%
Advertising	5,434	5,658	-4.0%
Alternative marketing products and others	2,192	1,713	28.0%
Operational costs (a)	15,926	16,354	-2.6%
EBITDA (b)	2,788	2,685	3.8%
EBITDA Margin	14.9%	14.1%	+0.8 p.p.

(a) Operational costs excluding amortizations

(b) EBITDA = earnings before interests, taxes, depreciations and amortizations

Press segment contains all paper titles owned by Cofina and digital market revenues. Hence, during the third quarter of 2019, the total revenues of 18.7 million Euro represents a 1.7% decrease over the same period of the previous year. Advertising revenues recorded a 4% decrease, achieving 5.4 million Euro, and circulation revenues recorded a 5% decrease, reaching 11.1 million Euro. Revenues from “alternative marketing products and others” recorded a 28% increase, reaching 2.2 million Euro.

Operational costs recorded a decrease around 3%. Therefore, EBITDA of this segment amounted to 2.8 million Euro, a 4% increase when compared to the same period of the previous year. EBITDA Margin achieved 14.9%. It should be noted that Brazil operations were previously included in this segment, therefore, the amounts for 2018 were restated.

Net profit 9M2019: net profit increases 15% reaching around 4.3 M€

(thousand Euro)	9M 2019	9M 2018 restated	Var (%) 9M19/9M18
Operational revenues	65,055	66,532	-2.2%
Circulation	32,036	32,902	-2.6%
Advertising	19,711	19,814	-0.5%
Alternative marketing products and others	13,308	13,816	-3.7%
Operational costs (a)	53,320	55,962	-4.7%
Consolidated EBITDA (b)	11,735	10,570	11.0%
EBITDA Margin	18.0%	15.9%	+2.2 p.p.
Current Amortizations (-)	2,721	1,257	116.5%
EBIT	9,014	9,313	-3.2%
EBIT Margin	13.9%	14.0%	-0.1 p.p.
Net financial income / (loss)	(1,941)	(1,978)	-1.9%
Earnings before Interests and Minority	7,073	7,335	-3.6%
Income taxes	2,817	3,017	-6.6%
Consolidated net profit from continuing operations	4,256	4,318	-1.4%
Net profit of discontinued operations	0	-626	-
Consolidated net profit	4,256	3,692	15.3%

(a) Operational costs excluding amortizations

(b) EBITDA = earnings before interests, taxes, depreciations and amortizations

Cofina's consolidated net profit for the first nine months of 2019 amounted to 65.1 million Euro, which corresponds to a 2% decrease over the same period of 2018.

Consolidated EBITDA achieved approximately 11.7 million Euro, which reflects a 11% increase over the EBITDA recorded in the same period of 2018. EBIT reached around 9.0 million Euro, which corresponds to a 3% decrease.

Consolidated net profit amounted around 4.3 million Euro, which represents a 15% increase when compared to the homologous period of the previous year.

As of 30 September 2019, Cofina's nominal net debt was 49.3 million Euro, which corresponds to an increase of 9.6 million Euro comparatively to the nominal net debt recorded in the end of 2018 and a 7.1 million Euro increase over the net debt recorded in the end of the second quarter of 2019.

This increase is due to a 10 million Euro collateral related to the purchase and sale agreement celebrated, as of 20 September 2019, with Promotora de Informaciones, S.A. for the 100% acquisition of share capital and voting rights of Vertix, SGPS, S.A. (and, indirectly, 94.69% of the share capital and voting rights of Grupo Média Capital, SGPS, S.A.).

In terms merely operational (without considering the effect due to the transaction mentioned), Cofina's nominal net debt would be 39.3 million Euro, which corresponds to a 2.9 million Euro decrease over the nominal net debt recorded in the end of the second quarter of 2019.



Signature of Média Capital purchase agreement

On the 20th of September 2019, Cofina celebrated with Promotora de Informaciones, S.A. (“Prisa”) a purchase and sale agreement of 100% of share capital and voting rights of Vertex, SGPS, S.A. (“Vertex”), which detains 94.69% of the share capital and voting rights of Grupo Média Capital, SGPS, S.A. (“Média Capital”). As a consequence of the contract celebration, Cofina published, on the 21st of September, a preliminary announcement regarding the public offer of acquisition of the remaining Média Capital shares.

The conclusion of the acquisition process of Vertex – and, indirectly, of 94.69% of the share capital and voting rights of Média Capital – is subjected to the verification of a set of suspensive conditions, namely the non-opposition of Portuguese Competition Authority. In this scope, it was already given, on October 31st, a favourable opinion from Portuguese Regulatory Authority for the Media (ERC - Entidade Reguladora para a Comunicação Social) and from Autoridade Nacional de Comunicações (ANACOM) for the acquisition of Média Capital by Cofina.



Impacts of IFRS 16

As of January 1, 2019, Cofina financial statements reflect the adoption of IFRS 16. The Group did not restate the comparative information regarding 2018, according to the possibility stated in this standard. The main impacts of the standard in the period under analysis are as follows:

- EBITDA: increase of 1.85 million Euro;
- Amortizations: increase of 1.38 million Euro;
- Financial expenses: increase of 0.69 million Euro;
- Assets ("Right of Use"): increase of 10.9 million Euro;
- Liability ("Lease liability"): increase of 13.1 million Euro;
- Equity: decrease of 1.9 million Euro (net of deferred taxes).

The nominal remunerated net debt of 49.3 million Euro, above mentioned, does not include the lease liability.

Oporto, November 7, 2019

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

(Amounts expressed in Euro)

ASSETS	30.09.2019	31.12.2018
NON CURRENT ASSETS		
Tangible assets	2,863,603	2,747,887
Goodwill	83,977,180	83,977,180
Intangible assets	143,745	299,531
Right of use	10,859,545	-
Investments in associated companies	3,529,540	3,434,890
Other financial investments	10,005,510	5,510
Other non current assets	64,240	51,919
Deferred tax assets	1,188,918	595,271
Total non current assets	112,632,281	91,112,188
CURRENT ASSETS		
Inventories	1,334,677	1,349,795
Customers	6,574,546	5,820,863
Contract assets	3,995,920	4,149,321
State and other public entities	1,993,252	1,000
Other current debtors	2,446,760	375,912
Other current assets	391,346	2,954,688
Cash and cash equivalents	2,881,760	6,624,512
Total current assets	19,618,261	21,276,091
TOTAL ASSETS	132,250,542	112,388,279
EQUITY AND LIABILITIES		
EQUITY		
Share capital	25,641,459	25,641,459
Share premium account	15,874,835	15,874,835
Legal reserve	5,409,144	5,409,144
Other reserves	(10,802,272)	(15,577,084)
Consolidated net profit / (loss) for the period attributable to the parent company	4,256,024	6,653,405
Total equity attributable to equity holders of the parent company	40,379,190	38,001,759
Non-controlling interests	-	-
TOTAL EQUITY	40,379,190	38,001,759
LIABILITIES		
NON CURRENT LIABILITIES		
Lease liability	10,417,049	-
Other non current creditors	25,771	25,771
Provisions	4,105,000	4,535,000
Total non current liabilities	14,547,820	4,560,771
CURRENT LIABILITIES		
Bank loans	189,402	177,809
Other loans	51,947,843	46,120,428
Suppliers	8,919,446	10,718,928
Contract liabilities	3,995,920	3,027,856
Lease liability	2,654,888	-
Tax income	2,732,092	-
State and other public entities	2,047,851	3,725,230
Other current creditors	1,038,080	1,424,497
Other current liabilities	3,798,010	4,631,001
Total current liabilities	77,323,532	69,825,749
TOTAL LIABILITIES	91,871,352	74,386,520
TOTAL EQUITY AND LIABILITIES	132,250,542	112,388,279

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE

(Amounts expressed in Euro)

	<u>30.09.2019</u>	<u>30.09.2018 restated</u>
Sales	32,036,258	32,902,696
Services rendered	19,710,955	19,814,180
Other operating income	13,307,576	13,815,161
Cost of sales	(7,403,331)	(7,342,585)
External supplies and services	(26,199,731)	(28,059,012)
Payroll expenses	(19,724,784)	(20,142,755)
Amortisation and depreciation	(2,721,421)	(1,256,889)
Provisions and impairment losses	233,329	(257,019)
Other operating expenses	(224,768)	(161,149)
Gains / (losses) in associated companies	94,649	(554,617)
Financial expenses	(2,041,355)	(1,443,810)
Financial income	5,766	20,441
Profit before income tax from continuing operations	<u>7,073,143</u>	<u>7,334,642</u>
Income tax	(2,817,119)	(3,016,822)
Net consolidated profit from continuing operations	<u>4,256,024</u>	<u>4,317,820</u>
Net profit from discontinued operations	-	(625,598)
Net consolidated profit for the period	<u>4,256,024</u>	<u>3,692,222</u>