



**COFINA, SGPS, S.A.**  
Public Company

Head Office: Rua do General Norton de Matos, 68, r/c – Porto  
Fiscal Number 502 293 225  
Share Capital: 25,641,459 Euros

**ANNUAL FINANCIAL INFORMATION – FY16**  
**(Unaudited)**

*(This is a translation of a document originally issued in Portuguese.  
In the event of discrepancies, the Portuguese language version prevails.)*

The consolidated financial information of Cofina for 2016, prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS), can be presented as follows:

(amounts in thousand of Euro)	2016	2015	Var (%) 2016/2015
<b>Consolidated operating revenue</b>	<b>99,926</b>	<b>100,676</b>	<b>-0.7%</b>
Circulation	51,138	52,848	-3.2%
Advertising	32,965	33,802	-2.5%
Alternative marketing products and others	15,823	14,026	12.8%
<b>Operating income by segment</b>	<b>99,926</b>	<b>100,676</b>	<b>-0.7%</b>
Newspapers	82,355	81,345	1.2%
Magazines	17,571	19,331	-9.1%
<b>Operating Expenses (a)</b>	<b>86,414</b>	<b>85,636</b>	<b>0.9%</b>
<b>Consolidated EBITDA (b)</b>	<b>13,512</b>	<b>15,040</b>	<b>-10.2%</b>
EBITDA Margin	13.5%	14.9%	-1.4 p.p.
Newspapers EBITDA	14,080	15,273	-7.8%
Newspapers EBITDA Margin	17.1%	18.8%	-1.7 p.p.
Magazines EBITDA	-568	-233	-
Magazines EBITDA Margin	-3.2%	-1.2%	-2.0 p.p.
Amortisation and depreciation (-)	2,214	2,892	<b>-23.4%</b>
<b>EBIT</b>	<b>11,298</b>	<b>12,148</b>	<b>-7.0%</b>
EBIT Margin	11.3%	12.1%	-0.8 pp
Net financial income / (loss)	(5,202)	(3,771)	37.9%
<b>Income before taxes and non-controlling interests</b>	<b>6,096</b>	<b>8,377</b>	<b>-27.2%</b>
Income taxes (-)	1,763	3,316	-46.8%
<b>Net consolidated profit / (loss) (c)</b>	<b>4,333</b>	<b>5,061</b>	<b>-14.4%</b>

(a) Operating expenses excluding amortisation

(b) EBITDA = Earnings before interest, taxes, depreciation and amortisation

(c) Net Profit / (Loss) attributable to the parent company shareholders

The year 2016 was characterized by a decrease in total revenue compared to the previous year (-0.7%), with a reduction in circulation revenue (-3.2%) and advertising revenue (-2.5%). Alternative marketing products and other revenues recorded an increase of 12.8%, having reached 15.8 million Euros.

EBITDA recorded in this period amounted to 13.5 million Euros, which represents a decrease of about 10%, compared to the previous year.

The consolidated net profit reached 4.3 million Euros, resulting in a decrease of 14%, compared with 2015.

As of 31 December 2016, the nominal net debt of Cofina was 57.6 million Euros, which represents a decrease of 2.2 million Euros in relation to the nominal net debt of 59.8 million Euros, recorded in the end of 2015.

Free cash flow to equity generated by Cofina in 2016 reached about 3.7 million Euros, resulting in a free cash flow yield (considering the market capitalization as of 31 December 2016) of about 14%.

It should be noted that, during the year of 2016, Cofina paid an extraordinary income tax in the amount of 3.6 million Euros. Excluding this effect free cash flow to equity generated by Cofina would reach about 7.3 million Euros.

Cofina will enhance its operating efficiency policy in order to face the extremely adverse market environment. Therefore, cost cutting measures will be reinforced in the areas more exposed to the business cycle and, simultaneously, the growing businesses such as TV and online will be strengthened.

Some indicators of the main business segments are as follows:

#### **Newspapers' Segment**

(amounts in thousand of Euro)	2016	2015	Var (%) 2016/2015
<b>Operating income</b>	<b>82,355</b>	<b>81,345</b>	<b>1.2%</b>
Circulation	41,538	42,350	-1.9%
Advertising	27,048	27,284	-0.9%
Alternative marketing products and others	13,769	11,711	17.6%
<b>Operating expenses (a)</b>	<b>68,275</b>	<b>66,072</b>	<b>3.3%</b>
<b>EBITDA (b)</b>	<b>14,080</b>	<b>15,273</b>	<b>-7.8%</b>
EBITDA Margin	17.1%	18.8%	-1.7 p.p.

(a) Operating expenses excluding amortisation

(b) EBITDA = Earnings before interest, taxes, depreciation and amortisation

In 2016, Cofina's newspapers' segment recorded total revenues of about 82.4 million Euros, an increase of about 1.2% compared with the previous year.

Circulation revenues recorded a decrease of about 2% to 41.5 million Euros. Advertising revenues recorded a decrease of 0.9%, reaching about 27.0 million Euros. Alternative marketing products recorded an increase of 18%, reaching 13.8 million Euros.

The operational expenses' evolution is directly related with the marketing campaigns costs' recorded in the alternative marketing products and other revenues.

Therefore, the newspaper segment's EBITDA amounted to 14.1 million Euros, a decrease of 8% in comparison to the previous year. EBITDA margin reached 17.1%.

The newspapers' segment includes the results of the television channel "Correio da Manhã TV", which has recorded a remarkable performance. In 2016 – and it should be noted that the channel was only available in the platform "NOS" since February – the annual average share of CM TV reached 2% (0.8% in the previous year).

During 2017, the extension of the CM TV presence in other cable platforms will be negotiated.

### **Magazines' Segment**

In 2016, total revenues in this segment amounted to 17.6 million Euros, reflecting a decrease of about 9%, compared to 2015.

(amounts in thousand of Euro)	2016	2015	Var (%) 2016/2015
<b>Operating income</b>	<b>17,571</b>	<b>19,331</b>	<b>-9.1%</b>
Circulation	9,600	10,498	-8.6%
Advertising	5,917	6,518	-9.2%
Alternative marketing products and others	2,054	2,315	-11.3%
<b>Operating expenses (a)</b>	<b>18,139</b>	<b>19,564</b>	<b>-7.3%</b>
<b>EBITDA (b)</b>	<b>-568</b>	<b>-233</b>	-
EBITDA Margin	-3.2%	-1.2%	-

(a) Operating expenses excluding amortisation

(b) EBITDA = Earnings before interest, taxes, depreciation and amortisation

Circulation revenue fell 8.6% to 9.6 million Euros, while advertising decreased 9%. Similarly, revenues associated with alternative marketing products decreased about 11%.

The magazines' segment EBITDA recorded in 2016 amounted to -568 thousand Euros.

## Balance Sheet

<b>ASSETS</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>NON CURRENT ASSETS</b>		
Tangible fixed assets	3,169,478	4,466,425
Goodwill	84,777,180	88,789,577
Intangible assets	130,544	191,706
Investments in associated companies	3,266,782	3,141,284
Investments available for sale	9,080	9,080
Investments measured at fair value through profit and loss	32,383	16,933
Other non current debtors	-	350,000
Other non current assets	-	1,592,676
Deferred tax assets	547,120	1,573,715
<b>Total non current assets</b>	<b>91,932,567</b>	<b>100,131,396</b>
<b>CURRENT ASSETS</b>		
Inventories	1,808,928	1,991,290
Customers	10,223,150	9,712,319
State and other public entities	894,477	905,275
Other current debtors	687,281	392,502
Other current assets	6,758,774	7,920,681
Cash and cash equivalents	9,403,739	8,193,580
<b>Total current assets</b>	<b>29,776,349</b>	<b>29,115,647</b>
<b>TOTAL ASSETS</b>	<b>121,708,916</b>	<b>129,247,043</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDER'S FUNDS</b>		
Share capital	25,641,459	25,641,459
Share premium	15,874,835	15,874,835
Legal reserve	5,409,144	5,409,144
Exchange rate reserves	(594,244)	(1,234,642)
Other reserves	(24,663,549)	(28,186,288)
Consolidated net profit for the year attributable to equity holder of the parent company	4,333,011	5,061,226
Equity attributable to equity holder of the parent company	<u>26,000,656</u>	<u>22,565,734</u>
Non-controlling interests	-	-
<b>TOTAL EQUITY</b>	<b>26,000,656</b>	<b>22,565,734</b>
<b>LIABILITIES</b>		
<b>NON CURRENT LIABILITIES</b>		
Other long-term loans	33,158,397	49,521,018
Other non current creditors	33,929	15,090
Provisions	7,790,467	12,485,094
<b>Total non current liabilities</b>	<b>40,982,793</b>	<b>62,021,202</b>
<b>CURRENT LIABILITIES</b>		
Other short-term loans	33,546,302	17,989,994
Suppliers	8,773,388	12,467,270
State and other public entities	3,107,294	3,292,142
Other current creditors	1,479,274	2,490,579
Other current liabilities	7,819,209	8,420,122
<b>Total current liabilities</b>	<b>54,725,467</b>	<b>44,660,107</b>
<b>TOTAL LIABILITIES</b>	<b>95,708,260</b>	<b>106,681,309</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>121,708,916</b>	<b>129,247,043</b>

**Income statement**

	31/12/2016	31/12/2015
Operational income:		
Sales	51,137,639	52,848,231
Services rendered	32,964,896	33,802,815
Other income	15,823,029	14,024,615
Total operational income:	99,925,564	100,675,661
Operational expenses:		
Cost of sales	(12,310,113)	(12,757,681)
External supplies and services	(41,440,830)	(41,162,891)
Payroll expenses	(31,626,594)	(31,493,522)
Amortisation and depreciation	(2,214,577)	(2,892,150)
Provisions and impairment losses	(698,758)	108,798
Other expenses	(336,795)	(330,609)
Total operational expenses:	(88,627,667)	(88,528,053)
Operational results	11,297,897	12,147,608
Gains / (losses) related with associated companies	(2,192,279)	(863,834)
Financial expenses	(3,015,607)	(3,117,614)
Financial income	6,443	211,031
Profit before income tax	6,096,454	8,377,191
Income Tax	(1,763,443)	(3,315,963)
Net profit for the year	4,333,011	5,061,227

Porto, March 3, 2017