



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 Euro

1st Half 17 FINANCIAL INFORMATION
(Unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and with accordance with the International Accounting Standard 34 – Interim Financial Reporting, 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 consolidated financial information of Cofina for the first half of 2017, prepared in accordance with the principles of recognition and measurement of International Financial Reporting Standards (IFRS), can be presented as follows:

(amounts in thousand of Euro)	1H17	1H16	Var (%)
Consolidated operating revenue	43,991	48,471	-9.2%
Circulation	22,810	25,329	-9.9%
Advertising	14,454	15,147	-4.6%
Alternative marketing products and others	6,727	7,995	-15.9%
Operating income by segment	43,991	48,471	-9.2%
Newspapers	37,117	39,905	-7.0%
Magazines	6,874	8,566	-19.8%
Operating Expenses (a)	38,368	42,030	-8.7%
Consolidated EBITDA (b)	5,623	6,441	-12.7%
EBITDA Margin	12.8%	13.3%	
Newspapers EBITDA	6,286	7,016	-10.4%
Newspapers EBITDA Margin	16.9%	17.6%	-0,7 pp
Magazines EBITDA	-663	-575	-15.3%
Magazines EBITDA Margin	-9.6%	-6.7%	-2.9 pp
Restructuring Costs	-2,000	0	
Consolidated EBITDA after restructuring costs	3,623	6,441	-43.8%
Amortisation and depreciation (-)	923	1,265	-27.0%
EBIT	2,700	5,176	-47.8%
EBIT Margin	6.1%	10.7%	
Net financial income / (loss)	-1,482	-1,588	6.7%
Current Income	1,218	3,588	-66.1%
Current Income Margin	2.8%	7.4%	
Income before taxes and non-controlling interests	1,218	3,588	-66.1%
Income taxes (-)	500	1,248	-59.9%
Minority interests (-)			
Net consolidated profit / (loss)	718	2,340	-69.3%

(a) Operating expenses excluding amortisation

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

The period in question was characterized by a decrease in total revenues compared to the same period last year (-9%), with a decrease in all its components: circulation revenues (-10%), advertising revenues (-4.6%) and alternative and other marketing revenues (-16%).

Taking into account the adverse context, Cofina is implementing a restructuring plan, which aims to prepare the company for current and future reality, guaranteeing its sustainability and adequate levels of profitability. The plan goes through the optimization of the structure and product portfolio. In this sense, the profit and loss statement for the first half includes 2 million Euro related to restructuring costs.

EBITDA before restructuring costs amounted to approximately 5.6 million Euro, which corresponds to a decrease of around 13% compared to the same period of last year.

Consolidated net profit reached approximately 0.7 million Euros.

As at 30 June 2017, Cofina's nominal net debt was 56.0 million Euro.

In operational terms, Cofina is developing new business units, particularly an online gaming platform, which is currently under approval, and is expected to be operational during the 2nd half of 2017.

Following are some indicators of the main business segments, excluding restructuring costs:

Newspaper Segment

(amounts in thousand of Euro)	1H 17	1H 16	Var %
Operating income	37,117	39,905	-7.0%
Circulation	19,123	20,605	-7.2%
Advertising	12,381	12,567	-1.5%
Alternative marketing products and others	5,613	6,733	-16.6%
Operating expenses (a)	30,831	32,889	-6.3%
EBITDA	6,286	7,016	-10.4%
EBITDA Margin	16.9%	17.6%	-0.7 pp

(a) Operating expenses excluding amortisation

In the first half of 2017, the Cofina newspaper segment presented total revenues of approximately 37.1 million Euro, a decrease of around 7% over the same period of last year. Revenues from circulation decreased by around 7% to 19.1 million Euro. Advertising revenues declined by 1.5% to 12.4 million Euro. Revenues associated to the alternative marketing declined around 17% to 5.6 million Euro.

Accordingly, EBITDA in the newspaper segment amounted to Euro 6.3 million, a decrease of around 10% over the same period of last year. The EBITDA margin reached 16.9%.

The newspaper segment includes the results of the "Correio da Manhã TV" channel, which has consistently beaten audience records. Thus, in the first half of 2017, CMTV recorded a 2.5% share, being the channel with the highest audience in the cable and the fourth largest Portuguese channel, behind Free to Air channels, being only present in 85% of the market (not present on the Vodafone and Nowo platforms).

Magazine Segment

During the first half of 2017, total revenues in this segment reached approximately 6.9 million Euro, reflecting a decrease of around 20% over the same period of last year.

(amounts in thousand of Euro)	1H 17	1H 16	Var %
Operating income	6,874	8,566	-19.8%
Circulation	3,687	4,724	-22.0%
Advertising	2,073	2,580	-19.7%
Alternative marketing products and others	1,114	1,262	-11.7%
Operating expenses (a)	7,537	9,141	-17.5%
EBITDA	-663	-575	-15.3%
EBITDA Margin	-9.6%	-6.7%	-2.9 pp

(a) Operating expenses excluding amortisation

The circulation revenues decreased by 22% to around 3.7 million Euro, while advertising decreased by around 20%. Revenues associated with alternative marketing products fell by 12%.

The EBITDA of the magazine segment was - 663 thousand Euros.

It should be noted that in the reorganization process the printed edition of the weekly Flash magazine (keeping only the online edition) was closed, which meant non-recurring costs and less revenue compared to the same period of the previous year. On the other hand, the contract with Conde Naste was not renewed, so from September onwards, the monthly fashion magazine Vogue will no longer be published by Cofina.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts stated in Euro)

ASSETS	30.06.2017	31.12.2016
NON CURRENT ASSETS		
Tangible fixed assets	2,695,795	3,169,478
Goodwill	84,777,180	84,777,180
Intangible assets	-	130,544
Investments in associated companies	3,381,997	3,266,782
Investments available for sale	9,080	9,080
Other non current assets	36,889	32,383
Deferred tax assets	547,120	547,120
Total non current assets	91,448,060	91,932,567
CURRENT ASSETS		
Inventories	1,446,486	1,808,928
Customers	9,098,170	10,223,150
State and other public entities	892,953	894,477
Other current debtors	360,201	264,777
Other current assets	6,378,348	7,181,278
Cash and cash equivalents	27,059,517	9,403,739
Total current assets	45,235,675	29,776,349
TOTAL ASSETS	136,683,736	121,708,916
EQUITY AND LIABILITIES		
SHAREHOLDER'S FUNDS		
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	(697,334)	(594,244)
Other reserves	(20,330,538)	(24,663,549)
Consolidated net profit for the year attributable to equity holder of the parent company	717,627	4,333,011
Equity attributable to equity holder of the parent company	26,615,193	26,000,656
Non-controlling interests	-	-
TOTAL EQUITY	26,615,193	26,000,656
LIABILITIES		
NON CURRENT LIABILITIES		
Other long-term loans	33,204,916	33,158,397
Other non current creditors	33,929	33,929
Provisões	7,565,963	7,790,467
Total non current liabilities	40,804,809	40,982,793
CURRENT LIABILITIES		
Bank loans	6,092,545	-
Other short-term loans	43,656,837	33,546,302
Suppliers	7,384,038	8,773,388
State and other public entities	3,953,639	3,107,294
Other current creditors	1,384,413	1,420,964
Other current liabilities	6,792,260	7,877,519
Total current liabilities	69,263,733	54,725,467
TOTAL LIABILITIES	110,068,542	95,708,260
TOTAL EQUITY AND LIABILITIES	136,683,736	121,708,916

COFINA, SGPS, S.A.
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
(Amounts stated in Euro)

	30.06.2017	30.06.2016
Sales	22,809,610	25,328,997
Services rendered	14,454,478	15,147,150
Other income	6,727,235	7,994,996
Cost of sales	(4,976,056)	(6,264,976)
External supplies and services	(18,655,729)	(19,383,138)
Payroll expenses	(16,534,678)	(15,981,597)
Amortisation and depreciation	(923,026)	(1,265,011)
Provisions and impairment losses	(102,922)	(244,636)
Other expenses	(98,516)	(155,496)
Gains / (losses) related with associated companies	(180,062)	(311,855)
Financial expenses	(1,326,888)	(1,282,792)
Financial income	24,933	6,353
Profit before income tax	<u>1,218,380</u>	<u>3,587,995</u>
Income Tax	(500,753)	(1,247,842)
Net profit for the year	<u>717,627</u>	<u>2,340,153</u>
Attributable to:		
Total Net profit	717,627	2,340,153
Non-controlling interests	-	-

Porto, July 27, 2017

The Board of Directors