

IMPRESA

Results – 1st Quarter of 2015

IMPRESA – SGPS, S.A.
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Press Release: IMPRESA Results – 1st Quarter 2015

1. Main Events in the 1st Quarter of 2015:

- As anticipated on 2014 annual report, the 2015 first quarter, was strongly affected by dropped in multimedia revenues, which by itself accounted for 95% of the revenue fall. The 1st quarter of 2014, multimedia had a record quarter, plus the impact of auto-regulation agreement and the restrictions to this service imposed by telecom operators, caused a 53% drop on these revenues. Total revenues fell 10.4% to 50 M€.
- Channel subscription revenue increased by 12.4%, primarily driven by international subscriptions. SIC currently distributes 7 channels abroad over the 1st quarter of 2015.
- Although operating costs fell by 2.3%, IMPRESA EBITDA was down from 5.6 M€ to 1.0 M€ in 1st quarter of 2015.
- IMPRESA recorded a net loss of 2.8 M€, which compares with to the net profit of 1.2 M€ achieved in the 1st quarter of 2014.
- Net debt was 191.1 M€, which represents a year-on-year decrease of 3.6 M€. In addition outstanding leasing was reduced by 2.8 M€
- SIC ended the 1st quarter of 2015 with an average audience share of 19.2%, having maintained its leading position in the commercial target (A/B C D 25/54), with an audience share of 20.1%.
- During prime time, SIC maintained its leading position in the two main commercial targets (A/B C D 15/54 and A/B C D 25/54), with audience shares of 24.4% and 25.4%, respectively. This leading position was more marked on weekdays, for both targets, with audience shares of 26.0% and 27.5%, respectively.
- The audiences attracted by soap opera “*Mar Salgado*” and newscast “*Jornal da Noite*” contributed significantly to this audience performance.
- In the publishing area, it was launched the new Expresso magazine “E” and the morning newsletter “Expresso Curto”, which is way to go along the new readers needs and moving another step forward in the digital transition.
- IMPRESA received the 2015 Human Capital Masters Award for “Best employee motivation and engagement strategy” (an initiative of the IFE Group and the Professional Human Resources Exhibition (*Salão Profissional de Recursos Humanos – EXPO RH*)).

Table 1. Main Indicators			
(Values in €)	mar-15	mar-14	ch %
Total Revenues	50.014.467	55.798.253	-10,4%
Television	37.858.630	42.683.895	-11,3%
Publishing	11.798.869	12.735.113	-7,4%
Infoportugal & Others	446.565	544.826	-18,0%
Intersegments			
Operating Costs (1)	49.030.909	50.183.361	-2,3%
EBITDA	983.558	5.614.892	-82,5%
EBITDA Margin	2,0%	10,1%	
EBITDA Television	2.285.602	6.866.899	-66,7%
EBITDA Publishing	-331.025	-278.289	-19,0%
EBITDA Infoportugal & Others	-971.019	-973.718	0,3%
Net Profits	-2.820.603	1.214.376	n.a.
Net Debt (M€)	191,1	194,7	-1,8%

Note: EBITDA = Net Operating Income + Amortisation and Depreciation + Impairment Losses. Net Debt = Loans Obtained (Short-Term + Medium/Long-Term) – Cash and Cash Equivalents. (1) Amortisation, Depreciation and Impairment Losses are not considered.



2. Analysis of Consolidated Accounts

In the 1st quarter of 2015, IMPRESA reached consolidated revenues of 50.0 M€, which represents a 10.4% decrease compared with the 55.8 M€ reported for the 1st quarter of 2014. This decrease was primarily due to decreases in other revenues and multimedia revenues, following the trend already observed over the second half of 2014, after the coming into effect of the self-regulation agreement signed between television networks.

The following were observed over the 1st quarter of 2015:

- 12.4% increase in channel subscription revenue.
- 2.0% decrease in advertising revenue.
- 1.1% decrease in circulation revenue
- 48.8% decrease in other revenues.

Table 2. Total Revenues
(Values in €)

	mar-15	mar-14	ch %
Total Revenues	50.014.467	55.798.253	-10,4%
Advertising	24.352.829	24.845.877	-2,0%
Channel Subscription	12.681.028	11.279.431	12,4%
Circulation	6.040.097	6.106.720	-1,1%
Other revenues	7.030.110	13.731.806	-48,8%
Intersegments	-89.597		-45,9%

Operating costs, without considering amortisation and depreciation, reached 49 M€, which represents a year-on-year decrease of 2.3%. This decrease was primarily due to the decrease in variable costs associated with other revenues. It should be stressed that SIC continues to fully amortise (100%) all of its national shows upon 1st showing.

The revenues and operating costs achieved resulted in a consolidated EBITDA of 1.0 M€ in the 1st quarter of 2015, down from 5.6 M€ to 1.0 M€ in 1st quarter of 2014

Amortisation decreased by 7%, to 1.0 M€, in the 1st quarter of 2015..

At the end of the 1st quarter of 2015, negative financial results stood at 3.4 M€, which represents a year-on-year aggravation of 33.4%, as a result of exchange losses.

Net income at the end of the 1st quarter of 2015 was negative, amounting to 2.8 M€, which compares to the net profit of 1.2 M€ achieved in the 1st quarter of 2014.



Table 3. Profit & Loss			
(Values in €)	mar-15	mar-14	ch %
Total Revenues	50.014.467	55.798.253	-10,4%
Television	37.858.630	42.683.895	-11,3%
Publishing	11.798.869	12.735.113	-7,4%
Infoportugal & Others	446.565	544.826	-18,0%
Intersegments	-89.597		
Operating Costs (1)	49.030.909	50.183.361	-2,3%
Total EBITDA	983.558	5.614.892	-82,5%
EBITDA Margin	2,0%	10,1%	
Television	2.285.602	6.866.899	-66,7%
Publishing	-331.025	-278.289	-19,0%
Infoportugal & Others	-971.019	-973.718	0,3%
Depreciations	950.444	1.022.122	-7,0%
EBIT	33.114	4.592.770	-99,3%
EBIT Margin	0,1%	8,2%	
Financial Results	-3.449.991	-2.603.273	-32,5%
Impairments	0	0	n.a.
Res. Bef Taxes & Minorities	-3.416.877	1.989.497	n.a.
Income Tax (IRC)(-)	-596.274	775.121	n.a.
Net Profit	-2.820.603	1.214.376	n.a.

Note: EBITDA = Net Operating Income + Amortisation and Depreciation + Impairment Losses. (1) Amortisation, Depreciation and Impairment Losses are not considered.

Regarding the balance sheet, net debt reached 191.1 M€ at the end of the 1st quarter of 2015, which represents a year-on-year decrease of 3.6 M€. Financial leasing reached 7.5 M€, which represents a year-on-year decrease of 2.8 M€.

Medium and long-term debt at the end of the 1st quarter of 2015 accounted for approximately 71% of the total debt..



2. Television – SIC

Table 4. Television Indicators			
	mar-15	mar-14	ch %
Total Revenues	37.858.630	42.683.895	-11,3%
Advertising	19.296.580	19.766.299	-2,4%
Channel Subscriptions	12.681.028	11.279.431	12,4%
Other revenues	5.881.022	11.638.165	-49,5%
Operating Costs (1)	35.573.028	35.816.996	-0,7%
EBITDA	2.285.602	6.866.899	-66,7%
EBITDA (%)	6,0%	16,1%	
EBIT	1.574.202	6.114.842	-74,3%

Note: EBITDA = Net Operating Income + Amortisation and Depreciation + Impairment Losses. (1) Amortisation, Depreciation and Impairment Losses are not considered.

SIC closed the 1st quarter of 2015 with a total revenue of 37.9 M€, which represents a year-on-year decrease of 11.3%, despite a 12.4% increase in channel subscription revenues.

Other revenues decreased by 49.5%, to 5.9 M€, in the 1st quarter of 2015. Although all items in this category declined, namely sale of contents and TV services, the overall decrease in other revenues was primarily due to a steep decline in multimedia revenues, a trend already observed over the second half of 2014, after the coming into effect of the self-regulation agreement signed between television networks and restrictions imposed by telecom operators. These restrictions have already lifted, and as previously announced, however, it is expected for this negative impact to be less severe from May 2015 onwards

Advertising revenue in the 1st quarter of 2015 decreased by 2.4%, to 19.3 M€, accounting for 51% of the total revenue reported by SIC.

SIC closed the 1st quarter of 2015 with an average audience share of 19.2%, having maintained its leading position in the commercial target (A/B C D 25/54), within the generalist channel segment, with an audience share of 20.1%.

During prime time, SIC maintained its leading position in the two main commercial targets (A/B C D 15/54 and A/B C D 25/54), within the generalist channel segment, with audience shares of 24.4% and 25.4%, respectively. This leading position was more marked on weekdays, for both targets, with audience shares of 26.0% and 27.5%, respectively. The audiences attracted by soap opera “*Mar Salgado*” and newscast “*Jornal da Noite*” contributed significantly to this performance. SIC will be increasing its focus on domestic fiction from May onwards, as it releases its 2nd Portuguese soap opera – “*As Poderosas*”.

In overall terms, SIC closed the 1st quarter of 2015 with an average audience share of 19.2%, having maintained its leading position in the commercial target (A/B C D 25/54), within the generalist channel segment, with an audience share of 20.1%.



SIC channels, both generalist and specialist, achieved a total audience share of 22.4% in the 1st quarter of 2015, in addition to maintaining their leading position in the commercial target (A/B C D 25/54), with an audience share of 23.8%.

Domestic and international subscription revenues for the 8 SIC channels, i.e. cable and satellite channels, increased by 12.4%, to 12.7 M€, in the 1st quarter of 2015. This increase was more marked in the international segment, driven by an increase in the number of subscribers, sale of new channels and the appreciation of the U.S. dollar.

Broadcasting of SIC channels abroad continues to be key in SIC's growth strategy. In this sense, SIC started broadcasting all of its channels abroad in the 1st quarter of 2015, with SIC Radical being broadcast in Angola and Mozambique through the ZAP platform. In November 2014, DSTV Kids started being broadcast on Multichoice platform, significantly driving international revenue, which already accounted for 20% of total subscription revenues in the 1st quarter of 2015.

In the 1st quarter of 2015, paid SIC channels achieved an audience share of 3.2%, an identical share to that reported in the 1st quarter of 2014. SIC Notícias was once again the most popular news channel with the Portuguese audience, with a share of 1.7%.

Regarding the remaining specialist channels, SIC Mulher achieved an audience share of 0.7% in the 1st quarter of 2015, whereas SIC Radical ended the quarter with an audience share of 0.6%, SIC K reached an audience share of 0.3%, despite being available only on the MEO platform, and SIC Caras, launched in December 2013 and only available on the NOS platform, achieved an audience share of 0.1%.

SIC websites performed well in the 1st quarter of 2015, with a year-on-year traffic increase of 44.6% and an average 5.1 million visitors. SIC and SIC Notícias websites underwent an extensive restructuring process and a new SIC Notícias website was launched in 2014.

Operating costs decreased 0.7% in the 1st quarter of 2015, as a result of a decrease in variable costs associated with other revenues, which was able to offset an increase in costs resulting from the launch of the new channel.

As a result, EBITDA reached 2.3 M€ in the 1st quarter of 2015, while in the 1st quarter 2014 stood at 6.8 M€.

Operational earnings was also reduced 1.6 M€, which compares with the 6.1 M€ reported in the 1st quarter of 2014.

4. IMPRESA Publishing

Table 5. Publishing Indicators

	mar-15	mar-14	ch %
Total Revenues	11.798.869	12.735.113	-7,4%
Advertising	5.049.697	5.067.593	-0,4%
Circulation	6.040.097	6.106.720	-1,1%
Other revenues	709.075	1.560.800	-54,6%
Operating Costs (1)	12.129.894	13.013.402	-6,8%
EBITDA	-331.025	-278.289	-19,0%
EBITDA (%)	-2,8%	-2,2%	
EBIT	-410.848	-362.365	-13,4%

Note: EBITDA = Net Operating Income + Amortisation and Depreciation + Impairment Losses. (1) Amortisation, Depreciation and Impairment Losses are not considered.

Total revenue in the publishing segment decreased 7.4%, to 11.8 M€, in the 1st quarter of 2015, compared with the 1st quarter of 2014. This decrease was primarily due to the steep decline in other revenues (-54.6%), namely associated product sales and customer publishing revenues, as advertising and circulation revenues were similar to those reported in the 1st quarter of 2014.

Advertising revenue was similar to that reported in the 1st quarter of 2014, reaching 5.0 M€ in the 1st quarter of 2015. The digital segment contributed significantly to this performance, namely digital newspaper Expresso Diário, other websites and classified ads, already accounting for 13.8% of the advertising revenue in the Publishing segment.

After a steep decline in performance in 2014, despite the fact that all Impresa publications were able to maintain their leading positions within the market segments targeted, the circulation segment experienced a slight recovery in the 1st quarter of 2015, with a decrease in revenue of only 1.1%. This was mostly due to an increase in Expresso sales (resulting from the launch of the E magazine) and Courier sales, as well as price increases for 4 publications and an increase in digital revenues, which nearly offset the poor performance of other sub-segments. Digital revenues increased by 30%, accounting for 4.5% of the circulation revenue in the 1st quarter of 2015.

An increased focus on the digital segment led to an improved performance in the 1st quarter of 2015, with a 45% year-on-year increase in digital revenues – advertising and circulation.

Traffic on Publishing websites continued to be high. The number of visits totalled 13.7 million in the 1st quarter of 2015, which represents a year-on-year increase of 11.7%. Mobile access increased steeply in the 1st quarter of 2015, accounting for 25.5% of total traffic, compared with an average 19.4% in 2014.



Other revenues decreased by 54.6% in the 1st quarter of 2015, namely associated product sales, as a result of a small number of product launches and a decrease in customer publishing revenues.

Operating costs, which reached 12.1 M€, decreased by 6.8%, compared with the 1st quarter of 2014. This decrease was primarily due to a decrease in variable costs associated to production and other revenues.

Nevertheless, the aforementioned decrease in operating costs was sufficiently to maintain EBITDA and EBIT in line with the numbers from the 1st quarter 2014.

The Publishing segment reported several accomplishments during the 1st quarter of 2015, which included the following:

- The launch of the “E” magazine, offered with the EXPRESSO newspaper. A new product, this magazine complements the first supplement and the economy supplement. Including extended articles and interviews, the “E” magazine focuses on social and cultural issues, as well as recreation options.
- The launch of morning newsletter “EXPRESSO Curto”. This newsletter represents a further step towards the digital transition and aims to help build an enduring relationship with readers.



5. IMPRESA Other revenues

Table 6. IMPRESA Others Indicators & Intersegments			
	mar-15	mar-14	ch %
Total Revenues	356.968	379.245	-5,9%
Infoportugal & Others	446.565	544.826	-18,0%
Intersegments	-89.597	-165.581	-45,9%
Operating Costs	1.327.987	1.352.963	-1,8%
EBITDA	-971.019	-973.718	0,3%
EBIT	-1.130.240	-1.159.708	2,5%

Note: EBITDA = Net Operating Income + Amortisation and Depreciation + Impairment Losses. (1) Amortisation, Depreciation and Impairment Losses are not considered.

In addition to including the management and financial costs of the holding, this segment includes the operating activities of Infoportugal, a company dedicated to information technologies and content production, namely aerial photography, cartography, georeferenced contents and the running of the photography website and the Olhares Academy.

In the 1st quarter of 2015, IMPRESA Other revenues reached 441.4 thousand euros, which represents a year-on-year decrease of 18%, mostly due to decreases in subsidies, advertising revenue and applications development.

EBITDA for this segment was negative in the 1st quarter of 2015, reaching 971 thousand euros, a similar value to that reported in the 1st quarter of 2014.



6. Prospects

Despite the results achieved in the 1st quarter of 2015, which were strongly influenced by the decrease in multimedia revenues already forecast in the 2014 management report, the IMPRESA Group still expects to achieve the goals it has set: to improve operational indicators and to continue reducing interest-bearing liabilities.

Lisbon, 4 May 2015

On behalf of the Board of Directors

José Freire
Investor Relations Director
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IMPRESA - Sociedade Gestora de Participações Sociais, S.A.

Consolidated Accounts
(values in Euros)

	March 2015	Dec 2014
ASSETS		
NON CURRENT ASSETS		
Goodwill	300.892.821	300.892.821
Other intangible assets	300.532	473.910
Tangible fixed assets	27.885.658	28.177.221
Financial investments	6.372.795	6.592.199
Investment properties	5.912.440	5.912.440
Program Rights & Inventories	7.832.510	9.280.535
Other assets	5.569.492	5.647.935
Deferred Taxes	1.683.006	983.814
Total Non Current Assets	<u>356.449.254</u>	<u>357.960.875</u>
CURRENT ASSETS		
Program Rights & Inventories	16.478.076	15.261.451
Customers - current account	34.845.765	24.710.229
Other receivables	6.320.922	4.327.395
Cash and equivalents	2.604.832	4.820.134
Total Current Assets	<u>60.249.595</u>	<u>49.119.209</u>
TOTAL ASSETS	<u><u>416.698.849</u></u>	<u><u>407.080.084</u></u>
EQUITY, MINORITIES AND LIABILITIES		
EQUITY		
Capital	84.000.000	84.000.000
Share issue premiums	36.179.272	36.179.272
Legal reserve	1.108.090	1.108.090
Retained earnings and other reserves	16.308.516	5.302.172
Consolidated net profit	(2.820.603)	11.006.344
Equity of IMPRESA shareholders	<u>134.775.275</u>	<u>137.595.878</u>
Equity of minority interests		
Total Equity Funds	<u><u>134.775.275</u></u>	<u><u>137.595.878</u></u>
LIABILITIES		
NON CURRENT LIABILITIES		
Loans	135.641.104	135.494.549
Leasing	5.501.454	5.840.452
Provisions for risk and charges	5.449.234	5.314.234
Deferred taxes	353.515	353.515
Total Non Current Liabilities	<u>146.945.307</u>	<u>147.002.750</u>
CURRENT LIABILITIES		
Loans	58.014.030	45.724.918
Suppliers payables	36.720.271	36.367.264
Leasing	2.043.364	2.381.515
Other current liabilities	38.200.602	38.007.758
Total Current Liabilities	<u>134.978.267</u>	<u>122.481.455</u>
TOTAL EQUITY, MINORITIES AND LIABILITIES	<u><u>416.698.849</u></u>	<u><u>407.080.083</u></u>

IMPRESA - Sociedade Gestora de Participações Sociais, S.A.

Consolidated Accounts
(values in Euros)

	March 2015	March 2014
REVENUES		
Goods	6.437.045	7.217.934
Services	43.452.054	48.348.571
Other	125.368	231.748
Total Revenues	<u>50.014.467</u>	<u>55.798.253</u>
OPERATING COSTS		
Program costs and of goods sold	(19.872.465)	(20.642.843)
External Supplies	(15.458.947)	(15.726.468)
Personnel costs	(13.177.867)	(13.245.982)
Depreciation	(950.444)	(1.022.122)
Provisions and impairment	(135.000)	(120.000)
Other operating costs	(386.630)	(448.068)
Total Operating Costs	<u>(49.981.353)</u>	<u>(51.205.483)</u>
Operating Results	<u>33.114</u>	<u>4.592.770</u>
FINANCIAL RESULTS		
Gains & Losses in Associated Companies	14.696	255.886
Other Financial Costs	(3.464.687)	(2.859.159)
Financial Results	<u>(3.449.991)</u>	<u>(2.603.273)</u>
Results before income taxes	<u>-3.416.877</u>	<u>1.989.497</u>
Income Taxes	596.274	(775.121)
Consolidated Net profit	<u><u>-2.820.603</u></u>	<u><u>1.214.376</u></u>