Mood Media Reports First Quarter 2016 EBITDA of $21.8 Million & Free Cash Flow of $5.7 Million

Affirms 2016 Guidance for Positive Free Cash Flow & Stable EBITDA

Incremental Transformation Gains Targeted for 2016

TORONTO, Wednesday, May 11, 2016 – Mood Media Corporation ("Mood Media," "Mood" or "the Company") (TSX:MM), the global leader in elevating Customer Experiences, today reported results for its first quarter of 2016 and provided an update on the Company's progress executing against its strategic and operational plans.

Recent Highlights

- In the first quarter of 2016, Mood generated positive free cash flow of $5.7 million compared with $1.1 million in the prior year's first quarter. The improvement is attributable to reduced capital spending and improved working capital movements. Mood continues to expect to deliver positive free cash flow for the full year in 2016.
- Q1 2016 results were in line with the Company's expectations in North America, International, BIS and Corporate. The results reflect progressively stronger recurring revenue trends, continuing positive equipment & labor revenue growth in International and moderate growth at BIS. Results in the quarter were lower than anticipated at Technomedia. In response, Management has implemented cost reductions that reduce Technomedia's fixed costs by $0.75 million in 2016, with further changes to support efforts to rebuild its revenue pipeline.
- Mood's revenue enhancement initiatives are gaining positive traction with North America Local new sales growing by 19% year over year in the first quarter and with Premier new sales for the last 6 months growing 44% relative to equivalent period a year earlier. In International, Mood grew its new site additions by 36% and its equipment and labor revenue by 11% both on a Q1 year over year basis. International also signed its largest ever affiliate deal for 800-2,800 sites.
- The Company's 2016 global transformation, integration and consolidation initiatives are at or above target, with Mood expected to deliver incremental annualized efficiencies of $3-$4 million from Wave 5 of its integration and synergy program. That will raise the total annualized transformation savings delivered since the program began to $24 million in just three years.
- Mood affirms its 2016 EBITDA guidance, with an expectation of flat EBITDA relative to 2015, with potential for end of year growth. Higher revenues related to equipment, service and installation activities, and continuing gains from cost transformation activities are being offset by margin erosion from lower recurring subscriber revenues and by the cost of selective investments in sales and business development activities. Mood expects the pace of decline in recurring revenues will continue to moderate as the year progresses.

"Our first quarter revenues and EBITDA for our core business and BIS met expectations. While we missed expectations at Technomedia, we have swiftly implemented unit enhancements that should be effective in supporting their year", said Steve Richards, President and CEO of Mood Media. "Mood achieved $5.7 million in positive free cash flow in the quarter, and we continue to expect to deliver positive free cash flow in 2016."

"Importantly, transformation and investment activities are generating great benefits and have materially reduced the rate of decline in recurring revenues to just 1% year over year in our North American business, compared with a decline of 3.5% in the same period of the prior year. International recurring revenues are moving along a similar trajectory. Local sales are benefitting from our new Inside Sales group, Premier sales just recorded their best 6 month performance since Mood was put together in 2012, and the combination of improving recurring revenue trends and growth in equipment and labor revenues in International indicates that we should continue to build momentum as the year progresses. We have enhanced Mood revenue growth initiatives via the efforts of our newly appointed leaders in Global Marketing, Global System Sales and Premier Account Sales, to further advance our revenue actions."

"We are gaining traction with our leading set of Customer Experience solutions, encompassing sight, sound, scent, social and systems across a wide range of distribution platforms that fit the precise needs of our clients. We exceed demanding client requirements ranging from the most sophisticated global brands to local businesses. We believe that Mood provides unmatched support for our solutions, whether they are delivered via IP, streaming, satellite or physical media to hundreds of thousands of locations, anywhere, anyhow and anytime. Through our transformation, we have introduced new interactive audio, visual, mobile and interactive solutions, and we are building upon our significant advantages through relentless, continuous innovations."

"Overall, the transformation of Mood is progressing along our planned pathways and is expected to gain revenue strength throughout 2016. Although there is still work to accomplish, Mood is well on its way to delivering its enhanced potential through incremental gains expected in sales, marketing and integration in the future," Richards concluded.

First Quarter 2016 Financial Results

The Company reported first quarter 2016 revenues of $111.3 million and EBITDA of $21.8 million compared with revenues of $114.3 million and EBITDA of $24.1 million in the prior year's quarter. First quarter revenues declined by 2.6% or $2.9 million relative to prior year, with $0.9 million attributable to the negative impact of foreign exchange translation and $2.0 million related to reduced underlying revenues. The decline in underlying revenues was related primarily to lower rendering of services revenues associated with reduced installation activity and to a lesser extent to lower recurring revenues. The Company's recurring revenue trend has progressively improved over the last several quarters and in Q1 2016 recurring revenues declined by 2.0% year-over-year, including a decline of just 1.0% in its North America In-Store Media segment, compared with a decline of 3.5% year-over-year in the prior year's first quarter. The Company is experiencing improving trends in its Local and Premier segments and is increasing partnership revenues.

The Company's reported cost of sales decreased by $2.3 million to $52.0 million in the first quarter from $54.2 million in the same quarter of the prior year. Foreign exchange rates contributed $0.4 million to the reduction in cost of sales. The remainder of the reduction is attributable to reduced equipment costs in North America & Technomedia resulting from lower equipment and installation activity.

The Company's reported operating expenses were $37.6 million, for an increase of $1.7 million relative to the prior year's first quarter. Foreign exchange movements represented $0.9 million of the increase, which was driven in two parts. Firstly the translation of foreign exchange rates lowered operating expenses by $0.4 million. Secondly, the Company recorded a one-time non-cash foreign exchange gain of $1.3 million in the prior year's quarter which had the effect of reducing operating expenses in that time period. Underlying operating expenses rose by $0.8 million (2.2%) relative to the prior year's quarter, driven primarily by increases at Technomedia & BIS.

Mood's EBITDA in the first quarter declined by $2.3 million relative to the prior year, of which $1.4 million is attributable to foreign exchange and $0.9 million, is related to underlying operations. Asset disposals did not impact the EBITDA trajectory in the first quarter.

Other Expenses totaled $6.1 million in the first quarter of 2016 compared with $0.9 million in the prior year's quarter. Other Expenses in the first quarter consisted of $2.1 million in severance and integration expenses related to the Company's global synergy program, $0.2 million in transaction-related expenses and a $3.7 million loss on sale of its French speaker manufacturing business which was completed on March 30, 2016. Much of the loss was attributable to the intangible assets allocated to the sale.

Net loss per share in Q1 2016 was ($0.05) compared with a net loss per share of ($0.15) in the prior year's quarter. The major influences on net loss in the first quarter include the negative impact of foreign exchange which resulted in a $1.4 million reduction to EBITDA, a $6.6 million foreign exchange gain on financing transactions compared with a $19.0 million loss in Q1 2015 which contributed to reducing loss before taxes, higher other expense in the current quarter driven primarily by the loss on sale of the speaker manufacturing business and higher finance costs resulting from non-cash IFRS adjustments to the fair value of financial instruments.

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Unaudited

In thousands of US dollars, except per share information and weighted average number of shares

	Three months ended March 31, 2016	Three months ended March 31, 2015
Revenue	**$111,335**	**$114,255**
Expenses		
Cost of sales	51,963	54,244
Operating expenses	37,552	35,891
Depreciation and amortization	16,567	16,749
Share-based compensation	28	216
Other expenses	6,064	897
Foreign exchange (gain) loss on financing transactions	(6,611)	19,003
Finance costs, net	15,845	14,080
Loss for the period before income taxes	**(10,073)**	**(26,825)**
Income tax (recovery) charge	(642)	146
Loss for the period	**(9,431)**	**(26,971)**
Net loss attributable to:		
Owners of the parent	(9,428)	(26,968)
Non-controlling interests	(3)	(3)
	$(9,431)	**$(26,971)**
Net loss per share attributable to shareholders		
Basic and diluted	$(0.05)	$(0.15)
Weighted average number of shares outstanding – basic	183,810	180,099
Weighted average number of shares outstanding – diluted	186,712	180,099
Loss for the period	**$(9,431)**	**$(26,971)**
Items that may be reclassified subsequently to the loss for the period:		
Exchange loss on translation of foreign operations	(2,534)	(3,292)
Other comprehensive loss for the period, net of tax	**(2,534)**	**(3,292)**
Total comprehensive loss for the period, net of tax	**(11,965)**	**(23,679)**
Comprehensive loss attributable to:		
Owners of the parent	(11,962)	(23,676)
Non-controlling interests	(3)	(3)
	$(11,965)	**$(23,679)**

Mood Media 2015 Revenue and EBITDA Movements

($000)	Reported Q1.15	FX Translation	FX Hedge	Underlying	Reported Q1.16
Rendering of services	79,910	(439)	-	(2,412)	77,059
Sale of goods	33,679	(469)	-	420	33,630
Royalty revenues	666	(15)	-	(5)	646
Total	114,255	(923)	-	(1,997)	111,335
Cost of sales	54,244	(434)	-	(1,847)	51,963
Operating expenses	35,891	(392)	1,285	768	37,552
Total	90,135	(826)	1,285	(1,079)	89,515
EBITDA	24,120	(97)	(1,285)	(918)	21,820

Note: FX hedge reflects the 1-time non-cash gain recorded in Q1.15 related to the Company's currency hedge.

Key Performance Indicators

At March 31, 2016, the number of total Company-owned sites decreased by 2,841 relative to Dec. 31, 2015. The Company grew its visual site count by 336 while its audio site count decreased by 3,177. In the quarter, approximately 1,500 audio sites were reclassified to other recurring activities and were removed from the KPI calculations. This had the effect of increasing audio churn by the equivalent amount.

Total monthly churn was 1.1% in the first quarter, down from 1.3% in the same quarter of 2015. Without the reclassification cited above, monthly churn would have been 0.96%. Audio churn improved in its International business unit and remained stable in North America, after adjusting for the site reclassification. Total visual churn decreased to 1.1% in the first quarter from 5.2% in the prior year with a significant reduction in churn in its International unit offset by an increase in North America to 1.2% from 0.4% in the prior year.

Blended ARPU in the first quarter was $41.83, or a reduction of 2.5% relative to the prior year's quarter. The reduction of $1.07 relative to prior year was related to $0.26 (0.6%) from currency movements and $0.81 (1.9%) from underlying operations. Audio ARPU declined by $0.94 relative to the prior period with $0.71 related to underlying operations and $0.23 related to foreign exchange movements. Visual ARPU declined by $6.66 relative to the prior period with $1.25 related to foreign exchange and $5.41 related to underlying operations, driven by mix of services in the base.

	Q1.15	Q2.15	Q3.15	Q4.15	Q1.16
Audio sites	402,690	401,428	398,745	398,773	395,596
Visual sites	12,872	13,050	13,437	13,759	14,095
Total sites	415,562	414,478	412,182	412,532	409,691
Audio ARPU	$ 41.71	$ 41.70	$ 40.97	$ 41.10	$ 40.77
Visual ARPU	$ 78.76	$ 81.93	$ 82.26	$ 75.12	$ 72.10
Blended ARPU	$ 42.90	$ 42.96	$ 42.29	$ 42.24	$ 41.83
Audio gross additions	8,625	10,136	9,850	10,947	9,800
Visual gross additions	1,006	698	829	876	786
Total gross additions	9,631	10,834	10,679	11,823	10,586
Audio monthly churn	1.2%	0.9%	1.1%	0.9%	1.1%
Visual monthly churn	5.2%	1.3%	0.8%	1.6%	1.1%
Total monthly churn	1.3%	1.0%	1.0%	0.9%	1.1%

Mood Media presents EBITDA/Adjusted EBITDA information as a supplemental figure because management believes it provides useful information regarding operating performance. The Company uses the terms EBITDA and Adjusted EBITDA interchangeably and recognizes that neither is a recognized measure under IFRS, does not have standardized meaning, and may not be comparable to similar measures used by other companies. Accordingly, investors are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or (loss) determined in accordance with IFRS as an indicator of the financial performance of Mood Media or as a measure of Mood Media's liquidity and cash flows.

Reconciliation of segment profit to Consolidated Group loss for the period before taxes

	Three months ended March 31, 2016	Three months ended March 31, 2015
Segment profit (i)	**$21,820**	**$24,120**
Depreciation and amortization	16,567	16,749
Share-based compensation	28	216
Other expenses	6,064	897
Foreign exchange (gain) loss on financing transactions	(6,611)	19,003
Finance costs, net	15,845	14,080
Loss for the period before income taxes	**$(10,073)**	**$(26,825)**

(i) Segment profit is a non-GAAP metric internally referred to by management as Adjusted EBITDA and is prepared on a consistent basis. Adjusted EBITDA is considered by executive management as one of the key drivers for the purpose of making decisions about performance assessment and resource allocation of each operating segment. It is calculated by reducing revenue by cost of sales and operating expenses. The non-GAAP measure does not have a standardized meaning, and therefore unlikely to be comparable to similarly titled measures reported by other companies.

Free Cash Flow (“FCF”) is another non-IFRS measure that Mood Media uses to explain positive or negative net cash flows. The company defines FCF as the change in net debt from the end of the prior period to the end of the current period being reported. Contractual debt less unrestricted cash is used to calculate net debt at the respective balance sheet dates. The Company uses the contractual principal amount of its debt instruments and financing leases. Following is a table which sets forth the calculation of net debt and FCF from December 31, 2015 to March 31, 2016. The Company cautions that net debt and free cash flow do not have standardized meanings and may not be comparable to similar measures used by other companies. Accordingly, investors are cautioned that FCF and change in net debt should not be construed as an alternative to net earnings or (loss) determined in accordance with IFRS as an indicator of the financial performance of Mood Media or as a measure of Mood Media's liquidity and cash flows.

Reconciliation of Consolidated Group Free Cash Flow

Description	March 31, 2016	Dec. 31, 2015	Increase or Decrease in Debt & Cash
First lien credit facility	$ 236,301	$ 236,888	($587)
Senior unsecured notes	350,000	350,000	$0
MMG Notes	50,000	50,000	$0
Convertible debentures	-	-	$0
Finance leases	3,265	3,413	($148)
Total Contractual Principal of Debt	**$ 639,566**	**$ 640,301**	**-$ 735**
Less: Unrestricted cash	22,308	17,326	4,982
Net debt	**$ 617,258**	**$ 622,975**	**-$ 5,717**
Free Cash Flow / (Increase) or Decrease in Net Debt			**$5,717**

Conference Call

As previously announced, the Company will hold a conference call on May 12, 2016, at 8:30 a.m. Eastern Time to discuss its results and respond to questions from the investment community. To participate, please dial 416-764-8658 or toll free at 1-888-886-7786. A replay will be available within 24 hours following the teleconference by dialing 416-764-8691or toll free at 1-877-674-6060 (passcode 334821#).

This earnings release, which is current as of May 11, 2016, is a summary of the Company’s first quarter 2016 results and should be read in conjunction with the Company’s first quarter 2016 Management Discussion and Analysis (“MD&A”) and Interim Condensed Consolidated Financial Statements and Notes thereto and our other recent regulatory filings.

The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (“IFRS”) for consolidated financial statements and is expressed in United States dollars unless otherwise stated.

This news release includes certain non-IFRS financial measures. Mood Media uses these non-IFRS financial measures as supplemental indicators of its operating performance and financial position. These measures do not have any standardized meanings prescribed by IFRS and therefore may not be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS.

In this earnings release, the terms "we," "us," "our," "Mood Media," “Mood” and "the Company" refer to Mood Media Corporation and its subsidiaries.

About Mood Media Corporation
Mood (TSX:MM) is the global leader in elevating Customer Experiences. With more than 500,000 active client locations around the globe, Mood combines sight, sound, scent, social mobile technology and systems to create greater emotional connections between brands and consumers. Mood's clients include businesses of all sizes and market sectors, from the world's most recognized retailers and hotels to quick-service restaurants, local banks and thousands of small businesses.

For more details: http://us.moodmedia.com/.

Cautionary Statement Regarding Forward-Looking Statements
This press release contains forward-looking statements. The words "believe," "expect," "anticipate," "estimate," "intend," "may," "will," "would", "is planning" and similar expressions and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are subject to important assumptions, including the following specific assumptions: general industry and economic conditions; and changes in regulatory requirements affecting the businesses of Mood Media. While Mood Media considers these factors and assumptions to be reasonable based on information currently available, they are inherently subject to significant uncertainties and contingencies and may prove to be incorrect.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to: the impact of general market, industry, credit and economic conditions, currency fluctuations as well as the risk factors identified in Mood Media's Management Discussion and Analysis dated May 11, 2016 and Mood Media's annual information form dated March 30, 2016, both of which are available on www.sedar.com.

Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. All of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Mood Media.

Forward-looking statements are given only as at the date hereof and Mood Media disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws.

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