

Mood Media Reports Second Quarter 2014 Financial and Operating Results

Integration Activities Positively Impacted Operating Cost Structure

On Track to Achieve Annualized Cost Savings in the Range of \$8 to \$10 Million by Year-End 2014 Driven by Efficiency Program Synergies

TORONTO, August 14, 2014 - Mood Media Corporation (“Mood Media” or “the Company”) (ISIN: CA61534J1057) (TSX:MM / LSE AIM:MM), the world's largest integrated provider of in-store customer experience solutions, today reported results for the second quarter of 2014 and updated its strategic and operational plans.

Recent Highlights

- Achieved second quarter revenues of \$120 million and EBITDA of \$24.0 million;
- Continued to successfully implement global integration and consolidation activities; based upon strong results to date, finalizing synergy target to range of \$8 to \$10 million in annualized cost savings by year-end 2014;
- Expanded Local Sales organization and delivered new products;
- Reiterated 2014 financial outlook.

“In the second quarter, we continued to relentlessly focus on executing our strategic plan and further strengthened our platform for long-term sustainable growth,” said Steve Richards, President and CEO of Mood Media. “Over the past 10 months we have worked steadfastly to engender a culture of accountability, and the entire Mood Media team is focused on improving the efficiency and consistency of our business. Notably, we are making significant progress on our strategies surrounding Local Sales, product and solutions development, and partnership expansion. During the second quarter, we continued to build out our Local Sales teams in North America and the international markets, launched new compelling services called Mood Mix and Mood Social Wifi and advanced our mobile solutions, all of which we expect will contribute to our future growth. Our cost savings initiatives are also beginning to deliver tangible returns and, based upon our strong execution to date, we are finalizing our annualized cost savings expectations to a range of \$8 to \$10 million by year-end 2014.

“We are gaining important traction with our visuals and mobile services,” continued Mr. Richards. “In the first half of 2014 we signed our largest U.S. contracts to date and launched our first large-scale mobile promotion in conjunction with a major Premier brand. This positive momentum underscores the strength of our strategy and the results our focused efforts are producing. We believe we have taken consequential steps forward that will allow Mood Media to deliver on its full potential for both our clients and stakeholders. While the complete transformation of Mood Media will be an ongoing effort, we are energized as we take solid strides toward achieving these goals and targets. We look forward to continued success as we focus on building a great Company and realizing the potential we have before us.”

Second Quarter Financial Results

The Company reported Q2 revenues of \$120 million and EBITDA of \$24 million. Net loss per share from continuing operations was (\$0.18) compared with net loss of (\$0.05) in the prior-year period. The Company's second quarter revenue and EBITDA performance was impacted by the sale of its Latin American residential operation, the revised terms of its affiliate agreement, lower equipment and recurring sales, and lower performance at Technomedia and BIS. These factors were partially offset by the benefits of integration and synergy programs that produced a reduction of \$3.5 million in operating expenses in its North American and International operations for the quarter; however, these operating expense reductions were partially offset by increases due to the foreign exchange impact and expenses in the Company's BIS subsidiary.

Other expense totaled \$10 million in the quarter compared with \$8 million in the prior year. Other expense in the quarter related to restructuring, transaction and settlement expenses and was partially offset by

gains on sale of non-core assets. Restructuring expense pertains to the Company's integration and synergy program. Transaction and settlement expenses relate to the cost of resolving amounts in connection with past acquisitions.

Key Performance Indicators

	2012	Q1.13	Q2.13	Q3.13	Q4.13	2013	Q1.14	Q2.14
Audio sites	427,714	428,835	427,038	428,085	428,095	428,095	423,796	418,513
Visual sites	10,929	11,552	12,115	12,479	12,666	12,666	12,997	13,821
Total sites	438,643	440,387	439,153	440,564	440,761	440,761	436,793	432,334
Audio ARPU	\$ 49.20	\$ 47.19	\$ 46.25	\$ 45.65	\$ 45.62	\$ 46.17	\$ 45.35	\$ 45.17
Visual ARPU	\$ 115.39	\$ 89.78	\$ 83.42	\$ 89.21	\$ 81.27	\$ 84.30	\$ 84.59	\$ 85.08
Blended ARPU	\$ 50.45	\$ 48.28	\$ 47.25	\$ 46.87	\$ 46.64	\$ 47.23	\$ 46.50	\$ 46.40
Audio gross additions	47,488	11,599	9,960	9,208	9,765	40,532	10,112	6,981
Visual gross additions	5,180	1,092	699	497	1,219	3,507	478	996
Total gross additions	52,668	12,691	10,659	9,705	10,984	44,039	10,590	7,977
Audio monthly churn	0.8%	0.8%	0.9%	0.6%	0.8%	0.8%	1.1%	1.0%
Visual monthly churn	0.8%	1.4%	0.4%	0.4%	2.8%	1.3%	0.4%	0.4%
Total monthly churn	0.8%	0.8%	0.9%	0.6%	0.8%	0.8%	1.1%	0.9%

In the second quarter, the number of total Company-owned sites declined by 1.6% year-over-year driven by a 2.0% decline in the number of audio sites and a 14.1% increase in the number of visual sites. The number of audio sites decreased moderately in North America and in its International operation. The number of visual sites increased in both operations.

Blended ARPU declined by 1.8% year-over-year in the second quarter to \$46.40 per month and remained stable compared with the first quarter ARPU of \$46.50. Audio ARPU decreased by 2.3% relative to the prior year to \$45.17 while visual ARPU rose by 2.0% year-over-year to \$85.08. Audio ARPU declined in North America and remained stable in its International operations. Visual ARPU increased in both North America and in its International operations.

Total monthly churn in the second quarter was 0.9% per month reflecting an improvement over first quarter churn of 1.1%. Audio churn of 1.0% per month improved relative to the first quarter in International operations while churn in North America remained stable. Visual churn remained stable at 0.4%.

Conference Call

As previously announced, the Company will hold a conference call on August 15 at 8:00 a.m. Eastern Time to discuss its results and respond to questions from the investment community. The call can be accessed by telephone by dialing 416-764-8658, or 1 888-886-7786 for international callers. Listeners are advised to dial in at least five minutes prior to the call.

This earnings release, which is current as of August 14, 2014, is a summary of our second quarter results, and should be read in conjunction with our second quarter 2014 MD&A and Consolidated Financial Statements and Notes thereto and our other recent filings with securities regulatory authorities in Canada and the United Kingdom.

The financial information presented herein has been prepared on the basis of IFRS for interim 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" and "the Company" refer to Mood Media Corporation and our subsidiaries.

Mood Media Corporation

INTERIM CONSOLIDATED STATEMENTS OF LOSS

Unaudited

For the three and six months ended June 30, 2014

In thousands of US dollars, unless otherwise stated

	Notes	Three months ended		Six months ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Continuing operations					
Revenue	5	\$119,881	\$126,268	\$242,871	\$255,355
Expenses					
Cost of sales (excludes depreciation and amortization)		53,346	54,476	110,770	113,163
Operating expenses		42,510	44,134	84,726	88,572
Depreciation and amortization		17,526	16,496	36,040	34,220
Share-based compensation	13	(204)	325	612	688
Other expenses	6	9,974	7,916	9,339	13,810
Foreign exchange loss (gain) on financing transactions		1,766	(4,178)	760	1,857
Finance costs, net	7	27,794	15,970	41,520	10,494
Loss for the period before taxes		(32,831)	(8,871)	(40,896)	(7,449)
Income tax charge (credit)	8	(197)	499	(766)	6,891
Loss for the period from continuing operations		(32,634)	(9,370)	(40,130)	(14,340)
Discontinued operations					
Loss after tax from discontinued operations	15	-	(10,984)	-	(14,736)
Loss for the period		(32,634)	(20,354)	(40,130)	(29,076)
Attributable to:					
Owners of the parent		(32,670)	(20,476)	(40,173)	(29,314)
Non-controlling interests		36	122	43	238
		\$(32,634)	\$(20,354)	\$(40,130)	\$(29,076)
Net loss per share					
Basic and diluted	9	\$(0.18)	\$(0.12)	\$(0.23)	\$(0.17)
Basic and diluted from continuing operations	9	(0.18)	(0.05)	(0.23)	(0.08)
Basic and diluted from discontinued operations	9	0.00	(0.07)	0.00	(0.09)

About Mood Media Corporation

Mood Media Corporation (TSX:MM/ LSE AIM:MM), is one of the world's largest designers of in-store consumer experiences, including audio, visual, interactive, scent, voice and advertising solutions. Mood Media's solutions reach over 150 million consumers each day through more than half a million subscriber locations in over 40 countries throughout North America, Europe, Asia and Australia.

Mood Media Corporation's client base includes more than 850 U.S. and international brands in diverse market sectors that include: retail, from fashion to financial services; hospitality, from hotels to health spas; and food retail, including restaurants, bars, quick-serve and fast casual dining. Our marketing platforms include 77% of the top 100 retailers in the United States and 97% of the top 50 quick-serve and fast-casual restaurant companies.

For further information about Mood Media, please visit www.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" 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 without limitation, expected growth, results of operations, performance, financial condition, strategy and business prospects and opportunities. 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 Aug. 14, 2014 and Mood Media's annual information form dated March 28, 2014, 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.

Mood Media Corporation presents EBITDA information as a supplemental figure because management believes it provides useful information regarding operating performance. EBITDA is not a recognized measure under International Financial Reporting Standards ("IFRS"), does not have standardized meaning, and is unlikely to be comparable to similar measures used by other companies. Accordingly, investors are cautioned that 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. For a reconciliation of EBITDA to the Consolidated Statements of Income (Loss), please see Footnote 18 to the Interim Consolidated Financial Statements which provides Segment Information.

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