

## **Mood Media Reports First Quarter 2014 Financial and Operating Results**

### ***Integration Activities Make Positive Impact on Operating Cost Structure; On Target to Deliver \$8 to 12m in Incremental Annualized Synergies Through Consolidation Efficiencies***

TORONTO, May 8, 2014 - Mood Media Corporation (ISIN: CA61534J1057) (TSX:MM / LSE AIM:MM), the world's largest integrated provider of in-store customer experience solutions, today reported results for the first quarter of 2014, and updated its strategic and operational plans.

#### **Recent Highlights**

- Achieved first quarter revenues of \$123 million and EBITDA of \$23.4 million, in-line with Company expectations and previous guidance for full year 2014;
- Continued successfully implementing initiatives focused on integrating and consolidating all Mood operating businesses. Expect to deliver new synergies and generate \$8 to \$12 million in annualized rate of cost savings by year end 2014;
- Significantly reduced other non-operating expenses;
- Successfully refinanced the Company's term loan early in the second quarter of 2014, establishing a new facility that provides increased flexibility for its operating strategy, asset dispositions and convertible debenture deleveraging efforts.

"During the first quarter of 2014, we continued to relentlessly pursue our goal of improving operational efficiencies; I am proud that we are successfully laying a strong foundation for long-term growth," said Steve Richards, President and CEO of Mood Media. "With the completion of our late 2013 Wave 1 cost reductions, we are committed to executing Waves 2 and 3 in 2014. We have made great progress in Q1 and now firmly believe we will deliver annualized cost reductions of \$8 to \$12 million through incremental synergies via process and consolidation, while also focusing growth efforts via new product delivery, new sales and cross unit selling efforts. Looking ahead, we are in the process of finalizing a set of Wave 4 initiatives slated for implementation in 2015, which we believe will further enhance our operating efficiency and generate additional long-term gains and benefits."

Mr. Richards continued, "In Q1, we finalized Mood's leadership structure and implemented executive accountability scorecards to ensure responsibility for effective process management across our global organization. Our enhanced culture of accountability will be an effective tool to drive Mood's success. Our North American and International teams are ramping their efforts to increase new sales, cross unit sales, and upsell compelling audio, visual and mobile solutions to existing customers, new prospects and new verticals. We believe Mood is well positioned to gain and build upon momentum we are seeing in the marketplace. With the signing of our largest visuals sales contracts to date in Banking and Quick Service Restaurants in North America and the successful launch of Mood:Mix, we are confident that Mood continues to offer the leading products that customers expect from us. The Mood team is more focused than ever on execution and we are confident in our ability to create enhanced value for all stakeholders."

#### **First Quarter Financial Results**

The Company reported Q1 revenues of \$123 million and EBITDA of \$23.4 million. Net loss per share from continuing operations was (\$0.04) compared with net loss of (\$0.03) in the prior-year period. The Company's first quarter revenue and EBITDA performance was impacted by the sale of its Latin American residential operation, the revised terms of its affiliate agreement, and lower equipment and recurring sales, which were partially offset by the benefits of integration and synergy programs, that produced a reduction of \$2.2 million in operating expenses for the first quarter.

Other income totaled \$0.6 million in the quarter related to restructuring, integration and transaction expenses and compared with other expense of \$5.9 million a year earlier. Restructuring and integration expense in the current period included a gain on sale of its Latin American operations of \$3.5 million. Excluding this gain, restructuring and transaction expense comprised largely the cost of implementing its integration and synergy efforts, along with legacy expenses related to past acquisitions.

## Key Performance Indicators

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

Aligned with its commitment for enhanced external scorecard accountability, the Company revised its KPI disclosures to the present basis by which it manages and assesses its operations. The new KPIs provide increased visibility and disclosure regarding subscriber and revenue performance.

In the first quarter, the number of total Company-owned sites declined by 0.8% year-over-year driven by a 1.2% decline in the number of audio sites and a 12.5% increase in the number of visual sites. The number of audio sites increased moderately in North America, with continuing growth in its Premier segment, and declined in its International operation. The number of visual sites increased in both operations.

Audio ARPU declined by 4% year-over-year in North America and 3% year-over-year in its International operations. The decline in North American audio ARPU was primarily driven by a higher proportion of lower-ARPU subscribers in its site base owing to Premier vs. Local growth in this category. The audio ARPU decline in Europe was driven by general economic conditions. Visual ARPU declined by 6% year-over-year with ARPU performance in North America improving, while ARPU in the International operations declined.

Audio churn of 1.1% per month in the first quarter increased relative to the prior year, while visual churn, at 0.4% per month declined relative to the prior year.

### Conference Call

As previously announced, the Company will hold a conference call today 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 May 8, 2014, is a summary of our first quarter results, and should be read in conjunction with our first 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

For the three months ended March 31, 2014

In thousands of US dollars unless otherwise stated

	Notes	Three months ended March 31, 2014	Three months ended March 31, 2013
<b><u>Continuing operations</u></b>			
Revenue	5	\$122,990	\$129,087
<b>Expenses</b>			
Cost of sales (excludes depreciation and amortization)		57,424	58,687
Operating expenses		42,216	44,438
Depreciation and amortization		18,514	17,724
Share-based compensation	13	816	363
Other (income) expenses	6	(635)	5,894
Foreign exchange (gain) loss on financing transactions		(1,006)	6,035
Finance (income) costs, net	7	13,726	(5,476)
<b>Income (loss) for the period before taxes</b>		<b>(8,065)</b>	<b>1,422</b>
Income tax charge (credit)	8	(569)	6,392
<b>Loss for the period from continuing operations</b>		<b>(7,496)</b>	<b>(4,970)</b>
<b><u>Discontinued operations</u></b>			
Loss after tax from discontinued operations	15	-	(3,752)
<b>Loss for the period</b>		<b>(7,496)</b>	<b>(8,722)</b>
<b>Attributable to:</b>			
Owners of the parent		(7,503)	(8,838)
Non-controlling interests		7	116
		<b>\$(7,496)</b>	<b>\$(8,722)</b>
<b>Net loss per share</b>			
Basic and diluted	9	<b>\$(0.04)</b>	<b>\$(0.05)</b>
Basic and diluted from continuing operations	9	(0.04)	(0.03)
Basic and diluted from discontinued operations	9	-	(0.02)

The accompanying notes form part of the interim consolidated financial statements

### **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](http://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 March 5, 2014 and Mood Media's annual information form dated March 28, 2014, both of which are available on [www.sedar.com](http://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.

**Investor Inquiries**

Randal Rudniski  
Mood Media Corporation  
Tel: +1 (512) 592 2438  
Email: [randal.rudniski@moodmedia.com](mailto:randal.rudniski@moodmedia.com)

Dominic Morley  
Panmure Gordon (UK) Limited  
+44 020 7886 2500

**North America Media Inquiries**

Sumter Cox  
Mood Media Corporation  
Director of Communications  
Tel: +1 (803) 242 9147