Mood Media Reports Second Quarter 2016 EBITDA of $24.9 Million

Affirms 2016 Guidance for Positive Free Cash Flow & Stable EBITDA

Reports Improving Momentum in Recurring Revenue Performance

TORONTO, Wednesday, August 10, 2016 – Mood Media Corporation ("Mood Media," "Mood" or "the Company") (TSX:MM), the global leader in elevating Customer Experiences, today reported results for its second quarter of 2016 and provided an update on the Company's progress executing against its strategic and operational plans.

Recent Highlights

- In the second quarter of 2016, Mood reported revenues of $119.7 million, up 1.7% relative to prior year's second quarter. Mood reported revenue growth in its In-Store Media operations in North America and International, and at BIS.
- Mood recurring revenues reached $62.3 million in the second quarter, increasing relative to its first quarter results. Mood has grown its recurring revenues on a quarter over quarter basis in two of its most recent three quarters and its North American operation has grown recurring revenues sequentially in five its most recent six quarters. Relative to prior year, underlying recurring revenues remained relatively stable with the North American segment growing recurring revenue and International declining slightly.
- Mood's key performance indicators show increasing traction from gains in sales and operating performance. Gross site additions in the second quarter rose by 18% relative to the same quarter of the prior year with North America recording its best second quarter gross addition performance since 2012 and International recording its best overall quarterly gross site addition result since 2012. Underlying blended ARPU declined by 1.3% relative to the prior year with North America core audio ARPU remaining stable and International ARPU declining slightly.
- Mood EBITDA in the second quarter remained essentially stable relative to the prior year at $24.9 million. Mood In-Store Media operations in North America, International and BIS each grew EBITDA. Technomedia EBITDA declined, although sales wins and cost savings are expected to improve its performance in the second half of 2016. In aggregate, the North American, International & BIS operations grew EBITDA by 3.5% relative to prior year on an underlying basis.
- The Company's 2016 global transformation, integration and consolidation initiatives are on target, with Mood delivering incremental annualized efficiencies of more than $6 million from Wave 4 & 5 of its integration and synergy program. The Company has estimated the initial scope of estimated savings related to its Wave 6 activities to be approximately $3 million in 2017, raising the total annualized transformation savings delivered since the programs began in the fourth quarter of 2013 to more than $28 million.
- Mood reaffirms guidance for 2016. Mood expects to achieve stable 2016 EBITDA relative to 2015, and positive free cash flow generation. Mood's first half results have been in line with its expectations. Second half 2016 free cash flow when compared to first half is expected to benefit from improvements in EBITDA reflecting sales and operating gains and improvements in working capital.

"Mood is making significant strides in its transformation, on key measures of ARPU stabilization, recurring and partnership revenues, equipment and labor revenue growth, gross site additions, margin protection, cost reductions, and cash flow enhancements", said Steve Richards, President and CEO of Mood Media. "All of these steps give us great satisfaction as we move closer to the Mood goal of achieving overall recurring revenue growth as a total Mood enterprise."

"Our second quarter recurring revenue momentum was the strongest Mood performance since our businesses were put together in 2012. Our key North American division grew recurring revenues on a year over year basis and has grown revenues on a sequential basis in five of the last six quarters, reflecting organizational, sales and operating enhancements. These improvements produced North America's best second quarter gross site additions since 2012. Furthermore, Mood International sales and recurring revenue performance are also showing marked improvements. Mood International recorded its best quarter gross site additions since 2012. Their accomplishments give us confidence that we will achieve our financial and operating goals for 2016, and they present a strong foundation for further expected gains in 2017 and beyond."

"Our transformation and investment activities are making a tangible positive impact on our growth momentum through enhanced Local inside and field sales, acceleration in Premier and System sales, as well as through encouraging progress with partner and marketing initiatives. The wide array of improvements and consistent positive momentum are very encouraging. We continue to achieve process efficiency gains and are finalizing our 2017 Wave 6 plans that target $3 million in incremental reductions."

We will not relent in improving all facets of business results, to further cement our position as the unquestionable global leader across this industry. Mood's transformation is tracking nicely, and gives us great confidence for incremental gains, reduced costs, increased efficiencies, and future enhancements to Mood stakeholder value", concluded Mr. Richards.

Second Quarter 2016 Financial Results

(In thousands of US dollars)

The composition of revenue in the second quarter was as follows:

	Three months ended		**Six months ended**	
	June 30, 2016	**June 30, 2015**	**June 30, 2016**	**June 30, 2015**
Recurring	$62,258	$62,224	$123,227	$124,760
Equipment	37,010	35,029	70,639	68,709
Installation and services	13,714	13,312	24,073	25,187
Other	6,688	7,103	13,066	13,267
	$119,670	**$117,668**	**$231,005**	**$231,923**

The Company reported second quarter 2016 revenues of $119.7 million and EBITDA of $24.9 million compared with revenues of $117.7 million and EBITDA of $24.5 million in the prior year's second quarter. Second quarter revenues rose by 1.7% or $2.0 million relative to prior year, with a $2.1 million increase from underlying operations, and a $0.9 million increase from foreign exchange translation which was offset by a $1.0 million decrease related to the sale of its French speaker manufacturing business.

The year over year improvement in underlying revenues was generated by increases of $2.5 million in equipment revenues and $0.3 million in installation and services revenues, which were only partially offset by decreases of $0.3 million in recurring revenues and $0.5 million in other revenues (royalty, advertising and other revenues).

The Company's recurring revenues represent its subscription and partnership revenue streams associated with its In-Store Media operations in its North America and International divisions. The modest 0.4% underlying decrease in second quarter recurring revenues relative to the prior year represents Mood's strongest performance in this area in recent years and is directly attributable to improving sales and operating trends in its North American division, and to a lesser extent to its International division, where subscriber and ARPU performance have steadily improved in recent quarters.

Second quarter equipment revenues rose by $2.5 million, or 7%, relative to prior year on an underlying basis, driven by increases in new client installations and gross site additions across Mood's In-Store Media operations where underlying equipment revenues rose by 17% in North America and by 23% in International. Equipment revenues remained stable at BIS and declined at Technomedia relative to the prior year's second quarter results.

Installation and services revenues relate to the addition of new client locations and the service and maintenance of existing sites. Installation and services revenues rose by $0.3 million on an underlying basis, with In-Store Media International recording an increase, which was partially offset by declines in In-Store Media North America and Technomedia.

In the second quarter, the Company's reported cost of sales increased by $1.2 million, and its underlying cost of sales increased by $1.3 million relative to the prior year's quarter attributable primarily to higher equipment, installation and services costs in the In-Store Media International division owing to significant increases in related revenues. Cost of sales declined at Technomedia on lower revenues and at BIS due to improved margins while rising in its In-Store Media North America division on higher revenues.

The Company's operating expenses were $37.0 million in the second quarter, for an increase of $0.4 million relative to the prior year's second quarter on a reported basis and an increase of $0.9 million on an underlying basis. The increase in operating expenses was primarily attributable to Mood's North America operations where increasing revenues led to higher sales commissions and owing to higher marketing expenses.

Mood's EBITDA in the second quarter was essentially stable at $24.9 million relative to the prior year on an underlying basis, with three of four business units improving relative to prior year, including North America, International and BIS. In aggregate these business units grew underlying EBITDA by 3.5% relative to prior year.

Q2 2016 Revenue and EBITDA Movements

($000)	Reported Q2.15	Foreign Exchange	Asset Disposals	Underlying	Reported Q2.16
Recurring	62,225	302	-	(269)	62,258
Equipment	35,031	439	(955)	2,494	37,010
Installation and services	13,311	77	-	326	13,714
Other	7,101	51	-	(464)	6,688
Total	117,668	869	(955)	2,087	119,670
Cost of sales	56,517	408	(440)	1,272	57,758
Operating expenses	36,650	(138)	(414)	920	37,018
Total	93,168	270	(854)	2,192	94,776
EBITDA	24,501	598	(101)	(105)	24,894

Other Expenses totaled $0.1 million in the second quarter of 2016 compared with $1.7 million in the prior year's quarter. Other Expenses in the second quarter consisted primarily of $0.6 million in severance expenses and $0.5 million in other integration expenses related to the Company's global synergy program, offset by a $1.0 million reduction in the contingent consideration related to Technomedia.

Net loss per share in Q2 2016 was ($0.06) compared with a net loss per share of ($0.01) in the prior year's quarter. The major influences on net loss in the second quarter include a $5.5 million foreign exchange loss on financing transactions in the current period compared with a $4.2 million gain in the second quarter of 2015, higher finance and tax expense, which were partially offset by reduced other expense and share-based compensation expense.

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		Six months ended	
	Notes	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue	5	**$119,670**	**$117,668**	**$231,005**	**$231,923**
Expenses					
Cost of sales		57,758	56,517	109,721	110,761
Operating expenses		37,018	36,650	74,570	72,541
Depreciation and amortization		16,217	16,870	32,784	33,619
Share-based compensation	11	92	235	120	451
Other expenses	6	133	1,691	6,197	2,588
Foreign exchange loss (gain) on financing transactions	10	5,525	(4,196)	(1,086)	14,807
Finance costs, net	7	14,489	13,694	30,334	27,774
Loss for the period before income taxes		**(11,562)**	**(3,793)**	**(21,635)**	**(30,618)**
Income tax charge (recovery)	8	317	(1,596)	(325)	(1,450)
Loss for the period		**(11,879)**	**(2,197)**	**(21,310)**	**(29,168)**
Net loss attributable to:					
Owners of the parent		(11,921)	(2,185)	(21,349)	(29,153)
Non-controlling interests		42	(12)	39	(15)
		(11,879)	**(2,197)**	**(21,310)**	**(29,168)**
Net loss per share attributable to shareholders					
Basic and diluted		$(0.06)	$(0.01)	$(0.12)	$(0.16)
Weighted average number of shares outstanding – basic		184,767	182,067	184,289	181,101
Weighted average number of shares outstanding – diluted		186,702	182,067	186,223	181,101
Loss for the period		**$(11,879)**	**$(2,197)**	**$(21,310)**	**$(29,168)**
Items that may be reclassified subsequently to the loss for the period:					
Exchange gain (loss) on translation of foreign operations		2,400	(1,025)	(134)	2,267
Other comprehensive income (loss) for the period, net of tax		**2,400**	**(1,025)**	**(134)**	**2,267**
Total comprehensive loss for the period, net of tax		**(9,479)**	**(3,222)**	**(21,444)**	**(26,901)**
Comprehensive loss attributable to:					
Owners of the parent		(9,521)	(3,210)	(21,483)	(26,886)
Non-controlling interests		42	(12)	39	(15)
		$(9,479)	**$(3,222)**	**$(21,444)**	**$(26,901)**

The accompanying notes form part of the interim consolidated financial statements

Key Performance Indicators

As of June 30, 2016, the number of total Company-owned sites decreased by 1,459 relative to March 31, 2016. The Company grew its visual site count by 268, while its audio site count decreased by 1,727.

Total gross site activations in the second quarter were 12,762, or an increase of 18% relative to the prior year's second quarter. Audio gross site additions rose by 16% year over year, while visual site additions grew by 39% year over year reflecting improved traction of Mood's sales activities. In the quarter, North America recorded its highest level of gross site additions in a second quarter since 2012; and International recorded its highest overall level of quarterly gross site additions since 2012.

Total monthly churn was 1.2% in the second quarter versus 1.1% in the first quarter of 2016 and versus 1.0% in the second quarter of 2015. Audio churn improved in Mood's International business unit and increased slightly in North America. Total visual churn improved in North America and increased in Mood's International business unit.

Blended ARPU in the second quarter was $42.63, or a reduction of 0.8% relative to the prior year's quarter. The reduction of $0.33 relative to the prior year was related to a $0.56 decrease related to underlying performance, which was offset partially by a $0.23 improvement resulting from foreign exchange translation. Reported blended ARPU has declined by less than 1% since the first quarter of 2015 driven primarily by improvements in North America given enhancements to sales and operating performance. This ARPU performance compares very favorably to previous trends in 2013 to 2015, when underlying ARPU declined by approximately 4% on average each year.

	Q1.15	Q2.15	Q3.15	Q4.15	Q1.16	Q2.16
Audio sites	402,690	401,428	398,745	398,773	395,596	393,869
Visual sites	12,872	13,050	13,437	13,759	14,095	14,363
Total sites	415,562	414,478	412,182	412,532	409,691	408,232
Audio ARPU	$ 41.71	$ 41.70	$ 40.97	$ 41.10	$ 40.77	$ 41.30
Visual ARPU	$ 78.76	$ 81.93	$ 82.26	$ 75.12	$ 72.10	$ 79.52
Blended ARPU	$ 42.90	$ 42.96	$ 42.29	$ 42.24	$ 41.83	$ 42.63
Audio gross additions	8,625	10,136	9,850	10,947	9,800	11,789
Visual gross additions	1,006	698	829	876	786	973
Total gross additions	9,631	10,834	10,679	11,823	10,586	12,762
Audio monthly churn	1.2%	0.9%	1.1%	0.9%	1.1%	1.1%
Visual monthly churn	5.2%	1.3%	0.8%	1.6%	1.1%	1.7%
Total monthly churn	1.3%	1.0%	1.0%	0.9%	1.1%	1.2%

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 (i) is a recognized measure under IFRS, (ii) has a standardized meaning, and (iii) may 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 income taxes

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Segment profit (i)	**$24,894**	**$24,501**	**$46,714**	**$48,621**
Depreciation and amortization	16,217	16,870	32,784	33,619
Share-based compensation	92	235	120	451
Other expenses	133	1,691	6,197	2,588
Foreign exchange loss (gain) on financing transactions	5,525	(4,196)	(1,086)	14,807
Finance costs, net	14,489	13,694	30,334	27,774
Loss for the period before income taxes	**$(11,562)**	**$(3,793)**	**$(21,635)**	**$(30,618)**

(i) Segment profit is a non-GAAP IFRS 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-IFRS 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 June 30, 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	**June 30, 2016**	**Dec. 31, 2015**	**Increase or Decrease in Debt & Cash**
First lien credit facility	$ 235,714	$ 236,888	($1,174)
Senior unsecured notes	350,000	350,000	($0)
MMG Notes	50,000	50,000	$0
Convertible debentures	-	-	$0
Finance leases	3,181	3,413	($232)
Total Contractual Principal of Debt	**$ 638,895**	**$ 640,301**	**-$ 1,406**
Less: Unrestricted cash	12,369	17,326	(4,957)
Net debt	**$ 626,526**	**$ 622,975**	**$ 3,551**
Free Cash Flow / (Increase) or Decrease in Net Debt			**($3,551)**

Conference Call

As previously announced, the Company will hold a conference call on August 11, 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 927520#).

This earnings release, which is current as of August 10, 2016, is a summary of the Company's second quarter 2016 results and should be read in conjunction with the Company's second 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 Media (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 August 10, 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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