Mood Media Reports Third Quarter 2016 Adjusted EBITDA of $22.3 Million

$9.8 Million in Free Cash Flow Generated in Third Quarter, a $16.1 Million Improvement Relative to Prior Year

Reaffirms 2016 Guidance for Positive Free Cash Flow in 2016

Reports Improving Momentum in Recurring Revenue Performance

TORONTO, Wednesday, November 9, 2016 – Mood Media Corporation ("Mood Media," "Mood" or "the Company") (TSX:MM), the global leader in elevating Customer Experiences, today reported results for its third quarter of 2016 and provided an update on the Company's progress executing against its strategic and operational plans.

Recent Highlights

- In the third quarter of 2016, Mood reported revenues of $113.9 million, down 3.6% relative to the prior year's third quarter. Underlying revenues declined by $2.6 million on a year-over-year basis. Of this decline, $3.6 million is related to Technomedia with the In-Store Media & BIS groups collectively growing revenues relative to prior year. Recurring revenues of $60.4 million remained essentially stable, down 0.3% year over year on an underlying basis
- Third quarter free cash flow was $9.8 million versus -$6.4 million in the prior period, representing a positive variance of $16.1million on a year over year basis. Mood continues to expect to generate positive free cash flow in 2016.
- North American In-Store Media operations recorded 2.6% revenue growth in the third quarter relative to prior year driven by a 0.5% increase in recurring revenues and 16% growth in equipment revenues.
- Mood has progressively improved the momentum in its recurring revenues via investments in sales, marketing and operating efficiencies. The impact of these investments has erased the mid-single digit declines in the business in 2014 and prior periods and achieved virtual stability as of Sept. 30, 2016, a key milestone to growth in recurring revenues in future periods.
- Mood's key performance indicators show increasing traction from gains in sales and operating performance. Net site additions in the third quarter were 1,696 sites. Growth in the site base was driven by improved gross site additions in the third quarter and year to date, which rose by 2% and 10%, respectively, relative to the same periods of the prior year.
- The improvement in net activations was also generated by substantially lower churn in the third quarter, at 0.8% per month vs 1.0% in the prior year's period, attributable to improved results from sales and operating activities. ARPU in the third quarter was $41.81, a reduction of only 1.1% relative to prior year. In the third quarter of 2016, Mood recorded its best third quarter gross addition performance since 2012.
- Mood Adjusted EBITDA in the third quarter was $22.3 million compared with $25.8 million in the prior year's quarter. On an underlying basis, excluding the effect for foreign exchange translation and asset disposals, Adjusted EBITDA declined by $3.4 million relative to prior year. Management believes the decline is primarily related to reductions in large jobs systems sales at Technomedia and a decline in North America installation and service margins in the third quarter.
- The Company's 2016 global transformation, integration and consolidation initiatives are on target, with Mood delivering incremental annualized efficiencies of more than $4.5 million from Wave 5. This Wave 5 result is currently ahead of Management's original $3.6 million expectation. The Company continues to estimate savings related to its Wave 6 activities in 2017 to be approximately $3 million, raising the total annualized transformation savings delivered since the programs began in the fourth quarter of 2013 to more than $28 million.
- Mood is reiterating 2016 guidance for FCF to be positive in 2016; Adjusted EBITDA will be slightly down for the year vs. previous 2016 guidance of flat Adjusted EBITDA performance.
- FCF on a year to date basis is ahead of Mood's original expectation driven by improved working capital efficiencies, while capex is trending to the low end of Mood's guidance range of $28-$30 million, which represents a 25%-30% decline relative to prior year. Management anticipates that

these factors will enable Mood to meet its original FCF expectation despite lower Adjusted EBITDA guidance.

- Mood expects fourth quarter 2016 Adjusted EBITDA to increase relative to Q3 as the fourth quarter typically exhibits the highest seasonal demand for store refurbishments & site installations.

“Mood’s performance in the key recurring revenue category is consistently improving and has achieved virtual stability following years of mid-single digit declines”, said Steve Richards, President and CEO of Mood Media. “This is evident in the growth in our site base in the third quarter, the 10% growth in our gross site additions on a year to date basis, the reduction in our churn rate and improved stability of ARPU. We believe Mood remains on its path to achieving overall recurring revenue growth as a total Mood enterprise.”

“While Mood’s large job AV installation performance has been weaker than originally expected in the third quarter and year to date, leading to slightly reduced Adjusted EBITDA guidance for 2016, we continue to expect free cash flow to be positive for the full year. We have put a plan in place to mitigate the downside in Technomedia performance and expect improved performance in the core business segments that should lead to strengthened Adjusted EBITDA performance in the fourth quarter.”

“We are very encouraged by our In-Store Media and BIS sales and operating performance. The investments made in In-Store Media in terms of salesforce expansion, development of an Inside Sales team, new sales and marketing leadership and extensive operating platform initiatives are making a very real positive impact. Furthermore, we are ahead of plan regarding 2016 Wave 5 initiatives and now expect annualized savings of more than $4.5 million and continue to expect 2017 Wave 6 plans that target $3 million in incremental reductions which will raise to $28 million the total savings from our integration and synergy program since its inception in 2013.”

“Mood’s transformation is achieving the important milestones along its trajectory to positive growth in recurring revenues, improved margins and increased generation of free cash flow. Our global efficiency and gains have been encouraging and we believe this, together with our sales and operating performance put us on track for further gains in the future”, concluded Mr. Richards.

Third Quarter 2016 Financial Results

(In thousands of US dollars)

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

	Three months ended		Nine months ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Recurring	$60,434	$60,844	$183,661	$185,604
Equipment	36,286	37,173	106,925	105,882
Installation and services	9,245	10,805	33,318	35,992
Other	7,950	9,337	21,016	22,604
	$113,915	**$118,159**	**$344,920**	**$350,082**

The Company reported third quarter 2016 revenues of $113.9 million and Adjusted EBITDA of $22.3 million compared with revenues of $118.2 million and Adjusted EBITDA of $25.8 million in the prior year’s third quarter. Third quarter revenues declined by 3.6% or $4.2 million relative to prior year, with a $2.6 million decrease from underlying operations (including a $3.6 million decrease in revenues related to Technomedia), a $0.8 million decrease from foreign exchange translation and a $0.8 million decrease related to the sale of its French speaker manufacturing business.

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 $0.2 million, 0.3%, underlying decrease in third quarter recurring revenues relative to the prior year represents continuing directional improvement in this important revenue category. In the prior year’s third quarter, underlying recurring revenues declined by $1.6 million, or 1.8%, relative to its prior year result. Mood’s improved performance in this area is directly attributable to improving sales and operating trends in its North American division, where subscriber and ARPU performance have steadily improved in recent quarters, and to a lesser extent to its International division,

Third quarter equipment revenues were stable relative to prior year on an underlying basis, with a $1.5 million reduction at Technomedia and a $0.5 million reduction at BIS offset by increases in Mood’s In-Store Media operations in North America and International driven by increases in new client installations and gross site additions across Mood’s In-Store Media operations.

Installation and services revenues relate to the addition of new client locations and the service and maintenance of existing sites. Installation and services revenues declined by $1.4 million on an underlying basis, of which $1.1 million was attributable to Technomedia.

Other revenues relate to royalties, advertising and miscellaneous revenue streams. Other revenues declined by $1.3 million on an underlying basis relative to prior year’s third quarter. Of this decline, $0.9 million is attributable to Technomedia.

In the third quarter, the Company’s underlying cost of sales decreased by $0.9 million relative to the prior year’s third quarter. Decreases were experienced in the International, Technomedia & BIS segments, while North America experienced an increase owing to higher sales and installation activity.

The Company’s operating expenses were $36.6 million in the third quarter, for an increase of $1.0 million relative to the prior year’s third quarter on a reported basis and an increase of $1.8 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 in the current period and timing related items that reduced North America operating expenses in the prior period.

Mood’s Adjusted EBITDA in the third quarter was $22.3 million, or a reduction of $3.4 million relative to the prior year on an underlying basis.

Q3 2016 Revenue and Adjusted EBITDA Movements

($000)	Reported Q3.15	Foreign Exchange	Asset Disposals	Underlying	Reported Q3.16
Revenues					
Recurring	60,844	(246)	-	(164)	60,434
Equipment	37,173	(160)	(799)	73	36,286
Installation & Service	10,805	(182)	-	(1,378)	9,245
Other	9,337	(247)	-	(1,141)	7,950
Total revenues	118,159	(835)	(799)	(2,610)	113,915
Cost of sales	56,782	(528)	(331)	(946)	54,977
Gross Margin	61,377	(307)	(468)	(1,664)	58,938
Operating expenses	35,625	(393)	(389)	1,779	36,622
Adjusted EBITDA	25,752	86	(79)	(3,443)	22,316

Other expenses totaled $2.4 million in the third quarter of 2016 compared with $3.9 million in the prior year's third quarter. Other Expenses in the third quarter consisted primarily of $2.3 million in integration expenses related to the Company's global synergy program.

Net loss per share in Q3 2016 was ($0.04) compared with a net loss per share of ($0.05) in the prior year's quarter. The reduction in net loss per share relative to prior year is attributable primarily to a $3.4 million reduction in Adjusted EBITDA, offset by a $1.3 million foreign exchange gain on financing transactions in the current period compared with a $0.6 million gain in the third quarter of 2015, lower finance costs and reduced other expense.

Q3 2016 Segment Revenue & Profit Information

	In-Store Media North America	In-Store Media International	BIS	Other	Consolidated Group
Three Months ended September 30, 2016					
Revenue	$64,681	$25,019	$13,743	$10,472	$113,915
Segment Profit (loss)	$18,493	$3,437	$775	($389)	$22,316
Three Months ended September 30, 2015					
Revenue	$63,032	$29,119	$14,223	$11,785	$118,159
Segment Profit (loss)	$19,899	$3,742	$742	$1,369	$25,752

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		Nine months ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Revenue	**$113,915**	**$118,159**	**$344,920**	**$350,082**
Expenses				
Cost of sales	54,977	56,782	164,698	167,543
Operating expenses	36,622	35,625	111,192	108,166
Depreciation and amortization	15,434	16,237	48,218	49,856
Share-based compensation	202	417	322	868
Other expenses	2,367	3,924	8,564	6,512
Foreign exchange (gain) loss on financing transactions	(1,279)	(553)	(2,365)	14,254
Finance costs, net	13,760	15,983	44,094	43,757
Loss for the period before income taxes	**(8,168)**	**(10,256)**	**(29,803)**	**(40,874)**
Income tax recovery	(693)	(449)	(1,018)	(1,899)
Loss for the period	**(7,475)**	**(9,807)**	**(28,785)**	**(38,975)**
Loss attributable to:				
Owners of the parent	(7,506)	(9,858)	(28,855)	(39,011)
Non-controlling interests	31	51	70	36
	(7,475)	**(9,807)**	**(28,785)**	**(38,975)**
Loss per share attributable to shareholders				
Basic and diluted	$(0.04)	$(0.05)	$(0.16)	$(0.21)
Weighted average number of shares outstanding – basic	184,778	183,092	184,453	181,772
Weighted average number of shares outstanding – diluted	186,712	185,994	186,388	184,674
Loss for the period	**$(7,475)**	**$(9,807)**	**$(28,785)**	**$(38,975)**
Items that may be reclassified subsequently to the loss for the period:				
Exchange (loss) gain on translation of foreign operations	(397)	468	(531)	2,735
Other comprehensive (loss) income for the period, net of tax	**(397)**	**468**	**(531)**	**2,735**
Total comprehensive loss for the period, net of tax	**(7,872)**	**(9,339)**	**(29,316)**	**(36,240)**
Comprehensive loss attributable to:				
Owners of the parent	(7,903)	(9,390)	(29,386)	(36,276)
Non-controlling interests	31	51	70	36
	$(7,872)	**$(9,339)**	**$(29,316)**	**$(36,240)**

The accompanying notes form part of the interim consolidated financial statements

Key Performance Indicators

As of Sept. 30, 2016, the number of total Company-owned sites increased by 1,696 relative to June 30, 2016. The Company grew its audio site count by 1,012 and its visual site count by 684.

Total gross site activations in the third quarter were 10,897, or an increase of 2% relative to the prior year's third quarter. On a year-to-date basis, the Company has grown its gross site activations by 10% relative to the same period of the prior year. Audio gross site additions rose by 2% year over year in the quarter, while visual site additions grew by 7% year over year reflecting improved traction of Mood's sales activities. In the quarter, its North America and International business units recorded their highest level of gross site additions in a third quarter since 2012.

Total monthly churn was 0.8% in the third quarter versus 1.2% in the second quarter of 2016 and versus 1.1% in the first quarter of 2016. Audio churn improved in Mood's North American business unit and increased slightly in International. Total visual churn improved in both North America and Mood's International business unit.

Blended ARPU in the third quarter was $41.81, or a reduction of 1.1% relative to the prior year's quarter. When adjusted for foreign exchange translation, blended ARPU declined by 0.7% relative to prior year. 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	Q3.16
Audio sites	402,690	401,428	398,745	398,773	395,596	393,869	394,881
Visual sites	12,872	13,050	13,437	13,759	14,095	14,363	15,047
Total sites	415,562	414,478	412,182	412,532	409,691	408,232	409,928
Audio ARPU	$ 41.71	$ 41.70	$ 40.97	$ 41.10	$ 40.77	$ 41.30	$ 40.43
Visual ARPU	$ 78.76	$ 81.93	$ 82.26	$ 75.12	$ 72.10	$ 79.52	$ 78.71
Blended ARPU	$ 42.90	$ 42.96	$ 42.29	$ 42.24	$ 41.83	$ 42.63	$ 41.81
Audio gross additions	8,625	10,136	9,850	10,947	9,800	11,789	10,022
Visual gross additions	1,006	698	829	876	786	973	875
Total gross additions	9,631	10,834	10,679	11,823	10,586	12,762	10,897
Audio monthly churn	1.2%	0.9%	1.1%	0.9%	1.1%	1.1%	0.8%
Visual monthly churn	5.2%	1.3%	0.8%	1.6%	1.1%	1.7%	0.4%
Total monthly churn	1.3%	1.0%	1.0%	0.9%	1.1%	1.2%	0.8%

Mood Media presents Adjusted EBITDA information as a supplemental figure because management believes it provides useful information regarding operating performance. The Company recognizes that the term (i) is not a recognized measure under IFRS, (ii) does not have a standardized meaning, and (iii) 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 income taxes

	Three months ended		Nine months ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
Segment profit (i)	**$22,316**	**$25,752**	**$69,030**	**$74,373**
Depreciation and amortization	15,434	16,237	48,218	49,856
Share-based compensation	202	417	322	868
Other expenses	2,367	3,924	8,564	6,512
Foreign exchange (gain) loss on financing transactions	(1,279)	(553)	(2,365)	14,254
Finance costs, net	13,760	15,983	44,094	43,757
Loss for the period before income taxes	**$(8,168)**	**$(10,256)**	**$(29,803)**	**$(40,874)**

(i) Segment profit is a non-IFRS measure 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 is 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 September 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	Sept. 30, 2016	Dec. 31, 2015	Increase or Decrease in Debt & Cash
First lien credit facility	$ 235,126	$ 236,888	($1,762)
Senior unsecured notes	350,000	350,000	$0
MMG Notes	50,000	50,000	$0
Finance leases	2,925	3,413	($488)
Total Contractual Principal of Debt	**$ 638,051**	**$ 640,301**	**($2,250)**
Less: Unrestricted cash	21,301	17,326	3,975
Net debt	**$ 616,750**	**$ 622,975**	**($6,225)**
Free Cash Flow / (Increase) or Decrease in Net Debt			**$6,225**

Conference Call

As previously announced, the Company will hold a conference call on November 10, 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 416-764-8691 or toll free at 1-877-674-6060 (passcode 405345#).

This earnings release, which is current as of November 9, 2016, is a summary of the Company's third quarter 2016 results and should be read in conjunction with the Company's third 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 November 9, 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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