Mood Media Reports First Quarter 2017 Financial and Operating Results Achieving Revenues of $110.2 Million and Adjusted EBITDA of $20.6 Million

Mood Generates Q1 Positive Free Cash Flow of $4.6 Million

Mood Reports 55% Increase in Gross Site Additions to Achieve 1,797 Net Site Additions in the First Quarter, with Gross Site Additions in Q1 at the Highest Level Since 2012

TORONTO, Thursday, May 10, 2017 – Mood Media Corporation ("Mood Media," "Mood" or the "Company") (TSX:MM), the global leader in elevating Customer Experiences, today reported its first quarter 2017 results.

Recent Highlights

- Mood reported revenues of $110.2 million in the first quarter of 2017, down 1.0% relative to the prior year. Underlying revenues, which exclude the effect of foreign exchange translation and asset divestitures, increased by $1.5 million on a year-over-year basis, or 1.4%. In the quarter, In-Store Media revenues declined by 3.4% on an underlying basis, driven primarily by customer equipment and labor large job install delays in the International segment, as well as declines in recurring revenues. BIS and Technomedia grew their underlying revenues in the first quarter relative to prior year.
- The Company achieved free cash flow of $4.6 million in the first quarter of 2017, which was stable relative to prior year when adjusted for foreign exchange and for the prior year disposal of Mood's former French speaker manufacturing business, Majorcom.
- Mood's key performance indicators show increasing traction from gains in sales and operating performance. The Company reported net site additions of 1,797 in the first quarter of 2017 (compared with a decline of 2,841 sites in the first quarter of 2016). In the first quarter of 2017, the Company grew its number of gross site additions by 55% relative to prior year to 16,403, making the quarter Mood's best quarterly performance since 2012.
- The Company's monthly churn rate was 1.2% in the first quarter of 2017 compared with 1.1% in the first quarter of 2016. ARPU in the first quarter was $40.15, a reduction of 4.0% relative to prior year. Excluding the impact of foreign exchange, first quarter ARPU declined by 3.1% relative to prior year.
- Mood Adjusted EBITDA was $20.6 million in the first quarter of 2017 compared with $21.8 million in the prior year's first quarter. On an underlying basis, excluding the effect of foreign exchange translation and asset disposals, first quarter 2017 Adjusted EBITDA declined by $1.2 million relative to prior year. The Company believes that the decline in first quarter underlying EBITDA is primarily related to temporary large job install delays in its International In-Store Media segment as well as declines in North American recurring revenues.
- The Company's 2017 global transformation, integration and consolidation initiatives are expected to deliver annualized savings of approximately $6.0 million, compared with Mood's original estimate of $3.0 million, raising the total annualized transformation savings delivered since the efficiency program began in the fourth quarter of 2013 to more than $33.0 million by year end 2017.
- Ongoing in 2017, Mood expects free cash flow to be positive and Adjusted EBITDA to be stable relative to 2016, when adjusted to reflect the announced sale of BIS. Mood expects continued positive momentum in North America In-Store Media recurring revenue trends with improved new sales and reduced churn driven by investments made in 2016 in the areas of Premier sales, Systems sales, Local inside sales, service delivery & marketing. Similarly, International In-Store Media is expected to show positive momentum in recurring revenues. Offsetting some of the recurring revenue gains will be increased investments in sales, partnerships and content expansion, as well as a delay in equipment & labor revenues already sold and committed from an international automotive chain client. Technomedia is estimated to gain ground in 2017 from its EBITDA performance in 2016.

“Our first quarter results met many of our expectations and we remain on track to deliver 2017 full year guidance,” said Steve Richards, Mood’s President and Chief Executive Officer. “We have begun the year with solid momentum, adding 1,797 net new sites in the first quarter, driven by significant growth in North American customer wins across several product lines. Mood is experiencing increasing interest from leading brands looking to gain a critical competitive edge by leveraging our Sound, Sight, Scent, Social & Systems solutions.

“We posted strong gains in equipment and labor revenues in the quarter, driven by higher levels of customer installations in our North American In-Store Media segment and improvements at Technomedia and BIS. These gains were partially offset by installation delays in the International In-Store Media segment, which were anticipated and communicated previously.

“The agreement we announced on April 13 for all of Mood’s outstanding common shares to be acquired for C$0.17 per share and for our debt obligations to be refinanced, restructured or redeemed via an arrangement agreement with key stakeholders including affiliates of certain funds managed by affiliates of Apollo Global Management, LLC and funds advised or sub-advised by GSO Capital Partners represents a renewed opportunity for Mood to drive growth and value for clients and stakeholders, longer term. The transactions we have announced will provide Mood with the flexibility needed to accelerate our transformation, innovation and growth opportunities,” concluded Mr. Richards.

First Quarter 2017 Financial Results

(In thousands of US dollars)

The composition of revenue is as follows:

	Three months ended March 31, 2017	**Three months ended March 31, 2016**
Recurring	$58,765	$60,969
Equipment	35,406	33,630
Installation and services	10,484	10,358
Other	5,588	6,378
	$110,243	**$111,335**

The Company reported first quarter 2017 revenues of $110.2 million and Adjusted EBITDA of $20.6 million compared with revenues of $111.3 million and Adjusted EBITDA of $21.8 million in the first quarter of 2016. First quarter 2017 revenues declined by 1.0% or $1.1 million relative to the prior year’s first quarter, with a $1.5 million increase from underlying operations, which was more than offset by a $1.6 million decrease from foreign exchange translation and a $1.0 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 American and International divisions. The $1.7 million, 2.8%, decrease in first quarter 2017 underlying recurring revenues relative to the prior year is attributable to a 1.3% increase in the number of customer sites, which was more than offset by a 4.0% reduction in ARPU and a reduction in partnership revenues.

Equipment revenues rose by 11.3% or $3.6 million in the first quarter of 2017 relative to prior year on an underlying basis. All divisions recorded increases in equipment revenues relative to prior year, driven by higher levels of customer activity with the exception of In-Store Media International, which experienced a reduction in equipment revenues driven by certain anticipated customer installation delays.

Installation and services revenues relate to the addition of new client locations and the service and maintenance of existing sites. Installation and services revenue increased by $0.4 million on an underlying basis in the first quarter of 2017 relative to 2016. In-Store Media North America and Technomedia recorded increases in installation and services revenues while In-Store Media International recorded a decrease relative to prior year.

In the first quarter of 2017, the Company's underlying cost of sales increased by $2.6 million relative to the prior year. Cost of sales increased in the In-Store Media North America, BIS and Technomedia segments owing to increased customer installation activity, content expansion and partnership investment. The In-Store Media International division experienced a decrease in cost of sales.

The Company's operating expenses were $36.3 million in the first quarter of 2017, which is an increase of $0.1 million, or 0.3%, relative to prior year on an underlying basis. The increase in operating expenses was primarily attributable to higher investments in sales and marketing activities and higher sales commissions driven by higher equipment revenues, all offset by continued global efficiency and integration gains and synergies.

Mood's Adjusted EBITDA in the first quarter of 2017 was $20.6 million, or a reduction of $1.2 million relative to the prior year on an underlying basis.

Other Expenses totaled $1.9 million in the first quarter of 2017 compared with $6.1 million in the same period last year. The reduction in Other Expenses relative to the prior year's first quarter is related primarily to a reduction in integration costs as well as the non-repeat in 2017 of the net loss recorded on the disposition of the French speaker manufacturing business, Majorcom.

Net loss per share in the first quarter of 2017 was $(0.05) compared with a net loss per share of $(0.05) in the same period of the prior year.

2017 First Quarter Revenue and Adjusted EBITDA Movements

($000)	Reported Q1.16	Foreign Exchange	Asset Disposals	Underlying	Reported Q1.17
Revenues					
Recurring	60,969	(515)	-	(1,689)	58,765
Equipment	33,630	(864)	(956)	3,596	35,406
Installation & Service	10,358	(227)	-	353	10,484
Other	6,378	1	-	(791)	5,588
Total revenues	111,335	(1,605)	(956)	1,469	110,243
Cost of sales	51,963	(799)	(404)	2,588	53,348
Gross margin	59,372	(806)	(552)	(1,119)	56,895
Operating expenses	37,552	(872)	(458)	102	36,324
Adjusted EBITDA	21,820	65	(93)	(1,221)	20,571

Segment Revenue & Profit Information

In thousands of US dollars

Three months ended March 31, 2017

	In-store media North America	In-store media International	BIS	Other	Consolidated Group
Revenue	$62,059	$23,359	$13,996	$10,829	$110,243
Expenses					
Cost of sales	27,807	9,107	8,436	7,998	53,348
Operating expenses	16,525	11,342	4,815	3,642	36,324
Segment profit (loss) (i)	**$17,727**	**$2,910**	**$745**	**$(811)**	**$20,571**

Three months ended March 31, 2016

	In-store media North America	In-store media International	BIS	Other	Consolidated Group
Revenue	$62,612	$27,909	$13,299	$7,515	$111,335
Expenses					
Cost of sales	27,449	11,332	7,740	5,442	51,963
Operating expenses	16,689	12,373	4,741	3,749	37,552
Segment profit (loss) (i)	**$18,474**	**$4,204**	**$818**	**$(1,676)**	**$21,820**

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Unaudited

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

	Notes	Three months ended March 31, 2017	Three months ended March 31, 2016
Revenue	5	**$110,243**	**$111,335**
Expenses			
Cost of sales		53,348	51,963
Operating expenses		36,324	37,552
Depreciation and amortization		15,102	16,567
Share-based compensation		169	28
Other expenses	6	1,903	6,064
Foreign exchange gain on financing transactions	10	(2,463)	(6,611)
Finance costs, net	7	14,757	15,845
Loss for the period before income taxes		**(8,897)**	**(10,073)**
Income tax charge (recovery)	8	585	(642)
Loss for the period		**(9,482)**	**(9,431)**
Loss attributable to:			
Owners of the parent		(9,465)	(9,428)
Non-controlling interests		(17)	(3)
		$(9,482)	**$(9,431)**
Loss per share attributable to shareholders			
Basic and diluted		$(0.05)	$(0.05)
Weighted average number of shares outstanding – basic and diluted		184,778	183,810
Loss for the period		**$(9,482)**	**$(9,431)**
Items that may be reclassified subsequently to the loss for the period:			
Exchange loss on translation of foreign operations		(1,204)	(2,534)
Other comprehensive loss for the period, net of tax		**(1,204)**	**(2,534)**
Total comprehensive loss for the period, net of tax		**(10,686)**	**(11,965)**
Comprehensive loss attributable to:			
Owners of the parent		(10,669)	(11,962)
Non-controlling interests		(17)	(3)
		$(10,686)	**$(11,965)**

Key Performance Indicators

	Q1.16	Q2.16	Q3.16	Q4.16	Q1.17
Audio sites	395,596	393,869	394,881	397,220	398,440
Visual sites	14,095	14,363	15,047	15,983	16,560
Total sites	409,691	408,232	409,928	413,203	415,000
Audio ARPU	$ 40.77	$ 41.30	$ 40.43	$ 39.47	$ 38.81
Visual ARPU	$ 72.10	$ 79.52	$ 78.71	$ 74.11	$ 71.57
Blended ARPU	$ 41.83	$ 42.63	$ 41.81	$ 40.78	$ 40.15
Audio gross additions	9,800	11,789	10,022	11,662	15,247
Visual gross additions	786	973	875	1,273	1,156
Total gross additions	10,586	12,762	10,897	12,935	16,403
Audio monthly churn	1.1%	1.1%	0.8%	0.8%	1.2%
Visual monthly churn	1.1%	1.7%	0.4%	0.7%	1.2%
Total monthly churn	1.1%	1.2%	0.8%	0.8%	1.2%

As of March 31, 2017, the number of total Company-owned sites increased by 1,797 relative to Dec. 31, 2016, and increased by 5,309 sites relative to March 31, 2016. Relative to the prior quarter, the Company grew its number of audio sites by 1,220 and its visual site count by 577.

Total gross site activations in the first quarter of 2017 were 16,403, which is an increase of 55% relative to the first quarter of 2016. In the first quarter, the number of audio gross site activations rose by 56% relative to prior year to 15,247 while the number of visual gross site activations rose by 47% to 1,156 sites. Mood Media recorded increases in gross site activations in both its International and North American In-Store Media segments.

Total monthly churn was 1.2% in the first quarter of 2017 versus 1.1% in the first quarter of 2016 and 1.3% in the first quarter of 2015. First quarter churn reflects seasonal influences and the Company continues to expect churn trends to remain favorable in 2017.

Blended ARPU in the first quarter of 2017 was $40.15, or a reduction of 4.0% relative to the prior year's first quarter. When Adjusted for foreign exchange translation, blended ARPU declined by 3.1% relative to the prior year. The Company's ARPU trends are influenced by moderate levels of underlying industry declines, and mix effects related to high growth with streaming solutions and with Premier clients.

Mood 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's liquidity and cash flows.

Reconciliation of segment profit to Consolidated Group loss for the period before income taxes
In thousands of US dollars

	Three months ended March 31, 2017	Three months ended March 31, 2016
Segment profit (i)	**$20,571**	**$21,820**
Depreciation and amortization	15,102	16,567
Share-based compensation	169	28
Other expenses	1,903	6,064
Foreign exchange gain on financing transactions	(2,463)	(6,611)
Finance costs, net	14,757	15,845
Loss for the period before income taxes	**$(8,897)**	**$(10,073)**

(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 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 Dec. 31, 2016 to March 31, 2017. 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 or as a measure of Mood liquidity and cash flows.

Reconciliation of Consolidated Group Free Cash Flow
In thousands of US dollars

Description	Mar. 31, 2017	Dec. 31, 2016	Increase or Decrease in Debt & Cash
First lien credit facilities	$ 233,950	$ 234,538	($588)
Senior unsecured notes	350,000	350,000	$0
MMG Notes	50,000	50,000	$0
Finance leases	2,383	2,662	($279)
Total Contractual Principal of Debt	**$ 636,333**	**$ 637,200**	**($867)**
Less: Unrestricted cash	$ 20,742	$ 16,978	3,764
Net debt	**$ 615,591**	**$ 620,222**	**($4,631)**
Free Cash Flow / (Increase) or Decrease in Net Debt			**$4,631**

Conference Call

As previously announced, the Company will hold a conference call on May 11, 2017, at 8:30 a.m. Eastern Time to discuss its results with 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 066346#).

This earnings release, which is current as of May 10, 2017, is a summary of the Company's first quarter 2017 results and should be read in conjunction with the Company's first quarter 2017 Management Discussion and Analysis, ("MD&A"), first quarter 2017 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 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.

Unless otherwise noted, all figures presented in this news release are in U.S. dollars.

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 Corporation (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; the success of the arrangement transaction involving Apollo and GSO; and changes in regulatory requirements affecting the businesses of Mood. While Mood 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, the success of the arrangement transaction involving Apollo and GSO as well as the risk factors identified in Mood's Management Discussion and Analysis dated May 10, 2017, and Mood's annual information form dated March 27, 2017, 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. Please also see Mood's press release dated April 13, 2017, announcing the arrangement transaction and the forward-looking statement disclaimer therein.

Forward-looking statements are given only as at the date hereof and Mood 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.

The information contained in this press release does not constitute an offer or solicitation by anyone in Canada or the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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