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Informazione Regolamentata n. 0440-4-2022	Data/Ora Ricezione 25 Marzo 2022 14:34:32	Euronext Star Milan
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Societa' : CAIRO COMMUNICATION
Identificativo : 159111
Informazione
Regolamentata
Nome utilizzatore : CAIRON02 - CARGNELUTTI
Tipologia : 1.1
Data/Ora Ricezione : 25 Marzo 2022 14:34:32
Data/Ora Inizio : 25 Marzo 2022 14:34:33
Diffusione presunta
Oggetto : Press Release - Results 31 December
2021

Testo del comunicato

Vedi allegato.



CAIROCOMMUNICATION

Press Release - Results at 31 December 2021 approved

- **In 2021:**
 - **Strong growth in results versus 2020: EBITDA of Euro 179.4 million (Euro 109.6 million in 2020), EBIT of Euro 103.2 million (Euro 30.5 million in 2020) and net result of Euro 51 million (Euro 16.5 million in 2020)**
 - **Consolidated gross revenue, amounting to Euro 1,176 million, up by Euro 127.3 million versus 2020**
 - **The net financial position stands at Euro 37 million, improving by Euro 100.2 million versus end 2020 (when the Group had a net financial debt of Euro 63.2 million)**
- **RCS achieved a net positive result of Euro 72.4 million and continued to generate positive cash flows, with an improvement in the net financial position of Euro 76.3 million. Digital revenue makes for approximately 24.2% of the total. Advertising sales on online media make for 44.4%. Online advertising on RCS media in 2021 grew by 20% in Italy and 29.2% in Spain versus 2020**
- ***Corriere della Sera* leading Italian daily newspaper on newsstands with a total active digital customer base of approximately 384 thousand subscriptions. The customer base of *Gazzetta's* pay products increases too, with approximately 80 thousand subscriptions**
- **In Spain, digital subscriptions are also on the rise, at 80 thousand for *El Mundo* and 41 thousand for *Expansion***
- **La7 confirms the high audience levels (3.17% in the all-day share and 4.43% in prime time). In 2021, advertising sales on La7 and La7d channels grew by 7.1% versus 2020 and exceeded the results of 2019**
- **The Cairo Editore magazine publishing segment achieved gross operating profit (EBITDA) of Euro 9.2 million, up versus 2020 (Euro 7.4 million)**
- **A dividend of Euro 0.18 per share will be proposed at the Shareholders' Meeting**

Milan, 25 March 2022: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2021.

Income statement and balance sheet figures (€ millions)	31/12/2021	31/12/2020
Consolidated gross revenue	1,176.0	1,048.7
EBITDA	179.4	109.6
EBIT	103.2	30.5
Profit (loss) attributable to the owners of the parent	51.0	16.5
	31/12/2021	31/12/2020
Net financial position (net financial debt)	37.0	(63.2)

The beginning of 2021 continued to be marked by the health emergency and the containment measures implemented by the authorities, both in Italy and Spain.

Specifically, in Spain at the beginning of the year, and in Italy from the end of February, the number of cases has risen, leading to the adoption again of restrictive measures. Starting from the second half of February in Spain, and from mid-April in Italy, the situation has improved and the containment measures are being gradually lifted.

In both countries, the vaccination campaign, coupled with the introduction of measures to boost vaccination, prevention and monitoring, has gradually brought great benefits that have helped effectively counter the spread, at end 2021, of the Omicron variant and to curb its impact on business activities and people's lives. Following the downtrend of 2020, the economic recovery that started in 2021 is being marked by higher prices for transportation and a number of commodities, including printing paper and energy, and in some cases, supply difficulties.

In 2021 (in the first months of the year in particular), in a context still dominated by the uncertainty brought by the health emergency:

- the **Group's** revenue, gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent grew sharply versus the figures of 2020. At year end, the net financial position stands at Euro 37 million, improving by Euro 100.2 million versus end 2020 (when the Group had a net financial debt of Euro 63.2 million);
- **RCS** achieved a net positive result of Euro 72.4 million¹ and continued to generate positive cash flows, with an improvement in the net financial position of Euro 76.3 million. *Corriere della Sera* achieved remarkable newsstand circulation results and continued the growth of digital operations: at end December, its total active digital customer base (digital edition, membership and m-site) counted 384 thousand subscriptions. At end December, the customer base for *Gazzetta's* pay products (*G ALL*, *G+*, *GPRO* and *Magic*) counted 80 thousand subscriptions. Digital subscriptions grew significantly in Spain too, reaching 80 thousand subscriptions for *El Mundo* and 41 thousand subscriptions for *Expansión* at end December 2021. Both Italian newspapers, *Corriere della Sera* and *La Gazzetta dello Sport*, and in Spain *Marca* and *Expansión*, retained their circulation leadership in their respective market segments in 2021 (*ADS* for Italy and *OJD* for Spain). The main digital performance indicators confirm the top market position of RCS, with the *Corriere della Sera* and *La Gazzetta dello Sport* brands which counted in 2021 28.4 million and 19.6 million average monthly unique users and 3.8 million and 3 million average daily unique users respectively (*Audiweb 2.0*). With an aggregate figure of 32.2 million average monthly unique users (net of duplications) in 2021, RCS is once again the leading online publisher in Italy. In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansion.com* reached 52.8 million, 94.5 million and 11.3 million average monthly unique browsers respectively in 2021, comprising both domestic and foreign browsers and including apps (*Google Analytics*). Total digital revenue (Italy and Spain), which amounted to approximately Euro 205 million, accounted for approximately 24.2% of total revenue. Total advertising sales from RCS online media amounted to Euro 154.7 million in 2021, making for 44.4% of total advertising revenue. Online advertising on RCS media grew by 20% in Italy and by 29.2% in Spain in 2021 versus 2020.
- the **TV publishing (La7) and network operator segment**² achieved a sharp rise in results and confirmed the high audience levels of the La7 channel (3.17% in the all-day share and 4.43% in prime time). In 2021, advertising sales on La7 and La7d totaled approximately Euro 155.5 million (Euro 145.2 million in 2020), up by +7.1% versus the prior year (when revenue had performed more than 7 percentage points better than the TV advertising market), exceeding the figures recorded in 2019. The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 7.4% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.5% from Monday to Friday, *diMartedì* 5.6%, *Piazzapulita* 5.5%, *Propaganda Live* 5.3%, *Non è l'Arena* 5.8%, *Omnibus La7* 3.6%, *Coffee Break* 3.8%, *L'Aria che tira* 5.4%, and *Tagadà* 3.2%;
- the **magazine publishing segment Cairo Editore** achieved higher results than in 2020 and confirmed high circulation levels of the publications.

¹ RCS 2021 Annual Report, approved on 21 March 2022.

² As a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing (La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.

In 2021, consolidated gross revenue amounted to approximately Euro 1,176 million (comprising gross operating revenue of Euro 1,136.9 million and other revenue and income of Euro 39.1 million) versus Euro 1,048.7 million in 2020 (comprising gross operating revenue of Euro 1,030.1 million and other revenue and income of Euro 18.5 million), up by Euro 127.3 million. Revenue for the year (Euro 42 million) benefited from the full consolidation of the amounts of m-dis.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 179.4 million³ and Euro 103.2 million (Euro 109.6 million and Euro 30.5 million in 2020). Net non-recurring income and expense amounted to Euro 3.8 million (Euro -15.1 million in 2020, referring primarily to provisions related to personnel measures).

In 2021, cost-cutting measures continued in order to promptly adapt the company's organization to the changed environment resulting from the health emergency. The benefits of these cost containment actions in 2021 amounted to approximately Euro 12.8 million, of which Euro 7.8 million in Italy and Euro 5 million in Spain.

Profit attributable to the owners of the parent came to approximately Euro 51 million (Euro 16.5 million in 2020).

Looking at the business segments, in 2021:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 9.2 million and Euro 7.4 million (Euro 7.4 million and Euro 5.6 million in 2020). Regarding weeklies, with approximately 1.1 million average copies sold in the period January-December 2021 (ADS), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 29% market share. Including the average sales of titles out of the ADS survey (comprising copies sold of “*Enigmistica Più*” and of “*Enigmistica Mia*”), average copies sold were approximately 1.3 million;
- in the **TV publishing (La7) and network operator segment**⁴, the Group achieved gross operating profit (EBITDA) of approximately Euro 15.5 million, improving by Euro 6.3 million versus 2020 (Euro 9.2 million). Operating profit (EBIT) was approximately Euro -0.7 million (Euro -6.4 million in 2020);
- in the **advertising segment**, gross operating profit (EBITDA) amounted to Euro 2.9 million (basically break-even in 2020), while operating profit (EBIT) came to Euro 0.8 million (Euro -2.1 million in 2020). The 2021 advertising figures are not immediately comparable to the 2020 figures as they did not include the results of the advertising sales business for RCS. As mentioned earlier, the "Advertising" segment includes mainly the results of the new company, CAIRORCS Media.
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 151.5 million⁵ and Euro 95.5 million respectively (Euro 93 million and Euro 33.5 million in 2020). Net operating revenue amounted to Euro 846.2 million. Initiatives continued on maintaining and developing revenue. In Italy, regarding the main initiatives only: *Corriere della Sera* published a series of guides and presented new podcasts (“*Incontri*”, “*L’Ammazzacaffè*”, “*Radio Italians*”, “*Mama non Mama*”, “*Tracce*” and “*Fortissime*”) and new newsletters for the titles “*Cook*”, “*Buone Notizie*”, “*La 27esima ora*”, “*Corriere Torino*”, “*Corriere Veneto*”, “*Corriere Bologna*” and “*Global*”. On 28 May, the weekly magazine 7 hit the newsstands unveiling a new format and graphical design. Numerous events were organized and held on the *Digilive* platform, including the *Pianeta 2021* meetings on sustainability. May saw the 12th edition of “*Cibo a regola d’arte*”, the fourth edition of “*L’Italia genera Futuro*” while the “*Gazzetta Motori Days*” event was held on *Gazzetta.it*. From 13 to 24 September, the eighth edition of “*Il tempo*”

³ As from 2021, the item “Net income (expense) from equity-accounted investees”, amounting to a net expense of Euro 2.1 million, previously under EBITDA, has been classified under Operating Profit (EBIT), among financial items. Consistently, this item was also reclassified for 2020 (net expense of Euro 2.9 million).

⁴ As a result of the changes to the Group's organizational structure, also in terms of decision-making levels, resource allocation, performance monitoring and reporting, the business segments have been reviewed, with the aggregation into a single area named "TV Publishing (La7) and Network Operator" of the two previous "TV Publishing (La7)" and "Network Operator", both mutually synergistic and functional; their aggregation within the Group ensures an effective and efficient management.

⁵ Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the above section “Alternative Performance Measures”. As a result of these differences - relating to allocations to the provisions for risks and charges and the allowance for impairment, totaling Euro 7 million in 2021 - EBITDA reported in the RCS 2021 Annual Report approved on 21 March 2022 amounts to Euro 144.5 million.

delle donne" was held, from 20 September the second edition of *Campbus*, and in October in Trento the fourth edition of *Festival dello Sport*. For the European Football Championship and the Tokyo Olympics, *La Gazzetta dello Sport* developed various initiatives dedicated to the events. July saw the release of the new digital edition of *Corriere della Sera*, and in third quarter 2021, the start of a new boost to the digital offering of local editions. During the year, *La Gazzetta dello Sport's* pay offer was enriched with content, while activity on social media grew, especially on Instagram. The *Gazzanet* network underwent full graphical restyling. December saw the holding of the *Gazzetta Sports Awards*. The titles in the magazines area launched various editorial initiatives, including the 25th anniversary of *iO Donna*, the 30th anniversary of *Dove*, celebrated with a graphical restyling of the magazine, and the restyling of *Abitare*, relaunched for its sixtieth anniversary. Effective 1 February 2022, Carlo Verdelli took over as the new editor-in-chief of weekly *OGGI*.

In Spain, regarding the main initiatives only, a new section of *elmundo.es* was launched in February: "*Sostenibles*", focused on green transition, followed in March 2021 by a new section of *Expansión: Economía Sostenible*, on issues of corporate sustainability. *Radio Marca*, thanks to an increased presence of audio content on *marca.com* and other digital platforms, increased its own digital audience. June saw the launch of the new daily podcast *El Mundo al día*. With the start of the European Football Championship, *Marca* and *marca.com* launched several editorial initiatives dedicated to the event. To celebrate its 35th anniversary, *Expansión* organized events and "specials" on digitization, sustainability and the post-Covid economy. On 8 and 9 June, the second edition of "*El Foro Económico Internacional Expansión*" was held, organized in association with *The European House Ambrosetti*. In July, *marca.com* launched the "*signwall*" for premium content development. 27 September saw the launch of a new editorial initiative of *El Mundo* named "*Gran Madrid*", covering news from the Spanish capital and its autonomous community. November saw the third edition of *Marca Sport Weekend*, the *Marca* sports festival.

The consolidated **net financial position** at 31 December 2021 stood at approximately Euro 37 million, improving by Euro 100.2 million versus end 2020 (a net financial debt of Euro 63.2 million at the time), thanks to the strong contribution from ordinary operations. At 31 December 2021, the net financial position of RCS amounted to Euro 16.7 million (a net financial debt of Euro 59.6 million at 31 December 2020). The net financial position was negatively impacted mainly by the net effects of dividend payouts amounting to Euro 11.6 million. Conversely, the positive effects of the net proceeds from the sale of investments and fixed assets, totaling Euro 16.1 million, refer mainly to the sale of Unidad Editorial Juegos and to certain non-instrumental property.

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 184.8 million, amounted to Euro 147.8 million (Euro 244.1 million at 31 December 2020).

The Board of Directors will propose at the Shareholders' Meeting the distribution of a dividend of Euro 0.18 per share, gross of tax, with coupon detachment date (coupon no. 15) on 23 May 2022 and payable on 25 May 2022 (record date 24 May 2022).

After 2020, the year 2021 continued to be marked by the health emergency and the containment measures implemented by the authorities, both in Italy and Spain. Compared with the beginning of the year, starting from the second half of February 2021 in Spain, and from mid-April in Italy, the situation has improved and the containment measures are being gradually lifted.

In both countries, the vaccination campaign, coupled with the introduction of measures to boost vaccination, prevention and monitoring, has gradually brought great benefits, which have helped speed up the reduction of restrictions, improving the situation further.

The vaccination campaign and the measures adopted have allowed the two countries to cope effectively with the spread of the Omicron variant at the end of 2021 and to curb its impact on business activities and people's lives.

In 2021 too, the Group met the public's strong need to stay informed through its information offering, ensuring a timely service to its viewers and readers. The *La7* programmes, the daily editions of *Corriere della Sera* and *La Gazzetta dello Sport* in Italy, and of *El Mundo*, *Marca* and *Expansión* in Spain, the Group's magazines and web and social platforms have played a pivotal role in informing and reporting on this difficult phase, focusing on their mission as a non-partisan, trustworthy public service, and establishing

themselves as authoritative players in daily television, print and online information, with strong television ratings and digital traffic figures.

Following the downtrend of 2020, the economic recovery that started in 2021 is being marked by higher prices for transportation and a number of commodities, including printing paper and energy, and in some cases, supply difficulties. This situation is causing a general increase in production costs and difficulties in production processes for various sectors, whose current production is struggling to keep pace with the trend in demand. Broadly speaking, after several years of virtual price stability, in 2021 the national consumer price index recorded a stronger year-on-year growth in both Italy and Spain than in the more recent past.

With regard to the Group, this economic context, and its development during the year, impacts on production costs and may also affect the performance of the advertising market, as it may influence the advertisers' propensity to spend.

The beginning of 2022 is yet again marked by the spread of the Omicron variant and the continued restrictive measures implemented by both Governments in Italy and Spain. Starting from the beginning of February, the situation has begun to improve in both countries, allowing them to speed up the gradual and rapid lifting of restrictions.

As from end February 2022, the conflict in Ukraine and its consequences, including in terms of economic sanctions against Russia and the impacts on the economy and trade, especially on energy, production and logistics supply chains, are causing grave uncertainty. The Group has no direct exposure and/or business activities towards the markets affected by the conflict and/or sanctioned entities.

As for both the health emergency and the ongoing conflict, the developing situation and the potential effects on the business outlook, which will be constantly monitored also in the further course of the year, are unforeseeable at this time as they depend, inter alia, on how the health context plays out and the effectiveness of the public measures - including economic ones - adopted and on the developments and duration of the conflict in Ukraine and its geopolitical effects.

In consideration of the actions already implemented and those planned, in the absence of a new deterioration of health conditions and/or a worsening of the consequences of a continuing conflict in Ukraine and/or further increases in the costs of certain commodities, the Group believes that it can set itself the target of confirming in 2022 margins (EBITDA) in line with those achieved in 2021 and a resulting further improvement in the net financial position.

Developments in the health emergency, the ongoing conflict, the overall economic climate and the core segments could, however, affect the full achievement of these targets.

The Financial Reporting Manager of Cairo Communication S.p.A., Marco Pompignoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Law, that the accounting information contained herein is consistent with the underlying accounting documents, books and records.

The Cairo Communication Group is one of the leading groups in the publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become one of the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, web, television, magazines and sporting events segments.

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This press release is also available on the Company's website www.cairocommunication.it
in the section NOTICES AND DOCUMENTS / PRESS RELEASES

Summary of the main consolidated income statement figures at 31 December 2021

The main consolidated income statement figures in 2021 can be compared with the figures in 2020:

(€ millions)	2021	2020
Gross operating revenue	1,136.9	1,030.1
Advertising agency discounts	(66.2)	(60.5)
Net operating revenue	1,070.7	969.6
Change in inventory	0.4	(1.9)
Other revenue and income	39.1	18.5
Total revenue	1,110.3	986.3
Production costs	(605.5)	(556.3)
Personnel expense	(321.6)	(305.3)
Non-recurring income (expense)	(3.8)	(15.1)
Gross operating profit (EBITDA)	179.4	109.6
Amortization, depreciation, provisions and write-downs	(76.2)	(79.0)
Operating profit (EBIT)	103.2	30.5
Other gains (losses) from financial assets/liabilities	4.6	3.2
Net financial income	(11.1)	(10.2)
Profit (loss) before tax	96.8	23.5
Income tax	(16.8)	5.5
Non-controlling interests	(28.9)	(12.6)
Profit (loss) from continuing operations	51.0	16.5
Loss from discontinued operations	-	-
Profit (loss) attributable to the owners of the parent	51.0	16.5

Unaudited reclassified statements

The Group statement of comprehensive income can be analyzed as follows:

€ millions	2021	2020
Profit (loss) for the period	79.9	29.0
<i>Reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from cash flow hedges	0.1	(0.4)
Reclassification of gains (losses) from cash flow hedges	0.6	0.6
Tax effect	(0.1)	-
<i>Non-reclassifiable items of the comprehensive income statement</i>		
Actuarial gains (losses) from defined benefit plans	0.5	(2.1)
Tax effect	(0.1)	0.5
Gains (losses) from the fair value measurement of equity instruments	(0.1)	(0.1)
Total comprehensive income for the period	80.8	27.5
- Owners of the parent	51.5	15.3
- Non-controlling interests - continuing operations	29.3	12.2
	80.8	27.5

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 31 December 2021

The main consolidated statement of financial position figures at 31 December 2021 can be compared with the situation at 31 December 2020:

(€ millions)	31/12/2021	31/12/2020
Property, plant and equipment	57.0	70.9
Rights of use on leased assets	168.5	164.9
Intangible assets	985.1	982.3
Financial assets	37.2	39.5
Deferred tax assets	86.8	96.3
Net working capital	(64.1)	(58.6)
Total assets	1,270.5	1,295.4
Non-current liabilities and provisions	112.9	109.3
Deferred tax provision	162.1	164.2
(Financial position)/Net debt	(37.0)	63.2
Liabilities from leases (pursuant to IFRS 16)	184.8	180.9
Equity attributable to the owners of the parent	514.4	468.4
Equity attributable to non-controlling interests	333.3	309.4
Total equity and liabilities	1,270.5	1,295.4

Unaudited reclassified statements

The consolidated net financial position at 31 December 2021, versus the situation at 31 December 2020, can be summarized as follows:

Net financial position (€ millions)	31/12/2021	31/12/2020	Changes
Cash and cash equivalents	113.0	87.4	25.6
Other current financial assets and financial receivables	0.2	6.9	(6.7)
Current financial assets (liabilities) from derivative instruments	(0.3)	(0.1)	(0.2)
Current financial payables	(36.4)	(97.4)	61.0
Current net financial position (net financial debt)	76.5	(3.3)	79.8
Non-current financial payables	(39.6)	(58.9)	19.3
Non-current financial assets (liabilities) from derivative instruments	0.1	(1.0)	1.1
Non-current net financial position (net financial debt)	(39.5)	(59.9)	20.4
Net financial position (net financial debt)	37.0	(63.2)	100.2
Liabilities from leases (pursuant to IFRS 16)	(184.8)	(180.9)	(3.9)
Total net financial position (net financial debt)	(147.8)	(244.1)	96.3

Unaudited reclassified statements

Consolidated statement of cash flows

The consolidated statement of cash flows at 31 December 2021 can be compared with the statement of cash flows at 31 December 2020:

€ millions	Period ended 31 December 2021	Period ended 31 December 2020
Cash and cash equivalents	87.4	50.1
Bank overdrafts	(0.6)	(8.8)
CASH AND CASH EQUIVALENTS OPENING BALANCE	86.8	41.3
OPERATIONS		
Profit (loss)	79.9	29.0
Amortization/depreciation	67.7	70.1
(Gains) losses and other non-monetary items	(8.7)	(8.7)
(Income) expense from investments	2.1	2.9
Net financial expense (income)	11.1	10.2
Dividends from equity-accounted investees	0.0	0.0
Income tax	16.8	(5.3)
(Increase) decrease in employee benefits and provisions for risks and charges	(2.5)	(2.6)
Cash flow from operations before changes in working capital	166.4	95.6
(Increase) decrease in trade and other receivables	19.6	16.6
Increase (decrease) in payables to suppliers and other liabilities	(12.7)	(14.0)
(Increase) decrease in inventory	0.3	6.1
CASH FLOW FROM OPERATIONS	173.6	104.3
Income tax received (paid)	(4.3)	8.2
Net financial expense paid	(8.8)	(8.5)
CASH FLOW FROM OPERATIONS (A)	160.5	104.0
INVESTING ACTIVITIES		
Net (acquisition) disposal of PPE and intangible assets	(31.1)	(25.1)
Acquisition of investments	(1.5)	(0.5)
Proceeds from the disposal of investments	7.0	4.0
Proceeds from the sale of property, plant and equipment and intangible assets	10.7	0.1
Net decrease (increase) in other non-current assets	(0.8)	13.3
CASH FLOW FROM INVESTING ACTIVITIES (B)	(15.7)	(8.2)
FINANCING ACTIVITIES		
Dividends paid	(11.6)	0.0
Net change in financial payables and other financial assets	(80.6)	(26.5)
Net change in lease liabilities	(26.1)	(23.6)
Increase (decrease) in non-controlling interests' share capital and reserves	(0.1)	(0.2)
Other changes in equity	(0.2)	0.1
CASH FLOW FROM FINANCING ACTIVITIES (C)	(118.6)	(50.2)
CASH FLOW FOR THE PERIOD (A)+(B)+(C)	26.2	45.5
CASH AND CASH EQUIVALENTS CLOSING BALANCE	113.0	86.8
CASH AND CASH EQUIVALENTS		
Cash funds	113.0	87.4
Bank overdrafts	0.0	(0.6)
	113.0	86.8

Segment reporting at 31 December 2021

The Group's performance can be read better by analyzing the results by **main business segment**:

2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	84.2	425.3	112.3	886.3	(371.2)	1,136.9
Advertising agency discounts	-	(55.5)	-	(40.1)	29.4	(66.2)
Net operating revenue	84.2	369.8	112.3	846.2	(341.8)	1,070.7
Change in inventory	(0.0)	-	-	0.4	-	0.4
Other revenue and income	4.2	4.1	2.8	33.0	(4.9)	39.1
Total revenue	88.4	373.9	115.2	879.5	(346.7)	1,110.3
Production costs	(61.7)	(346.6)	(61.6)	(482.4)	347.0	(605.5)
Personnel expense	(17.4)	(24.4)	(38.0)	(241.8)	(0.1)	(321.6)
Non-recurring income (expense)	-	-	-	(3.8)	-	(3.8)
Gross operating profit (EBITDA)	9.2	2.9	15.5	151.5	0.2	179.4
Amortization, depreciation, provisions and write-downs	(1.9)	(2.1)	(16.2)	(56.0)	(0.0)	(76.2)
Operating profit (EBIT)	7.4	0.8	(0.7)	95.5	0.2	103.2
Other gains (losses) from financial assets/liabilities	-	-	-	4.6	-	4.6
Net financial income	(0.0)	(0.4)	(0.1)	(10.6)	0.0	(11.1)
Profit (loss) before tax	7.3	0.4	(0.7)	89.6	0.2	96.8
Income tax	(0.9)	(0.5)	2.7	(18.0)	(0.1)	(16.8)
Non-controlling interests	-	-	-	(28.9)	(0.0)	(28.9)
Profit (loss) from continuing operations	6.4	(0.1)	1.9	42.7	0.1	51.0
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	6.4	(0.1)	1.9	42.7	0.1	51.0

Unaudited reclassified statements

2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
Gross operating revenue	90.6	166.8	103.2	786.4	(116.8)	1,030.1
Advertising agency discounts	-	(23.9)	-	(36.9)	0.3	(60.5)
Net operating revenue	90.6	142.9	103.2	749.5	(116.5)	969.6
Change in inventory	(0.0)	-	-	(1.8)	-	(1.9)
Other revenue and income	0.1	0.9	3.9	13.6	-	18.5
Total revenue	90.6	143.8	107.1	761.2	(116.5)	986.3
Production costs	(66.5)	(134.3)	(61.3)	(410.9)	116.5	(556.3)
Personnel expense	(16.7)	(9.6)	(36.7)	(242.2)	(0.1)	(305.3)
Non-recurring income (expense)	-	-	-	(15.1)	-	(15.1)
Gross operating profit (EBITDA)	7.4	(0.0)	9.2	93.0	(0.0)	109.6
Amortization, depreciation, provisions and write-downs	(1.8)	(2.1)	(15.6)	(59.5)	(0.0)	(79.0)
Operating profit (EBIT)	5.6	(2.1)	(6.4)	33.5	(0.0)	30.5
Other gains (losses) from financial assets/liabilities	-	-	-	3.2	-	3.2
Net financial income	(0.0)	(0.4)	(0.5)	(9.3)	(0.0)	(10.2)
Profit (loss) before tax	5.6	(2.6)	(6.9)	27.5	(0.0)	23.5
Income tax	(0.8)	0.7	2.1	3.5	(0.0)	5.5
Non-controlling interests	-	-	-	(12.6)	0.0	(12.6)
Profit (loss) from continuing operations	4.8	(1.9)	(4.8)	18.4	(0.0)	16.5
Loss from discontinued operations	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	4.8	(1.9)	(4.8)	18.4	(0.0)	16.5

Unaudited reclassified statements

Details of consolidated revenue at 31 December 2021

Gross operating revenue in 2021, split up by main business segment, can be analyzed as follows versus the amounts of 2020:

2021	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
TV advertising	-	157.3	106.1	0.5	(107.1)	156.8
Advertising on print media, Internet and sporting events	10.4	266.1	2.5	388.0	(253.1)	413.9
Other TV revenue	-	-	1.2	2.8	(0.4)	3.6
Magazine over-the-counter sales and subscriptions	74.6	-	-	378.4	(2.6)	450.5
VAT relating to publications	(0.8)	-	-	(2.6)	-	(3.4)
Other revenue	-	1.9	2.5	119.3	(8.1)	115.6
Total gross operating revenue	84.2	425.3	112.3	886.3	(371.2)	1,136.9
Other revenue	4.2	4.1	2.8	33.0	(4.9)	39.1
Total gross revenue	88.3	429.3	115.2	919.3	(376.1)	1,176.0

2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7 and network operator	RCS	Eliminations and unallocated	Total
(€ millions)						
TV advertising	-	146.2	98.8	0.6	(100.1)	145.6
Advertising on print media, Internet and sporting events	11.4	20.0	2.4	349.1	(14.9)	368.0
Other TV revenue	-	-	1.5	4.7	(0.7)	5.6
Magazine over-the-counter sales and subscriptions	80.1	-	-	346.7	(0.4)	426.4
VAT relating to publications	(0.9)	-	-	(2.9)	-	(3.8)
Other revenue	-	0.6	0.4	88.2	(0.8)	88.3
Total gross operating revenue	90.6	166.8	103.2	786.4	(116.8)	1,030.1
Other revenue	0.1	0.9	3.9	13.6	0.0	18.5
Total gross revenue	90.5	167.7	107.1	800.0	(116.8)	1,048.7

Summary of the main income statement figures of the Parent at 31 December 2021

The main **income statement figures of Cairo Communication S.p.A.** in 2021 can be compared as follows versus those in 2020:

(€ millions)	2021	2020
Gross operating revenue	5.1	6.6
Advertising agency discounts	-	-
Net operating revenue	5.1	6.6
Other revenue and income	0.3	1.0
Total revenue	5.4	7.6
Production costs	(2.6)	(4.5)
Personnel expense	(1.9)	(2.5)
Gross operating profit (EBITDA)	0.9	0.5
Amortization, depreciation, provisions and write-downs	(0.3)	(1.7)
Operating profit (EBIT)	0.6	(1.2)
Net financial income	(0.4)	(0.5)
Other gains (losses) from financial assets/liabilities	11.7	(0.3)
Profit (loss) before tax	11.9	(2.0)
Income tax	(0.2)	0.5
Profit (loss) for the period	11.7	(1.6)

The **statement of comprehensive income** of the Parent can be analyzed as follows:

€ millions	2021	2020
Profit (loss) for the period	11.7	(1.6)
<i>Other reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the measurement of available-for-sale financial assets	-	-
Tax effect	-	-
<i>Other non-reclassifiable items of the comprehensive income statement</i>		
Actuarial gains (losses) from defined benefit plans	-	-
Tax effect	-	-
Total comprehensive income (expense)	11.7	(1.6)

Summary of the main figures of the statement of financial position of the Parent at 31 December 2021

The main **statement of financial position figures** of Cairo Communication S.p.A. at 31 December 2021 can be compared with the situation at 31 December 2020:

(€ millions)	31/12/2021	31/12/2020
Property, plant and equipment	0.4	0.3
Rights of use on leased assets	-	0.3
Intangible assets	0.2	0.2
Financial assets	328.8	328.8
Other non-current financial assets	29.4	23.3
Net working capital	(29.2)	(19.4)
Total assets	329.6	333.5
Non-current liabilities and provisions	1.2	1.1
(Net financial position)/Net debt	68.6	78.8
Liabilities from leases (pursuant to IFRS 16)	-	0.3
Equity	259.8	253.5
Total equity and liabilities	329.6	333.5

Unaudited reclassified statements

The **net financial position** of the Parent at 31 December 2021, versus the situation at 31 December 2020, is summarized as follows:

	31/12/2021	31/12/2020	Change
Liquid funds	9,755	1,179	8,576
Non-current assets for hedging derivatives	15	0	15
Financial payables to La7 S.p.A.	(40,030)	(40,030)	0
Financial payables to subsidiaries - intra-group c/a	(28,265)	0	(28,265)
Non-current financial payables	(5,000)	0	(5,000)
Current financial payables	(5,000)	(40,000)	35,000
Net financial position	(68,525)	(78,851)	10,326
Liabilities from lease contracts	(26)	(329)	303
Total net financial position	(68,551)	(79,180)	10,629

Unaudited reclassified statements

Statement of cash flows

The **statement of cash flows** at 31 December 2021 of Cairo Communication S.p.A. can be compared with the statement of cash flows at 31 December 2020:

€ millions	Period ended 31 December 2021	Period ended 31 December 2020
Cash and cash equivalents	87.4	50.1
Bank overdrafts	(0.6)	(8.8)
CASH AND CASH EQUIVALENTS OPENING BALANCE	86.8	41.3
OPERATIONS		
Profit (loss)	79.9	29.0
Amortization/ depreciation	67.7	70.1
(Gains) losses and other non-monetary items	(8.7)	(8.7)
(Income) expense from investments	2.1	2.9
Net financial expense (income)	11.1	10.2
Dividends from equity-accounted investees	0.0	0.0
Income tax	16.8	(5.3)
(Increase) decrease in employee benefits and provisions for risks and charges	(2.5)	(2.6)
Cash flow from operations before changes in working capital	166.4	95.6
(Increase) decrease in trade and other receivables	19.6	16.6
Increase (decrease) in payables to suppliers and other liabilities	(12.7)	(14.0)
(Increase) decrease in inventory	0.3	6.1
CASH FLOW FROM OPERATIONS	173.6	104.3
Income tax received (paid)	(4.3)	8.2
Net financial expense paid	(8.8)	(8.5)
CASH FLOW FROM OPERATIONS (A)	160.5	104.0
INVESTING ACTIVITIES		
Net (acquisition) disposal of PPE and intangible assets	(31.1)	(25.1)
Acquisition of investments	(1.5)	(0.5)
Proceeds from the disposal of investments	7.0	4.0
Proceeds from the sale of property, plant and equipment and intangible assets	10.7	0.1
Net decrease (increase) in other non-current assets	(0.8)	13.3
CASH FLOW FROM INVESTING ACTIVITIES (B)	(15.7)	(8.2)
FINANCING ACTIVITIES		
Dividends paid	(11.6)	0.0
Net change in financial payables and other financial assets	(80.6)	(26.5)
Net change in lease liabilities	(26.1)	(23.6)
Increase (decrease) in non-controlling interests' share capital and reserves	(0.1)	(0.2)
Other changes in equity	(0.2)	0.1
CASH FLOW FROM FINANCING ACTIVITIES (C)	(118.6)	(50.2)
CASH FLOW FOR THE PERIOD (A)+(B)+(C)	26.2	45.5
CASH AND CASH EQUIVALENTS CLOSING BALANCE	113.0	86.8
CASH AND CASH EQUIVALENTS		
Cash funds	113.0	87.4
Bank overdrafts	0.0	(0.6)
	113.0	86.8

Alternative performance measures

In this press release, in order to provide a clearer picture of the financial performance of the Cairo Communication Group, besides of the conventional financial measures required by IFRS, a number of alternative performance measures are shown that should, however, not be considered substitutes of those adopted by IFRS.

The alternative measures are:

- **EBITDA:** used by Cairo Communication as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate Group and Parent operational performance, with **EBIT**, and is calculated as follows:

Result from continuing operations, before tax

+/- Net finance income

+/- Other income (expense) from financial assets and liabilities

EBIT - Operating profit

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

EBITDA – Operating profit, before amortization, depreciation, provisions and write-downs.

Net income (expense) from equity-accounted investees, previously classified under EBITDA, as from 2021, has been reclassified to a post-EBIT line item

EBITDA (earnings before interest, tax, depreciation and amortization) is not classified as an accounting measure under IFRS, therefore, the criteria adopted for its measurement may not be consistent among companies or different groups.

RCS defines EBITDA as operating profit (EBIT) before depreciation, amortization and write-downs on fixed assets

The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in this press release, consolidated EBITDA has been determined consistently with the definition adopted by the parent company Cairo Communication.

Consolidated gross revenue: for a more detailed view, and in consideration of the specific features of the segment, operating revenue - for advertising revenue - includes gross operating revenue, advertising agency discounts and net operating revenue. Consolidated gross revenue is equal to the sum of gross operating revenue and other revenue and income.

The Cairo Communication Group also considers the **net financial position (net financial debt)** as a valid measure of the Group's financial structure determined as a result of current and non-current financial liabilities, net of cash and cash equivalents and current financial assets, excluding financial liabilities (current and non-current) from leases previously classified as operating and recognized in the financial statements in accordance with IFRS 16.

The **total net financial position (net financial debt)** also includes financial liabilities from leases recorded in the financial statements pursuant to IFRS 16, previously classified as operating leases and non-remunerated debt, which have a significant implicit or explicit financing component (e.g. trade payables with a maturity of over 12 months), and any other non-interest-bearing loans (as defined by the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 with document "ESMA32-382-1138" and taken up by CONSOB in communication 5/21 of 29 April 2021).

Fine Comunicato n.0440-4

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