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*Testo del comunicato*

Vedi allegato.

CAIRO COMMUNICATION

# Press Release - Half-Year Financial Report at 30 June 2017

**In 1H17:**

- **Considering the Group's entire scope of consolidation:**
  - **consolidated gross revenue amounted to Euro 633.3 million (Euro 133.5 million in 2016)**
  - **consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to Euro 85.2 million, to Euro 53.2 million and to Euro 19.9 million (Euro 7.9 million, Euro 3.1 million and Euro 4.1 million in 2016)**
- **On a like-for-like basis with 2016 (Cairo Editore magazine publishing, La7 TV publishing, advertising, network operator and Il Trovatore):**
  - **consolidated gross revenue amounted to Euro 128.6 million (Euro 133.5 million in 2016)**
  - **consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to Euro 11.7 million, to Euro 5.3 million and to Euro 3.7 million (Euro 7.9 million, Euro 3.1 million and Euro 4.1 million in 2016)**
- **The relaunch of RCS continued, whose margins rose sharply in the first half, in line with the forecasts on 2017 performance targets, with gross operating profit (EBITDA) of Euro 73.6 million[1] in the consolidated financial statements of Cairo Communication, rising sharply by Euro 34.9 million[2] versus 1H16. After nine years, RCS swings back to profit in the first half of the year (Euro 24 million in its 2017 Half-Year Financial Report)**
- **The TV publishing segment (La7) achieved positive gross operating profit of Euro 3.7 million, up sharply versus 2016 (Euro 0.1 million)**
- **The Cairo Editore magazine publishing segment continued to achieve positive results, with gross operating profit (EBITDA) and operating profit (EBIT) of Euro 6.1 million and Euro 5.5 million (Euro 6.3 million and Euro 5.8 million in 1H16)**

**Milan, 8 September 2017:** at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Half-Year Financial Report at 30 June 2017.

In 1H17:

- the relaunch of RCS continued, whose margins rose sharply versus 1H16, in line with the forecasts on 2017 performance targets. The results achieved by RCS, back to profit after nine years in the first half of the year (Euro 24 million in the RCS 2017 Half-Year Financial Report), contributed significantly to the growth of the Group's revenue and margins in 1H17;
- the TV publishing segment La7 achieved positive gross operating profit of Euro 3.7 million, up sharply versus 2016 (Euro 0.1 million);
- the magazine publishing segment Cairo Editore posted highly positive results, achieved high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing costs (production, publishing and distribution).

[1] 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 section below "Alternative Performance Indicators". As a result of these differences - regarding provisions for risks and the allowance for impairment, amounting to Euro 4.6 million in the period - EBITDA shown in the RCS Half-Year Financial Report at 30 June 2017, approved on 3 August 2017, amounted to Euro 69 million.

[2] Comparison based on the RCS Half-Year Financial Report at 30 June 2017, approved on 3 August 2017 and available on the website www.rcsmediagroup.it

Mention should be made that RCS was consolidated as from 1 September 2016. The 1H16 consolidated income statement does not include the RCS results of the January-June 2016 six-month period. The income statement figures of 1H17, therefore, cannot be directly compared with the corresponding amounts of 1H16.

Considering the Group's **entire scope of consolidation**, in 1H17 consolidated gross revenue amounted to approximately Euro 633.3 million (comprising gross operating revenue of Euro 621 million and other revenue and income of Euro 12.3 million), rising sharply versus 1H16 (Euro 133.5 million), due mainly to the consolidation of RCS, which brought an increase of approximately Euro 505.9 million. Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 85.2 million and Euro 53.2 million (Euro 7.9 million and Euro 3.1 million in 1H16). Profit attributable to the owners of the parent came to approximately Euro 19.9 million (Euro 4.1 million in 1H16).

**On a like-for-like basis** with 2016, considering only the Cairo Editore magazine publishing segment, the advertising segment, the TV publishing segment La7, Il Trovatore and the network operator, consolidated gross revenue amounted to approximately Euro 128.6 million (comprising gross operating revenue of Euro 126.2 million and other revenue and income of Euro 2.4 million), down versus 1H16 (Euro 133.5 million, including gross operating revenue of Euro 129.4 million and other revenue and income of Euro 4.1 million). Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 11.7 million and Euro 5.3 million (Euro 7.9 million and Euro 3.1 million in 1H16). Profit attributable to the owners of the parent came to Euro 3.7 million (Euro 4.1 million in 1H16).

Looking at the business segments, in 1H17:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 6.1 million and Euro 5.5 million (Euro 6.3 million and Euro 5.8 million in 2016). Regarding weeklies, with a total of approximately 1.7 million average copies sold in the January-June six-month period of 2017 (ADS), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 30% market share. Including the average sales of titles out of the ADS survey (the copies sold of "Enigmistica Più"), average copies sold were approximately 1.8 million;
- in the **TV publishing segment (La7)**, in 1H17 the Group achieved positive gross operating profit (EBITDA) of approximately Euro 3.7 million, rising sharply versus 1H16 (Euro 47 thousand). Operating profit (EBIT) came to approximately Euro -0.9 million and benefited in the consolidated financial statements, with respect to the separate financial statements of La7 S.p.A., from lower amortization and depreciation of Euro 1.7 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. In 1H16, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 47 thousand and Euro -4.1 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 3.1 million;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.7 million and to Euro 1.5 million (Euro 1.6 million and Euro 1.5 million in 1H16);
- in the **network operator segment**, the Group company Cairo Network continued implementing the mux, the TV broadcasting system based on digital terrestrial technology; at full performance, the mux will cover at least 94% of the national population, providing high-quality service levels. January 2017 marked the start of the broadcasting of La7 channels on the mux.
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 73.6 million[3] and to Euro 47.9 million, rising sharply by Euro 34.9 million and Euro 37.7 million[4] versus 1H16, when RCS had not been included yet in the scope of consolidation of the Cairo Communication Group. As a result of the valuations made in the measurement of the fair value of assets/liabilities acquired in the business

[3] 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 section below "Alternative Performance Indicators". As a result of these differences - regarding provisions for risks and the allowance for impairment, amounting to Euro 4.6 million in the period - EBITDA shown in the RCS Half-Year Financial Report at 30 June 2017, approved on 3 August 2017, amounted to Euro 69 million.

[4] Comparison based on the RCS Half-Year Financial Report at 30 June 2017, approved on 3 August 2017 and available on the website www.rcsmediagroup.it

combination of RCS, Cairo Communication's consolidated financial statements, with respect to the RCS 2017 Half-Year Financial Report, recognized lower amortization on "intangible assets" in the amount of approximately Euro 4 million. RCS net operating revenues, amounting to approximately Euro 469.2 million[5], fell overall versus 1H16 by Euro 32.6 million[4], due mainly to the termination of a number of advertising sales contracts with third-party publishers (revenue of Euro 1.2 million in 1H17 versus Euro 17.2 million in 1H16), to the different add-on publishing plan (Euro 7.8 million), to the reviewed promotional policy in Spain (Euro 2.5 million), and to the drop of the circulation market. On a like-for-like basis, net revenue in 1H17 dropped by approximately Euro 10 million.

Consolidated net debt at 30 June 2017 amounted to approximately Euro 345.6 million (Euro 352.6 million at 31 December 2016), Euro 363.2 million of which referring to RCS (Euro 366.1 million at 31 December 2016). The change in the net financial position versus 31 December 2016 is attributable mainly to cash flows generated by operating activities (Euro 71.7 million), cash absorbed in working capital (Euro 25.2 million) and in outlays for non-recurring charges of RCS recognized in the income statement in prior years (Euro 11.9 million), investing activities (Euro 7.8 million), payment of financial charges and tax (Euro 13.1 million), and the distribution of dividends (Euro 6.7 million). Mention should be made that, at their Meeting on 8 May 2017, the shareholders approved the distribution of a dividend of Euro 0.05 per share, inclusive of tax, with coupon detachment date on 22 May 2017.

At the date of preparing the 2016 Annual Financial Report, the determination of the fair value of RCS consolidated assets and liabilities, required in the application of the “acquisition method" under IFRS 3, was still in progress; the difference between the value of the investment in RCS and its consolidated pro rata equity at the combination date, amounting to Euro 262.3 million, had been provisionally booked to "intangible assets” under “RCS Group consolidation difference”.

The measurement process was completed in 1H17 with the recording at the combination date (replacing the provisionally booked "RCS Group consolidation difference" and goodwill amounting to Euro 39.1 million previously recognized at 31 December 2016 in the financial statements of RCS) of previously unrecognized intangible assets (mainly titles and trademarks) of Euro 407.8 million, Euro 348.8 million of which with indefinite life and Euro 59 million with finite life, and deferred tax liabilities of Euro 120.6 million, for a total net amount of Euro 287.2 million. Considering the share attributable to non-controlling interests, goodwill of approximately Euro 191.4 million remains, determined using the “full goodwill” method. The amounts recorded in the RCS consolidated financial statements at the acquisition date were confirmed for the Spanish titles. Daily newspapers were considered with indefinite useful life, given both their characteristics (market leadership, authority, foundation year) and international practices, while magazines were considered with useful life of 30 years.
Completion of the valuation requirements under IFRS 3 resulted in a different measurement of the assets and liabilities of the RCS Group at the date of the business combination from the measurement made at 31 December 2016, with resulting operating and financial effects, explained in the notes to the condensed consolidated half-year financial statements.

In the following months of 2017, the Cairo Communication Group, with regard to the scope of its traditional activities, will continue to:

- pursue the development of its Cairo Editore publishing and advertising sales segments, for Cairo Editore, continuing its development strategy aimed at attracting market segments with greater potential and strengthening and developing the results of recently launched publications. In these segments, despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results;
- work towards developing its activities in the TV publishing segment, forecast to achieve a positive gross operating profit (EBITDA) also in 2017, up versus 2016.

[5] In the RCS Half-Year Financial Report at 30 June 2017 amounting to Euro 471.7 million, due to the different classification of a number of items.

Regarding RCS, on the approval of the Half-Year Report at 30 June 2017, on 3 August 2017, the RCS directors confirmed, in the absence of events unpredictable at this time, the 2017 performance targets, including EBITDA of approximately Euro 140 million[6], growth in net profit and positive, growing cash flows.

However, developments in the overall economic climate and in the core segments could 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 in this press release is consistent with the underlying accounting documents, books and records.

*The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazines and expanding later into free, digital and pay TV and the Internet. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become 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, magazines, television, web and sport 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*

[6] 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 section below “Alternative Performance Indicators”.

## Summary of the main consolidated income statement figures at 30 June 2017

The main **consolidated income statement figures** in 1H17 can be compared as follows with those of 1H16:

| (€ millions) | **30/06/2017** | **30/06/2016** |
|---|---|---|
| Gross operating revenue | 621.0 | 129.4 |
| Advertising agency discounts | (39.5) | (12.7) |
| Net operating revenue | **581.5** | **116.7** |
| Change in inventory | (0.2) | (0.1) |
| Other revenue and income | 12.3 | 4.1 |
| **Total revenue** | **593.6** | **120.7** |
| Production cost | (344.3) | (80.1) |
| Personnel expense | (164.4) | (32.7) |
| Income (charges) from investments measured at equity | 0.4 | - |
| Non-recurring income and charges | - | - |
| **Gross operating profit (EBITDA)** | **85.2** | **7.9** |
| Amortization, depreciation, provisions and impairment losses | (32.0) | (4.8) |
| **EBIT** | **53.2** | **3.1** |
| Net financial income | (13.1) | 0.3 |
| Income (loss) on investments | 1.2 | - |
| **Pre-tax profit** | **41.3** | **3.4** |
| Income tax | (10.6) | 0.7 |
| Non-controlling interests | (10.8) | - |
| **Profit from continuing operations attributable to the owners of the parent** | **19.9** | **4.1** |
| Profit/(loss) from discontinued operations attributable to the owners of the parent | - | - |
| **Profit attributable to the owners of the parent** | **19.9** | **4.1** |

*Unaudited reclassified statements*

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

| **€ millions** | **Half-year ended 30 June 2017** | **Half-year ended 30 June 2016** |
|---|---|---|
| **Profit for the period** | **30.7** | **4.1** |
| ***Reclassifiable items of the comprehensive income statement*** | | |
| Reclassification of profit (loss) from translation of financial statements in foreign currencies | (0.1) | - |
| Gains (losses) on cash flow hedges | (0.5) | - |
| Reclassification of profit (loss) on cash flow hedges | 2.0 | - |
| ***Non-reclassifiable items of the comprehensive income statement*** | | |
| Actuarial profit (loss) from defined benefit plans | - | (0.3) |
| Tax effect | - | 0.1 |
| **Total comprehensive income for the period** | **32.1** | **3.8** |
| - Owners of the parent | 20.8 | 3.8 |
| - Non-controlling interests - continuing operations | 11.3 | 0.0 |
| | **32.1** | **3.8** |

*Unaudited reclassified statements*

**Summary of the main figures of the consolidated statement of financial position at 30 June 2017**

The main figures of the consolidated **statement of financial position** at 30 June 2017 can be analyzed versus the situation at 31 December 2016:

| (€ millions) | 30/06/2017 | 31/12/2016 |
|---|---|---|
| <u>**Statement of financial position**</u> | | |
| Property, plant and equipment | 104.0 | 111.4 |
| Intangible assets | 1,009.0 | 1,017.8 |
| Financial assets | 72.0 | 73.5 |
| Deferred tax assets | 119.5 | 126.2 |
| Net working capital | (65.7) | (95.4) |
| **Total assets** | **1,238.8** | **1,233.5** |
| Non-current borrowings and provisions | 125.2 | 137.5 |
| Deferred tax provision | 178.2 | 177.6 |
| (Net financial position)/Net debt | 345.6 | 352.6 |
| Equity attributable to the owners of the parent | 359.0 | 344.8 |
| Equity attributable to non-controlling interests | 230.8 | 221.0 |
| **Total equity and liabilities** | **1,238.8** | **1,233.5** |

*Unaudited reclassified statements*

The consolidated **net financial position** at 30 June 2017, versus the situation at 31 December 2016, is summarized as follows:

| Net financial debt | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Cash and cash equivalents | 114.5 | 124.8 | (10.3) |
| Other current financial assets and financial receivables | 4.4 | 1.2 | 3.2 |
| Current financial assets (liabilities) from derivative instruments | (2.8) | - | (2.8) |
| Current financial payables | (93.2) | (110.1) | 16.9 |
| **Current net financial position (net financial debt)** | **22.9** | **15.9** | **7.0** |
| Non-current financial payables | (368.5) | (363.4) | (5.1) |
| Non-current financial assets (liabilities) from derivative | - | (5.1) | 5.1 |
| **Non-current net financial position (net financial debt)** | **(368.5)** | **(368.5)** | **(0.0)** |
| **Net financial position (Net financial debt) from continuing operations** | **(345.6)** | **(352.6)** | **7.0** |

*Unaudited reclassified statements*

## Consolidated statement of cash flows

The **consolidated statement of cash flows** at 30 June 2017 can be compared with the statement of cash flows at 30 June 2016:

| **Statement of Cash flows**<br>*(€ millions)* | **30/06/2017** | **30/06/2016** |
|---|---|---|
| **Cash and cash equivalents** | **124.8** | **125.8** |
| **OPERATING ACTIVITIES** | | |
| Profit | 30.7 | 4.1 |
| Amortization/Depreciation | 27.1 | 4.8 |
| Net financial income | 13.1 | (0.3) |
| Income tax | 10.6 | (0.7) |
| Change in provision for post-employment benefits | (0.9) | 0.2 |
| Change in provisions for risks and charges | (8.9) | (2.6) |
| **Cash flow from operating activities before changes in working capital** | **71.7** | **5.5** |
| (Increase) decrease in trade and other receivables | 3.8 | 2.0 |
| Increase (decrease) in trade and other payables | (40.9) | 3.1 |
| (Increase) decrease in inventory | 0.0 | 0.1 |
| **Total cash flow from operating activities** | **34.6** | **10.7** |
| Income tax paid (received) | 1.6 | (0.6) |
| Financial charges paid | (14.7) | (0.1) |
| **Total cash flow from operating activities (A)** | **21.5** | **10.0** |
| **INVESTING ACTIVITIES** | | |
| (Acquisition) disposal net of PPE and intangible assets | (10.9) | (4.5) |
| Interest and financial income received | 1.6 | 0.5 |
| Net increase in other non-current assets | 1.5 | 0.7 |
| **Net cash flow used in investing activities (B)** | **(7.8)** | **(3.3)** |
| **FINANCING ACTIVITIES** | | |
| Dividends paid | (6.7) | (15.7) |
| Re-measurement of defined benefit plans inclusive of tax effect | 0.0 | (0.3) |
| (Increase) decrease in current financial assets | (3.2) | 0.0 |
| (Increase) decrease in financial payables | (14.1) | (2.5) |
| (Increase) decrease in non-controlling interests' share capital and reserves | (1.0) | - |
| Other changes in equity | 1.0 | - |
| **Net cash flow used in financing activities (C)** | **(24.0)** | **(18.5)** |
| **Cash flow for the period (A)+(B)+(C)** | **(10.3)** | **(11.8)** |
| **Net cash and cash equivalents closing balance** | **114.5** | **114.0** |

*Unaudited reclassified statements*

## Segment reporting at 30 June 2017

The Group's performance can be read better by analyzing the 1H17 results by **main business segment** versus those of 1H16:

| 2017 (€ millions) | Magazine Cairo Editore | Advertising | TV publishing La7 | RCS | Trovatore | Network operator (Cairo Network) | Intra and unallocated | Total |
|---|---|---|---|---|---|---|---|---|
| Gross operating revenue | 43.7 | 90.9 | 52.9 | 495.8 | 0.5 | 3.9 | (66.7) | 621.0 |
| Advertising agency discounts | - | (12.9) | - | (26.7) | - | - | 0.1 | (39.5) |
| **Net operating revenue** | **43.7** | **78.0** | **52.9** | **469.2** | **0.5** | **3.9** | **(66.7)** | **581.5** |
| Change in inventory | (0.0) | - | - | (0.2) | - | - | - | (0.2) |
| Other revenue and income | 1.6 | 0.2 | 0.5 | 10.1 | 0.0 | 0.0 | (0.2) | 12.3 |
| **Total revenue** | **45.3** | **78.2** | **53.4** | **479.1** | **0.5** | **4.0** | **(66.9)** | **593.6** |
| Production cost | (29.2) | (72.4) | (31.3) | (274.2) | (0.5) | (3.6) | 66.9 | (344.3) |
| Personnel expense | (10.0) | (4.1) | (18.5) | (131.7) | (0.0) | (0.1) | - | (164.4) |
| Income (charges) from investments measured at equity | - | - | - | 0.4 | - | - | - | 0.4 |
| **Gross operating profit (EBITDA)** | **6.1** | **1.7** | **3.7** | **73.6** | **(0.0)** | **0.3** | **-** | **85.2** |
| Amortization, depreciation, provisions and impairment losses | (0.6) | (0.1) | (4.6) | (25.7) | 0.0 | (1.1) | - | (32.0) |
| **EBIT** | **5.5** | **1.5** | **(0.9)** | **47.9** | **(0.0)** | **(0.8)** | **-** | **53.2** |
| Income (loss) on investments | - | - | - | 1.2 | - | - | - | 1.2 |
| Net financial income | (0.0) | (0.1) | 0.1 | (13.0) | (0.0) | (0.0) | - | (13.1) |
| **Pre-tax profit** | **5.5** | **1.5** | **(0.8)** | **36.1** | **(0.0)** | **(0.8)** | **-** | **41.3** |
| Income tax | (1.6) | (0.9) | 0.7 | (9.1) | (0.0) | 0.2 | - | (10.6) |
| Non-controlling interests | - | - | - | (10.8) | 0.0 | - | - | (10.8) |
| **Profit from continuing operations attributable to the owners of the parent** | **3.9** | **0.6** | **(0.1)** | **16.2** | **(0.0)** | **(0.6)** | **-** | **19.9** |
| Profit / (loss) from discontinued operations | - | - | - | - | - | - | - | - |
| **Profit for the period attributable to the owners of the parent** | **3.9** | **0.6** | **(0.1)** | **16.2** | **(0.0)** | **(0.6)** | **-** | **19.9** |

*Unaudited reclassified statements*

| 2016 (€ millions) | Magazine Cairo Editore | Advertising | TV publishing La7 | RCS | Trovatore | Network operator (Cairo Network) | Intra and unallocated | Total |
|---|---|---|---|---|---|---|---|---|
| Gross operating revenue | 46.6 | 88.7 | 54.8 | - | 0.5 | 0.5 | (61.7) | 129.4 |
| Advertising agency discounts | - | (12.7) | - | - | - | - | - | (12.7) |
| **Net operating revenue** | **46.6** | **76.0** | **54.8** | **-** | **0.5** | **0.5** | **(61.7)** | **116.7** |
| Change in inventory | (0.1) | - | - | - | - | - | - | (0.1) |
| Other revenue and income | 1.4 | 0.4 | 2.2 | - | 0.0 | 0.1 | - | 4.1 |
| **Total revenue** | **48.0** | **76.4** | **57.0** | **-** | **0.5** | **0.6** | **(61.7)** | **120.7** |
| Production cost | (31.7) | (70.6) | (38.5) | - | (0.5) | (0.5) | 61.7 | (80.1) |
| Personnel expense | (10.0) | (4.2) | (18.4) | - | - | (0.1) | - | (32.7) |
| Income (charges) from investments measured at equity | - | - | - | - | - | - | - | - |
| **Gross operating profit (EBITDA)** | **6.3** | **1.6** | **0.1** | **-** | **0.0** | **(0.0)** | **-** | **7.9** |
| Amortization, depreciation, provisions and impairment losses | (0.5) | (0.1) | (4.2) | - | - | - | - | (4.8) |
| **EBIT** | **5.8** | **1.5** | **(4.1)** | **-** | **0.0** | **(0.0)** | **-** | **3.1** |
| Income (loss) on investments | - | - | - | | - | - | - | - |
| Net financial income | (0.0) | - | 0.3 | - | (0.0) | - | - | 0.3 |
| **Pre-tax profit** | **5.8** | **1.5** | **(3.8)** | **-** | **-** | **(0.0)** | **-** | **3.4** |
| Income tax | (2.0) | (0.7) | 3.4 | | (0.0) | 0.0 | - | 0.7 |
| Non-controlling interests | - | - | - | - | (0.0) | - | - | (0.0) |
| **Profit from continuing operations attributable to the owners of the parent** | **3.8** | **0.8** | **(0.4)** | **-** | **(0.0)** | **(0.0)** | **-** | **4.1** |
| Profit / (loss) from discontinued operations | - | - | - | - | - | - | - | - |
| **Profit for the period attributable to the owners of the parent** | **3.8** | **0.8** | **(0.4)** | **-** | **(0.0)** | **(0.0)** | **-** | **4.1** |

## Details of consolidated revenue at 30 June 2017

The breakdown of **gross operating revenue** in 1H17, split up by main business segment (magazine publishing, advertising, TV publishing, network operator, Il Trovatore and RCS) can be analyzed as follows by comparing the amounts in 2016:

| 2017<br>(€ millions) | Magazine Cairo Ed. | Advertising | TV publishi La7 | RCS | Trovatore | Network operator | Intra and un allocated | Total |
|---|---|---|---|---|---|---|---|---|
| TV advertising | - | 75.7 | 51.3 | 1.5 | - | - | (51.8) | **76.7** |
| Print media and Internet advertising | 9.7 | 13.2 | 0.7 | 212.9 | - | - | (9.9) | **226.6** |
| Advertising from Sport Events | - | - | - | 24.7 | - | - | - | **24.7** |
| Stadium signage | - | 1.6 | - | - | - | - | (0.1) | **1.5** |
| Revenue from concession of programming : | - | - | 0.4 | - | - | - | - | **0.4** |
| Other TV revenue | - | - | 0.5 | 4.8 | - | - | - | **5.3** |
| Magazine over-the-counter sales and subsc | 34.2 | - | - | 170.5 | - | - | (0.1) | **204.6** |
| Books and catalogues | 0.4 | - | - | 2.3 | - | - | - | **2.7** |
| Other revenue from Sporting Events | - | - | - | 47.5 | - | - | - | **47.5** |
| VAT relating to publications | (0.6) | - | - | (2.5) | - | - | - | **(3.1)** |
| Other revenue | - | 0.3 | - | 34.1 | 0.5 | - | (0.8) | **34.1** |
| Revenue from network services | - | - | - | - | - | 3.9 | (3.9) | - |
| **Total gross operating revenue** | **43.7** | **90.8** | **52.9** | **495.8** | **0.5** | **3.9** | **(66.6)** | **621.0** |
| Other revenue | 1.6 | 0.2 | 0.5 | 10.1 | 0.0 | 0.0 | (0.2) | 12.3 |
| **Total gross revenue** | **45.3** | **91.0** | **53.4** | **505.9** | **0.5** | **3.9** | **(66.8)** | **633.3** |

| 2016<br>(€ millions) | Magazine Cairo Ed. | Advertising | TV publishi La7 | RCS | Trovatore | Network operator | Intra and un allocated | Total |
|---|---|---|---|---|---|---|---|---|
| TV advertising | - | 73.5 | 52.9 | - | - | - | (50.4) | **76.0** |
| Print media and Internet advertising | 10.2 | 13.5 | 0.7 | - | - | - | (10.1) | **14.3** |
| Advertising from Sport Events | - | - | - | - | - | - | - | **-** |
| Stadium signage | - | 1.4 | - | - | - | - | - | **1.4** |
| Revenue from concession of programming : | - | - | 0.6 | - | - | - | - | **0.6** |
| Other TV revenue | - | - | 0.6 | - | - | - | - | **0.6** |
| Magazine over-the-counter sales and subsc | 36.7 | - | - | - | - | - | - | **36.7** |
| Books and catalogues | 0.3 | - | - | - | - | - | - | **0.3** |
| Other revenue from Sporting Events | - | - | - | - | - | - | - | **-** |
| VAT relating to publications | (0.6) | - | - | - | - | - | - | **(0.6)** |
| Other revenue | - | 0.3 | - | - | 0.5 | - | (0.7) | **0.1** |
| Revenue from network services | - | - | - | - | - | 0.5 | (0.5) | **-** |
| **Total gross operating revenue** | **46.6** | **88.7** | **54.8** | **-** | **0.5** | **0.5** | **(61.7)** | **129.4** |
| Other revenue | 1.4 | 0.4 | 2.2 | - | - | 0.1 | - | 4.1 |
| **Total gross revenue** | **48.0** | **89.1** | **57.0** | **-** | **0.5** | **0.6** | **(61.7)** | **133.5** |

**Summary of the main income statement figures of the Parent at 30 June 2017**

The main **income statement figures of Cairo Communication S.p.A.** in 2017 can be compared as follows versus those in 2016:

| (€ millions) | **30/06/2017** | **30/06/2016** |
|---|---|---|
| Gross operating revenue | 56.3 | 55.5 |
| Advertising agency discounts | - | - |
| **Net operating revenue** | **56.3** | **55.5** |
| Other revenue and income | 0.4 | 0.1 |
| **Total revenue** | **56.7** | **55.6** |
| Production cost | (54.9) | (53.2) |
| Personnel expense | (1.5) | (1.5) |
| **Gross operating profit (EBITDA)** | **0.3** | **0.9** |
| Amortization, depreciation, provisions and impairment losses | (0.1) | (0.1) |
| **EBIT** | **0.2** | **0.8** |
| Net financial income | - | - |
| Income (loss) on investments | 8.3 | 8.2 |
| **Pre-tax profit** | **8.5** | **9.0** |
| Income tax | (0.3) | (0.4) |
| **Profit from continuing operations** | **8.2** | **8.6** |
| Profit / (loss) from discontinued operations | - | - |
| **Profit** | **8.2** | **8.6** |

*Unaudited reclassified statements*

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

| (€ millions) | **30/06/2017** | **30/06/2016** |
|---|---|---|
| **Statement of comprehensive income of the Parent** | | |
| Profit | **8.2** | **8.6** |
| *Other non-reclassifiable items of the comprehensive income statement* | - | - |
| Actuarial profit (loss) from defined benefit plans | - | - |
| -Tax effect | - | - |
| **Total comprehensive income** | **8.2** | **8.6** |

*Unaudited reclassified statements*

**Summary of the main figures of the statement of financial position of the Parent at 30 June 2017**

The main figures of the **statement of financial position** of Cairo Communication S.p.A. at 30 June 2017 can be analyzed versus the situation at 31 December 2016:

| (€ millions) | 30/06/2017 | 31/12/2016 |
|---|---|---|
| **<u>Statement of financial position</u>** | | |
| Property, plant and equipment | 0.4 | 0.4 |
| Intangible assets | 0.2 | 0.3 |
| Financial assets | 329.1 | 328.1 |
| Other non-current financial assets | 15.0 | 12.8 |
| Net trade working capital | (8.0) | (8.1) |
| **Total assets** | **336.7** | **333.5** |
| Non-current borrowings and provisions | 1.4 | 1.4 |
| (Net financial position)/Net debt | 75.5 | 73.8 |
| Equity | 259.8 | 258.3 |
| **Total equity and liabilities** | **336.7** | **333.5** |

*Unaudited reclassified statements*

The **net financial position** of the Parent at 30 June 2017, versus the situation at 31 December 2016, is summarized as follows:

| (€ millions) | 30/06/2017 | 31/12/2016 | Change |
|---|---|---|---|
| Liquid funds | 2.7 | 4.4 | (1.7) |
| Current financial assets | - | - | - |
| Non-current financial payables | (78.2) | (78.2) | - |
| **Total** | **75.5** | **(73.8)** | **(1.7)** |

*Unaudited reclassified statements*

**Alternative performance indicators**

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 indicators required by IFRS, a number of alternative performance indicators are shown that should, however, not be considered substitutes of those adopted by IFRS.

The alternative indicators are:

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

**Result from continuing operations, pre tax**

+/- Net finance income

+/- Share in associates

**EBIT - Operating profit**

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

+ Income (charges) from investments measured at equity

**EBITDA – Operating profit, before amortization, depreciation, write-downs and impairment losses.**

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 impairment losses on fixed assets, and also includes income and charges from investments measured at equity.

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 the Half-Year Financial Report at 30 June 2017, consolidated EBITDA has been determined consistently with the definition adopted by Cairo Communication.

The Cairo Communication Group also considers the **net financial position** (**net financial debt**) as a valid indicator 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.

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|---|---|
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