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Testo del comunicato

Vedi allegato.

Press Release - Results at 31 December 2018 approved

- **In 2018, the Group achieved:**
  - **consolidated gross revenue of Euro 1,322.8 million[1] (Euro 1,212.3 million in 2017), up by Euro 5.7 million on a like-for-like basis (net of IFRS 15)**
  - **consolidated gross operating profit (EBITDA) and operating profit (EBIT) of Euro 182.8 million and Euro 127.3 million, up sharply versus 2017 (Euro 168.8 million and Euro 102.7 million)**
  - **profit attributable to the owners of the parent of Euro 60.3 million (Euro 52 million in 2017)**
- **RCS's margins grew strongly, in line with 2018 performance targets, with profit reaching Euro 85.2 million[2]. Gross operating profit (EBITDA), amounting to Euro 163.8 million[3] in the consolidated financial statements of Cairo Communication, grew by approximately Euro 15.4 million versus 2017. Revenue from digital activities, amounting to approximately Euro 163 million, was up by 12.6% versus 2017. In view of the results achieved, the RCS Board will propose a dividend to the Shareholders' Meeting of Euro 0.06 per share, returning to distribution after 10 years**
- **The TV publishing segment La7 in 2018 reported a sharp increase in La7's audience (+28.1% in all-day and +36% in prime time versus 2017). Advertising sales on La7 and La7d channels, amounting to Euro 149.2 million, were equally on the rise in 2018 by 8.3% versus 2017 (Euro 137.8 million), increasing sharply in the second half of the year (approximately +17%). The remarkable share results were repeated in the first two months of 2019, rising by 15% in all-day and by 12% in prime time (fifth national channel)**
- **The Cairo Editore magazine publishing segment continued to achieve positive results, with gross operating profit (EBITDA) and operating profit (EBIT) of Euro 8.5 million and Euro 7.5 million (Euro 12.2 million and Euro 11.1 million in 2017)**
- **A dividend of Euro 0.14 per share (Euro 0.10 in 2018) will be proposed at the Shareholders' Meeting**

Milan, 26 March 2019: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2018.

In 2018:

[1] The 2018 Annual Report incorporates the new IFRS 15, which came into effect as from 1 January 2018. The income statement figures of 2018, therefore, cannot be directly compared with the corresponding amounts of the prior year. Specifically, if this new standard had not been applied, consolidated gross revenue in 2018 would have amounted to Euro 1,218 million instead of Euro 1,322.8 million. The effects of the standard are restricted to a different presentation of costs and revenue, with no impact on the consolidated result for the year and on equity attributable to the owners of the parent.
The 2018 Annual Report incorporates the new IFRS 9, whose impact produced a reduction in receivables of Euro 1.2 million, with a consequent reduction of Euro 0.6 million (net of the tax effect) in initial Group equity, with no significant changes in income statement figures in 2018.
For both of these standards, the Company opted not to restate comparative figures.

[2] Amounts and comparisons based on the RCS 2018 Annual Report, approved on 18 March 2019.

[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 Measures". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting in the year to Euro 8.4 million, EBITDA shown in the RCS 2018 Annual Report approved on 18 March 2019 amounted to Euro 155.3 million.

- **RCS** continued its relaunch, with margins growing strongly versus the prior year, in line with 2018 performance targets, thanks to the initiatives implemented to maintain and develop revenue and to the ongoing efficiency actions, which generated benefits of approximately Euro 25.7 million in the period. In 2018, RCS achieved a net profit of Euro 85.2 million[4] (up sharply from Euro 71.1 million[4] in 2017, which had benefited for approximately Euro 14.9 million from the capital gain from the sale of the minority interest held in I.E.O). In view of the results achieved, the RCS Board will propose a dividend to the Shareholders' Meeting of Euro 0.06 per share, returning to distribution after 10 years.

  In Italy, 2018 was marked by the launch of the monthly *Corriere Innovazione* (23 February), the weekly supplement *Liberi Tutti* (18 May), the monthly insert *COOK* (19 September) and the new insert dedicated to the work world. In July, September and October, the cultural supplement *LaLettura*, women's weekly magazine *Io Donna* and weekly *ViviMilano* revamped their contents. 19 April 2018 saw the launch of *Solferino-i libri del Corriere della Sera,* and from January 2019 *RCS Academy,* the new Business School of the RCS Group. In early 2019, the monthly *Amica* and the *Corriere della Sera Corriere Milano* section were revamped. *La Gazzetta dello Sport* enhanced its offer with daily spaces geotargeted for individual teams and with new initiatives such as *Gazza Mondo*, *Time Out* and the new free Sunday weekly *Fuorigioco*. From 11 to 14 October, RCS was also the lead player and promoter, together with Regione Trentino, with the patronage of the Italian Paralympic Committee and the Italian Olympic Committee, of Il *Festival dello Sport.*

  In Spain, the daily newspaper *El Mundo* renewed the supplement *Su Vivienda* and, from 5 March, *Actualidad Económica* has become its benchmark business weekly. July saw the launch of the new crossword magazine *Masterpasatiempos,* followed in October by the cultural supplement *Esfera de Papel*. Additionally, the *MarcaClaro* portals were launched in Colombia and Argentina, following Mexico in 2017, which brought significant growth in average monthly unique users in Latin America.
- the **TV publishing segment La7** reported a sharp increase in La7 audience figures (+28.1% in all-day to reach 3.69% and +36% in prime time versus 2017 to reach 4.87%). Advertising sales on La7 and La7d channels, amounting to Euro 149.2 million, were equally on the rise by over 8% versus 2017 (Euro 137.8 million), increasing in the second half of the year (approximately +17%).
  The channel's news and discussion programmes all continued to show remarkable and increasingly strong audience figures: *Otto e Mezzo* with a 7.1% average share from Monday to Friday (+23.4% versus 2017), *TgLa7 edizione delle 20* 5.8% from Monday to Friday (+8.4% versus 2017), *diMartedì* 7.4% (+47.6% versus 2017), *Piazzapulita* 5.9% (+36.4% versus 2017), *Propaganda Liv*e 4.6% (+67% versus 2017), *Non è l'Arena* 7% (+8.2% versus 2017), *Omnibus Dibattito* 4.6% (+22% versus 2017), *Coffee Break* 4.9% (+24.4% versus 2017), *L'Aria che tira* 6.85% (+31% versus 2017), *Tagadà* 3.6% (+47.2% versus 2017), *In Onda* 5.1% (+24.8% versus 2017), the *Maratone Mentana* (14.27% share on 4 March) and the election specials. In 2018, La7 was firmly the sixth national prime time network for average listeners, and the entire morning slot (07.00-12.00) achieved high ratings with an average share of 4.52%, ranking as fourth generalist network in the year. The excellent share results were repeated in the first two months of 2019, rising by +15% in all-day and by +12% in prime time (fifth national channel in this slot with approximately 5% of the share - *Auditel*);
- the **magazine publishing segment Cairo Editore** posted 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).

In 2018, Group consolidated gross revenue amounted to approximately Euro 1,322.8 million (comprising gross operating revenue of Euro 1,299.5 million and other revenue and income of Euro 23.3 million) versus Euro 1,212.3 million in 2017 (comprising gross operating revenue of Euro 1,186.2 million and other revenue and income of Euro 26.1 million). Excluding from the comparison with the figures in 2017 the effects arising from the adoption of the new IFRS 15, equal to Euro 104.8 million[5] (Euro 106.8 million the effect on net revenue), gross consolidated revenue would be up by Euro 5.7 million.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 182.8 million and Euro 127.3 million (Euro 168.8 million and Euro 102.7 million in the prior year). Profit attributable to the owners of the

[4] Amounts and comparisons based on the RCS 2018 Annual Report, approved on 18 March 2019.

[5] Attributable to higher revenue from the sale of publications of Euro 131.1 million, to advertising revenue of Euro -13.6 million and to other revenue of Euro -12.7 million.

parent came to approximately Euro 60.3 million (Euro 52 million in 2017). In 2018, the total net effect of non-recurring expense and income was basically equal to a positive Euro 0.2 million versus negative Euro 1.8 million in 2017.

Looking at the business segments, in 2018:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 8.5 million and Euro 7.5 million (Euro 12.2 million and Euro 11.1 million in 2017), and were impacted negatively by the launch costs of approximately Euro 0.5 million incurred for "*Enigmistica Mia"*. Regarding weeklies, with approximately 1.5 million average copies sold in the January-December twelve-month period of 2018 (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"* and of "*Enigmistica Mia"*), average copies sold were approximately 1.6 million;
- in the **TV publishing segment (La7),** the Group achieved gross operating profit (EBITDA) of approximately Euro 8.6 million (Euro 7 million in 2017), impacted also by the increase in programming costs of approximately Euro 3.8 million to improve programming quality, which contributed to the strong growth of the share, and by increased costs for television signal transmission incurred for the Group company Cairo Network. There is usually a certain time gap between audience trends and advertising sales results. In second half 2018, following the outstanding audience results of the first half of the year, total advertising sales on La7 and La7d accelerated their growth trend (+17%) and, on the basis of these results, are expected to continue to grow in 2019. Operating profit (EBIT) was approximately Euro -1.2 million (Euro -3 million in 2017);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.7 million and Euro -0.5 million (Euro 0.6 million and Euro -1.6 million in 2017);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.2 million and Euro -0.1 million (Euro 0.4 million and at breakeven in 2017);
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 163.8 million[6] and Euro 121.6 million, rising sharply by Euro 15.4 million and Euro 25.6 million versus 2017 (Euro 148.4 million and Euro 96 million). Net operating revenue amounted to Euro 975.6 million. Excluding from the comparison with the figures in 2017 the effects arising from the adoption of the new IFRS 15, RCS net revenue would be up by Euro 3.4 million. At circulation level, the dailies *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión* continue to lead their respective segments. *El Mundo* is once again the second most popular general daily in Spain for circulation at newsstands. In 2018, the digital performance indicators of the RCS daily newspaper sites continued to grow strongly: average unique browsers/month of *gazzetta.it* increased by 17.9% (34.3 million) and *corriere.it* by 4% (48.9 million) versus 2017 (*Adobe Analytics*). At December, the total active customer base for *Corriere* was 135 thousand subscribers, up by 29% versus 2017. In Spain too, average unique browsers/month of *elmundo.es* (+9.1% reaching 54.3 million) and *marca.com* (+29.4% reaching 57.7 million) grew versus the prior year (*Omniture*). Against this backdrop, RCS revenue from digital activities rose by 12.6% versus 2017 to reach Euro 163 million, propelled also by the growth in digital advertising revenue, which reached approximately Euro 126 million in 2018 (+15.1 million versus 2017).

Consolidated **net financial debt** at 31 December 2018 amounted to approximately Euro 188.6 million (Euro 263.1 million at 31 December 2017), down by Euro 74.5 million versus 31 December 2017. At 31 December 2018, the net financial debt of RCS came to Euro 187.6 million (Euro 287.4 million at 31 December 2017). The improvement in the net financial debt versus 31 December 2017 of Euro 74.5 million is attributable mainly to cash flows from ordinary operations, comprising the dynamics of current assets, offset by the distribution of dividends approved by the Shareholders' Meeting held on 27 April 2018 for a total of Euro 13.4 million, and by outlays for capital expenditure and net non-recurring expense (approximately Euro 6.4 million).

[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 above section "Alternative Performance Measures". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting in the year to Euro 8.4 million, EBITDA shown in the RCS 2018 Annual Report approved on 18 March 2019 amounted to Euro 155.3 million.

The Board of Directors will propose at the Shareholders' Meeting the distribution of a dividend of Euro 0.14 per share, gross of taxes, with coupon detachment date (coupon no. 13) on 27 May 2019 and payable on 29 May 2019 (record date 28 May 2019).

In 2019, 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, continuing for Cairo Editore its strategy aimed at attracting market segments with greater potential and strengthening the results of its 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 2019, up versus 2018, thanks also to the expected positive trend of advertising sales.

As for RCS, on the approval of the 2018 Annual Report, its directors announced that, in light of the actions already implemented and those planned to maintain and develop revenue and to continue pursuing operating efficiency, in the absence of events unforeseeable at this time, and disregarding the accounting effects of the adoption of the new IFRS 16, RCS believes it can confirm in 2019 the target of achieving margin levels and cash flows from operations that are basically in line with those achieved in 2018, allowing a further significant reduction in financial debt.

Developments in the overall economic climate and in 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 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 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 2018

The main **consolidated income statement** figures in 2018 can be compared with the figures in 2017:

(€ millions)	31/12/2018	31/12/2017
Gross operating revenue	1,299.5	1,186.2
Advertising agency discounts	(75.4)	(76.8)
Net operating revenue	**1,224.1**	**1,109.4**
Change in inventory	0.3	(0.3)
Other revenue and income	23.3	26.1
Total revenue	**1,247.8**	**1,135.3**
Production cost	(739.7)	(645.3)
Personnel expense	(328.0)	(321.4)
Income (expense) from equity-accounted investees	2.5	2.1
Non-recurring income (expense)	0.2	(1.8)
Gross operating profit (EBITDA)	**182.8**	**168.8**
Amortization, depreciation, provisions and impairment losses	(55.5)	(66.1)
EBIT	**127.3**	**102.7**
Other gains (losses) on financial assets/liabilities	(0.9)	16.2
Net financial income	(14.5)	(24.8)
Profit (loss) before tax	**111.9**	**94.1**
Income tax	(14.7)	(10.8)
Non-controlling interests	(37.1)	(31.3)
Profit from continuing operations attributable to the owners of the parent	**60.1**	**52.0**
Profit (loss) from discontinued operations	0.2	-
Profit attributable to the owners of the parent	**60.3**	**52.0**

Unaudited reclassified statements

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

€ millions		**2018**	**2017**
Profit for the year		**97.4**	**83.3**
Reclassifiable items of the comprehensive income statement			
Gains (losses) from the translation of financial statements denominated in foreign		-	-
Reclassification of profit (loss) from translation of financial statements in foreign currencies		-	-
Gains (losses) on cash flow hedges	31	(1.5)	(0.2)
Reclassification of profit (loss) on cash flow hedges	31	1.1	3.6
Tax effect		0.1	(0.8)
Non-reclassifiable items of the comprehensive income statement			
Actuarial profit (loss) from defined benefit plans		0.5	(0.4)
Tax effect		(0.1)	0.1
Gains (losses) from fair value measurement of equity instruments	17	(1.5)	-
Total comprehensive income for the period		**96.0**	**85.6**
- Owners of the parent		59.5	53.2
- Non-controlling interests - continuing operations		36.5	32.4
		96.0	**85.6**

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 31 December 2018

The main **consolidated statement of financial position** figures at 31 December 2018 can be compared with the situation at 31 December 2017:

(€ millions)	**31/12/2018**	**31/12/2017**
Statement of financial position		
Property, plant and equipment	89.6	97.7
Intangible assets	994.0	1,008.2
Financial assets	58.4	65.0
Deferred tax assets	103.0	113.3
Net working capital	(54.2)	(87.1)
Total assets	**1,190.8**	**1,197.1**
Non-current borrowings and provisions	113.2	121.9
Deferred tax provision	165.3	169.7
(Net financial position)/Net debt	188.6	263.1
Equity attributable to the owners of the parent	436.8	391.6
Equity attributable to non-controlling interests	286.9	250.8
Total equity and liabilities	**1,190.8**	**1,197.1**

Unaudited reclassified statements

The consolidated **net financial position** at 31 December 2018, versus the situation at 31 December 2017, can be summarized as follows:

Net financial debt (€ millions)	**31/12/2018**	**31/12/2017**	**Change**
Cash and cash equivalents	56.2	128.1	(71.9)
Other current financial assets and financial receivables	1.7	0.9	0.8
Current financial assets (liabilities) from derivative instruments	(0.1)	(1.0)	0.9
Current financial payables	(63.8)	(72.0)	8.2
Current net financial position (net financial debt)	**(6.0)**	**56.0**	**(62.0)**
Non-current financial payables	(181.6)	(319.0)	137.3
Non-current financial assets (liabilities) from derivative instruments	(1.0)	(0.1)	(0.9)
Non-current net financial position (net financial debt)	**(182.6)**	**(319.1)**	**136.5**
Net financial position (Net financial debt) from continuing operations	**(188.6)**	**(263.1)**	**74.5**

Unaudited reclassified statements

Consolidated cash flow statement

The **consolidated cash flow statement** at 31 December 2018 can be compared with the cash flow statement at 31 December 2017:

€ millions	31 December 2018	31 December 2017
Cash and cash equivalents	128,1	124,8
Current bank loans and overdrafts	(16,8)	(38,9)
CASH AND CASH EQUIVALENTS OPENING BALANCE	**111,3**	**85,9**
OPERATIONS		
Profit	97,4	83,3
Amortization/Depreciation	46,4	54,9
Impairment losses on long-term financial assets	2,4	0,0
Income (expense) on investments	(3,5)	(18,3)
Net financial expense	14,5	24,8
Dividends from equity-accounted investees	5,9	7,1
Income tax	14,7	10,8
Change in post-employment benefits	(1,6)	(2,2)
Change in provisions for risks and charges	(5,7)	(4,7)
Cash flow from operations before changes in working capital	**170,4**	**155,7**
(Increase) decrease in trade and other receivables	26,4	34,2
Increase (decrease) in trade payables and other liabilities	(57,2)	(66,4)
(Increase) decrease in inventory	(4,7)	2,1
TOTAL CASH FLOW FROM OPERATIONS	**135,0**	**125,6**
Income tax received (paid)	(5,2)	(1,5)
Net financial expense paid	(14,0)	(26,9)
TOTAL NET CASH FROM OPERATIONS (A)	**115,8**	**97,2**
INVESTING ACTIVITIES		
(Acquisition) disposal net of PPE and intangible assets	(27,9)	(27,0)
Consideration from the disposal of investments	0,0	18,1
Decrease (increase) in other non-current assets	(3,9)	0,3
NET CASH USED IN INVESTING ACTIVITIES (B)	**(31,8)**	**(8,7)**
FINANCING ACTIVITIES		
Dividends paid	(13,4)	(6,7)
Increase (decrease) in financial payables	(137,6)	(53,4)
(Increase) decrease in current financial receivables	(1,0)	0,3
Increase (decrease) in non-controlling interests' share capital and	(1,0)	(1,5)
Other changes in equity	0,3	(1,9)
NET CASH USED IN FINANCING ACTIVITIES (C)	**(152,7)**	**(63,2)**
CASH FLOW FOR THE PERIOD (A)+(B)+(C)	**(68,7)**	**25,4**
CASH AND CASH EQUIVALENTS CLOSING BALANCE	**42,6**	**111,3**
Cash and cash equivalents	56,2	128,1
Current bank loans and overdrafts	(13,6)	(16,8)
Cash and cash equivalents closing balance	**42,6**	**111,3**

Segment reporting at 31 December 2018

The Group's performance can be read better by analyzing the results in 2018 by **main business segment** versus those of 2017:

2018 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Recurring RCS	Network operator (Cairo Network)	RCS	Trovatore	Intra and un allocated	Total
Gross operating revenue	111.4	183.4	106.8	1,025.6	12.0	1,025.6	0.9	(140.7)	1,299.5
Advertising agency discounts	-	(25.6)	-	(50.0)	-	(50.0)	-	0.3	(75.4)
Net operating revenue	**111.4**	**157.8**	**106.8**	**975.6**	**12.0**	**975.6**	**0.9**	**(140.4)**	**1,224.1**
Change in inventory	0.0	-	-	0.3	-	0.3	-	-	0.3
Other revenue and income	2.4	0.6	4.7	19.8	0.1	17.2	0.0	(1.6)	23.3
Total revenue	**113.8**	**158.4**	**111.5**	**995.7**	**12.1**	**993.1**	**0.9**	**(142.0)**	**1,247.8**
Production cost	(85.8)	(148.3)	(67.5)	(569.2)	(10.3)	(569.2)	(0.7)	142.0	(739.8)
Personnel expense	(19.5)	(9.9)	(35.5)	(264.7)	(0.1)	(262.9)	(0.1)	-	(328.0)
Income (expense) from equity-accounted investees	-	-	-	2.0	-	2.6	-	-	2.6
Non-recurring income (expense)	-	-	-	-	-	0.2	-		0.2
Gross operating profit (EBITDA)	**8.5**	**0.2**	**8.6**	**163.8**	**1.7**	**163.8**	**0.1**	**0.0**	**182.8**
Amortization, depreciation, provisions and impairment losses	(1.0)	(0.3)	(9.8)	(42.2)	(2.2)	(42.2)	0.0	-	(55.5)
EBIT	**7.5**	**(0.1)**	**(1.2)**	**121.6**	**(0.5)**	**121.6**	**0.1**	**0.0**	**127.3**
Other gains (losses) on financial assets/liabilities	-	-	-	(0.9)	-	(0.9)	-	-	(0.9)
Net financial income	0.0	(0.5)	0.1	(14.1)	(0.0)	(14.1)	(0.0)	-	(14.5)
Profit (loss) before tax	**7.5**	**(0.6)**	**(1.1)**	**106.6**	**(0.6)**	**106.6**	**0.1**	**0.0**	**111.9**
Income tax	(1.6)	(0.1)	1.5	(14.6)	0.1	(14.6)	(0.0)	-	(14.7)
Non-controlling interests	-	-	-	(37.1)	-	(37.1)	(0.0)		(37.1)
Profit from continuing operations	**6.0**	**(0.8)**	**0.4**	**54.9**	**(0.5)**	**54.9**	**0.1**	**0.0**	**60.1**
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	0.2	0.2
Profit for the period	**6.0**	**(0.8)**	**0.4**	**54.9**	**(0.5)**	**54.9**	**0.1**	**0.2**	**60.3**

Unaudited reclassified statements

2017 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	RCS	Trovatore	Intra and un allocated	Total
Gross operating revenue	90.1	173.1	99.1	7.9	943.6	0.9	(128.5)	1,186.2
Advertising agency discounts	-	(24.4)	-	-	(52.6)	-	0.2	(76.8)
Net operating revenue	**90.1**	**148.7**	**99.1**	**7.9**	**891.0**	**0.9**	**(128.4)**	**1,109.4**
Change in inventory	0.0	-	-	-	(0.3)	-	-	(0.3)
Other revenue and income	2.9	0.8	2.3	0.1	20.9	0.0	(0.9)	26.1
Total revenue	**93.0**	**149.5**	**101.4**	**8.0**	**911.6**	**0.9**	**(129.2)**	**1,135.3**
Production cost	(61.1)	(140.0)	(60.0)	(7.3)	(505.4)	(0.7)	129.2	(645.3)
Personnel expense	(19.7)	(9.1)	(34.4)	(0.2)	(258.1)	(0.0)	-	(321.4)
Income (expense) from equity-accounted investees	-	-	-	-	2.1	-	-	2.1
Non-recurring income (expense)	-	-	-	-	(1.8)	-	-	(1.8)
Gross operating profit (EBITDA)	**12.2**	**0.4**	**7.0**	**0.6**	**148.4**	**0.1**	**0.0**	**168.8**
Amortization, depreciation, provisions and impairment losses	(1.1)	(0.4)	(10.1)	(2.2)	(52.3)	0.0	-	(66.1)
EBIT	**11.1**	**0.0**	**(3.0)**	**(1.6)**	**96.0**	**0.1**	**0.0**	**102.7**
Other gains (losses) on financial assets/liabilities	-	-	-	-	16.2	-	-	16.2
Net financial income	(0.0)	(0.4)	0.2	(0.1)	(24.4)	(0.0)	-	(24.8)
Profit (loss) before tax	**11.1**	**(0.4)**	**(2.9)**	**(1.7)**	**87.8**	**0.1**	**0.0**	**94.1**
Income tax	(3.4)	(0.4)	2.1	0.4	(9.4)	(0.0)	-	(10.8)
Non-controlling interests	-	-	-	-	(31.3)	(0.0)	-	(31.3)
Profit from continuing operations	**7.7**	**(0.8)**	**(0.8)**	**(1.3)**	**47.1**	**0.1**	**0.0**	**52.0**
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Profit for the period	**7.7**	**(0.8)**	**(0.8)**	**(1.3)**	**47.1**	**0.1**	**0.0**	**52.0**

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Details of consolidated revenue at 31 December 2018

Gross operating revenue in 2018, split up by main business segment, can be analyzed as follows versus the amounts of 2017:

2018 (€ millions)	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	RCS	Trovatore	Intra and un allocated	Total
TV advertising	-	152.1	102.7	-	1.8	-	(105.6)	**151.0**
Advertising on print media, Internet and sporting events	19.5	30.7	1.6	-	454.0	-	(20.5)	**485.3**
Other TV revenue	-	-	2.5	-	7.8	-	(0.3)	**10.1**
Magazine over-the-counter sales and subs	93.4	-	-	-	437.7	-	(0.3)	**530.8**
VAT relating to publications	(1.5)	-	-	-	(5.3)	-	-	**(6.8)**
Other revenue	-	0.6	-	12.0	129.6	0.9	(14.0)	**129.2**
Total gross operating revenue	**111.4**	**183.4**	**106.8**	**12.0**	**1,025.6**	**0.9**	**(140.7)**	**1,299.5**
Other revenue	2.4	0.6	4.7	0.1	17.2	0.0	(1.6)	23.3
Total gross revenue	**113.8**	**184.0**	**111.5**	**12.1**	**1,042.8**	**0.9**	**(142.3)**	**1,322.8**

2017 (€ millions)	Magazine publishi Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	RCS	Trovatore	Intra and un allocated	Total
TV advertising	-	141.3	95.6	-	2.9	-	(96.8)	**143.0**
Advertising on print media, Internet and sporting events	20.4	31.2	1.6	-	459.5	-	(21.0)	**491.7**
Other TV revenue	-	-	1.9	-	8.7	-	(0.5)	**10.0**
Magazine over-the-counter sales and subsc	71.2	-	-	-	345.1	-	(0.3)	**416.1**
VAT relating to publications	(1.5)	-	-	-	(4.8)	-	-	**(6.3)**
Other revenue	-	0.6	-	7.9	132.2	0.9	(9.9)	**131.7**
Total gross operating revenue	**90.1**	**173.1**	**99.1**	**7.9**	**943.6**	**0.9**	**(128.5)**	**1,186.2**
Other revenue	2.9	0.8	2.3	0.1	20.9	0.0	(0.9)	26.1
Total gross operating revenue	**93.0**	**173.9**	**101.4**	**8.0**	**964.5**	**0.9**	**(129.4)**	**1,212.3**

Summary of the main income statement figures of the Parent at 31 December 2018

The main **income statement figures of Cairo Communication S.p.A.** in 2018 can be compared as follows versus those in 2017:

(€ millions)	2018	2017
Gross operating revenue	6.9	105.5
Advertising agency discounts	-	-
Net operating revenue	**6.9**	**105.5**
Other revenue and income	0.7	1.2
Total revenue	**7.6**	**106.7**
Production cost	(109.7)	(103.5)
Personnel expense	(3.2)	(3.2)
Gross operating profit (EBITDA)	**0.1**	**-**
Amortization, depreciation, provisions and impairment losses	(0.2)	(0.3)
EBIT	**(0.1)**	**(0.3)**
Net financial income	(0.5)	(0.5)
Other gains (losses) on financial assets/liabilities	7.1	8.3
Profit (loss) before tax	**6.5**	**7.5**
Income tax	(0.1)	(0.2)
Profit for the year	**6.4**	**7.3**

Unaudited reclassified statements

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

(€ millions)	2018	2017
Statement of comprehensive income of the Parent		
Profit	6.4	7.3
Other non-reclassifiable items of the comprehensive income statement		
Actuarial profit (loss) from defined benefit plans	-	-
Tax effect	-	-
Total comprehensive income	**6.4**	**7.3**

Unaudited reclassified statements

Summary of the main figures of the statement of financial position of the Parent at 31 December 2018

The main **statement of financial position figures** of Cairo Communication S.p.A. at 31 December 2018 can be compared with the situation at 31 December 2017:

(€ millions)	**31/12/2018**	**31/12/2017**
Statement of financial position		
Property, plant and equipment	0.3	0.3
Intangible assets	0.2	0.2
Financial assets	328.9	328.9
Other non-current financial assets	24.2	16.8
Net trade working capital	(24.7)	(14.3)
Total assets	328.9	331.9
Non-current borrowings and provisions	1.6	1.5
(Net financial position)/Net debt	75.7	71.6
Equity	251.6	258.8
TOTAL EQUITY AND LIABILITIES	328.9	331.9

Unaudited reclassified statements

The **net financial position** of the Parent at 31 December 2018, versus the situation at 31 December 2017, is summarized as follows:

(€ millions)	**31/12/2018**	**31/12/2017**	**Change**
Cash and cash equivalents	4.3	6.6	(2.3)
Current financial payables to subsidiaries	(40.0)	-	(40.0)
Non-current financial payables	(40.0)	(78.2)	38.2
Total	**(75.7)**	**(71.6)**	**(4.1)**

Unaudited reclassified statements

Cash flow statement

The **cash flow statement** at 31 December 2018 of Cairo Communication S.p.A. can be compared with the cash flow statement at 31 December 2017:

Cash flow statement *(€ millions)*	**31/12/2018**	**31/12/2017**
Cash and cash equivalents	**6.6**	**4.4**
Profit	6.4	7.3
Amortization, depreciation, provisions and impairment losses	0.2	0.3
Impairment losses on investments	0.1	0.2
Net financial income	(6.6)	(8.0)
Income tax	0.1	0.2
Change in provision for post-employment benefits	0.1	0.1
Change in provisions for risks and charges	-	-
Cash flow from operations before changes in working capital	**0.2**	**0.1**
(Increase) decrease in trade and other receivables	1.0	(1.9)
Increase (decrease) in trade and other payables	9.0	7.9
Total cash flow from operations	**10.2**	**6.0**
Income tax paid	(0.1)	-
Financial expense paid	(0.5)	(0.5)
Total cash flow from operations (A)	**9.6**	**5.6**
(Acquisition) net disposals of PPE and intangible assets	(0.1)	(0.1)
Interest and financial income received	-	-
Dividends received	7.1	8.5
Cash component of consideration recognized in the acquisition of the investmen in RCS MediaGroup S.p.A.	-	-
Net increase in other non-current assets	(7.1)	(5.1)
Net cash flow used in investing activities (B)	**(0.1)**	**3.3**
Re-measurement of defined benefit plans inclusive of tax effect		-
Dividends paid	(13.4)	(6.7)
Increase (decrease) in financial payables	1.8	-
Other changes in equity	(0.2)	-
Net cash flow used in financing activities (C)	**(11.9)**	**(6.8)**
Cash flow of the year (A)+(B)+(C)	**(2.3)**	**2.1**
Net cash and cash equivalents closing balance	**4.3**	**6.6**

Unaudited reclassified statements

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 the EBIT, and is calculated as follows:

Result from continuing operations, before tax

+/- Net finance income

+/- Share in associates

EBIT - Operating profit

+ Amortization & depreciation
+ Bad debt impairment losses
+ Provisions for risks
+ Income (expense) from equity-accounted investees

EBITDA – Operating profit, before amortization, depreciation, provisions 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 expense from equity-accounted investees.

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 2018 Annual Report, consolidated EBITDA has been determined consistently with the definition adopted by 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.

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