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Testo del comunicato

Vedi allegato.



CAIRO COMMUNICATION

Press Release - Results at 30 September 2020 approved

- In third quarter 2020, thanks to the actions taken to support and develop revenue and to contain costs, the Group's gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent (respectively Euro 24.6 million, Euro 7.1 million and Euro 1.3 million) were on the rise versus the figures recorded in the same period of 2019 (respectively Euro 21.6 million, Euro 3 million and Euro -0.7 million), confirming the expectations reported at end July 2020.
- Corriere della Sera is the leading Italian daily newspaper on newsstands and online with 28.9 million average monthly unique users in first nine months 2020, with a total active digital customer base of approximately 285 thousand subscriptions, up sharply (78%) versus September 2019
- La7 confirmed the high audience levels (3.42% in the all-day share and 4.83% in prime time). In the nine months, advertising sales on La7 and La7d outperformed (-7.8%) the TV advertising market by 7.5% (-15.3% AC Nielsen), and then grew in the third quarter by approximately 13% (+7.4% the TV market, Nielsen) versus the same period of 2019. The positive trend continued in October (over +5%).
- In first nine months 2020, the Group achieved gross operating profit (EBITDA) of Euro 36.2 million, impacted by non-recurring expense of Euro 5.8 million, and a reduction in consolidated net financial debt of Euro 34.7 million versus end 2019
- RCS continued to generate positive cash flows with financial debt decreasing by Euro 25.8 million versus end 2019. Gross operating profit (EBITDA) in the consolidated financial statements of Cairo Communication amounted to Euro 30.1 million¹, impacted by non-recurring expense of Euro 5.8 million. Digital revenue accounts for approximately 22% of the total. Advertising sales on online media make for 42%
- The results in the nine months of the magazine publishing segment Cairo Editore are higher than those recorded in the same period of 2019

Milan, 12 November 2020: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Statement at 30 September 2020.

| Income statement and balance sheet figures (€ millions) - Nine months | 30/09/2020 | 30/09/2019 |
|---|--------------------|--------------------|
| Consolidated gross revenue | 697.1 | 911.2 |
| EBITDA | 36.2 | 119.0 |
| EBIT | (18.1) | 62.4 |
| Profit (loss) attributable to the owners of the parent | (11.4) | 23.5 |
| | 30/09/2020 | 31/12/2019 |
| Net financial debt | 99.9 | 134.6 |
| Income statement figures - Third quarter (€ millions) | 3° quarter 2020 | 3° quarter 2019 |
| Consolidated revenue | 238.5 | 265.1 |
| EBITDA | 24.6 | 21.6 |
| EBIT | 7.1 | 3.0 |
| Profit (loss) attributable to the owners of the parent | 1.3 | (0.7) |

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 "Alternative Performance Measures". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting to a total of Euro 2.4 million in first nine months 2020 - EBITDA shown in the RCS Interim Management Statement at 30 September 2020, approved on 9 November 2020, amounted to Euro 27.7 million.

In the first months of 2020, the national and international landscape was swept by the spread of the Coronavirus and the ensuing restrictions for its containment adopted by the governments of all the countries involved; these restrictions have had and are having a direct effect on the organization and timing of work, on the Group's activities and the general performance of the economy, in addition to the severe social impact, resulting in a context of general uncertainty.

As part of the activities relating to the organization of sporting events, the cycle races and the *Milano Marathon* and a number of mass events, scheduled for the first half of 2020, have been postponed. RCS was able to put the *Strade Bianche* (1 August 2020), *Milano Sanremo* (8 August 2020), *Il Lombardia* (15 August), *Tirreno Adriatico* (7-14 September 2020) and *Giro d'Italia* (3-25 October 2020) back on the 2020 international cycling calendar. Among the events initially scheduled in the first half of the year, the *Milano Marathon* and the other mass events have been postponed to 2021.

From end February, the circulation of sports newspapers *La Gazzetta dello Sport* and *Marca* was affected by the suspension of "played" sport.

Advertising sales in the four months March-June slowed down both in Italy and Spain, but has rebounded starting from June. The book segment too was impacted by the order to temporarily shut bookshops.

The month of May marked the start of the so-called Phase 2 in Italy, followed in June by Phase 3, which resulted in a gradual easing of the containment measures of Phase 1 (lockdown), with the gradual reopening of production and industrial activities and of restaurants, bars, and retail, tourist and entertainment activities. Spain gradually reopened too, only with a time lag of several weeks.

From around mid-June, after a three-month stoppage, the main European Football Championships, including the Serie A and the Spanish Liga, were back on the pitch. Broadly speaking, the resumption of played sport has had a beneficial impact on the circulation of *La Gazzetta dello Sport* and *Marca*.

The containment of infections, which marked the end of the first half and part of the third quarter, has led to a gradual improvement in the situation, which has started to show positive effects on the economy in general and on the Group's activities.

In first nine months 2020, amid the uncertainty brought by the health emergency, with the core markets in decline, advertising in Italy and Spain in particular:

- In **third quarter 2020**, thanks to the actions taken to support and develop revenue, as well as to contain costs, the Group's gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent were on the rise versus the figures in the same period of 2019, confirming the expectations disclosed at end July 2020;
- with an aggregate figure of over 30.6 million average monthly unique users (net of duplications) in the period January-September 2020 (*Audiweb Media View*) on the digital properties of RCS and La7, the **Group** ranked as the fifth digital media player in Italy, just after the major platforms *Google*, *Facebook*, *Amazon* and *Microsoft*;
- **RCS** continued to generate positive cash flows in the nine months, with financial debt down by Euro 25.8 million versus end 2019, and achieved gross operating profit of Euro 30.1 million¹, impacted by net non-recurring expense of Euro 5.8 million. In the current health emergency phase, *Corriere della Sera*, thanks to its authority, confirmed its newsstand sales forecasts and, most of all, accelerated the growth of digital operations: at end September, its total active digital customer base (digital edition, membership and m-site) counted 285 thousand subscriptions, up by 78% versus September 2019. Both Italian newspapers retained their circulation leadership in their respective market segments at September 2020 (*ADS*). In Spain, *Marca* and *Expansión* retained their circulation leadership in their respective market segments at September 2020 (*OJD*). The main digital performance indicators confirm the top market position of RCS with the *Corriere* and *Gazzetta* brands which, in the period January-September 2020, counted 28.9 million and 13.8 million average monthly unique users and 4.4 million and 2.2 million average daily unique users respectively (*Audiweb 2.0*). In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansion.com* in first nine months 2020 reached 23 million, 17 million and 7 million average monthly unique users respectively (*Comscore IP Spain*, which considers only traffic coming from Spain). On 18 March 2020, *Expansión* launched its own digital pay model (freemium), following in the footsteps of *El Mundo* and *La Gazzetta dello Sport* at end 2019. In September, *El Mundo* exceeded 50 thousand digital subscriptions and achieved online leadership in Spain with 24.6 million unique users (*Comscore*). Against this backdrop, total digital revenue (Italy and Spain), which amounted to approximately Euro 108.6 million, accounted for 22%

- of total revenue; specifically, total advertising sales on online media amounted to Euro 78.1 million, accounting for 42% of total advertising revenue;
- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.42% in the all-day share and 4.83% in prime time). In first nine months 2020, advertising sales on La7 and La7d totaled Euro 95.2 million (Euro 103.3 million in 2019), down (-7.8%) versus the same period of the prior year, but outperforming by 7.5% the TV advertising market (-15.3% Nielsen). Starting in June, advertising sales began to show signs of a recovery, more than confirmed in the July-September quarter, with revenue from the two channels up by approximately 13% versus the same period of 2019 (+7.4% the TV market, Nielsen), a positive trend that continued in October (over +5% versus the same month of 2019). The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 7.5% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.5% from Monday to Friday, *diMartedì* 6.1%, *Piazzapulita* 5.4%, *Propaganda Live* 5.6%, *Non è l'Arena* 6.9%, *Omnibus La7* 4.1%, *Coffee Break* 4.2%, *L'Aria che tira* 6%, *Tagadà* 3.8%, *In Onda* 5%, *Atlantide* 3.2%, *Eden un pianeta da salvare* 2.7%, the "maratone" hosted by Enrico Mentana (11.6% share the Election Special edition on 26/27 January). On the web front, the La7 websites (La7.it, TGla7.it, Sedanoallegro.it) and the La7 and TGla7 apps achieved remarkable results with 6 million average monthly unique users in first nine months 2020, more than double versus the same period of 2019 (2.9 million);
- the **magazine publishing segment Cairo Editore** achieved in the nine months higher results than those of the same period of 2019, confirmed high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing own costs.

In **third quarter** 2020, consolidated gross revenue amounted to approximately Euro 238.5 million (comprising gross operating revenue of Euro 236.3 million and other revenue and income of Euro 2.2 million) versus Euro 265.1 million in the same quarter of 2019 (comprising gross operating revenue of Euro 259.6 million and other revenue and income of Euro 5.5 million). Gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to approximately Euro 24.6 million, Euro 7.1 million and Euro 1.3 million, up versus the results of the same period of the prior year (Euro 21.6 million, Euro 3 million and Euro -0.7 million in 2019).

In **first nine months** 2020, consolidated gross revenue amounted to approximately Euro 697.1 million (comprising gross operating revenue of Euro 685.5 million and other revenue and income of Euro 11.6 million) versus Euro 911.2 million in 2019 (comprising gross operating revenue of Euro 891.7 million and other revenue and income of Euro 19.5 million). The downturn is due mainly to the effects of the health emergency and the absence of a number of sporting and non-sporting events in the first nine months (Euro -53.8 million in sundry and advertising revenue), as among which the *Giro d'Italia* (held in October) and the *Milano Marathon*, plus a number of mass events postponed to 2021, the lower circulation of sports newspapers (Euro -36.7 million) and the drop in advertising sales (Euro -84.7 million, net of the previous reference to events).

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 36.2 million and Euro -18.1 million (Euro 119 million and Euro 62.4 million in first nine months 2019). Excluding non-recurring income and expense (Euro -3.5 million the total effect, amounting to Euro -5.8 million in first nine months 2020 and Euro -2.3 million in the same period of 2019), gross operating profit would amount to Euro 42 million, with a change caused in the first half mainly by the effects on revenue of the health emergency. Non-recurring expense refers mainly to the allocation of provisions for early retirement schemes of the subsidiary RCS.

To counter the impacts of the emergency, the Group has implemented a series of actions. As a first response measure, it has organized itself to be able to continue its activities safely and minimize the impact in terms of health and safety in the workplace, implementing smart working and promoting distance agile work as much as possible. In this context, measures were then implemented on all cost items. The analysis is conducted based on a cost/benefit logic with a "zero base" approach, which covered all types of costs and business processes. The overall benefits of these cost containment actions in first nine months 2020 amounted to approximately Euro 56.3 million.

Profit attributable to the owners of the parent came to approximately Euro -11.4 million (Euro 23.5 million in the same period of 2019).

Looking at the business segments, in first nine months 2020:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 5.5 million and Euro 4.2 million (Euro 5.3 million and Euro 3.8 million in 2019). Regarding weeklies, with approximately 1.2 million average copies sold in the period January-September 2020 (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 (comprising copies sold of “*Enigmistica Più*” and of “*Enigmistica Mia*”), average copies sold were approximately 1.5 million;
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro -2.2 million (Euro 3.4 million in 2019). Operating profit (EBIT) was approximately Euro -11.5 million (Euro -5.1 million in 2019). Mention should be made that the TV publishing segment’s seasonality factors generally impact on the results of the third quarter of the year;
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 2 million and Euro -0.3 million (Euro 2.1 million and Euro -0.2 million in 2019);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 0.7 million and Euro -1.1 million respectively (Euro 1.1 million and Euro 0.8 million in 2019);
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 30.1 million² and Euro -9.4 million respectively (Euro 107.1 million and Euro 63 million in the same period of 2019). The decrease in gross operating profit, impacted by net non-recurring expense of Euro 5.8 million (Euro -2.3 million in the same period of 2019, with a difference therefore of Euro -3.5 million), regards the first half of the year (Euro -78.2 million), and is attributable basically to the effects of the mentioned health emergency. Mention should be made that RCS’s seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 493.7 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 108.6 million and accounting for 22% of total revenue.

Initiatives continued on maintaining and developing revenue. In Italy, regarding the main initiatives only, the “*La Lettura*” app was launched on 13 February, March saw the launch of the new *CheAutoCompro.it* website, followed on 7 April by “*Professionisti*”, a new channel dedicated to professional associations and VAT-registered self-employed professionals. In May, RCS’s events proposition was transformed and reinvented with the birth of “*Digilive*”, a virtual square for the creation of digital events (the most noteworthy including *Cook@Home*, “*Pianeta 2020*”, “*Civil Week Lab*”). On 10 June, *Corriere Innovazione* presented a new online version, also introducing “*Innovazione TV*”, a channel hosting up to 200 videos, in particular the “*digital lunch*”. 3 July saw the launch of the new *La Gazzetta dello Sport* app, which mirrors the editorial offer appearing on the *Gazzetta* website. On 29 September, a new *Giro d'Italia* App was released, available in four languages, which allows users to follow the race in real time on tablets and mobile phones. The month of September saw the seventh edition of “*Il tempo delle donne*”, entitled “*RiGenerazioni*”, with physical attendance of the meetings only for few owing to the current situation, or streamed on *corriere.it* and *iltempodelledonne.it*. The event was a great success, with full house at Triennale Milano and over 12 million online views. October saw the third edition of the “*Festival dello Sport*”, in full digital mode. This year, to cast a spotlight on the health emergency, meetings, talk shows, interviews and camps could be accessed with no limits through the *Digilive* digital platform.

In Spain, regarding the main initiatives only, *Marca Coches y motos* was unveiled on 21 February 2020, a new portal dedicated to the world of engines, followed on 15 March 2020 by *El Mundo*’s launch of a new editorial offer for the Sunday release; on 18 March 2020, *Expansión* launched its own digital pay model, similar to *El Mundo*’s at end 2019 (freemium model). In April, May and June, the

² 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 to a total of Euro 2.4 million in first nine months 2020 - EBITDA shown in the RCS Interim Management Statement at 30 September 2020, approved on 9 November 2020, amounted to Euro 27.7 million.

Salud area was key to delivering information on the COVID-19 pandemic. During the health emergency period, *Marca.com* created a series of sports-related tournaments and events, with live streaming on *marca.com*. October witnessed the first International Economic Forum of *Espansión*, held in association with Studio Ambrosetti, which addressed topics relating to the current national and international macroeconomic situation.

Consolidated **net financial debt** at 30 September 2020 amounted to approximately Euro 99.9 million (Euro 134.6 million at 31 December 2019), Euro 106 million of which referring to RCS (Euro 131.8 million at 31 December 2019). The improvement in the net financial debt of Euro 34.7 million is attributable mainly to cash flows from ordinary operations (comprising the dynamics of current assets) and to the positive effects of the disposal of the investment in Last Lap (Euro 4 million), offset by outlays for capital expenditure.

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 186.8 million, amounted to Euro 286.7 million (Euro 339.2 million at 31 December 2019).

In first nine months 2020, in particular in the first half of the year, the Group's results were impacted by the spread of the Coronavirus and the ensuing restrictions for its containment adopted since end February by the governments of all the countries involved.

The health emergency, and the severe social impact, has had and is having repercussions on the organization and timing of work, on the Group's activities and on economic performance, resulting in a general context of great uncertainty.

During the course of 2020, however, the Group has constantly kept its information offering "on", meeting the public's growing need to stay informed, ensuring a timely service to its viewers and readers and to all newsstands. The programmes of *La7*, the daily editions of *Corriere della Sera* and *La Gazzetta dello Sport* in Italy and *El Mundo*, *Marca* and *Expansion* in Spain, and the Group's web and social magazines and platforms, are playing 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, paper and online information, with strong television ratings and digital traffic figures, in particular the *Corriere* brand and the digital properties of *La7* which, in the period January-September 2020, recorded 28.9 million and 6.0 million average monthly unique users respectively, versus 21.5 million and 2.9 million in the same period of 2019, and 4.4 million and 0.4 million average daily unique users versus 2.5 million and 0.2 million in the same period of 2019 (*Audiweb 2.0*). The total active digital customer base for *Corriere della Sera* too, which reached at end September approximately 285 thousand subscriptions, grew by 78% versus the same period of 2020. In Spain, in September *El Mundo* was the leader in online information with 24.6 million unique users (*Comscore*) and reached almost 51 thousand digital subscriptions.

The month of May marked the start of the so-called Phase 2 in Italy, followed in June by Phase 3, which resulted in a gradual easing of the containment measures of Phase 1 (lockdown), with the gradual reopening of production and industrial activities and of restaurants, bars, and retail, tourist and entertainment activities. Spain gradually reopened too, only with a time lag of several weeks.

On 20 June, after a three-month stoppage, the Serie A football championship returned to the pitch, followed in the same period by the main European national championships, including the Spanish Liga.

Broadly speaking, the resumption of played sport is having a beneficial impact on the circulation of *La Gazzetta dello Sport* and *Marca*.

As part of the activities related to the organization of sporting events, RCS Sport was able to put the *Strade Bianche* (1 August 2020), *Milano Sanremo* (8 August 2020), *Il Lombardia* (15 August), *Tirreno Adriatico* (7-14 September 2020) and *Giro d'Italia* (3-25 October 2020) back on the 2020 international cycling calendar.

The containment of infections, which marked the end of the first half and part of the third quarter, has led to a gradual improvement in the situation, which has started to show positive effects on the economy in general and on the Group's activities.

In third quarter 2020, thanks to the actions taken to support and develop revenue, as well as to contain costs, the Group's gross operating profit, operating profit and net profit were on the rise versus the figures recorded in the same period of 2019, confirming the expectations disclosed at end July 2020.

In October, the Group managed to complete the *Giro d'Italia* thanks to its great organizational effort, with the finish in Milan on 25 October, and to achieve results in line with expectations.

The number of Coronavirus cases, however, has been on the rise in Spain since August, with clusters initially breaking out in Catalonia, Aragon and the Basque Country. In September, the situation worsened even further, leading the local communities (regions) to reintroduce restrictions, such as the early closure of a number of businesses. The developing emergency situation at end October has forced the Government to restore the state of alert and limit movement at nighttime and between regions, introducing further restrictions on retail activities.

In Italy too, starting from October, the infection curve is on the rise again, forcing the Government to reduce opening hours and services of recreational and catering activities, as well as amateur sports, and to further encourage smart working and the use of flexible and/or remote forms for the organization of teaching. Tougher measures have been adopted, which differ by risk zone (red, orange, yellow), designated by a series of indicators that classify the various regions. For red zones, the measures include severe restrictions on travel, except for proven needs, and the shutdown of bars, restaurants and numerous retail categories.

The Group is monitoring developments on a daily basis to minimize the impacts in terms of health and safety in the workplace and on the operating and financial front, by defining and implementing flexible and timely action plans.

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 emergency plays out in the coming months, as well as on the effectiveness of the public measures, including the economic ones, implemented in the meantime and those to be implemented.

At any rate, the Group believes it has adequate management levers to counter the impacts of the health emergency in 2020 and thus confirm its medium-long term prospects.

In consideration of the actions already implemented and those planned, in the absence of tighter measures to contain the pandemic, an extension of their duration, or a significant expansion of the regions classified in the highest risk bands, the Group believes it can confirm the target of achieving in the second half of 2020 margin levels (EBITDA) in line with those achieved in the same period of 2019.

Developments in the health emergency, 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 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 30 September 2020

The main consolidated income statement figures in the first nine months and in third quarter 2020 can be compared as follows with those of the same period of 2019:

| (€ millions) | 30/09/2020 | 30/09/2019 |
|---|---------------|--------------|
| Gross operating revenue | 685.5 | 891.7 |
| Advertising agency discounts | (38.2) | (49.1) |
| Net operating revenue | 647.3 | 842.5 |
| Change in inventory | (0.2) | 2.6 |
| Other revenue and income | 11.6 | 19.5 |
| Total revenue | 658.7 | 864.6 |
| Production costs | (389.5) | (500.5) |
| Personnel expense | (226.5) | (243.4) |
| Income (expense) from equity-accounted investees | (0.7) | 0.5 |
| Non-recurring income (expense) | (5.8) | (2.3) |
| Gross operating profit | 36.2 | 119.0 |
| Amortization, depreciation, provisions and impairment losses | (54.4) | (56.6) |
| Operating profit | (18.1) | 62.4 |
| Other gains (losses) from financial assets/liabilities | 6.3 | - |
| Net financial income | (9.4) | (13.0) |
| Profit (loss) before tax | (21.2) | 49.4 |
| Income tax | 6.6 | (9.8) |
| Non-controlling interests | 3.3 | (16.0) |
| Profit (loss) from continuing operations | (11.4) | 23.5 |
| Profit (loss) from discontinued operations | - | - |
| Profit (loss) attributable to the owners of the parent | (11.4) | 23.5 |

Unaudited reclassified statements

| (€ millions) | 30/09/2020 (Three months) | 30/09/2019 (Three months) |
|---|--|--|
| Gross operating revenue | 236.3 | 259.6 |
| Advertising agency discounts | (12.4) | (12.7) |
| Net operating revenue | 223.9 | 246.9 |
| Change in inventory | 0.5 | 1.5 |
| Other revenue and income | 2.2 | 5.5 |
| Total revenue | 226.6 | 253.9 |
| Production costs | (132.4) | (155.5) |
| Personnel expense | (69.1) | (75.7) |
| Income (expense) from equity-accounted investees | - | 0.2 |
| Non-recurring income (expense) | (0.4) | (1.1) |
| Gross operating profit | 24.6 | 21.6 |
| Amortization, depreciation, provisions and impairment losses | (17.5) | (18.6) |
| Operating profit | 7.1 | 3.0 |
| Other gains (losses) from financial assets/liabilities | - | - |
| Net financial income | (3.2) | (4.3) |
| Profit (loss) before tax | 3.8 | (1.3) |
| Income tax | (0.8) | 1.3 |
| Non-controlling interests | (1.7) | (0.7) |
| Profit (loss) from continuing operations | 1.3 | (0.7) |
| Profit (loss) from discontinued operations | - | - |
| Profit (loss) attributable to the owners of the parent | 1.3 | (0.7) |

Unaudited reclassified statements

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

| € millions | 30 September 2020 (9 months) | 30 September 2020 (3 months) | 30 September 2019 (9 months) | 30 September 2019 (3 months) |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Profit (loss) for the period | (14.7) | (3.0) | 39.5 | 0.0 |
| <i>Reclassifiable items of the comprehensive income statement</i> | | | | |
| Gains (losses) from the translation of financial statements denominated in foreign currencies | 0.0 | | - | |
| Gains (losses) from cash flow hedges | (0.4) | (0.1) | (1.0) | (0.2) |
| Reclassification of gains (losses) from cash flow hedges | 0.4 | 0.1 | 0.4 | 0.1 |
| Tax effect | - | | 0.1 | |
| <i>Non-reclassifiable items of the comprehensive income statement</i> | | | | |
| Gains (losses) from the fair value measurement of equity instruments | (0.1) | (0.1) | - | 0.1 |
| Actuarial gains (losses) from defined benefit plans | (0.4) | - | | |
| Tax effect | 0.1 | - | | |
| Total comprehensive income for the period | (14.7) | 3.3 | 39.1 | 0.0 |
| - Owners of the parent | (11.4) | 1.7 | 23.2 | (0.7) |
| - Non-controlling interests | (3.3) | 1.6 | 15.9 | 0.7 |
| | (14.7) | 3.3 | 39.1 | 0.0 |

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 30 September 2020

The main consolidated **statement of financial position** figures at 30 September 2020 can be compared as follows with those at 31 December 2019:

| (€ millions) | 30/09/2020 | 31/12/2019 |
|--|----------------|----------------|
| Statement of financial position | | |
| Property, plant and equipment | 75.1 | 81.0 |
| Rights of use on leased assets | 170.5 | 188.8 |
| Intangible assets | 981.9 | 988.8 |
| Financial assets | 56.1 | 57.4 |
| Deferred tax assets | 102.9 | 97.2 |
| Net working capital | (89.4) | (50.2) |
| Total assets | 1,297.1 | 1,363.0 |
| Non-current liabilities and provisions | 110.2 | 108.9 |
| Deferred tax provision | 164.9 | 164.7 |
| (Financial position)/Net debt | 99.9 | 134.6 |
| Liabilities from leases (pursuant to IFRS 16) | 186.8 | 204.5 |
| Equity attributable to the owners of the parent | 441.5 | 453.3 |
| Equity attributable to non-controlling interests | 293.8 | 297.0 |
| Total equity and liabilities | 1,297.1 | 1,363.0 |

Unaudited reclassified statements

The consolidated **net financial debt** at 30 September 2020, versus the consolidated financial statement amounts at 31 December 2019, is summarized in the table below:

| Net financial debt (€ millions) | 30/09/2020 | 31/12/2019 | Change |
|--|----------------|----------------|-------------|
| Cash and cash equivalents | 55.0 | 50.1 | 4.9 |
| Other current financial assets and financial receivables | 24.5 | 13.9 | 10.6 |
| Current financial assets (liabilities) from derivative instruments | (0.2) | (0.2) | 0.0 |
| Current financial payables | (57.1) | (74.6) | 17.5 |
| Current net financial position (net financial debt) | 22.3 | (10.7) | 33.1 |
| Non-current financial payables | (121.1) | (122.9) | 1.8 |
| Non-current financial assets (liabilities) from derivative instruments | (1.1) | (1.0) | (0.1) |
| Non-current net financial position (net financial debt) | (122.2) | (123.9) | 1.7 |
| Net financial position (net financial debt) | (99.9) | (134.6) | 34.7 |
| Liabilities from leases (pursuant to IFRS 16) | (186.7) | (204.5) | 17.8 |
| Total net financial position (net financial debt) | (286.7) | (339.2) | 52.5 |

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Segment reporting at 30 September 2020

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

| 2020 (nine months) | Magazine publishing Cairo Editore | Advertising | TV publishing La7 | Network operator (Cairo Network) | Trovatore | RCS | Intra and unallocated | Total |
|--|--------------------------------------|--------------|----------------------|-------------------------------------|--------------|---------------|-----------------------|---------------|
| (€ millions) | | | | | | | | |
| Gross operating revenue | 68.5 | 109.9 | 68.0 | 9.0 | 0.6 | 516.4 | (86.8) | 685.5 |
| Advertising agency discounts | - | (15.7) | - | - | - | (22.6) | 0.2 | (38.2) |
| Net operating revenue | 68.5 | 94.1 | 68.0 | 9.0 | 0.6 | 493.7 | (86.6) | 647.3 |
| Change in inventory | 0.0 | - | - | - | - | (0.2) | - | (0.2) |
| Other revenue and income | 1.3 | 0.7 | 3.0 | 0.0 | - | 7.7 | (1.1) | 11.6 |
| Total revenue | 69.8 | 94.8 | 71.0 | 9.0 | 0.6 | 501.1 | (87.6) | 658.7 |
| Production costs | (51.9) | (87.5) | (46.1) | (6.9) | (0.5) | (284.2) | 87.6 | (389.5) |
| Personnel expense | (12.4) | (6.5) | (27.1) | (0.1) | (0.1) | (180.3) | - | (226.5) |
| Income (expense) from equity-accounted investees | - | - | - | - | - | (0.7) | - | (0.7) |
| Non-recurring income (expense) | - | - | - | - | - | (5.8) | - | (5.8) |
| Gross operating profit | 5.5 | 0.7 | (2.2) | 2.0 | (0.0) | 30.1 | 0.0 | 36.2 |
| Amortization, depreciation, provisions and impairment losses | (1.3) | (1.9) | (9.3) | (2.3) | (0.0) | (39.5) | - | (54.4) |
| Operating profit | 4.2 | (1.1) | (11.5) | (0.3) | (0.0) | (9.4) | 0.0 | (18.1) |
| Other gains (losses) from financial assets/liabilities | - | - | - | - | - | 6.3 | - | 6.3 |
| Net financial income | 0.0 | (0.4) | (0.1) | (0.2) | (0.0) | (8.8) | - | (9.4) |
| Profit (loss) before tax | 4.2 | (1.5) | (11.6) | (0.5) | (0.0) | (11.8) | 0.0 | (21.2) |
| Income tax | (0.6) | 0.4 | 3.1 | 0.1 | (0.0) | 3.6 | - | 6.6 |
| Non-controlling interests | - | - | - | - | 0.0 | 3.3 | - | 3.3 |
| Profit (loss) from continuing operations | 3.6 | (1.2) | (8.5) | (0.4) | (0.0) | (4.9) | 0.0 | (11.4) |
| Profit (loss) from discontinued operations | - | - | - | - | - | - | (0.0) | (0.0) |
| Profit (loss) for the period attributable to the owners of the parent | 3.6 | (1.2) | (8.5) | (0.4) | (0.0) | (4.9) | (0.0) | (11.4) |

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| 2019 (nine months) | Magazine publishing Cairo Editore | Advertising | TV publishing La7 | Network operator (Cairo Network) | Trovatore | RCS | Intra and unallocated | Total |
|--|--------------------------------------|--------------|----------------------|-------------------------------------|------------|--------------|-----------------------|--------------|
| (€ millions) | | | | | | | | |
| Gross operating revenue | 75.3 | 124.8 | 73.6 | 9.1 | 0.6 | 705.8 | (97.5) | 891.7 |
| Advertising agency discounts | - | (17.6) | - | - | - | (31.9) | 0.3 | (49.1) |
| Net operating revenue | 75.3 | 107.2 | 73.6 | 9.1 | 0.6 | 673.9 | (97.2) | 842.5 |
| Change in inventory | (0.0) | - | - | - | - | 2.6 | - | 2.6 |
| Other revenue and income | 1.4 | 0.5 | 3.8 | 0.0 | 0.0 | 14.3 | (0.6) | 19.5 |
| Total revenue | 76.8 | 107.7 | 77.4 | 9.1 | 0.6 | 690.8 | (97.8) | 864.6 |
| Production costs | (58.3) | (99.9) | (46.9) | (6.9) | (0.5) | (385.8) | 97.8 | (500.5) |
| Personnel expense | (13.2) | (6.7) | (27.2) | (0.1) | (0.1) | (196.1) | - | (243.4) |
| Income (expense) from equity-accounted investees | - | - | - | - | - | 0.5 | - | 0.5 |
| Non-recurring income (expense) | - | - | - | - | - | (2.3) | - | (2.3) |
| Gross operating profit (EBITDA) | 5.3 | 1.1 | 3.4 | 2.1 | 0.1 | 107.1 | - | 119.0 |
| Amortization, depreciation, provisions and impairment losses | (1.4) | (0.3) | (8.5) | (2.3) | 0.0 | (44.0) | - | (56.6) |
| Operating profit (EBIT) | 3.8 | 0.8 | (5.1) | (0.2) | 0.1 | 63.0 | - | 62.4 |
| Other gains (losses) on financial assets/liabilities | - | - | - | - | - | - | - | - |
| Net financial income | (0.1) | (0.4) | (0.1) | (0.2) | (0.0) | (12.2) | - | (13.0) |
| Profit (loss) before tax | 3.8 | 0.4 | (5.2) | (0.4) | 0.1 | 50.8 | - | 49.4 |
| Income tax | (0.6) | (0.5) | 2.3 | 0.1 | (0.0) | (11.0) | - | (9.8) |
| Non-controlling interests | - | - | - | - | (0.0) | (16.0) | - | (16.0) |
| Profit (loss) from continuing operations | 3.1 | (0.0) | (3.0) | (0.4) | 0.0 | 23.7 | - | 23.5 |
| Profit (loss) from discontinued operations | - | - | - | - | - | - | (0.0) | (0.0) |
| Profit (loss) for the period attributable to the owners of the parent | 3.1 | (0.0) | (3.0) | (0.4) | 0.0 | 23.7 | (0.0) | 23.5 |

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| 2020 (three months) | Magazine publishing Cairo Editore | Advertising | TV publishing La7 | Network operator (Cairo Network) | Trovatore | RCS | Intra and unallocate | Total |
|--|--------------------------------------|--------------|----------------------|-------------------------------------|--------------|--------------|----------------------|--------------|
| (€ millions) | | | | | | | | |
| Gross operating revenue | 25.1 | 32.8 | 18.8 | 3.0 | 0.2 | 182.1 | (25.8) | 236.3 |
| Advertising agency discounts | - | (4.6) | - | - | - | (7.9) | 0.1 | (12.4) |
| Net operating revenue | 25.1 | 28.2 | 18.8 | 3.0 | 0.2 | 174.2 | (25.7) | 223.9 |
| Change in inventory | 0.0 | - | - | - | - | 0.5 | - | 0.5 |
| Other revenue and income | 0.3 | 0.1 | 1.2 | 0.0 | - | 0.9 | (0.4) | 2.2 |
| Total revenue | 25.4 | 28.3 | 20.1 | 3.0 | 0.2 | 175.6 | (26.0) | 226.6 |
| Production costs | (18.7) | (26.7) | (11.6) | (2.3) | (0.2) | (99.0) | 26.0 | (132.4) |
| Personnel expense | (3.9) | (2.1) | (8.4) | (0.0) | (0.0) | (54.6) | - | (69.1) |
| Income (expense) from equity-accounted investees | - | - | - | - | - | (0.0) | - | (0.0) |
| Non-recurring income (expense) | - | - | - | - | - | (0.4) | - | (0.4) |
| Gross operating profit | 2.8 | (0.5) | 0.1 | 0.7 | (0.0) | 21.5 | 0.0 | 24.6 |
| Amortization, depreciation, provisions and impairment losses | (0.4) | (0.0) | (3.1) | (0.8) | (0.0) | (13.2) | - | (17.5) |
| Operating profit | 2.3 | (0.5) | (3.0) | (0.1) | (0.0) | 8.3 | 0.0 | 7.1 |
| Other gains (losses) from financial assets/liabilities | - | - | - | - | - | - | - | - |
| Net financial income | 0.0 | (0.1) | (0.1) | (0.1) | (0.0) | (3.0) | - | (3.2) |
| Profit (loss) before tax | 2.4 | (0.6) | (3.1) | (0.1) | (0.0) | 5.3 | 0.0 | 3.8 |
| Income tax | (0.7) | 0.1 | 0.9 | 0.0 | 0.0 | (1.2) | - | (0.8) |
| Non-controlling interests | - | - | - | - | 0.0 | (1.7) | - | (1.7) |
| Profit (loss) from continuing operations | 1.7 | (0.5) | (2.1) | (0.1) | (0.0) | 2.4 | 0.0 | 1.3 |
| Profit (loss) from discontinued operations | - | - | - | - | - | - | - | - |
| Profit (loss) for the period attributable to the owners of the parent | 1.7 | (0.5) | (2.1) | (0.1) | (0.0) | 2.4 | 0.0 | 1.3 |

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| 2019 (three months) | Magazine publishing Cairo Editore | Advertising | TV publishing La7 | Network operator (Cairo Network) | Trovatore | RCS | Intra and unallocated | Total |
|--|--------------------------------------|--------------|----------------------|-------------------------------------|------------|--------------|-----------------------|--------------|
| (€ millions) | | | | | | | | |
| Gross operating revenue | 27.1 | 30.0 | 17.3 | 3.0 | 0.2 | 207.0 | (25.1) | 259.6 |
| Advertising agency discounts | - | (4.2) | - | - | - | (8.6) | 0.1 | (12.7) |
| Net operating revenue | 27.1 | 25.8 | 17.3 | 3.0 | 0.2 | 198.4 | (25.0) | 246.9 |
| Change in inventory | (0.0) | - | - | - | - | 1.5 | - | 1.5 |
| Other revenue and income | - | 0.2 | 2.1 | 0.0 | 0.0 | 3.1 | - | 5.5 |
| Total revenue | 27.0 | 26.0 | 19.4 | 3.0 | 0.2 | 203.0 | (25.0) | 253.9 |
| Production costs | (20.7) | (24.7) | (11.7) | (2.3) | (0.1) | (120.9) | 25.0 | (155.5) |
| Personnel expense | (4.1) | (2.3) | (8.3) | (0.0) | (0.0) | (61.0) | - | (75.7) |
| Income (expense) from equity-accounted investees | - | - | - | - | - | 0.2 | - | 0.2 |
| Non-recurring income (expense) | - | - | - | - | - | (1.1) | - | (1.1) |
| Gross operating profit (EBITDA) | 2.2 | (1.0) | (0.6) | 0.7 | 0.1 | 20.2 | - | 21.6 |
| Amortization, depreciation, provisions and impairment losses | (0.5) | (0.1) | (2.6) | (0.8) | 0.0 | (14.6) | - | (18.6) |
| Operating profit (EBIT) | 1.7 | (1.2) | (3.2) | (0.1) | 0.1 | 5.7 | - | 3.0 |
| Other gains (losses) on financial assets/liabilities | - | - | - | - | - | - | - | - |
| Net financial income | (0.1) | (0.1) | (0.1) | (0.1) | (0.0) | (3.9) | - | (4.3) |
| Profit (loss) before tax | 1.7 | (1.3) | (3.3) | (0.2) | 0.1 | 1.7 | - | (1.3) |
| Income tax | (0.5) | 0.3 | 1.3 | 0.0 | (0.0) | 0.2 | - | 1.3 |
| Non-controlling interests | - | - | - | - | (0.0) | (0.7) | - | (0.7) |
| Profit (loss) from continuing operations | 1.2 | (1.0) | (2.0) | (0.1) | 0.0 | 1.2 | - | (0.7) |
| Profit (loss) from discontinued operations | - | - | - | - | - | - | - | - |
| Profit (loss) for the period attributable to the owners of the parent | 1.2 | (1.0) | (2.0) | (0.1) | 0.0 | 1.2 | - | (0.7) |

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Details of consolidated revenue at 30 September 2020

Gross operating revenue in the first nine months and in third quarter 2020, split up by main business segment, can be analyzed as follows versus the amounts of the same period of 2019:

| 2020 (nine months) | Magazine publishing Cairo Ed. | Advertising | TV publishing La7 | Network operator Cairo Network | Trovatore | RCS | Intra and un allocated | Total |
|--|--------------------------------------|--------------------|--------------------------|---------------------------------------|------------------|--------------|-------------------------------|--------------|
| (€ millions) | | | | | | | | |
| TV advertising | - | 96.0 | 65.1 | - | - | 0.4 | (65.9) | 95.5 |
| Advertising on print media, Internet and sporting events | 7.7 | 13.4 | 1.5 | - | - | 207.2 | (9.9) | 219.8 |
| Other TV revenue | - | - | 1.2 | - | - | 4.0 | (0.5) | 4.6 |
| Magazine over-the-counter sales and subscriptions | 61.6 | - | - | - | - | 258.8 | (0.3) | 320.1 |
| VAT relating to publications | (0.8) | - | - | - | - | (2.3) | - | (3.1) |
| Other revenue | - | 0.5 | 0.3 | 9.0 | 0.6 | 48.4 | (10.1) | 48.5 |
| Total gross operating revenue | 68.5 | 109.9 | 68.0 | 9.0 | 0.6 | 516.4 | (86.8) | 685.5 |
| Other revenue | 1.3 | 0.7 | 3.0 | 0.0 | 0.0 | 7.7 | (1.1) | 11.6 |
| Total gross revenue | 69.7 | 110.5 | 71.0 | 9.0 | 0.6 | 524.0 | (87.8) | 697.1 |
| 2019 (nine months) | Magazine publishing Cairo Ed. | Advertising | TV publishing La7 | Network operator Cairo Network | Trovatore | RCS | Intra and un allocated | Total |
| (€ millions) | | | | | | | | |
| TV advertising | - | 104.5 | 70.7 | - | - | 0.7 | (71.8) | 104.2 |
| Advertising on print media, Internet and sporting events | 11.6 | 19.8 | 1.3 | - | - | 299.0 | (14.4) | 317.3 |
| Other TV revenue | - | - | 1.6 | - | - | 5.2 | (0.7) | 6.1 |
| Magazine over-the-counter sales and subscriptions | 64.8 | - | - | - | - | 309.5 | (0.1) | 374.1 |
| VAT relating to publications | (1.1) | - | - | - | - | (3.3) | - | (4.4) |
| Other revenue | - | 0.5 | - | 9.1 | 0.6 | 94.7 | (10.5) | 94.4 |
| Total gross operating revenue | 75.3 | 124.8 | 73.6 | 9.1 | 0.6 | 705.8 | (97.5) | 891.7 |
| Other revenue | 1.4 | 0.5 | 3.8 | 0.0 | 0.0 | 14.3 | (0.6) | 19.5 |
| Total gross revenue | 76.8 | 125.3 | 77.4 | 9.1 | 0.6 | 720.1 | (98.1) | 911.2 |
| 2020 (three months) | Magazine publishing Cairo Ed. | Advertising | TV publishing La7 | Network operator Cairo Network | Trovatore | RCS | Intra and un allocated | Total |
| (€ millions) | | | | | | | | |
| TV advertising | - | 27.3 | 18.2 | - | - | - | (18.5) | 27.0 |
| Advertising on print media, Internet and sporting events | 3.1 | 5.4 | 0.3 | - | - | - | (3.8) | 76.9 |
| Other TV revenue | - | - | 0.3 | - | - | (0.0) | (0.1) | 0.8 |
| Magazine over-the-counter sales and subscriptions | 22.2 | - | - | - | - | (0.0) | (0.1) | 115.0 |
| VAT relating to publications | (0.2) | - | - | - | - | (0.0) | - | (0.8) |
| Other revenue | - | 0.2 | 0.1 | 3.0 | 0.2 | 0.1 | (3.4) | 17.3 |
| Total gross operating revenue | 25.1 | 32.8 | 18.8 | 3.0 | 0.2 | 0.0 | (25.8) | 236.3 |
| Other revenue | 0.3 | 0.1 | 1.2 | 0.0 | 0.0 | (1.5) | (0.4) | 2.2 |
| Total gross revenue | 25.4 | 33.0 | 20.1 | 3.0 | 0.2 | 183.0 | (26.1) | 238.5 |
| 2019 (three months) | Magazine publishing Cairo Ed. | Advertising | TV publishing La7 | Network operator Cairo Network | Trovatore | RCS | Intra and un allocated | Total |
| (€ millions) | | | | | | | | |
| TV advertising | - | 24.2 | 16.4 | - | - | 0.2 | (16.7) | 24.2 |
| Advertising on print media, Internet and sporting events | 3.5 | 5.7 | 0.3 | - | - | 78.4 | (4.4) | 83.5 |
| Other TV revenue | - | - | 0.6 | - | - | 1.7 | (0.4) | 1.9 |
| Magazine over-the-counter sales and subscriptions | 24.1 | - | - | - | - | 107.4 | (0.0) | 131.4 |
| VAT relating to publications | (0.5) | - | - | - | - | (1.1) | - | (1.6) |
| Other revenue | - | 0.2 | - | 3.0 | 0.2 | 20.5 | (3.6) | 20.3 |
| Total gross operating revenue | 27.1 | 30.0 | 17.3 | 3.0 | 0.2 | 207.0 | (25.1) | 259.6 |
| Other revenue | - | 0.2 | 2.1 | 0.0 | 0.0 | 3.1 | - | 5.5 |
| Total gross revenue | 27.0 | 30.2 | 19.4 | 3.0 | 0.2 | 210.1 | (25.1) | 265.1 |

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; until the presentation of the first consolidated financial statements for the year, which include the date of first-time application of IFRS 16, the statements may undergo thorough review in light of possible developments arising from the entry into force of IFRS 16.

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

+/- 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 write-downs.

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, 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 this Interim Management Statement at 30 September 2020, 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, excluding financial liabilities (current and non-current) from operating leases recognized in the financial statements pursuant to IFRS 16.

The **total net financial position (net financial debt)** also includes the financial liabilities from leases recorded in the financial statements pursuant to IFRS 16, previously classified as operating leases.

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Numero di Pagine: 15