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Testo del comunicato

Vedi allegato.



Press Release - Results at 31 December 2020 approved

- In 2020, the Group achieved gross operating profit (EBITDA) of Euro 106.7 million, impacted by non-recurring expense of Euro 15.6 million, and a reduction in consolidated net financial debt of Euro 71.4 million versus end 2019
- Profit attributable to the owners of the parent came to Euro 16.5 million
- RCS continued to generate positive cash flows with financial debt decreasing by Euro 72.2 million versus end 2019. Gross operating profit (EBITDA) in the consolidated financial statements of Cairo Communication amounted to Euro 90.1 million¹, impacted by non-recurring expense of Euro 15.6 million. Digital revenue accounts for approximately 23% of the total. Advertising sales on online media make for 41.5%
- Corriere della Sera is the leading Italian daily newspaper on newsstands and online with 29.5 million average monthly unique users in 2020, with a total active digital customer base of approximately 308 thousand subscriptions, up sharply (+81%) versus December 2019
- La7 confirmed the high audience levels (3.39% in the all-day share and 4.82% in prime time) and was for the third straight year the sixth national channel in prime time in terms of audience. In 2020, advertising sales on La7 and La7d outperformed (-2.2%) the TV advertising market by over 7% (-9.5% Nielsen), and then grew in the second half by approximately 12% (+4.7% the TV market, Nielsen) versus the same period of 2019
- In 2020, gross operating profit (EBITDA) of the magazine publishing segment Cairo Editore amounted to Euro 7.4 million, up versus 2019 (Euro 6.7 million)
- A dividend of Euro 0.04 per share will be proposed at the Shareholders' Meeting

Milan, 26 March 2021: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2020.

Income statement and balance sheet figures (€ millions)	31/12/2020	31/12/2019
Consolidated gross revenue	1,048.7	1,252.8
EBITDA	106.7	177.1
EBIT	27.7	100.7
Profit (loss) attributable to the owners of the parent	16.5	42.1
	31/12/2020	31/12/2019
Net financial debt	63.2	134.6

In 2020, especially 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 by the public authorities of all the countries involved from end February; these restrictions have had and are continuing to have a direct effect on the organization and timing of work and on the Group's activities.

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, were initially postponed. RCS was able to put the *Strade Bianche*, *Milano Sanremo*, *Il Lombardia*, *Tirreno Adriatico* and *Giro d'Italia* (in 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 were postponed to 2021.

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 above section "Alternative Performance Measures". As a result of these differences - relating to allocations to the provisions for risks and charges and the provision for bad debts, totaling Euro 7 million in 2020 - EBITDA reported in the RCS 2020 Annual Report approved on 18 March 2021 amounts to Euro 83.1 million.

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.

In Italy, the month of May marked the start of the so-called Phase 2, followed in June by Phase 3, which resulted in a gradual easing of the containment measures of Phase 1 (lockdown), with the 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 has had a beneficial impact on the circulation of *La Gazzetta dello Sport* and of *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.

Since August in Spain and October in Italy, the curve of infections has started to rise again, leading the public authorities of the two countries to reintroduce a series of restrictive measures.

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

- in the third and fourth quarter, the **Group**, thanks to the actions taken to support and develop revenue, as well as to contain costs, achieved an increase in gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the Parent versus the figures recorded in the same periods of 2019, a performance attributable also to the rescheduling to October (from May) of the *Giro d'Italia*, confirming the expectations disclosed at end July 2020;
- with an aggregate figure of over 31 million average monthly unique users (net of duplications) in 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, with financial debt down by Euro 72.2 million versus end 2019, and achieved a gross operating profit of Euro 90.1 million¹, impacted by net non-recurring expense of Euro 15.6 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 December, its total active digital customer base (digital edition, membership and m-site) counted 308 thousand subscriptions, up by 81% versus December 2019. Both Italian newspapers, as in Spain *Marca* and *Expansión*, retained their circulation leadership in their respective market segments in 2020 (*ADS* for Italy and *OJD* for Spain). The main digital performance indicators show the top market position of RCS with the *Corriere* and *Gazzetta* brands which, in the period January-December 2020, counted 29.5 million and 14.1 million average monthly unique users and 4.4 million and 2.3 million average daily unique users respectively (*Audiweb 2.0*). In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansion.com* reached 23 million, 18 million and 7 million average monthly unique users in 2020 (*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. During the lockdown period, *elmundo.es* delivered a timely chronicle of the pandemic and the situation in Spain that intercepted the keen interest in information and resulted in a strong surge in traffic, reaching the absolute leadership in Spain in December with 23 million unique users (*Comscore*) and over 53 thousand digital subscriptions. Against this backdrop, total digital revenue (Italy and Spain), which amounted to approximately Euro 172 million, accounted for 23% of total revenue (18% in 2019). Specifically, total advertising sales on online media accounted for 41.5% of total advertising revenue (33.6% at 31 December 2019) and advertising sales on RCS online media in Italy in 2020 grew by approximately 20%;
- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.39% in the all-day share and 4.82% in prime time). In 2020, advertising sales on La7 and La7d totaled Euro 145.2 million (Euro 148.5 million in 2019), down (-2.2%) versus the same period of the prior year, but outperforming by over 7% the TV advertising market (-9.5% *Nielsen*). Starting in June, advertising sales in fact began to show signs of a recovery, more than confirmed in the second half of the year, with revenue from the two channels growing by approximately 12% versus the same period of 2019 (+4.75% the TV market in the half year, *Nielsen*). 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* 5.9%, *Piazzapulita* 5.2%, *Propaganda Live* 5.5%, *Non è l'Arena* 6.7%, *Omnibus La7* 4.0%, *Coffee Break* 4.2%, *L'Aria che tira* 5.8%, *Tagadà* 3.6%, *In Onda* 5%, *Atlantide* 3.1%, *Eden un pianeta da salvare* 2.7%, the “*maratone*” hosted by Enrico Mentana (11.6% share the Election Special edition on 26/27 January). In 2020, La7 ranked, for the third straight year, as the sixth national prime-time channel. In the two-month period January-February, La7 confirmed its audience results, ranking sixth in the all-day share ahead of Rete 4 and fifth in prime time ahead of Italia 1. In February alone, La7 was the sixth channel in the all-day share and fourth in prime time. On the web front, on the La7 websites (La7.it, TGla7.it, Sedanoallegro.it) and the La7 and TGla7 apps, excellent results were achieved with 5.9 million average monthly unique users in 2020, up by more than 70% versus 2019 (3.4 million);

- the **magazine publishing segment Cairo Editore** achieved higher results than in 2019, confirmed high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing own costs.

In 2020, consolidated gross revenue amounted to approximately Euro 1,048.7 million (comprising gross operating revenue of Euro 1,030.1 million and other revenue and income of Euro 18.5 million) versus Euro 1,252.8 million in 2019 (comprising gross operating revenue of Euro 1,230 million and other revenue and income of Euro 22.8 million). The decline derives mainly from the effects of the health emergency and was significantly impacted by the drop in the circulation of sports newspapers (Euro -44.8 million), affected by the suspension of "played" sport, the closure of bars and the restrictions on the reading of newspapers there, the drop in advertising revenue (Euro -92.4 million in gross advertising revenue), the effect of the deconsolidation of the Spanish subsidiary Last Lap following its disposal (Euro -17.8 million), as well as the absence of a number of mass sporting events (including the *Milano Marathon*) postponed to 2021.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 106.7 million and Euro 27.7 million (Euro 177.1 million and Euro 100.7 million in 2019). Excluding non-recurring income and expense of Euro -15.6 million (Euro -3.1 million in 2019), gross operating profit would amount to Euro 122.3 million, with a decline 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 personnel interventions.

To counter the impacts of the emergency, the Group implemented a series of actions. As a first response measure, the Group 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, such as, for example, those aimed at containing bordereau and collaboration costs, especially for supplements, specials and local editions. 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 savings of these cost containment actions in 2020 amounted to approximately Euro 69.2 million.

Profit attributable to the owners of the parent came to approximately Euro 16.5 million (Euro 42.1 million in 2019).

Looking at the business segments, in 2020:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 7.4 million and Euro 5.6 million (Euro 6.7 million and Euro 4.7 million in 2019). Regarding weeklies, with approximately 1.2 million average copies sold in the period January-December 2020 (ADS), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 29% market share. Including the average sales of titles out of the ADS survey (comprising copies sold of “*Enigmistica Più*” and of “*Enigmistica Mia*”), average copies sold were approximately 1.4 million;
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro 6.5 million (Euro 8.6 million in 2019). Operating profit (EBIT) was approximately Euro -6 million (Euro -3.3 million in 2019);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 2.7 million and Euro -0.4 million (Euro 2.8 million and Euro -0.3 million in 2019);

- in the **advertising segment**, gross operating profit (EBITDA) basically broke even, while operating profit (EBIT) came to approximately Euro -2.1 million (Euro 1.8 million and Euro 1.2 million, respectively, 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 90.1 million² and Euro 30.6 million respectively (Euro 157.3 million and Euro 98.2 million in 2019). Excluding non-recurring income and expense of Euro -15.6 million (Euro -3.1 million in 2019), gross operating profit would amount to Euro 105.7 million, with a decline caused in the first half mainly by the effects of the health emergency. Net operating revenue amounted to Euro 749.5 million, with total digital revenue (Italy and Spain) amounting to approximately Euro 172 million and accounting for 23% 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. Starting from May, RCS's events proposition was transformed and reinvented with the birth of "Digilive", a platform for the creation of streamed digital events (the most noteworthy including *Cook@Home*, "Pianeta 2020", "Civil Week Lab", "Cibo a regola d'arte", "L'Economia del Futuro", "Il tempo della salute", and "Festival Innovatori 2021"). On 10 June, *Corriere Innovazione* presented a new online version, also introducing "Innovazione TV". 3 July saw the launch of the new *La Gazzetta dello Sport* app. A new *Giro d'Italia* app was released on 29 September. September saw the seventh edition of "Il tempo delle donne", entitled "RiGenerazioni" with over 12 million online views. The first issue of a revamped *ViviMilano* was published on 30 September. October saw the launch of the new vertical channel *Cook.it* and the third edition of the "Festival dello Sport" in full digital mode with over 6 million video views. On 14 December, *La Gazzetta dello Sport* awarded the *Gazzetta Sports Awards*; the Awards Gala garnered over 1 million video views.

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 *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. November saw the second edition of *Marca Sport Weekend*, the *Marca* sports festival, which was held through an innovative digital platform.

Consolidated **net financial debt** at 31 December 2020 amounted to approximately Euro 63.2 million (Euro 134.6 million at 31 December 2019), Euro 59.6 million of which referring to RCS (Euro 131.8 million at 31 December 2019), improving by Euro 71.4 million.

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 180.9 million, amounted to Euro 244.1 million (Euro 339.2 million at 31 December 2019).

The Board of Directors will propose at the Shareholders' Meeting the distribution of a dividend of Euro 0.04 per share, gross of tax, with coupon detachment date (coupon no. 14) on 24 May 2021 and payable on 26 May 2021 (record date 25 May 2021).

Subsequent to year end, as from 1 January 2021, the contribution of the advertising sales business unit to CAIRORCS Media (held equally by RCS and Cairo Pubblicità) came into effect. At the beginning of 2021, the acquisition of 45% of m-Dis Distribuzione Media S.p.A. also came to conclusion, bringing RCS's stake to 90%. The income statement and balance sheet amounts of m-Dis will therefore be fully consolidated as from 2021.

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 - relating to allocations to the provisions for risks and charges and the provision for bad debts, totaling Euro 7 million in 2020 - EBITDA reported in the RCS 2020 Annual Report approved on 18 March 2021 amounts to Euro 83.1 million.

In 2020, especially 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 performance, resulting in a general context of great uncertainty.

The measures adopted by the public authorities initially resulted in the closure of non-essential activities and severe restrictions on people movement (lockdown). Then, before summer 2020, the authorities gradually lifted the containment measures and reopened manufacturing and industrial activities.

During the course of 2020, however, the Group 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, print and online information, with strong television ratings and digital traffic figures, in particular the *Corriere* brand and the digital properties of *La7* which, in 2020, recorded 29.5 million and 5.9 million average monthly unique users respectively, versus 24.8 million and 3.4 million in 2019, and 4.4 million and 0.4 million average daily unique users versus 2.6 million and 0.3 million in 2019 (*Audiweb 2.0*). The total active digital customer base for *Corriere della Sera* too, which reached at end December approximately 308 thousand subscriptions, grew by 81% versus the figure at end 2019. In Spain, *elmundo.es* was once again the leader in online information in December with 23 million average monthly unique users (Comscore) and over 53 thousand digital subscriptions.

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.

Spain, however, saw a resurgence in the number of Coronavirus cases as early as August, and the developing emergency situation at end October forced the authorities to restore the state of alert and limit movement at nighttime and between regions, introducing restrictions on retail activities.

In Italy too, starting from October, the infection curve was on the rise again, forcing the authorities to reduce 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 were adopted, which differ by risk zone (red, dark orange, orange, yellow, white), 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.

In the second half of 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 net profit attributable to the owners of the parent were nevertheless on the rise versus the figures recorded in the same period of 2019, a performance attributable also to the rescheduling to October (from May) of the *Giro d'Italia*, confirming the expectations disclosed at end July 2020. In October, RCS Sport managed to complete the *Giro d'Italia* thanks to its great organizational effort, with the finish in Milan on 25 October.

The beginning of 2021 is also being marked by the continued restrictive measures implemented by both the Italian and Spanish authorities to contain the health emergency. Specifically, over the past weeks the curve of infections in Italy has started to rise again, increasing the number of regions classified in the highest risk bands and introducing a number of new specific measures. On the other hand, the vaccination campaign has been launched and is accelerating; its success may lead to an improvement in the situation.

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.

In any event, the Group believes it has adequate management levers to counter the impacts of the health emergency also in 2021 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 set itself the goal of achieving margins (EBITDA) in

2021 that are higher than those achieved in 2020 and a consequent further significant reduction in financial debt.

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 31 December 2020

The main consolidated income statement figures in 2020 can be compared with the figures in 2019:

(€ millions)	2020	2019
Gross operating revenue	1,030.1	1,230.0
Advertising agency discounts	(60.5)	(70.8)
Net operating revenue	969.6	1,159.2
Change in inventory	(1.9)	1.9
Other revenue and income	18.5	22.8
Total revenue	986.3	1,183.9
Production costs	(556.3)	(677.4)
Personnel expense	(305.3)	(326.4)
Income (expense) from equity-accounted investees	(2.4)	0.1
Non-recurring income (expense)	(15.6)	(3.1)
Gross operating profit (EBITDA)	106.7	177.1
Amortization, depreciation, provisions and write-downs	(79.0)	(76.4)
Operating profit (EBIT)	27.7	100.7
Other gains (losses) on financial assets/liabilities	6.1	(0.1)
Net financial income	(10.2)	(17.1)
Profit (loss) before tax	23.6	83.5
Income tax	5.5	(14.0)
Non-controlling interests	(12.6)	(27.4)
Profit (loss) from continuing operations attributable to the owners of the parent	16.5	42.1
Profit (loss) from discontinued operations	-	-
Profit (loss) attributable to the owners of the parent	16.5	42.1

Unaudited reclassified statements

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

€ millions	2020	2019
Profit for the period	29.0	69.5
Reclassifiable items of the comprehensive income statement		
Gains (losses) from cash flow hedges	(0.4)	(0.7)
Reclassification of gains (losses) from cash flow hedges	0.6	0.6
Tax effect	-	-
Non-reclassifiable items of the comprehensive income statement		
Actuarial gains (losses) from defined benefit plans	(2.1)	(2.9)
Tax effect	0.5	0.7
Gains (losses) from the fair value measurement of equity instruments	(0.1)	(0.1)
Total comprehensive income for the period	27.5	67.1
- Owners of the parent	15.1	40.6
- Non-controlling interests - discontinued operations	-	-
- Non-controlling interests - continuing operations	12.3	26.5
	27.5	67.1

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 31 December 2020

The main consolidated statement of financial position figures at 31 December 2020 can be compared with the situation at 31 December 2019:

(€ millions)	31/12/2020	31/12/2019
Property, plant and equipment	70.9	81.0
Rights of use on leased assets	164.9	188.8
Intangible assets	982.3	988.8
Financial assets	39.5	57.4
Deferred tax assets	96.3	97.2
Net working capital	(58.6)	(50.2)
Total assets	1,295.4	1,363.0
Non-current liabilities and provisions	109.3	108.9
Deferred tax provision	164.2	164.7
(Financial position)/Net debt	63.2	134.6
Liabilities from leases (pursuant to IFRS 16)	180.9	204.5
Equity attributable to the owners of the parent	468.4	453.3
Equity attributable to non-controlling interests	309.4	297.0
Total equity and liabilities	1,295.4	1,363.0

Unaudited reclassified statements

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

Net financial debt (€ millions)	31/12/2020	31/12/2019	Changes
Cash and cash equivalents	87.4	50.1	37.3
Other current financial assets and financial receivables	6.9	13.9	(7.0)
Current financial assets (liabilities) from derivative instruments	(0.1)	(0.2)	0.0
Current financial payables	(97.4)	(74.6)	(22.8)
Current net financial position (net financial debt)	(3.3)	(10.7)	7.6
Non-current financial payables	(58.9)	(122.9)	64.0
Non-current financial assets (liabilities) from derivative instruments	(1.0)	(1.0)	(0.0)
Non-current net financial position (net financial debt)	(59.9)	(123.9)	64.0
Net financial position (net financial debt)	(63.2)	(134.6)	71.4
Liabilities from leases (pursuant to IFRS 16)	(180.9)	(204.5)	23.6
Total net financial position (net financial debt)	(244.1)	(339.2)	95.0

Unaudited reclassified statements

Consolidated statement of cash flows

The consolidated statement of cash flows at 31 December 2020 can be compared with the statement of cash flows at 31 December 2019:

€ millions	31 December 2020	31 December 2019
Cash and cash equivalents	50.1	56.2
Bank overdrafts	(8.8)	(13.6)
CASH AND CASH EQUIVALENTS OPENING BALANCE	41.3	42.6
OPERATIONS		
Profit (loss)	29.0	69.5
Amortization/ depreciation	70.1	71.9
(Gains) losses and other non-monetary items	(8.7)	0.3
(Income) expense on investments	2.9	(0.3)
Net financial income (expense)	10.2	17.1
Dividends from equity-accounted investees		1.4
Income tax	(5.3)	14.0
(Increase) decrease in employee benefits and provisions for risks and charges	(2.6)	(5.7)
Cash flow from operations before changes in working capital	95.6	168.2
(Increase) decrease in trade and other receivables	16.6	7.0
Increase (decrease) in payables to suppliers and other liabilities	(14.0)	(2.8)
(Increase) decrease in inventory	6.1	(3.1)
Cash flows from operations before tax and net financial expense received (paid)	104.3	169.3
Income tax received (paid)	8.2	(9.9)
Net financial expense paid	(8.5)	(13.5)
CASH FLOW FROM OPERATIONS (A)	104.0	145.9
INVESTING ACTIVITIES		
Net (acquisition) disposal of PPE and intangible assets	(25.1)	(28.6)
Acquisition of investments	(0.5)	
Proceeds from the disposal of investments	4.0	0.8
Proceeds from the sale of property, plant and equipment and intangible assets	0.1	
Decrease (increase) in other non-current assets	13.3	(6.4)
CASH FLOW FROM INVESTING ACTIVITIES (B)	(8.2)	(34.2)
FINANCING ACTIVITIES		
Dividends paid		(31.2)
Net change in financial payables and other financial assets	(26.5)	(51.4)
Net change in lease liabilities	(23.6)	(28.1)
Increase (decrease) in non-controlling interests' share capital and reserves	(0.2)	(13.5)
Other changes in equity	0.1	11.1
CASH FLOW FROM FINANCING ACTIVITIES (C)	(50.2)	(113.0)
CASH FLOW FOR THE PERIOD (A)+(B)+(C)	45.5	(1.3)
CASH AND CASH EQUIVALENTS CLOSING BALANCE	86.8	41.3
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	87.4	50.1
Bank overdrafts	(0.6)	(8.8)
	86.8	41.3

Segment reporting at 31 December 2020

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

2020	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and unallocated	Total
(€ millions)								
Gross operating revenue	90.6	166.8	103.2	12.0	0.7	786.4	(129.5)	1,030.1
Advertising agency discounts	-	(23.9)	-	-	-	(36.9)	0.3	(60.5)
Net operating revenue	90.6	142.9	103.2	12.0	0.7	749.5	(129.2)	969.6
Change in inventory	(0.0)	-	-	-	-	(1.8)	-	(1.9)
Other revenue and income	0.1	0.9	3.9	0.0	-	13.6	-	18.5
Total revenue	90.6	143.8	107.1	12.0	0.7	761.2	(129.2)	986.3
Production costs	(66.5)	(134.3)	(64.1)	(9.2)	(0.7)	(410.9)	129.2	(556.3)
Personnel expense	(16.7)	(9.6)	(36.5)	(0.1)	(0.1)	(242.2)	-	(305.3)
Income (expense) from equity-accounted investees	-	-	-	-	-	(2.4)	-	(2.4)
Non-recurring income (expense)	-	-	-	-	-	(15.6)	-	(15.6)
Gross operating profit (EBITDA)	7.4	(0.0)	6.5	2.7	(0.0)	90.1	0.0	106.7
Amortization, depreciation, provisions and write-downs	(1.8)	(2.1)	(12.5)	(3.1)	(0.0)	(59.5)	-	(79.0)
Operating profit (EBIT)	5.6	(2.1)	(6.0)	(0.4)	(0.0)	30.6	0.0	27.7
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	6.1	-	6.1
Net financial income	(0.0)	(0.4)	(0.2)	(0.3)	(0.0)	(9.3)	-	(10.2)
Profit (loss) before tax	5.6	(2.6)	(6.3)	(0.7)	(0.0)	27.5	0.0	23.6
Income tax	(0.8)	0.7	2.0	0.2	(0.0)	3.5	-	5.5
Non-controlling interests	-	-	-	-	0.0	(12.6)	-	(12.6)
Profit (loss) from continuing operations	4.8	(1.9)	(4.3)	(0.5)	(0.0)	18.4	0.0	16.5
Loss from discontinued operations	-	-	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	4.8	(1.9)	(4.3)	(0.5)	(0.0)	18.4	0.0	16.5

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2019	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and unallocated	Total
(€ millions)								
Gross operating revenue	100.3	179.2	105.8	12.1	0.9	969.5	(137.8)	1,230.0
Advertising agency discounts	-	(25.2)	-	-	-	(46.0)	0.4	(70.8)
Net operating revenue	100.3	154.0	105.8	12.1	0.9	923.6	(137.5)	1,159.2
Change in inventory	(0.0)	-	-	-	-	2.0	-	1.9
Other revenue and income	2.5	0.9	5.0	0.1	0.0	15.8	(1.4)	22.8
Total revenue	102.8	154.9	110.7	12.2	0.9	941.3	(138.9)	1,183.9
Production costs	(78.4)	(143.7)	(65.2)	(9.3)	(0.7)	(519.2)	138.9	(677.4)
Personnel expense	(17.8)	(9.5)	(37.0)	(0.1)	(0.1)	(261.8)	-	(326.4)
Income (expense) from equity-accounted investees	-	-	-	-	-	0.1	-	0.1
Non-recurring income (expense)	-	-	-	-	-	(3.1)	-	(3.1)
Gross operating profit (EBITDA)	6.7	1.8	8.6	2.8	0.1	157.3	0.0	177.1
Amortization, depreciation, provisions and write-downs	(1.9)	(0.5)	(11.8)	(3.1)	(0.0)	(59.1)	-	(76.4)
Operating profit (EBIT)	4.7	1.2	(3.3)	(0.3)	0.1	98.2	0.0	100.7
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	(0.1)	-	(0.1)
Net financial income	(0.1)	(0.5)	(0.2)	(0.3)	(0.0)	(16.0)	-	(17.1)
Profit (loss) before tax	4.6	0.7	(3.5)	(0.6)	0.1	82.1	0.0	83.5
Income tax	(0.9)	(0.6)	2.1	0.1	(0.0)	(14.7)	-	(14.0)
Non-controlling interests	-	-	-	-	(0.0)	(27.3)	-	(27.4)
Profit (loss) from continuing operations	3.7	0.1	(1.4)	(0.5)	0.0	40.1	0.0	42.1
Profit (loss) from discontinued operations	-	-	-	-	-	-	(0.0)	(0.0)
Profit (loss) for the period attributable to the owners of the parent	3.7	0.1	(1.4)	(0.5)	0.0	40.1	(0.0)	42.1

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Details of consolidated revenue at 31 December 2020

Gross operating revenue in 2020, split up by main business segment, can be analyzed as follows versus the amounts of 2019:

2020 (€ millions)	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
TV advertising	-	146.2	98.8	-	-	0.6	(100.1)	145.6
Advertising on print media, Internet and sporting events	11.4	20.0	2.4	-	-	349.1	(14.9)	368.0
Other TV revenue	-	-	1.5	-	-	4.7	(0.7)	5.6
Magazine over-the-counter sales and subscriptions	80.1	-	-	-	-	346.7	(0.4)	426.4
VAT relating to publications	(0.9)	-	-	-	-	(2.9)	-	(3.8)
Sundry revenue	-	0.6	0.4	12.0	0.7	88.2	(13.5)	88.3
Total gross operating revenue	90.6	166.8	103.2	12.0	0.7	786.4	(129.5)	1,030.1
Other revenue	0.1	0.9	3.9	0.0	0.0	13.6	-	18.5
Total gross revenue	90.5	167.7	107.1	12.0	0.7	800.0	(129.5)	1,048.7

2019 (€ millions)	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
TV advertising	-	150.3	101.6	-	-	1.1	(103.0)	150.1
Advertising on print media, Internet and sporting events	16.3	28.4	2.1	-	-	429.3	(20.0)	456.0
Other TV revenue	-	-	1.8	-	-	6.9	(0.6)	8.0
Magazine over-the-counter sales and subscriptions	85.5	-	-	-	-	413.0	(0.2)	498.2
VAT relating to publications	(1.4)	-	-	-	-	(4.5)	-	(5.9)
Sundry revenue	-	0.6	0.3	12.1	0.9	123.7	(14.0)	123.6
Total gross operating revenue	100.3	179.2	105.8	12.1	0.9	969.5	(137.8)	1,230.0
Other revenue	2.5	0.9	5.0	0.1	0.0	15.8	(1.4)	22.8
Total gross revenue	102.8	180.1	110.7	12.2	0.9	985.3	(139.2)	1,252.8

Summary of the main income statement figures of the Parent at 31 December 2020

The main **income statement figures of Cairo Communication S.p.A.** in 2020 can be compared as follows versus those in 2019:

(€ millions)	2020	2019
Gross operating revenue	6.6	6.7
Advertising agency discounts	-	-
Net operating revenue	6.6	6.7
Other revenue and income	1.0	0.9
Total revenue	7.6	7.6
Production costs	(4.5)	(3.8)
Personnel expense	(2.5)	(3.2)
Gross operating profit (EBITDA)	0.5	0.6
Amortization, depreciation, provisions and impairment losses	(1.7)	(0.8)
Operating profit (EBIT)	(1.2)	(0.2)
Net financial income	(0.5)	(0.5)
Other gains (losses) on financial assets/liabilities	(0.3)	23.1
Profit (loss) before tax	(2.0)	22.4
Income tax	0.5	(0.1)
Profit (loss) for the period	(1.6)	22.3

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

€ millions	2020	2019
Profit for the period	(1.6)	22.3
<i>Other reclassifiable items of the comprehensive income statement</i>		
Gains (losses) from the measurement of available-for-sale financial assets	-	-
Tax effect	-	-
<i>Other non-reclassifiable items of the comprehensive income statement</i>		
Actuarial gains (losses) from defined benefit plans	-	-
Tax effect	-	-
Total comprehensive income	(1.6)	22.3

Summary of the main figures of the statement of financial position of the Parent at 31 December 2020

The main **statement of financial position figures** of Cairo Communication S.p.A. at 31 December 2020 can be compared with the situation at 31 December 2019:

(€ millions)	31/12/2020	31/12/2019
Property, plant and equipment	0.3	0.3
Rights of use on leased assets	0.3	4.5
Intangible assets	0.2	0.2
Financial assets	328.8	329.2
Other non-current financial assets	23.3	23.3
Net working capital	(19.4)	(17.3)
Total assets	333.5	340.2
Non-current liabilities and provisions	1.1	1.5
(Net financial position)/Net debt	78.8	79.1
Liabilities from leases (pursuant to IFRS 16)	0.3	4.5
Equity	253.5	255.1
Total equity and liabilities	333.5	340.2

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The **net financial position** of the Parent at 31 December 2020, versus the situation at 31 December 2019, is summarized as follows:

(€ millions)	31/12/2020	31/12/2019	Change
Cash and cash equivalents	1.2	0.9	0.3
Financial payables to subsidiaries	(40.0)	(40.0)	-
Current financial payables	(40.0)	-	(40.0)
Non-current financial payables	-	(40.0)	40.0
Net financial position	(78.8)	(79.1)	0.3
Liabilities from leases (pursuant to IFRS 16)	(0.3)	(4.5)	4.2
Total net financial position	(79.1)	(83.6)	4.5

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Statement of cash flows

The **statement of cash flows** at 31 December 2020 of Cairo Communication S.p.A. can be compared with the statement of cash flows at 31 December 2019:

Euro/000	2020	2019
CASH AND CASH EQUIVALENTS	924	4,305
OPERATIONS		
Profit (loss)	(1,566)	22,262
Amortization, depreciation, provisions and write-downs	1,738	778
Write-down of investments	351	800
Release of provision for the write-down of investments	0	(142)
Net financial income	482	(23,299)
Income tax	(459)	138
Change in post-employment benefits	(360)	101
Change in provisions for risks and charges	(1,400)	(177)
Cash flow from operations before changes in working capital	(1,215)	461
(Increase) decrease in trade and other receivables	(14,670)	3,932
Increase (decrease) in payables to suppliers and other liabilities	16,999	(11,471)
TOTAL CASH FLOW FROM OPERATIONS	1,115	(7,077)
Income tax paid	0	0
Financial expense paid	(471)	(552)
TOTAL NET CASH FROM OPERATIONS (A)	644	(7,629)
INVESTING ACTIVITIES		
Net (acquisition) disposal of PPE and intangible assets, rights of use on leased assets and intangible assets	(744)	(5,302)
Interest and financial income received	61	142
Dividends received	0	23,850
Net (increase) in other non-current assets	19	(144)
NET CASH USED IN INVESTING ACTIVITIES (B)	(664)	18,546
FINANCING ACTIVITIES		
Dividends paid	0	(18,818)
Increase (decrease) in financial payables	0	109
Net change in lease liabilities	297	4,414
Other changes in equity	(23)	(3)
NET CASH USED IN FINANCING ACTIVITIES (C)	274	(14,298)
NET CASH FLOW FOR THE PERIOD (A) + (B) + (C)	254	(3,380)
NET CASH AND CASH EQUIVALENTS CLOSING BALANCE	1,179	924

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 the 2020 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, 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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