CAIRO COMMUNICATION

Press Release – 2013 Draft Financial Statements

The Board approves the 2013 results: the 2013 consolidated financial statements confirm the results appearing in the Interim Management Report at 31 December 2013 approved on 14 February 2014

- **In 2013 the Cairo Communication Group continued to achieve positive results in its traditional segments and started operations in the TV publishing field after acquiring control on 30 April of La7 which, thanks to the restructuring plan implemented, in the May-December eight-month period, achieved and exceeded the break-even of gross operating profit (EBITDA)**
- **Considering the Group's scope of business in its entirety, including the TV publishing segment in the May-December eight-month period of 2013, for current operations alone:**
  - **consolidated gross revenue amounted to Euro 284.7 million (Euro 313.5 million in 2012), slightly above Euro 276.8 million on a like-for-like basis since over 90% of La7 revenue is generated by the existing advertising concession contract with Cairo Communication**
  - **consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to Euro 26.7 million, Euro 21.1 million and Euro 19 million (Euro 31.3 million, Euro 28.6 million and Euro 18.8 million in 2012), results that benefited in the consolidated financial statements from lower amortization and depreciation of Euro 16.5 million due to valuation adjustments made in the purchase price allocation of La7**
  - **in the May-December eight-month period of 2013, La7 current operations, which generated a positive gross operating profit (EBITDA) of Euro 3.7 million, saw no cash absorption**
- **Including non-recurring income and charges from the acquisition of La7:**
  - **gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to Euro 24.8 million, Euro 19.2 million and Euro 74.2 million (Euro 31.3 million, Euro 28.6 million and Euro 18.8 million in 2012), the latter due to "non-recurring income from the acquisition of La7", amounting to Euro 57.1 million.**
- **At the Shareholders' Meeting, the Board will propose a dividend of Euro 0.27 per share**

Milan, 11 March 2014: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2013.

The 2013 consolidated financial statements basically confirm the results appearing in the Interim Management Report at 31 December 2013 approved on 14 February 2014.

In 2013, the Cairo Communication Group, despite the high degree of uncertainty of the economic context in general and specifically of its relevant markets (advertising and publishing):

- continued its development strategy with the launch of "Settimanale Giallo", the weekly edited by Andrea Biavardi, which was launched on 11 April with good circulation figures,
- consolidated the results of "Settimanale Nuovo" and "F" launched in 2012;
- worked on improving the levels of efficiency reached in containing production, publishing and distribution costs;
- achieved highly positive results in its traditional segments, despite the contraction in advertising revenue due to the relevant market trend;
- completed the acquisition of La7 and started operations as a TV (La7, La7d) and Internet publisher (La7.it, La7.tv, TG.La7.it).

On 30 April 2013, the Group completed the acquisition of La7. The financial situation of the company called for the implementation of a restructuring plan aimed at reorganizing and streamlining the corporate structure and at curbing costs, while retaining the high quality levels of the programming schedule. Under the agreements, the seller undertook to contribute to the realization of this project, with Telecom Italia Media's commitment, at the date of finalization of the transaction, to achieve the agreed levels of net financial position, net working capital and equity.

In 2013, **on a like-for-like basis** with 2012 (magazine publishing, advertising and Il Trovatore), consolidated gross revenue amounted to approximately Euro 276.8 million (Euro 313.5 million in 2012), driven down mainly by the declining advertising market (-10% and -23.9% the TV and magazine advertising markets in 2013, *ACNielsen*). Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 23 million and Euro 19.1 million, down versus 2012 (Euro 31.3 million and Euro 28.6 million), due also to the absence in 2013 of the "paper subsidy" of Euro 0.9 million set out in the 2011 Stability Law and recognized in 2012. Profit attributable to the owners of the parent came to approximately Euro 13.3 million (Euro 18.8 million in 2012).

Considering the Group's **scope of business in its entirety**, including the results of the TV publishing segment (La7) in the May-December eight-month period, in 2013 consolidated gross revenue amounted to approximately Euro 284.7 million (Euro 313.5 million in 2012), slightly above Euro 276.8 million on a like-for-like basis, since over 90% of La7 revenue is generated by the existing advertising concession contract with Cairo Communication. Looking at **current operations** alone, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 26.7 million and Euro 21.1 million, dropping versus 2012 (Euro 31.3 million and Euro 28.6 million). Profit attributable to the owners of the parent came to approximately Euro 19 million (Euro 18.8 million in 2012). Specifically:

- regarding the **TV publishing segment,** starting from May, the Group began to implement its plan to restructure La7, with the aim of curbing losses as early as 2013 and achieving a turnaround. In the May-December eight-month period of 2013, looking at current operations alone, gross operating profit (EBITDA) and operating profit (EBIT) in this segment (La7) came to approximately Euro 3.7 million and Euro 2 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 16.5 million, due to the write-down of tangible and intangible assets made in the purchase price allocation of the investment. Net of these effects, operating profit (EBIT) would have shown a negative figure of approximately Euro 14.5 million. In the April-December nine-month period of 2012, net of the impairment of goodwill and non-current assets, the gross operating loss and operating loss had amounted to approximately Euro 50.5 million and Euro 73.3 million[1].
  Specifically, in 4Q13 gross operating profit (EBITDA) and operating profit (EBIT) in the TV publishing segment (La7) came to approximately Euro 3.1 million and Euro 2.2 million. Operating profit (EBIT) in 4Q13 benefited in the consolidated financial statements from lower amortization and depreciation of Euro 5.7 million, due to valuation adjustments made in the purchase price allocation of the investment. Net of these effects, it would have shown a negative figure of approximately Euro 3.5 million. In 4Q12, net of the impairment of goodwill and non-current assets, the gross operating loss and operating loss had amounted to approximately Euro 17.9 million and Euro 26.5 million[2].
  In 2013 La7's day share (07,00-02,00) shot up by 11.3% and by as much as 23.2% in prime time (3.85% average day share and 4.83% average prime-time share (from 8:30 PM to 11:30 PM), with a high-quality target audience. La7d audience figures grew by 24.4% reaching 0.51%.

- looking at the **magazine publishing segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 12.4 million and Euro 11.1 million (Euro 15.96 million and Euro 14.6 million in 2012, when the "paper subsidy" of Euro 0.9 million had been recognized). In the twelve months, circulation revenues were basically in line with the same period of 2012. With over 1.8 million average copies sold in 2013, the Group is the leading publisher in copies of weeklies sold at newsstands, with an approximately 25% market share. "Settimanale Giallo" in

[1] *Source: Figure estimated on the basis of segment information drawn from the 2012 interim report at 31 March 2012 and from the 2012 annual financial report of Telecom Italia Media S.p.A. available on the websites of Borsa Italiana and Telecom Italia Media.*

[2] *Source: Figure estimated on the basis of segment information drawn from the 2012 annual financial report and from the interim report at 30 September 2012 of Telecom Italia Media S.p.A. available on the websites of Borsa Italiana and Telecom Italia Media.*

2013 reported average sales of approximately 143 thousand copies. Total costs of approximately Euro 1 million were incurred for its launch, which was supported by an advertising campaign also at newsstands;

- as for the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) dropped to Euro 10.6 million and Euro 8 million (Euro 15.4 million and Euro 14 million in 2012), due mainly to the advertising market trend.
  Starting from June 2013, advertising revenue began picking up pace. In 4Q13 in particular, advertising sales on La7 and La7d reached Euro 48.4 million, growing by approximately 6.5% versus 4Q12 (Euro 45.5 million), continuing the trend that had started in June and rebounding from the performance reported in the first five months of the year. At 11 March 2014, the order book for advertising aired and to be aired on La7 and La7d in the first quarter January-March 2014, amounting to Euro 38.6 million, is up by approximately 4% compared to last year's order book for same period at the same date and has already exceeded the total revenues of the first quarter January-March 2013, amounting to Euro 38.1 million.

Including "non-recurring income and charges from the acquisition of La7", the Group's gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 24.8 million and Euro 19.2 million. Profit attributable to the owners of the parent amounted to approximately Euro 74.2 million, as a result mainly of "non-recurring income from the acquisition of La7", recognized under IFRS 3 through the acquisition method, which refers to the difference between the fair value of acquired assets and liabilities assumed at the date of acquisition and the purchase price paid, and is explained, in financial terms, primarily by the future operating losses that may show in the following years, before conclusion of the restructuring plan. In 2H13, in light of further information available, "non-recurring income from the acquisition of La7", which had been recognized at 30 June 2013 for an amount of Euro 54.7 million, was retrospectively adjusted owing (i) to the price adjustment of Euro 4.8 million agreed upon in October 2013 by Cairo Communication and Telecom Italia Media, and (ii) to a reduction of Euro 7.2 million in the funds initially posted as a result of the fair value measurement of assets acquired and liabilities assumed. It should be noted that IFRS 3 provides for a period of twelve months from the acquisition date for completion of the fair value measurement of assets acquired and liabilities assumed. Should new information emerge on facts and circumstances existing at the acquisition date, or additional assets and liabilities be identified during the evaluation period as defined by IFRS 3, the provisional amounts will be adjusted retrospectively.

The consolidated **net financial position** at 31 December 2013 showed a positive figure of approximately Euro 172.9 million (approximately Euro 61.2 million at 31 December 2012). The acquisition of La7 S.r.l. generated, at 30 April 2013, an increase in consolidated cash and cash equivalents of Euro 114 million. Subsequently, in October, Telecom Italia Media and Cairo Communication agreed upon a price adjustment of Euro 4.8 million to Telecom Italia Media. At 31 December 2013, the net financial position of La7 was Euro 115.8 million.
Mention must be made of the coupon detachment on 13 May 2013 and the distribution of the balance of the dividend, amounting to Euro 0.14 per share for a total of Euro 10.9 million, under the resolution adopted by the Shareholders' Meeting on 29 April 2013.

In light of the results achieved, at the Shareholders' Meeting, the Board of Directors will propose the distribution of a dividend of Euro 0.27 per share, inclusive of tax, with coupon detachment date (coupon n. 8) on 12 May 2014 and payable on 15 May 2014 (record date 14 May 2014).

In 2014, the Cairo Communication Group will continue to pursue the development of its traditional segments (magazine publishing and advertising sales). Despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results.

Regarding the TV publishing segment (La7), starting from May 2013, the Group began to implement its plan to restructure La7 and succeeded in achieving a positive gross operating profit (EBITDA) as early as the May-December eight-month period of 2013. In 2014, the Group will continue with its plan to restructure the company, with the aim of strengthening the results of the rationalization and cost-curbing measures adopted in the first eight months of activity, and of continuing to pursue the turnaround.

The evolution of the general economic situation could affect the full achievement of these targets.

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

The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazine and expanding later into free, digital and pay TV and the Internet.

For further information: Mario Cargnelutti, Investor Relations, +39 02 74813240, m.cargnelutti@cairocommunication.it

Summary of the main consolidated income statement figures at 31 December 2013

The main **consolidated income statement figures** of 2013 can be compared with those of 2012:

(€ thousands)	31/12/2013			31/12/2012
	Current operations	**Non-recurring items**	**Total**	
Gross operating revenue	276,704	-	276,704	309,150
Advertising agency discounts	(27,190)	-	(27,190)	(33,212)
Net operating revenue	**249,514**	**-**	**249,514**	**275,938**
Change in inventory	(61)	-	(61)	(38)
Other revenue and income	7,985	-	7,985	4,300
Total revenue	**257,438**	**-**	**257,438**	**280,200**
Production cost	(181,964)	(1,917)	(183,880)	(224,281)
Personnel expense	(48,789)	-	(48,789)	(24,597)
Gross operating profit (EBITDA)	**26,685**	**(1,917)**	**24,768**	**31,322**
Amortization, depreciation, provisions and impairment losses	(5,606)	-	(5,606)	(2,743)
Operating profit (EBIT)	**21,079**	**(1,917)**	**19,162**	**28,579**
Net financial income	2,901	-	2,901	1,615
Income / (loss) on investments	699	-	699	(1,461)
Non-recurring income from acquisition of La7 S.r.l.	-	57,066	57,066	-
Pre-tax profit	**24,679**	**55,149**	**79,828**	**28,733**
Income tax	(5,620)	-	(5,620)	(9,975)
Non-controlling interests	(8)	-	(8)	(1)
Profit from continuing operations attributable to the owners of the parent	**19,051**	**55,149**	**74,200**	**18,757**
Profit / (loss) from discontinued operations	(6)	-	(6)	(1)
Profit attributable to the owners of the parent	**19,045**	**55,149**	**74,194**	**18,756**

Unaudited reclassified figures

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

(€ thousands)	31/12/2013	31/12/2012
Consolidated statement of comprehensive income		
Profit attributable to owners of the parent	**74,194**	**18,756**
Other non-reclassifiable items		
Actuarial profit (loss) from defined benefit plans	(510)	128
Tax effect	140	(35)
Total comprehensive income	**73,824**	**18,849**

Unaudited reclassified figures

Summary of the main figures of the consolidated statement of financial position at 31 December 2013

The main figures of the **consolidated statement of financial position** at 31 December 2013 can be compared with the situation at 31 December 2012:

(€ thousands)	**31/12/2013**	**31/12/2012**
Balance sheet		
Property, plant and equipment	2,829	2,942
Intangible assets	12,986	9,107
Financial assets	555	79
Deferred tax assets	4,589	4,263
Net current assets	(22,390)	(10,906)
Total assets	**(1,431)**	**5,485**
Non-current borrowings and provisions	46,814	6,365
(Net financial assets)/Net debt	(172,915)	(61,234)
Equity attributable to the owners of the parent	124,658	60,350
Equity attributable to non-controlling interests	12	4
Total equity and liabilities	**(1,431)**	**5,485**

Unaudited reclassified figures

The consolidated **net financial position** at 31 December 2013, versus the situation at 31 December 2012, can be summarized as follows

(€ thousands)	**31/12/2013**	**31/12/2012**	**Change**
Cash and cash equivalents	172,915	61,234	111,681
Current financial assets	-	-	-
Total	**172,915**	**61,234**	**111,681**

Consolidated cash flow statement

The **consolidated cash flow statement** at 31 December 2013 can be compared with the cash flow statement at 31 December 2012:

Cash flow statement *(€ thousands)*	31/12/2013	31/12/2012
Cash and cash equivalents	**61,234**	**54,701**
Profit	74,202	18,757
Non-recurring income from the acquisition of LA7 S.r.l.	(57,066)	0
Amortization and depreciation	1,628	882
Impairment loss on investments	(699)	1,461
Net financial income	(2,901)	(1,746)
Income tax	5,620	9,940
Net movement in provision for employee and retirement benefits	108	188
Net movement in provisions for risks and charges	527	97
Cash flow from operating activities before movements in working capital	**21,419**	**29,579**
(Increase) Decrease in trade and other receivables	9,893	17,048
Increase (Decrease) in trade and other payables	(14,922)	(4,176)
(Increase) Decrease in inventory	1,310	(468)
Total cash from operating activities	**17,700**	**41,983**
Income tax paid	(4,529)	(15,400)
Financial charges paid	(27)	(126)
Net cash from operating activities (A)	**13,144**	**26,457**
(Acquisitions) Net disposals of PPE and intangible assets	(5,394)	(924)
Cash and cash equivalents acquired net of acquisition price of La7 S.r.l.	109,199	0
Interest and financial income received	3,391	1,872
Net increase in other non-current assets	1,235	0
Net cash used in investing activities (B)	**108,431**	**948**
Dividends paid	(19,905)	(20,559)
Increase) Decrease in treasury shares	1,382	(214)
Re-measurement of defined benefit plans including tax effect	(370)	(94)
Other movements in equity	(1)	(5)
Net cash used in financing activities (C)	**(9,894)**	**(20,872)**
Net cash flow for the period (A)+(B)+(C)	**111,681**	**6,533**
Net cash and cash equivalents closing balance	**172,915**	**61,234**

Unaudited reclassified figures

(*) The main items of consolidation of La7 S.r.l. at 30 April 2013 are shown below:

Other non-current assets	(1,013)
Inventories	(1,557)
Trade receivables and other current assets	(59,707)
Trade payables and other current liabilities	75,053
Provisions for risks and charges	32,176
Post-employment benefits	7,181
Non-recurring income from the acquisition of La7 S.r.l.	57,066
Cash and cash equivalents acquired net of acquisition price of La7 S.r.l.	**109,199**

Segment reporting at 31 December 2013

The results in 2013 for **each main business segment** (magazine publishing, advertising, TV publishing (La7) and Il Trovatore) can be analyzed as follows comparing them with the results of 2012:

31/12/2013 (€ thousands)	Magazine publishing	Advertising	TV publishing La7 (*) Current operations	 Non-recurring items	Trovato-re	Unallocated operations	Intra-group	Total
Gross operating revenue	99,063	191,681	77,019	-	485	-	(91,544)	276,704
Advertising agency discounts	-	(27,190)	-	-	-	-	-	(27,190)
Net operating revenue	**99,063**	**164,491**	**77,019**	**-**	**485**	**-**	**(91,544)**	**249,514**
Change in inventory	(61)	-	-	-	-	-	-	(61)
Other income	2,381	5,539	2,391	-	1	-	(2,327)	7,985
Total revenue	**101,383**	**170,030**	**79,410**	**-**	**486**	**-**	**(93,871)**	**257,438**
Production cost	(69,867)	(152,936)	(52,644)	(1,917)	(387)	-	93,871	(183,880)
Personnel expense	(19,117)	(6,531)	(23,107)	-	(34)	-	-	(48,789)
Gross operating profit (EBITDA)	**12,399**	**10,563**	**3,659**	**(1,917)**	**64**	**-**	**-**	**24,768**
Amortization, depreciation, provisions and impairment losses	(1,323)	(2,585)	(1,698)	-	-	-	-	(5,606)
Operating profit (EBIT)	**11,076**	**7,978**	**1,961**	**(1,917)**	**64**	**-**	**-**	**19,162**
Income / (loss) on investments	-	699	-	-	-	-	-	699
Net financial income	40	1,165	1,697	-	(1)	-	-	2,901
Non-recurring income from acquisition of La7 S.r.l.	-	-	-	57,066	-	-	-	57,066
Pre-tax profit	**11,116**	**9,842**	**3,658**	**55,149**	**63**	**-**	**-**	**79,828**
Income tax	(4,118)	(3,610)	2,131	-	(23)	-	-	(5,620)
Non-controlling interests	-	-	-	-	(8)	-	-	(8)
Profit from continuing operations attributable to the owners of the parent	**6,998**	**6,232**	**5,789**	**55,149**	**32**	**-**	**-**	**74,200**
Profit / (loss) from discontinued operations	-	-	-	-	-	**(6)**	-	(6)
Profit	**6,998**	**6,232**	**5,789**	**55,149**	**32**	**(6)**		**74,194**

Unaudited reclassified figures

(*) The amounts shown for the "TV Publishing" segment refer to the eight-month period from 1 May 2013 to 31 December 2013

31/12/2012 (€ thousands)	Magazine publishing	Advertising	TV publishing La7 Current operations	 Non-recurring items	Trovato-re	Unallocated operations	Intra-group	Total
Gross operating revenue	109,500	230,875	-	-	343	-	(31,568)	309,150
Advertising agency discounts	-	(33,212)	-	-	-	-	-	(33,212)
Net operating revenue	**109,500**	**197,663**	**-**	**-**	**343**	**-**	**(31,568)**	**275,938**
Change in inventory	(38)	-	-	-	-	-	-	(38)
Other income	3,729	559	-	-	12	-	-	4,300
Total revenue	**113,191**	**198,222**	**-**	**-**	**355**	**-**	**(31,568)**	**280,200**
Production cost	(78,412)	(177,115)	-	-	(322)	-	31,568	(224,281)
Personnel expense	(18,816)	(5,747)	-	-	(34)	-	-	(24,597)
Gross operating profit (EBITDA)	**15,963**	**15,360**	**-**	**-**	**(1)**	**-**	**-**	**31,322**
Amortization, depreciation, provisions and impairment losses	(1,355)	(1,403)	-	-	15	-	-	(2,743)
Operating profit (EBIT)	**14,608**	**13,957**	**-**	**-**	**14**	**-**	**-**	**28,579**
Net financial income	129	1,487	-	-	(1)	-	-	1,615
Income (loss) on investments	-	(1,461)	-	-	-	-	-	(1,461)
Non-recurring income from acquisition of La7 S.r.l.	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Pre-tax profit	**14,737**	**13,983**	**-**	**-**	**13**	**-**	**-**	**28,733**
Income tax	(4,776)	(5,193)	-	-	(6)	-	-	(9,975)
Non-controlling interests	-	-	-	-	(1)	-	-	(1)
Profit from continuing operations attributable to the owners of the parent	**9,961**	**8,790**	**-**	**-**	**6**	**-**	**-**	**18,757**
Loss from discontinued operations	-	-	-	**-**	-	(1)	-	(1)
Profit	**9,961**	**8,790**	**-**	**-**	**6**	**(1)**	**-**	**18,756**

Details of consolidated revenue at 31 December 2013

The breakdown of **gross operating revenue** in 2013, split up by main business segment (magazine publishing, advertising, TV publishing (La7) and Il Trovatore) can be analyzed as follows by comparing the amounts with those in 2012:

Gross revenue (€ thousands)	**31/12/2013**					
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Intra-group eliminations**	**Total**
Magazine over-the-counter sales	74,791	-	-	-	-	74,791
Print media advertising	21,768	28,975	-	-	(21,514)	29,229
TV advertising	-	159,194	73,227	-	(69,208)	163,213
Stadium signage	-	2,536	-	-	-	2,536
Internet advertising	-	396	427	143		966
Revenue from concession of programming schedule spaces	-	-	1,295	-	-	1,295
Other TV revenue	-	-	2,070	-	-	2,070
Subscriptions	2,992	-	-	-	-	2,992
Books and catalogues	910	-	-	-	-	910
Other revenue	-	580	-	342	(822)	100
VAT relating to publications	(1,398)	-	-	-	-	(1,398)
Total gross operating revenue	**99,063**	**191,681**	**77,019**	**485**	**(91,544)**	**276,704**
Other revenue	2,381	5,539	2,391	1	(2,327)	7,985
Total revenue	**101,444**	**197,220**	**79,410**	**486**	**(93,871)**	**284,689**

Gross revenue (€ thousands)	**31/12/2012**					
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Intra-group eliminations**	**Total**
Magazine over-the-counter sales	75,621	-	-	-	-	75,621
Print media advertising	31,000	35,975	-	-	(30,750)	36,225
TV advertising	-	190,566	-	-	-	190,566
Stadium signage	-	1,996	-	-	-	1,996
Internet advertising	-	1,732	-	28	-	1,760
Revenue from concession of programming schedule spaces	-	-	-	-	-	-
Other TV revenue	-	-	-	-	-	-
Subscriptions	3,016	-	-	-	-	3,016
Books and catalogues	1,302	-	-	-	-	1,302
Other revenue	-	606	-	315	(818)	103
VAT relating to publications	(1,439)	-	-	-	-	(1,439)
Total gross operating revenue	**109,500**	**230,875**	**-**	**343**	**(31,568)**	**309,150**
Other revenue	3,729	559	-	12	-	4,300
Total revenue	**113,229**	**231,434**	**-**	**355**	**(31,568)**	**313,450**

Summary of the main income statement figures of the Parent at 31 December 2013

The main **income statement figures of the Parent** in 2013 can be compared versus those in 2012:

(€ thousands)	31/12/2013	31/12/2012
Gross operating revenue	121,047	137,099
Advertising agency discounts	-	-
Net operating revenue	**121,047**	**137,099**
Other revenue and income	1,217	133
Total revenue	**122,264**	**137,232**
Production cost	(112,475)	(125,246)
Personnel expense	(2,844)	(2,750)
Gross operating profit (EBITDA)	**6,945**	**9,236**
Amortization, depreciation, provisions and impairment losses	(272)	(213)
Operating profit (EBIT)	**6,673**	**9,023**
Net financial income	1,016	1,284
Income (loss) on investments	13,174	14,241
Pre-tax profit	**20,863**	**24,548**
Income tax	(2,797)	(3,486)
Profit from continuing operations	**18,066**	**21,062**
Loss from discontinued operations	(5)	-
Profit	**18,061**	**21,062**

Unaudited reclassified figures

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

(€ thousands)	31/12/2013	31/12/2012
Statement of comprehensive income of the Parent		
Profit	18,061	21,062
Other non-reclassifiable items		
Actuarial profit (loss) from defined benefit plans	(97)	-
Tax effect	27	-
Total statement of comprehensive income	**17,991**	**21,062**

Unaudited reclassified figures

Summary of the main figures of the statement of financial position of the Parent at 31 December 2013

The main figures of the **statement of financial position** at 31 December 2013 of Cairo Communication S.p.A. can be analyzed versus the situation at 31 December 2012:

(€ thousands)	31/12/2013	31/12/2012
Balance sheet		
Property, plant and equipment	549	520
Intangible assets	356	159
Financial assets	17,614	14,032
Other non-current assets	13	399
Net current assets	14,961	(160)
Total assets	**33,493**	**14,950**
Non-current borrowings and provisions	1,346	1,008
(Net financial position)/Net debt	(35,690)	(45,426)
Equity	67,837	59,368
Total equity and liabilities	**33,493**	**14,950**

Unaudited reclassified figures

The **net financial position** of the Parent at 31 December 2013 versus the situation at 31 December 2012 is summarized below:

(€ thousands)	31/12/2013	31/12/2012	Change
Cash and cash equivalents	35,690	45,426	(9,736)
Current financial assets	-	-	-
Total	**35,690**	**45,426**	**(9,736)**

Cash flow statement

The **cash flow statement** at 31 December 2013 of Cairo Communication S.p.A. can be compared with the cash flow statement at 31 December 2012:

Cash flow statement *(€ thousands)*	31/12/2013	31/12/2012
Cash and cash equivalents	**45,426**	**37,476**
Profit	18,061	21,062
Amortization, depreciation, provisions and impairment losses	272	213
Impairment of investments	357	1,439
Net financial income	(14,547)	(16,964)
Income tax	2,797	3,486
Net movement in provision for employee and retirement benefits	150	98
Net movement in provisions for risks and charges	188	-
Cash flow from operating activities before movements in working capital	**7,278**	**9,333**
(Increase) Decrease in trade and other receivables	9,184	4,533
Increase (Decrease) in trade and other payables	(14,696)	1,206
Total cash from operating activities	**1,765**	**15,072**
Income tax paid	(2,650)	(2,620)
Financial charges paid	(121)	(91)
Net cash from operating activities (A)	**(1,006)**	**12,361**
(Acquisitions) net disposals of PPE and intangible assets	(499)	(392)
Interest and financial income received	1,512	1,375
Dividends received	3,402	15,680
Net increase in other non-current assets	(3,553)	(301)
Net cash used in investing activities (B)	**862**	**16,362**
Increase) Decrease in treasury shares	1,382	(214)
Re-measurement of defined benefit plans including tax effect	(70)	-
Dividends paid	(10,905)	(20,559)
Net cash used in financing activities (C)	**(9,593)**	**(20,773)**
Net cash flow for the period (A)+(B)+(C)	**(9,737)**	**7,950**
Net cash and cash equivalents closing balance	**35,690**	**45,426**

Unaudited reclassified figures

Alternative performance indicators

In order to provide a better reading of the financial performance of the Cairo Communication Group, besides of the conventional IFRS financial indicators, alternative performance indicators appear in this press release, but must not be considered to replace those of the IFRS.

The indicators are:

· **Gross operating profit (EBITDA):** adopted by Cairo Communication as a target to monitor internal management and for public presentations (for analysts and investors), representing a unit of measurement to assess operating performance of the Group and Parent Company, alongside **operating profit (EBIT)**. These indicators are calculated as follows:

Profit from continuing operations, pre-tax

+/- Net finance income

+/- Share in associates

EBIT- Operating profit

+ Amortization and depreciation

+ Bad debt impairment losses

+ Provisions for risks

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

The Cairo Communication Group also considers **net financial position** as a valid indicator of the Group's ability to meet financial obligations, both current and future. As seen in the table included in this press release, which details the equity figures used for the calculation of Group net financial position, this figure includes cash and other cash equivalents, bank deposits, securities and other current financial assets, reduced by current and non-current bank borrowings