



## CAIRO COMMUNICATION

### **Press Release – Interim Management Report at 31 December 2014**

In 2014, the Cairo Communication Group continued to achieve positive results in its traditional segments (magazine publishing and advertising) and worked on strengthening the results of the cost rationalization measures in the TV publishing segment (La7) implemented in 2013:

- consolidated gross revenue amounted to Euro 277,6 million (Euro 284.7 million in 2013)
- consolidated gross operating profit (EBITDA) and operating profit (EBIT) increased to Euro 28.2 million and Euro 22.8 million (+5.8% and +8.4% versus the results of current operations in 2013)
- consolidated profit rose sharply to Euro 23.8 million (+25.1% versus consolidated profit from current operations of Euro 19 million in 2013)
- La7 operations generated a positive gross operating profit (EBITDA) of Euro 9 million (versus a gross operating loss of Euro 25.4 million in the January-December twelve-month period of 2013)
- gross operating profit (EBITDA) and operating profit (EBIT) from the magazine publishing segment increased to Euro 13.8 million and Euro 12.5 million (+11.3% and +13.2% versus 2013)
- a dividend of Euro 0.27 per share will be proposed at the Shareholders' Meeting

**Milan, 13 February 2015:** at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Report at 31 December 2014.

In 2014, 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):

- strengthened the results of the cost rationalization measures in the TV publishing segment (La7) implemented during the eight months of activity in 2013, succeeding in achieving also in 2014 a positive gross operating profit (EBITDA) of Euro 9 million, while in the January-December twelve month-period of 2013 (when La7, in the first four months, had not been included yet in the scope of consolidation of the Cairo Communication Group), gross operating loss had amounted to 25.4 million;
- strengthened the results of "F", "Settimanale Nuovo" and "Settimanale Giallo", confirmed the high circulation levels of the other publications, and worked on improving the levels of efficiency reached in containing costs in the magazine publishing segment (production, publishing and distribution);
- kept advertising revenue levels high, despite the general market trend;
- achieved highly positive results in its traditional segments (magazine publishing and advertising), despite the general economic and financial context and relevant market trend, in particular magazine publishing segment achieved gross operating profit (EBITDA) and operating profit (EBIT) increasing by 11.3% and 13.2% versus 2013 to Euro 13.8 million and Euro 12.5 million;
- took part with the subsidiary Cairo Network in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, submitting its binding bid and winning the rights to use a lot of frequencies ("Mux") for a period of 20 years.

To provide a better understanding of the figures for comparative purposes, it should be noted that the 2013 income statement included the results of La7 S.r.l., which was consolidated on 1 May 2013, with regard only to the May-December eight-month period of 2013.

In **2014**, consolidated gross revenue came to approximately Euro 277.6 million (Euro 284.7 million in 2013). The consolidation of La7 S.r.l. for the entire twelve months (with regard to the May-December eight-month period of 2013 included in the same period last year) brought no significant change to revenue, since over 90% of La7 S.r.l. revenue comes from advertising sales generated by Cairo Communication under the advertising concession contract in effect before the acquisition. Consolidated gross operating profit (EBITDA) and operating profit (EBIT), amounting to approximately Euro 28.2 million and Euro 22.8 million, grew by 5.8% and 8.4% versus the same results of current operations in 2013 (Euro 26.7 million and Euro 21.1 million). Consolidated profit, amounting to approximately Euro 23.8 million, rose sharply by about 25.1% versus the current operations in 2013 (Euro 19 million). In 2013, profit (Euro 74.2 million) included Euro 55.1 million, that is, non-recurring income and charges from the acquisition of La7.

Specifically,

- in the **TV publishing segment** (La7), the Group worked on strengthening the results of the rationalization and cost-curb measures implemented in 2013. Gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 9 million and Euro 6.2 million. At 31 December 2014, the net financial position of La7 came to Euro 106.5 million and the change versus 31 December 2013 (Euro 115.8 million) is mainly due to the trend in net working capital and to investments in the acquisition of TV rights. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 18.2 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment. In the January-December twelve-month period of 2013 - when La7 had not been included yet for the entire period in the scope of consolidation of the Cairo Communication Group - gross operating loss had amounted to approximately Euro 25.4 million. In 2014, La7's average all-day share was 3.25% and 3.84% in prime time (from 8:30 PM to 11:30 PM), with a high-quality target audience. La7d's share maintained its level at 0.5%;
- in the **magazine publishing segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 13.8 million and Euro 12.5 million, up by 11.3% and 13.2% versus the same results of 2013 (Euro 12.4 million and Euro 11.1 million). The period under review confirmed the excellent circulation results, with revenue at Euro 73.4 million (Euro 74.8 million in 2013). Regarding weeklies, with approximately 1.9 million average copies sold in the January-November eleven-month period of 2014, the Group retains its position as the leading publisher in copies of weeklies sold at newsstands, with an over 25% market share;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 5.3 million and Euro 3.9 million (Euro 10.6 million and Euro 8 million in 2013). In 2014, gross advertising sales on La7 and La7d came to approximately Euro 152.9 million (Euro 157.5 million in 2013).

In **4Q14**, consolidated gross revenue amounted to approximately Euro 79 million (Euro 83.7 million in 4Q13). Gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 6.7

million and Euro 5.3 million (Euro 8.8 million and Euro 6.1 million in 2013). Consolidated profit in 4Q14 came to approximately Euro 4.9 million (Euro 6.1 million in 4Q13).

The consolidated net financial position at 31 December 2014 came to a positive figure of approximately Euro 124 million (approximately Euro 172.9 million at 31 December 2013). The change in the net financial position versus 31 December 2013 is mainly due to (i) the investments made by Cairo Network (Euro 31.6 million plus accessory costs) in the acquisition of the rights to use TV frequencies and (ii) the distribution of dividends approved by the Shareholders' Meeting on 29 April 2014 (0.27 Euro per share, for a total of Euro 21.2 million). The bank loan of Euro 25 million, granted by Unicredit S.p.A and used by Cairo Network in the acquisition of the Mux, is secured by a guarantee issued by the parent Cairo Communication, and calls for the payment of an interest rate equal to the 3-month Euribor plus 225 basis points and certain constraints (negative pledges) and commitments (covenants) on the part of the company, which are typical of these transactions.

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 no. 9) on 11 May 2015 and payable on 14 May 2015 (record date 13 May 2015).

In 2015, the Cairo Communication Group will continue to develop its traditional businesses (magazine publishing and advertising). Despite the current economic and competitive context, and given the high quality of the publications and the media under concession, the Group considers it a feasible target to continue to achieve positive operating results.

Looking at the TV publishing segment, in 2015, the Group will continue to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014.

However, 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.

*Cairo Communication 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*

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This press release is also available on the Company's website [www.cairocommunication.it](http://www.cairocommunication.it)  
in the section NOTICES AND DOCUMENTS / PRESS RELEASES

## Summary of the main consolidated income statement figures at 31 December 2014

The main consolidated income statement figures of 2014 and of 4Q14 can be compared with those of the same periods of 2013:

(€ thousands)	31/12/2014			31/12/2013		
	(Twelve months)			(Twelve months)		
	Current operations	Non-recurring items	Total	Current operations	Non-recurring items	Total
Gross operating revenue	266,010	-	266,010	276,704	-	276,704
Advertising agency discounts	(25,748)	-	(25,748)	(27,190)	-	(27,190)
Net operating revenue	<b>240,262</b>	-	<b>240,262</b>	<b>249,514</b>	-	<b>249,514</b>
Change in inventory	45	-	45	(61)	-	(61)
Other revenue and income	11,618	-	11,618	7,985	-	7,985
<b>Total revenue</b>	<b>251,925</b>	-	<b>251,925</b>	<b>257,438</b>	-	<b>257,438</b>
Production cost	(163,129)	-	(163,129)	(181,963)	(1,917)	(183,880)
Personnel expense	(60,573)	-	(60,573)	(48,789)	-	(48,789)
<b>Gross operating profit (EBITDA)</b>	<b>28,223</b>	-	<b>28,223</b>	<b>26,685</b>	<b>(1,917)</b>	<b>24,768</b>
Amortization, depreciation, provisions and impairment losses	(5,381)	-	(5,381)	(5,606)	-	(5,606)
<b>Operating profit (EBIT)</b>	<b>22,842</b>	-	<b>22,842</b>	<b>21,079</b>	<b>(1,917)</b>	<b>19,162</b>
Net financial income	1,830	-	1,830	2,901	-	2,901
Income / (loss) on investments	(1)	-	(1)	699	-	699
Non-recurring income from acquisition of La7 S.r.l.	-	-	-	-	57,066	57,066
<b>Pre-tax profit</b>	<b>24,671</b>	-	<b>24,671</b>	<b>24,679</b>	<b>55,149</b>	<b>79,828</b>
Income tax	(821)	-	(821)	(5,620)	-	(5,620)
Non-controlling interests	(28)	-	(28)	(8)	-	(8)
<b>Profit from continuing operations attributable to the owners of the parent</b>	<b>23,822</b>	-	<b>23,822</b>	<b>19,051</b>	<b>55,149</b>	<b>74,200</b>
Profit / (loss) from discontinued operations	(1)	-	(1)	(6)	-	(6)
<b>Profit attributable to the owners of the parent</b>	<b>23,821</b>	-	<b>23,821</b>	<b>19,045</b>	<b>55,149</b>	<b>74,194</b>

*Unaudited reclassified statements*

(€ thousands)	31/12/2014			31/12/2013		
	(Three months)			(Three months)		
	Current operations	Non-recurring items	Total	Current operations	Non-recurring items	Total
Gross operating revenue	75,206	-	75,206	79,389	-	79,389
Advertising agency discounts	(7,439)	-	(7,439)	(7,945)	-	(7,945)
Net operating revenue	<b>67,767</b>	-	<b>67,767</b>	<b>71,444</b>	-	<b>71,444</b>
Change in inventory	72	-	72	4	-	4
Other revenue and income	3,819	-	3,819	4,348	-	4,348
<b>Total revenue</b>	<b>71,658</b>	-	<b>71,658</b>	<b>75,796</b>	-	<b>75,796</b>
Production cost	(48,497)	-	(48,497)	(50,985)	-	(50,985)
Personnel expense	(16,494)	-	(16,494)	(15,881)	-	(15,881)
<b>Gross operating profit (EBITDA)</b>	<b>6,667</b>	-	<b>6,667</b>	<b>8,830</b>	-	<b>8,830</b>
Amortization, depreciation, provisions and impairment losses	(1,415)	-	(1,415)	(2,785)	-	(2,785)
<b>Operating profit (EBIT)</b>	<b>5,252</b>	-	<b>5,252</b>	<b>6,145</b>	-	<b>6,145</b>
Net financial income	106	-	106	623	-	623
Income / (loss) on investments	-	-	-	-	-	-
Non-recurring income from acquisition of La7 S.r.l.	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>5,358</b>	-	<b>5,358</b>	<b>6,768</b>	-	<b>6,768</b>
Income tax	(443)	-	(443)	(666)	-	(666)
Non-controlling interests	(14)	-	(14)	(7)	-	(7)
<b>Profit from continuing operations attributable to the owners of the parent</b>	<b>4,901</b>	-	<b>4,901</b>	<b>6,095</b>	-	<b>6,095</b>
Profit / (loss) from discontinued operations	(1)	-	(1)	(5)	-	(5)
<b>Profit attributable to the owners of the parent</b>	<b>4,900</b>	-	<b>4,900</b>	<b>6,090</b>	-	<b>6,090</b>

*Unaudited reclassified statements*

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

(€ thousands)	31/12/2014	31/12/2014	31/12/2013	31/12/2013
	(Twelve months)	(Quarter)	(Twelve months)	(Quarter)
<b>Consolidated statement of comprehensive income</b>				
Profit attributable to owners of the parent	<b>23,821</b>	<b>4,900</b>	<b>74,194</b>	<b>6,090</b>
<i>Other non-reclassifiable items of the comprehensive income statement</i>				
Actuarial profit (loss) from defined benefit plans	(1,367)	(671)	(510)	(587)
Tax effect	376	185	140	161
<b>Total comprehensive income</b>	<b>22,830</b>	<b>4,414</b>	<b>73,824</b>	<b>5,664</b>

*Unaudited reclassified statements*

## Summary of the main figures of the consolidated statement of financial position at 31 December 2014

The main figures of the **consolidated statement of financial position** at 31 December 2014 can be compared with the situation at 31 December 2013:

(€ thousands)	31/12/2014	31/12/2013
<b>Balance sheet</b>		
Property, plant and equipment	3,069	2,829
Intangible assets	56,867	12,986
Financial assets	1,179	555
Deferred tax assets	3,907	4,589
Net current assets	(19,157)	(22,390)
<b>Total assets</b>	<b>45,865</b>	<b>(1,431)</b>
Non-current borrowings and provisions	43,540	46,814
(Net financial assets)/Net debt	(124,061)	(172,915)
Equity attributable to the owners of the parent	126,346	124,658
Equity attributable to non-controlling interests	40	12
<b>Total equity and liabilities</b>	<b>45,865</b>	<b>(1,431)</b>

*Unaudited reclassified statements*

The consolidated **net financial position** at 31 December 2014, versus the situation at 31 December 2013, can be summarized as follows:

(€ thousands)	31/12/2014	31/12/2013	Change
Cash and cash equivalents	149,061	172,915	(23,854)
Current financial assets		-	-
Bank loans	(25,000)	-	(25,000)
<b>Total</b>	<b>124,061</b>	<b>172,915</b>	<b>(48,854)</b>

*Unaudited reclassified statements*

## Segment reporting at 31 December 2014

The results in **2014** and in **4Q14** for **each main business segment** magazine publishing, advertising, TV publishing (La7), network operator (Cairo Network) and Il Trovatore), can be analyzed as follows with those of the same periods of 2013:

2014 (Twelve months) (€ thousands)	Magazine publishing	Advertising	TV publishing		Trovato- re	Network operator Cairo Network	Intra- group and unallocate d	Total
			La7					
			Current operations	Non- recurring items				
Gross operating revenue	96,704	181,332	110,913	-	834	-	(123,773)	266,010
Advertising agency discounts	-	(25,748)	-	-	-	-	-	(25,748)
<b>Net operating revenue</b>	<b>96,704</b>	<b>155,584</b>	<b>110,913</b>	<b>-</b>	<b>834</b>	<b>-</b>	<b>(123,773)</b>	<b>240,262</b>
Change in inventory	(28)	-	-	-	-	73	-	45
Other income	1,312	919	9,323	-	62	2	-	11,618
<b>Total revenue</b>	<b>97,988</b>	<b>156,503</b>	<b>120,236</b>	<b>-</b>	<b>896</b>	<b>75</b>	<b>(123,773)</b>	<b>251,925</b>
Production cost	(65,127)	(143,991)	(77,057)	-	(647)	(80)	123,773	(163,129)
Personnel expense	(19,063)	(7,247)	(34,221)	-	(42)	-	-	(60,573)
<b>Gross operating profit (EBITDA)</b>	<b>13,798</b>	<b>5,265</b>	<b>8,958</b>	<b>-</b>	<b>207</b>	<b>(5)</b>	<b>-</b>	<b>28,223</b>
Amortization, depreciation, provisions and impairment losses	(1,260)	(1,380)	(2,740)	-	-	(1)	-	(5,381)
<b>Operating profit (EBIT)</b>	<b>12,538</b>	<b>3,885</b>	<b>6,218</b>	<b>-</b>	<b>207</b>	<b>(6)</b>	<b>-</b>	<b>22,842</b>
Income / (loss) on investments	-	(1)	-	-	-	-	-	(1)
Net financial income	17	390	1,424	-	(1)	-	-	1,830
Non-recurring income from acquisition of La7 S.r.l.	-	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>12,555</b>	<b>4,274</b>	<b>7,642</b>	<b>-</b>	<b>206</b>	<b>(6)</b>	<b>-</b>	<b>24,671</b>
Income tax	(4,503)	(1,657)	5,408	-	(69)	-	-	(821)
Non-controlling interests	-	-	-	-	(28)	-	-	(28)
<b>Profit from continuing operations attributable to the owners of the parent</b>	<b>8,052</b>	<b>2,617</b>	<b>13,050</b>	<b>-</b>	<b>109</b>	<b>(6)</b>	<b>-</b>	<b>23,822</b>
Profit / (loss) from discontinued operations	-	-	-	-	-	-	(1)	(1)
<b>Profit</b>	<b>8,052</b>	<b>2,617</b>	<b>13,050</b>	<b>-</b>	<b>109</b>	<b>(6)</b>	<b>(1)</b>	<b>23,821</b>

*Unaudited reclassified statements*

2013 (Twelve months) (€ thousands)	Magazine publishing	Advertising	TV publishing		Trovato-re	Network operator Cairo Network	Intra- group and unallocate d	Total
			La7 (*)					
			Current operations	Non- recurring items				
Gross operating revenue	99,063	191,681	77,019	-	485	-	(91,544)	276,704
Advertising agency discounts	-	(27,190)	-	-	-	-	-	(27,190)
<b>Net operating revenue</b>	<b>99,063</b>	<b>164,491</b>	<b>77,019</b>	<b>-</b>	<b>485</b>	<b>-</b>	<b>(91,544)</b>	<b>249,514</b>
Change in inventory	(61)	-	-	-	-	-	-	(61)
Other income	2,381	5,539	2,391	-	1	-	(2,327)	7,985
<b>Total revenue</b>	<b>101,383</b>	<b>170,030</b>	<b>79,410</b>	<b>-</b>	<b>486</b>	<b>-</b>	<b>(93,871)</b>	<b>257,438</b>
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)
<b>Gross operating profit (EBITDA)</b>	<b>12,399</b>	<b>10,563</b>	<b>3,659</b>	<b>(1,917)</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>24,768</b>
Amortization, depreciation, provisions and impairment losses	(1,323)	(2,585)	(1,698)	-	-	-	-	(5,606)
<b>Operating profit (EBIT)</b>	<b>11,076</b>	<b>7,978</b>	<b>1,961</b>	<b>(1,917)</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>19,162</b>
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
<b>Pre-tax profit</b>	<b>11,116</b>	<b>9,842</b>	<b>3,658</b>	<b>55,149</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>79,828</b>
Income tax	(4,118)	(3,610)	2,131	-	(23)	-	-	(5,620)
Non-controlling interests	-	-	-	-	(8)	-	-	(8)
<b>Profit from continuing operations attributable to the owners of the parent</b>	<b>6,998</b>	<b>6,232</b>	<b>5,789</b>	<b>55,149</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>74,200</b>
Profit / (loss) from discontinued operations	-	-	-	-	-	-	(6)	(6)
<b>Profit</b>	<b>6,998</b>	<b>6,232</b>	<b>5,789</b>	<b>55,149</b>	<b>33</b>	<b>-</b>	<b>(6)</b>	<b>74,194</b>

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

2014 (Three months) (€ thousands)	Magazine publishing	Advertising	TV publishing La7		Trovato-re	Network operator Cairo Network	Intra- group and unallocated	Total
			Current operation	Non-recurring items				
Gross operating revenue	24,054	53,624	33,640	-	223	-	(36,335)	75,206
Advertising agency discounts	-	(7,439)	-	-	-	-	-	(7,439)
<b>Net operating revenue</b>	<b>24,054</b>	<b>46,185</b>	<b>33,640</b>	<b>-</b>	<b>223</b>	<b>-</b>	<b>(36,335)</b>	<b>67,767</b>
Change in inventory	(1)	-	-	-	-	73	-	72
Other income	193	314	3,249	-	62	1	-	3,819
<b>Total revenue</b>	<b>24,246</b>	<b>46,499</b>	<b>36,889</b>	<b>-</b>	<b>285</b>	<b>74</b>	<b>(36,335)</b>	<b>71,658</b>
Production cost	(16,354)	(43,547)	(24,773)	-	(161)	3	36,335	(48,497)
Personnel expense	(4,965)	(2,481)	(9,031)	-	(17)	-	-	(16,494)
<b>Gross operating profit (EBITDA)</b>	<b>2,927</b>	<b>471</b>	<b>3,085</b>	<b>-</b>	<b>107</b>	<b>77</b>	<b>-</b>	<b>6,667</b>
Amortization, depreciation, provisions and impairment losses	(475)	(223)	(717)	-	-	-	-	(1,415)
<b>Operating profit (EBIT)</b>	<b>2,452</b>	<b>248</b>	<b>2,368</b>	<b>-</b>	<b>107</b>	<b>77</b>	<b>-</b>	<b>5,252</b>
Income / (loss) on investments	-	-	-	-	-	-	-	-
Net financial income	(18)	13	112	-	(1)	-	-	106
Non-recurring income from acquisition of La7 S.r.l.	-	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>2,434</b>	<b>261</b>	<b>2,480</b>	<b>-</b>	<b>106</b>	<b>77</b>	<b>-</b>	<b>5,358</b>
Income tax	(777)	(175)	546	-	(37)	-	-	(443)
Non-controlling interests	-	-	-	-	(14)	-	-	(14)
<b>Profit from continuing operations attributable to the owners of the parent</b>	<b>1,657</b>	<b>86</b>	<b>3,026</b>	<b>-</b>	<b>55</b>	<b>77</b>	<b>-</b>	<b>4,901</b>
Profit / (loss) from discontinued operations	-	-	-	-	-	-	(1)	(1)
<b>Profit</b>	<b>1,657</b>	<b>86</b>	<b>3,026</b>	<b>-</b>	<b>55</b>	<b>77</b>	<b>(1)</b>	<b>4,900</b>

*Unaudited reclassified statements*

2013 (Three months) (€ thousands)	Magazine publishing	Advertising	TV publishing La7		Trovato-re	Network operator Cairo Network	Intra- group and unallocated	Total
			Current operation	Non-recurring items				
Gross operating revenue	24,566	57,479	35,509	-	209	-	(38,374)	79,389
Advertising agency discounts	-	(7,945)	-	-	-	-	-	(7,945)
<b>Net operating revenue</b>	<b>24,566</b>	<b>49,534</b>	<b>35,509</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>(38,374)</b>	<b>71,444</b>
Change in inventory	4	-	-	-	-	-	-	4
Other income	482	1,551	1,883	-	-	-	432	4,348
<b>Total revenue</b>	<b>25,052</b>	<b>51,085</b>	<b>37,392</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>(37,942)</b>	<b>75,796</b>
Production cost	(16,857)	(46,364)	(25,559)	-	(146)	-	37,942	(50,984)
Personnel expense	(5,037)	(2,098)	(8,736)	-	(10)	-	-	(15,881)
<b>Gross operating profit (EBITDA)</b>	<b>3,158</b>	<b>2,623</b>	<b>3,097</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>8,930</b>
Amortization, depreciation, provisions and impairment losses	(473)	(1,411)	(901)	-	-	-	-	(2,785)
<b>Operating profit (EBIT)</b>	<b>2,685</b>	<b>1,212</b>	<b>2,196</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>6,145</b>
Income / (loss) on investments	-	-	-	-	-	-	-	-
Net financial income	(9)	161	471	-	-	-	-	623
Non-recurring income from acquisition of La7 S.r.l.	-	-	-	-	-	-	-	-
<b>Pre-tax profit</b>	<b>2,676</b>	<b>1,373</b>	<b>2,667</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>6,768</b>
Income tax	(901)	(669)	923	-	(19)	-	-	(666)
Non-controlling interests	-	-	-	-	(7)	-	-	(7)
<b>Profit from continuing operations attributable to the owners of the parent</b>	<b>1,775</b>	<b>704</b>	<b>3,590</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>6,095</b>
Profit / (loss) from discontinued operations	-	-	-	-	-	-	(5)	(5)
<b>Profit</b>	<b>1,775</b>	<b>704</b>	<b>3,590</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>(5)</b>	<b>6,090</b>



## Details of consolidated revenue at 31 December 2014

The breakdown of **gross operating revenue** in **2014** and in **4Q14**, split up by main business segment (magazine publishing, advertising, TV publishing (La7), network operator (Cairo Network) and Il Trovatore) can be analyzed as follows by comparing the amounts with the same periods of 2013:

Gross revenue (€ thousands)	31/12/2014 (Twelve months)						
	Magazine publishing	Advertising	TV publishing (La7)	Trovatore	Network operator Cairo Network	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	73,395	-	-	-	-	-	73,395
Print media advertising	20,931	27,687	-	-	-	(20,641)	27,977
TV advertising	-	149,636	106,991	-	-	(101,412)	155,215
Stadium signage	-	2,537	-	-	-	-	2,537
Internet advertising	-	870	759	494	-	(878)	1,245
Revenue from concession of programming schedule spaces	-	-	982	-	-	-	982
Other TV revenue	-	-	2,181	-	-	-	2,181
Subscriptions	2,883	-	-	-	-	-	2,883
Books and catalogues	981	-	-	-	-	-	981
Other revenue	-	602	-	340	-	(842)	100
VAT relating to publications	(1,486)	-	-	-	-	-	(1,486)
<b>Total gross operating revenue</b>	<b>96,704</b>	<b>181,332</b>	<b>110,913</b>	<b>834</b>	<b>-</b>	<b>(123,773)</b>	<b>266,010</b>
Other revenue	1,312	919	9,323	62	2	-	11,618
<b>Total revenue</b>	<b>98,016</b>	<b>182,251</b>	<b>120,236</b>	<b>896</b>	<b>2</b>	<b>(123,773)</b>	<b>277,628</b>
Gross revenue (€ thousands)	31/12/2013 (Twelve months)						
	Magazine publishing	Advertising	TV publishing (La7)*	Trovatore	Network operator Cairo Network	Intra-group eliminations and unallocated	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)
<b>Total gross operating revenue</b>	<b>99,063</b>	<b>191,681</b>	<b>77,019</b>	<b>485</b>	<b>-</b>	<b>(91,544)</b>	<b>276,704</b>
Other revenue	2,381	5,539	2,391	1	-	(2,327)	7,985
<b>Total revenue</b>	<b>101,444</b>	<b>197,220</b>	<b>79,410</b>	<b>486</b>	<b>-</b>	<b>(93,871)</b>	<b>284,689</b>

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

Gross revenue (€ thousands)	Quarter at 31/12/2014 (Three months)						
	Magazine publishing	Advertising	TV publishing (La7)	Trovatore	Network operator Cairo Network	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	17,391	-	-	-	-	-	17,391
Print media advertising	5,773	7,586	-	-	-	(5,531)	7,828
TV advertising	-	44,631	32,152	-	-	(30,377)	46,406
Stadium signage	-	1,056	-	-	-	-	1,056
Internet advertising	-	201	445	137	-	(215)	568
Revenue from concession of programming schedule spaces	-	-	327	-	-	-	327
Other TV revenue	-	-	716	-	-	-	716
Subscriptions	705	-	-	-	-	-	705
Books and catalogues	536	-	-	-	-	-	536
Other revenue	-	150	-	86	-	(212)	24
VAT relating to publications	(351)	-	-	-	-	-	(351)
<b>Total gross operating revenue</b>	<b>24,054</b>	<b>53,624</b>	<b>33,640</b>	<b>223</b>	<b>-</b>	<b>(36,335)</b>	<b>75,206</b>
Other revenue	193	314	3,249	62	1	-	3,819
<b>Total revenue</b>	<b>24,247</b>	<b>53,938</b>	<b>36,889</b>	<b>285</b>	<b>1</b>	<b>(36,335)</b>	<b>79,025</b>
Gross revenue (€ thousands)	Quarter at 31/12/2013 (Three months)						
	Magazine publishing	Advertising	TV publishing (La7)	Trovatore	Network operator Cairo Network	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	17,575	-	-	-	-	-	17,575
Print media advertising	5,979	8,160	-	-	-	(5,900)	8,239
TV advertising	-	48,260	33,940	-	-	(32,266)	49,934
Stadium signage	-	763	-	-	-	-	763
Internet advertising	-	151	159	122	-	-	432
Revenue from concession of programming schedule spaces	-	-	269	-	-	-	269
Other TV revenue	-	-	1,141	-	-	-	1,141
Subscriptions	732	-	-	-	-	-	732
Books and catalogues	592	-	-	-	-	-	592
Other revenue	-	145	-	87	-	(208)	24
VAT relating to publications	(312)	-	-	-	-	-	(312)
<b>Total gross operating revenue</b>	<b>24,566</b>	<b>57,479</b>	<b>35,509</b>	<b>209</b>	<b>-</b>	<b>(38,374)</b>	<b>79,389</b>
Other revenue	482	1,551	1,883	-	-	432	4,348
<b>Total revenue</b>	<b>25,048</b>	<b>59,030</b>	<b>37,392</b>	<b>209</b>	<b>-</b>	<b>(37,942)</b>	<b>83,737</b>

## Summary of the main income statement figures of the Parent at 31 December 2014

The main **income statement figures of the Parent** in **2014** and in **4Q14** can be compared with those in the same periods of 2013:

(€ thousands)	31/12/2014 (Twelve months)	31/12/2013 (Twelve months)	31/12/2014 (Three months)	31/12/2013 (Three months)
Gross operating revenue	116,595	121,047	34,806	37,422
Advertising agency discounts	-	-	-	-
<b>Net operating revenue</b>	<b>116,595</b>	<b>121,047</b>	<b>34,806</b>	<b>37,422</b>
Other revenue and income	336	1,217	150	278
<b>Total revenue</b>	<b>116,931</b>	<b>122,264</b>	<b>34,956</b>	<b>37,700</b>
Production cost	(108,589)	(112,475)	(32,847)	(35,701)
Personnel expense	(2,992)	(2,844)	(842)	(784)
<b>Gross operating profit (EBITDA)</b>	<b>5,350</b>	<b>6,945</b>	<b>1,267</b>	<b>1,215</b>
Amortization, depreciation, provisions and impairment losses	(240)	(272)	(91)	(106)
<b>Operating profit (EBIT)</b>	<b>5,110</b>	<b>6,673</b>	<b>1,176</b>	<b>1,109</b>
Net financial income	363	1,016	1	128
Income (loss) on investments	7,088	13,174	6,049	9,400
<b>Pre-tax profit</b>	<b>12,561</b>	<b>20,863</b>	<b>7,226</b>	<b>10,637</b>
Income tax	(1,904)	(2,797)	(454)	(529)
<b>Profit from continuing operations</b>	<b>10,657</b>	<b>18,066</b>	<b>6,772</b>	<b>10,108</b>
Loss from discontinued operations	(1)	(5)	(1)	(5)
<b>Profit</b>	<b>10,656</b>	<b>18,061</b>	<b>6,771</b>	<b>10,103</b>

*Unaudited reclassified statements*

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

(€ thousands)	31/12/2014 (Twelve months)	31/12/2014 (Quarter)	31/12/2013 (Twelve months)	31/12/2013 (Quarter)
<b>Statement of comprehensive income of the Parent</b>				
Profit	10,656	6,771	18,061	10,103
<i>Other non-reclassifiable items of the comprehensive income statement</i>				
Actuarial profit (loss) from defined benefit plans	(138)	(99)	(97)	(97)
Tax effect	38	27	27	27
<b>Total statement of comprehensive income</b>	<b>10,556</b>	<b>6,699</b>	<b>17,991</b>	<b>10,033</b>

*Unaudited reclassified statements*

**Summary of the main figures of the statement of financial position of the Parent at 31 December 2014**

The main figures of the **statement of financial position** at 31 December 2014 of Cairo Communication S.p.A. can be analyzed versus the situation at 31 December 2013:

(€ thousands)	31/12/2014	31/12/2013
<b>Balance sheet</b>		
Property, plant and equipment	457	549
Intangible assets	320	356
Financial assets	22,923	17,614
Other non-current assets	13	13
Net current assets	9,110	14,961
<b>Total assets</b>	<b>32,823</b>	<b>33,493</b>
Non-current borrowings and provisions	1,349	1,346
(Net financial position)/Net debt	(25,768)	(35,690)
Equity	57,242	67,837
<b>Total equity and liabilities</b>	<b>32,823</b>	<b>33,493</b>

*Unaudited reclassified statements*

The **net financial position** of the Parent at 31 December 2014 versus the situation at 31 December 2013 is summarized below:

(€ thousands)	31/12/2014	31/12/2013	Change
Cash and cash equivalents	25,768	35,690	(9,922)
Current financial assets	-	-	-
<b>Total</b>	<b>25,768</b>	<b>35,690</b>	<b>(9,922)</b>

### **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