CAIRO COMMUNICATION

Press Release - Results at 30 June 2019 approved

- **In first half 2019, the Group achieved:**
  - **consolidated gross revenue of Euro 646.1 million**
  - **consolidated gross operating profit (EBITDA) and operating profit (EBIT) of Euro 97.4 million[1] and Euro 59.4 million[1], respectively Euro 82.2 million and Euro 57.8 million net of the impacts[1] of IFRS 16**
  - **profit attributable to the owners of the parent of Euro 24.2[1] million, Euro 24.5 million excluding the effects[1] of IFRS 16**
  - **a reduction in consolidated net financial debt of Euro 13.3 million, after the distribution of dividends of Euro 31.2 million at Group level**
- **RCS continued to generate positive margins and cash flows and achieved its targets of gradually reducing financial debt. Gross operating profit (EBITDA) in the consolidated financial statements of Cairo Communication amounted to Euro 86.8 million[2] (Euro 73.7 million net of IFRS 16[1]). Digital revenue (approximately Euro 80.1 million) in the first half of the year was up by approximately 4% versus the same period of 2018, with a percentage on total revenue of 16.8%**
- **The TV publishing segment La7 confirmed the high audience levels of the La7 channel (3.76% in all-day share and 5.03% in prime time). Advertising sales on La7 and La7d, amounting to Euro 79.4 million, were up by 5.7% in the first six months versus 2018 (Euro 75.1 million)**
- **The magazine publishing segment Cairo Editore continued to achieve positive results**

Milan, 5 August 2019: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Half-Year Report at 30 June 2019.

Income statement and balance sheet figures (ú millions)	30/06/2019	30/06/2018
Consolidated gross revenue	646.1	678.1
EBITDA[1]	97.4[1]	96.5
EBIT[1]	59.4[1]	67.4
Profit attributable to the owners of the parent[1]	24.2[1]	29.6
	30/06/2019	**31/12/2018**
Net financial debt[1]	175.4	188.6

[1] The Half-Year Report at 30 June 2019 incorporates the adoption of the new IFRS 16 - *Leases*, which came into effect as from 1 January 2019. For the adoption of the new standard, the Group followed the modified retrospective transition method (i.e. with the cumulative effect of the adoption recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating comparative information).
The application of the new standard at 30 June 2019 resulted in:

- the recognition under tangible assets of rights of use on leased assets for a total of Euro 202.6 million;
- the recognition of a financial liability from leases pursuant to IFRS 16, previously classified as operating leases, of approximately Euro 219.6 million;
- the reversal of lease payments of Euro 15.2 million, offset by higher amortization and depreciation of Euro 13.6 million and higher financial expense of Euro 2.1 million; with an impact on EBITDA, EBIT and the result for the period attributable to the owners of the parent of Euro +15.2 million, Euro +1.6 million and Euro -0.3 million respectively;
- a decreasing impact (i) on Group equity of Euro 5.5 million and (ii) on non-controlling interestsô equity of Euro 3.7 million, net of the accounting effect of the tax component.

[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 section below ñAlternative Performance Measuresò. As a result of these differences - regarding provisions for risks and the allowance for impairment, amounting to Euro 2.7 million in first half 2019 - EBITDA shown in the RCS Half-Year Report at 30 June 2019, approved on 31 July 2019, amounted to Euro 84.1 million.

In first half 2019:

- **RCS** continued to generate positive margins and cash flows and achieved its targets of gradually reducing financial debt (Euro -10.1 million versus end 2018, after distributing dividends of approximately Euro 31 million), thanks to the initiatives implemented to maintain and develop revenue and to the ongoing efficiency actions, which generated benefits of approximately Euro 12.7 million in the period. In first half 2019, RCS achieved a profit of Euro 38.4 million[3] (Euro 45.4 million[3] in the same period of 2018). Specifically, in Italy, the first quarter saw the restyling of *Amica* (out on newsstands on 19 February 2019) and the new *Corriere Milano* (6 March 2019); the *Motors* column of *La Gazzetta dello Sport* was expanded (7 March 2019), *economia.corriere.it*, the new website of the business-related section of daily *Corriere della Sera* was launched (25 March 2019), *Corriere del Mezzogiorno-Puglia e Matera* made its debut (26 March 2019), while 28 March 2019 saw the kick-off of the activities of *RCS Academy*. In Spain, the period saw the creation of *BeStory* a digital content production area for social networks and the restyling of *Telva* (20 February 2019) and the *El Mundo* website (4 March 2019). In the second quarter, developments also included the rollout of the new *Gazzetta dello Sport* (7 May 2019) and the new release of the website *gazzetta.it* (8 May 2019), as well as the new *Corriere Salute* (9 May 2019), out on Thursdays, the new *7* (10 May 2019), and the launch of the weekly supplement *Expansion Juridico* (3 June 2019) and *Marca Claro USA* (10 June). The *mobile website of Corriere della Sera* was also renewed (from 16 May 2019), with a view to greater accessibility and readability;
- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.76% in all-day share and 5.03% in prime time), ranking as the sixth national channel for average audience levels in prime time in the first half of the year, and in the period between 6 January and 15 June (full programming period for La7) the fifth channel ahead of Italia 1. Advertising sales on La7 and La7d, amounting to Euro 79.4 million, were on the rise, increasing by 5.7% versus the same period of 2018 (Euro 75.1 million). The channelôs news and discussion programmes all continued to show remarkable figures: *Otto e Mezzo* with 7.29% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.94% from Monday to Friday, *diMartedì* 6.67%, *Piazzapulita* 5.73%, *Propaganda Live* 5.29%, *Non è lôArena* 6.66%, *Omnibus Dibattito* 4.15%, *Coffee Break* 4.59%, *LôAria che tira* 6.64%, *Tagadà* 3.55%, *Atlantide* 2.83%, and the election specials hosted by Enrico Mentana (11.16% share the special on 26/27 May);
- the **magazine publishing segment Cairo Editore** posted positive results, achieved high circulation levels of the publications, and continued to work on improving the levels of efficiency reached in containing own costs.

In first half 2019, Group consolidated gross revenue amounted to approximately Euro 646.1 million (comprising gross operating revenue of Euro 632 million and other revenue and income of Euro 14.1 million) versus Euro 678.1 million in the same period of 2018 (comprising gross operating revenue of Euro 664.6 million and other revenue and income of Euro 13.5 million).

Mention should be made that the Half-Year Report at 30 June 2019 incorporates the new IFRS 16, which came into effect as from 1 January 2019. The income statement figures for first half 2019, therefore, cannot be directly compared with the corresponding amounts of the same period of the prior year.

Gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 97.4 million and Euro 59.4 million. Net of the effects of the new IFRS 16, gross operating profit (EBITDA) and operating profit (EBIT) would amount to Euro 82.2 million and Euro 57.8 million (Euro 96.5 million and Euro 67.4 million in the same period of the prior year when the results were impacted positively by the strong contribution of the great start of the *Giro d'Italia* from abroad), down due also to the effect of net non-recurring income and expense (Euro -1.2 million at 30 June 2019 versus an overall net effect of non-recurring income and expense basically equal to zero at 30 June 2018).

Profit attributable to the owners of the parent came to approximately Euro 24.2 million (Euro 29.6 million in the same period of 2018).

[3] Amounts and comparisons based on the RCS Half-Year Report at 30 June 2019, approved on 31 July 2019.

Looking at the business segments, in first half 2019:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 3.1 million[4] and Euro 2.1 million[4] (Euro 4.2 million and Euro 3.7 million in the same period of 2018). Regarding weeklies, with approximately 1.4 million average copies sold in the January-May five-month period of 2019 (*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 (the copies sold of ñEnigmistica Piùò and of ñEnigmistica Miaò), average copies sold were approximately 1.5 million;
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro 4 million[5] (Euro 2.2 million in the same period of 2018). Operating profit (EBIT) was approximately Euro -1.9 million[5] (Euro -2.7 million in the same period of 2018);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.4 million[6] and Euro -0.1 million[6] (Euro 0.8 million and Euro -0.3 million in the same period of 2018);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 2.1 million[7] and Euro 2 million[7] (Euro 1.9 million and Euro 1.8 million in the same period of 2018);
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 86.8 million[8-9] and Euro 57.4 million[9] (Euro 87.3 million and Euro 64.8 million in the same period of 2018). Net operating revenue amounted to Euro 475.5 million. At circulation level, the dailies *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión* continue to lead their respective segments. *El Mundo* is once again the second most popular general daily in Spain for circulation at newsstands. With regard to the main digital performance indicators, in Italy *corriere.it and gazzetta.it* reached an average of 23.1 million and 12.9 million unique users respectively per month at end May 2019 (*Audiweb 2.0*). In June 2019, the total active customer base for *Corriere della Sera* (*digital edition*, *membership* and *m-site)* was 143 thousand subscribers, up by 14% versus the same period of 2018. In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansión.com* reached 20.1 million, 16.5 million and 6.8 million average monthly unique users at end June 2019 (*Comscore IP Spain*, which considers only traffic coming from Spain). Against this backdrop, overall digital revenue of RCS (Italy and Spain), which amounted to approximately Euro 80.1 million, grew by approximately 4% versus the same period of 2018, with a percentage on total revenue of 16.8%.

Consolidated **net financial debt** at 30 June 2019 amounted to approximately Euro 175.4 million (Euro 188.6 million at 31 December 2018), Euro 177.5 million of which referring to RCS (Euro 187.6 million at 31 December 2018). The improvement of Euro 13.3 million is attributable mainly to cash flows from ordinary operations, comprising the dynamics of current assets, offset by the distribution of dividends and

4 The new IFRS 16 resulted in an improvement of Euro 0.7 million in gross operating profit (EBITDA) of the Cairo Editore publishing segment, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.6 million (the impact on operating profit came basically to zero) and financial expense of approximately 0.

5 The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the La7 TV segment of Euro 0.8 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.7 million (basically null the impact on operating profit) and higher financial expense of Euro 0.1 million.

6 The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the network operator segment of Euro 0.5 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.4 million (Euro 0.1 million the positive impact on operating profit) and higher financial expense of Euro 0.1 million.

7 The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the advertising segment of Euro 0.1 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.1 million (the impact on operating profit was basically null) and financial expense equal to approximately zero.

8 Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the section below ñAlternative Performance Measuresò. As a result of these differences - regarding provisions for risks and the allowance for impairment, amounting to Euro 2.7 million in first half 2019 - EBITDA shown in the RCS Half-Year Report at 30 June 2019, approved on 31 July 2019, amounted to Euro 84.1 million.

9 The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the RCS segment of Euro 13.1 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 11.7 million (Euro 1.4 million the positive impact on operating profit) and higher financial expense of Euro 1.8 million.

by the outlays for capital expenditure and net non-recurring expense. Mention should be made that the Shareholders' Meetings of RCS and Cairo Communication approved the distribution of dividends of respectively Euro 0.14 and Euro 0.06 per share, gross of tax, paid in May 2019, and that the change in net financial debt as a result of the distribution of dividends was approximately Euro 31.2 million at Group level.

Total net financial debt, which also includes the financial liabilities from leases recorded in the financial statements pursuant to IFRS 16 (mainly property leases), amounting to Euro 219.6 million, stood at Euro 395 million, of which Euro 366.9 million referring to RCS.

In the following months of 2019, the Cairo Communication Group, with regard to the scope of its traditional activities, will continue to:

- pursue the development of its Cairo Editore publishing and advertising sales segments; in these segments, despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results;
- work towards developing its activities in the TV publishing segment, forecast to achieve a positive gross operating profit (EBITDA) also in 2019, up versus 2018, thanks also to the expected upward trend of advertising sales.

As for RCS, on the approval of the Half-Year Report at 30 June 2019, its directors announced that, in light of the actions already implemented and those planned and in the process of being defined to maintain and develop revenue and to continue pursuing operating efficiency, in the absence of events unforeseeable at this time, RCS believes it can confirm the target of achieving also in second half 2019 a further significant reduction in net financial debt and margin levels basically in line with those of 2018.

However, developments in the overall economic climate and in the core segments 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 magazines and expanding later into free, digital and pay TV and the Internet. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sporting events segments.

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This press release is also available on the Company's website www.cairocommunication.it
in the section NOTICES AND DOCUMENTS / *PRESS RELEASES*

Summary of the main consolidated income statement figures at 30 June 2019

The main **consolidated income statement figures** in first half 2019 can be compared as follows with those of the same period of 2018:

(ú millions)	30/06/2019	30/06/2018
Gross operating revenue	632.0	664.6
Advertising agency discounts	(36.4)	(38.4)
Net operating revenue	**595.6**	**626.2**
Change in inventory	1.1	0.6
Other revenue and income	14.1	13.5
Total revenue	**610.9**	**640.4**
Production costs	(345.0)	(379.3)
Personnel expense	(167.6)	(165.5)
Income (expense) from equity-accounted investees	0.3	0.9
Non-recurring income (expense)	(1.2)	-
Gross operating profit (EBITDA)	**97.4**	**96.5**
Amortization, depreciation, provisions and impairment losses	(38.0)	(29.1)
Operating profit (EBIT)	**59.4**	**67.4**
Other gains (losses) on financial assets/liabilities	-	1.5
Net financial income	(8.7)	(11.0)
Profit (loss) before tax	**50.7**	**57.9**
Income tax	(11.1)	(10.4)
Non-controlling interests	(15.3)	(18.1)
Profit from continuing operations attributable to the owners of the parent	**24.2**	**29.4**
Profit (loss) from discontinued operations	-	0.2
Profit attributable to the owners of the parent	**24.2**	**29.6**

Unaudited reclassified statements

The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 30 June 2018, led in the first six months of 2019 to the reversal of lease payments for Euro 15.2 million, offset by higher amortization and depreciation of Euro 13.6 million and higher financial expense of Euro 2.1 million; with an impact on gross operating profit (EBITDA), operating profit (EBIT) and the net result for the period of Euro +15.2 million, Euro +1.6 million and Euro -0.3 million, respectively.

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

ú millions	Half year ended 30/06/2019	Half year ended 30/06/2018
Profit for the year	**39.5**	**47.7**
Reclassifiable items of the comprehensive income statement		
Gains (losses) from the translation of financial statements denominated in foreign currencies	-	-
Gains (losses) on cash flow hedges	(0.8)	(1.0)
Reclassification of gains (losses) on cash flow hedges	0.3	0.8
Tax effect	0.1	-
Non-reclassifiable items of the comprehensive income statement		
Gains (losses) from the fair value measurement of equity instruments	(0.1)	1.3
Actuarial profit (loss) from defined benefit plans	0.0	0.2
Tax effect		
Total comprehensive income for the period	**39.0**	**49.0**
- Owners of the parent	23.9	30.4
- Non-controlling interests - discontinued operations	-	-
- Non-controlling interests - continuing and discontinued operations	15.1	18.6
	39.0	**49.0**

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 30 June 2019

The main **consolidated statement of financial position figures** at 30 June 2019 can be compared as follows with those at 31 December 2018:

(ú millions)	30/06/2019	31/12/2018
Statement of financial position		
Property, plant and equipment	84.9	89.6
Rights of use on third-party assets	202.6	n/a
Intangible assets	990.2	994.0
Financial assets	58.5	58.4
Deferred tax assets	100.2	103.0
Net working capital	(44.7)	(54.2)
Total assets	**1,391.7**	**1,190.8**
Non-current liabilities and provisions	108.7	113.2
Deferred tax provision	165.7	165.3
(Net financial position)/Net debt	175.4	188.6
Liabilities from leases (pursuant to IFRS 16)	219.6	n/a
Equity attributable to the owners of the parent	436.6	436.8
Equity attributable to non-controlling interests	285.7	286.9
Total equity and liabilities	**1,391.7**	**1,190.8**

Unaudited reclassified statements

The application of the new IFRS 16 at 30 June 2019 also resulted in (i) the recognition of rights of use on leased assets for a total of Euro 202.6 million, and a financial liability from leases pursuant to IFRS 16, previously classified as operating leases of approximately Euro 219.6 million, (ii) a decreasing impact on Group equity of Euro 5.5 million and on non-controlling interestsô equity of Euro 3.7 million, net of the accounting effect of the tax component.

The consolidated **net financial debt** at 30 June 2019, versus the consolidated financial statement amounts at 31 December 2018, is summarized in the table below:

Net financial debt (ú millions)	**30/06/2019**	**31/12/2018**	**Change**
Cash and cash equivalents	51.9	56.2	(4.3)
Other current financial assets and financial receivables	4.4	1.7	2.7
Current financial assets (liabilities) from derivative instruments	-	(0.1)	0.1
Current financial payables	(90.4)	(63.8)	(26.6)
Current net financial position (net financial debt)	**(34.1)**	**(6.0)**	**(27.9)**
Non-current financial payables	(139.7)	(181.6)	41.9
Non-current financial assets (liabilities) from derivative instruments	(1.6)	(1.0)	(0.6)
Non-current net financial position (net financial debt)	**(141.3)**	**(182.6)**	**41.3**
Net financial position (net financial debt)	**(175.4)**	**(188.6)**	**13.3**
Liabilities from leases (pursuant to IFRS 16)	(219.6)	-	**(219.6)**
Total net financial position (net financial debt)	**(395.0)**	**(188.6)**	**(206.3)**

Unaudited reclassified statements

Consolidated statement of cash flows

The consolidated statement of cash flows at 30 June 2019 can be compared with the statement of cash flows at 30 June 2018:

Consolidated statement of cash flows (ú millions)	30/06/2019	30/06/2018
Cash and cash equivalents	56.2	128.1
Bank overdrafts	(13.6)	(16.8)
Cash and cash equivalents opening balance	**42.6**	**111.3**
OPERATIONS		
Profit	39.5	47.7
Amortization/Depreciation	35.1	24.7
(Gains) losses	(0.3)	-
(Income) expense on investments	(0.3)	(2.0)
Net financial expense (income)	8.7	11.0
Dividends from equity-accounted investees	-	1.6
Income tax	11.1	11.0
Change in post-employment benefits	(0.3)	(1.4)
Change in provisions for risks and charges	(4.9)	(5.8)
Cash flow from operations before changes in working capital(*)	**88.6**	**86.8**
(Increase) decrease in trade and other receivables	(9.3)	(5.5)
Increase (decrease) in payables to suppliers and other liabilities	2.4	(24.9)
(Increase) decrease in inventory	(3.4)	(2.4)
Total cash flow from operations	**78.3**	**54.0**
Income tax received (paid)	-	(0.1)
Net financial expense paid (*)	(6.6)	(8.1)
Total cash flow from operations (A)	**71.7**	**45.8**
INVESTING ACTIVITIES		
(Acquisition) disposal net of PPE and intangible assets (*)	(15.2)	(13.4)
Consideration from the disposal of investments	-	0.2
Proceeds from sale of property, plant and equipment and intangible assets	0.3	-
Decrease (increase) in other non-current assets	(1.2)	1.1
Net cash flow used in investing activities (B)	**(16.1)**	**(12.1)**
FINANCING ACTIVITIES		
Dividends paid	(31.2)	(13.4)
Net change in financial payables and other financial assets	(20.3)	(47.3)
Net change in lease liabilities (*)	(12.3)	-
Increase (decrease) in non-controlling interestsô share capital and reserves	(0.3)	0.1
Other changes in equity	0.2	(0.4)
Net cash flow used in financing activities (C)	**(63.8)**	**(61.0)**
Cash flow for the period (A)+(B)+(C)	**(8.2)**	**(27.3)**
Net cash and cash equivalents closing balance	**34.4**	**84.0**

CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	51.9	99.0
Bank overdrafts	(17.5)	(15.0)
	34.4	**84.0**

Unaudited reclassified statements

(*) The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 30 June 2018, led at 30 June 2019 to the reclassification of payments relating to lease liabilities in the cash flows from financing activities, while previously these payments were included in operations, for a total of Euro 11.4 million. Payment of the principal amounts of the finance lease instalments pursuant to IAS 17, following the application of the new IFRS 16, has also been reclassified from "Capital expenditure in property, plant and equipment and intangible assets" to "Liabilities from leased assets", for a total outlay of Euro 2.2 million. The overall impact of the application of IFRS 16 on cash flows from financing activities is equal to Euro 13.6 million

Segment reporting at 30 June 2019

The Groupôs performance can be read better by analyzing first half 2019 results by **main business segment** versus those of the same period of 2018 (the effects of the new IFRS 16 for each individual segment are explained in the note):

2019 (ú millions)	**Magazine publishing** **Cairo Editore**	**Advertising**	**TV publishing** **La7**	**Network operator** **(Cairo Network)**	**Trovatore**	**RCS**	**Intra and un allocated**	**Total**
Gross operating revenue	48.2	94.7	56.3	6.0	0.4	498.8	(72.4)	632.0
Advertising agency discounts	-	(13.3)	-	-	-	(23.3)	0.2	(36.4)
Net operating revenue	**48.2**	**81.4**	**56.3**	**6.0**	**0.4**	**475.5**	**(72.2)**	**595.6**
Change in inventory	0.0	-	-	-	-	1.1	-	1.1
Other revenue and income	1.5	0.3	1.7	0.0	-	11.2	(0.6)	14.1
Total revenue	**49.8**	**81.7**	**58.0**	**6.1**	**0.4**	**487.7**	**(72.8)**	**610.9**
Production costs	(37.6)	(75.2)	(35.2)	(4.6)	(0.3)	(264.9)	72.8	(345.0)
Personnel expense	(9.1)	(4.4)	(18.8)	(0.1)	(0.0)	(135.1)	-	(167.6)
Income (expense) from equity-accounted investees	-	-	-	-	-	0.3	-	0.3
Non-recurring income (expense)	-	-	-	-	-	(1.2)		(1.2)
Gross operating profit (EBITDA)	**3.1**	**2.1**	**4.0**	**1.4**	**(0.0)**	**86.8**	**-**	**97.4**
Amortization, depreciation, provisions and impairment losses	(1.0)	(0.2)	(5.9)	(1.5)	0.0	(29.5)	-	(38.0)
Operating profit (EBIT)	**2.1**	**2.0**	**(1.9)**	**(0.1)**	**(0.0)**	**57.4**	**-**	**59.4**
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	-	-	-
Net financial income	0.0	(0.2)	(0.0)	(0.1)	(0.0)	(8.3)	-	(8.7)
Profit (loss) before tax	**2.1**	**1.8**	**(1.9)**	**(0.3)**	**(0.0)**	**49.1**	**-**	**50.7**
Income tax	(0.1)	(0.7)	0.9	0.1	(0.0)	(11.2)	-	(11.1)
Non-controlling interests	-	-	-	-	0.0	(15.3)		(15.3)
Profit (loss) from continuing operations	**2.0**	**1.0**	**(1.0)**	**(0.2)**	**(0.0)**	**22.5**	**-**	**24.2**
Profit (loss) from discontinued operations	-	-	-	-	-	-	(0.0)	(0.0)
Profit for the period attributable to the owners of the parent	**2.0**	**1.0**	**(1.0)**	**(0.2)**	**(0.0)**	**22.5**	**(0.0)**	**24.2**

Unaudited reclassified statements

The new IFRS 16 resulted in:

- **Cairo Editore publishing segment:** an improvement in gross operating profit (EBITDA) of Euro 0.7 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.6 million (impact on operating profit basically equal to zero) and financial expense of approximately zero;
- **La7 TV segment:** an improvement in gross operating profit (EBITDA) of Euro 0.8 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.7 million (basically equal to zero on operating profit) and higher financial expense of Euro 0.1 million.
- **network operator segment:** an improvement in gross operating profit (EBITDA) of Euro 0.5 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.4 million (Euro 0.1 million the positive impact on operating profit) and higher financial expense of Euro 0.1 million;
- **advertising segment:** an improvement in gross operating profit (EBITDA) of Euro 0.1 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.1 million (the impact on operating profit was basically zero) and financial expense of approximately zero.
- **RCS segment:** an improvement in gross operating profit (EBITDA) of Euro 13.1 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 11.7 million (Euro 1.4 million the positive impact on operating profit) and higher financial expense of Euro 1.8 million.

2018 (ú millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and un allocated	Total
Gross operating revenue	53.8	91.9	53.9	6.0	0.4	529.2	(70.6)	664.6
Advertising agency discounts	-	(13.0)	-	-	-	(25.6)	0.2	(38.4)
Net operating revenue	**53.8**	**78.9**	**53.9**	**6.0**	**0.4**	**503.6**	**(70.4)**	**626.2**
Change in inventory	0.0	-	-	-	-	0.6	-	0.6
Other revenue and income	1.4	0.6	2.9	0.0	0.0	9.4	(0.8)	13.5
Total revenue	**55.2**	**79.5**	**56.8**	**6.1**	**0.4**	**513.6**	**(71.2)**	**640.4**
Production costs	(41.0)	(73.3)	(36.3)	(5.2)	(0.3)	(294.4)	71.2	(379.3)
Personnel expense	(10.0)	(4.3)	(18.3)	(0.1)	(0.0)	(132.8)	-	(165.5)
Income (expense) from equity-accounted investees	-	-	-	-	-	0.9	-	0.9
Non-recurring income (expense)	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	**4.2**	**1.9**	**2.2**	**0.8**	**0.0**	**87.3**	**0.0**	**96.5**
Amortization, depreciation, provisions and impairment losses	(0.5)	(0.2)	(4.8)	(1.1)	0.0	(22.5)	-	(29.1)
Operating profit (EBIT)	**3.7**	**1.8**	**(2.7)**	**(0.3)**	**0.0**	**64.8**	**0.0**	**67.4**
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	1.5	-	1.5
Net financial income	(0.0)	(0.2)	(0.1)	(0.0)	(0.0)	(10.6)	-	(11.0)
Profit (loss) before tax	**3.7**	**1.5**	**(2.7)**	**(0.3)**	**0.0**	**55.6**	**0.0**	**57.9**
Income tax	(0.4)	(0.6)	1.4	0.1	(0.0)	(10.9)	-	(10.4)
Non-controlling interests	-	-	-	-	(0.0)	(18.1)		(18.1)
Profit (loss) from continuing operations	**3.3**	**0.9**	**(1.3)**	**(0.2)**	**0.0**	**26.7**	**0.0**	**29.4**
Profit (loss) from discontinued operations	-	-	-	-	-	-	0.2	0.2
Profit for the period attributable to the owners of the parent	**3.3**	**0.9**	**(1.3)**	**(0.2)**	**0.0**	**26.7**	**0.2**	**29.6**

Unaudited reclassified statements

Details of consolidated revenue at 30 June 2019

Gross operating revenue in first half 2019, split up by main business segment, can be analyzed as follows versus the amounts of the same period of 2018:

2019 (ú millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**Trovatore**	**RCS**	**Intra and un allocated**	**Total**
TV advertising	-	80.3	54.3	-	-	0.6	(55.2)	**80.0**
Advertising on print media, Internet and sporting events	8.1	14.1	1.0	-	-	220.6	(10.0)	**233.8**
Other TV revenue	-	-	1.0	-	-	3.5	(0.3)	**4.2**
Magazine over-the-counter sales and subscriptions	40.7	-	-	-	-	202.1	(0.1)	**242.7**
VAT relating to publications	(0.6)	-	-	-	-	(2.2)	-	**(2.8)**
Other revenue	-	0.3	-	6.0	0.4	74.2	(6.8)	**74.1**
Total gross operating revenue	**48.2**	**94.7**	**56.3**	**6.0**	**0.4**	**498.8**	**(72.4)**	**632.0**
Other revenue	1.5	0.3	1.7	0.0	0.0	11.2	(0.6)	14.1
Total gross revenue	**49.8**	**95.0**	**58.0**	**6.1**	**0.4**	**509.9**	**(73.0)**	**646.1**

2018 (ú millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**Trovatore**	**RCS**	**Intra and un allocated**	**Total**
TV advertising	-	76.4	52.0	-	-	1.1	(53.6)	**75.9**
Advertising on print media, Internet and sporting events	9.6	15.2	0.7	-	-	230.6	(10.1)	**245.9**
Other TV revenue	-	-	1.2	-	-	4.0	-	**5.2**
Magazine over-the-counter sales and subscriptions	44.8	-	-	-	-	215.1	(0.1)	**259.8**
VAT relating to publications	(0.6)	-	-	-	-	(2.5)	-	**(3.2)**
Other revenue	-	0.3	-	6.0	0.4	81.0	(6.7)	**81.1**
Total gross operating revenue	**53.8**	**91.9**	**53.9**	**6.0**	**0.4**	**529.2**	**(70.6)**	**664.6**
Other revenue	1.4	0.6	2.9	0.0	0.0	9.4	(0.8)	13.5
Total gross operating revenue	**55.2**	**92.5**	**56.8**	**6.1**	**0.4**	**538.6**	**(71.4)**	**678.1**

Alternative performance measures
In this press release, in order to provide a clearer picture of the financial performance of the Cairo Communication Group, besides of the conventional financial measures required by IFRS, a number of alternative performance measures are shown that should, however, not be considered substitutes of those adopted by IFRS; until the presentation of the first consolidated financial statements for the year, which include the date of first-time application of IFRS 16, the statements may undergo thorough review in light of possible developments arising from the entry into force of IFRS 16.

The alternative measures are:
· **EBITDA:** used by Cairo Communication as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate Group and Parent operational performance, with **EBIT**, and is calculated as follows:
Result from continuing operations, before tax
+/- Net finance income
+/- Share in associates
EBIT - Operating profit
+ Amortization & depreciation
+ Bad debt impairment losses
+ Provisions for risks
+ Income (expense) on equity-accounted investees
EBITDA ï Operating profit, before amortization, depreciation, provisions and impairment losses.

EBITDA (earnings before interest, tax, depreciation and amortization) is not classified as an accounting measure under IFRS, therefore, the criteria adopted for its measurement may not be consistent among companies or different groups.
RCS defines EBITDA as operating profit (EBIT) before depreciation, amortization and impairment losses on fixed assets, and also includes income and expense from equity-accounted investees.
The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in the Half-Year Report at 30 June 2019, 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 Groupôs 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.