CAIRO COMMUNICATION

Press Release - Results at 30 September 2019 approved

- **In the first 9 months of 2019, the Group achieved:**
  - **consolidated gross revenue of Euro 911.2 million**
  - **consolidated gross operating profit (EBITDA) and operating profit (EBIT) of Euro 119 million[1] and Euro 62.4 million[1], respectively Euro 96.2 million and Euro 60.2 million net of IFRS 16 impacts**
  - **profit attributable to the owners of the parent of Euro 23.5 million[1], Euro 24 million net of IFRS 16 impacts**
  - **a reduction in consolidated net financial debt of Euro 44.4 million versus end 2018 and of Euro 67 million versus 30 September 2018, 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 107.1 million[2] (Euro 87.4 million net of IFRS 16[1]). Digital revenue in the first nine months of the year grew to approximately Euro 115.8 million, accounting for 17.2% of total revenue**
- **The TV publishing segment La7 confirmed the high audience levels of the La7 channel (3.75% in all-day share and 4.99% in prime time). Advertising sales on La7 and La7d, amounting to Euro 103.3 million, were up by 3.5% in the first nine months of 2019 versus 2018 (Euro 99.8 million)**

14 November 2019: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Statement at 30 September 2019.

Income statement and balance sheet figures (€ millions)	30/09/2019	30/09/2018
Consolidated gross revenue	911.2	957.7
EBITDA[1]	119.0[1]	117.7
EBIT[1]	62.4[1]	75.7
Profit attributable to the owners of the parent[1]	23.5[1]	31.4
	30/09/2019	**31/12/2018**
Net financial debt	144.2	188.6

[1] The Interim Management Statement at 30 September 2019 incorporates 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 September 2019 resulted in:

- the recognition under property, plant and equipment of rights of use on leased assets for a total of Euro 197 million;
- the recognition of a financial liability for leases pursuant to IFRS 16, previously classified as operating leases, of approximately Euro 212.9 million;
- the reversal of lease payments of Euro 22.8 million, offset by higher amortization and depreciation of Euro 20.6 million and higher financial expense of Euro 3.1 million; with an impact on EBITDA, EBIT and profit for the period attributable to the owners of the parent of Euro +22.8 million, Euro +2.2 million and Euro -0.5 million respectively;
- a decreasing impact (i) on Group equity of Euro 5.5 million and (ii) on non-controlling interests' 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 "Alternative Performance Measures". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting to Euro 4.7 million in the first nine months of 2019 - EBITDA shown in the RCS Interim Management Statement at 30 September 2019, approved on 8 November 2019, amounted to Euro 102.4 million.

In the first nine months of 2019, against a backdrop of persisting uncertainty and shrinking core markets, the advertising market in Italy and Spain in particular, which posted a lower-than-forecast performance:

- **RCS** continued to generate positive margins and cash flows and achieved its targets of gradually reducing financial debt (Euro -36.5 million versus end 2018 and Euro -64.8 million versus 30 September 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 19.1 million in the period. In the first nine months of 2019, RCS achieved a profit of Euro 40.7 million[3] (Euro 52.1 million[3] in the same period of 2018).
  In 2019, *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión* retain their leadership position at circulation level in their respective segments. *El Mundo* is once again the second most popular generalist daily in Spain for circulation at newsstands.
  As for digital performance indicators, *corriere.it* and *gazzetta.it* stood at an average of 23.7 million and 13 million monthly unique users, respectively, in September 2019 (*Audiweb 2.0*). At September 2019, the total active customer base for *Corriere della Sera* (*digital edition*, *membership* and *m-site)* was 160 thousand subscribers, up by 22% versus the same period of 2018. In Spain, *elmundo.es, marca.com* and *expansión.com* stood at an average of 20.3 million, 16.4 million and 6.5 million monthly unique users, respectively, in the first nine months of 2019 (*Comscore IP Spain*, which considers only traffic coming from Spain). On 22 October 2019, concurrent to its thirtieth anniversary, *El Mundo* - the first Spanish newspaper among generalists - launched a pay model for online news *(freemium*). Against this backdrop, RCS total digital revenue (Italy and Spain), which amounted to approximately Euro 115.8 million, accounted for 17.2% of total revenue; specifically, total advertising sales on online media amounted to Euro 87.4 million, accounting for 32.6% of total advertising revenue;
- the **TV publishing segment La7** confirmed the high audience levels of the La7 channel (3.75% in all-day share and 4.99% in prime time), ranking in the first nine months as the sixth national channel for average audience prime time levels and in February, May, August and September as the sixth channel also in all-day audience levels. Advertising sales on La7 and La7d, amounting to Euro 103.3 million, were on the rise, increasing by 3.5% versus the same period of 2018 (Euro 99.8 million) versus a 5.7% drop of the TV advertising market in the period (*AC Nielsen January-September 2019*). The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 7.29% average share from Monday to Friday, *TgLa7 edizione delle 20* 6.11% from Monday to Friday, *diMartedì* 6.79%, *Piazzapulita* 5.71%, *Propaganda Live* 5.33%, *Non è l'Arena* 6.60%, *Omnibus Dibattito* 4.37%, *Coffee Break* 4.86%, *L'Aria che tira* 6.83%, *Tagadà* 3.66%, *Atlantide* 2.83%, and *"le maratone"* 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 the first nine months of 2019, Group consolidated gross revenue amounted to approximately Euro 911.2 million (comprising gross operating revenue of Euro 891.7 million and other revenue and income of Euro 19.5 million) versus Euro 957.7 million in the same period of 2018 (comprising gross operating revenue of Euro 939.4 million and other revenue and income of Euro 18.3 million).

Mention should be made that the Interim Management Statement at 30 September 2019 incorporates the new IFRS 16, which came into effect as from 1 January 2019. The income statement figures of the first nine months of 2019, therefore, cannot be directly compared with the corresponding amounts of the same period of the prior year.

[3] Amounts and comparisons based on the RCS Interim Management Statement at 30 September 2019, approved on 8 November 2019.

Gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 119 million and Euro 62.4 million. Excluding the effects of the new IFRS 16, gross operating profit (EBITDA) and operating profit (EBIT) would amount to Euro 96.2 million and Euro 60.2 million versus Euro 117.7 million and Euro 75.7 million in the same period of 2018, when the results had benefited from the strong contribution from the *grande partenza* of the *Giro d'Italia* outside of Italy, and from the positive effect on advertising revenue of the "even-numbered year" of sporting events (which had generated in 2018 net revenue of approximately Euro 6 million), as will be the case in 2020 with the *grande partenza* this time from Hungary and the Olympics and European Cup events. The decrease was due also to the impact on operating costs of the increased purchase price of paper, a trend which is expected to reverse in 2020, and to the effect of net non-recurring expense and income (Euro -2.2 million the overall effect, being equal to Euro -2.3 million at 30 September 2019 versus Euro 0.1 million at 30 September 2018).

Profit attributable to the owners of the parent came to approximately Euro 23.5 million (Euro 31.4 million in the same period of 2018).

Looking at the business segments, in the first nine months of 2019:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 5.3 million[4] and Euro 3.8 million[4] (Euro 6.9 million and Euro 6.1 million in the same period of 2018). Regarding weeklies, with approximately 1.4 million average copies sold in the January-September nine-month period of 2019 (ADS), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 30% market share. Including the average sales of titles out of the ADS survey (the copies sold of *"Enigmistica Più"* and of "*Enigmistica Mia"*), average copies sold were approximately 1.5 million;
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro 3.4 million[5] (Euro 1.1 million in the same period of 2018). Operating profit (EBIT) was approximately Euro -5.1 million[5] (Euro -6.1 million in the same period of 2018). Mention should be made that the TV publishing segment's seasonality factors generally impact on the results of the third quarter of the year;
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 2.1 million[6] and Euro -0.2 million[6] (Euro 0.8 million and Euro -0.9 million in the same period of 2018);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.1 million[7] and Euro 0.8 million[7] (Euro 0.9 million and Euro 0.7 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 107.1 million[8-9] and

[4] The new IFRS 16 resulted in an improvement of Euro 1 million in gross operating profit (EBITDA) of the Cairo Editore magazine publishing segment, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 1 million (the impact on operating profit was basically null) and financial expense of approximately Euro 0.1 million.

[5] The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the La7 TV publishing segment of Euro 1.2 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 1.1 million (Euro 0.1 million the positive 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 0.8 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.6 million (Euro 0.2 million the positive impact on operating profit) and higher financial expense of Euro 0.2 million.

[7] The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the advertising segment of Euro 0.2 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.2 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 above section "Alternative Performance Measures". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting to a total of Euro 4.7 million in the first nine months of 2019 - EBITDA shown in the RCS Interim Management Statement at 30 September 2019, approved on 8 November 2019, amounted to Euro 102.4 million.

[9] The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the RCS segment of Euro 19.7 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 17.7 million (Euro 2 million the positive impact on operating profit) and higher financial expense of Euro 2.7 million.

Euro 63 million[9] (Euro 108 million and Euro 75.8 million in the same period of 2018). Mention should be made that RCS's seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 673.9 million. Initiatives continued on maintaining and developing revenue: in Italy, 2019 saw the restyling of *Amica* (19 February 2019) and the new *Corriere Milano* (6 March 2019), the expansion of the online *Motors* column of *La Gazzetta dello Sport* (7 March 2019), the launch of *economia.corriere.it*, the new website of the business-related section of *Corriere* (25 March 2019), the debut of *Corriere del Mezzogiorno-Puglia e Matera* (26 March 2019), and the start of activities of *RCS Academy*. Further developments include the new *Gazzetta dello Sport* (7 May 2019), the new website *gazzetta.it* (8 May 2019), the new *Corriere Salute* (9 May 2019), *7* (10 May 2019), the *mobile website of Corriere della Sera* (from 16 May 2019) and the *App* of *Corriere della Sera*, the restyling of *Sportweek* (13 September 2019) and *Style Magazine (*26 September 2019), and the new version of *amica.it* (30 September 2019). Noteworthy events include *Tempo delle Donne* (attended by over 50 thousand people), *Festival dello Sport* in Trento (65 thousand attendees and more than 350 guests) and the eightieth anniversary of *Oggi*. In Spain, the period under review saw the creation of *BeStory*, a digital content production area for social networks, and *UEtv*, a new audiovisual production company, the restyling of *Telva* (20 February 2019) and the website *El Mundo* (4 March 2019), the new weekly supplement *Expansion Juridico* (3 June 2019), and the launch of the portal *Marca Claro USA* (10 June 2019). On 22 October 2019, *El Mundo* launched its *freemium* offer.

The consolidated **net financial debt** at 30 September 2019 amounted to approximately Euro 144.2 million (Euro 188.6 million at 31 December 2018), Euro 151.1 million of which referring to RCS (Euro 187.6 million at 31 December 2018). The improvement in the net financial debt of Euro 44.4 million (Euro 67 million versus 30 September 2018) is attributable mainly to cash flows from ordinary operations, comprising the dynamics of current assets, offset by cash-outs for the distribution of dividends, capital expenditure and net non-recurring expense.

Total net financial debt, which includes financial liabilities from leases recognized in accordance with IFRS 16 (mainly property leases) of Euro 212.9 million, amounted to Euro 357.1 million.

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 and, 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 in the year.

As for RCS, on the approval of the Interim Management Statement at 30 September 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 the final quarter of 2019 a further significant reduction in net financial debt and margins levels basically in line with those of 2018.

Developments in the overall economic climate and in the core segments could, however, affect the full achievement of these targets.

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

The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazines and expanding later into free, digital and pay TV and the Internet. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sporting events segments.

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This press release is also available on the Company's website www.cairocommunication.it

in the section NOTICES AND DOCUMENTS */ PRESS RELEASES*

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

The main **consolidated income statement figures** in the first nine months and in third quarter 2019 can be compared as follows with those of the same period of 2018:

(€ millions)	30/09/2019	30/09/2018
Gross operating revenue	891.7	939.4
Advertising agency discounts	(49.1)	(51.1)
Net operating revenue	**842.5**	**888.3**
Change in inventory	2.6	2.0
Other revenue and income	19.5	18.3
Total revenue	**864.6**	**908.7**
Production costs	(500.5)	(550.7)
Personnel expense	(243.4)	(241.8)
Income (expense) from equity-accounted investees	0.5	1.6
Non-recurring income (expense)	(2.3)	(0.1)
Gross operating profit (EBITDA)	**119.0**	**117.7**
Amortization, depreciation, provisions and impairment losses	(56.6)	(42.0)
Operating profit (EBIT)	**62.4**	**75.7**
Other gains (losses) on financial assets/liabilities	-	1.5
Net financial income	(13.0)	(14.2)
Profit (loss) before tax	**49.4**	**63.0**
Income tax	(9.8)	(11.1)
Non-controlling interests	(16.0)	(20.6)
Profit from continuing operations	**23.5**	**31.2**
Profit (loss) from discontinued operations	-	0.2
Profit attributable to the owners of the parent	**23.5**	**31.4**

Unaudited reclassified statements

The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 30 September 2018, led in the first nine months of 2019 to the reversal of lease payments for Euro 22.8 million, offset by higher amortization and depreciation of Euro 20.6 million and higher financial expense of Euro 3.1 million; with an impact on gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent for the period of Euro +22.8 million, Euro +2.2 million and Euro -0.5 million, respectively.

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

(€ millions)	**30/09/2019 (Three months)**	**30/09/2018 (Three months)**
Gross operating revenue	259.6	274.8
Advertising agency discounts	(12.7)	(12.7)
Net operating revenue	**246.9**	**262.1**
Change in inventory	1.5	1.4
Other revenue and income	5.5	4.8
Total revenue	**253.9**	**268.3**
Production costs	(155.5)	(171.4)
Personnel expense	(75.7)	(76.3)
Income (expense) from equity-accounted investees	0.2	0.7
Non-recurring income (expense)	(1.1)	(0.1)
Gross operating profit (EBITDA)	**21.6**	**21.1**
Amortization, depreciation, provisions and impairment losses	(18.6)	(12.9)
Operating profit (EBIT)	**3.0**	**8.3**
Other gains (losses) on financial assets/liabilities	-	-
Net financial income	(4.3)	(3.3)
Profit (loss) before tax	**(1.3)**	**5.1**
Income tax	1.3	(0.8)
Non-controlling interests	(0.7)	(2.5)
Profit (loss) from continuing operations	**(0.7)**	**1.8**
Profit (loss) from discontinued operations	-	-
Profit (loss) attributable to the owners of the parent	**(0.7)**	**1.8**

Unaudited reclassified statements

The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 30 September 2018, led in the third quarter of 2019 to the reversal of lease payments for Euro 7.6 million, offset by higher amortization and depreciation of Euro 7 million and higher financial expense of Euro 1 million; with an impact on gross operating profit (EBITDA), operating profit (EBIT) and net profit for the period of Euro +7.6 million, Euro +0.6 million and Euro -0.1 million, respectively.

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

€ millions	**30 September 2019 (nine months)**	**30 September 2019 (three months)**	**30 September 2018 (nine months)**	**30 September 2018 (three months)**
Profit for the period	**39.5**	**0.0**	**52.0**	**4.3**
Reclassifiable items of the comprehensive income statement				
Gains (losses) on cash flow hedges	(1.0)	(0.2)	(0.9)	0.1
Reclassification of gains (losses) on cash flow hedges	0.4	0.1	1.0	0.2
Gains (losses) from the fair value measurement of available-for-sale financial assets	-		1.3	-
Tax effect	0.1	-	-	-
Non-reclassifiable items of the comprehensive income statement				
Gains (losses) from the fair value measurement of equity instruments	-	0.1	-	-
Actuarial gains (losses) from defined benefit plans	-	-	0.2	-
Tax effect	-	-	-	-
Total comprehensive income for the period	**39.1**	**0.0**	**53.6**	**4.5**
- Owners of the parent	23.2	(0.7)	32.4	1.9
- Non-controlling interests - continuing operations	15.9	0.7	21.2	2.6
	39.1	**0.0**	**53.6**	**4.5**

Unaudited reclassified statements

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

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

(€ millions)	30/09/2019	31/12/2018
Statement of financial position		
Property, plant and equipment	82.6	89.6
Rights of use on leased assets	197.0	n/a
Intangible assets	991.2	994.0
Financial assets	55.6	58.4
Deferred tax assets	101.2	103.0
Net working capital	(76.6)	(54.2)
Total assets	**1,351.0**	**1,190.8**
Non-current liabilities and provisions	106.2	113.2
Deferred tax provision	165.4	165.3
(Net financial position)/Net debt	144.2	188.6
Liabilities from leases (pursuant to IFRS 16)	212.9	n/a
Equity attributable to the owners of the parent	435.9	436.8
Equity attributable to non-controlling interests	286.4	286.9
Total equity and liabilities	**1,351.0**	**1,190.8**

Unaudited reclassified statements

The application of the new IFRS 16 at 30 September 2019 also resulted in (i) the recognition of rights of use under property, plant and equipment for a total of Euro 197 million, and a financial liability (financial payables from operating leases pursuant to IFRS 16) of approximately Euro 212.9 million (mainly leases), (ii) a decreasing impact on Group equity of Euro 5.5 million and on non-controlling interests' equity of Euro 3.7 million, net of the tax effect.

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

Net financial debt (€ millions)	30/09/2019	31/12/2018	Changes
Cash and cash equivalents	58.2	56.2	2.0
Other current financial assets and financial receivables	3.7	1.7	2.0
Current financial assets (liabilities) from derivative instruments	0.2	(0.1)	0.3
Current financial payables	(74.7)	(63.8)	(10.9)
Current net financial position (net financial debt)	**(12.6)**	**(6.0)**	**(6.4)**
Non-current financial payables	(130.1)	(181.6)	51.5
Non-current financial assets (liabilities) from derivative instruments	(1.6)	(1.0)	(0.6)
Non-current net financial position (net financial debt)	**(131.7)**	**(182.6)**	**50.9**
Net financial position (net financial debt)	**(144.2)**	**(188.6)**	**44.4**
Liabilities from leases (pursuant to IFRS 16)	(212.9)	-	**(212.9)**
Total net financial position (total net financial debt)	**(357.1)**	**(188.6)**	**(168.5)**

Unaudited reclassified statements

Segment reporting at 30 September 2019

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

Unaudited reclassified statements

The new IFRS 16 resulted in:

- **Cairo Editore publishing segment:** an improvement in gross operating profit (EBITDA) of Euro 1 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 1 million (the impact on operating profit was basically null) and financial expense of approximately Euro 0.1 million;
- **La7 TV segment:** an improvement in gross operating profit (EBITDA) of Euro 1.2 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 1.1 million (Euro 0.1 million the positive impact on operating profit) and higher financial expense of Euro 0.1 million.
- **network operator segment:** an improvement in gross operating profit (EBITDA) of Euro 0.8 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.6 million (Euro 0.2 million the positive impact on operating profit) and higher financial expense of Euro 0.2 million;
- **advertising segment:** an improvement in gross operating profit (EBITDA) of Euro 0.2 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.2 million (the impact on operating profit was basically null) and financial expense equal to approximately zero.
- **RCS segment:** an improvement in gross operating profit (EBITDA) of Euro 19.7 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 17.7 million (Euro 2 million the positive impact on operating profit) and higher financial expense of Euro 2.7 million.

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

Unaudited reclassified statements

The new IFRS 16 resulted in:

- **Cairo Editore publishing segment:** an improvement in gross operating profit (EBITDA) of Euro 0.3 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.3 million (the impact on operating profit was basically null) and financial expense of approximately zero;
- **La7 TV segment:** an improvement in gross operating profit (EBITDA) of Euro 0.4 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.4 million (the impact on operating profit was basically null) and financial expense equal to approximately zero.
- **network operator segment:** an improvement in gross operating profit (EBITDA) of Euro 0.3 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.2 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 null) and financial expense equal to approximately zero.
- **RCS segment:** an improvement in gross operating profit (EBITDA) of Euro 6.6 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 6 million (Euro 0.6 million the positive impact on operating profit) and higher financial expense of Euro 0.9 million.

2018 (nine months) (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishi La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and un allocated	Total
Gross operating revenue	84.1	123.7	71.5	8.5	0.6	747.1	(96.2)	939.4
Advertising agency discounts	-	(17.5)	-	-	-	(33.9)	0.2	(51.1)
Net operating revenue	**84.1**	**106.3**	**71.5**	**8.5**	**0.6**	**713.3**	**(96.0)**	**888.3**
Change in inventory	(0.0)	-	-	-	-	2.1	-	2.0
Other revenue and income	1.9	0.7	4.0	0.0	0.0	12.7	(1.1)	18.3
Total revenue	**86.0**	**106.9**	**75.6**	**8.6**	**0.6**	**728.1**	**(97.0)**	**908.7**
Production costs	(64.6)	(99.5)	(48.1)	(7.7)	(0.5)	(427.3)	97.0	(550.7)
Personnel expense	(14.5)	(6.5)	(26.3)	(0.1)	(0.1)	(194.3)	-	(241.8)
Income (expense) from equity-accounted investees	-	-	-	-	-	1.6	-	1.6
Non-recurring income (expense)	-	-	-	-	-	(0.1)	-	(0.1)
Gross operating profit (EBITDA)	**6.9**	**0.9**	**1.1**	**0.8**	**0.1**	**108.0**	**-**	**117.7**
Amortization, depreciation, provisions and impairment losses	(0.7)	(0.2)	(7.2)	(1.7)	0.0	(32.1)	-	(42.0)
Operating profit (EBIT)	**6.1**	**0.7**	**(6.1)**	**(0.9)**	**0.1**	**75.8**	**-**	**75.7**
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	1.5	-	1.5
Net financial income	(0.0)	(0.4)	(0.1)	(0.0)	(0.0)	(13.7)	-	(14.2)
Profit (loss) before tax	**6.1**	**0.3**	**(6.2)**	**(0.9)**	**0.1**	**63.6**	**-**	**63.0**
Income tax	(1.1)	(0.3)	2.5	0.2	(0.0)	(12.4)	-	(11.1)
Non-controlling interests	-	-	-	-	(0.0)	(20.6)		(20.6)
Profit (loss) from continuing operations	**5.0**	**0.0**	**(3.6)**	**(0.7)**	**0.0**	**30.6**	**-**	**31.2**
Profit (loss) from discontinued operations	-	-	-	-	-	-	0.2	0.2
Profit (loss) for the period attributable to the owners of the parent	**5.0**	**0.0**	**(3.6)**	**(0.7)**	**0.0**	**30.6**	**0.2**	**31.4**

Unaudited reclassified statements

2018 (three months) (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishi La7	Network operator (Cairo Network)	Trovatore	RCS	Intra and un allocated	Total
Gross operating revenue	30.3	31.9	17.6	2.5	0.2	217.9	(25.6)	274.8
Advertising agency discounts	-	(4.5)	-	-	-	(8.3)	0.1	(12.7)
Net operating revenue	**30.3**	**27.4**	**17.6**	**2.5**	**0.2**	**209.7**	**(25.6)**	**262.1**
Change in inventory	(0.0)	-	-	-	-	1.4	-	1.4
Other revenue and income	0.4	0.1	1.2	0.0	0.0	3.3	(0.2)	4.8
Total revenue	**30.8**	**27.4**	**18.8**	**2.5**	**0.2**	**214.5**	**(25.8)**	**268.3**
Production costs	(23.6)	(26.2)	(11.8)	(2.6)	(0.1)	(132.9)	25.8	(171.4)
Personnel expense	(4.5)	(2.3)	(8.0)	(0.0)	(0.0)	(61.4)	-	(76.3)
Income (expense) from equity-accounted investees	-	-	-	-	-	0.7	-	0.7
Non-recurring income (expense)	-	-	-	-	-	(0.1)	-	(0.1)
Gross operating profit (EBITDA)	**2.7**	**(1.0)**	**(1.1)**	**(0.1)**	**0.0**	**20.7**	**(0.0)**	**21.1**
Amortization, depreciation, provisions and impairment losses	(0.2)	(0.0)	(2.4)	(0.6)	0.0	(9.6)	-	(12.9)
Operating profit (EBIT)	**2.4**	**(1.1)**	**(3.4)**	**(0.6)**	**0.0**	**11.1**	**(0.0)**	**8.3**
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	0.0	-	0.0
Net financial income	(0.0)	(0.1)	0.0	(0.0)	(0.0)	(3.1)	-	(3.3)
Profit (loss) before tax	**2.4**	**(1.2)**	**(3.4)**	**(0.6)**	**0.0**	**7.9**	**(0.0)**	**5.1**
Income tax	(0.7)	0.3	1.1	0.1	(0.0)	(1.5)	-	(0.8)
Non-controlling interests	-	-	-	-	(0.0)	(2.5)	-	(2.5)
Profit (loss) from continuing operations	**1.7**	**(0.9)**	**(2.4)**	**(0.5)**	**0.0**	**3.9**	**(0.0)**	**1.8**
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the parent	**1.7**	**(0.9)**	**(2.4)**	**(0.5)**	**0.0**	**3.9**	**(0.0)**	**1.8**

Unaudited reclassified statements

Details of consolidated revenue at 30 September 2019

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

2019 (nine months) (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**Trovatore**	**RCS**	**Intra and un allocated**	**Total**
TV advertising	-	104.5	70.7	-	-	0.7	(71.8)	**104.2**
Advertising on print media, Internet and sporting events	11.6	19.8	1.3	-	-	299.0	(14.4)	**317.3**
Other TV revenue	-	-	1.6	-	-	5.2	(0.7)	**6.1**
Magazine over-the-counter sales and subscriptions	64.8	-	-	-	-	309.5	(0.1)	**374.1**
VAT relating to publications	(1.1)	-	-	-	-	(3.3)	-	**(4.4)**
Other revenue	-	0.5	-	9.1	0.6	94.7	(10.5)	**94.4**
Total gross operating revenue	**75.3**	**124.8**	**73.6**	**9.1**	**0.6**	**705.8**	**(97.5)**	**891.7**
Other revenue	1.4	0.5	3.8	0.0	0.0	14.3	(0.6)	19.5
Total gross revenue	**76.8**	**125.3**	**77.4**	**9.1**	**0.6**	**720.1**	**(98.1)**	**911.2**

2019 (three months) (€millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**Trovatore**	**RCS**	**Intra and un allocated**	**Total**
TV advertising	-	24.2	16.4	-	-	0.2	(16.7)	**24.2**
Advertising on print media, Internet and sporting events	3.5	5.7	0.3	-	-	78.4	(4.4)	**83.5**
Other TV revenue	-	-	0.6	-	-	1.7	(0.4)	**1.9**
Magazine over-the-counter sales and subscriptions	24.1	-	-	-	-	107.4	(0.0)	**131.4**
VAT relating to publications	(0.5)	-	-	-	-	(1.1)	-	**(1.6)**
Other revenue	-	0.2	-	3.0	0.2	20.5	(3.6)	**20.3**
Total gross operating revenue	**27.1**	**30.0**	**17.3**	**3.0**	**0.2**	**207.0**	**(25.1)**	**259.6**
Other revenue	-	0.2	2.1	0.0	0.0	3.1	-	5.5
Total gross revenue	**27.0**	**30.2**	**19.4**	**3.0**	**0.2**	**210.1**	**(25.1)**	**265.1**

2018 (nine months) (€ millions)	**Magazine publishin Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**Trovatore**	**RCS**	**Intra and un allocated**	**Total**
TV advertising	-	101.4	68.7	-	-	1.3	(71.0)	**100.5**
Advertising on print media, Internet and sporting events	14.1	21.8	1.0	-	-	313.5	(14.8)	**335.7**
Other TV revenue	-	-	1.8	-	-	6.0	(0.1)	**7.6**
Magazine over-the-counter sales and subscriptions	71.1	-	-	-	-	330.6	(0.2)	**401.5**
VAT relating to publications	(1.2)	-	-	-	-	(3.9)	-	**(5.1)**
Other revenue	-	0.5	-	8.5	0.6	99.7	(10.1)	**99.2**
Total gross operating revenue	**84.1**	**123.7**	**71.5**	**8.5**	**0.6**	**747.1**	**(96.2)**	**939.4**
Other revenue	1.9	0.7	4.0	-	-	12.7	(1.1)	18.3
Total gross revenue	**86.0**	**124.4**	**75.6**	**8.6**	**0.6**	**759.9**	**(97.3)**	**957.7**

2018 (three months) (€ millions)	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
TV advertising	-	25.1	16.7	-	-	0.2	(17.4)	**24.6**
Advertising on print media, Internet and sporting events	4.6	6.6	0.3	-	-	83.0	(4.7)	**89.8**
Other TV revenue	-	-	0.6	-	-	2.0	(0.1)	**2.5**
Magazine over-the-counter sales and subscriptions	26.3	-	-	-	-	115.5	(0.1)	**141.7**
VAT relating to publications	(0.5)	-	-	-	-	(1.4)	-	**(1.9)**
Other revenue	-	0.2	-	2.5	0.2	18.7	(3.4)	**18.2**
Total gross operating revenue	**30.3**	**31.9**	**17.6**	**2.5**	**0.2**	**217.9**	**(25.6)**	**274.8**
Other revenue	0.4	0.1	1.2	(0.0)	(0.0)	3.3	(0.2)	**4.8**
Total gross revenue	**30.8**	**31.9**	**18.8**	**2.5**	**0.2**	**221.3**	**(25.9)**	**279.6**

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.

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The alternative measures are:

· **EBITDA:** used by Cairo Communication as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate Group and Parent operational performance, with **EBIT**, and is calculated as follows:

Result from continuing operations, before tax

+/- Net finance income

+/- Share in associates

EBIT - Operating profit

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

+ Income (expense) from equity-accounted investees

EBITDA – Operating profit, before amortization, depreciation, provisions and 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 Interim Management Statement at 30 September 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 Group's financial structure determined as a result of current and non-current financial liabilities, net of cash and cash equivalents and current financial assets, excluding financial liabilities (current and non-current) from operating leases recognized in the financial statements pursuant to IFRS 16.

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