CAIRO COMMUNICATION

Press Release - Results at 31 March 2019 approved

- **In first quarter 2019, the Group achieved:**
  - **consolidated gross revenue of Euro 287.5 million**
  - **consolidated gross operating profit (EBITDA) of Euro 26.6 million[1], Euro 19.1 million net of the impacts[1] of IFRS 16, and consolidated operating profit (EBIT) of Euro 9 million[1], Euro 7.9 million net of the impacts[1] of IFRS 16**
  - **profit attributable to the owners of the parent of Euro 2.7 million, untouched by the new IFRS 16**
  - **a reduction in consolidated net financial debt of Euro 39 million**
- **RCS continued to generate positive margins and cash flows and achieved its targets of gradually reducing its financial debt (Euro -29.4 million versus end 2018). Gross operating profit (EBITDA) in the consolidated financial statements of Cairo Communication amounted to Euro 23.1 million[2] (Euro 16.6 million net of IFRS 16). Digital revenue, which totaled approximately Euro 38 million in the quarter, increased by approximately 8% versus the same period of 2018, with a percentage on total revenue of 18.4%.**
- **the scope of the Group companies excluding RCS in the quarter basically confirmed gross operating profit**
- **The TV publishing segment La7 continued to report increases in La7's audience (+5% in the all-day share and +4.4% in prime time versus the first quarter 2018, when audience figures had already risen sharply versus the prior year). Advertising sales on La7 and La7d, amounting to Euro 37.7 million in the quarter, were equally on the rise, increasing by 4.9% versus the same period of 2018 (Euro 36 million), impacting positively on results.**
- **The magazine publishing segment Cairo Editore continued to achieve positive results**

Milan, 14 May 2019: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Statement at 31 March 2019

In first quarter 2019:

- **RCS** continued to generate positive margins and cash flows and achieved its targets of gradually reducing its financial debt (Euro -29.4 million versus end 2018), thanks to the initiatives

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[1] The Interim Management Statement at 31 March 2019 incorporates the new IFRS 16 - *Leases*, which came into force 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 31 March 2019 resulted in:

- the recognition under property, plant and equipment of rights of use for a total of Euro 200.9 million;
- the recognition of a financial liability (financial payables from operating leases pursuant to IFRS 16) of approximately Euro 216.5 million;
- an improvement in gross operating profit (EBITDA) of Euro 7.5 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 6.4 million and higher financial expense of Euro 1.1 million, with an impact on EBITDA, EBIT and profit for the period of Euro +7.5 million, Euro +1.1 million and Euro 0 million;
- a decreasing impact (i) on Group's initial equity of Euro 6.7 million and (ii), on third parties' equity of Euro 4.4 million, net of the accounting effects 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 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 Euro 0.5 million in first quarter 2019 - EBITDA shown in the RCS Interim Management Statement at 31 March 2019, approved on 9 May 2019, amounted to Euro 22.6 million

implemented to maintain and develop revenue and to the ongoing efficiency actions, which generated benefits of approximately Euro 5.6 million in the period. In first quarter 2019, RCS achieved a profit of Euro 4.9 million[3] (Euro 6 million[3] in the same period of 2018). Specifically, in Italy, the quarter under review saw the restyling of *Amica* (out on newsstands on 19 February 2019) and the new *Corriere Milano* (6 March 2019); the Motors section website of *La Gazzetta dello Sport* was enhanced (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 wide range of activities of *RCS Academy*, the Business School launched in January 2019. In Spain, the quarter saw the creation of *BeStory*, a digital content production area for social networks also involving *marketing influencers*, the restyling of *Telva* (20 February 2019) and of the *El Mundo* website (4 March 2019). New developments after the end of the quarter include the release (7 May 2019) of the new *Gazzetta dello Sport* (new and improved graphics and content), the new release of *gazzetta.it* (8 May 2019), the release of the new *Corriere Salute* (9 May 2019), out on Thursdays, and the new *7* (10 May 2019);

- the **TV publishing segment La7** continued to report increases in La7's audience (+5% in the all-day share and +4.4% in prime time versus the same period of 2018, when audience figures had already risen sharply versus the same period of 2017). Advertising sales on La7 and La7d, amounting to Euro 37.7 million, were equally on the rise, increasing by 4.9% versus the same period of 2018 (Euro 36 million). The channel's news and discussion programmes all continued to show remarkable figures: *Otto e Mezzo* with 7.14% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.85% from Monday to Friday, *diMartedì* 6.25%, *Piazzapulita* 5.63%, *Propaganda Live* 5.12%, *Non è l'Arena* 6.6%, *Omnibus Dibattito* 4.23%, *Coffee Break* 5.2%, *L'Aria che tira* 6.82%, *Tagadà* 3.52% and *Atlantide* 3%. In first quarter 2019, La7 was firmly the sixth national network in prime time for average listeners, and in the first two months the fifth channel in front of Italia 1. In the entire morning slot (07.00-12.00) too, the channel achieved high ratings, with an average share of 4.38%, ranking as fourth generalist channel in the quarter;
- 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 quarter 2019, Group <u>consolidated gross revenue</u> amounted to approximately Euro 287.5 million (comprising gross operating revenue of Euro 280.1 million and other revenue and income of Euro 7.4 million) versus Euro 301.4 million in the same period of 2018 (comprising gross operating revenue of Euro 291.3 million and other revenue and income of Euro 10.1 million).

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

<u>Gross operating profit</u> (EBITDA) and <u>operating profit</u> (EBIT) amounted to Euro 26.6 million and Euro 9 million. Net of the effects of the new IFRS 16, <u>gross operating profit</u> (EBITDA) and <u>operating profit</u> (EBIT) would be respectively equal to Euro 19.1 million and Euro 7.9 million (Euro 25.1 million and Euro 10.1 million in the same period of the prior year), down due also to the effect of net non-recurring expense and income (Euro -2.9 million the overall effect, being equal to Euro -0.7 million at 31 March 2019 versus Euro +2.2 million at 31 March 2018, the latter attributable mainly to RCS non-recurring income of Euro 2.6 million from a settlement agreement).

<u>Profit</u> attributable to the owners of the parent came to approximately Euro 2.7 million (Euro 3.4 million in the same period of 2018).

Looking at the business segments, in first quarter 2019:

[3] Amounts and comparisons based on the RCS Interim Management Statement at 31 March 2019, approved on 9 May 2019.

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.9 million[4] and Euro 0.5[4] million (Euro 1.7 million and Euro 1.4 million in the same period of 2018). Regarding weeklies, with approximately 1.4 million average copies sold in the January-March three-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 1 million[5] (Euro -0.4 million in the same period of 2018). Given the characteristics of La7's programming schedule and distribution of advertising revenue over the year, the first quarter usually has a higher percentage of costs incurred for in-house productions on revenue, compared to the rest of the year. Operating profit (EBIT) was approximately Euro -1.8 million[5] (Euro -3 million in the same period of 2018);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.7 million[6] and Euro -0.1 million[6] (Euro 0.4 million and Euro -0.1 million in the same period of 2018);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came both to Euro 0.9 million[7] (both Euro 1 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 23.1 million[8-9] and Euro 9.4 million[9] (Euro 22.3 million and Euro 10.7 million in the same period of 2018). Moreover, RCS's seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 206.2 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. The main digital performance indicators confirm the top market position of RCS, with *corriere.it and gazzetta.it* reaching an average of 19.8 million and 10.7 million unique users per month at end February 2019 (*Audiweb* 2.0). In March 2019, the total active customer base for *Corriere della Sera* (*digital edition*, *membership* and *m-site)* was 137 thousand subscribers, up by 22% versus the same period of 2018. In Spain, as part of the online activities, *elmundo.es, marca.com* and *expansión.com* reached 19.9 million, 16.0 million and 6.6 million average monthly unique users at end March 2019 (*Comscore IP Spain*, which considers only traffic coming from Spain). Against this backdrop, RCS digital revenue, which totaled approximately Euro 38 million, increased by approximately 8% versus the same period of 2018, with a percentage on total revenue of 18.4%.

Consolidated net debt at 31 March 2019 amounted to approximately Euro 149.6 million (Euro 188.6 million at 31 December 2018), Euro 158.2 million of which referring to RCS (Euro 187.6 million at 31

4 The new IFRS 16 resulted in an improvement of Euro 0.3 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 0.3 million (the impact on operating profit came basically to zero) and financial expense of approximately zero.

5 The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the La7 TV segment of Euro 0.4 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.3 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 0.3 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.

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 zero) and by financial expense of 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 Euro 0.5 million in first quarter 2019 - EBITDA shown in the RCS Interim Management Statement at 31 March 2019, approved on 9 May 2019, amounted to Euro 22.6 million.

9 The new IFRS 16 resulted in an improvement in gross operating profit (EBITDA) of the RCS segment of Euro 6.5 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 5.5 million (Euro 1 million the positive impact on operating profit) and higher financial expense of Euro 0.9 million.

December 2018). The improvement of Euro 39 million is attributable mainly to cash flows from ordinary operations, comprising the dynamics of current assets, offset by outlays for capital expenditure and net non-recurring expense (approximately Euro 0.6 million). 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, payable in May 2019, and that the change in net financial debt as a result of the distribution of dividends will be approximately Euro 31.2 million at Group level.

Total net financial debt, which also includes financial payables from operating leases pursuant to IFRS 16 amounting to Euro 216.5 million (mainly leases), stood at Euro 366.1 million, of which Euro 344.2 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, continuing for Cairo Editore its strategy aimed at attracting market segments with potential and strengthening the results of its publications; 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 Interim Management Statement at 31 March 2019, its directors announced that, in light of the actions already implemented and those planned 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 in the remaining part of 2019 margin levels and cash flows from operations that are basically in line with those achieved in 2018, allowing a further significant reduction in financial debt.

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 31 March 2019

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

(€ millions)	**31/03/2019**	**31/03/2018**
Gross operating revenue	280.1	291.3
Advertising agency discounts	(16.0)	(16.5)
Net operating revenue	**264.1**	**274.8**
Change in inventory	0.7	(0.1)
Other revenue and income	7.4	10.1
Total revenue	**272.1**	**284.9**
Production costs	(161.5)	(180.1)
Personnel expense	(83.5)	(82.8)
Income (expense) from equity-accounted investees	0.1	0.8
Non-recurring income and expense	(0.7)	2.2
Gross operating profit (EBITDA)	**26.6**	**25.1**
Amortization, depreciation, provisions and impairment losses	(17.6)	(14.9)
EBIT	**9.0**	**10.1**
Other gains (losses) on financial assets/liabilities	-	-
Net financial income	(4.1)	(4.6)
Profit (loss) before tax	**4.9**	**5.6**
Income tax	(0.2)	(0.1)
Non-controlling interests	(1.9)	(2.3)
Profit from continuing operations attributable to the owners of the parent	**2.7**	**3.2**
Profit (loss) from discontinued operations	-	0.2
Profit attributable to the owners of the parent	**2.7**	**3.4**

Unaudited reclassified statements

The adoption of IFRS 16 as from 1 January 2019, without restating the balances at 31 March 2018, resulted in first quarter 2019 in an improvement in gross operating profit (EBITDA) of Euro 7.5 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 6.4 million and higher financial expense of Euro 1.1 million, with an impact on the Group's EBITDA, EBIT and profit for the period of Euro +7.5 million, Euro +1.1 million and Euro +0 million.

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

€ millions	**31 March 2019**	**31 March 2018**
Profit for the period	**4.7**	**5.7**
Reclassifiable items of the comprehensive income statement		
Gains (losses) on cash flow hedges	(0.3)	(0.5)
Reclassification of gains (losses) on cash flow hedges	0.1	0.4
Tax effect	0.0	-
Total comprehensive income for the period	**4.6**	**5.6**
- Owners of the parent	2.6	3.3
- Non-controlling interests - continuing operations	2.0	2.3
	4.6	**5.6**

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 31 March 2019

The main **consolidated statement of financial position figures** at 31 March 2019 can be analyzed versus the situation at 31 December 2018:

(€ millions)	**31/12/2019**	**31/12/2018**
Statement of financial position		
Property, plant and equipment	288.1	89.6
Intangible assets	989.7	994.0
Financial assets	58.5	58.4
Deferred tax assets	108.0	103.0
Net working capital	(85.7)	(54.2)
Total assets	**1,358.6**	**1,190.8**
Non-current liabilities and provisions	109.8	113.2
Deferred tax provision	165.8	165.3
(Net financial position)/Net debt	149.6	188.6
Financial payables from operating leases pursuant to IFRS 16	216.5	n/a
Equity attributable to the owners of the parent	432.7	436.8
Equity attributable to non-controlling interests	284.2	286.9
Total equity and liabilities	**1,358.6**	**1,190.8**

Unaudited reclassified statements

The application of the new IFRS standard at 31 March 2019 also resulted in (i) the recognition of rights of use under property, plant and equipment for a total of Euro 200.9 million and a financial liability (financial payables from operating leases pursuant to IFRS 16) of approximately Euro 216.5 million and (ii) a decrease on Group's initial equity of Euro 6.7 million and on third parties' equity of Euro 4.4 million, net of the accounting effects of the tax component.

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

Net financial debt (€ millions)	**31/03/2019**	**31/12/2018**	**Changes**
Cash and cash equivalents	63.8	56.2	7.6
Other current financial assets and financial receivables	2.6	1.7	0.9
Current financial assets (liabilities) from derivative instruments	0.1	(0.1)	0.2
Current financial payables	(78.0)	(63.8)	(14.2)
Current net financial position (net financial debt)	**(11.5)**	**(6.0)**	**(5.5)**
Non-current financial payables	(136.9)	(181.6)	44.7
Non-current financial assets (liabilities) from derivative instruments	(1.2)	(1.0)	(0.2)
Non-current net financial position (net financial debt)	**(138.1)**	**(182.6)**	**44.5**
Net financial position (net financial debt)	**(149.6)**	**(188.6)**	**39.0**

Unaudited reclassified statements

Segment reporting at 31 March 2019

The Group’s performance can be read better by analyzing the results in first quarter 2019 by **main business segment** versus those of the same period of 2018 (in the footnote are indicated the impacts by segment of the new IFRS 16):

2019 (€ millions)	**Magazine publishing** **Cairo Editore**	**Advertising**	**TV publishing** **La7**	**Network operator** **Cairo Network**	**RCS**	**Trovatore**	**Intra and unallocate**	**Total**
Gross operating revenue	23.1	44.2	26.7	3.0	216.2	0.2	(33.4)	280.1
Advertising agency discounts	-	(6.2)	-	-	(10.1)	-	0.2	(16.0)
Net operating revenue	**23.1**	**38.0**	**26.7**	**3.0**	**206.2**	**0.2**	**(33.2)**	**264.1**
Change in inventory	(0.0)	-	-	-	0.7	-	-	0.7
Other revenue and income	0.8	0.0	1.4	0.0	5.4	-	(0.3)	7.4
Total revenue	**23.9**	**38.1**	**28.2**	**3.0**	**212.3**	**0.2**	**(33.5)**	**272.1**
Production costs	(18.4)	(35.0)	(17.7)	(2.3)	(121.5)	(0.2)	33.5	(161.5)
Personnel expense	(4.6)	(2.2)	(9.5)	(0.0)	(67.1)	(0.0)	-	(83.5)
Income (expense) from equity-accounted investees	-	-	-	-	0.1	-	-	0.1
Non-recurring income (expense)	-	-	-	-	(0.7)	-		(0.7)
Gross operating profit (EBITDA)	**0.9**	**0.9**	**1.0**	**0.7**	**23.1**	**0.0**	**-**	**26.6**
Amortization, depreciation, provisions and impairment losses	(0.4)	(0.0)	(2.8)	(0.8)	(13.7)	0.0	-	(17.6)
EBIT	**0.5**	**0.9**	**(1.8)**	**(0.1)**	**9.4**	**0.0**	**-**	**9.0**
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	-	-	-
Net financial income	0.0	(0.1)	(0.0)	(0.1)	(3.9)	(0.0)	-	(4.1)
Profit (loss) before tax	**0.5**	**0.8**	**(1.8)**	**(0.2)**	**5.5**	**0.0**	**-**	**4.9**
Income tax	(0.0)	(0.2)	0.9	0.0	(0.9)	(0.0)	-	(0.2)
Non-controlling interests	-	-	-	-	(1.9)	(0.0)		(1.9)
Profit (loss) from continuing operations	**0.5**	**0.6**	**(0.9)**	**(0.2)**	**2.7**	**0.0**	**-**	**2.7**
Profit (loss) from discontinued operations	-	-	-	-	-	-	(0.0)	(0.0)
Profit (loss) attributable to the owners ot the parent	**0.5**	**0.6**	**(0.9)**	**(0.2)**	**2.7**	**0.0**	**(0.0)**	**2.7**

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 (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 0.4 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 0.3 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 0.3 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 zero) and by financial expense of approximately zero;
- **RCS segment:** an improvement in gross operating profit (EBITDA) of Euro 6.5 million, resulting from the reversal of lease payments, offset by higher amortization and depreciation of Euro 5.5 million (Euro 1 million the positive impact on operating profit) and higher financial expense of Euro 0.9 million.

2018 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator Cairo Network	RCS	Trovatore	Intra and unallocate	Total
Gross operating revenue	25.6	42.8	25.5	3.0	226.9	0.2	(32.6)	291.3
Advertising agency discounts	-	(6.0)	-	-	(10.6)	-	0.1	(16.5)
Net operating revenue	**25.6**	**36.8**	**25.5**	**3.0**	**216.3**	**0.2**	**(32.5)**	**274.8**
Change in inventory	(0.0)	-	-	-	(0.0)	-	-	(0.1)
Other revenue and income	0.4	0.1	2.1	0.0	7.5	-	-	10.1
Total revenue	**25.9**	**37.0**	**27.6**	**3.0**	**223.7**	**0.2**	**(32.5)**	**284.9**
Production costs	(19.2)	(33.8)	(18.8)	(2.6)	(138.0)	(0.2)	32.5	(180.1)
Personnel expense	(5.0)	(2.1)	(9.2)	(0.0)	(66.4)	(0.0)	-	(82.8)
Income (expense) from equity-accounted investees	-	-	-	-	0.8	-	-	0.8
Non-recurring income (expense)	-	-	-	-	2.2	-	-	2.2
Gross operating profit (EBITDA)	**1.7**	**1.0**	**(0.4)**	**0.4**	**22.3**	**0.0**	**-**	**25.1**
Amortization, depreciation, provisions and impairment losses	(0.2)	(0.0)	(2.4)	(0.6)	(11.6)	0.0	-	(14.9)
EBIT	**1.4**	**1.0**	**(2.9)**	**(0.1)**	**10.7**	**0.0**	**-**	**10.1**
Other gains (losses) on financial assets/liabilities	-	-	-	-	0.0	-	-	0.0
Net financial income	(0.0)	(0.1)	(0.1)	(0.0)	(4.4)	(0.0)	-	(4.6)
Profit (loss) before tax	**1.4**	**0.9**	**(2.9)**	**(0.2)**	**6.4**	**0.0**	**-**	**5.6**
Income tax	(0.5)	(0.3)	1.3	0.0	(0.6)	(0.0)	-	(0.1)
Non-controlling interests	-	-	-	-	(2.3)	(0.0)	-	(2.3)
Profit (loss) from continuing operations	**1.0**	**0.6**	**(1.7)**	**(0.1)**	**3.4**	**0.0**	**-**	**3.2**
Profit (loss) from discontinued operations	-	-	-	-	-	-	0.2	0.2
Profit (loss) attributable to the owners ot the parent	**1.0**	**0.6**	**(1.7)**	**(0.1)**	**3.4**	**0.0**	**0.2**	**3.4**

Unaudited reclassified statements

Details of consolidated revenue at 31 March 2019

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

2019 (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**RCS**	**Trovatore**	**Intra and un allocated**	**Total**
TV advertising	-	38.2	25.8	-	0.3	-	(26.5)	**37.9**
Advertising on print media, Internet and sporting events	3.1	5.8	0.3	-	87.6	-	(3.4)	**93.4**
Other TV revenue	-	-	0.6	-	1.7	-	(0.2)	**2.2**
Magazine over-the-counter sales and subs	20.4	-	-	-	102.6	-	(0.1)	**122.9**
VAT relating to publications	(0.3)	-	-	-	(1.1)	-	-	**(1.4)**
Other revenue	-	0.2	-	3.0	25.2	0.2	(3.3)	**25.2**
Total gross operating revenue	**23.1**	**44.2**	**26.7**	**3.0**	**216.2**	**0.2**	**(33.4)**	**280.1**
Other revenue	0.8	0.0	1.4	0.0	5.4	-	(0.3)	7.4
Total gross revenue	**23.9**	**44.2**	**28.2**	**3.0**	**221.6**	**0.2**	**(33.7)**	**287.5**

2018 (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator Cairo Network**	**RCS**	**Trovatore**	**Intra and un allocated**	**Total**
TV advertising	-	36.3	24.6	-	0.6	-	(25.0)	**36.6**
Advertising on print media, Internet and sporting events	3.7	6.3	0.3	-	94.0	-	(4.1)	**100.1**
Other TV revenue	-	-	0.5	-	2.0	-	-	**2.5**
Magazine over-the-counter sales and subs	22.2		-	-	107.4	-	(0.1)	**129.5**
VAT relating to publications	(0.3)	-	-	-	(1.4)	-	-	**(1.7)**
Other revenue	-	0.2	-	3.0	24.3	0.2	(3.3)	**24.3**
Total gross operating revenue	**25.6**	**42.8**	**25.5**	**3.0**	**226.9**	**0.2**	**(32.6)**	**291.3**
Other revenue	0.4	0.1	2.1	0.0	7.5	0.0	-	10.1
Total gross revenue	**25.9**	**42.9**	**27.6**	**3.0**	**234.4**	**0.2**	**(32.6)**	**301.4**

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