



## CAIROCOMMUNICATION

### Press Release - Results at 31 March 2020 approved

- The first quarter of 2020 was marked by the Coronavirus health emergency, which also impacted on the Group's results
- Against this backdrop, Cairo Communication has kept its information offering "on", meeting the public's growing need to stay informed, with rapidly growing television audience, traffic numbers and digital subscriptions
- The Cairo Communication Group, with an aggregate of over 36.5 million unique users (net of duplications) in March 2020 on its digital properties (RCS and La7), ranks as the third digital media player in Italy, just after the large OTT platforms Google and Facebook.
- Corriere della Sera is the leading Italian daily newspaper on newsstands and online with over 35 million average unique users in March 2020
- In first quarter 2020, the Group achieved:
  - gross operating profit (EBITDA) of Euro 2.1 million, impacted by non-recurring expense of Euro 4.7 million, as a result of the allocation of provisions for early retirement schemes
  - a reduction in consolidated net financial debt of Euro 25.7 million versus end 2019
- RCS continued to generate positive cash flows with financial debt decreasing by Euro 22.3 million versus end 2019. Gross operating profit (EBITDA) in the consolidated financial statements of Cairo Communication amounted to Euro 2 million,<sup>1</sup> impacted by non-recurring expense of Euro 4.7 million. At end March, Corriere della Sera total active digital customer base (digital edition, membership and m-site) amounted to 302 thousand subscriptions, more than double versus March 2019
- The TV publishing segment La7 confirmed the high audience levels of the La7 channel (3.64% in the all-day share and 4.85% in prime time). Including April ratings, in the first four months of 2020 La7 retained its position as the sixth channel in the all-day share and was fifth in prime time. In March, La7's digital audience also grew strongly with 13.6 million average monthly unique users, more than quadrupled versus the same month of 2019

**Milan, 14 May 2020:** at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Statement at 31 March 2020.

Income statement and balance sheet figures (€ millions)	31/03/2020	31/03/2019
Consolidated gross revenue	241.1	287.5
EBITDA	2.1	26.6
EBIT	(16.6)	9.0
Profit attributable to the owners of the parent	(7.0)	2.7
	<b>31/03/2020</b>	<b>31/12/2019</b>
Net financial debt	108.9	134.6

In the first months of 2020, the national and international landscape was swept by the spread of the Coronavirus and the ensuing restrictions for its containment adopted by the governments of all the

<sup>1</sup> 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 1.7 million in first quarter 2020 - EBITDA shown in the RCS Interim Management Statement at 31 March 2020, approved on 11 May 2020, amounted to Euro 0.3 million.

countries involved; these restrictions have had a direct effect on the organization and timing of work, on the Group's activities and the general performance of the economy, in addition to the severe social impact, resulting in a context of general uncertainty.

As part of the activities relating to the organization of sporting events, the *Strade Bianche*, *Tirreno Adriatico* and *Milano Sanremo* cycling races, scheduled for the first quarter, and the *Milano Marathon* and *Giro d'Italia*, scheduled for the second quarter of 2020, were postponed. The subsidiary RCS Sport has worked to put these races back on the international 2020 cycling calendar. Specifically, the *Giro d'Italia* (3-25 October 2020), *Strade Bianche* (1 August 2020) *Milano Sanremo* (8 August 2020) and *Tirreno Adriatico* (7-14 September 2020) have already been rescheduled.

The circulation of sports newspapers *La Gazzetta dello Sport* and *Marca* was affected by the suspension of "played" sport.

Advertising sales in March slowed down both in Italy and Spain.

In first quarter 2020, in such a context of uncertainty and with the core markets in decline, in particular advertising in Italy and Spain:

- The **Cairo Communication** Group, with an aggregate of over 36.5 million unique users (net of duplications) in March 2020 (*Audiweb Media View*) on the digital properties of RCS and La7, ranks as the third digital media player in Italy, just after the large OTT platforms Google and Facebook. A major achievement that reflects the good progress made by all the digital properties benefiting, in particular, from the constant increase in the audience of *Corriere della Sera* and *La7*;
- **RCS** continued to generate positive cash flows, with financial debt down by Euro 22.3 million versus end 2019, and achieved a positive gross operating profit of Euro 2 million<sup>1</sup>, impacted by non-recurring expense of Euro 4.7 million. In the current health emergency phase, *Corriere della Sera*, thanks to its authority, confirmed its newsstand sales forecasts and, most of all, boosted digital operations: at end March, its total active customer base (digital edition, membership and m-site) counted 302 thousand subscriptions, up by 120% versus the same period of 2019 and by approximately 130 thousand subscriptions versus end December 2019. In March 2020, *corriere.it* recorded 7.4 million average daily unique users (versus 2.4 million in March 2019) and 35.4 million average monthly unique users (versus 21.1 million in March 2019). In the quarter, *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión* retained 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. The main digital performance indicators confirm the top market position of RCS, with *corriere.it* and *gazzetta.it* reaching 35.4 million and 16.5 million average monthly unique users at end March 2020 (*Audiweb 2.0*). In Spain, as part of the online activities, *elmundo.es*, *marca.com* and *expansión.com* reached 27.4 million, 18.3 million and 9.5 million average monthly unique users in March 2020 (*Comscore IP Spain*, which considers only traffic coming from Spain). On 18 March 2020, *Expansión* launched its own digital pay model (freemium), following in the footsteps of *El Mundo* and *La Gazzetta dello Sport* at end 2019. Against this backdrop, total digital revenue (Italy and Spain), which amounted to approximately Euro 34.1 million, accounted for 19.9% of total revenue; specifically, total advertising sales on online media amounted to Euro 24.7 million, accounting for 39.3% of total advertising revenue;
- the **La7 TV publishing segment** confirmed the high audience levels of the La7 channel (3.64% in all-day share and 4.85% in prime time), which grew strongly in March, ranking in first quarter 2020 as the sixth national channel for average prime time audience levels and in March as the sixth channel also in all-day audience levels. Including April ratings, in the first four months La7 retained its position as the sixth channel in the all-day share, while it was fifth in prime time. In first quarter 2020, advertising sales on the La7 and La7d channels totaled Euro 34.3 million (Euro 37.7 million in 2019), with a change versus the same period of the prior year due to the effects of the health emergency in March. The channel's news and discussion programmes all continued to deliver remarkable results: *Otto e Mezzo* with 7% average share from Monday to Friday, *TgLa7 edizione delle 20* 5.7% from Monday to Friday, *diMartedì* 5.8%, *Piazzapulita* 5.2%, *Propaganda Live* 5.2%, *Non è l'Arena* 6.2%, *Omnibus La7* 4.4%, *Coffee Break* 4.8%, *L'Aria che tira* 6.5%, *Tagadà* 4%, *Atlantide* 2.8%, *Eden un pianeta da salvare* 2.8%, the "maratone" hosted by Enrico Mentana (11.6% share the Election Special edition on 26/27 January). On the web front, the La7 websites ([La7.it](http://La7.it), [TGla7.it](http://TGla7.it), [Sedanoallegro.it](http://Sedanoallegro.it)) and the La7 and TGla7 apps achieved remarkable results with

8.6 million average monthly unique users (almost tripled versus the same period of 2019) in the quarter, and in particular 13.6 million average monthly unique users in March, more than quadrupled versus the same month of 2019;

- 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 2020, consolidated gross revenue amounted to approximately Euro 241.1 million (comprising gross operating revenue of Euro 236.7 million and other revenue and income of Euro 4.4 million) versus Euro 287.5 million in 2019 (comprising gross operating revenue of Euro 280.1 million and other revenue and income of Euro 7.4 million), down mainly as a result of the effects of the health emergency, in particular the decline in advertising sales and in circulation of sports newspapers and the postponement to the second half of the year of a number of sporting (Euro -5.8 million) and non-sporting events scheduled for March.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 2.1 million and Euro -16.6 million versus Euro 26.6 million and Euro 9 million in first quarter 2019. Excluding non-recurring expense (Euro -4 million the total effect, amounting to Euro -4.7 million in the first three months of 2020 and Euro -0.7 million in the same period of 2019), gross operating profit would amount to Euro 6.8 million, the change is attributable mainly to the above effects on revenue caused by the current health emergency. Non-recurring expense refers to the allocation of provisions for early retirement schemes of the subsidiary RCS.

To counter the impacts of the health emergency, the Group is implementing a series of actions. As a first response measure, the Group has organized itself to be able to continue its activities safely and minimize the impact in terms of health and safety at work, implementing smart working and promoting distance agile work as much as possible. It has also gradually reviewed the organization of work in view of the volumes of activity and the impact on editorial products, newspapers and magazines resulting from the stop of sport, social and recreational activities that are part of its news. In this context, measures have been taken on cost items, such as, for example, those aimed at containing bordereau and collaboration costs, especially for supplements, specials and local editions. The analysis is conducted based on a cost/benefit logic and with a "zero base" approach, covering all types of costs and business processes.

The net result attributable to the owners of the parent came to approximately Euro -7 million (Euro 2.7 million in first quarter 2019).

Looking at the business segments, in first quarter 2020:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.9 million and Euro 0.4 million (Euro 0.9 million and Euro 0.5 million in first quarter 2019). Regarding weeklies, with approximately 1.2 million average copies sold in first quarter 2020 (ADS), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 30% market share. Regarding the average sales of titles out of the ADS survey, including the sales of "*Enigmistica Più*" and "*Enigmistica Mia*", average copies sold were approximately 1.4 million;
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro -1.7 million (Euro 1 million in 2019). 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 -4.7 million (Euro -1.8 million in 2019);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.7 million and Euro -0.1 million (Euro 0.7 million and Euro -0.1 million in 2019);
- in the **advertising segment**, gross operating profit (EBITDA) came to Euro 0.2 million, while operating profit (EBIT) was basically at breakeven (both equal to Euro 0.9 million in 2019);

- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 2 million<sup>2</sup> and Euro -12.2 million respectively (Euro 23.1 million and Euro 9.4 million in the same period of 2019). Excluding non-recurring income and expense (Euro -4 million the total effect, amounting to Euro -4.7 million in the first three months of 2020 and Euro -0.7 million in the same period of 2019), gross operating profit would be Euro 6.7 million, due mainly to the effects of the health emergency. 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 171.3 million. In first quarter 2020, initiatives continued on maintaining and developing revenue. In Italy, the "*La Lettura*" App was launched on 13 February, followed on 29 February by a special issue on newsstands of *Sportweek* to mark the 20th anniversary of its first release; March saw the launch of the new *CheAutoCompro.it* website, followed on 7 April, a year after the debut of *economia.corriere.it* (website of the business-related section of *Corriere della Sera*) by "*Professionisti*", a new channel dedicated to professional associations, professionals, social security funds and VAT-registered self-employed professionals. In Spain, *Marca Coches y motos* was unveiled on 21 February 2020, a new portal dedicated to the world of engines, followed on 15 March 2020 by *El Mundo's* launch of a new editorial offer for the Sunday release; on 18 March 2020, *Expansión* launched its own digital pay model, very similar to *El Mundo's* at end 2019 (freemium model).

**Consolidated net financial debt** at 31 March 2020 amounted to approximately Euro 108.9 million (Euro 134.6 million at 31 December 2019), Euro 108.1 million of which referring to RCS (Euro 131.8 million at 31 December 2019). The improvement in the net financial debt of Euro 25.7 million is attributable mainly to cash flows from ordinary operations (comprising the dynamics of current assets) and to the positive effects of the disposal of the investment in Last Lap (Euro 4 million), offset by outlays for 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 197.6 million, attributable for Euro 169.5 million to RCS (Euro 175.3 million at 31 December 2019), amounted to Euro 306.5 million (Euro 339.2 million at 31 December 2019).

After the end of first quarter 2020, the continuing health emergency, and its severe social impact, is continuing to have repercussions on the organization and timing of work, on the Group's activities and on economic performance, resulting in a general context of great uncertainty.

In April and early May too, advertising sales are slowing down both in Italy and Spain, especially for print media.

As for the organization of sporting events, the *Milano Marathon* and the *Giro d'Italia*, initially scheduled for the second quarter of the year, were postponed. The subsidiary RCS Sport has worked to place these races, together with the "classics" not held in March, inside the 2020 international cycling calendar, starting from August.

The circulation of sports newspapers *La Gazzetta dello Sport* and *Marca* is being affected by the suspension of "played" sport.

In this context, the Group is continuing to keep its information offering "on", meeting the public's growing need to stay informed, ensuring a timely service to its viewers and readers and to all Italian newsstands. The programmes of *La7*, the daily editions of *Corriere della Sera* and *La Gazzetta dello Sport* in Italy, and of *El Mundo* and *Marca* in Spain, our Group's magazines and web and social platforms are playing a pivotal role in informing and reporting on this difficult phase, focusing on their mission as a non-partisan, trustworthy public service, and establishing themselves as authoritative players in daily television, paper and online information, with television audience and digital traffic growing significantly, in particular for *corriere.it* and *La7's* digital properties, which in March 2020 recorded respectively 35.4 million average

---

<sup>2</sup> 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, totaling Euro 1.7 million in first quarter 2020 - EBITDA shown in the RCS Interim Management Statement at 31 March 2020, approved on 11 May 2020, amounted to Euro 0.3 million.

monthly unique users versus 21.1 million in March 2019, and 13.6 million average monthly unique users, more than quadrupled versus the same month of 2019. The total active digital customer base for *Corriere della Sera* too, which reached over 300 thousand subscriptions, more than doubled versus March 2019.

The Group is monitoring developments on a daily basis to minimize the impacts in terms of health and safety in the workplace and on the operating and financial front, by defining and implementing flexible and timely action plans.

The developing situation, as well as the potential effects on the business outlook, are unforeseeable at this time - as they depend, inter alia, on the length of the health emergency, as well as on the public measures, including economic ones, implemented and to implement - and will be subject to constant monitoring in the further course of the year.

At any rate, the Group believes it has adequate management levers to counter the impacts of the health emergency in 2020 and thus confirm its medium-long term prospects.

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.*

**For further information:** Mario Cargnelutti, Investor Relations, +39 02 74813240, [m.cargnelutti@cairocommunication.it](mailto:m.cargnelutti@cairocommunication.it)

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

## Summary of the main consolidated income statement figures at 31 March 2020

The main **consolidated income statement figures** in first quarter 2020 can be compared as follows with those of first quarter 2019:

(€ millions)	31/03/2020	31/03/2019
Gross operating revenue	236.7	280.1
Advertising agency discounts	(13.0)	(16.0)
<b>Net operating revenue</b>	<b>223.6</b>	<b>264.1</b>
Change in inventory	0.5	0.7
Other revenue and income	4.4	7.4
<b>Total revenue</b>	<b>228.5</b>	<b>272.1</b>
Production costs	(139.4)	(161.5)
Personnel expense	(81.8)	(83.5)
Income (expense) from equity-accounted investees	(0.5)	0.1
Non-recurring income and expense	(4.7)	(0.7)
<b>Gross operating profit (EBITDA)</b>	<b>2.1</b>	<b>26.6</b>
Amortization, depreciation, provisions and write-downs	(18.7)	(17.6)
<b>Operating profit (EBIT)</b>	<b>(16.6)</b>	<b>9.0</b>
Other gains (losses) on financial assets/liabilities	6.2	-
Net financial income	(3.3)	(4.1)
<b>Profit (loss) before tax</b>	<b>(13.7)</b>	<b>4.9</b>
Income tax	4.3	(0.2)
Non-controlling interests	2.5	(1.9)
<b>Profit (loss) from continuing operations attributable to the owners of the parent</b>	<b>(7.0)</b>	<b>2.7</b>
Profit (loss) from discontinued operations	-	-
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>(7.0)</b>	<b>2.7</b>

*Unaudited reclassified statements*

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

€ millions	31/03/2020	31/03/2019
<b>Profit (loss) for the period</b>	<b>(9.5)</b>	<b>4.7</b>
<b>Reclassifiable items of the comprehensive income statement</b>		
Gains (losses) from the translation of financial statements denominated in foreign currencies	0.0	0.0
Gains (losses) on cash flow hedges	(0.1)	(0.3)
Reclassification of gains (losses) on cash flow hedges	0.1	0.1
Tax effect	-	-
<b>Non-reclassifiable items of the comprehensive income statement</b>		
Gains (losses) from the fair value measurement of equity instruments	(0.1)	-
<b>Total comprehensive income for the period</b>	<b>(9.6)</b>	<b>4.6</b>
- Owners of the parent	(7.0)	2.6
- Non-controlling interests	(2.6)	2.0
	<b>(9.6)</b>	<b>4.6</b>

*Unaudited reclassified statements*

## Summary of the main consolidated statement of financial position figures at 31 March 2020

The main consolidated statement of financial position figures at 31 March 2020 can be analyzed versus the situation at 31 December 2019:

(€ millions)	31/03/2020	31/12/2019
<b>Statement of financial position</b>		
Property, plant and equipment	78.7	81.0
Rights of use on leased assets	182.0	188.8
Intangible assets	983.7	988.8
Financial assets	56.7	57.4
Deferred tax assets	102.0	97.2
Net working capital	(78.3)	(50.2)
<b>Total assets</b>	<b>1,324.8</b>	<b>1,363.0</b>
Non-current liabilities and provisions	112.3	108.9
Deferred tax provision	165.2	164.7
(Financial position)/Net debt	108.9	134.6
Liabilities from leases (pursuant to IFRS 16)	197.6	204.5
Equity attributable to the owners of the parent	446.1	453.3
Equity attributable to non-controlling interests	294.7	297.0
<b>Total equity and liabilities</b>	<b>1,324.8</b>	<b>1,363.0</b>

*Unaudited reclassified statements*

The consolidated **net financial debt** at 31 March 2020, versus the consolidated financial statement amounts at 31 December 2019, is summarized in the table below:

Net financial debt (€ millions)	31/03/2020	31/12/2019	Changes
Cash and cash equivalents	45.5	50.1	(4.6)
Other current financial assets and financial receivables	26.1	13.9	12.2
Current financial assets (liabilities) from derivative instruments	(0.1)	(0.2)	0.0
Current financial payables	(41.2)	(74.6)	33.4
<b>Current net financial position (net financial debt)</b>	<b>30.3</b>	<b>(10.7)</b>	<b>41.1</b>
Non-current financial payables	(138.1)	(122.9)	(15.2)
Non-current financial assets (liabilities) from derivative instruments	(1.0)	(1.0)	(0.0)
<b>Non-current net financial position (net financial debt)</b>	<b>(139.1)</b>	<b>(123.9)</b>	<b>(15.3)</b>
<b>Net financial position (net financial debt)</b>	<b>(108.9)</b>	<b>(134.6)</b>	<b>25.7</b>
Liabilities from leases (pursuant to IFRS 16)	(197.6)	(204.5)	7.0
<b>Total net financial position (net financial debt)</b>	<b>(306.5)</b>	<b>(339.2)</b>	<b>32.7</b>

*Unaudited reclassified statements*

## Segment reporting at 31 March 2020

The Group's performance can be read better by analyzing the results by **main business segment**:

2020	Magazine publishing	Advertising	TV publishing	Network operator	Trovatore	RCS	Intra and unallocated	Total
(€ millions)	Cairo Editore		La7	Cairo Network				
Gross operating revenue	22.1	38.9	24.7	3.0	0.2	178.9	(31.0)	236.7
Advertising agency discounts	-	(5.7)	-	-	-	(7.6)	0.2	(13.0)
<b>Net operating revenue</b>	<b>22.1</b>	<b>33.2</b>	<b>24.7</b>	<b>3.0</b>	<b>0.2</b>	<b>171.3</b>	<b>(30.8)</b>	<b>223.6</b>
Change in inventory	(0.0)	-	-	-	-	0.5	-	0.5
Other revenue and income	0.6	0.2	1.2	0.0	-	2.8	(0.4)	4.4
<b>Total revenue</b>	<b>22.6</b>	<b>33.4</b>	<b>25.9</b>	<b>3.0</b>	<b>0.2</b>	<b>174.6</b>	<b>(31.1)</b>	<b>228.5</b>
Production costs	(17.5)	(30.9)	(18.2)	(2.3)	(0.2)	(101.5)	31.1	(139.4)
Personnel expense	(4.3)	(2.3)	(9.3)	(0.0)	(0.0)	(65.8)	-	(81.8)
Income (expense) from equity-accounted investees	-	-	-	-	-	(0.5)	-	(0.5)
Non-recurring income (expense)	-	-	-	-	-	(4.7)	-	(4.7)
<b>Gross operating profit (EBITDA)</b>	<b>0.9</b>	<b>0.2</b>	<b>(1.7)</b>	<b>0.7</b>	<b>(0.0)</b>	<b>2.0</b>	<b>0.0</b>	<b>2.1</b>
Amortization, depreciation, provisions and write-downs	(0.5)	(0.2)	(3.1)	(0.8)	(0.0)	(14.2)	-	(18.7)
<b>Operating profit (EBIT)</b>	<b>0.4</b>	<b>0.0</b>	<b>(4.7)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>(12.2)</b>	<b>0.0</b>	<b>(16.6)</b>
Other gains (losses) on financial assets/liabilities	-	-	-	-	-	6.2	-	6.2
Net financial income	(0.0)	(0.1)	0.1	(0.1)	(0.0)	(3.2)	-	(3.3)
<b>Profit (loss) before tax</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(4.6)</b>	<b>(0.2)</b>	<b>(0.0)</b>	<b>(9.2)</b>	<b>0.0</b>	<b>(13.7)</b>
Income tax	(0.0)	(0.0)	1.1	0.0	(0.0)	3.1	-	4.3
Non-controlling interests	-	-	-	-	0.0	2.5	-	2.5
<b>Profit from continuing operations</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(3.5)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>(3.6)</b>	<b>0.0</b>	<b>(7.0)</b>
Profit (loss) from discontinued operations	-	-	-	-	-	-	(0.0)	(0.0)
<b>Profit (loss) for the period attributable to the owners of the parent</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(3.5)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>(3.6)</b>	<b>(0.0)</b>	<b>(7.0)</b>

*Unaudited reclassified statements*

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

*Unaudited reclassified statements*



## Details of consolidated revenue at 31 March 2020

Gross operating revenue in first quarter 2020, split up by main business segment, can be analyzed as follows versus the amounts of the same period of 2019:

2020 (€ millions)	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	Network operator Cairo Network	Trovatore	RCS	Intra and un allocated	Total
TV advertising	-	34.4	23.6	-	-	0.2	(23.9)	<b>34.3</b>
Advertising on print media, Internet and sporting events	2.5	4.3	0.6	-	-	70.3	(3.5)	<b>74.2</b>
Other TV revenue	-	-	0.4	-	-	1.7	(0.2)	<b>1.9</b>
Magazine over-the-counter sales and subscri	19.9	-	-	-	-	89.3	(0.1)	<b>109.1</b>
VAT relating to publications	(0.3)	-	-	-	-	(0.9)	-	<b>(1.2)</b>
Other revenue	-	0.2	0.1	3.0	0.2	18.3	(3.4)	<b>18.3</b>
<b>Total gross operating revenue</b>	<b>22.1</b>	<b>38.9</b>	<b>24.7</b>	<b>3.0</b>	<b>0.2</b>	<b>178.9</b>	<b>(31.0)</b>	<b>236.7</b>
Other revenue	0.6	0.2	1.2	0.0	-	2.8	(0.4)	4.4
<b>Total gross revenue</b>	<b>22.5</b>	<b>39.0</b>	<b>25.9</b>	<b>3.0</b>	<b>0.2</b>	<b>181.7</b>	<b>(31.4)</b>	<b>241.1</b>

  

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

### **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) from equity-accounted investees

#### **EBITDA – Operating profit, before amortization, depreciation, provisions and write-downs.**

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 2020, 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.