Press Release – 2015 Draft Financial Statements

The Board approves the 2015 results: the 2015 consolidated financial statements confirm the figures appearing in the Interim Management Report at 31 December 2015 approved on 12 February 2016

- **In 2015, the Cairo Communication Group continued to achieve highly positive results in the magazine publishing segment, and worked on strengthening the results of the cost rationalization measures in the TV publishing segment (La7) implemented in 2013/2014:**
  - **consolidated gross revenue amounted to Euro 260 million (Euro 277.6 million in 2014)**
  - **consolidated gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 17.6 million and Euro 9.3 million (Euro 28.2 million and Euro 23 million in 2014)**
  - **consolidated profit was Euro 11.1 million (Euro 23.8 million in 2014)**
  - **gross operating profit (EBITDA) and operating profit (EBIT) in the magazine publishing segment came to Euro 14.6 million and Euro 13.5 million, up by 6.1% and 7.7% versus 2014 (Euro 13.8 million and Euro 12.5 million), despite the costs (Euro 1.4 million) incurred to launch the new weekly "Nuovo TV" (142 thousand average copies in the first 22 issues)**
  - **the TV publishing segment (La7) achieved a positive gross operating profit (EBITDA) of approximately Euro 1.6 million**
- **In 4Q15 the Cairo Communication Group reported a strong improvement in the results trend versus the first nine months of the year, achieving gross operating profit (EBITDA) of Euro 6.8 million, exceeding the result achieved in 4Q14 (Euro 6.6 million), and achieving in the TV publishing segment (La7) EBITDA of Euro 4.7 million (+50%), due also to the trend of advertising sales in December (over +10%)**
- **Advertising sales showed a positive trend in 1Q16, with revenue expected to grow by approximately 4% for TV channels and by approximately 15% for the Group's titles versus the figures of 1Q15**
- **A dividend of Euro 0.20 per share will be proposed at the Shareholders' Meeting**

Milan, 14 March 2016: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2015.

The 2015 consolidated financial statements basically confirm the results appearing in the Interim Management Report at 31 December 2015 approved on 12 February 2016.

In 2015, despite the high degree of uncertainty of the economic context in general and specifically of its relevant markets (advertising and publishing), and despite the drop reported by advertising revenue also as a result of the market trend, the Cairo Communication Group:

- reported in 4Q15 a strong improvement in the results trend versus the first nine months of the year, achieving gross operating profit (EBITDA) of Euro 6.8 million, exceeding the result achieved in 4Q14 (Euro 6.6 million);
- continued its growth strategy by launching “Nuovo TV”, the new TV weekly led by Riccardo Signoretti, out on newsstands from 21 September; in the first 22 issues, it posted average sales of approximately 142 thousand copies, highly satisfactory results in line with forecasts. Thanks also to the results achieved by “Nuovo TV", on 26 January 2016, the Group launched "Nuovo e Nuovo TV Cucina", which posted average sales of approximately 165 thousand copies in the first 5 issues;
- reported a strong growth in results in the magazine publishing segment which, despite incurring total costs of Euro 1.4 million in September and October to launch the new weekly, increased gross operating profit (EBITDA) and operating profit (EBIT) by approximately 6.1% and 7.7% versus 2014, confirming the high circulation levels of the publications, and worked on improving the levels of efficiency reached in containing costs (production, publishing and distribution);
- continued - in a persistently weak advertising market - to work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment (La7) in 2013 and 2014, and succeeded in posting, in 2015 too, a positive gross operating profit (EBITDA) of approximately Euro 1.6 million; specifically, in 4Q15, gross operating profit (EBITDA), amounting to approximately Euro 4.7 million, grew by about 50% versus the figure achieved in 4Q14, thanks also to the trend in advertising sales on La7 and La7d channels in December, up by more than 10% versus December 2014.

In 2015, consolidated gross revenue came to approximately Euro 260 million (Euro 277.6 million in 2014). Consolidated gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 17.6 million and Euro 9.3 million (Euro 28.2 million and Euro 23 million in 2014). Profit attributable to the owners of the parent came to approximately Euro 11.1 million (Euro 23.8 million in 2014).

Looking at the Group’s business segments:

- in the **magazine publishing segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 14.6 million and Euro 13.5 million (Euro 13.8 million and Euro 12.5 million in 2014). The year under review confirmed the excellent circulation results (Euro 72.6 million versus Euro 73.4 million in 2014). Total costs of approximately Euro 1.4 million were incurred in 2015 to launch “Nuovo TV”, which was supported by an advertising campaign also at newsstands; Regarding weeklies, with approximately 1.8 million average copies sold in the January-December twelve-month period of 2015, the Group retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 28% market share; Taking also into account the average sales of “Nuovo TV” in the first 22 issues, overall copies sold increase to more than 1,9 million;
- in the **TV publishing segment (La7)**, the Group continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014, and succeeded in posting, in 2015 too, a positive gross operating profit (EBITDA) of approximately Euro 1.6 million. Operating profit (EBIT) came to a negative figure of approximately Euro 4.9 million and benefited in the consolidated financial statements from lower amortization and depreciation of Euro 9.2 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. In 2014, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 9 million and Euro 6.2 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 18.2 million;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.3 million and Euro 0.7 million (Euro 5.2 million and Euro 4 million in 2014). In 2015, gross advertising sales on La7 and La7d channels amounted to Euro 140.1 million (Euro 152.9 million in 2014); specifically, thanks to the results achieved in December, the performance of advertising sales (approximately -3%) in 4Q15 showed a marked improvement versus the first nine months of the year (over -10%);

As shown in the Interim Management Report at 31 December 2015, approved by the Board of Directors on 12 February 2016, the Group reported a sharp improvement in results in 4Q15 versus the performance in the first nine months of the year. Consolidated gross operating profit (EBITDA) came to approximately

Euro 6.8 million and exceeded the figure achieved in 4Q14 (Euro 6.6 million). Operating profit (EBIT) came to Euro 4.5 million (Euro 5.4 million in 4Q14). Profit attributable to the owners of the parent came to approximately Euro 4.4 million (Euro 4.9 million in 4Q14).

The consolidated **net financial position** at 31 December 2015 came to a positive figure of approximately Euro 105.8 million (approximately Euro 124.1 million at 31 December 2014). Mention should be made that, at their Meeting on 28 April 2015, the shareholders approved the distribution of a dividend of 0.27 Euro per share, for a total of Euro 21.2 million.

The Board of Directors will propose at the Shareholders' Meeting the distribution of a dividend of Euro 0.20 per share, inclusive of tax, with coupon detachment date (coupon no. 10) on 9 May 2016 and payable on 11 May 2016 (record date 10 May 2016).

Based on the order book at 14 March 2016 for advertising aired and to be aired on La7 and La7d in 1Q16, amounting to approximately Euro 35.8 million, revenue achieved in 1Q15 (Euro 35.2 million) has already been beaten, and forecasts point to a growth of approximately 4% in the quarter. In 1Q16, based on the order book to date, amounting to Euro 5,1 million, advertising sales on the Group's magazines show an extremely positive trend, up by approximately 15 % versus those achieved in 1Q15 (Euro 4.4 million).

In 2016, the Cairo Communication Group will continue to:

- pursue the development of its traditional segments (magazine publishing and advertising sales), also continuing, in the publishing segment, its growth strategy with the launch of new titles; 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 on strengthening the results of the rationalization and cost-curbing measures achieved in 2013-2015 in the TV publishing segment, which is forecast to achieve a positive gross operating profit (EBITDA) in 2016 too.

However, the evolution of the general economic situation could affect the full achievement of these targets.

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

Cairo Communication is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazines and expanding later into free, digital and pay TV and the Internet

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

Summary of the main consolidated income statement figures at 31 December 2015

The main **consolidated income statement figures** in 2015 can be compared as follows with those in 2014:

(€ thousands)	31/12/2015 (Twelve months)	31/12/2014 (Twelve months)
Gross operating revenue	250,603	266,014
Advertising agency discounts	(24,021)	(25,748)
Net operating revenue	**226,582**	**240,266**
Change in inventory	33	(28)
Other revenue and income	9,403	11,627
Total revenue	**236,018**	**251,865**
Production cost	(157,505)	(163,048)
Personnel expense	(60,955)	(60,634)
Gross operating profit (EBITDA)	**17,557**	**28,183**
Amortization, depreciation, provisions and impairment losses	(8,217)	(5,221)
EBIT	**9,340**	**22,962**
Net financial income	692	1,829
Income (loss) on investments	-	(2)
Pre-tax profit	**10,032**	**24,789**
Income tax	1,040	(973)
Non-controlling interests	(18)	(24)
Profit from continuing operations attributable to the owners of the parent	**11,054**	**23,792**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	(1)	(1)
Profit attributable to the owners of the parent	**11,053**	**23,791**

Unaudited reclassified statements

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

(€ thousands)	31/12/2015	31/12/2014
Consolidated statement of comprehensive income		
Profit attributable to the owners of the parent	**11,053**	**23,791**
Other non-reclassifiable items of the comprehensive income statement		
Actuarial profit (loss) from defined benefit plans	(38)	(1,367)
Tax effect	10	376
Total comprehensive income	**11,025**	**22,800**

Unaudited reclassified statements

Summary of the main figures of the consolidated statement of financial position at 31 December 2015

The main figures of the consolidated **statement of financial position** at 31 December 2015 can be analyzed versus the situation at 31 December 2014:

(€ thousands)	**31/12/2015**	**31/12/2014**
Statement of financial position		
Property, plant and equipment	3,080	3,069
Intangible assets	60,917	56,871
Financial assets	1,702	1,175
Deferred tax assets	4,186	3,983
Net current assets	(17,438)	(19,071)
Total assets	**52,447**	**46,027**
Non-current borrowings and provisions	41,973	43,741
(Net financial position)/Net debt	(105,776)	(124,061)
Equity attributable to the owners of the parent	116,196	126,311
Equity attributable to non-controlling interests	54	36
Total equity and liabilities	**52,447**	**46,027**

Unaudited reclassified statements

The consolidated **net financial position** at 31 December 2015, versus the situation at 31 December 2014, can be summarized as follows:

(€ thousands)	**31/12/2015**	**31/12/2014**	**Change**
Cash and cash equivalents	125,776	149,061	(23,285)
Current financial assets	-	-	-
Bank loans	(20,000)	(25,000)	5,000
Total	**105,776**	**124,061**	**(18,285)**

Unaudited reclassified statements

Consolidated cash flow statement

The **consolidated cash flow statement** at 31 December 2015 can be compared with the cash flow statement at 31 December 2014:

Cash flow statement (€ thousands)	**31/12/2015**	**31/12/2014**
Cash and cash equivalents	**149,061**	**172,915**
Profit	11,071	23,815
Amortization/Depreciation	7,217	3,609
Income / (loss) on investments	-	2
Net financial income	(692)	(1,829)
Income tax	(1,040)	973
Change in provision for post-employment benefits	(280)	1,439
Change in provisions for risks and charges	(1,685)	(4,639)
Cash flow from operating activities before changes in working capital	**14,591**	**23,370**
(Increase) decrease in trade and other receivables	4,551	10,047
Increase (decrease) in trade and other payables	(8,444)	(15,098)
(Increase) decrease in inventories	155	808
Total cash flow from operating activities	**10,853**	**19,127**
Income tax (paid) received	2,944	557
Financial expense paid	(95)	(512)
Total cash flow from operating activities (A)	**13,702**	**19,172**
(Acquisition) net disposals of PPE and intangible assets	(11,274)	(47,734)
Interest and financial income received	983	2,468
Net increase in other non-current assets	(527)	(622)
Net cash flow used in investing activities (B)	**(10,818)**	**(45,888)**
Dividends paid	(21,152)	(21,152)
Re-measurement of defined benefit plans inclusive of tax effect	(28)	(991)
Increase in financial payables	(5,000)	25,000
Other changes in equity	11	5
Net cash flow used in financing activities (C)	**(26,169)**	**2,862**
Cash flow of the year (A)+(B)+(C)	**(23,285)**	**(23,854)**
Net cash and cash equivalents closing balance	**125,776**	**149,061**

Unaudited reclassified statements

Segment reporting at 31 December 2015

The results in 2015 for **each main business segment** (magazine publishing, advertising, TV publishing (La7), network operator (Cairo Network) and Il Trovatore) can be analyzed as follows comparing them with the results of 2014:

2015 (Twelve months) (€ thousands)	Magazine Publishing	Adver tising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	95,037	168,588	102,098	893	-	(116,013)	250,603
Advertising agency discounts	-	(24,021)	-	-	-	-	(24,021)
Net operating revenue	**95,037**	**144,567**	**102,098**	**893**	**-**	**(116,013)**	**226,582**
Change in inventory	33	-	-	-	-	-	33
Other income	1,803	1,151	6,349	2	98	-	9,403
Total revenue	**96,873**	**145,718**	**108,447**	**895**	**98**	**(116,013)**	**236,018**
Production cost	(62,640)	(136,368)	(73,684)	(684)	(143)	116,013	(157,505)
Personnel expense	(19,615)	(8,015)	(33,191)	(77)	(57)	-	(60,955)
Gross operating profit (EBITDA)	**14,618**	**1,335**	**1,572**	**134**	**(102)**	**-**	**17,557**
Amortization, depreciation, provisions and impairment losses	(1,139)	(632)	(6,445)	-	(1)	-	(8,217)
EBIT	**13,479**	**703**	**(4,873)**	**134**	**(103)**	**-**	**9,340**
Income (loss) on investments	-	-	-	-	-	-	-
Net financial income	(16)	73	631	4	-	-	692
Pre-tax profit	**13,463**	**776**	**(4,242)**	**138**	**(103)**	**-**	**10,032**
Income tax	(4,658)	(726)	6,447	(51)	28	-	1,040
Non-controlling interests	-	-	-	(18)	-	-	(18)
Profit from continuing operations attributable to the owners of the parent	**8,805**	**50**	**2,205**	**69**	**(75)**	**-**	**11,054**
Profit / (loss) from discontinued operations	-	-	-	-	-	(1)	(1)
Profit	**8,805**	**50**	**2,205**	**69**	**(75)**	**(1)**	**11,053**

Unaudited reclassified statements

2014 (Twelve months) (€ thousands)	Magazine Publishing	Adver tising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	96,708	181,332	110,913	834	-	(123,773)	266,014
Advertising agency discounts	-	(25,748)	-	-	-	-	(25,748)
Net operating revenue	**96,708**	**155,584**	**110,913**	**834**	**-**	**(123,773)**	**240,266**
Change in inventory	(28)	-	-	-	-	-	(28)
Other income	1,321	919	9,323	62	2	-	11,627
Total revenue	**98,001**	**156,503**	**120,236**	**896**	**2**	**(123,773)**	**251,865**
Production cost	(65,098)	(144,026)	(77,016)	(673)	(8)	123,773	(163,048)
Personnel expense	(19,120)	(7,251)	(34,221)	(42)	-	-	(60,634)
Gross operating profit (EBITDA)	**13,783**	**5,226**	**8,999**	**181**	**(6)**	**-**	**28,183**
Amortization, depreciation, provisions and impairment losses	(1,261)	(1,181)	(2,778)	-	(1)	-	(5,221)
EBIT	**12,522**	**4,045**	**6,221**	**181**	**(7)**	-	**22,962**
Income / (loss) on investments	-	(2)	-				(2)
Net financial income	17	390	1,423	(1)	-	-	1,829
Pre-tax profit	**12,539**	**4,433**	**7,644**	**180**	**(7)**	**-**	**24,789**
Income tax	(4,502)	(1,795)	5,385	(61)	-	-	(973)
Non-controlling interests	-	-	-	(24)	**-**	**-**	(24)
Profit from continuing operations attributable to the owners of the parent	**8,037**	**2,638**	**13,029**	**95**	**(7)**	-	**23,792**
Profit / (loss) from discontinued operations	-	-	-	-	-	**(1)**	(1)
Profit	**8,037**	**2,638**	**13,029**	**95**	**(7)**	**(1)**	**23,791**

Unaudited reclassified statements

Details of consolidated revenue at 31 December 2015

The breakdown of **gross operating revenue** in 2015, split up by main business segment (magazine publishing, advertising, TV publishing, network operator and Il Trovatore) can be analyzed as follows by comparing the amounts in 2014:

Gross revenue (€ thousands)	2015 (Twelve months)						
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	72,557	-	-	-	-	-	72,557
Print media advertising	20,106	26,675	-	-	-	(19,865)	26,916
TV advertising	-	137,427	98,706	-	-	(94,284)	141,849
Stadium signage	-	3,057	-	-	-	-	3,057
Internet advertising	-	828	971	552	-	(1,021)	1,330
Revenue from concession of programming schedule spaces	-	-	1,200	-	-	-	1,200
Other TV revenue	-	-	1,221	-	-	-	1,221
Subscriptions	2,831	-	-	-	-	-	2,831
Books and catalogues	971	-	-	-	-	-	971
Other revenue	4	601	-	341	-	(843)	103
VAT relating to publications	(1,432)	-	-	-	-	-	(1,432)
Total gross operating revenue	**95,037**	**168,588**	**102,098**	**893**	**-**	**(116,013)**	**250,603**
Other revenue	1,803	1,151	6,349	2	98	-	9,403
Total revenue	**96,840**	**169,739**	**108,447**	**895**	**98**	**(116,013)**	**260,006**

Gross revenue (€ thousands)	2014 (Twelve months)						
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	73,400	-	-	-	-	-	73,400
Print media advertising	20,931	27,687	-	-	-	(20,641)	27,977
TV advertising	-	149,636	106,991	-	-	(101,412)	155,215
Stadium signage	-	2,537	-	-	-	-	2,537
Internet advertising	-	870	759	494	-	(878)	1,245
Revenue from concession of programming schedule spaces	-	-	982	-	-	-	982
Other TV revenue	-	-	2,181	-	-	-	2,181
Subscriptions	2,883	-	-	-	-	-	2,883
Books and catalogues	980	-	-	-	-	-	980
Other revenue	-	602	-	340	-	(842)	100
VAT relating to publications	(1,486)						(1,486)
Total gross operating revenue	**96,708**	**181,332**	**110,913**	**834**	**-**	**(123,773)**	**266,014**
Other revenue	1,321	919	9,323	62	2	-	11,627
Total revenue	**98,029**	**182,251**	**120,236**	**896**	**2**	**(123,773)**	**277,641**

Summary of the main income statement figures of the Parent at 31 December 2015

The main **income statement figures of Cairo Communication S.p.A.** in 2015 can be compared as follows versus those in 2014:

(€ thousands)	**31/12/2015 (Twelve months)**	**31/12/2014 (Twelve months)**
Gross operating revenue	106,026	116,595
Advertising agency discounts	-	-
Net operating revenue	**106,026**	**116,595**
Other revenue and income	528	350
Total revenue	**106,554**	**116,945**
Production cost	(101,646)	(108,636)
Personnel expense	(3,045)	(2,990)
Gross operating profit (EBITDA)	**1,863**	**5,319**
Amortization, depreciation, provisions and impairment losses	(259)	(290)
EBIT	**1,604**	**5,029**
Net financial income	23	365
Income (loss) on investments	7,218	7,084
Pre-tax profit	**8,845**	**12,478**
Income tax	(735)	(1,891)
Profit from continuing operations	**8,110**	**10,587**
Loss from discontinued operations	(1)	(1)
Profit	**8,109**	**10,586**

Unaudited reclassified statements

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

(€ thousands)	**31/12/2015 (Twelve months)**	**31/12/2014 (Twelve months)**
Statement of comprehensive income of the Parent		
Profit	**8,109**	**10,586**
Other non-reclassifiable items of the comprehensive income statement		
Actuarial profit (loss) from defined benefit plans	28	(135)
Tax effect	(8)	37
Total comprehensive income	**8,129**	**10,488**

Unaudited reclassified statements

Summary of the main figures of the statement of financial position of the Parent at 31 December 2015

The main figures of the **statement of financial position** at 31 December 2015 can be analyzed versus the situation at 31 December 2014:

(€ thousands)	**31/12/2015**	**31/12/2014**
<u>Statement of financial position</u>		
Property, plant and equipment	368	457
Intangible assets	296	320
Financial assets	23,027	23,124
Other non-current financial assets	8,963	1,663
Net current assets	3,908	7,325
Total assets	**36,562**	**32,889**
Non-current borrowings and provisions	1,452	1,485
(Net financial position)/Net debt	(9,039)	(25,768)
Equity	44,149	57,172
Total equity and liabilities	**36,562**	**32,889**

Unaudited reclassified statements

The **net financial position** of the Parent at 31 December 2015, versus the situation at 31 December 2014, is summarized as follows:

(€ thousands)	**31/12/2015**	**31/12/2014**	**Change**
Cash and cash equivalents	9,039	25,768	(16,729)
Current financial assets	-	-	-
Total	**9,039**	**25,768**	**(16,729)**

Cash flow statement

The **cash flow statement** at 31 December 2015 of Cairo Communication S.p.A. can be compared with the cash flow statement at 31 December 2014:

Cash flow statement (€ thousands)	**31/12/2015**	**31/12/2014**
Cash and cash equivalents	**25,768**	**35,690**
Profit	8,110	10,586
Amortization, depreciation, provisions and impairment losses	259	290
Impairment losses on investments	247	201
Net financial income	(7,488)	(7,649)
Income tax	735	1,891
Change in provision for post-employment benefits	46	213
Change in provisions for risks and charges	(100)	(73)
Cash flow from operating activities before changes in working capital	**1,808**	**5,458**
(Increase) decrease in trade and other receivables	12,622	17,308
Increase (decrease) in trade and other payables	(8,183)	(4,414)
Total cash flow from operating activities	**6,248**	**18,352**
Income tax paid	(1,759)	(905)
Financial expense paid	(48)	(141)
Total cash flow from operating activities (A)	**4,441**	**17,306**
(Acquisition) net disposals of PPE and intangible assets	(145)	(162)
Interest and financial income received	92	506
Dividends received	7,465	1,039
Net increase in other non-current assets	(7,450)	(7,361)
Net cash flow used in investing activities (B)	**(38)**	**(5,978)**
Re-measurement of defined benefit plans inclusive of tax effect	20	(98)
Dividends paid	(21,152)	(21,152)
Net cash flow used in financing activities (C)	**(21,132)**	**(21,250)**
Cash flow of the year (A)+(B)+(C)	**(16,730)**	**(9,922)**
Net cash and cash equivalents closing balance	**9,039**	**25,768**

Unaudited reclassified statements

Alternative performance indicators:

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 indicators required by IFRS, a number of alternative performance indicators are shown that should, however, not be considered substitutes of those adopted by IFRS.

The alternative indicators 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 the **EBIT**, and is calculated as follows:

Profit from continuing operations, pre tax

+/- Net finance income

+/- Share in associates

EBIT- Operating profit

+ Amortization & depreciation

+ Bad debt impairment losses

+ Provisions for risks

<u>EBITDA – Operating profit, before amortization, depreciation, write-downs and impairment losses</u>

The Cairo Communication Group also considers the **net financial position** as a valid indicator of the Group's ability to meet financial obligations, both current and future. As can be seen in the table used in this Report, which details the equity figures used for the calculation of Group net financial position, this figure includes cash and other cash equivalents, bank deposits, securities and other current financial assets, reduced by current and non-current bank borrowings.