Press Release – Interim Management Report at 30 September 2016

In 9M16:

- **Cairo Communication acquired the control of RCS MediaGroup**
- **Considering the entire Group's scope of consolidation, and therefore including also RCS for the month of September 2016:**
  - **consolidated gross revenue amounted to Euro 272.1 million (Euro 185.7 million in 2015)**
  - **looking at current operations, consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit came, respectively, to Euro 23.8 million, Euro 10.9 million and Euro 6.3 million (Euro 10.8 million, Euro 4.8 million and Euro 6.6 million in 2015);**
  - **including non-recurring charges associated with the offer, consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit came, respectively, to Euro 22.1 million, Euro 9.2 million and Euro 5 million.**
- **On a like-for-like basis with 2015 (Cairo Editore magazine publishing, La7 TV publishing, advertising, network operator and Il Trovatore):**
  - **consolidated gross revenue amounted to Euro 188.7 million (Euro 185.7 million in 2015);**
  - **looking at current operations, consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit came, respectively, to Euro 10.3 million, Euro 3 million and Euro 4.3 million (Euro 10.8 million, Euro 4.8 million and Euro 6.6 million in 2015);**
- **The Cairo Editore magazine publishing segment, despite incurring launch costs for a total of Euro 1.2 million in the period, continued to achieve highly positive results, with gross operating profit (EBITDA) and operating profit (EBIT), respectively, of Euro 11.5 million and Euro 10.7 million (Euro 12.5 million and Euro 11.7 million in 2015); based on the backlog to date, it is possible to foresee advertising sales on Cairo Editore publications for the quarter October-December 2016 up more than 15% versus the same period of 2015 (Euro 7,2 million)**
- **Cairo Editore continued its growth strategy by launching the fortnightly magazine "Nuovo e Nuovo TV Cucina" in January (approximately 121 thousand average copies in the January-August eight-month), and "Enigmistica Più" (approximately 162 thousand average copies in the first 24 issues)**
- **The TV publishing segment (La7) achieved a sharp increase (+8%) in audience figures in the July-September quarter, thanks to the investment made in the quarter in programming costs to enhance the quality of the summer schedule; such a positive trend continues in October (+6%)**

Milan, 14 November 2016: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Report at 30 September 2016.

In 9M16, the Cairo Communication Group:

- acquired the control of RCS, becoming a major multimedia publishing group with a stable, independent leadership, well-positioned to establish itself as one of the major 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 sport events segments, maximizing the opportunities arising from the convergence of traditional media on digital platforms;
- achieved highly positive results in the Cairo Editore magazine publishing segment, 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 the growth strategy of Cairo Editore by launching the fortnightly magazine "Nuovo e Nuovo TV Cucina" in January (approximately 121 thousand average copies in the January-August

eight-month period- ADS data), and “Enigmistica Più” (approximately 162 thousand average copies in the first 24 issues);

- continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment (La7) in 2013-2015; profit for the period (a negative gross operating profit of approximately Euro 2 million versus Euro 3.1 in 9M15) was affected by the significant investment made in the July-September quarter in programming costs to enhance the quality of the summer schedule, which increased all-day audience figures of the network (La7 and La7d) in the quarter by approximately 8% and by approximately 10% in prime time (from 8:30 PM to 11:30 PM), accelerating in September (approximately +17.2% in the all-day share and +28% in prime time).

In 2016 Cairo Communication launched a voluntary public tender offer (the “Offer”) on all ordinary shares of RCS MediaGroup S.p.A. (“RCS”), for a consideration composed of no. 0.18 Cairo Communication shares and 0.25 Euro in cash for each RCS share tendered. Following the end of the acceptance period, on 15 July 2016, no. 254.8 million RCS shares had been tendered to the Offer, equal to 48.82% of the RCS share capital, payment of the consideration of which was made on 22 July 2016. In addition, between 22 to 28 July 2016, in accordance with applicable law, further no. 56.7 million RCS shares had been tendered to the Offer, which correspond to 10.87% of the RCS share capital, payment of the consideration of which was made on 4 August 2016. A total of no. 311.5 million RCS shares, equal to 59.69% of the RCS share capital, had been tendered to the Offer, for a total consideration of no. 56 million Cairo Communication shares and Euro 77.9 million in cash.

Since RCS prepared the first end-of-month closure after the completion date of the transaction on 31 August 2016, the date of initial consolidation adopted is 1 September 2016. The Interim Management Report at 30 September 2016 therefore includes the RCS results of September.

Including RCS in the Group’s **scope of consolidation** for the month of September, in 9M16, looking at **current operations**, consolidated gross revenue amounted to approximately Euro 272.1 million, rising sharply versus 9M15 (Euro 185.7 million), due mainly to the consolidation of RCS, which brought an increase of approximately Euro 83.4 million. Gross operating profit (EBITDA) and operating profit (EBIT) from current operations came to Euro 23.8 million and Euro 10.9 million (Euro 10.8 million and Euro 4.8 million). Profit attributable to the owners of the parent came to approximately Euro 6.3 million. Including non-recurring income and charges associated with the Offer, consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit came, respectively, to Euro 22.1 million, Euro 9.2 million and Euro 5 million. Non-recurring charges are attributable to part of the costs incurred for the Offer. A further part of such costs was deducted from the share premium reserve.

On a like-for-like basis with 2015, considering only the Cairo Editore magazine publishing segment, the advertising segment, the TV publishing segment (La7), Il Trovatore and the network operator, looking at **current operations**, consolidated gross revenue amounted to approximately Euro 188.7 million (including gross operating revenue of Euro 181.1 million and other revenue and income of Euro 7.6 million), up versus 9M15 (Euro 185.7 million, including gross operating revenue of Euro 177.4 million and other revenue and income of Euro 8.3 million). Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 10.3 million and Euro 3 million (Euro 10.8 million and Euro 4.8 million in 9M15). Profit attributable to the owners of the parent came to approximately Euro 4.3 million (Euro 6.6 million in 9M15).

Looking at the business segments, in 9M16:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 11.5 million and Euro 10.7 million (Euro 12.5 million and Euro 11.7 million in 9M15). Costs of approximately Euro 0.1 million and Euro 1.1 million were incurred for the launch of “Nuovo e Nuovo TV Cucina” and of “Enigmistica Più”, for a total of approximately Euro 1.2 million. The period under review confirmed the excellent circulation results (Euro 56.4 million versus Euro 55.1 million in 9M15); regarding weeklies, with about 1.9 million average copies sold in the

January-August eight-month period of 2016 (*ADS*), the Group 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 average copies sold of the first 24 issues of "Enigmistica Più"), average copies sold exceed 2 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 the 2013-2015 three-year period, with a negative gross operating profit (EBITDA) of approximately Euro 2 million in 9M16. Operating profit (EBIT) came to approximately Euro 8.2 million and benefited in the consolidated financial statements from lower amortization and depreciation of Euro 4.2 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 9M15, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 3.1 million and Euro 7.7 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 7.9 million;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.7 million and Euro 0.6 million (Euro 1.3 million and Euro 0.7 million in 9M15). In 9M16, gross advertising sales on La7 and La7d channels amounted to Euro 97.6 million, up by approximately 2% versus 9M15 (Euro 96.1 million). Advertising sales on Cairo Editore publications also reported a positive trend, reaching Euro 19.7 million at Group level, up by 4% versus 9M15 (Euro 18.9 million); based on the backlog as of November 14th 2016, it is possible to foresee advertising sales on Cairo Editore publications for the quarter October-December 2016 up more than 15% versus the same period of 2015 (Euro 7,2 million);
- in the **network operator segment**, the Group company Cairo Network continued implementing the mux, the TV broadcasting system based on digital terrestrial technology; at full performance, the mux will cover at least 94% of the national population, providing high-quality service levels.
- in the **RCS segment**, consolidated as from 1 September 2016, therefore for September alone, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 13.5 million and Euro 7.9 million .

Consolidated net debt at 30 September 2016 amounted to approximately Euro 359.3 million (a positive net financial position of approximately Euro 105.8 million at 31 December 2015). The main changes in the consolidated net financial position versus 31 December 2015 are attributable to the acquisition of the control and subsequent consolidation of RCS. Specifically, the net debt of RCS at 30 September 2016 stood at Euro 382.9 million. In the context of the transaction aimed at acquiring the control of RCS, Cairo Communication entered into a revolving facility, drawn down for approximately Euro78,2 million.

Mention should be made that at their Meeting on 27 April 2016, the shareholders approved the distribution of a dividend of 0.20 Euro per share, inclusive of tax, with coupon detachment date on 9 May 2016, for a total of Euro 15.7 million.

At the date of preparing this Interim Management Report at 30 September 2016, the determination of the fair value of RCS assets and liabilities required in the application of the "acquisition method" under IFRS 3 is still in progress; the difference between the value of the investment in RCS and the consolidated pro rata equity of the RCS Group at the combination date has been provisionally booked to "intangible assets." The determination requirements under IFRS 3, once completed, may result in a different measurement of the assets and liabilities of the RCS Group at the date of the business combination, with resulting operating and financial effects, including the amortization of any assets with finite useful life from the date of combination, which may also be of a significant level. Further analysis is in progress with regard to the possible alternative accounting approach in consolidation (proportional or full approach).

In the following months of 2016, the Cairo Communication Group will continue to:

- pursue the development of its traditional segments (magazine publishing Cairo Editore and advertising sales), also continuing, in the publishing segment, its strategy aimed at taking advantage of market segments offering greater potential, consolidating and developing the results of the new title "Enigmistica Più" launched in April, a weekly packed with games and other diversions, which marks the landing of Cairo Editore in the interesting and high-potential sector of puzzle games; 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 and develop its activity in this segment, which is forecast to achieve a positive gross operating profit (EBITDA) in 2016 too.

Regarding RCS, the Group will engage in the implementation of its integration project, aimed at accelerating the operational restructuring of RCS by exploiting possible synergies and pursuing the turnaround of the business, through the achievement of the maximum efficiency and the realization of the full potential of revenues.

In the Interim Management Report at 30 September 2016 approved on 9 November 2016, the RCS directors confirm that, in the absence of unpredictable events at this time, the targets set for 2016 (EBITDA before non-recurring charges of approximately Euro 100 million and profit basically at breakeven) can be considered achievable.

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

On 14 November 2016, the Board replaced the independent director Stefania Petruccioli, who had tendered her resignation on 31 August 2016, by co-opting Paola Mignani, and assessed the existence of the independence requirements set out in the Consolidated Finance Law and in the Corporate Governance Code for Listed Companies. The Board also appointed Paola Mignani as member of the Compensation Committee and Mauro Sala as member of the Related Party Committee.

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 sport events segments.

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Summary of the main consolidated income statement figures at 30 September 2016

The main **consolidated income statement figures** in **9M16 and 3Q16** can be compared as follows with those in 9M15 and 3Q15:

(€ thousands)	30/09/2016 (Nine months)			30/09/2015 (Nine months)
	Current operations	**Non-recurring items**	**Total**	
Gross operating revenue	264,479	-	264,479	177,377
Advertising agency discounts	(22,464)	-	(22,464)	(16,560)
Net operating revenue	**242,015**	-	**242,015**	**160,817**
Change in inventory	(1,042)	-	(1,042)	46
Other revenue and income	7,611	-	7,611	8,284
Total revenue	**248,584**	-	**248,584**	**169,147**
Production cost	(156,959)	-	(156,959)	(114,296)
Personnel expense	(68,273)	-	(68,273)	(44,100)
Income (charges) on investments measured at equity	479		479	-
Non-recurring income and charges	-	(1,748)	(1,748)	-
Gross operating profit (EBITDA)	**23,831**	**(1,748)**	**22,083**	**10,751**
Amortization, depreciation, provisions and impairment losses	(12,882)	-	(12,882)	(5,952)
EBIT	**10,949**	**(1,748)**	**9,201**	**4,799**
Net financial income	(2,580)	-	(2,580)	520
Income (loss) on investments	-	-	-	-
Pre-tax profit	**8,369**	**(1,748)**	**6,621**	**5,319**
Income tax	(793)	481	(312)	1,295
Non-controlling interests	(1,277)	-	(1,277)	(14)
Profit from continuing operations attributable to the owners of the parent	**6,299**	**(1,267)**	**5,032**	**6,600**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	(1)	-	(1)	-
Profit attributable to the owners of the parent	**6,298**	**(1,267)**	**5,031**	**6,600**

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(€ thousands)		30/09/2016 (Three months)		30/09/2015 (Three months)
	Current Oprations	**Non recurring items**	**Total**	
Gross operating revenue	135,031	-	135,031	49,936
Advertising agency discounts	(9,788)	-	(9,788)	(4,111)
Net operating revenue	**125,243**	-	**125,243**	**45,825**
Change in inventory	(967)	-	(967)	57
Other revenue and income	3,589	-	3,589	2,714
Total revenue	**127,865**	-	**127,865**	**48,596**
Production cost	(76,876)	-	(76,876)	(32,234)
Personnel expense	(35,579)	-	(35,579)	(13,676)
Income (charges) on investments measured at equity	479	-	479	-
Non-recurring income and charges	-	(1,748)	(1,748)	-
Gross operating profit (EBITDA)	**15,889**	**(1,748)**	**14,141**	**2,686**
Amortization, depreciation, provisions and impairment losses	(8,027)	-	(8,027)	(2,379)
EBIT	**7,862**	**(1,748)**	**6,114**	**307**
Net financial income	(2,892)	-	(2,892)	121
Income (loss) on investments	-	-	-	-
Pre-tax profit	**4,970**	**(1,748)**	**3,222**	**428**
Income tax	(1,444)	481	(963)	716
Non-controlling interests	(1,270)	-	(1,270)	(4)
Profit from continuing operations attributable to the owners of the parent	**2,256**	**(1,267)**	**989**	**1,140**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	-	-	-	-
Profit attributable to the owners of the parent	**2,256**	**(1,267)**	**989**	**1,140**

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

(€ thousands)	**30/09/2016 (Nine months)**	**30/09/2016 (Quarter)**	**30/09/2015 (Nine months)**	**30/09/2015 (Quarter)**
Consolidated statement of comprehensive income				
Profit attributable to the owners of the parent	**5,031**	**989**	**6,600**	**1,140**
Other reclassifiable items of the comprehensive income statement				
Gains (losses) from the translation of financial statements denominated in foreign currencies	82	82		-
Gains (losses) on cash flow hedges	(35)	(35)		-
Reclassification to the income statement of gains (losses) on cash flow hedges	221	221		-
Tax effect	(51)	(51)		-
Other non-reclassifiable items of the comprehensive income statement				
Actuarial profit (loss) from defined benefit plans	(339)	-	477	-
Tax effect	81	-	(131)	-
Total statement of comprehensive income attributable to the owners of the parent	**4,990**	**1,206**	**6,946**	**1,140**

Summary of the main consolidated statement of financial position figures at 30 September 2016

The main figures of the consolidated **statement of financial position** at 30 September 2016 can be analyzed versus the situation at 31 December 2015:

(€ thousands)	30/09/2016	31/12/2015
Statement of financial position		
Property, plant and equipment	115,576	3,080
Intangible assets	722,145	60,917
Financial assets	72,547	1,702
Deferred tax assets	133,001	4,186
Net current assets	(134,890)	(17,438)
Total assets	**908,380**	**52,447**
Non-current borrowings and provisions	185,872	41,973
(Net financial position)/Net debt	359,330	(105,776)
Equity attributable to the owners of the parent	328,437	116,196
Equity attributable to non-controlling interests	34,741	54
Total equity and liabilities	**908,380**	**52,447**

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The consolidated **net financial position** at 30 September 2016, versus the situation at 31 December 2015, can be summarized as follows:

Net financial debt at 30 September 2016	Cairo	RCS	30/09/2016	31/12/2015	Change
Cash and cash equivalents	118,050	15,311	133,361	125,776	7,585
Other current financial assets and financial receivables	-	899	899	-	899
Current financial payables	(5,000)	(49,020)	(54,020)	(5,000)	(49,020)
Current net financial position (net financial debt)	**113,050**	**(32,810)**	**80,240**	**120,776**	**(40,536)**
Non-current financial payables	(89,450)	(343,494)	(432,944)	(15,000)	(417,944)
Non-current financial liabilities from derivative instruments	-	(6,626)	(6,626)	-	(6,626)
Non-current net financial position (net financial debt)	**(89,450)**	**(350,120)**	**(439,570)**	**(15,000)**	**(424,570)**
Net financial position (net financial debt) continuing	**23,600**	**(382,930)**	**(359,330)**	**105,776**	**(465,106)**

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Segment reporting at 30 September 2016

The results in **9M16** and **3Q16** for **each main business segment** can be analyzed as follows comparing them with the results of 9M15 and 3Q15:

2016 (Nine months) (€ thousands)	**Magazine Publi-shing**	**Adver-tising**	**TV publishing La7**	**RCS**	**Trovatore**	**Network operator (Cairo Network)**	**Non-recurring items and unlloca-ted**	**Intra-group and unalloca-ted**	**Total**
Gross operating revenue	72,923	118,502	70,705	83,429	704	731	-	(82,515)	264,479
Advertising agency discounts	-	(16.950)	-	(5.514)	-	-	-	-	(22.464)
Net operating revenue	**72,923**	**101,552**	**70,705**	**77,915**	**704**	**731**	-	**(82,515)**	**242,015**
Change in inventory	(71)	-	-	(971)	-	-	-	-	(1,042)
Other income	1,889	472	5,175	-	2	73	-	-	7,611
Total revenue	**74.741**	**102.024**	**75,880**	**76.944**	**706**	**804**	-	**(82.515)**	**248,584**
Production cost	(48,487)	(95,163)	(51,824)	(42,649)	(575)	(776)	-	82,515	(156,959)
Personnel expense	(14,705)	(6,109)	(26,088)	(21,231)	(30)	(110)	-	-	(68,273)
Income (charges) on investments measured at equity	-	-	-	479	-	-	-	-	479
Income (non-recurring charges)	-	-	-	-	-		(1,748)	-	(1,748)
Gross operating profit (EBITDA)	**11,549**	**752**	**(2,032)**	**13,543**	**101**	**(82)**	**(1,748)**	-	**22,083**
Amortization, depreciation, provisions and impairment losses	(842)	(191)	(6,201)	(5,647)	-	(1)	-	-	(12,882)
EBIT	**10,707**	**561**	**(8,233)**	**7,896**	**101**	**(83)**	**(1,748)**	-	**9,201**
Income (loss) on investments	-	-	-	-	-			-	-
Net financial income	(7)	(69)	391	(2,893)	(1)	(1)	-	-	(2,580)
Pre-tax profit	**10,700**	**492**	**(7,842)**	**5,003**	**100**	**(84)**	**(1,748)**	-	**6,621**
Income tax	(3,663)	(421)	5,072	(1,765)	(36)	20	481	-	(312)
Non-controlling interests	-	-	-	(1.264)	(13)	-	-	-	(1,277)
Profit from continuing operations attributable to the owners of the parent	**7,037**	**71**	**(2,770)**	**1,974**	**51**	**(64)**	**(1,267)**	-	**5,032**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-	(1)	(1)
Profit attributable to the owners of the parent	**7,037**	**71**	**(2,770)**	**1,974**	**51**	**(64)**	**(1,267)**	**(1)**	**5,031**

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2015 (Nine months) (€ thousands)	**Magazine Publishing**	**Adver-tising**	**TV publishing La7**	**RCS**	**Trovatore**	**Network operator (Cairo Network)**	**Non-recurring items and unlloca-ted**	**Intra-group and unalloca-ted**	**Total**
Gross operating revenue	71,252	115,757	69,896	-	662	-	-	(80,190)	177,377
Advertising agency discounts	-	(16,560)	-	-	-	-	-	-	(16,560)
Net operating revenue	**71,252**	**99,197**	**69,896**	-	**662**	-	-	**(80,190)**	**160,817**
Change in inventory	46	-	-	-	-	-	-	-	46
Other income	1,346	768	6,090	-	2	78	-	-	8,284
Total revenue	**72,644**	**99,965**	**75,986**	-	**664**	**78**	-	**(80,190)**	**169,147**
Production cost	(45,915)	(93,398)	(54,634)	-	(506)	(33)	-	80,190	(114,296)
Personnel expense	(14,273)	(5,240)	(24,457)	-	(57)	(73)	-	-	(44,100)
Income (charges) on investments measured at equity	-	-	-	-	-	-	-	-	-
Income (non-recurring charges)	-	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	**12,456**	**1,327**	**(3,105)**	-	**101**	**(28)**	-	-	**10,751**
Amortization, depreciation, provisions and impairment losses	(784)	(592)	(4,575)	-	-	(1)	-	-	(5,952)
EBIT	**11,672**	**735**	**(7,680)**	-	**101**	**(29)**	-	-	**4,799**
Income (loss) on investments	-	-	-	-	-	-	-	-	-
Net financial income	(2)	75	443	-	4	-	-	-	520
Pre-tax profit	**11,670**	**810**	**(7,237)**	-	**105**	**(29)**	-	-	**5,319**
Income tax	(3,926)	(493)	5,743	-	(37)	8	-	-	1,295
Non-controlling interests		-	-	-	(14)	-	-	-	(14)
Profit from continuing operations attributable to the owners of the parent	**7,744**	**317**	**(1,494)**	-	**54**	**(21)**	-	-	**6,600**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Profit attributable to the owners of the parent	**7,744**	**317**	**(1,494)**	-	**54**	**(21)**	-	-	**6,600**

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2016 (Three months) (€ thousands)	Magazine Publishin g	Adver- tising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring items and unalloca- ted	Intra- group and unalloca- ted	Total
Gross operating revenue	26,284	29,778	15,925	83,429	208	261	-	(20,854)	135,031
Advertising agency discounts	-	(4,274)	-	(5,514)	-	-	-	-	(9,788)
Net operating revenue	**26,284**	**25,504**	**15,925**	**77,915**	**208**	**261**	-	**(20,854)**	**125,243**
Change in inventory	4	-	-	(971)	-	-	-	-	(967)
Other income	500	90	2,976	-	1	22	-	-	3,589
Total revenue	**26,788**	**25,594**	**18,901**	**76,944**	**209**	**283**	-	**(20,854)**	**127,865**
Production cost	(16,793)	(24,576)	(13,277)	(42,649)	(153)	(282)	-	20,854	(76,876)
Personnel expense	(4,734)	(1,869)	(7,703)	(21,231)	(7)	(35)	-	-	(35,579)
Income (charges) on investments measured at equity	-	-	-	479	-	-	-	-	479
Income (non-recurring charges)	-	-	-	-	-	-	(1,748)	-	(1,748)
Gross operating profit (EBITDA)	**5,261**	**(851)**	**(2,079)**	**13,543**	**49**	**(34)**	**(1,748)**	-	**14,141**
Amortization, depreciation, provisions and impairment losses	(273)	(67)	(2,039)	(5,647)	-	(1)	-	-	(8,027)
EBIT	**4,988**	**(918)**	**(4,118)**	**7,896**	**49**	**(35)**	-	-	**6,114**
Income (loss) on investments	-	-	-	-	-	-		-	-
Net financial income	1	(93)	93	(2,893)	-	-	-	-	(2,892)
Pre-tax profit	**4,989**	**(1,011)**	**(4,025)**	**5,003**	**49**	**(35)**	-	-	**3,222**
Income tax	(1,637)	304	1,661	(1,765)	(17)	10	481	-	(963)
Non-controlling interests	-	-	-	(1,264)	(6)	-	-	-	(1,270)
Profit from continuing operations attributable to the owners of the parent	**3,352**	**(707)**	**(2,364)**	**1,974**	**26**	**(25)**	**(1,267)**	-	**989**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Profit attributable to the owners of the parent	**3,352**	**(707)**	**(2,364)**	**1,974**	**26**	**(25)**	**(1,267)**	-	**989**

Unaudited reclassified statements

2015 (Three months) (€ thousands)	Magazine Publishing	Adver- tising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring items and unalloca- ted	Intra- group and unalloca- ted	Total
Gross operating revenue	25,247	28,450	15,989	-	206	-	-	(19,956)	49,936
Advertising agency discounts	-	(4,111)	-	-	-	-	-	-	(4,111)
Net operating revenue	**25,247**	**24,339**	**15,989**	-	**206**	-	-	**(19,956)**	**45,825**
Change in inventory	57	-	-	-	-	-	-	-	57
Other income	423	353	1,863	-	-	75	-	-	2,714
Total revenue	**25,727**	**24,692**	**17,852**	-	**206**	**75**	-	**(19,956)**	**48,596**
Production cost	(16,443)	(23,650)	(11,947)	-	(141)	(9)	-	19,956	(32,234)
Personnel expense	(4,529)	(1,609)	(7,490)	-	(16)	(32)	-	-	(13,676)
Income (charges) on investments measured at equity	-	-	-	-	-	-	-	-	-
Income (non-recurring charges)	-	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	**4,755**	**(567)**	**(1,585)**	-	**49**	**34**	-	-	**2,686**
Amortization, depreciation, provisions and impairment losses	(302)	(265)	(1,812)	-	-	-	-	-	(2,379)
EBIT	**4,453**	**(832)**	**(3,397)**	-	**49**	**34**	-	-	**307**
Income (loss) on investments	-	-	-	-	-	-	-	-	-
Net financial income	3	13	105	-	-	-	-	-	121
Pre-tax profit	**4,456**	**(819)**	**(3,292)**	-	**49**	**34**	-	-	**428**
Income tax	(1,447)	210	1,993	-	(31)	(9)	-	-	716
Non-controlling interests		-	-	-	(4)	-	-	-	(4)
Profit from continuing operations attributable to the owners of the parent	**3,009**	**(609)**	**(1,299)**	-	**14**	**25**	-	-	**1,140**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Profit attributable to the owners of the parent	**3,009**	**(609)**	**(1,299)**	-	**14**	**25**	-	-	**1,140**

Unaudited reclassified statements

Details of consolidated revenue at 30 September 2016

The breakdown of **gross operating revenue** in **9M16** and **3Q16**, split up by main business segment, can be analyzed as follows by comparing the amounts in 9M15 and 3Q15:

Gross revenue (€ thousands)	Quarter at 30/09/2016 (Nine months)							
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**RCS**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	56,436	-	-	-	-	-	-	56,436
Print media advertising	15,149	20,060	-	-	-	-	(14,978)	20,231
TV advertising	-	96,029	68,332	-	-	-	(65,758)	98,603
Stadium signage	-	1,873		-	-	-	-	1,873
Internet advertising	-	88	886	-	-	-	(2)	972
Revenue from concession of programming schedule spaces	-	-	711	-	-	-	-	711
Other TV revenue	-	-	776	-	-	-	-	776
Subscriptions	2,085	-	-	-	-	-	-	2,085
Books and catalogues	394	-	-	-	-	-	-	394
Network services	-	-	-	-	-	731	(731)	-
Other revenue	28	452	-	-	704	-	(1,046)	138
RCS revenue	-	-	-	83,946	-	-	-	83,946
VAT relating to publications	(1,169)	-	-	(517)	-	-	-	(1,686)
Total gross operating revenue	**72,923**	**118,502**	**70,705**	**83,429**	**704**	**731**	**(82,515)**	**264,479**
Other revenue	1,889	472	5,175	-	2	73	-	7,611
Total revenue	**74,812**	**118,974**	**75,880**	**83,429**	**706**	**804**	**(82,515)**	**272,090**

Gross revenue (€ thousands)	Quarter at 30/09/2015 (Nine months)							
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**RCS**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	55,136	-	-		-	-	-	55,136
Print media advertising	14,592	19,231	-		-	-	(14,417)	19,406
TV advertising	-	93,408	67,961		-	-	(64,425)	96,944
Stadium signage	-	2,084	-		-	-	-	2,084
Internet advertising	-	583	329		408	-	(717)	603
Revenue from concession of programming schedule spaces	-	-	818		-	-	-	818
Other TV revenue	-	-	788		-	-	-	788
Subscriptions	2,141	-	-		-	-	-	2,141
Books and catalogues	463	-	-		-	-	-	463
Network services	-	-	-		-	-	-	-
Other revenue	2	451	-		254	-	(631)	76
RCS revenue	-	-	-		-	-	-	-
VAT relating to publications	(1,082)	-	-		-	-	-	(1,082)
Total gross operating revenue	**71,252**	**115,757**	**69,896**		**662**	**-**	**(80,190)**	**177,377**
Other revenue	1,346	768	6,090		2	78	-	8,284
Total revenue	**72,598**	**116,525**	**75,986**		**664**	**78**	**(80,190)**	**185,661**

Gross revenue (€ thousands)	Quarter at 30/09/2016 (Three months)							
	Magazine publishing	Advertising	TV publishing (La7)	RCS	Trovatore	Network operator (Cairo Network)	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	21,098	-	-	-	-	-	-	21,098
Print media advertising	4,900	6,611	-	-	-	-	(4,833)	6,678
TV advertising	-	22,556	15,453	-	-	-	(15,456)	22,553
Stadium signage	-	437	-	-	-	-	-	437
Internet advertising	-	23	163	-	-	-	(1)	185
Revenue from concession of programming schedule spaces	-	-	109	-	-	-	-	109
Other TV revenue	-	-	200	-	-	-	-	200
Subscriptions	693	-	-	-	-	-	-	693
Books and catalogues	105	-	-	-	-		-	105
Network services	-	-	-	-	-	261	(261)	-
Other revenue	12	151	-	-	208	-	(303)	68
RCS revenue	-	-	-	83,946	-	-	-	83,946
VAT relating to publications	(524)	-	-	(517)	-	-	-	(1,041)
Total gross operating revenue	**26,284**	**29,778**	**15,925**	**83,429**	**208**	**261**	**(20,854)**	**135,031**
Other revenue	500	90	2,976	-	1	22	-	3,589
Total revenue	**26,784**	**29,868**	**18,901**	**83,429**	**209**	**283**	**(20,854)**	**138,620**

Gross revenue (€ thousands)	Quarter at 30/09/2015 (Three months)							
	Magazine publishing	Advertising	TV publishing (La7)	RCS	Trovatore	Network operator (Cairo Network)	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	19,968	-	-	-	-	-	-	19,968
Print media advertising	4,885	6,425	-	-	-	-	(4,853)	6,457
TV advertising	-	21,273	15,422	-	-	-	(14,668)	22,027
Stadium signage	-	393	-	-	-	-	-	393
Internet advertising	-	208	116	-	122	-	(226)	220
Revenue from concession of programming schedule spaces	-	-	224	-	-	-	-	224
Other TV revenue	-	-	227	-	-	-	-	227
Subscriptions	707	-	-	-	-	-	-	707
Books and catalogues	138	-	-	-	-	-	-	138
Network services	-	-	-	-	-	-	-	-
Other revenue		151	-	-	84	-	(209)	26
RCS revenue	-	-	-	-	-	-	-	-
VAT relating to publications	(451)	-	-	-	-	-	-	(451)
Total gross operating revenue	**25,247**	**28,450**	**15,989**	**-**	**206**	**-**	**(19,956)**	**49,936**
Other revenue	423	353	1,863	-	-	75	-	2,714
Total revenue	**25,670**	**28,803**	**17,852**	**-**	**206**	**75**	**(19,956)**	**52,650**

Alternative performance indicators

In this Interim Management Report, 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

+ Income (charges) on investments measured at equity[1]

EBITDA – Operating profit, before amortization, depreciation, write-downs and impairment losses

EBITDA (earnings before interest, taxes, 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 charges from investments measured at equity.

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 this Interim Management Report at 30 September 2016, consolidated EBITDA has been determined consistently with the definition adopted by Cairo Communication.

The Cairo Communication Group also considers the **net financial position** (**net financial debt**) as a valid indicator 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.

[1] Included following the consolidation of the control of RCS