CAIRO COMMUNICATION

Press Release - Results at 30 September 2018 approved

- **In the first nine months of 2018, the Group achieved:**
  - **consolidated gross revenue of Euro 957.7 million[1] (Euro 882.7 million in the first nine months of 2017), basically steady versus 30 September 2017 on a like-for-like basis (net of IFRS 15)**
  - **consolidated gross operating profit (EBITDA) and operating profit (EBIT) of Euro 117.7 million and Euro 75.7 million, up sharply versus the same period of 2017 (Euro 104.7 million and Euro 56.8 million)**
  - **profit attributable to the owners of the parent of Euro 31.4 million versus Euro 17.3 million in 2017**
- **RCS's margins grew strongly, in line with 2018 performance targets, with profit reaching Euro 52.1 million[2], more than double versus Euro 19.8 million[2] in the first nine months of 2017. Gross operating profit (EBITDA), amounting to Euro 108 million[3] in the consolidated financial statements of Cairo Communication, grew by approximately Euro 17 million versus 2017. Revenue from digital activities, amounting to approximately Euro 112.2 million, was up by 15.9% versus September 2017**
- **The TV publishing segment (La7) reported a sharp increase in La7's audience in the period (+29.6% in all-day and +41.2% in prime time). The remarkable share results were repeated in October, rising by +40% in all-day (sixth national channel) and by +48% in prime time (fifth national channel). In third quarter 2018, total advertising sales of La7 and La7d accelerated their growth trend (+11%, with September exceeding +13%); based on the order book at 13 November, sales from advertising aired and to be aired on the two channels in October and November 2018, amounting to Euro 31.8 million, already increased by over 13% versus the same two-month period of 2017 (Euro 28 million). Based on the above results, growth is expected to be stronger than the target (+10%) announced in August for advertising on both channels in the last four months of 2018**
- **The Cairo Editore magazine publishing segment continued to achieve positive results, with gross operating profit (EBITDA) and operating profit (EBIT) of Euro 6.9 million and Euro 6.1 million (Euro 10.1 million and Euro 9.3 million in the first nine months of 2017), affected by the launch costs in the third quarter of approximately Euro 0.5 million for "*Enigmistica Mia*".**

Milan, 14 November 2018: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Statement at 30 September 2018.

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[1] The Interim Management Statement at 30 September 2018 incorporates the new IFRS 15, which came into effect as from 1 January 2018. The income statement figures of 2018, therefore, cannot be directly compared with the corresponding amounts of the same period of the prior year. Specifically, if this new standard had not been applied, consolidated gross revenue in the first nine months of 2018 would have amounted to Euro 878.5 million instead of Euro 957.3 million
The Interim Management Statement at 30 September 2018 incorporates the new IFRS 9, whose impact produced a reduction in receivables of Euro 1.2 million, with a consequent reduction of Euro 0.6 million (net of the tax effect) in initial Group equity, with no significant changes in income statement figures in the first nine months of 2018.
For both of these standards, the Company opted not to restate comparative figures.

[2] Amounts and comparisons based on the RCS Interim Management Statement at 30 September 2018, approved on 9 November 2018

[3] 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 6.2 million in the nine months - EBITDA shown in the RCS Interim Management Statement at 30 September 2018, approved on 9 November 2018, amounted to Euro 101.8 million

In the first nine months of 2018:

- **RCS** continued its relaunch, with margins growing strongly versus the same period of the prior year, in line with 2018 performance targets, thanks to the initiatives implemented to maintain and develop revenue and to the ongoing efficiency actions, which generated benefits of approximately Euro 17.7 million in the period. In the first nine months of 2018, RCS achieved a profit of Euro 52.1 million[4] (more than double the Euro 19.8 million[4] in the first nine months of 2017).
  In Italy, the successful initiatives adopted in 2017 (the new *L'Economia*, *7*, *Buone Notizie-L'impresa del Bene*, the local edition *Corriere Torino)* were followed by the launch of the monthly *Corriere Innovazione (*23 February), the weekly supplement *Liberi Tutti* (18 May) and *COOK* (19 September), the new monthly insert on the world of cooking and food. In July, September and October respectively, the cultural supplement *LaLettura*, women's weekly magazine *Io Donna* and weekly *ViviMilano* revamped their contents. April 19 saw the launch of *Solferino - i libri del Corriere della Sera*. *La Gazzetta dello Sport* enhanced its offer with daily spaces, in the system of its inserts, and with new initiatives such as *Gazza Mondo*, *Time Out* and the new free Sunday weekly *Fuorigioco*. In Spain, the daily newspaper *El Mundo* renewed the supplement *Su Vivienda* and, from 5 March, *Actualidad Económica* has become its benchmark business weekly. July saw the launch of the new crossword magazine *Masterpasatiempos*. Additionally, the *MarcaClaro* portals were launched in Colombia and Argentina, following Mexico in 2017, which brought significant growth in average monthly unique users in Latin America;
- the **TV publishing segment La7** reported a sharp increase in La7's audience (+29.6% in all-day and +41.2% in prime time). The channel's news and discussion programmes continued to show remarkable and increasingly strong audience figures: *Otto e Mezzo* with a 6.9% average share (+21% versus 2017), *TgLa7 edizione delle 20* 5.8% from Monday to Friday (+6.9% versus 2017), *diMartedì* 7.8% (+62.9% versus 2017), *Piazzapulita* 6% (+50.9% versus 2017), *Propaganda Live* 4.4%, *Non è l'Arena* 7.2%, *Omnibus Dibattito* 4.6% (+24.4% versus 2017), *Coffee Break* 4.9% (+26.3% versus 2017), *L'Aria che tira* 6.9% (+31.3% versus 2017), *Tagadà* 3.7% (+49.4% versus 2017), *In Onda* 5.1% (+24.8% versus 2017), the *Maratone Mentana* (14.27% share on 4 March) and the election specials.
  In the first nine months of the year, La7 was the sixth national channel for average prime time audience; specifically, in March and April, it was the sixth also in all-day, in May the fifth in all-day and third in prime time; in the second fortnight of September, at the restart of programmes, it was fifth in prime time. The remarkable audience results were repeated in October (+40% in all-day and +48% in prime time; these results made La7 respectively the sixth and fifth national channel in the two slots);
- 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 costs (production, publishing and distribution).

In the first nine months of 2018, Group consolidated gross revenue amounted to approximately Euro 957.7 million (comprising gross operating revenue of Euro 939.4 million and other revenue and income of Euro 18.3 million) versus Euro 882.7 million in the same period of 2017 (comprising gross operating revenue of Euro 864.4 million and other revenue and income of Euro 18.3 million). Excluding from the comparison with the figures in the first nine months of 2017 the effects arising from the adoption of the new IFRS 15, equal to Euro +78.8 million[5] (Euro 80.3 million the effects on net revenue), gross consolidated revenue would amount to a basically steady figure of Euro 878.9 million.

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 117.7 million and Euro 75.7 million (Euro 104.7 million and Euro 56.8 million in the same period of the prior year). Profit attributable to the owners of the parent came to approximately Euro 31.4 million (Euro 17.3 million in 2017). In the first nine months of 2018, the total net effect of non-recurring income and expense was basically zero (Euro -0.1 million). At 30 September 2017, net non-recurring expense amounted to Euro -0.9 million.

Looking at the business segments, in the first nine months of 2018:

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[4] Amounts and comparisons based on the RCS Interim Management Statement at 30 September 2018, approved on 9 November 2018

[5] Attributable to revenue from the sale of publications of Euro +98.9 million, to advertising revenue of Euro -9.6 million and to other revenue of Euro -10.5 million

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 6.9 million and Euro 6.1 million (Euro 10.1 million and Euro 9.3 million in the same period of 2017), and were impacted negatively by the launch costs of approximately Euro 0.5 million incurred for "*Enigmistica Mia*". Regarding weeklies, with approximately 1.6 million average copies sold in the January-September nine-month period of 2018 (*ADS*), Cairo Editore retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 30% market share. Including the average sales of titles out of the ADS survey (the copies sold of *"Enigmistica Più"* and of "*Enigmistica Mia"*), average copies sold were approximately 1.7 million.
- in the **TV publishing segment (La7)**, the Group achieved gross operating profit (EBITDA) of approximately Euro 1.1 million (Euro 2.5 million in the first nine months of 2017), impacted also by increased programming costs of approximately Euro 3 million to improve programming quality, which contributed to the strong growth of the share, and by increased costs for television signal transmission incurred for the Group company Cairo Network. Mention should be made that the TV publishing segment's seasonality factors generally impact on the results of the third quarter of the year. Gross advertising revenue on La7 and La7d channels, amounting to Euro 99.8 million, increased versus the result achieved in the first nine months of 2017 (Euro 96.2 million). There is usually a certain time gap between audience trends and advertising sales results. In third quarter 2018, following the remarkable audience results reported in the first half, total advertising sales of La7 and La7d, in fact, accelerated their growth trend (+11%, with September exceeding +13%); based on the order book at 13 November, sales from advertising aired and to be aired on the two channels in October and November 2018, amounting to Euro 31.8 million, already increased by over 13% versus the same two-month period of 2017 (Euro 28 million). Based on the above results, growth is expected to be stronger than the target for advertising on the two channels in the last four months of 2018 (+10%) announced on approval of the 2018 Half-Year Report. Operating profit (EBIT) came to approximately Euro -6.1 million (Euro -4.8 million in 2017);
- in the **network operator segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.8 million and Euro -0.9 million (Euro 0.4 million and Euro -1.3 million in 2017);
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.9 million and Euro 0.7 million (Euro 0.6 million and Euro 0.5 million in 2017);
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 108 million[6] and Euro 75.8 million, rising sharply by Euro 17 million and Euro 22.7 million versus the same period of 2017 (Euro 91 million and Euro 53.1 million). Mention should be made that RCS's seasonality factors generally impact on the results of the first and third quarters of the year. Net operating revenue amounted to Euro 713.3 million. Excluding from the comparison with the figures in the first nine months of 2017 the effects arising from the adoption of the new IFRS 15 (Euro +61.2 million), RCS total revenue would be basically steady. At circulation level, the dailies *Corriere della Sera*, *La Gazzetta dello Sport*, *Marca* and *Expansión* continue to lead their respective segments, and *El Mundo* is the second most popular general daily in Spain for circulation at newsstands. In the first nine months of 2018, the digital performance indicators of the RCS daily newspaper sites continued to grow strongly: average unique browsers/month of *gazzetta.it* increased by 25.8% (35.8 million) and *corriere.it* by 6.7% (49.5 million) versus the same period of 2017 (*Adobe Analytics*). In September, the total active customer base for *Corriere* was 133 thousand subscribers. In Spain too, average unique browsers/month of *elmundo.es* (+16.2% reaching 55.2 million) and *marca.com* (+31.2% reaching 58.3 million) grew versus the same period of the prior year (*Omniture*). Against this backdrop, RCS revenue from digital activities rose by 15.9% versus the same period in 2017 to reach Euro 112.2 million, propelled also by the growth in digital advertising revenue, which reached approximately Euro 86 million in the first nine months of the year (+18.1% versus the same period in 2017).

Consolidated **net financial debt** at 30 September 2018 amounted to approximately Euro 211.2 million (Euro 263.1 million at 31 December 2017), down by Euro 51.9 million versus 31 December 2017 and by Euro 96.5 million versus 30 September 2017. At 30 September 2018, the net financial debt of RCS came to Euro 215.9 million (Euro 287.4 million at 31 December 2017). The improvement in the net financial debt versus 31

[6] Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the above section "Alternative Performance Measures". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting to Euro 6.2 million in the nine months - EBITDA shown in the RCS Interim Management Statement at 30 September 2018, approved on 9 November 2018, amounted to Euro 101.8 million

December 2017 of Euro 51.9 million is attributable mainly to cash flows from ordinary operations, comprising the dynamics of current assets, offset by the distribution of dividends approved by the Shareholders' Meeting held on 27 April 2018 for a total of Euro 13.4 million, and by outlays for capital expenditure and net non-recurring expense.

In the following months of 2018, the Cairo Communication Group, with regard to the scope of its traditional activities, will continue to:

- pursue the development of its Cairo Editore publishing and advertising sales segments, continuing for Cairo Editore with its strategy aimed at attracting market segments with greater potential and strengthening the results of its publications. In these segments, despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results;
- work towards developing its activities in the TV publishing segment, forecast to achieve a positive gross operating profit (EBITDA) in 2018 too, thanks also to a double-digit growth in advertising sales in the second half of the year.

As for RCS, on the approval of the Interim Management Statement at 30 September 2018, its directors announced that, in light of the actions already implemented and those planned to maintain and develop revenue and to continue pursuing operating efficiency, and of the positive results achieved in the first nine months of the year, in the absence of events unforeseeable at this time, RCS confirms it can achieve a growth in 2018 in gross operating profit and in cash flows from current operations versus 2017, which would allow it to reduce financial debt below Euro 200 million at end 2018.

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

The Financial Reporting Manager of Cairo Communication S.p.A., Marco Pompignoli, declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Law, that the accounting information contained 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. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sporting events segments.

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

in the section NOTICES AND DOCUMENTS / *PRESS RELEASES*

Summary of the main consolidated income statement figures at 30 September 2018

The main **consolidated income statement figures** in the first nine months and in third quarter 2018 can be compared as follows with the amounts in 2017:

(€ millions)	30/09/2018	30/09/2017
Gross operating revenue	939.4	864.4
Advertising agency discounts	(51.1)	(53.5)
Net operating revenue	**888.3**	**810.8**
Change in inventories	2.0	(0.3)
Other revenue and income	18.3	18.3
Total revenue	**908.7**	**828.8**
Production cost	(550.7)	(484.6)
Personnel expense	(241.8)	(239.1)
Income (expense) from equity-accounted investees	1.6	0.4
Non-recurring income (expense)	(0.1)	(0.9)
Gross operating profit (EBITDA)	**117.7**	**104.7**
Amortization, depreciation, provisions and impairment losses	(42.0)	(47.8)
EBIT	**75.7**	**56.8**
Income (loss) on investments	1.5	1.6
Net financial income	(14.2)	(19.2)
Profit (loss) before taxes	**63.0**	**39.3**
Income taxes	(11.1)	(12.5)
Non-controlling interests	(20.6)	(9.5)
Profit from continuing operations attributable to the owners of the parent	**31.2**	**17.3**
Profit (loss) from discontinued operations	0.2	-
Profit attributable to the owners of the parent	**31.4**	**17.3**

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(€ millions)	**30/09/2018 (Three months)**	**30/09/2017 (Three months)**
Gross operating revenue	274.8	243.4
Advertising agency discounts	(12.7)	(14.0)
Net operating revenue	**262.1**	**229.4**
Change in inventories	1.4	(0.1)
Other revenue and income	4.8	6.0
Total revenue	**268.3**	**235.3**
Production cost	(171.4)	(140.3)
Personnel expense	(76.3)	(74.7)
Income (expense) from equity-accounted investees	0.7	-
Non-recurring income (expense)	(0.1)	(0.9)
Gross operating profit (EBITDA)	**21.1**	**19.4**
Amortization, depreciation, provisions and impairment losses	(12.9)	(15.8)
EBIT	**8.3**	**3.6**
Income (loss) on investments	-	0.4
Net financial income	(3.3)	(6.1)
Profit (loss) before taxes	**5.1**	**(2.1)**
Income taxes	(0.8)	(1.8)
Non-controlling interests	(2.5)	1.3
Profit from continuing operations attributable to the owners of the parent	**1.8**	**(2.6)**
Profit (loss) from discontinued operations	-	-
Profit attributable to the owners of the parent	**1.8**	**(2.6)**

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

€ millions	30 September 2018 (Nine months)	30 September 2018 (Three months)	30 September 2017 (Nine months)	30 September 2017 (Three months)
Profit (loss) for the period	**52.0**	**4.3**	**26.8**	**(3.9)**
Reclassifiable items of the comprehensive income statement				
Reclassification of profit (loss) from translation of financial statements in foreign currencies	-	-	-	-
Gains (losses) on cash flow hedges	(0.9)	0.1	(0.7)	(0.1)
Reclassification of profit (loss) on cash flow hedges	1.0	0.2	2.8	0.8
Gains (losses) from the fair value measurement of available-for-sale financial assets	1.3	-	-	-
Non-reclassifiable items of the comprehensive income statement				
Actuarial profit (loss) from defined benefit plans	0.2	-	-	-
Tax effect	-	-	-	-
Total comprehensive income for the period	**53.6**	**4.5**	**28.9**	**(3.3)**
- Owners of the parent	32.4	1.9	18.3	(2.6)
- Non-controlling interests	21.2	2.6	10.6	(0.7)
	53.6	**4.5**	**28.9**	**(3.3)**

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Summary of the main consolidated statement of financial position figures at 30 September 2018

The main consolidated **statement of financial position** figures at 30 September 2018 can be compared as follows with those at 31 December 2017:

(€ millions)	**30/09/2018**	**31/12/2017**
Statement of financial position		
Property, plant and equipment	91.5	97.7
Intangible assets	993.4	1,008.2
Financial assets	64.4	65.0
Deferred tax assets	107.5	113.3
Net working capital	(80.8)	(87.1)
Total assets	**1,176.0**	**1,197.1**
Non-current borrowings and provisions	112.5	121.9
Deferred tax provision	170.9	169.7
(Net financial position)/Net debt	211.2	263.1
Equity attributable to the owners of the parent	409.9	391.6
Equity attributable to non-controlling interests	271.5	250.8
Total equity and liabilities	**1,176.0**	**1,197.1**

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The consolidated **net financial position** at 30 September 2018, versus the situation at 31 December 2017, can be summarized as follows:

Net financial debt (€ millions)	**30/09/2018**	**31/12/2017**	**Changes**
Cash and cash equivalents	98.4	128.1	(29.8)
Other current financial assets and financial receivables	1.9	0.9	1.0
Current financial assets (liabilities) from derivative instruments	-	(1.0)	1.0
Current financial payables	(52.3)	(72.0)	19.7
Current net financial position (net financial debt)	**48.0**	**56.0**	**(8.1)**
Non-current financial payables	(258.6)	(319.0)	60.4
Non-current financial assets (liabilities) from derivative instruments	(0.6)	(0.1)	(0.5)
Non-current net financial position (net financial debt)	**(259.2)**	**(319.1)**	**60.0**
Net financial position (Net financial debt) from continuing operations	**(211.2)**	**(263.1)**	**51.9**

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Segment reporting at 30 September 2018

Analysis of results in the **first nine months** and in **third quarter** 2018 by **main business segment**:

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

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2017 (nine months) (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	RCS	Trovatore	Intra and unallocated	Total
Gross operating revenue	68.1	120.5	69.1	5.9	690.5	0.7	(90.4)	864.4
Advertising agency discounts	-	(17.2)	-	-	(36.5)	-	0.1	(53.5)
Net operating revenue	**68.1**	**103.4**	**69.1**	**5.9**	**654.0**	**0.7**	**(90.3)**	**810.8**
Change in inventories	0.1	-	-	-	(0.4)	-	-	(0.3)
Other revenue and income	2.1	0.6	2.1	0.1	14.0	0.0	(0.6)	18.3
Total revenue	**70.3**	**104.0**	**71.2**	**6.0**	**667.6**	**0.7**	**(90.9)**	**828.8**
Production cost	(45.6)	(97.0)	(42.9)	(5.5)	(383.9)	(0.6)	90.9	(484.6)
Personnel expense	(14.6)	(6.4)	(25.7)	(0.1)	(192.3)	(0.0)	-	(239.1)
Income (expense) from equity-accounted investees	-	-	-	-	0.4	-	-	0.4
Non-recurring income (expense)	-	-	-	-	(0.9)	-	-	(0.9)
Gross operating profit (EBITDA)	**10.1**	**0.6**	**2.5**	**0.4**	**91.0**	**0.1**	**-**	**104.7**
Amortization, depreciation, provisions and impairment losses	(0.8)	(0.2)	(7.3)	(1.7)	(37.9)	0.0	-	(47.8)
EBIT	**9.3**	**0.5**	**(4.8)**	**(1.3)**	**53.1**	**0.1**	**-**	**56.8**
Income (loss) on investments	-	-	-	-	1.6	-	-	1.6
Net financial income	(0.0)	(0.3)	0.1	(0.0)	(18.9)	(0.0)	-	(19.2)
Profit (loss) before taxes	**9.3**	**0.2**	**(4.7)**	**(1.3)**	**35.7**	**0.1**	**-**	**39.3**
Income taxes	(2.7)	(0.6)	2.1	0.3	(11.5)	(0.0)	-	(12.5)
Non-controlling interests	-	-	-	-	(9.5)	(0.0)	-	(9.5)
Profit from continuing operations attributable to the owners of the parent	**6.5**	**(0.4)**	**(2.5)**	**(1.0)**	**14.7**	**0.0**	**-**	**17.3**
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Profit for the period attributable to the owners of the parent	**6.5**	**(0.4)**	**(2.5)**	**(1.0)**	**14.7**	**0.0**	**-**	**17.3**

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

Unaudited reclassified statements

2017 (three months) (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Network operator (Cairo Network)	RCS	Trovatore	Intra and unallocated	Total
Gross operating revenue	24.4	29.7	16.2	2.0	194.6	0.2	(23.7)	243.4
Advertising agency discounts	-	(4.2)	-	-	(9.8)	-	0.1	(14.0)
Net operating revenue	**24.4**	**25.4**	**16.2**	**2.0**	**184.8**	**0.2**	**(23.6)**	**229.4**
Change in inventories	0.1	-	-	-	(0.2)	-	-	(0.1)
Other revenue and income	0.5	0.4	1.5	0.0	3.9	0.0	(0.3)	6.0
Total revenue	**25.0**	**25.8**	**17.7**	**2.0**	**188.5**	**0.2**	**(24.0)**	**235.3**
Production cost	(16.4)	(24.5)	(11.7)	(1.9)	(109.7)	(0.1)	24.0	(140.3)
Personnel expense	(4.6)	(2.3)	(7.2)	(0.0)	(60.6)	(0.0)	-	(74.7)
Income (expense) from equity-accounted investees	-	-	-	-	-	-	-	-
Non-recurring income (expense)	-	-	-	-	(0.9)	-	-	(0.9)
Gross operating profit (EBITDA)	**4.0**	**(1.0)**	**(1.2)**	**0.1**	**17.4**	**0.1**	**-**	**19.4**
Amortization, depreciation, provisions and impairment losses	(0.3)	(0.0)	(2.7)	(0.6)	(12.2)	0.0	-	(15.8)
EBIT	**3.8**	**(1.1)**	**(3.9)**	**(0.4)**	**5.2**	**0.1**	**-**	**3.6**
Income (loss) on investments	-	-	-	-	0.4	-	-	0.4
Net financial income	(0.0)	(0.2)	0.0	(0.0)	(5.9)	(0.0)	-	(6.1)
Profit (loss) before taxes	**3.8**	**(1.3)**	**(3.8)**	**(0.5)**	**(0.4)**	**0.1**	**-**	**(2.1)**
Income taxes	(1.2)	0.3	1.4	0.1	(2.4)	(0.0)	-	(1.8)
Non-controlling interests	-	-	-	-	1.3	(0.0)	-	1.3
Profit from continuing operations attributable to the owners of the parent	**2.6**	**(1.0)**	**(2.4)**	**(0.3)**	**(1.5)**	**0.1**	**-**	**(2.6)**
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
Profit for the period attributable to the owners of the parent	**2.6**	**(1.0)**	**(2.4)**	**(0.3)**	**(1.5)**	**0.1**	**-**	**(2.6)**

Unaudited reclassified statements

Details of consolidated revenue at 30 September 2018

Gross operating revenue in the first nine months and in third quarter 2018, split up by main business segment, can be analyzed as follows versus the amounts in 2017:

2018 (9 months) (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishi La7**	**Network operator**	**RCS**	**Trovatore**	**Intra and un allocated**	**Total**
TV advertising	-	101.4	68.7	-	1.3	-	(71.0)	**100.5**
Advertising on print media, Internet and sporting events	14.1	21.8	1.0	-	313.5	-	(14.8)	**335.7**
Other TV revenue	-	-	1.8	-	6.0	-	(0.1)	**7.6**
Magazine over-the-counter sales and subscriptions	71.1		-	-	330.6	-	(0.2)	**401.5**
VAT relating to publications	(1.2)	-	-	-	(3.9)	-	-	**(5.1)**
Other revenue	-	0.5	-	8.5	99.7	0.6	(10.1)	**99.2**
Total gross operating revenue	**84.1**	**123.7**	**71.5**	**8.5**	**747.1**	**0.6**	**(96.2)**	**939.4**
Other revenue	1.9	0.7	4.0	0.0	12.7	0.0	(1.1)	18.3
Total gross revenue	**86.0**	**124.4**	**75.6**	**8.6**	**759.9**	**0.6**	**(97.3)**	**957.7**

2017 (9 months) (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator**	**RCS**	**Trovatore**	**Intra and un allocated**	**Total**
TV advertising	-	98.5	66.7	-	2.0	-	(67.7)	**99.5**
Advertising on print media, Internet and sporting events	14.7	21.5	1.2	-	318.9	-	(15.5)	**340.8**
Other TV revenue	-	-	1.2	-	6.8	-	-	**8.0**
Magazine over-the-counter sales and subscriptions	54.5	-	-	-	263.3	-	(0.2)	**317.6**
VAT relating to publications	(1.1)	-	-	-	(3.7)	-	-	**(4.8)**
Other revenue	-	0.5	-	5.9	103.2	0.7	(7.0)	**103.3**
Total gross operating revenue	**68.1**	**120.5**	**69.1**	**5.9**	**690.5**	**0.7**	**(90.4)**	**864.4**
Other revenue	2.1	0.6	2.1	0.1	14.0	0.0	(0.6)	18.3
Total gross revenue	**70.2**	**121.1**	**71.2**	**6.0**	**704.5**	**0.7**	**(91.0)**	**882.7**

2018 (3 months) (€millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator**	**RCS**	**Trovatore**	**Intra and un allocated**	**Total**
TV advertising	-	25.1	16.7	-	0.1	-	(17.4)	**24.6**
Advertising on print media, Internet and sporting events	4.6	6.6	0.3	-	83.0	-	(4.7)	**89.8**
Other TV revenue	-	-	0.6	-	2.0	-	(0.1)	**2.5**
Magazine over-the-counter sales and subscriptions	26.3	-	-	-	115.5	-	(0.1)	**141.7**
VAT relating to publications	(0.5)	-	-	-	(1.4)	-	-	**(1.9)**
Other revenue	-	0.2	-	2.5	18.7	0.2	(3.4)	**18.2**
Total gross operating revenue	**30.3**	**31.9**	**17.6**	**2.5**	**217.9**	**0.2**	**(25.6)**	**274.8**
Other revenue	0.4	0.1	1.2	0.0	3.3	0.0	(0.2)	4.8
Total gross revenue	**30.8**	**31.9**	**18.8**	**2.5**	**221.3**	**0.2**	**(25.9)**	**279.6**

2017 (3 months) (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**Network operator**	**RCS**	**Trovatore**	**Intra and un allocated**	**Total**
TV advertising	-	22.8	15.4	-	0.5	-	(15.9)	**22.8**
Advertising on print media, Internet and sporting events	5.0	6.7	0.5	-	81.3	-	(5.5)	**88.0**
Other TV revenue	-	-	0.3	-	2.0	-	-	**2.3**
Magazine over-the-counter sales and subscriptions	19.9	-	-	-	90.5	-	(0.1)	**110.3**
VAT relating to publications	(0.5)	-	-	-	(1.2)	-	-	**(1.7)**
Other revenue	-	0.2	-	2.0	21.6	0.2	(2.3)	**21.7**
Total gross operating revenue	**24.4**	**29.7**	**16.2**	**2.0**	**194.6**	**0.2**	**(23.7)**	**243.4**
Other revenue	0.5	0.4	1.5	0.0	3.9	0.0	(0.3)	6.0
Total gross revenue	**24.9**	**30.1**	**17.7**	**2.0**	**198.6**	**0.2**	**(24.1)**	**249.4**

Alternative performance measures
In this press release, in order to provide a clearer picture of the financial performance of the Cairo Communication Group, besides of the conventional financial measures required by IFRS, a number of alternative performance measures are shown that should, however, not be considered substitutes of those adopted by IFRS.
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 assess Group and Parent operational performance, together with **EBIT**, and is calculated as follows:
Result from continuing operations, before taxes
+/- Net finance income
+/- Share in associates
EBIT - Operating profit
+ Amortization & depreciation
+ Bad debt impairment losses
+ Provisions for risks
+ Income (expense) from equity-accounted investees
EBITDA – Operating profit, before amortization, depreciation, provisions and impairment losses.

EBITDA (earnings before interest, 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 expense from equity-accounted investees.
The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in the Interim Management Statement at 30 September 2018, 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 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.