CAIRO COMMUNICATION

Press Release - Results at 31 December 2017 approved

- **In 2017, the Group achieved:**
  - **consolidated gross revenue of Euro 1,212.3 million (Euro 631.7 million in 2016)**
  - **consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent of Euro 168.8 million, Euro 102.7 million and Euro 52 million (Euro 85.6 million, Euro 51.5 million and Euro 21.5 million in 2016)**
- **RCS achieved margins in line with 2017 performance targets and a strong growth (with a profit of Euro 71.1 million[1] versus Euro 3.5 million in 2016), reducing its net financial debt by Euro 78.7 million[1]. Gross operating profit (EBITDA), amounting to Euro 148.4 million[2] in the consolidated financial statements of Cairo Communication, grew by approximately Euro 44.3 million[1] versus 2016**
- **The TV publishing segment (La7) achieved positive gross operating profit of Euro 7 million, up sharply versus 2016 (Euro 1.8 million)**
- **The Cairo Editore magazine publishing segment continued to achieve positive results, with gross operating profit (EBITDA) and operating profit (EBIT) of Euro 12.2 million and Euro 11.1 million (Euro 15.2 million and Euro 14 million in 2016)**
- **A dividend of Euro 0.10 per share (Euro 0.05 in 2017) will be proposed at the Shareholders' Meeting**

Milan, 26 March 2018: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2017.

In 2017:

- RCS continued its relaunch, with margins in line with 2017 performance targets and a strong growth versus the prior year, thanks to the new initiatives launched in 2017 and to the effective and ongoing efficiency actions that led to benefits of approximately Euro 58 million in the year. In 2017, RCS achieved a profit of Euro 71.1 million[1] (Euro 3.5 million in 2016), reducing its net financial debt by Euro 78.7 million[1] to reach Euro 287.4 million[1] with an approximately 2.1x debt/EBITDA ratio (leverage ratio) versus 3.6x at 31 December 2016. The results of RCS contributed significantly to the growth of the Group's revenue and margins in 2017;
- the TV publishing segment La7 achieved gross operating profit of approximately Euro 7 million, up sharply versus 2016 (Euro 1.8 million);
- 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).

Mention should be made that RCS was consolidated as from 1 September 2016. The consolidated income statement in 2016 includes only the RCS results of the September-December four-month period of 2016. The income statement figures of 2017, therefore, cannot be directly compared with the corresponding amounts of the prior year.

[1] Amounts and comparisons based on the RCS 2017 Annual Report, approved on 15 March 2018

[2] RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the section below "Alternative Performance Indicators". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting in the year to Euro 10.2 million, EBITDA shown in the RCS 2017 Annual Report approved on 15 March 2018 amounted to Euro 138.2 million

In 2017, at Group level, consolidated gross revenue amounted to approximately Euro 1,212.3 million (comprising gross operating revenue of Euro 1,186.2 million and other revenue and income of Euro 26.1 million), rising sharply versus the prior year (Euro 631.7 million), due mainly to the consolidation of RCS for the entire year. Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 168.8 million and Euro 102.7 million (Euro 85.6 million and Euro 51.5 million in the prior year). These margins in 2017 include net non-recurring charges of Euro 1.8 million (Euro 1.2 million in non-recurring net income in 2016). Profit attributable to the owners of the parent came to approximately Euro 52 million (Euro 21.5 million in 2016).

Looking at the business segments, in 2017:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 12.2 million and Euro 11.1 million (Euro 15.2 million and Euro 14 million in 2016). Regarding weeklies, with approximately 1.7 million average copies sold in the January-December twelve-month period of 2017 (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"), average copies sold were approximately 1.8 million;
- in the **TV publishing segment (La7)**, the Group achieved positive gross operating profit (EBITDA) of approximately Euro 7 million, rising sharply versus the prior year (Euro 1.8 million in 2016). Operating profit (EBIT) came to approximately Euro -3 million and benefited in the consolidated financial statements, with respect to the separate financial statements of La7 S.p.A., from lower amortization and depreciation of Euro 3.3 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 2016, operating profit (EBIT) came to Euro -6.6 million, benefiting in the consolidated financial statements from lower amortization and depreciation of Euro 5.4 million;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.4 million and to basically breakeven respectively (respectively basically breakeven and Euro -0.4 million in 2016);
- in the **network operator segment**, the Group company Cairo Network continued implementing the mux, the TV broadcasting system based on digital terrestrial technology; the mux covers at least 94% of the national population, providing high-quality service levels. January 2017 marked the start of the broadcasting of La7 channels on the mux;
- in the **RCS segment**, in the consolidated financial statements of Cairo Communication, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 148.4 million[3] and Euro 96 million, rising sharply by Euro 44.3[4] million and Euro 60.6 million[4] versus 2016, when RCS was included only for the September-December four-month period in the scope of consolidation of the Cairo Communication Group. Net operating revenue[5], amounting to approximately Euro 891 million, dropped by an overall Euro 72.5[4] million versus 2016, due mainly to certain discontinuities, such as the termination in 2017 of a number of advertising sales contracts with third-party publishers (Euro -31.3 million), and to revenue related to sporting events in 2016, the European Football Championships and the Summer Olympics in particular (Euro -7.5 million). Net of these discontinuities, the change would have stood at Euro -33.7 million (approximately -3% versus 2016).

Mention should be made that the first half of 2017 saw completion of the determination of the fair value of the RCS Group's consolidated assets and liabilities required in the application of the "acquisition method" under IFRS 3. The process had also implied a different measurement of the assets and liabilities of the RCS Group at the date of the business combination from the measurement made at 31 December 2016, with resulting operating and financial effects, as explained in Note 15 to the consolidated financial statements.

Consolidated **net financial debt** at 31 December 2017 amounted to approximately Euro 263.1 million (Euro 352.6 million at 31 December 2016), Euro 287.4 million of which referring to RCS (Euro 366.1 million at 31 December 2016). The improvement of Euro 89.5 million in net financial debt versus 31 December 2016 is attributable mainly to cash flows from ordinary operations (approximately Euro 118.7 million) and to net

[3] RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the section below "Alternative Performance Indicators". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting in the year to Euro 10.2 million, EBITDA shown in the RCS 2017 Annual Report approved on 15 March 2018 amounted to Euro 138.2 million

[4] Comparison based on the RCS 2017 Annual Report, approved on 15 March 2018

[5] In the RCS 2017 Annual Report, amounting to Euro 895.8 million, due to the different classification of certain items.

income cashed in from disposals and acquisitions (approximately Euro 15.3 million), only partly offset by outlays for non-recurring charges, to investing activities, and to the distribution of dividends (Euro 6.7 million, equal to Euro 0.05 per share gross of taxes).

The Board of Directors will propose at the Shareholders' Meeting the distribution of a dividend of Euro 0.10 per share, gross of taxes, with coupon detachment date (coupon no. 12) on 14 May 2018 and payable on 16 May 2018 (record date 15 May 2018).

In 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, for Cairo Editore, continuing 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) also in 2018.

As for RCS, on the approval of the 2017 Annual Report on 15 March 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, in the absence of events unforeseeable at this time, RCS believes it can repeat in 2018 the growth in gross operating profit and cash flows from current operations in 2017, which would allow it to reduce financial debt below Euro 200 million at end 2018. The directors of RCS also resolved to submit a proposal to the Shareholders' Meeting, *inter alia*, to reduce the share capital to cover prior-years' residual losses carried forward and resulting from the separate financial statements at 31 December 2017. The proposal is intended to enable RCS to return in the future to distributing profit, if any, for the year, allowing shareholders to benefit from the turnaround already reflected in the results achieved in 2017.

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.

The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazines and expanding later into free, digital and pay TV and the Internet. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sporting events segments.

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

Summary of the main consolidated income statement figures at 31 December 2017

The main **consolidated income statement** figures in 2017 can be compared with the figures in 2016:

(€ millions)	31/12/2017	31/12/2016
Gross operating revenue	1,186.2	614.5
Advertising agency discounts	(76.8)	(48.4)
Net operating revenue	**1,109.4**	**566.1**
Change in inventory	(0.3)	(1.2)
Other revenue and income	26.1	17.2
Total revenue	**1,135.3**	**582.1**
Production cost	(645.3)	(349.2)
Personnel expense	(321.4)	(150.2)
Income (charges) from investments measured at equity	2.1	1.7
Non-recurring income and charges	(1.8)	1.2
Gross operating profit (EBITDA)	**168.8**	**85.6**
Amortization, depreciation, provisions and impairment losses	(66.1)	(34.1)
EBIT	**102.7**	**51.5**
Income (loss) on investments	16.2	(0.2)
Net financial income	(24.8)	(9.0)
Pre-tax profit	**94.1**	**42.3**
Income tax	(10.8)	(10.3)
Non-controlling interests	(31.3)	(10.5)
Profit attributable to the owners of the parent	**52.0**	**21.5**

Unaudited reclassified statements

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

(€ millions)	31/12/2017	31/12/2016
Profit for the year	**83.3**	**32.0**
Reclassifiable items of the comprehensive income statement		
Gains (losses) from the translation of financial statements denominated in foreign currencies	-	(0.1)
Reclassification of profit (loss) from translation of financial statements in foreign currencies	-	0.2
Gains (losses) on cash flow hedges	(0.2)	0.1
Reclassification of profit (loss) on cash flow hedges	3.6	1.4
Tax effect	(0.8)	(0.4)
Non-reclassifiable items of the comprehensive income statement		
Actuarial profit (loss) from defined benefit plans	(0.4)	(1.5)
Tax effect	0.1	0.4
Total comprehensive income attributable to the owners of the parent	**85.6**	**32.1**

Unaudited reclassified statements

Summary of the main consolidated statement of financial position figures at 31 December 2017

The main **consolidated statement of financial position** figures at 31 December 2017 can be analyzed versus the situation at 31 December 2016:

(€ millions)	**31/12/2017**	**31/12/2016**
Statement of financial position		
Property, plant and equipment	97.7	111.4
Intangible assets	1,008.2	1,017.8
Financial assets	65.0	73.5
Deferred tax assets	113.3	126.2
Net working capital	(87.1)	(95.4)
Total assets	**1,197.1**	**1,233.5**
Non-current borrowings and provisions	121.9	137.5
Deferred tax provision	169.7	177.6
(Net financial position)/Net debt	263.1	352.6
Equity attributable to the owners of the parent	391.6	344.8
Equity attributable to non-controlling interests	250.8	221.0
Total equity and liabilities	**1,197.1**	**1,233.5**

Unaudited reclassified statements

The consolidated **net financial position** at 31 December 2017, versus the situation at 31 December 2016, can be summarized as follows:

Net financial debt (€ millions)	**31/12/2017**	**31/12/2016**	**Change**
Cash and cash equivalents	128.1	124.8	3.3
Other current financial assets and financial receivables	0.9	1.2	(0.3)
Current financial assets (liabilities) from derivative instruments	(1.0)	-	(1.0)
Current financial payables	(72.0)	(110.1)	38.1
Current net financial position (net financial debt)	**56.0**	**15.9**	**40.1**
Non-current financial payables	(319.0)	(363.4)	44.4
Non-current financial assets (liabilities) from derivative instruments	(0.1)	(5.1)	5.0
Non-current net financial position (net financial debt)	**(319.1)**	**(368.5)**	**49.4**
Net financial position (Net financial debt) from continuing operations	**(263.1)**	**(352.6)**	**89.5**

Unaudited reclassified statements

Consolidated cash flow statement

The **consolidated cash flow statement** at 31 December 2017 can be compared with the cash flow statement at 31 December 2016:

Cash flow statement *(€ millions)*	**31/12/2017**	**31/12/2016**
Cash and cash equivalents	**124.8**	**125.8**
Profit	83.3	32.0
Amortization/Depreciation	54.9	24.9
Income (loss) on investments	(18.3)	-
Net financial income	24.8	9.2
Dividends from investees measured at equity	7.1	-
Income tax	10.8	10.3
Change in provision for post-employment benefits	(2.2)	0.9
Change in provisions for risks and charges	(4.7)	(2.7)
Cash flow from operations before changes in working capital	**155.7**	**74.5**
(Increase) decrease in trade and other receivables	34.5	19.0
Increase (decrease) in trade and other payables	(66.4)	(12.7)
(Increase) decrease in inventory	2.1	2.9
Total cash flow from operations	**125.9**	**83.7**
Income tax received (paid)	(1.5)	(18.9)
Financial charges paid	(26.9)	(9.0)
Total cash flow from operations (A)	**97.5**	**55.9**
(Acquisition) net disposals of PPE and intangible assets	(27.0)	(15.2)
Cash component of consideration recognized in the acquisition of the investment in RCS MediaGroup S.p.A., net of cash acquired	-	(59.3)
Proceeds from sale of equity investment	18.1	-
Net increase in other non-current assets	0.3	(0.5)
Net cash flow used in investing activities (B)	**(8.7)**	**(75.0)**
Dividends paid	(6.7)	(15.7)
Increase (decrease) in financial payables	(75.5)	37.9
Increase (decrease) in non-controlling interests' share capital and reserves	(1.5)	-
Other changes in equity	(1.9)	(4.1)
Net cash flow used in financing activities (C)	**(85.6)**	**18.1**
Cash flow for the period (A)+(B)+(C)	**3.3**	**(1.0)**
Net cash and cash equivalents closing balance	**128.1**	**124.8**

Unaudited reclassified statements

The main items of the consolidation of RCS MediaGroup S.p.A. at 31 August 2016 are:

Tangible and intangible assets	(1.075,0)
Investments and other non-current assets	(71,3)
Deferred tax assets	(128,5)
Inventories	(20,1)
Trade receivables and other current assets	(301,3)
Provisions for risks and charges	232,6
Post-employment benefits	38,9
Financial liabilities	420,7
Trade payables and other liabilities	407,3
Non-controlling interests share capital and reserves	210,4
Capital increase for the public exchange offer with RCS Mediagroup S.p.A. shares	227,0
Cash component of consideration for the acquisition of the RCS MediaGroup investment, net of cash and cash equivalents acquired	**(59,3)**

Segment reporting at 31 December 2017

The Group's performance can be read better by analyzing the 2017 results by **main business segment** versus those of 2016:

2017 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring charges unallocated	Intra and unallocated	Total
Gross operating revenue	90.1	173.1	99.1	943.6	0.9	7.9	-	(128.5)	1,186.2
Advertising agency discounts	-	(24.4)	-	(52.6)	-	-	-	0.2	(76.8)
Net operating revenue	**90.1**	**148.7**	**99.1**	**891.0**	**0.9**	**7.9**	**-**	**(128.4)**	**1,109.4**
Change in inventory	0.0	-	-	(0.3)	-	-	-	-	(0.3)
Other revenue and income	2.9	0.8	2.3	20.9	0.0	0.1	-	(0.9)	26.1
Total revenue	**93.0**	**149.5**	**101.4**	**911.6**	**0.9**	**8.0**	**-**	**(129.2)**	**1,135.3**
Production cost	(61.1)	(140.0)	(60.0)	(505.4)	(0.7)	(7.3)	-	129.2	(645.3)
Personnel expense	(19.7)	(9.1)	(34.4)	(258.1)	(0.0)	(0.2)	-	-	(321.4)
Income (charges) from investments measured at equity	-	-	-	2.1	-	-	-	-	2.1
Non-recurring income (charges)	-	-	-	(1.8)	-	-	-	-	(1.8)
Gross operating profit (EBITDA)	**12.2**	**0.4**	**7.0**	**148.4**	**0.1**	**0.6**	**-**	**0.0**	**168.8**
Amortization, depreciation, provisions and impairment losses	(1.1)	(0.4)	(10.1)	(52.3)	0.0	(2.2)	-	-	(66.1)
EBIT	**11.1**	**0.0**	**(3.0)**	**96.0**	**0.1**	**(1.6)**	**-**	**0.0**	**102.7**
Income (loss) on investments	-	-	-	16.2	-	-	-	-	16.2
Net financial income	(0.0)	(0.4)	0.2	(24.4)	(0.0)	(0.1)	-	-	(24.8)
Pre-tax profit	**11.1**	**(0.4)**	**(2.9)**	**87.8**	**0.1**	**(1.7)**	**-**	**0.0**	**94.1**
Income tax	(3.4)	(0.4)	2.1	(9.4)	(0.0)	0.4	-	-	(10.8)
Non-controlling interests	-	-	-	(31.3)	(0.0)	-	-	-	(31.3)
Profit for the period attributable to the owners of the parent	**7.7**	**(0.8)**	**(0.8)**	**47.1**	**0.1**	**(1.3)**	**-**	**0.0**	**52.0**

Unaudited reclassified statements

2016 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring charges unallocated	Intra and unallocated	Total
Gross operating revenue	97.4	173.7	102.8	359.6	1.0	1.0	-	(120.9)	614.5
Advertising agency discounts	-	(24.8)	-	(23.6)	-	-	-	-	(48.4)
Net operating revenue	**97.4**	**148.9**	**102.8**	**336.0**	**1.0**	**1.0**	**-**	**(120.9)**	**566.1**
Change in inventory	(0.2)	-	-	(1.1)	-	-	-	-	(1.2)
Other revenue and income	2.5	0.6	5.5	8.4	0.0	0.1	-	-	17.2
Total revenue	**99.8**	**149.5**	**108.3**	**343.3**	**1.0**	**1.1**	**-**	**(120.9)**	**582.0**
Production cost	(64.7)	(140.4)	(71.6)	(191.4)	(0.8)	(1.1)	-	120.9	(349.2)
Personnel expense	(19.8)	(9.0)	(34.8)	(86.3)	(0.0)	(0.1)	-	-	(150.2)
Income (charges) from investments measured at equity	-	-	-	1.7	-	-	-	-	1.7
Non-recurring income (charges)	-	-	-	3.1	-	-	(1.9)	-	1.2
Gross operating profit (EBITDA)	**15.2**	**0.0**	**1.8**	**70.4**	**0.1**	**(0.1)**	**(1.9)**	**-**	**85.7**
Amortization, depreciation, provisions and impairment losses	(1.3)	(0.4)	(8.5)	(24.0)	0.0	(0.0)	-	-	(34.1)
EBIT	**14.0**	**(0.4)**	**(6.6)**	**46.4**	**0.1**	**(0.1)**	**(1.9)**	**-**	**51.5**
Income (loss) on investments	-	-	-	(0.2)	-	-	-	-	(0.2)
Net financial income	(0.0)	(0.2)	0.5	(9.2)	(0.0)	(0.0)	-	-	(9.0)
Pre-tax profit	**13.9**	**(0.6)**	**(6.2)**	**37.0**	**0.1**	**(0.1)**	**(1.9)**	**-**	**42.3**
Income tax	(4.8)	(0.1)	4.9	(10.7)	(0.0)	0.0	0.5	-	(10.3)
Non-controlling interests	-	-	-	(10.5)	(0.0)	-	-	(0.0)	(10.5)
Profit for the period attributable to the owners of the parent	**9.1**	**(0.7)**	**(1.3)**	**15.8**	**0.1**	**(0.1)**	**(1.4)**	**(0.0)**	**21.5**

Unaudited reclassified statements

Details of consolidated revenue at 31 December 2017

The breakdown of **gross operating revenue** in 2017, split up by main business segment can be analyzed as follows by comparing the amounts in 2016:

2017 (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**RCS**	**Trovatore**	**Network operator**	**Intra and unallocated**	**Total**
TV advertising	-	141.3	95.6	2.9	-	-	(96.8)	**143.0**
Advertising on print media, Internet and sporting events	20.4	31.2	1.6	459.5	-	-	(21.0)	**491.7**
Other TV revenue	-	-	1.9	8.7	-	-	(0.5)	**10.0**
Magazine over-the-counter sales and subsc	71.2		-	345.1	-	-	(0.3)	**416.1**
VAT relating to publications	(1.5)	-	-	(4.8)	-	-	-	**(6.3)**
Other revenue	-	0.6	-	132.2	0.9	7.9	(9.9)	**131.7**
Total gross operating revenue	**90.1**	**173.1**	**99.1**	**943.6**	**0.9**	**7.9**	**(128.5)**	**1,186.2**
Other revenue	2.9	0.8	2.3	20.9	0.0	0.1	(0.9)	26.1
Total gross operating revenue	**93.0**	**173.9**	**101.4**	**964.5**	**0.9**	**8.0**	**(129.4)**	**1,212.3**

2016 (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**RCS**	**Trovatore**	**Network operator**	**Intra and unallocated**	**Total**
TV advertising	-	141.6	99.1	1.0	-	-	(96.6)	**145.1**
Advertising on print media, Internet and sporting events	21.5	31.5	1.5	194.1	-	-	(21.5)	**227.1**
Other TV revenue	-	-	2.2	2.9	-	-	(0.1)	**5.0**
Magazine over-the-counter sales and subscrip	77.5	-	-	120.8	-	-	(0.3)	**198.0**
VAT relating to publications	(1.6)	-	-	(1.4)	-	-	-	**(3.0)**
Other revenue	-	0.6	-	42.1	1.0	1.0	(2.4)	**42.3**
Total gross operating revenue	**97.4**	**173.7**	**102.8**	**359.5**	**1.0**	**1.0**	**(120.9)**	**614.5**
Other revenue	2.5	0.6	5.5	8.4	-	0.2	-	17.2
Total gross operating revenue	**99.9**	**174.3**	**108.3**	**367.9**	**1.0**	**1.2**	**(120.9)**	**631.7**

Summary of the main income statement figures of the Parent at 31 December 2017

The main **income statement figures of Cairo Communication S.p.A.** in 2017 can be compared as follows versus those in 2016:

(€ millions)	**31/12/2017**	**31/12/2016**
Gross operating revenue	105.5	107.7
Advertising agency discounts	-	-
Net operating revenue	**105.5**	**107.7**
Other revenue and income	1.2	0.3
Total revenue	**106.7**	**108.0**
Production cost	(103.5)	(105.5)
Personnel expense	(3.2)	(3.1)
Gross operating profit (EBITDA)	**-**	**(0.6)**
Amortization, depreciation, provisions and impairment losses	(0.3)	(0.3)
EBIT	**(0.3)**	**(0.9)**
Net financial income	(0.5)	(0.2)
Income (loss) on investments	8.3	8.1
Pre-tax profit	**7.5**	**7.0**
Income tax	(0.2)	-
Profit for the year	**7.3**	**7.0**

Unaudited reclassified statements

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

(€ millions)	**31/12/2017**	**31/12/2016**
Statement of comprehensive income of the Parent		
Profit	7.3	7.0
Other non-reclassifiable items of the comprehensive income statement		
Actuarial profit (loss) from defined benefit plans	-	-
Tax effect	-	-
Total comprehensive income	**7.3**	**7.0**

Unaudited reclassified statements

Summary of the main figures of the statement of financial position of the Parent at 31 December 2017

The main **statement of financial position figures** of Cairo Communication S.p.A. at 31 December 2017 can be compared with the situation at 31 December 2016:

(€ millions)	**31/12/2017**	**31/12/2016**
Statement of financial position		
Property, plant and equipment	0.3	0.4
Intangible assets	0.2	0.3
Financial assets	328.9	328.1
Other non-current financial assets	16.8	12.8
Net trade working capital	(14.3)	(8.1)
Total assets	**331.9**	**333.5**
Non-current borrowings and provisions	1.5	1.4
(Financial position)/Net debt	71.6	73.8
Equity	258.8	258.3
Total equity and liabilities	**331.9**	**333.5**

Unaudited reclassified statements

The **net financial position** of the Parent at 31 December 2017, versus the situation at 31 December 2016, is summarized as follows:

(€ millions)	**31/12/2017**	**31/12/2016**	**Change**
Cash and cash equivalents	6.6	4.4	2.2
Current financial assets	-	-	-
Non-current financial payables	(78.2)	(78.2)	-
Total	**(71.6)**	**(73.8)**	**2.2**

Unaudited reclassified statements

Cash flow statement

The **cash flow statement** at 31 December 2017 of Cairo Communication S.p.A. can be compared with the cash flow statement at 31 December 2016:

Cash flow statement *(€ millions)*	**31/12/2017**	**31/12/2016**
Cash and cash equivalents	**4.4**	**9.0**
Profit	7.3	7.0
Amortization, depreciation, provisions and impairment losses	0.3	0.2
Impairment losses on investments	0.2	0.2
Net financial income	(8.0)	(8.0)
Income tax	0.2	(0.1)
Change in provision for post-employment benefits	0.1	(0.1)
Change in provisions for risks and charges	-	-
Cash flow from operations before changes in working capital	**0.1**	**(0.7)**
(Increase) decrease in trade and other receivables	(1.9)	5.6
Increase (decrease) in trade and other payables	7.9	8.3
Total cash flow from operations	**6.0**	**13.2**
Income tax paid	-	(1.8)
Financial charges paid	(0.5)	(0.3)
Total cash flow from operations (A)	**5.6**	**11.2**
(Acquisition) net disposals of PPE and intangible assets	(0.1)	(0.3)
Interest and financial income received	-	-
Dividends received	8.5	8.2
Cash component of consideration recognized in the acquisition of the investmen in RCS MediaGroup S.p.A.	-	(77.9)
Net increase in other non-current assets	(5.1)	(8.4)
Net cash flow used in investing activities (B)	**3.3**	**(78.3)**
Re-measurement of defined benefit plans inclusive of tax effect	-	-
Dividends paid	(6.7)	(15.7)
Increase (decrease) in financial payables	-	78.2
Net cash flow used in financing activities (C)	**(6.8)**	**62.5**
Cash flow of the year (A)+(B)+(C)	**2.1**	**(4.6)**
Net cash and cash equivalents closing balance	**6.6**	**4.4**

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 represents a unit of measurement to assess Group and Parent operational performance, together with **EBIT**, and is calculated as follows:

Result 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) from investments measured at equity

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

EBITDA (earnings before interest, tax, depreciation and amortization) is not classified as an accounting measure under IFRS, therefore, the criteria adopted for its measurement may not be consistent among companies or different groups.

RCS defines EBITDA as operating profit (EBIT) before depreciation, amortization and impairment losses on fixed assets, and also includes income and 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 the 2017 Annual Report 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.