CAIRO COMMUNICATION

Interim Management Report
at 31 December 2015

Cairo Communication S.p.A.
Head office: Via Tucidide 56, Milan
Share capital Euro 4,073,856.80

Translation into the English language solely for the convenience of international readers

Governance

Board of Directors

Urbano Cairo*	Chairman
Uberto Fornara	CEO
Laura Maria Cairo	Director
Roberto Cairo	Director
Marco Janni	Director
Antonio Magnocavallo	Director
Stefania Petruccioli	Director
Marco Pompignoli	Director
Roberto Rezzonico	Director
Mauro Sala	Director

Control and Risk Committee

Roberto Rezzonico	Director
Mauro Sala	Director
Antonio Magnocavallo	Director

Remuneration Committee

Antonio Magnocavallo	Director
Roberto Rezzonico	Director
Stefania Petruccioli	Director

Related Party Committee

Marco Janni	Director
Mauro Sala	Director
Stefania Petruccioli	Director

Board of Statutory Auditors

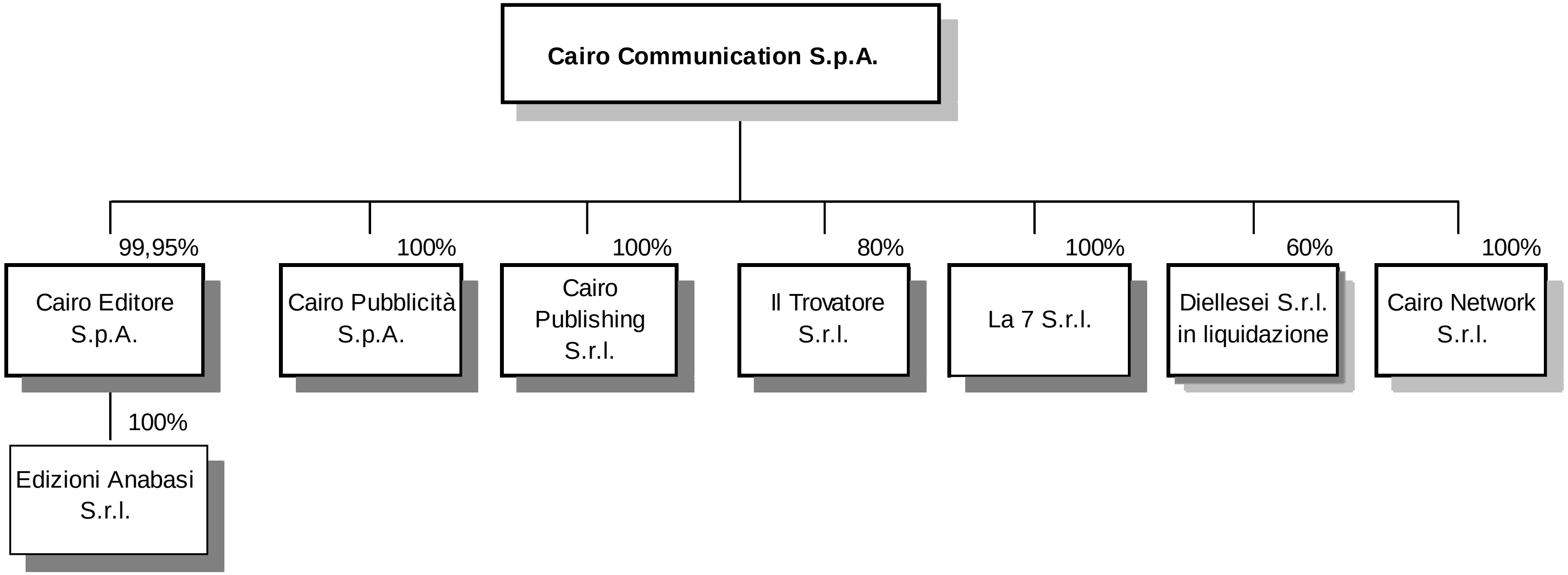
Marco Moroni	Chairman
Marco Giuliani	Standing auditor
Maria Pia Maspes	Standing auditor
Emilio Fano	Alternate auditor
Enrico Tamborini	Alternate auditor

Audit Firm

KPMG S.p.A.

* Ordinary and extraordinary executive powers exercised with single signatory, as limited by the Board of Directors

The Group at 31 December 2015



1. Valuation principles and criteria adopted in preparing the Interim Management Report at 31 December 2015

The financial statements in this Interim Management Report have been prepared following the reclassified statements usually adopted for the "Directors' Report" and in accordance with international accounting standards.

The consolidated and separate income statement figures in 4Q15 and in 2015 are shown versus the corresponding periods of 2014. Statement of financial position and net equity figures appearing in the financial statements are compared with the figures of the consolidated and separate financial statements at 31 December 2014.

The quarterly financial statements at 31 December 2015, as for those at 31 December 2014, have been prepared net of tax and tax effects.

In 2015, there were no changes to the scope of consolidation from the consolidated financial statements for the year ended 31 December 2014.

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

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

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

2. Group performance

In 2015, the Cairo Communication Group operated as a:

- publisher of magazines and books (Cairo Editore/Editoriale Giorgio Mondadori and Cairo Publishing);
- TV (La7, La7d) and Internet (La7.it, TG.La7.it) publisher;
- multimedia advertising broker (Cairo Pubblicità) for the sale of advertising space on TV, in print media, on the Internet and in stadiums;
- network operator (Cairo Network), for the activities of which, in 2015, the realization of the mux continued.

In 2015, the general economic and financial context, marked by a high degree of uncertainty, continued to report negative effects. To date, there remains uncertainty over the period required for a return to normal market conditions.

Based on AC Nielsen figures, in 2015 advertising investments in Italy amounted to approximately Euro 6,3 billion, down 0,5% versus 2014.

The analysis by media shows that in 2015:

- the magazine advertising market dropped by 4,1% versus 2014, when in the same period it had slid by 6.5% versus 2013,
- the TV advertising market had basically confirmed (07%) the figures in 2014 , when in the same period it had confirmed (-0.5%) the figures in 2013.

The uncertainty factors in the short-medium economic term also hit magazine sales figures.

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

- reported in 4Q15 a strong improvement in the results trend versus the first nine months of the year, achieving gross operating profit (EBITDA) of approximately Euro 6.8 million, exceeding the result achieved in 4Q14 (Euro 6.6 million);
- continued its growth strategy by launching “Nuovo TV”, the new TV weekly led by Riccardo Signoretti, out on newsstands from 21 September; in the first 15 issues, it posted average sales of approximately 143 thousand copies, highly satisfactory results in line with

forecasts. Thanks also to the results achieved by “Nuovo TV", on 26 January 2016, the Group launched "Nuovo e Nuovo TV Cucina", the fortnightly magazine dedicated to good food for every cooking connoisseur, presenting easy, affordable and successful recipes, sold as an option with the two weeklies “Nuovo” and “Nuovo TV”. The launch issue, with a print run of 250 thousand copies, appeared on newsstands bundled with “Nuovo TV" at the special price of 1 Euro for the two magazines, achieving remarkable results, with approximately 226 thousand copies sold;

- reported a strong growth in results in the magazine publishing segment which, despite incurring total costs of Euro 1.4 million in September and October to launch the new weekly, achieved gross operating profit (EBITDA) and operating profit (EBIT) of Euro 14.6 million and Euro 13.5 million (up by approximately 6.1% and 7.7% versus 2014), confirming the high circulation levels of the publications, and worked on improving the levels of efficiency reached in containing costs (production, publishing and distribution);
- continued - in a persistently weak advertising market - to work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment (La7) in 2013 and 2014, and succeeded in posting, in 2015 too, a positive gross operating profit (EBITDA) of approximately Euro 1.6 million; specifically, in 4Q15, gross operating profit (EBITDA), amounting to approximately Euro 4.7 million, grew by about 50% versus the figure achieved in 4Q14, thanks also to the trend in advertising sales on La7 and La7d channels in December, up by more than 10% versus December 2014.

In **2015**, consolidated gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 17.5 million and Euro 9.3 million (Euro 28.2 million and Euro 23 million in 2014). Profit attributable to the owners of the parent came to approximately Euro 11 million (Euro 23.8 million in 2014).

Looking at the business segments, in 2015:

- in the **magazine publishing segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 14.6 million and Euro 13.5 million (Euro 13.8 million and Euro 12.5 million in 2014). The period under review confirmed the excellent circulation results (Euro 72.6 million versus Euro 73.4 million in 2014). In the first 15 issues, “Nuovo TV” posted average sales of approximately 143 thousand copies. Total costs of approximately Euro 1.4 million were incurred in September and October 2015 for its launch, which was supported by an advertising campaign also at newsstands;

- in the **TV publishing segment (La7)**, the Group continued to work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013 and 2014, and succeeded in posting, in 2015 too, a positive gross operating profit (EBITDA) of approximately Euro 1.6 million. Operating profit (EBIT) came to a negative figure of approximately Euro 4.9 million and benefited in the consolidated financial statements from lower amortization and depreciation of Euro 9.2 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. In 2014, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 9 million and Euro 6.2 million: operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 18.2 million;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.3 million and Euro 0.7 million (Euro 5.2 million and Euro 4 million in 2014). In 2015, gross advertising sales on La7 and La7d channels amounted to Euro 140.1 million (Euro 152.9 million in 2014); specifically, thanks to the results achieved in December, the performance of advertising sales (approximately -3%) in 4Q15 showed a marked improvement versus the first nine months of the year (over -10%);
- in the **network operator segment**, in January 2015, the Group company Cairo Network, which took part in 2014 in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, winning the rights to use a lot of frequencies (“mux") for a period of 20 years, entered with EI Towers S.p.A. (“EIT”) into the agreements for the realization (currently in progress) and subsequent long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the mux.

The results achieved in **4Q15** showed a clear improvement versus those reported in the first nine months of the year. Consolidated gross operating profit (EBITDA) came to approximately Euro 6.8 million, exceeding the figure achieved in 4Q14 (Euro 6.6 million). Operating profit (EBIT) came to Euro 4.5 million (Euro 5.4 million in 4Q14). Profit attributable to the owners of the parent came to approximately Euro 4.4 million (Euro 4.9 million in 4Q14). Specifically, as mentioned earlier, in 4Q15, the Group’s TV publishing segment (La7) achieved gross operating profit (EBITDA) of Euro 4.7 million, up by about 50% versus 4Q14.

Regarding weeklies, with approximately 1.8 million average copies sold in the January-November eleven-month period of 2015, the Group retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 28% market share. Taking also into account the average sales of "Nuovo TV" in the first 15 issues, overall copies sold increase to approximately 2 million.

In 2015, La7's average all-day share was 3.06% and 3.7% in prime time (from 8:30 PM to 11:30 PM), with a high-quality target audience. La7d's share was 0.51%. The audience figures of the channel's news and discussion programmes - such as the 8 PM newscast (5.1% from Monday to Friday), "Otto e mezzo" (5.1%), "Piazza Pulita" (4.4%), "Crozza nel Paese delle Meraviglie" (7.5%) "Servizio Pubblico" (5.5%), "Le invasioni Barbariche" (3%), "Coffee Break" (4.4%), "Omnibus" (4.3%), "La Gabbia" (3.5%), "L'aria che tira" (5.5%), "Bersaglio Mobile" (4%), "Di martedì" (5.3%), "In Onda" (4%), and "L'Aria d'estate" (4.6%) - were positive.

Cairo Communication Group – Consolidated figures

The main **consolidated income statement** figures in 2015 can be compared with the figures in 2014:

(€ thousands)	**31/12/2015 (Twelve months)**	**31/12/2014 (Twelve months)**
Gross operating revenue	250,603	266,014
Advertising agency discounts	(24,021)	(25,748)
Net operating revenue	**226,582**	**240,266**
Change in inventory	33	(28)
Other revenue and income	9,403	11,627
Total revenue	**236,018**	**251,865**
Production cost	(157,547)	(163,048)
Personnel expense	(60,955)	(60,634)
Gross operating profit (EBITDA)	**17,516**	**28,183**
Amortization, depreciation, provisions and impairment losses	(8,216)	(5,221)
EBIT	**9,300**	**22,962**
Net financial income	691	1,829
Income (loss) on investments	-	(2)
Pre-tax profit	**9,991**	**24,789**
Income tax	1,077	(973)
Non-controlling interests	(18)	(24)
Profit from continuing operations attributable to the owners of the parent	**11,050**	**23,792**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	(1)	(1)
Profit attributable to the owners of the parent	**11,049**	**23,791**

In 2015, consolidated gross revenue amounted to approximately Euro 260 million, comprising gross operating revenue of Euro 250.6 million and other revenue and income of Euro 9.4 million

(Euro 277.6 million in 2014, comprising gross operating revenue of Euro 266 million and other revenue and income of Euro 11.6 million). Consolidated gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 17.5 million and Euro 9.3 million (Euro 28.2 million and Euro 23 million in 2014). The total costs incurred in September and October 2015 to launch the new TV weekly amounted to approximately Euro 1.4 million. Consolidated profit was approximately Euro 11 million (Euro 23.8 million in 2014). The increase in “amortization, depreciation, provisions and impairment losses" in 2015 is attributable to the amortization of television rights acquired by La7 effective from 1 May 2013.

As mentioned earlier, in 2015 operating profit (EBIT) in the TV publishing segment (La7) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 9.2 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. For the same reason, in 2014, operating profit (EBIT) in the TV publishing segment (La7) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 18.2 million.

The main **consolidated income statement figures** in **4Q15** can be compared as follows with those of 4Q14:

(€ thousands)	**31/12/2015 (Three months)**	**31/12/2014 (Three months)**
Gross operating revenue	73,226	75,210
Advertising agency discounts	(7,461)	(7,439)
Net operating revenue	**65,765**	**67,771**
Change in inventory	(13)	(1)
Other revenue and income	1,119	3,828
Total revenue	**66,871**	**71,598**
Production cost	(43,251)	(48,416)
Personnel expense	(16,855)	(16,555)
Gross operating profit (EBITDA)	**6,765**	**6,627**
Amortization, depreciation, provisions and impairment losses	(2,264)	(1,254)
EBIT	**4,501**	**5,373**
Net financial income	171	106
Income (loss) on investments	-	(1)
Pre-tax profit	**4,672**	**5,478**
Income tax	(218)	(595)
Non-controlling interests	(4)	(10)
Profit from continuing operations attributable to the owners of the parent	**4,450**	**4,873**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	(1)	(1)
Profit attributable to the owners of the parent	**4,449**	**4,872**

In **4Q15**, consolidated gross revenue amounted to approximately Euro 74.3 million, comprising gross operating revenue of Euro 73.2 million and other revenue and income of Euro 1.1 million (Euro 79 million in 4Q14, comprising gross operating revenue of Euro 75.2 million and other revenue and income of Euro 3.8 million). Consolidated gross operating profit (EBITDA), amounting to approximately Euro 6.8 million, exceeding the figure achieved in 4Q14 (Euro 6.6 million), while consolidated operating profit (EBIT) amounted to approximately Euro 4.5 million (Euro 5.4 million in 2014). The total costs incurred in October 2015 to launch the new TV weekly amounted to approximately Euro 0.5 million. The change in EBIT was mainly due, in addition to the costs incurred to launch the new weekly, to the increased amortization of TV rights acquired by La7 starting from 1 May 2013. Consolidated profit in 4Q15 came to approximately Euro 4.4 million (Euro 4.9 million in 4Q14).

In 4Q15, operating profit (EBIT) in the TV publishing segment (La7) benefited in the consolidated financial statements from lower amortization and depreciation of approximately Euro 1.3 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment. For the same reason, in 4Q14, operating profit (EBIT) in the TV publishing segment (La7) benefited in the consolidated financial statements from lower amortization and depreciation of approximately Euro 2.8 million.

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

(€ thousands)	31/12/2015 (Twelve months)	31/12/2015 (Quarter)	31/12/2014 (Twelve months)	31/12/2014 (Quarter)
Consolidated statement of comprehensive income				
Profit attributable to the owners of the parent	**11,049**	**4,449**	**23,791**	**4,872**
Other non-reclassifiable items of the comprehensive income statement				
Actuarial profit (loss) from defined benefit plans	(38)	(515)	(1,367)	(671)
Tax effect	10	141	376	185
Total comprehensive income	**11,021**	**4,075**	**22,800**	**4,386**

The Group's performance can be read better by analyzing the 2015 and 4Q15 results by **main business segment** (magazine publishing, advertising, TV publishing (La7), network operator (Cairo Network) and Il Trovatore) versus those of 2014 and 4Q14:

2015 (Twelve months) (€ thousands)	Magazine publishing	Adver Tising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	95,037	168,588	102,098	893	-	(116,013)	250,603
Advertising agency discounts	-	(24,021)	-	-	-		(24,021)
Net operating revenue	**95,037**	**144,567**	**102,098**	**893**	**-**	**(116,013)**	**226,582**
Change in inventory	33	-	-	-	-	-	33
Other income	1,803	1,151	6,349	2	98	-	9,403
Total revenue	**96,873**	**145,718**	**108,447**	**895**	**98**	**(116,013)**	**236,018**
Production cost	(62,634)	(136,415)	(73,684)	(684)	(143)	116,013	(157,547)
Personnel expense	(19,615)	(8,015)	(33,191)	(77)	(57)	-	(60,955)
Gross operating profit (EBITDA)	**14,624**	**1,288**	**1,572**	**134**	**(102)**	**-**	**17,516**
Amortization, depreciation, provisions and impairment losses	(1,139)	(631)	(6,445)	-	(1)	-	(8,216)
EBIT	**13,485**	**657**	**(4,873)**	**134**	**(103)**	**-**	**9,300**
Income (loss) on investments	-	-	-	-		-	-
Net financial income	(16)	72	631	4		-	691
Pre-tax profit	**13,469**	**729**	**(4,242)**	**139**	**(103)**	**-**	**9,991**
Income tax	(4,660)	(696)	6,456	(51)	28	-	1,077
Non-controlling interests	-	-	-	(18)	-	-	(18)
Profit from continuing operations attributable to the owners of the parent	**8,809**	**33**	**2,214**	**69**	**(75)**	**-**	**11,050**
Profit / (loss) from discontinued operations	-	-	-	-	-	(1)	(1)
Profit	**8,809**	**33**	**2,214**	**69**	**(75)**	**(1)**	**11,049**

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

2015 (Three months) (€ thousands)	Magazine publishing	Adver Tising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	23,785	52,831	32,202	231	-	(35,823)	73,226
Advertising agency discounts	-	(7,461)	-	-			(7,461)
Net operating revenue	**23,785**	**45,370**	**32,202**	**231**	**-**	**(35,823)**	**65,765**
Change in inventory	(13)	-	-	-		-	(13)
Other income	457	383	259	-	20	-	1,119
Total revenue	**24,229**	**45,753**	**32,461**	**231**	**20**	**(35,823)**	**66,871**
Production cost	(16,719)	(43,017)	(19,050)	(178)	(110)	35,823	(43,251)
Personnel expense	(5,342)	(2,775)	(8,734)	(20)	16	-	(16,855)
Gross operating profit (EBITDA)	**2,168**	**(39)**	**4,677**	**33**	**(74)**	**-**	**6,765**
Amortization, depreciation, provisions and impairment losses	(355)	(39)	(1,870)				(2,264)
EBIT	**1,813**	**(78)**	**2,807**	**33**	**(74)**	**-**	**4,501**
Income (loss) on investments	-	-	-	-	-	-	-
Net financial income	(14)	(3)	188	-	-	-	171
Pre-tax profit	**1,799**	**(81)**	**2,995**	**33**	**(74)**	**-**	**4,672**
Income tax	(734)	(203)	713	(14)	20	-	(218)
Non-controlling interests	-	-	-	(4)	-	-	(4)
Profit from continuing operations attributable to the owners of the parent	**1,065**	**(284)**	**3,708**	**15**	**(54)**	**-**	**4,450**
Profit / (loss) from discontinued operations	-	-	-	-	-	(1)	(1)
Profit	**1,065**	**(284)**	**3,708**	**15**	**(54)**	**(1)**	**4,449**

2014 (Three months) (€ thousands)	Magazine publishing	Adver Tising	TV publishing La7	Trovatore	Network operator (Cairo Network)	Intra-group and unallocated	Total
Gross operating revenue	24,058	53,624	33,640	223	-	(36,335)	75,210
Advertising agency discounts	-	(7,439)	-	-	-	-	(7,439)
Net operating revenue	**24,058**	**46,185**	**33,640**	**223**	**-**	**(36,335)**	**67,771**
Change in inventory	(1)	-	-	-	-	-	(1)
Other income	203	314	3,248	62	1	-	,3,828
Total revenue	**24,260**	**46,499**	**36,888**	**285**	**1**	**(36,335)**	**71,598**
Production cost	(16,324)	(43,582)	(24,733)	(187)	75	36,335	(48,416)
Personnel expense	(5,022)	(2,485)	(9,031)	(17)	-	-	(16,555)
Gross operating profit (EBITDA)	**2,914**	**432**	**3,124**	**81**	**76**	**-**	**6,627**
Amortization, depreciation, provisions and impairment losses	(475)	(24)	(755)	-	-	-	(1,254)
EBIT	**2,439**	**408**	**2,369**	**81**	**76**	**-**	**5,373**
Income (loss) on investments	-	(1)	-	-	-	-	(1)
Net financial income	(19)	13	(1,310)	(1)	-	-	106
Pre-tax profit	**2,420**	**420**	**2,482**	**80**	**76**	**-**	**5,478**
Income tax	(775)	(313)	523	(30)	-	-	(595)
Non-controlling interests	-	-	-	(10)	-	-	(10)
Profit from continuing operations attributable to the owners of the parent	**1,645**	**107**	**3,005**	**40**	**76**	**-**	**4,873**
Profit / (loss) from discontinued operations	-	-	-	-	-	(1)	(1)
Profit	**1,645**	**107**	**3,005**	**40**	**76**	**(1)**	**4,872**

3. Consolidated statement of financial position

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

(€ thousands)	**31/12/2015**	**31/12/2014**
Statement of financial position		
Property, plant and equipment	3,080	3,069
Intangible assets	60,917	56,871
Financial assets	1,704	1,175
Deferred tax assets	4,045	3,983
Net current assets	(17,305)	(19,071)
Total assets	**52,441**	**46,027**
Non-current borrowings and provisions	41,973	43,741
(Net financial position)/Net debt	(105,776)	(124,061)
Equity attributable to the owners of the parent	116,191	126,311
Equity attributable to non-controlling interests	53	36
Total equity and liabilities	**52,441**	**46,027**

At their Meeting on 28 April 2015, the shareholders approved the distribution of a dividend of 0.27 Euro per share, inclusive of tax, with coupon detachment date on 11 May 2015.

In 2015, as part of the share buy-back plans, no treasury shares were sold or purchased. At 31 December 2015, Cairo Communication held a total of n. 779 treasury shares, or 0.001% of the share capital, subject to art. 2357-ter of the Italian Civil Code.

The Cairo Communication Group:

- is not exposed to liquidity risk, in that on one hand, significant financial resources are held, with a net available positive financial position of Euro 105.8 million whilst on the other hand, it generates positive cash flows in its traditional segments,
- is not basically exposed to currency risk, whereas interest rate risk affects the yield on available cash (Euro 125.8 million) and the cost of the bank loan (Euro 20 million) obtained by Cairo Network; the Group makes limited use of financial hedging instruments to hedge currency risk on the acquisition of TV rights from film studios,
- is partly exposed to credit risk, primarily in relation to its advertising sales activities. This risk is however mitigated by the fact that exposure is distributed across a large number of customers and that credit monitoring and control procedures are in place. The client concentration/advertising revenue ratio has not basically changed versus prior years. The prolonged short and medium-term economic uncertainty may, however, impact negatively on the quality of credit and on general payment terms.

4. Consolidated net financial position

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

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

The bank loan granted by Unicredit S.p.A. and used by Cairo Network to pay part of the rights of use of the TV frequencies, is secured by a guarantee issued by the parent Cairo Communication.

At 31 December 2015, the net financial position of La7 came to Euro 104.1 million (Euro 106.5 million at 31 December 2014).

5. Revenue

Gross operating revenue in 2015 and 4Q15, split up by main business segment, can be analyzed as follows versus the corresponding amounts of 2014:

Gross revenue (€ thousands)	**Quarter at 31/12/2015** **(Twelve months)**						
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	72,557	-	-	-	-	-	72,557
Print media advertising	20,106	26,675	-	-	-	(19,865)	26,916
TV advertising	-	137,427	98,706	-	-	(94,284)	141,849
Stadium signage	-	3,057	-	-	-		3,057
Internet advertising	-	828	971	552	-	(1,021)	1,330
Revenue from concession of programming schedule spaces	-	-	1,200	-	-	-	1,200
Other TV revenue	-	-	1,221	-	-	-	1,221
Subscriptions	2,831	-	-	-	-	-	2,831
Books and catalogues	971	-	-	-	-	-	971
Other revenue	4	601	-	341	-	(843)	103
VAT relating to publications	(1,432)	-	-	-	-	-	(1,432)
Total gross operating revenue	**95,037**	**168,588**	**102,098**	**893**	**-**	**(116,013)**	**250,603**
Other revenue	1,803	1,151	6,349	2	98	-	9,403
Total revenue	**96,840**	**169,739**	**108,447**	**895**	**98**	**(116,013)**	**260,006**

Gross revenue — **Quarter at 31/12/2014**

(€ thousands) — **(Twelve months)**

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

Gross revenue — **Quarter at 31/12/2015**

(€ thousands) — **(Three months)**

	Magazine publishing	Advertising	TV publishing (La7)	Trovatore	Network operator (Cairo Network)	Intra-group eliminations and unallocated	Total
Magazine over-the-counter sales	17,421	-	-	-	-	-	17,421
Print media advertising	5,514	7,444	-	-	-	(5,448)	7,510
TV advertising	-	44,019	30,745	-	-	(29,859)	44,905
Stadium signage	-	973	-	-	-	-	973
Internet advertising	-	245	642	144	-	(304)	727
Revenue from concession of programming schedule spaces	-	-	382	-	-	-	382
Other TV revenue	-	-	433	-	-	-	433
Subscriptions	690	-	-	-	-	-	690
Books and catalogues	508	-	-	-	-	-	508
Other revenue	2	150	-	87	-	(212)	27
VAT relating to publications	(350)	-	-	-	-		(350)
Total gross operating revenue	**23,785**	**52,831**	**32,202**	**231**	**-**	**(35,823)**	**73,226**
Other revenue	457	383	259	-	20	-	1,119
Total revenue	**24,242**	**53,214**	**32,461**	**231**	**20**	**(35,823)**	**74,345**

Gross revenue			**Quarter at 31/12/2014**				
(€ thousands)			**(Three months)**				
	Magazine publishing	**Advertising**	**TV publishing (La7)**	**Trovatore**	**Network operator (Cairo Network)**	**Intra-group eliminations and unallocated**	**Total**
Magazine over-the-counter sales	17,396	-	-	-	-	-	17,396
Print media advertising	5,773	7,586	-	-	-	(5,531)	7,828
TV advertising	-	44,631	32,152	-	-	(30,377)	46,406
Stadium signage	-	1,056		-	-		1,056
Internet advertising	-	201	445	137	-	(215)	568
Revenue from concession of programming schedule spaces	-	-	327	-	-	-	327
Other TV revenue	-	-	716	-	-	-	716
Subscriptions	705	-	-	-	-	-	705
Books and catalogues	535	-	-	-	-	-	535
Other revenue		150	-	86	-	(212)	24
VAT relating to publications	(351)	-	-	-	-		(351)
Total gross operating revenue	**24,058**	**53,624**	**33,640**	**223**	**-**	**(36,335)**	**75,210**
Other revenue	203	314	3,248	62	1		3,828
Total revenue	**24,261**	**53,938**	**36,888**	**285**	**1**	**(36,335)**	**79,038**

PRINT MEDIA PUBLISHING

CAIRO EDITORE - CAIRO PUBLISHING

In 2015, Cairo Editore strengthened the results of its publications and worked on improving the levels of efficiency reached in containing production, publishing and distribution costs. Specifically:

- Cairo Editore continued its growth strategy by launching “Nuovo TV”, the new TV weekly led by Riccardo Signoretti, out on newsstands from 21 September 2015; in the first 15 issues, it posted average sales of approximately 143 thousand copies, highly satisfactory results in line with forecasts;
- the operating results of the Group’s publishing segment increased sharply versus 2014, despite incurring total costs of approximately Euro 1.4 million in September and October to launch the new weekly;
- the period under review basically confirmed the excellent circulation results, with revenue reaching Euro 72.6 million (Euro 73.4 million in 2014);
- Group gross advertising sales, which reached Euro 26.1 million, dropped by 4% versus Euro 27.2 million in 2014.

In 2015, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 14.6 million and approximately Euro 13.5 million, up by approximately 6.1% and 7.7% versus 2014 (Euro 13.8 million and Euro 12.5 million), despite total costs of Euro 1.4 million incurred to launch the new weekly.

In 4Q15, in the **magazine publishing segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 2.2 million and Euro 1.8 million (Euro 2.9 million and Euro 2.4 million in 4Q14), despite costs of Euro 0.5 million incurred in October to launch the new weekly.

The Group weeklies confirmed the excellent circulation results achieved, with an average ADS circulation in the January-November eleven-month period of 2015 of 527,029 copies for “Settimanale DIPIU”, 321,019 copies for “DIPIU’ TV”, 152,283 copies for “Settimanale DIPIU’ e DIPIU’TV Cucina”, 196,856 copies for “Diva e Donna”, 221,288 copies for “Settimanale Nuovo”, 127,483 copies for “F”, 144,559 copies for “TVMia” and 111,786 copies for “Settimanale Giallo”, reaching a total of approximately 1.8 million average copies sold, and making the Group the leading publisher in copies of weeklies sold at newsstands, with an approximately 28% market share. Taking also into account the average sales of “Nuovo TV” in the first 15 issues, overall copies sold increase to approximately 2 million.

Thanks also to the results achieved by “Nuovo TV", on 26 January 2016, the Group launched "Nuovo e Nuovo TV Cucina", the fortnightly magazine dedicated to good food for every cooking connoisseur, presenting easy, affordable and successful recipes, sold as an option with the two weeklies “Nuovo” and “Nuovo TV”. The launch issue, with a print run of 250 thousand copies, appeared on newsstands bundled with “Nuovo TV" at the special price of 1 Euro for the two magazines, achieving remarkable results, with approximately 226 thousand copies sold.

As far as circulation is concerned, the features of the Group’s publications and the Group strategy help maintain a strong lead over competitors in the current publishing market. Specifically:

- cover prices of the weeklies are lower, some half the price of those of the main competitors; this gap increases appeal and allows space for potential price increases, hence for increased profitability;
- sales are mostly over-the-counter (95%), with a minimum impact of revenue generated by gifts and sundry editorial material (approximately 2% on total publishing revenue,

including advertising), whose sales figures have collapsed in the publishing segment; the Group has opted to focus on the quality of its publications; in 2015, gross advertising revenue generated by the Group's publications accounted for 26% (26% in 2014 too) - an extremely low figure, therefore based to a lesser extent on the economic cycle - while the remaining 74% (74% in 2014 too) came from direct sales and subscriptions, proof of the high editorial quality of publications;

- weekly magazines, which account for approximately 90% of publishing sales revenue, are sold as single copies and not bundled with other weeklies and/or dailies to bolster sales;
- the remarkable sales volumes achieved, both in absolute terms and versus Cairo Editore's competitors, make the advertising pages highly appealing in terms of advertising cost per copy sold (equal to the difference between the price of the advertising page and copies sold), currently lower than the publications of its competitors.

In 2016, Cairo Editore will continue its growth strategy with the launch of new products, and will continue to pursue opportunities to optimize production, publishing and distribution costs, with the revision and reorganization of printing processes, the negotiations for the reduction of paper costs, the optimization of bordereau costs, and the revision of a number of other corporate processes.

ADVERTISING

Looking at the advertising segment, in 2015 the Cairo Communication Group continued to operate as advertising broker - with its subsidiary Cairo Pubblicità - selling space in the print media for Cairo Editore ("For Men Magazine", "Natural Style", "Settimanale DIPIU'", "DIPIU' TV" and weekly supplements "Settimanale DIPIU' e DIPIU'TV Cucina" and "Settimanale DIPIU' e DIPIU'TV Stellare", "Diva e Donna", "TV Mia", "Settimanale Nuovo", "F", "Settimanale Giallo" and "Nuovo TV"), the Editoriale Giorgio Mondadori division ("Bell'Italia", "Bell'Europa", "In Viaggio", "Airone", "Gardenia", "Arte" and "Antiquariato") and for Editoriale Genesis ("Prima Comunicazione" and "Uomini e Comunicazione"), for the sale of advertising space on TV for La7 and La7d, and for Turner Broadcasting (Cartoon Network, Boomerang, CNN), on the Internet (La7.it, TG.La7.it, Cartoon Network.it) and for the sale of stadium signage and space at the Olimpico in Turin for Torino FC.

In 2015, total gross advertising sales, which include TV advertising revenue invoiced directly by La7 (Euro 5.4 million), came to approximately Euro 173 million (Euro 187.5 million in 2014). Gross advertising sales on La7 and La7d channels amounted to Euro 140.1 million (Euro 152.9 million in 2014); specifically, thanks to the results achieved in December, the performance of advertising sales (approximately -3%) in 4Q15 showed a marked improvement versus the first nine months of the year (over -10%).

Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 1.3 million and Euro 0.7 million (Euro 5.2 million and Euro 4 million in 2014).

In 4Q15, gross operating profit (EBITDA) and operating profit (EBIT) came to a negative figure of Euro -0.04 million and Euro -0.08 million (Euro 0.4 million and Euro 0.4 million in 2014).

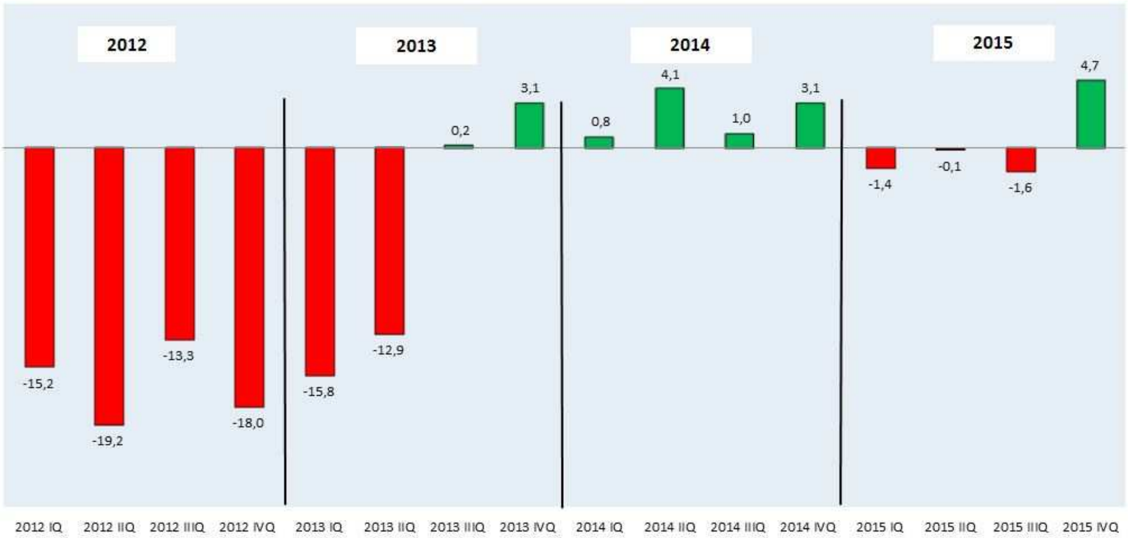
TV PUBLISHING (La7)

The Group started operations in the TV publishing field in 2013, following acquisition from Telecom Italia Media S.p.A. of the entire share capital of La7 S.r.l. as from 30 April 2013, with the upstream integration of its concessionaire business for the sale of advertising space, diversifying its publishing activities previously focused on magazines.

At the acquisition date, the financial situation of La7 had called for the implementation of a restructuring plan aimed at reorganizing and streamlining the corporate structure and at curbing costs, while retaining the high quality levels of the programming.

Starting from May 2013, the Group began to implement its own plan to restructure the company, achieving, as early as the May-December eight-month period of 2013, a positive gross operating profit (EBITDA) of Euro 3.7 million, and strengthened in 2014 and in 2015 the results of the cost rationalization measures implemented, succeeding in achieving in 2014 a positive gross operating profit (EBITDA) of Euro 9 million and, in 2015, despite the drop in advertising revenue, a positive gross operating profit (EBITDA) of Euro 1.6 million.

The trend of results (gross operating profit, EBITDA) achieved by La7 is shown in the chart below:



In 2015, the TV publishing segment (La7) achieved a positive gross operating profit (EBITDA) of approximately Euro 1.6 million. Operating profit (EBIT) came to a negative figure of approximately Euro 4.9 million and benefited in the consolidated financial statements from lower amortization and depreciation of Euro 9.2 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. The increase in “amortization, depreciation, provisions and impairment losses" is attributable to the amortization of television rights acquired by La7 effective from 1 May 2013. In 2014, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 9 million and Euro 6.2 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 18.2 million.

In 4Q15, the Group’s TV publishing segment achieved a positive gross operating profit (EBITDA) of approximately Euro 4.7 million, up by about 50% versus the figure achieved in 4Q14, due also to the trend in advertising sales on La7 and La7d channels in December, up by more than 10% versus December 2014. Operating profit (EBIT) came to a positive figure of approximately Euro 2.8 million, and in 4Q15 benefited in the consolidated financial statements from lower amortization and depreciation of Euro 1.3 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 4Q14, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 3.1 million and Euro 2.4 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 2.8 million.

In 2015, La7's average all-day share was 3.06% and 3.7% in prime time (from 8:30 PM to 11:30 PM), with a high-quality target audience. La7d's share was 0.51%. The audience figures of the channel's news and discussion programmes - such as the 8 PM newscast (5.1% from Monday to Friday), "Otto e mezzo" (5.1%), "Piazza Pulita" (4.4%), "Crozza nel Paese delle Meraviglie" (7.5%) "Servizio Pubblico" (5.5%), "Le invasioni Barbariche" (3%), "Coffee Break" (4.4%), "Omnibus" (4.3%), "La Gabbia" (3.5%), "L'aria che tira" (5.5%), "Bersaglio Mobile" (4%), "Di martedì" (5.3%), "In Onda" (4%), and "L'Aria d'estate" (4.6%) - were positive.

At end 2015, with a view to focusing activities also at Group level, La7 chose WebSystem 24 (24 ORE Group) for the exclusive management of advertising sales on the websites La7.it, Tgla7.it, La7d.it and on the apps Tgla7 and Crozza nel Paese delle Meraviglie, in order to also speed up revenue growth in its digital business. The contract expires on 31 December 2016 and is renewable for a further year, subject to the achievement of important pre-established annual advertising revenue targets.

IL TROVATORE

In 2015, Il Trovatore continued operations, mainly providing technological services to develop and maintain the online platforms of the Group's companies.

NETWORK OPERATOR (CAIRO NETWORK)

As mentioned earlier, in 2014 the subsidiary Cairo Network took part in the tender procedure opened by the Ministry of Economic Development for the assignment of rights to use TV frequencies for digital terrestrial broadcasting systems, submitting its binding bid and winning the rights to use a lot of frequencies ("mux") for a period of 20 years.

In January 2015, Cairo Network and EI Towers S.p.A. ("EIT") entered into the agreements firstly for the realization and then long-term technical management in full service mode (hospitality, service and maintenance, use of broadcasting infrastructure, etc.) of the mux.

6. Income statement figures of the Parent

The main **income statement figures of Cairo Communication S.p.A.** in 2015 and 4Q15 can be compared with those of the same periods in 2014:

(€ thousands)	31/12/2015 (Twelve months)	31/12/2015 (Quarter)	31/12/2014 (Twelve months)	31/12/2014 (Quarter)
Gross operating revenue	106,026	33,757	116,595	34,806
Advertising agency discounts	-	-	-	-
Net operating revenue	**106,026**	**33,757**	**116,595**	**34,806**
Other revenue and income	515	100	350	165
Total revenue	**106,541**	**33,857**	**116,945**	**35,156**
Production cost	(101,633)	(32,480)	(108,636)	(32,894)
Personnel expense	(3,045)	(873)	(2,990)	(841)
Gross operating profit (EBITDA)	**1,863**	**504**	**5,319**	**1,235**
Amortization, depreciation, provisions and impairment losses	(259)	(76)	(290)	(141)
EBIT	**1,604**	**428**	**5,029**	**1,094**
Net financial income	23	(1)	365	2
Income (loss) on investments	7,265	(200)	7,084	6,045
Pre-tax profit	**8,892**	**227**	**12,478**	**7,141**
Income tax	(715)	(184)	(1,891)	(441)
Profit from continuing operations	**8,177**	**43**	**10,587**	**6,700**
Loss from discontinued operations	(1)	(1)	(1)	-
Profit	**8,176**	**42**	**10,586**	**6,700**

In 2015, Cairo Communication continued to operate in TV advertising sales (La7, La7d and theme channels Cartoon Network, Boomerang and CNN) and on the Internet through its subsidiary Cairo Pubblicità on a sub-concession basis, invoicing advertising spaces directly to its customers and returning to Cairo Communication a share of revenue generated by resources managed on a sub-concession basis. Specifically:

- gross operating revenue was approximately Euro 106.5 million (Euro 116.9 million in 2014);
- parent gross operating profit (EBITDA) was approximately 1.9 million (Euro 5.3 million in 2014);
- operating profit (EBIT) was approximately Euro 1.6 million (Euro 5 million in 2014);
- profit was approximately Euro 8.2 million (Euro 10.6 million in 2014).

“Income (loss) on investments” includes the dividends approved by the subsidiary Cairo Editore, amounting to Euro 7.5 million, and the adjustment in value of the shareholding held in Cairo Publishing S.r.l., amounting to a negative figure of Euro 0.2 million. In 2014, the item included the dividends approved by Cairo Pubblicità, amounting to Euro 1 million, and by Cairo Editore (Euro 6.2 million), and the adjustment in value of the shareholding held in Cairo Publishing S.r.l., amounting to a negative figure of Euro 0.2 million.

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

(€ thousands)	**31/12/2015 (Twelve months)**	**31/12/2015 (Quarter)**	**31/12/2014 (Twelve months)**	**31/12/2014 (Quarter)**
Statement of comprehensive income of the Parent				
Profit	**8,176**	**42**	**10,586**	**6,700**
Other non-reclassifiable items of the comprehensive income statement				
Actuarial profit (loss) from defined benefit plans	(22)	(118)	(135)	(96)
Tax effect	6	32	37	26
Total comprehensive income	**8,160**	**(44)**	**10,488**	**6,630**

7. Statement of financial position of Cairo Communication S.p.A.

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

(€ thousands)	**31/12/2015**	**31/12/2014**
Statement of financial position		
Property, plant and equipment	368	457
Intangible assets	295	320
Financial assets	23,123	23,124
Other non-current financial assets	8,963	1,663
Net current assets	3,926	7,325
Total assets	**36,675**	**32,889**
Non-current borrowings and provisions	1,501	1,485
(Net financial position)/Net debt	(9,039)	(25,768)
Equity	44,213	57,172
Total equity and liabilities	**36,675**	**32,889**

As mentioned in the notes to the consolidated statement of financial position, at their Meeting on 28 April 2015, the shareholders approved the distribution of a dividend of 0.27 Euro per share, inclusive of tax, with coupon detachment date on 11 May 2015.

The increase in "other non-current financial assets", amounting to Euro 7.3 million, is attributable to the shareholder loan granted to the subsidiary Cairo Network S.r.l.

8. Net financial position of Cairo Communication S.p.A.

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

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

9. Transactions with parents, subsidiaries and associates

In 2015, transactions with related parties, including with Group companies, were not considered to be atypical or unusual, and were part of the ordinary activities of Group companies. These transactions were carried out on market terms, taking account of the goods and services provided.

In 2015, the relations and transactions with the parent U.T. Communications and with its subsidiaries can be analyzed as follows:

- the concession contract between Cairo Pubblicità and Torino FC S.p.A. (a subsidiary of U.T. Communications) for the sale of advertising space at the Olimpico football pitch and promotional sponsorship packages. This contract resulted in the payment in 2015 of Euro 2.4 million to the concession holder against revenue of Euro 2.8 million net of agency discounts. Cairo Pubblicità earned further commissions of Euro 78 thousand. As part of the agreement, Cairo Pubblicità also purchased football tickets worth approximately Euro 79 thousand;
- the agreement between Cairo Communication S.p.A. and Torino F.C. for the provision of administrative services such as bookkeeping, which provides for an annual consideration of Euro 100 thousand;
- the tax consolidation scheme.

10. Events occurring after 2015 and business outlook

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

- reported in 4Q15 a strong improvement in the results trend versus the first nine months of the year, achieving gross operating profit (EBITDA) of approximately Euro 6.8 million, exceeding the result achieved in 4Q14 (Euro 6.6 million);
- continued its growth strategy by launching “Nuovo TV”, the new TV weekly led by Riccardo Signoretti, out on newsstands from 21 September; in the first 15 issues, it posted average sales of approximately 143 thousand copies, highly satisfactory results in line with forecasts. Thanks also to the results achieved by “Nuovo TV", on 26 January 2016, the Group launched "Nuovo e Nuovo TV Cucina", the fortnightly magazine dedicated to good food for every cooking connoisseur, presenting easy, affordable and successful recipes, sold as an option with the two weeklies “Nuovo” and “Nuovo TV”. The launch issue, with a print run of 250 thousand copies, appeared on newsstands bundled with “Nuovo TV" at the special price of 1 Euro for the two magazines, achieving remarkable results, with approximately 226 thousand copies sold;
- reported a strong growth in results in the magazine publishing segment which, despite incurring total costs of Euro 1.4 million in September and October to launch the new weekly, achieved gross operating profit (EBITDA) and operating profit (EBIT) of Euro 14.6 million and Euro 13.5 million (increasing by approximately 6.1% and 7.7% versus 2014), confirming the high circulation levels of the publications, and worked on improving the levels of efficiency reached in containing costs (production, publishing and distribution);
- continued - in a persistently weak advertising market - to work on strengthening the results of the rationalization and cost-curbing measures achieved in the TV publishing segment (La7) in 2013 and 2014, and succeeded in posting, in 2015 too, a positive gross operating profit (EBITDA) of approximately Euro 1.6 million; specifically, in 4Q15, gross operating profit (EBITDA), amounting to approximately Euro 4.7 million, grew by about 50% versus the figure achieved in 4Q14, thanks also to the trend in advertising sales on La7 and La7d channels in December, up by more than 10% versus December 2014.

  Based on the order book at 12 February 2016 for advertising aired and to be aired on La7 and La7d in the January-February two-month period, amounting to approximately Euro 21.8 million, revenue achieved in the same two-month period of 2015 (Euro 21.6 million) is exceeded and is expected to grow by approximately 3% in such period. In the January-February 2016 two months period, based on the order book as of today, for advertising on the Group’s magazines revenue show a very positive trend both in January with an increase of approximately 10% reaching a total of Euro 1,2 million and in February with an increase of approximately 14% reaching a total of Euro 1,5 million.

In 2016, the Cairo Communication Group will continue to:

- pursue the development of its traditional segments (magazine publishing and advertising sales), also continuing, in the publishing segment, its growth strategy with the launch of new products; in these segments, despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results;
- work on strengthening the results of the rationalization and cost-curbing measures achieved in 2013-2015 in the TV publishing segment, which is forecast to achieve a positive gross operating profit (EBITDA) in 2016 too.

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

For the Board of Directors

Chairman Urbano Cairo

Declaration, pursuant to art 154-bis paragraph 2 of Legislative Decree n. 58 of 24 February 1998 (T.U.F.)

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 document is consistent with the underlying accounting documents, books and records.

Financial Reporting Manager
Marco Pompignoli