



CAIRO COMMUNICATION

PRESS RELEASE

CAIRO COMMUNICATION: Strong increase in TV revenues (+13%) and growing net financial position

The Board of Directors has approved half-year results 2001/2002. Despite the significant decrease registered by the advertising market (-8.4% during the half year – AC Nielsen data), Cairo Communication Group has maintained or improved its primary positions in the reference markets.

Particularly remarkable was the performance of the TV revenues (+13%) compared to the same period of the previous fiscal year, despite a decrease in the TV market equal to 6.8% (AC Nielsen data).

The important amount of liquidity raised during the IPO, and since then maintained, together with the fall of the stock market and consequently of the prices of the companies operating in the communication sector, have increased the Group's buying power and offers good opportunities for future growth aimed at reinforcing the strategic assets.

Milan, May 29, 2002 – The Board of Directors of the CAIRO COMMUNICATION Group has examined and approved the half-year results ended March 31, 2002.

The EBITDA was equal to 5.2m Euro, with a decrease compared to the 6.4m Euro of the same period in the previous fiscal year.

The EBIT has registered a decrease and was equal to 2.5m Euro compared to the 3.9m Euro of the same period in the previous fiscal year.

The decrease registered by the net financial income is due to the fall of interest rates.

In the semester the Group has realised consolidated revenues equal to 79.8m Euro compared to 86.3m Euro registered in the same period in the previous fiscal year.

During the quarter January-March 2002 Cairo Communication Group has also obtained results exceeding those of the market with reference to the advertising revenues coming from the weekly magazines (78% of the total magazines advertising revenues) which registered a decrease of 4.7%, much less than the fall of the weekly advertising market in the same period equal to 12.7% (FCP-FIEG data).

Consolidated half-year situation on March 31, 2002, as well as on March 31, 2001, has been prepared before taxes and fiscal effects.

As of 31 March 2002, the consolidated Net Financial Position was positive for 98.8m Euro, with an increase of 1.7m Euro compared to 30 September 2001. In addition Immobiliedit S.r.l., a totally controlled non consolidated company, holds directly 1,8 m Euro.

Consolidated stockholders' equity on March 31, 2002 was equal to 132.3m Euro.

Urbano Cairo President and CEO of Cairo Communication comments: *"In a market situation with a widespread fall of the sectors linked to the advertising and publishing business, we can be very satisfied about having maintained good revenue levels and profitability margins. In fact, thanks to a timed diversification strategy and to the presence of highly motivated and qualified professionals, Cairo Communication Group has managed to preserve its positions which represent an excellent starting point for the future growth of the market: a position which enables us to evaluate possible equity and partnership opportunities with other important players".*

Cairo Communication Group is a leading publishing and advertising collection company which was among the first companies to develop a multimedia sales approach starting from magazines and then adding pay and digital TV, Internet and advertising in stadiums.

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Cairo Communication Group – Consolidated data

The main consolidated **profit and loss account figures** in the first half year 2001/2002 can be compared as follows with the results of the same period of the previous fiscal year.

(K Euro)	First half year 2002	First half year 2001
Revenues from sales and services	76.986	84.821
Agency discounts	(10.032)	(10.343)
Change in stocks	(355)	71
Other revenues	2.790	1.534
Total value of production	69.389	76.083
Cost of production	(59.958)	(65.944)
Cost of personnel	(4.241)	(3.766)
EBITDA	5.190	6.373
Amortization, depreciation and provisions	(2.728)	(2.489)
EBIT	2.462	3.884
Total financial income and expenses	1.228	2.104
Value correction of financial activities	(6)	-
Profit before extraordinary items	3.684	5.988
Extraordinary financial income and expenses	(2)	249
Profit before taxation	3.682	6.237

The main consolidated **Balance Sheet figures** of the first half year can be analysed as follows:

(K Euro)	31/03/2002	30/09/2001
<u>Balance sheet figures</u>		
Net tangible assets	2.963	2.986
Net intangible assets	19.322	21.038
Investments in financial assets	224	221
Financial assets not representing fixed assets	4.904	4.908
Working capital	14.887	14.168
Net invested capital	42.304	43.321
Long-term liabilities and funds	3.612	3.535
Net (Financial Position)/indebtedness	(98.795)	(97.119)
Debts towards controlled companies	5.165	5.165
Shareholder's equity *	132.301	131.719
MINORITIES	21	21
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	42.304	43.321

* Shareholder equity on March 31, 2002 is indicated including taxation of fiscal effects in the quarter.

The consolidated Net Financial Position on March 31, 2002, compared to the consolidated Financial Statement figures on September 30, 2001 has been summarized in the following table:

(K Euro)	31/03/2002	30/09/01	Variations
Liquidity	100.833	101.282	(449)
Financial assets not representing fixed assets	90	90	-
Debts towards banks and other backers	(62)	(1.671)	1.609
Interbanca short-term financing	(1.033)	(1.033)	-
Interbanca long-term financing	(1.033)	(1.549)	516
Total	98.795	97.119	1.676
Debts towards Immoledit	(5.165)	(5.165)	-
TOTAL	93.630	91.954	1.676

The composition of the revenues per business area in the first half year 2001/2002 can be compared as follows to the results of the same period in the previous fiscal year:

(K Euro)	Half year ended March 31, 2002			Half year ended March 31, 2001		
	Advertising	Publishing	TOTAL	Advertising	Publishing	TOTAL
TV advertising	33.896		33.896	30.128		30.128
Press advertising	30.036	5.890	35.926	36.743	6.972	43.715
Stadium poster designing	1.842		1.842	3.812		3.812
ADV on Internet	422		422	1.553		1.552
Publication news stand sales		2.756	2.756		3.176	3.176
Subscriptions		1.516	1.516		1.570	1.570
Audiovisual and others		26	26		266	266
Books and catalogues and redistribution		750	750		814	814
V.A.T. performed by the editor		(148)	(148)		(212)	(212)
Services						
Total	66.196	10.790	76.986	72.235	12.586	84.821
Other revenues	2.219	571	2.790	1.248	286	1.534
TOTAL	68.415	11.361	79.776	73.483	12.872	86.355

The **detail of the results per business area** in the first half year 2001/2002 can be compared as follows to the results of the same period of the previous fiscal year.

K Euro	31.3.2002	31.3.2001	31.3.2002	31.3.2001	31.3.2002	31.3.2001
<i>Pro-forma data</i>	Licences		Il Trovatore		Publishing	
Revenues from sales and services	66.171	71.913	24	322	10.790	12.586
Agency discounts	(10.032)	(10.343)	-	-	-	-
Change in stocks	-	-	-	-	(355)	70
Other revenues	2.216	1.246	3	2	571	286
Total value of production	58.355	62.816	27	324	11.006	12.942
Cost of production	(52.383)	(55.705)	(130)	(404)	(7.440)	(9.833)
Cost of personnel	(1.728)	(1.315)	-	-	(2.512)	(2.452)
EBITDA	4.244	5.796	(103)	(80)	1.054	657
Amortization, depreciation and provisions	(1.951)	(1.741)	(6)	(8)	(776)	(740)
EBIT	2.293	4.055	(109)	(88)	278	(83)
Total financial income and expenses	1.244	2.095	(1)	2	(15)	7
Value correction of financial activities	(6)	-	-	-	-	-
Profit before extraordinary items	3.531	6.150	(110)	(86)	263	(76)
Extraordinary financial income and expenses	0	13	-	0	(2)	237
Profit before taxation	3.531	6.163	(110)	(86)	261	161