

PRESS RELEASE

CAIRO COMMUNICATION:

- *Growing margins for the publishing sector (Editoriale Giorgio Mondadori) during the third quarter, the best economically since the acquisition by Cairo Communication. Growing publishing revenues compared to the same period of the previous fiscal year.*
- *Strong growth expected in TV advertising revenues during the period September-December 2002. Expected growth of 13% for the annual year 2002.*
- *The results registered during the nine months (estimated net profit of Cairo Communication S.p.A. equal to around Euro 7,4 million) will allow the Group to confirm the dividend policy with the distribution of a significantly higher amount of results compared to the one distributed in the previous year.*

Milan, August 2, 2002 – The Board of Directors of the CAIRO COMMUNICATION Group, called today, has examined and approved the third quarter results ended June 30, 2002.

At the consolidated level, the Group realised during the quarter revenues of about Euro 37 million, compared to about Euro 44.3 million realised in the same quarter of the previous fiscal year.

The consolidated EBITDA in the third quarter was equal to about Euro 2.8 million compared to about Euro 3.4 million of the same period in the previous fiscal year.

During the quarter, the profit before taxation, including a tax credit of about Euro 2 million concerning the dividends distributed by Cairo TV S.p.A., was equal to Euro 4.2 million (Euro 3.1 million in the same quarter of the previous fiscal year).

During the nine months, the consolidated EBITDA was equal to Euro 8 million (Euro 9.8 million in the same period of the previous fiscal year) and the consolidated revenues were equal to about Euro 113.2 million (Euro 128.5 million in the first nine months of the fiscal year 2000/2001).

Consolidated third quarter financial statements on June 30, 2002, as well as on June 30, 2001, has been prepared before taxes and fiscal effects.

On the basis of an estimation of the taxation lying with the examined period, consolidated net profit during the nine months was equal to about Euro 5.1 million compared to Euro 5.9 million on June 30, 2001, while the estimated net profit of Cairo Communication S.p.A., including the dividend distributed by Cairo TV S.p.A. (Euro 3,5 million), was equal to Euro 7.4 million. The estimated net profit of Cairo Communication S.p.A. during the nine months will allow the Group to confirm also for the current fiscal year the dividend policy for a significantly higher amount of results compared to the one distributed last year.

The consolidated Net Financial Position was positive for Euro 102.7 million, including the liquidity detained directly by the totally controlled non consolidated company Immobiliedit S.r.l., amounting to Euro 1,8 million. During the quarter the Net Financial Position has increased by about Euro 2 million, a very positive result considering the ongoing general slowing down of the economy which pushes the clients to postpone the payment beyond the agreed due date.

Urbano Cairo President and CEO of Cairo Communication declares: "Our television and press trend of advertising sales for the the period September-December 2002 allows us to formulate optimistic forecasts for our 2002 sales results, positive in respect to the previous year and better than the market. Our expected economic results for fiscal year 2001/2002 will allow us to confirm and significantly increase our dividend policy"

During the quarter the subsidiary Editoriale Giorgio Mondadori, publisher of the magazines Bell'Italia, Bell'Europa, In Viaggio, Airone, Gardenia, Arte e Antiquariato, shows a strong growth of margins compared to the same period of the previous fiscal year. In particular, during the quarter, the best economically since the acquisition by Cairo Communication, revenues have increased compared to the same period of the fiscal year 2000/2001, a positive signal considering the general decline registered both in the advertising and news stand sales market.

During the quarter April-June 2002 the sales development of the TV advertising sector has suffered from a slowing down due to the anticipated end of the Italian Premier League for the WorldCup (5 matches less than in the same period of the fiscal year 2000/2001, for a loss of revenues amounting to at least Euro 4 million). During the first nine months of the fiscal year, the TV advertising revenues remains positive despite a decrease in the TV advertising market of -4.4% (AC Nielsen data). Considering the positive trend for the period September-December 2002 (in particular, on July 31, 2002 the TV advertising booking for the four months was equal to Euro 11.5 million, with an increase of about 30% compared to the booking as of the same date of the previous fiscal year), the Company expects a significant increase in this period in the advertising collection of the analogical and digital TV channels of the Tele+ Group and of the thematic channels Cartoon Network, Discovery Channel and Bloomberg TV. The growth rate for the full year 2002 is expected to be 13%.

On July 31 it was signed an agreement with Turner Broadcasting for the concession of the advertising sales in Italy of CNN. Such agreement consolidates the good relationship between Turner and Cairo started in 1999 with the concession of Cartoon Network.

The advertising revenues on the press for the full year January-December 2002 are expected to be in line with the previous year.

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 the periodical press and approaching to pay and digital TV and Internet.

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Cairo Communication Group – Consolidated data

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

(K Euro)	June 30, 2002 (nine months)	June 30, 2002 (quarter)	June 30, 2001 (nine months)	June 30, 2001 (quarter)
Revenues from sales and services	113,175	36,189	128,551	43,729
Agency discounts	(14,646)	(4,614)	(15,849)	(5,506)
Change in stocks	(292)	64	(82)	(151)
Other revenues	3,628	838	2,081	546
Total value of production	101,865	32,477	114,701	38,618
Cost of production	(87,396)	(27,439)	(99,179)	(33,235)
Cost of personnel	(6,451)	(2,210)	(5,694)	(1,928)
EBITDA	8,018	2,828	9,828	3,455
Amortization, depreciation and provisions	(3,979)	(1,252)	(3,723)	(1,235)
EBIT	4,039	1,576	6,105	2,220
Total financial income and expenses	3,908	2,687	3,008	905
Profit before extraordinary items	7,947	4,263	9,113	3,125
Extraordinary financial income and expenses	(2)	-	298	49
Profit before taxation	7,945	4,263	9,411	3,174

The main consolidated **Balance Sheet figures** of the third quarter ended June 30, 2002 can be compared as follows with the results of the first half year ended March 31, 2002 and the consolidated results on September 30, 2001:

(K Euro)	June 30, 2002	March 31, 2002	September 30, 2001
<u>Balance sheet figures</u>			
Net tangible assets	2,894	2,963	2,986
Net intangible assets	18,417	19,322	21,038
Investments in financial assets	207	224	221
Financial assets not representing fixed assets	4,904	4,908	4,908
Working capital	18,064	14,887	14,168
Net invested capital	44,490	42,304	43,321
Long-term liabilities and funds	3,612	3,612	3,535
Net (Financial Position)/indebtedness	(100,872)	(98,795)	(97,119)
Debts towards controlled companies	5,165	5,165	5,165
Shareholder's equity *	136,564	132,301	131,719
MINORITIES	21	21	21
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	44,490	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 June 30, 2002, compared to the consolidated Financial Statement figures on March 31, 2002, has been summarized in the following table:

(K Euro)	June 30, 2002	March 31, 2002	September 30, 2001
Liquidity	102,848	100,833	101,282
Financial assets not representing fixed assets	90	90	90
Debts towards banks and other backers	-	(62)	(1,671)
Interbanca short-term financing	(2,066)	(1,033)	(1,033)
Interbanca long-term financing	-	(1,033)	(1,549)
Total	100,872	98,795	97,119
Debts towards Immoedit	(5,165)	(5,165)	(5,165)
TOTAL	95,707	93,630	91,954

The composition of the revenues per sector in the quarter April-June 2002, for the two main activity sectors (advertising and publishing), can be analysed as follows:

	Third quarter ended June 30, 2002			Third quarter ended June 30, 2001		
(K Euro)	Advertising	Publishing	TOTAL	Advertising	Publishing	TOTAL
TV advertising	11,258	-	11,258	14,991	-	14,991
Press advertising	18,393	2,967	21,360	20,252	3,028	23,280
Stadium poster designing	851	-	851	2,239	-	2,239
Maxi-screen	107	-	107	-	-	-
ADV on Internet	56	-	56	564	-	564
Publication sales	-	1,621	1,621	-	1,492	1,492
Subscriptions	-	783	783	-	793	793
Audiovisual and others	-	0	0	-	-	-
Books and catalogues	-	214	214	-	179	179
V.A.T. performed by the editor	-	(61)	(61)	-	(80)	(80)
Services	-	-	-	-	272	272
Total	30,665	5,524	36,189	38,045	5,684	43,729
Other revenues	714	124	838	413	133	546
TOTAL	31,379	5,648	37,027	38,458	5,817	44,275

The **composition of the revenues per sector** in the **first nine months of 2001/2002**, for the two main activity sectors (advertising and publishing), can be analysed as follows:

	Nine months ended June 30, 2002			Nine months ended June 30, 2001		
(K Euro)	Advertising	Publishing	TOTAL	Advertising	Publishing	TOTAL
TV advertising	45,154	-	45,154	45,119	-	45,119
Press advertising	48,429	8,857	57,286	56,995	10,000	66,995
Stadium poster designing	2,693	-	2,693	6,051	-	6,051
Maxi-screen	107	-	107	-	-	-
ADV on Internet	478	-	478	2,116	-	2,116
Publication sales	-	4,377	4,377	-	4,828	4,828
Subscriptions	-	2,299	2,299	-	2,362	2,362
Audiovisual and others	-	26	26	-	133	133
Books and catalogues	-	964	964	-	966	966
V.A.T. performed by the editor	-	(209)	(209)	-	(292)	(292)
Services	-	-	-	-	273	273
Total	96,861	16,314	113,175	110,281	18,270	128,551
Other revenues	2,933	695	3,628	1,307	774	2,081
TOTAL	99,794	17,009	116,803	111,588	19,044	130,632