CAIRO COMMUNICATION

Press Release – Interim Management Report at 30 September 2017

In 9M17:

- **Considering the Group's entire scope of consolidation:**
  - **consolidated gross revenue amounted to Euro 882.7 million (Euro 272.1 million in 2016)**
  - **consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to Euro 104.7 million, Euro 56.8 million and Euro 17.3 million (Euro 22.1 million, Euro 9.8 million and Euro 5.3 million in 2016)**
- **On a like-for-like basis (Cairo Editore magazine publishing, La7 TV publishing, advertising, network operator and Il Trovatore):**
  - **consolidated gross revenue amounted to Euro 180.8 million (Euro 188.7 million in 2016)**
  - **consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent came to Euro 13.7 million, Euro 3.8 million and Euro 2.6 million (Euro 10.3 million, Euro 3 million and Euro 4.3 million in 2016)**
- **The relaunch of RCS continued, whose margins in 9M17 rose sharply, basically in line with the forecasts on the 2017 performance targets, with gross operating profit (EBITDA) of Euro 91 million[1] in the consolidated financial statements of Cairo Communication, rising sharply by Euro 43.7 million[2] versus 9M16.**
- **The TV publishing segment (La7) achieved positive gross operating profit of Euro 2.5 million, up sharply versus 2016 (Euro -2 million);**
- **The Cairo Editore magazine publishing segment continued to achieve positive results, with gross operating profit (EBITDA) and operating profit (EBIT) of Euro 10.1 million and Euro 9.3 million (Euro 11.5 million and Euro 10.7 million in 9M16)**

Milan, 14 November 2017: at its meeting today, the Board of Directors of Cairo Communication reviewed and approved the Interim Management Report at 30 September 2017.

In 9M17:

- the relaunch of RCS continued, whose margins rose sharply versus 9M16, basically in line with the forecasts on 2017 performance targets. The results of RCS contributed significantly to the growth of the Group's revenue and margins in the period;
- the TV publishing segment La7 achieved gross operating profit of Euro 2.5 million, up sharply versus 2016 (Euro -2 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 9M16 consolidated income statement, therefore, includes only the RCS results of the single month September 2016. The income statement figures of 9M17 and of 3Q17, therefore, cannot be directly compared with the corresponding amounts of the same periods of the prior year.

[1] Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the below section "Alternative Performance Indicators". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting to Euro 6.6 million in the period - EBITDA shown in the RCS Interim Management Report at 30 September 2017, approved on 10 November 2017, amounted to Euro 84.4 million

[2] Comparison based on the RCS Interim Management Report at 30 September 2017, approved on 10 November 2017 and available on the website www.rcsmediagroup.it.

Considering the Group's **entire scope of consolidation**, in 9M17, consolidated gross revenue amounted to approximately Euro 882.7 million (comprising gross operating revenue of Euro 864.4 million and other revenue and income of Euro 18.3 million), rising sharply versus 9M16 (Euro 272.1 million), due mainly to the consolidation of RCS for all the nine months of the year, which brought an increase of approximately Euro 621.1 million. Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 104.7 million and Euro 56.8 million (Euro 22.1 million and Euro 9.8 million in 9M16). These margins in 2017 include net non-recurring charges of Euro 0.9 million (Euro 1.7 million at 30 September 2016). Profit attributable to the owners of the parent came to approximately Euro 17.3 million (Euro 5.3 million in 9M16).

On a like-for-like basis, considering only the Cairo Editore magazine publishing segment, the advertising segment, the TV publishing segment La7, Il Trovatore and the network operator, consolidated gross revenue amounted to approximately Euro 180.8 million (comprising gross operating revenue of Euro 176 million and other revenue and income of Euro 4.8 million), down versus 9M16 (Euro 188.7 million, comprising gross operating revenue of Euro 181.1 million and other revenue and income of Euro 7.6 million). Gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 13.7 million and Euro 3.8 million (Euro 10.3 million and Euro 3 million in 9M16). Profit attributable to the owners of the parent came to a positive figure of Euro 2.6 million (Euro 4.3 million in 9M16).

Looking at the business segments, in 9M17:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 10.1 million and Euro 9.3 million (Euro 11.5 million and Euro 10.7 million). Regarding weeklies, with approximately 1.7 million average copies sold in the January-September nine-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 2.5 million, rising sharply versus 9M16 (Euro -2 million in 2016). Mention should be made that the TV publishing segment's seasonality factors generally negatively impact on the results of the third quarter of the year. Operating profit (EBIT) came to approximately Euro -4.8 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 2.4 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 9M16, operating profit (EBIT) came to Euro -8.2 million, benefiting in the consolidated financial statements from lower amortization and depreciation of Euro 4.2 million;
- in the **advertising segment**, gross operating profit (EBITDA) and operating profit (EBIT) came to Euro 0.6 million and Euro 0.5 million (Euro 0.8 million and Euro 0.6 million in 9M16);
- in the **network operator segment**, the Group company Cairo Network continued implementing the mux, the TV broadcasting system based on digital terrestrial technology; at full performance, the mux will cover 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 91 million[3] and Euro 53.1 million, rising sharply by Euro 43.7[4] million and Euro 47.9 million[4] versus 9M16, when RCS had been included in the scope of consolidation of the Cairo Communication Group only for the month of September 2016, Mention should be made that RCS's seasonality factors generally negatively impact on the results of the first and third quarters of the year[5]. As a result of the valuations made in the measurement of the fair value of

[3] Mention should be made that RCS adopts a different definition of EBITDA from the one used by the Cairo Communication Group, as indicated in the below section "Alternative Performance Indicators". As a result of these differences, which lie in the provisions for risks and in the allowance for impairment, amounting to Euro 6.6 million in the period - EBITDA shown in the RCS Interim Management Report at 30 September 2017, approved on 10 November 2017, amounted to Euro 84.4 million

[4] Comparison based on the RCS Interim Management Report at 30 September 2017, approved on 10 November 2017 and available on the website www.rcsmediagroup.it.

[5] As shown in the RCS Interim Management Report at 30 September 2017, RCS ended 3Q17 with a loss of Euro 4.1 million rising sharply by Euro 11.2 million versus 3Q16 (a loss of Euro 15.3 million), which also benefited from the positive effect of the European Football Championships and Olympic Games for the sport newspapers.

assets/liabilities acquired in the business combination of RCS, Cairo Communication's consolidated financial statements, with respect to the RCS Interim Management Report at 30 September 2017, recognized lower amortization on "intangible assets" in the amount of approximately Euro 6 million. Net operating revenue[6], amounting to approximately Euro 654 million, fell overall versus 9M16 by Euro 51.8[4] million; the decline in revenues would decrease to 13.8 million excluding from the comparison non-homogeneous events, among which the termination of a number of advertising sales contracts with third-party publishers (revenue of Euro 1.2 million in 9M17 versus Euro 22.8 million in 9M16), the different add-on publishing plan (Euro 13.5 million) and the reviewed promotional policy in Spain (Euro 2.5 million).

The **consolidated net financial debt** at 30 September 2017 amounted to approximately Euro 307.7 million (Euro 352.6 million at 31 December 2016), Euro 335.1 million of which referring to RCS (Euro 366.1 million at 31 December 2016). The change in the net financial debt versus 31 December 2016 is attributable mainly to cash flows from operations (Euro 87.1 million), to outlays for non-recurring charges of RCS recognized in the income statement in prior years (Euro 13.9 million) and for investing activities (Euro 21.6 million the sum of capex and net acquisitions) and to the distribution of dividends (Euro 6.7 million). Mention should be made that, at their Meeting on 8 May 2017, the shareholders approved the distribution of a dividend of Euro 0.05 per share, inclusive of tax, with coupon detachment date on 22 May 2017.

Mention should be made, as explained in the notes to the condensed consolidated half-year financial statements at 30 June 2017, that 1H17 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 application of this method led, among other things, to a different measurement of the assets and liabilities of the RCS Group at the combination date from the measurement shown at 31 December 2016, with resulting income statement and balance sheet effects as explained in the Interim Management Report at 30 September 2017.

In the following months of 2017, 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 development strategy aimed at attracting market segments with greater potential and strengthening and developing the results of recently launched 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 2017, up versus 2016.

Regarding RCS, on the approval of the Interim Management Report at 30 September 2017, on 10 November 2017, the RCS directors basically confirmed, in the absence of events unpredictable at this time, the 2017 performance targets.

However, developments in the overall economic climate and in the core segments due also to the possible impacts of the events in Catalonia on the Spanish advertising market could 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.

[6] In the RCS Interim Management Report at 30 September 2017, amounting to Euro 657.7 million, due to the different classification of certain items

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 RELEASES*

Summary of the main consolidated income statement figures at 30 September 2017

The main **consolidated income statement figures** in **9M17 and 3Q17** can be compared as follows with the same periods of 2016:

(€ millions)	30/09/2017 (Nine months)	30/09/2016 (Nine months)
Gross operating revenue	864.4	264.5
Advertising agency discounts	(53.5)	(22.5)
Net operating revenue	**810.8**	**242.0**
Change in inventory	(0.3)	(1.0)
Other revenue and income	18.3	7.6
Total revenue	**828.8**	**248.6**
Production cost	(485.3)	(158.6)
Personnel expense	(239.3)	(68.3)
Income (charges) from investments measured at equity	0.4	0.5
Gross operating profit (EBITDA)	**104.7**	**22.1**
Amortization, depreciation, provisions and impairment losses	(47.8)	(12.3)
EBIT	**56.8**	**9.8**
Net financial income	(19.2)	(2.6)
Income (loss) on investments	1.6	-
Pre-tax profit	**39.3**	**7.2**
Income tax	(12.5)	(0.4)
Non-controlling interests	(9.5)	(1.5)
Profit attributable to the owners of the parent	**17.3**	**5.3**

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(€ millions)	**30/09/2017 (Three months)**	**30/09/2016 (Three months)**
Gross operating revenue	243.4	135.0
Advertising agency discounts	(14.0)	(9.8)
Net operating revenue	**229.4**	**125.2**
Change in inventory	(0.1)	(0.8)
Other revenue and income	6.0	3.6
Total revenue	**235.3**	**127.9**
Production cost	(141.0)	(78.6)
Personnel expense	(74.9)	(35.6)
Income (charges) from investments measured at equity	-	0.5
Gross operating profit (EBITDA)	**19.4**	**14.1**
Amortization, depreciation, provisions and impairment losses	(15.8)	(7.4)
EBIT	**3.6**	**6.8**
Net financial income	(6.1)	(2.9)
Income (loss) on investments	0.4	-
Pre-tax profit	**(2.1)**	**3.9**
Income tax	(1.8)	(1.1)
Non-controlling interests	1.3	(1.5)
Profit attributable to the owners of the parent	**(2.6)**	**1.3**

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

€ millions	**30 September 2017 (Nine months)**	**30 September 2017 (Three months)**	**30 September 2016 (Nine months)**	**30 September 2016 (Three months)**
Profit for the period	**26.8**	**(3.9)**	**6.8**	**2.8**
Reclassifiable items of the comprehensive income statement				
Reclassification of profit (loss) from translation of financial statements in foreign currencies	(0.1)	-	0.1	0.1
Gains (losses) on cash flow hedges	(0.6)	(0.1)	0.2	0.1
Reclassification of profit (loss) on cash flow hedges	2.8	0.8	-	-
Non-reclassifiable items of the comprehensive income statement				
Actuarial profit (loss) from defined benefit plans	-	-	(0.3)	-
Tax effect	-	-	0.1	-
Total comprehensive income for the period	**28.9**	**(3.3)**	**6.8**	**3.0**
- Owners of the parent	18.3	(2.6)	5.3	1.4
- Non-controlling interests - continuing operations	10.6	(0.7)	1.5	1.6
	28.9	**(3.3)**	**6.8**	**3.0**

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Summary of the main consolidated statement of financial position figures at 30 September 2017

The main consolidated **statement of financial position** figures at 30 September 2017 can be analyzed versus the situation at 31 December 2016:

(€ millions)	**30/09/2017**	**31/12/2016**
Statement of financial position		
Property, plant and equipment	100.4	111.4
Intangible assets	1,005.9	1,017.8
Financial assets	69.3	73.5
Deferred tax assets	118.3	126.2
Net working capital	(109.2)	(95.4)
Total assets	**1,184.8**	**1,233.5**
Non-current borrowings and provisions	119.9	137.5
Deferred tax provision	171.6	177.6
(Net financial position)/Net debt	307.8	352.6
Equity attributable to the owners of the parent	356.8	344.8
Equity attributable to non-controlling interests	228.8	221.0
Total equity and liabilities	**1,184.8**	**1,233.5**

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The consolidated **net financial position** at 30 September 2017, versus the situation at 31 December 2016, can be summarized as follows:

Net financial debt (€ millions)	**30/09/2017**	**31/12/2016**	**Change**
Cash and cash equivalents	125.0	124.8	0.2
Other current financial assets and financial receivables	0.9	1.2	(0.3)
Current financial assets (liabilities) from derivative instruments	(1.9)	-	(1.9)
Current financial payables	(70.5)	(110.1)	39.6
Current net financial position (net financial debt)	**53.6**	**15.9**	**37.7**
Non-current financial payables	(361.3)	(363.4)	2.1
Non-current financial assets (liabilities) from derivative instruments	-	(5.1)	5.1
Non-current net financial position (net financial debt)	**(361.3)**	**(368.5)**	**7.3**
Net financial position (Net financial debt) from continuing operations	**(307.7)**	**(352.6)**	**44.9**

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Segment reporting at 30 September 2017

The Group's performance can be read better by analyzing the **9M17** and **3Q17** results by **main business segment** versus the same periods of 2016:

2017 (nine months) (€ millions)	Magazin e publishi Cairo Editore	Advertising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring charges unallocated	Intra and un allocated	Total
Gross operating revenue	68.1	120.5	69.1	690.5	0.7	5.9	-	(90.4)	864.4
Advertising agency discounts	-	(17.2)	-	(36.5)	-	-	-	0.1	(53.5)
Net operating revenue	**68.1**	**103.4**	**69.1**	**654.0**	**0.7**	**5.9**	**-**	**(90.3)**	**810.8**
Change in inventory	0.1	-	-	(0.4)	-	-	-	-	(0.3)
Other revenue and income	2.1	0.6	2.1	14.0	0.0	0.1	-	(0.6)	18.3
Total revenue	**70.3**	**104.0**	**71.2**	**667.6**	**0.7**	**6.0**	**-**	**(90.9)**	**828.8**
Production cost	(45.6)	(97.0)	(42.9)	(384.6)	(0.6)	(5.5)	-	90.9	(485.3)
Personnel expense	(14.6)	(6.4)	(25.7)	(192.5)	(0.0)	(0.1)	-	-	(239.3)
Income (charges) from investments measured at equity	-	-	-	0.4	-	-	-	-	0.4
Gross operating profit (EBITDA)	**10.1**	**0.6**	**2.5**	**91.0**	**0.1**	**0.4**	**-**	**-**	**104.7**
Amortization, depreciation, provisions and impairment losses	(0.8)	(0.2)	(7.3)	(37.9)	0.0	(1.7)	-	-	(47.8)
EBIT	**9.3**	**0.5**	**(4.8)**	**53.1**	**0.1**	**(1.3)**	**-**	**-**	**56.8**
Income (loss) on investments	-	-	-	1.6	-	-	-	-	1.6
Net financial income	(0.0)	(0.3)	0.1	(18.9)	(0.0)	(0.0)	-	-	(19.2)
Pre-tax profit	**9.3**	**0.2**	**(4.7)**	**35.7**	**0.1**	**(1.3)**	**-**	**-**	**39.3**
Income tax	(2.7)	(0.6)	2.1	(11.5)	(0.0)	0.3	-	-	(12.5)
Non-controlling interests	-	-	-	(9.5)	(0.0)	-	-	-	(9.5)
Profit for the period attributable to the owners of the parent	**6.5**	**(0.4)**	**(2.5)**	**14.7**	**0.0**	**(1.0)**	**-**	**-**	**17.3**

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2016 (nine months) (€ millions)	Magazin e publishi Cairo Editore	Advertisi ng	TV publishi ng La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring charges unallocated	Intra and un allocated	Total
Gross operating revenue	72.9	118.5	70.7	83.4	0.7	0.7	-	(82.5)	264.5
Advertising agency discounts	-	(17.0)	-	(5.5)	-	-	-		(22.5)
Net operating revenue	**72.9**	**101.5**	**70.7**	**77.9**	**0.7**	**0.7**	**-**	**(82.5)**	**242.0**
Change in inventory	(0.1)	-	-	(1.0)	-	-	-		(1.0)
Other revenue and income	1.9	0.5	5.2	-	-	-	-		7.6
Total revenue	**74.7**	**102.0**	**75.9**	**76.9**	**0.7**	**0.8**	**-**	**(82.5)**	**248.6**
Production cost	(48.5)	(95.2)	(51.8)	(42.6)	(0.6)	(0.8)	(1.7)	82.5	(158.6)
Personnel expense	(14.7)	(6.1)	(26.1)	(21.2)	(0.0)	(0.1)	-	-	(68.3)
Income (charges) from investments measured at equity	-	-	-	0.5	-	-	-	-	0.5
Gross operating profit (EBITDA)	**11.5**	**0.8**	**(2.0)**	**13.5**	**0.1**	**(0.1)**	**(1.7)**	**-**	**22.1**
Amortization, depreciation, provisions and impairment losses	(0.8)	(0.2)	(6.2)	(5.0)	-	-			(12.3)
EBIT	**10.7**	**0.6**	**(8.2)**	**8.5**	**0.1**	**(0.1)**	**(1.7)**	**-**	**9.8**
Income (loss) on investments	-	-	-	-	-	-	-	-	-
Net financial income	-	(0.1)	0.4	(2.9)	-	-	-	-	(2.6)
Pre-tax profit	**10.7**	**0.5**	**(7.8)**	**5.6**	**0.1**	**(0.1)**	**(1.7)**	**-**	**7.2**
Income tax	(3.7)	(0.4)	5.1	(1.9)	-	-	0.5		(0.4)
Non-controlling interests	-			(1.5)	-	-	-	-	(1.5)
Profit for the period attributable to the owners of the parent	**7.0**	**0.1**	**(2.8)**	**2.2**	**0.1**	**(0.1)**	**(1.3)**	**-**	**5.3**

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2017 (three months) (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring charges unallocated	Intra and un allocated	Total
Gross operating revenue	24.4	29.7	16.2	194.6	0.2	2.0	-	(23.7)	243.4
Advertising agency discounts	-	(4.2)	-	(9.8)	-	-	-	0.1	(14.0)
Net operating revenue	**24.4**	**25.4**	**16.2**	**184.8**	**0.2**	**2.0**	**-**	**(23.6)**	**229.4**
Change in inventory	0.1	-	-	(0.2)	-	-	-	-	(0.1)
Other revenue and income	0.5	0.4	1.5	3.9	0.0	0.0	-	(0.3)	6.0
Total revenue	**25.0**	**25.8**	**17.7**	**188.5**	**0.2**	**2.0**	**-**	**(24.0)**	**235.2**
Production cost	(16.4)	(24.5)	(11.7)	(110.4)	(0.1)	(1.9)	-	24.0	(141.0)
Personnel expense	(4.6)	(2.3)	(7.2)	(60.8)	(0.0)	(0.0)	-	-	(74.9)
Income (charges) from investments measured at equity	-	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	**4.0**	**(1.0)**	**(1.2)**	**17.4**	**0.1**	**0.1**	**-**	**-**	**19.4**
Amortization, depreciation, provisions and impairment losses	(0.3)	(0.0)	(2.7)	(12.2)	0.0	(0.6)	-	-	(15.8)
EBIT	**3.8**	**(1.1)**	**(3.9)**	**5.2**	**0.1**	**(0.4)**	**-**	**-**	**3.6**
Income (loss) on investments	-	-	-	0.4	-	-	-	-	0.4
Net financial income	(0.0)	(0.2)	0.0	(5.9)	(0.0)	(0.0)	-	-	(6.1)
Pre-tax profit	**3.8**	**(1.3)**	**(3.8)**	**(0.4)**	**0.1**	**(0.5)**	**-**	**-**	**(2.1)**
Income tax	(1.2)	0.3	1.4	(2.4)	(0.0)	0.1	-	-	(1.8)
Non-controlling interests	-	-	-	1.3	(0.0)	-	-	-	1.3
Profit for the period attributable to the owners of the parent	**2.6**	**(1.0)**	**(2.4)**	**(1.5)**	**0.1**	**(0.3)**	**-**	**-**	**(2.6)**

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2016 (three months) (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	RCS	Trovatore	Network operator (Cairo Network)	Non-recurring charges unallocated	Intra and un allocated	Total
Gross operating revenue	26.3	29.8	15.9	83.4	0.2	0.3	-	(20.8)	135.0
Advertising agency discounts	-	(4.3)	-	(5.5)	-	-	-	-	(9.8)
Net operating revenue	**26.3**	**25.5**	**15.9**	**77.9**	**0.2**	**0.3**	**-**	**(20.8)**	**125.2**
Change in inventory	0.0	-	-	(1.0)	-	-	-	-	(0.8)
Other revenue and income	0.5	0.1	3.0	-	(0.0)	0.0	-	-	3.6
Total revenue	**26.8**	**25.6**	**18.9**	**76.9**	**0.2**	**0.3**	**-**	**(20.8)**	**127.9**
Production cost	(16.8)	(24.6)	(13.3)	(42.6)	(0.2)	(0.3)	(1.7)	20.8	(78.6)
Personnel expense	(4.7)	(1.9)	(7.7)	(21.2)	(0.0)	(0.0)	-	-	(35.6)
Income (charges) from investments measured at equity	-	-	-	0.5	-	-	-	-	0.5
Gross operating profit (EBITDA)	**5.3**	**(0.9)**	**(2.1)**	**13.5**	**0.0**	**(0.0)**	**(1.7)**	**-**	**14.1**
Amortization, depreciation, provisions and impairment losses	(0.3)	(0.1)	(2.0)	(5.0)	-	-	-	-	(7.4)
EBIT	**5.0**	**(0.9)**	**(4.1)**	**8.5**	**0.0**	**(0.0)**	**(1.7)**	**-**	**6.8**
Income (loss) on investments	-	-	-	-	-	-	-	-	-
Net financial income	0.0	(0.1)	0.1	(2.9)	0.0	-	-	-	(2.9)
Pre-tax profit	**5.0**	**(1.0)**	**(4.0)**	**5.6**	**-**	**(0.0)**	**(1.7)**	**-**	**3.9**
Income tax	(1.6)	0.3	1.7	(1.9)	0.0	(0.0)	0.5	-	(1.1)
Non-controlling interests	-	-	-	(1.5)	0.0	-	-	-	(1.5)
Profit for the period attributable to the owners of the parent	**3.2**	**(0.7)**	**(2.4)**	**2.2**	**0.1**	**(0.0)**	**(1.3)**	**-**	**1.3**

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Details of consolidated revenue at 30 September 2017

The breakdown of **gross operating revenue** in **9M17** and **3Q17**, split up by main business segment (magazine publishing, advertising, TV publishing, network operator, Il Trovatore and RCS), can be analyzed as follows by comparing the amounts in 2016:

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

2016 (9 months) (€ millions)	**Magazine publishing Cairo Ed.**	**Advertising**	**TV publishing La7**	**RCS**	**Trovatore**	**Network operator**	**Intra and un allocated**	**Total**
TV advertising	-	96.0	68.3	0.2	-	-	(65.8)	**98.7**
Print media, internet and sporting events advertising	15.2	22.0	0.9	43.6	-	-	(15.0)	**66.7**
Other TV revenue	-	-	1.5	0.7	-	-	-	**2.2**
Publishing revenue	58.9	-	-	31.0	-	-	-	**89.9**
VAT relating to publications	(1.2)	-	-	(0.5)	-	-	-	**(1.7)**
Other operating revenue	-	0.5	-	8.4	0.7	0.7	(1.7)	**8.6**
Total gross operating revenue	**72.9**	**118.5**	**70.7**	**83.4**	**0.7**	**0.7**	**(82.5)**	**264.5**
Other revenue	1.9	0.5	5.2	-	-	-	-	7.6
Total gross revenue	**74.8**	**119.0**	**75.9**	**83.4**	**0.7**	**0.7**	**(82.5)**	**272.1**

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

2016 (three months) (€ millions)	Magazine publishing Cairo Ed.	Advertising	TV publishing La7	RCS	Trovatore	Network operator	Intra and un allocated	Total
TV advertising	-	22.5	15.4	0.2	-	-	(15.4)	**22.7**
Print media, internet and sporting events advertising	5.0	7.1	0.2	43.6	-	-	(4.9)	**51.0**
Other TV revenue	-	-	0.3	0.7	-	-	-	**1.0**
Publishing revenue	21.9	-	-	31.0	-	-	-	**52.9**
VAT relating to publications	(0.6)	-	-	(0.5)	-	-	-	**(1.1)**
Other operating revenue	-	0.2	-	8.4	0.2	0.3	(0.6)	**8.5**
Total gross operating revenue	**26.3**	**29.8**	**15.9**	**83.4**	**0.2**	**0.3**	**(20.8)**	**135.0**
Other revenue	0.5	0.1	3.0	-	-	-	-	**3.6**
Total gross revenue	**26.8**	**29.9**	**18.9**	**83.4**	**0.2**	**0.3**	**(20.8)**	**138.6**

Summary of the main income statement figures of the Parent at 30 September 2017

The main **income statement figures of Cairo Communication S.p.A.** in **9M17** and **3Q17** can be compared with those of the same periods of 2016:

(€ millions)	30/09/2017 (Nine months)	30/09/2017 (Three months)	30/09/2016 (Nine months)	30/09/2016 (Three months)
Gross operating revenue	73.6	17.3	72.9	17.4
Advertising agency discounts	-	-	-	-
Net operating revenue	**73.6**	**17.3**	**72.9**	**17.4**
Other revenue and income	0.9	0.5	0.2	0.1
Total revenue	**74.5**	**17.8**	**73.0**	**17.5**
Production cost	(72.1)	(17.1)	(71.1)	(18.7)
Personnel expense	(2.1)	(0.7)	(2.2)	(0.7)
Gross operating profit (EBITDA)	**0.4**	**-**	**(0.9)**	**(1.8)**
Amortization, depreciation, provisions and impairment losses	(0.2)	-	(0.2)	(0.1)
EBIT	**0.2**	**-**	**(1.1)**	**(1.9)**
Net financial income	-	(0.1)	(0.1)	(0.1)
Income (loss) on investments	8.1	-	8.2	-
Pre-tax profit	**8.3**	**(0.1)**	**7.0**	**(2.0)**
Income tax	(0.3)	-	0.1	0.5
Profit from continuing operations	**8.0**	**(0.1)**	**7.1**	**(1.5)**
Loss from discontinued operations	-	-	-	-
Profit	**8.0**	**(0.1)**	**7.1**	**(1.5)**

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

(€ millions)	30/09/2017 (Nine months)	30/09/2017 (Three months)	30/09/2016 (Nine months)	30/09/2016 (Three months)
Statement of comprehensive income of the Parent				
Profit	8.0	(0.1)	7.1	(1.5)
Other non-reclassifiable items of the comprehensive income statement				
Actuarial profit (loss) from defined benefit plans	-	-	-	-
Tax effect	-	-	-	-
Total comprehensive income	**8.0**	**(0.1)**	**7.1**	**(1.5)**

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Summary of the main statement of financial position figures of the Parent at 30 September 2017

The main **statement of financial position** figures of Cairo Communication S.p.A. at 30 September 2017 can be analyzed versus the situation at 31 December 2016:

(€ millions)	30/09/2017	31/12/2016
Statement of financial position		
Property, plant and equipment	0.4	0.4
Intangible assets	0.2	0.3
Financial assets	329.1	328.1
Other non-current financial assets	16.2	12.8
Net trade working capital	(8.8)	(8.1)
Total assets	**337.1**	**333.5**
Non-current borrowings and provisions	1.5	1.4
(Net financial position)/Net debt	76.0	73.8
Equity	259.6	258.3
Total equity and liabilities	**337.1**	**333.5**

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The **net financial position** of the Parent at 30 September 2017, versus the situation at 31 December 2016, is summarized as follows:

(€ millions)	30/09/2017	31/12/2016	Change
Cash and cash equivalents	2.2	4.4	(2.2)
Current financial assets	-	-	-
Non-current financial payables	(78.2)	(78.2)	-
Total	**(76.0)**	**(73.8)**	**(2.2)**

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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 Interim Management Report at 30 September 2017, 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.