



CAIRO COMMUNICATION

Press Release - Interim report as at 31 December 2009

- **In 2009, consolidated EBITDA at Euro 22.8 million (+ 0.6%)**
- **Strong growth in Group publishing, EBITDA + 16.2 % at Euro 13.8 million and EBIT + 19.8 % at Euro 12.5 million, and in circulation revenues (+2.8%); Forecasted publishing cost savings in 2010 for more than Euro 8 million**
- **La 7, + 7.5 % in advertising revenues at approximately Euro 121 million, exceeding the agreed target of Euro 120 million**
- **Strong performance in 4Q09 of gross operating revenues (+12.8%) at Euro 73.2 million, of EBITDA (+2.6%) at Euro 6.4 million, of EBIT (+10.3%) at Euro 6 million, and of net profit (+43.8%) at Euro 3.8 million;**
- **Dividend proposal by BoD of Euro 0.2 per share.**

Milan, 12 February 2010: At its meeting today, the Board of Directors of Cairo Communication reviewed and approved the interim report as at 31 December 2009.

In 2009, consolidated gross operating revenues amounted to approximately Euro 252.8 million (Euro 256.6 million in 2008) – operating revenues to Euro 251.2 million and other revenues to Euro 1.6 million - dropping by an overall 1.5% versus 2008.

Consolidated gross operating profit (EBITDA), roughly Euro 22.8 million, inched upwards (+0.6 %) versus 2008 (Euro 22.6 million, with around Euro 2 million for costs incurred to launch the new weekly “TV MIA”). Operating profit (EBIT) came to approximately Euro 19 million (Euro 19.7 million in 2008), negatively impacted by an increased provision for bad debts versus 2008.

The variation in financial income was mainly due to the plunge in interest rates versus 2008 (0.93 % average Euribor in 2009 versus 4.34% in 2008).

Net profit came to approximately Euro 12 million, down 7.1% (Euro 12.9 million in 2008).

In 4Q09, consolidated gross revenues amounted to approximately Euro 73.2 million (Euro 64.9 million in 4Q08) - operating revenues to Euro 72.6 million and other revenues to Euro 0.6 million - up by an overall 12.8% versus 4Q08, thanks to the outstanding results achieved by TV advertising sales.

Consolidated gross operating profit (EBITDA), approximately Euro 6.4 million, was up 2.6% versus 4Q08 (Euro 6.3 million). Operating profit (EBIT), roughly Euro 6 million (Euro 5.4 million in 4Q08), was up 10.3%.

Net profit was Euro 3.8 million, up 43.8% (Euro 2.7 million in 4Q08, when the equity interest in Dmail Group had been depreciated by Euro 1.2 million for adjustment to its “fair value”).

The consolidated net financial position as at 31 December 2009 showed a positive balance of approximately Euro 51.4 million, including an escrow account held jointly with Telepiù S.r.l. opened in 2004 in relation to the arbitration with Telepiù. By virtue of the award issued on January 27, 2010, the account was released to Cairo Communication. Netted against this account, the net financial position was roughly Euro 43.8 million. The variation in the net financial position versus 31 December 2008 (approximately Euro 55.2 million netted against the foregoing account) was mainly due to distribution of a dividend of 0.2 Euro per share for a total of Euro 15.5 million, following the decision adopted by the Shareholders’ Meeting of 29 April 2009.

Regarding the **publishing segment**, in 2009, gross operating profit (EBITDA) and operating profit (EBIT) increased, exceptionally versus the market, by 16.2% and 19.8% respectively to roughly Euro 13.8 million and Euro 12.5 million (Euro 11.9 million and Euro 10.5 million respectively in 2008). A result achieved thanks mainly to the high quality of the Group's publications and to a series of measures adopted on costs to improve the effectiveness and efficiency of production, publishing and distribution processes. Cairo Editore will continue to pursue these objectives in 2010 and expects to save a further Euro 8 million thanks to the measures adopted.

Circulation revenues from Group magazines, equal to Euro 72.4 million, were up 2.8% versus 2008 (Euro 70.5 million), a remarkable achievement that defies the general market trend. Magazine advertising sales, equal to Euro 39.7 million, were down by an overall 23.6% versus 2008 (Euro 51.9 million), less however than the -29.3% drop recorded in 2009 by the overall magazine advertising market (source: FCP-FIEG Observatory).

Looking at the **advertising segment**, in 2009, TV advertising revenues (including La 7 and theme channels Cartoon Network, Boomerang and CNN) totalled Euro 130.4 million, up by an overall 6.4% versus 2008, a remarkable result that contrasts with the market segment's trend (- 10,2 %, source: AC Nielsen). Specifically, advertising revenues on La 7, equal to approximately Euro 121 million, were up 7.5% versus 2008, exceeding the minimum agreed target - valid also for 2010 - of Euro 120 million. On the basis of the order backlog at 11 February 2010 for advertising broadcasted and to be broadcasted by the La 7 channel in the two month period January-February, the minimum revenue contractual target for that two month period, € 18 million, is already abundantly overcome.

Given the high quality of the Group's publications and concession resources, an increase in profitability levels in 2010 versus 2009 is considered a feasible target. However, the evolution of the general economic situation could affect the full achievement of these targets.

Based on these results, the Board of Directors will propose the Shareholders' Meeting to distribute a dividend of Euro 0.2 per share, inclusive of tax, with share going ex-dividend (coupon no. 2 post split) on 10 May 2010, and payment available on 13 May 2010.

The manager responsible for the Company's financial reporting, Dott. 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.

Cairo Communication Group is a leading Italian weekly magazine publishing and advertising sales Group, recognised as one of the first to have developed a multimedia sales approach, beginning with print media and expanding later into free, digital and pay TV and the Internet.

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The press release is also available on the company's website www.cairocommunication.it

Summary of the main consolidated income statement figures as at 31 December 2009

The main **consolidated income statement figures** for 4Q09 and 2009 can be compared as follows to the figures of the same periods of 2008:

(€thousands)	31/12/2009 (12 months)	31/12/2009 (Quarter)	31/12/2008 (12 months)	31/12/2008 (Quarter)
Sales	251,216	72,623	254,393	64,297
Advertising agency discounts	(24,584)	(7,528)	(25,026)	(6,324)
Net operating revenues	226,632	65,095	229,367	57,973
Inventory movements	(165)	(94)	(74)	(496)
Other operating revenues	1,610	599	2,223	600
Operating revenues	228,077	65,600	231,516	58,077
Cost of sales	(183,380)	(53,307)	(187,005)	(46,404)
Personnel costs	(21,929)	(5,883)	(21,874)	(5,422)
Gross operating profit (EBITDA)	22,768	6,410	22,637	6,251
Amortisation, depreciation and write-downs	(3,804)	(448)	(2,903)	(847)
Operating profit (EBIT)	18,964	5,962	19,734	5,404
Net financial income	626	55	2,614	611
Share in associates	(79)	-	(1,229)	(1,236)
Pre-tax profit	19,511	6,017	21,119	4,779
Income tax	(7,374)	(2,164)	(7,996)	(2,057)
Minority interests	(4)	(5)	(5)	(5)
Group share in profit from continuing operations	12,133	3,848	13,118	2,717
Net profit/(loss) from discontinued operations	(127)	(12)	(196)	(49)
- attributable to minority interests	-	-	-	-
Net Group share of profit/(loss) from discontinued operations	(127)	(12)	(196)	(49)
Group net profit	12,006	3,836	12,922	2,668

Reclassified formats have not been verified by the Audit Company

Summary of the main consolidated balance sheet figures as at 31 December 2009

The main **consolidated balance sheet figures** as at 31 December 2009 can be compared as follows with the figures of the consolidated balance sheet as at 31 December 2008:

(€thousands)	31/12/2009	31/12/2008
Assets		
Property furniture and equipment	2,852	3,205
Intangible assets	13,052	13,536
Investments	4,463	4,545
Pre-paid tax	4,803	4,226
Net current assets	(3,688)	(12,425)
Total assets	21,482	13,087
Non-current borrowings and provisions	5,777	5,647
(Net financial assets)/Net debt	(51,362)	(62,696)
Group shareholders' equity	67,068	70,142
Minority interests	(1)	(6)
Total equity and liabilities	21,482	13,087

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The **consolidated net financial position** as at 31 December 2009, compared with the consolidated balance sheet as at 31 December 2008, is summarised in the following table:

(€thousands)	31/12/2009	31/12/2008	Change
Cash and cash equivalents	43,865	54,954	(11,089)
Escrow account held with Telepiù	7,543	7,489	54
Fixed current deposits	-	6,826	(6,826)
Fixed non-current deposits	-	-	-
Short-term investments	79	79	-
Bank overdrafts	(125)	-	(125)
Bank loans	-	(6,652)	6,652
Total	51,362	62,696	(11,334)

Analysis of results by segment as at 31 December 2009

The results achieved during the year, based on the **main individual segments**, compared to the results by segment in 2008, can be analysed as follows:

2009 (€thousands)	Publishing	Advertising	Trovatore	Unallocated operations	Intra-group eliminations	Total
Sales	104,166	175,212	360	-	(28,522)	251,216
Advertising agency discounts	-	(24,584)	-	-	-	(24,584)
Net operating revenues	104,166	150,628	360	-	(28,522)	226,632
Inventory movements	(165)	-	-	-	-	(165)
Other operating revenues	1,252	358	-	-	-	1,610
Operating revenues	105,253	150,986	360	-	(28,522)	228,077
Cost of sales	(74,270)	(137,338)	(294)	-	28,522	(183,380)
Personnel costs	(17,139)	(4,760)	(30)	-	-	(21,929)
Gross operating profit (EBITDA)	13,844	8,888	36	-	-	22,768
Amortisation, depreciation and write-downs	(1,325)	(2,482)	3	-	-	(3,804)
Operating profit (EBIT)	12,519	6,406	39	-	-	18,964
Net loss from associates	-	(79)	-	-	-	(79)
Net financial income	47	580	(1)	-	-	626
Pre-tax profit	12,566	6,907	38	-	-	19,511
Income tax	(4,693)	(2,663)	(18)	-	-	(7,374)
Minority interests	-	-	(4)	-	-	(4)
Group share in profit from continuing operations	7,873	4,244	16	-	-	12,133
Net profit/(loss) from discontinued operations	-	-	-	(127)	-	(127)
Group net profit for the period	7,873	4,244	16	(127)	-	12,006

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2008 (€thousands)	Publishing	Advertising	Trovatore	Unallocated operations	Intra-group eliminations	Total
Sales	110,777	180,389	389	-	(37,162)	254,393
Advertising agency discounts	-	(25,026)	-	-	-	(25,026)
Net operating revenues	110,777	155,363	389	-	(37,162)	229,367
Inventory movements	(74)	-	-	-	-	(74)
Other operating revenues	1,630	593	-	-	-	2,223
Operating revenues	112,333	155,956	389	-	(37,162)	231,516
Cost of sales	(83,726)	(140,152)	(289)	-	37,162	(187,005)
Personnel costs	(16,697)	(5,145)	(32)	-	-	(21,874)
Gross operating profit (EBITDA)	11,910	10,659	68	-	-	22,637
Amortisation, depreciation and write-downs	(1,458)	(1,436)	(9)	-	-	(2,903)
Operating profit (EBIT)	10,452	9,223	59	-	-	19,734
Net loss from associates	-	-	-	(1,229)	-	(1,229)
Net financial income	30	2,586	(2)	-	-	2,614
Pre-tax profit	10,482	11,809	57	(1,229)	-	21,119
Income tax	(4,029)	(3,937)	(30)	-	-	(7,996)
Minority interests	-	-	(5)	-	-	(5)
Group share in profit from continuing operations	6,453	7,872	22	(1,229)	-	13,118
Net profit/(loss) from discontinued operations	-	-	-	(196)	-	(196)
Group net profit for the period	6,453	7,872	22	(1,425)	-	12,922

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Breakdown of consolidated sales as at 31 December 2009

Consolidated gross operating sales in 2009, split up by main segment of activity (publishing, advertising and Il Trovatore), can be analysed as follows versus the figures of 2008:

(€thousands)	Interim report as at 31/12/2009				
	Publishing	Advertising	Trovatore	Intra-group eliminations	Total
	(12 months)				
Magazine over-the-counter sales	72,435	-	-	-	72,435
Print media advertising	27,835	40,571	-	(27,684)	40,722
TV advertising	-	130,352	-	-	130,352
Stadium signage and space sales	-	2,812	-	-	2,812
Internet advertising	-	927	24	-	951
Subscriptions	2,953	-	-	-	2,953
Books and catalogues	2,276	-	-	-	2,276
VAT relating to publications	(1,333)	-	-	-	(1,333)
Other sales	-	549	336	(837)	48
Total sales	104,166	175,211	360	(28,521)	251,216
Other operating revenues	1,252	358	-	-	1,610
Total gross operating revenues	105,418	175,569	360	(28,521)	252,826

(€thousands)	Interim report as at 31/12/2008				
	(12 months)				
	Publishing	Advertising	Trovatore	Intra-group eliminations	Total
Magazine over-the-counter sales	70,481	-	-	-	70,481
Print media advertising	36,429	53,159	-	(36,356)	53,232
TV advertising	-	122,456	-	-	122,456
Stadium signage	-	3,619	-	-	3,619
Internet advertising	-	605	389	(303)	691
Subscriptions	3,000	-	-	-	3,000
Audiovisuals and miscellaneous	-	-	-	-	-
Books and catalogues	2,197	-	-	-	2,197
Other sales	-	550	-	(503)	47
VAT relating to publications	(1,330)	-	-	-	(1,330)
Total sales	110,777	180,389	389	(37,162)	254,393
Other operating revenues	1,630	593	-	-	2,223
Total gross operating revenues	112,407	180,982	389	(37,162)	256,616

Consolidated gross operating sales for the quarter, split up by main segments of activity (publishing, advertising and Il Trovatore), can be analysed as follows versus the figures of the same period of 2008:

(€ thousands)	Interim report as at 31/12/2009				
	(quarter)				
	Publishing	Advertising	Trovatore	Eliminations	Total
Magazine over-the-counter sales	16,653	-	-	-	16,653
Print media advertising	6,957	10,339	-	(6,947)	10,349
TV advertising	-	42,870	-	-	42,870
Stadium signage	-	693	-	-	693
Internet advertising	-	318	5	-	323
Subscriptions	721	-	-	-	721
Books and catalogues	1,298	-	-	-	1,298
VAT relating to publications	(296)	-	-	-	(296)
Other sales	-	137	106	(231)	12
Total sales	25,333	54,357	111	(7,178)	72,623
Other operating revenues	548	51	-	-	599
Total gross operating revenues	25,881	54,408	111	(7,178)	73,222

(€ thousands)	Interim report as at 31/12/2008				
	(quarter)				
	Publishing	Advertising	Trovatore	Eliminations	Total
Magazine over-the-counter sales	16,117	-	-	-	16,117
Print media advertising	9,164	13,681	-	(9,230)	13,615
TV advertising	-	31,554	-	-	31,554
Stadium signage	-	867	-	-	867
Internet advertising	-	206	129	(73)	262
Subscriptions	729	-	-	-	729
Audiovisuals and miscellaneous	-	-	-	-	-
Books and catalogues	1,403	-	-	-	1,403
Other sales	(5)	154	-	(143)	6
VAT relating to publications	(256)	-	-	-	(256)
Total sales	27,152	46,462	129	(9,446)	64,297
Other operating revenues	391	209	-	-	600
Total gross operating revenues	27,543	46,671	129	(9,446)	64,897

Summary of the main Parent Company income statement figures as at 31 December 2009

The main **Parent Company income statement figures** for the first quarter and for the full 2009 year can be compared as follows with the figures of the same periods of 2008:

(€ thousands)	31/12/2009 (12 months)	30/09/2009 (Quarter)	31/12/2008 (12 months)	31/12/2008 (Quarter)
Sales	131,594	40,804	165,424	42,641
Advertising agency discounts	-	-	(17,618)	(4,461)
Other operating revenues	172	47	198	74
Operating revenues	131,766	40,851	148,004	38,254
Cost of sales	(123,830)	(37,918)	(140,403)	(36,646)
Personnel costs	(2,255)	(641)	(2,277)	(638)
Gross operating profit (EBITDA)	5,681	2,292	5,324	970
Amortisation, depreciation and write-downs	(369)	(93)	(593)	4
Operating profit (EBIT)	5,312	2,199	4,731	974
Net financial income	493	27	2,398	470
Share in associates	8,428	-	4,939	(1,301)
Pre-tax profit	14,233	2,226	12,068	143
Income tax	(2,078)	(742)	(2,373)	(492)
Net profit/(loss) from continuing operations	12,155	1,484	9,695	(349)
Net profit/(loss) from discontinued operations	(127)	(13)	(196)	(49)
Net profit	12,028	1,471	9,499	(398)

Reclassified formats have not been verified by the Audit Company

Summary of the main Parent Company balance sheet figures as at 31 December 2009

The main **balance sheet figures** as at 31 December 2009 of Cairo Communication S.p.A. can be compared as follows with the balance sheet figures as at 31 December 2008:

(€thousands)	31/12/2009	31/12/2008
Balance sheet items		
Property furniture and equipment	406	585
Intangible assets	251	374
Investments	17,947	18,145
Other non-current assets	619	3,781
Fixed non-current deposits	-	-
Net current assets	26,813	8,347
Total assets	46,036	31,232
Non-current borrowings and provisions	601	7,349
(Net financial assets)/Net debt	(25,454)	(54,943)
Borrowings from subsidiaries	-	4,885
Shareholders' equity	70,889	73,941
Total equity and liabilities	46,036	31,232

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The Parent Company's **net financial position** as at 31 December 2009, compared with the position as at 31 December 2008, is summarised in the following table:

(€thousands)	31/12/2009	31/12/2008	Change
Cash and cash equivalents	17,832	40,548	(22,716)
Escrow account held with Telepiù	7,543	7,489	54
Fixed current deposits	-	6,827	(6,827)
Marketable securities	79	79	-
Net financial assets	25,454	54,943	(29,489)
Borrowings from subsidiaries	-	(4,885)	4,885
Total	25,454	50,058	(24,604)

Alternative performance indicators

In the present press release, in order to provide a better understanding of the management performance of the Cairo Communication Group, in addition to the conventional financial indicators provided by IFRS, there are some alternative performance indicators which however should not be considered as a substitute for those provided by IFRS.

Alternative performance indicators used are as follows:

• **EBITDA:** this indicator is used by Cairo Communication as a target to check internal management and for external presentations (analysts and investors) and represents a unit of measurement to evaluate the operating performance of the Group and the Parent Company together with **EBIT**. These indicators are determined as follows:

Profit before tax of continuing operations

- Financial income/ (expense)

- Income from investments

EBIT- Operating profit

+ Amortisation, depreciation and writedowns

+ Receivables writedowns

+ Movement in provisions for risks and charges

EBITDA –Earnings Before Interest, Taxation, Depreciation, Amortisation and writedowns.

The Cairo Communication Group also considers that the **net financial position** represents a valid indicator of its own capacity to meet its financial commitments, both current and future. As disclosed in the table included in the present report, which indicates the values used to calculate the net financial position, this heading at the consolidated level, includes cash and cash equivalents, the fixed deposits, the securities and the other current financial assets, net of the current and non-current bank borrowings.