



## CAIROCOMMUNICATION

### **PRESS RELEASE**

#### **SALES AND MARGINS FORECASTS, FUTURE DEVELOPMENT PLANS**

**Milan, 12 October 2005**

Thanks to the great results of the new Cairo Group publishing initiatives and the acceleration recorded in the growth trend in advertising sales on the La 7 broadcaster, gross operating revenues for Cairo Communication Group for the 2004-2005 financial year have risen from € 187.8 million last year to around €202 million. (Gross operating revenues for the 2005 calendar year approximately €215 million). Of note, forecast revenue for the publishing division at Group level, including compensation of the advertising company, is set to grow by some €50 million on last year, to around €100 million, with the figure for the 2005 calendar year set to reach €110 million.

In the television division, sales of advertising on the La 7 broadcaster for third party clients, (those other than the “captive” element, our own publishing division) have increased steadily during 2005. At 11 October 2005, the order portfolio for advertising transmitted or awaiting transmission during the 2005 calendar year was valued at €83 million.

Adding this figure to the revenue generated by other than captive client during 2003 and 2004, €66 million and €76 million respectively, we are in a position at 11 October 2005 where €225 million in revenue has been realised to date. With the contractual objective of €228 million for the automatic three-year renewal of the contract, we are certain to reach and exceed this target.

A team at Cairo Editore, headed by Silvana Giacobini, is working on a new weekly magazine for women. The first issue will have a print run of 500,000 copies. The launch will be supported by an advertising campaign on TV, in the press and at newsstands, at a total cost of about €3.5 million. This new project is expected to generate revenue of more than €30 million at Group level in the first 12 months, comprising issue sales and advertising, with more than €20 million coming from advertising sales alone. The Group margin should be over 20% before launch costs.

This project is part of Cairo Editore’s aggressive development strategy in the weekly magazine sector. Thanks to the great success of “Settimanale Di Più” (average circulation of 837,000 over the April – September 2005 six-month period, up 5.5% on the same period last year) and “Di Più TV” (revenue of around €17.5 million at Group level during the February – September 2005 eight-month period), significant growth in margin and income has been recorded at Group level.

Of note, at 11 October 2005, the order portfolio for issues published and awaiting publication during 2005 for “Settimanale Di Più” and “Di Più TV” was valued at €18.8 million and €8.3 million respectively.

*About Cairo Communication*

*Cairo Communication Group is a leading Italian advertising sales and magazine publishing Group, recognised as one of the first to have developed a multimedia sales approach, beginning with print media and expanding later into pay TV, the Internet and commercial TV. They have recently entered the telephone directory market.*

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