



**FIERA MILANO**

[www.fieramilano.it](http://www.fieramilano.it)

STAR Conference 2014 – London Stock Exchange

# Fiera Milano Group

London, 3 October 2014



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Official Partner



# Fiera Milano in brief

The Group is the market leader in Italy and one of the world's leading operators across the entire value chain of the exhibition industry

## Total gross exhibition space:

388.000 square metres  
of which

345,000 square metres  
in the **fieramilano** exhibition site

43,000 square metres  
in the **fieramilanocity** exhibition site

Consolidated revenues: Euro 258 million

of which Euro 28 million generated outside Italy.

## Group employees:

826 of which 205 abroad

## Net exhibition space occupied:

1,739,000 square metres  
of which 405,000 square metres  
abroad

## Number of exhibitions held:

113 of which 59 abroad

## Number of exhibitors:

33,085  
of which 9,655 abroad



Official Partner

Figures refer to FY2013



# Fiera Milano mission

- Fiera Milano offers a means for companies to grow and become more international
- It contributes to economic growth
- It promotes socio-economic improvement in the region in which it is based

The Company's aims are:

- to feature among the leading global companies in the exhibition sector
- to offer companies a more effective business platform to raise awareness of their existence, instigate fruitful contacts and increase their business opportunities
- to be a leader in new growth areas worldwide while promoting Made in Italy exports
- to facilitate the interaction of different corporate cultures, the exchange of know-how and experience, and to encourage innovation



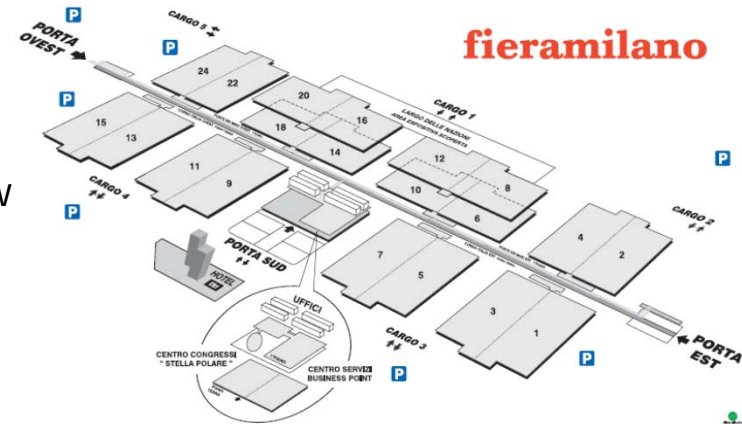
# Italian and foreign exhibitions

## In Italy Fiera Milano hosts exhibitions

- operating as a «facility manager» through the management of the exhibition sites of **fieramilano** and **fieramilanocity**, promoting and making equipped show areas available, also offering design support and correlated services to third party organisers

## and directly organises its own exhibitions

- providing exhibition space and services directly to exhibitors



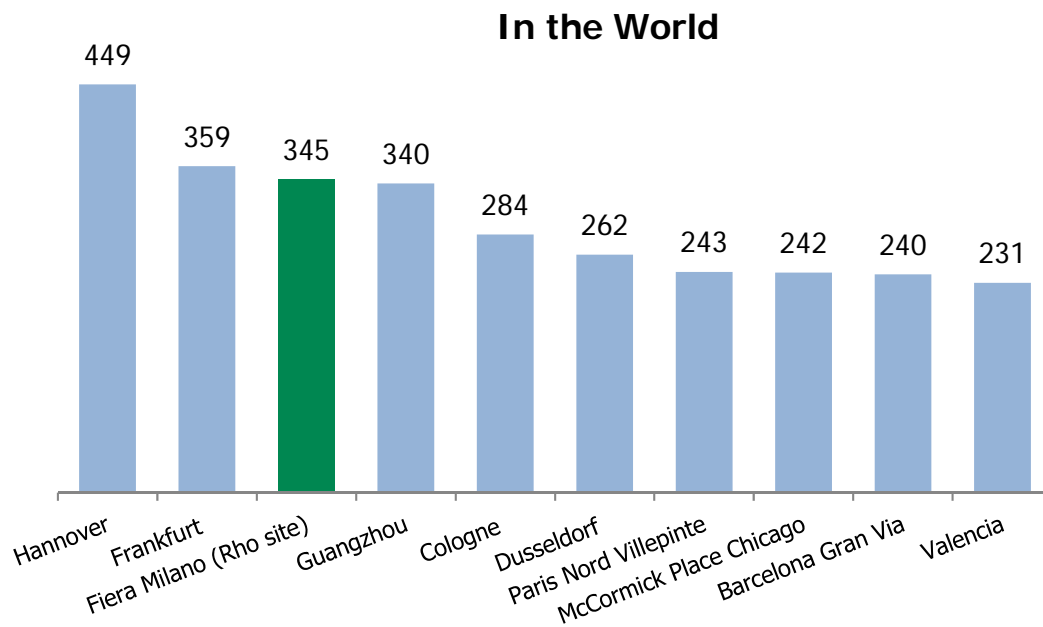
## Abroad the Group:

- operates only as a **direct organizer** in fast-growing countries through its direct presence or through joint ventures or partnerships with local operators

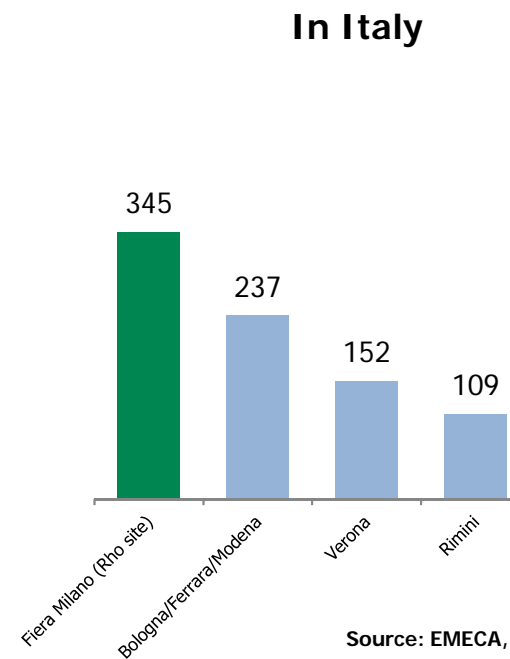
The calendar of biennial and multi-year exhibitions creates fluctuations in annual and quarterly revenues

# Fiera Milano's market position

Fiera Milano is the largest exhibition entity in Italy and among the largest in the world in terms of Gross Indoor Exhibition Capacity



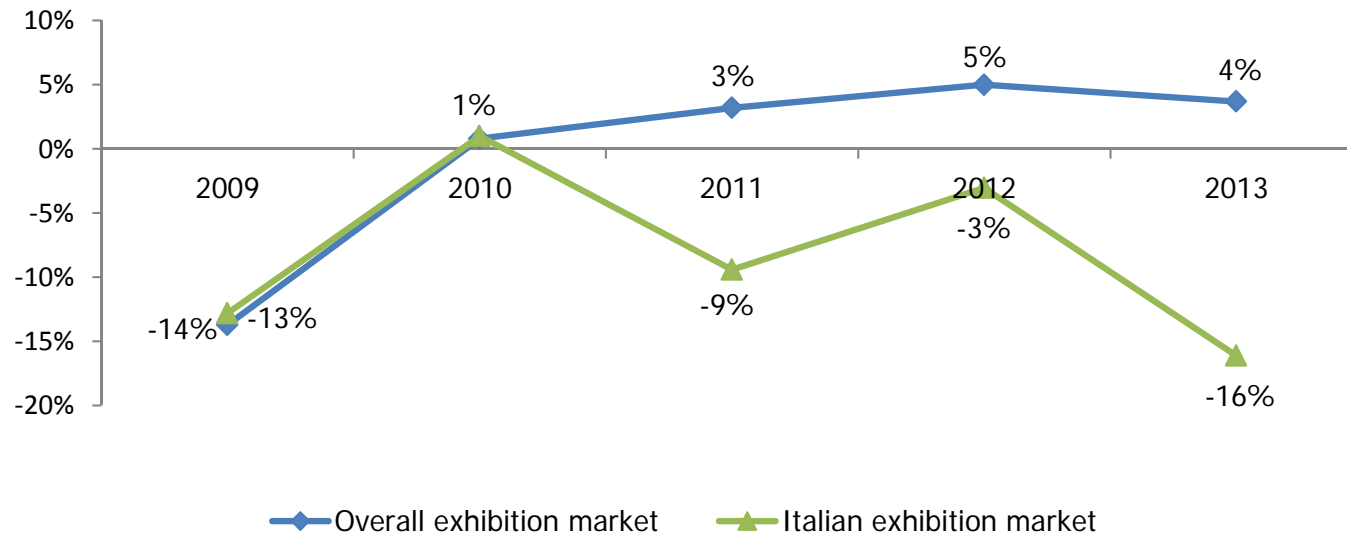
Source: AUMA, January 2014



Source: EMECA, July 2014



# Exhibition market



Source: AMR International Globex report 2014

- The exhibition industry is strongly linked to the performance of the underlying economy with a lag of 6-12 months
- In 2009 the overall market plummeted by 14% due to the global financial crisis
- Since 2007 the European exhibition sector has suffered from strong competition due to the growth in exhibition space in 2002-2006, the result of increased investments by exhibition sites
- The overall market has in subsequent years recovered substantially to pre-crisis levels, mainly due to the growth of emerging markets
- In Italy the decline has continued primarily as a result of the ongoing economic crisis

# Fiera Milano in the macroeconomy

## 2008-2009

- INCREASED IMPACT OF THE ECONOMIC CRISIS ON EXHIBITION ACTIVITY  
(a risk of reduction in the life cycle of exhibitions and potential cancellations)
- INCREASED COMPETITION AMONGST EXHIBITION VENUES  
(exhibition space exceeds demand)

## How Fiera Milano reacted to the macroeconomic and competitive environment

- Developing international alliances and acquisitions  
Fiera Milano is becoming a multi-national entity
- Rationalising the offer and creative revamping of exhibition content  
An increase in service content and no longer just a seller of space (a commodity) but offering an event rich in experience in which to confront competition and reach specific demand
- Support and incentive initiatives to encourage participation at Italian exhibitions and aimed at increasing exhibitor loyalty





# Decisive cost rationalisation initiatives

## Structural costs

- Rationalisation of site management costs: renegotiation of supply contracts, synergies between Group companies, enhanced procedural efficiencies

-26% in 2009-2013

## Personnel costs

- Significant structural interventions
- Rationalisation of the organisational structure and shared services
- Staff mobility, state backed lay-off schemes, collective redundancies
- Recruitment freeze, block on increases in bonuses
- No variable incentives for managers

-27% in 2009-2013

## Corporate reorganisation

- Merger of the 5 organising companies and the 5 media and service companies
- Centralisation of departments: shared Group services

**From 93** directors and statutory auditors as at 31 December 2008  
**to 13** directors **and 3** statutory auditors in the 3 subsidiaries today

## Rental costs

- Strong reduction of the rent of the Rho exhibition site

-27% per year vs. the actual contract

# Group structure

## FOREIGN EXHIBITIONS



Direct organisation of exhibitions



**FIERA MILANO**

**ITALIAN EXHIBITIONS**

Rent of space and related services to exhibition organisers and direct organisation of exhibitions



**FIERA MILANO  
CONGRESSI**

**CONGRESSES**

Management of conventions and congresses



**FIERA MILANO  
MEDIA**

**MEDIA**

A multimedia and multi-channel communications system including printed publications, internet and conferences



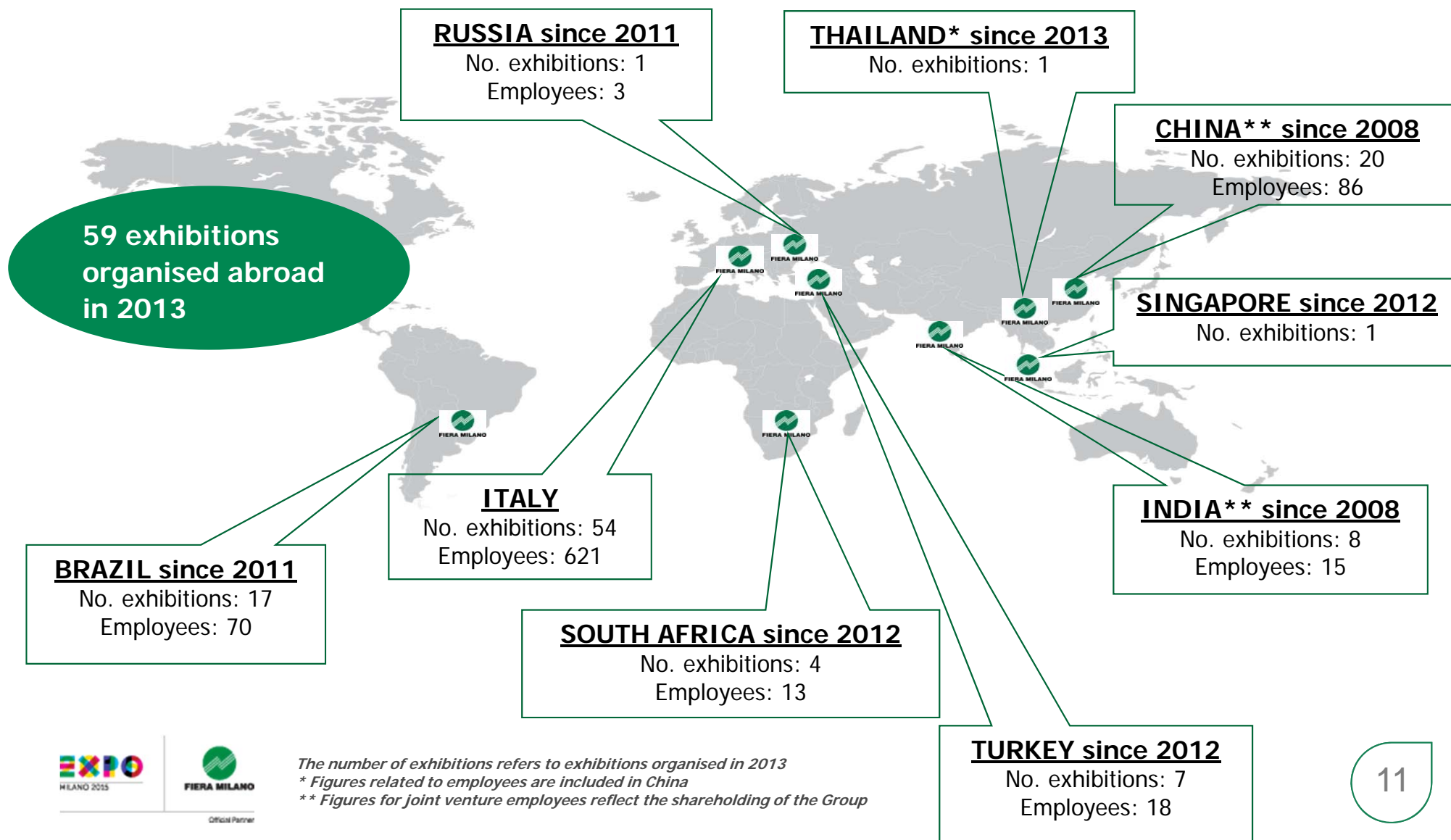
**FIERA MILANO  
NOLOSTAND**

**STAND-FITTING SERVICES**

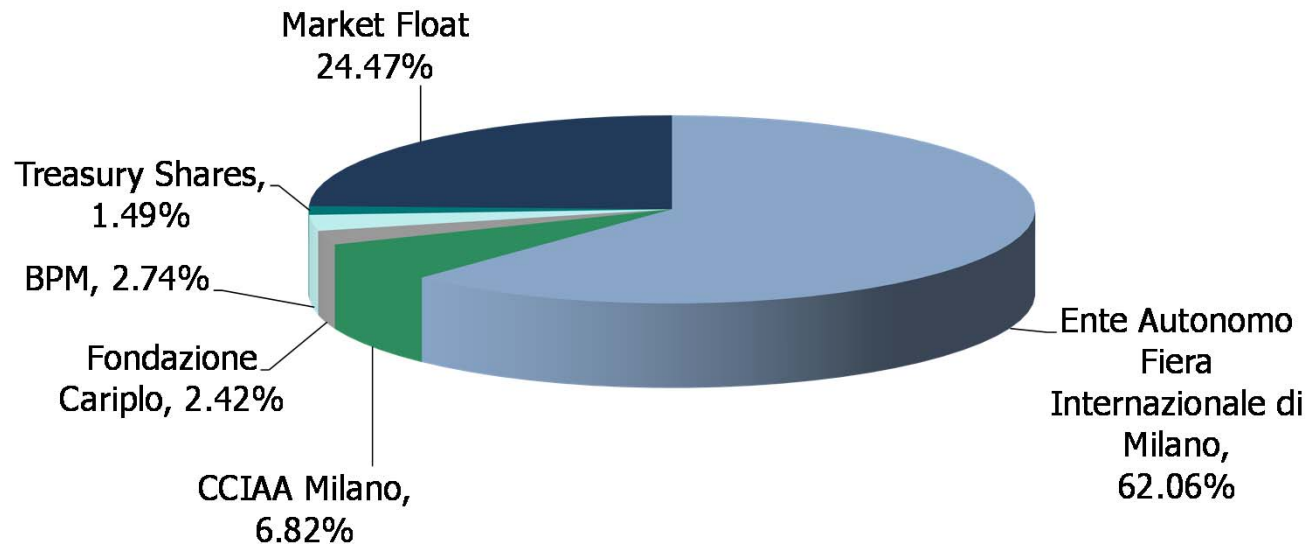
Stand-fitting services

# Global presence

Fiera Milano is a successful organiser of exhibitions in fast-growing countries



# Shareholder structure



Fiera Milano is controlled by Fondazione Fiera Milano, a non-profit private law foundation, whose corporate mission is the development of the exhibition sector in Italy and abroad



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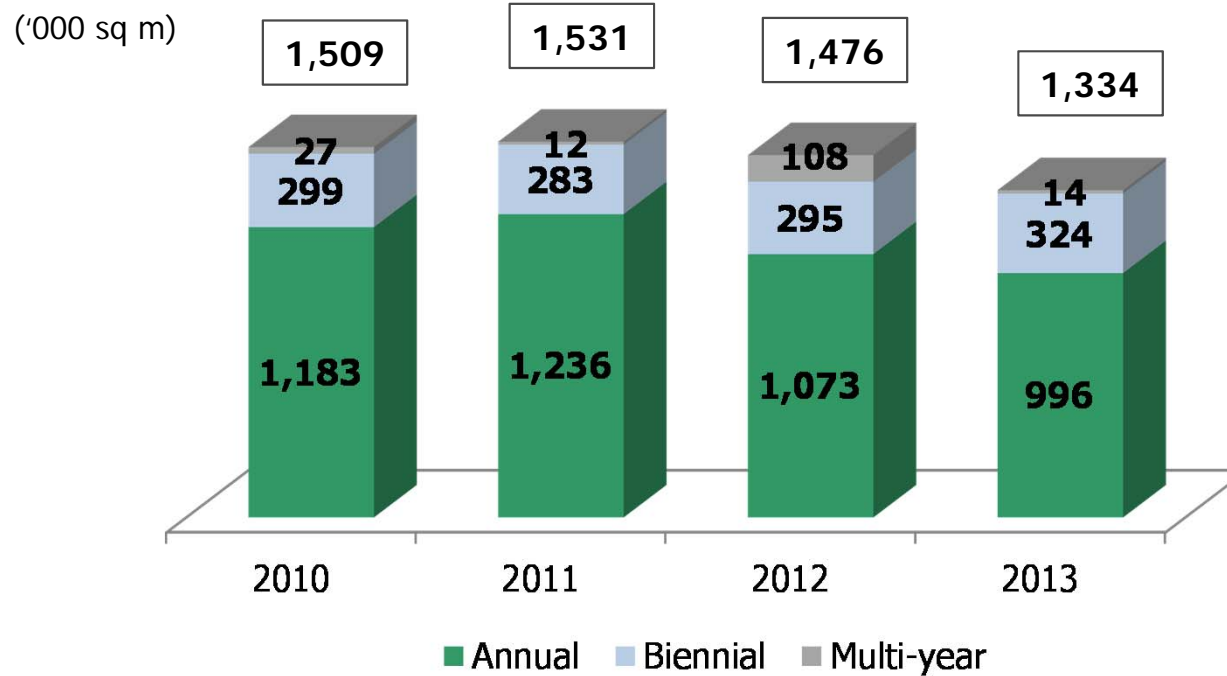
Closing remarks



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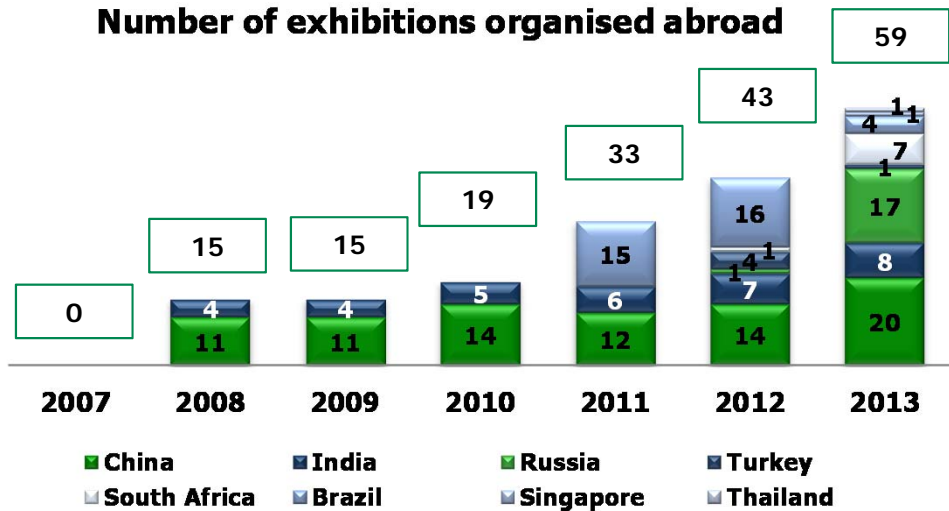


# Exhibition space rented out in Italy



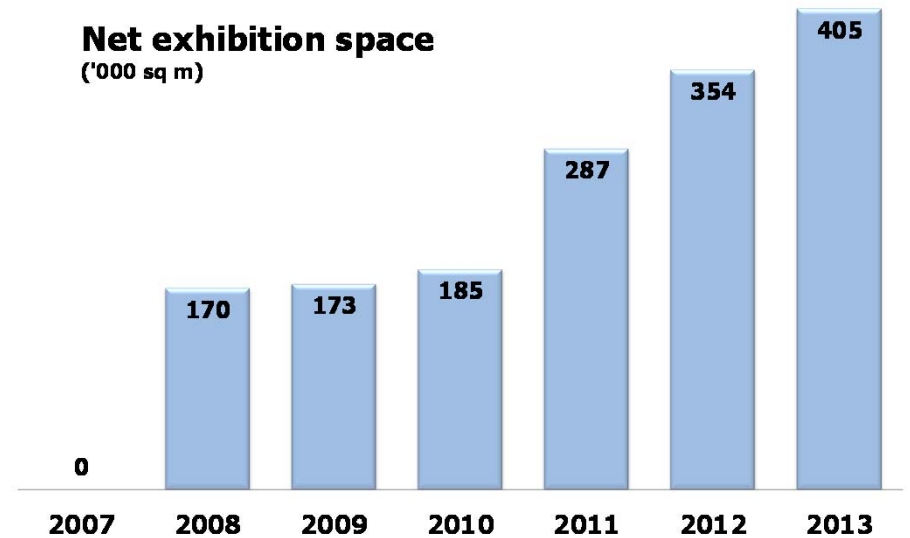
# Significant growth in foreign activities

Number of exhibitions organised abroad



59 exhibitions organised abroad in 8 countries in 2013

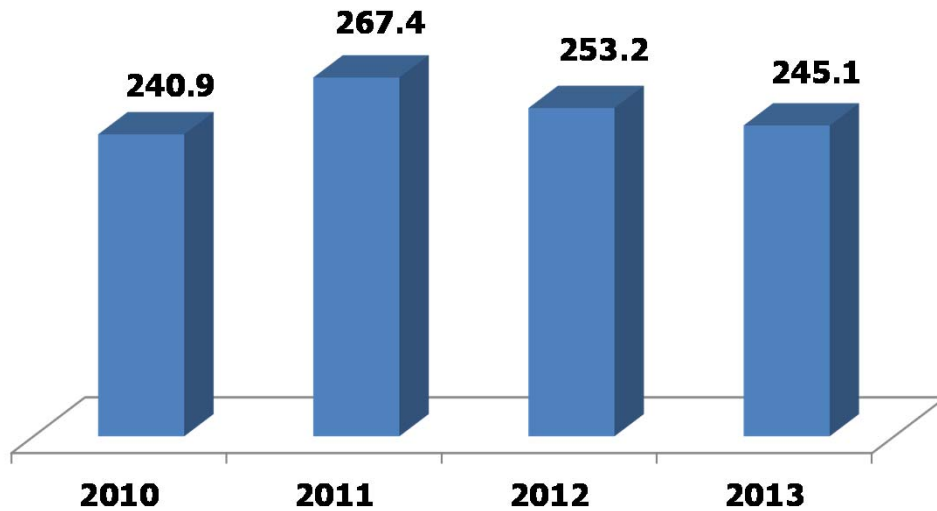
Net exhibition space ('000 sq m)



+19% CAGR in net exhibition space in 2008-2013

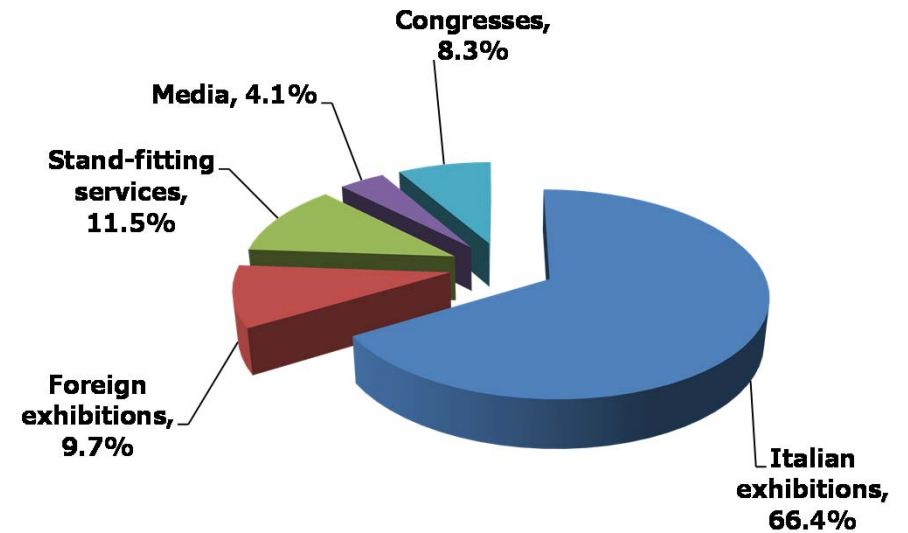
# Revenues

## Consolidated revenues (€ million)



Figures have been adjusted following the adoption of the new IFRS 11 Joint arrangements

## 2013 Revenues by operating segment



Figures, gross of adjustments for inter-segment transactions, include revenues of Joint Ventures



# Income Statement

2013 restated*	Consolidated Income Statement (€'000)	1H14	1H13 restated*
245,057	<b>Revenues</b>	138,582	132,725
2,155	<b>Gross operating result</b>	5,046	4,620
0.9%	Gross operating margin (%)	3.6%	3.5%
-17,087	<b>Net operating result (EBIT)</b>	-570	1,117
-7.0%	Net operating margin (%)	-0.4%	0.8%
-20,932	<b>Profit/loss before income tax</b>	-3,210	-687
-8.5%	Profit/loss before tax margin (%)	-2.3%	-0.5%
-16,625	<b>Profit/loss</b>	-3,738	-1,621
-6.8%	Profit/loss margin (%)	-2.7%	-1.2%
-16,498	<b>-attributable to Shareholders of the controlling entity</b>	-3,218	-1,521
-6.7%	Profit/loss before tax attributable to Shareholders of the controlling entity margin (%)	-2.3%	-1.1%
-127	<b>-attributable to non-controlling interests</b>	-520	-100
-0.1%	Profit/loss before tax attributable to non-controlling interests margin (%)	-0.4%	-0.1%

\* Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Condensed Interim Financial Statements at 30 June 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014



- 2013 results mainly reflect the extended slowdown in the domestic market and, in particular, some industrial sectors, together with the less favourable exhibition calendar compared to 2012
- 1H14 results reflect a more favourable Italian exhibition calendar but also the prolonged slowdown in the domestic market and were impacted by non-recurring expenses



# Net Financial Position

Consolidated Net Financial Position (€'000)	30/06/14	31/12/13 restated *
Cash (including bank balances)	13,178	11,416
Other cash equivalents	-	-
Securities held for trading	-	-
<b>Cash &amp; cash equivalents</b>	<b>13,178</b>	<b>11,416</b>
<b>Current financial assets</b>	<b>1,706</b>	<b>635</b>
Current bank borrowings	51,950	42,706
Current portion of non-current debt	14,547	12,699
Other current financial liabilities	24,771	20,572
<b>Current financial debt</b>	<b>91,268</b>	<b>75,977</b>
<b>Current net financial debt (cash)</b>	<b>76,384</b>	<b>63,926</b>
Non-current bank borrowings	33,527	34,408
Debt securities in issue	-	-
Other non-current payables	3,453	3,491
<b>Non-current net financial debt</b>	<b>36,980</b>	<b>37,899</b>
<b>Net financial debt (cash)</b>	<b>113,364</b>	<b>101,825</b>

\* Some figures in the Financial Position at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014



The increase in net debt was mainly due to operating cash flows that reflected the trend in working capital with higher current assets, as well as the financing of investments



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# Strategic guidelines

**Fiera Milano is focused on its core business with the strategic aim of consolidating its leadership position and expanding further in foreign markets**

The strategic guidelines of the Group are:

- **Strengthening the exhibition portfolio in Italy** through the launch of new exhibitions and the repositioning of some of the existing exhibitions
- **Internationalisation** through the consolidation of its presence in high growth markets, the acquisition of exhibitions offering synergies with the existing exhibition portfolio and the export of proprietary exhibitions

2014 represents the eve of the World Expo to be held in Milan in 2015: Fiera Milano is ready to seize all the opportunities that it can generate through its integrated offer of high quality services to **EXPO 2015**



# From MACEF to... HOMI

- The first two editions of HOMI took place in January and September 2014 in an exhibition space of **more than 140,000 net sq metres with 2,600 national and international exhibitors and selected buyers**
- HOMI is the **new international Lifestyle exhibition**, focusing on the home and on people and their surroundings and lifestyle preferences
- HOMI has a strong identity: it is the synthesis of Italian elegance and excellence
- HOMI proposes a synergy between style and business, giving centre stage to **new distribution channels**, the fruit of product category cross-fertilisation signaling a new concept in product marketing, for both exhibitors and visitors
- The satellite format is the inspiration behind the **10 exhibition areas**, each presenting distinct life and lifestyle visions: trends for the home, for indoor and outdoor living, ideas to make the most of both night and day, solutions for experimenting with and sharing well-being in all its forms
- Fiera Milano has signed a **strategic agreement with Sistema Moda Italia** to promote the presence of leading companies in the household textile sector **and** also an alliance with **Federlegno Arredo** jointly to showcase furniture and home accessories from the next edition in January 2015
- In October 2014 the first edition of **HOMI Russia** will take place in Moscow simultaneously with the Worldwide Salons to be held **during Moscow Design Week**, at which 50,000 buyers from all over the world will be present



# The satellite format



# BIT



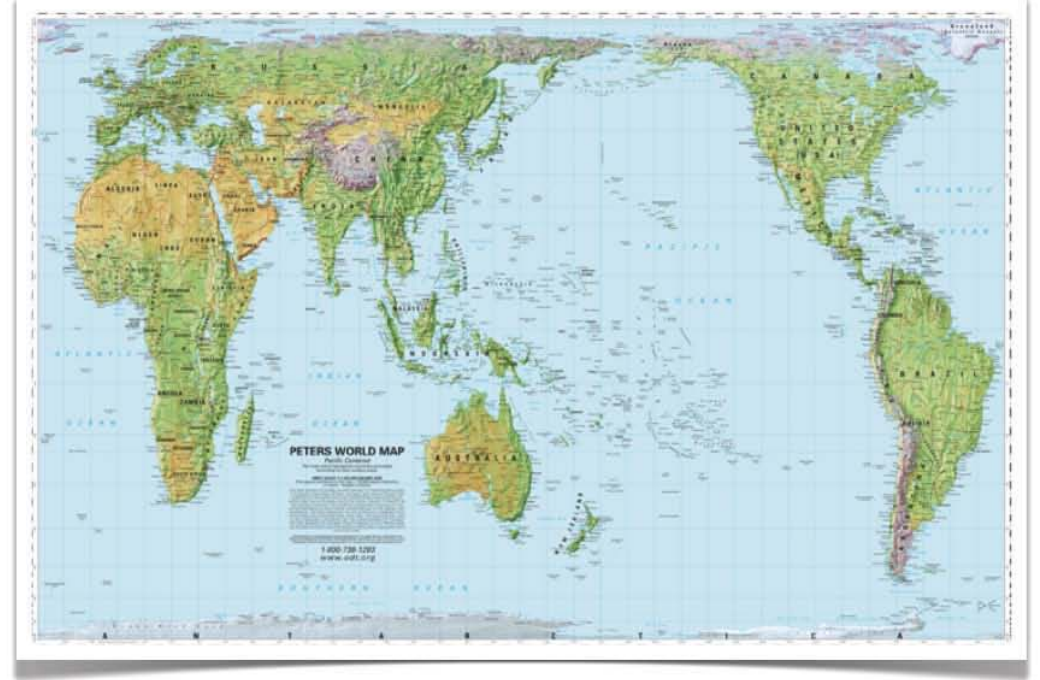
## Bit.2015

SHAPE YOUR TRIP.  
MAKE YOUR BIT.

- Definition of a new format and Brand Image
- New segments are added to traditional Leisure sector (Mice, Luxury, Digital–Technology)
- New area dedicated to Sport & Active Holidays to increase B2C Visitors on Saturday
- New contents to offer to exhibitors and visitors (1st Tourism Congress, 1st Talk-show with Top Managers from Tour Operator segment and Distribution Networks, “Think with Bit” 1st Market Research Center, Digital Arena Events)
- Increase in professional operators: objective of over 2,000 attendees
- Increase in international visitors: in 2015 representation will be extended to Italian buyers for the section dedicated to the foreign tourist offering, increasing the number of specialist *hosted buyers* present to 1,500 Italian and foreign attendees
- BIT in the World: initiation of the internationalisation strategy with a presence in China at the GITF exhibition in 2015



# In order to operate at a global level you must see the world as it is



**WE MAY NOT BE AT THE CENTRE OF THE WORLD  
THE RELATIONSHIP BETWEEN COUNTRIES MAY DIFFER FROM HOW WE IMAGINE IT**



# International strategy

## EXPORT PROPRIETARY EXHIBITIONS

Export proprietary exhibitions to fast-growing countries  
Bring foreign proprietary brands to Italy and to other target countries

## EXPORT EXHIBITIONS OWNED BY THIRD-PARTIES

Use the Group's international platform to develop outside Italy those exhibitions organised by third-parties and hosted in Milan

## DEVELOP THE NETWORK FOR INTERNATIONAL ATTENDEES

Expand the presence of international exhibitors and buyers through a direct presence in the main European countries and through a network of marketing agents

## BUSINESS DEVELOPMENT

Penetration of countries with strong economic growth through acquisitions, joint ventures and/or commercial partnerships

## CONSOLIDATE EXHIBITIONS IN FAST-GROWING COUNTRIES

Consolidate the existing presence in fast-growing countries and expand the portfolio of exhibitions

# Expo 2015



## EXPO 2015 S.p.A.

- Fiera Milano became an **Official Partner for Operations of Expo 2015**
- **Fiera Milano was awarded:**
  - **the planning of the “Clusters”** – nine shared pavilions dedicated to single themes based on food chains
  - **the planning of the Expo Centre and Padiglione Zero**
  - **the planning of stand fittings for the four Thematic Areas and Padiglione Italia**

## Countries participating in EXPO 2015

**Fiera Milano will offer** local know-how and will **supply a full range of top quality services:** structural design and construction, facility management, catering and marketing, communication and events, technical management of pavilions, logistics and customs matters



The Company signed preliminary **agreements with leading international operators that organise and manage large events** and that have long-standing experience in World Expos (**Pico Increative UK Ltd, NUSSLI Italia Srl, Gielissen, A&A company, Viva Group**)

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# Closing remarks

- Leadership in the Italian and European trade show market with a wide and diversified portfolio of exhibitions, almost entirely B2B
- Presence in fast-growing countries and a strategy focused on further international development to capture the demand in dynamic countries and on developing systems to achieve synergies with flexible integration
- Higher operating margin due to increasing foreign activity
- Upside potential from its integrated offer of high quality services to EXPO 2015



# Appendix



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# Fiera Milano history

**1920**

Eight entrepreneurs organise the first trade fair in Milan aimed at showing sample products to acquire commercial agreements

**1922**

Fiera Milano Campionaria Internazionale ("Ente Autonomo") is set up by the committee of eight entrepreneurs and obtains charitable status

**1960-1970**

Fiera Campionaria grows at a fast pace becoming the market place for "Made in Italy" products

**1980**

Fiera Campionaria becomes "Fiera d'Aprile". In addition to the traditional annual trade fair, the first sector exhibitions are launched. Since 1991, the exhibition calendar includes only sector based exhibitions



**1990**

In 1997 Ente Autonomo increases the exhibition capacity by opening three new pavilions located in an industrial area next to Fiera (the "Portello" area)

**2000**

From February 2000, Ente Autonomo acts as a "Fondazione" and, in July 2000, spins off Fiera Milano ("FM"), a new company active in exhibitions management and related services. In October 2000 FM starts its activities

**2001**

FM acquires the previously rented trade fair business from Fondazione

**2002- today**

In December 2002 FM is listed on the Italian Stock Exchange. In 2005 the Rho exhibition complex opens. FM acquires some important exhibition organisers in Italy and develops services. FM grows abroad in fast-growing countries

# Congresses



Fiera Milano Congressi is active in the organisation of congresses, conventions and conferences through the **management of Europe's newest and largest congress centre, MiCo, Milano Congressi:**

- 18,000 seats, an auditorium with 4,500 seats, 73 rooms with seating for from 20 to 2,000, ancillary exhibition space of 54,000 sq m

The Group also manages:

- Stella Polare Congress Center (Rho)
- Stresa Convention Centre, the events venue on Lake Maggiore
- Momec, the executive business suite in Rome

The Company runs over 500 events a year ranging from big international congresses and conventions to gala dinners and product launches

# Stand-fitting services and Media



The subsidiary NoloStand offers **stand-fitting services**, technical services and all exhibition site services for exhibitions and congresses

The Group produces content and supplies on line and off line publishing services, as well those associated with the organisation of events and congresses

This segment includes the following sectors:

- publishing and digital services
- events and training





# Italian exhibition portfolio: main events

Exhibition	Industry	Frequency	Sq.metres (‘000)	Number of exhibitors
Salone del mobile + Eurocucina + Salone del Bagno	Furniture and furnishing	Annual	219	1,520
HOMI first semester + Macef Autunno Bijoux	Homeware and gifts	Annual	142	2,460
Micam (Spring) + Micam (Autumn)	Textiles, clothing & accessories	Annual	136	2,985
Mostra Convegno Expocomfort	Building and related furniture	Biennial	125	1,540
Host	Commerce - Services	Biennial	101	1,555
EMO	Industrial machinery	Multi-year	96	1,415
Eicma Moto	Vehicles and related equipments	Annual	93	605
Made Expo	Architecture, design and building	Annual	59	980
CPHI	Health and Environment	Multi-year	58	1,400
Plast	Industrial machinery	Multi-year	56	1,020

# Exhibition sectors by country

	<u>Italy</u>	<u>Brazil</u>	<u>China</u>	<u>India</u>	<u>Russia</u>	<u>Singapore</u>	<u>South Africa</u>	<u>Turkey</u>	<u>Thailand</u>
AGRICULTURE, FORESTRY, FISHERY			●						
ART	●						●	●	
AUTOMOBILES, MOTORCYCLES	●		●						
BEAUTY AND PERSONAL CARE								●	
BUSINESS SERVICES, RETAIL	●							●	
CONSTRUCTION, INFRASTRUCTURE	●	●	●						
ENERGY, OIL, GAS	●	●	●						
AUTOMATION AND ENGINEERING	●	●	●	●					
FOOD AND BEVERAGE, HOSPITALITY	●	●	●	●			●		
HEALTH AND REHABILITATION	●	●				●			
IT AND TELECOMMUNICATIONS	●			●					
JEWELRY, WATCH & ACCESSORIES	●								
LEISURE, HOBBY, ENTERTAINMENT	●	●	●				●	●	
PREMIUM, HOUSEHOLD, GIFTS, TOYS	●	●			●			●	
SECURITY, FIRE SAFETY, DEFENSE	●	●							
TEXTILES, APPAREL, FASHION	●		●						
TRANSPORT, LOGISTICS, MARITIME	●		●	●				●	
TRAVEL	●		●						
OTHERS	●		●						●

# Synergies across continents

## Own exhibitions exported from Italy

### HOMI to:

- Russia (Moscow since 2014)

### Food Hospitality World to:

- India (Bangalore since 2012; Mumbai since 2012)
- China (Guangzhou since 2012)
- Brazil (São Paulo since 2013)
- South Africa (Cape Town since 2014)

## Third-party exhibitions exported from Italy

TheMICAM to: China (Shanghai since 2013)

Enersolar+ to: Brazil (São Paulo since 2012)

## Own exhibitions exported from Brazil

### Reatech to:

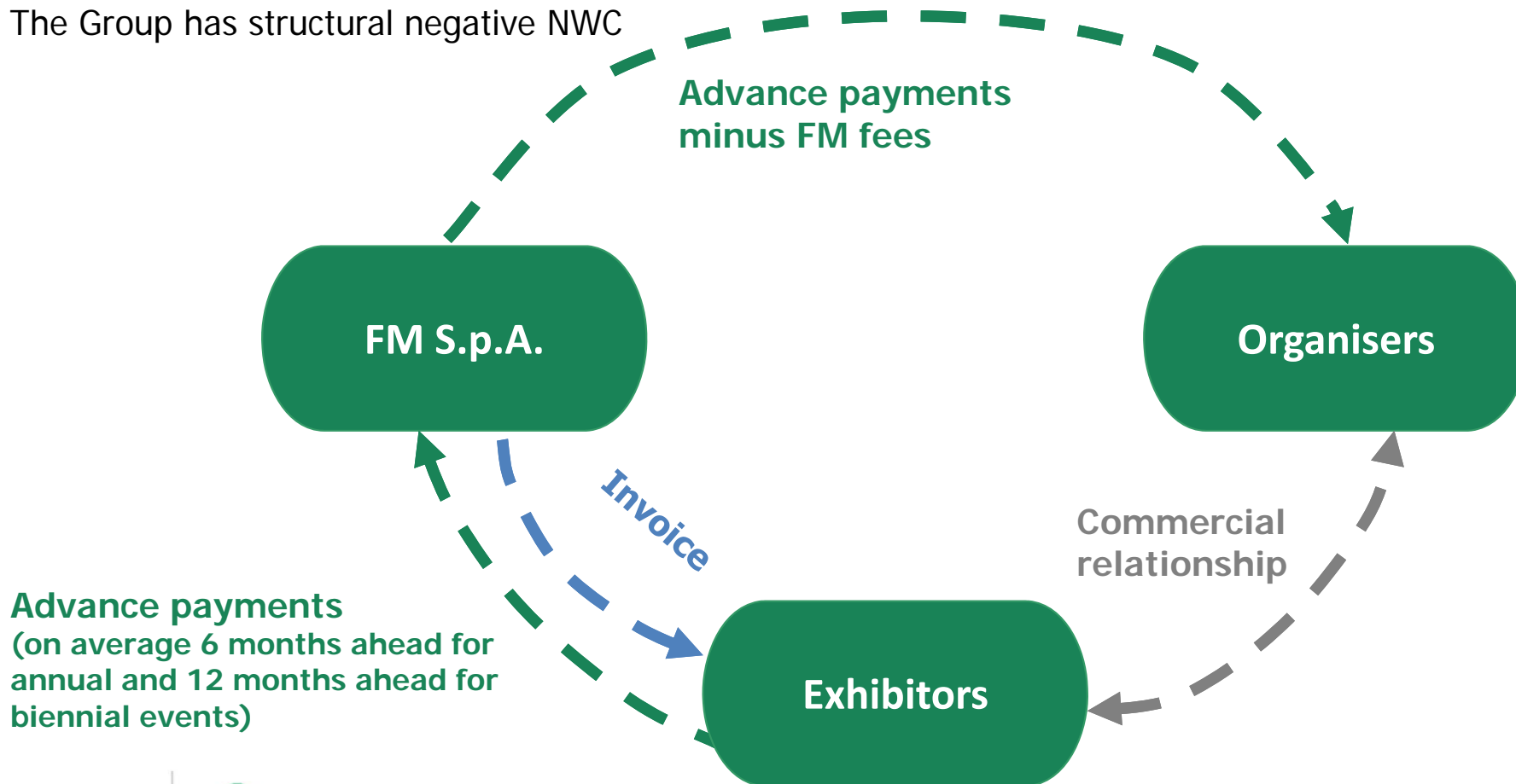
- Singapore (RehabTech Asia since 2013)

# Favourable payment cycle

Main financial clauses in the contractual agreements with organisers:

- standard contract guarantee (minimum guaranteed)
- significant advance payments
- treasury management services on behalf of organisers

The Group has structural negative NWC



# Rental contract

- On 31 March 2014 Fiera Milano and the Controlling Shareholder Fondazione Fiera Milano, owner of the exhibition sites in Rho and Milan, signed the leasing contracts **of the exhibition sites**
- **Rho site**
  - the rent will be Euro 24.4 million in the second half 2014 and Euro 38.8 million per annum from 2015; this is **a decrease of Euro 2 million for the second half of 2014 and Euro 14 million per annum from 2015** compared to the current contract
  - **For 2015**, due to the presence of Expo 2015 and the expected positive impact on Fiera Milano's business, the Company will pay **an additional variable rent** of 15% of the difference between the Parent Company revenues for the year and the average annual revenues in 2012-2014 **up to a maximum of Euro 10 million**
- **Milan site**
  - The parties confirmed the current rent of Euro 2,850,000

# Statement of Financial Position

Consolidated Statement of Financial Position (€'000)	30/06/14	31/12/13 restated*
Non-current assets	209,193	209,402
Net working capital	-39,941	-49,186
<b>Gross capital employed</b>	<b>169,252</b>	<b>160,216</b>
Non-current liabilities	21,524	20,929
<b>Total net capital employed</b>	<b>147,728</b>	<b>139,287</b>
<b>Equity</b>	<b>34,364</b>	<b>37,462</b>
<b>Net financial position</b>	<b>113,364</b>	<b>101,825</b>
<b>Equity and net financial position</b>	<b>147,728</b>	<b>139,287</b>

\* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014

# Forward-Looking Statements

This document has been prepared by Fiera Milano S.p.A. solely for information purposes and for use in presentations of the Group. The information contained herein has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the company, its affiliates, or its representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

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This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The Manager responsible for preparing the company's financial reports Flaminio Oggioni declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document corresponds to the official documents, books and accounting records.

# Fiera Milano SpA

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