



FIERA MILANO

Fiera Milano Group Presentation

STAR Conference Presentation
Milan, 26 March 2014



- Market and company overview
 - Financials
 - Strategy
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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



It has two venues in Milan with a total of **388,000 gross sq m** of indoor space (+ 60,000 sq m of outdoor space)

Fiera Milano is a successful exhibition organiser **in fast-growing countries** with a **portfolio of about 80 exhibitions**

In 2013 it hosted 113 exhibitions in Italy and abroad with **over 30,000 exhibitors** and over five million visitors, of which 30% were business people

In 2013 it rented out 1.7 million net sq m of exhibition space, of which 23% was abroad

At 31 December 2013, **it had 826 employees** (of which 205 abroad)



- 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:

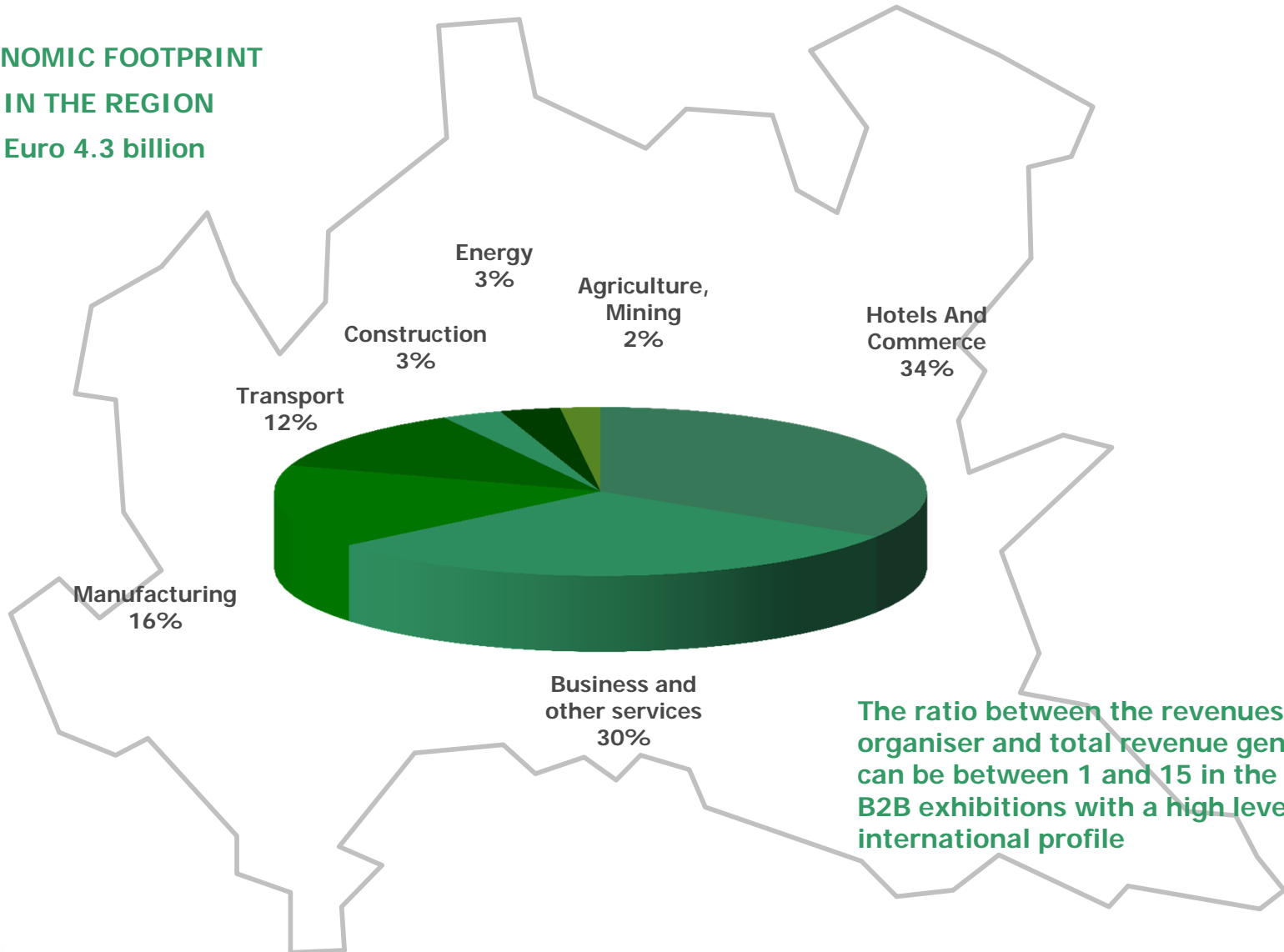
- to feature among the leading global companies in the exhibition sector
- to offer companies a more effective business platform to raise awareness of their existence, instigate fruitful contacts and increase their business opportunities
- to be a leader in new growth areas worldwide while promoting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



Estimated economic imprint of Fiera Milano's operations



**ECONOMIC FOOTPRINT
IN THE REGION**
Euro 4.3 billion



The ratio between the revenues of the organiser and total revenue generated can be between 1 and 15 in the case of B2B exhibitions with a high level of international profile

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

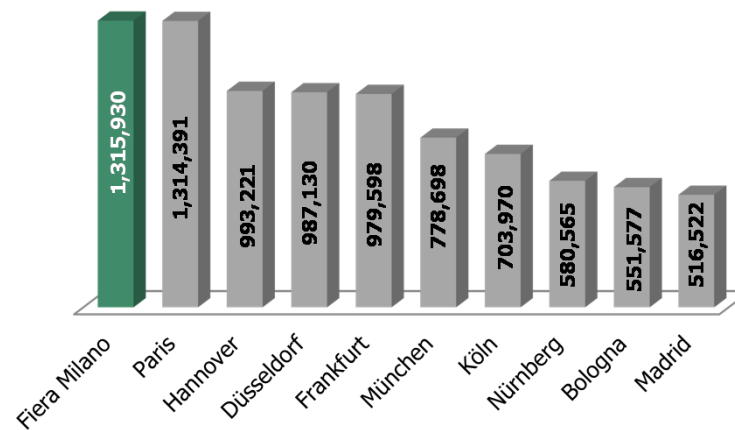
| Leading Exhibition Sites in Italy | Gross Indoor Capacity (sq m. '000) |
|-----------------------------------|------------------------------------|
| Fiera Milano (Rho site) | 345 |
| Bologna | 200 |
| Verona | 152 |
| Rimini | 109 |

Source: EMECA, July 2013

| Top 10 Exhibitions Sites in the World | Gross Indoor Capacity (sq m. '000) |
|--|------------------------------------|
| Hanover | 460 |
| Frankfurt | 356 |
| Fiera Milano (Rho site) | 345 |
| China Import & Export Fair Complex Guangzhou | 340 |
| Cologne Exhibition Sites | 284 |
| Dusseldorf Exhibition Sites | 263 |
| Paris - Nord Villepinte | 243 |
| McCormick Place Chicago | 242 |
| Fira Barcelona Gran Via | 240 |
| Feria Valencia | 231 |

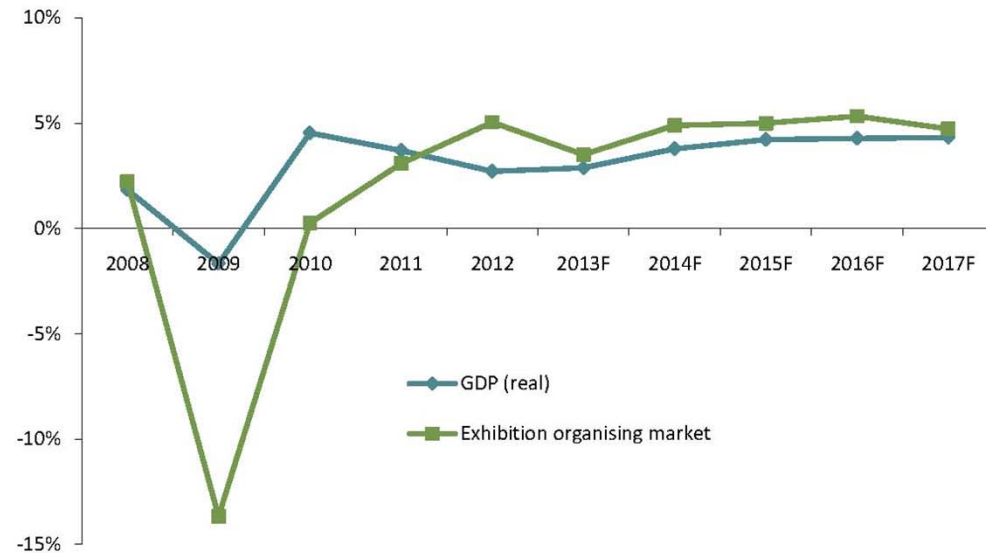
Source: AUMA, January 2013

Fiera Milano is the **European leader** for net sq m of exhibition space rented out to international exhibitions



Source: Cermes Bocconi, 2013 - Data refer to 2010-2011

Global exhibitions market v GDP growth

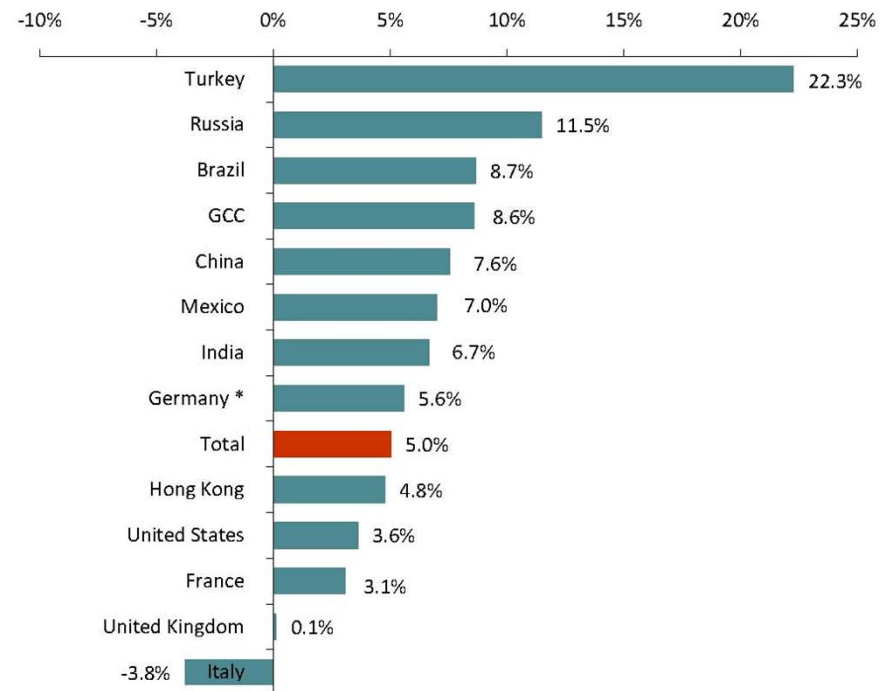


Source: AMR International Globex Report

- The exhibition industry is strongly linked to the performance of the underlying economy with a lag of 6-12 months
- In 2009 the 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 centres

Exhibition market by country

Exhibition organising market growth by country (2012)



* Germany is like-for-like growth

Source: AMR International Globex Report

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



ACTION UNDERTAKEN

Rationalisation of site management costs
Labour cost containment initiatives
Corporate reorganisation: merger of similar and synergistic companies
Centralisation of departments: shared Group services
Renegotiation of rent of the Rho exhibition site

Structural 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

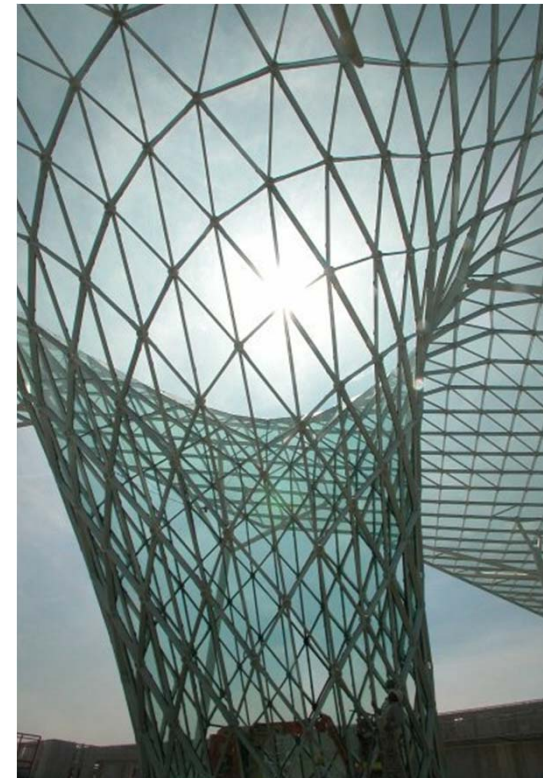
From 93 directors and statutory auditors as at 31 December 2008 to 13 directors and 3 statutory auditors in the 3 subsidiaries today

Rental costs

Strong reduction of the rent of the Rho exhibition site

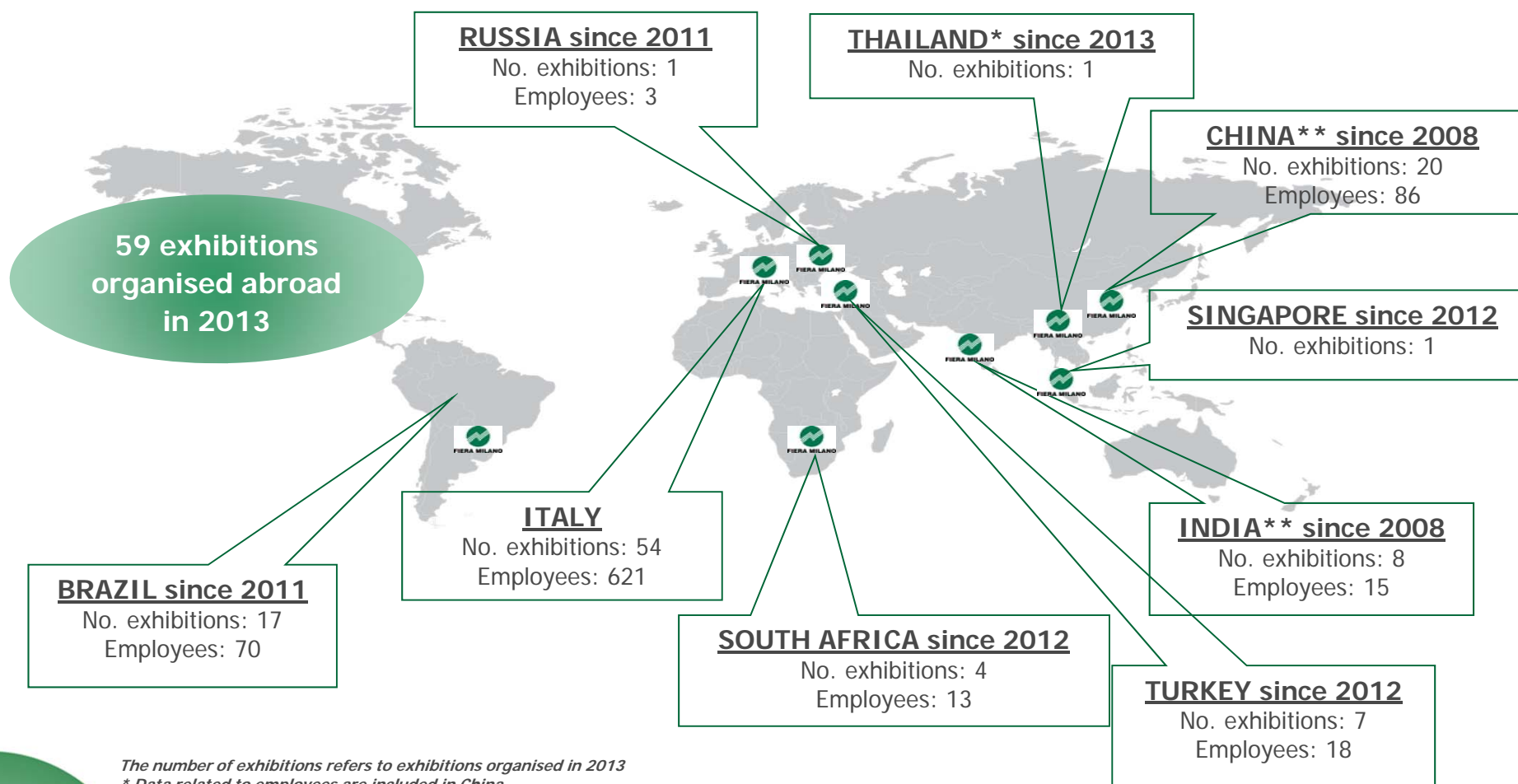
-27%

- On 14 March 2014 Fiera Milano and the Controlling Shareholder Fondazione Fiera Milano, owner of the exhibition sites in Rho and Milan, reached an **agreement on the rent 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



After 6 years and over Euro 40 million invested...

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



The number of exhibitions refers to exhibitions organised in 2013
* Data related to employees are included in China
** Data related to employees corresponds to the pro-quota of total employees

Own exhibitions exported from Italy

HOMI to:

- Brazil (São Paulo since 2012)
- Russia (Moscow since 2012)

Food Hospitality World to:

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

- Italy (Reatech since 2012),
- Singapore (RehabTech Asia since 2013)

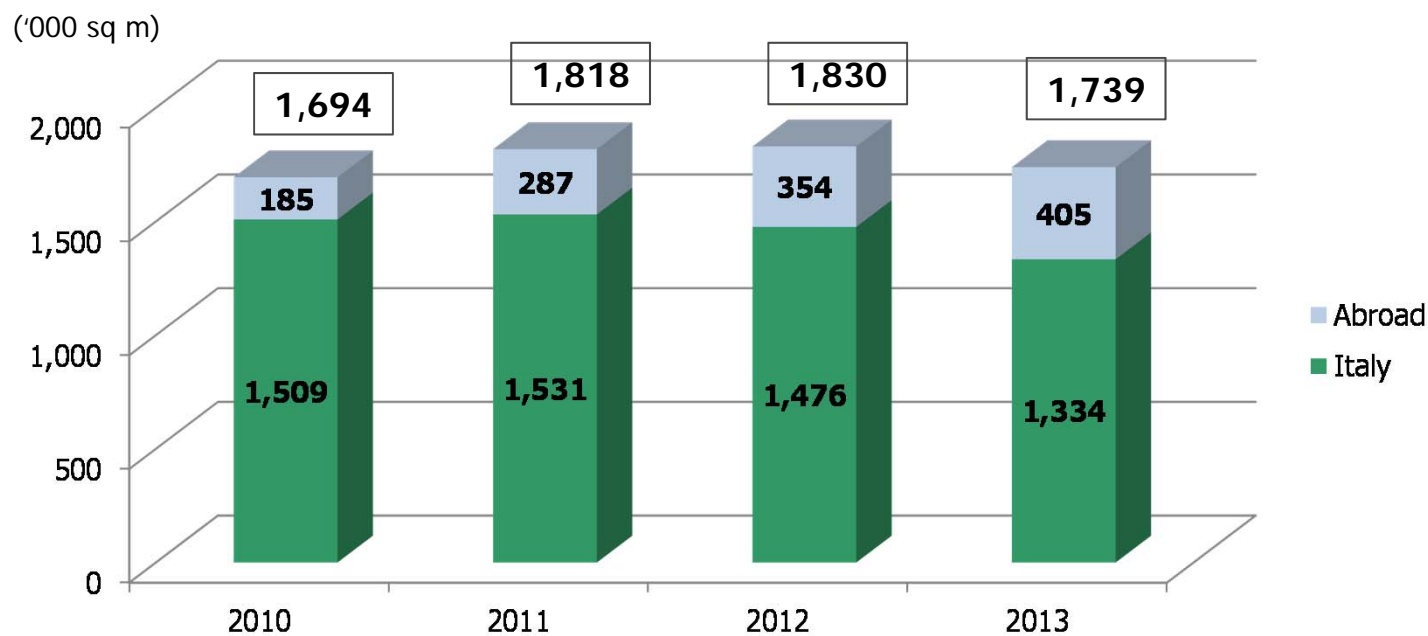


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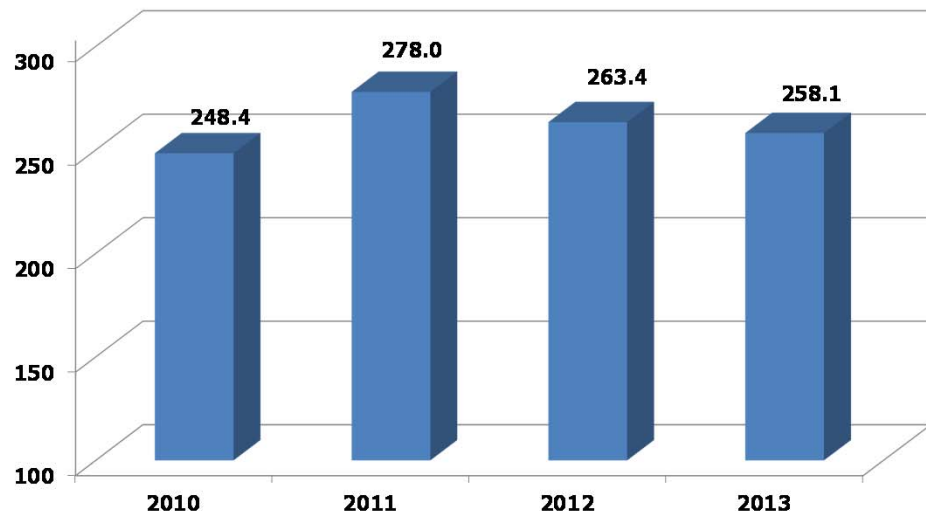
Exhibition space rented out



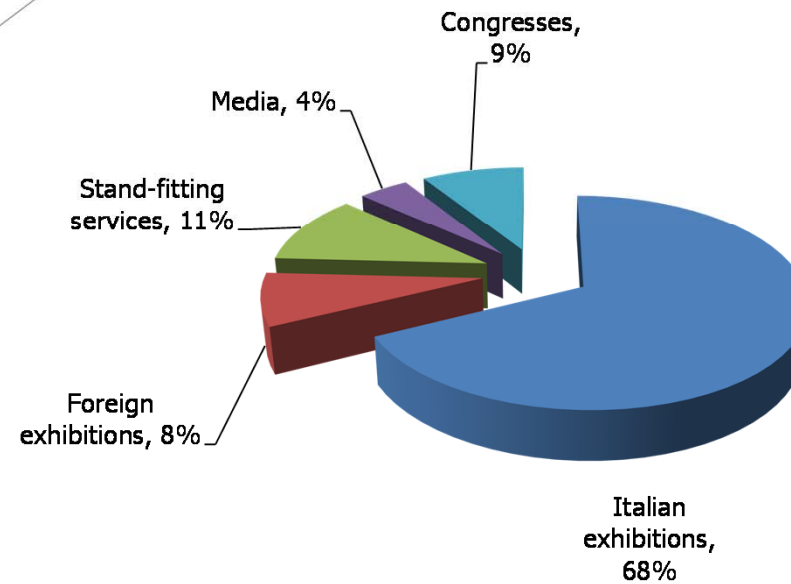
Consolidated revenues



Consolidated revenues
(€ million)



2012 Revenues by operating segment



Consolidated Income Statement

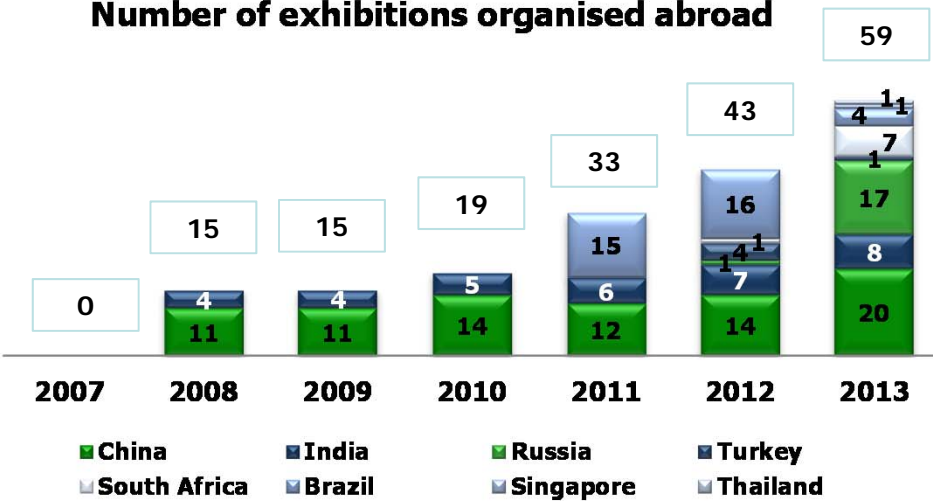
| Income Statement (€'000) | FY13 | FY12 |
|---|-----------------|----------------|
| Revenues | 258,142 | 263,408 |
| Gross operating result | 3,333 | 17,933 |
| Gross operating margin (%) | 1.3% | 6.8% |
| Net operating result (EBIT) | (15,966) | 2,105 |
| Net operating margin (%) | -6.2% | 0.8% |
| Profit/(loss) before income tax | (19,634) | (1,098) |
| Profit/(loss) before tax margin (%) | -7.6% | -0.4% |
| Profit/(loss) | (16,625) | (1,453) |
| Profit/(loss) margin (%) | -6.4% | -0.6% |
| -attributable to the Shareholders of the controlling entity | (16,498) | (1,541) |
| Profit/(loss) attributable to the Shareholders of the controlling entity margin (%) | -6.4% | -0.6% |
| -attributable to non-controlling interests | (127) | 88 |
| Profit/(loss) attributable to non-controlling interests margin (%) | 0.0% | 0.0% |

The figures for the full financial years 2012 have been restated following application of the amendment to IAS 19. Compared to the previously published figures, the impact, due to the accounting of actuarial losses included in other comprehensive income, gives a reduction of Euro 0.483 million in losses for the full financial year 2012

Significant growth in foreign activities



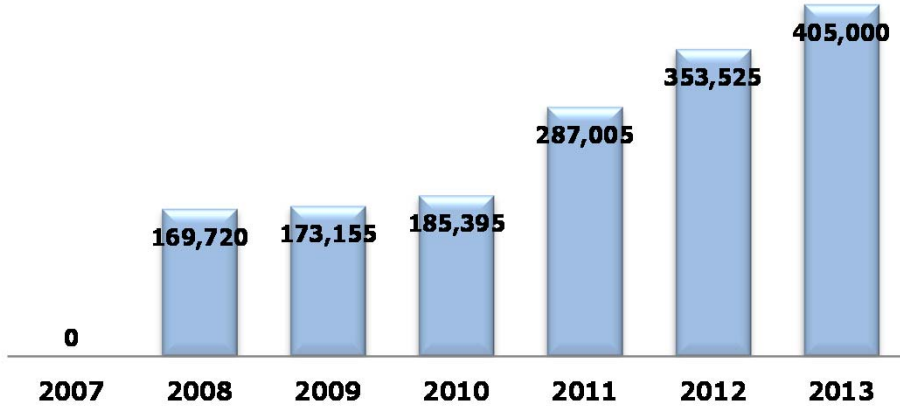
Number of exhibitions organised abroad



59 exhibitions organised abroad in 8 countries in 2013

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

Foreign exhibition space (net sqm)



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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 S.p.A.** and to those countries participating in EXPO 2015



From MACEF to... HOMI

HOMI
THE NEW MACEF

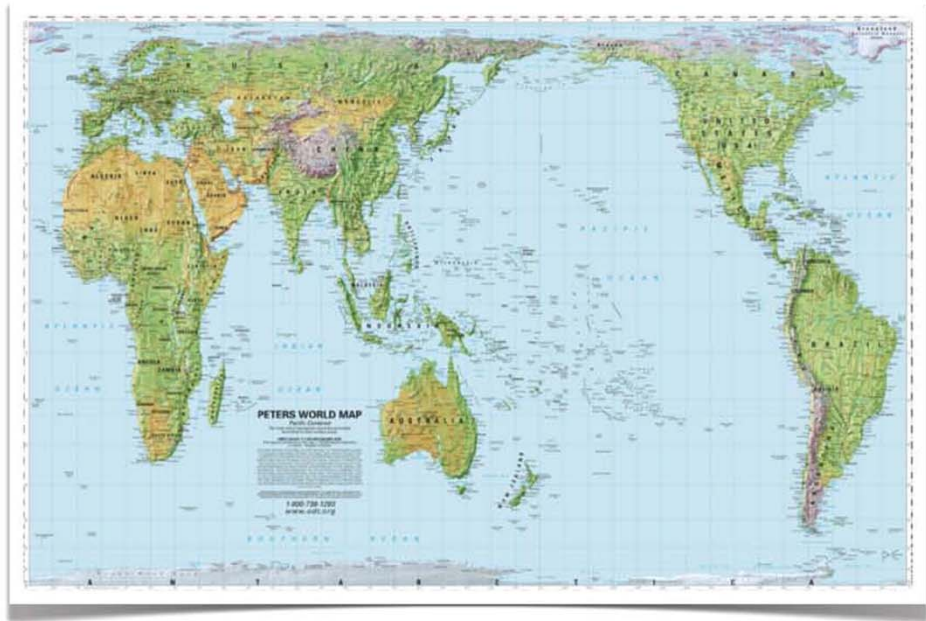
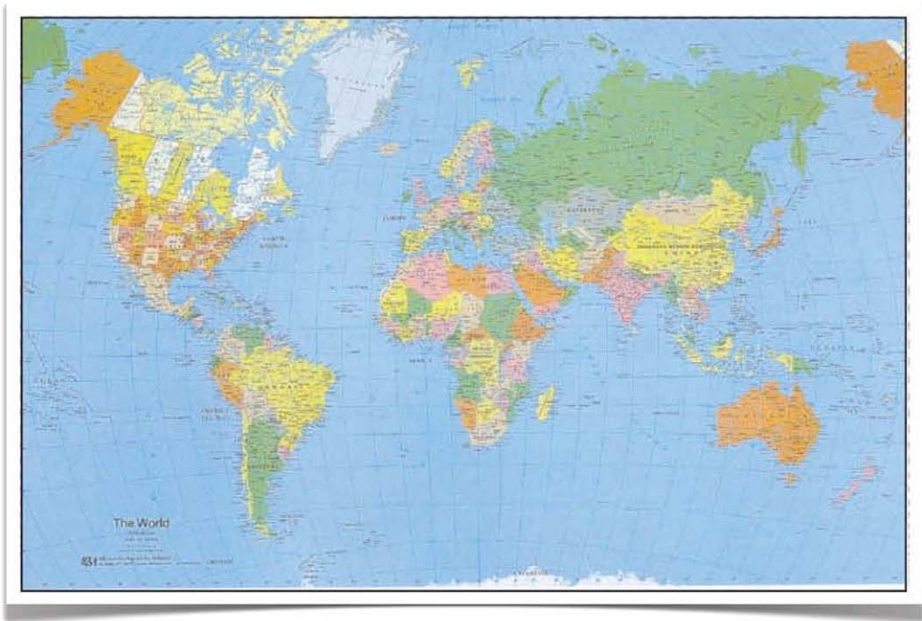


- The first edition of HOMI was held in January 2014 on a gross exhibition space of 80,000 sq m with 1,500 national and international exhibitors and 94,000 visitors
- HOMI is the new international lifestyle exhibition, focusing on the person, his/her environment and his/her habits
- HOMI has a solid identity: it is a synthesis of Italian elegance and excellence
- HOMI acts both as a frame for and a contemporary representation of future shops dedicated to the home and the individual
- The satellite format is the inspiration behind the 10 exhibition areas, representing inspirational life choices as much as lifestyle concepts: trends for indoor and outdoor living, ideas to make the most both of the day and night-time, solutions for experimenting with and sharing wellbeing in all its forms

The satellite format



**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

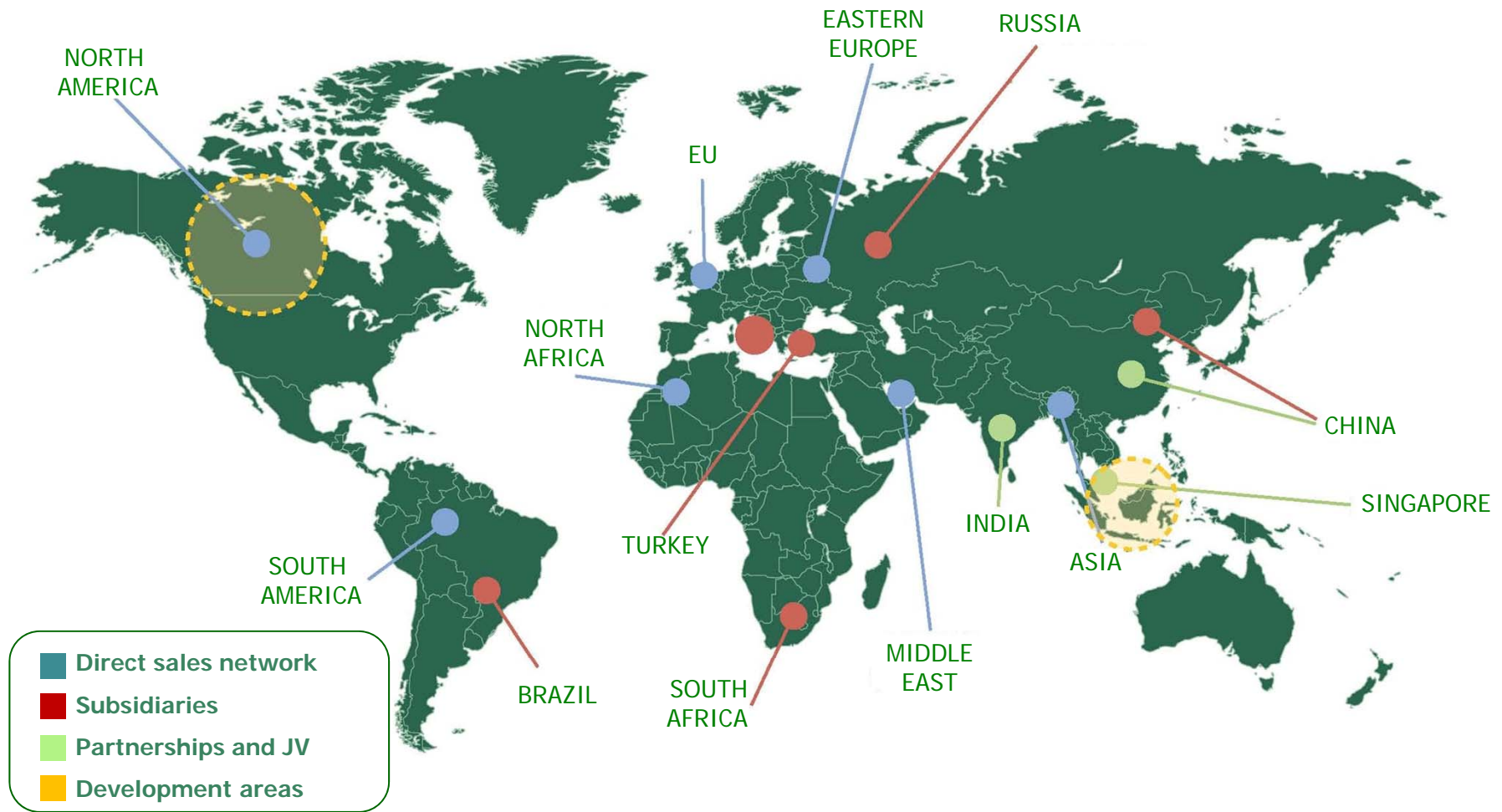
CONSOLIDATE EXHIBITIONS IN FAST-GROWING COUNTRIES

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

BUSINESS DEVELOPMENT

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

The future international presence of the Group



- **Investments totalling Euro 2.6 billion** are expected
 - Euro 1 billion of investments in Expo 2015 from foreign countries
 - A Euro 1.3 billion investment agreed by the government
 - Expo expects to receive Euro 300 million from companies




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**



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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- 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 S.p.A. and to those countries participating in EXPO 2015

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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

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

CONGRESSES

Management of conventions and congresses

MEDIA

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

STAND-FITTING SERVICES

Stand-fitting services

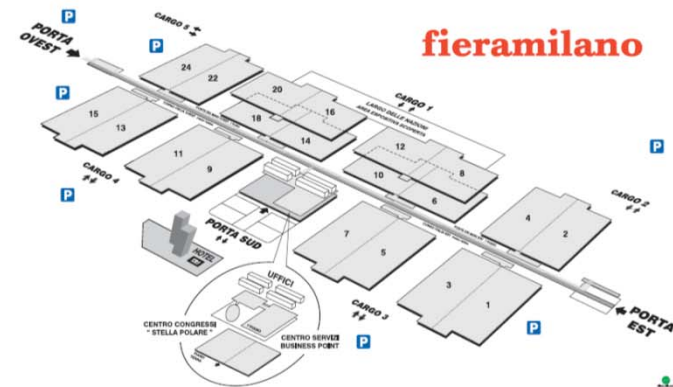
Italian and foreign exhibitions

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 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)
- 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



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 | ● | | ● | | | | | | ● |

Consolidated Statement of Financial Position

| Statement of Financial Position (€'000) | 31/12/13 | 31/12/12 |
|---|----------------|----------------|
| Non-current assets | 205,181 | 212,701 |
| Net working capital | (52,848) | (46,734) |
| Gross capital employed | 152,333 | 165,967 |
| Non-current liabilities | 24,035 | 26,474 |
| Net capital employed continuing operations | 128,298 | 139,493 |
| Net capital employed discontinued operations | - | 50 |
| Total net capital employed | 128,298 | 139,543 |
| Equity | 37,462 | 59,870 |
| Net financial position | 90,836 | 79,673 |
| Net equity and net financial position | 128,298 | 139,543 |

Consolidated Net Financial Position

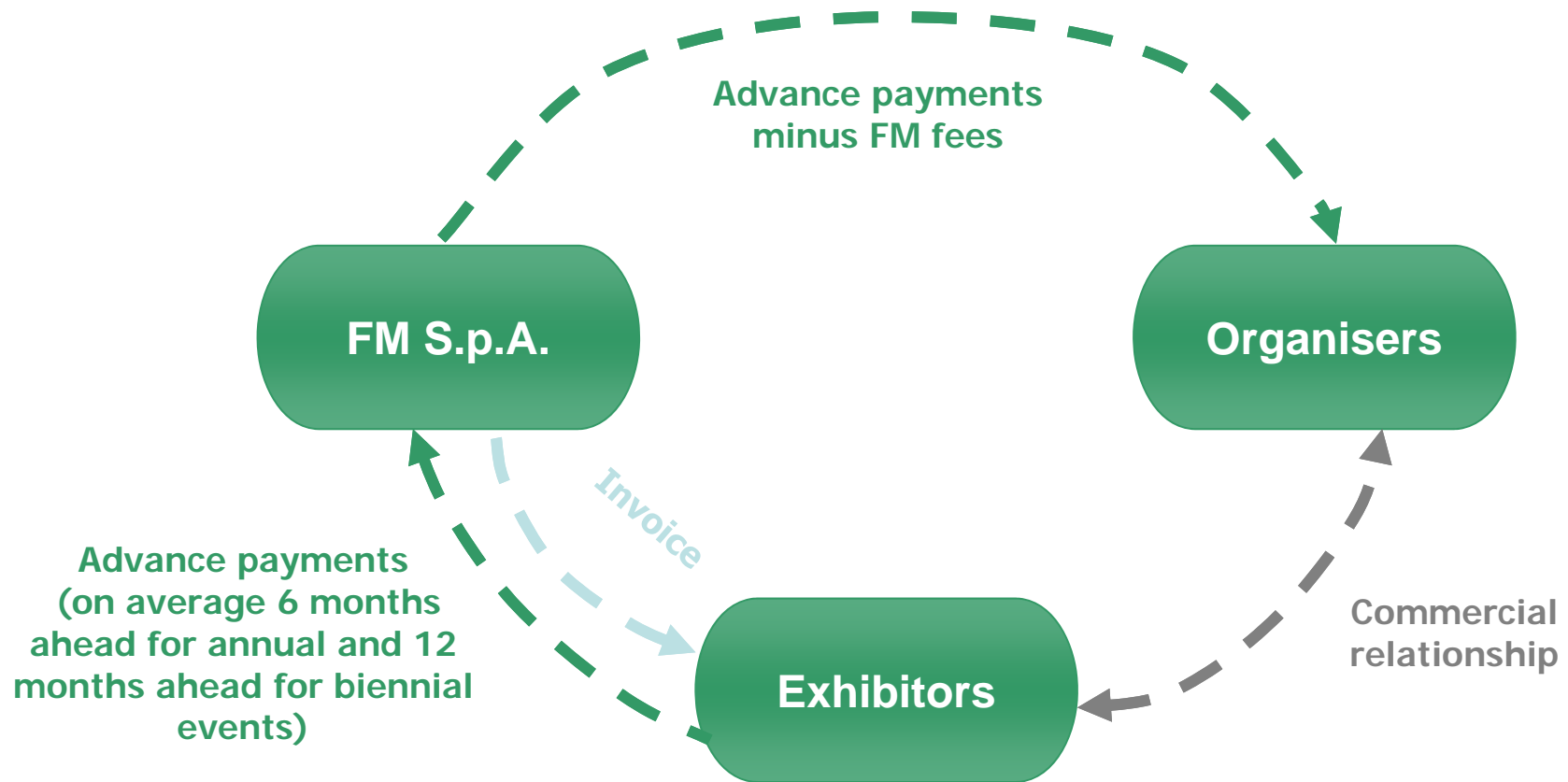
| Net Financial Position (€'000) | 31/12/13 | 31/12/12 |
|--|---------------|---------------|
| Cash (including bank balances) | 19,754 | 19,400 |
| Other cash equivalents | - | - |
| Securities held for trading | - | - |
| Cash & cash equivalents | 19,754 | 19,400 |
| Current financial assets | 324 | - |
| Current bank borrowings | 42,706 | 62,842 |
| Current portion of non-current debt | 12,745 | 8,140 |
| Other current financial liabilities | 20,572 | 320 |
| Current financial debt | 76,023 | 71,302 |
| Current net financial debt (cash) | 55,945 | 51,902 |
| Non-current bank borrowings | 34,506 | 27,226 |
| Debt securities on issue | - | - |
| Other non-current liabilities | 385 | 545 |
| Non-current net financial debt (cash) | 34,891 | 27,771 |
| Net financial debt (cash) | 90,836 | 79,673 |

Favourable payment cycle

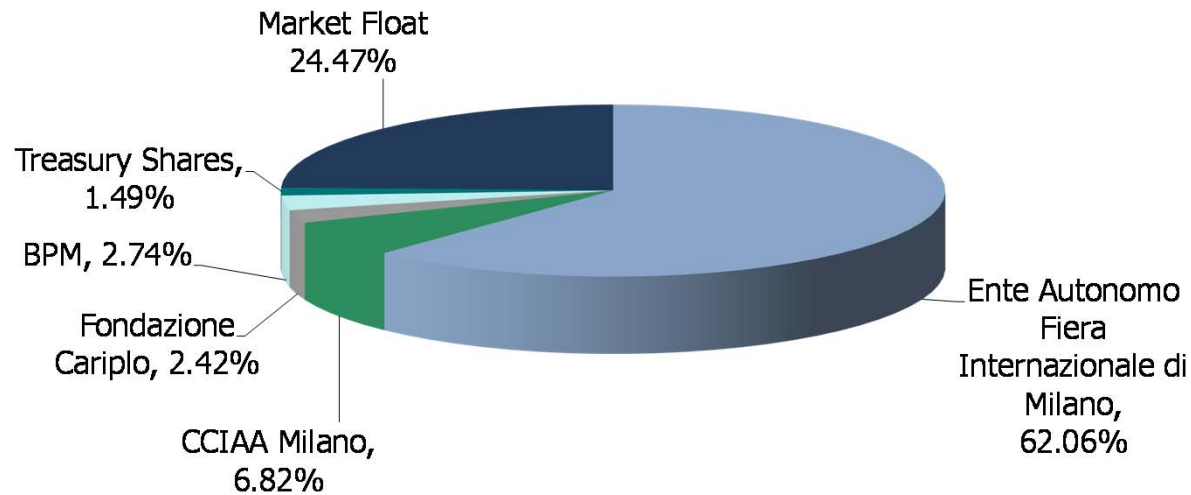


- Main financial clauses in the contractual agreements with organisers:
 - standard contract guarantee (minimum guaranteed)
 - significant advance payments
 - treasury management services on behalf of organisers

The Group has structural negative NWC



Shareholder structure



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

On 13 November 2012, 600,000 treasury shares (1.42% of the share capital) were placed with leading institutional investors

Forward-Looking Statements



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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.



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