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1st Half 2015 Consolidated Results

Fiera Milano Group

Conference Call – 28 July 2015



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1st Half 2015 highlights

- **Revenues and gross operating profit** in the first half 2015 **were considerably higher** than in the same period of 2014, **mainly due to the favourable exhibition calendar and to activities related to Expo 2015**
- Occupied **net exhibition space of 1,140,930 square metres** (34% from directly organised events) of which 142,265 square metres from exhibitions organised abroad
- **Record edition for Tuttofood**, the directly organised exhibition in the food sector, both in terms of exhibition space occupied and results
- 1H15 consolidated **revenues of Euro 181.5 million** (+32% year-on-year), positively affected by revenues from Expo 2015 (Euro 12.1 million in 1H15)
- Consolidated **gross operating profit of Euro 26.7 million** (Euro 5.3 million in 1H14)
- Consolidated **net operating profit of Euro 12.8 million** (loss of Euro 0.2 million in 1H14), impacted by the write-down of goodwill and trademarks of two foreign subsidiaries and of the Transpotec & Logitec exhibition trademark
- Consolidated **net profit of Euro 3.1 million** (loss of Euro 3.7 million in 1H14), including net losses from discontinued operations of Euro 2.0 million following the decision to divest the shareholding in the Turkish subsidiary given the downgrading of future growth expectations for the local exhibition market



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Events after the end of the period

- On 23 July 2015, the Company finalised the **acquisition of 100% of Ipack-Ima SpA**
 - ✓ The Company owns the following professional trade exhibitions organised in the Fiera Milano exhibition site
 - Ipack-Ima (triennial), one of the world's leading events for food and non-food processing and packaging
 - MeatTech (triennial), is a specialised trade fair for meat industry processing and packaging
 - Dairy Tech (triennial), is an exhibition dedicated to treatment and packaging technologies for the dairy sector
 - Fruit Innovation (annual), is an exhibition dedicated to products, technologies and services for the fruit and vegetable sector (Fiera Milano has a 50% participation in this exhibition)
 - Intralogistica Italia (triennial), is a trade fair which exhibits equipment and machinery relating to the internal corporate logistics requirements (50% of this exhibition is owned by Deutsche Messe)
 - ✓ The purchase price was Euro 2.5 million
 - ✓ Projections for 2015 are for revenues of more than Euro 16 million and a gross operating profit of about Euro 3.5 million

- On 27 July 2015 the Company finalised the **sale of its 60% stake in the Turkish subsidiary Fiera Milano Interteks Uluslararası Fuarcilik A.S.**



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Italian exhibition calendar

Exhibitions	Net sq. metres of exhibition space	
	1H15	1H14
Annual exhibitions		
Directly organised	117,720	114,900
Organised by 3rd parties	437,540	391,640
Total annual exhibitions	555,260	506,540
Biennial exhibitions		
Directly organised	128,360	-
Organised by 3rd parties	125,135	223,290
Total biennial exhibitions	253,495	223,290
Multi-year exhibitions		
Organised by 3rd parties	152,600	-
Total multi-year exhibitions	152,600	-
Total exhibitions	961,355	729,830
Congresses with related exhibition area	37,310	14,890
Total	998,665	744,720



- Annual exhibitions: first Spring edition of the biannual exhibition Lineapelle, and of Simac Tanning-Tech, an exhibition for leather goods manufacturing technology, My Plant & Garden, a B2B floriculture exhibition, and Fruit Innovation
- Biennial exhibitions: Tuttofood (a record edition of 74,885 square meters), Made Expo and Transpotec & Logitec
- Multi-year exhibitions: Plast in the plastics and rubber industry; Ipack-Ima in food and non-food processing and packaging, plus the new vertically integrated exhibitions Meat-Tech and Dairytech; and the World Dog Show



Italian exhibitions



Italian exhibitions	1H15	1H14
Revenues (€'000)	148,723	112,954
Gross operating result (€'000)	20,180	2,611
% on revenues	13.6%	2.3%
Net operating result (€'000)	15,221	-129
% on revenues	10.2%	-0.1%



- The increase in revenues was mainly attributable to the trend in net exhibition space occupied
- The gross operating result mainly reflected the trend in revenues and the fall in the rental costs for the **fieramilano** exhibition site, partially offset by the indemnity paid to the previous Chief Executive Officer, higher personnel costs for variable remuneration, and redundancy incentives
- The results also reflected the services provided to Expo 2015 and, in particular, the rent of areas for vehicle circulation and parking
- The net operating result was affected by the write-down of the Transpotec & Logitec exhibition trademark (Euro 1.6 million)

Foreign exhibition calendar

Exhibitions	Net sq. metres of exhibition space	
	1H15	1H14
Annual exhibitions		
China	88,630	87,265
Brazil	17,640	25,295
Turkey	8,810	10,815
India	5,495	4,340
South Africa	5,195	5,425
US	1,000	-
Total annual exhibitions	126,770	133,140
Biennial exhibitions		
China	13,770	1,200
Singapore	1,725	-
Total biennial exhibitions	15,495	1,200
Total	142,265	134,340



- China: postponement of Industrial Automation Shenzhen and M3 Fair Hainan offset by the presence of China Tourism International and the Commodities Fair; a more favourable exhibition calendar that included the biennial exhibition WoodMac China (woodworking machinery) and Metal and Metallurgy
- Brazil: cancellation of some new small exhibitions, a decrease in the size of both Exposec and Reatech, affected by local competition; postponement of the China Product Show Brazil
- India: Food Hospitality World organised in Mumbai and Bangalore
- South Africa: Good Food & Wine Show organised in Cape Town



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Foreign exhibitions



Foreign exhibitions	1H15	1H14 restated*
Revenues (€'000)	3,997	5,197
Gross operating result (€'000)	-1,001	-1,217
% on revenues	-25.0%	-23.4%
Net operating result (€'000)	-8,383	-1,693
% on revenues	-209.7%	-32.6%

* Some figures in the Consolidated Condensed Interim Financial Statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5



- Revenues in the first half 2015 were lower than those of the same period of the previous year mainly because of the decrease in the exhibition space occupied at the Brazilian exhibitions
- The year-on-year change in the gross operating result mainly reflected the trend in revenues but also the absence of costs taken in 1H2014 for the corporate restructuring in Brazil
- The net operating result was affected by the write-down of goodwill in the Brazilian subsidiary (Euro 4.5 million) and of the goodwill and trademark of the South African subsidiary (Euro 1.9 million) following risk indicators resulting from the weak performance in the period and lower growth expectations

Stand-fitting services



Stand-fitting services	1H15	1H14
Revenues (€'000)	35,216	21,486
Gross operating result (€'000)	4,899	2,041
% on revenues	13.9%	9.5%
Net operating result (€'000)	4,829	1,205
% on revenues	13.7%	5.6%



- Revenues increased by 64% mainly due to stand fittings for the EXPO 2015 auditorium and congress centre and the favourable exhibition calendar
- The increase in the gross operating result was mainly due to higher revenues

Media

Media	1H15	1H14
Revenues (€'000)	6,746	6,541
Gross operating result (€'000)	210	248
% on revenues	3.1%	3.8%
Net operating result (€'000)	80	-140
% on revenues	1.2%	-2.1%



- Revenues were higher than in the first half 2014 due to increased billboard revenues reflecting the more favourable exhibition calendar and higher revenues from digital services
- The trend in the gross operating result mainly reflected the trend in revenues but was offset by higher costs for the launch of digital services



Congresses

Congresses	1H15	1H14
Revenues (€'000)	18,409	14,891
Gross operating result (€'000)	2,435	1,575
% on revenues	13.2%	10.6%
Net operating result (€'000)	1,089	538
% on revenues	5.9%	3.6%



- Revenues increased mainly due to the Cisco Live 2015 event, the presence of some important international congresses, and the management of the Expo 2015 Congress Centre and the Auditorium
- The improvement in the gross operating profit was mainly due to the positive trend in revenues in this segment but was affected by an increase in rental costs for the MiCo Congress Centre

Income Statement

Consolidated Income Statement (€'000)	1H15	1H14 restated*
Revenues	181.532	137.596
Gross operating result	26.715	5.305
Gross operating margin (%)	14,7%	3,9%
Net operating result (EBIT)	12.774	-210
Net operating margin (%)	7,0%	-0,2%
Profit/loss before income tax	10.624	-2.820
Profit/loss before tax margin (%)	5,9%	-2,0%
Profit/loss from continuing operations	5.136	-3.360
Profit/loss margin (%)	2,8%	-2,4%
Profit/loss from discontinued operations	-1.988	-378
Profit/loss	3.148	-3.738
Profit/loss margin (%)	1,7%	-2,7%
-attributable to Shareholders of the controlling entity	3.946	-3.295
Profit/loss before tax attributable to Shareholders of the controlling entity margin (%)	2,2%	-2,4%
-attributable to non-controlling interests	-798	-443
Profit/loss before tax attributable to non-controlling interests margin (%)	-0,4%	-0,3%

* Some figures in the Consolidated Condensed Interim Financial Statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5



Statement of Financial Position

Consolidated Statement of Financial Position (€'000)	30/06/15	31/12/14
Non-current assets	186.925	204.730
Net working capital	-52.491	-44.135
Gross capital employed	134.434	160.595
Non-current liabilities	18.223	19.240
Net capital employed from continuing operations	116.211	141.355
Net capital employed from discontinued operations	784	-
Total net capital employed	116.995	141.355
Equity	22.628	19.688
Net financial position from continuing operations	93.583	121.667
Net financial position from discontinued operations	784	-
Equity and net financial position	116.995	141.355



Net Financial Position

Consolidated Net Financial Position (€'000)	30/06/15	31/12/14
Cash (including bank balances)	17.190	12.276
Other cash equivalents	-	-
Securities held for trading	-	-
Cash & cash equivalents	17.190	12.276
Current financial assets	-	-
Current bank borrowings	34.192	62.908
Current portion of non-current debt	19.948	19.986
Other current financial liabilities	37.498	22.150
Current financial debt	91.638	105.044
Current net financial debt (cash)	74.448	92.768
Non-current bank borrowings	16.996	26.898
Debt securities in issue	-	-
Other non-current payables	2.139	2.001
Non-current net financial debt	19.135	28.899
Net financial debt (cash) from continuing operations	93.583	121.667
Net financial debt (cash) from discontinued operations	784	-
Net financial debt (cash)	94.367	121.667



Net debt decreased by Euro 27.3 million due to the positive cash flow generated in the period, the cash flows from net working capital, and pre-payments and cash-in for exhibitions held in the period under review or due to be held in subsequent months



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- Current forecasts justify expectations that the positive trend in Italy in the first semester will continue also in the second semester, particularly given the significant events in the calendar and the contribution from EXPO 2015; however, the performance of foreign exhibitions, particularly in Brazil, are likely to suffer a decrease given the downgrades in growth expectations
- The 2015 forecasts indicate revenues of over Euro 320 million (-4% compared to previous estimates) and gross operating profit of over Euro 28 million, a decrease compared to the previous forecast of Euro 33 million, due to the downgrade in expectations for the foreign activities and to some one-off costs in the Parent Company
- It is reasonable to assume that the impairment charges taken in the first half will necessitate impairment charges for the relative investments in the full-year accounts of the Parent Company: this could mean that the target of restoring the equity of the Parent Company in 2015 to above the two-thirds threshold required under Article 2446 of the Italian Civil Code will not be reached
- The share capital increase to be deliberated by the Extraordinary Shareholders' Meeting on 31 July 2015 should, once completed, provide further support and should restore the equity of the Parent Company to above the two-thirds threshold while strengthening the capital position and raising financial resources for the development plan of the Group



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Forward-Looking Statements

Data and information herewith set forth are extracted from Fiera Milano press release related to Consolidated Half-year Financial Report to 30 June 2015 filed with Italian authorities regulating exchanges and securities and disseminated concomitantly with this presentation.

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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 document results, books and accounting records.



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