



FIERA MILANO

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1st Half 2016 Consolidated Results

Fiera Milano Group

Conference Call – 29 July 2016



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1st Half 2016 highlights

- **First half results were in line with expectations but were affected by the less favourable exhibition calendar** compared to 1H15 and by the absence of activities related to EXPO 2015 present in the same period of the previous year
- **Net exhibition space occupied: 926,385 square metres** (25% from directly organised events) of which 119,050 square metres from exhibitions organised abroad
- 1H16 consolidated **revenues of Euro 138.7 million** (Euro 181.5 million in 1H15)
- Consolidated **gross operating profit of Euro 20.7 million** (Euro 28.5 million in 1H15) after lower operating costs due also to restructuring measures
- Consolidated **net operating profit of Euro 13.7 million** (Euro 12.8 million in 1H15)
- Consolidated **net profit of Euro 8.4 million** (Euro 3.1 million in 1H15)



Main events

- As part of the Group strategy to strengthen the portfolio of proprietary exhibitions,
 - On 23 March 2016 **it acquired** the trademark **Promotion Trade Exhibition**, an annual international exhibition of promotional items, corporate gifts and technologies for the personalisation of such items, for Euro 1.4 million
 - On 6 May 2016 it signed **an agreement with Veronafiere** for:
 - **a space dedicated to the wine sector** and a new event called “Wine Discovery” - to be managed by Veronafiere – **that will be part of Tuttofood in 2017**
 - **a new annual international exhibition for fruit and vegetables**, which will combine Fruit Innovation in Milan and Fruit&Veg System in Verona; it will be **held in Milan in uneven-numbered years and will focus on finished products (as part of Tuttofood from 2017)** and in Verona in even-numbered years when it will focus on manufacturing and production technologies
- On 28 July, the Group signed an agreement with the Italian Publishing Association to set up a NewCo to organise **a new annual national event for books** and reading that will be held in Milan from 2017
- On 24 June it announced the start of the **share buy-back plan** to increase the portfolio of treasury shares to service the Stock Option Plan 2017-2023 and to support the liquidity and stability of the shares



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Italian exhibition calendar

Exhibitions	Net sq. metres of exhibition space	
	1H16	1H15
Annual exhibitions		
Directly organised	114,265	117,720
Organised by 3rd parties	447,110	428,500
Total annual exhibitions	561,375	546,220
Biennial exhibitions		
Directly organised	-	128,360
Organised by 3rd parties	216,030	133,870
Total biennial exhibitions	216,030	262,230
Multi-year exhibitions		
Organised by 3rd parties	-	152,725
Total multi-year exhibitions	-	152,725
Total exhibitions	777,405	961,175
Congresses with related exhibition area	29,930	37,310
Total	807,335	998,485



- Annual directly organised exhibitions: slight fall in demand for space at BIT and HOMI
- Annual exhibitions organised by third parties: the increase was mainly attributable to the exhibition Esposizione Internazionale Canina that was absent in 2015 as the itinerant world edition was held in Milan
- Biennial exhibitions: presence of Mostra Convegno Expocomfort, the international exhibition for heating, refrigeration, and air-conditioning



Italian exhibitions



Italian exhibitions	1H16	1H15 restated*
Revenues (€'000)	114,343	148,723
Gross operating result (€'000)	15,623	20,937
% on revenues	13.7%	14.1%
Net operating result (€'000)	12,753	15,221
% on revenues	11.2%	10.2%

* Some figures in the Consolidated Financial Statements at 30 June 2015 have been restated following the different classification of the use of risk provisions



- The trend in revenues was attributable to the trend in exhibition space occupied
- The gross operating result mainly reflected the trend in revenues but also a decrease in personnel costs following restructuring and a fall in severance indemnities and in the variable part of personnel costs; there was also a decrease in the rental costs for the **fieramilano** exhibition site as the variable component of the rent was only payable in 2015 due to the presence of EXPO 2015
- The net operating result benefited from lower amortisation as certain asset groups were fully depreciated

Foreign exhibition calendar

Exhibitions	Net sq. metres of exhibition space	
	1H16	1H15
Annual exhibitions		
China	98,140	86,920
Brazil	10,400	17,650
South Africa	5,280	4,905
India	4,725	5,595
US	505	800
Turkey	-	8,810
Total annual exhibitions	119,050	124,680
Biennial exhibitions		
China	-	13,335
Singapore	-	785
Total biennial exhibitions	-	14,120
Total	119,050	138,800



- China: presence of Industrial Automation Shenzhen, which was held in the second half in 2015
- Brazil: Food Hospitality World in São Paulo and Reatech were not held and there was a fall in demand for space at Exposec
- South Africa: good performance from the Art Fair in Cape Town
- In July 2015 the Group exited Turkey



Foreign exhibitions



Foreign exhibitions	1H16	1H15 restated*
Revenues (€'000)	2,127	3,997
Gross operating result (€'000)	-381	-1,001
% on revenues	-17.9%	-25.0%
Net operating result (€'000)	-2,240	-8,383
% on revenues	-105.3%	-209.7%

* Some figures in the Consolidated Financial Statements at 30 June 2015 have been restated following the different classification of the use of risk provisions



- The decrease in revenues was mainly due to the presence in the comparative period of several exhibitions in Brazil and South Africa and to the decrease in revenues of Exposec in São Paulo
- The year-on-year improvement in the gross operating result mainly reflects the trend in revenues and the reduction in costs following the corporate restructuring in Brazil
- The net operating result was affected by the write-down of the exhibition trademark The Good Food & Wine in South Africa (Euro 1.4 million) following risk indicators from the weak performance in the period and lower growth expectations

Stand-fitting services



Stand-fitting services	1H16	1H15 restated*
Revenues (€'000)	26,283	35,216
Gross operating result (€'000)	3,817	5,683
% on revenues	14.5%	16.1%
Net operating result (€'000)	3,072	4,829
% on revenues	11.7%	13.7%

* Some figures in the Consolidated Financial Statements at 30 June 2015 have been restated following the different classification of the use of risk provisions



- Revenues decreased mainly due to the absence of activities relating to EXPO 2015 present in the first half 2015 and to the different exhibition calendar
- The decrease in the gross operating result was mainly due to the reduction in revenues

Media

Media	1H16	1H15 restated*
Revenues (€'000)	5,908	6,746
Gross operating result (€'000)	267	383
% on revenues	4.5%	5.7%
Net operating result (€'000)	-650	80
% on revenues	-11.0%	1.2%

* Some figures in the Consolidated Financial Statements at 30 June 2015 have been restated following the different classification of the use of risk provisions



- The trend of revenues was mainly attributable to lower advertising in trade publications and lower sponsorship
- The gross operating result mainly reflects the reduction in revenues, partially offset by lower personnel costs as a result of the restructuring started in December 2015
- The net operating result was affected by the write-down of the trademark of the Food & Beverage trade publication (Euro 0.5 million) following risk indicators from the weak performance in the period and lower growth expectations



Congresses



Congresses	1H16	1H15 restated*
Revenues (€'000)	15,395	18,409
Gross operating result (€'000)	1,356	2,504
% on revenues	8.8%	13.6%
Net operating result (€'000)	835	1,089
% on revenues	5.4%	5.9%

* Some figures in the Consolidated Financial Statements at 30 June 2015 have been restated following the different classification of the use of risk provisions



- Revenues decreased mainly because of the absence of activities relating to EXPO 2015 present in the first half 2015 and due to fewer congresses and conventions
- The trend in the gross operating profit mainly reflected the decrease in revenues compensated in part by an increase in other revenues from insurance payments received

Income Statement

Consolidated Income Statement (€'000)	1H16	1H15 restated*
Revenues	138,655	181,532
Gross operating result	20,682	28,498
Gross operating margin (%)	14.9%	15.7%
Net operating result (EBIT)	13,743	12,774
Net operating margin (%)	9.9%	7.0%
Profit/loss before income tax	13,657	10,624
Profit/loss before tax margin (%)	9.8%	5.9%
Profit/loss from continuing operations	8,397	5,136
Profit/loss margin (%)	6.1%	2.8%
Profit/loss from discontinued operations	-	-1,988
Profit/loss	8,397	3,148
Profit/loss margin (%)	6.1%	1.7%
-attributable to Shareholders of the controlling entity	8,564	3,946
Profit/loss before tax attributable to Shareholders of the controlling entity margin (%)	6.2%	2.2%
-attributable to non-controlling interests	-167	-798
Profit/loss before tax attributable to non-controlling interests margin (%)	-0.1%	-0.4%

* Some figures in the Consolidated Financial Statements at 30 June 2015 have been restated following the different classification of the use of risk provisions

Statement of Financial Position

Consolidated Statement of Financial Position (€'000)	30/06/16	31/12/15
Non-current assets	174,578	182,302
Net working capital	-29,485	-64,884
Gross capital employed	145,093	117,418
Non-current liabilities	18,726	19,724
Total net capital employed	126,367	97,694
Equity	92,550	85,268
Net financial position	33,817	12,426
Equity and net financial position	126,367	97,694



Net Financial Position

Consolidated Net Financial Position (€'000)	30/06/16	31/12/15
Cash (including bank balances)	14,870	56,092
Other cash equivalents	-	-
Securities held for trading	-	-
Cash & cash equivalents	14,870	56,092
Current financial assets	5,147	-
Current bank borrowings	280	23,481
Current portion of non-current debt	22,851	15,985
Other current financial liabilities	5,190	16,036
Current financial debt	28,321	55,502
Current net financial debt (cash)	8,304	-590
Non-current bank borrowings	23,394	10,922
Debt securities in issue	-	-
Other non-current liabilities	2,119	2,094
Non-current net financial debt	25,513	13,016
Net financial debt (cash)	33,817	12,426



The increase in net debt was mainly due to the trend in net working capital following the payment of outstanding amounts to some exhibition organisers and a reduction in trade payables. This decrease was partly offset by the positive cash flow in the semester generated from operations and by an increase in financial receivables primarily for the dividends approved by the joint venture Hannover Milano Global Germany GmbH but not yet paid



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- The Group's strategic priority remains to increase the share of revenues from directly organised exhibitions and to focus on increasing the attendance of international buyers and exhibitors
- Outside Italy, the Group intends to consolidate its exhibition portfolio through a selective focus on events offering high growth potential while enhancing its presence also through partnerships with leading international exhibition operators
- While benefiting from the reorganisation implemented, 2016 will suffer from a less favourable exhibition calendar in Italy compared to the previous year due to the absence of certain important directly organised biennial exhibitions and some multi-annual exhibitions
- In the medium-term, barring any currently unforeseen events, the Group expects an improvement in the gross operating profit already in 2017 compared to the current year; this will come from the more favourable exhibition calendar, measures already implemented and from business development potential and opportunities arising from the improvement in the reference economic environment
- The strengthening of the Group's financial and capital structure following the recent recapitalisation should also support the Group's planned investment and growth



Other information

- On 6 July 2016, the subsidiary NoloStand operating in the stand-fitting sector, received an Administration Order for the protection of its assets from the judicial administration of the Milan Tribunal under Article 34 of Legislative Decree 159/2011 (anti-organised crime laws and prevention measures) regarding its contractual relations with a supplier
- The judicial administration provision is a temporary one that has as its priority the conservation of the value of the company without obstructing it from carrying out its normal business activities
- The Group will continue to collaborate actively with the judiciary



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 2016 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.

Fiera Milano SpA

For further information, please contact:

Gianna La Rana
Investor Relations Manager

Camilla Cusi
Investor Relations

Fiera Milano SpA
Strada Statale del Sempione, 28
20017 Rho (Milano) - ITALY
Tel: + 39 02 4997.7816/7911
E-mail: investor.relations@fieramilano.it
www.fieramilano.it

