



FIERA MILANO

www.fieramilano.it

Banca IMI - IX Italian Stock Market Opportunities Conference

Fiera Milano Group

Milan, 20 September 2016



Fiera Milano in brief

Fiera Milano 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 sqm of which
345,000 sqm in the **fieramilano** site and
43,000 sqm in the **fieramilanocity** site

Consolidated revenues: Euro 337 million

Group permanent employees:

714 of which 138 abroad

Net exhibition space occupied:

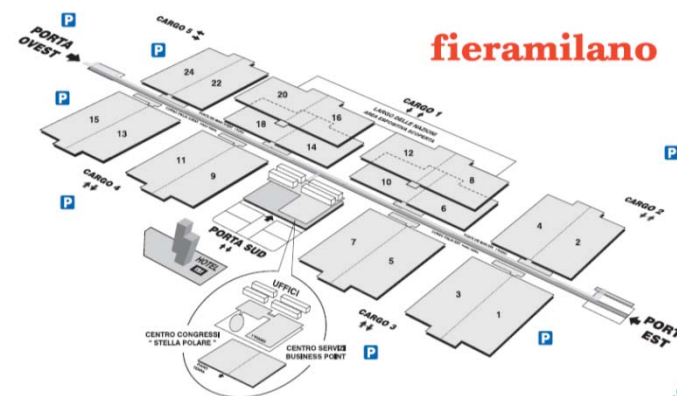
2,223,920 sqm
of which 401,045 sqm abroad

Number of exhibitions held:

114, of which 51 abroad

Number of exhibitors:

42,640, of which 10,300 abroad

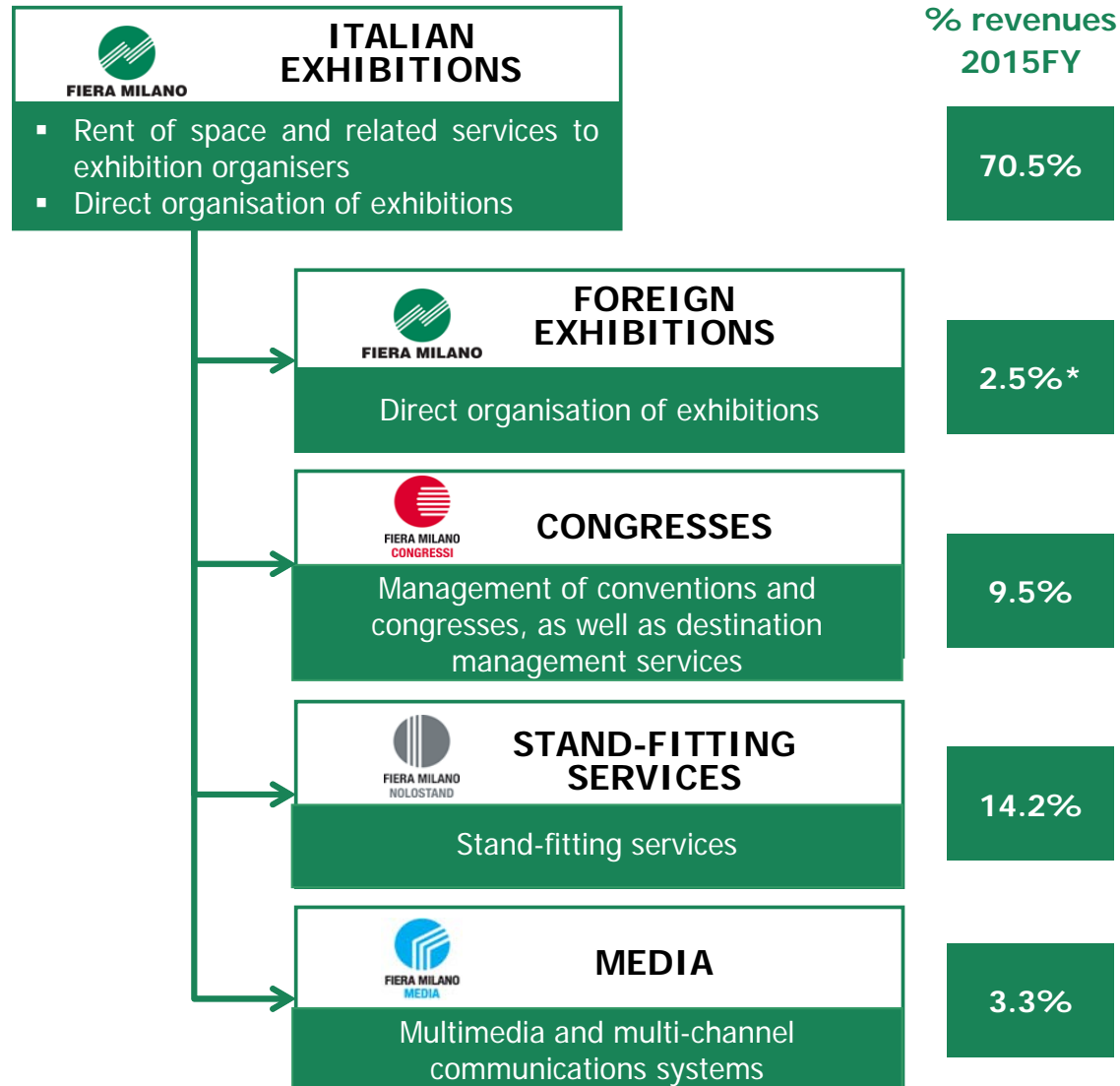


Integrated business model / Turn-key service

- In Italy, Fiera Milano hosts exhibitions and acts as a «facility manager» through the management of the exhibition sites, the supply of equipped show areas, and the offer of design support and correlated services to third party organisers; it also directly organizes the exhibitions it owns by providing exhibition space and services directly to exhibitors
- It also operates in the management of congress centres
- The Group supplies stand-fitting and media services to organisers and exhibitors, as well as catering services to visitors
- Outside Italy, Fiera Milano operates as a direct organiser of exhibitions



Group structure



Fiera Milano history

1920

Eight entrepreneurs organise the first trade fair in Milan to exhibit sample products in order to acquire commercial agreements

1922

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

1960-1970

Fiera Campionaria expands fast to become 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 comprises 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 Ente Autonomo acts as a "Fondazione" and, in July spins off Fiera Milano ("FM"), a new company active in exhibitions management and related services. In October FM starts its activities

2002-2005

In December 2002 FM is listed on the Italian Stock Exchange. In 2005 the Rho exhibition site opens. FM acquires some important exhibition organisers in Italy and develops services

2008- today

FM starts its internationalisation process. In 2015 FM supports the World Expo. In January 2016 a paid share capital increase ends with the subscription of the 95.6% of the total number of shares offered

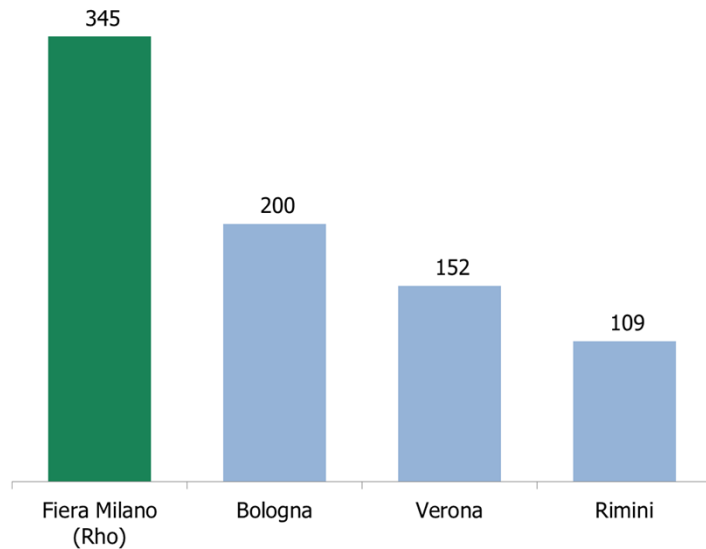
Main countries where present



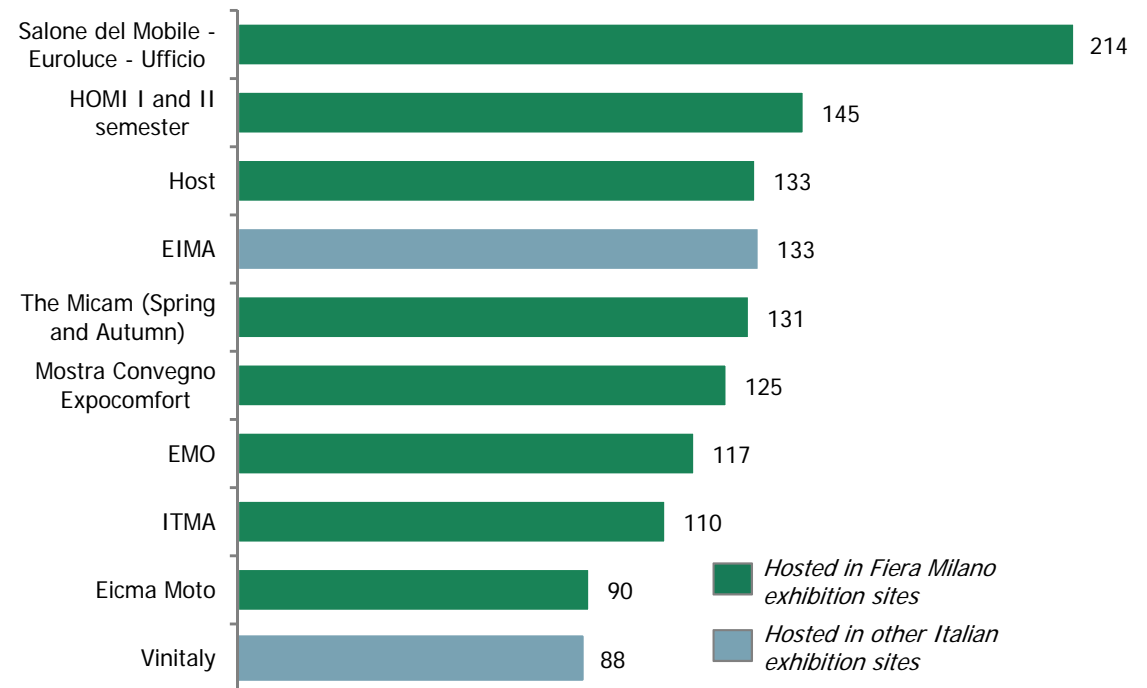
The Italian market leader

No. 1 exhibition entity in Italy in terms of gross indoor exhibition capacity
The majority of Italian exhibitions are held in Fiera Milano's sites

Top exhibition sites in Italy ('000 sqm)



Top 10 exhibitions in Italy by net exhibition space ('000 sqm, last edition prior 31 December 2015)



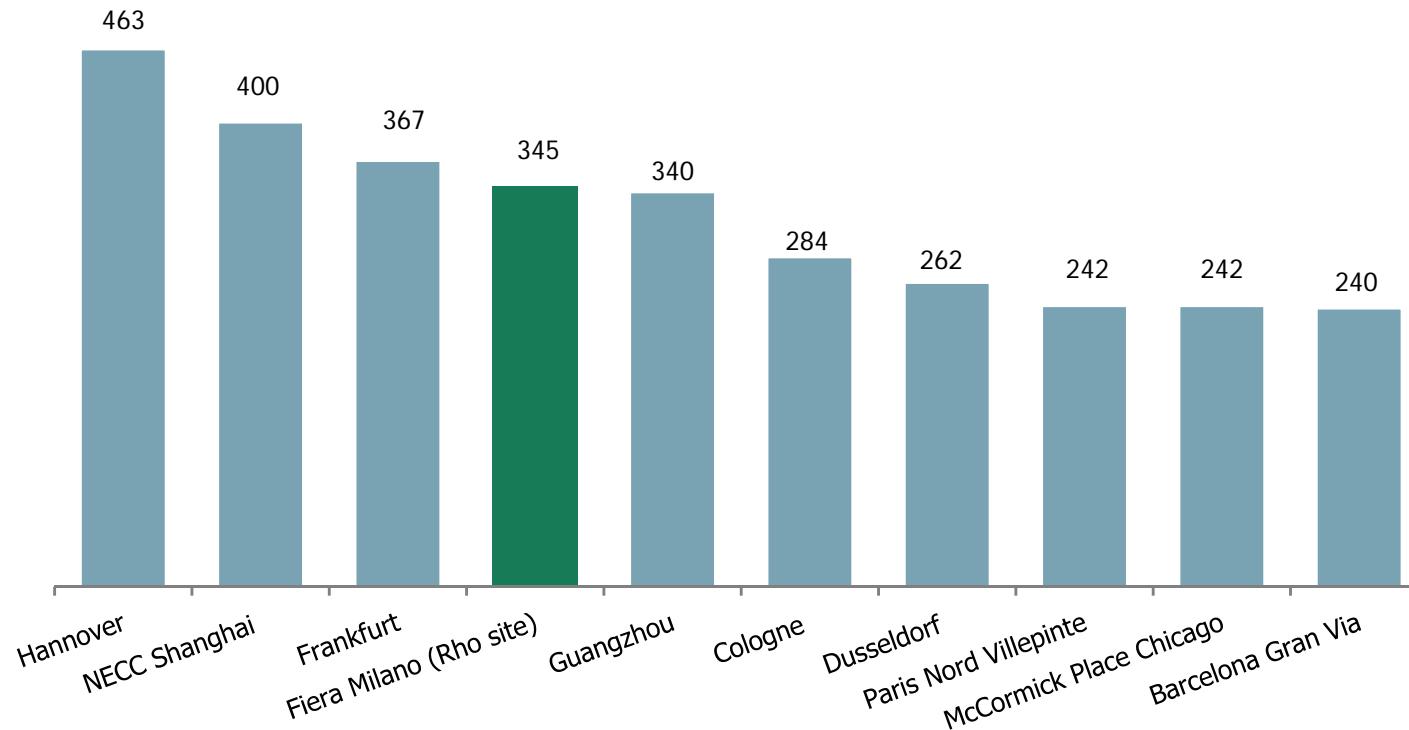
Source: AMR International Globex Report 2016, AUMA 2016

Source: Company data, ISF, CFI

Strong position worldwide

Among the main exhibition entity worldwide in terms of gross indoor exhibition capacity

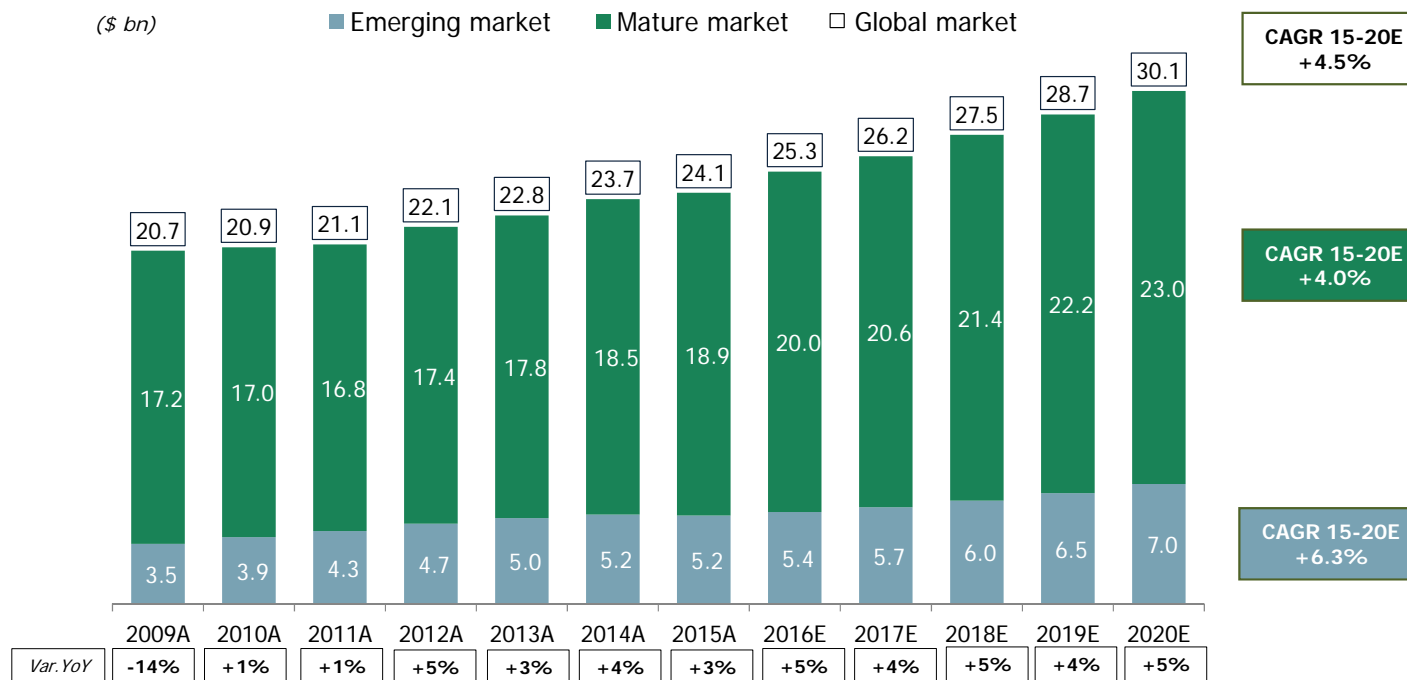
('000 sqm)



The global exhibition market is growing

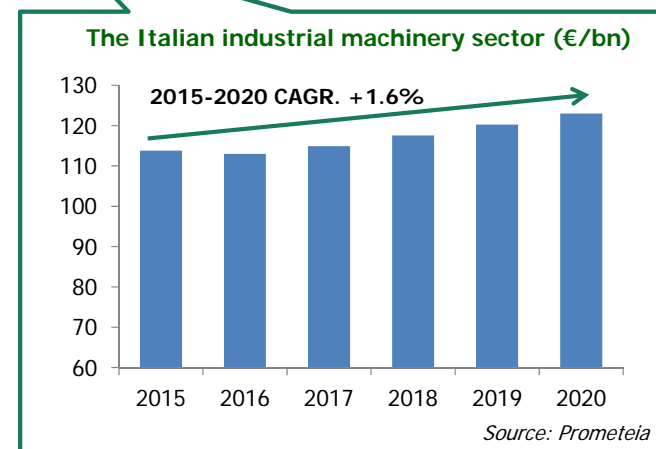
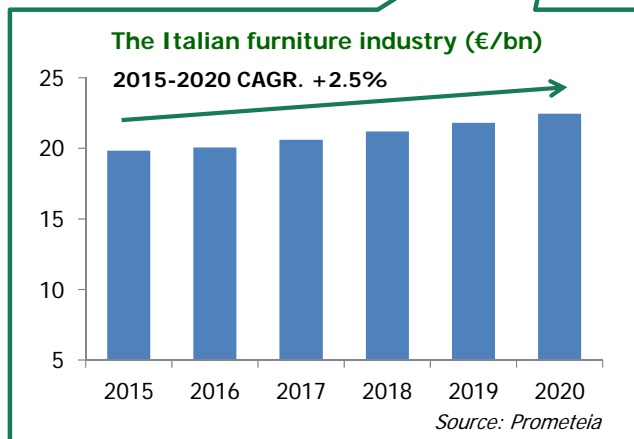
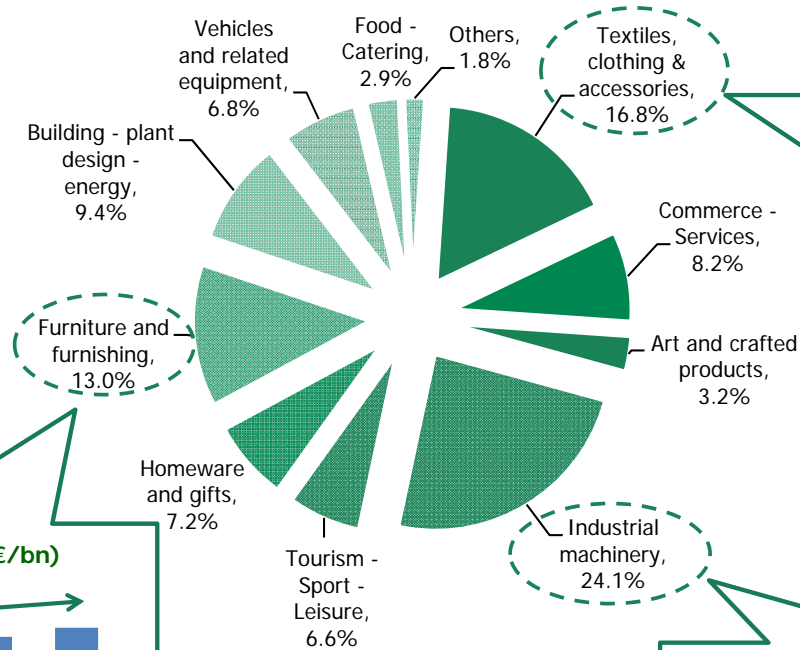
- The global exhibition market continues to recover following a period of shrinkage and stagnation in mature markets post-recession and it finally returned to pre-recession levels in 2014. In 2015, it suffered a slowdown in the growth due to significant declines in Russia and Brazil, stagnation in Turkey and France, and a weak biennial year in Germany.
- The medium-term outlook for the global exhibitions market is positive: AMR forecasts a 2015-2020 compound annual growth rate of ca.4.5% from both emerging markets (+6.3%) and so-called “mature markets” (+4%)

Market size and growth by market type, 2009A-2020E



Portfolio diversification with strong presence in attractive sectors

- A well diversified portfolio of exhibitions, almost entirely B2B
- The Group is strong in dynamic markets (with sound growth expectations and where the “Made in Italy” label has appeal)
- The exposure to different sectors reduces sensitivity to the macroeconomic cycle



2015 share capital increase

Offer size

Issue of maximum 31,126,821 ordinary shares offered to existing shareholders at Euro 2.245 per share, in the ratio of 3 new shares for every 4 shares held for a maximum total value of Euro 69,879,713

Results

In December, **subscription of 29,770,392 ordinary shares, equal to 95.64% of the total number of shares offered, for a total value of Euro 66,834,530**

Controlling shareholder

Fondazione Fiera Milano, the controlling shareholder, exercised all its rights and subscribed to 19,618,206 shares for a total value of Euro 44,042,872. Its shareholding has risen to 63.65% from 62.062%

New share capital

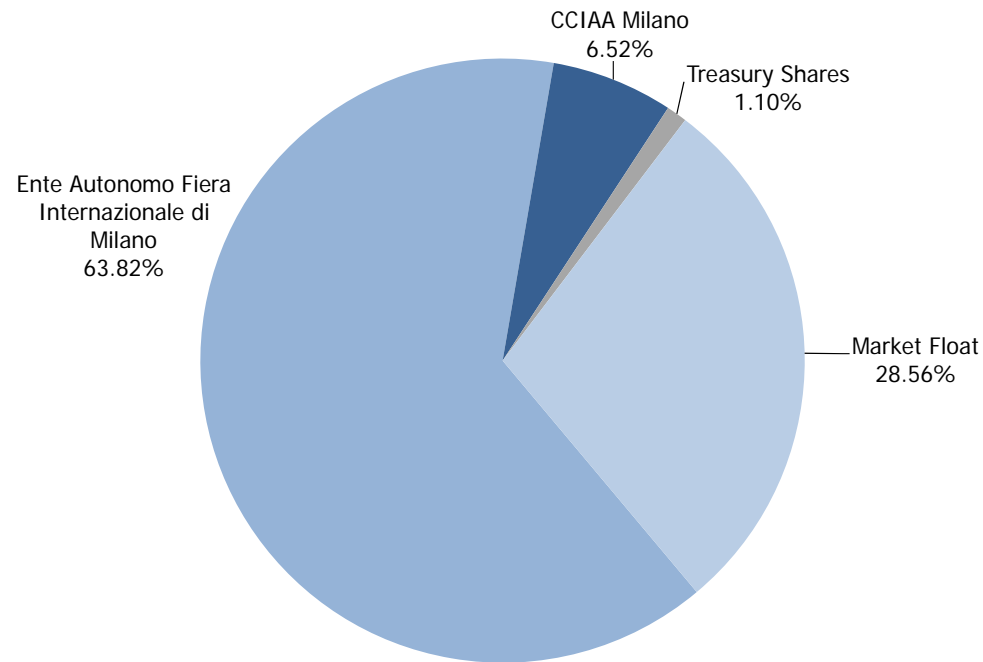
The new share capital is composed of 71,917,829 ordinary shares with no nominal value and totals Euro 42,445,141

Use of proceeds

Funds were used to strengthen the capital structure and reduce financial exposure; the new financial structure will support the Group investment and development plan



Shareholder structure

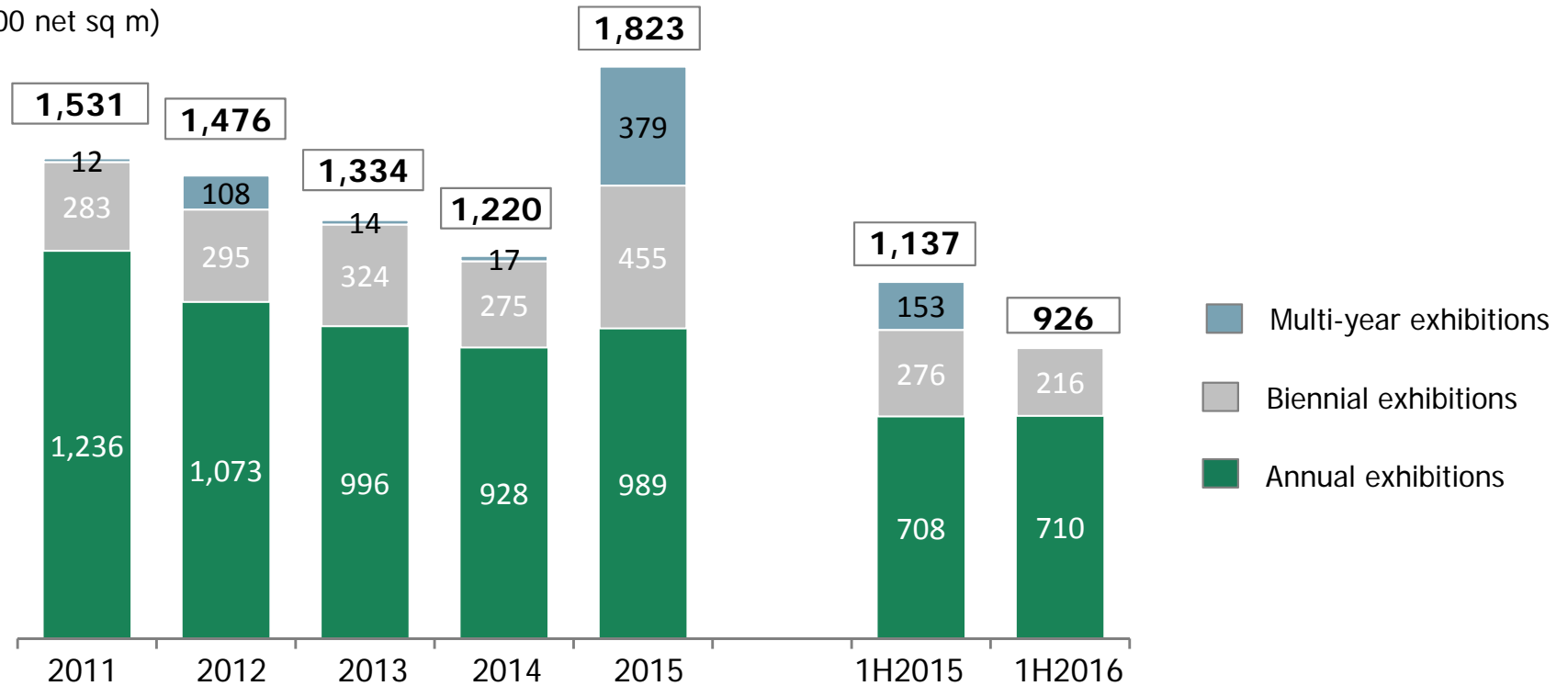


Fondazione Fiera Milano is a non-profit private law foundation, whose corporate mission is the development of the exhibition sector in Italy and abroad



Exhibition space rented out in Italy

('000 net sq m)



The calendar of biennial and multi-year exhibitions creates fluctuations in exhibition space

2015 featured:

- the presence of multi-year exhibitions, in particular EMO, Ipack-Ima, Plast and the itinerant exhibition ITMA
- record editions of Host and Tuttofood, both directly organised biennial exhibitions
- the first editions of Lineapelle (February) and Simac Tanning-Tech held in Milan

1H2016 featured the less favourable exhibition calendar

Financial overview – Income statement

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

In 2015 +39% YoY mainly due to the more favourable exhibition calendar and to activities related to Expo 2015
1H2016 revenues affected by the less favourable exhibition calendar

(Euro '000)

	2013FY restated*	2014FY restated*	2015FY	1H2015 restated*	1H2016
Revenues from sales and services	242,854	242,711	337,339	181,532	138,655
Cost of services	125,714	134,986	165,870	87,438	68,103
Costs for use of third party assets	61,250	56,546	61,419	31,034	24,928
Personnel expenses	46,300	48,634	61,675	30,518	23,155
Other operating expenses	8,873	7,389	10,612	6,650	3,776
Other income and results of equity-accounted results	7,257	4,977	5,831	2,606	1,989
Gross operating result	7,974	133	43,594	28,498	20,682
D&A, provisions and adjustment to asset values	24,467	18,480	31,636	15,724	6,939
Net operating result (EBIT)	(16,493)	(18,347)	11,958	12,774	13,743
Net financial income (expenses)	(3,798)	(4,869)	(3,520)	(2,150)	(86)
Profit/(loss) before income tax	(20,291)	(23,216)	8,438	10,624	13,657
Income tax	(4,279)	(4,581)	6,011	5,488	5,260
Profit (loss) of continuing operations	(16,012)	(18,635)	2,427	5,136	8,397
Profit (loss) of discontinuing operations	(613)	(471)	(1,998)	(1,988)	-
Profit (loss)	(16,625)	(19,106)	429	3,148	8,397

Starting from 2H14, a reduction in the rental costs for the **fieramilano** exhibition site (Euro -6.7 mn for 2015FY)

Additional extraordinary rental charges of Euro 10 mn, only paid in FY2015, due to the presence of Expo 2015

Affected by variable personnel expenses, by redundancy payments and by the indemnity paid to the former CEO (total Euro 9.9 mn)

2015: 38% higher than forecast
1H16 gross operating result benefited from lower operating expenses

* Some of the 2013, 2014 and 1H2015 figures have been restated for comparative purposes to reflect the effects of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions. Some of the 2013 figures have been restated for comparative purposes to reflect the application of the new standard IFRS 11 from 1 January 2014.

Includes:

- Impairment charges for intangible assets related to foreign subsidiaries (Euro 8.9 mn) and to the exhibition trademarks and publications (Euro 2.3 mn)
- Risk provisions of Euro 5.0 mn

Financial overview – Statement of Financial Position

(Euro '000)

	31 Dec 2013 restated*	31 Dec 2014	31 Dec 2015	30 Jun 2016	
Non-Current Assets	209,402	204,730	182,302	174,578	The YoY decrease is mainly due to the fair value adjustments to goodwill and trademarks
Working Capital	(49,186)	(44,135)	(64,884)	(29,485)	
<i>o/w:</i>					Structural negative working capital
<i>Trade and other receivables</i>	53,546	50,604	63,932	58,834	
<i>Inventories</i>	4,006	5,028	1,884	3,861	
<i>Trade payables</i>	43,830	36,160	49,267	41,521	
<i>Pre-payments</i>	37,047	39,641	34,880	27,658	
<i>Other current liabilities</i>	25,861	23,966	46,553	23,001	Significant advance payments provided by organisers (favourable payment cycle) for important exhibitions to be held in future months
Non-current liabilities	20,929	19,240	19,724	18,726	
NET CAPITAL EMPLOYED from discontinued operations	-	-	-	-	
TOTAL NET CAPITAL EMPLOYED	139,287	141,355	97,694	126,367	
Total Equity	37,462	19,688	85,268	92,550	Reduction in net debt due to the share capital increase and cash flow from operating activities
Net Financial Position	101,825	121,667	12,426	33,817	
<i>o/w:</i>					
<i>Cash and cash equivalents</i>	(11,416)	(12,276)	(56,092)	(14,870)	
<i>Current financial liabilities</i>	75,342	105,044	55,502	23,174	
<i>Non-current financial liabilities</i>	37,899	28,899	13,016	25,513	
EQUITY AND NET FINANCIAL POSITION	139,287	141,355	97,694	126,367	

*Some of the 2013 figures have been restated for comparative purposes to reflect the application of the new standard IFRS 11 from 1 January 2014.

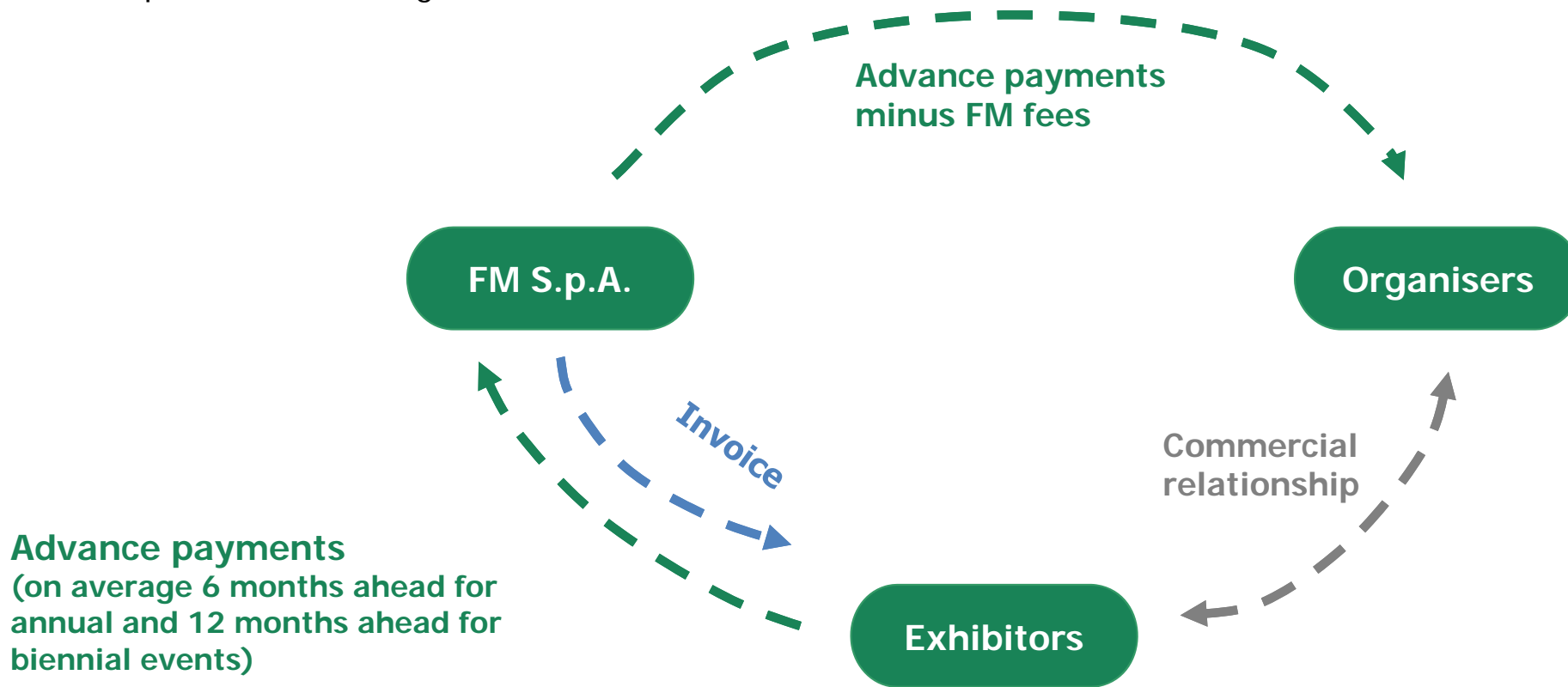
Favourable payment cycle

High visibility on revenues due to long-term contracts with organisers

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



Strategic guidelines

Strengthen the exhibition portfolio in Italy

- Increase the directly organised exhibitions through stronger market penetration and through downstream expansion also by acquisitions that offer synergies
- Attract Italian exhibitions that are leaders in sectors with strong potential

Enhance the international business

- Consolidate the foreign exhibition portfolio and use joint ventures with international partners
- Export some of the highly successful directly organised trade fairs to foreign markets (geo-cloning)

Maximize the potential of services

- Boost penetration of stand-fitting services
- Develop digital services related to exhibitions
- Further enhance the congress business and destination management services
- Increase sponsorship also through agreements with leading food & beverage brands and promote synergies with clients and suppliers

Achievements



PROCESSING & PACKAGING

- In July 2015, **acquisition of Ipack-Ima** SpA, owner of Ipack-Ima, one of the world's leading exhibition in processing and packaging
- UCIMA, the main Italian association for producers of packaging machinery, became a shareholder in the company
- **"The Innovation Alliance"**, an event to be held in May 2018, will combine different production sectors that use the same strong supply chain



In March 2016, acquisition of the trademark **Promotion Trade Exhibition**, an annual international exhibition of promotional items, corporate gifts and technologies for the personalisation of such items



- In May 2016, **agreement with Veronafiore**
 - In 2017 Tuttofood will include **a space dedicated to the wine sector**
 - An annual international **exhibition for fruit and vegetables** will be held as part of Tuttofood in uneven-numbered years and will focus on finished products and in Verona in even-numbered years when it will focus on manufacturing and farming technologies



Lamiera, the leading biennial exhibition for metal sheet plant and equipment, and **Expo Ferroviaria**, an annual exhibition for railway technology, products and systems, will be held at Fiera Milano exhibition site from their next edition



- In September 2016, Fiera Milano **set up a NewCo** with Ediser, a company of Italian Publishers Association (AIE), **La Fabbrica del Libro** SpA, holding the 51% of the shares
- The company will develop activities to promote the book, including the organisation of exhibitions all over the country, enhancing the entire editorial production, starting from 2017



Outlook

- While benefiting from the reorganisation implemented, 2016 will suffer from a less favourable exhibition calendar in Italy compared to the previous year
- The Group is continuing to co-operate actively with the judiciary in the ongoing matter regarding Nolostand, which, on 6 July 2016, received an Administrative Order for the protection of its assets from the judicial administration of the Milan Tribunal pursuant to Article 34 of Legislative Decree 159/2011 (anti-organised crime laws and preventative 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 expects an improvement in the gross operating profit already in 2017 compared to the current year as a result of the more favourable exhibition calendar and the measures already implemented aimed at taking advantage of the development potential of the business and any opportunities arising from the improvement in the economic environment

Closing remarks



A dynamic company in the worldwide exhibition market



Leading exhibition entity in Italy and strong position worldwide



Leading company in a growing market



Integrated business model / Turn-key service



Portfolio diversification and presence in attractive sectors



Upside potential with higher margins from directly organised exhibitions

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.



Fiera Milano SpA

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