



FIERA MILANO

www.fieramilano.it

STAR Conference 2016

Fiera Milano Group

Milan, 16 March 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 employees:

783 of which 154 abroad

Net exhibition space occupied:

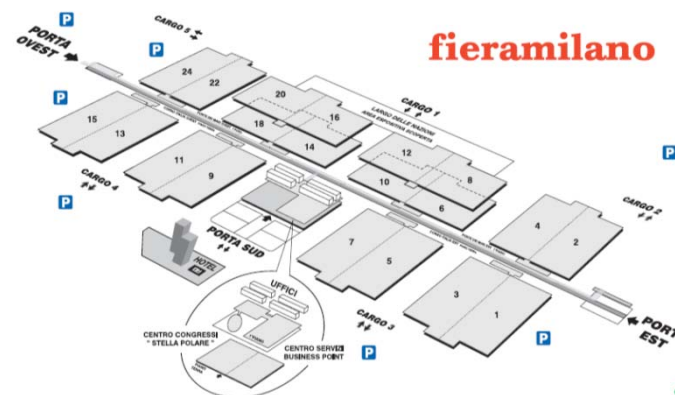
2,223,920 sqm
of which 401,045 sqm abroad

Number of exhibitions held:

114, of which 51 abroad

Number of exhibitors:

42,640, of which 10,300 abroad

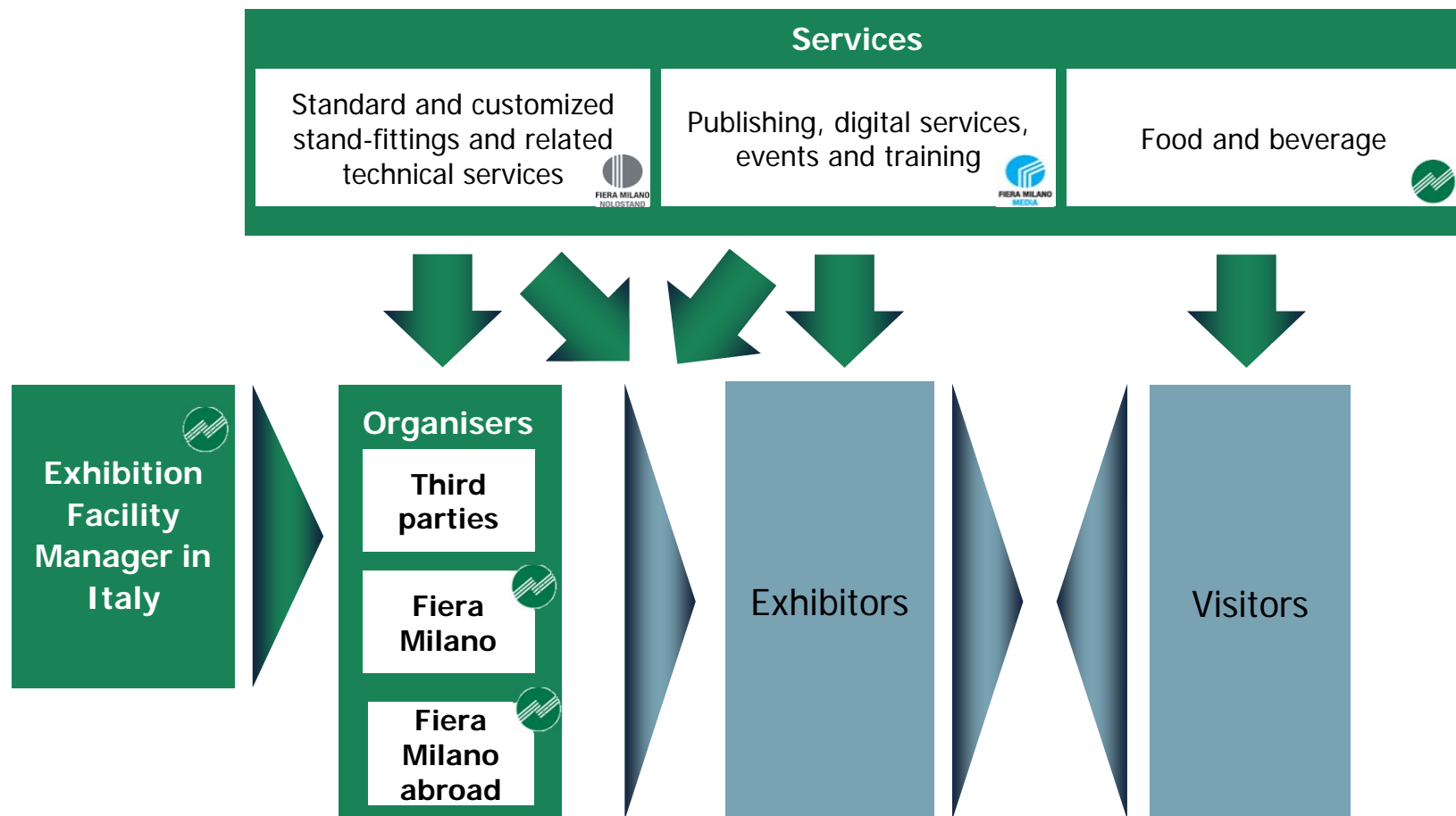


Figures refer to FY2015

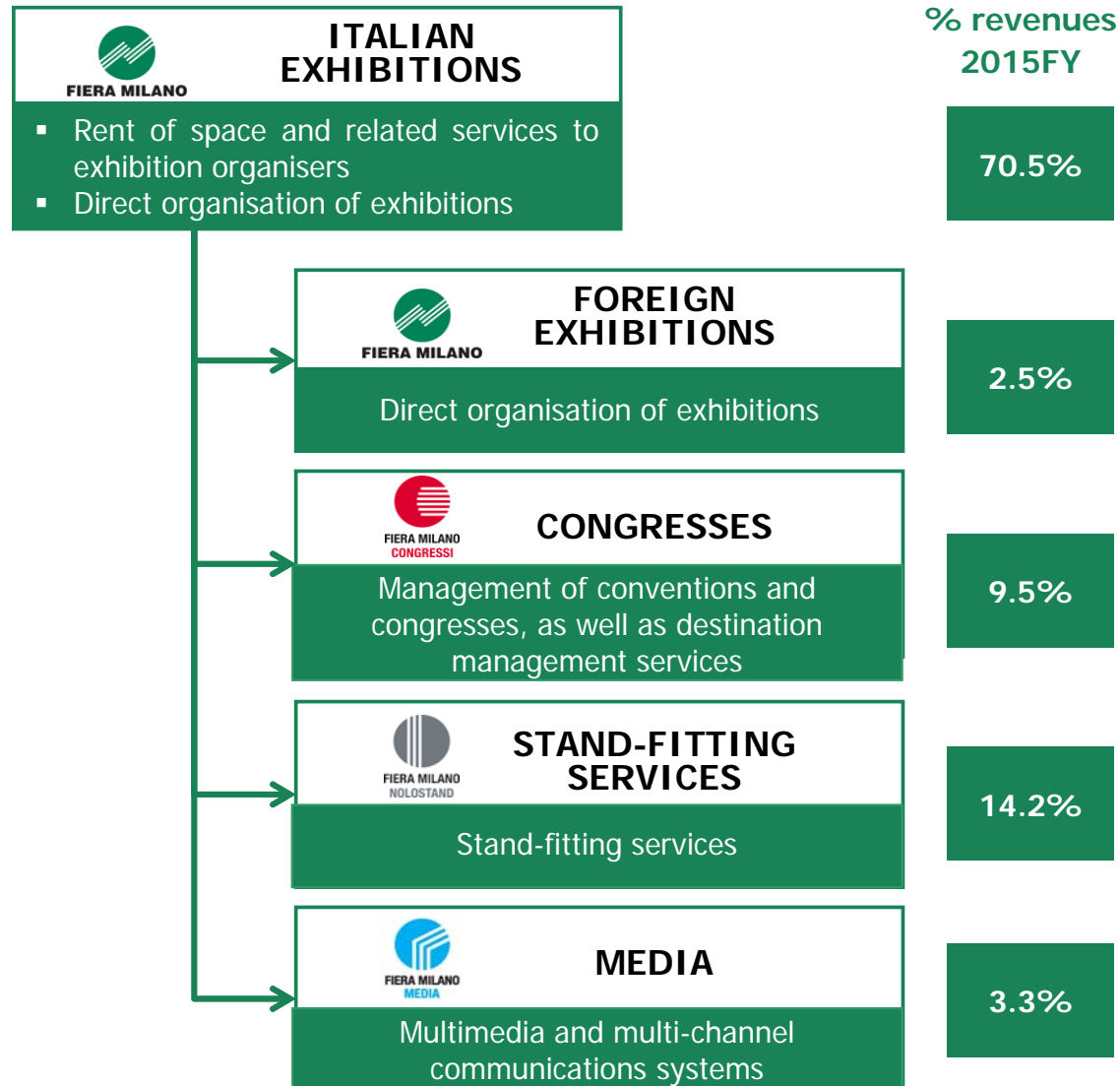


Integrated business model / Turn-key service

- 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
- 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

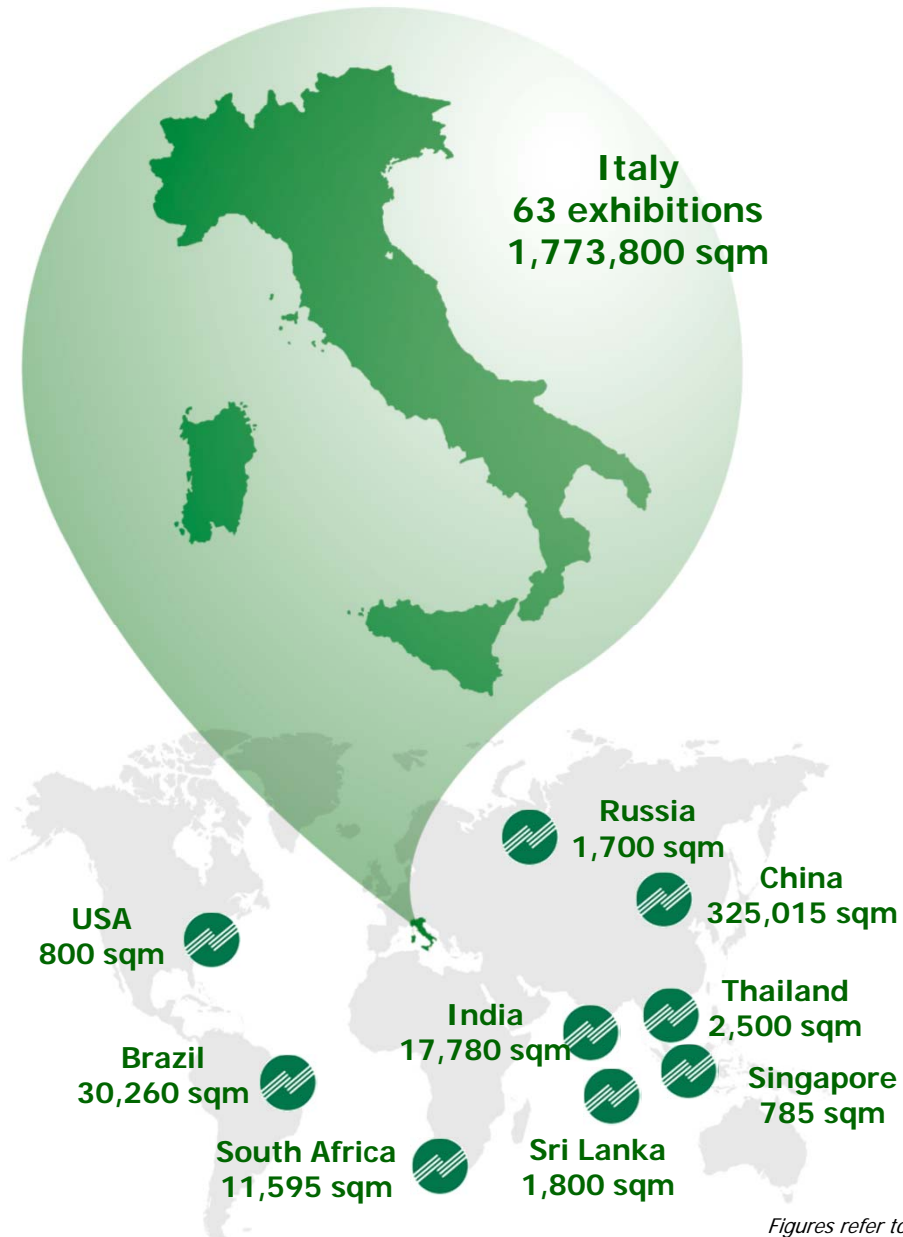
2002-2005

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

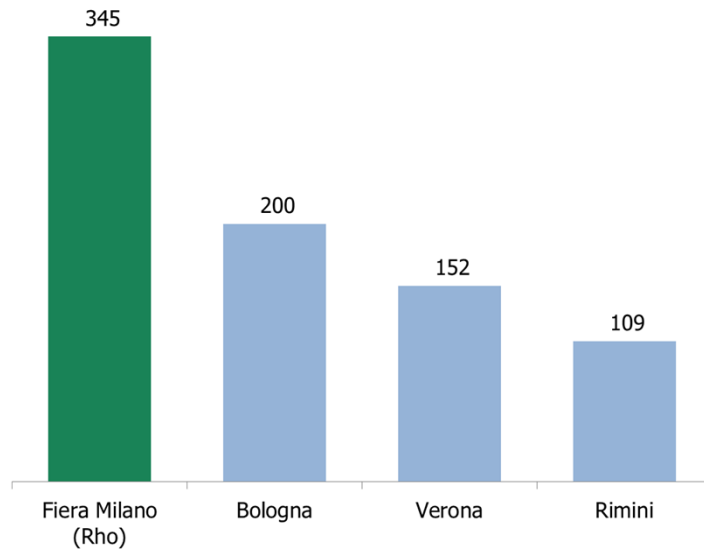
A global presence



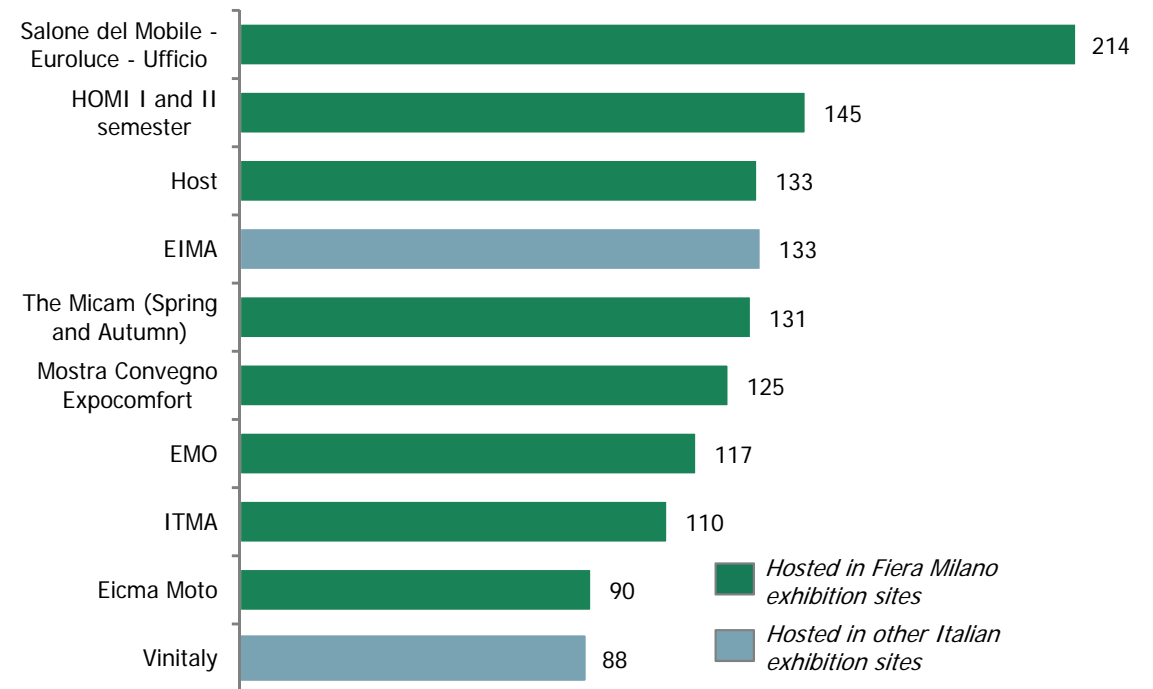
The Italian market leader

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)



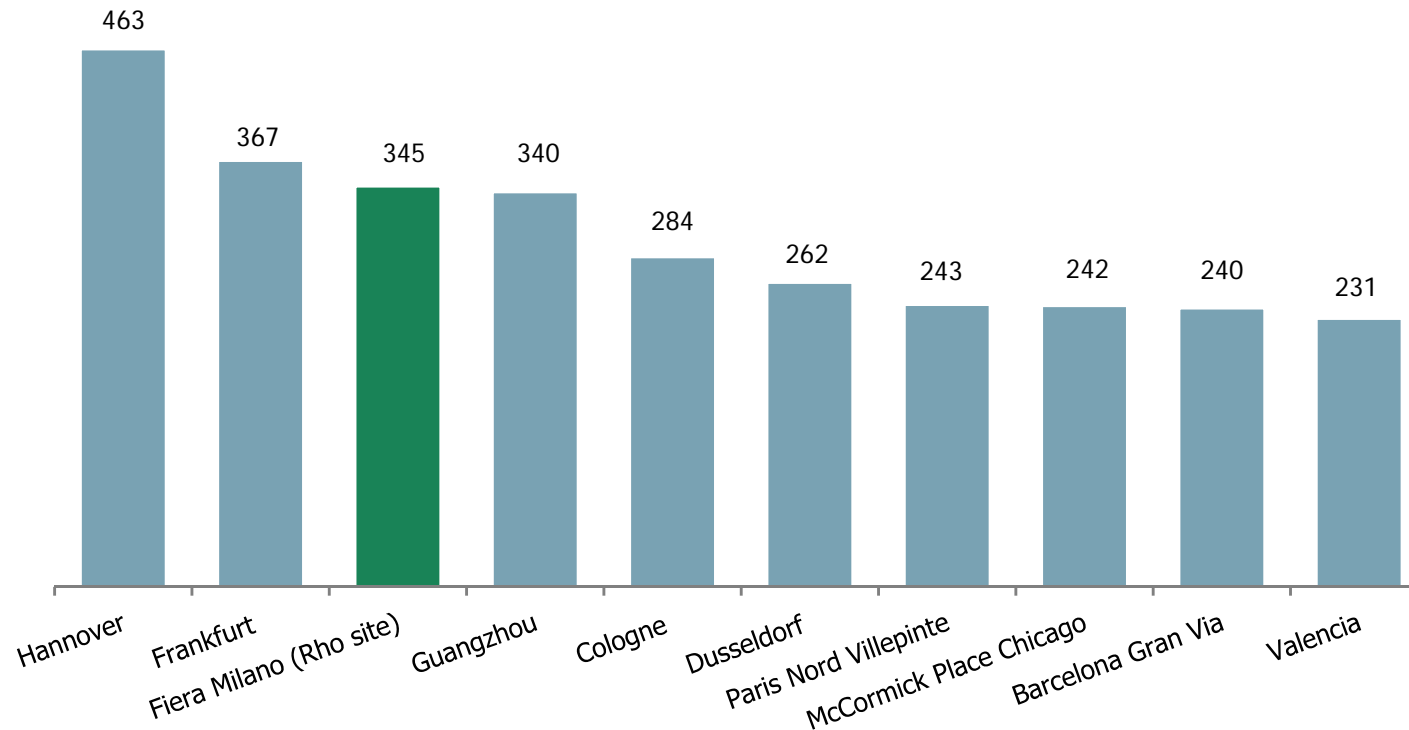
Source: AMR International Globex Report 2015, AUMA 2015

Source: Company data, ISF, CFI

Strong position worldwide

3rd largest exhibition entity worldwide in terms of gross indoor exhibition capacity

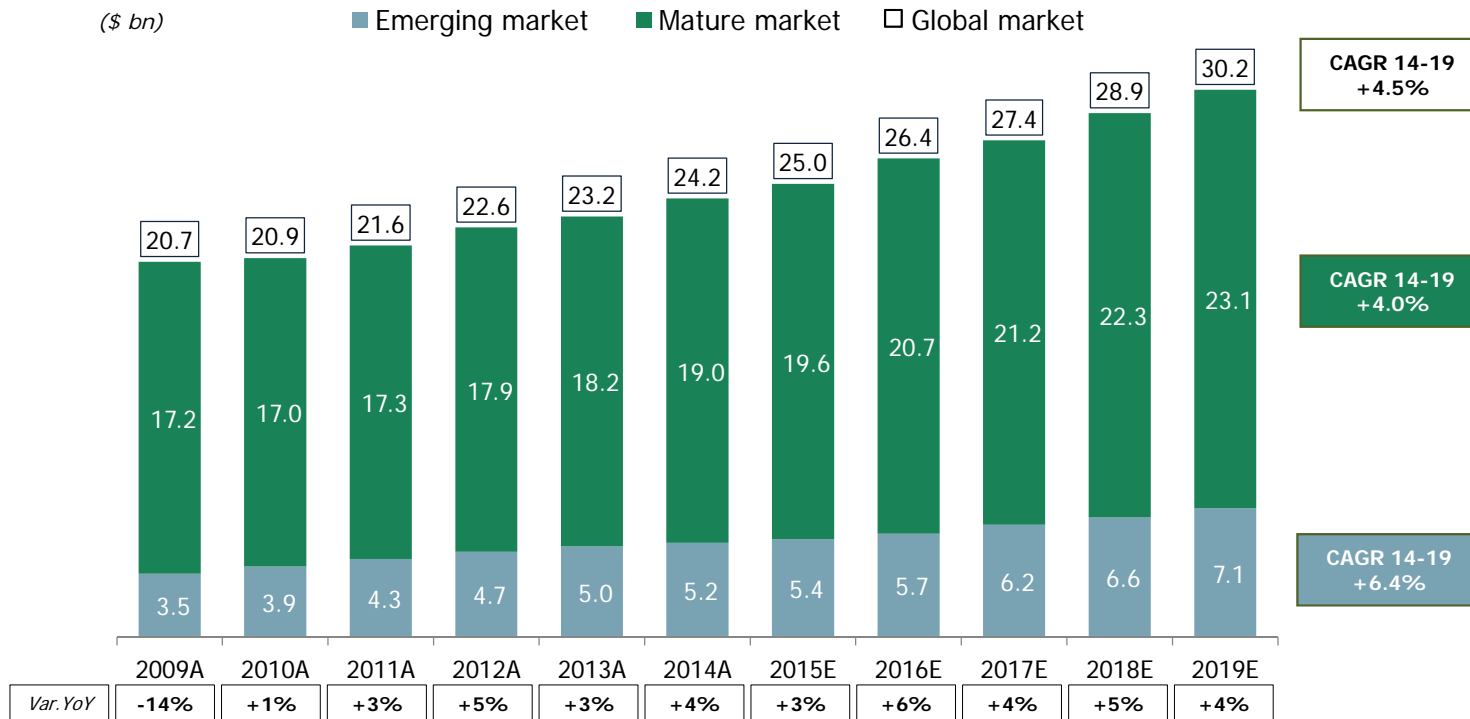
(*'000 sqm*)



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; it finally returned to pre-recession levels in 2014, which was also a strong year in markets, such as Germany and Italy that benefited significantly from biennial exhibitions
- The medium-term outlook for the global exhibitions market is positive: AMR forecasts a 2014-2019 compound annual growth rate of ca.4.5% from both emerging markets (+6.4%) and so-called "mature markets" (+4%)

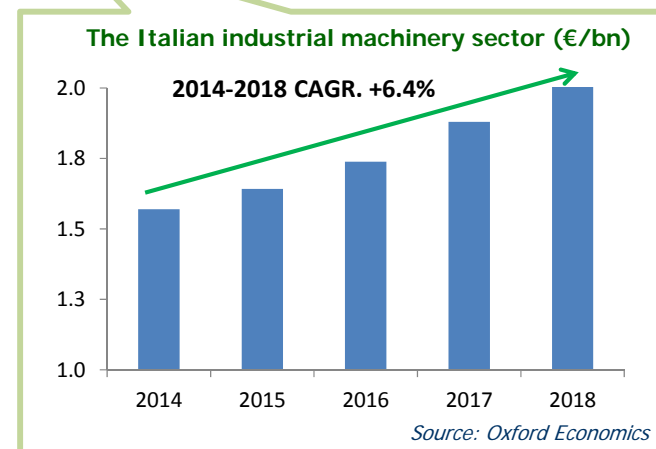
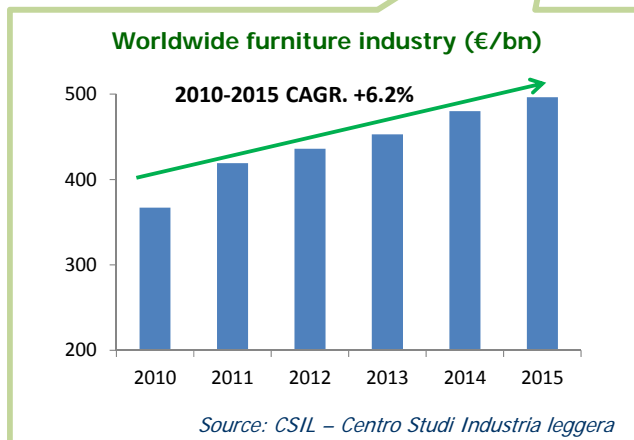
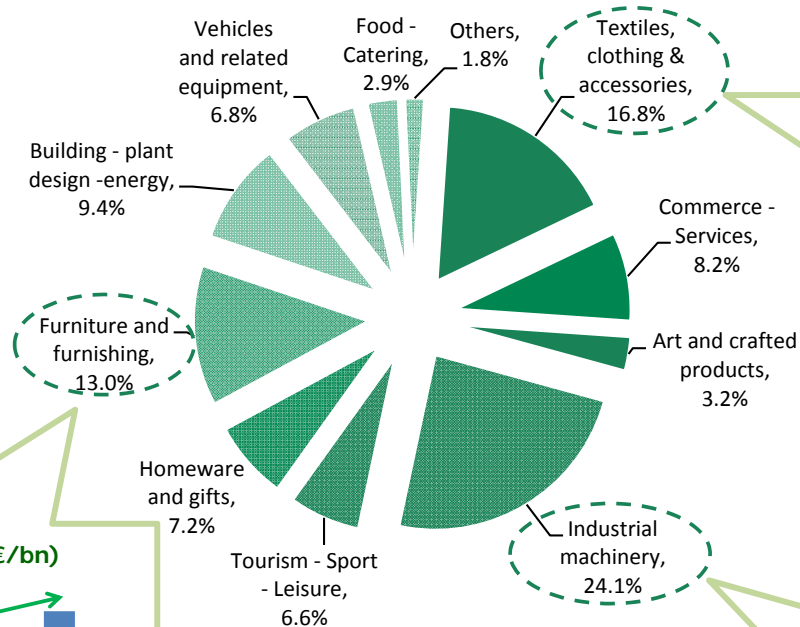
Market size and growth by market type, 2009A-2019E



Source: AMR International Globex Report 2015 - Note: Countries represented in AMR account for approx. 83% of the global market. Emerging markets: China, Russia, India, Brazil, Mexico, Turkey, Gulf Cooperation Council. Mature markets: US, Germany, UK, France, Italy, Hong Kong.

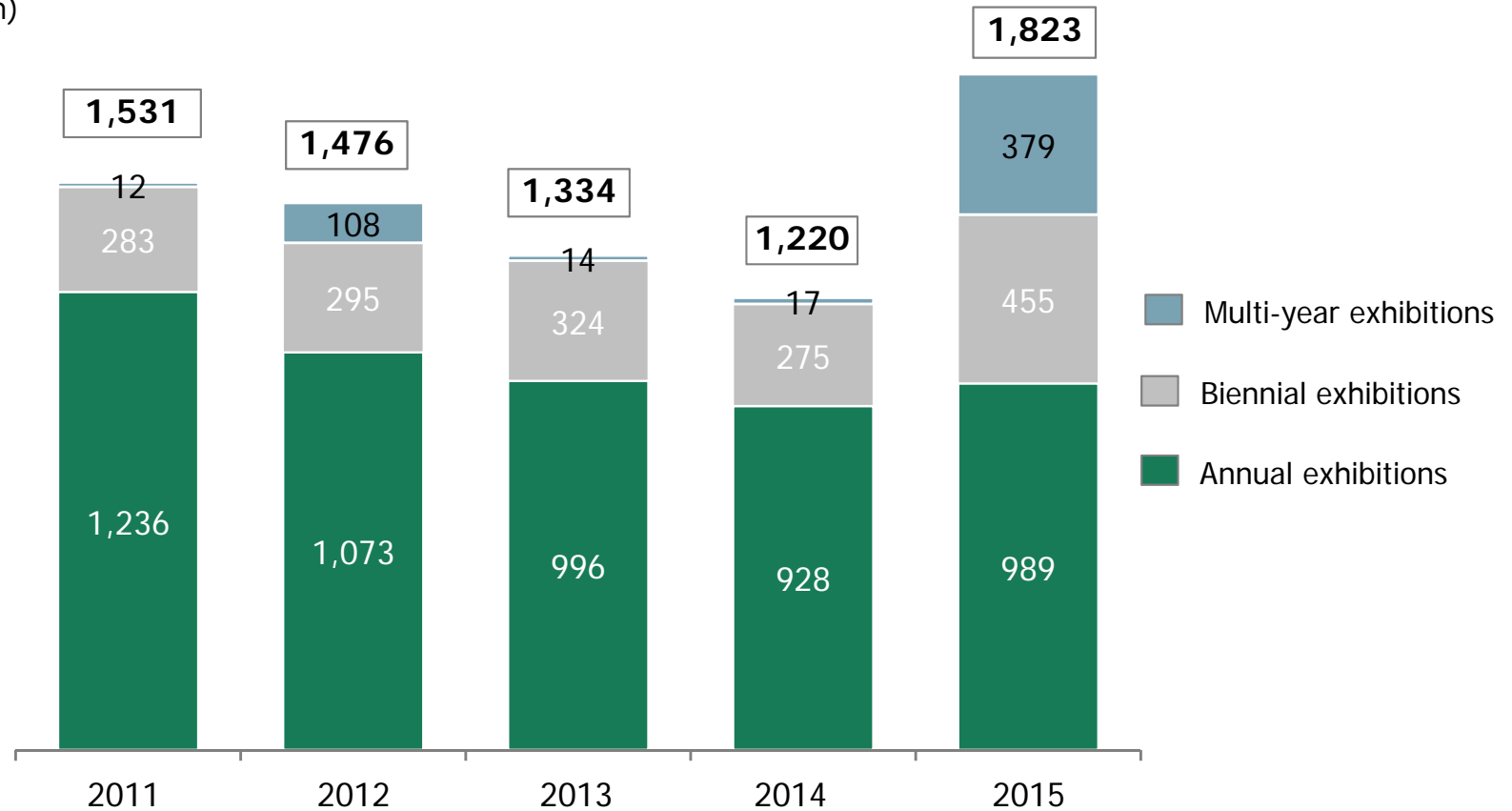
Portfolio diversification with strong presence in attractive sectors

- 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



Exhibition space rented out in Italy

('000 sq m)



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

2015 Achievements



Host - the equipment, coffee and food international hospitality exhibition: **+32% in net exhibition space**; a record **150,968 visitors**, **40% from outside Italy**, +13.5% compared to the previous edition



Tuttofood confirms its leadership in the food sector in Italy becoming the reference point for Southern European countries and **the third largest B2B food exhibition in Europe: net exhibition space +63%, visitors +56%** compared to the previous edition



- In July 2015, **acquisition of Ipack-Ima** SpA, owner of Ipack-Ima, one of the world's leading exhibition in processing and packaging, that is held in the Fiera Milano exhibition site
- UCIMA, the main Italian association for producers of packaging machinery, became a shareholder in the company
- In February 2016 "**The Innovation Alliance**" was announced. This is an event to be held in May 2018 that will combine different production sectors that use the same strong supply chain



The Group acted as a support to EXPO 2015 S.p.A and in 2015:

- **rented** areas totalling approximately **120,000 square metres** inside the Rho exhibition site **for vehicle circulation and parking**
- provided **stand-fitting services and managed the EXPO 2015 Congress Centre and Auditorium**
- built the **exhibition stands of several of the countries taking part in EXPO**



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

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

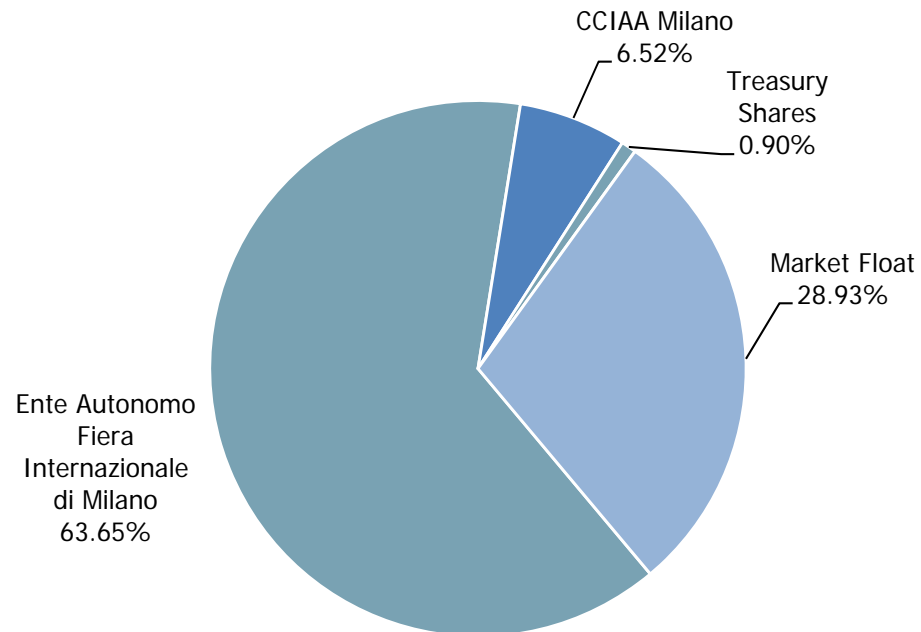
The new share capital is composed of 71,917,829 ordinary shares with no nominal value and totals Euro 42,445,141

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

As at 18 December 2015



Financial overview – Income statement

- The calendar of biennial and multi-year exhibitions creates fluctuations in annual and quarterly revenues
- High visibility on revenues due to long-term contracts with organisers

+39% YoY mainly due to the more favourable exhibition calendar (Host, Tuttofood, Plast and Ipack-Ima, EMO, ITMA), and to activities related to Expo 2015

(Euro '000)

	2015FY	2014FY restated*	2013FY restated*
Revenues from sales and services	337,339	242,711	242,854
Cost of services	165,870	134,986	125,714
Costs for use of third party assets	61,419	56,546	61,250
Personnel expenses	61,675	48,634	46,300
Other operating expenses	10,612	7,389	8,873
Other income and results of equity-accounted results	5,831	4,977	7,257
Gross operating result	43,594	133	7,974
D&A, provisions and adjustment to asset values	31,636	18,480	24,467
Net operating result (EBIT)	11,958	(18,347)	(16,493)
Net financial income (expenses)	(3,520)	(4,869)	(3,798)
Profit/(loss) before income tax	8,438	(23,216)	(20,291)
Income tax	6,011	(4,581)	(4,279)
Profit (loss) of continuing operations	2,427	(18,635)	(16,012)
Profit (loss) of discontinuing operations	(1,998)	(471)	(613)
Profit (loss)	429	(19,106)	(16,625)

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 (Euro 4.3 mn), by redundancy payments (Euro 4.1 mn) and by the indemnity paid to the former CEO (Euro 1.5 mn)

Includes:

- Impairment charges for intangible assets related to foreign subsidiaries (Brazil Euro 5.5 mn, South Africa Euro 1.9 mn, China Euro 1.5 mn) and to the Transpotec & Logitec and Bias trademarks and Real Estate publications (Euro 2.3 mn)
- Risk provisions of Euro 5.0 mn)

* Some of the 2013 and 2014 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.

38% higher than forecast

Financial overview – Statement of Financial Position

(Euro '000)

	31 Dec 2015	31 Dec 2014	31 Dec 2013 restated*
Non-Current Assets	182,302	204,730	209,402
Working Capital	(64,884)	(44,135)	(49,186)
<i>o/w:</i>			
<i>Trade and other receivables</i>	63,932	50,604	53,546
<i>Inventories</i>	1,884	5,028	4,006
<i>Trade payables</i>	49,267	36,160	43,830
<i>Pre-payments</i>	34,880	39,641	37,047
<i>Other current liabilities</i>	46,553	23,966	25,861
Non-current liabilities	19,724	19,240	20,929
NET CAPITAL EMPLOYED from discontinued operations		-	-
TOTAL NET CAPITAL EMPLOYED	97,694	141,355	139,287
Total Equity	85,268	19,688	37,462
Net Financial Position	12,426	121,667	101,825
<i>o/w:</i>			
<i>Cash and cash equivalents</i>	(56,092)	(12,276)	(11,416)
<i>Current financial liabilities</i>	55,502	105,044	75,342
<i>Non-current financial liabilities</i>	13,016	28,899	37,899
EQUITY AND NET FINANCIAL POSITION	97,694	141,355	139,287

The YoY decrease is mainly due to the fair value adjustments to goodwill and trademarks

Structural negative working capital

Significant advance payments provided by organisers (favourable payment cycle) for important exhibitions to be held in future months

Reduction in net debt due to the share capital increase and cash flow from operating activities

*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.

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

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 expects a significant improvement in the gross operating profit already in 2017 from the measures implemented, from potential business opportunities and from the improvement in the economic environment

Closing remarks



A dynamic company in the worldwide exhibition market



No.1 exhibition entity in Italy and No. 3 in the world



Leading company in a growing market



Integrated business model / Turn-key service



Portfolio diversification



Strong presence in attractive sectors



Favourable cash management cycle



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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