



FIERA MILANO

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FY 2016 Consolidated Results

Fiera Milano Group

Conference Call – 13 March 2016



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FY 2016 highlights

2016 results mainly reflected a **less favourable Italian exhibition calendar** compared to the previous year

- **Net exhibition space occupied in Italy: 1,285,600 square metres**; exhibitions organised abroad occupied 367,700 square metres
- Consolidated **revenues of Euro 221.0 million** (Euro 335.2 million in 2015): the decrease was due to the absence of important proprietary biennial exhibitions and some multi-year exhibitions
- Consolidated **gross operating result of Euro 3.7 million** (Euro 43.5 million in 2015) helped by a decrease in operating costs
- Consolidated **net operating loss of Euro 23.0 million** (net operating profit of Euro 13.4 million in 2015) impacted by Euro 12.8 million of write-downs for Italian exhibition trademarks and publishing titles, for goodwill and exhibition trademarks in the Brazilian and South African subsidiaries, and for the sale of Worldex
- Consolidated **net loss of Euro 22.9 million** (net profit of Euro 0.4 million in 2015)



Main achievements in Italy 1/2

- As part of the Group strategy to strengthen the portfolio of proprietary exhibitions,
 - on 23 March 2016 **the Company 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
 - **Tuttofood**, the proprietary biennial exhibition, **has been strengthened through an agreement with Veronafiore**; under this agreement:
 - in 2017 Tuttofood will include a space dedicated to the wine sector and hold a new event called “Wine Discovery” to be managed by Veronafiore
 - there will be an annual international exhibition for fruit and vegetables, which will combine the two exhibitions Fruit Innovation in Milan and Fruit&Veg System in Verona; it will be held in Milan in uneven-numbered years when it 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 farming technologies
 - on 5 September 2016, **Fiera Milano SpA and Ediser Srl**, a service company belonging to the Associazione Italiana Editori (AIE), **set up** a company called **La Fabbrica del Libro SpA**: the two companies hold respectively 51% and 49% of the shares
The new company is organising an annual national book and reader event in Milan: Tempo di Libri will be held from 19-23 April 2017
 - on 27 September 2016, the exhibition trademark, **NF - Travel & Technology Event**, was acquired: from 2017 it will be integrated into the proprietary exhibition BIT as part of a content development project structured around professional conferences and seminars



Main achievements in Italy 2/2

- The 2017 exhibition calendar includes **nine new exhibitions**
 - **Lamiera**, the leading biennial exhibition for metal sheet plant and equipment
 - **MAM**, Art and Antiques
 - **EXPO Ferroviaria**, Italy's showcase for railway technology, products and systems
 - **M&MT**, the broadest overview of mechatronics, automation, control, robotics, motion and ICT systems applicable to all manufacturing industry
 - **TheOneMilano**, an international event for top range women's prêt-à-porter and accessories, which benefits from the know how and experience of MIPAP and MIFUR
 - **EXPO ENCI 2017**, International Dog Show
 - **Next Gen ATP Final**, first edition of the under-21 tennis tournament
 - **Versilia Yachting Rendez-Vous**, organised by Fiera Milano in partnership with Nautica Italiana, a major international event for Spring to promote nautical excellence in both products and manufacturing to be held in Viareggio
 - **Tempo di Libri**

- Fiera Milano SpA concluded the share buy-back programme
 - 294,010 treasury shares were purchased at an average price of ca. Euro 1.58 per share for a total value of Euro 464,383: at today's date, **Fiera Milano SpA holds**, directly and indirectly, 939,018 treasury shares (**1.31% of the share capital**)
 - The reason for the buy-back was to increase the number of treasury shares to service the 2017-2023 Stock Option Plan, as well as to support the liquidity and stability of the shares



Main achievements abroad

- The Group carried out a strategic repositioning of its business outside Italy with a primary **focus on the product** while investments in corporate assets have become of secondary importance
- On 4 November 2016, the Board of Directors of the Company approved the **sale of the 75% shareholding in the Chinese subsidiary Worldex** Fiera Milano Exhibitions (Guangzhou) Co., Ltd and its subsidiary Haikou Worldex Milan Exhibition Co., Ltd, together with the exhibition trademark Food Hospitality World China, to SingEx Exhibitions Pte Ltd; the transaction was subject to the approval of the Board of the Directors of the latter and the contract was signed on 22 February 2017
- This sale is part of the Group strategy to **concentrate its Chinese activities in the joint venture with** its German partner **Deutsche Messe**
- The transaction price comprises:
 - a base consideration of Euro 2.8 million (subject to adjustments): 50% paid upon closing, and the remaining 50% to be paid after the new business licence has been issued to the buyer
 - a variable consideration of up to Euro 1 million will be paid in three tranches upon achievement of agreed EBITDA targets for each of the years from 2017 to 2019
- The net assets held for sale of Worldex have been reclassified at fair value in discontinued operations: this had a negative impact of Euro 4.2 million on the results of discontinued operations



Administration order

- On 6 July 2016, the Milan Court – Prevention Court Independent Section issued, under Article 34 of Legislative Decree 159/2011 (anti-organised crime laws and prevention measures), an **administration order** for the subsidiary Nolostand, operating in the stand-fitting sector, regarding its contractual relations with a supplier
- On 11 October 2016, an administration order was received under the same legislative requirements by Fiera Milano SpA referring only to the stand-fitting business area
- The administration order is temporary and has as its priority the conservation of the value of the Company without obstructing it from carrying out its normal business activities
- The Board of Directors has effectively **implemented measures**, in full collaboration with the Court-appointed Administrator, **to strengthen the corporate governance** of the Company and to avoid any repetition of circumstances similar to those that gave rise to the administration order
- On January 13, 2017, the majority of Directors deemed it appropriate to instigate a further break in continuity by resigning; this resulted in the dissolution of the Board of Directors effective from 21 April 2017
- The Company continues to make every effort to collaborate fully with the Court-appointed Administrator in order to ensure that the administration order ends as soon as possible



Shareholders' Meetings

Extraordinary and Ordinary Shareholders' Meetings have been convened on 21 April 2017

- **Extraordinary proceedings**

- The controlling shareholder Fondazione Fiera Milano has requested the approval of amendments to some of the Articles of Association
- The amendments aim to strengthen the prerequisites of members of the corporate bodies, as well as to facilitate the current restructuring of the corporate and organisational structure
- The amendments also aim to bring the corporate governance model in line with sector best practice and meet the requirements of the Self-regulatory Code of Listed Companies

- **Ordinary proceedings**

- Approval of the Financial Statements for the year to 31 December 2016, the Board of Directors' Management Report and the Report of the Statutory Auditors
- Appointment of the Board of Directors and its Chairperson following prior decisions regarding the length of its mandate and the number of its members; decision regarding its remuneration
- The Report on Remuneration pursuant to Article 123-*ter* of Legislative Decree 58/98
- Approval of an authority to acquire and dispose of treasury shares under Articles 2357 and 2357-*ter* of the Italian Civil Code following prior cancellation of the previous authority



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Italian exhibition calendar

Exhibitions	Net sq. metres of exhibition space		
	FY16	FY15	FY14
Annual exhibitions			
Directly organised	175,655	187,255	178,165
Organised by 3rd parties	805,030	752,005	716,345
Total annual exhibitions	980,685	939,260	894,510
Biennial exhibitions			
Directly organised	-	275,395	14,330
Organised by 3rd parties	254,145	179,855	261,060
Total biennial exhibitions	254,145	455,250	275,390
Multi-year exhibitions			
Directly organised	-	-	16,480
Organised by 3rd parties	-	379,290	-
Total multi-year exhibitions	-	379,290	16,480
Total exhibitions	1,234,830	1,773,800	1,186,380
Congresses with related exhibition area	50,770	49,075	33,745
Total	1,285,600	1,822,875	1,220,125

- Directly organised exhibitions: slight fall in demand for space at HOMI, in the homeware sector, and absence of Milano Prêt-à-Porter Autumn which, together with Mifur, has become part of THE ONE MILANO, an exhibition for top quality prêt-à-porter that was held in February 2017
- Exhibitions organised by third parties:
 - Annual: special edition of Milano Auto Classica and positive performance of Lineapelle and Milano Unica
 - Biennial: Mostra Convegno Expocomfort



Italian exhibitions



Italian exhibitions	FY16	FY15
Revenues (€'000)	173,421	277,310
Gross operating result (€'000)	-3,092	31,931
% on revenues	-1.8%	11.5%
Net operating result (€'000)	-15,234	18,204
% on revenues	-8.8%	6.6%



- The 2016 decrease in revenues reflected the trend in exhibition space occupied and the absence of activities linked to Expo 2015
- The decrease in the gross operating result was due to the trend in revenues, partially compensated by the absence of the one-off variable component of rent (Euro 10.0 million) payable only in 2015 for the presence of Expo 2015, lower personnel costs following the reorganization started in the last part of 2015, and a reduction in personnel costs in the Parent Company
- The net operating loss reflected the trend in the gross operating loss and impairment charges for the Bit and Transpotec & Logitec trademarks (Euro 3.3 million)

Foreign exhibition calendar

Exhibitions	Net sq. metres of exhibition space		
	FY16	FY15	FY14
Annual exhibitions			
China	297,655	311,680	282,915
India	14,180	17,780	20,550
Brazil	10,400	19,555	30,620
South Africa	11,870	11,595	11,425
Thailand	1,360	2,500	2,500
Sri Lanka	1,000	1,800	-
USA	505	800	-
Turkey*	-	8,810	25,075
Russia	-	1,700	2,600
Total annual exhibitions	336,970	376,220	375,685
Biennial exhibitions			
Brazil	30,730	10,705	36,985
China	-	13,335	1,630
Singapore	-	785	-
Total biennial exhibitions	30,730	24,825	38,615
Total	367,700	401,045	414,300

* The Turkish subsidiary and related exhibitions were sold in July 2015

- **China:** lower exhibition space occupied as some of the annual exhibitions were cancelled and an absence of some biennial exhibitions held in 2015
- **Brazil:** presence of biennial exhibitions Fisp and Fesqua but absence of the annual exhibitions Reatech and Food Hospitality World



Foreign exhibitions



Foreign exhibitions	FY16	FY15 restated*
Revenues (€'000)	6,830	6,945
Gross operating result (€'000)	1,781	-1,236
% on revenues	26.1%	-17.8%
Net operating result (€'000)	-4,507	-9,809
% on revenues	-66.0%	-141.2%

* Some figures in the Consolidated Financial Statements at 31 December 2015 have been restated for comparative purposes to reflect the accounting of the Chinese companies, Worldex and Haikou Worldex, under IFRS 5



- 2016 revenues in line with 2015
- The year-on-year improvement in the gross operating result mainly reflected the trend in revenues but also lower costs from the corporate restructuring in Brazil in 2015
- The net operating result was affected by impairment charges in the South African subsidiary (Euro 2.9 million) and for impairment charges to goodwill and trademarks in the subsidiary Cipa (Euro 2.4 million)

Stand-fitting services



Stand-fitting services	FY16	FY15
Revenues (€'000)	38,295	55,890
Gross operating result (€'000) % on revenues	3,033 7.9%	7,197 12.9%
Net operating result (€'000) % on revenues	493 1.3%	5,221 9.3%



- The trends in revenues and gross operating result were due to the less favourable exhibition calendar and the absence of the non-recurring activities in the previous financial year that were linked to the presence of Expo 2015
- 2016 net operating result, in part, reflected provisions taken for personnel disputes

Media

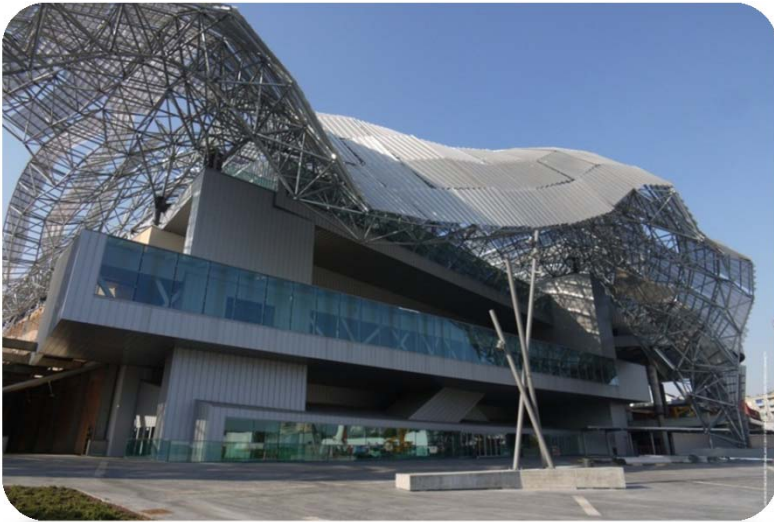
Media	FY16	FY15
Revenues (€'000)	11,051	13,376
Gross operating result (€'000)	376	821
% on revenues	3.4%	6.1%
Net operating result (€'000)	-4,103	-2,138
% on revenues	-37.1%	-16.0%



- The decline in 2016 revenues was due to lower sponsorship revenues, lower print advertising revenues and a decrease in digital services
- The decline in the gross operating result mainly reflected the trend in revenues, partially offset by lower personnel costs from the company restructuring
- The net operating result was affected by the impairment charges of Euro 4.1 million for the Food & Beverage trade publication and for goodwill



Congresses



Congresses	FY16	FY15
Revenues (€'000)	30,672	37,446
Gross operating result (€'000)	2,274	4,626
% on revenues	7.4%	12.4%
Net operating result (€'000)	1,133	1,764
% on revenues	3.7%	4.7%



- 2016 revenues decreased because of the absence of the non-recurring management activities of the Expo 2015 Congress Centre and Auditorium present in the previous financial year
- The decline in the gross operating profit was mainly due to the trend in revenues, partially offset by lower personnel costs and by an increase of other income from insurance claims
- The decrease in net operating profit also reflected the trend in gross operating profit and was partially offset by lower depreciation

Consolidated Income Statement

Consolidated Income Statement (€'000)	FY16	FY15 restated*	FY14 restated*
Revenues	221,041	335,172	240,067
Gross operating result	3,652	43,538	(147)
Margin (%)	1.7%	13.0%	-0.1%
Net operating result (EBIT)	(22,994)	13,397	(18,620)
Margin (%)	-10.4%	4.0%	-7.8%
Profit/(loss) before income tax	(23,979)	9,890	(23,469)
Margin (%)	-10.8%	3.0%	-9.8%
Profit/loss from continuing operations	(18,674)	3,903	(18,753)
Profit/loss margin (%)	-8.4%	1.2%	-7.8%
Profit/loss from discontinued operations	(4,176)	(3,474)	(353)
Profit/loss	(22,850)	429	(19,106)
Profit/loss margin (%)	-10.3%	0.1%	-8.0%
-attributable to Shareholders of the controlling entity	(22,794)	1,014	(18,955)
Profit/loss attributable to Shareholders of the controlling entity margin (%)	-10.3%	0.3%	-7.9%
-attributable to non-controlling interests	(56)	(585)	(151)
Profit/loss attributable to non-controlling interests margin (%)	0.0%	-0.2%	-0.1%

Some of the 2014 and 2015 figures have been restated for comparative purposes to reflect the accounting of the Chinese companies, Worldex and Haikou Worldex, under IFRS 5, following the divestment of the subsidiary Interteks on 27 July 2015, and for the different classification of the use of risk provisions in FY2014.



Consolidated Statement of Financial Position

Consolidated Statement of Financial Position (€'000)	31/12/16	31/12/15	31/12/14
Non-current assets	160,882	182,302	204,730
Net working capital	(46,527)	(64,884)	(44,135)
Gross capital employed	114,355	117,418	160,595
Non-current liabilities	16,409	19,724	19,240
Net capital employed continuing operations	97,946	97,694	141,355
Net capital employed assets held for sale	2,049	-	-
Total net capital employed	99,995	97,694	141,355
Equity	61,679	85,268	19,688
Net financial position continuing operations	39,530	12,426	121,667
Net financial position assets held for sale	(1,214)	-	-
Equity and net financial position	99,995	97,694	141,355

Consolidated Net Financial Position

Consolidated Net Financial Position (€'000)	31/12/16	31/12/15
Cash (including bank balances)	20,904	56,092
Other cash equivalents	-	-
Securities held for trading	-	-
Cash and cash equivalents	20,904	56,092
Current financial assets	2,622	-
Current bank borrowings	19,284	23,481
Current portion of non-current debt	26,258	15,985
Other current financial liabilities	3,364	16,036
Current financial debt	48,906	55,502
Current net financial debt (cash)	25,380	-590
Non-current bank borrowings	14,108	10,922
Debt securities in issue	-	-
Other non-current payables	42	2,094
Non-current net financial debt	14,150	13,016
Net financial debt (cash) from continuing operations	39,530	12,426
Net financial debt (cash) from assets held for sale	-1,214	-
Net financial debt (cash)	38,316	12,426



The increase in net financial debt was mainly due to lower cash flows from operations caused by the unfavourable exhibition calendar



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Business outlook

- The improvement in the reference economic environment was confirmed by **the exhibitions held in Italy in the first part of the current financial year**, which **provided** decidedly **encouraging signals** in terms of both exhibitors and visitors: the exhibitions in the fashion accessories sector had particularly positive results
- The **2017** financial year will benefit from **a more favourable exhibition calendar** with the presence, amongst other events, of the important directly organised biennial exhibitions Tuttofood and Host
- **Host**, the international leader in the HoReCA trade sector, had record results at its last edition: it is expected to grow further and, with eight months still to go until the exhibition opens, **more than 90% of the exhibition space has been taken** by companies attending the exhibition with some areas completely sold out
- The exhibition calendar of the current financial year also includes **nine new exhibitions** directly organised and organised by third-parties; this is the result of the efforts made in 2016
- Assuming no events or circumstances that at the present time cannot be foreseen, the Group expects **a significant improvement in the gross operating profit in 2017**, compared to that achieved in 2016, **and a return to net profit**
- In coming financial periods, the initiatives taken to strengthen the exhibition portfolio should **reduce the seasonality of the exhibition calendar**



Forward-Looking Statements

Data and information herewith set forth are extracted from the Fiera Milano Press Release issued on 10 March 2017 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 Sebastiano Carbone 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

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