



**FIERA MILANO**

***FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE HALF-YEAR  
FINANCIAL REPORT AT 30 JUNE 2014***

- ***Revenues of Euro 138.6 million (+4% compared to the first semester 2013)***
- ***Gross operating profit of Euro 5.0 million, an increase compared to the figure of Euro 4.6 million for the first semester 2013***
- ***Net operating loss of Euro 0.570 million compared to a net operating profit of Euro 1.1 million in the first semester 2013***
- ***Net result negative for Euro 3.7 million (negative for Euro 1.6 million in the first semester 2013)***

*The CEO, Enrico Pazzali, commented: “The Fiera Milano Group closed the first semester of the current financial year with conflicting figures that largely reflected the ongoing critical economic situation. The revenues and gross operating profit were ahead of the 2013 figures also due to the presence of the biennial exhibition Mostra Convegno Expocomfort. The activities outside Europe showed a decline that was mainly due to the Brazilian activities; however, expectations of a year-on-year increase in the full-year results for the foreign activities are confirmed. The general context within which the Group operates, particularly in the European market, is still characterised by weak demand and uncertainties surrounding the outcome of an economic crisis that has yet to demonstrate any signs of recovery. Given this scenario, which is likely to stay the same in the second semester, Fiera Milano remains focused on measures that enable it to meet the challenges of the present situation but that more importantly also prepare us for the future: increasing the exhibition portfolio; continual upgrading of exhibitions; developing the congress business; and enhancing the investments made outside Italy. In this regard we are pleased to report the following: that from September Lineapelle, the leading exhibition worldwide on leather working, will transfer to Fiera Milano; the excellent progress made in the preparations for the Milan Auto Show in December; the successful debut of HOMI, the remodelled version of Macef; the measures in course for the redesign and relaunch of Bit; and the choice made by the Government to use the MiCo Congress Centre for the political summits to be held during the six-month Italian presidency of the European Union (which provided the occasion to modernise part of the congress centre).”*

**Milan, 28 July 2014.** The Board of Directors of Fiera Milano SpA, meeting under the Chairman, Michele Perini, approved the Half-Year Report at 30 June 2014.

The Fiera Milano Group had results in the first semester that showed a partial improvement compared to the same period of 2013, particularly in terms of revenues and gross operating profit. This was mainly due to the contribution of the important biennial exhibition Mostra Convegno Expocomfort (building plant and equipment and energy sectors) and the good performances of the Salone del Mobile and the exhibitions in the fashion sector. These favourable trends more than compensated for the negative factors caused by the absence of the directly organised biennial exhibition, Tuttofood, held in uneven-numbered years; by the weakness of the proprietary exhibitions Bit and HOMI, the former which is the subject of a repositioning that will be completed

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in 2015 when it will have a completely different format and the latter that suffered from non-recurring costs for the launch and internationalisation of the exhibition which is the heir to Macef; and by the slight decline in foreign business that was more marked in Brazil than elsewhere as some exhibitions were cancelled and there was a general drop in demand for exhibition space. Timely action has been taken to mitigate this situation with a profound reorganisation of the Brazilian affiliate which has incurred extraordinary costs but which should provide positive results even in the short-term.

As part of the contracts connected to Expo 2015, Fiera Milano is designing the stands of the themed areas (Pavilion Zero, Future Food District, Children's Park, the Biodiversity Park) and the Italy pavilion.

On 31 March 2014 the new rental contracts were signed with Fondazione Fiera Milano for the exhibition sites of both Rho and Milan City. Under the new lease agreement for the Rho exhibition site there will be a reduction in the rent of Euro 2.0 million in the second semester of 2014 and of Euro 14.0 million in 2015 and in each subsequent year of the contract. The lease agreement is for a total of Euro 24.4 million for the second semester of 2014 and Euro 38.8 million in 2015 and in each subsequent year of the agreement, annually adjusted for 100% of the change in the ISTAT consumer price index. Because of EXPO 2015, which is expected to have a positive impact on the exhibition business of Fiera Milano, for 2015 alone Fondazione Fiera Milano will be paid an additional rent of 15% of any revenues generated in 2015 by Fiera Milano SpA that exceed the average annual revenues of the three-year period 2012-2014. Fiera Milano will pay a supplementary rent equal to 15% of the aforementioned difference in revenues up to a maximum amount of Euro 10.0 million.

As regards the Milan exhibition site, the parties agreed to maintain the current rent of Euro 2,850,000 per annum, annually adjusted for the change in the ISTAT consumer price index.

During the semester under review, 28 exhibitions and 16 events linked to congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**. Net exhibition space occupied totalled 744,710 square metres, compared to 752,365 square metres in the same period of the preceding financial year, whilst the number of exhibitors decreased from 12,380 in the first semester 2013 to 12,095 in the first semester 2014. Twenty-five exhibitions were held outside Italy and the net exhibition space occupied totalled 134,915 square metres (141,655 square metres in the same period of 2013). The number of exhibitors rose from 3,665 in the first semester 2013 to 3,675 in the first semester 2014.

### **• RESULTS OF THE SEMESTER**

It should be remembered that the exhibition business is seasonal due to the existence of biennial and multi-annual exhibitions and due to the absence of exhibitions in the months of July and August and in the second half of December, which means that the results may not be extrapolated for the full-year and may vary significantly from one semester to another.

The key Group figures for the period under review are given in the following table.



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Full year at 31/12/13 restated	Fiera Milano Group Summary of key figures (Amounts in € '000)	1st Half at 30/06/14	1st Half at 30/06/13 restated
245,057	Revenues from sales and services	138,582	132,725
2,155	Gross operating result (a)	5,046	4,620
-17,087	Net operating result (EBIT)	-570	1,117
-16,625	Net profit/loss (continuing operations)	-3,738	-1,621
-16,625	Net profit/loss	-3,738	-1,621
-16,498	- Attributable to the shareholders of the controlling entity	-3,218	-1,521
-127	- Attributable to non-controlling interests	-520	-100
2,617	Cash flow for the Group and non-controlling interests (b)	1,878	1,882
139,287	Net capital employed (c)	147,728	153,972
	covered by:		
34,650	Equity attributable to the Group	31,719	51,562
2,812	Equity attributable to non-controlling interests	2,645	3,163
101,825	Net financial debt/(cash)	113,364	99,247
15,655	Investments (continuing operations and discontinued operations)	6,533	12,027
826	Employees (no. of permanent employees at end of period)	816	822

(a) Gross operating profit is profit before depreciation and amortisation, write-downs, provisions, adjustments to assets values, financial income and costs, and taxes.  
(b) Cash flow is the sum of the result for the financial year, depreciation and amortisation and provisions.  
(c) Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

Some figures in the Consolidated Financial Statements at 31 December 2013 and in the Consolidated Condensed Interim Financial Statements at 30 June 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

► **Revenues from sales and services** were Euro 138.6 million, an increase of 4% compared to the same semester of 2013 (Euro 132.7 million). The increase reflected the presence of Mostra Convegno Expocomfort that accounted for 17% of the exhibition space occupied in Italy in the period under review and the positive performances of the exhibitions mentioned above. This increase was, in part, offset by the absence of the biennial exhibition Tuttofood held in uneven-numbered years, a decrease in the demand for exhibition space at HOMI and Bit, and by the drop in demand for exhibition space in Brazil.

► The **gross operating profit** was Euro 5.0 million compared to Euro 4.6 million in the same period of the preceding financial year. The increase reflected the increase in revenues but was impacted by non-recurring costs for the launch of HOMI and an increase in operating costs in the Brazilian companies Cipa FM and Eurofairs that was mainly due to corporate restructuring.

► The **net operating result (EBIT)** was negative for Euro 0.570 million, compared to a positive figure of Euro 1.1 million in the first semester of 2013. The net operating result reflected the change in the gross operating profit but was negatively impacted by lower write-backs of provisions for loss-making exhibitions and disputes with personnel made by the Parent Company.

► The **pre-tax result** was negative for Euro 3.2 million compared to a negative figure of Euro 0.687 million in the first semester of 2013. The pre-tax result reflected the trend in the net operating



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result but was impacted by higher financial costs in the Parent Company that were mainly due to financial expenses generated by the calculation of net present values in the period under review.

► Total **cash flow** (calculated as the net result plus depreciation and amortisation, provisions and adjustments to asset values) was Euro 1.9 million and was in line with the figure for the first semester 2013.

#### ● **PERFORMANCE BY OPERATING SEGMENT AND BY GEOGRAPHIC AREA**

**Revenues from sales and services**, before eliminations for inter-segment transactions, were Euro 162.1 million, of which 70% was generated by Italian Exhibitions, 4% by Foreign Exhibitions, 13% by Stand-fitting Services, 4% by Media and 9% by Congresses.

- Revenues from **Italian Exhibitions** were Euro 113.0 million, an increase of 7% compared to the first semester of 2013 that was attributable to the trend in exhibitions.

- Revenues from **Foreign Exhibitions** were Euro 6.2 million, an 11% decrease compared to the figure in the first semester of 2013 that was primarily due to the cancellation of some exhibitions in Brazil and for the decrease in demand for exhibition space, in particular for the exhibitions Food Hospitality World, Exposec and Reatech.

- Revenues from **Stand-fitting Services** were Euro 21.5 million in the semester under review, a year-on-year increase of 15%. The increase is mainly due to higher stand-fitting volumes linked to the more favourable exhibition calendar that included the biennial exhibition Mostra Convegno Expocomfort, as well as the strong performance of the Salone Internazionale del Mobile.

- Revenues from the **Media** segment were Euro 6.5 million in the semester (+4%) and reflected an increase in billboard advertising and higher sales of digital services.

- Revenues from the **Congress** segment were Euro 14.9 million, a year-on-year increase of 12% that was attributable to the presence of some important international congresses during the period under review, which included that of the EHA (European Hematology Association), of the ISMRM (International Society for Magnetic Resonance in Medicine) and the Cisco Live and Azimut conventions.

The **gross operating profit** was Euro 5.0 million compared to Euro 4.6 million in the first semester 2013. The breakdown by segment was as follows:

- **Italian Exhibitions**: a gross operating profit of Euro 2.6 million compared to a gross operating loss of Euro 0.016 million in the first semester 2013. The increase reflects the trend in exhibition space occupied described above and lower losses on receivables.

- **Foreign Exhibitions**: a negative gross operating result of Euro 1.5 million compared to a positive figure of Euro 1.0 million in the same period of the preceding financial year. The change reflected the trend in revenues and the increased operating costs in the Brazilian companies Cipa FM and Eurofairs that were mainly corporate restructuring costs.



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- **Stand-fitting Services:** gross operating profit of Euro 2.0 million compared to Euro 1.5 million in the same semester of 2013. The increase reflects the increase in revenues and lower losses on receivables.
- **Media:** a gross operating result of Euro 0.248 million compared to a gross operating profit of Euro 0.240 million in the first semester of 2013. The decrease was due to an increase in revenues that was almost completely eroded by higher costs linked to strengthening the marketing area.
- **Congresses:** gross operating profit of Euro 1.6 million compared to Euro 1.8 million in the same semester of 2013 as the effect of higher revenues was offset by higher rental costs for the new congress centre MiCo – Milano Congressi.

The **net operating result** of the five operating segments totalled a loss of Euro 0.570 million compared to a net operating profit of Euro 1.1 million in the same semester of 2013 and reflected the lower write back of provisions for loss-making exhibitions and personnel disputes in the Parent Company.

The results of the foreign businesses showed total revenues of Euro 6.2 million (Euro 6.9 million in the first semester of 2013); a negative gross operating result of Euro 1.5 million (Euro 1.0 million in the first semester of 2013); a negative net operating result of Euro 2.2 million (net operating profit of 0.292 million in the same semester of 2013). The decrease in revenues was exacerbated at the gross and net operating levels by the increase in operating costs mainly due to a corporate restructuring at the Brazilian companies Cipa FM and Eurofairs.

### ● **CONSOLIDATED NET FINANCIAL POSITION**

The net debt at 30 June 2014 was Euro 113.4 million compared to Euro 101.8 million at 31 December 2013 – an increase of Euro 11.5 million. The increase in net debt was mainly due to operating cash flows that reflected the higher current assets in net working capital, as well as the financing of investments.

### ● **BUSINESS OUTLOOK**

The results of the semester under review confirm the absence of any major signs of a recovery in the exhibition business in Italy. The effects of the stagnant macroeconomic environment and the unfavourable exhibition calendar this year require a prudent stance to be maintained regarding expectations for the coming months.

However, the 2014 results of the foreign business activities are expected to improve compared to those of the previous financial year.

The Company is ready to take advantage of any opportunities arising from the presence of different countries at Expo 2015 and from any further possible collaboration with Expo 2015 SpA.

The reduction in the rent payable for the exhibition sites will free up resources that can be invested to support and relaunch exhibitions, which should generate returns in the medium-term.



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The Manager responsible for preparing the Company Financial Statements, Flaminio Oggioni, in accordance with paragraph 2 article 154-*bis* of the Consolidated Finance Law (Testo Unico della Finanza), herewith declares that the accounting information contained in the present Press Release is consistent with the official documents, books and accounting records.

*This press release and, in particular, the paragraph “Business Outlook” contains forward-looking statements. These statements are based on the current expectations and assumptions of the Group regarding future events and by their very nature are subject to certain risks and uncertainties. The actual results could differ materially from those contained in these statements for a variety of factors that include changes in general economic and business conditions, continued volatility and a further deterioration in the capital and financial markets and many other factors, the majority of which are outside the control of the Group.*

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Attachments:

Consolidated Statement of Financial Position  
Consolidated Statement of Comprehensive Income  
Consolidated Statement of Cash Flows



## FIERA MILANO

	(€ '000)	
<b>Consolidated Statement of Financial Position</b>	<b>30/06/14</b>	<b>31/12/13 restated *</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21,062	18,549
Leased property, plant & equipment	10	10
Investments in non-core property	-	-
Goodwill and intangible assets with an indefinite useful life	110,340	109,930
Intangible assets with a finite useful life	47,537	49,222
Equity accounted investments	14,622	15,368
Other investments	40	40
Other financial assets	-	-
Trade and other receivables	13,234	14,228
<i>of which from related parties</i>	<i>12,163</i>	<i>12,784</i>
Deferred tax assets	2,348	2,055
<b>Total</b>	<b>209,193</b>	<b>209,402</b>
<b>Current assets</b>		
Trade and other receivables	60,940	53,851
<i>of which from related parties</i>	<i>1,529</i>	<i>2,695</i>
Inventories	4,785	4,006
Contracts in progress	-	-
Current financial assets	1,706	635
Cash and cash equivalents	13,178	11,416
<b>Total</b>	<b>80,609</b>	<b>69,908</b>
<b>Assets held for sale</b>		
Assets held for sale	-	-
<b>Total assets</b>	<b>289,802</b>	<b>279,310</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Share capital	41,521	41,521
Share premium reserve	909	13,573
Revaluation reserve	-	-
Other reserves	1,997	1,344
Retained earnings	-9,490	-5,290
Profit/loss	-3,218	-16,498
<b>Total Group equity</b>	<b>31,719</b>	<b>34,650</b>
<b>Equity attributable to non-controlling interests</b>	<b>2,645</b>	<b>2,812</b>
<b>Total equity</b>	<b>34,364</b>	<b>37,462</b>
<b>Non-current liabilities</b>		
Bonds in issue	-	-
Bank borrowings	33,527	34,408
Other financial liabilities	3,453	3,491
<i>of which to related parties</i>	<i>2,577</i>	<i>2,538</i>
Provision for risks and charges	2,530	2,583
Employee benefit provisions	9,948	9,202
Deferred tax liabilities	8,054	7,949
Other non-current liabilities	992	1,195
<i>of which to related parties</i>	<i>-</i>	<i>235</i>
<b>Total</b>	<b>58,504</b>	<b>58,828</b>
<b>Current liabilities</b>		
Bonds in issue	-	-
Bank borrowings	66,497	55,405
Trade payables	47,142	43,830
Pre-payments	36,610	37,047
Other current financial liabilities	24,771	20,572
<i>of which to related parties</i>	<i>24,610</i>	<i>20,410</i>
Current provision for risks and charges	1,169	2,044
Current tax liabilities	2,102	2,045
Other current liabilities	18,643	22,077
<i>of which to related parties</i>	<i>3,555</i>	<i>3,002</i>
<b>Total</b>	<b>196,934</b>	<b>183,020</b>
<b>Liabilities held for sale</b>		
Liabilities held for sale	-	-
<b>Total liabilities</b>	<b>289,802</b>	<b>279,310</b>

\* Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.





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	(€ '000)	
<b>Consolidated Statement of Comprehensive Income</b>	<b>1st Half at 30/06/14</b>	<b>1st Half at 30/06/13 restated *</b>
Revenues from sales and services	138,582	132,725
<b>Total revenues</b>	<b>138,582</b>	<b>132,725</b>
Cost of materials	1,486	1,812
Cost of services	73,445	68,780
<i>of which with related parties</i>	<i>810</i>	<i>1,228</i>
Cost of use of third-party assets	32,063	31,600
<i>of which with related parties</i>	<i>29,401</i>	<i>28,866</i>
Personnel expenses	25,230	24,675
Other income	3,832	3,905
<b>Total operating expenses</b>	<b>136,056</b>	<b>130,772</b>
Other income	1,557	1,474
Results of equity accounted associates and joint ventures	963	1,193
<b>Gross operating result</b>	<b>5,046</b>	<b>4,620</b>
Depreciation of property, plant and equipment	3,253	3,738
Depreciation of property investments	-	-
Amortisation of intangible assets	3,265	3,113
Adjustments to asset values	6	2
Provisions for doubtful receivables and other provisions	-908	-3,350
<b>Net operating result (EBIT)</b>	<b>-570</b>	<b>1,117</b>
Financial income and similar	459	564
Financial expenses and similar	3,099	2,368
Valuation of financial assets	-	-
<b>Profit/loss before tax</b>	<b>-3,210</b>	<b>-687</b>
Income tax	528	934
<b>Profit/loss from continuing operations</b>	<b>-3,738</b>	<b>-1,621</b>
<b>Profit/loss from assets held for sale</b>	<b>-</b>	<b>-</b>
<b>Profit/loss for the period</b>	<b>-3,738</b>	<b>-1,621</b>
Profit/loss attributable to:		
the shareholders of the controlling entity	-3,218	-1,521
non-controlling interests	-520	-100
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>		
Revaluation of defined benefit schemes	-505	-15
Tax effects	-139	-5
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>		
Currency translation differences of foreign subsidiaries	800	-1,401
<b>Other comprehensive income net of related tax effects</b>	<b>434</b>	<b>-1,411</b>
<b>Total comprehensive income/loss for the period</b>	<b>-3,304</b>	<b>-3,032</b>
Total comprehensive income/loss for the year attributable to:		
the shareholders of the controlling entity	-2,931	-2,565
non-controlling interests	-373	-467
<b>Earnings/losses per share (€)</b>		
Basic	-0.0775	-0.0366
Diluted	-0.0775	-0.0366

\* Some figures in the Consolidated Condensed Interim Financial Statements at 30 June 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.





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	(€ '000)	
<b>Consolidated Statement of Cash Flows</b>	<b>1st Half at 30/06/14</b>	<b>1st Half at 30/06/13 restated *</b>
<b>Net cash at beginning of the year</b>	<b>11,416</b>	<b>13,016</b>
<b>Cash flow from operating activities</b>		
Net cash from operating activities	-5,255	4,499
<i>of which from related parties</i>	-29,027	-28,484
Interest paid	-1,513	-1,780
Interest received	200	96
Income taxes paid	-268	-359
<b>Total</b>	<b>-6,836</b>	<b>2,456</b>
<b>Cash flow from investing activities</b>		
Investments in tangible assets	-2,167	-800
Write-downs of tangible assets	4	20
Investments in intangible assets	-741	-3,847
Write-downs of intangible assets	-	2,058
Investments in subsidiaries	-1,954	-9,018
Other investments	-	1
<b>Total</b>	<b>-4,858</b>	<b>-11,586</b>
<b>Cash flow from financing activities</b>		
Group share capital and reserves	282	-1,960
Non-current financial assets/liabilities	-919	-2,261
Current financial assets/liabilities	14,598	13,213
<i>of which from related parties</i>	4,239	17,790
Dividends paid	-76	-236
<b>Total</b>	<b>13,885</b>	<b>8,756</b>
<b>Cash flow for the period</b>	<b>2,191</b>	<b>-374</b>
Translation differences of cash and cash equivalents	-429	-1,406
<b>Net cash of discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Net cash at the end of the period</b>	<b>13,178</b>	<b>11,236</b>

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	(€ '000)	
<b>Cash generated from operating activities</b>	<b>1st Half at 30/06/14</b>	<b>1st Half at 30/06/13 restated *</b>
Result including non-operating activities	-3,738	-1,621
<i>Adjustments for:</i>		
Profit from equity accounted investments	-963	-1,193
Depreciation and Amortisation	6,518	6,851
Provisions, write-downs and impairment	-884	-2,337
Capital gains and losses	6	-4
Net financial income/expenses	2,640	1,901
Net change in employee provisions	380	195
Changes in deferred taxes	-188	-528
Inventories	-779	927
Trade and other receivables	-6,095	-9,233
Trade payables	-319	2,586
Pre-payments	-437	5,927
Tax payables	325	-919
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	1,440	2,207
Payables to Organisers	-3,161	-310
Net effect of assets held for sale	-	50
<b>Total</b>	<b>-5,255</b>	<b>4,499</b>

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