



FIERA MILANO

**FIERA MILANO: HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2016
APPROVED BY THE BOARD OF DIRECTORS**

- **Consolidated revenues of Euro 138.7 million compared to Euro 181.5 million in the first semester 2015, mainly due to the less favourable exhibition calendar**
- **Consolidated gross operating profit of Euro 20.7 million compared to Euro 28.5 million in the first semester 2015**
- **Consolidated net operating profit of Euro 13.7 million, an increase compared to the first semester 2015 figure of Euro 12.8 million**
- **Higher consolidated net profit of Euro 8.4 million compared to Euro 3.1 million in the first semester of 2015**

The Chief Executive Officer, Mr Corrado Peraboni, commented, “The business performance in the first semester of the year was in line with expectations despite being penalised by a less favourable exhibition calendar than in the same period of the previous year. The results for the period under review benefited from a significant reduction in operating expenses due to the rationalisation measures implemented, which meant that the net result for the period was higher than in the comparative period. However, I point out that the remaining part of year will be affected by the traditional absence of exhibition activities in the summer months and by the absence of important biennial and multi-year exhibitions. In the meantime we are still working in the implementation of the corporate strategy and, in the first semester of the year, a variety of projects were concluded. In particular, as part of the effort to expand the portfolio of proprietary exhibitions, the Promotion Trade Exhibition trademark was acquired and an important agreement was reached with Veronafiere, which will mean that, from 2017, Tuttofood will include an area dedicated to wine that will be managed by Veronafiere and the fruit and vegetable sector of the exhibition will be strengthened. Lastly, an agreement has just been signed with the Italian publishing association for a new national event to promote reading that will be held in Milan: the content will be managed by the association whilst Fiera Milano will bring its operational experience to the event. A new company, with the majority held by Fiera Milano, will be set up to organise the event which is forecast to occupy three pavilions already in 2017. This is a new and highly ambitious project which is hoped will involve the whole of Italy through itinerant exhibitions that will take books to areas which they currently do not reach.”

Milan, 29 July 2016. The Board of Directors of Fiera Milano SpA, meeting under the Chairman, Roberto Rettani, approved the Half-Year Financial Report at 30 June 2016.

The Fiera Milano Group had a positive business performance in the semester under review despite lower revenues than in the same semester of the previous financial year. This was mainly caused by the less favourable exhibition calendar with the absence of some important biennial and triennial exhibitions, as well as the work carried out for Expo 2015 in the first semester 2015. In particular, the first semester 2016 included a record edition of the Salone Internazionale del Mobile in terms of visitors and the biennial exhibition Mostra Convegno Expocomfort.

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Although the gross operating profit was lower than in the first semester 2015 due to the aforementioned less favourable exhibition calendar, it did benefit from important reductions in operating expenses that reflected the reorganisation implemented. The net result was higher than that of the first semester 2015.

On 23 March 2016, the Parent Company acquired the trademark of Promotion Trade Exhibition (PTE), an annual international exhibition for promotional articles, business gifts and technology to personalise such items. This transaction strengthens the portfolio of proprietary exhibitions, which is the main strategic aim of the Group. In future, Fiera Milano will be responsible for the direct organisation of this exhibition that is already hosted in its exhibition site but which, until now, was organised by third parties. The exhibition will be included in the Lifestyle division and, from 2017, will be held alongside HOMI.

On 6 May 2016, Fiera Milano and Veronafiore signed an agreement for a single annual international fair dedicated to the fruit and vegetable sector. The agreement unites Fruit Innovation held in Milan and Fruit&Veg System held in Verona; the new exhibition will be held in even-numbered years in Verona, when the emphasis will be on upstream activities and technology used in agriculture, and in uneven-numbered years in Milan when the emphasis will be on finished products. The first edition of the fruit and vegetable exhibition, Fruit&Veg Innovation, will be held in Milan in 2017 in conjunction with Tuttofood. The agreement with Veronafiore also covers joint initiatives in the wine sector as part of Tuttofood, which, from 2017, will include an area organised by Veronafiore on wine and an event called “Wine Discovery”.

On 24 June 2016, the Parent Company started a buy-back of shares using the mandate given it by the Shareholders’ Meeting of 28 April 2016. The acquisitions of treasury shares are to increase the portfolio of treasury shares to service the 2017-2023 Stock Option Plan, as well as to stabilise fluctuations in the share price and provide liquidity. At 30 June 2016, 6,000 treasury shares had been acquired at an average price of Euro 1.57 per share.

During the semester under review, 28 exhibitions and 23 events linked to congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**. Net exhibition space occupied totalled 807,335 square metres, compared to 998,485 square metres in the same period of the previous financial year, whilst the number of exhibitors decreased from 17,205 in the first semester 2015 to 14,315 in the first semester 2016. In the first semester of 2016, 13 exhibitions were organised abroad and the net exhibition space occupied totalled 119,050 square metres compared to 138,800 square metres in the same period of the previous financial year. The number of exhibitors went from 3,610 in the first semester 2015 to 3,160 in the first semester 2016.

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, including new provisions covering anti-mafia documentation in accordance with Articles 1 and 2 of Legislative Decree of 13 August 2010 no. 136) 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.

● **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 the absence of exhibitions in the months of July and August, which means that 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.

Full year at 31/12/15	Fiera Milano Group Summary of key figures (Amounts in € '000)	1st Half at 30/06/16	Full year at 30/06/15 restated
337,339	Revenues from sales and services	138,655	181,532
43,594	Gross operating result (a)	20,682	28,498
11,958	Net operating result (EBIT)	13,743	12,774
2,427	Net profit/(loss) (continuing operations)	8,397	5,136
(1,998)	Net profit/(loss) (discontinued operations)	-	(1,988)
429	Net profit/(loss):	8,397	3,148
1,014	- Attributable to the shareholders of the controlling entity	8,564	3,946
(585)	- Attributable to non-controlling interests	(167)	(798)
32,065	Cash flow for the Group and non-controlling interests (b)	15,336	18,872
97,694	Net capital employed (c)	126,367	116,995
	covered by:		
84,572	Equity attributable to the Group	92,199	22,288
696	Equity attributable to non-controlling interests	351	340
12,426	Net financial debt/(cash)	33,817	94,367
7,817	Investments (continuing operations and assets held for sale)	3,455	2,650
783	Employees (no. of permanent employees at the end of period)	714	804

(a) Gross operating profit is operating result before depreciation and amortisation, adjustments to asset values and other provisions.
(b) Cash flow is the sum of net result for the period, depreciation and amortisation, provisions and adjustments to asset values.
(c) Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

► **Revenues from sales and services** were Euro 138.7 million compared to Euro 181.5 million in the same semester of 2015. The decline in revenues is attributable to the different exhibition calendar which, in the same period of 2015, included the directly organised biennial exhibition Tuttofood, the biennial hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast, and the revenues from the contracts linked to Expo 2015. The performance of the annual directly organised exhibitions, HOMI and BIT, which are to be relaunched next time they are held, also contributed to the decrease in revenues. However, revenues did benefit from the presence in the semester of the biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort, and from the improved performance of some of the hosted exhibitions, including the Salone del Mobile.



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► The **gross operating profit** was Euro 20.7 million compared to Euro 28.5 million in the same period of the preceding financial year. The decline reflected the decrease in revenues but benefited from lower operating expenses. In particular, the rent for the **fieramilano** exhibition site was lower due to the absence of the one-off variable payment made in 2015 for the presence of Expo 2015. There was also a reduction in personnel expenses due to the savings generated by the corporate reorganisation, lower redundancy incentives and lower variable remuneration paid by the Parent Company.

► The **net operating profit (EBIT)** was Euro 13.7 million (Euro 12.8 million in the first semester 2015) after impairment charges of Euro 1.4 million for an exhibition trademark of the South African subsidiary and Euro 0.508 million for the Food & Beverage publication of Fiera Milano Media. These businesses were subject to particularly negative circumstances in the semester under review that led to a downgrade in their expected results and growth prospects. The first semester 2015 figures included impairment charges of Euro 8.0 million for goodwill and trademarks. The depreciation and amortisation of some asset groups in the Parent Company was completed and there was a lower depreciation charge for the improvements made by Fiera Milano Congressi as the period over which the assets are depreciated was extended in line with the extension of the rental agreement to 2023.

► The **net profit** was Euro 8.4 million. Euro 8.6 million was attributable to the **Shareholders of the controlling entity** (Euro 3.9 million in the first semester 2015) and a loss of Euro 0.167 million to **Non-controlling interests** (a loss of Euro 0.798 million in the first semester 2015).

► **Cash flow** (calculated as the net result plus depreciation and amortisation, provisions and adjustments to asset values) totalled Euro 15.3 million compared to Euro 18.9 million in the same period of the previous financial year.

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

Revenues from sales and services, before eliminations for inter-segment transactions, were Euro 164.1 million, of which 70% was generated by Italian Exhibitions, 1% by Foreign Exhibitions, 16% by Stand-fitting Services, 4% by Media and 9% by Congresses.

- Revenues from **Italian Exhibitions** were Euro 114.3 million, a decrease compared to the Euro 148.7 million of the first semester 2015 that reflected the aforementioned different exhibition calendar.
- Revenues from **Foreign Exhibitions** were Euro 2.1 million (Euro 4.0 million in the first semester 2015). The decrease was mainly caused by the absence in the semester under review of some exhibitions in Brazil and South Africa together with a decrease in demand for exhibition space at Exposec in São Paulo.
- Revenues from **Stand-fitting Services** were Euro 26.3 million, a decrease on the figure of the first semester 2015 (Euro 35.2 million) due to the presence in that period of the contracts linked to Expo 2015 and due to the less favourable exhibition calendar in the first semester 2016.
- Revenues in the **Media** segment were Euro 5.9 million, compared to Euro 6.7 million in the first semester of 2015 and mainly reflected a reduction in sponsorship and print advertising



revenues.

- Revenues from the **Congress** segment were Euro 15.4 million, a decrease on the figure for the first semester 2015 (Euro 18.4 million) that was mainly due to the absence of the management revenues for the Congress Centre and Auditorium Expo 2015 that were included in the figure for the first semester of the previous financial year and to a less favourable trend in international congresses and conventions.

The breakdown by segment of the **Gross operating profit**, Euro 20.7 million compared to Euro 28.5 million in the same period of 2015, was as follows:

- **Italian exhibitions** had a gross operating profit of Euro 15.6 million (Euro 20.9 million in the first semester 2015). This decrease mainly reflected the trend in revenues and the negative results of the joint-venture company, Ipack-Ima Srl, which was not included in the results of the first semester 2015 and did not generate revenues as the exhibitions in its portfolio are held on a triennial basis. This was, in part, compensated by lower rental charges and personnel expenses.
- **Foreign exhibitions** generated a gross operating loss of Euro 0.381 million (a loss of Euro 1.0 million in the first semester 2015). The improvement was due to the trend in revenues and benefited from a reduction in operating expenses following the reorganisation implemented in Brazil in the previous financial year.
- **Stand-fitting services** had a gross operating profit of Euro 3.8 million compared to Euro 5.7 million in the first semester 2015; the decrease reflected the fall in sector revenues.
- **Media** had a gross operating profit of Euro 0.267 million (Euro 0.383 million in the same semester of 2015). The decrease was due to the aforementioned trend in revenues which was partly compensated by a decrease in personnel expenses following the corporate reorganisation started in December 2015.
- **Congresses** had a gross operating profit of Euro 1.4 million compared to Euro 2.5 million in the same semester of 2015. The decrease was mainly attributable to the trend in revenues partly compensated by an increase in other income from insurance indemnities.

The **Net operating profit (EBIT)** of the five operating segments was Euro 13.7 million compared to Euro 12.8 million in the first semester 2015 and reflected the trend in the gross operating profit offset by lower impairment charges.

The breakdown by geographic area in the first semester shows revenues from foreign activities of Euro 2.1 million (Euro 3.7 million in the same period of the preceding financial year). The gross operating loss was Euro 0.457 million, an improvement on the same period of 2015 (a loss of Euro 1.3 million) whilst there was a net operating loss of Euro 2.3 million compared to a net operating loss of Euro 8.7 million in the same period of the preceding financial year.

● **NET FINANCIAL POSITION**

Net debt at 30 June 2016 was Euro 33.8 million compared to Euro 12.4 million at 31 December 2015. The increase in net debt was mainly due to the trend in net working capital that reflected 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 generated in the semester



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.

● ***SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD***

In July 2016, the Parent Company proceeded with the share buy-back using the mandate given by the Ordinary Shareholders' Meeting of 28 April 2016. In July 2016 the Parent Company acquired 100,185 treasury shares at an average price of Euro 1.56 per share. At the date of the present Half-year Financial Report, the Company holds directly and indirectly 751,193 treasury shares, equal to 1.04% of the share capital.

● ***BUSINESS OUTLOOK***

The Group continues its strategy focused on the increase of directly organised exhibitions, both through growing its penetration of sectors where it already has a significant presence and also the expansion of these sectors upstream and downstream. Fiera Milano is also focused on increasing the number of international buyers and exhibitors.

Outside Italy, the Group intends to consolidate its exhibition portfolio through a selective focus on exhibitions in countries and industrial sectors offering high growth potential while enhancing its presence in other countries also through partnerships with leading international exhibition operators.

The second semester 2016 will suffer from a less favourable exhibition calendar in Italy compared to the same period of the previous financial year due to the absence of some important directly organised biennial and multi-annual exhibitions but will benefit from the reorganisation implemented.

With reference to the medium-term forecast, barring unforeseen events, the Group expects an increase in gross operating profit already in 2017 as a result of the more favourable exhibition calendar and measures implemented and it aims to take advantage of the development potential of the business and any opportunities arising from the improvement in the economic environment.

The strength of the capital and financial position following the Company's 2015 share capital increase should underpin the Group investment and development plan.

The half-year financial report to 30 June 2016 will be made publicly available on 4 August 2016 at the Company's operational and administrative offices in Rho (Milan), S.S. del Sempione, 28; it may be accessed on the website www.emarketstorage.com managed by Bit Market Services SpA and will also be available in the Investor Relations/Financial Reports section of the Company's website www.fieramilano.it



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The Manager appointed to prepare the Company accounts, Flaminio Oggioni, in accordance with paragraph 2 article 154-*bis* of the Consolidated Finance Law herewith declares that the accounting information contained in the present 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



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	(€ '000)	
Consolidated Statement of Financial Position	30/06/16	31/12/15
ASSETS		
Non-current assets		
Property, plant and equipment	14,277	14,746
Leased property, plant & equipment	9	9
Investments in non-core property	-	-
Goodwill and intangible assets with an indefinite useful life	101,607	104,945
Intangible assets with a finite useful life	28,359	29,408
Equity accounted investments	17,230	16,955
Other investments	29	29
Other financial assets	-	-
Trade and other receivables	12,916	13,035
<i>of which from related parties</i>	<i>11,993</i>	<i>12,125</i>
Deferred tax assets	151	3,175
Total	174,578	182,302
Current assets		
Trade and other receivables	58,834	63,932
<i>of which from related parties</i>	<i>6,153</i>	<i>5,341</i>
Inventories	3,861	1,884
Contracts in progress	-	-
Current financial assets	5,147	-
<i>of which from related parties</i>	<i>5,147</i>	-
Cash & cash equivalents	14,870	56,092
Total	82,712	121,908
Assets held for sale		
Assets held for sale	-	-
Total assets	257,290	304,210
EQUITY AND LIABILITIES		
Equity		
Share capital	41,815	41,818
Share premium reserve	36,016	65,679
Revaluation reserve	-	-
Other reserves	1,000	(6,936)
Retained earnings	4,804	(17,003)
Profit/(loss) for the year	8,564	1,014
Total Group equity	92,199	84,572
Equity attributable to non-controlling interests	351	696
Total equity	92,550	85,268
Non-current liabilities		
Bonds in issue	-	-
Bank borrowings	23,394	10,922
Other financial liabilities	2,119	2,094
Provision for risks and charges	4,414	3,343
Employee benefit provisions	9,299	10,672
Deferred tax liabilities	5,013	5,709
Other non-current liabilities	-	-
Total	44,239	32,740
Current liabilities		
Bonds in issue	-	-
Bank borrowings	23,131	39,466
Trade payables	41,521	49,267
Pre-payments	27,658	34,880
Other current financial liabilities	5,190	16,036
<i>of which to related parties</i>	<i>4,256</i>	<i>15,225</i>
Current provision for risks and charges	1,382	3,915
Current tax liabilities	3,483	5,168
Other current liabilities	18,136	37,470
<i>of which to related parties</i>	<i>2,402</i>	<i>5,832</i>
Total	120,501	186,202
Liabilities held for sale		
Liabilities held for sale	-	-
Total liabilities	257,290	304,210



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		(€ '000)	
Consolidated Statement of Comprehensive Income		1st Half at 30/06/16	1st Half at 30/06/15 restated *
Revenues from sales and services		138,655	181,532
Total revenues		138,655	181,532
Cost of materials		1,289	3,932
Cost of services		68,103	87,438
Cost of use of third-party assets		24,928	31,034
<i>of which with related parties</i>		<i>22,944</i>	<i>27,872</i>
Personnel expenses		23,155	30,518
Other operating expenses		2,487	2,718
Total operating expenses		119,962	155,640
Other income		1,631	1,434
Result of equity accounted companies		358	1,172
Gross operating result		20,682	28,498
Depreciation of property, plant and equipment		2,042	3,340
Depreciation of property investments		-	-
Amortisation of intangible assets		2,033	3,128
Adjustments to asset values		1,899	7,997
Provisions for doubtful receivables and other provisions		965	1,259
Net operating result (EBIT)		13,743	12,774
Financial income and similar		994	692
Financial expenses and similar		1,080	2,842
Valuation of financial assets		-	-
Profit/(loss) before tax		13,657	10,624
Income tax		5,260	5,488
Profit/(loss) from continuing operations		8,397	5,136
Profit/(loss) from discontinued operations		-	(1,988)
Profit/(loss) for the period		8,397	3,148
Profit/(loss) attributable to:			
The shareholders of the controlling entity		8,564	3,946
Non-controlling interests		(167)	(798)
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss			
Revaluation of defined benefit schemes		(513)	282
Tax effects		(138)	78
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss			
Currency translation differences of foreign subsidiaries		(705)	(534)
Other comprehensive income/(loss) of equity accounted joint ventures that will not be reclassified subsequently to profit or loss			
Revaluation of defined benefit schemes		(35)	-
Tax effects		(10)	-
Other comprehensive income/(loss) of equity accounted joint ventures that will be reclassified subsequently to profit or loss			
Currency translation differences of foreign subsidiaries		(256)	471
Total other comprehensive income/(loss) net of related tax effects		(1,361)	141
Total comprehensive income/(loss) for the period		7,036	3,289
Total comprehensive income/loss for the period attributable to:			
The shareholders of the controlling entity		7,355	4,192
Non-controlling interests		(319)	(903)
Earnings/(losses) per share (€)			
	Basic	0.1202	0.0950
	Diluted	0.1202	0.0950

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



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	(€'000)	
Consolidated Statement of Cash Flows	1st Half at 30/06/16	1st Half at 30/06/15 restated
Net cash at beginning of the year	56,092	12,276
Cash flow from operating activities		
Net cash from operating activities	(16,928)	30,758
<i>of which from related parties</i>	(27,388)	(27,560)
Interest paid	(679)	(1,493)
Interest received	68	78
Income taxes paid	(2,595)	(314)
Total from continuing operations	(20,134)	29,029
Total from assets held for sale	-	(485)
Cash flow from investing activities		
Investments in tangible assets	(1,631)	(2,001)
Write-downs of tangible assets	70	87
Investments in intangible assets	(1,852)	1
Write-downs of intangible assets	7	-
Total from continuing operations	(3,406)	(1,913)
Total from assets held for sale	-	7
Cash flow from financing activities		
Share capital and reserves	(9)	122
Non-current financial assets/liabilities	12,497	(9,765)
Current financial assets/liabilities	(28,864)	(11,977)
<i>of which from related parties</i>	(16,040)	12,774
Dividends paid	(26)	-
Total from continuing operations	(16,402)	(21,620)
Total from assets held for sale	-	489
Total translation differences	(1,280)	(569)
Net cash for the period from continuing operations	(39,942)	5,496
Net cash for the period from assets held for sale	-	11
Net cash at the end of the period from continuing operations	14,870	17,190
Net cash at the end of the period from assets held for sale	-	24

	(€'000)	
Cash generated from operating activities	1st Half at 30/06/16	1st Half at 30/06/15 restated *
Result of continuing operations	8,397	5,136
<i>Adjustments for:</i>		
Total comprehensive income/(loss) of equity accounted investments	(358)	(1,643)
Depreciation and amortisation	4,075	6,472
Provisions, write-downs and impairment	2,114	8,642
Capital gains and losses	7	7
Net financial income/expenses	86	2,150
Net change in employee provisions	(1,877)	(85)
Changes in deferred taxes	2,457	2,125
Inventories	(1,977)	1,632
Trade and other receivables	5,217	(49,706)
Trade payables	(7,746)	17,919
Pre-payments	(7,222)	21,078
Tax payables	910	2,023
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(17,222)	14,013
Payables to Organisers	(3,789)	995
Total from continuing operations	(16,928)	30,758

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