



FIERA MILANO

FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017

- **Consolidated revenues of Euro 141.9 million compared to Euro 138.6 million in the first semester 2016**
- **Consolidated gross operating profit of Euro 13.5 million, compared to Euro 21.1 million in the first semester 2016, penalised by extraordinary costs**
- **Consolidated net operating profit of Euro 8.4 million compared to Euro 14.2 million in the first semester 2016**

Milan, 28 July 2017. The Board of Directors of Fiera Milano S.p.A., meeting under the Chairperson, Lorenzo Caprio, approved the Half-Year Financial Report at 30 June 2017.

In the first semester 2017, **revenues increased** compared to the same period of the preceding financial year primarily **reflecting the contribution from new exhibitions** that included Lamiera, Tempo di Libri, Versilia Yachting Rendez-Vous; this was, in part, offset by a year-on-year decrease in stand-fitting revenues caused by the absence of one-off business linked to Expo 2015 and of certain non-exhibition contracts present in the first half 2016.

The exhibition calendar included the biennial exhibitions held in uneven-numbered years: Tuttofood, directly organised, and Made Expo; however, the biennial exhibition Mostra Convegno Expocomfort held in even-numbered years was absent.

The gross operating profit was lower than the figure for the first semester 2016, unlike the figure for revenues, mainly due to **some extraordinary costs** linked to the overhaul of corporate procedures and the costs for the launch of new proprietary exhibitions and the repositioning of Bit.

Outside Italy, on 22 February 2017, an agreement was signed for the **sale of the 75% shareholding in Worldex Fiera Milano Exhibitions** Co. Ltd. in China. On 24 April 2017, following the granting of a new business license by the relevant Chinese authorities, the sale was finalised. This divestment was part of the strategy to concentrate all the Group activities in China within the existing joint venture with its German partner Deutsche Messe.

On 20 June 2017, the Milan Court – Prevention Court Independent Section **revoked the administration order imposed on the subsidiary Nolostand S.p.A.** This was done following significant work carried out in collaboration with the Court-appointed Administrator on the Organisational model under Legislative Decree no. 231/01 and the new Supervisory Body, the adoption of Group procedures, contractual models and rules governing management of suppliers. The order had been imposed for a period of six months with a decree issued on 23 June 2016 and notified on 6 July 2016 that was subsequently extended for a further six months.



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In the semester under review, 32 exhibitions were held in the **fieramilano** and **fieramilanocity** exhibition sites, two events were held outside the exhibition sites and 16 congresses with related exhibition space were held. **867,150 square metres of exhibition space was occupied compared to 807,355 square metres** in the same period of the preceding financial year. The number of exhibitors rose from 14,405 in the first semester 2016 to 15,215 in the first semester 2017. Outside Italy, Fiera Milano organised 14 exhibitions in the period under review covering 142,095 square metres of net exhibition space compared to 118,605 square metres in the first semester 2016. Total exhibitors were 3,660 compared to 3,135 in the same period of the preceding financial year.

● 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 31/12/16	Fiera Milano Group Summary of key figures (Amounts in € '000)	1st Half at 30/06/17	1st Half at 30/06/16 restated
221,041	Revenues from sales and services	141,870	138,587
3,652	Gross operating result (a)	13,501	21,121
(22,994)	Net operating result (EBIT)	8,418	14,187
(18,674)	Net profit/(loss) (continuing operations)	5,639	8,818
(4,176)	Net profit/(loss) (discontinued operations)	-	(421)
(22,850)	Net profit/(loss)	5,639	8,397
(22,794)	- Attributable to the shareholders of the controlling entity	5,863	8,564
(56)	- Attributable to non-controlling interests	(224)	(167)
3,796	Cash flow of the Group and non-controlling interests (b)	10,722	15,331
99,995	Net capital employed (c)	71,513	126,367
	covered by:		
61,006	Equity attributable to the Group	67,238	92,199
673	Equity attributable to non-controlling interests	161	351
38,316	Net financial debt/(cash) continuing operations and assets held for sale	4,114	33,817
7,387	Investments (continuing operations and assets held for sale)	3,072	3,455
725	Employees (no. of permanent employees at end of period)	680	714

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

Some figures in the Interim Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

► **Revenues from sales and services** were Euro 141.9 million compared to Euro 138.6 in the first semester 2016. The higher revenues reflected the launch of new directly organised exhibitions that included Tempo di Libri and Versilia Yachting Rendez-Vous, as well as the exhibitions that were held for the first time in the Fiera Milano exhibition sites, which included Lamiera and MAM-Mostra A Milano Arte e Antiquariato. This increase was, in part, offset by a fall in stand-fitting revenues which, in the first semester 2016, included one-off activities linked to Expo 2015 and certain non-exhibition contracts.



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- ▶ The **Gross operating profit** for the semester was Euro 13.5 million compared to a figure of Euro 21.1 million in the same period of the previous financial year. The gross operating profit of the 2017 period, which showed a year-on-year trend that differed from that of revenues, reflected the higher costs for consultancy fees linked to the overhaul of the corporate procedures and the costs associated with the launch of the new proprietary exhibitions and those for the re-positioning of Bit.
- ▶ The **Net operating profit (EBIT)** was Euro 8.4 million, compared to Euro 14.2 million in the first semester of 2016. The decrease in net operating profit reflected the trend in the gross operating profit and provisions in the period for disputes with employees. This was, in part, compensated by the absence of the Euro 1.9 million of impairment charges taken on trademarks and publications in the same semester of the preceding financial year.
- ▶ The **Profit for the period from continuing operations** was Euro 5.6 million compared to the figure of Euro 8.8 million in the first semester of 2016. The **Profit for the period from discontinued operations** was zero compared to a loss of Euro 0.421 million in the first semester 2016 from the Chinese subsidiaries Worldex and Haikou Worldex divested in April 2017.
- ▶ The **Profit** for the first-half of 2017 was Euro 5.6 million compared to Euro 8.4 million in the same period of the preceding financial year. Euro 5.9 million was attributable to the **Shareholders of the controlling entity** (Euro 8.6 million in the first semester 2016) and a loss of Euro 0.224 million was attributable to **non-controlling interests** (a loss of Euro 0.167 million in the first semester of 2016).
- ▶ **Total cash flow** (the net result plus amortisation and depreciation, provisions and adjustments to asset values) was Euro 10.7 million in the semester under review compared to Euro 15.3 million in the same semester of the previous financial year.

● **PERFORMANCE BY OPERATING SEGMENT**

The business of the Fiera Milano Group is divided into five operating segments: **Italian Exhibitions, Foreign Exhibitions, Stand-fitting Services, Media** and **Congresses**.

Revenues from **Italian Exhibitions**, before the elimination of inter-segment transactions, were Euro 122.2 million, compared to Euro 114.3 million in the first semester 2016, due to the new exhibitions held in the period under review. The gross operating profit was Euro 12.5 million compared to Euro 15.6 million in the first semester 2016: the year-on-year decrease in this figure mainly reflected the aforementioned extraordinary costs sustained to overhaul the corporate procedures and for exhibition development.

Revenues from **Foreign Exhibitions** were Euro 3.6 million, an increase on the figure of Euro 2.1 million in the first semester of the preceding financial year reflecting the strong performance of Exposec in Brazil and the presence of the biennial exhibition Reatech held in the same country. The gross operating profit was Euro 0.295 million, an increase on the Euro 0.092 million figure of the first semester 2016 that reflected the trend in revenues and the improvement in the equity-accounted joint venture with Deutsche Messe AG. This was, in part, offset by higher personnel costs in the Brazilian subsidiary, Cipa.

Revenues from **Stand-fitting Services** were Euro 18.6 million compared to Euro 26.3



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million in the same period of 2016. The decrease reflected the absence of the aforementioned one-off business and non-exhibition contracts present in 2016, as well as lower revenues from customised stand-fittings. The gross operating profit was Euro 0.377 million compared to Euro 3.8 million in the first semester 2016 and reflected the trend in revenues in this segment.

Revenues in the **Media** segment were Euro 5.3 million compared to Euro 5.9 million in the first semester 2016. The year-on-year decline was due to the different exhibition calendar and a fall in revenues from the training sector. There was a gross operating loss of Euro 0.106 million, compared to a gross operating profit of Euro 0.267 million in the same period of 2016, which reflected the decline in revenues that was partly compensated by lower personnel and rental expenses.

Congresses had revenues of Euro 16.2 million, compared to Euro 15.4 million in the same period of 2016 reflecting the positive trend in international congresses and conventions. The gross operating profit was Euro 0.439 million compared to Euro 1.4 million in the same semester of 2016. The decrease in this figure was mainly attributable to a fall in other income which, in the previous year, had included insurance payments, and to higher personnel expenses for new employees to manage audio-visual activities.

● **NET FINANCIAL POSITION**

Net financial debt at 30 June 2017 was Euro 4.1 million compared to Euro 38.3 million at 31 December 2016. The improvement in net debt was due to the positive cash flow generated from operations in the semester and to movements in net working capital, primarily in payments and advances received for the exhibitions held in the semester and for those due to be held in coming months.

● **SIGNIFICANT EVENTS AFTER THE END OF THE SEMESTER**

On 25 July 2017, an Ordinary Shareholders' Meeting was held that increased the number of Board members to nine and appointed as a new Director Mr Fabrizio Curci effective from 1 September 2017 with a mandate that expires with those of the other members of the Board of Directors at the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

The meeting of the Board of Directors, held immediately after the Shareholders' Meeting, appointed Mr Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano S.p.A. from 1 September 2017.

● **BUSINESS OUTLOOK**

The performance in the first semester of the current financial year was positive albeit negatively impacted by some necessary extraordinary costs that were mainly consultancy fees for the overhaul of corporate procedures.

Given the lifting of the administration order on the subsidiary NoloStand, the Company is finalising all the initiatives to optimise, rectify, and introduce new working models and methodologies that ensure more effective and secure business management. The hearing for the outcome of the administration order on the stand-fitting business division of Fiera Milano is scheduled to take place on 28 September 2017.



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The remainder of the year should benefit from the effect of a more favourable exhibition calendar that includes the important directly organised biennial exhibition Host, the world leader in the professional hospitality sector.

Therefore, barring any unforeseen events or circumstances, the Group expects a consistent year-on-year improvement in the gross operating profit for full-year 2017.

The Company is confident that its governance issues have been resolved and that this will ensure management stability, a renewed business focus and the introduction of improved corporate strategies.

The Manager appointed to prepare the Company accounts, Sebastiano Carbone, 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	30/06/17	31/12/16
ASSETS		
Non-current assets		
Property, plant and equipment	15,103	14,509
Leased property, plant & equipment	1	2
Investments in non-core property	-	-
Goodwill and intangible assets with an indefinite useful life	94,216	94,216
Intangible assets with a finite useful life	16,403	17,777
Equity accounted investments	17,031	18,198
Other investments	29	29
Other financial assets	-	-
Trade and other receivables	12,317	12,473
<i>of which from related parties</i>	11,730	11,862
Deferred tax assets	1,594	3,678
Total	156,694	160,882
Current assets		
Trade and other receivables	71,793	52,227
<i>of which from related parties</i>	8,218	8,372
Inventories	3,267	5,480
Contracts in progress	-	-
Current financial assets	4,632	2,622
<i>of which from related parties</i>	4,632	2,622
Cash and cash equivalents	28,062	20,904
Total	107,754	81,233
Assets held for sale		
Assets held for sale	-	3,436
Total assets	264,448	245,551
EQUITY AND LIABILITIES		
Equity		
Share capital	41,645	41,645
Share premium reserve	10,354	35,668
Revaluation reserve	-	-
Other reserves	1,404	1,714
Retained profits/(losses)	7,972	4,773
Profit/(loss) for the year	5,863	-22,794
Total Group equity	67,238	61,006
Equity attributable to non-controlling interests	161	673
Total equity	67,399	61,679
Non-current liabilities		
Bonds in issue	-	-
Bank borrowings	2,248	14,108
Other financial liabilities	43	42
Provision for risks and charges	2,310	3,584
Employee benefit provisions	9,093	9,302
Deferred tax liabilities	3,178	3,523
Other non-current liabilities	-	-
Total	16,872	30,559
Current liabilities		
Bonds in issue	-	-
Bank borrowings	30,970	45,542
Trade payables	54,635	41,114
Advances	62,500	40,239
Other current financial liabilities	3,547	3,364
<i>of which to related parties</i>	2,817	2,503
Current provision for risks and charges	4,182	4,763
Current tax liabilities	2,000	1,605
Other current liabilities	22,343	16,513
<i>of which to related parties</i>	3,421	3,490
Total	180,177	153,140
Liabilities held for sale		
Liabilities held for sale	-	173
Total liabilities	264,448	245,551



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	(€ '000)	
Consolidated Statement of Comprehensive Income	1st Half at 30/06/17	1st Half at 30/06/16 restated*
Revenues from sales and services	141,870	138,587
Total revenues	141,870	138,587
Cost of materials	1,956	1,289
Cost of services	77,462	68,061
<i>of which with related parties</i>	<i>1,269</i>	<i>651</i>
Cost of use of third-party assets	25,294	24,854
<i>of which with related parties</i>	<i>23,038</i>	<i>22,944</i>
Personnel expenses	23,505	22,821
Other operating expenses	2,685	2,430
Total operating expenses	130,902	119,455
Other income	1,256	1,631
Results of equity accounted associates and joint ventures	1,277	358
Gross operating result	13,501	21,121
Depreciation of property, plant and equipment	2,115	2,037
Depreciation of property investments	-	-
Amortisation of intangible assets	1,307	2,033
Adjustments to asset values	11	1,899
Provisions for doubtful receivables and other provisions	1,650	965
Net operating result (EBIT)	8,418	14,187
Financial income and similar	213	970
Financial expenses and similar	936	1,079
Valuation of financial assets	-	-
Profit/(loss) before tax	7,695	14,078
Income tax	2,056	5,260
Profit/(loss) for the period from continuing operations	5,639	8,818
Profit/(loss) for the period from discontinued operations	-	(421)
Profit/(loss) for the period	5,639	8,397
Profit/(loss) attributable to:		
The shareholders of the controlling entity	5,863	8,564
Non-controlling interests	(224)	(167)
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss for the period		
Revaluation of defined benefit schemes	274	(513)
Tax effects	59	(138)
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss of the period		
Currency translation differences of foreign subsidiaries	324	(449)
Other comprehensive income/(loss) of equity accounted associates and joint ventures that will not be reclassified subsequently to profit or loss for the period		
Revaluation of defined benefit schemes	10	(35)
Tax effects	2	(10)
Currency translation differences of foreign subsidiaries	(170)	(256)
Other comprehensive income/(loss) for the period net of related tax effects	377	(1,105)
Total comprehensive income/(loss) for the period	6,016	7,292
Total comprehensive income/(loss) for the period attributable to:		
The shareholders of the controlling entity	6,240	7,611
Non-controlling interests	(224)	(319)
Earnings/(losses) per share (€)		
Basic	0.0826	0.1202
Diluted	0.0826	0.1202

* Some figures in the Interim Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.



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	(€ '000)	
Consolidated Statement of Cash Flows	1st Half at 30/06/17	1st Half at 30/06/16 restated*
Net cash at beginning of the period	22,118	56,092
Cash flow from operating activities		
Net cash from operating activities	33,299	(16,197)
<i>of which from related parties</i>	(23,020)	(27,388)
Interest paid	(398)	(679)
Interest received	47	68
Income taxes paid	-	(2,595)
Total from continuing operations	32,948	(19,403)
Total from assets held for sale	686	(731)
Cash flow from investing activities		
Investments in tangible assets	(2,800)	(1,631)
Write-downs of tangible assets	-	70
Investments in intangible assets	67	(1,852)
Write-downs of intangible assets	-	7
Total from continuing operations	(2,733)	(3,406)
Total from assets held for sale	-	-
Cash flow from financing activities		
Share capital and reserves	260	(9)
Non-current financial assets/liabilities	(11,859)	12,497
Current financial assets/liabilities	(13,649)	(28,864)
<i>of which from related parties</i>	(1,695)	(16,040)
Dividends paid	-	(26)
Total from continuing operations	(25,248)	(16,402)
Total from assets held for sale	-	-
Total translation differences	291	(1,280)
Net cash for the period from continuing operations	4,967	(39,211)
Net cash for the period from assets held for sale	686	(731)
Net cash at the end of the period from assets held for sale	28,062	13,997
Net cash at the end of the period from continuing operations	-	873

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	(€ '000)	
Net cash from operating activities	1st Half at 30/06/17	1st Half at 30/06/16 restated*
Result of continuing operations	5,639	8,818
<i>Adjustments for:</i>		
Profit from equity accounted investments	(1,277)	(358)
Depreciation and Amortisation	3,422	4,070
Provisions, write-downs and impairment	11	2,114
Capital gains and losses	81	7
Net financial income/expenses	723	86
Net change in employee provisions	65	(1,877)
Changes in deferred taxes	1,680	2,457
Inventories	2,213	(1,675)
Trade and other receivables	(19,410)	5,208
Trade payables	13,521	(7,721)
Advances	22,261	(7,244)
Tax payables	395	955
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(459)	(17,248)
Payables to Organisers	4,434	(3,789)
Total	33,299	(16,197)

* Some figures in the Interim Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.