



FIERA MILANO

FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT 30 SEPTEMBER 2018

Strong improvement in the results for the first nine months of the year compared to the same period of 2017, also due to the good performance of the referenced markets.

The third quarter results, although reflecting the characteristic lack of business in the summer months, together with the forecasts for the fourth quarter indicate a further need to raise the forecast for 2018 EBITDA to within a range of Euro 28-30 million compared to the previous forecast range of Euro 24-26 million.

First nine months of 2018 (compared to the same period of 2017):

- Revenues of Euro 193.3 million (compared to Euro 177.4 million in the first nine months of 2017)
- EBITDA of Euro 41.1 million (compared to Euro 0.7 million in the first nine months of 2017)
- EBIT of Euro 36.6 million (compared to a negative figure of Euro 4.5 million in the first nine months of 2017)
- Profit before taxes of Euro 36.5 million (compared to losses before taxes of Euro 5.3 million in the first nine months of 2017)

Third quarter 2018 (compared to third quarter 2017):

- Revenues of Euro 35.6 million (compared to Euro 43.5 million in the third quarter 2017)
- Negative EBITDA of Euro 5.0 million (compared to a negative figure of Euro 11.2 million in the third quarter 2017)
- Negative EBIT of Euro 6.5 million (compared to a negative figure of Euro 12.9 million in the third quarter 2017)
- Losses before taxes of Euro 6.5 million (compared to losses before taxes of Euro 13.0 million in the third quarter 2017)

Milan, 29 October 2018. The Board of Directors of Fiera Milano S.p.A., meeting under its Chairperson, Mr Lorenzo Caprio, approved the **Interim Management Report for the third quarter 2018**.

The Chief Executive Officer and General Manager of Fiera Milano, Mr Fabrizio Curci, commented: "The cost reductions implemented and the trend in business offset in part the effects of the characteristic pause in exhibition activity in the summer months of July and August. The restructuring enabled the foreign subsidiaries to return to profit and, therefore, we have strengthened our exhibition portfolios in China and Brazil. The cost efficiencies achieved in the quarter under review and the expected business performance in the last period of the current year have led us to raise again our forecast for full-year 2018 EBITDA to Euro 28-30 million with year-end net cash expected to be Euro 15-20 million."



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■ RESULTS FOR THE FIRST NINE MONTHS 2018

The business of the Group is seasonal due to exhibitions that have a biennial and multiannual frequency. Moreover, the absence of exhibitions in Italy in July and August has a strong impact on the results of the third quarter. Given this seasonality, the revenues and results of a single quarter cannot be extrapolated to calculate those for the full year and figures may vary significantly from quarter to quarter.

Revenues from sales and services in the first nine months of 2018 totalled Euro 193.3 million, an increase of 9% compared to the same period of 2017. The increase was primarily due to the commercial growth of the exhibitions and the consequent higher sales of ancillary services, as well as to the presence of Innovation Alliance, an event that brought together for the first time five multiannual exhibitions covering the entire processing and packaging supply chain.

EBITDA was Euro 41.1 million, an increase compared to Euro 0.7 million in the same period of 2017. This primarily reflects the trend in exhibitions but also the positive impact of the cost reductions coming from the restructuring that started in 2017.

EBIT was Euro 36.6 million compared to negative EBIT of Euro 4.5 million in the same period of 2017. The improvement reflects the growth in EBITDA.

■ THIRD QUARTER 2018 RESULTS

Revenues from sales and services in the third quarter 2018 were Euro 35.6 million, compared to Euro 43.5 million in the same quarter of the preceding financial year. The decrease mainly reflected the absence of a one-off large international congress held in the third quarter 2017. However, the Italian exhibition business grew, also due to the presence of an exhibition that in 2017 was postponed until the fourth quarter, and foreign revenues benefited from the presence of the biennial exhibition Fesqua in Brazil.

There was negative **EBITDA** of Euro 5.0 million in the third quarter 2018, which was an improvement on the negative figure of Euro 11.2 million in the third quarter 2017. This change reflected the exhibition calendar and the cost reductions coming from the restructuring.

There was negative **EBIT** of Euro 6.5 million in third quarter 2018, which was an improvement on the negative EBIT of Euro 12.9 million in the same quarter of 2017 and reflected the trend of EBITDA.

Losses before taxes were Euro 6.5 million, an increase compared to losses before taxes of Euro 13.0 million in the same period of 2017.

Cash flow before taxes (calculated as profit/loss before taxes plus depreciation, amortisation, provisions and impairment charges) was negative for Euro 4.6 million compared to negative cash flow of Euro 10.9 million in the third quarter 2017.

■ THIRD QUARTER 2018 RESULTS BY OPERATING SEGMENT

During the third quarter, **six exhibitions** and seven congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**. Net exhibition space occupied totalled 209,225 square metres, compared to 175,850 square metres in the same period of 2017, and the number of exhibitors rose from 3,990 in the third quarter 2017 to 5,215 in the third quarter 2018. Fiera Milano organised six exhibitions abroad and the net exhibition space occupied totalled 155,925 square metres (in third quarter 2017, the figure was 82,680 square metres). The number of exhibitors was 1,960 (370 in third quarter 2017).



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The new strategic direction of the Group and the restructuring process aimed at further integrating the commercial and operational activities has led to changes in the internal organisational structure and performance measurement systems. Therefore, the operational segments have been redefined as follows: **Italian Exhibition Business**, **Foreign Exhibition Business**, **Media**, and **Congresses**.

- The **Italian Exhibition Business** had **revenues**¹ of Euro 29.1 million in the third quarter of 2018 (Euro 24.9 million in third quarter 2017). The **EBITDA** was negative for Euro 5.7 million (a negative figure of Euro 11.4 million in the third quarter of 2017). The improvement was primarily due to the more favourable exhibition calendar and to actions taken to reduce costs.
- The **Foreign Exhibition Business** generated **revenues**¹ of Euro 2.3 million (Euro 0.5 million in third quarter 2017). The improvement was mainly due to the presence of the biennial exhibition Fesqua in Brazil. **EBITDA** was Euro 2.1 million (a negative figure of Euro 0.6 million in third quarter 2017) and it also benefited from the results of the joint venture with Deutsche Messe.
- The **Media** segment had **revenues**¹ of Euro 2.3 million (Euro 2.1 million in third quarter 2017) and **EBITDA** of Euro 0.07 million (a negative figure of Euro 0.05 million in third quarter 2017). The improvement was primarily due to the exhibition calendar.
- **Congresses** had **revenues**¹ of Euro 3.3 million (Euro 18.1 million in the same quarter of 2017). It had negative **EBITDA** of Euro 1.5 million compared to EBITDA of Euro 0.9 million in the third quarter 2017, which benefited from the one-off presence of an important international congress.

■ **NET FINANCIAL POSITION**

At 30 September 2018, the Group had **net cash** of Euro 21.6 million compared to Euro 26.3 million at 30 June 2018 (net debt of Euro 0.8 million at 31 December 2017). The decrease compared to the figure at 30 June 2018 reflects the negative operating cash flows caused by the lack of exhibitions in the summer months, which was, in part, compensated by the trend in net working capital that benefited from advances received for exhibitions to be held in subsequent months.

■ **BUSINESS OUTLOOK**

The third quarter 2018 results and the forecasts for the last quarter of the current financial year have led us to raise the full-year 2018 EBITDA forecast. This is now expected to be Euro 28-30 million, which compares with a previous forecast of Euro 24-26 million, and year-end net cash is expected to be Euro 15-20 million.

The Consolidated Interim Management Report at 30 September 2018 will be made publicly available today at the operational and administrative offices of the Company and may be consulted on the eMarket Storage system www.emarketstorage.com and in the Investor Relations/ Financial Reports section of the Company website www.fieramilano.it.

¹ Gross of inter-segment transactions.



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The Manager responsible for preparing the Company's financial statements, Mr Marco Pacini, 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 Company's official documents, books and accounting records.

CONFERENCE CALL

There will be a conference call at 16:30 (CET) today Monday 29 October, during which the management of Fiera Milano will present the third quarter 2018 consolidated results. To take part in the conference call, please call:

+39 02 805 88 11 (Italy)

+44 1 212818003 (UK)

+ 1 718 7058794 (USA)

The presentation may be downloaded prior to the start of the conference call from the section Investor Relations/Presentations on the Fiera Milano website, www.fieramilano.it.

This press release 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. The levels of Group activity reflect the frequency/seasonality of exhibitions. Therefore, the operating results and changes in the net financial position cannot be extrapolated to calculate a precise forecast of the results expected for the year.

Fiera Milano

Fiera Milano is the domestic market leader and one of the main integrated operators worldwide in the exhibition and congress sector. The Group manages the leading exhibition site in Italy and dominates events in numerous manufacturing sectors: fashion, publishing, furniture and furnishings, home and lifestyle, mechanical tooling industry, tourism, professional hospitality, food, plant engineering and energy, construction, art, and sailing. Specifically, the business of the Group is focused on the management, organisation and hosting of fairs, exhibitions and other events through ensuring the availability of equipped exhibition space, project support and related services. Its offer is completed by engineering services, stand-fitting services - for both pre-fabricated and customised stands - stand-fitting technical and logistic services, as well as a multichannel platform that includes specialist publications, web content and congresses.

Fiera Milano has been listed in the STAR segment of the Mercato Telematico Azionario of the Italian stock market since 2002.

For further information:

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Attachments (not subject to legal audit):

Consolidated Income Statement

Reclassified Consolidated Statement of Financial Position



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Full year to 31/12/17 restated	Consolidated Income Statement (Amounts in €000)		3rd Quarter to 30/09/18		3rd Quarter to 30/09/17 restated		9 months to 30/09/18		9 months to 30/09/17 restated	
		%		%		%		%		%
256,348	100	Revenues from sales and services	35,595	100	43,527	100	193,319	100	177,420	100
3,228	1.3	Cost of materials	413	1.2	581	1.3	1,894	1.0	2,537	1.4
133,300	52.0	Cost of services	19,187	53.9	31,224	71.7	83,895	43.4	100,709	56.8
49,868	19.5	Costs for use of third party assets	12,351	34.7	12,150	27.9	37,805	19.6	37,444	21.1
48,860	19.1	Personnel expenses	10,365	29.1	10,313	23.7	33,566	17.4	33,818	19.1
5,398	2.1	Other operating expenses	605	1.7	1,109	2.5	2,995	1.5	3,794	2.1
240,654	93.9	Total operating costs	42,921	120.6	55,377	127.2	160,155	82.8	178,302	100.5
2,604	1.0	Other income	215	0.6	603	1.4	2,091	1.1	1,859	1.0
2,603	1.0	Results of equity-accounted companies	2,522	7.1	442	1.0	6,782	3.5	1,719	1.0
5,841	2.3	Allowance for doubtful accounts and other provisions	442	1.2	376	0.9	973	0.5	2,026	1.1
15,060	5.9	EBITDA	(5,031)	(14.1)	(11,181)	(25.7)	41,064	21.2	670	0.4
6,834	2.7	Depreciation and amortisation	1,467	4.1	1,712	3.9	4,460	2.3	5,134	2.9
2,854	1.1	Adjustments to asset values	-	-	-	-	1	0.0	11	0.0
5,372	2.1	EBIT	(6,498)	(18.3)	(12,893)	(29.6)	36,603	18.9	(4,475)	(2.5)
(774)	(0.3)	Financial income/(expenses)	(48)	(0.1)	(122)	(0.3)	(68)	(0.0)	(845)	(0.5)
4,598	1.8	Profit/(loss) before income tax from continuing operations	(6,546)	(18.4)	(13,015)	(29.9)	36,535	18.9	(5,320)	(3.0)
-	-	Profit/(loss) before income tax from discontinued operations	-	-	-	-	-	-	-	-
4,598	1.8	Profit/(loss) before income tax:	(6,546)	(18.4)	(13,015)	(29.9)	36,535	18.9	(5,320)	(3.0)
4,334	1.7	- attributable to the shareholders of the controlling entity	(6,444)	(18.1)	(13,365)	(30.7)	36,840	19.1	(5,449)	(3.1)
264	0.1	- attributable to non-controlling interests	(102)	(0.3)	350	0.8	(305)	(0.2)	129	0.1
20,127	7.9	Cash flow before income tax for the Group and non-controlling interests	(4,637)	(13.0)	(10,927)	(25.1)	41,969	21.7	1,851	1.0

Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 September 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.



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31/12/17	Reclassified Consolidated Statement of Financial Position (Amounts in €'000)	30/09/18	30/06/18	Change
94,216	Goodwill	94,216	94,216	-
12,493	Intangible assets with a finite useful life	11,309	11,251	58
13,765	Tangible fixed assets	11,363	12,317	(954)
31,063	Other non-current assets	33,783	31,926	1,857
151,537	A Non-current assets	150,671	149,710	961
3,485	Inventories and contracts in progress	3,850	4,224	(374)
46,277	Trade and other receivables	43,054	45,363	(2,309)
49,762	B Current assets	46,904	49,587	(2,683)
48,437	Trade payables	34,896	45,473	(10,577)
43,057	Advances	38,306	28,429	9,877
2,010	Tax liabilities	1,033	14,065	(13,032)
30,527	Provisions for risks and charges and other current liabilities	31,929	29,473	2,456
124,031	C Current liabilities	106,164	117,440	(11,276)
(74,269)	D Net working capital (B - C)	(59,260)	(67,853)	8,593
77,268	E Gross capital employed (A + D)	91,411	81,857	9,554
9,379	Employee benefit provisions	9,433	9,359	74
4,059	Provisions for risks and charges and other non-current liabilities	3,894	3,955	(61)
13,438	F Non-current liabilities	13,327	13,314	13
63,830	G NET CAPITAL EMPLOYED continuing operations (E - F)	78,084	68,543	9,541
-	H NET CAPITAL EMPLOYED assets held for sale	-	-	-
63,830	TOTAL NET CAPITAL EMPLOYED (G + H)	78,084	68,543	9,541
	covered by:			
62,471	Equity attributable to the Group	99,666 *	94,724	4,942
564	Non-controlling interests	-	105	(105)
63,035	I Total equity	99,666	94,829	4,837
(17,922)	Cash & cash equivalents	(23,726)	(30,656)	6,930
15,172	Current financial (assets)/liabilities	1,347	2,821	(1,474)
3,545	Non-current financial (assets)/liabilities	797	1,549	(752)
795	Net financial position from continuing operations	(21,582)	(26,286)	4,704
-	Net financial position from assets held for sale	-	-	-
795	L Net financial position (TOTAL)	(21,582)	(26,286)	4,704
63,830	EQUITY AND NET FINANCIAL POSITION (I + L)	78,084	68,543	9,541

* includes pre-tax result for the period