



FIERA MILANO

FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT 30 SEPTEMBER 2020

The results for the third quarter and first nine months of 2020 were severely affected by the prolonged suspension of exhibition and congress activities due to the Covid-19 pandemic.

First nine months 2020:

- Revenues: Euro 67.3 million (compared to Euro 183.9 million in the first nine months of 2019);
- EBITDA: Euro 4.7 million (compared to Euro 64.4 million in the first nine months of 2019);
- EBIT: Euro -28.9 million (compared to Euro 30.4 million in the first nine months of 2019);
- Loss before tax: Euro 38.8 million (compared to profit of Euro 20.3 million in the first nine months of 2019);
- Net financial position, before IFRS 16 effects: net debt of Euro 13.5 million, compared to a net cash position of Euro 20.2 million at 30 June 2020.

Third quarter 2020:

- Revenues: Euro 11.3 million (compared to Euro 30.1 million in the third quarter of 2019);
- EBITDA: Euro -5.8 million (compared to Euro 2.0 million in the third quarter of 2019);
- EBIT: Euro -17.0 million (compared to Euro -9.2 million in the third quarter of 2019);
- Loss before tax: Euro 20.2 million (compared to Euro 12.4 million in the third quarter of 2019).

In a scenario that continues to be extremely volatile and uncertain, the Company has taken further cost containment actions. Together with the effect of the probable reduction in rents for the Rho and Milan exhibition sites, subject to negotiation with Fondazione Fiera Milano, these will make it possible to have a positive impact on the result for the current year.

The Company is preparing a new business plan to adapt its growth and development pathway to the changing scenario and to be able to compete successfully in the "New Normal". The plan will be presented to the market in early 2021.



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Milan, 10 November 2020. The Board of Directors of Fiera Milano S.p.A. ("Fiera Milano"), which met today under the chairmanship of Carlo Bonomi, reviewed and approved the Consolidated Interim Report for the third quarter of 2020.

The exhibition/congress sector was one of the worst affected by the crisis caused by the emergence of the Covid-19 pandemic. The Company's results in the third quarter and over the first nine months were severely affected by the prolonged suspension of exhibitions and congresses. To a large extent, results reflect activities in January, February and September 2020.

The comparison with the same period last year also suffers due to the less favourable exhibition calendar, with biennial exhibitions (Tuttofood, Transpotec Logitec and Made Expo) not taking place. Against this particularly challenging backdrop and facing a marked contraction in revenues, Fiera Milano has made every effort to a) protect the health and safety of its customers, suppliers and employees; b) reduce its overheads and protect its financial flexibility; c) support customers both operationally and financially; d) contribute to the creation of a protocol for containing the spread of Covid-19, in cooperation with the competent authorities and other trade fair operators, including through industry associations, to ensure that physical events can resume safely; e) speed up initiatives for the technological and digital development of the Rho exhibition district.

Fiera Milano was the first Italian exhibition operator – and among the first in Europe – to resume physical events with Milano Unica, held on 8 and 9 September. Following on from lockdown, the events were supported by new technological infrastructure made possible by investments in the Smart District, Digital Signage and the Fiera Milano Platform. Fiera Milano Platform will become an increasingly important strategic business tool, enabling hybrid exhibition formats and expanding the range of services available to the various participants in exhibitions. This customer-centric platform helps improve their experience, driving up acquisition and retention rates through better customer experience and creating communities for each supply chain.

■ **RESULTS FOR THE FIRST NINE MONTHS OF 2020**

The Group's business has seasonal elements due to biennial and multiannual exhibitions. In addition, the almost total absence of exhibitions in the summer months of July and August has a major effect on Q3 results. Given this seasonality, the revenues and results of a single quarter cannot be ratioed to the entire year and can also vary significantly from quarter to quarter.

In the first nine months of the year, **Revenues from sales and services** amounted to Euro 67.3 million compared to Euro 183.9 million in the same period of last year, down 63% due to the prolonged suspension of exhibition and congress activities, which led to a significant change in their schedules and the cancellation of important exhibitions including the Salone del Mobile, Mido, Mostra Convegno Expocomfort, as well as the absence of biennial exhibitions held in odd-numbered years (Tuttofood, Transpotec Logitec and Made Expo). September saw the gradual resumption of exhibitions activity in Italy, all in complete safety. The first post-lockdown exhibitions were held both "in person" and in digital format, offering companies a major signal of support and confidence at a particularly difficult time. Restrictions on international travel together with renewed fears of a resurgence in infections have, however, led to a reduction in participation figures.



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EBITDA was Euro 4.7 million, compared to Euro 64.4 million in the same period of last year. The change was mainly related to the contraction in revenues and lower results of the joint venture operating in China, only partially offset by the cost containment measures implemented by the Company. The impact of IFRS 16 accounting principle in the nine months under review amounted to Euro 35.4 million compared to the figure recorded in the same quarter of the previous year (Euro 36.0 million).

EBIT was negative Euro 28.9 million compared to positive Euro 30.4 million in the first nine months of 2019. The effect of the application of IFRS 16 in the period was Euro 5.7 million compared to Euro 5.9 million in the first nine months of 2019.

Profit/loss before tax in the first nine months amounted to a loss of Euro 38.8 million compared to a profit of Euro 20.3 million in the first nine months of 2019.

▪ **THIRD QUARTER 2020 RESULTS**

During the third quarter, the Company reported **Revenues from sales and services** of Euro 11.3 million, compared to Euro 30.1 million in the third quarter of 2019. In addition to the different exhibition calendar, this result was due to lower participation in the events held during the quarter compared to previous editions.

EBITDA for the quarter was negative Euro 5.8 million compared to positive Euro 2.0 million in the third quarter of 2019, mainly due to the reduction in revenues, which was only partially offset by the drop in operating costs. The impact of IFRS 16 in the quarter under review amounted to Euro 11.7 million compared with Euro 11.8 million in the third quarter of 2019.

EBIT for the quarter was negative Euro 17.0 million compared to negative Euro 9.2 million in the corresponding quarter of last year. The impact of IFRS 16 in the quarter under review amounted to Euro 1.8 million compared to Euro 1.9 million recorded in the same quarter of the previous year.

Profit/loss before tax showed a loss of Euro 20.2 million compared to loss of Euro 12.4 million in the same period of 2019.

▪ **THIRD QUARTER 2020 RESULTS BY OPERATING SEGMENT**

During the third quarter, seven exhibitions and one congress with related exhibition space were held in the **fieramilano** and **fieramilanocity** exhibition sites, totalling 63,290 net square metres of exhibition space, compared to 158,105 net square metres of exhibition space in the same period of 2019. The number of exhibitors went from 3,595 in the third quarter of 2019 to 1,535. Seven exhibitions were held at exhibition sites abroad (three in the third quarter of 2019) and the net square metres of exhibition space totalled 159,535 square metres (147,910 square metres in the third quarter of 2019). The number of exhibitors was 2,050 (1,355 in the third quarter of 2019). Revenues from sales and services, before elimination of inter-segment transactions, amounted to Euro 11.9 million compared to Euro 31.2 million in the third quarter of 2019.

- The **Italian Exhibitions Business** saw revenues of Euro 10.3 million compared to Euro 22.9 million in the third quarter of 2019. The decrease reflects the changes to the exhibition calendar and was significantly impacted by the effects of the Covid-19 epidemic, which led



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to exhibitions taking place in a reduced form during the quarter. Physical exhibitions resumed in September with Milano Unica, followed by 5 events grouped together under the hashtag #strongertogether, forging an alliance in the fashion industry by bringing together HOMI Fashion & Jewels, MICAM Milano, MIPEL, TheOneMilano and A New Point Of View (the special format of LINEAPELLE). In the B2C sector, Milano Autoclassica was the first physical Automotive exhibition to be held in Europe. The September schedule also saw the first digital edition of Miart. EBITDA for the quarter was negative at Euro 4.4 million (compared to Euro -0.6 million in the third quarter of 2019) influenced by the trend in revenues, while EBIT was negative at Euro 14.2 million (compared to Euro -10.4 million in the third quarter of 2019).

- The **Foreign Exhibitions Business** reported revenues of Euro -15 thousand compared to Euro 0.2 million in the third quarter of 2019 following the suspension of trade fair activities due to the Covid-19 pandemic and to the postponement to 2021 of the Brazilian Exposec exhibition. EBITDA was negative Euro 54 thousand (compared with positive Euro 1.0 million in the third quarter of 2019), due also to the above-mentioned revenue performance caused by the lower earnings of the joint venture in China. EBIT was negative Euro 123 thousand (compared with a positive Euro 0.9 million in the third quarter of 2019). It should be noted that the reopening of exhibition activities in China took place in August.
- The **Media** segment saw revenues of Euro 1.3 million compared to Euro 1.9 million in the third quarter of 2019. The reduction was mainly attributable to the lower contribution of revenues from billboard advertising and digital services and lower revenues from publications. EBITDA was negative at Euro 0.3 million (compared to Euro -0.1 million in the third quarter of 2019). EBIT was negative at Euro 0.3 million (compared to Euro -0.2 million in the third quarter of 2019).
- The **Congresses** segment posted revenues of Euro 0.3 million compared to Euro 6.2 million in the third quarter 2019, due to the rescheduling of events to 2021 and a decrease in revenues from recurring events. EBITDA was negative Euro 1.1 million (compared to positive Euro 1.8 million in the third quarter of 2019), while EBIT was negative Euro 2.4 million (compared with positive Euro 0.6 million in the third quarter of 2019).

▪ **NET FINANCIAL POSITION**

The net financial position at 30 September 2020, before IFRS 16 effects, showed net financial debt of Euro 13.5 million, compared to a net cash position of Euro 20.2 million at 30 June 2020 (Euro 68.3 million at 31 December 2019).

The change is attributable to the aforementioned suspension of exhibition activities, which significantly impacted working capital.

Net financial debt including the IFRS 16 lease liability amounted to Euro 475.6 million, compared to Euro 449.6 million at the end of June 2020 (Euro 405.1 million at 31 December 2019).



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■ **BUSINESS OUTLOOK**

Although September saw the resumption of in-person events, the worsening of the health emergency due to a rapid rise in cases in Italy and elsewhere, has led to new restrictions being put in place. In Italy, recent government regulations initially confirmed the possibility of holding exhibitions and congresses but subsequently suspended conventions and congresses (except if held remotely) and then all exhibitions.

Against this highly uncertain and changeable environment, the Company has taken further cost reduction actions affecting both site management and staff, and through widespread adoption of remote working.

The adoption of these measures, together with the effect of the probable reduction in rents for the Rho and Milan exhibition sites, subject to negotiation with Fondazione Fiera Milano, will make it possible to have a positive impact on the result for the current year.

Given the current high levels of uncertainty, which makes it harder to plan and schedule exhibitions and conferences, the Company has begun a process of strategic reflection that will culminate in a new Business Plan.

The plan will be presented to the market in early 2021 and will aim to respond effectively to the impact of the pandemic, outline future scenarios and identify the key factors to compete successfully in the "New Normal", where technological innovation and digital transformation will play a major role.

As a leading national and international operator, Fiera Milano will continue to take all possible actions to support the growth and internationalisation of companies.



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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.

The Consolidated Interim Management Report at 30 September 2020 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 Investors section of the Company website www.fieramilano.it.

CONFERENCE CALL

There will be a conference call **at 9:30 (CET) tomorrow Wednesday 11 November**, during which the management of Fiera Milano will present the third quarter 2020 consolidated results. To take part in the conference call, please call:

+39 02 805 88 11 (Italy)
+41 225954727 (Switzerland)
+44 1 212818003 (UK)
+ 1 718 7058794 (USA)

The presentation may be downloaded prior to the start of the conference call from the section Investors 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.

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Attachments (not subject to legal audit):

Consolidated Income Statements
Reclassified Consolidated Statement of Financial Position



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Full year to 31/12/19	Consolidated Income Statement (Amounts in €'000)		3rd Quarter to 30/09/20		3rd Quarter to 30/09/19		9 months to 30/09/20		9 months to 30/09/19	
		%		%		%		%		%
279,711	100	Revenues from sales and services	11,279	100	30,059	100	67,267	100	183,941	100
2,489	0.9	Cost of materials	286	2.5	347	1.2	1,597	2.4	1,730	0.9
121,215	43.3	Cost of services	9,274	82.2	18,906	62.9	38,559	57.3	85,534	46.5
486	0.2	Costs for use of third party assets	60	0.5	67	0.2	316	0.5	351	0.2
47,432	17.0	Personnel expenses	7,259	64.4	10,324	34.3	24,544	36.5	34,496	18.8
4,778	1.7	Other operating expenses	641	5.7	458	1.5	1,875	2.8	2,988	1.6
176,400	63.1	Total operating costs	17,520	155.3	30,102	100.1	66,891	99.4	125,099	68.0
2,428	0.9	Other income	533	4.7	586	1.9	1,721	2.6	1,917	1.0
3,768	1.3	Results of equity-accounted companies	(36)	(0.3)	1,500	5.0	(773)	(1.1)	3,871	2.1
3,453	1.2	Allowance for doubtful accounts and other provisions	98	0.9	(3)	(0.0)	(3,406)	(5.1)	185	0.1
106,054	37.9	EBITDA	(5,842)	(51.8)	2,046	6.8	4,730	7.0	64,445	35.0
45,171	16.1	Depreciation and amortisation	11,149	98.8	11,202	37.3	33,598	49.9	34,028	18.5
1,285	0.5	Adjustments to asset values	-	-	-	-	-	-	-	-
59,598	21.3	EBIT	(16,991)	(150.6)	(9,156)	(30.5)	(28,868)	(42.9)	30,417	16.5
(13,365)	(4.8)	Financial income/(expenses)	(3,181)	(28.2)	(3,275)	(10.9)	(9,973)	(14.8)	(10,121)	(5.5)
-	-	Valuation of financial assets	-	-	-	-	-	-	-	-
46,233	16.5	Profit/(loss) before income tax from continuing operations	(20,172)	(178.8)	(12,431)	(41.4)	(38,841)	(57.7)	20,296	11.0
-	-	Profit/(loss) before income tax from discontinued operations	-	-	-	-	-	-	-	-
46,233	16.5	Profit/(loss) before income tax:	(20,172)	(178.8)	(12,431)	(41.4)	(38,841)	(57.7)	20,296	11.0
46,329	16.6	- attributable to the shareholders of the controlling entity	(20,115)	(178.3)	(12,424)	(41.3)	(38,638)	(57.4)	20,327	11.1
(96)	(0.0)	- attributable to non-controlling interests	(57)	(0.5)	(7)	(0.0)	(203)	(0.3)	(31)	(0.0)



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31/12/19	Reclassified Consolidated Statement of Financial Position (Amounts in €'000)	30/09/20	30/06/20	Change
95,036	Goodwill	95,036	95,036	-
14,640	Intangible assets with a finite useful life	14,091	14,137	(46)
469,571	Right-of-use assets	441,518	451,427	(9,909)
9,155	Tangible fixed assets	7,216	9,707	(2,491)
34,078	Other non-current assets	32,539	33,707	(1,168)
622,480	A Non-current assets	590,400	604,014	(13,614)
2,231	Inventories and contracts in progress	4,689	4,099	590
40,356	Trade and other receivables	39,506	34,744	4,762
42,587	B Current assets	44,195	38,843	5,352
41,985	Trade payables	24,063	20,160	3,903
49,227	Advances	28,808	36,925	(8,117)
2,979	Tax liabilities	4,184	4,432	(248)
36,111	Provisions for risks and charges and other current liabilities	22,206	30,178	(7,972)
130,302	C Current liabilities	79,261	91,695	(12,434)
(87,715)	D Net working capital (B - C)	(35,066)	(52,852)	17,786
534,765	E Gross capital employed (A + D)	555,334	551,162	4,172
9,898	Employee benefit provisions	10,003	9,884	119
11,960	Provisions for risks and charges and other non-current liabilities	10,881	6,524	4,357
21,858	F Non-current liabilities	20,884	16,408	4,476
512,907	G NET CAPITAL EMPLOYED continuing operations (E - F)	534,450	534,754	(304)
-	H NET CAPITAL EMPLOYED assets held for sale	-	-	-
512,907	TOTAL NET CAPITAL EMPLOYED (G + H)	534,450	534,754	(304)
	covered by:			
107,276	Equity attributable to the Group	58,503 *	84,724	(26,221)
580	Non-controlling interests	378 *	466	(88)
107,856	I Total equity	58,881	85,190	(26,309)
(68,031)	Cash & cash equivalents	(27,571)	(39,179)	11,608
33,730	Current financial (assets)/liabilities	93,206	69,909	23,297
439,352	Non-current financial (assets)/liabilities	409,934	418,834	(8,900)
405,051	Net financial position from continuing operations	475,569	449,564	26,005
-	Net financial position from assets held for sale	-	-	-
405,051	L Net financial position (TOTAL)	475,569	449,564	26,005
512,907	EQUITY AND NET FINANCIAL POSITION (I + L)	534,450	534,754	(304)

* includes pre-tax result for the period