



**FIERA MILANO**

[www.fieramilano.it](http://www.fieramilano.it)

3rd Quarter 2016 Consolidated Results

# Fiera Milano Group

Conference Call – 7 November 2016



# Contents

---

Highlights

Financial results

Business outlook



# 3rd Quarter 2016 highlights

- The 3rd Quarter includes a structurally weak period for Fiera Milano and the exhibition business due to the **absence of activity in Italy in the summer months**
- **Net exhibition space occupied in Italy: 214,695 square metres** (27% from directly organised events). Exhibitions organised abroad occupied 100,100 square metres
- Quarterly consolidated **revenues of Euro 41.3 million**, -12% year-on-year mainly due to the inclusion in the 3Q15 revenues of the non-recurring activities relating to Expo 2015
- Consolidated **gross operating loss of Euro 6.4 million** (a loss of Euro 8.9 million in 3Q15) after lower operating costs due also to restructuring measures
- Consolidated **net operating loss of Euro 8.9 million** (a loss of Euro 12.2 million in 3Q15)
- **First nine months 2015 revenues of Euro 179.9 million and gross operating profit of Euro 14.3 million** (Euro 228.4 million and Euro 19.6 million respectively in the same period of 2015)





# Main events

- As part of the strategy to **strengthen the directly organised exhibitions**,
  - on 5 September 2016, **Fiera Milano SpA and Ediser Srl**, a service company belonging to the Associazione Italiana Editori (AIE), **set up** a company called **La Fabbrica del Libro SpA**: the two companies hold respectively 51% and 49% of the shares  
The new company will organise **an annual national book and reader event** in Milan: **Tempo di Libri, from 19-23 April 2017**
  - on 27 September 2016, **the exhibition trademark, No Frills, was acquired**: from 2017 it will be integrated into the proprietary exhibition BIT as part of a content development project structured around professional conferences and seminars
- On 4 November 2016, **Fiera Milano SpA concluded the share buy-back programme** announced to the market on 24 June 2016
  - 294,010 treasury shares were purchased at an average price of ca. Euro 1.58 per share for a total value of Euro 464,383: at today's date, **Fiera Milano SpA holds**, directly and indirectly, 939,018 treasury shares (**1.31% of the share capital**)
  - The reason for the buy-back was to increase the number of treasury shares to service the 2017-2023 Stock Option Plan, as well as to support the liquidity and stability of the shares



# Contents

---

Highlights

Financial results

Business outlook



# Italian exhibition calendar

Exhibitions	Net sq. metres of exhibition space	
	3Q16	3Q15
<b>Annual exhibitions</b>		
Directly organised	58,310	66,425
Organised by 3rd parties	147,550	139,130
<b>Total annual exhibitions</b>	<b>205,860</b>	<b>205,555</b>
<b>Biennial exhibitions</b>		
Organised by 3rd parties	-	1,130
<b>Total biennial exhibitions</b>	<b>-</b>	<b>1,130</b>
<b>Total exhibitions</b>	<b>205,860</b>	<b>206,685</b>
Congresses with related exhibition area	8,835	5,295
<b>Total</b>	<b>214,695</b>	<b>211,980</b>



- Directly organised exhibitions: slight fall in demand for space at **HOMI**, in the homeware sector, and absence of Milano Prêt-à-Porter Autumn which, together with Mifur, will become part of THE ONE MILANO, an exhibition for top quality prêt-à-porter that will be held biannually starting in February 2017
- Exhibitions organised by third parties: positive performance of **Lineapelle** and **Milano Unica**

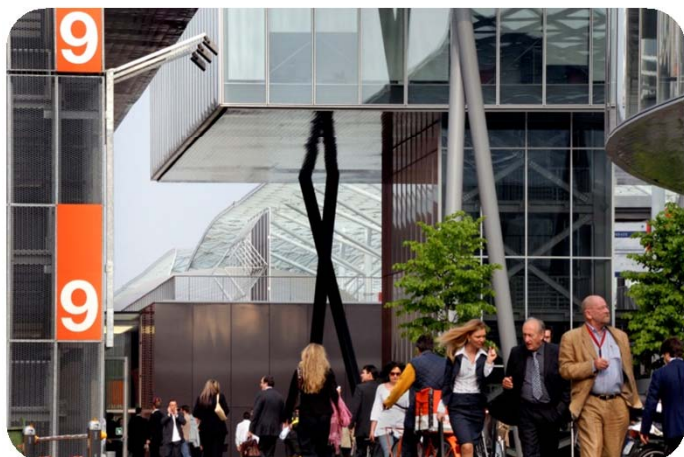


# Italian exhibitions



Italian exhibitions	3Q16	3Q15 restated*	9M16	9M15 restated*
<b>Revenues (€'000)</b>	<b>31,733</b>	<b>35,866</b>	<b>146,076</b>	<b>184,589</b>
<b>Gross operating result (€'000)</b>	<b>-6,575</b>	<b>-8,556</b>	<b>9,048</b>	<b>12,381</b>
% on revenues	-20.7%	-23.9%	6.2%	6.7%
<b>Net operating result (€'000)</b>	<b>-7,983</b>	<b>-10,539</b>	<b>4,770</b>	<b>4,682</b>
% on revenues	-25.2%	-29.4%	3.3%	2.5%

\* Some figures in the Consolidated Financial Statements at 30 September 2015 have been restated following the different classification of the use of risk provisions



- The year-on-year decrease in quarterly revenues reflected the absence of non-recurring activities linked to Expo 2015; the gross operating loss benefited from lower costs compared to 3Q15, which included higher personnel costs and the variable component of the rent for the **fieramilano** exhibition site that was payable only for 2015
- The year-on-year decrease in revenues in the first nine months reflected the less favourable exhibition calendar; the gross operating result benefited from lower operating costs



# Foreign exhibition calendar

Exhibitions	Net sq. metres of exhibition space	
	3Q16	3Q15
<b>Annual exhibitions</b>		
China	81,190	88,285
South Africa	3,490	3,360
Thailand	2,750	2,500
India	1,340	-
Brazil	-	1,905
<b>Total annual exhibitions</b>	<b>88,770</b>	<b>96,050</b>
<b>Biennial exhibitions</b>		
Brazil	11,330	1,510
<b>Total biennial exhibitions</b>	<b>11,330</b>	<b>1,510</b>
<b>Total</b>	<b>100,100</b>	<b>97,560</b>



- **China:** absence of Industrial Automation Shenzhen (7,985 net square metres), which was held in the second quarter this year
- **Brazil:** absence of the annual exhibition Enersolar, which was held in the second quarter this year, and presence of the biennial exhibition, Fesqua
- **South Africa:** Good Food & Wine Show organised in Gauteng
- **India:** presence of Food Hospitality World in Goa, which was held in a different quarter in the previous year





# Foreign exhibitions



Foreign exhibitions	3Q16	3Q15 restated*	9M16	9M15 restated*
<b>Revenues (€'000)</b>	<b>2,606</b>	<b>1,746</b>	<b>4,733</b>	<b>5,743</b>
<b>Gross operating result (€'000)</b>	<b>213</b>	<b>-835</b>	<b>-168</b>	<b>-1,836</b>
% on revenues	8.2%	-47.8%	-3.5%	-32.0%
<b>Net operating result (€'000)</b>	<b>6</b>	<b>-888</b>	<b>-2,234</b>	<b>-9,271</b>
% on revenues	0.2%	-50.9%	-47.2%	-161.4%

\* Some figures in the Consolidated Financial Statements at 30 September 2015 have been restated following the different classification of the use of risk provisions



- The year-on-year increase in quarterly revenues mainly reflected the presence of the biennial exhibition Fesqua; margins benefited from the reorganisation implemented in Brazil in the previous year
- In the first nine months of the year, the year-on-year decline in revenues was mainly due to the performance of some exhibitions in South Africa and Brazil; the gross operating result improved due to a reduction in operating costs following the corporate restructuring in Brazil

# Stand-fitting services



Stand-fitting services	3Q16	3Q15 restated*	9M16	9M15 restated*
<b>Revenues (€'000)</b>	<b>7,687</b>	<b>7,943</b>	<b>33,970</b>	<b>43,159</b>
<b>Gross operating result (€'000)</b>	<b>670</b>	<b>273</b>	<b>4,487</b>	<b>5,956</b>
% on revenues	8.7%	3.4%	13.2%	13.8%
<b>Net operating result (€'000)</b>	<b>121</b>	<b>-175</b>	<b>3,193</b>	<b>4,654</b>
% on revenues	1.6%	-2.2%	9.4%	10.8%

\* Some figures in the Consolidated Financial Statements at 30 September 2015 have been restated following the different classification of the use of risk provisions



- The slight year-on-year decrease in quarterly revenues was primarily due to the absence of activities linked to Expo 2015; however, this was, in part, compensated by higher stand-fitting volumes from Milano Unica. The improvement in the results also reflected the absence of costs for contract personnel employed for work linked to Expo 2015
- The year-on-year decrease in revenues and margins for the first nine months of 2016 was attributable to the less favourable exhibition calendar and the absence of activities related to Expo 2015

# Media

Media	3Q16	3Q15 restated*	9M16	9M15 restated*
Revenues (€'000)	2,384	2,591	8,292	9,337
Gross operating result (€'000)	-56	-181	211	202
% on revenues	-2.3%	-7.0%	2.5%	2.2%
Net operating result (€'000)	-137	-329	-787	-249
% on revenues	-5.7%	-12.7%	-9.5%	-2.7%

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- The year-on-year decrease in revenues for the quarter and in those for the first nine months was due to a reduction in sponsorship, print advertising and digital services
- The year-on-year change in the gross operating result for the quarter and in that for the first nine months reflected lower revenues offset by lower personnel costs as a result of the corporate restructuring implemented in December 2015



# Congresses

Congresses	3Q16	3Q15 restated*	9M16	9M15 restated*
<b>Revenues (€'000)</b>	<b>5,464</b>	<b>7,285</b>	<b>20,859</b>	<b>25,694</b>
<b>Gross operating result (€'000)</b> % on revenues	<b>-619</b> -11.3%	<b>425</b> 5.8%	<b>737</b> 3.5%	<b>2,929</b> 11.4%
<b>Net operating result (€'000)</b> % on revenues	<b>-878</b> -16.1%	<b>-282</b> -3.9%	<b>-43</b> -0.2%	<b>807</b> 3.1%

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- The year-on-year decrease in quarterly revenues and results reflected the absence of activities relating to the running of the Expo 2015 Congress Centre and Auditorium
- The 2016 year-on-year first nine month trend in revenues and margins reflected a less favourable performance from international congresses and conventions and the absence of the Expo 2015 activities



# Income Statement

Consolidated Income Statement (€'000)	3Q16	3Q15 restated*	9M16	9M15 restated*
<b>Revenues</b>	<b>41,253</b>	<b>46,848</b>	<b>179,908</b>	<b>228,380</b>
<b>Gross operating result</b>	<b>-6,366</b>	<b>-8,864</b>	<b>14,316</b>	<b>19,634</b>
Gross operating margin (%)	-15.4%	-18.9%	8.0%	8.6%
<b>Net operating result (EBIT)</b>	<b>-8,884</b>	<b>-12,217</b>	<b>4,859</b>	<b>557</b>
Net operating margin (%)	-21.5%	-26.1%	2.7%	0.2%
<b>Profit/loss before income tax from continuing operations</b>	<b>-9,193</b>	<b>-14,068</b>	<b>4,464</b>	<b>-3,444</b>
Profit/loss margin (%)	-22.3%	-30.0%	2.5%	-1.5%
<b>Profit/loss before income tax from discontinued operations</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-1,988</b>
<b>Profit/loss before income tax</b>	<b>-9,193</b>	<b>-14,059</b>	<b>4,464</b>	<b>-5,432</b>
Profit/loss before tax margin (%)	-22.3%	-30.0%	2.5%	-2.4%
<b>-attributable to Shareholders of the controlling entity</b>	<b>-9,215</b>	<b>-14,080</b>	<b>4,625</b>	<b>-4,654</b>
Profit/loss before tax attributable to Shareholders of the controlling entity margin (%)	-22.3%	-30.1%	2.6%	-2.0%
<b>-attributable to non-controlling interests</b>	<b>22</b>	<b>21</b>	<b>-161</b>	<b>-778</b>
Profit/loss before tax attributable to non-controlling interests margin (%)	0.1%	0.0%	-0.1%	-0.3%

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# Statement of Financial Position

31/12/15 after tax	Consolidated Statement of Financial Position (€'000)	30/09/16 before tax	30/06/16 after tax
182,302	Non-current assets	177,572	174,578
-64,884	Net working capital	-27,472	-29,485
<b>117,418</b>	<b>Gross capital employed</b>	<b>150,100</b>	<b>145,093</b>
19,724	Non-current liabilities	17,762	18,726
<b>97,694</b>	<b>Net capital employed from continuing operations</b>	<b>132,338</b>	<b>126,367</b>
-	Net capital employed from discontinued operations	-	-
<b>97,694</b>	<b>Total net capital employed</b>	<b>132,338</b>	<b>126,367</b>
<b>85,268</b>	<b>Equity</b>	<b>88,076</b>	<b>92,550</b>
<b>12,426</b>	<b>Net financial position</b>	<b>44,262</b>	<b>33,817</b>
<b>97,694</b>	<b>Equity and net financial position</b>	<b>132,338</b>	<b>126,367</b>

# Net Financial Position

31/12/15	Consolidated Net Financial Position (€'000)	30/09/16	30/06/16
56,092	Cash (including bank balances)	16,937	14,870
-	- Other cash equivalents	-	-
-	- Securities held for trading	-	-
<b>56,092</b>	<b>Cash &amp; cash equivalents</b>	<b>16,937</b>	<b>14,870</b>
-	<b>Current financial assets</b>	<b>2,433</b>	<b>5,147</b>
23,481	Current bank borrowings	16,279	280
15,985	Current portion of non-current debt	24,378	22,851
16,036	Other current financial liabilities	2,543	5,190
<b>55,502</b>	<b>Current financial debt</b>	<b>43,200</b>	<b>28,321</b>
<b>-590</b>	<b>Current net financial debt (cash)</b>	<b>23,830</b>	<b>8,304</b>
10,922	Non-current bank borrowings	18,313	23,394
-	- Debt securities in issue	-	-
2,094	Other non-current payables	2,119	2,119
<b>13,016</b>	<b>Non-current net financial debt</b>	<b>20,432</b>	<b>25,513</b>
<b>12,426</b>	<b>Net financial debt (cash)</b>	<b>44,262</b>	<b>33,817</b>



The increase in net debt was due to the negative cash flow caused by the absence of activity in the months of July and August and the decrease in cash flows from working capital, mainly attributable to the advance payment of the six-monthly rental charge to Fondazione Fiera Milano; this was, in part, offset by the cash-in for exhibitions held in the quarter under review and due to be held in subsequent months



# Contents

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Highlights

Financial results

Business outlook





# Business outlook

- The Group's strategic priority remains to increase the share of directly organised exhibitions and to focus on increasing the attendance of international buyers and exhibitors
- Outside Italy, the Group intends to consolidate its exhibition portfolio - through a selective focus on events offering high growth potential – and reposition and enhance its presence in some countries, also through partnerships with leading international exhibition operators
- While benefiting from the reorganisation implemented, the FY2016 will close as expected with a loss because of a less favourable exhibition calendar in Italy compared to the previous year, reflecting the absence of certain important directly organised biennial exhibitions, as well as multi-annual exhibitions
- In the medium-term, barring any currently unforeseen events, the Group expects an improvement in the gross operating profit already in 2017 compared to the current year; this will come from the more favourable exhibition calendar, measures already implemented and from business development potential and opportunities arising from the improvement in the reference economic environment
- The strengthening of the Group's financial and capital structure following the share capital increase at the end of 2015 should also support the Group's planned investment and growth



# Other information

- 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 Milan Tribunal under Article 34 of Legislative Decree 159/2011 (anti-organised crime laws and prevention measures) regarding its contractual relations with a supplier
- On 11 October 2016, an Administration Order was received by Fiera Milano SpA referring only to the procurement by the Company of stand-fittings through its subsidiary Nolostand under the same legislative requirements
- 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
- As a result of the above, the Board of Directors decided to request Borsa Italiana SpA that the Fiera Milano SpA shares be voluntarily removed from the STAR segment
- The Company will continue to meet the corporate governance requirements, information transparency, as well as market liquidity, demanded by the STAR segment and intends to request Borsa Italiana SpA to re-admit the Company shares to the STAR segment as soon as the aforementioned judicial measures are terminated



# Forward-Looking Statements

Data and information herewith set forth are extracted from the Consolidated Interim Management Report to 30 September 2016 filed with Italian authorities regulating exchanges and securities and disseminated concomitantly with this presentation.

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The Manager responsible for preparing the company's financial statements Sebastiano Carbone declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, that the accounting information contained in this document corresponds to the document results, books and accounting records.



# Fiera Milano SpA

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