



FIERA MILANO

www.fieramilano.it

Banca IMI - X Italian Stock Market Opportunities Conference

FIERA MILANO GROUP

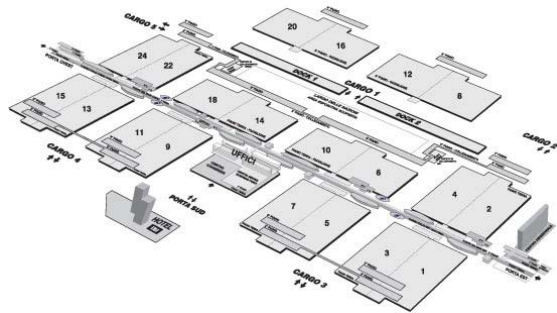
20 September 2017

FIERA MILANO IN BRIEF

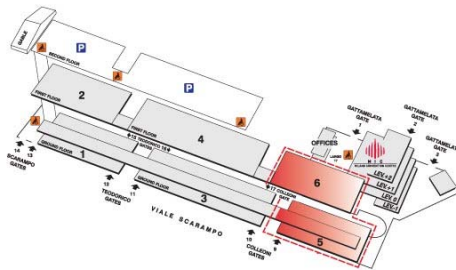


Fiera Milano is the market leader in Italy and one of the world's leading operators across the entire value chain of the exhibition industry

fieramilano



fieramilanocity



Total gross exhibition capacity:

388.000 sqm of which
345.000 sqm in the **fieramilano** site and
43.000 sqm in the **fieramilanocity** site

Net exhibition space occupied:

1.653.300 sqm
of which 367.700 sqm abroad

Number of exhibitions:

81 of which 35 abroad

Number of exhibitors:

31.830 of which 8.030 abroad

Consolidated revenues:

Euro 221 million

Group permanent employees:

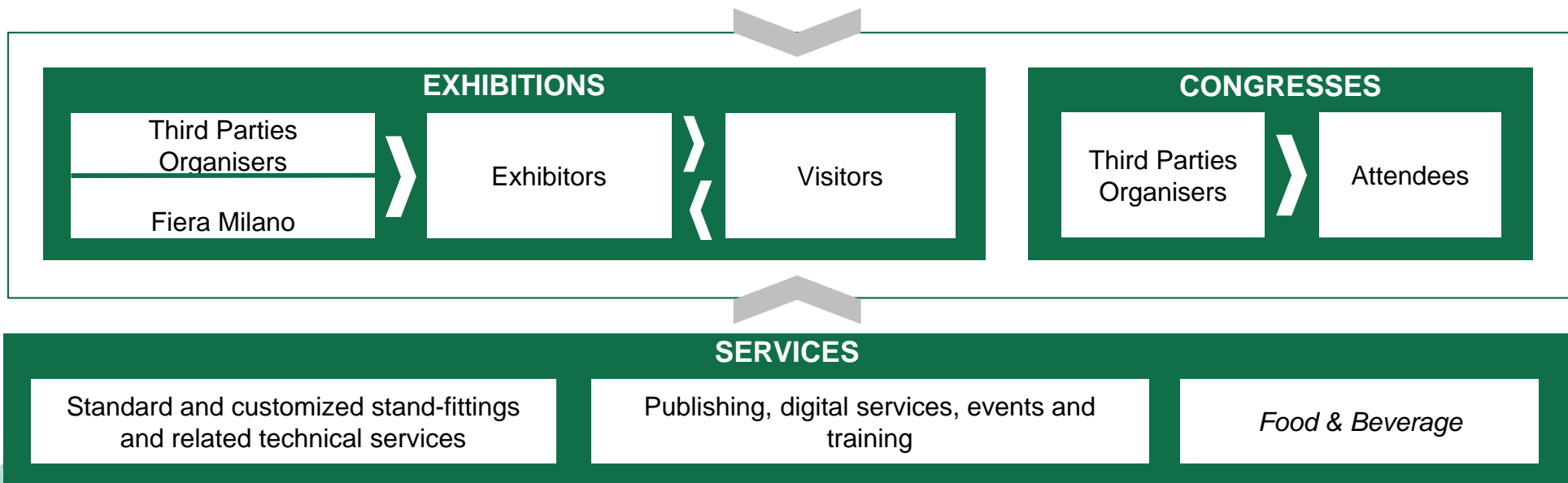
680 of which 99 abroad

Figures refer to FY2016, employees refer to 30 June 2017

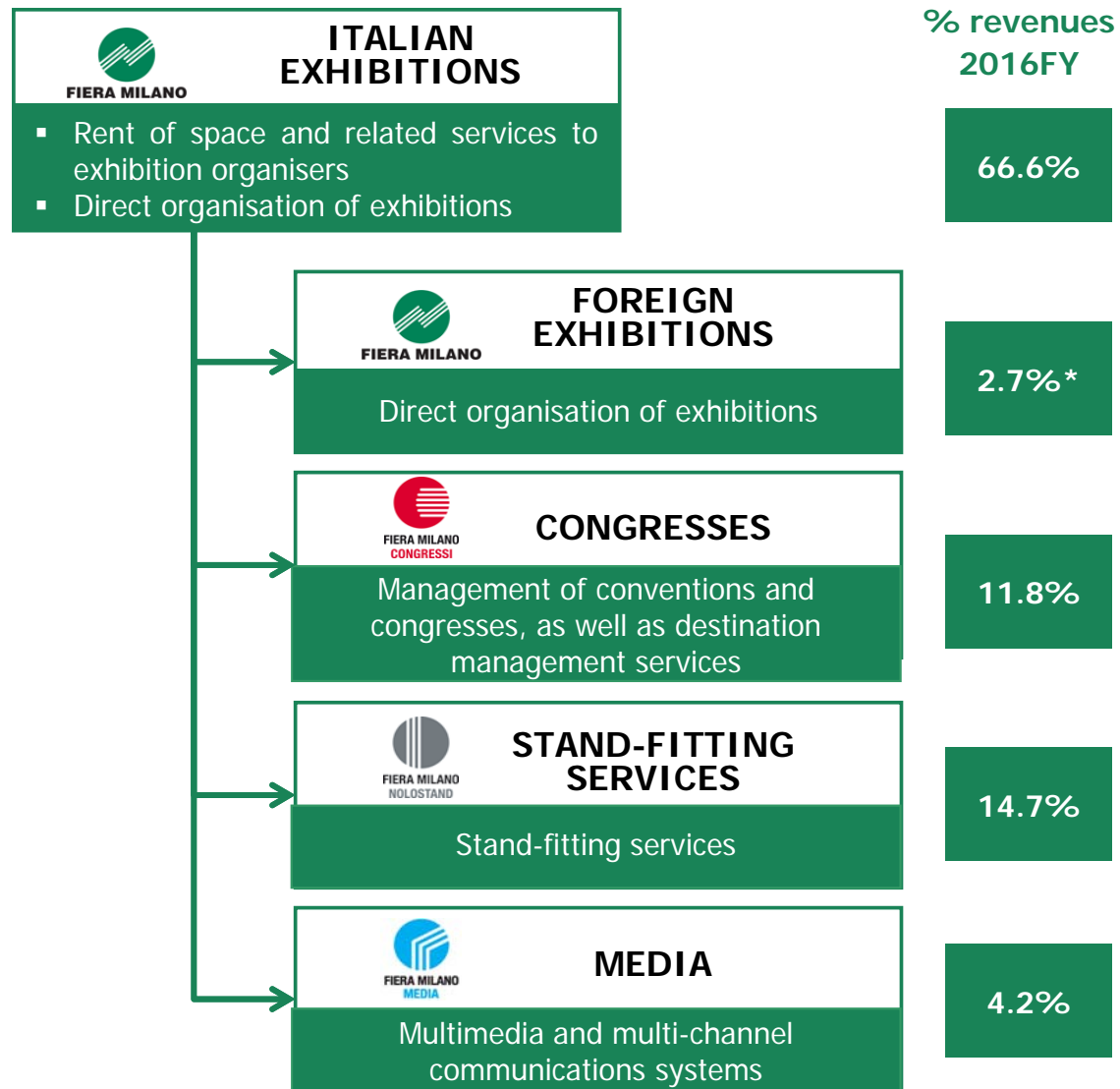
INTEGRATED BUSINESS MODEL

- In Italy, Fiera Milano hosts exhibitions and acts as a «facility manager» through the management of the exhibition sites, the supply of equipped show areas, and the offer of design support and correlated services to third party organisers; it also directly organizes the exhibitions it owns by providing exhibition space and services directly to exhibitors (*Fiera Milano*)
- The Group operates in the management of congress centres (*Fiera Milano Congressi*)
- The Group supplies stand-fitting and media services to organisers and exhibitors (*Nolostand and Fiera Milano Media*), as well as catering services to visitors (*Fiera Milano*)
- Outside Italy, Fiera Milano operates as a direct organiser of exhibitions

Exhibition Sites and Congress Centres Facility Manager in Italy



GROUP STRUCTURE



* The share of revenues of the joint venture with Deutsche Messe (Euro 13.6 million in 2016) is not included in compliance with IFRS 11

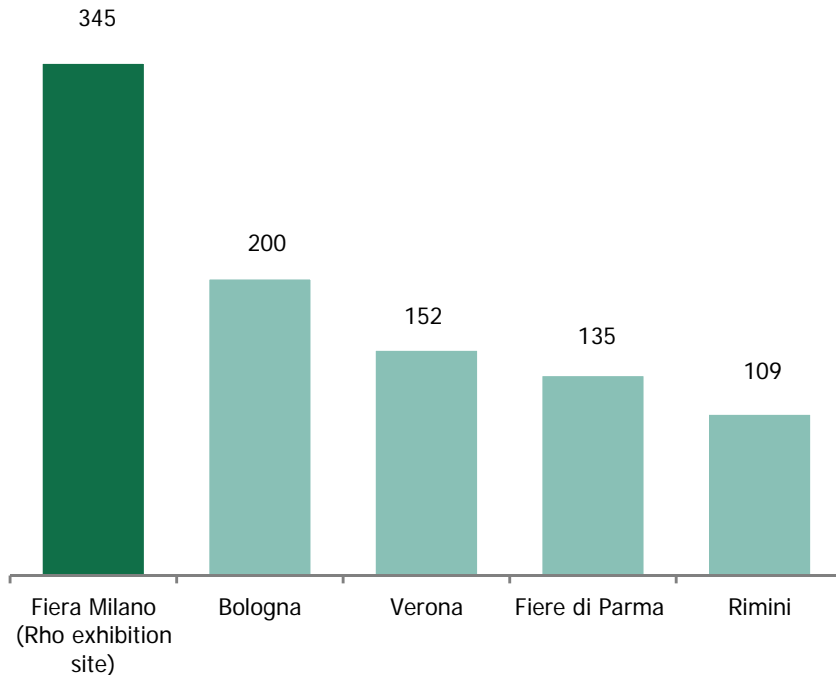
THE ITALIAN MARKET LEADER



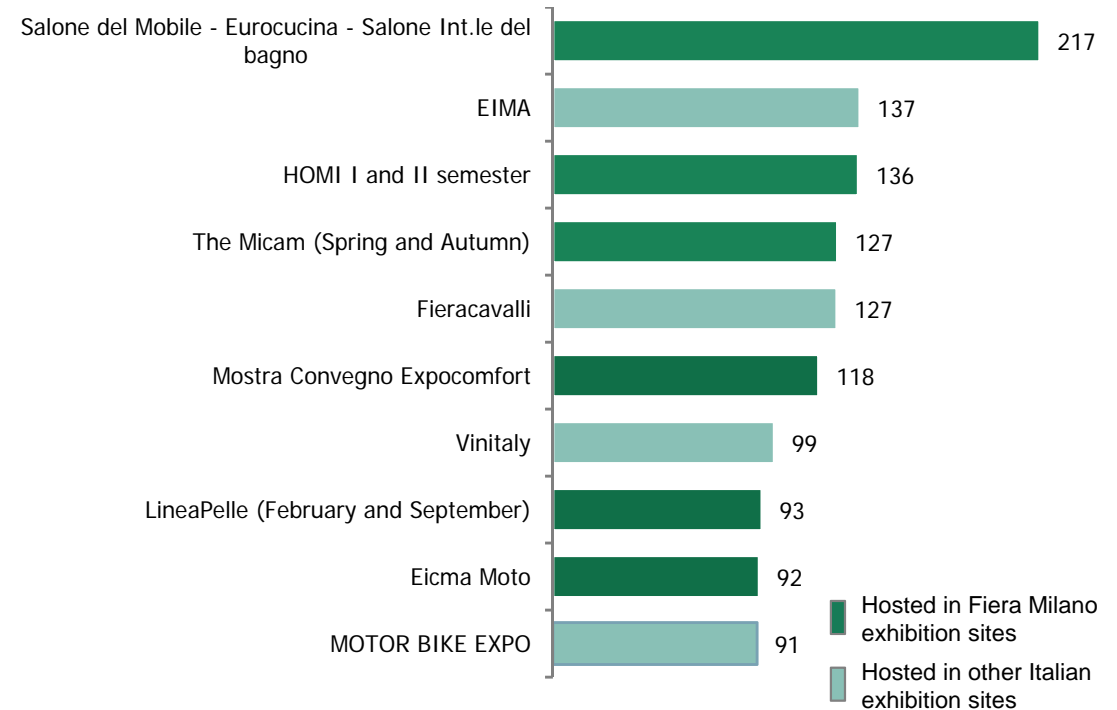
No. 1 exhibition entity in Italy in terms of gross indoor exhibition capacity

The majority of Italian exhibitions are held in Fiera Milano's sites

Top exhibition sites in Italy
(‘000 sqm)



Top 10 exhibitions in Italy by net exhibition space
(‘000 sqm)



Source: Fiera Milano analysis on AUMA 2017 data

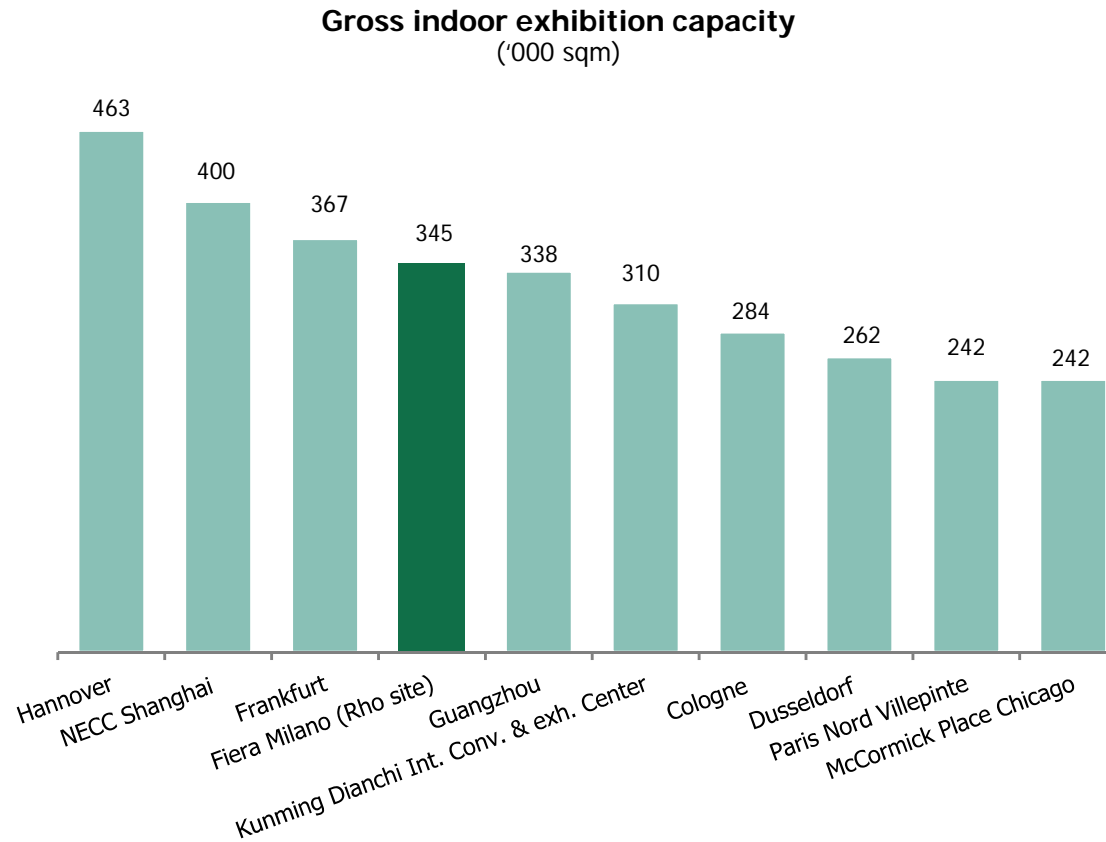
Source: Fiera Milano analysis on ISF CERT, CFI, FKM, AUMA data and corporate website - 2016



STRONG POSITION WORLDWIDE



Among the main exhibition entity worldwide



Source: AUMA - January 2017

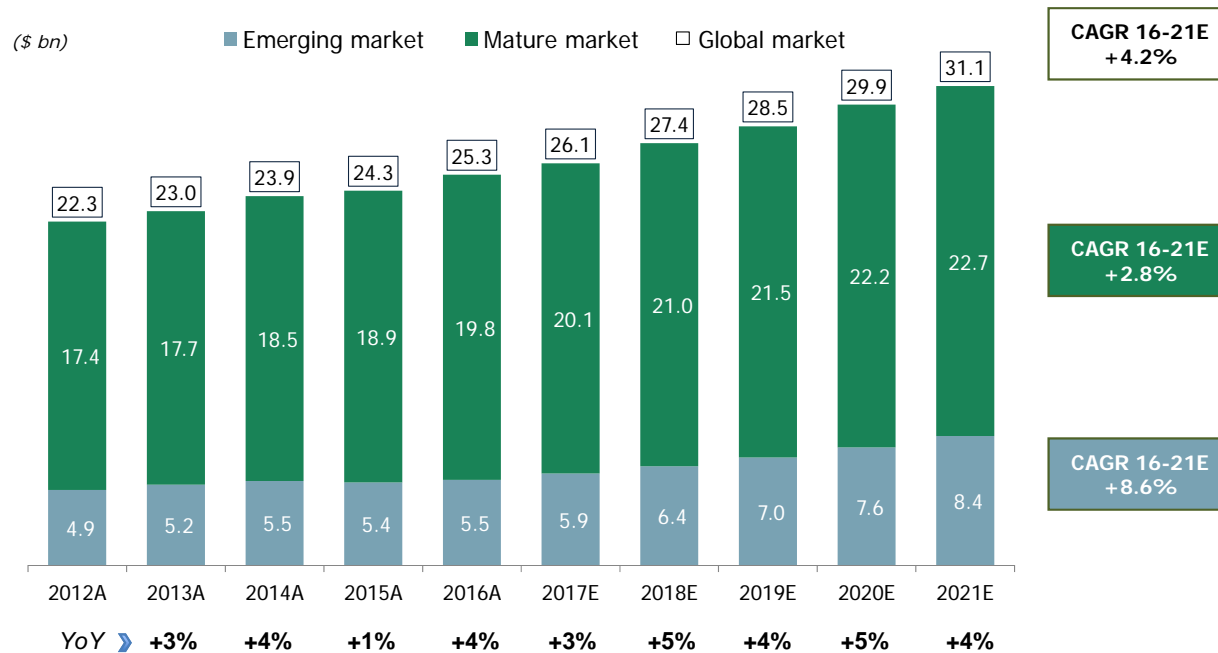


THE GLOBAL EXHIBITION MARKET



The medium-term outlook for the global exhibitions market is positive: AMR International forecasts steady market growth of 4.2% CAGR to 2021 from both emerging markets (+8.6%) and so-called “mature markets” (+2.8%)

Market size and growth by market type, 2012A-2021E



Source: AMR International Globex Report 2017 - Note: Countries represented in AMR account for approx. 83% of the global market.

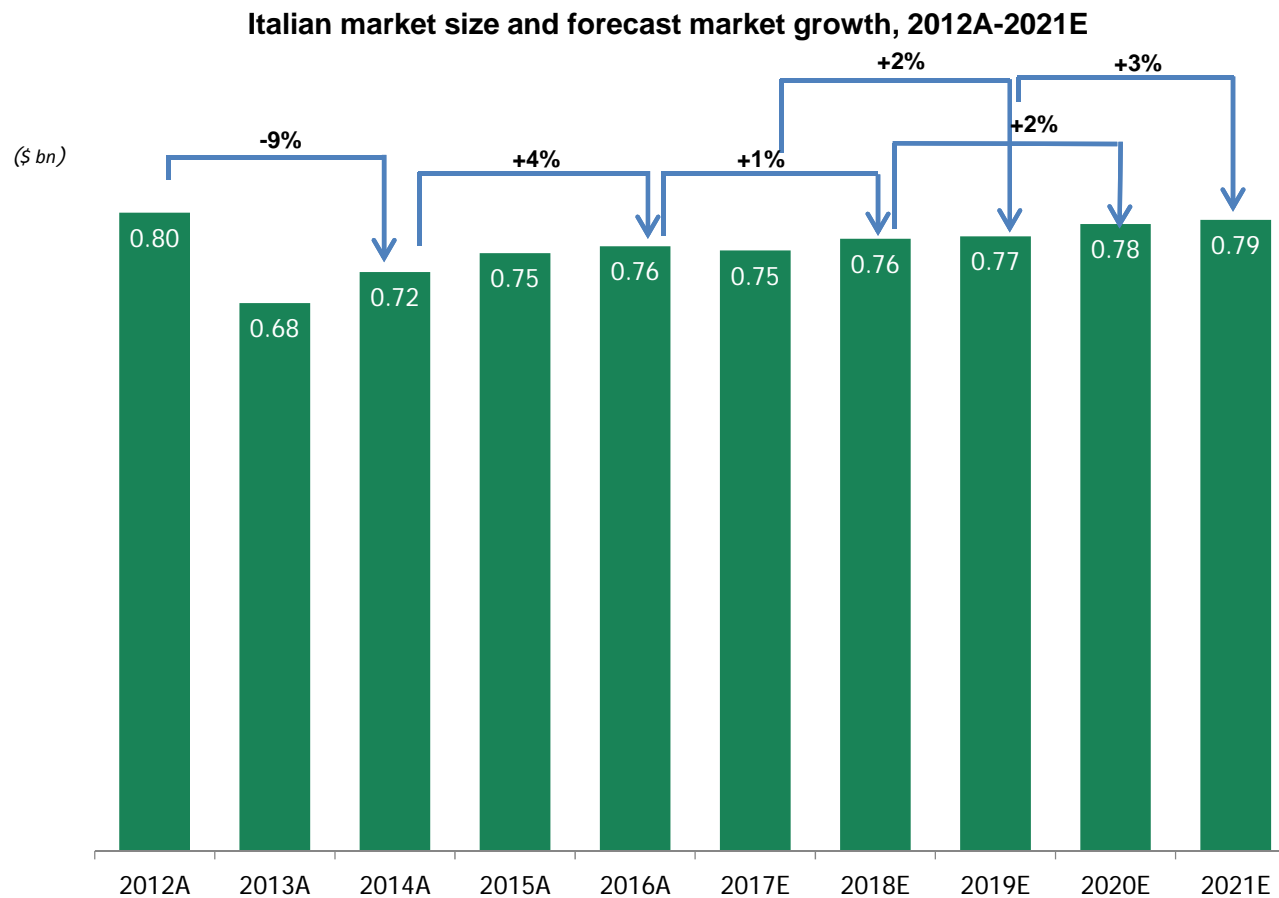
Emerging markets: China, Russia, India, Brazil, Mexico, Turkey, Gulf Cooperation Council and Indonesia. Mature markets: US, Germany, UK, France, Italy, Hong Kong.





THE ITALIAN EXHIBITION MARKET

The outlook for favourable macroeconomic conditions will drive a market stabilisation of the Italian exhibition sector in 2017 and 2018, and a moderate growth of c. 2-3 p.a. thereafter

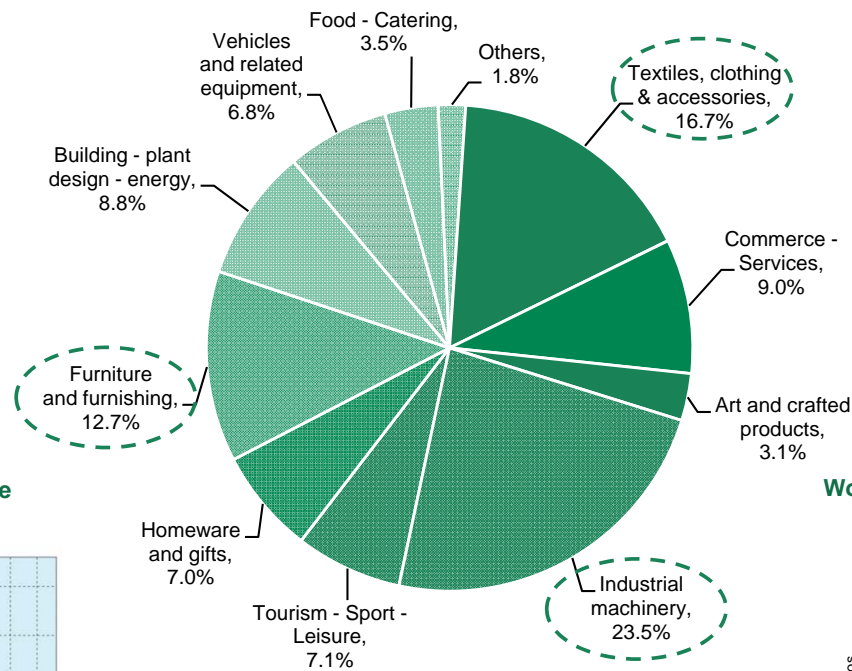


Source: AMR International Globex Report 2017

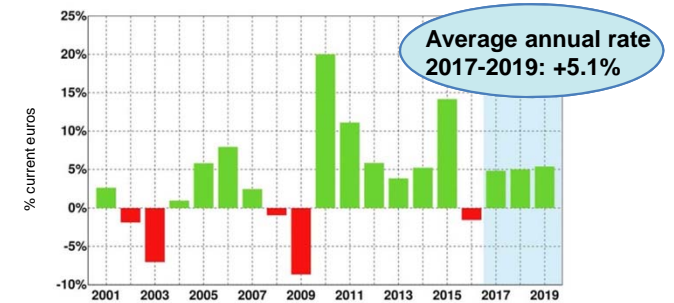


EXHIBITION PORTFOLIO

- A well diversified portfolio of exhibitions, almost entirely B2B
- The Group is strong in dynamic markets (with sound growth expectations and where the “Made in Italy” label has appeal)
- The exposure to different sectors reduces sensitivity to the macroeconomic cycle

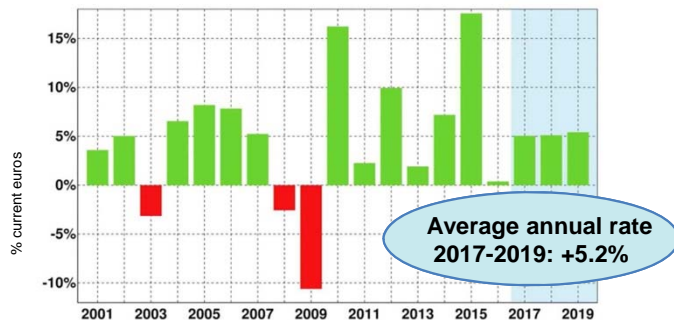


World Trade Evolution: estimates of the textile and clothing sector



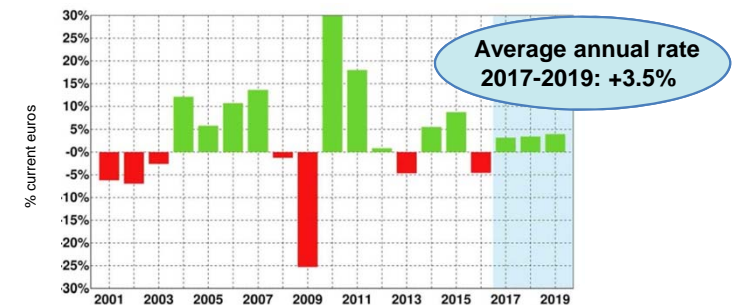
Source: Sistema Ulisse – March 2017

World Trade Evolution: estimates of the furniture and furnishing sector



Source: Sistema Ulisse – March 2017

World Trade Evolution: estimates of machinery and plant for industrial process sector



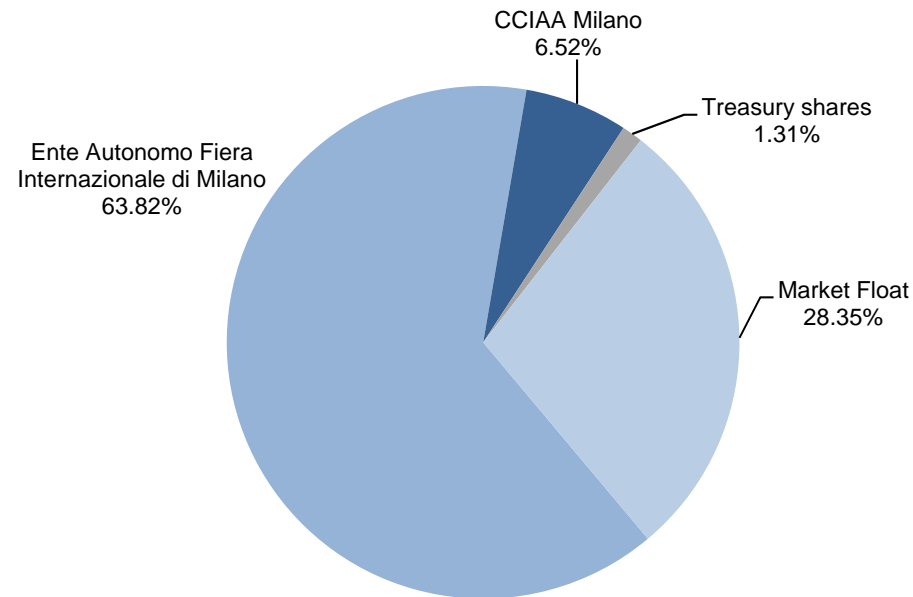
Source: Sistema Ulisse – March 2017

Figures refer to net exhibition space rented out in Italy (average 2014-2016)

SHAREHOLDER STRUCTURE



Fondazione Fiera Milano is a non-profit private law foundation, whose corporate mission is the development of the exhibition sector in Italy and abroad

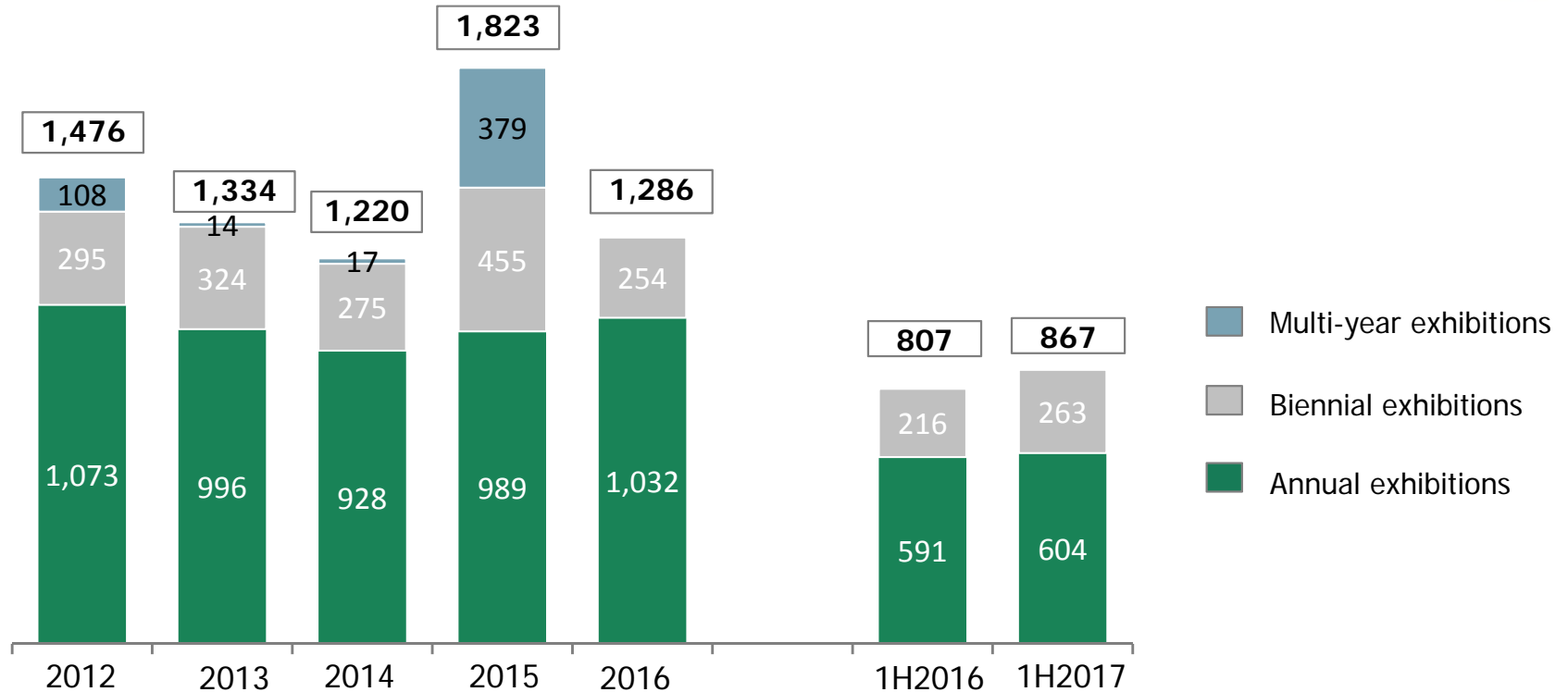


Updated as at 25 July 2017

EXHIBITION SPACE RENTED OUT IN ITALY



('000 net sq m)



1H2017 featured annual exhibitions:

- Directly organised: increase in demand at HOMI and Bit, following the latter's re-launch; direct organisation of Promotion Trade Exhibition for the first time; first edition of Tempo di Libri and Versilia Yachting Rendez-Vous
- Organised by third parties: positive performance of Milano Unica, LineaPelle February edition and Simac Tanning-Tech; postponement of Milano Auto Classica; first Milan edition of MAM-Mostra A Milano Arte e Antiquariato and first edition of The ONE Milano

and biennial exhibitions:

- Directly organised: Tuttofood and Transpotec Logitec
- Organised by third parties: Made Expo but absence of Mostra Convegno Expocomfort



FINANCIAL OVERVIEW – INCOME STATEMENT

The calendar of biennial and multi-year exhibitions creates fluctuations in annual and quarterly revenues

In 2015 presence of multi-year exhibitions and activities related to Expo 2015
FY2016 revenues affected by the less favourable exhibition calendar

Reduction in the rental costs (Euro -14 mn full year) for the **fieramilano** exhibition site, starting from 2H2014
Additional extraordinary rental charges of Euro 10 mn, only paid in FY2015, due to the presence of Expo 2015

FY2015 personnel costs affected by non-recurring expenses (Euro 9.9 mn)
In FY2016 reduction following a reorganisation

1H2017 gross operating result affected by some extraordinary costs linked to the overhaul of corporate procedures and the development costs for proprietary exhibitions

Includes write-downs of intangible assets (Euro 12.8 mn in FY2016)

(Euro '000)	2014FY restated*	2015FY restated*	2016FY	1H2016 restated*	1H2017
Revenues from sales and services	240,067	335,172	221,041	138,587	141,870
Cost of services	133,185	164,602	121,423	68,061	77,462
Costs for use of third party assets	56,463	61,265	49,837	24,854	25,294
Personnel expenses	48,171	61,023	44,101	22,821	23,505
Other operating expenses	7,365	10,564	6,503	3,719	4,641
Other income and results of equity-accounted results	4,970	5,820	4,475	1,989	2,533
Gross operating result	(147)	43,538	3,652	21,121	13,501
D&A, provisions and adjustment to asset values	18,473	30,141	26,646	6,934	5,083
Net operating result (EBIT)	(18,620)	13,397	(22,994)	14,187	8,418
Net financial income (expenses)	(4,849)	(3,507)	(985)	(109)	(723)
Profit/(loss) before income tax	(23,469)	9,890	(23,979)	14,078	7,695
Income tax	(4,716)	5,987	(5,305)	5,260	2,056
Profit (loss) of continuing operations	(18,753)	3,903	(18,674)	8,818	5,639
Profit (loss) of discontinuing operations	(353)	(3,474)	(4,176)	(421)	-
Profit (loss)	(19,106)	429	(22,850)	8,397	5,639

* Some of the 2014 and 2015 figures have been restated for comparative purposes to reflect the accounting of the Chinese companies, Worldex and Haikou Worldex, under IFRS 5, following the divestment of the subsidiary Interteks on 27 July 2015, and for the different classification of the use of risk provisions in FY2014.

FINANCIAL OVERVIEW – STATEMENT OF FINANCIAL POSITION



(Euro '000)

	31 Dec 2014	31 Dec 2015	31 Dec 2016	30 Jun 2017
Non-Current Assets	204,730	182,302	160,882	156,694
Working Capital	(44,135)	(64,884)	(46,527)	(70,600)
<i>o/w:</i>				
Trade and other receivables	50,604	63,932	52,227	71,793
Inventories	5,028	1,884	5,480	3,267
Trade payables	36,160	49,267	41,114	54,635
Pre-payments	39,641	34,880	40,239	62,500
Other current liabilities	23,966	46,553	22,881	28,525
Non-current liabilities	19,240	19,724	16,409	14,581
NET CAPITAL EMPLOYED from discontinued operations	-	-	2,049	-
TOTAL NET CAPITAL EMPLOYED	141,355	97,694	99,995	71,513
Total Equity	19,688	85,268	61,679	67,399
Net Financial Position	121,667	12,426	39,530	4,114
Net financial position assets held for sale			(1,214)	
<i>o/w:</i>				
Cash and cash equivalents	(12,276)	(56,092)	(20,904)	(28,062)
Current financial liabilities	105,044	55,502	46,284	29,885
Non-current financial liabilities	28,899	13,016	14,150	2,291
EQUITY AND NET FINANCIAL POSITION	141,355	97,694	99,995	71,513

The YoY decrease is mainly due to the fair value adjustments to goodwill and trademarks

Structural negative working capital

Significant advance payments provided by organisers (favourable payment cycle) for exhibitions to be held in future months

Improvement in the net debt due to the positive cash flow from operations in the semester and to movements in net working capital

Reduction in net debt also due to the share capital increase in 2015 (Euro 66.8 mn)



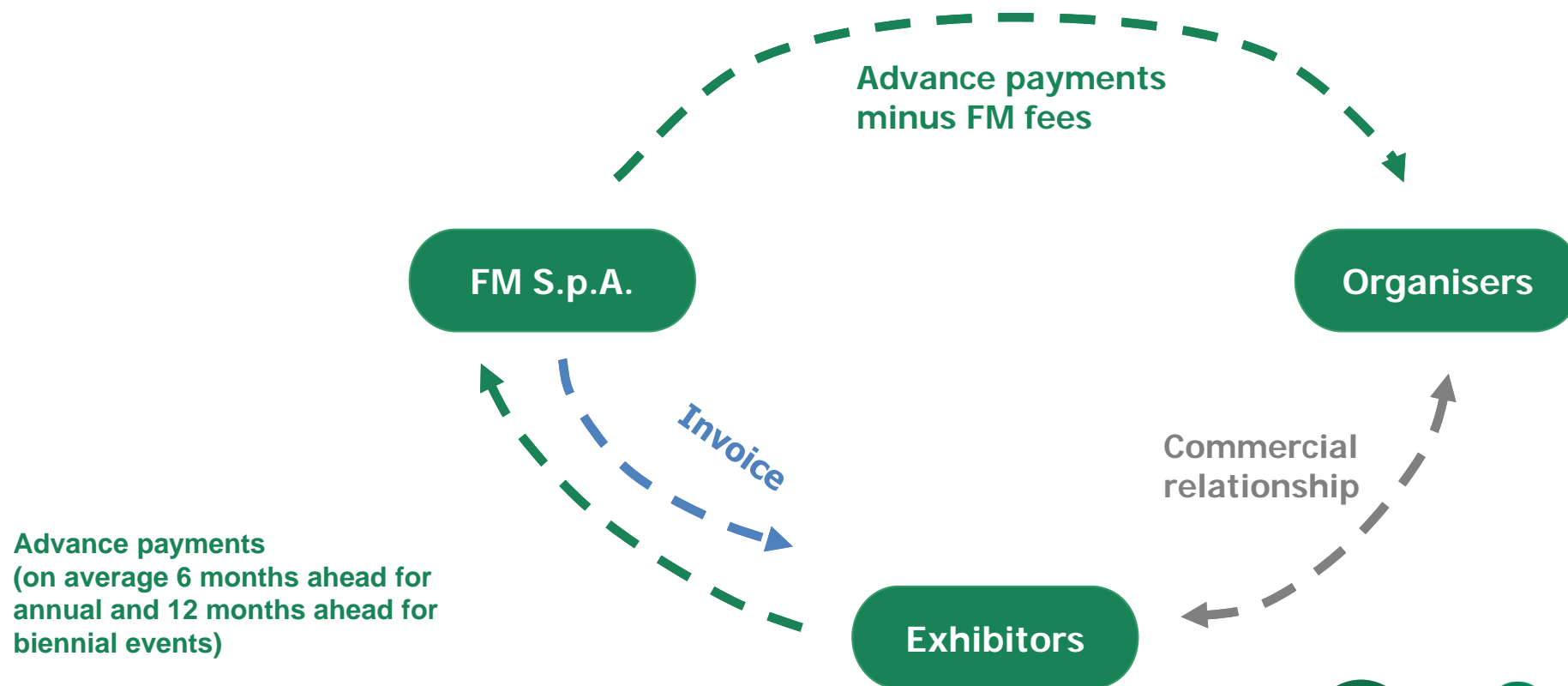
FAVOURABLE PAYMENT CYCLE

High visibility on revenues due to long-term contracts with organisers

Main financial clauses in the contractual agreements with organisers:

- standard contract guarantee (minimum guaranteed)
- significant advance payments
- treasury management services on behalf of organisers

The Group has structural negative NWC



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 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
- 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





CLOSING REMARKS



A dynamic company in the worldwide exhibition market



Leading exhibition entity in Italy and strong position worldwide



Leading company in a growing market



Integrated business model / Turn-key service



Portfolio diversification and presence in attractive sectors



FORWARD-LOOKING STATEMENTS



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The Manager responsible for preparing the company's financial reports, 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.



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