



Consolidated Interim Management Report at 30 September 2018 (3rd Quarter 2018)

This document is available in the Investor Relations section of the Company website,
www.fieramilano.it

This document contains a faithful translation into English of the original report in Italian Resoconto intermedio di gestione consolidato al 30 settembre 2018. However, for information about Fiera Milano Group reference should be made exclusively to the original report in Italian. The Italian version of the Resoconto intermedio di gestione consolidato al 30 settembre 2018 shall prevail upon the English version.

Fiera Milano SpA

Registered office: Piazzale Carlo Magno, 1 - 20149 Milan

Operational and administrative office: Strada Statale del Sempione, 28 - 20017 Rho (Milan)

Share Capital: Euro: 42,445,141.00 paid up

Companies Register, Tax code and VAT no. 13194800150 - Economic Administrative Register 1623812

Rho (Milan), 29 October 2018

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Corporate Bodies and Independent Auditor

BOARD OF DIRECTORS

Lorenzo Caprio	Chairperson*
Fabrizio Curci	Chief Executive Officer**
Alberto Baldan	Director*
Stefania Chiaruttini	Director*
Gianpietro Corbari	Director*
Francesca Golfetto	Director*
Angelo Meregalli	Director*
Marina Natale	Director***
Elena Vasco	Director*

* Independent Director under Article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998 and under the Self-Regulatory Code of the Italian Stock Exchange.

** Fabrizio Curci has been the Chief Executive Officer of the Company since 1 September 2017.

*** Marina Natale was the Chief Executive Officer of the Company until 31 August 2017.

CONTROL AND RISK COMMITTEE *

Stefania Chiaruttini
Francesca Golfetto
Angelo Meregalli

REMUNERATION AND APPOINTMENTS COMMITTEE **

Elena Vasco
Alberto Baldan
Marina Natale

* Lorenzo Caprio was a member and Chairperson of the Control and Risk Committee until 23 October 2017, the date of his resignation from this Committee. On this same date, the Board of Directors of the Company decided that the Control and Risk Committee should be composed of just three members and appointed Stefania Chiaruttini as its Chairperson.

** Gianpietro Corbari was a member and Chairperson of the Remuneration and Appointments Committee until 23 October 2017 the date of his resignation from this Committee. On the same date, the Board of Directors appointed Marina Natale as a new member of the Remuneration and Appointments Committee and Elena Vasco as the Chairperson of this Committee.

BOARD OF STATUTORY AUDITORS

Riccardo Raul Bauer	Chairperson
Daniele Federico Monarca	Statutory Auditor
Mariella Tagliabue	Statutory Auditor
Daniele Beretta	Substitute Auditor
Marina Scandurra	Substitute Auditor

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL STATEMENTS UNDER LAW 262/2005

Marco Pacini

SUPERVISORY BOARD UNDER LEGISLATIVE DECREE 231/01

Piero Antonio Capitini
Luigi Bricocoli
Jean Paule Castagno

The Board of Directors was appointed by the Shareholders' Meeting of 21 April 2017 and its mandate will expire with the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

On 25 July 2017, the Shareholders' Meeting raised the number of members of the Board of Directors to nine and appointed Fabrizio Curci as the new Director effective from 1 September 2017 and until the mandates of the other Directors expire.

On the same date, the Board of Directors appointed Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano SpA commencing 1 September 2017.

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company; it has the power to carry out any transactions it considers appropriate or useful to attain the corporate aims of the Company, excluding only those which by law are the preserve of the Shareholders' Meeting.

The Chairperson, in addition to being the legal representative of the Company, is invested with all the powers under enacted laws and the Company Articles of Association, including activities related to external institutional relations.

The Chief Executive Officer has ordinary and extraordinary administrative powers, except for those powers that under enacted laws and the Company Articles of Association are reserved for the Board of Directors.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2018 and its mandate expires with the Shareholders' Meeting to approve the Financial Statements at 31 December 2020.

INDEPENDENT AUDITOR

EY SpA

The mandate, given to the independent audit firm by the Shareholders' Meeting of 29 April 2014, is for the 2014-2022 financial years.

Business Model

The Fiera Milano Group is involved in all the characteristic phases of the exhibition and congress sector and is one of the leading international integrated companies in the sector.

The new strategic direction and restructuring of the Group, aimed at increased integration of the commercial and operational processes, has led to changes in the internal organisation and in the performance measurement systems. Under the current management approach, the operating segments have been re-defined as follows:

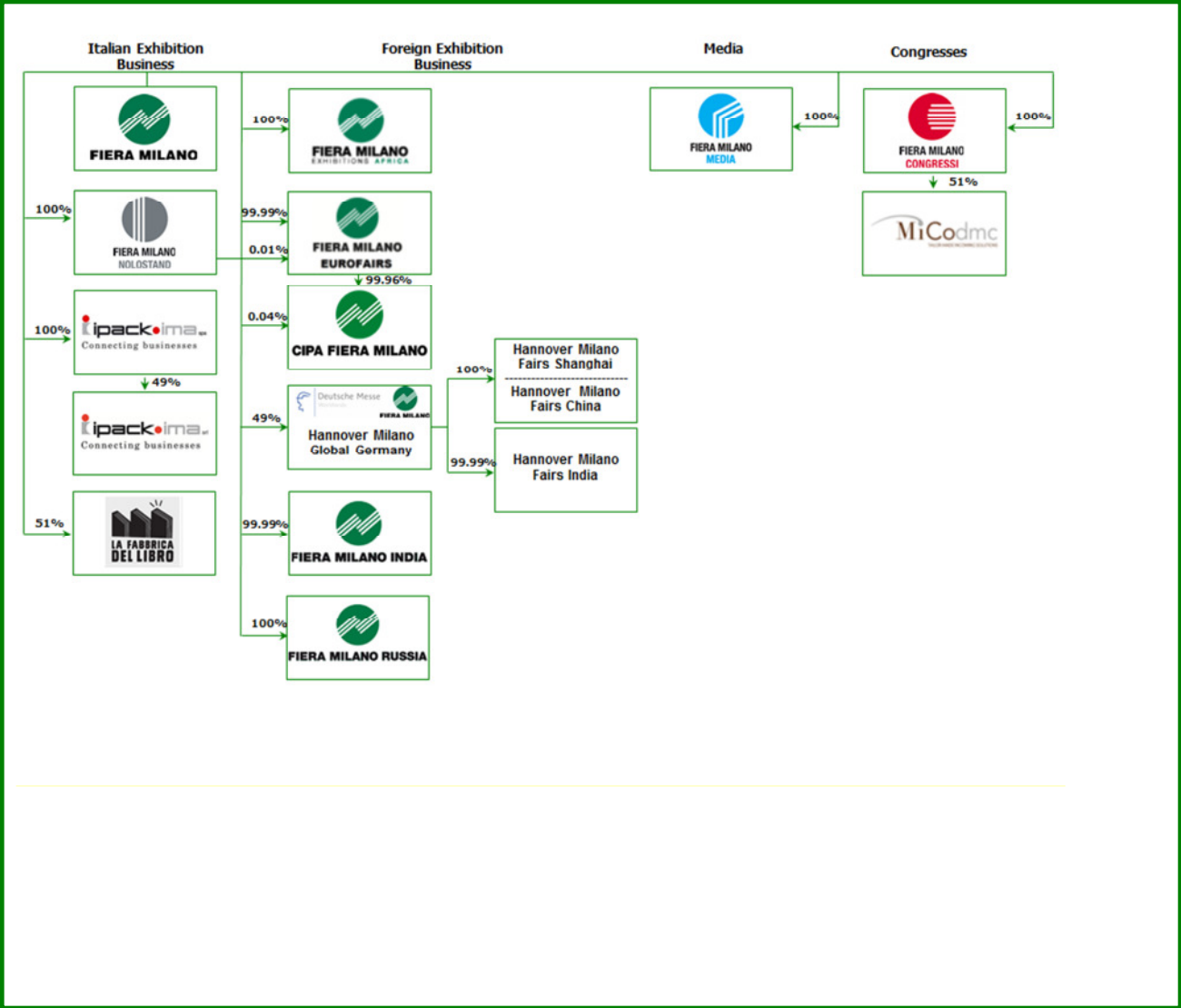
- **Italian Exhibition Business:** this segment organises and hosts exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces; stand-fitting, technical and exhibition site services associated with the exhibition and congress business; and offers project support and ancillary services. It includes all activities associated with exhibitions (including end services for exhibitors and visitors):
 - that are directly organised by the Group or in partnership with third-parties;
 - organised by third parties, through the hiring out of spaces and services.

- **Foreign Exhibition Business:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, project support, and ancillary services. It covers all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third-parties.

- **Media:** this segment covers the production of content and supply of on line and off line publishing services, as well as those associated with the organisation of events and congresses.

- **Congresses:** this segment covers the organisation of conferences and events and destination management services.

Group structure



Report on operations in the third quarter 2018

Summary of results and significant events during the quarter

The following table gives the main figures of the Group for the third quarter and first nine months of 2018 with comparable data for the same quarter of the previous year, as well as figures for the full year 2017.

Full year at 31/12/17 restated	Fiera Milano Group Summary of key figures (Amounts in €'000)	3rd Quarter at 30/09/18	3rd Quarter at 30/09/17 restated	9 months at 30/09/18	9 months at 30/09/17 restated
256,348	Revenues from sales and services	35,595	43,527	193,319	177,420
15,060	EBITDA (a)	(5,031)	(11,181)	41,064	670
5,372	EBIT	(6,498)	(12,893)	36,603	(4,475)
4,598	Profit/(loss) before income tax from continuing operations	(6,546)	(13,015)	36,535	(5,320)
-	Profit/(loss) before income tax from discontinued operations	-	-	-	-
4,598	Profit/(loss) before income tax:	(6,546)	(13,015)	36,535	(5,320)
4,334	- Attributable to the shareholders of the controlling entity	(6,444)	(13,365)	36,840	(5,449)
264	- Attributable to non-controlling interests	(102)	350	(305)	129
20,127	Cash flow before income tax for the Group and non-controlling interests (b)	(4,637)	(10,927)	41,969	1,851
63,830	Net capital employed (c)	78,084	78,796	78,084	78,796
	covered by:				
62,471	Equity attributable to the Group	99,666 *	55,938 *	99,666 *	55,938 *
564	Non-controlling interests	- *	515 *	- *	515 *
795	Net financial debt/(cash) from continuing operations and assets held for sale	(21,582)	22,343	(21,582)	22,343
7,387	Investments (continuing operations and assets held for sale)	495	765	1,167	3,837
693	Employees (no. of permanent employees at the end of period)	687	690	687	690

* includes pre-tax result for the period

(a) EBITDA is the operating result before depreciation and amortisation and adjustments to asset values.

(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 the sum of non-current assets, non-current liabilities and net working capital.

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 5 from 1 January 2018.

In the third quarter, a quarter characterised by low levels of activity due to the summer break in July and August, EBITDA was higher than in the corresponding period of the preceding financial year. The trend in EBITDA was the opposite to that in revenues and primarily reflected the reduction in costs following the restructuring started in 2017 and the trend in the exhibition and congress calendar.

It should also be noted that:

On 8 August 2018, Fiera Milano SpA, through its Brazilian subsidiary Cipa, acquired the outstanding 50% of the biennial exhibition Tubotech, an international event for manufacturing technologies for tubes, pipes, valves and pumps.

On 28 September 2018, the Boards of Directors of Fiera Milano SpA and Ipack-Ima SpA approved, through a public deed in accordance with Articles 2502 and 2505 of the Italian Civil Code and of Article 17.1 of the Company Articles of Association, the merger by incorporation of the 100%-owned subsidiary Ipack-Ima SpA. This transaction is aimed at rationalising the structure of the company and optimising existing operating, administrative and corporate synergies. The merger will be completed by the end of the current financial year.

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.

The figures for the **third quarter 2018 and for the nine-month period to 30 September 2018** showed the following main trends:

- **Revenues from sales and services** totalled Euro 35.595 million, a decrease of 18% compared to the same quarter of 2017 (Euro 43.527 million). The decrease was mainly attributable to the absence in the quarter under review of the ERS international congress, the largest convention worldwide on the epidemiology, diagnoses and treatment of the most common respiratory illnesses, and of connected services. However, this was, in part, compensated by the presence of Lineapelle, which, in 2017, had been held in the fourth quarter, and by the presence of the biennial exhibition Fesqua in Brazil.

Revenues from sales and services in the first nine months of 2018 were Euro 193.319 million, an increase of 9% compared to the same period of 2017 (Euro 177.420 million). The increase in revenues reflected the more favourable exhibition calendar that included The Innovation Alliance, five multi-annual exhibitions held simultaneously: Plast (an exhibition for the plastic and rubber industries), Ipack-Ima (the reference event for processing and packaging technologies) Meat-Tech (processing and packaging for the meat industry), Print4All (industrial and commercial printing) and Intralogistica Italia (a trade fair for solutions and systems for industrial material handling, intralogistics, warehouse management, storage and picking).

A further contribution to revenues came from the presence of Lineapelle and the strong performance of annual exhibitions, in particular that of the Salone Internazionale del Mobile.

This was, in part, offset by the absence of the ERS international congress.

The main changes in exhibition space occupied in the quarter under review were as follows:

- **Annual exhibitions organised by the Group in Italy** (-15,340 square metres): the decrease reflected lower exhibition space occupied at HOMI II semestre;
- **Annual exhibitions organised by third parties in Italy** (+51,775 square metres): the increase mainly reflected the presence of Lineapelle II semestre, which, in 2017, was postponed until the fourth quarter of the year (+51,145 square metres);
- **Congresses with related exhibition space:** there was a decrease of 3,060 square metres;
- **Annual exhibitions organised by the Group abroad** (+59,980 square metres): the increase was mainly due to the Chinese exhibitions Industrial Automation Shanghai (+31,150 square metres) and Metalworking and CNC Mach.Tool Shanghai (+35,810 square metres);
- **Biennial exhibitions organised by the Group abroad** (+13,265 square metres): the increase mainly reflected the biennial exhibition Fesqua in Brazil (+10,735 square metres).

The table on the following page gives a summary of the net square metres of exhibition space occupied by the various Fiera Milano Group exhibitions and congresses with related exhibition space.

Fiera Milano Group Summary operating figures	3rd Quarter at 30/09/18		3rd Quarter at 30/09/17		Change	
	Total	of which organized by the Group	Total	of which organized by the Group	Total	of which organized by the Group
Number of exhibitions:	12	7	8	4	4	3
Italy	6	1	5	1	1	-
. annual	6	1	5	1	1	-
. biennial	-	-	-	-	-	-
. multi-annual	-	-	-	-	-	-
Foreign countries	6	6	3	3	3	3
. annual	3	3	3	3	-	-
. biennial	3	3	-	-	3	3
. multi-annual	-	-	-	-	-	-
Number of congresses with related exhibition space - Italy	7	-	6	-	1	-
Net sq.metres of exhibition space:	365,150	196,070	258,530	138,165	106,620	57,905
Italy	209,225	40,145	175,850	55,485	33,375	(15,340)
. annual (a)	209,225	40,145	175,850	55,485	33,375	(15,340)
. biennial	-	-	-	-	-	-
. multi-annual	-	-	-	-	-	-
(a) of which congresses with related exhibition space	11,675	-	14,735	-	(3,060)	-
Foreign countries	155,925	155,925	82,680	82,680	73,245	73,245
. annual	142,660	142,660	82,680	82,680	59,980	59,980
. biennial	13,265	13,265	-	-	13,265	13,265
. multi-annual	-	-	-	-	-	-
Number of exhibitors:	7,175	3,010	4,360	1,535	2,815	1,465
Italy	5,215	1,050	3,990	1,165	1,225	(125)
. annual (b)	5,215	1,050	3,990	1,165	1,225	(125)
. biennial	-	-	-	-	-	-
. multi-annual	-	-	-	-	-	-
(b) of which congresses with related exhibition space	760	-	650	-	110	-
Foreign countries	1,960	1,960	370	370	1,590	1,590
. annual	1,365	1,365	370	370	995	995
. biennial	595	595	-	-	595	595
. multi-annual	-	-	-	-	-	-

The **negative EBITDA** in the third quarter 2018 was Euro 5.031 million, an improvement of Euro 6.150 million compared to the figure for the third quarter 2017 and showed a divergent trend compared to revenues. The improvement mainly reflected the presence of the hosted exhibition Lineapelle, which, in 2017, was held in the fourth quarter of the year and the biennial exhibition Fesqua in Brazil. There was also a positive impact from the cost reductions associated with the restructuring that started in 2017.

EBITDA in the first nine months of 2018 was Euro 41.064 million, an increase of Euro 40.394 million compared to the figure for the corresponding period of the previous financial year. The 2018 EBITDA reflected the trend in revenues and the positive effect of cost reductions following the restructuring started in 2017.

The **negative EBIT** was Euro 6.498 million in third quarter 2018, compared to a loss of Euro 12.893 million in the third quarter 2017. The improvement in this figure of Euro 6.395 million mainly reflected the trend in EBITDA.

EBIT in the first nine months of 2018 was Euro 36.603 million (a loss of Euro 4.475 million at 30 September 2017). The improvement reflected the trend in EBITDA.

The **loss before taxes** was Euro 6.546 million compared to a pre-tax loss of Euro 13.015 million in the same quarter of 2017. The **loss before taxes attributable to the controlling shareholder** was Euro 6.444 million (a loss of Euro 13.365 million in the third quarter 2017) and the loss before taxes **attributable to non-controlling interests** was Euro 0.102 million (a profit of Euro 0.350 million in the third quarter 2017).

Cash flow in the quarter (calculated as the pre-tax result plus depreciation, amortisation, provisions and impairment) was negative for Euro 4.637 million compared to a negative figure of Euro 10.927 million in the same quarter of the previous financial year.

Net financial position

The **Group net financial position** and its breakdown are shown in the following table.

31/12/17	Group Net Financial Position (Amounts in € '000)	30/09/18	30/06/18	Change
17,922	A. Cash (including bank balances)	23,726	30,656	(6,930)
-	B. Other cash equivalents	-	-	-
-	C. Securities held for trading	-	-	-
17,922	D. Cash and cash equivalents (A+B+C)	23,726	30,656	(6,930)
2,809	E. Current financial assets	3,624	3,561	63
700	- E.1 of which Current financial assets to other related parties	71	-	71
2,109	- E.2 of which Current financial assets to other related parties	3,553	3,561	(8)
689	F. Current bank borrowings	5	1	4
16,563	G. Current portion of non-current debt	4,363	5,224	(861)
729	H. Other current financial liabilities	603	1,157	(554)
-	- H.1 of which Other current financial liabilities to the controlling shareholder	-	535	(535)
37	- H.2 of which Other current financial liabilities to other related parties	12	10	2
17,981	I. Current financial debt (F+G+H)	4,971	6,382	(1,411)
(2,750)	J. Current net financial debt (cash) (I-E-D)	(22,379)	(27,835)	5,456
3,503	K. Non-current bank borrowings	755	1,505	(750)
-	L. Debt securities in issue	-	-	-
42	M. Other non-current liabilities	42	44	(2)
42	- M.1 of which Other non current liabilities to other related parties	42	44	(2)
3,545	N. Non-current financial debt (K+L+M)	797	1,549	(752)
795	Net financial debt/(cash) from continuing operations (J+N)	(21,582)	(26,286)	4,704
-	Net financial debt/(cash) from assets held for sale	-	-	-
795	O. Net financial debt/(cash)	(21,582)	(26,286)	4,704

The Group had net cash of Euro 21.582 million at 30 September 2018 compared to net cash of Euro 26.286 million at 30 June 2018.

The decrease of Euro 4.704 million in net cash in the quarter was caused by a decline in cash flow from operations due to the lack of events in the months of July and August. This impact was, in part, compensated by the trend in net working capital, which benefited from advances received for exhibitions to be held in subsequent months.

Business performance by operating segment and by geographic area

The key Group figures by operating segment and by geographic area are given in the following table.

Summary of data by operating segment and by geographic area (Amounts in € '000)	3rd Quarter at 30/09/18		3rd Quarter at 30/09/17 restated		9 months at 30/09/18		9 months at 30/09/17 restated	
		%		%		%		%
Revenues from sales and services								
- By operating segment:		%		%		%		%
. Italian Exhibition Business	29,147	78.7	24,899	54.7	167,732	83.8	139,789	75.3
. Foreign Exhibition Business	2,311	6.2	465	1.0	5,010	2.5	4,085	2.2
. Media	2,304	6.2	2,139	4.7	8,539	4.3	7,474	4.0
. Congresses	3,309	8.9	18,059	39.6	18,813	9.4	34,246	18.5
Total revenues gross of adjustments for inter-segment transactions	37,071	100.0	45,562	100.0	200,094	100.0	185,594	100.0
. Adjustments for inter-segment transactions	(1,476)		(2,035)		(6,775)		(8,174)	
Total revenues net of adjustments for inter-segment transactions	35,595		43,527		193,319		177,420	
- By geographic area:								
. Italy	33,284	93.5	43,065	98.9	188,309	97.4	173,338	97.7
. Foreign countries	2,311	6.5	462	1.1	5,010	2.6	4,082	2.3
Total	35,595	100.0	43,527	100.0	193,319	100.0	177,420	100.0
Gross operating result		%		%		%		%
- By operating segment:		on revenues		on revenues		on revenues		on revenues
. Italian Exhibition Business	(5,682)	(19.5)	(11,417)	(45.9)	37,285	22.2	(42)	(0.0)
. Foreign Exhibition Business	2,078	89.9	(614)	(132.0)	3,927	78.4	(400)	(9.8)
. Media	69	3.0	(52)	(2.4)	741	8.7	(181)	(2.4)
. Congresses	(1,496)	(45.2)	895	5.0	(889)	(4.7)	1,286	3.8
. Adjustments for inter-segment transactions	-		7		-		7	
Total	(5,031)	(14.1)	(11,181)	(25.7)	41,064	21.2	670	0.4
- By geographic area:								
. Italy	(7,109)	(21.4)	(10,558)	(24.5)	37,137	19.7	1,109	0.6
. Foreign countries	2,078	89.9	(623)	(134.8)	3,927	78.4	(439)	(10.8)
Total	(5,031)	-14.1	(11,181)	(25.7)	41,064	21.2	670	0.4
Net operating result (EBIT)		%		%		%		%
- By operating segment:		on revenues		on revenues		on revenues		on revenues
. Italian Exhibition Business	(6,655)	(22.8)	(12,573)	(50.5)	34,394	20.5	(3,547)	(2.5)
. Foreign Exhibition Business	1,988	86.0	(726)	(156.1)	3,636	72.6	(758)	(18.6)
. Media	5	0.2	(145)	(6.8)	549	6.4	(459)	(6.1)
. Congresses	(1,838)	(55.5)	559	3.1	(1,912)	(10.2)	330	1.0
. Adjustments for inter-segment transactions	2		(8)		(64)		(41)	
Total	(6,498)	(18.3)	(12,893)	(29.6)	36,603	18.9	(4,475)	(2.5)
- By geographic area:								
. Italy	(8,489)	(25.5)	(12,143)	(28.2)	33,030	17.5	(3,632)	(2.1)
. Foreign countries	1,991	86.2	(750)	(162.3)	3,573	71.3	(843)	(20.7)
Total	(6,498)	(18.3)	(12,893)	(29.6)	36,603	18.9	(4,475)	(2.5)
Employees (no. of permanent employees at the end of the period)		%		%		%		%
- By operating segment:								
. Italian Exhibition Business	488	71.1	480	69.6	488	71.1	480	69.6
. Foreign Exhibition Business	91	13.2	101	14.6	91	13.2	101	14.6
. Media	53	7.7	59	8.6	53	7.7	59	8.6
. Congresses	55	8.0	50	7.2	55	8.0	50	7.2
Total	687	100.0	690	100.0	687	100.0	690	100.0
- By geographic area:								
. Italy	596	86.8	589	85.4	596	86.8	589	85.4
. Foreign countries	91	13.2	101	14.6	91	13.2	101	14.6
Total	687	100.0	690	100.0	687	100.0	690	100.0

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.

Revenues from sales and services before elimination of transactions among the five business segments of the Group were Euro 37.071 million, a decrease of Euro 8.491 million compared to the figure for the third quarter of the preceding financial year.

- Revenues from the **Italian Exhibition Business** totalled Euro 29.147 million in the third quarter 2018, an increase of approximately 17% compared to the figure for the same period of the previous financial year (Euro 24.899 million). The increase in the quarter was mainly

attributable to the presence of the hosted exhibition Lineapelle, which, in 2017, was postponed until the fourth quarter. Revenues from sales and services in the first nine months of 2018 totalled Euro 167.732 million, an increase of 20% compared to the first nine months of 2017 (Euro 139.789 million). The increase was mainly due to The Innovation Alliance, which involved five multiannual exhibitions (Plast, Ipack-Ima, Meat-Tech, Pint4All and Intralogistica Italia) for solutions for manufacturing industry being held simultaneously. A contributing factor was also the strong performance of the annual exhibitions, in particular that of the Salone Internazionale del Mobile, and the presence of Lineapelle, which, in 2017, was postponed until the fourth quarter of the year.

- Revenues from the **Foreign Exhibition Business** totalled Euro 2.311 million in the quarter under review, an increase of Euro 1.846 million compared to the figure for the same quarter of the preceding financial year (Euro 0.465 million). This revenue increase mainly reflected the more favourable exhibition calendar in Brazil with the presence of Fesqua, the biennial exhibition held in even-numbered years. The year-on-year increase in the figure for the first nine months reflected the trend in revenues in the quarter under review partially offset by the absence of the biennial exhibition Reatech in Brazil.
- Revenues in the **Media** segment totalled Euro 2.304 million in the quarter, an increase of 8% compared to the figure in the third quarter 2017 (Euro 2.139 million). The year-on-year increase in the figure for the quarter was linked to the presence of Lineapelle and the increase in the figure for the first nine months to Mostra Convegno Expocomfort, a biennial exhibition held in even-numbered years. The increase also reflected higher sponsorship revenues and stronger revenues from digital services provided to exhibition organisers.
- Revenues from **Congresses** totalled Euro 3.309 million in the quarter compared to Euro 18.059 million in the same quarter of 2017. The year-on-year decrease in the quarter and for the first nine months of 2018 was primarily due to the absence of the ERS international congress held in 2017.

The Group had **negative EBITDA** in the third quarter 2018 of Euro 5.031 million, an improvement on the figure for the third quarter 2017 (a loss of Euro 11.181 million). The breakdown was as follows:

- The **Italian Exhibition Business** had a gross operating loss of Euro 5.682 million in third quarter 2018 compared to a loss of Euro 11.417 million in the same quarter of 2017. The improvement reflected the aforementioned trend in revenues. The year-on-year improvement in the figure for the first nine months of 2018 was not only due to the trend in revenues but also to the performance of the Italian joint venture Ipack Ima, which is equity accounted, and the positive impact from cost reductions stemming from the restructuring that started in 2017. The gross operating result also benefited from the absence of costs for the revision of the corporate processes.
- The **Foreign Exhibition Business** generated an EBITDA of Euro 2.078 million compared to a loss of Euro 0.614 million in the same period of 2017. The improvement in the results for the quarter and for the first nine months of 2018 reflect the aforementioned trend in revenues as well as the cost reductions from the reorganisation and restructuring of the Brazilian and South African companies. The segment EBITDA also benefited from the results of the joint venture with Deutsche MESSE AG and compensation received by the Brazilian company Eurofairs following the favourable outcome of a legal dispute.
- **Media** had EBITDA of Euro 0.069 million compared to a gross operating loss of Euro 0.052 million in the third quarter of the previous financial year. The improvement in the results for the quarter and for the first nine months of 2018 reflect the aforementioned trend in revenues.
- **Congresses** had a gross operating loss of Euro 1.496 million in third quarter 2018 that compared with EBITDA of 0.895 million in the same quarter of 2017. The decrease in this figure for both the quarter under review and that for the first nine months of the current financial year was mainly due to the aforementioned trend in segment revenues.

The **negative EBIT** of the four operating segments was Euro 6.498 million in the third quarter 2018, compared to negative EBIT of Euro 12.893 million for the same quarter of 2017, and reflected the trends in the EBITDAs of each individual segment. The figure for the first nine months of 2018, compared to that for 2017, also reflected the performance of the individual segments at the EBITDA level.

The **breakdown by geographic area** in third quarter 2018 showed revenues from foreign activities of Euro 2.311 million, an increase of Euro 1.849 million compared to the same period of the previous financial year. The increase mainly reflected the more favourable exhibition calendar in Brazil with the presence of Fesqua, a biennial exhibition held in even-numbered years. EBITDA was Euro 2.078 million, an improvement of Euro 2.701 million compared to the figure for the same quarter of the previous financial year that reflected the aforementioned trend in revenues. EBIT was Euro 1.991 million compared to a net operating loss of Euro 0.750 million in the same period of 2017.

During the quarter under review, 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 the previous financial year, and the number of exhibitors rose from 3,990 in the third quarter 2017 to 5,215 in the third quarter 2018.

Exhibitions directly organised by the Group in Italy and abroad occupied total net exhibition space of 196,070 square metres, which equated to 54% of the total exhibition space occupied.

Details of exhibitions held in Italy are given in the following table.

Italian exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	Quarter to 30/09/18	Quarter to 30/09/17	Quarter to 30/09/16	Quarter to 30/09/18	Quarter to 30/09/17	Quarter to 30/09/16
Annual Exhibitions:						
Directly organised						
- HOMI II Semester	40,145	55,485	58,310	1,050	1,165	1,220
Total annual exhibitions directly organised	40,145	55,485	58,310	1,050	1,165	1,220
Hosted						
- Milano Unica (Autumn)	32,510	31,890	25,540	480	460	485
- Mipel (September)	8,850	8,575	8,065	335	280	235
- The Micam (Autumn)	63,065	63,345	63,360	1,330	1,355	1,385
- The One Milano (September)*	1,835	1,820	-	110	80	-
- LineaPelle II Semester	51,145	a)	46,875	1,150	a)	1,240
- Prima MU	b)	b)	3,710	b)	b)	130
Total annual exhibitions hosted	157,405	105,630	147,550	3,405	2,175	3,475
Total annual Exhibitions	197,550	161,115	205,860	4,455	3,340	4,695
TOTAL EXHIBITIONS	197,550	161,115	205,860	4,455	3,340	4,695
- Congresses with related exhibition space	11,675	14,735	8,835	760	650	575
TOTAL	209,225	175,850	214,695	5,215	3,990	5,270

a) The exhibition will take place/was held in subsequent quarters.
b) The exhibition did not take place.

During the third quarter 2018, six exhibitions were held in exhibition sites 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).

Details of the exhibitions organised abroad are given in the following table.

Foreign Exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	Quarter to 30/09/18	Quarter to 30/09/17	Quarter to 30/09/16	Quarter to 30/09/18	Quarter to 30/09/17	Quarter to 30/09/16
Annual Exhibitions:						
Directly organised in China						
- Industrial Automation Shanghai	31,150	b)	b)	710	b)	b)
- Metalworking and CNC Mach. Tool Shanghai	35,810	b)	b)	565	b)	b)
- Motor Show Chengdu	75,700	77,170	76,600	90	90	90
Total annual exhibitions directly organised in China	142,660	77,170	76,600	1,365	90	90
Directly organised in India						
- Food Hospitality World Bangalore	b)	1,660	b)	b)	120	b)
- Food Hospitality World Goa	a)	b)	1,200	a)	b)	75
Total annual exhibitions directly organised in India	-	1,660	1,200	-	120	75
Directly organised in South Africa						
- Good Food & Wine Show Gauteng	a)	3,850	3,490	a)	160	165
Total annual exhibitions directly organised in South Africa	-	3,850	3,490	-	160	165
Total annual exhibitions	142,660	82,680	81,290	1,365	370	330
Biennial Exhibitions:						
Directly organised in Brazil						
- Ebrats	1,980	-	-	330	-	-
- Feitintas	550	-	1,045	45	-	25
- Fesqua	10,735	-	10,300	220	-	195
Total biennial exhibitions directly organised in Brazil	13,265	-	11,345	595	-	220
Total biennial exhibitions	13,265	-	11,345	595	-	220
TOTAL EXHIBITIONS	155,925	82,680	92,635	1,960	370	550

a) The exhibition did not take place.
b) The exhibition will take place/was held in subsequent quarters.

Group personnel

At 30 September 2018, Group employees totalled 687 and the breakdown compared to 30 June 2018 was as follows:

31/12/17			Permanent employees at end of period (units)	30/09/18			30/06/18		
Total	Italy	Foreign countries		Total	Italy	Foreign countries	Total	Italy	Foreign countries
			Fully consolidated companies:						
29	27	2	Executives	27	25	2	27	25	2
602	559	43	Managers and White collar workers (including Journalists)	596	563	33	594	561	33
631	586	45	Total	623	588	35	621	586	35
			Equity-accounted companies (a):						
2	-	2	Executives	2	-	2	2	-	2
60	7	53	White collar workers	62	8	54	58	8	50
62	7	55	Total	64	8	56	60	8	52
693	593	100	TOTAL	687	596	91	681	594	87
			(a) the indicated data corresponds to the pro-quota of total employees						

There was a net increase of six permanent employees compared to the figure at 30 June 2018. The increase was mainly due to the strengthening of the organisational structure of the joint venture with Deutsche Messe AG.

Significant events after the end of the reporting period

Outside Italy, Fiera Milano, together with its German partner Deutsche Messe AG, recently acquired the exhibitions LASERFAIR and LET China – Logistics Equipment & Technology. LASERFAIR, which is held in Shenzhen, is the leading exhibition in China in laser technology and LET China, held in Guangzhou, is the reference event for logistics and transport systems.

Business outlook

The third quarter 2018 results and the forecasts for the last quarter of the current financial year have led to an upgrade of the forecast for full-year 2018 EBITDA: this is now expected to be in the range of Euro 28-30 million, compared to the previously published target of Euro 24-26 million. At year-end 2018, net cash is expected to be in the range of Euro 15-20 million.

Accounting criteria

The 2018 Third Quarter Consolidated Interim Management Report of the Fiera Milano Group has been prepared in accordance with Article 154-*ter* of Legislative Decree 58/1998 and with the Listing Rules issued by Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations.

The financial, economic and equity data have been prepared in compliance with the disclosure and valuation requirements of the International Accounting Standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The valuation criteria used to prepare the Financial Statements for the Third Quarter 2018 are the same as those used for the Consolidated Financial Statements for the financial year at 31 December 2017 with the addition of the accounting standards endorsed by the European Union that were effective from 1 January 2018, to which reference should be made.

The application of IFRS 15 – *Revenue from Contracts with Customers*, effective from 1 January 2018, had an accounting impact on the revenue recognition of some items linked to catering and insurance services which, under IFRS 15, must be shown net of attributable direct costs. The retrospective application of IFRS 15 required the comparative figures for the third quarter 2017 to be restated. This had no impact on the EBITDA or the result for the period. There was also no impact on the opening balance for net equity at 1 January 2018 as the application of IFRS 15 entailed only a reclassification of items within the income statement.

The 2018 Third Quarter Consolidated Financial Statements have been prepared on the basis of the accounting situation at 30 September 2018 as approved by the Boards of Directors of the companies included in the area of consolidation and prepared by Group companies within the area of consolidation. As regards comparable data, it should be noted that in preparing the Consolidated Interim Management Report at 30 September 2018 the tax charge has not been calculated, as permitted under Consob Regulations.

It should also be noted that the methodologies used for estimates in the preparation of the Consolidated Interim Management Report at 30 September 2018 are the same as those normally used to prepare the Annual Consolidated Financial Statements.

The list of companies included in the area of consolidation at 30 September 2018 is given in Attachment 1.

The present 2018 Third Quarter Consolidated Interim Management Report has not been subject to legal audit.

Financial statements

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.

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

Comments on the capital and financial position

Non-current assets totalled Euro 150.671 million at 30 September 2018 compared to Euro 149.710 million at 30 June 2018. The Euro 0.961 million increase was due to the net effect of investments of Euro 0.643 million, depreciation and amortisation of Euro 1.467 million, negative exchange losses of Euro 0.164 million, changes in equity accounted investments of Euro 2.292 million, a decrease in deferred tax assets of Euro 0.238 million and a negative figure for other movements totalling Euro 0.105 million.

Net working capital moved from a negative figure of Euro 67.853 million at 30 June 2018 to a negative figure of Euro 59.260 million at 30 June 2018.

The change in this figure of Euro 8.593 million was due to the following:

- (a) a Euro 2.683 million decrease in **current assets**.
- (b) a Euro 11.276 million decrease in **current liabilities** from the net effect of:
 - a reduction in trade payables of Euro 10.577 million that reflected lower business activity in the summer period;
 - an increase in advances of Euro 9.877 million, which was the net of increases for advances from clients for exhibitions to be held in future quarters (in particular, Bimu, Eicma Moto and Expodetergo) and a decrease in advances for exhibitions held in the third quarter 2018 (in particular for HOMI II semestre and the Autumn edition of Micam);
 - a Euro 13.032 million decrease in tax liabilities as the figure shown in the Financial Statements at 30 June 2018 included tax provisions that are not shown in the current financial statements as these are prepared gross of tax;
 - a Euro 2.456 million increase in provisions for risks and charges and other current liabilities due to higher payables to exhibition organisers.

At 30 September 2018, **non-current liabilities** totalled Euro 13.327 million compared to Euro 13.314 million at 30 June 2018.

Group equity at 30 September 2018 was Euro 99.666 million compared to Euro 94.724 million at 30 June 2018, an increase of Euro 4.942 million due to the following:

- a Euro 6.444 million decrease in the pre-tax profit for the period;
- Euro 11.431 million for tax payables in the Financial Statements at 30 June 2018 that are not included in the present Financial Statements as these are prepared gross of tax;
- a Euro 0.214 million provision for the stock grant incentive scheme;
- Euro 0.011 million for the re-measurement of defined benefit plans;
- a decrease of Euro 0.270 million for negative exchange rate differences.

Equity attributable to non-controlling interests was zero at 30 September 2018 compared to Euro 0.105 million at 30 June 2018. The Euro 0.105 million decrease reflected:

- a Euro 0.102 million decrease in the result for the period;
- a decrease of Euro 0.015 million in tax payables in the Financial Statements at 30 June 2018 that are not included in the present Financial Statements as these are prepared gross of tax;
- Euro 0.015 million for a capital contribution payment;
- a decrease of Euro 0.003 million for taxes associated with the re-measurement of defined benefit plans.

Information on the changes in financial assets and liabilities is given in the section on the financial position.

Declaration of the Manager responsible for preparing the Company's financial statements

The Manager responsible for preparing the Company's financial statements, Marco Pacini, in accordance with paragraph 2 of Article 154-*bis* of the Consolidated Finance Act, herewith declares that the accounting information in the present Interim Management Report is consistent with the Company's official documents, books and accounting records.

List of companies included in the consolidation area and other investments at 30 September 2018

Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	%
A) List of companies included in the area of consolidation						
Parent Company						
Fiera Milano SpA						
Milan, p.le Carlo Magno 1	Organisation and hosting of exhibitions in Italy	42,445				
Fully consolidated companies						
Fiera Milano Media SpA						
Milan, p.le Carlo Magno 1	Media services	2,803	100	100		100 Fiera Milano SpA
Fiera Milano Congressi SpA						
Milan, p.le Carlo Magno 1	Management of congresses	2,000	100	100		100 Fiera Milano SpA
Mico DMC S.r.l.						
Milan, p.le Carlo Magno 1	Management of congresses	10	51		51	51 Fiera Milano Congressi SpA
La Fabbrica del Libro SpA						
Milan, p.le Carlo Magno 1	Organisation of exhibitions in Italy	120	51	51		51 Fiera Milano SpA
Nolostand SpA						
Milan, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
Ipack-Ima SpA						
Rho, S.S. del Sempione km 28	Organisation of exhibitions in Italy	200	100	100		100 Fiera Milano SpA
Eurofairs International Consultoria e Participações Ltda						
São Paulo Brasil, na Avenida Angélica, nº 2350, Sala B, Consolação,	Organisation of exhibitions outside of Italy	R \$ 62,145	100	99.99	0.01	99.99 Fiera Milano SpA 0.01 Nolostand SpA
CIPA Fiera Milano Publicações e Eventos Ltda						
São Paulo Brasil, Av. Angelica	Organisation of exhibitions outside of Italy	R \$ 21,363	100	0.04	99.96	Eurofairs International Consultoria e Participações Ltda 99.96 Fiera Milano SpA
Fiera Milano India Pvt Ltd						
New Delhi, Barakhamba Road, Connaught Place	Organisation of exhibitions outside of Italy	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
Limited Liability Company "Fiera Milano"						
Moscow, 24 A/1 ul. B. Cherkizovskaya	Organisation of exhibitions outside of Italy	RUB 10,000	100	100		100 Fiera Milano SpA
Fiera Milano Exhibitions Africa Pty Ltd						
Cape Town, The Terraces, Steenberg Office Park, Tokai	Organisation of exhibitions outside of Italy	ZAR 0.6	100	100		100 Fiera Milano SpA
B) List of jointly controlled companies equity-accounted						
Hannover Milano Global Germany GmbH						
Hannover Germany, Messegeleände	Organisation of exhibitions outside of Italy	25	49	49		49 Fiera Milano SpA
Hannover Milano Fairs Shanghai Co. Ltd						
Shanghai China, Pudong Office Tower	Organisation of exhibitions outside of Italy	USD 500	49		100	Hannover Milano Global Germany GmbH 100
Hannover Milano Fairs China Ltd						
Hong Kong China, Golden Gate Building	Organisation of exhibitions outside of Italy	HKD 10	49		100	Hannover Milano Global Germany GmbH 100
Hannover Milano Fairs India Pvt Ltd						
East Mumbai, Andheri	Organisation of exhibitions outside of Italy	INR 274,640	48.99		99.99	Hannover Milano Global Germany GmbH 99.99
Ipack Ima Srl						
Rho, S.S. del Sempione km 28	Organisation of exhibitions in Italy	20	49		49	49 Ipack-Ima SpA
C) List of companies accounted at cost						
Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	%
Esperia SpA						
Rose (Cosenza)	Other activities	1,403	2.00		2	2 Fiera Milano Media SpA
Comitato Golden Card						
Cinisele Balsamo, viale Fulvio Testi 128	Other activities	3	33.33	33.33		33.33 Fiera Milano SpA
Covention Bureau Italia Srl						
Firenze, piazza Adua 1	Other activities	8	2		2	2 Fiera Milano Congressi SpA

(*) Euro or other currencies as specifically indicated