

Fiera Milano Group



Virtual STAR Conference 2021

Spring edition

March 24th, 2021



FIERA MILANO

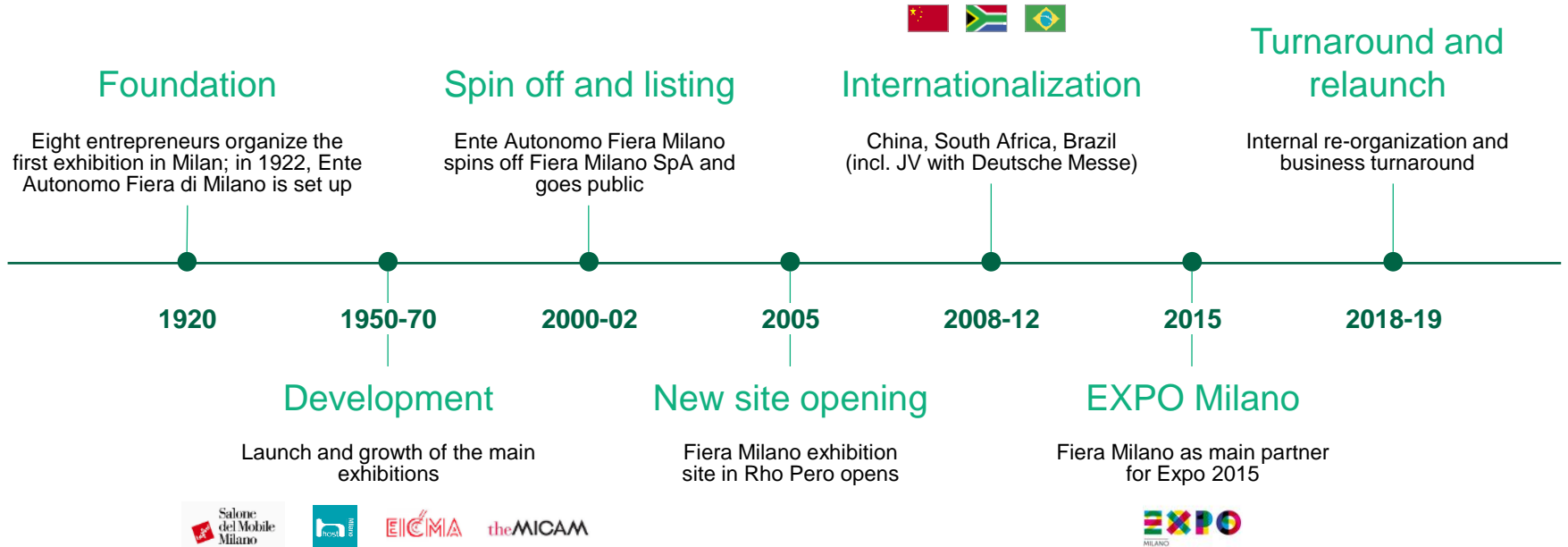
Agenda

- 01.** Group overview
- 02.** Market scenario
- 03.** 2021-2025 Strategic Plan – CONN.E.C.T. 2025
- 04.** 2021-2025 Targets & projections
- 05.** FY 2020 Results
- 06.** Back-up – Strategic framework

01

Group overview

Fiera Milano: a history of growth of more than 100 years



Source: Fiera Milano, Roland Berger analysis

The Group is active in 4 businesses

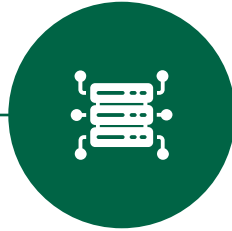
Exhibitions organization



Direct organization of proprietary **exhibitions**, providing space to **exhibitors** in Italy (mainly in Milan Venue) and abroad

EUR 89 m
[32%]

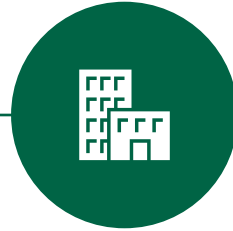
Services



Provision of services to organizers, exhibitors and visitors (e.g. stands set-ups, catering, media)

EUR 79 m
[28%]

Venue



Host of third party exhibitions, providing space to **Italian and International organizers** in **Milan Venue**

EUR 72 m
[26%]

Congresses

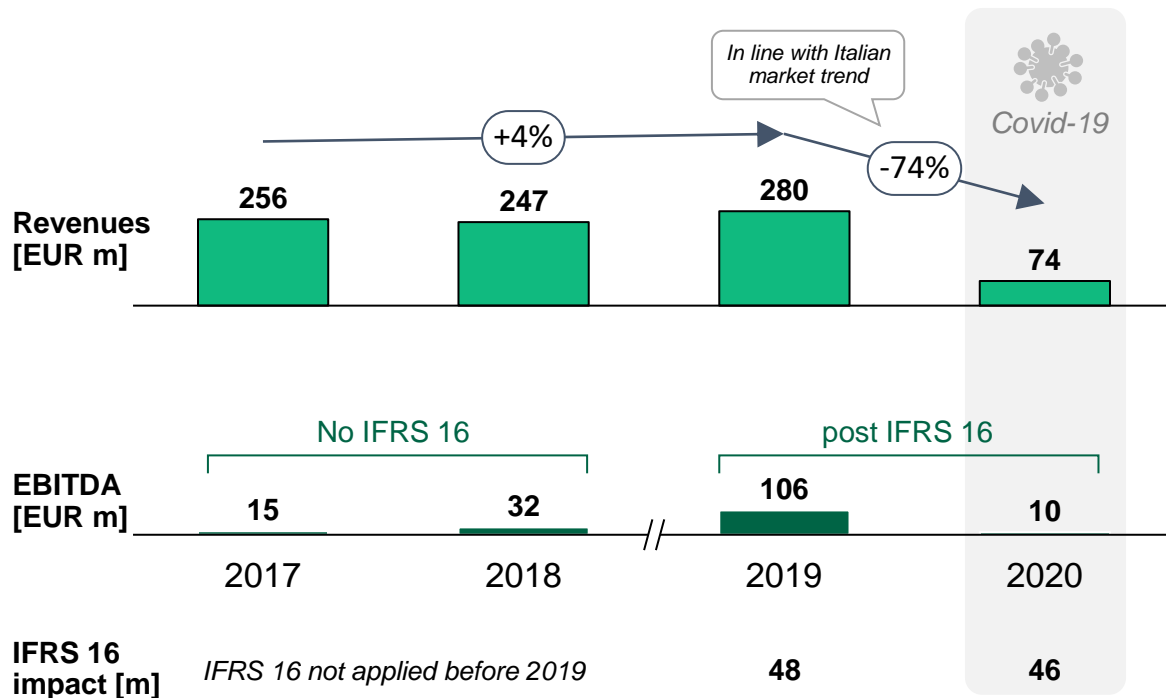


Direct management of one of the largest and most modern **convention centers** in Europe, **MiCo**

EUR 40 m
[14%]

Revenues
2019

Fiera Milano is the leading Italian operator in the Exhibition industry – Covid-19 crisis in 2020 interrupted 2017-19 growth trend

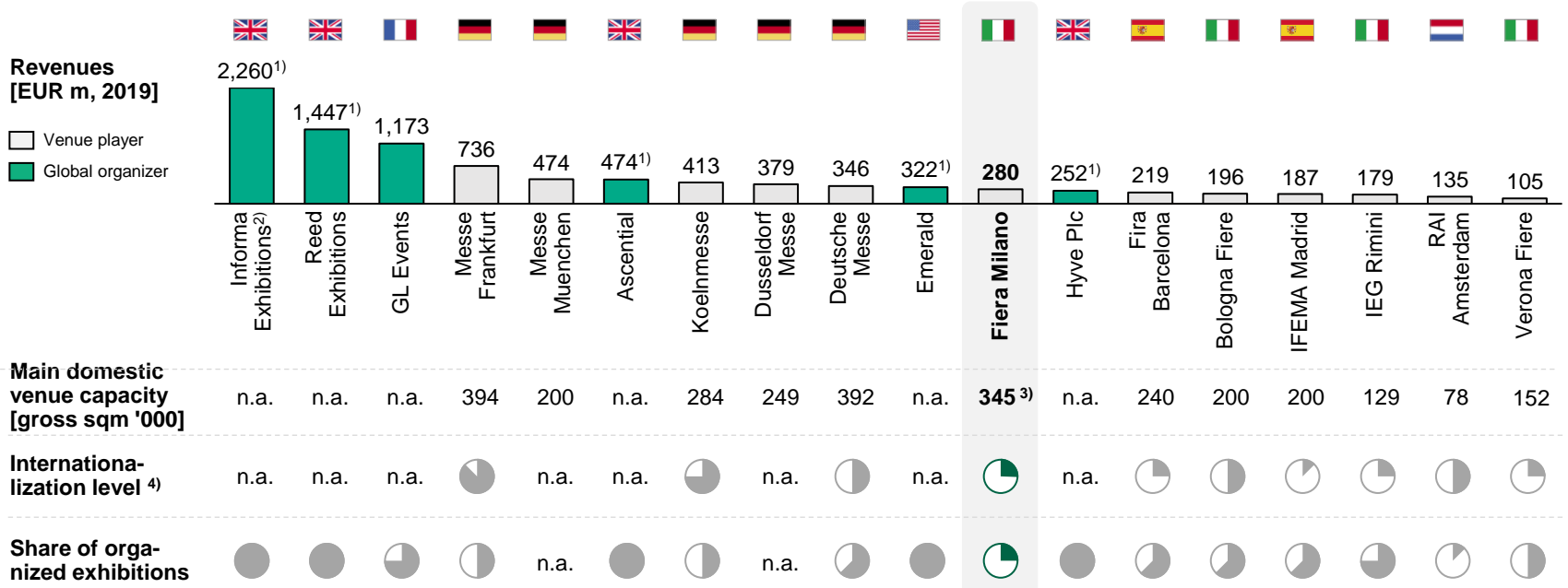


Key highlights

- **2017-19:** significant profitability improvement mainly linked to cost efficiencies; constant net sold area
- **2020:** abrupt interruption of growth trend, with most events cancelled due to Covid-19 crisis – 74% revenue reduction and sharp reduction in EBITDA, down to EUR 10m

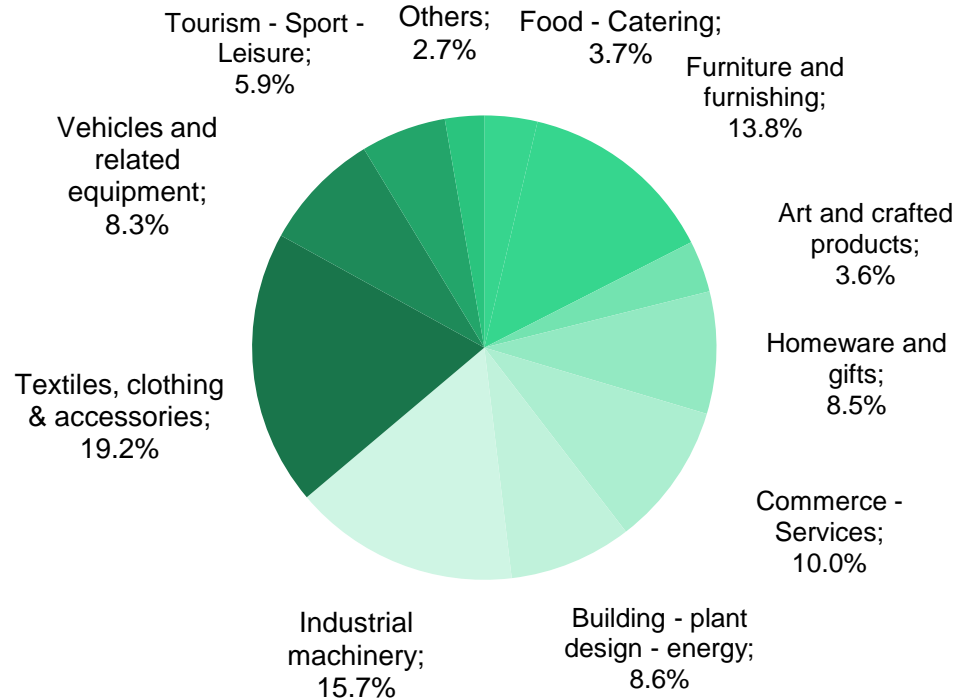
Fiera Milano has one of the largest venues in the exhibition market, but with lower levels of internationalization and direct organization of events

Selection of key players in the Exhibition Industry



1) Based on 2019 exchange rates: 1 EUR = 0.88 GBP, 1.12 USD); 2) Calculated as aggregate of Informa Markets, Connect and Tech BUs;
 3) Considering only Rho venue; 4) Calculated evenly weighting international revenue share 2018 (50% international revenues on total = 100), avg. % international exhibitors 2018 and avg % of international visitors 2018
 Source: UFI, AUMA, Statistics Report Emeca 2018, Roland Berger analysis, Fiera Milano

A well diversified portfolio almost entirely B2B and exposed to sectors where the label “Made in Italy” has strong appeal



Figures refer to net exhibition space rented out in Italy (average 2017-2019)

Fiera Milano a big impact on Italian economy

Total impact of Fiera Milano

EUR 8.1 billion

of which in Lombardy

EUR 4.3 billion

Effect generated by Fiera Milano: € 6.6 billion

This is the effect associated to suppliers, investments, payments of salaries and the expenses of the exhibitors and the visitors/delegates associated with the exhibitions

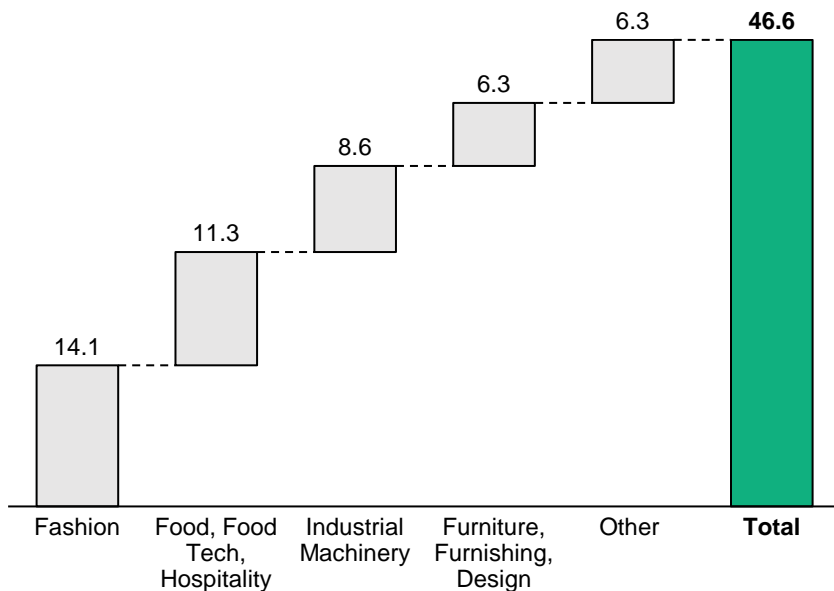
Contribution to public budget: € 1.5 billion

This is direct, indirect and induced contribution to the public budget through different taxes: VAT, Income tax, tax on profits and other taxes



Italian exhibitors made EUR ≈ 47 bn sales in Fiera Milano fairs in 2019 – Export accounting for 38% of total revenues

Italian exhibitors sales at FM fairs by industry [2019; EUR m]

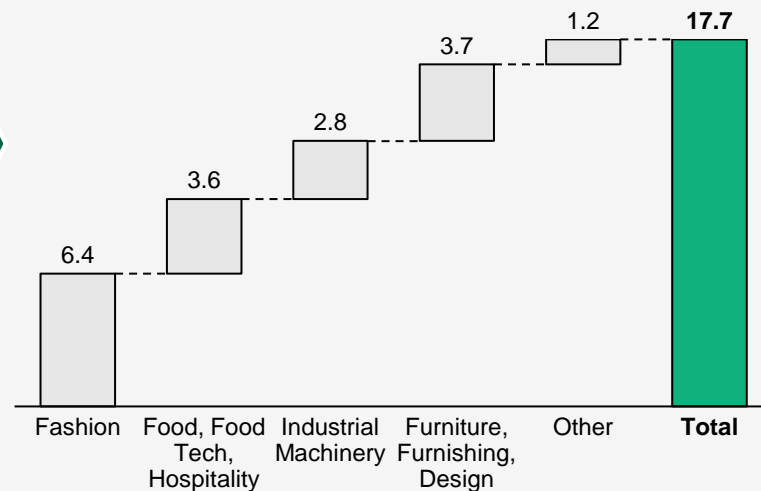


Source: Fondazione Fiera Milano, The European House Ambrosetti

Focus on export [2019; EUR m]

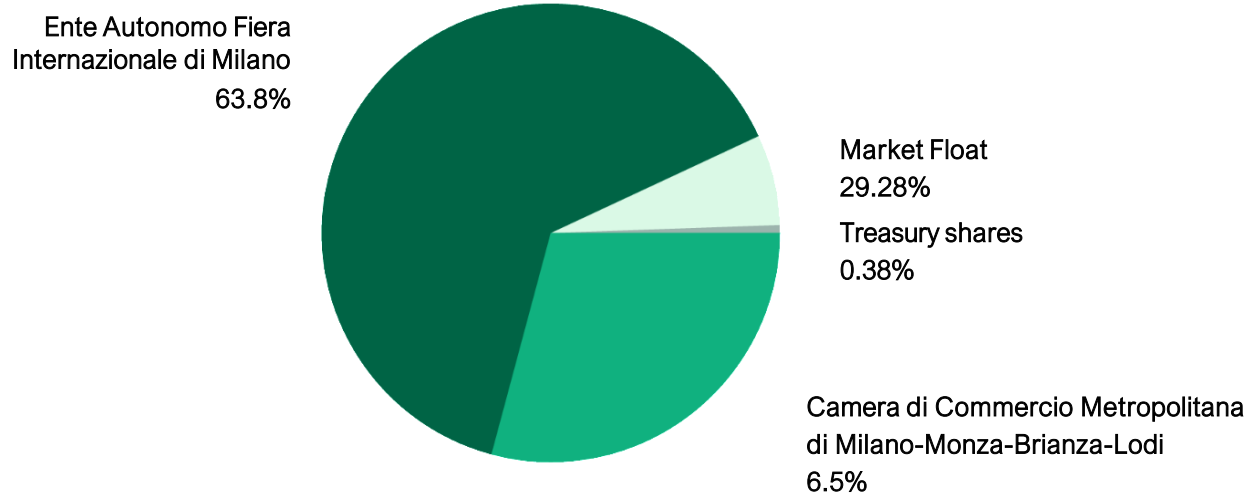


Export accounts for 38% of total revenues generated by Italian exhibitors in FM



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



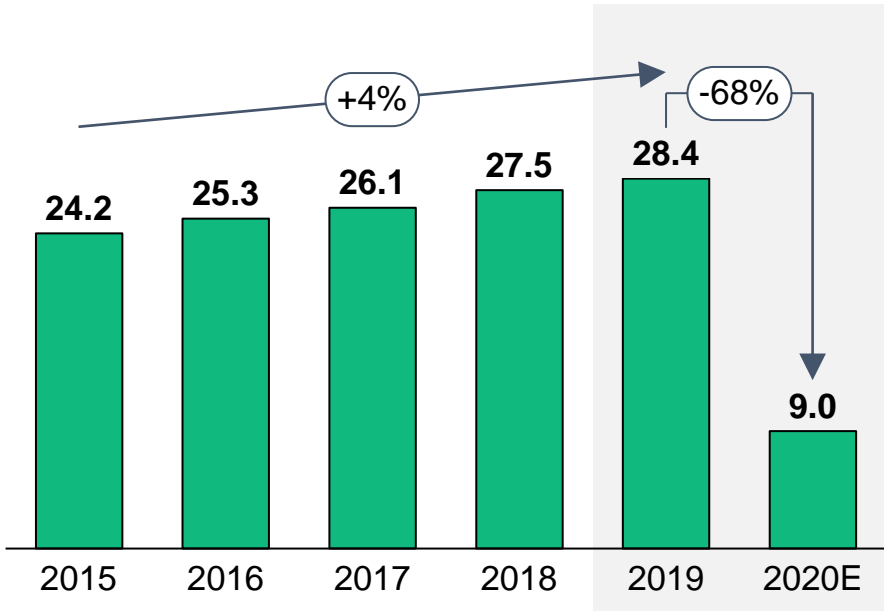
Updated as at 30 June 2020

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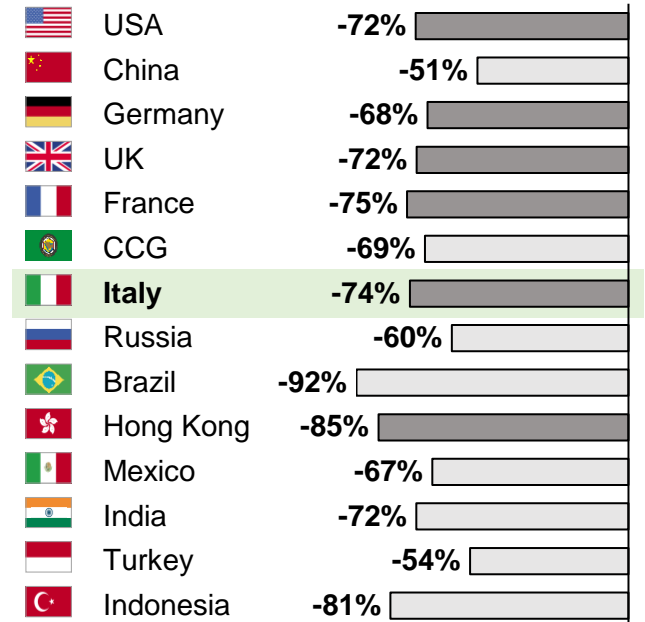
Market scenario

After Covid-19 impact, in 2020 Exhibition market dropped by 68% in revenues compared to 2019

Exhibition market size – Main 14 countries [2015-20E; USD bn]

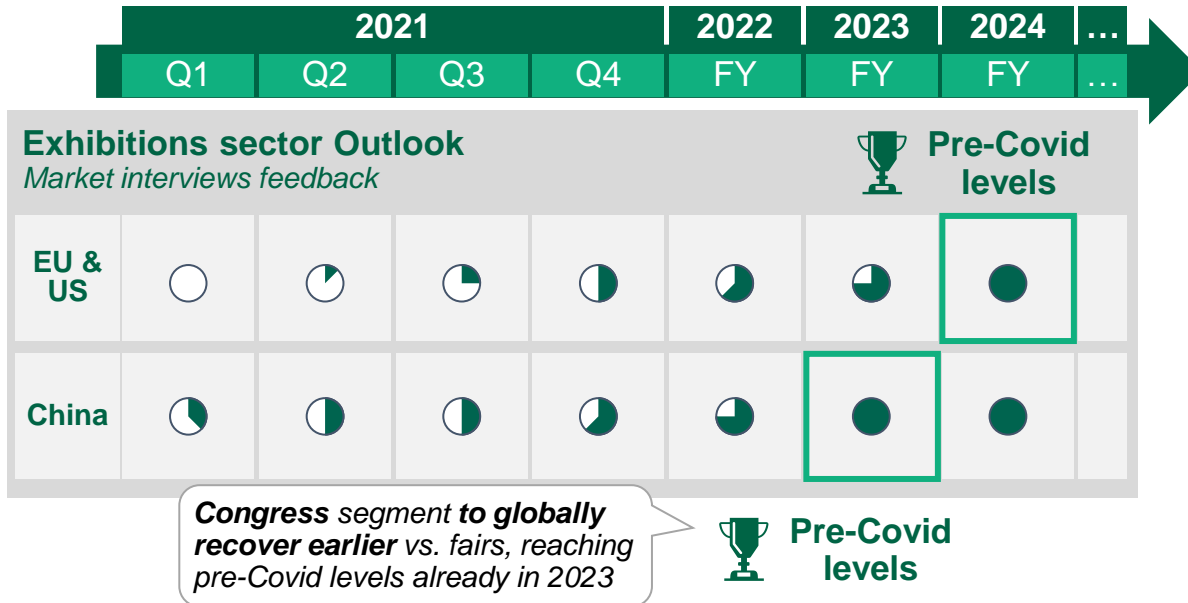


Estimated decline in mkt size – Main 14 countries [2020 vs '19]



Source: AMR International, Fiera Milano, Roland Berger analysis

Exhibitions market rebound to pre-Covid levels expected in '24 for Europe and US, possibly '23 for Asia – Global congresses recovery expected already in '23



Degree of recovery to pre-Covid levels: Low High

Source: Fiera Milano, Roland Berger analysis

Key highlights

Europe & US:

- No events in Q1 2021, expected recovery start in Q2
- No international exhibitions in Q2
- Recovery in events and attendance in Q3-Q4

Asia:

- Progressive recovery in Asia in Q1-Q2 and in H2 2021
- Limited international attendance vs. pre-Covid levels for 2021

COVID-19 outbreak driving emerging trends for the exhibition industry

Health & safety as priority



- **Ensure consumer safety** with respect to events and gatherings
- **Technological investments** in venues to follow safety regulations
- **Vaccine release and distribution in Q1-Q2 2021 to limit virus spreading**

Hybrid & digital events



- **Increased importance of Digital** in the exhibition industry after Covid-19 crisis
- **Expected role of Digital as complementary** solution within a **Phygital environment**; substitutive role less likely in the long term

Government financial support



- **Government support and financial aids to sustain the exhibition industry**
- **Supporting venues highly strategic** to the recovery, as the exhibition value chain is critical in terms of potential GDP creation

Regulatory environment



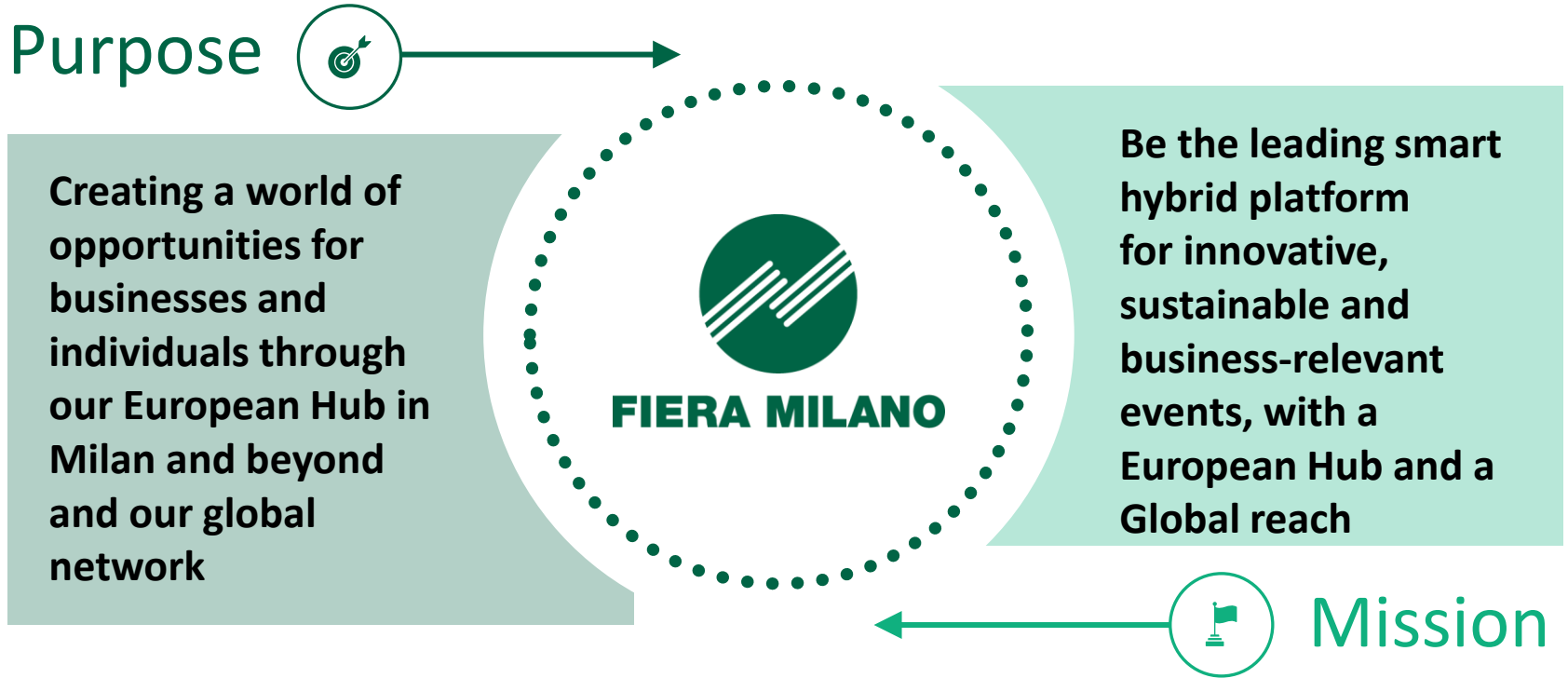
- **Social distancing** measures and **restrictions to international travel** expected to **soften after vaccine release**

03

2021-2025 Strategic Plan

**CONN.E.C.T. 2025 (Connections,
Exhibitions, Community, Transformation)**

Fiera Milano aims at becoming the leading reference platform in the exhibitions and congresses business in the New Normal



Strategic Framework

Key pillars



Enablers 



HR Transformation & Organizational Alignment



Commercial and Product Development excellence



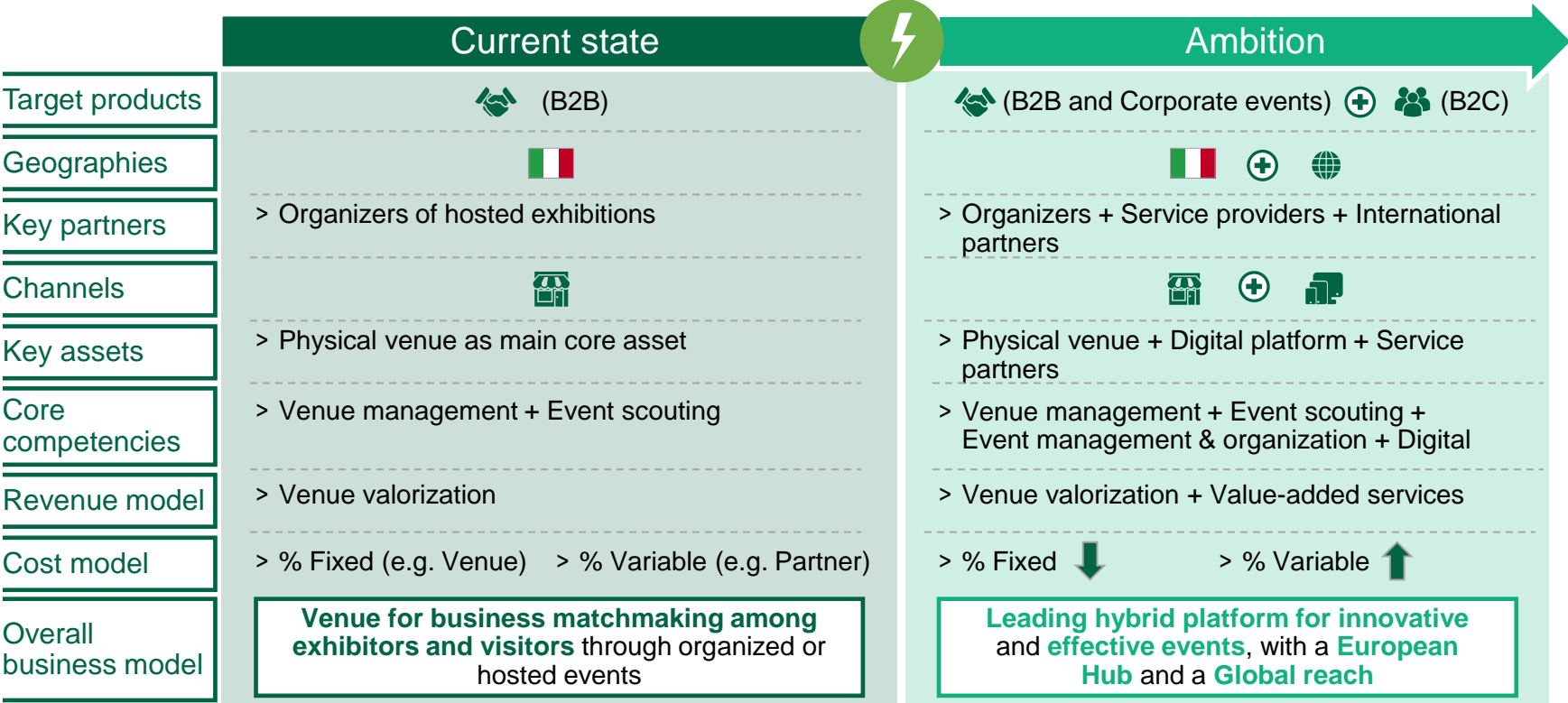
Digital transformation



Investment on the Venue and continuous improvement

Source: Fiera Milano, Roland Berger

To achieve this goal, Fiera Milano is on the verge of business model transformation

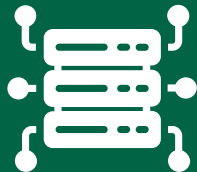


Source: Fiera Milano, Roland Berger  Italy  International  Physical  Digital

Fiera Milano Group defined strategic goals for each key business area

Services and contents platform

Capture full potential of both traditional and digital services through a platform-driven business model



Exhibitions organization

Strengthen portfolio of organized exhibitions by focusing on internationalization and new concepts



Venue

Secure and enhance hosted exhibitions and venue occupancy through strategic alliances with organizers and by attracting new exhibitions



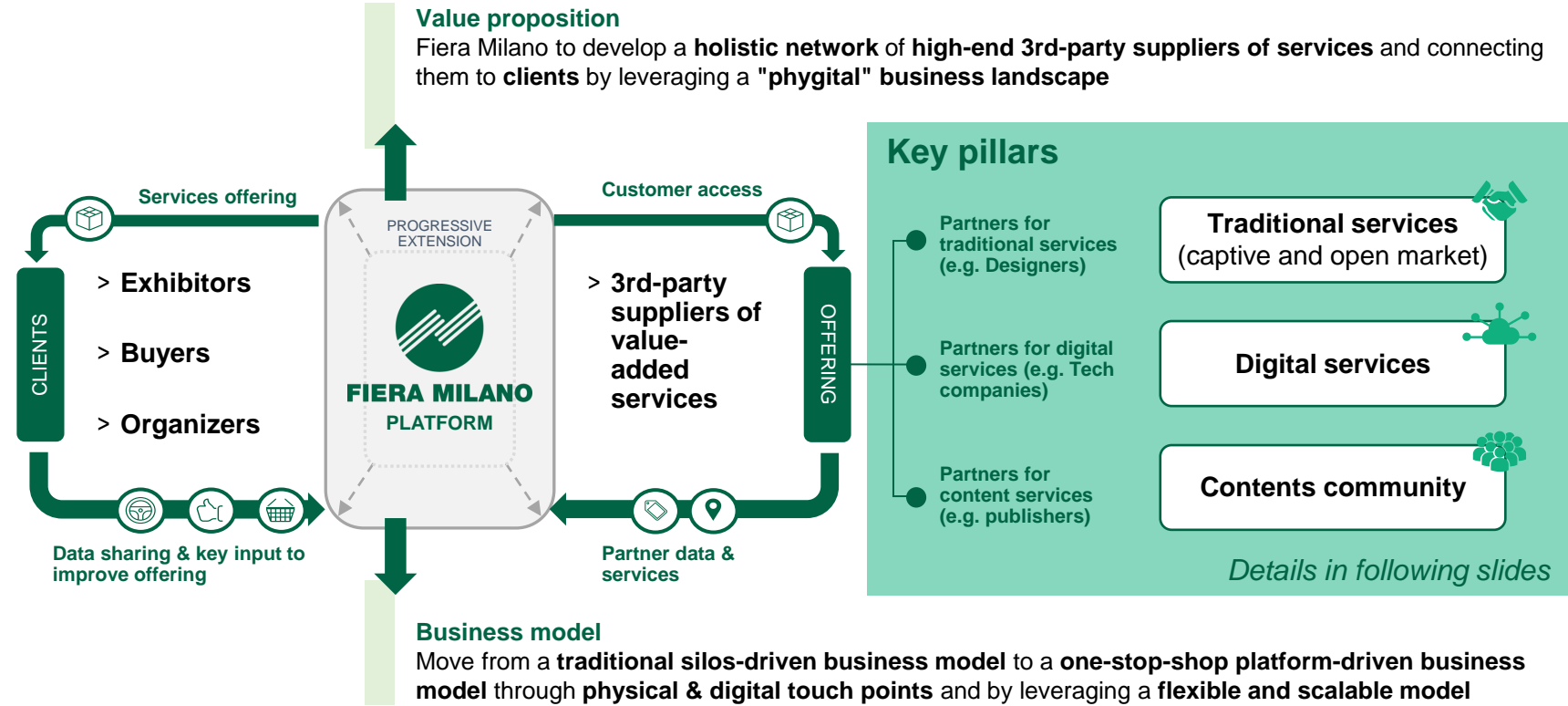
Congresses

Consolidate and expand congresses positioning by leveraging the venue, developing strategic alliances and being the enabler for phygital events



Services & Contents platform

Create and leverage a one-stop-shop platform-driven business model



Source: Fiera Milano, Roland Berger



Exhibitions organization

Strengthen current portfolio



Re-positioning and scale-up

- **Recover performances** and **grow** own exhibitions; example: exploit **Host's** international positioning to develop **partnerships with leading players** involving **TuttoFood** (focus on scale) and **Homi** (focus on exhibition repositioning)



Internationalization

- Increase **share of international exhibitors/ buyers in Italy**
- Become the reference **Made-in-Italy global platform**
- Foster **international geo-cloning** of key events in most attractive global markets



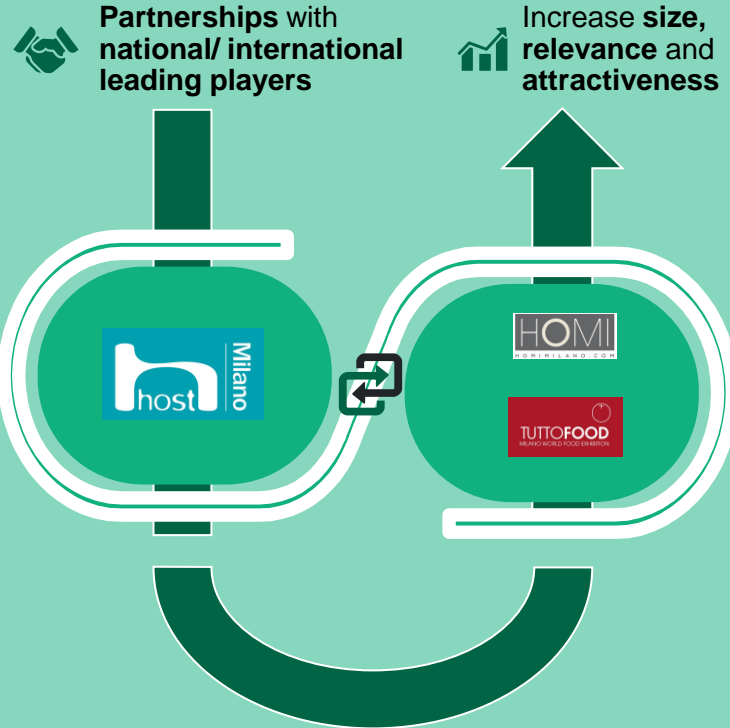
New Concepts

- Launch **new** (co-)organized **B2B exhibitions** in **attractive and anti-cyclical market segments** (e.g. Life science, Greentech, E-business) and **B2C exhibitions**

Source: Fiera Milano, Roland Berger



Re-positioning and scale-up framework¹⁾

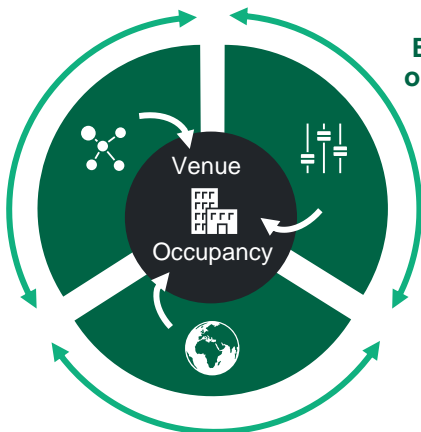




Venue

Maximize venue exploitation

Services
(traditional
and digital)



Exhibitions
organization

Internationalization

(international exhibitions attracted to Milan, recruiting of international exhibitors)



Key objective

Increase **venue occupancy/ exploitation** particularly in low-volumes environments/ periods also **leveraging development on services, exhibitions organization and internationalization**

FM will also leverage its competencies in Venue management to provide services to other Venues

Main initiatives



Develop alliances to consolidate portfolio (e.g. simultaneous and co-located combination of leading events in strategic industries)



Support Hosted exhibitions' performance recovery/ improvement (e.g. roadshow-support, management of administrative and sales offices)



Scouting and attraction of new exhibitions (e.g. international exhibitions, B2C events)



Implement safety measures to attract visitors and buyers in the New Normal



Congresses

Exploit state-of-the-art congress center to foster FM's growth path and enhance positioning



FM to become the main **leading congress center in Europe** by leveraging a **state-of-the-art venue**



Credits: Filippo Ferrarese



Source: Fiera Milano, Roland Berger

STAR Conference – Spring edition (virtual)



Main initiatives



Collaborate with other **national and international venues** for **Joint Business Development**



Bring into the market a **reconfigured integrated, safe and sustainable venue** to attract **world-class events**



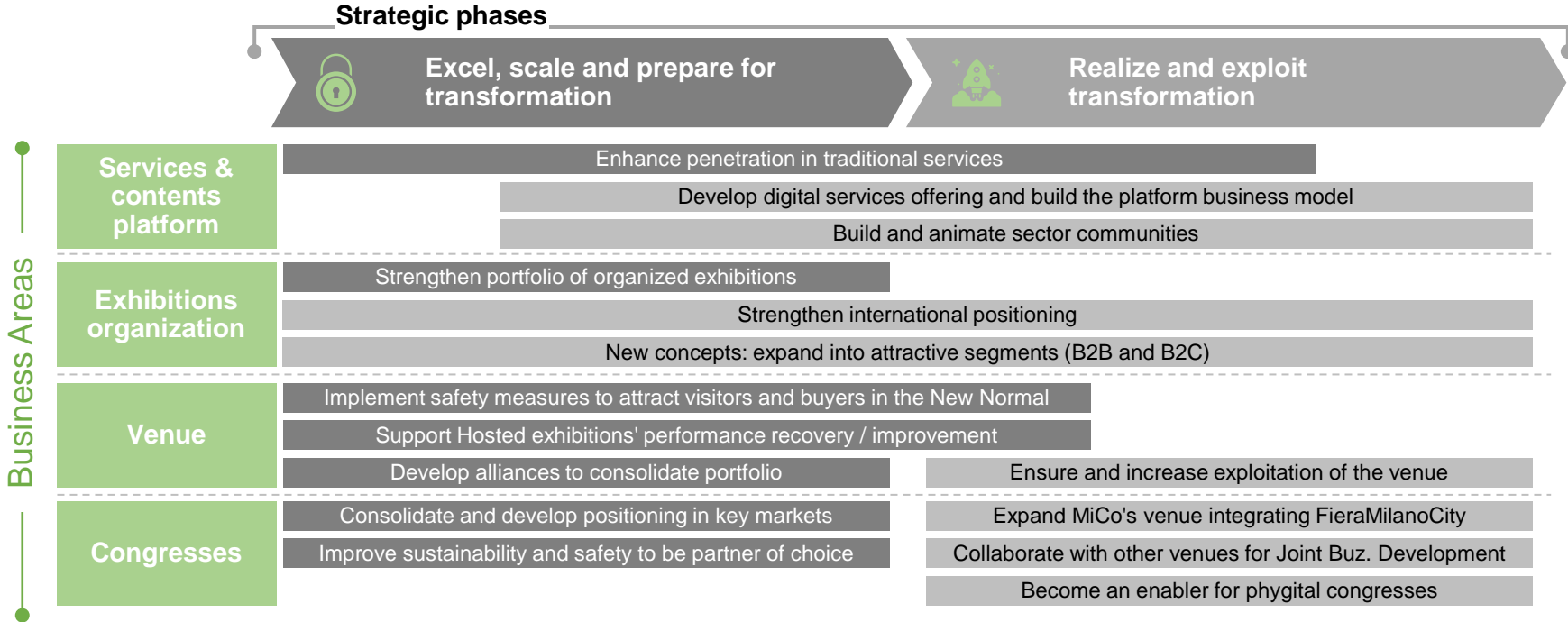
Consolidate and reinforce **Milano City Convention Bureau** in collaboration with local institutions to promote **Milan as a top-EU destination**







Offer state-of-the-art **digital technologies** (e.g. HD video recording and streaming) to enable the **Phygital congress**

March 24th, 2021

In a 1st strategic phase, focus on business excellence, scaling-up and on preparing for business transformation, that is then realized in a 2nd phase

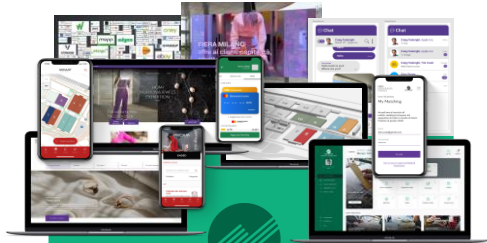


Key strategic enablers related to evolution of resources / competencies, processes, digital and physical infrastructures

Enablers and Goals			
 <p>HR Transformation & Organizational Alignment</p>	 <p>Commercial and Product Development excellence</p>	 <p>Digital transformation</p>	 <p>Investments on the Venue & continuous improvement</p>
<p>> Deploy the right team and competencies to meet the ambition</p>	<p>> Set the right rules of the game</p>	<p>> Enable the platform business model and digital services</p>	<p>> Propose a top quality, efficient and sustainable venue</p>
<p>Key aspects</p> <ul style="list-style-type: none"> ★ New Roles (e.g. Digital/ Business Transformation) 👤 New Resources (e.g. Digital) 🎓 Training (e.g. market orientation, product dev., digital) 	<ul style="list-style-type: none"> 👥 Integrated commercial processes 🔄 Customer-centric approach 🎯 KPIs and incentives 	<ul style="list-style-type: none"> 💻 State-of-the-art systems (e.g. CRM, Finance, etc.) 📄 Fiera Milano Platform 🛒 Data Hub and analytics 	<ul style="list-style-type: none"> 📶 Network 2.0 (Smart cameras, WiFi renovation) ☀️ Photovoltaic system 🌱 🏢 Continuous improvement
<p>Dedicated resources and skills alignment (Organic development)</p>		<p>≈ EUR 10-15 m (CapEx '21-'25)</p>	<p>≈ EUR 90-100 m (CapEx '21-'25)</p>
<p><i>Backed by Fiera Milano Group</i></p>		<p>Including resources for business experimentation</p>	<p><i>Backed by Fondazione Fiera Milano</i></p>

Source: Fiera Milano, Roland Berger

Fiera Milano has already developed advanced solutions ready to be launched



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Fiera Milano platform

- Integrated offering of **advanced digital solutions** to **re-design the customer journey** through
 - Digital and physical touch points
 - A scalable and flexible business model

Phygital touch-points

1 Organizer portal

single portal to manage all services and exhibitor/ buyers' needs

2 Exhibitor portal

single portal to manage all exhibition-related services

3 Fitter portal

single portal to manage end-to-end stands set-ups

4 Exhibition website

visitors/ buyers' website with a dedicated reserved area

5 eXpo Plaza

Smart catalogue also for transactional deals among exhibitors-buyers

6 Exhibition App

Dedicated App to group all services (e.g. Smart-lunch, Wayfind.)

7 Digital signage

set of dynamic and interactive ledwalls for organizers/ exhibitors

8 Totem

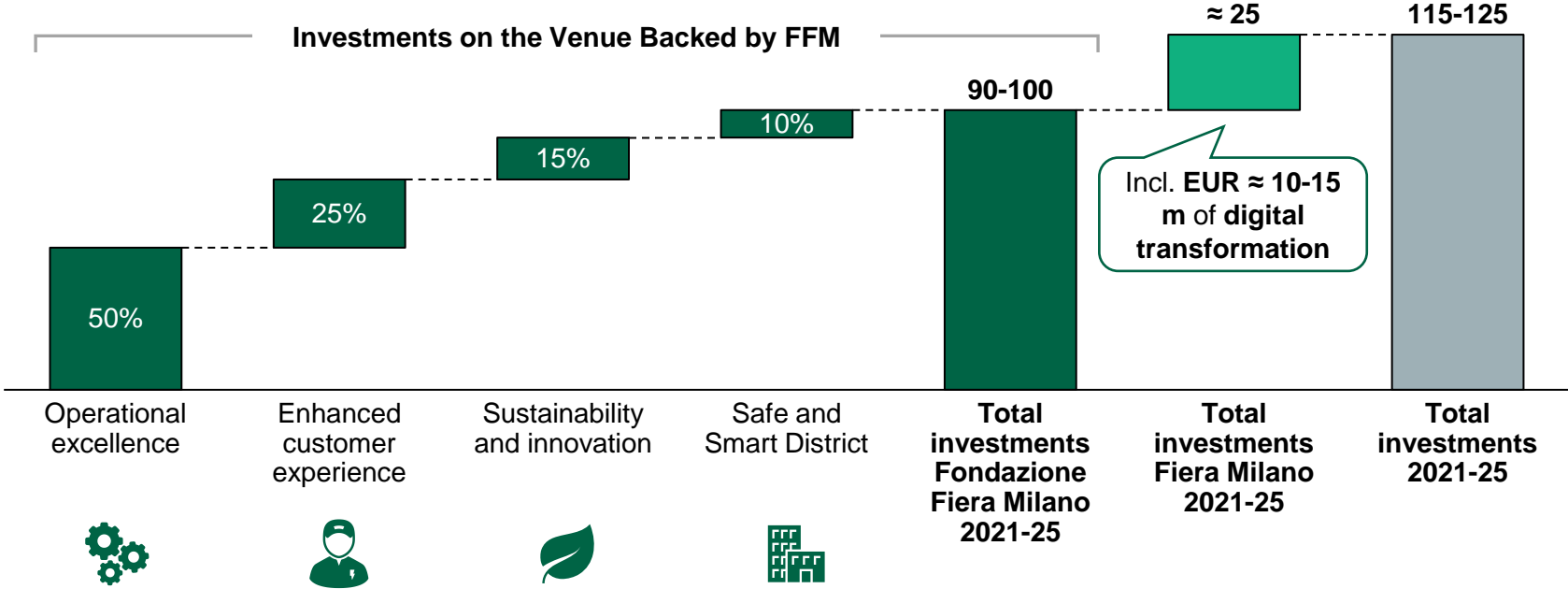
Phygital info-points with interactive services for buyers/ visitors

9 Smart grid

Holistic tracking system for geo-location services and data analytics

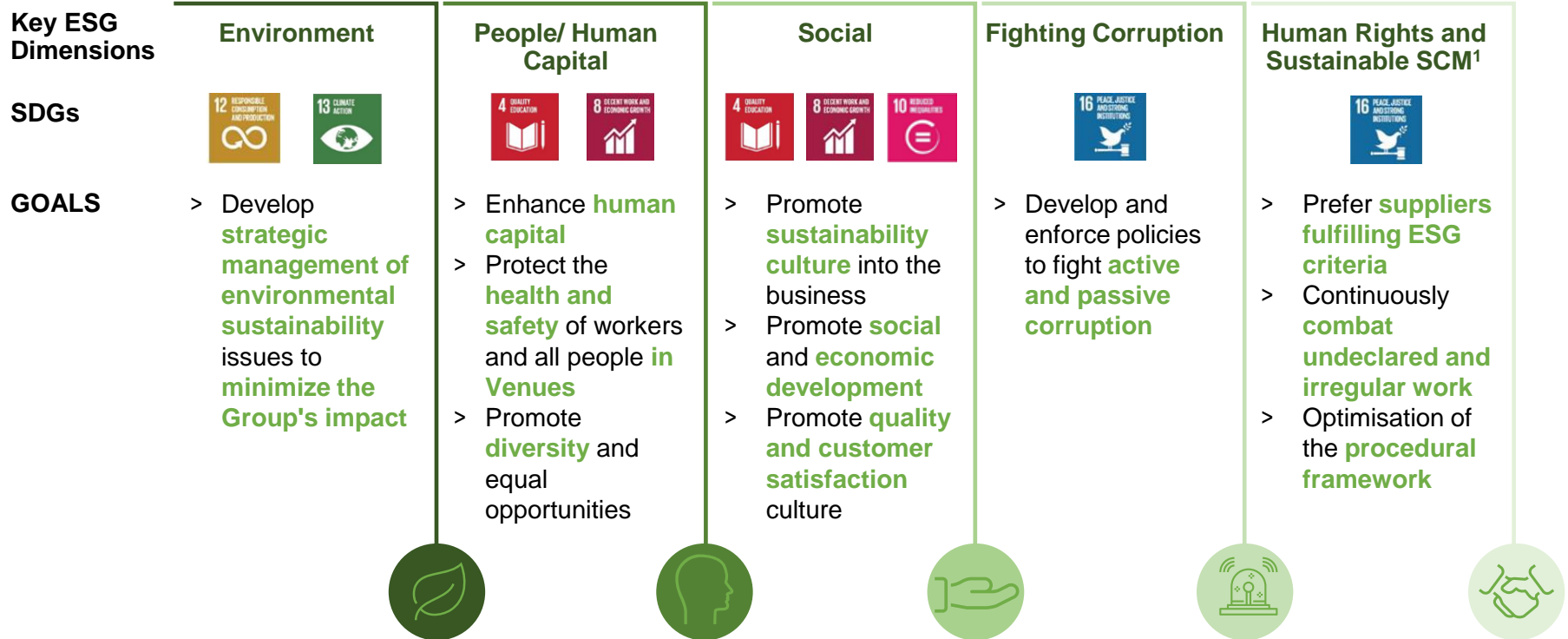
≈ EUR 90-100m investments on the venue backed by FFM together with EUR ≈ 25m by Fiera Milano – Focus on Digital, Sustainability, Ops Excellence and Customers

CapEx plan [2021-25; EUR m]



Source: Fiera Milano, Roland Berger

FMG committed to pursue ambitious sustainability goals, responsibly creating value for customers and industries, for its people and for communities



Source: Fiera Milano, Roland Berger
Note: 1) Supply Chain Management

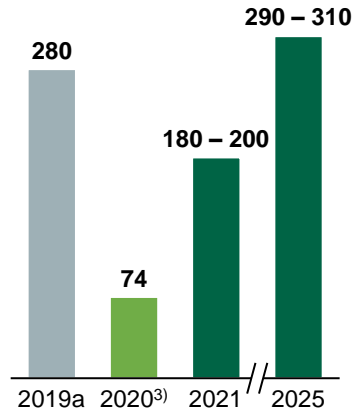
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2021-2025 targets & projections

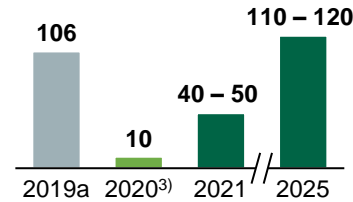
In '25, FMG expected to achieve EUR ≈ 290-310 m revenues and EUR ≈ 110-120 m EBITDA; net cash projected to a range of EUR ≈ 75-85 m by '25

Key financials 2019-25 – Overview

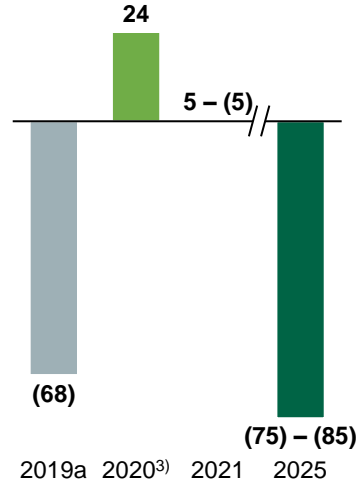
Revenues
[EUR m]



EBITDA¹⁾
[EUR m]



Net Financial Position²⁾
[EUR m]



Remarks

- Exhibitions assumed to **restart in Q2 2021**, assuming **successful containment of global pandemic**
- **In 2021**, most of **events traditionally held in H1 postponed to H2**; **since 2022**, exhibitions calendar planned to follow **traditional/ pre-covid scheduling**
- Fiera Milano expected to **overachieve 2019 EBITDA in 2025**
- **NFP projected to improve from a net debt of EUR 24 m in 2020 to a net cash in the range of EUR 75-85 m in 2025**

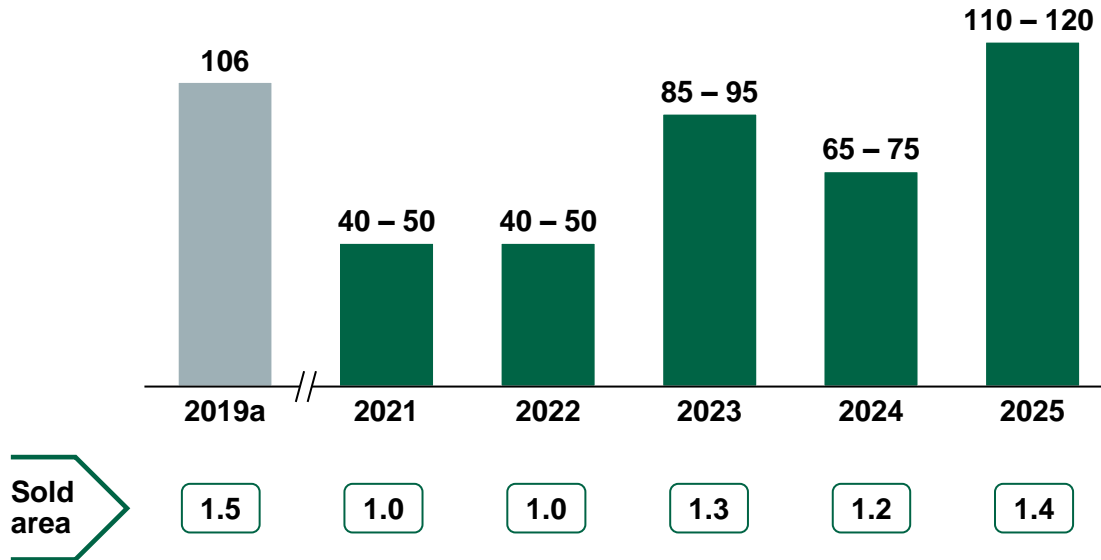
Note: 1) EBITDA values incorporate impacts of IFRS 16 (not including impact of venue rentals); 2) NFPs are calculated excluding impacts of IFRS 16; 3) Preliminary values

Source: Fiera Milano

Digital transformation and focus on services are key drivers to overachieve 2019 EBITDA in 2025 despite an expected reduction in sold area

EBITDA¹⁾ and Sold Area trend 2021-2025

[EUR m, SQM m]



Remarks

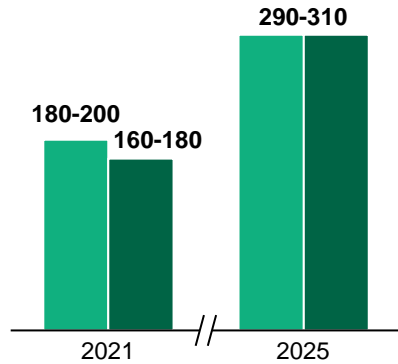
- **Continued recovery** over the period **2021-2025**
- Expectation of a **like-for-like²⁾ contraction of sold areas Vs. 2019** by 42% in 2021 and by 12% in 2025
- **Digital transformation and focus on services** as key drivers to **protect and enhance revenues per sqm** and to **recover profitability in spite of volume contraction**

Note: 1) EBITDA values incorporate impacts of IFRS 16 (not including impact of venue rentals; 2) comparison performed considering average contraction in sold areas of exhibitions held in 2019, 2021 and 2025
Source: Fiera Milano

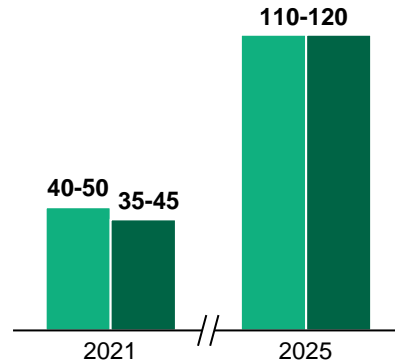
Exhibition restart in September vs May 2021 would mainly impact 2021 revenues and EBITDA and cumulative cash generation

Key financials 2021-25 – Alternative scenario

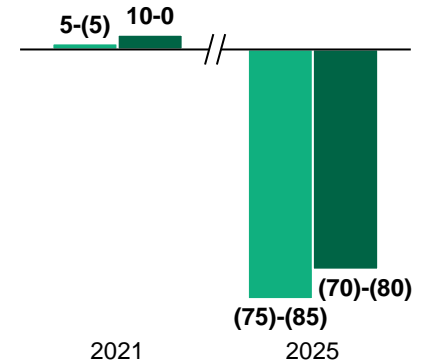
Revenues
[EUR m]



EBITDA¹⁾
[EUR m]



Net Financial Position²⁾
[EUR m]



Exhibitions restart in: ■ May ■ Sept

Note: 1) EBITDA values incorporate impacts of IFRS 16 (not including impact of venue rentals); 2) NFPs are calculated excluding impacts of IFRS 16

Source: Fiera Milano

Additional opportunities have been identified and could be leveraged by FMG to gain full potential; potential risks mainly coming from exogenous factors

Potential
EBITDA impact

Upsides / Opportunities



Commercial agreements/ key partnerships in exhibition sector



M&A



New organized exhibitions/ new concepts/ B2C



Restructuring/ Organizational alignment



Downsides / risks



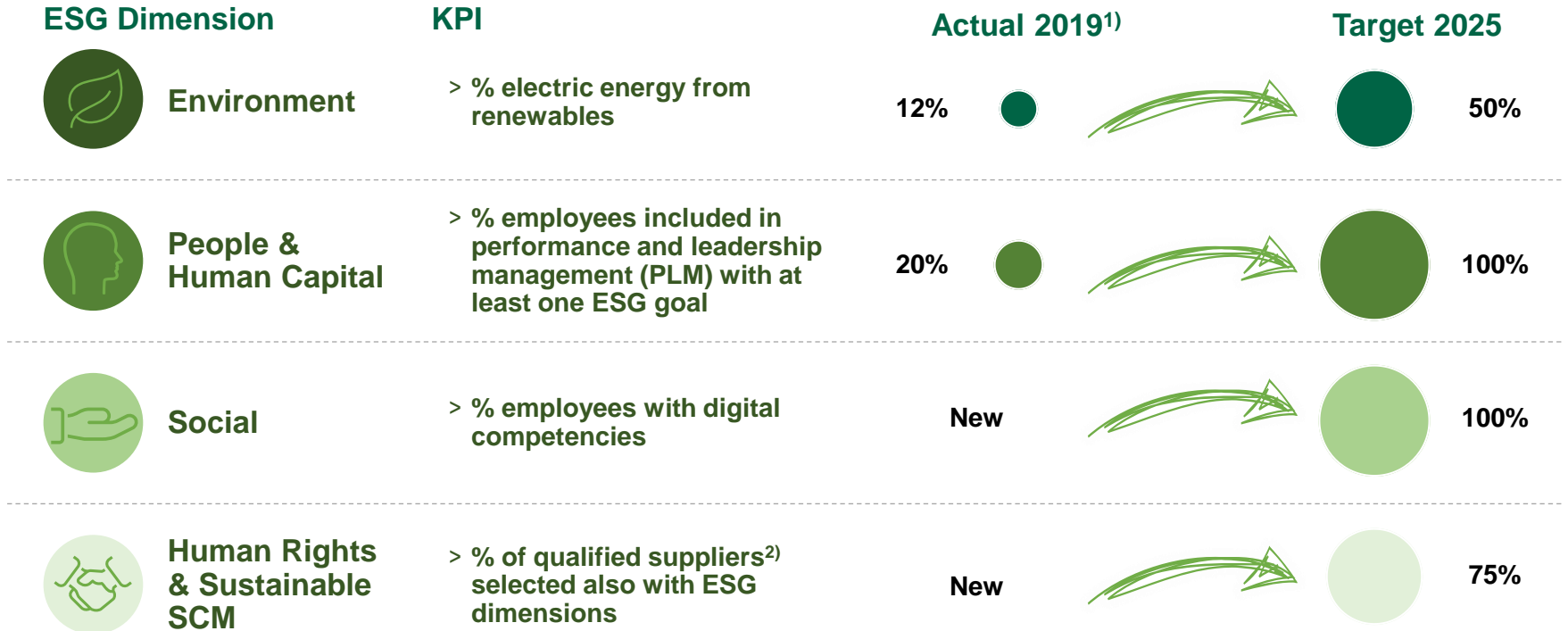
Slower than expected market recovery



Increased competition (price reduction, loss of exhibitions)



On top of financial targets, FMG set specific ESG targets



Note: 1) 2019 figures related to FM S.p.A. and companies fully consolidated; 2) Suppliers of goods and services with highly sustainable impact

Source: Fiera Milano, Roland Berger analysis

FORWARD-LOOKING STATEMENT

- This document has been prepared by Fiera Milano SpA solely for information purposes and for use in presentations of the Group. The information contained herein has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.
- None of the company, its affiliates, or its representatives and advisors shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.
- This document includes forward-looking statements. These forward-looking statements express current expectations and projections about future events, involve predictions and are subject to a number of factors that may influence the accuracy of the statements and the projections upon which the statements are based. Prospective investors are cautioned not to place undue reliance on these forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are, in many cases, beyond our control. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this document might not occur and no assurance can be given that the anticipated results will be achieved. Actual events or results may differ materially as a result of risks and uncertainties facing Fiera Milano and its subsidiaries. Such risks and uncertainties include, but are not limited to increased competition and regulatory, legislative and judicial developments that could cause actual results to vary materially from future results indicated, expressed or implied in such forward-looking statements. Moreover, any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.
- More specifically, our forward-looking statements have been defined while economies, sectors and communities are being hit by the aftermaths of one of the most severe global outbreak of modern history, connected with the start of COVID-19 pandemic in early 2020.
- Within this context, our statements are supported by Roland Berger analysis on the likely evolution of general and business environment
- We believe that global pandemic will be contained in the course of 2021 thanks to massive deployment of available vaccines; as a result, we believe that physical exhibitions will start to be held again from Q2 2021 and that volumes will progressively recover to pre-COVID levels by 2024-2025.
- This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.
- The Manager responsible for preparing the company's financial reports, Marco Pacini, 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.

05

FY 2020 results

Financial overview – Income Statement

Consolidated Income Statement (€m)	FY 2020	FY 2019
Revenues	73.6	279.7
Cost of materials	1.6	2.5
Cost of services	45.5	121.2
Costs for use of 3rd-party assets	0.5	0.5
Personnel expenses	31.9	47.4
Other operating expenses	2.5	4.8
Total operating costs	81.9	176.4
Other income	16.9	2.4
Results of equity-accounted companies	0.5	3.8
Allowance for doubtful accounts and other provisions	(1.3)	3.5
EBITDA	10.4	106.1
Depreciation and amortisation	44.8	45.2
Adjustments to asset values	0.0	1.3
EBIT	(34.3)	59.6
Financial income/(expenses)	(12.7)	(13.4)
Valuation of financial assets	0.0	0.0
Profit/loss before income tax	(47.0)	46.2
Income Tax	(12.9)	11.9
Net Profit/loss	(34.2)	34.3
<i>o/w attributable to the shareholders of the controlling entity</i>	(33.9)	34.4

Remarks

- **FY 2020 results heavily penalised by the prolonged suspension of exhibition activities due to the Covid-19 pandemic**
- Onsite trade fairs and congresses suspended from 23 February
- Temporary restart of activity in September/October but with low attendance figures
- EBITDA benefiting from the agreement with Fondazione Fiera Milano (landlord) on the reduction of rent for the Rho and Milan exhibition sites and the "MiCo" congress centre for a total value of Euro 14 million

Financial overview – Reclassified Statement of Financial Position

Reclassified Consolidated Statement of Financial Position (€m)	FY 2020	FY 2019
Non-current assets	593.8	622.5
Net working capital	(35.4)	(87.7)
Gross Capital Employed	558.4	534.8
Non current liabilities	21.7	21.9
Total net Capital Employed	536.7	512.9
Equity	63.2	107.9
Net financial position	473.4	405.1
Equity and Net financial position	536.7	512.9
Net financial position pre-IFRS 16 effects (Net Cash)	23.9	(68.3)

2.6

Net Financial Position

Consolidated Net Financial Position (€m)	FY 2020	FY 2019
Cash & cash equivalents	20.4	68.0
Current financial assets	1.3	1.3
Current bank borrowings	49.0	0.0
Current portion of non-current debt	0.0	0.0
Other current financial liabilities	1.7	1.1
Current financial debt	50.8	1.1
Net current financial debt (cash)	29.0	(68.3)
Non-current financial assets	5.1	0.1
Other non-current payables	0.0	0.0
Non-current financial debt (cash)	(5.1)	(0.1)
Net financial debt (cash) before IFRS 16 effects	23.9	(68.3)
IFRS 16 financial effects	449.6	473.4
Net financial debt/(cash) after IFRS 16 effects	473.4	405.1

The change in net financial position was mainly due to the suspension of exhibition activities

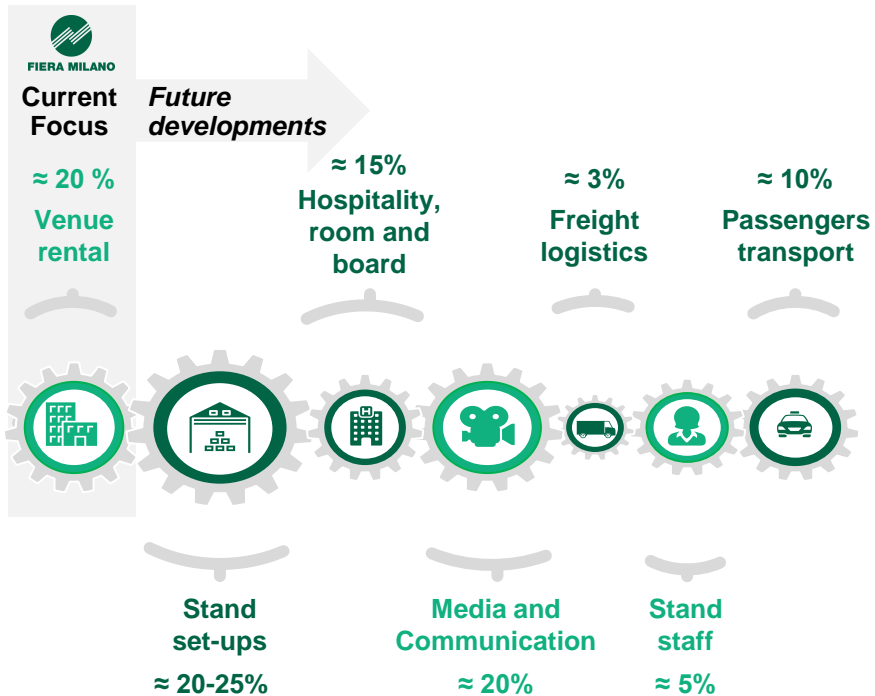
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Back-up – Strategic Framework

Traditional services

Increase value capturing along the value chain

Average exhibitors' spending by service category [2019; %]



Source: Fondazione Fiera Milano, Fiera Milano, Roland Berger analysis





Digital services

Capture full potential from digital services

Digital services: key axes

Ambition : 15% incidence on Revenues¹⁾

1 Virtual / hybrid events solutions

- **Digitalization of traditional services and increased functionalities for hybrid events:**
 - Exhibitors/ Organizers portals
 - Exhibition's websites & Adv.
 - Business matching
 - Virtual rooms/ booths
 - Digital signage
 - Connectivity
 - Mobile APP
 - Digital payments
 -

2 Hybrid Data & Information solutions

- **Development of new "pure digital" services such as Intelligence services:**
 - Data Analytics
 - Trend barometer
- **Development and integration of digital contents within FM platform**
 - Interviews
 - Webinars
 - Sector analysis
 - ...

3 Transactional solutions

- **Integration of transactional solutions within Fiera Milano platform to allow direct product procurement**
- **Enabled by partnerships with digital marketplace providers (no make)**

Mix of digital services differentiated depending on **ultimate needs addressed by each specific exhibition**

(E.g. transactions-driven, information-driven, entertainment-driven)

Note. 1) % on area revenues
Source: Fiera Milano, Roland Berger



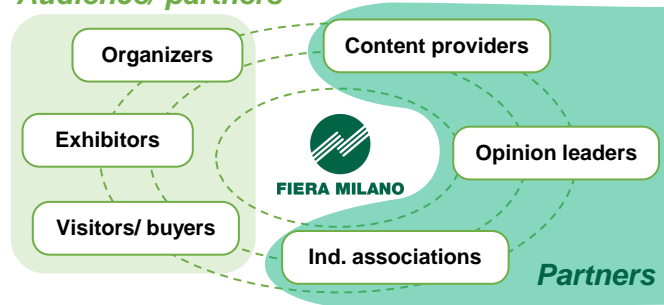
Contents community

Create and animate an active community around Fiera Milano ecosystem through contents

Strategic guideline

Fiera Milano to develop a holistic community ecosystem living beyond the fair, both physically and digitally

Audience/ partners



Key pillars



Contents



Business facilitation



Connection

Source: Fiera Milano, Roland Berger

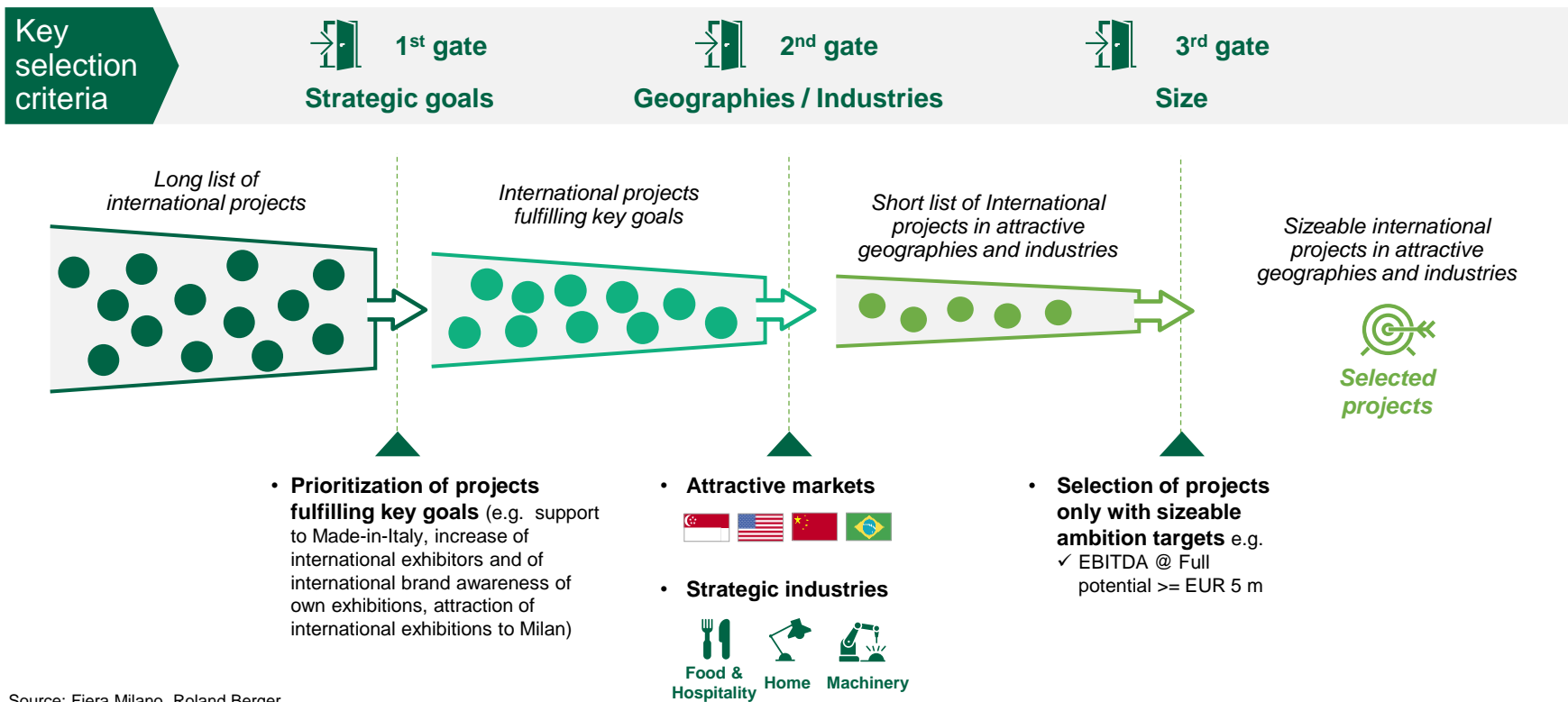




Exhibitions organization



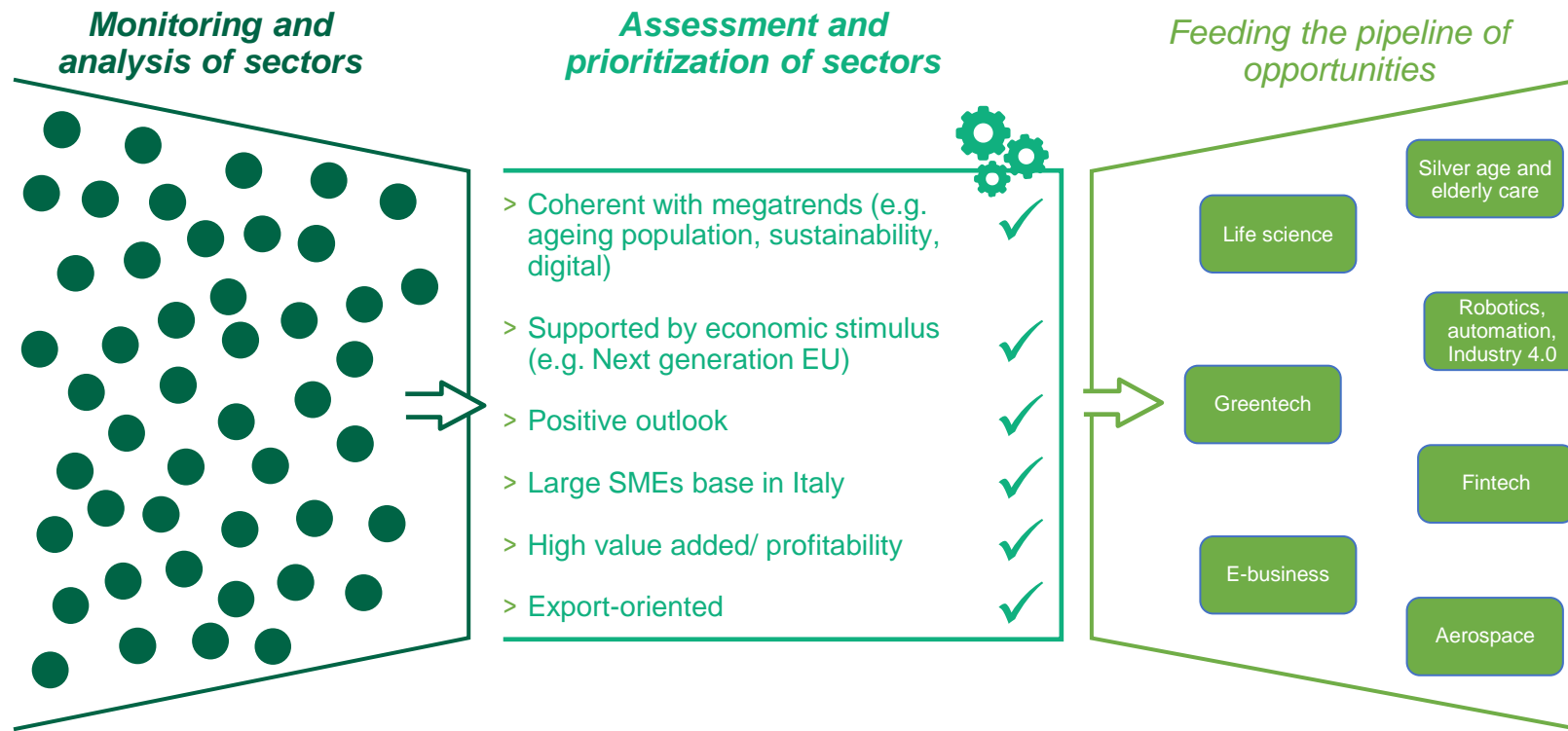
Fiera Milano outgoing internationalization strategy is focused on few projects but with sizeable targets in attractive geographies and strategic industries



Source: Fiera Milano, Roland Berger



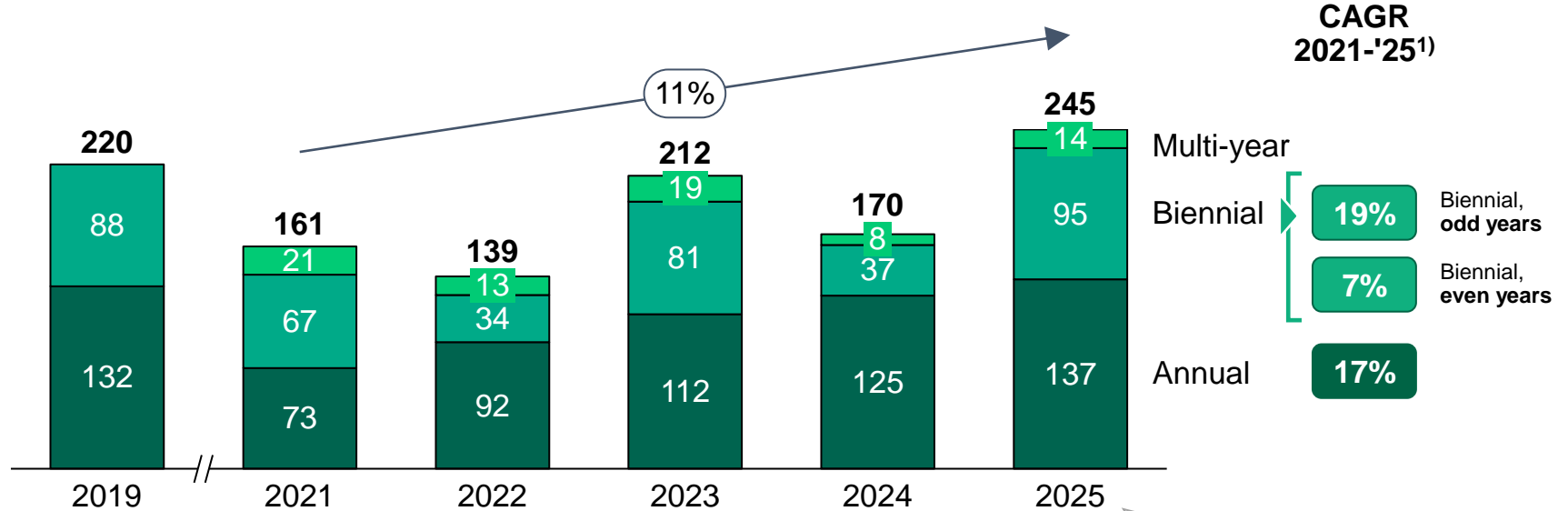
Development of new sectors / concepts is the result of a structured process, aiming at identifying attractive opportunities



Source: Fiera Milano, Roland Berger

Fiera Milano's annual and biennial exhibitions expected to achieve a positive double digit growth rate in 2021-25

Italian exhibition revenues breakdown 2021-25 [EUR m]



1) CAGR for biennial exhibitions is calculated on a 3-year span for odd years (2021-23-25) and on a 2-year span for even years (2022-24)

Source: Fiera Milano

Thanks for your attention



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