



FIERA MILANO

FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT 31 MARCH 2017

- *Positive trend of consolidated revenues and margins in the quarter although a strict comparison with the results for the same period of 2016 is affected by the different exhibition calendar due to the absence of a significant biennial exhibition*
- *Consolidated revenues of Euro 65.4 million compared to Euro 76.9 million in the first quarter of 2016*
- *Consolidated gross operating profit of Euro 8.8 million compared to Euro 18.4 million in the same period of the previous year*
- *Consolidated EBIT of Euro 6.4 million compared to Euro 16.1 million in the first quarter of 2016*
- *Improvement in the net financial debt to Euro 13.3 million at 31 March 2017 from Euro 38.3 million at 31 December 2016 also due to the improved trend in net working capital*

Milan, 15 May 2017. The Board of Directors of Fiera Milano SpA, meeting today under the chairmanship of Mr Lorenzo Caprio, approved the Consolidated Interim Management Report for the first quarter of 2017.

There was a positive trend of business in the period under review, in line with expectations, although the results show a decline compared with those for the same period of 2016 mainly due to the different exhibition calendar which in the previous period included Mostra Convegno Expocomfort, the leading international biennial exhibition for civil and industrial plant.

The growth of the LineaPelle exhibition and the related Simac Tanning-Tech trade fair, dedicated to technology for the footwear and leather apparel production sectors, was particularly notable as was that of Milano Unica dedicated to textile and clothing accessory collections.

During the quarter the Promotion Trade Exhibition, an annual international trade fair for promotional goods, corporate gifts and personalisation, was directly organised for the first time by Fiera Milano, generating an improvement in revenues and margins. Also, during the period under review, the exhibition MAM – Mostra a Milano Arte e Antiquariato was held for the first time, as was the February edition of The One Milano, the new international fair dedicated to women's luxury ranges of prêt à porter apparel and accessories.

With regard to international operations, on 22 February 2017 the Company signed a contract to sell the Group's 75% shareholding in Worldex Fiera Milano Exhibitions Co., Ltd., which operates in China. The terms of divestment are an initial disposal price of Euro 2.75 million, plus a deferred component of up to Euro 1.000 million linked to the achievement of target results over the three-year period 2017-2019. Completion of the deal took place on 24 April 2017 with the issue of a new business license by the relevant Chinese authorities. This

disposal is consistent with the objective of concentrating all of the Group's activities in China in its joint venture with its German partner Deutsche Messe.

During the quarter under review, seventeen exhibitions and six congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**. Net exhibition space occupied totalled 467,365 square metres compared to 497,490 square metres in the same period of 2016, whilst the number of exhibitors went from 10,270 in the first quarter of 2016 to 9,515 in the first quarter of 2017. In international markets Fiera Milano organised 4 exhibitions and the net exhibition space occupied totalled 86,225 square metres (78,120 square metres in the first quarter of 2016) with 1,850 exhibitors (1,730 in the first quarter of 2016).

■ **RESULTS FOR THE QUARTER**

The key Group financial figures, which are subject to seasonality due to the impact of biennial and multi-annual exhibitions, are shown in the table below

Full year 31/12/16	Fiera Milano Group Summary of key figures (Amounts in € '000)	1° Quarter 31/03/17	1° Quarter 31/03/16 restated
221,041	Revenues from sales and services	65,396	76,890
3,652	Gross operating result (a)	8,819	18,427
(22,994)	Net operating result (EBIT)	6,375	16,058
(23,979)	Profit/(loss) before income tax of continuing operations	6,168	15,829
(4,151)	Profit/(loss) before income tax of discontinued operations	-	(172)
(28,130)	Profit/(loss) before income tax	6,168	15,657
(28,051)	- Attributable to the shareholders of the controlling entity	6,246	15,742
(79)	- Attributable to non-controlling interests	(78)	(85)
(1,484)	Cash flow before income tax for the Group and non-controlling interests (b)	8,612	18,026
99,995	Net capital employed (c)	81,205	123,009
	covered by:		
61,006	Equity attributable to the Group	67,253 *	99,664 *
673	Non-controlling interests	611 *	510 *
38,316	Net financial debt/(cash) continuing operations and assets held for sale	13,341	22,835
7,387	Investments (continuing operations and assets held for sale)	1,660	2,258
725	Employees (no. of permanent employees at the end of period)	727	717

* includes pre-tax result for the period

(a) Gross operating profit is the operating result before depreciation and amortisation, adjustments to asset values and other provisions.
(b) Cash flow is the sum of the result for the period, 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.

Some figures in the consolidated financial statements at 31 March 2016 have been restated to reflect the accounting of the Chinese companies, Worldex and Haikou Worldex, under IFRS 5.

- **Revenues from sales and services** totalled Euro 65.4 million compared to Euro 76.9 million in the first quarter of 2016. The difference is primarily a reflection of the different exhibition calendar which in the previous financial year included the biennial exhibition held in even-numbered years Mostra Convegno Expocomfort. The impact of this was partly offset by the presence of the exhibitions held in uneven-numbered years, Made Expo and Transpotec Logitec.

- The Group **gross operating profit** in first quarter was Euro 8.8 million compared to Euro



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18.4 million in the first quarter of 2016. The lower result reflects the trend of revenues and the higher consultancy costs arising from the review of company processes as a consequence of the procedures relating to the ongoing Administration Order.

- The **net operating profit (EBIT)** was Euro 6.4 million compared to Euro 16.1 million in the first quarter of 2016. The difference reflects the trend of the gross operating profit.
- The **profit before income tax** was Euro 6.2 million compared to Euro 15.7 million in the first quarter of 2016.
- **Cash flow before income tax** (calculated as the result before income tax plus depreciation, amortisation, provisions and adjustments to asset values) was Euro 8.6 million compared to Euro 18.0 million in the first quarter of the previous financial year.

■ **BREAKDOWN OF RESULTS BY OPERATING SEGMENT**

The activities of the Fiera Milano Group fall into five operating segments: **Italian Exhibitions, Foreign Exhibitions, Stand-fitting Services, Media, and Congresses..**

Revenues from **Italian Exhibitions**, gross of the elimination of transactions between the operating segments of the Group, were Euro 58.2 million compared to Euro 68.0 million in the first quarter of 2016. The reduction is attributable to the aforementioned absence of the exhibition Mostra Convegno Expocomfort and the postponement of Bit to the second quarter, partially offset by the presence of the biennial exhibitions Made Expo and Transpotec Logitec. The gross operating profit was Euro 7.9 million (Euro 14.9 million in the first quarter of 2016): the difference is mainly related to the trend of sales and to higher consultancy costs .

Revenues from **Foreign Exhibitions** of Euro 0.518 million were higher than the Euro 0.343 million reported for the first quarter of the previous year largely due to higher demand for exhibition space relating to the exhibition Cape Town Art Fair. Gross operating profit was Euro 0.983 million representing an improvement on the Euro 0.920 million reported for the first quarter of 2016.

Revenues from **Stand-fitting Services** were Euro 9.8 million compared to Euro 15.4 million in the same period of 2016 due to the different exhibition calendar and due to the contribution in the previous financial year of non-recurring activities related to the dismantling of certain structures associated with Expo 2015. The gross operating profit was Euro 0.561 million compared to Euro 3.0 million in the first quarter of 2016, and the decline was mainly attributable to the trend of revenues.

Revenues in the **Media** segment were Euro 2.5 million compared to Euro 2.9 million in the first quarter of 2016: the difference is attributable to the different exhibition calendar and to lower revenues from the education market. The segment reported a gross operating loss of Euro 0.248 million compared with a gross operating loss of Euro 0.043 million in the first quarter of 2016, which reflects the trend of revenues.

Revenues from **Congresses** totalled Euro 5.7 million, representing an increase compared to the Euro 4.2 million for the same period of 2016 due to the positive trend of conventions



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and congresses. The segment reported a gross operating loss of Euro 0.379 million compared to the loss of Euro 0.294 million reported for the same period of 2016. The difference mainly reflects the lower contribution of other income which last year benefited from the inclusion of insurance settlements.

■ **NET FINANCIAL POSITION**

Net financial debt at 31 March 2017 was Euro 13.3 million which was a significant improvement compared to the net debt of Euro 38.3 million reported at 31 December 2016. The improvement is attributable to the positive cash flow in the quarter and the positive change in cash flows arising from net working capital, principally as a result of advances for exhibitions that are to take place in later quarters.

■ **BUSINESS OUTLOOK**

The first quarter results reveal a positive trend that is in line with the Company's expectations. The remainder of the financial year 2017 will reflect the benefits of the more favourable exhibition calendar when, amongst other events, the important directly organised biennial exhibitions Tuttofood and Host take place.

The exhibition calendar for the next months of the current year will also be enriched by the inclusion of new exhibitions: including the directly organised exhibitions Versilia Yachting Rendez-vous, and the exhibitions organised by third parties, Lamiera, Expo Ferroviaria and the international dog show ENCI Winner.

The Group therefore expects a significant improvement in the gross operating profit in 2017 compared to the previous year in the absence of currently unforeseen events or developments.

■ **ADMINISTRATION ORDER**

The Administration Order relating to the subsidiary Nolostand applied by the Milan District Court - Prevention Court Independent Section pursuant to Article 34, Legislative Decree no. 159/2011 relating to the "Code of antimafia legislation and prevention measures, and new regulations regarding antimafia documentation in accordance with Articles 1 and 2 of Law no. 136 of 13 August 2010" is scheduled to expire on 6 July 2017. The analogous provision of the Administration Order of Fiera Milano SpA limited to the segment of interest of Nolostand, with reference to the branch of the business regarding so-called "stand fitting services" is scheduled to expire on 11 October 2017.

The interim management report for the quarter ended 31 March 2017 will be made publicly available today at the Company's operational and administrative offices and on the storage system eMarket Storage (website www.emarketstorage.com), and will also be available in the Investor Relations/Financial Reports section of the Company's website www.fieramilano.it.



The Manager responsible for preparing the Company's financial statements, Sebastiano Carbone, in accordance with paragraph 2 article 154-*bis* of the Consolidated Finance Law herewith declares that the accounting information contained in the present release is consistent with the Company's official documents, books and accounting records.

This press release and, in particular, the paragraph "Business Outlook" contains forward-looking statements. These statements are based on the current expectations and assumptions of the Group regarding future events and by their very nature are subject to certain risks and uncertainties. The actual results could differ materially from those contained in these statements for a variety of factors that include changes in general economic and business conditions, continued volatility and a further deterioration in the capital and financial markets and many other factors, the majority of which are outside the control of the Group.

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Attachments (not subject to legal audit):

Consolidated Income Statement

Reclassified Consolidated Statement of Financial Position



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Full year to 31/12/16	Consolidated Income Statement (Amounts in €'000)		1st Quarter to 31/03/17	1st Quarter to 31/03/16 restated
	€	%	€	%
221,041	100		65,396	100
2,281	1.0		895	1.4
121,423	54.9		31,266	47.8
49,837	22.5		13,270	20.3
44,101	20.0		11,820	18.1
4,222	1.9		1,286	2.0
221,864	100.4		58,537	89.5
3,216	1.5		450	0.7
1,259	0.6		1,510	2.3
3,652	1.7		8,819	13.5
8,398	3.8		1,707	2.6
5,477	2.5		726	1.1
12,771	5.8		11	-
(22,994)	-10.4		6,375	9.7
(985)	-0.4		(207)	-0.3
(23,979)	-10.8		6,168	9.4
(4,151)	-1.9		-	-
(28,130)	-12.7		6,168	9.4
(28,051)	-12.7		6,246	9.6
(79)	-0.0		(78)	-0.1
(1,484)	-0.7		8,612	13.2

Some figures in the consolidated financial statements at 31 March 2016 have been restated to reflect the accounting of the Chinese companies, Worldex and Haikou Worldex, under IFRS 5.



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Reclassified Consolidated Statement of Financial Position			
(Amounts in €'000)			
	31/03/17	31/12/16	Change
Goodwill and intangible assets with an indefinite useful life	94,216	94,216	-
Intangible assets with a finite useful life	17,263	17,777	(514)
Tangible fixed assets	15,022	14,511	511
Other non-current assets	35,733	34,378	1,355
A Non-current assets	162,234	160,882	1,352
Inventories and contracts in progress	9,725	5,480	4,245
Trade and other receivables	72,245	52,227	20,018
Other current assets	-	-	-
B Current assets	81,970	57,707	24,263
Trade payables	54,070	41,114	12,956
Advances	62,929	40,239	22,690
Tax liabilities	666	1,605	(939)
Provisions for risks and charges and other current liabilities	32,160	21,276	10,884
C Current liabilities	149,825	104,234	45,591
D Net working capital (B - C)	(67,855)	(46,527)	(21,328)
E Gross capital employed (A + D)	94,379	114,355	(19,976)
Employee benefit provisions	9,351	9,302	49
Provisions for risks and charges and other non-current liabilities	5,872	7,107	(1,235)
F Non-current liabilities	15,223	16,409	(1,186)
G NET CAPITAL EMPLOYED continuing operations (E - F)	79,156	97,946	(18,790)
H NET CAPITAL EMPLOYED assets held for sale	2,049	2,049	-
TOTAL NET CAPITAL EMPLOYED (G + H)	81,205	99,995	(18,790)
covered by:			
Equity attributable to the Group	67,253 (*)	61,006	6,247
Non-controlling interests	611 (*)	673	(62)
I Total equity	67,864	61,679	6,185
Cash & cash equivalents	(37,166)	(20,904)	(16,262)
Current financial (assets)/liabilities	42,380	46,284	(3,904)
Non-current financial (assets)/liabilities	9,341	14,150	(4,809)
Net financial position continuing operations	14,555	39,530	(24,975)
Net financial position assets held for sale	(1,214)	(1,214)	-
L Net financial position (TOTAL)	13,341	38,316	(24,975)
EQUITY AND NET FINANCIAL POSITION (I + L)	81,205	99,995	(18,790)

(*) includes pre-tax result for the period