



FIERA MILANO

FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT 30 SEPTEMBER 2017

Results for the first nine months of 2017 were in line with expectations and, despite the extraordinary costs linked to the corporate governance restructuring, the full-year gross operating profit is expected to show a significant improvement compared to the figure for 2016.

The third quarter results reflect the postponement of one exhibition and also the typical seasonality of the sector with no exhibition activity in the summer months.

First nine months 2017:

- Revenues: Euro 186.9 million (compared to Euro 178.9 million in the first nine months of 2016)
- Gross operating profit: Euro 2.7 million (compared to Euro 14.6 million in the first nine months of 2016)
- Net operating loss: Euro 4.5 million (compared to EBIT of Euro 5.1 million in the first nine months of 2016)
- Losses before tax: Euro 5.3 million (compared to a profit before tax of Euro 4.5 million in the first nine months of 2016)

Third quarter 2017:

- Revenues: Euro 45.1 million (compared to Euro 40.3 million in the third quarter of 2016)
- Gross operating loss: Euro 10.8 million (compared to a gross operating loss of Euro 6.6 million in the third quarter of 2016)
- Net operating loss: Euro 12.9 million (compared to a net operating loss of Euro 9.1 million in the third quarter of 2016)
- Losses before tax: Euro 13.0 million (compared to losses before tax of Euro 9.2 million in the third quarter of 2016)

Milan, 13 November 2017. The Board of Directors of Fiera Milano S.p.A., meeting today under the chairmanship of Lorenzo Caprio, discussed and approved the **Consolidated Interim Management Report for the third quarter 2017.**

Fabrizio Curci, Chief Executive Officer and Director General of Fiera Milano, commented: "The third quarter results are in line with forecasts and reflect the seasonality of our business, which is characterised by an almost total lack of exhibitions in July and August. However, since September there has been a substantial pick-up in exhibitions and congresses. It is worth highlighting the ERS (European Respiratory Society) congress, the most important international event for respiratory illnesses, which was held at MiCo and had over 22,000 delegates, a record for an event of this kind. I would also like to highlight Host, the leading professional hospitality event worldwide, which was held after the end of the quarter under



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review; this directly organised exhibition had a record number of over 187,000 visitors at its 40th edition. We believe that the excellent capabilities of Fiera Milano provide the best foundation for the new Business Plan, which aims to take advantage of any opportunity that might materialise in this recovery phase.”

As already communicated to the market, on 28 September 2017, the Milan Court – Prevention Court Independent Section revoked the Administration Order on the stand-fitting segment of Fiera Milano S.p.A., which was imposed on 11 October 2016 with further stipulations made on 27 January 2017.

■ **RESULTS FOR THE FIRST NINE MONTHS OF 2017**

Revenues from sales and services in the first nine months of 2017 totalled **Euro 186.9 million**, an increase compared to the figure of Euro 178.9 million in the same period of 2016. The higher revenues mainly reflected the success of the ERS international congress held in the MiCo Congress Centre and all other services linked to this congress, the different exhibition calendar and also the contribution from new events that included Lamiera, Tempo di Libri Milano and Versilia Yachting Rendez-Vous. This improvement was, in part, offset by lower business volumes in the stand-fitting segment that in 2016 included contracts from outside the exhibition sites and non-recurring activities linked to Expo 2015.

The **gross operating profit** was **Euro 2.7 million** compared to Euro 14.6 million in the first nine months of 2016. The decrease reflects non-recurring costs for restructuring the corporate procedures and the launch costs sustained for new exhibitions and the re-positioning of Bit, as well as the lower standing-fitting volumes.

The **net operating loss** was **Euro 4.5 million** compared to a net operating profit of Euro 5.1 million in the same period of 2016; this figure was affected by the same factors that affected the gross operating profit.

■ **RESULTS FOR THE THIRD QUARTER 2017**

Revenues from sales and services in third quarter 2017 were Euro 45.1 million, an increase compared to the figure of Euro 40.3 million in the third quarter 2016; this was primarily due to the strong performance of the ERS international congress, which more than compensated for the postponement to the next quarter of an important exhibition.

The **gross operating loss** for the period was Euro 10.8 million, compared to a gross operating loss of Euro 6.6 million in third quarter 2016; this deterioration was primarily due to the aforementioned postponement of an exhibition and the lower margins generated by the stand-fitting segment.

The **net operating loss** for the third quarter 2017 was Euro 12.9 million, compared to a net operating loss of Euro 9.1 million in the third quarter 2016; the trend in this figure reflects that of the gross operating loss offset, in part, by lower depreciation and amortisation.

The **losses before tax** were Euro 13.0 million, compared to losses before tax of Euro 9.2 million in the same period of 2016.

The **cash flow before tax**¹ was negative for Euro 10.9 million compared to a negative figure of Euro 6.7 million in the same quarter of the preceding financial year.

¹ Calculated as the result before tax plus depreciation and amortisation, provisions and adjustments to asset values.



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■ RESULTS FOR THE THIRD QUARTER 2017 BY OPERATING SEGMENT

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

- **Revenues**² from **Italian Exhibitions** in third quarter 2017 were Euro 26.0 million (Euro 31.7 million in third quarter 2016). The **gross operating loss** was Euro 10.7 million (a gross operating loss of Euro 6.6 million in the third quarter 2016). The changes in these figures were mainly caused by the aforementioned postponement of an exhibition.
- **Revenues**² from **Foreign Exhibitions** totalled Euro 0.5 million (Euro 1.6 million in third quarter 2016) and this segment had a **gross operating loss** of Euro 0.4 million (Euro 0.2 million in third quarter 2016). The absence of the biennial exhibitions Fesqua and Feitintas in Brazil affected the results.
- **Revenues**² from **Stand-fitting Services** were Euro 6.6 million (Euro 7.7 million in third quarter 2016); the figure reflected the aforementioned postponement of an exhibition and lower business volumes. The **gross operating loss** was Euro 0.5 million (Euro 0.7 million in third quarter 2016) and reflected the trend in revenues and the impact of some non-recurring costs.
- **Revenues**² in the **Media** segment totalled Euro 2.1 million (Euro 2.4 million in third quarter 2016). The lower figure reflected lower revenues from sponsorship and from print and billboard advertising. The **gross operating loss** was Euro 0.06 million and was in line with the figure for the third quarter 2016.
- **Revenues**² from **Congresses** totalled Euro 18.1 million (Euro 5.5 million in third quarter 2016) due to the impact of the ERS congress. **The gross operating profit** was Euro 0.9 million, a significant improvement on the gross operating loss of Euro 0.6 million in the same period of 2016.

During the quarter under review, five exhibitions and six congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**. Net exhibition space occupied totalled 175,850 square metres compared to 214,695 square metres in the same period of the previous financial year and the number of exhibitors fell from 5,260 in the third quarter 2016 to 3,990 in the third quarter 2017.

During the third quarter 2017, three exhibitions were held abroad and the net exhibition space occupied totalled 82,925 square metres (in the third quarter 2016, the figure was 92,635 square metres). The number of exhibitors was 370 (550 in third quarter 2016).

■ NET FINANCIAL POSITION

Net financial debt at 30 September 2017 was Euro 22.3 million compared to Euro 38.3 million at 31 December 2016 (Euro 4.1 million at 30 June 2017). The increase in net debt compared to the figure at 30 June 2017 was due to a decline in cash flow from net working capital caused by the absence of activity in the months of July and August and by the advance payment of the six-monthly rental charge. This was, in part, offset by the cash-in for exhibitions to be held in subsequent months.

² Gross of the elimination of inter-segment transactions.



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■ **BUSINESS OUTLOOK**

The performance in the first nine months of 2017 was positive and in line with expectations. The biennial exhibition Host, the leading professional hospitality exhibition worldwide, which was held after the end of the quarter under review, reached another record with a 24% increase in trade visitors. This figure reflects the generally improving trend.

Despite some extraordinary costs, mainly fees linked to the restructuring of the corporate procedures, and barring any currently unforeseen events or circumstances, the full-year forecast is for a significant year-on-year improvement in the gross operating profit thanks to a more favourable exhibition calendar in the fourth quarter.

The Company remains focused on identifying an optimum corporate strategy that, together with its restructured and strengthened corporate governance, will ensure value creation for all Company stakeholders.

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.

The Consolidated Interim Management Report at 30 September 2017 will be made publicly available today at the Company's operational and administrative offices and will also be available on the Company website www.fieramilano.it under Investor Relations/Financial Reports section and on the eMarket Storage system (www.emarketstorage.com).

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)		3rd Quarter to 30/09/17		3rd Quarter to 30/09/16 restated		9 months to 30/09/17		9 months to 30/09/16 restated	
		%		%		%		%		%
221,041	100	Revenues from sales and services	45,075	100	40,342	100	186,945	100	178,929	100
2,281	1.0	Cost of materials	581	1.3	612	1.5	2,537	1.4	1,901	1.1
121,423	54.9	Cost of services	32,772	72.7	23,780	58.9	110,234	59.0	91,841	51.3
49,837	22.5	Costs for use of third party assets	12,150	27.0	12,452	30.9	37,444	20.0	37,306	20.8
44,101	20.0	Personnel expenses	10,313	22.9	9,906	24.6	33,818	18.1	32,727	18.3
4,222	1.9	Other operating expenses	1,109	2.5	1,326	3.3	3,794	2.0	3,756	2.1
221,864	100.4	Total operating costs	56,925	126.3	48,076	119.2	187,827	100.5	167,531	93.6
3,216	1.5	Other income	603	1.3	784	1.9	1,859	1.0	2,415	1.3
1,259	0.6	Results of equity-accounted companies	442	1.0	388	1.0	1,719	0.9	746	0.4
3,652	1.7	Gross operating result	(10,805)	-24.0	(6,562)	-16.3	2,696	1.4	14,559	8.1
8,398	3.8	Depreciation and amortisation	1,712	3.8	2,160	5.4	5,134	2.7	6,230	3.5
5,477	2.5	Allowance for doubtful accounts and other provisions	376	0.8	313	0.8	2,026	1.1	1,278	0.7
12,771	5.8	Adjustments to asset values	-	-	43	0.1	11	0.0	1,942	1.1
(22,994)	-10.4	Net operating result (EBIT)	(12,893)	-28.6	(9,078)	-22.5	(4,475)	-2.4	5,109	2.9
(985)	-0.4	Financial income/(expenses)	(122)	-0.3	(307)	-0.8	(845)	-0.5	(416)	-0.2
(23,979)	-10.8	Profit/(loss) before income tax from continuing operations	(13,015)	-28.9	(9,385)	-23.3	(5,320)	-2.8	4,693	2.6
(4,151)	-1.9	Profit/(loss) before income tax from discontinued operations	-	-	192	0.5	-	-	(229)	-0.1
(28,130)	-12.7	Profit/(loss) before income tax:	(13,015)	-28.9	(9,193)	-22.8	(5,320)	-2.8	4,464	2.5
(28,051)	-12.7	- attributable to the shareholders of the controlling entity	(13,365)	-29.7	(9,215)	-22.8	(5,449)	-2.9	4,625	2.6
(79)	-0.0	- attributable to non-controlling interests	350	0.8	22	0.1	129	0.1	(161)	-0.1
(1,484)	-0.7	Cash flow before income tax for the Group and non-controlling interests	(10,927)	-24.2	(6,677)	-16.6	1,851	1.0	13,914	7.8

Some figures in the consolidated financial statements at 30 September 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Hakou Worldex finalised on 24 April 2017.



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31/12/16	Reclassified Consolidated Statement of Financial Position (Amounts in €'000)	30/09/17	30/06/17	Change
94,216	Goodwill and intangible assets with an indefinite useful life	94,216	94,216	-
17,777	Intangible assets with a finite useful life	15,927	16,403	(476)
14,511	Tangible fixed assets	14,642	15,104	(462)
34,378	Other non-current assets	33,669	30,971	2,698
160,882	A Non-current assets	158,454	156,694	1,760
5,480	Inventories and contracts in progress	4,027	3,267	760
52,227	Trade and other receivables	71,220	71,793	(573)
57,707	B Current assets	75,247	75,060	187
41,114	Trade payables	52,698	54,635	(1,937)
40,239	Advances	64,549	62,500	2,049
1,605	Tax liabilities	803	2,000	(1,197)
21,276	Provisions for risks and charges and other current liabilities	22,619	26,525	(3,906)
104,234	C Current liabilities	140,669	145,660	(4,991)
(46,527)	D Net working capital (B - C)	(65,422)	(70,600)	5,178
114,355	E Gross capital employed (A + D)	93,032	86,094	6,938
9,302	Employee benefit provisions	9,167	9,093	74
7,107	Provisions for risks and charges and other non-current liabilities	5,069	5,488	(419)
16,409	F Non-current liabilities	14,236	14,581	(345)
97,946	G NET CAPITAL EMPLOYED continuing operations (E - F)	78,796	71,513	7,283
2,049	H NET CAPITAL EMPLOYED assets held for sale	-	-	-
99,995	TOTAL NET CAPITAL EMPLOYED (G + H)	78,796	71,513	7,283
	covered by:			
61,006	Equity attributable to the Group	55,938 *	67,238	(11,300)
673	Non-controlling interests	515 *	161	354
61,679	I Total equity	56,453	67,399	(10,946)
(20,904)	Cash & cash equivalents	(20,294)	(28,062)	7,768
46,284	Current financial (assets)/liabilities	41,217	29,885	11,332
14,150	Non-current financial (assets)/liabilities	1,420	2,291	(871)
39,530	Net financial position from continuing operations	22,343	4,114	18,229
(1,214)	Net financial position from assets held for sale	-	-	-
38,316	L Net financial position (TOTAL)	22,343	4,114	18,229
99,995	EQUITY AND NET FINANCIAL POSITION (I + L)	78,796	71,513	7,283

* includes pre-tax result for the period