



FIERA MILANO

FIERA MILANO: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AS OF 31 MARCH 2019¹

In the first quarter of 2019, the positive performance of the business, in line with expectations and far higher than the 2017 comparable year, significantly offsets the less favourable exhibition calendar of the period

- Revenues of Euro 71.0 million compared to Euro 77.3 million in the first quarter of 2018
- EBITDA of Euro 29.0 million (of which Euro 12.1 million related to IFRS16 impact) compared to Euro 19.7 million in the first quarter of 2018
- EBIT of Euro 17.5 million (of which Euro 2.0 million related to IFRS16 impact) compared to Euro 18.2 million in the first quarter of 2018
- Profit before tax of Euro 14.1 million (of which Euro -1.6 million related to IFRS16 impact) compared to Euro 18.1 million in the first quarter of 2018

EBITDA target confirmed for the 2019 financial year, expected within a range of Euro 84-88 million

Reduction of the rental fee for the Milan exhibition site by a total of Euro 1.5 million a year starting from 1 June 2019

Milan, 8 May 2019. The Board of Directors of Fiera Milano S.p.A. (“Fiera Milano”), meeting today under its Chairperson, Mr Lorenzo Caprio, approved the Consolidated Interim Management Report for the first quarter of 2019.

■ FIRST QUARTER RESULTS

Starting from 1 January 2019, the new **IFRS 16 “Leases” accounting standard** came into force, which sets forth a single model for the recognition of leasing agreements, thereby eliminating the distinction between operating and financial leases. The application of the accounting standard did not result in the restatement of the previous periods used for comparison (*modified retrospective approach*) and in summary establishes:

- in the balance sheet, the recognition of an asset, representing the right-of-use asset (“RoU asset”), and a liability (“lease liability”), representing the obligation to make the payments set forth in the agreement;
- in the income statement, under operating costs, the recognition of amortisation of the right-of-use asset and, in the financial section, the recognition of interest expenses accrued on the lease liability, instead of the operating lease payments recognised under operating costs according to the provisions of the accounting standard in force until 2018.

¹ The economic, equity and financial figures for the first quarter of 2019 reflect the effects of the new IFRS 16 accounting standard on the recognition of leases, mainly related to the rental contracts of the exhibition sites and the congress centre. To allow for a comparison with the first quarter of 2018 not recalculated according to the new standard, the effects of the latter are highlighted in the comment on the influenced individual figures and overall in the statement on page 2.



FIERA MILANO

The effects resulting from the application of the new standard are highlighted in the following table.

	(€'000)			
	1st Quarter 2018	1st Quarter 2019		
		before IFRS 16 adoption	after IFRS 16 adoption	Impact
Costs for use of third party assets	19,704	16,839	28,984	12,145
EBITDA	19,704	16,839	28,984	12,145
Depreciation and amortisation	1,493	1,303	11,460	10,157
EBIT	18,211	15,536	17,524	1,988
Financial income/(expenses)	(134)	76	(3,468)	(3,544)
Profit/(loss) before income tax	18,076	15,612	14,056	(1,556)
Right-of-use assets	-	-	514,800	514,800
Net financial debt/(cash)	(23,662)	(60,146)	453,845	513,991

Revenues from sales and services amounted to Euro 71.0 million compared to Euro 77.3 million in the first quarter of 2018 in relation to the different exhibition calendar, which in 2018 involved the important biennial Mostra Convegno Expocomfort exhibition.

EBITDA was Euro 29.0 million, compared to Euro 19.7 million recorded in the first quarter of 2018. Excluding the effect resulting from the application of the IFRS 16 accounting standard, equal to Euro 12.1 million, the change reflects the positive commercial performance that mostly offset the effects of the less favourable exhibition calendar for the quarter.

The **EBIT** amounted to Euro 17.5 million compared to Euro 18.2 million in the first quarter of 2018 and reflects higher amortisation resulting from the application of the IFRS 16 accounting standard, equal to Euro 10.2 million.

Profit before taxes was Euro 14.1 million compared to Euro 18.1 million in the first quarter of 2018.

● RESULTS BY OPERATING SEGMENT

In the quarter under review, 14 exhibitions were held in the **fieramilano** and **fieramilanocity** exhibition sites, one event was held outside the exhibitions sites and 8 congresses with related exhibition space were held. 478,450 square metres of net exhibition space was occupied compared to 530,315 in the same period of 2018. The number of exhibitors went from 11,060 in first quarter of 2018 to 9,780 in first quarter of 2019. 4 exhibitions were held abroad (unchanged compared to the first quarter of 2018), covering a total of 95,410 net square metres of exhibition space (97,845 net square metres in the first quarter of 2018) with 1,850 exhibitors (1,925 in first quarter of 2018).

Revenues from sales and services, before elimination of inter-segment transactions, totalled Euro 73.4 million compared to Euro 80.2 million in the first quarter of 2018.

- **Italian Exhibitions** generated Revenues of Euro 63.0 million (Euro 69.8 million in the first quarter 2018). EBITDA was Euro 24.6 million (Euro 18.2 million in the first quarter of 2018).



FIERA MILANO

It benefited from the impact relating to the IFRS 16 accounting standard, equal to Euro 11.1 million. EBIT was Euro 14.5 million compared to 17.2 million in the first quarter of 2018).

- **Foreign Exhibitions** had Revenues of Euro 0.8 million compared to Euro 0.9 million in the first quarter of 2018. EBITDA was Euro 2.3 million, showing an increase compared to Euro 1.8 million in the first quarter of 2018, mainly due to the higher result from Joint Venture activities in China. EBIT was Euro 2.2 million (Euro 1.7 million in first quarter 2018).
- **Media** experienced Revenues of Euro 2.7 million compared to Euro 2.9 million in the first quarter of 2018 in relation to the lower billposting for the different exhibition calendar. EBITDA was Euro 0.3 million (0.1 million in first quarter of 2018) and EBIT was Euro 0.2 million (in balance in first quarter of 2018). The improvement is attributable to the optimisation of production for technical publications.
- **Congresses** had Revenues of Euro 6.9 million compared to Euro 6.5 million in the first quarter of 2018 in relation to the more favourable presence of international congresses and conventions. EBITDA was Euro 1.8 million (a negative figure of Euro 0.4 million in the first quarter of 2018). It benefited from the impact relating to the IFRS 16 accounting standard, equal to Euro 1.0 million. EBIT was Euro 0.6 million (a negative figure of Euro 0.7 million in first quarter of 2018).

● **NET FINANCIAL POSITION**

Net cash at 31 March 2019, before the IFRS 16 effects, was Euro 60.1 million compared to Euro 23.7 million at 31 December 2018. The increase mainly reflected the positive operating cash flow generated in the period under review and advance payments for the exhibition calendar that, in coming months, includes some important exhibitions.

The net financial debt including the IFRS 16 lease liability amounted to Euro 453.8 million.

● **BUSINESS OUTLOOK**

The positive performance of operations, also supported by the results of the exhibitions held in Italy after the end of the quarter, made it possible to confirm the EBITDA target in the range of Euro 84-88 million for the whole 2019.

■ **REDUCTION OF THE RENTAL FEE FOR THE MILAN EXHIBITION SITE**

Fiera Milano also announces that on today's date, with the controlling shareholder Ente Autonomo Fiera Internazionale di Milano ("**Fiera Milano Foundation**") - holder of a stake equal to 63.821% in the share capital of Fiera Milano - it entered into an agreement containing certain changes to the existing lease agreement between the same parties, respectively as lessee and lessor concerning the Milan exhibition site (better known as the fieramilanocity site).

The amendment to the lease agreement - qualifying as a Transaction of Greater Importance pursuant to the Procedure on Transactions with Related Parties adopted by Fiera Milano ("**Related Parties Procedure**") and Consob Regulation 17221/2010 - was disclosed to the public through the publication of a press release on 14 March 2014 and publication of an information document on 21 March 2014.

The amendment agreement agreed with the Fiera Milano Foundation, effective from 1 June 2019, establishes: (a) **a reduction for a total amount of Euro 1.5 million per year on the**



FIERA MILANO

current rental fee of Euro 2.9 million per year, as well as (b) the exclusion of certain areas of the Milan exhibition site mainly used for parking. In view of the aforementioned reduction in the rental fee, starting from 1 June 2019, Fiera Milano will pay to the Fiera Milano Foundation, in four quarterly instalments in advance, an annual rental fee of Euro 1.4 million, indexed according to 100% of the change in the ISTAT index.

The amendment of the lease agreement as set forth above was considered advantageous for Fiera Milano mainly due to a reason of a financial nature, which is the significant reduction in the rental fee granted to Fiera Milano; the exclusion of certain areas from the lease is also in the interest of Fiera Milano as these are areas that have been of marginal importance in terms of use over time.

From the perspective of economic and financial effects, it is noted that this amendment of the lease agreement may lead to an economic and financial benefit deriving precisely from the reduction in the rental fee. No specific effects of an equity-related nature have been detected, also considering the fact that the excluded areas were held by Fiera Milano under lease.

The amendment of the lease agreement as set forth above constitutes a substantial amendment of a Transaction of Greater Importance between related parties. Therefore, the transaction was approved on today's date - pursuant to Article 9.1 of the Related Parties Procedure - by the Company's Board of Directors, after obtaining the favourable reasoned opinion of the Control and Risks Committee on 7 May 2019. In accordance with the law, an Information Document drafted pursuant to Article 10.2 of the Related Parties Procedure and Consob Regulation no. 17221/2010 will also be filed and made available to the public at the registered office and the operational and administrative headquarters of Fiera Milano, on the website and through the authorised storage system. With particular regard to the aforementioned procedure, note that Fiera Milano is a small-sized listed company and, as such, it benefits from the waiver granted pursuant to Art. 10, paragraph 1, of Consob Regulation 17221/2010.

It is noted that, during negotiations with the Fiera Milano Foundation, the Company granted to the independent expert, Jones Lang LaSalle S.p.A., the task of evaluating the criteria for reducing the current rental fee and, consequently, for determining the new rental fee to be included in the amendment agreement, also considering the state of maintenance and use of the Milan exhibition site. In its opinion - which will be attached to the Information Document mentioned above - Jones Lang LaSalle S.p.A. identified as between Euro 1,490,000.00 per year and Euro 1,190,000.00 per year (with an average figure of Euro 1,340,000.00 per year) the amount of sustainable rent to be applied to the Milan exhibition site; among other things, this is in consideration of final past and prospective data as well as the state of maintenance and use of the aforementioned site, with the aim of obtaining a balanced economic performance in terms of EBITDA.

The Consolidated Interim Management Report at 31 March 2019 will be made publicly available today at the operational and administrative offices of the Company and may be consulted on the eMarket Storage system www.emarketstorage.com and in the Investor Relations/ Financial Reports section of the Company website www.fieramilano.it.



FIERA MILANO

The Manager responsible for preparing the Company's financial statements, Mr Marco Pacini, 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.

CONFERENCE CALL

There will be a conference call at 17:00 (CET) today, Wednesday 8 May, during which the management of Fiera Milano will present the third quarter 2018 consolidated results. To take part in the conference call, please call:

+39 02 805 88 11 (Italy)

+44 1 212818003 (UK)

+ 1 718 7058794 (USA)

The presentation may be downloaded prior to the start of the conference call from the section Investor Relations/Presentations on the Fiera Milano website, www.fieramilano.it.

This press release 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. The levels of Group activity reflect the frequency/seasonality of exhibitions. Therefore, the operating results and changes in the net financial position cannot be extrapolated to calculate a precise forecast of the results expected for the year.

Fiera Milano

Fiera Milano is the domestic market leader and one of the main integrated operators worldwide in the exhibition and congress sector. The Group manages the leading exhibition site in Italy and dominates events in numerous manufacturing sectors: fashion, publishing, furniture and furnishings, home and lifestyle, mechanical tooling industry, tourism, professional hospitality, food, plant engineering and energy, construction, art, and sailing. Specifically, the business of the Group is focused on the management, organisation and hosting of exhibitions and other events through ensuring the availability of equipped exhibition space, project support and related services. Its offer is completed by engineering services, stand-fitting services - for both pre-fabricated and customised stands - stand-fitting technical and logistic services, as well as a multichannel platform that includes specialist publications, web content and congresses.

Fiera Milano has been listed in the STAR segment of the Mercato Telematico Azionario of the Italian stock market since 2002.

For further information:

Investor Relations Fiera Milano S.p.A.
Gianna La Rana
Tel +39 0249977816
gianna.larana@fieramilano.it
www.fieramilano.it

Press Office Fiera Milano S.p.A.
Marina Tamagnini
Tel +39 0249977812
marina.tamagnini@fieramilano.it
www.fieramilano.it

Image Building
Giuliana Paoletti, Simona Raffaelli
Tel +39 02 89011300
fieramilano@imagebuilding.it

Attachments (not subject to legal audit):
Consolidated Income Statement
Reclassified Consolidated Statement of Financial Position



FIERA MILANO

Full year to 31/12/18		Consolidated Income Statement (Amounts in €'000)		1st Quarter to 31/03/19	1st Quarter to 31/03/18
	%			%	%
247,217	100	Revenues from sales and services		70,997	100
2,410	1.0	Cost of materials		638	0.9
114,052	46.1	Cost of services		29,723	41.9
50,343	20.4	Costs for use of third party assets		208	0.3
47,037	19.0	Personnel expenses		12,783	18.0
4,525	1.8	Other operating expenses		1,305	1.8
218,367	88.3	Total operating costs		44,657	62.9
2,806	1.1	Other income		544	0.8
5,170	2.1	Results of equity-accounted companies		2,287	3.2
4,963	2.0	Allowance for doubtful accounts and other provisions		187	0.3
31,863	12.9	EBITDA		28,984	40.8
5,871	2.4	Depreciation and amortisation		11,460	16.1
917	0.4	Adjustments to asset values		-	-
25,075	10.1	EBIT		17,524	24.7
(123)	-0.0	Financial income/(expenses)		(3,468)	-4.9
(29)	-1.2	Valuation of financial assets		-	-
24,923	10.1	Profit/(loss) before income tax from continuing operations		14,056	19.8
-	-	Profit/(loss) before income tax from discontinued operations		-	-
24,923	10.1	Profit/(loss) before income tax		14,056	19.8
25,239	10.2	- attributable to the shareholders of the controlling entity		14,068	19.8
(316)	-0.1	- attributable to non-controlling interests		(12)	-0.0



FIERA MILANO

Reclassified Consolidated Statement of Financial Position			
(Amounts in €'000)			
	31/03/19	31/12/18	Change
Goodwill	94,127	94,127	-
Intangible assets with a finite useful life	10,495	10,791	(296)
Right-of-use assets	514,800	-	514,800
Tangible fixed assets	10,367	10,812	(445)
Other non-current assets	35,069	32,647	2,422
A Non-current assets	664,858	148,377	516,481
Inventories and contracts in progress	4,836	3,481	1,355
Trade and other receivables	51,759	45,136	6,623
Other current assets	-	-	-
B Current assets	56,595	48,617	7,978
Trade payables	42,183	38,548	3,635
Advances	66,471	49,659	16,812
Tax liabilities	281	2,229	(1,948)
Provisions for risks and charges and other current liabilities	45,265	31,258	14,007
C Current liabilities	154,200	121,694	32,506
D Net working capital (B - C)	(97,605)	(73,077)	(24,528)
E Gross capital employed (A + D)	567,253	75,300	491,953
Employee benefit provisions	8,858	8,958	(100)
Provisions for risks and charges and other non-current liabilities	7,909	7,909	-
F Non-current liabilities	16,767	16,867	(100)
G NET CAPITAL EMPLOYED continuing operations (E - F)	550,486	58,433	492,053
H NET CAPITAL EMPLOYED assets held for sale	-	-	-
TOTAL NET CAPITAL EMPLOYED (G + H)	550,486	58,433	492,053
covered by:			
Equity attributable to the Group	96,592 (*)	82,034	14,558
Non-controlling interests	49 (*)	61	(12)
I Total equity	96,641	82,095	14,546
Cash & cash equivalents	(61,093)	(28,409)	(32,684)
Current financial (assets)/liabilities	35,280	4,797	30,483
Non-current financial (assets)/liabilities	479,658	(50)	479,708
Net financial debt/(cash) continuing operations	453,845	(23,662)	477,507
Net financial debt/(cash) assets held for sale	-	-	-
L Net financial debt/(cash)	453,845	(23,662)	477,507
EQUITY AND NET FINANCIAL POSITION (I + L)	550,486	58,433	492,053

(*) includes pre-tax result for the period