

## Full Company Report

Reason: Fundamental report with strategy

19 February 2020

### Buy

from Accumulate

Share price: EUR 4.95

closing price as of 18/02/2020

Target price: EUR 6.80

from Target Price: EUR 5.20

Upside/Downside Potential 37.4%

Reuters/Bloomberg

FIMI.MI/FM IM

Market capitalisation (EURm) 356

Current N° of shares (m) 72

Free float 28%

Daily avg. no. trad. sh. 12 mth 300

Daily avg. trad. vol. 12 mth (m) 2,101.06

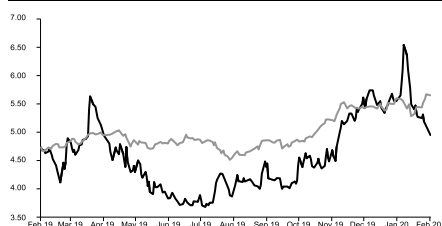
Price high/low 12 months 6.54 / 3.68

Abs Perfs 1/3/12 mths (%) -10.81/5.77/4.65

Key financials (EUR)	12/18	12/19e	12/20e
Sales (m)	247	279	252
EBITDA (m)	32	53	31
EBITDA margin	12.9%	19.1%	12.2%
EBIT (m)	25	47	25
EBIT margin	10.1%	16.9%	9.9%
Net Profit (adj.)(m)	19	35	19
ROCE	48.6%	179.7%	67.2%
Net debt/(cash) (m)	(24)	(69)	(72)
Net Debt Equity	-0.3	-0.7	-0.7
Net Debt/EBITDA	-0.7	-1.3	-2.3
Int. cover(EBITDA/Fin.int)	19.5	259.0	(115.4)
EV/Sales	0.8	1.1	1.1
EV/EBITDA	6.4	6.0	9.1
EV/EBITDA (adj.)	6.4	6.0	9.1
EV/EBIT	8.1	6.8	11.3
P/E (adj.)	12.7	11.3	19.1
P/BV	2.9	3.8	3.3
OpFCF yield	8.1%	13.7%	3.1%
Dividend yield	0.0%	2.6%	2.6%
EPS (adj.)	0.26	0.48	0.26
BVPS	1.14	1.44	1.52
DPS	0.00	0.13	0.13

### Shareholders

Ente Autonomo Fiera 64%; Camera di Commercio, Industria, Artigianato e Agricoltura di Milano 7%; Treasury shares 1.31%;



Source: FactSet

— FIERA MILANO — FTSE Italy STAR (Rebased)

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## A “new Fi-era” celebrating 100 years

Fiera Milano is reaping the fruits of a successful turnaround. Following a revision of the corporate governance, a management reshuffle, a new organisation model and additional operating efficiencies, the relaunch is gaining momentum, as witnessed by the sizable improvements in the financial performances since 2017 and the upwards revision of the targets in the 2018-2022 Strategic Plan. We expect the company to continue this growth path. It is realistic to think that having built an “efficient cash machine” (according to our assumptions FMG can generate more than EUR 140m OpFCF over the 2019-2022 timeframe and is expected to reach a net cash position of EUR ~125m in 2022 excluding IFRS 16), the management can now focus on supporting organic growth through some M&As, also to leverage a suboptimal capital structure (KE = WACC ex IFRS 16). Our DCF-based valuation points to a Fair Value of EUR 7.30 per share. However, the major short-term risk is seen as uncertainty in the world outlook, a possible consequence of the Coronavirus. As such, we prefer to take a more cautious view on the stock: we have set a Target Price of EUR 6.8 (vs EUR 5.2); the potential upside of 37% guides for a Buy Recommendation (vs Accumulate).

- ✓ **“New Fiera” versus “Old Fiera”.** To understand the equity story better we have drawn a virtual line in the history of this 100-year old company. Indeed, we believe the new Fiera is significantly different from the company we knew in the past, and the recent results seem to confirm our view.
- ✓ **Phase one (industrial/financial crisis and judicial administration).** The combined effects of external factors (economic crisis affecting both the Italian economy and the global exhibition industry) and internal factors (cost inefficiencies, difficulties to properly execute the diversification strategy and the Nolostand issue), heavily penalised the company’s financial and the market performances since 2008/2009 and forced it to seek recapitalisation in FY 2015.
- ✓ **Phase two (capital increase, governance revision, new management team, further efficiencies).** The turnaround of the group started in 2015 with a EUR 67m capital increase. The revision of the corporate governance and the change in management closed the judicial administration and allowed the management to focus on relaunching the company. Additional cost efficiency measures were implemented immediately, along with a strong managerial reshuffle, while a new organisation model was adopted in order to create a more integrated group, favour interaction and extract all potential synergies among its divisions. All these aspects are creating the right premises for further business expansion and an improved competitive position, which we believe will also be boosted by important acquisitions in a fragmented industry.
- ✓ **FY 2019 results.** After a very good FY 2018, we expect FMG to close FY 2019 with excellent results: EBITDA of EUR 53.4m (EUR 101.4m with IFRS 16), net profit of around EUR 35m (EUR 30.5m with IFRS 16) and a net cash position of around EUR 69m (net debt of EUR 404m with IFRS 16).
- ✓ **Our equity story is based on the following catalysts:** a) best in class exhibition sites and infrastructures; b) excellent execution of the business plan (well ahead of schedule); c) strong financial support of a wealthy and committed main shareholder (Fondazione Fiera Milano), d) structurally lower break-even point, e) profitable business model, implying high cash generation, f) increasing trend of exhibitors and visitors to go to sector Tier1 events; g) high financial flexibility with the opportunity to support the organic growth through M&A deals, h) optimisation of a sub-optimal capital structure (WACC = KE; excluding IFRS 16) and payment of higher dividends.



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## Investment Case

### The Italian leader in the exhibition market thanks to...

Fiera Milano Group (“FMG”) is the Italian leader and one of the major world players in the exhibition markets, with a specific focus on trade fairs and conventions. Fiera Milano, firstly as Ente Autonomo Fiera Milano and then as Fiera Milano S.p.A., has been organising and hosting shows and international events and fairs in Milan and around the world since 1920 (this year is the 100<sup>th</sup> anniversary). The group expansion, especially since the 2000s, has been driven first by its listing (in 2002) and then by some acquisitions and strategic partnerships, which have also enabled the group to diversify its activities, both services and geographic exposure, on the back of a steady internalisation process.

### ...an integrated offer, an unparalleled ecosystem and...

The exhibition portfolio is wide, well diversified and resilient (most Italian exhibitors are strongly export-oriented). It covers the main domestic sectors with a focus on those that symbolise the “Made in Italy”. The event activities are complemented by a wide range of services (engineering and construction services, technical set-up and logistics, hospitality and media services) and are supported by the investments and the ancillary activities (research facilities, historical archive and academy) provided by its major shareholder, Fondazione Fiera Milano which, altogether, create an unparalleled integrated ecosystem.

### ...controlled by a committed wealthy shareholder...

FMG is 64% controlled by Fondazione Fiera Milano (the owner of the two trade-fair sites), whose main goal is to increase the value, the competitiveness and the positioning of FMG in Italy and abroad and whose investments are tied to FMG’s strategic plan. In the last few years, the Foundation has been providing a fundamental contribution to FMG’s relaunch, firstly by stumping up more than EUR 44m for FMG’s capital increase in 2015 and secondly by approving a EUR 120m investment plan over the 2017-2022 period. These investments are crucial in an environment where an improved customer experience, a best-in-class technological and eco-compatibly infrastructure are customers’ key parameters of choice (exhibitors and visitors alike), as well as critical competitive parameters.

### Coming out of a severe crisis

The combined effects of external factors (economic crisis affecting both the Italian economy and the global exhibition industry) and internal factors (inefficiency, difficulties in executing the diversification strategy and the Nolostand issue, which culminated in the start of criminal proceedings by the Milan Public Prosecutor regarding the company’s contractual relations with a supplier involved in money laundering), heavily penalised the company’s financial and market performances in the last few years, and forced the company to recapitalise in FY 2015, revise corporate governance and radical reshuffle management.

### The turnaround has been supported by a capital injection, strengthened corporate governance and a new management team and...

The group’s financial and industrial turnaround started in 2015 with a EUR 67m capital increase. The Foundation played a crucial role in the successful recapitalisation by investing EUR 44m (it fully subscribed its option rights). The revision of the corporate governance was a consequence of the judicial administration that initially applied to the subsidiary Nolostand and then extended to the parent company’s entire stand-fitting business. Between July 2016 and September 2017, the board was supported by a court-appointed administrator. A few months after the board and the top management were renewed (April 2017), the judicial administration procedure was closed and the management was able to fully focus on the company’s relaunch.

### ...it has been accelerated by a new managerial approach and effective execution of the business plan (2018-2022)

The new top management (coming from FCA Group) accelerated the company’s relaunch by strengthening and partially adjusting the actions planned by their predecessors. Additional efficiency measures were immediately implemented (also to simplify the group structure by reducing the legal entities) and the management was reshuffled (involving many first and

second lines). A new organisation model was adopted to create a more integrated group that could favour interaction and extract all potential synergies among its divisions. The application of a new remuneration policy, based more on meritocracy and goal achievements, was another sign of the cut-off from the past and a cultural change. The commercial approach has been revised to enhance sales efficacy by privileging the “culture of service” and cross-selling initiatives. The sales incentive scheme has been adjusted to focus on overall group profitability instead of its client portfolio.

#### The relaunch is gaining momentum quarter by quarter

The new management team’s commitment to a successful relaunch of the group was confirmed by the presentation of a Strategic Plan (2018-2022). Favorable market environment and a strong focus on execution and efficiency (more than EUR 20m cost efficiencies have been obtained so far) led the company to beat the targets. The management revised upwards the financial guidance for five times in a row.

#### We expect the company to report excellent FY 2019 results and to continue its growth path on a stand-alone basis, but...

After a very good FY 2018, we expect FMG to close FY 2019 with excellent results: EBITDA of EUR 53.4m (EUR 101.4m with IFRS 16), net profit of around EUR 35m (EUR 30.5m with IFRS 16) and a net cash position of around EUR 69m (net debt of EUR 404m with IFRS 16). We expect FMG to report improving results in the years to come and the management revise up the targets set in the Strategic Plan also for FY 2020-2022. We believe past performances are hardly representative of future results due to a structurally more efficient cost base (thus reduced operating leverage) and the potential for business expansion (both in Italy and abroad). However, our projections do not take into account any negative effect on the business coming from the Coronavirus.

#### ...be ready to play the M&A game in a challenging and fragmented market

It is realistic to think that having built an “efficient cash machine” (according to our assumptions FMG can generate more than EUR 140m of OpFCF over the 2019-2022 timeframe and is expected to reach a net cash position of EUR ~125m in 2022, excluding IFRS 16), the management can now focus on supporting organic growth through some M&As, also to leverage a suboptimal capital structure ( $KE = WACC$ ), without taking into account the effects of the IFRS 16 accounting principles. The exhibition market is highly fragmented and extremely competitive due also to the growing presence of private equity funds. However, the increased importance of the “one-stop-shop concept”, the lower attractiveness of smaller exhibitions, the huge investments in digitalisation/technological upgrades, capacity expansion, site accessibility/infrastructure development and in internalisation are accelerating market consolidation. This scenario might create a natural selection and is the ideal environment for the healthiest and most integrated players like FMG to gain market share by attracting new customers and act as a market consolidator. In that regard, we see opportunities in Italy where the company could target other districts and/or stand-fitting providers, while abroad the acquisition of exhibition organisers seems one of the best paths to growth. The high cash generation also gives room to increase dividends and implement buy-back plans.

#### Main risks

Uncertainty in the world outlook, a possible consequence of the Coronavirus. FMG operates in the exhibition market, which has always been bound to the performance of the underlying economy (with a time lag of 6-12 months). Therefore, a new economic crisis could increase the risk of a reduction in the life cycle of exhibitions, leading to potential cancellations and negatively impacting the number of exhibitors and visitors.

## SWOT Analysis

### Strengths

- Undisputed market leadership in Italy and a leading positioning in the world.
- Unique business model: the two exhibition sites belong to Fondazione Fiera Milano (which bears the extraordinary maintenance costs) and are rented to Fiera Milano (which bears only the ordinary maintenance costs).
- Controlled by a wealthy and committed main shareholder (Fondazione Fiera Milano) whose main goal is to increase the value, the competitiveness and the positioning of the group in Italy and abroad and whose investments are tied to Fiera Milano's strategic plan.
- Attractive exhibition portfolio: a) almost entirely B2B, with high exposure to attractive sectors (the most representative of the "Italian style"); b) good sector diversification, which reduces dependence on the macroeconomic cycle; c) exhibitors are export-oriented; therefore less dependent on the domestic economy and more reluctant to cut their communication/marketing expenses.
- Predominant exposure to one of the richest European regions (Lombardy).
- Consolidated relationships with third party organisers, which guarantee high visibility on revenues.
- Solid balance sheet (net cash position ex IFRS 16) and profitable business model (the cost base has been structurally reduced by more than EUR 20m, so far).
- Low capex requirements (all investments on the sites are made by the owner Fondazione Fiera Milano) and strong cash generation.
- Favourable cash management cycle. Significant advance payments provided by organisers lead to a structurally negative NWC and to reduced credit risk.
- High financial flexibility: the net cash position gives multi-options: M&A, dividend increase, buy-back, etc.
- Strengthened corporate governance, and new group organisation.
- Committed new management team with excellent leadership skills and execution capacity (well ahead of schedule in relaunching the group).

### Weakness

- The exhibition industry is cyclical as it is tightly bound to the performance of the underlying economy with a time lag of 6-12 months.
- Domestic players are strongly exposed to the state of the Italian economy.
- The calendar of biennial and multi-year exhibitions creates fluctuations in annual and quarterly revenues: "even" years are historically weaker than "odd" years.
- The conference business is less predictable (only ¼ of these events can be considered as recurring).
- Owing to the sheer size of the site, not all the exhibition spaces are always fully occupied.

### Opportunities

- Milan's growing appeal compared to other international cities.
- The relevant investment plan financed by the Foundation (EUR 120m in 2017-2022), will further enhance the attractiveness of the Fiera Milano site. The digitalisation of the Rho

district is a crucial factor in enhancing the customer experience.

- The organic growth could be supported by some M&As (primarily services and/or districts in Italy, trade-show organisers abroad).
- Further value creation by leveraging the capital structure (currently WACC = KE without the impact of the IFRS 16 accounting principle).
- High potential business improvements from stand-fitting services, gaining market share through a more complete offer thanks to the strategic alliance with Allestitimenti Benfenati.
- Successful development of the foreign activities.
- Another major trend is the increasing tendency of exhibitors and visitors to go to sector Tier1 events, which are showing increasing visibility and resilience and will speed up the market consolidation through M&As, while Tier 2/Tier 3 and smaller exhibitions are losing their appeal. Lastly, a growing portion of business will be generated outside the domestic markets (with major players adopting geo-cloning strategies).

### Threats

- A new economic crisis or pandemic increases the risk of a reduction in the life cycle of exhibitions and potential cancellations and could negatively impact the number of exhibitors and visitors.
- Increased competition amongst exhibition venues, especially at a global level where FMG also competes against larger and stronger players.
- The return to protectionist policies could lead to a reduction in world trade.
- Other players playing the M&A game better.
- Increase in the site rents by the Foundation at the end of the contract (2032).



## Recent market performance

FMG's shares have been trading on the STAR segment of the Milan stock exchange since 2002. The stock was temporary removed from the STAR segment, during the judicial administration period, but continued to be traded on the MTA market (until the end of April 2018).

When we analyse the company's market performance over the last 5 years we can clearly see that investors started to bet on FMG's turnaround from the end of 2017 when the judicial administration procedure was closed, the corporate governance reinforced and a new management team joined the group. The relaunch of the company well ahead of scheduled (with the EBITDA targets regularly beaten and revised upwards) has been giving a further boost to the stock price. In the last few weeks the stock has retraced due to the fear of a global Coronavirus pandemic.

### FMG: market price performance over the last 5 years



Source: Bloomberg

## Company Overview

### Company description

FMG is the Italian leader and one of the major world players in the exhibitions market, with a specific focus on trade fairs and congresses/conventions, by way of a comprehensive commercial proposition covering all the value chain: from providing exhibition spaces and services to third party organisers, to organising its own trade fairs both in Italy and abroad. The event activities are complemented by a wide range of specialised services (engineering and construction services, technical set-up and logistics, hospitality and media services) and are supported by the investments and the ancillary activities (research facilities, historical archive and academy) provided by its major shareholder, the Fondazione Fiera Milano, which create an unparalleled integrated ecosystem and an effective instrument of industrial policy thanks to the positive direct and indirect externalities that can be activated (with overall value creation estimated at around EUR 8.1bn - of which ~65% in Lombardy - in 2017).

Fiera Milano, firstly as Ente Autonomo Fiera Milano and then as Fiera Milano S.p.A., has been organising and hosting shows and international events and fairs in Milan and around the world since 1920 (this year is the 100<sup>th</sup> anniversary). The group expansion has been accelerating, especially since the 2000s, first by the listing and then by some acquisitions and strategic partnerships, which have also enabled the group to diversify its activities, both services and geographic exposure, on the back of a steady internalisation process. More recently, thanks also to a strengthened corporate governance and a new management team, the financial performances have improved steadily, driven by a substantial increase in profitability, though the top line has been experiencing modest growth rates. These results have been significantly higher than those of the previous years and well ahead of the targets in the 2018-2022 Strategic Plan.

The company's activities may be grouped into the following three macro-categories: a) exhibitions; b) congresses; c) ancillary services. Overall, the company organises, on average, 160 congresses/year and 80 exhibitions/year, hosting more than 35k exhibitors and about 4m visitors.

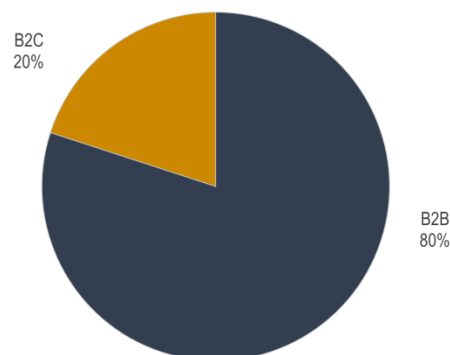
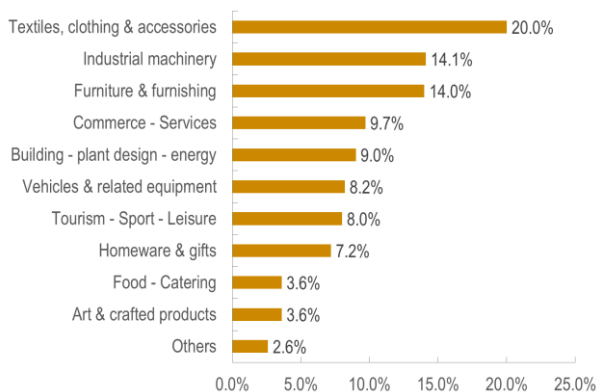
The group manages 2 exhibition sites in Milan (fieramilano in Rho, near Milan, and fieramilanocity in Milan) with an overall capacity of close to 400,000 sqm and 2 congress centres (MiCo and Stella Polare) and on business centre (Montecitorio Meeting Centre). Outside Italy, the company operates in China, India, Brazil and South Africa.

FMG is controlled by Fondazione Fiera Milano (which owns the two trade-fair sites) through a 64% stake and it has been listed on the Italian stock exchange since 2002. Its shares are traded on the STAR segment of the Milan stock exchange.

The high number and well diversified portfolio of exhibitions, primarily B2B (~80%), means the company is not dependent on any specific sector, while the product mix shows a strong exposure to the exhibition business (~80%, of which 77% is generated in Italy) over the congress activity (~15%) and the media one (5%).

### Italian Exhibitions: sector breakdown (FY 2016-2018)

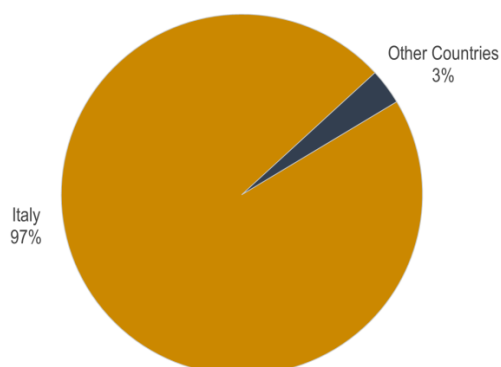
### B2B vs B2C exhibitions (FY 2018)



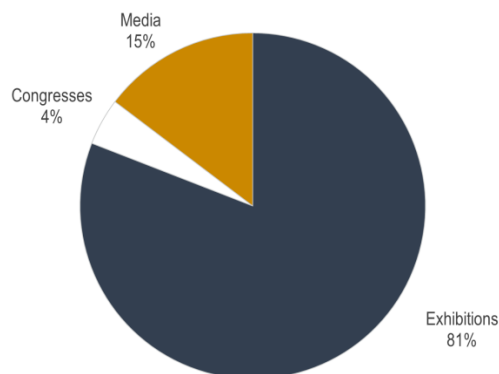
Source: Banca Akros on Company data



**Revenues: geographic breakdown (FY 2018)**

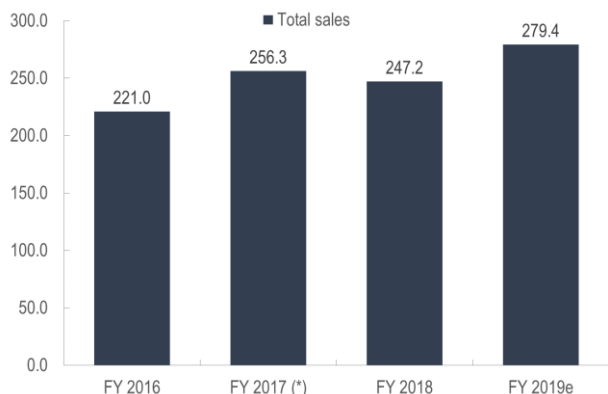


**Revenues: Operating segment breakdown (FY 2018)**

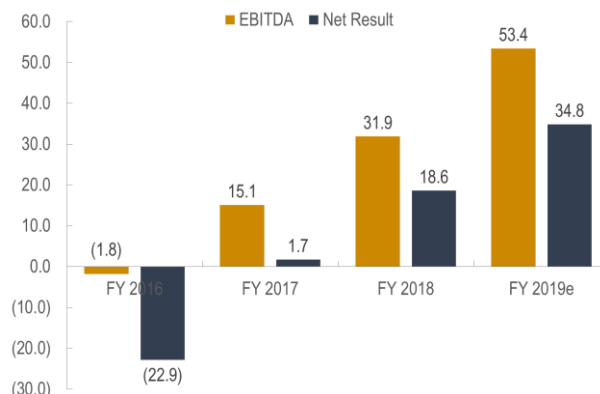


Source: Banca Akros on Company data

**Revenues (FY 2016-2019e)**



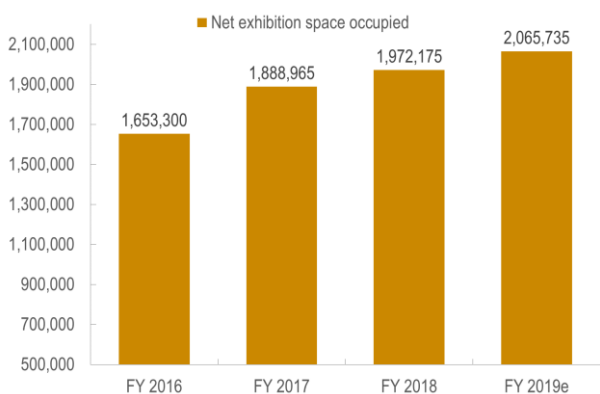
**EBITDA (\*) & Net Result (FY 2016-2019e)**



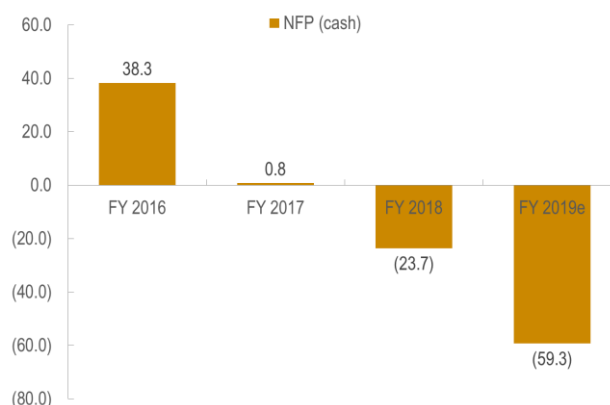
Source: Company data and Banca Akros estimates (\*) restated

(\*) excluding IFRS 16

**Net exhibition space occupied (sqm) (FY 2016-2019e)**



**Net Financial Position (\*): recent trend (FY 2016-2019e)**



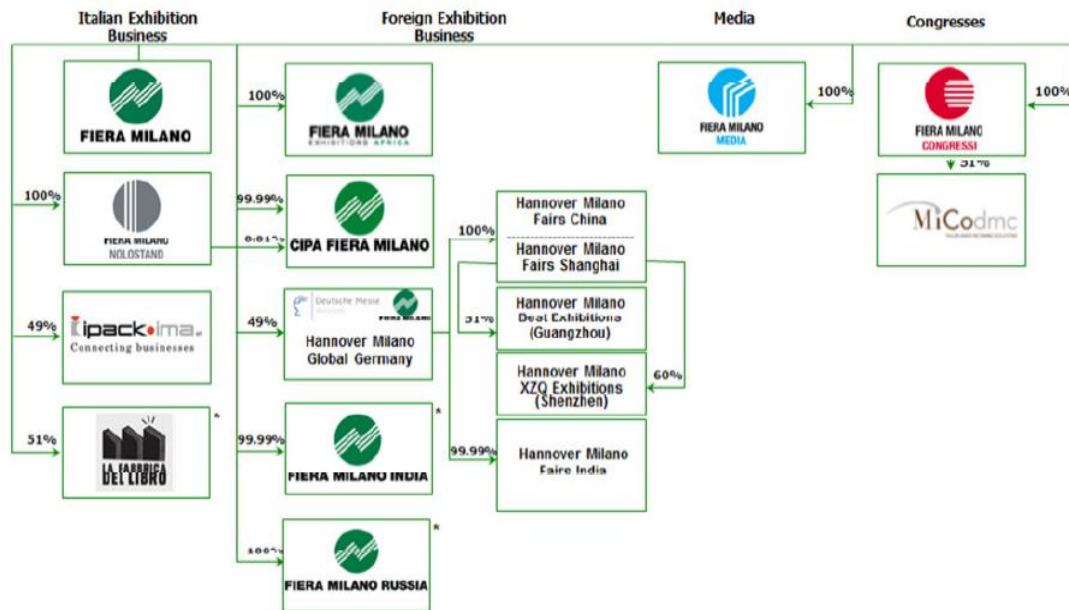
Source: Company data and Banca Akros estimates

(\*) excluding IFRS 16

### Group structure and international presence

FMG is headquartered in Rho (Milan), the new Fiera Milano district that was built in 2005 with a total investment of around EUR 750m, fully sustained by the Foundation. The group counts four business lines: Italian Exhibitions Business (currently also includes the stand-fitting operations that previously operated as an autonomous unit), Foreign Exhibitions Business, Media and Congresses.

### FMG: group structure



Source: Company Interim Report at 30.09.2019 (\*) Company in liquidation

As far as the group’s international exposure is concerned, it has been expanding mainly since 2008, when it signed a strategic JV with Deutsche Messe (the owner of the Hannover Trade fair) to jointly develop their respective businesses in China and in India.

FMG operates directly and in partnership with international and local partners, predominantly in fast-growing countries such as Brazil, China, India and South Africa, managing approximately 30 events/year, primarily in Brazil and China.

The income from the foreign business to FMG’s total figures is apparently rather modest (less than 5% of the group’s turnover). However, it practically only reflects the business of the Brazilian and the South African operations while the business generated in China (more than EUR 20m for FMG) through the joint venture with Deutsche Messe is accounted for using the equity method.

After the measures the company implemented over the last few years to optimise the international organisation (exit from some marginal countries), the new management team is further consolidating the work by carrying out a restructuring plan in Brazil which also implies a managerial reshuffle (a new CEO has been appointed) and rationalising the South African operations. The expansion of the foreign business is one of the key pillars of the current business plan, with a specific focus on exporting the top own-brand exhibitions (HOST, Tuttofood, HOMI).

Brazil	China
FMG organises 9 professional exhibitions. These shows cover numerous sectors, including industrial factories, rehabilitation technologies, construction, environment and energy, safety and security, fire protection.	Via the Hannover Milano Fairs China and Hannover Milano Fairs Shanghai companies, that head up the joint venture established with Deutsche Messe AG, Fiera Milano organises more than 20 trade shows spanning various production sectors including instrumental mechanics, automation, automotive, construction, industrial handling, packaging, tourism, environment and energy.
India	South Africa
Thanks to a joint venture with Deutsche Messe AG and Hannover Milano Fairs India, Fiera Milano carries out exhibitor and buyer scouting activities in India.	Fiera Milano organises the most important contemporary art show in Africa, ICTAF (Investec Cape Town Art Fair). This show is organised via the FMEA subsidiary (Fiera Milano Exhibition Africa).

Source: Company website

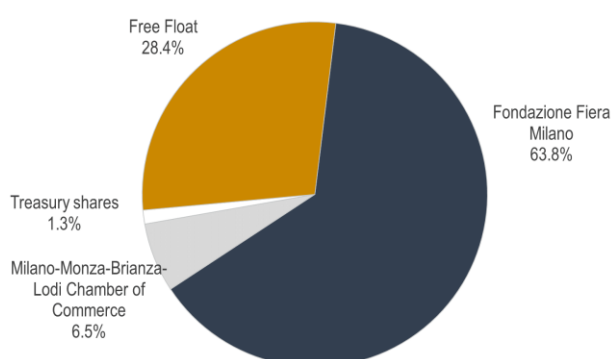
### Shareholder structure

FMG's share capital is divided into 71,917,829 shares with no nominal value. The company is controlled by Ente Autonomo Fiera Internazionale di Milano (Fondazione Fiera Milano), which has a 63.8% stake. The Foundation was set up in 2000 as a non-profit, private law foundation with the aim to support, promote and expand the organisation of exhibitions and events both in Italy and abroad. Furthermore, through its institutional relationships, investment plans and support services (it also manages a Research Department, an Academy and Historical Archives) it drives the development of the local areas by fostering social, cultural and economic growth.

The second main shareholder is the Milano-Monza-Brianza-Lodi Chamber of Commerce with a 6.5% stake while the free float is in the region of 28%.

The company owns ~1.3% of the share capital through treasury shares and has approved an 18-month buy-back plan for up to 10% of the share capital (not yet implemented).

### FMG: Shareholder structure



Source: Company report

## Corporate governance and board composition

FMG's corporate governance has been greatly strengthened, following the judicial administration period (2016-2017). The Board of Directors (BoD) was almost totally reshuffled in 2017, new procedures for contracts and procurement management were adopted and the control structures reinforced. The company has also approved a "succession plan" in order to ensure the fast replacement of the executive directors in the event they lose their positions before the natural termination of their mandate.

The BoD is currently composed of 9 members (5 male and 4 female), 6 of whom are independent and all with different competences and professional experiences. Apart from the CEO, all the other board members are non-executive directors, with no management responsibility. The top management, on the other hand, consists of Fabrizio Curci (CEO) and Marco Pacini (CFO). Both managers come from FCA Group and joined FMG in 2017.

More specifically, **Fabrizio Curci** was appointed FMG's CEO and General Manager on 1 September 2017. He graduated in Economics with a specialisation in marketing. At FCA he headed the EMEA after sales business unit and was responsible for the international launch of the Alfa Romeo brand and for brand operations in Europe, the Middle East and Africa. Prior to joining FCA he worked for Olivetti-Tecnost and Fiamm. **Marco Pacini** joined the company in November 2017. He graduated in Economics and has over twenty years of experience in administration, finance and control. Before joining FMG he held several position in FCA Group.

### Comer: Board Members

Board	Position	Gender	Executive	Independent
Lorenzo Caprio	Chairman	Male	NO	NO
Fabrizio Curci	CEO and GM	Male	YES	NO
Alberto Baldan	Director	Male	NO	YES
Stefania Chiaruttini	Director	Female	NO	YES
Giampietro Corbari	Director	Male	NO	YES
Francesca Golfetto	Director	Female	NO	YES
Angelo Meregalli	Director	Male	NO	YES
Marina Natale	Director	Female	NO	NO
Elena Vasco	Director	Female	NO	YES

Source: Banca Akros on Company information

## Fondazione Fiera Milano

### A wealthy and committed main shareholder

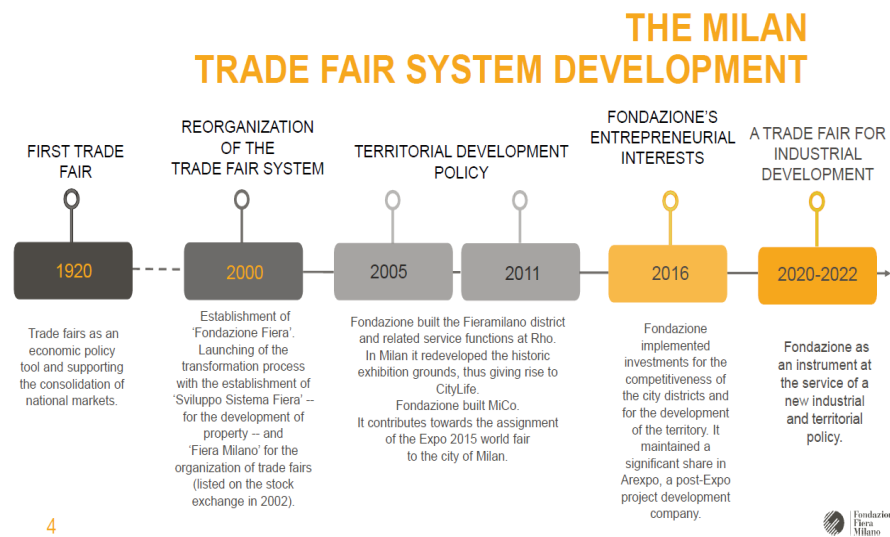
We dedicate a specific chapter of our report to FMG' main shareholder (the Fondazione Fiera Milano) because it is one of the key elements of our investment case.

Fondazione Fiera Milano (the Foundation) is not only the owner of the fair and congress sites used by FMG (fieramilano, fieramilanocity and MiCo Congress Centre), but it is also a “proactive” shareholder (acting to strengthen the role of FMG and its domestic and international competitiveness) and a “wealthy financial investor” (supporting the exhibitions and congress activities with its investments).

The Foundation has been providing a fundamental contribution in FMG’s relaunch in the last few years, firstly by subscribing to more than EUR 44m in FMG’s capital increase in 2015 and secondly by approving a huge investment plan. More than EUR 120m will be invested between 2017 and 2022 to increase the competitiveness of the fair and congress assets (digital technology upgrades/developments to create a safe and smart district, environmental and sustainability investments, enhancement of the customer experience and simplification of the attendance procedures for suppliers, visitors and exhibitors) and an additional EUR 100m to buy new real estate assets (acquisition of Fiera Parking, hotels, retail spaces, offices, etc.).

These investments are crucial in an environment where an improved customer experience, a best-in-class technological and eco-compatibly infrastructure become key parameters of choice by customers (exhibitors and visitors) as well as critical competitive parameters, as testified by the fact that other competitors are also focusing their investments in these fields.

### Fondazione Fiera Milano: milestones



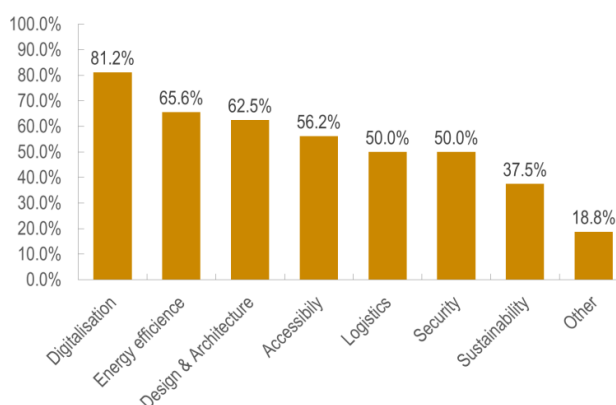
Fondazione Fiera Milano: investment plan (2017-2022e)

INCREASING THE VALUE OF AND INVESTING IN THE LOCAL TERRITORY

			2017 - 2019	2020 - 2022	2017 - 2022
COMPETITIVE EXHIBITION AND CONGRESS CENTRES	'Safe and smart' districts	digital technology used to increase security and interaction with clients	7.02	13.20	20.22
	Sustainability and innovation	respecting the environment, reducing energy costs, improving levels of attractiveness	20.71	31.30	52.01
	Operational excellence	simplifying the experience of participation outside and inside the structures	15.08	16.10	31.18
	Enhancing customer experience	improving the customer journey and integrating physical and digital touch points	4.15	14.20	18.35
Sub-total for competitiveness €			46.96 mln	74.80 mln	121.76 mln
NEW PROPERTY	Compatible functions	accommodation and functions of general interest (Hotel at Scarampo, RAI production center, pav. 1/2)	32.00*	70.50	102.50
General Total €			78.96 mln	145.30 mln	224.26 mln

Source: Fondazione Fiera Milano - Industrial Plan 2020-2022 presentation

% of Exhibition Districts that invest in each item



Source: Fondazione Fiera Milano - Industrial Plan 2020-2022 presentation

According to a research prepared by KPMG, the fair and congress business is one of the most important sectors for positive externalities, second only to the chemical sector in terms of economic impact. In particular, the activities run by FMG, along with the investments made by the Foundation, created value of EUR 8.1bn in 2017, of which 65% is generated in Lombardy, its key role being social and economic development in the country and in the region in which it is based and its supporting role in the growth of the Italian SMEs.

FMG & Fondazione Fiera Milan: impact of economy

FIERA MILANO - A DRIVING FORCE FOR TERRITORIAL MARKETING

IMPACT GENERATED BY THE OUTLAY AND INVESTMENTS OF FONDAZIONE FIERA AND GRUPPO FIERA MILANO, THE CONSUMPTION LEVEL OF EXHIBITORS AND VISITORS AND OVERALL TAX REVENUE



Source: Fondazione Fiera Milano - Industrial Plan 2020-2022 presentation



## Company History

Fiera Milano as Ente Autonomo Fiera Milano started organising trade fairs in 1920 and as Fiera Milano S.p.A. has become the most important exhibition player in Italy and one of the leading companies worldwide.

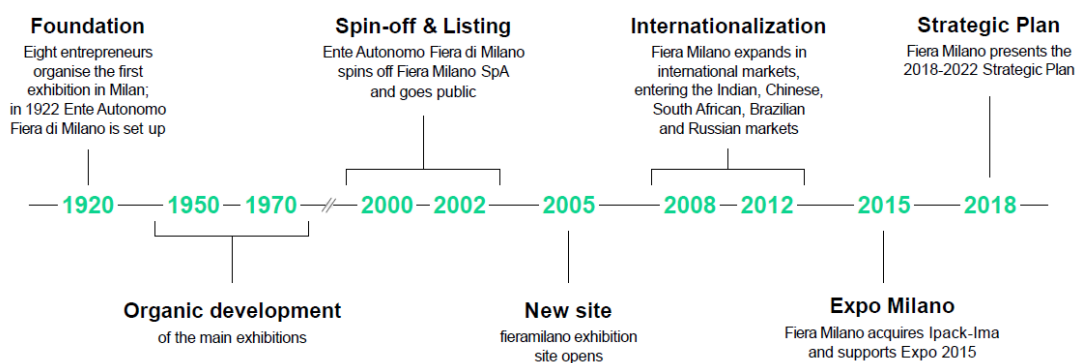
To understand the investment case better, we believe it is important to draw a virtual line in the history of the 100-year-old institution and to distinguish between a “first life” (from the foundation to the end of the last century) and a “second life” (from the spin off of Fiera Milano S.p.A. in 2000 and the public listing in 2002, to date). In particular, we identify three major events that marked a strong break in the story of the company:

- the spin-off from Fondazione Fiera Milano and the listing (in 2002);
- the development of a new site in Rho, which allowed the group to greatly increase the available exhibition space and make a quantum leap in the world ranking of exhibition venue providers;
- the enormous success obtained from the World Expo held Milan in 2015, which raised the image, the visibility and the attraction of Milan as an economic hub in the country and led to the construction of better access to the Rho exhibition district and associated facilities.

While in the “first life” the expansion was predominately organic and on the domestic market, in the last few years the group has adopted a new competitive strategy that is aimed at starting a gradual internationalisation process (by privileging fast growing markets where the “Made in Italy” label has a strong appeal) and at complementing the offer of exhibition spaces with a wider range of services (also through acquisitions) in order to reduce the dependence on the local economy and the local market and to better adapt to the evolution of the industry.

The new round of investments (EUR >120m) planned by the Foundation in the 2017-2022 period to further enhance the attractiveness of the exhibition sites and the successful industrial turnaround accomplished ahead of schedule by the new management team, are opening up the path for further business expansion and a better competitive position, which we believe will also be boosted by important acquisitions due to a fragmented industry.

### FMG: milestones



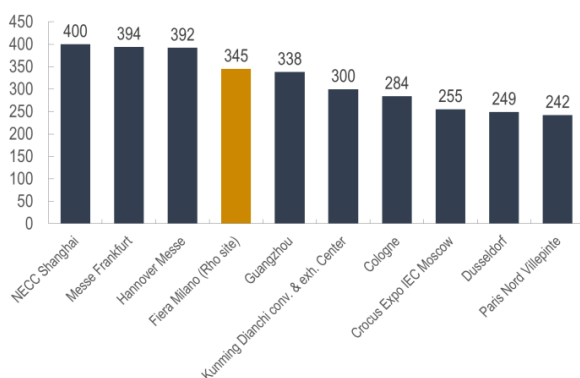
Source: Company presentation

## Exhibition spaces

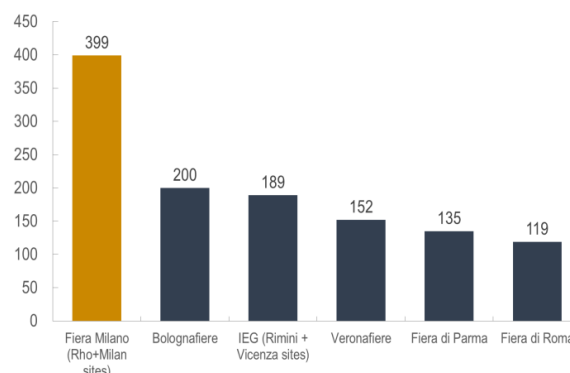
### A leading international player in trade fairs and congresses

The group manages two exhibition venues (one in Rho, near Milan, and one in Milan), two congress centres (in Milan) and one meeting centre (in Rome). It is by far the largest exhibition player in Italy (almost twice the size of the second player) and amongst the most modern and the largest in the world in terms of gross indoor exhibition capacity (the Rho site ranks N. 4 worldwide). The global top 10 sites mainly include German and Chinese sites. FMG's leadership in the congress field is testified by the fact that MiCo is ranked in first position among the European congress centres for meeting areas.

Top exhibition sites worldwide ('000 sqm)



Top exhibition sites in Italy ('000 sqm)



Source: Company presentation (on AUMA data)

### Main European Conference Centres

City	Conference Centre	Largest hall (*)	Total meeting area (sqm)
Milan	MiCo	5,000	55,000
Lille	Lille Grand Palais	4,500	45,000
Barcelona	International Convention Center of Barcelona - CCIB	14,228	36,400
Istanbul	Istanbul Congress Center - ICC	3,705	34,000
Paris	Le Palais des Congrès de Paris	3,723	32,000
Vitoria	Palacio de Congresos Europa	8,500	30,800
Rimini	Palacongressi at Rimini	4,700	29,000
Prague	Prague Congress Centre	2,764	28,500
Istanbul	Halic Congress Center	3,008	25,300
Nantes	La Cité - Nantes Events Center	2,000	25,000
Lyon	Lyon Convention Center - La Cité	3,664	24,624
Zaragoza	Auditorium de Zaragoza Palace of Congresses	2,900	22,739
Odense	Odense Congress Center - Arena Fyn	5,000	22,000
Mannheim	m.com Congress Center Rosengarten	2,255	22,000
Karlsruhe	Karlsruhe Convention Centre	4,033	21,600
Sofia	Congress Center Sofia - National Palace of Culture	3,880	18,743
Berlin	Estrel Hotel & Convention Center	5,000	18,700
Athens	Megaron Athens International Conference Center	1,961	17,800
Vienna	Austria Center Vienna	4,320	17,320
Rome	Rome Convention Center - La Nuvola & Palazzo dei Congressi	5,000	12,000

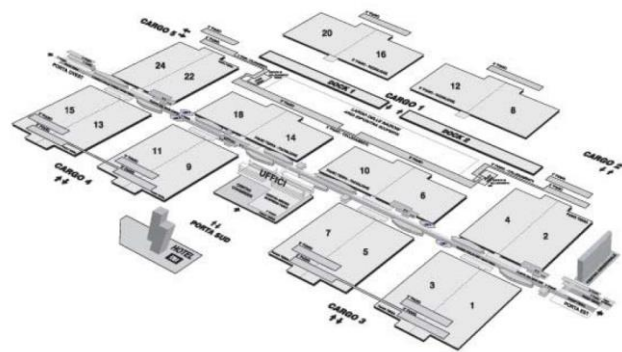
Source: Fondazione Fiera Milano – 2020-2022 Business Plan presentation

(\*) theatre-style seating: exhibition hall, congress hall, auditorium

### Exhibition sites

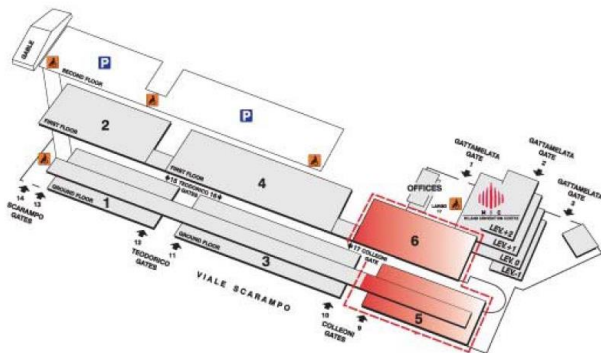
- the Rho site of fieramilano is the largest exhibition district in Italy with 345,000 sqm of gross indoor exhibition space and a further 60,000 sqm of outdoor space; it is one of the largest sites in the world with 20 pavilions located on both sides of a 1-kilometre-long pedestrian street.
- The Milan site of fieramilanocity consists of 54,000 sqm after the refurbishment of the old trade show district.

#### fieramilano



Source: Company website

#### fieramilanocity



Source: Company website

### Congress centres

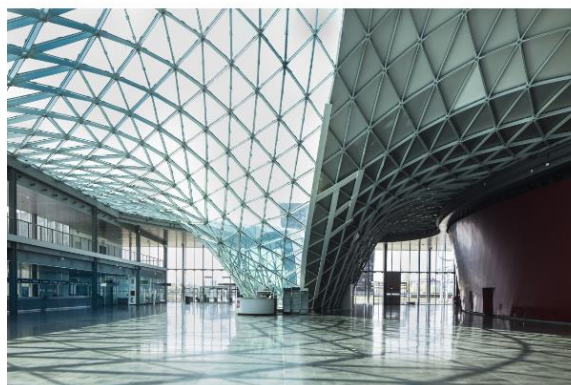
The congress centres are managed by Fiera Milano Congressi S.p.A.

- Milano Congressi (MiCo) is located in Rho; it is one of the largest and most modern conference centres in Europe with space for up to 18,000 delegates (but the Foundation is currently increasing its capacity), an auditorium with 4,500 seats and more than 70 rooms.
- Stella Polare congress centre is located in the Centro Service of the Rho exposition site.
- Montecitorio Meeting Centre, an executive business suit in Rome.

## Milano Congressi (MiCo)



## Stella Polare Congress Centre



Source: Company website

### **The terms of the lease agreement between the Foundation and FMG**

The Foundation rents the Rho and Milan trade-fair sites to FMG. The lease agreements were renewed in 2014 and last for 9 years (termination 30/06/2023) and are renewable for a further 9 years (potential termination 30/06/2032). Cancellation should be notified 18 months prior to the expiry.

The annual rent for the Rho exhibition site was set at EUR 38.8m/year, with a yearly increase of 100% of the inflation rate (ISTAT consumer price index). We point out that this amount is EUR 14m less than the amount established in the previous rental agreement signed in 2003.

The rent for the Milan city site was initially kept unchanged at EUR 2.85m/year plus the inflation increase. More recently this rent has been renegotiated and reduced to EUR 1.4m (FMG has relinquished some spaces). Therefore, the overall rental costs for the two sites amounted to around EUR 43m in 2018.

## Activities and business model

### An effective business platform supported by a dynamic and integrated ecosystem

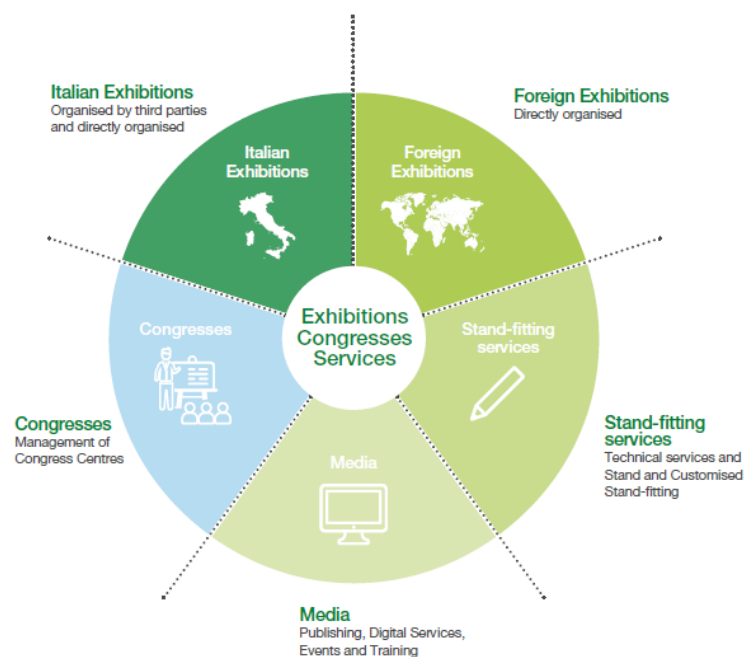
FMG organises and hosts trade fairs and other events in its exhibition areas and provides ancillary services (stand-fitting and media services to third party organisers and exhibitors as well as catering services for visitors). Trade fairs and shows for professionals or the general public generate a high portion of the recurring revenues. This is a rather mature business, especially in developed countries, but it enjoys good visibility as events are generally organised at fixed intervals, even during economic crises. Congress and conventions or corporate events are more sensitive to economic cycles and the business is more volatile than trade fairs.

The company's activities may be grouped in the following three macro-categories:

- Exhibitions
- Congresses
- Ancillary services

We estimate that around 70% of the trade fair business comes from the sales of the exhibition spaces and the remaining 30% from the sales of services; this mix is more or less the opposite in the case of congresses (30%-70%).

### FMG: business model snapshot



Source: Company report FY 2017

1. **Exhibitions.** The exhibition activities are mainly addressed to B2B (around 80% of the total). The Italian exhibition business includes events that are proprietary and events that are managed in partnership or organised by third parties. In the latter case FMG hosts the exhibitions or the other events and provides the organisers with furnished exhibition space and ancillary services. Foreign exhibitions are organised by FMG directly or in partnership with third parties or it simply acts as an agent.



**FMG: Exhibitions in Italy (\*)**

	FY 2016	FY 2017	FY 2018
Net Sqm of exhibition space	1,234,830	1,465,160	1,442,890
Exhibitors	20,975	24,865	24,150
<i>o/w from Italy</i>	68%	67%	66%
<i>o/w from abroad</i>	32%	33%	34%
Visitors	3,608,286	3,919,711	4,048,628

Source: Company data (\*) the exhibitions in Italy include both those directly organised by FMG and those organised by third parties

**FMG: Exhibitions abroad**

	FY 2016	FY 2017	FY 2018
Net sqm of exhibition space	367,700	371,760	466,795
Exhibitors	8,030	8,600	7,750

Source: Company data

2. **Congresses.** The company is one of the leading world players in the sector. In particular, MiCo ranks N.1 among the other European congress centres in terms of total number of meeting areas (sqm) and its commercial offer goes beyond the congress market by also including other types of events (corporate conventions, conferences, etc.) thanks to the its flexible and multi-purpose spaces.

**FMG: Congress activity**

Location	FY 2016		FY 2017		FY 2018	
	n. events	Participants	n. events	Participants	n. events	Participants
MiCo – Milano Congressi	102	261,509	102	315,312	108	245,545
Stella Polare – Rho	18	40,550	9	15,890	16	18,970
Stresa Convention Centre	11	3,800	12	7,150	12	5,941
MoMec	31	870	42	1,160	33	790
Total	162	306,729	165	339,512	169	271,246

Source: Sustainability Report 2018

**3. Ancillary services**

- 3.1 **Stand-fitting services:** this segment includes stand-fitting services, technical services and all exhibition-site service for exhibitions and congresses. These services are supplied through the subsidiary NoloStand, the Italian leader in pre-fitting and unified fittings with a capacity of 10,000 sqm fitted out per day and over 40 years' experience. This offer has recently been (in November 2019) complemented with the partnership with Allestimenti Benfenati, an Italian player specialised in customised fittings and installations.
- 3.2 **Media services:** online and offline content, publishing services, management workshops. All the communication activities are managed by the subsidiary Fiera Milano Media.



**FMG: Media output**

	FY 2016	FY 2017	FY 2018
Periodicals	10	10	10
Copies	680,000	580,000	570,000
Publishing portals	10	10	12
Training events	110	114	127
Annual conventions (*)	12	24	19
Participants	6,220	5,800	5,800

Source: Sustainability Report 2018

(\*) including exhibitions incorporating conventions

3.3 **Food services:** FMG offers the most diversified catering service in Europe; it has more than 80 refreshment points, over 10,000 seats and organizes over 900 banqueting services a year.

3.4 **Hospitality services:** the company assists its customers with accommodation services, flight and train tickets, visa procedures, transfers, etc.

**Business performance analysis**

An analysis of the business performances by operating segment on FY 2018 results shows that more than 80% of the revenues came from the exhibition business (which includes both Italian and foreign events as well as the stand-fitting services supplied in Italy). Congresses accounted for another 15% and Media services for the remaining part (less than 5%). By splitting the full exhibition business between Italy and other countries we see that Italy has the lion's share with 77% of FMG' turnover.

As a consequence of the new strategic direction and the group's reorganisation, the company's performance measurement system has been modified since the FY 2018 annual report. The performances of stand-fitting services were previously accounted in a separate business unit but are now incorporated in the Italian Exhibition business. This makes the comparison with past performances partially misleading. However, for the sake of completeness we report below the historical performances of the group based on the previous classification as we believe they are useful to better assess the seasonality of the business and the operating leverage.

**Exhibitions: key performances**

EUR m	2011	2012	2013	2014	2015	2016	2017
Sales	231.2	222.0	223.1	199.9	286.7	180.3	225.1
o/w Italian Exhibitions	212.3	198.1	194.6	181.1	277.3	173.4	220.0
o/w Foreign Exhibitions	18.9	23.9	28.6	18.8	9.4	6.8	5.1
EBITDA	24.4	12.6	(1.1)	(11.8)	30.9	(1.3)	13.4
o/w Italian Exhibitions	19.4	7.6	(5.1)	(12.9)	31.9	(3.1)	13.3
o/w Foreign Exhibitions	5.0	5.0	4.0	1.1	(1.0)	1.8	0.1
EBITDA margin	10.6%	5.7%	-0.5%	-5.9%	10.8%	-0.7%	5.9%
EBIT	16.6	1.6	(9.0)	(18.4)	7.1	(19.7)	8.4
o/w Italian Exhibitions	12.3	(1.0)	(11.8)	(18.3)	18.2	(15.2)	8.8
o/w Foreign Exhibitions	4.3	2.6	2.8	(0.1)	(11.1)	(4.5)	(0.4)

Source: Banca Akros on company data not restated

**Stand-fitting Services: key performances**

EUR m	2011	2012	2013	2014	2015	2016	2017
Sales	33.2	31.9	33.6	33.4	55.9	38.3	33.0
EBITDA	3.0	2.5	1.6	1.9	7.2	3.0	(1.8)
EBITDA margin	9.1%	7.8%	4.8%	5.7%	12.9%	7.9%	-5.3%
EBIT	0.1	(0.3)	(0.2)	0.4	5.2	0.5	(3.5)
EBIT Margin	0.3%	-1.0%	-0.6%	1.1%	9.3%	1.3%	-10.6%

Source: Banca Akros on company data not restated

**Conferences: key performances**

EUR m	2011	2012	2013	2014	2015	2016	2017
Sales	29.0	26.0	24.5	37.8	37.4	30.7	46.3
EBITDA	3.3	3.0	2.5	6.0	4.6	2.3	3.0
EBITDA margin	11.4%	11.6%	10.3%	16.0%	12.4%	7.4%	6.5%
EBIT	1.0	1.7	0.6	3.4	1.8	1.1	1.7
EBIT Margin	3.5%	6.5%	2.3%	8.9%	4.7%	3.7%	3.7%

Source: Banca Akros on company data not restated

**Media Services: key performances**

EUR m	2011	2012	2013	2014	2015	2016	2017
Sales	17.1	12.8	12.0	12.3	13.4	11.1	10.8
EBITDA	0.7	0.1	0.3	0.4	0.8	0.4	0.4
EBITDA margin	3.9%	0.4%	2.3%	3.4%	6.1%	3.4%	3.8%
EBIT	(1.9)	(0.7)	(7.3)	(4.1)	(2.1)	(4.1)	(1.2)
EBIT Margin	-10.9%	-5.8%	-61.3%	-33.4%	-16.0%	-37.1%	-11.0%

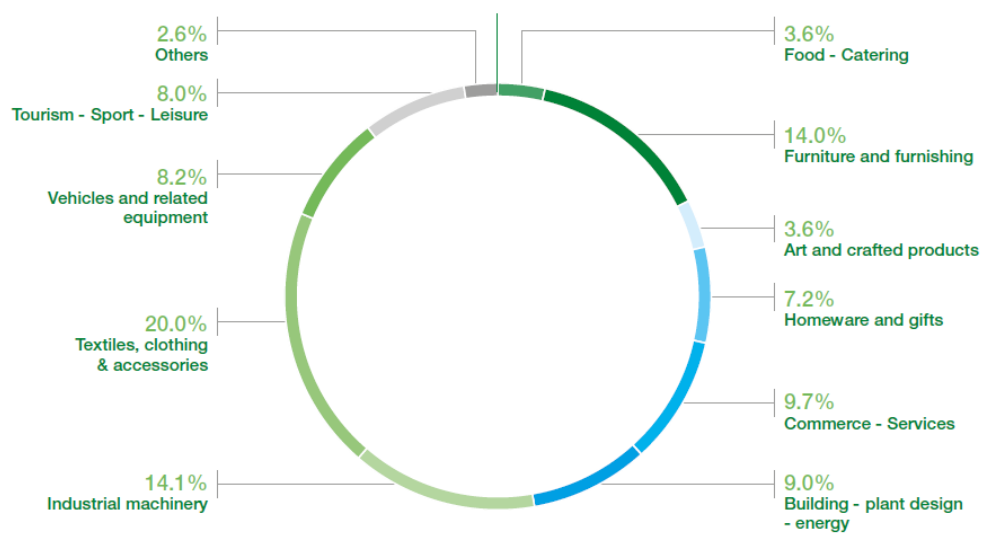
Source: Banca Akros on company data not restated

## Exhibition portfolio and customer satisfaction

### A well-diversified exhibition portfolio with a focus on “Italian excellences”

The exhibition portfolio is ample and well diversified. It covers the main domestic sectors with a focus on those that symbolise the “Made in Italy” (such as fashion, food, publishing, interior design, tourism, mechanical engineering, real estate, professional hospitality, construction, industrial plant and energy, etc.). The fact that the majority of the Italian companies that exhibit on the group’s two sites are strongly export-oriented (with more than 50% of their turnover generated abroad, according to a survey run by the Research & Development service of the Foundation) increases the resilience of FMG’s overall customer portfolio. Indeed, for these players, attendance in the most important sector trade fairs is highly strategic and practically mandatory and, therefore, they will be reluctant to cut their budgets for these events.

### FMG: breakdown by sector of the exhibitions in Italy (FY 2016-2018)



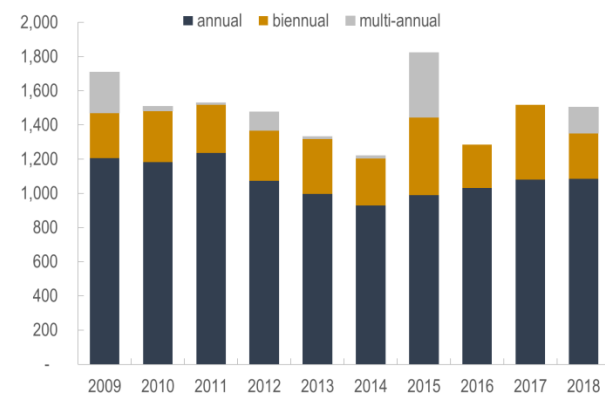
(Data calculated on the basis of net square metres of exhibition space occupied)

Source: Sustainability Report 2018

The business evolution is primarily a function of the exhibition calendar, which presents a degree of seasonality (the “odd” years are historically stronger than the “even” years thanks to the important organised exhibitions HOST and Tuttofood) and the mix between owned and hosted events given that the proprietary exhibitions have higher margins.

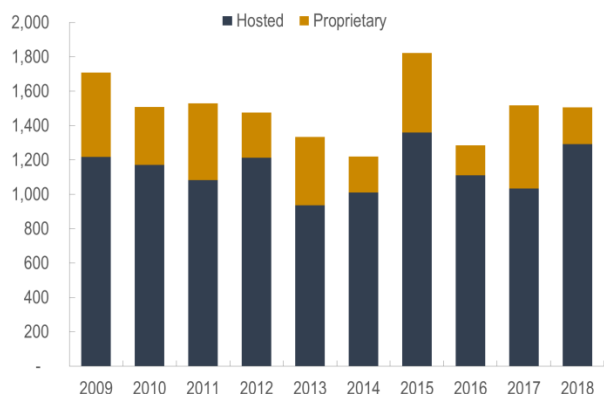
### Italian exhibition portfolio breakdown by event periodicity

(‘000 net sqm)



### Italian exhibition portfolio breakdown by event owner

(‘000 net sqm)



Source: Banca Akros on company data

In order to better assess the impact of calendar seasonality in the company's business, the following paragraph reports the most significant exhibitions organised in FMG sites, split between proprietary and hosted events. Exhibitions are ranked in terms of new sqm of exhibit space.

### Annual Italian exhibitions

#### 1) Proprietary exhibitions

- **HOMI I & II semester** (106k net sqm of exhibit space). It is dedicated to the Home and Lifestyle market. The second semester edition has been split into two new formats: HOMI Fashion & Jewels (focussed on jewellery and fashion accessories) and HOMI Outdoor.

#### 2) Hosted exhibitions

- **Salone del Mobile** (175k net sqm of exhibit space). Is the most relevant exhibition hosted in the FMG site.
- **MICAM Spring & Autumn** (124k net sqm of exhibit space). It is the landmark event for footwear industry professionals from all over the world.
- **EICMA Moto** (102k net sqm of exhibit space in 2018). It is the most important trade fair for the entire 2-wheel sector at the world level. Since its first edition in 1914 it has taken place in Milan.
- **Lineapelle I & II semester** (98k net sqm of exhibit space in 2018). It is an international exhibition of leather, accessories, components, fabrics, synthetics and models. It will be celebrating its 97<sup>th</sup> edition with the 2020/2021 winter collection.
- **Milano Unica Spring & Autumn** (62k net sqm of exhibit space). It is the main international trade show for high-end textiles and accessories. It takes place in Milan and Shanghai.
- **L'Artigiano in Fiera** (59k net sqm of exhibit space in 2018). It is the most important trade fair for arts and crafts in the world.
- **MIDO** (50k net sqm of exhibit space). It is the largest eyewear fair in the world.

### Biennial Italian exhibitions

The biennial exhibitions are seasonally stronger than the "even" year exhibitions thanks to the presence of important exhibitions organised directly by FMG: HOST and Tuttofood. In the "even" years there are no proprietary exhibitions while among the hosted ones a key role is played by MCE.

#### "Odd" years

#### 3) Proprietary exhibitions

- **HOST** (137k net sqm of exhibition space) is the leading world trade fair in the Catering and Professional Hospitality sector. It is organised by FMG on the "odd" years. The 41<sup>st</sup> edition held in 2019 recorded over 200,000 visitors and approximately 2,250 exhibitors.
- **Tuttofood** (64k net sqm of exhibition space) is an international exhibition dedicated to operators in the Agri-Food sector. The 7<sup>th</sup> edition was held in 2009 with more than 82,000 operators. Tuttofood is another large proprietary FMG event organised in the "odd" years.

#### 4) Hosted exhibitions

- **Made Expo** (46k net sqm of exhibition space) is one of Europe's leading international show for architecture and the Building & Construction sector. To be noted that FMG acquired the majority (60%) of the organiser (Made Eventi Srl) in 2019.
- **Euroluce** (39k net sqm of exhibition space) is the International Lighting Exhibition, runs every two years within the Salone del Mobile the since 1976.

#### "Even" years

##### 1) Proprietary exhibitions

- **None**

##### 2) Hosted exhibitions

- **MCE - Mostra Convegno Expocomfort** (115k net sqm of exhibition space in 2018) is a world-leading trade fair specifically for residential and industrial installations, HVAC&R and renewable sources. In 2018 the 41<sup>st</sup> edition was held with a total attendance of more than 162,000 professional visitors from all over the world.
- **BIMU** (40k net sqm of exhibition space in 2018) is the most important Italian exhibition for the metal forming and metal cutting machine tools industry, additive and digital manufacturing, robots and automation.
- **Eurocucina** (38k net sqm of exhibition space in 2018) runs every two years within the Salone del Mobile.

#### **Multi-annual Italian exhibitions**

##### 1) Proprietary exhibitions

- **None**

##### 2) Hosted exhibitions

- **The Innovation Alliance** (136k net sqm of exhibition space in 2018) is a new event format that brings together five key exhibitions for the Industrial Mechanics sector in one big single event where professional operators can see exhibitors from processing to packaging (IPACK-IMA and Meat-Tech), from the processing of plastics and rubber (Plast) to commercial and industrial printing and graphic customisation, from packaging to labels (Print4all), through the storage and fine-line handling systems (Intralogistica Italia). The first edition was held in 2018.
- **EMO** (117k net sqm of exhibition space in 2015) is a world machine tool exhibition and is hosted every three years alternating between Italy and in Germany. In Milan it is organised every six years; therefore the next Italian edition will be held in Milan in 2021.
- **ITMA** (110k net sqm of exhibition space in 2015) is the world's most famous textile and garment technology exhibition. It is organised every four years. The next Italian edition will be held in Milan in 2023.

The improvement in customer satisfaction is one of the company's strategic goals. The new management team has put more emphasis on a customer-oriented approach by privileging the "culture of service". Within the group's reorganisation, a "Strategic Marketing" division has been created to better promote the centrality of customers: the functions dealing with customer care and with the operating management of buyers have been centralised for all proprietary events. The huge investments (close to EUR 20m according to the Foundation's plan) linked to digitalisation and the Smart District will not only play a crucial role in enhancing safety and security and the "customer experience", therefore in getting to know customer needs and habits better but it might also increase the competitive gap vis a vis the districts lagging behind on this field. In order to speed up FMG's digital transformation process, the company signed a MoU with Samsung SDS in November 2019. The first part of the project consists in installing innovative high-resolution LCD screens at the FMG sites, which will make the experience of visiting trade fairs and exhibitions unique.

Moreover, in order to assess the level of satisfaction of visitors and exhibitors at the main events it organises, FMG uses a specialised company to carry out a detailed customer satisfaction survey. The outcome of this survey, which is run on an annual basis, is an overall brief index expressed as a percentage and called Overall Show Score (OSS); it is compiled by extrapolating the data from 4 KPIs (built taking into account 850 events worldwide and related to various sectors and products):

- 1) Overall satisfaction
- 2) Word of mouth (pass-it-on) rate
- 3) Importance of the event
- 4) Probability of returning

The weighted average of the percentiles of the KPIs gives the OSS: an index of 50 corresponds to a B2B event with feedback corresponding to the 50<sup>th</sup> percentile at a global level. The high score reported by HOST and Tuttofood shows they are leading events, also in terms of qualitative levels, and justify the management's goal to develop geo-clones in other countries.

#### FMG: Overall Show Score (main Italian proprietary exhibitions)

Exhibitions	FY 2018
HOST (*)	87
SI' SPOSAITALIA COLLEZIONI	78
TUTTOFOOD (*)	76
MIART	70
IPACK-IMA	67
PRINT4ALL	59
BIT	53
MEAT-TECH	44
HOMI	29
PROMOTIONTRADE EXHIBITION	22

Source: Company data

(\*) FY 2017

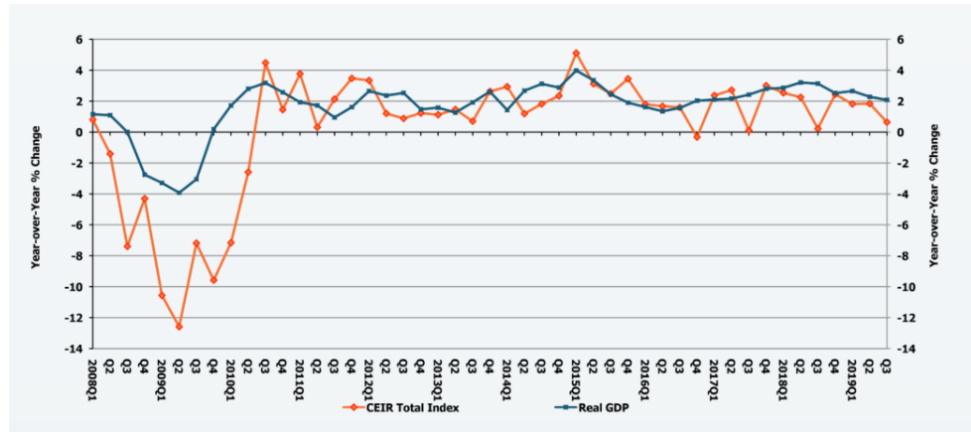


## Reference market

### A cyclical market driven by Emerging Countries facing deep transformation

The exhibition market has always been characterised by a strong correlation with the performance of the underlying economy (with a time lag of 6-12 months).

### North America exhibitions market compared to GDP growth

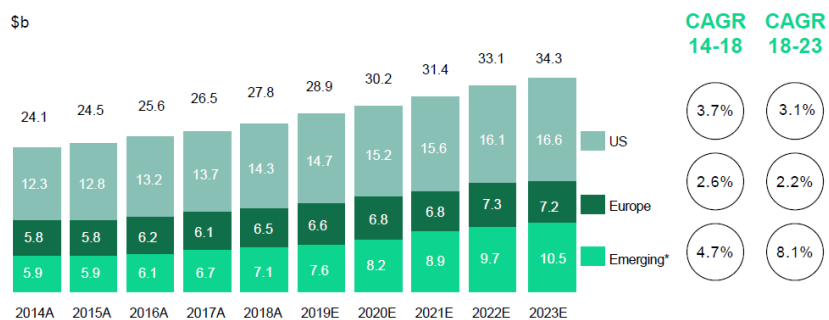


Source: CEIR website

The global exhibition market has been estimated at more than USD 33bn (source AMR on FY 2018), with the top 14 countries accounting for USD 27.8bn. The market grew steadily after the 2008-2009 crisis, which especially affected the most mature markets and Italy in particular (due to the reduction in SMEs in the worst part of the crisis). The short-medium term outlook continues to remain supportive despite the recent slowdown. Indeed, AMR projects an overall 4% CAGR over the 2018-2023 period for the top 14 countries. A strong acceleration will come from the emerging countries (8.1% CAGR 2018-2023e vs 4.7% in 2014-2018), thanks also to a progressive expansion in the exhibition capacity, driven by strong growth in demand (also in the smallest countries: Thailand, Malesia, Vietnam and Philippines). The European market is expected to recover at a slow pace (2.2% CAGR vs 2.6% in 2014-2018) while the growth of the US market is seen slowing down (from 3.7% CAGR to 3.1%). The US market is by far the largest, accounting for approximately half of the total market, followed by China and Germany, but China is the world leader in terms of exhibition capacity with over 9.3m sqm.

### Global Exhibitions market (FY 2014-2023e) – USD bn

#### Exhibition market expected to grow at 4% CAGR

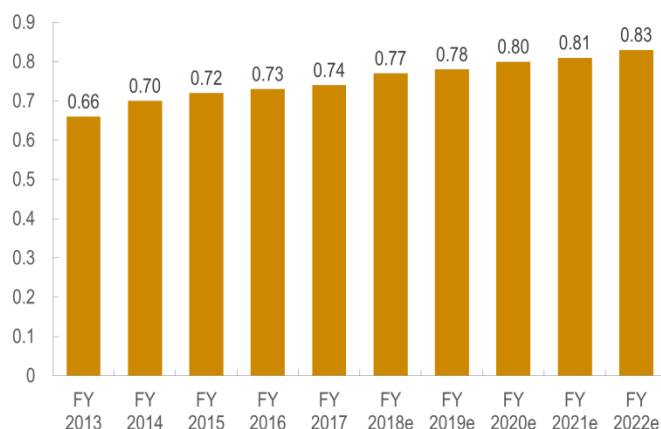


\* Emerging include: Brazil, China, Gulf Cooperation Council, India, Indonesia, Mexico, Russia, Turkey, Hong Kong  
 Note: Totals exclude SEA countries (Singapore, Malaysia, Thailand, Philippines, Vietnam, Macau)  
 Source: AMR International Globex report 2019

Source: Company presentation on AMR International Globex report 2019

The Italian trade-fair market ranked N. 2 in Europe after Germany and N. 7 worldwide in terms of turnover in 2017 with a turnover of around USD 750m (source AMR) and it is estimated to achieve USD 830m in 2022.

#### Italian Exhibitions market (FY 2013-2022e) – USD bn



Source: IEG IPO prospectus on AMR International Globex data

#### Italian trade fair market: key figures (2000-2019e)

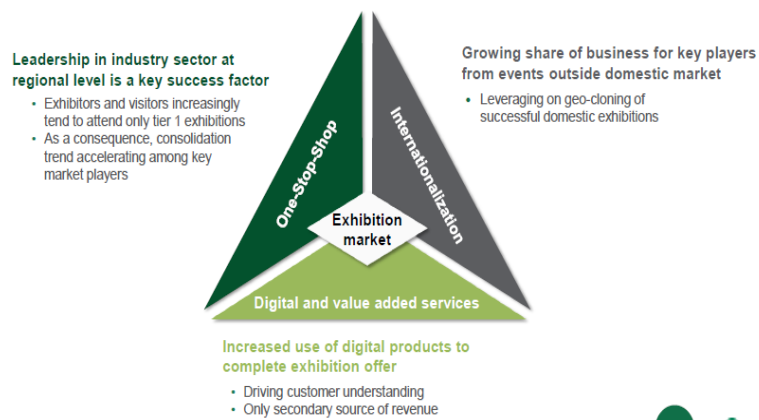
	FY 2000	FY 2005	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019e
Number of trade fairs	143	166	190	186	184	191	174
Net exhibition space occupied (k sqm)	4,110	4,308	3,528	3,448	3,504	3,815	3,591
Total exhibitors	108,619	101,989	91,811	88,610	95,256	102,884	98,093
o/w foreign exhibitors	29,512	26,443	28,158	25,943	30,146	33,351	32,709
Total visitors	10,819,433	11,489,009	9,874,513	10,022,592	8,368,358	8,481,489	7,963,614
o/w foreign visitors	744,256	8,99,112	1,191,312	1,244,656	1,146,016	1,415,163	1,196,094

Source: Osservatorio Fiere Bocconi

The exhibition industry underwent a strong transformation over the last few years with a steady increase in service content as the sale of exhibition space has become a commodity. In particular, one of the main drivers of future development in this market will be the growing portion of revenues from the use of digital products, which are expected to reach USD 850m in 2022 from less than EUR 500m in 2017 (growing at a 12% CAGR 2017-2022). The construction of a safe and technological advanced digital ecosystem will therefore become critical for venue providers.

Another major trend is the tendency of exhibitors and visitors to go to sector Tier1 events, which are showing increasing visibility and resilience and will speed up market consolidation through M&As, while smaller exhibitions are losing their appeal. Lastly, a growing portion of business will be generated outside the domestic markets (with major players adopting geo-cloning strategies).

**Exhibitions market: emerging macro trends**

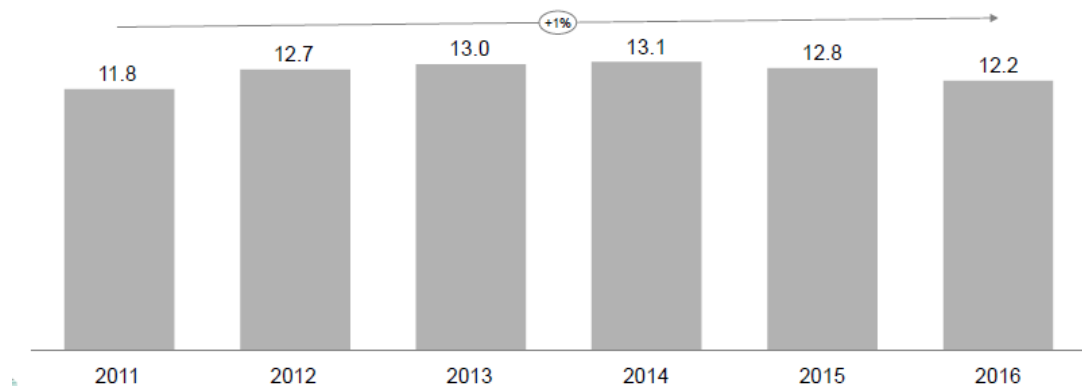


Source: Company presentation

Significant changes are also affecting the congress sector where the traditional distinction between corporate events and association events is disappearing in favour of more hybrid formats. At the same time, the integration between technology and other segments is creating new segments (e.g. fintech) or sub-segments (e.g. insurtech). Moreover, some large association conferences, once organised worldwide, are split or replicated in single continents or are focused on a certain product niche.

These changes make it more difficult to assess the real size of the market.

**Global Congress market (FY 2011-2016) – n. of events ('000)**



Source: Company presentation on ICCA (International Congress and Convention Association) Statistics Report

## Competitive environment

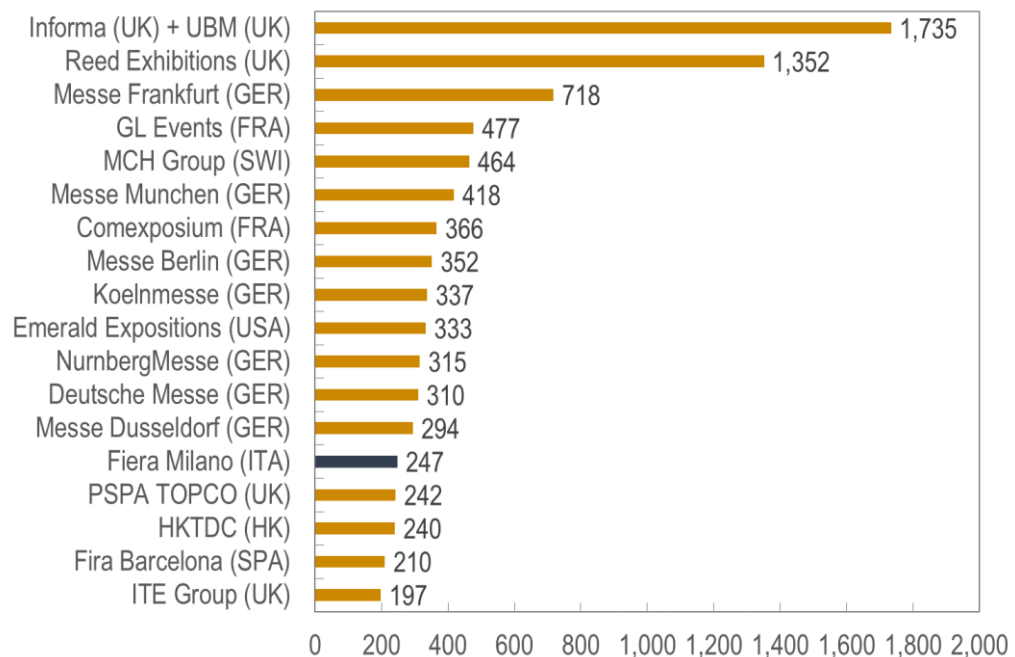
### A fragmented and competitive market

The global exhibition market is highly fragmented and extremely competitive, just like in Italy where the top 5 players hold between 40% and 50% of the market.

The expected trends described in the previous paragraph (increased relevance of the one-stop-shop concept and reduced attractiveness of smaller exhibitions, huge investments in digitalisations, technological upgrades, site accessibility and infrastructures development and the need to export the leading proprietary events abroad) is accelerating market consolidation, which is also being boosted by the growing presence of private equity funds, which are increasingly interested in buying not only organisers but also trade-fair sites. Competition between large-scale organisers and private equity players has also started on the acquisitions of events organised by sector Associations.

The competitive landscape has changed rapidly. This is reflecting in the ranking of the major global players, now led by UBM, which has overtaken Reed Exhibitions after Informa's acquisition in 2018.

### Global Exhibition Market: ranking among top players by revenues (FY 2018 – EUR m)



Source: AUMA

This scenario is creating a natural selection and is the ideal environment for the healthiest and most integrated players like FMG to gain market share by attracting new customers and playing the M&A game as a consolidator. In particular, FMG can also leverage on the increased appeal of Milan (more than EUR 4bn investments in city infrastructures were triggered by the Expo) compared to other international cities and on the attractiveness of the Italian exhibition market for products in sectors where Italy is recognised as a leader (e.g. Furniture, Food, Engineering, Clothing-Fashion).

In Italy, the fragmented nature of the market and the reduced profitability of many local districts and trade-fair operators could accelerate aggregations and partnerships and favour the rise of 2-3 champions that can also compete successfully on the global stage.

## Reaping the fruits of successful restructuring

### A prolonged crisis caused by an adverse market environment (2011-2016)

In order to better understand the recent developments and the premises for the current relaunch phase, we believe it is important to start from the difficulties experienced after the 2008-2009 economic crises and the stagnation in the Italian economy in the following years. The combined effects of external factors (economic crisis affecting both the Italian economy and the global exhibition industry) and internal factors (cost inefficiency, difficulties in properly executing the diversification strategy and the NoloStand issue, which culminated in the start of criminal proceedings by the Milan Public Prosecutor regarding its contractual relations with a supplier involved in money laundering, which caused a temporary period of judicial administration and the appointment of a court-appointed administrator), heavily penalised the company's financial (also in the more favourable exhibition calendar years) and market performances (the stock was also temporary excluded from the STAR segment).

### FMG: key figures (2008-2018)

EUR m	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Net exhibition space occupied (k sqm)	1,883	1,694	1,818	1,830	1,739	1,634	2,224	1,653	1,889	1,972
Revenues	297.1	248.4	278.0	263.4	258.1	245.5	337.3	221.0	271.3	247.2
EBITDA (*)	20.4	20.4	30.9	17.9	3.3	(3.3)	43.6	3.7	15.1	31.9
EBITDA margin	6.9%	8.2%	11.1%	6.8%	1.3%	1.4%	12.9%	1.7%	5.6%	12.9%
EBIT	(2.4)	2.3	15.5	2.1	(16.0)	(18.8)	12.0	(23.0)	5.4	25.1
EBIT margin	0.8%	0.9%	5.6%	0.8%	6.2%	7.7%	3.5%	10.4%	2.0%	10.1%
Net result	(3.4)	2.2	4.9	(2.0)	(16.5)	(19.0)	1.0	(22.8)	1.6	18.8
Shareholders' equity	62.6	64.3	70.7	59.9	37.5	19.7	85.3	61.7	63.0	82.1
Net financial debt (cash)	62.9	84.2	52.2	79.7	90.8	121.7	12.4	38.3	0.8	(23.7)

Source: Banca Akros on company data not restated (\*) Gross Operating Result until 2016, then EBITDA. Gross Operating Result is the operating result before D&A, adjustments to asset values and other provisions.

Despite the management's effort to reduce the breakeven point (reduction in site costs, labour cost cutting, renegotiation of the rent for the Rho site, corporate reorganisation and simplification, some minor asset disposals) and to review the business model, the unfavorable domestic environment did not allow FMG to be profitable enough to preserve its shareholders' capital. The company incurred operating losses and was forced to make asset write-downs, devaluations and to bear non-recurring costs, which eroded the shareholders' capital. In 2014, the shareholders' equity went below the threshold set under Article 2446 of the Italian Civil Code and forced recapitalisation.

### The relaunch supported by a capital injection, a strengthened corporate governance and a new management team

The group's turnaround started in 2015/2017 with a EUR 67m capital increase. The restored financial stability, along with the effects of the restructuring measures implemented in the previous years and the improvement in the economic conditions in Italy and in the exhibition industry worldwide, paved the way for a successful turnaround. The latter was further strengthened and accelerated by the revision of the corporate governance, the reshuffling of the board of directors and the appointment of a new top management team in 2017. FY 2017 ended with a positive net result (EUR 1.6m) after the losses reported in the previous 5 years (excluding the small profit recorded in FY 2015).

In our opinion the following three pillars marked a real turning point to start the relaunch.

- **First pillar: financial stabilisation**

The first measure was to strengthen the balance sheet through a capital increase, which was approved in June 2015. The recapitalisation was launched at the end of November 2015 with the issue of 31,126,821 new ordinary shares. The new shares were offered to FMG's shareholders as an option at the ratio of 3 new shares for every 4 shares held at EUR 2.245 per share. The capital increase ended in January 2016 with a subscription rate close to 96%, for a total value of approximately EUR 67m. The Foundation played a crucial role in making the recapitalisation successful by investing EUR 44m (it fully subscribed its option rights).

- **Second pillar: revision of the corporate governance**

The revision of the corporate governance was a consequence of the judicial administration procedure that was initially applied to the subsidiary Nolostand S.p.A. and then extended to the parent company's entire stand-fitting business. During this period, which lasted from July 2016 to September 2017, the board was supported by a court-appointed administrator. Several actions were implemented to ensure more effective and secure business management (in particular the procedures for contracts and procurement management and all control systems were bolstered). The renewal of the board (April 2017) along with the management reshuffle closed the judicial administration and allowed the top management to fully focus on the company's relaunch.

- **Third pillar: new management team**

The new management team (which came from FCA Group) accelerated the company's turnaround by strengthening and partially adjusting the actions planned by their predecessors. Additional cost efficiency measures were immediately implemented (also to simplify the group structure by reducing the legal entities) along with a strong managerial reshuffle (involving many first and second lines). A new organisation model was adopted in order to create a more integrated group, to favour integration and extract all potential synergies from its divisions. The application of a new remuneration policy that was more based on meritocracy and goal achievements was another element that cut off the company from its past, along with the cultural change. The commercial approach was revised in order to enhance the sales efficacy by privileging the "culture of service" and cross-selling initiatives. The sales incentive scheme was adjusted in order to focus on the overall group profitability instead of its client portfolio.

The new management team's strong commitment to a successful relaunch of the group was confirmed by the presentation of a Strategic Plan (2018-2022) in 2018 and by the continuous upward revisions of the financial targets that were initially communicated, thereby proving their excellent leadership and execution capabilities.



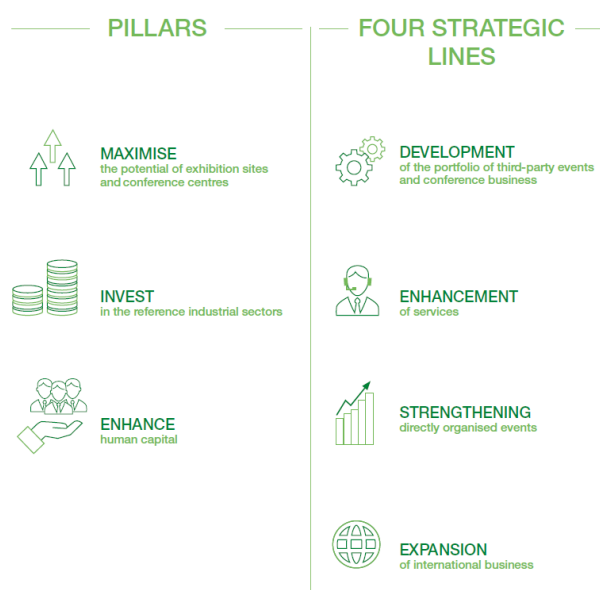
## Strategy and Strategic Plan 2018-2022

The new management presented the 2018-2022 strategic plan in May 2018. Here follow the main plan targets:

- gradual consolidation of the financial performances (with a net profit in each year of the forecast period despite the seasonal nature of the business);
- new organisation structure, supported by a different kind of people engagement, to act in a more integrated way and break the “silos approach”;
- further business expansion and value creation process for all stakeholders based on 4 pillars:
  - 1) Enrich the portfolio of hosted exhibitions & congresses, to be pursued primarily by attracting high potential events (both trade fairs and congresses) and supporting current organisers in further expanding their own events. A higher number of exhibitions would also help to enhance saturation of the site.
  - 2) Capture the full potential of services by improving their penetration. In particular, high margins for improvement were identified in stand-fitting operations (mainly on customised solutions), destination management activities (in-bound & out-bound logistics for national and international visitors, buyers and exhibitors), advertising and media services as the content hub for the entire lifecycle of the events.
  - 3) Grow the portfolio of leading owned exhibitions by fostering the leadership of top FMG proprietary brands (e.g. HOST, Tuttofood), strengthening the performances of HOMI and trying to develop attractive niches.
  - 4) Expand the international business by developing geo-clones of top proprietary brands but with a more flexible approach (e.g. use of partnerships with local players to minimise the initial investment and reduce the risk of failure; to better adapt the format to local contexts, to build up a portfolio of strong local buyers, etc.).

Execution of this plan could leverage on the investment plan approved by the Foundation (EUR 120m) to enhance the competitiveness and the eco-sustainability of the Rho venue, the empowered corporate governance and the internal control systems.

### FMG Strategic Plan 2018-2022 – Key pillars



Source: Company report 2018

## Fondazione Milano investments goals to enhance Rho trade-fair venue (FY 2018-2022)

### Safe & Smart Distric

- Highest safety standards
- Data-rich venue

### Environmental Sustainability & Innovation

- Best-in-class sustainable venue (eg. solar roof coverings)

### Operational Excellence

- Maximum accessibility for suppliers, exhibitors & visitors

### Enhanced Customer Experience

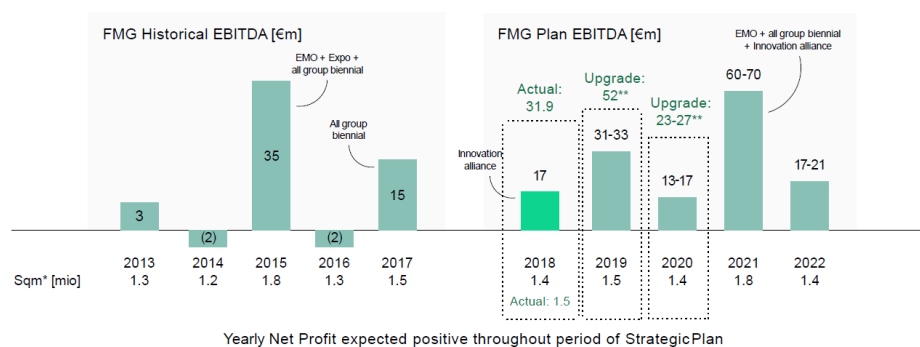
- Shortest time to customer
- Seamless customer experience

Source: Company presentation

## A substantial improvement in business performances

The plan, which was developed by assuming a stable macroeconomic environment and no M&As, provided for a remarkable improvement in the key financial items with sound operating profitability, EBITDA always above EUR 13m, also in the less favourable year) and a positive net result in all the forecast years.

## EBITDA evolution (FY 2013a-2022e)



\* Net of International sqm

\*\* € 100 million in 2019 and € 71-75 million in 2020 following the application of IFRS 16 as of 1 January 2019

Source: Company presentation

The favorable market environment, coupled with a management action that was focused strongly on execution (with several achievements on both the national and the international business) and quicker and higher than expected benefits from the implemented efficiency measures (more than EUR 20m in cost efficiencies have been obtained so far), led the company to beat the targets and the management to continuously adjust the financial guidance upwards:

- ✓ H1 2018 results. A new EBITDA range (EUR 24-26m) vs EUR 17m for FY 2018 was provided
- ✓ 9M 2018 results. The EBITDA range for FY 2018 was lifted to EUR 28-30m and the NFP was expected in the range of EUR 15-20m
- ✓ FY 2018 results. They were much better than expected: EBITDA EUR 31.9m and NFP EUR 23.7m. The management raised the EBITDA target for FY 2019 from EUR 31-33m to EUR 36-40m (or EUR 84-88m by including the effects from the adoption of the IFRS 16 accounting principle).
- ✓ H1 2019 results. The EBITDA target was revised up to EUR 96-100m (including the IFRS 16 impact).

- ✓ 9M 2019 results. EBITDA FY 2019 is seen in the upper part of the EUR 96-100m range. The FY 2020 EBITDA is expected to be between EUR 71m and EUR 75m (compared to a previous indication of EUR 61-65m (including the IFRS 16 impact)).

**First management achievements developing new business**



**New guidance and organization**

- Guiding Principles
- One group
  - People engagement
  - Execution excellence
  - Market focus



**Improved economic and financial performance**

- Profit: 0.7% to 7.5% ('17 vs. '18)
- Recurring costs addressed: +5pp profitability through efficiencies ('18 vs. '17)
- Net cash 51.7 million as at 30 September 2019 (before IFRS 16 effects)
- Return to dividend: € 0.13 per share
- FMG Stock performance +193% (end 2019 vs. end 2017)



**Growth of exhibition portfolio**

- Enrichment of hosted exhibition portfolio
- CPHI in 2020
  - ITMA in 2023
- Strengthening of owned exhibitions through acquisitions
- 60% of Made Eventi in the architecture and construction sectors
  - Cartoomics in the comics, gaming and entertainment sectors
  - 62.5% of Milan Games Week dedicated to the gaming and entertainment sectors



**International development**

- Strengthening of the Chinese portfolio through the acquisition of Let China e Laserfair
- Acquisition of 50% of Tubotech in Brazil
- Launch of the new E-PACK TECH event, dedicated to e-commerce packaging in China

Source: Company presentation

We understand that specific attention has been paid to the Services division where the company identified actions not only for a margin recovery (through a careful revision of all contracts in places with suppliers), but also for business expansion, in particular on the stand-fitting area for which the management has identified a potential business of around EUR 200m, currently provided by a plethora of small and micro suppliers. The commercial partnership with Allestitimenti Benfenati is highly strategic thanks to this partner's expertise in bespoke solutions (which account for approximately 90% of the potential business), which fit perfectly with Nolostand's commercial proposition. We believe that this win-win agreement will allow both partners to progressively gain market share. FMG's solid financial position could also support some selective acquisitions, thereby allowing the group to rapidly enhance its market share in this crucial segment.

**FMG: Services breakdown by macro-clusters**

Cluster	Description	Potential for Growth	Strategic guidelines
Stand Fitting	Custom stands, Standard stands, Hanging, Other stand-fitting services	High – huge potential, underpenetrated	<ul style="list-style-type: none"> <li>• Maximize penetration</li> <li>• Grow capabilities</li> </ul>
Exhibition Services	Insurances, Stand services, Hostess & Tickets, Parking, Surveillance, Other	Low – passive sales, will grow with FM volumes	<ul style="list-style-type: none"> <li>• Tactically capture opportunities</li> </ul>
Food & Beverage	Catering and Restaurants	Medium – opportunity to improve quality offer	<ul style="list-style-type: none"> <li>• Drive revenue growth through improvement of quality offer</li> </ul>
Technical Services	Customer service, Technologies, Electrical services, Hydraulic services, Other	Medium – opportunity to increase penetration	<ul style="list-style-type: none"> <li>• Maximize penetration through enhanced selling process</li> </ul>
Digital & Media	Advertising and Media	High – huge potential, underpenetrated	<ul style="list-style-type: none"> <li>• Leverage smart district to build additional business lines</li> </ul>
Destination Management	In-bound & out-bound logistics for visitors, buyers and exhibitors	High – huge potential, underpenetrated	<ul style="list-style-type: none"> <li>• Expand penetration among Fiera Milano customers</li> </ul>

Source: Company presentation

## Financials

### Main features

- The business of the group is highly seasonal due to the fact that in the calendar of exhibitions there are also events with biennial and multiannual frequency. This creates fluctuations in annual and quarterly revenues:
  - ✓ “even” years are historically weaker than “odd” years;
  - ✓ exhibitions are traditionally concentrated in H1 with no activities in the summer period (especially in July and August)
- Directly-organised events yield higher margins, since the company offers spaces and related services to the exhibitors, instead of just renting spaces for hosted events.
- Since the FY 2018 report, the performance gauging system has been amended. The activities related to stand-fitting services, previously highlighted separately, have been incorporated in the Italian Exhibition business activities following the new strategic direction and reorganisation of the group.
- The business is characterised by a “structural” negative NWC, thanks to:
  - a) the significant advance payments from the organisers (only a marginal part is paid at the event, as summarised in the scheme below:
    - ✓ on annual events: on average 30%-40% is cashed in 6 months before the event; 50% 2 months before and the remainder at the event;
    - ✓ on biennial events: on average 15%-20% is paid 18 months prior to the event; 30%-40% 6 months ahead, 30%-45% 2 months before and the rest at the event.

The subsequent credit risk is practically negligible.
  - b) minimum guaranteed from a standard contract;
  - c) treasury management services on behalf of the organisers.
- The company has been severely impacted by the adoption of the new lease accounting discipline (IFRS 16); however, we remind readers that the net debt figure is figurative only, and Fiera Milano still has a net cash position:
  - ✓ the amount of net debt (present value of rents) does not consider the “effective” expiration date of rent contracts (mid-2023), but also includes the 9-year option, thus shifting the expiration date to 2032;
  - ✓ the rent contract, as well as the IFRS 16 debt, includes mainly the sites in Milan (Fieramilanocity and congress centre MiCo) and Rho (Fieramilano), owned by Fondazione Fiera and let to the company.

#### IFRS 16 accounting principle: main impacts (9M 2019)

EUR m	Change
EBITDA	36.0
Amortisation	30.1
EBIT	5.9
Financial Expenses	-10.3
Profit before tax	-4.4
Net Financial Position	481.0

Source: Company data

- FMG enjoys a reduced level of CAPEX (around EUR 5m) as the large investments for the sites are borne by the Foundation.
- In 2019, (FY 2018 report) the company re-started to pay dividends (EUR 0.13/share) after 7 years. The management has not disclosed any dividend policy. Given the high cash generation, there is room to increase dividends.

## FY 2018 and 9M 2019 Results

We provide below a brief review of FY 2018 and 9M 2019 results. We also compare the performance with the previous year, as we deem the comparison more meaningful, given the aforementioned cyclical fluctuations.

The industrial turnaround, which took place in late 2017, led to a strong improvement in FMG's performances already in 2018. Though it was a "traditionally" weak year (as suggested by the top line decline), cost efficiencies boosted both EBITDA and EBIT well ahead of the break-even point, mainly thanks to a well-managed Italian Exhibition business.

Overall, FMG kept its exhibition portfolio broadly stable, in terms of number of events and square meters of exhibition space (79 in 2018, compared to 84 both in 2017 and 2016), but in 2017 the company recorded a higher number of directly organised events, whose exhibition space reached 47% of the total square meters, versus 34% in 2018 and 32% in 2016.

Significant improvements also came from the NWC management, with a sharp decline in overdue receivables: only EUR 8.0m out of the EUR 33.4m net trade receivables (23%), compared with EUR 13.7m in 2017 (42%) and EUR 27.9m (75%), which supported the cash generation and, coupled with the improved EBITDA, led to a net cash position of EUR 23.7m.

### FMG: Key financial items

EUR m	FY 2017 (*)	FY 2018	Chg.
<b>Net exhibition space (k sqm)</b>	<b>1,944</b>	<b>1,972</b>	<b>1.5%</b>
<b>Revenues</b>	<b>256.3</b>	<b>247.2</b>	<b>-3.6%</b>
o/w Italian Exhibitions	206.4	200.3	-3.0%
o/w Foreign Exhibitions	5.1	7.8	53.9%
o/w Media	10.8	11.3	3.9%
o/w Congresses	46.2	37.7	-18.3%
o/w Adjustments	(12.2)	(9.9)	-18.6%
<b>EBITDA</b>	<b>15.1</b>	<b>31.9</b>	<b>111.6%</b>
<i>Margin</i>	5.9%	12.9%	
o/w Italian Exhibitions	11.5	23.8	105.9%
<i>Margin</i>	5.6%	11.9%	
o/w Foreign Exhibitions	0.1	3.7	n.m.
<i>Margin</i>	1.6%	47.2%	
o/w Media	0.4	0.6	34.7%
<i>Margin</i>	3.8%	4.9%	
o/w Congresses	3.0	3.8	26.7%
<i>Margin</i>	27.9%	34.0%	
<b>EBIT</b>	<b>5.4</b>	<b>25.1</b>	<b>366.8%</b>
<i>Margin</i>	2.1%	10.1%	
Pre-tax	4.6	24.9	442.0%
<b>Net Result</b>	<b>1.6</b>	<b>18.8</b>	<b>n.m.</b>
Net debt (cash) ex IFRS 16	0.8	(23.7)	n.m.

Source: Company data (\*) Restated according to the new business subdivision and the application of the IFRS 15 accounting principle

FMG reported strong results in 9m 2019, mainly driven by the improvement in the EBITDA margin of Italian Exhibition, which stood at 12.3% vs. 0.0% in 9M 2017; the margin in 2018 benefitted from four multiannual exhibitions, which took place in Q2 and boosted net rented areas by 15% (~130k sqm).

We highlight the remarkable drop in variable costs, which according to our calculations contributed to the sound performance, easing their weight on revenues to 47% from 66% (9M 2017).

**FMG: Key financial items (Q3/9M)**

EUR m	Q3 2017 (*)	Q3 2018	Q3 2019	9M 2017 (*)	9M 2018	9M 2019
<b>Net exhibition space (k sqm)</b>	<b>259</b>	<b>365</b>	<b>306</b>	<b>1,253</b>	<b>1,504</b>	<b>1,341</b>
<b>Revenues</b>	<b>43.5</b>	<b>35.6</b>	<b>30.1</b>	<b>159.4</b>	<b>193.3</b>	<b>183.9</b>
o/w Italian Exhibitions	24.9	29.1	22.9	139.8	167.7	152.1
o/w Foreign Exhibitions	0.5	2.3	0.2	4.1	5.0	3.3
o/w Media	2.1	2.3	1.9	7.5	8.5	7.7
o/w Congresses	18.1	3.3	6.2	34.2	18.8	27.3
o/w Adjustments	(2.0)	(1.5)	(1.1)	(26.2)	(6.8)	(6.6)
EBITDA	(11.2)	(5.0)	2.0	0.7	41.1	64.4
<b>EBITDA Adj. (exclud. IFRS 16)</b>	<b>(11.2)</b>	<b>(5.0)</b>	<b>(9.7)</b>	<b>0.7</b>	<b>41.1</b>	<b>28.5</b>
<i>Margin</i>	<i>(25.7%)</i>	<i>(14.1%)</i>	<i>(32.4%)</i>	<i>0.4%</i>	<i>21.2%</i>	<i>15.5%</i>
o/w Italian Exhibitions	(11.4)	(5.7)	(11.4)	(0.0)	37.3	18.7
<i>Margin</i>	<i>(45.9%)</i>	<i>(19.5%)</i>	<i>(49.6%)</i>	<i>(0.0%)</i>	<i>22.2%</i>	<i>12.3%</i>
o/w Foreign Exhibitions	(0.6)	2.1	1.0	(0.4)	3.9	3.5
<i>Margin</i>	<i>(132.0%)</i>	<i>89.9%</i>	<i>461.3%</i>	<i>(9.8%)</i>	<i>78.4%</i>	<i>104.9%</i>
o/w Media	(0.1)	0.1	(0.1)	(0.2)	0.7	0.7
<i>Margin</i>	<i>(2.4%)</i>	<i>3.0%</i>	<i>(7.1%)</i>	<i>(2.4%)</i>	<i>8.7%</i>	<i>8.8%</i>
o/w Congresses	0.9	(1.5)	0.8	1.3	(0.9)	5.7
<i>Margin</i>	<i>41.8%</i>	<i>(64.9%)</i>	<i>43.6%</i>	<i>17.2%</i>	<i>(10.4%)</i>	<i>73.5%</i>
EBIT	(12.9)	(6.5)	(9.2)	(4.5)	35.6	30.4
<b>EBIT Adj. (exclud. IFRS 16)</b>	<b>(12.9)</b>	<b>(6.5)</b>	<b>(11.1)</b>	<b>(4.5)</b>	<b>35.6</b>	<b>24.5</b>
<i>Margin</i>	<i>(29.6%)</i>	<i>(18.3%)</i>	<i>(36.9%)</i>	<i>(2.8%)</i>	<i>18.4%</i>	<i>13.3%</i>
<b>Pre-tax</b>	<b>(13.0)</b>	<b>(6.5)</b>	<b>(12.4)</b>	<b>(5.3)</b>	<b>35.5</b>	<b>20.3</b>
Net Result	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Net debt (cash) exclud. IFRS 16</b>	<b>22.3</b>	<b>(38.8)</b>	<b>(51.7)</b>	<b>22.3</b>	<b>(38.8)</b>	<b>(51.7)</b>

Source: Company data and Banca Akros calculation

(\*) Restated according to the new business subdivision and the application of the IFRS 15 accounting principle



### Forecast Financials (FY 2019e – FY 2022e)

Our assumptions are based on the sole hypothesis of organic growth. We consider past performances as scarcely representatives of future results due to a structurally more efficient cost base and reduced operating leverage.

We also remark that our projections do not take into account any negative effect on the business coming from the Coronavirus.

FMG's business is characterised by traditional cyclical fluctuation, both over subsequent years and within the same year. In particular, Q3 is usually weak, as it includes July and August, when next to no events are held. Moreover, many biennial exhibitions are held in "odd" years, resulting in softer performances in "even" years.

Nevertheless, annual exhibitions, which represent more than 77% of events and rented square meters, are usually subject to multiannual contracts, which give high visibility on following years' revenues, up to 10 years ahead.

The management has been able to reach satisfying margins in a relatively short time, even though the top line has been experiencing modest growth rates. In particular, FMG's profitability has benefitted from a cut in the cost base: our projections for FY 2019 show some EUR 22m decline, resulting in a sizeable reduction of operating leverage and, in turn, in a sound performance at the EBIT level. We are confident that FMG will preserve the efficient cost structure. Although we do not project any additional significant cost reductions we believe the company will continue to work on finding new savings.

In greater detail, we expect the break-even revenue (FY 2022) to be in the region of EUR 220m-225m, slightly increasing over the FY 2019-22 period, taking into account the inflation-linked increase in rents and personnel expenses.

- **Italian Exhibitions:** we project a broadly stable trend in exhibition spaces, in line with cyclical fluctuations, with a gradual increase in revenues driven by higher collateral services, which ought to be the focus of the growth strategy. We have factored in a slow but steady improvement in the EBITDA margin, mainly driven by lower fixed costs. The operating leverage is expected to show marginal improvements, albeit large enough to yield an ex-IFRS EBITDA margin in the region of 10%-11% and 18%-22% in "even" and "odd" years, respectively.
- **Foreign Exhibitions:** we expect a moderate increase in exhibition spaces in China, and an overall improvement in the EBITDA margin, which ought to rise to 40% and 60% in "even" and "odd" years, respectively. The EBITDA includes profits and losses from joint ventures, whose revenues are not consolidated. Their contribution is projected according to the historic proportion compared to revenues from the business units, with a prudent discount.
- **Congresses:** congresses are the least predictable item in FMG's business since most of them are non-recurring and organised year by year; we stick to an average revenue value, mitigating the exceptionally-high FY 2019 figure. The EBITDA margin is seen at a structurally higher level than 2016-18, thanks to the cut in fixed costs, but we have projected a slightly worse dynamic to take into account the uncertainty linked to this business.
- **Media:** we deem the business unit marginal: we have projected stable revenues compared to FY 2019, with only inflation-linked growth, a slightly positive EBITDA (margin stable at 5%), and substantially zero EBIT.

As far as the capex is concerned, we assume EUR 7m in the period 2020/2021 (slightly above the past average) due to higher IT investments, to then return to EUR 5m.

Lastly, we have assumed the payment of EUR 0.13 dividend/year, which could be considered a floor given the generous cash generation in the forecast period.

**FMG: Estimates (2019-24)**

EUR m	FY 2018	FY 2019e	FY 2020e	FY 2021e	FY 2022e	FY 2023e	FY 2024e
Net exhibition space (k sqm)	1,972	2,066	1,860	2,251	1,865	2,129	2,012
<b>Revenues</b>	<b>247.2</b>	<b>279.4</b>	<b>252.2</b>	<b>319.9</b>	<b>262.8</b>	<b>300.3</b>	<b>294.5</b>
o/w Italian Exhibitions	200.3	227.1	205.8	271.6	216.5	250.8	249.3
o/w Foreign Exhibitions	7.8	6.4	6.2	6.9	6.6	7.4	7.0
o/w Media	11.3	11.8	11.9	12.0	12.2	12.3	12.4
o/w Congresses	37.7	45.2	38.5	42.3	38.1	41.9	37.7
o/w Adjustments	(9.9)	(11.2)	(10.1)	(12.9)	(10.6)	(12.1)	(11.8)
EBITDA	31.9	101.4	79.0	119.6	81.5	104.3	104.2
<b>EBITDA Adj. (ex IFRS 16)</b>	<b>31.9</b>	<b>53.4</b>	<b>30.8</b>	<b>71.2</b>	<b>32.8</b>	<b>55.3</b>	<b>55.0</b>
Margin	12.9%	19.1%	12.2%	22.3%	12.5%	18.4%	18.7%
o/w Italian Exhibitions	23.8	41.1	22.2	59.6	24.4	45.3	47.0
Margin	11.9%	18.1%	10.8%	21.9%	11.3%	18.1%	18.9%
o/w Foreign Exhibitions	3.7	3.8	2.7	4.6	3.0	3.6	3.3
Margin	47.2%	58.9%	44.1%	66.7%	45.7%	48.5%	47.1%
o/w Media	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Margin	4.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
o/w Congresses	3.8	8.1	5.7	7.1	5.6	6.9	5.5
Margin	34.0%	68.7%	48.1%	58.8%	46.0%	56.5%	44.1%
EBIT	25.1	55.0	33.1	73.3	34.4	56.5	56.0
<b>EBIT Adj. (ex IFRS 16)</b>	<b>25.1</b>	<b>47.2</b>	<b>25.1</b>	<b>65.0</b>	<b>25.8</b>	<b>47.7</b>	<b>46.9</b>
Margin	10.1%	16.9%	9.9%	20.3%	9.8%	15.9%	15.9%
Pre-tax	24.9	47.6	25.5	65.7	26.4	48.4	47.7
<b>Net Result (ex IFRS 16)</b>	<b>18.8</b>	<b>34.8</b>	<b>18.6</b>	<b>48.0</b>	<b>19.3</b>	<b>35.4</b>	<b>34.9</b>
Net Result (reported)	18.8	30.5	15.3	45.7	17.9	35.0	35.4
Net debt (cash) ex IFRS 16	(23.7)	(68.8)	(72.3)	(125.1)	(126.8)	(166.3)	(209.1)

Source: Company data for historical figures and Banca Akros estimates

**Estimates revision**

We summarise the estimates revision, based on the previous assumptions.

EUR m	FY 2019e			FY 2020e			FY 2021e		
	New	Old	Chg.	New	Old	Chg.	New	Old	Chg.
Revenues	279.4	295.2	-5.4%	252.2	282.0	-10.6%	319.9	301.5	6.1%
EBITDA	101.4	97.5	4.0%	79.0	80.0	-1.2%	119.6	88.5	35.2%
EBITDA Adj. (ex IFRS 16)	53.4	49.5	7.9%	30.8	32.0	-3.6%	71.2	40.5	75.8%
EBITDA margin	19.1%	16.8%		12.2%	11.3%		22.3%	13.4%	
EBIT	55.0	51.5	6.9%	33.1	33.9	-2.2%	73.3	41.7	75.8%
EBIT Adj. (ex IFRS 16)	47.2	n.a.		25.1	n.a.		65.0	n.a.	
EBIT margin	16.9%			9.9%			20.3%		
Net Profit	30.5	28.0	9.2%	15.3	15.9	-4.0%	45.7	22.8	100.5%
Net Profit (ex IFRS 16)	34.8			18.6			48.0		
Net Financial Position (cash)	(68.8)	n.a.		(74.2)	n.a.		(125.1)	n.a.	

Source: Banca Akros estimates

We assumed a lower top line, but a higher profitability; the FY 2021 estimates include a higher contribution from multiannual (directly-organised) exhibitions, which ought to bring in some additional 250k sqm rented. Our new estimates (especially EBITDA) exceed the company guidance, but we expect they will be revised up again thanks to better performances.

Strategic Plan 2018-2022 (EUR m)	FY 2018	FY 2019e	FY 2020e	FY 2021e	FY 2022e
FMG - EBITDA Target	17.0	31-33	13-17	60-70	17-21
FMG - Revised EBITDA Target	31.9	52.0	23-27	60-70	17-21
Banca Akros estimates	30.1	53.4	30.8	71.2	32.8

Source: Company data for historical figures and Banca Akros estimates

## Valuation

We believe that the DCF valuation is the best way to capture the value of FMG's business model. Our model (WACC: 7.75%, g: 0.5%) points to a fair value of EUR 7.3 per share. We have skipped the peer analysis due: a) the limited size of the sample of comparable companies (GL Events, IEG, MCH Group, HYVE Group); b) their partial comparability as their business model differs from FMG's unique one; c) the excessive dispersion of multiples (also following the application of the IFRS 16 principle). Anyway, a brief description of these companies has been reported in Appendix I of this report.

We have built a three-stage DCF model based on: 5-year detailed estimates. We think that this time horizon is more than sufficient to factor in the full effects of all the measures envisaged in the strategic plan and to take into account the cyclical evolution of the exhibition calendars which show the presence of important multi-year exhibitions.

In the assumed period, we set the EBITDA and EBIT estimates (adjusted for IFRS 16 effects) by projecting the cost structure in the future with a contribution margin of around 46%-48% of sales (the higher end in "odd" years, the lower in "even" years). Our assumptions on fixed costs assume a steady inflation-linked increase, which prudentially sets the break-even point in the region of EUR 220/225m.

We estimate a gradual improvement in margins, driven by revenue growth; "even" years ought to reach a 16% EBITDA margin (from 13% in 2018) in FY 2024 whereas "odd" years are expected to stand in the region of 19%, replicating the FY 2019e performance (which we have taken as the "base year", after the management turnaround and the cost revision). The FY 2021 and FY 2024 figures take into account some multi-annual exhibitions, with an additional contribution (in terms of rented square meters) of around 15%, compared to a "normal" year": they both turn out to be outlier years.

The terminal-year value is set as the average of the last "odd" and "even" year, with slightly negative net working capital (as the company generates cash). We remind readers that this is an inaccurate (though necessary) simplification between the two "states", and none of the years is expected to reach that "steady state", even in the long term.

Our WACC (7.75%) includes the projection of the present capital structure, fully-equity funded and cash positive. The Free Risk Rate (3.5%) and the Market Risk Premium (5.0%) are in line with the ESN standard while the Company Risk Factor (Beta), calculated using the Stern & Stuart methodology, has been set at 0.85.

In the following tables we provide details on our WACC calculation and DCF model and a sensitivity analysis.

### FMG: WACC calculation

Company Risk Factor (Beta)	0.85
Market Risk Premium	5.00%
Risk Free Rate	3.50%
Cost of Equity	7.75%
Cost of Debt (gross)	2.20%
D/(D+E)	0.0%
E/(D+E)	100.0%
<b>WACC</b>	<b>7.75%</b>

Source: Banca Akros estimates

**FMG: DCF Model**

CASH FLOW (EUR m)	FY 2019e	FY 2020e	FY 2021e	FY 2022e	FY 2023e	FY 2024e	TY
Revenues	279.4	252.2	319.9	262.8	300.3	294.5	298.9
EBITDA Adj. (exc. IFRS 16)	53.4	30.8	71.2	32.8	55.3	55.0	48.7
% margin	19.1%	12.2%	22.3%	12.5%	18.4%	18.7%	16.3%
EBITA	47.2	25.1	65.0	25.8	47.7	46.9	42.0
Taxes	-13.0	-6.9	-17.9	-7.1	-13.1	-12.9	-11.6
Normative tax rate	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
<b>NOPLAT</b>	<b>34.2</b>	<b>18.2</b>	<b>47.1</b>	<b>18.7</b>	<b>34.6</b>	<b>34.0</b>	<b>30.5</b>
Depreciation & other provisions	6.3	5.8	6.2	6.9	7.6	8.1	6.7
<b>Gross Operating Cash Flow</b>	<b>40.5</b>	<b>23.9</b>	<b>53.3</b>	<b>25.7</b>	<b>42.2</b>	<b>42.1</b>	<b>37.2</b>
Capex	-5.0	-7.0	-7.0	-5.0	-5.0	-5.0	-6.7
Change in Net Working Capital	17.9	-6.2	15.9	-12.2	22.2	-11.4	2.0
<b>Cash Flow to be discounted</b>	<b>53.3</b>	<b>10.7</b>	<b>62.2</b>	<b>8.5</b>	<b>59.5</b>	<b>25.8</b>	<b>32.5</b>

Source: Banca Akros estimates

**FMG: DCF Analysis**

Cumulated Cash Flows (Present Value) EUR m	154.5
Perpetual Growth Rate (g)	0.5%
Normalised Annual Cash Flow (EUR m)	32.5
Terminal Value (EUR m)	450.1
Discounted Terminal Value (EUR m)	291.1
Financial Assets (EUR m)	20.0
<b>Enterprise Value (EUR m)</b>	<b>465.5</b>
Net Cash (2019e) (EUR m) – excl. IFRS 16	68.8
Minorities (EUR m)	(0.1)
Pension provisions (EUR m)	(9.0)
<b>Equity Value (EUR m)</b>	<b>525.3</b>
Number of shares - fully diluted (m)	71.9
<b>Fair Value per share (EUR)</b>	<b>7.30</b>
Current Price (EUR)	4.95
Potential upside	47.4%

Source: Banca Akros estimates

**FMG Fair Value: sensitivity to WACC & g rate**

WACC	Perpetual growth rate (g)						
	-0.25%	0.00%	0.25%	0.50%	0.75%	1.00%	1.25%
6.25%	7.73	7.92	8.13	8.35	8.60	8.87	9.16
6.75%	7.41	7.58	7.75	7.94	8.15	8.38	8.62
7.25%	7.13	7.28	7.43	7.60	7.78	7.97	8.18
7.75%	6.89	7.02	7.15	7.30	7.45	7.62	7.80
8.25%	6.68	6.79	6.91	7.04	7.17	7.32	7.47
8.75%	6.49	6.59	6.69	6.81	6.93	7.06	7.19
9.25%	6.32	6.41	6.50	6.60	6.71	6.83	6.95

Source: Banca Akros estimates

**FMG Fair Value: sensitivity to WACC & Terminal EBITDA margin**

WACC	Normalised EBITDA Margin						
	14.8%	15.3%	15.8%	16.3%	16.8%	17.3%	17.8%
6.25%	7.84	8.01	8.18	8.35	8.52	8.69	8.86
6.75%	7.48	7.63	7.79	7.94	8.10	8.26	8.41
7.25%	7.16	7.31	7.45	7.60	7.74	7.89	8.03
7.75%	6.89	7.03	7.16	7.30	7.43	7.57	7.70
8.25%	6.66	6.78	6.91	7.04	7.16	7.29	7.42
8.75%	6.45	6.57	6.69	6.81	6.93	7.04	7.16
9.25%	6.27	6.38	6.49	6.60	6.72	6.83	6.94

Source: Banca Akros estimates

We note that the group is currently in a net cash position and therefore its capital structure is sub-optimal as its WACC equals the Cost of Equity; thus the company does not benefit from the tax shield on the cost of debt arising from the presence of leverage.

In the table below we report a sensitivity analysis which shows how the value per share would change by leveraging the company and paying out a large extraordinary dividend.

**FMG Fair Value: sensitivity to company leverage**

D / (D+E)	0%	5%	10%	15%	20%	25%
Fair Value per share (EUR)	7.30	7.57	7.87	8.20	8.56	8.96

Source: Banca Akros estimates

We acknowledge that this is a theoretical and probably a too simplistic exercise. We believe it is realistic to think that having worked on building an “efficient cash machine” the management can now focus on supporting the organic growth through some acquisitions, even large ones, by exploiting the beauty of FMG’s business model, which:

- is structured to generate cash thanks to the significant advance payments, which lead to a negative NWC and reduced credit risk;
- requires very low Capex (around EUR 5m/year primarily linked to ordinary maintenance as all extraordinary investments and the expansion plan on the sites are done by the Foundation);
- is profitable even in the least favorable years thanks to a reduced operating leverage

Based on our estimates, FMG can generate about EUR 140m OpFCF over the 2019-2022 period and is expected to reach a net cash position close to EUR 125m at the end of 2022, excluding IFRS 16. Therefore, it could invest EUR 150-200m without jeopardising its absolutely sustainable financial structure (leverage ratio from 15% to 30%), which would be rapidly reabsorbed thanks to the high cash generation.

The above-mentioned conditions also leave room to pay higher dividends and to implement buy-back plans.



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## Upcoming Corporate Events Calendar

Date	Event Type
10/03/2020	Board of Directors on FY 2019 results
20/04/2020	Ordinary Shareholders' Meeting on FY 2019 results
12/05/2020	Board of Directors on Q1 2020 results
29/07/2020	Board of Directors on Q2/H1 2020 results
05/11/2020	Board of Directors on Q3/9M 2020 results

*Source: company data*



## Appendix I

We provide below a summary of financials and KPIs of the main peers of FMG.

We excluded from the calculation of average ratios RELX and Informa: despite the large exhibition-related turnover (EUR 1.38bn and EUR 0.65bn respectively, in FY 2018), most of their revenues came from professional publishing activity, which accounted for almost 85% of RELX's topline and 68% of Informa's (although the share decline after the acquisition of UBM, the world's n. 2 events firm). Indeed, RELX and Informa's multiples seems to be not consistent with those of the other companies.

### Fiera Milano peers comparison ex IFRS 16

	Market Cap (m)	EV/Sales		EV/EBITDA		EV/EBIT	
		2019e	2020e	2019e	2020e	2019e	2020e
GL EVENTS	643.1	1.0	0.9	5.4	5.2	8.9	8.7
HYVE GROUP PLC	801.1	3.7	3.5	13.5	12.2	14.9	13.4
MCH GROUP AG	137.6	0.7	0.6	16.5	9.3	NEG	116.7
ITALIAN EXHIBITION GROUP SPA	137.7	1.3	1.1	6.1	5.5	na	na
EMERALD EXPOSITIONS EVENTS I	753.5	3.5	3.5	10.4	10.7	26.9	20.7
<b>Average</b>		<b>2.0</b>	<b>1.9</b>	<b>10.3</b>	<b>8.6</b>	<b>12.7</b>	<b>31.9</b>
<b>Median</b>		<b>1.3</b>	<b>1.1</b>	<b>10.4</b>	<b>9.3</b>	<b>11.9</b>	<b>13.4</b>
FIERA MILANO SPA	375.4	1.1	1.2	5.9	9.3	6.7	11.3
<i>Premium (Discount) on Average</i>		-43.6%	-36.9%	-42.8%	9.2%	-47.5%	-64.4%
<i>Premium (Discount) on Median</i>		-9.5%	6.6%	-42.9%	0.9%	-44.0%	-15.3%
RELX PLC	46,739.2	5.8	5.6	16.1	15.4	18.4	17.6
INFORMA PLC	9,784.1	4.5	4.5	12.8	12.7	14.0	13.8

Source: Bloomberg consensus; prices as of 11 February 2020

### Fiera Milano peer group: profitability and financial ratios

	Net Debt/ Ebitda 2018	Sales growth			EBITDA margin			Net Profit margin		
		2018a	2019e	2020e	2018a	2019e	2020e	2018a	2019e	2020e
GL EVENTS	2.6	9.1%	12.4%	3.2%	13.6%	17.7%	17.7%	4.1%	4.6%	4.8%
HYVE GROUP PLC	3.1	44.6%	-0.8%	16.9%	16.3%	25.8%	27.4%	1.4%	4.1%	9.2%
MCH GROUP AG	36.8	6.1%	-10.7%	1.7%	0.8%	3.9%	6.9%	-36.9%	-3.4%	0.0%
ITALIAN EXH. GROUP	1.7	22.6%	11.0%	9.2%	18.8%	20.6%	20.8%	6.6%	6.7%	7.6%
EMERALD EXP.	12.9	11.4%	-4.8%	1.1%	11.2%	33.9%	32.6%	-6.6%	-0.1%	5.4%
<b>Average</b>	<b>11.1</b>	<b>18.8%</b>	<b>1.4%</b>	<b>6.4%</b>	<b>12.1%</b>	<b>20.4%</b>	<b>21.1%</b>	<b>-6.3%</b>	<b>2.4%</b>	<b>5.4%</b>
<b>Median</b>	<b>2.9</b>	<b>20.7%</b>	<b>-0.8%</b>	<b>7.1%</b>	<b>11.8%</b>	<b>20.9%</b>	<b>21.7%</b>	<b>-8.4%</b>	<b>1.9%</b>	<b>5.5%</b>
FIERA MILANO SPA	-0.9	-3.6%	12.9%	-6.9%	10.4%	18.5%	10.8%	7.6%	12.7%	6.9%
RELX PLC	2.4	2.1%	5.8%	3.8%	34.5%	36.1%	36.3%	19.0%	19.2%	19.6%
INFORMA PLC	4.2	34.9%	20.8%	0.4%	26.4%	35.0%	35.1%	8.8%	13.4%	14.6%

Source: Bloomberg consensus; prices as of 11 February 2020

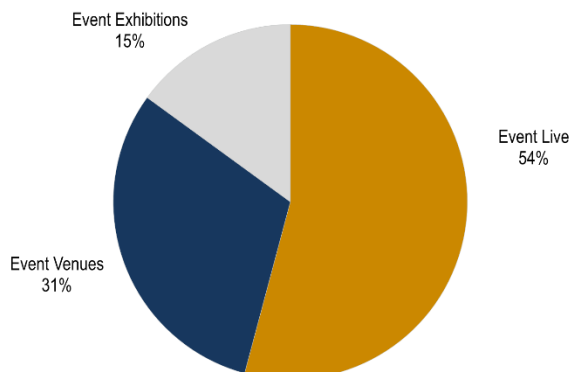
**GL Events (FRA).** GL Events is a leading global player in the events sector. It operates in the three main events markets: congresses and conventions, sporting, cultural and political events and trade shows and consumer fairs. The group was initially present on the services market, organising economic (fairs, B2B and C2C exposure), sports (Olympic games, etc.) and corporate events, but since 2000 it has carried out a vertical integration strategy on the events market while acquiring companies and exploiting sites (exhibition complexes, conference halls, etc.) as well as companies that organise events.

#### GL Events: estimates (FY 2018-2021e)

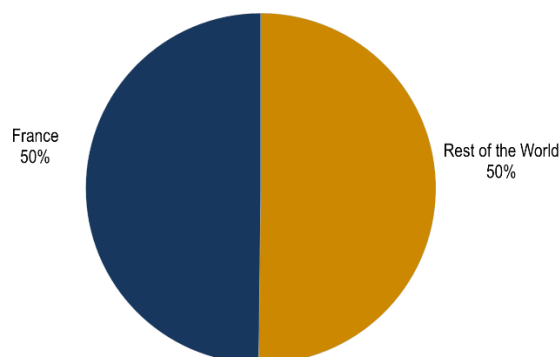
EUR (m)	FY 2018	FY 2019e	FY 2020e	FY 2021e	CAGR 19-21e
<b>Revenue</b>	1,040.5	1,169.4	1,206.4	1,246.0	3.2%
<b>EBITDA</b>	141.2	206.8	213.5	219.4	3.0%
(%)	13.6%	17.7%	17.7%	17.6%	
<b>EBIT</b>	88.2	125.8	129.7	135.6	3.8%
(%)	8.5%	10.8%	10.7%	10.9%	
<b>Net Income/Net Profit (Losses)</b>	42.2	53.0	58.1	61.8	8.0%
<b>Dividend Yield</b>	n.a.	3.1	3.2	3.2	
<b>Net debt</b>	369.2	505.0	447.6	386.5	
<b>Net Debt/EBITDA</b>	2.6	2.4	2.1	1.8	

Source: Bloomberg

#### GL Events: Sales breakdown by activity



#### Sales breakdown by geography



Source: Bloomberg

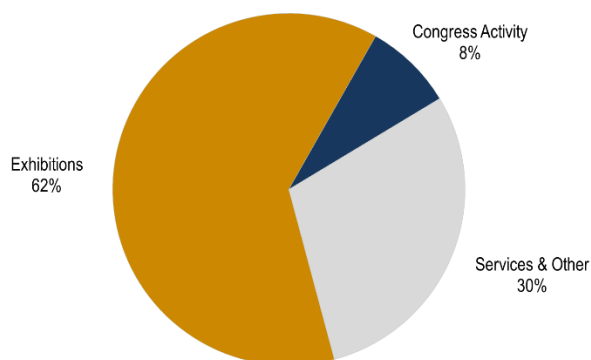
**Italian Exhibition Group - IEG (ITA).** IEG is the Italian leader in the organisation of trade expos and one of the main players in Europe in the expo and conference sector, with its venues in Rimini and Vicenza. The IEG Group stands out for the organisation of events in five categories: Food & Beverage; Jewellery & Fashion; Tourism, Hospitality & Lifestyle; Wellness, Sports and Leisure; Green & Technology. In recent years, IEG has launched an important strategy of foreign expansion, also by means of joint ventures linked with local players (e.g. in the United States, Arab Emirates and China). IEG ended FY 2018 with a turnover of EUR 159.7m, an EBITDA of EUR 30.8m and a net profit of EUR 10.8m. In FY 2018, IEG held an overall total of 53 organised or hosted exhibitions and 181 conference events in its Rimini and Vicenza expo and conference venues.

**IEG: estimates (FY 2018-2021e)**

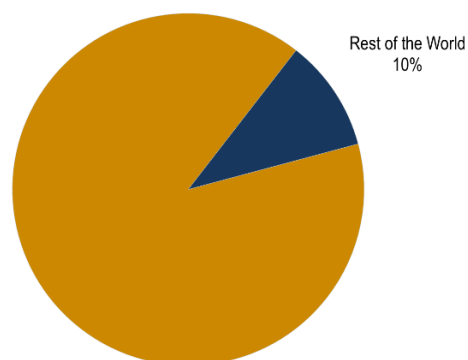
EUR (m)	FY 2018	FY 2019e	FY 2020e	FY 2021e	CAGR 19-21e
<b>Revenue</b>	156.8	174.0	190.0	189.5	4.4%
<b>EBITDA</b>	29.5	35.9	39.5	38.7	3.8%
(%)	18.8%	20.6%	20.8%	20.4%	
<b>EBIT</b>	19.0	22.0	24.9	24.2	5.0%
(%)	12.1%	12.6%	13.1%	12.8%	
<b>Net Income/Net Profit (Losses)</b>	10.3	10.8	13.8	13.4	11.4%
<b>Dividend Yield</b>	4.2	4.2	4.3	4.4	
<b>Net debt</b>	50.8	74.0	79.0	84.0	
<b>Net Debt/EBITDA</b>	1.7	2.1	2.0	2.2	

Source: Bloomberg

**IEG: Sales breakdown by activity**



**Sales breakdown by geography**



Source: Bloomberg

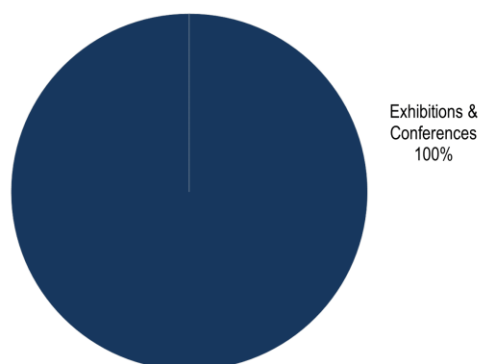
**HYVE Group (UK)**, formerly ITE Group. A Russian company that organises events (international trade exhibitions and conferences) in several countries with a focus on emerging markets. Its largest biennial event is the Moscow International Oil & Gas Exhibition (MIOGE). The company also organises Russia's largest trade fair, the Moscow Building & Interiors exhibition (MosBuild). Last year it acquired two US e-commerce events (Shoptalk Commerce and Groceryshop) for USD 145m.

**HYVE: estimates (FY 2018-2021e)**

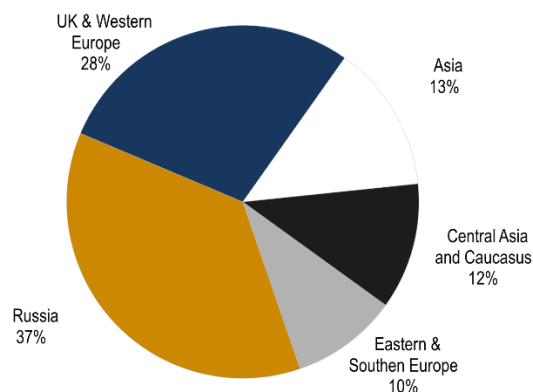
EUR (m)	FY 2018	FY 2019e	FY 2020e	FY 2021e	CAGR 19-21e
Revenue	220.7	219.0	256.0	272.3	11.5%
EBITDA	35.9	56.4	70.2	77.6	17.2%
(%)	16.3%	25.8%	27.4%	28.5%	
EBIT	8.9	n.a.	n.a.	n.a.	
(%)	4.0%				
Net Income/Net Profit (Losses)	3.1	36.0	44.0	50.2	18.1%
Dividend Yield	2.7	2.5	2.7	3.0	
Net debt	111.7	112.0	149.0	124.7	
Net Debt/EBITDA	3.1	2.0	2.1	1.6	

Source: Bloomberg

**ITE: Sales breakdown by activity**



**Sales breakdown by geography**



Source: Bloomberg

**MCH Group (SWI).** The MCH Group's business activity consists in running the exhibition sites in Basel and Zurich (Venues) and staging around 35 of its own exhibitions (Exhibitions) and providing customised services in the fields of marketing consulting, full-service experience, marketing and exhibition and event structures (Live Marketing Solutions). In 2018, the MCH Group organised or hosted 945 events and ran almost 3,000 projects in the field of live marketing solutions.

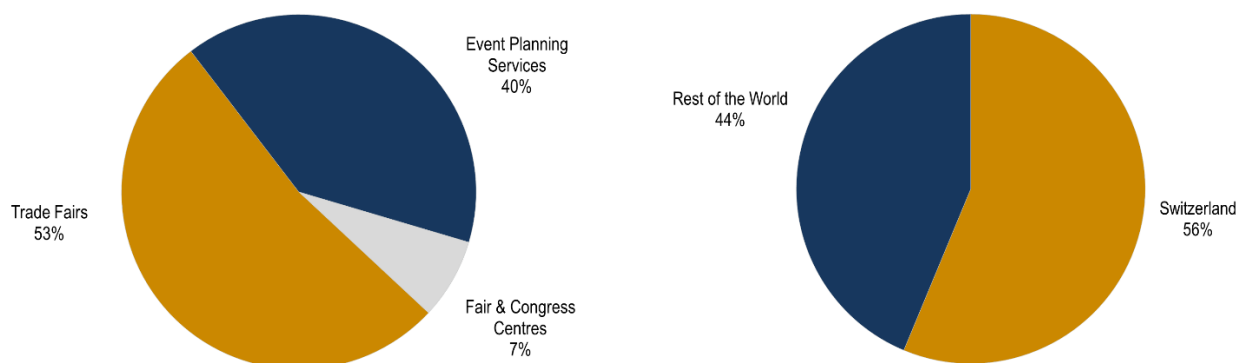
**MCH: estimates (FY 2018-2021e)**

EUR (m)	FY 2018	FY 2019e	FY 2020e	FY 2021e	CAGR 19-21e
<b>Revenue</b>	516.5	461.0	469.0	481.0	2.1%
<b>EBITDA</b>	4.0	18.2	32.4	43.2	54.1%
(%)	0.8%	3.9%	6.9%	9.0%	
<b>EBIT</b>	-182.1	-8.9	7.4	18.2	
(%)	-35.3%	-1.9%	1.6%	3.8%	
<b>Net Income/Net Profit (Losses)</b>	-190.4	-15.8	0.1	10.8	
<b>Dividend Yield</b>	n.a.	n.a.	n.a.	2.2	
<b>Net debt</b>	148.7	153.0	153.0	143.0	
<b>Net Debt/EBITDA</b>	36.8	8.4	4.7	3.3	

Source: Bloomberg

**MCH: Sales breakdown by activity**

**Sales breakdown by geography**



Source: Bloomberg

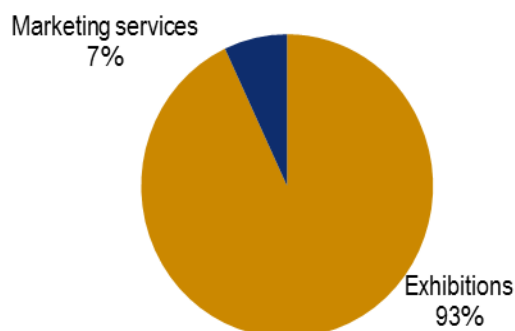
**Emerald Expositions (USA).** EEX is a leading operator of B2B trade shows in the USA, listed since 2017. The company currently operates more than 55 trade shows and many events, with more than 650k sqm of exhibition space. All exhibitions are held at least annually, with some franchises offering multiple trade shows per year. The exhibition business accounts for 93% of revenues in 2018, while the remaining 7% came from marketing services, such as digital media and print publications. EEX acquired many smaller organisers over the last 6 years.

**EEX: estimates (FY 2018-2021e)**

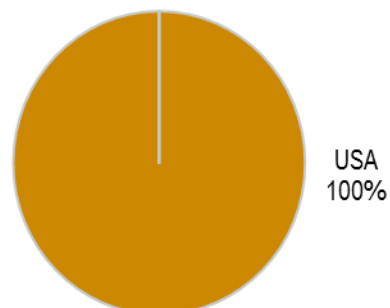
USD (m)	FY 2018	FY 2019e	FY 2020e	FY 2021e	CAGR 19-21e
<b>Revenue</b>	380.7	362.3	366.2	371.3	1.2%
<b>EBITDA</b>	42.5	122.8	119.2	123.0	0.1%
(%)	11.2%	33.9%	32.6%	33.1%	
<b>EBIT</b>	-4.3	37.1	62.0	53.4	19.9%
(%)	-1.1%	10.2%	16.9%	14.4%	
<b>Net Income/Net Profit (Losses)</b>	-25.1	66.9	67.7	72.4	4.0%
<b>Dividend Yield</b>	3.0	2.2	2.4	2.9	
<b>Net debt</b>	549.4	502.5	460.0	411.0	
<b>Net Debt/EBITDA</b>	12.9	4.1	3.9	3.3	

Source: Bloomberg

**EEX: Sales breakdown by activity**



**Sales breakdown by geography**



Source: Bloomberg



**Fiera Milano: Summary tables (excluding IFRS 16)**

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
<b>Sales</b>	<b>271</b>	<b>247</b>	<b>279</b>	<b>252</b>	<b>320</b>	<b>263</b>
Cost of Sales & Operating Costs	-261.5	-218.4	-231.3	-234.6	-254.9	-243.8
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>15.1</b>	<b>31.9</b>	<b>53.4</b>	<b>30.8</b>	<b>71.2</b>	<b>32.8</b>
<b>EBITDA (adj.)*</b>	<b>15.1</b>	<b>31.9</b>	<b>53.4</b>	<b>30.8</b>	<b>71.2</b>	<b>32.8</b>
Depreciation	-6.8	-5.9	-5.3	-5.8	-6.2	-6.9
<b>EBITA</b>	<b>8.2</b>	<b>26.0</b>	<b>48.1</b>	<b>25.1</b>	<b>65.0</b>	<b>25.8</b>
<b>EBITA (adj)*</b>	<b>8.2</b>	<b>26.0</b>	<b>48.1</b>	<b>25.1</b>	<b>65.0</b>	<b>25.8</b>
Amortisations and Write Downs	-2.9	-0.9	-0.9	0.0	0.0	0.0
<b>EBIT</b>	<b>5.4</b>	<b>25.1</b>	<b>47.2</b>	<b>25.1</b>	<b>65.0</b>	<b>25.8</b>
<b>EBIT (adj.)*</b>	<b>5.4</b>	<b>25.1</b>	<b>47.2</b>	<b>25.1</b>	<b>65.0</b>	<b>25.8</b>
Net Financial Interest	-0.8	-0.1	0.5	0.4	0.7	0.6
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>4.6</b>	<b>25.0</b>	<b>47.6</b>	<b>25.5</b>	<b>65.7</b>	<b>26.4</b>
Tax	-2.9	-6.4	-12.9	-6.9	-17.7	-7.1
<i>Tax rate</i>	<i>62.2%</i>	<i>25.5%</i>	<i>27.0%</i>	<i>27.0%</i>	<i>27.0%</i>	<i>27.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.1	0.3	0.0	0.0	0.1	0.0
<b>Net Profit (reported)</b>	<b>1.6</b>	<b>18.9</b>	<b>34.8</b>	<b>18.6</b>	<b>48.0</b>	<b>19.3</b>
<b>Net Profit (adj.)</b>	<b>1.6</b>	<b>18.9</b>	<b>34.8</b>	<b>18.6</b>	<b>48.0</b>	<b>19.3</b>
<b>CASH FLOW (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Cash Flow from Operations before change in NWC	11.4	25.4	41.0	24.4	54.2	26.2
Change in Net Working Capital	33.3	-1.2	17.9	-6.2	15.9	-12.2
<b>Cash Flow from Operations</b>	<b>44.7</b>	<b>24.2</b>	<b>58.9</b>	<b>18.1</b>	<b>70.1</b>	<b>14.1</b>
Capex	-5.7	-4.8	-5.0	-7.0	-7.0	-5.0
Net Financial Investments	5.0	3.6	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>44.1</b>	<b>23.0</b>	<b>53.9</b>	<b>11.1</b>	<b>63.1</b>	<b>9.1</b>
Dividends	0.0	0.0	-9.3	-9.3	-9.3	-9.3
Other (incl. Capital Increase & share buy backs)	-6.5	1.5	-1.0	0.6	-1.8	1.5
<b>Change in Net Debt</b>	<b>37.5</b>	<b>24.5</b>	<b>43.5</b>	<b>2.4</b>	<b>51.9</b>	<b>1.2</b>
NOPLAT	2.0	18.7	34.4	18.3	47.4	18.9
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Tangible Assets	13.8	10.8	10.5	11.7	12.5	10.5
Net Intangible Assets (incl. Goodwill)	107	105	105	105	105	105
Net Financial Assets & Other	18.4	20.0	15.3	9.6	10.1	5.2
<b>Total Fixed Assets</b>	<b>139</b>	<b>136</b>	<b>131</b>	<b>126</b>	<b>128</b>	<b>121</b>
Inventories	3.5	3.5	3.8	3.6	4.4	3.7
Trade receivables	46.3	45.1	42.9	40.0	49.1	41.7
Other current assets	12.7	12.7	13.8	12.9	15.9	13.4
Cash (-)	-20.7	-28.5	-73.6	-76.9	-126.7	-128.4
<b>Total Current Assets</b>	<b>83.2</b>	<b>89.7</b>	<b>134</b>	<b>133</b>	<b>196</b>	<b>187</b>
<b>Total Assets</b>	<b>222</b>	<b>225</b>	<b>265</b>	<b>260</b>	<b>324</b>	<b>308</b>
Shareholders Equity	62.5	82.0	103	109	145	154
Minority	0.6	0.1	0.0	0.0	-0.0	-0.1
Total Equity	63.0	82.1	103	109	145	154
Long term interest bearing debt	3.5	0.0	0.0	0.0	0.0	0.0
Provisions	13.4	16.9	17.9	17.3	19.2	17.7
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Long Term Liabilities</b>	<b>17.0</b>	<b>16.9</b>	<b>17.9</b>	<b>17.3</b>	<b>19.2</b>	<b>17.7</b>
Short term interest bearing debt	18.0	4.8	4.8	4.6	1.6	1.6
Trade payables	91.5	88.2	102	94.4	115	99.0
Other current liabilities	32.5	33.5	36.6	34.2	42.0	35.6
<b>Total Current Liabilities</b>	<b>142</b>	<b>126</b>	<b>144</b>	<b>133</b>	<b>159</b>	<b>136</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>222.0</b>	<b>225.5</b>	<b>264.8</b>	<b>259.6</b>	<b>323.6</b>	<b>307.9</b>
<b>Net Capital Employed</b>	<b>63.8</b>	<b>58.4</b>	<b>34.5</b>	<b>36.9</b>	<b>20.4</b>	<b>27.2</b>
<b>Net Working Capital</b>	<b>-61.6</b>	<b>-60.4</b>	<b>-78.3</b>	<b>-72.1</b>	<b>-87.9</b>	<b>-75.8</b>

**Fiera Milano: Summary tables (excluding IFRS 16)**

<b>GROWTH &amp; MARGINS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Profit growth	n.m.	1053.1%	84.5%	-46.6%	158.0%	-59.7%
EPS adj. growth	n.m.	1053.1%	84.5%	-46.6%	158.0%	-59.7%
DPS adj. growth			n.m.	0.0%	0.0%	0.0%
EBITDA (adj)* margin	5.6%	12.9%	19.1%	12.2%	22.3%	12.5%
EBITA (adj)* margin	3.0%	10.5%	17.2%	9.9%	20.3%	9.8%
EBIT (adj)* margin	2.0%	10.1%	16.9%	9.9%	20.3%	9.8%
<b>RATIOS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Debt/Equity	0.0	-0.3	-0.7	-0.7	-0.9	-0.8
Net Debt/EBITDA	0.1	-0.7	-1.3	-2.3	-1.8	-3.9
Interest cover (EBITDA/Fin.interest)	19.5	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/D&A	58.4%	70.1%	80.0%	121.1%	112.2%	72.1%
Capex/Sales	2.1%	1.9%	1.8%	2.8%	2.2%	1.9%
NWC/Sales	-22.7%	-24.4%	-28.0%	-28.6%	-27.5%	-28.8%
ROE (average)	2.7%	26.1%	37.6%	17.5%	37.7%	12.9%
ROCE (adj.)	4.5%	48.6%	179.7%	67.2%	463.0%	85.8%
WACC	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
ROCE (adj.)/WACC	0.6	6.3	23.2	8.7	59.7	11.1
<b>PER SHARE DATA (EUR)***</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Average diluted number of shares	71.9	71.9	71.9	71.9	71.9	71.9
EPS (reported)	0.02	0.26	0.48	0.26	0.67	0.27
EPS (adj.)	0.02	0.26	0.48	0.26	0.67	0.27
BVPS	0.87	1.14	1.44	1.52	2.02	2.14
DPS	0.00	0.00	0.13	0.13	0.13	0.13
<b>VALUATION</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
EV/Sales	0.4	0.8	1.1	1.1	0.7	0.9
EV/EBITDA	8.0	6.4	6.0	9.1	3.2	7.1
<b>EV/EBITDA (adj.)*</b>	<b>8.0</b>	<b>6.4</b>	<b>6.0</b>	<b>9.1</b>	<b>3.2</b>	<b>7.1</b>
EV/EBITA	14.7	7.8	6.6	11.3	3.6	9.0
<b>EV/EBITA (adj.)*</b>	<b>14.7</b>	<b>7.8</b>	<b>6.6</b>	<b>11.3</b>	<b>3.6</b>	<b>9.0</b>
EV/EBIT	22.5	8.1	6.8	11.3	3.6	9.0
<b>EV/EBIT (adj.)*</b>	<b>22.5</b>	<b>8.1</b>	<b>6.8</b>	<b>11.3</b>	<b>3.6</b>	<b>9.0</b>
<b>P/E (adj.)</b>	<b>n.m.</b>	<b>12.7</b>	<b>11.3</b>	<b>19.1</b>	<b>7.4</b>	<b>18.4</b>
P/BV	2.2	2.9	3.8	3.3	2.4	2.3
Total Yield Ratio	0.0%	2.6%	2.6%	2.6%	2.6%	2.6%
EV/CE	2.1	3.7	8.6	6.3	7.8	5.9
OpFCF yield	29.0%	8.1%	13.7%	3.1%	17.7%	2.5%
OpFCF/EV	32.3%	9.5%	16.9%	3.9%	27.3%	3.9%
Payout ratio	0.0%	0.0%	26.8%	50.3%	19.5%	48.4%
Dividend yield (gross)	0.0%	0.0%	2.6%	2.6%	2.6%	2.6%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Price** (EUR)	1.87	3.33	5.48	4.95	4.95	4.95
Outstanding number of shares for main stock	71.9	71.9	71.9	71.9	71.9	71.9
<b>Total Market Cap</b>	<b>134</b>	<b>239</b>	<b>394</b>	<b>356</b>	<b>356</b>	<b>356</b>
<b>Net Debt</b>	<b>1</b>	<b>-24</b>	<b>-69</b>	<b>-72</b>	<b>-125</b>	<b>-127</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	-21	-28	-74	-77	-127	-128
<i>o/w Gross Financial Debt (+)</i>	22	5	5	5	2	2
<i>o/w Lease Liabilities (+)</i>						
<b>Other EV components</b>	<b>-14</b>	<b>-12</b>	<b>-7</b>	<b>-2</b>	<b>0</b>	<b>3</b>
<b>Enterprise Value (EV adj.)</b>	<b>121</b>	<b>204</b>	<b>319</b>	<b>282</b>	<b>231</b>	<b>232</b>

Source: Company, Banca Akros estimates.

**Notes**

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

\*\*\*EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Support Services/Business Support Services

Company Description: Fiera Milano Group (FMG) is the Italian leader and one of the major world players in the exhibition markets, with a specific focus on trade fairs and congresses/conventions. FMG has been operating since 1920 (this year it celebrates its 100th anniversary). The group expansion, especially since the 2000s, has been driven first by its listing (in 2002) and then by some acquisitions and strategic partnerships, which have also enabled the group to diversify its activities, both services and geographic exposure, on the back of a steady internalisation process.

## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Tubacex	GVC	Marr	BAK	<b>Industrial Transportation</b>	<b>Mem(*)</b>
Airbus Se	CIC	<b>Chemicals</b>	<b>Mem(*)</b>	Sonae	CBI	Bollore	CIC
Dassault Aviation	CIC	Air Liquide	CIC	<b>General Industrials</b>	<b>Mem(*)</b>	Clasquin	IAC
Figeac Aero	CIC	Arkema	CIC	Adl Bionatur Solutions	GVC	Ctt	CBI
Latecoere	CIC	Plasticos Compuestos	GVC	Cembre	BAK	<b>Insurance</b>	<b>Mem(*)</b>
Leonardo	BAK	<b>Electronic &amp; Electrical Eq.</b>	<b>Mem(*)</b>	Sergeferrari Group	CIC	Axa	CIC
Lisi	CIC	Rexel	CIC	<b>General Retailers</b>	<b>Mem(*)</b>	Catalana Occidente	GVC
Safran	CIC	<b>Fin. Serv. Holdings</b>	<b>Mem(*)</b>	Emova Group	IAC	Cattolica Assicurazioni	BAK
Thales	CIC	Cir	BAK	Fnac Darty	CIC	Generali	BAK
<b>Alternative Energy</b>	<b>Mem(*)</b>	Corp. Financiera Alba	GVC	Inditex	GVC	Mapfre	GVC
Encavis Ag	CIC	Digital Magics	BAK	Maisons Du Monde	CIC	Net Insurance	BAK
Plc	BAK	Eurazeo	CIC	Ovs	BAK	Unipolsai	BAK
Siemens Gamesa Re	GVC	Ffp	CIC	Unieuro	BAK	<b>Materials, Construction</b>	<b>Mem(*)</b>
Volitalia	CIC	Rallye	CIC	<b>Healthcare</b>	<b>Mem(*)</b>	Acs	GVC
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Tip Tamburi Investment Partners	BAK	Abionyx Pharma	CIC	Aena	GVC
Brembo	BAK	Wendel	CIC	Amplifon	BAK	Astaldi	BAK
Faurecia	CIC	<b>Fin. Serv. Industrials</b>	<b>Mem(*)</b>	Atrys Health	GVC	Atlantia	BAK
Ferrari	BAK	Bolsas Y Mercados Espanoles	GVC	Crossject	CIC	Buzzi Unicem	BAK
Fiat Chrysler Automobiles	BAK	Dovalue	BAK	Diasorin	BAK	Capelli	CIC
Gestamp	GVC	Nexi	BAK	El.En.	BAK	Clerhp Estructuras	GVC
Indelb	BAK	Tinexta	BAK	Fermentalg	CIC	Eiffage	CIC
Landi Renzo	BAK	<b>Financial Services Banks</b>	<b>Mem(*)</b>	Fine Foods	BAK	Ezentis	GVC
Piaggio	BAK	Amundi	CIC	Genfit	CIC	Fcc	GVC
Pininfarina	BAK	Anima	BAK	Guerbet	CIC	Ferrovial	GVC
Plastic Omnium	CIC	Azimut	BAK	Korian	CIC	Groupe Adp	CIC
Sogefi	BAK	Banca Farmafactoring	BAK	Oncodesign	CIC	Groupe Poujoulat	CIC
<b>Banks</b>	<b>Mem(*)</b>	Banca Generali	BAK	Orpea	CIC	Groupe Sipi S.A.	CIC
Banca Mps	BAK	Banca Ifis	BAK	Recordati	BAK	Herige	CIC
Banco Sabadell	GVC	Banca Mediolanum	BAK	Shedir Pharma	BAK	Hexaom	CIC
Banco Santander	GVC	Banca Sistema	BAK	Theraclion	CIC	Imerys	CIC
Bankia	GVC	Finecobank	BAK	<b>Household Goods</b>	<b>Mem(*)</b>	Kaufman & Broad	IAC
Bankinter	GVC	Poste Italiane	BAK	Abeo	CIC	Lafargeholcim	CIC
Bbva	GVC	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>	De Longhi	BAK	Maire Tecnimont	BAK
Bcp	CBI	Advini	CIC	Fila	BAK	Mota Engil	CBI
Bnp Paribas	CIC	Bonduelle	CIC	Groupe Seb	CIC	Obrascon Huarte Lain	GVC
Bper	BAK	Campari	BAK	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Sacyr	GVC
Caixabank	GVC	Danone	CIC	Alstom	CIC	Saint Gobain	CIC
Credem	BAK	Ebro Foods	GVC	Biesse	BAK	Salcef	BAK
Credit Agricole Sa	CIC	Enervit	BAK	Caf	GVC	Salini Impregilo	BAK
Creval	BAK	Fleury Michon	CIC	Carraro	BAK	Sias	BAK
Intesa Sanpaolo	BAK	Italian Wine Brands	BAK	Cnh Industrial	BAK	Sonae Industria	CBI
Liberbank	GVC	Lanson-Bcc	CIC	Danieli	BAK	Tarkett	CIC
Mediobanca	BAK	Laurent Perrier	CIC	Datalogic	BAK	Thermador Groupe	CIC
Natixis	CIC	Ldc	CIC	Exel Industries	CIC	Vicat	CIC
Rothschild & Co	CIC	Orsero	BAK	Fincantieri	BAK	Vinci	CIC
Societe Generale	CIC	Pernod Ricard	CIC	Groupe Gorge	CIC	<b>Media</b>	<b>Mem(*)</b>
Ubi Banca	BAK	Remy Cointreau	CIC	Haulotte Group	CIC	Arnoldo Mondadori Editore	BAK
Unicredit	BAK	Tipiak	CIC	Ima	BAK	Atresmedia	GVC
<b>Basic Resources</b>	<b>Mem(*)</b>	Vidrala	GVC	Interpump	BAK	Cairo Communication	BAK
Acerinox	GVC	Vilmorin	CIC	Manitou	CIC	Cofina	CBI
Altri	CBI	Viscofan	GVC	Prima Industrie	BAK	Digital Bros	BAK
Arcelormittal	GVC	Vranken Pommery Monopole	CIC	Prysmian	BAK	Digitouch	BAK
Corticeira Amorim	CBI	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>	Talgo	GVC	Gedi Gruppo Editoriale	BAK
Ence	GVC	Carrefour	CIC	Zardoya Otis	GVC	GI Events	CIC
Semapa	CBI	Casino Guichard-Perrachon	CIC			Il Sole 24 Ore	BAK
The Navigator Company	CBI	Jeronimo Martins	CBI			Impresa	CBI

Ipsos	CIC	Quabit Immobiliaria	GVC	Telefonica	GVC
Jodecaux	CIC	Realia	GVC	Tiscali	BAK
Lagardere	CIC	<b>Software &amp; Computer Ser.</b>	<b>Mem(*)</b>	Vodafone	BAK
M6-Metropole Television	CIC	Agile Content	GVC	<b>Travel &amp; Leisure</b>	<b>Mem(*)</b>
Mediaset	BAK	Akka Technologies	CIC	Accor	CIC
Mediaset Espana	GVC	Alten	CIC	Autogrill	BAK
Nrj Group	CIC	Altran	CIC	Beneteau	CIC
Publicis	CIC	Amadeus	GVC	Compagnie Des Alpes	CIC
Rcs Mediagroup	BAK	Assystem	CIC	Elior	CIC
Solocal Group	CIC	Atos	CIC	Europcar	CIC
Teleperformance	CIC	Axway Software	CIC	Gamenet	BAK
Tf1	CIC	Capgemini	CIC	Groupe Partouche	IAC
Ubisoft	CIC	Cast	CIC	I Grandi Viaggi	BAK
Vivendi	CIC	Catenon	GVC	Ibersol	CBI
Vogo	CIC	Econocom	CIC	Int. Airlines Group	GVC
<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Esi Group	CIC	Melia Hotels International	GVC
Ecoslops	CIC	Exprivia	BAK	Nh Hotel Group	GVC
Enauta	CBI	Gigas Hosting	GVC	Pierre Et Vacances	CIC
Eni	BAK	Gpi	BAK	Sodexo	CIC
Galp Energia	CBI	Groupe Open	CIC	Sonae Capital	CBI
Gas Plus	BAK	Indra Sistemas	GVC	Trigano	CIC
Maurel Et Prom	CIC	Lleida.Net	GVC	<b>Utilities</b>	<b>Mem(*)</b>
Repsol	GVC	Neurones	CIC	A2A	BAK
Total	CIC	Reply	BAK	Acciona	GVC
<b>Oil Services</b>	<b>Mem(*)</b>	Sii	CIC	Acea	BAK
Bourbon	CIC	Sopra Steria Group	CIC	Albioma	CIC
Cgg	CIC	Visiativ	CIC	Derichebourg	CIC
Gtt	CIC	Worldline	CIC	Edp	CBI
Rubis	CIC	<b>Support Services</b>	<b>Mem(*)</b>	Edp Renováveis	CBI
Saipem	BAK	Bureau Veritas	CIC	Enagas	GVC
Technipfmc Plc	CIC	Cellnex Telecom	GVC	Endesa	GVC
Tecnicas Reunidas	GVC	Edenred	CIC	Enel	BAK
Tenaris	BAK	Enav	BAK	Erg	BAK
Vallourec	CIC	Fiera Milano	BAK	Falck Renewables	BAK
<b>Personal Goods</b>	<b>Mem(*)</b>	Inwit	BAK	Greenalia	GVC
Basicnet	BAK	Openjobmetis	BAK	Hera	BAK
Brunello Cucinelli	BAK	Prosegur Cash	GVC	Iberdrola	GVC
Cellularline	BAK	Rai Way	BAK	Iren	BAK
Cie Fin. Richemont	CIC	<b>Technology Hardware &amp; Eq.</b>	<b>Mem(*)</b>	Italgas	BAK
Geox	BAK	Adeunis	CIC	Naturgy	GVC
Hermes Intl.	CIC	Evolis	CIC	Red Electrica Corporacion	GVC
Interparfums	CIC	Hf Company	CIC	Ren	CBI
Kering	CIC	Ingenico	CIC	Snam	BAK
L'Oreal	CIC	Memscap	IAC	Solaria	GVC
Lvmh	CIC	Osmozis	CIC	Terna	BAK
Moncler	BAK	Stmicroelectronics	BAK		
Safilo	BAK	Tier 1 Technology	GVC		
Salvatore Ferragamo	BAK	<b>Telecommunications</b>	<b>Mem(*)</b>		
Smcp	CIC	Altice Europe	CIC		
Swatch Group	CIC	Bouygues	CIC		
Technogym	BAK	Euskaltel	GVC		
Tod'S	BAK	Iliad	CIC		
<b>Real Estate</b>	<b>Mem(*)</b>	Masmovil	GVC		
Igd	BAK	Nos	CBI		
Lar España	GVC	Orange	CIC		
Merlin Properties	GVC	Telecom Italia	BAK		

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA

as 1<sup>st</sup> January 2020

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(\*\*) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Pietro Gasparri (Socio AIAF) e Gian Marco Gadini che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso.

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**Esso è prodotto e distribuito dal giorno 19 febbraio 2020, ore 09:48 italiane.**

**Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/598, Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto**

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Banca Akros, nell'ultimo anno, ha pubblicato sulla società oggetto di analisi tre studi in data 14 e 15 novembre 2019 e 19 febbraio 2020.

Banca Akros rende disponibili informazioni sui conflitti di interesse, ai sensi delle disposizioni contenute nell'art. 20 del Regolamento EU 2014/596 (Regolamento sugli Abusi di Mercato) e in particolare ai sensi degli artt. 5 e 6 del Regolamento Delegato EU 2016/958, sul proprio sito internet:

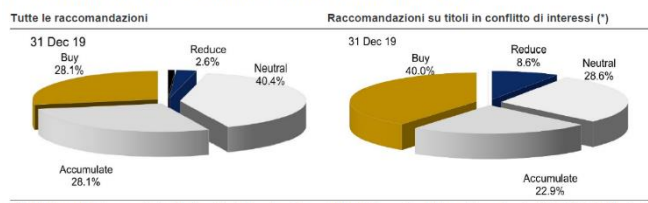
<http://www.bancaakros.it/menu-informativa/analisi-finanziaria-e-market-abuse.aspx>.

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**Percentuale delle raccomandazioni al 31 dicembre 2019**



(\*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 30.70% del totale degli emittenti oggetto di copertura

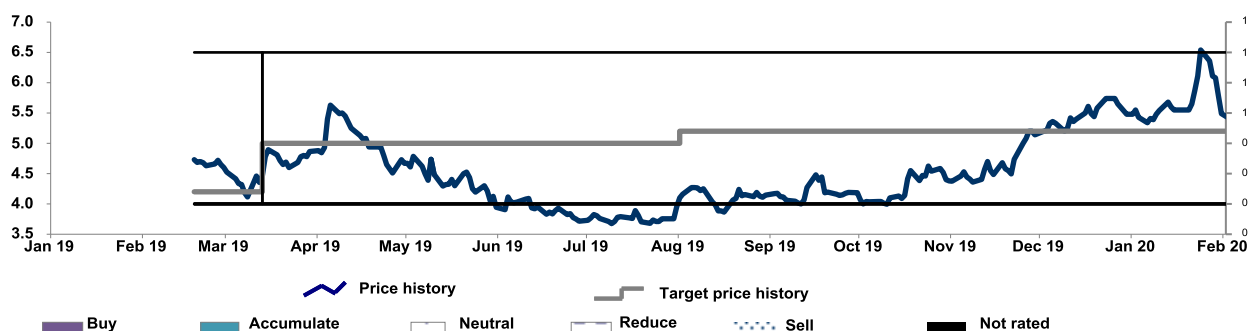
**Recommendation history for FIERA MILANO**

Date	Recommendation	Target price	Price at change date
01-Aug-19	Accumulate	5.20	4.10
13-Mar-19	Accumulate	5.00	4.46
30-Jul-18	Neutral	4.20	4.52
23-Jul-18	Neutral	4.00	4.46
21-Jun-18	Neutral	3.40	3.70
23-May-18	Accumulate	3.40	2.83
14-May-18	Accumulate	2.80	2.70
13-Mar-18	Accumulate	2.70	2.27

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Current analyst: Pietro Gasparri, CIIA, CEFA (since 06/02/2020)







The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

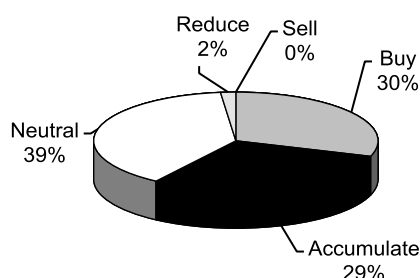
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

#### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

#### Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website

Date and time of production: **19 February 2020 09.20am CET**

First date and time of dissemination: **19 February 2020 09.25am CET**



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