



**Fondazione
Fiera
Milano**

2017-2018-2019 Forecast and Planning Report

Industrial Plan - Highlights

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(Ri) Fondazione Fiera Milano



Strategic discontinuity

2017

✓ **New mission to create added value**

- _ Proactive stakeholder in the Fiera Milano Spa strategy
- _ Long-term investor in areas related to its mission and to the exhibition-congress business

✓ **More investments**

- _ Approx. €50 million is the average for 2017 – 2019, 15 times the average in the previous 3-year period (€3.5 million) for a total of around €150 million

✓ **New prospects for exhibition system governance**

- _ Corporate initiatives
- _ Strategic initiatives (alliances, extraordinary financial operations)

✓ **Financial sustainability and asset enhancement**

2019

Fondazione Fiera Milano today



2000

Investments made

Fiera Milano today is

- ✓ Builds **fieramilano** in Rho and redevelops the **historical exhibition complex** in the city
- ✓ Builds **MiCo – Milano Congressi**
- ✓ Holds the absolute majority in Fiera Milano Spa (63.82%)
- ✓ Contributes to the **increase in the capital** of Fiera Milano Spa with €44 million
- ✓ One of the partners of Arexpo Spa, a company for the development of the post-Expo project

- ✓ One of the leading **exhibition complexes in the world** in terms of exhibition capacity, with a system of exhibition and incoming services
- ✓ One of the **leading congress centers in Europe** with a related range of services
- ✓ An **exhibition organizer** in Italy and abroad
- ✓ A player that generates **wealth** for the territory and the national economy

2016

Fiera Milano drives exports and innovation

Sector	% of Italian exhibitors who export	% of Italian exhibitors who innovate after an exhibition	% of buyers who make purchases	% of professionals who innovate after an exhibition
Furniture	99%	80%	40%	90%
Fashion	93%	60%	66%	87%
Machinery	79%	59%	20%	93%
Food	89%	70%	53%	91%

Fiera Milano drives local business

Spinoff
business in
Lombardy,
2015

€ 3.7 billion
= more than 11 times the sales volume of Fiera Milano

Economic Context

Slowdown in international trade, domestic production still weak

Milan and Lombardy

European driver, on an up trend and a leader in terms of startups and creativity

Exhibition Sector

Expanding worldwide, declining in Europe, strong competition

Congress Sector

Good performance but increased competition among congress centers

Fondazione Fiera Milano in the coming years: guidelines



Towards a new mission



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A private entity with public purpose

And therefore

A point of contact between the public sector and the private sector

must help to grow and keep the existing exhibition structure efficient

can play an active role in developing the territory in agreement with the stakeholders

Thanks to new operating lines

Three main operating lines to source financial resources ...

Enhancing *core*
income-generating
real estate, while
maintaining
control

Enhancing *no core*
income-generating
real estate

Prudent use of
financial leverage
and possibly with
easy-terms loans

... and to define a new investment policy

New mission: (Ri) Fondazione Fiera Milano

2017 - 2019

Until now Fondazione Fiera Milano has been a stakeholder and manager of the real estate

From now on

Fondazione Fiera Milano **proactive stakeholder** in the Fiera Milano Group

Fondazione Fiera Milano as **long-term investor**

Through a new vision

Fondazione Fiera Milano must have a solid ability to

develop a sustainable **financial** strategy to support its investments

strengthen its **competences** and **organization**

analyze and manage its investment portfolio



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In synergy with other market resources to further multiply the growth effect

Proactive stakeholder in Gruppo Fiera Milano

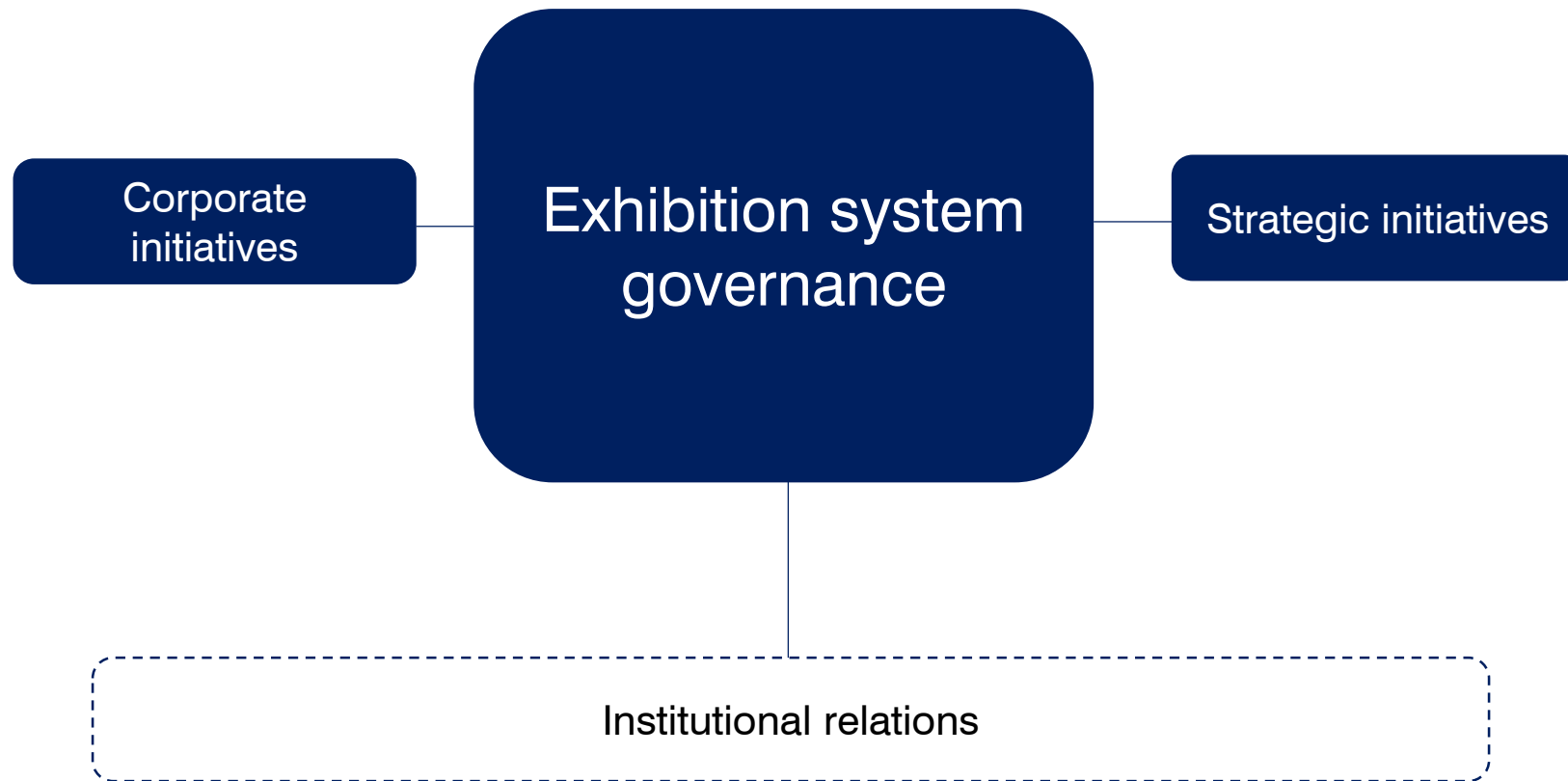
Support Fiera Milano in its three areas of business

Long-term investor

Financial action in specific sectors with minority shareholdings and/or development funds

In agreement with the stakeholders, based on the roles and competences of each

New prospects for exhibition system governance





Investor profile...

and investment choice ...

Patient

Medium/long term with balanced assets and not just short-term returns

Based on risk/income analysis, in keeping with the financial strategy and general objectives

Independent

Productive

Appropriate IRR (Internal Rate of Return) and set by company policies

Done objectively and transparently

Impartial

Proactive

Ex ante role for feasibility analysis and investment monitoring

With the competency of a stakeholder and a professional knowledge of the sectors

Professional

Fondazione Fiera long-term investor: areas and tools

Work in specific sectors, as set out in Article No. 1 of the Articles of Association

Accessibility
and mobility

Renewable
energy

Technology
and ICT

Innovation
R&D

Art
Culture
Tourism

through minority shareholdings in companies and/or development funds

in synergy with Arexpo

Art. 1 of the Articles of Association of Fondazione

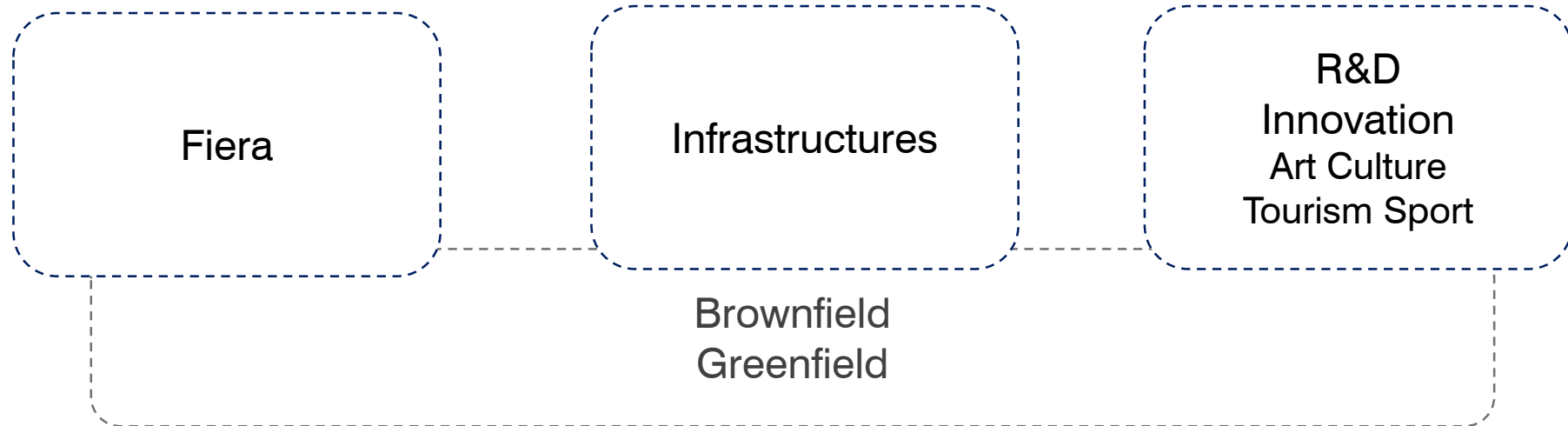
... its purpose is, among others, to carry out promotional activities and projects, and develop initiatives for economic, social, cultural and scientific development, the redevelopment of the surroundings and the upgrading of infrastructures ...

2017 – 2019 Financial Plan



Available resources for investments

Fondazione Fiera aims to earmark **approx. €150 million** for investments during the period covered by the Financial Plan



Expected income for 2017: €51 million
Expected net results for 2017: €1.1 million

Sustainability of long-term investor activity

Assessing financial capacity for long-term investor activity is based on simulations that integrate the forecasts of proactive stakeholder work with the effects on:

€100 million in additional investments during the period in the plan that will generate an average 2.5% post-tax income

use of financial leverage with the guarantees of real estate and ordinary flows generated by real estate

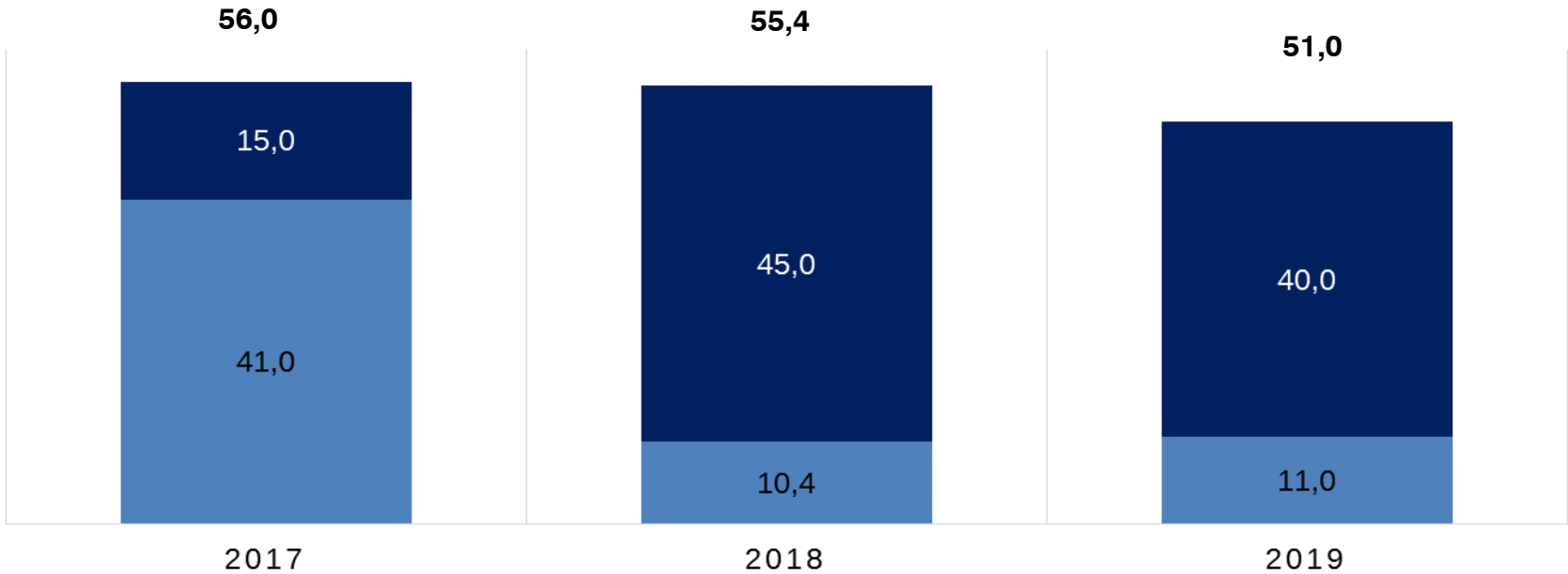
additional costs for new specialized resources to analyze and check new investments

The work hypotheses for sourcing financial capacity do not rule out evaluating the sale of real estate

Fondazione invests more

The yearly average of investments for 2017 – 2019 is approx. €50 million, 15 times the average for the previous 3-year period (€3.6 million)

Overall investments



■ "Proactive Stakeholder" investments ■ "Long-term Investor" investments

Sustainability of planned activities

Financial charges/ EBITDA only as a proactive stakeholder compared with Financial charges/EBITDA also taking account of long-term investor activities

