

Press release

Italian Exhibition Group: the Board of Directors approves the Half-Yearly Financial Report as at June 30, 2020

A first half year period showing a profit thanks to the excellent results achieved at the beginning of the year and the efficacy of the measures that were immediately adopted to counteract the effects of this unprecedented crisis.

The results of the first half year, together with substantial financial resources, strict safety protocols and new strategies applied to digitalization, are the strong basis with which IEG is facing the challenge of resuming its operations within a context of prolonged uncertainty in the trade fair sector.

Total revenues for the first half of 2020 amounted to € 61.8 million showing a decline (-38.1%) from € 99.9 million in the same period of the previous year due to the COVID-19 health emergency.

The indicators of operational profitability are all positive despite the substantial cessation of business activities at the end of February. EBITDA¹ stood at € 15.6 million, due to lower revenues, compared with the € 26.7 million of the first half of 2019 (-41.5%). EBIT stood at € 3.4 million compared with the € 17.8 million in the same period of 2019 (-80.8%) despite a non-recurring asset write-down of € 2.6 million.

The net profit attributable to the shareholders of the Parent Company amounted to € 9.8 million, up by 1.2% also thanks to the non-recurrent financial income of € 9.3 million compared with the € 9.7 million in the first half of 2019.

Rimini, August 27, 2020 - The Board of Directors of Italian Exhibition Group S.p.A.(IEG) a company listed since last June 2019 on the MTA (screen-based stock exchange) organized and managed by Borsa Italiana S.p.A., has approved today the Half-Yearly Financial Report as at June 30, 2020.

The excellent performance of the events organized in the first two months of the year, which recorded overall growth for the third consecutive year, the outbreak of the COVID-19 health emergency, which caused the suspension of trade exhibitions and congresses starting from the end of February, the decisive measures adopted by the Group to protect the safety and health of the staff and combat the financial and

economic impacts of this serious crisis are the salient facts that have characterized these first six months of 2020 and have produced the results that will be hereinafter presented.

The main consolidated results of the first half of 2020

The total revenues of the IEG Group in the first half of 2020 stood at € 61.8 million, down by 38.1% compared with the € 99.9 in the same period of 2019. The excellent performance recorded in the first two months of the year, which generated an overall organic growth of € 2.4 million (+2.4%), was suddenly halted by the spread, also in our country, of the COVID-19 pandemic which caused an overall reduction in revenues of € 40.3 million (-40.3%) compared with the first half of 2019.

The measures adopted by the Group to counteract the economic effects of the crisis, as well as the flexibility of the operating cost structure that characterizes the Company's business have made it possible to mitigate the impact of the contraction in revenues on the Group's operating results which all show positive values in absolute terms. The EBITDA¹ of the first six months stood at € 15.6 million, down by 41.5% (€ -11.1 million) compared with the same period of the previous year. EBITDA Margin, for the reasons explained above, remains in positive territory, i.e. 25.3%, with only a 1.4 percentage point decrease (26.7% was the index value as at June 30, 2019). As mentioned above, EBIT also remained in positive territory – € 3.4 million against € 17.8 million in the first half of 2019 (-80.8%) – despite the absence of business operations in the second quarter and a non-recurring write-down of intangible assets for about € 2.6 million.

Pre-tax results amounted to € 10.8 million – down by € 4.4 million compared with the first half of 2019 (-29.0%) – benefiting from a positive result of the financial operations for € 7.7 million (against a loss of € 2.7 million in the first half of 2019) achieved primarily following the restatement, for € 9.3 million, of payables for put options provided to the minority interests of some subsidiaries. The Group's result for the period amounted to € 9.4 million, down € 1.4 million (-13.1%) compared to the same period of the previous year. The result for the period attributable to the Parent Company's shareholders amounted to € 9.8 million compared to € 9.7 million in the first six months of 2019, up by € 0.1 million (+1.2%). However, even excluding the positive net contribution of the non-recurring items, this result would have been positive at € 3 million (-67.7% compared with the first half of 2019).

As at June 30, 2020, the net financial position stood at € 104.8 million, substantially unchanged versus the € 104.5 million of the position as at December 31, 2019. The monetary NFP – which, therefore, does not take into account the debit of € 27.6 million deriving from the application of IFRS 16, of financial payables for any future put options of € 5.7 million and for derivative financial instruments of € 5.7 million – amounted to € 65.8 million, i.e. an increase of € 12.6 million compared to € 53.2 million as at December 31, 2019. At the same time, the non-monetary items of the afore-mentioned NFP, as at June 30, 2020, equal to € 39 million, showed a decreased indebtedness of approximately € 12.1 million compared with the end of the 2019 period, due primarily to the effects of the afore-mentioned restatement of the payable for put options.

The consolidated shareholders' equity as at June 30, 2020 amounted to € 115 million compared to € 106.1 million as at December 31, 2019.

Results by business area in the first half of 2020

The effects of the pandemic have caused the suspension of the Group's operations starting from the end of February and for the remaining months of the half year period. Therefore, the business activities carried out in the second quarter were substantially close to zero: € 1.4 million in revenues in the second quarter of 2020 compared with € 32.7 in the second quarter of 2019 (-95.6%). Consequently, all the business lines

of the Group showed, in the first six months of 2020, a significant decrease in revenues compared with the same period of the previous year. However, it is important to note that this contraction is the result of several different factors. The first is represented by an organic growth mainly resulting from Organized Events and equal to € 2.4 million (+2.4%), only a small portion of which was offset by the negligible decrease in revenues of approximately € 0.3 million (-0.3%) due to the changed trade fair calendar of the Parent Company compared to the same period of the previous year. The outbreak of the COVID-19 health emergency (“COVID-19 effect”) has suddenly halted this additional growth phase of the Group causing an overall decline in revenues by € 40.3 million (-40.3%) compared with the first half of 2019. The effects of the pandemic can be categorized into two types. The first is represented by the cancellation of trade exhibitions and congresses scheduled in the first six months of 2020 and the suspension of business activities for companies operating in the related services business (“cancellation effect”), which resulted in a loss in revenues of € 33.8 million (-33.8%). The second is represented by the postponement, due to the rescheduling to a later date in 2020 from the first six month period, of organized/hosted trade exhibitions and congresses (“postponement effect”), which has led to a decrease in revenues of € 6.5 million (-6.5%). The Group’s core business, represented by the direct organization of trade exhibitions, accounted for 70.3% of total revenues during the first half of the year and recorded a decrease of € 10.2 million (-19.0%) compared to the same period of the previous year. Similar to total revenues, this contraction, also for this business line, was the result of different factors. First of all, this segment recorded a significant organic growth of € 2.6 million (+4.9%), achieved thanks to the two most important trade exhibitions of the Parent Company, Sigep and Vicenza Oro held in January. However, this growth was completely absorbed by the “COVID-19 effect” in terms of both the “cancellation effect” for € 9.1 million (-17.1%) and the “postponement effect” for € 3.4 million (-6.4%). This business line also reflected a negligible calendar effect, for € 0.2 million (-0.4%), due to the less important “Mondomotori” event which did not take place. Congresses include the results from the management of the Palacongressi di Rimini and the Vicenza Convention Centre (VICC). Revenues in the first half of 2020 totalled € 0.9 million, marking a contraction of € 6.7 million (-88.4%) compared to the same period in 2019, entirely attributable to the “cancellation effect” from COVID-19. In fact, this business line was affected by the legislative provisions linked to the Coronavirus emergency over a period, such as the spring, which is historically full of events; furthermore, based on the already acquired contracts, it also relied for the current year on national and international congresses that were cancelled, or in fewer numbers, rescheduled for both the current and the following year.

Revenues from Related Services – represented by stand fitting, catering and cleaning – in the first half of 2020 represents 26.6% of the overall revenues and amounts to € 16.5 million, down by approximately € 18.7 million (-53.2%) compared with the same period of the previous year. Starting from March, all activities of this business line were suspended: only some small cleaning and catering services were provided. The “cancellation effect” has entailed a loss in revenues of € 17.1 million (-48.6%) and the “postponement effect” a loss of € 1.9 million (-5.3%). Overall, the crisis has caused a loss in revenues of € 19.0 million equal to 53.9% of the revenues generated in the first half of 2019.

Events after the end of the six month period and business outlook

Beginning on August 18, the IEG conference-related activities have resumed at the Palacongressi in Rimini, for the important cultural event “Meeting for Friendship Amongst Peoples” – although in a “special edition” to comply with the current measures for containing the spread of the pandemic – which will be followed, from August 27-29, by the national convention ANMCO - Associazione Nazionale Medici Cardiologici

Ospedalieri [Italian Association of Hospital Cardiologists]. As regards the organization of trade exhibitions, the first event on the calendar is VOICE–Vicenza Oro International Community Event (Vicenza, September 12-14) which will be the first example in Italy of a hybrid fair since it will involve the physical presence of the operators with the new communication opportunities provided by digital technologies. The Related Services activities are cautiously resuming as regards both the business generated by the Parent Company and the activities carried out for third parties.

Therefore, although the months following the first half of 2020 show an improvement in the health emergency and a slow recovery of the Company's activities, it is reasonable to also expect, for the next few months, given the impossibility of predicting the development of the virus spread, a context where the risk of new restrictions affecting the development of economic activities and substantial limitations to international mobility will continue. Therefore it is likely that also the events that have been confirmed to date will be significantly affected by this current crisis.

In this situation of uncertainty, the Company will continue to work with its customers and partners to organize as best as possible the currently scheduled trade exhibitions and congresses, it will continue to apply the action plans defined for the safety and health of its stakeholders and to mitigate the economic-financial impacts of the crisis while remaining committed to the implementation of the strategic development guidelines of its own business plan.

Regarding the initiatives aimed at supporting its Organized Events, beginning in August, the Company has made available to its trade fair customers a team in charge of supporting them in their request for loans to be granted by SIMEST, including a non-repayable amount, for participating in trade exhibitions qualified as "international". The commitment to the development of opportunities related to the digitalization process is also very strong. Given the strategic nature of this approach, the Parent Company has established a specific working group guided by a newly hired digital manager.

As regards the health and safety protection of its stakeholders, the Group has defined a strict protocol of measures, called #safebusiness project, aimed at guaranteeing the highest level of safety for the events taking place at its venues. In July, this project achieved the GBAC STAR™ program accreditation for the purpose of meeting the strict international protocols for the sanitation of its venues.

Regarding the measures aimed at guaranteeing financial stability, in addition to those already implemented, in July, taking advantage of the opportunities offered by the "Liquidity Decree", the Parent Company has entered into loan agreements with Intesa San Paolo S.p.A. and Cassa Depositi e Prestiti S.p.A., covered by SACE guarantees, for a total of € 50 million. Thanks to these initiatives, the Group currently has sufficient liquidity, in addition to granted and not drawn down credit lines for a total amount of at least € 62 million.

The Group will continue to pay particular attention to maximizing its financial resources, will strengthen its activities for containing operating costs and will consistently monitor any opportunity to benefit from future support measures introduced by the government authorities.

Also as regards investments, the primary objective of the strategy is to limit them to essential ones, although continuing to devote resources to those development activities that are provided for in the business plan and that can be implemented given the current situation. To this end, it must be noted that on August 10, a binding agreement was executed for the purchase of 100% of the company HBG Events FZ LLC located in the United Arab Emirates. The Company organizes the simultaneous events "Dubai Muscle Show" and "Dubai Active", which represent the main fitness events in the Middle East. Although this is an operation of modest size, it still gives an important signal about how the Group, even within the current context of uncertainty, continues to pursue its projects for growth.

Despite the effects of this unprecedented crisis and the continuation of these uncertainties that characterize the global economy, the Group is looking to the future with determination. The efficacy of the initiatives undertaken in the previous few months as regards the identification of adequate safety protocols, the acquisition of financial resources that would guarantee a financial stability and a cost containment policy, represent a strong basis with which management is facing the challenge of resuming the Group's activities, confident of the important role that the trade fair industry will play in the relaunch of the economic system of our country.

The Manager responsible for preparing the company's financial documents, Roberto Bondioli, declares that, pursuant to paragraph 2 of art. 154 bis of the Consolidation Finance Act (TUF), the information in this communication corresponds to the accounting records, account books and book entries.

The results for the first half of 2020 will be presented in a conference call with the Financial Community scheduled for today at 5:30 pm (CET). The presentation will be available in the Investor Relations section on the website www.iegexpo.it from 5:15 pm.

FOCUS ON ITALIAN EXHIBITION GROUP

Italian Exhibition Group (IEG), listed on the MTA (screen-based stock exchange) organized and managed by Borsa Italiana S.p.A., is a leader in Italy in the organization of trade exhibitions and one of the main operators in the trade fair and conference sector at European level, with structures in Rimini and Vicenza, as well as further sites in Milan and Arezzo. The IEG Group is notable in the organization of events in five categories: Food & Beverage; Jewellery & Fashion; Tourism, Hospitality and Lifestyle; Wellness, Sport and Leisure; Green & Technology. In the last few years, IEG started a significant expansion process abroad, also through the conclusion of joint ventures with local operators (for example, in the United States, Arab Emirates and in China). IEG closed the 2019 financial year with consolidated total revenues of € 178.6 million, an EBITDA of € 41.9 million and a consolidated net profit of € 12.6 million. In 2019, IEG totalled 48 organized or hosted exhibitions and 190 congresses. www.iegexpo.it

This press release includes provisional elements and estimates that reflect the current views of the management team ("forward-looking statements") in particular with regard to future management performance, realization of investments, cash flows trends and the evolution of the financial structure. The forward-looking statements by their nature include a component of risk and uncertainty because they depend on the occurrence of future events. The actual results may differ, also in a significant manner, from those announced, in relation to a number of factors including but not exclusive to: the performance of the out-of-home-food consumption market and of tourist flows to Italy, the performance of the gold-jewellery market, the performance of the green economy, the developments in the price of raw materials, the general macroeconomic conditions, geopolitical factors and development in the regulatory environment.

¹ The EBITDA is represented by the operating profit (loss) including depreciation and amortisation expense. The EBITDA is a measure defined and used by the Group to monitor and assess the operating performance of the Group, but it is not defined in the context of IFRS standards; therefore it must not be viewed as an alternative measure for the assessment of the Group's operating result. The Company believes that the EBITDA is an important parameter for the measurement of the Group's performance as it allows to analyse the profitability of the same by eliminating the effects deriving from non-recurrent economic elements. As EBITDA is not a measure whose determination is regulated by reference accounting standards for the preparation of the Group's consolidated financial statements, the criterion applied for the determination of the EBITDA could not be consistent with that adopted by other groups and might, therefore, not be comparable to them.

For further information:

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in Euro thousand)

ASSETS (Values in Euro/000)	6/30/2020	12/31/2019
NON-CURRENT ASSETS		
Property, plant and equipment	203,838	209,173
Intangible fixed assets	33,583	37,036
Equity investments valued using the equity method	4,319	4,437
Other equity investments	10,746	10,873
<i>of which with related parties</i>	10,669	10,786
Deferred tax assets	2,481	1,940
Non-current financial assets for rights of use	756	840
Non-current financial assets	464	524
Other non-current assets	160	153
TOTAL NON-CURRENT ASSETS	256,347	264,976
CURRENT ASSETS		
Inventories	1,005	956
Trade receivables	17,361	33,899
<i>of which with related parties</i>	190	724
Tax credits for direct taxes	201	505
Current financial assets for rights of use	166	164
Current financial assets	251	1,472
<i>of which with related parties</i>	231	292
Other current assets	6,411	5,857
Cash and cash equivalents	6,025	22,198
TOTAL CURRENT ASSETS	31,420	65,051
TOTAL ASSETS	287,767	330,027

LIABILITIES (Values in Euro/000)	6/30/2020	12/31/2019
SHAREHOLDERS' EQUITY		
Share capital	52,215	52,215
Share premium reserve	13,947	13,947
Other reserves	29,000	26,608
Profit (loss) for previous years	8,776	(1,680)
Profit (Loss) for the period attributable to shareholders of the Parent Company	9,781	12,861
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	113,718	103,951
Share capital and reserves attributable to minority interests	1,707	2,374
Profit (loss) attributable to minority interests	(420)	(224)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	1,287	2,150
TOTAL GROUP SHAREHOLDERS' EQUITY	115,005	106,101
NON-CURRENT LIABILITIES		
Payables due to banks	55,074	58,318
Non-current financial liabilities for rights of use	24,763	26,115
<i>of which with related parties</i>	16,766	17,219
Other non-current financial liabilities	13,425	22,467
Provisions for non-current risks and charges	1,704	1,755
Employee provisions	4,532	4,580
Other non-current liabilities	2,203	2,300
TOTAL NON-CURRENT LIABILITIES	101,701	115,535
CURRENT LIABILITIES		
Payables due to banks	13,281	14,601
Current financial liabilities for rights of use	3,772	3,968
<i>of which with related parties</i>	1,334	1,320
Other current financial liabilities	2,182	4,237
Trade payables	29,916	34,978
<i>of which with related parties</i>	101	126
Tax payables for direct taxes	3,871	2,053
Other current liabilities	18,039	48,554
TOTAL CURRENT LIABILITIES	71,061	108,391
TOTAL LIABILITIES	287,767	330,027

CONSOLIDATED INCOME STATEMENT (in Euro thousand)

<i>(Values in Euro/000)</i>	6/30/2020	6/30/2019 (*)
REVENUES		
Revenues from sales and services	58,976	98,519
<i>of which with related parties</i>	33	1,459
Other revenues	2,860	1,413
<i>of which with related parties</i>	22	20
TOTAL REVENUES	61,836	99,932
<i>of which non-recurring revenues</i>	315	0
Change in inventories	41	72
Costs for raw materials, consumables and goods for resale	(4,124)	(7,568)
Costs for services	(28,235)	(45,845)
<i>of which with related parties</i>	(22)	(157)
Costs for use of third-party assets	(89)	(428)
Personnel costs	(12,523)	(18,110)
Other operating costs	(1,268)	(1,341)
<i>of which with related parties</i>	(3)	(3)
TOTAL OPERATING COSTS	(46,198)	(73,221)
<i>of which non-recurring operating costs</i>	0	(248)
GROSS OPERATING PROFIT (EBITDA)	15,639	26,712
Amortisation, depreciation and write-downs of fixed assets	(11,165)	(8,146)
<i>of which non-recurring write-downs</i>	(2,573)	0
Write-down of receivables	(991)	(534)
Provisions	(33)	(60)
Value adjustments of financial assets other than equity investments	(21)	(143)
OPERATING PROFIT/LOSS	3,430	17,827
FINANCIAL INCOME AND CHARGES		
Financial income	9,371	44
<i>of which non-recurring financial income</i>	9,344	0
Financial charges	(1,724)	(2,708)
Exchange rate gains and losses	3	(26)
TOTAL FINANCIAL INCOME AND CHARGES	7,651	(2,689)
GAINS AND LOSSES FROM EQUITY INVESTMENTS		
Effect of valuation of equity investments with the equity method	(273)	47
Other gains/losses on equity investments	0	43
<i>of which with related parties</i>	0	43
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS	(273)	90
PRE-TAX RESULT	10,808	15,228
INCOME TAXES		
Current taxes	(1,886)	(4,725)
Deferred tax assets/(liabilities)	439	266
TOTAL INCOME TAXES	(1,447)	(4,459)
PROFIT (LOSS) FOR THE PERIOD	9,361	10,769
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS	(420)	1,100
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY	9,781	9,669
EARNINGS PER SHARE	0.3169	0.3133
DILUTED EARNINGS PER SHARE	0.3169	0.3133

(*) Some of the figures reported in this column do not correspond to those in the financial statements as at June 30, 2019 because they reflect the valuations made in relation to the Purchase Price Allocation at defined values.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in Euro thousand)

<i>(Values in Euro/000)</i>	6/30/2020	6/30/2019 (*)
PROFIT (LOSS) FOR THE PERIOD	9,361	10,769
Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the period:		
Gains/(losses) on financial instruments for cash flow hedges	(422)	(586)
Taxes on financial instruments for cash flow hedges	101	0
Gains/(losses) on translation of financial statements in foreign currency	(67)	42
Gains/(losses) on financial assets measured at FVOCI	(118)	(46)
Total Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the period:	(505)	(590)
Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the period:		
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19		
Income taxes		
Total effect of change in actuarial reserve		
Total Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the period		
TOTAL PROFIT/(LOSS) RECOGNISED IN EQUITY	(505)	(590)
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	8,884	10,179
Attributable to:		
Minority interests	(415)	1,103
Shareholders of the Parent Company	9,271	9,076

(*) Some of the figures reported in this column do not correspond to those in the financial statements as at June 30, 2019 because they reflect the valuations made in relation to the Purchase Price Allocation at defined values.

CONSOLIDATED CASH FLOW STATEMENT (in Euro thousand)

<i>Values in Euro/000</i>	6/30/2020	6/30/2019
Profit before tax	10,808	15,228
	<i>Of which with related parties</i>	1,318
<i>Adjustments to trace profit for the year back to the cash flow from operating activities:</i>		
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets	11,165	8,146
Provisions and write-downs	991	534
Other provisions	33	60
Charges/(income) from valuation of equity investments in other companies with the equity method	273	(90)
Write-down of financial assets		
Net financial charges	(7,651)	2,689
Costs for use of third-party assets (IFRS 16)	(1,952)	(1,895)
Effect on EBIT of integration of historical shareholders put option	(200)	(136)
Other non-monetary changes	(97)	(97)
Cash flow from operating activities before changes in working capital	13,369	24,440
<i>Change in working capital:</i>		
Inventories	(49)	90
Trade receivables	15,547	(207)
	<i>Of which with related parties</i>	(1,572)
Trade payables	(5,066)	(8,294)
	<i>Of which with related parties</i>	338
Other current and non-current assets	(564)	949
Other current and non-current liabilities	(30,456)	(21,059)
Receivables/payables for current taxes	236	(445)
	<i>Of which with related parties</i>	-
Deferred/prepaid taxes	-	313
Cash flow from changes in working capital	(20,351)	(28,654)
Income taxes paid	-	-
Employee provisions and provisions for risks	(149)	(895)
Cash flows from operating activities	(7,131)	(5,108)
<i>Cash flow from investment activities</i>		
Net investments in intangible fixed assets	(293)	(124)
Net investments in property, plant and equipment	(2,066)	(5,357)
Disinvestments in intangible fixed assets	25	22
Disinvestments in tangible fixed assets	58	61
Dividends from associate companies and joint-ventures		43
	<i>Of which with related parties</i>	43
Change in current and non-current financial assets	1,282	346
	<i>Of which with related parties</i>	150
Net equity investments in subsidiaries		
Changes in equity investments in associated companies and other companies	(114)	(267)
Cash flow from investment activities	(1,107)	(5,276)
<i>Cash flow from financing activities</i>		
Change in other financial payables - other	(1,712)	(243)
Payables to shareholders	(221)	(240)
Obtainment/(repayment) of short-term bank loans	1,824	211
Mortgages	15,856	6,170
Repayment of mortgages	(22,242)	(5,587)
Net financial charges paid	(875)	(1,011)
Dividends paid		(5,556)
Change in Group reserves	(31)	(10)
Put option payment	(534)	-
Cash flow from financing activities	(7,936)	(6,266)
Net cash flow for the period	(16,174)	(16,650)
Opening cash and cash equivalents	22,198	29,479
Closing cash and cash equivalents	6,025	12,830