



Press Release

**Italian Exhibition Group: the Board of Directors approves the interim report as at September 30<sup>th</sup>, 2019 and the calendar of corporate events for 2020.**

Total revenue for the first nine months of 2019 amounted to € 128.3 million compared to € 112 million in the same period of the previous year (+14.6%).

EBITDA<sup>1</sup> and EBIT amounted to € 30.6 million (with € 3 million attributable to the impact of IFRS 16) and € 17.5 million (with € 0.1 million attributable to the impact of IFRS 16) respectively, up from € 22.6 million and € 14.4 million respectively in the first nine months of 2018.

Net profit attributable to the shareholders of the Parent Company of € 8.6 million (not including the negative impact of € 0.2 million due to IFRS 16 for comparison purposes with 2018), higher than the figure of € 8.1 million recorded in the first nine months of the previous year.

*Rimini, November 13th 2019* - The Board of Directors of Italian Exhibition Group S.p.A. (IEG), since last June listed on the Milan Stock Exchange organised and managed by Borsa Italiana S.p.A., approved the interim report as at September 30<sup>th</sup>, 2019 today.

**Main consolidated results for the third quarter of 2019**

The IEG Group's total revenue for the third quarter which is characterised by less trade fair and convention activity since it falls in the summer months, amounted to € 28,351 thousand compared to € 34,664 thousand for the third quarter of 2018 mainly due to the absence of the biennial Tecnargilla event held on even-numbered years.

There were positive impacts on both EBITDA<sup>1</sup> and EBIT of € 1,094 and € 105 thousand respectively from application of the accounting standard IFRS 16, and they stood at € 3,897 and € -360 thousand respectively compared to € 5,521 and € 2,649 thousand in the first nine months of 2018. In addition to the above-mentioned effects of the trade fair calendar, EBITDA<sup>1</sup> was influenced by the consolidation of the operating results, for July and August, of the Italian fittings companies acquired at the beginning of September 2018 which are also affected by the seasonal nature of the trade fair - convention business. These negative impacts are partly offset by the organic growth of the main events of the third quarter, the stabilisation and enhancement of the efficiency-boosting measures begun in previous periods and the one-off charge to the selling shareholders of most of the costs incurred for the IPO process (approximately € 1 million). Finally, the

EBIT was also influenced by the increase in the amortisation costs since investments made in previous periods came into effect.

The Group net result, influenced by the higher interest expense resulting from the change in the fair value of the derivative financial instruments (€ 602 thousand) and the imputed debts for put options (€ 84 thousand) posted a loss of € 1,832 thousand compared to a profit of € 1,657 thousand for the same period of the previous year. There was a net loss attributable to the shareholders of the Parent Company of € 1,282 thousand compared to a profit of € 1,155 thousand for the same period of the previous year.

### **Main consolidated results for the first nine months of 2019**

The total revenue of the IEG Group, amounting to € 128,283 thousand is up 14.6% on the figure of € 111,973 for the same period of the previous year. Even though the trade fair calendar was less active, this result confirms the growth trend recorded at year-end 2018 (+22% on the previous year), bearing witness to the effectiveness of the two-prong approach taken by IEG to develop the product catalogue and grow the external lines.

The EBITDA<sup>1</sup> and EBIT, positively influenced by € 3 and € 0.1 million respectively following application of the accounting standard IFRS 16, amounted to € 30,608 thousand and € 17,467 thousand respectively, showing strong growth compared to the first nine months of 2018 which did not take account of the effects of IFRS 16, and stand at € 22,560 thousand and € 14,450 thousand respectively. Even if the positive effects of application of IFRS 16 are not considered, the operating profit indicators of EBITDA<sup>1</sup> and EBIT record increases of 22.4% and 19.9% respectively when compared with the same period of the previous year, partly due to the efficiency-boosting policies implemented in the management of operating expenses.

The Group net result, influenced by the higher charges on the financial management due to the change in the fair value of the derivative financial instruments (€ 1,515 thousand) and the charges related to the imputed debts for put options (€ 434 thousand), stands at € 8,937 thousand compared to € 9,275 thousand in the first nine months of 2018.

The net profit attributable to the shareholders of the Parent Company amounts to € 8,387 thousand (with a negative impact due to IFRS 16 of € 221 thousand) compared to € 8,087 thousand for the first nine months of 2018. This result, net of the negative effects of application of accounting standard IFRS 16 for comparative purposes, stands at € 8,608 thousand, up 6.4% on the same period of the previous year.

As at September 30<sup>th</sup>, 2019, the net “monetary” financial situation (which therefore does not take account of the € 32 million payable due to application of accounting standard IFRS 16 starting from the 2019 fiscal year, the financial payables for any future put options of € 16.8 million or the derivative financial instruments of € 6.6 million) stands at € 63.7 million, down from the figure of € 66.5 million at June 30<sup>th</sup> 2019.

The consolidated equity as at September 30<sup>th</sup>, 2019 amounts to approximately € 102.5 million compared to € 101.5 million as at December 31<sup>st</sup>, 2018.

### **Results by business area for the first nine months of 2019**

The significant growth in revenue recorded in the first nine months of 2019 compared to the same period of the previous year was due to the extremely positive results achieved by each line of business, and the increase of approximately € 16.3 million is due to organic growth only (€ 7.6 million, equal to +6.8%) and the change in the operating area (€ 8.8 million, equal to +7.8%). This growth, as previously noted in the presentation of the figures for the first half of 2019, comprises a positive change of approximately € 15.3

million (equal to +13.6%) due to the acquisitions of the fittings companies in 2018 (FB International in the USA in March, Prostand and Colorcom in Italy in September) and a negative change of approximately € 6.5 million (equal to - 5.8%) almost entirely in the third quarter of 2019 due to the calendar effect (- € 7.5 million) and the one-off charge of the listing costs (+ € 1 million). Therefore, the fact that the organic growth alone of all the business lines could more than make up for the negative calendar effect that occurs in even-numbered years was highly significant.

The Group's core business, comprising the direct organisation of trade fairs, accounted for 52.4% of total revenue in the first nine months, a decrease of only 2.6 percentage points compared to the same period of the previous year. Even though the calendar effect (mainly due to the absence of Tecnargilla in the third quarter) resulted in a 9.4% reduction in revenue (about - € 6.5 million), the organic growth in the main product leaders in the "Food & Beverage" and "Jewellery & Fashion" categories boosted revenue by 6.8% (approximately € 4.7 million).

In the first nine months of 2019, compared to the same period of the previous year, the Conference business line, which accounts for 7.5% of total revenue, continued the growth (+29.7%) that had already started in the first six months of the fiscal year due to an increase in the number of events held and also mainly because the conferences were bigger in terms of the number of participants, bigger spaces used and the additional services required.

Revenue from the Related Services business line, represented by fitting, catering and cleaning, accounts for 35.3% of the Group's total revenue and increased by 48.4% compared to the first nine months of 2018. During the period, there was organic growth in this line of business due to the development of organised trade fair events and the management of new activities in the catering services, in addition to, as noted in the presentation of the first half figures, higher revenue from the acquisition of the fitting companies, partly offset by the negative calendar effect for the third quarter which also impacts the Related Services business.

## **Outlook**

The results achieved by IEG in the first nine months of the year, along with the performance forecast for the final quarter of 2019 which is already broadly apparent to the Company, permit management to confirm that it has reached its annual targets both in terms of development and consolidation of its activities.

## **Calendar of corporate events for 2020**

The Board of Directors has approved the Calendar of corporate events for 2020, available on the Company's website in the investor relations section. The next appointments will be on March 24th 2020 for the approval of the 2019 Annual financial report, on May 12th for the Periodic financial information report as of March 31st, 2020, on August 27th for the approval of the 2020 Half-year financial report and on November 12th for approval of the results of the Periodic financial information as of September 30st, 2020. The shareholders' meeting is scheduled for April 29<sup>th</sup>, 2020.

The Corporate Officer responsible for drafting the company's accounting documents, Roberto Bondioli, hereby declares, pursuant to paragraph 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, the books and the accounting records.

The Quarterly Financial Report as at September 30th, 2019, approved on today's date by the Board of Directors of Italian Exhibition Group S.p.A., will be made available on the Company's website [www.iegexpo.it](http://www.iegexpo.it) in the Investor Relations Section, as well as in the

company's registered office and on the authorised storage system 1INFO Storage available at the address [www.1info.it](http://www.1info.it) managed by 1INFO - Computershare S.p.A. - Via Lorenzo Mascheroni 19, 20145 Milan.

The results of the third quarter of 2019 will be illustrated in a conference call with the Financial Community set for today at 18.00 (CET). The presentation will be available in the Investor Relations section of the website [www.iegexpo.it](http://www.iegexpo.it) from 17.45.

#### **FOCUS ON ITALIAN EXHIBITION GROUP SPA**

Italian Exhibition Group (IEG), listed on the Milan Stock Exchange organized and managed by Borsa Italiana S.p.A., is the Italian leader in the organization 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 organization 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 process of foreign expansion, also by means of joint ventures inked with local players (e.g. in the United States, Arab Emirates and China). IEG ended the 2018 financial year with a total consolidated turnover of 159.7 million euros, an EBITDA of 30.8 million and a net consolidated profit of 10.8 million euros. In 2018, IEG held an overall total of 53 exhibitions organized or hosted and 181 conferences events in its Rimini and Vicenza expo and conference venues. [www.iegexpo.it](http://www.iegexpo.it)

This press release contains forecast elements and estimates that reflect the management's current opinions ("forward-looking statements"), particularly regarding future management performance, realization of investments, cash flow trends and the evolution of the financial structure. For their very nature, forward-looking statements have a component of risk and uncertainty, as they depend on the occurrence of future events. The effective results may differ (even significantly) from those announced, due to numerous factors, including, only by way of example: food service market and tourist flow trends in Italy, gold and jewellery market trends, green economy market trends; the evolution of raw material prices; general macroeconomic conditions; geopolitical factors and evolutions in the legislative framework. Moreover, the information contained in this release, does not claim to be complete, and has not been verified by independent third parties. Forecasts, estimates and objectives contained herein are based on the information available to the Company as at the date of this release.

<sup>1</sup> EBITDA is represented by the operating profit/(loss) before amortisation/depreciation. EBITDA is a measurement defined and used by the Group to monitor and evaluate the Group's operating performance, but is not defined within the scope of the IFRS; therefore, it must not be considered an alternative measurement for the evaluation of the trend in the Group's operating profit/(loss). The Company believes that EBITDA is an important parameter for measuring the Group's performance as it allows it to analyse its profit margins, by eliminating the effects of non-recurring economic elements. Since EBITDA is not a measurement whose determination is regulated by the reference accounting standards for the preparation of the Group's consolidated financial statements, the criterion applied for determining the EBITDA may not be consistent with that adopted by other groups, and therefore may not be comparable.

#### **For more information:**

**ITALIAN EXHIBITION GROUP S.P.A.**

#### ***Investor Relator***

Roberto Bondioli | [roberto.bondioli@iegexpo.it](mailto:roberto.bondioli@iegexpo.it) | +39 0541 744642

#### ***Press Contact***

Elisabetta Vitali | Head of media relations & corporate communication | [elisabetta.vitali@iegexpo.it](mailto:elisabetta.vitali@iegexpo.it) | +39 0541 744228

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Values in Euro/000)	09/30/2019	12/31/2018 (*)
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	210,824	182,315
Intangible fixed assets	32,318	32,771
Equity investments valued using the equity method	4,559	4,166
Other equity investments	10,974	11,016
Deferred tax assets	1,810	991
Non-current financial assets	470	1,826
Other non-current assets	122	117
<b>TOTAL NON-CURRENT ASSETS</b>	<b>261,077</b>	<b>233,203</b>
<b>CURRENT ASSETS</b>		
Inventories	777	885
Trade receivables	33,179	34,182
Tax credits for direct taxes	1,980	20
Current financial assets	1,546	523
Other current assets	7,646	8,161
Cash and cash equivalents	17,767	29,479
<b>TOTAL CURRENT ASSETS</b>	<b>62,895</b>	<b>73,250</b>
<b>TOTAL ASSETS</b>	<b>323,973</b>	<b>306,453</b>

(\*) The comparative figures have been restated according to the Prostand and Colorcom Purchase Price Allocation results. For further information, please refer to the Business combinations paragraph included in the Periodic financial information as at September 30st, 2019

LIABILITIES	(Values in Euro/000)	09/30/2019	12/31/2018 (*)
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		52,215	52,215
Share premium reserve		13,947	13,947
Other reserves		26,641	26,613
Profit (loss) for previous years		(1,680)	(4,232)
Profit (Loss) for the period attributable to shareholders of the Parent Company		8,387	10,348
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>		<b>99,509</b>	<b>98,891</b>
Share capital and reserves attributable to minority interests		2,466	2,030
Profit (Loss) for the period attributable to minority interests		550	533
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		<b>3,016</b>	<b>2,563</b>
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>		<b>102,525</b>	<b>101,454</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables due to banks		60,695	61,649
Non-current financial payables for rights of use		27,598	-
Other non-current financial liabilities		23,646	21,042
Provisions for non-current risks and charges		1,605	2,409
Employee provisions		4,385	4,565
Other non-current liabilities		2,397	2,494
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>120,326</b>	<b>92,159</b>
<b>CURRENT LIABILITIES</b>			
Payables due to banks		21,121	16,918
Current financial payables for rights of use		4,392	-
Other current financial liabilities		1,447	2,224
Trade payables		26,149	40,553
Tax payables for direct taxes		5,620	1,745
Other current liabilities		42,392	51,400
<b>TOTAL CURRENT LIABILITIES</b>		<b>101,122</b>	<b>112,840</b>
<b>TOTAL LIABILITIES</b>		<b>323,973</b>	<b>306,453</b>

(\*) The comparative figures have been restated according to the Prostand and Colorcom Purchase Price Allocation results. For further information, please refer to the Business combinations paragraph included in the Periodic financial information as at September 30st, 2019

## CONSOLIDATED INCOME STATEMENT

	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018	09/30/2019	09/30/2018 (*)
(Values in Euro/000)				
<b>REVENUES</b>				
Revenues from sales and services	26,678	34,106	125,196	110,225
Other revenues	1,673	558	3,087	1,747
of which impact of non-recurring items	981	0	981	0
<b>TOTAL REVENUES</b>	<b>28,351</b>	<b>34,664</b>	<b>128,283</b>	<b>111,973</b>
Change in inventories	(18)	55	53	100
Costs for raw materials, consumables and goods for resale	(2,827)	(2,563)	(10,304)	(6,243)
Costs for services	(13,067)	(17,127)	(58,325)	(56,147)
of which costs for non-recurring services	0	0	(248)	0
Costs for use of third-party assets	(29)	(1,360)	(1,135)	(2,777)
Personnel costs	(7,928)	(7,605)	(26,038)	22,563
Other operating costs	(585)	(543)	(1,926)	1,782
<b>TOTAL OPERATING COSTS</b>	<b>(24,454)</b>	<b>(29,143)</b>	<b>(97,675)</b>	<b>89,413</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>3,897</b>	<b>5,521</b>	<b>30,608</b>	<b>22,560</b>
of which impact of non-recurring items	981	0	733	0
Amortisation, depreciation and write-downs of fixed assets	(4,181)	(2,583)	(12,327)	(7,338)
Write-down of receivables	(115)	(132)	(650)	(541)
Provisions	40	(152)	(20)	(217)
Value adjustments of financial assets other than equity investments	(1)	(6)	(144)	(15)
<b>OPERATING PROFIT/LOSS</b>	<b>(360)</b>	<b>2,649</b>	<b>17,467</b>	<b>14,450</b>
<b>FINANCIAL INCOME AND CHARGES</b>				
Financial income	21	22	65	66
Financial charges	(1,180)	(245)	(3,887)	(1,195)
Exchange rate gains and losses	(43)	(86)	(70)	(26)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>	<b>(1,202)</b>	<b>(309)</b>	<b>(3,892)</b>	<b>(1,156)</b>
<b>GAINS AND LOSSES FROM EQUITY INVESTMENTS</b>				
Effect of valuation of equity investments with the equity method	9	0	56	(20)
Other gains/losses on equity investments	0	0	43	44
<b>TOTAL GAINS AND LOSSES ON EQUITY INVESTMENTS</b>	<b>9</b>	<b>0</b>	<b>99</b>	<b>24</b>
<b>PRE-TAX RESULT</b>	<b>(1,553)</b>	<b>2,340</b>	<b>13,675</b>	<b>13,318</b>
<b>INCOME TAXES</b>	<b>(278)</b>	<b>(683)</b>	<b>(4,738)</b>	<b>(4,043)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(1,832)</b>	<b>1,657</b>	<b>8,937</b>	<b>9,275</b>
<b>PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS</b>	<b>(550)</b>	<b>502</b>	<b>550</b>	<b>1,188</b>
<b>PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>(1,282)</b>	<b>1,155</b>	<b>8,387</b>	<b>8,087</b>
<b>EARNINGS PER SHARE</b>	<b>(0.0415)</b>	<b>0.0374</b>	<b>0.2717</b>	<b>0.2620</b>
<b>DILUTED EARNINGS PER SHARE</b>	<b>(0.0415)</b>	<b>0.0374</b>	<b>0.2717</b>	<b>0.2620</b>

(\*) The comparative figures have been restated according to the Prostand and Colorcom Purchase Price Allocation results. For further information, please refer to the Business combinations paragraph included in the Periodic financial information as at September 30st, 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(Values in Euro/000)</i>	3 <sup>rd</sup> quarter 2019	3 <sup>rd</sup> quarter 2018	09/30/2019	09/30/2018 (*)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(1,832)</b>	<b>1,657</b>	<b>8,937</b>	<b>9,275</b>
<b>Other comprehensive income components which will be subsequently be reclassified under profit/(loss) for the period:</b>				
Gains/(losses) on cash flow hedges	(232)	0	(818)	0
Gains/(losses) on translation of financial statements in foreign currency	396	(89)	438	216
Gains/(losses) on financial assets measured at FVOCI	0	0	(46)	404
<b>Total other comprehensive income components which will be subsequently be reclassified under profit/(loss) for the period:</b>	<b>164</b>	<b>(89)</b>	<b>(426)</b>	<b>620</b>
<b>TOTAL PROFIT/(LOSS) BOOKED TO EQUITY</b>	<b>164</b>	<b>(89)</b>	<b>(426)</b>	<b>620</b>
<b>COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>	<b>(1,667)</b>	<b>1,567</b>	<b>8,511</b>	<b>9,895</b>
<b>Attributable to:</b>				
Minority interests	(465)	536	638	1,221
Shareholders of the Parent Company	(1,202)	1,032	7,873	8,674

(\*) The comparative figures have been restated according to the Prostand and Colorcom Purchase Price Allocation results. For further information, please refer to the Business combinations paragraph included in the Periodic financial information as at September 30st, 2019



## CONSOLIDATED CASH FLOW STATEMENT

Values in Euro/000	09/30/2019	09/30/2018 (*)
<b>Profit before tax</b>	<b>13,675</b>	<b>13,318</b>
<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	12,327	7,338
Provisions and write-downs	650	541
Other provisions	20	217
Charges/(income) from valuation of equity investments in other companies with the equity method	(99)	(24)
Net financial charges	3,892	1,156
Costs for use of third-party assets (IFRS 16)	(2,989)	0
Other non-monetary changes	(463)	(168)
<b>Cash flow from operating activities before changes in working capital</b>	<b>27,012</b>	<b>22,377</b>
<i>Change in working capital:</i>		
Inventories	108	(18)
Trade receivables	353	3,415
Trade payables	(13,652)	(14,110)
Other current and non-current assets	510	2,032
Other current and non-current liabilities	(9,065)	(3,726)
Receivables/payables for current taxes	(2,503)	(2,962)
Deferred/prepaid taxes	124	(76)
<b>Cash flow from changes in working capital</b>	<b>(24,124)</b>	<b>(15,444)</b>
Income taxes paid	(700)	0
Employee provisions and provisions for risks	(1,004)	(345)
<b>Cash flows from operating activities</b>	<b>1,184</b>	<b>6,588</b>
<i>Cash flow from investment activities</i>		
Net investments in intangible fixed assets	(487)	(361)
Net investments in property, plant and equipment	(8,462)	(5,315)
Dividends from associate companies and joint-ventures	43	44
Change in current and non-current financial assets	333	5,510
Net equity investments in subsidiaries	0	(9,443)
Changes in equity investments in associated companies and other companies	(341)	(913)
<b>Cash flow from investment activities</b>	<b>(8,914)</b>	<b>(10,478)</b>
<i>Cash flow from financing activities</i>		
Change in other financial payables	(1,118)	9,081
Payables to shareholders	(629)	1,130
Obtainment/(repayment) of short-term bank loans	4,203	9,165
Net financial charges paid	(1,275)	(983)
Dividends paid	(5,556)	(5,556)
Change in Group reserves	393	1,812
<b>Cash flow from financing activities</b>	<b>(3,983)</b>	<b>14,650</b>
<b>Net cash flow for the period</b>	<b>(11,712)</b>	<b>10,760</b>
Opening cash and cash equivalents	29,479	6,234
Closing cash and cash equivalents	17,767	16,994

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