

Press release

Italian Exhibition Group S.p.A.: the Board of Directors approves the Consolidated Interim Management Report as at March 31st, 2020

A strong start to the year interrupted in March by the COVID-19 pandemic

Immediate implementation of significant measures to protect personal safety and combat the economic and financial effects of this brutal crisis.

Total revenues for the first quarter of 2020 at € 60.4 million, down - due to the COVID-19 pandemic - compared to € 67.3 million in the same period last year (-10.2%).

EBITDA¹ stands at € 23.4 million, down - due to lower revenues - compared to the € 25.3 million of the first quarter of 2019 (-7.7%). EBIT at € 18.8 million compared to € 21.1 million in the same period of 2019 (-11%).

Group net profit at € 11.9 million, down compared to the € 13.1 million of the first quarter of 2019 (-9.7%).

At this time of great uncertainty, Italian Exhibition Group is constantly working alongside its customers and the market to plan together their return to business after COVID-19.

Rimini, May 12th, 2020 - The Board of Directors of Italian Exhibition Group S.p.A. (IEG), listed since last June on the MTA (screen-based stock exchange) organised and managed by Borsa Italiana S.p.A., today approved the interim report on operations as at March 31st, 2020.

Main consolidated results for the first quarter of 2020

Total IEG Group revenues for the first quarter of 2020 stood at € 60.4 million, down 10.2% compared to € 67.3 million in the same period of 2019. The excellent performances recorded in the first two months of the year, which generated an organic growth of € 2.7 million (+3.9%), came to a sudden halt with the spread, also in Italy, of the COVID-19 pandemic, which led to a total decrease in revenues of € 9.3 million (-13.7%) compared to the first quarter of 2019.

The Group reacted immediately to this situation by adopting all the necessary measures to protect the safety and health of employees, associates, customers and suppliers, and to combat the economic and financial effects of this brutal crisis. The measures implemented meant that the decline in revenues did not have a global effect on the Group's operating profit. EBITDA for the first quarter, in fact, reached € 23.4 million, down by 7.7% compared to € 25.3 million in the same period of the previous year. The EBITDA Margin (ratio between EBITDA and Value of Production) improved, standing at 38.7%, compared to 37.6% in the same period of the previous year.

As a result of the events described above, the Group's Operating profit/loss (EBIT) stood at € 18.8 million, € 2.3 million lower than the same period of the previous year (-11.0%).

The Group's net profit, reflecting an overall easing of financial management costs - which reduced from € 1.6 million in the first quarter of 2019 to € 1.3 million in the first quarter of 2020 (-17.7%), due mainly to the change in fair value of derivative financial instruments - was € 11.9 million compared to € 13.1 million in the same period of the previous year, recording a 9.7% decrease.

The net profit attributable to shareholders of the Parent Company amounted to € 11.3 million, compared to € 12.4 million in the first quarter of the previous year, down by € 1.1 million (-9.1%).

As at March 31st, 2020, the net financial position was € 106.8 million compared to € 104.5 million as at December 31st, 2019. The monetary NFP (which, therefore, does not take into account the payable of € 28.5 million deriving from the application of IFRS 16, of financial liabilities for any future put options of € 17.2 million and for derivative financial instruments of € 5.7 million) amounted to € 55.3 million compared to € 53.2 million as at December 31st, 2019.

The consolidated shareholders' equity as at March 31st, 2020 amounted to € 118 million compared to € 106 million as at December 31st, 2019.

Results by business segment for the first quarter of 2020

The decrease in revenues recorded in the first quarter of 2020 compared to the same period last year affected all the Group's main business lines, albeit to different extents. This change, however, is the result of different factors. The first refers to the organic growth, realised primarily in Organised Events, which amounted to € 2.7 million (+3.9%), only minimally offset by a negligible decline in revenues of around € 0.3 million (-0.4%) due to the different Parent Company event calendar compared to the same period of the previous year.

These figures show that the first few months of 2020 were again marked by growth, though this growth was interrupted in March by the outbreak of the COVID-19 pandemic that led to an overall decrease in revenues by € 9.3 million (-13.7%) compared to the same period of the previous year. The pandemic triggered two types of effect. The first was the cancellation of trade fairs and conferences planned in the first quarter of 2020 and the block, from March, on the activities of companies operating in the related services business, resulting in a loss of revenues of € 5.4 million (-8%). The second was the postponement, due to rescheduling from the first quarter to later in 2020 of trade fairs organised/hosted by the Parent Company and conferences, which resulted in a decline in revenues of € 3.9 million (-5.7%).

The Group's core business, comprised of the direct organisation of trade fairs, accounted for 71.3% of total revenues in the first three months of the year, and recorded a decrease of € 2.8 million (-6.2%) compared to the same period of the previous year. As for total revenues, this business line also recorded a decline in revenues that was the result of various factors. Firstly, the segment saw a considerable organic growth of € 2.4 million (+5.1%), thanks to the excellent results of two of the most important trade fairs organised by the Parent Company, Sigep - which accompanied the three-yearly event ABTech Expo, the international show of technology and products for the baking, patisserie and confectionery industry - and the January edition of

Vicenza Oro alongside T-Gold. These events, in addition to the major results in terms of revenue growth, confirmed their leadership positioning at international level. This growth, however, was completely absorbed by the “COVID-19 effect” in its two forms of “cancellations” for € 1.6 million (-3.5%) and “postponements” for € 3.4 million (-7.4%). This business line also recorded a negligible calendar effect, for € 0.2 million (-0.5%) due to the absence of the minor “Mondomotori” event.

Congresses, which in the first quarter represented 1.2% of total revenues, include the results from management of the Palacongressi of Rimini and the Vicenza Convention Centre (VICC). Revenues in the first quarter of 2020 totalled € 0.8 million, marking a decrease of € 1.8 million (-70%) compared to the same period of 2019, all of which attributable to the “cancellations” effect of COVID-19. In fact, this business line was particularly hard hit by the legal measures associated with the pandemic in a period, namely March, traditionally rich in events and which, based on contracts acquired previously, this year would have again seen major national conferences had they not been cancelled.

Revenues from Related Services - stand fitting, food and cleaning - represent 26.5% of total revenues and in the first quarter of 2020 came to € 16 million, down by around € 2.2 million (-12.0%) compared to the same period of the previous year, largely due to the pandemic. In the early months of the year, this business line recorded an organic growth of 1.5% (€ 0.3 million), but from March its business activities were all suspended. Only cleaning services remained in operation to handle the sanitisation activities. However, the revenues from this additional activity did not offset the effects of COVID-19: the “cancellations” led to a loss in revenues of € 2 million (-11%) and “postponements” caused a loss of € 0.5 million (-2.6%). The crisis as a whole, therefore, resulted in loss of revenues for € 2.5 million, -13.6% compared to the first quarter of 2019.

Business outlook

Following the close of the first quarter of 2020, as a result of the persistence of the COVID-19 health emergency, in April the restrictive measures put in place by the Government authorities were confirmed and, in some cases, tightened. Also for the next few months, despite the first faint signs of a slowdown in the virus spread, it is envisaged a scenario of heavy restrictions on production and commercial activities, national and international mobility as well as, at least for June, a continued ban on mass gatherings, which will prevent the carrying out of trade fair-conference activities and the related services.

Consequently, the re-planning of events in the portfolio continued. To date, no trade fairs and conference events will be held in the second quarter of the year and, with respect to the 2020 timetable, 6 organised events, 1 hosted event, 3 sporting events and 49 conference events have been cancelled. In relation to organised events, it should be noted that “Tecnargilla” (the previous edition of which had generated revenues of roughly € 6 million) has been postponed to 2021, due to the uncertainties of possible developments in the international travel system. Hence, the event will return in September 2021, without losing any editions, but changing from a biennial staged in even-numbered years to odd-numbered ones. Therefore, based on the current status of the trade fair-conference calendar and the suspension of activities of the subsidiaries operating on the Related Services front, the Company estimates that the impacts described above, including those reported at the end of the first quarter of 2020, will involve a drop of roughly € 40 million in total revenues for 2020. However, in view of the constantly evolving scenario, it is difficult to come up with a realistic forecast of the overall effects of these restrictive measures, which could also extend beyond June, and the consequences that this major crisis will have on the events held in the future, hence involving an increase in the estimate just provided on the impacts on the results of the Company and the Group.

The Company reacted quickly to a worsening in the consequences of the health emergency described above, by adopting a clear and significant plan of action in March to protect the health and safety of all stakeholders and to counteract the economic-financial effects of the crisis.

As regards the measures for the protection of the health and safety of employees, associates, suppliers and customers, the Company immediately set up an inter-functional work group (“Safe Business” operation) to identify all the solutions able to ensure its activities meet the maximum levels of health safety and are in line with the safety measures recommended by the competent authorities. In terms of the safety of the employees and associates of the Company and the Group, extensive use was made of smart working – which essentially involved the entire company population – and the necessary protocols were prepared for restarting working activity safely in offices. The work group then devised a project that makes provision for a well-structured system of measures to allow participation in trade fairs and conferences completely safely and in full observance of the health rules and protocols.

The Company then implemented a series of actions to contain the economic and financial impacts of the health emergency. As of today’s date, the Group has liquidity reserves, augmented by unused authorised credit lines for a total of no less than € 38 million. The Company is taking steps to make use of the financial support measures set forth in the so-called Italian “Liquidity Decree” and will continue to monitor the possibility to employ any future measures of financial support. In addition, thanks to the excellent relations with the banking system, the company is in constant dialogue with some institutions to evaluate the possibility of obtaining new lines of financing.

In order to further boost its financial strength, the Parent Company’s Board of Directors took the decision to present for approval of the Shareholders’ Meeting on June 8th, the proposal for the allocation of the 2019 profit to reserves. Lastly, again in relation to the financial structure support measures, the Company is keeping a watchful eye on management of its trade receivables and has adopted prudent policies for the payments of suppliers.

The Company then implemented actions in order to reduce operating costs, which are structurally characterised by a significant incidence of variable costs. In particular, a policy for cutting all general overheads has been implemented and it is evaluating the renegotiation of some supply contracts. As regards the cost of labour, the Company has facilitated the use of holidays and leave accrued and, from April, made extensive use of the social safety net (in particular, Wage Integration Fund) set forth in the Government provisions. The main subsidiaries already implemented the social safety net in March. Therefore, it is believed that the effects, in terms of a reduction in the cost of labour, of the adoption of these measures will fully materialise over the next few months. Finally, the hiring of new staff has been halted and management has made provision for a voluntary salary reduction for the entire period of use of the social safety net provided for non-managerial staff. Obviously, the Company will assess, in relation to the development of the crisis, the possibility of extending the use of these types of instruments. Lastly, the Group suspended all non-essential investments.

In addition to the aspects detailed above, the Company will continue to verify the possibility of endorsing additional measures of economic and financial support, which hopefully will be introduced in the future too, in order to minimise the impacts of the temporary difficulties and ensure it is ready to re-start activities alongside its customers and partners as soon as these moments of uncertainty are overcome. The management remains convinced of the resilience of the Group and of the entire trade fair industry and the important role it will have to play when the recovery starts.

The Manager responsible for preparing the company's financial documents, Roberto Bondioli, declares that, pursuant to art. 154 bis, paragraph 2 of the Consolidated Law on Finance (TUF), that the information in this press release corresponds to the accounting documents, books and records.

The Interim Report on Operations as at March 31st, 2020, approved today by the Board of Directors of Italian Exhibition Group S.p.A., will be made available in the Investor Relations Section of the Company's website www.iegexpo.it, at the registered office and available on the 1INFO Storage authorized storage device at www.1info.it, managed by 1INFO - Computershare S.p.A., Via Lorenzo Mascheroni 19, 20145 Milan.

The results for the first quarter of 2020 will be presented in a conference call with the financial community scheduled today at 18:00 (CET). The presentation will be available in the Investor Relations Section on the website www.iegexpo.it from 17:45.

FOCUS ON ITALIAN EXHIBITION GROUP

Italian Exhibition Group (IEG), listed on the MTA (screen-based equities market) organised and managed by Borsa Italiana S.p.A., is a leader in Italy in the organisation of trade fairs 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 organisation 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 organised or hosted fairs and 190 conferences. 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, realisation of investments, cash flow 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 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:

ITALIAN EXHIBITION GROUP S.P.A.

Investor Relator

Roberto Bondioli | roberto.bondioli@iegexpo.it | +39 0541 744642

Press Contact

Elisabetta Vitali | Head of media relations & corporate communication | elisabetta.vitali@iegexpo.it | +39 0541 744228

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in Euro thousand)

ASSETS (Euro/000)	NOTES	03/31/2020	12/31/2019
NON-CURRENT ASSETS			
Property, plant and equipment	1	206,992	209,173
Intangible fixed assets	2	36,575	37,036
Equity investments valued using the equity method		4,462	4,437
Other equity investments		10,873	10,873
<i>Of which with related parties</i>		10,786	10,786
Deferred tax assets		1,898	1,940
Non-current financial assets for rights of use		798	840
Other non-current financial assets		475	524
Other non-current assets		119	152
TOTAL NON-CURRENT ASSETS		262,193	264,976
CURRENT ASSETS			
Inventories		942	956
Trade receivables	3	23,370	33,899
<i>Of which with related parties</i>		687	724
Tax credits for direct taxes		26	505
Current financial assets for rights of use		165	164
Other current financial assets		1,409	1,472
<i>Of which with related parties</i>		292	292
Other current assets		6,396	5,856
Cash and cash equivalents	4	14,996	22,198
TOTAL CURRENT ASSETS		47,305	65,051
TOTAL ASSETS		309,497	330,027

LIABILITIES	NOTES	03/31/20	12/31/19
SHAREHOLDERS' EQUITY			
Share capital	5	52,515	52,215
Share premium reserve	5	13,947	13,947
Other reserves	5	26,613	26,608
Profit (loss) for previous years	5	11,180	(1,680)
Profit (Loss) for the period attributable to shareholders of the Parent Company	5	11,309	12,861
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		115,563	103,950
Share capital and reserves attributable to minority interests	5	2,184	2,374
Profit (loss) for the year attributable to minority interests	5	546	(224)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		2,730	2,150
TOTAL GROUP SHAREHOLDERS' EQUITY		117,994	106,100
NON-CURRENT LIABILITIES			
Payables due to banks		54,305	58,318
Non-current financial liabilities for rights of use		25,515	26,114
<i>Of which with related parties</i>		16,996	17,219
Other non-current financial liabilities		22,985	22,467
Provisions for non-current risks and charges		1,755	1,755
Employee provisions		4,604	4,580
Deferred tax liabilities		0	0
Other non-current liabilities		2,252	2,300
TOTAL NON-CURRENT LIABILITIES		111,415	115,535
CURRENT LIABILITIES			
Payables due to banks		15,473	14,601
Current financial payables for rights of use		3,942	3,968
<i>Of which with related parties</i>		1,322	1,320
Other current financial liabilities		2,378	4,237
Provisions for current risks and charges		0	0
Trade payables		33,343	34,979
<i>Of which with related parties</i>		90	126
Tax payables for direct taxes		7,353	2,053
Other current liabilities	6	17,599	48,554
TOTAL CURRENT LIABILITIES		80,088	108,392
TOTAL LIABILITIES		309,497	330,027

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in Euro thousand)

	NOTES	03.31.2020	03.31.2019
REVENUES			
Revenues from sales and services	7	58,811	66,841
		<i>Of which with related parties</i>	22 35
Other revenues	8	1,595	419
		<i>Of which with related parties</i>	10 20
TOTAL REVENUES		60,406	67,260
		<i>Of which non-recurring revenues</i>	315 0
OPERATING COSTS			
Change in inventories		(22)	(157)
Costs for raw materials, consumables and goods for resale		(4,128)	(5,845)
Costs for services		(21,912)	(25,512)
		<i>Of which with related parties</i>	(9) (22)
		<i>Of which non-recurring costs for services</i>	0 (2)
Costs for use of third-party assets		(1,528)	(672)
Personnel costs		(8,613)	(9,031)
Other operating costs		(822)	(723)
		<i>Of which with related parties</i>	(3) 0
TOTAL OPERATING COSTS		(37,025)	(41,940)
GROSS OPERATING PROFIT (EBITDA)			
		23,382	25,320
		<i>Of which impact of non-recurring items</i>	315 (2)
Amortisation, depreciation and write-downs of fixed assets	1-2	(4,336)	(4,011)
Write-down of receivables		(259)	(184)
Provisions		(33)	(60)
Value adjustments of financial assets other than equity investments		0	0
OPERATING PROFIT/LOSS		18,754	21,066
FINANCIAL INCOME AND CHARGES			
Financial income		7	25
Financial charges		(1,344)	(1,383)
Exchange gains and losses		(4)	(29)
TOTAL FINANCIAL INCOME AND CHARGES		(1,341)	(1,388)
GAINS AND LOSSES FROM EQUITY INVESTMENTS			
Effect of measurement of equity investments with the equity method		0	0
Other gains/losses on equity investments		0	0
		<i>Of which with related parties</i>	0 0
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS		0	0
PRE-TAX RESULT			
		17,413	19,678
INCOME TAXES			
Current taxes		(5,664)	(6,252)
Deferred tax assets/(liabilities)		106	(114)
Taxes relative to previous financial years		0	0
TOTAL INCOME TAXES		(5,558)	(6,366)
GROUP'S PROFIT/LOSS FOR THE YEAR			
		11,855	13,312
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS		546	690
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		11,309	12,623
EARNINGS PER SHARE		0.3664	0.4090
DILUTED EARNINGS PER SHARE		0.3664	0.4090

	Notes	03.31.20	03.31.19
PROFIT/LOSS FOR THE YEAR		11,855	13,312
Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the year:			
Gains/(losses) on financial instruments for cash flow hedges		(206)	(385)
Taxes on derivative financial instruments		50	92
Gains/(losses) on translation of financial statements in foreign currency		196	171
Gains/(losses) on financial assets measured at FVOCI		-	-
Total Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the year		39	(121)
Other comprehensive income components which will not be subsequently be reclassified under profit/(loss) for the year:			
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19			
Income taxes			
<i>Total effect of change in actuarial reserve</i>			
Total Other comprehensive income components which will not be subsequently be reclassified under profit/(loss) for the year			
TOTAL PROFIT/(LOSS) RECOGNISED IN EQUITY		39	(121)
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR		11,894	13,191
Attributable to:			
Minority interests		580	721
Shareholders of the Parent Company		11,314	12,470

CONSOLIDATED CASH FLOW STATEMENT (in Euro thousand)

<i>Values in Euro/000</i>	Notes	03/31/2020	03/31/2019
Profit before tax		17,413	19,678
<i>Of which with related parties</i>		20	34
<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	1-2	4,336	4,011
Provisions and write-downs		259	184
Other provisions		33	60
Charges/(income) from valuation of equity investments in other companies with the equity method		-	-
Write-down of financial assets		-	-
Net financial charges		1,341	1,388
Costs for use of third-party assets (IFRS 16)		(973)	(944)
Effect on EBIT of financial liabilities for put options		(70)	(68)
Other non-monetary changes		(48)	(48)
Cash flow from operating activities before changes in working capital		22,290	24,260
<i>Change in working capital:</i>			
Inventories		14	218
Trade receivables	3	10,274	(1,277)
<i>Of which with related parties</i>		36	(48)
Trade payables		(1,641)	457
<i>Of which with related parties</i>		36	459
Other current and non-current assets		(205)	(2,307)
Other current and non-current liabilities	6	(30,941)	(24,063)
Receivables/payables for current taxes		98	(705)
<i>Of which with related parties</i>		-	-
Deferred/prepaid taxes		215	297
Cash flow from changes in working capital		(22,487)	(27,379)
Income taxes paid		-	-
Employee provisions and provisions for risks		(9)	(907)
Cash flows from operating activities		(205)	(4,027)
<i>Cash flow from investment activities</i>			
Net investments in intangible fixed assets	2	(200)	(58)
Net investments in property, plant and equipment	1	(1,289)	(2,564)
Dividends from associate companies and joint-ventures		-	-
<i>Of which with related parties</i>		-	-
Change in current and non-current financial assets		112	(27)
<i>Of which with related parties</i>		-	131
Net equity investments in subsidiaries		-	-
Changes in equity investments in associated companies and other companies		(25)	(5)
Cash flow from investment activities		(1,402)	(2,654)
<i>Cash flow from financing activities</i>			
Change in other financial payables - other		(5,134)	(3,016)
Payables to shareholders		(87)	8
Net financial charges paid		(570)	(309)
Dividends paid		-	-
Change in Group reserves	5	196	343
Cash flow from financing activities		(5,596)	(2,975)
Net cash flow for the period		(7,203)	(9,655)
Opening cash and cash equivalents		22,198	29,479
Closing cash and cash equivalents		14,996	19,824