

2017 Annual Results Press Conference by the NürnbergMesse Group

Thursday, 13 July 2017, 11 00

Statement by Dr Roland Fleck, CEO NürnbergMesse Group

Statement by Peter Ottmann, CEO NürnbergMesse Group

- The spoken word is valid -

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Ladies and Gentlemen,

As most of you will know: in mid-July there are always three things on the agenda for NürnbergMesse: firstly the Financial Report is hot off the press together with the Annual Report for the previous year. Secondly: at this stage we can also already make a reliable statement on the current trade fair and congress year and thirdly: at this point in time we are already clearly looking ahead to what awaits us in the year to come. So, therefore, it is exactly the right time for our Annual Results Press Conference today, to which I warmly welcome you!

So let us begin straight away with the first point – the look at 2016, by far the most successful year in our corporate history. The key note of our Financial Report is not without reason “Winning Strategies”. For a plan or a concept should, as we know, always be the first step before we start. But at the end of the day, for trade fairs the market decides – in other words our customers, exhibitors and visitors – whether the concept then also succeeds and leads to success.

In 2016 – we can reveal so much here at this stage – practically every one of our concepts worked: in terms of our trade fairs, exhibitions and congresses as well as our large construction site here at the south-west corner of exhibition centre.

All this – and that is why I am deliberately placing it ahead of the financial and event key figures which you are no doubt eagerly awaiting – is inconceivable without our committed employees, without the honorary sponsors and hard-working service partners. And that is why this clear message in advance: the gratitude for this record year 2016 is expressly directed at all those who have been actively involved in it – in Nuremberg, but in particular also worldwide. On behalf of the total of around 900 employees in the Group, I would like to welcome in this connection our company Works Council Chairman Robert Geldner here with us now.

But how do I arrive at the statement that 2016 was by far the most successful business year since the founding of NürnbergMesse in 1974? Quite easily: by taking a look at our key figures. Because our CFO (Chief Financial Officer) Dirk Blum as well as the research team around

Roland Tannreuther have done their calculations precisely and at the end of the day a handful, in other words five facts, underline this statement:

- Within the framework of an exact total of 172 events held between January and December 2016, the NürnbergMesse Group achieved record turnover of 288m Euro. The first record-breaking figure. That is incidentally 52m Euro or 22 percent more than our previous turnover record achieved in 2012 (236m Euro). This also means that for the first time the magic threshold of one quarter bill. Euro turnover has been exceeded.
- Second superlative: the number of exhibitors has for the first time clearly exceeded the magic threshold of 30,000 and the final total was 32,317. At the exhibition location Germany in the column headed “international and national trade fairs” we thus occupy 3rd place for the first time.
- And with that straight to the third event record – these exhibitors booked net exhibition space totalling 1,126,233 square metres. As a result, with this key figure, we have for the first time crossed the magic threshold of one mill. square metres.
- All of this is embellished by two further gems: because we have never been more international. 43 percent of our exhibitors in the NürnbergMesse Group and 19 percent of our visitors in the NürnbergMesse Group come from abroad.
- And fifthly and lastly: turnover is nice, profit is even nicer. As of 31.12.2016, the Group's profit was exactly 15.4m Euro – once again by far a potential record-breaker. Compared to 2012, the increase here is over 50 percent.

With 288m Euro turnover, NürnbergMesse has therefore for the first time ever exceeded the magic turnover threshold of one quarter bill. Euro. Structured according to business sectors the total turnover breaks down as follows:

- Own and partner events at home achieved turnover of 120.0m EUR,
- Guest events 47.2m EUR and the NCC NürnbergConvention Center 14.6m EUR.
- The turnover achieved by MesseService (including Holtmann GmbH & Co. KG and Lehrieder GmbH & Co. KG) was 75.0m EUR and
- turnover in the International Division was 31.2m EUR.

Looking at the event and financial key figures, we have thus exceeded historic thresholds five times and set new milestones, which underline the dynamic business development of NürnbergMesse overall – but at the same time, have also clearly illustrated: we are growing, once again, considerably faster than the sector.

The German trade fair and exhibition market is also developing positively – but in 2016 with just 1.5 percent more exhibitors, minus 0.2 percent visitors and 1 percent more stand space – much more modestly than NürnbergMesse.

For the sake of completeness: in relation to the previous respective events, our international and national trade fairs boast growth rates of 4 percent twice (exhibitors and visitors) as well as 5 percent once (exhibitor stand space). In this connection, the strong driving factor behind this trend – as was already the case in previous years – is business abroad.

Back to the German trade fair market: as the Executive Board Spokesman for the GDG (German Major Exhibition Centers Association), I am delighted that, according to provisional results from AUMA (Association of the German Trade Fair Industry), the German organizers overall achieved record turnover of 3.8b Euro – an important signal for the development of the exhibition location Germany and all that against the background of increasingly protectionist parameters.

If we view our 2016 figures in relation to 2014, the year comparable in terms of event cycle, then I can report the following to you today:

- 8 percent more visitors (2014: 1,317,783, 2016: 1,421,217).
- 11 percent more exhibitors (2014: 29,171, 2016: 32,317).
- 13 percent more net space (2014: 993,575, 2016: 1,126,233).
- 14 percent more events (2014: 151, 2016: 172).

In brief: 2016 was a record year for NürnbergMesse and this becomes clearly evident on many different levels. The whole scenario is complemented still further by a short look at the GmbH (public limited company):

Here the turnover at the end of 2016 was 240.8m EUR (2014: 191.6m EUR). The annual surplus was 13.5m EUR (2014: 8.2m EUR). The EBITDA (earnings before interest, taxes, depreciation and amortization) was 52.3m EUR (2014: 37.3m EUR).

That much said about the 2016 financial year, to which – expressed figuratively in terms of musical terminology – we must clearly attribute the term “major”. If we remain in this vein, then as far as the event and financial key figures are concerned, we must characterize 2017 as more of a “minor”. This is not to say that in six months we have forgotten how to do trade fairs! The reason for this – you can perhaps recall our Annual Results Press Conference last December – lies in the cycle or rotation of the major trade fairs. For example, this year, BrauBeviale or FachPack will be taking a “gap year” as planned and this rotation phenomenon, as we know, only occurs every 12 years – so it was also foreseeable for 2017.

I've taken a look again at the formulation from the last corporate press conference – there we said as you indeed know: “Looking at the 2016 to 2018 financial years, we can talk about a “planned L (loss)”. Following the record year of 2016, it is now necessary to bridge 2017 economically, before in 2018, once again as planned, we will bounce back immediately and achieve turnover of well over one quarter bill. Euro”. And our 2017 financial year has so far proved to be exactly that, “bridging the gap”. If we look at the first half-year of events, we are on schedule and will be targeting turnover of almost 200m Euro. So 2017 is then not so “minor” after all!

For all music lovers know: even with “minor” there is a “harmonious minor”. Because our international trade fairs held in the first half of 2017 do in no way suggest that we are no longer hitting the right notes. On the contrary: how about some examples?

- BIOFACH: 3 percent more stand space, 6 percent more visitors, 9 percent more exhibitors.
- IWA OutdoorClassics: 3 percent more exhibitors, 4 percent more space, 8 percent more visitors.
- embedded world: 8 percent more space and 8 percent more exhibitors.
- European Coatings Show: 6 percent more visitors, 9 percent more space and 11 percent more exhibitors.
- FeuerTRUTZ: 11 percent more visitors, 13 percent increase in exhibitors and 22 percent more space.

We could now almost carry on this list for as long as we wish. In this connection, it becomes all the more clear: our events are in great health, in some cases growing at clearly above-average rates and that the best proof that, even in 2017, we are well positioned and thus absolutely healthy in our core business.

Because after “minor” comes “major” once again, I can already announce that to you today in musical terms. If we thus already turn our attention towards the 2018 trade fair calendar, then an exciting year of events awaits us there with numerous highlights, the trade fair cycle that we are used to and a clear expectation of turnover of well over one quarter bill. Euro once again.

So much for the 2016 key figures, the 2017 first half-year of events and a look ahead towards 2018. My CEO colleague Peter Ottmann will now tell you something about our current plans for setting course – in Nuremberg and worldwide.

Statement by Peter Ottmann, CEO NürnbergMesse Group

Thank you, Roland. But let's stay with the musical theme. Is 2017 an overture for the next act in the success story? It is true: 2017, you could thus describe it not only in musical terms, but also quite simply mundanely as the year of course-setting. Why?

We find ourselves – we outlined it to you some time ago – as you know, on the way “up” in the direction of the exhibition market. Internally we have expressed this in the “Expedition Zukunft. Strategie 2020-2.0.” (Expedition Future.Strategy 2020-2.0”-formula. And to achieve this goal we need the right team, good equipment, a functioning satnav and simply also a bit of good fortune. We've got all these things. But just like a mountain with its differently-shaped faces, so a company does not develop on a linear basis either – and definitely not at all in the exhibition industry, where it is a matter of sectors' and industries' innovation cycles and thus the rotation of events.

We have our targets firmly in our sights. Particularly for that reason we must however repeatedly also set the course correctly – in our opinion particularly in four areas:

First example: we wish to further extend this relationship of trust with partners with whom we successfully cooperate:

- Be it at Interzoo with the WZF (Commercial Association of Specialist Zoological Companies) and ZZF (German Pet Trade & Industry Association) respectively, who have clearly committed themselves to Nuremberg and the exhibition location up to 2036. As a result, the best prerequisites for providing the pet sector with planning certainty and reliability.
- Be it with Messe Frankfurt. We are successfully cooperating with our Frankfurt colleagues on three, strictly speaking, even on four levels. Co-location in India, organization and sales/marketing in Russia, guest events with mesago in Nuremberg – for example PCIM or SMT Hybrid Packaging and with the latter we even hold joint ownership.

Second example: we are setting the course for the exhibition location Nuremberg. The construction of Hall 3C is progressing according to schedule. We have awarded over three quarters of the contracts and thus have a high degree of planning and cost reliability. This gives us grounds for optimism, as planned, to complete Hall 3C in autumn 2018. The first roof girders are already impressively jutting out into the Nuremberg sky and, as a result, are giving us an impression of how our new jewel in the crown will look in about one year from now. This is going hand in hand with sending out a clear signal to our existing but also future partners: Nuremberg will again in future be playing in the Champions League of trade fairs!

But Hall 3C is just the start. Because, as you know, in January we announced together with State Minister Söder and Lord Mayor Maly that in the next ten years we will be realizing a future program with a total volume of over 600m Euro. And because construction is not an end

in itself, first and foremost our customers will benefit from it, as again in future they will have an ultra-modern exhibition centre in Nuremberg at their disposal, which satisfies the highest requirements. As regards the master plan in its many details, you will no doubt quickly hear and see something from us in future – but today it is still a little too early for that.

Thirdly: we are convinced that the course for the transformation of our existing business model must be set in the direction of digitization. Because – onsite as well as online – we will be successful with our themes, I am absolutely sure here.

And fourthly: the internationalization of the NürnbergMesse Group is progressing further – despite protectionist tendencies and global economic cycles:

- Even if NürnbergMesse India is our most recent international subsidiary, it is now already operating in the black for the first time. Next year we will be celebrating the fifth anniversary of our Indian subsidiary and its steep development upwards is really remarkable! Particularly due to this positive development, we will be further extending our commitment on the subcontinent, I am sure of this.
- In China, in March, we celebrated the 10th anniversary in Shanghai in the year of the (Fire) Rooster and will be further extending our portfolio there as well. Craft Beer China and Greenery and Landscaping China are just symbolic of this. For NürnbergMesse, China – measured in terms of purchasing power-adjusted GDP – is the largest economy in the world of central strategic significance and the fact that after one decade we are already successfully established in the exhibition market sends out a very important signal.
- In Brazil, our impression is reinforced that despite adverse macro-economic conditions, we have moved into the decisive growth areas. And new themes such as the Brasil Cycle Fair have their finger exactly on the pulse and are addressing the requirements and needs of a society in which 200 million inhabitants wish to travel around. I think it is really exciting that after exactly 200 years following the invention of the bicycle in Mannheim by Karl Freiherr von Drais, the central platform in America on the “bicycle” theme is now being held in São Paulo, organized by NürnbergMesse Brasil.
- Back to Europe: for years Italy has been a source of joy to us. Not only because the colleagues in Milan are continually ensuring that it is a case of “Italia numero uno” in the exhibitor rankings at the Nuremberg exhibition centre. No, for the first time, Stefania Calcaterra and her team are becoming Italian exhibition organizers with Craft Beer Italy – and we are particularly delighted about that.
- And one thing is always easily overlooked by me when looking at internationalization – namely the theme of “pavilions”. Here, we have for a long time been very actively committed on behalf of many small and medium-sized companies and for 2017, with 51 contracts awarded to us, we can also report a new record figure, especially when it comes to contracts for medical technology and healthcare trade fairs distributed across the whole world.

If we put all our three globally-operating subsidiaries together, then for me the following three figures are remarkable – particularly against the background that we became involved in the theme of “internationalization” later than our competitors: in 2016, in Brazil, China, India and North America, we brought together over 3,500 exhibitors, over 160,000 visitors and all of them in total exhibition space of over 100,000 square metres. That means: Nuremberg is our home, but the international alignment of our company is continuing to advance further and it is doing so with great dynamism.

Keyword “Nuremberg”: internationality is as we know not a one-way street and that is also reflected in our leading trade fairs and exhibitions at our home exhibition centre. Roland Fleck has already previously aptly formulated it: “A large part of the growth comes from abroad.” That is also reflected in the rising share of our exhibitors and visitors.

One example is predestined for me here: it was already suggested here and there during the country presentation – but particularly the alignment in product families shows that this focusing on key competencies and expertise is highly valued and appreciated by our customers. The newly-created Beviale Family offers a high degree of brand focussing and, at the same time, direct marketing access to the respective sales market. As the most significant equipment show fair for the beverage industry worldwide, BrauBeviale is, as a result, not only applying classic “Geo-Adapting”, but also offering a genuine home for the globally-orientated sector. And here it is, in chronological order, coming here soon:

- Italy (CRAFT BEER ITALY): 22 - 23 November 2017, Milan
- Russia (Beviale Moscow): 27 February - 1 March 2018, Moscow
- Brazil (Feira Brasileira da Cerveja): March 2018, Blumenau
- Nuremberg: 13 – 15 November 2018

And these are just the coming events. For reasons of completeness, here we must also mention CRAFT BEER CHINA, which was successfully held in May in Shanghai. The growth of this product family is without doubt not over yet and can also be effectively applied to other successful leading fairs staged by NürnbergMesse. It does serve however to excellently underline where the journey is taking us and which plan we have set ourselves with the aim of successfully concluding the ascent to the exhibition peak I mentioned at the beginning.

The plan, the concept as a prerequisite for success was also the first aspect mentioned by Roland Fleck at the beginning, if you can recall. This circle is now logically closing with the product families mentioned. Because – as you can see – in 2017, we are gearing ourselves up for the next success stage in the development of NürnbergMesse. And the course for this is currently being set. For 2018, we are very optimistic, given the familiar cycle of the event calendar, of once again attaining over a quarter bill. Euro in turnover. The same applies to profitability. We are working hard to achieve this and I am already looking forward now to when, within the framework of the annual press conference – probably on 12 December – we will be able to report more on this to you. So I too would like to express many thanks to you all for coming here today!